

Creating a Local Utility in Real Time

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The slide features a background image of a sunset over a mountain range with a winding river in the foreground. The text is overlaid on a green horizontal band across the top half of the image.



What Are We Trying to Achieve?

- Respond in a responsible and pro-active manner to a changing energy economy
- Reduce our exposure to fluctuating energy prices and long-term fuel availability issues
- Reduce our greenhouse gas emissions
- Maximize the local benefit of our energy investments
- Create more choice and more competition, and position Boulder as a center for energy innovation

The slide has a black background with the title in orange and the list items in white. The logo is in the top right corner.

The Choices



Franchise, No Franchise or something else.

Stay with Xcel under "status quo" (no franchise)

- Continue to focus on demand-side management
- Pursue options as they become available
- Potentially create new Franchise agreement with Xcel

OR

Create a municipal utility that owns and operates the distribution system

- Pursue new partnerships and strategies to achieve short-term and long-term goals and objectives

Local Utility-Big Picture



Municipalization

Process of a city acquiring ownership and assuming responsibility for operation of the electric utility system

- Locally-Run Electric Utility
- Fee for service vs. profit based entity
- 29 in Colorado, 2000 nationally (14% of consumers)

Local Utility – Big Picture




Potential benefits of a local utility

- Local management
- Emphasis on long-term community goals
- Lower electricity rates with equal or greater reliability
- Not for profit
- Opportunities for innovation and partnership
- Access to tax-exempt finance for capital projects
- Local jobs creation
- Ability to tap wholesale electricity market


Setting a Course for the Future



City-Funded Analyses





- Energy Baseline Analysis
- Localization Report
- Smart Grid Evaluation
- Local Utility Feasibility Analysis
- Cost Model (initial and additional runs)





All reports and City Council materials are available at www.boulderenergyfuture.com


Ballot Issues 2B & 2C

























Are We Ready to Move Forward?



- November's vote allows Boulder to determine the costs that can only be known through further proceedings
- There are suitable off-ramps to protect the city's and customers' interests
- The potential benefits outweigh the risk of investing time and resources and deciding not to move forward

What Is An Off-Ramp?



Financial impact of "variables"

- Acquisition
- Stranded Costs
- Bond Rating
- Interest Rate

Identification of alternative paths

- ??



Next Steps



- Hired/retained key experts (acquisition, FERC)
- Conduct next step analyses and initiate negotiations/condemnation
- Distribution system appraisal
- Separation/severance planning
- Develop Energy Action Plan

Contact



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