

140384

General Policy Committee

10/21/14

Electric Utility Governance Options

**Barry Moline, Executive Director
Florida Municipal Electric Association**

**(850) 224-3314, ext. 1
bmoline@publicpower.com
www.publicpower.com**



www.publicpower.com

Governance Options

1. City Council
2. Commission/Customer Committee Hybrid
3. Dependent Utility Authority
4. Independent Utility Authority
5. Customer Advisory Committee
6. Public Service Commission

City Commission

(27 cities)

- ♦ Elected by city voters
- ♦ No direct representation of outside customers
- ♦ Rarely distinguish between city or county
 - Never heard a single complaint about different service
- ♦ But... direct voter representation missing
- ♦ Attention be pulled in many directions
 - Utilities, planning & zoning, etc.

Commission/Customer Committee Hybrid A (Lakeland)

- ◆ **City Commission elected by city voters**
 - Mayor, 6 Commissioners
- ◆ **City Commission appoints remainder of customer Utility Committee**
 - **Customers apply (6 chosen)**
 - 1 City residential; 1 County residential
 - 1 employee of an industrial customer
 - 1 employee of a commercial customer
 - 2 residential City or County customers
- ◆ **13 total on committee**

Commission/Customer Committee Hybrid A (Lakeland)

- ♦ 24 meetings per year (considering 12)
 - Separate from City Commission meetings
 - Consider & vote on all utility issues, including rates & budget
- ♦ City Commission then takes up same issues and votes in their meeting
 - Rarely overturns a vote of Hybrid Committee, but has done so twice
- ♦ Reasonable transition
 - Done by City ordinance

Commission/Customer Committee Hybrid B (Idea)

- ◆ **City Commission elected by city voters**
 - Mayor, 6 Commissioners
- ◆ **City Commission appoints remainder of customer Utility Committee**
 - Customers apply (6 chosen)
 - Commission chooses make-up... residential, commercial, industrial, experts
- ◆ **13 total on committee**
 - But could be different number of seats

Commission/Customer Committee Hybrid B (Idea)

- ◆ 12 meetings per year (flexible)
 - Separate from City Commission meetings
 - Consider & vote on all utility issues, including budget
- ◆ Reasonable transition
 - Done by City ordinance

Dependent Utility Authority

(Ft. Pierce, Jacksonville, Orlando, Kissimmee, New Smyrna Beach)

- ◆ **Appointed** by mayor or city commission
- ◆ **Some have county representation; most have flexibility to seek best candidate**
 - County reps on all current UAs
 - Mayor sits ex-officio
- ◆ **12 meetings per year**
 - Generally business background
 - Fixed transfer to general fund
 - Fiduciarily responsible, hear, vote on all issues, including budget
 - City sometimes requires budget approval

Dependent Utility Authority

(Ft. Pierce, Jacksonville, Orlando, Kissimmee, New Smyrna Beach)

- ♦ **Tend to be more professionally governed**
 - Governing board members attend industry conferences, read industry publications, have greater focus with limited agenda
- ♦ **Lake Worth dropped their UA because of claims it was too independent (returned governance to Commission)**
- ♦ **Requires local ordinance or state local bill**
 - Creates new business entity separate from city

Independent Utility Authority

(Key West)

- ◆ **Elected by city customers**
- ◆ **No county representation**
 - Has citizens advisory committee with city & county representatives
- ◆ **24 meetings per year**
 - Wide variety of backgrounds
- ◆ **Highly engaged, well known in community**
 - Governing board members attend industry conferences, have greater focus with limited agenda
- ◆ **Requires local ordinance or state local bill**
 - Creates new business entity separate from city

Customer Advisory Committee

(Many)

- ♦ **Appointed by city manager**
 - Sometimes input from governing board
- ♦ **County representation**
 - Broad community-wide background
- ♦ **12 meetings per year**
 - Discuss most utility issues
 - Not fiduciarly responsible
 - Recommendations only
- ♦ **Mildly engaged, not well known in community**
 - Rarely attend industry conferences

Public Service Commission

(Investor-owned utilities)

- ◆ **Appointed by governor**
 - No local input
- ◆ **Representation argument:**
 - Governor elected by voters, and Governor appoints PSC
 - Therefore, PSC represents “all people”
 - However... (2.6 million votes of 5 million voters
 - 14 million eligible adults – just 5 million people voted)
- ◆ **Many meetings, regulate many utilities**
 - Meet in Tallahassee
 - Judicial format
 - Balance utility profits against consumer concerns
- ◆ **Commissioners less known; rules restricting communications**
- ◆ **No perfect model**

Local Boards vs IOU Boards

(Investor-Owned vs. Public Power Utilities)

- ◆ **IOU boards – privately appointed by investors**
 - Consumers, PSC, elected officials have no input
 - Minimal local input, no local decision-making
 - Generally act only through regulation or best interest of shareholders
- ◆ **Public power utilities**
 - 100% local, only accountable to local community and not distant shareholders
 - City/County representation issue exists for some
 - Many public meetings, public input
 - Highly reflective of local interests

What is the goal?

- ♦ **County customer representation?**
 - Other munis have this issue, some have addressed
- ♦ **Decisions reflecting all customers?**
- ♦ **Decisions made by owners?**
- ♦ **Continue local control of rates, policy decisions, budget, transfer?**
- ♦ **Understand your goal first**

Elephant in the Room

- ◆ Unfavorable Legislative proposal, battle
 - Local election on governance
 - Contentious, divisive & expensive
- ◆ **Compromise?**
 - Who ever wants to compromise?
- ◆ Is there a reasonable option?
 - You can control the outcome
- ◆ **Difficult choice**
Action = Leadership

FMEA

FLORIDA MUNICIPAL ELECTRIC ASSOCIATION



www.publicpower.com