Gannett Co., Inc.
Form 10-Q
August 03, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 25, 2017
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 1-36874

GANNETT CO., INC.
(Exact name of registrant as specified in its charter)

Delaware	47-2390983
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7950 Jones Branch Drive, McLean, Virginia	22107-0910
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (703) 854-6000.
Indicate by check mark whether the registrant (1) has 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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	ý	Accelerated Filer	¨
Non-Accelerated Filer (Do not check if a smaller reporting company)	¨	Smaller Reporting Company	¨
		Emerging Growth Company	¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ¨ No ý

As of July 28, 2017, the total number of shares of the registrant's Common Stock, $0.01 par value, outstanding was 113,695,608.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS
Gannett Co., Inc. and Subsidiaries
Unaudited; in thousands, except share data

	Jun. 25, 2017 (Unaudited)	Dec. 25, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$126,940	$114,324
Accounts receivable, net of allowance for doubtful accounts of $9,371 and $10,317	317,843	358,041
Other current assets	142,758	131,141
Total current assets	587,541	603,506
Property, plant and equipment, at cost net of accumulated depreciation of $1,457,313 and $1,481,897	981,891	1,087,701
Goodwill	726,424	698,288
Intangible assets, net	157,653	154,644
Deferred income taxes	196,345	218,232
Investments and other assets	70,261	82,310
Total assets	$2,720,115	$2,844,681
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$377,637	$438,724
Deferred income	137,351	133,263
Total current liabilities	514,988	571,987
Income taxes	15,790	25,467
Postretirement medical and life insurance liabilities	83,224	90,134
Pension liabilities	710,201	739,262
Long-term portion of revolving credit facility	385,000	400,000
Other noncurrent liabilities	160,422	161,070
Total liabilities	1,869,625	1,987,920
Equity		
Preferred stock of $0.01 par value per share, 5,000,000 shares authorized, none issued	—	—
Common stock of $0.01 par value per share, 500,000,000 shares authorized, 117,417,393 shares issued at Jun. 25, 2017 and 116,624,726 shares issued at Dec. 25, 2016	1,174	1,166
Treasury stock at cost, 3,750,000 shares	(32,667)	(32,667)
Additional paid-in capital	1,776,970	1,769,905
Retained earnings (deficit)	(37,661)	1,269
Accumulated other comprehensive loss	(857,326)	(882,912)
Total equity	850,490	856,761
Total liabilities and equity	$2,720,115	$2,844,681

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
Gannett Co., Inc. and Subsidiaries
Unaudited; in thousands, except share data

	Three months ended		Six months ended	
	Jun. 25, 2017	Jun. 26, 2016	Jun. 25, 2017	Jun. 26, 2016
Operating revenues:				
Advertising	$445,214	$409,834	$880,729	$761,055
Circulation	273,676	287,586	556,962	550,289
Other	55,617	51,371	110,273	96,815
Total operating revenues	774,507	748,791	1,547,964	1,408,159
Operating expenses:				
Cost of sales and operating expenses	485,609	484,824	994,032	902,780
Selling, general and administrative expenses	210,413	203,103	423,118	368,491
Depreciation	43,681	29,292	83,132	53,251
Amortization	8,169	1,640	15,535	2,958
Facility consolidation and asset impairment charges	16,131	3,943	20,610	4,487
Total operating expenses	764,003	722,802	1,536,427	1,331,967
Operating income	10,504	25,989	11,537	76,192
Non-operating expenses:				
Interest expense	(3,454)	(3,001)	(7,709)	(4,857)
Other non-operating items, net (see Note 1)	(5,301)	(1,908)	(9,188)	(5,878)
Total non-operating expenses	(8,755)	(4,909)	(16,897)	(10,735)
Income (loss) before income taxes	1,749	21,080	(5,360)	65,457
Provision (benefit) for income taxes	2,236	8,599	(2,794)	13,380
Net income (loss)	$(487)	$12,481	$(2,566)	$52,077
Earnings (loss) per share – basic	$(0.00)	$0.11	$(0.02)	$0.45
Earnings (loss) per share – diluted	$(0.00)	$0.10	$(0.02)	$0.44

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Gannett Co., Inc. and Subsidiaries
Unaudited; in thousands

	Three months ended		Six months ended	
	Jun. 25, 2017	Jun. 26, 2016	Jun. 25, 2017	Jun. 26, 2016
Net income (loss)	$(487)	$12,481	$(2,566)	$52,077
Other comprehensive income, before tax:				
Foreign currency translation adjustments	8,129	(16,024)	13,957	(39,073)
Pension and other postretirement benefit items:				
Amortization of prior service credit, net	759	675	1,511	1,069
Amortization of actuarial loss	18,478	15,775	36,223	31,187
Other	(9,077)	9,215	(15,725)	30,523
Pension and other postretirement benefit items	10,160	25,665	22,009	62,779
Other comprehensive income, before tax	18,289	9,641	35,966	23,706
Income tax effect related to components of other comprehensive income	(5,044)	(7,081)	(10,380)	(16,972)
Other comprehensive income, net of tax	13,245	2,560	25,586	6,734
Comprehensive income	$12,758	$15,041	$23,020	$58,811

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Gannett Co., Inc. and Subsidiaries
Unaudited; in thousands

	Six months ended	
	Jun. 25, 2017	Jun. 26, 2016
Operating activities:		
Net income (loss)	$(2,566)	$52,077
Adjustments to reconcile net income to net cash flow from operating activities:		
Depreciation and amortization	98,667	56,209
Facility consolidation and asset impairment charges	20,610	4,487
Pension and other postretirement expenses, net of contributions	(7,082)	(40,548)
Equity (income) loss in unconsolidated investees, net	863	(1,610)
Stock-based compensation	10,059	10,071
Change in other assets and liabilities, net	8,993	12,655
Net cash provided by operating activities	129,544	93,341
Investing activities:		
Capital expenditures	(29,831)	(26,136)
Payments for acquisitions, net of cash acquired	(31,459)	(260,529)
Payments for investments	(2,414)	(8,652)
Proceeds from sale of certain assets	3,200	10,418
Changes in other investing activities	52	—
Net cash used for investing activities	(60,452)	(284,899)
Financing activities:		
Dividends paid	(36,364)	(55,784)
Proceeds from issuance of common stock upon settlement of stock awards	560	404
Payments for employee taxes withheld from stock awards	(3,607)	(3,328)
Proceeds from borrowings under revolving credit agreement	35,000	250,000
Repayments of borrowings under revolving credit agreement	(50,000)	(50,000)
Changes in other financing activities	(395)	—
Net cash (used for) provided by financing activities	(54,806)	141,292
Effect of currency exchange rates change on cash	(1,670)	(2,304)
Increase (decrease) in cash and cash equivalents	12,616	(52,570)
Balance of cash and cash equivalents at beginning of period	114,324	196,696
Balance of cash and cash equivalents at end of period	$126,940	$144,126
Supplemental cash flow information:		
Cash paid for taxes, net of refunds	$(16,518)	$22,809
Cash paid for interest	$9,204	$4,242
Non-cash investing and financing activities:		
Accrued capital expenditures	$1,907	$7,141

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — Basis of presentation and summary of significant accounting policies

Description of business: Gannett Co., Inc. (Gannett, our, us, and we) is a next-generation media company that empowers communities to connect, act, and thrive. Gannett owns ReachLocal, Inc. (an international digital marketing solutions company that recently acquired SweetIQ Analytics Corp. (SweetIQ)), the USA TODAY NETWORK (made up of USA TODAY (USAT) and 109 local media organizations in 34 states in the U.S. and Guam), and Newsquest (a wholly owned subsidiary with more than 160 local media brands in the U.K.). Gannett delivers high-quality, trusted content where and when consumers want to engage with it on virtually any device or platform, and helps clients connect with the consumers they seek to help grow their businesses.

Basis of presentation: Our condensed consolidated financial statements are unaudited; however, in the opinion of management, they contain all of the adjustments (consisting of those of a normal recurring nature) considered necessary to present fairly the financial position, results of operations and cash flows for the periods presented in conformity with U.S. generally accepted accounting principles (U.S. GAAP) applicable to interim periods. All intercompany accounts have been eliminated in consolidation. The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 25, 2016 (2016 Form 10-K).

Use of estimates: The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and footnotes thereto. Actual results could differ from those estimates. Significant estimates and judgments inherent in the preparation of financial statements include accounting amounts for income taxes, pension and other post-employment benefits, allowances for doubtful accounts, equity-based compensation, depreciation and amortization, business combinations, litigation matters, contingencies and the valuation of long-lived and intangible assets.

New accounting pronouncements adopted: The following are new accounting pronouncements that we adopted in the first six months of 2017:

Inventory: We adopted Financial Accounting Standards Board (FASB) guidance that requires entities using the first-in, first-out inventory costing method to subsequently value inventory at the lower of cost or net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The impact of adopting this guidance was not material to our consolidated financial results.

Compensation—Retirement Benefits: We early adopted FASB guidance requiring changes to the presentation of net periodic pension and other postretirement benefit costs. Specifically, this guidance requires entities to classify the service cost component of the net benefit cost in the same income statement line item as other employee compensation costs while all other components of net benefit cost must be presented as non-operating items. The guidance further requires such classification changes to be retrospectively applied beginning in the interim period in which the guidance is adopted.

As a result of adopting this guidance, total operating expenses decreased \$5.7 million and \$10.5 million for the three and six months ended June 25, 2017, respectively. For the three and six months ended June 26, 2016, total operating expenses decreased \$2.0 million and \$4.7 million, respectively. Cost of sales decreased \$3.1 million and \$6.0 million for the three and six months ended June 25, 2017, respectively, while selling, general, and administrative expenses decreased $2.6 million and $4.5 million, respectively. For the three and six months ended June 26, 2016, cost of sales decreased $1.7 million and $3.4 million, respectively, while selling, general, and administrative expenses decreased $0.3 million and $1.3 million, respectively. Net income, retained earnings, and earnings per share for both years remained unchanged.

New accounting pronouncements not yet adopted: The following are new accounting pronouncements that we are evaluating for future impacts on our financial position:

Revenue from Contracts with Customers: In August 2014, the FASB issued a new revenue standard, "Revenue from Contracts with Customers," which prescribes a single comprehensive model for entities to use in the accounting of revenue arising from contracts with customers. The new guidance will supersede virtually all existing revenue guidance under U.S. GAAP and is effective for fiscal years beginning after December 31, 2017. The core principle contemplated by this new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount reflecting the consideration to which the entity expects to be entitled in exchange for those goods or services. New disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers are also required.

In April and May 2016, the FASB also issued clarifying updates to the new standard specifically to address certain core principles including the identification of performance obligations, licensing guidance, the assessment of the collectability criterion, the presentation of taxes collected from customers, non-cash considerations, contract modifications, and completed contracts at transition.

We currently anticipate adopting the new revenue recognition standard using the modified retrospective approach in the fiscal year beginning January 1, 2018. This approach consists of recognizing the cumulative effect of initially applying the standard as an adjustment to opening retained earnings. As part of the modified retrospective approach, we will also amend our disclosures to reflect results under "legacy GAAP" for the initial year of adoption.

To date, we have made progress in our assessment of the impact of adopting this new guidance, and initial steps towards implementation have been taken. Our approach to implementation has consisted of (1) performing a bottoms-up analysis of the impact of the standard on our portfolio of contracts, (2) reviewing our current accounting policies and practices to identify potential differences that would result from applying the requirements of the new standard to our existing revenue contracts, and (3) meeting with key stakeholders across the organization to discuss the impact of the standard on our existing contracts. We expect material impacts to the content and structure of our financial statements in the form of enhanced disclosures. Our preliminary evaluation and conclusions are subject to change as our assessment continues to progress as well as in the event additional updates to the standards are promulgated. Our full evaluation is expected to be completed and finalized during the fourth quarter of 2017.

Leases: In February 2016, the FASB issued updated guidance modifying lease accounting for both lessees and lessors to increase transparency and comparability by recognizing lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting standards and disclosing key information about leasing arrangements. This guidance is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. We are currently evaluating the provisions of the updated guidance and assessing the impact on our consolidated financial statements.

Cash and Cash Equivalents, including Statement of Cash Flows and Restricted Cash: In November 2016, the FASB issued updated guidance requiring entities to explain, in their statements of cash flows, the change during the period in the total of cash, cash equivalents, and amounts generally described as "restricted cash" or "restricted cash equivalents." As a result, restricted cash and restricted cash equivalents must now be included within the total of cash and cash equivalents when reconciling the beginning and end of period totals shown on the statement of cash flows. This guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2017, with early adoption permitted. We are currently evaluating the provisions of this update and assessing the impact on our consolidated financial statements.

Intangibles—Goodwill and Other: In January 2017, the FASB issued new guidance which simplifies the subsequent measurement of goodwill. The guidance permits an entity to perform its goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizing an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value, with such losses not exceeding the total amount of goodwill allocated to that reporting unit. This guidance is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. We are currently evaluating the provisions of the updated guidance and assessing the impact on our consolidated financial statements.

NOTE 2 — Acquisitions

SweetIQ: In April 2017, our ReachLocal subsidiary completed the acquisition of SweetIQ for approximately $31.6 million, net of cash acquired. SweetIQ has a platform that provides services which enable customers to launch and execute marketing campaigns to convert online searches to in-store foot traffic. SweetIQ's customers include businesses with multi location brands and agencies that target local marketing.

The allocation of the purchase price is preliminary pending the finalization of the fair value of the acquired net assets and liabilities assumed as well as the acquired deferred income tax assets and liabilities and assumed income and non-income based tax liabilities. As of the acquisition date, the purchase price was assigned to the acquired assets and assumed liabilities as follows: goodwill of $20.5 million, intangible assets of $15.2 million, noncurrent assets of $0.6 million, noncurrent liabilities of $3.5 million, and positive net working capital of $0.3 million. We do not expect the purchase price allocated to goodwill and intangibles to be deductible for tax purposes. Goodwill associated with the acquisition of SweetIQ is allocated entirely to the ReachLocal segment.

ReachLocal: In August 2016, we completed the acquisition of 100% of the outstanding common stock of ReachLocal for approximately $162.5 million, net of cash acquired. We financed the transaction by borrowing $175.0 million under our credit facility as well as with available cash.

ReachLocal offers online marketing, digital advertising, software-as-a-service, and web presence products and solutions to local businesses. It delivers its suite of products and solutions to local businesses through a combination of its proprietary technology platform, its direct inside and outside sales force, and select third-party agencies and resellers.

The purchase price, based on management's preliminary estimates, was allocated to the tangible assets and identified intangible assets acquired and liabilities assumed based on their estimated fair values. The allocation of the purchase price is preliminary pending the finalization of the fair value of the acquired net assets and liabilities assumed as well as the acquired deferred income tax assets and liabilities and assumed income and non-income based tax liabilities. Measurement-period adjustments of $1.2 million were recognized during the period primarily related to deferred income taxes. As of the acquisition date, the purchase price assigned to the acquired assets and assumed liabilities is summarized as follows:

In thousands	
Cash acquired	$13,195
Other current assets	15,058
Property, plant and equipment	13,486
Intangible assets	88,500
Goodwill	120,716
Other noncurrent assets	9,852
Total assets acquired	260,807
Current liabilities	63,005
Noncurrent liabilities	22,059
Total liabilities assumed	85,064
Net assets acquired	$175,743

Acquired property, plant, and equipment is depreciated on a straight-line basis over the assets' respective estimated remaining useful lives. Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets acquired and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce and non-contractual relationships as well as expected future synergies. Goodwill associated with the acquisition of ReachLocal is allocated entirely to the ReachLocal segment. We do not expect the purchase price allocated to goodwill and trade names to be deductible for tax purposes.

ReachLocal, including SweetIQ, is a separate segment, and its results of operations are provided in Note 11 — Segment reporting.

Assets of North Jersey Media Group: In July 2016, we completed the acquisition of certain assets of North Jersey Media Group, Inc. (NJMG) for approximately $39.3 million. NJMG is a media company with print and digital publishing operations serving primarily the northern New Jersey market. Its brands include such established names as The Record (Bergen County) and The Herald.

The purchase price, based on management's preliminary estimates, was allocated to the tangible assets and identified intangible assets acquired and liabilities assumed based on their estimated fair values. As of the acquisition date, the purchase price was assigned to the acquired assets and assumed liabilities as follows: property, plant, and equipment of $26.0 million, goodwill of $8.1 million, intangible assets of $7.2 million, noncurrent assets of $1.0 million, noncurrent liabilities of $0.3 million, and negative net working capital of $2.7 million. Any goodwill recognized related to the acquisition of NJMG is allocated to the publishing segment.

Journal Media Group: In April 2016, we completed the acquisition of 100% of the outstanding common stock of Journal Media Group, Inc. (JMG) for approximately $260.6 million, net of cash acquired. Further, approximately $2.3 million of the purchase price paid was treated as post-acquisition expense for accounting purposes. We financed the transaction by borrowing $250.0 million under our credit facility as well as with available cash.

JMG is a media company with print and digital publishing operations serving 15 U.S. markets in nine states, including the Milwaukee Journal Sentinel, the Knoxville News Sentinel, and The Commercial Appeal in Memphis. The acquisition expanded our print and digital publishing operations domestically.

The allocation of the purchase price was based upon estimated fair values. The determination of the fair value of the assets acquired and liabilities assumed has been completed and the final allocation of the purchase price is as follows:

In thousands	
Cash acquired	$36,825
Other current assets	54,571
Property, plant and equipment	264,357
Intangible assets	42,880
Goodwill	25,258
Other noncurrent assets	3,825
Total assets acquired	427,716
Current liabilities	71,519
Noncurrent liabilities	61,151
Total liabilities assumed	132,670
Net assets acquired	$295,046

Acquired property, plant, and equipment is depreciated on a straight-line basis over the assets' respective estimated remaining useful lives. Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets acquired and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce and non-contractual relationships as well as expected future synergies. Any goodwill recognized related to the acquisition of JMG was allocated to the publishing segment. The purchase price allocated to goodwill and mastheads was not deductible for tax purposes.

JMG revenues were $94.8 million and $196.7 million for the three and six months ended June 25, 2017, respectively. JMG was integrated into our publishing segment and, as a result, it is not practicable to determine standalone earnings for 2017.

Pro forma information: The following table sets forth unaudited pro forma results of operations assuming the ReachLocal, NJMG, and JMG acquisitions, along with transactions necessary to finance the acquisitions, occurred at the beginning of 2016:

In thousands; unaudited	Six months ended Jun. 26, 2016
Total revenues	$1,737,315
Net income	$29,412
Earnings per share - diluted	$0.25

This pro forma financial information is based on historical results of operations, adjusted for the allocation of the purchase price and other acquisition accounting adjustments, and is not necessarily indicative of what our results would have been had we operated the businesses from the beginning of the periods presented. The pro forma adjustments reflect depreciation expense and amortization of intangibles related to the fair value adjustments of the assets acquired, additional interest expense related to the financing of the transactions, the elimination of acquisition-related costs, and the related tax effects of the adjustments.

NOTE 3 — Restructuring activities and asset impairment charges

Over the past several years, we have engaged in a series of individual restructuring programs designed to right size our employee base, consolidate facilities, and improve operations, including those of recently acquired entities.

Severance-related expenses: We recorded severance-related expenses of $4.7 million in costs of sales and operating expenses and $3.7 million in selling, general, and administrative expenses for the three months ended June 25, 2017. Of these expenses, $5.3 million related to the publishing segment and $2.8 million related to corporate and other. The remainder is captured within our ReachLocal segment.

We recorded severance-related expenses of $15.0 million in costs of sales and operating expenses and $3.0 million in selling, general, and administrative expenses during the three months ended June 26, 2016. These expenses all related to the publishing segment.

We recorded severance-related expenses of $13.4 million in costs of sales and operating expenses and $6.9 million in selling, general, and administrative expenses for the six months ended June 25, 2017. Of these expenses, $15.8 million related to the publishing segment and $4.2 million related to corporate and other. The remainder is captured within our ReachLocal segment.

We recorded severance-related expenses of $18.0 million in costs of sales and operating expenses and $3.7 million in selling, general, and administrative expenses during the six months ended June 26, 2016. These expenses all related to the publishing segment.

The activity and balance of the severance-related liabilities are as follows:

In thousands	Severance Activities
Balance at Dec. 25, 2016	$ 18,651
Expense	20,265
Payments	(28,476)
Balance at Jun. 25, 2017	$ 10,440

Facility consolidation and impairment charges: Facility consolidation and other cost savings plans led us to recognize asset impairment charges, shutdown costs, and charges associated with revising the useful lives of certain assets over a shortened period. As part of our plans, we are selling certain assets which we have classified as held-for-sale and reduced the carrying values to equal the fair values less costs to dispose.

We recorded pre-tax charges for facility consolidations and asset impairments of $16.1 million and $3.9 million for the three months ended June 25, 2017 and June 26, 2016, respectively. In addition, we incurred accelerated depreciation of $13.8 million for the three months ended June 25, 2017, which is included in depreciation expense. No accelerated deprecation was incurred for the three months ended June 26, 2016. These expenses all related to the publishing segment.

We recorded pre-tax charges for facility consolidations and asset impairments of $20.6 million and $4.5 million for the six months ended June 25, 2017 and June 26, 2016, respectively. In addition, we incurred accelerated depreciation of $23.6 million for the six months ended June 25, 2017, which is included in depreciation expense. No accelerated deprecation was incurred for the six months ended June 26, 2016. These expenses all related to the publishing segment.

NOTE 4 — Revolving credit facility

We maintain a secured revolving credit facility pursuant to which we may borrow from time to time up to an aggregate principal amount of $500 million (Credit Facility). Under the Credit Facility, we may borrow at an applicable margin above the Eurodollar base rate (LIBOR loan) or the higher of the Prime Rate, the Federal Funds Effective Rate plus 0.50%, or the one month LIBOR rate plus 1.00% (ABR loan). The applicable margin is determined based on our total leverage ratio but differs between LIBOR loans and ABR loans. For LIBOR-based borrowing, the margin varies from 2.00% to 2.50%. For ABR-based borrowing, the margin varies from 1.00% to

1.50%. Up to $50 million of the Credit Facility is available for issuance of letters of credit. The Credit Facility matures on June 29, 2020.

Customary fees are payable related to the Credit Facility, including commitment fees on the undrawn commitments of between 0.30% and 0.40% per annum, payable quarterly in arrears, based on our total leverage ratio. Borrowings under the Credit Facility are guaranteed by our wholly-owned material domestic subsidiaries. All obligations of Gannett and each subsidiary guarantor under the Credit Facility are or will be secured by first priority security interests in our equipment, inventory, accounts receivable, fixtures, general intangibles and other personal property, mortgages on certain material real property, and pledges of the capital stock of each subsidiary guarantor.

Under the Credit Facility, our consolidated interest coverage ratio cannot be less than 3.00:1.00, and our total leverage ratio cannot exceed 3.00:1.00, in each case as of the last day of the test period consisting of the last four consecutive fiscal quarters. We were in compliance with all financial covenants under the Credit Facility as of June 25, 2017.

The Credit Facility also contains a number of covenants that, among other things, limit or restrict our ability, subject to certain exceptions, to: (i) permit certain liens on current or future assets, (ii) enter into certain corporate transactions, (iii) incur additional indebtedness, (iv) make certain payments or declare certain dividends or distributions, (v) dispose of certain property, (vi) make certain investments, (vii) prepay or amend the terms of other indebtedness, or (viii) enter into certain transactions with our affiliates. We were in compliance with these covenants as of June 25, 2017.

As of June 25, 2017, we had $385.0 million in outstanding borrowings under the Credit Facility and $12.1 million of letters of credit outstanding, leaving $102.9 million of availability remaining.

NOTE 5 — Pensions and other postretirement benefit plans

We, along with our subsidiaries, have various defined benefit retirement plans, including plans established under collective bargaining agreements. Our retirement plans include the Gannett Retirement Plan (GRP), Newsquest and Romanes Pension Schemes in the U.K. (Newsquest Plans) and other defined benefit contribution plans. We also provide health care and life insurance benefits to certain retired employees who meet age and service requirements.

Retirement plan costs include the following components:

In thousands	Three months ended			
	Jun. 25, 2017		Jun. 26, 2016	
	Pension	Postretirement	Pension	Postretirement
Operating expenses:				
Service cost-benefits earned during the period	$400	$ 26	$727	$ 34
Non-operating expenses:				
Interest cost on benefit obligation	27,595	863	31,287	887
Expected return on plan assets	(41,961)	—	(46,668)	—
Amortization of prior service cost	1,675	(916)	1,685	(1,010)
Amortization of actuarial loss (gain)	18,551	(73)	15,961	(186)
Total non-operating expenses (credit)	5,860	(126)	2,265	(309)
Total expense for retirement plans	$6,260	$ (100)	$2,992	$ (275)

	Six months ended			
	Jun. 25, 2017		Jun. 26, 2016	
	Pension	Postretirement	Pension	Postretirement
Operating expenses:				
Service cost-benefits earned during the period	$1,220	$ 78	$1,628	$ 97
Non-operating expenses:				
Interest cost on benefit obligation	55,374	1,804	63,718	1,874
Expected return on plan assets	(84,378)	—	(93,148)	—
Amortization of prior service cost	3,335	(1,824)	3,329	(2,260)
Amortization of actuarial loss	36,171	52	31,123	64
Total non-operating expenses (credit)	10,502	32	5,022	(322)
Total expense for retirement plans	$11,722	$ 110	$6,650	$ (225)

Pursuant to our adoption of new guidance surrounding the presentation of net periodic benefit costs as discussed in Note 1 — Basis of presentation and summary of significant accounting policies, net periodic benefit costs other than service costs are now included in the Other non-operating items, net line in the unaudited Condensed Consolidated Statements of Income (Loss).

During the six months ended June 25, 2017, we contributed $14.1 million to our pension plans. We expect to contribute approximately $25.0 million to the GRP in each of the fiscal years 2017 through 2020 and $15.0 million in 2021. We also expect to contribute approximately £15.0 million per year to the Newsquest Pension Scheme from 2017 through 2022.

NOTE 6 — Income taxes

Our reported effective income tax rate on pre-tax income was 127.9% for the three months ended June 25, 2017, compared to 40.8% on pre-tax income for the three months ended June 26, 2016. The tax rate for the three months ended June 25, 2017 was attributable to both income mix changes and the inability to benefit from the tax losses being generated by ReachLocal's foreign operations.

Our reported effective income tax rate on pre-tax loss was 52.1% for the six months ended June 25, 2017, compared to 20.4% on pre-tax income for the six months ended June 26, 2016. The increase in our effective tax rate is primarily attributable to the swing from a pretax income position to a pretax loss position and a smaller benefit from share based compensation generated during the first six months of 2017 compared to the same period in 2016 and other 2017 non-recurring tax beneficial items.

Our quarterly effective rate is calculated in part based on the full year forecasted income, over 50% of which is expected to be generated in foreign jurisdictions where the income tax rate is lower than in the U.S. This is similar to full year 2016, where the ratio of income earned in foreign jurisdictions to domestic income was higher than in 2014 and 2015. The lower domestic income is attributable to higher expenses domestically for corporate expenses related to public company costs, restructuring charges and asset impairments as compared with foreign jurisdictions. The recent changes in the mix of income generated from lower tax rate foreign jurisdictions relative to U.S. domestic income have had the effect of decreasing our tax expense.

The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate was approximately $13.9 million as of June 25, 2017 and $17.3 million as of December 25, 2016. The amount of accrued interest and penalties payable related to unrecognized tax benefits was $0.9 million as of June 25, 2017 and $3.8 million as of December 25, 2016.

It is reasonably possible that the amount of unrecognized benefits with respect to certain of our unrecognized tax positions will increase or decrease within the next 12 months. These changes may be the result of settlement of ongoing audits, lapses of statutes of limitations, or other regulatory developments. At this time, we estimate the amount of gross unrecognized tax positions may be reduced by approximately $2.4 million within the next 12 months primarily due to lapses of statutes of limitations and settlements of ongoing audits in various jurisdictions.

NOTE 7 — Supplemental equity information

The following table summarizes equity account activity:

In thousands	Six months ended	
	Jun. 25, 2017	Jun. 26, 2016
Balance at beginning of period	$856,761	$1,058,576
Comprehensive income:		
Net income	(2,566)	52,077
Other comprehensive income	25,586	6,734
Total comprehensive income	23,020	58,811
Dividends declared	(36,364)	(37,283)
Stock-based compensation	10,059	10,071
Other activity	(2,986)	15,364
Balance at end of period	$850,490	$1,105,539

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The following table summarizes the components of, and the changes in, Accumulated other comprehensive loss (net of tax):

In thousands	Retirement Plans	Foreign Currency Translation	Total
Balance at Dec. 25, 2016	$(1,183,196)	$300,284	$(882,912)
Other comprehensive income (loss) before reclassifications	(12,639)	13,957	1,318
Amounts reclassified from accumulated other comprehensive income	24,268	—	24,268
Other comprehensive income	11,629	13,957	25,586
Balance at Jun. 25, 2017	$(1,171,567)	$314,241	$(857,326)
Balance at Dec. 27, 2015	$(1,058,234)	$384,810	$(673,424)
Other comprehensive income (loss) before reclassifications	25,057	(39,073)	(14,016)
Amounts reclassified from accumulated other comprehensive loss	20,750	—	20,750
Other comprehensive income (loss)	45,807	(39,073)	6,734
Balance at Jun. 26, 2016	$(1,012,427)	$345,737	$(666,690)

Accumulated other comprehensive loss components are included in computing net periodic postretirement costs as outlined in Note 5 — Pensions and other postretirement benefit plans. Reclassifications out of accumulated other comprehensive loss related to these postretirement plans include the following:

In thousands	Three months ended		Six months ended	
	Jun. 25, 2017	Jun. 26, 2016	Jun. 25, 2017	Jun. 26, 2016
Amortization of prior service credit, net	$759	$675	$1,511	$1,069
Amortization of actuarial loss	18,478	15,775	36,223	31,187
Total reclassifications, before tax	19,237	16,450	37,734	32,256
Income tax effect	(6,867)	(5,876)	(13,466)	(11,506)
Total reclassifications, net of tax	$12,370	$10,574	$24,268	$20,750

NOTE 8 — Fair value measurement

We measure and record certain assets and liabilities at fair value. A fair value measurement is determined based on market assumptions that a market participant would use in pricing an asset or liability. A three-tiered hierarchy draws distinctions between market participant assumptions based on (i) observable inputs such as quoted prices in active markets (Level 1), (ii) inputs other than quoted active markets that are observable either directly or indirectly (Level 2) and (iii) unobservable inputs that require use of our own estimates and assumptions through present value and other valuation techniques in determination of fair value (Level 3).

As of June 25, 2017 and December 25, 2016, assets and liabilities measured or disclosed at fair value on a recurring basis primarily consist of pension plan assets and our revolving credit facility. The carrying value of our revolving credit facility approximates the fair value and is classified as Level 3.

We also have certain assets requiring fair value measurement on a non-recurring basis. Our assets measured on a non-recurring basis are assets held for sale, which are classified as Level 3 assets and evaluated using executed purchase agreements or third party valuation experts when certain circumstances arise. Assets held for sale totaled $34.3 million as of June 25, 2017 and $4.5 million as of December 25, 2016.

NOTE 9 — Commitments, contingencies and other matters

Telephone Consumer Protection Act (TCPA) litigation: In January 2014, a class action lawsuit was filed against Gannett in the U.S. District Court for the District of New Jersey (Casagrand et al v. Gannett Co., Inc., et al). The suit claims various violations of the Telephone Consumer Protection Act (TCPA) arising from allegedly improper telemarketing calls made to consumers by one of our vendors. The plaintiffs sought to certify a class that would include all telemarketing calls made by the vendor or us. The TCPA provides for statutory damages of $500 per violation ($1,500 for willful violations). In April 2016, we agreed to settle all claims raised. The settlements are reflected in our financial statements as of June 25, 2017 and were not material to our results of operations, financial position, or cash flows.

Environmental contingency: In 2011, the Advertiser Company (Advertiser), a subsidiary that publishes the Montgomery Advertiser, was notified by the U.S. Environmental Protection Agency (EPA) that it had been identified as a potentially responsible party (PRP) for the investigation and remediation of groundwater contamination in downtown Montgomery, Alabama. The Advertiser is a member of the Downtown Environmental Alliance, which has agreed to jointly fund and conduct all required investigation and remediation. In 2015, the Advertiser and other members of the Downtown Environmental Alliance reached a settlement with the U.S. EPA regarding the costs the U.S. EPA spent to investigate the site. The U.S. EPA has transferred responsibility for oversight of the site to the Alabama Department of Environmental Management, which has approved the work plan for the additional site investigation that is currently underway. The Advertiser's final costs cannot be determined until the investigation is complete, a determination is made on whether any remediation is necessary, and contributions from other PRPs are finalized.

Other litigation: We are defendants in judicial and administrative proceedings involving matters incidental to our business. While the ultimate results of these proceedings cannot be predicted with certainty, we expect the ultimate resolution of all pending or threatened claims and litigation will not have a material effect on our consolidated results of operations, financial position, or cash flows.

NOTE 10 — Earnings (loss) per share

The following table is a reconciliation of weighted average number of shares outstanding used to compute basic and diluted earnings (loss) per share (EPS):

In thousands, except per share data	Three months ended		Six months ended	
	Jun. 25, 2017	Jun. 26, 2016	Jun. 25, 2017	Jun. 26, 2016
Net income (loss)	$(487)	$12,481	$(2,566)	$52,077
Weighted average number of shares outstanding - basic	113,652	116,516	113,574	116,414
Effect of dilutive securities				
Restricted stock units	—	1,642	—	1,536
Performance share units	—	954	—	991
Stock options	—	265	—	277
Weighted average number of shares outstanding - diluted	113,652	119,377	113,574	119,218
Earnings (loss) per share - basic	$(0.00)	$0.11	$(0.02)	$0.45
Earnings (loss) per share - diluted	$(0.00)	$0.10	$(0.02)	$0.44

For the three and six months ended June 25, 2017, all outstanding common stock equivalents were excluded from the computation of diluted loss per share because their effect would have been anti-dilutive due to the net loss for the periods. Approximately 252,000 and 188,000 shares were excluded from the computation of diluted EPS for the three and six months ended June 26, 2016 because their effect would have been anti-dilutive.

On May 10, 2017, we declared a dividend of $0.16 per share of common stock, which was paid on June 19, 2017, to shareholders of record as of the close of business on June 5, 2017. Furthermore, on July 20, 2017, we declared a second dividend of $0.16 per share of common stock, payable on September 18, 2017, to shareholders of record as of the close of business on September 1, 2017.

NOTE 11 — Segment reporting

We define our reportable segments based on the way the chief operating decision maker (CODM), currently the Chief Executive Officer, manages the operations for purposes of allocating resources and assessing performance. We classify our operations into two reportable segments as follows:

- Publishing, which consists of our portfolio of local, regional, national, and international newspaper publishers. The results of this segment include retail, classified, and national advertising revenues consisting of both print and digital advertising, circulation revenues from the distribution of our publications on our digital platforms, home delivery of our publications, and single copy sales, and other revenues from commercial printing and distribution arrangements. The publishing reportable segment is an aggregation of two operating segments: Domestic Publishing and the U.K.

- ReachLocal, which consists of our ReachLocal digital marketing solutions subsidiaries and SweetIQ. The results of this segment include advertising revenues from our search and display services and other revenues related to web presence and software solutions provided by ReachLocal.

In addition to the above operating segments, we have a corporate and other category that includes activities not directly attributable to a specific segment. This category primarily consists of broad corporate functions and includes legal, human resources, accounting, analytics, finance, and marketing as well as activities and costs not directly attributable to a particular segment such as tax settlements and other general business costs.

In the ordinary course of business, our reportable segments enter into transactions with one another. While intersegment transactions are treated like third-party transactions to determine segment performance, the revenues and expenses recognized by the segment that is the counterparty to the transaction are eliminated in consolidation and do not affect consolidated results.

The CODM uses adjusted EBITDA to evaluate the performance of the segments and allocate resources. Adjusted EBITDA is a non-GAAP financial performance measure we believe offers a useful view of the overall operation of our businesses. Adjusted EBITDA is defined as net income before (1) income taxes, (2) interest expense, (3) equity income, (4) other non-operating items, (5) severance-related charges, (6) acquisition-related expenses (including integration expenses), (7) facility consolidation and asset impairment charges, (8) other items (including certain business transformation costs, litigation expenses and multi-employer pension withdrawals), (9) depreciation, and (10) amortization. When adjusted EBITDA is discussed in this report, the most directly comparable GAAP financial measure is net income.

Management considers adjusted EBITDA to be the appropriate metric to evaluate and compare the ongoing operating performance of our segments on a consistent basis across reporting periods as it eliminates the effect of items which we do not believe are indicative of each segment's core operating performance. Adjusted EBITDA is considered a non-GAAP measure and may be different than similarly-titled non-GAAP financial measures used by other companies.

The following tables present our segment information:

In thousands	Publishing	ReachLocal	Corporate and Other	Intersegment Eliminations	Consolidated
Three months ended Jun. 25, 2017					
Advertising - external sales	$ 369,001	$ 76,213	$—	$ —	$ 445,214
Advertising - intersegment sales	3,959	—	—	(3,959)	—
Circulation	273,676	—	—	—	273,676
Other - external sales	44,863	9,713	1,041	—	55,617
Other - intersegment sales	681	—	—	(681)	—
Total revenues	$ 692,180	$ 85,926	$ 1,041	$ (4,640)	$ 774,507
Adjusted EBITDA	$ 104,120	$ 1,217	$ (21,683)	$ —	$ 83,654
Three months ended Jun. 26, 2016					
Advertising	$ 409,834	$ —	$—	$ —	$ 409,834

Circulation	287,586	—	—	—	287,586
Other	50,652	—	719	—	51,371
Total revenues	$ 748,072	$ —	$ 719	$ —	$ 748,791
Adjusted EBITDA	$ 114,269	$ —	$ (22,619)	$ —	$ 91,650

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In thousands	Publishing	ReachLocal	Corporate and Other	Intersegment Eliminations	Consolidated
Six months ended Jun. 25, 2017					
Advertising - external sales	$734,086	$ 146,695	$(52)	$ —	$ 880,729
Advertising - intersegment sales	3,959	—	—	(3,959)	—
Circulation	556,962	—	—	—	556,962
Other - external sales	91,416	16,796	2,061	—	110,273
Other - intersegment sales	681	—	—	(681)	—
Total revenues	$1,387,104	$ 163,491	$2,009	$ (4,640)	$ 1,547,964
Adjusted EBITDA	$195,784	$ 4,363	$(46,812)	$ —	$ 153,335
Six months ended Jun. 26, 2016					
Advertising	$761,055	$ —	$—	$ —	$ 761,055
Circulation	550,289	—	—	—	550,289
Other	94,707	—	2,108	—	96,815
Total revenues	$1,406,051	$ —	$2,108	$ —	$ 1,408,159

FLORIDA POWER & LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions, except share amount)
(unaudited)

	June 30, 2015	December 31, 2014
ELECTRIC UTILITY PLANT		
Plant in service and other property	$39,927	$39,027
Nuclear fuel	1,240	1,217
Construction work in progress	2,309	1,694
Less accumulated depreciation and amortization	(11,641)	(11,282)
Total electric utility plant - net	31,835	30,656
CURRENT ASSETS		
Cash and cash equivalents	38	14
Customer receivables, net of allowances of $4 and $5, respectively	938	773
Other receivables	105	136
Materials, supplies and fossil fuel inventory	873	848
Regulatory assets:		
Deferred clause and franchise expenses	176	268
Derivatives	220	364
Other	114	111
Other	232	120
Total current assets	2,696	2,634
OTHER ASSETS		
Special use funds	3,544	3,524
Prepaid benefit costs	1,216	1,189
Regulatory assets:		
Securitized storm-recovery costs ($155 and $180 related to a VIE, respectively)	254	294
Other	473	468
Other	271	542
Total other assets	5,758	6,017
TOTAL ASSETS	$40,289	$39,307
CAPITALIZATION		
Common stock (no par value, 1,000 shares authorized, issued and outstanding)	$1,373	$1,373
Additional paid-in capital	6,828	6,279
Retained earnings	6,294	5,499
Total common shareholder's equity	14,495	13,151
Long-term debt ($240 and $273 related to a VIE, respectively)	9,467	9,413
Total capitalization	23,962	22,564
CURRENT LIABILITIES		
Commercial paper	194	1,142
Current maturities of long-term debt	62	60
Accounts payable	727	647
Customer deposits	462	458
Accrued interest and taxes	830	245
Derivatives	225	370
Accrued construction-related expenditures	175	233
Other	257	331

Total current liabilities	2,932	3,486
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	1,392	1,355
Deferred income taxes	6,954	6,835
Regulatory liabilities:		
Accrued asset removal costs	1,894	1,898
Asset retirement obligation regulatory expense difference	2,244	2,257
Other	505	476
Other	406	436
Total other liabilities and deferred credits	13,395	13,257
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$40,289	$39,307

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2014 Form 10-K.

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

	Six Months Ended June 30, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$794	$770
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	669	557
Nuclear fuel and other amortization	105	95
Deferred income taxes	84	287
Cost recovery clauses and franchise fees	58	(140)
Allowance for equity funds used during construction	(26)	(21)
Other - net	22	87
Changes in operating assets and liabilities:		
Customer and other receivables	(151)	(139)
Materials, supplies and fossil fuel inventory	(25)	(32)
Other current assets	(55)	(8)
Other assets	(29)	(82)
Accounts payable and customer deposits	54	133
Income taxes	349	97
Interest and other taxes	224	209
Other current liabilities	(16)	(69)
Other liabilities	(25)	(21)
Net cash provided by operating activities	2,032	1,723
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,549)	(1,568)
Nuclear fuel purchases	(79)	(110)
Change in loan proceeds restricted for construction	(65)	—
Proceeds from sale or maturity of securities in special use funds	2,538	1,799
Purchases of securities in special use funds	(2,570)	(1,851)
Other - net	57	29
Net cash used in investing activities	(1,668)	(1,701)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of long-term debt	85	499
Retirements of long-term debt	(31)	(329)
Net change in short-term debt	(948)	247
Capital contribution from NEE	550	100
Dividends to NEE	—	(500)
Other - net	4	—
Net cash provided by (used in) financing activities	(340)	17
Net increase in cash and cash equivalents	24	39
Cash and cash equivalents at beginning of period	14	19
Cash and cash equivalents at end of period	$38	$58
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		

Accrued property additions	$329	$326

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2014 Form 10-K.

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

The accompanying condensed consolidated financial statements should be read in conjunction with the 2014 Form 10-K. In the opinion of NEE and FPL management, all adjustments (consisting of normal recurring accruals) considered necessary for fair financial statement presentation have been made. Certain amounts included in the prior year's condensed consolidated financial statements have been reclassified to conform to the current year's presentation. The results of operations for an interim period generally will not give a true indication of results for the year.

1. Employee Retirement Benefits

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

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

	Pension Benefits Three Months Ended June 30,		Other Benefits Three Months Ended June 30,		Pension Benefits Six Months Ended June 30,		Other Benefits Six Months Ended June 30,	
	2015	2014	2015	2014	2015	2014	2015	2014
	(millions)							
Service cost	$18	$16	$—	$1	$36	$32	$1	$2
Interest cost	25	26	4	4	49	51	7	8
Expected return on plan assets	(64)	(60)	(1)	(1)	(127)	(120)	(1)	(1)
Amortization of prior service cost (benefit)	1	—	(1)	—	1	1	(1)	(1)
Amortization of losses	—	—	1	—	—	—	1	—
Net periodic benefit (income) cost at NEE	$(20)	$(18)	$3	$4	$(41)	$(36)	$7	$8
Net periodic benefit (income) cost at FPL	$(13)	$(12)	$2	$3	$(26)	$(23)	$5	$6

2. Derivative Instruments

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

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

Derivative instruments, when required to be marked to market, are recorded on NEE's and FPL's condensed consolidated balance sheets as either an asset or liability measured at fair value. At FPL, substantially all changes in the derivatives' fair value are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause. For NEE's non-rate regulated operations, predominantly NEER, essentially all changes in the derivatives' fair value for power purchases and sales, fuel sales and trading activities are recognized on a net basis in operating revenues; fuel purchases used in the production of electricity are recognized in fuel, purchased power and interchange expense; and the equity method investees' related activity is recognized in equity in earnings of equity method investees in NEE's condensed consolidated statements of income. Settlement gains and losses are included within the line items in the condensed consolidated statements of income to which they relate. Transactions for which physical delivery is deemed not to have occurred are presented on a net basis in the condensed consolidated statements of income. For commodity derivatives, NEE believes that, where offsetting positions exist at the same location for the same time, the transactions are considered to have been netted and therefore physical delivery has been deemed not to have occurred for financial reporting purposes. Settlements related to derivative instruments are primarily recognized in net cash provided by operating activities in NEE's and FPL's condensed consolidated statements of cash flows.

While most of NEE's derivatives are entered into for the purpose of managing commodity price risk, optimizing the value of NEER's power generation and gas infrastructure assets, reducing the impact of volatility in interest rates on outstanding and forecasted debt issuances and managing foreign currency risk, hedge accounting is only applied where specific criteria are met and it is practicable to do so. In order to apply hedge accounting, the transaction must be designated as a hedge and it must be highly effective in offsetting the hedged risk. Additionally, for hedges of forecasted transactions, the forecasted transactions must be probable. For interest rate and foreign currency derivative instruments, generally NEE assesses a hedging instrument's effectiveness by using nonstatistical methods including dollar value comparisons of the change in the fair value of the derivative to the change in the fair value or cash flows of the hedged item. Hedge effectiveness is tested at the inception of the hedge and on at least a quarterly basis throughout its life. The effective portion of the gain or loss on a derivative instrument designated as a cash flow hedge is reported as a component of OCI and is reclassified into earnings in the period(s) during which the transaction being hedged affects earnings or when it becomes probable that a forecasted transaction being hedged would not occur. The ineffective portion of net unrealized gains (losses) on these hedges is reported in earnings in the current period. At June 30, 2015, NEE's AOCI included amounts related to interest rate cash flow hedges with expiration dates through March 2035 and foreign currency cash flow hedges with expiration dates through September 2030. Approximately $58 million of net losses included in AOCI at June 30, 2015 is expected to be reclassified into earnings within the next 12 months as the principal and/or interest payments are made. Such amounts assume no change in interest rates, currency exchange rates or scheduled principal payments.

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

Fair Value of Derivative Instruments - The tables below present NEE's and FPL's gross derivative positions at June 30, 2015 and December 31, 2014, as required by disclosure rules. However, the majority of the underlying contracts are subject to master netting agreements and generally would not be contractually settled on a gross basis. Therefore, the tables below also present the derivative positions on a net basis, which reflect the offsetting of positions of certain transactions within the portfolio, the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral (see Note 3 - Recurring Fair Value Measurements for netting information), as well as the location of the net derivative position on the condensed consolidated balance sheets.

	June 30, 2015 Fair Values of Derivatives Designated as Hedging Instruments for Accounting Purposes - Gross Basis		Fair Values of Derivatives Not Designated as Hedging Instruments for Accounting Purposes - Gross Basis		Total Derivatives Combined - Net Basis	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	(millions)					
NEE:						
Commodity contracts	$—	$—	$5,517	$4,421	$2,034	$1,059
Interest rate contracts	45	104	—	99	69	227
Foreign currency swaps	—	141	—	—	—	141
Total fair values	$45	$245	$5,517	$4,520	$2,103	$1,427
FPL:						
Commodity contracts	$—	$—	$13	$231	$8	$226
Net fair value by NEE balance sheet line item:						
Current derivative assets[(a)]					$796	
Noncurrent derivative assets[(b)]					1,307	
Current derivative liabilities[(c)]						$883
Noncurrent derivative liabilities[(d)]						544
Total derivatives					$2,103	$1,427
Net fair value by FPL balance sheet line item:						
Current other assets					$5	
Noncurrent other assets					3	
Current derivative liabilities						$225
Noncurrent other liabilities						1
Total derivatives					$8	$226

(a) Reflects the netting of approximately $147 million in margin cash collateral received from counterparties.
(b) Reflects the netting of approximately $54 million in margin cash collateral received from counterparties.
(c) Reflects the netting of approximately $55 million in margin cash collateral paid to counterparties.
(d) Reflects the netting of approximately $25 million in margin cash collateral paid to counterparties.

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

	December 31, 2014 Fair Values of Derivatives Designated as Hedging Instruments for Accounting Purposes - Gross Basis		Fair Values of Derivatives Not Designated as Hedging Instruments for Accounting Purposes - Gross Basis		Total Derivatives Combined - Net Basis	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	(millions)					
NEE:						
Commodity contracts	$—	$—	$6,145	$5,290	$1,949	$1,358
Interest rate contracts	35	126	—	125	50	266
Foreign currency swaps	—	131	—	—	—	131
Total fair values	$35	$257	$6,145	$5,415	$1,999	$1,755
FPL:						
Commodity contracts	$—	$—	$8	$371	$7	$370
Net fair value by NEE balance sheet line item:						
Current derivative assets[(a)]					$990	
Noncurrent derivative assets[(b)]					1,009	
Current derivative liabilities[(c)]						$1,289
Noncurrent derivative liabilities[(d)]						466
Total derivatives					$1,999	$1,755
Net fair value by FPL balance sheet line item:						
Current other assets					$6	
Noncurrent other assets					1	
Current derivative liabilities						$370
Total derivatives					$7	$370

(a) Reflects the netting of approximately $197 million in margin cash collateral received from counterparties.
(b) Reflects the netting of approximately $97 million in margin cash collateral received from counterparties.
(c) Reflects the netting of approximately $20 million in margin cash collateral paid to counterparties.
(d) Reflects the netting of approximately $10 million in margin cash collateral paid to counterparties.

At June 30, 2015 and December 31, 2014, NEE had approximately $20 million and $60 million (none at FPL), respectively, in margin cash collateral received from counterparties that was not offset against derivative assets in the above presentation. These amounts are included in current other liabilities on NEE's condensed consolidated balance sheets. Additionally, at June 30, 2015 and December 31, 2014, NEE had approximately $238 million and $122 million (none at FPL), respectively, in margin cash collateral paid to counterparties that was not offset against derivative assets or liabilities in the above presentation. These amounts are included in current other assets on NEE's condensed consolidated balance sheets.

Income Statement Impact of Derivative Instruments - Gains (losses) related to NEE's cash flow hedges are recorded in NEE's condensed consolidated financial statements (none at FPL) as follows:

	Three Months Ended June 30,					
	2015			2014		
	Interest Rate Contracts (millions)	Foreign Currency Swaps	Total	Interest Rate Contracts	Foreign Currency Swaps	Total
Gains (losses) recognized in OCI	$73	$(7)	$66	$(27)	$17	$(10)
Gains (losses) reclassified from AOCI to net income	$(19) [(a)]	$(15) [(b)]	$(34)	$(16) [(a)]	$23 [(b)]	$7

(a) Included in interest expense.

(b) For 2015 and 2014, losses of approximately $3 million and $1 million, respectively, are included in interest expense and the balances are included in other - net.

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	Six Months Ended June 30,					
	2015			2014		
	Interest Rate Contracts	Foreign Currency Swaps	Total	Interest Rate Contracts	Foreign Currency Swaps	Total
	(millions)					
Gains (losses) recognized in OCI	$4	$(15)	$(11)	$(54)	$15	$(39)
Gains (losses) reclassified from AOCI to net income	$(38)[(a)]	$(17)[(b)]	$(55)	$(32)[(a)]	$25[(b)]	$(7)

(a) Included in interest expense.
(b) For 2015 and 2014, losses of approximately $6 million and $2 million, respectively, are included in interest expense and the balances are included in other - net.

For the three months ended June 30, 2015 and 2014, NEE recorded a loss of approximately $19 million and a gain of $15 million, respectively, on fair value hedges which resulted in a corresponding decrease and increase, respectively, in the related debt. For the six months ended June 30, 2015 and 2014, NEE recorded a loss of approximately $3 million and a gain of $19 million, respectively, on fair value hedges which resulted in a corresponding decrease and increase, respectively, in the related debt.

Gains (losses) related to NEE's derivatives not designated as hedging instruments are recorded in NEE's condensed consolidated statements of income as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(millions)			
Commodity contracts:[(a)]				
Operating revenues	$178	$(153)	$415	$(425)
Fuel, purchased power and interchange	—	—	2	(4)
Foreign currency swap - other - net	—	(6)	—	(1)
Interest rate contracts - interest expense	24	(8)	11	(35)
Total	$202	$(167)	$428	$(465)

(a) For the three and six months ended June 30, 2015, FPL recorded approximately $23 million of gains and $63 million of losses, respectively, related to commodity contracts as regulatory liabilities and regulatory assets, respectively, on its condensed consolidated balance sheets. For the three and six months ended June 30, 2014, FPL recorded approximately $11 million and $147 million of gains, respectively, related to commodity contracts as regulatory liabilities on its condensed consolidated balance sheets.

Notional Volumes of Derivative Instruments - The following table represents net notional volumes associated with derivative instruments that are required to be reported at fair value in NEE's and FPL's condensed consolidated financial statements. The table includes significant volumes of transactions that have minimal exposure to commodity price changes because they are variably priced agreements. These volumes are only an indication of the commodity exposure that is managed through the use of derivatives. They do not represent net physical asset positions or non-derivative positions and their hedges, nor do they represent NEE’s and FPL’s net economic exposure, but only the net notional derivative positions that fully or partially hedge the related asset positions. NEE and FPL had derivative commodity contracts for the following net notional volumes:

Commodity Type	June 30, 2015				December 31, 2014			
	NEE		FPL		NEE		FPL	
	(millions)							
Power	(112)	MWh	—		(73)	MWh	—	
Natural gas	1,365	MMBtu	912	MMBtu	1,436	MMBtu	845	MMBtu
Oil	(11)	barrels	—		(11)	barrels	—	

At June 30, 2015 and December 31, 2014, NEE had interest rate contracts with notional amounts totaling approximately $8.5 billion and $7.4 billion, respectively, and foreign currency swaps with notional amounts totaling approximately $683 million and $661 million, respectively.

Credit-Risk-Related Contingent Features - Certain derivative instruments contain credit-risk-related contingent features including, among other things, the requirement to maintain an investment grade credit rating from specified credit rating agencies and certain financial ratios, as well as credit-related cross-default and material adverse change triggers. At June 30, 2015 and December 31,

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2014, the aggregate fair value of NEE's derivative instruments with credit-risk-related contingent features that were in a liability position was approximately $2.2 billion ($161 million for FPL) and $2.7 billion ($369 million for FPL), respectively.

If the credit-risk-related contingent features underlying these agreements and other commodity-related contracts were triggered, certain subsidiaries of NEE, including FPL, could be required to post collateral or settle contracts according to contractual terms which generally allow netting of contracts in offsetting positions. Certain contracts contain multiple types of credit-related triggers. To the extent these contracts contain a credit ratings downgrade trigger, the maximum exposure is included in the following credit ratings collateral posting requirements. If FPL's and NEECH's credit ratings were downgraded to BBB/Baa2 (a two level downgrade for FPL and a one level downgrade for NEECH from the current lowest applicable rating), applicable NEE subsidiaries would be required to post collateral such that the total posted collateral would be approximately $370 million ($40 million at FPL) as of June 30, 2015 and $700 million ($130 million at FPL) as of December 31, 2014. If FPL's and NEECH's credit ratings were downgraded to below investment grade, applicable NEE subsidiaries would be required to post additional collateral such that the total posted collateral would be approximately $2.5 billion ($0.6 billion at FPL) and $2.8 billion ($0.7 billion at FPL) as of June 30, 2015 and December 31, 2014, respectively. Some contracts do not contain credit ratings downgrade triggers, but do contain provisions that require certain financial measures be maintained and/or have credit-related cross-default triggers. In the event these provisions were triggered, applicable NEE subsidiaries could be required to post additional collateral of up to approximately $770 million ($165 million at FPL) and $850 million ($200 million at FPL) as of June 30, 2015 and December 31, 2014, respectively.

Collateral related to derivatives may be posted in the form of cash or credit support in the normal course of business. At June 30, 2015, applicable NEE subsidiaries have posted approximately $125 million (none at FPL) in cash which could be applied toward the collateral requirements described above. In addition, at June 30, 2015 and December 31, 2014, applicable NEE subsidiaries have posted approximately $83 million (none at FPL) and $236 million (none at FPL), respectively, in the form of letters of credit which could be applied toward the collateral requirements described above. FPL and NEECH have credit facilities generally in excess of the collateral requirements described above that would be available to support, among other things, derivative activities. Under the terms of the credit facilities, maintenance of a specific credit rating is not a condition to drawing on these credit facilities, although there are other conditions to drawing on these credit facilities.

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

3. Fair Value Measurements

The fair value of assets and liabilities are determined using either unadjusted quoted prices in active markets (Level 1) or pricing inputs that are observable (Level 2) whenever that information is available and using unobservable inputs (Level 3) to estimate fair value only when relevant observable inputs are not available. NEE and FPL use several different valuation techniques to measure the fair value of assets and liabilities, relying primarily on the market approach of using prices and other market information for identical and/or comparable assets and liabilities for those assets and liabilities that are measured at fair value on a recurring basis. NEE's and FPL's assessment of the significance of any particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels. Non-performance risk, including the consideration of a credit valuation adjustment, is also considered in the determination of fair value for all assets and liabilities measured at fair value.

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

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

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

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

NEE, through its subsidiaries, including FPL, also enters into OTC commodity contract derivatives. The majority of these contracts are transacted at liquid trading points, and the prices for these contracts are verified using quoted prices in active markets from exchanges, brokers or pricing services for similar contracts.

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

In all cases where NEE and FPL use significant unobservable inputs for the valuation of a commodity contract, consideration is given to the assumptions that market participants would use in valuing the asset or liability. The primary input to the valuation models for commodity contracts is the forward commodity curve for the respective instruments. Other inputs include, but are not limited to, assumptions about market liquidity, volatility, correlation and contract duration as more fully described below in Significant Unobservable Inputs Used in Recurring Fair Value Measurements. In instances where the reference markets are deemed to be inactive or do not have transactions for a similar contract, the derivative assets and liabilities may be valued using significant other observable inputs and potentially significant unobservable inputs. In such instances, the valuation for these contracts is established using techniques including extrapolation from or interpolation between actively traded contracts, or estimated basis adjustments from liquid trading points. NEE and FPL regularly evaluate and validate the inputs used to determine fair value by a number of methods, consisting of various market price verification procedures, including the use of pricing services and multiple broker quotes to support the market price of the various commodities. In all cases where there are assumptions and models used to generate inputs for valuing derivative assets and liabilities, the review and verification of the assumptions, models and changes to the models are undertaken by individuals that are independent of those responsible for estimating fair value.

NEE uses interest rate contracts and foreign currency swaps to mitigate and adjust interest rate and foreign currency exposure related primarily to certain outstanding and forecasted debt issuances and borrowings when deemed appropriate based on market conditions or when required by financing agreements. NEE estimates the fair value of these derivatives using a discounted cash flows valuation technique based on the net amount of estimated future cash inflows and outflows related to the agreements.

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Recurring Fair Value Measurements - NEE's and FPL's financial assets and liabilities and other fair value measurements made on a recurring basis by fair value hierarchy level are as follows:

	June 30, 2015					
	Level 1	Level 2		Level 3	Netting[(a)]	Total
	(millions)					
Assets:						
Cash equivalents:						
NEE - equity securities	$120	$—		$—		$120
Special use funds:[(b)]						
NEE:						
Equity securities	$1,367	$1,462	(c)	$—		$2,829
U.S. Government and municipal bonds	$425	$203		$—		$628
Corporate debt securities	$—	$769		$—		$769
Mortgage-backed securities	$—	$363		$—		$363
Other debt securities	$18	$47		$—		$65
FPL:						
Equity securities	$439	$1,281	(c)	$—		$1,720
U.S. Government and municipal bonds	$336	$162		$—		$498
Corporate debt securities	$—	$559		$—		$559
Mortgage-backed securities	$—	$293		$—		$293
Other debt securities	$18	$37		$—		$55
Other investments:						
NEE:						
Equity securities	$39	$—		$—		$39
Debt securities	$10	$180		$—		$190
Derivatives:						
NEE:						
Commodity contracts	$1,357	$2,942		$1,218	$(3,483)	$2,034 (d)
Interest rate contracts	$—	$45		$—	$24	$69 (d)
FPL - commodity contracts	$—	$8		$5	$(5)	$8 (d)
Liabilities:						
Derivatives:						
NEE:						
Commodity contracts	$1,363	$2,483		$575	$(3,362)	$1,059 (d)
Interest rate contracts	$—	$104		$99	$24	$227 (d)
Foreign currency swaps	$—	$141		$—	$—	$141 (d)
FPL - commodity contracts	$—	$230		$1	$(5)	$226 (d)

(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral payments and receipts. NEE and FPL also have contract settlement receivable and payable balances that are subject to the master netting arrangements but are not offset within the condensed consolidated balance sheets and are recorded in customer receivables - net and accounts payable, respectively.

(b) Excludes investments accounted for under the equity method and loans not measured at fair value on a recurring basis. See Fair Value of Financial Instruments Recorded at the Carrying Amount below.

(c)

Primarily invested in commingled funds whose underlying securities would be Level 1 if those securities were held directly by NEE or FPL.

(d) See Note 2 - Fair Value of Derivative Instruments for a reconciliation of net derivatives to NEE's and FPL's condensed consolidated balance sheets.

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	December 31, 2014					
	Level 1	Level 2	Level 3	Netting[(a)]	Total	
	(millions)					
Assets:						
Cash equivalents:						
NEE - equity securities	$32	$—	$—		$32	
Special use funds:[(b)]						
NEE:						
Equity securities	$1,217	$1,417 (c)	$—		$2,634	
U.S. Government and municipal bonds	$520	$191	$—		$711	
Corporate debt securities	$—	$704	$—		$704	
Mortgage-backed securities	$—	$493	$—		$493	
Other debt securities	$25	$32	$—		$57	
FPL:						
Equity securities	$324	$1,237 (c)	$—		$1,561	
U.S. Government and municipal bonds	$435	$165	$—		$600	
Corporate debt securities	$—	$501	$—		$501	
Mortgage-backed securities	$—	$422	$—		$422	
Other debt securities	$25	$20	$—		$45	
Other investments:						
NEE:						
Equity securities	$35	$1	$—		$36	
Debt securities	$5	$170	$—		$175	
Derivatives:						
NEE:						
Commodity contracts	$1,801	$3,177	$1,167	$(4,196)	$1,949	(d)
Interest rate contracts	$—	$35	$—	$15	$50	(d)
FPL - commodity contracts	$—	$2	$6	$(1)	$7	(d)
Liabilities:						
Derivatives:						
NEE:						
Commodity contracts	$1,720	$3,150	$420	$(3,932)	$1,358	(d)
Interest rate contracts	$—	$126	$125	$15	$266	(d)
Foreign currency swaps	$—	$131	$—	$—	$131	(d)
FPL - commodity contracts	$—	$370	$1	$(1)	$370	(d)

(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral payments and receipts. NEE and FPL also have contract settlement receivable and payable balances that are subject to the master netting arrangements but are not offset within the condensed consolidated balance sheets and are recorded in customer receivables - net and accounts payable, respectively.

(b) Excludes investments accounted for under the equity method and loans not measured at fair value on a recurring basis. See Fair Value of Financial Instruments Recorded at the Carrying Amount below.

(c) Primarily invested in commingled funds whose underlying securities would be Level 1 if those securities were held directly by NEE or FPL.

(d) See Note 2 - Fair Value of Derivative Instruments for a reconciliation of net derivatives to NEE's and FPL's condensed consolidated balance sheets.

Significant Unobservable Inputs Used in Recurring Fair Value Measurements - The valuation of certain commodity contracts requires the use of significant unobservable inputs. All forward price, implied volatility, implied correlation and interest rate inputs used in the valuation of such contracts are directly based on third-party market data, such as broker quotes and exchange settlements, when that data is available. If third-party market data is not available, then industry standard methodologies are used to develop inputs that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Observable inputs, including some forward prices, implied volatilities and interest rates used for determining fair value are updated daily to reflect the best available market information. Unobservable inputs which are related to observable inputs, such as illiquid portions of forward price or volatility curves, are updated daily as well, using industry standard techniques such as interpolation and extrapolation, combining observable forward inputs supplemented by historical market and other relevant data. Other unobservable inputs, such as implied correlations, customer migration rates from full requirements contracts and some implied volatility curves, are modeled using proprietary models based on historical data and industry standard techniques.

All price, volatility, correlation and customer migration inputs used in valuation are subject to validation by the Trading Risk Management group. The Trading Risk Management group performs a risk management function responsible for assessing credit, market and operational risk impact, reviewing valuation methodology and modeling, confirming transactions, monitoring approval processes and developing and monitoring trading limits. The Trading Risk Management group is separate from the transacting group. For markets where independent third-party data is readily available, validation is conducted daily by directly reviewing this market data against inputs utilized by the transacting group, and indirectly by critically reviewing daily risk reports. For markets where independent third-party data is not readily available, additional analytical reviews are performed on at least a quarterly basis. These analytical reviews are designed to ensure that all price and volatility curves used for fair valuing transactions are adequately validated each quarter, and are reviewed and approved by the Trading Risk Management group. In addition, other valuation assumptions such as implied correlations and customer migration rates are reviewed and approved by the Trading Risk Management group on a periodic basis. Newly created models used in the valuation process are also subject to testing and approval by the Trading Risk Management group prior to use and established models are reviewed annually, or more often as needed, by the Trading Risk Management group.

On a monthly basis, the Exposure Management Committee (EMC), which is comprised of certain members of senior management, meets with representatives from the Trading Risk Management group and the transacting group to discuss NEE's and FPL's energy risk profile and operations, to review risk reports and to discuss fair value issues as necessary. The EMC develops guidelines required for an appropriate risk management control infrastructure, which includes implementation and monitoring of compliance with Trading Risk Management policy. The EMC executes its risk management responsibilities through direct oversight and delegation of its responsibilities to the Trading Risk Management group, as well as to other corporate and business unit personnel.

The significant unobservable inputs used in the valuation of NEE's commodity contracts categorized as Level 3 of the fair value hierarchy at June 30, 2015 are as follows:

Transaction Type	Fair Value at June 30, 2015		Valuation Technique(s)	Significant Unobservable Inputs	Range	
	Assets (millions)	Liabilities				
Forward contracts - power	$561	$180	Discounted cash flow	Forward price (per MWh)	$2	—$135
Forward contracts - gas	59	38	Discounted cash flow	Forward price (per MMBtu)	$1	—$8
Forward contracts - other commodity related	13	5	Discounted cash flow	Forward price (various)	$(32)	—$47
Options - power	171	153	Option models	Implied correlations	(4)%	—99%
				Implied volatilities	2%	—260%
Options - primarily gas	91	169	Option models	Implied correlations	(4)%	—99%
				Implied volatilities	1%	—97%
Full requirements and unit contingent contracts	323	30	Discounted cash flow	Forward price (per MWh)	$(21)	—$158
				Customer migration rate[(a)]	—%	—20%
Total	$1,218	$575				

(a) Applies only to full requirements contracts.

The sensitivity of NEE's fair value measurements to increases (decreases) in the significant unobservable inputs is as follows:

Significant Unobservable Input	Position	Impact on Fair Value Measurement
Forward price	Purchase power/gas	Increase (decrease)
	Sell power/gas	Decrease (increase)
Implied correlations	Purchase option	Decrease (increase)
	Sell option	Increase (decrease)
Implied volatilities	Purchase option	Increase (decrease)
	Sell option	Decrease (increase)
Customer migration rate	Sell power[(a)]	Decrease (increase)

(a) Assumes the contract is in a gain position.

In addition, the fair value measurement of interest rate swap liabilities related to the solar projects in Spain of approximately $99 million at June 30, 2015 includes a significant credit valuation adjustment. The credit valuation adjustment, considered an unobservable input, reflects management's assessment of non-performance risk of the subsidiaries related to the solar projects in Spain that are party to the swap agreements.

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The reconciliation of changes in the fair value of derivatives that are based on significant unobservable inputs is as follows:

	Three Months Ended June 30,			
	2015		2014	
	NEE	FPL	NEE	FPL
	(millions)			
Fair value of net derivatives based on significant unobservable inputs at March 31	$451	$(1)	$460	$3
Realized and unrealized gains (losses):				
Included in earnings[(a)]	224	—	(73)	—
Included in other comprehensive income	(7)	—	—	—
Included in regulatory assets and liabilities	5	5	1	1
Purchases	61	—	10	—
Settlements	(80)	—	38	(1)
Issuances	(112)	—	(75)	—
Transfers in[(b)]	1	—	9	—
Transfers out[(b)]	1	—	(16)	—
Fair value of net derivatives based on significant unobservable inputs at June 30	$544	$4	$354	$3
The amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to derivatives still held at the reporting date[(c)]	$206	$—	$(73)	$—

(a) For the three months ended June 30, 2015 and 2014, realized and unrealized gains (losses) of approximately $202 million and $(49) million are reflected in the condensed consolidated statements of income in operating revenues and the balance is reflected in interest expense.

(b) Transfers into Level 3 were a result of decreased observability of market data and transfers from Level 3 to Level 2 were a result of increased observability of market data. NEE's and FPL's policy is to recognize all transfers at the beginning of the reporting period.

(c) For the three months ended June 30, 2015 and 2014, unrealized gains (losses) of approximately $184 million and $(49) million are reflected in the condensed consolidated statements of income in operating revenues and the balance is reflected in interest expense.

	Six Months Ended June 30,			
	2015		2014	
	NEE	FPL	NEE	FPL
	(millions)			
Fair value of net derivatives based on significant unobservable inputs at December 31	$622	$5	$622	$—
Realized and unrealized gains (losses):				
Included in earnings[(a)]	254	—	(496)	—
Included in other comprehensive income	8	—	—	—
Included in regulatory assets and liabilities	4	4	5	5
Purchases	83	—	14	—
Settlements	(267)	(5)	304	(2)
Issuances	(132)	—	(94)	—

Transfers in[b]	(18)	—	16	—
Transfers out[b]	(10)	—	(17)	—
Fair value of net derivatives based on significant unobservable inputs at June 30	$544	$4	$354	$3
The amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to derivatives still held at the reporting date[c]	$224	$—	$(260)	$—

(a) For the six months ended June 30, 2015, realized and unrealized gains of approximately $248 million are reflected in the condensed consolidated statements of income in operating revenues, $5 million in interest expense and the balance is reflected in fuel, purchased power and interchange. For the six months ended June 30, 2014, realized and unrealized losses of approximately $453 million are reflected in the condensed consolidated statements of income in operating revenues, $41 million in interest expense and the balance is reflected in fuel, purchased power and interchange.

(b) Transfers into Level 3 were a result of decreased observability of market data and transfers from Level 3 to Level 2 were a result of increased observability of market data. NEE's and FPL's policy is to recognize all transfers at the beginning of the reporting period.

(c) For the six months ended June 30, 2015 and 2014, unrealized gains (losses) of approximately $219 million and $(219) million are reflected in the condensed consolidated statements of income in operating revenues and the balance is reflected in interest expense.

Nonrecurring Fair Value Measurements - In March 2013, NEER initiated a plan and received internal authorization to pursue the sale of its ownership interests in oil-fired generating plants located in Maine (Maine fossil), which resulted in the recording of a loss

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during that period which was reflected within discontinued operations at NEE. In March 2014, NEER decided not to pursue the sale of Maine fossil due to the divergence between the achievable sales price and management's view of the assets' value, which increased as a result of significant market changes. Accordingly, the Maine fossil assets were written-up to management's current estimate of fair value resulting in a gain of approximately $21 million ($12 million after-tax) which is included as a separate line item in NEE's condensed consolidated statements of income. The fair value measurement (Level 3) was estimated using an income approach based primarily on the updated capacity revenue forecasts.

Fair Value of Financial Instruments Recorded at the Carrying Amount - The carrying amounts of cash equivalents and short-term debt approximate their fair values. The carrying amounts and estimated fair values of other financial instruments, excluding those recorded at fair value and disclosed above in Recurring Fair Value Measurements, are as follows:

	June 30, 2015			December 31, 2014		
	Carrying Amount (millions)	Estimated Fair Value		Carrying Amount	Estimated Fair Value	
NEE:						
Special use funds[(a)]	$556	$556		$567	$567	
Other investments - primarily notes receivable	$524	$666	(b)	$525	$679	(b)
Long-term debt, including current maturities	$27,998	$29,490	(c)	$27,876	$30,337	(c)
FPL:						
Special use funds[(a)]	$419	$419		$395	$395	
Long-term debt, including current maturities	$9,529	$10,576	(c)	$9,473	$11,105	(c)

(a) Primarily represents investments accounted for under the equity method and loans not measured at fair value on a recurring basis.

(b) Primarily classified as held to maturity. Fair values are primarily estimated using a discounted cash flow valuation technique based on certain observable yield curves and indices considering the credit profile of the borrower (Level 3). Notes receivable bear interest primarily at fixed rates and mature by 2029. Notes receivable are considered impaired and placed in non-accrual status when it becomes probable that all amounts due cannot be collected in accordance with the contractual terms of the agreement. The assessment to place notes receivable in non-accrual status considers various credit indicators, such as credit ratings and market-related information. As of June 30, 2015 and December 31, 2014, NEE had no notes receivable reported in non-accrual status.

(c) As of June 30, 2015 and December 31, 2014, for NEE, $18,560 million and $19,973 million, respectively, is estimated using quoted market prices for the same or similar issues (Level 2); the balance is estimated using a discounted cash flow valuation technique, considering the current credit spread of the debtor (Level 3). For FPL, estimated using quoted market prices for the same or similar issues (Level 2).

Special Use Funds - The special use funds noted above and those carried at fair value (see Recurring Fair Value Measurements above) consist of FPL's storm fund assets of approximately $75 million at both June 30, 2015 and December 31, 2014 and NEE's nuclear decommissioning fund assets of $5,135 million and $5,091 million at June 30, 2015 and December 31, 2014, respectively ($3,469 million and $3,449 million, respectively, for FPL). The investments held in the special use funds consist of equity and debt securities which are primarily classified as available for sale and carried at estimated fair value. The amortized cost of debt and equity securities is approximately $1,825 million and $1,564 million, respectively, at June 30, 2015 and $1,906 million and $1,366 million, respectively, at December 31, 2014 ($1,406 million and $821 million, respectively, at June 30, 2015 and $1,519 million and $664 million, respectively, at December 31, 2014 for FPL). For FPL's special use funds, consistent with regulatory treatment, changes in fair value, including any other than temporary impairment losses, result in a corresponding adjustment to the related regulatory liability accounts. For NEE's non-rate regulated operations, changes in fair value result in a corresponding adjustment to OCI, except for unrealized losses associated with marketable securities considered to be other than temporary, including any credit losses, which are recognized as other than temporary impairment losses on securities held in nuclear decommissioning funds and included in other - net in NEE's condensed consolidated statements of income. Debt securities included in the nuclear decommissioning funds have a weighted-average maturity at June 30, 2015 of approximately eight years at both NEE and FPL. FPL's storm fund primarily consists of debt securities with a weighted-average maturity at June 30, 2015 of approximately three years. The cost of securities sold is determined using the specific identification method.

Realized gains and losses and proceeds from the sale or maturity of available for sale securities are as follows:

	NEE Three Months Ended June 30,		FPL Three Months Ended June 30,		NEE Six Months Ended June 30,		FPL Six Months Ended June 30,	
	2015	2014	2015	2014	2015	2014	2015	2014
	(millions)							
Realized gains	$50	$71	$34	$56	$91	$148	$45	$88
Realized losses	$19	$83	$9	$76	$32	$105	$15	$93
Proceeds from sale or maturity of securities	$2,201	$813	$1,949	$637	$2,930	$2,214	$2,538	$1,799

Unrealized losses on available for sale debt securities at June 30, 2015 and December 31, 2014 were not material to NEE or FPL. The unrealized gains on available for sale securities are as follows:

	NEE June 30, 2015	NEE December 31, 2014	FPL June 30, 2015	FPL December 31, 2014
	(millions)			
Equity securities	$1,265	$1,267	$899	$896
Debt securities	$22	$66	$17	$54

Regulations issued by the FERC and the NRC provide general risk management guidelines to protect nuclear decommissioning funds and to allow such funds to earn a reasonable return. The FERC regulations prohibit, among other investments, investments in any securities of NEE or its subsidiaries, affiliates or associates, excluding investments tied to market indices or mutual funds. Similar restrictions applicable to the decommissioning funds for NEER's nuclear plants are included in the NRC operating licenses for those facilities or in NRC regulations applicable to NRC licensees not in cost-of-service environments. With respect to the decommissioning fund for Seabrook, decommissioning fund contributions and withdrawals are also regulated by the Nuclear Decommissioning Financing Committee pursuant to New Hampshire law.

The nuclear decommissioning reserve funds are managed by investment managers who must comply with the guidelines of NEE and FPL and the rules of the applicable regulatory authorities. The funds' assets are invested giving consideration to taxes, liquidity, risk, diversification and other prudent investment objectives.

4. Income Taxes

NEE's effective income tax rates for the three months ended June 30, 2015 and 2014 were approximately 28% and 37%, respectively. The rates for both periods reflect the benefit of PTCs of approximately $37 million and $49 million, respectively, related to NEER's wind projects, as well as ITCs and deferred income tax benefits associated with grants under the Recovery Act (convertible ITCs) totaling approximately $34 million and $13 million, respectively, related to certain solar and wind projects at NEER, including, in 2015, the effect of a state income tax law change that extends the ITC carryforward period for certain wind projects.

NEE's effective income tax rates for the six months ended June 30, 2015 and 2014 were approximately 29% and 33%, respectively. The rates for both periods reflect the benefit of PTCs of approximately $75 million and $98 million, respectively, related to NEER's wind projects, as well as ITCs and deferred income tax benefits associated convertible ITCs totaling approximately $52 million and $33 million, respectively, related to certain solar and wind projects at NEER, including, in 2015, the effect of a state income tax law change that extends the ITC carryforward period for certain wind projects.

In addition, the rates for the three and six months ended June 30, 2014 reflect a noncash income tax charge of approximately $45 million associated with structuring Canadian assets in connection with the creation of NEP.

NEE recognizes PTCs as wind energy is generated and sold based on a per kWh rate prescribed in applicable federal and state statutes, which may differ significantly from amounts computed, on a quarterly basis, using an overall effective income tax rate anticipated for the full year. NEE uses this method of recognizing PTCs for specific reasons, including that PTCs are an integral part of the financial viability of most wind projects and a fundamental component of such wind projects' results of operations. PTCs, as well as 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 after ten years of production (PTC roll off).

5. Variable Interest Entities (VIEs)

As of June 30, 2015, NEE has nineteen VIEs which it consolidates and has interests in certain other VIEs which it does not consolidate.

FPL - FPL is considered the primary beneficiary of, and therefore consolidates, a VIE that is a wholly-owned bankruptcy remote special purpose subsidiary that it formed in 2007 for the sole purpose of issuing storm-recovery bonds pursuant to the securitization provisions of the Florida Statutes and a financing order of the FPSC. FPL is considered the primary beneficiary because FPL has the power to direct the significant activities of the VIE, and its equity investment, which is subordinate to the bondholder's interest in the VIE, is at risk. Storm restoration costs incurred by FPL during 2005 and 2004 exceeded the amount in FPL's funded storm and property insurance reserve, resulting in a storm reserve deficiency. In 2007, the VIE issued $652 million aggregate principal amount of senior secured bonds (storm-recovery bonds), primarily for the after-tax equivalent of the total of FPL's unrecovered balance of the 2004 storm restoration costs, the 2005 storm restoration costs and to reestablish FPL's storm and property insurance reserve. In connection with this financing, net proceeds, after debt issuance costs, to the VIE (approximately $644 million) were used to acquire the storm-recovery property, which includes the right to impose, collect and receive a storm-recovery charge from all customers receiving electric transmission or distribution service from FPL under rate schedules approved by the FPSC or under special contracts, certain other rights and interests that arise under the financing order issued by the FPSC and certain other collateral pledged by the VIE that issued the bonds. The storm-recovery bonds are payable only from and are secured by the storm-recovery property. The bondholders have no recourse to the general credit of FPL. The assets of the VIE were approximately $251 million and $279 million at June 30, 2015 and December 31, 2014, respectively, and consisted primarily of storm-recovery property, which are included in securitized storm-recovery costs on NEE's and FPL's condensed consolidated balance sheets. The liabilities of the VIE were approximately $307 million and $338 million at June 30, 2015 and December 31, 2014, respectively, and consisted primarily of storm-recovery bonds, which are included in long-term debt on NEE's and FPL's condensed consolidated balance sheets.

FPL entered into a purchased power agreement effective in 1994 with a 250 MW coal-fired qualifying facility and a purchased power agreement effective in 1995 with a 330 MW coal-fired qualifying facility to purchase substantially all of each facility's capacity and electrical output over a substantial portion of their estimated useful life. These facilities are considered VIEs because FPL absorbs a portion of each facility’s variability related to changes in the market price of coal through the price it pays per MWh (energy payment). Since FPL does not control the most significant activities of each facility, including operations and maintenance, FPL is not the primary beneficiary and does not consolidate these VIEs. The energy payments paid by FPL will fluctuate as coal prices change. This fluctuation does not expose FPL to losses since the energy payments paid by FPL to each facility are recovered through the fuel clause as approved by the FPSC. See Note 8 - Contracts for a discussion of FPL's pending purchase of the 250 MW coal-fired facility.

NEER - NEE consolidates eighteen NEER VIEs. NEER is considered the primary beneficiary of these VIEs since NEER controls the most significant activities of these VIEs, including operations and maintenance, as well as construction, and through its equity ownership has the obligation to absorb expected losses of these VIEs.

A NEER VIE consolidates two entities which own and operate natural gas/oil electric generating facilities with the capability of producing 110 MW. This VIE sells its electric output under power sales contracts to a third party, with expiration dates in 2018 and 2020. The power sales contracts provide the offtaker the ability to dispatch the facilities and require the offtaker to absorb the cost of fuel. This VIE uses third-party debt and equity to finance its operations.

The debt is secured by liens against the generating facilities and the other assets of these entities. The debt holders have no recourse to the general credit of NEER for the repayment of debt. The assets and liabilities of the VIE were approximately $84 million and $50 million, respectively, at June 30, 2015 and $85 million and $55 million, respectively, at December 31, 2014, and consisted primarily of property, plant and equipment and long-term debt.

An indirect subsidiary of NEER contributed, to a NEP subsidiary, a 50% ownership interest in an entity which owns a 250 MW solar PV facility under construction. The entity is considered a VIE since it has insufficient equity at risk, and is consolidated by NEER. The VIE primarily uses third party debt to finance a portion of development and construction activities and may require subordinated financing from NEER to complete construction. This VIE will sell its electric output under a power sales contract to a third party with an expiration date in 2036. The debt balances are secured by liens against the assets of the entity. The debt holders have no recourse to the general credit of NEER. The assets and liabilities of the VIE were approximately $324 million and $310 million, respectively, at June 30, 2015, and consisted primarily of property, plant and equipment and long-term debt.

The other sixteen NEER VIEs consolidate several entities which own and operate wind electric generating facilities with the capability of producing a total of 4,490 MW. These VIEs sell their electric output either under power sales contracts to third parties with expiration dates ranging from 2018 through 2039 or in the spot market. The VIEs use third-party debt and/or equity to finance their operations. Certain investors that hold no equity interest in the VIEs hold differential membership interests, which give them the right to receive a portion of the economic attributes of the generating facilities, including certain tax attributes. The debt is secured by liens against the generating facilities and the other assets of these entities or by pledges of NEER's ownership interest in these entities. The debt holders have no recourse to the general credit of NEER for the repayment of debt. The assets and liabilities of these VIEs totaled approximately $6.5 billion and $3.8 billion, respectively, at June 30, 2015 and $6.6 billion and $4.1 billion, respectively, at December 31, 2014. At June 30, 2015 and December 31, 2014, the assets and liabilities of the VIEs consisted primarily of property, plant and equipment, deferral related to differential membership interests and long-term debt.

Other - As of June 30, 2015 and December 31, 2014, several NEE subsidiaries have investments totaling approximately $610 million ($502 million at FPL) and $716 million ($606 million at FPL), respectively, in certain special purpose entities, which consisted primarily of investments in mortgage-backed securities. These investments are included in special use funds and other investments on NEE's condensed consolidated balance sheets and in special use funds on FPL's condensed consolidated balance sheets. As of June 30, 2015, NEE subsidiaries, including FPL, are not the primary beneficiary and therefore do not consolidate any of these entities because they do not control any of the ongoing activities of these entities, were not involved in the initial design of these entities and do not have a controlling financial interest in these entities.

Amendments to the Consolidation Analysis - In February 2015, the FASB issued a new accounting standard that will modify current consolidation guidance. The standard makes changes to both the variable interest entity model and the voting interest entity model, including modifying the evaluation of whether limited partnerships or similar legal entities are VIEs or voting interest entities and amending the guidance for assessing how relationships of related parties affect the consolidation analysis of VIEs. The standard is effective for NEE and FPL beginning January 1, 2016. NEE and FPL are currently evaluating the effect the adoption of this standard will have, if any, on their consolidated financial statements.

6. Common Shareholders' Equity

Earnings Per Share - The reconciliation of NEE's basic and diluted earnings per share attributable to NEE is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(millions, except per share amounts)			
Numerator - net income attributable to NEE	$716	$492	$1,366	$921
Denominator:				
Weighted-average number of common shares outstanding - basic	445.5	434.1	443.9	433.8
Equity units, performance share awards, options, forward sale agreement and restricted stock[(a)]	3.7	6.0	5.1	5.5
Weighted-average number of common shares outstanding - assuming dilution	449.2	440.1	449.0	439.3
Earnings per share attributable to NEE:				
Basic	$1.61	$1.13	$3.08	$2.12
Assuming dilution	$1.59	$1.12	$3.04	$2.10

(a) Calculated using the treasury stock method. Performance share awards are included in diluted weighted-average number of common shares outstanding based upon what would be issued if the end of the reporting period was the end of the term of the award.

Common shares issuable pursuant to equity units, stock options and performance shares awards and restricted stock which were not included in the denominator above due to their antidilutive effect were approximately 5.5 million and 0.2 million for the three months ended June 30, 2015 and 2014, respectively, and 2.8 million and 0.2 million for the six months ended June 30, 2015 and 2014, respectively.

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

Accumulated Other Comprehensive Income (Loss) - The components of AOCI, net of tax, are as follows:

	Accumulated Other Comprehensive Income (Loss)					
	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available for Sale Securities	Defined Benefit Pension and Other Benefits Plans	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investee	Total
	(millions)					
Three Months Ended June 30, 2015						
Balances, March 31, 2015	$(189)	$220	$(36)	$(42)	$ (26)	$(73)
Other comprehensive income (loss) before reclassifications	40	(7)	—	15	3	51
Amounts reclassified from AOCI	22 (a)	(3) (b)	—	—	—	19
Net other comprehensive income (loss)	62	(10)	—	15	3	70
Less other comprehensive income attributable to noncontrolling interests	(1)	—	—	—	—	(1)
Balances, June 30, 2015	$(128)	$210	$(36)	$(27)	$ (23)	$(4)

(a) Reclassified to interest expense and other - net in NEE's condensed consolidated statements of income. See Note 2 - Income Statement Impact of Derivative Instruments.
(b) Reclassified to gains on disposal of assets - net in NEE's condensed consolidated statements of income.

	Accumulated Other Comprehensive Income (Loss)					
	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available for Sale Securities	Defined Benefit Pension and Other Benefits Plans	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investee	Total
	(millions)					
Three Months Ended June 30, 2014						
Balances, March 31, 2014	$(124)	$185	$28	$(50)	$ (18)	$21
Other comprehensive income (loss) before reclassifications	(7)	40	—	17	(3)	47
Amounts reclassified from AOCI	(4) (a)	(5) (b)	—	—	—	(9)
Net other comprehensive income (loss)	(11)	35	—	17	(3)	38

Balances, June 30, 2014	$(135)	$220	$28	$(33)	$ (21)	$59

(a) Reclassified to interest expense and other - net in NEE's condensed consolidated statements of income. See Note 2 - Income Statement Impact of Derivative Instruments.
(b) Reclassified to gains on disposal of assets - net in NEE's condensed consolidated statements of income.

	Accumulated Other Comprehensive Income (Loss)					
	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available for Sale Securities	Defined Benefit Pension and Other Benefits Plans	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investee	Total
	(millions)					
Six Months Ended June 30, 2015						
Balances, December 31, 2014	$(156)	$218	$(20)	$(58)	$ (24)	$(40)
Other comprehensive income (loss) before reclassifications	(11)	5	(16)	29	1	8
Amounts reclassified from AOCI	39 [a]	(13) [b]	—	—	—	26
Net other comprehensive income (loss)	28	(8)	(16)	29	1	34
Less other comprehensive loss attributable to noncontrolling interests	—	—	—	2	—	2
Balances, June 30, 2015	$(128)	$210	$(36)	$(27)	$ (23)	$(4)

(a) Reclassified to interest expense and other - net in NEE's condensed consolidated statements of income. See Note 2 - Income Statement Impact of Derivative Instruments.
(b) Reclassified to gains on disposal of assets - net in NEE's condensed consolidated statements of income.

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

	Accumulated Other Comprehensive Income (Loss)					
	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available for Sale Securities	Defined Benefit Pension and Other Benefits Plans	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investee	Total
	(millions)					
Six Months Ended June 30, 2014						
Balances, December 31, 2013	$(115)	$197	$23	$(33)	$ (16)	$56
Other comprehensive income (loss) before reclassifications	(25)	53	4	—	(5)	27
Amounts reclassified from AOCI	5 (a)	(30) (b)	1	—	—	(24)
Net other comprehensive income (loss)	(20)	23	5	—	(5)	3
Balances, June 30, 2014	$(135)	$220	$28	$(33)	$ (21)	$59

(a) Reclassified to interest expense and other - net in NEE's condensed consolidated statements of income. See Note 2 - Income Statement Impact of Derivative Instruments.
(b) Reclassified to gains on disposal of assets - net in NEE's condensed consolidated statements of income.

7. Debt

Long-term debt issuances and borrowings by subsidiaries of NEE during the six months ended June 30, 2015 were as follows:

Date Issued	Company	Debt Issuances/Borrowings	Interest Rate	Principal Amount (millions)	Maturity Date
February - April 2015	NEER subsidiary	Canadian revolving credit agreements	Variable (a)	$68	Various
January - February 2015	NEP subsidiary	Senior secured revolving credit facility	Variable (a)	$122	2019
February - June 2015	NEER subsidiary	Limited-recourse construction and term loan facility	Variable (a)(b)	$100	2035
February 2015	NEER subsidiary	Cash grant bridge loan facility	Variable (a)	$29	2017
April 2015	NEER subsidiary	Canadian senior secured limited-recourse term loan	Variable (a)	$324	2033
April 2015	NEER subsidiary	Canadian senior secured limited-recourse term loan	Variable (a)	$228	2033
April 2015	NEECH	Term loans	Variable (a)	$450	2016

May - June 2015	NEER subsidiary	Limited-recourse construction and term loan facility	Variable	(a)(b)	$269	2035
June 2015	FPL	Industrial development revenue bonds	Variable	(c)	$85	2045
June 2015	NEP subsidiary	Limited-recourse term loan	4.52	%	$31	2033

(a) Variable rate is based on an underlying index plus a margin.
(b) Interest rate swap agreements have been entered into with respect to these issuances. See Note 2.
(c) These tax exempt bonds permit individual bond holders to tender the bonds for purchase at any time prior to maturity. In the event the bonds are tendered for purchase, they would be remarketed by a designated remarketing agent in accordance with the related indenture. If the remarketing is unsuccessful, FPL would be required to purchase the bonds. As of June 30, 2015, all bonds tendered for purchase have been successfully remarketed. In the event the bonds are tendered by individual bond holders and not remarketed prior to maturity, FPL's bank revolving line of credit facilities are available to support the purchase of the bonds.

In May 2015, NEECH completed a remarketing of $600 million aggregate principal amount of its Series E Debentures due June 1, 2017 (Debentures) that were issued in May 2012 as components of equity units issued concurrently by NEE (2012 equity units). The Debentures are fully and unconditionally guaranteed by NEE. In connection with the remarketing of the Debentures, the interest rate on the Debentures was reset to 1.586% per year, and interest is payable on June 1 and December 1 of each year, commencing June 1, 2015. In connection with the settlement of the contracts to purchase NEE common stock that were issued as components of the 2012 equity units, on June 1, 2015, NEE issued 7,860,000 shares of common stock in exchange for $600 million.

Presentation of Debt Issuance Costs - In April 2015, the FASB issued a new accounting standard which changes the presentation of debt issuance costs in financial statements. The amendments in this standard require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by this standard. The standard is effective for NEE and FPL beginning January 1, 2016. NEE and FPL are currently evaluating the effect the adoption of this standard will have on their consolidated financial statements.

8. Commitments and Contingencies

Commitments - NEE and its subsidiaries have made commitments in connection with a portion of their projected capital expenditures. Capital expenditures at FPL include, among other things, the cost for construction or acquisition of additional facilities and equipment to meet customer demand, as well as capital improvements to and maintenance of existing facilities and the procurement of nuclear fuel. At NEER, capital expenditures include, among other things, the cost, including capitalized interest, for construction and development of wind and solar projects and the procurement of nuclear fuel. Capital expenditures for Corporate and Other primarily include NEE's portion of the cost for construction of two natural gas pipeline systems, consisting of three separate pipelines, as well as the cost to meet customer-specific requirements and maintain the fiber-optic network for FPL FiberNet and the cost to maintain existing transmission facilities at NEET.

At June 30, 2015, estimated capital expenditures for the remainder of 2015 through 2019 for which applicable internal approvals (and also FPSC approvals for FPL, if required) have been received were as follows:

	Remainder of 2015	2016	2017	2018	2019	Total
	(millions)					
FPL:						
Generation:[a]						
New[b][c]	$320	$900	$50	$—	$—	$1,270

Existing	430	555	660	560	440	2,645
Transmission and distribution	950	1,960	1,755	1,625	1,680	7,970
Nuclear fuel	135	220	125	150	175	805
General and other	265	205	215	160	130	975
Total	$2,100	$3,840	$2,805	$2,495	$2,425	$13,665
NEER:						
Wind(d)	$1,105	$855	$45	$10	$10	$2,025
Solar(e)	900	575	—	—	—	1,475
Nuclear, including nuclear fuel	155	285	225	245	270	1,180
Other	190	65	50	95	65	465
Total	$2,350	$1,780	$320	$350	$345	$5,145
Corporate and Other(f)	$300	$1,130	$920	$505	$160	$3,015

(a) Includes AFUDC of approximately $48 million, $71 million and $8 million for the remainder of 2015 through 2017, respectively.

(b) Includes land, generating structures, transmission interconnection and integration and licensing.

(c) Excludes capital expenditures for costs related to the two additional nuclear units at FPL's Turkey Point site beyond what is required to receive an NRC license for each unit.

(d) Consists of capital expenditures for new wind projects and related transmission totaling approximately 1,655 MW.

(e) Consists of capital expenditures for new solar projects and related transmission totaling approximately 830 MW.

(f) Includes capital expenditures for construction of three natural gas pipelines, including equity contributions associated with equity investments in joint ventures for two pipelines and AFUDC associated with the third pipeline. The natural gas pipelines are subject to certain conditions, including FERC approval. See Contracts below.

The above estimates are subject to continuing review and adjustment and actual capital expenditures may vary significantly from these estimates.

Contracts - In addition to the commitments made in connection with the estimated capital expenditures included in the table in Commitments above, FPL has commitments under long-term purchased power and fuel contracts. As of June 30, 2015, FPL is obligated under take-or-pay purchased power contracts with JEA and with subsidiaries of The Southern Company (Southern subsidiaries) to pay for approximately 1,330 MW annually through December 2015 and 375 MW annually thereafter through 2021. FPL also has various firm pay-for-performance contracts to purchase approximately 705 MW from certain cogenerators and small power producers (qualifying facilities) with expiration dates ranging from 2024 through 2034. The purchased power contracts provide for capacity and energy payments. Energy payments are based on the actual power taken under these contracts. Capacity payments for the pay-for-performance contracts are subject to the qualifying facilities meeting certain contract conditions. FPL has contracts with expiration dates through 2036 for the purchase and transportation of natural gas and coal, and storage of natural gas. In addition, FPL has entered into 25-year natural gas transportation agreements with each of Sabal Trail and Florida Southeast Connection, each of which will build, own and operate a pipeline that will be part of a natural gas pipeline system, for a quantity of 400,000 MMBtu/day beginning on May 1, 2017 and increasing to 600,000 MMBtu/day on May 1, 2020. These agreements contain firm commitments that are contingent upon the occurrence of certain events, including FERC approval and completion of construction of the pipeline system to be built by Sabal Trail and Florida Southeast Connection. See Commitments above.

As of June 30, 2015, NEER has entered into contracts with expiration dates ranging from August 2015 through 2030 primarily for the purchase of wind turbines, wind towers and solar modules and related construction and development activities, as well as for the supply of uranium and the conversion, enrichment and fabrication of nuclear fuel. Approximately $3.1 billion of commitments under such contracts are included in the estimated capital expenditures table in Commitments above. In addition, NEER has contracts primarily for the purchase, transportation and storage of natural gas and firm transmission service with expiration dates ranging from October 2015 through 2033.

Included in Corporate and Other in the table below is the remaining commitment by NEECH subsidiaries of approximately $2.3 billion for the construction of the natural gas pipelines. Amounts committed for the remainder of 2015 through 2019 are also included in the estimated capital expenditures table in Commitments above.

The required capacity and/or minimum payments under the contracts discussed above as of June 30, 2015 were estimated as follows:

	Remainder of 2015 (millions)	2016	2017	2018	2019	Thereafter
FPL:						
Capacity charges:[a]						
Qualifying facilities	$145	$250	$255	$260	$265	$1,695
JEA and Southern subsidiaries	$100	$70	$60	$30	$10	$—
Minimum charges, at projected prices:[b]						
Natural gas, including transportation and storage[c]	$715	$885	$795	$830	$830	$13,780
Coal, including transportation	$60	$50	$35	$—	$—	$—
NEER	$1,730	$1,250	$140	$135	$80	$395
Corporate and Other[d][e]	$255	$915	$710	$380	$65	$25

(a) Capacity charges under these contracts, substantially all of which are recoverable through the capacity cost recovery clause, totaled approximately $117 million and $123 million for the three months ended June 30, 2015 and 2014, respectively, and approximately $236 million and $246 million for the six months ended June 30, 2015 and 2014, respectively. Energy charges under these contracts, which are recoverable through the fuel clause, totaled approximately $78 million and $75 million for the three months ended June 30, 2015 and 2014, respectively, and approximately $122 million and $132 million for the six months ended June 30, 2015 and 2014, respectively.

(b) Recoverable through the fuel clause.

(c) Includes approximately $200 million, $295 million, $290 million and $8,245 million in 2017, 2018, 2019 and thereafter, respectively, of firm commitments, subject to certain conditions as noted above, related to the natural gas transportation agreements with Sabal Trail and Florida Southeast Connection.

(d) Includes an approximately $75 million commitment to invest primarily in clean power and technology businesses through 2021.

(e) Excludes approximately $450 million and $335 million in 2015 and 2016, respectively, of joint obligations of NEECH and NEER which are included in the NEER amounts above.

In addition, FPL has entered into a purchase agreement under which it will assume ownership of a 250 MW coal-fired generation facility located in Jacksonville, Florida for a purchase price of approximately $521 million, which would thereby enable FPL to terminate its current long-term purchased power agreement for substantially all of the facility's capacity and energy. The purchase agreement is contingent upon, among other things, FPSC approval. An FPSC decision is expected no later than October 2015. The remaining minimum payments under the long-term purchased power agreement, which total approximately $1,480 million and are included in the table above under qualifying facilities, will cease upon closing of the transaction, which is expected in the fourth quarter of 2015.

NEP entered into an agreement, effective July 31, 2015, to acquire the membership interests in NET Midstream, a developer, owner and operator of a portfolio of seven long-term contracted natural gas pipeline assets located in Texas. See Management's Discussion - Results of Operations - NEER: Results of Operations - NEP Pipeline Acquisition.

Insurance - 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 $13.0 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 of up to $1.0 billion ($509 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the U.S., payable at a rate not to exceed $152 million ($76 million for FPL) per incident per year. NEE and FPL are contractually entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook, Duane Arnold and St. Lucie Unit No. 2, which approximates $15 million, $38 million and $19 million, plus any applicable taxes, per incident, respectively.

NEE participates in a nuclear insurance mutual company that provides $2.75 billion of limited insurance coverage per occurrence per site for property damage, decontamination and premature decommissioning risks at its nuclear plants and a sublimit of $1.5 billion for non-nuclear perils. The proceeds from such insurance, however, must first be used for reactor stabilization and site decontamination before they can be used for plant repair. NEE also participates in an insurance program that provides limited coverage for replacement power costs if a nuclear plant is out of service for an extended period of time because of an accident. In the event of an accident at one of NEE's or another participating insured's nuclear plants, NEE could be assessed up to $187 million ($112 million for FPL), plus any applicable taxes, in retrospective premiums in a policy year. NEE and FPL are contractually entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook, Duane Arnold and St. Lucie Unit No. 2, which approximates $3 million, $5 million and $4 million, plus any applicable taxes, respectively.

Due to the high cost and limited coverage available from third-party insurers, NEE does not have property insurance coverage for a substantial portion of its transmission and distribution property and has no property insurance coverage for FPL FiberNet's fiber-optic cable. Should FPL's future storm restoration costs exceed the reserve amount established through the issuance of storm-recovery bonds by a VIE in 2007, FPL may recover storm restoration costs, subject to prudence review by the FPSC, either through surcharges approved by the FPSC or through securitization provisions pursuant to Florida law.

In the event of a loss, the amount of insurance available might not be adequate to cover property damage and other expenses incurred. Uninsured losses and other expenses, to the extent not recovered from customers in the case of FPL or Lone Star Transmission, LLC, would be borne by NEE and/or FPL and/or their affiliates, as the case may be, and could have a material adverse effect on NEE's and FPL's financial condition, results of operations and liquidity.

Spain Solar Projects - In March 2013 and May 2013, events of default occurred under the project-level financing agreements for the solar thermal facilities in Spain (Spain solar projects) as a result of changes of law that occurred in December 2012 and February 2013. These changes of law negatively affected the projected economics of the projects and caused the project-level financing to be unsupportable by expected future project cash flows. Under the project-level financing, events of default (including those discussed below) provide for, among other things, a right by the lenders (which they have not exercised) to accelerate the payment of the project-level debt. Accordingly, in 2013, the project-level debt and the associated derivative liabilities related to interest rate swaps were classified as current maturities of long-term debt and current derivative liabilities, respectively, on NEE's condensed consolidated balance sheets, and totaled $587 million and $99 million, respectively, as of June 30, 2015. In July 2013, the Spanish government published a new law that created a new economic framework for the Spanish renewable energy sector. Additional regulatory pronouncements from the Spanish government needed to complete and implement the framework were finalized in June 2014. Based on NEE's assessment, the regulatory pronouncements do not indicate a further impairment of the Spain solar projects. Since the third quarter of 2014, events of default have occurred under the project-level financing agreements related to certain debt service coverage ratio covenants not being met. The project-level subsidiaries have requested the lenders to waive the events of default related to the debt service coverage ratio.

Impairments recorded due to the changes of law caused the project-level subsidiaries in Spain to have a negative net equity position on their balance sheets, which requires them under Spanish law to commence liquidation proceedings if the net equity position is not restored to specified levels. Prior to 2015, Spanish law had provided an exemption applicable to the project-level subsidiaries that enabled the exclusion of asset-related impairments in the equity calculation. Such exemption has not yet been granted for 2015, and therefore, the project-level subsidiaries commenced liquidation on April 23, 2015. The liquidators are reviewing the liquidation balance sheets and inventory schedules and will make recommendations to NextEra Energy España, S.L. (NEE España), the NEER subsidiary in Spain that is the direct shareholder of the project-level subsidiaries, to either restructure the project-level debt or file for insolvency. The liquidation event could cause the lenders to seek to accelerate the payment of the project-related debt and/or foreclose on the project assets, which they have not done to date. However, as part of a settlement agreement reached in December 2013 between NEECH, NEE España, the project-level subsidiaries and the lenders, the future recourse of the lenders under the project-level financing is effectively limited to the letters of credit described below and to the assets of the project-level subsidiaries. Under the settlement agreement, the lenders, among other things, irrevocably waived events of default related to changes of law that existed at the time of the settlement as described above, and NEECH affiliates provided for the project-level subsidiaries to post approximately €37 million (approximately $42 million as of June 30, 2015) in letters of credit to fund operating and debt service reserves under the project-level financing, of which €8 million (approximately $9 million) has been drawn as of June 30, 2015. NEE España, the project-level subsidiaries and the lenders have been in negotiations to seek to restructure the project-level financing; however, there can be no assurance that the project-level financing will be successfully restructured or that the lenders will not exercise remedies available to them under the project financing agreements for, among other things, current and future events of default, if any, or for the commencement of liquidation by the project-level subsidiaries.

Legal Proceedings - In November 1999, the Attorney General of the United States, on behalf of the EPA, brought an action in the U.S. District Court for the Northern District of Georgia against Georgia Power Company and other subsidiaries of The Southern Company for certain alleged violations of the Prevention of Significant Deterioration (PSD) provisions and the New Source Performance Standards (NSPS) of the Clean Air Act. In May 2001, the EPA amended its complaint to allege, among other things, that Georgia Power Company constructed and is continuing to operate Scherer Unit No. 4, in which FPL owns an interest of approximately 76%, without obtaining a PSD permit, without complying with NSPS requirements, and without applying best available control technology for nitrogen oxides, sulfur dioxides and particulate matter as required by the Clean Air Act. It also alleges that unspecified major modifications have been made at Scherer Unit No. 4 that require its compliance with the aforementioned Clean Air Act provisions. The EPA seeks injunctive relief requiring the installation of best available control technology and civil penalties. Under the EPA's civil penalty rules, the EPA could assess up to $25,000 per day for each violation from an unspecified date after June 1, 1975 through January 30, 1997, up to $27,500 per day for each violation from January 31, 1997 through March 15, 2004, up to $32,500 per day for each violation from March 16, 2004 through January 12, 2009 and up to $37,500 per day for each violation thereafter. Georgia Power Company has answered the amended complaint, asserting that it has complied with all requirements of the Clean Air Act, denying the plaintiff's allegations of liability, denying that the plaintiff is entitled to any of the relief that it seeks and raising various other defenses. In June 2001, a federal district court stayed discovery and administratively closed the case and the EPA has not yet moved to reopen the case. In April 2007, the U.S. Supreme Court in a separate unrelated case rejected an argument that a "major modification" occurs at a plant only when there is a resulting increase in the hourly rate of air emissions. Georgia Power Company has made a similar argument in defense of its case, but has other factual and legal defenses that are unaffected by the U.S. Supreme Court's decision.

In 1995 and 1996, NEE, through an indirect subsidiary, purchased from Adelphia Communications Corporation (Adelphia) 1,091,524 shares of Adelphia common stock and 20,000 shares of Adelphia preferred stock (convertible into 2,358,490 shares of Adelphia common stock) for an aggregate price of approximately $35,900,000. On January 29, 1999, Adelphia repurchased all of these shares for $149,213,130 in cash. In June 2004, Adelphia, Adelphia Cablevision, L.L.C. and the Official Committee of Unsecured Creditors of Adelphia filed a complaint against NEE and its indirect subsidiary in the U.S. Bankruptcy Court, Southern District of New York. The complaint alleges that the repurchase of these shares by Adelphia was a fraudulent transfer, in that at the time of the transaction Adelphia (i) was insolvent or was rendered insolvent, (ii) did not receive reasonably equivalent value in exchange for the cash it paid, and (iii) was engaged or about to engage in a business or transaction for which any property remaining with Adelphia had unreasonably small capital. The complaint seeks the recovery for the benefit of Adelphia's bankruptcy estate of the cash paid for the repurchased shares, plus interest from January 29, 1999. NEE filed an answer to the complaint. NEE believes that the complaint is without merit because, among other reasons, Adelphia will be unable to demonstrate that (i) Adelphia's repurchase of shares from NEE, which repurchase was at the market value for those shares, was not for reasonably equivalent value, (ii) Adelphia was insolvent at the time of the stock repurchase, or (iii) the stock repurchase left Adelphia with unreasonably small capital. The trial was completed in May 2012 and closing arguments were heard in July 2012. In May 2014, the U.S. Bankruptcy Court, Southern District of New York, issued its decision after trial, finding, among other things, that Adelphia was not insolvent, or rendered insolvent, at the time of the stock repurchase. The bankruptcy court further ruled that Adelphia was not left with inadequate capital or equitably insolvent at the time of the stock repurchase. The decision after trial represented proposed findings of fact and conclusions of law which were subject to de novo review by the U.S. District Court for the Southern District of New York. In March 2015, the U.S. District Court issued a final order which effectively affirmed the findings of the U.S. Bankruptcy Court in NEE's favor. In April 2015, Adelphia filed an appeal of the final order to the U.S. Court of Appeals for the Second Circuit.

NEE and FPL are vigorously defending, and believe that they or their affiliates have meritorious defenses to, the lawsuits described above. In addition to the legal proceedings discussed above, NEE and its subsidiaries, including FPL, are involved in other legal and regulatory proceedings, actions and claims in the ordinary course of their businesses. Generating plants in which subsidiaries of NEE, including FPL, have an ownership interest are also involved in legal and regulatory proceedings, actions and claims, the liabilities from which, if any, would be shared by such subsidiary. In the event that NEE and FPL, or their affiliates, do not prevail in the lawsuits described above or these other legal and regulatory proceedings, actions and claims, there may be a material adverse effect on their financial statements. While management is unable to predict with certainty the outcome of the lawsuits described above or these other legal and regulatory proceedings, actions and claims, based on current knowledge it is not expected that their ultimate resolution, individually or collectively, will have a material adverse effect on the financial statements of NEE or FPL.

9. Segment Information

NEE's reportable segments are FPL, a rate-regulated electric utility, and NEER, a competitive energy business. NEER's segment information includes an allocation of interest expense from NEECH based on a deemed capital structure of 70% debt and allocated shared service costs. Corporate and Other represents other business activities, other segments that are not separately reportable and eliminating entries. NEE's segment information is as follows:

	Three Months Ended June 30, 2015				2014			
	FPL	NEER[(a)]	Corporate and Other	NEE Consoli-dated	FPL	NEER[(a)]	Corporate and Other	NEE Consoli-dated
	(millions)							
Operating revenues	$2,996	$1,265	$97	$4,358	$2,889	$1,036	$104	$4,029
Operating expenses	$2,216	$916	$80	$3,212	$2,107	$896	$75	$3,078
Net income (loss) attributable to NEE	$435	$273 [(b)]	$8	$716	$423	$81 [(b)]	$(12)	$492

	Six Months Ended June 30, 2015				2014			
	FPL	NEER[(a)]	Corporate and Other	NEE Consoli-dated	FPL	NEER[(a)]	Corporate and Other	NEE Consoli-dated
	(millions)							
Operating revenues	$5,538	$2,725	$200	$8,463	$5,424	$2,069	$210	$7,703
Operating expenses	$4,091	$1,943	$153	$6,187	$4,010	$1,846	$157	$6,013
Net income (loss) attributable to NEE	$794	$552 [(b)]	$20	$1,366	$770	$167 [(b)]	$(16)	$921

(a) Interest expense allocated from NEECH is based on a deemed capital structure of 70% debt. For this purpose, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual NEECH corporate interest expense is included in Corporate and Other.

(b) See Note 4 for a discussion of NEER's tax benefits related to PTCs.

	June 30, 2015				December 31, 2014			
	FPL	NEER	Corporate and Other	NEE Consoli-dated	FPL	NEER	Corporate and Other	NEE Consoli-dated
	(millions)							
Total assets	$40,289	$34,333	$2,579	$77,201	$39,307	$32,919	$2,703	$74,929

Revenue Recognition - In July 2015, the FASB approved the deferral of the effective date of the new accounting standard related to the recognition of revenue from contracts with customers and required disclosures. The standard is now effective for NEE and FPL beginning January 1, 2018. NEE and FPL are currently evaluating the effect the adoption of this standard will have, if any, on their consolidated financial statements.

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

10. Summarized Financial Information of NEECH

NEECH, a 100% owned subsidiary of NEE, provides funding for, and holds ownership interests in, NEE's operating subsidiaries other than FPL. NEECH's debentures and junior subordinated debentures that are registered pursuant to the Securities Act of 1933, as amended, are fully and unconditionally guaranteed by NEE. Condensed consolidating financial information is as follows:

Condensed Consolidating Statements of Income

	Three Months Ended June 30, 2015				2014			
	NEE (Guarantor)	NEECH	Other[(a)]	NEE Consoli-dated	NEE (Guarantor)	NEECH	Other[(a)]	NEE Consoli-dated
				(millions)				
Operating revenues	$—	$1,366	$2,992	$4,358	$—	$1,143	$2,886	$4,029
Operating expenses	(5)	(984)	(2,223)	(3,212)	(4)	(969)	(2,105)	(3,078)
Interest expense	(1)	(167)	(112)	(280)	(2)	(194)	(109)	(305)
Equity in earnings of subsidiaries	716	—	(716)	—	507	—	(507)	—
Other income - net	—	111	17	128	1	130	7	138
Income (loss) before income taxes	710	326	(42)	994	502	110	172	784
Income tax expense (benefit)	(6)	33	247	274	10	26	256	292
Net income (loss)	716	293	(289)	720	492	84	(84)	492
Less net income attributable to noncontrolling interests	—	(4)	—	(4)	—	—	—	—
Net income (loss) attributable to NEE	$716	$289	$(289)	$716	$492	$84	$(84)	$492

	Six Months Ended June 30, 2015				2014			
	NEE (Guarantor)	NEECH	Other[(a)]	NEE Consoli-dated	NEE (Guarantor)	NEECH	Other[(a)]	NEE Consoli-dated
				(millions)				
Operating revenues	$—	$2,932	$5,531	$8,463	$—	$2,286	$5,417	$7,703
Operating expenses	(9)	(2,078)	(4,100)	(6,187)	(8)	(2,001)	(4,004)	(6,013)
Interest expense	(2)	(372)	(227)	(601)	(3)	(410)	(211)	(624)
Equity in earnings of subsidiaries	1,361	—	(1,361)	—	942	—	(942)	—
Other income - net	1	227	28	256	—	278	21	299
Income (loss) before income taxes	1,351	709	(129)	1,931	931	153	281	1,365

Income tax expense (benefit)	(15)	125	450	560	10	(19)	453	444
Net income (loss)	1,366	584	(579)	1,371	921	172	(172)	921
Less net income attributable to noncontrolling interests	—	(5)	—	(5)	—	—	—	—
Net income (loss) attributable to NEE	$1,366	$579	$(579)	$1,366	$921	$172	$(172)	$921

(a) Represents primarily FPL and consolidating adjustments.

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

Condensed Consolidating Statements of Comprehensive Income

	Three Months Ended June 30,							
	2015				2014			
	NEE (Guarantor)	NEECH	Other[a]	NEE Consoli-dated	NEE (Guarantor)	NEECH	Other[a]	NEE Consoli-dated
	(millions)							
Comprehensive income (loss) attributable to NEE	$785	$358	$(358)	$785	$530	$122	$(122)	$530

	Six Months Ended June 30,							
	2015				2014			
	NEE (Guarantor)	NEECH	Other[a]	NEE Consoli-dated	NEE (Guarantor)	NEECH	Other[a]	NEE Consoli-dated
	(millions)							
Comprehensive income (loss) attributable to NEE	$1,402	$631	$(631)	$1,402	$924	$170	$(170)	$924

(a) Represents primarily FPL and consolidating adjustments.

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

Condensed Consolidating Balance Sheets

	June 30, 2015				December 31, 2014			
	NEE (Guarantor)	NEECH	Other[a]	NEE Consolidated	NEE (Guarantor)	NEECH	Other[a]	NEE Consolidated
				(millions)				
PROPERTY, PLANT AND EQUIPMENT								
Electric plant in service and other property	$28	$33,759	$43,477	$77,264	$27	$31,674	$41,938	$73,639
Less accumulated depreciation and amortization	(14)	(7,298)	(11,642)	(18,954)	(12)	(6,640)	(11,282)	(17,934)
Total property, plant and equipment - net	14	26,461	31,835	58,310	15	25,034	30,656	55,705
CURRENT ASSETS								
Cash and cash equivalents	—	504	47	551	—	562	15	577
Receivables	429	1,594	116	2,139	82	1,378	699	2,159
Other	93	1,966	1,597	3,656	19	2,512	1,677	4,208
Total current assets	522	4,064	1,760	6,346	101	4,452	2,391	6,944
OTHER ASSETS								
Investment in subsidiaries	21,105	—	(21,105)	—	19,703	—	(19,703)	—
Other	659	6,679	5,207	12,545	736	6,066	5,478	12,280
Total other assets	21,764	6,679	(15,898)	12,545	20,439	6,066	(14,225)	12,280
TOTAL ASSETS	$22,300	$37,204	$17,697	$77,201	$20,555	$35,552	$18,822	$74,929
CAPITALIZATION								
Common shareholders' equity	$21,338	$6,604	$(6,604)	$21,338	$19,916	$6,552	$(6,552)	$19,916
Noncontrolling interests	—	263	—	263	—	252	—	252
Long-term debt	—	15,768	9,467	25,235	—	14,954	9,413	24,367
Total capitalization	21,338	22,635	2,863	46,836	19,916	21,758	2,861	44,535
CURRENT LIABILITIES								
Debt due within one year	—	4,284	255	4,539	—	3,455	1,202	4,657
Accounts payable	—	789	728	1,517	—	707	647	1,354
Other	518	1,840	1,007	3,365	182	2,075	1,395	3,652
Total current liabilities	518	6,913	1,990	9,421	182	6,237	3,244	9,663
OTHER LIABILITIES AND DEFERRED CREDITS								
Asset retirement obligations	—	660	1,391	2,051	—	631	1,355	1,986
Deferred income taxes	141	2,700	6,595	9,436	149	2,608	6,504	9,261
Other	303	4,296	4,858	9,457	308	4,318	4,858	9,484
Total other liabilities and deferred credits	444	7,656	12,844	20,944	457	7,557	12,717	20,731
COMMITMENTS AND CONTINGENCIES								
TOTAL CAPITALIZATION AND LIABILITIES	$22,300	$37,204	$17,697	$77,201	$20,555	$35,552	$18,822	$74,929

(a) Represents primarily FPL and consolidating adjustments.

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

Condensed Consolidating Statements of Cash Flows

	Six Months Ended June 30, 2015				2014			
	NEE (Guarantor)	NEECH	Other[a]	NEE Consolidated	NEE (Guarantor)	NEECH	Other[a]	NEE Consolidated
				(millions)				
NET CASH PROVIDED BY OPERATING ACTIVITIES	$678	$851	$1,405	$2,934	$754	$659	$1,035	$2,448
CASH FLOWS FROM INVESTING ACTIVITIES								
Capital expenditures, independent power and other investments and nuclear fuel purchases	(1)	(2,180)	(1,628)	(3,809)	—	(1,562)	(1,677)	(3,239)
Capital contribution to FPL	(550)	—	550	—	(100)	—	100	—
Cash grants under the Recovery Act	—	—	—	—	—	306	—	306
Sale of independent power and other investments of NEER	—	34	—	34	—	273	—	273
Change in loan proceeds restricted for construction	—	3	(65)	(62)	—	(366)	—	(366)
Proceeds from the sale of a noncontrolling interest in subsidiaries	—	106	—	106	—	—	—	—
Other - net	(19)	(34)	30	(23)	7	(49)	(37)	(79)
Net cash used in investing activities	(570)	(2,071)	(1,113)	(3,754)	(93)	(1,398)	(1,614)	(3,105)
CASH FLOWS FROM FINANCING ACTIVITIES								
Issuances of long-term debt	—	1,621	85	1,706	—	2,229	500	2,729
Retirements of long-term debt	—	(1,373)	(30)	(1,403)	—	(1,946)	(329)	(2,275)
Net change in short-term debt	—	1,577	(948)	629	—	678	247	925

Issuances of common stock	630	—	—	630	42	—	—	42
Dividends on common stock	(683)	—	—	(683)	(630)	—	—	(630)
Dividends to NEE	—	(615)	615	—	—	(187)	187	—
Other - net	(55)	(48)	18	(85)	(54)	92	12	50
Net cash provided by (used in) financing activities	(108)	1,162	(260)	794	(642)	866	617	841
Net increase (decrease) in cash and cash equivalents	—	(58)	32	(26)	19	127	38	184
Cash and cash equivalents at beginning of period	—	562	15	577	—	418	20	438
Cash and cash equivalents at end of period	$—	$504	$47	$551	$19	$545	$58	$622

(a) Represents primarily FPL and consolidating adjustments.

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Item 2. 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 4.8 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 net income (loss) attributable to NEE and earnings (loss) per share attributable to NEE by reportable segment, FPL and NEER, and by 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 9 for additional segment information). The following discussions should be read in conjunction with the Notes contained herein and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in the 2014 Form 10-K. The results of operations for an interim period generally will not give a true indication of results for the year. In the following discussions, all comparisons are with the corresponding items in the prior year period.

	Net Income (Loss) Attributable to NEE		Earnings (Loss) Per Share, assuming dilution		Net Income (Loss) Attributable to NEE		Earnings (Loss) Per Share, assuming dilution	
	Three Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014	2015	2014	2015	2014
	(millions)				(millions)			
FPL	$435	$423	$0.97	$0.96	$794	$770	$1.77	$1.75
NEER[(a)]	273	81	0.61	0.18	552	167	1.23	0.38
Corporate and Other	8	(12)	0.01	(0.02)	20	(16)	0.04	(0.03)
NEE	$716	$492	$1.59	$1.12	$1,366	$921	$3.04	$2.10

(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.

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 analysts and 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 and 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 2.

During the six months ended June 30, 2014, NEER decided not to pursue the sale of Maine fossil and recorded an after-tax gain of $12 million to increase Maine fossil's carrying value to its estimated fair value. See Note 3 - Nonrecurring Fair Value Measurements.
In order to make period to period comparisons more meaningful, adjusted earnings also exclude the after-tax gain associated with Maine fossil, costs incurred in 2015 associated with the proposed merger pursuant to which Hawaiian Electric Company, Inc. will become a wholly-owned subsidiary of NEE and the after-tax operating results associated with the Spain solar projects.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(millions)			
Net unrealized mark-to-market after-tax gains (losses) from non-qualifying hedge activity[a]	$25	$(146)	$52	$(273)
Income (loss) from OTTI after-tax losses on securities held in NEER's nuclear decommissioning funds, net of OTTI reversals	$(2)	$1	$(1)	$2
After-tax gain associated with Maine fossil - NEER	$—	$—	$—	$12
After-tax operating results of NEER's Spain solar projects	$1	$7	$(3)	$(8)
After-tax merger-related expenses - Corporate and Other	$(7)	$—	$(10)	$—

(a) For the three months ended June 30, 2015 and 2014, approximately $23 million of gains and $140 million of losses, respectively, are included in NEER's net income; the balance is included in Corporate and Other. For the six months ended June 30, 2015 and 2014, approximately $45 million of gains and $263 million of losses, respectively, are 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 and interest rates, as well as the reversal of previously recognized unrealized mark-to-market gains or losses as the underlying transactions were realized.

RESULTS OF OPERATIONS

Summary

Net income attributable to NEE for the three months ended June 30, 2015 was higher than the prior period by $224 million, reflecting higher results at FPL, NEER and Corporate and Other. Net income attributable to NEE for the six months ended June 30, 2015 was higher than the prior period by $445 million, reflecting higher results at FPL, NEER and Corporate and Other.

FPL's increase in net income for the three and six months ended June 30, 2015 was primarily driven by continued investments in plant in service while earning an 11.50% regulatory ROE on its retail rate base and higher AFUDC - equity.

NEER's results increased $192 million and $385 million for the three and six months ended June 30, 2015, respectively, reflecting net unrealized gains from non-qualifying hedge activity compared to losses on such hedges in the prior year period, the absence of 2014 NEP-related charge and costs, higher customer supply and proprietary power and gas trading results and earnings from new investments, partly offset by lower results from existing assets and the gas infrastructure business.

Corporate and Other's results increased for the three and six months ended June 30, 2015 primarily due to favorable income tax adjustments and 2015 investment gains compared to 2014 investment losses, and also for the six months ended June 30, 2015, the absence of debt reacquisition losses recorded in 2014. These positives were partly offset in both periods by costs associated with the proposed merger.

NEE's effective income tax rates for the three months ended June 30, 2015 and 2014 were approximately 28% and 37%, respectively. NEE's effective income tax rates for the six months ended June 30, 2015 and 2014 were approximately 29% and 33%, respectively. The rates for all periods reflect the benefit of PTCs for NEER's wind projects, as well as ITCs and deferred income tax benefits associated with convertible ITCs for solar and wind projects at NEER. PTCs, ITCs 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 PTC roll off. PTCs for the three months ended June 30, 2015 and 2014 were approximately $37 million and $49 million, respectively, and $75 million and $98 million for the comparable six-month periods. ITCs and deferred income tax benefits associated with convertible ITCs for the three months ended June 30, 2015 and 2014 were approximately $34 million and $13 million, respectively, and $52 million and $33 million for the comparable six-month periods. In addition, the rates for the three and six months ended June 30, 2014 reflect a noncash income tax charge of approximately $45 million associated with structuring Canadian assets in connection with the creation of NEP. See Note 4.

FPL: Results of Operations

FPL’s net income for the three months ended June 30, 2015 and 2014 was $435 million and $423 million, respectively, representing an increase of $12 million. FPL’s net income for the six months ended June 30, 2015 and 2014 was $794 million and $770 million, respectively, representing an increase of $24 million.

The use of reserve amortization is permitted by a January 2013 FPSC final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2012 rate agreement). In order to earn a targeted regulatory ROE, subject to limitations provided in the 2012 rate agreement, 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. The drivers of FPL's net income not reflected in the reserve amortization calculation typically include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, AFUDC - equity and costs not allowed to be recovered from retail customers by the FPSC. During the three months ended June 30, 2015 and 2014, FPL recorded the reversal of reserve amortization of approximately $66 million and reserve amortization of $6 million, respectively. During the six months ended June 30, 2015 and 2014, FPL recorded reserve amortization of approximately $33 million and $131 million, respectively.

The $12 million and $24 million increase in FPL's net income for the three and six months ended June 30, 2015, respectively, was primarily driven by:

- higher earnings on investment in plant in service of approximately $9 million and $29 million, respectively. Investment in plant in service grew FPL's average retail rate base for the three and six months ended June 30, 2015 by approximately $0.5 billion and $1.0 billion, respectively, when compared to the same periods last year, reflecting, among other things, the modernized Riviera Beach power plant and ongoing transmission and distribution additions, and
- higher AFUDC - equity of $10 million and $5 million, respectively,

partly offset by,

- lower cost recovery clause earnings of $4 million and $6 million, respectively.

FPL's operating revenues consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(millions)			
Retail base	$1,487	$1,390	$2,671	$2,527
Fuel cost recovery	972	941	1,853	1,856
Other cost recovery clauses and pass-through costs, net of any deferrals	417	446	780	841
Other, primarily wholesale and transmission sales, customer-related fees and pole attachment rentals	120	112	234	200
Total	$2,996	$2,889	$5,538	$5,424

Retail Base

Retail base revenues increased approximately $43 million during the six months ended June 30, 2015 related to the modernized Riviera Beach power plant which was placed in service on April 1, 2014.

Retail Customer Usage and Growth

In the three and six months ended June 30, 2015, FPL experienced a 6.1% and 3.1% increase, respectively, in average usage per retail customer and, in both periods, experienced a 1.4% increase in the average number of customer accounts, which collectively, together with other factors, increased revenues by approximately $97 million and $101 million, respectively. Favorable weather contributed to the increased revenues.

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. The changes in fuel cost recovery revenues for the three and six months ended June 30, 2015 are primarily due to approximately $79 million and $89 million, respectively, of increased revenues related to higher retail energy sales. The increased revenues for both periods were partly offset by lower gas sales associated with an incentive mechanism allowed under the 2012 rate agreement (incentive gas sales) and lower revenues from interchange power sales totaling approximately $24 million and $68 million, respectively. Additionally, the fuel cost recovery revenues were lower due to a lower average fuel factor of approximately $24 million for both the three and six months ended June 30, 2015. Cost recovery clauses contributed approximately $16 million and $20 million to FPL’s net income for the three months ended June 30, 2015 and 2014, respectively. The amounts for the six months ended June 30, 2015 and 2014 were $35 million and $41 million, respectively.

Other

The increase in other revenues for the six months ended June 30, 2015 primarily reflects higher wholesale revenues of approximately $17 million associated with an increase in contracted load served under new and existing contracts.

Other Items Impacting FPL's Condensed Consolidated Statements of Income

Fuel, Purchased Power and Interchange Expense
The major components of FPL's fuel, purchased power and interchange expense are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(millions)			
Fuel and energy charges during the period	$968	$1,091	$1,744	$1,995
Net recognition of deferred retail fuel costs	5	—	110	—
Net deferral of retail fuel costs	—	(152)	—	(145)
Other, primarily capacity charges, net of any capacity deferral	125	137	249	262
Total	$1,098	$1,076	$2,103	$2,112

The decrease in fuel and energy charges for the three and six months ended June 30, 2015 reflects approximately $171 million and $307 million of lower fuel and energy prices, partly offset by $68 million and $98 million related to higher energy sales, respectively. Fuel and energy charges also reflect a decrease of $20 million and $42 million related to lower incentive gas sales for the three and six months ended June 30, 2015, respectively. In addition, FPL recognized $5 million and $110 million of deferred retail fuel costs during the three and six months ended June 30, 2015, respectively, compared to the deferral of retail fuel costs of $152 million and $145 million in the three and six months ended June 30, 2014, respectively.

O&M Expenses
FPL's O&M expenses decreased $33 million for the six months ended June 30, 2015 reflecting lower maintenance costs primarily due to the timing and extent of nuclear and fossil unit outages, as well as lower cost recovery clause costs, which do not have a significant impact on net income.

Depreciation and Amortization Expense
The major components of FPL’s depreciation and amortization expense are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(millions)			
Reserve reversal (amortization) recorded under the 2012 rate agreement	$66	$(6)	$(33)	$(131)
Other depreciation and amortization recovered under base rates	314	305	622	598
Depreciation and amortization recovered under cost recovery clauses and securitized storm-recovery cost amortization	48	50	80	90
Total	$428	$349	$669	$557

The reserve amortization, or reversal of such amortization, recorded for all periods presented reflects adjustments to the depreciation and fossil dismantlement reserve provided under the 2012 rate agreement. At June 30, 2015, approximately $245 million of this reserve remains available for future amortization. Reserve amortization is recorded as a reduction of regulatory liabilities - accrued asset removal costs on the condensed consolidated balance sheets. For the three and six months ended June 30, 2015 and 2014, reserve amortization, or reversal of such amortization, was recorded to achieve the targeted retail regulatory ROE. The increase in other depreciation and amortization expense recovered under base rates for the three and six months ended June 30, 2015 is due to higher plant in service balances.

Interest Expense

The increase in interest expense for the three and six months ended June 30, 2015 primarily reflects higher average debt balances.

AFUDC - Equity

The increase in AFUDC - equity for the three and six months ended June 30, 2015 is primarily due to additional AFUDC - equity recorded on construction expenditures associated with the Port Everglades modernization project and the upgrade of compressors in certain combined-cycle units. In addition, the increase for the six months ended June 30, 2015 was partly offset by lower AFUDC

- equity associated with the Riviera Beach power plant which was placed in service in April 2014.

Capital Initiatives

For the period 2015 through 2018, FPL expects to invest capital of approximately $13.9 billion to $15.6 billion primarily related to projects that are focused on improving reliability, reducing fuel cost and reducing emissions, as well as maintenance of existing assets.

Natural Gas Reserves Project

In March 2015, FPL began investing in long-term natural gas supplies to provide a physical hedge on the price of natural gas to fuel its fossil generating fleet. The State of Florida Office of Public Counsel’s appeals and the Florida Industrial Power Users Group’s appeal to the Florida Supreme Court challenging the FPSC's approval of FPL's initial investment in natural gas supplies are pending. In July 2015, the FPSC issued an order approving a modified version of guidelines proposed by FPL under which FPL could participate in additional natural gas production projects and recover its costs through the fuel clause without prior FPSC approval. Key elements of the modified guidelines include, among other things, an annual investment cap of $500 million along with an escalating annual production cap as a percent of FPL’s total natural gas burn and an emphasis on investing in proven and probable reserves.

NEER: Results of Operations

NEER’s net income less net income attributable to noncontrolling interests for the three months ended June 30, 2015 and 2014 was $273 million and $81 million, respectively, representing an increase of $192 million. NEER’s net income less net income attributable to noncontrolling interests for the six months ended June 30, 2015 and 2014 was $552 million and $167 million, respectively, representing an increase of $385 million. The primary drivers, on an after-tax basis, of the change are in the following table.

	Increase (Decrease) From Prior Period Three Months Ended June 30, 2015 (millions)	Six Months Ended June 30, 2015
New investments[(a)]	$44	$87
Existing assets[(a)]	(21)	(97)
Gas infrastructure[(b)]	(23)	(14)
Customer supply and proprietary power and gas trading[(b)]	18	108
Asset sales	(14)	(14)
NEP-related charge and costs	67	67
Interest expense, differential membership costs and other	(33)	(50)
Change in unrealized mark-to-market non-qualifying hedge activity[(c)]	163	308
Change in OTTI losses on securities held in nuclear decommissioning funds, net of OTTI reversals[(c)]	(3)	(3)
Maine fossil gain[(c)]	—	(12)
Operating results of the Spain solar projects[(c)]	(6)	5
Increase in net income less net income attributable to noncontrolling interests	$192	$385

(a)

Includes PTCs, ITCs and deferred income tax and other benefits associated with convertible ITCs for wind and solar projects, as applicable, but excludes allocation of interest expense or corporate general and administrative expenses. Results from new projects are included in new investments during the first twelve months of operation. A project's results are included in existing assets beginning with the thirteenth month of operation.

(b) Excludes allocation of interest expense or corporate general and administrative expenses.

(c) See Overview - Adjusted Earnings for additional information.

New Investments

Results from new investments for the three months ended June 30, 2015 increased primarily due to:

- the addition of approximately 1,280 MW of wind generation and 291 MW of solar generation during or after the three months ended June 30, 2014.

Results from new investments for the six months ended June 30, 2015 increased primarily due to:

- the addition of approximately 1,354 MW of wind generation and 561 MW of solar generation during or after the six months ended June 30, 2014.

Existing Assets

Results from NEER's existing asset portfolio for the three months ended June 30, 2015 decreased primarily due to:

- lower results from wind assets of approximately $38 million primarily reflecting weaker wind resource offset in part by a favorable ITC impact related to changes in state income tax laws,

partly offset by

- higher results from the nuclear assets of $16 million primarily due to the absence of 2014 refueling outages.

Results from NEER's existing asset portfolio for the six months ended June 30, 2015 decreased primarily due to:

- lower results from wind assets of approximately $97 million primarily due to weaker wind resource offset in part by a favorable ITC impact related to changes in state income tax laws and favorable pricing,

partly offset by

- higher results from the nuclear assets of $4 million primarily due to the absence of 2014 refueling outages, offset in part by lower gains on sales of securities held in NEER's nuclear decommissioning funds.

Gas Infrastructure

The decrease in gas infrastructure results for the three months ended June 30, 2015 is primarily due to increased depreciation expense primarily related to higher depletion rates and the absence of 2014 gains on the sale of investments in certain wells. The decrease in gas infrastructure results for the six months ended June 30, 2015 is primarily due to increased depreciation expense primarily related to higher depletion rates and the absence of 2014 gains on the sale of investments in certain wells, partly offset by gains from exiting the hedged positions on a number of future gas production opportunities. NEER continues to monitor its oil and gas producing properties for potential impairments due to low prices for oil and natural gas commodity products.

Customer Supply and Proprietary Power and Gas Trading

Results from customer supply and proprietary power and gas trading increased for the three months ended June 30, 2015 primarily due to improved margins and favorable market conditions. Results from customer supply and proprietary power and gas trading increased for the six months ended June 30, 2015 primarily due to improved margins and favorable market conditions compared to losses in 2014 due to the impact of extreme winter weather on the full requirements business.

Asset Sales

During the three and six months ended June 30, 2014, NEER recorded an after-tax gain of approximately $14 million on the sale of a 75 MW wind project that became operational in the first quarter of 2014.

NEP-related Charge and Costs

For the three and six months ended June 30, 2014, NEER's results reflect an approximately $45 million noncash income tax charge associated with structuring Canadian assets and $22 million in NEP initial public offering transaction costs.

Interest Expense, Differential Membership Costs and Other

For the three and six months ended June 30, 2015, interest expense, differential membership costs and other reflects higher borrowing and other costs to support the growth of the business.

Other Factors

Supplemental to the primary drivers of the changes in NEER's net income less net income attributable to noncontrolling interests discussed above, the discussion below describes changes in certain line items set forth in NEE's condensed consolidated statements of income as they relate to NEER.

Operating Revenues

Operating revenues for the three months ended June 30, 2015 increased $229 million primarily due to:

- lower mark-to-market losses from non-qualifying hedges of approximately $220 million,
- higher revenues from new investments of $46 million, and
- higher revenues from the customer supply and proprietary power and gas trading business and the gas infrastructure business of $15 million,

partly offset by,

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- lower revenues from existing assets of $48 million primarily reflecting weaker wind resource and lower revenues in the Electric Reliability Council of Texas (ERCOT) region due to unfavorable market conditions, partly offset by higher revenues in the New England Power Pool (NEPOOL) region due to the absence of a 2014 outage at Seabrook.

Operating revenues for the six months ended June 30, 2015 increased $656 million primarily due to:

- higher unrealized mark-to-market gains from non-qualifying hedges ($61 million for the six months ended June 30, 2015 compared to $369 million of losses on such hedges for the comparable period in 2014),
- higher revenues from the customer supply and proprietary power and gas trading business of approximately $191 million reflecting favorable market conditions,
- higher revenues from new investments of $120 million, and
- higher revenues from the gas infrastructure business of $53 million primarily reflecting gains recorded upon exiting the hedged positions on a number of future gas production opportunities,

partly offset by,

- lower revenues from existing assets of $135 million reflecting weaker wind resource, lower revenues at Marcus Hook 750 and in the ERCOT region due to unfavorable market conditions and lower contracted revenues at Duane Arnold, partly offset by higher revenues in the NEPOOL region due to the absence of a 2014 outage at Seabrook.

Operating Expenses

Operating expenses for the three months ended June 30, 2015 increased $20 million primarily due to:

- higher operating expenses associated with new investments of approximately $29 million,
- higher depreciation associated with the gas infrastructure business of $21 million primarily related to higher depletion rates, and
- higher O&M expenses reflecting higher costs associated with growth in the NEER business, and higher taxes other than income taxes and other reflecting the absence of 2014 gains on the sale of investments in certain wells in the gas infrastructure business,

partly offset by,

- lower fuel expense of approximately $70 million primarily in the ERCOT and NEPOOL regions.

Operating expenses for the six months ended June 30, 2015 increased $97 million primarily due to:

- higher operating expenses associated with new investments of approximately $59 million,
- higher depreciation associated with the gas infrastructure business of $46 million primarily related to higher depletion rates, and
- higher O&M expenses reflecting higher costs associated with growth in the NEER business, and higher taxes other than income taxes and other reflecting the absence of 2014 gains on the sale of investments in certain wells in the gas infrastructure business,

partly offset by,

- lower fuel expense of approximately $66 million primarily in the ERCOT and NEPOOL regions.

Interest Expense

NEER's interest expense for the three and six months ended June 30, 2015 decreased $21 million and $26 million, respectively, reflecting approximately $24 million and $11 million of favorable changes in the fair value of interest rate swaps associated with the Spain solar projects for the three- and six-month periods in 2015 compared to $8 million and $35 million of unfavorable changes for the respective periods in 2014, partly offset by higher average interest rates and debt balances.

Benefits Associated with Differential Membership Interests - net

Benefits associated with differential membership interests - net for both periods presented reflect benefits recognized by NEER as third-party investors received their portion of the economic attributes, including income tax attributes, of the underlying wind projects, net of associated costs.

Gains on Disposal of Assets - net

Gains on disposal of assets - net for the three and six months ended June 30, 2015 and 2014 primarily reflect gains on sales of securities held in NEER's nuclear decommissioning funds. In addition, the three and six months ended June 30, 2014 reflect a $23 million gain on the sale of a 75 MW wind project.

Tax Credits, Benefits and Expenses

PTCs from wind projects and ITCs and deferred income tax benefits associated with convertible ITCs from solar projects are reflected in NEER’s earnings. PTCs are recognized as wind energy is generated and sold based on a per kWh rate prescribed in applicable federal and state statutes. A portion of the PTCs have been allocated to investors in connection with sales of differential membership interests. Also see Summary above and Note 4 for a discussion of PTCs, ITCs and deferred income tax benefits associated with convertible ITCs, as well as benefits associated with differential membership interests - net above.

Capital Initiatives

During the six months ended June 30, 2015, NEER placed into service approximately 104 MW of new Canadian wind generation and 20 MW of U.S. solar generation. For the period 2015 through 2018, NEER expects to invest capital of approximately $13.7 billion to $15.1 billion primarily for new wind projects with generation totaling 3,000 MW to 3,300 MW (including approximately 104 MW added to date) and new solar projects with generation totaling 1,800 MW to 1,900 MW (including 20 MW added to date), as well as natural gas infrastructure investments, nuclear fuel and maintenance of existing assets.

Sale of Assets to NEP

In January 2015 and February 2015, indirect subsidiaries of NEER sold a 250 MW wind facility located in Texas and an approximately 20 MW solar facility located in California, respectively, to indirect subsidiaries of NEP.

In May 2015, an indirect subsidiary of NEER sold four wind generating facilities with contracted generating capacity totaling approximately 664 MW located in North Dakota, Oklahoma, Washington and Oregon to an indirect subsidiary of NEP.

NEP Pipeline Acquisition

NEP entered into an agreement, effective July 31, 2015, to acquire the membership interests in NET Midstream, a developer, owner and operator of a portfolio of seven long-term contracted natural gas pipeline assets located in Texas. The NET Midstream pipeline portfolio has total existing capacity of approximately 4 billion cubic feet (Bcf) per day, of which 3 billion Bcf per day is currently contracted with firm ship-or-pay contracts. There are planned expansion projects for the three largest pipelines in the portfolio that, if completed, are expected to provide an additional 0.9 Bcf per day of contracted volumes. NEP expects to complete the acquisition early in the fourth quarter of 2015, subject to the satisfaction or waiver of certain customary closing conditions, for an aggregate purchase price of approximately $2 billion, less the assumption of debt of NET Midstream and its subsidiaries at closing. The purchase price is subject to (i) a $200 million holdback payable, in whole or in part, upon satisfaction of financial performance and capital expenditure thresholds relating to planned expansion projects, (ii) a $200 million holdback to be retained by NEP for an 18-month period to satisfy any indemnification obligations of the sellers and (iii) certain adjustments for working capital. The $200 million indemnity holdback may be reduced by up to $10 million depending on certain post-closing employee retention thresholds.

Corporate and Other: Results of Operations

Corporate and Other is primarily comprised of the operating results of NEET, FPL FiberNet and other business activities, as well as corporate interest income and expenses. Corporate and Other allocates a portion of NEECH's corporate interest expense and shared service costs to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating NEECH's corporate interest expense, the deferred credit associated with differential membership interests sold by NEER's subsidiaries is included with debt. Each subsidiary's income taxes are calculated based on the "separate return method," except that tax benefits that could not be used on a separate return basis, but are used on the consolidated tax return, are recorded by the subsidiary that generated the tax benefits. Any remaining consolidated income tax benefits or expenses are recorded at Corporate and Other. The major components of Corporate and Other's results, on an after-tax basis, are as follows:

	Three Months Ended June 30,	Six Months Ended June 30,

	2015	2014	2015	2014
	(millions)			
Interest expense, net of allocations to NEER	$(22)	$(26)	$(43)	$(51)
Interest income	8	8	16	16
Federal and state income tax benefits (expenses)	9	(8)	15	(1)
Merger-related expenses	(7)	—	(10)	—
Other - net	20	14	42	20
Net income (loss)	$8	$(12)	$20	$(16)

The decrease in interest expense, net of allocations to NEER, for the three and six months ended June 30, 2015 reflects lower average debt balances due in part to a higher allocation of interest costs to NEER reflecting growth in NEER's business. The federal and state income tax benefits for both periods presented reflect consolidating income tax adjustments and favorable changes in state income tax laws. Other includes all other corporate income and expenses, as well as other business activities. The increase in other - net for the three and six months ended June 30, 2015 primarily reflects 2015 investment gains compared to 2014 investment losses and, also for the six months ended June 30, 2015, the absence of debt reacquisition losses recorded in 2014, the pretax amount of which is reflected in other - net in NEE's condensed consolidated statements of income.

Capital Initiatives

For the period 2015 through 2018, businesses within Corporate and Other expect to invest capital of approximately $2.9 billion to $3.1 billion primarily for infrastructure projects through investments in natural gas pipelines and transmission facilities.

LIQUIDITY AND CAPITAL RESOURCES

NEE and its subsidiaries, including FPL, require funds to support and grow their businesses. These funds are used for, among other things, working capital, capital expenditures, investments in or acquisitions of assets and businesses, payment of maturing debt obligations and, from time to time, redemption or repurchase of outstanding debt or equity securities. It is anticipated that these requirements will be satisfied through a combination of cash flows from operations, short- and long-term borrowings, the issuance, from time to time, of short- and long-term debt and equity securities and proceeds from the sale of differential membership interests, consistent with NEE’s and FPL’s objective of maintaining, on a long-term basis, a capital structure that will support a strong investment grade credit rating. NEE, FPL and NEECH rely on access to credit and capital markets as significant sources of liquidity for capital requirements and other operations that are not satisfied by operating cash flows. The inability of NEE, FPL and NEECH to maintain their current credit ratings could affect their ability to raise short- and long-term capital, their cost of capital and the execution of their respective financing strategies, and could require the posting of additional collateral under certain agreements.

Cash Flows

Sources and uses of NEE's and FPL's cash for the six months ended June 30, 2015 and 2014 were as follows:

	NEE Six Months Ended June 30,		FPL Six Months Ended June 30,	
	2015	2014	2015	2014
	(millions)			
Sources of cash:				
Cash flows from operating activities	$2,934	$2,448	$2,032	$1,723
Long-term borrowings	1,706	2,729	85	499
Sale of independent power and other investments of NEER	34	273	—	—
Capital contribution from NEE	—	—	550	100
Cash grants under the Recovery Act	—	306	—	—
Issuances of common stock - net	630	42	—	—
Net increase in short-term debt	629	925	—	247
Proceeds from the sale of a noncontrolling interest in subsidiaries	106	—	—	—
Other sources - net	63	51	61	29
Total sources of cash	6,102	6,774	2,728	2,598
Uses of cash:				
Capital expenditures, independent power and other investments and nuclear fuel purchases	(3,809)	(3,239)	(1,628)	(1,678)
Retirements of long-term debt	(1,403)	(2,275)	(31)	(329)
Net decrease in short-term debt	—	—	(948)	—
Net increase in loan proceeds restricted for construction	(62)	(366)	(65)	—
Dividends	(683)	(630)	—	(500)
Other uses - net	(171)	(80)	(32)	(52)
Total uses of cash	(6,128)	(6,590)	(2,704)	(2,559)
Net increase (decrease) in cash and cash equivalents	$(26)	$184	$24	$39

NEE's primary capital requirements are for expanding and enhancing FPL's electric system and generating facilities to continue to provide reliable service to meet customer electricity demands and for funding NEER's investments in independent power and other projects. The following table provides a summary of the major capital investments for the six months ended June 30, 2015 and 2014.

	Six Months Ended June 30,	
	2015	2014
	(millions)	
FPL:		
Generation:		
New	$340	$430
Existing	354	455
Transmission and distribution	711	587
Nuclear fuel	79	110
General and other	136	63
Other, primarily change in accrued property additions and the exclusion of AFUDC - equity	8	33
Total	1,628	1,678
NEER:		
Wind	618	816
Solar	806	284
Nuclear, including nuclear fuel	162	125
Other	465	272
Total	2,051	1,497
Corporate and Other	130	64
Total capital expenditures, independent power and other investments and nuclear fuel purchases	$3,809	$3,239

Liquidity

At June 30, 2015, NEE's total net available liquidity was approximately $6.7 billion, of which FPL's portion was approximately $3.0 billion. The table below provides the components of FPL's and NEECH's net available liquidity at June 30, 2015:

	FPL	NEECH	Total	Maturity Date FPL	Maturity Date NEECH
		(millions)			
Bank revolving line of credit facilities[a]	$3,000	$4,850	$7,850	[b]	[b]
Less letters of credit	(3)	(532)	(535)		
	2,997	4,318	7,315		
Revolving credit facilities	200	35	235	2018	2020
Less borrowings	—	—	—		
	200	35	235		
Letter of credit facilities[c]	—	650	650		2017
Less letters of credit	—	(269)	(269)		
	—	381	381		
Subtotal	3,197	4,734	7,931		
Cash and cash equivalents	38	504	542		
Less short-term debt	(194)	(1,577)	(1,771)		
Net available liquidity	$3,041	$3,661	$6,702		

(a) Provide for the funding of loans up to $7,850 million ($3,000 million for FPL) and the issuance of letters of credit up to $6,600 million ($2,500 million for FPL). The entire amount of the credit facilities is available for general corporate purposes and to provide additional liquidity in the event of a loss to the companies' or their subsidiaries' operating facilities (including, in the case of FPL, a transmission and distribution property loss). FPL's bank revolving line of credit facilities are also available to support the purchase of $718 million of pollution control, solid waste disposal and industrial development revenue bonds (tax exempt bonds) in the event they are tendered by individual bond holders and not remarketed prior to maturity.

(b) $500 million of FPL's and $750 million of NEECH's bank revolving line of credit facilities expire in 2016; essentially all of the remaining facilities at each of FPL and NEECH expire in 2020.

(c) Only available for the issuance of letters of credit.

Additionally, at June 30, 2015, certain subsidiaries of NEER and NEP had credit or loan facilities with available liquidity as set forth in the table below. In order for the applicable borrower to borrow or to have letters of credit issued under the terms of the agreements for the NEER facilities listed below, among other things, NEE is required to maintain a ratio of funded debt to total capitalization that does not exceed a stated ratio. These agreements also generally contain covenants and default and related acceleration provisions relating to, among other things, failure of NEE to maintain a ratio of funded debt to total capitalization at or below the specified ratio. Some of the payment obligations of the borrowers under the agreements listed below ultimately are guaranteed by NEE.

	Amount	Amount Remaining	Rate	Maturity Date	Related Project Use

		Available at June 30, 2015			
	(millions)				
NEER:					
Canadian revolving credit facilities[(a)]	C$1,000	$585	Variable	Various	Canadian renewable generating assets
Limited-recourse construction and term loan facility	$425	$325	Variable	2035	Construction and development of a 250 MW solar PV project in California
Limited-recourse construction and term loan facility	$619	$350	Variable	2035	Construction and development of a 250 MW solar PV project in Nevada
Cash grant bridge loan facilities	$250	$250	Variable	2018	Construction and development of a 250 MW solar PV project in Nevada
NEP:					
Senior secured revolving credit facility[(b)]	$250	$171	Variable	2019	Working capital, expansion projects, acquisitions and general business purposes

(a) Available for general corporate purposes; the current intent is to use these facilities for the purchase, development, construction and/or operation of Canadian renewable generating assets. Consist of four credit facilities with expiration dates ranging from February 2016 to December 2016.

(b) NEP OpCo and one of its direct subsidiaries are required to comply with certain financial covenants on a quarterly basis and NEP OpCo's ability to pay cash distributions is subject to certain other restrictions. The revolving credit facility includes borrowing capacity for letters of credit and incremental commitments to increase the revolving credit facility up to $1 billion in the aggregate. Borrowings under the revolving credit facility are guaranteed by NEP OpCo and NEP.

Capital Support

Letters of Credit, Surety Bonds and Guarantees

Certain subsidiaries of NEE, including FPL, obtain letters of credit and surety bonds and issue guarantees to facilitate commercial transactions with third parties and financings. Letters of credit, surety bonds and guarantees support, among other things, the buying and selling of wholesale energy commodities, debt and related reserves, capital expenditures for NEER's wind and solar development, nuclear activities and other contractual agreements. Substantially all of NEE's and FPL's guarantee arrangements are on behalf of their consolidated subsidiaries for their related payment obligations.

In addition, as part of contract negotiations in the normal course of business, NEE and certain of its subsidiaries, including FPL, may agree to make payments to compensate or indemnify other parties for possible future unfavorable financial consequences resulting from specified events. The specified events may include, but are not limited to, an adverse judgment in a lawsuit, the imposition of additional taxes due to a change in tax law or interpretations of the tax law or the non-receipt of renewable tax credits or proceeds from cash grants under the Recovery Act. NEE and FPL are unable to develop an estimate of the maximum potential amount of future payments under some of these contracts because events that would obligate them to make payments have not yet occurred or, if any such event has occurred, they have not been notified of its occurrence.

In addition, NEE has guaranteed certain payment obligations of NEECH, including most of its debt and all of its debentures and commercial paper issuances, as well as most of its payment guarantees and indemnifications, and NEECH has guaranteed certain debt and other obligations of NEER and its subsidiaries.

At June 30, 2015, NEE had approximately $990 million of standby letters of credit ($3 million for FPL), $257 million of surety bonds ($59 million for FPL) and $11.3 billion notional amount of guarantees and indemnifications ($24 million for FPL), of which $6.6 billion of letters of credit, guarantees and indemnifications ($2 million for FPL) have expiration dates within the next five years.

Each of NEE and FPL believe it is unlikely that it would be required to make any payments under these letters of credit, surety bonds, guarantees and indemnifications. At June 30, 2015, NEE and FPL did not have any significant liabilities recorded for these letters of credit, surety bonds, guarantees and indemnifications.

Shelf Registration

In July 2015, NEE, NEECH and FPL filed a shelf registration statement with the SEC for an unspecified amount of securities which became effective upon filing. The amount of securities issuable by the companies is established from time to time by their respective boards of directors. As of August 3, 2015, securities that may be issued under the registration statement include, depending on the registrant, senior debt securities, subordinated debt securities, junior subordinated debentures, first mortgage bonds, common stock, preferred stock, stock purchase contracts, stock purchase units, warrants and guarantees related to certain of those securities. As of August 3, 2015, the board-authorized capacity available to issue securities was approximately $6.5 billion for NEE and NEECH (issuable by either or both of them up to such aggregate amount) and $2.5 billion for FPL.

New Accounting Rules and Interpretations

Amendments to the Consolidation Analysis - In February 2015, the FASB issued a new accounting standard that will modify current consolidation guidance. See Note 5 - Amendments to the Consolidation Analysis.

Presentation of Debt Issuance Costs - In April 2015, the FASB issued a new accounting standard which changes the presentation of debt issuance costs in financial statements. See Note 7 - Presentation of Debt Issuance Costs.

Revenue Recognition - In July 2015, the FASB approved the deferral of the effective date of the new accounting standard related to the recognition of revenue from contracts with customers and required disclosures. See Note 9 - Revenue Recognition.

ENERGY MARKETING AND TRADING AND MARKET RISK SENSITIVITY

NEE and FPL are exposed to risks associated with adverse changes in commodity prices, interest rates and equity prices. Financial instruments and positions affecting the financial statements of NEE and FPL described below are held primarily for purposes other than trading. Market risk is measured as the potential loss in fair value resulting from hypothetical reasonably possible changes in commodity prices, interest rates or equity prices over the next year. Management has established risk management policies to monitor and manage such market risks, as well as credit risks.

Commodity Price Risk

NEE and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity. In addition, NEE, through NEER, uses derivatives to optimize the value of its power generation and gas infrastructure assets and engages in power and gas marketing and trading activities to take advantage of expected future favorable price movements. See Note 2.

The changes in the fair value of NEE's consolidated subsidiaries' energy contract derivative instruments for the three and six months ended June 30, 2015 were as follows:

	Trading	Hedges on Owned Assets Non-Qualifying	Hedges on Owned Assets FPL Cost Recovery Clauses	NEE Total
	(millions)			
Three months ended June 30, 2015				
Fair value of contracts outstanding at March 31, 2015	$349	$978	$(371)	$956
Reclassification to realized at settlement of contracts	(39)	(102)	130	(11)
Inception value of new contracts	13	1	—	14
Net option premium purchases (issuances)	(65)	—	—	(65)
Changes in fair value excluding reclassification to realized	72	107	23	202
Fair value of contracts outstanding at June 30, 2015	330	984	(218)	1,096
Net margin cash collateral paid (received)				(121)
Total mark-to-market energy contract net assets (liabilities) at June 30, 2015	$330	$984	$(218)	$975

	Trading	Hedges on Owned Assets Non-Qualifying	Hedges on Owned Assets FPL Cost Recovery Clauses	NEE Total
	(millions)			
Six months ended June 30, 2015				
Fair value of contracts outstanding at December 31, 2014	$320	$898	$(363)	$855
Reclassification to realized at settlement of contracts	(105)	(168)	208	(65)
Inception value of new contracts	18	1	—	19
Net option premium purchases (issuances)	(71)	2	—	(69)
Changes in fair value excluding reclassification to realized	168	251	(63)	356
Fair value of contracts outstanding at June 30, 2015	330	984	(218)	1,096
Net margin cash collateral paid (received)				(121)
Total mark-to-market energy contract net assets (liabilities) at June 30, 2015	$330	$984	$(218)	$975

NEE's total mark-to-market energy contract net assets (liabilities) at June 30, 2015 shown above are included on the condensed consolidated balance sheets as follows:

	June 30, 2015
	(millions)
Current derivative assets	$766
Noncurrent derivative assets	1,268
Current derivative liabilities	(702)
Noncurrent derivative liabilities	(357)
NEE's total mark-to-market energy contract net assets	$975

The sources of fair value estimates and maturity of energy contract derivative instruments at June 30, 2015 were as follows:

	Maturity 2015	2016	2017	2018	2019	Thereafter	Total
	(millions)						
Trading:							
Quoted prices in active markets for identical assets	$(2)	$(3)	$2	$2	$1	$—	$—
Significant other observable inputs	(21)	50	26	17	3	(2)	73
Significant unobservable inputs	138	66	54	(1)	5	(5)	257
Total	115	113	82	18	9	(7)	330
Owned Assets - Non-Qualifying:							
Quoted prices in active markets for identical assets	14	(10)	(5)	(4)	(1)	—	(6)
Significant other observable inputs	87	200	123	65	51	82	608
Significant unobservable inputs	28	39	36	33	27	219	382
Total	129	229	154	94	77	301	984
Owned Assets - FPL Cost Recovery Clauses:							
Quoted prices in active markets for identical assets	—	—	—	—	—	—	—
Significant other observable inputs	(217)	(5)	—	—	—	—	(222)
Significant unobservable inputs	2	2	—	—	—	—	4
Total	(215)	(3)	—	—	—	—	(218)
Total sources of fair value	$29	$339	$236	$112	$86	$294	$1,096

The changes in the fair value of NEE's consolidated subsidiaries' energy contract derivative instruments for the three and six months ended June 30, 2014 were as follows:

		Hedges on Owned Assets		
	Trading	Non-Qualifying	FPL Cost Recovery Clauses	NEE Total
	(millions)			
Three months ended June 30, 2014				
Fair value of contracts outstanding at March 31, 2014	$317	$411	$120	$848
Reclassification to realized at settlement of contracts	—	(22)	(59)	(81)
Net option premium purchases (issuances)	(66)	1	—	(65)
Changes in fair value excluding reclassification to realized	44	(197)	11	(142)
Fair value of contracts outstanding at June 30, 2014	295	193	72	560
Net margin cash collateral paid (received)				(134)
Total mark-to-market energy contract net assets (liabilities) at June 30, 2014	$295	$193	$72	$426

		Hedges on Owned Assets		
	Trading	Non-Qualifying	FPL Cost Recovery Clauses	NEE Total
	(millions)			

Six months ended June 30, 2014				
Fair value of contracts outstanding at December 31, 2013	$301	$563	$46	$910
Reclassification to realized at settlement of contracts	36	97	(121)	12
Inception value of new contracts	(21)	—	—	(21)
Net option premium purchases (issuances)	(62)	2	—	(60)
Changes in fair value excluding reclassification to realized	41	(469)	147	(281)
Fair value of contracts outstanding at June 30, 2014	295	193	72	560
Net margin cash collateral paid (received)				(134)
Total mark-to-market energy contract net assets (liabilities) at June 30, 2014	$295	$193	$72	$426

With respect to commodities, NEE’s EMC, which is comprised of certain members of senior management, and NEE's chief executive officer are responsible for the overall approval of market risk management policies and the delegation of approval and authorization

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levels. The EMC and NEE's chief executive officer receive periodic updates on market positions and related exposures, credit exposures and overall risk management activities.

NEE uses a value-at-risk (VaR) model to measure commodity price market risk in its trading and mark-to-market portfolios. The VaR is the estimated nominal loss of market value based on a one-day holding period at a 95% confidence level using historical simulation methodology. The VaR figures are as follows:

	Trading			Non-Qualifying Hedges and Hedges in FPL Cost Recovery Clauses[a]			Total		
	FPL	NEER	NEE	FPL	NEER (millions)	NEE	FPL	NEER	NEE
December 31, 2014	$—	$2	$2	$65	$ 62	$24	$65	$64	$24
June 30, 2015	$—	$1	$1	$29	$ 28	$20	$29	$27	$20
Average for the six months ended June 30, 2015	$—	$1	$1	$43	$ 37	$24	$43	$37	$24

(a) Non-qualifying hedges are employed to reduce the market risk exposure to physical assets or contracts which are not marked to market. The VaR figures for the non-qualifying hedges and hedges in FPL cost recovery clauses category do not represent the economic exposure to commodity price movements.

Interest Rate Risk

NEE's and FPL's financial results are exposed to risk resulting from changes in interest rates as a result of their respective issuances of debt, investments in special use funds and other investments. NEE and FPL manage their respective interest rate exposure by monitoring current interest rates, entering into interest rate contracts and using a combination of fixed rate and variable rate debt. Interest rate contracts are used to mitigate and adjust interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements.

The following are estimates of the fair value of NEE's and FPL's financial instruments that are exposed to interest rate risk:

	June 30, 2015		December 31, 2014	
	Carrying Amount (millions)	Estimated Fair Value	Carrying Amount	Estimated Fair Value
NEE:				
Fixed income securities:				
Special use funds	$1,825	$1,825 [a]	$1,965	$1,965 [a]
Other investments:				
Debt securities	$137	$137 [a]	$124	$124 [a]
Primarily notes receivable	$524	$666 [b]	$525	$679 [b]
Long-term debt, including current maturities	$27,998	$29,490 [c]	$27,876	$30,337 [c]
Interest rate contracts - net unrealized losses	$(158)	$(158) [d]	$(216)	$(216) [d]
FPL:				
Fixed income securities - special use funds	$1,405	$1,405 [a]	$1,568	$1,568 [a]
Long-term debt, including current maturities	$9,529	$10,576 [c]	$9,473	$11,105 [c]

(a) Primarily estimated using quoted market prices for these or similar issues.
(b)

Primarily estimated using a discounted cash flow valuation technique based on certain observable yield curves and indices considering the credit profile of the borrower.

(c) Estimated using either quoted market prices for the same or similar issues or discounted cash flow valuation technique, considering the current credit spread of the debtor.

(d) Modeled internally using discounted cash flow valuation technique and applying a credit valuation adjustment.

The special use funds of NEE and FPL consist of restricted funds set aside to cover the cost of storm damage for FPL and for the decommissioning of NEE's and FPL's nuclear power plants. A portion of these funds is invested in fixed income debt securities primarily carried at estimated fair value. At FPL, changes in fair value, including any OTTI losses, result in a corresponding adjustment to the related liability accounts based on current regulatory treatment. The changes in fair value of NEE's non-rate regulated operations result in a corresponding adjustment to OCI, except for impairments deemed to be other than temporary, including any credit losses, which are reported in current period earnings. Because the funds set aside by FPL for storm damage could be needed at any time, the related investments are generally more liquid and, therefore, are less sensitive to changes in interest rates. The nuclear decommissioning funds, in contrast, are generally invested in longer-term securities, as decommissioning activities are not scheduled to begin until at least 2030 (2032 at FPL).

As of June 30, 2015, NEE had interest rate contracts with a notional amount of approximately $8.5 billion related to long-term debt issuances, of which $2.4 billion are fair value hedges at NEECH that effectively convert fixed-rate debt to a variable-rate debt instrument. The remaining $6.1 billion of notional amount of interest rate contracts relate to cash flow hedges to manage exposure to the variability of cash flows associated with variable-rate debt instruments, which primarily relate to NEER debt issuances. At June 30, 2015, the estimated fair value of NEE's fair value hedges and cash flow hedges was approximately $27 million and $(185) million, respectively. See Note 2.

Based upon a hypothetical 10% decrease in interest rates, which is a reasonable near-term market change, the net fair value of NEE's net liabilities would increase by approximately $1,021 million ($510 million for FPL) at June 30, 2015.

Equity Price Risk

NEE and FPL are exposed to risk resulting from changes in prices for equity securities. For example, NEE’s nuclear decommissioning reserve funds include marketable equity securities primarily carried at their market value of approximately $2,829 million and $2,634 million ($1,720 million and $1,561 million for FPL) at June 30, 2015 and December 31, 2014, respectively. At June 30, 2015, a hypothetical 10% decrease in the prices quoted on stock exchanges, which is a reasonable near-term market change, would result in a $252 million ($149 million for FPL) reduction in fair value. For FPL, a corresponding adjustment would be made to the related liability accounts based on current regulatory treatment, and for NEE’s non-rate regulated operations, a corresponding adjustment would be made to OCI to the extent the market value of the securities exceeded amortized cost and to OTTI loss to the extent the market value is below amortized cost.

Credit Risk

NEE and its subsidiaries are also exposed to credit risk through their energy marketing and trading operations. Credit risk is the risk that a financial loss will be incurred if a counterparty to a transaction does not fulfill its financial obligation. NEE manages counterparty credit risk for its subsidiaries with energy marketing and trading operations through established policies, including counterparty credit limits, and in some cases credit enhancements, such as cash prepayments, letters of credit, cash and other collateral and guarantees.

Credit risk is also managed through the use of master netting agreements. NEE’s credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis. For all derivative and contractual transactions, NEE’s energy marketing and trading operations, which include FPL’s energy marketing and trading division, are exposed to losses in the event of nonperformance by counterparties to these transactions. Some relevant considerations when assessing NEE’s energy marketing and trading operations’ credit risk exposure include the following:

- Operations are primarily concentrated in the energy industry.
- Trade receivables and other financial instruments are predominately with energy, utility and financial services related companies, as well as municipalities, cooperatives and other trading companies in the U.S.
- Overall credit risk is managed through established credit policies and is overseen by the EMC.
- Prospective and existing customers are reviewed for creditworthiness based upon established standards, with customers not meeting minimum standards providing various credit enhancements or secured payment terms, such as letters of credit or the posting of margin cash collateral.
- Master netting agreements are used to offset cash and non-cash gains and losses arising from derivative instruments with the same counterparty. NEE’s policy is to have master netting agreements in place with significant counterparties.

Based on NEE’s policies and risk exposures related to credit, NEE and FPL do not anticipate a material adverse effect on their financial statements as a result of counterparty nonperformance. As of June 30, 2015, approximately 93% of NEE’s and 99% of FPL’s energy marketing and trading counterparty credit risk exposure is associated with companies that have investment grade credit ratings.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Management's Discussion - Energy Marketing and Trading and Market Risk Sensitivity.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of June 30, 2015, each of NEE and FPL had performed an evaluation, under the supervision and with the participation of its management, including NEE's and FPL's chief executive officer and chief financial officer, of the effectiveness of the design and operation of each company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, the chief executive officer and the chief financial officer of each of NEE and FPL concluded that the company's disclosure controls and procedures were effective as of June 30, 2015.

(b) Changes in Internal Control Over Financial Reporting

NEE and FPL are continuously seeking to improve the efficiency and effectiveness of their operations and of their internal controls. This results in refinements to processes throughout NEE and FPL. However, there has been no change in NEE's or FPL's internal control over financial reporting (as defined in the Securities Exchange Act of 1934 Rules 13a-15(f) and 15d-15(f)) that occurred during NEE's and FPL's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, NEE's or FPL's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. 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 effect on NEE or FPL, see Item 3. Legal Proceedings and Note 13 - Legal Proceedings to Consolidated Financial Statements in the 2014 Form 10-K and Note 8 - Legal Proceedings herein. Such descriptions are incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the 2014 Form 10-K except as follows:

NEP’s NET Midstream acquisition and other future acquisitions by NEP may not be completed and, even if completed, NEE may not realize the anticipated benefits of such acquisitions, which could materially adversely affect NEE’s business, financial condition, results of operations and prospects.

NEP’s acquisition of NET Midstream, a developer, owner and operator of seven long-term contracted natural gas pipelines in Texas, may not be completed on the terms or in the manner currently anticipated as a result of a number of factors, including, among other things, the failure to satisfy one or more of the conditions to closing. There can be no assurance that the conditions to closing of the NET Midstream acquisition will be satisfied or waived or that other events will not intervene to delay or result in the failure to close the acquisition. In addition, the acquisition agreement may be terminated by the sellers or NEP for various reasons, including the failure to close by a specified date. Failure to complete the NET Midstream acquisition would prevent NEE from realizing the anticipated benefits of the acquisition.

In addition, even if NEP completes the NET Midstream acquisition, NEE may not realize the anticipated benefits from the acquisition. Although NEP has made a number of acquisitions of wind and solar generating projects, the NET Midstream acquisition will be the first third party acquisition by NEP and will be NEP’s first acquisition of natural gas pipeline assets.

In the future NEP may make additional acquisitions of assets which are inherently risky and NEE may not realize the anticipated benefits of the acquisitions, which could materially adversely affect NEE’s business, financial condition, results of operations and prospects.

The factors discussed above and in Part I, Item 1A. Risk Factors in the 2014 Form 10-K, as well as other information set forth in this report, which could materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects should be carefully considered. The risks described above and in the 2014 Form 10-K are not the only risks facing NEE and FPL. Additional risks and uncertainties not currently known to NEE or FPL, or that are currently deemed to be immaterial, also may materially adversely affect NEE's or FPL's business, financial condition, results of operations and prospects.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Information regarding purchases made by NEE of its common stock during the three months ended June 30, 2015 is as follows:

Period	Total Number of Shares Purchased[a]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program[b]
4/1/15 - 4/30/15	—	$—	—	13,274,748
5/1/15 - 5/31/15	3,553	$102.14	—	13,274,748
6/1/15 - 6/30/15	506	$99.07	—	13,274,748
Total	4,059	$101.76	—	

(a) Includes: (1) in May 2015, 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; and (2) in June 2015, shares of common stock purchased as

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a reinvestment of dividends by the trustee of a grantor trust in connection with NEE's obligation under a February 2006 grant under the NextEra Energy, Inc. Amended and Restated Long-Term Incentive Plan (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.

Item 5. Other Information

(a) None

(b) None

(c) Other events

(i) Reference is made to Item 1. Business - Overview and Item 8. Financial Statements and Supplementary Data - Note 1 - Proposed Merger in the 2014 Form 10-K.

In June 2015, Hawaiian Electric Industries, Inc.’s (HEI’s) shareholders approved the proposed merger pursuant to which Hawaiian Electric Company, Inc., HEI's wholly-owned electric utility subsidiary, will become a wholly-owned subsidiary of NEE. Completion of the merger remains subject to the satisfaction of a number of conditions, including Hawaii Public Utilities Commission approval.

(ii) Reference is made to Item 1. Business - NEE's Operating Subsidiaries - FPL - FPL System Capability and Load in the 2014 Form 10-K.

In March 2015, FPL issued an RFP for additional power resources of approximately 1,620 MW beginning in June 2019. In July 2015, after completing the RFP process, FPL announced its self-build option, a new natural gas-fired combined-cycle unit in Okeechobee County, Florida with generating capacity of approximately 1,620 MW, was determined to be the best option for customers. In September 2015, FPL plans to file a petition for approval of this new unit with the FPSC and anticipates an FPSC decision in January 2016. This new unit will also be subject to approval by the Siting Board (comprised of the governor and cabinet) under the Florida Electrical Power Plant Siting Act.

(iii) Reference is made to Item 1. Business - NEE's Operating Subsidiaries - FPL - FPL Sources of Generation - Nuclear Operations in the 2014 Form 10-K.

The current operating licenses for FPL’s nuclear units at the Turkey Point site include, among other things, a requirement that the maximum allowed water temperature in the Turkey Point cooling canal system not exceed approximately 104 degrees. In the summer of 2014, numerous factors contributed to higher-than-normal temperatures in the cooling canal system, including high summer temperatures, lack of rainfall, reduced water levels and the existence of an algae bloom. To date this summer, similar factors continue to impact the water temperature in the cooling canal system and there remains a potential for higher temperatures in the cooling canal system to continue through the summer of 2015. Management is in the process of implementing a comprehensive plan to improve conditions in the cooling canal system and has contingency plans if water temperatures approach the maximum permitted level, including temporarily reducing power output at the nuclear units. However, if the water temperature exceeds the maximum permitted level, FPL will be required to commence shut down of the Turkey Point nuclear units within a certain timeframe until the water temperature returns to below the maximum permitted level, unless relief from the maximum temperature requirement is requested by FPL and granted by the NRC.

(iv) Reference is made to Item 1. Business - NEE Environmental Matters - Waters of the U.S. in the 2014 Form 10-K.

In June 2015, the EPA issued a final rule redefining “waters of the U.S.” under the Clean Water Act to expand the definition of waters of the U.S. to encompass previously unregulated waters, such as intermittent streams, non-navigable tributaries, isolated wetlands and adjacent other waters. The final rule is not expected to have a material impact on NEE and FPL, but the ultimate impact will evolve over time through site specific studies, permit evaluations and negotiations as the rule is implemented. Numerous parties have challenged the final rule.

Item 6. Exhibits

Exhibit Number	Description	NEE	FPL
*3(i)	Restated Articles of Incorporation of NextEra Energy, Inc. (filed as Exhibit 3(i)(b) to Form 8-K dated May 21, 2015. File No. 1-8841)	x	
*3(ii)	Amended and Restated Bylaws of NextEra Energy, Inc. effective May 22, 2015 (filed as Exhibit 3(ii) to Form 8-K dated May 21, 2015. File No. 1-8841)	x	
*4(a)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated May 4, 2012, creating the Series E Debentures due June 1, 2017 (filed as Exhibit 4(c) to Form 8-K dated May 4, 2012, File No. 1-8841)	x	
*4(b)	Letter, dated May 7, 2015, from NextEra Energy Capital Holdings, Inc. to The Bank of New York Mellon, as trustee, setting forth certain terms of the Series E Debentures due June 1, 2017, effective May 7, 2015 (filed as Exhibit 4(b) to Form 8-K dated May 7, 2015, File No. 1-8841)	x	
12(a)	Computation of Ratios	x	
12(b)	Computation of Ratios		x
31(a)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of NextEra Energy, Inc.	x	
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of NextEra Energy, Inc.	x	
31(c)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of Florida Power & Light Company		x
31(d)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of Florida Power & Light Company		x
32(a)	Section 1350 Certification of NextEra Energy, Inc.	x	
32(b)	Section 1350 Certification of Florida Power & Light Company		x
101.INS	XBRL Instance Document	x	x
101.SCH	XBRL Schema Document	x	x
101.PRE	XBRL Presentation Linkbase Document	x	x
101.CAL	XBRL Calculation Linkbase Document	x	x
101.LAB	XBRL Label Linkbase Document	x	x
101.DEF	XBRL Definition Linkbase Document	x	x

*Incorporated herein by reference

NEE and FPL agree to furnish to the SEC upon request any instrument with respect to long-term debt that NEE and FPL have not filed as an exhibit pursuant to the exemption provided by Item 601(b)(4)(iii)(A) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

Date: August 3, 2015

NEXTERA ENERGY, INC.
(Registrant)

CHRIS N. FROGGATT
Chris N. Froggatt
Vice President, Controller and Chief Accounting Officer
of NextEra Energy, Inc.
(Principal Accounting Officer of NextEra Energy, Inc.)

FLORIDA POWER & LIGHT COMPANY
(Registrant)

KIMBERLY OUSDAHL
Kimberly Ousdahl
Vice President, Controller and Chief Accounting Officer
of Florida Power & Light Company
(Principal Accounting Officer of
Florida Power & Light Company)

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