NEXTERA ENERGY INC
Form 10-K
February 24, 2014
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2013

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

		Name of exchange on which registered
Securities registered pursuant to Section 12(b) of the Act:		
NextEra Energy, Inc.:	Common Stock, $0.01 Par Value	New York Stock Exchange
	5.889% Corporate Units	New York Stock Exchange
	5.799% Corporate Units	New York Stock Exchange

Florida Power & Light Company: None

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act of 1933.
NextEra Energy, Inc. Yes þ No o Florida Power & Light Company Yes þ No o

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.
NextEra Energy, Inc. Yes o No þ Florida Power & Light Company Yes o No þ

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 o Florida Power & Light Company Yes þ No o

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

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 the 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 o	Non-Accelerated Filer o Smaller Reporting Company o
Florida Power & Light Company	Large Accelerated Filer o	Accelerated Filer o	Non-Accelerated Filer þ Smaller Reporting Company o

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

Aggregate market value of the voting and non-voting common equity of NextEra Energy, Inc. held by non-affiliates as of June 28, 2013 (based on the closing market price on the Composite Tape on June 28, 2013) was $34,470,185,539. There was no voting or non-voting common equity of Florida Power & Light Company held by non-affiliates as of June 28, 2013.

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 January 31, 2014: 435,382,649 shares.

As of January 31, 2014, 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.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of NextEra Energy, Inc.'s Proxy Statement for the 2014 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

This combined Form 10-K 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 I.(1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format.

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DEFINITIONS

Acronyms and defined terms used in the text include the following:

Term	Meaning
AFUDC	allowance for funds used during construction
AFUDC - debt	debt component of allowance for funds used during construction
AFUDC - equity	equity component of allowance for funds used during construction
AOCI	accumulated other comprehensive income
capacity clause	capacity cost recovery clause, as established by the FPSC
CFTC	U.S. Commodity Futures Trading Commission
CO_2	carbon dioxide
DOE	U.S. Department of Energy
Duane Arnold	Duane Arnold Energy Center
EPA	U.S. Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
FDEP	Florida Department of Environmental Protection
FERC	U.S. Federal Energy Regulatory Commission
Florida Southeast Connection	Florida Southeast Connection, LLC, a wholly-owned NEECH subsidiary
FPL	Florida Power & Light Company
FPL FiberNet	fiber-optic telecommunications business
FPSC	Florida Public Service Commission
fuel clause	fuel and purchased power cost recovery clause, as established by the FPSC
GAAP	generally accepted accounting principles in the U.S.
GHG	greenhouse gas(es)
ISO	independent system operator
ITC	investment tax credit
kW	kilowatt
kWh	kilowatt-hour(s)
Lone Star	Lone Star Transmission, LLC
Management's Discussion	Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
MMBtu	One million British thermal units
mortgage	mortgage and deed of trust dated as of January 1, 1944, from FPL to Deutsche Bank Trust Company Americas, as supplemented and amended
MW	megawatt(s)
MWh	megawatt-hour(s)
NEE	NextEra Energy, Inc.
NEECH	NextEra Energy Capital Holdings, Inc.
NEER	NextEra Energy Resources, LLC
NEET	NextEra Energy Transmission, LLC
NERC	North American Electric Reliability Corporation
NHT	New Hampshire Transmission, LLC
Note __	Note __ to consolidated financial statements
NOx	nitrogen oxide

NRC	U.S. Nuclear Regulatory Commission
O&M expenses	other operations and maintenance expenses in the consolidated statements of income
OCI	other comprehensive income
OTC	over-the-counter
OTTI	other than temporary impairment
PJM	PJM Interconnection, L.L.C.
PMI	NextEra Energy Power Marketing, LLC
Point Beach	Point Beach Nuclear Power Plant
PTC	production tax credit
PUCT	Public Utility Commission of Texas
PURPA	Public Utility Regulatory Policies Act of 1978, as amended
PV	photovoltaic
regulatory ROE	return on common equity as determined for regulatory purposes
RFP	request for proposal
ROE	return on common equity
RPS	renewable portfolio standards
RTO	regional transmission organization
Sabal Trail	Sabal Trail Transmission, LLC, an entity in which a NEECH subsidiary has a 33% ownership interest
Seabrook	Seabrook Station
SEC	U.S. Securities and Exchange Commission
SO_2	sulfur dioxide
U.S.	United States of America
WCEC	FPL's West County Energy Center in western Palm Beach County, Florida

NEE, FPL, NEECH and NEER 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 NEE, FPL, NEECH and NEER are sometimes used as abbreviated references to specific subsidiaries, affiliates or groups of subsidiaries or affiliates. The precise meaning depends on the context.

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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 may result, are expected to, will continue, is anticipated, aim, believe, will, could, should, would, estimated, may, plan, potential, future, 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, important factors included in Part I, Item 1A. Risk 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 NEE's and/or FPL's operations and financial results, and could cause NEE'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 NEE and/or FPL in this combined Form 10-K, in presentations, on their respective websites, in response to questions or otherwise.

Any forward-looking statement speaks only as of the date on which such statement is made, and NEE 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.

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PART I

Item 1. Business

OVERVIEW

NextEra Energy, Inc. (hereafter, NEE) is one of the largest electric power companies in North America, with approximately 42,500 MW of generating capacity in 26 states in the U.S. and 4 provinces in Canada, and employing approximately 13,900 people as of December 31, 2013. NEE provides retail and wholesale electric services to nearly 5 million customers and owns generation, transmission and distribution facilities to support its services. It also purchases electric power for resale to its customers and provides risk management services related to power and gas consumption for a limited number of wholesale customers in selected markets. NEE is the largest generator in North America of renewable energy from the wind and sun. NEE owns and operates approximately 17% of the installed base of U.S. wind power production capacity and owns and/or operates approximately 14% of the installed base of U.S. utility-scale solar power production capacity as of December 31, 2013. NEE also owns and operates one of the largest fleets of nuclear power stations in the U.S., with eight reactors at five sites located in four states, representing approximately 6% of U.S. nuclear power electric generating capacity as of December 31, 2013. NEE's business strategy has emphasized the development, acquisition and operation of renewable, nuclear and natural gas-fired generation facilities in response to long-term federal policy trends supportive of zero and low air emissions sources of power. NEE's generation fleet has significantly lower rates of emissions of CO_2, SO_2 and NOx than the average rates of the U.S. electric power industry with approximately 96% of its 2013 generation, measured by MWh produced, coming from renewable, nuclear and natural gas-fired facilities. Certain environmental attributes of the wholesale business' electric generating facilities, such as renewable energy credits (RECs), emissions reductions, offsets, allowances and the avoided emission of GHG pollutants, have been or likely will be sold or transferred to third parties, who are solely entitled to the reporting rights and ownership of the environmental attributes.

NEE was incorporated in 1984 under the laws of Florida and conducts its operations principally through two wholly-owned subsidiaries, Florida Power & Light Company (hereafter, FPL) and NextEra Energy Resources, LLC (hereafter, NEER). NextEra Energy Capital Holdings, Inc. (hereafter, NEECH), another wholly-owned subsidiary of NEE, owns and provides funding for NEER's and NEE's other operating subsidiaries, other than FPL and its subsidiaries. NEE's two principal businesses also constitute NEE's reportable segments for financial reporting purposes.

FPL is a rate-regulated electric utility engaged primarily in the generation, transmission, distribution and sale of electric energy in Florida. FPL is the largest electric utility in the state of Florida and one of the largest electric utilities in the U.S. based on retail MWh sales. FPL is vertically integrated, with approximately 24,300 MW of generating capacity as of December 31, 2013. FPL's investments in its infrastructure since 2001, such as modernizing less-efficient fossil generating plants to produce more energy with less fuel and fewer air emissions, increasing generating capacity at its existing nuclear units and upgrading its transmission and distribution systems to deliver service reliability that is the best of the Florida investor-owned utilities, have provided significant benefits to FPL's customers, all while providing residential and commercial bills that were among the lowest in Florida and below the national average based on a rate per kWh as of July 2013 (the latest date for which this data is available). With approximately 94% of its power generation coming from natural gas, nuclear and solar, FPL is also one of the cleanest electric utilities in the nation. Based on 2013 information, FPL's emissions rates for CO_2, SO_2 and NOx were 35%, 97% and 71% lower, respectively, than the average rates of the U.S. electric power industry.

NEER, with approximately 18,300 MW of generating capacity at December 31, 2013, is one of the largest wholesale generators of electric power in the U.S., with nearly 17,800 MW of generating capacity across 24 states, and with approximately 400 MW in 4 Canadian provinces. NEER produces the majority of its electricity from clean and renewable sources, including wind and solar. NEER also provides full energy and capacity requirements services, engages in power and gas marketing and trading activities, participates in natural gas, natural gas liquids and oil production and pipeline infrastructure development and owns a retail electricity provider.

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NEECH's other business activities are primarily conducted through NEET and FPL FiberNet. NEET conducts its operations principally through two wholly-owned subsidiaries, Lone Star, a rate-regulated transmission service provider in Texas, and NHT, a rate-regulated transmission owner in New Hampshire. FPL FiberNet delivers wholesale and enterprise telecommunications services in Florida, Texas and certain areas of the South Central U.S.

NEE seeks to create value in its two principal businesses by meeting its customers' needs more economically and more reliably than its competitors, as described in more detail in the following sections. NEE's strategy has resulted in profitable growth over sustained periods at both FPL and NEER. Management seeks to grow each business in a manner consistent with the varying opportunities open to it; however, management believes that the diversification and balance represented by FPL and NEER is a valuable characteristic of the enterprise and recognizes that each business contributes to NEE's credit profile in different ways. FPL and NEER, as well as other NEE subsidiaries, share common support functions with the objective of lowering costs and creating efficiencies for their businesses. During 2013, NEE and its subsidiaries commenced an enterprise-wide initiative focused mainly on improving productivity and reducing O&M expenses (cost savings initiative), and management expects to continue those efforts over the near term.

NEE'S OPERATING SUBSIDIARIES

I. FPL

FPL was incorporated under the laws of Florida in 1925 and is a wholly-owned subsidiary of NEE. FPL is a rate-regulated electric utility and is the largest electric utility in the state of Florida and one of the largest electric utilities in the U.S. based on retail MWh sales. FPL, with 24,273 MW of generating capacity at December 31, 2013, supplies electric service throughout most of the east and lower west coasts of Florida, serving more than 9 million people through approximately 4.7 million customer accounts. At December 31, 2013, FPL's service territory and plant locations are as follows (see Item 2 - Generating Facilities):

FRANCHISE AGREEMENTS AND COMPETITION

FPL's service to its retail customers is provided primarily under franchise agreements negotiated with municipalities or counties. Alternatively, municipalities and counties may form their own utility companies to provide service to their residents. In a very few cases, an FPL franchise agreement provides the respective municipality the right to buy the electrical assets serving local residents at the end of the agreement. However, during the term of a franchise agreement, which is typically 30 years, the municipality or county agrees not to form its own utility, and FPL has the right to offer electric service to residents. FPL currently holds 177 franchise agreements with various municipalities and counties in Florida with varying expiration dates through 2043. Six of these franchise agreements expire in 2014, four expire in 2015 and 167 expire during the period 2016 through 2043. These franchise agreements cover approximately 85% of FPL's retail customer base in Florida. Negotiations are ongoing to renew the franchise agreements that expire in 2014 and 2015. FPL considers its franchises to be adequate for the conduct of its business. FPL also provides service to 12 other municipalities and to 22 unincorporated areas within its service area without franchise agreements pursuant to the general obligation to serve as a public utility. FPL relies upon Florida law for access to public rights of way.

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Because any customer may elect to provide his/her own electric services, FPL effectively must compete for an individual customer's business. As a practical matter, few customers provide their own service at the present time since FPL's cost of service is substantially lower than the cost of self-generation for the vast majority of customers. Changing technology, economic conditions and other factors could alter the favorable relative cost position that FPL currently enjoys; however, FPL seeks as a matter of strategy to ensure that it delivers superior value, in the form of high reliability, low bills and excellent customer service.

In addition to self-generation by residential, commercial and industrial customers, FPL also faces competition from other suppliers of electrical energy to wholesale customers and from alternative energy sources. In each of 2013, 2012 and 2011, operating revenues from wholesale and industrial customers combined represented approximately 3% of FPL's total operating revenues. FPL expects revenues from wholesale sales to increase in 2014 primarily due to an increase in contracted load served under existing wholesale contracts.

The FPSC promotes cost competitiveness in the building of new steam and solar generating capacity by requiring investor-owned electric utilities, including FPL, to issue an RFP except when the FPSC determines that an exception from the RFP process is in the public interest. The RFP process allows independent power producers and others to bid to supply the new generating capacity. If a bidder has the most cost-effective alternative, meets other criteria such as financial viability and demonstrates adequate expertise and experience in building and/or operating generating capacity of the type proposed, the investor-owned electric utility would seek to negotiate a purchased power agreement with the selected bidder and request that the FPSC approve the terms of the purchased power agreement and, if appropriate, provide the required authorization for the construction of the bidder's generating capacity.

New nuclear power plants and combustion turbines are exempt from the RFP requirement. See FPL Sources of Generation - Fossil Operations and Nuclear Operations below.

CUSTOMERS AND REVENUE

FPL's primary source of operating revenues is from its retail customer base; it also serves a limited number of wholesale customers within Florida. Beginning in 2013, operating revenues include gains associated with an incentive mechanism allowed under the 2012 rate agreement (see FPL Regulation - FPL Rate Regulation - Base Rates - Rates Effective January 2013 - December 2016); such gains are included in other in the chart below. The percentage of FPL's operating revenues and customer accounts by customer class were as follows:

For both retail and wholesale customers, the prices (or rates) that FPL may charge are approved by regulatory bodies, by the FPSC in the case of retail customers, and by the FERC in the case of wholesale customers. In general, under U.S. and Florida law, regulated rates are intended to cover the cost of providing service, including an appropriate rate of return on capital employed. Since the regulatory bodies have authority to determine the relevant cost of providing service and the appropriate rate of return on capital employed, there can be no guarantee that FPL will be able to earn any particular rate of return or recover all of its costs through regulated rates. See FPL Regulation below.

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FPL seeks to maintain attractive rates for its customers. Since rates are largely cost-based, maintaining low rates requires a strategy focused on developing and maintaining a low cost position. The ideas generated from the cost savings initiative are expected to keep FPL's O&M expenses recovered through base rates flat through 2016 as compared to 2012. A common benchmark used in the electric power industry for comparing rates across companies is the price of 1,000 kWh of consumption per month for a residential customer. FPL's 2013 average bill for 1,000 kWh of monthly residential usage was the lowest among reporting electric utilities within Florida as indicated below:

POWER DELIVERY

FPL provides service to its customers through an integrated transmission and distribution system that links its generation facilities to its customers. FPL also maintains interconnection facilities with neighboring utilities and non-utility generators inside its territory, enabling it to buy and sell wholesale electricity and to enhance the reliability of its own network and support the reliability of neighboring networks. FPL's transmission system carries high voltage electricity from its generating facilities to substations where the electricity is stepped down to lower voltage levels and is sent through the distribution system to its customers.

A key element of FPL's strategy is to provide highly reliable service to its customers. The transmission and distribution system is susceptible to interruptions or outages from a wide variety of sources including weather, animal and vegetation interference, traffic accidents, equipment failure and many others, and FPL seeks to reduce or eliminate outages where economically practical and to restore service rapidly when outages occur. A common industry benchmark for transmission and distribution system reliability is the system average interruption duration index (SAIDI), which represents the number of minutes the average customer is without power during a time period. For the five years 2008 - 2012, FPL's average annual SAIDI was the best of the investor-owned utilities in Florida. FPL is accelerating its existing storm hardening and reliability program through 2016, to continue strengthening its infrastructure against tropical storms and hurricanes. Also, during 2013, FPL completed the final installation of approximately 4.5 million smart meters and other equipment, as part of its commitment to building a smarter, more reliable and efficient electric infrastructure.

FPL SYSTEM CAPABILITY AND LOAD

At December 31, 2013, FPL's resources for serving load consisted of 26,236 MW, of which 24,273 MW were from FPL-owned facilities (see Item 2 - Generating Facilities) and 1,963 MW were available through purchased power agreements (see FPL Sources of Generation - Purchased Power below). FPL customer usage and operating revenues are typically higher during the summer months, largely due to the prevalent use of air conditioning in FPL's service territory. Occasionally, unusually cold temperatures during the winter months result in significant increases in electricity usage for short periods of time. The highest peak load FPL has served to date was 24,346 MW, which occurred on January 11, 2010. FPL had adequate resources available at the time of this peak to meet customer demand.

FPL's projected reserve margin for the summer of 2014 is approximately 28%. This reserve margin is expected to be achieved through the combination of available output from FPL's active generating units, purchased power agreements and the capability to reduce peak demand through the implementation of demand side management programs, including load management which was estimated at December 31, 2013 to be capable of reducing demand by 1,870 MW, and energy efficiency and conservation programs. See FPL Sources of Generation - Fossil Operations and Nuclear Operations below regarding generation projects currently under construction.

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FPL SOURCES OF GENERATION

FPL relies upon a mix of fuel sources for its generating facilities, along with purchased power, in order to maintain the flexibility to achieve a more economical fuel mix by responding to market and industry developments. See descriptions of fossil, nuclear and solar operations below and a listing of FPL's generating facilities in Item 2 - Generating Facilities.

FPL's 2013 fuel mix based on MWh produced, including purchased power, was as follows:

Fossil Operations (Natural Gas, Coal and Oil)

At December 31, 2013, FPL owned and operated 71 units that used fossil fuels, primarily natural gas, and had a joint ownership interest in 3 coal units. Combined, the fossil fleet provided 20,785 MW of generating capacity for FPL. These fossil units are out of service from time to time for routine maintenance or on standby during periods of reduced electricity demand. A common industry benchmark for fossil unit reliability is the equivalent forced outage rate (EFOR), which represents a generating unit's inability to provide electricity when required to operate. For the five years 2008 - 2012, FPL's average annual EFOR was in the top decile among its electric utility fossil fleet peers in the U.S.

FPL's natural gas plants require natural gas transportation, supply and storage. FPL has firm transportation contracts in place for existing pipeline capacity with five different transportation suppliers. These agreements provide for an aggregate maximum delivery quantity of 1,969,000 MMBtu/day with expiration dates ranging from 2015 to 2036 that together are expected to satisfy substantially all of the currently anticipated needs for natural gas transportation through 2016. To the extent desirable, FPL also purchases interruptible natural gas transportation service from these natural gas transportation suppliers based on pipeline availability. FPL has several short- and medium-term natural gas supply contracts to provide a portion of FPL's anticipated needs for natural gas. The remainder of FPL's natural gas requirements is purchased in the spot market. FPL has an agreement for the storage of natural gas that expires in 2017. See Note 13 - Contracts.

In October 2013, the FPSC approved FPL's 25-year natural gas transportation agreements with each of Sabal Trail and Florida Southeast Connection for a quantity of 400,000 MMBtu/day beginning on May 1, 2017 and increasing to 600,000 MMBtu/day on May 1, 2020. FPL's firm commitments under the agreements are contingent upon the occurrence of certain events, including FERC approval and completion of construction of the pipeline to be built by each of Sabal Trail and Florida Southeast Connection. A FERC decision is expected in 2015. See Other NEE Operating Subsidiaries - Natural Gas Pipeline System below and Note 13 - Contracts. These new agreements are expected to enable FPL to satisfy substantially all of its natural gas transportation needs through at least 2020.

St. Johns River Power Park (SJRPP) Units Nos. 1 and 2, coal-fired units in which FPL has a joint ownership interest, have firm coal supply contracts and a firm transportation contract for a portion of their fuel and transportation needs through 2016. Scherer Unit No. 4, the other coal-fired unit in which FPL has a joint ownership interest, has firm coal supply and transportation contracts for a portion of its fuel needs and all of its transportation needs through 2015. Any of the remaining fuel and transportation requirements for these coal-fired units will be obtained in the spot market. See Note 13 - Contracts. With respect to its oil plants, FPL obtains its fuel requirements in the spot market.

Modernization Projects. In April 2013, FPL placed in service, ahead of schedule and below budgeted construction cost, an approximately 1,210 MW natural gas-fired combined-cycle modernized unit at its Cape Canaveral power plant. FPL is in the process

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of modernizing its Riviera Beach and Port Everglades power plants to high-efficiency natural gas-fired units that are expected to provide approximately 1,200 MW and 1,240 MW of capacity, respectively, and be placed in service in the second quarter of 2014 and by mid-2016, respectively.

Potential Gas Turbine Replacement Project. By the second quarter of 2014, FPL expects to begin monitoring emissions from the peaking gas turbines at its Lauderdale power plant for the purpose of confirming air-quality modeling that indicates exceedances of air quality standards for nitrogen dioxide (NO_2) at its Lauderdale and Port Everglades power plants. If the monitoring confirms the modeled exceedances, FPL will be required to reduce NO_2 emissions from these two power plants. Currently, FPL expects that the most cost-effective alternative to achieve the required emission reductions will be to retire these gas turbines, totaling 1,260 MW of capacity, and replace them with modern, low-emission combustion turbines, totaling approximately 1,005 MW of capacity. FPL plans to evaluate the results of the monitoring at the Lauderdale power plant, among other factors, to determine what action, if any, is indicated for the peaking gas turbines at its Fort Myers power plant.

Nuclear Operations

At December 31, 2013, FPL owned, or had undivided interests in, and operated the following four nuclear units with a total net generating capacity of 3,453 MW. This includes approximately 520 MW of generating capacity added from the generation power uprate project completed in 2013.

Facility	MW	Operating License Expiration Dates
St. Lucie Unit No. 1	981	2036
St. Lucie Unit No. 2	840	2043
Turkey Point Unit No. 3	811	2032
Turkey Point Unit No. 4	821	2033

FPL has several contracts for the supply of uranium and the conversion, enrichment and fabrication of nuclear fuel with expiration dates ranging from March 2014 through 2023. See Note 13 - Commitments. NRC regulations require FPL to submit a plan for decontamination and decommissioning five years before the projected end of plant operation. FPL's current plans, under the applicable operating licenses, provide for prompt dismantlement of Turkey Point Units Nos. 3 and 4 with decommissioning activities commencing in 2032 and 2033, respectively. Current plans provide for St. Lucie Unit No. 1 to be mothballed beginning in 2036 with decommissioning activities to be integrated with the prompt dismantlement of St. Lucie Unit No. 2 commencing in 2043.

Projects to Add Additional Capacity. FPL's need petition for two additional nuclear units at its Turkey Point site was approved by the FPSC in 2008 and FPL is moving forward with activities necessary to obtain all permits, licenses and approvals necessary for construction and operation of the units. The two units are expected to add a total of approximately 2,200 MW of capacity and are projected to be placed in-service in 2022 and 2023. Such in-service dates could be impacted by various regulatory approvals from the FPSC and other regulatory agencies which will be required throughout the licensing and development processes, as well as other regulatory actions.

Nuclear Unit Scheduled Refueling Outages. FPL's nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, including inspections, repairs and certain other modifications. Scheduled nuclear refueling outages typically require the unit to be removed from service for variable lengths of time. The following table summarizes each unit's next scheduled refueling outage:

Facility	Next Scheduled Refueling Outage
St. Lucie Unit No. 1	March 2015
St. Lucie Unit No. 2	March 2014
Turkey Point Unit No. 3	March 2014
Turkey Point Unit No. 4	September 2014

Spent Nuclear Fuel. FPL's nuclear facilities use both on-site storage pools and dry storage casks to store spent nuclear fuel generated by these facilities, which are expected to provide sufficient storage of spent nuclear fuel at these facilities through license expiration.

In 2010, the NRC amended its Waste Confidence Rule to support the determination that licensees can safely store spent nuclear fuel at nuclear power plants for up to 60 years beyond the original and renewed licensed operating life of the plants. Several parties petitioned the U.S. Court of Appeals for the District of Columbia (D.C. Circuit) to challenge the revised rule and in 2012, the D.C.

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Circuit vacated the rule and remanded it back to the NRC. The NRC determined that no final licenses would be issued until the required revisions to the Waste Confidence Rule are made, which revisions are not expected to be finalized before late 2014.

Nuclear Waste Policy Act of 1982, as amended (Nuclear Waste Policy Act) - Under the Nuclear Waste Policy Act, the DOE is responsible for the development of a repository for the disposal of spent nuclear fuel and high-level radioactive waste. As required by the Nuclear Waste Policy Act, FPL is a party to contracts with the DOE to provide for disposal of spent nuclear fuel from its nuclear units.

The DOE was required to construct permanent disposal facilities and take title to and provide transportation and disposal for spent nuclear fuel by January 31, 1998 for a specified fee based on current generation from nuclear power plants. The DOE did not meet its statutory obligation for disposal of spent nuclear fuel under the Nuclear Waste Policy Act. In 2009, FPL and certain of FPL's nuclear plant joint owners entered into a settlement agreement (spent fuel settlement agreement) with the U.S. government agreeing to dismiss with prejudice lawsuits filed against the U.S. government seeking damages caused by the DOE's failure to dispose of spent nuclear fuel from FPL's nuclear plants. The spent fuel settlement agreement permits FPL to make annual filings to recover certain spent fuel storage costs incurred by FPL which are reimbursable by the U.S. government on an annual basis.

In a separate lawsuit filed in 2011, FPL joined the Nuclear Energy Institute and several other nuclear plant owners and operators (Petitioners) in petitioning the D.C. Circuit to challenge the DOE's decision to continue to collect the nuclear waste fee. In June 2012, the D.C. Circuit ruled, which ruling was confirmed in November 2013, that the DOE's fee adequacy determination was legally defective. In November 2013, the D.C. Circuit directed the DOE to submit a proposal to the U.S. Congress to change the fee to zero until the DOE complies with the Nuclear Waste Policy Act or until Congress enacts an alternative waste management plan. In January 2014, the DOE sent the court-mandated proposal to adjust the fee, subject to any further judicial decision in the proceeding, to the heads of both the U.S. Senate and the U.S. House of Representatives and, at the same time, filed a petition with the D.C. Circuit to rehear the matter. If a rehearing is granted, the D.C. Circuit’s earlier directive that the DOE submit a proposal to Congress for changing the fee to zero would be stayed, which decision on rehearing is expected in the first quarter of 2014. FPL will continue to pay fees to the U.S. government's nuclear waste fund pending Congressional approval of and implementation of a zero-fee proposal.

Yucca Mountain - In March 2010, the DOE filed a motion with the NRC to withdraw its license application for a nuclear waste repository at Yucca Mountain, which request was denied. In September 2011, the NRC issued an order suspending the Yucca Mountain licensing proceeding, which order was challenged, and in August 2013, the D.C. Circuit issued an order requiring the NRC to proceed with the legally mandated licensing process for a nuclear waste repository at Yucca Mountain. As a result, the NRC is taking steps toward completing the technical review of the application and has requested the DOE to complete its supplemental environmental impact statement.

In light of its March 2010 motion not to proceed with the Yucca Mountain repository project, the DOE established a Blue Ribbon Commission on America's Nuclear Future (BRC) to conduct a comprehensive review of policies for managing the back end of the nuclear fuel cycle and to provide recommendations for developing a safe, long-term solution to managing spent nuclear fuel and high-level radioactive waste. In 2012, the BRC issued its report and recommendations which includes a consent-based approach to site future nuclear waste management facilities; creation of a new organization, independent of the DOE, dedicated solely to assuring the safe storage and ultimate disposal of spent nuclear fuel and high-level radioactive waste; providing access to the U.S. government's nuclear waste fund for the purpose of nuclear waste storage and disposal; and initiating prompt efforts to develop geologic

disposal facilities, consolidated interim storage facilities and transportation to those facilities. In January 2013, the DOE issued a strategy document for implementing the BRC recommendations. The strategy document outlines, among other things, long-term plans for a new management organization to handle spent fuel storage and disposal activities, development of new interim storage facilities and several possible funding reforms, including accessing the nuclear waste fund for funding these activities. Each of these steps will require new federal legislation.

Nuclear Regulatory Developments. Based on the NRC's comprehensive review of processes and regulations relating to nuclear facilities in the U.S. following the 2011 earthquake and tsunami in Japan, the NRC established, among other things, actions to be completed at each nuclear site and issued various orders and requests for information with a prescribed timeline for implementation and completion by the end of 2016. The NRC continues to revise orders for, among other things, enhanced venting capabilities for boiling water reactors for which implementation is expected to go beyond 2016 (FPL's nuclear units do not use boiling water reactors; see NEER - Generation and Other Operations - Nuclear Facilities - Nuclear Regulatory Developments). FPL is currently working with the NRC on the approval and implementation of actions required to meet new NRC requirements. A portion of the costs for these actions is being recovered through base rates based on estimated costs for 2013, with any incremental costs being recovered through the capacity clause, all of which are included in estimated capital expenditures. In January 2014, the State of Florida Office of Public Counsel (OPC) filed a notice of appeal to the Florida Supreme Court of the FPSC’s final order regarding the recovery of the incremental costs through the capacity clause. In February 2014, the Florida Supreme Court granted the OPC's request to stay that appeal until it has ruled on the OPC's appeal of the FPSC's final order regarding the 2012 rate agreement. See FPL Regulation - FPL Rate Regulation - Cost Recovery Clauses below and Note 13 - Commitments.

The lessons learned from the events in Japan and the results of the NRC's actions have and will continue to, among other things, result in new licensing and safety-related requirements for U.S. nuclear facilities. Any new requirements could, among other things, impact future licensing and operations of U.S. nuclear facilities, including FPL's existing nuclear facilities and NRC approval of two

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additional nuclear units at FPL's Turkey Point site, and could, among other things, result in increased cost and capital expenditures associated with the operation and maintenance of FPL's nuclear units.

Solar Operations

Solar generation can be provided primarily through two conventions: utility-owned and customer-owned or leased. In utility-owned solar generation, the energy generated goes directly to the transmission grid, whereas customer-owned or leased solar generation generally goes directly to the location it is serving with any excess over local need being fed back to the transmission grid. There are two principal solar technologies used for utility-scale projects: PV and thermal. At December 31, 2013, FPL owned and operated two PV solar generating facilities, which provided a total of 35 MW of generation capacity, and a 75 MW solar thermal hybrid facility. FPL supports the advancement of solar generation primarily for its fuel diversity and emissions reduction benefits, and plans to continue to support, study and pursue solar generation that is beneficial for FPL's customers.

Purchased Power

In addition to owning generation facilities, FPL also purchases electricity from non-utility generators and other utilities to meet customer demand through long- and short-term purchased power agreements. As of December 31, 2013, FPL's long-term purchased power agreements provided for the purchase of approximately 1,963 MW of power with expiration dates ranging from 2015 through 2032. See Note 13 - Contracts. FPL also procures short-term capacity for both economic and reliability purposes.

FPL ENERGY MARKETING AND TRADING

FPL's Energy Marketing & Trading division (EMT) buys and sells wholesale energy commodities, such as natural gas, oil and electricity. EMT procures natural gas and oil for FPL's use in power generation and sells excess natural gas, oil and electricity. EMT also uses derivative instruments (primarily swaps, options and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity. Substantially all of the results of EMT's activities are passed through to customers in the fuel or capacity clauses. See FPL Regulation - FPL Rate Regulation below, Management's Discussion - Energy Marketing and Trading and Market Risk Sensitivity and Note 3.

FPL REGULATION

FPL's operations are subject to regulation by a number of federal, state and other organizations, including, but not limited to, the following:

- the FPSC, which has jurisdiction over retail rates, service territory, issuances of securities, planning, siting and construction of facilities, among other things;
- the FERC, which oversees the acquisition and disposition of generation, transmission and other facilities, transmission of electricity and natural gas in interstate commerce, proposals to build interstate natural gas pipelines and storage facilities, and wholesale purchases and sales of electric energy, among other things;
- the NERC, which, through its regional entities, establishes and enforces mandatory reliability standards, subject to approval by the FERC, to ensure the reliability of the U.S. electric transmission and generation system and to prevent major system blackouts;
- the NRC, which has jurisdiction over the operation of nuclear power plants through the issuance of operating licenses, rules, regulations and orders; and

the EPA, which has the responsibility to maintain and enforce national standards under a variety of environmental laws. The EPA also works with industries and all levels of government, including federal and state governments, in a wide variety of voluntary pollution prevention programs and energy conservation efforts.

FPL Rate Regulation

The FPSC sets rates at a level that is intended to allow FPL the opportunity to collect from retail customers total revenues (revenue requirements) equal to FPL's cost of providing service, including a reasonable rate of return on invested capital. To accomplish this, the FPSC uses various ratemaking mechanisms, including, among other things, base rates and cost recovery clauses.

Base Rates. In general, the basic costs of providing electric service, other than fuel and certain other costs, are recovered through base rates, which are designed to recover the costs of constructing, operating and maintaining the utility system. These basic costs include O&M expenses, depreciation and taxes, as well as a return on FPL's investment in assets used and useful in providing electric service (rate base). At the time base rates are determined, the allowed rate of return on rate base approximates the FPSC's determination of FPL's estimated weighted-average cost of capital, which includes its costs for outstanding debt and an allowed ROE. The FPSC monitors FPL's actual regulatory ROE through a surveillance report that is filed monthly by FPL with the FPSC. The FPSC does not provide assurance that any regulatory ROE will be achieved. Base rates are determined in rate proceedings or through negotiated settlements of those proceedings. Proceedings can occur at the initiative of FPL or upon action by the FPSC. Base rates remain in effect until new base rates are approved by the FPSC.

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Rates Effective January 2013 - December 2016 - In January 2013, the FPSC issued a final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2012 rate agreement). Key elements of the 2012 rate agreement, which is effective from January 2013 through December 2016, include, among other things, the following:

- New retail base rates and charges were established in January 2013 resulting in an increase in retail base revenues of $350 million on an annualized basis.
- FPL's allowed regulatory ROE is 10.50%, with a range of plus or minus 100 basis points. If FPL's earned regulatory ROE falls below 9.50%, FPL may seek retail base rate relief. If the earned regulatory ROE rises above 11.50%, any party to the 2012 rate agreement other than FPL may seek a review of FPL's retail base rates.
- Retail base rates will be increased by the annualized base revenue requirements for FPL's three modernization projects (Cape Canaveral, Riviera Beach and Port Everglades) as each of the modernized power plants becomes operational. (Cape Canaveral became operational in April 2013 and Riviera Beach and Port Everglades are expected to be operational in the second quarter of 2014 and by mid-2016, respectively.)
- Cost recovery of WCEC Unit No. 3, which was placed in service in May 2011, will continue to occur through the capacity clause; however, such recovery will not be limited to the projected annual fuel cost savings as was the case in the previous rate agreement discussed below.
- Subject to certain conditions, FPL may amortize, over the term of the 2012 rate agreement, a depreciation reserve surplus remaining at the end of 2012 under the 2010 rate agreement discussed below (approximately $224 million) and may amortize a portion of FPL's fossil dismantlement reserve up to a maximum of $176 million (collectively, the reserve), provided that in any year of the 2012 rate agreement, FPL must amortize at least enough reserve to maintain a 9.50% earned regulatory ROE but may not amortize any reserve that would result in an earned regulatory ROE in excess of 11.50%.
- Future storm restoration costs would be recoverable on an interim basis beginning 60 days from the filing of a cost recovery petition, but capped at an amount that could produce a surcharge of no more than $4 for every 1,000 kWh of usage on residential bills during the first 12 months of cost recovery. Any additional costs would be eligible for recovery in subsequent years. If storm restoration costs exceed $800 million in any given calendar year, FPL may request an increase to the $4 surcharge to recover the amount above $800 million.
- An incentive mechanism whereby customers will receive 100% of certain gains, including, but not limited to, gains from the purchase and sale of electricity and natural gas (including transportation and storage), up to a specified threshold; gains exceeding that specified threshold will be shared by FPL and its customers.

In September 2013, the Florida Supreme Court heard oral argument on the OPC's appeal of the FPSC's final order regarding the 2012 rate agreement. A ruling by the Florida Supreme Court is pending.

Rates Effective March 2010 - December 2012 - Effective March 1, 2010, pursuant to an FPSC final order (2010 FPSC rate order), new retail base rates for FPL were established, resulting in an increase in retail base revenues of approximately $75 million on an annualized basis. The 2010 FPSC rate order, among other things, also established a regulatory ROE of 10.0% with a range of plus or minus 100 basis points. In February 2011, the FPSC issued a final order approving a stipulation and settlement agreement between FPL and principal parties in FPL's 2009 rate case (2010 rate agreement). The 2010 rate agreement, which was effective through December 31, 2012, provided for, among other things, a reduction in depreciation expense (surplus depreciation credit) in any calendar year up to a cap in 2010 of $267 million, a cap in subsequent years of $267 million plus the amount of any unused portion from prior years, and a total cap of $776 million over the course of the 2010 rate agreement, provided that in any year of the 2010 rate agreement FPL was required to use enough surplus depreciation credit to maintain an earned regulatory ROE

within the range of 9.0% - 11.0%. The 2010 rate agreement also permitted incremental cost recovery through FPL's capacity clause for WCEC Unit No. 3 up to the amount of the projected annual fuel savings for customers. See Cost Recovery Clauses below for additional information regarding the capacity clause.

Cost Recovery Clauses. Cost recovery clauses, which are designed to permit full recovery of certain costs and provide a return on certain assets allowed to be recovered through the various clauses, include substantially all fuel, purchased power and interchange costs, certain construction-related costs and conservation and certain environmental-related costs. Cost recovery clause costs are recovered through levelized monthly charges per kWh or kW, depending on the customer's rate class. These cost recovery clause charges are calculated at least annually based on estimated costs and estimated customer usage for the following year, plus or minus true-up adjustments to reflect the estimated over or under recovery of costs for the current and prior periods. An adjustment to the levelized charges may be approved during the course of a year to reflect revised estimates.

Fuel costs are recovered from customers through the fuel clause, the most significant of the cost recovery clauses in terms of operating revenues. FPL uses a risk management fuel procurement program which has been approved by the FPSC. The FPSC reviews the program activities and results for prudence annually as part of its review of fuel costs. The program is intended to manage fuel price volatility by locking in fuel prices for a portion of FPL's fuel requirements. See FPL Energy Marketing and Trading above, Note 1 - Regulation and Note 3.

Capacity payments to other utilities and non-utility generators for purchased power are recovered from customers through the capacity clause. In accordance with the FPSC's nuclear cost recovery rule, FPL also recovers pre-construction costs and carrying charges (equal to a pretax AFUDC rate) on construction costs for new nuclear capacity through the capacity clause. As property related to the new nuclear capacity goes into service, construction costs and a return on investment are recovered through base

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rate increases effective beginning the following January. See FPL Sources of Generation - Nuclear Operations above. In January 2014, FPL began recovering, through the capacity clause, the incremental costs incurred to comply with new NRC requirements established following the 2011 earthquake and tsunami in Japan. See FPL Sources of Generation - Nuclear Operations - Nuclear Regulatory Developments above. In accordance with the 2012 and 2010 rate agreements, cost recovery for WCEC Unit No. 3 is permitted during the term of the agreements through FPL's capacity clause and is reported as retail base revenues.

Costs associated with implementing energy conservation programs are recovered from customers through the energy conservation cost recovery clause. Certain costs of complying with federal, state and local environmental regulations enacted after April 1993 and costs associated with FPL's three solar facilities are recovered through the environmental cost recovery clause (environmental clause).

The FPSC has the authority to disallow recovery of costs that it considers excessive or imprudently incurred. These costs may include, among others, fuel and O&M expenses, the cost of replacing power lost when fossil and nuclear units are unavailable, storm restoration costs and costs associated with the construction or acquisition of new facilities.

FERC

The Federal Power Act gives the FERC exclusive ratemaking jurisdiction over wholesale sales of electricity and the transmission of electricity and natural gas in interstate commerce. Pursuant to the Federal Power Act, electric utilities must maintain tariffs and rate schedules on file with the FERC which govern the rates, terms and conditions for the provision of FERC-jurisdictional wholesale power and transmission services. The Federal Power Act also gives the FERC authority to certify and oversee a national electric reliability organization with authority to develop mandatory reliability standards applicable to all users, owners and operators of the bulk-power system. The FERC also approves and enforces reliability standards. See NERC below. Electric utilities are subject to accounting, record-keeping and reporting requirements administered by the FERC. The FERC also places certain limitations on transactions between electric utilities and their affiliates.

NERC

The NERC has been certified by the FERC as the national electric reliability organization. The NERC's mandate is to ensure the reliability and security of the North American bulk-power system through establishment and enforcement of reliability standards. The NERC's regional entities establish requirements, approved by the FERC, for reliable operation and maintenance of power generation facilities and transmission systems. FPL is subject to these reliability requirements and incurs costs to ensure compliance with continually heightened requirements, and can incur significant penalties for failing to comply with them.

FPL Environmental Regulation

FPL is subject to environmental laws and regulations and is affected by some of the emerging issues described in the NEE Environmental Matters section below. FPL expects to seek recovery through the environmental clause for compliance costs associated with any new environmental laws and regulations.

As part of the conditions of certification by the FDEP for the generation uprate project at the Turkey Point nuclear units, which was completed in 2013, FPL was required to implement a monitoring plan in and around the Turkey Point cooling canals due to concerns over potential saltwater intrusion beyond FPL's property. Monitoring under the

plan includes collection of data prior to and after the additional capacity is placed in service. Data for the first three years has been collected and provided to the FDEP and other agencies. The ultimate outcome of the monitoring plan is uncertain, and the financial and operational impacts on FPL, if any, cannot be determined at this time.

FPL EMPLOYEES

FPL had approximately 8,900 employees at December 31, 2013. Approximately 33% of the employees are represented by the International Brotherhood of Electrical Workers (IBEW) under a collective bargaining agreement with FPL that expires October 31, 2014.

II. NEER

NEER was formed in 1998 to aggregate NEE's competitive energy businesses. It is a limited liability company organized under the laws of Delaware and is a wholly-owned subsidiary of NEECH. Through its subsidiaries, NEER currently owns, develops, constructs, manages and operates electric generating facilities in wholesale energy markets primarily in the U.S., as well as in Canada and Spain. See Note 14. NEER is one of the largest wholesale generators of electric power in the U.S., with approximately 18,303 MW of generating capacity across 24 states, 4 Canadian provinces and 1 Spanish province as of December 31, 2013. NEER produces the majority of its electricity from clean and renewable sources as described more fully below. NEER is the largest owner of wind and utility-scale solar energy projects in North America. Since 2002, NEER has more than doubled its generating capacity, primarily through the development of new wind projects and the acquisition of nuclear projects.

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NEER engages in power and gas marketing and trading activities, including entering into financial and physical contracts, to hedge the production from its generating assets that is not sold under long-term power supply agreements. These activities include providing full energy and capacity requirements services primarily to distribution utilities in certain markets and offering customized power and gas and related risk management services to wholesale customers. NEER also participates in natural gas, natural gas liquids and oil production through non-operating ownership interests and pipeline infrastructure development, hereafter referred to as the gas infrastructure business, and owns a retail electricity provider.

MARKETS AND COMPETITION

Electricity markets in the U.S. are regional and diverse in character. All are extensively regulated, and competition in these markets is shaped and constrained by regulation. The nature of the products offered varies based on the specifics of regulation in each region. Generally, in addition to the natural constraints on pricing freedom presented by competition, NEER may also face specific constraints in the form of price caps, or maximum allowed prices, for certain products. NEER's ability to sell the output of its generation facilities is also constrained by available transmission capacity, which can vary from time to time and can have a significant impact on pricing.

The degree and nature of competition that NEER faces is different in wholesale markets and in retail markets. Approximately 90% of NEER's revenue is derived from wholesale markets.

Wholesale power generation is a capital-intensive, commodity-driven business with numerous industry participants. NEER primarily competes on the basis of price, but believes the green attributes of NEER's generating assets, its creditworthiness and its ability to offer and manage customized risk solutions to wholesale customers are competitive advantages. Wholesale power generation is a regional business that is highly fragmented relative to many other commodity industries and diverse in terms of industry structure. As such, there is a wide variation in terms of the capabilities, resources, nature and identity of the companies NEER competes with depending on the market. In wholesale markets, customers' needs are met through a variety of means, including long-term bilateral contracts, standardized bilateral products such as full requirements service and customized supply and risk management services.

In general, U.S. electricity markets encompass three classes of product: energy, capacity and ancillary services. Energy services relate to the physical delivery of power; capacity services relate to the availability of MW capacity of a power generation asset; and ancillary services are other services related to power generation assets, such as load regulation and spinning and non-spinning reserves. The exact nature of these classes of product is defined in part by regional tariffs. Not all regions have a capacity product class, and the specific definitions of ancillary services vary from region to region.

RTOs and ISOs exist in a number of regions within which NEER operates to coordinate generation and transmission across wide geographic areas and to run markets. NEER also has operations that fall within the Western Electricity Coordinating Council reliability region that are not under the jurisdiction of an established RTO or ISO. Although each RTO and ISO may have differing objectives and structures, some benefits of these entities include regional planning, managing transmission congestion, developing larger wholesale markets for energy and capacity, maintaining reliability and facilitating competition among wholesale electricity providers. NEER has operations that fall within the following RTOs and ISOs:

- Alberta Electric System Operator

- California Independent System Operator
- ERCOT
- Independent Electricity System Operator (in Ontario)
- ISO New England (ISO-NE)
- Midcontinent Independent System Operator, Inc. (MISO)
- New York Independent System Operator (NYISO)
- PJM
- Southwest Power Pool

NEER competes in different regions to different degrees, but in general it seeks to enter into long-term bilateral contracts for the full output of its generating facilities, and, as of December 31, 2013, approximately 62% of NEER's generating capacity is fully committed under long-term contracts. Where long-term contracts are not in effect, NEER sells the output of its facilities into daily spot markets. In such cases, NEER will frequently enter into shorter term bilateral contracts, typically but not always of one to three years duration, to hedge the price risk associated with selling into a daily spot market. Such bilateral contracts, which may be hedges either for physical delivery or for financial (pricing) offset, may only protect a portion of the revenue that NEER expects to derive from the associated generation facility and may not qualify for hedge accounting under GAAP. Contracts that serve the economic purpose of hedging some portion of the expected revenue of a generation facility but are not recorded as hedges under GAAP are referred to as “non-qualifying hedges” for adjusted earnings purposes. See Management's Discussion - Overview - Adjusted Earnings.

Certain facilities within the NEER wind and solar generation portfolio produce RECs and other environmental attributes which are typically sold along with the energy from the plants under long-term contracts. For the wind and solar generation not sold under

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long-term contracts, the RECs and other environmental attributes may be sold separately.

While the majority of NEER's revenue is derived from the output of its generating facilities, NEER is also an active competitor in several regions in the wholesale full requirements business and in providing structured and customized power and fuel products and services to a variety of customers. In the full requirements service, typically, the supplier agrees to meet the customer's needs for a full range of products for every hour of the day, at a fixed price, for a predetermined period of time, thereby assuming the risk of fluctuations in the customer's volume requirements.

The deregulated retail energy business is typically a highly competitive business. In general, competition in the retail energy business is on the basis of price, service, brand image, product offerings and market perceptions of creditworthiness. Electricity is sold pursuant to a variety of product types, including fixed, indexed and renewable products, and customers elect terms of service typically ranging from one month to five years. Retail energy rates are market-based, and not subject to traditional cost-of-service regulation by public service commissions. Transmission and distribution service companies provide, on a non-discriminatory basis, the wires and metering services necessary to deliver service to customers. Subsidiaries of NEER compete in certain states for retail customers, which can be divided into two principal segments: residential and commercial and industrial (C&I). Residential customers largely require only energy services, which may be purchased on a month-to-month basis or under a multi-year contract. Large C&I customers share many of the same characteristics as wholesale utility customers and may require similarly customized and structured products.

In general, competitive retail electric providers are exposed to both volume and price risk: customers' volumes will vary, and competitive retail providers are committed to supplying the customer's full needs at all times and are therefore responsible for purchases in wholesale markets to meet those needs; and wholesale prices will fluctuate in ways that do not necessarily match the retail prices committed to the customer.

Expanded competition in a frequently changing regulatory environment presents both opportunities and risks for NEER. Opportunities exist for the selective acquisition of generation assets and for the construction and operation of efficient facilities that can sell power in competitive markets. NEER seeks to reduce its market risk by having a diversified portfolio by fuel type and location, as well as by contracting for the future sale of a significant amount of the electricity output of its facilities.

GENERATION AND OTHER OPERATIONS

The vast majority of NEER's revenue is derived from selling the products (energy, capacity, RECs and ancillary services) produced by its own generating facilities. However, NEER may combine purchases of relevant products in wholesale markets with products produced by its own generating facilities in order to meet particular customers' needs.

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At December 31, 2013, the locations of NEER's generation facilities in North America are as follows:

At December 31, 2013, NEER managed or participated in the management of essentially all of its generation projects in which it has an ownership interest.

NEER categorizes its portfolio in a number of different ways for different business purposes. See a listing of NEER's generating facilities in Item 2 - Generating Facilities. The following presentation details NEER operations, fuel/technology mix and generation by geographic region which NEE commonly uses in communicating its business:

Contracted, Merchant and Other Operations

NEER's portfolio of operations based on the presence/absence of long-term contracts and other operations is described below.

Contracted Assets. Contracted assets are projects with long-term power sales agreements for substantially all of their output and certain wind assets where long-term power contracts are expected to be executed. At December 31, 2013, NEER had 11,562 MW of contracted assets, substantially all of which have long-term power contracts. Essentially all of the output of these contracted assets were under power sales agreements, with a weighted-average remaining contract life of approximately 15 years, and some have firm fuel and transportation agreements with expiration dates ranging from March 2014 through 2022. See Note 13 - Contracts. Approximately 8,366 MW of this capacity is wind generation and 1,621 MW of this capacity is nuclear generation. The remaining 1,575 MW use a variety of fuels and technologies such as natural gas, oil and solar.

Merchant Assets. Merchant assets are projects that do not have long-term power sales agreements to sell their output, or, in the case of certain wind assets, are not expected to have long-term power contracts, and therefore require active marketing and hedging. At December 31, 2013, NEER's portfolio of merchant assets consists of 6,741 MW of owned wind, nuclear, natural gas, oil and solar generating facilities, including 846 MW of peak generating facilities. Approximately 60% (based on net MW capacity) of the natural gas-fueled merchant assets have natural gas transportation agreements to provide for fluctuating natural gas requirements. See Note 13 - Contracts. Derivative instruments (primarily swaps, options, futures and forwards) are generally used to lock in pricing and manage the commodity price risk inherent in power sales and fuel purchases. Managing market risk through these instruments introduces other types of risk, primarily counterparty, credit and operational risks.

Other Operations. NEER's operations also include the gas infrastructure business and the customer supply and proprietary power and gas trading businesses. At December 31, 2013, the gas infrastructure business had non-operating investments located in oil and gas shale formations primarily in Texas, Oklahoma, Wyoming, North Dakota and Louisiana. Also, see NEER Customer Supply and Proprietary Power and Gas Trading below.

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NEER Fuel/Technology Mix

NEER's generating output is produced using a variety of fuel sources as further described below.

NEER's power generation in terms of MWh produced for the year ended December 31, 2013 by fuel type is as follows:

Wind Facilities

At December 31, 2013, NEER had ownership interests in wind generating facilities with a total generating capacity of 10,210 MW. NEER operates all of these wind facilities, which are located in 19 states and 4 provinces in Canada. During 2013, NEER added approximately 250 MW of new U.S. wind generation and 124 MW of new Canadian wind generation and sold wind facilities with generation capacity totaling 223 MW located in Wyoming and California. NEER is currently committed to add new wind generation in 2014 and 2015 totaling approximately 465 MW in Canada and 1,175 MW in the U.S. See Policy Incentives for Renewable Energy Projects below for additional discussion of NEER's expectations regarding wind development and construction.

Natural Gas Facilities

At December 31, 2013, NEER had ownership interests in natural gas facilities with net generating capacity (NEER's net ownership interest in facility capacity) of 3,991 MW. NEER operates all of these facilities and approximately 1,003 MW of net generating capacity is from contracted natural gas assets located throughout the Northeastern U.S.

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Nuclear Facilities

At December 31, 2013, NEER owned, or had undivided interests in, and operated the following four nuclear units with a total net generating capacity of 2,721 MW.

Facility	Location	MW	Portfolio Category	Operating License Expiration Dates
Seabrook	New Hampshire	1,100	Merchant	2030 [a]
Duane Arnold	Iowa	431	Contracted[b]	2034
Point Beach Unit No. 1	Wisconsin	595	Contracted[c]	2030
Point Beach Unit No. 2	Wisconsin	595	Contracted[c]	2033

(a) In 2010, NEER filed an application with the NRC to renew Seabrook's operating license for an additional 20 years, which license renewal is dependent on various NRC regulatory approvals and actions.

(b) NEER sells all of its share of the output of Duane Arnold under a long-term contract expiring in February 2025.

(c) NEER sells all of the output of Point Beach Units Nos. 1 and 2 under long-term contracts through their current operating license expiration dates.

NEER's nuclear facilities have several contracts for the supply of uranium and conversion, enrichment and fabrication of nuclear fuel with expiration dates ranging from March 2014 through 2022. See Note 13 - Contracts. NEER is responsible for all nuclear unit operations and the ultimate decommissioning of the nuclear units, the cost of which is shared on a pro-rata basis by the joint owners for the jointly-owned units. NRC regulations require plant owners to submit a plan for decontamination and decommissioning five years before the projected end of plant operation.

Nuclear Unit Scheduled Refueling Outages. NEER's nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, including inspections, repairs and certain other modifications. Scheduled nuclear refueling outages typically require the unit to be removed from service for variable lengths of time. The following table summarizes each unit's next scheduled refueling outage:

Facility	Next Scheduled Refueling Outage
Seabrook	April 2014
Duane Arnold	October 2014
Point Beach Unit No. 1	October 2014
Point Beach Unit No. 2	March 2014

Spent Nuclear Fuel. NEER's nuclear facilities use both on-site storage pools and dry storage casks to store spent nuclear fuel generated by these facilities, which are expected to provide sufficient storage of spent nuclear fuel at these facilities through license expiration.

As owners and operators of nuclear facilities, certain subsidiaries of NEER are subject to the Nuclear Waste Policy Act and are parties to the spent fuel settlement agreement and legal actions described in FPL - FPL Sources of Generation - Nuclear Operations. Similar to FPL, these subsidiaries will continue to pay fees to the U.S. government's nuclear waste fund pending Congressional approval of and implementation of a zero-fee proposal.

Nuclear Regulatory Developments. For discussion of developments regarding the impact of the 2011 earthquake and tsunami in Japan as it relates to U.S. nuclear facilities, see FPL - FPL Sources of Generation - Nuclear Operations. NEER's nuclear facilities are subject to the same NRC actions as described for FPL. Duane Arnold is NEER's only boiling water reactor unit. NEER is currently working with the NRC on the approval and implementation of actions required to meet new NRC requirements, the costs of which are included in estimated capital expenditures. See Note 13 - Commitments.

Solar Facilities

At December 31, 2013, NEER had ownership interests in solar facilities with a total net generating capacity of 477 MW in the U.S. and Canada. During 2013, NEER added 125 MW of capacity from a 250 MW solar thermal project in California (Genesis solar project) and 155 MW of net capacity from a 550 MW solar PV project in California (Desert Sunlight solar project), in which NEER has a 50% equity investment. The remaining capacity for the Genesis solar project (125 MW) and the Desert Sunlight solar project (120 MW) are expected to be added during 2014. In addition, NEER and its affiliates completed construction of solar thermal facilities with generating capacity of 99.8 MW in Spain (Spain solar projects) during 2013 (see Note 13 - Spain Solar Projects for additional developments that impact the Spain solar projects).

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Other Assets

At December 31, 2013, NEER had 804 MW of other generation assets, primarily oil facilities located in Maine. During 2013, NEER initiated a plan and received internal approval to pursue the sale of its ownership interests in the oil-fired generating plants located in Maine with a total capacity of 796 MW. In the first quarter of 2013, a subsidiary of NEER completed the sale of its ownership interest in a portfolio of hydropower generation plants and related assets with a total generating capacity of 351 MW located in Maine and New Hampshire.

Policy Incentives for Renewable Energy Projects

In its development and operation of U.S. wind generation facilities, NEER depends heavily on the federal PTC, which currently provides an income tax credit for the production of electricity from utility-scale wind turbines for the first ten years of commercial operation. This incentive was created under the Energy Policy Act of 1992 and, under the American Taxpayer Relief Act of 2012 (Taxpayer Relief Act), was extended for wind projects whose construction began before January 1, 2014. The Internal Revenue Service (IRS) has issued guidance related to which projects will qualify for the PTC including, among other things, criteria for the beginning of construction of a project and the continuous program of construction or the continuous efforts to advance the project to completion. Pursuant to the IRS guidance, NEER expects its projects currently in development or under construction in the U.S. will qualify for the PTC. Alternatively, wind project developers can choose to receive a 30% ITC, in lieu of the PTC, with the same requirement that construction of the wind project began before January 1, 2014. NEER's expectations for wind development and construction will depend, in part, on whether legislation is passed to further extend the PTC.

Solar project developers are also eligible to receive a 30% ITC for new solar projects that achieve commercial operation before 2017. Solar project developers can elect to receive an equivalent cash payment from the U.S. Department of Treasury for the value of the 30% ITC for qualifying solar projects where construction began before the end of 2011 and the projects are placed in service before 2017.

Other countries, including Canada and Spain, provide for incentives like feed-in-tariffs for renewable energy projects. The feed-in-tariffs promote renewable energy investments by offering long-term contracts to renewable energy producers, typically based on the cost of generation of each technology. See Note 13 - Spain Solar Projects for developments in Spain.

NEER Generation by Geographic Region in North America

NEER's generating capacity spans various geographic regions in North America, thereby reducing overall volatility related to varying market conditions and seasonality on a portfolio basis. NEER's generating facilities at December 31, 2013 are categorized by geographic region (see Item 2 - Generating Facilities) in terms of MW of capacity as follows:

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NEER CUSTOMER SUPPLY AND PROPRIETARY POWER AND GAS TRADING

PMI, a subsidiary of NEER, buys and sells wholesale energy commodities, such as electricity, natural gas and oil. PMI sells the output from NEER's plants that is not sold under long-term contracts and procures the fossil fuel for use by NEER's generation fleet. Its primary role is to manage the commodity risk of NEER's portfolio. PMI uses derivative instruments such as swaps, options, futures and forwards to manage the risk associated with fluctuating commodity prices and to optimize the value of NEER's power generation and gas infrastructure assets.

PMI also provides a wide range of electricity and gas commodity products to customers and markets and trades energy commodity products. PMI's customer supply business includes providing full energy and capacity requirements and mid-market services that include sales and purchases of wholesale commodities-related products and the operations of a retail electricity provider.

The results of PMI's activities are included in NEER's operating results. See Management's Discussion - Energy Marketing and Trading and Market Risk Sensitivity, Note 1 - Energy Trading and Note 3.

NEER REGULATION

The energy markets in which NEER operates are subject to domestic and foreign regulation, as the case may be, including local, state and federal regulation, and other specific rules.

At December 31, 2013, NEER had ownership interests in operating independent power projects located in the U.S. that have received exempt wholesale generator status as defined under the Public Utility Holding Company Act of 2005, which represent approximately 98% of NEER's net generating capacity. Exempt wholesale generators own or operate a facility exclusively to sell electricity to wholesale customers. They are barred from selling electricity directly to retail customers. NEER's exempt wholesale generators produce electricity from wind, fossil fuels, solar and nuclear facilities. Essentially all of the remaining 2% of NEER's net generating capacity has qualifying facility status under the PURPA. NEER's qualifying facilities generate electricity primarily from wind, solar and fossil fuels. Qualifying facility status exempts the projects from, among other things, many of the provisions of the Federal Power Act, as well as state laws and regulations relating to rates and financial or organizational regulation of electric utilities. While projects with qualifying facility and/or exempt wholesale generator status are exempt from various restrictions, each project must still comply with other federal, state and local laws, including, but not limited to, those regarding siting, construction, operation, licensing, pollution abatement and other environmental laws.

Additionally, most of the NEER facilities located in the U.S. are subject to FERC regulations and market rules, the NERC's mandatory reliability standards and the EPA's environmental laws, and its nuclear facilities are also subject to the jurisdiction of the NRC. See FPL - FPL Regulation for additional discussion of FERC, NERC, NRC and EPA regulations. With the exception of facilities located in ERCOT, the FERC has jurisdiction over various aspects of NEER's business in the U.S., including the oversight and investigation of competitive wholesale energy markets, regulation of the transmission and sale of natural gas, and oversight of environmental matters related to natural gas projects and major electricity policy initiatives. The PUCT has jurisdiction, including the regulation of rates and services, oversight of competitive markets, and enforcement of statutes and rules, over NEER facilities located in ERCOT. NEER and its affiliates are also subject to national and provincial or regional regulations in Canada and Spain related to energy operations, energy markets and environmental standards.

NEER is subject to environmental laws and regulations, and is affected by some of the emerging issues related to renewable energy resources as described in the NEE Environmental Matters section below. In order to better anticipate potential regulatory changes, NEER continues to actively evaluate and participate in regional market redesigns of existing operating rules for the integration of renewable energy resources and for the purchase and sale of energy commodities.

NEER EMPLOYEES

NEER and its subsidiaries had approximately 4,500 employees at December 31, 2013. Certain subsidiaries of NEER have collective bargaining agreements with the IBEW, the Utility Workers Union of America, the Security Police and Fire Professionals of America and the International Union of Operating Engineers, which collectively represent approximately 22% of NEER's employees. The collective bargaining agreements have one- to five-year terms and expire between February 2015 and 2016.

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III. OTHER NEE OPERATING SUBSIDIARIES

Corporate and Other represents other business activities, primarily NEET and FPL FiberNet, that are not separately reportable. See Note 14. In addition, certain subsidiaries of NEECH are pursuing approvals to build, own and operate an approximately 600-mile natural gas pipeline system to provide new natural gas transportation infrastructure in Florida.

NEET

NEET, a wholly-owned subsidiary of NEECH, is a limited liability company organized under the laws of Delaware. NEET conducts its business primarily through two subsidiaries, Lone Star and NHT, and is pursuing opportunities to develop, build and operate new transmission facilities throughout North America. In August 2013, an entity in which an affiliate of NEET has a joint venture investment was selected to complete development work for a 250-mile transmission line in Northwestern Ontario, Canada. Once development is complete, subject to Ontario Energy Board approval, the NEET affiliate, through its joint venture, is expected to construct, own and operate the new transmission line that is projected to begin service in 2018.

Lone Star

Lone Star, a rate-regulated transmission service provider in Texas, is a limited liability company organized under the laws of Delaware. Lone Star owns and operates approximately 330 miles of 345 kilovolt (kV) transmission lines and other associated facilities that were placed in service in 2012 and 2013. Lone Star is subject to regulation by a number of federal, state and other agencies, including, but not limited to, the PUCT, the ERCOT, the NERC and the EPA, as well as certain limited regulations of the FERC. See FPL - FPL Regulation for further discussion of FERC, NERC and EPA regulations and NEE Environmental Matters. The PUCT has jurisdiction over a wide range of Lone Star's business activities, including, among others, rates charged to customers and certain aspects of the operation of transmission systems. The PUCT sets rates at a level that allows Lone Star the opportunity to collect from customers total revenues (revenue requirements) equal to Lone Star's cost of providing service, including a reasonable rate of return on invested capital.

During late 2012 through mid-2013, the PUCT approved Lone Star's initial rate case proceeding as well as its interim rate adjustment filings for wholesale transmission service which ultimately provides for an annual revenue requirement of approximately $103 million for, among other things, $723 million of rate base, a regulatory equity ratio of 45%, an allowed regulatory ROE of 9.6% and other operating expenses. Lone Star's subsequent capital investment will be recovered through either interim rate adjustment filings or a base rate filing. Capital investment included in rates through the interim rate adjustment mechanism is subject to prudence review in Lone Star's next general rate case which is expected to be filed in mid-2014.

NHT

NHT, a rate-regulated transmission owner in ISO-NE, is a limited liability company organized under the laws of Delaware. NHT owns transmission facilities which connect NEER's Seabrook nuclear facility to the New England transmission grid and interconnect three 345 kV transmission lines in New England. NHT is subject to regulation by a number of federal, state and other agencies, including, but not limited to, the New Hampshire Public Utility Commission, ISO-NE, the FERC, the NERC and the EPA. See FPL - FPL Regulation and NEE Environmental Matters for further discussion of FERC, NERC and EPA regulations. NHT wholesale transmission revenues are

provided through an ISO-NE tariff.

FPL FIBERNET

FPL FiberNet conducts its business through two separate wholly-owned subsidiaries of NEECH. One subsidiary was formed in 2000 to enhance the value of NEE's fiber-optic network assets that were originally built to support FPL operations and the other was formed in 2011 to hold fiber-optic network assets which were acquired. Both subsidiaries are limited liability companies organized under the laws of Delaware. FPL FiberNet leases fiber-optic network capacity and dark fiber to FPL and other customers, primarily telephone, wireless, internet and other telecommunications companies. FPL FiberNet's networks cover most of the metropolitan areas in Florida and several in Texas. FPL FiberNet also has a long-haul network providing bandwidth at wholesale rates. The long-haul network connects major cities in Florida and Texas with additional connectivity to Atlanta, Georgia and the South Central U.S., including Arkansas, Louisiana and Oklahoma. At December 31, 2013, FPL FiberNet's network consisted of approximately 8,760 route miles. FPL FiberNet is subject to regulation by the Federal Communications Commission which has jurisdiction over wire and wireless communication networks and by the public utility commissions in the states in which it provides intrastate telecommunication services.

NATURAL GAS PIPELINE SYSTEM

In July 2013, FPL announced the winning proposals from its 2012 RFP for an approximately 600-mile natural gas pipeline system for new natural gas transportation infrastructure in Florida. The proposed pipeline system will be composed of two pipelines, each of which is expected to be operational beginning in mid-2017. Sabal Trail, which is 33% owned by a NEECH subsidiary and will be a FERC-regulated entity, was selected to build, own and operate the northern pipeline that would originate in southwestern Alabama and end at a new hub to be built in Central Florida (Central Florida Hub). Florida Southeast Connection, which is a wholly-owned NEECH subsidiary and will be a FERC-regulated entity, was selected to build, own and operate the southern pipeline that

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would originate at the Central Florida Hub and end in Martin County, Florida at FPL's Martin power plant.

Total estimated capital expenditures for the 33% portion of the northern pipeline plus the entire southern pipeline are estimated to be approximately $1.5 billion. At December 31, 2013, NEE's investment in the proposed pipeline system totaled approximately $33 million. The obligations of Sabal Trail and Florida Southeast Connection to build and operate the northern pipeline and southern pipeline, respectively, are subject to certain conditions, including FERC approval. A FERC decision is expected in 2015.

See FPL - FPL Sources of Generation - Fossil Operations and Note 13 - Commitments and Contracts.

NEE ENVIRONMENTAL MATTERS

NEE and FPL are subject to domestic and foreign environmental laws and regulations, including extensive federal, state and local environmental statutes, rules and regulations. The U.S. Congress and certain states and regions continue to consider several legislative and regulatory proposals with respect to GHG emissions. The Government of Canada and its provinces are also taking certain actions, such as setting targets or goals, regarding the reduction of GHG emissions. The economic and operational impact of climate change legislation on NEE and FPL depends on a variety of factors, including, but not limited to, the allowed emissions, whether emission allowances will be allocated or auctioned, the cost to reduce emissions or buy allowances in the marketplace and the availability of offsets and mitigating factors to moderate the costs of compliance. Based on the most recent reference data available from government sources, NEE is among the lowest emitters, among electric generators, of GHG in the U.S. measured by its rate of emissions expressed as pounds of CO_2 per MWh of generation. However, the legislative and regulatory proposals have differing methods of implementation and the impact on FPL's and NEER's generating units and/or the financial impact (either positive or negative) to NEE and FPL could be material, depending on the eventual structure of any specific implementation rules adopted.

I. Environmental Regulations

The following is a discussion of certain existing and emerging federal and state initiatives and rules, some of which could potentially have a material effect (either positive or negative) on NEE and its subsidiaries. FPL expects to seek recovery through the environmental clause for compliance costs associated with any new environmental laws and regulations.

Clean Air Interstate Rule (CAIR)/Cross-State Air Pollution Rule (CSAPR). The EPA's CAIR requires SO_2 and NOx emissions reductions from electric generating units in specified Eastern states and the District of Columbia, where the emissions from electric generating units are deemed to be transported to downwind states. NEER and FPL began complying with the CAIR on January 1, 2009. In 2011, the EPA issued the CSAPR, a final rule which was to replace the CAIR beginning in January 2012. The CSAPR would limit emissions of SO_2 and NOx from power plants in 28 eastern states and provides an allocation methodology for emission allowances and reduction limits for SO_2, NOx and seasonal ozone requirements. In August 2012, the D.C. Circuit vacated the CSAPR and remanded it back to the EPA for further rulemaking, which decision was appealed to the U.S. Supreme Court by several parties, including the EPA. The D.C. Circuit ordered that the CAIR remain in place until such time that the EPA promulgates a valid replacement, which the EPA is expected to propose in late 2014. In June 2013, the U.S. Supreme Court issued an order granting the petitions for review of the D.C. Circuit's decision to vacate the CSAPR and oral arguments were heard in December 2013.

Clean Water Act Section 316(b). In March 2011, the EPA issued a proposed rule under Section 316(b) of the Clean Water Act to address the location, design, construction and capacity of intake structures at existing power plants with once-through cooling water systems. The proposed rule is intended to require the Best Technology Available to reduce the impact on aquatic organisms from once-through cooling water intake systems. Under the proposed rule, potentially thirteen of FPL's facilities and five of NEER's facilities may be required to add additional controls and/or make operational changes to comply, the economic and operational impact of which cannot be determined at this time, but could be material. The issuance of a final rule is expected in April 2014.

Regulation of GHG Emissions. In September 2013, the EPA re-proposed standards for new fossil fuel-fired power units pursuant to a Presidential Memorandum related to the regulation of GHG emissions. The Presidential Memorandum also directed the EPA to issue a final rule for new fossil fuel-fired power units after considering all public comments and to propose a rule for existing fossil fuel-fired power units by June 2014 with a final rule by June 2015 and to prepare guidelines requiring each state to revise their state implementation plans, which will set forth the program requirements within that state, by the end of June 2016. In October 2013, the U.S. Supreme Court granted a request by several petitioners for review of the D.C. Circuit's June 2012 decision which upheld the EPA's GHG regulations. The U.S. Supreme Court granted review on the limited question of whether the EPA permissibly determined that its regulation of GHG emissions from new motor vehicles triggered permitting requirements under the Clean Air Act for stationary sources that emit GHG. The U.S. Supreme Court is scheduled to hear oral arguments on February 24, 2014.

Avian/Bat Regulations and Wind Turbine Siting Guidelines. FPL, NEER and NEET are subject to numerous environmental regulations and guidelines related to threatened and endangered species and their habitats, as well as avian and bat species, for the siting, construction and ongoing operations of their facilities. The facilities most significantly affected are wind and solar facilities and transmission and distribution lines. The environmental laws in the U.S., including, among others, the Endangered

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Species Act, the Migratory Bird Treaty Act, and the Bald and Golden Eagle Protection Act and similar environmental laws in Canada provide for the protection of migratory birds, eagles and endangered species of birds and bats and their habitats. Regulations have been adopted under some of these laws that contain provisions that allow the owner/operator of a facility to apply for a permit to undertake specific activities including those associated with certain siting decisions, construction activities and operations. In addition to regulations, voluntary wind turbine siting guidelines established by the U.S. Fish and Wildlife Service set forth siting, monitoring and coordination protocols that are designed to support wind development in the U.S. while also protecting both birds and bats and their habitats. These guidelines include provisions for specific monitoring and study conditions which need to be met in order for projects to be in adherence with these voluntary guidelines. Complying with these environmental regulations and adhering to the provisions set forth in the voluntary wind turbine siting guidelines could result in additional costs or reduced revenues at existing and new wind and solar facilities and transmission and distribution facilities at FPL, NEER and NEET.

II. Other GHG Emissions Reduction Initiatives

NEER's plants operate in certain states and regions that continue to consider and implement regulatory proposals to reduce GHG emissions. RPS, currently in place in approximately 30 states and the District of Columbia, require electricity providers in the state or district to meet a certain percentage of their retail sales with energy from renewable sources. These standards vary, but the majority include requirements to meet 10% to 25% of the electricity providers' retail sales with energy from renewable sources by 2025. Approximately 7 other states have set renewable energy goals as well. NEER's plants operate in 20 states that have a RPS or renewable energy goals and NEER believes that these standards and goals will create incremental demand for renewable energy in the future.

Other GHG reduction initiatives including, among others, the Regional Greenhouse Gas Initiative and the California Greenhouse Gas Regulation aim to reduce emissions through a variety of programs and under varying timelines. Based on its clean generating portfolio, NEER expects to continue experiencing a positive impact on earnings as a result of these GHG reduction initiatives. Additionally, these initiatives provide NEER opportunities with regards to wind and solar development as well as favorable energy pricing.

WEBSITE ACCESS TO SEC FILINGS

NEE 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 NEE's internet website, www.nexteraenergy.com, as soon as reasonably practicable after those documents are electronically filed with or furnished to the SEC. The information and materials available on NEE's website (or any of its subsidiaries' websites) are not incorporated by reference into this combined Form 10-K. The SEC maintains an internet website that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the SEC at www.sec.gov.

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EXECUTIVE OFFICERS OF NEE[(a)]

Name	Age	Position	Effective Date
Miguel Arechabala	53	Executive Vice President, Power Generation Division of NEE Executive Vice President, Power Generation Division of FPL	January 1, 2014
Deborah H. Caplan	51	Executive Vice President, Human Resources and Corporate Services of NEE Executive Vice President, Human Resources and Corporate Services of FPL	April 15, 2013
Paul I. Cutler	54	Treasurer of NEE Treasurer of FPL Assistant Secretary of NEE	February 19, 2003 February 18, 2003 December 10, 1997
Moray P. Dewhurst	58	Vice Chairman and Chief Financial Officer, and Executive Vice President - Finance of NEE Executive Vice President, Finance and Chief Financial Officer of FPL	October 5, 2011
Chris N. Froggatt	56	Vice President of NEE Controller and Chief Accounting Officer of NEE	October 19, 2009 February 27, 2010
Joseph T. Kelliher	53	Executive Vice President, Federal Regulatory Affairs of NEE	May 18, 2009
Manoochehr K. Nazar	59	Executive Vice President, Nuclear Division and Chief Nuclear Officer of NEE Executive Vice President, Nuclear Division and Chief Nuclear Officer of FPL	January 1, 2010 January 15, 2010
Armando Pimentel, Jr.	51	President and Chief Executive Officer of NEER	October 5, 2011
James L. Robo	51	Chairman of NEE President and Chief Executive Officer of NEE Chairman and Chief Executive Officer of FPL	December 13, 2013 July 1, 2012 May 2, 2012
Charles E. Sieving	41	Executive Vice President & General Counsel of NEE Executive Vice President of FPL	December 1, 2008 January 1, 2009
Eric E. Silagy	48	President of FPL	December 16, 2011
William L. Yeager	55	Executive Vice President, Engineering, Construction & Integrated Supply Chain of NEE	January 1, 2013

Executive Vice President, Engineering, Construction & Integrated Supply Chain of FPL

(a) Information is as of February 21, 2014. Executive officers are elected annually by, and serve at the pleasure of, their respective boards of directors. Except as noted below, each officer has held his/her present position for five years or more and his/her employment history is continuous. Mr. Arechabala was president of NextEra Energy España, S.L. from February 2010 to December 2013. From March 2007 to February 2010, Mr. Arechabala was vice president, thermal hydro plant operations & management of NEER. Ms. Caplan was vice president and chief operating officer of FPL from May 2011 to April 2013. From July 2005 to May 2011, Ms. Caplan was vice president, integrated supply chain of NEE and FPL. Mr. Dewhurst has been vice chairman of NEE since August 2009 and was chief of staff of NEE from August 2009 to October 2011. Mr. Froggatt was the vice president and treasurer of Pinnacle West Capital Corporation, a public utility holding company, and its major subsidiary, Arizona Public Service Company, a regulated electric utility, from December 2008 to October 2009. Mr. Nazar was the chief nuclear officer of NEE from January 2009 to December 2009. From January 2009 to January 2010, Mr. Nazar was the senior vice president and chief nuclear officer of FPL. Mr. Pimentel was chief financial officer of NEE and FPL from May 2008 to October 2011 and executive vice president, finance of NEE and FPL from February 2008 to October 2011. Mr. Robo was president and chief operating officer of NEE from December 2006 to June 2012. Mr. Sieving was also assistant secretary of NEE from May 2010 to May 2011 and general counsel of FPL from January 2009 to May 2010. Mr. Silagy was senior vice president, regulatory and state governmental affairs of FPL from May 2010 to December 2011. Mr. Silagy was vice president and chief development officer of FPL from July 2008 to May 2010. Mr. Yeager was vice president, engineering, construction and integrated supply chain services of NEE and FPL from October 2012 to December 2012. Mr. Yeager was vice president, integrated supply chain of NEE and FPL from May 2011 to October 2012. From January 2005 to May 2011, Mr. Yeager was vice president, engineering and construction of FPL.

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Item 1A. Risk Factors

Risks Relating to NEE's and FPL's Business

The business, financial condition, results of operations and prospects of NEE and FPL are subject to a variety of risks, many of which are beyond the control of NEE and FPL. The following is a description of important risks that may adversely affect the business, financial condition, results of operations and prospects of NEE and FPL and may cause actual results of NEE and FPL to differ substantially from those that NEE or FPL currently expects or seeks. In that event, the market price for the securities of NEE or FPL could decline. Accordingly, the risks described below should be carefully considered together with the other information set forth in this report and in future reports that NEE and FPL file with the SEC. The risks described below are not the only risks facing NEE and FPL. Additional risks and uncertainties may also materially adversely affect NEE's or FPL's business, financial condition, results of operations and prospects. Each of NEE and FPL has disclosed the material risks known to it to affect its business at this time. However, there may be further risks and uncertainties that are not presently known or that are not currently believed to be material that may in the future materially adversely affect the performance or financial condition of NEE and FPL.

Regulatory, Legislative and Legal Risks

NEE's and FPL's business, financial condition, results of operations and prospects may be materially adversely affected by the extensive regulation of their business.

The operations of NEE and FPL are subject to complex and comprehensive federal, state and other regulation. This extensive regulatory framework, portions of which are more specifically identified in the following risk factors, regulates, among other things and to varying degrees, NEE's and FPL's industries, businesses, rates and cost structures, operation of nuclear power facilities, construction and operation of generation, transmission and distribution facilities and natural gas and oil production, transmission and fuel transportation and storage facilities, acquisition, disposal, depreciation and amortization of facilities and other assets, decommissioning costs and funding, service reliability, wholesale and retail competition, and commodities trading and derivatives transactions. In their business planning and in the management of their operations, NEE and FPL must address the effects of regulation on their business and any inability or failure to do so adequately could have a material adverse effect on their business, financial condition, results of operations and prospects.

NEE's and FPL's business, financial condition, results of operations and prospects could be materially adversely affected if they are unable to recover in a timely manner any significant amount of costs, a return on certain assets or an appropriate return on capital through base rates, cost recovery clauses, other regulatory mechanisms or otherwise.

FPL is a regulated entity subject to the jurisdiction of the FPSC over a wide range of business activities, including, among other items, the retail rates charged to its customers through base rates and cost recovery clauses, the terms and conditions of its services, procurement of electricity for its customers, issuance of securities, and aspects of the siting, construction and operation of its generating plants and transmission and distribution systems for the sale of electric energy. The FPSC has the authority to disallow recovery by FPL of costs that it considers excessive or imprudently incurred and to determine the level of return that FPL is permitted to earn on invested capital. The regulatory process, which may be adversely affected by the political, regulatory and economic environment in Florida and elsewhere, limits FPL's ability to increase earnings and does not provide any assurance as to achievement of authorized or other earnings levels. NEE's and FPL's business, financial condition, results of operations and prospects could be materially

adversely affected if any material amount of costs, a return on certain assets or an appropriate return on capital cannot be recovered through base rates, cost recovery clauses, other regulatory mechanisms or otherwise. Certain subsidiaries of NEET, which are indirect wholly-owned subsidiaries of NEE, are regulated electric transmission utilities subject to the jurisdiction of their regulators and subject to similar risks.

Regulatory decisions that are important to NEE and FPL may be materially adversely affected by political, regulatory and economic factors.

The local and national political, regulatory and economic environment has had, and may in the future have, an adverse effect on FPSC decisions with negative consequences for FPL. These decisions may require, for example, FPL to cancel or delay planned development activities, to reduce or delay other planned capital expenditures or to pay for investments or otherwise incur costs that it may not be able to recover through rates, each of which could have a material adverse effect on the business, financial condition, results of operations and prospects of NEE and FPL. Certain subsidiaries of NEET are subject to similar risks.

FPL's use of derivative instruments could be subject to prudence challenges and, if found imprudent, could result in disallowances of cost recovery for such use by the FPSC.

The FPSC engages in an annual prudence review of FPL's use of derivative instruments in its risk management fuel procurement program and should it find any such use to be imprudent, the FPSC could deny cost recovery for such use by FPL. Such an outcome could have a material adverse effect on FPL's business, financial condition, results of operations and prospects.

Any reductions to, or the elimination of, governmental incentives that support renewable energy, including, but not limited to, tax incentives, RPS or feed-in tariffs, or the imposition of additional taxes or other assessments on renewable energy,

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could result in, among other items, the lack of a satisfactory market for the development of new renewable energy projects, NEER abandoning the development of renewable energy projects, a loss of NEER's investments in renewable energy projects and reduced project returns, any of which could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

NEER depends heavily on government policies that support renewable energy and enhance the economic feasibility of developing and operating wind and solar energy projects in regions in which NEER operates or plans to develop and operate renewable energy facilities. The federal government, a majority of the 50 U.S. states and portions of Canada and Spain provide incentives, such as tax incentives, RPS or feed-in tariffs, that support the sale of energy from renewable energy facilities, such as wind and solar energy facilities. As a result of budgetary constraints, political factors or otherwise, governments from time to time may review their policies that support renewable energy and consider actions to make the policies less conducive to the development and operation of renewable energy facilities. Any reductions to, or the elimination of, governmental incentives that support renewable energy, such as those reductions that have been enacted in Spain and are applicable to NEER's solar projects in that country, or the imposition of additional taxes or other assessments on renewable energy, could result in, among other items, the lack of a satisfactory market for the development of new renewable energy projects, NEER abandoning the development of renewable energy projects, a loss of NEER's investments in the projects and reduced project returns, any of which could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

NEE's and FPL's business, financial condition, results of operations and prospects could be materially adversely affected as a result of new or revised laws, regulations or interpretations or other regulatory initiatives.

NEE's and FPL's business is influenced by various legislative and regulatory initiatives, including, but not limited to, new or revised laws, regulations or interpretations or other regulatory initiatives regarding deregulation or restructuring of the energy industry, regulation of the commodities trading and derivatives markets, and environmental regulation, such as regulation of air emissions, regulation of water consumption and water discharges, and regulation of gas and oil infrastructure operations, as well as associated environmental permitting. Changes in the nature of the regulation of NEE's and FPL's business could have a material adverse effect on NEE's and FPL's results of operations. NEE and FPL are unable to predict future legislative or regulatory changes, initiatives or interpretations, although any such changes, initiatives or interpretations may increase costs and competitive pressures on NEE and FPL, which could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

FPL has limited competition in the Florida market for retail electricity customers. Any changes in Florida law or regulation which introduce competition in the Florida retail electricity market could have a material adverse effect on FPL's business, financial condition, results of operations and prospects. There can be no assurance that FPL will be able to respond adequately to such regulatory changes, which could have a material adverse effect on FPL's business, financial condition, results of operations and prospects.

NEER is subject to FERC rules related to transmission that are designed to facilitate competition in the wholesale market on practically a nationwide basis by providing greater certainty, flexibility and more choices to wholesale power customers. NEE cannot predict the impact of changing FERC rules or the effect of changes in levels of wholesale supply and demand, which are typically driven by factors beyond NEE's control. There can be no assurance that NEER will be able to respond adequately or sufficiently quickly to such rules and developments, or to any other changes that reverse or restrict the competitive restructuring of the energy industry in those jurisdictions in which such restructuring has occurred. Any of these events could have a material adverse effect on NEE's business,

financial condition, results of operations and prospects.

NEE's and FPL's business, financial condition, results of operations and prospects 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 OTC financial derivatives and make certain provisions applicable to NEE and FPL.

The Dodd-Frank Act, enacted into law in July 2010, among other things, provides for substantially increased regulation of the OTC derivatives market. While the legislation is broad and detailed, there are still portions of the legislation that either require implementing rules to be adopted by federal governmental agencies or otherwise require further interpretive guidance.

NEE and FPL continue to monitor the development of rules related to the Dodd-Frank Act and are taking steps to comply with those rules that affect their businesses. While a number of rules have been finalized and are effective, the rules related to collateral requirements have yet to be finalized. If those rules, when finalized, require NEE and FPL to post significant amounts of cash collateral with respect to swap transactions, NEE's and FPL's liquidity could be materially adversely affected.

NEE and FPL cannot predict the impact these new rules will have on their ability to hedge their commodity and interest rate risks or on OTC derivatives markets as a whole, but they could potentially have a material adverse effect on NEE's and FPL's risk exposure, as well as reduce market liquidity and further increase the cost of hedging activities.

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NEE and FPL are subject to numerous environmental laws, regulations and other standards that may result in capital expenditures, increased operating costs and various liabilities, and may require NEE and FPL to limit or eliminate certain operations.

NEE and FPL are subject to domestic and foreign environmental laws and regulations, including, but not limited to, extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality and usage, climate change, emissions of greenhouse gases, including, but not limited to, CO_2, waste management, hazardous wastes, marine, avian and other wildlife mortality and habitat protection, historical artifact preservation, natural resources, health (including, but not limited to, electric and magnetic fields from power lines and substations), safety and RPS, that could, among other things, prevent or delay the development of power generation, power or natural gas transmission, or other infrastructure projects, restrict the output of some existing facilities, limit the availability and use of some fuels required for the production of electricity, require additional pollution control equipment, and otherwise increase costs, increase capital expenditures and limit or eliminate certain operations.

There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future as a result of new legislation, the current trend toward more stringent standards, and stricter and more expansive application of existing environmental regulations. For example, among other potential or pending changes, the use of hydraulic fracturing or similar technologies to drill for natural gas and related compounds used by NEE's gas infrastructure business is currently being discussed for regulation at state and federal levels.

Violations of current or future laws, rules, regulations or other standards could expose NEE and FPL to regulatory and legal proceedings, disputes with, and legal challenges by, third parties, and potentially significant civil fines, criminal penalties and other sanctions. Proceedings could include, for example, litigation regarding property damage, personal injury, common law nuisance and enforcement by citizens or governmental authorities of environmental requirements such as air, water and soil quality standards.

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

Federal or state laws or regulations may be adopted that would impose new or additional limits on the emissions of greenhouse gases, including, but not limited to, CO2 and methane, from electric generating units using fossil fuels like coal and natural gas. The potential effects of such greenhouse gas emission limits on NEE's and FPL's electric generating units are subject to significant uncertainties based on, among other things, the timing of the implementation of any new requirements, the required levels of emission reductions, the nature of any market-based or tax-based mechanisms adopted to facilitate reductions, the relative availability of greenhouse gas emission reduction offsets, the development of cost-effective, commercial-scale carbon capture and storage technology and supporting regulations and liability mitigation measures, and the range of available compliance alternatives.

While NEE's and FPL's electric generating units emit greenhouse gases at a lower rate of emissions than most of the U.S. electric generation sector, the results of operations of NEE and FPL could be adversely affected to the extent that new federal or state legislation or regulators impose any new greenhouse gas emission limits. Any future limits on greenhouse gas emissions could:

- create substantial additional costs in the form of taxes or emission allowances;
- make some of NEE's and FPL's electric generating units uneconomical to operate in the long term;

- require significant capital investment in carbon capture and storage technology, fuel switching, or the replacement of high-emitting generation facilities with lower-emitting generation facilities; or
- affect the availability or cost of fossil fuels.

There can be no assurance that NEE or FPL would be able to completely recover any such costs or investments, which could have a material adverse effect on their business, financial condition, results of operations and prospects.

Extensive federal regulation of the operations of NEE and FPL exposes NEE and FPL to significant and increasing compliance costs and may also expose them to substantial monetary penalties and other sanctions for compliance failures.

NEE and FPL are subject to extensive federal regulation, which generally imposes significant and increasing compliance costs on NEE's and FPL's operations. Additionally, any actual or alleged compliance failures could result in significant costs and other potentially adverse effects of regulatory investigations, proceedings, settlements, decisions and claims, including, among other items, potentially significant monetary penalties. As an example, under the Energy Policy Act of 2005, NEE and FPL, as owners and operators of bulk-power transmission systems and/or electric generation facilities, are subject to mandatory reliability standards. Compliance with these mandatory reliability standards may subject NEE and FPL to higher operating costs and may result in increased capital expenditures. If FPL or NEE is found not to be in compliance with these standards, it may incur substantial monetary penalties and other sanctions. Both the costs of regulatory compliance and the costs that may be imposed as a result of any actual or alleged compliance failures could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

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

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NEE's and FPL's provision for income taxes and reporting of tax-related assets and liabilities require significant judgments and the use of estimates. Amounts of tax-related assets and liabilities involve judgments and estimates of the timing and probability of recognition of income, deductions and tax credits, including, but not limited to, estimates for potential adverse outcomes regarding tax positions that have been taken and the ability to utilize tax benefit carryforwards, such as net operating loss and tax credit carryforwards. Actual income taxes could vary significantly from estimated amounts due to the future impacts of, among other things, changes in tax laws, regulations and interpretations, the financial condition and results of operations of NEE and FPL, and the resolution of audit issues raised by taxing authorities. Ultimate resolution of income tax matters may result in material adjustments to tax-related assets and liabilities, which could negatively affect NEE's and FPL's business, financial condition, results of operations and prospects.

NEE's and FPL's business, financial condition, results of operations and prospects may be materially adversely affected due to adverse results of litigation.

NEE's and FPL's business, financial condition, results of operations and prospects may be materially affected by adverse results of litigation. Unfavorable resolution of legal proceedings in which NEE is involved or other future legal proceedings, including, but not limited to, class action lawsuits, may have a material adverse effect on the business, financial condition, results of operations and prospects of NEE and FPL.

Operational Risks

NEE's and FPL's business, financial condition, results of operations and prospects could suffer if NEE and FPL do not proceed with projects under development or are unable to complete the construction of, or capital improvements to, electric generation, transmission and distribution facilities, gas infrastructure facilities or other facilities on schedule or within budget.

NEE's and FPL's ability to complete construction of, and capital improvement projects for, their electric generation, transmission and distribution facilities, gas infrastructure facilities and other facilities on schedule and within budget may be adversely affected by escalating costs for materials and labor and regulatory compliance, inability to obtain or renew necessary licenses, rights-of-way, permits or other approvals on acceptable terms or on schedule, disputes involving contractors, labor organizations, land owners, governmental entities, environmental groups, Native American and aboriginal groups, and other third parties, negative publicity, transmission interconnection issues and other factors. If any development project or construction or capital improvement project is not completed, is delayed or is subject to cost overruns, certain associated costs may not be approved for recovery or recoverable through regulatory mechanisms that may otherwise be available, and NEE and FPL could become obligated to make delay or termination payments or become obligated for other damages under contracts, could experience the loss of tax credits or tax incentives, or delayed or diminished returns, and could be required to write-off all or a portion of their investment in the project. Any of these events could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

NEE and FPL may face risks related to project siting, financing, construction, permitting, governmental approvals and the negotiation of project development agreements that may impede their development and operating activities.

NEE and FPL own, develop, construct, manage and operate electric-generating and transmission facilities. A key component of NEE's and FPL's growth is their ability to construct and operate generation and transmission facilities to meet customer needs. As part of these operations, NEE and FPL must periodically apply for licenses and permits

from various local, state, federal and other regulatory authorities and abide by their respective conditions. Should NEE or FPL be unsuccessful in obtaining necessary licenses or permits on acceptable terms, should there be a delay in obtaining or renewing necessary licenses or permits or should regulatory authorities initiate any associated investigations or enforcement actions or impose related penalties or disallowances on NEE or FPL, NEE's and FPL's business, financial condition, results of operations and prospects could be materially adversely affected. Any failure to negotiate successful project development agreements for new facilities with third parties could have similar results.

The operation and maintenance of NEE's and FPL's electric generation, transmission and distribution facilities, gas infrastructure facilities and other facilities are subject to many operational risks, the consequences of which could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

NEE's and FPL's electric generation, transmission and distribution facilities, gas infrastructure facilities and other facilities are subject to many operational risks. Operational risks could result in, among other things, lost revenues due to prolonged outages, increased expenses due to monetary penalties or fines for compliance failures, liability to third parties for property and personal injury damage, a failure to perform under applicable power sales agreements and associated loss of revenues from terminated agreements or liability for liquidated damages under continuing agreements, and replacement equipment costs or an obligation to purchase or generate replacement power at higher prices.

Uncertainties and risks inherent in operating and maintaining NEE's and FPL's facilities include, but are not limited to:

- risks associated with facility start-up operations, such as whether the facility will achieve projected operating performance on schedule and otherwise as planned;

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- failures in the availability, acquisition or transportation of fuel or other necessary supplies;
- the impact of unusual or adverse weather conditions and natural disasters, including, but not limited to, hurricanes, floods, earthquakes and droughts;
- performance below expected or contracted levels of output or efficiency;
- breakdown or failure, including, but not limited to, explosions, fires or other major events, of equipment, transmission and distribution lines or pipelines;
- availability of replacement equipment;
- risks of property damage or human injury from energized equipment, hazardous substances or explosions, fires or other events;
- availability of adequate water resources and ability to satisfy water intake and discharge requirements;
- inability to manage properly or mitigate known equipment defects in NEE's and FPL's facilities;
- use of new or unproven technology;
- risks associated with dependence on a specific type of fuel or fuel source, such as commodity price risk, availability of adequate fuel supply and transportation, and lack of available alternative fuel sources;
- increased competition due to, among other factors, new facilities, excess supply and shifting demand; and
- insufficient insurance, warranties or performance guarantees to cover any or all lost revenues or increased expenses from the foregoing.

NEE's and FPL's business, financial condition, results of operations and prospects may be negatively affected by a lack of growth or slower growth in the number of customers or in customer usage.

Growth in customer accounts and growth of customer usage each directly influence the demand for electricity and the need for additional power generation and power delivery facilities. Customer growth and customer usage are affected by a number of factors outside the control of NEE and FPL, such as mandated energy efficiency measures, demand side management requirements, and economic and demographic conditions, such as population changes, job and income growth, housing starts, new business formation and the overall level of economic activity. A lack of growth, or a decline, in the number of customers or in customer demand for electricity may cause NEE and FPL to fail to fully realize the anticipated benefits from significant investments and expenditures and could have a material adverse effect on NEE's and FPL's growth, business, financial condition, results of operations and prospects.

NEE's and FPL's business, financial condition, results of operations and prospects can be materially adversely affected by weather conditions, including, but not limited to, the impact of severe weather.

Weather conditions directly influence the demand for electricity and natural gas and other fuels and affect the price of energy and energy-related commodities. In addition, severe weather and natural disasters, such as hurricanes, floods and earthquakes, can be destructive and cause power outages and property damage, reduce revenue, affect the availability of fuel and water, and require NEE and FPL to incur additional costs, for example, to restore service and repair damaged facilities, to obtain replacement power and to access available financing sources. Furthermore, NEE's and FPL's physical plant could be placed at greater risk of damage should changes in the global climate produce unusual variations in temperature and weather patterns, resulting in more intense, frequent and extreme weather events, abnormal levels of precipitation and, particularly relevant to FPL, a change in sea level. FPL operates in the east and lower west coasts of Florida, an area that historically has been prone to severe weather events, such as hurricanes. A disruption or failure of electric generation, transmission or distribution systems or natural gas production, transmission, storage or distribution systems in the event of a hurricane, tornado or other severe weather event, or otherwise, could prevent NEE and FPL from operating their business in the normal course and could result in any of the adverse consequences described above. Any of the foregoing could have a material adverse effect on

NEE's and FPL's business, financial condition, results of operations and prospects.

At FPL and other businesses of NEE where cost recovery is available, recovery of costs to restore service and repair damaged facilities is or may be subject to regulatory approval, and any determination by the regulator not to permit timely and full recovery of the costs incurred could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

Changes in weather can also affect the production of electricity at power generating facilities, including, but not limited to, NEER's wind and solar facilities. For example, the level of wind resource affects the revenue produced by wind generating facilities. Because the levels of wind and solar resources are variable and difficult to predict, NEER's results of operations for individual wind and solar facilities specifically, and NEE's results of operations generally, may vary significantly from period to period, depending on the level of available resources. To the extent that resources are not available at planned levels, the financial results from these facilities may be less than expected.

Threats of terrorism and catastrophic events that could result from terrorism, cyber attacks, or individuals and/or groups attempting to disrupt NEE's and FPL's business, or the businesses of third parties, may materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.

NEE and FPL are subject to the potentially adverse operating and financial effects of terrorist acts and threats, as well as cyber attacks and other disruptive activities of individuals or groups. NEE's and FPL's generation, transmission and distribution facilities, fuel storage facilities, information technology systems and other infrastructure facilities and systems could be direct targets of, or be indirectly affected by, such activities.

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Terrorist acts, cyber attacks or other similar events affecting NEE's and FPL's systems and facilities, or those of third parties on which NEE and FPL rely, could harm NEE's and FPL's business, for example, by limiting their ability to generate, purchase or transmit power, by limiting their ability to bill customers and collect and process payments, and by delaying their development and construction of new generating facilities or capital improvements to existing facilities. These events, and governmental actions in response, could result in a material decrease in revenues, significant additional costs (for example, to repair assets, implement additional security requirements or maintain or acquire insurance), and reputational damage, could materially adversely affect NEE's and FPL's operations (for example, by contributing to disruption of supplies and markets for natural gas, oil and other fuels), and could impair NEE's and FPL's ability to raise capital (for example, by contributing to financial instability and lower economic activity).

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

Insurance coverage may not continue to be available or may not be available at rates or on terms similar to those presently available to NEE and FPL. The ability of NEE and FPL to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. If insurance coverage is not available or obtainable on acceptable terms, NEE or FPL may be required to pay costs associated with adverse future events. NEE and FPL generally are not fully insured against all significant losses. For example, FPL is not fully insured against hurricane-related losses, but would instead seek recovery of such uninsured losses from customers subject to approval by the FPSC, to the extent losses exceed restricted funds set aside to cover the cost of storm damage. A loss for which NEE or FPL is not fully insured could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

If supply costs necessary to provide NEER's full energy and capacity requirement services are not favorable, operating costs could increase and materially adversely affect NEE's business, financial condition, results of operations and prospects.

NEER provides full energy and capacity requirements services primarily to distribution utilities, which include load-following services and various ancillary services, to satisfy all or a portion of such utilities' power supply obligations to their customers. The supply costs for these transactions may be affected by a number of factors, including, but not limited to, events that may occur after such utilities have committed to supply power, such as weather conditions, fluctuating prices for energy and ancillary services, and the ability of the distribution utilities' customers to elect to receive service from competing suppliers. NEER may not be able to recover all of its increased supply costs, which could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

Due to the potential for significant volatility in market prices for fuel, electricity and renewable and other energy commodities, NEER's inability or failure to manage properly or hedge effectively the commodity risks within its portfolios could materially adversely affect NEE's business, financial condition, results of operations and prospects.

There can be significant volatility in market prices for fuel, electricity and renewable and other energy commodities. NEE's inability or failure to manage properly or hedge effectively its assets or positions against changes

in commodity prices, volumes, interest rates, counterparty credit risk or other risk measures, based on factors both from within or wholly or partially outside of NEE's control, may materially adversely affect NEE's business, financial condition, results of operations and prospects.

Sales of power on the spot market or on a short-term contractual basis may cause NEE's results of operations to be volatile.

A portion of NEER's power generation facilities operate wholly or partially without long-term power purchase agreements. Power from these facilities is sold on the spot market or on a short-term contractual basis. Spot market sales are subject to market volatility, and the revenue generated from these sales is subject to fluctuation that may cause NEE's results of operations to be volatile. NEER and NEE may not be able to manage volatility adequately, which could then have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

Reductions in the liquidity of energy markets may restrict the ability of NEE to manage its operational risks, which, in turn, could negatively affect NEE's results of operations.

NEE is an active participant in energy markets. The liquidity of regional energy markets is an important factor in NEE's ability to manage risks in these operations. Over the past several years, other market participants have ceased or significantly reduced their activities in energy markets as a result of several factors, including, but not limited to, government investigations, changes in market design and deteriorating credit quality. Liquidity in the energy markets can be adversely affected by price volatility, restrictions on the availability of credit and other factors, and any reduction in the liquidity of energy markets could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

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NEE's and FPL's hedging and trading procedures and associated risk management tools may not protect against significant losses.

NEE and FPL have hedging and trading procedures and associated risk management tools, such as separate but complementary financial, credit, operational, compliance and legal reporting systems, internal controls, management review processes and other mechanisms. NEE and FPL are unable to assure that such procedures and tools will be effective against all potential risks, including, without limitation, employee misconduct. If such procedures and tools are not effective, this could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

If price movements significantly or persistently deviate from historical behavior, NEE's and FPL's risk management tools associated with their hedging and trading procedures may not protect against significant losses.

NEE's and FPL's risk management tools and metrics associated with their hedging and trading procedures, such as daily value at risk, earnings at risk, stop loss limits and liquidity guidelines, are based on historical price movements. Due to the inherent uncertainty involved in price movements and potential deviation from historical pricing behavior, NEE and FPL are unable to assure that their risk management tools and metrics will be effective to protect against adverse effects on their business, financial condition, results of operations and prospects. Such adverse effects could be material.

If power transmission or natural gas, nuclear fuel or other commodity transportation facilities are unavailable or disrupted, FPL's and NEER's ability to sell and deliver power or natural gas may be limited.

FPL and NEER depend upon power transmission and natural gas, nuclear fuel and other commodity transportation facilities, many of which they do not own. Occurrences affecting the operation of these facilities that may or may not be beyond FPL's and NEER's control (such as severe weather or a generator or transmission facility outage, pipeline rupture, or sudden and significant increase or decrease in wind generation) may limit or halt the ability of FPL and NEER to sell and deliver power and natural gas, or to purchase necessary fuels and other commodities, which could materially adversely impact NEE's and FPL's business, financial condition, results of operations and prospects.

NEE and FPL are subject to credit and performance risk from customers, hedging counterparties and vendors.

NEE and FPL are exposed to risks associated with the creditworthiness and performance of their customers, hedging counterparties and vendors under contracts for the supply of equipment, materials, fuel and other goods and services required for their business operations and for the construction and operation of, and for capital improvements to, their facilities. Adverse conditions in the energy industry or the general economy, as well as circumstances of individual customers, hedging counterparties and vendors, may affect the ability of some customers, hedging counterparties and vendors to perform as required under their contracts with NEE and FPL.

If any hedging, vending or other counterparty fails to fulfill its contractual obligations, NEE and FPL may need to make arrangements with other counterparties or vendors, which could result in financial losses, higher costs, untimely completion of power generation facilities and other projects, and/or a disruption of their operations. If a defaulting counterparty is in poor financial condition, NEE and FPL may not be able to recover damages for any contract breach.

NEE and FPL could recognize financial losses or a reduction in operating cash flows if a counterparty fails to perform or make payments in accordance with the terms of derivative contracts or if NEE or FPL is required to post margin

cash collateral under derivative contracts.

NEE and FPL use derivative instruments, such as swaps, options, futures and forwards, some of which are traded in the OTC markets or on exchanges, to manage their commodity and financial market risks, and for NEE to engage in trading and marketing activities. Any failures by their counterparties to perform or make payments in accordance with the terms of those transactions could have a material adverse effect on NEE's or FPL's business, financial condition, results of operations and prospects. Similarly, any requirement for FPL or NEE to post margin cash collateral under its derivative contracts could have a material adverse effect on its business, financial condition, results of operations and prospects.

NEE and FPL are highly dependent on sensitive and complex information technology systems, and any failure or breach of those systems could have a material adverse effect on their business, financial condition, results of operations and prospects.

NEE and FPL operate in a highly regulated industry that requires the continuous functioning of sophisticated information technology systems and network infrastructure. Despite NEE's and FPL's implementation of security measures, all of their technology systems are vulnerable to disability, failures or unauthorized access due to such activities. If NEE's or FPL's information technology systems were to fail or be breached, sensitive confidential and other data could be compromised and NEE and FPL could be unable to fulfill critical business functions.

NEE's and FPL's business is highly dependent on their ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex and cross numerous and diverse markets. Due to the size, scope and geographical

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reach of NEE's and FPL's business, and due to the complexity of the process of power generation, transmission and distribution, the development and maintenance of information technology systems to keep track of and process information is critical and challenging. NEE's and FPL's operating systems and facilities may fail to operate properly or become disabled as a result of events that are either within, or wholly or partially outside of, their control, such as operator error, severe weather or terrorist activities. Any such failure or disabling event could materially adversely affect NEE's and FPL's ability to process transactions and provide services, and their business, financial condition, results of operations and prospects.

NEE and FPL add, modify and replace information systems on a regular basis. Modifying existing information systems or implementing new or replacement information systems is costly and involves risks, including, but not limited to, integrating the modified, new or replacement system with existing systems and processes, implementing associated changes in accounting procedures and controls, and ensuring that data conversion is accurate and consistent. Any disruptions or deficiencies in existing information systems, or disruptions, delays or deficiencies in the modification or implementation of new information systems, could result in increased costs, the inability to track or collect revenues and the diversion of management's and employees' attention and resources, and could negatively impact the effectiveness of the companies' control environment, and/or the companies' ability to timely file required regulatory reports.

NEE and FPL also face the risks of operational failure or capacity constraints of third parties, including, but not limited to, those who provide power transmission and natural gas transportation services.

NEE's and FPL's retail businesses are subject to the risk that sensitive customer data may be compromised, which could result in a material adverse impact to their reputation and/or the results of operations of the retail business.

NEE's and FPL's retail businesses require access to sensitive customer data in the ordinary course of business. NEE's and FPL's retail businesses may also need to provide sensitive customer data to vendors and service providers who require access to this information in order to provide services, such as call center services, to the retail businesses. If a significant breach occurred, the reputation of NEE and FPL could be materially adversely affected, customer confidence could be diminished, or customer information could be subject to identity theft. NEE and FPL would be subject to costs associated with the breach and/or NEE and FPL could be subject to fines and legal claims, any of which may have a material adverse effect on the business, financial condition, results of operations and prospects of NEE and FPL.

NEE and FPL could recognize financial losses as a result of volatility in the market values of derivative instruments and limited liquidity in OTC markets.

NEE and FPL execute transactions in derivative instruments on either recognized exchanges or via the OTC markets, depending on management's assessment of the most favorable credit and market execution factors. Transactions executed in OTC markets have the potential for greater volatility and less liquidity than transactions on recognized exchanges. As a result, NEE and FPL may not be able to execute desired OTC transactions due to such heightened volatility and limited liquidity.

In the absence of actively quoted market prices and pricing information from external sources, the valuation of derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these derivative instruments and have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and

prospects.

NEE and FPL may be materially adversely affected by negative publicity.

From time to time, political and public sentiment may result in a significant amount of adverse press coverage and other adverse public statements affecting NEE and FPL. Adverse press coverage and other adverse statements, whether or not driven by political or public sentiment, may also result in investigations by regulators, legislators and law enforcement officials or in legal claims. Responding to these investigations and lawsuits, regardless of the ultimate outcome of the proceeding, can divert the time and effort of senior management from NEE's and FPL's business.

Addressing any adverse publicity, governmental scrutiny or enforcement or other legal proceedings is time consuming and expensive and, regardless of the factual basis for the assertions being made, can have a negative impact on the reputation of NEE and FPL, on the morale and performance of their employees and on their relationships with their respective regulators. It may also have a negative impact on their ability to take timely advantage of various business and market opportunities. The direct and indirect effects of negative publicity, and the demands of responding to and addressing it, may have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

NEE's and FPL's business, financial condition, results of operations and prospects may be materially adversely affected if FPL is unable to maintain, negotiate or renegotiate franchise agreements on acceptable terms with municipalities and counties in Florida.

FPL must negotiate franchise agreements with municipalities and counties in Florida to provide electric services within such municipalities and counties, and electricity sales generated pursuant to these agreements represent a very substantial portion of FPL's revenues. If FPL is unable to maintain, negotiate or renegotiate such franchise agreements on acceptable terms, it could

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contribute to lower earnings and FPL may not fully realize the anticipated benefits from significant investments and expenditures, which could materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.

Increasing costs associated with health care plans may materially adversely affect NEE's and FPL's results of operations.

The costs of providing health care benefits to employees and retirees have increased substantially in recent years. NEE and FPL anticipate that their employee benefit costs, including, but not limited to, costs related to health care plans for employees and former employees, will continue to rise. The increasing costs and funding requirements associated with NEE's and FPL's health care plans may materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.

NEE's and FPL's business, financial condition, results of operations and prospects could be negatively affected by the lack of a qualified workforce or the loss or retirement of key employees.

NEE and FPL may not be able to service customers, grow their business or generally meet their other business plan goals effectively and profitably if they do not attract and retain a qualified workforce. Additionally, the loss or retirement of key executives and other employees may materially adversely affect service and productivity and contribute to higher training and safety costs.

Over the next several years, a significant portion of NEE's and FPL's workforce, including, but not limited to, many workers with specialized skills maintaining and servicing the nuclear generation facilities and electrical infrastructure, will be eligible to retire. Such highly skilled individuals may not be able to be replaced quickly due to the technically complex work they perform. If a significant amount of such workers retire and are not replaced, the subsequent loss in productivity and increased recruiting and training costs could result in a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

NEE's and FPL's business, financial condition, results of operations and prospects could be materially adversely affected by work strikes or stoppages and increasing personnel costs.

Employee strikes or work stoppages could disrupt operations and lead to a loss of revenue and customers. Personnel costs may also increase due to inflationary or competitive pressures on payroll and benefits costs and revised terms of collective bargaining agreements with union employees. These consequences could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

NEE'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.

NEE is likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the power industry in general. In addition, NEE may be unable to identify attractive acquisition opportunities at favorable prices and to complete and integrate them successfully and in a timely manner.

Nuclear Generation Risks

The construction, operation and maintenance of NEE's and FPL's nuclear generation facilities involve environmental, health and financial risks that could result in fines or the closure of the facilities and in increased costs and capital expenditures.

NEE's and FPL's nuclear generation facilities are subject to environmental, health and financial risks, including, but not limited to, those relating to site storage of spent nuclear fuel, the disposition of spent nuclear fuel, leakage and emissions of tritium and other radioactive elements in the event of a nuclear accident or otherwise, the threat of a terrorist attack and other potential liabilities arising out of the ownership or operation of the facilities. NEE and FPL maintain decommissioning funds and external insurance coverage which are intended to reduce the financial exposure to some of these risks; however, the cost of decommissioning nuclear generation facilities could exceed the amount available in NEE's and FPL's decommissioning funds, and the exposure to liability and property damages could exceed the amount of insurance coverage. If NEE or FPL is unable to recover the additional costs incurred through insurance or, in the case of FPL, through regulatory mechanisms, their business, financial condition, results of operations and prospects could be materially adversely affected.

In the event of an incident at any nuclear generation facility in the U.S. or at certain nuclear generation facilities in Europe, NEE and FPL could be assessed significant retrospective assessments and/or retrospective insurance premiums as a result of their participation in a secondary financial protection system and nuclear insurance mutual companies.

Liability for accidents at nuclear power plants is governed by the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of insurance available from both private sources and an industry retrospective payment plan. In accordance with this Act, NEE maintains $375 million of private liability insurance per site, which is the maximum obtainable, and participates in a secondary financial protection system, which provides up to $13.2 billion of liability insurance coverage per incident at any nuclear reactor in the U.S. Under the secondary financial protection system, NEE is subject to retrospective assessments and/or retrospective insurance premiums of up to $1 billion ($509 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the U.S. or at certain nuclear generation facilities in Europe, regardless of fault or proximity to the incident, payable at a

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rate not to exceed $152 million ($76 million for FPL) per incident per year. Such assessments, if levied, could materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.

NRC orders or new regulations related to increased security measures and any future safety requirements promulgated by the NRC could require NEE and FPL to incur substantial operating and capital expenditures at their nuclear generation facilities.

The NRC has broad authority to impose licensing and safety-related requirements for the operation and maintenance of nuclear generation facilities, the addition of capacity at existing nuclear generation facilities and the construction of nuclear generation facilities, and these requirements are subject to change. In the event of non-compliance, the NRC has the authority to impose fines or shut down a nuclear generation facility, or to take both of these actions, depending upon its assessment of the severity of the situation, until compliance is achieved. Any of the foregoing events could require NEE and FPL to incur increased costs and capital expenditures, and could reduce revenues.

Any serious nuclear incident occurring at a NEE or FPL plant could result in substantial remediation costs and other expenses. A major incident at a nuclear facility anywhere in the world could cause the NRC to limit or prohibit the operation or licensing of any domestic nuclear generation facility. An incident at a nuclear facility anywhere in the world also could cause the NRC to impose additional conditions or other requirements on the industry, or on certain types of nuclear generation units, which could increase costs, reduce revenues and result in additional capital expenditures.

The inability to operate any of NEER's or FPL's nuclear generation units through the end of their respective operating licenses could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

The operating licenses for NEE's and FPL's nuclear generation facilities extend through at least 2030. If the facilities cannot be operated for any reason through the life of those operating licenses, NEE or FPL may be required to increase depreciation rates, incur impairment charges and accelerate future decommissioning expenditures, any of which could materially adversely affect their business, financial condition, results of operations and prospects.

Various hazards posed to nuclear generation facilities, along with increased public attention to and awareness of such hazards, could result in increased nuclear licensing or compliance costs which are difficult or impossible to predict and could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

The threat of terrorist activity, as well as recent international events implicating the safety of nuclear facilities, could result in more stringent or complex measures to keep facilities safe from a variety of hazards, including, but not limited to, natural disasters such as earthquakes and tsunamis, as well as terrorist or other criminal threats. This increased focus on safety could result in higher compliance costs which, at present, cannot be assessed with any measure of certainty and which could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

NEE's and FPL's nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, and for other purposes. If planned outages last longer than anticipated or if there are unplanned outages, NEE's and FPL's results of operations and financial condition could be materially adversely affected.

NEE's and FPL's nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, including, but not limited to, inspections, repairs and certain other modifications. In addition, outages may be scheduled, often in connection with a refueling outage, to replace equipment, to increase the generation capacity at a particular nuclear unit, or for other purposes, and those planned activities increase the time the unit is not in operation. In the event that a scheduled outage lasts longer than anticipated or in the event of an unplanned outage due to, for example, equipment failure, such outages could materially adversely affect NEE's or FPL's business, financial condition, results of operations and prospects.

Liquidity, Capital Requirements and Common Stock Risks

Disruptions, uncertainty or volatility in the credit and capital markets may negatively affect NEE'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 NEE and FPL.

NEE and FPL rely on access to capital and credit markets as significant sources of liquidity for capital requirements and other operations requirements that are not satisfied by operating cash flows. Disruptions, uncertainty or volatility in those capital and credit markets, including, but not limited to, the conditions of the most recent financial crises in the U.S. and abroad, could increase NEE's and FPL's cost of capital. If NEE or FPL is unable to access regularly the capital and credit markets on terms that are reasonable, it may have to delay raising capital, issue shorter-term securities and incur an unfavorable cost of capital, which, in turn, could adversely affect its ability to grow its business, could contribute to lower earnings and reduced financial flexibility, and could have a material adverse effect on its business, financial condition, results of operations and prospects.

Although NEE's competitive energy subsidiaries have used non-recourse or limited-recourse, project-specific financing in the past, market conditions and other factors could adversely affect the future availability of such financing. The inability of NEE's subsidiaries

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to access the capital and credit markets to provide project-specific financing for electric-generating and other energy facilities on favorable terms, whether because of disruptions or volatility in those markets or otherwise, could necessitate additional capital raising or borrowings by NEE and/or NEECH in the future.

The inability of subsidiaries that have existing project-specific financing arrangements to meet the requirements of various agreements relating to those financings could give rise to a project-specific financing default which, if not cured or waived, might result in the specific project, and potentially in some limited instances its parent companies, being required to repay the associated debt or other borrowings earlier than otherwise anticipated, and if such repayment were not made, the lenders or security holders would generally have rights to foreclose against the project assets and related collateral. Such an occurrence also could result in NEE expending additional funds or incurring additional obligations over the shorter term to ensure continuing compliance with project-specific financing arrangements based upon the expectation of improvement in the project's performance or financial returns over the longer term. Any of these actions could materially adversely affect NEE's business, financial condition, results of operations and prospects, as well as the availability or terms of future financings for NEE or its subsidiaries.

NEE's, NEECH's and FPL's inability to maintain their current credit ratings may adversely affect NEE's and FPL's liquidity and results of operations, limit the ability of NEE and FPL to grow their business, and increase interest costs.

The inability of NEE, NEECH and FPL to maintain their current credit ratings could adversely affect their ability to raise capital or obtain credit on favorable terms, which, in turn, could impact NEE's and FPL's ability to grow their business and service indebtedness and repay borrowings, and would likely increase their interest costs. Some of the factors that can affect credit ratings are cash flows, liquidity, the amount of debt as a component of total capitalization, and political, legislative and regulatory actions. There can be no assurance that one or more of the ratings of NEE, NEECH and FPL will not be lowered or withdrawn entirely by a rating agency.

NEE's and FPL's liquidity may be impaired if their creditors are unable to fund their credit commitments to the companies or to maintain their current credit ratings.

The inability of NEE's, NEECH's and FPL's credit providers to fund their credit commitments or to maintain their current credit ratings could require NEE, NEECH or FPL, among other things, to renegotiate requirements in agreements, find an alternative credit provider with acceptable credit ratings to meet funding requirements, or post cash collateral and could have a material adverse effect on NEE's and FPL's liquidity.

Poor market performance and other economic factors could affect NEE's defined benefit pension plan's funded status, which may materially adversely affect NEE's and FPL's business, financial condition, liquidity and results of operations and prospects.

NEE sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NEE and its subsidiaries. A decline in the market value of the assets held in the defined benefit pension plan due to poor investment performance or other factors may increase the funding requirements for this obligation.

NEE's defined benefit pension plan is sensitive to changes in interest rates, since, as interest rates decrease the funding liabilities increase, potentially increasing benefits costs and funding requirements. Any increase in benefits costs or funding requirements may have a material adverse effect on NEE's and FPL's business, financial condition, liquidity, results of operations and prospects.

Poor market performance and other economic factors could adversely affect the asset values of NEE's and FPL's nuclear decommissioning funds, which may materially adversely affect NEE's and FPL's liquidity and results of operations.

NEE and FPL are required to maintain decommissioning funds to satisfy their future obligations to decommission their nuclear power plants. A decline in the market value of the assets held in the decommissioning funds due to poor investment performance or other factors may increase the funding requirements for these obligations. Any increase in funding requirements may have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

Certain of NEE's investments are subject to changes in market value and other risks, which may materially adversely affect NEE's liquidity, financial results and results of operations.

NEE holds other investments where changes in the fair value affect NEE's financial results. In some cases there may be no observable market values for these investments, requiring fair value estimates to be based on other valuation techniques. This type of analysis requires significant judgment and the actual values realized in a sale of these investments could differ materially from those estimated. A sale of an investment below previously estimated value, or other decline in the fair value of an investment, could result in losses or the write-off of such investment, and may have a material adverse effect on NEE's liquidity, financial condition and results of operations.

NEE 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 NEE.

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NEE is a holding company and, as such, has no material operations of its own. Substantially all of NEE's consolidated assets are held by its subsidiaries. NEE's ability to meet its financial obligations, including, but not limited to, its guarantees, and to pay dividends on its common stock is primarily dependent on its subsidiaries' net income and cash flows, which are subject to the risks of their respective businesses, and their ability to pay upstream dividends or to repay funds to NEE.

NEE's subsidiaries are separate legal entities and have no independent obligation to provide NEE with funds for its payment obligations. The subsidiaries have financial obligations, including, but not limited to, payment of debt service, which they must satisfy before they can provide NEE with funds. In addition, in the event of a subsidiary's liquidation or reorganization, NEE's right to participate in a distribution of assets is subject to the prior claims of the subsidiary's creditors.

The dividend-paying ability of some of the subsidiaries is limited by contractual restrictions which are contained in outstanding financing agreements and which may be included in future financing agreements. The future enactment of laws or regulations also may prohibit or restrict the ability of NEE's subsidiaries to pay upstream dividends or to repay funds.

NEE may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if NEE is required to perform under guarantees of obligations of its subsidiaries.

NEE guarantees many of the obligations of its consolidated subsidiaries, other than FPL, through guarantee agreements with NEECH. These guarantees may require NEE to provide substantial funds to its subsidiaries or their creditors or counterparties at a time when NEE is in need of liquidity to meet its own financial obligations. Funding such guarantees may materially adversely affect NEE's ability to meet its financial obligations or to pay dividends.

Disruptions, uncertainty or volatility in the credit and capital markets may exert downward pressure on the market price of NEE's common stock.

The market price and trading volume of NEE's common stock are subject to fluctuations as a result of, among other factors, general credit and capital market conditions and changes in market sentiment regarding the operations, business and financing strategies of NEE and its subsidiaries. As a result, disruptions, uncertainty or volatility in the credit and capital markets may, for example, have a material adverse effect on the market price of NEE's common stock.

Item 1B. Unresolved Staff Comments

None

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Item 2. Properties

NEE and its subsidiaries maintain properties which are adequate for their operations; the principal properties are described below.

Generating Facilities

FPL

At December 31, 2013, the electric generating, transmission, distribution and general facilities of FPL represented approximately 51%, 11%, 33% and 5%, respectively, of FPL's gross investment in electric utility plant in service and other property. At December 31, 2013, FPL had the following generating facilities:

FPL Facilities	Location	No. of Units	Fuel	Net Capability (MW)[a]	
Fossil					
Combined-cycle					
Cape Canaveral	Cocoa, FL	1	Gas/Oil	1,210	
Fort Myers	Fort Myers, FL	1	Gas	1,432	
Lauderdale	Dania, FL	2	Gas/Oil	884	
Manatee	Parrish, FL	1	Gas	1,111	
Martin	Indiantown, FL	1	Gas/Oil/Solar Thermal	1,141	[b]
Martin	Indiantown, FL	2	Gas	938	
Putnam	Palatka, FL	2	Gas/Oil	498	
Sanford	Lake Monroe, FL	2	Gas	1,980	
Turkey Point	Florida City, FL	1	Gas/Oil	1,148	
West County	West Palm Beach, FL	3	Gas/Oil	3,657	
Steam turbines					
Manatee	Parrish, FL	2	Gas/Oil	1,618	
Martin	Indiantown, FL	2	Gas/Oil	1,652	
St. Johns River Power Park	Jacksonville, FL	2	Coal/Petroleum Coke	254	[c]
Scherer	Monroe County, GA	1	Coal	643	[d]
Turkey Point	Florida City, FL	1	Gas/Oil	396	
Simple-cycle combustion turbines					
Fort Myers	Fort Myers, FL	2	Gas/Oil	315	
Gas turbines					
Fort Myers	Fort Myers, FL	12	Oil	648	
Lauderdale	Dania, FL	24	Gas/Oil	840	
Port Everglades	Port Everglades, FL	12	Gas/Oil	420	
Nuclear					

St. Lucie	Hutchinson Island, FL	2	Nuclear	1,821	(e)
Turkey Point	Florida City, FL	2	Nuclear	1,632	
Solar PV					
DeSoto	Arcadia, FL	1	Solar PV	25	
Space Coast	Cocoa, FL	1	Solar PV	10	
TOTAL				24,273	(f)

(a) Represents FPL's net ownership interest in warm weather peaking capability.

(b) The megawatts generated by the 75 MW solar thermal hybrid facility replace steam produced by this unit and therefore are not incremental.

(c) Represents FPL's 20% ownership interest in each of SJRPP Units Nos. 1 and 2, which are jointly owned with JEA.

(d) Represents FPL's approximately 76% ownership of Scherer Unit No. 4, which is jointly owned with JEA.

(e) Excludes Orlando Utilities Commission's and the Florida Municipal Power Agency's combined share of approximately 15% of St. Lucie Unit No. 2.

(f) Substantially all of FPL's properties are subject to the lien of FPL's mortgage.

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NEER

At December 31, 2013, NEER had the following generating facilities:

NEER Facilities	Location	Geographic Region	No. of Units	Fuel	Net Capability (MW)[a]
Wind					
Ashtabula Wind[b][c]	Barnes County, ND	Midwest	99	Wind	148
Ashtabula Wind II[c][d]	Griggs & Steele Counties, ND	Midwest	80	Wind	120
Ashtabula Wind III	Barnes County, ND	Midwest	39	Wind	62
Baldwin Wind[b]	Burleigh County, ND	Midwest	64	Wind	102
Blackwell Wind[c][d]	Kay County, OK	Other South	26	Wind	60
Blue Summit[c]	Wilbarger County, TX	Texas	85	Wind	135
Buffalo Ridge	Lincoln County, MN	Midwest	73	Wind	26
Butler Ridge Wind[b][c]	Dodge County, WI	Midwest	36	Wind	54
Cabazon[b]	Riverside County, CA	West	52	Wind	39
Callahan Divide[b]	Taylor County, TX	Texas	76	Wind	114
Capricorn Ridge[c]	Sterling & Coke Counties, TX	Texas	208	Wind	364
Capricorn Ridge Expansion[c]	Sterling & Coke Counties, TX	Texas	199	Wind	298
Cerro Gordo[b]	Cerro Gordo County, IA	Midwest	55	Wind	41
Cimarron[b]	Gray County, KS	Other South	72	Wind	166
Conestogo Wind[b]	Wellington County, Ontario, Canada	Canada	10	Wind	23
Crystal Lake I[b][c]	Hancock County, IA	Midwest	100	Wind	150
Crystal Lake II	Winnebago County, IA	Midwest	80	Wind	200
Crystal Lake III	Winnebago County, IA	Midwest	44	Wind	66
Day County Wind[b]	Day County, SD	Midwest	66	Wind	99
Delaware Mountain	Culberson County, TX	Texas	38	Wind	28
Diablo Wind[b]	Alameda County, CA	West	31	Wind	21
Elk City Wind[b]	Roger Mills & Beckham Counties, OK	Other South	43	Wind	99
Elk City Wind II	Roger Mills & Beckham Counties, OK	Other South	66	Wind	101
Endeavor Wind	Osceola County, IA	Midwest	40	Wind	100
Endeavor Wind II	Osceola County, IA	Midwest	20	Wind	50
Ensign Wind	Gray County, KS	Other South	43	Wind	99
Ghost Pine Wind	Kneehill County, Alberta, Canada	Canada	51	Wind	82
Gray County	Gray County, KS	Other South	170	Wind	112
Green Mountain[b]	Somerset County, PA	Northeast	8	Wind	10
Green Power	Riverside County, CA	West	22	Wind	17
Green Ridge Power		West	803	Wind	87

	Alameda & Contra Costa Counties, CA				
Hancock County[b]	Hancock County, IA	Midwest	148	Wind	98
High Winds[b]	Solano County, CA	West	90	Wind	162
Horse Hollow Wind[b]	Taylor County, TX	Texas	142	Wind	213
Horse Hollow Wind II[b]	Taylor & Nolan Counties, TX	Texas	130	Wind	299
Horse Hollow Wind III[b]	Nolan County, TX	Texas	149	Wind	224
Indian Mesa	Pecos County, TX	Texas	125	Wind	83
King Mountain[b]	Upton County, TX	Texas	214	Wind	278
Lake Benton II[b]	Pipestone County, MN	Midwest	137	Wind	103
Langdon Wind[b][c]	Cavalier County, ND	Midwest	79	Wind	118
Langdon Wind II[b][c]	Cavalier County, ND	Midwest	27	Wind	41
Lee / DeKalb Wind	Lee & DeKalb Counties, IL	Midwest	145	Wind	217
Limon I[c][d]	Lincoln, Elbert & Arapahoe Counties, CO	West	125	Wind	200
Limon II[c][d]	Lincoln, Elbert & Arapahoe Counties, CO	West	125	Wind	200
Logan Wind[c]	Logan County, CO	West	134	Wind	201
Majestic Wind[b][c]	Carson County, TX	Texas	53	Wind	80
Majestic Wind II[c]	Carson & Potter Counties, TX	Texas	51	Wind	79
Meyersdale[b]	Somerset County, PA	Northeast	20	Wind	30
Mill Run[b]	Fayette County, PA	Northeast	10	Wind	15
Minco Wind[b]	Grady County, OK	Other South	62	Wind	99
Minco Wind II[b]	Grady & Caddo Counties, OK	Other South	63	Wind	101
Minco Wind III[c][d]	Grady, Caddo & Canadian Counties, OK	Other South	63	Wind	101
Mojave 3/4/5	Kern County, CA	West	246	Wind	41
Montezuma Wind[b]	Solano County, CA	West	16	Wind	37
Montezuma Wind II[c][d]	Solano County, CA	West	34	Wind	78
Mount Copper[b]	Gaspésie, Quebec, Canada	Canada	30	Wind	54

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NEER Facilities	Location	Geographic Region	No. of Units	Fuel	Net Capability (MW)[a]
Mount Miller[b]	Gaspésie, Quebec, Canada	Canada	30	Wind	54
Mountaineer Wind[b]	Preston & Tucker Counties, WV	Northeast	44	Wind	66
Mower County Wind[c]	Mower County, MN	Midwest	43	Wind	99
New Mexico Wind[b]	Quay & Debaca Counties, NM	West	136	Wind	204
North Dakota Wind[b]	LaMoure County, ND	Midwest	41	Wind	62
North Sky River[b]	Kern County, CA	West	100	Wind	162
Northern Colorado[b]	Logan County, CO	West	81	Wind	174
Oklahoma / Sooner Wind[b]	Harper & Woodward Counties, OK	Other South	68	Wind	102
Oliver County Wind I[c]	Oliver County, ND	Midwest	22	Wind	51
Oliver County Wind II[c]	Oliver County, ND	Midwest	32	Wind	48
Peetz Table Wind[c]	Logan County, CO	West	133	Wind	199
Perrin Ranch Wind[b]	Coconino County, AZ	West	62	Wind	99
Pheasant Run I	Huron County, MI	Midwest	44	Wind	75
Pubnico Point[b]	Yarmouth County, Nova Scotia, Canada	Canada	17	Wind	31
Red Canyon Wind[b]	Borden, Garza & Scurry Counties, TX	Texas	56	Wind	84
Red Mesa Wind	Cibola County, NM	West	64	Wind	102
Sky River[b]	Kern County, CA	West	322	Wind	73
Somerset Wind Power[b]	Somerset County, PA	Northeast	6	Wind	9
South Dakota Wind[b]	Hyde County, SD	Midwest	27	Wind	41
Southwest Mesa[b]	Upton & Crockett Counties, TX	Texas	106	Wind	74
Stateline[b]	Umatilla County, OR and Walla Walla County, WA	West	454	Wind	300
Steele Flats[c][d]	Jefferson & Gage Counties, NE	Other South	44	Wind	75
Story County Wind[b][c]	Story County, IA	Midwest	100	Wind	150
Story County Wind II[b]	Story & Hardin Counties, IA	Midwest	100	Wind	150
Summerhaven[b]	Haldimand County, Ontario, Canada	Canada	56	Wind	124
Tuscola Bay[b]	Tuscola, Bay & Saginaw Counties, MI	Midwest	75	Wind	120
Tuscola II	Tuscola & Bay Counties, MI	Midwest	59	Wind	100
Vansycle[b]	Umatilla County, OR	West	38	Wind	25
Vansycle II	Umatilla County, OR	West	43	Wind	99
Vasco Winds[c][d]	Contra Costa County, CA	West	33	Wind	78
Waymart[b]	Wayne County, PA	Northeast	43	Wind	65
Weatherford Wind[b]	Custer & Washita Counties, OK	Other South	98	Wind	147
Wessington Springs Wind[b][c]	Jerauld County, SD	Midwest	34	Wind	51
White Oak[c][d]	McLean County, IL	Midwest	100	Wind	150
Wilton Wind[b]	Burleigh County, ND	Midwest	33	Wind	49

Wilton Wind II[(c)(d)]	Burleigh County, ND	Midwest	33	Wind	50	
Windpower Partners 1990	Alameda & Contra Costa Counties, CA	West	141	Wind	14	
Windpower Partners 1991	Alameda & Contra Costa Counties, CA	West	162	Wind	16	
Windpower Partners 1991-92	Alameda & Contra Costa Counties, CA	West	223	Wind	22	
Windpower Partners 1992	Alameda & Contra Costa Counties, CA	West	300	Wind	30	
Windpower Partners 1993[(c)(d)]	Riverside County, CA	West	33	Wind	50	
Windpower Partners 1994	Culberson County, TX	Texas	107	Wind	39	
Wolf Ridge Wind[(c)]	Cooke County, TX	Texas	75	Wind	112	
Woodward Mountain	Upton & Pecos Counties, TX	Texas	242	Wind	160	
Total Wind					10,210	
Contracted						
Bayswater[(b)]	Far Rockaway, NY	Northeast	2	Gas	56	
Duane Arnold	Palo, IA	Midwest	1	Nuclear	431	(e)
Genesis[(b)]	Riverside County, CA	West	1	Solar Thermal	125	
Hatch Solar	Hatch, NM	West	1	Solar CPV	5	
Jamaica Bay[(b)]	Far Rockaway, NY	Northeast	2	Gas/Oil	54	
Marcus Hook 750[(b)]	Marcus Hook, PA	Northeast	4	Gas	744	
Moore Solar[(b)]	Lambton County, Ontario, Canada	Canada	1	Solar PV	20	
Planta Termosolar I & II[(b)]	Madrigalejo, Spain	Other	2	Solar Thermal	100	
Point Beach	Two Rivers, WI	Midwest	2	Nuclear	1,190	
Sombra Solar[(b)]	Lambton County, Ontario, Canada	Canada	1	Solar PV	20	
Investments in joint ventures:						
Desert Sunlight[(b)]	Riverside County, CA	West	1	Solar PV	155	
SEGS III-IX[(b)]	Kramer Junction & Harper Lake, CA	West	7	Solar Thermal	147	
Bellingham	Bellingham, MA	Northeast	3	Gas	149	
Total Contracted					3,196	

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NEER Facilities	Location	Geographic Region	No. of Units	Fuel	Net Capability (MW)[a]	
Merchant						
Forney[b]	Forney, TX	Texas	8	Gas	1,792	
Lamar Power Partners[b]	Paris, TX	Texas	6	Gas	1,000	
Maine - Cape, Wyman	Various - ME	Northeast	6	Oil	796	(f)
Marcus Hook 50	Marcus Hook, PA	Northeast	1	Gas	50	
Paradise Solar	West Deptford, NJ	Northeast	1	Solar PV	5	
Seabrook	Seabrook, NH	Northeast	1	Nuclear	1,100	(g)
Investment in joint venture	Various	Northeast	4	[h]	154	
Total Merchant					4,897	
TOTAL					18,303	

(a) Represents NEER's net ownership interest in plant capacity.
(b) These generating facilities are encumbered by liens against their assets securing various financings.
(c) NEER owns these wind facilities together with third-party investors with differential membership interests. See Note 1 - Sale of Differential Membership Interests.
(d) Various financings are secured by the pledge of NEER's membership interests in the entities owning these wind facilities.
(e) Excludes Central Iowa Power Cooperative and Corn Belt Power Cooperative's combined share of 30%.
(f) Excludes six other energy-related partners' combined share of 16%. Also, see Note 6.
(g) Excludes Massachusetts Municipal Wholesale Electric Company's, Taunton Municipal Lighting Plant's and Hudson Light & Power Department's combined share of 11.77%.
(h) Represents plants with no more than 50% ownership using fuels such as natural gas and waste coal.

Transmission and Distribution

At December 31, 2013, FPL owned and operated 589 substations and the following electric transmission and distribution lines:

Nominal Voltage		Overhead Lines Circuit/Pole Miles		Trench and Submarine Cables Miles
500	kV	1,106	(a)	—
230	kV	3,127		25
138	kV	1,580		52
115	kV	757		—
69	kV	164		14
Total circuit miles		6,734		91
Less than 69 kV (pole miles)		42,327		25,322

(a) Includes approximately 75 miles owned jointly with JEA.

At December 31, 2013, NEER owned and operated 154 substations and approximately 839 circuit miles of transmission lines ranging from 115 kV to 345 kV and NEET owned and operated 6 substations and approximately 624 circuit miles of 345 kV transmission lines.

Character of Ownership

Substantially all of FPL's properties are subject to the lien of FPL's mortgage, which secures most debt securities issued by FPL. The majority of FPL's real property is held in fee and is free from other encumbrances, subject to minor exceptions which are not of a nature as to substantially impair the usefulness to FPL of such properties. Some of FPL's electric lines are located on parcels of land which are not owned in fee by FPL but are covered by necessary consents of governmental authorities or rights obtained from owners of private property. The majority of NEER's generating facilities and transmission assets are owned by NEER subsidiaries and a number of those facilities are encumbered by liens securing various financings. Additionally, some of NEER's generating facilities and transmission lines are located on land leased from owners of private property. NEET's transmission assets are encumbered by liens securing financings and some of its transmission lines are located on land leased from owners of private property. See Generating Facilities and Note 1 - Electric Plant, Depreciation and Amortization.

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Item 3. Legal Proceedings

NEE and FPL are parties to various legal and regulatory proceedings in the ordinary course of their respective businesses. For information regarding legal proceedings that could have a material adverse effect on NEE or FPL, see Note 13 - Spain Solar Projects and - Legal Proceedings. Such descriptions are incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable

PART II

Item 5. Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Common Stock Data. All of FPL's common stock is owned by NEE. NEE's common stock is traded on the New York Stock Exchange under the symbol "NEE." The high and low sales prices for the common stock of NEE as reported in the consolidated transaction reporting system of the New York Stock Exchange and the cash dividends per share declared for each quarter during the past two years are as follows:

	2013			2012		
Quarter	High	Low	Cash Dividends	High	Low	Cash Dividends
First	$77.79	$69.81	$0.66	$61.21	$58.57	$0.60
Second	$82.65	$74.78	$0.66	$68.96	$61.20	$0.60
Third	$88.39	$78.81	$0.66	$72.22	$65.95	$0.60
Fourth	$89.75	$78.97	$0.66	$72.21	$66.05	$0.60

The amount and timing of dividends payable on NEE's common stock are within the sole discretion of NEE's Board of Directors. The Board of Directors reviews the dividend rate at least annually (generally in February) to determine its appropriateness in light of NEE's financial position and results of operations, legislative and regulatory developments affecting the electric utility industry in general and FPL in particular, competitive conditions, change in business mix and any other factors the Board of Directors deems relevant. The ability of NEE to pay dividends on its common stock is dependent upon, among other things, dividends paid to it by its subsidiaries. There are no restrictions in effect that currently limit FPL's ability to pay dividends to NEE. In February 2014, NEE announced that it would increase its quarterly dividend on its common stock from $0.66 per share to $0.725 per share. See Management's Discussion - Liquidity and Capital Resources - Covenants with respect to dividend restrictions and Note 10 - Common Stock Dividend Restrictions regarding dividends paid by FPL to NEE.

As of the close of business on January 31, 2014, there were 23,262 holders of record of NEE's common stock.

Issuer Purchases of Equity Securities. Information regarding purchases made by NEE of its common stock during the three months ended December 31, 2013 is as follows:

Period	Total Number of Shares	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a	Maximum Number of Shares that May Yet be Purchased Under the

	Purchased [a]		Publicly Announced Program	Program[b]
10/1/2013 - 10/31/13	—	$—	—	13,274,748
11/1/2013 - 11/30/13	885	$88.57	—	13,274,748
12/1/2013 - 12/31/13	1,037	$84.15	—	13,274,748
Total	1,922	$86.19	—	

(a) Includes: (1) in November and December 2013, shares of common stock withheld from employees to pay certain withholding taxes upon the vesting of stock awards granted to such employees under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan (2011 LTIP) and the NextEra Energy, Inc. Amended and Restated Long-Term Incentive Plan (former LTIP); and (2) in December 2013, shares of common stock purchased as a reinvestment of dividends by the trustee of a grantor trust in connection with NEE's obligation under a February 2006 grant under the former LTIP to an executive officer of deferred retirement share awards.

(b) In February 2005, NEE's Board of Directors authorized common stock repurchases of up to 20 million shares of common stock over an unspecified period, which authorization was most recently reaffirmed and ratified by the Board of Directors in July 2011.

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Item 6. Selected Financial Data

	Years Ended December 31,				
	2013	2012	2011	2010	2009
SELECTED DATA OF NEE (millions, except per share amounts):					
Operating revenues	$15,136	$14,256	$15,341	$15,317	$15,643
Income from continuing operations[(a)]	$1,720	$1,911	$1,923	$1,957	$1,615
Net income[(a)(b)]	$1,908	$1,911	$1,923	$1,957	$1,615
Earnings per share of common stock - basic:					
Continuing operations[(a)]	$4.06	$4.59	$4.62	$4.77	$3.99
Net income[(a)(b)]	$4.50	$4.59	$4.62	$4.77	$3.99
Earnings per share of common stock - assuming dilution:					
Continuing operations[(a)]	$4.03	$4.56	$4.59	$4.74	$3.97
Net income[(a)(b)]	$4.47	$4.56	$4.59	$4.74	$3.97
Dividends paid per share of common stock	$2.64	$2.40	$2.20	$2.00	$1.89
Total assets[(c)]	$69,306	$64,439	$57,188	$52,994	$48,458
Long-term debt, excluding current maturities	$23,969	$23,177	$20,810	$18,013	$16,300
SELECTED DATA OF FPL (millions):					
Operating revenues	$10,445	$10,114	$10,613	$10,485	$11,491
Net income	$1,349	$1,240	$1,068	$945	$831
Total assets	$36,488	$34,853	$31,816	$28,698	$26,812
Long-term debt, excluding current maturities	$8,473	$8,329	$7,483	$6,682	$5,794
Energy sales (kWh)	107,643	105,109	106,662	107,978	105,414
Energy sales:					
Residential	50.1 %	50.8 %	51.2 %	52.2 %	51.2 %
Commercial	42.1	43.0	42.2	41.3	42.7
Industrial	2.7	2.9	2.9	2.9	3.1
Interchange power sales	2.3	0.7	0.9	0.8	1.4
Other[(d)]	2.8	2.6	2.8	2.8	1.6
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Approximate 60-minute peak load (MW):[(e)]					
Summer season	21,576	21,440	21,619	22,256	22,351
Winter season	17,500	16,025	17,934	21,153	24,346
Average number of customer accounts (thousands):					
Residential	4,097	4,052	4,027	4,004	3,984
Commercial	517	512	508	504	501
Industrial	10	9	9	9	10
Other	3	3	3	3	4
Total	4,627	4,576	4,547	4,520	4,499
Average price billed to customers (cents per kWh)	9.47	9.51	9.83	9.34	11.19

(a)

Includes net unrealized mark-to-market after-tax gains (losses) associated with non-qualifying hedges of approximately $(53) million, $(34) million, $190 million, $175 million and $(20) million and OTTI after-tax income (losses), net of OTTI reversals of $1 million, $31 million, $(6) million, $4 million and $(13) million for the years ended December 31, 2013, 2012, 2011, 2010 and 2009, respectively. Additionally, 2013 includes, on an after-tax basis, impairment and other related charges related to the Spain Solar projects of approximately $342 million (see Note 4 - Nonrecurring Fair Value Measurements) and an operating loss of the Spain solar projects of $4 million. Also, 2011 includes an after-tax loss on the sale of natural gas-fired generating assets of approximately $98 million. See Note 4 - Nonrecurring Fair Value Measurements.

(b) 2013 includes an after-tax net gain from discontinued operations of $188 million. See Note 6.

(c) 2012 includes assets held for sale of approximately $335 million. See Note 6.

(d) Includes the net change in unbilled sales.

(e) Winter season includes November and December of the current year and January to March of the following year (for 2013, through February 21, 2014).

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

NEE's operating performance is driven primarily by the operations of its two principal subsidiaries, FPL, which serves approximately 4.7 million customer accounts in Florida and is one of the largest rate-regulated electric utilities in the U.S., and NEER, which together with affiliated entities is the largest generator in North America of renewable energy from the wind and sun. The table below presents NEE's net income (loss) and earnings (loss) per share by reportable segment - FPL, NEER and Corporate and Other, which is primarily comprised of the operating results of NEET, FPL FiberNet and other business activities, as well as other income and expense items, including interest expense, income taxes and eliminating entries (see Note 14 for additional segment information, including reported results from continuing operations). The following discussions should be read in conjunction with the Notes to the Consolidated Financial Statements contained herein and all comparisons are with the corresponding items in the prior year.

	Net Income (Loss)			Earnings (Loss) Per Share, assuming dilution		
	Years Ended December 31,			Years Ended December 31,		
	2013	2012	2011	2013	2012	2011
	(millions)					
FPL	$1,349	$1,240	$1,068	$3.16	$2.96	$2.55
NEER[(a)]	556	687	774	1.30	1.64	1.85
Corporate and Other	3	(16)	81	0.01	(0.04)	0.19
NEE	$1,908	$1,911	$1,923	$4.47	$4.56	$4.59

(a) NEER's results reflect an allocation of interest expense from NEECH based on a deemed capital structure of 70% debt and allocated shared service costs.

For the five years ended December 31, 2013, NEE delivered a total shareholder return of approximately 105%, below the S&P 500's 128% return, but well above the S&P 500 Utilities' 62% return and the Dow Jones U.S. Electricity's 53% return. The historical stock performance of NEE's common stock shown in the performance graph below is not necessarily indicative of future stock price performance.

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Adjusted Earnings

NEE prepares its financial statements under GAAP. However, management uses earnings excluding certain items (adjusted earnings), a non-GAAP financial measure, internally for financial planning, for analysis of performance, for reporting of results to the Board of Directors and as an input in determining performance-based compensation under NEE's employee incentive compensation plans. NEE also uses adjusted earnings when communicating its financial results and earnings outlook to investors. NEE's management believes adjusted earnings provides a more meaningful representation of the company's fundamental earnings power. Although the excluded amounts are properly included in the determination of net income under GAAP, management believes that the amount and/or nature of such items make period to period comparisons of operations difficult and potentially confusing. Adjusted earnings do not represent a substitute for net income, as prepared under GAAP.

Adjusted earnings exclude the unrealized mark-to-market effect of non-qualifying hedges (as described below) and OTTI losses on securities held in NEER's nuclear decommissioning funds, net of the reversal of previously recognized OTTI losses on securities sold and losses on securities where price recovery was deemed unlikely (collectively, OTTI reversals). However, other adjustments may be made from time to time with the intent to provide more meaningful and comparable results of ongoing operations.

NEE and NEER segregate into two categories unrealized mark-to-market gains and losses on derivative transactions. The first category, referred to as non-qualifying hedges, represents certain energy derivative transactions, and, beginning in 2013, certain interest rate derivative transactions entered into as economic hedges, which do not meet the requirements for hedge accounting, or for which hedge accounting treatment is not elected or has been discontinued. Changes in the fair value of those transactions are marked to market and reported in the consolidated statements of income, resulting in earnings volatility because the economic offset to the positions are not marked to market. As a consequence, NEE's net income reflects only the movement in one part of economically-linked transactions. For example, a gain (loss) in the non-qualifying hedge category for certain energy derivatives is offset by decreases (increases) in the fair value of related physical asset positions in the portfolio or contracts, which are not marked to market under GAAP. For this reason, NEE's management views results expressed excluding the unrealized mark-to-market impact of the non-qualifying hedges as a meaningful measure of current period performance. The second category, referred to as trading activities, which is included in adjusted earnings, represents the net unrealized effect of actively traded positions entered into to take advantage of expected market price movements and all other commodity hedging activities. At FPL, substantially all changes in the fair value of energy derivative transactions 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 clause. See Note 3.

In 2011, subsidiaries of NEER completed the sales of their ownership interests in five natural gas-fired generating plants with a total generating capacity of approximately 2,700 MW located in California, Virginia, Alabama, South Carolina and Rhode Island. In connection with these sales, a loss of approximately $151 million ($98 million total after-tax with $92 million of this loss recorded by NEER) was recorded in NEE's consolidated statements of income, which was excluded from adjusted earnings. See Note 4 - Nonrecurring Fair Value Measurements.

In 2013, an after-tax net gain from discontinued operations of $188 million ($175 million recorded at NEER and $13 million recorded at Corporate and Other) was recorded in NEE's consolidated statements of income. The after-tax net gain from discontinued operations consisted of $231 million related to the 2013 sale of the ownership interest in a portfolio of hydropower generation plants and related assets located in Maine and New Hampshire, partly offset by a $43 million write down associated with the plan to sell ownership interests in oil-fired generating plants located in

Maine. The operations of these projects were not material to NEE's consolidated statements of income for 2013, 2012 and 2011. See Note 6. Also in 2013, NEER recorded an impairment of $300 million and other related charges ($342 million after-tax) related to the Spain solar projects in NEE's consolidated statements of income. See Note 4 - Nonrecurring Fair Value Measurements and Note 13 - Spain Solar Projects. In order to make period to period comparisons more meaningful, in 2013 adjusted earnings also exclude the after-tax net gain from discontinued operations, the after-tax charges associated with the impairment of the Spain solar projects and, beginning in the third quarter of 2013, the after-tax operating results associated with the Spain solar projects.

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The following table provides details of the adjustments to net income considered in computing NEE's adjusted earnings discussed above.

	Years Ended December 31,		
	2013	2012	2011
	(millions)		
Net unrealized mark-to-market after-tax gains (losses) from non-qualifying hedge activity[(a)]	$(53)	$(34)	$190
Income (loss) from OTTI after-tax losses on securities held in NEER's nuclear decommissioning funds, net of OTTI reversals	$1	$31	$(6)
After-tax loss on sale of natural gas-fired generating assets[(b)]	$—	$—	$(98)
After-tax net gain from discontinued operations[(c)]	$188	$—	$—
After-tax charges recorded by NEER associated with the impairment of the Spain solar projects	$(342)	$—	$—
After-tax operating loss of NEER's Spain solar projects	$(4)	$—	$—

(a) For 2013, 2012 and 2011, $54 million of losses, $37 million of losses and $193 million of gains, respectively, are included in NEER's net income; the balance is included in Corporate and Other.

(b) $92 million of the loss is included in NEER's net income; the balance is included in Corporate and Other.

(c) $175 million of the gain is included in NEER's net income; the balance is included in Corporate and Other.

The change in unrealized mark-to-market activity from non-qualifying hedges is primarily attributable to changes in forward power and natural gas prices, as well as the reversal of previously recognized unrealized mark-to-market gains or losses as the underlying transactions were realized.

2013 Summary

NEE's net income for 2013 was lower than 2012 by $3 million, or 9 cents per share, primarily due to lower results at NEER, partly offset by higher results at FPL. The decline in earnings per share, assuming dilution, also reflects additional shares outstanding.

During 2013, NEE and its subsidiaries commenced an enterprise-wide initiative focused mainly on improving productivity and reducing O&M expenses (cost savings initiative), and management expects to continue those efforts over the near term. The transition costs associated with the cost savings initiative recorded by NEE in 2013 amounted to approximately $72 million ($44 million after-tax), of which $32 million of such after-tax costs were recorded by FPL and $12 million by NEER.

FPL's increase in net income in 2013 was primarily driven by continued investments in plant in service while earning a 10.96% regulatory ROE on its retail rate base. In 2013, FPL began operating under the 2012 rate agreement which increased revenues and cash flows without a material change in the earned regulatory ROE. FPL completed the final stage of its generation uprate project at Turkey Point Unit No. 4, completed the installation of approximately 4.5 million smart meters and placed in service the approximately 1,210 MW natural gas-fired combined-cycle Cape Canaveral power plant. The FPSC approved 25-year natural gas transportation agreements, pending completion of pipeline construction by Sabal Trail and Florida Southeast Connection (see below). In 2013, FPL maintained a typical residential 1,000 kWh bill that was the lowest among reporting electric utilities within Florida and 28% below the national average based on a rate per kWh as of July 2013.

NEER's results decreased in 2013 primarily due to the $342 million of after-tax charges associated with the impairment of the Spain solar projects, partly offset by the $175 million net after-tax gain from discontinued operations and higher results from new investments. In 2013, NEER added approximately 374 MW of wind capacity in the U.S. and Canada and 280 MW of solar capacity in the U.S., and increased its backlog of contracted renewable development projects.

Corporate and Other's results in 2013 improved primarily due to higher results from NEET and higher investment gains, partly offset by higher interest expense. In 2013, Lone Star achieved full commercial operation of approximately 330 miles of new transmission lines and associated transmission facilities in Texas. Sabal Trail and Florida Southeast Connection were selected to build, own and operate pipelines that would supply natural gas to FPL. The natural gas pipeline system is subject to certain conditions, including FERC approval. A FERC decision is expected in 2015.

NEE and its subsidiaries, including FPL, require funds to support and grow their businesses. These funds are primarily provided by cash flow from operations, short- and long-term borrowings and proceeds from the sale of differential membership interests and, from time to time, issuance of equity securities. As of December 31, 2013, NEE's total net available liquidity was approximately $6.7 billion, of which FPL's portion was approximately $3.0 billion.

Outlook

FPL's 2012 rate agreement continues to provide, among other things, a high degree of base rate predictability through December 2016, including allowances for rate increases when the modernized Cape Canaveral, Riviera Beach and Port Everglades power plants are placed in service, and permits FPL to record reserve amortization up to $400 million over the 2013 to 2016 period (see Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates - Rates Effective January 1, 2013 - December 31,

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2016). FPL's allowed regulatory ROE over this period is 10.50%, with a range of plus or minus 100 basis points. In 2013, FPL amortized $155 million of the reserve and the Cape Canaveral power plant was placed in service in April 2013. FPL expects that the use of reserve amortization in 2013 will be more than in any of the remaining years of the 2012 rate agreement.

NEE's strategy at both of its principal businesses seeks to meet customer needs more economically and reliably than competitors. Meeting customer needs frequently requires the commitment of large capital expenditures to projects that have long lives and such commitments are difficult to reverse once made. Subsidiaries of NEE have made commitments to a variety of major capital projects that are expected to be completed over the next several years. While NEE management believes that these projects individually and collectively are attractive investments with the potential to create value for shareholders, there can be no guarantee that all or any of these projects will be successful. Because of their importance, management focuses particular attention on these large projects.

In 2014, NEE expects to focus efforts in particular on the following initiatives:

At FPL:

- Sustaining FPL's customer value proposition: The combination of low bills, good reliability and excellent customer service that FPL currently provides its customers is both an objective of FPL's strategy and an important contributor to its long-term business success. FPL seeks to, at a minimum, maintain and ideally improve its overall customer value proposition.
- Major capital projects: FPL is currently engaged in a large capital expansion program and its objective is to bring these projects in on schedule and within budget. This program includes modernizing its Riviera Beach and Port Everglades power plants to high-efficiency natural gas-fired units (approximately 1,200 MW at Riviera Beach and 1,240 MW at Port Everglades) to be placed in service in the second quarter of 2014 and mid-2016, respectively.
- Storm hardening and reliability: FPL plans to continue to invest in storm hardening and reliability efforts.

At NEER:

- Maintaining excellence in day-to-day operations: NEER has developed a track record of generally running its facilities reliably and cost-effectively. The company seeks to, at a minimum, maintain and ideally improve its operating performance.
- Solar: Add approximately 805 MW of new solar generation during 2014 through 2016, including a 20 MW solar PV project completed in January 2014, the 125 MW to complete the Genesis solar project in California, the 120 MW to complete NEER's portion of the Desert Sunlight solar PV project in California, the 250 MW McCoy solar PV project in California and the pending acquisition of development rights for a 250 MW solar PV project in Nevada which is expected to close in March 2014 and complete construction in 2016.
- Wind: Add approximately 600 MW of new Canadian wind generation and 2,000 to 2,500 MW of new U.S. wind generation during 2013 through 2015, of which 125 MW and 250 MW was placed in service in 2013 in Canada and the U.S., respectively.
- Nuclear: Complete the four planned nuclear refueling outages in 2014.

At Sabal Trail and Florida Southeast Connection: Continue to pursue FERC approval to build, own and operate the northern and southern portions of the natural gas pipeline system.

In addition, NEE and FPL devote effort to numerous other initiatives designed to support their long-term growth and development. There can be no guarantees that NEE or FPL will be successful in attaining their goals with respect to any of these initiatives.

For additional information on certain of the above matters, see Item 1. Business.

RESULTS OF OPERATIONS

NEE’s net income for 2013 was $1.91 billion, compared to $1.91 billion in 2012 and $1.92 billion in 2011. In 2013, net income was unfavorably affected by lower results at NEER offset by higher results at FPL and Corporate and Other. The decrease in NEE’s 2012 net income was primarily due to the absence of certain income tax benefits at Corporate and Other recorded in 2011 and lower results at NEER, partly offset by improved results at FPL.

NEE's effective income tax rate for all periods presented reflects PTCs for wind projects at NEER and deferred income tax benefits associated with convertible ITCs under the American Recovery and Reinvestment Act of 2009, as amended (Recovery Act). PTCs and deferred income tax benefits associated with convertible ITCs can significantly affect NEE's effective income tax rate depending on the amount of pretax income. The amount of PTCs recognized can be significantly affected by wind generation and by the roll off of PTCs on certain wind projects after ten years of production (PTC roll off). In addition, NEE's effective income tax rate for 2013 was unfavorably affected by the establishment of a full valuation allowance on the deferred tax assets associated with the Spain solar projects. See Note 1 - Income Taxes, Note 1 - Sale of Differential Membership Interests, Note 4 - Nonrecurring Fair Value Measurements and Note 5. Also see Item 1. Business - NEER - Generation and Other Operations - NEER Fuel/Technology Mix - Policy Incentives for Renewable Energy Projects, for a discussion of the Taxpayer Relief Act.

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FPL: Results of Operations

FPL obtains its operating revenues primarily from the sale of electricity to retail customers at rates established by the FPSC through base rates and cost recovery clause mechanisms. FPL's net income for 2013, 2012 and 2011 was $1,349 million, $1,240 million and $1,068 million, respectively, representing an increase in 2013 of $109 million and an increase in 2012 of $172 million.

The use of reserve amortization in 2013 is permitted by the 2012 rate agreement and, for 2012 and 2011, the 2010 rate agreement, subject to limitations provided in the rate agreements. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2012 and 2010 rate agreements. In order to earn a targeted regulatory ROE in each reporting period under the 2012 and 2010 rate agreements, reserve amortization is calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of O&M, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items is adjusted, in part, by reserve amortization to earn a targeted regulatory ROE. In certain periods, reserve amortization must be reversed so as not to exceed the targeted regulatory ROE. The drivers of FPL's net income not reflected in the reserve amortization calculation include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, AFUDC - equity and costs not allowed to be recovered by the FPSC. During 2013, 2012 and 2011, FPL recorded reserve amortization of $155 million, $480 million and $187 million, respectively.

FPL's regulatory ROE for 2013 was 10.96%, compared to 11.0% in 2012 and 2011. The 2013 regulatory ROE of 10.96% reflects approximately $32 million of after-tax charges associated with the cost savings initiative (see 2013 Summary above). These charges were not offset by additional reserve amortization. Excluding the impact of these charges, FPL's regulatory ROE for 2013 would have been approximately 11.25%. In 2013 and 2012, the growth in earnings for FPL was primarily driven by:

- higher earnings on investment in plant in service of approximately $175 million and $99 million, respectively. Average investment in plant in service grew FPL's retail rate base in 2013 and 2012 by approximately $3.4 billion and $2.1 billion, respectively, reflecting, among other things, the generation power uprates at FPL's nuclear units, ongoing transmission and distribution additions and, for 2013, the modernized Cape Canaveral power plant,
- higher AFUDC - equity of $3 million and $17 million, respectively, and
- in 2012, higher cost recovery clause results of $52 million,

partly offset, in 2013, by,

- lower cost recovery clause results of $45 million primarily due to the transfer of new nuclear capacity to retail rate base as discussed below under Retail Base, Cost Recovery Clauses and Interest Expense, and
- the $32 million of after-tax charges associated with the cost savings initiative.

FPL's operating revenues consisted of the following:

	Years Ended December 31,		
	2013	2012	2011
		(millions)	
Retail base	$4,951	$4,246	$4,217
Fuel cost recovery	3,334	3,815	4,416

Net deferral of retail fuel revenues	—	(44)	—
Net recognition of previously deferred retail fuel revenues	44	—	—
Other cost recovery clauses and pass-through costs, net of any deferrals	1,837	1,858	1,751
Other, primarily wholesale and transmission sales, customer-related fees and pole attachment rentals	279	239	229
Total	$10,445	$10,114	$10,613

Retail Base

FPSC Rate Orders

In 2013, FPL's retail base revenues benefited from the 2012 rate agreement as retail base rates and charges were designed to increase approximately $350 million on an annualized basis, as well as a $164 million annualized retail base rate increase associated with the Cape Canaveral power plant, which was placed in service in April 2013. The 2012 rate agreement:

- remains in effect until December 2016,
- establishes FPL's allowed regulatory ROE at 10.50%, with a range of plus or minus 100 basis points, and
- allows for additional retail base rate increases as the modernized Riviera Beach and Port Everglades projects become operational (which is expected in the second quarter of 2014 and mid-2016, respectively).

In 2012 and 2011, FPL's retail base revenues were impacted by the 2010 rate agreement. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2012 and 2010 rate agreements.

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Included in retail base revenues for 2013 and 2012 were approximately $302 million and $11 million, respectively, of additional revenues associated with new retail base rates under the 2012 rate agreement and, for 2013, $129 million of additional retail base revenues related to the Cape Canaveral power plant which was placed in service in April 2013. FPL collected in 2012 approximately $52 million of additional retail base revenues related to the placement in service of WCEC Unit No. 3 in May 2011, as permitted by the 2010 rate agreement. Additional retail base revenues of approximately $233 million and $29 million were recorded in 2013 and 2012, respectively, primarily related to new nuclear capacity which was placed in service in 2012 and 2011, respectively, as permitted by the FPSC's nuclear cost recovery rule. In 2014, FPL expects to collect approximately $113 million of additional base revenues, of which $4 million was recorded in 2013 as unbilled revenues, related to new nuclear capacity of approximately 125 MW which was placed in service in 2013. See Cost Recovery Clauses below for discussion of the nuclear cost recovery rule.

In September 2013, the Florida Supreme Court heard oral argument on the OPC's appeal of the FPSC's final order regarding the 2012 rate agreement. A ruling by the Florida Supreme Court is pending.

Retail Customer Usage and Growth

A portion of the increase in the average number of customer accounts of 1.1% in 2013 can be attributed to the remote disconnection of inactive meters (meters at premises where electric service is available but no customer is requesting service) through the use of smart meters and the subsequent establishment of valid customer accounts (reactivated customers). Generally these reactivated customers were lower than average usage customers and, accordingly, did not increase revenues proportionally. The 1.1% increase in the average number of customer accounts increased retail base revenues by approximately $27 million.

In 2013, although FPL experienced a 0.2% decrease in average usage per retail customer, the effect was to increase retail base revenues, after adjusting for the reactivated customers, by approximately $10 million, reflecting an improved economy and weather conditions, partly offset by increased efficiency measures and one less day of sales in 2013, as 2012 was a leap year. In 2012, FPL experienced a 2.0% decrease in average usage per retail customer and the average number of customer accounts increased 0.6%, which collectively decreased retail base revenues by approximately $63 million. The decrease in average usage per retail customer was primarily due to weather conditions and the absence of three extra days of sales that occurred in 2011 for a change from a fiscal month to a calendar month, partly offset by higher non-weather related usage per retail customer. Non-weather related usage per retail customer increased in 2013 and 2012 mirroring the continued gradual improvements in the Florida economy.

FPL has now experienced four consecutive years of moderately positive growth in the average number of customer accounts and expects a continuation of this trend in 2014, assuming no significant decline in the overall state of Florida's economy and excluding any impact from reactivated customers.

Cost Recovery Clauses

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm-related surcharges, are largely a pass-through of costs. Such revenues also include a return on investment allowed to be recovered through the cost recovery clauses on certain assets, primarily related to nuclear capacity, solar and environmental projects. In 2013, 2012 and 2011, cost recovery clauses contributed $115 million, $160 million and $108 million, respectively, to FPL’s net income. The decrease in 2013 in cost recovery clause results is primarily due to the collection in 2013 of retail base revenues related to new nuclear capacity which was placed in service in 2012 (see Retail Base above), while the increase in 2012 reflects the return on additional nuclear capacity investments prior to recovery through retail base rates (see nuclear cost recovery rule discussion below). In 2014, there will be

minimal contributions to net income from the nuclear cost recovery rule as all nuclear uprate costs have been placed in service and are now collected through base rates. Fluctuations in fuel cost recovery revenues are primarily driven by changes in fuel and energy charges which are included in fuel, purchased power and interchange expense in the consolidated statements of income, as well as by changes in energy sales. Fluctuations in revenues from other cost recovery clauses and pass-through costs are primarily driven by changes in storm-related surcharges, capacity charges, franchise fee costs, the impact