

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Florida Power & Light Co.

)

Docket No. EC13-91-000

**ANSWER OF
THE CITY OF VERO BEACH**

Pursuant to Rule 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), the City of Vero Beach, Florida (the “City,” or “Vero Beach”) submits this answer to the comments submitted by Jay Kramer and the Civic Association of Indian River County, Inc. (“Civic Association”). Vero Beach believes that its views on the comments will be helpful to the Commission in assessing the proposed purchase of Vero Beach’s electric utility system by Florida Power & Light Company (“FPL”), and requests authorization pursuant to Rule 213(a)(2) to submit this answer.

Mr. Kramer and the Civic Association each make allegations regarding the process that Vero Beach followed in agreeing to sell its electric utility system to FPL. Vero Beach understands that these arguments may not be relevant to the Commission’s public interest evaluation of the sale. Vero Beach nevertheless believes that it is important to respond to the assertions that have been presented in such comments.

First, although Mr. Kramer is a member of the Vero Beach City Council, his comments do not represent the official views of Vero Beach or the City Council since Mr. Kramer has not been authorized by the City Council to file comments to the Commission on behalf of Vero Beach or the City Council. Attached as Exhibit A is a letter from Craig Fletcher, the Mayor of Vero Beach, authorized by the City Council. In the letter, Mayor Fletcher makes clear that the City supports the sale, and provides a brief description of the reasons why it agreed to enter into the transaction. In particular, Mayor Fletcher points out that the agreement to sell the Vero

Beach electric utility system to FPL was formally approved by a majority of the City Council, was endorsed by a significant majority (64%) of Vero Beach voters voting in a municipal referendum, and was supported by an overwhelming number (84%) of Vero Beach electric customers that responded to a mail-in survey.

Second, the Civic Association argues that the public information provided by FPL regarding the impact of the purchase on retail rates was misleading. While Vero Beach finds such claims to be unfounded, the City will defer to FPL to respond to this claim in detail. In any event, the City did not rely on the FPL materials cited by the Civic Association in making its evaluation of whether to enter into the sale to FPL. Rather, the City engaged in its own independent analysis, and its decision to sell its electric utility system to FPL was informed by its own evaluation with the assistance of its own independent advisors, not the public statements made by FPL.

Third, Mr. Kramer and the Civic Association assert that the City dealt exclusively with FPL without attempting to negotiate a sale with other electric utilities in order to obtain the best possible price. This is incorrect. In late 2009, the City Council determined to investigate the sale of its electric utility system. As directed, the City Manager wrote seven electric utilities, including FPL, soliciting their interest in the possible purchase of the City's electric utility system. Copies of these letters are attached as Exhibit B. Ultimately, FPL was the only one of the seven utilities to submit a proposal.

Finally, Mr. Kramer and the Civic Association both allege that FPL improperly manipulated Vero Beach into agreeing to sell its utility system to FPL. This, too, is incorrect. Vero Beach initiated its own evaluation of how to achieve lower retail rates for its utility customers and to obtain other benefits for the City. As noted, after that evaluation, Vero Beach approached FPL, and six other utilities, on its own initiative to request a proposal for the

purchase of its electric utility system. Vero Beach was not manipulated by FPL into agreeing to the sale. Nor did FPL improperly interfere with the process by which Vero Beach made its decision to enter into an agreement with FPL.

In conclusion, Vero Beach reiterates the points in its Motion to Intervene demonstrating that the acquisition of the Vero Beach utility system by FPL is in the public interest, and urges the Commission to approve FPL's application.

Respectfully submitted,

Counsel to the City
John G. Igoe, P.A.
jigoe@edwardswildman.com
Edwards Wildman Palmer LLP
525 Okeechobee Boulevard
Suite 1600
West Palm Beach, FL 33401
561-820-0242

/s/John G. Igoe
John G. Igoe
Florida Bar No. 396184

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused to be served copies of the foregoing document upon each person designated on the official service lists as compiled by the Office of the Secretary in the captioned proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated at Washington, D.C., this 26th day of June, 2013.

Respectfully submitted,

Counsel to the City
John G. Igoe, P.A.
jigoe@edwardswildman.com
Edwards Wildman Palmer LLP
525 Okeechobee Boulevard
Suite 1600
West Palm Beach, FL 33401
561-820-0242

/s/John G. Igoe
John G. Igoe
Florida Bar No. 396184



Office of the
Mayor

City of Vero Beach

1053 20th Place – P.O. Box 1389

Vero Beach, Florida 32961-1389

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

June 24, 2013

Federal Energy Regulatory Commission (FERC)
888 First Street N.E.
Washington, DC 20426

RE: Florida Power & Light Co.; Docket No. EC13-91-000

Dear Commissioners:

This letter is in response to the comments filed May 30, 2013 by Mr. Jay Kramer, Vero Beach Councilmember, regarding the above-referenced docket involving the purchase of the City of Vero Beach electric utility by Florida Power & Light Company ("FPL"). This letter is intended to clarify the City's position in the matter as established and directed by the Vero Beach City Council. In this regard, on June 10, 2013, through its legal counsel, the City previously submitted a Motion to Intervene and Comments in support of the application of FPL in this matter.

The City of Vero Beach, as represented by its elected City Council, believes that FPL's proposed purchase of the Vero Beach electric utility system is in the public interest. The transaction will provide significant benefits to the Vero Beach community in the form of retail electric rate reductions and will allow for the retirement of the City's generation assets and the improved public use of Vero Beach's waterfront property.

At the same time, there will not be any negative impact on wholesale competition under the test applied by the Commission. Vero Beach operates its utility system solely to supply its

own retail customers, and does not make any material wholesale sales of power. Vero Beach does not compete with any entity, and certainly not FPL, to make wholesale sales. As a result, the sale of Vero Beach's utility system to FPL will not eliminate a competitor of FPL, or any other entity, in the Florida wholesale sales market.

The transaction was entered into with FPL by the City of Vero Beach as decided by a majority of its City Council. The transaction as proposed was also approved by a significant majority (64%) of Vero Beach's voters voting in a municipal referendum to approve the transaction because it provides these and other public interest benefits to the Vero Beach community. In addition, an overwhelming number (84%) of Vero Beach electric customers that responded to a mail-in survey regarding the proposed sale supported the transaction. This survey included the City's electric customers located inside and outside the City limits.

It is hoped that the foregoing information clarifies the City of Vero Beach's position in this matter as has been determined and established by the City Council.

Respectfully submitted,

City of Vero Beach, Florida

By: 
A. Craig Fletcher
Mayor

City of Vero Beach

1053 20th Place - P.O. Box 1389
Vero Beach, FL 32961-1389



OFFICE OF THE
CITY MANAGER

December 18, 2008

Progress Energy
Vincent Dolan, President and CEO
P.O. Box 3239
Tampa, FL 33601-3239

Dear Mr. Dolan:

The purpose of this letter is to explore whether, under the proper terms and conditions, your utility would be interested in purchasing all or part of our electric system.

Effective January 1, 2010, the City's electric utility will switch from being a member of the All Requirements Project of the Florida Municipal Power Agency to being a contract customer of the Orlando Utilities Commission ("OUC"). The term of the new power arrangement is twenty years, with a possible reopener at the ten-year mark. The City is pleased with its contract and with OUC. However, as part of the public input involved in the decision to change power partners, some discussion occurred about the possibility or desirability of selling part or all of the electric utility system to another utility operation, such as yours. As a result of that public interest, the City Council passed a motion to direct that the City investigate such a sale.

Any purchase would be subject, of course, to the rights and obligations of the City and OUC in the existing contract. Concerning that contract, the City has every intention of honoring its contract commitments and believes that the contract is in the public interest of our citizens and rate payers. Accordingly, our willingness to engage in discussions regarding the potential sale of our system should not be interpreted in any way as showing dissatisfaction with OUC or the terms of the contract.

If you might be interested, we invite you to attend the City's Utility Advisory Commission meeting in March of next year. For dates and times, and for further information, please contact John T. Lee, Acting Electric Director, at (772) 978-5127 or JLee@covb.org.

Sincerely,

A handwritten signature in black ink that reads "James M. Gabbard".

James M. Gabbard
City Manager

City of Vero Beach

1053 20th Place - P.O. Box 1389
Vero Beach, FL 32961-1389



OFFICE OF THE
CITY MANAGER

December 18, 2009

Tampa Electric
Gordon L. Gillette, President
P.O. Box 11
Tampa, FL 33601-0111

Dear Mr. Gillette:

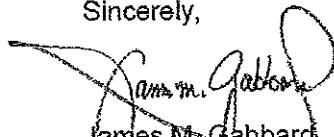
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Sincerely,



James M. Gabbard
City Manager

Phone: (772) 978-4710 -- Fax: (772) 978-4716 -- E-mail: citymgr@covb.org
www.covb.org

City of Vero Beach

1053 20th Place - P.O. Box 1389
Vero Beach, FL 32961-1389



OFFICE OF THE
CITY MANAGER

December 18, 2009

Florida Power and Light
Armando Olivera
P.O. Box 025576
Miami, Florida 33102

Dear Mr. Olivera:

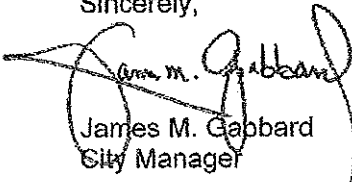
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Sincerely,


James M. Gabbard
City Manager

City of Vero Beach

1053 20th Place - P.O. Box 1389
Vero Beach, FL 32961-1389



OFFICE OF THE
CITY MANAGER

December 18, 2009

Florida Municipal Power Agency
Nicholas P. Guarriello, General Manager
8553 Commodity Circle
Orlando, FL 32819

Dear Mr. Guarriello:

The purpose of this letter is to explore whether, under the proper terms and conditions, your utility would be interested in purchasing all or part of our electric system.

Effective January 1, 2010, the City's electric utility will switch from being a member of the All Requirements Project of the Florida Municipal Power Agency to being a contract customer of the Orlando Utilities Commission ("OUC"). The term of the new power arrangement is twenty years, with a possible reopener at the ten-year mark. The City is pleased with its contract and with OUC. However, as part of the public input involved in the decision to change power partners, some discussion occurred about the possibility or desirability of selling part or all of the electric utility system to another utility operation, such as yours. As a result of that public interest, the City Council passed a motion to direct that the City investigate such a sale.

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If you might be interested, we invite you to attend the City's Utility Advisory Commission meeting in March of next year. For dates and times, and for further information, please contact John T. Lee, Acting Electric Director, at (772) 978-5127 or JLee@covb.org.

Sincerely,



James M. Gabbard
City Manager

City of Vero Beach

1053 20th Place - P.O. Box 1389
Vero Beach, FL 32961-1389



OFFICE OF THE
CITY MANAGER

December 18, 2009

Gulf Power
Susan Story, President and CEO
1 Energy Place
Pensacola, FL 32520

Dear Ms. Story:

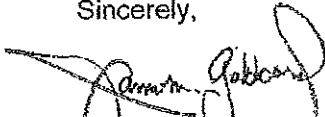
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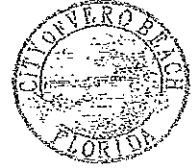
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Sincerely,


James M. Gabbard
City Manager

City of Vero Beach

1053 20th Place - P.O. Box 1389
Vero Beach, FL 32961-1389



OFFICE OF THE
CITY MANAGER

December 18, 2009

Jacksonville Electric Authority
James A. Dickenson, Managing Director/CEO
21 W. Church Street
Jacksonville, FL 32202

Dear Mr. Dickenson:

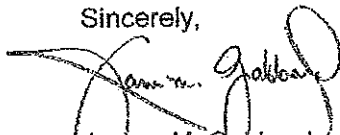
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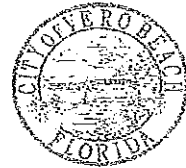
Sincerely,



James M. Gabbard
City Manager

City of Vero Beach

1053 20th Place - P.O. Box 1389
Vero Beach, FL 32961-1389



OFFICE OF THE
CITY MANAGER

December 22, 2009

Orlando Utilities Commission
Jan C. Aspuru
Vice President of Power Resources
P.O. Box 3193
Orlando, FL 32802

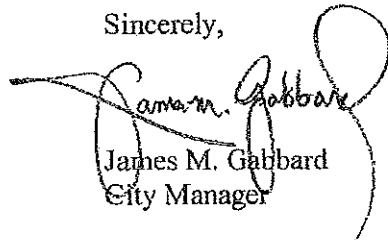
Dear Mr. Aspuru:

I am enclosing a copy of a letter sent by the City of Vero Beach on Monday, December 21, 2009, to six utility companies throughout Florida, i.e. Florida Power and Light (FPL), Progress Energy Florida, Jacksonville Electric Authority (JEA), Florida Municipal Power Agency (FMPA), Tampa Electric, and Gulf Power. The purpose of that letter is to explore whether, under the proper terms and conditions, their utilities would be interested in purchasing all or part of our electric system. We would like to extend the same invitation to Orlando Utilities Commission (OUC).

If you might be interested, we invite you to attend the City's Utility Advisory Commission meeting in March of next year. For dates and time, and for further information, please contact John Lee, Acting Electric Utilities Director, at (772) 978-5127 / Jlee@covb.org or Danielle Kulp, Electric Utilities Coordinator at (772) 978-4718 / Dkulp@covb.org.

In any event, we look forward to our new relationship beginning January 1, 2010 when OUC becomes our prime power provider.

Sincerely,



James M. Gabbard
City Manager

Enc. FPL Letter