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September 24, 2018

Via Electronic Filing

Ms. Carlotta S. Stauffer
Division of the Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850


Re: Docket Nos. 20170235-EI & 20170236-EU

Dear Ms. Stauffer:

Enclosed for electronic filing in the above dockets are the prefiled Rebuttal Testimony and Exhibit of Town of Indian River Shores witness Brian M. Barefoot.

If you should have any questions regarding this transmittal, please contact me at (850) 425-5607. Thank you.

Sincerely,



D. Bruce May
Florida Bar No. 354473

cc: counsel for parties of records (with enclosure)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

In re: Joint petition to terminate territorial agreement, by Florida Power & Light and the City of Vero Beach.

DOCKET NO. 20170236-EU

Date: September 24, 2018

REBUTTAL TESTIMONY

OF

BRIAN M. BAREFOOT

on behalf of

Town of Indian River Shores

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **TOWN OF INDIAN RIVER SHORES**

3 **REBUTTAL TESTIMONY OF BRIAN M. BAREFOOT**

4 **DOCKET NOS. 20170235-EI and 20170236-EU**

5

6 **Q. What is your name and business address?**

7 A. My name is Brian Barefoot and my business address is 270 Coconut Palm Road,
8 Indian River Shores, Florida 32963.

9

10 **Q. For whom are you appearing as a witness?**

11 A. I've been asked to appear as a witness by and for the Town of Indian River Shores
12 ("Town" or "Indian River Shores"). I am testifying in this proceeding as a resident
13 of the Town and a customer of the City of Vero Beach ("City" or "COVB")
14 electric utility. I also served as Mayor for the Town from March 20, 2013 through
15 April 20, 2018, and have personal knowledge of many of the extraordinary
16 circumstances that have led to the carefully balanced Asset Purchase and Sale
17 Agreement (the "PSA") under which COVB has agreed to sell, and FPL has agreed
18 to purchase, the COVB electric utility system.

19

20 **Q. Please summarize your educational background and professional experience.**

21 A. I'm a graduate of Babson College, and received an MBA degree from Pace
22 University Lubin School of Management. I've attended various Harvard Executive
23 Education Programs.

24 With respect to my professional experience, I've worked in the financial services
25 industry for more than three decades. I was with Merrill Lynch & Co. for twenty-

1 five (25) years and there held various senior management positions with overall
2 responsibility for securities trading and risk management. Subsequently, I served as
3 Executive Vice-President of PaineWebber-UBS and was responsible for the
4 company's investment banking operations worldwide. I also served as President
5 and CEO of PaineWebber International, Inc. I then served as president of Babson
6 College, one of the nation's leading management schools, from July 1, 2001 until I
7 retired on June 30, 2008, at which time I was elected President Emeritus. Most
8 recently, I served as Mayor of the Town of Indian River Shores, Florida from
9 March 20, 2013 until my retirement in April of this year.

10

11 **Q. Are you sponsoring any exhibits with your rebuttal testimony?**

12 A. Yes. I am including my biography with my testimony as Exhibit BMB-1.

13

14 **Q. What is the purpose of your rebuttal testimony?**

15 A. I'm filing rebuttal testimony to correct misstatements made by the Civic
16 Association of Indian River County, Inc. ("CAIRC") witness Jay Kramer in his
17 direct testimony. Specifically, I rebut his claims that COVB customers residing
18 outside the City have not been disenfranchised.

19

20 **Q. On page 2 of his direct testimony, CAIRC witness Kramer claims that COVB**
21 **customers outside the City have just as much influence in ratemaking as those**
22 **residing inside the City. Do you agree?**

23 A. No, and I'm surprised that Mr. Kramer would make such a claim. Customers inside
24 the City elect the individuals on the COVB City Council, and those elected
25 councilmembers are the ones that make the decisions that determine the rates for

1 the COVB electric utility. Customers who reside outside the City cannot vote for
2 COVB councilmembers. With more than 61% of COVB electric customers living
3 outside the City limits, the vast majority of COVB's customers do not have an
4 opportunity to vote for the individuals who ultimately determine their electric rates.
5 That by itself is an extraordinary circumstance that warrants the Commission
6 granting the regulatory approvals which will allow the PSA to close.

7
8 To say, as witness Kramer does, that non-resident COVB customers are on equal
9 footing with City residents because they all may organize, fund campaigns, and
10 lobby is disingenuous. At the end of the day, no one in good faith can deny the
11 following fact: COVB customers inside the City who are dissatisfied with members
12 of their rate-setting body may vote them out of office; COVB customers who live
13 outside the City cannot.

14
15 **Q. What role does the Vero Beach City Utilities Commission play in setting rates**
16 **for COVB customers?**

17 A. The Vero Beach City Utilities Commission is only an advisory body comprised of
18 five members that makes non-binding recommendations regarding utility matters to
19 the COVB City Council. The Utilities Commission is toothless when it comes to
20 setting rates.

21
22 **Q. On page 1 of his testimony Witness Kramer claims that “extraordinary**
23 **circumstances” do not exist in Vero Beach because “the representation of**
24 **outside customers is the same as it is for city customers”. Do you concur?**

25

1 A. No. As I just explained, Mr. Kramer completely ignores the extraordinary fact that
2 over 61 percent of COVB's customers reside outside the City's municipal limits
3 and have no voice in the way the City sets its electric rates or otherwise operates
4 the electric utility. Mr. Kramer also completely ignores a unique and divisive
5 problem that has plagued our Town for years.

6
7 **Q. What unique and divisive problem are you referring to?**

8 A. Right now our community is split in two by a territorial boundary line that divides
9 the electric service areas of FPL and COVB. FPL serves Town residents living
10 north of the boundary line, while COVB serves Town residents living south of the
11 boundary line. This unusual boundary configuration causes neighbors in the same
12 community to be served by two different electric utilities, with very different rates
13 and levels of service. It also results in unequal and unfair regulatory protections.
14 Town residents served by FPL are protected from unreasonable rates by the
15 Commission. But their neighbors served by COVB are given no regulatory
16 protections, which is a serious problem since they are completely disenfranchised
17 and have no vote on how COVB sets its rates or offers its services.

18
19 Not only is this disenfranchisement blatant, it has been extraordinarily divisive. As
20 Mayor of Indian River Shores, I witnessed first-hand that COVB customers in our
21 Town and in other parts of Indian River County have been extremely frustrated by
22 their inability to have a voice in the operation of the City's electric utility or in rate
23 setting decisions. "Taxation without representation" is a complaint I heard
24 repeatedly while Mayor and continue to hear to this day. The frustration of these
25 disenfranchised customers has prompted repeated efforts to address the issue

1 through legislation. Unfortunately, the frustration has also boiled over into multiple
2 civil and administrative litigation proceedings between the City of Vero Beach and
3 the Town and Indian River County, the most recent of which was filed by the Town
4 while I was Mayor and remains pending in PSC Docket No. 20160049-EU.

5
6 **Q. Would closing the PSA resolve that pending dispute?**

7 A. Yes, it would comprehensively resolve the dispute once and for all. Here's why.
8 By granting the requested regulatory approvals and allowing the PSA to close the
9 Commission would eliminate the divisive territorial boundary line that splits our
10 Town and thus unify electric service under a single provider. This in turn would
11 allow the Town and all its residents to receive FPL electric service at that utility's
12 low rates. At the same time it would protect those that have been disenfranchised
13 by giving all Town residents the much needed regulatory protection of the
14 Commission. In Order No. PSC-16-0554-PCO-EU, the Commission has already
15 recognized that the dispute would be resolved by the sale of COVB's electric
16 system to FPL, and has abated the case so the Town and COVB could focus "their
17 efforts on consummating the sale".

18
19 **Q. Do you have any closing remarks you would like to make about allegations in
20 Witness Kramer's testimony?**

21 A. Yes. I sincerely hope that Mr. Kramer's misstatement of the facts do not distract
22 the Commission from the obvious benefits of this carefully balanced deal. There is
23 no doubt the Town along with the thousands of residents who receive more costly
24 electric service from COVB will benefit greatly from the transaction. But this
25 transaction also will bring tangible benefits to the City as proceeds from the sale

1 will provide it with millions of dollars in unrestricted funds which the City can use
2 as it sees fit to meet its financial needs. Further, as explained in the supplemental
3 testimony of FPL witness Scott Bores, FPL's general body of customers will
4 benefit by approximately \$99 million in present value mainly due to the economies
5 of scale of FPL serving COVB customers.

6
7 A transaction like this one -- that benefits all stakeholders and resolves complex
8 and long-standing disputes -- is indeed rare. It would be a tragedy if the
9 Commission were to allow this extraordinary deal to die for lack of regulatory
10 approval.

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Q. Does this conclude your rebuttal testimony?

A. Yes.

Biography of Brian M. Barefoot

June, 2018

Brian M. Barefoot served as president of Babson College, one of the nation's leading management schools, from July 1, 2001 until he retired on June 30, 2008, at which time he was elected President Emeritus. Located in Wellesley, Massachusetts, Babson is internationally recognized for its leadership in entrepreneurial management education.

A graduate of the college, Mr. Barefoot has had a long and distinguished record of service to Babson and served as Chair of the Board of Trustees from 1996 to 2001.

Under President Barefoot's leadership, Babson continued to strengthen its innovative programs for undergraduate and MBA students and business professionals, which have earned Babson College the #1 ranking in entrepreneurship for 22 and 25 consecutive years respectfully. Babson's F.W. Olin Graduate School of Business is among the top 20 MBA programs in the country; the undergraduate program is the top ranked small, private college for business in the U.S.; and Babson Executive Education is among the 10 leading providers of executive education worldwide.

Previously, Mr. Barefoot's career in financial services spanned more than three decades. At PaineWebber, Inc. from 1994 to 2001, he served as Executive Vice President and Director of Investment Banking, a member of its Board of Directors, and President and Chief Executive Officer of its subsidiary, PaineWebber International. During twenty-five years at Merrill Lynch & Co., from 1967 to 1992, he held various senior management positions, retiring as Senior Vice President and Managing Director. From January 2001 to July 2002, Mr. Barefoot served in various capacities, including Chairman of the Board, President, and CEO, at NeoVision Hypersystems Inc., a leading provider of software solutions specializing in advanced visualization and decision support for the financial services industry. In 1992, he founded Frontier Sports Development Corp. and served as Founder, President and CEO until its sale in 1994.

Mr. Barefoot is a former member of the Massachusetts Business Roundtable, the Board of Directors of the Boys and Girls Clubs of Boston, the American Council on Education Commission on International Education and the Council on Competitiveness. From 1987 to 1998 he served as Treasurer on the Board of Trustees of the Kent Place School in Summit, New Jersey, a leading private independent school for young women. In 1998, he was awarded the prestigious Ellis Island Medal of Honor by the Ellis Island Honor Society for his contributions to the business and educational communities.

Mr. Barefoot is a past member of the Board of Directors of Blue Cross Blue Shield of Massachusetts and was Chair of both its Audit Committee and its Finance and Business Performance Committee. He continues as a member of its Investment Committee. He also served as a director of Greeley Corp. and Array Health Solutions. In addition, he was a director and Chair of the Audit Committee and a member of the Compensation and Governance Committees of Cynosure, Inc., before it was sold in 2017. He is presently a director of BigBelly Solar in Newton, MA. and also serves as a Trustee of Burr & Burton Academy in Manchester, VT. He was Chair of the Advancement Committee and a Trustee of the Saint Edwards School in Vero Beach, FL from 2009 to 2016. He is a Vice Chairman of the Indian River Medical Center Foundation in Vero Beach, FL. and served as Mayor of Indian River Shores, FL until his retirement in 2018. He continues to serve Babson College as a member of its Global Advisory Board and Chair of the President's Advisory Council.

Mr. Barefoot is a 1966 graduate of Babson College. He received an MBA degree from Pace University Lubin School of Management in 1970 and attended various Harvard Executive Education Programs.