

# City of Rock Falls

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April 2, 2019

Honorable John Shimkus  
2217 Rayburn House Office Building  
Washington, DC 20515

Re: "Lessons From Across the Nation: State and Local Action to Combat Climate Change"  
Written Testimony Submitted by Mayor of Rock Falls, Illinois, William B. Wescott  
House Committee on Energy & Commerce  
Subcommittee on Environment & Climate Change (116<sup>th</sup> Congress)

Dear Subcommittee Members:

The City of Rock Falls has owned and operated its municipal electric utility since 1895. For over 110 years we have provided our community low cost and reliable electric service. As a not-for-profit utility, we focus on keeping our rates low and are continually reinvesting in our system and community. As a municipality that owns and operates its own electric distribution system, Rock Falls is in a unique position to foster and invest in a clean energy future. We have individually as a municipality, and together as part of our wholesale power joint action agency, made strides towards a cleaner future while also focusing on providing reliable, low cost power to our citizen customers. In many ways, Rock Falls has been on the forefront of the climate issue, well before many traditional utilities.

The City of Rock Falls is a nationally recognized municipal electric utility. For fifteen years, we have been designated a Reliable Public Power Provider (RP3) award by the American Public Power Association. We are one of only three municipalities in Illinois to receive this award. RP3 recognizes utilities that excel in four areas: reliability, safety, workforce development and system improvement. Criteria within each of the four RP3 areas are based upon sound business practices and recognized industry best practices. The RP3 Program shines a light on our utility for the excellent service it provides to our customers. As part of our industry best practices, the City of Rock Falls places a focus on clean energy. First, Rock Falls is one of the few places in Illinois that has a hydroelectric facility. Our facility is located on the banks of the Rock River and uses the pool created by the Sinissippi Dam. This two megawatt

hydroelectric plant provides our City with a reliable and clean power source. In 2013, we re-committed to this clean power source by conducting a 20-year rebuild, making the facility even more productive and efficient to assist the City in our total 24 megawatt peak demand. This hydro plant provides 12.5% of the city's needs, saves our customer owners roughly \$40,000 per month in energy costs while also reducing our annual CO<sub>2</sub> emissions by more than 5,770 tons.

In 2010, our City began to assess how to deploy solar power as part of our system. We installed a small solar array on a city facility, reducing the internal electric consumption by 5% annually while reducing its carbon footprint by more than nine tons. This pilot project has been a success not only in reducing city energy costs, but we also offer the system as an educational tool for our grade school and high school students, teaching about the electric, renewable and solar industry.

Beyond these sources, we receive all of our wholesale energy through a municipal aggregation agency called the Illinois Municipal Electric Agency (IMEA). Rock Falls became a founding member of IMEA in 1984 in order to gain joint purchasing power by aggregating our city's electric load requirements with other non-profit, public power municipalities within Illinois. IMEA provides long-term strategic joint planning and utility operations, along with professional management of combined generation and transmission assets. However, all Agency decisions are still local because they are made by the Board of Directors, on which each municipally owned utility is represented by a locally appointed director.

As part of the IMEA, Rock Falls was selected to be a host city for a new utility scale one-megawatt solar array. This project is an excellent example of a strong public-private partnership to further the development of renewable energy. Rock Falls will host the solar array with no direct cost incurred by our city for the purchase of the panels. IMEA is commissioning the facility to be built by a developer. The capital expense of the project will be 100% funded by this developer. In turn, the developer will sell the power to the IMEA under a power purchase agreement. We are proud to host such a project in our hometown, particularly as it allows us to utilize an otherwise non-buildable property in our industrial park. Truly, this is a win for everyone.

While Rock Falls, in conjunction with IMEA, continues to diversify its resources and increase the percentage of renewable resources in our power portfolio, we are also responsible for reliable power. Honestly, that is job #1. Technology must improve before we can fully transition from our existing resource mix of baseload and intermittent renewable resources. In Illinois, we still need some amount of baseload generation to keep the lights on and our citizens homes warm.

As you know, the energy industry is in a time of transition, both in how it generates electricity and how regulated and deregulated markets operate. For many years, investments in the generation of electricity in Illinois were either in coal-powered or nuclear-powered facilities. Rather than depend solely on a volatile power market, our municipal systems elected to secure reliable and stable cost

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electricity, by making investments in new, highly efficient baseload generation. Our largest investment, the Prairie State Energy Campus provides more than 650 jobs in downstate Illinois, with an economic impact to the region of \$785 million each year. Municipal utilities borrowed capital over the long-term to procure this generation resource and remain obligated to pay back the capital we borrowed.

As Congress considers and takes action on the threat that climate change poses, we ask for consideration for communities, such as Rock Falls, who have been investing in renewables while also making investments in baseload power, utilizing the cleanest and best environmental control technologies available. We are concerned that a transition to cleaner energy resources risks stranding investments in our current portfolio. Rock Falls is responsible for the pro-rata share of our electric load for approximately \$922.5M in outstanding debt. Importantly, that responsibility remains even if a federal or state regulation or law forces the closure of our state-of-the-art coal fired generation facilities before the owners (who are all non-profit public electric utilities like Rock Falls) can recoup our investments. Should federal or state policies force premature closure of our existing resources, we'd still have to procure the energy we had been counting on our coal-fired generators to deliver. This would be like building a home with a 30-year loan and then being evicted sometime in the first 10 to 15 years. We still must pay the mortgage on the home we've lost while also paying for a new place to live.

If we are unable to recoup our investments, this will create severe economic harm to our citizens and to those who have invested in the bonds that provided the capital for the construction of our new facilities. These cleaner, efficient supercritical plants are exactly the type of facility we need to ensure affordable and reliable electricity while we bridge the gap to technology that will allow us to achieve a fully renewable future.

Thank you for the opportunity to present this written testimony on behalf of Rock Falls and all of our citizens.

Sincerely,

A handwritten signature in black ink, appearing to read "Wm. B. Wescott". The signature is fluid and cursive, written in a professional style.

William B. Wescott,  
Mayor, City of Rock Falls, Illinois