

# Coming Together for Equitable Public Power

REPORT

A photograph of a public event. In the foreground, a woman wearing a white vest and a blue face mask is speaking into a microphone. To her left, a man in a suit and glasses is looking down. In the background, a woman is holding a white banner that reads "NO UTILITY SHUTOFFS" with a lightbulb icon. The banner is held by several people. The event is taking place outdoors with trees and a building in the background.

NO UTILITY  
SHUTOFFS

# Table of Contents

## Background \_\_\_\_\_ 3

## Landscape \_\_\_\_\_ 4

Affordability

Reliability

Clean Energy Adoption

Local Control

Budget & Regulatory Barriers To Equity

Landscape Summary

## Interview and Focus Group Process [Methodology] \_\_\_\_\_ 8

Interviews

Focus Groups

## Insights by Theme \_\_\_\_\_ 10

Public Power Perceptions +  
Decorah Community Highlight

Improving Energy Service +  
Cleveland Community Highlight

Governing for Equity +  
Highland Park Community Highlight

Transformative Policy +  
McGregor Community Highlight

## Action Analysis \_\_\_\_\_ 17

Major Equity Concerns

Insights For Action

## Toolkit \_\_\_\_\_ 19

Toolkit: Public power communities

Toolkit: Public power campaigns

Toolkit: City leaders with municipally-  
owned utilities

Toolkit: City leaders considering  
municipally-owned utilities

# Background

The Public Power Project is a collaborative effort to conduct a review of public power efforts in the Midwest from the perspective of campaigners, public officials, staff of existing municipal power utilities, and communities already served by public power. **We seek to understand the landscape, identify equity and environmental issues, and zero in on opportunities to advance and improve the work.**

Communities across the country are experiencing escalating crises of affordability, energy reliability, and climate collapse. In an increasing number of cases, communities are identifying a root cause in the shareholder-driven investor-owned monopoly utility ownership structure which prioritizes profit and utilizes political spending, philanthropy, and its monopoly status to maintain control of legislatures and regulators. As a result, a number of communities are taking action to explore what it would take to break from investor-owned utilities who are

*Municipalization of an electric utility is the transfer of electric utility assets from a corporation to municipal control.*

*The energy transition refers to a complex set of changes in the energy sector, driven by technological advancements and efforts to mitigate the effects of climate change. Elements include things like electric vehicles, use of smart thermostats and appliances, shifting to clean and renewable energy sources, and using electricity to fuel most energy needs.*

failing to seek more sustainable solutions, and instead form a new public power utility – a process referred to as “municipalization.”

There are many emerging public power fights, usually driven by grassroots efforts and fought against by incumbent utility companies. Driven by the green **energy transition**, communities are exploring these publicly owned models, which serve [1 in 7 Americans](#), and are seeking to understand the nuances of owning and running a publicly-owned not-for-profit power utility.

As energy democracy advocates, we need to have an understanding of the real equity and structural change concerns, as well as an assembly of best practices for public power utilities for future advocacy work.

**From 2022 to 2023, the Public Power Project explored these questions in the following ways:**

- **Landscape analysis:** We reviewed the literature and data on public power as compared to the investor-owned models and summarized key comparisons.
- **Interviews:** We conducted 22 stakeholder interviews, primarily in Iowa, Ohio, and Michigan, asking questions about the past, present, and future of public power.
- **Focus groups:** We held 2 focus groups to engage stakeholders in cross-cutting conversations about the themes and trends emerging from the interview process.

**This report shares the insights we gained about how public power, in its incumbent and emergent forms, can be equitable, just, and democratic.**

Thanks are due to the steering committee who moved this critical work forward:

[CLEAN WATER FUND](#)

[CLEVELAND OWNS](#)

[CLAYTON COUNTY, IA ENERGY DISTRICT](#)

[THE INSTITUTE FOR LOCAL SELF-RELIANCE](#)

[WEST MICHIGAN ENVIRONMENTAL ACTION COUNCIL](#)

[SOULARDARITY](#)

[CHICAGO DEMOCRATIC SOCIALISTS OF AMERICA](#)

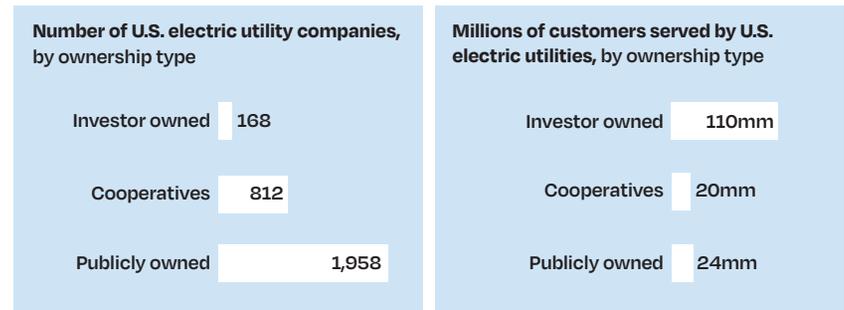
# Landscape

Utility customers, or ratepayers, buy power from an electric utility. The ownership structure of an individual utility is one of the important factors that impact rates, reliability, equity standards, and responsiveness to environmental concerns<sup>1</sup>. In examining utility structures, this report aims to discern how ownership structure correlates to these outcomes and outline key concerns when operating a utility.

**There are three major utility ownership structures in the United States: investor-owned, cooperatively-owned, and publicly owned.** As outlined below in data from the Energy Information Administration, investor-owned utilities serve the vast majority of customers and are the smallest in number. There are 168 investor-owned utilities in the United States, but they serve over 650,000 customers each on average. Conversely, there are nearly 2,000 publicly-owned utilities in the U.S., serving 12,000 customers each on average.

<sup>1</sup> Another factor which can impact rates, reliability and other issues is if a utility is operating in a regulated or deregulated market state. All of the interviews from this report were conducted in states with vertically integrated utility structures, where utilities are responsible for generation, transmission and distribution of electricity to their customers. In this type of structure, state public utility commissions approve investor-owned utility integrated resource plans, that outline the mix of resources (coal, gas, wind, solar, etc) they will use to generate electricity, and rate structures. Our report focuses on how the ownership structure of a utility impacts different factors such as rates, generation mix and reliability. For more information about the impacts of power market structures on investor owned utilities, please visit: [epa.gov/green-power-markets/power-market-structure](http://epa.gov/green-power-markets/power-market-structure)

## Investor-owned utilities served 72% of U.S. electricity customers in 2017



Source: U.S. Energy Information Administration, Annual Electric Power Industry Report

The models are differentiated by their ownership and accountability structures. **Investor-owned utilities** are owned by shareholders and have a fiduciary duty to generate profit, often providing power through long-term franchise agreements that secure their position as the monopoly energy provider in a given jurisdiction. **Cooperatively-owned utilities** are owned by their consumer members and are primarily accountable to providing service to their membership. **Publicly-owned utilities** are owned by national, state, or local governments and are primarily accountable to providing power to the citizens of their jurisdiction as a public service.

There is substantial debate regarding the importance of ownership structure as we transition to a clean energy future. Some people, such as Loretta Lynch (the former president of the California Public Utilities Commission), have expressed that “Public power is generally cheaper, safer, cleaner, and with some exceptions more reliable.” There are some who view the foundations of the systems used for energy regulation as designed to benefit investors over communities, and fundamentally believe in the need to transform the ownership

structures to achieve just outcomes. While there are efforts to create public power utilities around the country, it is recognized that public utilities are not a panacea. Critics point to the lack of regulatory accountability and a slower pace on clean energy transition as reasons to focus on regulating and legislating to improve the incumbent utility, whatever its ownership structure may be, rather than seeing public or cooperative ownership as a required precondition. Still, with generally lower rates and more reliability, the promise of public power has generated an upswell of local, state, and federal proposals for transitioning the generation, transmission, and distribution of power into public control.

To get a sense of the comparison, we can look at how ownership models stack up on **affordability, reliability, and clean energy adoption**.

## Affordability

While there is not an easily accessible source for comparing energy burden (the percentage of household income spent on energy) across the utility ownership structures, we can find some assessments of pricing. In 2021, the average price of electricity for residential customers was highest for investor-owned utilities, second-highest for public power, and lowest for cooperatives. The average for investor-owned utilities is significantly higher than those of cooperatives and public power.<sup>2</sup> An earlier statistical report indicates that commercial rates are close to even across the ownership structures, but public power utilities have slightly higher rates for industrial users than cooperatives and investor-owned.<sup>3</sup> **Though there is an equity concern across all ownership structures for residential customers, the data indicates that publicly-owned and cooperatively-owned utilities are providing lower rates to residential users overall, and that they bear a lower**

**proportional cost burden than they would in an investor-owned utility.** It is critical to note, however, that absolute energy costs can be substantially higher in rural areas served by electric cooperatives due to high energy use, despite lower prices.

## Reliability

As extreme weather events increase due to climate change, the reliability of utility systems is being tested. From wildfires to winter and coastal storms, we have seen large-scale and prolonged outages causing death and destruction due to poor system infrastructure. Responses to demands for improvements are often slow and insufficient due to political gridlock and opposition to investments in system updates. In 2021, municipal utilities performed better than investor-owned or cooperatively-owned utilities in terms of the average amount of time customers spent without power, both with and without major weather events. **Investor-owned utilities rank behind public power and ahead of cooperatives, whose customers spend the most average time without power of the three ownership structures.**<sup>4</sup> It should be noted that ownership structure and management may be a significant factor, but the scale of service is also to be considered. Cooperatives primarily serve large rural areas which investor-owned utilities did not prefer to serve, and investor-owned utilities also tend to serve larger territories than public utilities, which are usually operated at the municipal scale.

<sup>2</sup> [www.publicpower.org/system/files/documents/2023-Public-Power-Statistical-Report.pdf](http://www.publicpower.org/system/files/documents/2023-Public-Power-Statistical-Report.pdf) (pg. 10)

<sup>3</sup> [www.publicpower.org/system/files/documents/2018-Public-Power-Statistical-Report-Updated.pdf](http://www.publicpower.org/system/files/documents/2018-Public-Power-Statistical-Report-Updated.pdf) (pg. 21) The more recent statistical report does not include comparison of commercial and industrial rates, so we are looking at the most recent available comparison.

<sup>4</sup> [www.publicpower.org/system/files/documents/2023-Public-Power-Statistical-Report.pdf](http://www.publicpower.org/system/files/documents/2023-Public-Power-Statistical-Report.pdf) (pg. 16)

## Clean Energy Adoption

Rates of adoption of clean power are another key means of measuring between ownership models. In general, public power looks very similar to the national averages in terms of reliance on coal, gas, and nuclear for baseload power generation, with a substantial greater portion of hydro energy and lower rates of solar, wind, and other renewables. This is driven in large part by the fact that, prior to the recent passage of the Inflation Reduction Act, public power agencies have been unable to access the tax credits that have driven solar and wind adoption across the system. Some municipal utilities tend to be much smaller and often do not own any generation at all, and some have locked themselves into long duration contracts to purchase power from or have an ownership stake in fossil fuel generation. There are also instances where public power and cooperatives, despite lagging on clean energy from a generation standpoint, appear to be more progressive on the fronts of community-scale clean energy.

## Local Control

Publicly-owned and cooperative utilities are self-governed and subject to less state and federal oversight than investor-owned utilities. They are not subject to the same regulatory metrics for cost-effectiveness that investor-owned utilities are, which in some cases contributes to innovation. For example, a Michigan cooperative/municipal utility collaboration built community solar nearly a decade before their investor-owned counterparts, some of whom still have yet to build a single community solar project. However, this also means that these utilities are often not subject to Renewable Energy Standards or other legislative and regulatory mechanisms designed to advance a clean transition. This offers local utility boards and the local electorate control over decision making regarding rates,

sourcing, and economic opportunities. Reduced geographic and relational distance between customers and governing boards creates opportunity for customers to hold decision makers accountable, though the extent to which this occurs may vary widely.

## Budget & Regulatory Barriers To Equity

Infrastructure investment and budget impacts are common challenges for public utilities. Publicly-owned utilities have significantly less revenue to work with than their investor-owned counterparts, with the median public utility serving only 2,000 customers and generating \$5 million in annual revenue.<sup>5</sup> For comparison, in 2017 the average customer count of public utilities was 12,100 compared to 654,600 for their investor-owned counterparts.<sup>6</sup> So while a public utility possesses more of a structural motive to innovate in response to public needs, and sometimes will, the resources to build new projects and try novel approaches to energy issues are more limited.



<sup>5</sup> <https://www.publicpower.org/system/files/documents/2023-Public-Power-Statistical-Report.pdf> (pg 18)

<sup>6</sup> <https://www.eia.gov/todayinenergy/detail.php?id=40913>

## Landscape Summary

Creating and transferring management and operation of an area serviced by an investor-owned utility into a municipal utility area can also be a complicated process without guaranteed success. The structure and regulation of the power market was designed to serve investors before ratepayers and can be tricky to navigate as communities try to operate equitable service models in a capitalist framework.<sup>7</sup>

The incumbent system of energy regulation is not designed for equity or to support dialogue between citizens and regulators. The cost, complexity, and required technical knowledge to intervene in rate cases and other contested proceedings means that most important energy issues are decided by a small handful of professional-class technical experts and the representatives of utility shareholders, with little consultation of the communities who will be most impacted. In addition to regulatory capture, investor-owned utilities and larger scale utilities with other ownership types are often the dominant voice in the ear of policymakers, with investor-owned utilities in particular pouring resources into lobbying to control legislative outcomes. These realities incline many to believe that public utilities are necessary and socially valuable in that they are less likely to be subversive or become corrupted by shareholder profit or private market manipulation.<sup>8</sup>

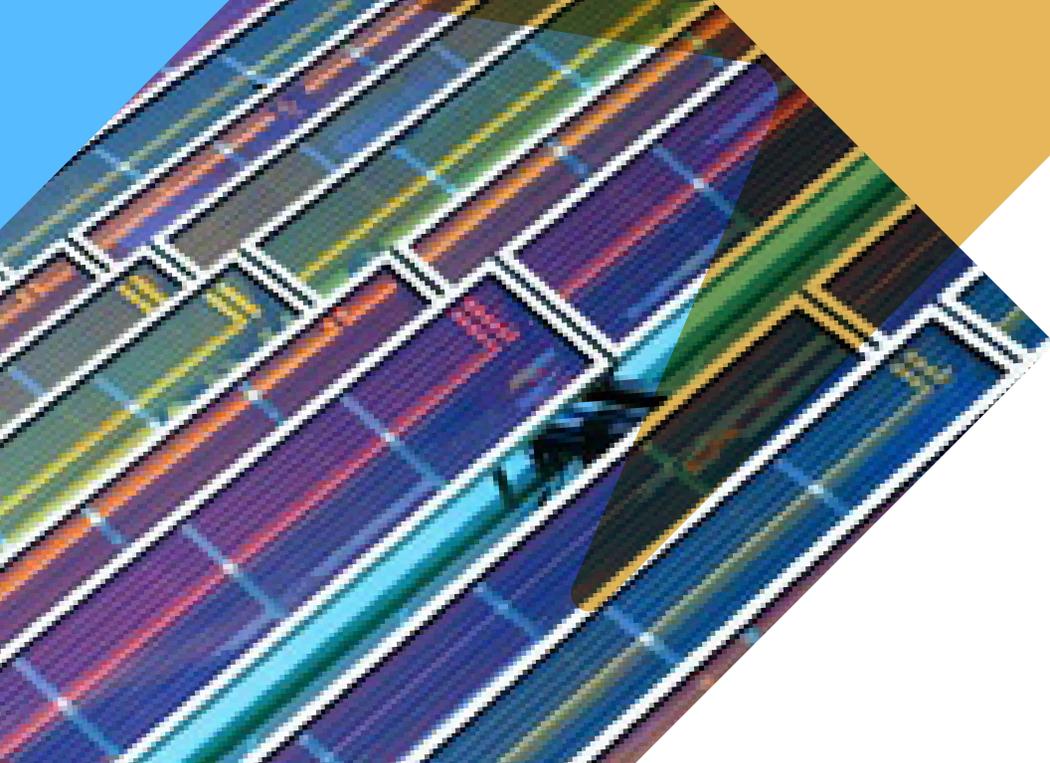
With the upsurge in efforts to start new public power institutions, understanding the landscape is critical to ensure equity in ownership transformations where they occur. This landscape assessment shows a public power sector that is, on average, meaningfully better for residential customers in terms of the basic service ideal of reliability, and comparable or marginally better on cost. It shows a sector that is lagging on clean energy adoption, but demonstrates instances of higher innovative capacity than its investor-owned counterparts. Finally, it shows the promise of greater democratic control that is currently limited by the scale and access to capital to implement community visions. Through this report, we will explore the opportunities and challenges as understood by stakeholders in existing and proposed public power institutions to build a more robust and nuanced view of this landscape.

“Public power is generally cheaper, safer, cleaner, and with some exceptions more reliable.”

Loretta Lynch, former president of the California Public Utilities Commission

<sup>7</sup> A comparison of costs in privately owned and publicly owned electric utilities: The role of scale. Koh D, Berg S, Kenny L. *Land Economics* (1996) 72(1) 56-65

<sup>8</sup> The New Utilities: Private Power, Social Infrastructure, and the Revival of the Public Utility Concept. Rahman K. *Cardozo Law Review* (2017) 39



## Interview and Focus Group Process

The project team interviewed key stakeholders who have a shared interest in equitable and effective public power. We completed 5 to 7 interviews from each of four stakeholder groups. In the territory of existing municipal utilities, we interviewed both public officials involved in managing the municipal utility and community members of those utilities who have actively engaged in utility issues. In the territories of investor-owned utilities, we interviewed community advocates for municipalization and staff or elected officials responding to that advocacy. There were several notable participant interviews with organizers or experts who did not fit neatly into one of these categories but provided helpful background.

Additionally, the project team conducted two focus groups with clusters of interviewees and other stakeholders across the backdrop of energy democracy as a whole. The goal of these conversations was to expand upon insights from our interviews with group discussion and shared learning.

## Interviews

Interviews were grouped into three primary geographies. In addition, a few interviews were conducted in Chicago, IL and Minneapolis, MN to learn more about local campaigns for municipalization.

- **Iowa:** We conducted 50% of our interviews in Iowa, covering each stakeholder group and getting a robust picture of the state's current public power sector and the efforts to expand on it. This set of interviews included three public utilities and members of the communities they serve, with populations ranging from 800 to over 20,000. One was a wires-only utility, and two of them owned fossil fuel generators. Each had different relationships to their neighboring utilities, mechanisms for purchasing or producing power, and different governance approaches. These interviews also included community members and an elected official in Decorah, where a local campaign recently narrowly lost a municipalization ballot initiative. We also spoke with clean energy organizers in the state capital of Des Moines. All together, this set of interviews offered us a state-level view of how the incumbent and emergent public power sectors relate to each other, and to the investor-owned utilities and cooperatives that they coexist with.
- **Cleveland, Ohio:** We examined the history of Cleveland Public Power, its relationship to the investor-owned utility FirstEnergy, and the approaches being taken by organizers and county officials to reconcile and mitigate CPP's historic challenges. We went deep into the historical challenges of

## Focus Groups

Cleveland Public Power, the racial and economic inequities that have emerged, and the variety of tactics organizers and advocates are using to address them. This includes the formation of a generation-focused public utility at Cuyahoga County as a response to the inadequacies of both Cleveland Public Power and the dominant investor-owned provider, First Energy, which has been making national news for corruption scandals. This deep dive into Cleveland Public Power also elucidated the connection between this municipally-owned utility's service failures and the allowance of FirstEnergy to directly compete for its customers, a case study of the dynamic relationship between ownership models in the energy system.

- **Southeast Michigan:** In this area we examined an array of communities responding to problems with the incumbent investor-owned utility, DTE Energy, through different approaches to public power. This included the communities of Ann Arbor, Highland Park, and Pontiac which cover the spectrum of race, population, and economic characteristics. These interviews revealed a wide diversity of approaches and relationships to the ideal of public ownership that have emerged in response to a utility that has persistently failed to meet customer needs, especially regarding power reliability as major blackouts are a continuous reality for many DTE Energy customers.

We conducted two focus groups, with assistance from The Work Department, a consulting firm. While the vast majority of participants were interviewees, participants also included several subject matter specialists from beyond the Midwest region to better inform the conversation in the wider energy market.

- **A policy advocate,** living in Nebraska, who works closely with municipal power utilities on solar policy
- **A former state legislator** in Maine that stepped away to pursue municipalization at the state level.
- **An independant consultant** with roots in the Public Power Association and a long history with co-ops and municipal utilities

The first of the focus groups created a dialogue between community members advocating for changes within their municipal utility and community members campaigning to start a municipal utility. In this room the major subjects of discussion were governance and accountability, costs and benefits of ownership, and the climate transition.

The second focus group connected community members campaigning to start municipal utilities with a subject matter expert to explore questions surrounding regional energy planning and the centralization or distribution of authority in the energy sector. The group included community members representing two very socioeconomically different cities under the same investor-owned utility.

Organizers in Iowa's Driftless region learning about Energy Districts, modeled after the soil and water conservation district model.



## Insights by Theme

The interviews and focus groups were rich, far-ranging, and complex conversations that varied greatly depending on if we were talking to a utility manager, a community activist, an elected official, or some combination of the three. We are presenting the insights from these conversations in four topic areas:

1. **Perceptions of public power:** How do stakeholders view public power generally and in comparison to other utility ownership models?
2. **Improving energy service:** What are the key elements of service improvement that stakeholders value and are working for?
3. **Governing for equity:** How do governance structures reflect and aid or undermine equitable utility management?
4. **Transformative policy:** What action at the local, state, or federal levels would support the needs and desires of stakeholders?

### Community Highlight: A Campaign for Public Power in Decorah, Iowa

**Decorah, Iowa** has a population of around 8,000 residents and has the highest solar generation per capita in the state of Iowa. A group of citizens realized that Alliant Energy, the investor-owned utility company serving Decorah, had rates about 60% higher than their nearest competitor and was planning a rate hike at the same time the city's franchise agreement (which guarantees Alliant the ability to operate in the municipality) was expiring. The citizens group launched a municipalization campaign under the name Decorah Power. Their messaging focused on local control and economic sustainability. Although unsuccessful - failing to pass by only 3 votes - the municipalization attempt allowed the city to negotiate a shorter, 15 year franchise agreement with scheduled opt-outs at 5 years, 7 years, and 12 years. Alliant Energy will also have to publicly disclose future costs of operational feasibility studies. MiEnergy, a neighboring cooperative utility, has also agreed to be a back-up energy service provider should a future municipal utility face operational challenges. Several campaign members served on a task force which recently completed a research project ending in a recommendation for the city to reconsider municipalization. Up against Alliant Energy's million dollar advertisement campaign, Decorah Power very nearly carried the day with a message about lower costs, local ownership, clean power and greater reliability. Strong concessions can be won in a municipalization campaign, even if the community doesn't achieve municipalization.



Citizens in Decorah, Iowa fought to municipalize their grid and keep energy dollars in their community.

## Public Power Perceptions

- **Where public power exists, it is a point of pride for communities.** This was a consistent point across almost every conversation, even in places where there was frustration or serious performance issues with their municipal utility.
- **Utility operators see each other as peers across ownership models.** Many small municipal utilities rely on larger generation and transmission cooperatives, investor-owned utilities, and industry associations for power purchasing, technical knowledge, and labor for major improvement projects. While municipal utility operators express pride in and affirm the benefits of owning their own energy utility, the need for collaboration inclines them to see their counterparts at investor-owned utilities and cooperatives as colleagues rather than competitors.
- **Proponents of public power see it as essential, while skeptics see it as one tool among many.** The most fervent advocates for public power see it as part of a broader transformative effort to build an energy system governed for the public interest, address climate change, and repair racial and economic inequality. Their view broadly is that without a transformation of utility governance, the old results and power dynamics will continue to play out. As such, they see the shift to public ownership as an important end in itself. This sense of essentiality is not shared by many municipal officials, even those open to public power. Cities with aggressive decarbonization goals, which was the case for one interview subject, may see shifting to public power as a possible means to gain the control they need to move faster than their incumbent utility. But if the cost and complexity seem too great, they would be likely to prioritize other means to achieve that goal.
- **The transfer of assets on our grid – and taking responsibility for its improvement – is the biggest barrier to new public utilities.** First to be considered is the significant financial, legal, and administrative expense associated with acquisition of local grid assets and securing access to the transmission-level power system. Beyond that, many existing utilities' energy distribution grids have fallen into disrepair. This fact can incentivize action towards public power, but it also means that a local government which takes over from the incumbent investor-owned utility will now be responsible for modernizing the grid infrastructure. Particularly for Michigan cities like Highland Park and Pontiac, Black cities still reeling from the impact of emergency management and the loss of public assets, the liability of the old infrastructure is a major barrier to considering public ownership.

## Community Highlight: A Campaign for Improved Service in Cleveland, Ohio

**Cleveland, Ohio** is a large city of over 350,000 residents. Cleveland Public Power (CPP), an older municipal utility, serves about 75,000 commercial, residential and industrial customers. CPP primarily serves East Cleveland, a predominantly Black and low-income community, which means that its poor performance compared to its peers is an issue of racial and economic justice. CPP charges higher rates than many other Ohio utilities and has had a history of poor engagement with concerned community members. This is in part due to poor deals being made for power purchasing and in part due to their local investor-owned utility, FirstEnergy, being allowed to poach larger industrial customers and higher income residential customers. Several organizations are working to educate ratepayers and put pressure on the director and commissioners in charge of CPP. They want CPP to chart a path forward out of these challenges by getting out of its extractive contracts for coal and hydro power and by embracing clean energy, equitable rate structures, and other smart, progressive policies

The story of CPP shows that municipalities can open themselves up to bad contracts or long-term issues if leadership is not well informed and savvy about power buying agreements. It also shows the governance structure of a municipal utility influences the level of accountability ratepayers can exercise over the utility purportedly serving them.

Organizers in Ohio attending a press conference by Sierra Club: "Stop the Coal Plant Bailouts".



## Improving Energy Service

- **Reliability, affordability, and clean energy adoption are major drivers of concern across the board.** Across stakeholder groups it was exceedingly clear that these three axes are of critical concern for energy users, city officials, and utility managers. While clean energy adoption is not necessarily a priority for all of the people who participated in this process, even those who were not champions for it expressed concerns about the changing energy system and if their community would be adequately supported to adapt.
- **The dynamic relationship between utilities of varying ownership models makes apples-to-apples performance comparisons challenging.** As identified in the landscape analysis, public power averages better performance on reliability and cost, while lagging on clean energy adoption. But the average data misses much of the nuance of individual situations. Cleveland Public Power, for example, has rates equal to or higher than its IOU competitor, FirstEnergy. However, a rate increase at CPP came after decades of its customer base eroding due to shrinking population and direct competition from FirstEnergy, which

was allowed to poach the municipal utility's large and upper-income customers. And while utilities like Ameren in Iowa claim to be almost entirely clean in terms of the energy they sell to their customers, they still own and operate profitable coal plants which sell dirty power that interconnected utilities are still reliant on.

- **Energy equity and climate adaptation is not a focus for the incumbent public power industry.** Existing public power operators are focused on the same basic dictate that has guided the entire energy sector – reliability and affordability. If they are keeping the lights on and keeping the power cheap, or at least cheaper than their neighbors, they are doing their job. Adopting solar policy, for example, is usually the result of citizen advocacy as we learned from the case of Guttenburg, Iowa. The most influential community members are industrial energy users, and there is little capacity to pursue forward-thinking clean energy programs or affordability plans.

## Governing for Equity

- **The structure of municipal utility governance shapes its effectiveness and community relationships.** We encountered an array of models for governance of municipal utilities. These included an elected city council serving as the utility board, a separately elected utility board, and a utility board appointed by city council or the mayor. Many stakeholders stated that elected boards were easier to hold accountable to community desires, given that they can be removed from office by voters, but some campaigns to form new municipal utilities have preferred an appointment process in the interest of setting standards of utility-specific knowledge for board members. The ability to secure board members who are knowledgeable about energy issues and responsive to community can significantly shape the outcomes.

- **Changing long standing leadership structures is a challenge for public power communities.** The leadership trends of municipal utilities are consistent with the broader structures of power in the United States. A community activist in a municipal utility in Iowa pointed out that, much like Rural Electric Cooperatives, the boards and managers of public power institutions trend towards being representative of industrial interests over those of regular ratepayers. While that same activist also cited a greater level of investment in quality service from board members who reside in the community, they expressed frustration and challenges getting community representatives onto the board.
- **Small communities that are operating or considering public utilities struggle with a lack of experienced leadership.** Energy utility management requires specialized labor, and small communities with limited economic capacity struggle to retain that labor and leadership. From board members, to managers, to line workers, the ability to pay competitive wages and attract residents who want to serve in leadership roles and have a working knowledge of utility operations is difficult. Many cities are able to procure support through agreements with the larger and more robustly staffed investor-owned utilities or rural electric cooperatives and realize operational efficiencies by integrating utility management with the overall public works department.
- **Despite challenges, governance is one of the main reasons communities support public power.** Even in conversations with community activists frustrated with their municipal utilities, there was a continuous statement of the benefits of board members being part of the community, having relationships with the people who were holding them accountable, and being able to vote them – or the people who appointed them – out.

## Community Highlight: When Municipalization is not Realistic

**Highland Park, Michigan** is a community of less than 10,000 that has experienced sustained disinvestment and has an unbalanced relationship with DTE Energy, the investor-owned utility that services the area. Particularly for cities like Highland Park, a Black city still reeling from the impacts of emergency management and the loss of public assets, the liability of the old infrastructure is a major barrier to considering public ownership. There are grants and federal programs available to help cities like Highland Park reach renewable and electrification goals, though major public support would be needed to move away from their investor-owned utility. In response to ongoing power outages in 2021, City Council passed a resolution calling for community perspectives on pursuing a public power feasibility study. Souldardarity, a community organization formed to address DTE's repossession of most of the City's streetlights, responded with a memo supporting a feasibility study as a valuable project to understand the state and value of the electric infrastructure in the city, even if municipalization ultimately seemed infeasible. City and community have since partnered to secure participation in the [Department of Energy's Communities LEAP program](#) to develop energy solutions which it can begin to implement right away.

Highland Park's story indicates that, in the near term, not every community will be able to municipalize, and municipalization should be looked at as a piece in the greater shift towards a more accountable structure of power generation in the country. While each community has its own unique relationship to power generation, it is clear that there are a number of communities that are underprepared for the transition to renewable electricity.



Activists in Ann Arbor, one Michigan community well situated to take on the fight to municipalize, meet with their members.

## Transformative Policy

- **Public utilities need financial support to improve equity and climate transition.** Public utilities share the same sunk cost problems as investor-owned utilities, having made major investments into a grid that was built for big centralized fossil fuel generation. Resources must be provided for utilities, especially those serving small towns and rural areas, to make investments into modernizing their grids, so that they can develop local clean energy and storage, and develop equitable programs for energy efficiency and home improvement. Grants, technical assistance, and skilled labor must be provided by state and federal actors to ensure an equitable energy transition.
- **Regional energy planning and consistent incentives aid utility planning.** The constantly shifting landscape in which energy sources are being incentivized and the disconnect between states, federal government, and regional transmission organizations generates uncertainty. If it takes a small municipal utility years to plan and implement a major solar generation project, it's possible that by the time it gets built the incentives and tax structures will have

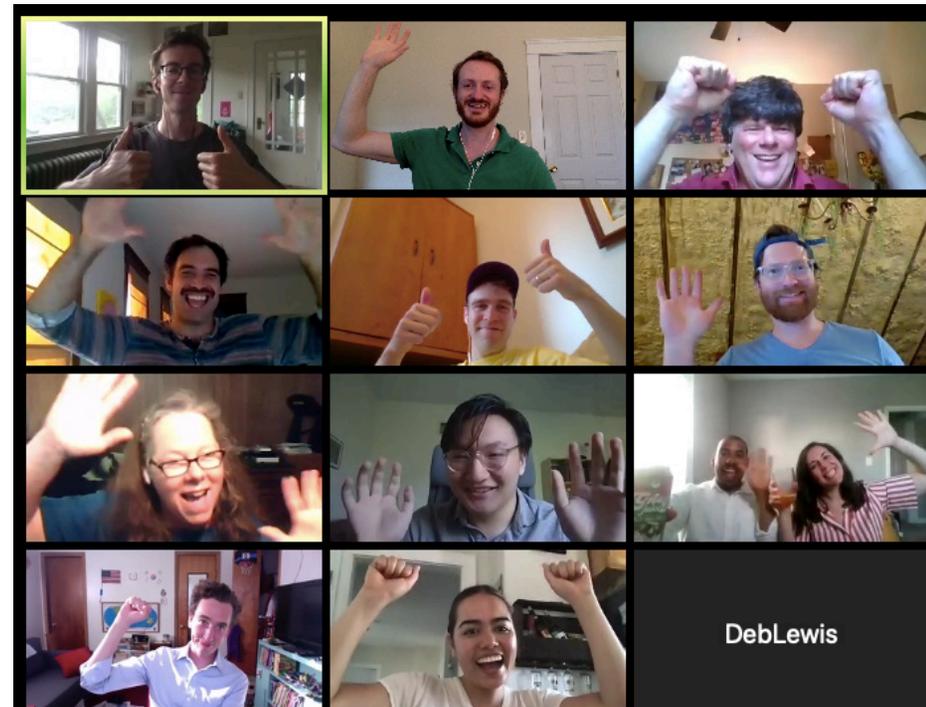
changed entirely. Recent legislation such as the Inflation Reduction Act and Infrastructure, Investment, and Jobs Act, which provide for stable incentives for renewables available to public utilities, may improve upon this historic issue. Furthermore, a utility may want to retire an old fossil fuel asset in keeping with federal or state guidance while their regional transmission organization, which controls the transmission wires and the movement of energy across our grid, is requesting that they keep it online to support the reliability of the grid.

- **Financial, legal, and technical processes for municipalization should be made clearer and fairer.**

There is some support at the state and federal level to produce funding and research into new forms of power generation, but public power campaigns still face an uneven battle. Incumbent investor-owned utilities are quick to spend substantial dollars fighting ballot initiatives, influencing feasibility studies, and mounting legal battles over the cost of their grid infrastructure to prevent the loss of their customer base. This uphill battle is enough to convince many that public power is not worth considering. Providing funding, technical support, and clear negotiation processes that appropriately limit the influence of cash-rich incumbent utilities, as some have proposed, would encourage more objective evaluation of the costs and benefits of municipalization.

- **Larger-scale public power institutions may offer an answer to local struggles.** The localized challenges residents have with their public utilities and the struggles to create new public power point towards larger scale public power as an option. A state-level conversion as proposed in the

resolution by the City of Pontiac, Michigan, or even the development of a generation-only utility as with Cuyahoga County, Ohio, offers the benefits of scale and the ability to socialize costs and benefits better between highly impacted communities and more well-off communities. For the great majority of public utilities which may serve just hundreds of people, larger-scale public power institutions would allow them to access a larger expert workforce and capital for energy transition projects without needing to negotiate terms with investor-owned entities which don't share their motivations.



Members of the Cleveland Solar Cooperative ratifying bylaws on Zoom in 2020.

## Community Highlight: Seeking Energy Security in McGregor, Iowa

**McGregor, Iowa** is a river town with a population of just over 700 people that does not generate the vast majority of the power generated by their municipal electric power utility. The area tends to be a summer tourist destination with a corresponding economy. The energy burden in a McGregor winter can be quite high, with most homes being heated with propane. McGregor, which is situated between large hills and the Mississippi, faces a unique problem. Its small size and location means that there isn't much open space for solar or prime real estate for wind generation, therefore McGregor Municipal Utility purchases power from Dairyland Power Cooperative. This means they are reliant on a single transmission line to send power to their distribution lines. If something happens outside their system, the city is at the mercy of the transmission company to repair their connection to the grid, or potentially fire up their petroleum-burning generator, which they try to avoid. A few times in recent years, McGregor was also called upon by the Midwest Independent System Operator (MISO) to turn on their generating unit when power supply is low. For McGregor, having this oil generation unit is a source of energy security, despite the fact that it is not especially profitable and generates environmental and health hazards.

Small communities like McGregor must not be neglected in the clean energy transition and be provided the resources and personnel to achieve energy security along with the investor-owned utilities, cooperatives, and larger public power institutions. The Clayton County Energy District, part of the Clean Energy Districts of Iowa, has encouraged McGregor to increase adoption of rooftop solar and utilize the bluff top for larger scale solar, while improving energy efficiency and electrification rebate incentives.



Founded over a century ago as the local municipal water utility, today Muscatine Power and Water is a full-service utility providing water, electric and communications services to Muscatine.

is going to have fiscal ramifications for the incumbent utility and the communities they continue to serve. Thus, municipalization advocates should root their approach in a broader analysis of systemic transformation and consider how their success can give rise to other victories for communities who cannot follow the same blueprint.

- 2. Governance and management of public utilities reflects the broader structures of economic power, with industrial users seeing lower rates and more representation while residential customers face higher rates and less access to decision makers.** Public utilities are not immune to the concentrations of power that exist in the political economy of the United States. While the inequity found in public utilities is at a lower rate than is generally found in investor-owned utility territory, it is still a noticeable and substantial issue.
- 3. Improving public health and climate adaptation are not usually the highest priorities for the public power sector, and many municipal governments.** The focus remains on reliability and cost, and efforts to include public health and climate issues are often ignored or resisted. This is driven by many of the same material contradictions affecting the investor-owned utilities and rural electric cooperatives – sunk costs in fossil fuels, aging grid infrastructure, and economic pressure on ratepayers.

## Action Analysis

### Major Equity Concerns

- 1. Single-community municipalization is not a viable option for many frontline or under-resourced communities.** This does not mean that it should not be pursued as a tactic for energy service improvements, as Decorah, Iowa appears to be on the pathway to achieving. But it does mean that advocates should be clear about how a community with higher incomes and less social vulnerability pursuing municipalization can positively impact the broader landscape. For communities like Highland Park and Pontiac in Michigan, the path to public power through municipalization under current economic conditions is steeper than it would be for neighboring communities like Ann Arbor. Any successful municipalization campaign

# Insights For Action

- 1. The historic and emergent public power sectors can benefit from a shared agenda and spaces to convene.** The incumbent energy sector is struggling with limited utility-by-utility capacity, the sunk cost challenges of transitioning off of fossil fuels, and a lack of clear and consistent support from state and federal government. Campaigns for new public power institutions lack the strategic insight of experienced utility operators and resources for research and advocacy. By working together, both sides can benefit. The existing sector can benefit from the visionary thinking of the emergent sector on energy transition, equity, and broader policy agendas and expand its ability to rely on other public institutions for technical support. The emergent campaigns can better tailor messaging and strategy to their local government leadership and lean on the success of the existing sector as case study. This could look like the formation of an association of municipal leaders in existing municipal utilities and places where they are being considered, in partnership with communities pressing for those public power transformations.
- 2. Communities pressing for municipalization or pressing for improvements from incumbent utilities can benefit from strategic alignment.** While some communities may see a clear pathway to municipalization, others may be seeking various other means to improve reliability, affordability, energy-based economic development, and clean power access. Rather than being put at odds through the efforts of investor-owned utilities seeking protection of their business interests, communities can instead seek alignment between visions for transition to equitable public power where it is viable and improvements on energy service for

those captive to incumbent utilities where it is not. One example of what this looks like is Ann Arbor For Public Power showing up in support of organizing against DTE Electric's proposed rate hike in 2022, but the local iterations may differ based on the set of relationships and issues on the ground.

- 3. Clear alternative models must be developed for advancing public ownership beyond — but not in competition with — the traditional single-community municipalization approach.** The two major approaches that emerged from this process were 1) generation-focused public power and 2) larger scale public power. California, Michigan, and Maine advocates, for example, are considering statewide utility transitions. Ann Arbor is considering a smaller-scale approach to start building out solar and storage micro-grids in vulnerable neighborhoods alongside a feasibility study on municipalization. A recent policy proposal from Climate and Community Project, a climate policy think tank, takes both approaches. The proposal envisions a **federal clean power authority** to develop clean energy in central and distributed fashion and take a coordinating role in the transmission system. These strategies do not have to be in conflict with municipalization campaigns, and should be considered as complementary approaches.

These major insights apply across all stakeholder groups. In the attached toolkit, we provide guidance for particular stakeholder groups on how these insights can be applied.

The full *Coming Together For Public Power* report outlines overall equity concerns and shared insights for all stakeholders.

## Equity Concerns

1. Single-community municipalization is not a viable option for many frontline or under-resourced communities.
2. Governance and management of public utilities reflects the broader structures of economic power, with industrial users seeing lower rates and more representation while residential customers face higher rates and less access to decision makers.
3. Improving public health and climate adaptation are not usually the highest priorities for the public power sector, and many municipal governments.

## Insights for Collective Action

1. The historic and emergent public power sectors can benefit from a shared agenda and spaces to convene.
2. Communities pressing for municipalization or pressing for improvements from incumbent utilities can benefit from strategic alignment.
3. Clear alternative models must be developed for advancing public ownership beyond – but not in competition with – the traditional single-community municipalization approach.

In addition, the Public Power Project offers these learnings specifically for communities working to hold a current municipal utility accountable in order to advance towards equitable public power. Many of these recommendations emerge directly from the experiences of interviewees in public power jurisdictions and are aimed at methods for public power institutions to take a proactive leadership role.

- **Educate both your ratepayers as well as your public officials on the specific needs of your community.** Activists under municipal utilities cite a greater level of investment in quality of service from municipal utilities whose board members reside in the community. Under this service model, this is an opportunity to shift public opinion in that community and add pressure on your decision makers to hold them accountable.
- **Work to get community representatives onto the board.** A board that is more reflective of your community is more likely to understand the local needs and concerns and put pressure on board members to consider inclusive, community-minded responses. This is difficult because many boards are not elected and there is some preference for

hiring highly educated, corporate types who have long histories of working with IOUs.

- **Connect with other public power communities.** While public power serves a small proportion of the population, there are a number of communities with the same struggles you have. There is power in numbers and in demonstrating feasibility. If the issue you are working on has been addressed effectively by a peer utility, that's a great resource for convincing your utility's leadership to take it on.
- **Bring resources to the table.** Even sizable public power utilities lack the same level of capacity that their investor-owned and cooperative peers have. If you can come to the table with a grant, technical partner, or other resource to support your proposal you are far more likely to see it succeed.

## Equity Concerns

1. Single-community municipalization is not a viable option for many frontline or under-resourced communities.
2. Governance and management of public utilities reflects the broader structures of economic power, with industrial users seeing lower rates and more representation while residential customers face higher rates and less access to decision makers.
3. Improving public health and climate adaptation are not usually the highest priorities for the public power sector, and many municipal governments.

## Insights for Collective Action

4. The historic and emergent public power sectors can benefit from a shared agenda and spaces to convene.
5. Communities pressing for municipalization or pressing for improvements from incumbent utilities can benefit from strategic alignment.
6. Clear alternative models must be developed for advancing public ownership beyond – but not in competition with – the traditional single-community municipalization approach.

In addition, the Public Power Project offers these learnings specifically for the Public Power Campaigns currently working to advance towards equitable public power. Many of these recommendations emerge directly from the experiences of interviewees in public power jurisdictions and are aimed at methods for public power institutions to take a proactive leadership role.

- **Consider how you plan on structuring your municipal utility.** Organizational structures that aren't subject to public opinion are susceptible to political influence and a lack of accountability. If communities considering municipalization hope to avoid future pitfalls as they grow, the structure of the utility is an essential consideration.
  - Establish a Board (5 -13 members) accountable to city council (elected or appointed).
  - Provide a process to receive consistent public input.
  - Finally, establish support staff roles to ensure your Board Members are sufficiently educated.
- **Create a broad coalition of support** including environmental organizations, faith groups, advocates for low income communities, local universities as well as any sympathetic large power buyers you can get on board. The city will need to know that they have the support of their residents if they are going to take on this fight.
- **Approach the conversation in your community with multiple lenses.** In some communities the argument for renewable power is not salient, but this should not be the only reason to municipalize. For many it is a fight to keep ratepayer dollars in the community. For others it's about reliability and lower rates. Your argument should be fit to your

community and flexible to different stakeholders<sup>9</sup> needs in your community.

- **Research and build leverage through your jurisdiction's franchise agreement with the incumbent utility.** Franchise agreements<sup>9</sup> are contracts issued by the municipality to a monopoly investor-owned electric provider for permission to operate their utility in the city-owned right of way. Understanding the terms and length of the agreement is important for determining the timing and intensity of public power campaigns. The expiration of these agreements is a critical juncture to assert the possibility of a municipal utility, or at least advocate for shorter-term agreements that allow for your jurisdiction to opt for a different energy service provider. The terms of franchise agreements can greatly affect the ability of a local community to advocate for energy service improvements. Understanding them is key for any campaign for municipalization or energy service improvement.
- **Be serious and rigorous about the feasibility of municipalization.** Campaigns can be easily and quickly dismissed by city leadership if you appear more committed to the means of achieving energy service improvements than the improvements themselves. If you secure a feasibility study, it has a sound methodology, and it indicates the municipalization is not feasible, be thoughtful about your response. There are any number of reasons that the barriers to public power could be too much to overcome for a particular community. Should that be the case, be open to shifting focus into a tactic that helps to address the service issues in your community and helps to remove some of the barriers seen in the feasibility assessment.

<sup>9</sup> It is worth noting that some states, like Michigan, guarantee a franchise to monopoly utilities which means that the majority of communities operate without one. The legal or fiscal weight a franchise agreement can carry will vary state-to-state.

The full *Coming Together For Public Power* report outlines overall equity concerns and shared insights for all stakeholders.

## Equity Concerns

1. Single-community municipalization is not a viable option for many frontline or under-resourced communities.
2. Governance and management of public utilities reflects the broader structures of economic power, with industrial users seeing lower rates and more representation while residential customers face higher rates and less access to decision makers.
3. Improving public health and climate adaptation are not usually the highest priorities for the public power sector, and many municipal governments.

## Insights for Collective Action

1. The historic and emergent public power sectors can benefit from a shared agenda and spaces to convene.
2. Communities pressing for municipalization or pressing for improvements from incumbent utilities can benefit from strategic alignment.
3. Clear alternative models must be developed for advancing public ownership beyond - but not in competition with - the traditional single-community municipalization approach.

In addition, the **Public Power Project offers these learnings specifically for elected officials and staff of existing municipal utilities for advancing towards equitable public power.** Many of these recommendations emerge directly from the experiences of interviewees in public power jurisdictions and are aimed at methods for public power institutions to take a proactive leadership role.

- **Seek the resources and partnership to conduct proactive equity analysis of your service.** While this may be challenging for small individual municipal utilities, there are opportunities in collaboration with peer utilities, think tanks, and advocates. While the initial results can reveal troubling realities, they also lay the groundwork for strategic plans to increase equity. Helpful analysis could include:
  - **Health:** especially for those who own and operate fossil fuel generation, identify the health costs associated with generating and providing power and if they are borne disproportionately by particular neighborhoods, income levels, or racial identities. Use this to support plans for transitioning to clean

energy and advocate for the financial resources to do so.

- **Energy burden:** identify what proportion of household income residents spend on energy at different income levels relative to the federal poverty line. Use this to develop affordability-based rate plans that ensure access to energy for all, and inform other parts of city government working on the economic and social welfare of citizens.
- **Grid investments:** identify where your grid investments are going, if they are prioritizing certain areas, and develop strategies for shifting those investments as needed.
- **Work towards residential ratepayer and community representation on your governing boards.** While industrial and business representatives bring certain kinds of acumen, they do not represent the needs of those who are paying the highest price for power. Encouraging community and ratepayer participation in your governing boards allows for deeper discussion of solutions to energy poverty, managing the clean energy transition, and programmatic access which may not emerge from industry leaders alone.

- **Become proactive members of the energy transition.** The energy system is changing. While solar and wind remain a relatively small portion of generation today, the pressure of responding to climate change is driving major shifts in the economic and policy landscape. Major investor-owned and cooperatively-owned utilities are positioning themselves to transition to clean energy and receive financial compensation for their retiring fossil fuel plants. Electrification will continue to reduce available resources for gas distribution, while increasing burdens on electric infrastructure. In order to not be left behind, public power must become a proactive part of the transition. While some municipal utilities may be large enough to have their own agendas, most will need to work through existing institutions and new partnerships to seek technical assistance, grant support, and advocacy capacity to update business models, program offerings, and modern investment plans for generation and transmission.
- **Explore non-traditional partnerships with energy justice and democracy advocates.** There is a historically close relationship between utilities as peers in the provision of power across ownership structures. This relationship is, at least in part, driven by a centralized power system in which small public utilities rely on investor-owned utilities and generators for transmission of power to their local systems. The emergence of cost-effective solar, storage, electric vehicles, and other grid edge technology has presented a much wider array of opportunities for local utilities to build their own distribution-level programs and expertise. While there is no need for a local municipal utility to forgo beneficial working agreements with their peer utilities, there is also a wealth of expertise and creativity in the think tanks, advocacy groups, and community-based organizations that have historically pressed against the failures of the utility sector to deliver just and equitable service. In these partners, public power institutions can find significant support in navigating the complexity of the energy transition to the benefit of their citizens and ratepayers.

The full *Coming Together For Public Power* report outlines overall equity concerns and shared insights for all stakeholders.

## Equity Concerns

1. Single-community municipalization is not a viable option for many frontline or under-resourced communities.
2. Governance and management of public utilities reflects the broader structures of economic power, with industrial users seeing lower rates and more representation while residential customers face higher rates and less access to decision makers.
3. Improving public health and climate adaptation are not usually the highest priorities for the public power sector, and many municipal governments.

## Insights for Collective Action

1. The historic and emergent public power sectors can benefit from a shared agenda and spaces to convene.
2. Communities pressing for municipalization or pressing for improvements from incumbent utilities can benefit from strategic alignment.
3. Clear alternative models must be developed for advancing public ownership beyond - but not in competition with - the traditional single-community municipalization approach.

In addition, the **Public Power Project offers these learnings specifically for elected officials and staff of cities considering public power or responding to community-based municipalization campaigns for advancing towards equitable public power.** Many of these recommendations emerge directly from the experiences of interviewees in public power jurisdictions and are aimed at methods for public power institutions to take a proactive leadership role.

- **Seek the resources and partnership to conduct proactive equity analysis of your service.** While this may be challenging for small individual municipal utilities, there are opportunities in collaboration with peer utilities, think tanks, and advocates. While the initial results can reveal troubling realities, they also lay the groundwork for strategic plans to increase equity. Helpful analysis could include:
  - **Health:** especially for those who own and operate fossil fuel generation, identify the health costs associated with generating and providing power and if they are borne disproportionately by particular neighborhoods, income levels, or racial identities. Use this to support

plans for transitioning to clean energy and advocate for the financial resources to do so.

- **Energy burden:** identify what proportion of household income residents spend on energy at different income levels relative to the federal poverty line. Use this to develop affordability-based rate plans that ensure access to energy for all, and inform other parts of city government working on the economic and social welfare of citizens.
- **Grid investments:** identify where your grid investments are going, if they are prioritizing certain areas, and develop strategies for shifting those investments as needed.
- **Support engagement by public power advocates in the feasibility study process.** Even if the study does not end up indicating that a municipalization project is feasible, by engaging advocates throughout they will come along with you. While the incumbent utility will likely be applying pressure to not conduct a study at all, having the study results can only benefit you in negotiations with the utility for whatever community benefits or service improvements you are seeking.

- **Consider alternative local strategies to improving energy service and equity as complementary to the idea of public power.** While there is likely to be a tension between advocates who view the transition to public power as essential and municipal staff who do not, bridges can be built by considering how other municipally-controlled efforts to improve service work in the direction of democracy and public ownership. Particularly for cities that face significant financial barriers to ownership transition, it will be key to identify what strategies are in your control – like revolving loan funds for home energy improvements, solar and storage on public use institutions, or low income incentives for solar and storage installation. These steps can be viewed as complementary to the principle of public ownership and control rather than undermining advocate’s visions.
- **Become an intervenor or join an intervention group at your public service commission.** While pressing for opportunities to develop locally-led solutions, having a legal presence in rate cases and energy plans offer you negotiating leverage with your investor-owned utility which can lead to dollars and projects for your community. It can also lead to universal improvements on affordability, reliability, and technology access beyond your municipal boundaries. Considering that intervention has a high cost in terms of money and time, cities that can afford to take this approach should place a high value on those universal victories which will benefit those who do not have the same capacities.
- **If municipalization does not seem feasible, find ways to support wider visions of public ownership.** The barriers to individual municipalities converting to public power are not the end of the conversation. State-level feasibility studies, county-level generation utilities, and even federal clean energy development offer new opportunities. In building relationships with advocates, it is possible to be honest about the barriers to your community making the transition while being a vocal proponent of public power.