



VIA Email

December 10, 2013

Public Company Accounting Oversight Board,
Office of the Secretary,
1666 K Street, NW,
Washington, DC 20006-2803

RE: PCAOB Rulemaking Docket Matter No. 34

Dear Members of the Board,

NextEra Energy, Inc. ("NextEra Energy") respectfully submits its comments on the Public Company Accounting Oversight Board's ("PCAOB" or "the Board") proposed audit standards included in Release No. 2013-005 addressing both *The Auditor's Report on an Audit of the Financial Statements when the Auditor Expresses an Unqualified Opinion* (the "proposed auditor reporting standard") and *The Auditor's Responsibilities Regarding Other Information in Certain Documents Containing Audited Financial Statements and the Related Auditor's Report* (the "proposed other information standard").

NextEra Energy is a public company with 2012 revenues of more than \$14 billion. Its rate-regulated subsidiary, Florida Power & Light Company, serves approximately 4.6 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 24 states in the U.S. and 4 provinces in Canada.

At NextEra Energy we are committed to integrity and accountability in all aspects of our business. Providing accurate and complete information, and having the proper internal controls in place to ensure appropriate oversight, is a responsibility that we have always taken seriously. We believe that our shareholders, as well as investors and potential investors of every other publicly held company, are entitled to no less.

NextEra Energy is pleased to submit its views in response to the PCAOB's request for comments in connection with the above referenced proposals.

While we appreciate the PCAOB's efforts to enhance the auditor's reporting model and increase the relevance of financial statements for investors, the capital markets and the public, we do not support the Board's proposals as currently drafted. We believe the proposals have the potential to alter the roles and responsibilities of management, the audit committee, and the auditor, undermine the usefulness of the auditor's report and create investor misunderstanding. Furthermore, we believe that the proposals would be time consuming and costly to implement without providing any incremental benefit to financial statement users. Our rationale is presented below.

Proposed auditor reporting standard

The proposed standard requires the disclosure of critical audit matters (“CAMs”) in the auditor’s report. CAMs are defined as matters involving the most difficult, subjective or complex auditor judgments, including areas that posed the most difficulty to the auditor in obtaining audit evidence and/or forming an opinion on the financial statements. This area is of particular interest and concern to us and we have therefore limited our response on the proposed auditor reporting standard to this matter.

The proposal would alter the roles of management, audit committee and the auditor

We are concerned that this proposal would blur the roles and responsibilities of management, the audit committee, and the auditor. Management is responsible for preparing and filing all financial reports including determining the appropriate accounting for an entity’s transactions, making the required judgments needed to calculate estimates, and providing meaningful disclosures in compliance with U.S. GAAP and SEC rules. The financial reporting process is overseen by the audit committee. However, the proposed standard significantly alters this paradigm by potentially requiring the auditor to disclose information, not otherwise required to be disclosed by management and notwithstanding the views of the audit committee, directly to financial statement users through the auditor’s report. Auditors should not be the original source of disclosure about an entity. The role of the auditor should remain that of attesting to the fairness, in all material respects, of the financial statements presented by management. Management has the knowledge and business context for information most relevant to the financial statement users and they should retain the responsibility for communicating this information to the public through the financial statements and other investor communications.

The proposal would undermine the usefulness of the auditor’s report

We have concerns that the inclusion of CAMs would undermine the confidence in and the usefulness of the auditor’s report. Currently, the auditor’s report expresses an opinion on the financial statements taken as a whole. However, the inclusion of CAMs may be interpreted by some financial statement users as the auditor expressing a different level of assurance on certain areas of the financial statements or as the auditor providing an implicit qualification of the financial statements. Furthermore, by focusing the attention of users on aspects of the company’s financial statements that the auditor found to be challenging, there is the potential for investors to over-emphasize certain risks as a result of them being disclosed as a CAM and under-emphasize other important risks that may not meet the CAM criteria. A business that, by its nature, requires more judgment and/or the use of more estimates in its accounting may be inappropriately viewed by investors as more risky due to a higher number of CAMs in the auditor’s report. Accordingly, this proposal could potentially mislead investors by inadvertently leading them to draw incorrect conclusions about the risk associated with an entity.

Another concern is that the auditor’s determination of what is considered to be a CAM would involve a considerable amount of professional judgment which could have unintended consequences. We believe there is the potential for auditors to include more CAMs, rather than

less, in order to avoid having their judgment on what is considered to represent a CAM challenged during a PCAOB inspection. This would result in voluminous disclosure within the auditor's report, potentially obscuring the overall opinion. We believe that the auditor's opinion will continue to be of primary importance to financial statement users and care should be taken to not let that opinion get "lost" among pages of information about which audit areas required the most time and judgment. Moreover, different audit firms would clearly have different judgments on what is considered to represent a CAM resulting in lack of comparability between auditor's reports for similar companies or industries.

Potential for duplicate disclosure

We are concerned that many matters that could be potentially disclosed as CAMs are already disclosed by management in the financial statement footnotes as required by U.S. GAAP and SEC rules (e.g., significant accounting and reporting policies). We therefore believe that an auditor's discussion of CAMs in the auditor's report would result in duplicative or irrelevant disclosure serving only to decrease the relevance of either the auditor's report or disclosures within the financial statements. This requirement would appear to contradict the Board's overall objective of making the auditor's report more informative for investors and other financial statement users.

Potential implementation challenges and cost considerations

Finally, the Board needs to consider the cost and additional time requirements for both auditors and companies in order to implement the proposed standard. A significant amount of additional time would be required by audit firms to develop, review and present CAMs resulting in increased audit fees. Extensive discussion and consultation with company management, legal and the audit committee would also be required, resulting in increased internal costs.

Furthermore, as CAMs may not be identified until late in the audit process, this additional work would be required during an already busy period within the audit and financial reporting cycle, which could potentially impact the ability of entities to file annual reports ahead of the SEC deadlines and, consequently, the ability of investors to obtain financial information in a timely manner.

In summary, the PCAOB has stated that the objective of the proposed auditor's reporting standard is to make the auditor's report more informative, thus increasing its relevance and usefulness to investors and other financial statement users. We do not believe that the auditor's reporting of CAMs, as defined and required under the proposed standard, would meet this objective. Instead, we believe the proposed standard would fundamentally change the content of the auditor's report, alter the roles and responsibilities of management, the audit committee, and the auditor and may cause investors to draw incorrect conclusions about the risk associated with an entity. The proposal would also be time consuming and costly to implement while providing little incremental benefit to financial statement users.

We suggest that, if current financial reporting is not meeting the needs of financial statement users and additional disclosures are considered necessary, this matter should more appropriately be considered by the SEC and FASB as part of the financial reporting standard setting process.

The proposed other information standard

We agree that financial statement users would benefit from clearer articulation in the auditor's report about the auditor's current responsibility for other information included in the annual reports filed with the SEC. However, we have concerns that including the results of the auditor's evaluation of other information in the auditor's report could be perceived by some financial statement users as the auditor providing an *opinion* on this information. Furthermore, many of the disclosures outside of the primary financial statements contain subjective or forward-looking information which may not be objectively verifiable as many of these disclosures are based on management's analysis and insights. This would make it extremely difficult for the auditor to evaluate this information effectively.

We also believe that the requirements of the proposed standard would result in significant additional audit effort and cost. Currently, AU Section 550, *Other Information in Documents Containing Audited Financial Statements* ("AU Sec. 550") requires only that the auditor "read and consider" other information for inconsistencies with the financial statements. Under the proposed standard the auditor would be required to "read and evaluate". We believe the proposed requirement would prompt auditors to expand their audit procedures in this area, resulting in increased audit fees with no discernable benefit to financial statement users.

We therefore recommend that the Board retain its existing requirement to "read and consider" under AU Sec. 550 and ensure that the language in the auditor's report clearly articulates the auditor's responsibilities for other information contained within the annual report.

Conclusion

NextEra Energy, Inc. appreciates this opportunity to respond to the Board's proposals. As discussed above, we do not support the inclusion of CAMs in the auditor's report or expanded procedures on other information contained within the annual report. We urge the Board to reconsider these proposals.

We would be happy to respond to any questions or to participate in any discussions relating to these important issues.

Sincerely,



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