

**FINAL**  
**City of Boulder**  
**Rates and Reliability and Safety Working Groups**  
**Orientation/Kickoff Meeting**

Thursday, March 12, 2015, 11am – 1pm  
Boulder Public Library, 1101 Arapahoe Ave. (Boulder Creek Meeting Room)

The first part of the meeting will be held jointly between the working groups.

**Joint Working Group Agenda**

---

1. Introductions (11:00-11:15)

**City Staff:** Heather Bailey, Kelly Crandall, Lisa Smith, Bob Harberg, Yael Gichon

**Members of Rates Working Group:** Don Archibald, Robert Clarke, Paul Culnan, Eric Elliott, Kyle Gerken, Matt Lehrman, Dan Powers, PB Schechter, Jessica Sharkey, Rick Tazelaar, Nils Tellier, Andy Vissers, Phil Wardwell

**Members of Reliability Working Group:** Pete Baston, Leslie Glustrom, Jim Look, Don Price, Lynn Harrahy

2. Working group protocols and ground rules (11:15-11:30)

See Rates and Reliability Working Groups Kickoff Slides.

3. Background (11:30-11:40)
  - a. On the Energy Future Project
  - b. Transition Plan

See Rates and Reliability Working Groups Kickoff Slides.

4. Where we are now/next steps (11:40-11:50)

See Rates and Reliability Working Groups Kickoff Slides.

5. Questions/Transition to Separate Working Groups (11:50-12:05)

- How long does the Utility Occupation Tax last? The tax extends through Dec. 31, 2017.
- How will the city handle operations and maintenance (O&M) between “day 1” (ownership and beginning of retail operation) and “day 2” (completion of separation)? There are options for contracting out work versus performing work in-house, depending on whether the city receives cooperation from Xcel Energy in a reasonable transition period. The transition plan is designed both for that scenario and for an alternate scenario in which Xcel Energy does not cooperate with the city.
- Did staff examine how good or how bad Xcel’s current infrastructure is prior to council’s decision to move forward? Yes, there was a significant engineering analysis on the age and condition of the infrastructure. Additionally, the modeled budget for the local utility contains

funding for a long-range plan that would fund replacement of almost all of the existing infrastructure over 20 years, as well as underground much of the 40% of the distribution system that is not undergrounded.

- Will the assets being acquired go to the transformer level and meter? Yes.
- Are there any other pending lawsuits where rulings may change the city's timeline for making a filing at the Colorado Public Utilities Commission (PUC)? No.
- How confident are you that you can operate system before you separate? Staff worked out a schedule in the transition plan that provides two scenarios: working with Xcel and not working with Xcel around separation. Interconnection and separation is just placing switches and meters at key locations on wholesale system.
- Comment that PUC is interested in reliability of the system and therefore that any transfer is done in a way that does not impact reliability and service level for customers.
- How will the different working groups meet together? There will be periodic joint working group meetings; this is already occurring between the Energy Services and Resource Acquisition Working Groups.
- Comment that staff should find a way to share information between working groups.

## **Rates Working Group Agenda**

---

1. About the Rates Working Group (12:05-12:20)
  - a. Review objectives of group
  - b. Relevant City Charter provisions
  - c. Anticipated meeting schedule and upcoming topics

See Rates Working Group Kickoff Slides.

Discussion:

- Starting assumption: city would adopt some variation of Xcel's current rates on "day 1" because of lack of specific energy usage information related to Boulder customers.
- Instead of emulating Xcel, could the city emulate Fort Collins Utilities? Yes, there is flexibility in municipal utilities' ability to design rates. However, the solution would need to provide a good comparison to Xcel's rates to meet the Charter requirement and it may not be possible under current time constraints to perform a full cost of service study.
- Are there Boulder customers in all of Xcel's 25-30 rate schedules? Probably closer to 15-20 rate schedules with Boulder customers, but we're not sure.
- Staff clarified that the City Charter requires a "top down" analysis that Boulder's rates would not be higher than Xcel's on "day 1" but there must also be a "bottom up" analysis that those rates would lead to revenues sufficient to cover costs.

2. Background on Rates (12:20-12:45)
  - a. Relevant City Charter language

Discussion:

- Feasibility modeling to determine whether a local electric utility could be formed focused on high-level metrics related to comparing Xcel's and the city's revenue requirements. This working group will look at costs and rates in a more granular way.
- How should we look at rate parity? This would help focus the discussion. It would be useful to connect with other communities on how they compare their rates to each other and to Xcel. Legal guidance is probably useful. It may be useful to look at how the water utility does this.
- Examples of different rate structures from other Colorado utilities would be useful.
- Would it be possible to obtain raw customer data from the utilities in Longmont or Fort Collins to see the range and distribution of usage in different rate classes? Staff can try to do this.
- Small businesses and landlords should be involved in this process; a member offered to follow up on landlord/rental housing representation.
- The outcome of the group is likely to be informational rather than something for council to adopt. It would be useful for the group to come to a written recommendation or series of recommendations—group discussed the benefit of coming to consensus between working group and staff, and reporting out on work well in advance of any council discussion/adoption related to rates.
- Does the PUC have authority over rates for out-of-city customers? If the city served customers outside the city (which is not in the current utility plan), they couldn't be unreasonably discriminated against and they could go to the PUC if they were.
- Are there specific modeling tools that would be used to see the impact of different rates on the revenue requirement? Yes, but farther down the line.
- The Charter provisions related to costs and rates (§178 and §182) do not seem to obligate the city to do particular things because they use words like "strive."
- It may not be possible to have both "rate parity" and "rate class parity," because changing rate schedules could affect the overall average rate and vice versa—it's a zero-sum game. However, there may be creative ways to manage that between "day 1" and "day 2," when more information is known, even if there aren't leading up to "day 1." We may not want to be pigeon-holed into a particular methodology.
- It would be useful to see what technology will allow for in terms of reducing the utility's loads and sales (see Rocky Mountain Institute work). But this would create the risk of shifting costs to maintain the grid to other ratepayers. This issue was dealt with in telecommunications, and there were some missed opportunities that allows other industries to step in to fill gaps for customers.
- When looking at average cost per kWh sold, it may be useful to look at a longer period than 5 years. It would be good to understand where Xcel compares to other utilities nationally in average cost per kWh sold (and current ranking vs. historic trend).
- The distribution of commercial, industrial, and institutional customers is higher in Boulder than in Xcel's service territory overall, so the Boulder proportion of power sold is higher than the Boulder proportion of revenues collected. Many large commercial and industrial customers will show up on multiple rate schedules (such as the University of Colorado).
- Desire was expressed to minimize rate schedules, rather than add more.

### 3. Assignments and scheduling next meetings (12:45-1:00)

#### Discussion:

- It may be useful to create subgroups from the working group to address specific issues.
- The working group may be willing to go paperless (or have less paper) if there are outlets accessible in the room.
- Day meetings seem to be easier for more members. Staff will send out a doodle poll with options for daytime and evening meetings for April.
- Request for teleconference option at future meetings.