



## **Your Municipal Electrical System in which you are the Stockholder**

### ***You, the Stock Holder:***

- It is appropriate that I address you to today as residents of the town and owners of a municipal light department.
- The reason it important is because this is a consumer-owned business, and you are the owners.
- You are the shareholders, and it is appropriate that I, as a representative of the management of your electric business report to you about the business.

### ***If you're a stockholder Where are my dividends?***

- Your are receiving many dividends from your ownership of your own electrical system.
- Electric usage is constantly going up which will result in increasing dividends as the years go by.
- But before we continue with the dividends, lets take a look at the business were in.

### ***Municipal Electric Systems:***

- Your municipal is one of 2,000 local publicly-owned electrical systems in 48 states. The only states without public owned systems are Hawaii and Montana
- These systems are owned and operated by the communities that they serve.
- Size of the public systems can range from the size of the Department of Water and Power of the City of Los Angeles, serving over one million customers – to small systems of just a few hundred.
- All in all, these systems serve more then over 9 million customers nationwide...or a population of 30 million

### ***What do these system have in common?***

They are all owned by the people they serve.

### ***Segments of the industry:***

- Despite the outcries of private companies about the growth of municipal power systems
- Private companies serve 79 out of every 100 hundred customers.

### ***Don't let the numbers mislead you about the importance of Public Power:***

- Although public power poses no threat to private power companies, it does play a vital role in the nation's economy
- It brings benefits not only to the people that are fortunate to own their own municipal electrical system, but to all electric consumers
- Privately-owned systems would have you believe that the concept of public power is outdated. But the citizens of this community provide themselves with electricity, rather than rely on a private corporation to provide that service for them.

### ***How long has public power been around and where did it come from?***

- Public Power has been around for more than 100 years.
- Once Public Power found its niche, communities undertook to provide electrical services because the emerging private power companies were not willing or able to provide them with this new and popular service...or would only do so at rates which the citizens of the town thought were exorbitant.

### ***How did local power start in this community?***

- It started because citizens made a choice between serving themselves with electricity through their own utility, or delegating the essential task to a private entity.
- In our community the people chose to maintain control and picked the do-it-yourself route.

### ***The late Dr. Paul Paver 1960 address to American Public Power Association:***

- “The power industry is a public business whether it is owned by a public or private agency. Why is this so? It is so because electricity is essential to public health, life and economic survival.
- The fact that power industry is vested with the public interest means that a private power company has no inherent right to serve the community. It engages in the business only by the permission of the public, and that the people reserve the right to provide themselves with electricity through their public agencies wherever and whenever they choose.
- Power companies like to pose as the shining knight of the free enterprise system.
- They are an extremely important part of the American economy. They are not the corner grocery store or local industry.”

***They are:***

- Publicly regulated
- Granted right of eminent domain
- Have legal obligations to serve public convenience and necessity
- Insulated from the full force of competition

***We have the right:***

- To own and operate our own electrical system just as we have the right and the responsibility to provide other essential services like fire, police, water and sewage.
- We have the right to own our own electrical system, just as we have the right to own our own home instead of renting.

***Problems of ownership***

- Just as owning your own home comes with responsibilities and challenges. So does running your own system.
- It requires maintenance and expansion as our needs grow.
- The problems of ownership do not outweigh the real benefits of owning your electrical system, just as in owning your own home.
- When you own your own, you control it.
- You don't have to worry about the landlord evicting you or refusing to make necessary repairs that affect the happiness and safety of your family.
- You are building equity and you are in control of your own fate.

***Publicly-owned Electrical System. You're the Boss:***

- You control your own destiny.
- You control your rates through your elected officials.
- You control the service you receive and the manner in which you receive it.
- You can visit with the manager of your system. Just try to do that with the general manager of a private electrical system!

***A closer look at the benefits you receive:***

- The profits of your electrical business stay in the community.
- Every dollar that your electrical system earns above its cost benefits the consumer and stockholders through the retirement of debt, tax saving payments to the government serve the public with reduced rates or free investment in additional facilities.
- A survey showed that a publicly-owned electric system contributed an average of 13 percent of their revenues through taxes, In lieu of taxes, contributions to the general fund, services to the public.
- Investor-owned electric utilities contribute only about 10%.

***In addition:***

Every dollar is devoted to public purposes in one way or another, either for system improvement, debt retirement.

***There is no conflict of interest between owner and consumer.***

WHY? Because the consumer is the owner.

***The two essential points are:***

- That the decision on use of the revenues rests with you in the local community.
- The benefits remain here in our community.

***Five major benefits***

- The profits stay at home.
- You possess a valuable local industry.
- You have local ownership, local management and local control.
- You have greater return to the town.
- And you have more efficient operation.

***I mentioned earlier, public owned electric systems benefit all Americans. Here's how it works:***

- Public power systems are the yardstick used to see that the private companies live up to the high standards set by the public power systems
- Without the competition of publicly owned systems, the nation would be a the mercy of a concentrated group of private companies.
- Only about 40 companies collect nearly two-thirds of all income received by power companies throughout the nation.

***Local publicly-owned systems provide:***

Elements of competition in a monopolistic industry thereby preventing a nationwide private power industry.

***In conclusion:***

- You are the owners of a growing business.
- There is every indication that this business will continue to grow. Just look around at the new growth we are see in this area today.
- Your system faces tremendous challenges in meeting your future needs of the electrical system that we are prepared to deal with today.

***Remember this is your electrical system and at all times we want you, the owners, to have the facts about its operation. Therefore I was pleased to have this opportunity present this report. Thank you.***

***Stan Herriott, Ashburnham Light Plant Manager***