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INTERVIEW TRANSCRIPT

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AMP's Growing Footprint

American Municipal Power, Inc. (AMP) interviewed members from Pennsylvania, West Virginia and Michigan to highlight AMP's growing footprint as communities from outside Ohio began to join the organization as early as March 1997, when Philippi became a member of AMP. Kevin Cornish, village manager of Clinton; Jeremy Drennen, city manager of Philippi and a member of the AMP Board of Trustees; Andrew D. Krauss, electric superintendent of the Borough of Lansdale and the vice president of the Pennsylvania Municipal Electric Association; and Robert Thompson, borough manager of the Borough of Ephrata and a member of the AMP Board of Trustees, talked about the importance of joint action and public power and how membership in AMP has benefited their communities. In addition, Pamala Sullivan, AMP Chief Operating Officer and AMP Transmission LLC President, shared her views on how AMP members benefit from being part of a larger organization.

AMP: **What motivates you in your role as a public servant, and why do you believe public power is important to preserve and protect?**

Cornish: What motivates me as the Clinton village manager with the electric utility is to be able to provide cost-effective, reliable services for our residents. When you look at the Village of Clinton services, we typically have fewer outages and have rates that are slightly less than the IOUs that surround us. And that's very important. It feels good that when the big utilities have had a storm, and they lose power for three hours or three days, we typically do not have a power outage and/or it's much shorter. So that's a very important thing for us. I think public power is very important for similar reasons. The residents that we serve are part owners of [the utility]. Because they're part owners of it, we take what they say very seriously. And we use that to try to provide cost-effective and reliable power for them.

Drennen: Making a difference. We have the ability as being public servants to make a difference every day. We can better the lives of our citizens through the various services we can provide. It is vital to preserve and protect public power because having public power increases the abilities we have to enhance the lives of our citizens.

Krauss: I've been with the Borough of Lansdale as the electric supervisor for about a decade now, but I have worked with the borough for two decades full-time. The Borough of Lansdale here in eastern Pennsylvania, southeastern Montgomery County, is one of the largest municipal electric providers in the Commonwealth. When I started here, as a very young man, I didn't know what public power was. I just knew I wanted to become an electrician, some form of electrician, and I had the opportunity to start here with my hometown's municipality and their electric department. I've learned over the years that the greatest thing about public power is it is the people's utility. Here in Lansdale, our price per kWh, kilowatt hours, is a little more than what the

investor-owned utilities are in the surrounding areas. But instead of paying dividends on gains and profit, we take our electric revenue, and we reinvest that directly back into our community. A lot of the departments within the borough run at a deficit, and you'll find that in municipalities across the country. We have a robust parks department that has beautiful open space, two community swimming pools, a fully staffed police department that is not funded by the county or the state. Things like multiple programming for our community, multiple community functions, Landsdale Day and Festival of the Arts, things that people have come to know and love here in Lansdale for quality of life — that is all funded by the public power [utility].

We take roughly \$5 million to \$6 million a year, and we reinvest that directly back into our operational budgets and our capital planning to make sure that we are taking care of our sewer infrastructure, in some cases that was installed in the early 1930s. We can reinvest that electric revenue back into infrastructure replacement, roadway repaving, stormwater management, to help our environment here. So, the biggest thing to me — long story short on that question — is it's the people's utility. So essentially, the more that the folks here in town contribute, and when they pay their electric bills, we're reinvesting those funds back into the community with things like community events, life-safety things, and fun things for our community here. I love that municipal power is the people's power.

Thompson: Well, as a public servant, most of our customers traditionally do not have a choice in who their service providers are. So, what really drives me is to see that customers get the best value for the dollar they're spending. We always strive to have our customers be advocates for the services that we provide, and the better the service we provide, the more advocates we have.

AMP: **Can you share what you think are the benefits of living and working in a public power community?**

Cornish: I think there are a lot of benefits of being a public power community. The employees, we get a better chance to know our residents, to get to serve them, and we can provide some of the little extra services that you would not get if you were a customer of an IOU. So, because we're small, we get to know people and can do some of those kinds of things. I look back in the '90s, I started here in 1990, and we started to experience some power outages at that point. So, the electric superintendent and I sat down, and we looked at some of the problems that we had. We crafted a very detailed Capital Improvement Plan. Along with that, we created a finance plan so that we could systematically, over a number of years, make improvements to the system to drastically reduce the outages, to create loop feeds to be able to back feed the system. We did a lot of reliability improvements over the last 20 years. And, fortunately, our outages are very few and far between. I think we had one last year, and it lasted about two hours. And so those kinds of improvements are very rewarding for us. We created a plan, and we made improvements. And I think that's a very important thing of a public power community is [that] you can identify something that's important to your residents and then help take care of them with it.

Drennen: First and foremost is reliability. We are able to keep our power on. Whenever there's a storm, our power, if it goes out, it's max 45 minutes to an hour. We had a windstorm in our county that was devastating. And there were people without power for over a week. Our customers never lost power that week. Having local control of the power is so crucial to everything we do. It's crucial to economic development; it makes our

everyday lives easier. If a streetlight goes out, we can replace it. In West Virginia, a lot of other communities that do not have public power struggle with being able to get the other electric utilities out to be able to fix their concerns. With the [local] control, you're able to have control of your surroundings, and you're able to use that as an economic development tool. ... If we have to move a pole for different economic development projects, we can do that because we have the control. Our electric department is able to help with different community needs here in the city of Philippi. We've assisted with a theater revitalization project. We were able to use our bucket truck and other equipment to remove HVACs off of the roof. We were able to get vital, building material up to the roof to make repairs that were needed. We're able to add lights to businesses around town, Christmas lights that light up all throughout the Christmas season; we were able to partner with our local CVB to make that a reality. Our local museum had a 2,000-pound piano that they needed moved and we were able to do that with the different types of equipment we had. Without public power, none of those projects would have been able to be a reality.

Krauss: One of the biggest benefits, and it's something that we hear all the time and it's something that we're very proud of in the municipal electric utility sector, is our reliability. ... Sometimes in northeastern Pennsylvania, with the weather we have here, you can be without power for days, sometimes weeks, sometimes multiple weeks before they're all restored. Our reliability and uptime here in Lansdale are 99 percent, and we're very proud of that. So, 99 percent of the time, you can be sure that you're going to get reliable electric service. As soon as you hit that light switch, your lights are going to come on, your heat is going to work. And we're going to move forward together as a community — nobody left behind. We will work here tirelessly — with my crew of including me, it's 11 people — and we will make sure that every person's lights are back on before we go home. And that usually happens even in the worst of storms, under 48 hours, under 72 hours. And most times, it's a normal work shift, whether that be eight hours, or 16 hours or 20 hours — we'll get the lights back on. So that's number one. Number two is, we allow [the borough] to keep the property taxes very low here in the Borough of Lansdale. We're at 5.5 mills here in town. If you look at the surrounding communities, they're way above that 5.5. And if you took that electric revenue, and you didn't subsidize the tax base with that money, we'd have to raise taxes here in Lansdale well over 100 percent to make up for that electric revenue, just to fund our operating budget and make sure that we're investing properly into capital. Another great thing is local control. Constituents here in our borough elect borough council members who make all the decisions. They write our rate tariffs; they *are* the Public Utility Commission. And if individual residents want to go in front of that Public Utility Commission, they don't have to spend \$120,000 to sit in front of that commission. They can come to a meeting twice a month; it's open to the public, and that application to complain is built into your electric rate. So, we're reliable with local control, and it is the people's electric utility.

Thompson: The primary benefit is that the decision makers are all elected officials from our community. So, we're actually controlling what occurs in our community. Second of all, the people who work on the electric utility system are all members of the community. You're likely to walk into them when you're at the grocery store, and you're doing your errands on a Saturday morning. We're a small community — we're only a little over 13,000 — and pretty much knows everybody here. There's always the comfort of knowing that those are the people who, in an emergency, are going to be coming to your aid, if you will. Some of the other benefits of having public

power, are that any of the revenues that we generate for the system get reinvested in our community. So, keeping everything in your community is a great way to live, work and play.

AMP: **What do you believe are some of the most significant events in AMP's history?**

Drennen: Well, a biased answer would be going outside of Ohio. Philippi is the first member from outside of Ohio, and we take great pride in that. AMP being able to increase their footprint really, I believe, set us up for the growth that we have seen over the many years since then. AMP being able to take on projects, power supply projects in particular [is significant]. We are a part of the Fremont Energy Center; we're able to be a part of the combined hydro projects. Those projects are vital to us to be able to even have electric. If it wasn't for types of projects like that, we may not be able to even be a public power entity here in West Virginia.

Krauss: I'm going to say, in my career — I've been around the last 20 to 25 years — actually expanding that footprint into Pennsylvania. We were happy to see AMP and AMP's umbrella come into Pennsylvania, and really start to focus on bigger items. Smaller municipalities don't have the money, the funds, to be able to handle some of these things, like a seat at the table with PJM, regulations with FERC. And the way that AMP allows us to participate in a very volatile power market, purchase power market, and to be able to mitigate our municipal financial risks — that's a big, big help to us here in Pennsylvania. So, I'm going to say in the late '90s, moving from AMP-Ohio to just American Municipal Power, and expanding that footprint out here to the eastern folks.

Thompson: I would consider ourselves short timers, as far as our relationship with AMP, you know, but for me, the biggest thing is the impact that AMP has, the reputation that AMP has among national, recognized organizations. AMP is a big player in those organizations. It has the opportunity to have a say in what's going on in our industry, and the AMP staff has always been looked upon as leaders in the industry. To be a part of an organization that has such leadership within the organization and within the industry that we work in, to me, is probably the biggest benefit that we have.

AMP: **How do you think that your community benefits from membership in AMP?**

Cornish: One of the things that we realize as a member of AMP is [that] they provide so many services that we could not cost effectively do; we participate in the training program, and there are other programs, like safety, that we participate in. AMP is really good with legislative, with regulatory, trying to get us up to speed, help us lobby, things of that nature. The conferences are wonderful for educating myself to be a better leader for our community. I don't know how I'd be able to have managed the Village of Clinton, without the knowledge that I learned from some of the classes and conferences that AMP provides. And the speakers that they have at those conferences are second to none.

Drennen: We benefit greatly from being a member of AMP. Mutual aid, we've called upon mutual aid several times in the past. We're a very small community, and we only have two linemen. When we get a devastating storm, we have to rely on our fellow members to help us get through those devastating situations. And without AMP and mutual aid, we would be weeks and weeks past what we're used to.

Krauss: There are tons of benefits there. But the biggest thing for me — I'm a lineman by trade, a journeyman electrician, journeyman lineman first class lineman. It's very important to me that my team here is trained properly, that we can retain them so we can keep good employees here. And AMP offers some great safety courses that they go on the road with, that we're trying to currently expand on right now. And then also AMP offers a great lineman training school but more a crash course where you can send personnel for one to two weeks at a time, where we can keep them working, but also get them very skilled training. It's something that the state of Pennsylvania, and the entire nation, is struggling with right now, to find good skilled craftspeople, to be able to go out there and actually do this work safely, keep the lights on and continue to come back to work, especially in a municipal setting. We do not pay as much as privately owned utilities. And there's a very good reason for that because we're reinvesting back into our community. So, to keep good people here that know how to do the work, AMP is a big help with that. And they're always willing to listen, always willing to take ideas, always willing to say, "Hey, what else can we do to help you? What are you guys looking for?" We feel like we're definitely part of the team. We're part of that umbrella. And I really like and appreciate AMP's willingness in the last number of years to focus more on the Pennsylvania group out here in the Commonwealth.

Thompson: Well, first and foremost, is the transition from the all-in power contracts that we would have with one provider to diversification with the portfolio approach. Knowing how we can leverage our system to benefit the customers of the borough, and to drive costs down through initiatives that we can take advantage of not by just simply purchasing power, but offsetting some of the capacity transmission congestion through FTR (financial transmission right) programs, for example. Doing all of those little things of tweaking the system, to reduce costs to the customers of the borough.

Sullivan: When I joined AMP in early 2003, the organization had 86 members — 81 in Ohio, two in West Virginia and three in Pennsylvania. Since that time, the growth in membership for all states has been driven primarily because of power supply needs. In the 2003, 2004 timeframe, additional members in western and central Pennsylvania joined, followed by the eastern Pennsylvania members in 2005. And these members were interested in alternative power suppliers outside their incumbent investor-owned utilities. The Michigan members joined in the 2006 timeframe, and that was five members of Michigan South Central Power Agency, as well as a subset of the Blue Ridge Power Agency members in Virginia. And they joined primarily due to an interest in generation asset development and ownership. In 2009, the Kentucky members of Paducah and Princeton joined, and that was due to an interest in hydro development. And in 2011, DEMEC, the Delaware Municipal Electric Corporation, joined AMP due to their interest in becoming a participant in the AFEC project. Since that time, additional members in Kentucky, Cannelton, Indiana, and Berlin, Maryland, all joined AMP, as a result of us responding to an RFP they had out for power supply services. So primarily, you know, the initial interest was power supply related. But all of these members since then have enjoyed additional benefits of the membership, including safety training and technical services, mutual aid and educational opportunities.

AMP: **When your community first became a member of AMP, how did that come to be and why did the community decide to join AMP?**

Cornish: The Village of Clinton is a member of the Michigan South Central Power Agency. And decades ago, we were struggling with trying to provide dispatch services for power. The federal government had implemented some new changes, and we decided that we would discuss with AMP if they could provide those services for us. And, and that was the starting point where we started to work with AMP, and we had significant savings and increased performance. We're very pleased with that. Then we realized shortly after that went so well, that AMP was able to help us with market purchases. So, if we went out and we were looking to buy 10, 15, 20, 30 megawatts of power, you get a price. Well, AMP's going out and buying 200, 300 megawatts of power, and you get a much better price. So being a member of a larger organization, we quickly realized that some of our market purchases could be much more cost-effective if we worked with a bigger entity like AMP. And that was very beneficial. Shortly after that, we participated in some of the projects. ... We were part of AFEC, of course; prior to that it was the hydros that we participated in. And those have been very good to us. They've been cost-effective, reliable power to serve our village residents' needs.

Drennen: When we joined AMP, it was very crucial as a city. There are only two municipal electrics in West Virginia. And us joining AMP was vital to us to be able to even provide electric to our customers. AMP came into our world at a very crucial point. We had lost a contract with our then power provider. And we were lost. It was just us and one other [public power] community in West Virginia. So being able to join AMP, it was such a crucial point of our existence; it was a savior. We struggled with being able to provide power; we had no other ways to get that power to our city. When we joined AMP those several years ago, we were able to provide our customers with the public power needs they had.

Krauss: We were very intrigued by the strength in numbers, so the joint action, and getting together with folks that have all the same issues that we have. And being able to sit at that table, on the federal level, at the state level, and then locally to be able to pass some of that knowledge along to our residents and council folks to make good sound decisions here. ... We like stability; we like to mitigate risk. We like long-range planning. AMP gives us the ability to do so. We can lock into 10-year, 12-year, 15-year reoccurring purchase power contracts that have a blend of different load bases — renewable and baseload. We can do that because of AMP; we couldn't do that before. Financially, it didn't make sense for us. We had to pay third-party consultants to go out to the power market, on a spot market, and try to fill our requirements. It becomes challenging. With my tenure, I know how complicated and risky that can be. So that was a big plus — just the strength in numbers and the ability that AMP has on a higher level with those seats with PJM, with FERC, to be able to give us a voice and show that we're professionals as well. We're a little on a smaller scale, but we are professional municipal electric utilities, all across — not just Pennsylvania — but this great nation.

Thompson: About the time the industry deregulated, our all-in costs went up about 100 percent. And, you know, we were looking for ways to mitigate the risk of that occurring in the future. In exploring that we had some conversations with Marc Gerken, and Marc came to the borough and presented the AMP approach to many of the issues that we had concerns about. And one of solutions was to diversify your portfolio. By diversifying your portfolio, you're mitigating your risk, having many of the products that overlap each other so you don't have any one particular product that ends now that would put your portfolio at significant risk, the layering-in of various products

based on the size of the amount that you want to purchase. It was really the way that we handled our power needs and learning a little bit more that you can get varying products that are similar, but the way you layer them in can mitigate a lot of your risk.

AMP: Can you share an example of how a specific AMP program has positively impacted your community?

Cornish: Well, one of the things that I would mention is with the Village of Clinton, and with the Michigan South Central Power Agency, we were looking at different ways for the administration of our organization. And what we ended up doing is partnering with AMP, and AMP provides those administrative services to us. And we were able to get that in a significantly reduced fashion with extremely capable people that have helped guide us through the ever-changing electric industry. And so, we're very thankful for that.

Drennen: We had a crucial project, an upgrade that we needed to do, and we were looking at a two-and-a-half-million-dollar project. And we were lost on where to even begin. Through MESA and AMP, we were able to get the contract engineered. We were able to go out to bid, get the project done, during the middle of the pandemic, with only one lineman at that time working for us. Without MESA and AMP, we would never have been able to get that project done. We actually got the project done on time and under budget. We upgraded our main substation, and we also upgraded thousands and thousands of feet of distribution lines that were out of code and a safety concern and were very crucial to our overall electric system.

Krauss: When AMP came on board and started sending ... safety training to Lansdale, here in Lansdale, we had never done bucket truck rescue with rescue blocks and harnesses. We didn't even know that was a thing. We were able to increase our safety protocols and the way that we do things here. We got AMP to come in, look at how we do it and the way we should be doing it. Things like bucket-truck rescue, hurt-man rescue, pole-top rescue, when you're dealing with a person that could be critically injured, or possibly needs help immediately, it's great to do those things in a non-emergency situation. And now I've made it mandatory, whether AMP's doing it or not, that we do that at least once a year, if not twice a year, both of those — hurt man in the bucket truck and then hurt utility worker in the hooks on the pole. AMP offers a full curriculum for that. They'll bring that to you. That was a big plus, we never had formal training brought to us here in the eastern part of Pennsylvania.

Thompson: Oh, absolutely. I have a few here, the first one was in in power supply planning, again, going from that single provider that provided everything at one cost — diversification. We were the very first community of AMP representation to go and do the AMI project. We got a lot of value out of that. We participated in cybersecurity, which, which was a tremendous effort. The AMP IT team has always been a group that I don't think is second to anyone else. And a couple of the projects — the AFEC project which we were able to take advantage of, and that's proven to be a home run for us, and now we're currently participating in the RICE peaking project.

AMP: Why is joint action so beneficial?

Cornish: I think joint action is very beneficial to a community like ours. We're a very small community of about 2,300 people. We have 15 full-time employees; we have three

linemen, and I'm the administrative person. We really don't have staff to do the things that we rely on AMP to perform for us. We need people to help us with market purchases, of course dispatching; we need people to help guide us through energy and capacity purchases through the wonderful staff members that you have to give us direction. We just do not have the time to do that. I think one of the benefits when you look at joint action agency, is you look at the number of communities that are participating, and you get more people to come in, and you get an economy of scale for a service that can benefit everybody. I think one of the other things that is extremely beneficial about AMP is the way the organization is structured. You've got a bunch of very highly skilled people who can step in and be in leadership roles on boards and committees, to help us through the ever-changing electric industry.

Drennen: Being in joint action agency is so beneficial to us and, and the rest of the members, because we can learn from each other. We deal with the same regulatory issues and legislative issues. Here in West Virginia, we had a horrible issue happening where we weren't able to utilize a power cost adjustment. AMP's legislative team was able to work with the folks here in West Virginia to be able to get that stipulation removed where we were able to utilize the power cost adjustment and serve our citizens better and our customers better through that power cost adjustment.

Krauss: Right, joint action, again, strength in numbers, you know the strength in numbers on that joint action piece, and then our position at any of those tables is going to be stronger because we are part of a joint action agency. When you call and say, "I am the Borough of Lansdale, I have X amount of load, I have just shy of 9,000 customers. But we're three square miles." They say, "Who? Okay, that's 9,000 customers, how many constituents is that?" But if you take that umbrella and take all those people who are served under that municipal electric umbrella throughout AMP's footprint, you have a lot more constituents, you have a better seat at the table. I think that's the biggest [thing] for us; that was appealing to us.

Thompson: Well, the heart of public power is the small communities. And many of us small communities don't have the resources to have the kind of staff that we would need to have on board to be experts in every area. And AMP has provided that big brother, if you will, of resources that when we have a question about something, we can just pick up the phone and call. Every AMP employee that I've ever engaged with truly wants to help the members that AMP supports. ... They're so resourceful, and they're so knowledgeable. It's highly unlikely that we can afford staff in all of those diversified areas to be able to provide the kind of expertise that AMP can provide as a joint action agency. ... I think that one of the big things that being affiliated with AMP does for us is it exposes us to projects and opportunities that we might not otherwise be able to take advantage of. And the fact that we don't have to do an entire project for Ephrata, but we can be a participant in a much larger project with other members, gives us a chance to be able to manage and utilize the resources that we have, to better the customer service and the costs that we can contain for our customers. Many of the small communities in Pennsylvania don't really know what a valuable resource they have in public power. They see it as a revenue stream, but they don't work with it to get the maximum out of the resource that they have. AMP provides opportunities for us to understand the power of how to utilize the systems that we do have for the betterment of our community.

Sullivan: The increased pool of expertise and resources among 135 members and nine states helps to strengthen the entire group, which is really what joint action is all about —

not only from a lobbying perspective that we now have voices, grassroots efforts, in nine states, but also from a mutual aid perspective and really from a simple sharing of ideas and experiences from a more diverse pool.

AMP: **Where do you see the industry headed in the next five years and how do you think AMP, based on its strengths, will continue to help its members going forward?**

Cornish: In today's society, the industry is changing so much faster than it did just a few years ago. I've been in the business for over 30 years here at the Village of Clinton. And I know electric is something that I spent time on, you know, in '90, but now it's something I spend a significant amount of time on. And in order to be able to keep up with the ever-changing industry, we need to rely on the expertise of the various AMP departments that help us, and we would not be able to function without that with the way things are structured in electric today.

Krauss: We're expecting, and we know that AMP will be there for us, that there's going to be a lot changing in the next five to 10 years. We talk about electrifying the grid for electric transportation and smart municipalities. You talk about some of those pass-through costs and from these bigger investor-owned utilities for transmission and capacity. I know that AMP is constantly on Capitol Hill, making sure that our best interests as municipal electric [utilities] are kept in mind. The increasing cost of transmission, right now, through the state of Pennsylvania is going to be very crippling to many small municipally owned utilities. It's disheartening to me. And in the end, all it does is negatively affect our customers and our constituents here in our borough. So, we're happy to have AMP at the table on Capitol Hill in Washington, at our Capitol here in Pennsylvania, with our lobbyist here that AMP so graciously provides for us who works alongside with Diane Bosak, the executive director of Pennsylvania Municipal Electric Association. From that standpoint, I really feel it's important that we have joint action on this and ... we move forward together as municipal electric [utilities]. And AMP, they are the catalyst for that. That joint action can get us all together, get the opinions, get the legal opinion, get the right answers and then we move forward as a unit. Not individually.

Thompson: Well, I think that many of us, again small communities, are going to look for ways to make sure that our distribution systems are sustainable. With many of the initiatives for distributed energy resources and electric vehicles, energy now is going in two directions on the grid: to the customer, and many of the EV charging stations, for example, are sending energy back to the grid. So, we're going to find that we need to prepare our grid systems to be able to be robust enough for the demands of the industry. Lots of smart technologies are going on out there. And I believe that, again, individual communities are not going to have the resources necessary. AMP has done a very nice job in creating toolkits for small communities to use as resources. The electric vehicle toolkit is really an outstanding document for anyone that wants to put in electric vehicle charging stations. In Ephrata, we've added three two-plug stations to drive economic development. And we're currently not charging for the energy, but they are on the network. So, people are coming to our community to charge and then take advantage of economic development opportunities that our community has to offer.

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