

The Many Advantages of Municipal Utilities

Essay

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How are my utilities services provided? This important question is seldom asked. Can you imagine a morning without electricity and water? Could you get started each day without an alarm clock or the TV news? How about a coffee maker, stove, or water for the toilet and shower? The benefits of these services is an obvious point. Still, our utilities are simply there when we need them, and we rarely consider how we could manage without them. My area is lucky to be serviced through Elk River Municipal Utilities, a public company with a rich history in our community. Writing this essay opened my eyes to the contributions ERMU has made to Elk River and to the many benefits municipal utility companies offer to customers throughout Minnesota.

Private companies provide utilities to almost 1.5 million households and are by far the most common form of utilities service in Minnesota. These corporations deliver a necessary service while also striving for high profit margins that will please their shareholders. Cooperatives and municipal utilities are other options for connecting services to consumers. Both of these are non-profit organizations, though cooperatives often take a margin of their sales. Municipal utilities serve approximately 357,000 citizens. Since municipal utilities are local institutions, they generally serve a far smaller area than private corporations. Municipal utilities are essentially owned and operated by the local citizenry.

Municipal utility companies are run by city councils or appointed commissions. Elk River Municipal Utilities is overseen by two elected council members and three appointed citizens. The members of this commission hold three year terms. Citizens can attend meetings and speak with representatives about issues. Dates and notes from previous meetings for the ERMU are listed clearly on the website. Private companies are far less transparent. Their board meetings are almost always closed and notes available only to significant stockholders.

Municipal utilities seek out their community's input and align their plans with the values and desires of customers. Many municipal utilities make dedicated efforts towards accomplishing long-term goals of importance for their community. For example, ERMU has begun giving residents and businesses the option to receive energy from renewable sources. Also, they have made electric vehicles more accessible to the community by offering rebates on chargers. Commitments to clean energy programs like these are helping move our community to a more sustainable future.

Another benefit of municipal utilities is cost. According to the American Public Power Association, private utility rates were 14% higher than public rates on average. This may be partly due to the fact that utility companies are natural monopolies. It is not practical and probably not safe to have two power companies delivering service to the same area. Without competition these companies are limited only by government regulated price ceilings. Unlike non-profits, they have the additional expense of state and federal income tax. Since private companies have an incentive to charge their customers more, public utilities save their community money each year.

Quality infrastructure is paramount to good utility service. Cost-cutting measures by investor-owned companies result in lower reliability and compromised safety. On the contrary, public power is focused on providing quality services to their city for long periods of time. Reinvesting in infrastructure is more likely with municipal utilities. The System Average Interruptible Duration Index (SAIDI) shows that public-owned utilities have far fewer power outages during the course of a year. In fact, the average time a customer went without power while using municipal utilities was less than half that of the national average. The failure of utilities infrastructure in Texas this past winter is an example of this and proved to be life

threatening to many. Natural disasters and weather events such as this spotlight a need for reasonable safety expectations in utility infrastructures.

As true stakeholders in their communities, municipal utility companies throughout our state and nation answer to the specific needs of their consumers. ERMU has served the town of Elk River and surrounding areas with expertise for more than 100 years. It first established electric power for residents in 1916 by the creation of a dam and power plant at the confluence of the Elk and Mississippi Rivers. ERMU has grown into a utilities provider of which this community can be proud. Cost, safety, reliability and community partnership--the benefits of municipal utilities are many. Elk River Municipal Utilities have been integral to the development of my community. I am lucky to be both a customer and citizen owner.