Comfortably nestled between the Rocky Mountains and the Great Plains, the city of Boulder bikes, hikes, consumes local produce, ardently protects wildlife and brings together the farmers of the east and the ski bums of the west. Known for its iconic “hippy” culture, few would use the word hostile to describe Colorado’s emblematic town. However, Boulder is preparing for a “hostile takeover” of Xcel Energy, a major US electric and natural gas utility operating in nine states.

Boulder craves freedom and choice over the origin of their electricity, but Xcel Energy, the exclusive provider of over 120 gigawatt hours of power that Boulder consumes every year, currently makes those decisions. Recently, Boulder noticed the consequences of that resolve. When the city analyzed its carbon emissions, it noticed that a majority of the city’s emissions come from its electricity usage.

The discovery surprised the city. Despite lowered usage, the city’s carbon footprint was getting larger -- suggesting that Xcel Energy is using “dirtier” fuel. Part of this “dirtier” fuel comes from a new coal plant that Xcel Energy brought online in Pueblo, Colorado, over 100 miles away.

This realization pushed the city council to get into the energy business. Jonathan Koehn, the City of Boulder regional sustainability coordinator explains, “[What] creating a local utility gives Boulder the power to do, is to go on the market and say this is the type of portfolio we want, say 50% wind, 30% solar, etc. and go purchase it.”

Boulder wants to buy the electrical energy system from Xcel Energy. But Xcel Energy isn’t willing to sell it. And despite the city council’s enthusiasm, the public is divided. In a recent vote, the citizens of Boulder authorized the creation of a municipal utility, with a mere 52% approval and a big catch: the city’s electricity has to be cheaper than current Xcel Energy rates. A second measure, to fund a study of the takeover costs, also barely passed with 50.27%.

For a seemingly independent and free-spirited town, these ballot measures did not receive overwhelming support. Koehn says Boulder is reluctant to move forward with the split because people are “risk averse...It is easy to focus on the risk of what you don’t know versus what you already have.”

But he also concedes another argument: “Of course there are some people who just don’t think the government should be involved at all or think that the city doesn’t have the necessary experience to run a utility.”

Scott Starin, co-owner and vice president of Avior Control Technologies, a Boulder-based company that makes motors and supplies parts for aircrafts, is one such citizen. “I think the city of Boulder is completely out of their mind,” he says. “Generating power is not a trivial matter. It’s so impractical and so off the charts, it’s stupidly idealistic.”
However, others like the idea. A high school teacher in Boulder was happy with the vote. “I think this is a big step for Boulder. It makes a statement that they care more about the environment than money, and will fight big corporations to achieve their goals.”

Xcel Energy was not pleased with the proposed split. According to the Wall Street Journal, Xcel energy spent over one million dollars trying to defeat the Boulder ballot measures. Xcel energy is a Forbes top 500 company, and provides services to over 3 million people. Gabriel Romero, a spokesperson for the Colorado division of Xcel Energy, says the city is making many claims that are not backed up by evidence, and accuses the city council of not being transparent to citizens.

“The City of Boulder doesn’t understand how to run a utility,” Romero says. “They don’t want to use any coal, but that’s impossible because they will have to buy off the grid” from producers who do.

More than 2000 cities nationally, and 25 in Colorado, already run their own electric utilities, and Boulder already owns its own water utility. Koehn says that positions Boulder well to make the leap into electricity. Romero counters that providing power “is a whole different ballgame.”

Likely the biggest hurdle for Boulder is whether its own municipal utility would be cheaper than Xcel. Boulder will need to purchase the power poles, wires, meters and substations, which it estimates will cost $125 million. Meanwhile, there aren’t any numbers on the the final cost to residents of electricity running through that new system. Still, Koehn says it’s the right choice.

“The reason we think we can provide energy at lower rates than Xcel energy is that they have built in profit margins in the customer rates, and we won’t have those. Xcel has to pay off infrastructure and pay for the fuel (coal), and the cost of coal is going up, and that is passed on to the customer.”

Ultimately, the power remains with the people. The citizen’s of Boulder let the city tread into unknown waters of municipalizing an electric utility, by passing the ballot measures, in hopes of finding a lighthouse, but they don’t want to remain in the dark for long.