

## STATEMENT BY INDIAN RIVER SHORES MAYOR BRIAN BAREFOOT

(Indian River Shores, Florida, October 27, 2014) I attended the Vero Beach Council meeting on October 21 and was pleased to see that the actions taken by the Town and the County have spurred Vero Beach to explore options for lowering its electric rates that have been far too high for far too long. However, it's too early to speculate on what impact these proposals will actually have on rates because they are contingent on a number of events that have yet to occur, including potentially costly transmission upgrades that could take considerable time to complete.

While any rate reduction is welcome, what has been discussed is not a rate reduction, it's merely another "promise" that raises a number of concerns. For example, it appears that the City is considering converting its existing "pay-for-what-you-use" power purchase agreement into a "take-or-pay" contract that would require a minimum purchase of electricity *regardless of what is used*. Given that the City has already been notified that, absent a rate structure comparable to FPL, the Town intends to provide its residents with electricity after its franchise agreement expires in November of 2016, I question whether it's prudent for the City to enter into a contract with minimum purchase requirements. Such short-term planning is symptomatic of a history of questionable decision-making that has led to our current dispute.

Moreover, the promised rate reduction, even if fulfilled, still would leave the City's rates significantly higher than FPL's. This would continue to place our Town in the untenable position where a majority of our residents pay much higher rates than their neighbors for the same amount of electricity. Our residents have made it clear that such rate disparity within our community is unfair and unacceptable.

The projected rate reductions themselves are questionable because they assume that Vero Beach's electric rates will be immune from other upward pressures. That's a dangerous assumption to make when one considers Vero Beach's costs under its FMPA contracts are likely to increase. The assumption also ignores Vero Beach's exposure to environmental compliance costs. Given that Vero Beach has several contracts for coal-fired generation, the likelihood of costly carbon regulation raises a question of whether these proposed reductions can be maintained over the long-term. To that point, it appears that the proposal calls for only a short-term rate reduction for three years, at which time rates would again increase.

I am also concerned that the City intends to continue its unjust practice of syphoning off utility revenue from non-resident customers to fund City operations, which is unacceptable to our residents.

While I commend the City for looking into ways to work with OUC to lower electric rates, it is our hope that the City will now put similar effort toward negotiations with FMPA to finalize the sale to FPL, which would result in far greater rate reductions.

I continue to believe that the best solution for all electric ratepayers in our region is the sale of the Vero Beach utility system to FPL. I look forward to discussing these issues further during the Joint Public Meeting on October 28.