



# PLAN-Boulder County

planboulder.org

P.O. Box 4682 Boulder, CO 80306

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## **PLAN-Boulder County Statement on Xcel “Partnership” Options**

PLAN-Boulder County has been a strong advocate of the City of Boulder forming a municipal electric utility to achieve carbon free electricity as one of the most effective steps it could take to impact climate change. PLAN-Boulder County urges the Boulder City Council to continue with its municipalization process that is now being considered by the Colorado Public Utilities Commission (PUC).

Xcel Energy has recently put two options for future energy service in front of the city, neither of which have any real substance, and both of which require that Boulder exit the Public Utilities Commission (PUC) process currently underway. Exiting this process would be premature, given the citizens of Boulder have voted four times to continue municipalization, and the sheer unacceptability of either of the options that Xcel has proposed.

The two options Xcel is offering Boulder in exchange for the city’s withdrawal from the PUC process are to sign a 20 year franchise with an opportunity after 5 years to buy Xcel out of the franchise or restart the PUC process. The second option is described as a “partnership”, but is really a franchise.

In one option, the Xcel specifies the costs Boulder would pay for a buy out to include:

- 180% of what Xcel claims as the value of its facilities in Boulder, which is likely to be on the order of \$100 million more than they would get under the current process;
- 25% of Xcel’s revenues at the time of buy-out to continue for 10 years after Boulder takes over. If buy-out were to happen in 2023, or 5 years from now, this would start at almost \$40 million per year, for doing nothing;
- Xcel would set the terms for any physical separation from its larger distribution system, which would add over \$100 million to the city’s current cost estimates of physical separation;

These provisions mean the buyout provision could never be used, and therefore is not a real option.

The other option is like any standard 20-year franchise. Any promises contained in this option would have to go through the PUC approval process, as is currently the case with franchises, and from which Boulder has gone to great lengths and expense to escape.

Xcel has had a history of offering up some new program any time the city approaches a decision point in its efforts to increase renewables in the city’s energy supply.

- In 2008, when the city began discussing whether to renew the franchise with Xcel, Xcel announced that it had selected Boulder to be its SmartGrid City, an ill-fated, poorly thought out concept that cost the Colorado rate payers millions of dollars;

- Boulder allowed the Xcel franchise to expire and put a tax measure on the ballot in 2011 to replace funds that had been part of the franchise. At that time, Xcel offered the city a wind deal for a significant amount of renewable energy, but Xcel required a 20-year contract with costly rates, and which the city evaluated as much too risky to enter into.
- Now, as Boulder is ready to go to trial at the PUC to determine the details of Boulder's municipal electric utility, Xcel again has offered options that put all the financial risk on the city and offer nothing of substance in return.

The citizens of Boulder have demonstrated in many ways our commitment to a better energy future and to taking action to achieve that. There is no real path to our energy goals with Xcel. They are an investor-owned, public utility. They are beholden to their shareholders, and they make most of their money by investing in building large infrastructure, such as coal plants. The interests of a public utility and the City of Boulder are never going to be the same.

PLAN-Boulder County strongly supports continuing with the current municipalization process. The decision by the PUC will clarify the go forward rules of this process and at that time, the city can make an informed decision about proceeding. It would be a real mistake to settle now.