

# ANATOMY OF A MUNICIPALIZATION

## HOW TO FORM A PUBLIC POWER UTILITY

1

### IDENTIFY A LEADER

- > A community-driven effort begins with an individual or group spearheading the campaign.



2

### COMMISSION A FEASIBILITY STUDY

- A thoughtful study helps the community determine:
- > Whether public power is the best governance structure to meet its needs;
  - > The costs that may be associated with infrastructure acquisition and operation; and
  - > Expected savings, benefits, risks and next steps.



3

### CONDUCT A LEGAL ANALYSIS

- > Gain a thorough understanding of state and local laws and regulations impacting your utility formation.
- > Scrutinize existing franchise agreements to identify any contractual limitations.
- > Identify the prerequisites for a citizen referendum or state commission review.



4

### VALUATE THE INCUMBENT UTILITY

- > Determine the best method to properly value the utility and its assets.
- > Get a range of values for the system to be acquired.



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### EDUCATE THE COMMUNITY

- > Engage citizens, officials, and business leaders.
- > Share information on the process and the benefits to be achieved.
- > Counter misinformation from incumbent utility.
- > Develop and execute a plan for public engagement.



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### PUT IT TO A VOTE

- > Determine if a referendum is required.
- > Prepare for questions regarding the details of public power governance.
- > Consider preliminary vote or polling to test the waters before a full-fledged referendum.



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### NEGOTIATE AND CONDEMN

- > Challenge any inflated price demands from the incumbent utility.
- > Be prepared to invoke eminent domain if negotiations stall.



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### GET STATE APPROVAL

- > Be aware of state-level requirements that may involve public interest evaluations.
- > Gain state approvals for pricing and for integrating the new utility into the existing system, such as through a public service commission.



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### EVALUATE FINANCING OPTIONS

- > Explore issuing revenue bonds, the go-to for utility municipalization funding.
- > Know that these bonds will be evaluated based on your utility's projected revenues.
- > Understand that this debt will not affect the city's other projects and borrowing capacity.



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### PREPARE TO BEGIN OPERATIONS

- > Issue bonds for either purchase or construction of the utility.
- > Finalize the organizing plan, set up the governing body, and recruit key personnel.
- > Consider outsourcing initial operational duties.

