



## VILLAGE OF BARRINGTON HILLS AGGREGATION OPPORTUNITY

**Presented by Kevin Ritter and Jean Beacom  
Integrys Energy Services**

# AGENDA

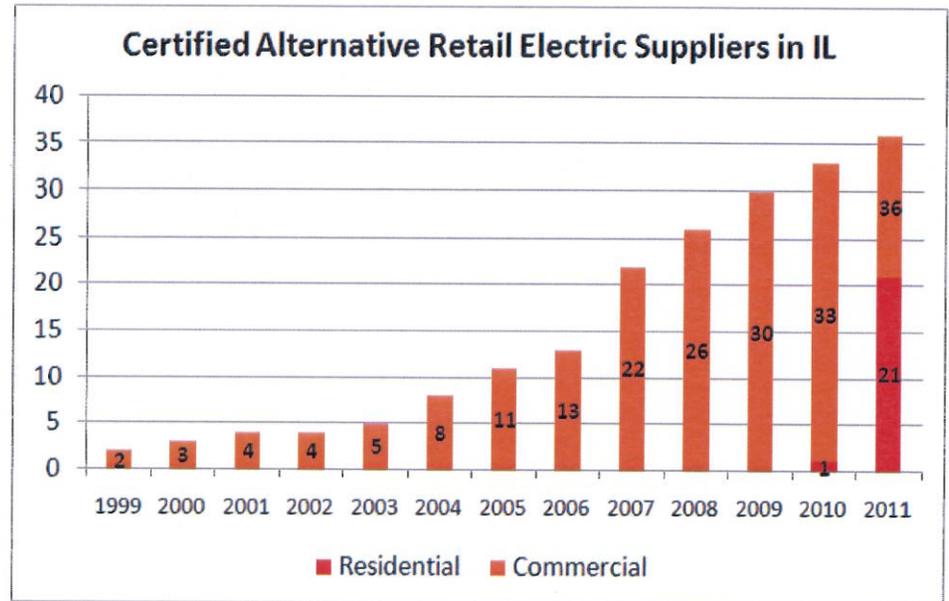


- Market & regulatory developments that created the aggregation opportunity
- Illinois' positive response to aggregation
- Benefits of aggregation for residents and the Village
- Qualifications & experience of Integritys Energy Services
- Wrap-up/Q&A
- Next Steps

# MARKET & REGULATORY DEVELOPMENTS CREATED AGGREGATION OPPORTUNITY



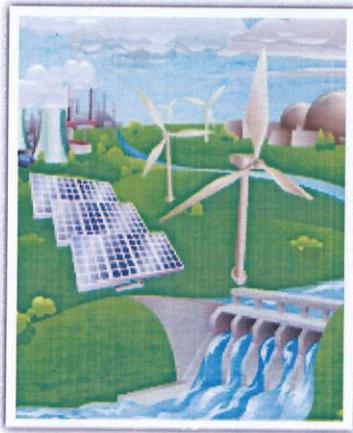
- The Illinois electric market has been evolving since the Illinois General Assembly deregulated it in 1997.
- Commercial and industrial customers were the first to take advantage of the ability to choose an Alternative Retail Electric Supplier (“ARES”).
- Today, about 80% of ComEd’s non-residential load is served by an ARES.
- Now the opportunity to choose a competitive electric supplier is extended to residential consumers.



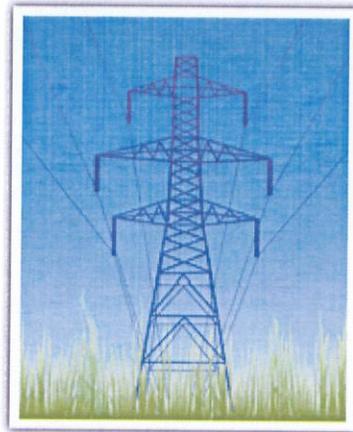
# ENERGY DEREGULATION AND HOW IT WORKS



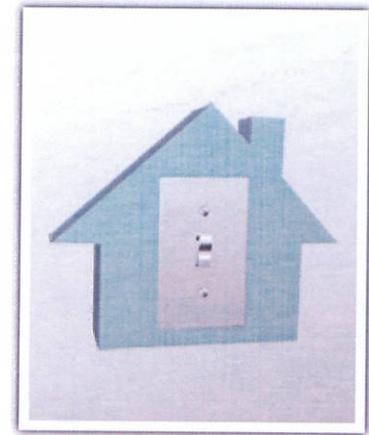
Power has 3 steps:



**1. Energy supply / generation** - production of electricity



**2. Transmission** - sending high voltage power to distribution lines



**3. Distribution** - delivering it to your home or business

**Before 2011:** ComEd provided all of these tasks.

**Now:** Illinois homeowners can choose their energy supplier and the current electricity utility remains responsible for delivering the electricity supply, reading the meter, and providing safe and reliable delivery service.

# MARKET & REGULATORY DEVELOPMENTS CREATED AGGREGATION OPPORTUNITY



- The Illinois legislature recently approved legislation providing local governments the opportunity to aggregate the electric power purchasing of its residents.
  - *Public Act 96-0176, amendment to the Illinois Power Agency Act*
- Essentially, aggregation allows communities to combine residents into a buying group, resulting in increased buying power and more competitive prices for its residents.



# ILLINOIS HAS RESPONDED POSITIVELY TO AGGREGATION



## Passed April Referendum:

- |                      |                       |
|----------------------|-----------------------|
| ▪ Campton Hills      | ▪ Milledgeville       |
| ▪ Crest Hill         | ▪ Morris              |
| ▪ Elburn             | ▪ Mount Morris        |
| ▪ Erie               | ▪ New Lenox           |
| ▪ Fox River Grove    | ▪ <b>North Aurora</b> |
| ▪ Fulton             | ▪ <b>Oak Brook</b>    |
| ▪ Glenwood           | ▪ <b>Oak Park</b>     |
| ▪ <b>Grayslake</b>   | ▪ Polo                |
| ▪ Harvard            | ▪ Sugar Grove         |
| ▪ <b>Lincolnwood</b> | ▪ Wood Dale           |

- 22 different IL communities put an Opt-out Aggregation referendum on their April '11 ballot - 20 passed.
- North Aurora, Lincolnwood, Grayslake, Oak Brook, and Oak Park have each selected Integritys as their Aggregation supplier.
- As of October/2011, 4 of the 5 lowest prices negotiated by any IL community have been with Integritys!

## Cost Savings for Residents

- The biggest benefit aggregation can bring to residents is offering more competitive prices that help lower their electric rates.
- “Headroom” behind ComEd is substantial, offering cost savings.
- For example, Integritys’ current “posted” 12-month residential fixed price is approximately 11% lower than ComEd’s current annualized rates.
- Aggregation will yield pricing lower than posted, therefore greater savings
- We estimate 21% or better savings based on current annualized rates.
- Education drives an informed decision point, enhances participation.

(Note this comparison does not include utility distribution charges or the PEA. See [www.Integritysenergy.com](http://www.Integritysenergy.com) for more information.)

## Cost Savings for Residents

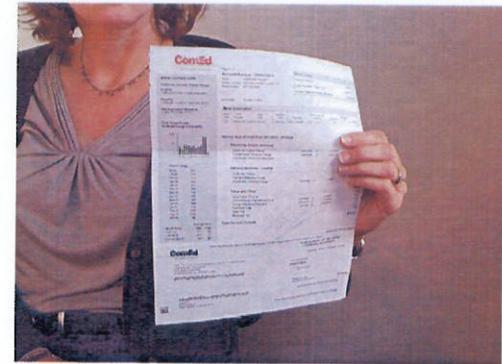
- Our experience indicates that 85 % of the residents in communities passing an Opt-Out Aggregation Referendum choose to participate in the program.
- Based on posted pricing aggregate savings available to residents exceeds \$625,000.
- **Through Aggregation, we can create an opportunity for Barrington Hills residents to collectively save over \$1,082,000 on their annual electric costs.**



# BENEFITS OF AGGREGATION TO THE VILLAGE



- ComEd continues to deliver customers' electric supply using their same meter and send customers a single monthly bill showing Integritys' lower energy supply charge replacing the current ComEd energy charge through Purchase of Receivables Program (P.O.R.)
- P.O.R. was critical to formation of a vibrant residential market



# COMED BILL (BEFORE SWITCH)



Service from 6/6/2011 to 7/6/2011 - 30 Days

Residential - Single

## Electricity Supply Services \$121.35

Electricity Supply Charge	1,441 kWh	X	0.07154	103.09
Transmission Services Charge	1,441 kWh	X	0.00767	11.05
Purchased Electricity Adjustment				7.21

**Price: \$0.07154 + \$0.00767  
= \$0.07921/kWh**

## Delivery Services - ComEd \$47.05

Customer Charge				14.28
Standard Metering Charge				2.86
Distribution Facilities Charge	1,441 kWh	X	0.01949	28.09
IL Electricity Distribution Charge	1,441 kWh	X	0.00126	1.82

## Taxes and Other \$17.20

Smart Meter Program				0.15
Environmental Cost Recovery Adj	1,441 kWh	X	0.00015	0.22
Energy Efficiency Programs	1,441 kWh	X	0.00160	2.31
Franchise Cost	\$46.43	X	2.90400%	1.35
State Tax				4.76
Municipal Tax				8.41

**Total Current Charges \$185.60**

# COMED BILL (AFTER SWITCH)



Service from 7/6/2011 to 8/3/2011 - 28 Days

Retail Delivery Service - Res Single

**Electricity Supply Services - IntegrYS Energy Services Inc** **\$134.68**

CUSTOMER CHARGE 134.68

**IntegrYS Energy Services Inc**    1-312-681-1800    [www.integrYSenergy.com](http://www.integrYSenergy.com)  
Please refer to your supplier contract for details.

**Price: \$134.68/2,088kWh  
= \$0.0645/kWh**

**Delivery Services - ComEd** **\$60.47**

Customer Charge 14.28

Standard Metering Charge 2.86

Distribution Facilities Charge                      2,088 kWh    X                      0.01949                      40.70

IL Electricity Distribution Charge                      2,088 kWh    X                      0.00126                      2.63

**Taxes and Other** **\$24.44**

Smart Meter Program 0.15

Environmental Cost Recovery Adj                      2,088 kWh    X                      0.00015                      0.31

Energy Efficiency Programs                      2,088 kWh    X                      0.00160                      3.34

Franchise Cost                      \$59.85    X                      2.90400%                      1.74

State Tax 6.88

Municipal Tax 12.02

**Total Current Charges** **SAVINGS = \$41.16 !!!** **\$219.59**

## Company Background

- Integrys Energy Services is one of the most respected, trusted energy companies in the United States
- A subsidiary of Integrys Energy Group...
  - Fortune<sup>®</sup> 500 company headquartered in Chicago
  - Over \$9.8 billion in assets
  - 150-year heritage of serving Illinois
  - ≈ 1,900 employees in Illinois
  - Strong credit ratings
- In four of the past five years, our family of companies has been named among the top five “Most Admired Energy Companies in America” by Fortune Magazine.

2010, 2009, 2007, 2006

Four of the past five years,  
named one of the World’s Most  
Admired Energy Companies”

FORTUNE MAGAZINE<sup>®</sup>

## Relevant Experience

- North Aurora has selected Integrys as their Community Aggregation supplier.
- Illinois Municipalities - Integrys serves natural gas and/or electric supply to the Municipal buildings of **102 other communities** throughout Illinois.
- Illinois Public Sector Customers- the **State of Illinois, Cook County, and Chicago Public Schools** are among the public sector customers we proudly serve.
- Serving the Illinois Business Community - We serve over **1,800** commercial & industrial power customers throughout Illinois (over 14,000 accounts) and over **1,000** commercial & industrial natural gas customers (over 4,000 accounts).
- Aggregation Experience - Integrys Energy Services has a proven track record establishing successful aggregation programs with **dozens of Midwestern communities**.
- As of October/2011 Integrys is serving over **36,000** residential customers in IL.

# INTEGRYS ENERGY AGGREGATION EXPERIENCE

<u>Ohio Electric Aggregation Programs (opt out)</u>	<u>Dates</u>	<u># of Accts.</u>
City of Cleveland	2001-2005	70,000
NW OH Aggregation Coalition	2001-2003	24,000
City of Euclid	2002-2005	3,700

<u>Ohio Gas Endorsement/Sponsorship Programs (opt in)</u>	<u>Dates</u>	<u># of Accts.</u>
Batavia Township	2010-present	60
Bazetta Township	2008-2009	643
City of Cortland	2006-2008	426
City of Deer Park	2008-present	224
Village of Fairfax	2008-present	73
Village of Indian Hill	2007-2009	552
Union Township	2010-present	135

<u>Ohio Gas Aggregation Programs (opt out)</u>	<u>Dates</u>	<u># of Accts.</u>
Champion Township	2007-present	1,499
City of Cleveland Heights	2002-present	7,658
City of Cheviot	2007-present	1,816
Village of Evendale	2010-present	821
City of Fairfield	2009-present	234
Green Township	2007-present	11,619
Village of Indian Hill	2009-present	1,249
City of Lockland	2009-present	426
Village of Lordstown	2009-present	345
Miami Township	2009-present	5,298
City of Norton	2006-2008	1,130
City of Norwood	2010-present	3,088
City of Reading	2009-present	1,811
Sycamore Township	2009-present	3,846
Symmes Township	2010-present	2,417
City of Wyoming	2009-present	1,951

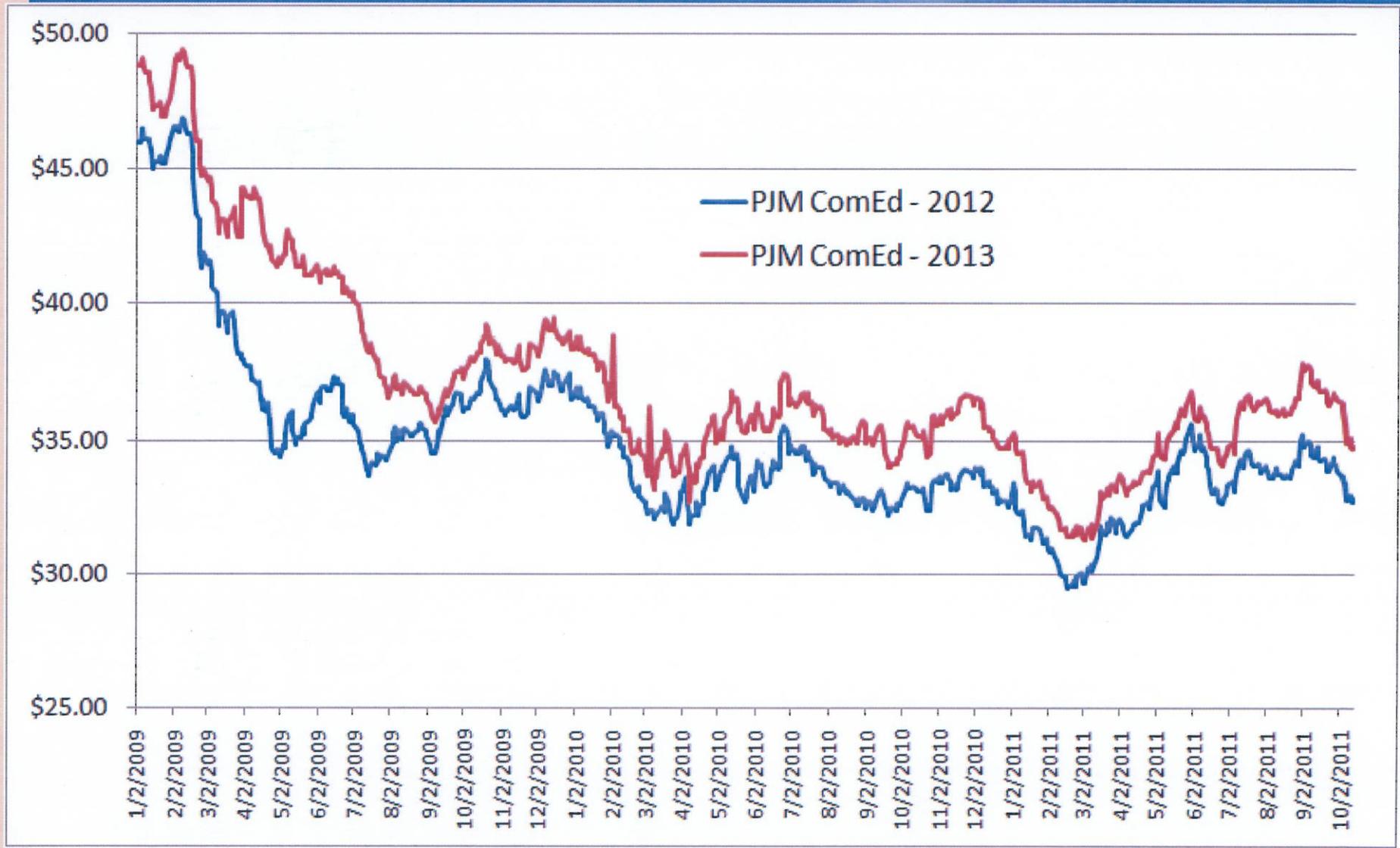
# INTEGRYS ENERGY AGGREGATION SERVICES

## PRE-AGGREGATION SERVICES



- Provide Drafts of Village Communications:
  - Referendum Ballot Language
  - Opt-Out Aggregation Ordinance
  - Plan of Operation and Governance
  - Notice of Public Hearings
  - Postcard to Residents prior to referendum
- Funding of Pre-Aggregation communication efforts through the BIC.
- Participate in Public Hearings to educate both the public and Village employees on the process.
- Assist Village in establishment of advisory committee.
- Establish toll-free telephone number staffed by customer service personnel to address questions of potential aggregation participants.
- Pre-Referendum landing page is established on IntegrYS Website to support the aggregation education, Opt-Out rules and other FAQs
- Assist Village with communications with ComEd (per Rate GAP):
  - Customer Counts, usage, Rate Class designations
  - List of reference numbers, names, addresses, etc.
  - List of Account Numbers

# COMED - PJM FORWARD ENERGY CURVE (\$/MWh)



# INTEGRYS ENERGY AGGREGATION SERVICES

## POST REFERENDUM SERVICES



- Provide Drafts of Customer Communications:
  - Opt-Out Notice
  - Welcome Letter
- Mail information materials, terms & conditions to potential aggregation participants.
- Post Referendum landing page is established on IntegrYS Website to support the aggregation process, i.e. Participation Instructions, Terms & Conditions, FAQs, etc.
- Assist with completion of Government Authority Aggregation Form and communications with ComEd surrounding data exchange.
- Maintain list of potential participants who elect to opt-out and list of participants who consent to join.
- Enroll the Aggregation.
- Begin Invoicing via the POR program!
- Provide periodic reports to Village management

## IntegrYS Service and Support

- IntegrYS offers exceptional 24/7 customer service and a seamless transition.
  - No new equipment to install.
  - No home service calls to schedule.
- Custom landing page designed to support Community Education and overall program organization
  - FAQ's
  - Notice of Public Hearings
  - Program rules and benefits
- Turnkey Aggregation Program Service Provider
  - Pre-Aggregation Services, Post Aggregation Services
  - Community Education, Informed Supply Strategies



# KEY DATES



- Steps toward aggregation take place over a number of months.
- Timeline largely determined by election dates and ICC requirements:
  - Deadline for submitting request for referendums in the **Primary** election is January 3, 2012 (Primary election is March 20, 2012).
  - Deadline for submitting request for referendums in the **General** election is August 20, 2012 (General Election is November 6, 2012).
- Decision needed shortly to move the process forward.

# TIMELINE



<p><b>November - '11 [Introduction]</b></p>	<ul style="list-style-type: none"> <li>- IntegrYS introduces concept of municipal aggregation to the municipality.</li> <li>- IntegrYS suggests pre and post aggregation services and timelines.</li> <li>- IntegrYS provides cost savings estimates and answers questions about the program from municipal officials.</li> <li>- Commitment from the municipality is provided.</li> </ul>
<p><b>November - December - '11 [Aggregation Logistics]</b></p>	<ul style="list-style-type: none"> <li>- IntegrYS provides drafts of communication pieces: Referendum language, Opt-Out aggregation ordinance, Plan of Operation and Governance, Notice of Public Hearings and Postcard to residents prior to referendum.</li> <li>- Municipality establishes advisory committee to the BIC.</li> <li>- IntegrYS funding of Pre-Aggregation communication efforts through the BIC.</li> <li>- IntegrYS establishes toll-free phone number and a landing page to provide additional information and answer questions.</li> <li>- Municipality passes ordinance to hold municipal aggregation referendum in March - '12.</li> <li>- Timelines, processes and documents are finalized and approved by the municipality.</li> </ul>
<p><b>December - '11 - February - '12 [Pre-Referendum Services]</b></p>	<ul style="list-style-type: none"> <li>- Public Notices published in local paper (2).</li> <li>- Other pre-referendum communications are completed.</li> <li>- Postcards sent out announcing public hearings.</li> <li>- IntegrYS participates in Public Hearings (2) to educate the Public and municipal leaders.</li> <li>- IntegrYS assists municipality in communications with ComEd (per Rate GAP) regarding: customer counts, usage, rate classes, list of reference numbers, names, addresses, account numbers, etc.</li> </ul>

# TIMELINE (CONTINUED)



<b>March - '12 [Vote]</b>	<ul style="list-style-type: none"><li>- March 20, Municipal Aggregation Vote takes place.</li></ul>
<b>April/May - '12 [Post-Referendum Services]</b>	<ul style="list-style-type: none"><li>- IntegrYS provides drafts of: Opt-out Notice and Welcome letter.</li><li>- These are finalized and approved by municipality.</li><li>- IntegrYS develops post-referendum landing page to support enrollment process and continues with toll-free number support.</li><li>- IntegrYS sends out Opt-Out notice, informational materials, terms and conditions to potential aggregation participants.</li><li>- IntegrYS assists municipality with completion of the Government Authority Aggregation Form and with communications with ComEd surrounding data exchange.</li><li>- IntegrYS maintains list of those who elect to Opt-Out.</li><li>- IntegrYS goes to market to finalize load, price and term for aggregation participants.</li><li>- Upon approval by municipality, price and term is finalized.</li><li>- Aggregation participants are enrolled with ComEd.</li></ul>
<b>June - '12 + [Post-Aggregation]</b>	<ul style="list-style-type: none"><li>- Billing (and savings) via the POR program commences!</li><li>- Periodic reporting to municipal officials is established.</li></ul>

- **Significant Savings are available at the present time but may not always be there if the market moves.**
- **Partnering with an Aggregation Services Provider/Supplier will provide the maximum value:**
  - **Avoid the cost of consulting fees.**
  - **Gaining visibility into the market forward curve position.**
  - **Pre and Post Referendum support.**
  - **More flexibility in deal structuring and value creation.**

# WRAP-UP



- **Questions**
- **Discussion**
- **Next Steps**