

Hong Wang

From: Betty Leland
Sent: Monday, June 04, 2018 4:56 PM
To: Hong Wang
Subject: FW: PSC Hearing
Attachments: doc20180604150908.pdf

Hong:

Thanks for letting me know that the article is already attached to the Letter. Please disregard the part about going to the link to print the article.

Thanks.

Betty

From: Betty Leland
Sent: Monday, June 04, 2018 4:39 PM
To: Commissioner Correspondence
Subject: FW: PSC Hearing

Good afternoon:

Please place the attached email & letter in docket correspondence consumers and their representatives in Dockets 20170235-EI and 20170236-EU. Also, please note there is a link to an article that needs to be printed and added also.

Thanks.

*Betty Leland, Executive Assistant to
Chairman Art Graham
Florida Public Service Commission
bleland@psc.state.fl.us
(850) 413-6024*

From: Philo, Sherri [mailto:SPhilo@covb.org]
Sent: Monday, June 04, 2018 3:55 PM
To: Office Of Commissioner Graham
Subject: PSC Hearing

<https://platform.mi.spglobal.com/web/client?auth=inherit#news/article?id=43005219&cdid=A-43005219-13618>

Please see attached letter from Councilwoman Laura Moss regarding the sale of Vero Electric to Florida Power and Light. For your convenience the link mentioned in the letter is listed above.

Sincerley,

Sherry Philo, CMC
Deputy City Clerk
City of Vero Beach
1053 20th Place
Vero Beach, Florida 32960
772-978-4700

Please Note: Florida has a very broad Public Records Law. Most written communications to or from State and Local Officials and agencies regarding State or Local business are public records available to the public and media upon request. Your email communications, including your email address, may therefore be subject to public disclosure.

That experience and the insight it fosters is invaluable in a case such as this one. I myself had the opportunity to serve simultaneously as Mayor (COVB) and as the City's Representative on the Board of Directors of the Florida Municipal Power Agency (FMPA). Please, if you and your fellow Commissioners would, take a moment to review the S+P Global Market Intelligence report documenting the unique efforts made to arrive at this point. For your convenience, the document is attached and the link/address is provided here:

<https://platform.mi.spglobal.com/web/client?auth=inherit#news/article?id=43005219&cdid=A-43005219-13618>.

For the parties involved, this matter is decades-old. That it appears before you now is a historic moment. A moment not likely to come again. Extraordinary circumstances, indeed.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Laura Moss', with a stylized flourish at the end.

Laura Moss
Councilwoman, City of Vero Beach

Attachment

LM/sp

How the FPL-Vero Beach deal went from 'war' to 'godsend'

EXCLUSIVE

Wednesday, 27 December 2017 8:42 AM ET

By Colby Bermel



Laura Moss celebrates after councilmembers voted Oct. 24 to sell Vero Beach's electric utility to Florida Power & Light Co.

Source: Vero Beach City Council

[Vero Beach](#), a Florida town of 17,000 residents, and [Florida Power & Light Co.](#), an investor-owned utility with 5 million accounts, are less than a year away from closing a \$185 million sale in which the company would acquire nearly all of the city's electric system assets.

But how were the parties able to orchestrate Vero Beach's exit from the [Florida Municipal Power Agency](#), or FMPA, a challenge that had for decades derailed prior attempts at reaching a deal?

A key to facilitating negotiations was that the city and the agency both saw leadership changes in 2016. Vero Beach elected Laura Moss mayor with a mandate to effect a sale of its utility, an issue with which she was familiar from her time on the city's Utilities Commission. And the FMPA's new CEO, Jacob Williams, came to Florida with a fresh perspective after a 17-year career at [Peabody Energy Corp.](#)

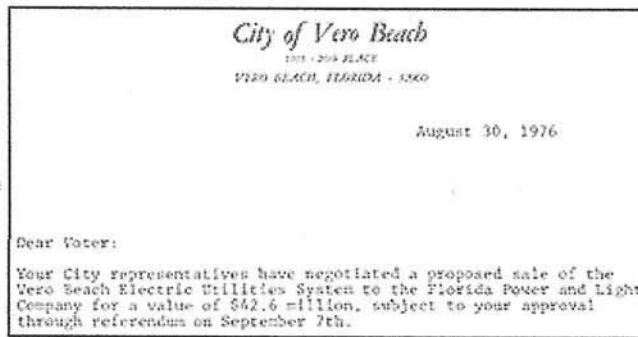
Moss and Williams said they decided at the outset of talks to view each other as partners, not adversaries.

"What happened [previously] was it stopped being a business deal and almost became a war, which it never should've been," Moss, who recently finished her mayoral term and now serves on the Vero Beach City Council, said in an interview. "A business deal has to be good for both parties, and I think that fell by the wayside."

Since at least 1976, according to a letter Moss shared with S&P Global Market Intelligence, Vero Beach has been attempting to sell its electric system to Florida Power & Light, a subsidiary of [NextEra Energy Inc.](#) Both sides sought this exchange in part to address costly customer bills, an issue exacerbated by the fact that 60% of Vero Beach ratepayers live outside city limits in surrounding Indian River County.

In 2015, according to Moss, the city generated just 2% of the power residents needed, with the other 98% purchased from the FMPA and

the [Orlando Utilities Commission](#). Vero Beach's first power plant, a diesel facility that opened in 1926, has been closed for decades — ultimately taking on new life as a brewery. Another city plant, known locally as "[Big Blue](#)" for its turquoise exterior, was retired in 2015.



"It's really not a good business for a small city to be in," Moss said. "The energy sector is changing at incredible speed, and even the large players don't always know where to place their bets."

'Let's see if we can do it'

The transaction's biggest obstacle has long been how Vero Beach would leave the FMPA. The group is owned by 31 municipal utilities, and those towns refused to pay more for power after Vero Beach's departure.

"The members at FMPA were getting tired of this [battle](#). It's my understanding from the employees involved that they were spending a lot of time on it, and it wasn't value-added time," Williams, who is also the agency's general manager, said in an interview.

He started at the FMPA in September 2016 after serving as Peabody's vice president of generation and emissions technologies. In a previous role at that company, Williams helped develop the [Prairie State Energy Campus](#), the largest coal-fired facility to open in the United States in more than 30 years.

Before [selling](#) its stake in 2016, Peabody co-owned Prairie State along with municipal joint action agencies and rural electric cooperatives. Thus Williams was familiar with municipal issues when he arrived at the FMPA.

Describing his approach to the deal, he recalled, "We're going to have to essentially waive provisions in the bond governance ... which is not easy, and it's going to take a little time. But let's see if we can do it."

In November 2016, Moss was elected mayor of Vero Beach — backed by voters who [wanted](#) a deal, and boosted by over \$100,000 in spending on pro-sale candidates by a FPL-funded political action committee, according to the Treasure Coast Newspapers group.



Laura Moss and Jacob Williams.
Sources: Vero Beach, FMPA

'A breath of fresh air'

Both Williams and Moss spoke of how they wanted to clear things up, both substantively and stylistically.

"You make progress by having good communication and goodwill," Moss said. "When I went to FMPA as a representative, basically there was over a decade of ill will to work through, and it was on both sides. They had a misperception of Vero Beach, and I think Vero Beach had a misperception of FMPA. But because you had new

people at both ends, you could change that. And that was really the godsend."

"I think it was as much the [FMPA] board saying, 'We want to stop fighting what can't happen, let's figure out what we *can* do,'" Williams recalled. "Sometimes you need someone who's not tied to the history of the organization. ... That was helpful."

With fresh perspectives and a collaborative approach, the parties reached a rapid resolution. In late February, Williams presented the Vero Beach City Council with a number: \$108 million, the amount needed to terminate the town's FMPA agreement. The council agreed to that figure, and in October [approved](#) the overall acquisition by FPL, worth \$185 million.

"Everything had been bad news for such a long time in terms of FMPA and the deal. And to have good news was a breath of fresh air; we needed it," Moss said. "Mr. Williams, to his credit, he understood that right away."

Moss remembered how after one City Council meeting, someone at the supermarket recognized her from a broadcast of the hearing. "That's how intense it became," Moss said. "You go into Publix and the cashier just saw you on TV; that's how closely people were following it."

'I Heard It Through the Grapevine'

According to Williams, 10 of the FMPA's 19 member cities have already approved the transaction, with the rest scheduled to vote on it in January 2018. The Florida Public Service Commission and the Federal Energy Regulatory Commission must also review the deal, with a scheduled close date of October 2018.

Williams said he is still working with several towns to clarify terms. "We don't see any cities that are saying no as much as a few of them need a little more information," he added.

Moss invoked the Marvin Gaye track "I Heard It Through the Grapevine" when comparing past and present efforts to seal the deal.

"I love that song from the '60s, but it's bad in business," she said. "You hear a rumor, and it's like, 'If they're going to do that, then I'm going to do this,' and it becomes like an arms race — who's going to nuke who first. You don't want to do that."

"We both agreed right off the bat anytime anything was going to come up, each of us always knew in advance," Moss continued. "That's a good, solid working relationship for which I am very thankful."



City of Vero Beach

1053 20th Place – P.O. Box 1389

Vero Beach, Florida 32961-1389

Telephone: (772) 978-4700 / Fax: (772) 978-4790

Office of the
City Council

June 4, 2018

Chairman Art Graham
Commissioner Julie I. Brown
Commissioner Donald J. Polmann
Commissioner Gary F. Clark
Commissioner Andrew G. Fay

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 3299-0850

Re: Docket No. 20170235-E1-Petition by Florida Power & Light (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 No. 20170236-EU-Joint petition to terminate territorial agreement, by Florida Power & Light Company and the City of Vero Beach

Dear Chairman Graham and Commissioners,

As the former Mayor and current Councilwoman of the City of Vero Beach (COVB), I wish to take this opportunity to thank the Public Service Commission Staff for their affirmative recommendations with regard to Issue 1) Florida Power & Light's (FPL) authority to change approved rates and charges to COVB's customers effective upon the closing of the contract signed by me as Mayor on October 24th of last year and Issue 2) the request regarding the territorial agreement and tariff sheets.

With regard to Issues 3 and 4, which address FPL's positive acquisition adjustment and recovery of costs associated with the OUC agreement, I respectfully request that the Commission bring to bear its collective wisdom and expertise to facilitate an acquisition that the Commission's Staff has recognized is supported by extraordinary circumstances. The Staff has described in detail the extraordinary circumstances that we have all faced and would not like to face again.

Chairman Graham, I was heartened to read of your experience on Jacksonville City Council (Jacksonville Electric Authority) and City Council in Jacksonville Beach (Beaches Energy).