

City of Vero Beach

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OFFICE OF THE
MAYOR

Florida Public Service Commission
Division of the Commission Clerk and Administrative Services
2540 Shumard Oak Blvd.
Tallahassee, Florida 32311

Tuesday, June 29, 2018

Commissioner Julie Brown
Commissioner Gary Clark
Chairman Art Graham
Commissioner Donald Polmann
Commissioner Andrew Fay

Dear PSC Commissioners:

As the Mayor of Vero Beach I am writing to express my strong disappointment with the PSC staff recommendations pertaining to the sale of Vero Electric to Florida Power and Light. While your staff suggested that you approve Docket No. 20170235-EI and Docket No. 20170236-EU, they also suggested that stipulations be placed on this sale that I believe are short-sighted, unfair, and will prove to be insurmountable.

My main areas of concern are with the proposed terms that PSC staff placed on FPL's positive acquisition adjustment, as well as their directive dealing with how FPL payments to OUC should be calculated and recovered. This sale needs to be considered as a package, and not be picked apart. Doing so blurs the big picture benefits to new Vero Customers and existing FPL customers.

Vero customers are saving \$23 million per year and will benefit from FPL's reliability and storm restoration processes, smart grid technology, and technological ingenuity and foresight in general. It is my understanding that FPL's presentation to the PSC clearly establishes a \$105 million benefit to existing FPL customers over a 30-year period. With more customers to absorb the fixed costs, this sale will actually reduce each existing FPL customer's economic share of the fixed cost.

If you look at this deal from a 30,000-foot view, one could say that the PSC staff recommendations, and not the details of this sale, could prove to have a negative economic impact on FPL customers. If Vero customers are stuck paying the roughly \$112 million gap between what FPL wants to spread across their customer base (Vero customers included) and what the PSC staff has recommended, this deal could ultimately fall through. Not only would that erase a decade of hard work and determination, but it would also leave the

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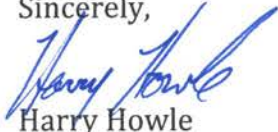
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current FPL customers minus the Vero customers to absorb the fixed costs. If that scenario played out, FPL customers would never experience the net benefit of the added customers and would not realize the relief that spreading fixed costs across a bigger universe would afford them.

In addition, let us assume for a minute that Vero customers did pay the \$112 million, by the PSC staff logic Vero customers should be the only ones to benefit from the fixed costs savings that the larger customer base would create. That's not equitable either. As I mentioned earlier, the only way to look at this deal is for the big picture. By nickel and diming this deal we could all end up missing out on a net benefit for everyone.

Sincerely,



Harry Howle

Mayor - City of Vero Beach

CC:

Governor Rick Scott

President Joe Negron

Speaker Richard Corcoran

J.R. Kelly - Office of Public Counsel

Bryan S. Anderson - Florida Power & Light Company Counsel