A regularly scheduled meeting of the Board of Directors of the IPEA was held pursuant to proper notice at the IMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois, on December 4, 2019. Chairman Cory Sheehy called the meeting to order at 12:00 p.m. Roll call was taken and a quorum was physically present.

Justin Griffith made a motion to approve the minutes of August 28, 2019, seconded by Terry Gard. The voice vote showed all in favor.

The Treasurer’s Report for October was presented by Tia King. She reported that the cash balance was $434,325 which reflects an increase of $31,384 from the previous year. King stated that gas revenues had decreased by 17% from the previous October. King also reported that Dth sales had decreased by .3% from the previous year and the price per Dth had decreased by $.57 from the previous year. With there being no questions, Greg Hazel made a motion to approve the Treasurer’s Report, seconded by Shannon Risley. The voice 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 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 gave an update on FERC matters stating that the Senate Committee held a hearing on James Danly, current FERC General Counsel, although nothing is set yet for a formal Senate approval. The FERC quorum is tenuous due to Commissioner McNamee’s presidential waiver approved to avoid potential conflict of interest from his prior employment and Commissioner Glick’s conflict on any issue involving his former employer, AvanGrid, formerly Iberdrola Energy, until December 2, 2019. FERC could act on the Minimum Offer Price Rule (MOPR) on the PJM Capacity Rules early into 2020. There are many deadlines for the PJM Capacity schedule for Planning Year 2023/24 which starts on February 1, 2020.

CEO Gaden reported that gas producers’ access to capital was making it harder to drill more wells to keep up production. He explained the need to deploy well rigs to new locations more frequently and pointed out that production is at all-time records. Banks claim their risk/reward scenario has been suspect to loan capital funds.

CEO Gaden also stated that pipelines are raising their rates for the first time in many years and Panhandle Eastern has not filed a rate increase request to FERC since 1992. Panhandle Eastern covers 3 IPEA members and is asking to raise transport rates by 98% at one time. This was prompted by calls to immediately refund savings from corporate taxes from 35%
to 21% tax rate back in December 2017. It is likely other pipelines will follow. He discussed initial estimates which showed a delivered cost of gas to Panhandle members to increase about $1.50/DTH. This will impact gas generation delivery and dispatch cost into the electric RTO markets.

**Market Update:** Brian Habacivch of the Commodities Management Group from Constellation gave an update on the natural gas market stating that 2019 started off very well in storage with a ten-year low and continued with record production and growth. LNG exports doubled in 2019 with exports to Mexico increasing 25% and increases to the power sector side are abundant. He stated that supply vs. demand drives the prices down when production overcomes demand increases.

Habacivch presented weather models and discussed the economy in terms of the U.S./China trade negotiations being stalled and its potential impact on gas markets. He reported that inventories are still not playing a role in near term pricing action with the EIA reporting a withdrawal of 28 Bcf for the week ending November 22 and inventory stands at 3,610 Bcf, a 548 Bcf surplus compared to last year. The EIA production figures still show a large supply near term despite low prices and a falling rig count. Most recent reports show actual U.S. dry gas production figures coming in higher than originally released from OPIS. This natural gas production surge is mainly due to a new pipe in Marcellus/Utica and an increase in associated gas per the Permian Basin.

Habacivch stated that 2019 pipeline projects are expected to account for ~16 Bcf/day of incremental capacity across the country with the majority coming from the South Central and Northeast regional expansions. He discussed takeaway capacity for Rover, Nexus and Atlantic Sunrise pipelines. He reported that associated gas is a major contributor to the natural gas growth and that year over year (Y.O.Y) crude oil production continues to increase pushing prices down. YTD natural gas rigs fall 35% and Henry Hub spot gas prices rose $.30/MMBtu and natural gas liquids prices YOY declined by 50%.

Habacivch reported that the return on equity for shale drillers has been subpar until 2018, although some of the U.S. oil companies values in the markets continue to rise as firms’ production grow. This limited positive cash flow will compete to pay debt and please investors. In the first quarter of 2019, only 10% of shale producers had positive cash flows. He reported that the NYMEX natural gas calendar strips are at all-time lows comparing the years as follows: Year 2020 - $2.27; Year 2021 - $2.41, Year 2022 - $2.44; Year 2023 - $2.48 and Year 2024 - $2.53.

**Legislative & Regulatory:** Staci Wilson gave an update on federal issues noting that Congress continues to pass a 2020 temporary funding plan under a Continuing Resolution with the next deadline being December 20. She stated that $3.32 billion of LIHEAP funds were released, although APGA continues to push for full funding at the authorized $5.1 billion level. She reported that the Making Pipelines Accountable to Consumers & Taxpayers (MPACT) Act has been introduced and provides FERC authority to order refunds to gas transmission customers that have been overcharged under Section 5 rate
cases of the Natural Gas Act. APGA submitted testimony to the House Energy & Commerce Committee stating that 1) affordability, resilience and reliability should be a consideration in forced-fuel switching; 2) flexibility in meeting GHG emission-reduction goals rather than assuming a single, mandated path forward and 3) that natural gas is a part of the solution to a carbon free future.

Regarding State issues, Wilson reported that the veto session concluded without any energy legislation being passed, although an energy bill will likely be considered in the upcoming Spring legislative session. Regarding the reduction of water lead service lines, Wilson anticipates negotiations and possible passage of this bill explaining that funding/cost is the key outstanding issue.

Resolution #19-12-171 - Approving Baker Tilly Virchow Krause, LLP to Perform Audit of Fiscal Year ending April 30, 2020 - Chris Wise stated that the letter agreement has been received from Baker Tilly to provide next fiscal year’s audit for a cost of $9,000 which was the same amount as last year. Baker Tilly will perform the audit of IMEA at the same time as IPEA subject to both Board’s approval. Greg Hazel moved to approve Baker Tilly to perform the audit of fiscal year ending April 30, 2020, seconded by Justin Griffith. The voice vote showed all in favor.

Interstate Pipeline Rate Increases – Mike Genin reported that the Mississippi River Transport Company (MRTC) had proposed a rate increase. Since Spire had purchased LaClede Gas in St. Louis, most of the St. Louis load has shifted to the Rockies Express pipeline which is a massive load loss for MRTC. MRTC has requested to approximately double the rate which will impact Waterloo, Red Bud and Chester. MRTC customers are intervening at FERC.

Regarding the Northern Natural Gas (NNG), FERC had suggested a rate decrease due to new Federal Tax Rates (tax rate was 35%, now 21%), however, NNG filed for an approximate 98% increase. Rock Energy and Jo Carroll Energy are intervening with FERC and are considering new delivery options with NICOR. Genin reported that even though FERC had suggested a rate decrease under the new tax laws, Panhandle filed a large rate increase (400-500%) for Small Customer Transport customers. Panhandle has not filed for an increase since 1992. This will impact Bushnell, Edinburg and Roodhouse. The IMGA Intervention Group filed late, but the case was accepted. Purchase Gas Customer group is also intervening. Staff is monitoring and preparing to intervene if feasible. Genin stated that it is likely there will be more pipeline filings and IMEA staff member Mary Ann Todd is monitoring the FERC filings. This Panhandle transportation increase will begin in March subject to refunds.

Genin advised members to discuss possible intervention groups and preference on FERC counsel now because Council authority would be necessary before decision time. Discussion ensued regarding the necessity of each municipal to handle their own intervention separately due to most of the members being on different pipelines along with the option of hiring a common legal firm to intervene and represent IPEA members as a
whole. Consensus was to leave the FERC representation for IPEA as it is today and ask members to consider their plan and if IPEA can assist as needed.

2020 Annual Conference Date and Location – Mike Genin reported that this year’s IPEA annual conference would be held in Springfield at the Crowne Plaza on May 14 and 15, 2020 since the IPEA Board approved the consolidation into a joint conference with IMEA and IMUA at the August Board meeting. Constellation will provide a speaker and help sponsor the event. Genin explained that the IPEA Board meeting will be held on April 29, 2020 at noon in conjunction with the IMEA Executive Board and full IMEA Board along with the IMUA meeting already scheduled.

There being no further business, the meeting was adjourned at approximately 1:00 p.m. by a motion from Shannon Risley. Mayor Brent Maguire seconded the motion and it was unanimously approved by voice vote.

Respectfully submitted:

[Signature]

Secretary/Treasurer
ILLINOIS PUBLIC ENERGY AGENCY
BOARD OF DIRECTOR’S MEETING
DECEMBER 4, 2019

MEMBERS PRESENT

Bethany    Shannon Risley
Bushnell   Justin Griffith
Fairfield  Mayor Brent Maguire
Flora      Bob Coble
Marshall   Cory Sheehy
Martinsville Terry Gard
Rantoul    Greg Hazel
Roodhouse  Mayor Tom Martin

MEMBERS ABSENT

Casey      Shelby Biggs
Edinburg   Mike Lebshier
Greenup    Mike Ryder
Sullivan   Mayor Richard Glazebrook

OTHERS PRESENT (or listening via teleconference)

Constellation Brian Habacivich (listened via teleconference)
Constellation Brian Hirshberg (listened via teleconference)
IPEA        Kevin Gaden
IPEA        Troy Fodor
IPEA        Mike Genin
IPEA        Staci Wilson
IPEA        Tia King
IPEA        Chris Wise
IPEA        Tammy Hall
IPEA        Rodd Whelpley