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Dear Members:

As we approach the end of the school year, it is a great time to reflect on what we have accomplished this past year and begin to plan and budget for the next school year. School districts receiving natural gas supply from the IEC during 2005 saved more than \$1.3 million dollars. School districts receiving electric supply from the IEC during the same period saved more than \$3.6 million. Overall, more than \$4.9 million was saved by the IEC school districts without needing to cut any programs or reduce consumption. Another GREAT year! Thank you for your support and wisdom.

In the year ahead, we all will face some additional challenges. As you are probably aware, as of January 1, 2007, the electric market transition period ends and we will be facing a truly competitively driven environment. The ten year rate freeze faced by the local utilities comes to an end. Without exception, the utilities are all predicting significant increases in the price customers will have to pay for their electricity. The IEC has been working to secure electric supply for you at significant savings and anticipate bringing you supply well below the competitive market prices offered by your utilities, as well as the other competitors. We have consistently beat other supply offers and anticipate doing so again. However; remember that our mission is to provide you with the best service at the best possible price, and we do not

make any profit on our services. If you find a better offer we encourage you to consider it very seriously.

I must warn you though, that if the past is any predictor of the future, you should be very wary of companies trying to lock you into a price they call "competitive,"

prior to the auction that will establish the market prices in both the ComEd and the Ameren regions in early September. Until that time, no one knows what the local utilities will be charging for their electricity. Further, no one knows who will be supplying your utility and how much of their supply will be from whom. I would caution you to consider carefully, offers prior to this time. Locking in early may cost you dearly over the long run in lost savings. The IEC has a proven track record of providing savings to Illinois schools, and will work diligently on your behalf to continue this well into the future.

Because of the IEC's disciplined approach to purchasing for our schools, we anticipate saving record amounts for schools this winter. Our success is your success. This is



**Dr. David F. Grace**  
President  
IEC Board of Directors  
and  
Superintendent  
Lincoln Elem. SD 156  
Calumet City, IL

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# Plan Now For 2007 Totally Competitive Electric Supply

By Robert J. Latham, IEC Energy Consultant, Latham & Associates Inc., Cedar Rapids, IA

Regardless of whether your power supplier is the IEC, the incumbent utility or another market competitor, all electric power supply choices for Illinois schools, will be based on competitive market prices beginning January 1, 2007. The power purchase option (PPO) is also planned to expire at the end of 2006.

The IEC anticipates providing supply to Illinois schools at the best rates available for now and for post-2006. The IEC will have dependable, competitively-priced independent supplies of power. For most school facilities, the IEC power supply will almost certainly be more competitive than the supplies offered by the incumbent utilities, ComEd and Ameren. For school facilities with larger electric usage, the IEC power supply will offer a range of power supply options that we believe will be more competitive than any other supplier. The IEC will provide independent power supplies through reliable, experienced and financially viable market partners.

Over the past seven years, the IEC has provided nearly \$15 million of net benefits for Illinois schools, \$10 million of which were realized in the last two years with about \$8 million for the electric program and \$2 million for the relatively new natural gas program. No other competitor of the IEC can make

this claim. The IEC is not a utility or power marketer and is not motivated by profit. The IEC has provided these savings while it followed its policy of providing individual schools with the best rates possible whether the power supply is from the IEC, the PPO, or the incumbent utility tariff rates. The IEC is a not-for-profit corporation sponsored by IASB, IASA and Illinois ASBO, which targets competitive power supplies exclusively to meet the planning and budgeting needs of schools.

Actual competitive rates for 2007 from incumbent utilities will not be available until October of this year, at the earliest. Competitive electric market prices will almost certainly mean some increases for schools on the systems of ComEd and Ameren-Illinois Power schools, but those increases should be relatively small because rates for these utilities are already relatively high. The IEC expects to have electric prices in ComEd and Ameren that are more competitive than those of the incumbent utilities. For the Ameren-CIPS and Ameren-CILCO service territories in central and southern Illinois, electric rates for schools are expected to rise significantly because the market prices for power supplies from those incumbent utilities will be higher than the current regulated power supply rates. Because no one knows the choices available

to schools in the MidAmerican Energy service territory, the IEC will work to benefit those schools when more information is available.

The IEC is one of the very few electric power suppliers with actual experience in dispatching independent power supplies to schools rather than relying primarily on the PPO. The IEC's experience and procedures dealing with its own independent electric supply place it at a great advantage compared to competitors that have relied on the PPO. The IEC experience, in this market and its competitive, dependable and financially-viable market partners, provide a significant advantage for our schools.

Many schools are already receiving offers from the IEC competitors to lock-up their electric supplies for 2007 and beyond. We strongly urge caution in committing to any supply other than that of the IEC. Be very cautious with alternative supplies where you are not provided specific market prices or assurances of prices, compared to those from incumbent utilities, for the full duration of the contract. Be particularly cautious regarding longer-term commitments where the prices are not fixed at competitive prices.

Illinois schools that are IEC participants will continue to receive competitive power supply or tariff rates without further

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# Electric Marketplace Update

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



Do you purchase your energy through the Illinois Energy Consortium? Or do you still receive your en-

ergy from your local utility company? Or possibly you are purchasing energy from another supplier. Whichever is the case, it is imperative to your school district that you begin to understand the new rules that will impact your future purchases of electricity.

As you read this, decisions are being made by your local utility companies and at the highest levels of government to establish new rates and rules. While all the rules that will affect your purchases of electricity in 2007 are still unclear, some basic processes have been approved for implementation at the end of 2006. The most significant change has been how the local utility companies will procure electricity for 2007. This process is referred to as a Reverse Auction.

The Reverse Auction will be held the first ten days in September 2006. The reverse auction methodology that the ICC approved will be used to procure power from certified suppliers. This power will be

called Basic Generation Service (BGS) or Basic Electric Service (BES). BGS represents the energy component of your current bills. The second component of your bill will be the delivery service piece. If you are currently being served by the IEC, you will see these two charges are shown separately on your IEC bill. If you are being served by another supplier, you may or may not see this piece on your bill. For those school districts still receiving energy from ComEd, AmerenIP, AmerenCIPS, or AmerenCILCO, both the energy and delivery component together are your "bundled rate." In the future, these two charges will be shown separately on your utility billing.

Later this year, the IEC through its independent consultant, Latham and Associates, will be requesting bids from suppliers for electricity prices lower than BGS/BES prices. There will no longer be "rates" as we know them today. The delivery service component will be set by the ICC through the regulatory process. It is expected that this piece of the bill will increase anywhere from 10% to 20%. The energy component or BGS price will increase to what the market establishes through the auction process. It is expected that this price will increase substantially. Overall, it is expected that the cost of energy and delivery prices will increase 20% to 30% over current "bundled rates."

In the final analysis, electricity costs will be increasing in 2007. To what extent is still unknown. The IEC will be monitoring the marketplace through its consultant, Latham and Associates and the Program Administrator, Ameren Energy Marketing. We will be keeping school districts updated on changes through faxes and meetings. If you have any questions about the IEC's Electric Program or the new rules, please feel free to call me, Kris Fitzanko, at 309-677-5246.

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## President's Message Cont'd

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probably why we are continuing to grow at a record pace. You might say the IEC is driven to save money for our schools. To all of the member districts receiving energy supply from the IEC, this past year, has been one we can reflect back on with very pleasant memories. As we plan for next year we can also look forward to another GREAT year. My sincere congratulations and thanks goes out to all who have made this possible!

As we continue to save money for our member schools, I would challenge all schools to evaluate their current energy supplier to provide the level of savings received by the IEC supplied schools.

# Electric Program Statistics

Service Area	Savings 7/05 - 12/05	# of Districts	# of Accounts	Meters (Avg. 2.5 meters/ acct.)
CIPS	\$ 178,481.70	81	233	254
ComEd	\$2,598,473.41	153	547	1,106
IP	\$ 260,388.09	48	134	151
Totals	\$3,037,343.20	282	914	1,511

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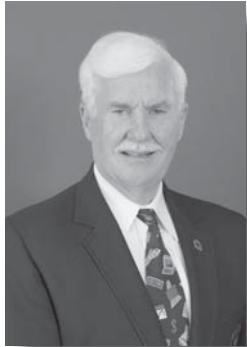
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# A Message from the Statewide Marketing Director

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



## Lighting Retrofitting

It is that time of the year again when the Illinois Clean Energy Foundation

is offering grants. As I travel the state I have spoken with many school districts that have taken advantage of this grant program and they speak very highly of it. So don't delay, download the application form now and start the "ball rolling." Remember, this program will only last one more year. Time is marching on. Do not delay!

You can obtain the application form by downloading it from their website, [www.illinoiscleanenergy.org](http://www.illinoiscleanenergy.org).

The Foundation's address is: 2 N. LaSalle Street, Suite 950 Chicago, Illinois 60602 312-372-5191

## Legislative Update

As I write this article, the Illinois Energy Consortium's (IEC's) proposed legislation for changes in natural gas legislation has been sent to the energy and environment committee. The bill is Senate Bill 2594.

## Check Your Meters

As I am driving through the State of Illinois and visiting

member school districts, as well as nonmember school districts, I have found that there are some member districts that have forgotten to send us their other meters to enter into the Illinois Energy Consortium's electric program. The reason for this is that the district forgot about them when deregulation started with the lottery. At that time, only certain meters were selected by the lottery drawing to become eligible for electric deregulation.

Therefore, double check your bills to make sure each and every one of your electric meters has been switched to the Illinois Energy Consortium. Do it today and continue to save.

## Electric Deregulation Workshops

Electric deregulation is just around the corner and is your district prepared for what is to happen? If you are a member of the Illinois Energy Consortium, the answer is a big YES! If you are not a member of the Illinois Energy Consortium, I would suggest you attend one of the workshops that are going to be held in your area this March.

Keep an eye and ear out for the upcoming details of these workshops. Make sure your school district has one or more representatives at these very important meetings.

These workshops will cover not only deregulation, but also what is going to happen with

electric prices this coming May. You do not want to miss this opportunity. These workshops are open to all school districts free of charge whether you are a member of the Illinois Energy Consortium or not. Be sure and sign up when you receive your notification. You do not want to be left out in the cold on what is going to happen with your electric rates.

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## Plan Now For 2007 Totally Competitive Electric Supply Cont'd

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action on their part. Because it may take some time to complete approval of IEC participation within your organization, for the IEC to process accounts with utilities and to arrange for power supply deliveries, the time to act is now.

Schools that are not IEC participants will become eligible to receive the IEC benefits by completing the Electric Membership and Participation Agreement available from one of the following contacts: Program Administrator Kris Fitzanko at 309-677-5246 or [KFitzanko@ameren.com](mailto:KFitzanko@ameren.com) or the IEC Statewide Marketing Director Ron Steigerwald at 847-567-3051 or [rsteigerwald@hotmail.com](mailto:rsteigerwald@hotmail.com).

