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## Xcel playing dirty on coal plant plan: It wants us to bear cost now for plant that might never materialize

**By Hunter Lovins**  
**April 30, 2006**

Hey, fellow Xcel ratepayers: weary after a long winter of double-digit rate increases? Watch out! Another rate increase to finance a polluting coal plant is hidden inside Xcel's latest "rate adjustments." These rate "adjustments" bundle a short-term rate decrease with a long-term rate increase. The long-term increase uses a "Construction Work in Progress" mechanism to finance a large coal plant in Pueblo. Most other states forbid or restrict CWIP financing. Xcel's recent and impressive ad-blitz is looking more and more like a cover-up of this injudicious proposal. The Greeks of old fooled the Trojans with an attractive peace offering; don't let Xcel's Trojan Horse strategy do the same to us.

On April 14, Xcel submitted the rate adjustments for approval before the Colorado Public Utilities Commission. Buried in the pages of paperwork supporting these "adjustments" is Xcel's plan that you and I start paying (CWIP) fees for another 750 megawatt coal plant. Starting in January 2007, we'd be on the hook for hundreds of millions of dollars of annual CWIP fees, but the plant won't deliver any electricity for several more years — if it's ever built.

Given the constraints of climate change and future fuel costs, building a pulverized-coal plant is a risky strategy. Further, under federal and Colorado laws, Xcel can't construct the coal plant until it has a valid air permit. But that air permit is under serious legal challenge in Pueblo District Court — partially because Xcel's two existing coal plants in Pueblo (Comanche 1 and 2) are under an EPA Notice of Violation for excessive emissions.

Xcel would like to "net out" of key Clean Air Act requirements by "crediting" these excess emissions against the proposed new plant (Comanche 3). Emissions that are above the legal baseline can't be used in netting proposals, and plant expansions that are under a Notice of Violation require an extra level of review. Xcel never met those requirements. The lawsuit also challenges the effects the plant would have on visibility in sensitive areas like the Great Sand Dunes or Rocky Mountain National Parks, and Xcel's failure to choose Best Available Control Technologies to construct a cleaner

plant.

If the Public Utilities Commission agrees to Xcel's CWIP proposal, we'll be paying for a plant that may never be a public service. Xcel wants us to finance the plant because the company's bad credit rating makes conventional financing unlikely. While beleaguered rate-payers bear all the financial and environmental risks of financing and maintaining the coal plant for the next 50-plus years, any profits would go to Xcel's stockholders. That's not fair. When Xcel first proposed this two years ago, Colorado's former Consumer Counsel Ron Binz called it a "watershed" proposal that would "trample" protections provided to ratepayers by the "in use and useful" principle.

The "in use and useful" principle of utility-ratemaking protects ratepayers from being forced to pay for projects that are too risky, may never get built or for paying for power they will never receive because they leave the rate territory. Again, most other states forbid or severely restrict CWIP financing.

Ratepayers should not pay until Xcel delivers. Further, we shouldn't pay for more pulverized coal under any scenario. Colorado has abundant wind, solar, geothermal and efficiency resources. We voted to use clean-energy sources when we passed Amendment 37 in 2004. Even Xcel's own data indicate that Colorado's energy needs can be met by cleaner and cheaper sources. While the price of renewable energy continues to drop, coal costs have trended steeply upwards in recent months. More dirty coal will buy more climate change, mercury emissions, constrained water resources and increasing rates as coal costs continue to climb.

If Xcel ratepayers are to stop this ill-conceived proposal and if Xcel's clever PR campaigns will ever fully yield all the programs they like to promise us right before another rate increase, then we'll have to band together — now— before the Public Utilities Commission allows Xcel to increase our rates with CWIP-financing for a pulverized-coal plant. Unfortunately, the present members of Gov. Bill Owens' appointed PUC have a long track record of granting Xcel what it wants — and granting this rate increase would burden Xcel ratepayers for decades to come. Working together, however, Colorado ratepayers can avoid what befell the Trojans.

If you, your business or community group is interested in joining this historic battle, please contact: Clean Energy Action at [coloradocleanenergy.org](http://coloradocleanenergy.org), Dan Friedlander at (303) 499-0300 or Gina Hardin at [ginahardin@msn.com](mailto:ginahardin@msn.com). Thank you!

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