

Memorandum on Creating a Municipal Utility

Case Studies of 4 Cities that have tried Municipalizing their Privately-Owned Utilities

By Jason Murray, Climate and Solar Ambassador, August 1, 2017

❖ **Some Key Facts and Conclusions Regarding Municipalization Based on the 4 Case Studies**

- There are about 2,200 municipal utilities (as well as 900 electric cooperatives) in the U.S. In New Mexico, cities with municipal utilities include Farmington, Gallup, Aztec, Raton, and Springer.
- Approximately 70% of homes in the nation are powered by investor-owned utilities (IOUs). According to the Energy Information Administration, municipal utilities generally offer lower rates to residential customers than private utilities. Also, municipal utilities tend to be more capable of directing revenue towards maintenance and prevention, resulting in greater reliability and quicker responses to outages.
- Most municipal utilities were formed between 50 to 100 years ago, and those created more recently have rarely been through acquisition. Between around 2003 and 2013, only 17 municipal utilities have formed in the U.S. through taking over a private utility's grid, with all such instances having occurred in smaller cities – as has been the case overall in recent decades. As illustrated in these case studies, the last municipal utilities formed in Colorado and Minnesota both happened in the 1970s. In Florida, no new city-owned utility had been created since the early 1940s, until the small town of Winter Park succeeded in 2005, following a 5-year effort.
- The municipalization of an IOU's assets can take as long as 5-10 years to achieve. Many efforts to do so are unsuccessful, in large part due to municipalities abandoning the effort on account of the many costs involved. Advocates of municipalization hold the view – which has been confirmed by specific examples – that creating a municipal utility can be more cost-effective for a city than having a private utility, and within a relatively short time of its formation.
- Even if cities eventually choose to abandon municipalization efforts, the public and political pressure created can still prove effective in bringing IOUs to the bargaining table with regard to expanding their renewable energy supply. This was evident with the effort in Minneapolis, which although opting to pursue new agreements with 2 major utilities instead of municipalization, still played a pivotal role in broadening the utilities' renewable energy goals. While this choice has posed significantly greater limits for such goals than a municipal utility likely would have, it shows that municipalization efforts can still bear fruit even if they are ultimately unsuccessful.

❖ **Some Conditions which have Proven Effective for Supporting Municipalization:**

- **Having a community which is conscious of the benefits of creating a municipal utility, as well as the drawbacks of staying with a private utility.** When municipalization comes into public and political discussion, or is brought up for vote, IOUs have proven willing to spend a lot of money to portray it as harmful to the public interest. So it's important for community members to have the information and sense of solidarity needed to avoid being dissuaded or misled. As cities served by IOUs tend to witness regular rate increases and lack of commitment to renewable energy, these factors can provide a considerable basis for gaining the public support to municipalize. With medium and larger sized municipalities in particular, as shown in Boulder's

effort, even with ongoing city and public support there will still likely be many legal and political obstacles to confront.

- **Supportive city officials such as city councilors and mayors are critical for taking on the many challenges of attempting a break with a private utility.** IOUs will likely present municipalization as having grave consequences for the city, such as a decline in jobs, huge losses of revenue, lack of an adequate workforce to properly operate and maintain the grid, and so on. In actuality, experience has shown that municipal utilities can save cities money while providing more reliable electricity. IOUs are also likely to engage in as many legal battles as necessary to ensure their continued ability to extract profits from a city. So there needs to be city leadership that is willing to firmly put public over private interests, and be ready for the likelihood of an uphill struggle.
- **Among all 4 of the cities studied, dialogue between each of them with other cities engaged in municipalization efforts has been evident. This has allowed them to benefit from each other's experiences as well as offer mutual support.** While the 4 cities studied were looked into independently of each other for the most part, it was interesting to find that every one of those cities had municipalization advocates in communication with fellow advocates in at least 1 of the other cities studied. For example, John Farrell who was a leading figure with the municipalization discussion in Minneapolis wrote an article for Boulder's city paper – sharing experiences and offering advice when Boulder was weighing whether to settle with Xcel Energy or continue litigation. He also did a podcast last year with Mariel Nanasi, executive director of New Energy Economy, to discuss the municipalization effort in Santa Fe. In 2010, when talk of municipalization had been gaining momentum in Boulder, they hosted Winter Park city manager Randy Knight to give a talk on the successful effort that happened in his own city. While it is difficult to measure what kinds of impacts these dialogues have had, they have certainly been evident among cities that have had notably vibrant municipalization efforts, and seem to have provided these cities with valuable support, insights, and inspiration.

❖ **Some Possible Contacts for Inter-Community Dialogue on Municipalization**

➤ **Boulder**

- Sam Weaver, Boulder City Council Member, described in Boulder's city paper, the *Daily Camera*, as "the council member who's worked hardest on municipalization." Phone: (303) 416-6130. Email: WeaverS@bouldercolorado.gov

➤ **Santa Fe**

- Mariel Nanasi, President and Executive Director of New Energy Economy, has been a leading figure in Santa Fe's municipalization effort. Phone: (505)989-7262. Email: mariel@seedsbeneaththesnow.com

➤ **Minneapolis**

- John Farrell, serves on the energy advisory committee for the Clean Energy Partnership in Minneapolis, and is Director of Democratic Energy at the Institute for Local Self-Reliance. Regarded as a foremost expert on distributed energy. Email: jfarrell@ilsr.org

➤ **Winter Park, FL**

- Randy Knight, City Manager of Winter Park, FL, was a leading staff member for creating their municipal utility. Phone: 407-599-3235. Phone: (407) 599-3235. Email: city_manager@cityofwinterpark.org

Case Study #1: The City of Boulder's Effort to Condemn the Xcel Energy Grid and Form a Municipal Utility

- In 2011, voters in Boulder approved 2 ballot measures. One authorized the City Council to create a municipal energy utility “if certain conditions were met.” The second approved an increase in the utility occupation tax to pay for costs involved in working towards municipalization.
- In 2013, the City Council voted 6-3 that “conditions had been met” for the city to proceed with condemnation of the Xcel Energy Grid in the opportune moment.
- Later in 2013, Xcel backed a charter amendment that would've required voter approval for the total debt limit of a future municipal utility. In response, the City Council introduced a competing measure – which passed – capping debt for the city at \$214 million. This included anticipated expenses to acquire the utility and pay Xcel for stranded costs.
- In 2014, the City Council moved forward with condemnation proceedings, and filed a legal petition seeking to acquire portions of Xcel's electric distribution network through eminent domain. They sought to obtain “all or portions of nine substations” that serve Boulder, “as well as related facilities, equipment, and lines.” While not estimating a cost in the city's filing, Boulder officials “appraised that portion of Xcel's network at \$120 million.”
- In response, Xcel Energy claimed that the distribution network goes beyond the city's limits, and that the Colorado Public Utilities Commission would have to weigh in on the matter since municipalization would involve county customers and utility facilities. Boulder didn't specifically include out-of-city customers in their legal petition, but some of them do get electricity from the same feeder lines as city customers.
- While Boulder officials felt that certain out-of-city assets were necessary to have “enough redundancy to deal with outages,” they had to scale back their initial hopes to include some out-of-city customers in their municipalization plans.
- Xcel secured a ruling from the PUC that Boulder would have to go to the PUC before being able to file in district court.
- Xcel also sued Boulder in the city's district court in an effort to “overturn the council's vote to create a municipal utility.”
- With regard to Boulder's \$214 million cap on acquiring portions of the grid, Xcel claimed that figure was likely too low “once stranded costs and duplication of shared infrastructure is accounted for.”
- Denver-based attorney Darrell Waas stated that “the eminent domain powers of a city like Boulder are very powerful and they derive from the constitution.” While most eminent domain cases deal with property rather than operating businesses, Waas said there is precedent, such as the formation of the Regional Transportation District in the 1960s from private bus companies.
- In 2014, as Boulder officials found it difficult trying to negotiate with Xcel and the PUC, they asked a judge to uphold their “constitutional authority to condemn property even outside city limits.”

- In anticipation of the stranded costs to compensate Xcel and their ratepayers for investing in generation capacity, Boulder hoped to create a transition plan through which they would continue buying power from Xcel for a certain time period. The idea would be to avoid a large one-time payment and possibly steer clear of having to go to the Federal Energy Regulatory Commission to determine the stranded costs.
- The municipalization struggle in Boulder has been seen as potentially having much broader significance, for if they succeed, this could possibly help inspire a municipalization movement across the country.
- Boulder’s efforts to municipalize the grid have been driven by the city’s goals to reduce GHG emissions, create more jobs, strengthen the local economy, foster innovation and emerging technologies, and increase the amount of RE in their energy portfolio.
- Prior to the municipalization push, the city of Boulder grew dissatisfied with Xcel after their “Smart Grid City” initiative failed to meet promises for a “fully integrated smart grid community.” Xcel ended up installing only 101 of the 1,845 originally planned smart devices, lost support of partner companies, and had trouble keeping costs down from the beginning. Also, Xcel sourced 78% of their electricity from coal and natural gas (with 22% from RE), and Boulder saw them as being too inflexible with their energy sources to accommodate the city’s climate goals. 65% of Boulder citizens voted in favor of municipalizing the grid.
- In 2016, Boulder and Xcel discussed a possible settlement that could allow the city to fulfill its renewable energy goals while having Xcel continue to provide electricity for the city. Boulder officials hadn’t given up on the municipalization effort, but wanted to pursue both possibilities at the same time to see which would prove more capable of fulfilling the city’s energy goals.
- As of June 2016, Boulder had spent over \$10.4 million since 2011 in the effort to make municipalization a reality, with the majority of that coming from the voter-approved Utility Occupation Tax. The Utility Occupation Tax generates about \$1.9 million in tax revenues each year, and has helped pay for the legal and consulting services involved. It has also provided funding for the city’s Energy Strategy and Electric Utility Development project, which performs work related to creating a locally-owned utility.
- The city estimates that the profit Xcel makes from Boulder customers is 3 times greater than what the city spends to pursue municipalizing the grid.
- Acknowledging having been “nudged” by Boulder, Xcel developed a package of filings called “Our Energy Future.” It included proposals to add as much as 1,000 MW of RE to Xcel’s energy portfolio, as well as a new rate design, pilot programs for RE home battery storage, more accessible package programs for residential and business customers to be powered by solar, and reduced premiums for wind energy customers.
- At the same time, Boulder worked on submitting “a supplemental application to acquire some Xcel facilities and form a utility.” While the PUC decided in November 2015 that the city couldn’t “acquire Xcel facilities that exclusively serve customers outside city limits,” they would allow the supplemental application.
- Boulder was also working to propose a goal for 100% RE by 2030 at that time.

- According to a staff writer for the city’s newspaper, Xcel “has fought the city in court at every turn,” while in terms of public relations has never spoken ill of Boulder in media statements. Xcel’s Regional Director of State Affairs in CO expressed that Xcel wishes to help the city reach its 100% RE goals – a stance which the city has become increasingly skeptical of since.
- In April 2017, after considering the proposed settlement options from Xcel, the City Council voted against putting a settlement with them on the ballot this year, favoring instead to continue litigation on municipalization. The City Council aimed to move forward with its case at the PUC. According to city of Boulder staff, in a best-case scenario they could have a municipal electric utility in 2022. The public has appeared supportive overall of continuing the push towards municipalization, rather than pursuing a settlement with Xcel.
- 1 of the 2 settlement options from Xcel was for Boulder to franchise with them. This would presumably entail them working in partnership to help Boulder achieve its 100% RE goal. Criticism of this option included that Xcel hasn’t quantified how they will reach those goals or what it would cost. Also, under CO law, if Xcel were to make a special offer to Boulder to support their RE goals, they would have to make that same offer available to all their other franchisees – a prospect which seemed very unlikely to come to fruition.
- The 2nd of the settlement options offered terms under which Boulder could buy Xcel’s city assets. The overarching criticism with this option was that Xcel asked for \$900 million, which was far, far more than what the city appraised those assets to be worth. As described by former city councilmember Steve Pomerance, “These exit terms are so onerous for this buyout, no one could conceivably do it. To pay twice for hardware and 25 percent on rates, for doing nothing. No one would invest in it... what looked like a deal is now a black hole.”
- On May 12, 2017, the city of Boulder filed its Third Supplemental Verified Application at the PUC, with a final PUC decision expected late this summer.
- As described in a July 17, 2017 article from Boulder’s city newspaper, city attorneys are trying to find a way to establish that Boulder’s municipal utility exists as a legal entity. A main way being considered to do so involves putting to ballot a measure that would amend the city charter. This amendment would “clarify that the utility has been created,” and add a “new stipulation that requires acquisition of and separation from Xcel’s distribution occur only after a public vote.” City Attorney Tom Carr thinks such an amendment could potentially “moot” a current Supreme Court case on municipalization, and in the words of Carr, “make it a whole lot harder for anyone to sue (Boulder) over this.” Also, if Boulder can show that it has legally created a utility, “that could impact the city’s ability to issue bonds in 2019 or beyond in order to pay for condemnation of Xcel assets.”
- Boulder’s Utility Occupation Tax expires this year, leaving the City Council to think of how they can continue funding the municipalization effort. Also, over the next 3 years, the money expected to maintain the effort is expected to be 3 times more what it has been. While voters have consistently been supportive of funding the effort through taxes, the City Council is anxious how they will respond to a request for such an increase.

- State Senator from Boulder, Steve Fenberg, expressed that the experience of Boulder shows how “communities actually don’t have a choice” anymore when it comes to taking public ownership of the grid. He feels that it may be necessary to amend the state constitution and clarify the legislative process as to how a city that spends \$2 million of tax payer money per year on municipalizing, and has had citizens vote in favor of it 4 times, can actually manage to do it. As expressed by Councilman Matt Applebaum, “If Boulder can’t do it we’ll know that nobody can do it.”

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Case Study #2: Municipalization Discussions in Minneapolis Have Resulted in a Clean Energy Partnership with 2 Major Utilities

- Another notable instance of a major city considering municipalization has been Minneapolis. In 2014, their 20-year franchise agreement with Xcel Energy was set to expire, as was their agreement with natural gas provider CenterPoint Energy. Rather than going through the motions to renew their agreements, in 2013 certain members of the city council, along with local environmental activists, wished to take the approaching expiration as an opportunity to bring municipalization into serious public discussion – and if falling short with that option, at least bring the two companies to the table for discussion of an increased renewable energy supply.
- Downtown Minneapolis has been the headquarters for Xcel Energy since 1968. In 2013 they were the area’s 8th largest employer, with about 2,000 workers. Xcel had plans to develop a corporate campus there, which they publicly raised doubts about after discussion of municipalization began. CEO Ben Fowke stated that if the city municipalized the grid Xcel would pull out its worker and change its headquarters to another city. Fowke expressed that “There is not a utility in the nation that has their headquarters in a city that has municipalized.” The company issued a letter to their Minneapolis customers stating that such a move could result in the loss of billions of dollars for the city.
- City Council members in support of considering municipalization argued that it could offer lower rates, more reliable service, and greater flexibility for the city to expand its clean energy sources. Also, in 2013 the city adopted the Minneapolis Climate Action Plan, which established the targets of a 30% reduction in GHG emissions by 2030, and an 80% reduction by 2050. Discussion of municipalization was viewed by advocates as a possible way to work towards those goals – either directly, by taking public ownership of the grid, or as means to gain leverage in negotiating with Xcel and CenterPoint.
- Had Minneapolis managed to take ownership of Xcel’s grid, they would have been the first municipality in the state to do so since the 1970s. That was when a statute was created requiring that if a price agreement couldn’t be reached between a municipality and a utility, then the PUC must factor in a private utility’s lost revenues into the amount a city must compensate. While a measure was proposed to eliminate that provision, it didn’t gain much support in the state legislature.
- The rarity in recent decades of a city taking over a private utility’s grid has also been evident at the national level. Between around 2003 and 2013 only 17 municipal utilities in the U.S. were formed in such a manner, with all such instances occurring in smaller cities.
- In order to obtain stronger renewable energy commitments from the utilities under a new agreement, that could’ve required a struggle to change state law which currently restricts franchise agreements to “include little more than basic financial and geographical details about public rights of way the city is granting to the utilities in exchange for millions in fees.” They thus could’ve potentially had to persuade state legislators to change the laws to allow other requirements, such as with regard to renewable energy, energy efficiency, and regular reports from utilities on how they are working to meet state energy standards. A bill was proposed to make those changes, which an Xcel lobbyist stated they would fight if it gained support in the state legislature.

- In the summer of 2013, the Minneapolis City Council approved a \$250,000 study to look into how the city could meet its renewable energy goals when its agreements with Xcel and CenterPoint Energy expired. This became known as the Energy Pathways Study and was completed in early 2014. The main recommendation from the study was to use the franchise agreements with the two companies as an opportunity to create a partnership which could more effectively pursue the city's clean energy goals.
- In October 2014, Minneapolis signed new franchise agreements with both companies and succeeded in making climate concerns a more explicit part of those agreements, through the creation of the Clean Energy Partnership. The stated purpose of the partnership with the utilities is to help the city achieve its energy goals, and is led by an 8-member board consisting of 2 city council members, 4 utility representatives, the mayor, and city coordinator.
- While the partnership has yielded tangible results, and seemed by far to be the low-hanging fruit when compared to municipalization, it has also posed greater limits to meeting climate goals in comparison to the latter option. John Farrell, who works on the energy vision advisory committee for the Minneapolis Clean Energy Partnership, recently wrote that “the rules of the electricity marketplace” encourage Xcel Energy to “build more infrastructure it can rate-base, and then sell as much electricity as they can to squeeze out maximum shareholder return within the bounds of state regulation.” The primacy of this objective has stunted the potential of Xcel to help the city on climate goals. The first two years of the partnership consisted primarily of collecting data with regard to the scope of the utility programs. This was followed by Xcel beginning to offer a renewable energy tariff which would help enable the city to increase its clean energy purchases, while imposing a 25% RE cap and being limited to municipal operations. Also, the City has to pay a \$95,000 premium each year for that additional clean energy.
- When Boulder was considering a similar clean energy deal with Xcel Energy earlier this year, John Farrell wrote an article about his Xcel partnership experiences in Minneapolis, accompanied by the advice to “be skeptical.” One of the main conclusions that he drew from his own city's experience is that “owning your utility might cost something, but buying from Xcel may cost more.” He describes how Xcel Minnesota made a request for wind power plan proposals, with almost 30 bids “willing to sell to the utility at 2.2 cents per kilowatt-hour or less,” while the RE tariff provides clean energy to the city at a 3.3 cents premium. He also describes that such a partnership for Boulder would curtail the potential economic benefits of “developing local energy sources” that could be obtained through a municipal utility. He concludes the article with the following advice to the city of Boulder: “I'd recommend you look twice before you leap into partnership. Few things in life are free, and municipalization may be the investment needed to ensure Boulder retains the power to chart its own energy future.”

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Case Study #3: Santa Fe Continues Discussion of Municipalization

- In 2014, a petition in Santa Fe to form a municipal utility gained the support of City Council members. The motivation for the effort was for the city to obtain cleaner energy than what has been provided by PNM. To that end, City Councilor Peter Ives drafted an ordinance to try and establish Santa Fe Public Power, a municipal utility which would aim to provide more reliable, affordable, and environmentally sustainable electricity to the city as well as generate local economic development.
- John Farrell, who again was a leading figure in pushing for a cleaner energy supply in Minneapolis, commented that the threat of municipalization in Santa Fe appeared “a little bit more determined” than in his home city, where it was used primarily as a tactic to pressure more renewable energy from two major utilities.
- As Farrell describes, a key difference is that in Santa Fe the study conducted offered a comparative analysis of what a municipal utility could offer the city in terms of financial savings and environmental benefits as compared to PNM’s service. In Minneapolis, by contrast, their study largely served to support the idea of negotiating an agreement for cleaner energy with Xcel Energy and CenterPoint Energy rather than municipalization.
- In 2012, Santa Fe’s feasibility study of municipalization – conducted by MSA Capital Partners “under a city contract with New Energy Economy” – estimated that it would cost \$155 million for Santa Fe to get a municipal utility started. That figure included acquisition costs of PNM’s distribution network and start-up costs, with the idea that they could be paid for through tax-exempt and taxable bond issues. The study also compared two approaches to municipalization, one which relies primarily on purchasing wholesale power while making a concerted effort to pursue energy efficiency, and the second which would consist of buying wholesale power while the city gradually expands its renewable energy generation to 45% over a 20-year period. The study, which cost \$50,000, was paid for with city and county funds.
- Perhaps unique to Santa Fe’s approach as compared to Boulder is how the former envisions temporarily giving priority to the development of local natural gas plants as a replacement for coal in the coming decades. Santa Fe seems to have largely conceived that approach as way of responding to PNM’s heavy reliance on coal plants, which generate 60% of the City’s electricity. Additionally, Santa Fe’s municipalization plan has favored the use of utility-scale renewable energy. Boulder’s plan, by contrast, envisions a more decentralized, distributed generation approach as much as possible. While Santa Fe’s plan is bold, praiseworthy, and contains strongly progressive elements, there perhaps remains the question of whether the environmental impacts of methane emissions from natural gas had been carefully weighed. Maybe they had been. And of course the respective health impacts of energy from coal and natural gas are important. Also, while the envisioned 60 MW of utility-scale solar would be locally-sourced and help significantly reduce the City’s reliance on fossil fuels, perhaps Santa Fe could take inspiration from Boulder’s vision to accentuate the local economic benefits of renewable energy by aiming for a more decentralized approach instead.
- As has been common among efforts of other cities to break away from private utilities, PNM has responded with public statements about how it has taken significant measures to provide cleaner power. PNM’s effort to replace coal plants with nuclear generation is one example of how they have tried to “greenwash” their image without making serious environmental commitments. And

as commonly happens among Investor Owned Utilities (IOUs), when PNM pursues increased renewable energy – or even natural gas plants instead of coal plants – the costs often get significantly externalized onto rate payers. For example, a proposed plan to gain replacement power from natural gas and solar was projected to result in a 7% increase of customer’s monthly bills. By contrast, the feasibility study shows that a municipal utility could reduce energy bills for Santa Fe citizens by 30% within 10 years of its formation. Reasons for this include a municipal utility’s not-for-profit orientation, lower administrative costs, Santa Fe’s plans to strongly implement energy efficiency measures, and the return on investments that result from relatively fixed costs of renewable energy generation.

- One possible avenue for Santa Fe to take ownership of the energy system would be if PNM were willing to sell it. This prospect has seemed very unlikely thus far, with the company issuing a statement to *The New Mexican* in 2015 that “PNM’s electric system in Santa Fe is not for sale.” The second potential avenue would be condemnation through the state’s eminent domain statute, which if successful would enable the city to acquire the electric utility. There have been some differing views whether New Mexico state law would offer any ways to do so. City Attorney Kelley Brennan has stated that while a municipality that proposes to build or already owns an electric utility has the power of eminent domain to acquire property for the use of the electric utility, the statute “does not appear to authorize condemnation to acquire an existing electric utility.” A countervailing view comes from Bruce Throne, who is a long time utilities attorney and formerly worked for the NM Attorney General’s Office. Throne believes that Santa Fe may still be able to take ownership of the electric utility by condemnation. Brennan also stated that if city councilors and the mayor wanted to help clarify the city’s authority, they could seek advice from the state attorney general or pursue enabling legislation.
- Discussion of municipalization in Santa Fe has persisted into 2017, particularly as PNM has continued to create dissatisfaction for customers in terms of rate increases and lack of commitment to renewable energy. Both of these factors have played pivotal roles in emboldening municipalization efforts in other cities. While a poll by New Energy Economy shows that 89% of people surveyed wished to have access to solar power, only 3% of PNM’s energy supply comes from solar – and that figure includes energy inputs into the grid from residential and commercial rooftop solar installations which PNM has actively created barriers against. In August 2016, PNM came under scrutiny once again in Santa Fe when its plans to close down part of a coal-fired power plant were accompanied by plans to add replacement coal, natural gas, and nuclear power rather than renewable energy. As described by executive director of New Energy Economy, Mariel Nanasi, “People feel like we literally want to be taking our power back.”

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Case Study #4: Despite Opposition and Legal Battles with their Private Utility, Winter Park, FL Created the State's First New Municipal Utility in 6 Decades

- As previously described, while the efforts of larger municipalities to publicly own their electric supply have met with persistent opposition from major IOUs, there have been a small number of successes in recent decades among municipalization efforts in small towns. One such case has been Winter Park, Florida, a town of 28,000. In 2005 they gained independence from the utility Florida Power, which was then a subsidiary of Progress Energy. Although Winter Park was ultimately successful in their effort, they had to undergo many of the same struggles experienced by cities in the previous case studies, with an article from *The Orlando Sentinel* describing the split as “one of the most acrimonious battles” in the town’s history. They also made state history, becoming “the first municipality to create its own utility in Florida since the early 1940s.”
- The 30-year franchise agreement between Winter Park and Progress Energy came up for renewal in 2000. In the years leading up to that there had grown serious public discontent with the utility regarding frequent power outages, with “an average of about 22 interruptions a year for each customer.” While numerous other cities in Central Florida had agreements with Progress set to expire that year, all of them renewed, some to avoid a litigation process that could go on for years. In Winter Park however, there was strong support to create a municipal utility among city officials and citizens alike. The City Commission voted 3-2 in favor of breaking away from the private utility, and when a bond measure to pay for utility acquisition costs came up for public vote 4 months later, it yielded the city’s 2nd largest voter turnout and a 69% vote in support of the measure.
- Prior to the vote, Progress Energy spent over half a million dollars to convince voters that the city wouldn’t be capable of operating and maintaining a utility. They also warned that government shouldn’t compete with private industries, and that public ownership of the grid would result in higher rates and tax increases. Progress had 2,000 employees in Winter Park, and suggested that the city wouldn’t have the necessary workforce. City manager Randy Knight feels that a major reason why the city remained overwhelmingly supportive amidst this onslaught is that they “have a very well-educated community.” The second factor that Knight feels made the difference is that the city commission “was really strong and had the backbone to do this.” Also important is that there was a clause in the agreement allowing the city to purchase infrastructure, including transmission lines and meters, from Progress. In the end, it took Winter Park 5 years and a couple of legal battles to create their own utility, which happened in 2005.
- In 2015 Winter Park celebrated the 10-year anniversary of their municipal utility’s creation. This occasion offered the community a time to reflect on what they had accomplished since that victory. The city announced that their monthly customer rates that year were 12% less than Duke Energy’s, who had bought Progress in 2012. Winter Park had buried nearly 60% of its wires and aims to complete the conversion by 2023, with the help of Duke Energy who still owns wires in certain parts of the city. Also reported was a dramatic improvement in system reliability, “with an average of fewer than one interruption per customer per year,” as compared to the 22 per year they had with Progress. The city was particularly put to the test in 2008 when they were hit by Tropical Storm Fay. Whereas under Progress the city had no say over when or where electric workers could work during outages, after the storm hit the city was able to achieve faster reaction times with 16 utility workers, regaining power in 2 days.

- In 2010, when talk of taking over the grid in Boulder had been gaining momentum, Boulder hosted Winter Park’s Randy Knight to share his town’s experience with creating a municipal utility. Knight expressed that given the differences in circumstances and rules between Florida and Colorado, while he couldn’t unequivocally say that municipalization would be the right move for Boulder, he did feel that their efforts shared a lot in common and that they faced many of the same criticisms from their respective IOUs. Like Florida – that is before Winter Park municipalized – Colorado has not had a town create a municipal utility in many decades, with the last one formed in 1974.
- As Randy Knight described to *The New York Times*, due to municipalization, the money that the city would have otherwise seen unwittingly funneled towards generating profits for shareholders – as well as paying income taxes – has instead been directed towards system improvements, such as putting wires underground. While the municipal utility raised rates and lost money during its start-up years, Knight described that as of 2013 – 8 years after its formation – they were generating “about \$5 million in profit on about \$45 million in revenue.” Having utility workers that only have to work in their own town has also been a boon, with Knight expressing that “having our, granted, smaller staff totally dedicated to our nine square miles has been so much better for us.”

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