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NextEra Energy Partners, LP
Form 10-Q
July 26, 2017

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2017

Commission File Number	Exact name of registrant as specified in its charter, address of principal executive office and registrant's telephone number	IRS Employer Identification Number
1-36518	NEXTERA ENERGY PARTNERS, LP 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	30-0818558

State or other jurisdiction of incorporation or organization: Delaware

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Securities Exchange Act of 1934.

Large Accelerated Filer <input checked="" type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Exchange Act of 1934.

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

Number of NextEra Energy Partners, LP common units outstanding as of June 30, 2017: 54,250,995

DEFINITIONS

Acronyms and defined terms used in the text include the following:

Term	Meaning
2016 Form 10-K	NEP's Annual Report on Form 10-K for the year ended December 31, 2016
AOCI	accumulated other comprehensive income (loss)
ASA	administrative services agreements
BLM	U.S. Bureau of Land Management
CITC	convertible investment tax credit
COD	commercial operation date
CSCS agreement	cash sweep and credit support agreement
FIT	Feed-in-Tariff
GWh	gigawatt-hour(s)
IDR fee	certain payments from NEP OpCo to NEE Management as a component of the MSA which are based on the achievement by NEP OpCo of certain target quarterly distribution levels to its unitholders
IPP	independent power producer
management sub-contract	management services sub-contract between NEE Management and NEER
Management's Discussion	Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
MSA	Amended and Restated Management Services Agreement among NEP, NEE Management, NEP OpCo and NEP OpCo GP
MW	megawatt(s)
NEE	NextEra Energy, Inc.
NEECH	NextEra Energy Capital Holdings, Inc.
NEE Equity	NextEra Energy Equity Partners, LP
NEE Management	NextEra Energy Management Partners, LP
NEER	NextEra Energy Resources, LLC
NEP	NextEra Energy Partners, LP
NEP GP	NextEra Energy Partners GP, Inc.
NEP OpCo	NextEra Energy Operating Partners, LP
NEP OpCo GP	NextEra Energy Operating Partners GP, LLC
NEP partnership agreement	agreement of limited partnership of NEP, to be amended and restated
NOLs	net operating losses
Note __	Note __ to condensed consolidated financial statements
O&M	operations and maintenance
Pemex	Petróleos Mexicanos
PPA	power purchase agreement, which could include contracts under a FIT or RESOP
RESOP	Renewable Energy Standard Offer Program
SEC	U.S. Securities and Exchange Commission
Texas pipelines	natural gas pipeline assets located in Texas
Texas pipelines acquisition	Acquisition of NET Holdings Management, LLC (the Texas pipeline business)
Texas pipeline entities	the subsidiaries of NEP that directly own the Texas pipelines
U.S.	United States of America
U.S. Project Entities	project entities located within the U.S.
VIE	variable interest entity

Each of NEP and NEP OpCo has subsidiaries and affiliates with names that may include NextEra Energy, NextEra Energy Partners and similar references. For convenience and simplicity, in this report, the terms NEP and NEP OpCo are sometimes used as abbreviated references to specific subsidiaries, affiliates or groups of subsidiaries or affiliates. The precise meaning depends on the context. Discussions of NEP's ownership of subsidiaries and projects refers to its controlling interest in the general partner of NEP OpCo and NEP's indirect interest in and control over the subsidiaries of NEP OpCo. See Note 5 for a description of the noncontrolling interest in NEP OpCo.

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FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of the federal securities laws. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, strategies, future events or performance (often, but not always, through the use of words or phrases such as result, are expected to, will continue, anticipate, aim, believe, will, could, should, would, estimated, may, plan, potential, future, projection, goals, target, predict and intend or words of similar meaning) are not statements of historical facts and may be forward looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could have a significant impact on NEP's operations and financial results, and could cause NEP's actual results to differ materially from those contained or implied in forward-looking statements made by or on behalf of NEP in this Form 10-Q, in presentations, on its website, in response to questions or otherwise.

Operational Risks

• NEP has a limited operating history and its projects include renewable energy projects that have a limited operating history. Such projects may not perform as expected.

• NEP's ability to make cash distributions to its unitholders is affected by wind and solar conditions at its renewable energy projects.

• NEP's business, financial condition, results of operations and prospects can be materially adversely affected by weather conditions, including, but not limited to, the impact of severe weather.

• NEP may fail to realize expected profitability or growth, and may incur unanticipated liabilities, as a result of the Texas pipelines acquisition.

• NEP is pursuing the expansion of natural gas pipelines in its portfolio that will require up-front capital expenditures and expose NEP to project development risks.

• NEP's ability to maximize the productivity of the Texas pipeline business and to complete potential pipeline expansion projects is dependent on the continued availability of natural gas production in the Texas pipelines' areas of operation.

• Operation and maintenance of renewable energy projects involve significant risks that could result in unplanned power outages, reduced output, personal injury or loss of life.

• Portions of NEP's pipeline systems have been in service for several decades. There could be unknown events or conditions or increased maintenance or repair expenses and downtime associated with NEP's pipelines that could have a material adverse effect on NEP's business, financial condition, results of operations, liquidity and ability to make distributions.

• Natural gas gathering and transmission activities involve numerous risks that may result in accidents or otherwise affect the Texas pipelines' operations.

- The wind turbines at some of NEP's projects and some of NEER's right of first offer projects are not generating the amount of energy estimated by their manufacturers' original power curves, and the manufacturers may not be able to restore energy capacity at the affected turbines.

• NEP depends on the Texas pipelines and certain of the renewable energy projects in its portfolio for a substantial portion of its anticipated cash flows.

• Terrorist or similar attacks could impact NEP's projects, pipelines or surrounding areas and adversely affect its business.

• The ability of NEP to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. NEP's insurance coverage does not insure against all potential risks and it may become subject to higher insurance premiums.

• Warranties provided by the suppliers of equipment for NEP's projects may be limited by the ability of a supplier to satisfy its warranty obligations, or by the terms of the warranty, so the warranties may be insufficient to compensate NEP for its losses.

Supplier concentration at certain of NEP's projects may expose it to significant credit or performance risks. NEP relies on interconnection and transmission facilities of third parties to deliver energy from its renewable energy projects and, if these facilities become unavailable, NEP's wind and solar projects may not be able to operate or deliver energy.

If third-party pipelines and other facilities interconnected to the Texas pipelines become partially or fully unavailable to transport natural gas, NEP's revenues and cash available for distribution to unitholders could be adversely affected. NEP's business is subject to liabilities and operating restrictions arising from environmental, health and safety laws and regulations.

Natural gas operations are subject to numerous environmental laws and regulations, compliance with which may require significant capital expenditures, increase NEP's cost of operations and affect or limit its business plans, or expose NEP to liabilities.

NEP's renewable energy projects may be adversely affected by legislative changes or a failure to comply with applicable energy regulations.

A change in the jurisdictional characterization of some of the Texas pipeline entities' assets, or a change in law or regulatory policy, could result in increased regulation of these assets, which could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP may incur significant costs and liabilities as a result of pipeline integrity management program testing and any necessary pipeline repair or preventative or remedial measures.

The Texas pipelines' operations could incur significant costs if the Pipeline and Hazardous Materials Safety Administration or the Railroad Commission of Texas adopts more stringent regulations.

Pemex may claim certain immunities under the Foreign Sovereign Immunities Act and Mexican law, and the Texas pipeline entities' ability to sue or recover from Pemex for breach of contract may be limited and may be exacerbated if there is a deterioration in the economic relationship between the U.S. and Mexico.

NEP's partnership agreement restricts the voting rights of unitholders owning 20% or more of its common units, and under certain circumstances this could be reduced to 10%.

NEP does not own all of the land on which the projects in its portfolio are located and its use and enjoyment of the property may be adversely affected to the extent that there are any lienholders or leaseholders that have rights that are superior to NEP's rights or the BLM suspends its federal rights-of-way grants.

NEP is subject to risks associated with litigation or administrative proceedings that could materially impact its operations, including, but not limited to, proceedings related to projects it acquires in the future.

NEP's wind projects located in Canada are subject to Canadian domestic content requirements under their FIT contracts.

NEP's cross-border operations require NEP to comply with anti-corruption laws and regulations of the U.S. government and non-U.S. jurisdictions.

NEP is subject to risks associated with its ownership or acquisition of projects or pipelines that remain under construction, which could result in its inability to complete construction projects on time or at all, and make projects too expensive to complete or cause the return on an investment to be less than expected.

Contract Risks

NEP relies on a limited number of customers and is exposed to the risk that they are unwilling or unable to fulfill their contractual obligations to NEP or that they otherwise terminate their agreements with NEP.

NEP may not be able to extend, renew or replace expiring or terminated PPAs at favorable rates or on a long-term basis.

NEP may be unable to secure renewals of long-term natural gas transportation agreements, which could expose its revenues to increased volatility.

If the energy production by or availability of NEP's U.S. renewable energy projects is less than expected, they may not be able to satisfy minimum production or availability obligations under the U.S. Project Entities' PPAs.

Risks Related to NEP's Acquisition Strategy and Future Growth

NEP's growth strategy depends on locating and acquiring interests in additional projects consistent with its business strategy at favorable prices.

NEP OpCo's partnership agreement requires that it distribute its available cash, which could limit its ability to grow and make acquisitions.

NEP's ability to consummate future acquisitions will depend on NEP's ability to finance those acquisitions.

Lower prices for other fuel sources may reduce the demand for wind and solar energy.

Reductions in demand for natural gas in the United States or Mexico and low market prices of natural gas could materially adversely affect the Texas pipelines' operations and cash flows.

Government laws, regulations and policies providing incentives and subsidies for clean energy could be changed, reduced or eliminated at any time and such changes may negatively impact NEP's growth strategy.

NEP's growth strategy depends on the acquisition of projects developed by NEE and third parties, which face risks related to project siting, financing, construction, permitting, the environment, governmental approvals and the negotiation of project development agreements.

Acquisitions of existing clean energy projects involve numerous risks.

- Renewable energy procurement is subject to U.S. state and Canadian provincial regulations, with relatively irregular, infrequent and often competitive procurement windows.

NEP may continue to acquire other sources of clean energy, including, but not limited to, natural gas and nuclear projects, and may expand to include other types of assets including, but not limited to, transmission projects, and any further acquisition of non-renewable energy projects, including, but not limited to, transmission projects, may present unforeseen challenges and result in a competitive disadvantage relative to NEP's more-established competitors.

NEP faces substantial competition primarily from regulated utilities, developers, IPPs, pension funds and private equity funds for opportunities in North America.

The natural gas pipeline industry is highly competitive, and increased competitive pressure could adversely affect NEP's business.

Risks Related to NEP's Financial Activities

NEP may not be able to access sources of capital on commercially reasonable terms, which would have a material adverse effect on its ability to consummate future acquisitions.

Restrictions in NEP OpCo's subsidiaries' revolving credit facility and term loan agreements could adversely affect NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP's cash distributions to its unitholders may be reduced as a result of restrictions on NEP's subsidiaries' cash distributions to NEP under the terms of their indebtedness.

NEP's subsidiaries' substantial amount of indebtedness may adversely affect NEP's ability to operate its business, and its failure to comply with the terms of its subsidiaries' indebtedness could have a material adverse effect on NEP's financial condition.

Currency exchange rate fluctuations may affect NEP's operations.

NEP is exposed to risks inherent in its use of interest rate swaps.

Risks Related to NEP's Relationship with NEE

• NEE exercises substantial influence over NEP and NEP is highly dependent on NEE and its affiliates.

NEP is highly dependent on credit support from NEE and its affiliates. NEP's subsidiaries may default under contracts or become subject to cash sweeps if credit support is terminated, if NEE or its affiliates fail to honor their obligations under credit support arrangements, or if NEE or another credit support provider ceases to satisfy creditworthiness requirements, and NEP will be required in certain circumstances to reimburse NEE for draws that are made on credit support.

• NEER or one of its affiliates is permitted to borrow funds received by NEP's subsidiaries, including, but not limited to, NEP OpCo, as partial consideration for its obligation to provide credit support to NEP, and NEER will use these funds for its own account without paying additional consideration to NEP and is obligated to return these funds only as needed to cover project costs and distributions or as demanded by NEP OpCo.

• NEP's financial condition and ability to make distributions to its unitholders, as well as its ability to grow distributions in the future, is highly dependent on NEER's performance of its obligations to return all or a portion of these funds.

• NEP may not be able to consummate future acquisitions from NEER or from third parties.

NEP GP and its affiliates, including, but not limited to, NEE, have conflicts of interest with NEP and limited duties to NEP and its unitholders and they may favor their own interests to the detriment of NEP and holders of NEP common units.

• Common units are subject to NEP GP's limited call right.

• NEE and other affiliates of NEP GP are not restricted in their ability to compete with NEP.

• NEP may be unable to terminate the MSA.

If NEE Management terminates the MSA, NEER terminates the management sub-contract or either of them defaults in the performance of its obligations thereunder, NEP may be unable to contract with a substitute service provider on similar terms, or at all.

NEP's arrangements with NEE limit NEE's liability, and NEP has agreed to indemnify NEE against claims that it may face in connection with such arrangements, which may lead NEE to assume greater risks when making decisions relating to NEP than it otherwise would if acting solely for its own account.

• The credit and business risk profiles of NEP GP and its owner, NEE, could adversely affect any NEP credit ratings and risk profile, which could increase NEP's borrowing costs or hinder NEP's ability to raise capital.

Risks Related to Ownership of NEP's Common Units

• NEP's ability to make distributions to its unitholders depends on the ability of NEP OpCo to make cash distributions to its limited partners.

• If NEP incurs material tax liabilities, NEP's distributions to its unitholders may be reduced, without any corresponding reduction in the amount of the IDR fee.

• Holders of NEP's common units have limited voting rights and are not entitled to elect NEP's general partner or NEP GP's directors.

• NEP's partnership agreement restricts the remedies available to holders of NEP's common units for actions taken by NEP GP that might otherwise constitute breaches of fiduciary duties.

• NEP's partnership agreement replaces NEP GP's fiduciary duties to holders of its common units with contractual standards governing its duties.

• Even if holders of NEP's common units are dissatisfied, they cannot remove NEP GP without NEE's consent.

• NEE's interest in NEP GP and the control of NEP GP may be transferred to a third party without unitholder consent.

• The IDR fee may be assigned to a third party without unitholder consent.

• NEP may issue additional units without unitholder approval, which would dilute unitholder interests.

Reimbursements and fees owed to NEP GP and its affiliates for services provided to NEP or on NEP's behalf will reduce cash distributions to or from NEP OpCo and from NEP to NEP's unitholders, and the amount and timing of such reimbursements and fees will be determined by NEP GP and there are no limits on the amount that NEP OpCo may be required to pay.

• Discretion in establishing cash reserves by NEP OpCo GP may reduce the amount of cash distributions to unitholders.

While NEP's partnership agreement requires NEP to distribute its available cash, NEP's partnership agreement, including, but not limited to, provisions requiring NEP to make cash distributions, may be amended.

NEP OpCo can borrow money to pay distributions, which would reduce the amount of credit available to operate NEP's business.

Increases in interest rates could adversely impact the price of NEP's common units, NEP's ability to issue equity or incur debt for acquisitions or other purposes and NEP's ability to make cash distributions to its unitholders.

The price of NEP's common units may fluctuate significantly and unitholders could lose all or part of their investment and a market that will provide a unitholder with its desired liquidity may not develop.

The liability of holders of NEP's common units, which represent limited partnership interests in NEP, may not be limited if a court finds that unitholder action constitutes control of NEP's business.

Unitholders may have liability to repay distributions that were wrongfully distributed to them.

Except in limited circumstances, NEP GP has the power and authority to conduct NEP's business without unitholder approval.

Contracts between NEP, on the one hand, and NEP GP and its affiliates, on the other hand, will not be the result of arm's-length negotiations.

Unitholders have no right to enforce the obligations of NEP GP and its affiliates under agreements with NEP.

NEP GP decides whether to retain separate counsel, accountants or others to perform services for NEP.

The New York Stock Exchange does not require a publicly traded limited partnership like NEP to comply with certain of its corporate governance requirements.

Risks Related to the Series A Convertible Preferred Units

Issuance of the Series A convertible preferred units will dilute common unitholders' ownership in NEP and may decrease the amount of cash available for distribution for each common unit.

The Series A convertible preferred units will have rights, preferences and privileges that are not held by, and will be preferential to the rights of, holders of the common units.

Taxation Risks

NEP's future tax liability may be greater than expected if NEP does not generate NOLs sufficient to offset taxable income or if tax authorities challenge certain of NEP's tax positions.

NEP's ability to use NOLs to offset future income may be limited.

NEP will not have complete control over NEP's tax decisions.

A valuation allowance may be required for NEP's deferred tax assets.

Distributions to unitholders may be taxable as dividends.

Unitholders who are not resident in Canada may be subject to Canadian tax on gains from the sale of common units if NEP's common units derive more than 50% of their value from Canadian real property at any time.

These factors should be read together with the risk factors included in Part I, Item 1A. Risk Factors in the 2016 Form 10-K and Part II, Item 1A. Risk Factors in this Form 10-Q and investors should refer to those sections of the 2016 Form 10-K and this Form 10-Q. Any forward-looking statement speaks only as of the date on which such statement is made, and NEP undertakes no obligation to update any forward-looking statement to reflect events or circumstances, including, but not limited to, unanticipated events, after the date on which such statement is made, unless otherwise required by law. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statement.

Website Access to U.S. Securities and Exchange Commission (SEC) Filings. NEP makes its SEC filings, including the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports, available free of charge on NEP's internet website, www.nexteraenergypartners.com, as soon as reasonably practicable after those documents are electronically filed with or furnished to the SEC. The information and materials available on NEP's website are not incorporated by reference into this Form 10-Q. The SEC maintains an internet website that contains reports and other information regarding registrants that file electronically with the SEC at www.sec.gov.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

NEXTERA ENERGY PARTNERS, LP
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (millions, except per unit amounts)
 (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016 ^(a)	2017	2016 ^(a)
OPERATING REVENUES				
Renewable energy sales	\$ 159	\$ 144	\$ 292	\$ 273
Texas pipelines service revenues	45	44	94	92
Total operating revenues ^(b)	204	188	386	365
OPERATING EXPENSES				
Operations and maintenance ^(c)	61	48	114	93
Depreciation and amortization	50	53	99	107
Taxes other than income taxes and other	5	5	9	9
Total operating expenses	116	106	222	209
OPERATING INCOME	88	82	164	156
OTHER INCOME (DEDUCTIONS)				
Interest expense	(61	) (77	) (104	) (162
Benefits associated with differential membership interests - net	22	17	45	31
Equity in earnings of equity method investee	7	7	8	8
Equity in earnings (losses) of non-economic ownership interests	4	(7	) 3	(19
Other - net	(1	) 16	(2	) 13
Total other income (deductions) - net	(29	) (44	) (50	) (129
INCOME BEFORE INCOME TAXES	59	38	114	27
INCOME TAX EXPENSE (BENEFIT)	9	(3	) 19	(8
NET INCOME	50	41	95	35
Less net income attributable to noncontrolling interest ^(d)	37	33	70	22
NET INCOME ATTRIBUTABLE TO NEXTERA ENERGY PARTNERS, LP	\$ 13	\$ 8	\$ 25	\$ 13
Weighted average number of common units outstanding - basic and assuming dilution	54.3	42.1	54.2	38.3
Earnings per common unit attributable to NextEra Energy Partners, LP - basic and assuming dilution	\$0.24	\$0.19	\$0.46	\$0.33
Distributions per common unit	\$0.3650	\$0.3188	\$0.7175	\$0.6263

(a) Prior-period financial information has been retrospectively adjusted as discussed in Note 1.

Includes related party revenues of approximately \$1 million and \$3 million for the three months ended June 30,

(b) 2017 and 2016, respectively, and \$6 million and \$7 million for the six months ended June 30, 2017 and 2016, respectively.

(c) Includes O&M expenses related to renewable energy projects of \$32 million and \$28 million for the three months ended June 30, 2017 and 2016, respectively, and \$55 million and \$52 million for the six months ended June 30, 2017 and 2016, respectively. Includes O&M expenses related to the Texas pipelines of \$10 million and \$9 million

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for the three months ended June 30, 2017 and 2016, respectively, and \$22 million and \$19 million for the six months ended June 30, 2017 and 2016, respectively. Total O&M expenses presented include related party amounts of approximately \$21 million and \$14 million for the three months ended June 30, 2017 and 2016, respectively, and \$42 million and \$26 million for the six months ended June 30, 2017 and 2016, respectively.

- (d) Net income attributable to noncontrolling interest includes the pre-acquisition net income of the common control acquisitions. See Note 1.

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2016 Form 10-K.

NEXTERA ENERGY PARTNERS, LP
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
 (millions)
 (unaudited)

	Three Months Ended June 30, 2017		Six Months Ended June 30, 2016 ^(a)	
	2017	2016 ^(a)	2017	2016 ^(a)
NET INCOME	\$50	\$ 41	\$95	\$ 35
OTHER COMPREHENSIVE INCOME, NET OF TAX				
Reclassification of unrealized losses on cash flow hedges from accumulated other comprehensive loss to net income (net of approximately \$1, \$1, \$1 and \$1 tax expense, respectively)	1	2	3	3
Net unrealized gains on foreign currency translation (net of approximately \$0, \$0, \$1, and \$1 tax expense, respectively)	3	1	3	7
Other comprehensive income (loss) related to equity method investee (net of approximately \$0, \$0, \$0 and \$1 tax benefit, respectively)	—	(1)	1	(2)
Total other comprehensive income, net of tax	4	2	7	8
COMPREHENSIVE INCOME	54	43	102	43
Less comprehensive income attributable to noncontrolling interest ^(b)	40	35	75	29
COMPREHENSIVE INCOME ATTRIBUTABLE TO NEXTERA ENERGY PARTNERS, LP	\$14	\$ 8	\$27	\$ 14

(a) Prior-period financial information has been retrospectively adjusted as discussed in Note 1.

(b) Comprehensive income attributable to noncontrolling interest includes the pre-acquisition comprehensive income (loss) of the common control acquisitions. See Note 1.

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2016 Form 10-K.

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NEXTERA ENERGY PARTNERS, LP
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions)
(unaudited)

	June 30, 2017	December 31, 2016 ^(a)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 128	\$ 147
Accounts receivable	97	83
Due from related parties	75	67
Restricted cash	33	33
Other current assets	28	29
Total current assets	361	359
Non-current assets:		
Property, plant and equipment - net	5,393	5,424
Deferred income taxes	254	255
Intangible assets - customer relationships	670	678
Goodwill	628	628
Investment in equity method investee	92	93
Investments in non-economic ownership interests	12	12
Other non-current assets	69	83
Total non-current assets	7,118	7,173
TOTAL ASSETS	\$7,479	\$ 7,532
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 21	\$ 19
Due to related parties	14	20
Current maturities of long-term debt	89	78
Acquisition holdback	—	199
Accrued interest	26	25
Derivatives	16	18
Other current liabilities	37	39
Total current liabilities	203	398
Non-current liabilities:		
Long-term debt	3,926	3,508
Deferral related to differential membership interests	1,024	1,064
Deferred income taxes	56	47
Asset retirement obligation	71	69
Non-current due to related party	22	22
Other non-current liabilities	72	67
Total non-current liabilities	5,171	4,777
TOTAL LIABILITIES	5,374	5,175
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Limited partners (common units issued and outstanding - 54.3 and 54.2, respectively)	1,739	1,746
Accumulated other comprehensive loss	(1	) (3
Noncontrolling interest	367	614

TOTAL EQUITY	2,105	2,357
TOTAL LIABILITIES AND EQUITY	\$7,479	\$ 7,532

(a) Prior-period financial information has been retrospectively adjusted as discussed in Note 1.

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2016 Form 10-K.

NEXTERA ENERGY PARTNERS, LP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)
(unaudited)

	Six Months Ended June 30,	
	2017	2016 ^(a)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$95	\$ 35
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	99	107
Change in value of derivative contracts	21	77
Deferred income taxes	18	(9)
Benefits associated with differential membership interests - net	(45)	(31)
Equity in earnings of equity method investee, net of distributions received	1	(8)
Equity in losses (earnings) of non-economic ownership interests	(3)	19
Change in fair value of contingent consideration for pipeline acquisition	—	(17)
Other - net	6	10
Changes in operating assets and liabilities:		
Accounts receivable	(15)	(16)
Other current assets	(3)	1
Other non-current assets	(7)	(5)
Accounts payable and accrued expenses	(3)	(5)
Due to related parties	(2)	2
Other current liabilities	(3)	(3)
Payment of acquisition holdback	(14)	—
Other non-current liabilities	9	5
Net cash provided by operating activities	154	162
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of membership interests in subsidiaries	(242)	(324)
Capital expenditures	(20)	(526)
Changes in restricted cash	3	(25)
Payments to related parties under CSCS agreement - net	(9)	(5)
Net cash used in investing activities	(268)	(880)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common units - net	—	303
Issuances of long-term debt	460	471
Retirements of long-term debt	(60)	(370)
Deferred financing costs	(2)	(9)
Partners/Members' contributions	1	510
Partners/Members' distributions	(124)	(114)
Proceeds from differential membership investors	15	10
Payments to differential membership investors	(10)	(8)
Repayments of short-term debt	—	(12)
Change in amounts due to related parties	(1)	15
Payment of acquisition holdback	(186)	—
Net cash provided by financing activities	93	796
Effect of exchange rate changes on cash	2	3
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19)	81

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CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	147	165
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$128	\$246
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Partners/Members' noncash distributions	\$—	\$29
Members' noncash contributions for construction costs and other	\$3	\$89
Change in noncash investments in equity method investees - net	\$3	\$7
Accrued but not paid for capital and other expenditures	\$5	\$4
Noncash member contribution upon transition from predecessor method	\$5	\$3
Change in goodwill related to change in purchase accounting valuation	\$—	\$6

(a) Prior-period financial information has been retrospectively adjusted as discussed in Note 1.

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2016 Form 10-K.

NEXTERA ENERGY PARTNERS, LP
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(millions)
(unaudited)

	Units	Limited Partners	Accumulated Other Comprehensive Loss	Noncontrolling Interest ^(a)	Total Equity ^(a)
Balances, December 31, 2016	54.2	\$ 1,746	\$ (3)	\$ 614	\$ 2,357
Acquisition of membership interests in subsidiaries	—	—	—	(242)	(242)
Limited partners/related party contribution and transition	—	6	^(b) —	5	^(c) 11
Issuance of common units	0.1	1	—	—	1
Net income	—	25	—	70	^(d) 95
Other comprehensive income	—	—	2	5	7
Related party contributions	—	—	—	4	4
Related party distributions	—	—	—	(86)	(86)
Changes in non-economic ownership interests and equity method investee	—	—	—	(3)	(3)
Distributions to unitholders	—	(39)	—	—	(39)
Balances, June 30, 2017	54.3	\$ 1,739	\$ (1)	\$ 367	\$ 2,105

	Units	Limited Partners	Accumulated Other Comprehensive Loss	Noncontrolling Interest ^(a)	Total Equity ^(a)
Balances, December 31, 2015	30.6	\$ 935	\$ (6)	\$ 897	\$ 1,826
Acquisition of membership interests in subsidiaries	—	—	—	(324)	(324)
Limited partners/related party contribution and transition	—	60	^(b) —	(3)	^(c) 57
Issuance of common units	11.7	303	—	—	303
Related party note receivable	—	—	—	(24)	(24)
Net income	—	13	—	22	^(d) 35
Other comprehensive income	—	—	1	7	8
Related party contributions	—	—	—	601	601
Related party distributions	—	—	—	(93)	(93)
Changes in non-economic ownership interests and equity method investee	—	—	—	(5)	(5)
Distributions to unitholders	—	(23)	—	—	(23)
Balances, June 30, 2016	42.3	\$ 1,288	\$ (5)	\$ 1,078	\$ 2,361

(a) Prior-period financial information has been retrospectively adjusted as discussed in Note 1.

(b) Deferred tax asset recognized by NEP related to NEP equity issuances and acquisition of subsidiary membership interests.

(c) Related party noncash contribution (distribution), net, upon transition from predecessor accounting method.

(d) Net income attributable to noncontrolling interest includes the pre-acquisition net income of the common control acquisitions. See Note 1.

This report should be read in conjunction with the Notes herein and the Notes to Consolidated Financial Statements appearing in the 2016 Form 10-K.

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NEXTERA ENERGY PARTNERS, LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The accompanying condensed consolidated financial statements should be read in conjunction with the 2016 Form 10-K. In the opinion of NEP management, all adjustments (consisting of normal recurring accruals) considered necessary for fair financial statement presentation have been made. Certain amounts included in the prior year's condensed consolidated financial statements have been reclassified to conform to the current year's presentation. The results of operations for an interim period generally will not give a true indication of results for the year.

1. Acquisitions

On May 1, 2017, an indirect subsidiary of NEP completed the acquisition from NEER of Golden West Wind Holdings, LLC for approximately \$238 million, plus working capital of \$4 million and the assumption of \$184 million in existing liabilities related to differential membership interests. Golden West Wind Holdings, LLC indirectly owns an approximately 249 MW wind generation facility located in El Paso County, Colorado.

The 2017 acquisition discussed above and the acquisitions from NEER completed by a subsidiary of NEP in 2016 (collectively, the common control acquisitions) were transfers of assets between entities under common control and required them to be accounted for as if the transfers occurred since the inception of common control, with prior periods retrospectively adjusted to furnish comparative information. Accordingly, the accompanying condensed consolidated financial statements have been retrospectively adjusted to include the historical results and financial position of the common control acquisitions prior to their respective acquisition dates.

2. Income Taxes

For periods prior to the date a project is acquired by NEP (NEP acquisition date), income taxes are calculated on the predecessor method using the separate return method applied to the group of renewable energy projects acquired.

For periods after the NEP acquisition date, income taxes are calculated on the successor method where taxes are calculated for NEP as a single taxpaying corporation for U.S. federal and state income taxes (based on its election to be taxed as a corporation). Because NEP OpCo is a limited partnership, NEP only recognizes in income its applicable ownership share of U.S. income taxes related to the U.S. and Canadian projects, allocated by NEP OpCo. The Canadian subsidiaries are all Canadian taxpayers, and therefore NEP recognizes in income all of the Canadian taxes.

For periods after the NEP acquisition date, income taxes include NEP's applicable ownership share of U.S. taxes and 100% of Canadian taxes. Net income or loss attributable to noncontrolling interest includes no U.S. taxes and NEER's applicable ownership share of Canadian taxes. Net income attributable to NEP includes NEP's applicable ownership share of U.S. and Canadian taxes.

The effective tax rates for the three months ended June 30, 2017 and 2016 were approximately 15% and (8)%, respectively, and for the six months ended June 30, 2017 and 2016 were approximately 17% and (30)%, respectively. The effective tax rate is affected by recurring items, such as the relative amount of income earned in jurisdictions, valuation allowances on deferred tax assets, taxes attributable to the noncontrolling interest and the taxation of Canadian income in both Canada and the U.S. Additionally, for the three and six months ended June 30, 2016, the effective tax rate was affected by an April 2016 court decision approving a reorganization of certain of NEP's Canadian assets that provided for tax bases in certain of these assets. NEP recorded approximately \$12 million of the associated income tax benefits during the three months ended June 30, 2016.

3. Fair Value Measurements

The fair value of assets and liabilities are determined using either unadjusted quoted prices in active markets (Level 1) or pricing inputs that are observable (Level 2) whenever that information is available and using unobservable inputs (Level 3) to estimate fair value only when relevant observable inputs are not available. NEP uses several different valuation techniques to measure the fair value of assets and liabilities relying primarily on the market approach of using prices and other market information for identical and/or comparable assets and liabilities for those assets and liabilities that are measured at fair value on a recurring basis. Certain financial instruments may be valued using multiple inputs including discount rates, counterparty credit ratings and credit enhancements. NEP's assessment of the significance of any particular input to the fair value measurement requires judgment and may affect the placement of those assets and liabilities within the fair value hierarchy levels. Non-performance risk, including the consideration of a credit valuation adjustment, is also considered in the determination of fair value for all assets and liabilities measured at fair value. Transfers between fair value hierarchy levels occur at the beginning of the period in which the transfer occurred.

Cash Equivalents and Restricted Cash Equivalents - The fair value of money market funds that are included in cash and cash equivalents, restricted cash and other non-current assets on the condensed consolidated balance sheets is estimated using a market approach based on current observable market prices.

NEXTERA ENERGY PARTNERS, LP
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
 (unaudited)

Interest Rate and Foreign Currency Contracts - NEP estimates the fair value of its derivatives using an income approach based on a discounted cash flows valuation technique utilizing the net amount of estimated future cash inflows and outflows related to the agreements. The primary inputs used in the fair value measurements include the contractual terms of the derivative agreements, current interest rates, foreign currency exchange rates and credit profiles. The significant inputs for the resulting fair value measurement are market-observable inputs and the measurements are reported as Level 2 in the fair value hierarchy.

NEP's financial assets and liabilities and other fair value measurements made on a recurring basis by fair value hierarchy level are as follows:

	June 30, 2017			December 31, 2016		
	Level 1	Level 2	Total	Level 1	Level 2	Total
(millions)						
Assets:						
Cash equivalents	\$51	\$ —	\$ 51	\$66	\$ —	\$66
Restricted cash equivalents	31	—	31	29	—	29
Interest rate contracts	—	3	3	—	15	15
Foreign currency contracts	—	—	—	—	1	1
Total assets	\$82	\$ 3	\$ 85	\$95	\$ 16	\$111
Liabilities:						
Interest rate contracts	\$—	\$ 43	\$ 43	\$—	\$ 44	\$44
Foreign currency contracts	—	1	1	—	—	—
Total liabilities	\$—	\$ 44	\$ 44	\$—	\$ 44	\$44

Financial Instruments Recorded at Other than Fair Value - The carrying amount of short-term debt approximates its fair value. The carrying amounts and estimated fair values of other financial instruments recorded at other than fair value are as follows:

	June 30, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
(millions)				
Long-term debt, including current maturities ^(a)	\$4,015	\$4,149	\$3,586	\$3,680

As of June 30, 2017 and December 31, 2016, approximately \$3,249 million and \$2,808 million, respectively, of the fair value is estimated using a market approach based on quoted market prices for the same or similar issues (Level 2); the balance is estimated using an income approach utilizing a discounted cash flow valuation technique, considering the current credit profile of the debtor (Level 3).

Contingent Consideration - NEP recorded a liability related to a contingent holdback as part of the Texas pipelines acquisition. The contingent holdback was payable if the Texas pipelines entered into one or more written contracts by December 31, 2016 related to certain financial performance and capital expenditure thresholds. Contingent consideration is required to be reported at fair value at each reporting date. NEP determined this fair value measurement based on management's probability assessment. The significant inputs and assumptions used in the fair

value measurement included the estimated probability of executing contracts related to financial performance and capital expenditure thresholds as well as the appropriate discount rate. During the three and six months ended June 30, 2016, NEP recorded an approximately \$17 million fair value adjustment to decrease the contingent consideration based on updated estimates associated with management's probability assessment as of June 30, 2016. The fair value adjustment is included in other - net in the condensed consolidated statements of income.

4. Derivative Instruments and Hedging Activity

NEP recognizes all derivative instruments, when required to be marked to market, on the condensed consolidated balance sheets as either assets or liabilities and measures them at fair value each reporting period. NEP does not utilize hedge accounting for its derivative instruments. In connection with certain of its outstanding and expected future debt issuances and borrowings, NEP entered into interest rate contracts to manage interest rate cash flow risk. These agreements allow NEP to offset the variability of its floating-rate interest cash flows with the variable interest cash flows received from the interest rate contracts. All changes in the derivatives' fair value are recognized in interest expense in the condensed consolidated statements of income. The commencement and termination dates of the interest rate swap agreements and the related hedging relationship coincide with the corresponding dates of the underlying variable-rate debt instruments. As of June 30, 2017 and December 31, 2016, the combined notional amounts of the interest rate contracts were approximately \$2,310 million and \$2,119 million, respectively.

At June 30, 2017, NEP's AOCI included amounts related to discontinued cash flow hedges, which have expiration dates through 2033. At June 30, 2017, approximately \$6 million of net unrealized losses are expected to be reclassified into interest expense within the next 12 months as interest payments are made. Such amount assumes no change in scheduled principal payments.

NEXTERA ENERGY PARTNERS, LP
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
 (unaudited)

Cash flows from these interest rate swap contracts are reported in cash flows from operating activities in the condensed consolidated statements of cash flows.

NEP enters into certain foreign currency exchange contracts to economically hedge its cash flows from foreign currency rate fluctuations. As of June 30, 2017 and December 31, 2016, the notional amount of the foreign currency contracts was approximately \$63 million and \$46 million, respectively. During the three months ended June 30, 2017 and 2016, NEP recorded approximately \$2 million and less than \$1 million of losses, respectively, related to the foreign currency contracts in other - net in the condensed consolidated statements of income. During the six months ended June 30, 2017 and 2016, NEP recorded approximately \$2 million and \$3 million of losses, respectively, related to the foreign currency contracts in other - net in the condensed consolidated statements of income.

Fair Value of Derivative Instruments - The tables below present NEP's gross derivative positions, based on the total fair value of each derivative instrument, at June 30, 2017 and December 31, 2016, as required by disclosure rules, as well as the location of the net derivative positions, based on the expected timing of future payments, on the condensed consolidated balance sheets.

	June 30, 2017			
	Gross Basis		Net Basis	
	Assets	Liabilities	Assets	Liabilities
	(millions)			
Interest rate contracts	\$3	\$ 43	\$5	\$ 45
Foreign currency contracts	—	1	—	1
Total fair values	\$3	\$ 44	\$5	\$ 46

Net fair value by balance sheet line item:

Other current assets	\$2
Other non-current assets	3
Current derivative liabilities	\$ 16
Other non-current liabilities	30
Total derivatives	\$5 \$ 46

	December 31, 2016			
	Gross Basis		Net Basis	
	Assets	Liabilities	Assets	Liabilities
	(millions)			
Interest rate contracts	\$15	\$ 44	\$17	\$ 46
Foreign currency contracts	1	—	1	—
Total fair values	\$16	\$ 44	\$18	\$ 46

Net fair value by balance sheet line item:

Other current assets	\$1
Other non-current assets	17
Current derivative liabilities	\$ 18
Other non-current liabilities	28
Total derivatives	\$18 \$ 46

Financial Statement Impact of Derivative Instruments - Losses related to NEP's interest rate contracts are recorded in the condensed consolidated financial statements as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(millions)			
Interest rate contracts:				
Losses reclassified from AOCI to interest expense	\$(2)	\$(3)	\$(4)	\$(4)
Losses recognized in interest expense	\$(17)	\$(41)	\$(19)	\$(85)

NEXTERA ENERGY PARTNERS, LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

5. Variable Interest Entities

NEP has identified NEP OpCo as a VIE. NEP OpCo is a limited partnership with a general partner and limited partners. NEP has consolidated the results of NEP OpCo and its subsidiaries because of its controlling interest in the general partner of NEP OpCo. At June 30, 2017, NEP owned an approximately 34.9% limited partner interest in NEP OpCo and NEE Equity owned a noncontrolling 65.1% limited partner interest in NEP OpCo. The assets and liabilities of NEP OpCo as well as the operations of NEP OpCo represent substantially all of NEP's assets and liabilities and its operations.

In addition, at June 30, 2017, NEP consolidated five VIEs related to certain subsidiaries that have sold differential membership interests in entities which own and operate seven wind electric generation facilities. Certain investors that have no equity at risk in the VIEs hold differential membership interests, which give them the right to receive a portion of the economic attributes of these wind electric generation facilities, including certain tax attributes. The assets and liabilities of the VIEs, consisting primarily of property, plant and equipment - net and deferral related to differential membership interests, totaled approximately \$2,006 million and \$1,080 million at June 30, 2017, respectively, and \$2,032 million and \$1,123 million at December 31, 2016, respectively.

In October 2016, a subsidiary of NEP completed the acquisition from NEER of an indirect 24% interest in Desert Sunlight Investment Holdings, LLC (Desert Sunlight) which is reflected as investment in equity method investee on the condensed consolidated balance sheets. Desert Sunlight owns two project entities, which together make up the Desert Sunlight Solar Energy Center, a 550 MW solar generation plant located in Riverside County, California. NEER retained an interest in Desert Sunlight and remains the managing member. NEP is not the primary beneficiary and therefore does not consolidate this entity because it does not control any of the ongoing activities of this entity, was not involved in the initial design of this entity and does not have a controlling interest in this entity.

In April 2015, a subsidiary of NEP made an equity method investment in three NEER solar projects. Through a series of transactions, a subsidiary of NEP issued 1,000,000 NEP OpCo Class B Units, Series 1 and 1,000,000 NEP OpCo Class B Units, Series 2, to NEER for approximately 50% of the ownership interests in the three solar projects (non-economic ownership interests). NEER, as holder of the Class B Units, will retain 100% of the economic rights in the projects to which the respective Class B Units relate, including the right to all distributions paid by the project subsidiaries. NEER has agreed to indemnify NEP against all risks relating to NEP's ownership of the projects until NEER offers to sell economic interests to NEP and NEP accepts such offer, if NEP chooses to do so. NEER has also agreed to continue to manage the operation of the projects at its own cost, and to contribute to the projects any capital necessary for the operation of the projects, until NEER offers to sell economic interests to NEP and NEP accepts such offer. At June 30, 2017 and December 31, 2016, NEP's equity method investment related to the non-economic ownership interests is reflected as investments in non-economic ownership interests on the condensed consolidated balance sheets. All equity in earnings of the non-economic ownership interests is allocated to net income attributable to noncontrolling interest. NEP is not the primary beneficiary and therefore does not consolidate these entities because it does not control any of the ongoing activities of these entities, was not involved in the initial design of these entities and does not have a controlling interest in these entities.

6. Capitalization

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Debt - Significant long-term debt issuances and borrowings by subsidiaries of NEP during the six months ended June 30, 2017 were as follows:

Date Issued	Debt Issuances/Borrowings	Interest Rate	Principal Amount (millions)	Maturity Date
February 2017 - April 2017	Senior secured revolving credit facility	Variable ^(a)	\$ 110	2019
March 2017	Senior secured term loans	Variable ^(a)	\$ 200	2018 - 2019
April 2017	Senior secured term loans	Variable ^(a)	\$ 150	2019

(a) Variable rate is based on an underlying index plus a margin.

The long-term debt agreements listed above are secured by liens on certain assets and contain provisions which, under certain conditions, could restrict the payment of distributions or related party fee payments. At June 30, 2017, NEP's subsidiaries were in compliance with all financial debt covenants under their financings.

Equity - In June 2017, NEP entered into a Series A Preferred Unit Purchase Agreement, as amended (the purchase agreement), to issue and sell in a private placement in one or more tranches on or before December 31, 2017, as determined by NEP, \$550 million of Series A convertible preferred units representing limited partner interests in NEP (preferred units) at a purchase price of \$39.2253 per preferred unit. NEP will contribute the proceeds from each closing to NEP OpCo in exchange for an equivalent number of a new series of NEP OpCo preferred units with economically equivalent rights to the preferred units.

NEXTERA ENERGY PARTNERS, LP
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
 (unaudited)

Pursuant to the purchase agreement, the NEP partnership agreement will be amended and restated to establish the rights and preferences of the preferred units. The preferred units will be a new class of securities that will rank senior to the common units representing limited partner interests in NEP (common units). The preferred units will vote on an as-converted basis with the common units and will have certain class voting rights with respect to amendments that adversely affect their distribution, liquidation or conversion rights, their ranking or certain other protections under the NEP partnership agreement.

Holders of the preferred units will receive cumulative quarterly distributions equal to \$0.4413 per unit for quarters ending on or before the third anniversary of the issuance date of the preferred units, which will be prorated for the quarter during which the preferred units are issued and which may be paid, at NEP's election, in cash, in kind or a combination thereof. For quarters ending after the third anniversary of the issuance date, holders will receive cumulative quarterly distributions equal to the greater of \$0.4413 per unit and the amount that the preferred units would have received if they had converted into common units at the then-applicable conversion rate (defined below), and NEP may elect to pay up to 1/9th of the subsequent distribution period amounts in kind. The quarterly distribution amount and portion of the distribution that may be paid in kind will be prorated for the quarter that includes the third anniversary of the issuance date. If NEP fails to pay a distribution during a subsequent distribution period, NEP would be unable to pay any distributions on or redeem or repurchase any junior securities, including the common units, prior to paying the unpaid cash component of the quarterly distribution, including any previously accrued and unpaid cash distributions.

Each holder of preferred units (together with its affiliates) may elect to convert all or any portion of its preferred units into common units initially on a one-for-one basis, subject to customary adjustments and an adjustment for any distributions that have accrued but have not been paid when due (the conversion rate), at any time after June 20, 2019, subject to certain conditions. NEP may elect to convert all or a portion of the preferred units into common units based on the conversion rate at any time after the first anniversary of the date of issuance of the preferred units being converted if certain conditions, including specific common unit price and trading volume conditions, are met and subject to certain maximum conversion amounts prior to the third anniversary of the final closing date under the purchase agreement. In addition, certain change of control events, as will be defined in the NEP partnership agreement, will result in, or provide holders of the preferred units with the right to elect, conversion of preferred units to common units (or substantially equivalent securities of a surviving entity) or redemption of the preferred units, with such redemption to be paid in cash or common units at NEP's discretion. Beginning January 1, 2021, NEP will give the purchasers certain rights to require NEP, under certain circumstances, to initiate underwritten offerings for the common units that are issuable upon conversion of the preferred units.

On July 25, 2017, the board of directors of NEP GP authorized a distribution of \$0.38 per common unit payable on August 14, 2017 to its unitholders of record on August 7, 2017.

7. Accumulated Other Comprehensive Income (Loss)

Accumulated Other Comprehensive Income		
(Loss)		
Net Unrealized	Other	
Gains (Losses)	Comprehensive	
on	Income (Loss)	Total
Cash Flow Hedges	Related to	
Translation	Equity Method	
	Investee	
(millions)		

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Three months ended June 30, 2017

Balances, March 31, 2017	\$ (2)	\$ (105))	\$ (15))	\$ (122)
Amounts reclassified from AOCI to interest expense	1	—		—		1
Net unrealized gains on foreign currency translation	—	3		—		3
Net other comprehensive income	1	3		—		4
Balances, June 30, 2017	\$ (1)	\$ (102)	)	\$ (15)	)	\$ (118)
AOCI attributable to noncontrolling interest	\$ (2)	\$ (99))	\$ (16))	\$ (117)
AOCI attributable to NEP	\$ 1	\$ (3))	\$ 1)	\$ (1)

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NEXTERA ENERGY PARTNERS, LP
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
 (unaudited)

	Accumulated Other Comprehensive Income (Loss)			
	Net Unrealized Gains (Losses)	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investee	Total
	(millions)			
Six months ended June 30, 2017				
Balances, December 31, 2016	\$ (4)	\$ (105)	\$ (16)	\$ (125)
Amounts reclassified from AOCI to interest expense	3	—	—	3
Net unrealized gains on foreign currency translation	—	3	—	3
Other comprehensive income related to equity method investee	—	—	1	1
Net other comprehensive income	3	3	1	7
Balances, June 30, 2017	\$ (1)	\$ (102)	\$ (15)	\$ (118)
AOCI attributable to noncontrolling interest	\$ (2)	\$ (99)	\$ (16)	\$ (117)
AOCI attributable to NEP	\$ 1	\$ (3)	\$ 1	\$ (1)
	Accumulated Other Comprehensive Loss			
	Net Unrealized Gains (Losses)	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Loss Related to Equity Method Investee	Total
	(millions)			
Three months ended June 30, 2016				
Balances, March 31, 2016	\$ (10)	\$ (102)	\$ (19)	\$ (131)
Amounts reclassified from AOCI to interest expense	2	—	—	2
Net unrealized gains on foreign currency translation	—	1	—	1
Other comprehensive loss related to equity method investee	—	—	(1)	(1)
Net other comprehensive income (loss)	2	1	(1)	2
Balances, June 30, 2016	\$ (8)	\$ (101)	\$ (20)	\$ (129)
AOCI attributable to noncontrolling interest	\$ (8)	\$ (96)	\$ (20)	\$ (124)
AOCI attributable to NEP	\$ —	\$ (5)	\$ —	\$ (5)

NEXTERA ENERGY PARTNERS, LP
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
 (unaudited)

	Accumulated Other Comprehensive Loss			
	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Loss Related to Equity Method Investee	Total
	(millions)			
Six months ended June 30, 2016				
Balances, December 31, 2015	\$ (11)	\$ (108)	\$ (18)	\$ (137)
Amounts reclassified from AOCI to interest expense	3	—	—	3
Net unrealized gains on foreign currency translation	—	7	—	7
Other comprehensive loss related to equity method investee	—	—	(2)	(2)
Net other comprehensive income (loss)	3	7	(2)	8
Balances, June 30, 2016	\$ (8)	\$ (101)	\$ (20)	\$ (129)
AOCI attributable to noncontrolling interest	\$ (8)	\$ (96)	\$ (20)	\$ (124)
AOCI attributable to NEP	\$ —	\$ (5)	\$ —	\$ (5)

8. Related Party Transactions

Each project entered into O&M agreements and ASAs with subsidiaries of NEER whereby the projects pay a certain annual fee plus actual costs incurred in connection with certain O&M and administrative services performed under these agreements. These services are reflected as operations and maintenance in the condensed consolidated statements of income. Additionally, a NEP subsidiary pays an affiliate for transmission services which are reflected as operations and maintenance in the condensed consolidated statements of income. Certain projects have also entered into various types of agreements including those related to shared facilities and transmission lines, transmission line easements, technical support and construction coordination with subsidiaries of NEER whereby certain fees or cost reimbursements are paid to, or received by, certain subsidiaries of NEER.

Management Services Agreement - Under the MSA, an indirect wholly owned subsidiary of NEE provides operational, management and administrative services to NEP, including managing NEP's day to day affairs and providing individuals to act as NEP GP's executive officers and directors, in addition to those services that are provided under the existing O&M agreements and ASAs described above between NEER subsidiaries and NEP subsidiaries. NEP OpCo pays NEE an annual management fee equal to the greater of 1% of the sum of NEP OpCo's net income plus interest expense, income tax expense and depreciation and amortization expense less certain non-cash, non-recurring items for the most recently ended fiscal year and \$4 million (as adjusted for inflation beginning in 2016), which is paid in quarterly installments with an additional payment each January to the extent 1% of the sum of NEP OpCo's net income plus interest expense, income tax expense and depreciation and amortization expense less certain non-cash, non-recurring items for the preceding fiscal year exceeds \$4 million (as adjusted for inflation beginning in 2016). NEP OpCo also makes certain payments to NEE based on the achievement by NEP OpCo of certain target quarterly distribution levels to its unitholders. NEP's O&M expenses for the three and six months ended June 30, 2017 include approximately \$16 million and \$32 million, respectively, and for the three and six months ended June 30, 2016 include \$10 million and \$17 million, respectively, related to the MSA.

Cash Sweep and Credit Support Agreement - NEP OpCo is a party to a CSCS agreement with NEER under which NEER and certain of its subsidiaries may provide credit support in the form of letters of credit and guarantees to satisfy NEP's subsidiaries' contractual obligations. NEP OpCo will pay NEER an annual credit support fee based on the level and cost of the credit support provided, payable in quarterly installments. NEP's O&M expenses for the three and six months ended June 30, 2017 include approximately \$1 million and \$2 million, respectively, and for both the three and six months ended June 30, 2016 include \$1 million related to the CSCS agreement.

NEER and certain of its subsidiaries may withdraw funds (Project Sweeps) received by NEP OpCo under the CSCS agreement, or its subsidiaries in connection with certain of the long-term debt agreements, and hold those funds in accounts belonging to NEER or its subsidiaries to the extent the funds are not required to pay project costs or otherwise required to be maintained by NEP's subsidiaries. NEER and its subsidiaries may keep the funds until the financing agreements permit distributions to be made, or, in the case of NEP OpCo, until such funds are required to make distributions or to pay expenses or other operating costs or NEP OpCo otherwise demands the return of such funds. If NEER fails to return withdrawn funds when required by NEP's subsidiaries' financing agreements, the lenders will be entitled to draw on credit support provided by NEER in the amount of such withdrawn funds. If NEER or one of its affiliates realizes any earnings on the withdrawn funds prior to the return of such funds, it will be permitted to retain those earnings. The cash sweep amounts held in accounts belonging to NEER or its subsidiaries as of June 30, 2017 and

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December 31, 2016 were approximately \$74 million and \$65 million, respectively, and are included in due from related parties on the condensed consolidated balance sheets.

Guarantees and Letters of Credit Entered into by Related Parties - Certain PPAs include requirements of the project entities to meet certain performance obligations. NEECH or NEER has provided letters of credit or guarantees for certain of these performance obligations and payment of any obligations from the transactions contemplated by the PPAs. In addition, certain of the financing agreements require cash and cash equivalents to be reserved for various purposes. In accordance with the terms of these financing agreements, guarantees from NEECH have been substituted in place of these cash and cash equivalents reserve requirements. Also, under certain financing agreements, indemnifications have been provided by NEECH. In addition, certain interconnection agreements and site certificates require letters of credit or a bond to secure certain payment or restoration obligations related to those agreements. NEECH also guarantees the Project Sweep amounts held in accounts belonging to NEER, as described above. As of June 30, 2017, NEECH or NEER guaranteed or provided indemnifications, letters of credit or bonds totaling approximately \$651 million related to these obligations. Agreements related to the sale of differential membership interests require NEER to guarantee payments due by the VIEs and the indemnifications to the VIEs' respective investors. As of June 30, 2017, NEER guaranteed a total of approximately \$97 million related to these obligations.

Due to Related Party - Non-current amounts due to related party on the condensed consolidated balance sheets represent amounts owed by certain of NEP's wind projects to NEER to refund NEER for certain transmission costs paid on behalf of the wind projects. Amounts will be paid to NEER as the wind projects receive payments from third parties for related notes receivable recorded in other non-current assets on the condensed consolidated balance sheets.

Transportation and Fuel Management Agreements - In connection with the Texas pipelines acquisition, a subsidiary of NEP assigned to a subsidiary of NEER certain gas commodity agreements in exchange for entering into transportation agreements and a fuel management agreement whereby the benefits of the gas commodity agreements (net of transportation paid to the NEP subsidiary) are passed back to the NEP subsidiary. During the three and six months ended June 30, 2017, NEP recognized approximately \$1 million and \$6 million, respectively, and for the three and six months ended June 30, 2016 recognized approximately \$2 million and \$6 million, respectively, in revenues related to the transportation and fuel management agreements.

9. Summary of Significant Accounting and Reporting Policies

Revenue Recognition - In May 2014, the Financial Accounting Standards Board (FASB) issued an accounting standards update, which was subsequently amended, that provides guidance on the recognition of revenue from contracts with customers and requires additional disclosures regarding such contracts. NEP continues to evaluate its individual contracts and awaits the final resolution of certain industry-specific implementation issues in order to determine the impact, if any, this standards update will have on its consolidated financial statements. NEP intends to apply this standards update retrospectively with the cumulative effect, if any, recognized as an adjustment to retained earnings as of January 1, 2018.

Accounting for Partial Sales of Nonfinancial Assets - In February 2017, the FASB issued an accounting standards update regarding the accounting for partial sales of nonfinancial assets. NEP intends to apply this standards update retrospectively with the cumulative effect recognized as an adjustment to retained earnings as of January 1, 2018, concurrent with the FASB's revenue recognition standards update. Based on NEP's current analysis, this standards

update is expected to affect the accounting and related financial statement presentation for the sales of differential membership interests to third-party investors. NEP anticipates the liability reflected as deferral related to differential membership interests on NEP's consolidated balance sheets will be reclassified to noncontrolling interests and the amount currently being recognized in benefits associated with differential membership interests - net in NEP's consolidated statements of income will be reflected as a reduction to net income attributable to noncontrolling interests. Additionally, NEP continues to evaluate the sales of differential membership interests to third-party investors to determine if the amount or timing of income attributed to differential membership interests could change materially from amounts recorded under its current accounting method.

Property, Plant and Equipment - net - NEP reviews the estimated useful lives of its fixed assets on an ongoing basis. NEP's most recent review indicated that the actual lives of certain equipment at its wind plants are expected to be longer than those previously estimated for depreciation purposes. As a result, effective January 1, 2017, NEP changed the estimated useful lives of certain wind plant equipment from 30 years to 35 years to better reflect the period during which these assets are expected to remain in service. This change increased net income attributable to NEP by approximately \$1 million and \$2 million and basic and diluted earnings per unit attributable to NEP by approximately \$0.02 and \$0.04 for the three and six months ended June 30, 2017, respectively. For the year ended December 31, 2017, the change is expected to increase net income attributable to NEP by approximately \$4 million.

10. Commitments and Contingencies

Land Use Commitments - The project owners are parties to various agreements that provide for payments to landowners for the right to use the land upon which the projects are located. These leases and easements can typically be renewed by the project

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owners for various periods. The annual fees range from minimum rent payments varying by lease to maximum rent payments of a certain percentage of gross revenues, varying by lease. Total lease expense was approximately \$6 million and \$12 million for the three and six months ended June 30, 2017, respectively, and \$6 million and \$12 million for the three and six months ended June 30, 2016, respectively, and is included in operations and maintenance expenses in the condensed consolidated statements of income.

The total minimum non-cancelable rental commitments at June 30, 2017 under these land use agreements are as follows:

	Land Use Commitments (millions)
Remainder of 2017	\$ 4
2018	10
2019	11
2020	11
2021	11
Thereafter	358
Total minimum land use payments	\$ 405

One of NEP's solar project's land leases includes a right-of-way lease/grant that provides for payments to the BLM for the right to use the public lands upon which the project is located. The lease may be renewed at expiration at the solar project's option and will be subject to the regulations existing at the time of renewal. In connection with the terms of this lease, the solar project obtained a surety bond from a non-affiliated party in favor of the BLM for approximately \$23 million. The surety bond remains in effect until the BLM is satisfied that there is no outstanding liability on the bond or satisfactory replacement bond coverage is furnished. Certain varying lease payments are considered contingent rent and, therefore, expense is recognized as incurred.

Development, Engineering and Construction Commitments - At June 30, 2017, the Texas pipelines had several open engineering, procurement and construction contracts related to the procurement of materials and services. As of June 30, 2017, the Texas pipelines have remaining commitments under these contracts of approximately \$10 million.

Letter of Credit Facilities - Two of NEP's projects entered into letter of credit (LOC) facilities under which the LOC lenders may issue standby letters of credit not to exceed approximately \$119 million in the aggregate. These LOC facilities have maturity dates of August 2017 and June 2022. Approximately \$93 million of LOCs are outstanding as of June 30, 2017, primarily related to debt service reserves and security for certain of the projects' agreements, including a PPA.

Canadian FIT Contracts -The FIT contracts relating to NEP's wind projects located in Canada (Canadian projects) require suppliers to source a minimum percentage of their equipment and services from Ontario resident suppliers to meet the minimum required domestic content level (MRDCL). The MRDCL for two projects is 25% and the MRDCL for the other two projects is 50%. Following their respective CODs, the Canadian projects submitted reports to the Independent Electricity System Operator (IESO) summarizing how they achieved the MRDCL for their respective projects (domestic content reports) and the IESO issued letters to the Canadian projects acknowledging the completeness of their domestic content reports. The IESO has the right to audit the Canadian projects for a period of up to 7 years post-COD to confirm that they complied with the domestic content requirements under their respective FIT contracts and achieved their respective MRDCLs. The failure by any of these projects to achieve its MRDCL

could result in a default by such project under its FIT contract, which default may not be possible to cure and could result in a termination of its FIT contract, without compensation, by the IESO. A termination of the FIT contract for any of these Canadian projects could negatively affect revenues generated by such project and have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

Acquisition Holdback - At December 31, 2016, the condensed consolidated balance sheets included an acquisition holdback related to the satisfaction of any indemnification obligations of the Texas pipelines sellers through April 2017 (indemnity holdback). During the six months ended June 30, 2017 the indemnity holdback was released under the terms of the Texas pipelines acquisition agreement and approximately \$200 million was paid to the sellers.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

NEP is a growth-oriented limited partnership formed by NEE to acquire, manage and own contracted clean energy projects with stable long-term cash flows. At June 30, 2017, NEP owns a controlling, non-economic general partner interest and an approximately 34.9% limited partner interest in NEP OpCo. Through NEP OpCo, NEP owns a portfolio of contracted renewable generation assets consisting of wind and solar projects and a portfolio of contracted natural gas pipeline assets.

This discussion should be read in conjunction with the Notes contained herein and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in the 2016 Form 10-K. The results of operations for an interim period generally will not give a true indication of results for the year. In the following discussions, all comparisons are with the corresponding items in the prior year period.

During 2016 and 2017, a subsidiary of NEP completed several acquisitions from NEER, which were transfers of assets between entities under common control and required them to be accounted for as if the transfers occurred since the inception of common control, with prior periods retrospectively adjusted to furnish comparative information. Accordingly, the accompanying condensed consolidated financial statements have been retrospectively adjusted to include the historical results and financial position of the common control acquisitions prior to their respective acquisition dates. See Note 1.

Results of Operations

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016 ^(a)	2017	2016 ^(a)
	(millions)			
Statement of Income Data:				
OPERATING REVENUES				
Renewable energy sales	\$159	\$144	\$292	\$273
Texas pipelines service revenues	45	44	94	92
Total operating revenues	204	188	386	365
OPERATING EXPENSES				
Operations and maintenance	61	48	114	93
Depreciation and amortization	50	53	99	107
Taxes other than income taxes and other	5	5	9	9
Total operating expenses	116	106	222	209
OPERATING INCOME	88	82	164	156
OTHER INCOME (DEDUCTIONS)				
Interest expense	(61)	(77)	(104)	(162)
Benefits associated with differential membership interests - net	22	17	45	31
Equity in earnings of equity method investee	7	7	8	8
Equity in earnings (losses) of non-economic ownership interests	4	(7)	3	(19)
Other - net	(1)	16	(2)	13
Total other income (deductions) - net	(29)	(44)	(50)	(129)
INCOME BEFORE INCOME TAXES	59	38	114	27
INCOME TAX EXPENSE (BENEFIT)	9	(3)	19	(8)
NET INCOME	\$50	\$41	\$95	\$35

(a) Prior-period financial information has been retrospectively adjusted as discussed in Note 1.

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016

Operating Revenues

Operating revenues primarily consist of income from the sale of energy under PPAs and services provided under natural gas transportation agreements. Operating revenues increased approximately \$16 million during the three months ended June 30, 2017 primarily due to favorable wind and solar resource during 2017. NEP's renewable energy projects produced total generation of 2,833 GWh and 2,617 GWh during the three months ended June 30, 2017 and 2016, respectively.

Operating Expenses

Operations and Maintenance

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O&M expense includes interconnection costs, labor expenses, turbine servicing costs, lease royalty payments, insurance, materials, supplies, shared services and administrative expenses attributable to NEP's projects, and costs and expenses under the MSA, ASAs and O&M agreements. See Note 8. O&M expense also includes the cost of maintaining and replacing certain parts for the projects in the portfolio to maintain, over the long-term, operating income or operating capacity. O&M expense increased approximately \$13 million during the three months ended June 30, 2017 primarily due to an increase of \$7 million in IDR fees related to growth in NEP's distributions to its unitholders and an increase of \$3 million in wind turbine maintenance costs.

Depreciation and Amortization

Depreciation and amortization expense reflects costs associated with depreciation and amortization of NEP's assets, based on consistent depreciable asset lives and depreciation methodologies. For certain of the U.S. renewable energy projects, CITCs have been elected and are recorded as a reduction in property, plant and equipment - net on the condensed consolidated balance sheets and amortized as a reduction to depreciation and amortization expense over the estimated life of the related property. Depreciation and amortization expense also includes a provision for wind and solar facility dismantlement, asset removal costs and accretion related to asset retirement obligations and the amortization of finite-lived intangible assets.

Depreciation and amortization expense decreased approximately \$3 million during the three months ended June 30, 2017 primarily due to the change in the estimated useful lives of certain equipment. See Note 9.

Other Income (Deductions)

Interest Expense

Interest expense primarily consists of interest on long-term debt and mark-to-market losses on interest rate swaps. Interest expense decreased approximately \$16 million during the three months ended June 30, 2017 primarily due to a \$20 million decrease in the mark-to-market losses on interest rate swaps partially offset by an increase of \$3 million in higher interest costs related to additional debt issuances. See Note 6.

Benefits Associated with Differential Membership Interests - net

Benefits associated with differential membership interests - net reflect benefits recognized by NEP as third-party investors received their portion of the economic attributes, including income tax attributes, of the underlying wind projects net of associated costs. The increase in benefits associated with differential membership interests - net of approximately \$5 million during the three months ended June 30, 2017 relates to lower interest costs primarily associated with the ongoing paydown of the differential membership interest obligations.

Equity in Earnings (Losses) of Non-Economic Ownership Interests

Equity in earnings of non-economic ownership interests increased by approximately \$11 million during the three months ended June 30, 2017 primarily reflecting a \$6 million increase in operating income due to the completion of one of the related projects in June 2016 and a \$4 million decrease in the mark-to-market losses on interest rate derivative contracts recorded at the related projects.

Other - net

The decrease in other - net for the three months ended June 30, 2017 primarily reflects a fair value adjustment of approximately \$17 million in the second quarter of 2016 to decrease the contingent holdback associated with the

Texas pipelines acquisition. See Note 3 - Contingent Consideration.

Income Taxes

For periods after the NEP acquisition date, income taxes include NEP's applicable ownership share of U.S. taxes and 100% of Canadian taxes. Net income or loss attributable to noncontrolling interest includes no U.S. taxes and NEER's applicable ownership share of Canadian taxes. Net income attributable to NEP includes NEP's applicable ownership share of U.S. and Canadian taxes.

For the three months ended June 30, 2017, NEP recorded income tax expense of approximately \$9 million on income before income taxes of \$59 million, resulting in an effective tax rate of 15%. The tax expense is comprised primarily of income tax expense of approximately \$21 million at the statutory rate of 35%, partly offset by \$7 million of income tax attributable to noncontrolling interest and foreign tax differential of \$2 million.

For the three months ended June 30, 2016, NEP recorded income tax benefit of approximately \$3 million on income before income taxes of \$38 million, resulting in an effective tax rate of (8)%. The tax benefit is comprised primarily of income tax benefits of approximately \$12 million related to the reorganization of Canadian assets (see Note 2) and \$5 million of income tax attributable to noncontrolling interest, partly offset by income tax expense of \$13 million at the statutory rate of 35%.

Due to the transition from predecessor to successor method of accounting for income taxes, comparing current period results to the same period in the prior year does not provide meaningful information. See Note 2.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016

Operating Revenues

Operating revenues increased approximately \$21 million during the six months ended June 30, 2017 primarily due to \$14 million attributable to favorable wind resource and \$3 million attributable to increased pricing related to PPA escalations. NEP's renewable energy projects produced total generation of 5,564 GWh and 5,345 GWh during the six months ended June 30, 2017 and 2016, respectively. In addition, Texas pipelines service revenues increased approximately \$6 million for reimbursable operating costs partially offset by \$5 million in lower revenues related to contract expirations during the period.

Operating Expenses

Operations and Maintenance

O&M expense increased approximately \$21 million during the six months ended June 30, 2017 primarily due to an increase of \$15 million in IDR fees related to growth in NEP's distributions to its unitholders, an increase of \$6 million in Texas pipelines reimbursable operating costs and \$4 million in wind turbine maintenance costs. These expense increases are partially offset by the absence of approximately \$4 million of accretion of acquisition holdbacks associated with the Texas pipelines acquisition.

Depreciation and Amortization

Depreciation and amortization expense decreased approximately \$8 million during the six months ended June 30, 2017 primarily due to the change in the estimated useful lives of certain equipment. See Note 9.

Other Income (Deductions)

Interest Expense

Interest expense decreased approximately \$58 million during the six months ended June 30, 2017 primarily due to a \$65 million decrease in the mark-to-market losses on interest rate swaps offset by an increase of \$5 million in higher interest costs related to additional debt issuances. See Note 6.

Benefits Associated with Differential Membership Interests - net

The increase in benefits associated with differential membership interests - net of approximately \$14 million during the six months ended June 30, 2017 relates to lower interest costs primarily associated with the ongoing paydown of the differential membership interest obligations and increased wind resource at the underlying projects.

Equity in Earnings (Losses) of Non-Economic Ownership Interests

Equity in earnings of non-economic ownership interests increased by approximately \$22 million during the six months ended June 30, 2017 primarily due to a \$15 million decrease in the mark-to-market losses on interest rate derivative contracts recorded at the related projects and a \$7 million increase in operating income due to the completion of one of these projects in June 2016.

Other - net

The decrease in other - net for the six months ended June 30, 2017 primarily reflects a fair value adjustment of approximately \$17 million in the second quarter of 2016 to decrease the contingent holdback associated with the Texas pipelines acquisition. See Note 3 - Contingent Consideration.

Income Taxes

For the six months ended June 30, 2017, NEP recorded income tax expense of approximately \$19 million on income before income taxes of \$114 million, resulting in an effective tax rate of 17%. The tax expense is comprised primarily of income tax expense of approximately \$40 million at the statutory rate of 35%, partly offset by \$4 million of foreign tax differential and \$14 million of income tax attributable to noncontrolling interest.

For the six months ended June 30, 2016, NEP recorded income tax benefit of approximately \$8 million on income before income taxes of \$27 million, resulting in an effective tax rate of (30)%. The tax benefit is comprised primarily of income tax benefit of approximately \$12 million related to the reorganization of Canadian assets (see Note 2) and \$3 million of income tax attributable to noncontrolling interest, partly offset by income tax expense of \$9 million at the statutory rate of 35%.

Due to the transition from predecessor to successor method of accounting for income taxes, comparing current period results to the same period in the prior year does not provide meaningful information. See Note 2.

Liquidity and Capital Resources

NEP's ongoing operations use cash to fund O&M expenses, maintenance capital expenditures, debt service payments and distributions to common unit holders. NEP expects to satisfy these requirements primarily with internally generated cash flow. In addition, as a growth-oriented limited partnership, NEP expects from time to time to make acquisitions and other investments. These acquisitions and investments are expected to be funded with cash on hand, cash generated from operations, borrowings under credit facilities or term loans, issuances of indebtedness and issuances of additional NEP common units.

These sources of funds are expected to be adequate to provide for NEP's short-term and long-term liquidity and capital needs, although its ability to make future acquisitions, expand existing projects and increase its distributions to common unitholders will depend on its ability to access the capital markets on acceptable terms.

As a normal part of its business, depending on market conditions, NEP expects from time to time to consider opportunities to repay, redeem, repurchase or refinance its indebtedness. In addition, NEP expects from time to time to consider potential investments in new acquisitions. These events may cause NEP to seek additional debt or equity financing, which may not be available on acceptable terms or at all. Debt financing, if available, could impose operating restrictions, additional cash payment obligations and additional covenants.

NEP OpCo has agreed to allow NEER or one of its affiliates to withdraw funds received by NEP OpCo or its subsidiaries and to hold those funds in accounts of NEER or one of its affiliates to the extent the funds are not required to pay project costs or otherwise required to be maintained by NEP's subsidiaries, until the financing agreements permit distributions to be made, or, in the case of NEP OpCo, until such funds are required to make distributions or to pay expenses or other operating costs. NEP OpCo will have a claim for any funds that NEER fails to return:

- when required by its or its subsidiaries' financings;
- when its subsidiaries' financings otherwise permit distributions to be made to NEP OpCo;
- when funds are required to be returned to NEP OpCo; or
- when otherwise demanded by NEP OpCo.

In addition, NEER and certain of its subsidiaries may withdraw funds in connection with certain long-term debt agreements and hold those funds in accounts belonging to NEER or its subsidiaries and provide credit support in the amount of such withdrawn funds. If NEER fails to return withdrawn funds when required by NEP's subsidiaries' financings, the lenders will be entitled to draw on credit support provided by NEER in the amount of such withdrawn funds.

If NEER or one of its affiliates realizes any earnings on the withdrawn funds prior to the return of such funds, it will be permitted to retain those earnings.

Liquidity Position

At June 30, 2017 and December 31, 2016, NEP's liquidity position was approximately \$368 million and \$484 million, respectively. The table below provides the components of NEP's liquidity position:

June 30, 2017	December 31, 2016
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	(millions)	
Cash and cash equivalents	\$128	\$ 147
Amounts due under the CSCS agreement	74	65
Revolving credit facilities	400	400
Less borrowings	(260)	(150)
Letter of credit facilities	119	119
Less letters of credit	(93)	(97)
Total ^(a)	\$368	\$ 484

(a) Excludes current restricted cash of approximately \$33 million at both June 30, 2017 and December 31, 2016.

Management believes that NEP's liquidity position and cash flows from operations will be adequate to finance O&M, capital expenditures, distributions to its unitholders and liquidity commitments. Management regularly monitors NEP's financing needs consistent with prudent balance sheet management.

Financing Arrangements

Revolving Credit Facilities

During the six months ended June 30, 2017, a subsidiary of NEP borrowed \$110 million under one of its revolving credit facilities. As of June 30, 2017, \$110 million is outstanding under this revolving credit facility.

Project Financings and Term Loans

NEP OpCo and most of the projects in the portfolio are subject to financings that contain certain financial covenants and distribution tests, including debt service coverage ratios. In general, these financings contain covenants customary for these types of financings, including limitations on investments and restricted payments. Certain of NEP's financings provide for interest payable at a fixed interest rate. However, certain of NEP's financings accrue interest at variable rates based on the London InterBank Offered Rate and two projects accrue interest at a variable rate based upon the three-month Canadian Dealer Offered Rate. Interest rate contracts were entered into for certain of these financings to hedge against interest rate movements with respect to interest payments on the loan. In addition, under the project financings, each project will be permitted to pay distributions out of available cash on a semi-annual basis so long as certain conditions are satisfied, including that reserves are funded with cash or credit support, no default or event of default under the applicable financings has occurred and is continuing at the time of such distribution or would result therefrom, and each project is otherwise in compliance with the project financing's covenants and, for the majority of the project financings, the applicable minimum debt service coverage ratio is satisfied. The majority of NEP's project financings include a minimum debt service coverage ratio of 1.20:1.00 that must be satisfied. For one project financing, the project must maintain a leverage ratio of less than 5.0:1.0 and an interest coverage ratio of at least 2.75:1.00 in order to make a distribution. Under certain term loans, NEP OpCo and one of its direct subsidiaries are required to comply with certain financial covenants, including maintaining a leverage coverage ratio of less than 5.5:1.0 and an interest coverage ratio of at least 1.75:1.00 in order to make a distribution. At June 30, 2017, NEP's subsidiaries were in compliance with all financial debt covenants under their financings.

In March and April 2017, an indirect subsidiary of NEP entered into and borrowed \$350 million under variable rate senior secured term loan agreements that mature in 2018 and 2019. See Note 6 - Debt.

Equity Arrangements

During the six months ended June 30, 2017, NEP did not issue any common units to the public. At June 30, 2017, NEP may issue up to approximately \$109 million in additional common units under its at-the-market program.

In June 2017, NEP entered into the purchase agreement to issue and sell in a private placement \$550 million of Series A convertible preferred units representing limited partner interests in NEP. See Note 6 - Equity.

If, at any time, NEP GP and its affiliates control more than 80% of the voting power of the sum of NEP's outstanding common units and special voting units, NEP GP will have the right, but not the obligation, to purchase all of the outstanding common units, other than those owned by NEP GP and its affiliates, at a price of the greater of the then-current market price of such common units and the highest price paid by NEP GP or its affiliates for such units during the preceding 90-day period. At June 30, 2017, NEP GP and its affiliates controlled approximately 66.1% of the voting power of NEP's outstanding common units.

Contractual Obligations

NEP's contractual obligations as of June 30, 2017 were as follows:

2018	2019	2020	2021	Thereafter	Total
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	Remainder of 2017 (millions)						
Debt, including interest ^(a)	\$ 113	\$ 861	\$ 698	\$ 574	\$ 249	\$ 2,708	\$ 5,203
Contractual obligations ^(b)	20	18	18	16	16	57	145
Revolving credit facilities fees	—	1	1	—	—	—	2
Asset retirement activities ^(c)	—	—	—	—	—	341	341
MSA and credit support ^(d)	4	8	8	8	8	98	134
Land lease payments ^(e)	4	10	11	11	11	358	405
Total	\$ 141	\$ 898	\$ 736	\$ 609	\$ 284	\$ 3,562	\$ 6,230

(a) Includes principal, interest and interest rate contracts. Variable rate interest was computed using June 30, 2017 rates.

(b) Represents estimated cash payments related to the acquisition of certain development rights and differential membership interests, as well as obligations for certain procurement contracts.

(c) Represents expected cash payments adjusted for inflation for estimated costs to perform asset retirement activities.

(d) Represents minimum fees under the MSA and CSCS agreement. See Note 8.

(e) Represents various agreements that provide for payments to landowners for the right to use the land upon which the projects are located.

Capital Expenditures

Annual capital spending plans are developed based on projected requirements by the projects. Capital expenditures primarily represent the estimated cost of capital improvements, including construction expenditures that are expected to increase NEP OpCo's operating income or operating capacity over the long-term. Capital expenditures for projects that have already commenced commercial operations are generally not significant because most expenditures relate to repairs and maintenance and are expensed when incurred. For the six months ended June 30, 2017 and 2016, NEP had capital expenditures of approximately \$20 million and \$554 million, respectively. The 2016 capital expenditures primarily relate to construction prior to the NEP acquisition date and exclude the purchase price of acquired projects. At June 30, 2017, estimated capital expenditures for NEP's renewable energy projects for the remainder of 2017 and 2018 total approximately \$12 million and \$2 million, respectively. Planned capital expenditures associated with the Texas pipelines for the remainder of 2017 and 2018 total approximately \$13 million and less than \$1 million, respectively. There are no additional significant planned capital expenditures for the remainder of 2017 through 2021 other than costs that may occur as acquisition or expansion opportunities arise. These estimates are subject to continuing review and adjustment and actual capital expenditures may vary significantly from these estimates.

Cash Distributions to Unitholders

NEP's partnership agreement requires it to distribute available cash quarterly. Generally, available cash is all cash on hand at the date of determination relating to that quarter (including any expected distributions from NEP OpCo), less the amount of cash reserves established by NEP GP. NEP currently expects that cash reserves would be established solely to provide for the payment of income taxes by NEP, if any. Cash flow is generated from distributions NEP receives from NEP OpCo each quarter. Although, as described above, NEP currently expects that cash reserves would be established by NEP GP solely to provide for the payment of any of NEP's income taxes, NEP expects NEP OpCo to establish cash reserves prior to making distributions to NEP to pay costs and expenses of NEP's subsidiaries, in addition to NEP's expenses, as well as any debt service requirements and future capital expenditures.

NEP OpCo's partnership agreement requires it to distribute all of its available cash to its common unitholders, including NEP, each quarter. Generally, NEP OpCo's available cash is all cash on hand at the date of determination relating to that quarter, plus any funds borrowed, less the amount of cash reserves established by NEP OpCo GP. The majority of such available cash will be derived from the operations of the projects. The cash available for distribution is likely to fluctuate from quarter to quarter, and in some cases significantly, as a result of the performance of the projects, seasonality, fluctuating wind resource, maintenance and outage schedules, timing of debt service and other factors.

During the six months ended June 30, 2017, NEP distributed approximately \$39 million to its unitholders. On July 25, 2017, the board of directors of NEP GP authorized a distribution of \$0.38 per common unit payable on August 14, 2017 to its unitholders of record on August 7, 2017.

Credit Ratings

Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P) and Fitch Ratings (Fitch) assigned initial credit ratings to NEP during the second quarter of 2017. NEP's liquidity, ability to access credit and capital markets and cost of borrowings could be impacted by its credit ratings. At June 30, 2017, NEP's credit ratings were as follows:

	Moody's ^(a)	S&P ^(a)	Fitch ^(a)
NEP corporate credit rating ^(b)	Ba1	BB	BB+

(a) A security rating is not a recommendation to buy, sell or hold securities and should be evaluated independently of any other rating. The rating is subject to revision or withdrawal at any time by the assigning rating organization.

(b) The outlook indicated by each of Moody's, S&P and Fitch is stable.

Cash Flows

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016

The following table reflects the changes in cash flows for the comparative periods:

	2017	2016	Change
	(millions)		
Six Months Ended June 30,			
Net cash provided by operating activities	\$154	\$162	\$(8)
Net cash used in investing activities	\$(268)	\$(880)	\$612
Net cash provided by financing activities	\$93	\$796	\$(703)

Net Cash Provided by Operating Activities

The decrease in net cash provided by operating activities was primarily driven by approximately \$15 million of higher IDR fees and the \$14 million portion of the acquisition holdback payment reflected as cash flows from operating activities. This was partially offset by approximately \$14 million attributable to favorable wind resource and approximately \$9 million in distributions from an equity method investee.

Net Cash Used in Investing Activities

The decrease in net cash used in investing activities was driven by lower project acquisitions during 2017, decreased capital expenditures related to construction activities as a result of the completion of two wind projects at the end of 2015, decreases in restricted cash balances related to the timing of construction payments and increased payments to related parties under the CSCS agreement.

	2017	2016
	(millions)	
Six Months Ended June 30,		
Acquisition of membership interests in subsidiaries	\$(242)	\$(324)
Capital expenditures	(20)	(526)
Changes in restricted cash	3	(25)
Payments to related parties under CSCS agreement - net	(9)	(5)
Net cash used in investing activities	\$(268)	\$(880)

Net Cash Provided by Financing Activities

The decrease in net cash provided by financing activities primarily reflects decreased issuances of additional NEP common units and increased issuances of debt to pay the acquisition holdback and for a project acquisition. In addition, 2017 reflects an absence of pre-acquisition member contributions and increased member distributions.

	2017	2016
	(millions)	
Six Months Ended June 30,		
Proceeds from issuance of common units - net	\$—	\$303
Issuances of long-term debt - net	400	101
Partners/Members' contributions	1	510
Partners/Members' distributions	(124)	(114)
Proceeds from (repayments of) short-term debt - net	—	(12)
Payment of acquisition holdback	(186)	—
Other	2	8
Net cash provided by financing activities	\$93	\$796

New Accounting Rules and Interpretations

Revenue Recognition - In May 2014, the FASB issued an accounting standards update related to the recognition of revenue from contracts with customers and required disclosures. See Note 9 - Revenue Recognition.

Accounting for Partial Sales of Nonfinancial Assets - In February 2017, the FASB issued an accounting standards update regarding the accounting for partial sales of nonfinancial assets. See Note 9 - Accounting for Partial Sales of Nonfinancial Assets.

Quantitative and Qualitative Disclosures about Market Risk

NEP is exposed to several market risks in its normal business activities. Market risk is the potential loss that may result from market changes associated with its business. The types of market risks include interest rate, counterparty credit and foreign currency risks.

Interest Rate Risk

NEP is exposed to risk resulting from changes in interest rates associated with current and future issuances of debt. NEP manages interest rate exposure by monitoring current interest rates, entering into interest rate swap contracts and using a combination of fixed rate and variable rate debt. Interest rate swaps are used to mitigate and adjust interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements.

NEP has long-term debt instruments that subject it to the risk of loss associated with movements in market interest rates. As of June 30, 2017, approximately 11% of the long-term debt, including current maturities, was exposed to fluctuations in interest expense while the remaining balance was either fixed rate debt or financially hedged. As of June 30, 2017, the estimated fair value of NEP's long-term debt was approximately \$4.1 billion and the carrying value of the long-term debt was \$4.0 billion. Based upon a hypothetical

10% decrease in interest rates, which is a reasonable near-term market change, the fair value of NEP's long-term debt would increase by approximately \$49 million.

Counterparty Credit Risk

Risks surrounding counterparty performance and credit risk could ultimately impact the amount and timing of expected cash flows. Credit risk relates to the risk of loss resulting from non-performance or non-payment by counterparties under the terms of their contractual obligations. NEP monitors and manages credit risk through credit policies that include a credit approval process and the use of credit mitigation measures such as prepayment arrangements in certain circumstances. NEP also seeks to mitigate counterparty risk by having a diversified portfolio of counterparties. In addition, the projects in NEP's portfolio are contracted under long-term contracts that have an average remaining contract term of approximately 18 years as of June 30, 2017, weighted based on forecasted contributions to earnings.

Foreign Currency Risk

Because NEP has Canadian operations, it is exposed to foreign currency exchange gains and losses. Since the functional currency of NEP's Canadian operations is in their local currency, the currency effects of translating the financial statements of those Canadian subsidiaries, which operate in local currency environments, are included in the accumulated other comprehensive income (loss) component of consolidated equity and do not impact earnings. However, gains and losses related to foreign currency transactions not in NEP's subsidiaries' functional currency do impact earnings and resulted in less than \$1 million of gains or losses during all periods presented. NEP has certain foreign currency exchange contracts to economically hedge its cash flows from foreign currency rate fluctuations. See Note 4.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Management's Discussion - Quantitative and Qualitative Disclosures About Market Risk.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of June 30, 2017, NEP had performed an evaluation, under the supervision and with the participation of its management, including the chief executive officer and the chief financial officer of NEP GP, the general partner of NEP, of the effectiveness of the design and operation of NEP's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, the chief executive officer and the chief financial officer of NEP GP concluded that NEP's disclosure controls and procedures were effective as of June 30, 2017.

(b) Changes in Internal Control Over Financial Reporting

NEP is continuously seeking to improve the efficiency and effectiveness of its operations and of its internal controls. This results in refinements to processes throughout NEP. However, there has been no change in NEP's internal control over financial reporting (as defined in the Securities Exchange Act of 1934 Rules 13a-15(f) and 15d-15(f)) that occurred during NEP's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, NEP's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the 2016 Form 10-K except as follows:

Risks Related to the Series A Convertible Preferred Units

Issuance of the Series A convertible preferred units will dilute common unitholders' ownership in NEP and may decrease the amount of cash available for distribution for each common unit.

NEP has committed to issue \$550 million of Series A convertible preferred units on or prior to December 31, 2017 which will result in a dilution of the common units ownership in NEP. Subject to certain limitations, the convertible preferred units are convertible into common units by the holders of such units at any time after June 20, 2019, or under certain circumstances, at NEP's option after the first anniversary of issuance of the convertible preferred units. If holders of such converted preferred units were to dispose of a substantial portion of these common units in the public market following such a conversion, whether in a single transaction or series of transactions, it could adversely affect the market price for our common units. These sales, or the possibility that these sales may occur, could make it more difficult for NEP to sell our common units in the future.

In addition, the terms of the Series A convertible preferred units will permit NEP, in certain circumstances and subject to certain limitations, to pay the quarterly distributions on the convertible preferred units in the form of additional convertible preferred units (PIK Units). Pursuant to the terms of our convertible preferred units, such quarterly distributions may be paid, at NEP's option, in (i) PIK Units, (ii) cash, or (iii) a combination of PIK Units and cash.

Issuance of the Series A convertible preferred units and/or the payment of quarterly distributions on the convertible preferred units in PIK Units will or may have the following effects:

- an existing unitholder's proportionate ownership interest in NEP will decrease;
- the amount of cash available for distribution on each common unit may decrease;
- the relative voting strength of each previously outstanding common unit will be diminished; and
- the market price of our common units may decline.

The Series A convertible preferred units will have rights, preferences and privileges that are not held by, and will be preferential to the rights of, holders of the common units.

The convertible preferred units will rank senior to the common units with respect to distribution rights. These preferences could adversely affect the market price of the common units, or could make it more difficult for NEP to sell common units in the future.

NEP's obligation to pay distributions on the our preferred units, or on the common units issued following the conversion of such preferred units, could impact our liquidity and reduce the amount of cash available for working capital, capital expenditures, growth opportunities, acquisitions, and other general partnership purposes. NEP's obligations to the holders of the convertible preferred units could also limit its ability to obtain additional financing or increase our borrowing costs, which could have an adverse effect on NEP's financial condition.

The factors discussed above and in Part I, Item 1A. Risk Factors in the 2016 Form 10-K, as well as other information set forth in this report, which could materially adversely affect NEP's business, financial condition, results of operations, cash available for distribution and prospects should be carefully considered. The risks described above and in the 2016 Form 10-K are not the only risks facing NEP. Additional risks and uncertainties not currently known to NEP, or that are currently deemed to be immaterial, also may materially adversely affect NEP's business, financial

condition, results of operations, cash available for distribution and prospects.

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Item 6. Exhibits

Exhibit Number	Description
10.1*	Series A Preferred Unit Purchase Agreement, dated June 20, 2017, among NextEra Energy Partners, LP and the purchasers (filed as Exhibit 10 to Form 8-K dated June 20, 2017)
10.2	Amendment No. 1 to Series A Preferred Unit Purchase Agreement, dated as of June 28, 2017, among NextEra Energy Partners, LP and the purchasers
12	Computation of Ratios
31(a)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of NextEra Energy Partners GP, Inc.
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of NextEra Energy Partners GP, Inc.
32	Section 1350 Certification of NextEra Energy Partners, LP
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.PRE	XBRL Presentation Linkbase Document
101.CAL	XBRL Calculation Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.DEF	XBRL Definition Linkbase Document

*Incorporated herein by reference.

NEP agrees to furnish to the SEC upon request any instrument with respect to long-term debt that NEP has not filed as an exhibit pursuant to the exemption provided by Item 601(b)(4)(iii)(A) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: July 26, 2017

NEXTERA ENERGY PARTNERS,
LP
(Registrant)

By: NextEra Energy Partners GP, Inc.,
its general partner

TERRELL KIRK CREWS, II
Terrell Kirk Crews, II
Controller and Chief Accounting
Officer
(Principal Accounting Officer)