



Month ##, ####

Legislator Name
Street Address
City, State Zip code

DRAFT

RE: State of Illinois Energy Legislation

Legislator,

On behalf of the City Council, Citizens and Business Community of the City of Batavia we are writing to request your support for new energy legislation in the State of Illinois that promotes a long-term goal of achieving 100% renewable energy by the year 2050. Furthermore, the City of Batavia will support the closure of Prairie State if the following concerns are addressed and fully resolved by the State. If the concerns cannot be fully resolved, then the City does not support the closure of Prairie State.

- 1) **Cost of proposed new Taxes and Fees.** The proposed coal severance tax, community reinvestment fee and/or carbon fee would cost the City of Batavia at least \$5 million per year for the next 9 years (assuming PSEC closes in 2030) and would be financially devastating to our community.
 - These taxes and fees would be paid directly by a small number of ratepayers
 - i. 16% (estimate) higher residential and commercial rate
 - ii. 6% higher industrial rate for our 8 largest customers
 - We are concerned about the downward economic spiral such rate increases would cause: First, businesses will leave and not be replaced, driving residential rates even higher (due to our purchased power agreement). Then the residents will leave, if they can, as their property values plummet. The City will lose its tax base and have to cut services
 - Investor-owned utilities have other sources of revenue and they can spread these costs across millions of customers, versus the City of Batavia that has only 10,000 customers.

- 2) **Closure prior to full satisfaction of bonds.** Closing Prairie State in 2030, before the bonds are paid off, will be another devastating blow to Batavia.
 - The City's bond obligations continue through 2042 whether the plant is there or not
 - Early closure means the City will have two additional costs not contemplated during the indebtedness period:

- i. Replacement Capacity (estimated to cost an additional \$4 million per year)
 - ii. Decommissioning
- 3) **Renewable Portfolio Standards.** The City of Batavia requests relief from having to adhere to the Renewable Portfolio Standards.
 - Batavia has a Power Sales Agreement in excess of its current demand. Requiring the purchase of additional power will just add to the ratepayers' costs because the additional power will be sold back to the wholesale market at a loss
 - Please consider a safe harbor provision that applies the RPS to municipal utilities only when additional capacity is needed (demand that exceeds current PSAs)
- 4) **ICC oversight of Municipal and Cooperative Utilities.** The City of Batavia feels there is no need for ICC oversight of municipal or cooperative utilities.
 - Investor-owned utilities require a watchdog regulatory agency to watch out for the interests of ratepayers and taxpayers because they are by nature for-profit organizations that answer to their shareholders
 - Municipal and Cooperative utilities are not-for-profit, rely for revenues 100% upon their ratepayers, and are governed by a board of officials that are elected by the ratepayers. There is already built-in accountability to the ratepayers

The City of Batavia is very appreciative of your consideration of these critical matters for our community. Please do not hesitate to contact our City Administrator, Ms. Laura Newman, at (630) 454-2000 or our Director of Public Works, Mr. Gary Holm, at (630) 454-2300 should you have any questions or need any further assistance.

Sincerely,

Honorable Jeffery D. Schielke
Mayor, City of Batavia