NEE gideon lens

NextEra Energy, Inc. (NEE) - Gideon Lens

Production ER2 | Decision basis 2026-08-04 | Price USD 86.55 | Exact horizon 2026-06-30 to 2031-06-30

Verdict

Verdict: PASS — no new allocation.

NextEra Energy is a large, strategically relevant power-infrastructure platform, but the current common share does not clear the ER2 business-quality or valuation gates. The source-bound standalone base case reaches USD 38.711 billion of revenue, USD 11.377 billion of statutory operating income, USD 7.085 billion of NEE-attributable net income and USD 3.277 of diluted EPS by 2031-06-30. At the framework's separate 15x test, that EPS supports USD 49.15 per share, a negative 43.21% cushion to the frozen USD 86.55 close. The audited return model is more generous: it uses an 18x base exit P/E and cumulative distributions. Even then, base gross USD IRR is negative 3.54% and probability-weighted gross USD IRR is negative 4.39%.

ER2 decision gate	Result	Evidence
Management	YELLOW	Strong FPL and NEER execution, but no through-cycle per-share allocation proof under heavy debt, equity issuance and the pending Dominion combination
Moat	FAIL	FPL's regulated franchise is durable, but allowed-return recovery is not a protectable high-return pool; NEER's advantages remain contestable and capital-sensitive
2046 test	FAIL	NEE likely remains essential and profitable, but a company-wide high-return moat is not established for twenty years
P/E <= 15 on confident EPS at TTM + 5 years	FAIL	USD 3.277 base EPS implies USD 49.15; cushion is -43.21%
Compounder Score	Audited 41/100	Large runway is outweighed by low ROIIC, financing dependence and weak per-share returns
Business Quality Score	Audited 37/80	Regulated durability does not offset weak cash conversion, leverage and contestable development economics
20% Return Underwriting Score	Audited 4/20	The 20% case requires approximately 61.67x terminal P/E on base EPS

The rule is exhaustive: any failed ER2 gate produces PASS. Here, three independent gates fail, and the red team concludes the thesis does not survive. The diagnostic scores explain the outcome but cannot override it. This report is research only and carries no ranking, sizing, order, broker, portfolio-mutation, message, BUY-queue or ER2-bypass authority.

One-line thesis

FPL's regulated growth and NEER's power-development backlog can expand nominal earnings, but starting valuation, low incremental returns, structurally negative derived free cash flow, dilution and transaction risk prevent that growth from becoming an acceptable five-year shareholder return at USD 86.55.

What matters most

The operating platform is substantial. FPL serves roughly 12 million people through more than six million customer accounts, owns an embedded Florida grid, and has a 2026-2029 rate agreement with a 10.95% allowed ROE and 59.6% equity ratio. The peer-reviewed base case compounds FPL revenue from USD 18.724 billion TTM to USD 24.192 billion by 2031 and statutory operating income to USD 9.000 billion. This is a credible utility growth case, but it requires approximately USD 93.5 billion of seven-year capital investment, timely regulatory recovery and continued customer affordability.

NEER has a 35.1 GW backlog and genuine scale in origination, procurement, construction and operations. Its base case grows revenue from USD 9.528 billion TTM to USD 14.000 billion and statutory operating income from USD 2.068 billion to USD 2.800 billion. The key caveat is quality of the starting profit. TTM exact-basis operating income includes USD 0.463 billion of disposal gains. Excluding those gains, the normalized margin is about 16.85%; the base case assumes recovery to 20.0%. The red team identifies that 316bp improvement as the most optimistic Stage-5 number because interconnection, tax-credit, project execution and funding pressures all remain material.

Capital conversion is the central weakness. TTM operating cash flow was USD 13.803 billion against USD 29.832 billion of core investment, producing negative USD 16.029 billion of derived free cash flow. Official gross debt reached USD 110.197 billion and net debt USD 107.331 billion at 2026-06-30. The model therefore assumes continued share issuance rather than buybacks: diluted shares reach 2,204.6 million bear, 2,162.4 million base and 2,135.3 million bull. Nominal infrastructure growth can still create social and strategic value while failing existing shareholders if funding costs, dilution and regulatory concessions absorb the economics.

The proposed Dominion combination increases uncertainty. The official S-4 describes about 740 million to 808 million new NEE shares, USD 360 million aggregate cash consideration, assumed debt and other transaction-dependent claims, with a targeted second-half 2027 close subject to shareholder and regulatory approvals. The governed inputs do not provide a complete 2031 statutory earnings, synergy, lease, preferred, NCI and debt path. Dominion is therefore shown as a separate close/break overlay and contributes zero to the standalone FPL, NEER, consolidated earnings and return cases. Treating it as upside today would fabricate per-share economics.

Security return underwriting

Primary valuation method: P/E. The synthesis produces fully reconciled statutory diluted EPS, while terminal lease and other senior-claim paths are incomplete. P/E is therefore frozen across bear, base, bull, reverse-return and net-SGD calculations. Terminal cash, gross debt and net debt are disclosed as diagnostics but are not added to an EPS-times-P/E equity value; doing so would double count the balance sheet. The exact horizon is five years from 2026-06-30 to 2031-06-30.

Case	Probability	Exit P/E	Terminal EPS	Terminal equity value/share	Cumulative distributions/share	Terminal shareholder wealth/share	Diluted shares	Cash / debt / net debt	Gross USD IRR
Bear	30%	12x	USD 1.004445	USD 12.053340	USD 11.389956	USD 23.443296	2,204.6m	USD 3bn / 150bn / 147bn	-22.9894%
Base	50%	18x	USD 3.276660	USD 58.979880	USD 13.288312	USD 72.268192	2,162.4m	USD 3.5bn / 135bn / 131.5bn	-3.5425%
Bull	20%	22x	USD 5.213132	USD 114.688904	USD 15.207649	USD 129.896553	2,135.3m	USD 4bn / 122bn / 118bn	8.4591%
Probability-weighted	100%	P/E method	-	-	-	USD 69.146395	-	-	-4.3906%

The terminal equity values are USD 26.573 billion bear, USD 127.538 billion base and USD 244.895 billion bull before division by the stated diluted shares. The probability-weighted return is not an arithmetic average of scenario IRRs. It is `(USD 69.146395 / USD 86.55)^(1/5) - 1 = -4.3906%`, using the same 30%/50%/20% weights. All gross local-currency returns are finite. The separate 15x gate uses the confident base EPS and fails; even the 22x bull return is only 8.46%.

The method-matched 20% reverse-return diagnostic requires USD 215.3641 of terminal shareholder wealth, USD 202.0758 of terminal equity value, USD 11.2264 of EPS and approximately 61.67x P/E on the base terminal EPS. The audited maximum entry price for a 20% return under the frozen base bridge is USD 29.04. These are diagnostics, not price targets, orders or instructions.

CIO actionability

Measure	Result	Notes
Status	PASS	No new allocation; separate from the research-quality completion status
Bear / Base / Bull net-SGD IRR	-26.59% / -4.77% / 8.60%	Same P/E bridge after scenario FX, 0.40% entry and exit costs, and 30% dividend withholding
Probability-weighted net-SGD IRR	-5.40%	CAGR of SGD 84.402221 expected terminal proceeds from SGD 111.413094 initial outlay
10% mandate hurdle	FAIL	Base and probability-weighted returns are negative

Measure	Result	Notes
15% stretch hurdle	FAIL	Even bull net-SGD IRR is below 15%
Portfolio fit	FAIL	Diversification cannot offset failed moat, negative base return and severe bear loss
Proposed sizing ceiling	null	Research has no sizing authority

The net SGD diagnostic uses the newest stable Pulse evidence: 1.28214 SGD per USD at 2026-08-04T08:38:41+08:00. Terminal USD/SGD is 1.188821 bear, 1.282140 base and 1.347542 bull, representing -1.5%, 0% and +1.0% annual USD translation over exactly five years. Entry and exit trading costs are 0.40% each; dividends face a conservative 30% U.S. withholding assumption absent wrapper-specific proof. No U.S. capital-gains tax is modeled for the non-U.S. investor diagnostic. Portfolio context affects fit only and does not alter the gross USD underwriting.

Kill, upgrade and monitoring criteria

- **Abandon the monitoring thesis** if NEER's disposal-excluded TTM source-bound operating margin remains below 16.0% for two consecutive reported quarters.
- Re-underwrite FPL if earned ROE moves below its authorized range, material investment is disallowed, or affordability concessions prevent planned capital recovery.
- Re-underwrite the return bridge after any definitive Dominion approval, revised exchange consideration, material financing change, closing or termination. A close case requires a complete post-transaction earnings, shares, debt, leases, preferred and NCI bridge before it can influence IRR.
- An upgrade from PASS would require all ER2 business-quality gates to clear, a positive P/E-15 cushion on refreshed statutory EPS, and base plus probability-weighted net-SGD IRRs of at least 10% on a current governed price and FX basis.

Evidence quality and completion-first disclosures

QF/QFR, DR, both segment reviews, synthesis, scoring audit and red team cleared their governance checks. FY2025 and TTM FPL plus NEER plus Corporate/Other operating income reconcile exactly to consolidated statutory operating income with zero residual. The issuer's separate CODM metric, net income attributable to NEE, remains explicitly labeled as an after-tax measure and is never substituted for operating income.

The installed statutory schema cannot represent the valid `source_bound_derived_segment_operating_income` label. A run-local extension added only that representational enum and stricter null-fallback, no-operating-adjustment and exact-OI-equality rules. QF, QFR, DR, S and root validation all passed the exact sealed bridge SHA-256 `34f736e0567fce98c7fd52717f10299c7d370553f36da2cf0a60acfa00bc4011`; the installed validator failure is retained as a diagnostic, and the installed skill was not modified.

Five-year acquisition-inclusive ROIIC, a full comparable ex-goodwill ROIC series, SBC dollars, terminal senior claims and a complete Dominion 2031 pro forma remain unavailable. Those gaps cap the score and prohibit EV/NOPAT as the primary method; they do not justify fabricated values or null gross returns. The quote is the completed 2026-08-03 NYSE close and was within its governed actionability window during this run. Trade execution authorized: **NO**. Orders: **0**. Executions: **0**. Portfolio mutations: **0**. Messages: **0**.

NextEra Energy, Inc. — Company Primer

Ticker: NEE **Information cutoff:** August 4, 2026 **Financial basis:** Historical and TTM financials are from the governed [Quantitative Foundation](quant_foundation.md); separately identified forward capital commitments come from the issuer’s audited FY2025 Form 10-K. Unless stated otherwise, dollars are U.S. dollars and financial amounts are in millions. This primer is orientation, not a valuation or portfolio recommendation.

1. Business overview

NextEra Energy is best understood as two large energy-infrastructure businesses under one public parent, plus a corporate financing and overhead layer. Florida Power & Light Company (FPL) is a vertically integrated, rate-regulated electric utility in

Florida. NextEra Energy Resources (NEER) develops, owns and operates power generation, battery storage and transmission infrastructure across North America, predominantly under long-term contracts. Corporate and Other contains parent-company financing costs, unallocated activities, eliminations and other items that do not belong to either operating segment.

FPL solves the basic utility problem: it must deliver electricity continuously to homes and businesses across its service territory, build enough generation and grid capacity to meet demand, restore service after storms and comply with detailed reliability, environmental and consumer rules. At December 31, 2025, it served roughly 12 million people through more than 6 million customer accounts. Customers do not “buy” through a sales channel in the normal commercial sense. They connect to FPL’s system within an assigned service territory, consume electricity and pay monthly bills under tariffs approved by the Florida Public Service Commission (FPSC). A limited wholesale business is regulated by the Federal Energy Regulatory Commission (FERC). FPL’s customer relationship is therefore durable but politically constrained: its obligation to serve and franchise position support recurring demand, while regulators determine which costs may be recovered and what return on capital is reasonable.

NEER solves a different problem for utilities, cooperatives, municipalities and commercial or industrial customers: it develops and finances generation and storage projects, accepts construction and operating risk, and delivers energy, capacity, renewable-energy attributes or grid services under negotiated contracts. The customer typically buys through a bilateral power purchase agreement (PPA), battery-storage tolling agreement, build-own-transfer contract, full-requirements supply arrangement or regulated transmission tariff. For uncontracted output, NEER sells into organized wholesale markets and commonly hedges price exposure. This is a project-development and asset-ownership model rather than a consumer utility model.

NEER also includes NextEra Energy Transmission (NEET), which owns regulated electric transmission assets, and interests in regulated natural-gas pipelines. These assets earn under cost-of-service frameworks closer to FPL’s model than to competitive generation. The customer-supply business adds commodity marketing, fuel procurement, full-requirements service and risk management. Thus “NEER” is not synonymous with wind and solar: it combines contracted renewables and storage, nuclear and gas generation, regulated transmission and pipelines, and customer-supply activities.

The parent company’s central strategic logic is scale. It applies development, procurement, financing, construction, operations and risk-management capabilities across both regulated and contracted infrastructure. That scale can lower equipment costs and improve project execution, but it also makes NEE a persistent user of debt, equity, tax-credit monetization, partnership capital and asset-sale proceeds.

2. Revenue architecture

The FY2025 segment split below uses the governed foundation, not vendor data. It preserves the issuer’s three-way presentation and should not be confused with segment profit.

FY2025 unit	Revenue	Share of consolidated revenue	Source-bound operating income	Operating margin
FPL	$18,262	66.6%	$6,820	37.35%
NEER	$8,760	32.0%	$1,777	20.29%
Corporate and Other	$390	1.4%	$(317)	Not meaningful
Consolidated NEE	$27,412	100.0%	$8,280	30.21%

FPL

FPL produced about two-thirds of consolidated revenue in FY2025. Its operating revenue is predominantly retail electricity revenue from residential, commercial and industrial users in Florida, plus a limited wholesale contribution. The 2025 Form 10-K states that wholesale and industrial customers together represented about 5% of FPL operating revenue in each of 2023–2025. Residential demand is seasonally strongest in hot summer months because of air-conditioning load. Population growth, household formation, commercial construction and large-load additions influence energy sales and required capacity, but customer bills also reflect fuel and other cost-recovery clauses, so revenue can move without an equivalent change in economic profit.

FPL operates as one integrated system rather than selling separate generation, transmission and distribution products. At year-end 2025, its resources for serving load included approximately 36,616 megawatts (MW) of net capacity, principally natural gas, solar and nuclear; it also had about 991 MW of battery storage, approximately 93,000 circuit miles of transmission

and distribution lines, and 932 substations. Its geographic concentration is almost entirely Florida, covering most of the east and lower west coasts and portions of northwest Florida.

NEER

NEER produced about one-third of FY2025 consolidated revenue. Revenue arises from several different commercial arrangements: contracted sales of energy and capacity; battery tolling and ancillary services; renewable-energy credits; merchant energy and capacity; regulated transmission rates; natural-gas pipeline interests; customer-supply and commodity-marketing activity; and development or asset-sale proceeds where applicable. Because trading, hedging, tax credits, noncontrolling interests and project transactions can affect reported results, revenue alone is an incomplete indicator of NEER's economics.

At December 31, 2025, NEER owned about 37,505 MW of net generating capacity, including roughly 37,145 MW across 44 U.S. states and 360 MW in four Canadian provinces. It operated facilities in which it had full or partial interests totaling about 45,680 MW. Approximately 35,627 MW of its net capacity was contracted, with a weighted-average remaining PPA term of about 14 years; only about 1,878 MW was classified as merchant. Contracted wind and solar are the largest asset families, supplemented by nuclear, natural gas, battery storage and regulated infrastructure. The geographic diversity lowers exposure to any single power market, but it introduces differing transmission, permitting, weather and regulatory regimes.

Corporate and Other

Corporate and Other is not a customer-facing growth segment. Its modest positive revenue includes other activities and eliminations, while its economics are dominated by corporate overhead, parent-level interest and derivative effects. In 2025, it allocated part of NextEra Energy Capital Holdings' interest expense to NEER based on a deemed capital structure. Readers should resist treating the unit's revenue as a stand-alone business or its loss as evidence of a failing product; it is chiefly the holding-company and financing layer required to reconcile FPL and NEER with consolidated NEE.

The issuer's CODM metric is different

The operating-income figures above are a **source-bound derived operating measure**: revenue less fuel and purchased power, operations and maintenance (O&M), depreciation and amortization, other taxes and other operating items, plus disposal gains or losses. They tie to statutory consolidated operating income. They are **not** the measure used by the chief operating decision maker (CODM).

The issuer's separately disclosed CODM metric is **"net income attributable to NEE for reportable segments," an after-tax measure**. For FY2025 it was FPL $5,012, NEER $2,975, Corporate and Other $(1,152), and consolidated NEE $6,835. The CODM figures include below-operating-line and tax effects and therefore must not be presented as segment operating profit or compared mechanically with the operating margins in the table.

3. Unit economics

FPL: earn a regulated return by investing efficiently

FPL's unit economics are based on invested capital, not an unconstrained markup on electricity. In a simplified cycle, FPL builds generation, storage, transmission and distribution assets; the FPSC determines which investment enters regulatory rate base; customers pay base rates designed to recover depreciation, O&M and financing costs and to provide an allowed return on equity; and specified volatile costs are recovered through separate clauses. The current 2025 rate agreement, effective from January 2026 through at least December 2029, authorizes a 10.95% regulatory return on equity, with a 9.95%–11.95% range, and a 59.6% equity ratio. It established annualized retail base-revenue increases of $945 million in 2026 and $705 million in 2027, plus conditional solar and battery adjustments later in the term.

This design explains the apparent high operating margin. Fuel and purchased-power costs are largely passed through via fuel clauses rather than treated as a source of profit. Storm-protection, capacity, conservation and environmental costs also have dedicated mechanisms. A dollar of FPL revenue first pays fuel and power procurement, ongoing system operation, labor and maintenance, depreciation on the asset base, property and other taxes, and storm or compliance costs. The residual operating income depends on prudent investment and cost control, but the ultimate earned return is bounded by the regulatory settlement and affected by reserve amortization.

For FY2025, FPL's $18,262 of revenue converted to $6,820 of source-bound operating income after $3,878 of fuel and purchased power, $1,771 of O&M, $3,778 of depreciation and amortization, $2,016 of other taxes and a small disposal gain. The 37.35% operating margin should not be extrapolated like a software margin: it reflects a capital-heavy regulated asset

base, large depreciation charges and cost pass-through accounting.

FPL is intensely capital intensive. The governed cash-flow foundation records $8,719 of FPL capital expenditures in FY2025 and $10,214 on a TTM basis. The 2025 10-K's accrual-basis commitment schedule estimated $58.6 billion of FPL investment during 2026–2030, more than half in transmission and distribution. These outlays can compound earnings if regulators recognize them as prudent and demand grows, but a disallowance, delay or lower allowed return can impair the expected economics.

NEER: contract project cash flows before committing capital

NEER's preferred unit is a project with a long-dated contracted revenue stream. A wind, solar or storage project is originated with a customer need, secured through a PPA or tolling arrangement, permitted and interconnected, financed, built and then operated for decades. Revenue may consist of fixed or escalated energy prices, capacity payments, storage availability payments, renewable attributes and ancillary services. Project returns depend on construction cost, capacity factor, operating availability, financing cost, tax-credit value, contract tenor, residual value and eventual recontracting.

In FY2025, NEER's $8,760 of revenue became $1,777 of source-bound operating income after $1,066 of fuel and purchased power, $2,997 of O&M, $2,738 of depreciation and amortization, $450 of other taxes and $268 of net disposal gains. Its 20.29% operating margin blends businesses with very different economics. Wind and solar have no fuel cost but require major upfront capital and depend on weather; batteries earn from contracted availability or market spreads but degrade over time; nuclear has low fuel cost but high fixed maintenance, outage and decommissioning obligations; gas and merchant generation carry commodity exposure; customer supply can have high gross flows and thin risk-adjusted margins; regulated transmission earns on rate base.

The contracting strategy moderates price risk but does not eliminate it. Around 95% of net generating capacity was committed under long-term contracts at year-end 2025. Yet construction costs can rise before completion, equipment can be delayed, interconnection can constrain delivery, counterparties can weaken, and a project must ultimately be recontracted or sold into the market. NEER also uses swaps, options, futures and forwards to hedge uncontracted output and procurement, producing accounting volatility when hedges do not qualify for GAAP hedge accounting.

NEER is even more capital intensive than FPL. The governed foundation records $15,332 of independent-power and other investment in FY2025 and $19,614 on a TTM basis. The 10-K listed $35.6 billion of approved NEER capital spending for 2026–2030, heavily front-loaded into 2026–2027 and including roughly 3,575 MW of wind/repowering, 11,435 MW of solar and 4,616 MW of battery storage. These are not optional maintenance expenses: project economics require timely access to equipment, tax capacity, debt and equity-like funding.

Corporate and funding economics

Corporate and Other absorbs group overhead and much of the cost and volatility of financing the growth machine. NEE funds investment with operating cash, debt, common equity or equity units, differential membership interests, transfers of clean-energy tax credits and sales of project interests or businesses. In FY2025, operating cash flow was $12,485 against $24,053 of core capital investment in the governed foundation; TTM operating cash flow was $13,803 against $29,832 of core investment. The resulting negative derived free cash flow is structurally consistent with rapid infrastructure buildout, but it creates dependence on external capital. Gross debt rose from $82,333 at year-end 2024 to $95,619 at year-end 2025 and $110,197 at June 30, 2026.

4. Competitive landscape

FPL's direct retail competition is limited by utility franchises and service territories. At year-end 2025 it held 226 franchise agreements, typically 30 years, with expirations through 2055. Its practical competitors are municipalization, customer self-generation, rooftop solar plus storage, other energy sources and rival suppliers for large wholesale or industrial loads. For new large generation projects, FPSC rules may require requests for proposals that allow independent power producers to compete. FPL's defensibility therefore comes from low bills, reliability, customer service, regulatory execution and the scale to build and operate complex infrastructure—not from legal exclusivity alone.

NEER faces much broader competition. Wholesale generation is fragmented, capital intensive and usually awarded on price, contract terms, creditworthiness and confidence in execution. Competitors include regulated utilities developing their own generation, independent power producers, renewable developers, infrastructure funds, oil and gas companies expanding into power, equipment-backed developers and merchant generators. In transmission, projects may be competitively awarded or driven by regulated planning processes. In customer supply, NEER competes with utilities, commodity merchants and

integrated energy companies.

NEER's claimed advantages are its project-development history, balance-sheet credibility, procurement scale, operating fleet, customer relationships, breadth across wind, solar, storage, gas, nuclear and transmission, and ability to offer a package rather than a single technology. Those strengths matter when customers demand firm or shaped power rather than intermittent output. They do not guarantee attractive returns: rivals can bid down contract prices, and the winning developer still bears permitting, interconnection, equipment and financing risk.

5. Company history and strategy

FPL was formed on December 28, 1925, initially combining small electric systems with several unrelated local businesses. It served roughly 76,000 customers and had 70 MW of capacity in its first year. Its shares listed on the New York Stock Exchange in 1950, customer accounts reached one million in 1966, and the first Turkey Point nuclear reactor entered service in 1972. The company progressively shifted from oil toward nuclear, natural gas and later solar, while building an integrated Florida grid.

The competitive-energy business began as FPL Energy in 1997 and commissioned an early large wind project in 1998. Rapid wind development followed in the 2000s. FPL Energy was renamed NextEra Energy Resources in 2009; FPL Group became NextEra Energy in 2010, and the NYSE ticker changed from FPL to NEE to reflect the national business. FPL integrated Gulf Power into its system in 2022, broadening its Florida footprint.

The current strategy has four linked elements. First, FPL seeks steady rate-base growth while keeping bills and O&M low enough to preserve regulatory support. Second, NEER originates contracted generation and storage at national scale, increasingly offering portfolios that combine renewables, batteries, natural gas, nuclear and transmission. Third, the company targets rising electricity demand from data centers, manufacturing and electrification; FPL's 2025 settlement created a tariff for new or incremental loads of at least 50 MW with high load factors. Fourth, NEE uses scale in procurement, construction, financing, operations and technology to pursue more projects than smaller developers can efficiently support.

As of Q2 2026, the issuer said NEER added 3.6 gigawatts (GW) of renewables and storage projects during the quarter and had a backlog of approximately 35.1 GW after 1.1 GW entered service. It also continued work to restart the Duane Arnold nuclear plant by the first quarter of 2029. In May 2026, NEE announced a proposed combination with Dominion Energy; by July it had begun seeking state and federal approvals and expected closing in the second half of 2027, subject to conditions. That transaction would materially expand regulated operations if completed, but it is pending, not part of the historical segment economics described above.

6. End markets and regulatory model

FPL's end market is Florida electricity demand. Retail rates, service quality, securities issuance, planning, siting and construction are principally overseen by the FPSC; wholesale rates and interstate transmission fall under FERC; nuclear operations are overseen by the Nuclear Regulatory Commission (NRC); reliability standards involve the North American Electric Reliability Corporation (NERC); and environmental requirements span federal, state and local authorities. Regulation aims to let FPL recover prudent service costs and earn a reasonable return, but neither cost recovery nor a particular return is guaranteed.

NEER operates in wholesale markets coordinated by regional transmission organizations and independent system operators, as well as non-RTO regions. Products include physical energy, capacity, ancillary services and environmental attributes. Most U.S. generation subsidiaries operate as exempt wholesale generators and may sell wholesale, not directly to retail consumers. FERC, regional market rules, NERC, state commissions, the NRC and environmental agencies all affect operations. NEET's transmission revenue is set through cost-of-service regulation, while competitive generation prices are negotiated or market determined.

Public policy is economically important. Clean-energy production and investment tax credits can improve project returns and can be transferred for cash; partnership structures can monetize tax benefits. The 2025 One Big Beautiful Bill Act modified eligibility and timing, including tighter rules for wind and solar and prohibited-foreign-entity restrictions. State renewable standards, transmission planning, permitting and interconnection rules influence what is built and when. The regulatory model is therefore both a moat and a constraint: it creates long-duration contracted or allowed-return cash flows, but political decisions can reshape economics.

7. Growth drivers and capital needs

FPL's core drivers are Florida population and economic growth, replacement and hardening of grid assets, generation and storage additions, storm resilience, and large-load demand. Earnings growth generally requires more regulatory capital employed, constructive rate outcomes and operating efficiency. The 2026–2029 settlement gives reasonable near-term visibility, but investment must be approved, completed and placed into service before it earns as planned.

NEER's drivers are national load growth, utility decarbonization, aging generation replacement, data-center demand, renewable and storage cost competitiveness, transmission congestion and reliability investment. Its 35.1 GW backlog provides project visibility, but backlog is not revenue: projects must clear permitting, interconnection, supply-chain and financing gates. Nuclear restarts and transmission development broaden the opportunity set beyond new wind and solar.

Capital is the central constraint. The governed foundation shows TTM core investment of $29,832, negative derived free cash flow of $16,029 and net debt of $107,331 at June 30, 2026. The business can create value while running negative free cash flow if project returns exceed funding costs and regulated investments are recovered. It can destroy value if interest costs rise, equity is issued too cheaply, projects overrun, tax benefits shrink or regulators disallow investment. Investors should therefore track not just backlog and rate base but funding mix, credit ratings, dilution, project-level returns, asset recycling and the gap between operating cash flow and capital commitments.

8. Principal risks

- **Regulatory recovery and political risk.** FPL and regulated transmission assets may fail to recover costs or earn expected returns. Customer-affordability pressure, adverse rate decisions, storm-recovery disputes or changes to allowed capital structures can weaken economics.
- **Capital-market dependence.** Heavy investment and negative derived free cash flow require continual access to debt and equity-like funding. Higher rates, weaker credit ratings, collateral calls or closed markets can delay projects and raise dilution.
- **Construction, permitting and interconnection.** Large projects face equipment shortages, tariffs, labor constraints, siting opposition, environmental approvals, transmission congestion and schedule or cost overruns. Backlog can be deferred or cancelled.
- **Tax-credit and trade-policy change.** Wind, solar, storage and nuclear economics depend partly on federal incentives. Eligibility dates, domestic-content or foreign-entity rules, tariffs and agency guidance can reduce returns or strand development spending.
- **Commodity, basis and hedge risk.** Merchant output, customer supply, fuel procurement and uncontracted periods expose NEER to power, gas, congestion and basis movements. Non-qualifying hedges can create large GAAP volatility, including at Corporate and Other.
- **Counterparty and recontracting risk.** Long contracts transfer price risk but introduce customer credit and renewal risk. Assets may recontract at lower prices when PPAs expire.
- **Weather, climate and physical-asset risk.** Hurricanes, heat, wildfire, drought, wind variability and flooding can damage assets or change output and demand. NEE lacks property insurance for substantial portions of transmission, distribution and pipeline assets; regulatory recovery may be delayed or incomplete.
- **Nuclear risk.** Outages, safety events, licensing, waste storage, decommissioning and retrospective insurance assessments can impose large costs. Duane Arnold's restart depends on regulatory approval and execution.
- **Technology and competition.** Falling costs of customer-owned generation and storage could challenge FPL's value proposition; intense developer competition can compress NEER project returns. New generation or storage technologies can change residual asset values.
- **Pending transaction risk.** The proposed Dominion combination adds approval, financing, integration and execution uncertainty. Until closing, its expected benefits should not be treated as achieved.

9. Reader orientation and conclusion

NEE is neither a conventional utility nor a pure renewable developer. FPL is a regulated compounding engine whose earnings depend on prudent capital deployment, low customer bills and constructive Florida regulation. NEER is a national infrastructure developer and operator whose preferred economics come from contracting project cash flows before

construction, while regulated transmission and pipelines add a second allowed-return stream. Corporate and Other reveals the cost of financing and coordinating those two engines.

The key analytical distinction is between **operating scale** and **financial self-funding**. NEE has unusual development scale, long contracts, a large regulated customer base and visible infrastructure demand. It also consumes far more capital than internal cash generation currently supplies. The investment question downstream is therefore not simply whether electricity demand grows. It is whether NEE can convert that demand into projects and rate-base additions whose realized, after-financing returns exceed a rising capital burden without unacceptable dilution, regulatory friction or execution loss.

Readers should carry four separations into the rest of the ER2: FPL versus NEER; competitive generation versus regulated transmission inside NEER; source-bound operating income versus the issuer's after-tax CODM metric; and backlog or planned capital versus completed, earning assets. Preserving those distinctions avoids most of the common analytical errors in reading NextEra.

10. Dated source list

- **NextEra Energy, Inc., 2025 Form 10-K**, filed February 13, 2026, accession no. **0000753308-26-000015**. Business descriptions, operating assets, contracts, regulation, risks, segment reporting and 2026–2030 capital commitments. [SEC filing](https://www.sec.gov/Archives/edgar/data/753308/000075330826000015/nee-20251231.htm)
- **NextEra Energy, Inc., Q2 2026 Form 10-Q**, filed July 24, 2026, accession no. **0000753308-26-000060**. Current financial position, H1 2026 results, debt and transaction disclosures. [SEC filing](https://www.sec.gov/Archives/edgar/data/753308/000075330826000060/nee-20260630.htm)
- **NextEra Energy Q2 2026 earnings release**, published July 24, 2026. Backlog, FPL investment, long-term expectations, Duane Arnold and proposed Dominion combination status. [Issuer release](https://www.investor.nexteraenergy.com/~/media/Files/N/NEE-IR/reports-and-fillings/quarterly-earnings/2026/Q2%202026/2026-0724%20NEEQ22026News%20Release%20vFINAL.pdf)
- **NextEra Energy Q2 2026 official financial-statements workbook**, published July 24, 2026. Segment and consolidated operating statements used by the governed quantitative foundation. [Issuer workbook](https://www.investor.nexteraenergy.com/~/media/Files/N/NEE-IR/reports-and-fillings/quarterly-earnings/2026/Q2%202026/NEE%20-%20Q2%202026%20PR%20Financials.xlsx)
- **NextEra Energy FY2025 official financial-statements workbook**, published January 27, 2026. FY2025 segment and consolidated reconciliation used by the governed quantitative foundation. [Issuer workbook](https://www.investor.nexteraenergy.com/~/media/Files/N/NEE-IR/reports-and-fillings/quarterly-earnings/2025/Q4%202025/NextEra%20Energy%20-%20Q4%202025%20PR%20Financials.xlsx)
- **NextEra Energy, "A Century of Innovation"**, accessed August 4, 2026. Corporate history milestones from FPL's 1925 formation through national renewable expansion and the 2022 Gulf Power integration. [Official history](https://www.nexteraenergy.com/about-us/our-history.html)
- **NextEra Energy Investor Relations company overview**, accessed August 4, 2026. Current issuer description and operating-company orientation. [Company overview](https://www.investor.nexteraenergy.com/company-overview)
- **Governed ER2 Quantitative Foundation**, generated August 4, 2026, run ID `NEE-ER2-20260804T160332+0800`. Primary source for historical and TTM financial figures and segment operating measures in this primer; reconciled through TTM June 30, 2026. [Local foundation](quant_foundation.md)

NextEra Energy, Inc. — Management Assessment

1. Who is running the company

John W. Ketchum has been NextEra Energy's president and CEO since March 2022, chairman since July 2022, and an FPL director and chair since 2023. He joined NextEra in 2002 and previously ran NextEra Energy Resources (NEER), so he is not an outside caretaker: he owns the current strategy, the response to the XPLR financing breakdown, the accelerated all-forms-of-energy buildout, and the pending Dominion Energy combination. The [2026 proxy](https://www.sec.gov/Archives/edgar/data/753308/000110465926038551/tm261592-1_def14a.htm) credits his NEER tenure with overseeing its then-largest three-year capital program, nearly doubling the backlog, and completing almost $5

billion of capital recycling. Those are relevant credentials, but they also make him accountable for the capital-market structures that later became problematic.

Michael H. Dunne became executive vice president, finance and CFO during 2025. His career has been in energy finance and he came from inside NextEra, providing continuity but only about a year of evidence in the top finance seat. Brian Bolster, formerly NextEra's CFO and previously a Goldman Sachs investment banker, succeeded Rebecca Kujawa as NEER president and CEO in 2025. Scott Bores became FPL president in December 2025 and was identified as FPL president and CEO by the second-quarter 2026 call; former FPL CEO Armando Pimentel moved to vice chair. Three critical operating and finance roles therefore changed within roughly eighteen months. The bench appears deep, but this exact team has not yet been tested through a full capital cycle.

The board has 12 nominees, 11 independent; Ketchum is the only non-independent member. All key committees are independent, average tenure is 7.5 years, six directors have served under five years, and 2025 meeting attendance averaged 98%. Amy B. Lane has been lead independent director since May 2024, with authority to set agendas, preside over executive sessions, consult shareholders, and oversee CEO evaluation. Annual elections, simple-majority voting, no poison pill, and no bylaw supermajority are positives. The combined chair/CEO role is less clean than an independent chair, but the lead-director architecture is substantive rather than cosmetic.

2. Tenure and track record

Ketchum has been CEO for more than four years—long enough to own current outcomes, but short of the five-plus-year, through-cycle record required for a clear PASS. His three most consequential decisions are:

- **Accelerate the FPL regulated-capital program.** FPL invested $8.719 billion in 2025 and $10.214 billion in the trailing twelve months. FY2025 FPL revenue reached $18.262 billion and source-bound operating income $6.820 billion. The November 2025 rate settlement secured a 2026-2029 framework with a 10.95% allowed ROE, a 9.95%-11.95% range, a 59.6% equity ratio, and annualized base-revenue increases of $945 million in 2026 and $705 million in 2027. That is strong regulatory execution, though the test is whether FPL can earn within the band while preserving affordability and avoiding disallowances. [FPL's approved settlement](https://www.sec.gov/Archives/edgar/data/37634/000075330825000060/nee-20251120.htm) is primary evidence.

- **Scale NEER's contracted development engine.** NEER invested $15.332 billion in 2025 and $19.614 billion trailing twelve months. FY2025 revenue was $8.760 billion and source-bound operating income $1.777 billion. At December 2025, approximately 35,627 MW of 37,505 MW net capacity was contracted, with an average remaining PPA life of about 14 years. NEER added 13.5 GW to backlog and placed 7.2 GW in service during 2025; by Q2 2026 backlog was about 35.1 GW after 3.6 GW of additions and 1.1 GW entering service. This demonstrates origination and construction scale. It does not yet prove high returns per diluted share, because management rarely publishes project-level IRR ranges and the platform depends heavily on external capital.

- **Propose the Dominion combination.** The preliminary [S-4](https://www.sec.gov/Archives/edgar/data/753308/000110465926082301/tm2614888-13_s4.htm) provides for 0.8138 NEE shares per Dominion share plus $360 million aggregate cash, with existing NEE holders expected to own about 74.5% and Dominion holders 25.5%. The filing models roughly 740 million new shares, potentially up to 808 million, and asks to raise authorized common shares from 3.2 billion to 5.0 billion. Dominion carried $53.884 billion of net debt at December 2025 in the S-4 adviser analysis. NextEra is offering $2.25 billion of shareholder-funded customer credits and estimates roughly $500 million of its own transaction costs. Management claims immediate adjusted-EPS accretion at close, approximately 11% regulatory-capital growth, and 9%+ adjusted-EPS growth, but these remain non-GAAP forecasts subject to approvals, financing, integration, and execution through a targeted second-half 2027 close. This is Ketchum's defining allocation decision; it has no observable outcome yet.

The clearest failure is XPLR Infrastructure, formerly NextEra Energy Partners. XPLR suspended its distribution indefinitely in January 2025 after its cost-of-capital model became uneconomic. NextEra wrote its equity-method investment down by $0.8 billion ($0.6 billion after tax) in 2024 and another $0.7 billion ($0.5 billion after tax) in 2025, reducing carrying value from $2.6 billion to about $1.0 billion. The company eventually acknowledged the yieldco problem and changed course rather than concealing it, but only after a financing structure built around distributions and convertible equity broke. The [2025 annual filing

note](https://www.sec.gov/Archives/edgar/data/753308/000075330826000015/R14.htm) makes the loss explicit.

3. Capital allocation behavior

The governed data package shows a consistently investment-heavy model:

Fiscal year	Core investment / capex	% of revenue	Operating cash flow	Derived FCF	Common dividends
2021	$15.802B	92.6%	$7.553B	$(8.249)B	$3.024B
2022	$19.060B	91.0%	$8.262B	$(10.798)B	$3.352B
2023	$24.928B	88.7%	$11.301B	$(13.627)B	$3.782B
2024	$24.330B	98.3%	$13.260B	$(11.070)B	$4.235B
2025	$24.053B	87.7%	$12.485B	$(11.568)B	$4.680B
TTM	$29.832B	—	$13.803B	$(16.029)B	—

These derived FCF deficits are not automatically value destruction in a regulated and long-duration contracted infrastructure business; they are a warning that value creation depends on allowed returns, project spreads, execution, and continuous access to debt and equity. Gross debt rose from $82.333 billion at year-end 2024 to $95.619 billion at year-end 2025 and $110.197 billion at June 2026. Net debt was then $107.331 billion; FY2025 net debt/EBITDA was 5.74x. Common-stock and equity-unit proceeds were $2.038 billion in 2025, followed by a February 2026 $2.0 billion equity unit carrying 7.375% distributions and mandatory stock purchase by 2029. This is capital-market dependence, not internally funded compounding.

R&D is a true non-disclosure and no reliable five-year M&A series is available. The FMP buyback line is zero and filings show no material repurchase program, so capital has gone to infrastructure and dividends rather than buybacks. That is strategically coherent, but it removes a potential offset to dilution. Diluted shares rose from 1,972.0 million in 2021 to 2,070.6 million in 2025 and 2,092.9 million in first-half 2026. The Dominion issuance would be a step-change beyond this gradual dilution. Symmetry closed in Q1 2026, but purchase price was not disclosed in the searched primary materials; no outcome can yet be scored.

4. Compensation alignment

The proxy reports 93% of Ketchum's actual 2025 direct compensation as performance based. His $1.6 million salary sits under an annual incentive split 50% financial and 50% operational; the 2025 score was 189%. Long-term awards use three-year vesting. Performance shares comprise 65% of the CEO equity mix and are weighted 80% to adjusted ROE and adjusted-EPS growth, 20% to four operating measures, with a plus-or-minus 20% relative-TSR modifier. The 2023-2025 award initially calculated at 198% but fell to 158% because three-year TSR of 4.34% ranked ninth among the ten comparator utilities. Raising the 2026 relative target from the median to the 55th percentile and removing the individual performance modifier after shareholder feedback are constructive.

The omission is material: there is no direct FCF, ROIC, leverage, capital-efficiency, or per-share dilution measure. Adjusted EPS and ROE can reward scale even when funded with more debt and shares. At a company running $10-$16 billion derived FCF deficits and contemplating 740-808 million merger shares, compensation should explicitly test returns after financing and dilution.

Ketchum actually owned 412,689 shares as of March 23, 2026, excluding 1,065,839 then-acquirable shares; Dunne owned 71,933 and Bolster 46,509. Guidelines require the CEO to hold seven times base salary and senior executives three times; unvested equity does not count. The framework includes clawbacks, anti-hedging and anti-pledging rules, holding requirements, no option repricing, and no share recycling. No shares were pledged. The FMP stock-compensation field is zero/unpopulated, not evidence of zero compensation; therefore the requested five-year SBC/revenue ratio is unavailable. Share-count growth is the honest dilution proxy.

5. Disclosure quality and candor

Across the eight calls from Q3 2024 through Q2 2026, management provided useful operating detail—backlog additions and removals, project-finance sources, tariff exposure, rate-case mechanics, and in-service capacity. It also acknowledged when policy uncertainty shifted projects and when 650 MW left backlog in Q3 2025. Guidance has generally been maintained, with the Q2 2026 adjusted-EPS range at $3.92-$4.02 and an 8%+ long-term growth target off 2025's $3.71.

Candor weakens where economics are load-bearing. Management declined to quantify Duane Arnold restart capital in Q3 2024 and again in Q3 2025; it answered renewables-return questions with phrases such as returns being “in great shape” or

at their “highest” without IRR ranges. Financing answers cite broader tax-equity participation but do not give a consolidated funding bridge or leverage ceiling. In Q2 2026, delayed federal-hub definitive agreements were framed as “ahead of schedule,” although the earlier expected signing window had passed, and Dominion stakeholder engagement was described as “going well” without state-specific friction. Hedged markers—“we believe,” “feel good,” “expect,” “potentially,” and “very confident”—appeared in all eight quarters. Some caution is normal; the concern is its use alongside withheld capital economics.

Overall disclosure is above average operationally but below what the financing model demands. Management tells investors how much it can build more readily than what incremental projects earn after tax equity, debt, and common-equity dilution. The [2024](https://www.investor.nexteraenergy.com/reports-and-filings/quarterly-financial-results/2024), [2025](https://www.investor.nexteraenergy.com/reports-and-filings/quarterly-financial-results/2025), and [2026](https://www.investor.nexteraenergy.com/reports-and-filings/quarterly-financial-results/2026) quarterly materials support this call-by-call assessment.

6. Strategic coherence

Management's recent investor framing is to become “America's quintessential, all-forms-of-energy company.” The Q2 2026 call described a long-term strategy centered on “sustained, disciplined capital investment,” scale, balance-sheet strength, operating efficiency, and a diverse generation fleet. Investment matches the message: FPL regulated infrastructure, NEER renewables and storage, transmission, gas development, Duane Arnold's contracted nuclear restart, and now Dominion. This is a coherent response to accelerating power demand, not a collection of unrelated pivots.

FPL's approved framework and approximately 9.3% recent regulated-capital growth support the regulated leg. NEER's contracted asset base and 35.1 GW backlog support the development leg. Management also names real constraints—interconnection, supply chain, policy, nuclear risk sharing, affordability—rather than pretending the market is frictionless. Yet coherence is not proof of economic value. The Dominion deal would make more than 80% of the combined company regulated, while adding multi-state regulatory, nuclear, gas, customer-service, IT, and integration complexity. Its fixed exchange ratio, large share issuance, assumed Dominion debt, customer credits, and no quantified cost-synergy target make per-share execution the decisive test.

For a 20-year compounder, the strategic destination is credible but the funding architecture is the weak link. A capital-heavy utility cannot be judged by high nominal investment and adjusted-EPS growth alone; cash returns on incremental investment must exceed the weighted cost of capital after dilution.

7. Governance flags

NextEra has one common class and no controlling shareholder. The proxy disclosed modest ordinary-course investment-management and administration fees to 5% holders—about $1.0 million to BlackRock, $0.7 million to State Street, and $1.2 million to Vanguard—and $230,000 of compensation to director James Camaren's son-in-law, an employment relationship predating Camaren's board service and subject to monitoring. These are not thesis-changing, but related-party activity is not literally zero.

The reviewed primary filings disclosed no recent SEC enforcement, restatement, or material weakness requiring a governance override. Recent sampled Form 4s for Ketchum and Dunne were dominated by awards and tax withholding, not clustered discretionary selling; this is a limited twelve-month sample, not an exhaustive forensic conclusion. The larger governance risk is prospective: the Dominion company would have a 14-member board—ten NextEra and four Dominion representatives—with Ketchum remaining chair/CEO and Dominion CEO Robert Blue leading regulated utilities. Raising authorized shares to 5.0 billion increases board issuance capacity. The independent directors must therefore police merger economics, leverage, and minority-shareholder dilution more aggressively than the current scorecard does.

8. Peer comparison

Peer leader	Relative assessment versus Ketchum
Christopher Womack, Southern	A 35-year system veteran and CEO since 2023. Southern's Vogtle history makes its mega-project record scarred but unusually visible. Ketchum has broader origination and development capability; Womack's platform now has simpler project-accountability markers. Neither yet offers a clean five-year personal stewardship record.

Peer leader	Relative assessment versus Ketchum
Harry Sideris, Duke Energy	CEO only since April 2025 after 29 years at Duke, so too new for a through-cycle score. Duke's more regulated model and independent chair make financing and governance easier to audit. Ketchum ranks ahead on growth breadth, behind on structural simplicity and independent-chair governance.
Calvin Butler, Exelon	CEO since late 2022, running a regulated-only platform with an independent chair. Exelon is simpler and more transparent on regulated capital allocation, with less project-development and capital-market risk; Ketchum's operating opportunity set and origination record are stronger.

Against realistic alternatives, Ketchum ranks near the top for operational ambition, development scale, and regulatory execution, but only middle of the group for per-dollar capital-allocation proof and disclosure of returns. The peer evidence does not justify calling NextEra poorly managed; it does justify demanding a higher proof burden because NextEra's model is the most complex and funding-dependent.

9. Management gate verdict

YELLOW. This is not a polite FAIL: the operating evidence is genuinely strong, ownership and governance protections are credible, strategy matches investment, and management did ultimately correct XPLR. But the team has not yet protected per-share value through a completed hard capital cycle under Ketchum. Negative derived FCF, gross debt growth, equity-unit issuance, rising shares, compensation without FCF/ROIC/leverage metrics, and a pending transformative Dominion deal make a PASS premature.

Upgrade to **PASS** if, by 2028-2029, operating cash flow materially closes the derived-FCF gap; gross debt and leverage peak or decline within a disclosed ratings plan; FPL earns within its authorized band without material disallowance; NEER converts backlog on time and budget while disclosing credible return ranges; and Dominion closes on stated economics with per-share accretion after the full share, credit, transaction, debt, and integration burden. Downgrade to **FAIL** if debt and share count continue growing faster than per-share cash economics, Dominion requires material extra concessions or dilution, FPL or NEER develops repeated cost/reliability/backlog failures, an XPLR-like financing breakdown recurs, or management remains evasive on project returns and funding ceilings. Until those conditions resolve, this is a high-quality operating platform led by a team that has not yet earned 20-year allocator status.

NextEra Energy, Inc. — Moat and 2046 Durability

Ticker: NEE **Assessment date:** 2026-08-04 **Evidence basis:** DR-cleared [data package](data_package.md), QFR-sealed [quantitative foundation](quant_foundation.md), [company primer](appendix_A_primer.md), and the issuer's [2025 Form 10-K](https://www.sec.gov/Archives/edgar/data/753308/000075330826000015/nee-20251231.htm), [Q2 2026 Form 10-Q](https://www.sec.gov/Archives/edgar/data/753308/000075330826000060/nee-20260630.htm), and dated investor materials. The segment appendices were not yet available when this assessment was written, so no unfinished segment claim is treated as evidence. This appendix assesses business durability only; it contains no portfolio, ranking, sizing, trading, messaging, or BUY-queue instruction.

1. Moat taxonomy applied

Network effects — absent in the classic sense. More customers do not make an FPL connection more valuable to another customer, and more NEER projects do not automatically create a self-reinforcing user network. FPL does have a dense, integrated physical grid: spreading system, storm-response, billing, dispatch and regulatory capabilities across more than six million accounts lowers unit cost and makes duplication uneconomic. That is a scale-and-natural-monopoly effect, not a demand-side network effect. NEER's fleet and customer relationships generate operating data and repeat-development opportunities, but customers can still award the next project to a rival.

Switching costs — high at FPL, contractual rather than proprietary at NEER. A retail customer inside FPL's service territory cannot practically select another wires utility; physical duplication, municipal action and regulation make system switching difficult. This is powerful retention, but it is imposed by the franchise model and paired with an obligation to serve and regulated prices. At NEER, long-dated PPAs, tolling agreements, transmission tariffs and operational integration create meaningful contract-duration switching costs. Approximately 35,627 MW of NEER's 37,505 MW net generation capacity was contracted at year-end 2025, with about 14 years of weighted-average remaining PPA life. That protects existing cash flows, not the economics of the next bid or the recontracting price after expiry.

Scale economies — real, strongest across procurement and execution. FPL's 36.6 GW system, roughly 93,000 circuit miles and 932 substations support purchasing, storm restoration, generation dispatch and fixed-cost absorption that a new entrant cannot cheaply replicate. NEER's national operating fleet, technology breadth, vendor relationships, tax-credit monetization, balance-sheet access and 35.1 GW renewables/storage backlog let it source equipment, staff development and offer shaped power packages at a scale smaller developers struggle to match. Yet capex grew faster than backlog in the issuer's 2020–2025 comparison, and NEE's TTM core investment of $29.8 billion exceeded operating cash flow by $16.0 billion. Scale is advantageous only while realized project returns exceed financing and execution costs.

Brand — useful trust, weak pricing protection. FPL's reputation for reliability, low bills and storm response matters with regulators, communities and large-load customers. NEER's record and NEE's credit standing matter when a utility or hyperscaler signs a 15- to 25-year obligation. This brand reduces perceived completion and counterparty risk, but it does not support a consumer premium. A competing developer with an acceptable balance sheet, interconnection position and lower bid can win. Brand therefore reinforces procurement credibility rather than independently protecting margins.

Regulatory protection — strong but conditional. FPL's assigned territory, 226 franchise agreements and regulated recovery mechanisms are the clearest barrier to entry. NEET and other regulated transmission assets share cost-of-service features. However, regulatory protection is a bargain, not private pricing power: prudent investment may enter rate base, designated costs may be recovered, and shareholders may earn an allowed return only while bills, service and capital plans remain acceptable. The [approved 2026–2029 FPL agreement](https://www.investor.nexteraenergy.com/news-and-events/news-releases/2025/11-20-2025-160047449) authorizes a 10.95% ROE midpoint, a 59.6% equity ratio and scheduled base-revenue increases, but regulators can change allowed returns, disallow costs, impose customer credits or use reserve amortization. This moat protects continuity better than excess returns.

IP and patents — not material as a stand-alone moat. NEE uses forecasting, construction, operations, trading and asset-optimization technology, but the core hardware is sourced from external turbine, panel, battery, nuclear and grid-equipment vendors. The company has not evidenced a proprietary technology stack that prevents competitors from building comparable assets. Process knowledge and data are valuable; patent exclusion is not the reason customers must buy from NEE.

High-trust procurement — meaningful at NEER, secondary at FPL. Large utilities, municipalities and commercial buyers care about completion certainty, credit support, operating history and the ability to integrate wind, solar, storage, gas, nuclear and transmission. NEER's breadth and long record can shorten a buyer's diligence path and improve its probability of winning complex, multi-asset procurements. The advantage is strongest when customers need firm or shaped power quickly. It weakens in plain-vanilla auctions where price and queue position dominate, and it does not prevent infrastructure funds, utilities and other large developers from underbidding.

2. Per-segment moat

FPL — durable franchise infrastructure, but regulated returns. FPL's moat is the combination of an exclusive service territory, an embedded grid, scale purchasing, low-cost operations, regulatory relationships and the ability to deploy large amounts of capital while maintaining reliability. It is credible over 10–20 years because replacing the network would be wasteful and Florida demand is growing. What breaks it is not a conventional entrant: it is an affordability or reliability failure that causes adverse rate cases, cost disallowance, lower allowed capital structure, franchise loss or accelerated customer self-generation. Earliest signs are a sustained deterioration in customer bills versus peers, earned ROE below the authorized range, material prudence disallowances, municipalization efforts, or rooftop solar/storage materially reducing load without an adequate tariff response. FPL has a moat over access to customers; it does not have unrestricted pricing power or a demonstrated 20% return-on-capital engine.

NEER — a development machine with advantages, not a protected market. NEER's moat is repeatable origination, procurement scale, interconnection and site inventory, construction and operating capability, contract credibility, technology breadth and access to financing and tax-credit buyers. Existing contracts create a 5–10-year earnings buffer, and scarce interconnection rights or permitted sites can be locally valuable. The 20-year durability is much less certain because generation equipment is purchasable, auction economics are contestable, contracts expire and capital providers can fund rivals. Merchant generation, customer supply and commodity marketing have still weaker barriers and add basis, hedge and counterparty risk. The earliest break signals are falling backlog additions, higher cancellation or deferral rates, widening capex per GW, slower placed-in-service conversion, weaker statutory margins, adverse recontracting, lost competitive awards and a sustained rise in funding costs relative to contracted project yields.

Corporate and Other — no moat; it is the financing constraint. This line coordinates the enterprise and houses overhead, eliminations and parent financing effects. Its TTM operating loss was $365 million. Centralized treasury and access to debt, equity units, tax-credit transfers and project capital can be a scale advantage, but the group had $107.3 billion of net debt at June 30, 2026. If credit thresholds weaken or equity is issued on unattractive terms, the parent converts operating opportunity into diluted or subpar shareholder returns. Funding access enables the moat; it is not itself a protected profit pool.

The blended company is weaker than FPL alone. FPL supplied 66.6% of FY2025 revenue and 79.3% of the two reportable segments' source-bound operating income, giving the group a durable regulated core. NEER supplied most of the optional growth but also the more volatile, competitive economics. The equity therefore combines a strong franchise barrier with a large capital-allocation and development bet; it should not receive the strongest segment's moat rating without adjustment.

3. Margin persistence evidence

The governed package provides a comparable five-year history, not the requested full ten years; inventing the missing five years would be worse than stating the limitation. Consolidated operating margin was 17.1% in 2021, 19.5% in 2022, 36.4% in 2023 and 30.2% in both 2024 and 2025. TTM operating income of $8.559 billion on $28.700 billion of revenue implies about 29.8%. The apparent post-2022 step-up is not clean proof of pricing power because consolidated results blend regulated pass-through accounting with NEER commodity, hedge, disposal and portfolio effects.

FPL's source-bound segment margin was 32.0%, 30.6%, 35.9%, 38.1% and 37.3% from 2021 through 2025. The four quarters through June 2026 imply about 36.6% on $18.724 billion of revenue. This stability supports the durability of regulatory recovery and operating discipline. It must still be interpreted as a capital-heavy regulated margin: fuel and purchased power are largely passed through, depreciation is substantial, and allowed returns are negotiated. A 37% operating margin is not evidence that FPL can charge whatever customers will bear.

NEER's corresponding margin was negative 42.7%, negative 23.8%, positive 41.0%, 16.8% and 20.3%; the TTM was about 21.7% on $9.526 billion of revenue. This is the opposite of persistent moat evidence. Statutory results are distorted by commodity, hedging, disposal and portfolio items, but those are part of the risk borne by owners. The current positive margin and rising backlog show a healthy platform; they do not establish a defendable, cycle-tested margin floor. Consolidated stability since 2023 is primarily the blend of FPL's regulated resilience and a recovered NEER, not proof of a uniformly protected enterprise.

4. AI disruption stress test

FPL is **chokepoint economics**. AI cannot prompt a 36.6 GW generating system, transmission/distribution network, substations, licenses, crews and storm-recovery capability into existence. It can improve load forecasting, maintenance, outage management, customer service and asset design, but those gains will be shared with customers through regulation over time. AI-driven data-center demand may expand the investable rate base; temporary power scarcity or an 8 GW large-load target is an opportunity, not a moat. If competitors can build generation for those loads or regulators require competitive procurement, scarcity rents will be competed or regulated away.

NEER's physical projects and interconnection positions are also chokepoints, while its multi-technology portfolio is platform-adjacent to AI infrastructure demand. AI can accelerate siting analysis, contract drafting, bidding, dispatch, maintenance and trading for every capable developer. Customer supply and commodity optimization are the most exposed activities because better forecasting and automated risk tools lower skill barriers and compress service margins. Project development itself is less exposed: permits, land, queues, equipment, financing and construction remain physical and institutional. The most protected segment is FPL; the most exposed is NEER customer supply/commodity marketing. AI raises electricity demand and may make NEE's assets more valuable, but demand growth is not proprietary and should not be credited as a new moat.

5. The 2046 test

Date test: August 4, 2026 plus twenty years is **August 4, 2046**.

Specific base description for 2046. NextEra Energy owns regulated electric systems serving Florida customers and, only if the pending transaction closes, regulated utilities in Virginia, North Carolina and South Carolina; it also develops and operates contracted generation, storage and transmission infrastructure for utilities, municipalities and large commercial customers across North America. FPL still sells reliable delivered electricity and grid access under state-approved tariffs. NEER's labels may change, but contracted nuclear, renewables, storage, gas or successor firming technologies and transmission remain because customers still need physical capacity, reliability and risk transfer. Customer supply and merchant exposure are

smaller if management is disciplined. Directionally, FPL's operating margin is stable to modestly lower as affordability and resilience spending constrain allowed economics; NEER's margin is lower and less volatile if the mix shifts toward regulated transmission and contracted assets. The intact moat is the embedded regulated network at FPL, plus scale and high-trust execution for complex infrastructure at NEER—not a particular generation technology.

That description is plausible, but it does not pass the Gideon version of the test. In 2046 FPL can still earn a regulated return, yet that return is politically bounded and historically far below a >20% ROIC compounder standard. NEER can still be large, but the evidence does not show that its development spread survives two decades of auction competition, technology change, subsidy resets, contract expiries and capital-market cycles. Company-wide vendor-consistent ROIC was only 2.0%–5.5% in 2021–2025. NEE is likely to remain essential and profitable; the specific protectable high-return profit pool is not established.

Bear description for 2046. FPL remains a utility but earns near the bottom of its allowed range after storms, affordability disputes and cost disallowances; distributed generation and storage reduce volumetric growth while grid obligations remain. NEER becomes a lower-return asset builder: procurement advantages diffuse, interconnection reform erodes queue scarcity, equipment commoditizes, tax support falls, and PPAs reprice toward the cost of capital. High debt and repeated equity funding transfer growth economics to creditors, tax-capital providers and customers. This erosion case is not the most likely operating outcome, but it is materially plausible—roughly one chance in three—because each mechanism already appears in the issuer's risk disclosures and the historical NEER margin record.

6. Competitive threat inventory

Threat	Mechanism	Segment(s) affected	Earliest observable signal	Plausibility
Affordability and regulatory reset	Bills, storm costs or capex rise faster than political tolerance; commissions cut allowed returns, disallow costs or demand credits	FPL; NEET; conditional Dominion utilities	Earned ROE below range, disallowances, adverse rate orders, franchise disputes, rising arrears	High
Developer commoditization plus capital disadvantage	Utilities, IPPs and infrastructure funds bid PPAs down while higher funding and equipment costs squeeze project spreads	NEER contracted generation/storage and customer supply	Lower win rate, weaker backlog conversion, capex/GW inflation, cancellations, margin compression	High
Policy, interconnection and technology reset	Tax-credit restrictions, tariffs, queue reform, permitting delays or cheaper rival technologies impair project economics and residual values	NEER; some FPL generation investment	Lost credit eligibility, delayed in-service dates, impairment, falling recontracting prices	Medium-high

The proposed Dominion combination changes this inventory only if it closes. The [May 2026 announcement](https://www.investor.nexteraenergy.com/news-and-events/news-releases/2026/05-18-2026-123054903) says the combined company would be more than 80% regulated, serve about 10 million accounts and gain procurement, construction and financing scale. That would diversify FPL's single-state exposure and make cash-flow durability more regulated. It could also import three additional commission relationships, integration risk, $2.25 billion of customer bill credits and a larger capital program. The [July filing update](https://www.investor.nexteraenergy.com/news-and-events/news-releases/2026/07-15-2026-225033405) still conditions a second-half 2027 close on both shareholder votes, three state commissions, FERC, the NRC and antitrust clearance. Therefore Dominion is a conditional durability enhancer, not evidence in the stand-alone moat verdict; regulation can attach conditions that transfer anticipated synergies to customers.

7. Pricing power verification

FPL has observable **rate recovery**, not unilateral pricing power. The approved 2026–2029 agreement set $945 million of annualized base-revenue growth in 2026 and $705 million in 2027, conditional later adjustments, a 10.95% allowed ROE midpoint and reserve-amortization mechanisms. Customer accounts continued to grow by more than 90,000 year over year in the [Q2 2026 release](https://www.investor.nexteraenergy.com/~/media/Files/N/NEE-IR/reports-and-fillings/quarterly-earnings/2026/Q2%202026/2026-0724%20NEEQ22026News%20Release%20vFINAL.pdf), but captive-territory growth is not an adoption or churn test. Stable margins through fuel and cost inflation support recovery quality; they do not prove customers accepted a market price increase. The counterweight is explicit: low bills and regulatory support are part of the bargain.

NEER's pricing protection resides in contract structure. About 95% of year-end 2025 net generation capacity was contracted, and the 14-year weighted remaining PPA term limits near-term spot exposure. The 35.1 GW backlog and 3.6 GW of Q2 additions show demand and execution credibility. However, the governed sources disclose neither like-for-like PPA price

increases, project churn nor returns on newly originated contracts. Multi-year escalators and minimum commitments may exist contract by contract, but they are not quantified across the portfolio. Pricing power at NEER is therefore **weakly observable**: contracts protect awarded economics, while auctions determine new economics.

Subsidies and scarcity must be stripped out. Clean-energy credits increased NEER earnings and their cash transferability helps finance projects, but statutory eligibility and foreign-entity rules can change. Tax support can improve an industry's economics while attracting more capital and lowering bid prices; it is not proprietary. Similarly, data-center load, generation retirements and interconnection congestion may produce temporary power scarcity. NEE can monetize that window because it has projects and a balance sheet, but scarcity rents are not a 20-year moat unless NEE owns a lasting bottleneck that regulators and queue reform cannot open. The evidence supports capability, not permanent rent capture.

8. Moat verdict

Moat gate: FAIL. FPL has a genuine and durable regulated franchise moat, and NEER has meaningful scale, procurement and execution advantages. But FPL's protection governs access and recovery rather than high returns, while NEER's largest growth pool is contestable, capital-intensive and exposed to subsidies, interconnection, merchant/recontracting and financing cycles. Five-year margins strongly support FPL's resilience but do not support a stable NEER profit pool, and pricing power beyond regulated or contractual recovery is not observable.

2046 test: FAIL. NEE can be described specifically and plausibly as an essential, profitable infrastructure owner in 2046, yet the test requires a protectable high-return profit pool, not mere survival. Neither an allowed utility ROE nor a scale advantage in competitive development establishes that standard for twenty years. Upgrade would require sustained NEER statutory margins and project returns through a weaker subsidy/power-price cycle, backlog conversion without rising capital intensity, and FPL earning its allowed range without affordability concessions; downgrade evidence would be repeated regulatory disallowance, contract cancellations/repricing, or funding costs persistently above new-project yields. The pending Dominion combination could improve cash-flow durability if approved and integrated, but closing and retained shareholder economics cannot be assumed.

Florida Power & Light (FPL) — Segment Deep Dive

Company: NextEra Energy, Inc. **Ticker:** NEE **Forecast anchor:** TTM ended June 30, 2026 **Exact five-year horizon:** Twelve months ended June 30, 2031 **Reporting currency:** U.S. dollars; financial tables use billions unless noted **Required profit basis: Source-bound derived segment operating income Scope:** Stand-alone FPL only. The pending Dominion combination is excluded from every forecast number and is treated only as an external consolidation dependency. **Governance:** `trade_execution_authorized=false`; this appendix contains no portfolio, trade, ranking, sizing, messaging, or BUY-queue authority.

0. Segment boundary and taxonomy note

FPL is NextEra Energy's Florida rate-regulated electric utility. Gulf Power was legally merged into FPL in 2022, and the FY2022 issuer financial workbook restated FY2021 into the current FPL basis. The comparable boundary is therefore **FY2021 restated onward**: FY2021 revenue of $14.102 billion and Source-bound derived segment operating income of $4.516 billion include former Gulf Power. The taxonomy has remained comparable since that boundary. This model does not mix the original pre-merger FPL/Gulf Power columns with the restated series and does not place Dominion's utility operations inside FPL. [FY2022 issuer financial workbook, prior-year FPL operating schedule; data package §1 taxonomy investigation and §3 FPL table]

The metric boundary is equally important. The forecast basis is **Source-bound derived segment operating income**, calculated from the issuer's operating-revenue, operating-expense, and business/asset-disposal schedules. It is additive across FPL and NEER and ties to statutory operating income after Corporate and Other. The issuer's CODM measure—net income attributable to NEE for reportable segments—is after tax and includes below-operating-line effects. It is not used here as operating profit, as a margin numerator, or as a forecast shortcut. Corporate and Other is also excluded from FPL and will be forecast once in the consolidated synthesis. [Data package §3a, exact common segment profit basis and forecast-driver schedule; statutory_bridge.json, TTM period]

1. What this segment actually is

FPL is a vertically integrated electric utility serving more than six million customer accounts, or about 12 million people, across much of Florida. Its physical product is reliable delivered electricity; its economic product is regulated availability of generation, storage, transmission, distribution, billing, customer service, and storm restoration. Customers in FPL's assigned territory do not choose the utility through an ordinary sales funnel. They connect to the grid, consume electricity, and pay monthly bills under tariffs approved by the Florida Public Service Commission (FPSC). A small wholesale activity is regulated by the Federal Energy Regulatory Commission.

The operating system is inseparable. Generation includes natural gas, solar, and nuclear capacity, complemented by battery storage. Transmission moves bulk power; distribution delivers it to homes and businesses; the customer platform meters usage and applies approved tariffs. FPL therefore does not report reliable recurring revenue or operating profit by “product” such as generation, transmission, distribution, or retail. The finest recurring dollar disclosure is the integrated FPL segment. [DATA GAP: FPL does not disclose a clean product-level revenue or Source-bound derived segment operating-income series below the integrated utility; no product dollars are back-solved. Data package §4 and §10]

Pricing is cost-of-service regulation, not unconstrained commercial pricing. In simplified form, allowed revenue must recover prudent fuel and purchased-power costs, cash operating costs, depreciation, taxes, and a regulator-approved return on assets deemed used and useful. Volatile or policy-specific items can be recovered through clauses, while retail base rates cover the core system. The current settlement took effect in January 2026 and runs through at least December 2029. It established $945 million of annualized retail base-revenue increases from January 2026 and another $705 million from January 2027, conditional solar and battery adjustments in later years, a 10.95% authorized ROE midpoint, a 9.95%–11.95% range, and a 59.6% regulatory equity ratio. The [2025 Form 10-K](https://www.sec.gov/Archives/edgar/data/753308/000075330826000015/nee-20251231.htm) and the [approved settlement filed with the SEC](https://www.sec.gov/Archives/edgar/data/753308/000075330825000047/exhibit99tonee-fpl8xkdated.htm) describe these terms.

The go-to-market model is consequently threefold. First, ordinary residential and small-commercial demand grows with customer accounts, weather-normalized usage, and Florida economic activity. Second, FPL proposes and executes capital projects needed for reliability, replacement, growth, generation adequacy, storm hardening, and compliance, then seeks recovery through base rates or dedicated clauses. Third, it negotiates tariffs for exceptional loads. The 2025 settlement includes a structure for new or incremental loads of at least 50 MW with high load factors, relevant to data centers and industrial facilities. These large loads can accelerate capital needs and revenue, but only committed, approved, and energized load deserves credit in a stand-alone forecast.

2. Current economics at the TTM anchor

The TTM ended June 30, 2026 is the only forward anchor. It equals FY2025 less H1 2025 plus H1 2026. FPL generated $18.724 billion of revenue and $6.856 billion of **Source-bound derived segment operating income**, a 36.62% margin. The exact source-bound cost stack is shown below. The disposal line is a $1 million gain and is not treated as recurring. [FY2025 Q4 and FY2026 Q2 issuer financial workbooks; data package §3a sealed TTM bridge]

TTM ended 2026-06-30	Amount ($B)	% of revenue	Source
Revenue	18.724	100.00%	FY2025 Q4 and FY2026 Q2 issuer financial workbooks; data package §3a
Fuel and purchased power	4.068	21.73%	FY2025 Q4 and FY2026 Q2 issuer financial workbooks; data package §3a
Operations and maintenance	1.752	9.36%	FY2025 Q4 and FY2026 Q2 issuer financial workbooks; data package §3a
Depreciation and amortization	3.984	21.28%	FY2025 Q4 and FY2026 Q2 issuer financial workbooks; data package §3a
Taxes other than income taxes	2.065	11.03%	FY2025 Q4 and FY2026 Q2 issuer financial workbooks; data package §3a
Business/asset-disposal gain	0.001	0.01%	FY2025 Q4 and FY2026 Q2 issuer financial workbooks; data package §3a
Source-bound derived segment operating income	**6.856**	**36.62%**	FY2025 Q4 and FY2026 Q2 issuer financial workbooks; statutory_bridge.json TTM FPL line

FPL is capital intensive even by utility standards. TTM capital expenditures were $10.214 billion, equal to 54.6% of segment revenue and 149.0% of Source-bound derived segment operating income. These ratios are not meant to imply that capex is an expense deducted from operating income; they measure the reinvestment load needed to grow and maintain the regulated asset base. FY2025 capex was $8.719 billion, and management has framed a much larger $90–$100 billion FPL investment program through 2032. [FY2025 and Q2 2026 official cash-flow schedules; Q1 2026 official script, John Ketchum, 2026-04-23; data package §0a, §6 and §7]

Recent operations support a high-single-digit capital-growth thesis but a mid-single-digit revenue thesis. Regulatory capital employed grew about 8.0% year over year in Q3 2025, 8.1% for FY2025, 8.8% in Q1 2026, and 9.3% in Q2 2026. Revenue growth over the latest four quarters was 7.0%, 10.8%, 6.9%, and 4.0%, respectively; source-bound operating margins were 34.0%, 35.3%, 40.5%, and 37.2%. The quarterly variation reflects weather, fuel recovery, rate timing, O&M, depreciation, taxes, and reserve amortization. It should not be read as a clean secular margin trend. [Official Q3 2025, Q4 2025, Q1 2026 and Q2 2026 issuer releases dated 2025-10-28, 2026-01-27, 2026-04-23 and 2026-07-24; data package §4 and §5]

Customer growth remains supportive but is not fully disclosed as a five-year series. FPL had more than six million accounts in FY2025, added nearly 100,000 customers year over year in Q1 2026, and had more than 90,000 year-over-year additions in Q2 2026. That points to roughly 1.5% account growth around the current base, before considering usage or large-load demand. [DATA GAP: The data package does not contain a source-comparable five-year customer-account series; the model uses only the 2025 Investor Conference slide 50 scale disclosure and the Q1/Q2 2026 official scripts dated 2026-04-23 and 2026-07-24. Data package §0a, §4, §6 and §10]

3. Unit economics and regulatory return logic

3.1 How revenue becomes Source-bound derived segment operating income

FPL's economics start with investment. When a prudent asset enters service and is included in rate base, the revenue requirement can generally recover depreciation, eligible operating costs, taxes, and a return on the financed rate base. Fuel and purchased power are largely passed through under dedicated mechanisms. Storm protection, environmental, capacity, conservation, and related items also have specific recovery processes. The mechanism provides unusual cash-flow visibility at the operating line, but it is not a guarantee: cost disallowance, lag, imprudence findings, or political pressure can reduce recovery.

A useful conceptual equation is:

```
regulated revenue requirement = fuel/pass-through costs + O&M + depreciation + other taxes + allowed return on rate base ± approved riders/reserve actions
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The ER2 metric then follows directly:

```
Source-bound derived segment operating income = operating revenue − fuel/purchased power − O&M − D&A − other taxes + disposal gains/losses
```

This distinction matters because the allowed ROE is not multiplied directly by segment revenue. ROE is the equity-return component within the regulatory revenue requirement. Source-bound operating income sits above interest and income tax, so it contains coverage for both debt capital and equity capital as well as timing effects in regulatory accounting. It will not equal allowed equity return or CODM net income.

3.2 Rate-base and allowed-return cross-check

FPL's 2027 minimum filing requirements showed $80.752 billion of jurisdictional adjusted rate base, a requested 7.64% overall rate of return, and $6.173 billion of jurisdictional net operating income at that return. That filing preceded the negotiated settlement and is therefore a planning reference—not an assertion that the final allowed 2027 rate base or revenue requirement is unchanged. The settlement reduced base-revenue increases and set ROE at 10.95%, but stated that specified MFR adjustments would be used for regulatory reporting. The filing is still valuable for the scale relationship between rate base, WACC, and regulatory net operating income. [FPSC 2027 MFR Schedule A-1, lines 64–76](https://www.psc.state.fl.us/library/filings/2025/01194-2025/01194-2025.pdf); [2025 settlement](https://www.sec.gov/Archives/edgar/data/753308/000075330825000047/exhibit99tonee-fpl8xkdated.htm)

Regulatory cross-check	Value	Arithmetic / interpretation
2027 jurisdictional adjusted rate base in filed MFR	$80.752B	Requested-case planning reference, not substituted for final settlement accounting

Regulatory cross-check	Value	Arithmetic / interpretation
Filed overall rate of return	7.64%	Includes debt and equity capital costs
Return on rate base	$6.170B	$80.752B × 7.64%; within rounding of filed $6.173B
Settlement equity ratio	59.6%	Authorized investor-source capital mix
Settlement ROE midpoint	10.95%	Authorized midpoint through at least 2029; range 9.95%–11.95%
Equity-return component at filed rate-base scale	$5.270B	$80.752B × 59.6% × 10.95%; conceptual cross-check, not segment OI
2027 base-case Source-bound derived segment operating income	$7.337B	ER2 forecast; above interest and income tax, and not jurisdictional regulatory NOI

The filed case also calculated 2026 and 2027 WACCs of 7.63% and 7.64%, based in part on long-term debt costs of 4.64% and 4.69%. This shows why capital-market conditions matter even when revenue is regulated: financing costs ultimately influence future revenue requirements and customer affordability. The rate filing identified capital investment, loss of prior reserve benefits, WACC, inflation, depreciation, and customer growth as major revenue-requirement drivers. [FPL rate-petition summary, pp. 16–27](https://www.psc.state.fl.us/library/filings/2025/01170-2025/01170-2025.pdf)

3.3 Capital productivity

High capex does not automatically create value. The sequence must be: spend, complete, place in service, receive prudent-cost recognition, and earn near the authorized return. Depreciation rises as the asset base grows, and debt/equity funding carries a cost before regulatory cash recovery fully catches up. The model therefore uses regulatory-capital-employed growth as the principal profit driver, but it cross-checks that growth against capex and customer/load needs.

The operating margin can rise when fuel costs fall as a share of revenue, customer density spreads fixed O&M, productivity savings offset inflation, and approved base revenue arrives ahead of depreciation or tax growth. It can fall when storm or fuel recovery changes the revenue denominator, maintenance rises, capital enters service faster than rate recovery, reserve amortization fades, or depreciation/taxes outpace base revenue. The FY2021–FY2025 margin increase from 32.0% to 37.3% is real on the source-bound basis, but it is too affected by rate and cost-recovery mix to extrapolate mechanically. [FY2022–FY2025 issuer financial workbooks, FPL operating schedules; data package §3]

The rate stabilization mechanism (RSM) adds temporal flexibility. The settlement authorizes up to approximately $1.5 billion after tax of reserve capacity during 2026–2029, subject to the earned-ROE band. FPL may amortize enough reserve to support the lower end of the range but may not use it to exceed the upper end. Because reserve use can smooth reported regulatory earnings without changing underlying physical productivity, the base case assumes modest smoothing rather than a permanent margin benefit; the bear case assumes the reserve is consumed more quickly to offset cost pressure.

4. Competitive dynamics

4.1 Competition is indirect, but economic discipline is real

FPL's retail market is a franchise-based service territory, so conventional customer churn is minimal. It had 226 franchise agreements at year-end 2025, typically with 30-year terms and expirations extending through 2055. Direct investor-owned utility peers such as Duke Energy Florida and Tampa Electric operate separate territories; municipal utilities and cooperatives serve their own systems. The meaningful competitive benchmark is therefore not market-share capture but whether FPL can maintain bills, reliability, and service quality that preserve political and franchise support.

FPL's more than six million accounts and roughly 12 million people served imply about half of Florida's population, but this is not a contestable retail share. The issuer describes FPL as the largest U.S. electric utility by customers and power sales. Its scale supports procurement, engineering, storm response, system planning, and a dense fixed-cost network. [NextEra's official FPL rate-plan release](https://www.investor.nexteraenergy.com/news-and-events/news-releases/2025/02-28-2025-134510796); [2025 Form 10-K](https://www.sec.gov/Archives/edgar/data/753308/000075330826000015/nee-20251231.htm)

Competitive pressure	How it reaches FPL	Five-year significance
Other Florida utilities	Bill, reliability, and regulatory benchmarking rather than territory-by-territory switching	High for political legitimacy; low for ordinary churn
Municipalization/franchise renewal	Local governments can challenge franchise economics or consider alternatives	Low-frequency, high-impact tail risk

Competitive pressure	How it reaches FPL	Five-year significance
Rooftop solar and customer storage	Reduces volumetric sales and raises fixed-cost allocation questions	Moderate; tariffs and grid value determine pace
Large-load alternatives	Data centers can select jurisdictions, self-supply, or delay projects	High for upside; FPL must offer speed, reliability, and protective tariff terms
Independent power producers	Can compete in generation requests for proposal or wholesale supply	Moderate; constrains build economics and supports least-cost scrutiny
Efficiency and electrification	Efficiency lowers usage while EVs, cooling, and industrial loads increase it	Net effect uncertain; customer growth remains the steadier base driver

The segment has pricing power only in the regulated sense. FPL can petition for rates that recover prudent costs and a fair return, but it cannot maximize price without regard to affordability. The 2025 settlement reduced the company's initial request: approved annualized increases were $945 million for 2026 and $705 million for 2027 rather than the higher filed amounts. That is evidence of both constructive regulation and an external cap on economic rent.

FPL's operating-cost advantage is the more durable form of pricing power. The company reported non-fuel O&M per customer more than 71% below the industry average, and its initial rate-plan materials estimated $2.9 billion of annual customer savings versus an average operator. Those figures are company claims, not an independent audit, but they illustrate the bargain sustaining the regulatory compact: high capital investment and a favorable equity ratio in exchange for low bills, reliability, and productivity. [Official 2025 rate-plan release](https://www.investor.nexteraenergy.com/news-and-events/news-releases/2025/02-28-2025-134510796)

5. Moat at the segment level

FPL has a genuine but regulated moat. The strongest layer is the physical network. Recreating tens of thousands of line miles, substations, control systems, generation, storage, interconnections, trained storm crews, and customer operations would require enormous capital and regulatory approval. The second layer is service-territory continuity: franchise agreements and the obligation to serve make duplicate retail networks economically irrational. The third is operating scale, especially procurement, system dispatch, storm restoration, and the ability to spread technology investment across more than six million accounts.

The fourth layer is regulatory credibility. A utility that repeatedly delivers reliable service and low relative bills can obtain approval for large capital programs more readily than an inefficient operator. FPL's January 2026 settlement gives four years of base-rate visibility, a midpoint ROE of 10.95%, a 59.6% equity ratio, and conditional recovery for later solar and battery additions. The mechanism is not an entitlement, but it is evidence that the regulatory compact is currently functional.

The moat does not protect against every form of substitution. Distributed generation and storage can lower grid purchases, large customers can choose another state, and political intervention can compress allowed returns. Nor does a regulated monopoly guarantee high incremental returns: excess capex, imprudent projects, or an unaffordable bill trajectory can trigger disallowance. The moat is therefore durable for physical service demand over 5–10 years but conditional for shareholder economics.

The test of durability is not whether FPL remains Florida's incumbent—it almost certainly will—but whether it can continue growing regulatory capital near 9% while earned ROE stays around the authorized midpoint and bills remain politically tolerable. A five-year period of 9% capital growth with only 3% revenue growth and rising O&M would indicate that the moat protects the franchise but not returns. Conversely, sustained high-single-digit capital growth, 1%–2% account growth, successful SoBRA recovery, and stable O&M per customer would confirm that the moat converts physical necessity into economic value.

6. Historical growth rates reproduced from the governed data package

The finest recurring dollar-disclosed line is the integrated FPL segment. No generation, transmission, distribution, retail, solar, storage, or large-load revenue is separately disclosed, so none is invented. The “three-year CAGR” below is FY2022–FY2025, three compounding intervals. The five-year table also preserves the restated FY2021 boundary. Every figure points to a specific governed row.

Product / sub-segment	FY2021 rev	FY2022 rev	FY2023 rev	FY2024 rev	FY2025 rev	FY2022–FY2025 CAGR	Most recent YoY	Governing source
Integrated regulated electric utility	$14.102B [§3 FPL revenue row]	$17.282B [§3 FPL revenue row]	$18.365B [§3 FPL revenue row]	$17.019B [§3 FPL revenue row]	$18.262B [§3 FPL revenue row]	1.9% [calculated from §3 FPL revenue row]	4.0% in Q2 2026 [§5 FPL quarterly trend, Q2 row]	FY2022–FY2025 issuer financial workbooks; Q2 2026 issuer release dated 2026-07-24; data package §3–§5

The corresponding exact-profit history is equally important:

Historical period	Revenue ($B)	Source-bound derived segment operating income ($B)	Exact-basis margin	Data-package cite
FY2021 restated	14.102	4.516	32.0%	FY2022 issuer financial workbook, prior-year FPL schedule; data package §3
FY2022	17.282	5.294	30.6%	FY2022 issuer financial workbook, FPL operating schedule; data package §3
FY2023	18.365	6.597	35.9%	FY2023 issuer financial workbook, FPL operating schedule; data package §3
FY2024	17.019	6.492	38.1%	FY2024 issuer financial workbook, FPL operating schedule; data package §3
FY2025	18.262	6.820	37.3%	FY2025 issuer financial workbook and 2025 10-K Note 16; data package §3
TTM ended 2026-06-30	18.724	6.856	36.62%	FY2025 Q4 and FY2026 Q2 issuer financial workbooks; data package §3a

Historical arithmetic checks. FY2021 $14.102B × 1.225 = $17.275B versus FY2022 $17.282B, a 0.04% rounding difference. FY2022 $17.282B × 1.063 = $18.371B versus FY2023 $18.365B, a 0.03% difference. FY2023 $18.365B × 0.927 = $17.024B versus FY2024 $17.019B, a 0.03% difference. FY2024 $17.019B × 1.073 = $18.261B versus FY2025 $18.262B, a 0.01% difference. Every check is within the required 2% tolerance. No row is back-solved.

Operating revenue is a noisy growth proxy because fuel, storm, and other pass-through recoveries can move the denominator without equivalent profit. The FY2022–FY2025 revenue CAGR was only 1.9%, despite much faster regulatory-capital growth near the end of the period. The forward case therefore does not set revenue growth equal to the 9% regulatory-capital target. It uses lower revenue growth and separately tests operating margin and allowed-return logic.

7. Management guidance reproduced from data package §6

The table includes every FPL-specific forward or operating anchor in the governed commentary set. Quoted fragments are those already preserved in data package §6; no transcript is re-fetched.

Data-package row	Source / speaker	Short verbatim excerpt	Topic	Model interpretation
§6 FPL row 1	Q3 2025 official script; Mike Dunne	“approximately 8% year-over-year”	Regulatory capital employed	Confirms high-single-digit capital growth before the new settlement
§6 FPL row 2	Q3 2025 official script; Mike Dunne	“between $9.3 and $9.8 billion”	2025 FPL capex outlook	Near-term investment envelope; final FY2025 spend was lower
§6 FPL row 3	Q4 2025 official script; Mike Dunne	“growth of approximately 8.1%”	FY2025 regulatory capital employed	Realized pace supporting the rate-base thesis
§6 FPL row 4	Q4 2025 official script; Mike Dunne	“roughly $8.9 billion”	FY2025 FPL capital investment	Close to governed FY2025 cash capex of $8.719B
§6 FPL row 5	Q1 2026 official script; John Ketchum	“between $90 and $100 billion through 2032”	Long-range FPL capital plan	Base scenario keeps implied 2026–2032 investment inside this range

Data-package row	Source / speaker	Short verbatim excerpt	Topic	Model interpretation
§6 FPL row 6	Q1 2026 official script; John Ketchum	“at least one large load customer”	Large-load commitment expectation	No unnamed customer is booked; used only as an upside monitor
§6 FPL row 7	Q2 2026 official script; John Ketchum	“updated our expectations … 8 gigawatts”	FPL large load by 2032	Management ambition; base gives credit to only part of the target by 2031
§6 FPL row 8	Q2 2026 official script; John Ketchum	“roughly 21 gigawatts of large load interest”	Demand funnel	Interest is not contracted or energized load; excluded from booked revenue
§6 FPL row 9	2025 Investor Conference, slide 62	“9% regulatory capital employed compounded annual growth rate”	Long-term capital growth	Primary base-case driver, not a guaranteed revenue CAGR
§6 FPL row 10	2025 Investor Conference, slide 50	“over 6 MM customer accounts”	Scale	Supports density and growth; not a substitute for a historical account series

The settlement provides a more concrete near-term revenue anchor than management's broader EPS targets: $705 million of additional annualized retail base revenue becomes effective January 1, 2027, while conditional SoBRA adjustments can recover qualifying solar and storage projects entering service in 2027–2029. The long-range 9% capital-growth and $90–$100 billion investment statements are planning targets. The model deliberately discounts the 8 GW large-load aspiration because signed contracts, regulatory approval, construction, and energization are separate gates.

8. Forward growth assumptions and annual revenue forecasts

8.1 Product-level disclosure constraint

Because the integrated utility is the only recurring dollar-disclosed product line, each required product table has one revenue row. Physical drivers are modeled separately rather than mislabeled as products. This avoids fabricating solar, storage, generation, transmission, distribution, or data-center revenue.

Base case

Product	FY2022–FY2025 historical CAGR	Latest YoY	Management FY+1 guide	Base CAGR TTM→TTM+5y	Justification
Integrated regulated electric utility	1.9%	4.0% Q2 2026	$705M annualized retail base-revenue increase from Jan. 2027	**5.3%**	Full-year rate effects, 1.4%–1.6% account growth, approved/conditional investment recovery, and partial large-load conversion lift revenue above history; pass-through mix and affordability keep growth below 9% capital growth.

The base annual path is 6.2%, 5.6%, 5.2%, 4.8%, and 4.5%. The first two years recognize the full-year effect of the 2026 increase, the January 2027 increase, and later SoBRA recovery. Growth then fades because the current agreement ends after 2029, customer growth is steadier than large-load headlines, and the revenue denominator remains exposed to fuel/pass-through variation.

Bull case

Product	FY2022–FY2025 historical CAGR	Latest YoY	Management FY+1 guide	Bull CAGR TTM→TTM+5y	Justification
Integrated regulated electric utility	1.9%	4.0% Q2 2026	$705M annualized retail base-revenue increase from Jan. 2027	**6.8%**	Faster customer and large-load additions, full SoBRA qualification, constructive post-2029 rates, and lower fuel intensity allow revenue to compound materially above history while remaining below capital growth.

The bull annual path is 7.5%, 7.2%, 6.8%, 6.5%, and 6.2%. It assumes roughly 5 GW of the disclosed 8 GW 2032 large-load expectation is energized or firmly revenue-producing by June 2031, not that all 21 GW of interest converts. It also assumes the post-2029 rate process preserves an allowed ROE near 11.0% and recovery mechanisms keep pace with capital

deployment.

Bear case

Product	FY2022–FY2025 historical CAGR	Latest YoY	Management FY+1 guide	Bear CAGR TTM→TTM+5y	Justification
Integrated regulated electric utility	1.9%	4.0% Q2 2026	$705M annualized retail base-revenue increase from Jan. 2027	**3.1%**	Approved near-term rates prevent an abrupt decline, but slower migration, weak usage, project deferrals, disallowance, and only 0.5 GW of large-load conversion constrain growth after 2027.

The bear annual path is 4.3%, 3.4%, 3.0%, 2.6%, and 2.4%. It does not assume a revenue collapse because the 2026–2029 settlement and obligation to serve provide support. Instead, deterioration arrives through low load growth, delayed investment recovery, fuel/pass-through normalization, and a tougher post-2029 rate case.

8.2 Regulatory-capital, ROE, customer, and capex driver matrix

Driver	Bear	Base	Bull	Source / logic
Regulatory capital employed growth, 2027–2031	5.5%, 6.0%, 6.5%, 6.5%, 6.5%	8.5%, then 9.0% annually	10.5%, 11.0%, 11.5%, 11.5%, 11.5%	Base anchored to management's 9% CAGR; data package §6 row 9
Regulatory-capital index, TTM 2026=100	105.5, 111.8, 119.1, 126.8, 135.1	108.5, 118.3, 128.9, 140.5, 153.2	110.5, 122.7, 136.8, 152.6, 170.0	Exact annual compounding of the preceding scenario growth rates; an index avoids presenting the pre-settlement MFR rate-base request as a settled dollar forecast
FPL capex, 2027–2031	$10.5B, $11.0B, $11.5B, $12.0B, $12.5B	$12.5B, $13.0B, $13.5B, $14.0B, $14.5B	$13.5B, $14.5B, $15.5B, $16.5B, $17.5B	Cross-checked to $10.214B TTM and $90–$100B through 2032 plan
FPL capex bridge years, 2026 / 2032	$10.0B / $12.5B	$11.0B / $15.0B	$13.0B / $17.5B	Makes the seven-year envelope arithmetic explicit; scenario assumptions, not issuer guidance
Implied 2026–2032 capex envelope	About $80B	About $94B	About $108B	Assumes scenario-consistent bridge years 2026 and 2032; base fits management range
Customer-account growth	0.5%–1.0%	1.4%–1.6%	1.8%–2.1%	Recent additions over >6M accounts imply about 1.5%; data package §0a and §4
Large load operating by June 2031	0.5 GW	2.0 GW	5.0 GW	Analyst scenario, explicitly below 8 GW management expectation for 2032
Allowed ROE through 2029	10.95% midpoint; earned near 9.95% floor	10.95% midpoint; earned near midpoint	10.95% midpoint; earned toward upper half	2025 settlement and 10-K
Post-2029 ROE assumption	9.6%	10.5%	11.0%	Analyst assumption; no post-2029 rate order exists
Recovery outcome	Delays/disallowance and reserve draw	Prudent capital recovered with normal lag	Timely clause/base recovery and full qualifying SoBRA	Scenario mechanism, not issuer guidance

The capex envelope is an arithmetic discipline. Base 2027–2031 capex totals $67.5 billion. Adding approximately $11 billion for calendar 2026 and $15 billion for 2032 produces roughly $93.5 billion, inside management's $90–$100 billion range. Bear totals about $80 billion as projects slip or are scaled down; bull totals about $108 billion as large-load and grid work accelerate. These are capital-investment assumptions, not additions to operating expenses.

8.3 Annual revenue forecasts from the exact TTM anchor

Case	TTM 2026 revenue	TTM 2027	TTM 2028	TTM 2029	TTM 2030	TTM 2031	Exact five-year CAGR
Bear	$18.724B	$19.529B	$20.193B	$20.799B	$21.340B	$21.852B	3.1%
Base	$18.724B	$19.885B	$20.998B	$22.090B	$23.151B	$24.192B	5.3%
Bull	$18.724B	$20.128B	$21.578B	$23.045B	$24.543B	$26.064B	6.8%

All “TTM 2027” through “TTM 2031” columns mean the twelve months ending June 30 of that year. This preserves an exact five-year compounding span from June 30, 2026 to June 30, 2031. No FY2025-to-FY2031 six-year stretch is embedded.

9. Forward Source-bound derived segment operating-income assumptions

9.1 Margin cases

Case	Current exact-basis margin	TTM+5y exact-basis margin	Change	Mechanism
Bear	36.62%	33.20%	(342 bps)	O&M inflation, depreciation on under-recovered projects, storm/reliability costs, fuel mix, reserve depletion, and post-2029 regulatory pressure
Base	36.62%	37.20%	+58 bps	Customer density and productivity offset rising D&A; fuel/pass-through mix normalizes; recovery broadly tracks placed-in-service capital
Bull	36.62%	38.70%	+208 bps	Large-load density, lower fuel intensity, faster cost recovery, full SoBRA qualification, and strong O&M discipline more than offset D&A growth

The bear contraction exceeds 100 basis points because it combines two adverse mechanisms: capital continues entering service, increasing D&A, while rate recovery and load growth lag. It also assumes RSM capacity is used defensively rather than preserving a durable underlying margin. The bull expansion exceeds 100 basis points because fixed system costs are spread over faster large-load and customer growth, while solar/storage additions reduce fuel intensity and regulation remains constructive. Neither case places Corporate and Other, interest, income tax, or CODM after-tax profit inside FPL.

9.2 Annual bear cost stack and profit forecast

Bear case	Revenue	Fuel / purchased power	O&M	D&A	Other taxes	Disposal gains	Source-bound derived segment operating income	Margin
TTM 2027	19.529	4.335	1.894	4.296	2.031	0.000	**6.973**	35.7%
TTM 2028	20.193	4.564	2.019	4.503	2.080	0.000	**7.027**	34.8%
TTM 2029	20.799	4.742	2.142	4.701	2.142	0.000	**7.072**	34.0%
TTM 2030	21.340	4.887	2.241	4.865	2.198	0.000	**7.149**	33.5%
TTM 2031	21.852	5.026	2.316	5.026	2.229	0.000	**7.255**	33.2%

Bear assumptions allow capital spending to remain material because FPL cannot stop maintaining an essential system. Yet slower additions and recovery reduce regulatory-capital growth, while O&M rises from 9.7% to 10.6% of revenue and D&A reaches 23.0%. Fuel/purchased power rises to 23.0% because the case assumes less favorable generation mix and pass-through timing. The result is only 1.1% annual Source-bound derived segment operating-income growth over five years despite 3.1% revenue growth.

9.3 Annual base cost stack and profit forecast

Base case	Revenue	Fuel / purchased power	O&M	D&A	Other taxes	Disposal gains	Source-bound derived segment operating income	Margin
TTM 2027	19.885	4.255	1.810	4.375	2.108	0.000	**7.337**	36.9%
TTM 2028	20.998	4.431	1.869	4.683	2.205	0.000	**7.810**	37.2%
TTM 2029	22.090	4.617	1.922	4.992	2.297	0.000	**8.262**	37.4%
TTM 2030	23.151	4.815	1.991	5.278	2.431	0.000	**8.636**	37.3%
TTM 2031	24.192	5.008	2.056	5.564	2.564	0.000	**9.000**	37.2%

The base case models O&M leverage from 9.1% to 8.5% of revenue, consistent with FPL's low-cost operating model and customer-density benefit. D&A rises from 22.0% to 23.0% as capital is placed in service. Fuel/purchased power declines from 21.4% to 20.7% as solar and storage reduce fuel exposure, while other taxes rise modestly in dollars and remain around

10.5%–10.6% of revenue. These independently stated cost ratios produce a stable margin rather than using margin as an unexplained plug. Source-bound derived segment operating income reaches $9.000 billion, a 5.6% five-year CAGR from $6.856 billion.

9.4 Annual bull cost stack and profit forecast

Bull case	Revenue	Fuel / purchased power	O&M	D&A	Other taxes	Disposal gains	Source-bound derived segment operating income	Margin
TTM 2027	20.128	4.247	1.791	4.448	2.154	0.000	**7.488**	37.2%
TTM 2028	21.578	4.445	1.856	4.855	2.266	0.000	**8.156**	37.8%
TTM 2029	23.045	4.655	1.913	5.254	2.420	0.000	**8.803**	38.2%
TTM 2030	24.543	4.859	1.988	5.645	2.602	0.000	**9.449**	38.5%
TTM 2031	26.064	5.083	2.059	6.047	2.789	0.000	**10.086**	38.7%

Bull O&M falls from 8.9% to 7.9% of revenue as large, high-load-factor customers improve utilization and fixed-cost absorption. Fuel/purchased power declines to 19.5% on a more favorable generation and recovery mix, while D&A rises to 23.2% as accelerated investment enters service. The profit CAGR is 8.0%, faster than the 6.8% revenue CAGR but still below the bull regulatory-capital trajectory because financing and depreciation absorb part of the benefit.

9.5 Why no disposal gains are forecast

The sealed TTM cost stack includes a $1 million disposal gain, immaterial against FPL's scale. The forecast uses zero in every year and scenario because no recurring disposal program is disclosed for FPL. This is conservative and removes a non-operating-in-substance source of noise from the exact operating schedule without altering the metric definition.

10. Segment rollup and internal arithmetic checks

FPL has one financially modeled product because that is the finest disclosed revenue/profit granularity. Consequently, product revenue equals segment revenue and the revenue-weighted product margin equals the segment margin exactly. The rollup does not fabricate internal subsegments.

Case	Metric	TTM 2026	TTM 2027	TTM 2028	TTM 2029	TTM 2030	TTM 2031
Bear	Revenue ($B)	18.724	19.529	20.193	20.799	21.340	21.852
Bear	**Source-bound derived segment operating income ($B)**	6.856	6.973	7.027	7.072	7.149	7.255
Bear	Exact-basis margin	36.62%	35.7%	34.8%	34.0%	33.5%	33.2%
Base	Revenue ($B)	18.724	19.885	20.998	22.090	23.151	24.192
Base	**Source-bound derived segment operating income ($B)**	6.856	7.337	7.810	8.262	8.636	9.000
Base	Exact-basis margin	36.62%	36.9%	37.2%	37.4%	37.3%	37.2%
Bull	Revenue ($B)	18.724	20.128	21.578	23.045	24.543	26.064
Bull	**Source-bound derived segment operating income ($B)**	6.856	7.488	8.156	8.803	9.449	10.086
Bull	Exact-basis margin	36.62%	37.2%	37.8%	38.2%	38.5%	38.7%

Check	Bear	Base	Bull	Result
Product-to-segment revenue residual, TTM 2031	$0.000B	$0.000B	$0.000B	PASS
Cost-stack residual, TTM 2031	$0.000B	$0.000B	$0.000B	PASS; every displayed horizon row ties exactly
Profit divided by revenue, TTM 2031	33.20%	37.20%	38.70%	PASS
Revenue CAGR recomputation	3.14%	5.26%	6.84%	PASS
Profit CAGR recomputation	1.14%	5.59%	8.03%	PASS

Check	Bear	Base	Bull	Result
Exact horizon	5.0 years	5.0 years	5.0 years	PASS

Example horizon tie-outs: base revenue is $18.724B × 1.062 × 1.056 × 1.052 × 1.048 × 1.045 = $24.192B. Base profit is $24.192B × 37.2% = $9.000B. Bear profit is $21.852B × 33.2% = $7.255B. Bull profit is the exact displayed cost-stack residual, $26.064B – $5.083B – $2.059B – $6.047B – $2.789B = $10.086B; the displayed 38.7% margin is rounded. Each annual cost-stack row satisfies revenue minus fuel, O&M, D&A, and other taxes plus zero disposal gains equals Source-bound derived segment operating income exactly at the displayed $0.001B precision.

The 2027 base cross-check is also reasonable against the rate-case scale: $7.337 billion of source-bound operating income is above the filed $6.173 billion jurisdictional regulatory net operating income because the metrics differ in tax, jurisdiction, and accounting location. It is not treated as a reconciliation equality. The controlling accounting equality remains FPL Source-bound derived segment operating income plus NEER Source-bound derived segment operating income plus Corporate and Other operating income/loss equals consolidated statutory operating income.

11. Key risks and wildcards

- **[Bear] Regulatory disallowance or lag.** The model assumes prudent capital enters the revenue requirement with manageable lag. A material disallowance, a delayed SoBRA approval, or a post-2029 settlement below a 10% ROE would depress both revenue growth and margin.

- **[Bear] Affordability and political intervention.** Electricity bills are politically salient. Even if FPL remains below regional or national averages, cumulative base, fuel, storm, and clause charges can trigger opposition. The 2025 settlement's reduction from the filed request demonstrates that regulatory outcomes are negotiated, not automatic.

- **[Bear] Capital-cost inflation and funding pressure.** Poles, transformers, wire, labor, and construction costs have risen materially. Higher debt costs raise future revenue requirements, but recovery can lag. The broader parent is already funding a large capital program, so FPL cannot be analyzed as if financing were costless.

- **[Bear/Base] Hurricane and storm-recovery risk.** Storms can damage uninsured or underinsured transmission and distribution assets, increase O&M, and require securitization or regulatory recovery. Even eventual recovery can create earnings and cash timing pressure.

- **[Bear] Large-load non-conversion.** Twenty-one gigawatts of interest is not contracted demand. Customers can defer data centers, fail to obtain permits, choose another grid, self-supply, or require network upgrades that reduce near-term economics. The base case gives credit to only 2 GW by June 2031.

- **[Bull/Base] Large-load upside with tariff protection.** A few high-load-factor customers can improve asset utilization and spread fixed costs, especially if tariffs include minimum demand, credit, and exit protections. Faster conversion is the largest revenue upside, but only after contracts, approvals, and energization.

- **[Bear/Base] Fuel and generation-mix volatility.** Fuel is largely pass-through, so higher gas prices can lift revenue without comparable profit and worsen customer bills. Solar and storage can reduce fuel exposure but add capital, depreciation, and tax-credit execution risk.

- **[Bear] Reserve amortization masks operating pressure.** The RSM can support earned ROE during 2026–2029, but it is finite. Faster reserve use can make near-term results look stable while weakening the post-2029 starting point.

- **[Bull/Base] Productivity.** Automation, grid intelligence, predictive maintenance, customer-density growth, and procurement scale can keep O&M per customer low. The base case assumes moderate benefit; failure would move the cost stack toward bear.

- **[Bear] Distributed energy and efficiency.** Rooftop solar, behind-the-meter storage, and efficiency can slow volumetric sales. Fixed-charge and tariff redesign can mitigate the economic effect but increase political friction.

- **[Bear/Base] Nuclear and reliability events.** Outages, safety issues, licensing requirements, and major maintenance at FPL's nuclear fleet can increase costs or force replacement power purchases. Reliability failures can damage regulatory credibility beyond the immediate expense.

- **[External dependency; not in any FPL case] Dominion combination.** Closing could change consolidated financing, equity issuance, management attention, and regulatory complexity. Dominion operations are not part of FPL and contribute zero revenue and zero Source-bound derived segment operating income in every table here. If the deal closes, the synthesis must add Dominion as a separate consolidation layer using transaction-date and regulatory-approved facts rather than revising FPL's historical boundary.

12. Monitoring framework

The most useful monitoring is a driver-to-outcome chain rather than quarterly EPS alone.

Indicator	Base expectation	Bear trigger	Bull evidence	Frequency / source
Regulatory capital employed growth	About 9%	Below 7% for two quarters without a deliberate capex reduction	Above 10% with earned ROE preserved	Quarterly issuer commentary
Earned regulatory ROE	Near 10.95% midpoint	Near/below 9.95% despite RSM use	Upper half of band without bill stress	Monthly FPSC surveillance; quarterly filings
FPL capex	Tracks roughly $12.5B–$14.5B annual path	Deferral, cancellation, or repeated cost overrun	Accelerated spend tied to approved load/recovery	Quarterly/annual cash-flow schedules
Customer additions	About 85k–100k YoY	Below 50k or negative usage trend	Above 110k with system utilization improving	Earnings scripts and 10-K
Large-load conversion	Milestones toward 2 GW by June 2031	No signed/approved anchor customer by 2027 or repeated delays	Multiple creditworthy contracts and energization toward 5 GW	Tariff filings, interconnection, company disclosure
SoBRA approvals	Qualifying projects recovered	Cost-effectiveness/resource-need rejection	Full permitted capacity recovered on schedule	FPSC dockets
O&M as % of revenue	Trends toward 8.5%	Above 10% outside temporary storm costs	Near 8% with service quality maintained	Issuer operating schedules
D&A as % of revenue	Rises toward 23%	Rises faster than rate recovery	Capital enters service with matching recovery	Issuer operating schedules
Typical customer bill	Roughly inflation-like growth through 2029	Sustained above-inflation increase and political backlash	Below-inflation growth with rate-base plan intact	FPSC and FPL bill disclosures
Post-2029 rate framework	ROE around 10.5%, constructive recovery	ROE below 10%, lower equity ratio, or major disallowance	ROE near 11% and large-load protections	New rate-case filings/orders
Dominion transaction	Separate external bridge only	Financing/integration drains FPL execution or credit capacity	No forecast credit inside FPL even if deal closes	SEC/commission approvals and synthesis

Two signals deserve special weight. First, regulatory capital growth above 9% is not enough if earned ROE falls toward the lower band and reserve amortization rises; that combination would mean capital is growing faster than economic recovery. Second, large-load announcements should be translated into signed megawatts, approved tariff terms, required capex, in-service dates, and minimum revenue protection before they change the base case.

Segment summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	$21.852B	Source-bound derived segment operating income	33.2%	$7.255B	25%
Base	$24.192B	Source-bound derived segment operating income	37.2%	$9.000B	50%
Bull	$26.064B	Source-bound derived segment operating income	38.7%	$10.086B	25%

The 25% / 50% / 25% weights are deliberately non-uniform. The base receives half the weight because the 2026–2029 rate settlement, recent 9.3% regulatory-capital growth and continuing customer additions provide a visible center path, while Q2 revenue growth had slowed to 4.0%. Bear retains 25% because capex funding, regulatory lag, RSM depletion and the post-2029 rate outcome remain unresolved. Bull retains 25% because management's 8 GW 2032 large-load expectation and cost leadership are credible upside levers, but 21 GW of interest is not contracted or energized demand.

The base case is a regulated compounding case, not a hypergrowth case: revenue grows 5.3%, Source-bound derived segment operating income grows 5.6%, regulatory capital employed grows near 9%, and capex remains heavy. The bear case shows that the franchise can remain intact while economics weaken through lag, cost pressure, and lower allowed returns. The bull case requires real—not merely interested—large-load conversion, full regulatory recovery, and sustained O&M leadership. Dominion is not part of any of these outcomes and contributes zero to every FPL forecast.

NextEra Energy Resources (NEER) — Segment Deep Dive

Company: NextEra Energy, Inc. (NEE) **Information cutoff:** 2026-08-04 16:03:32 SGT **Forecast anchor:** TTM ended 2026-06-30 **Exact five-year horizon:** 2031-06-30 **Reporting currency:** USD; financial tables use billions unless stated otherwise **Exact forecast profit basis: Source-bound derived segment operating income Governance:** This appendix contains no portfolio, trade, ranking, sizing, messaging, or BUY-queue authority. The pending Dominion combination is excluded from every NEER forecast and appears only as an external consolidation dependency.

0. Segment boundary and taxonomy note

NEER is one of NEE’s two reportable segments and comprises the company’s competitive energy and regulated transmission businesses: contracted and merchant generation, renewable generation, battery storage, nuclear and gas assets, customer supply, electric transmission, and gas-pipeline interests. The FPL/Gulf Power restatement does not change NEER’s boundary. The current FPL/NEER taxonomy is comparable from FY2021 onward, although vendor labels changed between “NextEra Energy Resources” and “NEER Segment.” This analysis therefore uses the official FY2021–FY2025 issuer schedules and the QFR-sealed TTM bridge, not vendor label inference [data_package §1, “Taxonomy investigation”](data_package.md).

The financial boundary is equally important. The model forecasts **Source-bound derived segment operating income**, the common operating basis sealed by QFR. It is calculated from the issuer’s NEER operating-revenue, operating-expense, and business/asset-disposal rows and bridges to statutory operating income after the separately forecast Corporate and Other line. It is not the issuer’s CODM measure, which is after-tax net income attributable to NEE for reportable segments. Corporate and Other, interest, equity-method income, AFUDC, tax, nuclear-fund marks, and noncontrolling interests are not allocated into NEER here [data_package §3a, “Exact common segment profit basis” and TTM bridge](data_package.md); [statutory_bridge.json, TTM period](statutory_bridge.json).

1. What this segment actually is

NEER develops, finances, owns, and operates energy infrastructure across North America. A typical project begins with a customer need—energy, capacity, renewable attributes, storage availability, grid reliability, or a shaped power solution. NEER secures land and site control, equipment, permits, transmission access, a power purchase agreement or other revenue contract, tax-credit eligibility, and financing before construction. Once placed in service, the project earns contracted or regulated revenue and bears operating, availability, degradation, recontracting, and residual-value risk.

The customer set is diverse. Utilities, cooperatives, municipalities, hyperscalers, industrial companies, and other commercial buyers procure energy or capacity through bilateral PPAs, tolling agreements, build-own-transfer structures, and full-requirements contracts. Regulated transmission earns approved cost-of-service revenue. Customer supply earns relatively thin margins on gas and power procurement, commodity marketing, and risk-management services. Merchant plants sell output and capacity into organized wholesale markets, usually with hedges around part of the exposure. This breadth makes NEER more than a renewable developer, but it also means a single revenue multiple or megawatt rule cannot capture the economics.

The go-to-market model is relationship- and balance-sheet-intensive. Large customers care about price, delivery certainty, credit quality, shaping, and execution. NEER’s breadth supports multi-technology portfolios, while NEER bears the capital and execution risk between contract signing and commercial operation. Backlog is therefore development inventory, not booked revenue.

At 2025 year-end, NEER owned about 37.5 GW of net generating capacity across 44 U.S. states and four Canadian provinces. Approximately 35.6 GW was contracted and 1.9 GW merchant, or roughly 95%/5% of net generating capacity; the weighted-average remaining PPA term was about 14 years. These capacity figures are supplementary official-source context from the [2025 Form 10-K](https://www.sec.gov/Archives/edgar/data/753308/000075330826000015/nee-20251231.htm), not product-revenue estimates. Regulated transmission and pipeline interests are not fully represented by a generation-capacity denominator.

2. Current economics at the TTM anchor

TTM ended 2026-06-30 NEER revenue was $9.528B and Source-bound derived segment operating income was $2.068B, a 21.70% margin. The exact TTM cost stack was $1.231B of fuel and purchased power, $3.429B of O&M, $2.792B of depreciation and amortization, $0.471B of other taxes, and $0.463B of business/asset-disposal gains. The arithmetic is $9.528B – $7.923B + $0.463B = $2.068B [quant_foundation P2, TTM NEER row](quant_foundation.md). The $0.463B disposal contribution was 4.9% of revenue; without it, the mechanical operating margin would have been 16.8%. That distinction drives the forward margin normalization.

FY2025 revenue was $8.760B, up 16.1% after a 22.0% decline in FY2024. FY2025 **Source-bound derived segment operating income** was $1.777B, a 20.3% margin. The five-year history is too volatile for a simple trend extrapolation: FY2021 and FY2022 exact-basis segment operating income were negative, FY2023 margin was 41.0%, FY2024 was 16.8%, and FY2025 was 20.3%. Commodity marks, hedge accounting, asset mix, and disposal activity move the GAAP operating schedule even when the contracted asset base grows [data_package §3, NEER table and paragraph](data_package.md).

NEER's best operating indicator is its 35.1 GW renewables/storage backlog at Q2 2026, up from 17 GW in 2021 and 30 GW in 2025. The four-year 2021–2025 backlog CAGR was 15.2%. During Q2 2026, 3.6 GW entered backlog and 1.1 GW entered service. The backlog provides multiyear visibility, but it does not disclose project revenue, price, cost, margin, or probability of completion [data_package §0a, KPI history and tie-out paragraph](data_package.md).

Capital intensity is the constraint. NEER independent-power and other investment was $15.332B in FY2025 and $19.614B TTM. Recomputed against the matching revenue bases, $15.332B / $8.760B = 175.02% and $19.614B / $9.528B = 205.86%, rendered as 175.0% and 205.9% [quant_foundation P4 and P6](quant_foundation.md). These cash-flow amounts are broader than depreciation and are not deducted in segment operating income. They show why backlog growth can increase earnings and financing risk simultaneously.

Anchor metric	FY2025	TTM ended 2026-06-30	Interpretation	Source
NEER revenue	$8.760B	$9.528B	Disclosed segment total; no technology revenue split	data_package §3; quant_foundation P4
Source-bound derived segment operating income	$1.777B	$2.068B	Exact sealed basis; not CODM after-tax NI	data_package §3a; statutory bridge
Exact-basis margin	20.29%	21.70%	TTM includes $0.463B disposal gains	quant_foundation P2
NEER investment	$15.332B	$19.614B	Independent-power and other investments	quant_foundation P4/P6
Investment / revenue	175.0%	205.9%	Capital-intensity diagnostic, not an expense ratio	arithmetic from governed rows
Renewables/storage backlog	30.0 GW	35.1 GW at Q2 2026	Development inventory, not revenue	data_package §0a

3. Unit economics and capital intensity

3.1 How revenue becomes Source-bound derived segment operating income

Contracted wind and solar usually have large upfront capital needs, minimal fuel expense, predictable PPA revenue, weather-dependent output, ongoing maintenance, land payments, insurance, and high depreciation. Storage can earn a contracted availability payment, a tolling payment, or merchant energy and ancillary-service spreads, but it also bears augmentation and degradation costs. Nuclear has low fuel cost relative to output but high fixed maintenance, outage, security, decommissioning, and regulatory costs. Gas generation has dispatchability value but adds fuel, emissions, and commodity-basis risk. Regulated transmission has comparatively stable allowed-return economics, while customer supply has low physical-asset intensity but thin margins, working-capital needs, and collateral exposure.

The TTM expense stack shows the blended effect. Fuel and purchased power were 12.9% of revenue, O&M 36.0%, D&A 29.3%, and other taxes 4.9%. Core operating cost before disposals was 83.2% of revenue. Disposal gains added 4.9% of revenue and lifted the reported margin from 16.8% before those gains to 21.7% on the exact sealed basis. Because the forward model must preserve the exact metric, it includes an explicit disposal-gain assumption rather than silently redefining profit.

TTM operating bridge	Amount	% of revenue	Forward modeling treatment	Governed source
Revenue	$9.528B	100.0%	Segment-level forecast only	quant_foundation P2, TTM NEER
Fuel and purchased power	$(1.231)B	(12.9%)	Merchant, gas, supply, and hedge-sensitive	quant_foundation P2
O&M	$(3.429)B	(36.0%)	Fleet scale, labor, outages, customer supply	quant_foundation P2
D&A	$(2.792)B	(29.3%)	Rises as backlog enters service	quant_foundation P2
Other taxes	$(0.471)B	(4.9%)	Asset footprint and jurisdictions	quant_foundation P2
Business/asset-disposal gains	$0.463B	4.9%	Explicit; normalized, not capitalized as recurring growth	quant_foundation P2
Source-bound derived segment operating income	$2.068B	21.7%	Exact sealed profit basis	statutory_bridge.json

3.2 Project-economics framework

Project value requires contracted and merchant revenue plus monetizable tax credits to exceed construction, interconnection, operating, degradation, financing, decommissioning, and recontracting costs. NEER does not disclose project-level revenue or return histories in the governed package, so this appendix does not invent a portfolio IRR or dollars-per-megawatt assumption.

Business or technology	Revenue mechanism	Main value driver	Main economic leakage	Five-year model implication
Contracted wind/solar	Long-term PPA; energy and attributes	Low variable cost; procurement scale; tax-credit value	Capex overrun; curtailment; basis; weather; credit timing	Drives backlog conversion and revenue growth, but D&A rises with COD
Battery storage	Tolling/availability; capacity; ancillary services; spreads	Scarcity value and solar-shaping demand	Degradation; augmentation; cycling limits; merchant spread compression	Higher backlog mix supports growth, with cautious terminal margins
Nuclear	Long PPA; energy/capacity	High capacity factor and firm clean power	Restart capex; NRC approval; outage and decommissioning risk	Duane Arnold enters base only after staged execution milestones
Gas generation	Contracted or merchant energy/capacity	Dispatchability and reliability	Fuel/basis/emissions exposure	Supports firm solutions; bear case assumes margin pressure
Regulated transmission/pipelines	Approved cost-of-service or contracted tariff	Capital employed and allowed return	Award, permitting, rate-case, and construction delays	Stabilizes margin and reduces commodity sensitivity
Customer supply	Full-requirements supply and risk management	Origination, scale, customer relationships	Thin spreads; collateral; weather and basis risk	Revenue can grow faster than profit; no assumed product margin uplift

For underwriting, commercial operation is the decisive gate. A signed contract without site control, equipment, a viable interconnection plan, tax qualification, and financing is not equivalent to an earning asset. Each year’s scenario therefore models gross origination, projects entering service, and attrition separately. The model does not equate a gigawatt with a fixed amount of revenue because wind, solar, storage, nuclear, and transmission have different commercial structures and utilization.

3.3 Capital intensity and funding feedback

The backlog’s historical growth came with faster capital growth. Management’s 2025 Investor Conference materials showed approximately 17% backlog CAGR and approximately 23% associated capex CAGR over the cited period [data_package §6, NEER guidance rows](data_package.md). TTM NEER investment of $19.614B was more than twice segment revenue, while consolidated gross debt rose to $110.197B at June 30, 2026 [data_package §8](data_package.md). This does not prove that new projects have poor returns; it proves that the enterprise must continuously fund the timing gap between development spend and project cash flow.

The forecast treats capital as a dependency, not an operating-expense plug. In the bear case, expensive funding, tax-credit uncertainty, and interconnection delays reduce starts and force select asset recycling; the revenue effect arrives with a lag. In base, NEER funds a steady contracted build while preserving investment-grade access. In bull, faster originations require more gross funding even though scale improves procurement and overhead absorption. A bull operating forecast can therefore be a bear financing outcome if returns do not exceed the incremental cost of capital.

4. Competitive dynamics

NEER competes with utility self-build programs, independent power producers, renewable and storage developers, infrastructure funds, integrated oil and gas companies, merchant generators, transmission developers, and commodity marketers. In 2026, U.S. developers planned a record 86 GW of utility-scale capacity additions: 51% solar, 28% battery storage, and 14% wind. The same demand that expands NEER's addressable market also creates a crowded bidding environment and equipment/interconnection competition [U.S. EIA, February 2026 planned-capacity update](https://www.eia.gov/todayinEnergy/detail.php?id=67205).

NEER's strongest competitive attributes are scale, creditworthiness, a large operating fleet, equipment procurement, construction experience, cross-technology offerings, tax-credit monetization, and long-standing utility and corporate customer relationships. A buyer seeking firm or shaped clean power may prefer a provider that can combine generation, storage, transmission, and risk management. The 35.1 GW backlog and four consecutive quarters of large additions show strong commercial reach, though they do not prove superior project returns.

Pricing power is conditional. It is strongest around scarce interconnection positions, permits, firm generation, or transmission rights and weakest in crowded, standardized solar-plus-storage bids. EIA's 2026 pipeline supports volume but can compress merchant spreads and project returns.

Interconnection is both barrier and bottleneck. FERC Order No. 2023 moved toward a first-ready, first-served cluster process with deposits, site-control requirements, withdrawal penalties, and study deadlines [FERC Order No. 2023 fact sheet](https://www.ferc.gov/news-events/news/fact-sheet-improvements-generator-interconnection-procedures-and-agreements). Yet Berkeley Lab's 2025 queue study found about 1,400 GW of generation and 890 GW of storage waiting at end-2024, a median request-to-commercial-operation duration above four years for projects built in 2018–2024, and only 13% of capacity entering queues from 2000–2019 reaching operation by end-2024 [Berkeley Lab, *Queued Up: 2025 Edition*](https://emp.lbl.gov/publications/queued-2025-edition-characteristics). NEER's scale helps it carry deposits and manage studies, but it cannot eliminate transmission-provider delays or network-upgrade costs.

The most credible competitors vary by market. Regulated utilities possess customer franchises and may prefer self-build. Large independent producers and infrastructure-backed developers can match financial strength. Specialized storage developers may move faster in merchant markets. Commodity merchants can underprice customer-supply contracts if risk limits are loose. NEER's advantage is portfolio breadth and repeatability, not proprietary generation technology.

5. Moat at the segment level

NEER has a real but execution-dependent moat built on development capability, customer relationships, balance-sheet credibility, procurement, operations, tax and financing expertise, and technology breadth. Scarce interconnection rights, permitted sites, equipment slots, and long-duration contracts are difficult to replicate. Reputation matters to customers making multidecade commitments, while portfolio breadth lets NEER pair renewables with storage, firm power, transmission, and supply.

The moat has limits. Capital is widely available to infrastructure investors when rates and tax policy are stable. Equipment is purchased from third parties. Auctions can transfer scale savings to customers through lower prices. Interconnection positions can lose value when upgrade estimates rise. A large backlog may even become a liability if old contracts are underpriced relative to construction cost. Therefore, backlog growth without margin and cancellation discipline is not evidence of an expanding moat.

Over five to ten years, durability depends on three tests. First, NEER must convert backlog without material cost overruns or rising cancellation rates. Second, it must keep the vast majority of capacity contracted or regulated while recontracting aging assets on economic terms. Third, realized project returns must remain above financing costs after tax-credit leakage and dilution. The base case assumes the moat is durable enough for 8.0% revenue CAGR but not strong enough to protect the TTM disposal-enhanced margin immediately.

6. Historical growth rates — governed segment data only

The issuer does not disclose clean technology-level revenue for wind, solar, storage, gas, nuclear, transmission, or customer supply. Consequently, the only valid product line for a financial forecast is NEER as a whole. Backlog and capacity are KPIs, not product revenue. No dollars are back-solved.

Product / sub-segment	FY2023 rev	FY2024 rev	FY2025 rev	FY2023–FY2025 CAGR	Most recent YoY	Data package cite
NEER disclosed segment total	$9.672B	$7.542B	$8.760B	(4.8%)	16.1%	[data_package §3, NEER Revenue and YoY rows](data_package.md)
Wind / solar / battery storage	Not separately disclosed	Not separately disclosed	Not separately disclosed	n/a	n/a	[data_package §4, NEER wind/solar/storage row](data_package.md)
Nuclear / gas generation	Not separately disclosed	Not separately disclosed	Not separately disclosed	n/a	n/a	[data_package §4, NEER nuclear/gas row](data_package.md)
Electric / gas transmission	Not separately disclosed	Not separately disclosed	Not separately disclosed	n/a	n/a	[data_package §4, NEER transmission row](data_package.md)
Customer supply	Not separately disclosed	Not separately disclosed	Not separately disclosed	n/a	n/a	[data_package §4, NEER customer-supply row](data_package.md)

The FY2023–FY2025 CAGR arithmetic is ($8.760B / $9.672B)^(1/2) − 1 = (4.8%). The latest YoY tie-out is $7.542B × 1.161 = $8.756B, within 0.1% of the reported $8.760B after rounding. The broader FY2021–FY2025 revenue CAGR is 30.2%, but it is distorted by the low FY2021 base and the FY2023 commodity/hedging spike and is not used as the forward base rate. Historical values from the governed package satisfy the required 2% arithmetic tolerance.

Historical year	NEER revenue	YoY growth	Source-bound derived segment operating income	Exact-basis margin	Data package cite
FY2021	$3.053B	n/a	$(1.303)B	(42.7%)	[data_package §3, NEER table](data_package.md)
FY2022	$3.720B	21.8%	$(0.884)B	(23.8%)	[data_package §3, NEER table](data_package.md)
FY2023	$9.672B	160.0%	$3.963B	41.0%	[data_package §3, NEER table](data_package.md)
FY2024	$7.542B	(22.0%)	$1.265B	16.8%	[data_package §3, NEER table](data_package.md)
FY2025	$8.760B	16.1%	$1.777B	20.3%	[data_package §3, NEER table](data_package.md)

No product-revenue row was back-solved. The operating-income volatility is much larger than the backlog trend, reinforcing the decision to normalize asset-disposal and commodity effects explicitly.

7. Management guidance from data package §6

All excerpts below are reproduced from the DR-cleared data package. They are short management anchors, not independent forecast conclusions.

- **Q3 FY2025, Mike Dunne — “nearly 30 gigawatts.”** This described ending backlog. It established scale but did not give expected revenue per GW [data_package §6, NEER row 1](data_package.md).
- **Q3 FY2025, Mike Dunne — “strongest quarter ever in battery storage origination.”** Storage demand was accelerating; the base case recognizes mix growth while preserving degradation, supply, and interconnection risk [data_package §6, NEER row 2](data_package.md).
- **Q4 FY2025, John Ketchum — “13.5 gigawatts to our backlog.”** Record FY2025 origination supports a large starting funnel; scenario originations remain below or near that level rather than assuming a perpetual record [data_package §6, NEER row 3](data_package.md).
- **Q4 FY2025, John Ketchum — “almost one-third … 30-gigawatt backlog.”** Storage is a material share of future construction. This supports revenue growth but not automatic margin expansion [data_package §6, NEER row 4](data_package.md).

- **Q1 FY2026, John Ketchum — “20% compounded annual growth rate.”** The statement referred to regulated electric/gas transmission capital toward $20B by 2032. The model uses transmission as a margin stabilizer, conditional on awards and permitting [data_package §6, NEER row 5](data_package.md).
- **Q1 FY2026, Mike Dunne — “approximately 33.0 gigawatts.”** Ending backlog rose after 4.0 GW of additions and 0.3 GW placed in service. The low commissioning amount in that quarter cautions against equating additions with near-term revenue [data_package §6, NEER row 6](data_package.md).
- **Q2 FY2026, John Ketchum — “3.6 gigawatts … to its backlog.”** Origination remained strong after the Q1 record, supporting the base case’s double-digit annual gross additions [data_package §6, NEER row 7](data_package.md).
- **Q2 FY2026, NextEra Energy — “approximately 35.1 GW.”** Ending backlog netted 3.6 GW of additions against 1.1 GW placed in service. This is the exact backlog opening balance in the conversion schedule [data_package §6, NEER row 8](data_package.md).
- **2025 Investor Conference — “Backlog CAGR: ~17%.”** The disclosed FY2020–FY2025 growth rate is a calibration point, not a perpetual assumption; every scenario below slows ending-backlog growth [data_package §6, NEER row 9](data_package.md).
- **2025 Investor Conference — “CapEx CAGR: ~23%.”** Capital grew faster than backlog, so a forecast that recognizes megawatts but ignores funding and capital intensity is incomplete [data_package §6, NEER row 10](data_package.md).

Management also maintained 8%+ consolidated adjusted-EPS growth through 2032. That non-GAAP target is not inserted into NEER revenue or operating income. The proposed Dominion combination’s 9%+ pro forma adjusted-EPS framework is excluded entirely from this stand-alone segment forecast [data_package §6, consolidated guidance](data_package.md).

8. Forward growth assumptions — TTM 2026-06-30 to 2031-06-30

Because the governed disclosure has no technology-level revenue, the required financial-growth tables contain one valid dollar line: NEER. Technology, backlog, and mix assumptions appear in separate KPI tables and are not falsely summed into revenue.

Base case growth assumption

Product	FY2023–FY2025 historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM→TTM+5y	Justification
NEER disclosed segment total	(4.8%)	16.1% FY2025	No segment-revenue guide; 35.1 GW backlog	8.0%	Backlog conversion and transmission growth offset normalization from volatile FY2023; no fixed revenue/GW is invented.
Wind / solar / battery storage	Not disclosed	Not disclosed	35.1 GW backlog; storage nearly one-third of FY2025 backlog	n/a	No governed revenue base exists; conversion is modeled as a KPI feeding the NEER total.
Nuclear / gas generation	Not disclosed	Not disclosed	Duane Arnold targeted for early 2029	n/a	No governed revenue base exists; no separate growth rate is fabricated.
Electric / gas transmission	Not disclosed	Not disclosed	Capital targeted to grow 20% annually toward 2032	n/a	Capital growth informs NEER mix, but it is not mislabeled as revenue growth.
Customer supply	Not disclosed	Not disclosed	Symmetry contribution unquantified	n/a	Acquired revenue and margin were not disclosed; contribution remains inside the NEER total.

The base case grows revenue from $9.528B to $14.000B. Annual growth accelerates from 7.1% to 8.6% as commissioning rises, regulated transmission capital enters service, and Duane Arnold contributes only after the targeted early-2029 restart milestone. The CAGR is well below backlog’s historical mid-teens growth because storage and generation mix differ, projects can be delayed, and customer-supply revenue does not translate one-for-one into profit.

Bull case growth assumption

Product	FY2023–FY2025 historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM→TTM+5y	Justification
NEER disclosed segment total	(4.8%)	16.1% FY2025	No segment-revenue guide; strong 2025/H1 2026 origination	11.1%	Faster interconnection, high conversion, stronger transmission awards, and firm-power demand lift annual growth toward low teens.
Wind / solar / battery storage	Not disclosed	Not disclosed	Strong storage origination; 35.1 GW backlog	n/a	Bull KPI assumptions raise COD but do not create an unsupported product revenue series.
Nuclear / gas generation	Not disclosed	Not disclosed	Duane Arnold targeted for early 2029	n/a	On-time restart supports the segment-total bull path only.
Electric / gas transmission	Not disclosed	Not disclosed	20% targeted capital CAGR	n/a	Full target realization supports mix and margin; revenue remains undisclosed.
Customer supply	Not disclosed	Not disclosed	Symmetry contribution unquantified	n/a	Stronger origination is captured only in the segment total without invented acquisition dollars.

The bull case reaches $16.100B in 2031. It requires projects to enter service near the high end of the modeled schedule, storage and transmission growth to remain strong, Duane Arnold to meet its early-2029 target, and customer demand to absorb new supply without materially compressing contract prices.

Bear case growth assumption

Product	FY2023–FY2025 historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM→TTM+5y	Justification
NEER disclosed segment total	(4.8%)	16.1% FY2025	No segment-revenue guide; backlog is not revenue	3.0%	Interconnection delays, cancellations, tax-credit leakage, funding limits, and weak recontracting leave growth near inflation.
Wind / solar / battery storage	Not disclosed	Not disclosed	35.1 GW backlog	n/a	Lower conversion and higher removals feed the NEER total; no product dollars are inferred.
Nuclear / gas generation	Not disclosed	Not disclosed	Duane Arnold targeted for early 2029	n/a	Restart delay is a segment-total downside, not a fabricated product forecast.
Electric / gas transmission	Not disclosed	Not disclosed	20% targeted capital CAGR	n/a	Bear assumes only 10% capital growth; revenue remains undisclosed.
Customer supply	Not disclosed	Not disclosed	Symmetry contribution unquantified	n/a	Margin and collateral pressure affect the NEER total without an unsupported revenue split.

The bear case reaches $11.020B. Revenue still grows because the opening contracted fleet and part of the backlog convert, but the ending backlog falls after 2028. Merchant exposure and customer-supply volatility rise as a share of economics when fewer new contracted projects enter service.

Annual segment revenue forecast

Case	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30	Five-year CAGR
Bear revenue	$9.750B	$10.020B	$10.340B	$10.680B	$11.020B	3.0%
Base revenue	$10.200B	$10.990B	$11.890B	$12.890B	$14.000B	8.0%
Bull revenue	$10.450B	$11.500B	$12.720B	$14.270B	$16.100B	11.1%

The year-by-year base deceleration/acceleration path is explicit: 7.1%, 7.7%, 8.2%, 8.4%, and 8.6%. It does not jump directly from the historical 16.1% FY2025 growth rate to a single horizon number. The modest acceleration reflects commissioning lags rather than a claim that project pricing improves each year.

Backlog conversion schedule

All figures are analyst scenarios in GW and apply only to the renewables/storage backlog. Ending backlog equals opening backlog plus gross origination minus projects entering service minus cancellations or removals.

Case / year	Opening backlog	Gross origination	Entering service	Cancellations/removals	Ending backlog	Conversion of opening backlog
Bear 2027	35.1	7.0	4.0	1.8	36.3	11.4%
Bear 2028	36.3	6.5	4.5	2.0	36.3	12.4%
Bear 2029	36.3	6.0	5.0	2.0	35.3	13.8%
Bear 2030	35.3	5.5	5.0	2.0	33.8	14.2%
Bear 2031	33.8	5.0	5.0	2.0	31.8	14.8%
Base 2027	35.1	10.0	5.5	0.8	38.8	15.7%
Base 2028	38.8	10.0	6.0	0.8	42.0	15.5%
Base 2029	42.0	10.5	6.5	0.9	45.1	15.5%
Base 2030	45.1	10.5	7.0	0.9	47.7	15.5%
Base 2031	47.7	11.0	7.2	1.0	50.5	15.1%
Bull 2027	35.1	13.0	6.0	0.5	41.6	17.1%
Bull 2028	41.6	13.5	6.8	0.5	47.8	16.3%
Bull 2029	47.8	14.0	7.5	0.5	53.8	15.7%
Bull 2030	53.8	14.0	8.0	0.6	59.2	14.9%
Bull 2031	59.2	14.0	8.5	0.6	64.1	14.4%

The recomputed five-year schedules commission 23.5 GW in bear, 32.2 GW in base, and 36.8 GW in bull. The full-period roll-forwards are: bear 35.1 + 30.0 gross originations - 23.5 commissioned - 9.8 removed = 31.8 GW ending backlog; base 35.1 + 52.0 - 32.2 - 4.4 = 50.5 GW; and bull 35.1 + 68.5 - 36.8 - 2.7 = 64.1 GW. These identities allow projects originated during the forecast to commission before 2031 while other opening-backlog projects remain beyond the horizon. The schedule is a KPI bridge, not a claim that every GW produces equal revenue.

Contracted/merchant and regulated mix

Mix diagnostic	2025 official anchor	Bear 2031	Base 2031	Bull 2031	Interpretation
Contracted share of net generation capacity	95.0%	92.0%	95.0%	96.0%	Bear assumes weaker recontracting; bull assumes new COD is mostly contracted; no revenue share is inferred
Merchant share of net generation capacity	5.0%	8.0%	5.0%	4.0%	Capacity mix only, not revenue or profit mix; transmission is outside this denominator
Regulated transmission capital growth	Mgmt target 20% CAGR toward 2032	10%	16%	20%	Awards, permitting, and capital deployment determine realization
Backlog ending balance	35.1 GW at Q2 2026	31.8 GW	50.5 GW	64.1 GW	Backlog remains a development stock, not booked revenue

Dependency matrix

Dependency	Bear assumption	Base assumption	Bull assumption	Observable evidence
Interconnection	Long study delays and high upgrade costs	Order 2023 improves flow gradually	Faster clusters and viable upgrade sharing	GW entering service; queue milestones; network-upgrade revisions
Tax credits	Material projects lose eligibility or suffer PFE leakage	Most committed projects retain qualified economics	Timely safe-harboring and monetization	Start-of-construction evidence; placed-in-service dates; credit-transfer proceeds
Equipment/trade	Tariffs and restricted suppliers raise cost	Procurement scale contains most pressure	Cost declines and domestic supply deepen	Module, turbine, transformer, and battery lead times
Financing	Higher spreads and equity dilution defer starts	Investment-grade access funds plan	Lower rates and asset recycling lower cost	Debt issuance, equity units, tax equity, project sales
Execution	Cancellations/removals reach roughly 2 GW annually	Attrition stays below 1 GW annually	Attrition near 0.5–0.6 GW	Backlog roll-forward and impairment/disposal charges

Dependency	Bear assumption	Base assumption	Bull assumption	Observable evidence
Duane Arnold	Restart delayed beyond horizon or uneconomic	Commercial operation after early-2029 milestone	On-time restart with strong availability	NRC approvals, construction milestones, PPA status

The tax-credit asymmetry is material. Final regulations govern technology-neutral 45Y and 48E credits for qualifying facilities placed in service after 2024 [IRS/Treasury final regulations](https://www.irs.gov/irb/2025-12_IRB). Subsequent law and IRS guidance generally terminate those credits for applicable wind and solar facilities placed in service after 2027 unless transition requirements are met, while prohibited-foreign-entity and material-assistance rules add sourcing and substantiation risk [IRS Notice 2025-42](https://www.irs.gov/irb/2025-36_IRB); [IRS Notice 2026-15](https://www.irs.gov/irb/2026-11_IRB). The model does not estimate a legal entitlement; it captures the economic consequence through conversion, cancellations, and margin.

9. Forward Source-bound derived segment operating-income margins

The exact metric remains **Source-bound derived segment operating income** in every case. The TTM 21.70% margin includes a 4.9%-of-revenue disposal gain. Base and bear therefore step down in 2027 as the model normalizes gains. There is no Corporate and Other allocation and no below-line tax-credit, interest, equity-method, or NCI plug.

Case	TTM margin	2027	2028	2029	2030	2031	Main mechanism
Bear — Source-bound derived segment operating-income margin	21.7%	16.0%	14.8%	14.0%	13.5%	13.5%	Disposal normalization, delays, higher D&A/costs, weaker merchant and recontracting
Base — Source-bound derived segment operating-income margin	21.7%	18.5%	19.0%	19.4%	19.7%	20.0%	Contracted COD, transmission mix, scale, and cost control offset D&A
Bull — Source-bound derived segment operating-income margin	21.7%	20.5%	21.0%	21.8%	22.4%	23.0%	Fast conversion, favorable mix, procurement leverage, low attrition

The base margin falls 320 bps in 2027 because recurring disposal gains are not assumed. The source-bound TTM bridge separates $1.605B of pre-disposal operating profit ($9.528B - $7.923B), a 16.845% margin, from $0.463B of disposal gains, a 4.859% revenue uplift; together they produce the reported $2.068B and 21.704% exact-basis margin before display rounding. Base then recovers 150 bps through 2031 as new contracted assets and regulated transmission absorb overhead and customer-supply growth does not overwhelm the mix. The 2031 base margin remains 170 bps below the rendered TTM margin but about 316 bps above the recomputed TTM pre-disposal margin.

Bear margin falls 820 bps to 13.5%. The mechanisms are specific: projects incur development and overhead cost before delayed COD; D&A rises on placed-in-service assets; network upgrades and equipment costs reduce economics; some expiring PPAs recontract less favorably; and no material disposal gain offsets the cost stack. Bull margin rises 130 bps above TTM to 23.0% despite disposal normalization because regulated transmission, high-value storage, firm-power contracts, procurement savings, and faster overhead absorption outweigh D&A.

2031 margin bridge	Bear	Base	Bull	Basis
TTM exact-basis margin	21.7%	21.7%	21.7%	QFR-sealed anchor
Remove TTM disposal-gain effect	(4.9%)	(4.9%)	(4.9%)	$0.463B / $9.528B
Contracted/regulated mix and scale	0.5%	2.5%	4.0%	Scenario judgment
Procurement/O&M execution	(1.0%)	1.2%	2.0%	Scenario judgment
D&A, delays, merchant/recontracting	(2.8%)	(0.5%)	0.2%	Scenario judgment
Residual disposal and rounding	0.0%	0.0%	0.0%	No recurring gain assumed
2031 Source-bound derived segment operating-income margin	13.5%	20.0%	23.0%	Sum of bridge rows

10. Segment rollup and arithmetic checks

The rollup is bottom-up only to the finest disclosed financial level: NEER. Product revenue is not disclosed, so technology KPIs inform the one segment forecast rather than being assigned fictional dollars. Source-bound derived segment operating income equals forecast revenue multiplied by the exact-basis margin.

Case / year	Segment revenue	YoY revenue growth	Source-bound derived segment operating-income margin	Source-bound derived segment operating income	Arithmetic residual
Bear 2027	$9.750B	2.3%	16.0%	$1.560B	$0.000B
Bear 2028	$10.020B	2.8%	14.8%	$1.483B	$0.000B
Bear 2029	$10.340B	3.2%	14.0%	$1.448B	$0.000B
Bear 2030	$10.680B	3.3%	13.5%	$1.442B	$0.000B
Bear 2031	$11.020B	3.2%	13.5%	$1.488B	$0.000B
Base 2027	$10.200B	7.1%	18.5%	$1.887B	$0.000B
Base 2028	$10.990B	7.7%	19.0%	$2.088B	$0.000B
Base 2029	$11.890B	8.2%	19.4%	$2.307B	$0.000B
Base 2030	$12.890B	8.4%	19.7%	$2.539B	$0.000B
Base 2031	$14.000B	8.6%	20.0%	$2.800B	$0.000B
Bull 2027	$10.450B	9.7%	20.5%	$2.142B	$0.000B
Bull 2028	$11.500B	10.0%	21.0%	$2.415B	$0.000B
Bull 2029	$12.720B	10.6%	21.8%	$2.773B	$0.000B
Bull 2030	$14.270B	12.2%	22.4%	$3.196B	$0.000B
Bull 2031	$16.100B	12.8%	23.0%	$3.703B	$0.000B

Internal arithmetic checks.

- **TTM cost bridge:** fuel/purchased power $1.231B + O&M $3.429B + D&A $2.792B + other taxes $0.471B = $7.923B operating expenses; $9.528B revenue - $7.923B expenses = $1.605B pre-disposal profit; plus $0.463B disposal gains = $2.068B Source-bound derived segment operating income; residual $0.000B.
- **Historical revenue tie-out:** $7.542B × 1.161 = $8.756B versus reported FY2025 revenue of $8.760B; 0.05% rounding variance, inside the 2% tolerance.
- **Five-year revenue CAGR:** bear ($11.020B / $9.528B)^(1/5) - 1 = 2.952%; base ($14.000B / $9.528B)^(1/5) - 1 = 8.000%; bull ($16.100B / $9.528B)^(1/5) - 1 = 11.062%, rendered as 3.0%, 8.0%, and 11.1%.
- **Five-year profit CAGR:** bear ($1.488B / $2.068B)^(1/5) - 1 = (6.371%); base ($2.800B / $2.068B)^(1/5) - 1 = 6.248%; bull ($3.703B / $2.068B)^(1/5) - 1 = 12.357%, rendered as (6.4%), 6.2%, and 12.4%.
- **Annual profit rollup:** every row satisfies revenue × margin = profit within $1M after rounding. Example: base 2031 $14.000B × 20.0% = $2.800B.
- **Backlog roll-forward:** every annual row and each five-year case satisfy opening + origination - commissioned - removals = ending. Five-year residuals are 0.0 GW for bear (31.8 GW ending), base (50.5 GW), and bull (64.1 GW).
- **Capacity mix:** 35.627 GW contracted / 37.505 GW net capacity = 95.0%; 1.878 GW merchant / 37.505 GW = 5.0%; sum = 100.0%.
- **Scenario probability:** bear 25% + base 55% + bull 20% = 100%. The weights are deliberately non-uniform: strong recent origination and management's sustained backlog/transmission tone make base the plurality, while capital intensity, disposal-normalization risk, tax-credit constraints, and a failing long-duration moat test leave bear more likely than the execution-heavy bull.
- **Statutory scope:** no Dominion revenue, operating income, assets, or synergies appear in any NEER row; no Corporate and Other or below-line bridge item is allocated to NEER.

The 2031 base profit of $2.800B is only 6.2% annual growth from the TTM $2.068B despite 8.0% revenue CAGR because the TTM profit base includes unusually high disposal gains. This is deliberate conservatism, not an arithmetic mismatch.

11. Key risks, wildcards, and monitoring

Bear-dominant risks

Interconnection delay and upgrade-cost inflation. Queue reforms do not guarantee timely commercial operation. A four-year-plus median queue-to-COD history means several projects scheduled for the horizon can slip beyond it. The direct indicators are lower annual COD, larger network-upgrade estimates, missed cluster-study dates, and rising backlog without equivalent commissioning.

Tax-credit eligibility and monetization. Wind and solar economics can be impaired by placed-in-service deadlines, beginning-of-construction rules, prohibited-foreign-entity restrictions, domestic sourcing, prevailing-wage/apprenticeship requirements, or lower transfer values. A credit problem can appear as lower project returns, delayed starts, cancellations, impairment, or higher customer prices. Monitor disclosures on safe-harbored projects, transferred-credit proceeds, supplier certifications, and tax-equity availability.

Funding and refinancing. TTM NEER investment was $19.614B while consolidated net debt reached $107.331B. Wider credit spreads, collateral calls, weak asset-sale markets, or equity issuance at low prices can reduce project value even if demand remains strong. Monitor parent and project debt issuance, equity units, rating outlooks, interest expense, differential membership funding, and the gap between OCF and core investment.

Backlog attrition and underpriced contracts. A project signed before equipment, tariff, or financing inflation can become unattractive. The bear schedule assumes approximately 2 GW of annual removals by 2028. Monitor named-project cancellations, impairment charges, PPA renegotiations, development write-offs, and the ratio of COD to opening backlog.

Margin normalization proves worse than modeled. TTM margin benefited from $0.463B of disposal gains. If base operations remain near the 16.8% pre-disposal margin and D&A grows faster than contracted revenue, even the base 20.0% terminal margin is too high. Monitor disposal gains separately, O&M/revenue, D&A/revenue, and exact source-bound operating margin.

Merchant, basis, and customer-supply losses. The capacity fleet is mostly contracted, but customer supply, hedging, congestion, and uncontracted output can produce large swings. Monitor mark-to-market effects, collateral, realized versus unrealized hedges, merchant capacity share, and extreme-weather disclosures.

Base-critical execution conditions

Backlog conversion of 5.5–7.2 GW annually. Base requires cumulative COD of 32.2 GW through 2031 and annual attrition below 1 GW until the last year. A two-year average materially below 5 GW would move the model toward bear absent offsetting pricing or transmission earnings.

Regulated transmission growth. Management’s 20% capital-growth target is not treated as guaranteed. Base assumes 16% through 2031. Awards, permits, rate treatment, and construction must convert capital employed into allowed earnings. Monitor project awards, rate-base additions, allowed returns, and in-service dates.

Duane Arnold restart. The 25-year Google-backed PPA and targeted early-2029 restart can add firm clean generation, but NRC approvals and construction execution control the timing [data_package §9, Duane Arnold action](data_package.md). The base case contains no pre-2029 contribution and should be reduced if the regulatory critical path slips.

Contracting discipline. Base preserves the 95% contracted generation-capacity share. This requires economic recontracting and mostly contracted new COD. Monitor weighted-average PPA life, expiring capacity, counterparties, merchant exposure, and contract tenor on new additions.

Bull wildcards

Firm-power and data-center demand. Customers needing around-the-clock power may value portfolios of renewables, storage, gas, nuclear, and transmission more than single-technology bids. The bull case requires this complexity to translate into pricing and margin, not just larger capital commitments.

Interconnection reform begins to work. Faster cluster studies, commercially ready queues, and improved network planning could raise COD toward 8.5 GW by 2031. Evidence would be shorter study cycles, stable upgrade costs, and a rising share of backlog with executed interconnection agreements.

Storage and transmission mix improves profitability. Storage was nearly one-third of the 30 GW backlog at FY2025, and regulated transmission capital has a high growth target. Bull assumes these businesses absorb overhead and reduce

commodity exposure. Monitor actual storage contract structure, augmentation costs, and transmission return realization.

External consolidation dependency — Dominion excluded from NEER

The pending Dominion combination is not a NEER project, not NEER backlog, and not included in forecast revenue, profit, margin, or capital. If completed, it could change parent funding capacity, credit metrics, management attention, equity issuance, and the group's regulated/competitive mix. Those are external consolidation effects for the synthesis stage. The transaction remains subject to shareholder, state, federal, FERC, NRC, HSR, and other approvals and was targeted for the second half of 2027 at the cutoff [data_package §9, Dominion rows](data_package.md). Any future decision to place Dominion businesses inside a segment model requires post-close issuer reporting, not pre-close assumption.

Monitoring dashboard

Indicator	Base expectation	Bear trigger	Bull confirmation	Frequency
Ending renewables/storage backlog	38.8 GW in 2027; 50.5 GW in 2031	Below 34 GW or falling two periods	Above base with stable attrition	Quarterly
Projects entering service	5.5 GW in 2027, rising to 7.2 GW	Two-year average below 5 GW	At or above bull path	Quarterly/annual
Gross origination	Around 10–11 GW annually	Below 7 GW with cancellations rising	13–14 GW with contract quality intact	Quarterly/annual
Cancellations/removals	Below 1 GW annually initially	Near 2 GW annually	Around 0.5 GW	Quarterly backlog roll-forward
Exact-basis margin	18.5% in 2027, 20.0% in 2031	Below 16% excluding one-off noise	Above 21% without disposal dependence	Quarterly TTM
Disposal gains	Not a recurring base driver	Needed to meet profit forecast	Upside only if signed/realized	Quarterly
Contracted capacity share	Around 95%	Below 92%	At least 96%	Annual 10-K
NEER investment intensity	Declines from TTM 206% as COD scales	Remains above 200% with weak OI	High spend paired with rising OI and COD	Quarterly TTM
Tax-credit qualification	Most base projects qualify/monetize	Material denials, haircut, or delays	Strong transfer pricing and compliance	Quarterly/annual
Duane Arnold	Post-approval 2029 contribution	Restart slips beyond 2031	Early-2029 COD and strong availability	Milestone-driven
Dominion combination	Excluded from NEER model	Funding/integration harms stand-alone execution	No NEER forecast inclusion before close	Event-driven

Scenario summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	$11.020B	Source-bound derived segment operating income	13.5%	$1.488B	25%
Base	$14.000B	Source-bound derived segment operating income	20.0%	$2.800B	55%
Bull	$16.100B	Source-bound derived segment operating income	23.0%	$3.703B	20%

The non-uniform 25%/55%/20% bear/base/bull weights reflect recent quarterly origination and management tone on the positive side, offset by the segment's capital intensity, tax-credit/interconnection risks, margin normalization, and the enterprise moat disqualifier. Dominion contributes exactly $0 of revenue and $0 of Source-bound derived segment operating income to all three scenarios.

NEER can compound revenue at a high-single-digit base rate while producing slower operating-profit growth from the disposal-enhanced TTM anchor. Backlog and contracting provide visibility; interconnection, tax qualification, funding, and execution determine whether it becomes earnings. Neither backlog nor CODM after-tax segment income is substituted for operating profit.

NextEra Energy, Inc. — Synthesis (Combined Earnings Model)

Model status: SYNTHESIS CLEARED — 11/11 TIE-OUTS PASSED. **Valuation result:** P/E 15 gate FAIL. The standalone base case produces USD 3.277 per listed common share versus USD 5.770 required at the sealed USD 86.55 price, a

negative 43.2% cushion.

This appendix consolidates the peer-reviewed FPL and NEER forecasts with a separately modeled Corporate and Other line. It preserves the QFR-sealed source-bound operating-income identity and keeps the pending Dominion Energy transaction outside every standalone segment, revenue, operating-income, net-income and EPS sum. The installed statutory-bridge validator's enum diagnostic is recorded below; the audited run-local extension validator is controlling for this run because QFR and DR verified that its only substantive extension is the new source-bound derived basis plus stricter null-fallback, no-operating-adjustment and exact-OI-equality rules.

1. Anchors

- Today and information date: 2026-08-04.
- Fiscal year end: December 31.
- TTM anchor: 2026-06-30, comprising Q3 2025, Q4 2025, Q1 2026 and Q2 2026. The arithmetic source is FY2025 minus H1 2025 plus H1 2026, using identical six-month periods; the four listed quarters are non-overlapping.
- Latest completed fiscal year for historical tie-out: FY2025.
- Horizon: 2031-06-30, exactly 5.0 calendar years after the TTM anchor. Every CAGR and annual path in this appendix compounds from 2026-06-30, never from FY2025.
- Valuation price: USD 86.55 per common share, XNYS:NEE, CUSIP 65339F101, raw exchange close for the 2026-08-03 session. Raw-source SHA-256 is `1aa9a90edd6b135a95a734f299a0c2d20ebdc37cf89921e946554a2c752e8330`; QFR-sealed packet SHA-256 is `d17e5ba14528cacb61e2fc820d53bc70e23bfa623bd269f37851d6dc412af901`. Actionability expiry is 2026-08-05T04:00:00+08:00.
- Quote and reporting currency are both USD. The quoted and financial-statement unit is one NEE common share, so the depositary ratio is 1.0, share-class factor is 1.0, and financial shares per listed unit is 1.0.
- Share bridge: 2,092.9 million financial-statement diluted shares at 2026-06-30 multiplied by the 1.0 no-intervening-split factor equals 2,092.9 million quote-basis diluted financial shares at 2026-08-03. Dividing by the 1.0 depositary and share-class factor equals 2,092.9 million listed-unit equivalents. The split-source SHA-256 is `8ca6b6bf1121d7c688ed159c6f673e808bd1e2f701f932ceb7d4bb87a0a992f3`; the unit-bridge source SHA-256 is `0350b885d3fdec003c91d6d9435e378d29f44383f3c42bf3d7a5f3c03a870eb2`.
- FX bridge: USD quote currency per USD reporting currency is 1.0, dated 2026-08-03, under the packet's identity-same-currency rule.
- Historical statutory bridge SHA-256 is `34f736e0567fce98c7fd52717f10299c7d370553f36da2cf0a60acfa00bc4011`. The audited run-local validator returned `STATUTORY_BRIDGE_VALID` on the exact bytes. QFR found all FY2025 and TTM residuals zero, and DR recorded `DATA PACKAGE VERIFIED — CLEARED FOR WAVE 2` with no unresolved material omissions.
- Validator governance: the installed validator reports a nonblocking enum diagnostic because it does not yet list `source_bound_derived_segment_operating_income`. The run-local extension schema only adds that enum, requires schema 1.1.0 and null fallback evidence for this basis, and the validator adds exact metric-label, empty operating-adjustment and consolidated-metric-equals-statutory-OI invariants. It does not permit plugs, reclassification, fallback evidence, or relabeling of the issuer CODM metric.

2. Segment-level forward assumptions

The first two rows reproduce the peer-reviewed segment appendices without re-derivation. Corporate and Other is separately forecast from the DR-cleared TTM revenue and operating-loss anchor because it is not a reportable segment and has no peer-reviewed segment appendix.

Segment	Exact profit metric	TTM revenue USD B	Bear 2031 revenue	Base 2031 revenue	Bull 2031 revenue	Bear margin	Base margin	Bull margin
FPL	Source-bound derived segment operating income	18.724	21.852	24.192	26.064	33.2%	37.2%	38.7%

Segment	Exact profit metric	TTM revenue USD B	Bear 2031 revenue	Base 2031 revenue	Bull 2031 revenue	Bear margin	Base margin	Bull margin
NEER	Source-bound derived segment operating income	9.528	11.020	14.000	16.100	13.5%	20.0%	23.0%
Corporate and Other	Separately disclosed corporate/unallocated operating income or loss	0.448	0.475	0.519	0.545	NM	NM	NM

Sources: FPL values are from `appendix_B_fpl.md` sections 8.3, 9.1 and 10; NEER values are from `appendix_B_neer.md` sections 8, 9 and 10. Their peer-reviewed hashes are respectively `b4048bdf4f251de087ef309f361f3eecb6786365fb04e9c32e5fbb616295906b` and `0aae2cc5fbccd775c208b048424977bf208fa46cf3f00c43a486f86df962cc7c`. Corporate and Other starts at USD 0.448 billion of TTM revenue and a USD 0.365 billion operating loss from `data_package.md` sections 3 and 3a. Its revenue is an eliminations and unallocated-activity line, so a conventional margin is economically meaningless.

The FPL base path compounds revenue at 5.26% from USD 18.724 billion to USD 24.192 billion, while the peer-reviewed annual rates fade from 6.2% to 4.5%. Its 37.2% horizon margin is only 58 basis points above the 36.62% TTM exact-basis margin. NEER compounds at exactly 8.00% from USD 9.528 billion to USD 14.000 billion. Its base margin falls from the rendered 21.7% TTM level to 18.5% in the first forward year as the USD 0.463 billion TTM disposal gain normalizes, then recovers to 20.0% with contracted commissioning and transmission mix. Neither segment contains Dominion, Corporate and Other, interest, tax, NCI, or the issuer's after-tax CODM profit.

3. Combined revenue build

Corporate and Other revenue is shown as the explicit unallocated and eliminations line, not buried as a plug. Bear grows it from USD 0.448 billion to USD 0.475 billion, base to USD 0.519 billion, and bull to USD 0.545 billion; exact five-year CAGRs are 1.18%, 2.99% and 4.00%. Because its sign has been positive in the current TTM, it is added to reportable-segment revenue. There is no second consolidating adjustment.

Line	Bear	Base	Bull
FPL 2031 revenue	21.852	24.192	26.064
NEER 2031 revenue	11.020	14.000	16.100
Sum of reportable-segment revenue	32.872	38.192	42.164
Corporate and Other revenue and eliminations	0.475	0.519	0.545
Combined 2031 revenue, USD B	**33.347**	**38.711**	**42.709**
Implied TTM to 2031 CAGR over 5.0 years	3.05%	6.17%	8.27%

The combined TTM anchor is USD 28.700 billion: FPL USD 18.724 billion plus NEER USD 9.528 billion plus Corporate and Other USD 0.448 billion. The base first-forward-year revenue is USD 30.546 billion: FPL USD 19.885 billion plus NEER USD 10.200 billion plus Corporate and Other USD 0.461 billion. That is 6.43% above the TTM run rate and inside the 10% recency band.

4. Combined statutory operating-income build

The sealed common metric is Source-bound derived segment operating income. FPL and NEER sum on that basis. Corporate and Other remains a corporate/unallocated line, and the extension validator requires no operating bridge adjustments because the consolidated derived metric equals statutory operating income exactly.

Line	Bear	Base	Bull
FPL source-bound operating income	7.255	9.000	10.086
NEER source-bound operating income	1.488	2.800	3.703
Sum of reportable-segment profit	8.743	11.800	13.789
Corporate and Other operating income or loss	(0.500)	(0.423)	(0.365)

Line	Bear	Base	Bull
Consolidated source-bound segment-profit metric	8.243	11.377	13.424
Operating bridge adjustments	0.000	0.000	0.000
Combined statutory 2031 operating income, USD B	**8.243**	**11.377**	**13.424**
Implied statutory OI margin	24.72%	29.39%	31.43%

Corporate and Other has its own non-plug path:

Case and line	2027	2028	2029	2030	2031
Bear revenue	0.453	0.458	0.464	0.469	0.475
Bear operating income or loss	(0.390)	(0.420)	(0.450)	(0.475)	(0.500)
Base revenue	0.461	0.475	0.489	0.504	0.519
Base operating income or loss	(0.376)	(0.388)	(0.400)	(0.411)	(0.423)
Bull revenue	0.466	0.485	0.504	0.524	0.545
Bull operating income or loss	(0.365)	(0.365)	(0.365)	(0.365)	(0.365)

The bear rule grows the corporate loss faster than inflation as financing organization, merger readiness and central costs rise. Base grows the loss about 3% annually from the USD 0.365 billion TTM anchor. Bull holds the nominal loss flat through efficiency. The base first-forward-year statutory OI is USD 8.848 billion: FPL USD 7.337 billion plus NEER USD 1.887 billion less USD 0.376 billion Corporate and Other. It is 3.38% above the USD 8.559 billion TTM statutory OI, also inside the recency band.

5. Net income and EPS build

No below-line item is folded into segment profit. Interest uses a scenario debt balance multiplied by a scenario cash interest rate. Equity-method earnings normalize below the TTM spike. AFUDC scales with eligible construction. Recurring disposal gains are zero in every case. Nuclear decommissioning securities, benefit income, and Other-net remain explicit.

Below-line item, USD B	Bear	Base	Bull
Interest expense	(6.500)	(5.400)	(4.500)
Equity-method earnings	0.300	0.600	0.800
Allowance for equity funds used during construction	0.200	0.300	0.400
Investment and other-property disposal gains	0.000	0.000	0.000
Nuclear decommissioning securities unrealized gain or loss	(0.200)	0.000	0.200
Other net periodic benefit income	0.100	0.200	0.300
Other net	0.125	0.200	0.300
Total other income excluding interest	**0.525**	**1.300**	**2.000**

The bear interest line equals USD 150 billion of modeled terminal gross debt times a 4.33% cash rate. Base equals USD 135 billion times 4.00%; bull equals USD 122 billion times 3.69%. These are disclosed scenario paths anchored to USD 110.197 billion of official gross debt at 2026-06-30 and the structurally negative FCF caused by investment exceeding operating cash flow. They are not hidden residuals. The base equity-method line normalizes the USD 0.789 billion TTM amount; the USD 0.181 billion TTM disposal gain is set to zero because no signed recurring sale supports it.

Line	Bear	Base	Bull
Combined 2031 statutory OI	8.243	11.377	13.424
Net interest expense	(6.500)	(5.400)	(4.500)
Other income	0.525	1.300	2.000
Pretax income	**2.268**	**7.277**	**10.924**

Line	Bear	Base	Bull
Normalized tax rate	20.0%	15.0%	10.0%
Tax expense	(0.454)	(1.092)	(1.092)
Income after tax before NCI allocation	1.814	6.185	9.832
Net loss attributable to NCI added to NEE income	0.400	0.900	1.300
Net income attributable to NEE, USD B	**2.214**	**7.085**	**11.132**
Quote-basis diluted financial shares, M	2,204.6	2,162.4	2,135.3
EPS in USD per quote-basis financial share	1.004	3.277	5.213
Financial shares per listed unit	1.000	1.000	1.000
EPS in USD per listed unit	1.004	3.277	5.213
FX, quote USD per reporting USD	1.000	1.000	1.000
EPS in quote currency per listed unit	**1.004**	**3.277**	**5.213**

Tax and NCI are deliberately separate. The statutory TTM bridge contained a USD 0.598 billion tax benefit and USD 1.762 billion net loss attributable to noncontrolling interests, but neither is assumed to recur mechanically. Bear uses a 20% normalized tax expense and only USD 0.400 billion of favorable NCI loss allocation; base uses 15% and USD 0.900 billion; bull uses 10% and USD 1.300 billion. This avoids extrapolating the unusually favorable TTM bridge while recognizing that tax-credit and differential-membership structures remain economically material.

The mandatory unit arithmetic is unchanged in every case: reporting-currency NI divided by quote-basis diluted financial shares equals reporting-currency EPS per financial share; multiplying by 1.0 financial shares per listed unit and 1.0 USD per USD produces quote-currency EPS per listed common share.

5a. Return-method input bridge

This table binds the inputs needed downstream. It does not choose between EPS and EV/NOPAT; Combined Synthesis makes that choice. “Unavailable” means the governed input set does not provide a defensible terminal path and no residual plug has been created.

Input	TTM or current anchor	Bear 2031	Base 2031	Bull 2031	Source and status
Statutory operating income, USD B	8.559	8.243	11.377	13.424	Sealed bridge; sections 2 to 4 forecast
Normalized cash tax rate	n/a	20.0%	15.0%	10.0%	Explicit scenario normalization
Normalized NOPAT, USD B	n/a	6.594	9.670	12.082	OI multiplied by one minus tax rate
Cash, USD B	2.866	3.000	3.500	4.000	Q2 2026 official anchor; scenario liquidity floor
Gross debt, USD B	110.197	150.000	135.000	122.000	Q2 2026 official anchor; capex and funding scenario path
Net debt, USD B	107.331	147.000	131.500	118.000	Gross debt less cash, no residual
Lease liabilities	Unavailable	Unavailable	Unavailable	Unavailable	No governed consolidated terminal lease schedule
Preferred equity	Unavailable separately	Unavailable	Unavailable	Unavailable	Equity units are modeled in common-share path, not relabeled as preferred
Minority interest senior claim	Unavailable	Unavailable	Unavailable	Unavailable	NCI earnings allocation exists; terminal claim balance is not governed
Other senior claims	Unavailable	Unavailable	Unavailable	Unavailable	No complete terminal differential-membership or hybrid schedule
Separately valued non-operating assets	Unavailable	Unavailable	Unavailable	Unavailable	No source-bound terminal asset-value schedule
Common distributions, USD B	4.680 FY2025	4.900	6.200	7.600	FY2025 dividends; scenario path constrained by cash generation

Input	TTM or current anchor	Bear 2031	Base 2031	Bull 2031	Source and status
Diluted listed-equivalent shares, M	2,092.9	2,204.6	2,162.4	2,135.3	Sealed packet plus section 6 issuance path
Dominion transaction shares	None in core	Separate overlay	Separate overlay	Separate overlay	Official S-4 range of about 740M to 808M shares

Because leases, minority interest, other senior claims and non-operating assets lack complete terminal paths, EV/NOPAT cannot control valuation without additional work. The fully reconciled EPS and P/E method remains usable. Terminal cash and debt are diagnostics, not an invitation to net an undisclosed senior claim into debt.

5b. Source-bound Dominion close or break overlay

Dominion is not inserted into the standalone forecast. The preliminary Form S-4 filed 2026-07-09 states that each eligible Dominion share receives 0.8138 NEE shares plus its pro rata portion of USD 360 million cash. Based on no additional Dominion shares or awards before closing, NEE would issue about 740 million shares; the estimated maximum permitted pre-close share and award path raises that to about 808 million. Existing NEE holders are expected to own approximately 74.5% and Dominion holders 25.5% based on May 14, 2026 shares. The official 2026-07-15 regulatory update targets the second half of 2027, subject to both shareholder approvals, three state commissions, FERC, the NRC, HSR clearance and other conditions.

Overlay state	Share effect	Cash and claims	Timing	Treatment in this synthesis
Break or no close	0 Dominion shares	No USD 360M merger cash payment; standalone claims remain	Any failed condition or termination	Standalone core controls
Close, low share case	About 740M new NEE shares	USD 360M aggregate cash; Dominion debt and leases assumed subject to consents	Target H2 2027	Diagnostic only, not added to core
Close, high share case	Up to about 808M new NEE shares	Same fixed aggregate cash; more issued shares and converted awards	Target H2 2027	Diagnostic only, not added to core

The S-4 also requires Dominion to redeem or call the DERI Notes before close. If closing occurs after January 15, 2027, Dominion must redeem its one million outstanding 4.35% Series C preferred shares; an earlier close would exchange them one-for-one into NEE replacement preferred shares on no-less-favorable terms. These are real claims, not zeroes. The S-4's unaudited pro forma information is preliminary, assumes specified redemptions and consents, and expressly is not a future forecast. A definitive, source-complete segment revenue/OI, cash-tax, debt, lease, NCI and preferred-claim path through 2031 is not present in the governed inputs. Therefore this appendix does not fabricate pro forma earnings or synergies.

At the standalone base horizon, adding 740 million to 808 million shares would increase the diluted count from 2,162.4 million to 2,902.4 million to 2,970.4 million before any other transaction-related dilution. Merely preserving the standalone USD 3.277 EPS would require Dominion and retained transaction economics to add roughly USD 2.425 billion to USD 2.648 billion of NEE-attributable annual net income. Achieving the USD 5.770 P/E-gate EPS on those enlarged counts would require total NI of USD 16.747 billion to USD 17.139 billion, or USD 9.661 billion to USD 10.054 billion more than the standalone base NI. These are diagnostic hurdles, not forecasts or claims that Dominion will or will not supply them.

Sources: [preliminary Form S-4](https://www.sec.gov/Archives/edgar/data/753308/000110465926082301/tm2614888-13_s4.htm), [official regulatory-filing update](https://www.investor.nexteraenergy.com/news-and-events/news-releases/2026/07-15-2026-225033405), and [transaction announcement](https://www.investor.nexteraenergy.com/news-and-events/news-releases/2026/05-18-2026-123054903).

6. Share count path

The model starts with the packet's 2,092.9 million quote-basis financial shares. Historical buybacks were zero in the governed capital-allocation series and derived FCF was negative, so buybacks remain zero. The vendor SBC field is zero and does not establish that employee dilution is economically absent; rather than invent SBC dollars, the table records zero in the SBC column and captures observed share-count drift as ordinary funding issuance. The 2026 USD 2.0 billion equity-unit offering requires common-share purchase by 2029 at USD 91.99 to USD 115.00, implying about 21.7 million to 17.4 million shares. Base uses 19.5 million.

Case and year	Starting shares M	Buyback USD B	Avg price USD	Retired M	SBC issuance M	Ordinary funding issuance M	Equity-unit issuance M	Ending shares M
Bear 2027	2,092.9	0.000	n/a	0.0	0.0	18.0	0.0	2,110.9
Bear 2028	2,110.9	0.000	n/a	0.0	0.0	18.0	0.0	2,128.9
Bear 2029	2,128.9	0.000	n/a	0.0	0.0	18.0	21.7	2,168.6
Bear 2030	2,168.6	0.000	n/a	0.0	0.0	18.0	0.0	2,186.6
Bear 2031	2,186.6	0.000	n/a	0.0	0.0	18.0	0.0	2,204.6
Base 2027	2,092.9	0.000	n/a	0.0	0.0	10.0	0.0	2,102.9
Base 2028	2,102.9	0.000	n/a	0.0	0.0	10.0	0.0	2,112.9
Base 2029	2,112.9	0.000	n/a	0.0	0.0	10.0	19.5	2,142.4
Base 2030	2,142.4	0.000	n/a	0.0	0.0	10.0	0.0	2,152.4
Base 2031	2,152.4	0.000	n/a	0.0	0.0	10.0	0.0	2,162.4
Bull 2027	2,092.9	0.000	n/a	0.0	0.0	5.0	0.0	2,097.9
Bull 2028	2,097.9	0.000	n/a	0.0	0.0	5.0	0.0	2,102.9
Bull 2029	2,102.9	0.000	n/a	0.0	0.0	5.0	17.4	2,125.3
Bull 2030	2,125.3	0.000	n/a	0.0	0.0	5.0	0.0	2,130.3
Bull 2031	2,130.3	0.000	n/a	0.0	0.0	5.0	0.0	2,135.3

The ordinary-issuance range is an analyst funding diagnostic, not issuer guidance. It is anchored by diluted weighted-average shares rising from 2,059.2 million in FY2024 to 2,070.6 million in FY2025 and 2,092.9 million in H1 2026, together with negative derived FCF and no buyback run rate. Bear assumes 18 million ordinary shares annually, base 10 million and bull 5 million. Each path then separately adds the contractual-settlement range from the equity units. Dominion shares are excluded.

Reconciliation is exact: bear 2,092.9 + 90.0 ordinary + 21.7 equity-unit shares = 2,204.6 million; base 2,092.9 + 50.0 + 19.5 = 2,162.4 million; bull 2,092.9 + 25.0 + 17.4 = 2,135.3 million. No buyback-maintains-EPS shortcut is used.

7. P/E 15 test

Required EPS is USD 86.55 divided by 15, or USD 5.770 per listed common share. Cushion is value at 15 times EPS minus the packet price, divided by the packet price.

Case	EPS USD per listed unit	EPS times 15	Packet price USD	Cushion	Pass?
Bear	1.004	15.067	86.55	(82.6%)	FAIL
Base	3.277	49.150	86.55	(43.2%)	FAIL
Bull	5.213	78.197	86.55	(9.7%)	FAIL

The confident case is base, not bull. Base fails by 43.2%, so the binary P/E 15 gate fails. Even the execution-heavy bull case remains below the required EPS. No alternate price, stale quote, ADR conversion, or transaction-adjusted share count is used.

8. Reflexivity check

The TTM segment revenue sum is USD 18.724 billion FPL plus USD 9.528 billion NEER plus USD 0.448 billion Corporate and Other, exactly USD 28.700 billion, matching consolidated TTM revenue with 0.00% residual. The exact-profit sum is USD 6.856 billion plus USD 2.068 billion less USD 0.365 billion, exactly USD 8.559 billion, matching statutory TTM operating income with zero residual and no operating adjustment.

FY2025 also ties: FPL revenue USD 18.262 billion plus NEER USD 8.760 billion plus Corporate and Other USD 0.390 billion equals consolidated USD 27.412 billion. FPL OI USD 6.820 billion plus NEER USD 1.777 billion less Corporate and Other USD 0.317 billion equals statutory OI USD 8.280 billion. The issuer CODM figures are after-tax NI of USD 5.012 billion FPL, USD 2.975 billion NEER and negative USD 1.152 billion Corporate and Other; they remain separate and are never substituted for operating income.

9. Latest interim bridge reconciliation

The TTM uses the permitted cumulative interim bridge: FY2025 minus H1 2025 plus H1 2026. Both YTD periods cover January 1 through June 30, so the windows are identical. No cumulative half-year amount is added to a constituent quarter.

Revenue ties as USD 27.412 billion minus USD 12.947 billion plus USD 14.235 billion equals USD 28.700 billion. Operating income ties to USD 8.559 billion, pretax income to USD 6.939 billion, NEE-attributable NI to USD 9.299 billion, and diluted weighted-average shares to 2,086.55 million under P4 arithmetic. The quote packet's 2,092.9 million H1 diluted shares, rather than 2,086.55 million TTM weighted-average shares, is the required starting security-unit count for forward dilution.

The four named economic quarters are Q3 2025, Q4 2025, Q1 2026 and Q2 2026. They are non-overlapping and sum to the same TTM revenue and OI. There is no latest-FY substitution and no six-year forecast interval.

10. Sensitivity — which variable matters most

All sensitivities hold the other two specified variables at base. FPL CAGR uses the exact 5.2579% base rate, not the rounded 5.3%. NEER margin changes on USD 14.000 billion of base revenue. Share count varies around 2,162.4 million. Tax varies around 15% while pretax income and NCI allocation remain fixed.

Variable	Down case EPS	Base EPS	Up case EPS	EPS change versus base
FPL revenue CAGR minus or plus 200 bps	2.953	3.277	3.626	(0.324) to +0.349
NEER exact-basis margin minus or plus 200 bps	3.167	3.277	3.387	(0.110) to +0.110
Diluted shares minus or plus 5%	3.449	3.277	3.121	+0.172 to (0.156)
Tax rate minus or plus 300 bps	3.378	3.277	3.176	+0.101 to (0.101)

FPL revenue growth is the largest of the required one-variable sensitivities, reflecting the regulated utility's scale and 37.2% exact-basis margin. Share issuance is second and becomes substantially more important if Dominion closes. Even the favorable end of any single sensitivity remains far below USD 5.770 required EPS, so the gate is not borderline.

11. Combined earnings summary

Probabilities are 30% bear, 50% base and 20% bull. They are non-uniform and sum to 100%. Recent FPL execution and NEER origination make base the plurality, while the failing 2046 moat test, high leverage, negative derived FCF, tax-credit/interconnection risk and disposal normalization make bear more likely than the execution-heavy bull.

Case	Revenue USD B	OI USD B	OI margin	NI USD B	EPS USD per listed unit	Probability	EPS times 15	Versus USD 86.55
Bear	33.347	8.243	24.72%	2.214	1.004	30%	15.067	(82.6%)
Base	38.711	11.377	29.39%	7.085	3.277	50%	49.150	(43.2%)
Bull	42.709	13.424	31.43%	11.132	5.213	20%	78.197	(9.7%)
Probability-weighted EPS	n/a	n/a	n/a	n/a	2.982	100%	44.734	(48.3%)

Probability-weighted EPS is 30% times USD 1.004445 plus 50% times USD 3.276660 plus 20% times USD 5.213132, or USD 2.982290. Multiplying by 15 gives USD 44.734, 48.3% below the sealed price. This expected value is context only; the base case controls the binary gate.

Tie-out checks

- **PASS — reported financial and statutory bridge, TTM plus FY2025.** TTM revenue: 18.724 + 9.528 + 0.448 = 28.700, exactly consolidated. TTM OI: 6.856 + 2.068 - 0.365 = 8.559, exactly statutory. FY2025 revenue: 18.262 + 8.760 + 0.390 = 27.412. FY2025 OI: 6.820 + 1.777 - 0.317 = 8.280. All five sealed residuals are zero in `statutory_bridge.json`; QFR re-performed every cost-stack line in `quant_foundation_review.md`.

- **PASS — NI, shares, listed unit and FX equal EPS.** Bear: USD 2.2144 billion divided by 2,204.6 million times 1.0 times 1.0 = USD 1.004445. Base: 7.08545 divided by 2,162.4 = 3.276660. Bull: 11.1316 divided by 2,135.3 = 5.213132. Section 5 uses the packet's exact unit and FX factors.

- **PASS — segment sum at horizon.** Reportable-segment revenue plus the named Corporate and Other line equals consolidated revenue exactly: bear 32.872 + 0.475 = 33.347; base 38.192 + 0.519 = 38.711; bull 42.164 + 0.545 = 42.709. Residuals are zero; section 3 names the only unallocated revenue line.

- **PASS — product-to-segment rollup.** FPL and NEER each have one financially disclosed product row, so product revenue equals segment revenue with USD 0.000 billion residual in every case. `appendix_B_fpl.md` section 10 and `appendix_B_neer.md` section 10 explicitly report zero product-to-segment residuals and forbid invented technology dollars.

- **PASS — weighted margin.** With one disclosed product per segment, the revenue-weighted product margin equals the segment margin exactly. FPL horizon margins are 33.2%, 37.2% and 38.7%; NEER margins are 13.5%, 20.0% and 23.0%. Both peer-reviewed section 10 rollups reproduce revenue multiplied by margin within USD 0.001 billion.

- **PASS — share count and security-unit path.** 2,092.9 million financial-statement shares times the 1.0 split factor equals 2,092.9 million quote-basis shares; division by 1.0 depositary and class factors equals 2,092.9 million listed equivalents. Bear ends at 2,092.9 + 90.0 + 21.7 = 2,204.6; base at 2,092.9 + 50.0 + 19.5 = 2,162.4; bull at 2,092.9 + 25.0 + 17.4 = 2,135.3. Section 6 runs exactly five annual periods in financial shares, not ADR units.

- **PASS — growth plausibility with explicit exception support.** FPL base revenue CAGR of 5.26% exceeds 1.2 times the noisy 1.9% FY2022 to FY2025 rate, but `appendix_B_fpl.md` section 8 quantifies the USD 705 million 2027 base-revenue step, 9% regulatory-capital target, customer additions, partial large-load conversion and a base USD 93.5 billion 2026 to 2032 capex envelope. NEER's 8.00% base CAGR is below recent 16.1% FY2025 growth and the historical approximately 17% backlog CAGR; section 8 binds it to a 35.1 GW opening backlog and explicit commission schedule. No unsupported growth exception remains.

- **PASS — historical and horizon arithmetic.** FPL: 18.724 multiplied by one plus 3.14%, 5.26% and 6.84% to the fifth power equals 21.852, 24.192 and 26.064 within 1%. NEER: 9.528 multiplied by one plus 2.952%, 8.000% and 11.062% to the fifth equals 11.020, 14.000 and 16.100. Corporate and Other uses 1.177%, 2.986% and 3.998% to reach 0.475, 0.519 and 0.545. Start is 2026-06-30 and end is 2031-06-30 for every row.

- **PASS — recency anchor.** The base first-forward-year combined revenue of USD 30.546 billion is 6.43% above USD 28.700 billion TTM. Base first-forward-year OI of USD 8.848 billion is 3.38% above USD 8.559 billion TTM. Both are within 10%. The comparison uses FPL and NEER annual rows from the peer-reviewed appendices and the explicit Corporate and Other path in section 4.

- **PASS — period and horizon integrity.** TTM is FY2025 minus January to June 2025 plus January to June 2026, with identical coverage and no overlap. Revenue, OI, pretax, NI and shares tie to P4. All forecast rates run from 2026-06-30 to 2031-06-30, exactly 5.0 calendar years. No FY2025 anchor or six-year row appears in valuation arithmetic.

- **PASS — valuation, unit bridge, packet hashes and probability arithmetic.** Exact packet bytes recompute to `d17e5ba14528cacb61e2fc820d53bc70e23bfa623bd269f37851d6dc412af901`; exact bridge bytes recompute to `34f736e0567fce98c7fd52717f10299c7d370553f36da2cf0a60acfa00bc4011`. Listing, USD price, 1.0 split, 1.0 depositary/class factor and 1.0 FX reproduce the packet. Scenario probabilities are 30% + 50% + 20% = 100%; weighted EPS is USD 2.982290. Bear, base and bull EPS times 15 are USD 15.066679, USD 49.149903 and USD 78.196975. Cushions versus USD 86.55 are negative 82.59%, negative 43.21% and negative 9.65%. Base controls the FAIL verdict.

Conclusion

The standalone core reaches base revenue of USD 38.711 billion, statutory operating income of USD 11.377 billion and NEE-attributable NI of USD 7.085 billion at 2031-06-30. The earnings result is restrained by capital-intensive funding, normalized below-line items and explicit dilution rather than by lack of segment growth. Base EPS is USD 3.277 per listed share, USD 2.493 below the USD 5.770 threshold. The P/E 15 gate therefore fails with a negative 43.2% cushion.

Dominion could change scale, regulated mix, claims and per-share economics if it closes, but the current governed inputs do not support a complete 2031 pro forma statutory build. The official 740 million to 808 million share range, USD 360 million cash payment, claims treatment and closing conditions are disclosed in a separate overlay. No transaction revenue, OI, NI, synergy or debt is silently inserted into the cleared standalone sums.

NextEra Energy, Inc. (NEE) - Compounder Score

Analysis date: 2026-08-04 **Operating anchor:** TTM ended 2026-06-30 **Terminal date:** 2031-06-30 **Exact horizon:** 5.0 years **Price anchor:** USD 86.55, XNYS:NEE close on 2026-08-03 **Primary valuation method:** P/E **Method governance:** P/E controls bear, base, bull, probability weighting, the 20% reverse-return diagnostic, and net-SGD. Terminal cash and debt are disclosed as risk diagnostics only and are never added to or subtracted from EPS times P/E.

1. Executive Verdict

Compounder Score: 42/100. Business Quality Score: 38/80. 20% Return Underwriting Score: 4/20. Score-implied classification: Reject. This score is diagnostic and does not replace the ER2 verdict. The strict ER2 verdict is **PASS** because the Moat gate is FAIL, the 2046 test is FAIL, and the P/E <= 15 gate is FAIL; Management is YELLOW.

The evidence supports a large, strategically important power-infrastructure platform with two real operating advantages: FPL's embedded regulated network and NEER's scale in development, origination, procurement, and execution. It does not support the Gideon dream-compounder standard. Five-year vendor-consistent ROIC was only 2.04%-5.47%, source-bound ROIIC proxies are below 8%, derived free cash flow has been negative in every reviewed year, net debt/EBITDA was 5.74x at FY2025, and diluted shares continue to rise. The business can grow while the equity compounds poorly because creditors, tax-capital providers, regulators, customers, and new shareholders can absorb much of the value created by the asset base.

At USD 86.55, the security-level return evidence is worse than the business-growth narrative. Using scenario-specific 12.0x / 18.0x / 22.0x exit P/E multiples, source-bound cumulative dividends, and the synthesis's statutory diluted EPS, gross USD IRRs are **-22.99% bear, -3.54% base, and +8.46% bull**. Probability-weighted terminal wealth is USD 69.1464 per share under 30% / 50% / 20% weights, producing a **-4.39%** gross USD IRR. The 20% case is not close: under the base distribution and 18.0x exit P/E, current-price underwriting requires terminal EPS of USD 11.2264, versus the cleared base of USD 3.2767 and even the cleared bull of USD 5.2131.

The pending Dominion transaction is a separate close-or-break diagnostic. It is excluded from all standalone earnings, returns, and scores. The official share range of about 740 million to 808 million new NEE shares and the USD 360 million cash payment are disclosed, but no pro forma revenue, earnings, synergies, or claim paths are fabricated. Until closing, regulatory terms, financing, and post-close statutory reporting exist, Dominion cannot repair the standalone return case.

2. Data Source Map

Evidence need	Controlling source	Period / status	Use in this score
Price, listing, units	`quote_packet.json`, QFR-sealed SHA-256 `d17e5ba14528cacb61e2fc820d53bc70e23bfa623bd269f37851d6dc412af901`	2026-08-03 close	USD 86.55; one common share; 1.0 unit factors
Statutory income and TTM	`quant_foundation.md`, `statutory_bridge.json`, `data_package.md`	TTM 2026-06-30; FY2021-FY2025 history	Revenue, OI, NI, EPS, shares, tax and NCI bridge
Balance sheet and cash flow	`quant_foundation.md` P6; `data_package.md` sections 7-8	FY2021-FY2025 plus Q2 2026	Cash, debt, OCF, core investment, derived FCF, dividends
Segment forecasts	Peer-reviewed `appendix_B_fpl.md` and `appendix_B_neer.md`	TTM to 2031-06-30	Revenue, exact-basis OI, margin, runway and bear/base/bull drivers
Combined EPS model	`appendix_synthesis.md`, SHA-256 `37598d5db7cba3e17717ef52320eaaec0322177919a10fa948e78099ee8f10e8`	11/11 tie-outs cleared	Terminal EPS, shares, cash, debt, probabilities and distribution endpoints
Management and allocation	`appendix_management.md`	Gate YELLOW	Incentives, debt/equity funding, XPLR response, Dominion governance
Moat and durability	`appendix_moat.md`	Moat FAIL; 2046 FAIL	Competitive advantage, regulation, durability and erosion evidence

Evidence need	Controlling source	Period / status	Use in this score
Historical valuation	Archived FMP annual key-metrics raw file used by D	FY2020-FY2025	Earnings-yield-implied P/E cross-check; recent FY2023-FY2025 range 16.84x-24.54x
Portfolio context and FX	`pulse_portfolio_allocator.md`, receipt, and `pulse_summary_evidence.json`	Published 2026-08-04; portfolio close 2026-08-03	Portfolio fit only; stable entry FX 1.2821 SGD per USD

All operating and valuation evidence is bounded by the 2026-08-04 information cutoff. The quote packet and synthesis hashes were recomputed before scoring. No security return is constrained by portfolio context.

3. Key Financial and Quality Metrics

Standard software-style ROIC is imperfect for a regulated utility and contracted infrastructure developer because allowed returns, project finance, tax equity, construction work in progress, and long asset lives shape the economics. That limitation does not justify ignoring capital. This score therefore uses the vendor-consistent ROIC series as a comparability diagnostic, then tests incremental NOPAT against the issuer's broad official core-investment series.

Metric	1-year / latest	3-year	5-year / longest governed	10-year	Interpretation
Revenue growth	4.7% TTM vs FY2025	9.4% FY2022-FY2025 CAGR	12.55% FY2021-FY2025 CAGR	Unavailable	Growth is real but volatile and capital-heavy
NOPAT growth	23.2% FY2025 vs FY2024	37.6% FY2022-FY2025 CAGR	35.12% FY2021-FY2025 CAGR	Unavailable	Low FY2021-FY2022 base and tax construction distort the headline
Adjusted / vendor-consistent ROIC	4.23% FY2025	4.23% median FY2023-FY2025	4.04% median FY2021-FY2025	Unavailable	Far below the >20% dream-compounder bar
ROIIC	Not meaningful for one year	5.52% FY2022-FY2025 proxy	4.98% FY2021-FY2025 four-interval proxy	Unavailable	Below 8% using cumulative official core investment
Acquisition-inclusive ROIIC	Unavailable	Unavailable	Unavailable	Unavailable	Vendor acquisition field is not a clean deal-cost series
Reinvestment rate	366% FY2025 core investment / NOPAT	397% aggregate FY2023-FY2025	471% aggregate FY2021-FY2025	Unavailable	Scale growth requires several dollars of investment per NOPAT dollar
Derived FCF	USD (11.568)B FY2025	USD (36.265)B aggregate FY2023-FY2025	USD (55.312)B aggregate FY2021-FY2025	Unavailable	Structurally negative under the ER2 broad investment definition
Derived FCF / NOPAT	-176% FY2025	-196% aggregate	-241% aggregate	Unavailable	Earnings do not self-fund the capital program
Diluted-share CAGR	1.08% FY2025	1.54% FY2022-FY2025	1.22% FY2021-FY2025	Unavailable	No buyback offset; forward issuance continues
Net debt / EBITDA	5.74x FY2025	n/a	n/a	n/a	Q2 2026 net debt then rose to USD 107.331B
SBC / revenue and SBC / FCF	Unavailable	Unavailable	Unavailable	Unavailable	FMP zero is unpopulated, not proof of zero economic cost
Current statutory P/E	19.42x	n/a	n/a	n/a	USD 86.55 / USD 4.4564 TTM statutory diluted EPS
TTM dividend yield	2.73%	n/a	n/a	n/a	USD 4.947B distributions / USD 181.1405B packet-basis market cap
TTM derived FCF yield	-8.85%	n/a	n/a	n/a	USD (16.029)B / USD 181.1405B market cap

ROIIC arithmetic is intentionally conservative and source-bound. The three-year proxy is `(USD 6.569B FY2025 NOPAT - USD 2.520B FY2022 NOPAT) / (USD 24.928B + USD 24.330B + USD 24.053B core investment) = 5.52%`. The longest governed proxy is `(USD 6.569B - USD 1.971B) / (USD 19.060B + USD 24.928B + USD 24.330B + USD 24.053B) = 4.98%`. Neither adjusts away maintenance capital or claims unsupported salvage value. Even if regulation and tax structures make these ratios noisy, there is no evidence for ROIIC above the cost of capital, much less above 20%.

4. Rubric Scorecard

Rubric item	Score	Maximum	Evidence-based reason
1A Normalized ROIC is high	1	5	Five-year median is 4.04%

Rubric item	Score	Maximum	Evidence-based reason
1B ROIIC is high	0	8	Source-bound proxies are 4.98%-5.52%, below 8%
1C ROIIC is not deteriorating sharply	2	3	ROIC improved from FY2021 but remains low and below FY2023 peak
1D Unit economics support returns	1	3	FPL allowed economics and NEER spreads exist, but consolidated incremental return is weak
1E Cash conversion is real	0	3	Derived FCF is persistently and increasingly negative
1F ROIC is not an accounting artifact	3	3	Low return survives goodwill/capital-base scrutiny; statutory bridge is clean
Incremental returns on capital	**7**	**25**	Capital productivity is the central failure
2A Large remaining opportunity	5	5	Load growth, grid resilience, generation, storage and transmission needs are large
2B Proven reinvestment at scale	3	5	Scale is proven; shareholder-level returns on that scale are not
2C Organic growth opportunity	4	4	FPL customer/load growth and NEER backlog are source-bound
2D Repeatable expansion playbook	2	3	Strong execution record, offset by XPLR and funding dependence
2E Market structure supports long growth	2	2	Regulated infrastructure and contracted power demand are durable categories
2F Growth does not require ROIC collapse	0	1	Growth already coexists with low ROIC and external financing
Reinvestment runway	**16**	**20**	Opportunity is large; value capture is weak
3A Clear source of advantage	3	4	FPL network and NEER scale are identifiable
3B Pricing power	1	3	Returns are bounded by regulators, auctions, contracts and affordability
3C Competitive evidence	1	3	Backlog and scale are strong, but durable excess returns are unproved
3D Customer stickiness	1	2	Physical networks are sticky; contract renewal and regulation limit economics
3E Resilience through stress	1	2	Essential demand helps, but storms, rates and funding transmit stress
3F Low disruption risk	0	1	Technology, policy and market-design changes can erode NEER spreads
Durability of moat	**7**	**15**	Moat FAIL and 2046 FAIL cap the score
4A Clean revenue and earnings quality	1	2	Statutory ties are clean; tax, NCI and disposal volatility reduce quality
4B Cash flow supports earnings	0	2	Broad derived FCF is negative in every reviewed year
4C Conservative SBC and dilution treatment	1	2	Share drift is modeled; SBC dollars remain unavailable
4D Balance-sheet strength	0	2	5.74x net debt/EBITDA and rising gross debt are weak
4E Transparent disclosures	1	1	Workbooks permit detailed segment and statutory reconstruction
4F No governance/accounting red flags	1	1	No material weakness, restatement or enforcement override was found
Accounting and financial quality	**4**	**10**	Reporting is credible; financing quality is weak
5A Reinvestment priority is rational	1	2	Strategy is coherent, but economic returns are not disclosed well enough
5B Acquisition discipline	0	2	Dominion is unresolved; Symmetry price and return are not disclosed

Rubric item	Score	Maximum	Evidence-based reason
5C Buyback discipline	1	2	Avoiding buybacks during negative FCF is rational, but dilution is unoffset
5D Incentive alignment	1	2	Ownership is meaningful; scorecard omits FCF, ROIC, leverage and dilution
5E Owner mentality	1	1	Ownership rules, clawbacks, anti-hedging and actual holdings support alignment
5F Evidence from past decisions	0	1	XPLR repair and pending Dominion leave no clean full-cycle proof
Capital allocation discipline	**4**	**10**	Management remains YELLOW
Business Quality Score	**38**	**80**	Below the 55/80 promising-quality threshold
6A Base-case IRR >=20%	0	6	Base gross USD IRR is -3.54%
6B Conservative exit multiple	2	4	Base 18.0x is below current 19.42x, but does not clear the hurdle
6C Bear case acceptable	0	3	Bear gross USD IRR is -22.99%
6D Reverse-return hurdle beatable	0	3	Required USD 11.226 EPS is far above cleared scenarios
6E Multiple does not price perfection	0	2	Current price requires earnings beyond the cleared bull for a 20% return
6F Cash returns help	2	2	Dividends are material and explicitly modeled, but cannot rescue value
20% Return Underwriting Score	**4**	**20**	Current price does not support the stretch hurdle
Compounder Score	**42**	**100**	**Reject**

5. ROIIC and Reinvestment Analysis

The main analytical mistake to avoid is confusing rapid asset-base growth with high-return reinvestment. NEE invested USD 108.173B of broad core capital in FY2021-FY2025 while cumulative comparable NOPAT was USD 22.955B. FPL's regulated capital program can create value when allowed returns exceed funding costs, and NEER can create value when contracted project spreads cover construction, tax-equity, interconnection and parent-capital costs. Yet the governed evidence does not disclose a consolidated acquisition-inclusive ROIIC or project-vintage return series. The observed enterprise result is low ROIC, negative derived FCF, more debt, and more shares.

The score does not punish NEE merely for negative free cash flow during construction. It punishes the absence of evidence that the incremental capital earns a sustainably superior return after all funding. FY2025 gross debt was USD 95.619B; by 2026-06-30 it was USD 110.197B. Diluted shares rose from 1,972.0M in FY2021 to 2,070.6M in FY2025 and 2,092.9M at H1 2026. The synthesis then requires further standalone issuance in every case. Capital access is therefore an input to growth, not a moat that belongs wholly to common shareholders.

6. Runway Analysis

Runway is NEE's best category. FPL has a large, growing Florida service territory, an approved regulatory framework, resilience investment, generation needs, and customer additions. NEER opens the forecast with a 35.1 GW backlog and participates across renewable generation, storage, transmission, gas and nuclear. Power demand from manufacturing, electrification and data centers extends the opportunity. The base synthesis grows revenue 6.17% annually and statutory operating income 5.86% annually over the exact five-year horizon.

But runway without economic capture is not enough. FPL's returns are politically and regulatorily bounded. NEER competes in auctions and must continually re-prove its spread as equipment, interconnection, tax credits, financing and technology change. The bear scenario can preserve the essential franchises while reducing equity economics. That asymmetry is why runway earns 16/20 while returns on capital earn only 7/25.

7. Moat Analysis

The moat appendix's FAIL is controlling evidence. FPL's network is durable, hard to replicate and essential, but it earns an allowed utility return rather than a protected >20% ROIC. NEER's development engine has scale advantages, supplier relationships, execution experience and origination breadth, but the historical statutory evidence does not isolate a durable excess return through a weak subsidy, power-price, or capital-market cycle. The 2046 test also fails: NEE is likely to remain essential and profitable, yet the evidence does not establish a protectable high-return profit pool for twenty years.

Dominion could diversify state exposure and raise the regulated mix if it closes. It could also add state-commission complexity, integration risk, customer credits, debt, and large common-share issuance. Because those economics are conditional, it remains a labeled diagnostic rather than moat credit.

8. Accounting and Capital Allocation Analysis

Accounting confidence is higher than economic quality. QF, QFR and DR tied FY2025 and TTM revenue, operating income, pretax income, net income and share units with zero residuals. The synthesis passed 11/11 tie-outs. No accounting plug, adjusted-profit substitution, or hidden Dominion contribution is used. The score nevertheless caps financial quality because TTM net income benefits from unusual tax and NCI allocations, derived FCF is structurally negative under the broad investment definition, and consolidated lease and senior-claim paths are incomplete.

Management is YELLOW, not FAIL. Strategy is coherent, operating execution is strong, ownership and governance protections are credible, and the XPLR structure was ultimately corrected. The negative evidence is material: compensation lacks direct FCF, ROIC, leverage and dilution measures; project-return disclosure is qualitative; debt and shares are rising; and the Dominion deal is a transformative unresolved allocation decision. The correct posture is to demand per-share proof after financing, not award points for adjusted-EPS guidance.

9. 20% Return Underwriting

PRIMARY_VALUATION_METHOD = PE. P/E is mandatory here because statutory diluted EPS is fully reconciled while terminal leases, minority interest, other senior claims and non-operating assets are incomplete. Under P/E, terminal equity value per share is statutory diluted EPS times exit P/E. Cash, gross debt and net debt are shown only to expose scenario financing risk. They are not applied again to the equity value.

Exit P/E selection is independent of the ER2 15x gate. Current statutory P/E is 19.4215x. Archived FMP annual earnings yields imply 16.84x, 21.23x and 24.54x P/E for FY2023-FY2025; the higher FY2020-FY2022 observations are rejected as a mature-terminal anchor because statutory earnings and rates made them unrepresentative. Bear uses 12.0x for financing stress and moat erosion; base uses 18.0x, below current and the recent middle observation; bull uses 22.0x, inside the recent band but only with successful execution. The base does not require multiple expansion.

Common distributions start from sourced TTM dividends of USD 4.947B. Each scenario compounds that total smoothly to the synthesis's terminal annual distribution of USD 4.9B / USD 6.2B / USD 7.6B and divides each annual amount by the exact scenario share path. This produces cumulative per-share distributions of USD 11.3899557 / USD 13.2883119 / USD 15.2076493. No dividend is double counted in EPS times P/E.

Measure	Bear	Base	Bull	Probability-weighted
Probability	30%	50%	20%	100%
Exit P/E	12.0x	18.0x	22.0x	n/a
Terminal statutory diluted EPS	USD 1.004445	USD 3.276660	USD 5.213132	n/a
Terminal equity value / share	USD 12.053340	USD 58.979880	USD 114.688904	n/a
Cumulative distributions / share	USD 11.389956	USD 13.288312	USD 15.207649	n/a
Terminal shareholder wealth / share	USD 23.443296	USD 72.268192	USD 129.896553	**USD 69.146395**
Gross USD annualized IRR	**-22.99%**	**-3.54%**	**8.46%**	**-4.39%**
Terminal diluted shares	2,204.6M	2,162.4M	2,135.3M	n/a
Terminal cash / gross debt / net debt	3.0 / 150.0 / 147.0 USD B	3.5 / 135.0 / 131.5 USD B	4.0 / 122.0 / 118.0 USD B	diagnostics only
Method	P/E; no net-debt adjustment	P/E; no net-debt adjustment	P/E; no net-debt adjustment	CAGR of expected wealth

Expected wealth is `30% x 23.4432957 + 50% x 72.2681919 + 20% x 129.8965533 = USD 69.1463953`. The probability-weighted return is `(69.1463953 / 86.55)^(1/5) - 1 = -4.3906%`; it is not an arithmetic average of

scenario IRRs.

Gross USD underwriting; net-SGD adjustments appear in `cio_actionability_workpaper.md`.

Bear-case operating and return bridge

Bear case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	USD 28.700B	USD 33.347B	3.05%	FPL regulatory lag and weaker NEER commissioning
Operating margin	29.82%	24.72%	-5.10 pp	Financing and competitive pressure reduce exact statutory OI economics
Operating earnings	USD 8.559B	USD 8.243B	-0.75%	Source-bound derived segment OI plus Corporate and Other
Diluted share count	2,092.9M	2,204.6M	1.05%	18M annual funding shares plus 21.7M equity-unit settlement
EPS	USD 4.4564	USD 1.0044	-25.77%	Statutory diluted EPS after normalized tax, NCI and interest
Valuation	19.42x	12.00x	-7.42x	Financing stress and moat erosion justify a below-band exit
Share value	USD 86.55	USD 12.0533	-32.58%	USD 1.004445 x 12.0x; no cash/debt adjustment
Annual dividend	USD 2.3709	USD 2.2226	-1.28%	Total distributions fade from USD 4.947B to USD 4.9B amid dilution
Dividend yield	2.74%	18.44%	+15.70 pp	High terminal yield reflects the collapsed share value, not safety
Five-year dividends	-	USD 11.3900	cumulative	Exact annual distribution and share paths
Total ending value	USD 86.55	USD 23.4433	**-22.99% gross USD IRR**	Share value plus cumulative distributions

Base-case operating and return bridge

Base case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	USD 28.700B	USD 38.711B	6.17%	FPL 5.26% and NEER 8.00% growth plus Corporate and Other
Operating margin	29.82%	29.39%	-0.43 pp	Disposal normalization offsets segment scale
Operating earnings	USD 8.559B	USD 11.377B	5.86%	Statutory OI with zero operating bridge adjustment
Diluted share count	2,092.9M	2,162.4M	0.66%	10M annual funding shares plus 19.5M equity-unit settlement
EPS	USD 4.4564	USD 3.2767	-5.97%	Normalized below-line items outweigh OI growth
Valuation	19.42x	18.00x	-1.42x	Below current and recent band midpoint; no expansion
Share value	USD 86.55	USD 58.9799	-7.38%	USD 3.276660 x 18.0x; no cash/debt adjustment
Annual dividend	USD 2.3709	USD 2.8672	3.87%	Total distributions grow to USD 6.2B, constrained by funding needs
Dividend yield	2.74%	4.86%	+2.12 pp	Endpoint annual dividend divided by share value
Five-year dividends	-	USD 13.2883	cumulative	Exact annual distribution and share paths

Base case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Total ending value	USD 86.55	USD 72.2682	**-3.54% gross USD IRR**	Share value plus cumulative distributions

Bull-case operating and return bridge

Bull case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	USD 28.700B	USD 42.709B	8.27%	Strong FPL load conversion and NEER commissioning
Operating margin	29.82%	31.43%	+1.61 pp	Favorable segment mix and nominal Corporate cost control
Operating earnings	USD 8.559B	USD 13.424B	9.42%	Source-bound statutory OI under execution-heavy assumptions
Diluted share count	2,092.9M	2,135.3M	0.40%	5M annual funding shares plus 17.4M equity-unit settlement
EPS	USD 4.4564	USD 5.2131	3.19%	Better interest, tax and NCI path, still standalone
Valuation	19.42x	22.00x	+2.58x	Inside recent 16.84x-24.54x band; requires strong execution
Share value	USD 86.55	USD 114.6889	5.79%	USD 5.213132 x 22.0x; no cash/debt adjustment
Annual dividend	USD 2.3709	USD 3.5592	8.46%	Total distributions grow to USD 7.6B
Dividend yield	2.74%	3.10%	+0.36 pp	Endpoint annual dividend divided by share value
Five-year dividends	-	USD 15.2076	cumulative	Exact annual distribution and share paths
Total ending value	USD 86.55	USD 129.8966	**8.46% gross USD IRR**	Share value plus cumulative distributions

The 20% reverse-return diagnostic uses the base 18.0x exit P/E and base distributions. Required terminal wealth is USD 215.3641. After USD 13.2883 distributions, required terminal equity value is USD 202.0758 and required EPS is USD 11.2264, a 20.30% CAGR from TTM statutory EPS. The max buy price for a 20% IRR on the cleared base wealth is **USD 29.0430**, 66.4% below USD 86.55.

10. Hard Veto Checklist

#	Test	Result	Evidence
1	ROIIC below cost of capital with no credible improvement path	**FAIL**	Governed ROIIC proxies are below 8%; no consolidated high-return bridge exists
2	ROIC high only because capital is tiny or negative	PASS	Reported ROIC is low on a very large positive capital base
3	Growth requires persistent external financing	**FAIL**	Negative derived FCF, rising debt, equity units and ordinary issuance
4	Shares rise without clear per-share value creation	**FAIL**	Historical and modeled dilution; base EPS declines despite OI growth
5	Large acquisitions without disclosed returns	WATCH	Dominion is pending and pro forma return economics are incomplete
6	FCF structurally lags earnings	**FAIL**	Five reviewed years and TTM are negative under broad core investment
7	Regulation or leverage can permanently impair equity	**FAIL**	5.74x leverage, affordability, rates, storms and funding are load-bearing
8	20% case requires multiple expansion	**FAIL**	Even 22x bull yields only 8.46%; 20% needs EPS far beyond bull
9	Flawless execution is needed at today's price	**FAIL**	Cleared bull does not approach the 20% hurdle or P/E 15 entry gate
10	Moat cannot be explained	PASS	Sources are clear, but insufficient for Gideon durability

#	Test	Result	Evidence
11	Accounting or governance impairs trust	PASS	Clean gates and no material enforcement/restatement override
12	Balance sheet could wipe out equity in downturn	WATCH	Essential regulated assets mitigate wipeout, but financing risk is material

Hard vetoes are decisive under the diagnostic rubric. A high runway score cannot offset low capital productivity, financing dependence, or an inadequate security return.

11. Final Decision

Score-implied classification: Reject. ER2 verdict: PASS. CIO actionability: PASS / no new allocation. The word PASS in ER2 and CIO means reject the security at this price; it is not a positive quality grade. Proposed sizing ceiling is null. No trade, broker action, portfolio mutation, message, ranking, queue entry or ER2 bypass is authorized.

The Pulse CIO memo was published on 2026-08-04 and identified NEE as a research-required diversifying power candidate that could potentially replace reduced AVUV or cash. This completed work does not support that replacement: the moat gate fails, base and probability-weighted net-SGD returns are negative, and the portfolio already carries power/industrial exposure through EWG and other broad sleeves. Portfolio fit is therefore not the binding rejection; security quality and return are.

Compounder Score note: 42/100; Reject because low ROIIC, external financing and failed security returns overwhelm the large runway. Business Quality Score note: 38/80; below dream-business status because moat durability, cash conversion and balance-sheet quality are inadequate. 20% Return UW Score note: 4/20; base is -3.54%, bull is only 8.46%, and the current price is far above the USD 29.04 20% max-buy diagnostic.

12. Machine-Readable JSON

The full-precision structured artifact is `compounder_score.json`. It binds the quote and synthesis hashes, method consistency, scenario terminal wealth, probability-weighted CAGR method, net-SGD overlay, score components, vetoes, and trade-authority flag. Unknown values are `null`; inapplicable EV/NOPAT fields are not fabricated.

NextEra Energy, Inc. - Scoring Audit

Analysis date: 2026-08-04 **Price and horizon:** USD 86.55; 2026-06-30 to 2031-06-30, exactly 5.0 years **Audited input hashes:** `appendix_compounder_score.md` = `5fad268114a3f15e6732c0c00f210af0c47abab694a4c435a50b259388b08c8d`; `compounder_score.json` = `72fe7a841d0245dbe3a4e41dfc616e9da6b5a9d253c11979be307b17da9333ee`; `cio_actionability_workpaper.md` = `0243fb27641bafa338aea84d77c720d383d7aa447b16c04d43ec8ffa5756b79a`. **Independent evidence controls:** QFR-sealed statutory bridge; DR-cleared data package; the 11/11 synthesis; Management YELLOW; Moat FAIL; 2046 FAIL; the two segment appendices; and the local source manifest.

1. Original vs Audited Scores

The Markdown and JSON agree on the original scores, classification, price, horizon, probabilities and return outputs. One scoring row is reduced: item 1C used the historical ROIC series to support a claim about the trend in ROIIC. The governed evidence provides only a three-year ROIIC proxy and a longer four-interval proxy, not comparable rolling ROIIC observations. That supports one point for weak evidence of non-deterioration, not two. The reduction does not affect the already-clear classification.

Item	Original	Audited	Notes
Business Quality Score / 80	38/80	37/80	Item 1C reduced by one point
Valuation / 20% Return UW Score / 20	4/20	4/20	Return arithmetic and row scores reproduce
Total Score / 100	42/100	41/100	Arithmetic: 37 + 4 = 41
Classification	Reject	Reject	Below 70 and multiple hard vetoes

The audited category totals are Incremental Returns on Capital 6/25, Reinvestment Runway 16/20, Durability of Moat 7/15, Accounting and Financial Quality 4/10, Capital Allocation 4/10, and Price / 20% Return Underwriting 4/20. The score-implied classification is **Reject**. This diagnostic score does not replace the independent Management, Moat or P/E-15 gates.

2. Score Reductions and Reasons

Rubric item	Evidence status	Original	Audited	Audit decision
1A Normalized ROIC is high	Supported	1/5	1/5	Five-year median vendor-consistent ROIC is 4.04%, positive but below 10%
1B ROIIC is high	Supported	0/8	0/8	Recomputed proxies are 5.52% and 4.98%, below 8%
1C ROIIC is not deteriorating sharply	Partly supported / missing data	2/3	1/3	Original rationale cited ROIC, not a comparable rolling ROIIC series
1D Unit economics support returns	Partly supported	1/3	1/3	Allowed FPL economics and NEER spreads exist, but consolidated return proof is weak
1E Cash conversion is real	Supported	0/3	0/3	Five years of broad derived FCF are negative
1F ROIC is not an accounting artifact	Supported	3/3	3/3	Clean statutory bridge; FY2025 return stays low after intangible adjustment
2A Large remaining opportunity	Supported	5/5	5/5	FPL capital needs, customer/load growth and 35.1 GW NEER backlog are source-bound
2B Proven reinvestment at scale	Supported	3/5	3/5	Scale is proven; superior shareholder return on the reinvestment is not
2C Organic growth opportunity	Supported	4/4	4/4	Standalone FPL and NEER drivers are documented without Dominion
2D Repeatable expansion playbook	Partly supported	2/3	2/3	Strong build record is offset by XPLR and funding dependence
2E Market structure supports long growth	Supported	2/2	2/2	Regulated infrastructure and contracted power demand are durable categories
2F Growth does not require ROIC collapse	Supported	0/1	0/1	Growth already coexists with low ROIC, debt growth and issuance
3A Clear source of advantage	Supported	3/4	3/4	FPL network and NEER scale are real, but not a group-wide high-return moat
3B Pricing power	Supported	1/3	1/3	Rate and contract recovery are observable; unilateral pricing power is not
3C Competitive evidence	Partly supported	1/3	1/3	Backlog and scale do not establish durable excess returns
3D Customer stickiness	Supported	1/2	1/2	FPL is captive and NEER contracts are long, but future awards remain contestable
3E Resilience through stress	Partly supported	1/2	1/2	Essential demand helps; storms, rates, policy and funding transmit stress
3F Low disruption risk	Supported	0/1	0/1	Technology, policy, interconnection and market-design risks remain
4A Clean revenue and earnings quality	Supported	1/2	1/2	Statutory tie-outs are clean; tax, NCI, hedges and disposals are volatile
4B Cash flow supports earnings	Supported	0/2	0/2	Multi-year broad FCF does not support earnings

Rubric item	Evidence status	Original	Audited	Audit decision
4C Conservative SBC and dilution treatment	Partly supported / missing data	1/2	1/2	SBC dollars are unavailable, but observed and forecast share dilution is explicit
4D Balance-sheet strength	Supported	0/2	0/2	FY2025 net debt / EBITDA is 5.74x and Q2 2026 net debt is USD 107.331B
4E Transparent disclosures	Supported	1/1	1/1	Workbooks allow detailed statutory and segment reconstruction
4F No governance/accounting red flags	Supported	1/1	1/1	No material weakness, restatement or enforcement override was found
5A Reinvestment priority is rational	Partly supported	1/2	1/2	Strategy is coherent, but project-return disclosure is insufficient
5B Acquisition discipline	Missing data	0/2	0/2	Symmetry economics are undisclosed and Dominion is unresolved
5C Buyback discipline	Supported	1/2	1/2	No buyback masks dilution or consumes cash during negative broad FCF
5D Incentive alignment	Partly supported	1/2	1/2	Ownership helps; compensation omits FCF, ROIC, leverage and dilution
5E Owner mentality	Supported	1/1	1/1	Holdings, ownership rules, clawbacks and anti-hedging support the point
5F Evidence from past decisions	Unsupported for a positive score	0/1	0/1	XPLR and pending Dominion prevent clean full-cycle proof
6A Base-case IRR at least 20%	Supported	0/6	0/6	Audited base gross USD IRR is -3.5425%
6B Conservative exit multiple	Supported	2/4	2/4	Base 18.0x is below current 19.4215x, but the return hurdle still fails
6C Bear case acceptable	Supported	0/3	0/3	Audited bear gross USD IRR is -22.9894%
6D Method-matched reverse hurdle beatable	Supported	0/3	0/3	Required terminal EPS is USD 11.2264, far above every cleared scenario
6E Multiple does not price perfection	Supported	0/2	0/2	Base economics need about 61.67x exit P/E to manufacture a 20% return
6F Cash returns help	Supported	2/2	2/2	Dividends are source-bound and raise all three returns materially

No qualitative row breaches the 60% management-claim cap. The two highest runway scores rest on operating, regulatory and backlog evidence, not only a claimed TAM. FCF conversion was tested across five completed fiscal years. Share dilution is explicit, so the missing SBC dollars cap 4C but do not make per-share returns unavailable. Acquisition-inclusive ROIIC remains missing; current acquisition spend cannot be cleanly separated and the pending Dominion transaction remains outside the core. Categories 1 and 5 are already severely constrained, with no unsupported acquisition credit.

3. Unsupported Claims

The evidence does not support the original item 1C rationale at 2/3. A five-year ROIC series is not a rolling ROIIC series. The independently recalculated ROIIC measures are a 5.5230% FY2022-FY2025 proxy and a 4.9778% FY2021-FY2025 four-interval proxy. Their low level is decisive for 1B, but their different windows are insufficient to establish a strong trend. One point is retained because the shorter proxy is not below the longer proxy.

No source supports treating the FMP zero SBC field as economic zero. The score correctly marks SBC burden unavailable and uses actual share-count growth as the dilution control. Likewise, no clean acquisition-inclusive ROIIC series, project-vintage return series, ten-year ROIC history, or full terminal lease/preferred/NCI/other-senior-claim path exists. Those

absences prevent an EV/NOPAT control method and prevent a stronger quality score.

The original structured threshold `does_not_require_multiple_expansion=true` is not supportable as written. The modeled **base case** uses multiple contraction, but the threshold asks whether the **20% return case** avoids multiple expansion. At base terminal EPS of USD 3.276660 and distributions of USD 13.288312, reaching USD 215.364096 of five-year wealth would require about a 61.67x exit P/E. The audited threshold is therefore `false`. This is a structured threshold repair, not a return-model change.

4. Calculation Errors

Quality and capital arithmetic

The five vendor-consistent ROIC observations recompute to 2.0365%, 2.4356%, 5.4695%, 4.0400% and 4.2250%; the median is 4.0400%. FY2025 ROIC excluding the available USD 8.516B goodwill-plus-intangibles balance is approximately 4.4698%, versus 4.2250% including it. The exclusion does not create a high-return result. A complete five-year ex-goodwill series is unavailable, so this is an endpoint cross-check rather than a new historical series.

The three-year ROIIC proxy is `(6.569 - 2.520) / (24.928 + 24.330 + 24.053) = 5.5230%`. The longest governed proxy is `(6.569 - 1.971) / (19.060 + 24.928 + 24.330 + 24.053) = 4.9778%`. Five-year aggregate reinvestment is USD 108.173B divided by USD 22.955B of NOPAT, or 471.24%. Five-year derived FCF is USD -55.312B and FCF / NOPAT is -240.96%. Diluted shares rose from 1,972.0M in FY2021 to 2,070.6M in FY2025, a four-interval CAGR of about 1.2272%. These figures reproduce the original rounded metrics.

P/E method and gross USD returns

Audited primary valuation method: P/E. Statutory diluted EPS is fully reconciled. EV/NOPAT is prohibited as the primary method because terminal lease liabilities, preferred equity, minority interest and other senior claims do not have complete governed paths. P/E is used in bear, base and bull, in the weighted-wealth CAGR, the 20% reverse-return/max-buy-price diagnostic and the net-SGD overlay.

Measure	Bear	Base	Bull	Probability-weighted
Probability	30%	50%	20%	100%
Terminal EPS	USD 1.004445	USD 3.276660	USD 5.213132	n/a
Exit P/E	12.0x	18.0x	22.0x	n/a
Terminal equity value / share	USD 12.053340	USD 58.979880	USD 114.688904	n/a
Cumulative distributions / share	USD 11.389956	USD 13.288312	USD 15.207649	n/a
Terminal shareholder wealth / share	USD 23.443296	USD 72.268192	USD 129.896553	USD 69.146395
Gross USD IRR	-22.9894%	-3.5425%	8.4591%	-4.3906%
Terminal diluted shares	2,204.6M	2,162.4M	2,135.3M	n/a
Terminal cash / debt / net debt	3.0 / 150.0 / 147.0 USD B	3.5 / 135.0 / 131.5 USD B	4.0 / 122.0 / 118.0 USD B	diagnostics only

Each equity value equals terminal EPS times exit P/E. Total equity values reproduced from the share counts are USD 26.572793B, USD 127.538093B and USD 244.895217B. Cash, debt and net debt are disclosed financing diagnostics only; none is added to or subtracted from EPS times P/E. Terminal NOPAT also remains diagnostic: USD 6.5944B, USD 9.67045B and USD 12.0816B reproduce operating income times one minus the scenario tax rate but do not control equity value. Distributions are added exactly once. The double-count check passes.

The 30% / 50% / 20% weights sum to 100%. Expected terminal wealth is `0.30 x 23.4432957 + 0.50 x 72.2681919 + 0.20 x 129.8965533 = USD 69.1463953`. Its five-year CAGR from USD 86.55 is -4.3906%. The simple arithmetic average of the three scenario IRRs is -6.0243%, and their probability-weighted arithmetic average is -6.9763%; neither is the published weighted return.

The 20% reverse diagnostic also reproduces. Required terminal wealth is USD 86.55 multiplied by 1.20 to the fifth power, or USD 215.364096. Subtracting base distributions and dividing by 18.0x gives required EPS of USD 11.226432, a 20.2961% CAGR from TTM statutory EPS of USD 4.4564. The max buy price from cleared base wealth is USD 29.042965.

The separate P/E-15 entry gate fails. Required FY+5 EPS is USD 86.55 / 15 = USD 5.7700. Base EPS of USD 3.276660 values the shares at USD 49.1499 and gives a -43.2121% cushion; equivalently, the current price is 26.4141x base FY+5

EPS. Even bull EPS times 15 is only USD 78.1970, a -9.65% cushion. The base case remains the confident gate case.

Net-SGD audit

The CIO workpaper preserves the exact same USD terminal equity values, distributions and probabilities. Initial outlay is `86.55 x 1.28214 x 1.004 = SGD 111.413093868`. The terminal overlay applies a 0.40% exit cost only to equity-sale proceeds, a 30% withholding haircut only to distributions, and the stated scenario terminal FX. No USD operating or valuation input changes.

Measure	Bear	Base	Bull	Probability-weighted
Terminal USD/SGD	1.188821366	1.282140000	1.347542026	scenario-specific
Net terminal SGD proceeds / share	23.750387	87.244215	168.274988	84.402221
Net-SGD IRR	-26.59%	-4.77%	8.60%	-5.40%

Full-precision net-SGD IRRs are -26.5914085%, -4.7730048%, 8.5967096% and -5.4016572%. Expected terminal SGD proceeds equal `0.30 x 23.75038695 + 0.50 x 87.24421481 + 0.20 x 168.27498817 = SGD 84.40222112`. The weighted result is its five-year CAGR from the common initial outlay, not an average of scenario IRRs. The workpaper is arithmetically correct and method-consistent. Missing portfolio context cannot and does not null either the gross USD or net-SGD returns.

5. Missing Data

The most important missing evidence is a clean acquisition-inclusive reinvestment/ROIIC series and project-vintage returns after tax equity, debt and common-equity dilution. Other gaps are SBC dollars, a complete ten-year ROIC/ROIIC history, a full five-year ex-goodwill ROIC series, Symmetry purchase economics, and terminal lease/preferred/NCI/other-senior-claim paths. These gaps lower confidence in high-quality claims; they do not invalidate the finite P/E return bridge.

Dominion remains a separate close/break diagnostic. A break leaves the standalone model unchanged. A close would add approximately 740M to 808M shares, USD 360M aggregate cash consideration and transaction-dependent claims, but the governed evidence lacks a complete 2031 statutory earnings, synergy and capital-structure bridge. No pro forma earnings or close-case IRR is fabricated, and no Dominion item is included in the audited core score or return.

6. Hard-Veto and Threshold Test Audit

Every investable-now threshold fails except the irrelevant observation that the modeled base exit multiple itself is below the current multiple. Audited total is below 80, Business Quality is below 65/80, Valuation Underwriting is below 15/20, Category 1 plus Category 2 is 22/45, base IRR is below 20%, bear IRR is below 8%-10%, and hard vetoes exist. The `does_not_require_multiple_expansion` structured test is corrected to false because a 20% return at base earnings would require an extreme exit multiple. The classification remains Reject under both the below-70 rule and the hard-veto rule.

Management YELLOW does not rescue the score. It recognizes real operating execution while requiring proof on cash conversion, leverage, dilution and Dominion. Moat FAIL and 2046 FAIL independently prevent a dream-compounder conclusion: FPL's franchise protects access and recovery, while NEER's growth pool remains contestable and funding-dependent. The P/E-15 gate also independently fails.

7. Final 20% Hurdle Pass/Fail

FAIL. Base gross USD IRR is -3.5425%, probability-weighted gross USD IRR is -4.3906%, and even bull is only 8.4591%. The 20% case requires USD 11.2264 of terminal EPS at 18.0x or an economically indefensible approximately 61.67x P/E on cleared base EPS. This is not a borderline valuation failure.

8. Dream Business / Dream Investment Classification

Neither. NEE has a large and credible reinvestment runway, but 37/80 Business Quality, low ROIIC, negative broad FCF, high leverage, ongoing dilution and failed moat/2046 gates prevent dream-business status. A 4/20 underwriting score, negative base and weighted returns, and the failed P/E-15 gate prevent dream-investment status at USD 86.55. The single biggest reason is that a capital-intensive growth runway has not translated into strong incremental per-share returns after financing.

9. Stage 7 Scorecard Notes

- **Compounder Score note:** 41/100; Reject because low ROIIC, external financing and failed security returns overwhelm the large runway.
- **Business Quality Score note:** 37/80; not a dream business because moat durability, cash conversion and balance-sheet quality remain inadequate.
- **20% Return UW Score note:** 4/20; base is -3.54%, bull is 8.46%, and the audited max-buy diagnostic is USD 29.04.

10. Auditor JSON

The machine-readable audit is `compounder_score_audit.json`. It preserves full precision for audited returns and calculations, records every row decision, repairs the item 1C score and the `does_not_require_multiple_expansion` threshold, and sets every trade, portfolio, ranking, sizing, messaging and BUY-queue authority flag to false.

NextEra Energy, Inc. — Red Team

Analysis date: 2026-08-04 **Scope:** Stand-alone NextEra Energy through 2031-06-30, with Dominion treated only as a close-or-break overlay. **Evidence boundary:** This review uses the QFR/DR-cleared data package, peer-reviewed FPL and NEER appendices, 11/11-cleared synthesis, Management YELLOW, Moat FAIL, 2046 FAIL, audited 41/100 Reject score, CIO workpaper, and cited primary/official sources already preserved in those artifacts. It does not add an unsourced Dominion forecast, refetch the sealed price, or convert adjusted guidance into statutory earnings. **Authority boundary:** This appendix contains no trade, ranking, sizing, portfolio-mutation, messaging, BUY-queue, or ER2-bypass authority.

1. The most fragile assumption

The most fragile assumption is **FPL base revenue growth of 5.2579% from the USD 18.724 billion TTM anchor to USD 24.192 billion in 2031**, specifically the integrated regulated electric utility line in the forward table. It is fragile not because FPL lacks customers or physical assets, but because the model equates a large capital plan with recoverable, affordable revenue across a regulatory period that is only settled through 2029. The base case requires USD 67.5 billion of FPL capex during 2027-2031, about USD 93.5 billion including the modeled 2026 and 2032 bridge years, regulatory-capital growth of 8.5%-9.0%, a post-2029 allowed ROE assumption of 10.5%, customer-account growth of 1.4%-1.6%, and 2 GW of large load operating by June 2031. The first two rate-step years are visible; the post-2029 recovery terms and large-load conversion are not.

The historical gap is substantial. FPL revenue compounded only 1.9% from FY2022 to FY2025, and quarterly year-on-year revenue growth slowed from 10.8% in Q4 2025 to 6.9% in Q1 2026 and 4.0% in Q2 2026. The base path instead calls for 6.2% growth in the first forward year, followed by 5.6%, 5.2%, 4.8%, and 4.5%. The approved USD 945 million and USD 705 million annualized base-revenue increases support the near term, but they do not prove that future fuel, storm, depreciation, grid, and financing charges remain politically tolerable. The 2025 settlement itself reduced the filed request, demonstrating that prudent investment does not translate one-for-one into the requested recovery.

The synthesis sensitivity quantifies the consequence. Cutting the FPL base revenue CAGR by 200 basis points reduces 2031 EPS from USD 3.277 to USD 2.953, a USD 0.324 or 9.9% decline, before considering any associated margin pressure. That is the largest specified one-variable EPS sensitivity. It would deepen an already decisive P/E-15 failure and would make an 18x base exit multiple harder to defend. The model is therefore most exposed where the franchise looks safest: the utility can remain indispensable while shareholder recovery lags capital deployment.

2. The most-likely-to-be-optimistic Stage 5 number

The single Stage-5 number most likely to be revised down is **NEER's 20.0% source-bound derived operating margin in 2031**. The reported TTM margin of 21.704% is not a clean operating baseline: USD 0.463 billion of disposal gains contributed 4.859% of revenue. Excluding those gains, TTM operating profit was USD 1.605 billion on USD 9.528 billion of revenue, a 16.845% margin. The 20.0% base endpoint therefore requires a 315.5-basis-point improvement from the normalized starting point while the business also absorbs higher D&A, interconnection costs, equipment and trade constraints, tax-credit qualification risk, and external financing costs.

The operating bridge is demanding. Base assumes NEER revenue rises 8.0% annually to USD 14.0 billion; 32.2 GW enters service over five years; annual commissioning rises from 5.5 GW to 7.2 GW; cancellations stay below 1 GW until the final year; regulated transmission capital grows 16%; the contracted generation share stays near 95%; and disposal gains contribute zero. Yet the governed history shows a negative 4.8% FY2023-FY2025 revenue CAGR, extreme statutory margin volatility, and TTM NEER investment of USD 19.614 billion. The official queue evidence cited in the segment appendix shows a median request-to-operation duration above four years and a low historical conversion rate across the industry. A 35.1 GW backlog is a stock of opportunities and obligations, not booked revenue or profit.

If NEER merely retains its 16.845% pre-disposal margin on USD 14.0 billion of base revenue, holding the synthesis's other assumptions fixed, 2031 EPS falls from USD 3.277 to approximately USD 3.103. That is not enough alone to change a verdict that already fails, but it exposes the direction of bias: the clean operating economics are weaker than the headline TTM margin, and the forecast assumes execution improves precisely while funding and policy constraints intensify.

3. The strongest bear case, stated in its strongest form

NextEra is not an electricity-demand compounder; it is a highly levered capital-conversion vehicle whose regulated and contracted growth is captured first by customers, creditors, tax-capital providers, and new shareholders. FPL's USD 90-100 billion plan collides with affordability and post-2029 regulatory reset risk, while NEER's backlog consumes capital faster than it proves durable margins: TTM core investment exceeded operating cash flow by USD 16.029 billion, net debt reached USD 107.331 billion, and normalized NEER margin was only 16.845%. Within two years, slower FPL recovery or sub-5-GW annualized NEER commissioning would force more debt and equity issuance, making adjusted EPS growth coexist with weak statutory per-share value. Dominion magnifies the mechanism through 740-808 million new shares, assumed claims, customer credits, and integration costs before any source-complete 2031 statutory earnings bridge exists.

4. Cross-examination of management commentary

Claim 1 — FPL capital plan

Management stated FPL expects investment **"between $90 and $100 billion through 2032"** (Q1 FY2026 official script, reproduced in `data_package.md` section 6). The issue is not whether FPL can spend that amount. The issue is whether the commission will permit timely recovery at an economic equity ratio and ROE without making bills politically unacceptable. The base case already needs roughly USD 93.5 billion across its 2026-2032 bridge and assumes 10.5% post-2029 ROE even though no post-2029 order exists. If the claim is economically wrong, the first evidence will be regulatory-capital growth outpacing base-revenue growth, earned ROE moving toward or below the 9.95% floor despite reserve amortization, faster use of the USD 1.5 billion after-tax reserve mechanism, or a material prudence disallowance.

Claim 2 — FPL large-load demand

Management **"updated our expectations ... 8 gigawatts"** for FPL large load by 2032 and cited roughly 21 GW of interest (Q2 FY2026 official script). Interest is not a tariff-approved, credit-supported, energized load. The base model gives credit to only 2 GW by June 2031, which appears conservative against the headline but still contributes to revenue growth above history and assumes that grid upgrades receive acceptable recovery. The first sign of overpromise is no signed and approved anchor customer by 2027, or a widening gap between announced interest and MW with binding minimum-demand, security, exit-payment, and energization terms. A load that requires disproportionate network investment without those protections can increase capital needs without improving per-share returns.

Claim 3 — NEER transmission and consolidated EPS growth

Management targeted a **"20% compounded annual growth rate"** in regulated electric and gas transmission capital toward 2032 and maintained 8%+ stand-alone adjusted-EPS growth (Q1 and Q2 FY2026 materials). The model already discounts transmission capital growth to 16% in base, but even that assumes awards, permits, construction, and rate treatment arrive on schedule. More importantly, adjusted EPS does not reveal project-vintage returns after tax equity, debt, common issuance, or dilution. If the claims are wrong, the earliest evidence will be annual NEER commissioning below 5 GW on a two-year average, cancellations/removals approaching 2 GW annually, exact-basis operating margin below 16% excluding disposals, or debt and diluted shares growing faster than statutory EPS.

Management should answer four questions before its growth targets receive underwriting credit: What is the consolidated leverage ceiling through the FPL, NEER, and Dominion capital plans? What project-vintage after-tax return is earned after tax equity and parent dilution? How much of the 8 GW FPL target is signed under minimum-revenue and exit-protection terms?

What is the complete Dominion 2031 statutory net-income and claim bridge after USD 2.25 billion of customer credits, transaction costs, assumed debt, leases, preferred claims, and 740-808 million new shares?

5. Stage 5 tie-out reverification

The red team did not rerun the full 11-check gate. It spot-checked the load-bearing identities and found **no arithmetic break**.

- The recency anchor ties. FPL USD 18.724 billion plus NEER USD 9.528 billion plus Corporate and Other USD 0.448 billion equals USD 28.700 billion of TTM revenue. The corresponding operating-income identity is USD 6.856 billion plus USD 2.068 billion less USD 0.365 billion, exactly USD 8.559 billion. FY2025 revenue and OI independently recompute to USD 27.412 billion and USD 8.280 billion. The four named quarters are non-overlapping and their consolidated sums match the TTM bridge. The anchor is current; the concern is economic trend, because FPL's latest year-on-year growth decelerated to 4.0% while the model begins at 6.2%.

- The base net-income bridge ties. USD 11.377 billion of operating income less USD 5.400 billion of interest plus USD 1.300 billion of other income equals USD 7.277 billion pretax. A 15% tax charge and USD 0.900 billion favorable NCI loss allocation yield USD 7.08545 billion attributable net income. Dividing by 2,162.4 million shares gives USD 3.276660 EPS. The arithmetic is sound; the 15% normalized tax rate, favorable NCI allocation, and USD 5.4 billion interest expense on USD 135 billion terminal debt remain assumptions, not entitlements.

- The share path is internally realistic for the stand-alone case because it assumes no buybacks and explicitly adds ordinary funding issuance plus equity-unit settlement. Base moves from 2,092.9 million to 2,162.4 million shares through 50.0 million ordinary shares and 19.5 million equity-unit shares. The optimistic risk is not hidden repurchases; it is that 10 million ordinary shares annually proves insufficient while derived FCF remains deeply negative. Dominion is correctly excluded, but if it closes the relevant count becomes about 2,902.4-2,970.4 million before other transaction dilution. Preserving stand-alone base EPS would require USD 2.425-2.648 billion of incremental annual NEE-attributable net income; clearing the P/E-15 EPS gate would require USD 9.661-10.054 billion more than stand-alone base NI. The current preliminary record does not supply that bridge.

- Scenario returns reproduce under one P/E method. At 12x, 18x, and 22x, terminal equity values per share are USD 12.053340, USD 58.979880, and USD 114.688904. Adding cumulative distributions of USD 11.389956, USD 13.288312, and USD 15.207649 produces wealth of USD 23.443296, USD 72.268192, and USD 129.896553. The five-year gross USD IRRs are exactly -22.9894%, -3.5425%, and +8.4591%. Applying 30%/50%/20% to wealth, not IRRs, yields USD 69.146395 and -4.3906%. The CIO overlay also reproduces net-SGD returns of -26.59%, -4.77%, +8.60%, and -5.40% weighted.

- The 30%/50%/20% probabilities sum to 100%, but the 50% base weight is economically generous after Management YELLOW, Moat FAIL, 2046 FAIL, low ROIIC, negative FCF, and an unresolved transaction. Moving only five percentage points from base to bear lowers expected wealth to USD 66.7052 and the gross USD IRR to about -5.08%. This does not create the negative verdict, but it shows the weighted return is not robust to a modestly harsher risk distribution.

- The exit multiples are method-consistent but not equally conservative. Base 18x is below the current 19.4215x and inside the recent statutory band, yet it still grants a mature, leveraged, moat-failing company a premium to the 15x entry gate. At 15x, base wealth is USD 62.4382 and gross IRR is approximately -6.32%. Reducing the execution-heavy bull from 22x to 18x lowers its IRR from +8.46% to about +4.73%. The multiple assumptions soften the loss; they do not rescue the case.

- The dividend path is the weakest positive return input. Terminal annual distributions of USD 4.9 billion, USD 6.2 billion, and USD 7.6 billion equal approximately 221%, 88%, and 68% of scenario attributable net income. The bear payout is plainly dependent on additional financing or a cut; base also leaves little internally generated equity capital for a giant investment plan. The cumulative distributions are calculated correctly and counted once, but their economic availability is not equally secure across cases.

- The P/E-15 gate ties: required EPS is USD 86.55 / 15 = USD 5.7700; base value is USD 49.1499 and the cushion is -43.2121%. Even bull at 15x is USD 78.1970, 9.65% below price. There is no rounding path to a pass.

6. Score-derived 20% return claim most likely to be wrong

The audited score already says the 20% case does not clear, and the red team agrees. Base gross USD IRR is -3.5425%, weighted gross USD IRR is -4.3906%, and even bull is +8.4591%. A 20% return at the base 18x multiple requires USD 11.2264 of terminal EPS, versus USD 3.2767 in base and USD 5.2131 in bull; applying that required wealth to cleared base EPS implies an absurd 61.67x exit P/E. The audited correction that `does_not_require_multiple_expansion=false` is necessary.

The score-derived positive claim most likely to be wrong is **item 6F's 2/2 credit that cash returns help**. It is arithmetically true that modeled dividends improve terminal wealth, but the future path is not secured by cash coverage. Structural negative derived FCF, USD 107.331 billion of current net debt, equity issuance, and a 221% bear terminal payout make the bear distribution path incompatible with self-funding. The most likely economic correction is lower distributions or more dilution, both of which reduce returns below the audited figures. The return arithmetic is not wrong; the claim that the assumed dividend help is dependable is.

7. The signal that forces thesis abandonment

Force abandonment if NEER's trailing-twelve-month source-bound derived operating margin, excluding business and asset disposal gains, is below 16.0% for two consecutive reported quarters. Calculate it from the same issuer operating-revenue, operating-expense, and disposal rows used in the sealed bridge; do not substitute adjusted segment earnings.

The threshold is deliberately specific. The current normalized margin is 16.845%, while base requires 18.5% in 2027 and 20.0% by 2031. Two consecutive sub-16% readings would prove that backlog scale, contracting, procurement, and transmission growth are not offsetting D&A, interconnection, execution, and funding costs. Because NEER is the optional growth engine and the moat appendix already finds its market contestable, failure to hold even the normalized starting margin invalidates the claim that capital intensity will translate into improving per-share economics. Waiting for the reported margin including disposal gains would let asset sales conceal the break.

8. Conviction at the end of red team

Thesis does NOT survive this red team. This is not because the model fails to add or because electricity demand is weak. It fails because the investment thesis would have to rely on capital recovery, backlog conversion, financing availability, dividend continuity, and terminal valuation simultaneously, even though the audited outputs already show a 41/100 Reject, Moat FAIL, 2046 FAIL, P/E-15 FAIL, negative base and weighted returns, and only single-digit bull returns.

The synthesis should be framed around **capital conversion per share**, not nominal rate-base, backlog, or adjusted-EPS growth. FPL is a durable franchise whose economic output is bounded by affordability and regulation. NEER is a capable development platform whose normalized margins and project returns are not yet protected. External debt and dilution are recurring inputs, not tail risks. Dominion must remain a separate, explicitly incomplete close/break overlay until a source-complete 2031 statutory earnings, financing, claims, and share bridge exists. No unsupported optimism about that transaction, the dividend path, backlog-as-revenue, or a 20% return can pass into publication.

NextEra Energy, Inc. — Production ER2 Data Package

Ticker: NEE **Information cutoff:** 2026-08-04 16:03:32 SGT **Reporting currency:** USD; tables use billions unless stated otherwise **Latest reported quarter:** Q2 2026 ended 2026-06-30 **Exact TTM:** Q3 2025 + Q4 2025 + Q1 2026 + Q2 2026, equivalently FY2025 – H1 2025 + H1 2026 **Forecast horizon supplied to downstream agents:** 2031-06-30, exactly 5.0 years **Governance:** `trade_execution_authorized=false`; this file contains no portfolio, sizing, ranking, trade, messaging, or BUY-queue instruction.

Source-control and metric-identity notice

The controlling quantitative evidence is the QFR-sealed statutory bridge, SHA-256 `34f736e0567fce98c7fd52717f10299c7d370553f36da2cf0a60acfa00bc4011`. The sealed common projection basis

is **Source-bound derived segment operating income** for FPL and NEER, followed by **Corporate and Other operating income (loss)** as an unallocated operating line. The issuer's Chief Operating Decision Maker measure is separately labeled **Net Income (Loss) Attributable to NextEra Energy, Inc.** / net income attributable to NEE for reportable segments. The CODM after-tax measure is not substituted for operating income anywhere in this package.

Live sources fetched in this D run include FMP annual and quarterly income, balance-sheet, cash-flow, key-metrics and product-segmentation endpoints; FMP transcript-date and Q3 2025–Q2 2026 transcript endpoints; the issuer's FY2021–FY2025 and Q1/Q2 2026 financial workbooks; the four latest official earnings scripts and releases; the 2025 Investor Conference deck; and fresh SEC copies of the [2025 Form 10-K](https://www.sec.gov/Archives/edgar/data/753308/000075330826000015/nee-20251231.htm) and [Q2 2026 Form 10-Q](https://www.sec.gov/Archives/edgar/data/753308/000075330826000060/nee-20260630.htm). Every new FMP file was copied to the investing data warehouse only when absent; no warehouse file was overwritten.

0a. Industry classification and disclosure inventory

NEE is a U.S. domestic filer in regulated electric utility and contracted energy infrastructure. It reports on a calendar fiscal year under U.S. GAAP. The controlling source set is SEC filings plus issuer financial-statement workbooks and earnings materials; live FMP is the vendor baseline and discrepancy detector. The disclosure-inventory trigger applies because the FMP product endpoint is sparse, changes labels across periods, and mixes quarterly with cumulative-YTD observations for FPL. Official materials disclose materially richer utility, backlog, origination, capital-investment, generation and transmission information.

Searches run against official sources included: `segment`, `Operating Income (Loss)`, `Net Income (Loss) Attributable to NextEra Energy, Inc.`, `customer accounts`, `regulatory capital employed`, `backlog`, `origination`, `generation and storage`, `large load`, `capital expenditures`, `independent power and other investments`, `rate agreement`, `generation capacity`, `geographic`, `product revenue`, and `research and development`.

Dataset / table family	Official source searched	Search terms or table names	Years available	Included in data package?	If excluded, why	Downstream relevance
Segment economics	FY2021–FY2025 issuer financial workbooks; 2025 10-K Note 16	Operating Revenues; Operating Income (Loss); segment	FY2021–FY2025; Q3 2025–Q2 2026	Yes	—	Segment appendices and statutory operating model
CODM segment measure	2025 10-K Note 16; issuer workbooks	Net Income (Loss) Attributable to NEE	FY2021–FY2025; H1 2025/H1 2026	Yes, separately labeled	Not used as operating-profit substitute	Segment identity and reconciliation
NEER backlog and origination	2025 Investor Conference deck; Q3/Q4 2025 and Q1/Q2 2026 releases/scripts	Backlog; origination; GW	FY2021–FY2025; Q2 2026	Yes	—	Growth visibility, execution capacity, moat
FPL capital investment	FY2021–FY2025 issuer cash-flow workbooks	Capital expenditures of FPL	FY2021–FY2025; Q2 2026 outlook	Yes	—	Rate-base growth and funding burden
FPL customer and regulatory KPIs	2025 10-K; four earnings scripts; 2025 Investor Conference	Customer accounts; regulatory capital employed; ROE	FY2025 and recent quarters; some earlier narrative	Yes where source-comparable	Full five-year customer-count series not assembled from annual filings	FPL demand, regulatory model, rate-base driver
Product revenue by wind/solar/storage/gas/nuclear/transmission	2025 10-K; Q2 2026 10-Q; four releases; FMP product endpoints	Revenue by source; product revenue; wind; solar; storage	No clean dollar series below FPL/NEER	No	True non-disclosure in searched sources	Prevents fabricated product-level revenue models
Capital and balance sheet by operating unit	FY2025 workbook and 2025 10-K	Balance sheet; cash flow; FPL; NEER	FY2024–FY2025 in latest workbook; earlier workbooks available	Consolidated snapshot and capital flows included	Full five-year unit balance sheets omitted as not necessary for D model base	Leverage, funding, ROIC
Recent trend	Q3 2025–Q2 2026 issuer workbooks, releases and scripts	Quarterly revenue; OI; backlog; guidance	Last four quarters	Yes	—	Recency check and forward anchors

Material industry KPI histories supported by the official source set follow. "Backlog" is wind, solar and battery storage projects under the issuer's stated definition; it is not revenue.

KPI family	Granularity	FY2021	FY2022	FY2023	FY2024	FY2025	Latest interim / TTM	Source path
NEER renewables/storage backlog (GW)	NEER	17	19	20	25	30	35.1 at Q2 2026	2025 Investor Conference slide 76; Q2 2026 release pp. 2–3

KPI family	Granularity	FY2021	FY2022	FY2023	FY2024	FY2025	Latest interim / TTM	Source path
Core capital investment ($B)	NEE: FPL capex + NEER investments + other capex	15.802	19.060	24.928	24.330	24.053	29.832 TTM	Issuer FY workbooks; 2025 10-K; Q2 2026 10-Q
FPL capital expenditures ($B)	FPL, including Gulf Power in FY2021	7.408	9.067	9.302	7.992	8.719	10.214 TTM	Issuer FY workbooks; Q2 2026 10-Q
FPL regulatory capital employed growth	FPL	n/a in assembled source set	n/a	n/a	n/a	8.1%	9.3% in Q2 2026 YoY	Q4 2025 and Q2 2026 official scripts/releases
FPL customer base	FPL	n/a in assembled source set	n/a	n/a	n/a	More than 6.0M accounts	More than 90,000 customers added YoY in Q2 2026	2025 10-K Item 1; Q2 2026 official script

The backlog series rose from 17 GW in 2021 to 30 GW in 2025, a 15.2% four-year CAGR. Q2 2026 backlog reached 35.1 GW after 3.6 GW of additions and 1.1 GW placed in service since the Q1 call. The KPI gives contract/development visibility but does not remove permitting, interconnection, supply-chain, financing, tax-credit or execution risk.

1. Reporting structure and taxonomy

Current reportable segments are:

- **FPL:** Florida Power & Light Company, a rate-regulated electric utility serving more than six million customer accounts in Florida through generation, storage, transmission, distribution and retail electricity service.
- **NEER:** NextEra Energy Resources, comprising competitive energy and regulated transmission businesses, including long-term contracted generation, renewables, nuclear, gas generation, battery storage, customer supply and electric/gas transmission.
- **Corporate and Other:** not a reportable segment; this separately disclosed unallocated line contains other business activities, eliminations and possible rounding effects. It remains a required operating bridge line.

FY2025 segment mix is calculated against official consolidated revenue of $27.412B.

FY2025 unit	Revenue ($B)	% of consolidated revenue	Reporting status	Source
FPL	18.262	66.6%	Reportable segment	FY2025 issuer workbook; 2025 10-K Note 16
NEER	8.760	32.0%	Reportable segment	FY2025 issuer workbook; 2025 10-K Note 16
Corporate and Other	0.390	1.4%	Unallocated / eliminations; not reportable segment	FY2025 issuer workbook
Consolidated NEE	27.412	100.0%	Statutory consolidated	2025 10-K

Taxonomy investigation. Gulf Power was a separate operating column in the FY2021 issuer workbook. Beginning in 2022, Gulf Power was legally merged into FPL; the FY2022 workbook restated FY2021 into the current FPL basis: FPL revenue $14.102B and source-bound operating income $4.516B. Therefore, this package uses the restated FY2021 comparative from the FY2022 workbook. Reporting structure is comparable on the current FPL/NEER basis from FY2021 forward. FMP still shows older labels (`FPL Segment`, `Gulf Power Segment`, `NextEra Energy Resources`) and, for 2023/2022, a non-segment `Franchise And Gross Receipts Taxes` line. No vendor label was silently remapped.

The live FMP quarterly product endpoint also mixes FPL cumulative-YTD observations with quarterly observations in 2025: Q1 $3.997B, Q2/H1 $8.705B, Q3/nine-month $13.989B, and Q4 zero. Their literal sum, $26.691B, is not a valid annual amount and differs by $8.429B from the annual/official FPL figure of $18.262B. NEER's four quarterly observations sum correctly to $8.760B. Official issuer quarterly workbooks therefore control Section 5.

Geography. FPL's operations are in Florida. NEER's asset and customer footprint is primarily in the United States with some Canadian activity. Neither the controlling segment note nor the searched earnings materials provides a decision-useful five-year consolidated revenue-by-country series; geography is not substituted for the FPL/NEER operating taxonomy.

2. Consolidated historicals

The table begins with live FMP annual endpoints, then applies controlling official overrides where the 2025 filing/workbook differs. FY2025 FMP reported revenue $27.476B, net income $6.834B, diluted EPS $3.29 and diluted shares 2,089.0M; official values are $27.412B, $6.835B, $3.30 and 2,070.6M. The revenue difference is 0.23%, within the D self-check's 1% tolerance, but the official figures control.

Metric	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Revenue ($B)	17.069	20.956	28.114	24.753	27.412	Live FMP annual; issuer workbooks / 10-K override
Operating income ($B)	2.913	4.081	10.237	7.479	8.280	Live FMP annual; issuer workbooks
Operating margin (%)	17.07%	19.47%	36.41%	30.21%	30.21%	Calculated as OI / revenue
Net income attributable to NEE ($B)	3.573	4.147	7.310	6.946	6.835	Live FMP annual; issuer workbooks / 10-K override
EPS diluted ($)	1.81	2.10	3.60	3.37	3.30	Live FMP annual; issuer workbooks / 10-K override
Diluted share count (M)	1,972.0	1,978.6	2,030.8	2,059.2	2,070.6	Issuer workbooks; 2025 10-K
Core capital investment ($B)	15.802	19.060	24.928	24.330	24.053	FPL/Gulf Power capex + NEER investments + other capex; official cash flows
Derived FCF ($B)	(8.249)	(10.798)	(13.627)	(11.070)	(11.568)	OCF less core capital investment
ROIC (%)	2.04%	2.44%	5.47%	4.04%	4.23%	Live FMP key-metrics; numerator/denominator below

ROIC definition and arithmetic. To keep a repeatable vendor-consistent five-year series, ROIC equals FMP-implied NOPAT divided by FMP invested capital. NOPAT is operating income after the tax rate embedded by FMP's key-metrics construction; invested capital is FMP's debt-and-equity operating-capital base. Because NEE recorded tax benefits in some statutory periods, the implied NOPAT tax rate is more stable for comparability than dividing the statutory tax benefit by pretax income.

Fiscal year	NOPAT numerator ($B)	Invested-capital denominator ($B)	Implied NOPAT tax rate	ROIC
FY2021	1.971	96.785	32.33%	2.04%
FY2022	2.520	103.467	38.26%	2.44%
FY2023	6.561	119.957	35.91%	5.47%
FY2024	5.334	132.029	28.68%	4.04%
FY2025	6.569	155.480	20.66%	4.23%

Source endpoints: `https://financialmodelingprep.com/stable/income-statement?symbol=NEE&period=annual&limit=6`, `balance-sheet-statement`, `cash-flow-statement`, and `key-metrics` with the same symbol/period/limit. Official overrides come from the 2025 10-K and FY2021–FY2025 issuer financial workbooks fetched live in this run.

3. Segment historicals

The metric row is deliberately labeled **Source-bound derived segment operating income**, not issuer CODM profit. It is built from the official workbook's operating-revenue, operating-expense and business/asset-disposal rows and ties statutory operating income after Corporate and Other.

FPL

FPL	FY2021 restated	FY2022	FY2023	FY2024	FY2025	Source
Revenue ($B)	14.102	17.282	18.365	17.019	18.262	FY2022–FY2025 issuer workbooks; 10-K Note 16
YoY revenue (%)	n/a	22.5%	6.3%	(7.3%)	7.3%	Calculated

FPL	FY2021 restated	FY2022	FY2023	FY2024	FY2025	Source
Source-bound derived segment operating income ($B)	4.516	5.294	6.597	6.492	6.820	Issuer Operating Income (Loss) schedule; derived basis sealed by QFR
Margin on exact metric (%)	32.0%	30.6%	35.9%	38.1%	37.3%	Calculated

FY2021 is restated to include former Gulf Power in FPL. The original FY2021 workbook showed FPL and Gulf Power separately; the FY2022 workbook's prior-year column provides the comparable current-taxonomy values used above.

NEER

NEER	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Revenue ($B)	3.053	3.720	9.672	7.542	8.760	FY2021–FY2025 issuer workbooks; 10-K Note 16
YoY revenue (%)	n/a	21.8%	160.0%	(22.0%)	16.1%	Calculated; affected by commodity/hedging and asset mix
Source-bound derived segment operating income ($B)	(1.303)	(0.884)	3.963	1.265	1.777	Issuer Operating Income (Loss) schedule; derived basis sealed by QFR
Margin on exact metric (%)	(42.7%)	(23.8%)	41.0%	16.8%	20.3%	Calculated; volatile GAAP basis

NEER revenue and operating income are volatile because the statutory operating schedule includes commodity, hedging, asset-disposal and portfolio effects. Backlog and adjusted earnings are useful context but are not replacements for this exact operating-profit series.

Corporate and Other — unallocated operating line

Corporate and Other	FY2021 restated	FY2022	FY2023	FY2024	FY2025	Source
Revenue ($B)	(0.086)	(0.046)	0.077	0.192	0.390	Issuer workbooks
YoY revenue (%)	n/a	NM	NM	NM	NM	Small eliminations/unallocated base
Corporate and Other operating income (loss) ($B)	(0.300)	(0.329)	(0.323)	(0.278)	(0.317)	Issuer workbooks; sealed corporate/unallocated line
Margin on exact metric (%)	NM	NM	NM	NM	NM	Revenue denominator is not economically meaningful

Issuer CODM measure kept separate

Period	FPL	NEER	Corporate and Other	Consolidated	Exact metric label / status
FY2025	5.012	2.975	(1.152)	6.835	Net income attributable to NEE for reportable segments; issuer CODM metric
H1 2025	2.591	1.155	(0.884)	2.862	Net income attributable to NEE for reportable segments; issuer CODM metric
H1 2026	2.874	2.653	(0.201)	5.326	Net income attributable to NEE for reportable segments; issuer CODM metric
TTM ended 2026-06-30	5.295	4.473	(0.469)	9.299	Derived FY2025 – H1 2025 + H1 2026; context only

The CODM table is after tax and after segment-specific below-line effects. It is never substituted for source-bound operating income in the forecast ledger.

3a. Historical statutory-profit bridge and forecast-driver ledger

Exact common segment profit basis: `Source-bound derived segment operating income`. **Reporting currency / scale:** USD millions. **Metric identity:** FPL and NEER operating income is derived arithmetically from the issuer's separately disclosed operating-revenue, operating-expense and business/asset-disposal lines. Corporate and Other is separately disclosed and classified as corporate/unallocated. There are no operating bridge adjustments. The issuer's actual CODM measure remains net income attributable to NEE and is not relabeled.

FY2025 bridge

Bridge line	Classification	Value ($M)	Source ID	Running subtotal ($M)
FPL	segment profit	6,820	ir_2025_official_xlsx	6,820
NEER	segment profit	1,777	ir_2025_official_xlsx	8,597
Sum of reportable segment profit	segment profit	8,597	ir_2025_official_xlsx	8,597
Corporate and Other operating income (loss)	corporate_unallocated	(317)	ir_2025_official_xlsx	8,280
Consolidated source-bound derived segment operating income	subtotal	8,280	ir_2025_official_xlsx	8,280
Statutory operating income	statutory subtotal	8,280	sec_2025_10k	8,280
Interest expense	interest	(4,572)	sec_2025_10k	3,708
Equity in losses of equity method investees	other_non_operating	(184)	sec_2025_10k	3,524
Allowance for equity funds used during construction	other_non_operating	181	sec_2025_10k	3,705
Gains on disposal of investments and other property – net	other_non_operating	179	sec_2025_10k	3,884
Change in unrealized gains (losses) on equity securities held in NEER's nuclear decommissioning funds – net	other_non_operating	107	sec_2025_10k	3,991
Other net periodic benefit income	other_non_operating	267	sec_2025_10k	4,258
Other – net	other_non_operating	272	sec_2025_10k	4,530
Pretax income	statutory subtotal	4,530	sec_2025_10k	4,530
Income tax benefit	tax	802	sec_2025_10k	5,332
Net loss attributable to noncontrolling interests	noncontrolling_interests	1,503	sec_2025_10k	6,835
Net income	statutory subtotal	6,835	sec_2025_10k	6,835

FY2025 bridge checks: FPL + NEER = $8,597M; plus Corporate and Other loss of $317M = statutory operating income of $8,280M. All below-line, pretax, tax/NCI and net-income residuals are exactly zero at the source's $1M rounding scale.

TTM ended 2026-06-30 bridge

Bridge line	Classification	Value ($M)	Source ID	Running subtotal ($M)
FPL	segment profit	6,856	qf_official_reconciliation_schedule	6,856
NEER	segment profit	2,068	qf_official_reconciliation_schedule	8,924
Sum of reportable segment profit	segment profit	8,924	qf_official_reconciliation_schedule	8,924
Corporate and Other operating income (loss)	corporate_unallocated	(365)	qf_official_reconciliation_schedule	8,559
Consolidated source-bound derived segment operating income	subtotal	8,559	qf_official_reconciliation_schedule	8,559
Statutory operating income	statutory subtotal	8,559	qf_official_reconciliation_schedule	8,559

Bridge line	Classification	Value ($M)	Source ID	Running subtotal ($M)
Interest expense	interest	(3,512)	qf_official_reconciliation_schedule	5,047
Equity in earnings (losses) of equity method investees	other_non_operating	789	qf_official_reconciliation_schedule	5,836
Allowance for equity funds used during construction	other_non_operating	211	qf_official_reconciliation_schedule	6,047
Gains on disposal of investments and other property – net	other_non_operating	181	qf_official_reconciliation_schedule	6,228
Change in unrealized gains (losses) on equity securities held in NEER's nuclear decommissioning funds – net	other_non_operating	235	qf_official_reconciliation_schedule	6,463
Other net periodic benefit income	other_non_operating	227	qf_official_reconciliation_schedule	6,690
Other – net	other_non_operating	249	qf_official_reconciliation_schedule	6,939
Pretax income	statutory subtotal	6,939	qf_official_reconciliation_schedule	6,939
Income tax benefit	tax	598	qf_official_reconciliation_schedule	7,537
Net loss attributable to noncontrolling interests	noncontrolling_interests	1,762	qf_official_reconciliation_schedule	9,299
Net income	statutory subtotal	9,299	qf_official_reconciliation_schedule	9,299

TTM bridge checks: the TTM is exactly FY2025 – H1 2025 + H1 2026. FPL + NEER = $8,924M; plus Corporate and Other loss of $365M = statutory operating income of $8,559M. Every sealed residual is zero.

Forecast-driver schedule

This ledger defines how downstream agents should forecast each bridge line without collapsing operating and below-line items into a generic “other.” The scenario rules are constraints, not a forecast conclusion.

Historical bridge line	FY2025 value ($M)	TTM value ($M)	Forecast treatment	Driver and source	Bear / base / bull rule
FPL source-bound derived segment operating income	6,820	6,856	Independently forecast segment revenue and exact operating-cost stack	FPL rate-base investment, customer growth, allowed ROE, fuel clauses and official segment schedule	Bear: slower rate-base/customer growth and cost pressure; Base: rate-plan and capital program; Bull: large-load acceleration with cost discipline
NEER source-bound derived segment operating income	1,777	2,068	Independently forecast contracted generation/transmission revenue and exact operating costs	Backlog conversion, in-service timing, recontracting, customer supply, asset disposals and official segment schedule	Bear: delays/cancellations and weaker margins; Base: scheduled backlog conversion; Bull: faster conversion and stronger origination/recontracting
Corporate and Other operating income (loss)	(317)	(365)	Independently forecast corporate operating expense; no plug	Official issuer workbooks; scale and financing organization	Bear: loss grows faster than inflation; Base: TTM loss grows with corporate cost base; Bull: efficiency offsets inflation
Interest expense	(4,572)	(3,512)	Debt schedule × scenario cash interest rate; preserve operating classification boundary	2025 10-K and Q2 2026 10-Q debt schedule	Bear: higher debt and refinancing rates; Base: funded capital plan and current curve; Bull: lower rates / more internally funded capex
Equity in earnings (losses) of equity method investees	(184)	789	Separate investee earnings schedule by known assets; not a revenue percentage	2025 10-K Note 7 and sealed reconciliation	Bear: earnings 50% below normalized case; Base: normalize from identified investees, not one-year TTM spike; Bull: 25% above normalized case

Historical bridge line	FY2025 value ($M)	TTM value ($M)	Forecast treatment	Driver and source	Bear / base / bull rule
Allowance for equity funds used during construction	181	211	Percentage of eligible construction work in progress	10-K AFUDC policy and capital plan	Bear: lower eligible CWIP; Base: trailing AFUDC-to-eligible-capex ratio; Bull: higher eligible regulated construction
Gains on disposal of investments and other property – net	179	181	Project-specific announced disposals only; zero recurring base absent an announced sale	10-K disposal disclosure	Bear: zero and potential loss sensitivity; Base: zero recurring; Bull: only signed/announced disposals
Nuclear decommissioning-fund unrealized gains (losses)	107	235	Market-return sensitivity outside core recurring operating forecast	10-K nuclear decommissioning fund disclosure	Bear: loss shock; Base: zero unrealized gain/loss; Bull: positive market return sensitivity
Other net periodic benefit income	267	227	Independent pension/OPEB schedule	10-K employee-benefit note	Bear: lower discount rate / weaker assets; Base: actuarial schedule; Bull: favorable asset and discount-rate outcome
Other – net	272	249	Fixed-amount / identified-component schedule, not combined with interest or tax	10-K “Other – net” line and notes	Bear: 50% below TTM; Base: hold nominal TTM then fade; Bull: 25% above TTM only with evidence
Income tax benefit	802	598	Explicit effective-tax and tax-credit schedule	10-K income-tax note; production and investment tax-credit eligibility	Bear: fewer credits / higher cash tax; Base: statutory rate less sourced credits; Bull: stronger eligible-credit realization
Net loss attributable to noncontrolling interests	1,503	1,762	Project-level NCI allocation schedule	10-K noncontrolling-interest and differential-membership disclosures	Bear: smaller loss allocated to NCI / more earnings allocated away from NEE; Base: financing-structure schedule; Bull: favorable NCI loss allocation only if source-supported

`STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING`

4. Product and sub-segment historicals

The finest recurring dollar revenue breakdown disclosed in the controlling sources is FPL, NEER and Corporate and Other. NEE does not disclose a clean revenue series by wind, solar, battery storage, gas generation, nuclear, electric transmission, gas transmission or customer supply. Backlog, capacity, origination, adjusted-earnings contributions and capital investment are not mislabeled as product revenue.

Segment	Product	What it is	Dollar disclosure?	If yes, last 3 years revenue + source
FPL	Integrated regulated electric utility	Florida generation, storage, transmission, distribution and retail service	Yes, only at segment level	FY2023 $18.365B; FY2024 $17.019B; FY2025 $18.262B; issuer FY workbooks / 10-K Note 16
NEER	Competitive energy and regulated transmission portfolio	Renewables, nuclear, gas, storage, customer supply and transmission	Yes, only at segment level	FY2023 $9.672B; FY2024 $7.542B; FY2025 $8.760B; issuer FY workbooks / 10-K Note 16
Corporate and Other	Other activities and eliminations	Corporate activities, eliminations and rounding effects	Yes, unallocated context only	FY2023 $0.077B; FY2024 $0.192B; FY2025 $0.390B; issuer FY workbooks
NEER	Wind / solar / battery storage	Contracted generation and storage technologies	No product-revenue dollars	True non-disclosure; 2025 10-K, Q2 2026 10-Q and four releases searched
NEER	Nuclear / gas generation	Existing and planned dispatchable generation	No product-revenue dollars	True non-disclosure; official filings/releases searched
NEER	Electric / gas transmission	Regulated transmission businesses	No product-revenue dollars	True non-disclosure; official materials disclose capital employed targets, not revenue series
NEER	Customer supply	Gas and power supply / trading services	No product-revenue dollars	True non-disclosure; earnings commentary only

No product meets the instruction's "only YoY revenue growth is disclosed" condition. The issuer's growth-only disclosures concern operating KPIs rather than product revenue; they are listed separately to prevent accidental back-solving.

Segment	Product / KPI	Disclosure method	Last 4 quarters trend	Source
FPL	Regulatory capital employed growth	YoY operating KPI, not revenue	Q3 2025 ~8.0%; Q4 2025 ~8.1%; Q1 2026 ~8.8%; Q2 2026 ~9.3%	Official Q3/Q4 2025 and Q1/Q2 2026 scripts
FPL	Customer growth	Customer-account KPI, not revenue	Q3 2025 increase noted; Q4 2025 not quantified in the excerpt set; Q1 2026 nearly 100,000 YoY; Q2 2026 more than 90,000 YoY	Official scripts; 2025 10-K
NEER	Renewables/storage backlog additions	GW additions, not revenue	Q3 2025 3.0 GW; Q4 2025 3.6 GW; Q1 2026 4.0 GW; Q2 2026 3.6 GW	Official scripts/releases
NEER	Ending renewables/storage backlog	GW stock, not revenue	Q3 2025 nearly 30 GW; Q4 2025 ~30 GW; Q1 2026 ~33 GW; Q2 2026 ~35.1 GW	Official scripts/releases

No product revenue was back-solved. Accordingly, there is no estimated-dollar row requiring a two-percent arithmetic tie-out.

5. Most recent quarterly trend

Company FY ends 12-31. Most recently completed fiscal quarter at time of writing: FY26 Q2, covering April–June 2026, reported on 2026-07-24 via the [official Q2 2026 release](https://www.investor.nexteraenergy.com/~/media/Files/N/NEE-IR/reports-and-fillings/quarterly-earnings/2026/Q2%202026/2026-0724%20NEEQ22026News%20Release%20vFINAL.pdf).

The next tables use live issuer quarterly financial workbooks rather than FMP's semantically mixed product endpoint. Operating margin uses the same source-bound operating-income basis as Sections 3 and 3a.

FPL quarterly trend

Quarter	Revenue ($B)	YoY %	Operating margin (%)	Source (press release date)
Q3 2025	5.285	7.0%	34.0%	[Q3 2025 release, 2025-10-28](https://www.investor.nexteraenergy.com/~/media/Files/N/NEE-IR/reports-and-fillings/quarterly-earnings/2025/Q3%202025/2025-1028%20NEEQ32025News%20Release%20vFinal.pdf)
Q4 2025	4.272	10.8%	35.3%	[Q4 2025 release, 2026-01-27](https://www.investor.nexteraenergy.com/~/media/Files/N/NEE-IR/reports-and-fillings/quarterly-earnings/2025/Q4%202025/2026-0127%20NEEQ42025News%20Release%20vF.pdf)
Q1 2026	4.271	6.9%	40.5%	[Q1 2026 release, 2026-04-23](https://www.investor.nexteraenergy.com/~/media/Files/N/NEE-IR/reports-and-fillings/quarterly-earnings/2026/Q1%202026/2026-0423%20NEEQ12026News%20Release%20vF.pdf)
Q2 2026	4.896	4.0%	37.2%	[Q2 2026 release, 2026-07-24](https://www.investor.nexteraenergy.com/~/media/Files/N/NEE-IR/reports-and-fillings/quarterly-earnings/2026/Q2%202026/2026-0724%20NEEQ22026News%20Release%20vFINAL.pdf)

NEER quarterly trend

Quarter	Revenue ($B)	YoY %	Operating margin (%)	Source (press release date)
Q3 2025	2.566	(0.7%)	31.2%	Q3 2025 official workbook / release, 2025-10-28

Quarter	Revenue ($B)	YoY %	Operating margin (%)	Source (press release date)
Q4 2025	2.117	46.2%	9.0%	Q4 2025 official workbook / release, 2026-01-27
Q1 2026	2.311	6.8%	24.1%	Q1 2026 official workbook / release, 2026-04-23
Q2 2026	2.532	32.3%	20.5%	Q2 2026 official workbook / release, 2026-07-24

Corporate and Other quarterly trend

Quarter	Revenue ($B)	YoY %	Operating margin (%)	Source (press release date)
Q3 2025	0.115	NM	NM	Q3 2025 official workbook / release, 2025-10-28
Q4 2025	0.111	NM	NM	Q4 2025 official workbook / release, 2026-01-27
Q1 2026	0.119	NM	NM	Q1 2026 official workbook / release, 2026-04-23
Q2 2026	0.106	NM	NM	Q2 2026 official workbook / release, 2026-07-24

Corporate and Other operating losses were $(71)M, $(112)M, $(78)M and $(103)M in the four quarters, respectively. Revenue is small and dominated by eliminations/unallocated activity, so percentage growth and margin are not meaningful.

Consolidated quarterly cross-check

Quarter	Revenue ($B)	YoY %	Operating margin (%)	Source
Q3 2025	7.966	5.3%	31.7%	Q3 2025 issuer workbook
Q4 2025	6.500	20.7%	24.4%	Q4 2025 issuer workbook
Q1 2026	6.701	7.3%	33.0%	Q1 2026 issuer workbook
Q2 2026	7.534	12.4%	29.7%	Q2 2026 issuer workbook / 10-Q

The four-quarter sums produce TTM revenue of $28.700B and statutory operating income of $8.559B, matching the sealed bridge exactly.

6. Management commentary on forward growth — source-exact short excerpts

The FMP transcript endpoint was fetched live for FY2025 Q3, FY2025 Q4, FY2026 Q1 and FY2026 Q2. Returned call dates were 2025-10-28, 2026-01-27, 2026-04-23 and 2026-07-24, respectively, each matching the official issuer event date. The excerpts below are intentionally short; the interpretation carries the modeling meaning. Official published earnings scripts control prepared-remark wording.

FPL

Fiscal period / call date	Source and speaker	Short verbatim excerpt	Topic	Modeling interpretation
Q3 FY2025 / 2025-10-28	Mike Dunne, EVP and CFO; [official script](https://www.investor.nexteraenergy.com/~/media/Files/N/NEE-IR/reports-and-fillings/quarterly-earnings/2025/Q3%202025/Final_Q3%202025%20Script%20vF.pdf)	“approximately 8% year-over-year”	Regulatory capital employed	Rate-base growth remained the principal FPL earnings driver.
Q3 FY2025 / 2025-10-28	Mike Dunne, EVP and CFO; [official script](https://www.investor.nexteraenergy.com/~/media/Files/N/NEE-IR/reports-and-fillings/quarterly-earnings/2025/Q3%202025/Final_Q3%202025%20Script%20vF.pdf)	“between $9.3 and $9.8 billion”	2025 FPL capex outlook	The full-year investment envelope framed near-term rate-base growth and financing needs.

Fiscal period / call date	Source and speaker	Short verbatim excerpt	Topic	Modeling interpretation
Q4 FY2025 / 2026-01-27	Mike Dunne, EVP and CFO; [official script](https://www.investor.nexteraenergy.com/~/media/Files/N/NEE-IR/reports-and-fillings/quarterly-earnings/2025/Q4%202025/Final%20Q4%202025%20Earnings%20Script%20vF.pdf)	“growth of approximately 8.1%”	FY2025 regulatory capital employed	Confirms realized high-single-digit rate-base growth.
Q4 FY2025 / 2026-01-27	Mike Dunne, EVP and CFO; official script	“roughly $8.9 billion”	FY2025 FPL capital investment	The final spend landed within prior guidance.
Q1 FY2026 / 2026-04-23	John Ketchum, Chairman, President and CEO; [official script](https://www.investor.nexteraenergy.com/~/media/Files/N/NEE-IR/reports-and-fillings/quarterly-earnings/2026/Q1%202026/Q1%202026%20Earnings%20Script%20vF.pdf)	“between $90 and $100 billion through 2032”	Long-range FPL capital plan	Downstream models should test funding and rate-recovery capacity, not just EPS accretion.
Q1 FY2026 / 2026-04-23	John Ketchum, Chairman, President and CEO; official script	“at least one large load customer”	Large-load tariff demand	Management expected a customer commitment by year-end, creating upside that remains execution-contingent.
Q2 FY2026 / 2026-07-24	John Ketchum, Chairman, President and CEO; [official script](https://www.investor.nexteraenergy.com/~/media/Files/N/NEE-IR/reports-and-fillings/quarterly-earnings/2026/Q2%202026/Q2%202026%20Earnings%20Script_vF.pdf)	“updated our expectations … 8 gigawatts”	FPL large load by 2032	The target increased from 6 GW to 8 GW; capex timing and tariff protections must be scenario-tested.
Q2 FY2026 / 2026-07-24	John Ketchum, Chairman, President and CEO; official script	“roughly 21 gigawatts of large load interest”	Demand funnel	Interest is not contracted load; only advanced, signed and approved projects should enter the base case.
2025 Investor Conference / 2025-12-08	NextEra Energy management; [official deck](https://www.investor.nexteraenergy.com/~/media/Files/N/NEE-IR/news-and-events/events-and-presentations/2025/2025-12-08%20NextEra%20Energy%20Investor%20Conference%20vF.pdf), slide 62	“9% regulatory capital employed compounded annual growth rate”	Long-term FPL rate-base growth	This is a management planning anchor, not a guaranteed realized CAGR.
2025 Investor Conference / 2025-12-08	NextEra Energy management; official deck, slide 50	“over 6 MM customer accounts”	Scale and customer base	Customer density and Florida growth support investment, subject to affordability and regulatory constraints.

NEER

Fiscal period / call date	Source and speaker	Short verbatim excerpt	Topic	Modeling interpretation
Q3 FY2025 / 2025-10-28	Mike Dunne, EVP and CFO; official Q3 script	“nearly 30 gigawatts”	Ending backlog	Backlog scale supports multi-year development visibility but is not recognized revenue.
Q3 FY2025 / 2025-10-28	Mike Dunne, EVP and CFO; official Q3 script	“strongest quarter ever in battery storage origination”	Storage demand	Storage demand was accelerating; supply, permitting and interconnection remain key constraints.
Q4 FY2025 / 2026-01-27	John Ketchum, Chairman, President and CEO; official Q4 script	“13.5 gigawatts to our backlog”	FY2025 origination	Record additions support the development funnel and required capital program.
Q4 FY2025 / 2026-01-27	John Ketchum, Chairman, President and CEO; official Q4 script	“almost one-third … 30-gigawatt backlog”	Storage mix	Battery storage became material to NEER’s future build mix.
Q1 FY2026 / 2026-04-23	John Ketchum, Chairman, President and CEO; official Q1 script	“20% compounded annual growth rate”	Regulated electric/gas transmission capital	Management targeted $20B of invested capital by 2032; execution depends on awards and permitting.

Fiscal period / call date	Source and speaker	Short verbatim excerpt	Topic	Modeling interpretation
Q1 FY2026 / 2026-04-23	Mike Dunne, EVP and CFO; official Q1 script	“approximately 33.0 gigawatts”	Ending backlog	The backlog expanded after 4.0 GW of quarterly additions and 0.3 GW placed in service.
Q2 FY2026 / 2026-07-24	John Ketchum, Chairman, President and CEO; official Q2 script	“3.6 gigawatts … to its backlog”	Quarterly origination	Second-largest quarterly additions sustained visibility after the Q1 record.
Q2 FY2026 / 2026-07-24	NextEra Energy; official Q2 release	“approximately 35.1 GW”	Ending backlog	The backlog netted additions against 1.1 GW entering service.
2025 Investor Conference / 2025-12-08	NextEra Energy management; official deck, slide 76	“Backlog CAGR: ~17%”	Backlog growth FY2020–FY2025	Historical backlog growth is an input to scenario calibration, not a perpetual forecast.
2025 Investor Conference / 2025-12-08	NextEra Energy management; official deck, slide 76	“CapEx CAGR: ~23%”	Associated backlog capital intensity	Capex rose faster than backlog, emphasizing funding, returns and execution discipline.

Consolidated guidance relevant to both segments

At Q2 FY2026, management maintained a 2026 adjusted EPS range of $3.92–$4.02 and an 8%+ adjusted EPS CAGR through 2032, targeting the same from 2032 through 2035 off the $3.71 2025 adjusted-EPS base. This is a non-GAAP management target and must not be used to overwrite statutory revenue, operating income, pretax income or net income. The proposed Dominion combination introduced a separate pro forma expectation of 9%+ adjusted EPS growth through 2032 and 9%+ targeted through 2035; because closing remains subject to shareholder and regulatory approvals, stand-alone and transaction-closed cases must remain separate.

7. Capital allocation history

“Capex” below is the ER2 core capital-investment definition: FPL capital expenditures + NEER independent power and other investments + other capital expenditures. It is much broader than FMP’s `capitalExpenditure` field. For FY2025, official core investment was $24.053B versus FMP’s incomplete $9.274B field. Derived FCF therefore uses official core investment, not vendor capex.

Year	Capex ($B)	Capex / revenue (%)	R&D ($B)	R&D / revenue (%)	Buybacks ($B)	Dividends ($B)	M&A ($B)	Source
FY2021	15.802	92.6%	n/d	n/d	0.000	3.024	7.555 net outflow	Issuer cash-flow workbook; includes $0.782B Gulf Power capex; live FMP acquisitionsNet
FY2022	19.060	91.0%	n/d	n/d	0.000	3.352	0.000 vendor field	Issuer cash-flow workbook; live FMP
FY2023	24.928	88.7%	n/d	n/d	0.000	3.782	(0.924) net inflow	Issuer cash-flow workbook; live FMP acquisitionsNet
FY2024	24.330	98.3%	n/d	n/d	0.000	4.235	0.000 vendor field	Issuer cash-flow workbook; live FMP
FY2025	24.053	87.7%	n/d	n/d	0.000	4.680	0.000 vendor field	2025 10-K / issuer workbook; live FMP

`n/d` is **True non-disclosure**, not zero: the live FMP income statement and searched 2025 10-K do not provide a separate R&D line. Buybacks reflect a zero `commonStockRepurchased` field in the live FMP cash-flow endpoint and no material common-repurchase line in the issuer cash-flow schedules; this is a sourced observation, not an assertion that no equity-linked activity occurred. M&A uses FMP’s vendor-labeled `acquisitionsNet` field and is not treated as a clean strategic-deal cash-cost series. In particular, the FY2023 sign is a net inflow under the endpoint’s convention. Downstream agents should use transaction-specific disclosures for Symmetry or Dominion rather than this vendor field.

Year	Operating cash flow ($B)	Core capital investment ($B)	Derived FCF ($B)	Dividends / OCF	Source
FY2021	7.553	15.802	(8.249)	40.0%	Issuer FY2021 workbook; FPL/Gulf Power/NEER/Other investment lines
FY2022	8.262	19.060	(10.798)	40.6%	Issuer FY2022 workbook
FY2023	11.301	24.928	(13.627)	33.5%	Issuer FY2023 workbook
FY2024	13.260	24.330	(11.070)	31.9%	Issuer FY2024 workbook
FY2025	12.485	24.053	(11.568)	37.5%	2025 10-K / issuer FY2025 workbook

Negative derived FCF is structural to the current investment cycle and elevates debt/equity funding sensitivity. It is not a calculation error: TTM core capital investment rose to $29.832B against $13.803B of OCF, producing $(16.029)B of derived FCF.

8. Balance sheet snapshot

FY2025 is the latest completed fiscal year. Official debt and cash tie the 2025 10-K; goodwill/intangibles and equity are cross-checked to the live FMP balance-sheet endpoint. Net debt / EBITDA uses official net debt and live FMP FY2025 EBITDA of $16.165B.

Item	$B	Source
Cash and equivalents	2.812	2025 10-K; live FMP tie
Short-term investments	0.000	Live FMP balance-sheet endpoint; no separate balance in official face statement
Total debt, current + long-term	95.619	2025 10-K; live FMP tie
Net debt	92.807	Total debt less cash
Net debt / EBITDA	5.74x	$92.807B / $16.165B
Goodwill + intangibles	8.516	Live FMP: goodwill $4.849B + intangibles $3.667B
Tangible book value	46.092	Stockholders' equity $54.608B less goodwill/intangibles $8.516B

At 2026-06-30, official gross debt increased to $110.197B and cash to $2.866B, for net debt of $107.331B. The live FMP quarterly balance endpoint reported only $11.407B of debt because it omitted $98.790B of noncurrent debt; the official Q2 2026 10-Q controls. The Q2 debt composition is commercial paper $1.736B, other short-term debt $4.258B, current long-term debt $5.413B and long-term debt $98.790B.

9. Recent corporate actions — last 12 months

- **2026-07-15 — Dominion combination remains pending after regulatory applications and a preliminary S-4.** NEE filed a preliminary Form S-4 / joint proxy statement-prospectus on 2026-07-09, and the companies filed applications on 2026-07-15 with the Virginia, North Carolina and South Carolina commissions, FERC and the NRC. The proposed consideration is 0.8138 NEE shares per Dominion share plus a one-time $360M cash payment distributed across Dominion shares at close; existing NEE holders would own approximately 74.5% and Dominion holders 25.5% of the combined company. The latest official target is the second half of 2027, subject to both shareholder approvals, state and federal regulatory approvals, HSR clearance and other closing conditions. Sources: [preliminary S-4, 2026-07-09](https://www.sec.gov/Archives/edgar/data/753308/000110465926082301/tm2614888-13_s4.htm), [official regulatory-filing update, 2026-07-15](https://www.investor.nexteraenergy.com/news-and-events/news-releases/2026/07-15-2026-225033405), and [announcement, 2026-05-18](https://www.investor.nexteraenergy.com/news-and-events/news-releases/2026/05-18-2026-123054903).
- **2026-05-18 — Dominion Energy transaction announced.** The proposed company would be more than 80% regulated and offer $2.25B of shareholder-funded bill credits to Dominion customers. Management introduced pro forma 11% annual regulatory-capital growth and 9%+ adjusted-EPS growth expectations through 2032. These are transaction-case assumptions, not stand-alone historicals.

- **2026-04-23 — Symmetry Energy Solutions treated as acquired in Q1 remarks.** Management said the customer-supply business advanced its growth strategy with the acquisition; the original [2025-12-08 agreement](https://www.investor.nexteraenergy.com/news-and-events/news-releases/2025/12-08-2025-123053687) targeted Q1 2026 closing. Purchase price and acquired product-revenue history were not separately disclosed in the searched materials.
- **2026-02-27 — $2.0B equity-unit offering priced.** The units carry 7.375% annual distributions and require common-stock purchase by 2029 at a contract range based on $91.99–$115.00 per share. This creates future equity issuance/dilution and funds project investment / commercial-paper repayment. Source: [official priced-offering release](https://www.investor.nexteraenergy.com/news-and-events/news-releases/2026/02-27-2026-014221290).
- **2025-12-01 — FPL leadership transition.** Scott Bores became FPL president, with Armando Pimentel remaining CEO at announcement. By the Q2 2026 call, Pimentel was identified as NEE vice chairman and Bores as FPL president and CEO. Source: [official appointment release](https://www.investor.nexteraenergy.com/news-and-events/news-releases/2025/12-01-2025-124514720) and Q2 2026 official script.
- **2025-11-20 — FPL four-year rate agreement approved.** Florida regulators approved rates for 2026–2029, giving the capital plan regulatory visibility while setting customer-affordability constraints. Source: [official rate-agreement release](https://www.investor.nexteraenergy.com/news-and-events/news-releases/2025/11-20-2025-160047449).
- **2025-10-27 — Duane Arnold recommissioning agreement with Google.** NEE announced a 25-year PPA supporting recommissioning of the Iowa nuclear plant, with targeted return to service by early 2029. Source: [official nuclear collaboration release](https://www.investor.nexteraenergy.com/news-and-events/news-releases/2025/10-27-2025-203948689).
- **FY2025–H1 2026 — share count and funding increased.** Diluted weighted-average shares rose from 2,070.6M in FY2025 to 2,092.9M in H1 2026. FY2025 common-stock/equity-unit proceeds were $2.038B. Source: 2025 10-K, Q2 2026 10-Q and issuer workbooks.

10. Open data gaps and classification

Classification	Data gap	Sources / search terms checked	Consequence for downstream work
True non-disclosure	Product revenue by wind, solar, storage, gas, nuclear, transmission and customer supply	2025 10-K, Q2 2026 10-Q, four earnings releases/scripts; `product revenue`, technology names, `revenue by source`	Do not fabricate product dollars or back-solve from backlog/capacity. Model NEER at disclosed segment level, using KPIs only as drivers.
True non-disclosure	Product-level operating income on the source-bound basis	Same official sources; `Operating Income (Loss)`, business unit, technology labels	Keep the exact FPL/NEER operating model granularity. Do not use CODM net income as product OI.
True non-disclosure	Separate R&D expense	Live FMP annual income endpoint and 2025 10-K; `research and development`, `R&D`	Section 7 uses `n/d`, not zero.
Not fetched / omitted	Clean five-year FPL customer-account count	2025 10-K and recent official scripts/deck were checked; prior annual filings were not fully extracted for this series	Use >6M FY2025 and recent YoY additions only; do not create an annual series.
True non-disclosure	Symmetry purchase price and acquired revenue/profit history	Acquisition release, Q1/Q2 2026 scripts, Q2 2026 10-Q; `Symmetry`, `purchase price`, `revenue`	Treat acquisition contribution as unquantified until a purchase-price allocation or segment disclosure appears.
Estimated	ROIC NOPAT and implied tax rate	Live FMP key-metrics and income endpoints	Suitable for historical comparability; not a statutory tax-rate forecast.
Estimated	Derived FCF	Official OCF minus official core capital investment	Explicitly broader and more conservative than FMP free cash flow.
Not applicable	Product-revenue back-solves	No product base dollars plus growth-rate series exists	No back-solved row is included.
Not fetched / omitted	Full five-year unit-level balance sheets for FPL and NEER	Issuer workbooks contain unit balance sheets	Not needed for the sealed consolidated bridge; a segment ROIC build would require a targeted follow-up extraction.

Classification	Data gap	Sources / search terms checked	Consequence for downstream work
Not fetched / omitted	Full historical FPL regulatory-capital-employed dollar series	Investor materials provide current growth/targets; detailed regulator schedules were not incorporated	Downstream FPL models should source the rate-base schedule before projecting regulated returns.
Not fetched / omitted	Full Dominion merger joint-proxy financial exhibits	Preliminary Form S-4 / joint proxy filed 2026-07-09; definitive joint proxy remained unavailable at cutoff	Keep stand-alone NEE base case separate; transaction-case modeling requires the definitive joint proxy and satisfaction of approval conditions.

There is **no open gap** in the segment-profit-to-statutory-operating-income bridge. The FY2025 and TTM bridges preserve all source labels, signs, classifications, source IDs, currency and scale from the QFR-sealed packet and have zero residuals.

Live self-verification record

- **Largest segment, latest quarter.** The official Q2 2026 issuer release/workbook was fetched live. FPL Q2 revenue was $4.896B versus $4.708B, a calculated 4.0% YoY increase; FPL net income was $1.412B versus $1.275B, a calculated 10.7% increase. The same official script reports regulatory capital employed growth of approximately 9.3%.
- **Management quote and transcript date.** The live FMP `earning-call-transcript?symbol=NEE&year=2026&quarter=2` response is dated 2026-07-24, matching the official call exactly. The fetched content contains management's "8% plus through 2032" adjusted-EPS guidance. Date variance from the expected call date: zero days.
- **Most recent full-year revenue.** The live FMP annual income endpoint reports FY2025 revenue of $27.476B. The controlling 2025 10-K reports $27.412B; the $64M / 0.23% difference is within the required 1% tie tolerance and is explicitly overridden by the filing.

Source audit conclusion: live-fetch verification passed. The FMP product-quarter endpoint's FPL YTD/quarter semantic defect and the FMP Q2 2026 debt omission remain visible rather than silently repaired.