

# Power Line

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Midwest's Largest Electric Purchasing Pool

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## Welcome

by Ronald Steigerwald, Statewide Marketing Director for IEC

A warm welcome to those school districts that were previously served by Illinois Power (IP) and AMEREN. We hope you enjoy your savings as much as our current customers have that were previously served by Commonwealth Edison and AES/CILCO.

Your changeover officially occurred on September 18<sup>th</sup>. Your last meter reading occurred sometime after that date. Your first Illinois Energy Consortium (IEC) bill should have been received in November or early December. If not, please call Kristi Fitzanko, our program administrator. Her toll free number is 877.316.4321.

Unfortunately, we were unable to produce one bill for those of you that receive electric and gas power from IP or AMEREN. Those of you that do not receive gas from IP or AMEREN will only get one bill, the bill from the Illinois Energy Consortium (IEC).

### IEC Cost Savings by Month (Commonwealth Edison Service Area Only)

This is a new feature we started in the newsletter last month. It was on the last page of our fall newsletter. I just want to caution you on how to interpret what you see. To begin with, the columns "Current Monthly Savings" and "Average Savings Per Meter" will show positive and negative amounts. We know there will be negative savings during certain months. Historically, the negative months are summer months when the cost is high as well as the usage.

The winter months historically are the months where significant savings are realized. When you analyze this over a one-year period, you realize what your total savings are. However, this winter, especially with the significant increase in cost of natural gas, electric prices will rise. The reason for the increase in cost

is simple. Natural gas is used to produce electricity. It is because of this increase in cost that the IEC has positioned itself so that you will still get savings during the winter months. That is Good News!

### Have you joined yet?

What are you waiting for? Have you forgotten that as of January 1<sup>st</sup>, 2001, all electric meters are eligible for choice. Our current customers have been saving money, some as early as December of 1999.

There are a lot of companies out hustling the streets telling potential customers that they can guarantee 10%-15% savings. BE CAREFUL. Make sure you are comparing apples to apples. Feel free to call Kristi Fitzanko, our program administrator at her toll free number of 877.316.4321 or Latham & Associates at 319.365.6488. They will analyze your IEC savings versus the quote you received. Don't be misled. It could cost your district significant dollars.

### The IEC is your "Watchdog"

Because of significantly higher electric costs stemming from January through this May, the IEC has positioned itself to purchase its next supply of electricity when costs will drop. We, the IEC, are your "watchdog". Based on what you have experienced and read in the newspapers, I do not think the same is true of your electric and gas companies. Remember, we **do not** want your district to switch its meters over to the IEC if you will not save money.

If you have any questions regarding your bill or usage, you can call Kristi Fitzanko toll free at 877.316.4321.

### Update on the IEC and natural gas

At the December Board of Directors meeting, the Board directed their consultant, Latham & Associates, to do a

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Quarterly Newsletter  
Winter 2001

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# President's Perspective

by David Grace, President

Well, we have now completed our first full year of delivering electric energy to school districts in Illinois! School districts in the ComEd region saved approximately \$1,000,000 last year by supporting IEC! THAT'S FANTASTIC! We are all extremely pleased that we have been able to see the successes we have in such a short time. This is what we are all about.

I have been asked to depart from my usual format to tell the members a little about myself as the highlighted individual in this edition. I'm somewhat reluctant to talk about myself, so I will give you a little biographical information and perhaps some insight into why I have been involved in this wonderful cooperative venture called IEC.

I started my career in education in 1973 as a math and computer teacher in Paris, Illinois, where I taught for ten years. I taught middle school students for five years and high school students for (you guessed it) five more years. During my tenure at Paris, I went back to school at Eastern Illinois University and received a Master of Science in Zoology in 1977. I met many wonderful people in Paris and very much enjoyed working with the other teachers and students. However, I felt I could improve school district operations and positively influence more students by working at the central administration. To this end, I went back to school and received a Masters in Business Administration at Indiana State University in 1983. Upon graduation, I was hired by the Sheboygan Area School District in Sheboygan, Wisconsin, where I worked for four years as the Manager of Computers and Business Services. During my four years at Sheboygan, I took several classes at Marquette University in Milwaukee and received my certification as a CSBO in Wisconsin. Are you starting to see a pattern yet? As my parents often say, either a professional student or someone in search of something.

In 1987, I was given an opportunity to move to a job as the Assistant Superintendent/Business Manager in Lombard School District 44 where I stayed for the next six years. While there, I became involved in the Suburban Schools Cooperative Insurance Pool (SSCIP), which provides Property and Liability Insurance for approximately 60 school districts in Illinois. I served on the Executive Board of this organization for five years and as Treasurer for three. During my tenure at the Lombard School District, we implemented many changes that improved the opportunities for the students of our schools, including the construction of and curricular conversion to a Middle School. This was a major undertaking and involved many community members and staff to successfully implement.

In 1993, I was offered the opportunity to move to Champaign as the Business Manager for the Champaign Community Unit School District, a district with enrollment of approximately 9,400 students. This move came with many challenges that have been very enjoyable and rewarding. In the seven years I have been in Champaign, we have built two new elementary schools, passed two referenda, put additions on numerous buildings, purchased and had donated several additional properties, and in addition, did all the normal business functions typical of all business managers. In addition to all of the above, while at Champaign (you probably guessed) I went back to school and plan to graduate with my Ed.D. in Educational Organization and Leadership from the University of Illinois this May 13. I also restarted and chaired the regional IASBO organization that serves seventeen counties in the east central Illinois and which coincidentally is called East Central Illinois Association of School Business Officials and was elected and served on the IASBO Board of Directors for three years. In my spare time, I was involved in selling others on the idea

of forming an energy cooperative and have served in my present role and capacity in the Illinois Energy Consortium since its inception. I very much enjoy being involved in schools and helping others provide opportunities for the students of Illinois. As a confirmed life-long learner and as one who loves a challenge where students are the primary beneficiaries, I have tried to serve with one primary goal. Can I make a difference in the lives of our students? Can I help refocus the energies and resources available to schools in Illinois toward helping students? As long as the answers to these questions are in the affirmative, I intend to continue to work to find the means to succeed. IEC, as noted above, has helped many participating districts achieve savings on electric bills that can be better used to help students. Together we all succeed. Thanks!

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## Welcome

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feasibility study for natural gas and to report back to the Board of Directors on Wednesday, January 17<sup>th</sup>.

Just as an aside, I recently read an article from the Cedar Rapids Gazette regarding the exorbitant natural gas prices school districts in Iowa are facing. It went on to say that those school districts that were members of the Iowa Association of School Board's natural gas pool, were paying three times less for their natural gas than other school districts were paying. I might add that Latham & Associates, our consultants, helped to form this pool and still consult to them as well as natural gas pools in Wisconsin, Missouri and Michigan.

For now, keep your eyes and ears open for further updates on natural gas from the IEC. Make sure no one unplugs your fax machine, as well.

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# Year 2000 In Review

by Kristi Fitzanko, IEC Energy Advisor

## COMED

In January 2000, the IEC began serving the ComEd service area. The initial energy purchase brought savings between 10% and 20% to all participating schools. The summer months gave back some of these initial savings, but the fall and early winter prices made the schools whole and again began realizing more savings.

As you may be aware, the energy markets began escalating in early December due to the cold weather, supply and demand, fuel prices, and market conditions. Therefore, the projected savings for early 2001, will be reflective of the prices in the market. We are expecting to see savings in the 5% to 15% range. The IEC will continue tracking the market prices in order to secure energy that provides savings for all participating school districts.

## ILLINOIS POWER

The Illinois Power market has been the most difficult to manage and realize savings. The rules approved by the Illinois Commerce Commission and the Federal Energy Regulatory Commission have been cumbersome to administer and have added expenses to delivering energy to the schools through a competitive-energy provider. In addition, Illinois Power has filed with the ICC to change their rules. The ruling should be announced early March, 2001. Until that time, we will continue to search for alternatives that bring savings to the schools in the Illinois Power service area. To date, the savings have been very minimal to non-existent for most school districts.

## AMEREN

The Ameren experience has been a mix of the experiences stated above. Their

operating rules are very similar to the Illinois Power rules with less paperwork. Again, they too have added expenses to delivering energy to the schools via a competitive energy provider. *AMEREN Energy*, a subsidiary of AMEREN, was selected to provide the energy behind both Illinois Power and Ameren. Since the energy was being provided within the AMEREN service area, the IEC was able to secure energy at a slightly more competitive price. This price has produced savings for most of the school districts within the Ameren service area. Ameren has also filed with the ICC to change their rules. Their ruling will be announced at the same time the Illinois Power ruling is announced.

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# Assuring Savings Through the IEC

by Robert J. Latham, President, Latham & Associates, IEC Energy Advisor

The Illinois Energy Consortium (IEC) continues to provide savings to schools where few other state-wide purchasing consortia have even tried. Over the last year, over 1,000 school facilities commenced receiving electricity through the IEC. The IEC has faced and overcome challenges from incumbent utilities and power suppliers at each step. Even the large increase in electric market prices has been overcome. As a result, the vast majority of the IEC school facilities are realizing savings on their bills.

With the January 1, 2001 opportunity for all school facilities to choose electric power suppliers, we have requests for hundreds of new facilities to commence savings through the IEC. These requests are processed and facilities switched to IEC where there is assurance that the facilities will save through the IEC. Because IEC has more experience in the ComEd service territory, it is easier to evaluate prospective savings and to switch facilities to the IEC. Candidly, we have been more cautious in the other service territories.

IEC has a year of experience, is maturing as an organization, and has data on actual savings for the many types of school facilities. With these data, we are able to assess school facility usage and be reasonably certain an individual facility is saving money through the IEC. Where individual facilities are not saving, we are carefully reviewing the reasons and taking corrective action if savings are not projected for the longer term.

Review of individual facilities suggests that some facilities with electric space heating are not experiencing savings. Other facilities such as bus barns and athletic complexes have monthly usage that is too small to provide savings. In these cases, if long-term savings are not projected through the IEC, the facilities are likely to be moved back to the power supplies of the incumbent electric utilities.

In the Illinois Power (IP) service territory, it has been very difficult to evaluate likely savings because IP prepares individual pricing for most of the fa-

cilities based on their individual historical usage characteristics and this pricing was not known at the time IEC committed to its initial IP power supply. Some IEC facilities on IP have not been saving. Either IEC facilities save for the long term or they return to IP power supply. Therefore, on the IP system, we are individually evaluating over 300 facilities using the best data available for now and for the future to determine the best alternative for each facility. Some smaller facilities such as ball fields will likely return to IP. With these evaluations and with alternative power supplies available, most all of the rest of the current IEC facilities in the IP service territory will realize long term savings with the IEC. While some of the IP facilities that are on the IEC will have a wider range of net savings when this review is concluded, most of the remaining IEC facilities will have resulting net savings of 4-10 percent for the next year or so.

# IEC Program Information By Month

by Kristi Fitzanko, IEC Energy Advisor

	<b># of School Districts Billed by Month</b>	<b>Current Monthly Savings</b>	<b>Savings Year-to-Date</b>	<b># of Meters Billed</b>	<b>Average Savings by Meter</b>
<b>February</b>	68	\$47,981.12	\$47,981.12	310	\$154.78
<b>March</b>	80	\$80,085.81	\$128,066.93	365	\$219.41
<b>April</b>	99	\$117,147.91	\$245,214.84	452	\$259.18
<b>May</b>	103	\$114,775.72	\$359,990.56	470	\$244.20
<b>June</b>	103	\$187,825.50	\$547,816.06	470	\$399.63
<b>July</b>	102	\$(44,366.63)	\$503,449.43	466	\$(95.21)
<b>August (revised)</b>	108	\$(58,884.12)	\$333,018.93**	493	\$(119.44)
<b>September</b>	118	\$(79,654.38)	\$253,364.55	880***	\$(90.52)
<b>October</b>	118	\$85,038.50	\$338,403.05	880***	\$96.63
<b>November</b>	118	\$266,835.63	\$605,238.68	880***	\$303.22
<b>December</b>	118	\$226,851.62	\$832,090.30	880***	\$257.78

\*\*July 2000 Year-to-Date Total was adjusted due to incorrect billings from ComEd.

\*\*\*We track billing information by district and individual account, not by meter. This is an average of 2.5 meters per school facility in the ComEd service area. Currently there are 352 individual facilities being served in ComEd.

*Address Service Requested*



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