NEXTERA ENERGY INC
Form 10-Q
July 25, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended June 30, 2018

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

State or other jurisdiction of incorporation or organization: Florida

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) have been subject to such filing requirements for the past 90 days.
NextEra Energy, Inc. Yes þ No ¨ Florida Power & Light Company Yes þ No ¨

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months.
NextEra Energy, Inc. Yes þ No ¨ Florida Power & Light Company Yes þ No ¨

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company.

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

If an emerging growth company, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Exchange Act of 1934. o

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

Number of shares of NextEra Energy, Inc. common stock, $0.01 par value, outstanding at June 30, 2018: 471,604,684

Number of shares of Florida Power & Light Company common stock, without par value, outstanding at June 30, 2018, all of which were held, beneficially and of record, by NextEra Energy, Inc.: 1,000

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

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

DEFINITIONS

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

Term	Meaning
AFUDC	allowance for funds used during construction
AFUDC - equity	equity component of AFUDC
AOCI	accumulated other comprehensive income
capacity clause	capacity cost recovery clause, as established by the FPSC
Duane Arnold	Duane Arnold Energy Center
EPA	U.S. Environmental Protection Agency
FASB	Financial Accounting Standards Board
FERC	U.S. Federal Energy Regulatory Commission
Florida Southeast Connection	Florida Southeast Connection, LLC, a wholly owned NEER subsidiary
FPL	Florida Power & Light Company
FPSC	Florida Public Service Commission
fuel clause	fuel and purchased power cost recovery clause, as established by the FPSC
GAAP	generally accepted accounting principles in the U.S.
ISO	independent system operator
ITC	investment tax credit
kWh	kilowatt-hour(s)
Management's Discussion	Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
MMBtu	One million British thermal units
MW	megawatt(s)
MWh	megawatt-hour(s)
NEE	NextEra Energy, Inc.
NEECH	NextEra Energy Capital Holdings, Inc.
NEER	NextEra Energy Resources, LLC
NEET	NextEra Energy Transmission, LLC
NEP	NextEra Energy Partners, LP
NEP OpCo	NextEra Energy Operating Partners, LP
Note __	Note __ to condensed consolidated financial statements
NRC	U.S. Nuclear Regulatory Commission
O&M expenses	other operations and maintenance expenses in the condensed consolidated statements of income
OCI	other comprehensive income
OTC	over-the-counter
OTTI	other than temporary impairment
PTC	production tax credit
PV	photovoltaic
Recovery Act	American Recovery and Reinvestment Act of 2009, as amended
regulatory ROE	return on common equity as determined for regulatory purposes
Sabal Trail	Sabal Trail Transmission, LLC, an entity in which a wholly owned NEER subsidiary has a 42.5% ownership interest
Seabrook	Seabrook Station
SEC	U.S. Securities and Exchange Commission
tax reform	Tax Cuts and Jobs Act

U.S.	United States of America

NEE, FPL, NEECH and NEER each has subsidiaries and affiliates with names that may include NextEra Energy, FPL, NextEra Energy Resources, NextEra, FPL Group, FPL Group Capital, FPL Energy, FPLE, NEP and similar references. For convenience and simplicity, in this report the terms NEE, FPL, NEECH and NEER are sometimes used as abbreviated references to specific subsidiaries, affiliates or groups of subsidiaries or affiliates. The precise meaning depends on the context.

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FORWARD-LOOKING STATEMENTS

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

Regulatory, Legislative and Legal Risks

- NEE's and FPL's business, financial condition, results of operations and prospects may be materially adversely affected by the extensive regulation of their business.
- NEE's and FPL's business, financial condition, results of operations and prospects could be materially adversely affected if they are unable to recover in a timely manner any significant amount of costs, a return on certain assets or a reasonable return on invested capital through base rates, cost recovery clauses, other regulatory mechanisms or otherwise.
- Regulatory decisions that are important to NEE and FPL may be materially adversely affected by political, regulatory and economic factors.
- FPL's use of derivative instruments could be subject to prudence challenges and, if found imprudent, could result in disallowances of cost recovery for such use by the FPSC.
- Any reductions or modifications to, or the elimination of, governmental incentives or policies that support utility scale renewable energy, including, but not limited to, tax laws, policies and incentives, renewable portfolio standards, feed-in tariffs or the EPA's final rule under Section 111(d) of the Clean Air Act, or the imposition of additional taxes or other assessments on renewable energy, could result in, among other items, the lack of a satisfactory market for the development and/or financing of new renewable energy projects, NEER abandoning the development of renewable energy projects, a loss of NEER's investments in renewable energy projects and reduced project returns, any of which could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.
- NEE's and FPL's business, financial condition, results of operations and prospects could be materially adversely affected as a result of new or revised laws, regulations, interpretations or other regulatory initiatives.
- NEE and FPL are subject to numerous environmental laws, regulations and other standards that may result in capital expenditures, increased operating costs and various liabilities, and may require NEE and FPL to limit or eliminate certain operations.
- NEE's and FPL's business could be negatively affected by federal or state laws or regulations mandating new or additional limits on the production of greenhouse gas emissions.
- Extensive federal regulation of the operations and businesses of NEE and FPL exposes NEE and FPL to significant and increasing compliance costs and may also expose them to substantial monetary penalties and other sanctions for compliance failures.
- Changes in tax laws, guidance or policies, including but not limited to changes in corporate income tax rates, as well as judgments and estimates used in the determination of tax-related asset and liability amounts, could materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.
- NEE's and FPL's business, financial condition, results of operations and prospects may be materially adversely affected due to adverse results of litigation.

Operational Risks

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

- NEE and FPL may face risks related to project siting, financing, construction, permitting, governmental approvals and the negotiation of project development agreements that may impede their development and operating activities.
- The operation and maintenance of NEE's and FPL's electric generation, transmission and distribution facilities, gas infrastructure facilities and other facilities are subject to many operational risks, the consequences of which could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.
- NEE's and FPL's business, financial condition, results of operations and prospects may be negatively affected by a lack of growth or slower growth in the number of customers or in customer usage.

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- NEE's and FPL's business, financial condition, results of operations and prospects can be materially adversely affected by weather conditions, including, but not limited to, the impact of severe weather.
- Threats of terrorism and catastrophic events that could result from terrorism, cyber attacks, or individuals and/or groups attempting to disrupt NEE's and FPL's business, or the businesses of third parties, may materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.
- The ability of NEE and FPL to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. NEE's and FPL's insurance coverage does not provide protection against all significant losses.
- NEE invests in gas and oil producing and transmission assets through NEER’s gas infrastructure business. The gas infrastructure business is exposed to fluctuating market prices of natural gas, natural gas liquids, oil and other energy commodities. A prolonged period of low gas and oil prices could impact NEER’s gas infrastructure business and cause NEER to delay or cancel certain gas infrastructure projects and for certain existing projects to be impaired, which could materially adversely affect NEE's results of operations.
- If supply costs necessary to provide NEER's full energy and capacity requirement services are not favorable, operating costs could increase and materially adversely affect NEE's business, financial condition, results of operations and prospects.
- Due to the potential for significant volatility in market prices for fuel, electricity and renewable and other energy commodities, NEER's inability or failure to manage properly or hedge effectively the commodity risks within its portfolios could materially adversely affect NEE's business, financial condition, results of operations and prospects.
- Reductions in the liquidity of energy markets may restrict the ability of NEE to manage its operational risks, which, in turn, could negatively affect NEE's results of operations.
- NEE's and FPL's hedging and trading procedures and associated risk management tools may not protect against significant losses.
- If price movements significantly or persistently deviate from historical behavior, NEE's and FPL's risk management tools associated with their hedging and trading procedures may not protect against significant losses.
- If power transmission or natural gas, nuclear fuel or other commodity transportation facilities are unavailable or disrupted, FPL's and NEER's ability to sell and deliver power or natural gas may be limited.
- NEE and FPL are subject to credit and performance risk from customers, hedging counterparties and vendors.
- NEE and FPL could recognize financial losses or a reduction in operating cash flows if a counterparty fails to perform or make payments in accordance with the terms of derivative contracts or if NEE or FPL is required to post margin cash collateral under derivative contracts.
- NEE and FPL are highly dependent on sensitive and complex information technology systems, and any failure or breach of those systems could have a material adverse effect on their business, financial condition, results of operations and prospects.
- NEE's and FPL's retail businesses are subject to the risk that sensitive customer data may be compromised, which could result in a material adverse impact to their reputation and/or have a material adverse effect on the business, financial condition, results of operations and prospects of NEE and FPL.
- NEE and FPL could recognize financial losses as a result of volatility in the market values of derivative instruments and limited liquidity in OTC markets.
- NEE and FPL may be materially adversely affected by negative publicity.
- NEE's and FPL's business, financial condition, results of operations and prospects may be materially adversely affected if FPL is unable to maintain, negotiate or renegotiate franchise agreements on acceptable terms with municipalities and counties in Florida.
- NEE's and FPL's business, financial condition, results of operations and prospects could be materially adversely affected by work strikes or stoppages and increasing personnel costs.
- NEE's ability to successfully identify, complete and integrate acquisitions is subject to significant risks, including, but not limited to, the effect of increased competition for acquisitions resulting from the consolidation of the power industry.

Nuclear Generation Risks

- The operation and maintenance of NEE's and FPL's nuclear generation facilities involve environmental, health and financial risks that could result in fines or the closure of the facilities and in increased costs and capital expenditures.
- In the event of an incident at any nuclear generation facility in the U.S. or at certain nuclear generation facilities in Europe, NEE and FPL could be assessed significant retrospective assessments and/or retrospective insurance premiums as a result of their participation in a secondary financial protection system and nuclear insurance mutual companies.
- NRC orders or new regulations related to increased security measures and any future safety requirements promulgated by the NRC could require NEE and FPL to incur substantial operating and capital expenditures at their nuclear generation facilities and/or result in reduced revenues.
- The inability to operate any of NEE's or FPL's nuclear generation units through the end of their respective operating licenses could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.
- NEE's and FPL's nuclear units are periodically removed from service to accommodate planned refueling and maintenance outages, and for other purposes. If planned outages last longer than anticipated or if there are unplanned outages, NEE's and FPL's results of operations and financial condition could be materially adversely affected.

Liquidity, Capital Requirements and Common Stock Risks

- Disruptions, uncertainty or volatility in the credit and capital markets may negatively affect NEE's and FPL's ability to fund their liquidity and capital needs and to meet their growth objectives, and can also materially adversely affect the results of operations and financial condition of NEE and FPL.
- NEE's, NEECH's and FPL's inability to maintain their current credit ratings may materially adversely affect NEE's and FPL's liquidity and results of operations, limit the ability of NEE and FPL to grow their business, and increase interest costs.
- NEE's and FPL's liquidity may be impaired if their credit providers are unable to fund their credit commitments to the companies or to maintain their current credit ratings.
- Poor market performance and other economic factors could affect NEE's defined benefit pension plan's funded status, which may materially adversely affect NEE's and FPL's business, financial condition, liquidity and results of operations and prospects.
- Poor market performance and other economic factors could adversely affect the asset values of NEE's and FPL's nuclear decommissioning funds, which may materially adversely affect NEE's and FPL's liquidity, financial condition and results of operations.
- Certain of NEE's investments are subject to changes in market value and other risks, which may materially adversely affect NEE's liquidity, financial condition and results of operations.
- NEE may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if its subsidiaries are unable to pay upstream dividends or repay funds to NEE.
- NEE may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if NEE is required to perform under guarantees of obligations of its subsidiaries.
- NEP may not be able to access sources of capital on commercially reasonable terms, which would have a material adverse effect on its ability to consummate future acquisitions and on the value of NEE’s limited partner interest in NEP OpCo.
- Disruptions, uncertainty or volatility in the credit and capital markets may exert downward pressure on the market price of NEE's common stock.

These factors should be read together with the risk factors included in Part I, Item 1A. Risk Factors in NEE's and FPL's Annual Report on Form 10-K for the year ended December 31, 2017 (2017 Form 10-K), and investors should refer to that section of the 2017 Form 10-K. Any forward-looking statement speaks only as of the date on which such statement is made, and NEE and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances, including, but not limited to, unanticipated events, after the date on which such statement is made, unless otherwise required by law. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statement.

Website Access to SEC Filings. NEE and FPL make their SEC filings, including the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports, available free of charge on NEE's internet website, www.nexteraenergy.com, as soon as reasonably practicable after those documents are electronically filed with or furnished to the SEC. The information and materials available on NEE's website (or any of its subsidiaries' or affiliates' websites) are not incorporated by reference into this combined Form 10-Q. The SEC maintains an internet website that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the SEC at www.sec.gov.

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements
NEXTERA ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(millions, except per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017[(a)]	2018	2017[(a)]
OPERATING REVENUES	$4,069	$4,404	$7,932	$8,377
OPERATING EXPENSES (INCOME)				
Fuel, purchased power and interchange	894	1,018	1,713	1,917
Other operations and maintenance	849	844	1,626	1,683
Merger-related	1	4	1	15
Depreciation and amortization	831	886	1,688	1,505
Gains on disposal of a business/assets - net	(39)	(1)	(55)	(1,101)
Taxes other than income taxes and other - net	371	377	750	720
Total operating expenses - net	2,907	3,128	5,723	4,739
OPERATING INCOME	1,162	1,276	2,209	3,638
OTHER INCOME (DEDUCTIONS)				
Interest expense	(394)	(430)	(620)	(790)
Benefits associated with differential membership interests - net	—	119	—	244
Equity in earnings of equity method investees	54	66	251	97
Allowance for equity funds used during construction	22	25	44	47
Interest income	10	19	28	39
Gain on NEP deconsolidation	—	—	3,935	—
Gains on disposal of investments and other property - net	3	3	53	48
Change in unrealized gains (losses) on equity securities held in NEER's nuclear decommissioning funds - net	13	—	(7)	—
Other net periodic benefit income	51	10	102	53
Other - net	10	5	16	(17)
Total other income (deductions) - net	(231)	(183)	3,802	(279)
INCOME BEFORE INCOME TAXES	931	1,093	6,011	3,359
INCOME TAXES	230	289	1,479	964
NET INCOME	701	804	4,532	2,395
NET (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	94	(11)	691	(19)
NET INCOME ATTRIBUTABLE TO NEE	$795	$793	$5,223	$2,376
Earnings per share attributable to NEE:				
Basic	$1.69	$1.69	$11.09	$5.08
Assuming dilution	$1.64	$1.68	$10.95	$5.05
Dividends per share of common stock	$1.11	$0.9825	$2.22	$1.965
Weighted-average number of common shares outstanding:				
Basic	471.1	467.9	470.9	467.7
Assuming dilution	475.2	471.7	474.7	471.0

(a) Prior period amounts have been retrospectively adjusted as discussed in Note 3 - Amendments to Presentation of Retirement Benefits.

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2017 Form 10-K.

NEXTERA ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(millions)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
NET INCOME	$701	$804	$4,532	$2,395
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX				
Reclassification of unrealized losses on cash flow hedges from accumulated other comprehensive income (loss) to net income (net of $2, $1, $5 and $4 tax expense, respectively)	7	5	14	14
Net unrealized gains (losses) on available for sale securities:				
Net unrealized gains (losses) on securities still held (net of $1 tax benefit, $19 tax expense, $3 tax benefit and $45 tax expense, respectively)	(3)	26	(9)	60
Reclassification from accumulated other comprehensive income (loss) to net income (net of less than $1 tax expense, $1, $1 and $11 tax benefit, respectively)	—	(1)	—	(17)
Defined benefit pension and other benefits plans (net of less than $1 tax benefit, $6 tax expense, $1 tax benefit and $4 tax expense, respectively)	(1)	10	(3)	7
Net unrealized gains (losses) on foreign currency translation (net of $0, less than $1 tax expense, $0 and less than $1 tax expense, respectively)	—	5	(20)	21
Other comprehensive income (loss) related to equity method investees (net of less than $1 tax benefit, less than $1 tax benefit and $1 tax expense, respectively)	2	(1)	4	—
Total other comprehensive income (loss), net of tax	5	44	(14)	85
IMPACT OF NEP DECONSOLIDATION (NET OF $15 TAX EXPENSE)	—	—	58	—
COMPREHENSIVE INCOME	706	848	4,576	2,480
COMPREHENSIVE (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	94	(12)	691	(31)
COMPREHENSIVE INCOME ATTRIBUTABLE TO NEE	$800	$836	$5,267	$2,449

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2017 Form 10-K.

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

	June 30, 2018	December 31, 2017
PROPERTY, PLANT AND EQUIPMENT		
Electric plant in service and other property	$80,535	$ 85,337
Nuclear fuel	1,869	1,767
Construction work in progress	7,347	6,679
Accumulated depreciation and amortization	(21,092)	(21,367)
Total property, plant and equipment - net ($9,756 and $16,485 related to VIEs, respectively)	68,659	72,416
CURRENT ASSETS		
Cash and cash equivalents	478	1,714
Customer receivables, net of allowances of $7 and $7, respectively	2,230	2,220
Other receivables	661	517
Materials, supplies and fossil fuel inventory	1,159	1,273
Regulatory assets ($73 and $71 related to a VIE, respectively)	344	336
Derivatives	459	489
Other	554	608
Total current assets	5,885	7,157
OTHER ASSETS		
Special use funds	6,134	6,003
Investment in equity method investees	6,217	2,321
Prepaid benefit costs	1,490	1,427
Regulatory assets ($3 and $37 related to a VIE, respectively)	2,503	2,469
Derivatives	1,460	1,315
Other ($470 related to a VIE at December 31, 2017)	3,142	4,719
Total other assets	20,946	18,254
TOTAL ASSETS	$95,490	$ 97,827
CAPITALIZATION		
Common stock ($0.01 par value, authorized shares - 800; outstanding shares - 472 and 471, respectively)	$5	$ 5
Additional paid-in capital	9,736	9,100
Retained earnings	23,453	18,992
Accumulated other comprehensive income (loss)	(173)	111
Total common shareholders' equity	33,021	28,208
Noncontrolling interests ($3,151 and $1,006 related to VIEs, respectively)	3,151	1,290
Total equity	36,172	29,498
Long-term debt ($1,081 and $5,941 related to VIEs, respectively)	28,356	31,463
Total capitalization	64,528	60,961
CURRENT LIABILITIES		
Commercial paper	2,392	1,687
Other short-term debt	205	255
Current maturities of long-term debt ($72 and $70 related to a VIE, respectively)	1,613	1,676
Accounts payable	2,298	3,235
Customer deposits	445	448
Accrued interest and taxes	737	622
Derivatives	496	364
Accrued construction-related expenditures	686	1,033

Regulatory liabilities	385	346
Other	927	1,566
Total current liabilities	10,184	11,232
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	3,048	3,031
Deferred income taxes	7,162	5,754
Regulatory liabilities	8,846	8,765
Derivatives	491	535
Deferral related to differential membership interests - VIEs	—	5,403
Other	1,231	2,146
Total other liabilities and deferred credits	20,778	25,634
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$95,490	$ 97,827

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2017 Form 10-K.

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

	Six Months Ended June 30,	
	2018	2017[a]
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$4,532	$2,395
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,688	1,505
Nuclear fuel and other amortization	127	143
Unrealized losses (gains) on marked to market derivative contracts - net	(1)	14
Foreign currency transaction losses (gains)	11	(12)
Deferred income taxes	1,395	886
Cost recovery clauses and franchise fees	(49)	10
Acquisition of purchased power agreement	(52)	(243)
Gains on disposal of a business/assets - net	(108)	(1,149)
Gain on NEP deconsolidation	(3,935)	—
Recoverable storm-related costs	—	(105)
Other - net	(101)	(106)
Changes in operating assets and liabilities:		
Current assets	(126)	(229)
Noncurrent assets	(6)	(105)
Current liabilities	(419)	206
Noncurrent liabilities	(23)	41
Net cash provided by operating activities	2,933	3,251
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures of FPL	(2,414)	(2,648)
Independent power and other investments of NEER	(3,220)	(4,106)
Nuclear fuel purchases	(188)	(149)
Other capital expenditures and other investments	(101)	(34)
Proceeds from sale of the fiber-optic telecommunications business	—	1,482
Proceeds from sale or maturity of securities in special use funds and other investments	1,788	1,419
Purchases of securities in special use funds and other investments	(1,992)	(1,531)
Distributions from equity method investees	633	7
Other - net	139	46
Net cash used in investing activities	(5,355)	(5,514)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of long-term debt	2,875	2,771
Retirements of long-term debt	(1,214)	(1,885)
Net change in commercial paper	705	1,847
Proceeds from other short-term debt	200	200
Repayments of other short-term debt	(250)	—
Issuances of common stock - net	11	25
Dividends on common stock	(1,047)	(920)
Other - net	(90)	(361)

Net cash provided by financing activities	1,190	1,677
Effects of currency translation on cash, cash equivalents and restricted cash	(15)	—
Net decrease in cash, cash equivalents and restricted cash	(1,247)	(586)
Cash, cash equivalents and restricted cash at beginning of period	1,983	1,529
Cash, cash equivalents and restricted cash at end of period	$736	$943
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Accrued property additions	$1,772	$1,288
Increase in property, plant and equipment - net as a result of cash grants primarily under the Recovery Act	$—	$(145)
Decrease (increase) in property, plant and equipment - net as a result of a settlement/noncash exchange	$14	$(142)

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(a) Prior period amounts have been retrospectively adjusted as discussed in Note 11 - Restricted Cash.

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2017 Form 10-K.

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

	Common Stock Shares	Aggregate Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Common Shareholders' Equity	Non-controlling Interests	Total Equity
Balances, December 31, 2017	471	$ 5	$ 9,100	$ 111	$ 18,992	$ 28,208	$ 1,290	$ 29,498
Net income (loss)	—	—	—	—	5,223	5,223	(691)	
Share-based payment activity	1	—	43	—	—	43	—	
Dividends on common stock	—	—	—	—	(1,047)	(1,047)	—	
Other comprehensive loss	—	—	—	(14)	—	(14)	—	
Impact of NEP deconsolidation[(a)]	—	—	—	58	—	58	(2,695)	
Adoption of accounting standards updates[(b)]	—	—	593	(328)	285	550	5,303	
Other	—	—	—	—	—	—	(56)	
Balances, June 30, 2018	472	$ 5	$ 9,736	$ (173)	$ 23,453	$ 33,021	$ 3,151	$ 36,172

(a) See Note 2.
(b) See Notes 1, 5 - Financial Instruments Accounting Standards Update, 6 and 11 - Accounting for Partial Sales of Nonfinancial Assets.

	Common Stock Shares	Aggregate Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Common Shareholders' Equity	Non-controlling Interests	Total Equity
Balances, December 31, 2016	468	$ 5	$ 8,948	$ (70)	$ 15,458	$ 24,341	$ 990	$ 25,331
Net income	—	—	—	—	2,376	2,376	19	
Issuances of common stock, net of issuance cost of less than $1	1	—	15	—	—	15	—	
Share-based payment activity	—	—	44	—	—	44	—	
Dividends on common stock	—	—	—	—	(920)	(920)	—	
Other comprehensive income	—	—	—	73	—	73	12	
Sale of NEER assets to NEP	—	—	—	—	—	—	(17)	
Other	—	—	(3)	—	—	(3)	(54)	
Balances, June 30, 2017	469	$ 5	$ 9,004	$ 3	$ 16,914	$ 25,926	$ 950	$ 26,876

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2017 Form 10-K.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
OPERATING REVENUES	$2,908	$3,091	$5,528	$5,618
OPERATING EXPENSES (INCOME)				
Fuel, purchased power and interchange	765	893	1,477	1,661
Other operations and maintenance	388	404	734	775
Depreciation and amortization	511	537	1,056	810
Taxes other than income taxes and other - net	322	316	632	620
Total operating expenses - net	1,986	2,150	3,899	3,866
OPERATING INCOME	922	941	1,629	1,752
OTHER INCOME (DEDUCTIONS)				
Interest expense	(141)	(121)	(275)	(240)
Allowance for equity funds used during construction	20	19	42	34
Other - net	1	—	2	1
Total other deductions - net	(120)	(102)	(231)	(205)
INCOME BEFORE INCOME TAXES	802	839	1,398	1,547
INCOME TAXES	176	313	288	576
NET INCOME[(a)]	$626	$526	$1,110	$971

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(a) FPL's comprehensive income is the same as reported net income.

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2017 Form 10-K.

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

	June 30, 2018	December 31, 2017
ELECTRIC UTILITY PLANT AND OTHER PROPERTY		
Plant in service and other property	$48,629	$ 47,167
Nuclear fuel	1,218	1,192
Construction work in progress	3,458	3,623
Accumulated depreciation and amortization	(12,885)	(12,802)
Total electric utility plant and other property - net	40,420	39,180
CURRENT ASSETS		
Cash and cash equivalents	38	33
Customer receivables, net of allowances	1,148	1,073

of $2 and $2, respectively		
Other receivables	239	160
Materials, supplies and fossil fuel inventory	783	840
Regulatory assets ($73 and $71 related to a VIE, respectively)	344	335
Other	175	243
Total current assets	2,727	2,684
OTHER ASSETS		
Special use funds	4,210	4,090
Prepaid benefit costs	1,391	1,351
Regulatory assets ($3 and $37 related to a VIE, respectively)	2,264	2,249
Other	599	690
Total other assets	8,464	8,380
TOTAL ASSETS	$51,611	$ 50,244

CAPITALIZATION		
Common stock (no par value, 1,000 shares authorized, issued and outstanding)	$ 1,373	$ 1,373
Additional paid-in capital	9,141	8,291
Retained earnings	8,479	7,376
Total common shareholder's equity	18,993	17,040
Long-term debt ($35 and $74 related to a VIE, respectively)	12,379	11,236
Total capitalization	31,372	28,276
CURRENT LIABILITIES		
Commercial paper	987	1,687
Other short-term debt	—	250
Current maturities of long-term debt ($72 and $70 related to a	92	466

VIE, respectively)		
Accounts payable	713	893
Customer deposits	442	445
Accrued interest and taxes	522	439
Accrued construction-related expenditures	270	300
Regulatory liabilities	372	333
Other	444	984
Total current liabilities	3,842	5,797
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	2,097	2,047
Deferred income taxes	5,122	5,005
Regulatory liabilities	8,728	8,642
Other	450	477
Total other liabilities and deferred credits	16,397	16,171
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	$ 51,611	$ 50,244

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2017 Form 10-K.

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

	Six Months Ended June 30,	
	2018	2017[(a)]
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$1,110	$971
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,056	810
Nuclear fuel and other amortization	76	101
Deferred income taxes	268	399
Cost recovery clauses and franchise fees	(49)	10
Acquisition of purchased power agreement	(52)	(243)
Recoverable storm-related costs	—	(105)
Other - net	4	(44)
Changes in operating assets and liabilities:		
Current assets	(139)	(227)
Noncurrent assets	(15)	(16)
Current liabilities	(325)	437
Noncurrent liabilities	(55)	(13)
Net cash provided by operating activities	1,879	2,080
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,414)	(2,648)
Nuclear fuel purchases	(90)	(94)
Proceeds from sale or maturity of securities in special use funds	1,101	902
Purchases of securities in special use funds	(1,228)	(949)
Other - net	22	(1)
Net cash used in investing activities	(2,609)	(2,790)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of long-term debt	1,594	200
Retirements of long-term debt	(798)	(35)
Net change in commercial paper	(700)	732
Proceeds from other short-term debt	—	200
Repayments of other short-term debt	(250)	—
Capital contribution from NEE	850	—
Dividends to NEE	—	(400)
Other - net	(28)	(2)
Net cash provided by financing activities	668	695
Net decrease in cash, cash equivalents and restricted cash	(62)	(15)
Cash, cash equivalents and restricted cash at beginning of period	174	153
Cash, cash equivalents and restricted cash at end of period	$112	$138
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Accrued property additions	$488	$477
Decrease (increase) in electric utility plant and other property - net as a result of a noncash exchange	$14	$(144)

(a) Prior period amounts have been retrospectively adjusted as discussed in Note 11 - Restricted Cash.

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2017 Form 10-K.

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

The accompanying condensed consolidated financial statements should be read in conjunction with the 2017 Form 10-K. In the opinion of NEE and FPL management, all adjustments (consisting of normal recurring accruals) considered necessary for fair financial statement presentation have been made. Certain amounts included in the prior year's condensed consolidated financial statements have been reclassified to conform to the current year's presentation. The results of operations for an interim period generally will not give a true indication of results for the year.

1. Revenue from Contracts with Customers

Effective January 1, 2018, NEE and FPL adopted an accounting standards update that provides guidance on the recognition of revenue from contracts with customers and requires additional disclosures regarding such contracts (new revenue standard). Under the new revenue standard, revenue is recognized when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The promised goods or services in the majority of NEE’s contracts with customers is, at FPL, for the delivery of electricity and, at NEER, for the delivery of energy commodities and the availability of electric capacity and electric transmission. NEE and FPL adopted the new revenue standard using the modified retrospective approach applying it only to contracts that were not complete at January 1, 2018. On January 1, 2018, NEE recorded a reduction to retained earnings of approximately $25 million representing the cumulative effect of adopting the new revenue standard, which was primarily due to identifying separate performance obligations in certain energy-related contracts at NEER. The cumulative effect of adopting the new revenue standard was not material at FPL. The impact of applying the new revenue standard to NEE’s and FPL's June 30, 2018 financial statements as compared to the prior revenue standard was not material.
FPL and NEER generate substantially all of NEE’s operating revenues, which primarily include revenues from contracts with customers, as well as, at NEER, derivative and lease transactions. For the vast majority of contracts with customers, NEE believes that the obligation to deliver energy, capacity or transmission is satisfied over time as the customer simultaneously receives and consumes benefits as NEE performs. For the three and six months ended June 30, 2018, NEE’s revenue from contracts with customers was approximately $3.5 billion ($2.9 billion at FPL) and $6.8 billion ($5.5 billion at FPL), respectively. NEE's and FPL's receivables are primarily associated with revenues earned from contracts with customers, as well as, at NEER, derivative and lease transactions, and consist of both billed and unbilled amounts, which are recorded in customer receivables and other receivables on NEE's and FPL's condensed consolidated balance sheets. Receivables represent unconditional rights to consideration and reflect the differences in timing of revenue recognition and cash collections. For substantially all of NEE's and FPL's receivables, regardless of the type of revenue transaction from which the receivable originated, customer and counterparty credit risk is managed in the same manner and the terms and conditions of payment are similar.

FPL - FPL’s revenue from contracts with customers is derived primarily from tariff-based sales that result from providing electricity to retail customers in Florida with no defined contractual term. Electricity sales to retail customers account for approximately 90% of FPL’s operating revenues, the majority of which is to residential customers. FPL’s retail customers receive a bill monthly based on the amount of monthly kWh usage with payment due monthly. For these types of sales, FPL recognizes revenue as electricity is delivered and billed to customers, as well as an estimate for electricity delivered and not yet billed. The billed and unbilled amounts represent the value of electricity delivered to the customer.
NEER - NEER’s revenue from contracts with customers is derived primarily from the sale of energy commodities, electric capacity and electric transmission. For these types of sales, NEER recognizes revenue as energy commodities are delivered and as electric capacity and electric transmission are made available, consistent with the amounts billed to customers based on rates stipulated in the respective contracts as well as an accrual for amounts earned but not yet billed. The amounts billed and accrued represent the value of energy or transmission delivered and/or the capacity of

energy or transmission available to the customer. Revenues yet to be earned under these contracts, which have maturity dates ranging from 2018 to 2043, will vary based on the volume of energy or transmission delivered and/or available. NEER’s customers typically receive bills monthly with payment due within 30 days. Certain contracts with customers contain a fixed price related primarily to electric capacity sales associated with ISO annual auctions through 2020 and certain power purchase agreements with maturity dates through 2034. At June 30, 2018, NEER expects to record approximately $680 million of revenues related to the fixed price components of such contracts over the remaining terms of the related contracts as the capacity is provided.

2. NEP Deconsolidation

During the third quarter of 2017, changes to NEP's governance structure were made that, among other things, enhanced NEP unitholder governance rights. The new governance structure established a NEP board of directors where NEP unitholders have the ability to nominate and elect board members, subject to certain limitations and requirements. As a result of these governance changes, NEP was deconsolidated from NEE on January 1, 2018, which is when the term of office of the first NEP unitholder-elected directors took effect. NEER continues to operate the projects owned by NEP and provide services to NEP under various related party operations and maintenance, administrative and management services agreements.

In connection with the deconsolidation, NEE recorded an initial investment in NEP of approximately $4.4 billion based on the fair value of NEP OpCo and NEP common units that were held by subsidiaries of NEE on the deconsolidation date, which investment is included in investment in equity method investees on NEE's condensed consolidated balance sheet at June 30, 2018. The fair value was based on the market price of NEP common units as of January 1, 2018, which resulted in NEE recording a gain of approximately $3.9 billion ($3.0 billion after tax) during the six months ended June 30, 2018. Total assets of approximately $7.8 billion, primarily property, plant and equipment, total liabilities of approximately $4.8 billion, primarily long-term debt, and total noncontrolling interests of approximately $2.7 billion were removed from NEE's balance sheet as part of the deconsolidation.

The equity method investment in NEP represents NEE’s partnership interest in NEP OpCo's operating projects of approximately 65.1% (and NEE’s direct interest in 2.6% of NEP’s common units) at June 30, 2018. The equity method investment in NEP includes approximately $3.3 billion related to NEE’s share of the basis difference between the fair value and the underlying carrying value of NEP’s net assets attributable to NEP OpCo's common unitholders at June 30, 2018, a portion of which is being amortized. Basis difference amounts related to property, plant and equipment, net are being amortized over the remaining useful lives of such property, and amounts related to power purchase agreements are being amortized over the remaining terms of such agreements. The related amortization is included in equity in earnings of equity method investees in NEE's condensed consolidated statements of income.

NEER provides management, administrative and transportation and fuel management services to NEP and its subsidiaries under various agreements (service agreements). NEER is also party to a cash sweep and credit support (CSCS) agreement with a subsidiary of NEP. At June 30, 2018, the cash sweep amount (due to NEP and its subsidiaries) held in accounts belonging to NEER or its subsidiaries was approximately $137 million and is included in accounts payable. Fee income totaling approximately $24 million and $48 million related to the CSCS agreement and the service agreements is included in operating revenues in NEE's condensed consolidated statements of income for the three and six months ended June 30, 2018, respectively. Amounts due from NEP of approximately $43 million and $21 million at June 30, 2018 are primarily included in other receivables and noncurrent other assets, respectively. Under the CSCS agreement, NEECH or NEER guaranteed or provided indemnifications, letters of credit or bonds totaling approximately $650 million at June 30, 2018 primarily related to obligations on behalf of NEP's subsidiaries with maturity dates ranging from 2018 to 2050 and including certain project performance obligations, obligations under financing and interconnection agreements and obligations related to the sale of differential membership interests. Payment guarantees and related contracts with respect to unconsolidated entities for which NEE or one of its subsidiaries are the guarantor are recorded on NEE’s condensed consolidated balance sheet at fair value. As a result of deconsolidation, approximately $32 million related to the fair value of the credit support provided under the CSCS agreement is recorded as noncurrent other liabilities on NEE's condensed consolidated balance sheet at June 30, 2018.

3. Employee Retirement Benefits

NEE sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NEE and its subsidiaries and sponsors a contributory postretirement plan for other benefits for retirees of NEE and its subsidiaries meeting certain eligibility requirements.

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

	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits

	Three Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017	2018	2017	2018	2017
	(millions)							
Service cost	$18	$17	$ —	$ 1	$35	$33	$ 1	$ 1
Interest cost	20	21	2	2	41	42	3	4
Expected return on plan assets	(69)	(68)	—	—	(138)	(135)	—	—
Amortization of prior service benefit	—	(1)	(4)	(2)	—	(1)	(8)	(2)
Special termination benefits	—	37	—	—	—	38	—	—
Postretirement benefits settlement	—	—	—	1	—	—	—	1
Net periodic benefit (income) cost at NEE	$(31)	$6	$ (2)	$ 2	$(62)	$(23)	$ (4)	$ 4
Net periodic benefit (income) cost at FPL	$(20)	$6	$ (2)	$ 1	$(40)	$(12)	$ (3)	$ 3

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

Amendments to Presentation of Retirement Benefits - Effective January 1, 2018, NEE adopted an accounting standards update that requires certain changes in classification of components of net periodic pension and postretirement benefit costs within the income statement and allows only the service cost component to be eligible for capitalization. NEE adopted the standards update using the retrospective approach for presentation of the components of net periodic pension and postretirement benefit costs and the prospective approach for capitalization of service cost. Upon adoption, NEE, among other things, reclassified the non-service cost components noted in the net periodic benefit (income) cost table above from O&M expense to other net periodic benefit income in NEE's condensed consolidated statements of income. The adoption of this standards update did not have an impact on net income attributable to NEE and did not have any impact on FPL as NEE is the plan sponsor.

4. Derivative Instruments

NEE and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the physical and financial risks inherent in the purchase and sale of fuel and electricity, as well as interest rate and foreign currency exchange rate risk associated primarily with outstanding and expected future debt issuances and borrowings, and to optimize the value of NEER's power generation and gas infrastructure assets. NEE and FPL do not utilize hedge accounting for their cash flow and fair value hedges.

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

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

For interest rate and foreign currency derivative instruments, essentially all changes in the derivatives' fair value, as well as the transaction gain or loss on foreign denominated debt, are recognized in interest expense and the equity method investees' related activity is recognized in equity in earnings of equity method investees in NEE's condensed consolidated statements of income. At June 30, 2018, NEE's AOCI included amounts related to discontinued interest rate cash flow hedges with expiration dates through March 2035 and foreign currency cash flow hedges with expiration dates through September 2030. Approximately $22 million of net losses included in AOCI at June 30, 2018 is expected to be reclassified into earnings within the next 12 months as the principal and/or interest payments are made. Such amounts assume no change in scheduled principal payments.

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

Fair Value of Derivative Instruments - The tables below present NEE's and FPL's gross derivative positions at June 30, 2018 and December 31, 2017, as required by disclosure rules. However, the majority of the underlying contracts are subject to master netting agreements and generally would not be contractually settled on a gross basis. Therefore, the tables below also present the derivative positions on a net basis, which reflect the offsetting of positions of certain transactions within the portfolio, the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral (see Note 5 - Recurring Fair Value Measurements for netting information), as well as the location of the net derivative position on the condensed consolidated balance sheets.

	June 30, 2018			
	Gross Basis		Net Basis	
	Assets	Liabilities	Assets	Liabilities
	(millions)			
NEE:				
Commodity contracts	$4,097	$ 2,908	$1,792	$ 657
Interest rate contracts	102	291	101	290
Foreign currency contracts	14	28	26	40
Total fair values	$4,213	$ 3,227	$1,919	$ 987
FPL:				
Commodity contracts	$5	$ 5	$3	$ 3
Net fair value by NEE balance sheet line item:				
Current derivative assets[(a)]			$459	
Noncurrent derivative assets[(b)]			1,460	
Current derivative liabilities				$ 496
Noncurrent derivative liabilities				491
Total derivatives			$1,919	