



# **Ann Arbor for Public Power**

# WHAT IS ANN ARBOR FOR PUBLIC POWER?



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Public Power**

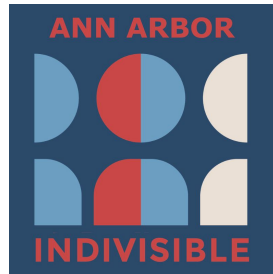
# We are....



a coalition of members from many local organizations, with representation from DSA, Sunrise, Indivisible, Climate Action Movement, Washtenaw 350, Ann Arbor Beyond Bernie, GEO, Friday's For Future and more.

*We believe in a green and publicly owned future.*

**Our goal is to democratize, decommodify, decarbonize and decolonize our energy sources.**



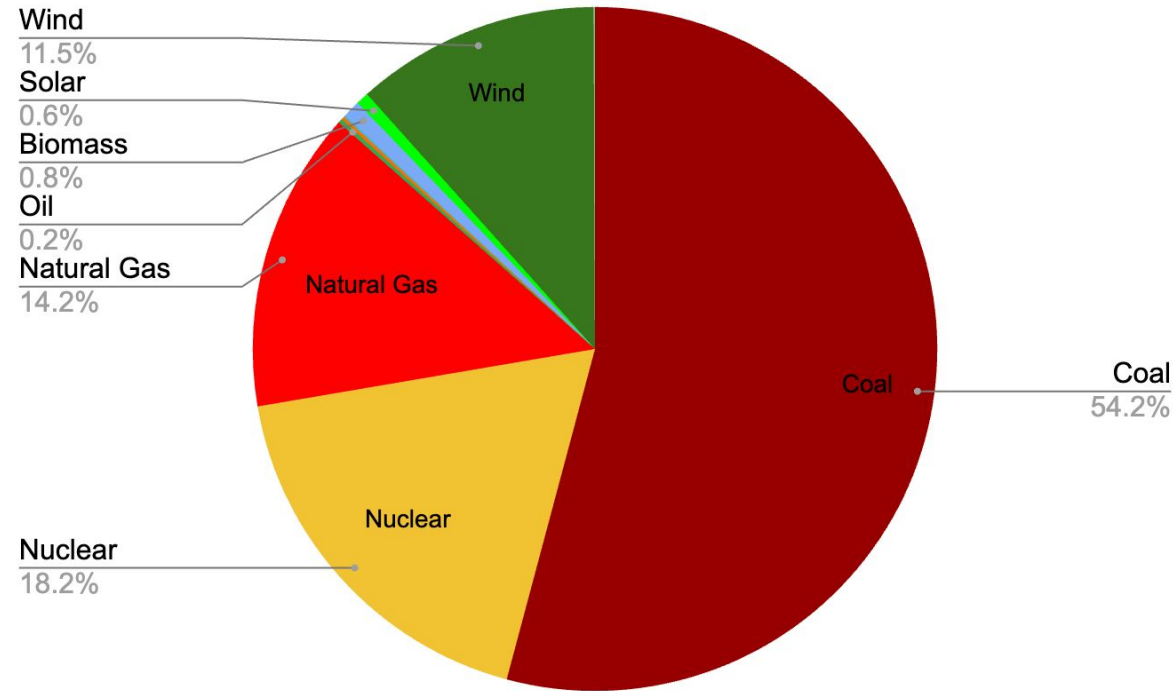
# PROBLEM:

DTE is not transitioning to renewables fast enough to meet global or local emissions targets.



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# DTE produces dirty power



## Facts:

- DTE makes electricity mostly from burning coal. Fuel mix for electricity generation (2021) [1]
- DTE is still actively investing in Fossil Fuel Infrastructure.
- DTE is the third dirtiest major utility in the country, according to a 2019 report by M.J. Bradley & Associates [2].

1. Source: DTE Energy 2021 "Fuel Mix"  
2. Ranked by CO2 emission rate. In "Benchmarking Air Emissions," M.J. Bradley & Assoc., June 2019, p. 22.

**SOLUTION:**

**MUNICIPALIZATION**



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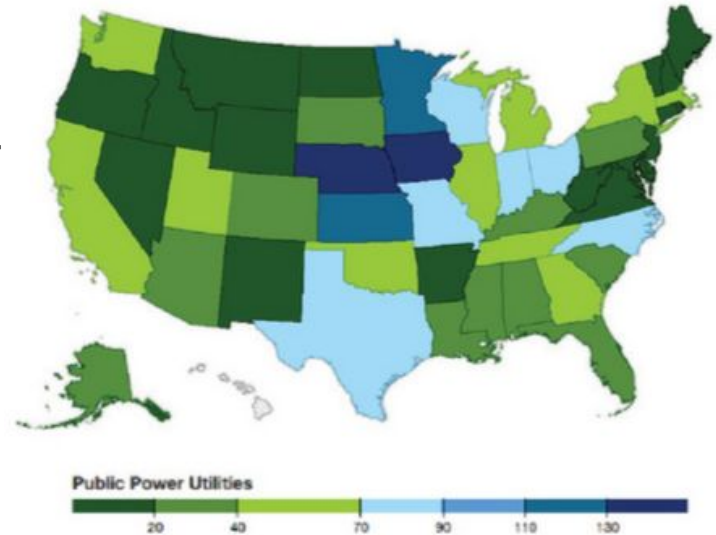
# What is Municipalization?



## Public Power Utilities...

- Are community-owned, not-for-profit electric utilities.
- Serve more than 49 million US ratepayers.
- Operate similar to public utilities, like water and sewer
- Serve 2,000 communities across the U.S. like Austin, Nashville, Los Angeles, and Seattle, small towns and the Navajo nation, and over 40 municipalities in Michigan.

Together, these utilities serve 1 in 7 electricity customers across the U.S. and operate in 49 states.



# Municipal Power is Legal in Ann Arbor



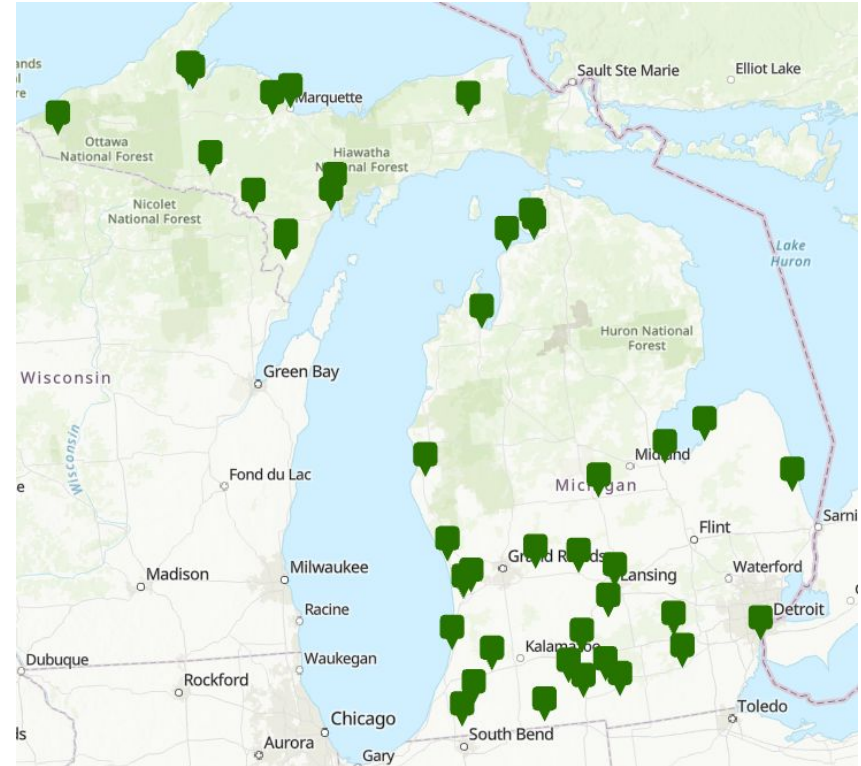
## LEGAL in Michigan

- [Article VII § 24 of the Michigan Constitution](#)

## LEGAL in Ann Arbor

- City Charter Section 15.1 a

## 42 Municipal Power Utilities in Michigan





Reliability

Affordable Rates

Local Control

Invested in Community

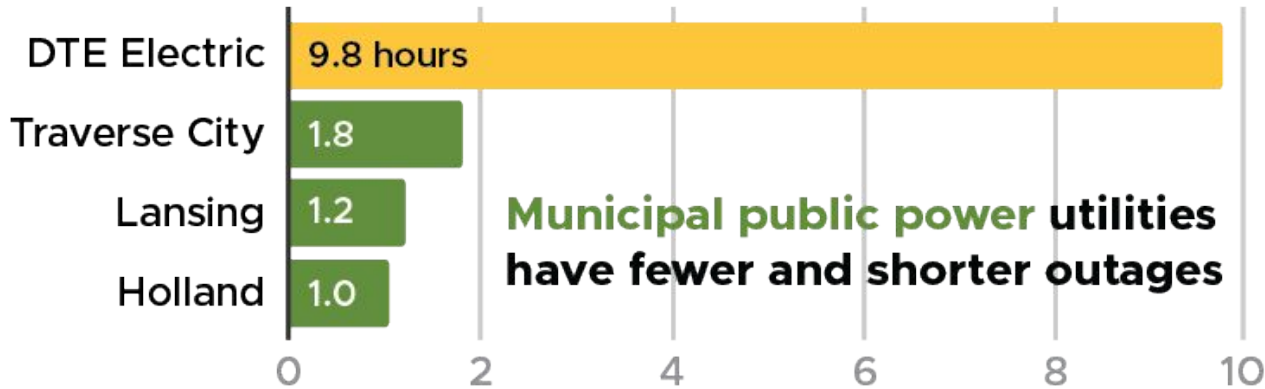
Environmentally Responsible



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## DTE is the slowest utility at returning power to customers after an outage



Average time to restore power following an outage in hours (CAIDI)

Data from EIA.gov, 2021, includes all major event days

Public power utility customers suffer outages less often.

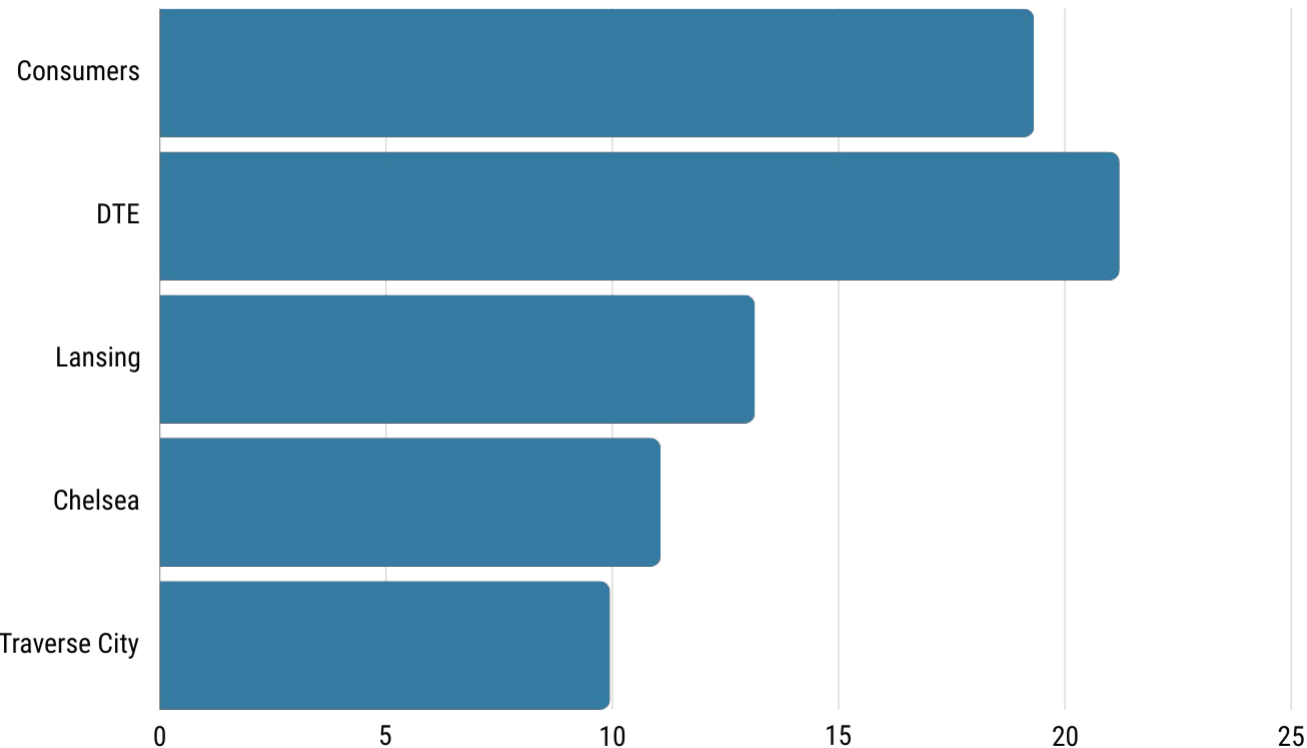
They are likely to be without power for just **74 minutes** a year.

In comparison, customers of private utilities are likely to lose power for an average of **136 minutes** a year.

# Affordability



Residential Rates Cents Per Kilowatt Hour



**Public Electric Utilities across Michigan on average are paying close to half of what we are paying to DTE!**

Source:

[DTE and Consumer Rates](#)

[Lansing Rates](#)

[Chelsea Rates](#)

[Traverse City Rates](#)



Municipal Energy Utilities allow residents to have a *direct voice* in decision-making.

We control rates.

We control the source of power.

We control when infrastructure is updated.



**OUR VOICES  
MATTER**

# Invested in Community



**On average, public power utilities pay 5.6% of electric operating revenues back to their state and local governments.** Investor-owned utilities paid less (only 4.2%). When all taxes, tax equivalents and other contributions to state and local government are considered, **public power's contributions**, as a percent of electric operating revenues, **were 33 percent higher than those of investor-owned utilities.**

## **Public power means:**

- Good union jobs.
- Modern reliable infrastructure.
- And a resilient energy grid.

# Environmentally Responsible



**Municipalization allows us to get to 100% renewable energy  
*on our terms!***

Through local generation and purchased power there is a clear path to achieving 100% renewable energy by 2030



**Municipalization allows *us* to decide how our energy is generated.**

- DTE has not *waived the caps* on community solar and distributed generation.
- As a for profit company, DTE has *no incentive* to waive these caps.
- A *Municipal Energy Utility* won't have these issues.

**There are currently SIX utilities with 100% renewable fuel mix and they are all PUBLIC POWER utilities (municipally owned or co-ops)**

# The Process



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# Roadmap to Municipalization



- Phase 1 Feasibility established potential for a MEU to be economically feasible
- Phase 2 will provide a more accurate valuation, and will be useful for acquisition legal battle
- Concurrent to the Phase 2 Study the city can begin work on an SEU
- Once Phase 2 is finished the city can begin acquisition process

## Feasibility Study

Determine the economic viability and a preliminary cost assessment of a municipal electric utility.



*Done!*

## Valuation

A city consultant determines an accurate price for DTE's local poles and wires.

Ann Arbor will acquire these assets through eminent domain.

## Governance

Set up a board to govern the new utility.

## Financing

The city sells bonds to pay for DTE's poles and wires, and sets rates.

*Our electric bills will be used to pay off these bonds. No tax increase!*

## Election

Hold a voter referendum on the proposal to acquire DTE's infrastructure by purchase or condemnation.

## Pricing

Circuit Court determines the final price for DTE's assets.

## Establish the Utility

Obtain a franchise according to the Michigan constitution.

*Outlined in Article VII Sections 24 & 25*

## Infrastructure

Engineer separation from DTE and connect to the regional grid.

Upgrade our grid and begin to build renewable sources of electricity.

## Public Power!

Ann Arborites stop worrying about their electricity because it is reliable and renewable.

We are in control of our energy future.



# Phase 2 Feasibility Study



## What is a Phase 2 Feasibility Study?

A Phase 2 Feasibility Study or “valuation” study evaluates the cost of acquiring DTE’s electrical distribution infrastructure. This will include the costs of the physical infrastructure in addition to legal considerations such as stranded costs and going concern.

## Why is a Phase 2 Study Important?

The main goal of this study is to be Exhibit A in a future legal case. While DTE is legally forced to sell their infrastructure if Ann Arbor offers to buy it, they can contest the price. This study will provide justification for the price Ann Arbor offers to purchase at.





## **The typical Municipalization Funding Model is as follows**

1. The city reaches an agreement with the incumbent utility on the price of the assets, typically this price is determined by a court
2. The city bonds for the price of the assets
3. The debt service of the bonds is paid through revenue generated by electric rates

## **Advantages of this Approach**

- Does not raise taxes
- Does not require any additional funding from the city budget
- Typically revenue generated by the utility exceeds debt service cost

# THANK YOU

Join us at [annarborpublicpower.org](http://annarborpublicpower.org)



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