

Opinion

Guest Column: There are good reasons why few public utilities are sold

By Sue Kelly

Posted Aug 11, 2019 at 12:01 AM

Updated Aug 12, 2019 at 10:37 AM

I am the president and CEO of the American Public Power Association, the national association representing the U.S.'s 2,000 public power utilities. We serve 49 million Americans in 49 states. I am responding to your August 4 editorial about JEA.

JEA's CEO, Aaron Zahn, quoted from a speech I gave last June to my Association in his presentation to the JEA Board. This paper repeated that quote in its editorial. Unfortunately, the quote was incomplete. Here is the relevant language (the full speech is available on YouTube).

"I want to take the opportunity to highlight the three greatest challenges I think our public power family must confront. These issues are overarching, systemic and very challenging. If we do not face them head on, public power could face serious problems down the road. We could lose our customers' business and risk being disrupted — indeed, we could be left behind. Or, we can figure out the opportunities these issues present, and work with our customers to take advantage of them. If we can pull this off, we can be nimble, customer-focused and respected twenty-first century utilities."

Every electric utility — investor-owned, cooperative, or public — is facing three major challenges: customers' increasing use of technology, cybersecurity, and climate change. Many public power utilities are in fact successfully confronting these challenges. Here are three:

Sacramento Municipal Utilities District is helping to develop all-electric subdivisions and electrifying transport, to increase usage while reducing carbon emissions. It has lower rates than other California utilities and high customer satisfaction ratings.

In March 2018, CPS Energy announced its Flexible Path. It will develop new energy sources, such as its Big Sun Community Solar program, to serve its customers. It will leverage the community owned assets to bridge to a future that uses more non-emitting resources such as wind, solar, energy storage and new technologies, while providing reliable, affordable, and environmentally responsible power for San Antonio.

Austin Energy customers enjoy some of the lowest bills in Texas, and the utility is on track to achieving 65 percent renewable (and 88 percent carbon-free) energy by 2027. Austin Energy is a recognized innovator in the industry, providing customers access to comprehensive energy efficiency, Green Building, rooftop and community solar, and over 800 electric vehicle charging stations.

My association usually does not get involved in discussions about the possible sale of a publicly owned utility. Since the mantra of public power is “local ownership, local control,” we defer to local decision-making.

But we want to make very clear that we believe the public power business model is well-suited to the three challenges I outlined. Public power utilities are not-for-profit entities. They have no separate class of shareholders who must be paid a dividend out of utility service revenues. Public power utilities are generally not regulated by state public service commissions, but by local commissions and governing boards. This gives them the flexibility to develop tailored utility services and programs that meet the specific needs of their communities.

While a sale of JEA would bring a one-time cash infusion, Jacksonville would no longer have a locally owned, locally controlled, not-for-profit utility that puts the city and its citizens first.

That’s why so few public power utilities have been sold, and why some cities are now considering municipalizing their investor-owned utilities.