

Xcel Fuel Cost Adjustment Pass Through – Board Talking Points

Overview of messaging:

GVP contracts to purchase the power it delivers to its consumers from Public Service Company of Colorado, a subsidiary of Xcel Energy. The contract is cost-based. Historically, this kind of contract has proven an effective way to ensure reliable, affordable electricity for GVP consumers.

The winter storm that blanketed the central United States with record cold temperatures in mid-February triggered a tightening of the market for natural gas that Xcel relies on to generate much of its electricity. The price of natural gas shot up to unprecedented high levels, often hundreds of times greater than normal. Xcel will pay these costs and pass them along to its customers. Xcel calculates that GVP's share is \$2.37 million. This will almost triple GVP's power costs for the month of February.

Key Message 1: An extreme winter storm occurred from February 13-16, which increased demand for electricity and gas to provide energy to homes.

- The country's natural gas supply and increased demand for natural gas and electricity, caused a price spike in natural gas prices across much of the central United States.

Key Message 2: On March 1, 2021, Xcel Energy gave us notice of a significantly higher fuel cost, due to the extreme weather that impacted the system.

- The amount billed by Xcel is \$2.37 million in additional fuel cost adjustment charges.
- GVP passes the wholesale power cost through to our members, without markup.

Key Message 3: We recognize that this would impose a significant hardship on our consumers; we are spreading this charge over the next twelve months.

- Grand Valley Power will calculate the amount of the consumer's share of the February FCA for each member account, based on kilowatt-hour consumption.
- A typical residential member bill using 800 kilowatt-hours, will see a cost increase of \$7.81 per month, for the next twelve months.
- We will work with any member on making alternative payment arrangements, if necessary.
- The "Xcel FCA Pass Through" will appear on the members bill as a separate line item, until paid in full.

Key Message 4: Grand Valley Power has no choice but to pay this bill; however, we are challenging this fuel cost adjustment charge.

- Failure to pay would put our cooperative in default or is subject to further interest penalties.
- If we are successful in our challenge, any reduction that is realized will be passed along to our members in their energy bills.
- Our priority is to hold true to our values and principles. We will deliver on our value of providing affordable energy.