

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 110009-EI
FLORIDA POWER & LIGHT COMPANY

MAY 2, 2011

IN RE: NUCLEAR POWER PLANT COST RECOVERY
FOR THE YEARS ENDING
DECEMBER 2011 AND 2012

TESTIMONY OF:

ARMANDO J. OLIVERA

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2 **FLORIDA POWER & LIGHT COMPANY**

3 **DIRECT TESTIMONY OF ARMANDO J. OLIVERA**

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6

7 **Q. Please state your name and business address.**

8 A. My name is Armando J. Olivera. My business address is Florida Power &
9 Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

10 **Q. By whom are you employed and what is your position?**

11 A. I am employed by Florida Power & Light Company (FPL or the Company) as
12 President and Chief Executive Officer.

13 **Q. Please describe your duties and responsibilities in that position.**

14 A. I have overall responsibility for the operations of FPL.

15 **Q. Please describe your educational background and business experience.**

16 A. I have a Bachelor of Science degree in electrical engineering from Cornell
17 University and a Master of Business Administration from the University of
18 Miami. I am also a graduate of the Professional Management Development
19 program of the Harvard Business School. I was appointed to my current
20 position in 2003.

21 **Q. What is the purpose of your testimony?**

22 A. The purpose of my testimony is to address the unfounded allegation that FPL
23 provided incomplete or inaccurate information to the Commission in the 2009

1 Nuclear Cost Recovery Clause (NCRC) proceeding. Because FPL takes its
2 obligations to the Commission very seriously, I felt compelled to make myself
3 available to address this issue.

4
5 I also wish to emphasize to the Commission in this proceeding that while
6 nuclear power has its challenges and difficulties, it is an important part of
7 providing clean, efficient, low cost electric service to FPL customers and FPL
8 remains committed to its pursuit of the extended power uprate (EPU) project.

9 **Q. How much nuclear-based capacity does FPL currently have?**

10 A. At present, FPL's four nuclear units provide approximately 2900 megawatts
11 (MW) of our electric generating capacity, or 12.4 percent of FPL's total system
12 generation. Because nuclear energy is the lowest cost resource in the
13 generation fleet, and highly available, this capacity produces about 20 percent
14 of the energy FPL currently provides to its 4.5 million customer accounts, or
15 approximately 8 million Florida residents. FPL is in the process of conducting
16 its EPU project to produce additional nuclear power from its existing nuclear
17 units.

18 **Q. What does it mean to "uprate" FPL's existing four nuclear units?**

19 A. A "power uprate" is a proven, safe, reliable way to increase output from
20 existing nuclear power plants. In the case of FPL's EPU project, we are
21 replacing current plant systems with equipment that is more efficient and
22 enables greater power production. Essentially, to "uprate" a unit we install a
23 number of new components and systems such as pipes, valves, pumps, heat

1 exchangers, electrical transformers, turbines and generators to accommodate
2 the plant conditions that will exist at higher power levels.

3 **Q. How much more power will FPL’s existing nuclear plants produce when**
4 **the EPU project is completed?**

5 A. FPL expects that the extended power uprate project at its St. Lucie and Turkey
6 Point nuclear plants will increase FPL’s nuclear-based capacity by about 450
7 MW, or about 15%.

8 **Q. What are some of the expected benefits of FPL’s uprate project for its**
9 **customers?**

10 A. The expected benefits of FPL’s EPU project for customers fall into several
11 areas, detailed in the testimony of FPL Witness Dr. Steven Sim. At a high
12 level, the EPU project will increase the percentage of nuclear generation,
13 produce fuel savings for customers, provide generating capacity sufficient to
14 meet the needs of more than 200,000 residential customer accounts, decrease
15 dependency on fossil fuels and reduce FPL’s system CO₂ emissions.

16 **Q. OPC has proposed that the Commission decide as an issue in this case**
17 **whether “FPL willfully withheld information that the Commission needed**
18 **to make an informed decision during the September 2009 hearing in**
19 **Docket No. 090009-EI.” Please comment.**

20 A. Let me be very clear. FPL did not willfully withhold information that the
21 Commission needed to make an informed decision during the September 2009
22 hearing in Docket No. 090009-EI.

23

1 Simply put, as of September 2009, cost forecast information for the EPU
2 project was not vetted and accepted such that it would have supported a
3 reliable revision to the estimated in-service costs for the project. The work
4 needed for such a revision was not concluded until about seven months later, in
5 April 2010, in time for the May 2010 NCRC filing required by the
6 Commission's rules.

7
8 FPL has also submitted the testimony of Art Stall, the former President of FPL
9 Group Nuclear, who describes in detail the information in FPL's possession in
10 the September 2009 time period and why FPL could not reliably update its
11 NCRC testimony during the September 2009 hearings before the Commission.

12 **Q. Does the situation at the Fukushima nuclear plant in Japan affect FPL's**
13 **plans to pursue the EPU project?**

14 A. No. As discussed in the testimony of Dr. Nils J. Diaz, former chairman of the
15 Nuclear Regulatory Commission (NRC), FPL, the nuclear power industry, and
16 the NRC will all incorporate lessons learned from the Fukushima accident.
17 However, Dr. Diaz does not forecast any drastic changes to the NRC's
18 regulatory process to safely license the EPU project.

19 **Q. Does FPL intend to pursue completion of the EPU project?**

20 A. Yes. While very challenging due to its great technical and business
21 complexity, the EPU project is expected to deliver solid benefits for FPL's
22 customers for many years. Completing the EPU project is the right thing to do
23 for FPL's customers.

1 Q. **Does this conclude your direct testimony?**

2 A. Yes.