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September 2, 2025

-VIA ELECTRONIC FILING -

Adam Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 20250001-EI

Dear Mr. Teitzman:

Attached for electronic filing in the above docket is Florida Power & Light Company's ("FPL") Revised 2026 Risk Management Plan, replacing FPL's 2026 Risk Management Plan filed with the Commission Clerk on July 25, 2025. Contemporaneously with this filing, FPL is filing a Request for Confidential Classification for confidential portions of the plan.

Please contact me if you have or your Staff has any questions regarding this filing.

Sincerely,

s/ David M. Lee

David M. Lee

Attachments

cc: Counsel for Parties of Record (w/ attachments)

CERTIFICATE OF SERVICE

Docket No. 20250001-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic delivery on this 2nd day of September 2025 to the following:

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Florida Power and Light Company

Revised 2026 Risk Management Plan

Overall Quantitative and Qualitative Risk Management Objectives (TFB-4, Item 1)

FPL's risk management objectives are to effectively execute a well-disciplined fuel procurement strategy to achieve the goal of securing adequate and reliable fuel supply to meet generation requirements, while minimizing overall fuel costs for FPL's customers.

Fuel Procurement Risks (TFB-4, Item 3)

FPL encounters several potential risks when executing its fuel procurement strategy. These risks are grouped into four categories as detailed below:

Market Risk

Market Risk is the risk of changes in economic fair value due to fluctuations in market prices, volatility, correlation, and interest rates. Market risk has a direct impact on any open or unhedged energy positions.

Limits ("Limits") are set by the Chairman and Chief Executive Officer ("CEO") of NextEra Energy ("NEE") and delegated to the Exposure Management Committee ("EMC"). The EMC establishes a forum for discussion of NEE's energy risk profile and operations and develops guidelines required for an appropriate risk management control infrastructure, which includes implementation and monitoring of compliance with the NextEra Energy Risk and Credit Exposure Management Policy ("Policy"). The EMC has in turn delegated limits to the President and CEO of FPL. EMC Limits and President Limits govern transactions at FPL Energy Marketing and Trading ("EMT") for specific portfolios.

Limits (collectively referred to as "Limits") are generally expressed in terms of:

- Maximum portfolio tenor; and
- Open (un-hedged) positions (where appropriate)

The FPL procurement program Limits will be managed in accordance with established corporate guidance. During the ordinary course of business, EMT management will refer to these NEE Limits, such that pre-approval will be obtained before committing to transactions or contracts which might otherwise cause them to be breached. Adherence to Limits is monitored by the Trading Risk Management Department (TRM).

Credit Risk

Credit risk management includes appropriate creditworthiness review and monitoring processes, the request for collateral if deemed necessary, and the inclusion of contractual risk mitigation terms and conditions whenever possible.

Such credit risk mitigations include collateral threshold amounts, cross default amounts, payment netting, and set-off agreements. Credit Limits are typically established for trading transactions and are designed to manage counterparty credit risk; and set appropriate levels at which to trigger communication concerning risk and strategy.

During the ordinary course of business, EMT management adheres to these credit limits, such that pre-approval is obtained before committing to transactions or contracts which might otherwise cause the credit limits to be breached. Adherence to limits is monitored by TRM, as well as dealmakers.

Liquidity Risk

Transacting Liquidity: The availability of market participants willing to transact or having credit quality to transact will have an impact on the utility's ability to execute risk management strategies.

Short-Term Funding Liquidity: Changes in underlying market parameters may impact movements of cash in relation to business activities. Positions that are balanced for fair value purposes, but unbalanced for cash flow purposes, may give rise to large swings in cash balances. TRM assists the Treasury Department by analyzing and monitoring the sufficiency of the allocated portions of the corporate facilities as they relate to EMT liquidity requirements.

Operational Risk

Operating risk is the physical risk associated with maintaining and operating generation assets. The potential risks that FPL encounters with its physical fuel procurement are fuel supply and transportation availability, product quality, delivery timing, weather, environmental, and supplier failure to deliver.

There is also operational risk specific to the wholesale trading activities, relating to inaccurate records of assets and transactions ("Administrative Operational Risk"). Certain personnel are authorized to transact on behalf of FPL and in so doing, can obligate the entity "instantaneously." FPL maintains sufficient controls to ensure that information relating to commitments, obligations and assets are captured accurately, completely and on a timely basis.

Fuel Procurement Oversight/Policies and Procedures (TFB-4, Items 4 through 9)

FPL provides its fuel procurement activities with independent oversight.

The President of FPL is responsible for authorizing all fuel procurement activities. Changes in strategies and any deviations from the program are approved by the President of FPL or his designee prior to execution. Program activity is included in the Monthly Operations Performance Review ("MOPR") chaired by the CEO of NEE. In addition, the EMC reviews performance and current procurement activities on a monthly basis.

The utility is supported by an independent middle office Trading Risk Management (TRM) department that provides oversight of fuel procurement activities. FPL has formal Policy and Procedures documents, signed by all employees, which include controls specifically related to fuel procurement. The TRM department ensures that the approved execution strategies are followed for each program. Daily and monthly reports are generated and reviewed by the TRM department and distributed to various groups, including executive management. Credit reviews are performed by the TRM department and included in the reporting mentioned above. Execution strategies must be approved prior to the execution of any transactions and documented as a Planned Position Strategy (“PPS”). All transactions are to be addressed within these strategy documents and may be modified from time to time.

Policy and Procedures

As part of this Risk Management Plan, FPL is attaching the latest Policy and Trading Risk Management Front Office Manual (“Procedures”). NEE updates the Policy and Procedures as necessary. For details that are not covered in this document, please refer to the Policy and Procedures. FPL considers its Policy and Procedures to be confidential.

The NEE corporate risk Policy delineates individual and group transaction limits and authorizations for all fuel procurement activities. The Policy sets out the NEE approach to energy risk and the management of risk, as follows:

- Identification and definition;
- Quantification and measurements;
- Reporting;
- Authority to transact; and
- Ownership and roles and responsibilities.

The Procedures Manual provides guidance that will promote efficient and accurate processing of transactions, effective preparation and distribution of information relating to trading and marketing activities, and efficient monitoring of the portfolio of risks, all within a well-controlled environment.

FPL’s deal execution and capture functions coordinate activities across relevant departments, personnel, and systems. This framework of activity properly links the responsibilities of personnel and provides a sufficient medium to resolve issues.

The Procedures clearly list authorized trading personnel, trading limits, tenors, and acceptable instruments. Access to the data entry privileges in the deal capture system is limited to only those individuals who are formally granted permissions to enter trades. All transactions are entered and managed through a centralized deal capture system that supports routine reporting, settlements, and review. Transaction record editing is managed through acceptable authorizations and processes. Credit information is available to traders on a timely basis through daily

reporting produced by the TRM department. Auditable records of all transactions are maintained and subject to review on a regular basis.

Deal Execution Details

FPL traders receive daily credit reports and credit watch lists from the TREM department to ensure that FPL does not enter into a trade with an unauthorized counterparty. FPL traders then select counterparties from this list to transact with as the procurement program is executed.

FPL traders generally execute trades with counterparties offering the best price for a given instrument. However, in a case where two or more counterparties are offering similar pricing, the traders will attempt to execute trades with the counterparty that has the least amount of credit exposure with FPL. This is done primarily to allow FPL to spread its risk among as many counterparties as possible, but also affords the advantage of preventing the inadvertent telegraphing of FPL's commercial intentions to the market, thus helping to ensure favorable pricing for FPL's transactions.

Reporting System for Fuel Procurement Activities (TFB-4, Items 13 and 14)

FPL reporting systems comprehensively identify, measure, and monitor all forms of risk associated with fuel procurement activities.

FPL's philosophy on reporting is that it should be timely, consistent, flexible, and transparent. Timely and consistent reporting of risk information is critical to the effective management of risk. The utility has sufficient systems capability for identifying, measuring, and monitoring all types of risk associated with fuel procurement activities. These systems include: deal capture, current and historical pricing database, deal information, valuation models, and a reporting system that utilizes the information in the trade capture system and the database.

Specifically, several reports are available at FPL to monitor risk:

Daily Management Report

For each business day there is a formal report produced in hard copy or electronically, for distribution to business and desk heads and members of the EMC. This report details the current Mark to Market (spot and forward), unrealized Mark to Market changes, and VaR. This report is published only after proper and thorough discussion between Trading Risk Management and desk heads, if necessary for clarification, and resolution of any issues raised.

Credit Exposure Reporting

For each business day there is a formal report produced in hard copy or electronically, for distribution to business and desk heads and members of the EMC. This report details:

- Allowable deal types by counterparty
- Restrictions on counterparties

EMC Update

The Vice President of Trading Risk Management provides a formal update to the EMC on a monthly basis. The agenda for the update will be agreed in advance with the EMC Chairman, but at a minimum contains the following items:

- Summary and explanation of significant changes in market risk and fair value;
- Summary and explanation of significant changes in credit risk;
- Exceptions to Risk Management Policy; and
- Minutes of previous EMC update for approval.



NextEra Energy, Inc. Risk and Credit Exposure Management Policy

APPROVED BY THE EMC ON:

Last approved on March 13, 2023

(See EMC Emails noting approval. Please contact Risk Management at 561-304-6028)



REDACTED VERSION OF CONFIDENTIAL DOCUMENTS

[Pages 2 through 26 are confidential in their entirety]

Attachment 1 (NextEra Energy, Inc., Risk and Credit Exposure
Management Policy)



Trading Risk Management Front Office Manual May 2025

REDACTED VERSION OF CONFIDENTIAL DOCUMENTS

[Pages 2 through 46 are confidential in their entirety]

Attachment 2 (EMT Trading Risk Mgmt Front Office Manual)