

Power Line/ Pipe Line

Midwest's Largest Energy Purchasing Pool



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Quarterly Newsletter
Summer 2005

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IASA

Dear Members;

As summer progresses and we prepare for the start of another school year, it is important to remember why we are here and celebrate the savings we have brought to our school districts through the IEC's energy programs! The IEC delivered more than 453,215,554 Kilowatt Hours of electricity to schools during 2004. Savings to school districts (net savings actually seen through reduced bills) by region were as follows for the period from January 2004 through December 2004:

Region	Savings
Ameren	\$ 664,165
ComEd	\$2,420,707
Illinois Power	\$ 571,483

Membership in the IEC in 2004 saved school districts in Illinois \$3,656,355 in electric costs without them having to reduce anything! We are all faced with deficit budgets and rising costs. It is nice to be able to show our Boards that we have saved significant amounts by wisely purchasing energy through such a cost saving pool. The 2005 - 2006 school year is presenting more challenges in terms of pricing as energy costs and supply prices are extremely high. However, we are still adding school districts each month and if you know of any neighboring school districts that are not receiving their electric or natural gas supply from the IEC, share your experiences with them and encourage them to contact us to begin saving in their district as well.

On the Natural Gas side of the IEC, during calendar 2004, the IEC delivered approximately 31,902,370 Therms of Natural Gas to approximately 973 schools. During this 12 month period from January 2004 through December 2004 the IEC was able to save member

school districts approximately \$1,574,217 on their natural gas purchases. This savings has been the result of the IEC outperforming the market in purchasing natural gas at a discount to the then current pricing. The IEC member school districts represent a growing power in the Nicor, North Shore and Peoples regions of Northern Illinois and in the Illinois Power region of central Illinois.

Participation in the IEC has been rewarding for school children in Illinois. Savings identified earlier in this letter (more than \$5.2 million in 2004 alone) enable our districts to provide more services and improve the quality of educational opportunities for our students.

Competition has enabled school districts to experience significant savings in both electric and natural gas supply over the past year(s). Even with the challenging market conditions and volatile energy costs, we are confident that, with your help, we will be able to continue to experience savings for our schools. As we look forward to the start of another school year, let us improve opportunities for our most precious resources, our students, by more wisely using our financial resources.

Dr. David F. Grace
Superintendent
Lincoln Elem. SD 156
Calumet City, IL



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Update from the Statewide Marketing Director

By Ronald C. Steigerwald, Statewide Marketing Director, Illinois Energy Consortium, Buffalo Grove

Summer Time and the Living is Easy?

Not from what I remember as a former chief school business official. Summer means construction, renovation, budget, getting ready for the new school year and more importantly, making sure all contracts are reviewed and new contracts entered into.

Quite a few districts will be preparing to look at their energy costs during the budget process to determine what to budget for the 2005-2006 school year. Like most districts, you have little "wiggle" room in the budget for increasing your energy budget. Therefore, it makes sense to get the best possible price for your energy needs.

If that is the case, and I am certain it is, then one-stop shopping is yours to be had. The Illinois Energy Consortium (IEC) is the only group out there concerned for public school districts. The IEC has the prices for energy your district needs. Look no further. Contact the IEC now. Tomorrow is too late!

You can reach Ronald C. Steigerwald, the IEC's Statewide Marketing Director at 847-567-3051 or save time by faxing your last month's energy bills for each meter in your district to 847-634-8254. The IEC will send you a savings analysis for your district. Let the savings begin!

Additions/New Constructions/Closings

It is that time of the year again when school districts are starting new construction or adding on to buildings. If any of these types of activities are taking place on your campus, have you notified the IEC about these changes? We need to know this so we can either add a meter(s) or cancel a meter(s) and to also make sure your billing is correct when we calculate your savings.

If any of these types of activities are taking place, please notify either Kris Fitzanko at 309-677-5246 at Ameren Energy Marketing or Stephanie Gureno at 630-416-9300 at Peoples Energy.

Legislative Update

Unfortunately, House Bills 564 and 565 never came onto the floor for a vote. Our sponsors, State Representative Kathleen Ryg of Vernon Hills and State Representative Daniel Bieser of East Alton, want to present them again in the Fall. The IEC has scheduled a meeting in July to determine which bills will be presented again and whether or not another bill or two might be presented. Keep your eyes and ears open. Also watch your fax

and email for further news.



Will The Price of Natural Gas Reach \$1.00 Again?

The way the stock market, oil prices and the economy are reacting, \$1.00 natural gas prices

may happen sooner than we think. They have reached nearly .90 a couple of times this year. With this in mind, why aren't school districts taking advantage of the Illinois Energy Consortium and its low prices for natural gas? Is the IEC's information reaching the decision makers in the school district? I hope so, because we try to make districts aware of our pricing via this newsletter, emails, faxes, conventions, Illinois ASBO Regional meetings, etc.

Time and money are valuable products these days, especially for public school districts. Don't delay another minute. Fax a copy of last month's bill for each natural gas meter in your district to Ronald C. Steigerwald. Ron's fax number is 847-634-8254. Peoples Energy, the IEC's program administrator, will then calculate what your savings will be by joining the IEC.

Tracking Energy Usage and Energy \$s Via the Internet

By Kristi Fitzanko, Electric Program Administrator, Ameren Energy Marketing, Peoria, IL

Are you budget conscious? If you are, you now have the ability to monitor your energy usage and energy dollars. All public utility companies in Illinois have web sites that provide monthly energy information. This information is accessible using the utility's account number and meter number. Even if you are not a member of the IEC, this information is available to your school district. If your school district is participating in the IEC's electric program, we can help you obtain this information.

Most sites provide at least 12 months of usage history; and in some cases, such as, ComEd, they provide 24 months of information. Every site provides basic information---meter read dates, kwh usage, KW demand, rate class. Some sites provide meter numbers, on/off peak usage, billing information, and Customer Transition Charge factor. Each site varies slightly.

This information can be used to better manage your energy.

- Compare this month's usage to a year ago same month.
- Compare this month's usage to last month's usage.
- Validate the usage is correct on your IEC bill, another

marketer's bill, or your host utility bill.

- Track the demand to ensure you are being billed correctly.

The following are the website addresses for each Illinois utility. You will need the current account number and valid meter number in order to access the information. Some utilities require that you register with them before you can gain access to the information. Each website will tell you if you need to sign up for the service. If you have any questions, please feel free to call our Electric Administrator, Kristi Fitzanko, Ameren Energy Marketing at 309-677-5246.

<http://www.comedpowerpath.com/> - Click on Residential Choice, Click on Customer Usage Data, Click on Summary Data, Enter account number and meter Number

<http://www.ameren.com/> - This



website can be used by Illinois Power, CILCO, and Union Electric Customers.

1. Under Featured Sites Click on Illinois Choice (at the top

right-hand side), Click on Information for Consumers, click on View Consumption and Demand Data.

2. At this point if you are an Illinois Power customer, click on click here for account access. Then click Electric Choice under Business, then click Customer Billing and finally click Access Your Account. You will then need to follow the instructions at this point.
3. If you are a CILCO or CIPS customer, after clicking View Consumption and Demand Data, you will see VIEW under Monthly Consumption and Demand. Click VIEW and click on SIGN UP NOW. You will then need to follow their directions.

<http://www.midamericanenergy.com/> - Click LOG IN to my web account. You will need to register and follow their directions.

These instructions appear a little cumbersome, but the information is invaluable to your district as a tool to manage your energy and your budget.

If you need more information, please feel free to call me, Kris Fitzanko, IEC Electric Program Administrator at 309-677-5246.

Electric Program Statistics

Service Area	Savings 1/04 - 6/05	# of Districts	# of Accounts	Meters (Avg. 2.5 meters/ acct.)
AmerenCIPS	\$ 228,234.85	81	233	254
ComEd	\$1,129,898.96	153	547	1,106
IP**	\$ (40,137.67)	48	134	151
Totals	\$1,317,996.14	282	914	1,511

** The IEC's new supply for the IP districts will show substantial positive savings during the summer billing month of July, August, September and October. The savings during these months should offset the losses during the eight winter months.

Address Service Requested



Illinois Energy Consortium
Marketing Services
 Illinois ASBO
 Northern Illinois University (IA-103)
 108 Carroll Ave.
 Dekalb, Illinois 60115-2829
www.illiec.org

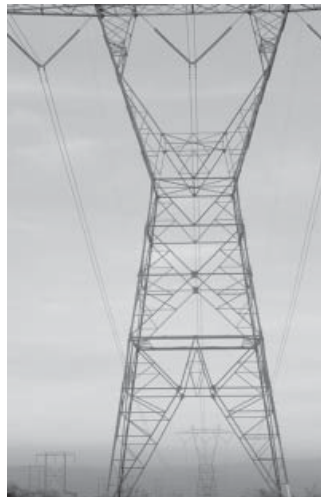
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Are You Ready For Post 2006 Initiative?

By Louie R. Ervin, IEC Energy Consultant, Latham & Associates Inc., Cedar Rapids, IA

Are you prepared for the statutory end of the electric deregulation transition period? The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 (Law) reduced and froze electric rates under traditional tariffs from October 1999 through December 2006. During this transition period to a fully deregulated electric market, customers had choices of purchasing electricity from the utility under reduced traditional tariffs, from certain utilities under Purchase Power Options, or from a third-party supplier at negotiated prices.



Some electric consumers chose the Purchase Power Option and either self-managed or contracted with third-parties to manage this option. Other consumers chose to stay with the reduced traditional utility rate. Still others chose to purchase third-party supply in the open market, either individually or through a consortium. After December 31, 2006, the Purchase Power Option will no longer be an option and traditional utility tariff rates will no longer be frozen.

In Post 2006, consumers can anticipate paying market prices for electricity either from the utility or from third-parties.

Since 1999, Illinois utilities have divested almost all of their generation to unregulated affiliates or unaffiliated entities. Although purchasing from the utility after 2006 is expected to be an option, utilities are anticipated to purchase electricity in the open market and include the cost as a pass-through under traditional tariffs, similar to the way natural gas costs are passed through.

Of course, as the law intended, after the transition period, consumers can choose to purchase electricity from certified third-party suppliers at the best price they can negotiate in the fully deregulated market. The Illinois Commerce Commission is currently working on Post 2006 regulations and there may be a supplier-of-last-resort for consumers that have not contracted with a third-party supplier, but the last-resort supplier price may be relatively unattractive.

One viewpoint of the future open electric market is that electric prices will be more volatile than natural gas prices! As I said in a previous article on natural gas, predicting energy price futures is a lot like predicting stock market prices, grain futures and the

weather - almost everyone has an expert opinion but no one, other than the buyer, will pay for being wrong. It is, or will become, nearly impossible for schools to individually manage open market electric purchases. That is where the IEC comes in.

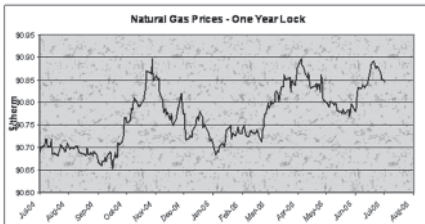
The IEC is Illinois' largest electric and natural gas purchasing consortium because it has delivered savings and has earned the trust of school districts. The IEC is a not-for-profit corporation that is sponsored by, and its Board members are appointed by, the Illinois Association of School Business Officials, the Illinois School Board Association and the Illinois Association of School Administrators. Last year, the IEC delivered more than \$5.2 million in savings to participating school districts through its electric and natural gas programs on annual purchases in excess of \$50 million.

The IEC has effectively dealt with market issues during the transition period. The IEC is positioned for the end of the open market transition period. Are you? If not, don't be left out. Join the IEC now and be included in competitive bulk power and natural gas contract purchases for now and Post 2006.

Update on Natural Gas

By John Nania, Peoples Energy Services, Program Supplier and Administrator, Naperville, IL

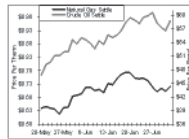
Although it's July, worries about the coming heating season have begun. We wanted to discuss our view of the natural gas market. As of July 5th, the price to lock in gas for one year is approximately \$.85/therm. Last year at this time, the comparable number was about \$.69/therm.



Why are we still at higher prices than last year? Currently, storage inventory levels are comfortably in line with the historical pace, such that most analysts expect us to be able to replenish volumes in time for winter.

There are two factors that should impact natural gas prices this time of year. The first is the fear of winter supply shortages. Our production continues to decrease even though we are adding to our already record high rig count. The question is, will there be enough supply if the winter turns out to be cold? The second factor is oil prices. Although they are not used in exactly the same manner the price of oil and gas correlate closely. In many industrial and power production facilities they are alternate fuels for each other. Due to continued fear of oil supply disruptions via

unrest in the Middle East and surging demand from China, oil prices have reached all time record high levels.



What is the outlook for prices in the near term? This would seem to be primarily a function of its relationship to oil. It is probably safe to say that if oil stays at or above \$60/barrel, the downside opportunity for natural gas is not significant. If oil does go below \$50, gas could certainly go lower than current levels. The very hot summer has forced up the demand for gas by power generators. We also have what is looking to be a very active and early start to the hurricane season which can prove to be disruptive to supplies in the Gulf of Mexico. Generally, we have been bullish for a few years. This market has been in an uptrend since January 2002. Without some new and significant supply or a dramatic decrease in consumption, prices will continue to be higher.

The IEC has worked very hard in anticipation of what we knew were going to be difficult times. Earlier this year we started purchasing some of our gas for this winter. Right now we own approximately 34% of our needs for this winter at approximately \$.66/therm or about 23% below

today's market. This will act as an anchor on our prices. We have as a goal to purchase in advance the bulk of the remaining gas we need. This will be done over the next few weeks as opportunities present themselves.

If you are trying to budget your gas cost, take the total you spent for last year and add about 20%. The market is up much more than that for everyone else, probably closer to 30-35%. The actual cost will be a function of just what we pay for the remainder we have to purchase and also the severity of the winter.

Welcome our newest members:

Sunset Ridge SD 29
Evergreen Park Elem. SD 124
St. Anne CHSD 302
McHenry CCSD 15
Skokie SD 68
Warren CUSD 205
Shirland CCSD 134
Homewood Elem. SD 153
Bradley Elem. SD 61
Geneseo CUSD 228

As your natural gas supplier, we thank you for your continued business. We appreciate your faith in our ability to deliver a competitively priced product with superior service.