

Cape Coral petitions state for help in LCEC spat



FRANK BUMB, FBUMB@NEWS-PRESS.COM 7:56 a.m. EDT March 15, 2016



(Photo: BRIAN LIBERATORE/THE NEWS-PRESS)

One of Cape Coral's most contentious issues with a decades long impact hanging in the balance took center stage Monday evening at the Cape Coral City Council meeting.

Council members and residents voiced frustrations with the ongoing and tense negotiations with the Lee County Electric Cooperative. Some residents and one council member also expressed concern that the city would become its own municipal electric utility after the current franchise agreement expires on Sept. 30. Other council members, including Mayor Marni Sawicki, tried to dispel such concerns.

More concrete than the ongoing debate – which is almost at the year mark – council voted to take its case LCEC to the Florida Public Service Commission.

The Cape Coral City Council voted 6-1 to approve a resolution authorizing a petition and complaint to the PSC. The complaint wants the PSC to help the city acquire information that the city says LCEC has not given it regarding its cost of service. Councilwoman Marilyn Stout voted against the resolution and Councilwoman Rana Erbrick was absent.



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Cape Coral Mayor, CEO of LCEC spar

(<http://www.news-press.com/story/news/local/cape-coral/2015/09/09/cape-coral-mayor-ceo-lcec-spar/71953762/>)

Brian Armstrong, special utility counsel for the city, said the petition to the PSC was necessary to get information that LCEC has refused to provide more than a year after negotiations with the city over a new franchise agreement began.

“(In 30 years of working with utilities) I’ve never experienced a utility that operates with the level of secrecy that LCEC does,” Armstrong said.

That vote could put the franchise agreement negotiations in jeopardy. Karen Ryan, a spokeswoman with LCEC, said the utility is worried about how the negotiations have been handled.

“We would have loved to have sat down and negotiated a franchise agreement in the best interest of our customers and our rate payers,” Ryan said. “That would have prevented a lot of animosity. I don’t think it’s too late. But going to the PSC is in no way, shape or form paving the way for a good contract negotiation.”

The city’s petition is to secure a breakdown of the costs LCEC incurs providing electricity to the city, its residents and businesses. Armstrong said that information is vital to determine whether Cape Coral customers – which represents about 45 percent of LCEC’s customers in only 5.7 percent of its physical service area – are subsidizing the rest of the service area.



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Cape Coral sends franchise agreement framework to LCEC

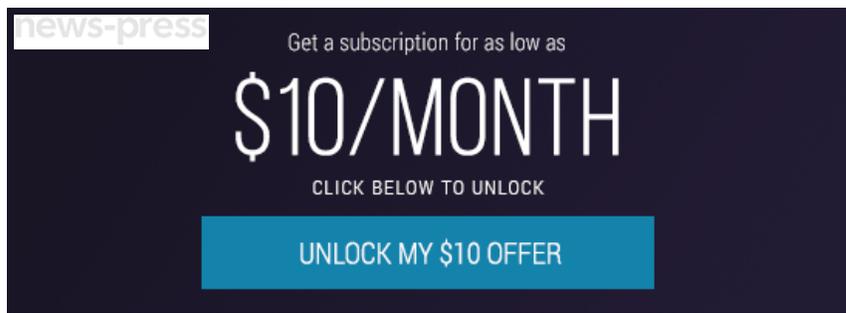
(<http://www.news-press.com/story/news/2016/03/09/cape-coral-sends-franchise-agreement-framework-lcec/81557452/>)

While LCEC has provided its total cost of service for its entire 2,100-square-mile service area, it has not broken it down by a geographic basis of just Cape Coral.

Ryan said that request by Cape Coral was unreasonable.

“No utility in the world does that,” Ryan said. “It’s just not standard utility process to break down rates by geography.”

Ryan pointed to the city’s water utility as an example.



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“Don’t forget, while arguing this geographic-based rate theory, the City maintains a traditional rate structure for its water utility that is not based on population density,” Ryan said in an email. “Some areas of Cape Coral are denser than others but all City water customers pay the same rate.”

But Armstrong said the city offered to pay the expense for LCEC conducting such a study.

“We said we’ll go to Council to get the money to have that sort of study done,” Armstrong said. “You know who does (the study)? Clerks and accounts. It’s not going to inhibit their ability to provide safe electric service.”

Regardless of the PSC’s eventual determination on the city’s petition – which is expected to be filed Tuesday – the mere act of filing it could delay franchise agreement negotiations. The petition was given to LCEC on March 9, at the same time as the city offered its proposed franchise agreement framework. That proposal came almost a year after LCEC provided its proposal.

LCEC CEO Dennie Hamilton said in a release the city’s petition would make negotiations difficult.

“While some legal posturing is to be expected, I know our members would want, and expect, both parties to work together in good faith to secure a mutually beneficial agreement,” Hamilton said. “It is difficult to engage in earnest negotiations while also defending against a legal challenge.”

Sawicki expressed her belief that Hamilton has not, in turn, represented the facts in good faith.

“I attended a chamber meeting, and I’ve been hit hard over this one, but I’m listening Mr. Hamilton to speak and the information was half-true. It wasn’t all wrong, it just wasn’t all right,” Sawicki said.



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Editorial: LCEC should keep power

(<http://www.news-press.com/story/opinion/2015/04/25/lcec-keep-power/26333819/>)

Cape a municipal electric utility?

But the issue looming over the entire process is whether the city – through a clause in its current franchise agreement – could purchase LCEC’s assets in the city and become a municipal electric utility for its residents and businesses.

Stout voiced her vehement opposition to that idea.

“I believe this year has been used to try and discredit LCEC and their CEO,” Stout said. “This line of attack may have worked with some on council and some in management. (...) I came to realize this is an attempted takeover by the city or it looks that way.”

Sawicki said she opposed pursuing an MEU but that negotiations with LCEC had left her frustrated.

“I do not want an MEU. But I’m going to tell you something, if we end up going down this path, of not getting the information or finding the information is so blatantly wrong and we’re being overcharged, I don’t know why we can’t look at an option of – because of their noncompetes with (Florida Power & Light) – of buying it and turning it over to FPL and let them run it,” Sawicki said.

Ryan said she viewed the discussion over an MEU as saber-rattling.

“What I heard from several members was they are not interested in forming an MEU. That is a threat to get everything they want in a franchise agreement,” Ryan said.

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