

Collin Roehner

From: Office of Commissioner Brown
Sent: Thursday, August 11, 2016 3:20 PM
To: Commissioner Correspondence
Subject: Fwd: Vero Beach Utilities Commission Recommendation 08/09/2016
Attachments: Vero Beach Utilities Commission Meeting 08.pdf; ATT00001.htm; FPL_letter.pdf; ATT00002.htm

Please place in Docket Correspondence, Consumers and their Representatives, in Docket No. 160049-EU.

Sent from my iPhone

Begin forwarded message:

From: Laura Moss <laura@mossim.com>
Date: August 11, 2016 at 1:58:54 PM EDT
To: <Commissioner.Brown@psc.state.fl.us>
Subject: Vero Beach Utilities Commission Recommendation 08/09/2016

Dear Commissioner Brown,

For your information, attached please find:

- 1) Recommendation of the Vero Beach Utilities Commission regarding FPL's offer as stated in their letter of 08/09/2016,
- 2) FPL's letter of 08/09/2016.

Should you wish to review the Utilities Commission's discussion of this matter, the videotape is available on covb.org (*click upper left-hand tab for "COVB Television"; then "Boards and Commissions"*). The discussion took place at the Utilities Commission meeting of 08/09/2016 commencing at 09:38 AM and continuing through 11:06 AM.

Sincerely,

Laura Moss, Chairwoman, Utilities Commission, City of Vero Beach

Mr. Mechling amended his motion to approve the FPL offer.

The motion is that the Vero Beach Utilities Commission recommends to the City Council that they approve the offer that FPL made for the assets that support customers in Indian River Shores as described in their letter dated August 9, 2016.

Mr. Auwaerter seconded the motion and it passed 5-0 with Mr. Lapointe voting yes, Mr. Mechling yes, Mr. Tonkel yes, Mr. Auwaerter yes, and Mrs. Moss yes.



August 9, 2016

The Honorable Jay Kramer
Mayor, City of Vero Beach
P.O. Box 1389 Vero Beach,
FL 32961-1389



Re: FPL Purchase of Indian River Shores Electric System

Dear Mayor Kramer,

I wanted to follow up on my letter of last week regarding our non-binding offer to acquire the assets of the City of Vero Beach ("City" or "COVB") currently utilized to serve the residents of Indian River Shores (the "Proposed Transaction"). I think it is important for the City to be very clear on our offer and what it covers. At the time our offer was submitted, the \$30 million offer covered the following items:

- The roughly 3,000 customer accounts located in Indian River Shores that are currently served by the COVE municipal electric system (the: "Indian River Shores Customers").
- Facilities inside the Indian River Shores boundaries including distribution lines and feeders, real property rights, meters, and the associated equipment and infrastructure that provide electrical distribution Service directly to the Indian River Shores Customers, as well as customer information required to Set UP customer accounts. by FPL ("Associated Assets").
- COVE 's rights, title and interest in the COVE .138kV -transmission system.

Seller's rights, title and interest in the Fort Pierce Utilities Authority ("FPUA") Joint Facilities.

It has come to our attention the City feels the inclusion of the transmission assets complicates the purchase and that the City would like to pull those from consideration. As was stated in our original offer letter, this purchase is not contingent on the acquisition of the transmission facilities and we are fine removing them from consideration. Although we feel FPL is in a better position to manage these assets and that significant savings could be afforded to the City by eliminating the obligation to manage these resources, we understand the concern. It is important for the City to understand that FPL will have no future interest in these assets, as they were only valuable in the context of an acquisition of the Indian River Shores Customers and Associated Assets.

To be clear, FPL is offering \$30 million for the following' assets:

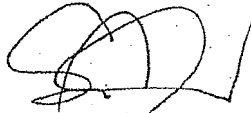
- The roughly 3,000 customer accounts located in Indian River Shores that are currently served by the COVE municipal electric system (the "Indian River Shores Customers").

Facilities inside the Indian River Shores boundaries including distribution lines and feeders, real property rights, meters, and the associated equipment and infrastructure that provide electrical distribution service directly to the Indian River Shores Customers, as well as customer information required. to set up customer accounts by FPL ("Associated Assets").

As mentioned in our previous offer letter, we hope to move forward as quickly as possible with COVE to make this acquisition a reality. Our offer, and the Proposed Transaction, is subject to the negotiation, mutual acceptance and execution of definitive agreements by the COVE and FPL. Customary due diligence, approval of FPL's Board, all approvals necessary for the COVE to execute the Proposed Transaction, and the receipt of acceptable approvals from the Florida Public Service Commission and the Federal Energy Regulatory Commission.

It is important to note that this process has been going on for many years and is consuming significant FPL time and resources. Therefore, we would like to bring this Proposed Transaction to a successful conclusion as soon as practicable. To that end, we are imposing a deadline on our offer to take the politics out of the equation. Our offer will expire on August 25, 2016 at 5:00pm.

Sincerely,



Sam Forrest

Vice President
Energy Marketing & Trading

cc: City Council Members

Jim O'Connor, City Manager
Wayne Coment, City Attorney
Pamela. Rauch Amy Brunjes