

MESSAGE FROM THE PRESIDENT

President's Message | Glenn Heran | AUG 2013

Opponents continue to block our right to sell Vero Electric. After 6 years of struggle, after 64% of Vero Beach voters and 84% of Vero Electric customers have voted to sell to FPL, opposition yet persists. While disappointed that there are individuals and bureaucracies who resist the will of the people, this opposition has long been expected.

Reasonable offers regarding the disposition of our FMPA "entitlement assets" have been made and rejected by the FMPA. **However, such disposition is essential to consummate the sale with FPL.**

This problem is neither the fault of our transactions attorneys, nor the City staff nor FPL. They all have worked diligently and have done all they can to bring us to where we are today. The delay rests solely with the very nature of the FMPA and municipal electric bureaucracies.

Vero Electric rates are 38% higher than FPL and rising. This costs ALL Vero Electric customers over \$25 million per year in excessive rates.

Outside Vero Electric customers lose over \$15 million per year. Outside customers who are also being denied representation and consumer choice, are considered by cities to be "permanent" customers denied any rights to choose a new provider, and are subject to Taxation Without Representation.

Vero Beach is not alone. Our sister cities, fellow members in the FMPA, also suffer under this bureaucratic yoke. 33 Florida Cities have inefficient government run electric utilities. 32 are FMPA members. 3 million Floridians are customers of government run electric utilities with unregulated prices:

- No municipal electric utility can compete with FPL
- Less than 5 have rates within 10% of TECO
- Only one third have rates within 10% of Duke Energy
- 600,000 Floridians are outside customers held captive by 24 cities.
- 11 have outside municipal surcharges (typically 10%) on top of already high City electric rates.

This issue is costing Floridians and our economy hundreds of millions each and every year. Yet opposition to our right to sell our electric utility persists.

Look at the FMPA website:

<http://www.fmpa.com/index.php/features/474-videos-tell-founders-stories>

They mention "All for one and one for all". Who do they mean when they say "All"? The FMPA claims it serves the ratepayers as their primary stakeholders (i.e. the public, the same public which owns the FMPA). Yet any honest look at the rates of these city government utilities compared to the private sector indicates that most city ratepayers are worse off. So who is "All" if not the ratepayers? It is important to note that most of the voting members of the FMPA are city utility directors or other government employees.

Barry Moline FMEA director and lobbyist: April 2012 <http://www.tcpalm.com/news/2012/apr/28/barry-moline-leave-the-florida-municipal-power/>

- Moline writes, "Thus, even after transferring these (FMPA entitlement) assets, Vero Beach must remain a viable electric utility to cover these significant (contingent) liabilities. Not even FPL can take them. In my opinion, this important detail **will likely prevent Vero Beach from ever selling its electric utility.**"

GREEN COVE SPRINGS, Don Bowles City Manager Oct 2007

<http://www.lakeworthmedia.com/modules.php?name=News&file=print&sid=133>

- **"...they got us held hostage** "says city manager Don Bowles concerning FMPA. Green Cove Springs has announced they are exiting from FMPA but got slapped with a **\$53,000,000 penalty. "But they don't want anyone leaving them," said Mr. Bowles, and they have set it up so it's too expensive to consider for most municipalities."**

Green Cove Springs is less than one fifth the size of Vero and were told to pay a \$53 million penalty in addition to being dispossessed of their "entitlement" assets.

It appears that the municipal electric bureaucracies believe that there is never any exit from the "family of munis". Such an idea seems alien to the American belief that we are a free people deserving of the fruits of our labors.

The only question remaining for our community is; are we willing to fight? Will we fight for what we voted to do or will we capitulate? Will we sell to FPL and save this community \$25 million annually, and allow our government to refocus on the delivery of essential public services.

Our FMPA assets are called "entitlement" assets. I agree. Member Cities ought to be entitled to enjoy the benefits of the assets for which they have paid. These assets include generation, cash and investments. They ought to have the right to these assets without being told by the opposition that such assets have no value, that these assets can only be transferred to other member cities who likely have no need for the power, that such a transfer will include millions in penalties or that we should be dispossessed of our significant investments in the FMPA made over the last 3 decades.

Recommendations for Action:

- The City of Vero Beach should partner with the IRC Board of County Commissioners and IR Shores.
- Hire a public relations firm to direct and support activism in other member cities both inside and outside the cities. The FMPA was created in such a way. Such activism will be a necessary counter to FMEA lobbying activity that supports the status quo for city electrical bureaucracies.
- Lobby state and local legislators in all 33 cities.

- Complete political action and then if need be engage the Attorney General or PSC

Our community was one of the founding members of the FMPA. We helped created this problem. The responsibility to fix it is also ours.

This is not a fight with our sister cities. The solution will not harm any member city or bondholder who wishes to stay in the FMPA. It will allow freedom from a belief that there is no exit from the municipal utilities without onerous penalties or times frames beyond the life span of most customers living today. Our purpose is to protect all of Vero's customers and taxpayers and as we protect ourselves so shall we protect all FMPA members, the customers and taxpayers of each member city who are the rightful owners of the FMPA.

Glenn Heran