



## Xcel Energy - Issue Analysis

### Develop an Energy Sourcing Policy


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Shareholder proposal No. 2 asks Xcel to increase future power supplies from renewable sources that do not have undue adverse impacts upon indigenous peoples. The proponents believe this will help Xcel meet new regulations and reduce the risks the company incurs by contracting with suppliers like Manitoba Hydro. This proposal focuses on Xcel's future power supplies, not current contracts. Last year this proposal received the support of 22 million shares, or 9.4% of the vote.

Xcel currently gets only 4% of its energy from Manitoba Hydro, but is negotiating to increase purchases from this company. While small scale hydropower can be classified as a renewable energy, mega-projects such as Manitoba Hydro cause such extensive ecological and social destruction that they do not qualify as renewable under the definitions adopted in Minnesota and several other states. ([see Xcel Fact Sheet](#)).

Currently, Xcel Energy generates electricity from coal (50%), nuclear (11%), gas and oil (10%), and other purchases (25%). Less than 2% is supplied by wind power and other renewable forms of energy. It is vital for Xcel to increase its renewable energy portfolio to meet new government standards and industry trends. (see articles in News section: "[U.S. 'Green' Energy Plan Threatens Canadian Power](#)" and "[Big Hydro Producers Could Miss Out in U.S.](#)")

Xcel's 12-state service territory contains abundant biomass resources and the best wind energy potential in North America. Numerous studies conclude that wind is cost-competitive with traditional fossil-fuel generation and hydro imports ([see Xcel Fact Sheet](#)). The Minnesota Department of Commerce reports that wind "is the fastest growing energy production method in the world, renewable or otherwise, having a overall growth rate in 1999 of 36%."

Increasing renewable energy sources improves shareholder value, provides for greater market flexibility and reduces the reputational, legal and financial risks to Xcel from its purchase of Manitoba Hydro power.

Twenty-five years ago, Manitoba Hydro began diverting a major river system and reengineered 50,000 square miles, an area about the size of Wisconsin. Since then, unnaturally fluctuating waters have eroded thousands of miles of shoreline, some of which won't restabilize for 300 years. Water quality deteriorated, wildlife habitat was destroyed, along with vast areas of Boreal forest that served as 'carbon sinks' critical to offset global warming.

The Pimicikamak Cree Nation lives at the epicenter of the continuing damage. Tribal burial grounds have been exposed, and large areas of fishing and trapping grounds are despoiled and inaccessible. The community's once thriving economy has been replaced by 85% unemployment, mass poverty, and despair. A recently released Canadian Inter-Church Inquiry called the situation an "ongoing ecological, social and moral catastrophe." (see News: [Report of the Interchurch Inquiry into Northern Hydro Development](#)).

Manitoba Hydro signed the 1977 Northern Flood Agreement, committing itself to address the adverse impacts of its dams and to include affected peoples in the project benefits. Yet the legacy of environmental and socio-economic deterioration continues for many indigenous communities. Manitoba Hydro faces a \$100 million lawsuit for contaminated drinking water over than 300 other lawsuits for its failure to live up to the Agreement. (see News article: "[Hydro Facing \\$100-M Lawsuit, Northern Band Claims Water Contaminated](#)")

Manitoba Hydro's expansion plans, designed primarily to meet future export contracts, will compound these damages. As Manitoba Hydro's largest customer, Xcel has been sharply criticized by religious and political leaders, human rights and environmental organizations, and consumers for its role in

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contributing to this destruction.

*Proposal 2 asks shareholders to send a message to management to increase renewable energy sources, open new markets, improve the company's brand name, reduce financial risk, and show its commitment to the environment and human rights.*