

# Federal Assistance: IOU's, Munis & Co-ops

There is much talk about co-ops receiving federal assistance, but the truth is that all electric utilities receive federal assistance in one form or another. Investor-owned utilities (IOU's) are allowed to retain some of the taxes they would have paid to off-set their investment in plant. While some co-ops still receive low interest loans from RUS (Rural Utilities Service), ACEC no longer has any existing loans from the federal government. The information below compares the amount of federal assistance that IOU's receive from the federal government with assistance received by electric co-ops.

## Investor-Owned Electric Utilities <sup>1</sup>

1. Number of systems	194
2. Investment Tax Credits	\$3,425,272,000
3. Accelerated Depreciation	\$72,247,036,000
4. Total retained taxes	\$75,672,308,000
5. Annual cost to government (4.84%)	\$3,662,540,000
6. Total customers	101,951,000
7. Assistance per customer	<b>\$36</b>

## Municipal (City-Owned) Electric Utilities <sup>2</sup>

1. Number of systems	522*
2. Tax-exempt bonds outstanding	\$88,547,413,000
3. Total interest paid	\$3,788,373,000
4. Annual cost to government (24% marginal tax rate assumed)	\$909,210,000
5. Total customers	16,631,000
6. Assistance per customer	<b>\$55</b>

## Rural Electric Cooperatives <sup>3</sup>

1. Number of systems	639
2. Total RUS loans outstanding	\$12,227,601,000
3. Government cost of money less average interest rate on RUS loans (4.84% - 4.80%)	0.04%
4. Annual cost to government	\$4,891,000
5. Total customers	12,131,000
6. Assistance per customer	<b>\$0.40</b>

### Sources:

<sup>1</sup> U.S. Department of Energy (DOE/EIA), 2007 data

<sup>2</sup> U.S. Dept. of Energy (DOE/EIA), *Financial Statistics of Selected Publicly Owned Elec. Utilities* 2003 (last year available). \*522 municipal systems (out of approx. 2,000) reported 2003 statistics to DOE (the last year data was collected).

<sup>3</sup> U.S. Department of Agriculture (USDA), 2007 Statistical Report, Rural Electric Borrowers, IP 201-1, February 2009