



**Board Meeting  
September 28, 2023**

The Northern Illinois Municipal Power Agency (NIMPA) held a meeting on Thursday, September 28, 2023 at the RMU Technology Center, 910 Technology Parkway, Rochelle Illinois.

**1. Call to Order and Roll Call:**

President Holm called the meeting to order at 10:01 a.m.

**Present at the meeting:**

Gary Holm, City of Batavia  
Aaron Holton, City of Geneva  
Jeff Fiegenschuh, City of Rochelle  
Rich Babica, City of Geneva  
Steve Allen, City of Batavia  
Randy Short, Prairie State CEO

**Present via teleconference:**

Richard Heinemann, General Counsel  
Noah Hansen, Avant Energy  
David Niles, Avant Energy  
Joe Fulliero, Avant Energy  
Rahat Bari, City of Batavia

**2. Approval of Regular Session Meeting Minutes from August 24, 2023**

MOTION: To approve the minutes from August 24, 2023  
MAKER: Jeff Fiegenschuh  
SECOND: Aaron Holton  
VOICE VOTE: All in favor, Motion Carried

**3. Van Buren Consulting Group, LLC Update**

Dominick Lanzito was not available to join the meeting. Mr. Holm will connect with him to arrange for an update at the October meeting.

**4. Financial Report**

**a. Mr. Niles reviewed the financials from July 2023:** NIMPA's rate to members for July was \$12.25/MWh lower than budget, which was the result of lower than budgeted purchase power and transmission expense and higher than budgeted interest. At the end of July, NIMPA had a \$15 million credit facility with PNC Bank - \$2.5 million of which is used as a letter of credit with PJM, leaving \$12.5 million credit facility unused. The ECA payable to members increased \$1.3 million. The ECA balance as of the end of July was \$13.2 million. NIMPA's capital adder fund had a balance of approximately \$11.2M at the end of July. Cash decreased slightly from June to July as NIMPA made ½ of its annual debt service payments on interest on July 1, 2023. NIMPA's operating account balance was \$18.2 million as of the end of July.

MOTION: To approve the monthly financials for July 2023  
MAKER: Gary Holm  
SECOND: Jeff Fiegenschuh  
ROLL CALL: AYES: 3 (Holm, Holton, Fiegenschuh)  
NAYS: 0

The motion passed

**b. Prairie State Debt Service Insurance Coverage:** NIMPA purchased this coverage about 6 years ago. The premium for last year's policy was \$93,600 – this covers NIMPA's debt service should there be some sort of catastrophic incident with the plant, so the members are not burdened with the debt service in addition to having to purchase power from the market. Next year's premium is estimated to range from \$107,000-\$112,000 and NIMPA's debt service for the year is \$35+ million. Mr. Holm made a motion for authority to execute the documents to renew the policy for the next year on behalf of NIMPA. Aaron Holton seconded the motion. All in favor, Motion Carried.

**c. Asset Retirement Obligations and Future Closure Costs:** By the year 2030, Prairie State may possibly need to incur more self-insurance. The owners felt it prudent to build up an insurance reserve, should it ever be needed.

**Mr. Niles recapped the information discussed at the previous meeting:**

Mr. Niles summarized his analysis of finances related to asset retirement obligations and future closure costs. Mr. Holm had provided Mr. Niles with a cost estimate, based on 2024 dollars, of what plant and mine closure costs might be in the year 2045. Mr. Niles used an annual inflation rate of 3% for costs and a 1% interest rate on invested funds. Mr. Niles reported that NIMPA already has \$2.4M set aside for its asset retirement obligations. Mr. Niles reported that approximately \$825K/year is needed to meet NIMPA's projected financial obligations for plant and mine closure in the year 2045. That value equates to a rate adder of approximately \$0.785 cents per MWh that NIMPA would need to fund for the next 20+ years. Mr. Holm explained that the costs were in the context of plant/mine closure and cleanup to greenfield conditions, which would not be required under current law. Mr. Holm explained that assuming greenfield conditions is the most conservative approach because it would result in the highest future costs.

Mr. Holm suggested basing the analysis from 2012 – 2045. Mr. Niles will prepare the analysis and present at the next meeting.

**d. Energy Cost Adjustment account status and refund strategy:** Mr. Niles stated the ECA is budgeted to decrease by \$3.7 million, leaving \$9.5 million to look at using. Mr. Holm reminded that NIMPA does not want to carry too much money in the ECA so the return to members will be reinitiated.

**e. Discussion - Preliminary NIMPA 2024 annual budget:** The preliminary 2024 budget was provided to the board the Friday prior to this meeting. The proposed total average rate to members of \$63.18/MWh is \$2.68 lower than the 2023 budget. Both the energy and demand rates are projected to decrease. The demand rate is projected to decrease to \$31.57/kW-month while the energy rate is projected to decrease to \$20.05/MWh. Net income is projected to be \$2.81 million. The change in purchase power expense is projected to be \$2.4 million lower than 2023. The PSGC fuel costs are projected to be \$272,323 higher than 2023 – the plant will run more which equals higher fuel costs. Maintenance expenses are projected to be \$961,277 higher than 2023, and Production costs are projected to be \$141,261 higher than 2023. Transmission expenses are projected to be \$1.1 million lower than 2023 which is mostly related to lower FTR costs. Other Operating expenses are expected to be slightly higher in 2024 due to inflation, which is assumed to be around 3.5%. The final budget will change

slightly based on the discussion and analysis of the future closing costs. A formal budget will be reviewed next month.

### **5. Management/Operations Report**

**a. Monthly Reports from July 2023:** Mr. Hanson reported that for July, PSGC had 82,700 MWh of generation or \$2.9 million in revenue in PJM. Prairie State also generated 450 MWh in MISO to cover station service with a revenue of \$18,200. Unit 1 and Unit 2 each had an approximate 2 day outage during the month, and overall capacity factor for the month was about 90%. In comparison to the budget, generation was favorable to budget by about 2700 MWh. NIMPA's delivery to members for the month was about \$3 million. NIMPA's FTRs had a loss of \$116,000 due to Prairie State prices being slightly higher than the members' city delivery points on average. This was offset through the higher generation revenues. ISO misc. charges were \$2,300. RPM auction revenues were \$113,000. NIMPA received a \$125,000 performance assessment bonus, which is anticipated to be spread over 9 months (December being the last month). Overall on the PJM side, NIMPA had an ISO revenue of \$74,000 for July 2023. This is \$590,000 favorable as compared to the budget. On the MISO side, the congestion costs were revenue of \$15,000 which is \$45,000 less than budget and loss costs were a cost of \$52,000, which is \$136,000 favorable as compared to the budget. NIMPA had an overall revenue on the MISO side of \$16,000 for July 2023 which is \$150,000 favorable to the budget. For PJM and MISO together, NIMPA had a total ISO revenue of \$89,600 which is \$743,000 favorable to the budget for the month of July 2023.

YTD: NIMPA has a favorable variance of \$4.9 million to budget. EFOR is at 6.5% according to Prairie State for the entire facility. PJM activities have an overall favorable variance to budget of \$4.5 million. On the MISO side, congestion costs are coming in under budget for the year by about \$515,000 and lost costs are coming in under budget and have a favorable variance of \$500,000.

### **6. General Counsel Update**

Mr. Heinemann provided an update on the status of the petition before the Supreme Court. In accordance with the procedural schedule, the next step is a response from the solicitor general (lawyers representing the US govt). They asked for an extension, so we are awaiting their reply later in October. We are expecting to know more by November.

### **7. Approval of the Job Description and Authorization to proceed with advertisement of part-time Administrative Assistant position**

Mr. Holm read the job posting/description and verified that we are looking to employ an independent contractor for the role. Mr. Holm reviewed the agreement with any changes. Mr. Fiegenschuh asked if members would be allowed to advertise and source through our own firms/HR departments. Mr. Holm confirmed the individual does need to have a legal secretarial business as defined under the law. The job could be posted online, through IML or members can utilize their networks to spread the word and find potential candidates.

MOTION: To approve the job description and proceed with the advertisement of part-time Administrative Assistant position  
MAKER: Jeff Fiegenschuh  
SECOND: Aaron Holton  
ROLL CALL: AYES: 3 (Holm, Holton, Fiegenschuh)  
NAYS: 0  
The motion passed

**8. Discussion: Potential General Manager position**

Mr. Holton discussed the possibility of NIMPA having a General Manager position in the future. Mr. Holton indicated that his current job duties, and his anticipated future job duties, would prohibit him from effectively serving as NIMPA's President, especially knowing how heavy the workload is for the President. Mr. Holton stated his desire for NIMPA to begin investigating the potential for contracting a General Manager. Mr. Holton cited some example job duties including attending Prairie State committee and executive committee meetings, resource planning for NIMPA for when Prairie State reduces or ceases production, and possibly planning future new projects that may have nothing to do with Prairie State. Mr. Fiegenschuh expressed his agreement with Mr. Holton's comments but also expressed reservation regarding potential costs. Mr. Heinemann described his past experience in assisting with recruitment efforts. Mr. Heinemann stated that based on his experience, he would estimate the salary for this skilled position to be in the \$200K - \$300K range. Mr. Fiegenschuh voiced his support for hiring an outside recruiting firm to assist NIMPA in the search. Mr. Fiegenschuh indicated that he felt the position should be an employee and not a contractor. Mr. Fiegenschuh also expressed agreement with Mr. Heinemann's salary estimation. Mr. Holm stated that he views the General Manager position from two different perspectives. Mr. Holm stated that at the current time he is not in favor of exploring the General Manager position. Mr. Holm indicated that he is currently in a position to accomplish the duties of President and has been doing so successfully for several years. Mr. Holm expressed that he does not feel that NIMPA needs to hire outside assistance at this time; however if that is the direction that a majority of NIMPA communities chooses to go, then Mr. Holm stated that he would support the effort and would recommend utilizing a specialized hiring firm. Mr. Holm also asked for Mr. Heinemann's feedback on possibly having Avant perform some of the functions of this position. Mr. Heinemann feels this could be a feasible option for consideration. Mr. Fulliero concurred and indicated that Avant has extensive experience working as a manager of another municipal organization. Mr. Fulliero indicated that Avant would be willing and interested in discussing the option further. This topic will remain on the agenda for next month for further discussion.

**9. Executive Session (Discussion of contracts relating to the purchase, sale or delivery of electricity from the Prairie State Project; Litigation related to the Prairie State Generating Company)**

MOTION: To move into Executive Session at 11:12 a.m.  
MAKER: Aaron Holton  
SECOND: Gary Holm  
ROLL CALL: AYES: 2 (Holm, Holton)  
NAYS: 0  
The motion passed

Regular Session returned at 11:58am

**10. Action Items from Executive Session**

MOTION: Approval of an amendment to NIMPA's ongoing capacity upgrade agreement with Mercuria to take the next steps in that project and authorize Gary Holm as President to execute the amendment and any associated documents.  
MAKER: Jeff Fiegenschuh  
SECOND: Aaron Holton  
ROLL CALL: AYES: 3 (Holm, Holton, Fiegenschuh)  
NAYS: 0  
The motion passed

**11. Old Business:**

Prairie State Campus Tour – Spring, 2024 – will look at schedules and try to get something on the calendar.

**12. Comments:**

The General Manager position will be on the agenda for continued discussion at next month's meeting.

**13. Motion To Adjourn:**

MOTION: To adjourn the meeting at 12:00pm

MAKER: Jeff Fiegenschuh

SECOND: Gary Holm

VOICE VOTE: All in favor, Motion Carried

Respectfully submitted by: Danielle Bettner