



Investing in Energy

An Interview with Armando J. Olivera,
President and Chief Executive Officer, Florida Power & Light Company

EDITORS' NOTE Armando Olivera was appointed to his current position in June 2003. Olivera joined Florida Power & Light (FPL) in 1972. Prior to being named to his current role, he was Senior Vice President of FPL's power systems business unit. He holds a bachelor of science degree in electrical engineering from Cornell University and a master of business administration degree from the University of Miami. He also is a graduate of the professional management development program of the Harvard Business School. Olivera is a director of Nicor Inc., and a member of the board and a past chairman of the Florida Reliability Coordinating Council. He is a member of the board of Enterprise Florida and a member of the Florida Council of 100. He is also a member of the Cornell University Board of Trustees and Cornell University Engineering Council.



Armando J. Olivera

COMPANY BRIEF Florida Power & Light Company (www.FPL.com) is the largest electric utility in Florida and one of the largest rate-regulated utilities in the United States. The company serves 4.5 million customer accounts in Florida and is a leading employer in the state with approximately 10,000 employees. It is a subsidiary of Juno Beach, Florida-based NextEra Energy, Inc.

How was the business positioned during the downturn and what is the company's growth outlook today?

It wasn't until early summer of 2008 that we saw the downturn. Construction in Florida came to a standstill and as new buildings and homes were being completed, no one was moving into them.

So we shut down the side of the company that was involved in new construction. By the fall of 2008, we had laid off most of the contractors doing that work and, in the spring of 2009, we had a further workforce reduction involving the technical people in that area.

Going forward, we have been careful to manage the business for much lower level growth than we experienced in the past.

We have also been focused on how we can add value in terms of economic development for the state by keeping rates low. So we have invested in more generating technology that provides fuel savings, which has helped lower

customers' bills. We have the lowest bills in the state of Florida, largely a result of the investments we've made in new generation.

More recently, we have been asking ourselves what else we can do to spur economic development in the state. We got approval for an economic development rate, which gives business customers a series of reductions in their electric bill over a five-year period if they open a new facility that creates jobs or they take over an empty premise. We're working hand-in-hand with

the state's Office of Economic Development and with local economic development entities, because if the state grows, we do well.

Are you happy with your progress on producing cleaner electricity?

Yes. The same technology we have been using to keep bills down has also had a significant environmental benefit. So we have one of the lowest emission rates for carbon dioxide, nitrogen oxides, and particulate matters in the country. And we have one of the newest and most efficient generating fleets in the country.

However, we are heavy users of fossil fuels and would like to have more renewable generation in our mix. We have three large-scale solar facilities in our service territory and we'd like to do more but it's still a tough sell based on cost recovery issues.

Essentially, we need enabling legislation at the state level and we have not been successful in getting that passed. Solar, in particular, makes a lot of sense in Florida, given the climate and how many days of sun we have, and given our dependency on fossil fuels.

How critical is leveraging new technology for the business and how has FPL been an innovator in that area?

We have taken advantage of new technology to become better operators of our assets. At our plants, we have the capability to constantly monitor our equipment at a central location so that we can anticipate, for instance, when a motor is going to fail or a compressor will have problems before those problems ever happen.

We have also used a lot of communications technology to help us harness proprietary information that allows us to avoid having an unplanned outage in a plant, for example.

Our plants consistently prove reliable through the use of technology to monitor their performance and to evaluate the effectiveness of our processes.

Technology adds a lot of value both in cost and reliability. So we are currently investing a lot of money in smart meters and in putting more intelligence into the grid. This will allow us to provide better service at a lower cost, because we can tell when there is a problem on the grid before it fails.

How critical is the company's focus on community and is it important that those efforts align with the business?

They have to align with the business. We have assets in the ground that will be there for more than 40 years, and they touch every community and person in the areas we serve.

So you have to be a good citizen and understand the priorities of the community in terms of our service. If communities do well, we do well.

Should more be done to get the message out about the benefits of nuclear power?

Yes. Oftentimes negativity towards nuclear comes from lack of knowledge about what radioactive means. The word scares people but there is radioactivity in our environment every day – it's a question of degree.

We have to do a better job of educating people on two fronts: first, on the many layers of safety that these nuclear plants have in the U.S., and second, on the benefits of nuclear generation such as low-cost fuel, no emissions, and a tremendous geopolitical impact since it makes us less dependent on foreign sources of oil.

Nuclear has to be part of the energy future of this country and this is from someone who is a strong believer in renewables.

Is there an effective public/private partnership working in Florida to get the message out about the value the state offers businesses?

This governor understands that creating jobs comes from business. So there has been more focus on making sure the taxes for corporations are as low as they can be. There has also been a focus on revisiting regulation that affects business and trying to figure out how we can streamline some of the regulations that affect business without compromising the environment or the quality of life for people who live in the state.

It's a fertile climate now and it's only going to get better with the kind of attention that it's getting from the political leaders. ●