

**TOWN OF INDIAN RIVER SHORES PETITIONS PUBLIC SERVICE COMMISSION
TO REDRAW ELECTRIC UTILITY TERRITORIAL BOUNDARIES**



**Town Contends That Continued Electric Service by Vero Beach Utility
After Nov. 2016 Would Violate Florida Constitution**

INDIAN RIVER SHORES, Fla. (March 4, 2016) – In an effort to remedy a clear violation of the Florida Constitution and end a lengthy electric rate crisis, the Town of Indian River Shores today asked the Florida Public Service Commission (PSC) to redraw the electric service boundary line between Florida Power and Light (FPL) and the City of Vero Beach that currently dissects the Town. If approved, the modification of the service boundary line would consolidate electric utility service in the Town under one provider - FPL.

The Town states in its filing that the City of Vero Beach, which currently provides electric service to approximately 75 percent of the Town's citizens, will be in violation of the Florida Constitution if it exerts extra-territorial powers and provides electric service within the Town after November 6, 2016, when the franchise agreement between the two municipalities expires and Vero Beach no longer has the Town's consent to exercise such powers within the Town.

"Our Town is in a unique and unenviable position in that the territorial boundary line between Vero Beach Electric and FPL divides our community – some of our residents are served by FPL while others are served by the City," said Indian River Shores Mayor Brian Barefoot. "The City provides less reliable electric service at much higher rates. The City exacerbates the situation by extracting unregulated profits from our residents and diverting those monies to its General Fund to pay for its own municipal operations that have nothing to do with electric service. Bottom line—our Town's residents are being forced to subsidize the operations of a City that is totally unaccountable to them."

The Town requests that the PSC conduct a service hearing in the Town so that the PSC Commissioners can hear first-hand from Town residents and businesses that are impacted by the City's exercise of extra-territorial powers within the Town.

The Town's filing is rooted in Florida Constitutional law, which states that municipalities such as the City are prohibited from exercising extra-territorial powers inside the borders of equally independent municipalities, like the Town, without consent. The Town's filing points out that since each member of the PSC has taken an oath to "support, protect, and defend" the Florida Constitution, the PSC should not condone the provision of extra-territorial electric service by Vero Beach which directly contravenes the Constitution.

The Town's lawyers have advised the PSC that this is a very narrow and unique constitutional issue that relates only to a municipality's limited authority to exercise powers within the boundaries of another municipality. It does not have implications for investor-owned electric utilities and electric cooperatives.

The PSC regulates territorial boundaries between electric utilities, and can modify such boundaries in the case of changed legal circumstances. The Town asserts that legal circumstances have changed substantially since the PSC last reviewed and approved territorial agreement between Vero Beach and FPL more than 28 years ago. Specifically, the lack of consent from the Town would place Vero Beach in direct violation of the Florida Constitution.

This would not represent the first modification of the service territory boundary that separates the City and FPL electric systems. In fact, the PSC modified the boundary in 1988 because a particular subdivision "straddled the territorial dividing line" and thus could cause "customer confusion" and other problems. The Town believes these issues are no less applicable today, given that the territorial boundary bisects the Town and results in citizens and neighbors receiving vastly different service at vastly different rates.

The Town also points out in its PSC filing that its citizens receiving electric service from Vero Beach lack access to many benefits now provided to its citizens served by FPL. This includes access to energy conservation programs, utility-scale solar power generation, smart meter technology and storm preparedness initiatives.

The filing also makes clear that FPL is able to provide reliable electric service throughout the entire Town, and in fact has offered to purchase the City's electrical facilities in the Town to facilitate such service.

Mayor Barefoot sees that offer as an opportunity for a solution that could serve the interests of both the Town and the City.

"While we are fully prepared to argue our case before the PSC, I strongly believe there is a solution that avoids costly legal expense and allows the City substantial compensation," said Barefoot. "FPL has made a significant cash offer to purchase the City's utility assets in our Town, and a review conducted by our utility rate consultant (a former Chairman of the PSC) shows that this substantial cash offer should be large enough to cover the City's alleged 'costs' in losing our citizens as customers.

"We believe FPL's initial offer is certainly large enough to at least warrant continued negotiations that include our Town," Barefoot added. "It represents an opportunity for the City to receive compensation, which will not be the case if the PSC rules in our favor on our Constitutional claim."