

Collin Roehner

From: Betty Leland
Sent: Friday, September 09, 2016 1:43 PM
To: Commissioner Correspondence
Subject: FW: Vero/Indian River Shores Dispute
Attachments: Vero Electric -PSC.docx

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

From: Dickhaverland@aol.com [<mailto:Dickhaverland@aol.com>]
Sent: Tuesday, August 30, 2016 6:15 PM
To: Office Of Commissioner Graham
Subject: Vero/Indian River Shores Dispute

Please consider the points made in the attached note.
This is truly a unique problem that, in fairness, requires a unique solution.

Dick Haverland

Re. Vero Beach Electric dispute with Indian River Shores

As a resident of Indian River Shores I urge you to allow our Town to be relieved of any obligation to purchase electricity from the City of Vero Beach.

It is clear from our agreement with Vero---signed 30 years ago---that we intended to reserve our option to no longer do business with Vero at the end of the 30 year period. Both the Town and City entered into the agreement in good faith. Both understood it was only intended to be a 30 year agreement.

A number of elements of the current situation are particularly disturbing:

- 1) Rates paid by our residents , along with all other customers of Vero, have funded the capital investments and maintenance of Vero Electric for more than 30 years, yet the “dividends” have accrued only to the residents of the City of Vero Beach---even though it’s residents’ usage is less than 40% of the utility’s output.
Every year, Vero takes \$5+ million of the “profit” from the operation and uses that to reduce the amount of taxes its residents must pay.
And, we have never had any say re. the management of the utility. Our only representation is one of the five seats on the Utility Commission-which is advisory only. Interestingly that Commission just recommended by a vote of 5-0 for Vero to sell our customer base to FPL. BY a vote of 3-2 Vero’s Council voted not to follow the unanimous recommendation of the Utility Commission!
- 2) Despite its size and reach, Vero has operated totally unregulated, as respects rates, since its inception. Its performance has been mediocre at best, and its rates have been relatively high.
Today, its rates are more than 30% above those of FPL.
There is literally no check or audit on the overhead charges that the City of Vero allocate to the utility. This creates a perverse incentive for the City to over-allocate costs to the system, as 60% of the allocations end up being paid for by those users who do not reside in the City.
- 3) At this point in time, Vero does not even produce electricity. It purchases electricity from other sources at prices that are not competitive, under onerous contracts signed by current and former members of its Council. Because Vero’s Council believes it has a “right” to a 5+% profit on SALES in a toally riskless environment, there is no real incentive to cut vendors’ higher fees.
- 4) Our residents pay approximately \$2 million more per year that we would if serviced by FPL..
- 5) The current situation is particularly ridiculous because approximately 30% of our residents are already serviced by FPL. Does it make any sense that a tiny Town (4000 residences) would be divided among two utilities?
- 6) Your members asked us to try to negotiate a deal so you would not have to rule on this awkward situation. Since you asked, FPL has made an offer to Vero that exceeds by a

substantial amount the highest price per customer ever paid for a utility in Florida. This was rejected by Vero's Council.

Our situation is unique and deserves a unique solution. Our money (rates paid for electricity) built the utility but we get no return. Vero is totally unregulated though it serves residents outside its borders. We are "taxed" but have no real input into the management of the system. Our 30 year contract reflected the intents of both parties but has apparently been negated by your Commission. Our Town members are split among two utilities.

The decision you are being asked to make is about fairness. I plead with you to represent the unrepresented Town of Indian River Shores against the totally unregulated Vero Beach Utility.

Richard Haverland
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