Antonia Hover

From:	Office Of Commissioner Clark
Sent:	Tuesday, October 02, 2018 8:25 AM
То:	Commissioner Correspondence
Subject:	FW: Sale of Vero Beach Electric System
Attachments:	Public Service Commission - Acquisition Support Letter 10.1.18.pdf; Enlosure 1 - Sale of
	Vero Beach Support Letter.pdf; Enclosure 2 - Vero Beach 32963.pdf; Enclosure 3 -
	Referendums.pdf

Good morning,

Please place the e-mail below and accompanying documents in Docket Nos. 20170235-El and 20170236-EU.

Thank you,

Angelena McCoy

Executive Assistant to Commissioner Clark

Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 Office: (850) 413-6004 Fax: (850) 413-6005

From: Steele, Patrick [mailto:Steele.Patrick@flsenate.gov]
Sent: Monday, October 01, 2018 7:04 PM
To: Office Of Commissioner Graham; Office of Commissioner Brown; Office Of Commissioner Clark; Office of Commissioner Fay; Office of Commissioner Polmann
Subject: Sale of Vero Beach Electric System

Good Evening,

On behalf of Senator Mayfield, please see attached a letter regarding the Public Service Commission hearing on October 9, 2018. If you have any questions or concerns, please don't hesitate to reach out to our office or to Senator Mayfield directly.

Thank you,



Patrick Steele Legislative Aide Senator Debbie Mayfield District 17 Location 900 East Strawbridge Ave. Melbourne, FL 32901 321-409-2025



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

COMMITTEES: Education, Vice Chair Governmental Oversight and Accountability, Vice Chair Agriculture Appropriations Subcommittee on the Environment and Natural Resources Appropriations Subcommittee on General Government Judiciary

JOINT COMMITTEE: Joint Legislative Auditing Committee, Alternating Chair

SENATOR DEBBIE MAYFIELD 17th District

October 1, 2018

Chairman Art Graham Commissioner Gary F. Clark Commissioner Julie Imanuel Brown Commissioner Donald J. Polmann Commissioner Andrew Giles Fay Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850

Re: Docket 20170235 -- Petition by Florida Power & Light Company (FPL) for authority to charge FPL rates to former City of Vero Beach customers and for approval of FPL's accounting treatment for City of Vero Beach transaction.

Docket 20170236 -- Joint petition to terminate territorial agreement by Florida Power & Light and the City of Vero Beach.

Dear Chairman Graham and Commissioners:

As you know, the Public Service Commission (PSC) will hold a hearing on October 9, 2018, to consider the protests filed against the commission's decision to approve Florida Power and Light's (FPL) request to acquire the City of Vero Beach Electric System. I have outlined the many benefits of this deal in my previous letter dated May 30, 2018 (Enclosure 1), and those facts remain the same today. The benefits of this acquisition extend well beyond the City of Vero Beach to FPL existing customer base, electric customers of the Orlando Utility Commission (OUC), the Florida Municipal Power Agency (FMPA), and the electric customers of the 30 cities across the state that are FMPA members, all of whom helped make this solution a reality.

Despite good faith efforts put forth by all parties to reach the agreed upon terms and conditions, three protests have been filed against the commission's decision to approve the acquisition. I want to emphasize a couple of points regarding the three remaining protests. You have to ask yourself why these individuals were not present at the initial hearing on June 5, 2018 to voice their concerns. In addition, these protests do not provide proof that these individuals in fact have

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900 E. Strawbridge Avenue, Melbourne, Florida 32901 (321) 409-2025 FAX: (888) 263-3815

□ 1801 27th Street, Vero Beach, Florida 32960 (772) 226-1970

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JOE NEGRON President of the Senate

ANITERE FLORES President Pro Tempore October 1, 2018 Page 2

a substantial interest regarding the sale. It is glaringly obvious that two of the three protestors are using this platform as an opportunity to settle personal political scores through the Public Service Commission.

In his protest filed with the PSC on July 23, 2018, Mr. Heady notes, "I agree with a majority of the council in the belief that our city residents and businesses would benefit from lower electric rates. Although my reason may be different I agree with the majority of the council that the city owned electric utility should be sold." The rest of his protest largely focuses on City Council campaign grievances. Mr. Heady continues on to describe his unsuccessful bid for City Council which he credits to campaign contributions that came from corporations and individuals that reside "outside the city limits."

I would make note that 60% of the Vero Beach electric customer base is located outside of the city limits and have no vote on how the utility operates or the rates it charges. It would seem to me that engaging in local political races would be the only outlet for which these non-residents would have to invoke change. For someone who claims to be in favor of the sale of the city utility, it certainly is not reflected in his actions.

The second protest I would like to address was filed by Lynne Larkin, an individual that has been opposed to any sale of the City's electric utility since the inception of the negotiations. Ms. Larkins protest filed on behalf of the Civics Association of Indian River County misrepresents many facts throughout. Ms. Larkin states in her protest that "Both residents of Indian River County and of the Town of Indian River Shores have full voting representation on the City's Utility Commission and actually constitute a majority of members on that commission." This statement is incredibly misleading considering the fact that the City's utility commission cannot approve or deny a sale, they simply make a recommendation to the City Council that is charged with making that decision.

Ms. Larkin continues on to state that she is representing 900 engaged members who have a stake in the sale. However, Ms. Larkin has failed to provide (1) a list of members, (2) a meeting agenda showing the electric sale was discussed, or (3) meeting minutes to show where a vote of the Board of Directors or corporation officers was taken to file the objection and engage Larkin to represent the Association in the matter (Vero Beach 32963 - Enclosure 2). It seems that Ms. Larkin is operating under the guise that the community is outright opposed to this acquisition, however, there is no evidence to corroborate her assertions.

Two referendums regarding the sale of the City of Vero Beach electric utility have been presented to the citizens of Vero Beach. The first referendum presented in 2011 asked citizens whether they approved of leasing the City's power plant for the purpose of selling the electric utility if the City Council finds that such a sale is beneficial to the citizens. It received over 65% approval. The second referendum presented in 2013 asked citizens whether they approved of the sale and disposition of the City's electric utility and substantially all of its assets for the purpose

October 1, 2018 Page 3

of exiting the electric utility business under terms substantially similar to the asset purchase and sale agreement between the City and FPL. That item received over 63% approval (Enclosure 3).

Despite two separate referendums commissioned by the City of Vero Beach, Ms. Larkin still states that "no informed vote of the City residents has ever occurred allowing them a decision in what might directly and adversely affect all resident via higher taxes and other detriments as a result of this sale." In addition to the two city referendums previously noted, I would argue Ms. Larkin's point by highlighting the fact that our society is a republic, not a democracy. Just like any local issue, citizens do not have a direct vote on every decision being made by the council. If that was the case, what would be the point of elected officials? City Council members campaigned largely on this issue and, through the will of the people, were elected to office to make this change.

I have addressed the Public Service Commission multiple times regarding this acquisition and I have made very clear the unique electric utility problems that my constituents face. I trust that this body understands the full benefits that your approval will provide to all parties involved. I urge you to consider this acquisition based off its merits and approve this sale to move forward. Thank you for your service to the State of Florida.

Sincerely,

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Debbie Mayfield *V l* State Senator, District 17

cc: The Honorable Rick Scott, Governor of Florida Braulio Baez, Executive Director, Florida PSC Ken Rubin, Senior Counsel Florida Power and Light Kenneth Hoffman, VP Regulatory Affairs Florida Power and Light The Honorable Harry Howle, Mayor City of Vero Beach Jim O'Connor, City Manager City of Vero Beach Wayne Coment, Attorney City of Vero Beach The Honorable Tom Slater, Mayor Town of Indian River Shores Chester Clem, Attorney Town of Indian River Shores The Honorable Peter O'Bryan, Chairman IRC Board of County Commissioner Jason Brown, County Administrator Indian River County Dylan Reingold, Attorney Indian River County Brian Barefoot, Indian River Shores

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Tallahassee, Florida 32399-1100

STATE OF FLOR

COMMITTEES: Education, Vice Chair Governmental Oversight and Accountability, Vice Chair Agriculture Appropriations Subcommittee on the Environment and Natural Resources Appropriations Subcommittee on General Government Judiciary

JOINT COMMITTEE: Joint Legislative Auditing Committee, Alternating Chair

SENATOR DEBBIE MAYFIELD 17th District

May 30, 2018

Chairman Art Graham Commissioner Gary F. Clark Commissioner Julie Imanuel Brown Commissioner Donald J. Polmann Commissioner Andrew Giles Fay Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850

Re: Docket 20170235 -- Petition by Florida Power & Light Company (FPL) for authority to charge FPL rates to former City of Vero Beach customers and for approval of FPL's accounting treatment for City of Vero Beach transaction.

Docket 20170236 -- Joint petition to terminate territorial agreement by Florida Power & Light and the City of Vero Beach.

Dear Chairman Graham and Commissioners:

I recently learned that next Tuesday, the Public Service Commission will vote on Florida Power and Light's (FPL) request to acquire the City of Vero Beach Electric System. The acquisition was painstakingly negotiated by FPL, City of Vero Beach, and other stakeholders to resolve unique electric utility issues that have plagued my area for decades. The acquisition is structured to provide tangible benefits to the City of Vero Beach electric customers, to FPL's existing customers, and to customers of other utilities around our State. The acquisition has statewide benefits and I urge you to approve the transaction as it was carefully structured by the parties.

This is a unique and unusual situation involving a municipal utility whose electric rates have historically been some of the highest in our state. Over **sixty percent** of the utility's customers reside outside of the City of Vero Beach's corporate limits and have no vote on how the utility operates or the rates it charges. Tens of thousands of these non-resident customers have been disenfranchised, and are offered no protection by the state's Office of Public Counsel. To complicate matters even further, City of Vero Beach's utility operates unilaterally within the corporate limits of another co-equal municipality – the Town of Indian River Shores – without the Town's consent. These

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anomalies have spawned numerous litigation and administrative proceedings with claims of taxation without representation, unregulated monopoly abuse, constitutional conflict, and usurpation of home rule powers. Many of those litigation proceedings remain pending and unresolved today.

The FPL acquisition will resolve all of those issues and more. Rates would be substantially reduced at the outset, which would immediately place more money in the pockets of about 35,000 customers in the Indian River County area. Service quality would improve since FPL offers more reliable service, investment in storm hardening, a modernized electric grid, cleaner energy sources and an industry-leading storm restoration team. Non-resident customers no longer would be disenfranchised nor would they be at the mercy of an unregulated monopoly. Instead, they would be served by a utility whose rates and services are intensely regulated by your agency. Those customers also would be protected by the Office of Public Counsel.

But the benefits of this transaction extend well beyond just the City of Vero Beach customers. This truly is one of those rare win-win transactions that also benefits FPL's existing customer base. There are also tangible benefits for electric customers of the Orlando Utility Commission (OUC), for the Florida Municipal Power Agency (FMPA), and for the electric customers of the 30 cities across the state that are FMPA members, all of whom helped make this solution a reality. I sincerely believe there are clear, tangible benefits for citizens throughout Florida.

Negotiating this carefully balanced agreement to achieve these statewide benefits has not been an easy task. The agreement is the culmination of many years of hard work and cooperation. Many stakeholders in addition to FPL and the City of Vero Beach have been involved in navigating the way to a solution, including the Town of Indian River Shores, Indian River County, FMPA and about 20 of its member cities, OUC, and the Florida Legislature. Working together, this broad and diverse group has thoughtfully constructed a solution that some said would never come.

That is why I find myself very disappointed with your staff's recommendation. While I am certainly not a utility regulation expert, the staff's recommendation seems to be focused on the trees and not the forest, and in so doing overlooks the practical, real world benefits of this sensibly balanced deal. The recommendation seems to fixate on a sale that took place between two different utilities more than 25 years ago that were facing a very different set of circumstances. The fact is that this deal has its own unique and complex set of facts – challenges that were overcome with the help of so many stakeholders across our State over the last 9 years.

The staff seems to have issues with how FPL calculated the benefits for its own customer base. Again, I am not an expert, but I'm sure that FPL has its own team of experts who looked at this transaction. In fact, FPL's experts project more than \$100 million in benefits for FPL's existing customers. That is <u>not</u> an insignificant benefit. Even if there are disagreements over the precision of FPL's projections (which is the case with every projection) it is clear that there still will be substantial benefits for FPL's existing customers. That conclusion seems intuitively obvious since FPL will be able to spread its fixed costs over an additional 35,000 customers.

It is unfortunate that staff's recommendation loses sight of these state-wide benefits. Instead of commending the parties and all the stakeholders for working so hard on this comprehensive solution

May 30, 2018 Page 3

that is beneficial to all, the recommendation seems intent on rewriting, at the eleventh hour, this sensibly constructed agreement that has been nine years in the making. I am deeply concerned that if you approve staff's recommendation as written, you will effectively dismantle this carefully balanced agreement and the opportunity to finally resolve this issue for all stakeholders will be lost. That would be a travesty.

When I last appeared before you in September 2016, I explained the unique electric utility problems that my constituents face. While you appeared to understand my concerns, you said at that time you did not have the jurisdictional tools to help. But now you do. That is why I am urging you to approve this carefully structured transaction that will benefit all.

Thank you for your service to the State of Florida.

Regards,

Delucie Magheld

Debbie Mayfield State Senator, District 17

cc: The Honorable Rick Scott, Governor of Florida Braulio Baez, Executive Director, Florida PSC Ken Rubin, Senior Counsel Florida Power and Light Kenneth Hoffman, VP Regulatory Affairs Florida Power and Light The Honorable Harry Howle, Mayor City of Vero Beach Jim O'Connor, City Manager City of Vero Beach Wayne Coment, Attorney City of Vero Beach The Honorable Tom Slater, Mayor Town of Indian River Shores Robert Stabe, City Manager Town of Indian River Shores Chester Clem, Attorney Town of Indian River Shores The Honorable Peter O'Bryan, Chairman IRC Board of County Commissioner Jason Brown, County Administrator Indian River County Dylan Reingold, Attorney Indian River County Brian Barefoot, Indian River Shores



9/28/2018

2. Classic Car Wash 3. Divine Animal Hospital 4. Sunshine Furniture 5. Many Medical Offices

Vero Beach 32963 - Vero Beachside Newspaper - Vero Beach News - Serving Zip 32963

"The Moran Petition is replete with the author's personal misgivings about circumstances and events that played out at the local level related to the utility sale, including those related to: voting representation; local referendum administration; supposed local media blackouts; Sunshine laws as applied to local officials; alleged neglect of certain FPL customers; and impolite attitudes and behavior of local officials, attorneys, and an unnamed FPL employee," the motion to dismiss states.

The Indian River Board of County Commissioners has petitioned to join the matter as an intervening party, and the Indian River Shores Town Council has voted to do the same, both supporting the sale as approved by PSC.

If both are approved as intervenors by the PSC, the county and the Shores would have the power to issue interrogatories to all three protestors. This is likely of little consequence to Heady and Moran, but it puts Larkin in the hot seat.

Larkin's Civic Association has come under fire for not being anything close to what Larkin purports it to be – an active organization of 900 engaged members who have a stake in the Vero electric sale.

Larkin has refused to release a list of members or to produce a meeting agenda where the electric sale was discussed, or meeting minutes showing where a vote of the Board of Directors or corporation officers was taken to file the objection and engage Larkin to represent the entity in the matter.

Former Vero councilman and utility activist Charlie Wilson has filed a complaint with the Florida Bar saying that Larkin improperly filed the PSC challenge because, Wilson argues, Larkin has not shown that she was officially engaged to do so.

In simple terms, Wilson alleges that the Civic Association of Indian River County is an empty shell of an organization that Larkin dusts off whenever she needs a legitimate-sounding platform from which to launch a political attack or legal challenge of an issue or policy.

Wilson also argues that Larkin has knowingly made false statements in her filings on behalf of the Civic Association. The City of Vero Beach has its attorneys researching Wilson's claims to see how the city might join the Florida Bar complaint, but so far that has not happened.

In FPL's Aug. 6 motion to dismiss Larkin's challenge, FPL's Rubin said the Civic Association's filing is "both legally deficient and factually inaccurate," as well as not meeting the requirements to establish standing as it alleges only "speculative harm."

"The Civic Association, dissatisfied with the political process that led to the City of Vero Beach ("COVB") City Council's approval of the agreement to sell the COVB electric utility to FPL, has filed its Protest Petition in a thinly veiled – and legally deficient – attempt to use the administrative process to challenge the sale, motivated by political objectives that are not jurisdictional to this Commission and despite the fact that the typical COVB residential customer using 1000 kWh per month stands to save approximately \$26 a month by transitioning to FPL's rates," Rubin states in the FPL motion.

Over the past month, interrogatories and responses have been flying back and forth among the parties, but unfortunately for the public, those documents are either not disclosed, or they are heavily redacted. Testimony of intervenors is due to the PSC by Friday, Sept. 7, with staff testimony and rebuttals to follow throughout September and a prehearing date on Oct. 3. Then come two days of hearings on Oct. 9 and 10, moved up from Oct. 10 and 11 so Larkin could attend a family reunion.

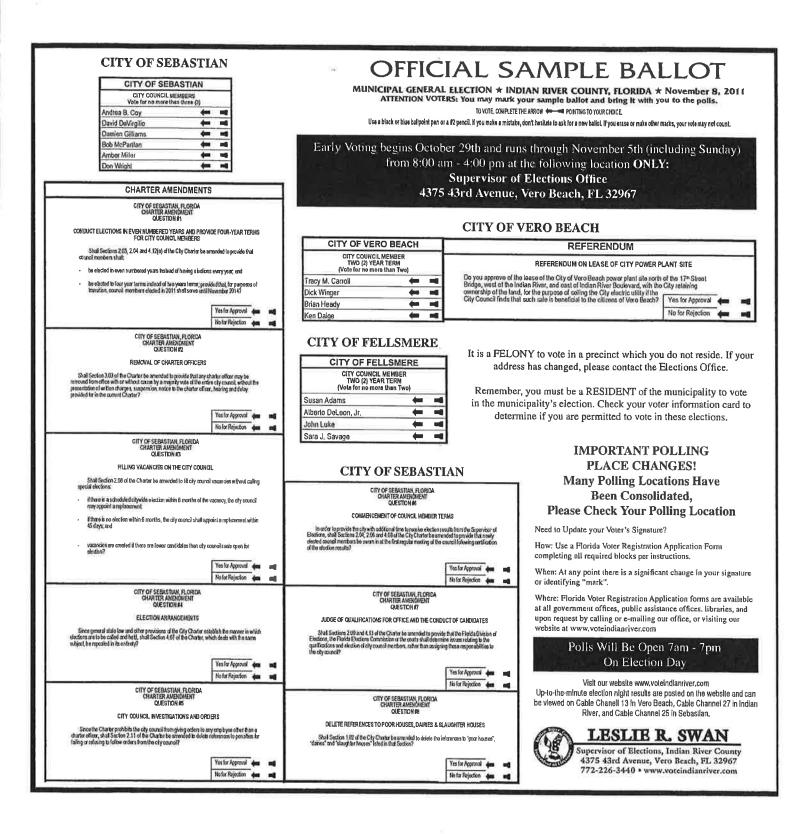
To show that a substantial number of her 900 member-clients Larkin says are represented by the Civic Association would be substantially impacted by the PSC's approval of the sale, presumably Larkin would need to disclose exactly who those people are, where they live and whether they are Vero Beach electric ratepayers, or FPL ratepayers.

Former County Administrator Joe Baird, who managed the county from 2004 until he retired in 2016, and who held top positions in the county budget office and utilities department for three decades, said two weeks ago that he remembered the Civic Association being very active in the 1980s, mostly on land-use issues, but that he could not remember the group approaching the county about an issue or being involved with local politics for decades.

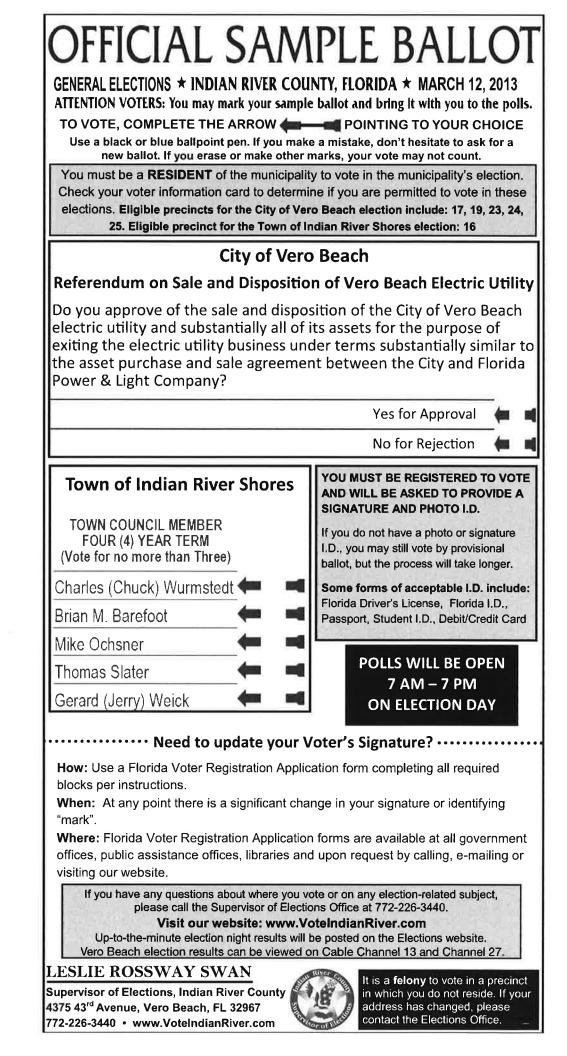
"Aren't they all dead?" Baird asked. "I thought they were probably all gone by now."



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INDIAN RIVER COUNTY			OFFICIAL FINA			MUNICIPAL GENER		
			Cumulative Tota	IS			November	8, 201
REGISTRATION & TURNOUT INDIAN RIVER COUNTY			# 1 CONDUCT ELECTIONS IN EVEN NUME	BRED YEARS		# 6 COMMENCEMENT OF COUNCIL MEN	IBER TERMS	
Completed Precincts: Total Registration	26 of 26 26,354		Completed Precincts: Under Votes:	12 of 12 47		Completed Precincts: Under Votes:	12 of 12 127	
Election Day Ballots Cast Absentee Ballots Cast Early Voting Ballots Cast	1,499 428	5.69% 1.62%	Over Votes: NP - Yes for Approval NP - No for Rejection			Over Votes: NP - Yes for Approval NP - No for Rejection		82.87% 17.13%
Total Ballots Cast	5,964	22.63%	# 2 REMOVAL OF CHARTER OFFICERS			# 7 JUDGE OF QUALIFICATIONS FOR OF	FFICE	
CITY OF VERO BEACH								
Number to Vote For: 2 Completed Precincts:	12 of 12		Completed Precincts: Under Votes: Over Votes:	12 of 12 91 2		Completed Precincts: Under Votes: Over Votes:	12 of 12 154 5	
Under Votes: Over Votes:	372 0		NP - Yes for Approval	894 3		NP - Yes for Approval	1,685	67.51%
NP - Tracy M. Carroll NP - Dick Winger NP - Brian Heady NP - Ken Daige	1,783 1,613 1,493	29.57% 26.75% 24.76% 18.92%	Image: NP - No for Rejection # 3 FILLING VACANCIES ON THE CITY CO		05.11%	WP - No for Rejection # 8 DELETE REFERENCES	811	32.49%
CITY OF SEBASTIAN			Completed Precincts:	12 of 12		Completed Precincts:	12 of 12	
Number to Vote For: 3			Under Votes: Over Votes:	101 2		Under Votes: Over Votes:	163 0	
Completed Precincts: Under Votes:	12 of 12 810		NP - Yes for Approval NP - No for Rejection	1,549 6	60.70% 39.30%	NP - Yes for Approval NP - No for Rejection	1,716	68.86% 31.14%
Over Votes: NP - Andrea B. Coy NP - David DeVirgilio NP - Damien Gilliams NP - Bob McPartlan	576 704	23.06% 8.07% 9.86%	# 4 ELECTION ARRANGEMENTS			LEASE OF CITY POWER PLANT SITE		
NP - Amber Miller NP - Don Wright	1,151	19.55% 16.13% 23.33%	Completed Precincts: Under Votes:	12 of 12 179		Completed Precincts: Under Votes:	12 of 12 52	
CITY OF FELLSMERE			Over Votes: NP - Yes for Approval NP - No for Rejection			Over Votes: NP - Yes for Approval NP - No for Rejection		65.86% 34.14%
Number to Vote For: 2			# 5 CITY COUNCIL INVESTIGATIONS AND		40.44 %]		1,075	34.1470
Completed Precincts: Under Votes: Over Votes:	2 of 2 13 0							
NP - Susan Adams NP - Alberto DeLeon, Jr. NP - John Luke NP - Sara J. Savage	88 7 25	43.35% 3.45% 12.32% 40.89%	Completed Precincts: Under Votes: Over Votes:	12 of 12 154 1	FF 000			
			NP - Yes for Approval NP - No for Rejection	1,392 5 1,108 4				



INDIAN RIVER COUNTY			OFFICIAL	SPECIAL ELECTION CITY OF VERO BEACH
			Cumulative Totals	March 12, 2013
REGISTRATION & TURNOUT INDIAN RIVER COUNTY				
Completed Precincts:	5 of 5			
Total Registration	10,482			
Election Day Ballots Cast Absentee Ballots Cast Total Ballots Cast	983			
REFERENDUM				
Completed Precincts:	5 of 5			
Under Votes:	3			
Over Votes:	0			
NP - YES FOR APPROVAL NP - NO FOR REJECTION		63.75% 36.25%		