

# City & County of Denver and Xcel Energy Franchise & DEN Operating Agreements

**Denver City Council - First Reading** 

July 28, 2025



# **AGENDA**

- Franchise Agreement Overview
- Franchise Agreement Goals & Benefits
- Today's Council Action
  - CB25-0922 Franchise Agreement &
  - CB25-0987 DEN Operating Agreement



### FRANCHISE AGREEMENT: OVERVIEW



### **WHAT**

A franchise agreement is a contract between a municipality and a public utility outlining public benefits and granting the utility the right to use the public right-of-way to install, maintain and repair facilities to serve Denverites.



### **WHY**

The existing franchise agreement between the City and County of Denver and Xcel Energy has a **20**-year term expiring at the end of 2026.



Current 20-year term: Jan 1, 2007 - Dec 31, 2026



### FRANCHISE NEGOTIATION GOALS & BENEFITS

#### Responsible stewardship of public funds

- ✓ Retain primary right-of-way benefits including utility relocation and franchise fee provisions
- ✓ Preserve strong definition of Public Projects

#### Strengthened partnership & enhanced service

- ✓ Coordinated and proactive infrastructure & capacity planning
- ✓ Reflect modern energy conservation and assistance regulations & services

#### Accelerate renewable energy transition

- ✓ Establish Denver Development Innovation Group (DDIG)
- ✓ Advance clean energy infrastructure

#### Benefits to Denverites

- Utility relocation clause saved Denver
   over \$3 billion in non-airport
   construction costs over current term
- Franchise fee generates over \$30
   million a year for Denver's General
   Fund (3% of annual revenues)
- Undergrounding fee generates over \$10 million a year to underground Denver transmission lines (1% of annual revenues)



### **CURRENT FRAMEWORK**

### **UPDATED FRAMEWORK**



Denver Franchise Agreement



Denver Street Lighting Agreement



**DEN Operating Agreement** 



**Energy Future MoU** 



Low Income Energy
Assistance & Conservation

Franchise Agreement

Administered by DOTI

DEN Operating Agreement

Administered by DEN

Development Innovation Group

CO Legislature & Public Utilities Commission

Public Project
Definition

Utility Relocation & Franchise Fee

Streetlights & Traffic Signals

Utility Service & Relocations

Modernized Energy Future Partnership

Load Forecasting & Distribution Planning

Data & Information Sharing

Utility Payment & Efficiency Programs



# **DDIG & Community Energy Partnership Commitment**

**D-DIG Advisors:** Representatives from business, neighborhoods, and technical experts

- Feedback on Areas of Focus and special initiatives
- Semi-annual meetings with DOTI Advisory Board and CASR Sustainability Advisory Council
- Focus on community feedback and progress
- Public attendance encouraged

**Community Energy Partnership Commitment:** Denver commits to collaborating with community-based organizations and Xcel Energy to advance energy affordability, reliability, and sustainability, while ensuring transparency and leveraging diverse funding sources.



### WHAT IF THE AGREEMENT ISN'T APPROVED?

- Xcel will continue to serve Denver.
- Denver will not receive franchise agreement benefits
  - e.g. utility relocations for all 'public projects' and utility undergrounding
- Negotiation / litigation for each individual infrastructure project to determine responsibility and cost for utility relocations.
- Without utility relocation provision, infrastructure projects will potentially face:
  - Schedule delays
  - Rising costs
  - Diminished scope
  - Re-design



## **COUNCIL REQUEST:**

Approval of Denver's new gold standard Franchise Agreements



### CCD & Xcel Energy Franchise Agreement

Requires Council, Public Voter, and Public Utility Commission Approval

• Ordinance 25-0922 refers the Franchise Agreement to Denver Voters



Denver International Airport Operating Agreement



Requires Council Approval

• *Ordinance 25-0987* approves the DEN Operating Agreement

DOTI respectfully requests **Denver City Council approval** of the CCD Franchise Agreement and DEN **Operating Agreement,** marking another step forward in re-securing Denver's Gold standard Franchise Agreement and its significant benefits to Denverites.

*Next 20-year term:*Jan 1, 2027 - Dec 31, 2046



# **DRAFT Ballot Referral Language**

Shall the City and County of Denver approve the terms of a twenty-year franchise contract, starting January 1, 2027, with Public Service Company of Colorado (Xcel Energy) to continue its program for undergrounding overhead electrical lines, maintaining infrastructure safety, and partnering with the City for emergency management coordination, and to require that Xcel Energy continue to pay the City for reasonable use of public rights-of-way and other City property necessary to provide safe and reliable utility services for the benefit of the City, its residents, and its businesses?



# **LEARN MORE**

### City of Denver & Xcel Energy Partnership

https://denvergov.org/Xcel

### Gas and Electric Affordability Programs

https://co.my.xcelenergy.com/s/billing-payment/energy-assistance/electric-gas-affordability-programs

### <u>Understanding your Xcel Energy Bill</u>

https://www.xcelenergy.com/company/rates and regulations/rates

### Report an Outdoor Lighting Outage, Repair, or Replacement

https://co.my.xcelenergy.com/s/partner-resources/municipalities/outdoor-lighting/outdoor-lighting-reporting



# **THANK YOU**

