

# THE FACTS MATTER

## INDIANA'S MUNICIPAL ELECTRIC UTILITIES

**ONLY** 72 communities in Indiana are fortunate to have a municipally-owned electric utility. Their electric service is cost-effective, local, reliable...

and now **THREATENED** due to Senate Bill 309.

Current Indiana law provides that electric service providers in Indiana - the rural electric membership cooperatives (REMCs), investor-owned utilities (IOUs), and municipal electric utilities - have assigned service areas in which they can serve retail customers. Now, the REMCs and IOUs are seeking to change the state's electric service territory law to prevent municipal electric communities from serving customers in newly annexed areas.

After years of working well together, the REMCs and IOUs are now making broad accusations about municipal electric utilities and the communities they serve. The whole story needs to be told.

## ACCUSATION

❖ It is one-sided and unfair that municipal electric utilities can seek changes to their service territories if their communities annex when no other private electric utilities have opportunities to grow their service territory.

❖ Municipal electric utilities have a competitive advantage because no other private electric utilities have opportunities to grow their service territory.

❖ Municipal electric communities are seizing desirable service territory from REMCs and IOUs and stealing millions of dollars in gross revenue.

❖ Municipal electric communities are predatory and annexing the REMCs and IOUs out of existence.

❖ Municipal electric communities are taking away all opportunities for growth from the REMCs and IOUs.

## FACT

❖ As a matter of public policy, there needs to be a mechanism that allows a municipal electric utility to provide its service to customers that lie within the corporate boundary of the community. This protects citizens in a newly annexed area and allows them to receive all municipal services, including local service, lower costs, and reliable electricity.

❖ Current service territory law provides for generous compensation to an REMC or IOU when a service territory changes. When the utilities that serve only 7% of Indiana electric customers cause a less than 1% change in geographic service territory in more than 25 years, it can hardly be described as a competitive advantage.

❖ The REMCs and IOUs cannot lose something they never had. The millions of dollars in revenues do not exist. A customer that comes into a community after the city or town has invested in infrastructure like water and sewer to spur growth is not a lost profit. You cannot lose what you never had.

❖ In the last 25 years, annexations have resulted in a **LESS THAN 1%** change in Indiana electric service territories.

❖ Per their national association, the REMCs are the **fastest growing** segment of the electric utility industry. Indiana's REMCs have seen **FIVE TIMES** the growth of Indiana's municipal electric utilities.

# ACCUSATION

- ❖ Municipal electric communities are “cherry picking” and selectively taking prime loads away from the REMCs and IOUs.
- ❖ Municipal electric communities are eating away at the density of the REMCs, increasing their costs per customer served.
- ❖ Municipal electric communities are “gerrymandering” territory to best suit their bottom line.

# FACT

- ❖ In the vast majority of the annexations, the developers and/or businesses won't even locate on the property without being annexed so that they have access to the full suite of city services.
- ❖ Indiana Rural Electrics have grown at a 34% rate in the past 12 years, compared to municipal electric growth of 5%. Rural Electrics were created to serve rural areas. Now, REMCs want to serve municipal customers in order to grow larger and maximize their profit margins.
- ❖ Municipal electric communities seek to provide the services that their citizens desire, including electric.

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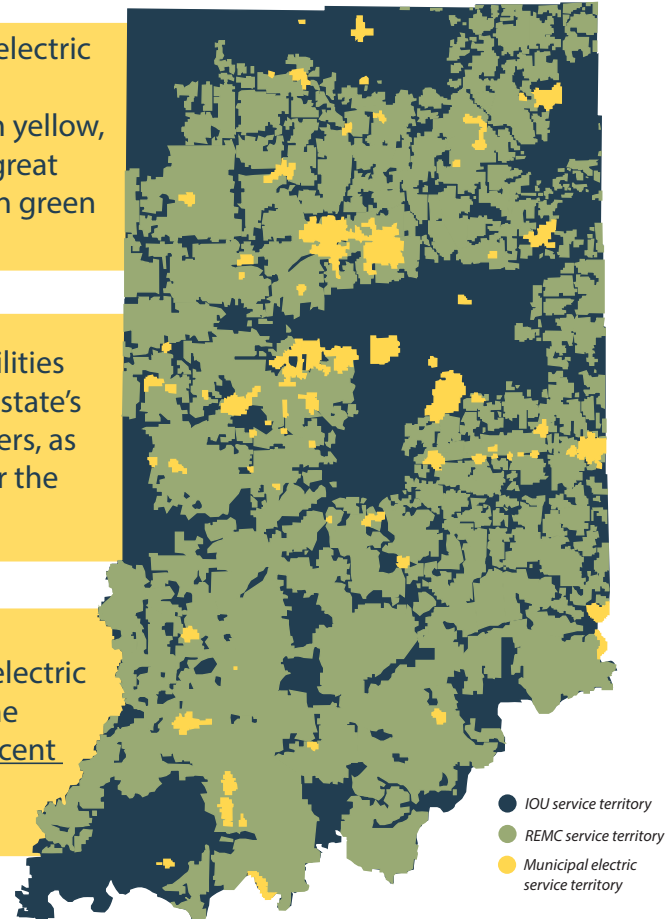
### If SB309 as proposed by the REMCs and IOUs succeeds...

1. A municipal electric community will not be able to serve newly annexed citizens with its own municipal electric service.
2. A municipal electric community's ability to attract more jobs could suffer.
3. Newly annexed citizens of a municipal electric community would not be able to enjoy the benefits of having a locally-owned, controlled and serviced electric provider.

This map shows the electric service territories of municipal electrics in yellow, as compared to the great reach of the REMCs in green and IOUs in blue.

Municipal electric utilities only serve 7% of the state's total electric customers, as compared to 93% for the REMCs and IOUs.

Geographically, the electric service territory of the REMCs covers 80 percent of the state.



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