



Boulder's Energy Future

City Council Briefing: May 13, 2014

Agenda



- I. Welcome and Introductions
- II. Overview
- III. Status of Transition Planning
- IV. Proposed Next Steps
- V. Council Discussion

Transition Plan



The transition plan is a roadmap for implementing a retail utility operation.

Transition Planning Overview



- 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

Definitions



- Day 1 (Third quarter 2016) – City funds the local electric system and takes ownership of assets
- Day 2 (18-24 months after Day 1) – City completes separation from Xcel Energy and assumes full operation
- Post Day 2 transition to “utility of the future”

Transition Priorities



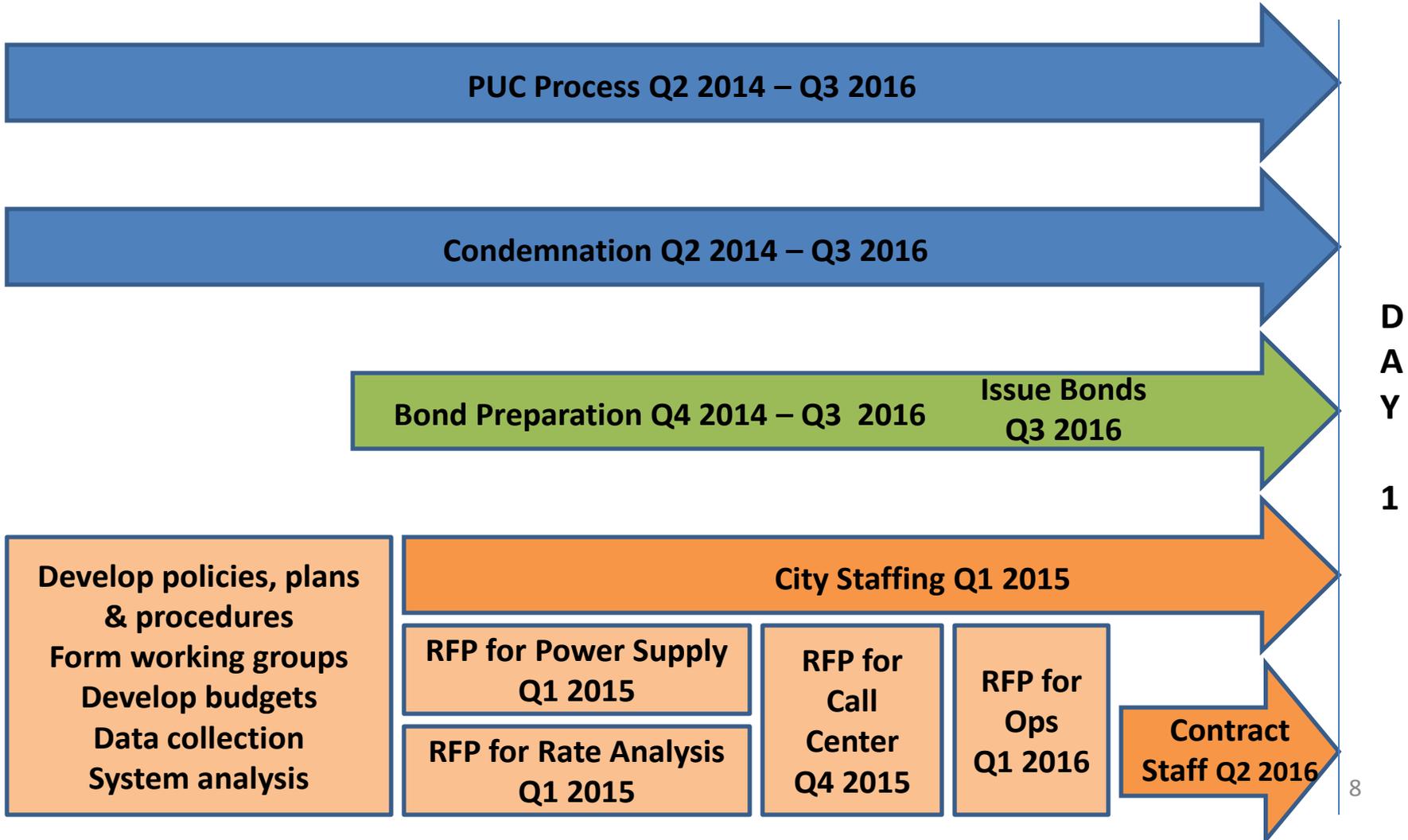
- Provide safe & reliable system operations
- Supply cost effective & reliable wholesale power
- Minimize customer impacts
- Manage costs, especially leading to Day 1

Transition Scenarios



- **Scenario A** – Coordination with Xcel allows for gradual transition process through Day 2
- **Scenario B** – City assumes full operational and power supply responsibility on Day 1

Timeline



Choosing a Path



- Legal and regulatory outcomes will determine which scenario will be implemented
- Transition plan will need to be flexible to adapt to a mix of outcomes and learnings

Functional Areas



- Separation & Reintegration
- Legal & Regulatory
- Customer Service
- Planning & Engineering
- Construction, Operations & Maintenance
- Finance & Accounting
- Administrative
- Power Supply

Functional Areas



Identified components for functional areas:

- Staffing & Workspace
- Systems
- Policies, Procedures & Standards
- Contracts
- Models, Studies & Evaluations

Separation & Reintegration



- Plan to separate the system at technically optimal locations to maintain reliability for both city and Xcel customers occurs between Day 1 and 2

Legal & Regulatory



Manage strategy and process for:

- Condemnation
- PUC
- Federal Energy Regulatory Commission (FERC)

Customer Service



Priority is Customer Information System (CIS) implementation:

- Expand current system
- Capability to accept customer information, program rates and produce bills on Day 1

Planning & Engineering



Oversight of transmission and distribution design and planning:

- Develop Xcel operating agreements during transition
- Receive system data from Xcel for maps and models to ensure safety and reliability
- Develop technical standards prior to city taking over the system

Construction, Operations & Maintenance



Manages system with a focus on reliability:

- Use contractors in early years for both scenarios; however, Scenario B process begins prior to acquisition
- Develop operating and safety procedures
- Coordinate and build outage management and response systems integral to reliability

Finance & Accounting



Integration of current systems and process to support utility:

- Finance obligations prior to Day 1
- Issue bonds for acquisition and operation of the system between Day 1 and Day 2
- Develop rates
- Implement accounting and finance system

Administration



Expansion of existing departments to support utility operations:

- HR will perform assessments to prepare for numerous staff hires on critical dates
- IT will evaluate feasibility of using existing systems, implementing new, and integrating with Xcel when necessary
- Facilities will obtain buildings to house staff and equipment

Power Supply



Managing two options for transition:

- Scenario A allows for planning and contract development during transition
- Scenario B requires new power supply contracts to be in place on Day 1 but may move the city to a low carbon electric supply sooner

Next Steps



- Evaluate staffing needs
- Evaluate existing city technology
- Establish working groups
- Integrate with 2015 budget process and report back to council

Questions for Council



Does council have questions or feedback on:

1. Transition planning to date?
2. Next steps?