



September 25, 2015

STATEMENT FROM
MAYOR BRIAN BAREFOOT
APPROVAL OF ELECTRIC UTILITY REGULATORY ORDINANCE

This morning, your Town Council approved an electric rate ordinance designed to protect our residents from unreasonable electric rates and unfair utility practices.

A copy of the ordinance is available on our website for review. In short it authorizes 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 (FPSC).

You may have read about a letter expressing the City of Vero Beach's opposition to this ordinance, which the City shared with our Town Manager late Tuesday evening, and then presented to our local legislative delegation on Wednesday. Our Town Manager's response to this letter will also be posted to our website, and will detail the numerous reasons why the City's concerns and assertions are unfounded.

You also may be aware that the City has suggested that the Town should put off adopting its own rate ordinance, and instead have the City submit its rates to the FPSC for review and approval. This approach is not only unworkable, it contravenes the law. The City's proposal blatantly ignores the fact that the FPSC has no jurisdiction over the reasonableness of the rates of municipal electric utilities. It is highly questionable whether the FPSC would even agree to conduct a rate case investigation of the City's rates, but even if it did, any rate case decision by the FPSC could never be enforced. By asking for an opinion it knows to be legally unenforceable, the City is seeking to preserve the status quo where no one outside of the City Council has authority over rates.

Our ordinance offers a reasonable, and enforceable, alternative. It reinforces our broad home rule and statutory powers to ensure that our residents are provided with safe and reasonably priced electricity. It has been carefully crafted in consultation with a former chairman of the FPSC and outside legal counsel who practices extensively in utility regulatory matters. It is expressly designed to be open and transparent. Moreover, it ensures fairness and equity by providing due process protections for the utility and its customers.

This ordinance would be unnecessary if the City would agree to negotiate in good faith toward a sale of the electric system in our Town to FPL. FPL has made a reasonable initial offer to purchase the electric system for \$13 Million cash. Instead of trying to negotiate with FPL on its initial cash offer, City officials countered with \$64.5 Million "ask" price, a price that is grossly inflated by mathematical errors, flawed assumptions and absolute defiance of logic. (An analysis of the City's cost estimates, conducted by former FPSC Chairman Terry Deason, is available on our website.)

I want nothing more than to solve the electric rate crisis we face, and a sale of the system to FPL at a fair price would do just that. In the meantime, our Council must insist on protecting our residents through the fair and lawful regulation of rates once our current Franchise Agreement expires.

I will continue to update you on any future developments.

Thank you.

Brian M. Barefoot
Mayor
Indian River Shores