

10 Common False Charges

1. Charge: Public power's time has passed.

Not true. Public power systems continue to be fierce and successful competitors to the IOUs because they continue to provide reliable, efficient service to their customers at the lowest possible cost, even in this time of industry upheaval. Over the next decade, the electric utility industry will continue to change. Generation and transmission supply issues, as well as environmental protection decisions, will be a priority. The special relationship that public power systems have with their customers gives them an advantage as they face these challenges and set a course that best serves their communities' interests.

2. Charge: Public power means more bureaucracy and less protection for consumers.

In fact, as the recent private energy company financial scandals have painfully shown, publicly owned power utilities actually provide *more* protection to consumers. Citizens direct the activities of the public power utility through the utility's governing board made up of their elected or appointed officials. In addition, many public power utilities appoint citizen panels to advise them on services, reliability, rates, and other issues. Questions are answered and decisions are made publicly. Citizens have access to all meetings and records and, if they disapprove, they can vote the elected officials out of office.

3. Charge: Public power utilities do not have the resources to provide reliable power in the event of a major storm or outage.

Actually, public power utilities have a sterling record in terms of power reliability because they focus on core operations and take care of their own assets. Public power systems can respond quickly to emergencies because local crews live in the community, are accountable to local officials and possess expert knowledge of the system. In the event of a major outage, public power utilities coordinate with other utilities through mutual assistance programs.

4. Charge: Public power utilities are not large enough or sophisticated enough to deliver excellent service.

This statement is not true. Public power utilities get high marks for customer satisfaction – no matter what their size – because their focus is always on service to the customer rather than profits. Service quality is not compromised by mandates from a company headquartered hundreds of miles away, which may result in staff reductions, closed service centers, deferred maintenance, or delayed tree trimming. Public power systems are able to match local service needs with local resources.

5. Charge: Blanket statements that public power costs less are simply not true.

Statements about public power's rates being lower are true. Year after year, for over 50 years, data from the U.S. Department of Energy demonstrate that IOUs, on average, charge more for electricity than public power systems. In the most recent data year, residential customers of IOUs paid average rates that were 13 percent above those paid by customers of publicly owned systems.

6. Charge: Public power utilities do not pay taxes or franchise fees.

In fact, public power utilities make as large or *larger* financial contributions to state and local governments, on average, than do the IOUs. Public power utilities contribute to local governments through payments in lieu of taxes, transfers to the general fund, and free or reduced-cost services to the local government. The level of support and how the dividend is returned to the community is a local decision and another advantage of the local control of public power.

7. Charge: Utility businesses are always most efficient when operated on a larger scale.

This statement is false. Electricity distribution, as opposed to large scale generation and high voltage

transmission, is local. Public power utilities keep costs down through local scrutiny of operations. With their local presence they are more responsive to customers' needs. They use strategic partnerships and joint action with other public power agencies in power supply activities to obtain the advantages of size without taking on the disadvantages of merging into larger, more bureaucratic institutions. Municipal utilities also can provide their own advantage of community economies in billing, metering, 24-hour emergency call centers, and other customer service operations when they provide more than just electric service to homes and businesses.

8. Charge: A public power utility would thwart efforts to bolster economic development.

Just the opposite is true. Local control allows a community and its utility to work together to achieve their interrelated goals. A public power utility stimulates economic prosperity through low electric prices, translating to better living conditions for the entire community. Public power communities have taken a leadership role in preparing their communities for the future by pursuing new technologies that encourage new businesses to locate within the community. Some public power communities have begun offering telecommunications services because private companies would not offer them to smaller towns.

9. Charge: A new public power utility would not have the money and the expertise to hire and manage skilled crews, buy and maintain equipment, and provide a call center and billing service.

This statement is incorrect. Public power utilities have electric revenues to pay for these expenses, just as the IOUs do. They purchase trucks and equipment from the same suppliers as IOUs and recruit skilled managers and other employees from the same pool of qualified electricity industry professionals as IOUs. In fact, many public power CEOs began their careers working in the distribution or power supply departments of IOUs.

10. Charge: Municipalization efforts, for the most part, are overwhelmingly unsuccessful and those that succeed may take many years.

This is not true. The number of new systems formed is noteworthy – 16 in the last 10 years, 46 in the last 20 years and 72 in the last 30 years, and over a million new public power customers with the recent formation of one New York utility. The end results are communities that have achieved substantial benefits including lower rates and better service. Many public power systems were able to form in just a year or two, and in some cases the transition price was negotiated amicably. A few of the most hard-fought municipalization campaigns took 7 or 8 years to complete, however the average is 3 to 4 years.