



Boulder City Council Meeting
Nov. 15, 2012

www.BoulderEnergyFuture.com



Municipalization Exploration Study DRAFT Project Metrics

The memo and presentation can be found at
www.BoulderEnergyFuture.com.

Questions City Council will need to answer in 2013



- **Based on the Charter requirements, is municipalization feasible?**
- **Based on the risks and opportunities of each strategy that will be presented, should the city move forward with municipalization or a different Energy Future strategy?**

Metrics Process Timeline



- **Stakeholder work team and staff developed and vetted draft metrics presented to council on Aug 28 with municipalization exploration work plan**
- **Presented draft recommended metrics Oct. 9**
- **Presented revised recommended metrics Oct. 16**
 - **Decision delayed to allow for more public input**
- **Additional input collected and vetted through various groups and individuals to address concerns**
- **Tonight – staff requests approval**

What are the metrics and what are they intended to achieve?



- **Will help answer two important questions:**
 - **Can the city feasibly municipalize?**
 - Meets Charter requirements.
 - **Should the city municipalize?**
 - Is municipalization the best option?
 - Is value added to the community?

What are the metrics and what are they intended to achieve? (continued)



- They aren't necessary, but they add a level of objective evaluation
- Represent a quantification of the Charter goals
- Provide a baseline or threshold test
- Provide transparency in strategy selection
- NOT intended to be only criteria for making a municipalization decision
- NOT intended to include everything a municipal utility must accomplish

Proposed Metrics



- **Based on additional feedback modified wording from October 16 draft**
 - **Clarified wording for rate, financial, reliability and GHG reduction metrics**
 - **Added more specificity**

Issues Raised and Solutions



- **Metrics do not cover enough areas to inform council**
- **Risks of municipalization are not being considered**
- **Rate comparison is not detailed by customer class**

Council Member Wilson proposed changes



Rate parity

- Detailed components for purposes of calculating rates
- **By clarifying the definition of cost to be Revenue Requirement (standard utility industry rate making term) it encompasses the total amount of money a utility must collect from customers to pay all costs including a reasonable return on investment, or in the case of a municipal utility - debt service coverage**

Council Member Wilson proposed changes (continued)



Rate parity

- Bond payments must be calculated on an equal payment per year basis with no shaping for credit enhancement
- **This is a decision that should be determined at the time of financing, which would include careful evaluation by financial advisors, rating agencies, and investors. By developing a 20-year model we can show the impacts, long term of bond payments.**

Council Member Wilson proposed changes (continued)



Reliability

- Requirement to specify configuration of the system at separation
- **This level of detail is limiting and does not allow for innovative options that may improve reliability and better support resource**

Council Member Wilson proposed changes (continued)



Greenhouse Gas (GHG)/Renewables

- Requirement for GHG emission reductions and renewable energy sources to demonstrate material, not marginal improvements
- **By developing a short term (5 year) and long term plan (20 year), council will be able to evaluate the magnitude of GHG reductions and increased renewables, as well as its impact on costs.**

Council Member Wilson proposed changes (continued)



Transparency

- Requirement to release all data, models, inputs and assumptions, along with engineering line drawings, etc. for public view
- **This is not part of the Charter goals as approved by the voters. As explained to City Council, there are various aspects that are confidential for litigation, homeland security, and regulatory (NERC) purposes. Staff and stakeholder working groups are vetting assumptions and strategies, with final versions being made available to the public for review. Staff is conducting an open and transparent public process and will post information to boulderenergyfuture.com, as it is finalized.**

Summary



Council charter metrics = starting point

- Analysis will also identify what more can and should be achieved by a city electric utility**
- Process is very comprehensive; not necessarily reflected in metrics**
- Transparency is part of the process; we will keep everyone informed as new info is available**
- Staff and stakeholder work teams are delving into all issues raised and will provide a list of key assumptions and risks.**

Next Steps



- **December 11 Council Roundtable**
- **December 11 Council Study Session, with project update and presentation by Financial Advisor**
- **January 2013 Vetting of strategies with Public**
- **February 2013 Council Study Session – draft recommendations**
- **March 2013 Council Meeting – municipalization recommendations**