

## RESOLUTION 2015-07

### COMMON COUNCIL FOR THE CITY OF LEBANON, INDIANA A RESOLUTION RELATED TO SENATE BILL 309: ELECTRIC UTILITY SERVICE TERRITORY PRESERVATION

**WHEREAS**, Senate Bill 309 in its initial form would change Indiana policy and lock down 93% of the State's electric territory to the advantage of the Rural Electric Membership Corporations (hereafter, "REMCs") and the IOUs (hereafter "Investor Owned Utility"). This would be at the expense of municipalities like Lebanon, where the community and its leaders made the decision in 1938 to acquire the rights to provide electric service in addition to water and waste water services currently being provided to its citizenry; and

**WHEREAS**, Municipal electric utilities serve only 7% of the state's total electric customers, compared to the 93% for the REMCs and IOUs; geographically, the electric territory of the REMCs covers 80% of the State; and

**WHEREAS**, Municipal electric utilities are being accused of "gobbling up" and "seizing" territory at an unprecedented pace and annexing the other utilities out of existence. In the past 25 years, annexations by municipal electric communities have garnered less than a 1% geographic change in service territory. In fact, only 28 of the 72 municipal electric utilities have petitioned the Indiana Utility Regulatory Commission (IURC) seeking changes to their service territories as a result of annexation; and

**WHEREAS**, when the General Assembly enacted the territory law in 1980, it did not intend to create a perpetual entitlement, as none of the utilities paid for its assigned service area. The Legislature knew that municipal boundary lines in all Indiana municipalities could change over time, and deliberately provided a specific procedure for the 72 municipal electric utilities to expand their service areas and extend electric service as their communities evolve.

**WHEREAS**, municipal electric utilities must pay significant costs to the REMC or IOU for the facilities and infrastructure within a newly annexed area in order to serve it. Communities may spend millions of dollars to annex the territory, in addition to other costs that may be incurred in the rendering of other municipal services such as water and waste water to the newly annexed area; and

**WHEREAS**, even with the implementation of legislature-initiated property tax caps, initially believed to bolster interest in municipal annexations, the State has seen a downward trend in such annexations. For municipal electric utilities specifically, no such acceleration has occurred; and

**WHEREAS**, Indiana's municipal electric utilities are not-for-profit, locally-owned, locally-responsive, reliable, and offer some of the lowest electric rates in the state. Citizens have a direct voice in local utility decisions, and can speak directly to the utility manager, utility board or local elected officials when necessary. The City of Lebanon is motivated to provide a needed service at the lowest cost in the most reliable manner - not in maximizing profit margins; and

**WHEREAS**, a major premise of municipal utilities is having local control; the City and the municipal utility working together in the long term best interest of its citizens. To have part of our City served by an REMC or IOU the citizens of Lebanon lose that unity of purpose.

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF LEBANON, INDIANA**, that: The City of Lebanon would support changes to SB 309; to wit, if the local municipal utility and incumbent utility cannot mutually agree on a service territory change following an annexation, the majority of property owners/city citizens only in the annexed area should be permitted to petition the IURC to request the IURC consider a service territory change so they can receive all municipal services.

Harold "Huck" Lewis  
Harold "Huck" Lewis, Mayor

COMMON COUNCIL OF THE CITY  
OF LEBANON, INDIANA

Keith Campbell  
Keith Campbell

John Copeland  
John Copeland

Lana Kruse  
Lana Kruse

Mike Kincaid  
Mike Kincaid

Jeremy Lamar  
Jeremy Lamar

Steve Large  
Steve Large

Preston Myers  
Preston Myers

Attest: Tonya Thayer  
Tonya Thayer  
Clerk/Treasurer

Presented by me to the Mayor of the City of Lebanon, Indiana, on the 23<sup>rd</sup> day of  
FEBRUARY, 2015

Tonya Thayer  
Tonya Thayer  
Clerk/Treasurer

EXAMINED, APPROVED AND SIGNED by me on this 23<sup>rd</sup> day of FEBRUARY, 2015  
2015.

Harold "Huck" Lewis  
Harold "Huck" Lewis, Mayor