

"Here at MED, we often talk about being your hometown power provider. We live here with you, and of course we want to provide the most reliable service possible because we benefit from that as much as anyone else.

But hometown power means more than that to us. It also means we are always actively working in our community to improve the lives of the people around us and contribute to the traditions that make Murfreesboro such a great place to live."

Steve Sax, general manager, Murfreesboro Electric Department,  
"My Hometown Power" newsletter, November 2015.



## Affordable Prices

Across the country, publicly owned electric utilities continue to lead the way in providing customers with low-cost energy for homes and businesses. The most recent data from the U.S. Department of Energy show that public power customers pay less, on average, than do customers of investor-owned utilities or electric cooperatives, as they have year after year since the federal government began keeping electricity rate statistics more than 70 years ago. Public power's historically lower rates are the result of the low-cost structure central to its business model, supported by its not-for-profit status, access to tax-exempt financing, higher credit ratings, and its ability to contract for low-cost power supplies.

### Lower Rates

On a national basis, average electricity rates for all investor-owned utility customers in all customer classes are **6.9 percent higher** than average rates paid by public power customers. Average electricity rates for all cooperative utility customers are **3 percent higher** than those paid by public power customers.

This distinction is more pronounced when looking at rates paid by residential customers. Public power residential customers paid an average of 11.4 cents per kilowatt-hour; cooperative utility customers paid an average of 11.6 cents per kilowatt-hour, and investor-owned utility customers paid an average of 13 cents per kilowatt-hour.

That difference means residential customers in cooperative utility service territories paid average rates that were 1.75 percent higher than their public power neighbors, and residential customers in investor-owned utility service territories paid average rates that were **14 percent higher** than those paid by public power customers.<sup>15</sup>

In recent years, average rates for investor-owned utility industrial customers have been lower than those of public power utilities. However, industrial customers vary greatly in size, and on average, investor-owned utilities serve significantly larger industrial customers than do public power utilities. The difference in customer size could account for the investor-owned utility's lower price for industrial customers.

<sup>15</sup> "Public Power Costs Less," American Public Power Association 2016. Data from Energy Information Administration, Form EIA-861, "Annual Electric Utility Report" for 2014. Rates reflect both full-service (bundled) and retail choice (unbundled) sales in utilities' service territories.

## Average Retail Electric Rates by Customer Class, 2014

