



NEWS RELEASE

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PUC ISSUES DECISIONS ON EMISSIONS REDUCTION PLANS AS REQUIRED BY STATE'S CLEAN AIR-CLEAN JOBS LAW

DENVER – The Colorado Public Utilities Commission (PUC) today issued written orders approving emissions reduction plans for Xcel Energy and Black Hills Corporation as required under the state's Clean Air-Clean Jobs Act passed earlier this year.

The PUC was required by law to issue its written decisions by Dec. 15 on the utilities' proposed plans to meet the current and reasonably foreseeable requirements of the federal Clean Air Act, including a 70-80 percent reduction in nitrogen oxide levels by 2017. The companies filed their initial plans on Aug. 13.

In its orders, the PUC cited numerous positive benefits to the approved plans, including greater net economic development, air quality and public health improvements, and modernization of the state's electric system.

"The state of Colorado and its electric consumers are much better off because our actions in approving these plans," PUC Chairman Ron Binz said. "With these decisions, we have taken bold steps to reduce air pollution from power plants in a way that will be less expensive to consumers than any other course. This is vastly preferable to waiting for the Environmental Protection Agency to impose a plan for cleaning up power plant emissions."

The PUC approved a plan for Xcel Energy to retire 550 megawatts of coal generation by closing three units at its Cherokee plant in Denver, one unit at the Arapahoe plant in Denver, and the Valmont plant in Boulder by the end of 2017. A new natural-gas fired unit will be built at the Cherokee site to replace the retired plants. The PUC also approved converting another coal-fired unit at Arapahoe to natural gas generation, and a fourth unit at Cherokee to natural gas. The PUC will explore other possible options for Cherokee 4 in Xcel Energy's next electric resource plan, which will be filed in 2011.

The PUC also approved the installation of additional emission control technology at Xcel Energy's Pawnee and Hayden power plants.

The \$1.4 billion plan is expected to add about 2.5 percent to electric rates by 2020.

"We're confident that the 2.5 percent impact of this plan would be higher if we wait for the EPA to impose an emissions reduction plan," Binz said.

Although there was contradictory evidence on the impact of the proposed plan on the coal mining industry, the Commission directed its staff to work with other local and state agencies to develop a contingency proposal for funding the retraining of coal mine workers if the emissions reduction plan results in layoffs in the mining industry.

For Black Hills, the PUC approved retiring the company's two coal generation units in Canon City and replacing them with a new gas-fired unit in Pueblo. Black Hills customers are expected to see an increase of about 5 percent in rates once the plan is fully implemented.

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission

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