City of Boulder
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Boulder's Efforts to Municipalize

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Agenda

I ---------- Background

II ---------- What We've Learned

III ---------- Where We Are Today

IV ---------- What's Next?

V ---------- Questions

Background on Boulder

Background on Boulder

- ~ 100,000 residents (280k in county; 4.3 million in Front Range)
- ~ 50k daily in-commuters
- ~ 100k jobs/6% unemployed
- 25 square miles of urban area
- 95 square miles of open space

Background on Boulder

- In the 2012 general election, almost 93 percent of voters cast ballots; similar turn out as in 2008
- Regularly recognized as one of the most educated cities in the nation
- 2010 Gallup-Healthways: #1 in overall well-being and work experience, near the top of the list in healthy behaviors, physical health

Background on Boulder

- First community to tax itself to preserve open space
- First mandatory green building requirements
- First “carbon tax” in US
- Leader in creating effective and replicable energy efficiency and conservation programs

Our Energy Vision

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, and carbon free
- Stable and predictable rates

Our Energy Vision

Decentralize
Democratize
Decarbonize

History

- **2005** – City started researching options
- **2006** – Nation's first carbon tax
- **2010** – Franchise expires; voters approve utility occupation tax
- **November 2011 –** Voters fund evaluation of municipalization and establish Charter requirements
- **January 2012 to August 2013 –** Analysis to determine if municipalization could meet Charter requirements and add community value

GIVE BOULDER THE POWER
VOTE YES ON 2B AND 2C

Many community members were engaged and vocal on the topic of clean energy

History

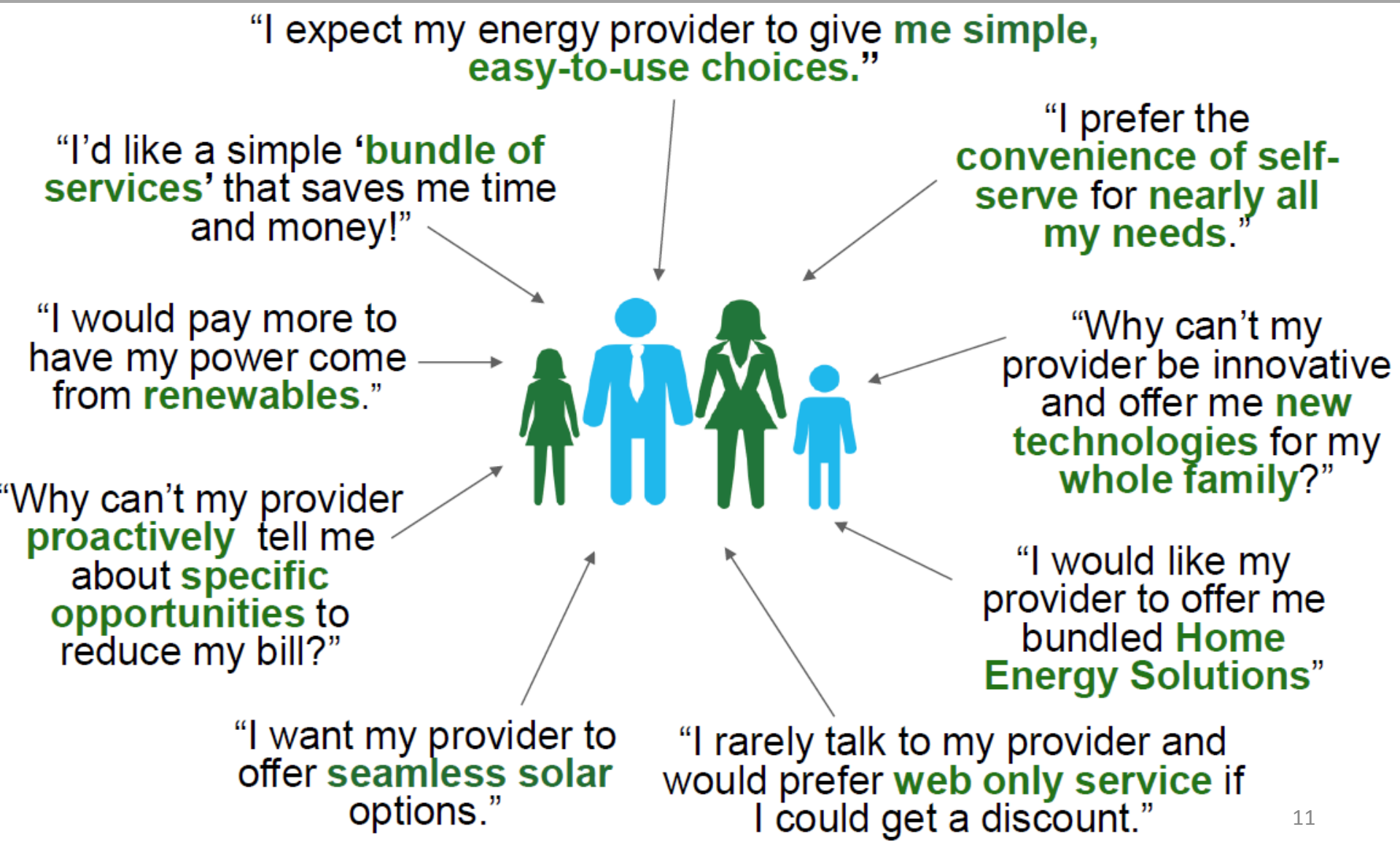
I

Charter Requirements

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

Community Feedback on a Utility of the Future

II



What Experts Are Saying

II

Audrey Zibelman
Founder,
Viridity Energy

"For the first one hundred plus years of the power industry's existence, we presumed that one half of the system, the consuming side, was inalterably dumb... We are now getting a bit smarter."

Steve Malnight
Vice President, Customer Energy Solutions, Pacific Gas & Electric

"We believe there is a need for next-generation policies, "decoupling 2.0" if you will, to more fully harmonize utility ratemaking and rate design with distribution edge resources at scale."

Ron Binz
Principal,
Public Policy Consulting

"Regulation needs to shift from its backward-looking focus on costs, to a forward-looking emphasis on value and desired societal outcomes."

The Shifting Utility Landscape

- New players are stepping up
- New environmental regulations
- Declining or flat load growth projections
- Shifting fuel economics
- Dramatically falling costs of renewable resources
- Aging distribution resources
- Antiquated revenue model
- Increasing customer expectations

Transitioning to a model of the future

An Energy Utility of the Future

Customers

ELECTRICITY DELIVERY PLATFORM

CONTROL

GENERATION

GRID SERVICES

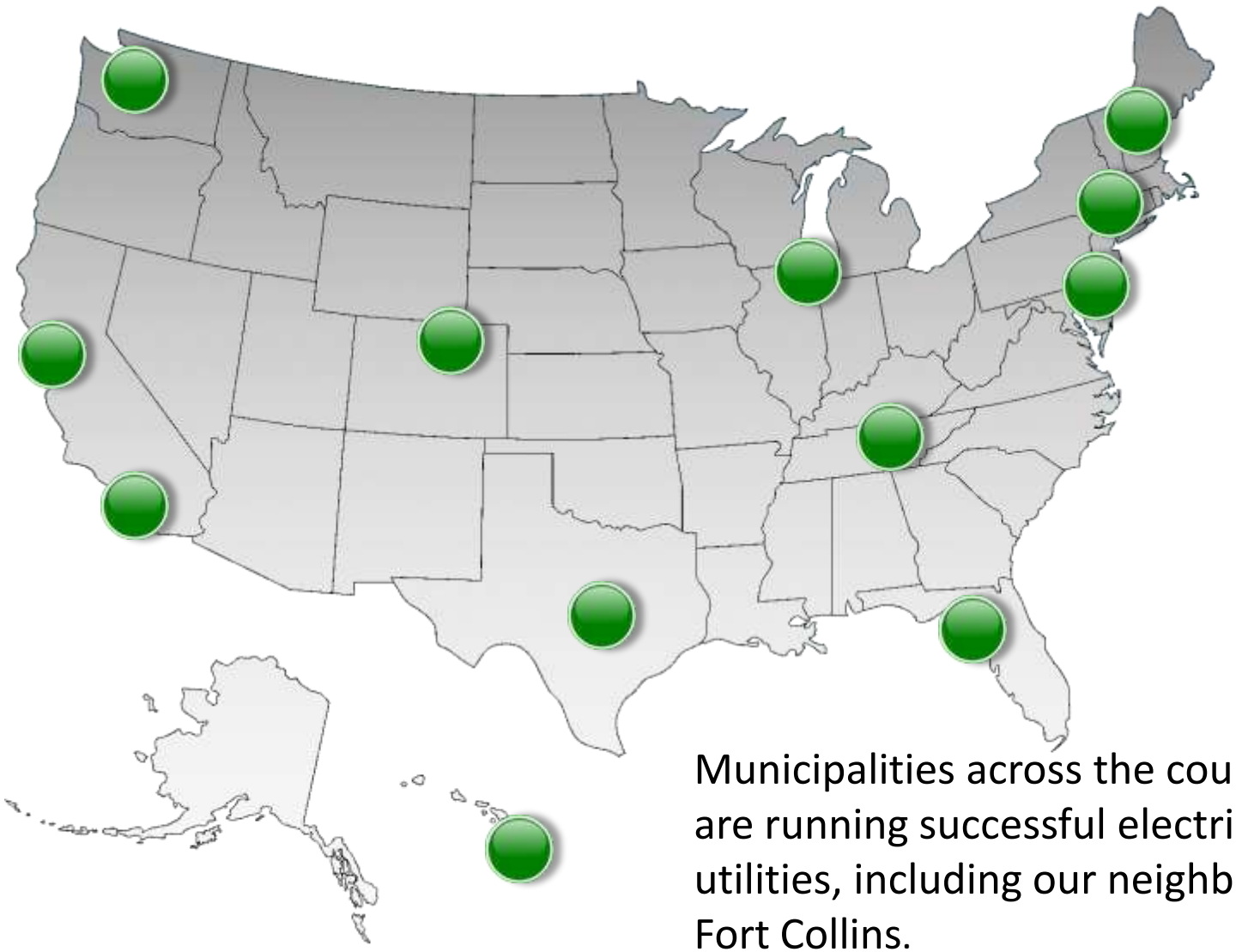
DEMAND MGMT

ENERGY SERVICES MARKET

Power Flow

A Growing Movement

II

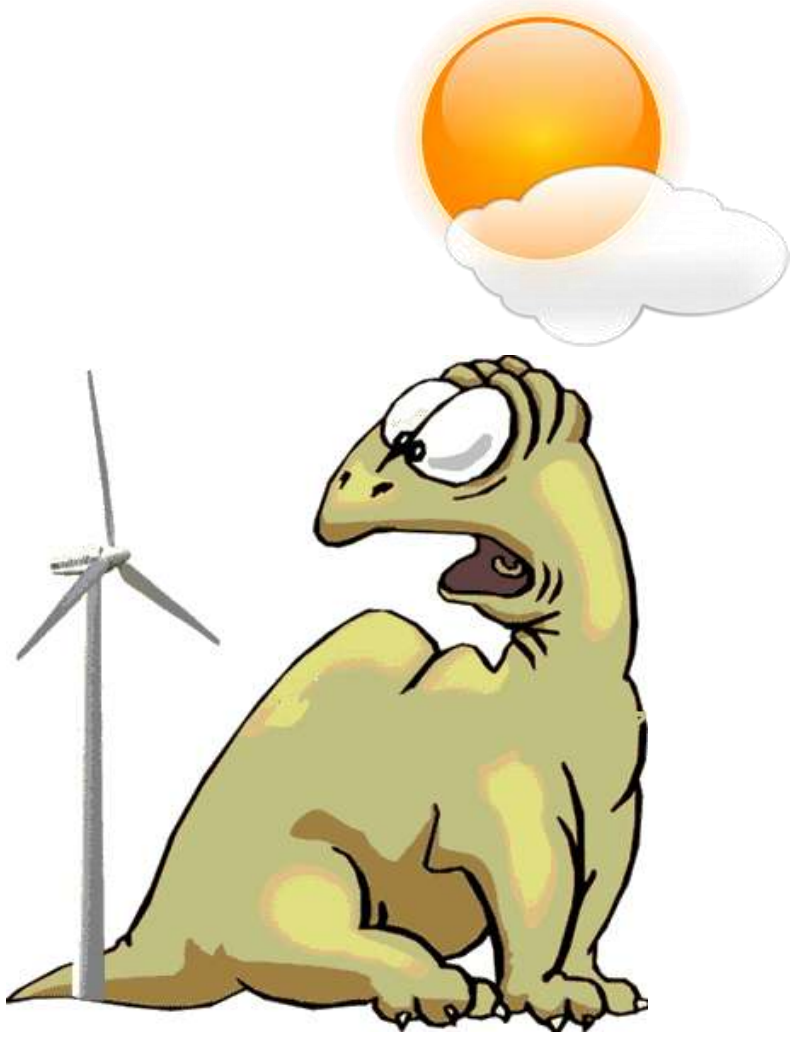


Municipalities across the country are running successful electric utilities, including our neighbor Fort Collins.

Changing Revenue Models

II

- Rates based on KWH sales and ROI create the wrong incentives for carbon reduction and efficiency
- DG and DSM could lead to revenue erosion and/or create new sources of revenue
- Opportunities to partner with innovative businesses around service-based pricing models



Where We Are Today

III

- Formed local utility
- Implementing transition plan
- Dealing with litigation
  - FERC
  - Colorado PUC
  - Condemnation

What's Next?

Whether you believe what Boulder is doing is right or not, we can agree on these principles:

- Most everyone acknowledges the risk of climate change and wants a low carbon future
- Most electric customers want a choice and access to the "cool and groovy" choices
- Most want some price certainty and stability
- Most want economic opportunity
- If utilities don't change, customers will find a way to get what they want

Discussion and Stay Informed

IV

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