

Public Power: An American Institution

More than **35 million Americans** receive electricity from almost 2,000 not-for-profit, community-owned electric utilities. They are operated by municipalities, states, counties, or other public bodies such as public utility districts.

Public power systems are deeply rooted in the history of the United States. They are an expression of the American ideal of local people working together to meet local needs.

Like schools, parks, police and fire protection, public power systems are part of local government. They are governed locally and operated to provide an essential public service at a reasonable price.

Whom does Public Power Serve?

Public power systems serve about 15 percent of the nation's electric consumers. (About 270 private, profit making electric companies serve about 75 percent of all consumers, and about 1,000 nonprofit rural electric cooperatives serve the other 10 percent.) Every state except Hawaii has public power systems. In Nebraska, all electric utilities are consumer-owned.

Most public power systems are in communities with populations of 10,000 or less. However, many large cities also have public power -- for example, Los Angeles, San Antonio, Seattle, Memphis, Jacksonville, and Omaha.



Why is Public Power Special?

Public power systems belong and are accountable to the people they serve. Many are controlled by the city's elected governing board, such as a town council. Others are governed by a utility board whose members may be elected or appointed by the council or mayor.

Consumer-owners set the pace for policy making. Policy board meetings of elected or appointed officials are open to the public. Through public meetings and at the ballot box, consumers have a direct voice in expressing their goals and priorities for the community and its electric utility.

What are Public Power Benefits?

- **Lower rates.** On a national average, public power rates are significantly lower than private company rates.
- **Efficient service.** Driven by service at the lowest possible cost consistent with community aims and sound business practices, public power systems are directly responsible to their consumer-owner stakeholders -- not stockholders who expect a profit.
- **Local control.** Every citizen is a utility owner with a direct say in policies.
- **Commitment to conservation, safety, and the environment.** As arms of local government, public power systems work to meet overall long-term community goals.
- **Economic development.** Not-for-profit electricity attracts and maintains significant commercial and industrial development.
- **Competition.** Public power provides a benchmark for rates and service in what is essentially a monopolistic industry. Competition keeps rates lower and service better for all electric consumers.

How Do Rates Compare?

Public power rates, on a national average, are much lower than rates of private power companies. According to calculations based on U.S. Department of Energy statistics, the average residential customer of a private electric company pays about 30 percent more for electricity than the average public power customer. The average commercial/industrial customer pays about 10 percent more than the average public power customer.

Rates are lower because public power is not-for-profit and does not pay dividends to outside stockholders. Public power systems also are more efficiently managed than private power companies, according to calculations based on U.S. Department of Energy statistics. Like other local government operations, not-for-profit public power systems also pay no federal income tax and can issue tax-exempt bonds for capital expansion.