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Summary:
Florida Power & Light Co.

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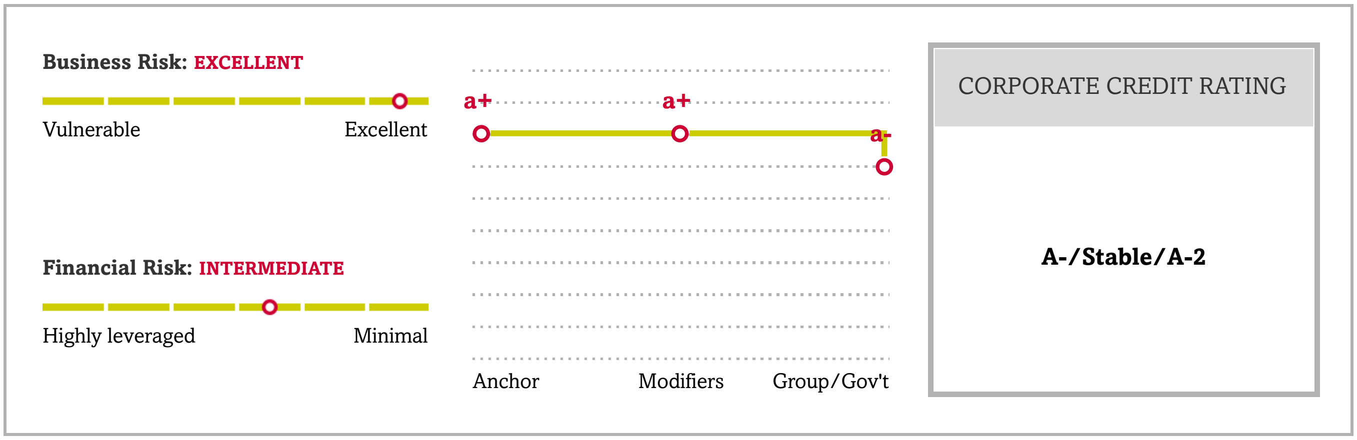

Rationale

Business Risk: Excellent	Financial Risk: Intermediate
• Regulated utility operations under generally constructive regulatory framework. • Large service territory with above-average growth but lacking geographic and regulatory diversity. • Efficient operations with material exposure to gas-fired generation. • Exposure to severe weather events that can strain liquidity and present operating challenges.	• Core credit ratios support an "intermediate" financial risk profile assessment. • Large capital spending program with predictable recovery.

Outlook: Stable

The outlook on Florida Power & Light Co. (FPL) is stable and is based on the outlook of its parent, NextEra Energy Inc. (NEE). The stable rating outlook on NextEra and its subsidiaries, Florida Power & Light Co. and NextEra Energy Capital Holdings Inc., reflects our expectation that the company will preserve its "strong" business risk profile while ensuring that its financial risk profile remains well within the "intermediate" category at all times, albeit toward the lower end of the category. The stable outlook is also predicated on the company effectively managing its growth and capital spending so that regulated operations continue to contribute about 60% of operating income. Finally, the stable outlook anticipates that NextEra will fund the proposed merger with Hawaiian Electric Industries in a credit-neutral manner, while receiving approval to close the merger without any restrictive regulatory provisions or requirements.

Downside scenario

We could lower the ratings on NextEra and its subsidiaries if financial performance weakens, with funds from operations (FFO) to debt that declines to less than 25% on a consistent basis, absent any reduction of business risk. Moreover, we could lower the ratings on NextEra if business risk increases through the growing contribution of unregulated operations or unfavorable regulatory outcomes.

Upside scenario

Under our base-case scenario, we do not anticipate raising the ratings on NextEra and its subsidiaries in the next 12 to 24 months, given the company's business risk profile and expected level of financial performance.

Standard & Poor's Base-Case Scenario

Assumptions

- We assume that FPL's gross margins grow by an average of 4% to 6% annually, reflecting recovery of invested capital and the impact of load/customer growth.
- Capital spending of about $3.5 billion in 2015, about $4 billion in 2016, and about $3.6 billion in 2017.

Key Metrics

	2014A	2015E	2016E
FFO/debt (%)	34.1	34-35	34-35
Debt/EBITDA (x)	2.4	2-2.5	2–2.5
OCF/debt (%)	31.1	34-35	34–35

A--Actual. E—Estimate. FFO—Funds from operations. OCF—Operating cash flow.

Business Risk: Excellent

We assess FPL's business risk profile as "excellent," accounting for the company's regulated utility operations that benefit from a constructive regulatory framework, which provides for timely investment and fuel cost recovery. FPL has historically managed its regulatory risk effectively, resulting in earned returns that are consistently close to or at the authorized levels. The service territory is large and lacks geographic and regulatory diversity. FPL's customer base is large, with no meaningful industrial exposure and above-average growth. The company has material exposure to natural gas-fired generation, which, in combination with low natural gas prices and the company's efficient operations, contributes to overall competitive rates for its customers.

Financial Risk: Intermediate

We assess FPL's financial risk profile as being in the "intermediate" category using the medial volatility financial ration benchmarks. Under our base-case scenario we expect that FPL's financial profile will benefit largely from recovery of invested capital and load/customer growth, with FFO to debt that averages about 33% over the next few years and debt to EBITDA that remains consistently below 2.5x.

FPL's "excellent" business and "intermediate" financial risk profiles lead to an anchor of 'a+/a'. We select the 'a+' anchor because we view FPL's business risk profile as being at the upper end of the "excellent" category, relative to its peers.

Liquidity: Adequate

Because we view FPL as a "core" subsidiary of NextEra, we assess its liquidity on a consolidated basis with that of its parent. We assess NextEra's liquidity as "adequate" to cover its needs over the next 12 months. We expect that the company's liquidity sources will exceed its uses by 1.1x or more, the minimum threshold for an "adequate" designation under our criteria and that the company will also meet our other criteria for such a designation.

NextEra has $7.85 billion in revolving credit facilities, with $1.25 billion maturing in 2016 and the balance maturing in 2020. In addition, the company has a $270 million revolving credit facility and a $650 million letter-of-credit facility.

Principal Liquidity Sources	Principal Liquidity Uses
• Available credit facilities total about $7.5 billion; and • FFO of $6.8 billion to $7 billion annually.	• Debt maturities and outstanding commercial paper totaling about $4.7 billion in 2015 and debt maturities of about $1.3 billion in 2016; • Maintenance capital spending of about $5.5 billion in 2015 and about $6.7 billion in 2016; and • Dividends of about $1.4 billion to $1.6 billion annually.

Other Credit Considerations

Our assessment of modifiers does not affect the anchor score.

Group Influence

FPL is subject to our group rating methodology criteria. We assess FPL as a "core" subsidiary of NextEra because it is highly unlikely to be sold, is integral to the group's overall strategy, possesses significant management commitment, is a significant contributor to the group, and is closely linked to the parent's reputation. As a result, the issuer credit rating on FPL is 'A-', in line with the 'a-' group credit profile of NextEra.

Ratings Score Snapshot

Corporate Credit Rating

A-/Stable/A-2

Business risk: Excellent

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Excellent

Financial risk: Intermediate

- **Cash flow/Leverage:** Intermediate

Anchor: a+

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Stand-alone credit profile : a+

- **Group credit profile:** a-
- **Entity status within group:** Core (-2 notches from SACP)

Recovery Analysis/Issue Ratings

We assign recovery ratings to first-mortgage bonds (FMB), which, depending on the rating category and the extent of the collateral coverage, can result in issue ratings being notched above a corporate credit rating on a utility. The FMBs issued by U.S. utilities are a form of "secured utility bond" (SUB) that qualify for a recovery rating as defined in our criteria (see "Collateral Coverage And Issue Notching Rules for '1+' And '1' Recovery Ratings on Senior Bonds Secured by Utility Real Property," published Feb. 14, 2013).

The recovery methodology is supported by the ample historical record of 100% recovery for secured bondholders in utility bankruptcies in the U.S. and our view that the factors that enhanced those recoveries (limited size of the creditor class and the durable value of utility rate-based assets during and after a reorganization given the essential service provided and the high replacement cost) will persist.

Under our SUB criteria, we calculate a ratio of our estimate of the value of the collateral pledged to bondholders relative to the amount of FMBs outstanding. FMB ratings can exceed an issuer credit rating on a utility by up to one notch in the 'A' category, two notches in the 'BBB' category, and three notches in speculative-grade categories, depending on the calculated ratio.

FPL's FMBs benefit from a first-priority lien on substantially all of the utility's real property owned or subsequently acquired. Collateral coverage of over 3x supports a recovery rating of '1+' and an issue rating one notch above the ICR.

We rate FPL's commercial paper program 'A-2', accounting for the issuer credit rating on the company and our assessment of consolidated liquidity as "adequate".

Related Criteria And Research

Related Criteria

- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - Industrials: Key Credit Factors For The Unregulated Power And Gas Industry, March 28, 2014
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013
- Collateral Coverage And Issue Notching Rules For ‘1+’ And ‘1’ Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Criteria - Corporates - General: 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Business And Financial Risk Matrix

Business Risk Profile	Financial Risk Profile					
	Minimal	Modest	**Intermediate**	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	**a+/a**	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-