



Update on Boulder's Energy Future Work

PLAN Boulder: Friday June 13, 2014

Agenda



- I. History**
- II. Why Municipalize?**
- III. What Can Public Power Do?**
- IV. The Utility of the Future**
- V. Where We Are Today**
- VI. What's Next**
- VII. The Legal Process**
- VIII. Challenges**

History

**CLEAN
LOCAL
ENERGY**

reliable
low-cost
possible

BoulderEnergyFuture.com



Boulder Electric Light Company

An Ordinance # 266

Granting A Permit to The Boulder Electric Light Company And Their
Assigns To Use The Public Streets And Alleys Of The City Of
Boulder For Constructing, Maintaining And Operating Lines Of
Electric Light Wire.

Be it ordained by the City Council of the City of Boulder:

Section 1. There is hereby granted to the Boulder Electric Light
Company and its assigns a permit, for a period of twenty years

unless sooner ended by the election of the City Council, for the
use of the public streets and alleys of the City of Boulder, for

constructing, maintaining and operating lines of electric light
wire (including the right to set poles in therefor), along such

streets and alleys; but such lines shall be constructed and maintained
so as not to obstruct or hinder the usual travel and other legitimate

uses of such streets and alleys, and so as not to interfere with any
rights of private parties owning or using property contiguous to any

portion of such streets and alleys along which such lines may extend.

The use of said streets and alleys in the construction, maintenance,
continuance and operation of said lines shall at all times be subject

to the regulations of the City of Boulder in the premises, which may
exist at any time or be made in the future, whether by ordinance,

resolution or other order. Before this permit to take effect, (Par-
ties to whom permit is granted, in the sum of \$5000.00, satisfactory to

and approved by the City Council to hold the City harmless for any
liability incurred by such parties by such use of streets and alleys.

Passed March 6, A.D. 1895.

March 6, A.D. 1895.

History



- **August 2013** – Council authorized filing of condemnation to acquire Xcel assets if negotiations fail
- **November 2013** – Boulder voters defeated opposing ballot measure, reaffirmed commitment
- **Fall 2013 – ongoing** – Legal and regulatory processes; transition planning; additional community visioning

History



City of Boulder Charter requirements:

- Rates equal to or less than Xcel's at acquisition
- Sufficient revenue to cover operating costs plus earn a debt service coverage margin of 25%
- Reliability comparable to that offered by Xcel
- Increase renewable energy and decrease emissions
- Independent 3rd party review
- \$214 million cap on debt for acquisition
- Representation of any non-city customers

Why Municipalize?

CLEAN LOCAL ENERGY reliable low-cost possible

BoulderEnergyFuture.com



Why Municipalize?



It's about Decarbonization, Decentralization, and Democratization of our Electricity Services

The Boulder vision is about:

- Stable, Safe and Reliable Electricity
- Customer Centric – Service vs. Commodity
- Promoting local economic vitality
- Flexibility and agility in responding to changing market conditions and technology
- Increasingly sustainable, resilient, & carbon free
- Stable and predictable rates

What Can Public Power Do?



What we learned from other POUs:

- *88 new public power utilities have formed in United States in the last 40 years:*
 - Formed in half the US states
 - The largest serves over a million customers, the smallest just a few
 - In the last 10 years 17 new POUs have formed
- *Colorado has 29 public power utilities including Longmont, Fort Collins and Colorado Springs*

What Can Public Power Do?



What we learned from other POUs:

- *Denton Municipal Electric, TX, est. 1905*
 - Economic Development - jobs created through utility, business development to improve efficiency & renewable energy
- *Jefferson County, Washington, est. 2008*
 - Decreased CO₂ Emissions: Over time rates projected to be lower than IOUs with decreased carbon emissions

What Can Public Power Do?



What we learned from other POU:

- *Winter Park, FL, est. 2005*
 - Increased Reliability - POU formed due to outages with IOU; strong program to improve reliability includes putting significant portion of power lines underground
- *Fort Collins Utilities, CO, est. 1887*
 - Resilience & Reliability - one of the most reliable electric distribution systems in the country, 99% of lines underground

The Utility of the Future



**The energy utility market is changing.
This shift is necessary and inevitable.**

Current Business Model

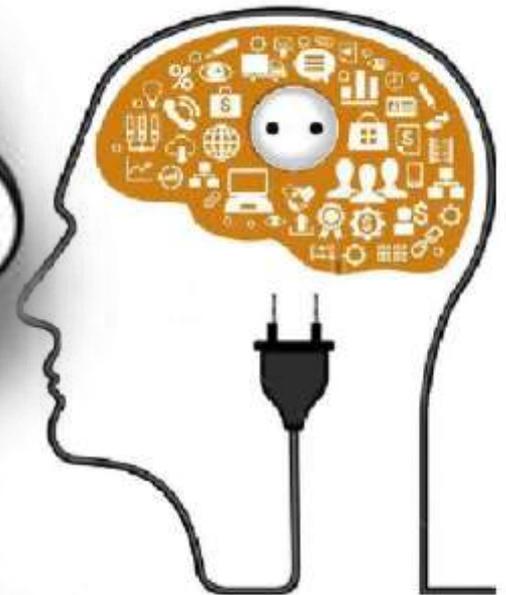


Desired Business Model

The Utility of the Future



Can I charge my electric vehicle with solar?

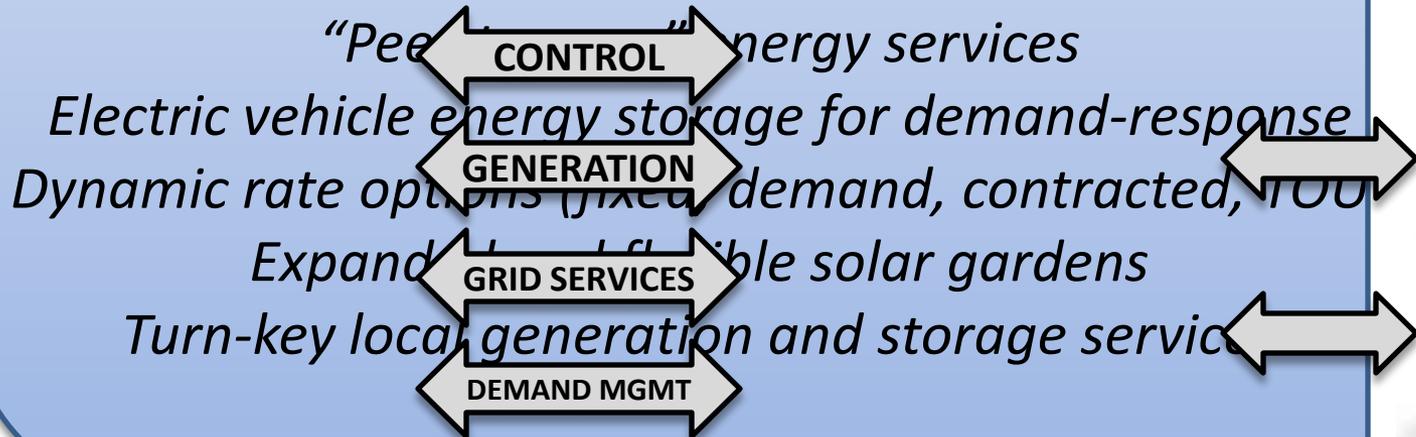


ENERGY SERVICES MARKET

“A platform for innovation”

- Entrepreneurial energy services
- 3rd party access
- Open to innovation and competition

Examples of Innovations focus



Customers



Power Flow

Where We Are Today

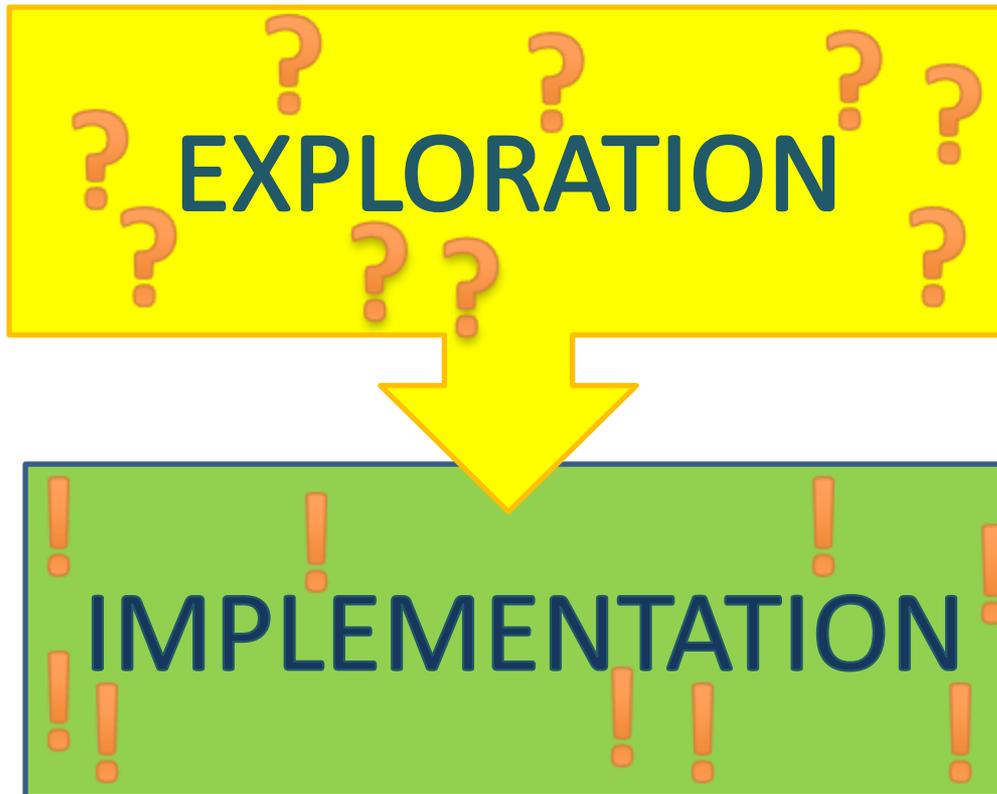
**CLEAN
LOCAL
ENERGY**

reliable
low-cost
possible

BoulderEnergyFuture.com



Where We Are Today



Where We Are Today



Refined goals for implementation:

- Position the city to safely, reliably and cost-effectively operate the electrical system
- Integrate the utility with the city organization
- Provide a seamless customer interface
- Manage legal, regulatory and technical issues, processes and requirements
- Proactively identify and mitigate risks

What's Next?



What's Next?

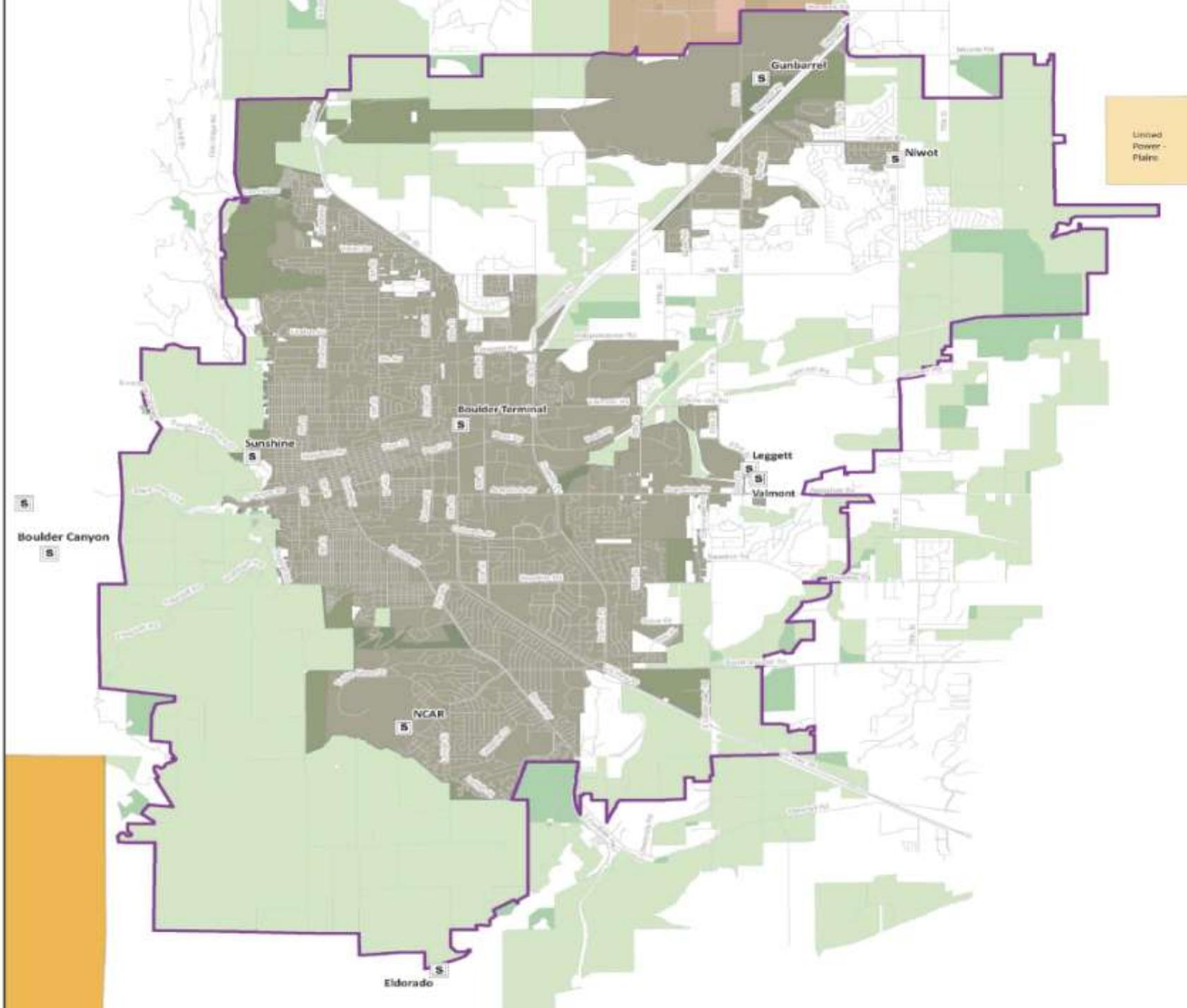


- **Transition Plan**
- **Community Engagement**
 - Working groups
 - Visioning

Home Rule Authority



“ . . . within or without territorial limits, to construct, condemn and purchase, acquire, lease, add to, maintain, conduct, and operate water works, light plants, power plants, . . . in whole or in part, and everything required therefore.”



Legal Process - Background



- City voters have voted three times to exercise this power – in the last election by a landslide.
- Xcel has done everything in its power to stop the city and its people from exercising this right.



Legal Process - The PUC



The PUC has asserted that it has authority to decide which facilities the city can acquire. The PUC asserted the city has to get its approval before it can seek to condemn any Xcel facilities.

The Legal Process - The PUC



The Boulder Docket

Xcel also has filed an application with the PUC intended to limit the ability of Boulder residents to participate in certain demand reduction and alternative energy programs. Xcel contends that city residents have participated disproportionately in these programs.



The Legal Process - The FERC



The city sought a declaratory order confirming that the city could reduce its stranded cost obligation by purchasing electricity from Xcel. Although the FERC denied the petition because it wanted more facts, it did confirm this basic principle.

The Legal Process – The Condemnation Case



- Before filing a petition in condemnation the city must engage in good faith negotiations
- City's initial offer was \$120 million
- On Tuesday, city tendered last and final offer of \$128 million



The Legal Process - The Lawsuit



- Xcel has filed a lawsuit challenging the council's decision to create a municipal utility.
- The city's response to this complaint is due June 26.

Challenges

**CLEAN
LOCAL
ENERGY**

reliable
low-cost
possible

BoulderEnergyFuture.com



Challenges



- Largely uncharted legal and regulatory areas PLUS an uncooperative seller
- Well-funded campaign to defeat efforts, including hiring of anti-municipalization consultant; currently incorrectly quoting cost numbers and calling them “city numbers”
- Confusion within the public, leveraged by those who oppose municipalization who are, in some cases, being backed in a non-transparent way by Xcel Energy

Discussion and Stay Informed



Follow along at www.BoulderEnergyFuture.com

- Sign up for E-News updates and newsletter
- Use online comment form for questions, feedback or suggestions

Send an email to staff team

- energyfuture@bouldercolorado.gov

Contact Heather Bailey with questions/comments

- BaileyH@BoulderColorado.gov or 303-441-1923