

**ILLINOIS PUBLIC ENERGY AGENCY
BOARD OF DIRECTORS MEETING
AUGUST 22, 2018**

A regularly scheduled meeting of the Board of Directors of the IPEA was held pursuant to proper notice at the IPEA headquarters building, 3400 Conifer Drive, Springfield, Illinois, on August 22, 2018. Chairman Cory Sheehy called the meeting to order at 12:00 p.m. Roll call was taken and a quorum was present.

Justin Griffith made a motion to approve the minutes of April 12, 2018, seconded by Terry Gard. The voice vote showed all in favor.

The Treasurer's Report for April which was the fiscal year end was presented by Tia King. She reported that the cash balance was \$394,833 which was \$48,655 higher than the previous year. King also stated that gas revenues had increased by 51% from the previous year and the price per Dth had increased by \$.65 from the previous year. King gave comparables from FY2017 to FY2018 noting that gas revenue had increased by 19% and the Dth sales had increased by 22%. King then reviewed the Treasurer's Report for June stating that gas revenue had decreased by 7% from the previous year and Dth sales had increased by 2% from the previous year. With there being no questions, Greg Hazel made a motion to approve the Treasurer's Report, seconded by Mayor Ann Short. The voice vote showed all in favor.

Opportunity for Public Comment: Chairman Sheehy stated that pursuant to the Open Meetings Act, any person in attendance at a meeting shall be permitted an opportunity to comment. He then asked if anyone would like to make a comment and hearing none, the meeting continued.

President & CEO's Report: CEO Gaden stated that more changes from FERC are forthcoming with Commissioner Powelson leaving for the National Association of Water Companies and former Texas official (McNamee) likely to be slated for the nomination. He stated that the Section 5 pipeline refunds issues were still pending regarding the policy for refunding pipeline overcharges. Gaden then discussed how President Trump trade war tweets could affect the natural gas markets. He reported that staff is researching gas "prepays." He also discussed implications for the balance of this year's gas sales along with weather forecasts for the upcoming year.

CEO Gaden reported that the Appeals Court ruled in favor of the City of Naperville in their smart meter case. Customers were concerned that their Fourth Amendment rights with regard to illegal search and seizure were compromised with smart grid. Specific to Naperville, the Court concluded that an authorized search by utility staff of usage data compiled for research and utility purposes is a legal search as long as there is limited access to that data.

Audit Report: Gwen Zech of Baker Tilly gave the IPEA Audit Report via teleconference for fiscal year ending April 30, 2018. Zech reported it was a clean Audit and the financial statements received an Unmodified Opinion. Zech thanked the accounting staff for their preparation regarding the audit. There being no questions, Justin Griffith moved to approve the audit report, seconded by Shannon Risley. The voice vote showed unanimous approval.

Market Update: Brandon Fong of the Commodities Management Group from Constellation gave an update on the gas market stating that NYMEX is currently trading at \$2.97 which is driven by storage and weather. Storage continues to inject weekly at historical lows (22% below last year) which is below the 5-year low average which includes the year of the Polar Vortex. Storage projections are down although production continues to remain strong. Fong stated that Mexican exports remain steady through 2022 and LNG exports continue to increase as infrastructure allows. He explained that volatility would be incentivized by oil production and the natural balance of price and production could also produce volatility depending on the weather.

Legislative & Regulatory: Regarding federal issues, Staci Wilson reported on the inequity of Section 5 of the Natural Gas Act specific to pipeline rate reform. It does not allow for retroactive refunds of overcharges by pipelines if FERC determines a rate increase is too high. Staff has been in contact with Senator Duckworth's office regarding equitable treatment on pipeline refunds. As a result, the Senator's office submitted questions of record to FERC Commissioners.

Wilson also stated that FERC had issued a final order addressing the lowering of the corporate tax rate on July 18. This order requires interstate pipelines to file a one-time report on the rate effect of the December 2017 tax law and reflects changes to FERC's income tax allowance policies. Separately, she noted that the California Public Utility Commission is trying to eliminate the direct use of natural gas, including residential use, from their energy mix. They have issued a report seeking feedback on the elimination of gas appliances due to their emission of carbon dioxide and their long-term plan includes promotion of more renewables. Wilson reported that APGA has filed testimony and created a Media & Public Outreach Committee. A task force has been assembled which she is participating in. She also discussed the introduction of "All of the Above Federal Building Energy Conservation Act of 2018." This repeals Section 433 of the Energy Independence Act of 2007 which prohibits fossil fuel-generated energy from any new and renovated federal buildings.

Regarding State issues, Wilson stated that since the Spring Session has concluded, legislators are on a summer break working on campaigns. The veto session will be held in November this year after the elections. Wilson expects a high turnover in the legislature due to retirements and the outcome of the elections.

APGA Report – Mike Genin reported on the APGA Annual Conference and noted that its main topics were cyber security/terrorism and with regard to safety and accident prevention, there was an emphasis on utility negligence. Negligence is specifically defined, if efforts are not made to identify a weakness and/or if a weakness is identified and no action is taken. They also featured discussions on pipeline rate reduction due to the new tax law. Genin discussed thirty-year prepays currently being offered which reflect 5-year pricing increments with no certainty on terms when the price resets. Staff will monitor offers and report at the November Board meeting.

There being no further business, the meeting was adjourned at approximately 12:42 p.m. by a motion from Terry Gard. Shannon Risley seconded the motion and it was unanimously approved by voice vote.

Respectfully submitted:


Secretary/Treasurer

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MEMBERS PRESENT

Bethany	Shannon Risley
Bushnell	Justin Griffith
Flora	Bob Coble (via teleconference)
Greenup	Mike Ryder
Marshall	Cory Sheehy
Martinsville	Terry Gard
Rantoul	Greg Hazel
Sullivan	Mayor Ann Short

MEMBERS ABSENT

Casey	Shelby Biggs
Edinburg	Mike Lebshier
Fairfield	Mayor Brent Maguire
Roodhouse	Mayor Tom Martin

OTHERS PRESENT

Baker Tilly	Gwen Zech (via teleconference)
Constellation	Brandon Fong (via teleconference)
Constellation	Brian Hirshberg (via teleconference)
IPEA	Kevin Gaden
IPEA	Troy Fodor
IPEA	Mike Genin
IPEA	Staci Wilson
IPEA	Tia King
IPEA	Bob Childers
IPEA	Tammy Hall
IPEA	Rodd Whelpley
IPEA	Ed Cobau