Krause Fund Research
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Utilities

Next Era Energy (NYSE: NEE)

Recommendation: HOLD **April 17, 2025**

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Company Overview

NextEra Energy is the largest utility company in the U.S., with operations divided between Florida Power & Light and NextEra Energy Resources. FPL delivers regulated electricity across most of Florida, while NEER develops and runs renewable energy projects like wind and solar across North America. The company balances stable revenue from its utility with growth from clean energy expansion.

Stock Performance Highlights	
52-week High	$86.10
52-week Low	$61.72
Beta Value	0.60
Average Daily Volume	12.4 M
Share Highlights	
Market Capitalization	$136.50 B
Shares Outstanding	2.05 B
Price to Sales per share	$5.52
EPS (period??)	$3.37
P/E Ratio	19.68
Dividend Yield	3.42%
Dividend Payout Ratio	60.9%
Company Performance Highlights	
ROA	3.65%
ROE	11.49%
Sales	$24.75 B

One Year Stock Performance
Green = NEE; Blue = S&P 500

Current Price	**$66.31**
Target Price	**$71.17**

Investment Thesis

NextEra Energy (NYSE: NEE) is strategically positioned to benefit from the energy sector's transition toward decarbonization, while maintaining resilient cash flows through its regulated utility operations. The company's combination of defensive stability from Florida Power & Light (FPL) and scalable growth from NextEra Energy Resources (NEER) supports a long-term value creation strategy. Although the stock trades at a premium, its low-cost capital access, superior project execution, and strong policy alignment justify a HOLD recommendation amid macroeconomic uncertainty.

Thesis Drivers

Defensive Utility Exposure: provides stable cash flows through a growing rate base in Florida, offering downside protection in a moderating GDP environment

Cost-Advantaged Renewable Expansion: NEER's scale and investment-grade credit profile enable it to finance solar, wind, and storage projects at lower costs than peers. With a forecasted $74B in CapEx through 2029, NEE is positioned to meet rising power demand from AI, EVs, and data centers while capturing long-term returns.

Policy-Aligned Platform: NEE is positioned to capitalize on clean energy incentives under the Inflation Reduction Act, with benefits expected to persist through the end of the decade

Thesis Risks

Regulatory and Policy Uncertainty: A potential repeal or reduction of federal clean energy subsidies could materially affect project economics. At the state level, regulatory outcomes on rate cases may impact FPL's allowed returns and recovery mechanisms.

Interest Rate Sensitivity: A prolonged high-rate environment could raise financing costs and compress returns, especially given NEE's capital-intensive growth profile and large 2027 debt maturity

Valuation and Execution Risk: Premium trading multiples leave limited room for error if project delays, cost pressures, or underperformance occur.

Company Description

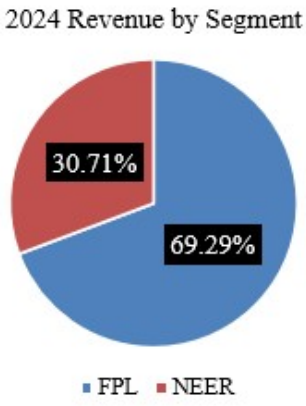
NextEra Energy (NEE), headquartered in Juno Beach, Florida, is the largest producer of renewable energy in the United States, with a market capitalization of $140.91 billion. NEE operates through subsidiaries and manages electricity generation, transmission, and distribution to retail and wholesale customers across North America. Its business model is anchored by two core segments: Florida Power & Light (FPL), a highly regulated utility serving residential customers across East and West Florida primarily through natural gas generation accounting for approximately 70% of its output (MWh) and NextEra Energy Resources (NEER), which supports nationwide renewable energy initiatives. NEE is a price maker in the energy market, leveraging a differentiated organizational structure that separates regulated utility operations from competitive clean energy ventures. The company's energy mix consists of 63% wind, 23% solar, 7% nuclear, and 7% other sources (primarily natural gas). (2)

NextEra Energy Analysis

Business Operations

Revenue Decomposition

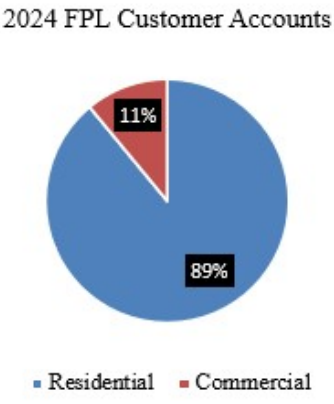
NextEra Energy is one of the largest electric power and energy infrastructure companies in North America and a global leader in renewables. As of year-end 2024, NEE operated storage capacity through a mix of assets, including natural gas, wind, solar, nuclear, and battery storage. The business is anchored by two core segments: Florida Power & Light (FPL) and NextEra Energy Resources (NEER). FPL is the largest regulated utility in Florida, serving over six million customer accounts and focusing on reliable, low-cost power delivery across the state. NEER is the world's largest wind and solar energy generator and continues to expand its reach across North America through long-term contracted renewables, battery storage, and transmission assets. The two segments reflect a strategy that balances dependable cash flows from utility operations for investors. This mix has supported long-term value creation and strong defensive financial performance across economic cycles. (2)



FPL Revenue

FPL has been the main revenue driver for NextEra for the past decade, regularly making up more than 65% of total revenue. In 2024, it brought in $17.02 billion, accounting for 69.29% of consolidated revenue. That was a 7.3% drop from 2023, caused by a short-term rate cut approved by the Florida Public Service Commission. Even with the dip, customer accounts grew to 16.9 million by year-end. That growth tracks Florida's population. The 2024 rebalancing slightly reduced total contracts from the previous year, but the long-term trend remains upward. Residential customers made up 89% of the base in 2024, with the rest commercial. Rates are state-approved and leave little room for flexibility. FPL isn't a high-growth engine, but it brings in steady cash and doesn't miss. That consistency is what keeps it central to NEE's business. (2)

Growth should return in 2025 as rates level out and customer numbers keep rising. We project revenue to move from $17.02 billion in 2024 to $20.18 billion by 2028. Contracts are expected to grow around 3.1% to 3.3% annually, with revenue per contract holding near $1.00. FPL's share of total revenue may shrink, but it still funds the rest. While NEER scales and market conditions get more volatile, FPL is the part of the business that stays solid. (2)



NEER Revenue

NextEra Energy Resources brought in $7.54 billion in revenue in 2024, making up 30.71% of NEE's total revenue. That was a 22.0% drop from 2023, mostly due to the timing of new projects and the normalization of energy pricing across wholesale markets. NEER's revenue is more diversified than FPL's, coming from a mix of long-term power purchase agreements, energy trading, and renewable energy credits. Its core growth has always come from building out wind, solar, and battery storage.

Wind: In 2024 alone, NEER added 1,098 MW of wind capacity, continuing a steady growth trend that began in 2022. Since then, the company has added over 13 GW of total wind capacity. Wind remains the dominant source in NEER's generation mix, accounting for 64% of net generation in 2024. The segment benefits from geographic diversity and scale, and its growth reflects NEER's consistent investment in onshore wind across high-potential markets.

Solar: Solar has seen even sharper acceleration. In 2024, NEER added 2,389 MW of solar capacity, contributing to a broader buildout that brought more than 7.8 GW online that year alone. Solar represented 17% of NEER's net generation in 2024. The expansion of solar, especially when paired with battery storage, positions NEER to capture more demand in high-irradiance regions and take advantage of favorable long-term purchase agreements.

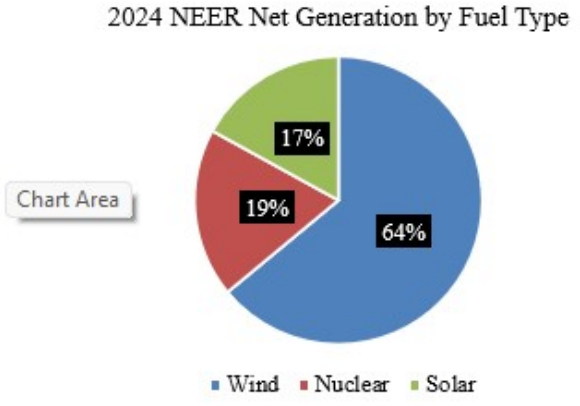
Battery Storage: Battery storage continues to scale alongside wind and solar. In 2024, NEER added 2,329 MW of storage capacity. These systems are essential for balancing the intermittency of renewables, giving NEER more control over output and enabling supply during periods of low wind or sunlight. The buildout of battery infrastructure is helping stabilize delivery, capture pricing spreads, and enhance the value of renewable assets.

Despite the pullback in revenue for 2024, the volume of infrastructure being brought online shows how fast NEER is positioning for another wave of growth. We forecast NEER's revenue to pull back to $7.5 billion in 2024, representing the 22.0% decline from the prior year, as market pricing normalizes and a pause occurs before the next round of projects becomes operational.

However, beginning in 2025, NEER is expected to re-enter a phase of aggressive growth. Our model projects revenue to climb to $10.8 billion in 2025 and $13.0 billion in 2026. The growth is driven by large-scale increases in wind and solar capacity. Between 2024 and 2028, total wind capacity is forecast to rise from 26.3 GW to 56.0 GW, while solar grows from 10.1 GW to 28.6 GW. This trajectory reflects both continued investment and the ramping up of previously announced projects.

In 2024, NEER's net generation mix consisted of 64% wind, 19% nuclear, and 17% solar, highlighting the company's ongoing focus on wind and solar as key growth drivers. Capacity factors for both wind and solar are expected to remain in the 50–60% range, supported by ongoing technological improvements and geographic diversification. Average revenue per megawatt sold is projected to improve from $0.24 in 2024 to $0.41 by 2028, driven by improved efficiency, energy storage integration, and longer-term pricing contracts.

As more long-term contracts mature and energy pricing stabilizes, NEER will benefit from stronger visibility into both earnings and free cash flow. If current growth trends continue, NEER could contribute roughly half of NEE's total revenue by 2028. Unlike FPL, NEER is not constrained by regulated service areas or fixed pricing, giving it significant flexibility to scale across North America. This makes NEER the most important part of NextEra's long-term growth story, capable of capitalizing on broader energy transition trends and policy-driven demand for renewable infrastructure. (2)



Expense Analysis

NextEra's expense profile is funneled into four primary categories: fuel and purchased power, O&M, depreciation, and taxes. Together, they made up about 71% of revenue in 2024. For NEER, those costs now also include emissions allowances and renewable energy credits, treated similarly to fuel.

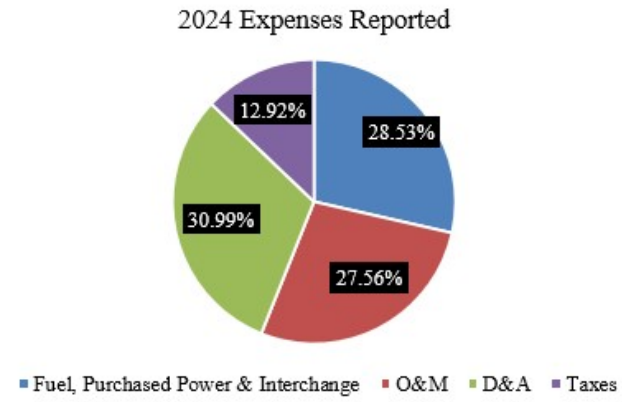
Fuel and Purchased Power
Commodity prices, generation mix, and contract timing determine fuel and purchased power costs. FPL and NEER rely on long-term uranium and nuclear fuel contracts, with costs based on output. NEER adds complexity through credit markets and wholesale transactions.

Operations & Maintenance (O&M)
O&M includes smaller maintenance items and repairs not capitalized as utility property. For FPL and NEER, major maintenance especially for nuclear, batteries, and turbines is deferred and amortized over the period between outages. It is done on a straight-line basis to reduce volatility of a single year. NEER does the same for battery storage and combustion turbines, capitalizing and then amortizing maintenance costs to reflect the long asset life and operating cycles.

Depreciation, Amortization, and ITCs
Depreciation reflects the company's capital intensity, with major investments depreciated over their useful lives. Convertible ITCs reduce asset balances and flow through as lower D&A. In 2024, net convertible ITCs totaled $607 million across NEE and $100 million at FPL, softening expense growth despite high capex. FPL may apply surcharges to recover storm costs over $800 million. This mechanism stabilizes recovery without disrupting planned investment. Nuclear dismantling is planned decades in advance, with $9.6 billion in future costs and $48 million allocated annually. Projects under construction capitalize interest through AFUDC until placed in service.

Storm Recovery and Regulatory Mechanics
Regulatory mechanisms for storm recovery further shape FPL's expense model. When restoration costs exceed $800 million, FPL can request to increase its per-kWh surcharge. The current charge is capped at $4 per 1,000 kWh, helping the company recover unexpected restoration costs without destabilizing core O&M or capital budgets.

Dismantling, Decommissioning, and Long-Term Costs
NEE updates nuclear decommissioning studies every five years, now projecting $9.6 billion in costs for Turkey Point Units 3 and 4, with annual allocations approved by the FPSC. In 2024 dollars, $2.5 billion is the present value of that liability. Ongoing dismantling and other regulatory-allocated expenses are amortized in line with asset life, ensuring the cost structure reflects future retirement as much as the current operation. (1, 2)



Capital Expenditures

NextEra Energy's capital expenditure strategy continues to reflect its long-term focus on renewable energy leadership and grid reliability. In 2024, the company invested a total of $24.73 billion across its two core segments: Florida Power & Light (FPL) and NextEra Energy Resources (NEER). FPL deployed approximately $8.21 billion, with major allocations toward generation infrastructure ($3.45 billion), transmission and distribution upgrades ($4.43 billion), and nuclear fuel supply ($222 million). NEER's investment totaled $16.39 billion, reflecting the company's aggressive expansion into clean energy. This included $4.35 billion directed toward wind energy projects, $7.33 billion for solar and solar-plus-battery storage, and $2.21 billion in other clean energy initiatives.

Looking forward, management projects total CapEx of $74.65 billion from 2025 to 2029, further solidifying NextEra's growth trajectory. FPL is expected to invest $49.61 billion over this period, with $22.37 billion earmarked for generation projects, $21.68 billion for transmission and distribution improvements, and $1.58 billion allocated to nuclear fuel management. NEER's projected CapEx totals $25.04 billion, with key focuses including $9.73 billion in solar and storage development, $3.05 billion in new and repowering wind projects, and $5.48 billion in other renewable energy investments.

Management's guidance confirms that renewable energy expansion and grid modernization remain the dominant capital priorities. However, as previously noted in the revenue analysis, policy uncertainty poses a potential risk to these projections. Changes to federal or state renewable energy incentives, tariffs, or permitting frameworks could materially affect the feasibility of certain planned projects. As such, while the outlined CapEx strategy aligns with the company's long-term vision, there is a possibility these figures

may be revised downward if policy shifts reduce the economic attractiveness of new developments. (2)

Payout Policy

NEE has a long history of consistent dividends. From 2018 to 2024, dividends per share rose from 1.12 to 2.25. Over that same period, the payout ratio moved around a lot. It started at 31.9 percent in 2018 and jumped to 94 percent by 2020. By 2023, the ratio peaked at 95.8 percent before easing back to 77.7 percent in 2024. These swings mostly reflect inconsistent earnings while the dividend grew steadily yearly. When earnings dipped, the ratio spiked. When earnings recovered, the ratio started to normalize. From 2025 to 2034, things look different. Dividends per share grow from 2.49 to 7.47 while earnings grow more steadily. After the first two years, the payout ratio stays in a tighter range between 63-79%. That is more controlled and reflects a stronger alignment between earnings growth and dividend policy. NEE keeps raising the dividend but without overshooting what the business can support. It is a more disciplined approach than the prior stretch.

NEE also runs a very small share repurchase program. We project the company to repurchase the same amount of stock every year: just 0.0874 million shares annually. Meanwhile, they issue about 2 million shares each year through ESOP and option exercises. The result is a gradual increase in total shares outstanding. Repurchases are not a meaningful capital return tool for this company, and we do not expect that to change. (2)

Capital Structure & Credit Risk

NextEra Energy maintains a well-structured capital base designed to support its investment-grade credit ratings and long-term financing strategy. As of 2024, the company faces notable long-term debt maturities over the next five years, with the largest obligations due in 2027. These are detailed below:

NEE Consolidated Debt Maturities: (2)

Year	Debt Maturity ($ millions)
2025	**8,064**
2026	**3,358**
2027	**11,519**
2028	**7,357**
2029	**9,919**

Florida Power & Light (FPL) Debt Maturities (2)

Year	Debt Maturity ($ millions)
2025	**1,720**
2026	**641**
2027	**328**
2028	**1,992**
2029	**948**

To service these obligations, NEE generated **$13.26 billion in operating cash flow in 2024**, an increase from $11.3 billion in 2023. Management expects to meet upcoming maturities through a combination of:

- Operating cash flow
- Long-term debt issuance
- Short-term borrowing
- Equity issuance

NEE targets a capital structure that maintains its investment-grade ratings, all currently holding stable outlooks:

Credit Ratings: (2)

Entity	Moody's	S&P	Fitch
NextEra Energy (NEE)	**Baa1**	**A-**	**A-**
Florida Power & Light (FPL)	**A1**	**A**	**A**
NextEra Energy Capital Holdings	**Baa1**	**A-**	**A-**

FPL continues to pay dividends to NEE in line with its long-term capital structure targets, and current mortgage restrictions are not expected to impact financing activities.

While no near-term liquidity risk is present, the significant 2027 maturity suggests refinancing will be necessary. A downgrade in credit ratings could raise borrowing costs, restrict market access, and require additional collateral postings, making ratings preservation critical to NEE's financial flexibility. (33)

Credit Ratings Comparison (10,11,12,13,14,15)

Company	Moody's	S&P	Fitch
NEE (NextEra Energy)	Baa1	A-	A-
CEG (Constellation Energy)	Baa1	BBB+	N/A
PEG (Public Service Enterprise)	Baa2	BBB+	N/A
SO (Southern Company)	Baa1	A-	BBB+
D (Dominion Energy)	Baa2	BBB+	BBB+
DUK (Duke Energy)	Baa2	BBB+	A-
GEV (GE Vernova)	Baa1	BBB-	BBB+

NextEra Energy (NEE) maintains a strong investment-grade credit profile with ratings of Baa1 from Moody's and A- from both S&P and Fitch, positioning it among the highest-rated companies in its peer group. This favorable credit standing allows NEE to access capital at lower interest rates, which is particularly important given its capital-intensive business model and long-term investment plans in renewables and grid infrastructure. In contrast, peers such as Dominion Energy (D) and Duke Energy (DUK) have slightly weaker ratings, typically in the Baa2 to BBB+ range, which could translate to higher borrowing costs and more sensitivity to interest rate movements. Southern Company (SO) and Public Service Enterprise Group (PEG) have similar or slightly lower ratings than NEE, offering comparable funding access but with potentially less flexibility given their more traditional utility footprints. Constellation Energy (CEG), though recently upgraded to Baa1 by Moody's, still operates with a merchant-heavy profile, which introduces more earnings volatility and perceived credit risk. GE Vernova (GEV), newly public, holds the lowest ratings among the group (BBB-/BBB) and remains not rated by Moody's, which may limit its access to favorable financing terms as it scales its renewables platform. Overall, NEE's higher credit quality supports lower borrowing costs, better interest coverage, and ultimately stronger margins. This financial advantage enhances its ability to reinvest at scale, maintain dividend stability, and remain resilient across economic cycles, giving it a strategic edge in long-term performance relative to more leveraged or lower-rated peers. (33)

Corporate Governance

NextEra Energy's corporate governance structure reflects a stable, institutional-heavy ownership base. Institutional investors hold approximately 83.75% of outstanding shares, with over 3,400 institutions currently invested. The top five holders Vanguard (9.98%), BlackRock (7.77%), State Street (5.27%), J.P. Morgan (4.05%), and Morgan Stanley (2.92%) represent a significant share of ownership. Insider ownership is low at 0.64%, indicating limited influence from internal stakeholders. There is no presence of activist investors, consistent with the broader utilities sector, which is generally viewed as a mature, stable industry that does not require aggressive operational overhauls or activist-driven change. (16, 18)

Industry Analysis

Industry Description

The U.S. electric power industry consists of two primary segments: regulated electric utilities and independent power producers. Companies like NextEra Energy operate in both, combining the stability of regulated service with the growth potential in competitive energy markets. This structure allows firms to balance long-term infrastructure reliability with rising demand for clean energy.

Regulated utilities operate within defined geographic territories, managing generation, transmission, and distribution for a set group of customers. They do not compete for market share. Instead, public utility commissions approve their rates to ensure cost recovery and a fair return on investment. This segment of the industry is mature and defensive. Utilities earn steady revenue through regulated rates and grid service fees, regardless of whether they produce or purchase the power from others.

Independent power producers operate in deregulated or competitive markets. They typically generate electricity from renewable sources like wind and solar, then sell it through Power Purchase Agreements or into wholesale markets. IPPs are less constrained by regulation and can adapt more quickly to supply, demand, and pricing shifts. The sector is in a strong growth phase, supported by falling technology costs, clean energy policies, and investor demand for decarbonization. Success in this space depends on efficient capital deployment, contract quality, and the ability to scale operations with discipline.

Porter's Five Forces

Competition – Very Low

Regulated electric utilities operate in a low-competition environment due to regional monopolies being dominated from state to state. States and cities protect consumer interests through regulation. There is generally not high competition on price or service within regions. Competition occurs indirectly through operational efficiencies, regulatory relationships, and long-term capital deployment strategies. Companies primarily compete to manage costs, update infrastructure, and align with environmental expectations, especially as renewable energy adoption has accelerated in the past decade. (20, 22)

Threat of Substitutes – Low

Substitution threats are generally low because electricity and gas remain essential for residential, commercial, and industrial energy consumption. While electricity and natural gas can occasionally be substituted, it usually takes massive capital investment changes and capital structure changes. Renewable alternatives like solar energy may present a longer-term shift, but current penetrations are small within regulated utility markets. (20, 22)

Supplier Power – High

Utilities have primary inputs, like natural gas, coal, uranium, wind turbines, and solar panels, for power generators. Utilities have limited power to take advantage of commodity price volatility, so utilities can create a long-term generation mix over time, short-term flexibility is very difficult. Additionally, utilities may need to obtain electricity through wholesale markets during high market demand or insufficient generation capacity, where prices can become volatile. (20, 22)

Customer Power – Low

Customers have limited bargaining power due to the monopolistic nature of utility providers from region to region. Electricity rates are determined through regulatory commissions, whose goal is to balance consumer affordability. While customer advocacy groups and political pressure can influence regulatory decisions, residential and small business customers typically have minimal influence over pricing. Industrial and commercial users may have more negotiating leverage in deregulated regions. (20, 22)

Threat of New Entries – Very Low

The regulated electric utilities industry has extremely high barriers to entry due to the capital-intensive nature of building and maintaining power generation, transmission, and distribution infrastructure. State and local governments usually grant rights to existing utility providers, creating monopolies. New entrants would require huge amounts of long-term capital commitments and a significant number of regulatory approvals. (20, 22)

Recent Development and Trends

Competition and Peer Comparisons

To evaluate NextEra Energy's positioning within the utility sector, we compare it against a peer group of large, publicly traded utility companies with similar operational footprints, regulatory environments, and capital structures. This group includes a mix of traditional regulated utilities and companies with exposure to clean energy and unregulated markets. Constellation Energy (CEG) is included for its significant presence in zero-carbon generation and wholesale energy markets, offering a useful benchmark for merchant and renewables-focused operations. Public Service Enterprise Group (PEG) and Southern Company (SO) represent established regulated utilities with moderate renewable investment, providing a basis for comparing traditional rate-based utility performance. Dominion Energy (D) and Duke Energy (DUK) are large-scale, vertically integrated utilities with diversified operations across electricity generation, transmission, and distribution. Both are undergoing their own energy transitions and face similar regulatory pressures to NextEra. Finally, GE Vernova (GEV), a newly listed company from General Electric, that represents a purely renewable energy company, included to contrast NEE's growth-oriented unregulated business segment with a peer at the early stage of clean energy expansion. Together, these companies offer a balanced view of the landscape in which NextEra competes and help contextualize its financial and strategic profile.

Company	EV/EBITDA	P/E Ratio	Div Yield (%)
NEE (NextEra Energy)	19.09x	21.25x	2.87%
CEG (Constellation Energy)	11.45x	18.8x	0.63%
PEG (Public Service Enterprise)	17.51x	23.84x	2.84%
SO (Southern Company)	12.97	20.61x	3.47%
D (Dominion Energy)	14.55x	22.10x	4.96%
DUK (Duke Energy)	12.44x	18.96x	3.84%
GEV (GE Vernova)	45.73x	58.47x	0.08%

Company	Debt to Equity %	Return on Equity (ROE)%	Net Profit Margin%
NEE (NextEra Energy)	165.11	14.24	28.46
CEG (Constellation Energy)	68.32	31.12	15.89
PEG (Public Service Enterprise)	142.14	11.22	17.27
SO (Southern Company)	199.58	13.61	16.47
D (Dominion Energy)	155.69	7.03	13.44
DUK (Duke Energy)	62.73	9.1	14.87
GEV (GE Vernova)	11.11	18.3	4.44

NextEra Energy (NEE) currently trades at a premium relative to its peer group, with an EV/EBITDA multiple of 19.09x and a P/E ratio of 21.25x. This elevated valuation reflects investor confidence in NEE's leadership in renewable energy, the scale of its asset base, and the balanced nature of its cash flows between regulated utility operations and unregulated growth. Among peers, Public Service Enterprise Group (PEG) is the closest in valuation with an EV/EBITDA of 17.51x and a P/E of 23.84x, while other traditional utility companies such as Southern Company (SO), Dominion Energy (D), and Duke Energy (DUK) trade at lower valuation multiples, ranging from 12.44x to 14.55x EV/EBITDA. These companies also offer higher dividend yields, with Dominion Energy leading the group at 4.96%, in contrast to NEE's 2.87%. Constellation Energy (CEG) trades at a discount, with an EV/EBITDA of 11.45x, which likely reflects its merchant-heavy exposure and earnings volatility. GE Vernova (GEV) is an outlier, trading at 45.73x EV/EBITDA and 58.47x P/E, driven by speculative expectations surrounding its early-stage, pure-play renewable strategy. Overall, NEE's premium appears justified by its strategic positioning, operational scale, and long-term growth potential, though continued performance execution will be key to maintaining investor support at current valuation levels. (1, 2, 10, 12, 15, 21)

Among its peer group, NextEra Energy (NEE) stands out for its strong financial performance and strategic use of leverage. NEE reported the highest net profit margin at 28.46 percent, reflecting strong operational efficiency and disciplined cost management. Its return on equity (ROE) of 14.24 percent is solid, particularly given its elevated debt-to-equity ratio of 165.11 percent. This level of financial leverage suggests that the company is confident in its long-term cash flow generation and is effectively using debt to support growth. In comparison, Constellation Energy (CEG) delivered the highest ROE at 31.12 percent, but with a more moderate debt-to-equity ratio of 68.32 percent and a lower net margin of 15.89 percent. Public Service Enterprise Group (PEG) and Southern Company (SO) both maintain high leverage ratios, at 142.14 percent and 199.58 percent respectively, though their profitability metrics are less compelling than NEE's. Dominion Energy (D) and Duke Energy (DUK) posted lower ROEs under 10 percent, along with modest profit margins, suggesting more limited returns on invested capital. GE Vernova (GEV), as a newly listed renewable focused company, has a unique financial profile with minimal leverage at 11.11 percent and a relatively high ROE of 18.3 percent, likely reflecting its asset-light structure and growth potential. Overall, NEE's combination of high margin, strong ROE, and effective capital deployment differentiates it from more traditional utilities in the peer group. (24, 25, 26, 27, 28, 29, 30, 31)

Technological Changes

Technological Advancements are rapidly reshaping the utility and energy industry landscape, with data centers, storage systems, and electrification driving major changes in demand and infrastructure

requirements. The explosive growth of data centers, fueled by generative AI, machine learning, and cryptocurrency mining, has made them one of the fastest-growing sources of electricity demand. According to Deloitte, data center power consumption in the U.S. is projected to grow at a 15–17% CAGR, rising from 180–290 TWh in 2024 to as high as 720 TWh by 2030. This surge is forcing utilities to expand generation and transmission capacity at an accelerated pace.

In parallel, the rapid deployment of utility-scale battery storage is transforming how renewable energy is integrated into the grid. Battery systems help mitigate intermittency issues associated with wind and solar, allowing for more reliable, on-demand energy delivery. Companies like AES Corporation and Vistra Corp are leading the way with large-scale investments in storage solutions, supporting grid flexibility and enhancing peak load management capabilities.

Additionally, the continued rise in electric vehicle (EV) adoption is driving a structural shift in grid usage patterns. Utilities are responding by expanding EV charging infrastructure and upgrading grid technology to accommodate increased loads. Firms such as Southern Company and Exelon are actively investing in EV-ready grid improvements to support long-term electrification goals. These changes are catalyzing significant capital expenditures across the sector and redefining the operational strategies of both regulated utilities and independent power producers. (18, 19, 33)

Government & Regulatory Changes

Government and Regulatory Changes continue to significantly influence the utility and renewable energy landscape. At the federal level, the Inflation Reduction Act (IRA) has provided substantial tax incentives for clean energy projects, directly benefiting developers like NextEra Energy (NEE) that are heavily invested in wind, solar, and battery storage. However, with the return of the Trump administration, the future of these incentives is increasingly uncertain. Trump has stated intentions to roll back various clean energy initiatives, raising the risk of a partial or full repeal of the IRA's provisions. For NEE, any material change to the IRA could affect project economics, returns on investment, and long-term growth plans.

At the state level, two regulatory dynamics are at play. First, several states have continued to strengthen Renewable Portfolio Standards (RPS), requiring utilities to increase the share of renewables in their energy mix. These mandates are accelerating the transition to clean energy and supporting new project development. Second, rate-setting regulation remains a critical factor for utility operators. Utilities must obtain regulatory approval before adjusting the rates they charge customers, and the degree of flexibility varies significantly by state. Some states are more consumer-friendly, making rate increases difficult to justify, while others are more utility-friendly, allowing for more favorable cost recovery on capital investments. This creates a patchwork of risk and opportunity across geographies, particularly for companies operating in multiple jurisdictions. (17, 33)

Social & Demographic Changes

Social and Demographic Changes are reshaping how utilities plan, operate, and invest in their networks. One major trend is the rise of decentralization and distributed generation, as more consumers adopt rooftop solar panels, home battery systems, and other behind-the-meter energy technologies. This shift reduces reliance on centralized power generation and introduces greater variability into the grid. While it might seem that utilities could scale back infrastructure investment, the opposite is often true: decentralized power sources require more advanced grid planning, including two-way power flows, voltage regulation, and localized balancing solutions. As a result, utilities must modernize and strengthen distribution systems, not just to deliver power, but to accommodate and integrate customer-generated electricity. Rather than reducing investment needs, distributed generation often reshapes and redistributes where and how utilities spend on grid infrastructure.

At the same time, energy equity and affordability remain growing concerns. As utilities continue to invest in system upgrades and clean energy, rising electricity costs have led to greater scrutiny from both regulators and the public. There is increasing pressure on utilities to ensure that the benefits and costs of the energy transition are shared equitably, particularly for lower-income and fixed-income households. This is influencing how regulators approach rate cases and how utilities structure their cost recovery strategies. Balancing infrastructure needs with ratepayer protection has become a central challenge for utility companies navigating this period of transition. (33)

Global Changes in Markets & Supply Chains

Global Market and Supply Chain Dynamics continue to significantly influence the utility and renewable energy sectors. A major concern is the heavy reliance of the U.S. solar industry on imported components. As

of 2022, approximately 88% of solar panel shipments in the United States were imports, primarily from Asia. China dominates the global solar supply chain, producing over 80% of essential materials like polysilicon, glass, and solar cells. This dependence exposes the U.S. solar market to vulnerabilities stemming from international trade policies and geopolitical tensions. (13)

Recent trade actions, including increased tariffs on Chinese solar components, have led to higher costs and supply chain disruptions. These measures have prompted Chinese manufacturers to shift production to Southeast Asian countries such as Vietnam, Thailand, Malaysia, and Cambodia. However, the U.S. Department of Commerce has identified instances where Chinese companies are circumventing tariffs by routing products through these nations. Such practices have resulted in additional tariffs and trade barriers, further complicating the supply chain.

The implications for U.S. utilities and renewable energy developers are significant. Supply chain constraints can lead to project delays, increased costs, and uncertainty in planning and investment. While efforts are underway to bolster domestic manufacturing spurred by incentives from the Inflation Reduction Act the U.S. still lacks the capacity to meet its solar component demands independently. This situation underscores the need for a diversified and resilient supply chain to support the nation's clean energy goals. (33)

Economic Changes

Economic Changes have introduced new pressures on the utility and renewable energy industry, particularly in the form of higher interest rates and persistent inflation. Utilities are inherently capital-intensive businesses, relying heavily on debt financing to fund large-scale infrastructure investments. Over the past two years, the Federal Reserve's rate hikes have raised the cost of capital, making new projects more expensive to finance and impacting the net present value of long-term investments. For companies like NextEra Energy, which are in the midst of expansive renewable and grid buildouts, this environment places greater emphasis on careful capital allocation and strategic timing of financing activities.

In parallel, inflationary pressures have increased the costs of labor, raw materials, and equipment, stretching operational budgets and complicating financial forecasting. Rising prices for transformers, conductors, solar modules, and construction services have forced utilities to revisit cost assumptions and, in some cases, delay or restructure projects. Managing these rising operating costs is crucial to maintaining financial health, particularly in regulated environments where rate increases require approval and may not immediately reflect changing cost structures. As inflation remains elevated, and interest rates stay higher for longer, utilities must strike a careful balance between pursuing growth and preserving margin stability. (2, 33)

Economic Analysis

GDP

In 2024, GDP growth remained positive, driven by investments, trade, and government spending. However, growth is slowing due to reduced investments and imports. With President Trump threatening tariffs on key trade partners, market uncertainty is rising, potentially further dampening investment and demand. While tariffs are delayed, the GDP growth rate is expected to hover around 2%.

Because GDP and electricity demand move closely together, utility demand is also expected to slow in line with GDP. (5)

Consumer Confidence

The Consumer Confidence Index (CCI) serves as a key indicator of how optimistic consumers are about the U.S. economy, particularly as a new presidential administration sets its agenda. Ongoing uncertainty surrounding potential tariffs on major trade partners like Mexico, Canada, and China is expected to weigh on consumer sentiment in the near term.

As a result, CCI is projected to slightly decline but remain within its typical post-2022 range, hovering around 95–100 through 2025. This dip reflects consumer unease over inflationary risks tied to tariffs and concerns about the direction of economic policy. However, if inflation stabilizes and income growth continues, consumer confidence may recover beyond 2025, potentially rising toward 115–120.

While the utilities industry is generally insulated from swings in consumer sentiment due to regulation, rising CCI and a growing economy tend to boost power demand. Therefore, as economic and consumer confidence improves over time, utilities should see corresponding growth in demand. (34)

Interest Rates

The utilities industry relies heavily on debt to finance large infrastructure projects, making it highly sensitive to interest rates. Because utility prices are regulated, rising interest rates can compress margins if borrowing costs increase while allowed consumer rates remain unchanged.

As of now, the federal funds rate sits at 4.25%–4.50%, with markets expecting it to stay elevated in the near term. According to CME FedWatch (July 30th), there's a moderate chance of one or two cuts by the end of 2025, but the Fed's "higher for longer" stance suggests rates will likely hold steady for the next six months. Recent upticks in PCE inflation and stable employment numbers support the Fed's cautious approach.

Additionally, uncertainty surrounding potential tariffs under President Trump's administration adds risk to inflation forecasts, further justifying the Fed's wait-and-see posture. By late 2026, the federal funds rate could decline to the 3.5%–4% range if inflation trends toward the Fed's 2% target.

For utilities, this prolonged high-rate environment will keep borrowing costs elevated in the near term, potentially squeezing margins. However, gradual rate cuts in the longer term could provide some relief for future capital investment planning. (2, 35)

Capital Markets Outlook

The utilities sector has recently demonstrated robust performance, emerging as a significant beneficiary amid the AI-driven industrial expansion. While the 5-year return for utilities stands at 55.09%, compared to the S&P 500's 88.75%. This surge is largely attributed to increased power demands from AI data centers, necessitating substantial investments in energy infrastructure.

However, the sector now faces headwinds due to the Trump administration's recent tariff implementations. In April 2025, a universal 10% import tariff was imposed on all countries, with additional 25% tariffs targeting imports from Mexico and Canada, and a 10% tariff on Chinese imports. These tariffs encompass a broad range of energy-related components, including steel, aluminum, transformers, and conductors. The increased costs and extended lead times for these critical materials are expected to delay infrastructure projects and elevate operational expenses within the utilities sector.

The compounded effect of rising material costs and supply chain disruptions poses a risk to the sector's momentum. Investors may witness compressed margins and potential project delays, particularly in clean energy initiatives reliant on imported components. Moreover, the tariffs could lead to increased electricity prices as utilities seek to offset higher input costs, impacting consumer demand and regulatory dynamics.

In this evolving landscape, while the long-term demand driven by AI and data center expansion remains a positive indicator, the near-term challenges introduced by trade policies necessitate a cautious investment approach. Stakeholders should closely monitor policy developments and supply chain adjustments that could influence the sector's financial performance and valuation metrics. (16, 17)

Valuation Models

WACC and Capital Structure

We have forecasted a WACC of about 6.49%. Our cost of equity is 8.09%, stemming from a 4.80% risk free rate (30-year bond yield), a 0.60 beta (Bloomberg Raw Beta 3-yr), and a 5.48% equity risk premium (geometric average premium 1961-2024). Our pre-tax cost of debt is about 4.49%. Our post-tax cost of debt is 3.44%. We structured the capital mix for NEE using a weighted average of debt and equity based on historical capital structure and peer comparable, ensuring consistency with long-term financing strategies observed across the regulated utility and IPP segments.

Discounted Cash Flow (DCF) and Economic Profit (EP) Model

Estimated Share Price: $76.58

We built a ten-year DCF to value NEE. The model captures the long-term investment cycle and the return timeline that follows. Cash flows are projected from 2025 to 2034. Free cash flow is negative through 2026 as capital spending peaks. In 2027, it flips positive and accelerates as large projects are completed and start contributing to earnings.

Most of the growth comes from wind and solar expansion. Wind capacity increases from 31,600 megawatts in 2025 to over 56,000 by 2028. Solar power has more than doubled from 13,100 to 28,600

megawatts. Capacity factors decline slightly over time due to newer projects ramping up and a larger solar mix.

We used capital expenditure guidance directly from company disclosures. Capex is highest in 2025 at 19.4 billion and steps down to 17.5 billion in 2026. By 2028, it will drop below 13 billion. From there, we grow it by inflation. This tapering profile aligns with the project pipeline and supports the turnaround in free cash flow. Capex is front-loaded, while returns are back-loaded, consistent with how NEE operates. FPL adds stability to the model. Contract volume grows 5 to 6 percent annually, and pricing stays flat. This provides a consistent base of earnings that balances the more variable returns from NEER. Most of the revenue growth is volume-driven.

We used a weighted average cost of capital of 6.49 percent. For the terminal year, we applied 2.75 percent NOPLAT growth and assumed a return on invested capital of 6.75 percent. These assumptions are in line with current returns and long-run industry growth. The terminal value carries a large share of the present value, which is anticipated, given how much of the company's cash flow comes after capex rolls off. The present value of free cash flows and the continuing value results in operating assets of 240.8 billion in the valuation model. After subtracting total debt and adjusting for noncore items like equity method investments, derivatives, lease liabilities, and noncontrolling interest, we arrive at an equity value of 155.3 billion. With 2,052.9 million shares outstanding, we have a share price of 75.67 dollars at the end of 2024 and 76.58 today, using a mid-year adjustment.

This valuation is built around a simple story. NEE spends early and earns later. Once the projects are constructed and capex comes down, the model shows the earnings and free cash flow. That is where the value sits.

Dividend Discount Model (DDM)

Estimated Share Price: $48.36

We used a multi-stage dividend discount model to value NEE based on its expected dividend stream from 2025 through 2034. This model works well for a company like NEE, which has a long history of consistently raising dividends. The forecasted dividend per share grows from 2.07 in 2025 to 7.60 in 2034. We based these projections on past payout ratios and net income growth, which have remained stable and predictable.

Earnings per share over the same period increased from 2.16 to 10.54, so dividend growth is backed by rising profits. The payout ratio ranges from the low fifties to the low seventies, which we believe is reasonable given the business's capital intensity and the need to retain some earnings for reinvestment. The projected ratios fall within management's historical range and support a consistent dividend path.

We applied the formula P/E to find the continuing value, which equals one minus growth over return on equity, divided by the cost of equity minus growth. Using 2.50 percent EPS growth, 3.47 percent ROE, and 8.09 percent cost of equity, the result is a P/E of 4.99. We applied that to the 2034 EPS of 10.54 for a future stock price of 52.64 dollars. That value is then discounted by one period less than the earlier cash flows since the terminal value assumes it arrives at the end of the final year. This keeps the model grounded in fundamentals and reflects how earnings are expected to grow and compound over time.

We discounted the dividends and the terminal value using the 8.09 percent cost of equity. Each dividend is discounted by the number of periods between the year paid and today. The continuing value is discounted back nine years in the model. This gives an intrinsic value of 47.73 dollars at the end of the fiscal year 2024 and 48.36 dollars as of today.

The DDM result is lower than our DCF and EP models. That makes sense. This model only looks at the portion of earnings paid out and does not consider the value created from reinvested capital. Since NEE is still investing heavily and will continue to do so, the DDM gives a more conservative view. However, it still shows a meaningful upside from the current price and supports the idea that the dividend is sustainable and a value driver.

Relative Valuation Model

Estimated Share Price: $50.67

NEE trades above the peer average in both P/E and PEG for 2025 and 2026. The peer average P/E for 2025 is 26.08, while NEE trades at 30.7. 2026, the average fell to 20.38, with NEE still at 26.7. That spread reflects NEE's stronger long-term growth profile. The company's five-year EPS growth is 7.0 percent versus the peer average of 2.77 percent. The premium is expected when NEE grows earnings more than twice as fast as the group. PEG multiples reflect the same trend. NEE's PEG will be 4.4 in 2025 and

3.8 in 2026, while the peer averages are 2.77 and 2.30. We expect those figures to converge over time as growth plays out. For the relative P/E analysis, we refrained from including Algonquin Power and Utilities (AQN) due to its significantly depressed valuation and recent dividend cuts, which we believed would skew the comparability of peer multiples and distort the sector median. We focused on the 2026 implied P/E value of 50.67 using NEE's EPS of 2.49 and the peer average P/E of 20.38. Utility performance is better judged over longer horizons since large capital investments take time to produce earnings. NEE is not priced based on where it is now but on where it is heading.

Sensitivity Analysis

Operating Variables:

The operating side of our model is most sensitive to assumptions tied to generation performance and business segment growth. Capacity factors, contract expansion, and long-term operating efficiency all play roles in the sensitivity analysis. While we have based these inputs on management guidance and historical data, even slight changes in performance, especially in renewables, can significantly shift outcomes.

Terminal Solar Capacity Factor vs. Terminal Wind Capacity Factor

Terminal Solar Capacity \ Terminal Wind Capacity Factor	76.58	44.5%	48.5%	52.5%	56.5%	60.5%	64.5%	68.5%
42.1%	61.96	65.36	68.77	72.17	75.57	78.97	82.38	
45.1%	63.43	66.83	70.24	73.64	77.04	80.45	83.85	
48.1%	64.90	68.31	71.71	75.11	78.51	81.92	85.32	
51.1%	66.38	69.78	73.18	76.58	79.99	83.39	86.79	
54.1%	67.85	71.25	74.65	78.06	81.46	84.86	88.26	
57.1%	69.32	72.72	76.13	79.53	82.93	86.33	89.74	
60.1%	70.79	74.20	77.60	81.00	84.40	87.81	91.21	

Our model relies heavily on long-term assumptions around capacity factors. Wind and solar energy have been modeled to concentrate on efficiency eventually, but the reality is that solar energy has more room to grow. We assume a 56.5% wind capacity factor and 51.1% solar, which are both optimistic but based on industry guidance and scaling trends. The model is more sensitive to wind underperformance. If wind capacity declines while solar capacity remains flat, the terminal value could shift downward significantly, making long-term pricing and margin assumptions harder to justify.

Terminal COGS vs. Terminal Growth Rate of Total Contracts for FPL

Terminal COGS \ Terminal Growth Rate of Total Contracts for FPL	76.58	1.65%	2.15%	2.65%	3.15%	3.65%	4.15%	4.65%
41831	74.15	74.34	74.54	74.73	74.92	75.12	75.31	
42831	74.77	74.96	75.15	75.35	75.54	75.73	75.93	
43831	75.39	75.58	75.77	75.97	76.16	76.35	76.55	
44831	76.00	76.20	76.39	76.58	76.78	76.97	77.16	
45831	76.62	76.81	77.01	77.20	77.39	77.59	77.78	
46831	77.24	77.43	77.63	77.82	78.01	78.21	78.40	
47831	77.86	78.05	78.24	78.44	78.63	78.82	79.02	

The terminal cost of goods sold and contract growth rate do not significantly change our model. Our assumptions reflect modest COGS expansion paired with stable growth in FPL's contract base at 3.15%. If growth in total contracts slows while COGS remains elevated, margin compression becomes a concern. We assume FPL maintains its position through steady rate base expansion.

Terminal Nuclear Capacity Factor vs. CV ROIC Growth rate

Terminal Nuclear Capa \ CV ROIC growth rate	76.58	6.00%	6.25%	6.50%	6.75%	7.00%	7.25%	7.50%
86.50%	68.02	71.08	73.90	76.51	78.93	81.19	83.30	
88.50%	68.04	71.10	73.92	76.54	78.96	81.22	83.33	
90.50%	68.06	71.12	73.94	76.56	78.98	81.24	83.35	
92.50%	68.08	71.14	73.96	76.58	79.01	81.27	83.38	
94.50%	68.10	71.16	73.99	76.61	79.03	81.29	83.40	
96.50%	68.13	71.19	74.01	76.63	79.05	81.31	83.43	
98.50%	68.15	71.21	74.03	76.65	79.08	81.34	83.45	

Nuclear capacity is modeled at 92.5%, which reflects the historically consistent performance of NEE's nuclear fleet. Unlike other forms of generation, nuclear is already operating near its ceiling. Almost no room is available for the upside, so even though it is stable, changes to this input barely affect the model: it is not a needle-mover. What does matter is the CV ROIC growth rate, which we set at 6.75%. That rate reflects long-term returns driven by scaling PPAs and improved operational efficiency. If ROIC growth slows, the terminal value drops fast. Even a small change here impacts the valuation of more than 100 basis points of change in nuclear capacity. This pairing helps highlight where sensitivity lies in the model. The takeaway is that reliability in nuclear help, but long-term return on invested capital is what drives value.

Structural Variables:

Structural inputs like borrowing costs, risk assumptions, and terminal growth rates shape the model's foundation. These variables do not impact quarter-to-quarter results, but they define the range of where the valuation can go. If interest rates increase, tax advantages shrink, or risk premiums widen, the forecast changes across the sensitivity analysis.

Marginal Tax Rate vs. Pre-Tax Cost of Debt

Marginal Tax Rate \ Pre-Tax Cost of Debt	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%
17.23%	87.32	84.24	81.30	78.48	75.77	73.18	70.69
19.23%	86.57	83.54	80.64	77.86	75.19	72.63	70.17
21.23%	85.81	82.82	79.97	77.23	74.60	72.07	69.65
23.23%	85.03	82.09	79.28	76.58	73.99	71.50	69.11
25.23%	84.23	81.35	78.58	75.93	73.38	70.92	68.56
27.23%	83.42	80.59	77.87	75.26	72.74	70.33	68.00
29.23%	82.60	79.82	77.14	74.57	72.10	69.72	67.43

Our model uses a 5.00% pre-tax cost of debt and a 23.23% marginal tax rate. It is beneficial for the company to take advantage of as much tax shield as possible with a high marginal tax rate next to the pre-tax cost of debt. Any increase in borrowing costs not offset by the tax shield will push WACC higher, hurting valuation.

Risk-Free Rate vs. Beta

Risk-Free Rate \ Beta	0.45	0.50	0.55	0.60	0.65	0.70	0.75
4.20%	118.24	108.31	99.45	91.49	84.29	77.77	71.82
4.40%	110.88	101.75	93.56	86.17	79.47	73.37	67.79
4.60%	104.12	95.68	88.09	81.22	74.96	69.25	64.01
4.80%	97.86	90.05	83.00	76.58	70.73	65.38	60.45
5.00%	92.10	84.85	78.27	72.27	66.79	61.75	57.11
5.20%	86.73	79.98	73.84	68.22	63.07	58.32	53.94
5.40%	81.74	75.44	69.69	64.42	59.57	55.09	50.94

We use a beta of 0.60 and a 4.80% risk-free rate. These values both strongly influence the cost of equity. If NEER becomes a larger part of the business, beta will likely rise, especially given the volatility of wholesale markets. Our model's projected growth in NEER would likely increase the beta and the cost of equity and decrease NEE's value. A rising Treasury yield in the market would also increase the cost of equity and decrease NEE's value.

CV Growth Rate of NOPLAT vs. ERP

CV Growth of NOPLAT \ ERP	5.18%	5.28%	5.38%	5.48%	5.58%	5.68%	5.78%
2.45%	79.99	78.67	77.37	76.10	74.85	73.63	72.42
2.55%	80.22	78.87	77.55	76.25	74.98	73.73	72.51
2.65%	80.47	79.09	77.74	76.41	75.12	73.84	72.59
2.75%	80.73	79.32	77.94	76.58	75.26	73.96	72.69
2.85%	81.00	79.56	78.15	76.76	75.41	74.08	72.78
2.95%	81.29	79.81	78.37	76.95	75.57	74.21	72.88
3.05%	81.60	80.08	78.60	77.15	75.74	74.35	72.99

We model an equity risk premium of 5.48% and a terminal NOPLAT growth rate of 2.75%. These two inputs push valuation in opposite directions. A higher CV growth rate lifts terminal value by projecting stronger long-term earnings, while a higher ERP raises the cost of equity, increasing WACC and lowering value. If ERP increases without a corresponding rise in NOPLAT growth, valuation drops. If the terminal CV growth rate of NOPLAT increases with no change in ERP, valuation goes up.

Conclusion

NextEra Energy has positioned itself well in the renewable energy space through long-term infrastructure and generation capacity investments. While these capital expenditures offer strong potential for future returns, current valuation levels reflect much of the anticipated growth.

Putting it all together, we place the most weight on our DCF model given the structure of NEE's business and the timing of cash flow generation. The DDM provides a more conservative baseline focused only on dividends, while the relative valuation gives context against peers. Using an 80% weight on DCF, 10% on DDM, and 10% on relative P/E, we arrive at a final target price of $71.17. That reflects where we believe the stock should trade based on the company's long term return profile, project execution, and ability to scale earnings from its current investment cycle.

Model Weighting and Justification

DCF and EP model- 80%, assigning it an 80% weight. This reflects our conviction that NEE's long-term value is best captured by modeling its future cash flows. The DCF accounts for the front-loaded capital expenditures and the delayed earnings ramp-up from large-scale renewable projects.

Dividend Discount Model (DDM) – 10%
The DDM provides a conservative view based solely on dividend payouts. It helps us gauge downside protection and dividend sustainability but doesn't capture the value of reinvested earnings

Relative Valuation (P/E) – 10%
While relative valuation offers a helpful benchmark against peers, we believe it is currently skewed by the broader market dip and risk-off sentiment affecting the utility sector.

Assuming a steady economic environment with moderating interest rates, manageable fuel costs, and sustained demand for clean energy, NextEra should continue to generate reliable cash flows through its regulated utility while expanding its presence through NEER. However, given the current premium relative to peers and the execution risk of scaling renewable output, we recommend a HOLD rating for NEE.

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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NextEra Energy, Inc.

Revenue Decomposition

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
FPL								
FPL Total Operating Revenues	**17282**	**18365**	**17019**	**17493**	**18860**	**19817**	**20175**	**20952**
Contracts With Customers	17200	18200	16900	17875	18863	19844	20255	21093
Change in Contracts	3100	1000	-1300	975	988	981	411	839
Revenue ($)/Contracts	1.00	1.01	1.01	0.98	1.00	1.00	1.00	0.99
Growth rate (%) of total contracts	22.0%	5.8%	-7.1%	5.8%	5.5%	5.2%	2.1%	4.1%
Revenue growth (%) of FPL	37.2%	6.3%	-7.3%	2.8%	7.8%	5.1%	1.8%	3.9%
NEER								
NEER Total Operating Revenues	**3720**	**9672**	**7542**	**10806**	**13041**	**15596**	**18013**	**23317**
Average $/MW Utilized	0.34	0.84	0.24	0.36	0.37	0.39	0.41	0.42
Revenue growth (%) of NEER	21.8%	160.0%	-22.0%	43.3%	20.7%	19.6%	15.5%	29.4%
# of MW Sold								
Wind								
Total MW Capacity	21445	23042	26335	31597	38650	47666	56018	65251
MW Capacity Growth Rate	17.8%	7.4%	14.3%	20.0%	22.3%	23.3%	17.5%	16.5%
MW Utilized	*7699*	*7650*	*20977*	*20226*	*23314*	*26838*	*29113*	*35549*
Capacity Factor	*35.9%*	*33.2%*	*79.7%*	*64.0%*	*60.3%*	*56.3%*	*52.0%*	*54.5%*
Solar								
Total MW Capacity	4351	6633	10157	13129	17270	22612	28609	36993
MW Capacity Growth Rate	14.3%	52.4%	53.1%	29.3%	31.5%	30.9%	26.5%	29.3%
MW Utilized	*1062*	*1539*	*7837*	*8159*	*9809*	*11473*	*13031*	*17968*
Capacity Factor	*24.4%*	*23.2%*	*77.2%*	*62.1%*	*56.8%*	*50.7%*	*45.5%*	*48.6%*
Nuclear								
Total MW Capacity	2486	2444	2292	2233	2166	2148	2103	2045
MW Capacity Growth Rate	1.6%	-1.7%	-6.2%	-2.6%	-3.0%	-0.9%	-2.1%	-2.7%
MW Utilized	*2305*	*2273*	*2145*	*2038*	*1991*	*1991*	*1946*	*1892*
Capacity Factor	*92.7%*	*93.0%*	*93.6%*	*91.2%*	*91.9%*	*92.7%*	*92.6%*	*92.5%*
Fossil (Gas + Oil)								
Total MW Capacity	0	0	0	0	0	0	0	0
MW Capacity Growth Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
MW Utilized	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Capacity Factor	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Total MWh of generation	28282	32119	38784	46960	58086	72426	86729	104288
Total MWh Utilized	*11066*	*11462*	*30959*	*30423*	*35114*	*40302*	*44090*	*55409*
Gulf Power								
Gulf Power Total Operating Revenues	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
NEE								
NEE Total Operating Revenues	**21002**	**28037**	**24561**	**28299**	**31901**	**35413**	**38188**	**44269**
Revenue growth (%) of NEE	22.2%	33.5%	-12.4%	15.2%	12.7%	11.0%	7.8%	15.9%
Corporate and Other Revenues	-46	77	192	**34**	**35**	**37**	**39**	**40**
Revenue ($)/Corp & Other	-0.0022	0.0027	0.0078	0.0012	0.0011	0.0010	0.0010	0.0009
Growth rate (%) of other rev	47.1%	267.4%	149.4%	4.4%	4.4%	4.4%	4.4%	4.4%
Total Consolidated Revenues	**20956**	**28114**	**24753**	**28333**	**31937**	**35450**	**38226**	**44310**
Total Revenue Growth (%)	22.6%	34.2%	-12.0%	14.5%	12.7%	11.0%	7.8%	15.9%

NextEra Energy, Inc.
Income Statement
(million, except per share amounts)

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
OPERATING REVENUES	20956	28114	24753	28333	31937	35450	38226	44310	52001	54817	60372	65708	70949
OPERATING EXPENSES													
Fuel, purchased power and interchange	6389	5457	5029	5917	6670	7404	7983	9254	10860	11448	12608	13723	14817
Other operations and maintenance	4428	4681	4857	5718	6445	7154	7715	8942	10494	11063	12184	13261	14318
Depreciation and amortization	4503	5879	5462	6799	7399	7896	8161	8310	8460	8757	8994	9180	9352
Taxes other than income taxes and other -- net	2077	2265	2278	2563	2889	3207	3459	4009	4706	4961	5464	5947	6421
Total operating expenses -- net	**17397**	**18282**	**17626**	20997	23403	25662	27318	30516	34521	36228	39249	42110	44831
GAINS ON DISPOSAL OF BUSINESS/ASSETS -- NET	522	405	352	408	434	460	486	488	512	536	559	585	611
OPERATING INCOME	**4081**	**10237**	**7479**	7744	8967	10249	11395	14282	17992	19125	21682	24183	26729
OTHER INCOME (DEDUCTIONS)													
Interest Expense	-585	-3324	-2235	-4117	-4266	-4655	-5063	-4853	-4994	-4929	-5025	-5002	-5012
Equity on earnings (losses) of equity method investees	203	-648	-246	72	-317	-304	12	-164	-278	-151	-138	-225	-181
Allowance for equity funds used during construction	112	161	198	335	310	236	200	203	257	241	227	226	231
Gains on disposal of investments and other property -- net	80	125	163	116	131	145	157	182	213	225	247	269	291
Change in unrealized gains (losses) on equity securities held in NEEI	-461	159	107	113	119	126	132	140	147	155	164	173	182
Other net periodic benefits income	202	245	235	213	220	225	228	224	227	224	223	224	225
Other -- net	200	333	336	219	247	274	295	342	402	423	466	507	548
Total other income (deductions) -- net	**-249**	**-2949**	**-1442**	**-3049**	**-3557**	**-3953**	**-4039**	**-3926**	**-4026**	**-3812**	**-3835**	**-3827**	**-3716**
INCOME (LOSS) BEFORE INCOME TAXES	3832	7288	6037	4695	5410	6295	7356	10356	13966	15313	17847	20356	23013
Income Taxes	586	1006	339	1091	1257	1462	1709	2406	3244	3557	4146	4729	5346
NET INCOME (LOSS)	**3246**	**6282**	**5698**	**3605**	**4153**	**4833**	**5647**	**7950**	**10722**	**11756**	**13701**	**15627**	**17667**
Net income (loss) attributable to noncontrolling interests	901	1028	1248	833	960	1117	1305	1837	2477	2716	3165	3610	4082
Net Income (loss) attributable to NEE	4147	7310	6946	4437	5113	5950	6952	9787	13199	14472	16866	19238	21749
Weighted average shares outstanding - basic	1972.6	2026.1	2052.9	2054.8	2056.8	2058.7	2060.7	2062.6	2063.0	2062.9	2062.8	2062.7	2062.6
Net income (loss) per share - basic	2.10	3.61	3.38	2.16	2.49	2.89	3.37	4.74	6.40	7.02	8.18	9.33	10.54
Dividends per share	1.70	1.87	2.06	2.07	2.11	2.28	2.55	3.54	4.38	4.88	5.22	6.87	7.60
Payout ratio	80.9%	51.8%	60.9%	95.8%	85.0%	79.0%	75.6%	74.7%	68.4%	69.5%	63.9%	73.7%	72.1%

NextEra Energy, Inc.
Balance Sheet
(millions, except par value)

	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
ASSETS													
Current assets:													
Cash and cash equivalents	1601	2690	1487	873	280	4988	3656	6965	5916	9002	14680	18573	23609
Customer receivables, net	4349	3609	3336	4081	4600	5106	5505	6381	7489	7895	8695	9463	10218
Other receivables	744	944	1180	1076	1213	1347	1452	1683	1975	2082	2293	2496	2695
Materials, supplies, & fossil fuel inventory	1934	2106	2214	2332	2628	2917	3146	3646	4279	4511	4968	5407	5839
Regulatory assets	2165	1460	1417	1375	1335	1295	1257	1220	1184	1149	1116	1083	1051
Derivatives	1590	1730	879	936	996	1060	1128	1200	1277	1360	1447	1540	1639
Contract assets	0	1487	252	0	0	0	0	0	0	0	0	0	0
Other current assets	1107	1335	1186	1511	1704	1891	2039	2364	2774	2924	3220	3505	3785
Total current assets	13490	15361	11951	12184	12755	18603	18183	23460	24895	28923	36420	42068	48835
Other assets:													
Property, plant & equipment -- net	111059	125776	138852	151114	161270	166677	169727	172784	178836	183681	187485	190995	194633
Special use funds	7496	8698	9800	10239	10672	10605	11047	12187	14253	15640	17279	19275	21582
Investment in equity method investees	6582	6156	6118	6190	5873	5568	5581	5417	5139	4988	4850	4625	4444
Prepaid benefit costs	1832	2112	2496	2616	2741	2873	3011	3155	3307	3466	3632	3806	3989
ROU Assets	386	396	372	410	449	442	429	412	416	419	425	427	424
Regulatory assets	5992	4801	4828	4855	4882	4910	4938	4965	4993	5021	5050	5078	5106
Derivatives	1935	1790	1774	1888	2009	2139	2276	2422	2578	2744	2920	3108	3308
Goodwill	4854	5091	4866	4866	4866	4866	4866	4866	4866	4866	4866	4866	4866
Other assets	5695	7704	9459	7760	8760	9780	7459	8731	10315	10893	9768	10667	11554
Total other assets	145445	162128	178193	189937	201523	207860	209332	214940	224703	231717	236274	242847	249907
TOTAL ASSETS	**158935**	**177489**	**190144**	**202121**	**214278**	**226463**	**227516**	**238400**	**249598**	**260640**	**272694**	**284915**	**298742**
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY													
Current Liabilities:													
Commercial Paper	1709	4650	1670	2936	3238	3534	3771	4282	4927	5171	5643	6099	6548
Other short-term debt	1368	255	217	405	446	487	520	590	679	713	778	840	902
Current portion of long-term debt	6633	6901	8061	8064	3358	11519	7357	9919	3840	4504	3807	3807	3807
Accounts Payable	8312	8504	6982	9828	11078	12297	13260	15370	18038	19014	20941	22792	24610
Customer deposits	560	638	694	742	836	928	1001	1160	1362	1435	1581	1721	1858
Accrued interest & taxes	719	970	1016	3026	3009	3192	3355	2447	1750	1372	879	273	-334
Derivatives	2102	845	1073	1142	1215	1294	1377	1465	1559	1660	1766	1880	2001
Accrued contruction-related expenditures	1760	1861	2346	943	872	666	564	571	723	679	641	636	650
Regulatory liabilities	350	340	279	229	188	154	127	104	85	70	57	47	39
Other current liabilities	3182	2999	3017	3441	3879	4305	4642	5381	6315	6657	7332	7980	8617
Total current liabilities	26695	27963	25355	30756	28120	38376	35972	41288	39278	41275	43425	46074	48697
Other liabilities & deferred credits:													
Long-term debt	55256	61405	72385	73909	86048	85729	85402	85095	89144	90113	89806	89496	89192
Asset retirement obligations	3245	3403	3671	7678	7100	5420	4590	4645	5887	5529	5214	5173	5290
Deferred income taxes	9072	10142	11749	12186	12691	13277	13962	14927	16228	17655	19318	21215	23359
Regulatory liabilities	9626	10049	10635	11255	11912	12606	13341	14119	14943	15814	16736	17712	18745
Operating Leases	400	412	387	423	464	457	443	426	429	432	439	441	438
Derivatives	2909	2741	2008	2137	2274	2421	2576	2742	2918	3106	3305	3518	3744
Other liabilities & deferred credits	2696	2762	3480	2191	2303	2472	2656	2854	3042	3241	3449	3673	3916
Total other liabilities & deferred credits	83204	90502	103928	109780	122792	122382	122972	124808	132591	135891	138268	141228	144684
TOTAL LIABILITIES	**109899**	**118465**	**129283**	**140536**	**150912**	**160758**	**158944**	**166097**	**171869**	**177166**	**181693**	**187302**	**193381**
REDEEMABLE NONCONTROLLING INTERESTS - VIEs	1110	1256	401	0	0	0	0	0	0	0	0	0	0
EQUITY													
Common equity	12740	17386	17281	17390	17500	17609	17718	17827	17845	17839	17833	17827	17821
Retained earnings	26707	30235	32946	33133	33900	35150	36849	39328	43501	47915	54003	59060	65127
Accumulated other comprehensive income (loss)	-218	-153	-126	-135	-135	-135	-135	-135	-135	-135	-135	-135	-135
Total common shareholders equity (deficit)	39229	47468	50101	50388	51264	52624	54432	57020	61210	65618	71701	76752	82814
Noncontrolling interests related to VIEs	9097	10300	10359	11197	12103	13081	14140	15283	16519	17856	19300	20861	22548
TOTAL EQUITY	**48326**	**57768**	**60460**	**61585**	**63367**	**65705**	**68572**	**72303**	**77729**	**83474**	**91001**	**97613**	**105362**
TOTAL LIABILITIES, RED NONCONT INT AND EQUITY	**158935**	**177489**	**190144**	**202121**	**214279**	**226463**	**227516**	**238400**	**249599**	**260640**	**272694**	**284915**	**298742**

NextEra Energy, Inc.

Historical Cash Flow Statement

(millions)

Fiscal Years Ending Dec. 31	2018	2019	2020	2021	2022	2023	2024
CASH FLOWS FROM OPERATING ACTIVITIES							
Net income (loss)	5776	3388	2369	2827	3246	6282	5698
Adj to rec. NI to net cash provided by op. activities							
Depreciation and amortization	3911	4216	4052	3924	4503	5879	5462
Nuclear fuel & other amortization	236	262	263	290	287	272	299
Unrealized losses (gains) on marked to market derivati	54	-108	533	2005	1378	-1949	-492
Unrealized losses (gains) on equity securities held in NI	0	0	-163	-267	461	-159	-107
Foreign currency transaction losses (gains)	16	17	45	-94	-104	92	-85
Deferred income taxes	1463	258	-78	436	534	708	1308
Cost recovery clauses and franchise fees	-225	155	-121	-599	-1465	1104	1016
Equity in losses (earnings) of equity method investees	-358	-66	1351	-666	-203	648	246
Distributions of earnings from equity method investee	328	438	456	526	541	712	811
Losses (gains) on disposal of businesses, assets, & inve	-4170	-461	-403	-146	-602	-530	-515
Recoverable storm-related costs	0	-180	-69	-138	-811	-399	-676
Other adjustments -- net	167	-141	352	-326	85	34	135
Changes in working capital:							
Current assets	-631	123	-364	-1267	-1340	58	-382
Noncurrent assets	-220	-93	-234	-324	-89	-408	-473
Current liabilities	163	116	-6	1053	1702	-1109	767
Noncurrent liabilities	83	231	0	52	139	66	248
Net cash provided by operating activities	6593	8155	7983	7553	8262	11301	13260
CASH FLOWS FROM INVESTING ACTIVITIES							
Captial expenditures of FPL	-5012	-10725	-7489	-7408	-9067	-9302	-7992
Independent power & other investments of NEER	-7045	-6385	-6851	-8247	-9541	-15565	-16215
Nuclear fuel purchases	-267	-315	-245	-275	-223	-185	-399
Other capital expenditures	-680	-37	-25	-147	-452	-61	-123
Proceeds from the sale of Florida City Gas business	0	0	0	0	0	924	0
Sale of independent power and other investments of NEI	1617	1163	1012	2761	1564	1883	2659
Proceeds from sale or maturity of securities in special us	3410	4008	3916	4995	3857	4875	5445
Purchases of securities in special use funds and other inv	-3096	-4160	-4100	-5310	-4586	-5926	-5623
Other investing activities -- net	123	274	83	40	89	-110	-16
Net cash used in investing activities	-10950	-16177	-13699	-13591	-18359	-23467	-22264
CASH FLOWS FROM FINANCING ACTIVITIES							
Issuances of long-term debt, including premiums and dis	4399	13919	12404	16683	13856	13857	24769
Retirements of long-term debt	-3102	-5492	-6103	-9594	-4525	-7978	-10113
Proceeds from differential membership investors	1841	1604	3522	2779	4158	2745	2257
Payments to differential membership investors	0	0	0	65	-179	-75	-740
Net change of commercial paper	1062	-234	-965	-169	327	2941	-2980
Proceeds from other short-term debt	5665	200	2158	0	1755	1980	6575
Repayments of other short-term debt	-455	-4765	-2100	-257	-1125	-2613	-6613
Cash swept from (repayments to) related parties -- net	-21	-54	-2	47	240	1213	-1371
Issuances of common stock/equity units	718	1494	-92	14	1514	4514	48
Dividends on common stock	-2101	-2408	-2743	-3024	-3352	-3782	-4235
Other financing activities -- net	-372	-391	-406	-737	-440	-653	-597
Net cash provided by financing activities	7634	3873	6174	5807	12229	12149	7000
Effects of currency translation on cash, cash equivalents an	-7	4	-20	1	-7	-4	-14
Net increase (decrease) in cash, cash equivalents and restri	3270	-4145	438	-230	2125	-21	-2018
Cash, cash equivalents and restricted cash at beginning of y	1983	5253	1108	1546	1316	3441	3420
Cash, cash equivalents and restricted cash at end of year	5253	1108	1546	1316	3441	3420	1402

NextEra Energy, Inc.

Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
CASH FLOWS FROM OPERATING ACTIVITIES								
Net Income	3605	4153	4833	5647	7950	10722	11756	13701
Plus Depreciation and Amortization	6799	7399	7896	8161	8310	8460	8757	8994
Change in Customer Recievables	-745	-519	-506	-400	-876	-1108	-406	-800
Change in Other Recievables	104	-137	-133	-105	-231	-292	-107	-211
Change In Materials, Supplies, Fossil Fuel Inventory	-118	-297	-289	-228	-501	-633	-232	-457
Change In Regulatory Assets (LT)	-27	-27	-27	-28	-28	-28	-28	-28
Change In Regulatory Assets (oper)	42	41	39	38	37	36	35	34
Change In Contract Assets	252	0	0	0	0	0	0	0
Change in Other Current Assets	-325	-192	-187	-148	-324	-410	-150	-296
Change in Prepaid benefit costs	-120	-126	-132	-138	-145	-151	-159	-166
Changes in Accounts Payable	2846	1250	1219	963	2110	2668	977	1927
Change in Deferred income taxes (Liab)	437	504	587	685	965	1301	1427	1663
Changes in Customer deposits	48	94	92	73	159	202	74	146
Changes in Accrued interest & taxes	2010	-17	183	163	-908	-697	-378	-493
Net cash used in operating activities	**14808**	**12126**	**13574**	**14683**	**16519**	**20069**	**21565**	**24012**
CASH FLOWS FROM INVESTING ACTIVITIES								
Change in Asset retirement obligations	4007	-578	-1680	-830	55	1241	-358	-314
Change in Property, plant & equipment (CapEx)	-19470	-18005	-13745	-11640	-11780	-14928	-14020	-13223
Change in Special use funds	439	433	-67	442	1140	2066	1387	1639
Change in Investment in equity method investees	-72	317	304	-12	164	278	151	138
Change in ROU Assets	-38	-40	7	13	17	-4	-3	-7
Change in Other Assets	1699	-1000	-1020	2321	-1272	-1583	-578	1125
Changes in Accrued contruction-related expenditures	-1403	-71	-206	-102	7	153	-44	-39
Change In Derivatives (Liab) (LT)	129	137	146	156	166	176	188	200
Change In Derivatives (Asset) (LT)	-114	-121	-129	-137	-146	-156	-166	-176
Change In Derivatives (Liab) (Short Term)	69	73	78	83	89	94	100	107
Change In Derivatives (Asset) (Operating)	-57	-60	-64	-68	-72	-77	-82	-87
Net cash used in investing activities	**-14810**	**-18336**	**-14696**	**-8945**	**-11689**	**-13981**	**-13067**	**-10324**
CASH FLOWS FROM FINANCING ACTIVITIES								
Changes in Other Current Liabilities	424	438	427	337	739	934	342	675
Change in Long-term debt	1524	12139	-319	-327	-308	4049	970	-307
Changes in Commercial Paper	1266	302	296	237	511	645	244	472
Changes in Other short-term debt	188	42	41	33	70	89	34	65
Changes in Current portion of long-term debt	3	-4706	8161	-4162	2562	-6079	663	-697
Change in Regulatory Liabilities (LT)	620	656	695	735	778	823	871	922
Change In Regulatory liabilities (current)	-50	-41	-34	-28	-23	-19	-15	-13
Change in Other liabilities & deferred credits	-1289	112	169	184	198	187	200	207
Total Dividends	-4250	-4346	-4699	-5253	-7308	-9026	-10058	-10778
Stock Issuances	115	115	115	115	115	23	0	0
Change in NCI	837.9	905.7	978.9	1058.1	1143.7	1236.2	1336.2	1444.2
Net cash used in financing activities	**-611**	**5617**	**5830**	**-7070**	**-1522**	**-7136**	**-5413**	**-8009**
Net increase (decrease) in cash, cash equivalents and restr	-614	-593	4707	-1332	3309	-1049	3086	5679
Cash, cash equivalents and restricted cash at beginning of	1487	873	280	4988	3656	6965	5916	9002
Cash, cash equivalents and restricted cash at end of year	873	280	4988	3656	6965	5916	9002	14680

NextEra Energy, Inc.

Common Size Income Statement

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
OPERATING REVENUES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
OPERATING EXPENSES													
Fuel, purchased power and interchange	30.49%	19.41%	20.32%	20.88%	20.88%	20.88%	20.88%	20.88%	20.88%	20.88%	20.88%	20.88%	20.88%
Other operations and maintenance	21.13%	16.65%	19.62%	20.18%	20.18%	20.18%	20.18%	20.18%	20.18%	20.18%	20.18%	20.18%	20.18%
Depreciation and amortization	21.49%	20.91%	22.07%	24.00%	23.17%	22.27%	21.35%	18.76%	16.27%	15.97%	14.90%	13.97%	13.18%
Taxes other than income taxes and other -- net	9.91%	8.06%	9.20%	9.06%	9.06%	9.06%	9.06%	9.06%	9.06%	9.06%	9.06%	9.06%	9.06%
Total operating expenses -- net	83.02%	65.03%	71.21%	74.12%	73.29%	72.40%	71.47%	68.88%	66.39%	66.10%	65.02%	64.09%	63.30%
GAINS ON DISPOSAL OF BUSINESS/ASSETS -- NET	2.49%	1.44%	1.42%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%
OPERATING INCOME	**19.47%**	**36.41%**	**30.21%**	27.36%	28.19%	29.08%	30.01%	32.60%	35.09%	35.38%	36.46%	37.39%	3.15%
OTHER INCOME (DEDUCTIONS)													
Interest Expense	-2.79%	-11.82%	-9.03%	-9.09%	-9.09%	-9.09%	-9.09%	-9.09%	-9.09%	-9.09%	-9.09%	-9.09%	-9.09%
Equity on earnings (losses) of equity method investees	0.97%	-2.30%	-0.99%	-1.23%	-1.23%	-1.23%	-1.23%	-1.23%	-1.23%	-1.23%	-1.23%	-1.23%	-1.23%
Allowance for equity funds used during construction	0.53%	0.57%	0.80%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Gains on disposal of investments and other property -- net	0.38%	0.44%	0.66%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%
Change in unrealized gains (losses) on equity securities	-2.20%	0.57%	0.43%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
Other net periodic benefits income	0.96%	0.87%	0.95%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%
Other -- net	0.95%	1.18%	1.36%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%
Total other income (deductions) -- net	-1.19%	-10.49%	-5.83%	-7.29%	-7.29%	-7.29%	-7.29%	-7.29%	-7.29%	-7.29%	-7.29%	-7.29%	-7.29%
INCOME (LOSS) BEFORE INCOME TAXES	**18.29%**	**25.92%**	**24.39%**	20.07%	20.07%	20.07%	20.07%	20.07%	20.07%	20.07%	20.07%	20.07%	20.07%
Income Taxes	2.80%	3.58%	1.37%	2.06%	2.06%	2.06%	2.06%	2.06%	2.06%	2.06%	2.06%	2.06%	2.06%
NET INCOME (LOSS)	**15.49%**	**22.34%**	**23.02%**	18.01%	18.01%	18.01%	18.01%	18.01%	18.01%	18.01%	18.01%	18.01%	18.01%
Net income (loss) attributable to noncontrolling interests	4.30%	3.66%	5.04%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%
Net Income (loss) attributable to NEE	19.79%	26.00%	28.06%	22.35%	22.35%	22.35%	22.35%	22.35%	22.35%	22.35%	22.35%	22.35%	22.35%

NextEra Energy, Inc.

Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
ASSETS								
Current assets:								
Cash and cash equivalents	1.01%	1.52%	0.78%	0.43%	0.13%	2.20%	1.61%	2.92%
Customer receivables, net	2.74%	2.03%	1.75%	2.02%	2.15%	2.25%	2.42%	2.68%
Other receivables	0.47%	0.53%	0.62%	0.53%	0.57%	0.59%	0.64%	0.71%
Materials, supplies, & fossil fuel inventory	1.22%	1.19%	1.16%	1.15%	1.23%	1.29%	1.38%	1.53%
Regulatory assets	1.36%	0.82%	0.75%	0.68%	0.62%	0.57%	0.55%	0.51%
Derivatives	1.00%	0.97%	0.46%	0.46%	0.46%	0.47%	0.50%	0.50%
Contract assets	0.00%	0.84%	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%
Other current assets	0.70%	0.75%	0.62%	0.75%	0.80%	0.84%	0.90%	0.99%
Total current assets	8.49%	8.65%	6.29%	6.03%	5.95%	8.21%	7.99%	9.84%
Other assets:								
Property, plant & equipment -- net	69.88%	70.86%	73.02%	74.76%	75.26%	73.60%	74.60%	72.48%
Special use funds	4.72%	4.90%	5.15%	5.07%	4.98%	4.68%	4.86%	5.11%
Investment in equity method investees	4.14%	3.47%	3.22%	3.06%	2.74%	2.46%	2.45%	2.27%
Prepaid benefit costs	1.15%	1.19%	1.31%	1.29%	1.28%	1.27%	1.32%	1.32%
ROU Assets	0.24%	0.22%	0.20%	0.20%	0.21%	0.20%	0.19%	0.17%
Regulatory assets	3.77%	2.70%	2.54%	2.40%	2.28%	2.17%	2.17%	2.08%
Derivatives	1.22%	1.01%	0.93%	0.93%	0.94%	0.94%	1.00%	1.02%
Goodwill	3.05%	2.87%	2.56%	2.41%	2.27%	2.15%	2.14%	2.04%
Other assets	3.58%	4.34%	4.97%	3.84%	4.09%	4.32%	3.28%	3.66%
Total other assets	91.51%	91.35%	93.71%	93.97%	94.05%	91.79%	92.01%	90.16%
TOTAL ASSETS	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY								
Current Liabilities:								
Commercial Paper	1.08%	2.62%	0.88%	1.45%	1.51%	1.56%	1.66%	1.80%
Other short-term debt	0.86%	0.14%	0.11%	0.20%	0.21%	0.22%	0.23%	0.25%
Current portion of long-term debt	4.17%	3.89%	4.24%	3.99%	1.57%	5.09%	3.23%	4.16%
Accounts Payable	5.23%	4.79%	3.67%	4.86%	5.17%	5.43%	5.83%	6.45%
Customer deposits	0.35%	0.36%	0.36%	0.37%	0.39%	0.41%	0.44%	0.49%
Accrued interest & taxes	0.45%	0.55%	0.53%	1.50%	1.40%	1.41%	1.47%	1.03%
Derivatives	1.32%	0.48%	0.56%	0.56%	0.57%	0.57%	0.61%	0.61%
Accrued contruction-related expenditures	1.11%	1.05%	1.23%	0.47%	0.41%	0.29%	0.25%	0.24%
Regulatory liabilities	0.22%	0.19%	0.15%	0.11%	0.09%	0.07%	0.06%	0.04%
Other current liabilities	2.00%	1.69%	1.59%	1.70%	1.81%	1.90%	2.04%	2.26%
Total current liabilities	16.80%	15.75%	13.33%	15.22%	13.12%	16.95%	15.81%	17.32%
Other liabilities & deferred credits:								
Long-term debt	34.77%	34.60%	38.07%	36.57%	40.16%	37.86%	37.54%	35.69%
Asset retirement obligations	2.04%	1.92%	1.93%	3.80%	3.31%	2.39%	2.02%	1.95%
Deferred income taxes	5.71%	5.71%	6.18%	6.03%	5.92%	5.86%	6.14%	6.26%
Regulatory liabilities	6.06%	5.66%	5.59%	5.57%	5.56%	5.57%	5.86%	5.92%
Operating Leases	0.25%	0.23%	0.20%	0.21%	0.22%	0.20%	0.19%	0.18%
Derivatives	1.83%	1.54%	1.06%	1.06%	1.06%	1.07%	1.13%	1.15%
Other liabilities & deferred credits	1.70%	1.56%	1.83%	1.08%	1.07%	1.09%	1.17%	1.20%
Total other liabilities & deferred credits	52.35%	50.99%	54.66%	54.31%	57.30%	54.04%	54.05%	52.35%
TOTAL LIABILITIES	**69.15%**	**66.74%**	**67.99%**	**69.53%**	**70.43%**	**70.99%**	**69.86%**	**69.67%**
REDEEMABLE NONCONTROLLING INTERESTS - VIEs	0.70%	0.71%	0.21%	0.00%	0.00%	0.00%	0.00%	0.00%
EQUITY								
Common equity	8.02%	9.80%	9.09%	8.60%	8.17%	7.78%	7.79%	7.48%
Retained earnings	16.80%	17.03%	17.33%	16.39%	15.82%	15.52%	16.20%	16.50%
Accumulated other comprehensive income (loss)	-0.14%	-0.09%	-0.07%	-0.07%	-0.06%	-0.06%	-0.06%	-0.06%
Total common shareholders equity (deficit)	24.68%	26.74%	26.35%	24.93%	23.92%	23.24%	23.92%	23.92%
Noncontrolling interests related to VIEs	5.72%	5.80%	5.45%	5.54%	5.65%	5.78%	6.21%	6.41%
TOTAL EQUITY	30.41%	32.55%	31.80%	30.47%	29.57%	29.01%	30.14%	30.33%
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

NextEra Energy, Inc.
Value Driver Estimation

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
NOPLAT:								
Total Revenues	20956	28114	24753	28333	31937	35450	38226	44310
Fuel, purchased power and interchange	6389	5457	5029	5917	6670	7404	7983	9254
Other operations and maintenance	4428	4681	4857	5718	6445	7154	7715	8942
Depreciation and amortization	4503	5879	5462	6799	7399	7896	8161	8310
Taxes other than income taxes and other -- net	2077	2265	2278	2563	2889	3207	3459	4009
Implied Interest on Operating Leases	28	20	21	19	21	23	23	22
EBIT	3587	9852	7148	7355	8555	9812	10931	13816
Income Tax Expense	586	1006	339	1091	1257	1462	1709	2406
+ Tax shield on oper lease int (int. expense * tax rate)	6	4	5	4	5	5	5	5
- Gains on disposal of investments and other property net	-18	-28	-40	-27	-30	-34	-36	-42
- Other net periodic benefits income	-46	-55	-58	-50	-51	-52	-53	-52
- Tax on other non-operating income	-45	-75	-83	-51	-57	-64	-69	-79
+ Interest Expense	132	745	552	956	991	1081	1176	1127
- Gains on disposal of business/assets	-118	-91	-87	-95	-101	-107	-113	-113
- Equity on earnings (losses) of equity method investees	-46	145	61	-17	74	71	-3	38
- Allowance for equity funds used during construction	-25	-36	-49	-78	-72	-55	-47	-47
- Change in unrealized gains (losses) on equity securiti	104	-36	-26	-26	-28	-29	-31	-32
- Other -- net	-45	-75	-83	-51	-57	-64	-69	-79
Less: Total Adjusted Taxes	485	1506	530	1658	1930	2216	2471	3130
Plus: Change in Deferred Taxes	762	1070	1607	437	504	587	685	965
NOPLAT	3863	9416	8224	6135	7129	8183	9146	11651
Invested Capital (IC):								
+ Normal Cash (2%)	419	562	495	567	639	709	765	886
+ Accounts Recievable	4349	3609	3336	4081	4600	5106	5505	6381
+ Materials, supplies, & fossil fuel inventory	1934	2106	2214	2332	2628	2917	3146	3646
+ROU Assets	386	396	372	410	449	442	429	412
+ Other receivables	744	944	1180	1076	1213	1347	1452	1683
+ Regulatory assets	2165	1460	1417	1375	1335	1295	1257	1220
- Accounts Payable	-8312	-8504	-6982	-9828	-11078	-12297	-13260	-15370
- Accrued Expenses Construction Related	-1760	-1861	-2346	-943	-872	-666	-564	-571
- Other Current Liabilities	-3182	-2999	-3017	-3441	-3879	-4305	-4642	-5381
- Customer deposits	-560	-638	-694	-742	-836	-928	-1001	-1160
- Accrued interest & taxes	-719	-970	-1016	-3026	-3009	-3192	-3355	-2447
- Regulatory liabilities	-350	-340	-279	-229	-188	-154	-127	-104
Net Operating Working Capital	**-4886**	**-6235**	**-5320**	**-8369**	**-8998**	**-9726**	**-10394**	**-10803**
+ Net PPE	111059	125776	138852	151114	161270	166677	169727	172784
+ Special use funds	7496	8698	9800	10239	10672	10605	11047	12187
+ Regulatory Assets Long Term	5992	4801	4828	4855	4882	4910	4938	4965
+ Other LT Assets	5695	7704	9459	7760	8760	9780	7459	8731
- Other Liabilities	-2696	-2762	-3480	-2191	-2303	-2472	-2656	-2854
-Regulatory Liabilities	-9626	-10049	-10635	-11255	-11912	-12606	-13341	-14119
Invested Capital	113034	127933	143504	152152	162372	167168	166778	170891
Free Cash Flow (FCF):								
NOPLAT	3863	9416	8224	6135	7129	8183	9146	11651
Change in IC	14157	14899	15571	8648	10220	4796	-389	4113
FCF	**-10293**	**-5483**	**-7347**	**-2513**	**-3091**	**3387**	**9535**	**7538**
Return on Invested Capital (ROIC):								
NOPLAT	3863	9416	8224	6135	7129	8183	9146	11651
Beginning IC	98877	113034	127933	143504	152152	162372	167168	166778
ROIC	**3.91%**	**8.33%**	**6.43%**	**4.28%**	**4.69%**	**5.04%**	**5.47%**	**6.99%**
Economic Profit (EP):								
Beginning IC	98877	113034	127933	143504	152152	162372	167168	166778
x (ROIC - WACC)	-2.58%	1.84%	-0.06%	-2.21%	-1.80%	-1.45%	-1.02%	0.50%
EP	**-2551**	**2084**	**-74**	**-3174**	**-2741**	**-2350**	**-1698**	**832**

NextEra Energy, Inc.

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:		*ASSUMPTIONS:*
Risk-Free Rate	4.80%	*Current YTM of 30-yr bond*
Beta	0.60	*Raw Beta 3-yr*
Equity Risk Premium	5.48%	*Geometric avg Prem 1961-202*
Cost of Equity	**8.09%**	
Cost of Debt:		
Risk-Free Rate	4.80%	*Current YTM of 30-yr bond*
Implied Default Premium	0.20%	
Pre-Tax Cost of Debt	5.00%	*Weighted Avg of coupon rate*
Marginal Tax Rate	23%	
After-Tax Cost of Debt	**3.84%**	

Market Value of Common Equity:		**MV Weights**
Total Shares Outstanding	2052.9	
Current Stock Price	$66.31	
MV of Equity	**136,127.80**	62.31%
Market Value of Debt:		
Short-Term Debt	1887	
Current Portion of LTD	8061	
Long-Term Debt	71998	
PV of Operating Leases	387	
MV of Total Debt	**82,333.00**	37.69%
Market Value of the Firm	**218,460.80**	100.00%

Estimated WACC	**6.49%**

NextEra Energy, Inc.

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

CV Growth of NOPLAT	2.75%
CV Year ROIC	6.75%
WACC	6.49%
Cost of Equity	8.09%

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
DCF Model:										
Free Cash Flow (FCF)	-2512.92	-3091.11	3386.98	9535.24	7538.04	7198.23	10232.30	15437.75	15444.84	17212.12
Continuing Value (CV)										353048.46
PV of FCF	-2359.84	-2725.98	2804.95	7415.65	5505.29	4936.87	6590.28	9337.24	8772.48	200527.27

Value of Operating Assets:	240804
Non-Operating Adjustments	
Excess Cash	992
Investment in Equity Method Inves	6118
Prepaid Benefit Costs	2496
Derivatives Assets	879
Derivatives Liab	-1774
Non-Controlling Interests	-10760
Present Value Operating Leases	-387
ESOP	-306
Total Debt	-82720
Value of Equity	155342
Shares Outstanding	2052.9
Intrinsic Value of Last FYE	$ 75.67
Implied Price as of Today	**$ 76.58**

EP Model:										
Economic Profit (EP)	-3173.70	-2741.00	-2349.94	-1697.76	832.21	3745.31	4231.82	6060.96	8038.79	9847.43
Continuing Value (CV)										161676.62
PV of EP	-2980.37	-2417.23	-1946.12	-1320.37	607.79	2568.71	2725.57	3665.86	4565.93	91830.37

Total PV of EP	97300
Invested Capital (last FYE)	143504
Value of Operating Assets:	240804
Non-Operating Adjustments	
Excess Cash	992
Investment in Equity Method Inves	6118
Prepaid Benefit Costs	2496
Derivatives Assets	879
Derivatives Liab	-1774
Non-Controlling Interests	-10760
Present Value Operating Leases	-387
ESOP	-306
Total Debt	-82720
Value of Equity	155342
Shares Outstanding	2052.9
Intrinsic Value of Last FYE	$ 75.67
Implied Price as of Today	**$ 76.58**

NextEra Energy, Inc.

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
EPS	$ 2.16	$ 2.49	$ 2.89	$ 3.37	$ 4.74	$ 6.40	$ 7.02	$ 8.18	$ 9.33	$ 10.54
Key Assumptions										
CV growth of EPS	2.50%									
CV Year ROE	3.47%									
Cost of Equity	8.09%									
Future Cash Flows										
P/E Multiple (CV Year)										$4.99
EPS (CV Year)										$ 10.54
Future Stock Price										$ 52.64
Dividends Per Share	2.07	2.11	2.28	2.55	3.54	4.38	4.88	5.22	6.87	
Discounted Cash Flows	1.91	1.81	1.81	1.87	2.40	2.74	2.83	2.80	3.41	26.14
Intrinsic Value as of Last FYE	$ 47.73									
Implied Price as of Today	$ 48.36									
Number of Periods to Discount	1	2	3	4	5	6	7	8	9	9

NextEra Energy, Inc.

Relative Valuation Models

Ticker	Company	Price	EPS 2025E	EPS 2026E	P/E 25	P/E 26	Est. 5yr EPS gr.	PEG 25	PEG 26
GEV	GE Verona	$271.48	$5.59	$8.78	48.57	30.92	18.0	2.70	1.72
DUK	Duke Energy	$118.93	$5.68	$6.29	20.94	18.91	7.8	2.69	2.43
D	Dominion Energy	$52.73	$2.20	$3.39	23.97	15.55	12.3	1.96	1.27
SO	Southern Company	$88.94	$4.29	$4.57	20.73	19.46	7.7	2.69	2.52
PEG	Public Service Enterprise	$77.73	$3.54	$4.12	21.96	18.87	7.2	3.05	2.62
AQN	Algonquin Power & Utilities Corp								
CEG	Constellation Energy Co	$170.96	$8.41	$9.20	20.33	18.58	5.8	3.52	3.21
				Average	26.08	20.38		2.77	2.30
NEE	NextEra Energy, Inc.	$66.31	$2.16	$2.49	30.7	26.7	7.0	4.4	3.8

Implied Relative Value:

P/E (EPS25)	**$ 56.32**
P/E (EPS26)	**$ 50.67**
PEG (EPS25)	**$ 41.81**
PEG (EPS26)	**$ 39.95**

NextEra Energy, Inc.
Key Management Ratios

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Liquidity Ratios:													
Current Ratio (Current Assets/Current Liabilities)	0.51	0.55	0.47	0.40	0.45	0.48	0.51	0.57	0.63	0.70	0.84	0.91	1.00
Quick Ratio (Current Assets-Inventory) / Current Liabilitie	0.43	0.47	0.38	0.32	0.36	0.41	0.42	0.48	0.52	0.59	0.72	0.80	0.88
Cash Ratio (Cash Equivalents+Cash)/Current Liabilities)	0.06	0.10	0.06	0.03	0.01	0.13	0.10	0.17	0.15	0.22	0.34	0.40	0.48
Asset-Management Ratios:													
Total Asset Turnover (Net Sales/Avg Total Assets)	0.14	0.17	0.13	0.14	0.15	0.16	0.17	0.19	0.21	0.21	0.23	0.24	0.24
Inventory Turnover (cogs/average inventory)	3.66	2.70	2.33	2.60	2.69	2.67	2.63	2.72	2.74	2.60	2.66	2.65	2.64
Accounts Recievable Turnover (net sales/avg acct recievab	5.42	7.07	7.13	7.64	7.36	7.31	7.21	7.46	7.50	7.13			
Financial Leverage Ratios:													
LT Debt/Total Equity	1.14	1.06	1.20	1.20	1.36	1.30	1.25	1.18	1.15	1.08	0.99	0.92	0.85
LT Debt/Total Assets	0.35	0.35	0.38	0.37	0.40	0.38	0.38	0.36	0.36	0.35	0.33	0.31	0.30
Net Debt/Total Equity	1.66	1.50	1.59	1.69	1.80	1.81	1.72	1.65	1.58	1.47	1.30	1.20	1.08
Total Debt/Total Assets	0.69	0.67	0.68	0.70	0.70	0.71	0.70	0.70	0.69	0.68	0.67	0.66	0.65
Profitability Ratios:													
Return on Equity (NI/Beg TSE)	44.71%	53.00%	41.87%	46.43%	51.12%	54.93%	56.94%	62.91%	69.32%	68.01%	69.20%	69.68%	69.91%
Gross Margin (Revenue-Cogs)/Total Revenue)	16.98%	34.97%	28.79%	25.89%	26.72%	27.61%	28.54%	31.13%	33.62%	33.91%	34.99%	35.91%	36.81%
Return on Assets (Net Income/Average Total Assets)	2.17%	3.73%	3.10%	1.84%	1.99%	2.19%	2.49%	3.41%	4.39%	4.61%	5.14%	5.61%	6.05%
Payout Policy Ratios:													
Dividend Payout Ratio (Dividend/EPS)	80.86%	51.83%	60.88%	95.78%	85.00%	78.99%	75.56%	74.67%	68.39%	69.50%	63.90%	73.71%	72.10%
Total Payout Ratio ((Divs. + Repurchases)/NI)				97.28%	86.30%	80.10%	76.51%	75.35%	68.89%	69.96%	64.29%	74.06%	72.41%

NextEra Energy, Inc.

Present Value of Operating Lease Obligations

Fiscal Years Ending Dec. 31	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Year 1	300.0	310.0	320.0	330.0	340.0	350.0	360.0	370.0	380.0	390.0	400.0
Year 2	250.0	260.0	270.0	280.0	290.0	300.0	310.0	320.0	330.0	340.0	350.0
Year 3	225.0	230.0	235.0	240.0	245.0	250.0	255.0	260.0	265.0	270.0	275.0
Year 4	175.0	180.0	185.0	190.0	195.0	200.0	205.0	210.0	215.0	220.0	225.0
Year 5	100.0	104.0	108.0	112.0	116.0	120.0	124.0	128.0	132.0	136.0	140.0
Thereafter	290.0	300.0	310.0	320.0	330.0	340.0	350.0	360.0	370.0	380.0	390.0
Total Minimum Payments	1340.0	1384.0	1428.0	1472.0	1516.0	1560.0	1604.0	1648.0	1692.0	1736.0	1780.0
Less: Cumulative Interest	204.1	210.7	217.3	224.0	230.6	237.2	243.9	250.5	257.2	263.8	270.4
PV of Minimum Payments	**1135.9**	**1173.3**	**1210.7**	**1248.0**	**1285.4**	**1322.8**	**1360.1**	**1397.5**	**1434.8**	**1472.2**	**1509.6**
Implied Interest in Year 1 Payment		**56.8**	**58.7**	**60.5**	**62.4**	**64.3**	**66.1**	**68.0**	**69.9**	**71.7**	**73.6**
Pre-Tax Cost of Debt	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Years Implied by Year 6 Payment	2.9	2.9	2.9	2.9	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Expected Obligation in Year 6 & Beyond	100	104	108	112	116	120	124	128	132	136	140
Present Value of Lease Payments											
PV of Year 1	285.7	295.2	304.8	314.3	323.8	333.3	342.9	352.4	361.9	371.4	381.0
PV of Year 2	226.8	235.8	244.9	254.0	263.0	272.1	281.2	290.2	299.3	308.4	317.5
PV of Year 3	194.4	198.7	203.0	207.3	211.6	216.0	220.3	224.6	228.9	233.2	237.6
PV of Year 4	144.0	148.1	152.2	156.3	160.4	164.5	168.7	172.8	176.9	181.0	185.1
PV of Year 5	78.4	81.5	84.6	87.8	90.9	94.0	97.2	100.3	103.4	106.6	109.7
PV of 6 & beyond	206.8	214.0	221.2	228.4	235.6	242.8	250.0	257.2	264.4	271.6	278.8
Capitalized PV of Payments	1135.9	1173.3	1210.7	1248.0	1285.4	1322.8	1360.1	1397.5	1434.8	1472.2	1509.6

NextEra Energy, Inc.

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	10.5812
Average Time to Maturity (years):	5.20
Expected Annual Number of Options Exercised:	2.0348
Current Average Strike Price:	$ 56.54
Cost of Equity:	8.09%
Current Stock Price:	$66.31

(in millions)

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Increase in Shares Outstanding:	2.0348	2.0348	2.0348	2.0348	2.0348	0.4070				
Average Strike Price:	$ 56.54	$ 56.54	$ 56.54	$ 56.54	$ 56.54	$ 56.54	$ 56.54	$ 56.54	$ 56.54	$ 56.54
Increase in Common Stock Account:	**115.0**	**115.0**	**115.0**	**115.0**	**115.0**	**23.0**	**-**	**-**	**-**	**-**
Share Repurchases ($)	5.7929	5.7929	5.7929	5.7929	5.7929	5.7929	5.7929	5.7929	5.7929	5.7929
Expected Price of Repurchased Shares:	$66.31	$66.31	$66.31	$66.31	$66.31	$66.31	$66.31	$66.31	$66.31	$66.31
Number of Shares Repurchased:	**0.0874**	**0.0874**	**0.0874**	**0.0874**	**0.0874**	**0.0874**	**0.0874**	**0.0874**	**0.0874**	**0.0874**
Shares Outstanding (beginning of the year)	2,052.9	2,054.8	2,056.8	2,058.7	2,060.7	2,062.6	2,063.0	2,062.9	2,062.8	2,062.7
Plus: Shares Issued Through ESOP	2.0348	2.0348	2.0348	2.0348	2.0348	0.4070	0.0000	0.0000	0.0000	0.0000
Less: Shares Repurchased in Treasury	0.0874	0.0874	0.0874	0.0874	0.0874	0.0874	0.0874	0.0874	0.0874	0.0874
Shares Outstanding (end of the year)	**2,054.8**	**2,056.8**	**2,058.7**	**2,060.7**	**2,062.6**	**2,063.0**	**2,062.9**	**2,062.8**	**2,062.7**	**2,062.6**

NextEra Energy, Inc.

Sensitivity Tables 1

Beta

Risk-Free Rate	76.58	0.45	0.50	0.55	0.60	0.65	0.70	0.75
	4.20%	118.24	108.31	99.45	91.49	84.29	77.77	71.81
	4.40%	110.88	101.75	93.56	86.17	79.47	73.37	67.79
	4.60%	104.12	95.68	88.09	81.21	74.96	69.25	64.01
	4.80%	97.86	90.05	82.99	76.58	70.73	65.38	60.45
	5.00%	92.09	84.84	78.27	72.27	66.79	61.75	57.10
	5.20%	86.73	79.98	73.84	68.22	63.07	58.32	53.94
	5.40%	81.74	75.44	69.69	64.42	59.57	55.09	50.94

Terminal Wind Capacity Factor

Terminal Solar Capacit	76.58	44.5%	48.5%	52.5%	56.5%	60.5%	64.5%	68.5%
	42.1%	61.96	65.36	68.76	72.17	75.57	78.97	82.37
	45.1%	63.43	66.83	70.24	73.64	77.04	80.44	83.85
	48.1%	64.90	68.31	71.71	75.11	78.51	81.92	85.32
	51.1%	66.38	69.78	73.18	76.58	79.99	83.39	86.79
	54.1%	67.85	71.25	74.65	78.06	81.46	84.86	88.26
	57.1%	69.32	72.72	76.12	79.53	82.93	86.33	89.74
	60.1%	70.79	74.19	77.60	81.00	84.40	87.80	91.21

ERP

CV Growth of NOPLAT	76.58	5.18%	5.28%	5.38%	5.48%	5.58%	5.68%	5.78%
	2.45%	79.99	78.67	77.37	76.10	74.85	73.63	72.42
	2.55%	80.22	78.87	77.55	76.25	74.98	73.73	72.51
	2.65%	80.46	79.09	77.74	76.41	75.12	73.84	72.59
	2.75%	80.72	79.32	77.94	76.58	75.26	73.96	72.68
	2.85%	81.00	79.56	78.14	76.76	75.41	74.08	72.78
	2.95%	81.29	79.81	78.37	76.95	75.57	74.21	72.88
	3.05%	81.60	80.08	78.60	77.15	75.73	74.35	72.99

Terminal Growth Rate of Total Contracts for FPL

Terminal COGS	76.58	1.65%	2.15%	2.65%	3.15%	3.65%	4.15%	4.65%
	41831	74.15	74.34	74.54	74.73	74.92	75.12	75.31
	42831	74.77	74.96	75.15	75.35	75.54	75.73	75.93
	43831	75.38	75.58	75.77	75.97	76.16	76.35	76.55
	44831	76.00	76.20	76.39	76.58	76.78	76.97	77.16
	45831	76.62	76.81	77.01	77.20	77.39	77.59	77.78
	46831	77.24	77.43	77.62	77.82	78.01	78.21	78.40
	47831	77.86	78.05	78.24	78.44	78.63	78.82	79.02

CV ROIC growth rate

Terminal Nuclear Capa	76.58	6.00%	6.25%	6.50%	6.75%	7.00%	7.25%	7.50%
	86.50%	68.02	71.07	73.90	76.51	78.93	81.19	83.30
	88.50%	68.04	71.10	73.92	76.54	78.96	81.22	83.32
	90.50%	68.06	71.12	73.94	76.56	78.98	81.24	83.35
	92.50%	68.08	71.14	73.96	76.58	79.00	81.26	83.37
	94.50%	68.10	71.16	73.99	76.61	79.03	81.29	83.40
	96.50%	68.13	71.18	74.01	76.63	79.05	81.31	83.42
	98.50%	68.15	71.21	74.03	76.65	79.08	81.34	83.45

Pre-Tax Cost of Debt

Marginal Tax Rate	76.58	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%
	17.23%	87.32	84.24	81.30	78.47	75.77	73.18	70.69
	19.23%	86.57	83.54	80.64	77.86	75.19	72.63	70.17
	21.23%	85.81	82.82	79.97	77.23	74.60	72.07	69.65
	23.23%	85.03	82.09	79.28	76.58	73.99	71.50	69.11
	25.23%	84.23	81.35	78.58	75.93	73.37	70.92	68.56
	27.23%	83.42	80.59	77.87	75.26	72.74	70.33	68.00
	29.23%	82.60	79.82	77.14	74.57	72.10	69.72	67.43