

COMMENTARY

Indian River Shores seeks relief from 'onerous' electric rates

■ Town officials filed lawsuit to protect residents, businesses

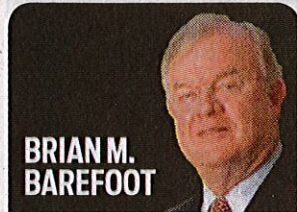
On July 18, I and my fellow council members in the town of Indian River Shores made the difficult, but necessary, decision to file a lawsuit against the city of Vero Beach to achieve electric utility rate relief for the residents and businesses in our town.

For far too long, the people in our town who are customers of Vero Beach Utilities have paid unreasonably high electric bills. We had hopes that a planned sale of the electric system to Florida Power & Light would bring lower bills, but as that sale appears less and less likely, it became clear we had to act to protect our residents and businesses.

Why take such a strong step? Consider these facts:

■ Approximately 80 percent of those in our town are currently provided electricity by the city, while the rest of our town receives electric service from FPL.

■ Although our franchise agreement with the city requires that the city only charge "reasonable" electric rates to the town and its inhabitants, the city is actually charging electric rates that are, on



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average, about 30 percent higher than what is paid by our neighbors who are served by FPL.

■ Those rates are higher not only because the city utility made poor planning decisions, but also because Vero Beach uses electric rates paid by our citizens to subsidize its general operating budget.

■ About 65 percent of Vero Beach's electric customers do not live in the city.

■ About 24 percent of Vero Beach's general operating budget is covered by electric bills that are paid by customers outside the city, and that percentage continues to rise as the city increases the amount of electric utility revenue it uses to subsidize its general budget. This is tantamount to a tax on our residents and businesses that is being charged by a separate municipality.

■ Unlike the utility customers of Duke Energy, Tampa Electric Co. and FPL, our residents who pay exorbitant electric rates to the city have no recourse with the Florida Public Service Commission, which has no regulatory authority over the level of the city's rates.

■ Unlike utility customers who live in Vero Beach and elect the officials that manage Vero's electric system, our residents have no say in choosing those leaders who set their electric rates.

■ Faced with the fact we have no recourse at the PSC or the city to object to the city's unreasonable electric rates, our Town Council had two options: do nothing and allow our residents and businesses to continue to be harmed by the city's exorbitant rates; or seek rate relief in a court of law. To protect our residents and businesses, we decided to file the lawsuit.

As we move forward, our ONLY objective is to obtain relief from onerous electric rates that our residents and businesses are forced to pay.

We also believe that

it is important we take this action now. If the city continues to refuse to give the town and its residents the rate relief they deserve, then we must have adequate time to secure more cost-effective electric service from other substitute providers. Our franchise agreement with Vero Beach will expire on Nov. 6, 2016, which is just over two years from now. After the franchise agreement expires, the city will no longer have the town's required consent to operate an electric utility within the town. Thus, we have asked the court to ensure that Vero Beach is prepared to remove its electric facilities in an orderly manner so that the transition to a substitute utility provider can be as seamless and efficient as possible.

I encourage anyone interested in following this issue to visit our website at Irshores.com, where we have posted materials related to the lawsuit and will provide frequent updates as we move forward.

Brian M. Barefoot is the mayor of the Town of Indian River Shores.