



March 11, 2016

**MAYOR'S STATEMENT REGARDING THE TOWN'S
REQUEST TO THE PSC TO REDRAW OUR
ELECTRIC UTILITY TERRITORIAL BOUNDARY or SELL TO FPL**

On March 4, the Town of Indian River Shores took another step toward ending the electric rate crisis we have faced for so many years, asking the Florida Public Service Commission (PSC) to modify a territorial order it last issued over 28 years ago, and consolidate electric utility service in our Town under one provider – FPL.

I want to make sure residents in our Town, as well as everyone currently served by the Vero Beach electric utility, understand why we took this step, and why I continue to believe another solution exists that could be a win-win for both our Town and the City.

Our Town is in a unique and unenviable position in that the territorial boundary line between Vero Beach Electric and FPL divides our community. Some of our residents are served by FPL while others are served by the City. And the service each group receives is vastly different.

Clearly rates are a major difference, with residents served by the City paying 20 to 30 percent more for their electric service for many years. But the service differential goes well beyond rates. Our residents who are served by FPL have much better reliability. They have access to energy conservation programs that the City does not offer. They have “smart meters” that allow them to take greater control of their bills. And, those residents served by FPL are formally represented by Florida’s Consumer Advocate before the PSC, the agency which closely regulates FPL’s service and rates.

Our residents served by the City, however, pay much higher rates, for much poorer service, to a City that offers no accountability or representation, and which uses the profits earned from our residents to subsidize the City’s tax rates and other operations wholly unrelated to the City’s electric utility.

Once our franchise agreement with the City ends in November of this year, the City will no longer have our consent to encroach within the municipal boundaries of our Town and exercise what are known as “extra-territorial powers” – namely, the provision of electric service. In fact, we believe if the City continues to insist on exercising its municipal powers within our Town without our Town’s consent, the City will be in direct violation of the Florida Constitution, which prohibits the unconsented exercise of extra-territorial powers by one municipality within the corporate limits of another co-equal municipality. To comply with the Constitution, we have asked the PSC to remedy this situation by amending the service territory boundary so that all residents in our Town can receive service from FPL.

The service territory boundary has been modified before, to address a similar situation in which a particular subdivision “straddled the territorial dividing line,” causing “customer confusion” and other problems. These issues are no less applicable today, given that the territorial boundary bisects our Town and results in citizens and neighbors receiving vastly different service at vastly different rates.

While we are fully prepared to argue our case before the PSC, I strongly believe there is a solution that avoids costly legal expense and provides substantial compensation to the City. FPL has made a significant cash offer to purchase the City’s utility assets in our Town, and a review conducted by our utility rate consultant (a former chairman of the PSC) shows that this substantial cash offer should be large enough to cover the City’s alleged “costs” in losing our citizens as customers and actually improve the City’s budgetary outlook.

I believe FPL’s initial offer is certainly large enough to at least warrant continued negotiations that include our Town. It is my hope that the City will choose to investigate this option further. Continued and prolonged litigation is in neither party’s interest, but the Town should and will do what it needs to do to protect the interests of its residents.

Brian M. Barefoot
Mayor
Town of Indian River Shores