



Municipalization: Where we are today

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Agenda

I Key Milestones

II Legal Outcomes

III Key Issues

IV Next Steps

Key Milestones

- 2013 – Third-party evaluation confirms city can meet requirements; council forms utility.
- 2014 – Create transition plan for operating utility; begin court process.
- 2015 – Implementation of transition plan; RFQ for service providers, RFP for power supply to Xcel; file this summer at Colorado Public Utilities Commission (PUC).



Legal Outcomes



- **Federal Energy Regulatory Commission (FERC)**
- **Condemnation filing in district court**
- **Public Utilities Commission (PUC)**

Lower greenhouse gas emissions
and **more clean energy** were
initial drivers, however -

There are other considerations:

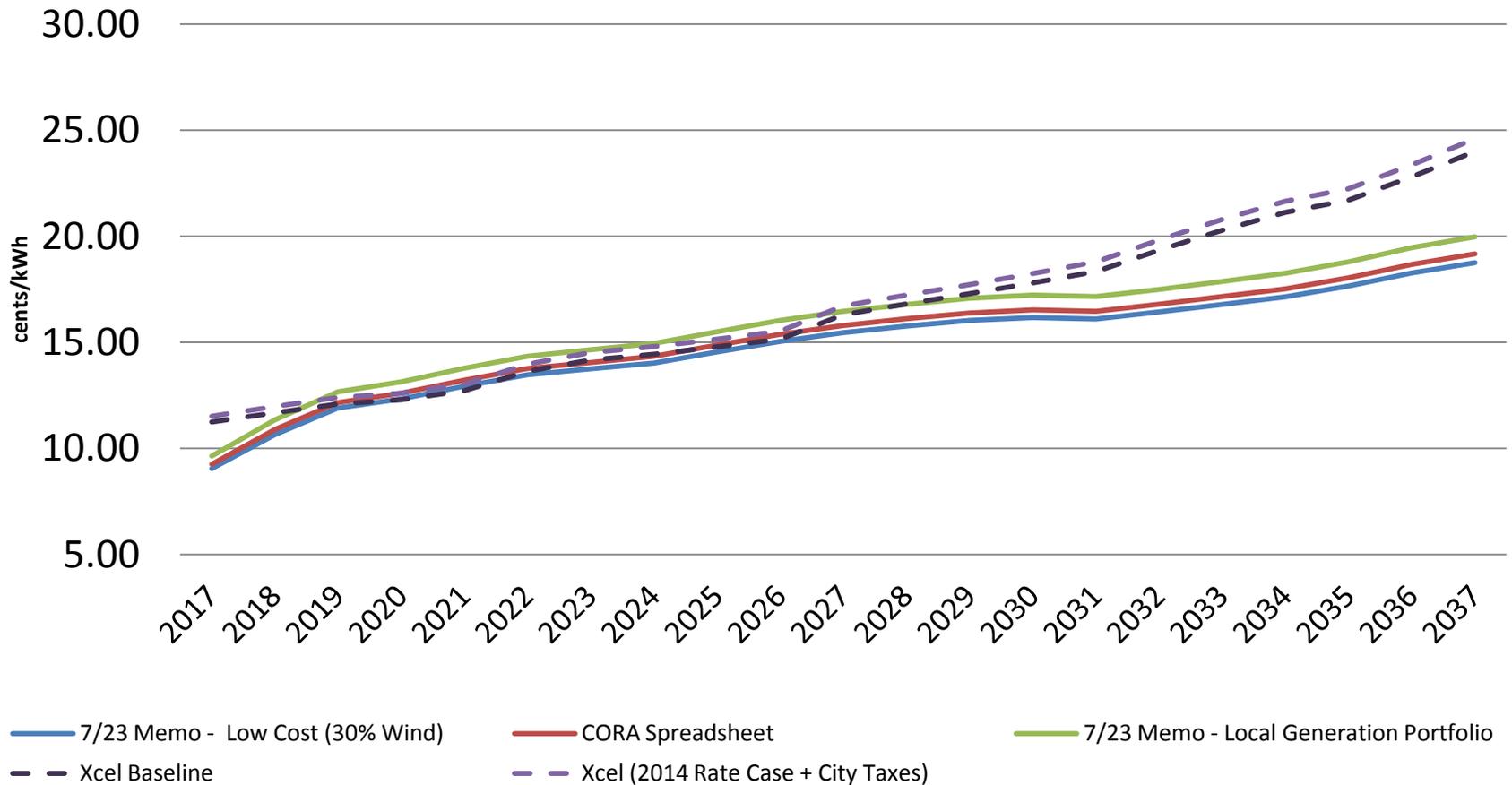
- **Rates**
- **Reliability**
- **Opportunity**



Key Issues: Rates



Model Trends - Cost Paid by Utility Customers (Averaged Across Rate Classes)



Key Issues: Rates

Cost Category Breakdown			
Xcel (6-year Avg)	%	%	City of Boulder (6-year Avg)
O&M (Excl. Fuel & PP)	18%	15%	O&M (Excl. Fuel & PP)
Fuel & PP	39%	66%	Fuel & PP & Transmission
Deprec./Amort. Exp. & Earnings on Rate Base	25%	16%	Debt Service
Taxes Other than Income	12%	3%	PILOT & General Fund Transfer
Income Taxes	6%	0%	N/A
Total	100%	100%	

Key Issues: Reliability

- One of the charter requirements is that the city must provide reliable power – equal to or better than Xcel
- Reliability describes the level of uninterrupted service a utility provides
- A combination of the quality of the physical infrastructure and the ability of the utility to control the system and respond to failures
- Certain elements of reliability are governed by federal and regional regulations

Key Issues: Reliability

Reliability Comparison Data

Note: APPA survey data based on 11 publically owned utilities in Region 1 which includes Colorado, Wyoming, New Mexico and Utah

2013 Data

	Public Service (Boulder Region)	APPA Region 1 Average
SAIFI (# per year)	0.91	1.02
SAIDI (in minutes)	91.8	53.05
CAIDI (in minutes)	102	78.69
Acronym	Stands or	
SAIFI	System Average Interruption Frequency Index	
SAIDI	System Average Interruption Duration Index	
CAIDI	Customer Average Interruption Duration Index	

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

Causes include:

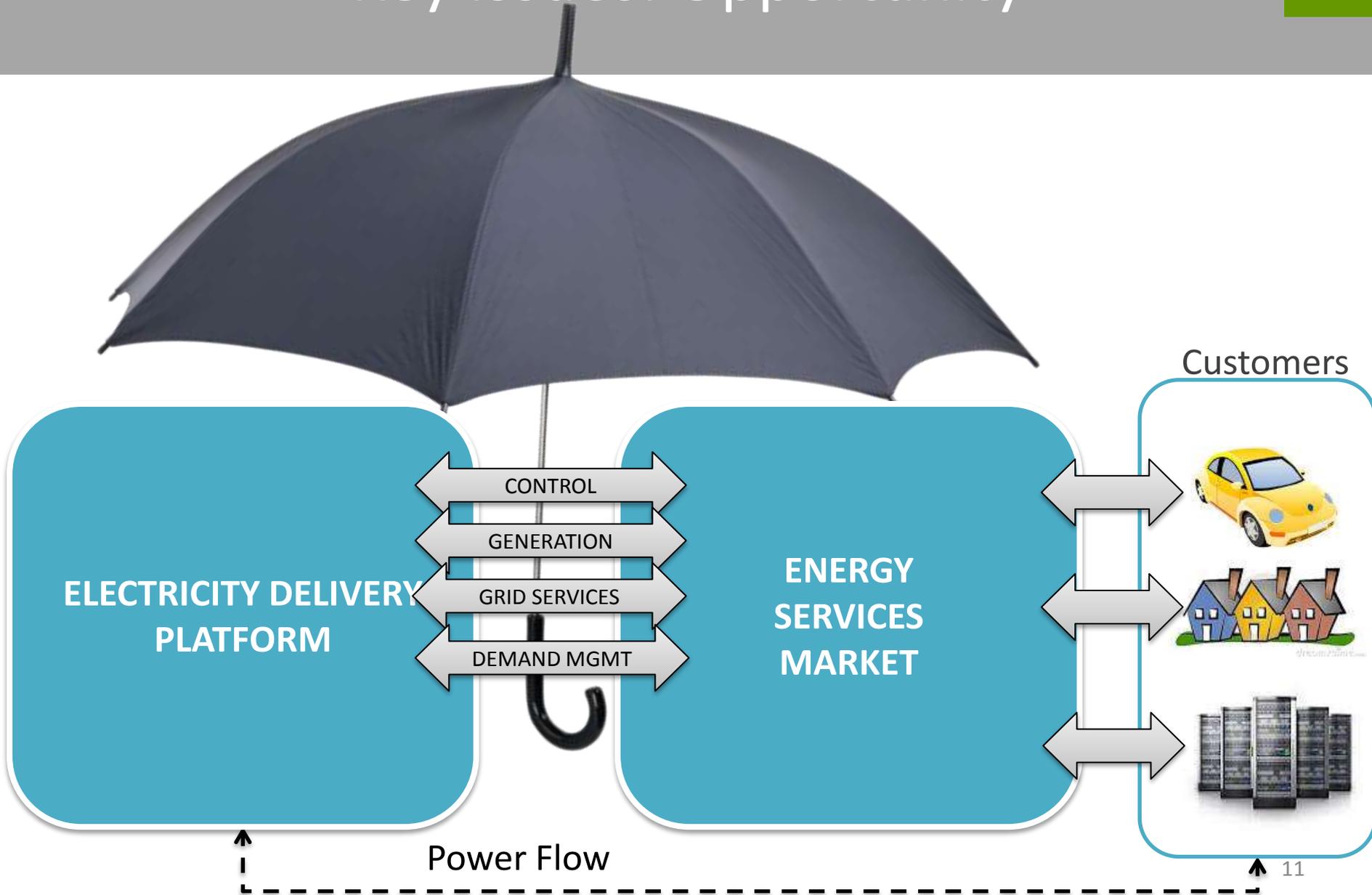
- Changing needs and demographics
- Deregulation and competition
- Technology
- Public pressure

**Current Business
Model**



**Desired Business
Model**

Key Issues: Opportunity



What We Can't Do Today

- Control the carbon intensity of our energy portfolio
- Determine the strategic investments in our grid infrastructure to support distributed generation, microgrids, etc
- Support innovative products and services to the home and energy system that are not behind the meter
- Significantly increase the resilience of our system



... to this.



Key Issues: Opportunity

- National and state trends are toward more innovation and open markets.
- Cities are leveraging their publicly owned utilities for economic vitality.
- For example: San Antonio's CPS Energy, the nation's largest municipal utility, has implemented the "New Energy Economy (NEE)" program, which has led businesses to preferentially locate headquarters and manufacturing facilities in San Antonio.

- Another example - Chattanooga, Tennessee has reinvented their public utility as an “energy service provider”. In addition to access to low-cost, reliable power, local industries benefit from:
 - Time Of Use pricing expected to result in savings of \$2.3 million a year for 22 manufacturers involved a pilot
 - Smart sensors minimizing the spread of electricity outages
 - Some business customers are able to forgo redundant electric feeds because of high reliability
 - Ability to notify customers about spikes in energy demand
 - The grid is projected to provide the city \$300 million in economic benefits over 10 years

Next Steps

- We are moving ahead but will stop if we cannot meet the charter requirements.
- We are always open to **true partnership** with Xcel and **welcome alternatives and proposals** that address the Boulder community's energy goals.
- **Next Steps:**
 - File application with the PUC
 - Transition plan implementation
 - Condemnation
 - Utility start up in 12/17

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