From:	Ryan Dumas
Subject:	NEWS RELEASE – FMPA Provides Option to Help Vero Beach Exit FMPA Projects
Date:	Tuesday, February 07, 2017 1:31:00 PM
Attachments:	fact sheet - fmpa proposal for vero beach.pdf

FOR IMMEDIATE RELEASE
CONTACT: Mark McCain, 407-355-7767, mark.mccain@fmpa.com

FMPA Provides Option to Help Vero Beach Exit FMPA Projects

Preliminary idea could enable Vero to achieve its goals while protecting FMPA cities

ORLANDO, Fla., Feb. 7, 2017 – Florida Municipal Power Agency (FMPA) provided preliminary information to its member cities today on an option for Vero Beach to transfer its FMPA power projects to other cities so that Vero Beach can sell its electric system.

Vero Beach currently participates in three FMPA power projects—two coal units and one nuclear unit—for a total of 51 megawatts (MW) of electricity. The 13 cities in FMPA's All-Requirements Project (ARP) have excess generation capacity but would consider taking the additional power if compensated for the increased costs and risks.

FMPA staff's preliminary analysis suggests that Vero Beach pay $76 million to cover the difference in cost between the projects' average of approximately $95 per megawatt hour (MWh) and the market price for electricity of approximately $28 per MWh.

In addition, the ARP cities would assume additional, uncontrollable risks related to the projects, such as unplanned capital expenditures, nuclear decommissioning, spent nuclear fuel disposal and other plant retirement costs, which are preliminarily estimated at $32 million. "As we talk with Vero Beach about these uncontrollable risks, we might find that another entity would be better suited to understand and assume these risks and be able to do so at a lower cost to Vero Beach," said FMPA General Manager and CEO Jacob Williams.

"FMPA's 13 ARP member cities want to be accommodating to Vero Beach, and we believe this proposal is a step in that direction," said Williams. "This option attempts to strike the balance of providing a path for Vero Beach to achieve its goal, while protecting citizens in the cities—like Fort Pierce, Clewiston and the others—who do not want to pay more for electricity or take on additional unknown and uncontrollable long-term risk for which they are not compensated to let Vero Beach out of its contracts early."

The above-market power costs are comparable to recent purchases by Florida Power & Light (FPL) of two coal-fired generating units. FPL received approval from the Florida Public Service Commission to buy and close two coal units. FPL paid approximately $1 billion to purchase 580 MW of coal generation capacity, or about $1.7 million per MW.

If FMPA used FPL's cost per MW, the valuation of Vero Beach's 51 MW would be $85 million.

FMPA estimates the timetable for developing the transfer agreements and seeking approval from all required stakeholders would take at least 12 months. The third parties that must

approve such a transaction includes bond trustees, credit rating agencies, bond insurers, individual FMPA cities, the primary owner-operators of the generating units, and potentially others.

FMPA's member cities will discuss the proposal at a public meeting on Feb. 16 in the agency's Orlando office. Attached, is a fact sheet with additional information on the option to help Vero Beach exit FMPA's contracts.

# # #

Florida Municipal Power Agency (FMPA) is a wholesale power agency owned by 31 municipal electric utilities. FMPA provides competitively priced power and value-added services to support community-owned electric utilities. The members of FMPA serve approximately two million Floridians.

Mark McCain
Assistant General Manager,
Member Services, Human Resources and Public Relations

Florida Municipal Power Agency
8553 Commodity Circle
Orlando, FL 32819-9002

T. 407-355-7767
F. 407-355-5794
mark.mccain@fmpa.com

Community Power. Statewide Strength. ®