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May 31, 2018

Via E-Mail and U.S. Mail

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

Re: *In re: 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 No.: 20170235-EI and Docket No.: 20170236-EU*

Dear Chairman Graham and Commissioners:

As Mayor of the Town of Indian River Shores, I respectfully ask that you approve FPL's request to acquire the City of Vero Beach electric utility system, as the acquisition has been carefully structured and written by the parties. The acquisition would bring much-needed rate relief and regulatory protections to the residents of our Town, the City and unincorporated Indian River County. It also would provide tangible benefits to FPL's other customers and to customers of other utilities around our State.

The acquisition would resolve a unique and complex problem that has beleaguered our Town for decades. Currently, the territorial boundary line between FPL and Vero Electric splits our Town. Some of our residents are served by FPL, others by Vero Electric. This results in my constituents being served by two different utilities, with vastly different rates and levels of service. Moreover, our residents currently served by Vero Electric are completely disenfranchised and have no say in how that utility sets its rates or offers its services. Our residents have repeatedly asked the Office of Public Counsel to protect them from unregulated monopoly abuse, but they've been told the Public Counsel can't help them. This unique dilemma has been extraordinarily divisive and has spawned a number of lawsuits. Approval of FPL's acquisition of Vero Electric would unify electric

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service within our Town, allow all customers in the region to receive FPL service at that utility's low rates, afford all customers the protection of the Office of Public Counsel, and settle long-standing litigation once and for all.

Please know, however, that the benefits of this acquisition don't stop at the Town's corporate limits, nor do they end at the Indian River County line. Expert testimony in this proceeding shows that adding 35,000 new customers to FPL's customer base will generate additional incremental revenue and provide approximately \$105 million in benefits to FPL's existing customers. This carefully constructed agreement also will enable FPL to spread its fixed costs over 35,000 additional customers which in turn will reduce all FPL customers' share of those fixed costs. Other customers around Florida will benefit as well. Revenue that the Orlando Utilities Commission (OUC) receives from this transaction surely will be used to mitigate contract risks and reduce debt, all to the ultimate benefit of OUC's customers. The same is true for the FMPA and the electric customers of more than 30 municipalities across Florida that are FMPA members.

Win-win opportunities like this don't often appear. And this agreement didn't magically appear out of thin air. It's the product of nine years of hard work by FPL, the City of Vero Beach, Indian River County, FMPA and its member cities, OUC, the Florida Legislature, and our Town. We all worked together on an agreement that carefully balances the interests of all the stakeholders, and produces benefits across our State.

Up until last Friday, our Town was optimistic that this long-running dilemma soon would be resolved. We expected that the PSC would encourage and commend the parties and other stakeholders for their extraordinary efforts in structuring a solution that benefits all. But that was before your staff issued its recommendation. Regrettably, that recommendation overlooks the tangible real-world benefits of this balanced deal, and attempts to rewrite an agreement that's been in the works for 9 long years.

I'm sure staff was trying to do its job, but the recommendation seems to be preoccupied with a prior proceeding involving a completely different utility's acquisition of Sebring Utilities -- an acquisition that took place more than a quarter-century ago. Ironically, the PSC order in that earlier proceeding specifically cautioned that the Sebring case has no precedential value. I've been advised by our counsel that the petition in the Sebring transaction, which is on the PSC's website, shows both Florida Power Corporation and Sebring expressly asked the PSC to impose a surcharge (rider) on the former-Sebring customers. This was understandable since Florida Power believed then that its acquisition of Sebring -- as that deal was structured -- would not provide net benefits to its other customers. But that is not the case here. In stark contrast to the Sebring transaction, expert testimony in this matter shows that FPL's acquisition will provide over \$100 million in benefits to FPL's other customers. Consequently, a surcharge has never been part of this carefully structured solution. To try to insert one now most certainly would doom this very good deal. In any event, you don't need to be a lawyer or a utility expert to see that the Sebring acquisition is very different from what we are dealing with here. As I mentioned before, this carefully structured transaction has its own extraordinarily unique and complicated set of facts, and it should not establish precedent just as the Sebring case should not establish precedent.

I fear if you approve staff's recommendation as it is now written, you will effectively disassemble a complex agreement that has taken almost a decade to construct. If this delicately balanced

solution is not resolved now, it's destined to fall apart and this rare win-win opportunity to solve a very complex problem will be lost. With all respect, please don't let that happen. Please approve this carefully structured transaction as it has been written by the parties.

Thank you for your consideration.

Sincerely,



Tom Slater  
Mayor

cc: The Honorable Rick Scott, Governor of Florida  
Sen. Debbie Mayfield  
Rep. Erin Grall  
The Honorable Harry Howle, Mayor City of Vero Beach  
The Honorable Peter O'Bryan, Chairman, Indian River County Board of  
County Commissioners  
Braulio Baez, Executive Director, Florida Public Service Commission  
Carlotta Stauffer, Clerk, Florida Public Service Commission  
Vice Mayor Michael B. Ochsner  
Councilman Robert Auwaerter  
Councilman Richard Haverland  
Councilmember Deborah Peniston  
Robert Stabe, Town Manager, Town of Indian River Shores  
Chester Clem, Town Attorney, Town of Indian River Shores  
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Stephanie Morse, Office of Public Counsel  
Charles Rehwinkel, Office of Public Counsel  
Kenneth Hoffman, Vice President, Regulatory Affairs, Florida Power & Light  
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Wayne Coment, City Attorney, City of Vero Beach  
James O'Connor, City Manager, City of Vero Beach  
Jason Brown, County Administrator, Indian River County  
Dylan Reingold, County Attorney, Indian River County