



August 18, 2016

FPL OFFER FOR TOWN'S PORTION OF VERO'S ELECTRIC SYSTEM

Dear Friends and Neighbors:

It is likely that you now know that [Tuesday \(Aug. 16\) was indeed a disappointing day](#) for all customers of the Vero Beach electric utility. By a 3-2 vote, the Vero City Council rejected FPL's \$30 million dollar cash offer to purchase Vero's electric system in our Town. It's unfortunate that 3 of the City Council members (Kramer, Winger and Old) ignored the unanimous recommendation of their own Utilities Commission and turned their backs on \$30 million in cash that could have benefited the City and all its electric customers.

FPL made this substantial cash offer after the Chair of the Florida Public Service Commission ("PSC"), back in July of this year, deferred consideration of our Town's petition until September, and then publicly encouraged the parties to try to resolve their dispute in the interim. To demonstrate our commitment to a settlement, as you know, our Town Council previously voted to participate in FPL's offer by contributing \$3 million dollars through an electric bill surcharge to be paid over a 3-year period by our residents currently served by Vero Beach.

I was initially optimistic that a "partial sale" of Vero's electric system in the Town would be something that the Vero City Council could support since Mayor Kramer had previously expressed an interest in a partial sale model several years ago, and had indicated that an appropriate price for a partial sale would be approximately \$3,000 per customer. My optimism was buoyed by the fact that FPL's \$30 million offer for the 3,000 customers in our Town amounted to an investment of approximately \$10,000 per customer, which more than tripled the price-per-customer that Mayor Kramer had previously deemed suitable. Furthermore, the offer more than doubled, on a price per customer basis, the highest sales price of all other electric utilities sales transactions that the City's own consultants could identify in their nationwide survey. Perhaps most importantly, the City's own Utilities Commission reviewed FPL's offer and unanimously recommended that the City accept it. As part of that review, the Vice-Chair of the Utilities Commission, Bob Auwaerter-- one of our country's leading experts in municipal bond finance-- independently analyzed the offer. Mr. Auwaerter's analysis, which was shared with the Utilities Commission and the Vero City Council, demonstrated that the \$30 million offer far exceeded reasonable estimates of the City's potential costs, and would have left millions of dollars in reserves that could have been used for everything from lowering electric rates to substantially reducing the City's unfunded pension liabilities.

I hope you can see why I was shocked when Mayor Kramer rejected FPL's offer out of hand.

A \$30 million cash offer like this doesn't come around often. The City missed a tremendous opportunity to benefit its citizens and all of its electric customers both inside and outside the City. That's truly unfortunate. What's also unfortunate is by rejecting FPL's \$30 million cash offer for a partial sale, the City has seriously jeopardized any possibility that its entire electric system can be sold.

I was in a long line of people who rose to address the City Council and by my count the majority was in support of the City accepting the FPL offer. A copy of my remarks is attached for your reference. It is understandable, after the protracted drama surrounding the City's electric utility, that there are many differing opinions from passionate people who only want what is best for all. But while opinions vary, the figures were crystal clear: FPL's \$30 million cash offer was incredibly generous.

After nearly three hours of public comments, Mayor Kramer proposed asking FPL to increase its offer by more than 50%. FPL Vice President for External Affairs and Economic Development Pam Rauch responded and made it very clear to the City Council that its \$30 million proposal was the company's final offer and that there will be no additional negotiations.

The decision of Mayor Kramer and Councilmembers Winger and Old to reject FPL's \$30 million cash offer means that we now will proceed with our case before the PSC. The PSC will consider our petition on September 13, 2016, and we will continue to be vigilant in protecting our residents from unconstitutional intrusions, excessive rates and other unregulated monopoly abuses. Meanwhile, I will continue to keep you informed.

Thank you.

Brian M. Barefoot
Mayor