



Tennessee Municipal Electric Power Association

## The Value of *TMEPA* to Your System/City

It is always a good idea to remind ourselves and our Boards the value of our association and its duties, diverse responsibilities and objectives. For this reason, we have listed our organization's primary purpose, a few of our accomplishments, current and projected functions as a member association, and a brief history.

### PRIMARY PURPOSE

Our primary purpose is to promote the interests of the members of *TMEPA* in the State of Tennessee by working with the State Legislature and other governmental agencies. We accomplish this using a *two-pronged* approach.

1. We diligently monitor all legislation to insure that pending legislation does not adversely affect our members. Each year we historically monitor well over 2,000 bills checking each one as it's introduced. In many cases, we have been able to keep adverse legislation from coming out of committee or have delayed its emergence. This "*watch dog activity*" has proved invaluable to our members.
2. We also act on behalf of the members to support, introduce and/or secure the passage of needed legislation. This includes telecommunication, transportation, open records, board member compensation, workers compensation, pole attachments, annexation and "local" bills which typically resolve an issue at a specific municipal.

Examples of the "*watch dog activity*":

1. The "pole attachment" legislation proposed by the cable industry could ultimately cost our members millions of dollars. (Our 60 members have over 850,000 poles with cable and/or telephone attached.) It's normal each year to be faced with legislation on this issue and it's been there now for over 19 years. We fully expect it to come up again in the next Session. Our efforts to "block" this action have already saved our members millions of dollars. We too have issues with pole attachment and developed a "best practices" bill a couple of years ago. That same bill came up in the last Session but failed to emerge from committee. The pole attachment issue was referred to TACIR in 2005 and we received a very favorable summary benefitting the municipals. We will continue to provide factual information as requested by the legislators and committees established to review pole attachment rates and continue working on behalf of the municipals as this issue continues to "crop up". We fully expect 2011/2012 to be another trying year in this arena.
2. Each year since 1998, the year the municipals were allowed by legislation to enter into telecommunication ventures, legislation has been introduced by various associations (primarily the cable industry) to limit or restrict municipal ventures. In each case, that legislation has been blocked in some fashion. Legislation was passed in 2004 allowing Morristown to also qualify as a "test" pilot similar to the Covington program. In 2003 a new organization was formed to work on this issue also. This organization is called The Tennessee Fiber Optics Communities and now takes the primary lead in broadband and/or telecommunication issues. By resolution, *TMEPA* is committed to assist as needed in this much debated area. We provide support to TNFOC as requested.
3. Every year, legislation is introduced concerning various labor or employee/employer relations that would be detrimental (costly) to our members. Workers Compensation and Open Records are continuing to be of vital interest to our members and we have been able to adequately defend each of these attempts.

Examples of recent legislation supported, introduced and/or secured by TMEPA:

1. We worked closely with a number of other associations to secure passage of legislation which reimburses electric systems for relocation of electric services. The financial impact to our members of this successful activity could easily result in millions of dollars over the foreseeable future. TDOT budgeted \$31 million dollars in the initial year to fund utility relocations. *TMEPA* members are already taking advantage of this.
2. The approved Round Up legislation in 2003 provided a much needed mechanism to our members allowing them to add value and services to their community in the areas of economic development, community services and individual needs as they see the need.
3. The Energy Acquisition Legislation already on the books in the 90s, only applied to natural gas. *TMEPA* was instrumental in getting this existing law amended to include electricity. This allowed the formation of TEPAC and other energy acquisition corporations. The long term potential of this is tremendous. In 2005 we were able to amend the law again to allow TEPAC to read water meters also.
4. 2003 saw existing state statutes changed to allow municipal governments to issue bonds to pre-purchase electricity from TVA. The value of this successful change has already born fruit for MLGW and will benefit other systems should we pursue aggregation of load. The changing climate at TVA may well provide an opportunity for distributor owner/equity of generation and transmission assets.
5. In 2005 an attempt was made by the Cable Association to place a moratorium on any municipal wishing to enter the telecommunications business until February 2006. *TMEPA* was able to amend this legislation so that those municipals currently looking at doing so were excluded from the bill. We fully expect adverse legislation in the coming Session which would be a permanent exclusion of municipals from entering the telecommunications business.
6. This past year, Bristol Tennessee Essential Services introduced a bill to allow municipal systems to increase the compensation paid to its board members. This was a much needed change in the law to compensate these dedicated system/municipal board members for the time they sacrifice in order to serve on municipal boards. *TMEPA* proudly supported this legislation. It passed unanimously in both the Senate and House.
7. Our friends at TECA introduced, with our input and support, legislation in 2011 to add utility systems to the Move Over Legislation already in effect in TN. This legislation also passed unanimously in both the Senate and House.

*TMEPA* is a service oriented association and we are charged with providing other value-added services as needed. We routinely conduct surveys on behalf of members who are interested in introducing new services or changing existing ones. Those surveys in year past have included the following:

- a. Annexation (various).
- b. Board member compensation and training.
- c. Deposit Policies.
- d. Disconnection policies.
- e. Emergency & After Hours policies and procedures.
- f. Various meter reading programs and procedures.
- g. Pay periods and other payroll programs.
- h. Pole Attachment
- i. Pension Plans
- j. Stand by procedures
- k. Returned Check procedures
- l. Meter reading practices and procedures

- m. Hand tools needed by employees.
- n. Employee Benefits (medical, dental, life insurance, vacation/holiday)

Each year we review a number of new and/or revived services such as: employee health insurance programs, workers compensation, disability insurance, credit union services, training programs for employees (a very successful customer service and first line supervisors program) as well as Board Members (also a successful program), and partnerships with customer communication/information programs.

**TMEPA** publishes a daily news clips report sent by email 7 days a week including holidays. This timely report includes articles of interest to our members and pulls articles from all across the state and even outside the state at times. The report is typically emailed no later than 8:30 a.m. (Central) and has proven to be a favorite service of the members. Included recipients are system managers, system staff, board members, politicians, lobbyists and Associate Members. Anyone can be added by simply sending an email to either Mike Vinson or Susan Sherrill.

At the 2008 Annual Meeting we introduced a new project allowing municipal systems to jointly participate in an AMI/AMR program to test the viability for this new technology without investing the millions of dollars others have experienced. Participants will be able to “aggregate” their purchases of equipment and choose an innovative approach to meter reading and even billing at a much reduced cost.

Another area **TMEPA** provides service is the Job Training and Safety Program which is a tremendous asset to our members. This highly successful program is a joint effort with TECA and is administered by a committee of Municipal and Cooperative managers who meet quarterly. All financial matters are handled by TECA, who in turn invoices our participating systems annually. The cost is a nominal \$0.24 cents per meter and provides job training and safety instruction in these much needed areas. This program contracts with the TN Board of Regents, headquartered in Murfreesboro, who provides the qualified instructors and employees. The insurance savings for safety alone is worth the cost. This program has been in effect for many years.

***NJUNS (National Joint Utilities Notification System)***

The National Joint Utilities Notification system, NJUNS, is a national organization of member utilities formed for the purpose of improving the coordination of joint ventures. NJUNS offers utility companies a method of obtaining up-to-date information on a variety of shared concerns, including Pole Transfers, Joint Trenching & Permits for New Attachments to Poles. The National Joint Utilities Notification System (NJUNS) is an industry leader in providing efficient communication and work coordination while promoting cooperation and partnering to manage pole transfers, joint trench construction, pole attachments, and project notification.

All **TMEPA** Member Systems may participate in NJUNS at no cost. **TMEPA** pays the annual fee on behalf of its members.

***Group Employee Medical Insurance (TNMIG)***

We have been working on a true group medical insurance program for several years now and recently finalized a program which we believe will both save money in the cost of providing employee insurance and help control the spiraling costs involved with this much needed benefit. The program was introduced at our 2011 Annual Meeting and is available to all **TMEPA** members systems who wish to participate. A realistic comparative example showed an immediate annual premium reduction to an existing system (Murfreesboro) with the long term savings exceptional. The program is currently organized as the Tennessee Municipal Insurance Group (TNMIG) and is accepting census data. Our goal is to have a January 1, 2012 start date for the new program.



## A BRIEF HISTORY OF TMEPA

The first loosely organized municipal electric association was formed in 1966 when a group of Middle Tennessee municipal managers met informally to discuss the need for an organization to represent the interest of the city-owned systems in view of the electric cooperative association's effort to pass legislation that would restrict the ability of city-owned electric systems to expand with their cities when annexing county territory.

After a *successful effort to defeat* this attempt, it was decided that there were other issues that needed constant vigilance in Nashville, especially during the annual legislative session. Therefore, in 1973, a greatly expanded group of systems, which included the largest, Memphis 370,000+ customers, and the smallest, Somerville 1,500+ customers, drafted bylaws and obtained a charter as a non-profit organization dedicated to the mission stated above. TMEPA was staffed by two people full-time and officially opened its office doors on April 15, 1973. You'll find that we date our association back to 1966 when the original group was formed. Since that time its scope of duties and responsibilities has expanded considerably.

Many of the concerns are the same, such as annexation issues, employee/employer issues, and deregulation concerns within the state and similar items. However, we are also faced with many new challenges, such as efforts by CATV companies to reduce our attachment fees and CSX to greatly increase our crossing fees. Several millions of dollars are involved in each of these situations and each one requires a strong association to protect our members' interests. In addition, members continue to seek authorization to provide other services, such as telecommunications and broadband service, desired by their customers as we enter the new deregulated competitive environment of the next millennium.

### DUES

TMEPA is a dues supported membership association. Historically, each member is assessed dues based on their operating revenue. The formula is contained in ARTICLE VIII of our Bylaws. This simple formula assures that the financial responsibility of each system is based on their revenue which is proportionate to the size of the municipal system. The dues of TMEPA, compared to other similar state-wide associations, are very reasonable and historically among the lowest. One of the annual goals of the TMEPA Staff is to be good stewards of all finances and continually look for opportunity to reduce expenses. Over the past five years we have been able to increase our Legal Fund to over \$300,000 with no increase in dues and increase our reserves at the same time. We began an office remodel in 2008 which was completed in 2010 with all expenses paid through the normal budget with no dues increase and with **NO** assessment of the members. We have successfully added revenue streams which have enabled us to continue with **NO increase in dues for the past 6 years. In fact, member's dues since the 2006/2007 fiscal years have remained identical with no increase.** The Board of Directors upon recommendation by the Executive Director and Staff has held dues static for this entire time. The 2011/2012 fiscal year dues assessment once again held dues the same as the previous 5 years with no increase. We know of no other membership association in the nation who can say this.

A Board Committee established in 2009 has tentatively approved a change in the Dues Calculation formula by changing it to include energy and customers and removing revenue (and the corresponding **FCA** costs) from the calculation. Basing dues on revenues artificially increased the dues of Members because of rising fuel costs at the wholesale level. That change was originally expected to be sent to the Members as an amendment to the Bylaws changing Article VIII in fiscal year beginning July 1, 2011. The Board of Directors unanimously agreed to withhold the Proposed Change in Bylaws till further consideration is given.

A number of the systems would have seen an increase in dues and Staff recommended holding dues static for another year pending consideration. That recommendation was approved by the Board.

***Our influence in the Tennessee legislature is substantial, especially when combined with the assistance received from fellow associations. Our credibility is solid not only with the legislators, but with their staffs. This "good reputation" opens doors and allows us opportunity to discuss issues and concerns at both an informal and a formal level. Even so, it is most effective when combined with the work of each***

*individual member within their own districts, at a grass roots level. It must be noted that TMEPA does not and cannot replace the personal relationship each system has with its legislators. On the contrary, the individual system's positive relationship with their legislators, combined with a unified effort of similar legislators across the state of Tennessee, gives us a strength and presence that demands attention.*

*Our success in the legislative process is most effective when we “unify” the voices of all 60 municipals as a “group” of citizens and systems.*

The financial value alone of past year's efforts to our members greatly overshadows the nominal cost of dues. Any one of the previously mentioned successes has provided individual and member wide savings equal to many times the dues of any one member. TMEPA exists to serve its members and is always available to assist, research, conduct survey, attend meetings and any other service the members feel is warranted. Should you or your Board have any questions about the association please feel free to contact the office at your convenience.

