

**Antonia Hover**

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**From:** Carlotta Stauffer  
**Sent:** Thursday, May 31, 2018 9:57 AM  
**To:** 'Stephen Faherty'  
**Cc:** Heran,Glen; JR Kelly; cityclrk@covb.org; townclerk@irshores.com; pobryan@ircgov.com; Ken.rubin@fpl.com  
**Subject:** Clarification to May 25, 2018 Letter  
**Attachments:** Ltrr to FL PSC in re sale 5-30-18 Final.docx

Dr. Faherty,

Thank you for your email. This correspondence will be placed in Docket Nos. 20170235-EI and 20170236-EU.

Sincerely,

*Carlotta S. Stauffer*

Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
[Carlotta.Stauffer@psc.state.fl.us](mailto:Carlotta.Stauffer@psc.state.fl.us)  
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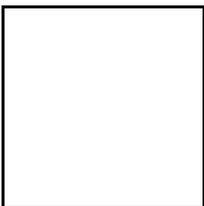
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**From:** Stephen Faherty [<mailto:fahertydoc@earthlink.net>]  
**Sent:** Thursday, May 31, 2018 9:51 AM  
**To:** Carlotta Stauffer  
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**Subject:** Clarification to May 25, 2018 Letter  
**Importance:** High

Dear Ms. Stauffer:

Attached is clarification to our May 25, 2018 Letter.

Dr. Stephen J. Faherty, Sr.



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May 30, 2018

Ms. Carlotta S. Stauffer  
Florida Public Service Commission  
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Attention:  
Chairman Graham  
Commissioner Brown  
Commissioner Clark  
Commissioner Polmann  
Commissioner Fay

In re:

- Petition for Authority to Charge FPL Rates to Former COVB Customers and for Approval of Accounting Treatment of COVB Electric System Acquisition (Docket No. 20170235-EI)
- Petition to Terminate Territorial Agreement (Docket No. 20170236-EU)

Dear Ms. Stauffer:

As a clarification to our letter dated 5/25/18: While we wholeheartedly support the staff's recommendations for the sale of the Vero electric utility to FPL as noted in recommendation 1 where COVB customers receive FPL rates and the change in the PSC Territorial Agreement as noted in recommendation 2, we were extremely disappointed in, and do not approve of, the staff's recommended conditions of sale. We believe PSC staff, with respect to recommendations 3 and 4, is in error and failed to consider all the public benefits to the people of the State of Florida.

- The FPL-COVB PSA is unprecedented in the State of Florida. Yet PSC staff is erroneously using, as precedent, the Sebring case as part of its calculations, a case which the PSC in 1992, said "we unconditionally state that this decision has no precedential value". Each transaction has to be considered on its own set of facts and, as in the case of Vero Beach, extraordinary circumstances.
- The public good is served to all existing FPL customers and those of the COVB by allowing FPL to recover the full acquisition adjustment. Because fixed cost can be spread over the new 35,000 COVB customers, all FPL customers will save money. The present value of that savings to

existing FPL customers is estimated at \$105 million, savings they would not otherwise have if FPL does not purchase COVB.

- The PSC should want to encourage efficient utilities such as FPL to reach out and work deals that bring lower rates and better service to other utility customers. But no utility is going to make that effort if they are going to be second guessed and denied recovery of their investment by the PSC. For example, municipal utilities, whose rates tend to be significantly higher, will be denied the opportunities to access lower rates offered by FPL or other private utilities. After reviewing the public records of 33 Florida cities, customers of municipal utilities annually spend more than \$600 million in higher municipal rates merely to transfer less than \$300 million in so called "profit" their general funds. Vero Beach is currently consistent with this.
- Finally, PSC staff is ignoring the plight of approximately 1 million Floridians who are outside customers of unregulated municipal price monopolies. These cities regularly charge municipal surcharges and artificially higher electric rates to outside captive customers than those available in the private sector. These cities use these outside customers to fund general fund expense that they would otherwise have to charge as taxes to their own inside city constituents. That is the modern day example of taxation without representation. By access to PSC and Public Counsel protections, this sale will demonstrate good public policy by providing protections to 60% of Vero's customers and ultimately other captive outside customers who may wish to follow this example.

We strongly urge the PSC to approve the sale of Vero Electric to FPL as currently structured. To do otherwise would kill the transaction permanently after so much has been gained in reaching this point.

*Stephen J. Faherty, Sr.*

Dr. Stephen J. Faherty, Sr.

*Glenn F. Heran, CPA*

Glenn Fraser Heran, CPA

cc:

J. R. Kelly, Florida Public Counsel, [kelly.jr@leg.state.fl.us](mailto:kelly.jr@leg.state.fl.us)

Harry Howle, Mayor, City of Vero Beach, [cityclrk@covb.org](mailto:cityclrk@covb.org)

Thomas F. Slater, Mayor, Indian River Shores, [townclerk@irshores.com](mailto:townclerk@irshores.com)

Peter O'Bryan, Chair, Board of Commissioners, Indian River County, [pobryan@ircgov.com](mailto:pobryan@ircgov.com)

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