

ADVANTAGES OF NON-PROFIT, LOCAL OWNERSHIP  
OF PUBLIC UTILITIES

COMPARISON OF INVESTOR-OWNED UTILITIES  
AND MUNICIPAL UTILITIES

<b>INVESTOR-OWNED UTILITIES (IOU)</b>	<b>MUNICIPAL UTILITIES (MUNI)</b>
<b>Private Corporation</b>	<b>Public Corporation</b>
<b>For Profit</b>	<b>Non-Profit</b>
<b>Priority Representation – Interests of Corporate Shareholders</b>	<b>Priority Representation – Local Ratepayers</b>
<b>Actions Controlled Mainly by Corporate Board or Holding Company and Moderately State Reg. Commissions / Minimally Regulatory Authorities</b>	<b>Actions Controlled Mainly by Local Government and Minimally State Government / and Regulatory Authorities</b>
<b>PSC Rate-Setting Conflict for Consumers and Shareholders (Profit Margin Permitted Component of IOU Rates)</b>	<b>Local Rate-Setting Conflict for Ratepayers and Taxpayers (Payments in Lieu of Taxes Included in MUNI Rates)</b>
<b>Competitive for Profit Rates Corporate Purpose</b>	<b>Competitive Cost-Based Rates and Community Purpose</b>
<b>Larger Sized Companies with Complex Operations</b>	<b>Smaller Sized Companies with Less Complex Operations</b>
<b>Pays Federal Income Tax and Higher Corporate Salaries</b>	<b>Tax-Exempt and Pays Lower Government Salaries</b>
<b>Private Transactions in Operations and None or Very Limited Public Access to Information</b>	<b>Transparency in Operations and Public Access to Information</b>
<b>Money Spent on Marketing Initiatives and Political Advocacy – Amount Limited by Corporate Board and Shareholders Amounts Usually Not Disclosed (Non-Utility Purposes Supported Through Shareholder Dollars)</b>	<b>Money Spent on Marketing Initiatives Amount Limited by Local Governance and Ratepayers Amounts Disclosed  None for Political Advocacy (Rate Revenues - Non-Utility Purpose)</b>
<b>Non-Recoverable Rate Expenditures – Underwritten by Stockholders – Reduction of Net Income</b>	<b>Non-Recoverable Rate Expenditures – No Other Source – All Expenditures in Rate Base</b>

<b>INVESTOR-OWNED UTILITIES (IOU) (cont.)</b>	<b>MUNICIPAL UTILITIES (MUNI) (cont.)</b>
<b>Business Structure (for profit) and Non-Transparency (private records) Advantage for Political Disputes</b>	<b>Business Structure (non-profit) and Transparency (public records) Disadvantage for Political Disputes</b>
<b>Business Structure (for profit) and Non-Transparency (private records) Disadvantage for Local Concerns and Priority of Services</b>	<b>Business Structure (non-profit) and Transparency (public records) Advantage for Local Concerns and Priority of Services</b>
<b>Concentrated Strategic Planning of Capital / Infrastructure for Corporate / Shareholder Well-Being</b>	<b>Concentrated Strategic Planning of Capital / Infrastructure for Ratepayer / Community Well-Being</b>
<b>Private Board Meetings</b>	<b>Local Public Meetings documented by Public Records</b>
<b>Corporate Private Interests w/Profit Driven Advantages – Preferential Services (supports subsidization in services)</b>	<b>Community Public Interests w/Non-Profit Advantages – Non-Preferential Services (supports cost-based services)</b>
<b>Minimal Personal Customer Service w/State &amp; Out-of-State Employees</b>	<b>Local, Personal Customer Service w/County or Resident Employees</b>
<b>Employees Majorly Contribute to State &amp; Out-of-State Economies</b>	<b>Employees Majorly Contribute to Local Economies</b>
<b>Operations Benefit Private/Select Utility Industry or State and Out-of-State Vendors (Due to Size has “Self-Build” Option)</b>	<b>Operations Benefit Utility Industry or Local Vendors (Public Solicitation Process)</b>