

FPL's Growth

**An Interview with Lewis Hay III,
Chairman and Chief Executive Officer, FPL Group, Inc.**



Lewis Hay III

EDITORS' NOTE Lew Hay was elected CEO of FPL Group in June 2001 and became Chairman of the Board in January 2002. He also serves as CEO of Florida Power & Light Company, FPL Group's utility subsidiary, and of FPL Energy, LLC, FPL Group's competitive energy subsidiary. He joined FPL Group in 1999 as Vice President of Finance and CFO. In March 2000, he was appointed President of FPL Energy. The recipient of a BS in electrical engineering from Lehigh University and a MS in industrial administration from Carnegie Mellon University, Hay is also a director of Capital One Financial Corporation and Harris Corporation.

COMPANY BRIEF Based in Juno Beach, Florida, and employing more than 13,000 people, the publicly held FPL Group, Inc. (www.fplgroup.com), provides energy-related products and services through two major subsidiaries. Florida Power & Light distributes electricity to more than 4.5 million customers and has more than 20,980 megawatts of generating capacity from interests in nuclear and fossil-fueled power plants. FPL Energy, an independent power producer and wholesale energy marketer operating in 26 states, is the country's largest producer of wind and solar energy.

Are you pleased with the current strength of FPL Group's business?

I've been very pleased with our results over the past few years. We've embarked on a

strategy that's focused on being both an integrated electric utility, which is what we are in Florida, as well as a wholesale electric supplier, which is what we are in the other 26 states in which we do business. Over the past several years, our earnings and sales growth have well outpaced those of our peers, and our stock price has outperformed the industry accordingly.

What makes FPL Group unique in its competitive marketplace?

We have effectively differentiated ourselves in several ways. First, we're a clean-generation company. About 89 percent of our megawatt hours are produced from either zero or low-emission sources; the industry average is about 45 percent, so we are cleaner than our peers and at less risk when it comes to carbon regulation.

Second, in the area of renewable energy, we are the nation's number-one developer and supplier of wind energy and, worldwide, we're number one in megawatt hours of wind energy produced. We also have, in the Mojave Desert, the world's biggest solar fields, and we're going to invest up to \$1.5 billion in new solar/thermal generating facilities.

Third, we have growth in a number of business areas, starting with Florida Power & Light, which is still one of the nation's fastest-growing electric utility franchises. FPL Energy, our wholesale business, has been growing in excess of 20 percent per year, and we expect it to experience double-digit growth for at least the next five years. In 2007, we bought the Point Beach Nuclear Power Plant, increasing our presence in Wisconsin, and we can easily see ourselves in more states. We're also one of the few big utility companies with proven development and construction capabilities. That really differentiates us.

You currently serve as the Chairman of the board of directors of the Institute of Nuclear Power Operations. Does the public have an adequate understanding of the advantages nuclear power can offer?

Currently, the U.S. has 104 nuclear reactors, and we've been operating that fleet for roughly 30 years – in some cases, longer than that – in a very safe and reliable fashion. The institute has done a number of studies that indicate the American population has a widespread and growing understanding of how safe nuclear power is and how important it is to the future of energy, even though newspapers tend to pick up stories about the minority who oppose nuclear power for unsubstantiated reasons. If I

could reset the U.S.'s energy policy, I would try to do something along the lines of what France has done – build as many nuclear power plants as quickly and safely as possible. Nuclear power has proven to be safe, clean, reliable, and cost-effective. If we announced a national program to build 10 to 20 nuclear power plants per year for the next 10 years, the price of oil would probably drop by a factor of two in a relatively short period of time. Over time, we would greatly reduce our dependence on energy sources from outside the U.S., and our country and, eventually, our environment would be far better off.

Is the dialogue between the public and private sectors driving changes in the nation's energy policy?

More and more politicians recognize the energy challenge our nation faces, acknowledge that we need a better energy policy, and understand we don't have a whole lot of options. The concern over global warming has focused people on the options we have, and, of course, everyone talks about renewable energy and energy efficiency – both of which are important, but neither of which will totally solve the problem. Nuclear energy keeps coming to the forefront. We know how to do it and it has a proven track record. It's an obvious solution.

We've been very pleased with our dialogue with Florida Governor Charlie Crist. He deserves a lot of respect for the leadership he has demonstrated in environmental issues.

How has FPL addressed climate change as a company?

It has been a big focus of ours for a long time. Since the early '90s, our renewables business has grown to the point that we're investing over \$2 billion a year in it – and we're hoping to invest even more. The electric utility industry, as a whole, has been very proactive. A year ago, the Edison Electric Institute adopted a new set of principles that acknowledged human activity and carbon dioxide as contributors to global warming, and the need for mandatory controls on carbon dioxide. The devil is in the details of how fast we can make changes to address these issues, but we've been working very hard to do so. In fact, the CEOs of virtually all of the major electric utilities have an hour-long conference call every two weeks, just to make sure we are dealing with the same set of facts and establishing the same types of policies. I know of no other industry that has spent that kind of time on this issue. ●