December 11, 2012

Members of Boulder City Council
Jane Brautigam, City Manager
Heather Bailey, Executive Director of Energy Strategy and Electric Utility Development
Tom Carr, City Attorney

RE: Exploring Opportunities for Reaching Boulder’s Energy Future Goals

Ladies and Gentlemen:

We were pleased to read the white paper prepared by the City’s Energy Strategy and Electric Utility Development Department that outlined Boulder’s ideas for potential ways to achieve its Energy Future Goals in partnership with Xcel Energy. We agree that it would be more productive to work together to achieve these goals than for the City and our Company to determine their paths in court.

The white paper makes its clear that the contemplated condemnation to form a municipal utility is only one of many “means” available to the City to achieve your Energy Future Goals; it is not an “end” in itself. Xcel Energy strongly believes that we can help the City achieve its Energy Future Goals better, faster and cheaper through collaboration rather than through litigation.

Xcel Energy does not agree with many of the statements in the white paper under the heading “Boulder’s History with Xcel.” We believe that many of these statements unfairly cast our company in an unfavorable light. But rather than taking the time to rebut point by point the inaccuracies in that history section, we believe it would be more productive to begin now to address our future relationship.

Xcel Energy values our Boulder customers, both for the opportunity to serve, as well as their creative ideas. Several new ideas were presented to us for the first time in this white paper. We welcome the opportunity to discuss these concepts, and others that we have been developing, with the City in a transparent public process. Xcel Energy prefers to work with Boulder on concepts that we could introduce or make available to all our customers, both in and outside of Boulder.
While we think some of these ideas can be more easily implemented than others, and in an effort to add candor to the discussion that the white paper seemed concerned about, there are options listed that will likely not work for the Company. Still, we see no reason not to move forward with a dialogue about the options presented.

The white paper made it clear that the City wants to proceed quickly because of time-limited funding. Xcel Energy also would like to begin immediately to determining whether we can address your concerns in a manner that both assures that our other customers are not adversely impacted and that our ability to operate our business in a safe, reliable and economic manner is not impaired. We believe that many of the options referenced in the report would allow you to meet your objectives, while allowing us to preserve principles that we view as important, as well.

If the Council believes, as we do, that there are ways to engage together, we stand ready to work with you.

We look forward to hearing from the City about the process that the City would like to use to investigate and develop alternatives to municipalization:

Very truly yours,

David L. Eves  
President and Chief Executive Officer  
Public Service Company of Colorado