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PUBLIC POWER MAGAZINE

AMERICAN PUBLIC POWER ASSOCIATION



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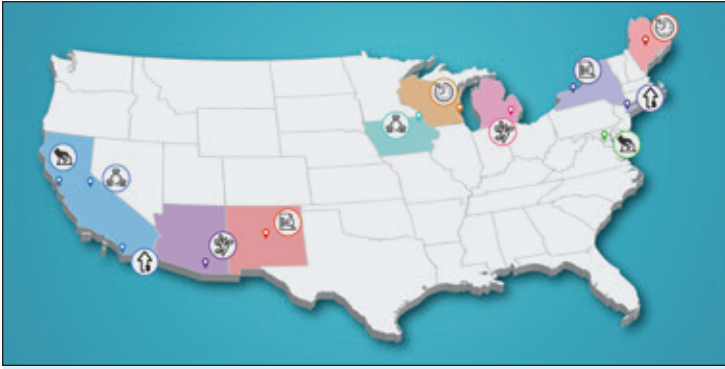
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The American Public Power Association is the voice of not-for-profit, community-owned utilities that power 2,000 towns and cities nationwide. We advocate before the federal government to protect the interests of the more than 49 million customers that public power utilities serve, and the 93,000 people they employ. Our association offers expertise on electricity policy, technology, trends, training, and operations. We empower members to strengthen their communities by providing superior service, engaging citizens, and instilling pride in community-owned power.

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FROM THREATS TO STRENGTHS

BY JEFF HAAS, ACTING PRESIDENT AND CEO,
AMERICAN PUBLIC POWER ASSOCIATION

Anyone who has taken a business management class has probably filled out a strengths, opportunities, weaknesses and threats, or SWOT, analysis. These can be helpful ways to visualize the values your organization brings and what challenges it is up against. Some attributes likely appear in multiple columns.

Put simply, our strengths can also be our vulnerabilities. That is certainly the case with public power, where the tenets that define our model can also be those used to challenge it. For example, public power benefits from having local governance with open, transparent processes, but this could also present as a disadvantage in that those with an agenda that might be counter to the utility's goals could position themselves to have a voice in various decision-making processes, or be disruptive during public meetings. The scale of the issue could ultimately be anywhere from a minor nuisance to something that could skew the long-term horizon for the utility.

The same goes for communicating a utility's value. While utilities want to regularly remind their customers and other stakeholders about the various ways community ownership benefits their service areas, doing too much self-promotion, or in the "wrong" way can lead to criticism about use of public funds for such purposes. This dichotomy can present a careful balance for public power leaders — and could make a situation ripe for inaction out of fear of making the wrong choice.

Another area of potential vulnerability is the financial contribution the utility makes to the city, often in the form of a general fund transfer. These funds often are a significant portion of city budgets and help municipali-

ties to do everything from improving parks and other facilities to reducing local taxes for citizens. We know public power utilities contribute more to their communities than investor-owned utilities, with our latest survey suggesting that public power contributes an average of 20% more when tax equivalents and other contributions to state and local government are considered. Local revenue means local investment and local jobs. However, some have taken this aspect and turned it around to criticize the utility as charging a "hidden tax" on the community, especially when the utility serves customers outside of the formal boundaries of the city. This argument is what is spurring on state legislation in Texas and Florida that seeks to undermine public power's local governance (see p 36).

It seems that the number of communities looking into transforming their utilities into public power entities is on the upswing (see p 20), yet this interest in municipalization in no way lessens the threat of buyouts and other privatization efforts (see p 22).

Keeping a utility well-run requires much time and many resources, and buyout or privatization offers can present themselves as a simple solution to complex challenges. Small utilities that don't have backstop support, whether from a joint action agency or state association, can particularly feel like islands to themselves, which can make them vulnerable. Looking at the communities that have sold their utility over the past few decades, the result does not always match the upfront promises (see p 6).

Regardless of the challenges you are facing, we are here so you don't have to figure them out on your own. We focused this issue of *Public Power* magazine on threats not to scare, but to highlight the ways that public power utilities are countering these threats and to offer more insight into how related challenges emerge. As you face the new opportunities our increasingly electrified future offers, it is APPA's goal to help utilities of all sizes to address any weaknesses, be prepared to counter threats, and ultimately build on our collective strengths. That's what's behind the promise in our tagline, "powering strong communities."





HOW COMMUNITIES LOSE OUT WITH PRIVATIZATION



BY SUSAN PARTAIN, DIRECTOR, CONTENT STRATEGY,
AMERICAN PUBLIC POWER ASSOCIATION

HOW COMMUNITIES LOSE OUT WITH PRIVATIZATION

While not a common occurrence, utilities do change ownership. Since 1980, 88 public power utilities have been bought out by private counterparts, including both to cooperative (private not-for-profit) and investor-owned (private for-profit) utilities.

For the people in these communities, the sale is not simply a change of the logo on their monthly bill. It can have wide-ranging effects on everything from local employment opportunities, local tax and general services revenue, quality and reliability of electric service, safety of employees, and more.

WHAT HAS SOLD

The utilities sold since 1980 have ranged dramatically in size, although many had a small number of customers at the time of the sale, with a median of fewer than 600. Less than 30% of utilities sold had more than 1,000 customers at the time of sale. Only five public power utilities with 10,000 or more customers have sold, and four of those five sales occurred or were approved since 2015. The largest such sale was from the electric department of the city of Murfreesboro, Tennessee, which had about 68,000 customers when it sold to the Middle Tennessee Electric Membership Cooperative in 2020. Other utilities of substantial size sold include those serving the cities of Vero Beach and Sebring in Florida; Anchorage, Alaska; and Eagle Mountain City, Utah. Combined, the sales have meant more than 800,000 citizens today now get their electricity from a private utility rather than public power.

Sales have occurred in 26 states, with Kansas seeing the most at 15. Almost all the Kansas sales occurred in the 1980s.

Most of the buyout activities since 1980 have transferred the utility ownership to IOUs, although more recent activity has involved co-ops, with eight out of 12 buyouts in the past decade and 18 out of 27 buyouts since 2000 transferring public power utilities to cooperative owners.

In some cases, the utility's sale was effectively a formal recognition of long-standing operations, such as with the 2021 transfer of Galt Municipal Electric in Missouri to Grundy Electric Cooperative, which had been running the utility operations for years prior to the sale.

HOW POPULATION HAS CHANGED

Voters in Eagle Mountain, Utah, elected to sell the city's community-owned utility in 2015 due to anticipated rapid growth. The city-owned utility began operating in 1996, when the town, located south of the Salt Lake City metropolitan area, had about 250 residents. By 2014, when the voter referendum was held, the city had expanded to more than 25,000 people and was projected to surpass 100,000 people by 2050. In the 2020 census, the city's population had surpassed 43,000, and the U.S. Census Bureau ranked it as the 10th fastest-growing city or town in the U.S.

Eagle Mountain's story is not the norm. The majority of the towns where a utility has sold have seen population declines or flat population levels since the sale. Among the smallest towns, or those with fewer than 1,500 customers at the time of sale, nearly half — 49% — have since seen population declines. A third have had stable populations since the sale. Compare the 80% of communities seeing flat or declining populations to an analysis of census data from 1980-2010, which saw 40% of towns with fewer than 2,500 residents adjacent to metropolitan counties and 22% of towns in nonadjacent counties gain population. The analysis found that towns of fewer than 2,500 people saw an average 11% population gain if they were "metro-adjacent," while those not adjacent to a metropolitan area lost an average of 8% of their population.

In Kansas, 11 out of the 15 towns whose electric utility was sold have seen their populations decline since the sale (73%), two have had their populations remain flat, and two — DeSoto and Wilson — have seen population increases. By comparison, of 42 small towns in Kansas that retained community ownership of their electric utilities, less than half (47%) have seen population declines since 1990, 11 have had population remain steady, and another 11 have seen population increases (26%).

Outside of Eagle Mountain, the towns with some of the most notable increases in population since the utility sale include Hercules, California, and Lebanon, Tennessee — also both adjacent to major cities. Of the areas with available data on population changes, the same number of towns that sold their utility to a co-op saw population growth, as did the number of towns selling to an IOU, at 10, although a higher portion of towns where the utility sold to a co-op saw population declines (54%) than those sold to IOUs (45%).

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MURKY PRICES

Despite public power's track record of offering lower rates, a key promise in many buyouts is that customers will save money under new operations. An analysis of the average bundled rate for utilities sold since 2010 shows that in the year sold, customers would have seen a smaller average rate under the buyer than they were getting as customers of the public power utility. However, this difference was often very small — a median difference of less than one cent per kilowatt-hour. All but one of the utilities sold — Murfreesboro — had an average residential rate at the time of the sale that was higher than the average public power rate in the state, with a median of nearly \$0.02/kWh higher than the state public power average. Anchorage had an average residential rate that was \$0.01/kWh lower than the statewide average but \$0.04/kWh higher than the public power average in Alaska.

In the five years leading up to the sale, many customers would have seen significant increases in their bills. The analysis shows that the average rates increased an average of 30.52% in the five years leading up to the sale, although this ranges significantly. Two cities, Owensville, Missouri, and Vero Beach, Florida, had been decreasing their rates prior to the sale. Other cities, notably Seward, Kansas, and Campbell, Missouri, had significant rate increases in the five years leading to the sale, of 74% and 90%, respectively.

Customers hoping for sustained lower rates following a sale were likely disappointed. All but one of the utilities that acquired public power customers from 2010-2015 increased their rates in the five years following the sale, with an average increase of 7.2%. The one utility that didn't raise

rates, Rocky Mountain Power (a subsidiary of PacifiCorp), which bought the electric system in Eagle Mountain, Utah, saw its average rates decline 7.6% from 2016 to 2020.

In Vermont, customers in Readsboro might have seen a brief decrease in rates, as the Central Vermont Public Service Corp. reported average residential rates that were slightly lower than the public power utility's average in 2011. However, Green Mountain Power bought Central Vermont in 2012, raising the average residential rate above what Readsboro customers had been paying. The average rate has gone up about 16% since.

The electric utility for Vero Beach, Florida, was purchased by Florida Power & Light in 2018. As reported in Utility Dive, the buyout was expected to provide customers a 21.2% drop in rates and "long-term savings of more than \$100 million." The utility also promised to make infrastructure upgrades to better serve the city.

Information coming out from FPL paints the picture of such promises. Utility materials mention at least three major solar facilities in the area, including the 74-megawatt Indian River Solar Energy Center, which opened in 2018, as providing emissions-free power for residents of Vero Beach and the surrounding county, and that the utility provided "nearly \$6 million" in tax revenue to the county in 2021. At the time of the sale, city council officials noted that they expected FPL to provide about \$145,000 in annual taxes to the city.

The story from Vero Beach residents isn't the same.

The year of the sale, Vero Beach's residential rates were about 15% higher than the average public power residential rate in the state, whereas FPL's average rate that year was 6% lower than the state average. Energy Information Administration data show that FPL's residential rates have



HOW COMMUNITIES LOSE OUT WITH PRIVATIZATION

changed each year since — including a drop in 2020 — but overall have increased an average of four-tenths of a cent from 2018 to 2021. The average residential rate is now about 4% lower than the statewide average bundled rate.

What this data does not show are the other fees that utilities can tack onto customers' bills.

For Lynne Larkin, an attorney in Vero Beach who was part of a contingent of residents who protested the sale, it is more difficult to discern the monthly bill and where that money is going. "I've actually lost track of how many times they've raised the rates," she said.

"When you had a bill from Vero Beach, it told you exactly what each thing was for, and if there was a surcharge for something," said Larkin. By contrast, she finds that FPL's bills are "very poorly described," and that it's difficult for customers to get information about what various fees and surcharges are for.

"Our power bills prior to the sale were relatively low, and the sale did not impact us much. Our bills may be a bit lower, but not by much," said Peggy Lyon, a former attorney for the city of Vero Beach, now retired, who still lives just outside of the city limits in Indian River County.

"Everyone expected huge discounts," recalled Tom White, who served as Vero Beach's mayor from 1998 to 2010. His experience is that "we've gotten a little bit cheaper."

White said that he recently received a notice from FPL that it plans to lower rates, but few details were provided. He believes one major reason that residents might have been more easily misled about the savings potential was because the monthly bills combined water, sewer, and garbage costs along with the electric bill.

White also pointed to differences in what gets sold to customers.

"Every time I turn around, I get a letter from them and they want money," he said. He mentioned getting a recent solicitation for insurance for the distribution wire connected to his house. When the city owned the electric utility, he said, "we guaranteed to fix anything from the power pole to the meter."

NO LONGER NEXT DOOR

Specific reliability data is difficult to compare comprehensively from before and after sales. A breakout of metrics such as average outage times per customer, or SAIDI, from the EIA only goes back to 2013, and the most recent data available is from 2021. Compounding the issue, most small systems aren't required to report this data, and utilities can report using different methods. Still, there are various indications that customers moved into less reliable ownership following the loss of their community-owned utility.

"Every time I turn around, I get a letter from them and they want money," said former Vero Beach mayor Tom White. When the city owned the electric utility, "we guaranteed to fix anything from the power pole to the meter"

In California, Pacific Gas and Electric has reported increasingly worse SAIDI figures, without major events, starting with 2015, when the Hercules Municipal Utility sold. PG&E's reported SAIDI increased from 96 minutes in 2015 to 218 minutes in 2021 — an increase of more than two hours. Four other utilities that have sold since 2010 are now managed by utilities that have reported SAIDIs that average two hours or more over the past decade.

Anchorage Light and Power in Alaska had some of the lowest average outage times in the state prior to its sale, with six of the eight years prior to the utility's sale reporting a SAIDI under 50 minutes, including each of the four years preceding the sale with a SAIDI under 30 minutes. The EIA does not show reported SAIDI for the Chugach Electric Association, which purchased Anchorage's system along with other Alaskan municipalities.

Similarly, in Tennessee, Murfreesboro Electric Department was a recipient of the American Public Power Association's Reliable Public Power Provider, or RP3, designation, due to its high reliability. In the seven years prior to the utility's sale, its SAIDI ranged from 26 minutes to 45 minutes. In the year following its sale, the Middle Tennessee Electric Membership Cooperative, which bought Murfreesboro's system, reported a SAIDI of nearly 55 minutes.

In Florida, the data is less clear. Vero Beach's reported SAIDI ranged from 30 minutes to more than 160 minutes in the years prior to its sale, although the utility appeared to report the same SAIDI figure for with and without major event days for some of those years. Since the sale, FPL's SAIDI has shown consistent improvement, with the 2021 report showing less than 45 minutes.

HOW COMMUNITIES LOSE OUT WITH PRIVATIZATION

Still, the statewide figure for nearly 6 million customers isn't the same as the experience for residents in Vero Beach.

"I see response times as quite a bit longer," said Larkin. She recalled an outage last year where she said the crews took hours to get on-site, and then crew members "had to sit there until they got the right directions. Then they had to send for more equipment. I don't even know where it came from, [and] they had no idea, either. The communication is distant. That kind of response time and customer service time has been a really huge disappointment."

Larkin attributed the delay to not having any local staging or crews. Before, she recalled, "the trucks came from right next door."

"The city is now at the mercy of statewide outages, not just those limited to our small area of the state," said Lyon. "The City of Vero Beach had a proven track record with our family for excellent proactive service following hurricanes, and the undergrounding of the utilities that the city did in our area was quite helpful for our little lane that dead ends at the Atlantic Ocean."

Lyon hasn't personally noticed any differences in her electric service since the sale, with the caveat that the area hasn't experienced a major hurricane in the five years since, and that is when she feels the "tire meets the road with utility service" in the area. Lyon does find FPL's mobile app, which she has used to check on her electric usage and to report outages, to be useful.

Larkin recalled that when a hurricane affected the city back in 2004, when the city still operated the utility, "we had response times within days," she said. "Out in the county [which was already served by the IOU], they were weeks in getting any sort of response. That was a bell-wether to what was [going to happen] here."

White recalled getting swift mutual aid for two back-to-back hurricanes in 2004 and expressed concern that Vero Beach is now "at the bottom of the food chain" when it comes to restoration. "During major storms, we're one of the last ones to get turned on."

That said, his house is also served by the underground system that the city installed, and he has not reported any reliability issues since the sale. "I'd rather be able to know that if I have a problem, I can call one of my local people at the electric company and talk to them. Now, I have no idea who to talk to at FPL. That's what I miss."

CITIES CHANGED

Other effects on cities aren't so easily traced in data but reside in the experience of residents.

In Utah, Eagle Mountain has, since its sale to Rocky Mountain Power, attracted several large companies. Facebook (now Meta) opened a data center in 2018, and the city now has a Tyson Foods plant, and a Google data center. The Facebook deal involved the city offering the company substantial tax breaks, up to \$750 million, and the company paid about \$120 million in infrastructure improvements, such as extending utility services to the facility. An analysis from *Area Development* magazine in 2015 suggested significant payoff from such facilities, despite the limited employment opportunities they bring. However, as Meta looks to bounce back from a significant dip in its value in 2022, it has paused construction on some data centers and has indicated possibly canceling others.

"We in Vero Beach pride ourselves on being a Tree City USA, and the FPL crews' severe tree-trimming methods have been painful to watch," said Lyon. "Infrastructure upgrades have also been numerous, disruptive, and ongoing, with numerous new wooden poles going in along [a major thruway]."

Larkin also lamented FPL's tree-trimming practices. "What they have been doing all along our roadways is pretty much destroying trees that are anywhere near our power lines," she noted. "I am shocked that even any of them have survived."

She commented how when the city owned the utility, it had been undergrounding to protect the trees. "FPL is doing none of that," she added.

Lyon noted that she sees undergrounding as an important component for the reliability of the system, and "I have not seen any evidence that undergrounding is a goal of FPL in our area."

HOW COMMUNITIES LOSE OUT WITH PRIVATIZATION

Also gone are the electric utility employees and other city staff supported by the budget transfer.

“We lost a lot of employees because we had to close the power plant down,” recalled White. “But this was part of the city business, and everyone thought we shouldn’t be in the power business. A lot of cities were, and their tax base was low and have been able to keep the quality of life that people were used to.”

Looking back at the time of the sale, Lyon recalled that the push for the sale included a “no taxation without representation” sentiment.

“As a county resident living just outside the city limits, I was in a unique position to see the benefits of a municipal utility that allowed local utility payments to remain local, funding roadways, parks, beaches and infrastructure within the 13 square miles of the city, all used by me and my family in our hometown, despite our status as county residents,” she said.

Larkin now sees friends and neighbors post on social media complaining about the reduced upkeep in parks and recreational facilities.

“There’s a lot of responsibility, when you are a public official, to be there for the people. And the electric company was a big help,” said

White. He shared his efforts during his terms as mayor to keep the city “public friendly” — including creating dog parks, building a fountain and bathrooms in a downtown park, and expanding the city marina.

“It’s not the same city. People have noticed the services drop. People have complained regularly that the parks aren’t being kept up,” Larkin said. “It is night and day what we can and can’t do because they would have had to raise our taxes to fill that void. But now so much isn’t being done,” said Larkin. “You are taking revenue that is what people would spend anyway on their electricity ... and giving it to a company rather than pouring it into your city.”

She shared that city staff now seem “overworked and understaffed,” making it difficult for all departments to provide the level of service desired.

“The people on the city council who pushed this ... most of them are gone now, and they don’t have to deal with a budget that is a third less, or even more,” added Larkin.

“We had a beautiful city ... now, everybody wants to move,” added White.



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Competing for Utility Talent:

Finding Skilled Workers
and Encouraging
Them to Stay

BY STEVE ERNST, CONTRIBUTING WRITER





Running a top-notch utility doesn't mean having all the latest technology or equipment. While such items can help, a well-run utility is reliant on having the right people, with the right skills, in place. Getting and keeping the right people within your workforce — including those with specialized technical skills — is essential to maintaining operational excellence.

The U.S. unemployment rate has been hovering near a five-decade low, and job vacancies have been at near-record highs. In this tight job market, public power utilities must make efforts to showcase what it means to work for public power, rethink recruiting strategies, and look at ways to better support retaining employees.

Thinking Beyond Compensation

A common challenge is a constraint in being able to offer competitive salaries, especially for technical or specialized positions. A study by the Center for Workforce Development, a nonprofit consortium of more than 120 energy companies, associations, unions, educational institutions and government entities, showed that cooperatives and investor-owned utilities pay as much as 20% to 30% more than public power utilities for some positions. Adding to the pressure, the report noted that “the skill sets of many utility jobs are transferrable to other industries, and often these industries pay significantly more.”

Compensation is not the only draw for employees, and public power organizations should both highlight their unique strengths when recruiting and show how these strengths are shared with people already on board. Within public power, the appeal includes ensuring that employees believe in the mission and values of the organization, as those aligned with the community-focused spirit of public power may be less likely to leave for another job.

If you get a job with Chelan County Public Utility District, don't be surprised if you find yourself snowshoeing or skiing, hiking or going to a movie with the general manager. Based in Wenatchee, Washington, the PUD serves about 48,000 customers in an area at the confluence of the Wenatchee and Columbia rivers, with easy access to Lake Chelan and the backcountry of the Cascade Mountains. The PUD is selling the chance to live in an outdoor wonderland, while also considering a work-life balance for employees.

The PUD is competing for workers in a red-hot job market. These days, they are getting almost one-third of the applications they would normally get for an open position, said General Manager Kirk Hudon. “We used to get 200 to 300 applications for some positions; now we may get about 100,” he said. For positions that require special training or skills, that number is even smaller. Hudon said prior to the pandemic, an open engineering position would attract 10 applicants; now the PUD might get three.

It isn't just recruiting that is a challenge — connecting with current employees has also been difficult.

“We've experienced more turnover than we're accustomed to,” said Hud-



COMPETING FOR UTILITY TALENT: FINDING SKILLED WORKERS AND ENCOURAGING THEM TO STAY

son. “We’ve really had to step up our recruiting and retention of employees, so we’re having to be creative with both our compensation and making sure people have meaningful work and growth opportunities.”

Hudson had a chance to discuss Chelan County PUD’s mission and values during a snowshoeing adventure with about dozen employees over a weekend in January.

“That was great. I really got to know some folks outside of work. Some of them were fairly new, and I hadn’t had a chance to spend any time with them,” he said. “We spent about four hours out in the wilderness. It was really pretty, and we had fun.”

Part of its focus on group activities is to help employees reconnect with each other and the organization after more than a year of working from home. Such activities also give employees the chance to take ownership of, and feel connected to, the PUD’s mission of helping the community.

Expanding the Pipeline

As the industry moves to decarbonize, demand for engineers and employees with data-related skills will expand. To alleviate utilities competing against each other to hire people with specialized skills, the focus needs to move up the pipeline to develop more people with such skills and broaden the search to new avenues.

Scott Corwin, executive director of the Northwest Public Power Association, a Portland, Oregon-based nonprofit that provides a variety of training courses for 150 public utility districts, electric cooperatives, and municipalities in the Western U.S. and Canada, said recruitment and retention is an industry-wide focus.

“It’s a challenge everyone is facing,” Corwin said. “There’s a shortage of workers in a lot of different roles, most notably with engineers, IT people, and folks on the operations side. You not only have to try to find them and then keep them, but it’s also a matter of keeping the flow of new employees coming.”

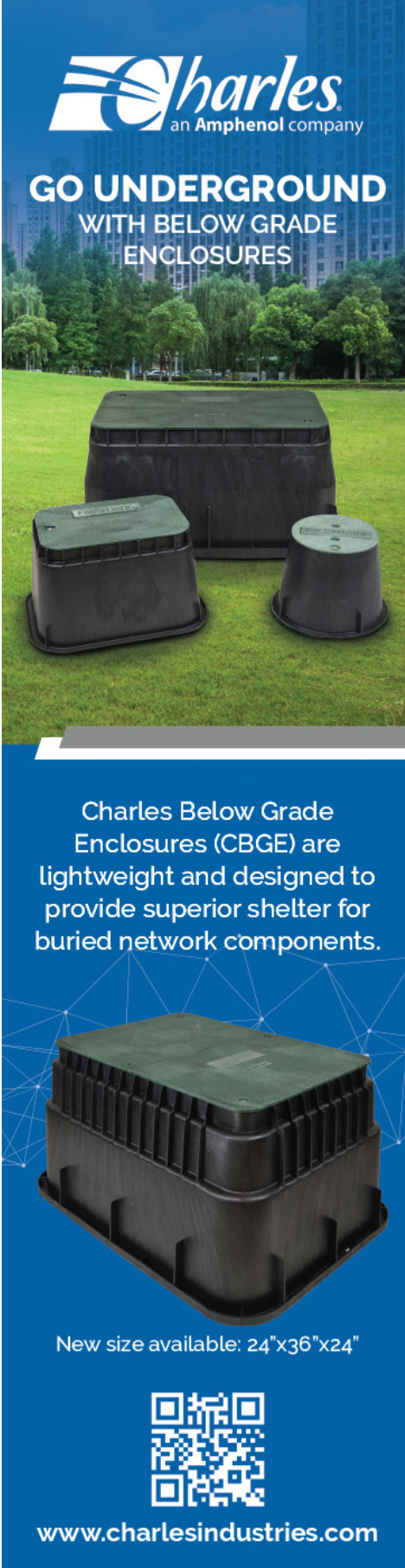
Corwin said that about a decade ago, the industry became keenly aware that the bulk of its workforce was getting close to retirement. Then the pandemic accelerated many workers’ retirement plans, leaving many utilities scrambling to find younger workers.

“You’re seeing a lot more outreach into schools, more mentorship programs, and very, very active recruitment for apprenticeship programs,” Corwin said. “We’ve lost several decades of experience in a very short time, so it’s a tough thing to address. The supply is tight, but demand is high.”

In January, the California Municipal Utilities Association received a \$4 million grant from the California Workforce Development Board to help attract and train the workforce for state water, wastewater, and electric utilities. The grant is designed to support a statewide workforce development program for populations and communities currently underrepresented within the utility workforce. The initiative aims to develop resources to help utilities follow recruitment, training, and outreach best practices and to involve a wide swath of partner organizations.

Caleb Hall, director of education and training at the Tennessee Valley Public Power Association, said it is especially difficult for rural utilities to compete with companies like Amazon and Google for electrical engineers.

Hall also said many colleges have electrical engineering programs that don’t include courses on power distribution. TVPPA and the University of Tennessee partnered in 2010 to develop an engineering program to teach new engineers how the power distribution system works.



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Finding the Right Match

A tight job market also means workers can be more discerning. That means the more employers can highlight all aspects of the organization or job, the more they can help potential recruits to picture themselves working with the organization.

“There are a lot fewer people saying, ‘I’m looking for a great opportunity,’ but are looking for certain geography or don’t want to work in an office,” Hazen said. “Most people today are very focused and take the time to figure out what they want.”

In addition to increasing its outreach at college job fairs and in schools, Chelan has been using targeted online advertising to attract potential workers. If job hunters are searching online, they are likely to start seeing advertisements for Chelan County PUD. The PUD has also made a series of videos, mostly shot from a drone, to play at local movie theaters highlighting the beauty of Chelan County alongside the PUD’s mission of being an environmental steward while building infrastructure that supports local economic development. Chelan County PUD generates nearly 100% of its electricity from three hydroelectric dams on the

Columbia River.

“The videos have been really helpful,” Hazen said, because they show “the beauty of our area and how it’s just an awesome place to live.”

“We’re trying to reach people who are very service-focused, who want to be a part of an organization that contributes to the community. If you come to work here, you’ll work in a beautiful place and you’ll be supporting renewable, clean energy development. That’s something that matters to a lot of people,” she said.

Chelan is also investing heavily in its facilities. The utility plans to open its new \$160 million, eight-building campus later this year. When operational, about 500 of the PUD’s 700 employees will work on the 19-acre campus.

“We are investing in both our assets and our employees. We really want to give our employees a great facility, great tools, and great technology to help them grow,” Hudson said.

But the most attractive selling point for public power remains its dedication to serving the people in the community, he said.

“I would contend we have a very attractive organization from a mission and vision standpoint,” Hudson said. “I don’t know many organizations whose mission is to enhance the quality of life in the community you serve.”



“To be an electrical engineer for a utility is much different from being an electrical engineer in other industries,” Hall said. “So, we started a program to educate new engineers on what they need to know to work in our industry.”

TVPPA is also working to attract apprentices by partnering with community colleges and providing additional training and certificate programs for journeymen with the hope of helping them continue their careers in public power.

Chelan County PUD currently has 30 apprentices in five different programs and is in the process of hiring 15 more apprentice trainees for five additional apprenticeship programs, said Tracy Hazen, recruiting program manager.

“We can’t find journeyman-level workers, so we have to grow our own talent through apprenticeships,” she said.

Chelan PUD also considers “relevant experience” in lieu of a four-year degree for most positions.

“We are definitely open to hiring those without degrees,” Hazen said, noting that the PUD has a very generous tuition reimbursement program for employees who want to pursue a relevant degree.

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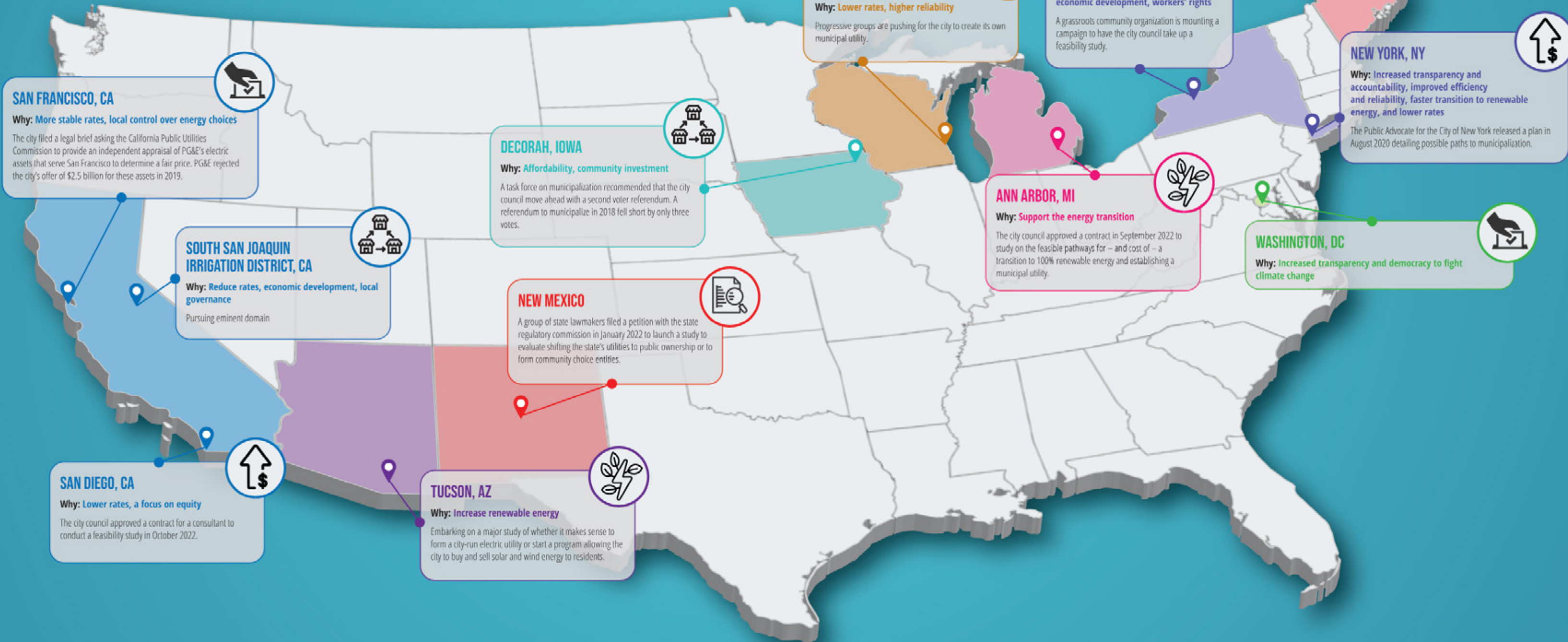
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WHERE PUBLIC POWER IS BEING EXPLORED

Many communities consider the idea of forming a public power utility — also called municipalization — on a regular basis. Here's a look at communities that are currently or have recently explored the public power option and why they are inspired to take a look at local ownership.



SAN FRANCISCO, CA
Why: More stable rates, local control over energy choices
 The city filed a legal brief asking the California Public Utilities Commission to provide an independent appraisal of PG&E's electric assets that serve San Francisco to determine a fair price. PG&E rejected the city's offer of \$2.5 billion for these assets in 2019.

SOUTH SAN JOAQUIN IRRIGATION DISTRICT, CA
Why: Reduce rates, economic development, local governance
 Pursuing eminent domain

SAN DIEGO, CA
Why: Lower rates, a focus on equity
 The city council approved a contract for a consultant to conduct a feasibility study in October 2022.

TUCSON, AZ
Why: Increase renewable energy
 Embarking on a major study of whether it makes sense to form a city-run electric utility or start a program allowing the city to buy and sell solar and wind energy to residents.

DECORAH, IOWA
Why: Affordability, community investment
 A task force on municipalization recommended that the city council move ahead with a second voter referendum. A referendum to municipalize in 2018 fell short by only three votes.

NEW MEXICO
 A group of state lawmakers filed a petition with the state regulatory commission in January 2022 to launch a study to evaluate shifting the state's utilities to public ownership or to form community choice entities.

MILWAUKEE, WI
Why: Lower rates, higher reliability
 Progressive groups are pushing for the city to create its own municipal utility.

ANN ARBOR, MI
Why: Support the energy transition
 The city council approved a contract in September 2022 to study on the feasible pathways for — and cost of — a transition to 100% renewable energy and establishing a municipal utility.

ROCHESTER, NY
Why: Accountability, affordability, economic development, workers' rights
 A grassroots community organization is mounting a campaign to have the city council take up a feasibility study.

NEW YORK, NY
Why: Increased transparency and accountability, improved efficiency and reliability, faster transition to renewable energy, and lower rates
 The Public Advocate for the City of New York released a plan in August 2020 detailing possible paths to municipalization.

WASHINGTON, DC
Why: Increased transparency and democracy to fight climate change

MAINE
Why the community wants public power: Higher reliability and accountability, lower rates, create local jobs, in-source revenue
 Maine voters will be deciding whether to form a statewide public power agency in November 2023.



Preserving Local Accountability and Ownership



While actual utility buyouts are few and far between, the option is explored often — by outside entities that may approach a public power community with a buyout offer for the electric utility, or the city leadership deciding to evaluate the utility to consider future ownership options. In recent years, private equity firms have also approached public power utilities about concession lease agreements, which would limit the city or town's local decision-making abilities.

Public power communities big and small face the threat of having their community ownership called into question. Communities that have had to face this issue in recent years include both smaller towns and villages as well as large cities, such as Jacksonville, Florida, and Lafayette, Louisiana.

When Privatization Gets Explored

Evaluations can come about when a private interest targets a well-run municipal utility as a significant lucrative opportunity. The private interest often will attempt to position the utility as in need of 'rescue.' Utilities might also be targeted because of fiscal pressures on local government, the expansion of traditional competitors, or new market entrants. The idea to sell a utility — or explore the feasibility of doing so — often only elevates to a serious level when at least one of two things is true: some stakeholders are not aware of the true value the public power utility offers a community, or there is some dissatisfaction with the current utility service.

Thus, the best defense against a buyout attempt is a well-run utility and customer-owners who understand the value of public power ownership.

Know and Communicate Your Value

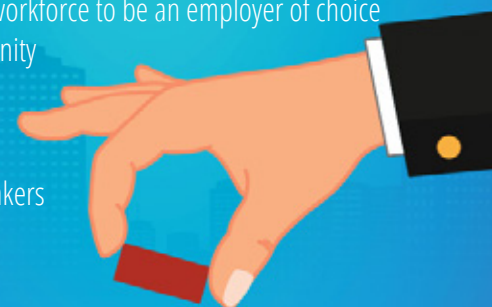
The value of a utility is much more than the price tag attached to its poles and wires. That value includes the cumulative benefits a utility brings the community, including:

- Financial support for local government (e.g., general fund transfer)
- In-kind contributions (e.g., holiday light displays)
- Savings through more efficient municipal operations
- Lower rates and local input in ratemaking
- Local, stable employment opportunities

10 Protective Factors

Public power utilities are more protected from buyout when they:

- Provide superior customer service
- Deliver value through a diverse power supply that limits price volatility
- Focus on distribution system efficiency and reliability
- Invest in technology and innovation
- Continually communicate the benefits of public power to the community
- Optimize community infrastructure
- Prioritize community values, like environmental stewardship
- Build consensus through transparent, democratic governance
- Invest in the workforce to be an employer of choice in the community
- Educate and engage with local policymakers



PRESERVING LOCAL ACCOUNTABILITY AND OWNERSHIP

- Support of local businesses
- Community sponsorships and engagement
- Energy efficiency and customer programs
- Support of economic development activities
- Local decision-making
- Reliable service, including fast response times in the event of an outage
- Accessible, friendly customer service
- Dedication to community improvements
- Responsible vegetation management

It's not enough for utility management to know the full value the utility brings to the community — board members and city leaders,

employees, residential and commercial customers, and local media need to know as well. Ensuring stakeholders know the value of the utility can help prevent a sellout or takeover attempt from emerging and can help build the goodwill needed to defend the utility if the situation arises.

The more leadership can distill the values the utility brings to the community down to simple, direct statements, the more effective the message will be. This is not about “selling” the utility to customers but offering regular reminders about the value of the utility based on available customer touchpoints. This can include having a small sentiment or tagline, such as “[name], your community-owned utility,” in employee email signatures or displayed on utility trucks; placing a brief value statement or fact, such as how many local jobs the utility provides, onto bill stuffers or the utility's website; highlighting participation in community events — and posting that participation on social media or sharing photos from these events in community newsletters. Utilities might also create a fact sheet highlighting



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what community ownership means for the community — including what sets it apart from neighboring options — and include that in any information sent to new customers or online.

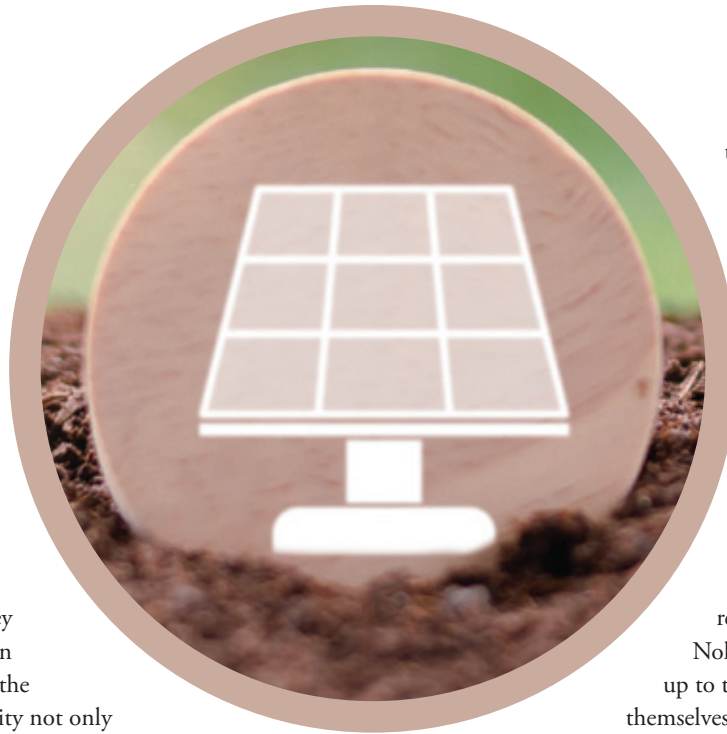
Communicating the value of the utility must be an ongoing effort. There is turnover in stakeholder groups, and many other issues compete for an audience's attention. Make the information easy to understand and accessible — and available when people are ready to hear it. Communication should also extend to employees, as they are all ambassadors for the utility within the community. Sharing reminders on the value the utility brings to the community not only helps them should they get questions from neighbors and family members about the utility, it also can reinforce their decision to work with the utility.

Keeping track of specific instances in which community ownership of the utility has led to a public benefit can also be helpful should a sellout threat arise. This can include any efforts where the utility went above and beyond, projects coordinated with other city departments around infrastructure, or even when community members offered their kudos for a job well done.

Alternatives to a Sale

Even when a utility is having some difficulty managing its system, selling to another owner type isn't the only option.

In May 2022, voters in Barton Village, Vermont, elected to retain community ownership of the village's electric department instead of selling to a nearby cooperative, Vermont Electric Cooperative, a plan which the board of trustees had voted to advance in March 2022. The vote was the latest in a series of options explored for the utility, which had experienced a financial crisis years earlier and subsequently lost staff. In 2020, Barton struck a deal with VEC to manage and operate the municipal utility's distribution lines, and engaged the Vermont Public Power Supply Authority to run office operations. In 2021, another nearby municipally owned electric department, in the village of Orleans, explored the poten-



tial for buying Barton's utility.

Instead, VPPSA, will be stepping in to offer additional assistance and services to support Barton.

"VPPSA exists to deliver exceptional service and value to community-owned utilities such as Barton by providing affordable, professional consultation in all areas related to running a local electric utility. This includes management of electric portfolios, financial support, IT support, rate planning support, and legislative and regulatory representation," said Ken Nolan, VPPSA's general manager. Leading up to the vote on the sale, "voters dedicated themselves to learning as much as possible about the electric utility industry so they could make an informed decision," he said.

Residents have since seen an increase in rates, which was anticipated due to recent fuel costs and system maintenance needs.

As noted in *Understanding and Evaluating Privatization in the Power Sector*, a guide from the nonprofit In the Public Interest, utilities may be approached about entering a long-term concession agreement or lease instead of a buyout. The paper cautions that such agreements could run counter to public interest if not weighed carefully and offers a lengthy list of questions for evaluating any such proposals. The questions — which can also help utilities identify alternatives to entering these types of public-private partnerships — examine current problems and potential solutions, how well the current rates reflect the utility's financial position, what other services might be affected by any level of privatization, and if any existing contracts would be affected by a new contract.

There aren't many examples of these types of arrangements in the power sector, perhaps because communities have been able to recognize the value of their community ownership. There have been several such arrangements within the water sector.

In New York, the Long Island Power Authority is now looking at sunseting its contract with PSEG Long Island, which expires at the end of 2025, to transition back to directly owning and operating its system. A draft report released in April 2023 found that LIPA can save between \$50 million and \$80 million a year by insourcing its operations, even after paying one-time transition costs between \$16 million and \$59 million.

PRESERVING LOCAL ACCOUNTABILITY AND OWNERSHIP

LIPA has been in contract with PSEG Long Island since 2014 to provide dedicated services and system management. In 2020, LIPA filed a complaint against PSEG Long Island related to its performance leading up to and following Tropical Storm Isaias. An ensuing task force came up with nearly 100 recommendations for PSEG Long Island to improve its operations and storm restoration processes, including how assets are managed.

A Smooth Operation

No shortage of time, money, and other resources are required to support a well-run utility. A greater understanding of the value of the utility to the community can help convey a need for these resources should they be called into question.

A proactive utility needs to run efficiently, remain accountable to customers, identify strengths and weaknesses, and be on the alert for warning signs of a potential sellout before it comes. As problems arise, a utility should be ready to address them and have a strong communication plan to educate and engage the community on core public power benefits.

Typically, these benefits include community ownership, competitive rates, high reliability, local control, responsive customer service, and accountability to the community. The relative importance of each of these benefits will vary from utility to utility and will likely evolve over time to meet changing needs. Be sure to regularly re-evaluate your utility's strategies to ensure they align with your community's needs and preferences.

*For help in addressing a potential sellout and to get a copy of *The Future of Your Utility: Positioning Your Community to Succeed in a Sellout Evaluation*, contact us at EducationInfo@PublicPower.org.*



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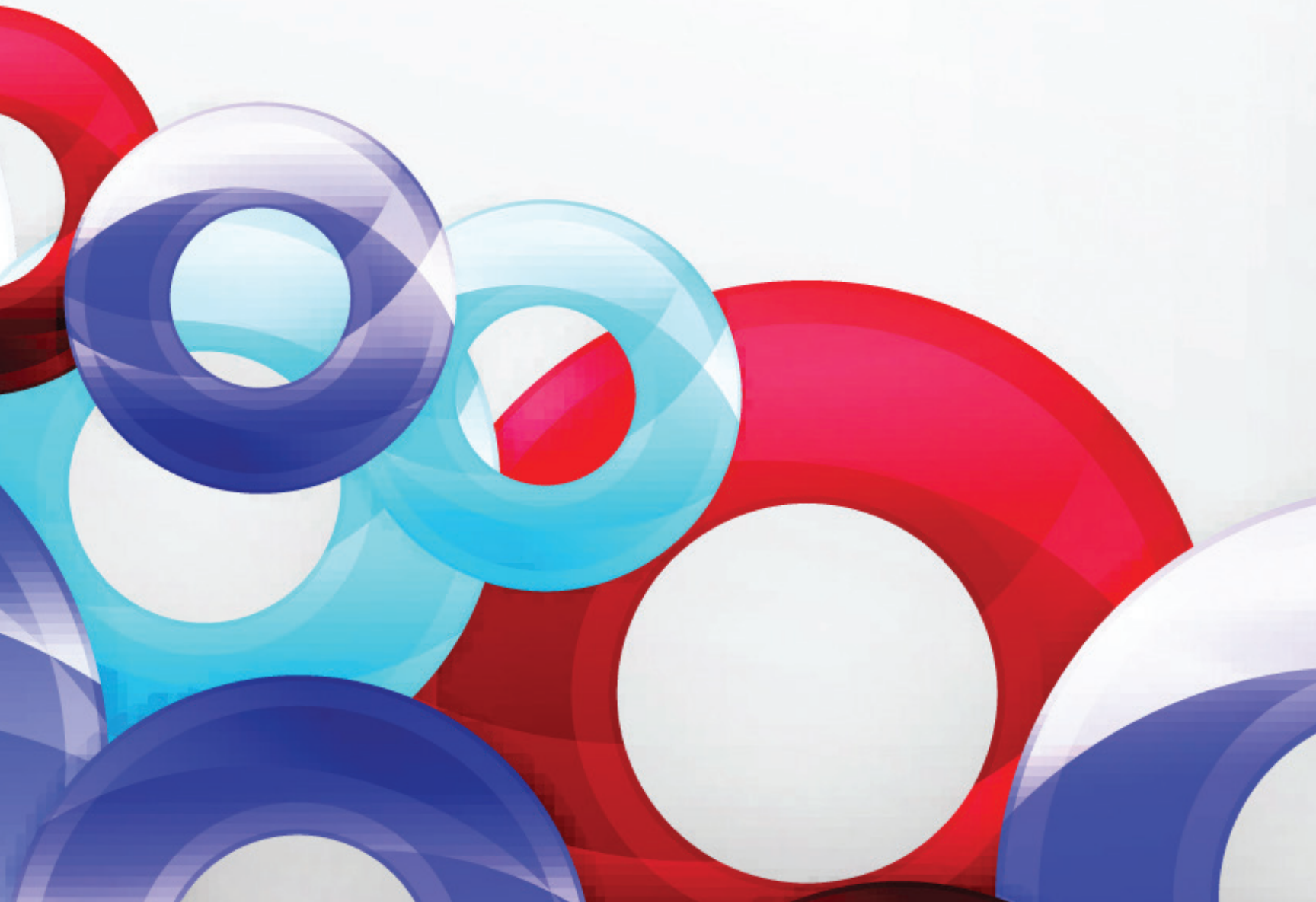
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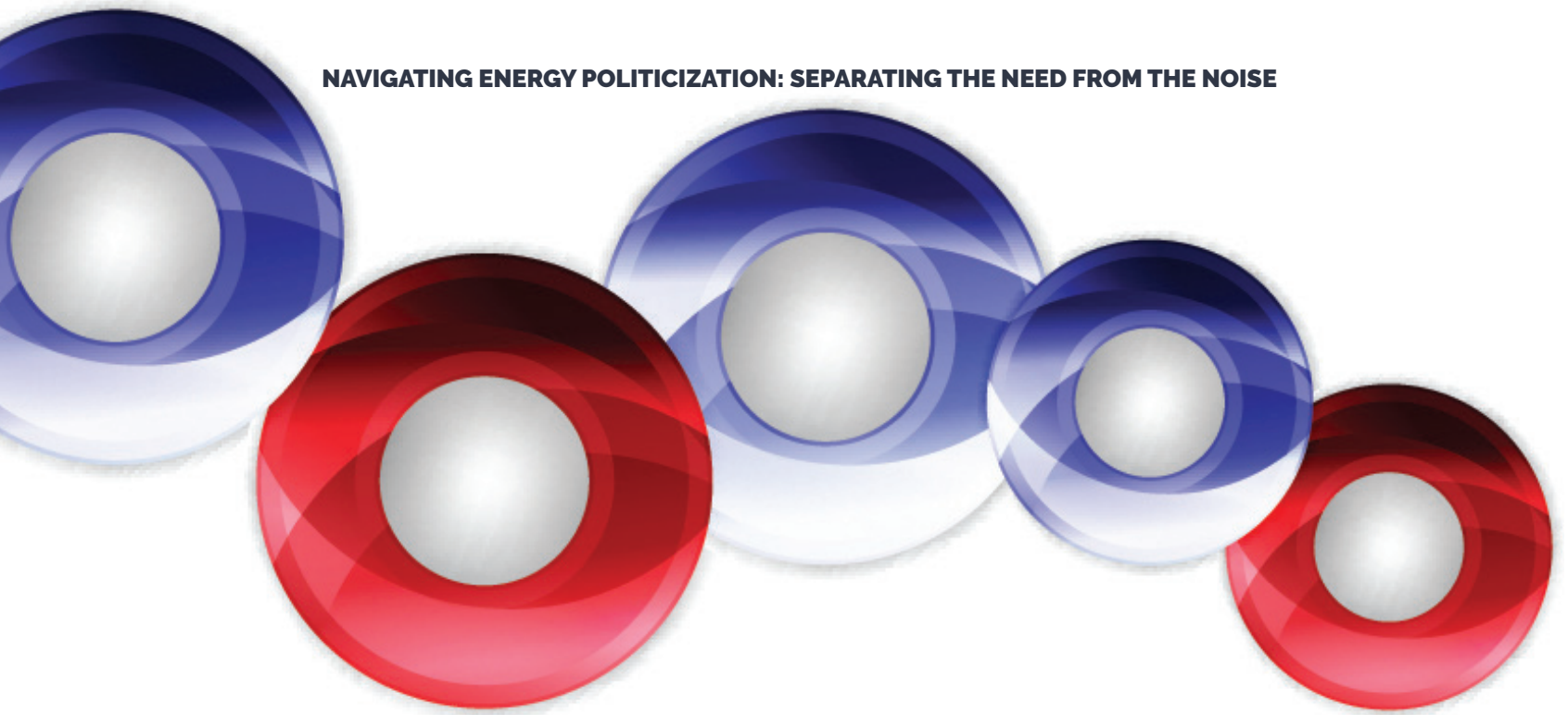


Technology Politicization

Separating the Need from the Noise

BY BETSY LOEFF, CONTRIBUTING WRITER





Public power is no stranger to the intersection of energy and politics. Many of today's community-owned systems came into being because of Franklin Roosevelt's campaigning against the practices of private utilities in the 1930s. Public power has, through the decades, dealt with politically charged attacks related to socialism, the funding of the federal power program, and transmission access — to name a few. Not to mention that many utilities were born from local political initiatives.

As energy-related topics are once again politicized flashpoints, community-owned utilities must determine how to investigate what concerns and desires are truly from the community, keep public discourse about projects civil, and stay focused on what is best for the community.

What's Feeding Polarization

Heated discussions on everything from pipelines and permitting reform to renewables and reliability certainly seems to verify that the politicization of energy exists.

Part of this polarization can feel like it arises when politicians make energy part of a campaign platform. Elevating such topics can then feed into people's tribalistic natures, noted Abel Gustafson, a communications professor at the University of Cleveland and research associate with the Yale Center for Environmental Communication. When one side champions an issue, it can make the other side oppose it, he said.

Gustafson gave the example of the Green New Deal. When it was first introduced, a survey queried voters to see how they felt about elements of the policy proposal, and most Republicans supported them. Four months later, after voters had become familiar with the plan, support among moderate Republicans dropped from 75% to 64%, while support among conservatives dropped from 57% to 32%. Among moderate Democrats, there was a 2% decrease in support, from 90% to 88%, but liberal Democrat support jumped a few percentage points to 96%.

Gustafson noted how political polarization sped up during the 2020 presidential race when the Biden campaign repeatedly emphasized a desire for a rapid transition to renewable energy and away from fossil fuels. A survey Gustafson conducted with colleagues at Yale and George Mason University showed that 85% of American voters supported mandating electric utilities to use 100% renewable energy by 2050. By December 2022, the portion had dropped to 66%.

But campaign talking points rarely allow for nuance, nor do polling questions that tend to frame issues as having simple support or disapproval. While some issues might allow for more cut-and-dry responses, the complexity of the energy transition requires digging into concerns ranging from grid reliability and security to environmental justice, cost, and technical viability. A drop in support of a mandate, for example, might signify that as the topics become debated more heavily on the political field, voters are getting more tuned into the nuance — or more educated about some of the realities of the complexity.

Local Concerns at Home

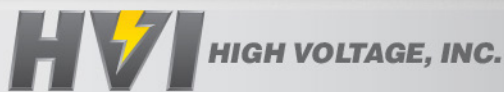
Outside of Washington, D.C., this rhetoric rarely reflects public opinion that power providers must navigate. More often, opposition to things like wind or solar generation shows up without a party flag attached to it.

Despite what appears in nationwide survey results, utilities are still able to move ahead with projects by keeping constituents educated, showing local impact, and engaging in proactive communication.

The city of Traverse City, Michigan, is refreshing its integrated resource plan, and renewable generation is a priority. Eventually, the utility plans to add distributed storage to the mix, as well.

While Traverse City Light & Power only operates a distribution network, Brandie Ekren, the public power utility's executive director, has seen resistance to some nearby renewable power projects and even outright bans or siting restrictions. "Whether it's rooftop or some other type of array, there are some communities in Michigan that are putting up bans on solar generation and solar placement. It's a real concern," she said.

She's also heard arguments against renewables that have to do with the nuisance of perceived noise from wind turbines, worries about bird migration safety, and the desire for fair compensation for landowners.



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What she hasn't heard is that one party voices such concerns over another. "I don't think opposition to renewables is a Republican or Democratic issue," she said. "I have interacted with a number of Republican individuals who are very pro-renewables, so long as they enable economic development."

That's similar to what Bryan Hannegan, president and CEO of Holy Cross Energy, a co-op in Colorado, has seen. The utility is aiming for 100% carbon neutrality by 2030, and the aggressive addition of renewable resources over the past seven years or so has already pushed the co-op from 50% emission-free energy last year to a projected rate of 92% in 2024.

The co-op serves a politically diverse territory encompassing Pitkin County — home to the towns of Aspen and Vail, where 75% of voters chose Democrats in 2020 (the city of Aspen is served by a public power utility) — and Garfield County, where the electorate was split nearly 50–50 in the 2020 election.

Hannegan shared a tale of two solar projects, one which had a fairly easy permitting process and another that faced significant resistance. He said the project in Garfield County was met with enthusiasm. "County staff, commissioners and landowners thought it was awesome. 'This is going to create jobs,' they said. 'It's going to create economic development.' Our project just flew through approvals," Hannegan recalled.

Whereas the co-op faced resistance to the Pitkin County project for four years due to concerns about the viewshed and if the project would depress property values. "Because the array was near the airport, we even had a county commissioner ask if we could make it look like a lake from above."

Appealing to Value

Both Hannegan and Ekren have experienced something Gustafson saw show up in his research. "Republicans are much more likely to support a transition to renewable energy because of its ability to create jobs," Gustafson said. He also noted that Republicans like renewables because they can cut costs and improve energy independence, while Democrats are more likely to support renewables because they help mitigate climate change.

That was a message Hannegan used to overcome the "not in my backyard" arguments he was hearing. "We mobilized school kids, Olympians, and the Pitkin County sports industry to remind people that the community cares about climate change and this was their chance to walk the talk," Hannegan recalled. "Now that it's finally done, the community is happy with it and very proud of it."

Hannegan also pushes renewables on cost. "In a fossil fuel-based power supply, you have a lot of fuel-price exposure and, in 2018, we were already seeing prices on the rise, so we could project that our power supply costs would increase quite a bit over the next decade," he said. The utility started replacing fossil-based generation with renewables via fixed-price purchased power agreements. After factoring in tax credits for such investments, Hannegan said Holy Cross' wind and solar power come online at or below the levelized cost of electricity from new fossil energy resources.

The cost argument shows up in Gustafson's research, too. "Cost savings appeal to everybody, regardless of where somebody is on the political spectrum or other characteristics about them," he said.

NAVIGATING ENERGY POLITICIZATION: SEPARATING THE NEED FROM THE NOISE



To find out what other messages might work in communicating with constituents, Gustafson said he might start with survey work or focus groups, something he has done as a consultant to renewable energy companies. “We’re trying to get inside the minds of the people in a community. Then we have a better idea of what messages might be most effective in engaging the community or building public support for a project.”

This is the method Ekren takes in Traverse City. “I like to take an educational approach, whether it’s through one-on-one meetings, community board meetings, or having an open house,” she said. The renewables-focused integrated resource plan, which the utility calls its climate action plan, is getting developed via a thorough stakeholder engagement process. It includes focus groups and open houses at a local library where she has been doing exactly what Gustafson recommends: finding out people’s beliefs, concerns, motivations, and more.

“What are some of your aspirations?” and “Where do you see the role of the utility in terms of climate action and renewable generation in particular?” are two of the questions she has used to get stakeholders talking. “You need good stakeholder engagement to understand how to approach and package a project that will be responsive to what the community and

utility need but that is also feasible to move forward with and acceptable to those who are going to be influenced or impacted by that project,” she said.

Ekren also expects community responsiveness from potential partners. “As I’m interacting with developers or power providers that might partner with us, I like to understand their community engagement approach,” she explained. “Are they working with people on finding the right site for projects or making an assumption that just because somebody’s got an empty field, they’ll want to put generation on their property?”

Like Ekren, Hannegan maintains that regardless of political bent, people in the community will respond to utility projects when they have some collaborative say in them. “It works when you can sit down and partner with your communities at the outset, communicate frequently, and really understand what it is your communities value and how you can protect it,” he said. “Then things like solar generation projects can coexist and add value to an area.”

Public Power Leaders: Mike Hummel



A

Q&A with Mike Hummel, who retired from Salt River Project in Arizona in May 2023. Hummel served 40 years in several executive-level positions at SRP, including as general manager and CEO from 2018–23. Hummel is a registered professional engineer, and he completed the Massachusetts Institute of Technology Nuclear Reactor Technology Program. Hummel currently serves on boards of directors for Teach for America, Electric Power Research Institute, Greater Phoenix Leadership, Large Public Power Council, and Nuclear Electric Insurance Limited.

HOW DID YOU COME TO WORK IN PUBLIC POWER?

I worked for two years as an engineering intern at Tucson Electric Power while I was going to school. I started at SRP when I graduated in 1982, as a rotating engineer, and since then I have been fully committed to SRP. The thing I've always liked about SRP is the purity of the community-based, not-for-profit mission. Our mission has always been and will always be to make our customers and our community successful. We don't focus on quarterly earnings. We don't focus on dividends. That gives us the ability to make long-term decisions that are in the best interest of our customers. I believe in that mission and am proud to be part of it.

WHAT KEY LESSONS HAVE YOU LEARNED FROM WORKING IN THIS SECTOR?

It is critical to develop a staff that believes in the mission of your organization and wants to make that happen. I've also learned that it's important to be actively engaged in the community so you can better understand where your public power utility can continue to add value.

The biggest leadership lesson I've learned over the years is to surround yourself with people who don't think and act like you do. Don't try to take people who have been successful and change their styles to fit yours. There are different approaches to success. Bring in talented people who approach things differently and will challenge you. It can be more frustrating, but at the end of the day, it will build trust and lead to far better solutions.

IS THERE AN ACCOMPLISHMENT YOU ARE MOST PROUD OF FROM YOUR TIME IN PUBLIC POWER?

I'm very proud that SRP has become a utility focused not only on reliability and cost, but on being a clean and sustainable energy and water provider. In just a few years, we have fundamentally transitioned from a utility based on fossil fuel to one that has embraced renewables on a large scale. SRP has one of the largest commitments to solar and storage in the West, and that is no small feat.

We established a robust set of 2035 Sustainability Goals and provided the path forward for both describing the future of our goals and for achieving these aggressive targets. As a public power provider, it was important that these goals be supported by and developed with very broad stakeholder engagement. Building on our role as an industry leader, we articulated not just carbon goals, but a broad suite of goals that included water, waste stream management, supply chain, and employee engagement. We have already made significant progress on these goals while ensuring service reliability and affordability.

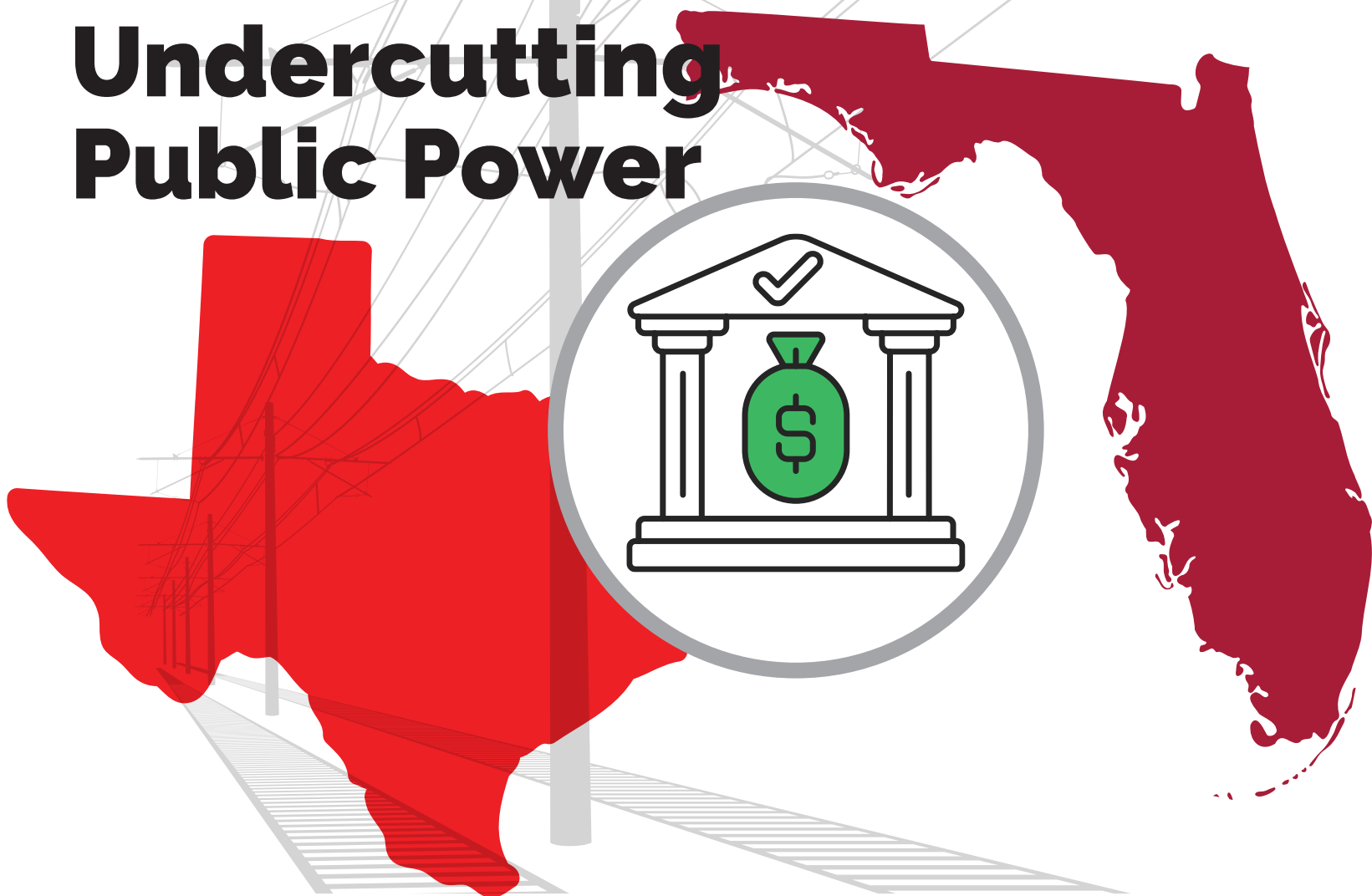
I'm also proud to have accomplished what we did while keeping our employees safe through the COVID-19 pandemic — providing them with the flexibility and support to recover from it.

WHAT WOULD YOU LIKE FUTURE PUBLIC POWER LEADERS TO KNOW?

I've seen more change in the utility industry in the last five years than in the 35 years prior. Renewables will be a fundamental part of this country's energy generation going forward. Solar, wind, geothermal, and hydro will all have an important role. Continuing to add intermittent resources without effective storage solutions just doesn't work, which is why natural gas will continue to be a needed fuel until at least 2050. I understand many people don't want to hear that, but until storage technology improves and becomes more cost-effective, quick-start peaking plants will continue to be required to effectively add renewables to our system.

Regardless of what the future energy mix will be, public power leaders should establish a clear vision for bringing value to their customers and community and create a culture where employees understand their role in achieving this vision.

State Actions Undercutting Public Power



Recent efforts at the state level in Florida and Texas aim to undercut public power's local authority and value. The focus of two of these efforts center around how much utilities contribute to a city's general fund. Often, these are payments in lieu of taxes that the utility provides to the city, and account for a sizable portion of city funds.

In Texas, a state senator introduced a bill in February that would prohibit cities from transferring revenue from municipally owned utility companies to their general fund. As drafted, the bill could have affected both public power and municipal water utilities. The bill didn't make it past committee review, in part because stakeholders from across the state, including from districts representing the cities of San Antonio and Austin,

quickly weighed in on how important this revenue is to municipal operations. An article in a local San Antonio paper noted how CPS Energy's contribution accounts for more than one quarter of the city's general revenue fund.

A similar measure in Florida, HB 1331, would have created a new statutory provision authorizing outside-the-city surcharges on utility customers of up to 10%, with the surcharge based on the percentage of customers located outside municipal boundaries. Introduced in tandem with SB 1380, the laws would have placed municipal utilities selling retail electric or natural gas service to customers outside their city limits under the full regulation of the Florida Public Service Commission, among imposing other significant limitations. The legislation would have imposed limitations on percentages of transfer to the general fund for both inside- and outside-city customers. The legislative push this year was another in a series of efforts at the state level aimed at capping or culling the general fund transfers of Florida's municipally owned utilities.

“Prohibiting or limiting general fund transfers would eliminate a city’s right as the utility owner to earn a reasonable return on the investment in its utility systems, a recognized right of every utility owner and operator, to provide an essential service and promote a higher quality of life in their communities,” said the Florida Municipal Electric Association, which represents the interests of public power communities across the state, in a statement released in the spring when the legislature was weighing the bill.

“This will inordinately affect rural, often economically distressed, communities that have a weaker tax base because of the volume of tax-exempt properties that are located there, such as houses of worship, schools and government buildings,” the statement added.

Several Florida public power cities filed resolutions critical of the state legislation, including Jacksonville, Leesburg, Newberry, Havana, Green Cove Springs, New Smyrna Beach, and Wauchula.

Neither measure passed this year.

Unfortunately, another measure in Florida, HB 1645, passed, which amends the Gainesville City charter to establish the Gainesville Regional Utilities Authority to govern the public power utility. Among other things, the law requires the governor to appoint the five members of the Author-

ity, which includes at least one member from outside the city boundaries. Each member will serve four-year terms.

An analysis of the bill provided by Florida House staff shows that it also limits transfers from the utility fund to the city “to the aggregate of utility system net revenues less the flow of funds and requires any remaining funds after the transfer to be dedicated to additional debt service or used as equity for future capital projects.”

The bill is similar to a referendum rejected by Gainesville voters in November 2018.

In March, Gainesville’s Mayor Harvey Ward weighed in on how the bill undercuts the local authority and decision-making of GRU and Gainesville citizens.

“Political appointees would deny Gainesville voters the right to elect members of GRU’s governing body. This move would disenfranchise Gainesville voters,” he said. “Right now, our neighbors can serve on the Utility Advisory Board, or can come to city commission meetings or can talk to commissioners in the aisles of the grocery store or the hardware store. They have direct access to their decision-makers. This move would silence the voices of an engaged citizenry.”

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ENERGY LITERACY AND ENERGY EFFICIENCY BEHAVIORS AMONG YOUNG PEOPLE DECLINING

For better or worse, a utility relies on its customers' use of electricity — whether they do, when they do, and how they do. So, it follows that before utilities can encourage customers to alter any behavior or join any programs, they should aim to ensure they understand some basic ideas about electricity use.

A new report from the National Energy Foundation shows declines in energy saving behaviors among high school students. The report, *National Energy Literacy among High School Seniors and Recent Graduates*, is a snapshot of how well teenagers in the U.S. understand a variety of energy topics and engage in energy efficiency behaviors. Compared with the results from the same survey conducted in 2017, the 2022 survey showed a decline in average energy literacy and a decline in all six energy efficiency behaviors defined by NEF.

ENERGY LITERACY, ENERGY EFFICIENCY BEHAVIORS AMONG YOUNG PEOPLE DECLINING

The Department of Energy defines energy literacy as an “understanding of the nature and role of energy in the world and daily lives accompanied by the ability to apply this understanding to answer questions and solve problems.” The DOE further defines people who are energy literate as one those who know how much energy they use, where it comes from, and are able to make informed decisions about how their choices affect themselves and others. The average energy literacy score for the 2022 survey was 42.4, which is down from 48.8 in 2017. Both scores reflect a relatively low level of energy literacy, and NEF posited that the drop could be another measure of the way pandemic-related school closures and online learning affected teens' education.

The energy behavior with the biggest decline was around whether respondents consciously choose to travel without a car (such as by bike, walking, or other public transit), which fell from 30% to 23%. This might be expected due to a decline in reliance on public transport during and after the pandemic. But other behaviors, such as searching for products that are more energy efficient or turning off lights when leaving a room, also saw declines of 5% and 4%, respectively, with the former dropping from 28% to 23% and the latter from 81% to 77%.

Notably, the contingent of survey respondents that grew the most included those who “agree that energy is important, but are unwilling to change many personal energy-related behaviors if there is an impact on their personal comfort and convenience,” which the survey called the “Big Talkers.” Roughly one-third of respondents, 32%, fit into this category. This category of respondents also had the lowest average energy literacy scores of all the groups NEF segmented.

Room to Grow

NEF laid out seven suggestions for how energy literacy could be encouraged to rebound among young adults. The suggestions include:

1. Using technology, such as explainer videos or personalized usage dashboards, to help convey energy-related information in a more engaging manner.
2. Facilitating connections between young people and people in the energy industry, such as through workforce development programs, or in-school presentations from utility workers.
3. Better harnessing peer influence by offering tools or information to engaged, informed peers that could help spur discussion.
4. Strengthening energy education in the classroom, such as through developing curriculum standards or partnerships.
5. Supporting targeted education for young people within demographics that tend to have lower energy literacy scores, including those from households with lower incomes or parents with less educational attainment.
6. Making messages family-centered, since the behaviors often are about decisions at home.
7. Taking a phased approach to encouraging behavior-based changes, starting with conservation.

NEF saw in this latest survey a growing disconnect between a concern or interest in energy efficiency, resources, and conservation, and the personal behaviors that could support related efforts. While this could point to a growing sense of apathy or hopelessness, the foundation believes that this survey could act as a call to action for the industry to help students understand that their actions matter – and that all users have an impact on the system.

Read more at www.nef1.org/survey

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The advertisement features a collage of various utility signs and markers. On the left, a vertical yellow sign reads 'VM 1-16'. In the center, a close-up shows a hand holding a red and white marker. To the right, a wooden pole has two rectangular tags: one with '20/140' and another with '19'. Further right, another vertical yellow sign reads '333330'. The background is a dark blue grid pattern.

MANAGING CRYPTOCURRENCY MINING'S ELECTRICITY DEMAND

Cryptocurrency mining is an energy-intensive endeavor.

A single Bitcoin transaction consumes

767.27 KWHⁱ

**120-240
BILLION KWH**

annual global electricity usage attributed to cryptocurrencyⁱⁱ

And happening close to home.



of global Bitcoin activity



and a third of global cryptocurrency operations

are within the U.S.

Cryptocurrency miners will often shop around for the lowest energy rates, making public power attractive service territories.



While these operations can bring considerable load, they can also bring **risks** to the utility.

- Can add significant system demand—from 25 to 100s of megawatts
- Potential for significant stranded costs if customer leaves or shuts down on short notice.
- Offering economic development rates could be attractive to miners, but could also increase flight risk for facilities once the rate expires.

Utilities can establish **rates and policies** that hedge some of these risks.

- Consider an interruptible rate structure/demand response
- Review line extension policy to ensure costs are recoverable within an allotted time
- Locate in a rural area or near a substation with excess capacity
- Add risk acknowledgment in financials and cost of service

Learn more in *Managing New Electric Loads in a Changing Industry: A Look at Cryptocurrency Mining and Cannabis Grow Facilities*.

ⁱ "Bitcoin Energy Consumption." Digiconomist, 20 Oct. 2022, <https://digiconomist.net/bitcoin-energy-consumption>

ⁱⁱ "Climate and Energy Implications of Crypto-Assets in the United States," White House Office of Science and Technology Policy, September 2022.

POSITION YOUR COMMUNITY TO SUCCEED.

(Whether or not you face a sellout evaluation)



HOW TO

- Prevent sellout attempts
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