WESCO INTERNATIONAL INC
Form 11-K
June 25, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 11-K
(Mark One)
þ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017
OR
o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number 1-14989
A. Full title of the plan and address of the plan, if different from that of the issuer named below:
WESCO DISTRIBUTION, INC. RETIREMENT SAVINGS PLAN
B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:
WESCO INTERNATIONAL, Inc.
225 West Station Square Drive
Suite 700
Pittsburgh, Pennsylvania 15219-1122

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I. FINANCIAL STATEMENTS

* Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

II. EXHIBITS

Exhibit 23 – Consent of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

To the Plan Administrator
WESCO Distribution, Inc. Retirement Savings Plan
Pittsburgh, Pennsylvania

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the WESCO Distribution, Inc. Retirement Savings Plan (the “Plan”) as of December 31, 2017 and 2016, the related statements of changes in net assets available for benefits for the years ended December 31, 2017 and 2016, and the related notes (collectively, the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the years ended December 31, 2017 and 2016, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on the Plan’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by the Plan’s management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Information

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2017, has been subjected to audit procedures performed in conjunction with the audit of the Plan’s financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but included supplemental information required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan’s management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ BDO USA, LLP

We have served as the Plan’s auditor since 2014.

Pittsburgh, PA

June 25, 2018

WESCO Distribution, Inc.
Retirement Savings Plan
Statements of Net Assets Available for Benefits

	As of December 31, 2017	2016
Investments		
Investments at fair value (Notes 2 and 4)	$544,179,075	$462,947,400
Investment at contract value (Note 5)	121,998,417	129,007,473
Total investments	666,177,492	591,954,873
Receivables		
Employer contributions	10,784,889	522,372
Promissory notes from participants (Note 6)	13,498,352	13,409,828
Total receivables	24,283,241	13,932,200
Net assets available for benefits	$690,460,733	$605,887,073

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

WESCO Distribution, Inc.
Retirement Savings Plan
Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31,	
	2017	2016
Additions		
Employee contributions	$30,073,748	$28,697,594
Employee rollovers (Note 1)	2,571,160	2,773,138
Employer contributions	19,896,481	10,364,792
Net appreciation in fair value of investments	77,584,038	33,052,505
Interest income on participant loans (Note 6)	590,052	581,803
Dividends and other income	7,458,472	6,417,571
Total additions	138,173,951	81,887,403
Deductions		
Distributions to participants	52,632,244	60,362,433
Administrative expenses	968,047	769,853
Total deductions	53,600,291	61,132,286
Net increase	84,573,660	20,755,117
Transfers in (Note 8)	—	14,651,123
Net assets available for benefits		
Beginning of period	605,887,073	570,480,833
End of period	$690,460,733	$605,887,073

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

WESCO Distribution, Inc.
Retirement Savings Plan
Notes to Financial Statements

1. Description of Plan

Background

The WESCO Distribution, Inc. Retirement Savings Plan, as amended and restated January 1, 2015 (the "Plan"), was established as of February 28, 1994 (the "date of inception"). At the date of inception, certain employees of the predecessor company became employees of WESCO Distribution, Inc. (the "Company" or the "Plan Sponsor") and participants in the Plan, and all funds held by the prior plans of the predecessor company were transferred to the Plan. The Plan is administered by the Administrative and Investment Committee (the "Plan Administrator").

The Plan is a participant-directed defined contribution plan covering certain employees of the Company and former employees with a fund balance of at least $5,000 who elected to maintain their funds in the Plan. Former employees cannot make contributions to the Plan.
Participation for eligible employees, as defined in the plan document, requires an employee to be scheduled to work at least 1,000 hours per year and requires an employee to be paid through the Plan Sponsor's payroll system.
Amendment to the Plan

On October 5, 2017, the Plan Administrator executed the fifth amendment to the Plan (the "Fifth Amendment"), which changes the terms of vesting for employer matching and discretionary contributions, as well as the form of distributions. More specifically, distributions shall be made as either a single lump-sum payment or in substantially equal monthly, quarterly, semi-annual or annual installments. The terms of the Fifth Amendment are effective January 1, 2018.
Contributions

The Plan is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Participants may elect to make tax deferred contributions ranging from 1% up to the lesser of 50% of their eligible compensation or $18,000 for 2017 and 2016. Participant contributions are recorded if they are withheld from the participant's wages. The $18,000 limit may be adjusted in future years by the Internal Revenue Service ("IRS"). The sum of the tax deferred contributions and the after-tax contributions cannot exceed 50% of the participant's eligible compensation. Subject to limitation, the Company matches contributions made by employees into the Plan at an amount equal to 50% of a participant's total monthly contributions up to 6%, for a maximum employer match of 3% of their compensation. Also, the Company may make a discretionary contribution to the Plan, which is subject to the Board of Directors' approval, provided the Company attains certain predetermined profit levels. A discretionary contribution of approximately $10,150,000 was made for the Plan's year ended December 31, 2017. A discretionary contribution was not made during the year ended December 31, 2016.
Participants may rollover into the Plan amounts representing distributions from other qualified retirement plans, an individual retirement account or an annuity. For the years ended December 31, 2017 and 2016, the Plan accepted employee rollover contributions of approximately $2,571,000 and $2,773,000, respectively.
The Plan includes a negative enrollment policy. Under this policy, if an individual does not submit an automatic enrollment waiver or elect a deferral rate, the employee will be automatically enrolled in the Plan at a 3% deferral rate. The deferral rate is increased by 1% each September 1 until the deferral rate equals 6%.
Participants who have attained age 50 before the close of the plan year are eligible to make catch-up contributions in addition to pre-tax contributions. A catch-up contribution is a pre-tax contribution that exceeds the annual deferral limit. For 2017 and 2016, a participant's total catch-up contribution could not exceed $6,000. The catch-up contribution limits are determined by the IRS and then indexed for inflation. In addition to cash, in-kind contributions

are permitted, which may consist of stocks, bonds, property or other securities.

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WESCO Distribution, Inc.
Retirement Savings Plan
Notes to Financial Statements

Vesting

Participants are fully vested in the value of their contributions and related investment income at all times and vest in their allocated share of employer matching and discretionary contributions made during plan years beginning on or after December 31, 2002 according to the following schedule:

Less than two years of service	0 %
Two years of service	20 %
Three years of service	40 %
Four years of service	66 %
Five or more years of service	100%

Distributions

A participant may not withdraw any amount from their vested account balance unless they are age 59½, retire, become deceased or disabled, terminate employment, or experience financial hardship. A participant with at least five years of continuous service may withdraw matching contributions and earnings on matching contributions.
A participant who qualifies for a hardship withdrawal is suspended from making contributions to the Plan for six months. Under present IRS rules, a “hardship” means an immediate and heavy need to draw on financial resources to meet obligations related to health, education, housing, or death of a family member.
A participant, upon termination of service, may either receive a lump-sum payment of their vested account balance or transfer their balance to the trustee or custodian of another eligible retirement plan.
Forfeitures

Employer contributions forfeited by participants not vested at their termination date are used to reinstate previously forfeited account balances of former participants who have returned to the Company, reduce employer contributions in accordance with the Plan's provisions, pay Plan expenses or are allocated to participants' accounts. Total forfeitures that reduced employer contributions in 2017 and 2016 were approximately $1,890,000 and $789,000, respectively. As of December 31, 2017, a balance of approximately $807,000 was available to reinstate previously forfeited account balances, reduce employer contributions, pay Plan expenses or allocate to participants' accounts in 2018.
Participant Accounts

An account is maintained for each participant, which is credited with the participant's and the employer's matching contributions and an allocation of employer's discretionary contributions, and plan earnings and charged with benefit payments and an allocation of plan losses and administrative expenses. Allocations are based on participant contributions or account balances, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account balance.
Promissory Notes from Participants
Participants are permitted to borrow against a portion of their vested account balance, pursuant to nondiscriminatory rules established by the Administrative and Investment Committee, up to a maximum of $50,000 or 50% of their vested account balance. Each loan is to be repaid over a period not to exceed five years.
Plan Termination

Although the Company has not expressed any intent to do so, it has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event the Plan terminates, participants will

WESCO Distribution, Inc.
Retirement Savings Plan
Notes to Financial Statements

become 100% vested in their accounts, and all vested assets shall be distributed to the participants in accordance with the terms of the Plan, or in such other manner, not inconsistent with the requirements of any applicable law or regulation, as the Company may in its sole discretion determine.

2. Summary of Significant Accounting Policies

Accounting Principles

The financial statements of the Plan have been prepared in accordance with accounting principles generally accepted in the United States of America. The Plan's significant accounting policies are noted below.

Basis of Accounting

The accounting records of the Plan are maintained on the accrual basis of accounting. Accounts of participants who have elected to withdraw from the Plan, but to whom disbursements of funds from the Plan have not been made, are included as a component of net assets available for benefits.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make significant estimates and assumptions. These estimates may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments held by the Plan are reported at fair value, except for the fully benefit-responsive contract associated with the Stable Value Fund, which is reported at contract value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan.

The Plan has adopted a framework for measuring fair value that prioritizes the inputs to valuation techniques. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of inputs that may be used to measure fair value are as follows:

- Level 1 - Observable inputs such as quoted prices in active markets for identical investments the Plan has the ability to access.

- Level 2 - Inputs include:

1. Quoted prices for similar assets or liabilities in active markets;

2. Quoted prices for identical or similar assets or liabilities in inactive markets;

3. Inputs, other than quoted prices in active markets, that are observable either directly or indirectly, and

4. Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

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WESCO Distribution, Inc.
Retirement Savings Plan
Notes to Financial Statements

- Level 3 - Unobservable inputs in which there is little or no market activity for the asset or liability, which requires the Plan to develop its own estimates and assumptions relating to the pricing of the asset or liability, including assumptions regarding risk.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.
Investments for which fair value is measured using the net asset value ("NAV") per share (or its equivalent) practical expedient are not classified in the fair value hierarchy.
Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2017 and 2016.

- Self-directed accounts consist of cash and cash equivalents, common stocks and mutual funds. Cash and cash equivalents are valued at cost plus accrued interest, which approximates fair value. Common stocks are valued at the closing price reported on the active market on which the individual securities are traded. Mutual funds are valued at the daily NAV as reported by the fund. The mutual funds held by the Plan are deemed to be actively traded.

- The WESCO International Pooled Stock Fund, which is an employer stock unitized fund, consists of WESCO International, Inc. common stock and a short-term cash component that provides liquidity for daily trading. WESCO International, Inc. common stock is valued at the quoted closing market price from a national securities exchange and the short-term cash investments are valued at cost, which approximates fair value.

- Shares of registered investment companies (mutual funds) are valued at the NAV of shares held by the Plan as of December 31, 2017 and 2016.

- The Wells Fargo/BlackRock S&P 500 Index CIT (N20) fund is a common/collective trust fund, which is measured using the NAV per share practical expedient based on the underlying equity securities of companies that compose the Standard & Poor's 500 Index (the "Index"). This fund seeks to approximate as closely as practicable the total return, before deduction of fees and expenses, of the Index. The Plan has the ability to redeem its investment in this fund at its NAV per unit.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement as of the Plan's reporting date.
Purchases and sales of securities are recorded on a trade date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on an accrual basis.
Net Appreciation in Fair Value of Investments

The Plan presents in the Statements of Changes in Net Assets Available for Benefits the net appreciation in the fair value of its investments, consisting of realized gains (losses) and unrealized gains (losses) in the registered investment companies, the common/collective trust fund, the WESCO International Pooled Stock Fund and self-directed accounts.
Risks and Uncertainties

The Plan provides for various investment options in any combination of stocks, bonds, fixed income securities and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value

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WESCO Distribution, Inc.
Retirement Savings Plan
Notes to Financial Statements

of investment securities, it is at least reasonably possible that changes in the near-term could materially affect (i) participants' account balances, and (ii) the amounts reported in the (a) Statements of Net Assets Available for Benefits and (b) the Statements of Changes in Net Assets Available for Benefits.

Payment of Benefits

Benefits are recorded when paid.

Expenses

All administrative expenses were paid by the Plan during the years ended December 31, 2017 and 2016. Plan administrative expenses, to the extent not paid by the Company, are charged to and paid from Plan assets as incurred. The Plan permits application of forfeited assets to pay Plan administrative expenses.

Recently Issued Accounting Pronouncements

Accounting pronouncements recently issued by the Financial Accounting Standards Board or other applicable authoritative accounting standards groups with future effective dates are either not applicable or are not expected to be significant to the Plan's financial statements and notes thereto.

3. Tax Status

The IRS has determined and informed the Company by a letter dated December 28, 2016, that the Plan is designed in accordance with Section 401(a) of the Internal Revenue Code (“IRC”) and, therefore, is exempt from federal taxes under provisions of Section 501(a). Accordingly, no provision for income taxes has been included in the Plan's financial statements. The Plan has been amended since receiving its determination letter. However, the Plan Administrator and the Plan's tax counsel believe the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Sponsor believes it is no longer subject to income tax examinations for years prior to 2014.

4. Investments

The Plan's investments are measured at fair value on a recurring basis within the fair value hierarchy level, as described in Note 2, were as follows:

	December 31, 2017		
	Level 1	Level 2	Total
Shares of registered investment companies	$483,653,296	$—	$483,653,296
WESCO International Pooled Stock Fund	—	11,245,768	11,245,768
Self-directed accounts	8,608,925	—	8,608,925
Total assets in the fair value hierarchy	492,262,221	11,245,768	503,507,989
Investments measured at NAV per share practical expedient (1)	—	—	40,671,086
Investments at fair value	$492,262,221	$11,245,768	$544,179,075

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WESCO Distribution, Inc.
Retirement Savings Plan
Notes to Financial Statements

	December 31, 2016		
	Level 1	Level 2	Total
Shares of registered investment companies	$409,066,684	$—	$409,066,684
WESCO International Pooled Stock Fund	—	13,345,627	13,345,627
Self-directed accounts	7,600,511	—	7,600,511
Total assets in the fair value hierarchy	416,667,195	13,345,627	430,012,822
Investments measured at NAV per share practical expedient [1]	—	—	32,934,578
Investments at fair value	$416,667,195	$13,345,627	$462,947,400

(1) The Wells Fargo/BlackRock S&P 500 Index CIT (N20) fund is measured using the net asset value per share practical expedient and has not been classified in the fair value hierarchy. The amount presented in the tables for this fund are provided to permit reconciliation of the fair value hierarchy to the Statements of Net Assets Available for Benefits.

5. The Stable Value Fund

During 2007, the Plan began investing in a fully benefit-responsive synthetic guaranteed investment contract (“GIC”) with an insurance company as part of offering the Stable Value Fund (the “Fund”) investment option to participants. Contributions to this Fund are used to purchase units of a collective trust vehicle that is invested in high-quality U.S. bonds, including U.S. government treasuries, corporate debt securities, and other high-credit-quality asset-backed securities. The GIC issuer is contractually obligated to repay principal and interest at a specified rate to the Plan. There are no reserves against contract value for credit risk of the contract issuer or otherwise.

The Fund has entered into a wrap contract with an insurance company under which the insurance company provides a guarantee with respect to the availability of funds to make distributions from this investment option. This insurance contract is carried at contract value in the participants' accounts.

Except for premature termination of the contract by the Plan or plan termination, the insurance company may not cause the contract to be terminated at an amount other than contract value. The Plan Sponsor has not expressed any intention to take either of these actions.

As described in Note 2, because the synthetic GIC is fully benefit-responsive, contract value is the relevant measurement attribute. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

6. Promissory Notes From Participants

The interest rate applied to participant loans is established each month by the Administrative and Investment Committee at 1% above the prime interest rate. The interest rate on loans outstanding ranged between 4.25% and 9.50% for the years ended December 31, 2017 and 2016, respectively. Principal and interest payments are generally made through monthly payroll deductions and are credited to the participant's individual account. Loans of approximately $6,912,000 and $6,856,000 were made from the Plan and loan principal repayments of approximately $6,839,000 and $7,349,000 were received by the Plan during the years ended December 31, 2017 and 2016, respectively. Interest on promissory notes of approximately $590,000 and $582,000 was earned by the Plan for the years ended December 31, 2017 and 2016, respectively.

7. Related Party and Party-In-Interest Transactions

The Plan invests in certain mutual funds and a common/collective trust fund, which are managed by Wells Fargo, the Plan's trustee. Therefore, transactions with these investments qualify as party-in-interest.

WESCO Distribution, Inc.
Retirement Savings Plan
Notes to Financial Statements

Prior to November 13, 2015, participants of the Plan could elect to invest in WESCO International, Inc. common stock within the WESCO Pooled Stock Fund. WESCO International, Inc. owns 100% of the Company. Therefore, transactions with this investment qualify as party-in-interest. There were no contributions or transfers into the WESCO Pooled Stock Fund during the years ended December 31, 2017 and 2016. Disbursements from the WESCO Pooled Stock Fund for the years ended December 31, 2017 and 2016 were approximately $2,209,000 and $1,186,000, respectively.

8. Plan Transfers

The Company acquired Hill Country Electric Supply, LP ("Hill Country"), Needham Electric Supply Corporation ("Needham") and Atlanta Electrical Distributors, LLC ("AED") on May 1, 2015, October 30, 2015 and March 14, 2016, respectively. As a result of these acquisitions, 108, 164 and 42 employees of Hill Country, Needham and AED were accepted into the Plan effective January 1, 2016, June 1, 2016 and July 1, 2016, respectively. During the year ended December 31, 2016, assets totaling approximately $14,651,000 were transfered into the Plan for all such acquisitions.

9. Subsequent Events

The Plan Sponsor evaluated subsequent events for recognition or disclosure in the financial statements through June 25, 2018, the day the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in these financial statements or disclosure in the notes thereto.

WESCO Distribution, Inc.
Retirement Savings Plan
Schedule H (Form 5500), line 4(i) - Schedule of Assets (Held at End of Year)
EIN 25-1723345, Plan Number 001
December 31, 2017

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Cost (1)	(e) Current Value
	AMERICAN FUNDS	AMCAP Fund (Class R-5)		$73,230,167
	AMERICAN FUNDS	American Balanced Fund (Class R-5)		132,013,390
	AMERICAN FUNDS	Retirement Income Portfolio - Conservative		1,498,618
	AMERICAN FUNDS	2015 Target Date Retirement Fund		1,846,457
	AMERICAN FUNDS	2020 Target Date Retirement Fund		8,434,551
	AMERICAN FUNDS	2025 Target Date Retirement Fund		10,717,846
	AMERICAN FUNDS	2030 Target Date Retirement Fund		13,155,000
	AMERICAN FUNDS	2035 Target Date Retirement Fund		9,691,084
	AMERICAN FUNDS	2040 Target Date Retirement Fund		7,291,619
	AMERICAN FUNDS	2045 Target Date Retirement Fund		4,516,602
	AMERICAN FUNDS	2050 Target Date Retirement Fund		3,842,729
	AMERICAN FUNDS	2055 Target Date Retirement Fund		3,780,301
	AMERICAN FUNDS	2060 Target Date Retirement Fund		457,075
	ARTISAN FUNDS	Artisan Mid Cap Investor Fund		45,275,765
	BARON FUNDS	Baron Small Cap Fund Institutional Class		12,380,688
	DIAMOND HILL FUNDS	Diamond Hill Small Cap Fund		7,676,029
	FIDELITY	Fidelity International Index Fund		1,135,268

	FIDELITY	Fidelity Real Estate Index Fund	244,228		
	FRANKLIN TEMPLETON INVESTMENTS	Templeton Global Bond Fund	4,017,638		
	JPMORGAN	JPMorgan Mid Cap Value Fund Class L	40,506,255		
	LAZARD FUNDS	Lazard International Strategic Equity Institutional	32,761,256		
	MFS FAMILY OF FUNDS	MFS Value Fund (Class R-4)	33,934,068		
	NATIXIS FUNDS	Loomis Sayles Investment Grade Bond Fund	30,116,805		
	NEUBERGER BERMAN	Neuberger Berman Real Estate Fund	2,812,513		
	T. ROWE PRICE	QM U.S. Small-Cap Growth Equity Fund	373,071		
	VANGUARD	Mid-Cap Growth Index Fund Admiral	1,080,207		
	VANGUARD	Mid-Cap Value Index Fund Admiral	724,295		
	VANGUARD	Total International Bond Index Fund Admiral	56,306		
	VANGUARD	Total Bond Market Index Fund Admiral	83,465		
	Registered Investment Companies Total		483,653,296		
*	WESCO INTERNATIONAL, INC.	WESCO International Pooled Stock Fund	11,245,768		
*	WELLS FARGO	Cash and Cash Equivalents	1,533,005		
*	Various	Common Stock	5,159,543		
	Various	Mutual Funds	1,916,377		
	Stock Fund and Self-Directed Accounts Total		Investment in equity method investee	98	93
Investments in non-economic ownership interests	21		12		
Other non-current assets	73		83		
Total non-current assets	7,120		7,173		
TOTAL ASSETS	$	7,782	$	7,532	
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable and accrued expenses	$	19	$	19	
Due to related parties	13		20		
Current maturities of long-term debt	98		78		

Acquisition holdback	—		199	
Accrued interest	16		25	
Derivatives	15		18	
Other current liabilities	46		39	
Total current liabilities	207		398	
Non-current liabilities:				
Long-term debt	4,237		3,508	
Deferral related to differential membership interests	1,017		1,064	
Deferred income taxes	65		47	
Asset retirement obligation	73		69	
Non-current due to related party	22		22	
Other non-current liabilities	85		67	
Total non-current liabilities	5,499		4,777	
TOTAL LIABILITIES	5,706		5,175	
COMMITMENTS AND CONTINGENCIES				
EQUITY				
Limited partners (common units issued and outstanding - 54.3 and 54.2, respectively)	1,707		1,746	
Accumulated other comprehensive loss	—		(3	)
Noncontrolling interest	369		614	
TOTAL EQUITY	2,076		2,357	
TOTAL LIABILITIES AND EQUITY	$	7,782	$	7,532

(a) Prior-period financial information has been retrospectively adjusted as discussed in Note 1.

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2016 Form 10-K.

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NEXTERA ENERGY PARTNERS, LP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)
(unaudited)

	Nine Months Ended September 30,	
	2017	2016[(a)]
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 132	$ 167
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	149	161
Change in value of derivative contracts	18	75
Deferred income taxes	34	23
Benefits associated with differential membership interests - net	(60)	(45)
Equity in earnings of equity method investee, net of distributions received	(4)	(19)
Equity in losses (earnings) of non-economic ownership interests	(12)	20
Change in fair value of contingent consideration for pipeline acquisition	—	(118)
Other - net	9	16
Changes in operating assets and liabilities:		
Accounts receivable	(1)	(10)
Other current assets	(12)	1
Other non-current assets	—	(1)
Accounts payable and accrued expenses	(3)	—
Due to related parties	(3)	(5)
Other current liabilities	(1)	(8)
Payment of acquisition holdback	(14)	—
Other non-current liabilities	5	3
Net cash provided by operating activities	237	260
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of membership interests in subsidiaries	(242)	(641)
Capital expenditures	(32)	(535)
Changes in restricted cash	6	(23)
Payments to related parties under CSCS agreement - net	(301)	(280)
Net cash used in investing activities	(569)	(1,479)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common units - net	—	645
Issuances of long-term debt	1,880	671
Retirements of long-term debt	(1,171)	(477)
Deferred financing costs	(21)	(10)
Capped call transaction	(12)	—
Partners/Members' contributions	2	510
Partners/Members' distributions	(185)	(166)
Proceeds from differential membership investors	28	18
Payments to differential membership investors	(15)	(10)
Repayments of short-term debt	—	(12)
Change in amounts due to related parties	(1)	17
Payment of acquisition holdback	(186)	—
Net cash provided by financing activities	319	1,186
Effect of exchange rate changes on cash	1	2

NET DECREASE IN CASH AND CASH EQUIVALENTS	(12)	(31)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	147	165
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 135	$ 134
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Partners/Members' noncash distributions	$ —	$ 31
Members’ noncash contributions for construction costs and other	$ 3	$ 91
Change in noncash investments in equity method investees - net	$ 2	$ 7
Asset retirement obligation additions	$ —	$ 7
Accrued but not paid for capital and other expenditures	$ 6	$ 3
Noncash member contribution upon transition from predecessor method	$ 5	$ 3
Change in goodwill related to change in purchase accounting valuation	$ —	$ 6

(a) Prior-period financial information has been retrospectively adjusted as discussed in Note 1.

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2016 Form 10-K.

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NEXTERA ENERGY PARTNERS, LP
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(millions)
(unaudited)

	Units	Limited Partners	Accumulated Other Comprehensive Loss	Noncontrolling Interest[(a)]	Total Equity[(a)]
Balances, December 31, 2016	54.2	$1,746	$ (3)	$ 614	$2,357
Acquisition of membership interests in subsidiaries	—	—	—	(242)	(242)
Limited partners/related party contribution and transition	—	6 [(b)]	—	5 [(c)]	11
Issuance of common units	0.1	1	—	—	1
Related party note receivable	—	—	—	1	1
Capped call transaction	—	(12)	—	—	(12)
Net income	—	26	—	106 [(d)]	132
Other comprehensive income	—	—	3	10	13
Related party contributions	—	—	—	4	4
Related party distributions	—	—	—	(126)	(126)
Changes in non-economic ownership interests and equity method investee	—	—	—	(3)	(3)
Distributions to unitholders	—	(60)	—	—	(60)
Balances, September 30, 2017	54.3	$1,707	$ —	$ 369	$2,076

	Units	Limited Partners	Accumulated Other Comprehensive Loss	Noncontrolling Interest[(a)]	Total Equity[(a)]
Balances, December 31, 2015	30.6	$935	$ (6)	$ 897	$1,826
Acquisition of membership interests in subsidiaries	—	—	—	(641)	(641)
Limited partners/related party contribution and transition	—	123 [(b)]	—	(3) [(c)]	120
Issuance of common units	23.6	645	—	—	645
Related party note receivable	—	—		(24)	(24)
Net income	—	40	—	127 [(d)]	167
Other comprehensive income	—	—	2	8	10
Related party contributions	—	—	—	603	603
Related party distributions	—	—	—	(134)	(134)
Changes in non-economic ownership interests and equity method investee	—	—	—	(6)	(6)
Distributions to unitholders	—	(37)	—	—	(37)
Balances, September 30, 2016	54.2	$1,706	$ (4)	$ 827	$2,529

(a) Prior-period financial information has been retrospectively adjusted as discussed in Note 1.
(b) Deferred tax asset recognized by NEP related to NEP equity issuances and acquisition of subsidiary membership interests.
(c) Related party noncash contribution (distribution), net, upon transition from predecessor accounting method.
(d) Net income attributable to noncontrolling interest includes the pre-acquisition net income of the common control acquisitions. See Note 1.

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2016 Form 10-K.

NEXTERA ENERGY PARTNERS, LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The accompanying condensed consolidated financial statements should be read in conjunction with the 2016 Form 10-K. In the opinion of NEP 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. Acquisitions

On May 1, 2017, an indirect subsidiary of NEP completed the acquisition from NEER of Golden West Wind Holdings, LLC for approximately $238 million, plus working capital of $4 million and the assumption of $184 million in existing liabilities related to differential membership interests. Golden West Wind Holdings, LLC indirectly owns an approximately 249 MW wind generation facility located in El Paso County, Colorado.

The 2017 acquisition discussed above and the acquisitions from NEER completed by a subsidiary of NEP in 2016 (collectively, the common control acquisitions) were transfers of assets between entities under common control and required them to be accounted for as if the transfers occurred since the inception of common control, with prior periods retrospectively adjusted to furnish comparative information. Accordingly, the accompanying condensed consolidated financial statements have been retrospectively adjusted to include the historical results and financial position of the common control acquisitions prior to their respective acquisition dates.

In August 2017, NEP and NEP GP implemented governance changes that, among other things, enhanced NEP unitholder governance rights. The new governance structure established a NEP board of directors where NEP unitholders will have the ability to nominate and elect board members, subject to certain limitations and requirements. As a result of these governance changes, beginning in January 2018, acquisitions from NEER will no longer be treated as common control acquisitions.

In October 2017, an indirect subsidiary of NEP entered into an agreement with an indirect subsidiary of NEER to acquire interests in four wind and solar generation facilities with contracted generating capacity totaling approximately 691 MW. NEP expects to complete the acquisition before December 31, 2017 for a total consideration of approximately $812 million, plus the assumption of approximately $459 million in existing liabilities related to differential membership interests. See Part II - Item 5 for further discussion.

2. Income Taxes

For periods prior to the date a NEER project is acquired by NEP (NEP acquisition date), income taxes are calculated on the predecessor method using the separate return method applied to the group of renewable energy projects acquired.

For periods after the NEP acquisition date, income taxes are calculated on the successor method where taxes are calculated for NEP as a single taxpaying corporation for U.S. federal and state income taxes (based on its election to be taxed as a corporation). Because NEP OpCo is a limited partnership, NEP only recognizes in income its applicable ownership share of U.S. income taxes related to the U.S. and Canadian projects, allocated by NEP OpCo. The Canadian subsidiaries are all Canadian taxpayers, and therefore NEP recognizes in income all of the Canadian taxes.

For periods after the NEP acquisition date, income taxes include NEP's applicable ownership share of U.S. taxes and 100% of Canadian taxes. Net income or loss attributable to noncontrolling interest includes no U.S. taxes and NEER's applicable ownership share of Canadian taxes. Net income attributable to NEP includes NEP's applicable ownership share of U.S. and Canadian taxes.

The effective tax rates for the three months ended September 30, 2017 and 2016 were approximately 25% and 18%, respectively, and for the nine months ended September 30, 2017 and 2016 were approximately 20% and 12%, respectively. The effective tax rate is affected by recurring items, such as the relative amount of income earned in jurisdictions (earnings mix), valuation allowances on deferred tax assets, taxes attributable to the noncontrolling interest and the taxation of Canadian income in both Canada and the U.S. Additionally, for the nine months ended September 30, 2016, the effective tax rate was affected by an April 2016 court decision approving a reorganization of certain of NEP's Canadian assets that provided for tax bases in certain of these assets. NEP recorded approximately $12 million of the associated income tax benefit during the nine months ended September 30, 2016.

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. NEP uses 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. Certain financial instruments may be valued using multiple inputs including discount rates, counterparty credit ratings and credit

NEXTERA ENERGY PARTNERS, LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

enhancements. NEP's assessment of the significance of any particular input to the fair value measurement requires judgment and may affect the placement of those assets and liabilities 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. Transfers between fair value hierarchy levels occur at the beginning of the period in which the transfer occurred.

Cash Equivalents and Restricted Cash Equivalents - The fair value of money market funds that are included in cash and cash equivalents, restricted cash and other non-current assets on the condensed consolidated balance sheets is estimated using a market approach based on current observable market prices.

Interest Rate and Foreign Currency Contracts - NEP estimates the fair value of its derivatives using an income approach based on a discounted cash flows valuation technique utilizing the net amount of estimated future cash inflows and outflows related to the agreements. The primary inputs used in the fair value measurements include the contractual terms of the derivative agreements, current interest rates, foreign currency exchange rates and credit profiles. The significant inputs for the resulting fair value measurement are market-observable inputs and the measurements are reported as Level 2 in the fair value hierarchy.

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

	September 30, 2017			December 31, 2016		
	Level 1	Level 2	Total	Level 1	Level 2	Total
	(millions)					
Assets:						
Cash equivalents	$47	$ —	$ 47	$66	$ —	$66
Restricted cash equivalents	30	—	30	29	—	29
Interest rate contracts	—	3	3	—	15	15
Foreign currency contracts	—	—	—	—	1	1
Total assets	$77	$ 3	$ 80	$95	$ 16	$111
Liabilities:						
Interest rate contracts	$—	$ 40	$ 40	$—	$ 44	$44
Foreign currency contracts	—	3	3	—	—	—
Total liabilities	$—	$ 43	$ 43	$—	$ 44	$44

Financial Instruments Recorded at Other than Fair Value - The carrying amount of short-term debt approximates its fair value. The carrying amounts and estimated fair values of other financial instruments recorded at other than fair value are as follows:

	September 30, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(millions)			
Long-term debt, including current maturities[(a)]	$4,335	$4,482	$3,586	$3,680

(a) As of September 30, 2017 and December 31, 2016, approximately $3,585 million and $2,808 million, respectively, of the fair value is estimated using a market approach based on quoted market prices for the same or similar issues (Level 2); the balance is estimated using an income approach utilizing a discounted cash flow valuation technique, considering the current credit profile of the debtor (Level 3).

Contingent Consideration - NEP recorded a liability related to a contingent holdback as part of the Texas pipelines acquisition. The contingent holdback was payable if the Texas pipelines entered into one or more written contracts by December 31, 2016 related to certain financial performance and capital expenditure thresholds. Contingent consideration is required to be reported at fair value at each reporting date. NEP determined this fair value measurement based on management's probability assessment. The significant inputs and assumptions used in the fair value measurement included the estimated probability of executing contracts related to financial performance and capital expenditure thresholds as well as the appropriate discount rate. During the three and nine months ended September 30, 2016, NEP recorded approximately $101 million and $118 million, respectively, in fair value adjustments to decrease the contingent consideration based on updated estimates associated with management's probability assessment as of September 30, 2016. The fair value adjustments are reflected as revaluation of contingent consideration in NEP's condensed consolidated statements of income.

NEXTERA ENERGY PARTNERS, LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

4. Derivative Instruments and Hedging Activity

NEP uses derivative instruments (primarily interest rate swaps) to manage the interest rate cash flow risk associated primarily with outstanding and expected future debt issuances and borrowings. NEP records all derivative instruments that are required to be marked to market as either assets or liabilities in its condensed consolidated balance sheets and measures them at fair value each reporting period. NEP does not utilize hedge accounting for its derivative instruments. All changes in the derivatives' fair value are recognized in interest expense in the condensed consolidated statements of income. In general, the commencement and termination dates of the interest rate swap agreements and the related hedging relationship coincide with the corresponding dates of the underlying variable-rate debt instruments. As of September 30, 2017 and December 31, 2016, the combined notional amounts of the interest rate contracts were approximately $3,419 million and $2,119 million, respectively.

At September 30, 2017, NEP's AOCI included amounts related to discontinued cash flow hedges, which have expiration dates through 2033. At September 30, 2017, approximately $6 million of net unrealized losses are expected to be reclassified into interest expense within the next 12 months as interest payments are made. Such amount assumes no change in scheduled principal payments. Cash flows from these interest rate swap contracts are reported in cash flows from operating activities in the condensed consolidated statements of cash flows.

NEP enters into certain foreign currency exchange contracts to economically hedge its cash flows from foreign currency rate fluctuations. As of September 30, 2017 and December 31, 2016, the notional amount of the foreign currency contracts was approximately $58 million and $46 million, respectively. During the three months ended September 30, 2017 and 2016, NEP recorded approximately $2 million of losses and less than $1 million of gains, respectively, related to the foreign currency contracts in other - net in the condensed consolidated statements of income. During the nine months ended September 30, 2017 and 2016, NEP recorded approximately $5 million and $2 million of losses, respectively, related to the foreign currency contracts in other - net in the condensed consolidated statements of income.

Fair Value of Derivative Instruments - The tables below present NEP's gross derivative positions, based on the total fair value of each derivative instrument, at September 30, 2017 and December 31, 2016, as required by disclosure rules, as well as the location of the net derivative positions, based on the expected timing of future payments, on the condensed consolidated balance sheets.

	September 30, 2017			
	Gross Basis		Net Basis	
	Assets	Liabilities	Assets	Liabilities
	(millions)			
Interest rate contracts	$3	$ 40	$16	$ 53
Foreign currency contracts	—	3	—	3
Total fair values	$3	$ 43	$16	$ 56
Net fair value by balance sheet line item:				
Other current assets			$10	
Other non-current assets			6	
Current derivative liabilities				$ 15
Other non-current liabilities				41

Total derivatives	$16	$ 56

	December 31, 2016			
	Gross Basis		Net Basis	
	Assets	Liabilities	Assets	Liabilities
	(millions)			
Interest rate contracts	$15	$ 44	$17	$ 46
Foreign currency contracts	1	—	1	—
Total fair values	$16	$ 44	$18	$ 46
Net fair value by balance sheet line item:				
Other current assets			$1	
Other non-current assets			17	
Current derivative liabilities				$ 18
Other non-current liabilities				28
Total derivatives			$18	$ 46

NEXTERA ENERGY PARTNERS, LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

Financial Statement Impact of Derivative Instruments - Gains (losses) related to NEP's interest rate contracts are recorded in the condensed consolidated financial statements as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(millions)			
Interest rate contracts:				
Losses reclassified from AOCI to interest expense	$(1)	$(2)	$(6)	$(6)
Gains (losses) recognized in interest expense	$(1)	$1	$(21)	$(83)

Credit-Risk-Related Contingent Features - Certain of NEP's derivative instruments contain credit-related cross-default and material adverse change triggers, none of which contain requirements to maintain certain credit ratings or financial ratios. At September 30, 2017, the aggregate fair value of NEP's derivative instruments with contingent risk features that were in a liability position was approximately $7 million.

5. Variable Interest Entities

NEP has identified NEP OpCo as a VIE. NEP OpCo is a limited partnership with a general partner and limited partners. NEP has consolidated the results of NEP OpCo and its subsidiaries because of its controlling interest in the general partner of NEP OpCo. At September 30, 2017, NEP owned an approximately 34.9% limited partner interest in NEP OpCo and NEE Equity owned a noncontrolling 65.1% limited partner interest in NEP OpCo. The assets and liabilities of NEP OpCo as well as the operations of NEP OpCo represent substantially all of NEP's assets and liabilities and its operations.

In addition, at September 30, 2017, NEP consolidated five VIEs related to certain subsidiaries that have sold differential membership interests in entities which own and operate seven wind electric generation facilities. Certain investors that have no equity at risk in the VIEs hold differential membership interests, which give them the right to receive a portion of the economic attributes of these wind electric generation facilities, including certain tax attributes. The assets and liabilities of the VIEs, consisting primarily of property, plant and equipment - net and deferral related to differential membership interests, totaled approximately $1,993 million and $1,073 million at September 30, 2017, respectively, and $2,032 million and $1,123 million at December 31, 2016, respectively.

In October 2016, a subsidiary of NEP completed the acquisition from NEER of an indirect 24% interest in Desert Sunlight Investment Holdings, LLC (Desert Sunlight) which is reflected as investment in equity method investee on the condensed consolidated balance sheets. Desert Sunlight owns two project entities, which together make up the Desert Sunlight Solar Energy Center, a 550 MW solar generation plant located in Riverside County, California. NEER retained an interest in Desert Sunlight and remains the managing member. NEP is not the primary beneficiary and therefore does not consolidate this entity because it does not control any of the ongoing activities of this entity, was not involved in the initial design of this entity and does not have a controlling interest in this entity.

In April 2015, a subsidiary of NEP made an equity method investment in three NEER solar projects. Through a series of transactions, a subsidiary of NEP issued 1,000,000 NEP OpCo Class B Units, Series 1 and 1,000,000 NEP OpCo Class B Units, Series 2, to NEER for approximately 50% of the ownership interests in the three solar projects (non-economic ownership interests). NEER, as holder of the Class B Units, will retain 100% of the economic rights in the projects to which the respective Class B Units relate, including the right to all distributions paid by the project subsidiaries. NEER has agreed to indemnify NEP against all risks relating to NEP’s ownership of the projects until NEER offers to sell economic interests to NEP and NEP accepts such offer, if NEP chooses to do so. NEER has also agreed to continue to manage the operation of the projects at its own cost, and to contribute to the projects any capital necessary for the operation of the projects, until NEER offers to sell economic interests to NEP and NEP accepts such offer. At September 30, 2017 and December 31, 2016, NEP's equity method investment related to the non-economic ownership interests is reflected as investments in non-economic ownership interests on the condensed consolidated balance sheets. All equity in earnings of the non-economic ownership interests is allocated to net income attributable to noncontrolling interest. NEP is not the primary beneficiary and therefore does not consolidate these entities because it does not control any of the ongoing activities of these entities, was not involved in the initial design of these entities and does not have a controlling interest in these entities.

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NEXTERA ENERGY PARTNERS, LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

6. Capitalization

Debt - Significant long-term debt issuances and borrowings by NEP and its subsidiaries during the nine months ended September 30, 2017 were as follows:

Date Issued	Debt Issuances/Borrowings	Interest Rate	Principal Amount (millions)		Maturity Date
February 2017 - August 2017	Senior secured revolving credit facility	Variable[a]	$ 130	[b]	2019
March 2017	Senior secured term loans	Variable[a]	$ 200	[c]	2018 - 2019
April 2017	Senior secured term loans	Variable[a]	$ 150	[c]	2019
September 2017	Senior unsecured convertible notes	1.50%	$ 300	[d]	2020
September 2017	Senior unsecured notes	4.25% - 4.50%	$ 1,100	[e]	2024 - 2027

(a) Variable rate is based on an underlying index plus a margin.
(b) In September 2017, all borrowings under this credit facility were repaid and, as of September 30, 2017, no amounts are outstanding under this revolving credit facility.
(c) In September 2017, these term loans were repaid in full.
(d) See additional discussion below.
(e) A portion of the proceeds from these senior unsecured notes were used to repay the $950 million principal outstanding under existing variable rate term loans and the $130 million outstanding balance under a revolving credit facility. See additional discussion below.

The secured long-term debt agreements listed above are secured by liens on certain assets and contain provisions which, under certain conditions, could restrict the payment of distributions or related party fee payments. At September 30, 2017, NEP and its subsidiaries were in compliance with all financial debt covenants under their financings.

In September 2017, NEP issued $300 million in aggregate principal amount of its 1.50% senior unsecured convertible notes (the convertible notes). The convertible notes are unsecured obligations of NEP and are absolutely and unconditionally guaranteed, on a senior unsecured basis, by NEP OpCo. A holder may convert all or a portion of its notes into NEP common units and cash in lieu of any fractional common unit at the conversion rate. At September 30, 2017, the conversion rate, subject to certain adjustments, was 18.9170 NEP common units per $1,000 principal amount of the convertible notes, which rate is equivalent to a conversion price of approximately $52.8625 per NEP common unit. Upon the occurrence of a fundamental change (as defined in the related indenture) holders of the convertible notes may require NEP to repurchase all or a portion of their convertible notes for cash in an amount equal to the principal amount of the convertible notes to be repurchased, plus accrued and unpaid interest, if any. The convertible notes are not redeemable at NEP's option prior to maturity.

In connection with the issuance of the convertible notes, NEP entered into a registration rights agreement pursuant to which, among other things, NEP has agreed to file a shelf registration statement with the SEC and use its commercially reasonable efforts to cause such registration statement to become effective on or prior to September 7, 2018, covering resales of NEP common units, if any, issuable upon a conversion of the convertible notes.

NEP entered into a capped call transaction (capped call) in connection with the issuance of the convertible notes. Under the capped call, NEP purchased capped call options with a strike price of $52.8625 and a cap price of $63.4350. The capped call was purchased for approximately $12 million, which was recorded as a reduction to limited partners equity on NEP's condensed consolidated balance sheets. If, upon conversion of the convertible notes, the price per NEP common unit during the relevant settlement period is above the strike price, there would generally be a payment to NEP (if NEP elects to cash settle) or an offset of potential dilution to NEP's common units (if NEP elects to settle in NEP common units).

Additionally, in September 2017, NEP OpCo issued $550 million in aggregate principal amount of 4.25% senior unsecured notes due 2024 (the 2024 notes) and $550 million in aggregate principal amount of 4.50% senior unsecured notes due 2027 (the 2027 notes, and together with the 2024 notes, the notes).

The notes are unsecured obligations of NEP OpCo and are absolutely and unconditionally guaranteed, on a senior unsecured basis, by NEP and a subsidiary of NEP OpCo. At any time prior to July 15, 2024, in the case of the 2024 notes, and at any time prior to June 15, 2027, in the case of the 2027 notes, NEP OpCo may redeem some or all of the notes of such series at a redemption price equal to 100% of the principal amount of the notes redeemed plus a make-whole premium and accrued and unpaid interest. On or after July 15, 2024, in the case of the 2024 notes, and on or after June 15, 2027, in the case of the 2027 notes, NEP OpCo may redeem some or all of the notes of such series at a redemption price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest.

In October 2017, NEP OpCo and its direct subsidiaries entered into an amendment of the senior secured revolving credit facility. See Part II - Item 5 for further discussion.

Equity - In June 2017, NEP entered into a Series A Preferred Unit Purchase Agreement, as amended (the purchase agreement), to issue and sell in a private placement in one or more tranches on or before December 31, 2017, as determined by NEP, $550 million of Series A convertible preferred units representing limited partner interests in NEP (preferred units) at a purchase price of $39.2253 per preferred unit. NEP will contribute the proceeds from each closing to NEP OpCo in exchange for an equivalent number of a new series of NEP OpCo preferred units with economically equivalent rights to the preferred units.

Pursuant to the purchase agreement, the NEP partnership agreement was amended and restated to establish the rights and preferences of the preferred units. The preferred units will be a new class of securities that will rank senior to the common units representing limited partner interests in NEP (common units). The preferred units will vote on an as-converted basis with the common units and will have certain class voting rights with respect to amendments that adversely affect their distribution, liquidation or conversion rights, their ranking or certain other protections under the NEP partnership agreement.

Holders of the preferred units will receive cumulative quarterly distributions equal to $0.4413 per unit for quarters ending on or before the third anniversary of the issuance date of the preferred units, which will be prorated for the quarter during which the preferred units are issued and which may be paid, at NEP's election, in cash, in kind or a combination thereof. For quarters ending after the third anniversary of the issuance date, holders will receive cumulative quarterly distributions equal to the greater of $0.4413 per unit and the amount that the preferred units would have received if they had converted into common units at the then-applicable conversion rate (defined below), and NEP may elect to pay up to 1/9th of the subsequent distribution period amounts in kind. The quarterly distribution amount and portion of the distribution that may be paid in kind will be prorated for the quarter that includes the third anniversary of the issuance date. If NEP fails to pay a distribution during a subsequent distribution period, NEP would be unable to pay any distributions on or redeem or repurchase any junior securities, including the common units, prior to paying the unpaid cash component of the quarterly distribution, including any previously accrued and unpaid cash distributions.

Each holder of preferred units (together with its affiliates) may elect to convert all or any portion of its preferred units into common units initially on a one-for-one basis, subject to customary adjustments and an adjustment for any distributions that have accrued but have not been paid when due (the conversion rate), at any time after June 20, 2019, subject to certain conditions. NEP may elect to convert all or a portion of the preferred units into common units based on the conversion rate at any time after the first anniversary of the date of issuance of the preferred units being converted if certain conditions, including specific common unit price and trading volume conditions, are met and subject to certain maximum conversion amounts prior to the third anniversary of the final closing date under the purchase agreement. In addition, certain change of control events, as specified in the NEP partnership agreement, will result in, or provide holders of the preferred units with the right to elect, conversion of preferred units to common units (or substantially equivalent securities of a surviving entity) or redemption of the preferred units, with such redemption to be paid in cash or common units at NEP's discretion. Beginning January 1, 2021, NEP will give the purchasers certain rights to require NEP, under certain circumstances, to initiate underwritten offerings for the common units that are issuable upon conversion of the preferred units.

On October 25, 2017, the board of directors of NEP authorized a distribution of $0.3925 per common unit payable on November 14, 2017 to its common unitholders of record on November 6, 2017.

Earnings Per Unit - Diluted earnings per unit are based on the weighted-average number of common units and potential common units outstanding during the period, including the dilutive effect of the convertible notes. The dilutive effect of the convertible notes is computed using the if-converted method.

Common units issuable pursuant to the convertible notes which were not included in the calculation of diluted earnings per unit due to their antidilutive effect were approximately 1.4 million and 0.5 million for the three and nine months ended September 30, 2017, respectively.

NEXTERA ENERGY PARTNERS, LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

7. Accumulated Other Comprehensive Income (Loss)

	Accumulated Other Comprehensive Income (Loss)			
	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investee	Total
	(millions)			
Three months ended September 30, 2017				
Balances, June 30, 2017	$(1)	$ (102)	$ (15)	$(118)
Amounts reclassified from AOCI to interest expense	1	—	—	1
Net unrealized gains on foreign currency translation	—	5	—	5
Net other comprehensive income	1	5	—	6
Balances, September 30, 2017	$—	$ (97)	$ (15)	$(112)
AOCI attributable to noncontrolling interest	$(1)	$ (95)	$ (16)	$(112)
AOCI attributable to NEP	$1	$ (2)	$ 1	$—

	Accumulated Other Comprehensive Income (Loss)			
	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investee	Total
	(millions)			
Nine months ended September 30, 2017				
Balances, December 31, 2016	$(4)	$ (105)	$ (16)	$(125)
Amounts reclassified from AOCI to interest expense	4	—	—	4
Net unrealized gains on foreign currency translation	—	8	—	8
Other comprehensive income related to equity method investee	—	—	1	1
Net other comprehensive income	4	8	1	13
Balances, September 30, 2017	$—	$ (97)	$ (15)	$(112)
AOCI attributable to noncontrolling interest	$(1)	$ (95)	$ (16)	$(112)
AOCI attributable to NEP	$1	$ (2)	$ 1	$—

NEXTERA ENERGY PARTNERS, LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

	Accumulated Other Comprehensive Loss			
	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Losses on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investee	Total
	(millions)			
Three months ended September 30, 2016				
Balances, June 30, 2016	$(8)	$ (101)	$ (20)	$(129)
Amounts reclassified from AOCI to interest expense	2	—	—	2
Net unrealized losses on foreign currency translation	—	(1)	—	(1)
Other comprehensive income related to equity method investee	—	—	1	1
Net other comprehensive income (loss)	2	(1)	1	2
Balances, September 30, 2016	$(6)	$ (102)	$ (19)	$(127)
AOCI attributable to noncontrolling interest	$(6)	$ (98)	$ (19)	$(123)
AOCI attributable to NEP	$—	$ (4)	$ —	$(4)

	Accumulated Other Comprehensive Loss			
	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Loss Related to Equity Method Investee	Total
	(millions)			
Nine months ended September 30, 2016				
Balances, December 31, 2015	$(11)	$ (108)	$ (18)	$(137)
Amounts reclassified from AOCI to interest expense	5	—	—	5
Net unrealized gains on foreign currency translation	—	6	—	6
Other comprehensive loss related to equity method investee	—	—	(1)	(1)
Net other comprehensive income (loss)	5	6	(1)	10
Balances, September 30, 2016	$(6)	$ (102)	$ (19)	$(127)
AOCI attributable to noncontrolling interest	$(6)	$ (98)	$ (19)	$(123)
AOCI attributable to NEP	$—	$ (4)	$ —	$(4)

8. Related Party Transactions

Each project entered into O&M agreements and ASAs with subsidiaries of NEER whereby the projects pay a certain annual fee plus actual costs incurred in connection with certain O&M and administrative services performed under these agreements. These services are reflected as operations and maintenance in the condensed consolidated statements of income. Additionally, a NEP subsidiary pays an affiliate for transmission services which are reflected as operations and maintenance in the condensed consolidated statements of income. Certain projects have also entered into various types of agreements including those related to shared facilities and transmission lines, transmission line easements, technical support and construction coordination with subsidiaries of NEER whereby certain fees or cost reimbursements are paid to, or received by, certain subsidiaries of NEER.

Management Services Agreement - Under the MSA, an indirect wholly owned subsidiary of NEE provides operational, management and administrative services to NEP, including managing NEP's day to day affairs and providing individuals to act as NEP's executive officers and directors, in addition to those services that are provided under the existing O&M agreements and ASAs described above between NEER subsidiaries and NEP subsidiaries. NEP OpCo pays NEE an annual management fee equal to the greater of 1% of the sum of NEP OpCo's net income plus interest expense, income tax expense and depreciation and amortization expense less certain non-cash, non-recurring items for the most recently ended fiscal year and $4 million (as adjusted for inflation beginning in 2016), which is paid in quarterly installments with an additional payment each January to the extent 1% of the sum of NEP OpCo's net income plus interest expense, income tax expense and depreciation and amortization expense less certain non-cash, non-recurring items for the preceding fiscal year exceeds $4 million (as adjusted for inflation beginning in 2016). NEP OpCo also makes certain payments to NEE based on the achievement by NEP OpCo of certain target quarterly distribution levels to its unitholders. NEP's O&M expenses for the three and nine months ended September 30, 2017 include approximately $17 million and $49 million, respectively, and for the three and nine months ended September 30, 2016 include $12 million and $28 million, respectively, related to the MSA.

Cash Sweep and Credit Support Agreement - NEP OpCo is a party to a CSCS agreement with NEER under which NEER and certain of its subsidiaries may provide credit support in the form of letters of credit and guarantees to satisfy NEP's subsidiaries' contractual obligations. NEP OpCo will pay NEER an annual credit support fee based on the level and cost of the credit support provided, payable in quarterly installments. NEP's O&M expenses for the three and nine months ended September 30, 2017 include approximately $1 million and $3 million, respectively, and for the three and nine months ended September 30, 2016 include $1 million and $2 million, respectively, related to the CSCS agreement.

NEER and certain of its subsidiaries may withdraw funds (Project Sweeps) received by NEP OpCo under the CSCS agreement, or its subsidiaries in connection with certain long-term debt agreements, and hold those funds in accounts belonging to NEER or its subsidiaries to the extent the funds are not required to pay project costs or otherwise required to be maintained by NEP's subsidiaries. NEER and its subsidiaries may keep the funds until the financing agreements permit distributions to be made, or, in the case of NEP OpCo, until such funds are required to make distributions or to pay expenses or other operating costs or NEP OpCo otherwise demands the return of such funds. If NEER fails to return withdrawn funds when required by NEP's subsidiaries' financing agreements, the lenders will be entitled to draw on any credit support provided by NEER in the amount of such withdrawn funds. If NEER or one of its affiliates realizes any earnings on the withdrawn funds prior to the return of such funds, it will be permitted to retain those earnings. As of September 30, 2017 and December 31, 2016, the cash sweep amounts held in accounts belonging to NEER or its subsidiaries were approximately $366 million and $65 million, respectively, and are included in due from related parties on the condensed consolidated balance sheets.

Guarantees and Letters of Credit Entered into by Related Parties - Certain PPAs include requirements of the project entities to meet certain performance obligations. NEECH or NEER has provided letters of credit or guarantees for certain of these performance obligations and payment of any obligations from the transactions contemplated by the PPAs. In addition, certain financing agreements require cash and cash equivalents to be reserved for various purposes. In accordance with the terms of these financing agreements, guarantees from NEECH have been substituted in place of these cash and cash equivalents reserve requirements. Also, under certain financing agreements, indemnifications have been provided by NEECH. In addition, certain interconnection agreements and site certificates require letters of credit or a bond to secure certain payment or restoration obligations related to those agreements. NEECH also guarantees the Project Sweep amounts held in accounts belonging to NEER, as described above. As of September 30, 2017, NEECH or NEER guaranteed or provided indemnifications, letters of credit or bonds totaling approximately $657 million related to these obligations. Agreements related to the sale of differential membership interests require NEER to guarantee payments due by the VIEs and the indemnifications to the VIEs' respective investors. As of September 30, 2017, NEER guaranteed a total of approximately $86 million related to these obligations.

Due to Related Party - Non-current amounts due to related party on the condensed consolidated balance sheets primarily represent amounts owed by certain of NEP's wind projects to NEER to refund NEER for certain transmission costs paid on behalf of the wind projects. Amounts will be paid to NEER as the wind projects receive payments from third parties for related notes receivable recorded in other non-current assets on the condensed consolidated balance sheets.

Transportation and Fuel Management Agreements - In connection with the Texas pipelines acquisition, a subsidiary of NEP assigned to a subsidiary of NEER certain gas commodity agreements in exchange for entering into transportation agreements and a fuel management agreement whereby the benefits of the gas commodity agreements (net of transportation paid to the NEP subsidiary) are passed back to the NEP subsidiary. During the three and nine months ended September 30, 2017, NEP recognized approximately $2 million and $7 million, respectively, and for the three and nine months ended September 30, 2016 recognized approximately $2 million and $8 million, respectively, in revenues related to the transportation and fuel management agreements.

9. Summary of Significant Accounting and Reporting Policies

Revenue Recognition - In May 2014, the Financial Accounting Standards Board (FASB) issued an accounting standards update, which was subsequently amended, that provides guidance on the recognition of revenue from contracts with customers and requires additional disclosures regarding such contracts. NEP's operating revenues are derived primarily from the sale of energy and performance of natural gas transportation services. NEP continues to evaluate its individual contracts in order to determine the impact, if any, this standards update will have on its consolidated financial statements. NEP intends to apply this standards update using the modified retrospective approach with the cumulative effect, if any, recognized as an adjustment to retained earnings as of January 1, 2018.

Accounting for Partial Sales of Nonfinancial Assets - In February 2017, the FASB issued an accounting standards update regarding the accounting for partial sales of nonfinancial assets. NEP intends to apply this standards update retrospectively with the cumulative effect recognized as an adjustment to retained earnings as of January 1, 2018, concurrent with the FASB's revenue recognition standards update. Based on NEP's current analysis, this standards update is expected to affect the accounting and related financial statement presentation for the sales of differential membership interests to third-party investors. NEP anticipates the liability reflected as deferral related to differential membership interests on NEP's consolidated balance sheets will be reclassified to noncontrolling interests and the amount currently being recognized in benefits associated with differential membership interests - net in NEP's consolidated statements of income will be reflected as a reduction to net income attributable to noncontrolling interests. Additionally, NEP continues to evaluate the sales of differential membership interests to third-party investors to determine if the amount or timing of income attributed to differential membership interests could change materially from amounts recorded under its current accounting method.

Property, Plant and Equipment - net - NEP reviews the estimated useful lives of its fixed assets on an ongoing basis. NEP's most recent review indicated that the actual lives of certain equipment at its wind plants are expected to be longer than those previously estimated for depreciation purposes. As a result, effective January 1, 2017, NEP changed the estimated useful lives of certain wind plant equipment from 30 years to 35 years to better reflect the period during which these assets are expected to remain in service. This change increased net income attributable to NEP by approximately $1 million and $3 million and basic and diluted earnings per unit attributable to NEP by approximately $0.02 and $0.06 for the three and nine months ended September 30, 2017, respectively. For the year ended December 31, 2017, the change is expected to increase net income attributable to NEP by approximately $5 million.

10. Commitments and Contingencies

Land Use Commitments - The project owners are parties to various agreements that provide for payments to landowners for the right to use the land upon which the projects are located. These leases and easements can typically be renewed by the project owners for various periods. The annual fees range from minimum rent payments varying by lease to maximum rent payments of a certain percentage of gross revenues, varying by lease. Total lease expense was approximately $5 million and $17 million for the three and nine months ended September 30, 2017, respectively, and $5 million and $16 million for the three and nine months ended September 30, 2016, respectively, and is included in operations and maintenance expenses in the condensed consolidated statements of income.

The total minimum non-cancelable rental commitments at September 30, 2017 under these land use agreements are as follows:

	Land Use Commitments (millions)
Remainder of 2017	$ 2
2018	11
2019	11
2020	11
2021	11
Thereafter	360
Total minimum land use payments	$ 406

One of NEP’s solar project's land leases includes a right-of-way lease/grant that provides for payments to the BLM for the right to use the public lands upon which the project is located. The lease may be renewed at expiration at the solar project's option and will be subject to the regulations existing at the time of renewal. In connection with the terms of the lease, the solar project obtained a surety bond from a non-affiliated party in favor of the BLM for approximately $23 million. The surety bond remains in effect until the BLM is satisfied that there is no outstanding liability on the bond or satisfactory replacement bond coverage is furnished. Certain varying lease payments are considered contingent rent and, therefore, expense is recognized as incurred.

Development, Engineering and Construction Commitments - At September 30, 2017, the Texas pipelines had several open engineering, procurement and construction contracts related to the procurement of materials and services. As of September 30, 2017, the Texas pipelines have remaining commitments under these contracts of approximately $4 million.

Letter of Credit Facilities - Two of NEP’s projects entered into letter of credit (LOC) facilities under which the LOC lenders may issue standby letters of credit not to exceed approximately $107 million in the aggregate. These LOC facilities have maturity dates of June 2022 and July 2022. As of September 30, 2017, approximately $93 million of LOCs was outstanding primarily related to debt service reserves and as security for certain of the projects' agreements, including a PPA.

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Canadian FIT Contracts -The FIT contracts relating to NEP's wind projects located in Canada (Canadian projects) require suppliers to source a minimum percentage of their equipment and services from Ontario resident suppliers to meet the minimum required domestic content level (MRDCL). The MRDCL for two projects is 25% and the MRDCL for the other two projects is 50%. Following their respective CODs, the Canadian projects submitted reports to the Independent Electricity System Operator (IESO) summarizing how they achieved the MRDCL for their respective projects (domestic content reports) and the IESO issued letters to the Canadian projects acknowledging the completeness of their domestic content reports. The IESO has the right to audit the Canadian projects for a period of up to 7 years post-COD to confirm that they complied with the domestic content requirements under their respective FIT contracts and achieved their respective MRDCLs. The failure by any of these projects to achieve its MRDCL could result in a default by such project under its FIT contract, which default may not be possible to cure and could result in a termination of its FIT contract, without compensation, by the IESO. A termination of the FIT contract for any of these Canadian projects could negatively affect revenues generated by such project and have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

Acquisition Holdback - At December 31, 2016, the condensed consolidated balance sheets included an acquisition holdback related to the satisfaction of any indemnification obligations of the Texas pipelines sellers through April 2017 (indemnity holdback). During the nine months ended September 30, 2017 the indemnity holdback was released under the terms of the Texas pipelines acquisition agreement and approximately $200 million was paid to the sellers.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

NEP is a growth-oriented limited partnership formed by NEE to acquire, manage and own contracted clean energy projects with stable long-term cash flows. At September 30, 2017, NEP owned a controlling, non-economic general partner interest and an approximately 34.9% limited partner interest in NEP OpCo. Through NEP OpCo, NEP owns a portfolio of contracted renewable generation assets consisting of wind and solar projects and a portfolio of contracted natural gas pipeline assets.

This discussion 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 2016 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.

During 2016 and 2017, a subsidiary of NEP completed several acquisitions from NEER, which were transfers of assets between entities under common control and required them to be accounted for as if the transfers occurred since the inception of common control, with prior periods retrospectively adjusted to furnish comparative information. Accordingly, the accompanying condensed consolidated financial statements have been retrospectively adjusted to include the historical results and financial position of the common control acquisitions prior to their respective acquisition dates. See Note 1.

In October 2017, an indirect subsidiary of NEP entered into an agreement with an indirect subsidiary of NEER to acquire interests in four wind and solar generation facilities with contracted generating capacity totaling approximately 691 MW. See Part II - Item 5 for further discussion.

Results of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016[(a)]	2017	2016[(a)]
	(millions)			
Statement of Income Data:				
OPERATING REVENUES				
Renewable energy sales	$127	$144	$419	$418
Texas pipelines service revenues	50	47	144	138
Total operating revenues	177	191	563	556
OPERATING EXPENSES				
Operations and maintenance	56	52	170	146
Depreciation and amortization	50	54	149	161
Taxes other than income taxes and other	5	5	14	14
Total operating expenses	111	111	333	321
OPERATING INCOME	66	80	230	235
OTHER INCOME (DEDUCTIONS)				
Interest expense	(50)	(41)	(154)	(203)
Benefits associated with differential membership interests - net	15	14	60	45
Equity in earnings of equity method investee	11	11	18	19
Equity in earnings (losses) of non-economic ownership interests	9	—	12	(20)
Revaluation of contingent consideration	—	101	—	118

Other - net	—	—	(2)	(4)
Total other income (deductions) - net	(15)	85	(66)	(45)
INCOME BEFORE INCOME TAXES	51	165	164	190
INCOME TAX EXPENSE	13	30	32	23
NET INCOME	$ 38	$ 135	$ 132	$ 167

(a) Prior-period financial information has been retrospectively adjusted as discussed in Note 1.

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016

Operating Revenues

Operating revenues primarily consist of income from the sale of energy under PPAs and services provided under natural gas transportation agreements. Operating revenues decreased approximately $14 million during the three months ended September 30, 2017 primarily due to unfavorable wind resource of approximately $18 million during 2017, partially offset by $3 million favorable Texas pipelines service revenue.

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Operating Expenses

Operations and Maintenance

O&M expense includes interconnection costs, labor expenses, turbine servicing costs, lease royalty payments, insurance, materials, supplies, shared services and administrative expenses attributable to NEP's projects, and costs and expenses under the MSA, ASAs and O&M agreements. See Note 8. O&M expense also includes the cost of maintaining and replacing certain parts for the projects in the portfolio to maintain, over the long-term, operating income or operating capacity. O&M expense increased approximately $4 million during the three months ended September 30, 2017 primarily due to an increase of $6 million in IDR fees related to growth in NEP's distributions to its unitholders, partially offset by the absence of approximately $2 million of accretion of acquisition holdbacks associated with the Texas pipelines acquisition.

Depreciation and Amortization

Depreciation and amortization expense reflects costs associated with depreciation and amortization of NEP's assets, based on consistent depreciable asset lives and depreciation methodologies. For certain U.S. renewable energy projects, CITCs have been elected and are recorded as a reduction in property, plant and equipment - net on the condensed consolidated balance sheets and amortized as a reduction to depreciation and amortization expense over the estimated life of the related property. Depreciation and amortization expense also includes a provision for wind and solar facility dismantlement, asset removal costs and accretion related to asset retirement obligations and the amortization of finite-lived intangible assets.

Depreciation and amortization expense decreased approximately $4 million during the three months ended September 30, 2017 primarily due to the change in the estimated useful lives of certain equipment. See Note 9.

Other Income (Deductions)

Interest Expense

Interest expense primarily consists of interest on long-term debt and mark-to-market losses on interest rate swaps. Interest expense increased approximately $9 million during the three months ended September 30, 2017 primarily due to $4 million in higher interest cost related to additional debt issuances, a $3 million increase in mark-to-market losses on interest rate swaps and a $2 million write-off of deferred debt issuance costs associated with the repayment of certain term loans. See Note 6.

Benefits Associated with Differential Membership Interests - net

Benefits associated with differential membership interests - net reflect benefits recognized by NEP as third-party investors received their portion of the economic attributes, including income tax attributes, of the underlying wind projects net of associated costs. The increase in benefits associated with differential membership interests - net of approximately $1 million during the three months ended September 30, 2017 relates to lower interest costs of approximately $4 million primarily associated with the ongoing paydown of differential membership interest obligations, partially offset by $3 million attributable to unfavorable wind resource.

Equity in Earnings (Losses) of Non-Economic Ownership Interests

Equity in earnings of non-economic ownership interests increased by approximately $9 million during the three months ended September 30, 2017 primarily reflecting a $10 million increase in operating income due to the commencement of the PPA of one of the related projects in November 2016, partially offset by a $1 million increase in the mark-to-market losses on interest rate derivative contracts recorded at the related projects.

Revaluation of Contingent Consideration

For the three months ended September 30, 2016, revaluation of contingent consideration reflects a fair value adjustment of approximately $101 million to decrease the contingent holdback associated with the Texas pipelines acquisition. See Note 3 - Contingent Consideration.

Income Taxes

For periods after the NEP acquisition date, income taxes include NEP's applicable ownership share of U.S. taxes and 100% of Canadian taxes. Net income or loss attributable to noncontrolling interest includes no U.S. taxes and NEER's applicable ownership share of Canadian taxes. Net income attributable to NEP includes NEP's applicable ownership share of U.S. and Canadian taxes.

For the three months ended September 30, 2017, NEP recorded income tax expense of approximately $13 million on income before income taxes of $51 million, resulting in an effective tax rate of 25%. The tax expense is comprised primarily of income tax expense of $18 million at the statutory rate of 35%, partially offset by income tax benefit of $7 million of income tax attributable to noncontrolling interest.

For the three months ended September 30, 2016, NEP recorded income tax expense of approximately $30 million on income before income taxes of $165 million, resulting in an effective tax rate of 18%. The tax expense is comprised primarily of income tax expense of $58 million at the statutory rate of 35%, $5 million due to earnings mix and $4 million of state income taxes, partially offset by income tax benefit of $37 million of income tax attributable to noncontrolling interest.

Due to the transition from predecessor to successor method of accounting for income taxes, comparing current period results to the same period in the prior year does not provide meaningful information. See Note 2.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016

Operating Revenues

Operating revenues increased approximately $7 million during the nine months ended September 30, 2017 primarily due to an increase in Texas pipelines service revenues of approximately $6 million for reimbursable operating costs.

Operating Expenses

Operations and Maintenance

O&M expense increased approximately $24 million during the nine months ended September 30, 2017 primarily due to an increase of $20 million in IDR fees related to growth in NEP's distributions to its unitholders, an increase of $6 million in Texas pipelines reimbursable operating costs and $4 million in renewable asset maintenance costs. These increases were partially offset by the absence of approximately $6 million of accretion of acquisition holdbacks associated with the Texas pipelines acquisition.

Depreciation and Amortization

Depreciation and amortization expense decreased approximately $12 million during the nine months ended September 30, 2017 primarily due to the change in the estimated useful lives of certain equipment. See Note 9.

Other Income (Deductions)

Interest Expense

Interest expense decreased approximately $49 million during the nine months ended September 30, 2017 primarily due to a $62 million decrease in the mark-to-market losses on interest rate swaps, partially offset by an increase of $8 million in higher interest costs related to additional debt issuances, $4 million in higher interest costs related to debt at one of NEP's subsidiaries and a $2 million write-off of deferred debt issuance costs associated with the repayment of certain term loans. See Note 6.

Benefits Associated with Differential Membership Interests - net

The increase in benefits associated with differential membership interests - net of approximately $15 million during the nine months ended September 30, 2017 primarily relates to lower interest costs associated with the ongoing paydown of differential membership interest obligations.

Equity in Earnings (Losses) of Non-Economic Ownership Interests

Equity in earnings of non-economic ownership interests increased by approximately $32 million during the nine months ended September 30, 2017 primarily due to a $17 million increase in operating income due to the commencement of the PPA of one of the related projects in November 2016 and favorable solar resource for one of these projects as well as a $15 million decrease in mark-to-market losses on certain interest rate derivative contracts recorded at the related projects.

Revaluation of Contingent Consideration

For the nine months ended September 30, 2016, revaluation of contingent consideration reflects fair value adjustments of approximately $118 million to decrease the contingent holdback associated with the Texas pipelines acquisition. See Note 3 - Contingent Consideration.

Income Taxes

For the nine months ended September 30, 2017, NEP recorded income tax expense of approximately $32 million on income before income taxes of $164 million, resulting in an effective tax rate of 20%. The tax expense is comprised primarily of income tax expense of $57 million at the statutory rate of 35%, partially offset by income tax benefits of $5 million of foreign tax differential and $21 million of income tax attributable to noncontrolling interest.

For the nine months ended September 30, 2016, NEP recorded income tax expense of approximately $23 million on income before income taxes of $190 million, resulting in an effective tax rate of 12%. The tax expense is comprised primarily of income tax expense of $67 million at the statutory rate of 35%, $6 million of state income taxes and $2 million due to earnings mix, partially offset by income tax benefits of $41 million of income tax attributable to noncontrolling interest and $12 million related to the reorganization of Canadian assets.

Due to the transition from predecessor to successor method of accounting for income taxes, comparing current period results to the same period in the prior year does not provide meaningful information. See Note 2.

Liquidity and Capital Resources

NEP's ongoing operations use cash to fund O&M expenses, maintenance capital expenditures, debt service payments and distributions to common unit holders. NEP expects to satisfy these requirements primarily with internally generated cash flow. In addition, as a growth-oriented limited partnership, NEP expects from time to time to make acquisitions and other investments. These acquisitions and investments are expected to be funded with cash on hand, cash generated from operations, borrowings under credit facilities or term loans, issuances of indebtedness and issuances of additional NEP common units or preferred units.

These sources of funds are expected to be adequate to provide for NEP's short-term and long-term liquidity and capital needs, although its ability to make future acquisitions, expand existing projects and increase its distributions to common unitholders will depend on its ability to access the capital markets on acceptable terms.

As a normal part of its business, depending on market conditions, NEP expects from time to time to consider opportunities to repay, redeem, repurchase or refinance its indebtedness. In addition, NEP expects from time to time to consider potential investments in new acquisitions. These events may cause NEP to seek additional debt or equity financing, which may not be available on acceptable terms or at all. Debt financing, if available, could impose operating restrictions, additional cash payment obligations and additional covenants.

NEP OpCo has agreed to allow NEER or one of its affiliates to withdraw funds received by NEP OpCo or its subsidiaries and to hold those funds in accounts of NEER or one of its affiliates to the extent the funds are not required to pay project costs or otherwise required to be maintained by NEP's subsidiaries, until the financing agreements permit distributions to be made, or, in the case of NEP OpCo, until such funds are required to make distributions or to pay expenses or other operating costs. NEP OpCo will have a claim for any funds that NEER fails to return:

- when required by its or its subsidiaries' financings;
- when its subsidiaries' financings otherwise permit distributions to be made to NEP OpCo;
- when funds are required to be returned to NEP OpCo; or
- when otherwise demanded by NEP OpCo.

In addition, NEER and certain of its subsidiaries may withdraw funds in connection with certain long-term debt agreements and hold those funds in accounts belonging to NEER or its subsidiaries and provide credit support in the amount of such withdrawn funds. If NEER fails to return withdrawn funds when required by NEP's subsidiaries' financings, the lenders will be entitled to draw on credit support provided by NEER in the amount of such withdrawn funds.

If NEER or one of its affiliates realizes any earnings on the withdrawn funds prior to the return of such funds, it will be permitted to retain those earnings.

Liquidity Position

At September 30, 2017 and December 31, 2016, NEP's liquidity position was approximately $765 million and $484 million, respectively. The table below provides the components of NEP’s liquidity position:

	September 30, 2017	December 31, 2016
	(millions)	
Cash and cash equivalents	$ 135	$ 147
Amounts due under the CSCS agreement	366	65
Revolving credit facilities	400	400
Less borrowings	(150)	(150)
Letter of credit facilities	107	119
Less letters of credit	(93)	(97)
Total[(a)]	$ 765	$ 484

(a) Excludes current restricted cash of approximately $32 million and $33 million at September 30, 2017 and December 31, 2016, respectively.

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Management believes that NEP's liquidity position and cash flows from operations will be adequate to finance O&M, capital expenditures, distributions to its unitholders and liquidity commitments. Management regularly monitors NEP's financing needs consistent with prudent balance sheet management.

Financing Arrangements

Revolving Credit Facilities

During the nine months ended September 30, 2017, a subsidiary of NEP borrowed $130 million under one of its revolving credit facilities and repaid all outstanding borrowings under such facility. As of September 30, 2017, there were no amounts outstanding under this revolving credit facility. In October 2017, NEP OpCo and its direct subsidiaries entered into an amendment of this revolving credit facility which, among other things, increased the revolving credit facility size from $250 million to $750 million. See Part II - Item 5 for further discussion.

Project Financings and Term Loans

NEP OpCo and most of the projects in the portfolio are subject to financings that contain certain financial covenants and distribution tests, including debt service coverage ratios. In general, these financings contain covenants customary for these types of financings, including limitations on investments and restricted payments. Certain of NEP's financings provide for interest payable at a fixed interest rate. However, certain of NEP's financings accrue interest at variable rates based on the London InterBank Offered Rate and two projects accrue interest at a variable rate based upon the three-month Canadian Dealer Offered Rate. Interest rate contracts were entered into for certain of these financings to hedge against interest rate movements with respect to interest payments on the loan. In addition, under the project financings, each project will be permitted to pay distributions out of available cash on a semi-annual basis so long as certain conditions are satisfied, including that reserves are funded with cash or credit support, no default or event of default under the applicable financings has occurred and is continuing at the time of such distribution or would result therefrom, and each project is otherwise in compliance with the project financing covenants and, for the majority of the project financings, the applicable minimum debt service coverage ratio is satisfied. The majority of NEP's project financings include a minimum debt service coverage ratio of 1.20:1.00 that must be satisfied. For one project financing, the project must maintain a leverage ratio of less than 5.0:1.0 and an interest coverage ratio of at least 2.75:1.00 in order to make a distribution. Under certain term loans, NEP OpCo and one of its direct subsidiaries are required to comply with certain financial covenants, including maintaining a leverage coverage ratio of less than 5.5:1.0 and an interest coverage ratio of at least 1.75:1.00 in order to make a distribution. At September 30, 2017, NEP's subsidiaries were in compliance with all financial debt covenants under their financings.

In March and April 2017, an indirect subsidiary of NEP entered into and borrowed $350 million under variable rate senior secured term loan agreements that were due to mature in 2018 and 2019. During September 2017, a subsidiary of NEP repaid these term loans and other previously outstanding term loans, collectively totaling $950 million. See Note 6 - Debt.

Senior Notes

During September 2017, NEP issued $300 million in aggregate principal amount of convertible notes. Additionally, NEP OpCo issued $550 million in aggregate principal amount of 4.25% senior notes due 2024 and $550 million in aggregate principal amount of 4.50% senior notes due 2027. See Note 6 - Debt.

Equity Arrangements

During the nine months ended September 30, 2017, NEP did not issue any common units to the public. At September 30, 2017, NEP may issue up to approximately $109 million in additional common units under its at-the-market program.

In June 2017, NEP entered into the purchase agreement to issue and sell in a private placement $550 million of Series A convertible preferred units representing limited partner interests in NEP. See Note 6 - Equity.

Contractual Obligations

NEP's contractual obligations as of September 30, 2017 were as follows:

	Remainder of 2017	2018	2019	2020	2021	Thereafter	Total
	(millions)						
Debt, including interest[(a)]	$48	$294	$294	$644	$310	$ 4,082	$5,672
Contractual obligations[(b)]	8	16	16	14	14	56	124
Revolving credit facilities fees	—	1	—	—	—	—	1
Asset retirement activities[(c)]	—	—	—	—	—	348	348
MSA and credit support[(d)]	2	8	8	8	8	98	132
Land lease payments[(e)]	2	11	11	11	11	360	406
Total	$60	$330	$329	$677	$343	$ 4,944	$6,683

(a) Includes principal, interest and interest rate contracts. Variable rate interest was computed using September 30, 2017 rates.
(b) Represents estimated cash payments related to the acquisition of certain development rights and differential membership interests, as well as obligations for certain procurement contracts.
(c) Represents expected cash payments adjusted for inflation for estimated costs to perform asset retirement activities.
(d) Represents minimum fees under the MSA and CSCS agreement. See Note 8.
(e) Represents various agreements that provide for payments to landowners for the right to use the land upon which the projects are located.

Capital Expenditures

Annual capital spending plans are developed based on projected requirements by the projects. Capital expenditures primarily represent the estimated cost of capital improvements, including construction expenditures that are expected to increase NEP OpCo’s operating income or operating capacity over the long-term. Capital expenditures for projects that have already commenced commercial operations are generally not significant because most expenditures relate to repairs and maintenance and are expensed when incurred. For the nine months ended September 30, 2017 and 2016, NEP had capital expenditures of approximately $32 million and $564 million, respectively. The 2016 capital expenditures primarily relate to construction prior to the NEP acquisition date and exclude the purchase price of acquired projects. At September 30, 2017, estimated capital expenditures for NEP's renewable energy projects for the remainder of 2017 and 2018 totaled approximately $2 million and $4 million, respectively. Planned capital expenditures associated with the Texas pipelines for the remainder of 2017 and 2018 totaled approximately $4 million and less than $1 million, respectively. There are no additional significant planned capital expenditures for the remainder of 2017 through 2021 other than costs that may occur as acquisition or expansion opportunities arise. These estimates are subject to continuing review and adjustment and actual capital expenditures may vary significantly from these estimates.

Cash Distributions to Unitholders

NEP's partnership agreement requires it to distribute available cash quarterly. Generally, available cash is all cash on hand at the date of determination relating to that quarter (including any expected distributions from NEP OpCo), less the amount of cash reserves established by NEP's board of directors. NEP currently expects that cash reserves would be established solely to provide for the payment of income taxes by NEP, if any. Cash flow is generated from distributions NEP receives from NEP OpCo each quarter. Although, as described above, NEP currently expects that cash reserves would be established by NEP's board of directors solely to provide for the payment of any of NEP's income taxes, NEP expects NEP OpCo to establish cash reserves prior to making distributions to NEP to pay costs and expenses of NEP's subsidiaries, in addition to NEP's expenses, as well as any debt service requirements and future capital expenditures.

NEP OpCo's partnership agreement requires it to distribute all of its available cash to its common and preferred unitholders, including NEP, each quarter. Generally, NEP OpCo's available cash is all cash on hand at the date of determination relating to that quarter, plus any funds borrowed, less the amount of cash reserves established by NEP OpCo GP. The majority of such available cash will be derived from the operations of the projects. The cash available for distribution is likely to fluctuate from quarter to quarter, and in some cases significantly, as a result of the performance of the projects, seasonality, fluctuating wind resource, maintenance and outage schedules, timing of debt service and other factors.

During the nine months ended September 30, 2017, NEP distributed approximately $60 million to its common unitholders. On October 25, 2017, the board of directors of NEP authorized a distribution of $0.3925 per common unit payable on November 14, 2017 to its common unitholders of record on November 6, 2017.

Credit Ratings

Moody’s Investors Service, Inc. (Moody’s), Standard & Poor’s Ratings Services (S&P) and Fitch Ratings (Fitch) assigned initial credit ratings to NEP during the second quarter of 2017. NEP’s liquidity, ability to access credit and capital markets and cost of borrowings could be impacted by its credit ratings. At September 30, 2017, NEP's credit ratings were as follows:

	Moody's[a]	S&P[a]	Fitch[a]
NEP corporate credit rating[b]	Ba1	BB	BB+

(a) A security rating is not a recommendation to buy, sell or hold securities and should be evaluated independently of any other rating. The rating is subject to revision or withdrawal at any time by the assigning rating organization.
(b) The outlook indicated by each of Moody's, S&P and Fitch is stable.

Cash Flows

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016

The following table reflects the changes in cash flows for the comparative periods:

	2017	2016	Change
	(millions)		
Nine Months Ended September 30,			
Net cash provided by operating activities	$237	$260	$(23)
Net cash used in investing activities	$(569)	$(1,479)	$910
Net cash provided by financing activities	$319	$1,186	$(867)

Net Cash Provided by Operating Activities

The decrease in net cash provided by operating activities was primarily driven by approximately $20 million of higher IDR fees and the $14 million portion of the acquisition holdback payment reflected as cash flows from operating activities. This was partially offset by approximately $14 million in distributions from an equity method investee.

Net Cash Used in Investing Activities

The decrease in net cash used in investing activities was driven by lower project acquisitions during 2017, decreased capital expenditures related to construction activities as a result of the completion of two wind projects at the end of 2015 prior to the NEP acquisition date, decreases in restricted cash balances related to the timing of construction payments and increased payments to related parties under the CSCS agreement.

	2017	2016
	(millions)	
Nine Months Ended September 30,		
Acquisition of membership interests in subsidiaries	$(242)	$(641)
Capital expenditures	(32)	(535)
Changes in restricted cash	6	(23)
Payments to related parties under CSCS agreement - net	(301)	(280)
Net cash used in investing activities	$(569)	$(1,479)

Net Cash Provided by Financing Activities

The decrease in net cash provided by financing activities primarily reflects the absence of issuances of additional NEP common units to the public, an absence of pre-acquisition member contributions and increased member distributions. This was partially offset by increased net issuances of debt, in part to pay the acquisition holdback and for a project acquisition.

	2017	2016
	(millions)	
Nine Months Ended September 30,		
Proceeds from issuance of common units - net	$—	$645
Issuances of long-term debt - net	709	194
Partners/Members' contributions	2	510
Partners/Members' distributions	(185)	(166)
Repayments of short-term debt	—	(12)
Payment of acquisition holdback	(186)	—
Other	(21)	15
Net cash provided by financing activities	$319	$1,186

New Accounting Rules and Interpretations

Revenue Recognition - In May 2014, the FASB issued an accounting standards update related to the recognition of revenue from contracts with customers and required disclosures. See Note 9 - Revenue Recognition.

Accounting for Partial Sales of Nonfinancial Assets - In February 2017, the FASB issued an accounting standards update regarding the accounting for partial sales of nonfinancial assets. See Note 9 - Accounting for Partial Sales of Nonfinancial Assets.

Quantitative and Qualitative Disclosures about Market Risk

NEP is exposed to several market risks in its normal business activities. Market risk is the potential loss that may result from market changes associated with its business. The types of market risks include interest rate, counterparty credit and foreign currency risks.

Interest Rate Risk

NEP is exposed to risk resulting from changes in interest rates associated with outstanding and expected future debt issuances and borrowings. NEP manages interest rate exposure by monitoring current interest rates, entering into interest rate swap contracts and using a combination of fixed rate and variable rate debt. Interest rate swaps are used to mitigate and adjust interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements.

NEP has long-term debt instruments that subject it to the risk of loss associated with movements in market interest rates. As of September 30, 2017, approximately 11% of the long-term debt, including current maturities, was exposed to fluctuations in interest expense while the remaining balance was either fixed rate debt or financially hedged. As of September 30, 2017, the estimated fair value of NEP's long-term debt was approximately $4.5 billion and the carrying value of the long-term debt was $4.3 billion. Based upon a hypothetical 10% decrease in interest rates, which is a reasonable near-term market change, the fair value of NEP's long-term debt would increase by approximately $116 million.

Counterparty Credit Risk

Risks surrounding counterparty performance and credit risk could ultimately impact the amount and timing of expected cash flows. Credit risk relates to the risk of loss resulting from non-performance or non-payment by counterparties under the terms of their contractual obligations. NEP monitors and manages credit risk through credit policies that include a credit approval process and the use of credit mitigation measures such as prepayment arrangements in certain circumstances. NEP also seeks to mitigate counterparty risk by having a diversified portfolio of counterparties.

Foreign Currency Risk

Because NEP has Canadian operations, it is exposed to foreign currency exchange gains and losses. Since the functional currency of NEP's Canadian operations is in their local currency, the currency effects of translating the financial statements of those Canadian subsidiaries, which operate in local currency environments, are included in the accumulated other comprehensive income (loss) component of consolidated equity and do not impact earnings. However, gains and losses related to foreign currency transactions not in NEP's subsidiaries' functional currency do impact earnings and resulted in less than $1 million of gains or losses during all periods presented. NEP has certain foreign currency exchange contracts to economically hedge its cash flows from foreign currency rate fluctuations. See Note 4.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Management's Discussion - Quantitative and Qualitative Disclosures About Market Risk.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of September 30, 2017, NEP had performed an evaluation, under the supervision and with the participation of its management, including the chief executive officer and the chief financial officer of NEP, of the effectiveness of the design and operation of NEP'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 NEP concluded that NEP's disclosure controls and procedures were effective as of September 30, 2017.

(b) Changes in Internal Control Over Financial Reporting

NEP is continuously seeking to improve the efficiency and effectiveness of its operations and of its internal controls. This results in refinements to processes throughout NEP. However, there has been no change in NEP'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 NEP's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, NEP's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the August 7, 2017 Form 8-K. The factors discussed in the August 7, 2017 Form 8-K, as well as other information set forth in this report, which could materially adversely affect NEP's business, financial condition, results of operations, cash available for distribution and prospects should be carefully considered. The risks in the August 7, 2017 Form 8-K are not the only risks facing NEP. Additional risks and uncertainties not currently known to NEP, or that are currently deemed to be immaterial, also may materially adversely affect NEP's business, financial condition, results of operations, cash available for distribution and prospects.

Item 5. Other Information

(a)

(i) On October 24, 2017, NEP OpCo and its direct subsidiaries (loan parties) entered into an amendment and restatement of their existing revolving credit facility. The amendments to the revolving credit facility include, among other things, the following:

•an increase in the revolving credit facility size from $250 million to $750 million,
•an extension of the maturity from July 2019 to October 2022, and
•an increase in incremental commitments to increase the revolving credit facility to up to $1.5 billion in the aggregate, from the previous aggregate amount of up to $1 billion, subject to certain conditions.

The revolving credit facility is secured by liens on, among other things, certain assets of NEP OpCo's direct subsidiaries. The revolving credit facility contains default and related acceleration provisions relating to the failure to make required payments or to observe other covenants in the facility and related documents. Additionally, 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. All borrowings under the revolving credit facility are guaranteed by NEP OpCo and NEP.

The foregoing summary of the amendments to the revolving credit facility is qualified in its entirety by reference to the Amended and Restated Revolving Credit Agreement, which is filed as Exhibit 10.6 to this report and is incorporated herein by reference.

(ii) On October 25, 2017, an indirect subsidiary of NextEra Energy Partners Acquisitions, LLC (the purchaser), an indirect subsidiary of NEP, entered into an amendment to the amended and restated purchase and sale agreement, dated as of February 22, 2016, as amended on September 8, 2016 (collectively, the purchase and sale agreement) with NEP US SellCo, LLC (the seller), an indirect wholly-owned subsidiary of NEER, and ESI Energy, LLC, a direct subsidiary of NEECH. Pursuant to the terms of the purchase and sale agreement, the purchaser agreed to acquire:

•100% of the membership interests of Javelina Wind Funding, LLC, which owns 100% of the Class A membership interests of Javelina Wind Energy Holdings, LLC, that owns an approximately 250 MW wind generation facility, Javelina I, located in Webb County, Texas;
•100% of the membership interests of Nokota Wind Holdings, LLC, which owns 100% of the Class A membership interests of Nokota Wind, LLC, that indirectly owns two wind generation facilities, Brady Wind I and Brady Wind II, with a combined generating capacity of approximately 299 MW, located in Hettinger and Stark counties, North Dakota; and

•an approximately 51.8% interest in NextEra Desert Sunlight Holdings, LLC, which owns 50.0% of the economic interest in Desert Sunlight Investment Holdings, LLC, which owns two project entities that together make up a solar generation plant with a total generating capacity of 550 MW, located in Riverside County, California.

The purchase and sale agreement contains customary representations, warranties and covenants by the parties. The parties are obligated, subject to certain limitations, to indemnify the other for certain customary and other specified matters, including breaches of representations and warranties, nonfulfillment or breaches of covenants and for certain liabilities and third-party claims.

NEP expects the acquisition to close before December 31, 2017 for a total consideration of approximately $812 million, subject to customary working capital and other adjustments, plus the assumption of approximately $459 million in existing liabilities related to differential membership interests. The transaction is subject to customary closing conditions and the receipt of certain regulatory approvals. NEP intends to fund the purchase price through a combination of the net proceeds from the issuance of the preferred units and cash on hand.

The terms of the purchase and sale agreement were unanimously approved by NEP's conflicts committee, which is comprised of the independent members of the board of directors of NEP. The conflicts committee retained independent legal and financial advisors to assist in evaluating and negotiating the acquisition. In approving the acquisition, the conflicts committee based its decision, in part, on an opinion from its independent financial advisor.

The foregoing summary of the purchase and sale agreement is qualified in its entirety by reference to Exhibits 2.1 and 2.2 to this report, which are incorporated herein by reference.

Item 6. Exhibits

Exhibit Number	Description
2.1	Amended and Restated Purchase and Sale Agreement, dated as of February 22, 2016, by and between NEP US SellCo, LLC and NextEra Energy Partners Acquisitions, LLC, as amended by First Global Amendment to Amended and Restated Purchase and Sale Agreement, dated as of September 8, 2016, by and between NEP US SellCo, LLC, NextEra Energy Partners Acquisitions, LLC and ESI Energy, LLC
2.2	Amendment to Amended and Restated Purchase and Sale Agreement (Desert Sunlight, Nokota, and Javelina Projects Annex), dated as of October 25, 2017, by and among NEP US SellCo LLC, NextEra Energy Partners Acquisitions, LLC and ESI Energy, LLC
3.1*	Second Amended and Restated Agreement of Limited Partnership of NextEra Energy Partners, LP, dated as of August 4, 2017 (filed as Exhibit 3.1 to Form 8-K dated August 4, 2017, File No. 1-36518)
4.1*	Indenture, dated as of September 8, 2017, by and among NextEra Energy Partners, LP, NextEra Energy Operating Partners, LP and The Bank of New York Mellon, as trustee (filed as Exhibit 4.1 to Form 8-K dated September 8, 2017, File No. 1-36518)
4.2*	Indenture, dated as of September 25, 2017, between NextEra Energy Operating Partners, LP and The Bank of New York Mellon, as trustee (filed as Exhibit 4.1 to Form 8-K dated September 19, 2017, File No. 1-36518)
4.3*	Guarantee Agreement dated as of September 25, 2017, between NextEra Energy Partners, LP and The Bank of New York Mellon, as guarantee trustee (filed as Exhibit 4.2 to Form 8-K dated September 19, 2017, File No. 1-36518)
4.4*	Guarantee Agreement dated as of September 25, 2017, between NextEra Energy US Partners Holdings, LLC and The Bank of New York Mellon, as guarantee trustee (filed as Exhibit 4.3 to Form 8-K dated September 19, 2017, File No. 1-36518)
4.5*	Officer's Certificate of NextEra Energy Operating Partners, LP, dated September 25, 2017, creating the 4.25% Senior Notes due 2024 and the 4.50% Senior Notes due 2027 (filed as Exhibit 4.4 to Form 8-K dated September 19, 2017, File No. 1-36518)
10.1*	Second Amended and Restated Agreement of Limited Partnership of NextEra Energy Operating Partners, LP, dated as of August 4, 2017 (filed as Exhibit 10.1 to Form 8-K dated August 4, 2017, File No. 1-36518)
10.2*	Second Amended and Restated Management Services Agreement, dated as of August 4, 2017, by and among NextEra Energy Partners, LP, NextEra Energy Operating Partners GP, LLC, NextEra Energy Operating Partners, LP, and NextEra Energy Management Partners, LP (filed as Exhibit 10.2 to Form 8-K dated August 4, 2017, File No. 1-36518)
10.3*	Right of First Refusal Agreement, dated as of August 4, 2017, by and among NextEra Energy Partners, LP, NextEra Energy Operating Partners, LP, and NextEra Energy Resources, LLC (filed as Exhibit 10.3 to Form 8-K dated August 4, 2017, File No. 1-36518)
10.4	Amended and Restated Right of First Offer Agreement by and among NextEra Energy Partners, LP, NextEra Energy Operating Partners, LP and NextEra Energy Resources, LLC, dated as of August 4, 2017
10.5	Amended and Restated Cash Sweep and Credit Support Agreement by and between NextEra Energy Operating Partners, LP and NextEra Energy Resources, LLC, dated as of August 4, 2017
10.6	Amended and Restated Revolving Credit Agreement by and between NextEra Energy Canada Partners Holdings, ULC, NextEra Energy US Partners Holdings, LLC, NextEra Energy Operating Partners, LP and the lenders party thereto, dated as of October 24, 2017
12	Computation of Ratios

31(a)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of NextEra Energy Partners, LP
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of NextEra Energy Partners, LP
32	Section 1350 Certification of NextEra Energy Partners, LP
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.PRE	XBRL Presentation Linkbase Document
101.CAL	XBRL Calculation Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.DEF	XBRL Definition Linkbase Document

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*Incorporated herein by reference.
NEP agrees to furnish to the SEC upon request any instrument with respect to long-term debt that NEP has 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 registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: October 26, 2017

NEXTERA ENERGY PARTNERS, LP
(Registrant)

TERRELL KIRK CREWS, II
Terrell Kirk Crews, II
Controller and Chief Accounting Officer
(Principal Accounting Officer)

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