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March 27, 2015

The Hon. Senator Joseph Abruzzo, Alternating Chair
The Hon. Representative Daniel Raulerson, Alternating Chair
Joint Legislative Auditing Committee

Reference: Auditor General's Audit of the FMPA and Accountability

Dear Senator Abruzzo and Representative Raulerson:

On behalf of my fellow members of the Indian River Shores Town Council and the residents we serve, I want to thank you for scheduling a meeting to review the Auditor General's audit of the Florida Municipal Power Agency (FMPA). Our Town has a direct interest in the FMPA report. Unfortunately, I am unable to attend this meeting in person. If appropriate, our Council would appreciate if this letter could be read into the official record during Monday's meeting.

The Town of Indian River Shores is grateful to the Auditor General and your Joint Committee for beginning to review some of the operations of the FMPA – an unelected, unregulated, monopoly body whose decisions have a direct financial impact on millions of Florida citizens.

The audit review conducted to-date is revealing. The many examples of mismanagement and inappropriate hedging practices found by the auditors continue to drive up the cost of power that the FMPA charges its member utilities, which then pass those high costs on to their customers. Please understand that it is the customers of those FMPA-member utilities who are truly suffering because of the FMPA's poor decisions.

This unfortunately includes our Town's residents. Our Town has a population of about 4,000 people. Roughly 800 of our residents enjoy electric service from Florida Power & Light (FPL), a regulated utility that offers reasonably priced electric service. Our other 3,200 residents are served by the Vero Beach utility, an FMPA member whose rates over the last 10 years have been as much as 45 percent higher than FPL's. For the calendar year 2013, Vero Beach's rates were 41.19 percent higher than FPL's. Over the last decade, the 3,200 Town residents receiving electric service from Vero Beach's utility have collectively paid over \$16 million more than they would have paid if the same electric service had been provided by FPL. This rate crisis is driven in large part by FMPA's high costs and continues to plague our Town and our region.

To its credit, in an effort to comprehensively resolve this rate crisis, Vero Beach reached an agreement with FPL and others which called for Vero to sell its utility to FPL. That sale was overwhelmingly supported by citizens of Vero Beach and its electric customers throughout the region. Unfortunately, that sale has been obstructed by FMPA. FMPA leaders have refused to meet with Vero Beach and FPL to find a mutually beneficial solution, and have shown no willingness to help Vero's electric customers achieve relief from excessive rates.

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It is our hope that your leadership on this issue will encourage the Legislature to continue its review of this unelected and unregulated monopoly, and take the steps necessary to make the FMPA accountable and protect customers around the state from its oppressive and costly practices.

Sincerely,



Brian M. Barefoot
Mayor
Town of Indian River Shores

cc: The Hon. Lizbeth Benacquisto, Florida Senate
The Hon. Rob Bradley, Florida Senate
The Hon. Audrey Gibson, Florida Senate
The Hon. Wilton Simpson, Florida Senate
The Hon. Joe Negron, Florida Senate
The Hon. Debbie Mayfield, Florida House of Representatives
The Hon. Amanda Murphy, Florida House of Representatives
The Hon. Ray Wesley Rodrigues, Florida House of Representatives
The Hon. Cynthia Stafford, Florida House of Representatives
Gerard Weick, Vice Mayor, Indian River Shores
Richard Haverland, Indian River Shores Town Council
Michael Ochsner, Indian River Shores Town Council
Thomas Slater, Indian River Shores Town Council