



Boulder's
ENERGY
FUTURE

You Have the Power to Decide

Colorado Climate Network

October 14, 2011



City Campaign Practices



Fundamental Principle for Governmental Entities

While the First Amendment permits the use of public funds to disseminate relevant information to help the public make an informed decision, opponents and supporters of an issue, both equally taxed, have a right to free speech and the fair use of public funds.

In other words, the rule is:

Don't use the taxpayers' money to urge a vote, one way or another

Why talk about this now?



- Expiration of 20-year franchise
- Boulder's climate action commitment
- Rapidly changing industry
- Direction necessary to plan for economic and environmental future
- Voters will decide on Nov. 1

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 choices

- ☑ Stay with Xcel under “status quo” (no franchise)
 - Continue to focus on demand-side management
 - Pursue options as they become available
 - Negotiate a new 20-year franchise?

- ☑ Create a municipal utility that owns and operates the distribution system
 - Fee for service, nonprofit enterprise; there are 29 other munis in Colorado; 2,000 nationally
 - 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

1. Energy Baseline Analysis
2. Localization Report
3. Smart Grid Evaluation
4. Local Utility Feasibility Analysis
5. Cost Model (initial and additional runs)



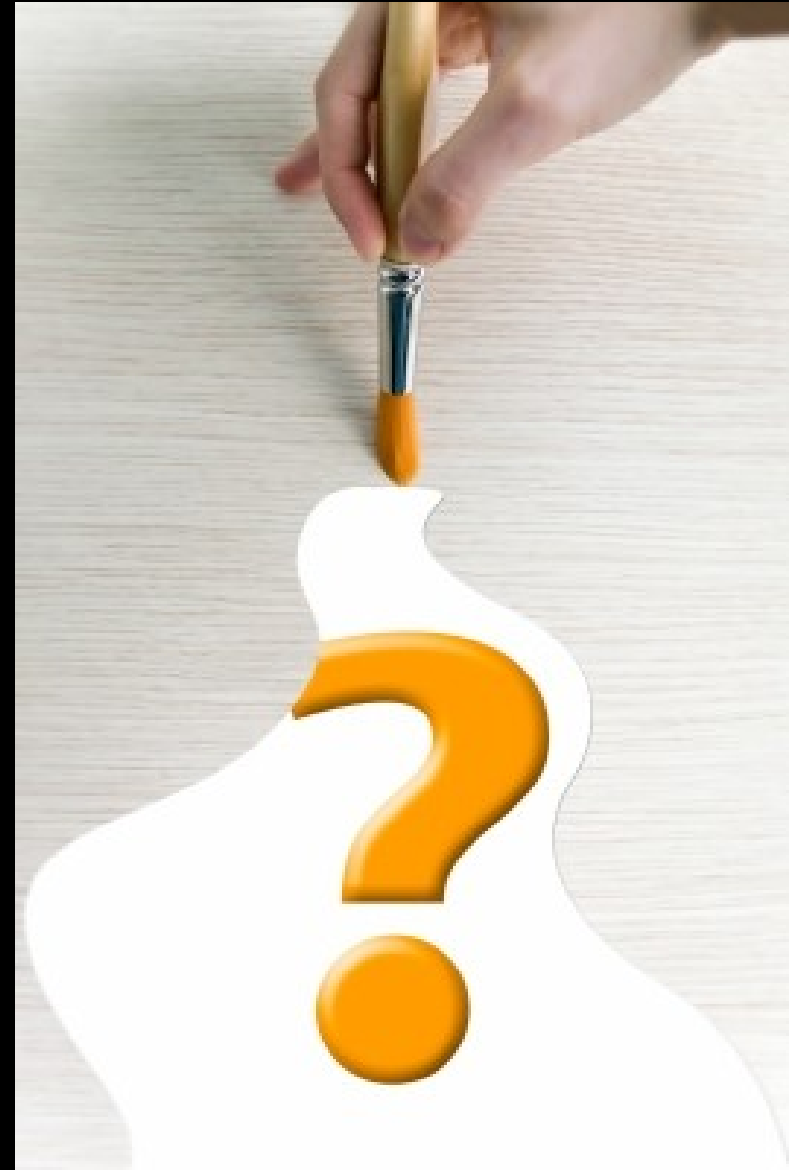
**All reports and City Council materials are available at
www.boulderenergyfuture.com**

Are We Ready to Move Forward?

- Yes. We know that a municipal utility is technically, legally and financially feasible
- A vote will allow 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

The question for voters

What is the best way for Boulder to achieve these community goals?





Ballot Measures



Specific ballot language

Ballot Issue No. 2B

INCREASE AND EXTEND THE UTILITY OCCUPATION TAX

Key points:

Increases Utility Occupation Tax \$1.9 M annually

- For the purpose of funding planning to create a municipal electric utility and acquire the existing distribution system
- Extends tax for two years
- Expires Dec. 31, 2017, or when the city chooses not to create a utility, or when a municipal utility starts

Specific ballot language

Ballot Issue No. 2C

LIGHT AND POWER UTILITY

Key points:

Authorizes the creation of a municipal electric utility **ONLY IF**:

- City Council determines that it can acquire the electrical distribution system in Boulder and charge rates that do not exceed those rates charged by Xcel Energy at the time of acquisition, and
- Such rates will produce revenues sufficient to pay for operating expenses and debt payments, plus an amount equal to twenty-five percent (25%) of the debt payments, and
- Utility can demonstrate comparable reliability to Xcel Energy and include a plan for reduced greenhouse gas emissions and other pollutants and increased renewable energy, and

Specific ballot language

Ballot Issue No. 2C

LIGHT AND POWER UTILITY

- Establishes by charter a “Light and Power Utility” as specified in Ordinance No. 7804
- Authorizes issuance of revenue bonds payable solely from the net revenues of the utility
- Bonds would be used to acquire existing electric distribution system and constructing, relocating, installing, improvement, completing or expanding equipment, facilities and other assets of the electric distribution system. The bonds would be payable solely from the net revenues of the utility.

Next steps



If voters approve the ballot measures, staff will proceed with municipalization process.

- Hire/retain key experts

- Conduct next step analyses and initiate negotiations

- Continue community outreach and input

If voters do not approve, staff will meet with council to discuss potential next steps to move forward on community's energy goals.

Xcel not willing to sell power grid

BY MICHAEL DAVIDSON
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BOULDER - Boulder is greatly underestimating how much it will cost to start its own electric utility and faces a tough legal fight if it tries to take over the grid, a local representative said last week.



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Council for balanced language

BY MICHAEL DAVIDSON
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COAL IS DEATH!

GENERATION
Green

2015

LET'S KEEP OUR
OPTIONS OPEN!

WIP

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LDER

HE
WER
VOTE YES ON 2B AND 2C

Renewable
BOULDER
NEXT
STEP!
A CLEAN
ENERGY
FUTURE

Vote
FOR CLEAN POWER
— YES ON —
2B & 2C

on
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