



Opportunities for Municipalization and the Benefits of Public Power

Terry Huval, P.E.
Director, Lafayette Utilities System
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Vision

“The citizens of Lafayette have put themselves on record as being unequivocally in favor of progress and improved methods in matters that concern their well being and Lafayette has served a formal notice to the outside world that hereafter it proposes to occupy a position in the front rank of “up-to-date” towns on the American continent.”

“In common with the rest, *The Advertiser* is highly elated over the new order of things in course of development for Lafayette.”

“*The Advertiser* predicts that with the advent of waterworks and electric lights Lafayette is going to begin making history. Watch us!”

-*Lafayette Advertiser*, March 28, 1896



History of Electricity

1879

Invention of the
Incandescent Light
Bulb – Thomas Edison

1882

Edison's Pearl Street
Electric System in
New Jersey

1882-1886

Electric systems
spring up in large
cities

1896

Lafayette citizens vote
to build their own
electric system

1920's

Numerous mergers and
market abuses leading
to the Public Utility
Holding Company Act
(PUHCA)

1930's

Rural electric
co-operatives
created

1940's

Over 3000 communities
with their own power
systems

1990's to 2006

Over 2000 communities
retain their own power
systems

Lafayette Utilities System (LUS)

Louisiana's Largest Public Power Utility System

- Current annual budget - \$189 million
- Current asset value - \$785 million
- Provides electric, water, wastewater and telecommunications services
- Approximately 58,000 electric customers



Electric System Infrastructure

- Generation plants
- Transmission lines and electric substations
- Distribution lines and all associated customer services



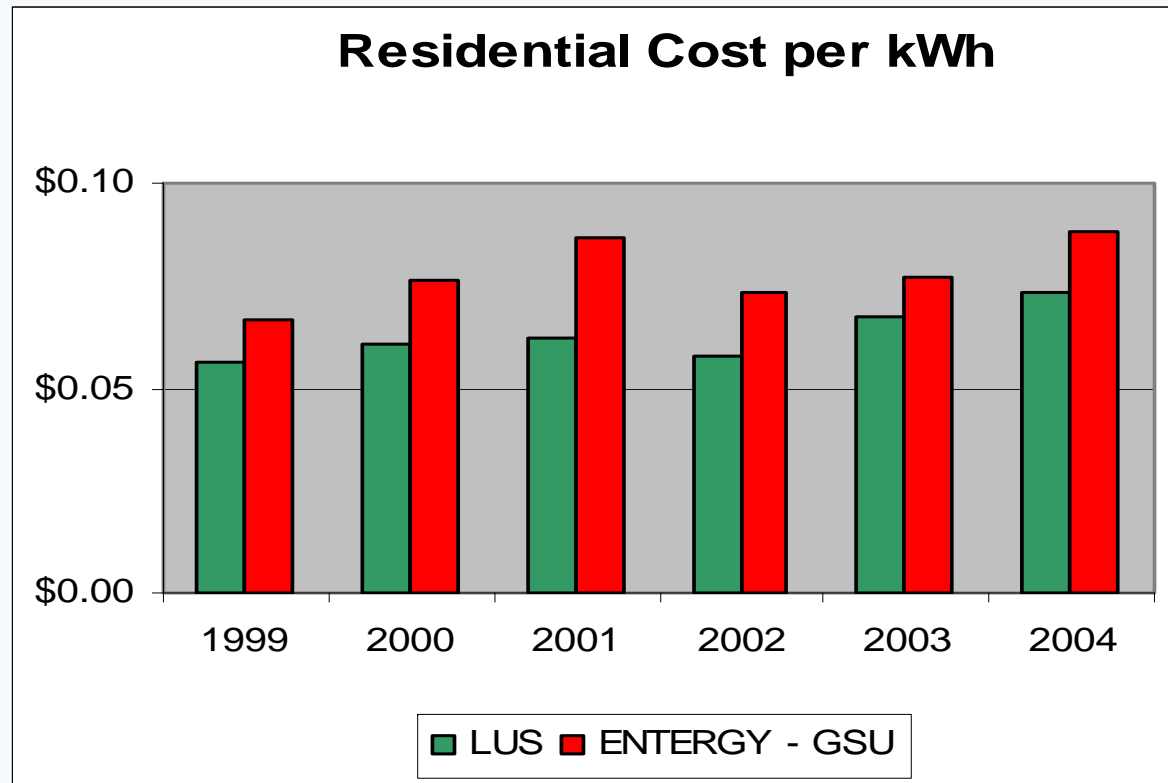
Lafayette Utilities System (LUS)

Governing Board	City-Parish Council Members (elected)
CEO	City-Parish President (elected)
Director of Utilities	<ul style="list-style-type: none">•Appointed by City-Parish President•Approved by Governing Board
Rates & Service Practices Regulation	<ul style="list-style-type: none">•Solely regulated by the City-Parish Council and the City-Parish President•Local control•Electric system not regulated by PSC

Benefits To Lafayette

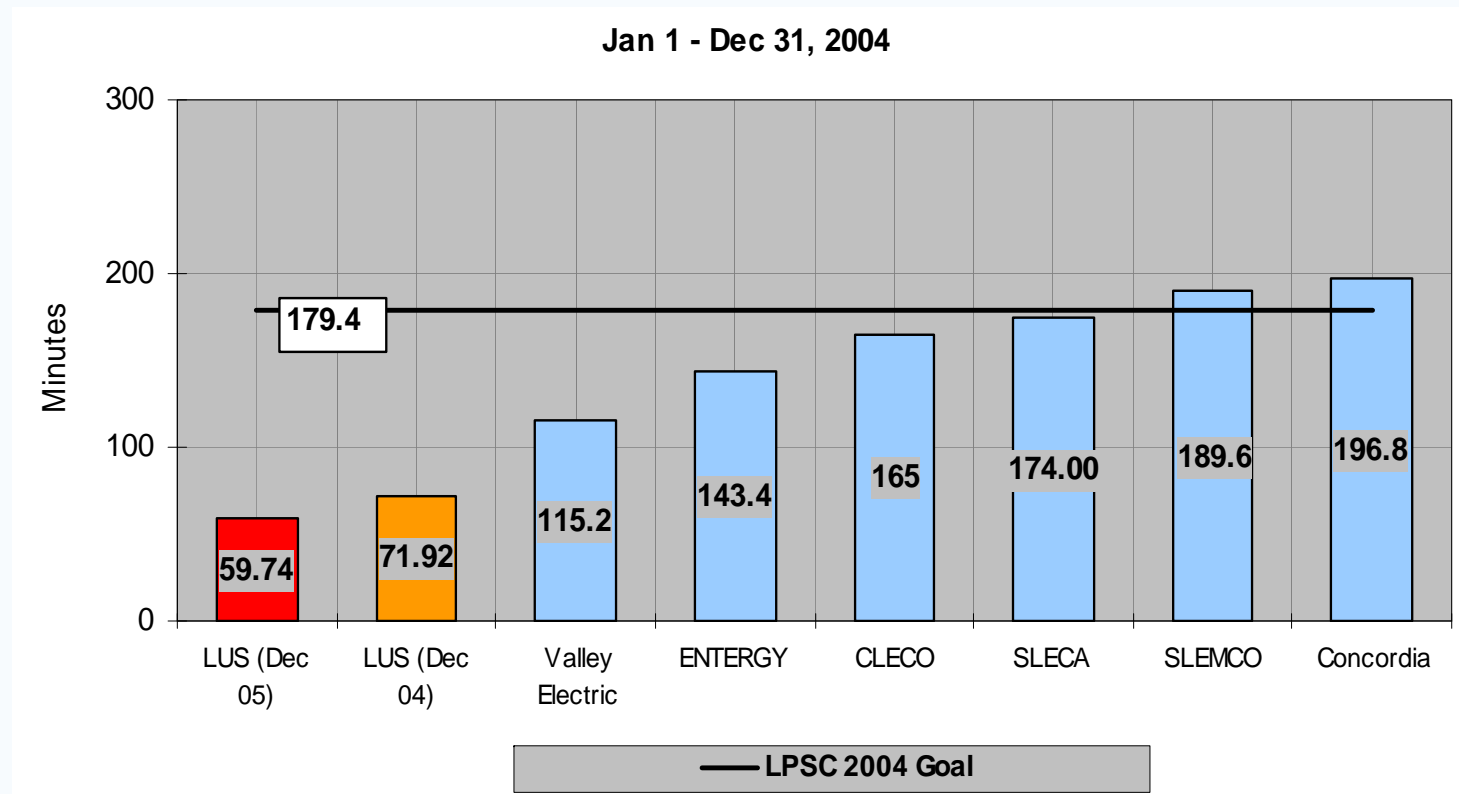
- Electric Rates Charged to Customers
- Reliability of Service
- Keeping Utility Dollars in Lafayette

Electric Rates



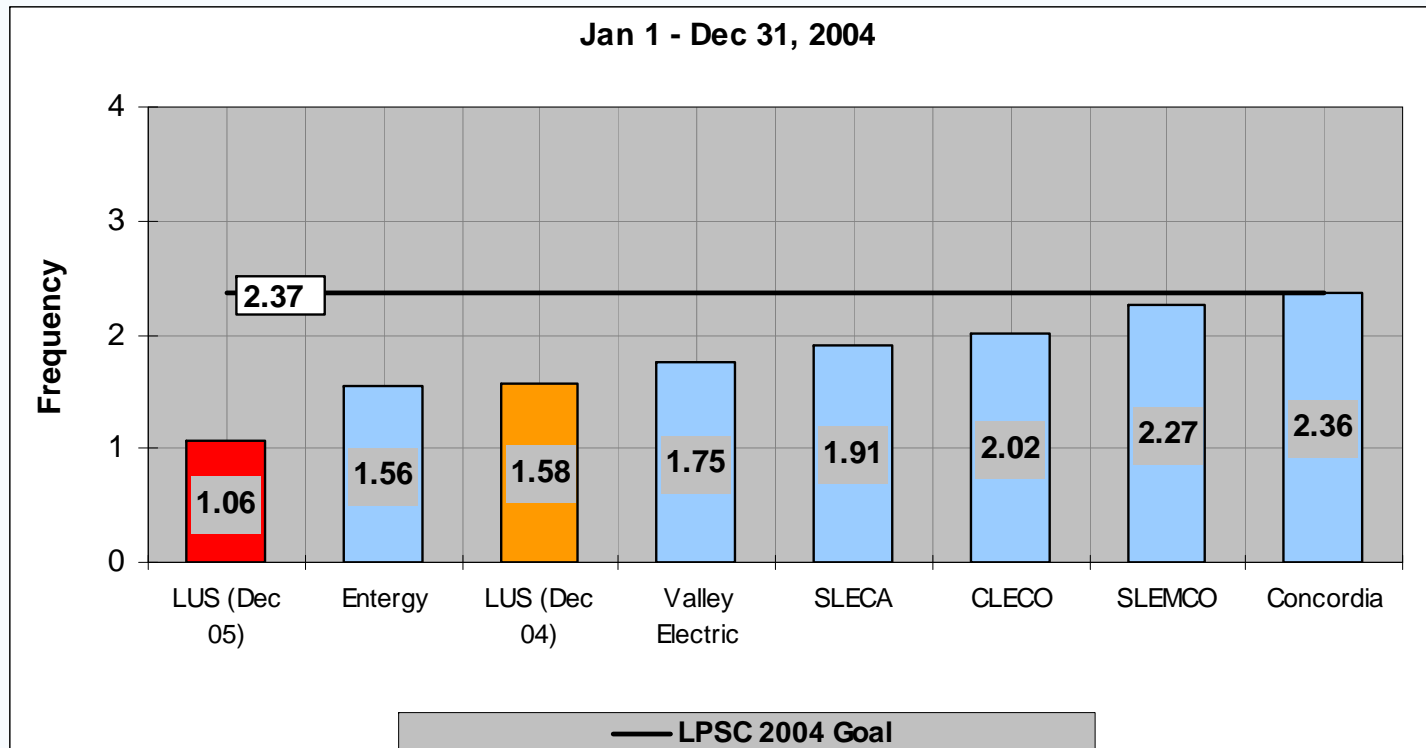
Reliability of Service

- Average duration of outages per customer



Reliability of Service

- Average frequency of outages per customer

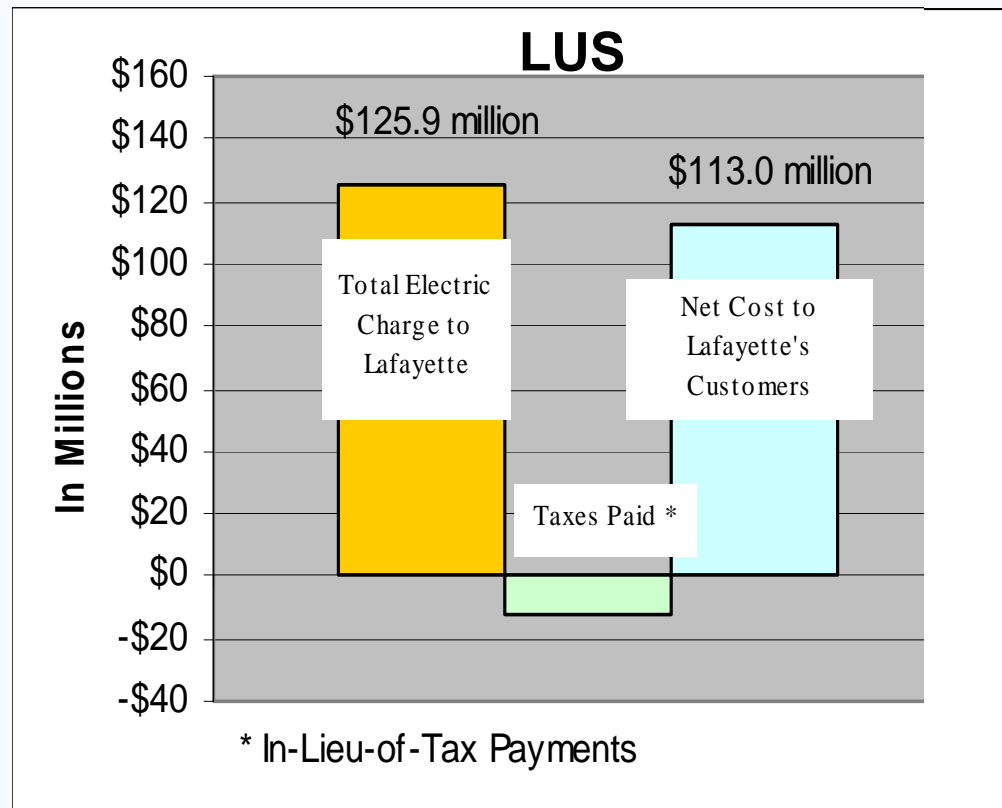


Keeping Utility Dollars in Lafayette

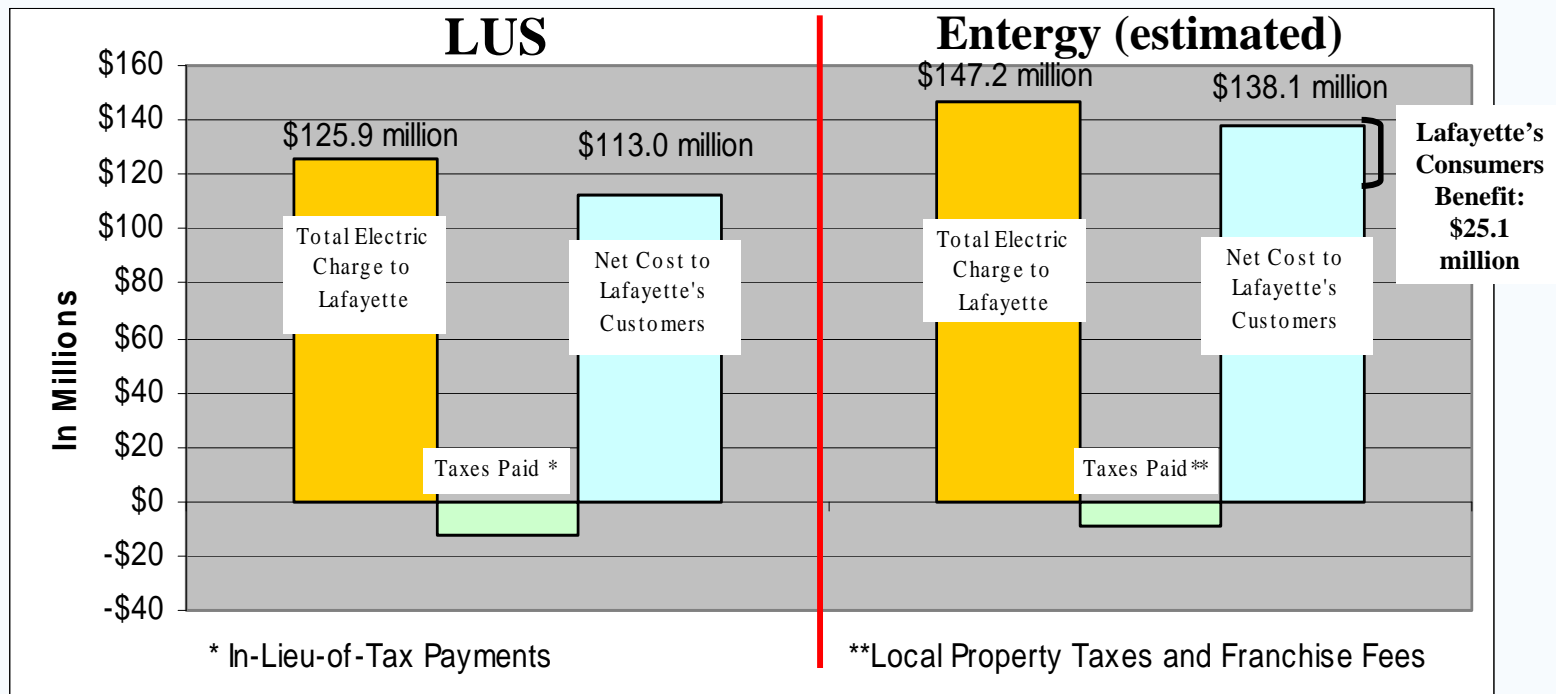
Taxes vs. In-Lieu-of-Tax

Local Taxes Paid by Private Utilities	<ul style="list-style-type: none">•Property Taxes – Based on prevailing property tax rates•Franchise Fees – Based on a percentage of partial gross revenues<ul style="list-style-type: none">•Utilizing publicly-owned rights-of-way to conduct business•Individualized franchise agreements are executed
Public Power Utilities are Not-for-Profit Entities which Do Not Pay Taxes	<ul style="list-style-type: none">•In order to provide a fair financial transfer to local government, General Fund, Public Power systems pay In-Lieu-of-Taxes•In Lafayette, LUS pays 12% of its Gross Revenues (less a portion of fuel cost) to the Lafayette General Fund resulting in approximately 9.18% of Gross Revenues

Keeping Utility Dollars in Lafayette



Keeping Utility Dollars in Lafayette



Other Considerations

- All Customer Service Issues are handled by Lafayette-based Employees - Based on Lafayette's Community Values
- Customers can, and do, reach Managers and Executives at home through Locally Listed Phone Numbers
- Employee Responsiveness is enhanced due to Local Elected Official Governance
- Council (Board) Meetings are Televised Live and are Always Open to the Public
- Level of Scrutiny by the Media is Significantly Greater on Public Power Utilities

Does Utility Size Matter?

- **Adequate Resources to Respond to Hurricanes**
 - Public Power Systems Assist each Other
 - Florida (Jacksonville, Tallahassee, Gainesville, Orlando), Texas (San Antonio, Austin, College Station), Tennessee (Chattanooga, Memphis, Nashville) and public power entities from Missouri, Mississippi, Alabama & Georgia
 - During the last 2 hurricanes, LUS field resources ballooned nearly 10 times more than its normal staff
 - Emergency planning and additional resources allowed restoration of service to LUS customer in record times
- **Involvement with Federal Issues**
 - American Public Power Association (APPA)
 - Direct Contact with Federal Regulators and Congressional Leadership
- **Economies-of-scale**
 - Community-owned utility systems tend to be More Efficient and Responsive
 - Purchasing power for goods and services is comparable to larger utilities
 - Public Procurement Laws ensure Best Material and Labor for the Best Price



Freedom to Participate in Joint Ventures

- LUS owns 50% of a CLECO-operated coal fired power plant
- Major transmission line ties with CLECO and Entergy
 - Lafayette has made an offer to Entergy to help pay for the repairs to Entergy's transmission system in exchange for a Lafayette pro-rata equity ownership in this transmission system
 - Could Enhance Future Transmission Reliability
- Lafayette's citizens have voted in favor of LUS providing a Fiber-To-The-Home and Business Infrastructure
 - Many feel that this initiative will be as beneficial to the city as its electric system was a century ago

Déjà-Vu All Over Again?

“The city of Lafayette has just gained, in the Supreme Court of Louisiana, the right to issue bonds for the construction of an electric light plant and for water works...The people of Lafayette are wise not to put themselves in the power of monopolies.

They will own and operate their water works and lighting plant.”

-The Daily Picayune, New Orleans, June 29, 1887

As A Community Owned System, LUS:

- Has Customers and Shareholders (One-in-the-Same)
- Provides Very Reliable and Economical Services
- Has the Resources Available to Respond to Major Storm Events and National Issues
- Maximizes the Return to Lafayette's Local Government
- Maximizes Responsiveness to the Public
- Keeps the Most Utility Dollars in Lafayette



Questions and Comments

www.lus.org

