


Big Bucks for Bad Actors

 **Xcel Energy is under increased scrutiny for allegedly engaging in “round trip” energy trading and manipulating the California electricity market. Instead of cracking down on corporate abuse, will Congress reward Xcel Energy with new handouts in its final energy legislation?**

Corporate Irresponsibility

Sham Energy Trading: Xcel announced that it had received subpoenas from the Commodity Futures Trading Commission (CFTC) and the U.S. Securities and Exchange Commission for information about “round trip” trades—the simultaneous buying and selling of power with the same counterparty for the purpose of inflating volumes or revenue—with Reliant Resources. The company's subsidiary, Public Service Co. of Colorado, has received a subpoena as well.¹

Manipulating the Market: Investigators have targeted Xcel Energy as part of the federal probe into California's failed wholesale electricity market and possible price manipulation. Investigators found that traders at Xcel Energy and Mirant discussed “games” to profit from California's electricity crisis in 2000, including schemes to schedule nonexistent power use and to take advantage of “congestion” payments on California's overburdened electric grid.²

Air Pollution: Xcel Energy owns and operates some of the dirtiest power plants in Colorado, Minnesota and Texas, emitting pollutants that cause smog (NOx), soot (SO₂) and global warming (CO₂).

Emissions from Xcel Energy's Power Plants (2001)

	SO ₂ (tons)	CO ₂ (tons)	NO _x (tons)
Allen S. King (MN)	22,342	3,401,016	11,818
Arapahoe (CO)	4,651	1,814,511	5,046
Cherokee (CO)	17,993	5,256,124	10,202
Comanche (CO)	15,910	5,193,993	6,843
Harrington (TX)	24,700	9,277,469 (72 nd)	12,603
Hayden (CO)	2,709	4,235,576	8,182
High Bridge (MN)	3,616	2,033,875	5,671
Pawnee (CO)	17,031	5,240,962	5,845
Riverside (MN)	12,707	2,843,455	13,513
Sherburne Cty (MN)	23,599	17,124,687 (15 th)	25,483 (40 th)
Tolk (TX)	25,436	8,728,915 (82 nd)	12,302

Source: EPA's Acid Rain Database. Rank of power plants in top 100 nationally for emissions in parentheses.

Energy Legislation: Throwing Good Money After Bad Actors

Handouts for Dirty Power. Both the House and Senate energy bills include tax breaks and subsidies for so-called “clean” coal technology. There is no such thing as “clean” coal, as coal pollutes air, land and water from the point of mining to combustion. The Senate bill contains \$1.9 billion in tax breaks for “clean” coal; the House bill contains \$3 billion in tax breaks and an additional \$2.5 billion in subsidies for research and development. Xcel Energy owns and operates 16

coal-fired power plants across the country and has received funding in the past for “clean coal” projects through its subsidiary, Public Service Company of Colorado.

Giveaways to Big Oil and Gas. Xcel Energy, through its subsidiaries, owns and operates 16 natural gas-fired and six oil-fired power plants. As such, Xcel Energy could benefit from the enormous tax breaks and subsidies for the oil and gas industry in the House and Senate energy bills. The House energy bill includes \$23.7 billion in tax breaks and subsidies for the oil and gas industry. The Senate energy bill contains \$5.6 billion in tax breaks for oil and gas.

Opening the Door to More ‘Enrons’. The Senate energy bill repeals the pro-consumer Public Utility Holding Company Act. The American Public Power Association predicts that repealing PUHCA will allow multi-state holding companies to “escape effective regulatory oversight,” leaving “consumers at risk of severe market power abuses.”³ Repealing PUHCA removes accountability and transparency from the energy sector at a time when evidence suggests that energy companies, such as Enron and Xcel Energy, have engaged in sham energy trades to boost their bottom line.

New Handouts for Nuclear Power. Xcel Energy operates the Monticello and Prairie Island Nuclear Generating Plants near Monticello and Red Wing, Minnesota, respectively. The company therefore stands to benefit from the massive subsidies for nuclear power in the House and Senate energy bills. The House energy bill contains \$2.9 billion in research subsidies and tax breaks for the nuclear industry. The Senate energy bill contains \$1.1 billion in tax breaks and proposes allocating additional funding for research into reprocessing spent nuclear fuel and other dangerous technology.

Xcel's Political Influence

Xcel Energy won pro-nuclear and pro-fossil fuel policy in the House and Senate energy bills by helping to elect industry-friendly Members of Congress and buying access with campaign contributions and lobbyists.

Xcel Energy's Lobbying Expenditures and Contributions to Congressional and Presidential Candidates

	Total
PAC \$ (2000-2002 cycles)	\$182,782
Hard \$ to Energy Bill Conferees* (2000-2002 cycles)	\$40,000
Soft \$ (2000-2002 cycles)	\$201,500
Lobbying Expenses 2001**	\$170,000

Data collected from www.opensecrets.org and Senate Office of Public Records at <http://sopr.senate.gov>.

* Includes PAC money and individual hard money contributions

** Only for the first half of 2001. Data for second half is unavailable.

Company Background

Xcel Energy, Inc. is engaged in the generation, transmission and distribution of electricity and natural gas. Xcel Energy directly owns six utility subsidiaries that serve electric and natural gas customers in 12 states.

Headquarters: Minneapolis, MN

Revenues (6 mos. Ending 6/30/02): \$6.74 billion⁴

CEO Salary (2001): \$2.8 million plus \$159,000 in exercised options⁵

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¹ “Xcel Energy shares tumble on probe, credit fears.” *Reuters Company News*. July 29, 2002.

http://biz.yahoo.com/rc/020729/utilities_xcel_stocks_2.html.

² Albert B. Crenshaw, “Mirant Made Accounting Errors.” *Washington Post*. July 31, 2002.

³ American Public Power Association Issue Brief, “Congress Must Act to Solve the Wholesale Electricity Market Crisis.” March 2001.

⁴ Yahoo! Market Guide, <http://biz.yahoo.com/p/x/xel.html>.

⁵ Yahoo! Market Guide, <http://biz.yahoo.com/p/x/xel.html>.