

**ILLINOIS PUBLIC ENERGY AGENCY
BOARD OF DIRECTORS MEETING
AUGUST 26, 2020**

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 26, 2020. Chairman Cory Sheehy called the meeting to order at 12:00 p.m. Roll call was taken and a quorum was present via telephonic conference call as allowed for under Public Act 101-0640 during the COVID-19 pandemic.

Justin Griffith made a motion to approve the minutes of April 29, 2020, seconded by Terry Gard. The roll call 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 \$475,339 which reflects a decrease in net position in FY19/20 of \$38,783 from the previous year. King also stated that gas revenue for April had decreased by 8% from the previous year and the price per Dth had decreased by \$0.51 from the previous year. King gave comparables from FY2019 to FY2020 noting that gas revenue had decreased by 19%, Dth sales had decreased by 4% and the price per Dth average had decreased by \$0.60. King then reviewed the Treasurer's Report for June stating that gas revenue had decreased by 1% from the previous year and Dth sales had increased by 2% from the previous year. With there being no questions, Justin Griffith made a motion to approve the Treasurer's Report, seconded by Terry Gard. The roll call vote showed all in favor.

Opportunity for Public Comment: Chairman Cory Sheehy stated that pursuant to the Open Meetings Act, any person in attendance at the meeting via telephonic conference call 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 welcomed Tyler Lampley as the new Board member from Fairfield. He thanked the IPEA Accounting team along with Baker Tilly for a job well done and being able to conduct this year's audit remotely. IPEA staff will conduct member visits as requested by the Members. Staff continues to work with one of IPEA's customers to extend the IPEA relationship.

Regarding State and regional issues, CEO Gaden reported that the pipeline rulings could get interesting with the uncertainty of the outcome of the Panhandle case. He stated that the DC District Court ruled that Federal officials did not do enough environmental review to approve construction and operation, therefore, the Dakota Access Pipeline was forced to shut down and was drained by August 5, 2020. He stated that Dominion has sold its gas unit to Berkshire Hathaway for \$9.7 billion and they had agreed to suspend efforts on the Atlantic Coast Pipeline.

CEO Gaden reported that FERC's tolling orders are now banned due to the ruling on the Allegheny pipeline. FERC had approved the pipeline, objectors sought a rehearing and FERC tolled the request. The pipeline was built and operable by the time the DC Circuit Court ruled that tolling orders beyond 30 days did not allow objectors their rights.

Regarding Federal matters, CEO Gaden stated that the large summer gas burn for power is due to low gas prices. He expressed concerns about supply imbalance due to being able to continue to match supply with power burn demand in addition to winter. He also stated that many gas and oil drillers are struggling financially due to COVID. The main causes are demand loss, employee concerns and low prices. Those issues are causing lenders to be hesitant to loan and require higher interest rates due to credit quality of some drillers.

Audit Report: Jodi Dobson of Baker Tilly gave the IPEA Audit Report via teleconference for fiscal year ending April 30, 2020. Dobson reported it was a clean Audit and the financial statements received an Unmodified Opinion. Dobson thanked the Accounting staff for their preparation regarding the audit since all communication was conducted remotely. There being no questions, Terry Gard moved to approve the audit report, seconded by Greg Hazel. The roll call vote showed unanimous approval.

Market Report: Brian Habacivch from Constellation gave an overview of the current gas market stating that production fell more than 10% in the first quarter and the collapse in drilling poses challenges to natural gas production well into 2021. He stated that drilling for natural gas had been reduced nearly 70% and at current pricing, the likely trajectory from here is flat to declining into 2021. The demand for natural gas has been solid despite a warm winter and COVID. He also reported that gas-fired power generation is likely to set a record in 2020. LNG exports were way down in the second quarter, but will recover significantly in the 3rd and 4th quarters of the year.

Legislative & Regulatory: Staci Wilson stated that regarding disconnects during the initial COVID crisis, there was a prohibition on disconnections on the investor-owned utilities and that included gas utilities. The munis also adhered to that for quite some time. Ameren, Nicor, Peoples Gas and North Shore Gas recently announced that they voluntarily extended those disconnect moratoriums to September 10th for residential customers.

At the Federal level, Wilson reported that many of the COVID Relief packages that are being considered bar any utility that receives federal COVID support from shutting off power or water to customers although this package has not passed and is not law at this time.

Regarding State matters, Wilson stated that the Veto Session begins mid-November and ends the first week of December unless changes are made due to COVID concerns. She discussed that up until the \$200 million ComEd settlement in cooperation with the Federal government due to allegations of bribery commenced, the Governor's Energy Policy Working Group had been meeting twice a week, but was now on "pause." Last week, the Governor issued a plan detailing his priorities and stated that those working group meetings

will resume. This plan is entitled “Putting Consumers & Climate First Plan” and was released on August 20, 2020. The main points are ethics provisions with new reporting requirements, the elimination of certain formula rate structures that ComEd and Ameren receive and a variety of regulatory transparency concerns. The other parts of the bill encompass many changes to decarbonize Illinois with a goal of becoming 100% net clean energy by 2050. It also prohibits the investor-owned utility natural gas companies from assessing automatic monthly surcharges for infrastructure investments along with additional money for new energy efficiency programs. Several changes are recommended with regard to electrification including strengthening building codes and statewide codes for energy efficiency.

Wilson discussed efforts with the Federal government with regard to the COVID Relief package to increase LIHEAP funding and to seek a forgivable loan program for public power utilities. These are loans to ensure continued service amounts equal to the utility payment shortfall during that time period.

Wilson stated that the 9th Circuit Court of Appeals recently upheld the small cell order adopted by the FCC. That Order significantly limits local government control over small cell pole attachments that the wireless cell companies are putting on poles. The State’s 5G wireless pole attachment law expires in June 2021.

Wilson reported on the objectives of Joe Biden’s campaign climate agenda. These include 100% clean energy economy by 2050, dedicating significant investments in energy efficient buildings, including retrofits and establishing a net zero emission standard for all new commercial buildings by 2030. This agenda affects all industries including oil and gas operations, vehicles, airlines, trains, appliance and building code efficiency. It also conserves land and waters, repairs water pipelines and sewer systems, replaces lead service pipes and upgrades treatment plants. She also noted that this agenda does not ban fracking.

Wilson also stated that the “PIPES” bill had passed. This bill is a multi-year reauthorization of the Pipeline & Hazardous Materials Safety Administration which APGA supports. It includes pipeline safety mandates regarding distribution integrity management plans, inspection and maintenance and pipeline safety practices.

Interstate Transmission Pipeline Delivery Charges: Mike Genin reported that Panhandle Eastern Pipeline had filed for a 300-500% rate increase which impacts Bushnell, Edinburg and Roodhouse. These municipals are currently being charged new rates and are being billed subject to refund. The FERC trial continues through next week and should have an Order by the end of January. Staff will continue to monitor the actions of other pipelines and advised Members to procure FERC attorneys in advance of such filings.

Customer Contract Extensions: Regarding Jo Carroll Energy, Mike Genin stated that their hedges automatically extend the contract past their current expiration date. Genin reported that Rock Energy had signed an extension in 2018 that expires in March of 2021. Staff discussed a three-year extension with the General Manager that would also have a three-

year term along with hedging opportunities extending past 2024 without automatically extending the contract.

General Counsel Troy Fodor explained a model where natural gas hedges past the term would be made under a separate industry contract called a NAESB. Staff is working with Constellation on the NAESB contract so it can make the offer to Rock Energy. Genin noted that the President & CEO has authorization under prior Resolution to execute the NAESB contract.

Operational Qualification (OQ) Training: Mike Genin reported that Ed Scott was the new IMUA contract safety trainer and is formerly a gas trainer for Ameren. Staff plans to offer Operator Qualification (OQ) training on location at individual towns and is working with the ICC to confirm approval of certifications.

Annual Conference: CEO Gaden stated that next year's annual conference will be held on May 20-21, 2021 at the President Abraham Lincoln Hotel in downtown Springfield. The golf outing will be held at Piper Glen and Joy Ditto, CEO of APPA and Dave Schryver, CEO of APGA will make presentations.

There being no further business, the meeting was adjourned at approximately 1:05 p.m. by a motion from Mike Lebshier. Greg Hazel seconded the motion and it was unanimously approved by voice vote.

Respectfully submitted:



Assistant Secretary/Treasurer

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MEMBERS PRESENT via TELECONFERENCE

Bethany	Shannon Risley
Bushnell	Justin Griffith
Fairfield	Tyler Lampley
Flora	Bob Coble
Greenup	Mike Ryder
Marshall	Cory Sheehy
Martinsville	Terry Gard
Rantoul	Greg Hazel
Roodhouse	Mayor Tom Martin

MEMBERS ABSENT

Casey	Shelby Biggs
Edinburg	Mike Lebshier
Sullivan	Mayor Richard Glazebrook

OTHERS PRESENT (or listening via teleconference)

Baker Tilly	Jodi Dobson
Constellation	Brian Habacivch
Constellation	John Jambois
IPEA	Kevin Gaden
IPEA	Troy Fodor
IPEA	Mike Genin
IPEA	Staci Wilson
IPEA	Tia King
IPEA	Chris Wise
IPEA	Tammy Hall
IPEA	Rodd Whelpley
IPEA	Ed Cobau
IPEA	Sean McCarthy