VIA Email

December 14, 2011

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

Re: PCAOB Rulemaking Docket Matter No. 37
    Concept Release on Auditor Independence and Audit Firm Rotation

Dear Members of the Board,

NextEra Energy, Inc. (“NextEra Energy”) is a public company with 2010 revenues of more than $15 billion. Its rate-regulated subsidiary, Florida Power & Light Company, serves approximately 4.5 million customer accounts in Florida. Additionally, NextEra Energy Resources, LLC, NextEra Energy’s competitive energy business, is a leader in producing electricity from clean and renewable fuels in 28 states and Canada.

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

NextEra Energy appreciates this opportunity to provide its views for consideration by the Board in connection with the above referenced concept release.

While we support auditor independence, objectivity, professional skepticism and improving audit quality, we do not support the Board’s proposal for mandatory audit firm rotation. It is our belief that audit quality would likely suffer as a result of this proposal and that the costs and impracticalities involved would far outweigh the perceived benefits. The responsibility of determining if and when an audit firm should be replaced ought to remain with the audit committee in accordance with the provisions of the Sarbanes-Oxley Act of 2002. The rationale for our conclusion is detailed below.
In order to perform an effective audit, auditors need a sufficient knowledge and understanding of a company’s business, systems, personnel, industry and unique risks in order to effectively address complex accounting and auditing issues. This knowledge and understanding is garnered over time and with experience. It is our opinion that it takes an audit firm approximately 2 to 3 years to become familiar with the operations and industry of a new client. During this time, the efficiency and effectiveness of the audit would be compromised as the new audit team overcomes this “learning curve”. The benefit of the institutional knowledge acquired over the course of an audit firm’s tenure would therefore be lost under mandatory firm rotation.

Currently, audit committees of large, public companies have a limited choice of potential candidates when it comes to choosing an audit firm. This can be due to the requirement for a particular industry expertise, the need for an audit firm with an international presence or as a result of independence issues around certain non-audit services. It is our view that a mandatory rotation plan could further exacerbate this issue and potentially negate many of the perceived benefits noted in the Concept Release.

Mandating audit firm rotation could also have negative consequences for the audit firms. Frequent changes in audit clients could make it difficult for audit firms to plan and provide long-term career progression for their staff. This, together with managing the transition to multiple new engagements, including repeated geographic relocation to meet client needs, could make it difficult for firms to attract and retain talent. This could, in turn, make it difficult to access staff with the necessary level of experience and expertise to meet client needs. The logical implication of this is higher costs to be borne ultimately by registrants and their shareholders.

In our opinion, the current SEC mandatory requirement for audit partner rotation every five years promotes the necessary objectivity, independence and professional skepticism without the downsides of mandatory rotation. This requirement, coupled with turnover of senior personnel at both the audit firm and the company, promotes the necessary independent environment in which the audit can be conducted. The Board should also note that, as audit firms must earn re-appointment by the audit committee each year, there is no guarantee of tenure.

We also believe that mandatory audit firm rotation would undermine the oversight role of the audit committee. Current statutory oversight rules create the appropriate environment to allow audit committees to independently appoint and oversee an audit firm. An effective audit committee is aware of the audit needs of a company and the work of the audit firm, and is therefore in the best position to evaluate whether the auditors independence has been compromised. In order to be effective, audit committees should continue to have clear authority to oversee the audit process and to selecting, hiring, replacing and compensating the auditor. If enacted, we believe that mandatory audit firm rotation would hinder the audit committee’s ability to oversee the audit process and financial reporting in the interest of shareholders.

Finally, the Board needs to consider the substantial cost and additional resource requirements associated with mandatory audit firm rotation. The proposal would require a company to devote
substantial time, effort, and attention to audit firm transition as well as diverting resources away from the financial reporting process which could potentially increase the risk of misstatement. We believe that the costs, which will be borne ultimately by shareholders, and disruption would exceed any of the perceived benefits. Also, as the Board highlighted in the Concept Release, the increased cost merits particular focus during a period of economic weakness and heightened global competition.

It is acknowledged in the Concept Release that research on the connection between audit deficiencies and perceived lack of professional skepticism is ongoing and has thus far been inconclusive. It is therefore our recommendation that the Board should seek to understand the quality control defects that underlie common audit deficiencies and use this as the basis for any further proposals. Until this evaluation is complete, we believe that the current safeguards put in place through the current professional, regulatory and enforcement framework should be retained.

Thank you for taking the time to consider the views of NextEra Energy on this important topic. We will be happy to respond to any questions or to participate in any discussions relating to the feedback request.

Sincerely,

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