



June 16, 2016

Art Riddile  
Mayor, Town of New Castle  
New Castle Town Hall  
450 West Main Street  
PO Box 90  
New Castle, CO 81647

**VIA ELECTRONIC MAIL**

RE: Xcel Energy Franchise Agreement

Dear Mayor Riddile:

Xcel Energy is proud of the long standing partnership we have with the Town of New Castle. I am pleased to report that together with Town attorneys we have successfully negotiated the terms of a new franchise agreement. At the July 5 Town Council meeting, Xcel Energy will request the Town refer to the electorate a matter that will allow our franchise a twenty (20) year period.

I understand there is some concern about the twenty year term of the agreement and I would like to address those concerns both here in this letter and, if you desire, during the Council meeting on July 5. The current franchise agreement Xcel Energy has with the Town of New Castle is one of the longest agreements currently in place. This agreement became effective November 10, 1991 and is scheduled to expire November 9, 2016 – a 25 year franchise agreement.

Our franchise agreement sets forth the terms and conditions under which we use Town streets and other Town property for placing utility facilities serving the citizens of New Castle. The agreement assures a cooperative, reliable and efficient working relationship. It is important that these agreements provide for the long-term commitment of both parties. Utilities provide a capital intensive service with long-term investment windows. The absence of formalized, long term agreements such as franchise agreements would prompt lenders to charge higher interest rates, and, in general, cause utilities to sacrifice some of the efficiency of long-term planning. The result would most certainly be higher customer bills and less reliable service. 20 year agreements provide certainty to ensure that neither side has to piecemeal a plan or make investment decisions that will adversely impact rates.

Furthermore, the franchise agreement calls for a 3% franchise fee to be paid to the Town. This fee is direct income to the Town that comes from our sales within the Town. Cities or Towns that do not have a franchise agreement do not receive a franchise fee. In most cases this is a significant source of revenue. In the case of New Castle, the franchise fee collected and remitted to the Town in 2015 was \$94,413.00, approximately 3% of the Town's general fund.

Xcel Energy currently has at least 97 active franchise agreements throughout the State of Colorado. Each of these agreements has a 20 year minimum term. Most communities on the Western Slope are franchise communities. In Garfield County the following communities have a franchise agreement with



Xcel Energy: Carbondale, Parachute, Rifle and Silt. The most recent franchise agreement that has been completed in our area (also with a 20 year term) is with the Town of DeBeque. The agreement with DeBeque received unanimous support from the Town.

I look forward to presenting to the Town Council in a few weeks and I welcome any questions you may have. If you would like to discuss anything contained herein prior to the July 5 meeting, please do not hesitate to contact me. I have enclosed my card for your reference.

Thank you for your consideration.

Best,

A handwritten signature in blue ink, appearing to read 'Kelly Flenniken', written in a cursive style.

Kelly Flenniken  
Area Manager

cc: Tom Baker, Town Administrator  
New Castle Town Council  
Melody Harrison, Town Clerk  
Haley Carmer, Garfield and Hecht, P.C.  
Hollie Velasquez Horvath, Xcel Energy

**TOWN OF NEW CASTLE, COLORADO  
RESOLUTION NO. 2016-09**

**A RESOLUTION OF THE TOWN OF NEW CASTLE TOWN COUNCIL REFERRING TO THE VOTERS OF NEW CASTLE ON NOVEMBER 8, 2016 A MEASURE TO APPROVE AN ORDINANCE GRANTING AN ELECTRIC AND GAS FRANCHISE TO PUBLIC SERVICE COMPANY OF COLORADO FOR A PERIOD OF 20 YEARS**

**WHEREAS**, the Town of New Castle ("Town") granted to Public Service Company of Colorado ("Public Service") for a period of twenty-five years an electric and gas franchise; and

**WHEREAS**, the grant of the franchise became effective on November 10, 1991 and expires by its terms on November 9, 2016; and

**WHEREAS**, the Town and Public Service have engaged in negotiations for a renewal franchise that would become effective on November 10, 2016; and

**WHEREAS**, Public Service desires that the renewal franchise be granted for a period of twenty (20) years; and

**WHEREAS**, Article V of the Town Charter provides that no franchise shall be granted for a period of greater than five (5) years except upon the affirmative vote of a majority of the qualified voters voting thereon at a general election or a special election called for that purpose; and

**WHEREAS**, Article V of the Town Charter provides that the ordinance granting franchise may be put to voter approval by the initiative or referendum process and that the proposed franchisee shall pay the expense of such election; and

**WHEREAS**, the Town and Public Service successfully negotiated all terms of a renewal franchise agreement except the twenty (20) year grant of the franchise; and

**WHEREAS**, Public Service has requested that the franchise be put to voter approval through the referendum process and has agreed to pay the expense of such election:

**NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF NEW CASTLE, COLORADO:**

Recitals. The foregoing recitals are incorporated herein as findings and determinations of the Town Council.

Referral to Voters. The Town Council hereby refers to the voters of New Castle, on November 8, 2016, a measure to approve an ordinance granting an electric and natural gas franchise to Public Service Company of Colorado according to the terms negotiated between the Town and Public Service, entitled:

**AN ORDINANCE OF THE NEW CASTLE TOWN COUNCIL GRANTING BY FRANCHISE TO PUBLIC SERVICE COMPANY OF COLORADO, ITS AFFILIATES, SUCCESSORS AND ASSIGNS, FOR A TERM OF TWENTY (20) YEARS, THE RIGHT TO USE THE STREETS WITHIN THE TOWN TO FURNISH, SELL, TRANSMIT, TRANSPORT AND DISTRIBUTE ELECTRICITY AND NATURAL GAS TO THE TOWN AND TO ALL RESIDENTS OF THE TOWN, GRANTING THE RIGHT TO ACQUIRE, CONSTRUCT, INSTALL, LOCATE, MAINTAIN, OPERATE AND EXTEND INTO, WITHIN AND THROUGH THE TOWN ALL FACILITIES REASONABLE NECESSARY TO FURNISH, SELL, TRANSMIT, TRANSPORT AND DISTRIBUTE ELECTRICITY AND NATURAL GAS WITHIN AND THROUGH THE TOWN AND FIXING THE TERMS AND CONDITIONS THEREOF, INCLUDING THE PAYMENT TO THE TOWN OF A FRANCHISE FEE.**

The proposed ordinance is attached to this Resolution as Exhibit 1.

Introduced, read and adopted at a Regular Meeting of the Town Council of the Town of New Castle, Colorado on July 5, 2016.

TOWN OF NEW CASTLE, COLORADO

By: \_\_\_\_\_  
Mayor Art Riddile

ATTEST:

\_\_\_\_\_  
Town Clerk Melody Harrison, CMC

**TOWN OF NEW CASTLE, COLORADO  
ORDINANCE NO. 2016-03**

**AN ORDINANCE OF THE NEW CASTLE TOWN COUNCIL GRANTING BY FRANCHISE TO PUBLIC SERVICE COMPANY OF COLORADO d/b/a XCEL ENERGY, ITS AFFILIATES, SUCCESSORS AND ASSIGNS, FOR A TERM OF TWENTY (20) YEARS, THE RIGHT TO USE THE STREETS WITHIN THE TOWN TO FURNISH, SELL, TRANSMIT, TRANSPORT AND DISTRIBUTE ELECTRICITY AND NATURAL GAS TO THE TOWN AND TO ALL RESIDENTS OF THE TOWN, GRANTING THE RIGHT TO ACQUIRE, CONSTRUCT, INSTALL, LOCATE, MAINTAIN, OPERATE AND EXTEND INTO, WITHIN AND THROUGH THE TOWN ALL FACILITIES REASONABLY NECESSARY TO FURNISH, SELL, TRANSMIT, TRANSPORT AND DISTRIBUTE ELECTRICITY AND NATURAL GAS WITHIN AND THROUGH THE TOWN AND THE RIGHT TO MAKE REASONABLE USE OF ALL STREETS AND OTHER PUBLIC PLACES AND PUBLIC EASEMENTS AS HEREIN DEFINED AS MAY BE NECESSARY, AND FIXING THE TERMS AND CONDITIONS THEREOF, INCLUDING THE PAYMENT TO THE TOWN OF A FRANCHISE FEE.**

**WHEREAS**, the Town of New Castle ("Town") granted to Public Service Company of Colorado ("Public Service" or the "Company") for a period of twenty-five (25) years an electric and gas franchise; and

**WHEREAS**, the grant of the franchise became effective on November 10, 1991 and expires by its terms on November 9, 2016; and

**WHEREAS**, the Town and Public Service have successfully negotiated all terms of a proposed renewal Franchise Agreement that will become effective by its terms as of November 10, 2016, and expire on November 9, 2036; and

**WHEREAS**, a copy of the proposed renewal Franchise Agreement has been presented to the Town Council for its consideration and approval, a copy of which is attached hereto as Exhibit "A" and is on file with the Town Clerk; and

**WHEREAS**, the Franchise Agreement includes, among other provisions, the following major terms and conditions: (1) a term of twenty (20) years; (2) a requirement that Public Service pay to the Town a franchise fee equal to three percent (3%) of the gross revenues that the Company receives from the sale of electricity and the sale and transportation of natural gas to residents of the Town; and (3) other provisions regarding the provision of utility service, the construction, operation and relocation of Company facilities, and other performance obligations; and

**WHEREAS**, Article V of the Town Charter provides that no franchise shall be granted for a period of greater than five (5) years except upon the affirmative vote of a majority of the qualified voters of the Town voting thereon at a general election or a special election called for that purpose; and

**WHEREAS**, Article V of the Town Charter provides that the ordinance granting franchise may be put to voter approval by the initiative or referendum process and that the proposed franchisee

shall pay the expense of such election; and

**WHEREAS**, the Town Council referred the requested franchise to voter approval at the general election held on November 8, 2016; and

**WHEREAS**, a majority of the qualified voters of New Castle who voted in the general election on November 8, 2016, approved the grant of a franchise to Public Service for a period of 20 years; and

**WHEREAS**, pursuant to C.R.S. § 31-32-101, no franchise granting the right or privilege to erect, construct, operate, or maintain an electric light plant or system or a gas works, plant or system in any manner other than by an ordinance adopted by the Council; and

**WHEREAS**, the Council considered the Franchise Agreement at two duly-noticed, regular public meetings held \_\_\_\_, 2016, and \_\_\_\_, 2016; and

**WHEREAS**, the Council finds that all notice and publication requirements set forth in C.R.S. §§ 31-32-301, *et seq.*, have been met;

**WHEREAS**, the Council finds that the Town's grant of a franchise to the Company in accordance with the terms and conditions of the Franchise Agreement is in the best interests of the Town and its citizens, and will serve to meet the needs of the community.

**NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF NEW CASTLE, COLORADO:**

**Section 1.** The Town Council of the Town of New Castle hereby approves the proposed Franchise Agreement by and between the Town and the Company in the form of such Franchise Agreement attached hereto as Exhibit "A," and incorporated herein by this reference, and hereby authorizes the grant of the franchise herein contained subject to and upon the terms and conditions of said Franchise agreement.

**Section 2.** The Mayor and the Town Clerk are authorized and directed to execute the Franchise Agreement on behalf of the Town, such execution to be on and after the effective date of this Ordinance.

**Section 3.** This Ordinance shall be effective 14 days after final publication.

**Section 4.** Each section of this Ordinance is an independent section and a holding of any section or part thereof to be unconstitutional, void, or ineffective for any cause shall not be deemed to affect the validity or constitutionality of any other section or part thereof. The Council declares that it would have passed this Ordinance and the Franchise Agreement and each part thereof irrespective of the fact that any one part be declared invalid.

**Section 5.** All other ordinances or portions thereof inconsistent or conflicting with this Ordinance or any portions hereof are hereby repealed to the extent of such inconsistency or conflict.

**INTRODUCED, READ AND PASSED** on \_\_\_\_\_, 2016, at which time copies

were available to the Council and to those persons in attendance at the meeting, read by title, passed on first reading, and ordered published in full and posted in at least two public places within the Town as required by the Charter.

**INTRODUCED** a second time at a duly-noticed regular meeting of the Council of the Town of New Castle, Colorado, on \_\_\_\_\_, 2016, read by title and number, passed with amendment as set forth herein , approved, and ordered published as required by the Charter.

**TOWN OF NEW CASTLE, COLORADO**

By: \_\_\_\_\_  
Mayor Art Riddile

**ATTEST:**

\_\_\_\_\_  
Town Clerk Melody Harrison, CMC

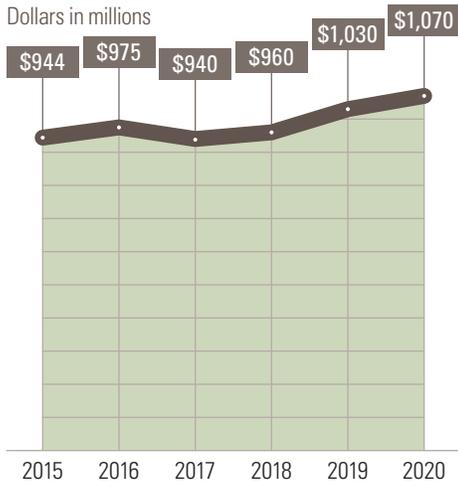


# Our Commitment to New Castle

## Economic Impact

### Actual and current estimated base capital expenditure programs of Xcel Energy in Colorado for 2015 through 2020

Dollars in millions



Franchise fees collected

**\$94,413**

Taxes paid (sales, use, property)

**\$105,931**

Employees who work in Colorado

**3,751**

### Veterans hiring

Xcel Energy is proud to have increased our veteran hires to 10.7 percent in 2015 and remains committed to maintaining our status as a top veteran and military employer.

[xcelenergy.com/company/careers/veterans](http://xcelenergy.com/company/careers/veterans)

## Your Contacts



### Kelly Flenniken

Area Manager

Office – 970.244.2611

Cell – 970.778.1118



### Hollie Velasquez Horvath

Director,  
Community Relations

Office – 303.294.2274

Cell – 303.880.5778

## Community Giving

Xcel Energy  
Foundation grants\*

**\$1.2 million**

Matching gifts\*

**\$0.25 million**

United Way\*

**\$1.85 million**



Employee  
volunteer hours\*

**29,108**

Volunteering  
contributions\*

**\$0.34 million**

### Day of Service

Day of Service is a tradition at Xcel Energy and our company's largest volunteer day. Join us this year on Sept. 10 at project sites throughout Colorado. [xcelenergydos.ivolunteer.com](http://xcelenergydos.ivolunteer.com)

\*Number for Colorado

## Community Energy

### Customer counts

Residential customers		Business customers	
Electric	Gas	Electric	Gas
1,751	1,550	195	92

Powering the lives of our customers and communities is at the core of what we do every day.

See how your community uses energy and participates in energy savings options in Xcel Energy's community energy reports at [xcelenergy.com/partners/municipalities](http://xcelenergy.com/partners/municipalities).

## Environmental Commitment

### Energy efficiency

Xcel Energy's award-winning energy efficiency programs provide a variety of solutions to meet the individual needs and preferences of customers. Not only can customers save money by improving efficiency, but these projects also support the environment. Popular residential programs include lighting, heating and cooling, refrigerator recycling and the Home Energy Squad. Popular business programs include energy audits and lighting equipment rebates.

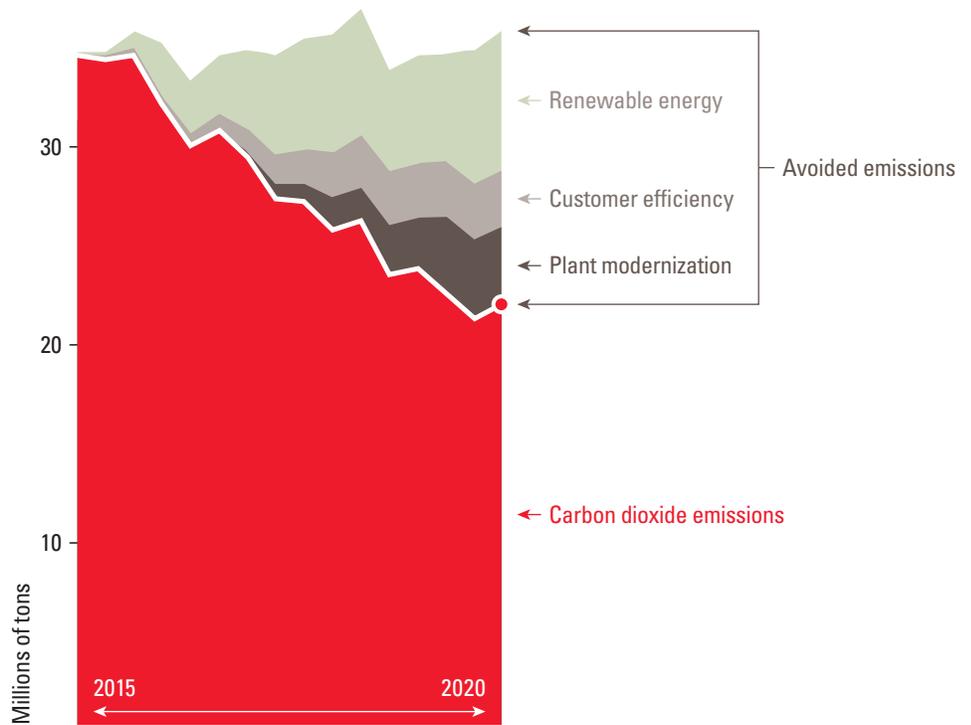
[xcelenergy.com/programs\\_and\\_rebates](http://xcelenergy.com/programs_and_rebates)

### Partners in Energy

More communities are realizing energy planning plays a critical role in helping them reach their goals. Our Partners in Energy program provides communities in Colorado free services to develop an energy plan and assistance with implementing that plan. Partners in Energy tailors its services to complement each community's vision.

[xcelenergy.com/PartnersInEnergy](http://xcelenergy.com/PartnersInEnergy)

### Projected 35% reduction in carbon dioxide emissions in Colorado by 2020



## Operational Excellence

### Reliability

In 2015, Xcel Energy customers on average had electricity service **99.9 percent** of the time. When a major storm hits, we are prepared to respond swiftly and effectively to restore power, as has been demonstrated time and again. Xcel Energy's system reliability results consistently rank near the top one-third of U.S. electric utilities.

### Maintaining a diverse mix of energy resources

Colorado 2015 electricity supply by energy source

