



Energy & Utilities

NextEra Energy (NYSE: NEE)

Recommendation: HOLD

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Analyst

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Current Price \$76.22
Target Price \$82.74

Company Overview

NextEra Energy, Inc. is the United States' largest producer of renewable energy, through wind, solar, and battery storage. Headquartered in Juno Beach, Florida, the company operates through two primary segments, Florida Power & Light (FPL), a regulated utility company, and NextEra Energy Resources, it's renewable generation business.

Price Data

52-week range \$53.95 - \$86.10
Average Daily Volume 9.84 m

Valuation Summary

DCF \$83
DDM \$134
Relative Valuation \$60-\$68

Key Metrics

Market Capitalization \$156.70 b
Beta: .34
EPS 2023 \$3.61
P/E Ratio 2024 TTM 22.61
Dividend Yield 2.70%

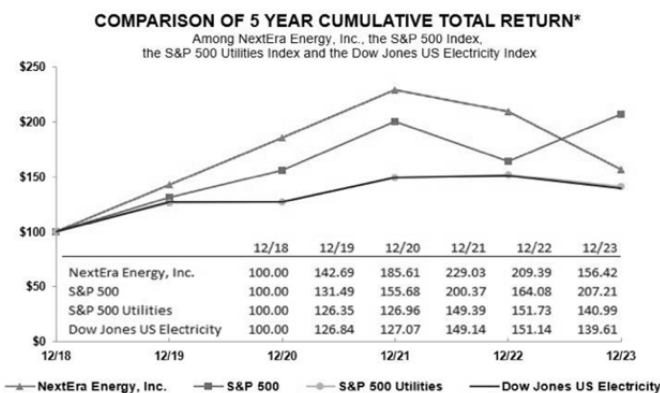
2023 Company Performance

ROA 2 4%
ROE 12%
Sales \$28.1 b

Financial Ratios

Current Ratio 2023 0.55
Debt to Equity 2023 2.01x

One Year Stock Performance: Source 2023 10K



Investment Thesis

We recommend a HOLD rating for NextEra due to economies of scale and a sustained competitive advantage. Our valuation indicates that NEE is currently trading approximately 9% below its' intrinsic value. While, the market is concerned about slowed growth prospects, we believe NextEra will adapt by focusing on profitability. Historically NEE has outpaced competitors in growth, the current challenges and uncertainties prevent us from issuing a BUY rating at this time.

Thesis Drivers:

Economies of Scale: Existing Wind & Solar farms will benefit from higher utilization rates. Leveraging Lazard's Levelized Cost of Energy estimates, we anticipate annual efficiency increases of 2% for wind assets and 4.5% for solar assets.

Sustained Competitive Advantage: NextEra leads a market characterized by finite growth potential but infinite demand. As the most optimal land for solar energy production becomes scarce and macroeconomic factors drive up costs, it will become increasingly difficult for other companies to achieve comparable returns. Competitors will need significantly more capital to catch up.

Thesis Risks:

Higher Improvement Costs: The cost of enhancing NEER's asset efficiency may increase, potentially reducing cash flows and, consequently, valuations.

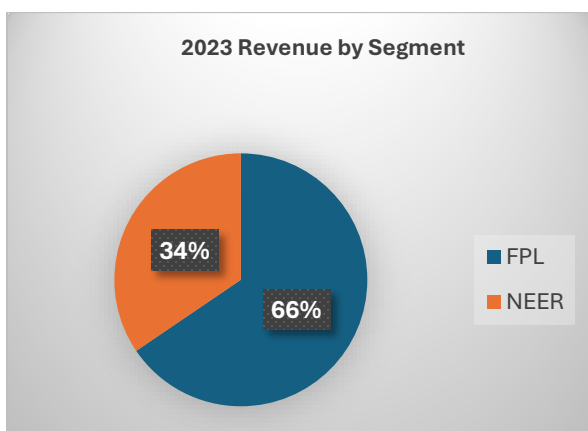
Increased Competition: Financial services firms are increasingly attracted to renewables projects, often securing relatively attractive capital costs through leveraged strategies. NextEra could lose market share if competitors grow more aggressively.

Company Analysis

Revenue Analysis and Decomposition:

Summary:

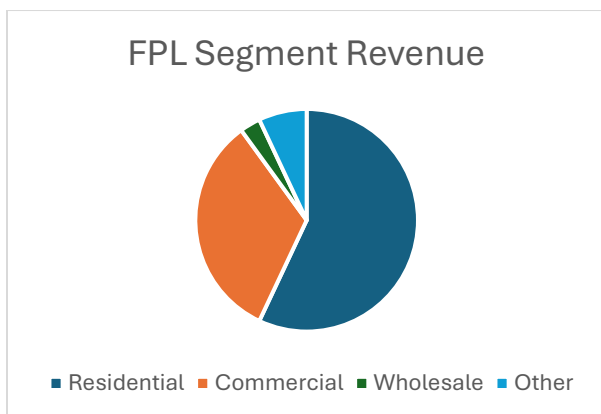
NextEra generates revenue through its two main subsidiaries: Florida Power & Light (FPL) and NextEra Energy Resources (NEER). FPL provides regulated energy to over 12 million customers in Florida, while NEER focuses on unregulated clean energy generation and storage solutions across North America. The company's revenue grew to \$28.11 billion in 2023, as depicted in the graph below, up from \$15.71 billion in 2006. This sharp increase in revenue demonstrates the successful execution of NextEra's clean energy strategy.



Source: Krause Fund

Business Segments:

FPL exhibits a less risky business profile due to the inherently low beta of utility operations. This strength of cash flows provides a stable base relative to NEER projects. Overall, we expect FPL to grow relative to a conservative macroeconomic backdrop of about 2.5% real GDP growth, and 2.4% inflation growth.⁸



Source: Krause Fund

FPL Residential: The majority of FPL revenue is from residential sales. Residential accounts increase as more houses are built. In 2023 FPL captured .26% of housing starts. We believe that share will remain stagnant throughout the forecast period, while housing starts will increase according to Congressional Budget Office estimates.

FPL Commercial: In 2023 about 30% of FPL revenue came from commercial accounts. We expect commercial growth to increase with U.S. GDP. We have taken Deloitte estimates for GDP growth, and we expect the number of accounts to grow as a percentage of GDP in line with a historical 10-year average.

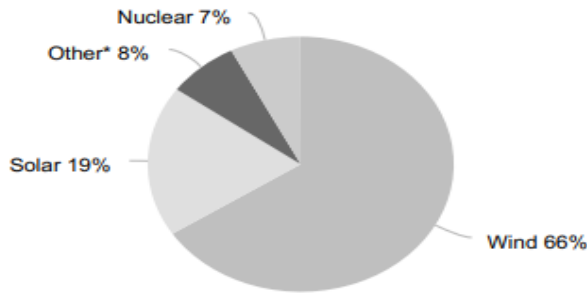
Wholesale & Other: Wholesale & other revenues altogether comprise of about 10% of FPL revenue. Both categories have been historically volatile. We believe they will grow in line with the historical 10-year median.

NEER revenue is mainly from fixed rate long-term contracts with customers. At year-end 2023, approximately 94% of NEER's net generating capacity was committed under fixed rate long-term contracts¹⁹. We expect NEER revenue to increase roughly 13% annually throughout the forecast horizon. Although bullish we believe it is reasonable. Since 2013 NEER revenues have grown an average of 16%. We expect the primary driver of revenue growth to be capacity factor increases. Wind & Solar farms are not able to generate at full capacity. The percentage of energy generated relative to full capacity is referred to as a "capacity factor". Currently, average wind and solar assets have capacity factors of about 33% and 23% respectively. Lazard projections imply there is plenty of room to grow.

- Wind: 55% capacity factor by 2030
- Solar: 68% capacity factor by 2030

We expect a strong focus on capacity factor increases as opposed to new buildout due to geographic containment. Such farms take an immense amount of space and there is not necessarily enough to go around. Grid-enhancing technologies are the solution to this problem. Please see industry trends for further details.

2023 Net Generating Capacity by Fuel Type MW

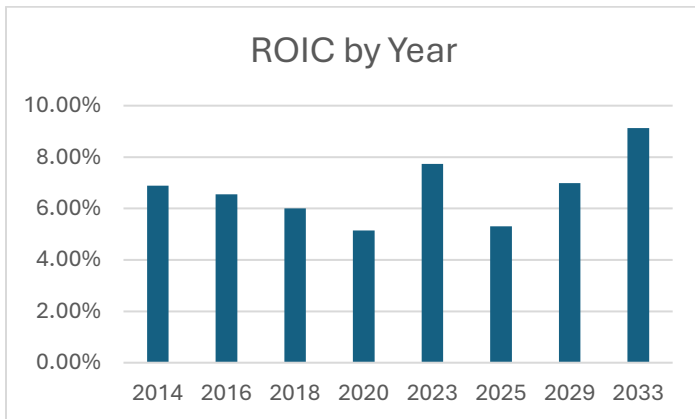


Source: 2023 10K

Costs & Profitability Discussion:

Margin Summary:

We expect **operating margins to grow to 35%** over the forecast period, driven by the economies of scale wind and solar farms create. We expect increased investment into technology to drive **returns on invested capital of 9%** over the terminal period, above the historical period average of 6%.



Source: Krause Fund

We strongly believe in enhanced profitability through NEER’s business model and its ability to realize economies of scale. Once operational, wind and solar farms exhibit mainly fixed costs, operations and maintenance expense. This results in a strategic advantage that will be discussed further in our SWOT Analysis. It also improves margins and return on invested capital. If you are paying the same price for an asset regardless of sales, your performance relies on maximizing its’ potential. Higher utilization translates to more energy output per dollar of fixed investment, effectively diluting the capital cost and driving down the average cost of production. As a result, NEER can offer the same product, renewable electricity, as its’ competitors but at a structurally lower cost, enabling improved margins. The fixed rate structure enables NEER to keep cost savings.

Fuel, Purchased Power & Interchange expenses:

Ranging anywhere from 19%-30% of revenues, this line item exhibits volatility year-to-year. We imagine volatility stems from the everchanging mix of revenues coming from NEER versus FPL, which have differing expense profiles. We forecasted Fuel, purchased power & interchange expenses as about 25% of total revenues, which is the historical average.

Other Operations & Maintenance Expense (O&M):

O&M expense maintains a relatively predictable percent of total sales throughout the historical period at about 20%. It dips to 16% in 2023 as revenues climbed to a historical high. This showcases the fixed nature of O&M expense related to NEER. Because of this we expect O&M expense as a percentage of sales to continue off 2023 lows at 16% of sales throughout the forecast horizon. Because NEE does not give more detailed expenses by segment, it is hard to determine which portion of O&M is fixed vs variable.

Depreciation & Amortization (D&A):

D&A expense is a major component of their income statement due to the tangible nature of their operations. We have forecasted D&A expense as just under 5% of beginning net PPE. This is in line with a 10-year historical average that has remained fairly constant.

Capital Expenditures

Management CapEx Guidance (2024-2028)

	2024E
FPL:	
Generation	3,060
Transmission & Distribution	3,770
General & Other	740
Total	7,570
NEER:	
Wind	2,820
Solar	3,270
Nuclear	1,920
Rate-regulated transmission	765
Other	1,060
Total	9,835
Total CapEx	17,405

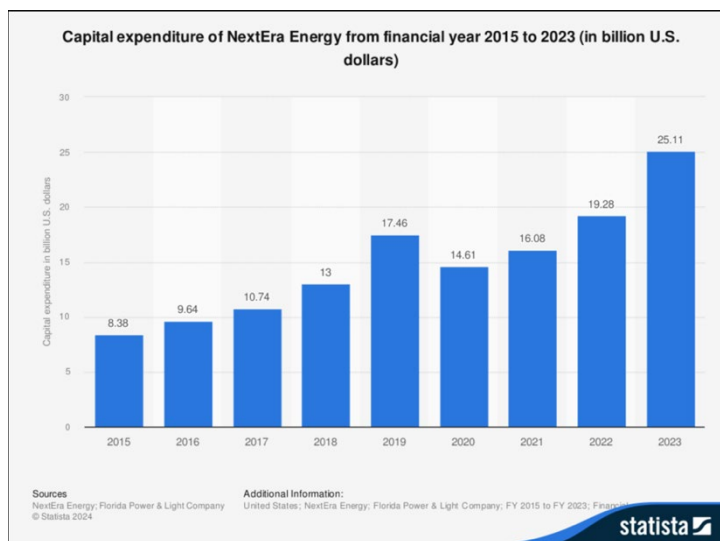
Source: NEE 2023 Annual 10K

Due to the way we have linked the two assumptions together, our model can handle changes in capacity particularly well. Using management guidance for solar CapEx and American Action Forum estimates for wind CapEx, we have determined that it will cost \$2,000M to build each GW of solar capacity²⁰, and \$1,656M to build each GW of wind capacity.¹ Any growth in capacity market share for NEER results in increasing capital expenditures which decrease cash flows.

Management expects 2024 capital expenditures to be about \$17,500M. There are 3 main components that our capex assumptions embody.

1. Need for transmission capacity
2. Conservative growth in installed capacity
3. Technology investment

All three listed components are essential to the story of NEE. The need for transmission capacity is critical to serve customers. Since we expect them to have more supply, their capital expenditures need to tell the same story. We have determined the cost of each GW of capacity for wind and solar to be about \$1,600M and \$2,000M respectively. As installed capacity increases our wind and solar CapEx increases in line with cost estimates. We have forecast transmission improvement and technological advancement investments through FPL CapEx.



“University Libraries.” *Off Campus Access - The University of Iowa Libraries*, www-statista-com.proxy.lib.uiowa.edu/statistics/1211625/nextera-energy-s-capital-expenditure/. Accessed 24 Sept. 2024.

Payout Policy:

NextEra Energy dividend ratio has averaged 68% over the 10-year historical period. The dividend ratio in 2023 was 60%. We have forecasted NEE to maintain their historical average payout ratio.

NEE does not engage in share repurchases and have not suggested they will.

Capital Structure:

NEE has a credit rating of A-, upgraded from BBB+ in the past year. The cause for upgrade was due to FPL composing of a larger percentage of total EBITDA and the employment of long-term contracts through its competitive NEER business.²² Investment grade ratings are important to NEE considering its capital intensity. That is why we expect them to grow the NEER business only at the rate in which they can secure long term contracts beforehand. They have a current backlog of about 24 GW and our forecasted increase is similar. This will allow them to retain an investment grade rating.

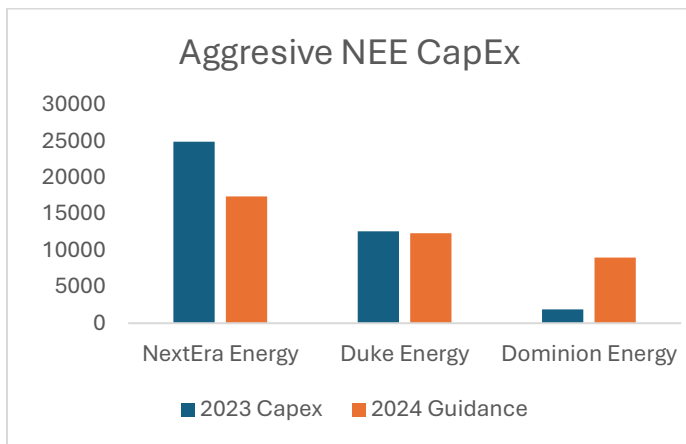
NEE SWOT Analysis:

Strengths

As mentioned in our revenue analysis, **NEE leads the U.S in installed renewable GW capacity.**²¹ This sets them up well to capitalize on technological advancements, increasing capacity factors of existing resources. To reach the same revenue numbers, competitors will need to increase CapEx aggressively to build out new farms, whereas NEER can rely on upgrading existing projects. Our projections imply there is plenty of room to grow.

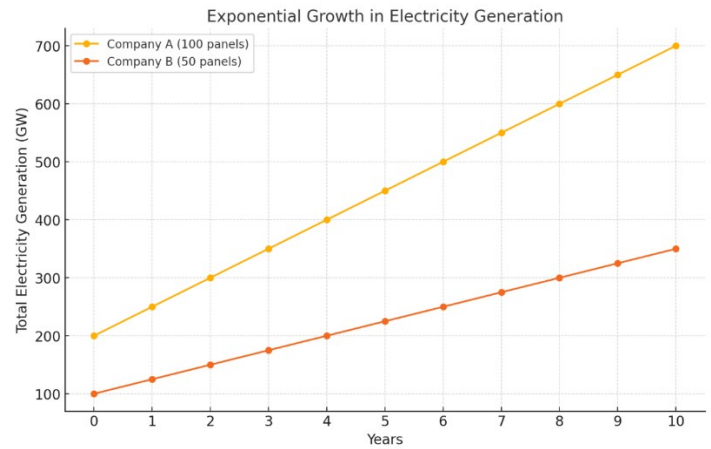
This leadership in capacity results in the ability to capitalize on limited land as well. We expect **geographic factors will limit competitors' ability to grow installed capacity**. At a certain point in the future, so long as NEE continues investment, they can permanently solidify their dominance of U.S installed capacity. Once at that point, it is a matter of increasing output per unit. NEE could sell essentially the same good for the same price, but for a lower cost per MW sold, putting them at an extreme advantage. This would result on consistently higher returns on invested capital because of the impossible barrier to entry.

To capitalize on the strengths mentioned above, **NEE will need to lead the charge for innovation in capacity factors**. Contrastingly to its peers it has a full-scale utility business providing stable cash flows to pour heavily into technological advancements. We believe that such steady cash flows, along with its historical dominance in technology, NEE will grow into Lazard's capacity factor projections. Most research will be done externally (see industry discussion), but companies will need to increase investment to implement such technologies.



Source: Respective 2024 Q3 Presentations (10 & 12)

Clearly NEE is investing heavier than main peers, should it pay off, they will realize economies of scale. The subsequent chart shows the ability to outpace their peers in supply as efficiency is increased.



Weaknesses

While NextEra's extensive capital investments are a critical factor in its growth, they also represent a potential weakness. NEE capex reached \$25.11 billion in 2023. Management guidance implies that 2024 capex will be about \$17 billion. We expect capex to ramp up throughout the forecast period which may result in **strained financials in the near term**. While these investments are necessary for future growth, they could affect the company's short-term profitability.

IBISWorld notes weaknesses in **market share growth of -6.5%**, majorly due to its FPL business.¹⁵ We suspect that this is due to revenues rising throughout the recent inflationary period and have dropped to a more moderate level as inflation resides. As such, we do not anticipate any further losses in market share.

Opportunities

The increasing global demand for renewable energy represents a significant opportunity for NextEra. With **governments and businesses alike seeking to reduce their carbon footprints**, NextEra is ideally positioned to capitalize on the growing demand for wind, solar, and battery storage solutions. As consumers and corporations prioritize sustainability, NextEra's clean energy focus will be a critical differentiator in the marketplace. NEE's renewables business has a higher profit relative to FPL due to less regulation.

Threats

More competition and therefore optionality gives customers power. This could cause reluctance in signing fixed long-term contracts going forward, considering the prospects of lowered costs of energy. The more opportunities that there are to reprice contracts when you exhibit more profitability creates more opportunities to pass cost savings on rather than keep them. You could possibly see strategies involving more leverage come into play as companies like Blackrock ramp up investment in renewable projects.³⁷ NEER does not

have the debt capacity to compete with such strategies, which could limit its ability to capture market share.

Offshore wind projects becoming successful is a threat, as NEE may not be well positioned relatively to capitalize on such investments. This negates the argument that NEE will capitalize on a geographically constrained resource. However, we don't expect offshore wind projects to become attractive anytime soon. Reuters notes soaring costs, project delays, & limited investment as limiting factors to attractiveness. Offshore wind farms have a global average cost of \$230 per megawatt-hour – up 30% to 40% in the past two years and more than triple the average of \$75MWh for onshore facilities.³⁵

Industry Evaluation

The electric utility industry is a mature stage and defensive industry due to stable performance despite economic fluctuations. A key element that controls the industry is government regulation, which closely monitors supply/demand and sets altruistic prices. Revenues are generally stable and based on geography, streams come from residential, commercial, and industrious consumers. Considering the strict governmental controls on pricing power, firms typically focus on cost efficiencies.

Trends:

The electric utility industry is moving away from fossil fuel-based generation (coal, gas) and transitioning to renewable energy sources like wind, solar, and battery storage. This transformation is driven by growing consumer demand for clean energy. The Energy Information Agency projects an annual increase in renewable demand of 3.1%. Currently NEE operates 8% of total installed capacity, and we expect them to grow their share of the market to 10% by 2033.

There seems to be a sense of overoptimism as to how much *renewables* could benefit from the rise in data centers. Goldman Sachs Research predicts that power demand for data centers will grow 160% by 2030.¹⁴ It's much more convenient for traditional energy sources to keep up with how suddenly fast demand is growing. Dominion Energy is a competitor that serves the northern Virginia area, which has the largest concentration of data centers in the world. They recently announced they are building a 1,000 MW gas plant and have just shrunk its 15-year projection for renewables to 80% from 95% of its power mix. Similarly, Entergy, began building its first natural gas-fired power plant in a half-century to serve two Amazon data-center complexes. We expect such trends to continue.³⁵ Capital will follow the path of

least resistance and continue relying on fossil fuels within the decade.

The trend towards ESG initiatives of companies will drive demand, even in the face of higher for longer costs. There is an increasingly large emphasis on companies, specifically consumer facing, to be reduce emissions. The number of corporates with net zero pledges has risen to 929 in 2023, which is double that of 2020.⁷ This showcases the dedication to sustainability despite costs rising from 2020 to 2023.¹⁷

The renewable energy industry is shifting its focus toward improving efficiency rather than building new energy farms. This trend is likely to intensify due to limited land availability. Research from the ICF Climate Center highlights that large-scale renewable projects require up to 10 times more land than traditional power plants.¹⁶ As land becomes scarcer, costs will rise and returns on projects will vary depending on location. For instance, wind turbines in Tornado Alley may yield different results than those in Denver, Colorado. This pressure will accelerate the push for efficiency. But where will this efficiency come from—through company-driven innovation or external research? Traditionally, labs like the Pacific Northwest National Laboratory, funded by the Department of Energy, have pioneered renewable energy solutions.²³ However, future funding for such research may face limitations due to political shifts. The energy budget is determined by the Secretary of Energy and must be approved by Congress. With the election of Trump, the budget will likely be influenced by Chris Wright, a strong advocate for oil and gas, and a Republican-controlled Congress. Despite DOE limitations, we believe labs will be able to secure outside funds. Any renewables advocate should realize that such labs are best positioned to continue driving progress. We anticipate external research to continue driving efficiency, benefitting all companies in the industry that are willing to increase capital expenditures.

Porter's Five Forces:

Threat of New Entrants

The capital-intensive nature of the energy industry, combined with regulatory hurdles, creates high barriers to entry. As established players, these companies face little threat from new competitors, although material decreases in capital could introduce future competition.

Bargaining Power of Suppliers

Suppliers of specialized energy equipment (e.g., solar panels, turbines) may have moderate bargaining

power, as companies transition to renewable energy. However, most of these firms have long-standing relationships with suppliers, reducing the risk.

Bargaining Power of Customers

Utilities are often regional monopolies, limiting customer choice. However, as renewable energy becomes more accessible, customers may demand cleaner energy options, putting pressure on companies to invest more in renewables.

Threat of Substitutes

Renewable energy, such as wind and solar, is a growing substitute for traditional energy sources like coal and natural gas. Companies like NextEra Energy, which lead in renewable investments, are better positioned to handle this shift.

Competitive Rivalry

The energy sector is highly competitive, particularly in terms of operational efficiency and environmental sustainability. The shift to renewable energy is creating additional competition as firms race to modernize their grids and adopt cleaner energy sources.

Key Players & Peer Comparisons

NEE is the best-positioned company going forward. It leads in installed capacity, renewable energy investments, and O&M expense efficiency. Financially, it boasts solid profit margins and lower debt levels, making it well-positioned for future growth.

Duke Energy (DUK) is a North Carolina based U.S. utility company serving over 8 million customers across six states. They have made significant grid investments. They are a strong competitor but have higher O&M costs and slightly lower margins relative to NextEra.

Southern Company (SO) is well-positioned considering its substantial grid modernization investments and strong revenue and net income figures. However, they have high O&M costs and a relatively high debt-to-equity ratio that we expect will pose challenges in maintaining profitability going forward.

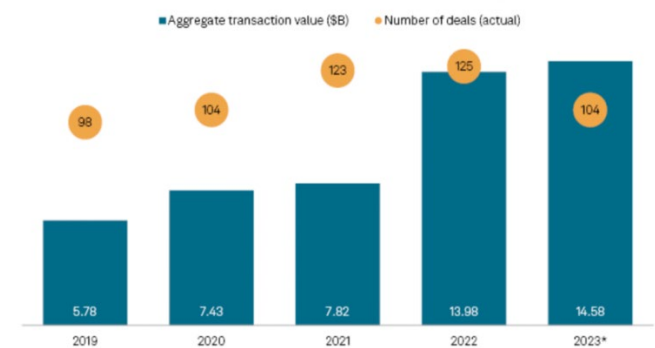
Dominion Energy (D) appears to be the weakest peer amongst the four main players. They have the lowest net income, profit margin, and operating margin. Due to less utility capacity and its slow growth in renewable energy, we don't expect them to be

competitive considering the rapid industry transition to cleaner energy sources.

M&A Activity

Interestingly there has been a common theme of major utility companies divesting their non-regulated energy operations and other non-core businesses. The largest headline has been Duke Energy selling their commercial renewables business in 2023 for \$2.8B to Brookfield Renewable.¹⁰ American Electric Power sold its' non-regulated renewables portfolio in 2023 for \$1.2B to IRG Acquisition Holdings, and Blackstone backed company.² Blackrock has also teamed up with Microsoft to raise \$100B of capital to deploy.³⁷ Clearly there is growing private interest in such projects.

Global PE/VC-backed investments in renewable electricity, 2019–2023



Data compiled Nov. 29, 2023
PE/VC = private equity or venture capital.
* Year to date through Nov. 28, 2023.

Source: S&P Global Market Intelligence

Source: Carbon Credits, 2024

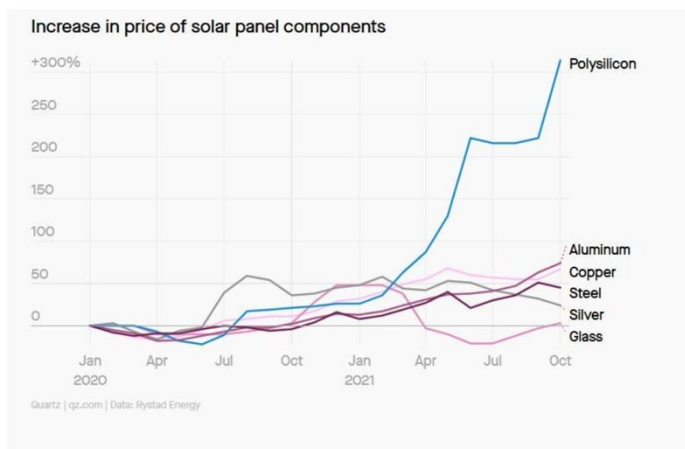
We believe such trends make sense and will continue driven by distinct advantages of private equity (PE) funds. Unlike traditional utility companies, PE firms are typically less constrained by capital structure and regulations, allowing them to deploy more aggressive growth strategies. Private equity funds benefit from their ability to leverage substantial amounts of debt, lowering their cost of capital. This enables them to pursue large-scale renewable projects more rapidly than public utilities, which face stricter financial constraints.

While not built into our model, it is important to discuss fundamental implications of a NEER sale. NEE would be selling a riskier part of its business at a high valuation. This gives more capital to grow FPL and lowers their weighted average cost of capital. Further analysis is outside the scope of this report, but we do not believe a sale would negatively affect NextEra Energy's stock price.

Macroeconomic Outlook

Tariffs

As tariffs on imported renewable energy technologies like solar panels and wind turbines increase, the pace of overall industry growth and capacity expansion in the renewable sector is likely to slow. The renewable energy sector, particularly solar, has been heavily reliant on global supply chains, with key components often sourced from overseas. When tariffs are imposed, the increased costs for these materials—such as solar panels—can directly inflate project budgets, making it more expensive for developers to build new capacity. China controls over 90% of global supply for essential materials in building solar panels.³²



Source: Rivero, 2021.

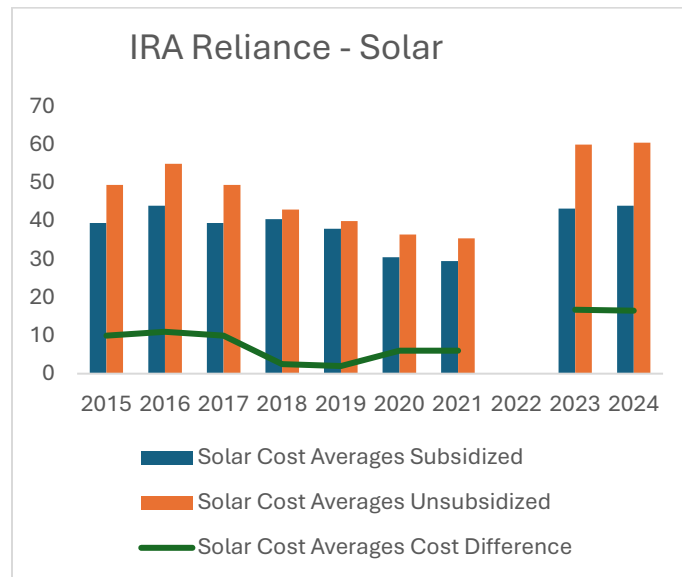
Although the above graph is a result of supply chain disruptions, it is useful to put it into its underlying context. It is a supply and demand issue. If 90% of the supply comes from China, and the U.S. energy industry no longer has access to that market, there is a vast mismatch. We expect this to negate expected cost decreases.

We believe this will drive an industry trend in maximizing efficiency of pre-built projects rather than compete for such limited resources as astounding prices.

Political Backdrop

If IRA credits were to remain in place, we would expect the cost difference of subsidized versus unsubsidized to become immaterial differences upon their expected expiration in 2032. The IRA contains two major credits, the Production Tax Credit (PTC) and Investment Tax Credit (ITC) that have made renewable investments increasingly feasible. Cost of wind, solar, and battery storage have historically been sensitive to tax credits. These credits allow companies to deduct 30% of development costs from their federal income taxes.²⁷ This

naturally increases the cost of capital for such projects. Renewables have the highest capital intensity of US generation³⁸, which makes these projects inherently sensitive to costs.



Source: Lazard LCOE+ 2015-2024

We view Trumps efforts to fully cut IRA credits as improbable. It would be an uphill battle that is already lost. 18 house republicans, whose support will be needed if a repeal is to happen, have sent a letter to Speaker Johnson highlighting the negative effects of a repeal.³⁶ They argue IRA credits have spurred innovation and positively impacted the job market. In the two years since the IRA was signed into law, clean energy projects have created more than 330,000 jobs.²⁹ On the flip sign, they have acknowledged that it is a “deeply flawed bill”.³ Considering the facts we expect there to be a partial repeal to IRA credits.

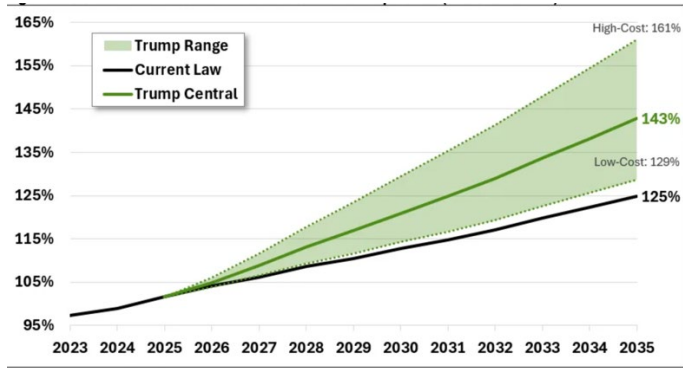
GDP Growth

Historically demand in energy has been linked closely to U.S. GDP, but we expect that linkage to diverge as the U.S. transitions into more of a service-based economy. Commercial revenues will be driven by increases in GDP, with a current makeup of about 22% of total revenues, we expect that by 2033 it will be 16% of total revenues. It is important to note that we expect all other lines of business to be independent of GDP growth considering this decoupling trend.¹⁸

Interest Rates

Interest rates are important in obtaining financing for projects. We expect a higher for longer interest rate environment. Plans from the incoming Trump administration are projected to increase U.S. debt deficit by \$7.5 trillion.²⁴ CRFB Data shows that debt as a percent

of GDP is likely to rise to an overwhelming 145% by 2035.



Source: Committee for a Responsible Federal Budget based on Congressional Budget Office baseline.

Because of this we expect interest rates to remain where they are across the forecasted horizon to keep inflation at bay. Because of this we expect NEE to strengthen its balance sheet and pursue a safer capital structure.

Demand for Renewables

We expect U.S. renewable energy demand to grow at 3.1% annually. This expectation comes from the Energy Information Administration. Other sources have outsized projections of demand because of data center demand. We believe that higher interest rates, increased material costs, and slowed policy headwinds will lead more companies favor fossil fuels to quickly serve growing demand.

Valuation Discussion

DCF & Economic Profit Analysis

We believe our DCF and EP models yield the most accurate target price at about \$83. Our price is largely reliant on bullish capacity factor increases, with everything else remaining quite modest, even bearish relative to other sources.

Revenue Assumptions

Revenues for each segment are based off 5 main assumptions, each estimate is explained, then put into context in the discussion below:

1. **Inflation:** We anticipate that inflation will remain at 2.4% over the long term, slightly above the Federal Reserve's target of 2%. Historically, from 1914 to 2024, the average inflation rate has been 3.3%.³¹ We opted for a forecast between the historical average and the Fed's target, recognizing that the Fed is likely to tolerate a modestly higher inflation rate to avoid the negative consequences of a slowing economy. This approach balances the risk of

underperformance while keeping inflation near the target.

2. **Real GDP growth:** We have taken Deloitte year by year forecasts through 2028, then straight lined 2.5% growth. While long term historical averages suggest 3.2%³⁰, we agree with Deloitte's more conservative estimate due to geopolitical factors.
3. **Housing starts:** We used projections from the Congressional Budget Office as our housing start forecasts. Forecasts range from 1.33M to 1.87M.
4. **Energy demand:** We have specifically focused on demand for renewables, which will grow 3.1% annually.³³ Overall energy demand will grow much more rapidly, but as discussed, we believe fossil fuels will remain a leader in supply.
5. **Capacity factor:** We have leveraged Lazard LCOE reports to arrive at capacity factor forecasts. Our model shows solar energy increasing from 23% to 68%, and wind from 33% to 55%.¹⁷

Firstly, all revenue per accounts and revenue per MW of energy sold are determined by 2023 calculations, which grow with inflation going forward.

The residential side of FPL is driven by housing starts. FPL has grown their percent share of accumulated housing starts to .26% in 2023. We calculated the number of accumulated housing starts, and straight lined their percent share. While they have grown their percent share considerably throughout the historical period, we straight lined percent share because there is no promise that the southeast will remain as popular a region to live in, resulting in less aggressive growth.

The commercial side of FPL is driven by real GDP growth. This makes sense considering if GDP has grown there is likely more businesses or services that utilize energy. We expect the number of accounts as a percent of GDP to remain at its historical average of .003%.

The big picture view of our NEER revenue forecast is:

1. Total U.S installed capacity will grow in line with demand (3.1%)
2. NEER currently operates 8% of total U.S. capacity, we expect them to increase to 10%. (makes sense because of capex)
3. You cannot sell 100% of your total capacity, so our capacity factor is used as a proxy to arrive at number of MW sold

4. The price energy is sold at will grow with inflation

Our rating heavily relies upon the increase of capacity factor. It increases revenues and enables a sustained competitive advantage. The capacity factor is our proxy for the percentage of total installed capacity that is generated and able to be sold.

The increase in wind's capacity factor is Lazard's estimate of 55%, which we consider reasonable. The solar projections are generous. We took Lazard's estimate of 34% in 2019 and doubled it to 68%. Notably, NextEra Energy is a global leader in battery storage technologies²¹, and if it maintains this position, as supported by our aggressive capital expenditure projections, it's plausible that their solar efficiency will surpass general industry expectations. Additionally, solar efficiency may improve more significantly than wind due to factors such as the relative ease of energy storage²⁵ and a lower risk of energy loss due to transmission distances. Lazard's estimates also only consider strictly panel and turbine technology. In reality, there are many additional factors that will also affect our proxy. Since their buildout is designed to meet peak demand, they will not always sell everything they have. This strategic overbuild allows for room to grow into current capacity when demand increases.

While the technical definitions of capacity factor can vary, and management does not provide detailed efficiency data—making forecasts challenging—the key point is that we anticipate continuous improvements in these factors. We project an increase by 2.5% per year on average. This essentially says that if NEE had 100 MW of installed capacity and a 50% factor in 2023 they sold 50 MW. In order to sell 52.5MW in 2024, they do not necessarily need to add 5 more MW of capacity. Factors like underutilized energy, favorable weather, and smarter site selection can all contribute to higher sales, even without expanding total capacity. While we do not expect panel technology alone to increase from 23% to 68%, we believe that multiple factors—such as technological advancements, location optimization, and storage capabilities—can drive higher sales, which our forecast captures through increased capacity factors.

This approach aligns with the broader narrative of improving returns on invested capital through greater asset efficiency. The high barriers to entry—particularly the limited availability of land—further enhance the competitive advantage of companies like NEE.

Finally, capacity factors vary by energy source, so the energy mix is a key consideration. Management has provided firm guidance for a 20 GW solar capacity buildout, and we project that any remaining capacity needs will be met by wind energy.

Capital Expenditure Assumptions

Our capital expenditure forecast provides a comprehensive estimate of the costs associated with expanding installed capacity, enhancing transmission infrastructure, and implementing technological advancements necessary to achieve capacity factor expectations. For capacity growth, we relied on management guidance for solar investment costs and American Action Forum cost estimates for wind projects. We allocated these costs evenly across the forecast horizon, accounting for potential supply chain disruptions that we expect to result in higher for longer costs. Although we do expect costs to decline moderately, we expect any realized savings from reduced capital costs to be redirected toward technological advancements, further supporting long-term capacity factor improvements.

CapEx related to transmission capacity follows management's projections through 2028, after which we applied an inflationary growth rate. Management's forecasts already reflect relatively high expenditures compared to historical trends, suggesting that required CapEx for these initiatives is sufficiently incorporated. This assumption supports our conservative approach, and we expect growing capex at the rate of inflation from an already elevated baseline accounts for the cost of capacity factor improvements as well. Historically they have averaged under \$14,000M in CapEx and we forecast that they will average about \$15,500M over the forecasted horizon.

WACC and Capital Structure

We have forecasted a WACC of about 5.5%. Our cost of equity is 6.25%, stemming from a 4.4% risk free rate (10-year yield), a .34 beta (Bloomberg), and a 5.2% equity risk premium (geometric average of 10-year treasury from 1928 to 2020). Our post tax cost of debt is about 4%. Because we have forecasted decreasing capital intensity due to increased capacity factors to meet demand, we forecast our total debt to decline. We have forecasted the Debt-to-Equity ratio to decline from 2 to about 1.76.

Relative Valuation

Estimated Range: \$60-\$68

Due to NextEra Energy's unique mix of operations, we do not feel there are any true comparable companies. We therefore do not put much emphasis on our relative valuation. We are right to say that there are no good companies to compare to because historically good

comps have all sold their renewable generation businesses, such as Duke. With that being said, the little weight we do put on relatives, is put in the 2025 P/E ratio; \$60, and 2025 PEG ratio; \$68. Our relative valuation range of \$60-\$68 indicates that NEE is currently overvalued.

Dividend Discount Model

Estimate: \$134

Our dividend discount model alludes to NEE being extremely undervalued. We don't put much weight on this model considering its' changing operations mix. It makes sense that a pure utility company would have a high payout ratio, but as NEE grows dividends as a percent of net income could decrease.

Sensitivity Analysis:

Operating Variables:

Our model is most sensitive to the capacity factor of each. We have bullish expectations so it will be important to watch how NEE grows into these factors closely.

Proportion of Solar vs. Wind Capacity Factor

		Target Proportion of Solar							
		82.74	35.45%	40.45%	45.45%	50.45%	55.45%	60.45%	65.45%
Terminal Wind Capacity Factor	40.00%	66.14	67.68	69.22	70.77	72.31	73.85	75.40	
	45.00%	71.24	72.41	73.58	74.76	75.93	77.10	78.28	
	50.00%	76.34	77.14	77.95	78.75	79.55	80.35	81.16	
	55.00%	81.45	81.88	82.31	82.74	83.17	83.60	84.03	
	60.00%	86.55	86.61	86.67	86.73	86.79	86.85	86.91	
	65.00%	91.65	91.34	91.03	90.72	90.41	90.10	89.79	
	70.00%	96.76	96.08	95.39	94.71	94.03	93.35	92.67	

The 50% mix is a function of management guidance of 20 GW built and our total installed capacity growth. We realize that this can change so we have built that into our model. The mix is not as material of a difference as other variables. This is because we have modeled the costs and capacity factors to reach similar values for wind and solar. Any relative difference in cost of capacity factor going forward will have immense effects. You can tell because as you increase the capacity factor of wind, the stock price goes down with a larger proportion of solar capacity. We believe that solar capacity factors have the most room to grow so we are confident that all else held equal, terminal wind capacity will be the main concern. Should the factor grow more conservatively, into 40%, the share price could be as low as \$70.

CV Share of U.S. Installed Renewable Capacity vs. Solar Capacity factor

		NEER CV Capacity Share of Renewables							
		82.74	7.00%	8.00%	9.00%	10.00%	11.00%	12.00%	13.00%
Solar Capacity Factor	38.00%	53.87	55.83	57.79	59.74	61.70	63.65	65.61	
	48.00%	59.32	62.01	64.71	67.41	70.11	72.80	75.50	
	58.00%	64.76	68.20	71.64	75.07	78.51	81.95	85.39	
	68.00%	70.20	74.38	78.56	82.74	86.92	91.10	95.28	
	73.00%	72.93	77.47	82.02	86.57	91.12	95.67	100.22	
	78.00%	75.65	80.57	85.49	90.41	95.33	100.25	105.17	
	83.00%	78.37	83.66	88.95	94.24	99.53	104.82	110.11	

Not surprisingly, the solar capacity factor is just as important as the wind capacity factor in determining price. The share of total installed capacity has material effects as well. They are at 8% currently. Should demand grow faster than we anticipate, NEE may not be able to outpace other companies CapEx which would result in them losing their market leading status.

Structural Variables:

Pre-Tax Cost of Debt vs Real GDP Growth

		Pre-Tax Cost of Debt							
		82.74	4.42%	4.67%	4.92%	5.17%	5.42%	5.67%	5.92%
GDP Growth (CV Year) - Impacts Commercial Rev	1.00%	89.92	87.30	84.77	82.32	79.94	77.65	75.43	
	1.50%	90.08	87.45	84.91	82.46	80.08	77.79	75.56	
	2.00%	90.23	87.60	85.06	82.60	80.22	77.92	75.69	
	2.50%	90.38	87.74	85.20	82.74	80.36	78.06	75.83	
	3.00%	90.53	87.89	85.35	82.88	80.50	78.19	75.96	
	3.50%	90.68	88.04	85.49	83.02	80.64	78.33	76.09	
	4.00%	90.83	88.19	85.63	83.16	80.78	78.46	76.23	

Pre-tax cost of debt is a major component of the WACC, which will affect our valuation from a fundamental level. NEE has a moderately levered business model with a D/E ratio of 2. A higher cost of debt causes NEE to pay more interest on existing principal amounts, causing margins to decline. GDP growth primarily affects FPL revenues through its commercial segment. It is not incredibly impact to our valuation because of the decoupling of GDP and energy consumption trends. Historically FPL might have thrived in high GDP environments, whereas going forward it will have less of an effect.

Total increase of U.S. Capacity vs Inflation

		Annual US Increase in Renewable Capacity							
		82.74	1.60%	2.10%	2.60%	3.10%	3.60%	4.10%	4.60%
Inflation rate	1.20%	63.86	65.22	66.64	68.11	69.66	71.26	72.94	
	1.60%	68.12	69.63	71.19	72.82	74.52	76.30	78.15	
	2.00%	72.54	74.19	75.91	77.70	79.56	81.51	83.54	
	2.40%	77.12	78.91	80.79	82.74	84.78	86.90	89.12	
	2.80%	81.85	83.80	85.84	87.96	90.17	92.48	94.89	
	3.20%	86.75	88.86	91.06	93.36	95.76	98.26	100.86	
	3.60%	91.81	94.09	96.47	98.95	101.54	104.23	107.05	

Increases in the total U.S. installed capacity impacts NEER's growth prospects since we have forecasted their growth in capacity as a percent of U.S. capacity.

The inflation rate impacts the rates that NEE can charge per MW in every business segment. As inflation increases our valuation becomes more sensitive to changes in capacity. If prices rise faster, the amount they can sell will become a key differentiator. This shows that even if inflation leads to supply chain disruption that slow increases in capacity, the revenues gained will offset the slowdown in investment.

Risk-Free Rate vs CV NOPLAT Growth

		Risk-Free Rate							
		82.74	2.94%	3.44%	3.94%	4.44%	4.94%	5.44%	5.94%
CV Growth of NOPLAT	1.20%	123.39	105.91	91.39	79.13	68.69	59.66	51	
	1.30%	126.10	107.92	92.91	80.28	69.57	60.32	52	
	1.40%	128.98	110.05	94.50	81.48	70.48	61.01	52	
	1.50%	132.05	112.31	96.18	82.74	71.43	61.73	53	
	1.60%	135.33	114.70	97.96	84.07	72.43	62.49	53	
	1.70%	138.85	117.25	99.83	85.46	73.48	63.27	54	
	1.80%	142.62	119.97	101.82	86.93	74.57	64.09	55	

The risk-free rate impacts the WACC and the continuing value growth in NOPLAT has effects in the terminal value of NEE. Considering NEE operates largely in a commodity-based industry we don't expect volatility in NOPLAT growth. We expect the 10-year T bill to remain at its current rate going forward, although the budget deficit rising more than expected could result in an increased rate and lower valuation.

Beta vs Equity Risk Premium

		Beta							
		82.74	0.19	0.24	0.29	0.34	0.39	0.44	0.49
ERP	4.96%	107.67	99.71	92.46	85.32	79.73	74.12	68.93	
	5.06%	107.03	98.98	91.65	84.45	78.82	73.17	67.96	
	5.16%	106.40	98.25	90.86	83.59	77.92	72.24	66.99	
	5.26%	105.77	97.54	90.07	82.74	77.03	71.31	66.04	
	5.36%	105.15	96.82	89.28	81.90	76.15	70.40	65.11	
	5.46%	104.53	96.12	88.51	81.07	75.28	69.50	64.18	
	5.56%	103.92	95.42	87.74	80.25	74.43	68.61	63.27	

Beta has a large effect on valuations, which is concerning. As we project NEER to become a larger component of NEE, the beta could naturally rise. This would cause operations to become riskier, resulting in an increased equity risk premium as well.

Conclusion:

We recommend a HOLD for NextEra Energy. Our rating is derived mainly from a discounted cash flow and economic profit model, with an intrinsic value of \$83. Main drivers to our thesis are economies of scale and a sustained competitive advantage. We expect policy incentives and macro factors to result in slower growth of the total market and allow NEE to continue its presence as the market leader in renewables. We have not recommended a buy because of the highly speculative nature of increasing asset efficiency, which will need to come from innovative technology. We

have built this investment into our capital expenditure assumptions; however, costs could rise.

Important Disclaimer

This report was created by students enrolled in the Security Analysis (6F:112) class at the University of Iowa. The report was originally created to offer an internal investment recommendation for the University of Iowa Krause Fund and its advisory board. The report also provides potential employers and other interested parties an example of the students' skills, knowledge and abilities. Members of the Krause Fund are not registered investment advisors, brokers or officially licensed financial professionals. The investment advice contained in this report does not represent an offer or solicitation to buy or sell any of the securities mentioned. Unless otherwise noted, facts and figures included in this report are from publicly available sources. This report is not a complete compilation of data, and its accuracy is not guaranteed. From time to time, the University of Iowa, its faculty, staff, students, or the Krause Fund may hold a financial interest in the companies mentioned in this report.

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<i>Fiscal Years Ending Dec. 31</i>	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenue by Subsidiary													
FPL	14,102	17,282	18,365	20,713	22,104	23,605	25,190	26,912	28,733	30,462	32,109	33,684	35,199
NEER	3,053	3,720	9,672	10,944	12,402	14,071	15,977	18,150	20,623	23,432	26,618	30,225	34,303
Corp. & Other	(86)	(46)	77	73	69	65	62	59	56	53	50	47	45
Total Revenue	17,069	20,956	28,114	31,730	34,576	37,741	41,229	45,121	49,412	53,947	58,777	63,957	69,547
	-5.2%	22.8%	34.2%	12.9%	9.0%	9.2%	9.2%	9.4%	9.5%	9.2%	9.0%	8.8%	8.7%
Subsidiary Growth Rates													
FPL	8.0%	22.5%	6.3%	12.8%	6.7%	6.8%	6.7%	6.8%	6.8%	6.0%	5.4%	4.9%	4.5%
NEER	-39.5%	21.8%	160.0%	13.1%	13.3%	13.5%	13.5%	13.6%	13.6%	13.6%	13.6%	13.6%	13.5%
Corp & other	-21.1%	-46.5%	-267.4%	-5.3%	-5.3%	-5.3%	-5.3%	-5.3%	-5.3%	-5.3%	-5.3%	-5.3%	-5.3%
FPL													
Residential	7,756	9,332	10,468	11,531	12,655	13,845	15,104	16,435	17,844	19,139	20,328	21,421	22,425
# of Accounts	5,073	5,162	5,251	5,784	6,348	6,945	7,576	8,244	8,951	9,600	10,197	10,745	11,249
Rev/Account	1.53	1.81	1.99	1.99	1.99	1.99	1.99	1.99	1.99	1.99	1.99	1.99	1.99
Housing Starts	1.60	1.55	1.41	1.41	1.49	1.58	1.67	1.77	1.87	1.72	1.58	1.45	1.33
Accumulated starts	10.93	12.48	13.89	15.30	16.79	18.37	20.04	21.80	23.67	25.39	26.97	28.42	29.75
% of Accumulated starts	0.22%	0.24%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%
Commercial	4,513	5,530	6,060	7,370	7,660	7,993	8,340	8,751	9,182	9,635	10,110	10,608	11,134
# of Accounts	627	638	649	771	782	797	812	832	853	874	896	918	941
Rev/Account	7.20	8.67	9.34	9.56	9.79	10.03	10.27	10.51	10.77	11.02	11.29	11.56	11.84
# of Accounts as % of GDP	0.003%	0.002%	0.002%	0.003%	0.003%	0.003%	0.003%	0.003%	0.003%	0.003%	0.003%	0.003%	0.003%
GDP	23,594,030	25,744,110	27,360,940	28,099,685	28,521,181	29,063,083	29,615,282	30,346,779	31,096,345	31,864,424	32,651,476	33,457,967	34,294,416
Forecasted Growth (Deloitte Base Case)				2.7%	1.5%	1.9%	1.9%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Wholesale	423	691	551	560	570	580	590	600	611	621	632	643	654
% Wholesale growth	8.0%	63.4%	-20.3%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Other	1,410	1,728	1,286	1,252	1,219	1,187	1,156	1,126	1,096	1,067	1,039	1,012	986
% Other Growth	54.3%	22.5%	-25.6%	-2.6%	-2.6%	-2.6%	-2.6%	-2.6%	-2.6%	-2.6%	-2.6%	-2.6%	-2.6%
NEER													
Average \$/MW	0.27	0.29	0.75	0.76	0.78	0.80	0.82	0.84	0.86	0.88	0.90	0.92	0.95
Number of MW Sold													
Wind	18,210	21,445	23,042	23,608	24,132	24,610	25,035	25,402	25,706	25,940	26,097	26,171	26,155
Capacity factor	34.4%	35.9%	33.2%	35.4%	37.6%	39.7%	41.9%	44.1%	46.3%	48.5%	50.6%	52.8%	55.0%
MW Utilized	6,264	7,699	7,650	8,353	9,064	9,780	10,495	11,202	11,897	12,570	13,216	13,824	14,385
Nuclear	2,446	2,486	2,444	2,444	2,444	2,444	2,444	2,444	2,444	2,444	2,444	2,444	2,444
Capacity factor	92.8%	92.7%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%
MW Utilized	2,270	2,305	2,273	2,273	2,273	2,273	2,273	2,273	2,273	2,273	2,273	2,273	2,273
Solar	3,805	4,351	6,633	7,938	9,372	10,945	12,664	14,540	16,582	18,802	21,209	23,815	26,633
Capacity factor	24.4%	24.4%	23.2%	27.7%	32.2%	36.6%	41.1%	45.6%	50.1%	54.6%	59.0%	63.5%	68.0%
MW Utilized	928	1,062	1,539	2,197	3,014	4,010	5,208	6,630	8,305	10,258	12,522	15,127	18,111
Natural gas/Oil	2,718	2,797	2,793	2,793	2,793	2,793	2,793	2,793	2,793	2,793	2,793	2,793	2,793
Capacity factor	60.9%	61.6%	53.8%	53.8%	53.8%	53.8%	53.8%	53.8%	53.8%	53.8%	53.8%	53.8%	53.8%
MW Utilized	1,655	1,723	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503
Total MWh of generation capacity	27,179	31,079	34,912	36,783	38,742	40,791	42,936	45,179	47,525	49,978	52,543	55,224	58,025
Total MWh Utilized	11,118	12,788	12,964	14,325	15,854	17,565	19,477	21,608	23,976	26,604	29,513	32,727	36,271

<i>Fiscal Years Ending Dec. 31</i>	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
OPERATING REVENUES	17,069	20,956	28,114	31,730	34,576	37,741	41,229	45,121	49,412	53,947	58,777	63,957	69,547
OPERATING EXPENSES													
Fuel, purchased power & interchange expenses	4,432	6,292	5,387	8,194	8,929	9,746	10,647	11,652	12,760	13,931	15,179	16,516	17,960
Other operations & maintenance expenses	3,953	4,428	4,681	4,932	5,757	6,284	6,865	7,513	8,227	8,982	9,786	10,649	11,580
Depreciation & amortization expenses	3,924	4,503	5,879	6,086	6,634	6,937	7,285	7,654	8,001	8,354	8,715	9,082	9,458
Taxes other than income taxes and other - net	1,801	2,077	2,265	2,796	3,046	3,325	3,633	3,976	4,354	4,753	5,179	5,635	6,128
Total operating expenses - net	14,233	17,397	18,282	22,079	24,443	26,293	28,514	30,884	33,436	36,119	38,961	41,989	45,235
GAINS ON DISPOSAL OF BUSINESS/ASSETS - NET	77	522	405	-	-	-	-	-	-	-	-	-	-
OPERATING INCOME	2,913	4,081	10,237	9,650	10,132	11,449	12,715	14,237	15,976	17,828	19,817	21,968	24,311
OTHER INCOME (DEDUCTIONS)													
Interest expense	(1,270)	(585)	(3,324)	(2,952)	(3,035)	(3,162)	(3,305)	(3,448)	(3,551)	(3,640)	(3,709)	(3,758)	(3,783)
Equity in earnings (losses) of equity method invest	666	203	(648)	107	107	107	107	107	107	107	107	107	107
Allowance for equity funds used during constructio	142	112	161	117	86	95	100	99	102	106	109	113	116
Gains on disposal of investments & other property	70	80	125	81	84	82	81	85	82	80	82	85	86
Change in unrealized gains (losses) on equity sect	267	(461)	159	-	-	-	-	-	-	-	-	-	-
Other net periodic benefit income	257	202	245	237	243	247	250	245	225	231	235	238	236
Other - net	130	200	333	103	105	107	113	120	129	136	143	147	149
Total other income (deductions) - net	262	(249)	(2,949)	(2,308)	(2,387)	(2,501)	(2,629)	(2,767)	(2,878)	(2,952)	(3,004)	(3,037)	(3,057)
Income (loss) before income taxes	3,175	3,832	7,288	7,342	7,745	8,948	10,086	11,471	13,098	14,876	16,813	18,931	21,255
Income taxes	348	586	1,006	2,296	2,422	2,798	3,154	3,587	4,096	4,652	5,258	5,920	6,647
Net income (loss)	2,827	3,246	6,282	5,046	5,323	6,150	6,932	7,883	9,002	10,224	11,555	13,010	14,608
Net income (loss) attributable to noncontrolling interes	746	901	1,028	1,152	1,267	1,393	1,532	1,684	1,852	2,037	2,240	2,463	2,709
Net income attributable to NextEra Energy, Inc.	3,573	4,147	7,310	6,198	6,589	7,542	8,464	9,568	10,854	12,261	13,795	15,474	17,317
Weighted average shares outstanding - basic	1,963	1,973	2,026	2,028	2,030	2,032	2,035	2,037	2,037	2,038	2,038	2,039	2,039
Net income (loss) per share - basic	1.82	2.10	3.61	3.06	3.25	3.71	4.16	4.70	5.33	6.02	6.77	7.59	8.49
Dividends per Share	1.54	1.70	1.87	1.70	1.79	2.06	2.32	2.64	3.01	3.42	3.87	4.35	4.89

<i>Fiscal Years Ending Dec. 31</i>	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
ASSETS													
Current Assets:													
Cash & cash equivalents	639	1,601	2,690	2,070	2,267	2,485	2,725	2,990	3,282	3,598	3,941	4,314	4,721
Normal Cash	494	606	814	918	1,001	1,092	1,193	1,306	1,430	1,561	1,701	1,851	2,013
Excess Cash	145	995	1,876	1,152	1,267	1,393	1,532	1,684	1,852	2,037	2,240	2,463	2,709
Customer receivables, net	3,378	4,349	3,609	4,272	4,655	5,081	5,551	6,075	6,653	7,263	7,914	8,611	9,364
Other receivables	730	744	944	1,071	1,167	1,274	1,392	1,523	1,668	1,821	1,984	2,159	2,348
Materials, supplies & fossil fuel inventory	1,561	1,934	2,106	2,344	2,554	2,788	3,045	3,333	3,650	3,985	4,342	4,724	5,137
Regulatory assets	1,125	2,165	1,460	1,244	1,356	1,480	1,617	1,769	1,938	2,116	2,305	2,508	2,727
Derivatives	689	1,590	1,730	1,805	1,883	1,965	2,050	2,139	2,232	2,328	2,429	2,535	2,645
Other current assets	1,166	1,107	2,822	1,502	1,637	1,787	1,952	2,136	2,339	2,554	2,782	3,028	3,292
Total current assets	9,288	13,490	15,361	14,308	15,519	16,860	18,331	19,966	21,761	23,665	25,697	27,879	30,234
Other assets:													
Property, plant & equipment - net	99,348	111,059	125,776	137,095	143,363	150,551	158,184	165,356	172,658	180,103	187,700	195,460	203,394
Special use funds	8,922	7,496	8,698	8,907	9,121	9,339	9,564	9,793	10,028	10,269	10,515	10,768	11,026
Investment in equity method investees	6,159	6,582	6,156	6,263	6,370	6,477	6,584	6,691	6,798	6,905	7,012	7,119	7,226
Prepaid benefit costs	2,243	1,832	2,112	2,204	2,299	2,399	2,503	2,611	2,724	2,843	2,966	3,094	3,228
Regulatory assets	4,578	5,992	4,801	5,097	5,555	6,063	6,623	7,249	7,938	8,667	9,443	10,275	11,173
ROU Asset	547	386	396	432	451	474	498	521	544	567	591	615	640
Goodwill	4,844	4,854	5,091	5,091	5,091	5,091	5,091	5,091	5,091	5,091	5,091	5,091	5,091
Derivatives	1,135	1,935	1,790	1,868	1,949	2,033	2,121	2,213	2,309	2,409	2,514	2,623	2,736
Other assets	3,848	5,309	7,308	6,996	7,623	8,321	9,090	9,948	10,894	11,894	12,959	14,101	15,334
Total other assets	131,624	145,445	162,128	173,952	181,822	190,749	200,258	209,473	218,985	228,748	238,791	249,146	259,848
TOTAL ASSETS	140,912	158,935	177,489	188,260	197,341	207,609	218,590	229,438	240,746	252,413	264,488	277,025	290,082
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY													
Current liabilities:													
Commercial paper	1,382	1,709	4,650	5,352	7,230	16,785	14,317	16,739	18,728	20,239	21,222	21,614	21,344
Other short-term debt	700	1,368	255	1,614	1,748	1,896	2,059	2,239	2,438	2,647	2,870	3,108	3,365
Current portion of long-term debt	1,785	6,633	6,901	6,901	8,037	1,874	7,731	7,685	7,685	7,685	7,685	7,685	7,685
Accounts payable	6,935	8,312	8,504	6,919	7,539	8,229	8,990	9,839	10,774	11,763	12,816	13,946	15,165
Customer deposits	485	560	638	854	930	1,015	1,109	1,214	1,329	1,451	1,581	1,721	1,871
Accrued interest & taxes	525	719	970	1,572	1,634	1,785	1,934	2,107	2,290	2,483	2,685	2,898	3,123
Derivatives	1,263	2,102	845	882	920	960	1,001	1,045	1,090	1,137	1,187	1,238	1,292
Accrued construction-related expenditures	1,378	1,760	1,861	1,978	2,064	2,158	2,258	2,358	2,460	2,566	2,675	2,788	2,904
Regulatory liabilities	289	350	340	355	370	386	403	420	439	458	477	498	520
Other current liabilities	2,695	3,182	2,999	3,276	3,570	3,896	4,256	4,658	5,101	5,569	6,068	6,603	7,180
Total current liabilities	17,437	26,695	27,963	29,701	34,042	38,985	44,059	48,304	52,334	55,999	59,267	62,098	64,449
Other liabilities & deferred credits:													
Long-term debt	50,960	55,256	61,405	61,405	61,405	61,405	61,405	61,405	61,405	61,405	61,405	61,405	61,405
Asset retirement obligations	3,082	3,245	3,403	3,063	2,722	2,382	2,042	1,702	1,361	1,021	681	340	-
Deferred income taxes	8,310	9,072	10,142	10,342	10,542	10,741	10,941	11,141	11,341	11,541	11,740	11,940	12,140
Regulatory liabilities	11,273	9,626	10,049	12,920	14,078	15,367	16,787	18,372	20,119	21,966	23,933	26,042	28,318
Operating Leases	555	400	412	443	463	487	511	535	558	582	607	632	658
Derivatives	1,713	2,909	2,741	2,860	2,984	3,113	3,248	3,389	3,536	3,689	3,849	4,016	4,190
Other liabilities & deferred credits	1,913	2,296	2,350	5,634	6,139	6,701	7,321	8,012	8,774	9,579	10,436	11,356	12,349
Total other liabilities & deferred credits	77,806	82,804	90,502	96,666	98,334	100,197	102,255	104,555	107,094	109,783	112,651	115,731	119,059
TOTAL LIABILITIES	95,243	109,499	118,465	126,367	132,376	139,182	146,315	152,859	159,428	165,782	171,918	177,829	183,508
COMMITMENTS AND CONTINGENCIES													
EQUITY													
Common Equity	11,291	12,740	17,386	17,498	17,611	17,723	17,835	17,947	17,971	17,994	18,018	18,042	18,065
Retained earnings (accumulated deficit)	24,044	25,493	30,235	31,840	33,533	35,489	37,694	40,201	43,065	46,317	49,992	54,130	58,776
Accumulated other comprehensive income (loss)	-	(218)	(153)	(153)	(153)	(153)	(153)	(153)	(153)	(153)	(153)	(153)	(153)
Total common shareholders' equity (deficit)	37,202	39,229	47,468	49,185	50,991	53,059	55,376	57,996	60,883	64,158	67,857	72,019	76,689
Noncontrolling interests & VIEs	8,222	9,097	11,556	12,708	13,975	15,367	16,899	18,584	20,436	22,473	24,713	27,176	29,885
TOTAL EQUITY	45,424	48,326	59,024	61,893	64,965	68,426	72,275	76,579	81,319	86,631	92,570	99,195	106,574
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY	140,912	158,935	177,489	188,260	197,341	207,609	218,590	229,438	240,746	252,413	264,488	277,025	290,082

<i>Fiscal Years Ending Dec. 31</i>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CASH FLOWS FROM OPERATING ACTIVITIES											
Net income (loss)	1,908	2,469	2,762	3,005	5,320	5,776	3,388	2,369	2,827	3,246	6,282
Adj. to rec. NI to net cash provided by op. activities											
Depreciation & amortization	2,163	2,551	2,831	3,077	2,357	3,911	4,216	4,052	3,924	4,503	5,879
Nuclear fuel & other amortization	358	345	372	300	272	236	262	263	290	287	272
Impairment charges	300	11	2	-	446	11	72	-	-	-	-
Unrealized losses (gains) on marked to market derivative contracts - net	(10)	(411)	(337)	(44)	436	54	(108)	533	2,005	1,378	(2,108)
Unrealized losses (gains) on equity securities	-	-	-	-	-	-	-	-	-	461	-
Foreign currency transaction losses (gains)	-	-	-	13	(25)	16	17	45	(94)	(104)	-
Deferred income taxes	853	1,205	1,162	1,230	(875)	1,463	258	(78)	436	534	708
Cost recovery clauses & franchise fees	(166)	(67)	176	94	82	(225)	155	(121)	(599)	(1,465)	1,104
Equity in losses (earnings) of equity method investees	(98)	(220)	(216)	(309)	(460)	(358)	(66)	1,351	(666)	(203)	648
Distributions of losses (earnings) from equity method investees		-	-	-	-	328	438	456	526	541	712
Losses (gains) on disposal of businesses, assets & investments - net		-	-	(490)	(1,225)	(191)	(461)	(403)	(146)	(602)	(530)
Recoverable storm-related costs		-	-	(223)	(108)	-	(180)	(69)	(138)	(811)	(399)
Other adjustments - net	77	155	(544)	(94)	(153)	(3,823)	(213)	189	(326)	85	(282)
Changes in working capital:											
Current assets	(341)	(172)	73	(120)	(353)	(631)	123	(364)	(1,267)	(1,340)	-
Noncurrent assets	8	(220)	(106)	(67)	(60)	(220)	(93)	(234)	(324)	(89)	58
Current liabilities	159	(134)	64	(24)	766	163	116	(6)	1,053	1,702	66
Noncurrent liabilities	(109)	(12)	(123)	(12)	(7)	83	231	-	52	139	(1,109)
Net cash provided by operating activities	5,102	5,500	6,116	6,336	6,413	6,593	8,155	7,983	7,553	8,262	11,301
CASH FLOWS FROM INVESTING ACTIVITIES											
Capital expenditures of FPL	(2,691)	(3,067)	(3,428)	(3,776)	(5,174)	(5,012)	(10,725)	(7,489)	(7,408)	(9,067)	(9,302)
Independent power & other investments of NEER	(3,454)	(3,514)	(4,505)	(5,396)	(5,295)	(6,994)	(6,385)	(6,851)	(8,247)	(9,541)	(15,565)
Nuclear fuel purchases	(371)	(287)	(361)	(283)	(197)	(267)	(315)	(245)	(275)	(223)	(185)
Other capital expenditures	(166)	(149)	(83)	(181)	(74)	(731)	(37)	(25)	(147)	(452)	(61)
Sale of independent power investments	165	307	52	658	178	1,617	1,163	1,012	2,761	1,564	2,807
Proceeds from sale/maturity of securities in special use funds	4,405	4,964	4,859	4,111	4,739	3,413	4,008	3,916	4,995	3,857	4,875
Purchases of securities in special use funds & other investments	(4,470)	(4,329)	(4,637)	(3,184)	(3,244)	(3,733)	(4,160)	(4,100)	(5,310)	(4,586)	(5,926)
Other investing activities - net	66	(286)	98	(59)	149	757	274	83	40	89	(110)
Net cash used in investing activities	(6,123)	(6,361)	(8,005)	(8,110)	(8,918)	(10,950)	(16,177)	(13,699)	(13,591)	(18,359)	(23,467)
CASH FLOWS FROM FINANCING ACTIVITIES											
Issuances of long-term debt, including premiums & discounts	4,371	5,054	5,772	5,657	8,354	4,399	13,919	12,404	16,683	13,856	13,857
Retirements of long-term debt	(2,396)	(4,750)	(3,972)	(3,310)	(6,780)	(3,102)	(5,492)	(6,103)	(9,594)	(4,525)	(7,978)
Proceeds from differential membership investors	385	907	669	1,737	1,414	1,841	1,604	3,522	2,779	4,158	-
Net change in commercial paper	(720)	451	(768)	(106)	1,419	1,062	(234)	(965)	(169)	327	2,941
Proceeds from other short-term debt	-	-	1,225	500	450	5,665	200	2,158	-	1,755	(1,400)
Repayments of other short-term debt	-	-	(813)	(662)	(2)	(455)	(4,765)	(2,100)	(257)	(1,125)	1,980
Cash sweep and credit swap agreements	-	-	-	-	-	(21)	(54)	(2)	47	240	-
Issuances of common stock or equity units - net	842	633	1,298	537	55	718	1,494	(92)	14	1,460	4,514
Proceeds from sale of noncontrolling interests	-	-	-	-	-	-	-	501	65	-	-
Dividends on common stock	(1,122)	(1,261)	(1,385)	(1,612)	(1,845)	(2,101)	(2,408)	(2,743)	(3,024)	(3,352)	(3,782)
Other financing activities - net	(230)	(34)	(143)	(246)	(132)	(372)	(391)	(406)	(737)	(565)	2,017
Net cash provided by financing activities	1,130	1,000	1,883	2,495	2,933	7,634	3,873	6,174	5,807	12,229	12,149
Effects of currency translation on cash, cash equivalents & restricted cash		-	-	-	26	(7)	4	(20)	1	(7)	(4)
Net increase (decrease) in cash, cash equivalents & restricted cash	109	139	(6)	721	454	3,270	(4,145)	438	(230)	2,125	(21)
Cash, cash equivalents & restricted cash at beginning of year		438	577	571	1,529	1,983	5,253	1,108	1,546	1,316	3,441
Cash, cash equivalents & restricted cash at end of year		577	571	1,292	1,983	5,253	1,108	1,546	1,316	3,441	3,420

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Net Income	5,046	5,323	6,150	6,932	7,883	9,002	10,224	11,555	13,010	14,608
Depreciation & Amortization	6,086	6,634	6,937	7,285	7,654	8,001	8,354	8,715	9,082	9,458
Deferred Income Taxes	200	200	200	200	200	200	200	200	200	200
ROU Asset	(36)	(20)	(23)	(24)	(23)	(23)	(23)	(24)	(24)	(25)
Operating Leases	31	20	23	25	23	24	24	25	25	26
Working Capital Changes:										
<i>Customer receivables, net</i>	(663)	(383)	(426)	(470)	(524)	(578)	(611)	(650)	(697)	(753)
<i>Other receivables</i>	(127)	(96)	(107)	(118)	(131)	(145)	(153)	(163)	(175)	(189)
<i>Materials, supplies & fossil fuel inventory</i>	(238)	(210)	(234)	(258)	(288)	(317)	(335)	(357)	(383)	(413)
<i>Regulatory assets</i>	216	(112)	(124)	(137)	(153)	(168)	(178)	(189)	(203)	(219)
<i>Other current assets</i>	1,320	(135)	(150)	(165)	(184)	(203)	(215)	(229)	(245)	(265)
<i>Accounts payable</i>	(1,585)	621	690	760	849	936	989	1,053	1,129	1,219
<i>Customer deposits</i>	216	77	85	94	105	115	122	130	139	150
<i>Accrued interest & taxes</i>	602	63	151	149	173	183	193	202	213	225
<i>Accrued construction-related expenditures</i>	117	86	95	100	99	102	106	109	113	116
<i>Regulatory liabilities</i>	15	15	16	17	17	18	19	20	21	22
<i>Other current liabilities</i>	277	294	327	360	402	443	468	499	535	577
Net cash provided by operating activities	11,475	12,376	13,610	14,750	16,103	17,591	19,184	20,895	22,740	24,738
Cash Flows from Investing Activities:										
Capital Expenditures	(17,405)	(12,902)	(14,125)	(14,918)	(14,825)	(15,304)	(15,799)	(16,312)	(16,842)	(17,391)
Change in Derivatives:										
<i>Current Asset Derivatives</i>	(75)	(78)	(82)	(85)	(89)	(93)	(97)	(101)	(105)	(110)
<i>LT Asset Derivatives</i>	(78)	(81)	(84)	(88)	(92)	(96)	(100)	(104)	(109)	(114)
<i>Current Liability Derivatives</i>	37	38	40	42	43	45	47	49	51	54
<i>LT Liability Derivatives</i>	119	124	129	135	141	147	153	160	167	174
Special Use Funds	(209)	(214)	(219)	(224)	(230)	(235)	(241)	(246)	(252)	(258)
Prepaid Expenses	(92)	(96)	(100)	(104)	(108)	(113)	(118)	(123)	(129)	(134)
Asset Retirement Obligations	(340)	(340)	(340)	(340)	(340)	(340)	(340)	(340)	(340)	(340)
Long Term Reg Assets	(296)	(457)	(509)	(560)	(625)	(689)	(729)	(776)	(832)	(898)
Long Term Reg Liabilities	2,871	1,159	1,289	1,420	1,585	1,747	1,847	1,967	2,109	2,276
Long Term Other Assets	312	(627)	(698)	(769)	(858)	(946)	(1,000)	(1,065)	(1,142)	(1,232)
Long Term Other Liabilities	3,284	505	562	619	691	762	805	858	920	993
Investments in other companies	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)
Net cash Used in Investing Activities	(11,979)	(13,076)	(14,243)	(14,980)	(14,815)	(15,222)	(15,678)	(16,142)	(16,612)	(17,089)
Cash Flows from Financing Activities:										
Current Portion of LT Debt	-	1,136	(6,163)	5,857	(46)	-	-	-	-	-
Proceeds/Paydown of LT Debt	-	-	-	-	-	-	-	-	-	-
Commercial Paper Draw (Paydown)	702	1,878	9,555	(2,467)	2,422	1,988	1,512	983	392	(270)
Other Short Term Debt	1,359	134	148	163	181	198	209	223	239	257
Proceeds from stock issuance	112	112	112	112	112	24	24	24	24	24
Change in NCI	1,152	1,267	1,393	1,532	1,684	1,852	2,037	2,240	2,463	2,709
Payments for dividends	(3,441)	(3,630)	(4,194)	(4,727)	(5,376)	(6,139)	(6,972)	(7,880)	(8,872)	(9,961)
Net Cash Provided by (used in) financing activities	(116)	897	852	469	(1,023)	(2,076)	(3,190)	(4,410)	(5,755)	(7,242)
Net Increase (Decrease) in Cash	(620)	197	218	240	265	292	316	343	373	407
Beginning Cash Balance	2,690	2,070	2,267	2,485	2,725	2,990	3,282	3,598	3,941	4,314
Ending Cash Balance	2,070	2,267	2,485	2,725	2,990	3,282	3,598	3,941	4,314	4,721

<i>Fiscal Years Ending Dec. 31</i>	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
OPERATING REVENUES	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
OPERATING EXPENSES													
Fuel, purchased power & interchange expenses	25.97%	30.03%	19.16%	25.82%	25.82%	25.82%	25.82%	25.82%	25.82%	25.82%	25.82%	25.82%	25.82%
Other operations & maintenance expenses	23.16%	21.13%	16.65%	16.65%	16.65%	16.65%	16.65%	16.65%	16.65%	16.65%	16.65%	16.65%	16.65%
Depreciation & amortization expenses	22.99%	21.49%	20.91%	19.18%	19.19%	18.38%	17.67%	16.96%	16.19%	15.49%	14.83%	14.20%	13.60%
Taxes other than income taxes and other - net	10.55%	9.91%	8.06%	8.81%	8.81%	8.81%	8.81%	8.81%	8.81%	8.81%	8.81%	8.81%	8.81%
Total operating expenses - net	83.39%	83.02%	65.03%	69.59%	70.70%	69.67%	69.16%	68.45%	67.67%	66.95%	66.28%	65.65%	65.04%
GAINS ON DISPOSAL OF BUSINESS/ASSETS - NET	0.45%	2.49%	1.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATING INCOME	17.07%	19.47%	36.41%	30.41%	29.30%	30.33%	30.84%	31.55%	32.33%	33.05%	33.72%	34.35%	34.96%
OTHER INCOME (DEDUCTIONS)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest expense	-7.44%	-2.79%	-11.82%	-9.30%	-8.78%	-8.38%	-8.02%	-7.64%	-7.19%	-6.75%	-6.31%	-5.88%	-5.44%
Equity in earnings (losses) of equity method investees	3.90%	0.97%	-2.30%	0.34%	0.31%	0.28%	0.26%	0.24%	0.22%	0.20%	0.18%	0.17%	0.15%
Allowance for equity funds used during construction	0.83%	0.53%	0.57%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Gains on disposal of investments & other property - net	0.41%	0.38%	0.44%	0.26%	0.24%	0.22%	0.20%	0.19%	0.17%	0.15%	0.14%	0.13%	0.12%
Change in unrealized gains (losses) - equity securities	1.56%	-2.20%	0.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other net periodic benefit income	1.51%	0.96%	0.87%	0.75%	0.70%	0.66%	0.61%	0.54%	0.46%	0.43%	0.40%	0.37%	0.34%
Other - net	0.76%	0.95%	1.18%	0.32%	0.30%	0.28%	0.28%	0.27%	0.26%	0.25%	0.24%	0.23%	0.21%
Total other income (deductions) - net	1.53%	-1.19%	-10.49%	-7.27%	-6.91%	-6.63%	-6.38%	-6.13%	-5.83%	-5.47%	-5.11%	-4.75%	-4.40%
Income (loss) before income taxes	18.60%	18.29%	25.92%	23.14%	22.40%	23.71%	24.46%	25.42%	26.51%	27.58%	28.60%	29.60%	30.56%
Income taxes	2.04%	2.80%	3.58%	7.24%	7.01%	7.41%	7.65%	7.95%	8.29%	8.62%	8.95%	9.26%	9.56%
Net income (loss)	16.56%	15.49%	22.34%	15.90%	15.39%	16.29%	16.81%	17.47%	18.22%	18.95%	19.66%	20.34%	21.00%
Net income (loss) attributable to noncontrolling interests	4.37%	4.30%	3.66%	3.63%	3.66%	3.69%	3.72%	3.73%	3.75%	3.78%	3.81%	3.85%	3.90%

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
NOPLAT:													
OPERATING REVENUES	17,069	20,956	28,114	31,730	34,576	37,741	41,229	45,121	49,412	53,947	58,777	63,957	69,547
OPERATING EXPENSES													
Fuel, purchased power & interchange expenses	4,432	6,292	5,387	8,194	8,929	9,746	10,647	11,652	12,760	13,931	15,179	16,516	17,960
Other operations & maintenance expenses	3,953	4,428	4,681	4,932	5,757	6,284	6,865	7,513	8,227	8,982	9,786	10,649	11,580
Depreciation & amortization expenses	3,924	4,503	5,879	6,086	6,634	6,937	7,285	7,654	8,001	8,354	8,715	9,082	9,458
Taxes other than income taxes	1,801	2,077	2,265	2,796	3,046	3,325	3,633	3,976	4,354	4,753	5,179	5,635	6,128
Implied Interest Expense on ROU Asset	28	28	20	20	22	23	25	26	27	28	29	31	32
Total operating expenses - net	14,138	17,328	18,232	22,028	24,388	26,316	28,454	30,820	33,369	36,050	38,888	41,913	45,157
EBITA	2,931	3,628	9,882	9,702	10,187	11,425	12,775	14,301	16,043	17,898	19,889	22,043	24,390
Less: Adjusted Taxes													
Income Tax Expense	348	586	1,006	2,296	2,422	2,798	3,154	3,587	4,096	4,652	5,258	5,920	6,647
Tax shield on interest expense	328	199	774	923	949	989	1,034	1,078	1,111	1,138	1,160	1,175	1,183
Tax on interest or investment income	(172)	(69)	151	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(33)
Tax on any non-operating income	(118)	(164)	(164)	(132)	(135)	(137)	(139)	(141)	(137)	(140)	(144)	(147)	(147)
Tax shield on any non-operating losses	69	(157)	37	-	-	-	-	-	-	-	-	-	-
Tax on Operating Liability Expense	30	30	22	23	24	-	27	28	29	30	32	33	35
Tax on ROU Expense	9	9	6	6	7	7	8	8	8	9	9	10	10
Total adjusted taxes	493	434	1,833	3,083	3,234	3,624	4,049	4,527	5,074	5,657	6,282	6,958	7,694
Plus: Change in Deferred Taxes	436	534	708	200	200	200	200	200	200	200	200	200	200
NOPLAT	2,874	3,727	8,757	6,818	7,153	8,001	8,926	9,973	11,168	12,441	13,807	15,286	16,896
Invested Capital (IC):													
NET OPERATING WORKING CAPITAL													
Operating Current Assets													
Normal Cash	494	606	814	918	1,001	1,092	1,193	1,306	1,430	1,561	1,701	1,851	2,013
Customer receivables, net	3,378	4,349	3,609	4,272	4,655	5,081	5,551	6,075	6,653	7,263	7,914	8,611	9,364
Other receivables	730	744	944	1,071	1,167	1,274	1,392	1,523	1,668	1,821	1,984	2,159	2,348
Materials, supplies & fossil fuel inventory	1,561	1,934	2,106	2,344	2,554	2,788	3,045	3,333	3,650	3,985	4,342	4,724	5,137
Regulatory assets	1,125	2,165	1,460	1,244	1,356	1,480	1,617	1,769	1,938	2,116	2,305	2,508	2,727
ROU Asset	547	386	396	432	451	474	498	521	544	567	591	615	640
Total Operating Current Assets	7,835	10,184	9,329	10,281	11,184	12,189	13,296	14,527	15,882	17,313	18,836	20,468	22,228
Less: Non Interest-Bearing Current Liabilities (CL):													
Accounts payable	6,935	8,312	8,504	6,919	7,539	8,229	8,990	9,839	10,774	11,763	12,816	13,946	15,165
Accrued construction-related expenditures	1,378	1,760	1,861	1,978	2,064	2,158	2,258	2,358	2,460	2,566	2,675	2,788	2,904
Regulatory liabilities	289	350	340	355	370	386	403	420	439	458	477	498	520
Customer Deposits	485	560	638	854	930	1,015	1,109	1,214	1,329	1,451	1,581	1,721	1,871
Other current liabilities	2,695	3,182	2,999	3,276	3,570	3,896	4,256	4,658	5,101	5,569	6,068	6,603	7,180
Total Non Interest-Bearing CL	11,782	14,164	14,342	13,380	14,473	15,686	17,017	18,489	20,104	21,808	23,618	25,555	27,640
Plus: Net Property, Plant, & Equipment	99,348	111,059	125,776	137,095	143,363	150,551	158,184	165,356	172,658	180,103	187,700	195,460	203,394
Plus: Net Other Operating Assets													
Special use funds	8,922	7,496	8,698	8,907	9,121	9,339	9,564	9,793	10,028	10,269	10,515	10,768	11,026
Regulatory assets LT	4,578	5,992	4,801	5,097	5,555	6,063	6,623	7,249	7,938	8,667	9,443	10,275	11,173
Other assets	3,848	5,309	7,308	6,996	7,623	8,321	9,090	9,948	10,894	11,894	12,959	14,101	15,334
Total Net OOA	17,348	18,797	20,807	21,000	22,298	23,724	25,277	26,990	28,861	30,830	32,917	35,144	37,532
Less: Other Operating Liabilities													
Regulatory liabilities	11,273	9,626	10,049	12,920	14,078	15,367	16,787	18,372	20,119	21,966	23,933	26,042	28,318
Other liabilities & deferred credits	1,913	2,296	2,350	5,634	6,139	6,701	7,321	8,012	8,774	9,579	10,436	11,356	12,349
Accrued Interest & Taxes	525	719	970	1,572	1,634	1,785	1,934	2,107	2,290	2,483	2,685	2,898	3,123
Total OOL	13,711	12,641	13,369	20,125	21,852	23,853	26,042	28,491	31,183	34,028	37,054	40,296	43,790
Invested Capital	99,038	113,235	128,201	134,870	140,521	146,925	153,699	159,893	166,114	172,411	178,781	185,221	191,725
Free Cash Flow (FCF):													
NOPLAT	2,874	3,727	8,757	6,818	7,153	8,001	8,926	9,973	11,168	12,441	13,807	15,286	16,896
Change in IC	8,184	14,197	14,965	6,670	5,650	6,404	6,773	6,194	6,221	6,297	6,370	6,440	6,504
FCF	(5,311)	(10,470)	(6,208)	148	1,503	1,596	2,152	3,779	4,947	6,144	7,437	8,846	10,392
Return on Invested Capital (ROIC):													
NOPLAT	2874	3727	8757	6818	7153	8001	8926	9973	11168	12441	13807	15286	16896
Beginning IC	90,854	99,038	113,235	128,201	134,870	140,521	146,925	153,699	159,893	166,114	172,411	178,781	185,221
ROIC	3.16%	3.76%	7.73%	5.32%	5.30%	5.69%	6.07%	6.49%	6.98%	7.49%	8.01%	8.55%	9.12%
Economic Profit (EP):													
Beginning IC	90,854	99,038	113,235	128,201	134,870	140,521	146,925	153,699	159,893	166,114	172,411	178,781	185,221
x (ROIC - WACC)	-2.36%	-1.76%	2.21%	-0.20%	-0.21%	0.17%	0.56%	0.97%	1.47%	1.97%	2.49%	3.03%	3.60%
EP	(2,140)	(1,738)	2,508	(257)	(290)	246	817	1,491	2,344	3,274	4,293	5,419	6,674

Cost of Equity:

Risk-Free Rate	4.44%
Beta	0.34
Equity Risk Premium	5.26%
Cost of Equity	6.25%

Cost of Debt:

Risk-Free Rate	4.44%
Implied Default Premium	0.73%
Pre-Tax Cost of Debt	5.17%
Marginal Tax Rate	22%
After-Tax Cost of Debt	4.03%

Market Value of Common Equity:

Total Shares Outstanding	2,053
Current Stock Price	\$76.22
MV of Equity	156,442

MV Weights

67.01%

Market Value of Debt:

Short-Term Debt	4,905
Current Portion of LTD	6,901
Long-Term Debt	64,808
PV of Lease Obligations	412
MV of Total Debt	77,026

32.99%

Market Value of the Firm

233,467.55

100.00%

Estimated WACC

5.52%

Key Inputs:

CV Growth of NOPLAT	1.50%
CV Year ROIC	9.12%
WACC	5.52%
Cost of Equity	6.25%

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
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DCF Model:

Free Cash Flow (FCF)	148	1,503	1,596	2,152	3,779	4,947	6,144	7,437	8,846	10,392
Continuing Value (CV)										351,297
PV of FCF	141	1,350	1,359	1,736	2,889	3,584	4,219	4,839	5,455	216,625

Value of Operating Assets:	242,196
Non-Operating Adjustments	
Excess Cash	1,876
Investment in equity method invest	6,156
Prepaid benefit costs	2,112
Net Derivatives	(66)
Non-Controlling Interests	(11,556)
Total Debt:	(77,026)
PV of leases	(412)
ESOP	(303)
Value of Equity	162,977
Shares Outstanding	2,026
Intrinsic Value of Last FYE	80.44
Implied Price as of Today	82.74

EP Model:

Economic Profit (EP)	(257)	(290)	246	817	1,491	2,344	3,274	4,293	5,419	6,674
Continuing Value (CV)										166,076
PV of EP	(243)	(260)	209	659	1,140	1,698	2,248	2,793	3,342	102,410

Total PV of EP	113,995
Invested Capital (last FYE)	128,201
Value of Operating Assets:	242,196
Non-Operating Adjustments	
Excess Cash	1,876
Investment in equity method invest	6,156
Prepaid benefit costs	2,112
Net Derivatives	(66)
Non-Controlling Interests	(11,556)
Total Debt:	(77,026)
PV of leases	(412)
ESOP	(303)
Value of Equity	162,977
Shares Outstanding	2,026
Intrinsic Value of Last FYE	80.44
Implied Price as of Today	82.74

Ticker	Company	Price	EPS		P/E 24	P/E 25	Est. 5yr		
			2024E	2025E			EPS gr.	PEG 24	PEG 25
GEV	GE Vernova	\$297.60	\$2.78	\$6.79	107.05	43.83	21.00	5.10	2.09
DUK	Duke Energy	\$114.00	\$5.98	\$6.35	19.06	17.95	6.71	2.84	2.68
D	Dominion Energy	\$58.45	\$2.77	\$3.38	21.10	17.29	20.40	1.03	0.85
SO	Southern Company	\$89.36	\$4.03	\$4.32	22.17	20.69	7.30	3.04	2.83
PEG	Public Service Enterprise Group	\$88.36	\$3.66	\$4.12	24.14	21.45	6.65	3.63	3.23
AQN	Algonquin Power & Utilities	\$4.87	\$0.43	\$0.32	11.33	15.22	1.70	6.66	8.95
HHH	Company Name	\$20.00	\$1.00	\$1.20	20.00	16.67	10.00	2.00	1.67
Exc. GEV Average					19.56	18.52		3.72	2.33

NEE	NextEra Energy	\$76.22	3.06	3.25	24.9	23.5	9.0	2.8	2.6
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Implied Relative Value:

P/E (EPS24)	\$ 59.78
P/E (EPS25)	\$ 60.10
PEG (EPS24)	\$ 102.01
PEG (EPS25)	\$ 68.02

NextEra Energy
Sensitivity Tables

		Beta							
		82.74	0.19	0.24	0.29	0.34	0.39	0.44	0.49
ERP	4.96%	107.67	99.71	92.46	85.32	79.73	74.12	68.93	
	5.06%	107.03	98.98	91.65	84.45	78.82	73.17	67.96	
	5.16%	106.40	98.25	90.86	83.59	77.92	72.24	66.99	
	5.26%	105.77	97.54	90.07	82.74	77.03	71.31	66.04	
	5.36%	105.15	96.82	89.28	81.90	76.15	70.40	65.11	
	5.46%	104.53	96.12	88.51	81.07	75.28	69.50	64.18	
	5.56%	103.92	95.42	87.74	80.25	74.43	68.61	63.27	

		Target Proportion of Solar							
		82.74	35.45%	40.45%	45.45%	50.45%	55.45%	60.45%	65.45%
Terminal Wind Capacity Factor	40.00%	66.14	67.68	69.22	70.77	72.31	73.85	75.40	
	45.00%	71.24	72.41	73.58	74.76	75.93	77.10	78.28	
	50.00%	76.34	77.14	77.95	78.75	79.55	80.35	81.16	
	55.00%	81.45	81.88	82.31	82.74	83.17	83.60	84.03	
	60.00%	86.55	86.61	86.67	86.73	86.79	86.85	86.91	
	65.00%	91.65	91.34	91.03	90.72	90.41	90.10	89.79	
	70.00%	96.76	96.08	95.39	94.71	94.03	93.35	92.67	

		Risk-Free Rate							
		82.74	2.94%	3.44%	3.94%	4.44%	4.94%	5.44%	5.94%
CV Growth of NOPLAT	1.20%	123.39	105.91	91.39	79.13	68.69	59.66	51.77	
	1.30%	126.10	107.92	92.91	80.28	69.57	60.32	52.28	
	1.40%	128.98	110.05	94.50	81.48	70.48	61.01	52.80	
	1.50%	132.05	112.31	96.18	82.74	71.43	61.73	53.34	
	1.60%	135.33	114.70	97.96	84.07	72.43	62.49	53.91	
	1.70%	138.85	117.25	99.83	85.46	73.48	63.27	54.50	
	1.80%	142.62	119.97	101.82	86.93	74.57	64.09	55.11	

		Pre-Tax Cost of Debt							
		82.74	4.42%	4.67%	4.92%	5.17%	5.42%	5.67%	5.92%
GDP Growth (CV Year) - Impacts Commercial Rev	1.00%	89.92	87.30	84.77	82.32	79.94	77.65	75.43	
	1.50%	90.08	87.45	84.91	82.46	80.08	77.79	75.56	
	2.00%	90.23	87.60	85.06	82.60	80.22	77.92	75.69	
	2.50%	90.38	87.74	85.20	82.74	80.36	78.06	75.83	
	3.00%	90.53	87.89	85.35	82.88	80.50	78.19	75.96	
	3.50%	90.68	88.04	85.49	83.02	80.64	78.33	76.09	
	4.00%	90.83	88.19	85.63	83.16	80.78	78.46	76.23	

		Annual US Increase in Renewable Capacity							
		82.74	1.60%	2.10%	2.60%	3.10%	3.60%	4.10%	4.60%
Inflation rate	1.20%	63.86	65.22	66.64	68.11	69.66	71.26	72.94	
	1.60%	68.12	69.63	71.19	72.82	74.52	76.30	78.15	
	2.00%	72.54	74.19	75.91	77.70	79.56	81.51	83.54	
	2.40%	77.12	78.91	80.79	82.74	84.78	86.90	89.12	
	2.80%	81.85	83.80	85.84	87.96	90.17	92.48	94.89	
	3.20%	86.75	88.86	91.06	93.36	95.76	98.26	100.86	
	3.60%	91.81	94.09	96.47	98.95	101.54	104.23	107.05	

		NEER CV Capacity Share of Renewables							
		82.74	7.00%	8.00%	9.00%	10.00%	11.00%	12.00%	13.00%
Solar Capacity Factor	38.00%	53.87	55.83	57.79	59.74	61.70	63.65	65.61	
	48.00%	59.32	62.01	64.71	67.41	70.11	72.80	75.50	
	58.00%	64.76	68.20	71.64	75.07	78.51	81.95	85.39	
	68.00%	70.20	74.38	78.56	82.74	86.92	91.10	95.28	
	73.00%	72.93	77.47	82.02	86.57	91.12	95.67	100.22	
	78.00%	75.65	80.57	85.49	90.41	95.33	100.25	105.17	
	83.00%	78.37	83.66	88.95	94.24	99.53	104.82	110.11	

NextEra Energy*Valuation of Options Granted under ESOP*

Current Stock Price	\$76.22
Risk Free Rate	4.44%
Current Dividend Yield	2.45%
Annualized St. Dev. of Stock Returns	20.15% Expected Volatility of Options (mgmt.)

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Total ('23 10K pg 106)	10,983,132	52.78	5.20	\$ 27.10	\$ 297,604,031
Total	11,073,132	\$ 52.78	5.21	\$ 35.28	\$ 303