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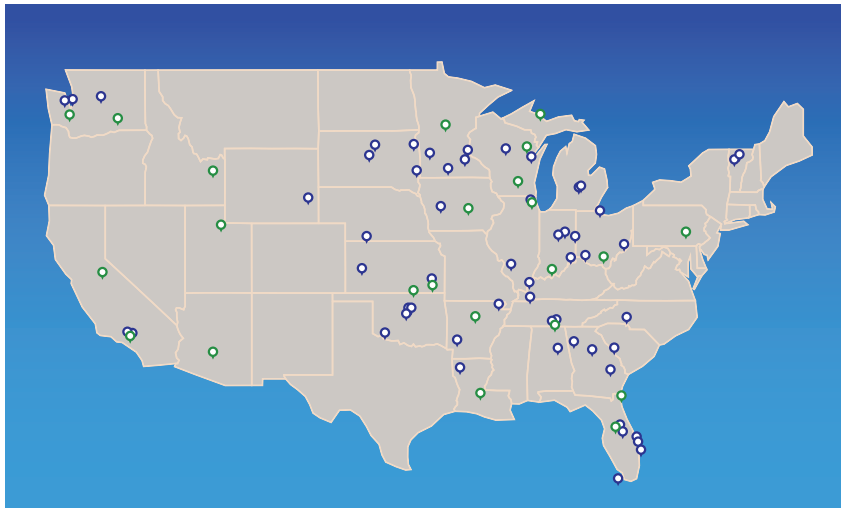
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The American Public Power Association is the voice of not-for-profit, community-owned utilities that power 2,000 towns and cities nationwide. We advocate before the federal government to protect the interests of the more than 54 million customers that public power utilities serve, and the 96,000 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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United in Purpose for Our Communities

**BY SCOTT CORWIN, PRESIDENT AND CEO,
AMERICAN PUBLIC POWER ASSOCIATION**

As the voice of public power in our nation's capital, APPA strives to harness the strength of unity behind our public service mission to advocate for member communities. Outside of advocacy, in the mutual aid and security coordination work we do, members experienced major events in 2024, notably the back-to-back hurricanes in the early fall, that highlighted how the public power network stands unified and ready to help their neighbors and ensure overall grid resilience. This month, our thoughts are with those in Southern California and the brave crews working to contain further destruction and rebuild where needed from the devastating impacts of wind and wildfires.

We also saw unity of message in 2024 that helped APPA move the ball on several policy initiatives, such as: backing down harmful new efficiency standards for transformers already in short supply; submitting extensive

filings on EPA regulations, FERC rules, and NERC reliability standards; adjusting DOE program requirements to better suit joint action agencies; and gaining more clarity around IRS rules and extending a safe harbor for use of tax incentives.

In 2025, we know affordability will continue to loom large, so we need to work to ensure that federal policy does not exacerbate inflationary and workforce pressures already seen by communities. A combination of policy and economic factors will continue to threaten our high standard for reliability and will provide impetus to make much needed progress on streamlining infrastructure permitting.

A new administration and Congress create a complex dynamic in the federal legislative and regulatory realm, and we embrace both the opportunities and the challenges presented. APPA staff bring the real-world experience of working for policymakers of both parties on Capitol Hill and being involved with setting policies and regulations at various federal agencies. It is from this pragmatic lens that we work across aisles to advocate for public power.

Likewise, our members bring a diverse set of experiences from a large geographical footprint. It is critical for us to hear from you so we can get an accurate depiction on how policies are affecting your communities. It is also key that utility leaders connect with policymakers and their staff directly, such as at our Legislative Rally, where the theme this year is Connecting Voices, Shaping Policy.

With key provisions of the Tax Cuts and Jobs Act of 2017 set to expire in 2025, we know this Congress will be focused on tax policy. Paired with a concern about the cost of energy, our focus will be on educating members of Congress on how funding mechanisms affect these costs. This includes preserving the tax-exempt status for municipal bonds, which have helped public power communities develop more than 750 projects over the past two decades — from distribution system upgrades in Middletown, Penn., to transmission lines in Heber, Utah, and several hydropower facilities along the Ohio river (see page 12). The map on page 18 highlights additional public power projects funded by bonds. As we continue to showcase the ways these bonds enable affordable, reliable public power in every congressional district, we encourage you to add your bond-funded initiatives to the map supported by the Government Finance Officers Association linked from our website.

With public power customers spread across every corner of the U.S. and its territories, our interests vary widely. Hearing from you and having your involvement in our committees and meetings helps APPA bring a strong single voice year after year to advocate on some of the most pressing and important issues impacting the energy future of our country. 🇺🇸



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HOW — AND WHY — PUBLIC

BY JOHN EGAN,
CONTRIBUTING WRITER

Hundreds of public power representatives will participate in the American Public Power Association's 2025 Legislative Rally in late February. The event is the most concentrated effort of the year for public power advocacy, with three days of city and utility leaders coming to Washington, D.C., to meet with national policymakers and their staff members to share how federal policy matters affect their communities.

However, the rally is just one event. Advocating for public power is a year-round endeavor that involves establishing relationships, offering useful information, and being ready to react quickly when needed.

POWERFUL ADVOCATES

Joseph Owen, director of government affairs for WPPI Energy, a joint action agency serving 51 public power utilities across Wisconsin, Iowa, and Michigan, sees advocating for public power as an example of democracy in action.

"People inside the Beltway need and want to hear from their constituents," he said. "They benefit greatly from understanding the practical implications back home of measures they consider."

Public power leaders and board members are not only constituents themselves — as city and local leaders, they represent a cluster of constituents. Since utility operations are in the unique position of affecting every person in a community, these perspectives hold considerable weight.

"You are representing their voters," said Vernell Roberts, general manager of Detroit Lakes Public Utilities, which serves about 10,000 customers in western Minnesota. "Elected officials inside the Beltway appreciate a local perspective."

"A lot of time, issues on Capitol Hill get looked at from an urban or suburban perspective," said Roberts, who has participated in at least 35 of APPA's legislative rallies. "It's important that senators, congresspeople, and



POWER ADVOCACY WORKS

their staffs hear from rural America who have to live with what is decided in Washington, D.C.”

In the fight against deep-pocketed interests, “people power is our superpower,” said Madalyn Sukke, a commissioner with Detroit Lakes Public Utilities.

“We participate in the Legislative Rally to show how public power utilities generate social and economic benefits for their communities,” added Paul Warfel, vice president of participant and external affairs for MEAG Power, a JAA that provides wholesale power to 49 member utilities in Georgia. “We exist to improve the quality of life in our communities, and it’s important that our federally elected officials and their staffs understand that.”

“Public power specifically, and all electricity providers in general, are foundational to our economy,” commented Owen. “Economic growth doesn’t happen without a reliable supply of affordable electricity.” He cited the current attention to data centers as a large and important new load source, calling them a “transformational change in the economy, and utilities are at the forefront of that change” because the data centers are huge users of electricity.

EXPLAINING THE ISSUES

Roberts said electric utilities of all stripes — public power, investor-owned utilities, and rural electric cooperatives — are getting pulled in different directions when it comes to industry principles such as affordability, reliability, safety, and sustainability.

While public power utilities and organizations have varying goals, approaches, and priorities, there is a lot of common ground in their advocacy efforts.

“It is vital that public power present a unified and prominent voice in Washington,” said Warfel. “Public power seeks to improve the quality of life where our customers — who are also their voters — live, work, and play.”

Simply explaining what public power is and the issues your utility faces is important in its own right, especially given that more than 60 members of the 119th Congress — including four senators — are new. (A handful of freshmen members of Congress, including the incoming senator for Utah, have served as mayors or other elected officials for jurisdictions with public power).

Rally attendees can expect to receive briefing materials and boiled-down bullet points from APPA and their state delegation, which might be



“It’s important that senators, congresspeople, and their staffs hear from rural America who have to live with what is decided in Washington, D.C.”

VERNELL ROBERTS, GENERAL MANAGER
DETROIT LAKES PUBLIC UTILITIES, MINNESOTA

led by a JAA or state association representative. But it’s up to participants to put a human face on public power.

Roberts summarized the “three B’s” of successful lobbying: Be prepared. Be brief. Be gone. Being able to follow those guidelines means doing your homework before meetings on Capitol Hill and coming to meetings with a specific ask, which can be developed in coordination with APPA staff or your JAA.

Roberts also urged advocates to remain nonpartisan and not get too technical when meeting with members: “Try to break issues down into terms that are understandable to generalists.” Deep dives can take place when meeting with the member’s staff or in follow-up correspondence.

Above all, try to turn dry data into personal stories, which are more memorable than datasets. If your utility is creating jobs using federal grants, talk about that. While supply chain bottlenecks continue to pose a challenge to utilities, work to find ways to discuss them from the personal, real-life impact they are having, such as longer power outages, higher costs, or delays to local economic development or residential home construction projects because the utility could not procure enough transformers.

“Our job is to make the story real by personalizing data and information. We can make a difference by telling our stories,” said G.L. Tucker, another commissioner for Detroit Lakes.

READINESS AND PATIENCE

Just like in agriculture, where seeds are planted in one season, nurtured for a while, and then harvested, legislative work often takes time to bear fruit.

The “ask” made of members of Congress represents harvesting of prior efforts.

Take MEAG Power’s effort to inform Capitol Hill staffers about the importance of nuclear power. The JAA is a 22.7% owner of four nuclear units at the Vogtle Electric Generating Plant in Waynesboro, Georgia, including the two newly commissioned units 3&4.

In 2015, MEAG Power started bringing congressional staffers down to Waynesboro during the August congressional recess for a briefing on the importance of nuclear power and a tour of the existing units and Units 3&4, which were under construction. It was part of a multipronged strategy that included working with home-state lawmakers in the House and Senate to recognize the critical role that new nuclear generation needed to play in the nation’s energy mix.

“Our goal was to make nuclear power less abstract,” Warfel said. “We wanted to give them a sense of the scale of Vogtle 3 and 4, learn about nuclear power, safety issues, and spent-fuel storage.”

“It was a resounding success,” Warfel said, pointing to in excess of \$500 million in value for their long-term efforts. This included explaining the need for nonprofit utilities to be able to take advantage of the federal production tax credit for advanced nuclear electric generation. This ability was enacted into law in 2018, a precursor to tax-exempt entities’ ability to access direct payment of tax credits, which was achieved in 2022.

But legislative advocacy isn’t always a decades-long endeavor.

In early 2024, the U.S. Department of Energy was about two years into a rulemaking process that would increase the efficiency of distribution transformers, Owen recalled. Supply chain bottlenecks had sharply increased the costs and wait times for delivery of new transformers. Public power organizations worried that raising the efficiency standards of transformers would add more costs, delays, and uncertainties to the procurement process. Along with APPA staff, public power leaders articulated how changing efficiency during such a precarious period would



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“The before and after document was pretty effective at showing that we’re not opposed to changes, but they’ve got to make sense.”

JOSEPH OWEN, DIRECTOR OF GOVERNMENT AFFAIRS
WPPI ENERGY, WISCONSIN

make a bad situation worse, with direct personal impact on customers in the form of reduced reliability and longer outage restoration times.

“DOE’s effort was well-intentioned, and we’re always keenly interested in pursuing efficiencies, but this effort came at the wrong time,” Owen said.

WPPI Energy provided members and their staffs a “Before and After” briefing document about the distribution transformer market showing that costs had at least doubled and wait times were two to three times longer than they were before the COVID-19 pandemic.

“The before-and-after document was pretty effective at showing that we’re not opposed to changes, but they’ve got to make sense,” Owen reflected.

During a meeting with Sen. Tammy Baldwin (D-Wis.) as part of the 2024 Legislative Rally, the senator agreed on the spot to become a co-sponsor of a bill to pause the DOE efficiency effort, Owen said. After meeting with WPPI Energy representatives, Wisconsin’s other senator, Republican Ron Johnson, directed his staff to look into the distribution transformer issue.

Faced with bipartisan opposition, DOE adjusted the rulemaking in 2024 to make it more workable.

“Typically, our work pays off in three or four years,” said Owen. “It was exciting and gratifying to see a same-year result. Having bipartisan support for a cause was critical in convincing DOE to abandon its own rulemaking.”

BE READY FOR ANYTHING

“In Washington, things can change in a heartbeat,” commented Roberts. “Members of Congress may have to miss a meeting because they have an unexpected vote coming up. You have to roll with the punches.”

Warfel can attest to that. In 2015, he was just starting to work as a lobbyist and was attending his first APPA Legislative Rally. His plan was to observe how the meeting was conducted so he could lead future meetings with Hill personnel.



Public power advocates meet with Rep. Mark Pocan (D-Wisc.). Photo courtesy WPPI Energy



“It is vital that public power present a unified and prominent voice in Washington. Public power seeks to improve the quality of life where our customers — who are also their voters — live, work and play”

PAUL WARFEL, VICE PRESIDENT OF PARTICIPANT AND EXTERNAL AFFAIRS
MEAG POWER, GEORGIA

But at the last minute, Warfel’s group was split up, and he had to deliver the advocacy message developed for someone else in his group.

“I was nervous. I was fumbling over my words,” he said. “But other members of the group had my back, and the message was well-received. The staffer we were presenting to became one of my closest acquaintances on Capitol Hill.”

Owen recalled a similar experience one month into his role at WPPI Energy at his first APPA Legislative Rally. As a newbie, his plan was to listen, not talk. But two utility leaders from Wisconsin had gotten sick that morning and could not lead the discussion with a powerful member of Congress from Wisconsin. On the short cab ride to Capitol Hill, WPPI Energy’s CEO turned to Owen and said, “You’re going to run the meeting, and you’ll be fine.”

By coincidence, Owen and the member of Congress bonded over their shared love of Diet Pepsi. When Owen placed his can of the soda on the meeting-room table, the congressman thought it was meant for him, and he quickly snatched it up. Wisely, Owen decided to play along.

“The Legislative Rally is the Super Bowl of APPA’s legislative efforts,” Owen said, explaining that the full team needs to show up to tell lawmakers and their staffers about the consequences of their actions.

Because what goes on inside the Beltway does not stay inside the Beltway. 🇺🇸

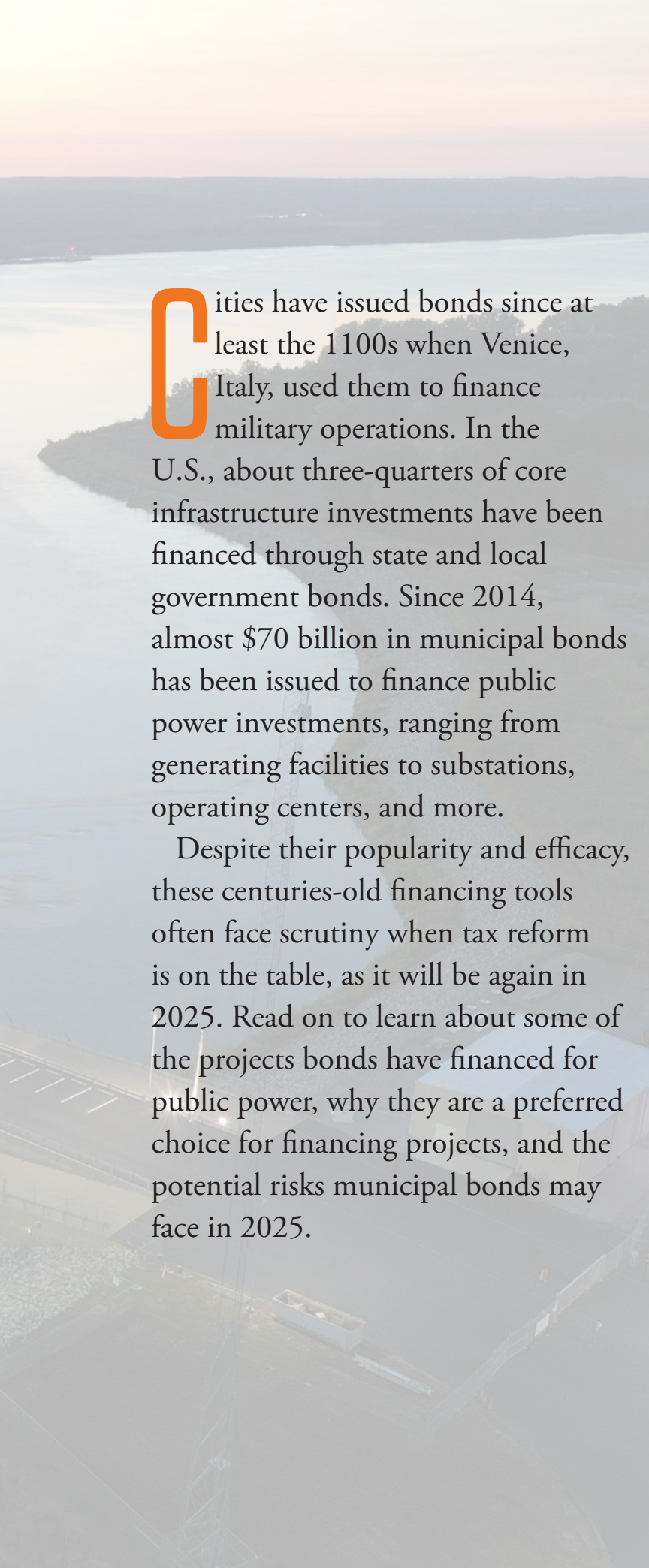


Supporting the Public Good

Why Public Power Uses Municipal Bonds

BY BETSY LOEFF,
CONTRIBUTING WRITER

Smithland Hydroelectric Plant in Kentucky.
Photo courtesy American Municipal Power, Inc.



Cities have issued bonds since at least the 1100s when Venice, Italy, used them to finance military operations. In the U.S., about three-quarters of core infrastructure investments have been financed through state and local government bonds. Since 2014, almost \$70 billion in municipal bonds has been issued to finance public power investments, ranging from generating facilities to substations, operating centers, and more.

Despite their popularity and efficacy, these centuries-old financing tools often face scrutiny when tax reform is on the table, as it will be again in 2025. Read on to learn about some of the projects bonds have financed for public power, why they are a preferred choice for financing projects, and the potential risks municipal bonds may face in 2025.

Low-Risk Win-Win

Bonds are debt that municipalities take on to finance various projects. Municipalities use these tools to finance large infrastructure projects that will serve the community for decades, so bonds with a 30-year term are common. Investors essentially lend money by purchasing the bonds and then earn interest on the money they invest. At the end of the bond's term, the investors get their money back.

Corporations issue bonds, too, but there's a difference between corporate bonds and municipal ones. "On the corporate bond, the interest paid on that bond is taxable for the bondholder," said John Godfrey, senior government relations director at the American Public Power Association. "If a corporation pays 5.1% for a bond, part of that interest will get taxed away, so the net return is lower. That's why when a municipality issues a tax-exempt bond, it can issue it at 3%. That's a 210 basis point difference between corporate and municipal bonds."

Godfrey explained that while some people assume the tax benefits of municipal bonds attract only wealthy investors, research indicates otherwise. The percentage of upper- and lower-income bondholders mirrors the percentages of people in these groups in society. "One way to manage risk is to own tax-exempt debt," he said. "There are a lot of fixed-income folks that own these bonds."

If bonds seem like a good deal for the investor, they're also a great deal for municipalities.

"When you're looking at financing a project, you look at what options are available to you," said Amber Teitt, vice president of debt management and treasury for American Municipal Power, Inc., or AMP, a wholesale power supplier and services provider for more than 130 member utilities in nine Midwestern and East Coast states. She added that bank products and taxable bonds are among the options, "but tax-exempt municipal bonds are the primary financing mechanism for public infrastructure because they typically provide the lowest cost of capital."

Teitt noted that bonds also offer the right risk profile. "You can look at variable rate structures or other products that might require refinancing at some point in time," she said. "Over the years, we've been able to use tax-exempt or tax-advantage bonds to enter into long-term financings that utilize fixed-rate debt. In addition to the lowest cost of capital, these bonds provide the added benefit of a reduced risk profile through predictable annual payments for our member communities."

Sally Canazaro, finance director for the Borough of Middletown, Pennsylvania, recently used a general obligation, or GO, bond to finance a new substation to serve its 10,000 customers. GO bonds are backed by a government entity's full faith and credit, and Canazaro considered them protected by that. "In the bond, it says that you can raise rates or taxes to cover them in the future. That way, you don't default on the bond."

Canazaro also likes that bonds let her anticipate expenses. "We plan every year what we will pay in interest and principal, just like you do with

a mortgage. A bond allows you to pay over time and make big expenses more manageable,” she said.

Finally, bonds help utilities ensure the right people pay for the infrastructure. “We’ve used municipal bonds to make sure cost causation is considered,” said Jason Norlen, general manager for Heber Light & Power in Utah. “If you’re just building war chests for projects off your current rate base and you’re paying cash on projects to accommodate new growth, then all your existing customers have paid for a project new customers required you to do.”

Allowing for Growth

Heber Light & Power recently used bonds to pay for 10 miles of 138 kilovolt transmission line and a \$23 million point of delivery substation to go along with it. Together, the projects came in around \$30 million. “We’re a growing utility because our service territory is experiencing a lot of growth and development, about 5% a year with no end in sight,” Norlen said.

The utility is also building a new administration building. Having expanded from 13 employees in 2000 to nearly 50 today, the utility needs more space.

In addition to giving employees a little breathing room, these bond-funded investments have added reliability and safety to the system. Another plus is that much of the new distribution has been undergrounded to avoid marring the view of the lovely Heber Valley, which the utility serves.

Growth is happening in Middletown, Pennsylvania, too. A new housing development is underway and bringing enough load that the borough decided it was time for a new substation. “One substation we have was at its end of life and didn’t have the capacity we needed,” said Greg Wilsbach, public works director for Middletown. “We were able to redo the whole substation with this round of bonds.”

The benefits to the community will be faster service restoration and greater reliability. That’s because the town now has two substations that can each hold the entire territory if one substation goes down. Canazaro added that the new substation brings “the health of Middletown’s infrastructure to a higher level.”

At AMP, member utilities subscribe to generation projects based on their community needs and goals. So, for instance, if a utility seeks low-emission generation, there are options to fulfill that preference. Over the past 15 years, generation facilities financed with bonds include hydro plants along the Ohio River, a natural gas combined-cycle facility in Fremont, Ohio, a coal plant in Illinois, and solar facilities across Delaware, Michigan, Ohio, and Virginia.

All these projects were financed by tax-exempt or tax-advantage bonds, said Michael Beirne, vice president of external affairs at AMP and executive director for the Ohio Municipal Electric Association, which provides legislative liaison services for AMP and 80 Ohio public power communities.

Tax-exempt bonds, such as the GO bonds used by Middletown, deliver tax-free interest to investors. Interest on tax-advantage bonds is taxable to the bondholder, but tax-advantage bonds offer other benefits to the bond issuer.



“In addition to the lowest cost of capital, these bonds provide the added benefit of a reduced risk profile through predictable annual payments for our member communities.”

AMBER TEITT, VICE PRESIDENT OF DEBT MANAGEMENT AND TREASURY
AMERICAN MUNICIPAL POWER, OHIO



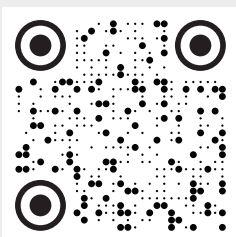
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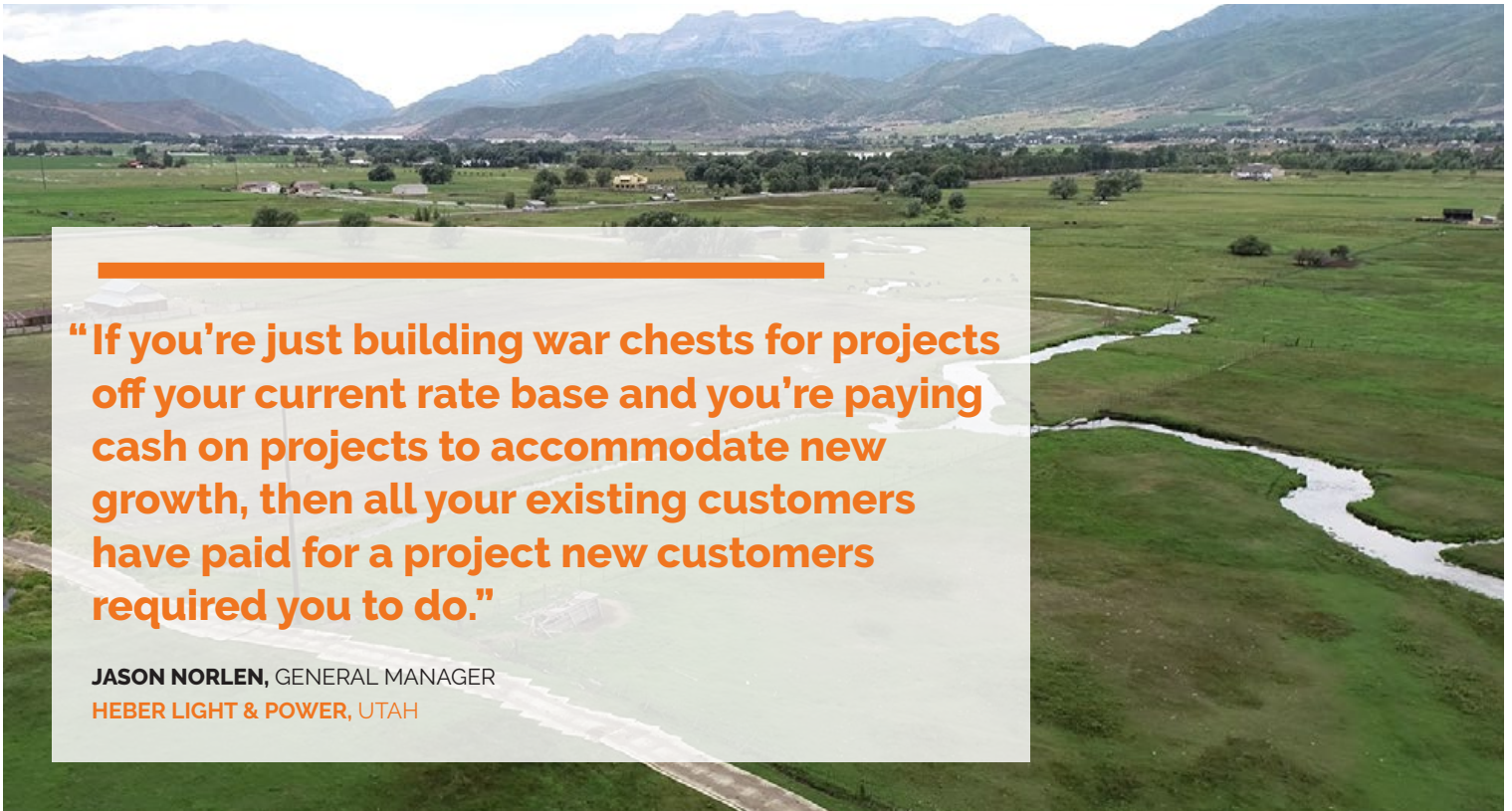
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JASON NORLEN, GENERAL MANAGER
HEBER LIGHT & POWER, UTAH

Affordability At Risk

“About 15 years ago, in lieu of tax-exempt debt to finance projects, AMP and many other public power entities took advantage of federal initiatives at the time: the Build America Bonds (BABs) and the New Clean Renewable Energy Bonds (New CREBs) programs,” Beirne said. “Those programs used taxable debt and then the U.S. Treasury provided a credit payment to issuers of that debt to offset the difference between taxable and tax-exempt debt costs.”

The BABs and New CREBs programs were designed to support shovel-ready projects during the Great Recession. Beirne added that the programs weren’t flawless, and here’s why: They’re vulnerable to sequesters, which are automatic spending cuts triggered by a failure to meet congressional budget goals.

“The sequester takes a haircut of 5% to 6% off the credit payments we receive from the federal government on BABs and New CREBs bonds,” Beirne said. AMP or any other affected bond issuer must make up the difference in interest payments to bondholders. The result? AMP members have received more than \$50 million less than what was originally promised from the federal government, costs that must be made up by customers. Those are “dollars that could have been invested

in local communities or used to support electric rates and create jobs. AMP members stand to lose an additional \$28 million over the life of the sequester,” noted an AMP white paper.

APPA’s Godfrey noted that the Tax Cuts and Jobs Act of 2017 has provisions that expire at the end of 2025. “The effect of extending those provisions is about \$3.5 trillion over 10 years, which means a massive tax policy debate with huge budget implications is set to tee up in 2025,” he said.

The debate will focus on how to pay for that lost revenue from extending the tax cuts. During the last examination of tax cuts, tax-exempt bonds were looked at for potential reforms, recalled Godfrey, who expects some of the same project proposals to crop up again.

If the tax-exempt status of municipal bonds ends, the effect will be increased costs for public power projects, and the numbers are significant. Godfrey said that APPA is gearing up to defend municipal bonds while encouraging Congress to modernize rules around them. Among the modernization efforts is a push to recover the refinancing option on tax-exempt bonds lost in 2017. Also on the wish list are changes in tax law related to the deductibility of bank carrying costs on municipal bonds. Right now, banks can only deduct those carrying costs of bonds purchased from cities issuing less than \$10 million a year, a number that hasn’t



Photo courtesy Heber Light and Power




“We will fight tooth and nail to ensure that public power continues to have the ability to issue tax-exempt debt.”

MICHAEL BEIRNE, VICE PRESIDENT,
EXTERNAL AFFAIRS,
AMERICAN MUNICIPAL POWER, OHIO

changed since 1986. APPA and others would like to see that amount increase to \$30 million to incentivize more bank investment for smaller utilities.

“We need more investment across the board,” Godfrey said. “Data centers and bitcoin miners are fundamentally changing the landscape, and we’re electrifying transportation. We will absolutely need more resources, not fewer.”

APPA won’t be fighting alone. Regional associations and utility members will advocate for the continuation of tax-exempt bonds. “We continue to meet with our congressional delegation — both Republicans and Democrats — and we ask our members to do it as well,” Beirne said. “We will fight tooth and nail to ensure that public power continues to have the ability to issue tax-exempt debt.” 

PUBLIC POWER BUILDS WITH BONDS

Public power relies on municipal bonds to develop all kinds of projects. From 2014 to 2023, public power financed **751 projects** for **\$69.8 billion**. About 10% of all projects across the U.S. funded by municipal bonds from this time were for power-related projects.

With \$15.7 billion in new money bonds issued for power-related projects, 2023 was the highest year for power-related bonds in more than a decade. And 2024 continued to see increased issuances.

Here's a look at some of the public power projects across the country #BuiltbyBonds.



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Preparing for Change

How Utilities Plan Amid Regulatory Uncertainty

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



Photo courtesy Hastings Utilities Department, Nebraska

While public power utilities are primarily accountable to their communities and don't have the same regulatory requirements in terms of setting rates, they are still subject to federal environmental regulations. Various environmental rules and federal agency actions – whether on climate, air, water, solid waste disposal, or permitting – can affect public power operations.

Two public power utilities weighed in on how regulations factor into their power supply planning process, and what other considerations affect their long-term decisions.

Seeking Clarity

As the Sikeston Board of Municipal Utilities in Missouri began reviewing its power supply options for the future, specifically how to transition the Sikeston Power Station, a 235-megawatt coal plant, it first started looking at all possible options, and then whittled down to the most practical and economical avenues.

Sikeston's Power Supply Planning study, or PSP, kicked off in June 2023 and has produced a series of reports that detail the market, regulatory, and technical challenges of the various options available. A report of the PSP in January 2024 noted that closure of the coal plant is "inevitable," and while the plant is currently the most economical option for the community, regulations and market conditions are likely to increase its operating costs.

Environmental regulations in SBMU's considerations include the Mercury and Air Toxics Standard, Effluent Limitations Guidelines, and coal ash rules.

Rick Landers, general manager at SBMU, said the utility decided to dig further into four shortlisted options: moving toward all renewables, developing gas peakers, building combined cycle units, or deploying a combination of combined cycle and gas peaking units. While the utility was looking at data regarding these options in summer 2024, the Environmental Protection Agency announced its power sector greenhouse gas rules, and the Southwest Power Pool, the market in which Sikeston participates, announced an increase to its winter reserve margin.

Landers said SBMU re-ran the data on the short list options to reflect what effects it could expect with these changes. He said while the combined cycle units continued to look to be the most economical option, there was still not clarity on the regulations.

Landers noted how moving ahead with the combined cycle gas unit wouldn't bring as much pressure from the suite of regulations, including the Good Neighbor Plan for the National Ambient Air Quality Standards, MATS, and ozone rules, "but what does become pressing is if carbon capture and hydrogen co-firing are the solutions. We can put a carbon capture system on our unit, but we can't do anything with the carbon

captured. There's no pipeline to inject [the CO₂] into, and we don't have a geology structure to inject it into the ground. We can say we're going to hydrogen co-fire. But where does the hydrogen come from?"

"Anybody that's dealt with regulations knows they add uncertainty," said Landers. "There's got to be some clarity. Our timeline is to start taking actions in 2025."

As for the all-renewables option, Landers said that SBMU would have to buy 80 MW of capacity from the market, which would be a high-risk option. He expressed concern on whether the capacity would even be available for purchase in a competitive market or if the transmission would be sufficient in that scenario.

Sikeston Power Station. Photo courtesy Sikeston Board of Municipal Utilities.



Weighing Decisions

Derek Zeisler, manager of the Hastings Utilities Department in Nebraska, described the utility as “very dependent” on traditional fuels. The department operates two coal plants, including one in partnership with other public power entities, three natural gas units, two phases of a community solar farm, and has a small wind turbine in partnership with a local college. With some of those assets aging and the way regulations are currently written, he said the utility has some big decisions to make.

“There’s got to be some clarity. Our timeline is to start taking actions in 2025.”

RICK LANDERS, GENERAL MANAGER,
SIKESTON BOARD OF MUNICIPAL UTILITIES,
MISSOURI

Hastings has been looking at whether it needs to refuel the coal units or put other measures in place to keep up with where regulations might go. One of its coal facilities was built in the early 1980s, and Zeisler said the unit has been well-maintained and has no reliability concerns. Another unit was added in 2011, with the intent of at least a 30-year life. However, regulatory changes have since called into question what the best choice for the community will be in the long-term.

“When a community makes an investment the size of that, you want to make sure you’re getting the most out of it. We love the idea of trying to transition out of these units in the most economical way possible while still being good stewards of the environment with the regulations in place,” said Zeisler.

That includes trying to make sense of changes in various emissions standards, as well as the power sector greenhouse gas rule requiring carbon capture, as in Sikeston. Zeisler also raised concerns about the nascent state of carbon capture technology, and its current limitations.

“Carbon capture has a huge potential parasitic load to your facility, so you have to come up with where you’re going to get the capacity that you lost from going with a process like that,” said Zeisler.

An added consideration is how any capacity could fare in the SPP market. Zeisler explained that SPP’s capacity market focuses on firm capacity, which pushes participants to traditional baseload resources. While he said some participants have begun to explore hydrogen, “natural gas is just about the only option, and there’s a limited supply of what can be built there.”

Zeisler also pointed to changes in the SPP market since the winter storm in 2021, specifically how much useful life Hastings can continue to get from steam gas units originally built in the 1950s and 60s. “For years, we would run a test just to prove they could run and be available. This year, those units have been called up 20 times combined. We’re trying to figure out how these units play in the current market. If we can get a better understanding of where they are headed, it can help us make better decisions on what kind of units we need for our customers moving forward.”

“When there is a lot of unknown in generation, you invest in the known,” said Zeisler. That’s why he said Hastings has invested in developing and updating its generation assets over the past few years and is “hoping to hold onto the units we have for a little while.”

“Even if [regulations] get loosened, the reality is that it is only a matter of time due to the age of our facilities,” said Zeisler. “Being a smaller utility, one of the struggles is always how do we keep up with regulations while trying to keep our rates low and competitive and have the least amount of impact on our customers.”



Whelan Energy Center, photo courtesy Hastings Utilities Department

Looking Ahead

Landers noted that SBMU hopes that some regulations currently on hold will allow for state implementation plans, as those would negate the need to go through the lengthier federal process.

“If our state plan is accepted, that’s about as good as we’re going to get,” said Landers.

Outside of regulatory requirements, significant challenges to accurately determining costs for different sources of generation include the interconnection wait times and supply chain constraints leading to increased costs for materials.

“The construction time is one thing, the amount of time it takes to get through the queue is another,” said Zeisler. “It’s never an issue with a regulation as much as the timing and the ability to get there — where is the technology at, what are the lead times for materials.”

As public power utilities, there is still a formal local approval process for any actions that expect to have long-term effects on the community served.

“Before we make the next move, we need to know exactly what has the potential to last the next 30, 40, 50 years for our city,” said Zeisler. “It takes a lot of time to plan. With a municipality, we work off of our city budget, which means that we have to get approved a few months in advance of the year starting, and that budget is set.”

“If we try to pitch to city council that these are things we need to do to be prepared, we want to feel confident that the rule is something that

is stable and don’t want to be sitting with something after two years that we don’t need or isn’t exactly what we needed,” he added. “When limits change for some of our units, you are making an investment at that limit, and if that limit changes while you’re making that investment, maybe the path you chose to go isn’t enough to get you to the next step. Knowing what the ultimate goal is, so we are being efficient with our customers’ funds is our biggest concern. A mistake or miscalculation can end up having a pretty big impact on a community of our size.”

Zeisler also noted how delaying decisions can lead to higher costs, especially for smaller communities that might not get as many bids for work and don’t have the resources internally to allocate to major projects. “We are trying to make sure we are prepared for whatever moves we have to make and have the time to bid them properly. [It’s] always a challenge in a more rural area to get companies to come out here and build something. We’ve got some great contractors, but some of these projects are bigger than what they have historically dealt with.”

A Tall Task

“Anytime there’s a regulation, you trust that there is good science and understanding behind why it is needed,” said Zeisler. “Advocates do a lot of work for us in making sure the proper people are educated. At the end of the day, you evaluate several different paths and hope that as regulations and markets change, one of those paths will become clear for what our future needs to be.”



“It’s never an issue with a regulation as much as the timing and the ability to get there — where is the technology at, what are the lead times for materials.”

**DEREK ZEISLER, MANAGER,
HASTINGS UTILITIES DEPARTMENT, NEBRASKA**

Landers explained how decisions can be difficult as utilities weigh priorities within the local community, the regional entity that oversees the grid, and then federal oversight. “Let’s say the local utility is focused on low cost, regional is focused on reliability, and the federal wants you to emit the least amount of carbon possible. If I was to say that each of those was the top priority, how does the local utility make a decision that matches all those priorities? That’s the conundrum that local utilities are in.”

“Public power is an amazing thing, and in Nebraska we are 100% public power, so we have a lot of support. We have had a lot of open and honest discussions about how, as a state, we’re going to work hard to get where we need to be,” said Zeisler. “We have a tall task ahead of us, one that I fully believe we are more than capable of obtaining. But if pushed incorrectly, it could lead to some inefficiencies that aren’t necessary and cause some hardships that we would prefer to avoid for our customers.”

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An aerial night photograph of a road with several utility trucks. The trucks are illuminated by their headlights and work lights, and they are positioned along the road, some with their booms extended towards power lines. The scene is set against a dark background of trees and a night sky. The text is overlaid on the left side of the image.

UNITY OF EFFORT AND MESSAGE IN ACTION

HOW PUBLIC POWER RESPONDS TO EMERGENCIES

BY LISA COHN, CONTRIBUTING WRITER

Photo courtesy Nebraska Public Power District

There's nothing that epitomizes the unity across electric utilities quite like mutual aid. In 2024, the show of that unity came together when two powerful hurricanes hit communities throughout the southeastern U.S. in less than two weeks. The results of relatively quick restoration of power to affected areas are not simply a matter of experienced crews lending much-needed hands; they reflect a coordinated effort to optimize travel, logistics, and messaging across an extended network.

Here's a look at what some of the key players in public power emergency response and coordination in 2024 had to say about what's behind the efforts and what they meant for the people involved.

WORKING TOGETHER

Hurricane Helene and Hurricane Milton, which made landfall Sept. 26 and Oct. 9 in Florida, respectively, were a double whammy, sparking widespread power outages throughout the southeastern United States. But thanks to the Public Power Mutual Aid Network, crews from public power utilities were able to work together to restore service as quickly as possible within the affected communities and extend help to some of the largest investor-owned utilities that were hit hard.

During such crises, the organizations leading the emergency response focus on communicating in a unified fashion, said Tom Kent, president and CEO of Nebraska Public Power District and a public power representative on the Electricity Subsector Coordinating Council, or ESCC.



“When we're faced with the threat of a hurricane, small or large scale, I can put out several text messages and within 24 hours I will have hundreds of resources heading our way to assist. That's a testament to the strong relationships we've formed in the mutual aid group.”

**AMY ZUBALY, EXECUTIVE DIRECTOR
FLORIDA MUNICIPAL ELECTRIC ASSOCIATION**



Crew from Lakeland Electric helping with storm restoration. Photo courtesy Florida Municipal Electric Association.

“There is a unity of effort and unity of messaging that ensures clear communication across sectors,” Kent said. “Messaging and coordination drive the recovery effort.”

The ESCC plans for utilities to help one another with resources during emergencies, which, for larger storms, includes serving as the main liaison between the federal government and the electric power industry. ESCC includes representatives from public power utilities, IOUs, cooperatives, and government organizations to create strategies for sharing resources.

At the local, regional and national levels, the American Public Power Association and the ESCC develop plans for responding to emergencies. Such plans are tested with simulations before an emergency arises.

“I try to set up a meeting with the utilities requesting help to say, ‘Hey, we can help you; we need to know the system voltage. Is there a place for workers to stay, any special equipment needed?’”

NICOLAS WHITLEY, SUPERVISOR OF SAFETY AND TRAINING
ELECTRICITIES OF NORTH CAROLINA

“We benefit, our peers benefit, and the whole country benefits. It’s special how the utility sector works to restore power and how they coordinate with the government,” said Kent.

The planning efforts paid off when Hurricanes Helene and Milton struck within two weeks of each other.

First, Helene brought significant storm surges to the Tampa area in Florida before making landfall in the Big Bend region of the state, then Milton wrought damage in the Tampa area again, said Amy Zubaly, executive director of the Florida Municipal Electric Association, the statewide trade association that represents Florida’s 33 public power utilities. Zubaly is also a state coordinator for the mutual aid network, putting out calls for line workers across the country when needed.

“All of those areas were already rain-heavy and some of them had substantial damage from Helene prior to Milton making landfall just south of the Tampa Bay area just two weeks later,” she said.

After Helene struck, about 300,000 Florida public power customers were without power. All in all, about 1.2 million customers experienced outages from the hurricane.

Within 48 hours of Helene’s landfall, 95% of public power customers that had experienced outages had power restored, with the help of more than 350 lineworkers brought in from 11 states.

When Hurricane Milton barreled into Florida two weeks after Helene, its eye was focused on the central part of the state, which is home to the largest concentration of Florida’s public power communities, said Zubaly. The morning after Milton made landfall, 3.4 million customers experienced outages, with more than 280,000 from Florida public power utilities.

FMEA and its members needed extra assistance and mobilized 2,500 workers, including its own workforce, public power mutual aid, and contractors. “We brought in about 850 public power personnel from 23



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states to help,” said Zubaly. “All hands that were able to help restore power helped. Our workforce was pretty strong.”

Within four days, 95% of public power customers had their service restored.

During storms like Helene and Milton, public power organizations are generally able to restore power more quickly than IOUs or cooperatives in the same area, Zubaly said.

“If you have one county that has three different service providers, if you look at the data, public power typically restores power about a day, potentially two days, faster than the other service providers,” she said.

According to the Energy Information Administration, in 2023, public power utility customers experienced more than 200 minutes (or about 3.5 hours) less outage time during major events than the average utility customer. While major events are, by definition, out of the norm, the data over the past decade is pretty consistent in showing that public power customers get restored hours quicker than customers of other utility types.

That’s because the line crews generally don’t have to drive as far to reach the impacted areas. Because public power systems often operate over a smaller footprint, there are also usually fewer miles of lines that can be affected.

BUILDING RELATIONSHIPS

Restoration efforts are generally not a result of spur-of-the-moment calls among strangers; public power utilities work throughout the year to prepare for emergencies. Since Zubaly began her role as mutual aid coordinator in 2017, she has joined APPA’s mutual aid calls and has become well acquainted with other mutual aid coordinators across the country.

“I have gotten to know all these people over the years. I consider them my friends, in addition to being my colleagues,” she said. “When we’re faced with the threat of a hurricane, small or large scale, I can put out several text messages and within 24 hours I will have hundreds of

“I can’t overstate how impressive it is to see the mutual aid system in action.”

**TOM KENT, PRESIDENT AND CEO
NEBRASKA PUBLIC POWER DISTRICT**

Photo courtesy Nebraska Public Power District



resources heading our way to assist. That's a testament to the strong relationships we've formed in the mutual aid group. It's a beautiful thing."

Nicholas Whitley, the mutual aid coordinator for North Carolina and supervisor of safety and training for ElectriCities of North Carolina, a joint action agency that provides power and supplies critical services to public power utilities in the Southeast, had a similar experience. "Everyone on the mutual aid committee holds meetings, we get together and have meals and develop that relationship," he said. In particular, he works closely with Jimmy Bagley from the City of Rock Hill, South Carolina, who serves as the mutual aid coordinator in the neighboring state.

"When a storm hits, I can call Jimmy in South Carolina. Jimmy and I have a friendship and everyone is on the same page," Whitley said.

Taking advantage of the mutual aid network, utilities can triple or quadruple their workforce. A small public power utility might have a line crew of three or four people, but it has the ability to bring in 30 to 50 extra lineworkers if devastated by a storm.

In 2018, Hurricane Michael struck the Florida Panhandle, devastating the systems of some small public power utilities that had only a handful of line workers. Zubaly sent about 100 mutual aid personnel to each of those small communities in the area.

"It would have taken a small crew of four people a really long time to rebuild a system," she said.

In addition to helping out smaller utilities, the mutual aid system responds to surprises like the one Whitley experienced after Hurricane Helene made an unexpected move into North Carolina, devastating parts of the state.

"Helene was brutal for us," he said. "Our members typically don't travel to Florida unless they know North Carolina is in the clear. We want to know our state is OK before helping out others."

After Helene traveled from Florida up to North Carolina, Whitley started getting requests for crews to help in North Carolina. The utilities wanted to take advantage of their mutual aid agreements with ElectriCities.

But many of the North Carolina-based crews were restoring power in Florida.

"I didn't have time to send out a mass email," Whitley said. "I started making phone calls to our biggest utilities willing to travel."

Generally, when he's responding to such requests, Whitley has to be aware of which utilities have released his personnel from other jobs so he can assign them to different utilities — a job that requires good communication and organization. Utilities will call to tell him they'll be releasing their crew the next day. He'll then reach out to members needing help, offering the released crews.

"I try to set up a meeting with the utilities requesting help to say 'Hey, we can help you; we need to know the system voltage. Is there a place for workers to stay, any special equipment needed?'" he said.

To restore power after Hurricane Helene, Whitley dispatched more than 30 crews in North Carolina. The mutual aid system met the needs of all public power utilities in North Carolina that requested help, and the last crew returned home after about 10 days, he said.

After public power utilities have their power restored, Whitley will send crews to Duke Energy and rural electric cooperatives. But public power is the first priority.

In spite of the challenges of Hurricanes Helene and Milton striking within two weeks of each other, public power utilities were successful in helping each other out, thanks in large part to the connections and friendships mutual aid leaders have forged.

"With Hurricanes Helene and Milton, public power responded and they responded quickly and, once again, they came from far and wide and they made it happen," said Kent. "I can't overstate how impressive it is to see the mutual aid system in action." 🇺🇸

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The advertisement features a collage of utility-related items: a yellow vertical sign with 'VM 1-16', a red boot, a yellow sign with '20/140', a yellow sign with '19', and a yellow vertical sign with '333330'. The background is a dark blue grid pattern.

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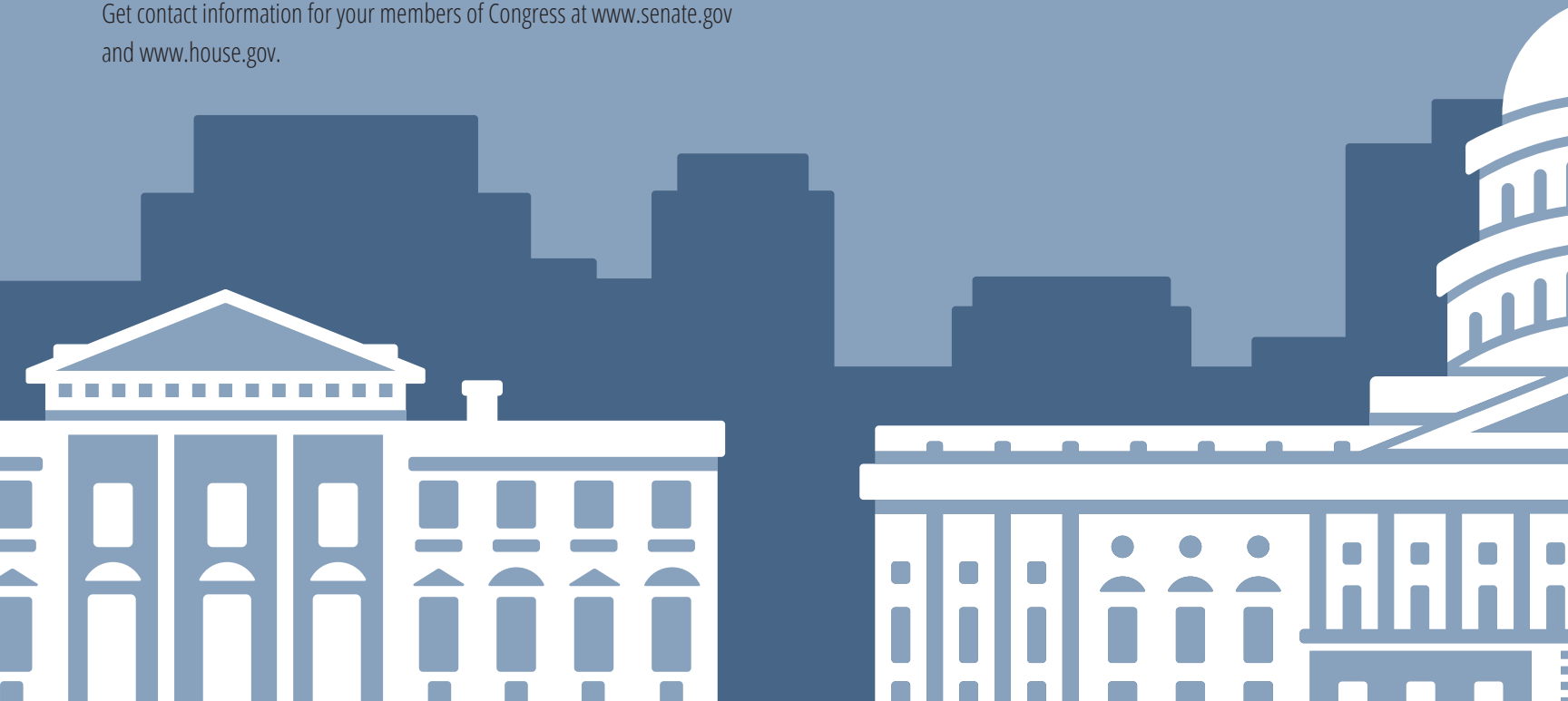
Having an effective meeting on Capitol Hill means knowing how to set up, prepare for, and attend the meeting in a way that aligns with expectations of members of Congress and their staff. Here are a few pointers on what makes for a successful meeting and helps establish relationships on the Hill.

EMAIL A REQUEST FOR A MEETING to each of your senators and your representatives to the attention of the scheduler. Include the date and the purpose of the visit. If you live in the district or state, it's important to note that you are a constituent. A typical meeting lasts 20–30 minutes. Get contact information for your members of Congress at www.senate.gov and www.house.gov.

CHECK IN. If you haven't heard back after a week, follow up with a phone call to the scheduler. If your request continues to go unanswered, call and ask for the staff member who handles energy issues. You may be asked to email a new request.

BE OPEN TO MEETING WITH STAFF. It is often difficult to get a meeting with members of Congress. Meetings with staff members can often have a significant impact. If the member is not available, request to meet with the staffers who handle energy and tax issues.

DO YOUR HOMEWORK. Get up to speed on an issue area by reading the American Public Power Association's issue briefs. Research the members of Congress you are meeting with so you know their voting record, what committees they are on, and if those committees have jurisdiction over your priority issues.



HILL MEETINGS

BRING YOUR ISSUE HOME. Be prepared to illustrate how a policy decision in Washington, D.C., will affect your customers. For example, “If tax-exempt financing is limited, electricity bills will increase by X amount.”

BE RELEVANT. Focus the discussion on issues that are relevant to your utility. For example, if your utility does not get any power from the power marketing administrations, there is no need to mention them.

INDIVIDUALIZE YOUR PITCH in a way that will resonate with the officeholder. Take tax-exempt financing — in a Democrat’s office, you might highlight the fact that 75% of U.S. infrastructure is financed through tax-exempt bonds issued by state and local governments; in a Republican’s office, you might stress that allowing the federal government to tax state and local bonds would interfere with local decision-making. Most members just want to know how the issue will affect their constituents. Members who sit on key committees might need more details and get into technicalities. If you don’t know an answer to a question, just say “I’ll have APPA staff follow up with you,” and let us know.

BE CONCISE AND SPECIFIC. Don’t say, “I want you do something about energy policy.” Do say, “I would like you to support H.R. 123, as it will decrease the regulatory burden on my utility.” If you don’t have a specific request, make your visit very brief. Introduce yourself and your utility, including how many people in their district you serve and which issues you are most concerned about.

SEND A THANK YOU NOTE to reinforce your message and to leave an impression. The note also provides you with an opportunity to attach any relevant information that was discussed during the meeting, such as statistics on your generation portfolio or issue briefs.

ALWAYS FOLLOW UP. Legislators and their aides handle many issue areas. It is easy for yours to get lost. Politely thank them for their time and offer yourself as a source of information. You might also want to invite them to visit your projects the next time they are back home.

PLEASE EMAIL OUR GOVERNMENT RELATIONS TEAM WITH FURTHER QUESTIONS ABOUT HOW TO BE AN EFFECTIVE ADVOCATE FOR PUBLIC POWER AT POLICY@PUBLICPOWER.ORG.

Public Power Leaders: **Lee Meyerhofer**

Lee Meyerhofer has been a commissioner for Kaukauna Utilities in Wisconsin since 1995 and its president since 2005. Lee was elected to the Kaukauna City Council in 1992, and to the Wisconsin Legislature in 1998. On the Legislature, he served as the ranking member of the Energy and Utilities Committee. He previously worked as an electrician and started an electrical contracting company. He also spent 17 years with American Transmission Company. Lee currently serves as chair of APPA's Policy Makers Council.

This Q&A is excerpted from an interview on the Public Power Now podcast.



WHAT IS VALUABLE FOR PUBLIC POWER GOVERNING BOARD MEMBERS TO DO TO SUPPORT THEIR COMMUNITIES?

Being that the utility is owned by the community, it's important that the utility plays an outsized role in the community. At Kaukauna, we're committed to community service. We provide each of our employees eight hours of leave per year to donate their talent and time to a non-profit of their choosing — to give back and invest in the community. If you look at our board, collectively, we belong to or have belonged to many civic groups and other types of groups, including the Lions and the Thousand Islands Environmental Center and Sportsmen's Club, Kiwanis, the Chambers, church groups, labor groups, the Library Foundation.

Board members should consider joining local groups, whether it's a civic group, a sports group, a business, labor, or church group, whatever it may be, to integrate into all the different walks of your community, be part of all of it.

WHY IS IT HELPFUL FOR GOVERNING BOARD MEMBERS TO BE INVOLVED IN ALL LEVELS OF ADVOCACY? HOW DO YOU KNOW WHEN YOU HAVE THE RIGHT BALANCE?

I'm not sure you ever know for sure when it's the exact right balance. Advocacy is important at all three levels and for various reasons. At the local level, as a board it's important to advocate for the utility by informing the elected officials in your community, the day-to-day citizens that you run into, ratepayers [who] might have a business here but live outside the city, the value and the role that public power plays in the community.

In Wisconsin, public power utilities such as ours make a payment in lieu of taxes — commonly known as a pilot payment — to the community that owns it. In our case, the city of Kaukauna, with a population of about 17,000 people, owns us. The utility pays the city an annual pilot payment [of] about \$1.5 million, which is based on a

formula that's set by the state. If our service territory was owned by an IOU, they would pay those taxes to the state rather than to the city, and the city's portion of the \$1.5 million would be a small fraction of that amount. When I say small fraction, we're talking a couple hundred thousand dollars, so that's a big difference for a city of our size. It's important that the community knows the value of the pilot payment and how that payment goes to the city, which they can use to pay for services that they provide for the community, which puts the downward pressure on property taxes.

Then, if you look at the cost side, municipal utilities by and large have lower rates than their IOU counterparts. We're adjacent to two IOUs — [one's residential rate] is 29% higher than our rate, the other one is 54% higher than ours. So that's a savings of \$3.8 million to \$7.1 million per year to our ratepayers. It is our role as board members to make sure that we're passing that information on to people so that they understand the value and the role that we play.

At the state level, we encourage all board members to attend joint action-offered events. Our trade association here in Wisconsin, the Municipal Electric Utilities of Wisconsin, offers an annual conference and a legislative rally day every year. There's a parade of boom trucks and other utility vehicles that drive around at our Capitol. It raises the profile of public power and then we provide bucket truck rides that are offered to legislators and their staff. That event also gives board members a chance to get exposed to the state issues facing our industry and then meet their state legislator and representative to discuss public power's position on pending legislation or legislation we'd like to see introduced. This has proven to be a very meaningful and positive experience for our board members.

And at the federal level, at Kaukauna we promote and encourage all board members to attend APPA's Legislative Rally and National Conference. The rally gives board members a chance to get exposed to the national issues facing our industry, which many times are different than what's at the state level and then they get to understand the position that public power is advocating for and why. This has proven to be a very powerful and positive experience for our board members. Most have never been to D.C. and met with their congressmen or their senators.

We view attending these conferences and legislative rallies as an investment rather than an expense. If the role of a board member is to make fiscally prudent decisions in an industry that's rife with market

disruptions, it's imperative that members are participating in these events to learn more about best practices and how the industry is being molded and shaped by innovation and legislation and what tomorrow's utility will look like.

WHAT STEPS CAN PUBLIC POWER UTILITY LEADERS TAKE TO HELP UTILITY BOARD MEMBERS BE EFFECTIVE IN THEIR ROLES?

Overall, I think public power is a great value to the communities they serve and does a lot of things right. However, I do think there's more to be done to help utility board members be more effective in their roles.

First, orientation for new members. I'd argue that most board members that are appointed, they're new for the first three years or so because the breadth of what's going on in the utility industry is pretty wide and the depth can get pretty deep. I suspect my electrical background gave me a better understanding of the technical aspects of the electric utility industry and perhaps it gave my fellow board members the confidence one looks for in electing their leaders on a board such as ours. Perhaps we should be looking at a progressive type of orientation where there would be another session, perhaps every nine to 12 months for the first couple of years anyway, instead of thinking, "Oh, we did an orientation, we gave them all the information, now it's up to them to use it."

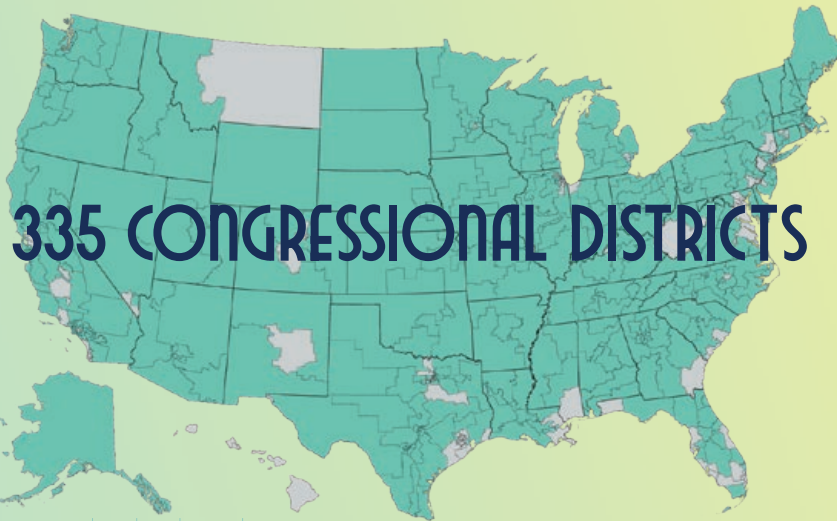
Our general manager offers an orientation [with] new commissioners where there's a one-on-one meeting with the GM... They tour the facility, meet [the] leadership team and get an overview of day-to-day operations. As president of our commission, I have one-on-one conversations with our members, letting them know what my role as president is to help them learn the workings and purpose of the board. I encourage all of them to be as active and engaged as their schedule will allow.

Secondly, we need to develop a program that's geared specifically towards engaging board members. Public power at all levels would be more robust and influential if there was a higher level of engagement of board members. If the goal is to make board members more effective in the role, we can't wish it upon them and expect it to happen. Rather, public power needs to make promoting engagement of board members a priority and a goal. 🚩

PUBLIC POWER ADVOCACY BY THE NUMBERS

Together, public power advocates are a powerful force. As community-owned entities, each of the approximately 2,000 public power utilities across the U.S. encompasses not just utility leaders, but mayors, city council members, utility commissioners, and the businesses and people in each community.

The 54 million people served by public power are spread across



With nearly 3.4 million, California has the highest number of people served by public power of any state

77% of representatives have at least one public power utility in their district

Plus, five of the non-voting delegates to the house, representing Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, and the Mariana Islands, have all their constituents served by public power

With public power in every state except Hawaii, 48 senators have constituents served by public power

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on our Policy Makers Council



attending our annual
Legislative Rally



including mayors, council members,
and commissioners

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