February 3, 2015

STATEMENT FROM INDIAN RIVER SHORES MAYOR BRIAN BAREFOOT

REGARDING PUBLIC SERVICE COMMISSION RULING

PSC and City of Vero Beach Confirm That Ruling Imposes No Limit On Pending Litigation Filed by Indian River Shores

INDIAN RIVER SHORES, FLA. (FEB. 3, 2015) – The Florida Public Service Commission (PSC) today ruled on competing petitions filed by Indian River County and the City of Vero Beach, each of which was seeking a declaratory statement regarding rights and obligations upon expiration of their electric service agreement in 2017.

The PSC denied the County's petition, largely on procedural grounds, and granted the City's petition. In so doing, the PSC stated that the City would still be able to provide service in unincorporated areas of the County when the County's franchise agreement expires.

However, the PSC confirmed -- with agreement of the City -- that **its ruling does not address or impact the pending lawsuit filed by the Town of Indian River Shores** against the City of Vero Beach, which has been abated until March 2. The PSC's vote further confirmed that its declaratory statements cannot be used as a means to obtain "administrative preemption" over legal issues that are pending in court.

Following is a statement from Indian River Shores Mayor Brian Barefoot regarding today's decisions.

"We appreciate the PSC and the City acknowledging that our Town has raised issues related to constitutional and municipal law that are reserved for the courts, rather than the PSC.

"We have never questioned the PSC's authority with regard to approving territorial agreements, and instead have focused our lawsuit on a unique situation in which the City of Vero Beach is claiming *extra-territorial* powers to encroach and serve within our Town's corporate limits without our consent.

"We have informed the City that it will no longer have our Town's consent to serve upon expiration of our franchise agreement next year, largely because we are concerned that the City abdicated its utility responsibilities to an unregulated monopoly-- the Florida Municipal Power Agency (FMPA) -- which has led to unreasonable rates that have harmed our residents.

"Our Town's concerns are borne out by the Florida Auditor General's recent operational audit of the FMPA. Those preliminary audit findings show that FMPA has engaged in a pattern of imprudent business practices that have exposed FMPA member utilities and their customers, including Vero Beach customers, to excessive risk and higher rates.

"It is our hope that these audit findings will encourage the City to work more closely with FMPA, and demand a solution that will allow a sale of the utility system to move forward, which the City has agreed would be in the best interest of all utility ratepayers. Our Town Council, in fact, passed a resolution on Monday specifically calling upon the City to seek damages from the FMPA to make all of the City's ratepayers whole, and to request that the FMPA end its opposition to the sale of the utility system.

"Should no solution be reached by March 2, we are fully prepared to move forward with our litigation in Court."