

Michigan Public Power

Impact Report

Discover the Value of Michigan's
Public Power Utilities



\$402,555,655* Saved

Superior reliability and lower rates keep Public Power residents' hard-earned money in their pockets.

*See Method & Notes



What is Public Power?

Public Power communities in Michigan – those that own and operate a non-profit, municipal utility – provide approximately 10% of the state's total electricity requirements. Public Power remains an important, contemporary American institution.

From small towns to big cities, wherever Public Power exists, it is an expression of the American ideal of local people working together to meet local needs. The Michigan Municipal Electric Association (MMEA) is the trade group for Michigan's 40 municipally-owned, Public Power utilities.

MMEA has commissioned this inaugural and unique report to measure the real, financial returns from reliability and residential rates for Public Power customers across Michigan.

Why Measure the Value of Public Power?

In quantifying the value of reliability and residential rates savings for customers, this report demonstrates the incredible value Public Power utilities bring to the State of Michigan. The economic savings of Public Power translate into a higher quality of life, greater buying power for residents, and an attractive environment for business growth.

Over 100 years of anecdotal evidence demonstrates the benefits of Public Power for residents, businesses, and municipal governments alike. As the electric industry experiences rapid change and increasing complexity, many communities will need to take strategic steps to enhance the value of these essential public assets.

A woman with dark hair and a red scarf is holding a baby in a striped onesie. They are outdoors at night, with a background of blurred city lights in warm yellow and blue tones. The woman is looking up and to the right, and the baby is looking towards the camera.

Public Power saved
\$402,555,655
for MI residents and businesses
in 2023*

Public Power provides a
total lifetime savings of
\$120,525*

*See Method & Notes for details

The Hidden Value of Reliability

To understand how valuable reliability is, we must explore the cost of disruption. For residential customers, power outages mean spoiled fridge contents, lost earning potential for remote workers, frozen pipes, or bearing the cost to install and run a generator to avoid a multitude of harms. For business customers, it means thousands of dollars per hour in lost productivity and sales, and/or significant investment in backup resources. These losses compound the longer an outage lasts. This study uses a nationally recognized model to quantify the benefits of Public Power's superior reliability at the state level.

Average Annual Reliability Savings Per Public Power Customer Without Major Events*

Dollars saved from costly disruption, when compared to the nearest investor-owned utility.

\$221
2022

\$252
2023

Average Annual Reliability Savings Per Public Power Customer Including Major Events*

\$823
2022

\$1,335
2023

The Total Reliability Savings of Public Power in Michigan in 2023

including major events*.



\$342,285,660

The savings a Public Power customer in Michigan might accumulate over a 75-year lifetime, using 2023 averages † and including major events.

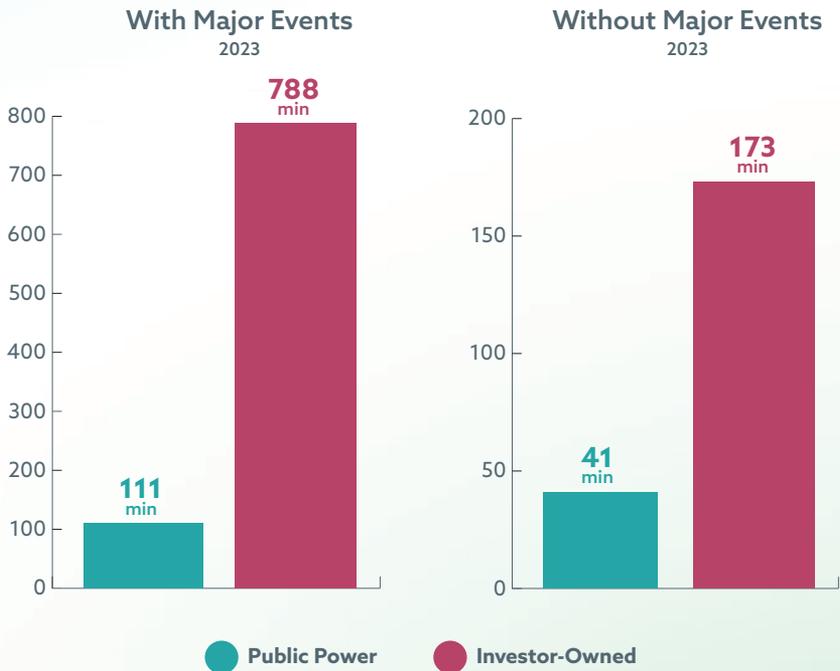
\$100,125 / Lifetime



How Utilities Measure Reliability

Many utilities track the duration of their power outages each year. This data goes into a measurement called the System Average Interruption Duration Index (SAIDI), which measures how long the average customer experiences outages.

Average Duration of Customer Outages

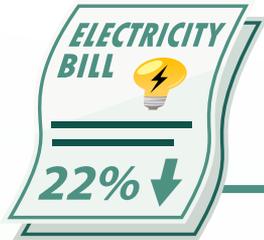


* "Major events" like wind storms and ice storms can skew year-over-year data, and not all inclement weather is a statewide event. The "without major events" figures represent a more helpful annual comparison, but the "with major events" figures more accurately represent the real performance and impact of any given year.

† Note on extrapolating data. For the purpose of demonstrating financial impact over the course of a lifetime, this report uses the 2023 average including the impact of major events and multiplies it out over a 75-year (average in Michigan) lifetime. It's important to note that year-over-year data varies widely, so the lifetime value could be much lower or higher.

Saving On Residential Rates

Public Power utilities offer considerably lower residential rates than investor-owned utilities. This report collected and analyzed public rate and revenue data for participating utilities and compares those rates to the nearest investor-owned utility's rates in order to calculate the savings Public Power customers receive through their municipal utility.



Average Rate Savings for a residential Public Power customer when compared to their nearest investor-owned utility in 2023.



\$316 2022



\$272 2023

Average savings per residential Public Power customer in Michigan.

\$20,400 / Lifetime



The amount an average residential Public Power customer in Michigan saves over a 75-year lifetime, based on 2023 savings.

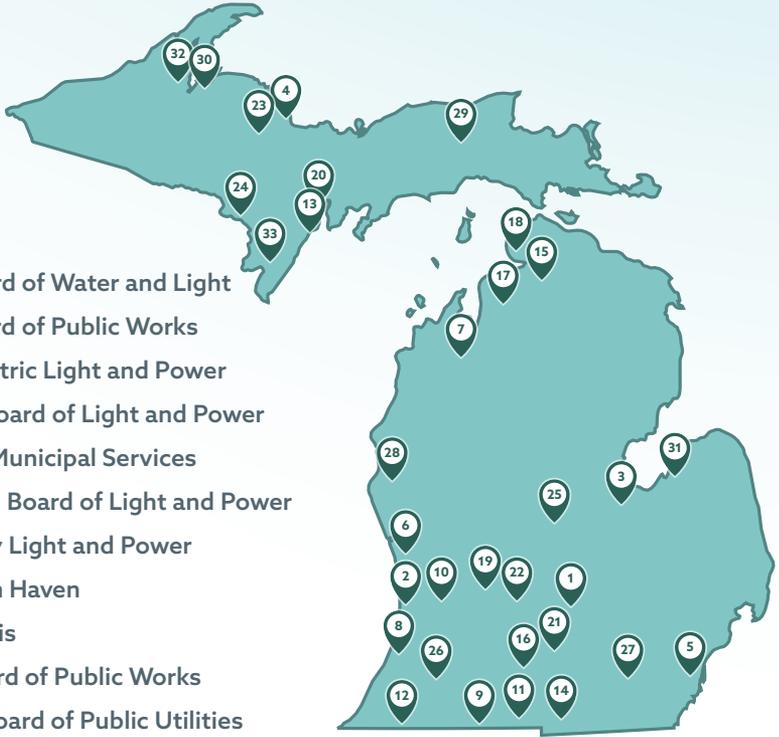
\$60,269,995



Cumulative savings for residential Public Power customers in Michigan among respondents, based on 2023 savings.

Public Power Participants

The 33 participating utilities in the study represent 82.5% of Public Power customers across Michigan. These utilities provided information for reliability, rates, or both for 2022 or 2023 as part of the study.



- 1 Lansing Board of Water and Light
- 2 Holland Board of Public Works
- 3 Bay City Electric Light and Power
- 4 Marquette Board of Light and Power
- 5 Wyandotte Municipal Services
- 6 Grand Haven Board of Light and Power
- 7 Traverse City Light and Power
- 8 City of South Haven
- 9 City of Sturgis
- 10 Zeeland Board of Public Works
- 11 Coldwater Board of Public Utilities
- 12 Niles Utilities Department
- 13 City of Escanaba
- 14 Hillsdale Board of Public Utilities
- 15 City of Petoskey
- 16 City of Marshall
- 17 City of Charlevoix
- 18 Harbor Springs Municipal Utility
- 19 Lowell Light and Power
- 20 City of Gladstone Department of Power and Light
- 21 City of Eaton Rapids
- 22 Portland Board of Light and Power
- 23 Negaunee Electric Department
- 24 City of Norway
- 25 City of St. Louis
- 26 Village of Paw Paw
- 27 Village of Clinton
- 28 City of Hart
- 29 Newberry Water and Light
- 30 Village of L'Anse
- 31 Sebewaing Light and Water Department
- 32 Village of Baraga
- 33 City of Stephenson



Check out this video to learn more about Public Power in Michigan.

Method & Notes

To conduct this research, MMEA contracted with Utility Financial Solutions, LLC (UFS), a leading national firm specializing in financial planning, cost of service studies, and rate planning for municipal utilities. UFS reached out to MMEA's 40 Public Power Members to gather reliability and residential rates data. UFS collected data from 33 utilities, which included the top ten largest by number of residential customers. For the reliability portion of the report, 18 of 33 provided their 2022 data, and 16 of 33 provided their 2023 data. For residential rates data, 23 of 33 provided data for 2022, and 24 of the 33 provided data for 2023. UFS did not conduct additional validation on the data received and used it as provided.

For reliability impact figures, this report uses the Interruption Cost Estimate (ICE)* calculator to compare the financial cost of interruption between each utility and its nearest investor-owned utility. The ICE calculator was developed by Lawrence Berkeley National Laboratory and Resource Innovations. It is a leading tool that national investor-owned utilities use to calculate the financial impact of outages to help evaluate reliability investments.

Researcher's notes: This is the inaugural year of the report, and statistical precision will improve as more years of data are added. Additionally, variations in results may arise depending on which utilities participate in the survey each year. Numbers reported can vary widely year to year with residential rates and reliability stats.

Throughout this report, "customer" refers to a metered customer (often a household), not the number of individuals living at a home or working at a business.

The 2023 total saved figure of \$402,555,655 combines the reliability savings of \$342,285,660 and the residential rates savings of \$60,269,995. These figures only represent utilities who responded to the request for data.

The total residential lifetime savings figure of \$120,525 represents a combination of 2023's average reliability savings (\$1335) per customer (including commercial/industrial) and residential rates savings (\$272) added and extrapolated for a 75-year lifespan.