

**VILLAGE PRESIDENT**  
Ray Danford

**VILLAGE CLERK**  
Jerry Menard

**VILLAGE TRUSTEES**  
Corby Valentine  
Steve Smith  
Tony Miller  
Rita Baker  
Seth Speiser  
Charlie Mattern

# VILLAGE OF FREEBURG

**FREEBURG MUNICIPAL CENTER**  
14 SOUTHGATE CENTER, FREEBURG, IL 62243  
PHONE: (618) 539-5545 • FAX: (618) 539-5590  
Web Site: [www.freeburg.com](http://www.freeburg.com)

**VILLAGE ADMINISTRATOR**  
Dennis Herzing

**VILLAGE TREASURER**  
Bryan A. Vogel

**PUBLIC WORKS DIRECTOR**  
Ronald Dintelmann

**POLICE CHIEF**  
Melvin E. Woodruff, Jr.

**VILLAGE ATTORNEY**  
Stephen R. Wigginton

November 6, 2009

## NOTICE

### MEETING OF THE ELECTRIC COMMITTEE (Valentine/Smith/Miller)

An Electric Committee Meeting of the Village of Freeburg will be held at the Municipal Center, Executive Board Room, **Monday, November 9, 2009, at 5:00 p.m.**

### ELECTRIC COMMITTEE MEETING AGENDA

#### I. Items To Be Discussed

##### A. Old Business

1. Approval of October 19, 2009 minutes
2. Switchover of Ameren to Freeburg power
3. Village of Freeburg utility needs analysis
4. Replacement of old power plant doors
5. Arc flash study
6. Franchise Fee (Ameren)
7. Three-phase service

##### B. New Business

##### C. General Concerns

##### D. Public Participation

##### E. Adjourn

At said Electric Committee Meeting, the Village Trustees may vote on whether or not to hold an Executive Session to discuss the selection of a person to fill a public office [5 ILCS, 120/2 - (c) (3)], litigation [5 ILCS, 120/2 - (c)(11)] personnel [5 ILCS, 120/2 - (c) (1) a.]; or real estate transactions [5 ILCS, 120/2 - (c)(5)].



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## ELECTRIC COMMITTEE MEETING Monday, November 9, 2009 at 5:00 p.m.

The meeting of the Electric Committee was called to order at 5:00 p.m. on Monday, November 9, 2009 by Chairman Corby Valentine. Committee members present were Chairman Corby Valentine, Trustee Steve Smith, Trustee Tony Miller, Mayor Ray Danford, Village Administrator Dennis Herzing, Public Works Director Ron Dintelmann and Office Manager Julie Polson.

### A. OLD BUSINESS:

1. Approval of October 19, 2009 minutes: *Trustee Steve Smith motioned to approve the minutes of October 19, 2009 and Trustee Tony Miller seconded the motion. All voting aye, the motion carried.*

2. Switchover of Ameren to Freeburg power: Dennis had the conference call last week and attached to the packet is the spreadsheet of costs, see "Sale of Facilities and Release of Associated Customers." Dennis has requested the "Sales of Facilities Worksheet by Plant Accounting," from Todd Masten. He has not received anything to date. When we initially met, Ameren had not figured in the depreciated book and their number was a little over \$200,000. We thought when they put in the depreciated book, it would be very low and thought the number would be half of that. Ron said the whole question is the \$204,118 which is the average of depreciation replacement and depreciated book. Ron said we really need that number from Ameren and then suggested that Dean Park look at it. Dean could then calculate a payback period and tell us if that is a reasonable number. Dennis will get an average usage from the nursing home and SAVE and get that to Dean. A copy of the Isom agreement is included in the packet. They don't want to be charged tap-on fees and if they decide to go on our power, we won't force them to annex and Dennis said we wouldn't do that. Dennis said in the long term, we are going to put a lot of the customers on an underground line. The Isoms are asking if they have serious reliability problems where they are losing power frequently, we will move them up on the list to get them underground as quickly as possible.

3. Village Utility Needs Analysis: Ron said there is nothing new right now.

4. Replacement of old power plant doors: Ron said there is nothing new right now.

5. Arc flash study: Item can be taken off the agenda.

6. Franchise Fee (Ameren): On hold for now.

7. Three-phase service: Ron had talked to Dean Park about this, see email attached. Our code allows for a small 3-phase customer to elect service at the single



phase rate. The Village would lose \$32,985 in revenue if all 37 small 3-phase customers switched to a single service. Dennis said Tom questioned this and he will get him the information. The committee agreed to send out a letter to all the affected 3-phase customers letting them know they qualify for this and if they want to switch, they need to complete the form and send it to the Village. A copy of the ordinance will be provided. The committee agreed no retroactive credit will be granted. Ron said it is a better load and good for our system.

**B. NEW BUSINESS:** Ron said he has several purchases: He needs to purchase some poles, 6 - 45" poles and get approximately 50 - 35". The 35" are based on weight and Fletcher-Reinhardt came in with the best price at approximately \$9,000. Ron said he also needs to order some pole-mount transformers and thinks it will be about \$10,000. The last thing he needs to order is some overhead wire. It said all the materials should total around \$25,000. He wants to make sure he has enough items in stock in preparation for the upcoming winter months.

**C. GENERAL CONCERNS:** Corby asked about Vaneta Pfannebecker's letter and Dennis said Mike at IMEA can take information from a resident's Ameren bill and project what their annual costs would be. Then we can calculate the comparison between Ameren's rate and ours.

**D. PUBLIC PARTICIPATION:** None.

**E. ADJOURN:** *Trustee Tony Miller motioned to adjourn at 5:30 p.m. and Trustee Steve Smith seconded the motion. All voting aye, motion carried.*



Julie Polson  
Office Manager



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Stephen R. Wigginton

## ELECTRIC COMMITTEE MEETING Monday, October 19, 2009 at 6:30 p.m.

The meeting of the Electric Committee was called to order at 6:35 p.m. on Monday, October 19, 2009 by Chairman Corby Valentine. Committee members present were Chairman Corby Valentine, Trustee Steve Smith, Trustee Tony Miller, Mayor Ray Danford, Village Administrator Dennis Herzing and Public Works Director Ron Dintelmann. Guest present: Mike Blaies.

### A. OLD BUSINESS:

1. Approval of September 10, 2009 minutes: *Trustee Steve Smith motioned to approve the minutes of September 10, 2009 and Trustee Tony Miller seconded the motion. All voting aye, the motion carried.*
2. Switchover of Ameren to Freeburg power: Ron and Dennis had a telephone meeting with Ameren. Ameren wanted to postpone the meeting because they don't have all their numbers together. Dennis said Judge Reagan is on board, the one left on Turkey Hill Lane is Isom. He has talked to them and said one of their main concerns is getting underground power service as they are mainly concerned with reliability. Dennis told them our ultimate plan is to put everything underground. He said it might push them in our direction if we commit to move them up and put them underground by giving a date. Ron said it would probably cost around \$2,500 to put Isom underground. There would only be overhead lines from where we would connect the line (by Brauetigan's Orchards) to their home and also if they continue to have reliability problems, we could move them up on the priority list without promising an exact date. Ray commented they do have a fair amount of power outages. Steve asked if the Isoms don't agree to switch, does that prevent anyone else from switching. Dennis said no, and Ameren said they would have to figure out a way to feed them from the Orchards and that we would have to pay for it. The next meeting is November 4th.
3. Village Utility Needs Analysis: Ron said there is nothing new right now.
4. Replacement of old power plant doors: Ron received a quote from Commercial Door of \$3,298 which is the material portion for the two steel doors, one with card access at the power plant. The overall price is \$5,000 which includes installation. Tony thinks we should get some more quotes and would also like this quote broken down.
5. Arc flash study: Ron said there is nothing new on this.
6. Dusk to Dawn Lighting: Ron said we decided everything was okay and could take this item off the agenda.
7. Franchise Fee (Ameren): On hold for now.



**B. NEW BUSINESS:** Steve asked if Ron had a chance to think about what is involved with putting up the lights at the Village Park. Ron said we do have a service behind the statue and if we are doing just the spruce, we won't have a problem. Ron said if we end up expanding the lights, we may have to think about how we are going to get power to them. Mayor Danford asked Ron where it stands with IMEA retrofitting our generators with catalytic converters and Ron advised IMEA is going to test our engines dedicated to IMEA. They are going to try to prove we don't emit anything and use this to try and create a bill that would exempt the smaller municipalities. Ron said February would be the earliest this ruling could come down and we would have time before it takes effect.

Ron has been working with Verbal of BHM&G on the CAAPP permit (5 year permit) for the engines. With the new laws, Verbal asked if we could send the permit to Attorney LaDonna Driver who reviewed it and made changes to it. Some of the testing timeframes were changed. For example, if you get to 80% of your permit, you have to have daily testing of your units. That was taken out and changed to monthly. The fuel testing is new. We have to have certified tests of all the fuel that comes in from our supplier and if we don't, we have to test it, and guarantee a .05% sulfur content. Verbal said in a couple of weeks we will contact J.D. Street who is our supplier and make sure they will provide it so we don't have to do the testing. The final copy goes out for public comment in the next week and if approved, the permit will be issued by the end of the year. The permit is good for two years and costs \$5,000. Ron said he felt good that we had LaDonna Driver review the permit.

Ron said in our ordinance, it allows for a small three-phase customer to request they be put on Rate 1 (residential) for their service if they use less than 30,000 kwh per month rather than Rate 2 (commercial). The customer has to have a year's worth of history so we can see the customer's usage. We have about 70 customers that are three-phase. Jane felt everyone that is eligible should be put on Rate 1 and should tell the customers it is available. Dean Park calculated this about 5 years ago when the rate study was done and it was about \$2,000 per month difference. Dennis said we don't want to penalize someone because they don't know the rules. Ron said there was nothing ever publicized about this. Ron said there are probably around 10 that would not qualify for this. The committee agreed we should send a letter to the three-phase customers to advise them of this option. We should also notify the new customers of this service when they are applying for the new service. Corby said we can have a packet of information ready when someone comes in and applies for a three-phase service. Ron will bring back the ordinance and the number of customers it would affect.

**C. GENERAL CONCERNS:** Tony said Russ Huwer contacted him about some tree limbs going through the power line and asked if he should cut it or if we should. Ron said we would cut the limbs. There is also a rock lane on an easement and Mr. Huwer wanted to know if he could put additional rock down and the committee agreed that is fine. Corby has some concerns with what he is hearing about Prairie State and asked Ron if he has heard anything and he said no. Ron will check with IMEA to see if they have heard anything.

**D. PUBLIC PARTICIPATION:** None.

**E. ADJOURN:** *Trustee Tony Miller motioned to adjourn at 7:25 p.m. and Trustee Steve Smith seconded the motion. All voting aye, motion carried.*

Transcribed from tape by  
Julie Polson, Office Manager



Freeburg - Sale of Facilities and Release of Associated Customers

Present Value of Delivery Service Charges  
Commercial - 4 custs. 4 yr Net Present Value of DS Revenue \$66,269 See "Freeburg EVA Analysis" doc and supporting documents -  
Residential - 43 Customers @ \$ 450 each \$ 19,350 Analysis provided by Bob Buhnerkemper

Total Revenue Component \$ 85,619

Facilities  
Avg. of Deprec. Repl. And Deprec. Book \$ 204,118 See "Sale of Facilities" Worksheet provided by Plant Accounting

Total Estimated Sales price \$ 289,737

Adjustments

Add -  
Ameren costs - physical transfer of customers (estimated) \$ 10,000.00

Legal (estimated) \$ 5,000.00

Subtract -

Adjusted Sales Price \$ 304,736.61









1100 Old State Road  
PO Box 729  
Mattoon, IL 61938

Phone: 217.235.0546  
Fax: 217.235.0024

www.hdsupply.com/utilities

**Quotation: U00028824.00**

To: **FREEBURG MUNICIPAL ELEC DEPT**  
**412 WEST HIGH**  
**FREEBURG, IL 62243**

Issued Date: **Oct 20, 2009**  
Expiration Date: **Nov 19, 2009**

Attn: **RON DINTELMAN**  
Phone:  
Fax: **618-539-5876**

Sales Contact: **Rick Allen**  
**(P) 217.258.0914 (F) 217.235.0024**  
**rick.allen@hdsupply.com**

Item	Quantity	Product and Description	Price	Unit	Extended
1	6	45' CLASS 3 WOOD POLES SYP PENTA TREATED M20 DRILLING AWW INSPECTION DEL: 1 WEEK	411.400	EA	2,468.40
2	50	35' CLASS 5 WOOD POLES SYP PENTA TREATED M20 DRILLING AWW INSPECTION DEL: 1 WEEK	197.250	EA	9,862.50

BOOM TRUCK DELIVERY TO FREEBURG

**SECTION TOTAL:**

**\$12,330.90**

**QUOTE TOTAL:**

**\$12,330.90**

### Special Notes

- 1) All items are In Stock unless otherwise noted.
- 2) All item pricing on this quote is valid for thirty days unless otherwise specified.
- 3) All applicable taxes apply.

As North America's largest electric utilities distributor, HD Supply Utilities offers the industry's broadest and most dynamic portfolio of products, services and solutions for the distribution, transmission and generation of electric power.



JERRY SCHIERBAUM

DISTRIBUTION YARD SUPERVISOR  
POLE & PILING DIVISION

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35' CLASS 5

186.00

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340.00



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Stephen R. Wigginton

December 7, 2009

## NOTICE

### MEETING OF THE ELECTRIC COMMITTEE (Valentine/Smith/Miller)

An Electric Committee Meeting of the Village of Freeburg will be held at the Municipal Center, Executive Board Room, **Wednesday, December 9, 2009, at 5:30 p.m.**

### ELECTRIC COMMITTEE MEETING AGENDA

#### I. Items To Be Discussed

##### A. Old Business

1. Approval of November 9, 2009 minutes
2. Switchover of Ameren to Freeburg power
3. Village of Freeburg utility needs analysis
4. Replacement of old power plant doors
5. Franchise Fee (Ameren)
6. Three-phase service

##### B. New Business

##### C. General Concerns

##### D. Public Participation

##### E. Adjourn

At said Electric Committee Meeting, the Village Trustees may vote on whether or not to hold an Executive Session to discuss the selection of a person to fill a public office [5 ILCS, 120/2 - (c) (3)], litigation [5 ILCS, 120/2 - (c)(11)] personnel [5 ILCS, 120/2 - (c) (1) a.]; or real estate transactions [5 ILCS, 120/2 - (c)(5)].



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## ELECTRIC COMMITTEE MEETING Wednesday, December 9, 2009 at 5:30 p.m.

The meeting of the Electric Committee was called to order at 5:32 p.m. on Wednesday, December 9, 2009 by Chairman Corby Valentine. Committee members present were Chairman Corby Valentine, Trustee Steve Smith, Trustee Tony Miller, Mayor Ray Danford, Village Administrator Dennis Herzing, Public Works Director Ron Dintelmann, Assistant Public Works Director John Tolan and Office Manager Julie Polson.

### A. OLD BUSINESS:

1. Approval of November 9, 2009 minutes: *Trustee Steve Smith motioned to approve the minutes of November 9, 2009 and Trustee Tony Miller seconded the motion. All voting aye, the motion carried.*

2. Switchover of Ameren to Freeburg power: Dennis provided a copy of Dean Park's memorandum addressing Ameren's offer to sell their facilities at a cost of \$300,000. Dean said on a simple payback basis, with an investment of \$300,000 and annual revenue of \$27,735, the payback period would be 10 years. Corby said he and Dennis talked about it and with the current economy and interest rates, it is not a bad return. Dennis said you are basically making 10% on a \$300,000 investment and can't do that anywhere else right now. Corby asked Ron if he talked to anyone at IMEA who has done this. Ron said yes, this is very similar to what Metropolis and Princeton have done. Ron said Troy and Doc have both looked at it and thought Ameren's proposal was reasonable and customary. Dennis said we may be able to reduce the cost through two items: 1. there is about 13,000 feet of overhead wire that Ameren says was installed in 1975 and was listed as copper wire. Dennis said at that time, no-one was putting up copper wire. Dean said if it is copper wire, it is probably older than that and the depreciated value should be more and the price should go down; and 2. any poles that were put in the mid-80's and early 90's, the depreciated book value was listed at less than the depreciated replacement. Both have been brought to Ameren's attention and they said they will check into it. It will probably be less than \$10,000. The next conference call is scheduled for 12/15/09. Dennis would like to tell Ameren at that time if this is moving forward or not. Corby said it is more than he expected but we are also getting more customers that we expected. Dennis said a future benefit to this is an agreement will be in place so when we annex customers, we won't have to go through years of negotiation. The committee directed Dennis to advise Ameren the Electric Committee is okay with their concept and once the numbers have been agreed to, the agreement can be formalized and it can be taken to the full Board. Corby asked about the nursing home and Dennis said they want to switch over, their rates will be held down until Ameren rates surpass ours, then their rates will be brought up to ours and Frank said their board is agreeable to that. Dennis will contact Frank to see who is drawing up the contract. Ron said there will some costs associated with this switchover and Corby asked Ron to put some



numbers together. Ron said we will be able to use the existing transformer that is out there.

3. Village Utility Needs Analysis: Dennis said Ameren dropped off information regarding the gas franchise renewal. Ameren is not providing free gas in this contract. Instead, they are offering to pay money starting at \$15,000 declining to \$5,000 for a 20 year contract. The current franchise fee in our ordinance is for electric. Dennis is not sure why they have a declining payment schedule in their proposal. Tony said we may be better off with a 5% franchise fee. The committee talked about charging 5% of the gross instead of the sliding scale Ameren proposes. Ron said Dean would probably have a good idea from the needs analysis of what the 5% gross amount would be. Dennis reminded the committee this new contract is only for 20 years and our old contract was 50 years. The current franchise expires in March of 2010 and if we don't sign the proposed agreement, we just continue under the terms of the existing contract. Ron said both Mascoutah's and Carlyle's agreements have expired. Corby said the committee needs some time to review this and would still like to meet with some of the other communities. Ron said if we are thinking about taking over the gas, we might want to have Dean re-work the numbers.

4. Replacement of old power plant doors: Ron said there is nothing new right now.

5. Franchise Fee (Ameren): Corby said we just discussed this and also said he doesn't want to do anything on this until the switchover of residents is complete. Dennis said the residents that Ameren hasn't been paying the franchise fee on will be a very small amount. Corby asked what our revenue would be from the franchise fee and would it be worth it? Tony said it hasn't been collected from the customers since this ordinance was passed and is really a moot point. If we do nothing, they why have it at all? Ron said right now, the franchise fee transfers money from the electric to the general fund.

7. Three-phase service: Ron said Jane came to Ron and asked why are we charging the 3-phase customer a \$15 flat fee. In the ordinance, it does not address a \$15 fee. The rate per kilowatt was correct in the computer and there was also this \$15 fee loaded in the computer. The \$15 fee was handwritten on Jane's informational sheet but not listed in the ordinance. Dennis said we had Dean Park look at everything and he said all the rates are in Locis correctly but no ordinance justification for the \$15 fee. That is why the letter was not sent. Ron said years ago, there was a \$5 single phase fee and a \$15 fee charged to the 3-phase customer. Ron said probably what happened was the \$15 either didn't get put back in the ordinance or was eliminated and not taken out of the computer system. This affects about 65 three-phase customers. We could make an ordinance to include the \$15, make an administrative correction and stop charging the \$15 or rebate the error. We don't know how far back we would have to go if we rebate the charge. To switch the smaller 3-phase customers, that will cost the Village about \$33,000 annually in revenue and add to it another \$4,000 per year. Ron will check with Troy Fodor to see how far back we would have to rebate and get the ordinance corrected.

- B. **NEW BUSINESS:** None.
- C. **GENERAL CONCERNS:** None.
- D. **PUBLIC PARTICIPATION:** None.



**E. ADJOURN:** *Trustee Tony Miller motioned to adjourn at 6:28 p.m. and Trustee Steve Smith seconded the motion. All voting aye, motion carried.*



Julie Polson  
Office Manager



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## ELECTRIC COMMITTEE MEETING Monday, November 9, 2009 at 5:00 p.m.

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**C. GENERAL CONCERNS:** Corby asked about Vaneta Pfannebecker's letter and Dennis said Mike at IMEA can take information from a resident's Ameren bill and project what their annual costs would be. Then we can calculate the comparison between Ameren's rate and ours.

**D. PUBLIC PARTICIPATION:** None.

**E. ADJOURN:** *Trustee Tony Miller motioned to adjourn at 5:30 p.m. and Trustee Steve Smith seconded the motion. All voting aye, motion carried.*



Julie Polson  
Office Manager



## MEMORANDUM

To: Dennis Herzing  
From: Dean Park  
Subject: Ameren Offer To Sell Facilities  
Date: November 24, 2009  
Project No.: B1019  
Copies: Ron Dintelmann, file

---

I have reviewed information you provided to me regarding Ameren IP Company's offer to sell its electric distribution facilities located within Freeburg's corporate limits. The Company has offered to sell facilities and the rights to serve its existing customers served by those facilities for just under \$300,000.

The Offer is predicated upon an average of the reproduction cost less depreciation of the facilities and the depreciated original cost of the facilities, plus \$66,269 for lost revenue from four commercial customers and \$14,850 (\$450 each) for lost revenue for thirty-three residential customers. The reproduction cost less depreciation is \$204,117.61 and the depreciated original cost of the facilities is \$158,900.52 for an average of \$204,117.61. Added together, the total charge is \$285,236.61, or an average of \$7,709 per customer. The Village would incur some other minor costs in integrating the Ameren customers into the Village's electric system such as replacement of electric meters and the cost of reconnecting the Ameren lines to the Village's electric system. In all, the costs should remain at or below \$300,000.

The Village receives an average of \$0.0265 per kwh sold as the gross margin on sales, as calculated in the Village's 2005 electric rate study. This amount is calculated by taking the utility's gross sales revenue less the cost of purchased power, divided by the number of annual kwh sold. This assumes that no other costs would be incurred to serve the additional number of customers.

Freeburg's average residential customer consumes 12,170 kwh per year. For thirty-three additional customers, the quantity would be approximately 401,610 kwh. The kwh sales for the four commercial customers are not known, but based on Ameren's revenue calculations, we believe the four customers are the rough equivalent of fifty three residential customers so the total approximate annual kwh's would be 645,010. Taken together, the residential and commercial customers are assumed to consume 1,046,620 kwh per year. At a gross margin of \$.0265 per kwh, these customers would provide \$27,735 of marginal annual revenue for the Village.



10%  
Return  
on \$

On a simple payback basis with an investment of \$300,000 and annual revenue of \$27,735, the payback period would be 10.8 years.

In analyzing the Ameren calculations for determining the sale price for the facilities, I noted an item that may contain an error. You also mentioned to me another curiosity in the figures. I noticed that the oldest facilities are deemed to have been installed in 1975. However, referring to the Ameren spreadsheet, they installed 11,004 feet of #4AWG copper conductors and 2,600 feet of #6AWG copperweld conductors. It is possible these figures are correct, but it is more likely that, if they are in fact copper conductors, they were probably installed before 1975 and possibly a decade or two before 1975. In the early 1970's, I was the assistant service area engineer for IPCo in Belleville and was responsible for the Freeburg area, among others. By that time, almost no new copper conductors were being installed except as very minor extensions of existing copper lines. More copper was being removed than installed. At that time, there were few computerized records of the conductor installations and it is entirely possible that when this information was later computerized, the dates were incorrectly entered. My point is that the actual age of these conductors is quite possibly greater than shown. If this is correct, then there should be an adjustment of up to a few thousand dollars in the price of the facilities.

Regarding the items you noted in your analysis, there are six instances of poles that have a depreciated original cost that is in excess of the reproduction cost less depreciation cost. There are several more poles where the original and reproduction costs are very close together. The installation year for these poles is generally between 1986 and 1990. It is possible for this to be correct if the price of poles declined during this period of time, leading the reproduction cost to be lower as a result. Still, it is unlikely and should be reviewed by Ameren. This could also result in a small reduction in the price of the facilities.

In general, Ameren's approach to valuing the facilities is similar to the method that BHMG would have used and utilizes the same Handy-Whitman index for establishing reproduction cost. However, in our opinion, if lost revenue is included in the calculation for the price of the offer, then original cost less depreciation is a more appropriate indicator of facility value. Using this method, the total price would be \$81,119 (revenue loss) plus \$158,901 (facilities) for a total of \$240,020. If lost revenue is ignored, the reproduction cost less depreciation is the appropriate method for a total of \$249,335. We believe Ameren's figure of \$285,237 is somewhat high, before considering the possible errors in their valuation.



## Municipal Franchise Agreements

*The Ameren Illinois Utilities – AmerenCIPS, AmerenCILCO and AmerenIP – value the communities we serve. Our franchise agreements with these communities help us provide safe and reliable service. The information presented here is designed to help you understand our new approach to municipal franchise agreements. We believe we have created an equitable, consistent and streamlined process for handling new and renewed franchise agreements. We are proud to deliver the energy that fuels your community and look forward to working with you for years to come.*

### **Purpose of Franchise Agreements**

Electric and gas public utilities have historically entered into franchise agreements with municipalities where they provide service. These franchise agreements are intended to offer the municipality consideration in exchange for the broad legal right to access streets, alleys and rights of way. By granting the utility the access it needs in a single document, franchise agreements are far more efficient than the multiple agreements and permits that might otherwise be required.

### **Standardizing Our Approach**

Historically, many different forms of compensation were used for franchise agreements. However, the Electric Service Customer Choice and Rate Relief Law of 1997 prohibited utilities from selling and delivering retail power at discounts or at prices other than the tariffed rate. To enhance consistency among our municipal customer base, the Ameren Illinois Utilities are working to standardize franchise agreements across Illinois, as existing agreements expire. In 2007, we began paying cash compensation for all new and renewed franchise agreements, using a standard formula, so towns of similar size will receive similar compensation.

### **Why Cash Compensation?**

In the past, your Ameren Illinois Utility had greater flexibility to offer non-cash franchise compensation (such as free service or reduced charges for lighting service) because it owned the power plants that provided your electricity. Today, as energy delivery companies, we no longer own power generation plants and must purchase power on the wholesale market. And in accordance with the Law, we cannot offer electric supply at discounts or prices other than the rates approved by the Illinois Commerce Commission. For this reason, new (or renewed) franchise agreements will not include compensation involving electric supply.

### **Phasing-In Changes to Franchise Compensation**

Some communities will receive a higher franchise benefit as a result of our cash compensation formula. When the proposed annual compensation exceeds the current compensation value by \$10,000 or more, the incremental increase will be phased-in over a period of five years. When the incremental increase is under \$10,000, we will pay the proposed amount in full following acceptance of the agreement by the municipality.

For other communities, the annual cash compensation formula may result in a lower franchise benefit than they previously received. To soften the financial impact in these cases, we will work with the municipality to phase-in the lower benefit over a period of five years. Communities that receive a lower franchise benefit under their new agreement may wish to consider the Excess Municipal Franchise Compensation Adjustment explained on the back.

### **Switching to a Third-Party Supplier**

The company will enter into new franchise agreements on or after the expiration date of the existing franchise. However, if a municipality with an active franchise chooses to take electric supply from a third-party Retail Electric Supplier, we will work with that municipality to ensure their existing franchise benefits continue for the term of the franchise agreement.



## Local Government Fees & Taxes

*Described below are three forms of utility-related taxes or fees that may be initiated by actions of city government.*

**Electricity Infrastructure Maintenance Fee**  
The Electricity Infrastructure Maintenance Fee represents a uniform system to impose and collect fees associated with the privilege of using the public right-of-way to deliver electricity.

Any municipality that had a franchise agreement in effect with an Ameren Illinois Utility as of Dec. 16, 1997, may impose an infrastructure maintenance fee upon the company, as compensation for granting the privilege of using public rights-of-way.

The fee will be calculated pursuant to Section 5-5 of the Electricity Infrastructure Maintenance Fee Law for kilowatt hours of electricity delivered to each purchaser, based upon a 10-tier declining block structure.

A municipality that imposes an Electricity Infrastructure Maintenance Fee waives its right to receive any other compensation from its Ameren Illinois Utility for use of public rights-of-way during the time the infrastructure maintenance fee is imposed.

### Excess Municipal Franchise Compensation Adjustment

The purpose of the Excess Municipal Franchise Compensation Adjustment is to collect, on behalf of the municipality, franchise costs imposed by the municipality that are beyond the compensation normally paid to similar municipalities. The Excess Municipal Franchise Compensation Adjustment will be recovered solely from those customers taking service from the company within the boundaries of the municipality imposing such costs.

**Local Government Compliance Adjustment**  
A Local Government Compliance Adjustment may apply if your municipality requires its Ameren Illinois Utility to provide services or facilities beyond those normally provided. The adjustment allows the utility to charge customers located in the municipality for additional costs related to the extra requirements.

## Municipal Franchise Agreements: *Frequently Asked Questions*



*Why did the Ameren Illinois Utilities change their franchise approach, and what is the basis for the new formula for franchise compensation?*

The Ameren Illinois family of utilities consists of three operating units: AmerenCIPS, AmerenCILCO and AmerenIP. Each was once an independent company with distinctly different policies and procedures. Today, as part of the larger Ameren family, the Ameren Illinois Utilities continue their efforts to build consistency across the board. Our ability to share resources, pool purchasing power and standardize our processes make us more efficient, which ultimately benefits the customer.

Standardizing the handling of franchise agreements is one aspect of our efforts to achieve greater consistency and to ensure the equitable and consistent treatment of the communities we serve. To this end, in 2007 the Ameren Illinois Utilities began using a cash compensation formula for all new and renewed franchise agreements. The formula is based on the number of customers in a community. Property values or historical franchise payments made under previous agreements do not factor into our cash compensation formula, which we believe is a more equitable, objective approach. In theory, the utility's need for access in a town increases along with the population, so the franchise consideration is higher for larger towns. Ultimately, any franchise compensation we pay to a municipality comes directly from customers who use our delivery systems.

*Why is our city's franchise payment changing after years at the same level?*

As the Ameren Illinois Utilities renew franchise agreements using the cash compensation formula, some towns will see a decrease in their annual franchise payment. For other communities, franchise compensation will increase.

A lower franchise payment does not mean your Ameren Illinois Utility values your community less than in the past. It simply means that in the past your town was paid more than other towns of similar size served by an Ameren Illinois Utility. In keeping with the Illinois Choice law, utilities must treat all similar customers uniformly; so going forward, municipalities of similar size will receive similar payments.

*What are the municipality's options in terms of the length of the franchise agreement?*

Our standard franchise agreement will last 20 years. More favorable terms will be offered to municipalities entering into a 30-year agreement, which will be calculated at 110 percent of the cash compensation of a standard agreement. A 10-year franchise agreement will be calculated at 90 percent of the standard agreement.



ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE**

EXTENDING THE AUTHORIZATION TO

Illinois Power Company  
d/b/a/ **AmerenIP**

ITS SUCCESSORS AND ASSIGNS

TO CONSTRUCT, OPERATE AND MAINTAIN  
A GAS UTILITY SYSTEM

IN THE

**Village of Freeburg**

COUNTY OF ST. CLAIR

AND

STATE OF ILLINOIS

**PASSED** \_\_\_\_\_

**EXPIRES** \_\_\_\_\_

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE RENEWING AN EXISTING FRANCHISE AND GRANTING FOR A PERIOD OF 20 YEARS TO AMERENIP, A CORPORATION, ITS SUCCESSORS AND ASSIGNS, THE FRANCHISE, RIGHT, PERMISSION AND AUTHORITY TO CONSTRUCT, RECONSTRUCT, EXCAVATE FOR, PLACE, REMOVE, EXTEND, MAINTAIN, AND OPERATE A GAS UTILITY SYSTEM IN THE VILLAGE OF FREEBURG, COUNTY OF ST. CLAIR AND STATE OF ILLINOIS.

BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF FREEBURG, COUNTY OF ST. CLAIR, AND THE STATE OF ILLINOIS, AS FOLLOWS:

SECTION 1 It is the intent of the parties by this Ordinance to extend for an additional term, subject to the terms and conditions here stated, the authorization to AmerenIP, its successors and assigns, to construct, operate and maintain a gas utility system within the Village as originally authorized by Ordinance No. 382 approved on March 1, 1960. The parties acknowledge that by so doing they are continuing an existing relationship authorizing the services of a utility for the provision of gas energy and other purposes within the Village for the benefit of its citizens and residents as well as other consumers of gas energy located within its corporate limits.

SECTION 2. There is hereby given and granted to AmerenIP, its successors and assigns (hereinafter referred to as the "Company"), the right, privilege and authority to construct, operate, maintain and/or extend within the corporate limits, as the same now exists or may hereafter be extended, of the Village of Freeburg (hereinafter referred to as "Municipality"), a gas utility system for the transmission, distribution and/or sale of gas energy and other purposes (the "System"), together with the right, privilege and authority to lay, erect, construct, install, operate and/or maintain all necessary mains, pipes, valves, equipment and/or other apparatus as may be necessary or convenient for the System, in, upon, along, over, under, through and/or across each and all of the streets, avenues, alleys, bridges, easements, rights of way and/or other public places.

SECTION 3. All mains, pipes, valves and apparatus shall, so far as practicable, be placed underground and shall be so located and laid as not to interfere with any pipes, conduits, sewers, drains, pavements or other public improvements existing at the time of such location, and said Company shall forthwith repair any damage caused to such improvements to the satisfaction of the official or officials of said Municipality having charge of the supervision thereof. There shall be no unnecessary obstruction to the streets, avenues, alleys and public places of said Municipality in the laying, installation, operation or maintenance of any of said mains, pipes, valves or apparatus. All facilities of Company in said Municipality shall be installed and maintained in accordance with the applicable rules and regulations of the Illinois Commerce Commission.

When any street, avenue, or other public place shall be graded, curbed, paved or otherwise changed so as to make the resetting or relocation of any pipes or other equipment placed or installed under this Ordinance necessary, the Company shall make such resetting or

relocation, at the Company's cost and expense. Municipality shall provide the Company with a suitable location for the resetting or relocation of such pipes or other equipment, and the Company's obligation shall be limited to resetting or relocating pipes or other equipment of the same type and configuration as the displaced pipes or other equipment. Company shall make such resetting or relocation within a reasonable time after receiving written notice of the need for the same from the authorized representative of the Municipality, and the establishment by the Municipality of the permanent grade at the new location.

SECTION 4. When any street, avenue, alley, bridge, easement, right of way and/or other public place, upon which or in which any facilities of Company have been placed, shall be graded, curbed, paved or otherwise changed by the Municipality so as to make the resetting or reconstruction of such facilities necessary, Company shall make such necessary change in construction at no cost to Municipality. Should it become necessary or should the Company desire to use conduits or other similar fixtures, Company shall make application to the Municipality for the establishment of permanent grades and such conduits or other similar fixtures shall not be installed until such permanent grades have been established. The Municipality agrees to establish promptly such permanent grades upon such application.

SECTION 5. The rates to be charged by the Company for gas service rendered under this Ordinance shall be such as are approved from time to time by the Illinois Commerce Commission of the State of Illinois and/or such other duly constituted governmental authority as shall have jurisdiction thereof. All Rules and Regulations of the Illinois Commerce Commission of the State of Illinois applicable to the rights, privileges and authority granted by this Ordinance, in the event of conflict herewith, shall govern.

SECTION 6. As a further consideration for the rights, privileges and authorities granted by this ordinance, the Company shall, in Year 1 of the agreement, furnish municipality compensation in the amount of \$14,985, payable within 30 days of the acceptance of this ordinance by the municipality. In subsequent years, payment will be made within 30 days of the anniversary date of the ordinance on the following graduated scale: Year 2 - \$12,615; Year 3 - \$10,240; Year 4 - \$7,870; and Year 5 and all remaining years - \$5,500.

SECTION 7. The rights, privileges and authority hereby granted shall inure to and be vested in Company, its successors and assigns, successively, subject to all of the terms, provisions and conditions herein contained, and each of the obligations hereby imposed upon Company shall devolve and be binding upon its successors and assigns, successively, in the same manner.

SECTION 8. This Ordinance shall confer no right, privilege or authority on Company, its successors or assigns, unless Company shall within ninety (90) days after due notice to the Company of the enactment of this Ordinance, file with the Village Clerk an acceptance of the terms and provisions hereof; provided, however, that if such acceptance be not so filed within said period of ninety (90) days, all rights, privileges, and authority herein granted shall become null and void.

SECTION 9. All rights, privileges and authority given and granted by this Ordinance are granted for a term of 20 years from and after the acceptance of this Ordinance as hereinafter provided (the "Initial Term"), and thereafter on a year-to-year basis (each a "Subsequent Term") unless either the Company or Municipality notifies the other in writing of its desire to terminate this Ordinance at least six (6) months prior to the expiration of the Initial Term or any Subsequent Term.

SECTION 10. The Municipality acknowledges that Company is vested in rights, permissions and authority independent of this Ordinance. Neither acceptance of this Ordinance nor compliance with its provisions shall impair in any way or waive any right, permission or authority which Company may have independent of this Ordinance. In addition, neither use by Company of public property or places as authorized by this Ordinance nor service rendered by Company in said Municipality shall be treated as use solely of the rights, permission and authority provided for by this Ordinance and in no way shall indicate non-use of any right, permission or authority vested in the Company independent of this Ordinance. In the event the Municipality vacates any streets, avenues, alleys, easements, rights of way, bridges or other public places during the term of this Ordinance, Municipality agrees to reserve unto Company the rights, privileges and authority herein given and granted to the Company in upon, under, along, over and across each and all of such vacated premises which are at that time in use by the Company.

SECTION 11. All ordinances and parts of ordinances in conflict with this Ordinance or with any of its provisions are, to the extent of such conflict, hereby repealed.

SECTION 12. This Ordinance shall not relieve Company of the obligation to comply with any ordinance now existing in the Municipality or enacted in the future requiring Company to obtain written permits or other approval from the Municipality prior to commencement of construction of facilities within the streets thereof, except Company shall not be required to obtain permits or other approval from the Municipality for the maintenance, upgrading and repair of its facilities. Except in cases of emergency, prior to engaging in any excavation activity that is expected to create an obstruction or other hazardous condition in any street avenue, alley or public place, the Company shall notify Municipality of the location and extent of the planned excavation. In cases of emergency, Company shall notify Municipality of the location and extent of any such activity as soon as practicable after the emergency has been abated.

SECTION 13. If any provision of this Ordinance, or the application of such provision to particular circumstances, shall be held invalid, the remainder of this Ordinance, or the application of such provision to circumstances other than those as to which it is held invalid, shall not be affected thereby.

SECTION 14. If, at any time, during the term of this contract, Municipality permits another entity or person to provide gas distribution or similar services, and Company reasonably believes the other entity or person is granted more favorable treatment, terms, or conditions, then

Company shall notify Municipality of such treatment, terms, or conditions. Alternatively, if Municipality reasonably believes the other entity or person grants Municipality more favorable treatment, terms, or conditions, then Municipality shall notify Company of such treatment, terms, or conditions. Upon receipt of such notice, Municipality and Company shall negotiate in good faith to amend this ordinance to provide Company or Municipality such more favorable treatment, terms or conditions on an equivalent basis. Such amendment shall take into consideration all circumstances that distinguish between Company and the entity or person receiving the more favorable or less favorable treatment, terms, or conditions.

SECTION 15. The Company shall be exempt from any special tax, assessment, license, rental or other charge during the term of this Ordinance, on all mains, pipes, valves, equipment and other apparatus placed under the streets, alleys, avenues, bridges, easements, rights of way or other public places within the corporate limits of Municipality.

SECTION 16. This Ordinance shall take effect and the rights, privileges and authority hereby granted and renewed shall vest in Company upon its filing of an acceptance with the Village Clerk according to the terms prescribed herein. This Ordinance shall be in full force from and after its passage, approval and ten (10) day period of publication in the manner provided by law.

Passed and approved this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
President, Board of Trustees  
Village of Freeburg, Illinois

[SEAL]

ATTEST:

\_\_\_\_\_  
Village Clerk

STATE OF ILLINOIS )  
VILLAGE OF FREEBURG ) SS  
COUNTY OF ST. CLAIR )

I, \_\_\_\_\_, Village Clerk within and for the Village of Freeburg,  
in the State and County aforesaid, do hereby certify that:

- (1) the foregoing constitutes a full, true and correct copy of Ordinance No. \_\_\_\_\_  
of said Village as:
- (a) introduced before the Board of Trustees on the \_\_\_\_ day of  
\_\_\_\_\_, 2010; and
  - (b) passed by the Board of Trustees and approved by the President on the  
\_\_\_\_ day of \_\_\_\_\_, 2010, as fully as the same appears of  
record in my office;

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of  
the Village of Freeburg, Illinois, at my office in said Village this \_\_\_\_ day  
of \_\_\_\_\_, 2010.

[SEAL]

\_\_\_\_\_  
Village Clerk

**A C C E P T A N C E**

AmerenIP, Company of the rights and privileges granted by Ordinance No. \_\_\_\_\_ of the Village of Freeburg, Illinois, passed \_\_\_\_\_, A.D. 2010, approved \_\_\_\_\_, A.D. 2010, and entitled "An Ordinance extending the authorization to Company, its successors and assigns, to construct, operate and maintain a utility system in the Village of Freeburg, County of St. Clair and State of Illinois", hereby accepts said Ordinance and all the provisions thereof.

In Witness Whereof, AmerenIP, Company as aforesaid has caused these presents to be signed by its President or a Vice President and attested by its Secretary or an Assistant Secretary and its corporate seal to be affixed this \_\_\_\_ day of \_\_\_\_\_, A.D. 2010.

AmerenIP

By \_\_\_\_\_  
**Scott Cisel**  
**President**

**(Corporate Seal)**

**Attest:**

\_\_\_\_\_  
**Assistant Secretary**

## GAS FRANCHISE ORDINANCE

ORDINANCE NO. 382

AN ORDINANCE, GRANTING THE FRANCHISE, RIGHT, PERMISSION AND AUTHORITY TO ILLINOIS POWER COMPANY, AN ILLINOIS CORPORATION, ITS SUCCESSORS AND ASSIGNS, TO CONSTRUCT, EXTEND, MAINTAIN, REPAIR, REPLACE, OPERATE AND REMOVE IN THE VILLAGE OF FREEBURG, COUNTY OF ST. CLAIR, STATE OF ILLINOIS, A SYSTEM FOR THE MANUFACTURE, TRANSMISSION, DISTRIBUTION AND SALE OF NATURAL OR ARTIFICIAL GAS OR A MIXTURE THEREOF, FOR LIGHTING, HEATING, POWER AND ANY OTHER PURPOSES FOR WHICH GAS MAY BE USED.

WHEREAS, ILLINOIS POWER COMPANY, an Illinois Corporation, hereinafter also designated as "Grantee", has petitioned the PRESIDENT AND BOARD OF TRUSTEES of the Village of Freeburg, hereinafter also designated as "Municipality", asking that the franchise, right, privilege and authority be granted to it, its successors and assigns, by ordinance, to construct, extend, maintain, repair, replace, operate and remove a system for the manufacture, transmission, distribution and sale of natural or artificial gas or a mixture thereof, for lighting, heating, power and any other purposes for which gas may be used in said Municipality, and

WHEREAS, said Grantee has duly complied with all provisions of the laws of the State of Illinois, and with all ordinances of said Municipality with reference to the obtaining of such franchise, right, privilege and authority;

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the VILLAGE OF FREEBURG, COUNTY OF ST. CLAIR, STATE OF ILLINOIS:

1. That in consideration of the benefits to Municipality to be derived from the installation and operation of a gas distributing system in the Village of Freeburg, a Municipal Corporation organized and existing under and by virtue of the laws of the State of Illinois, the franchise, right, permission and authority be, and the same are hereby, granted to said Grantee, to construct, extend, maintain, repair, replace, operate and remove a system for the manufacture, transmission, distribution and sale of natural or artificial gas or a mixture thereof, to Municipality, its inhabitants, and others for lighting, heating, power and any other purposes for which gas may be used. The Grantee may construct, extend, maintain, repair, replace, operate and remove all necessary plants, works, mains, services, conduits, pipes, tanks, and apparatus necessary or convenient for such system in, upon, over, across, along and under each and all of the streets, roads, alleys, avenues, bridges, parkways and other public places, in said Municipality as they may at any time exist, subject to the conditions and regulations hereinafter set forth.
-

2. That all plants, works, mains, services, conduits, pipes, tanks and apparatus erected, installed or placed under this grant shall be located in parkways or alleys whenever practicable so to do, and shall be so located, whether in roads, streets, alleys, avenues, bridges, parkways or other public places as not to interfere unnecessarily with the use of such streets, roads, alleys, avenues, bridges, parkways or other public places, and shall be constructed and placed under the supervision of the Committee on Streets and Alleys of said Municipality or under such supervision as said Municipality may from time to time provide. All gas mains installed under this Ordinance shall be so located as not to injure unnecessarily any pavements, drains, sewers, catch basins, water pipes, or other like improvements, but should any pavement or any drain, sewer, catch basin, water pipe, or other like improvement be injured by such location, said Grantee shall forthwith repair the damage caused and restore said pavement, drain, sewer, catch basin, water pipe or other like improvement to as good condition as existed prior to undertaking such work.
  3. That when any street, road, avenue, alley, bridge, parkway or public place, upon, under or in which any plants, works, pipes, mains, services, conduits, or tanks of said Grantee have been placed, shall be graded, curbed, paved, or otherwise changed so as to make the resetting or reconstruction of such plants, works, pipes, mains, services, conduits and tanks necessary, said Grantee, its successors or assigns shall make such necessary change in construction in a reasonable time after receiving written notice from the authorized representative of the Municipality. Should it become necessary or should the Grantee desire to extend from time to time its pipes or other facilities, Grantee shall make application to the Municipality for the establishment of permanent grades, and Grantee shall not be required to install such pipes or other facilities until such permanent grades have been established. The Municipality shall establish promptly such permanent grades upon such application.
  4. That Grantee shall have the right, also, for the purpose of supplying gas to residents of said Municipality and in the vicinity thereof, to lay and maintain gas mains or pipe lines for the procuring of gas from source outside said Municipality, and also for the transmission of gas for supplying of persons outside of and beyond the limits of said Municipality.
  5. That Grantee shall make extension of its mains from time to time and install services as required to serve persons making application therefore, in accordance with the rules and requirements on file with and approved by the Illinois Commerce Commission.
  6. That the rates to be charged by said Grantee and the rules and regulations governing the furnishing of services to inhabitants of said Municipality under this Ordinance shall be in accordance with those authorized by and on file with the Illinois Commerce Commission or other public authority having jurisdiction in the premises.
  7. That the quality of gas distributed under this Ordinance shall be of such standard as to heating value, pressure and purity as to conform to standards fixed by the Illinois Commerce Commission or other public authority having jurisdiction in the premises.
-

8. That Grantee, as further consideration for the right, permission and authority granted under the provisions of this Ordinance, agrees to furnish as franchise consideration during each calendar year gas service reasonably required for space heating purposes at the present Village Hall located at 101 South Belleville Street and the Fire Station located at 404 West High Street, provided it shall not be required to increase or extend its gas facilities solely for such purposes, that a sufficient supply of gas is then available for commercial space heating purposes within the limits of the Municipality, and Municipality has installed the necessary equipment for the utilization thereof, all as hereinafter provided; or in lieu thereof during such period that gas is not generally available for commercial space heating purposes within the Municipality, and/or Municipality has not installed its gas heating equipment, Grantee shall pay the Municipality an amount proportionately equivalent to the cost of heating such Municipal Buildings with gas as hereinafter provided.

That Grantee agrees in accordance with the provisions of the preceding paragraph of this Section that at such time as gas becomes generally available for commercial space heating purposes within the Municipality, and the Municipality has installed the necessary equipment for its utilization, to furnish gas for space heating purposes at the present Municipal buildings in the aggregate but not to exceed 13,500 therms of gas during each calendar year, or any pro-rated portion thereof, all in accordance with the maximum amounts determined for such locations:

<u>Building and Location</u>	<u>Therms Allowed Annually if Gas is used</u>
Village Hall 101 South Belleville Street	7,000 Therms
Fire Station 404 West High Street	<u>6,500</u> Therms
	13,500 Therms

Or in lieu thereof during such period that gas is not generally available for space heating purposes, and/or Municipality has not installed the equipment for the utilization of such gas service, Grantee shall pay to the Municipality during each calendar year, or pro-rated portion thereof, an amount equivalent to the cost of heating said Municipal premises with gas, which maximum amounts are determined to be as follows:

<u>Building and Location</u>	<u>Dollar Amt. Allowed Annually in lieu of Gas Service</u>
Village Hall 101 South Belleville Street	\$ 625.00
Fire Station 404 West High Street	<u>\$ 575.00</u>
	\$1200.00

It being agreed that the above amount is equivalent to the cost of heating said premises with gas.

That Grantee further agrees, in accordance with the provisions of the first paragraph of Section 8 hereof, that if and when the Municipality shall undertake any remodeling, additions, extensions, or alterations to the present Municipal buildings, or undertakes the construction of other Municipal buildings at other locations,

and such buildings are non-revenue producing and are used principally for Municipal purposes, Grantee shall furnish an amount of free gas which shall at that time be mutually agreed upon and reasonably required for heating purposes thereat; or in lieu thereof, shall pay the Municipality annually an amount equal to the cost of heating such premises with gas. The amount to be paid annually in lieu of gas service shall be mutually agreed upon between Municipality and Grantee, and shall be in accordance with the then effective Price Schedule.

It is specifically agreed that Grantee will not furnish gas service as franchise consideration for heating Municipal buildings used for the purposes of generating and distributing electric energy.

It is further agreed that no franchise allowance for gas service will be made until such time as the gas distribution system is installed within the Municipality and put into operation.

9. That the pipes and other facilities, placed in the streets and public places in said Municipality, shall be exempt from any special tax, assessment, license or rental charge during the entire term of this Ordinance.
10. That all rights and privileges granted by this Ordinance are granted for a term of fifty (50) years from and after the acceptance of this Ordinance as hereinafter provided.
11. That Grantee, in the construction, maintenance and operation of its gas distribution lines, mains and systems, shall use all reasonable and proper precaution to avoid damage or injury to persons and property and shall hold and save harmless Municipality from any and all damages, injuries or expenses caused by the sole negligence of said Grantee or its agents, servants or employees.
12. That after the passage and approval of this Ordinance and within sixty (60) days after such approval, this Ordinance shall be accepted by said Grantee by its filing with the Clerk of said Municipality, and unconditional written acceptance thereof. Failure of said Grantee to so accept this Ordinance within said period of time shall be deemed a rejection thereof by said Grantee, and the rights and privileges herein granted shall, after the expiration of said period of sixty (60) days, if not so accepted, absolutely cease and determine, unless said period of time shall be extended by Ordinance duly passed for that purpose.
13. That all provisions of this Ordinance which are obligatory upon or which inure to the benefit of said ILLINOIS POWER COMPANY, shall be obligatory upon and shall inure to the benefit of all successors and assigns of said ILLINOIS POWER COMPANY, and the word "Grantee" wherever used in this Ordinance shall include and be taken to mean not only ILLINOIS POWER COMPANY, but all successors and assigns of said ILLINOIS POWER COMPANY.

PASSED by the PRESIDENT AND BOARD OF TRUSTEES of said VILLAGE OF FREEBURG, COUNTY OF ST. CLAIR, STATE OF ILLINOIS, this 1st day of March, A.D., 1960.

APPROVED by the PRESIDENT OF THE BOARD OF TRUSTEES of said VILLAGE OF FREEBURG, COUNTY OF ST. CLAIR, STATE OF ILLINOIS, this 1st day of March, A.D., 1960.

(SEAL)

ATTEST:

/S/ Robt. Browning  
Village Clerk

/S/ Harry Favre  
President of the Board of Trustees

