

**COMMENTS OF HILLSBORO COMMUNITY UNIT SCHOOL DISTRICT #3
ILLINOIS COMMERCE COMMISSION WORKSHOP ON RESOURCE ADEQUACY
IN MIDCONTINENT INDEPENDENT SYSTEM OPERATOR (MISO) ZONE 4**

These comments are being submitted to the Illinois Commerce Commission (“ICC”) by the Hillsboro Community Unit School District #3 Superintendent, David Powell. The District appreciates the ICC’s efforts in conducting this important proceeding to consider electric power supply issues in downstate Illinois and, in particular, the market policies and conditions that are adversely impacting power plants that have reliably served downstate Illinois for many years as well as being critical drivers of employment and economic activity in their local areas. We also appreciate the opportunity being provided to local stakeholders such as the School District to provide our views on these issues.

HCUSD3 wishes to express its concern about the potential closing of the Coffeen Power Station and to express to the ICC the severe adverse impacts this closing would have on our school district. In considering policy options, it is critical that the ICC – and ultimately, the General Assembly and the Governor – considers the impacts of policy choices on the power plants that provide jobs, economic stimulus and fiscal support to the State and local governments in downstate Illinois. HCUSD3 strongly urges the ICC to recommend policy solutions such as proposed in Illinois Senate Bill 2250 and House Bill 4141, which will implement changes to the downstate Illinois power markets that will give the Coffeen Power Station and other downstate power stations a fair opportunity to compete in the market and remain in operation.

The Coffeen Power Station is located in Coffeen, IL. The community of Coffeen is part of the Hillsboro Community Unit School District #3. The power station provides good, family-sustaining jobs which are among the best in our area. Many of the employees have worked at the power station for many years. Because these power station employees largely reside in the area and spend much of their income in the area, the continued operation of the power station thereby supports many other local businesses and jobs. The power station itself also purchases various

supplies and services from local businesses that employ local residents. The positive economic impact of the Coffeen Power Station benefits the entire area.

Dynegy, as the owner of the Coffeen Power Station, is one of the largest property taxpayers to the Hillsboro Community Unit School District. In 2017, the property taxes paid by the Coffeen Power Station were \$2.9 million. These tax payments represent 31% of the total property tax revenue the School District received last year and 11% of the total education fund revenue from all sources. These taxes provide critical and fundamental support to the school district and the loss of this revenue would be devastating. Of course, some of this loss of revenue would have to be made up by other local taxpayers, but the revenues that could not be made up by increasing taxes on other taxpayers would result in significant budget reductions by the School District. The Hillsboro Community Unit School District has already made significant budget cuts in recent years. Our operations are very lean, yet we are still running deficits. We have no "fat" to trim from our budget. Another round of budget cuts would be devastating. These would include the layoff of teachers, administrators and support staff from all employee groups. This would lead to the elimination of some academic and extracurricular opportunities for students, a significant increase in class sizes, a deterioration of the learning environment, and more. In short, the loss of the Coffeen Power plant would cripple our school district.

Unfortunately, closing the Coffeen Power Station would almost certainly initiate a severe downward spiral for our community and the surrounding area. The employees of the Coffeen Power Station, many of whom have worked at the power station for many years, are unlikely to all find comparable, well-paying jobs in our area. Many of them will either leave the area to obtain new employment, take lesser-paying jobs in the area, if available, or retire. Under any of these scenarios, local spending for goods and services will be reduced and there will be a ripple effect on local businesses that currently serve the power station employees and their families and the

power station itself. Local businesses in turn may be forced to lay off employees or to shut down entirely.

Additionally, it is important to our community to maintain adequate supplies of electric power provided at stable prices. We understand that some parties feel that there is an excess supply of power available to downstate Illinois and the surrounding areas, including through power imported from plants located in other states, and that as a result, some or all of these older Dynegy power stations should be retired. However, as the Coffeen Power Station is one of the largest if not the largest employer in our area, and as most of the employees reside in the local area, the Coffeen Power Station is well known as a reliable, low cost producer of electricity. There have also been substantial investments made at the power station for environmental compliance. We are concerned about the possibility of power plant retirements in downstate Illinois resulting in tightening of supply that in turn could produce volatile prices from year to year. Neither our local citizens, nor our local governments, which must budget and set local tax rates in advance, wish to see significant variations in electricity prices from year to year.

Our community is particularly concerned about the possibility of the Coffeen Power Station being closed because we have seen that Dynegy has closed other plants in recent years. These closures have included the Vermilion Power Station near Danville in Vermilion County; the Wood River Power Station in Madison County; one unit at the Baldwin Power Station in Randolph County; and one unit at the Newton Power Station in Jasper County. The citizens in our community would be extremely upset if the General Assembly and the Governor failed to act on the proposed Illinois-centered electric capacity market reforms that will provide the opportunity for the Coffeen Power Station to remain in operation. Our citizens see on their electric bills every month an additional charge, imposed by the General Assembly and the Governor, to subsidize and sustain in operation two of the Exelon power stations, including one in far northwest Illinois. We understand the importance of these two power stations to their respective local communities and

fully understand the reasons that the General Assembly acted to create a subsidy mechanism, that is paid for by every Ameren Illinois and ComEd customer in the State, to keep those plants in operation. Our citizens also know that they are being charged on their electric bills every month for payments made to support renewable generators under a program mandated by the General Assembly. Should no action be taken by the General Assembly and the Governor regarding the Dynege downstate plants, the citizens of our community would certainly wonder why the General Assembly and the Governor enacted and imposed a massive, 10-year subsidy program on ratepayers to support the Exelon plants, and have enacted a massive plan to subsidize the construction of new wind and solar plants through 15-year guaranteed contracts, but could do nothing to help to keep the Dynege plants downstate Illinois in operation, including the Coffeen Power Station in our community.

The Hillsboro Community Unit School District supports the downstate capacity market reforms that have been proposed by Dynege and are incorporated in House Bill 4141 and Senate Bill 2250. We understand that these proposed solutions would provide for market reforms, and would not provide for a ratepayer-funded subsidy like the General Assembly and the Governor have already imposed for the Exelon plants. Under these proposals, the power plants that would be selected to be the capacity suppliers for downstate Illinois would be selected on the basis of a competitive bidding process on the basis of the prices the various power stations offered. We understand that one of the core changes that these proposals would implement would be that capacity contracts would be awarded three years in advance, rather than three months in advance. This approach will also help to ensure that the capacity suppliers to downstate Illinois are making longer-term commitments to serve the power needs of downstate Illinois.

In conclusion, Hillsboro Community Unit School District reiterates its appreciation for the Illinois Commerce Commission's efforts in studying the important issues relating to long-term

power supply and the related local economic impacts in downstate Illinois, and thanks the ICC for the opportunity to provide these comments.