



September 14, 2015

STATEMENT FROM
MAYOR BRIAN BAREFOOT
ELECTRIC UTILITY REGULATORY ORDINANCE

Last week, FPL and the City of Vero Beach met to discuss FPL's offer to purchase the electric system assets in our Town. You'll recall that FPL made a bona fide cash offer of \$13 million. That offer not only would have settled our lawsuit, according to our utility rate consultant it would have covered the City's costs for at least 70 years.

The City made a counter-offer that can only be described as irrational, asking for \$66 million.

It's difficult to understand how the City could suggest such an absurd value for what is just 8 % of its entire system. Based on this apparent new methodology for valuation, the price that the City initially agreed to sell its entire utility system to FPL -- valued earlier at approximately \$170 million-- would now be more \$825,000,000. Folks, that's well over three-quarters of a billion dollars.

The only rational explanation for this \$66 million request is that the City now finds itself so far in debt to FMPA, and so far under water on its unfunded pension obligations, that only a stratospheric price can help it recover. One must ask how the City's financial situation has worsened so badly in just a few years.

Regardless, it is clear from this counter-offer that the City has no intention of negotiating a sale of the system in our Town, and it reveals their continuing belief that the City's utility should have free reign to operate as an unregulated monopoly in our Town with zero accountability.

Given the risks the City is willing to take -- and the impacts we continue to see from the mismanagement of its electric utility -- I believe we must act to protect our residents from unfair electric rates and utility practices.

On Friday afternoon, your Town Council read for the first time an electric rate ordinance designed to do just that.

The proposed ordinance, which will be voted on for adoption at our upcoming meeting on September 24, provides future protection for residents by authorizing the Town Council, sitting as the Utility Authority, to regulate the rates of electric utilities serving within the Town whose rates and revenue requirements are not otherwise regulated by the Florida Public Service Commission.

If you have any comments or questions about the ordinance, please contact our Town Manager, Robert Stabe, at townmanager@irshores.com. In the meantime, I will continue to update you as we work to secure meaningful, long-term electric rate relief for our citizens.

Thank you.

Brian M. Barefoot
Mayor
Indian River Shores