



The Facts on Municipal and Cooperative Utilities

FACT SHEET

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Most electricity and gas customers in Illinois are served by for-profit, “investor-owned utilities,” or IOUs, such as ComEd, Ameren, MidAmerican, Nicor Gas, North Shore Gas and Peoples Gas. But other customers get their electric/gas service from utilities that are owned and operated by the town where they live, or from a local cooperative. If you are a municipal utility or co-op customer you should know how your service differs from investor-owned utilities.

What’s a municipal utility? What’s a co-op?

According to the [Energy Information Administration](#), most of the nation’s utilities are run by local governments or cooperatives in the country, but they are much smaller than investor-owned utilities. In fact, IOUs account for nearly 3 out of 4 electricity customers in the country. Here is how the EIA defines the three:

Investor-owned utilities (IOUs): Large energy delivery companies that issue stock owned by shareholders. Almost three-quarters of utility customers get their electricity from these companies. Examples: Ameren, ComEd, Mid-American, Nicor Gas.

Municipal utilities (also known as Publicly owned utilities, or POU, or “munis”): Utilities that are run by local governments. (Another kind of POU, a public utility district, is voted into existence but runs independent of local government.) Examples of municipal utilities: Naperville Public Utilities, Springfield Public Utilities.

Cooperatives (Co-ops): Not-for-profit member-owned utilities—most common in the Midwest and Southeast, according to the EIA. Illinois also has Generation and Transmission (G&T) cooperatives. According to the [National Rural Electric Cooperative Association](#), G&T co-ops were created to sell power to member cooperatives at a price that was lower than each individual cooperative could obtain on its own. Examples of co-ops: Western Illinois Electric Cooperative, Eastern Illini Electric Cooperative, Egyptian Electric Cooperative Association and Corn Belt Energy Corporation.

How is a co-op or municipal utility different?

The differences can have far-reaching implications for customers. A few examples:

Regulation: With the exception of the right to generate their own power, Illinois’ Public Utilities Act does not cover municipal utilities and cooperatives. They are also largely free of the federal Public Utility Regulatory Policies Act of 1978, which is enforced by the Federal Energy Regulatory Commission, or FERC.

Rates: When Investor-owned utilities, like Ameren and ComEd, want to raise rates, they must go through a rate-setting process at the Illinois Commerce Commission (ICC). With a municipal utility or cooperative, rates are set by that entity—typically a city council or co-op board.

Policy: Unlike investor-owned utilities, co-ops and municipal utilities are not required to have universal policies that are consistent from utility to utility. Policies—on such things as shutoffs, meter reading, how the utility should compensate solar customers for any extra power they produce—may be very different depending on the muni or co-op. In the absence of a regulatory body like the ICC, many of these munis or co-ops belong to larger organizations, such as joint municipal power agencies, G&T co-ops and trade associations, that provide policy guidance. One disadvantage to this model is that these state and national organizations may have a profound impact on muni or co-op policy without input from customers. Some examples of these organizations:

- [Illinois Municipal Electric Agency](#)
- [American Public Power Association](#)
- [Association of Illinois Electric Cooperatives](#)
- [National Rural Electric Cooperative Association](#)

Ownership: A muni or co-op is owned by the taxpayers or co-op members, whereas an IOU is owned by shareholders. A muni or co-op may own their generation or may rely on a G&T co-op.

What programs can I access if I'm a municipal utility or co-op customer?

Always ask your muni or co-op about programs or incentives that could benefit you as an energy customer. Some examples of programs you will have access to, like all energy customers across Illinois:

- **Energy Assistance:** The Low Income Home Energy Assistance Program, or LIHEAP, offers grants to help qualifying customers afford their bills.
- **Other assistance:** If you meet certain low-income requirements, you may be eligible for free appliances and services to make your home more energy efficient and lower your utility bills through the Illinois Home Weatherization Assistance Program (IHWAP).
- **RECs:** "RECs" stand for Renewable Energy Certificates or Credits. For example, a Solar Renewable Energy Credit, or SREC, is a unit that represents the environmental value of solar power. The owners of solar panels, no matter who their utility is, can sell these RECs to utilities or other companies to help pay for the cost of the system.
- **Any incentive your utility offers:** CUB recommends that you keep the lines of communication open with your utility, to learn about energy assistance options and energy efficiency programs it offers. If you're struggling to pay your bill, always call to learn about payment plans to allow you more time to pay off your debt.

Are there any programs I can't access?

There are a number of programs that investor-owned utility customers enjoy that, unfortunately, muni and co-op customers cannot. These include electric energy efficiency programs offered by investor owned utilities; special rate plans; demand response programs (that benefit customers who can shift their usage to low-demand periods); Solar for All (a solar program that guarantees savings for lower-income customers); and Community Solar (an Illinois program that allows consumers to enjoy the benefits of solar power, without having to install panels).

One exception: If you have a muni or co-op for your electricity service but an investor-owned utility for gas service, you can take part in the energy efficiency programs offered by your inverter-owned gas utility.

Who advocates for and protects me?

Investor-owned utilities have multiple regulatory bodies watching how they operate, including the ICC and the Illinois Power Agency, which is tasked with managing utility power purchasing to secure the lowest price possible for consumers. CUB, too, was created to look out for the interests of customers of IOUs.

If you are a municipal or co-op utility customer, you have different entities representing your interests:

- Your city council, in the case of a municipal utility.
- Your co-op board, in the case of a co-op.
- Your state legislators. To view contact information for your legislators, use [CUB's legislator lookup at citizensutilityboard.org](#).

What should I do if I have a complaint?

- Contact your muni or co-op to calmly air your complaint and learn about the policies and regulations relevant to your concern. When you call, be prepared. Have all relevant information to your case—including your account number; bills, letters from the utility, etc. Have a notepad to take notes.
- If you don't like the results of your call to the muni or co-op, take your concern to the next level: the city council, co-op board or state legislators.
- Get involved. Show up at local co-op board or city council meetings.
- Run for your local co-op board. In the case of a municipal utility, work for change by supporting pro-consumer candidates in the next city council election.