

Nickalus Holmes

From: Betty Leland
Sent: Thursday, May 31, 2018 7:23 AM
To: Commissioner Correspondence
Subject: Letter from Senator Debbie Mayfield re: Sale of Vero Beach Electric System
Attachments: PSC - Sale of Vero Beach Support Letter.pdf

Good Morning:

Please the attached email/letter in docket correspondence consumers and their representatives in Docket Nos. 20170235 and 20170236.

Thanks.

Betty Leland, Executive Assistant to
Chairman Art Graham
Florida Public Service Commission
bleland@psc.state.fl.us
(850) 413-6024

From: Steele, Patrick [<mailto:Steele.Patrick@flsenate.gov>]
Sent: Wednesday, May 30, 2018 4:34 PM
To: Office Of Commissioner Graham; Office of Commissioner Brown; Office of Commissioner Polmann; Office Of Commissioner Clark; Office of Commissioner Fay
Cc: Johnsonsmith, Amelia; Mitchell, Margaret
Subject: Sale of Vero Beach Electric System

Good afternoon,

On behalf of Senator Mayfield, please see attached a letter regarding the sale of the Vero Beach Electric System. If you have any questions or concerns, please don't hesitate to reach out to our office or to Senator Mayfield directly.

Thank you,



Patrick Steele

Legislative Aide

Senator Debbie Mayfield

District 17

Location

900 East Strawbridge Ave.
Melbourne, FL 32901



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

COMMITTEES:

Education, *Vice Chair*
Governmental Oversight and
Accountability, *Vice Chair*
Agriculture
Appropriations Subcommittee on the Environment
and Natural Resources
Appropriations Subcommittee on General
Government
Judiciary

JOINT COMMITTEE:

Joint Legislative Auditing Committee,
Alternating Chair

SENATOR DEBBIE MAYFIELD

17th District

May 30, 2018

Chairman Art Graham
Commissioner Gary F. Clark
Commissioner Julie Imanuel Brown
Commissioner Donald J. Polmann
Commissioner Andrew Giles Fay
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket 20170235 -- Petition by Florida Power & Light Company (FPL) for authority to charge FPL rates to former City of Vero Beach customers and for approval of FPL's accounting treatment for City of Vero Beach transaction.

Docket 20170236 -- Joint petition to terminate territorial agreement by Florida Power & Light and the City of Vero Beach.

Dear Chairman Graham and Commissioners:

I recently learned that next Tuesday, the Public Service Commission will vote on Florida Power and Light's (FPL) request to acquire the City of Vero Beach Electric System. The acquisition was painstakingly negotiated by FPL, City of Vero Beach, and other stakeholders to resolve unique electric utility issues that have plagued my area for decades. The acquisition is structured to provide tangible benefits to the City of Vero Beach electric customers, to FPL's existing customers, and to customers of other utilities around our State. The acquisition has statewide benefits and I urge you to approve the transaction as it was carefully structured by the parties.

This is a unique and unusual situation involving a municipal utility whose electric rates have historically been some of the highest in our state. Over **sixty percent** of the utility's customers reside outside of the City of Vero Beach's corporate limits and have no vote on how the utility operates or the rates it charges. Tens of thousands of these non-resident customers have been disenfranchised, and are offered no protection by the state's Office of Public Counsel. To complicate matters even further, City of Vero Beach's utility operates unilaterally within the corporate limits of another co-equal municipality – the Town of Indian River Shores – without the Town's consent. These

REPLY TO:

- ☑ 900 E. Strawbridge Avenue, Melbourne, Florida 32901 (321) 409-2025 FAX: (888) 263-3815
- ☐ 1801 27th Street, Vero Beach, Florida 32960 (772) 226-1970
- ☐ 324 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5017

Senate's Website: www.flsenate.gov

JOE NEGRON
President of the Senate

ANITERE FLORES
President Pro Tempore

May 30, 2018
Page 2

anomalies have spawned numerous litigation and administrative proceedings with claims of taxation without representation, unregulated monopoly abuse, constitutional conflict, and usurpation of home rule powers. Many of those litigation proceedings remain pending and unresolved today.

The FPL acquisition will resolve all of those issues and more. Rates would be substantially reduced at the outset, which would immediately place more money in the pockets of about 35,000 customers in the Indian River County area. Service quality would improve since FPL offers more reliable service, investment in storm hardening, a modernized electric grid, cleaner energy sources and an industry-leading storm restoration team. Non-resident customers no longer would be disenfranchised nor would they be at the mercy of an unregulated monopoly. Instead, they would be served by a utility whose rates and services are intensely regulated by your agency. Those customers also would be protected by the Office of Public Counsel.

But the benefits of this transaction extend well beyond just the City of Vero Beach customers. This truly is one of those rare win-win transactions that also benefits FPL's existing customer base. There are also tangible benefits for electric customers of the Orlando Utility Commission (OUC), for the Florida Municipal Power Agency (FMPA), and for the electric customers of the 30 cities across the state that are FMPA members, all of whom helped make this solution a reality. I sincerely believe there are clear, tangible benefits for citizens throughout Florida.

Negotiating this carefully balanced agreement to achieve these statewide benefits has not been an easy task. The agreement is the culmination of many years of hard work and cooperation. Many stakeholders in addition to FPL and the City of Vero Beach have been involved in navigating the way to a solution, including the Town of Indian River Shores, Indian River County, FMPA and about 20 of its member cities, OUC, and the Florida Legislature. Working together, this broad and diverse group has thoughtfully constructed a solution that some said would never come.

That is why I find myself very disappointed with your staff's recommendation. While I am certainly not a utility regulation expert, the staff's recommendation seems to be focused on the trees and not the forest, and in so doing overlooks the practical, real world benefits of this sensibly balanced deal. The recommendation seems to fixate on a sale that took place between two different utilities more than 25 years ago that were facing a very different set of circumstances. The fact is that this deal has its own unique and complex set of facts – challenges that were overcome with the help of so many stakeholders across our State over the last 9 years.

The staff seems to have issues with how FPL calculated the benefits for its own customer base. Again, I am not an expert, but I'm sure that FPL has its own team of experts who looked at this transaction. In fact, FPL's experts project more than \$100 million in benefits for FPL's existing customers. That is not an insignificant benefit. Even if there are disagreements over the precision of FPL's projections (which is the case with every projection) it is clear that there still will be substantial benefits for FPL's existing customers. That conclusion seems intuitively obvious since FPL will be able to spread its fixed costs over an additional 35,000 customers.

It is unfortunate that staff's recommendation loses sight of these state-wide benefits. Instead of commending the parties and all the stakeholders for working so hard on this comprehensive solution

May 30, 2018
Page 3

that is beneficial to all, the recommendation seems intent on rewriting, at the eleventh hour, this sensibly constructed agreement that has been nine years in the making. I am deeply concerned that if you approve staff's recommendation as written, you will effectively dismantle this carefully balanced agreement and the opportunity to finally resolve this issue for all stakeholders will be lost. That would be a travesty.

When I last appeared before you in September 2016, I explained the unique electric utility problems that my constituents face. While you appeared to understand my concerns, you said at that time you did not have the jurisdictional tools to help. But now you do. That is why I am urging you to approve this carefully structured transaction that will benefit all.

Thank you for your service to the State of Florida.

Regards,



Debbie Mayfield
State Senator, District 17

cc: The Honorable Rick Scott, Governor of Florida
Braulio Baez, Executive Director, Florida PSC
Ken Rubin, Senior Counsel Florida Power and Light
Kenneth Hoffman, VP Regulatory Affairs Florida Power and Light
The Honorable Harry Howle, Mayor City of Vero Beach
Jim O'Connor, City Manager City of Vero Beach
Wayne Coment, Attorney City of Vero Beach
The Honorable Tom Slater, Mayor Town of Indian River Shores
Robert Stabe, City Manager Town of Indian River Shores
Chester Clem, Attorney Town of Indian River Shores
The Honorable Peter O'Bryan, Chairman IRC Board of County Commissioner
Jason Brown, County Administrator Indian River County
Dylan Reingold, Attorney Indian River County
Brian Barefoot, Indian River Shores