



Xcel Energy - Fact Sheet

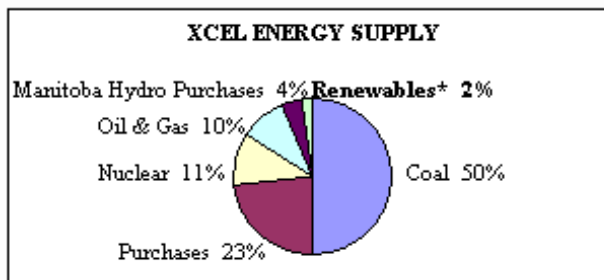
Important Proxy Voting Information for Xcel Energy Shareholders on Proposal 2 - Energy Sourcing Policy



Xcel Energy

Why Should Xcel Shareholders Take the Risk for Manitoba Hydro?

Xcel Purchases Only 4% of its Energy From Manitoba Hydro, yet the international criticism over the devastating ecological and social impacts of Manitoba Hydro projects has tainted Xcel's reputation and presents legal, financial and reliability risks to Xcel and its shareholders. Tell Xcel management that Investing in Manitoba Hydro's Environmental Destruction and Human Rights Abuses is Just Bad Business.

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* Renewables include wind, hydro and biomass Source: Xcel Energy Annual Report, 2001

For more information contact:

Michael Passoff

As You Sow
Foundation

San Francisco, CA
94104

Phone: (415) 291-9868

email:

Michael.ays@igc.org

Legal Liability Risks to Xcel

- Xcel will face a court challenge that the Public Utilities Commission did not consider environmental, socioeconomic and reliability, risks and costs associated with its proposed Manitoba Hydro contracts.
- Xcel may be legally liable, under economic torts of inducement to breach contract and/or economic interference, for buying power from **Manitoba Hydro** when Xcel knows, or ought to know, that power is being produced in violation of Canadian treaty and Constitutional law.
- Xcel may be joined as a defendant or sued in related actions for Manitoba Hydro exports that are subject to a trade challenge under US anti-dumping laws, and/or WTO subsidy laws for unfair subsidization for failure to internalize environmental and socio-economic costs.

Reliability and Security Risks to Xcel

- Manitoba Hydro is facing over 300 lawsuits for its failure to remedy the harms and internalize the true costs of production into the price of its electricity. The longer this continues the greater the risk that such costs will grow and be imposed as a result of an environmental disaster and/or major lawsuits - with costs likely passed to customers.
- The Enron collapse and California energy crisis raised important questions about risk management, disclosure and transparency. A study by McCullough Research identified particular concerns that Manitoba Hydro:
 - Misrepresents its reservoir system by counting almost half of the reservoirs it relies on for power as its own when these are not in its territory or under its control. Furthermore, it operates in a flat terrain with reservoirs that are limited in storage volume making the system vulnerable to drought. Manitoba Hydro also requires long transmission lines, up to 1000 miles, that are highly vulnerable to disruptions from weather or sabotage.
 - Has a long history of secrecy and has consistently refused demands of the Manitoba Ombudsman and under the Freedom of Information Act to release information about its operations. Basic information that would allow shareholders and ratepayers to make informed decisions, such as its reservoir levels and integrated resource plan, is unavailable. In contrast, U.S. utilities are required to provide much more disclosure of vital information.

Reputational Risks To Xcel

- A 2001 Report by the Canadian Inter-Church Inquiry into Northern hydro development concluded that the Pimicikamak Cree Nation and other indigenous peoples face an "ongoing ecological, social and moral catastrophe."
- Numerous other reports and court rulings have identified environmental and/or economic impacts by Manitoba Hydro on the Pimicikamak Cree Nation including: Manitoba Court of Appeal, Report of Auditor General of Canada, Canadian Dept. of Fisheries and Oceans, and the Commission of Inquiry into Manitoba Hydro.
- Public concern over this issue continues to grow. Xcel has become the target of consumer and media campaigns and public protests. Religious organizations, the Sierra Club and other environmental and human rights groups have alerted their membership about this issue and/or contacted Xcel management directly with their concerns.
- The Media Spotlight is increasing its coverage on this issue. From 1998 - 2001 there have been over 500 media stories relating to the plight of the Pimicikamak Cree Nation and their fight to restore their land and community.

How Renewable Energy Will Help Xcel Shareholders

* Improve Regulatory Preparedness * Improve Response to a Changing Market * Protect Shareholder Value

Minnesota Renewable Energy Laws and Policies Have:

- Set renewable energy objectives for utilities and defined renewable energy as solar, wind, hydropower at less than 60 MW capacity and biomass (MN statute 216B.1691). Manitoba Hydro does not qualify.
- Required the Public Utilities Commission to evaluate environmental and socioeconomic costs of each method of electricity generation, and to give preference to renewable energy sources (MN statute 216B.2422).
- Established a Legislative Electric Energy Task Force to determine how MN could develop more secure in-state energy sources (mostly renewable), versus riskier imports. The Energy Planning Report sets out a clear preference to maximize "conservation, efficiency, and renewable resources" and to develop smaller-scale in-state power and to rely less on large scale and imported power (such as Manitoba Hydro).
- Ranked preference for electric generation energy sources according to minimal degree of negative environmental, economic and social impacts (MN statute 216C.051 - see chart).

Preferred Electric Generation - Rank of Energy Sources

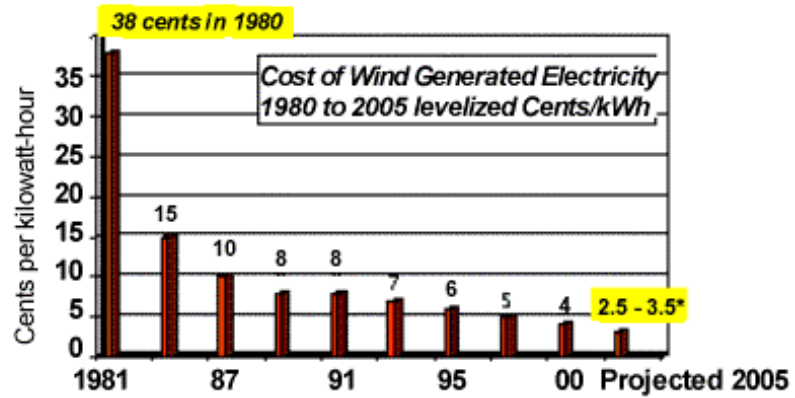
* Ranked from most preferred (1) to least preferred (5)

- 1. Wind and Solar**
- 2. Biomass, Small Scale Hydro**
- 3. Landfill Gas, Waste to Energy**
- 4. Natural Gas, Solid Waste, Large Scale Hydro**
- 5. Coal and Nuclear Power**

Alternatives to Manitoba Hydro Exist

- "The Saudi Arabia for Wind Energy," is how a Union of Concerned Scientists report labeled the Midwest. Xcel's home state of Minnesota is rated as Class 5 wind country - the best on the continent. The MN Dept. of Commerce identified 35,000 megawatts of high-grade wind; UCS report also identified abundant biomass resources.
- State and National Polls repeatedly show that given a choice, American consumers want renewable energy and are willing to pay a premium to protect the environment.
- Xcel's territory includes North Dakota, South Dakota, and Minnesota which are ranked first, second, and third respectively for wind resources.
- " Wind Energy is the fastest growing electric generation technology because the technology has developed to the point that it is cost-competitive with other technologies, the fuel is free, and environmental impacts are virtually none." (Minnesota Dept. Commerce)

Wind Energy Significant Decline in Cost



* Assumptions: Levelized costs at excellent wind sites; large project areas, not including the production tax credit (post 1994).

Source: American Wind Energy Association

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