



Texas Public Power Association

SERVICE, STABILITY, SUCCESS.

72 MOUs provide power to 4.1 million Texans. Many have been serving their communities for over 50 years.

MOUs are “full service” electric utilities that own poles and wires and often power plants.

Local authorities set MOU rates and policies that are responsive to community priorities.

To date, MOUs have taken a “wait and see” approach to electric deregulation.



**Municipally Owned
Electric Utilities (MOUs)**

72 MOUs in Texas

<p><u>Municipally Owned Electric Utilities</u></p> <p>Bartlett Bastrop Bellville Boerne Bowie Brady Brenham Bridgeport Brownfield Brownsville PUB Bryan Texas Utilities Burnet City of Austin Energy Caldwell Castroville Coleman College Station Cuero Denton Electra Farmersville Flatonia Floresville</p>	<p>Floydada Fredericksburg Garland Georgetown Giddings Goldsmith Goldthwaite Gonzales Granbury Greenville (GEUS) Hallettsville Hearne Hemphill Hempstead Hondo Jasper Kerrville PUB Kirbyville La Grange Lampasas Lexington Liberty Livingston Llano Lockhart</p>	<p>Lubbock Luling Mason Moulton New Braunfels Utilities Newton Robstown San Antonio CPS San Augustine San Marcos San Saba Sanger Schulenburg Seguin Seymour Shiner Smithville Timpson Tulia Waelder Weatherford Weimar Whitesboro Yoakum</p>
---	---	--

Local Control and Community Value

The “separate model” of local control is key to the success of MOUs, whose mission is providing community value.

- **OWNERSHIP:** Community ownership.
- **MISSION:** Reasonable rates and community value. Utility policies that are responsive to community priorities.
- **GOVERNANCE:**
 - **Local governance by elected city councils and also citizen boards, both accountable to citizen/ratepayers.**
 - **Extensive public participation in the local utility governance process.**
 - **Limited PUC regulation (for transmission costs, appeals, statewide market and reliability matters via ERCOT).**
- **INFRASTRUCTURE-BASED:** MOUs own and operate utility infrastructure, including power plants and/or electric lines (unlike city “aggregators” who are just purchasing agents in deregulated areas).
- **RATES:** Set locally. Good value – stable & at the low end of the scale.
- **SERVICE QUALITY:** Reliable, local, and consumer-friendly.
- **FINANCE:** Funded by utility revenues, not taxes.
- **UTILITY PROCEEDS:** Proceeds stay in the community. A portion of MOU revenues support general municipal services like public safety, roads, parks, and libraries community services.

MOU Performance



- **Customer satisfaction - high for fundamental reasons.**
 - MOUs are consumer owned and thus have a consumer orientation. Local employees, not remote call centers, interface with customers. Customers can participate – local processes, public meetings, etc.
- **Reliability.**
 - System Average Interruption Frequency Index (SAIFI): 0.696 average of MOUs (per TPPA), 1.071 average statewide (per PUC).*
 - Creditworthy MOUs help deploy generation to support resource adequacy.
- **Jobs and Economic Development:**
 - MOUs - significant employers in their communities – 7,044 employees.
 - MOUs are well situated to support local economic development activities – a consolidated local approach with infrastructure deployment and rate policies that help retain and attract businesses.
- **Bond ratings are among the best in the industry.**
 - Among the industry’s most creditworthy. Rating agencies cite: focus on core mission, stable service areas, affordable rates, local control. “Positive” or “stable” outlooks for MOUs despite the economy. May, 2012 S&P ratings:

Austin Energy	A+	Garland (GP&L)	AA-
Bryan (BTU)	A+	Greenville (GEUS)	A+
Brownsville PUB	A+	Lubbock (LP&L)	AA-
CPS Energy	AA	New Braunfels	AA
College Station	A+	Seguin	A
Denton	AA-		

**Reliability information: PUC Project 40078, TPPA. While comparisons may be indicative, the purpose of SAIFI and other indices is to measure individual utility performance.*