MOODY'S
INVESTORS SERVICE

Rating Action: Moody's upgrades Florida Power & Light to A1; outlook stable

Global Credit Research - 30 Jan 2014

Approximately $9 billion of debt affected

New York, January 30, 2014 -- Moody's Investors Service upgraded the ratings of Florida Power & Light Company (FPL), including its long-term Issuer Rating to A1 from A2. This rating action completes Moody's review of FPL initiated on November 8, 2013. The outlook for the company is stable.

RATING RATIONALE

The primary driver of today's rating action was Moody's more favorable view of the relative credit supportiveness of the US regulatory environment, as detailed in our September 2013 Request for Comment titled "Proposed Refinements to the Regulated Utilities Rating Methodology and our Evolving View of US Utility Regulation."

"FPL is one of the strongest regulated electric utilities in the US, enjoying a return to a highly supportive regulatory environment and growth in its service territory," said Moody's senior vice president Mihoko Manabe.

FPL's ratings reflect an improvement in the political and regulatory environment for investor owned utilities in Florida and the utility's consistently strong financial performance. The company exhibits robust cash flow coverage ratios, low leverage, good cost recovery mechanisms, and serves a large, mainly residential service territory. Its service territory continues to recover from the last few years' economic downturn, signaling growth in its future sales volumes. The company continues to make substantial capital investments in its rate base, which will increase earnings as new plant is brought into service.

The political and regulatory environment for investor-owned utilities in the state of Florida has improved since highly political rate proceedings several years ago resulted in a particularly negative rate case outcome for FPL in 2010 and consequently, a rating downgrade. Since then, there has been an almost complete turnover of commissioners on the Florida Public Service Commission with the company's most recent 2012 rate case resulting in a settlement that provides a high degree of rate certainty through the end of 2016.

FPL is now in the second year of that four-year settlement, which allows it to earn 1% above or below a ROE of 10.5%. Another positive feature of the settlement is the Generation Base Rate Adjustment (GBRA), which allows base rates to be increased once three ongoing plant modernizations become operational, which will result in approximately $600 to $620 million of GBRA increases over the next two years.

FPL also benefits from a variety of annual adjustments for fuel and emission controls costs, as well as specific cost recovery mechanisms related to its nuclear and solar facilities. Because a high percentage of FPL's revenues are recovered through cost recovery clauses and its leverage is low, FPL's credit metrics are among the strongest in the utility sector, including cash flow from operations pre-working capital (CFO Pre-WC)-to-debt and debt-to-capitalization both at 33% as of the last twelve months ended September 30, 2013.

WHAT COULD CHANGE RATING -- UP

Further upgrade of FPL's ratings is constrained by the circumstances of the utility's location (geographic concentration in Florida, event risk from storms) and its rate-regulation which will limit much more upside in its financial performance. Longer term, FPL could be upgraded in conjunction with an upgrade of its parent NextEra Energy, Inc. (Baa1).

WHAT COULD CHANGE RATING -- DOWN

A downgrade could be considered if there are significant cost disallowances or other changes to Florida's currently credit supportive regulatory and cost recovery framework, or if there is a sustained decline in cash flow coverage metrics, including CFO Pre-WC-to-debt below 25%, or an increase in debt-to-capital above the 40% range.

The principal methodology used in this rating was Regulated Electric and Gas Utilities published in December

2013. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

Florida Power & Light Company is a utility subsidiary of NextEra Energy, Inc., headquartered in Juno Beach, Florida.

Ratings Upgraded

Long-term Issuer Rating -- A1 from A2

Senior Secured Rating -- Aa2 from Aa3

Senior Secured Shelf Rating -- (P)Aa2 from (P)Aa3

Senior Unsecured Shelf Rating -- (P)A1 from (P) A2

Subordinate Shelf Rating -- (P)A2 from (P)A3

Preferred Shelf Rating -- (P)A3 from (P)Baa1

Outlook to Stable from RUR

REGULATORY DISCLOSURES

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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