VIA Email

December 15, 2010

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT. 06856-5116

RE: Proposed Accounting Standards Update, Leases (File Reference: 1850-100)

Dear Technical Director:

NextEra Energy, Inc. ("we" or "the Company"), appreciates the opportunity to comment on the Financial Accounting Standards Board's ("FASB" or the "Board") Proposed Accounting Standards Update, Leases ("the Proposed ASU"). NextEra Energy is a national energy company, with over $15 billion in revenues in 2009. Its rate-regulated subsidiary, Florida Power & Light Company, serves approximately 4.5 million customer accounts in Florida. Additionally, NextEra Energy Resources, LLC, NextEra Energy's competitive energy business, is a leader in producing electricity from clean and renewable fuels in 26 states and Canada.

We commend the FASB and International Accounting Standards Board ("IASB") for its attempts to develop a converged standard on leasing. Additionally, we acknowledge the FASB's and IASB's efforts to improve this complex area will foster international comparability of leasing arrangements. Due to the pervasive nature of leasing arrangements at our company and the significant affect of the provisions in the Proposed ASU, we have actively participated in and support the Edison Electric Institute's comment letter on the Proposed ASU, Leases (the "EEI Letter"). However, we would like to reiterate the following points made in that letter.

Our principal concern relates to the application of the Proposed ASU to power purchase agreements (PPAs). Over the years since Emerging Issues Task Force Issue No. 01-08 (EITF 01-8), Determining Whether an Arrangement Contains a Lease was issued, there has been considerable diversity in interpretation of the guidance which is used to distinguish between those contracts that are executory supply agreements and those that contain leases. Essentially the same guidance is included in the Proposed ASU in paragraph B4. Because of the significant change in accounting for agreements that contain leases in the Proposed ASU, it is of critical importance that the differences in interpretation be resolved.

One of the primary objectives of the Proposed ASU was to eliminate differences in accounting for economically similar contracts resulting from the bright-line criteria for determining whether a lease was a capital lease or an operating lease. In order avoid a similar issue in the application of the Proposed ASU, it becomes especially important that the criteria carried forward from EITF 01-8 are...
effective in appropriately distinguishing between executory contracts and lease contracts. If the criteria do not result in an appropriate distinction, the application of the Proposed ASU will result in significantly different accounting for economically similar contracts. We believe the current criteria fall short of making an effective determination of when a contract contains a lease. We propose that the criteria to identify lease elements under a contract be revised to identify those payments made to make an asset available or reserved for the benefit of the purchaser. We refer you to the EEI Letter for a thorough discussion of the differences in interpretation of the criteria and for a recommended amendment to the criteria for determining when an executory supply contract, in-substance, conveys the right to control the use of the underlying asset.

Once a contract has been determined to contain a lease, the payments related to the lease element must be identified. Only the payments related to the right to use the underlying asset should be considered in the measurement of the lease assets and liabilities. PPAs will frequently also contain other elements, such as the sale of energy and/or RECs, the purchase of fuel, or service components. Guidance is needed on how the total contract consideration should be allocated to the various elements of the contract. We again refer you to the EEI Letter which contains an in-depth consideration of possible views around how this allocation should be performed.

Finally, since the issuance of EITF 01-8, entities have not had to apply that guidance to contracts that were executed or acquired prior to May 28, 2003. As a result, we have a significant number of contracts that have not been assessed under the existing leasing guidance. Unless those contracts were modified and reassessed subsequent to the adoption of EITF 01-8, they continue to be accounted for as executory contracts.

We understand that the Board did not intend for the Proposed ASU to change the scope of which contracts are considered leases, but rather had as their objective the improvement of the accounting (i.e., recognition, measurement, and disclosure) for those contracts already determined to be leases under the existing guidance. We do not believe that requiring the evaluation of contracts entered before May 2003 at this point is cost-justified. Adoption of the Proposed ASU will be a major undertaking for most companies, requiring significant time and resources. The greater objective of improving the accounting for leases will not be harmed by retaining the existing criteria for scope, including the continued grandfathering of older contracts. We request that the Board retain the current scope exception for contracts entered into or acquired before May 2003 so that they would not need to be assessed under the Proposed ASU.

Thank you for the opportunity to comment on the Proposed ASU. Your consideration to our comments is greatly appreciated.

Sincerely,

Chris N. Froogatt
Vice President, Controller and Chief Accounting Officer