

## **Types of Electric Utilities**

The electric utility industry consists of a variety of entities which have different organizational structures but which collectively generate, transmit and distribute essentially all of the electricity in the United States. These organizations vary from investor owned companies to local, state, and federal entities.

***Investor Owned Utilities (IOUs):*** IOUs are the largest segment of the electric utility industry and currently serve approximately 65% of the customers in Colorado. Public Service Company of Colorado (which serves the Denver-Boulder metropolitan area along with other parts of the state including Grand Junction) and WestPlains Energy (which serves the Pueblo-Canyon City area) are the two IOUs in Colorado. The IOUs primarily get their funding for new projects by selling stocks through the stock exchange. They are regulated by the Public Utilities Commission and are governed by a Board of Directors.

***Rural Electric Administration Cooperatives (REAs):*** REAs serve most of the rural areas in Colorado and although they serve about 90% of the geographic area, they only serve about 18% of the power customers. In Colorado, Tri-State Generation and Transmission Association produces power for 20 of the 24 distribution cooperatives in the state (Public Service provides power for the remaining four). The REAs get a major portion of their funding through low interest loans from the Rural Electric program. They are partially regulated by the Public Utilities Commission and are governed by a Board of Directors elected by their members.

***Municipal Electric Systems: (Munis).*** There are 29 municipalities a Colorado who have decided to own and operate their own electric system. They only serve about 1% of the geographic area of the state but serve about 18% of the power customers. The Arkansas River Power Authority, Platte River Power Authority, the City of Colorado Springs and the Municipal Energy Agency of Nebraska provide the generation and transmission facilities for most of the municipal systems. Major funding needs for the municipal systems are primarily through municipal revenue bonds. Municipal systems have very limited regulation by the Public Utilities Commission and are governed by the City Council or Board.

***Federal Government Entities:*** The federal government built and operates many hydroelectric generators and a major part of the transmission system in the western United States. The U.S. Bureau of Reclamation (an agency of the Department of Interior) operates the generating facilities and the Western Area Power Administration (an agency of the Department of Energy) operates the transmission system and markets the power generated by the hydro electric facilities. The federal government does not sell directly to retail customers. The funding for major projects comes from the federal government. There is limited regulation by the Federal Energy Regulatory Commission.

Source: Colorado Association of Municipal Utilities (CAMU)