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

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

September 3, 2010

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, September 8, 2010, at 5:30 p.m.**

ELECTRIC COMMITTEE MEETING AGENDA

I. Items To Be Discussed

A. Old Business

1. Approval of July 15, 2010 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. Highway lighting
7. Poles in Smithton Park
8. HAPS
9. Deerfield Electric Service Entrances
10. Contaminated Fuel in Generators
11. Urge testing

B. New Business
1. Damage to bucket truck

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)].

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

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

ELECTRIC COMMITTEE MEETING
Wednesday, September 8, 2010 at 5:30 p.m.

The meeting of the Electric Committee was called to order at 5:30 p.m. on Wednesday, September 8, 2010 by Chairman Corby Valentine. Committee members present were Chairman Corby Valentine, Trustee Steve Smith, Trustee Tony Miller, Village Administrator Dennis Herzing, Public Works Director Ron Dintelmann, Assistant Public Works Director John Tolan and Office Manager Julie Polson. Guests present: Mike Blaies and Janet Baechle.

A. OLD BUSINESS:

1. Approval of July 15, 2010 minutes: *Trustee Steve Smith motioned to approve the July 15, 2010 minutes and Trustee Tony Miller seconded the motion.* All voting aye, the motion carried.

2. Switchover of Ameren to Freeburg power: Assistant Public Works Director John Tolan said the meters have been ordered for SAVE and there is a six-week lead time on them. All of Turkey Hill and Rock Hill are ready to be switched over as well as Egelston, Pfannebecker and Parrish. They have almost completed with work for Joseph. Dennis talked to Shane Reinneck who told him he can get some of the corn off if we need him to. Dennis told the committee the easements were recorded today. Shane Krauss called Ameren and they aren't ready to switch over yet. John doesn't think Ameren is worried about the contract deadline of 60 days to complete the switchover. Chairman Valentine said he wants to make sure we keep the residents updated on when the switchover will take place. John said he would like to have a meeting with Ameren to coordinate the actual switchover. He said we are hoping to have Ameren sell us some current transformers for the nursing home switchover but at the present time, they don't want to do that. It would be much easier for us if we could buy them from Ameren and have the switchover done in a much shorter time than if we had to replace the current transformers and put them in. Dennis and Ron will work with Ameren to try and get that figured out.

3. Village Utility Needs Analysis: Dennis advised the committee that he met with Ameren regarding their newly proposed gas franchise agreement and copies were passed around to the committee for their review. They can no longer give away gas for free so they are proposing a sliding scale that starts at $15,000 for the first year decreasing to about $5,000 after the 5th year for the remainder of the contract. They are proposing a 20-year contract. Our previous contract was a 50-year term. Dennis said he would like Ron's input on this. He also said we are now receiving gas bills from Ameren for the gas heaters we use at the old power plant. He and John have talked about possibly switching these heaters over to energy efficient heaters through an incentive program from IMEA. John said Ron had mentioned the possibility of shortening the length of the contract to 10 years.

VILLAGE BOARD OF TRUSTEES MEETINGS ARE HELD ON THE FIRST AND THIRD MONDAY OF EVERY MONTH

Dennis said he was also contacted by another representative of Ameren wanting to discuss a pole attachment agreement. Ameren will be present at the next committee meeting to discuss that.

4. Replacement of old power plant doors: Nothing new.

5. Franchise Fee (Ameren): Dennis reminded the committee we didn't want to pursue this topic until the switchover of Ameren customers was done. He also said with our electric franchise agreement, we have not been charging Ameren the fee for their customers in the Village limits. He thinks we should send them a copy of the ordinance and advise them to start paying from now on. Trustee Valentine asked if we can do the same thing for gas. Dennis said he would have to check the statute to see if that is possible. Public Works Director Ron Dintelmann came in on this discussion and confirmed that you can do the same for gas.

6. Highway lighting: John had nothing new. Trustee Smith asked how far up the highway are we going with the decorative lights and Ron advised to the area by Norm's Furniture. He also said we have no money in the budget for additional decorative lights.

7. Poles in Smithton Park: We are waiting on Smithton to call to have the work done.

8. HAPS: Dennis provided copies of the information he received from the recent IMEA meeting. Ron said at the present time, units 10, 11 and 12 are not dedicated to full capacity and we need to get full capacity (1825 kw) on units 8 - 12. We don't intend to install a converter on unit 7 and will keep units 1 - 4 as emergency units. We need to keep in mind if we would ever have to fix units 1 - 4, we would need a construction permit from the EPA. Ron said it will be about a 2-year payback to convert the generators in order to keep our generation credits. Ron thinks we need to get the converters ordered by winter-time because of the lead time. BHM&G is working with one manufacturer as the sole source in order to receive a good price on the equipment.

9. Deerfield Electric Service: John said we have not had any problems since the letter was sent. Item can be taken off the agenda.

10. Contaminated Fuel in Generators: John said Equipment Service was able to fix one of the generators for $600.00. We need to get the other generator back from Altorfer who quoted $10,000 to fix that one. Altorfer has already taken the generator apart and ordered a replacement pump. John specifically told them not to do any work on it and also said it had to be taken apart to assess the damage done to it. The committee directed John to have them put it back together and send it back to us. We understand there will be a bill for labor.

11. Urge testing: John reported the urge testing went well. He said Bob noticed that what we were reading was different from what IMEA was reading and found out the metering was off due to the lightning strike.

Steve asked if we have done anything with the arc flash and Ron said that is something he will be working on. Corby will talk to his contact to see if he can come out and give us some recommendations.

Dennis reported we had Dean Park of BHM&G come out to look at the ongoing resident issue of being shocked when in their pool. He found a ground tied to the neutral and by disconnecting it, the shock went away. Dean prepared a letter and a copy was passed out to the committee. They agreed to have Dennis make some minor revisions to the letter and send it to the resident. It was noted that the Village repaired the problem and is not charging the resident for that nor the time that Dean Park will be charging us.

Dennis advised the committee that due to the lightning strike, 6 of the 9 capacitors are shot. Dean Park initially thought that you could not get the oil switches anymore but that is not the case. We can replace the switches with oil ones at a cost of $600 each or upgrade them to a vacuum switch at a cost of $1,000 each. Dennis will ask for a recommendation letter from Dean Park to purchase the vacuum switches. The committee agreed that we need to purchase the upgraded switches. Dennis said we have provided Dean with a copy of the last couple years of IMEA bills to see the impact the lightning strike will have on our power factor.

B. NEW BUSINESS:

1. Damage to bucket truck: John advised that Clark was pulling out of the old sewer plant and the bucket caught the phone line. Altec provided a quote of $5000 to replace the bucket and make some other minor repairs. Julie advised the insurance company paid $4300 for the truck repairs and $250 for the pole. She also informed the adjuster to go after AT&T since their wire was too low.

C. GENERAL CONCERNS: None.

D. PUBLIC PARTICIPATION: Janet said the employees did a good job of restoring power during the homecoming.

E. ADJOURN: *Trustee Steve Smith motioned to adjourn at 6:45 p.m. and Trustee Tony Miller seconded the motion.* All voting aye, the motion carried.

Julie Polson
Office Manager

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

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

ELECTRIC COMMITTEE MEETING
Wednesday, July 15, 2010 at 5:30 p.m.

The meeting of the Electric Committee was called to order at 5:35 p.m. on Thursday, July 15, 2010 by Chairman Corby Valentine. Committee members present were Chairman Corby Valentine, Trustee Steve Smith, Trustee Tony Miller, Village Administrator Dennis Herzing and Assistant Public Works Director John Tolan. Guest present: Mike Blaies.

A. OLD BUSINESS:

1. Approval of June 9, 2010 minutes: *Trustee Steve Smith motioned to approve the June 9, 2010 minutes and Trustee Tony Miller seconded the motion.* All voting aye, the motion carried. *Trustee Steve Smith motioned to approve the June 9, 2010 Executive Session Minutes and Trustee Tony Miller seconded the motion.* All voting aye, the motion carried.

2. Switchover of Ameren to Freeburg power: Dennis said we are still waiting on approval from ICC. He said we had a meeting with Ameren and our employees on how we are going to coordinate the switchover. John said we went to each site and by coming up with a plan, it will save us some money.

John said we met with Coy from HD Supply regarding the SAVE site primary metering. He gave us a quote of $13,440.60 to do this work on the underground side. Dennis said since we want to use our underground feed, it makes sense to do it this way rather than overhead. John said if this deal would fall through, Coy confirmed he can take the material back and the Village would not be stuck with the cost.

Trustee Steve Smith motioned to recommend to the full Board we approve HD Supply's bid for primary metering for the SAVE Site in the amount of $13,440.60 and Trustee Tony Miller seconded the motion. All voting aye, the motion carried.

3. Village Utility Needs Analysis: Nothing new.

4. Replacement of old power plant doors: Nothing new.

5. Franchise Fee (Ameren): Nothing new.

6. Highway lighting: On hold.

7. Poles in Smithton Park: Dennis talked to Chief Vielweber about doing the work and advised him the Village will not charge for the equipment but will charge them for the employees' time and he thought that was great. They are not ready for us to do the work yet. John thought it would be September and that is perfect for us.

8. HAPS: Dennis said this is BHM&G's turnkey proposal to install everything and guarantee meeting the new standards at a cost of $532,698.00. Dennis said this will be a long term issue and will be broken out into more than one fiscal year. Dennis said BHM&G has gone to the manufacturers and received special pricing from them. Dennis thinks they would be the best engineering firm to do this because of their long-standing familiarity and involvement with our system. If we decide it is in our best interest, we can do an ordinance to waive the bidding requirement. John asked if we can have BHM&G write the specs to the way we want them and then go out to bid. Dennis said BHM&G is trying to avoid having manufacturers that don't have the qualification or experience to do this. Corby said we need to justify this is the best deal. Dennis said we could write a bid advertisement that we want other companies to bid turnkey and if so, we might not get any responses. Steve said he just wants to make sure this is the best price for the job. John said one thing he was very impressed with BHM&G said IMEA is way ahead of the game on this. Dennis said he will get with BHM&G and let them know we intend to advertise this. He also said the way this works is BHM&G will design it and has the supplier set up to build it, one of their people will observe that and they will be here to do the testing. Corby agreed with Dennis that he didn't want to piecemeal this project out to different vendors. Dennis will bring a bid advertisement to the next committee meeting and then we can go out for bid after that.

9. Deerfield Electric Service: John said the agreement with Dave Self was for any repairs made, it needs to be replaced with new equipment and brought up to code. John said the main thing we need to do is require Dave to get a permit which then requires an inspection by the County. Once it is tagged green by the County, we are good. Corby said for substandard service work, they won't get connected because the County won't give them a sticker. In Deerfield, it is our electric up to their meter. Dave has not replied to the second letter that was sent.

B. NEW BUSINESS:

1. Contaminated Fuel in Generators: John told the committee the old power plant got struck by lightning. It took out Ron's computer, Scada phone/cable route, generators 8 and 9, the Julie locate printer. John said they found it out by nothing being able to start on the data exercise. When we exercise each month, we run the portable generators. Dennis said it is biodiesel fuel and is held in a separate tank next to the generator. The whole fuel system is shot. The quote is $10,000 to repair them and $19,000 for a new generator. Dennis said the problem is you can't store the biodiesel fuel for a long time. Dennis talked to his son who said if you take it to Dave Schmidt Truck Service, they would probably do it for around $2,000. Dennis thought we should take it to Dave Schmidt and find out how much it will cost to fix it and the committee agreed. John said the lightning strike should be covered by our insurance.

John said IMEA Urge testing will be done on July 21st. The electric department's backhoe's back tires are shot. NuDeal is $14,848 and Shaffer's Tire is $16,110. Dennis suggested John call FS and see what their price is. Corby will check with the guy he buys industrial tires from.

C. GENERAL CONCERNS: None.

D. PUBLIC PARTICIPATION: Mike asked if the 2013 date was nationwide and John said yes.

E. ADJOURN: *Trustee Tony Miller motioned to adjourn at 6:23 p.m. and Trustee Steve Smith seconded the motion.* All voting aye, the motion carried.

Julie Polson

Transcribed from tape by
Julie Polson
Office Manager

AmerenIP

Please Return This Portion With Your Payment.

AMOUNT DUE	DUE DATE
$307.05	Aug 17, 2010
ACCOUNT NUMBER	
01147-46259	

Amount Enclosed $ _____

000000013 01 SP 0.440
>00052 0039404 0004 092139
VILLAGE OF FREEBURG
14 SOUTHGATE CTR
FREEBURG, IL 62243

AMERENIP
P.O. Box 66893
St. Louis, MO 63166-6893

40700000 0001147462509 000000307050 000000307050

Keep This Portion For Your Records

ACCOUNT NUMBER	01147-46259

BILL DATE	Aug 3, 2010

SERVICE AT	14 SOUTHGATE CTR FREEBURG, IL 62243

TOTAL AMOUNT DUE BY	Aug 17, 2010	$307.05

SUMMARY OF CHARGES

ACCT NUMBER	SERVICE ADDRESS	DESCRIPTION	UNPAID BALANCE	CURRENT DUE	TOTAL BILL
47830-24492	412 W HIGH ST FREEBURG, IL 62243			$95.89	$95.89
56161-89458	412 W HIGH ST FREEBURG, IL 62243			$148.80	$148.80
69775-41296	412 W HIGH ST FREEBURG, IL 62243			$62.36	$62.36
				TOTAL	$307.05

A late payment charge of 1.5% will be added for any unpaid balance on all accounts after the due date.

Learning is fun at KidsActOnEnergy.com! Our new interactive Web site uses games and videos to teach young people about energy safety. With a variety of free educational tools, teachers will love it too!

IMPORTANT MESSAGE FOR GAS CUSTOMERS - BE SAFE
If you ever smell gas, call AmerenIP to investigate the problem. Before you dig, call JULIE at 1-800-892-0123, or simply dial 811 to locate underground gas pipelines for you.

MUNICIPAL FREE USAGE	ELECTRIC KWH	GAS THERMS
ANNUAL CONTRACT USAGE BEGINS IN	N/A	DECEMBER
ORIGINAL CONTRACT AMOUNT	0	13500
REMAINING FREE USAGE	0	7723

RECEIVED
AUG 05 2010

AmerenIP
P. O. Box 66893
St. Louis, MO 63166
1-800-363-6805
www.ameren.com

13073 15632

Thank You For Being Our Customer.
We Appreciate Your Business.

00052 0039404 000122 000217 00001/00002

The following are definitions of common terms used on your statement. If you have any questions, please call the utility. The Ameren Illinois utility responsible for the delivery of your natural gas and/or electricity is listed on the front of this bill. For additional definitions or detailed information on rates, to view your bill or learn about payment options, energy supply options, energy efficiency and more, visit www.ameren.com or call the phone number listed on the front of this bill.

AMOUNT PAYABLE AFTER [illegible] — A 1.5 percent Late Payment Charge will be added to the amount payable after the due date.

[illegible] — Summary of [illegible] September. All other months are [illegible].

CUSTOMER CHARGE / ACCOUNT CHARGE — Recovers costs of providing energy service that occur even if you do not use electricity or natural gas in the billing period. Included in the natural gas billing, accounting and other supplemental charges for gas service. This also recovers basic gas metering costs.

DELIVERY CHARGE / DET CHG — Recovers the costs of infrastructure, maintenance and services incurred by the utility to deliver electricity and/or natural gas to customers through the distribution system.

ELECTRIC SUPPLY — Recovers the cost of electricity that the utility has purchased from suppliers. (These charges apply only to customers who have not chosen a third-party supplier.) The utility provides electric supply under one of two rate options: Basic Generation Service (BGS) or Real-Time Pricing (RTP). The utility does not profit from BGS or RTP supply charges. Regardless of your supplier choice, the utility remains responsible for delivering your electricity.

ENVIRONMENTAL ADJUSTMENT - FACTS — Recovers costs incurred by the utility for environmental clean-up of former gas manufacturing sites.

GAS CHARGE (PGA) — Recovers the cost of natural gas that the utility purchases from suppliers and delivers to customers. The utility receives no profit from this charge.

ILLINOIS STATE COMMERCE COMMISSION TAX — Tax on natural gas consumption; proceeds are used to operate the Illinois Commerce Commission.

ILLINOIS STATE ELECTRICITY EXCISE TAX — Tax on electricity consumption.

ILLINOIS STATE GAS REVENUE TAX — Tax on natural gas consumption.

KW (KILOWATT) — A unit of measure of the rate at which electrical energy is used. Ten, 100-watt light bulbs turned on at the same time will use electrical energy at a rate of 1,000 watts or 1 kilowatt (kW).

KWH (KILOWATT HOUR) — A unit of measure of electricity used in one hour. Ten 100-watt light bulbs burning for one hour would use 1,000 watts, which is equal to 1 kilowatt hour (kWh) of electricity.

[illegible] — A [illegible] energy associated with electric power and energy revenue.

METER CHARGE — Recovers the basic costs of providing electric metering services if they are provided by the utility.

METER MULTIPLIER — Conversion factor required to determine the actual amount of energy used.

MUNICIPAL CHARGE — Tax imposed by a local municipality.

NO. DAYS — Number of days in the present billing period, which may vary monthly. When you compare bills, compare the number of days in each billing period as well as the energy used.

RD (Meter Reading) — Used to calculate the bill.

A - Actual Reading	C - Customer Reading
E - Estimated Reading	R - Revised Reading

SUPPLY COST ADJUSTMENT — Allows the utility to recover costs associated with the administration of electric supply service.

THERM — The basic unit for measuring your natural gas consumption.

THERM FACTOR — Converts the basic usage or volume of gas from cubic feet to therms.

TOTAL LIGHTING CHARGES — Summary of charges for customer-owned lighting service.

TRANSMISSION SERVICE CHARGE — Recovers costs associated with electric transmission service.

USAGE — Amount of energy used, measured in kWh for electricity and in therms for natural gas. This amount is derived by subtracting the previous meter reading from the present meter reading and multiplying the result by the meter multiplier.

USE PER DAY (Table) — Shows your average use of energy per day and the average temperature during the present billing period and during the comparable period a year ago.

Ameren|IP

SUMMARY ACCOUNT LISTING: 01147-46259 VILLAGE OF FREEBURG

47830-24492 412 W HIGH ST, FREEBURG, IL 62243 — July 28, 2010

TYPE OF READING	METER NUMBER	SERVICE FROM TO	NO. DAYS	METER READING PREVIOUS	METER READING PRESENT	READING DIFFERENCE	METER MULTIPLIER	THERM FACTOR	USAGE	RD
Total Therm	3TC54637	06/24-07/23	29	1941.0000	1986.0000	45.0000	1.0000	1.00000	45.0000	A

SUMMARY

	Service To	
Sales Therm	07/23/2010	45.0000

NATURAL GAS SERVICE BILLING DETAIL

GDS-2 Small Gen Gas Del-Sp Ht — Service From 06/24/2010 to 07/23/2010

Gas Franchise Consideration

Customer Charge				$62.30	
Delivery Charge Gas	45.00	@	$.06144000	$2.76	
Com Gas Env Chg	45.00	@	$.00260360	$0.12	
Rider GER Charge	45.00	@	$.00781128	$0.35	
Total Delivery Service Amount					$65.53

Gas Supply — Service From 06/24/2010 to 07/23/2010

Gas Charge (PGA)	45.00	@	$.64856208	$29.19	
Total Supply Amount					$29.19

Taxes — Service From 06/24/2010 to 07/23/2010

Illinois State Gas Revenue Tax				$1.08	
Illinois State Commerce Commission Tax				$0.09	
Total Tax Related Charges					$1.17

Total Natural Gas Charges $95.89

This is a corrected bill, and replaces the previous billings for the items shown for this time period.

Current Total Due (Account) $95.89

56161-89458 412 W HIGH ST, FREEBURG, IL 62243 — July 28, 2010

TYPE OF READING	METER NUMBER	SERVICE FROM TO	NO. DAYS	METER READING PREVIOUS	METER READING PRESENT	READING DIFFERENCE	METER MULTIPLIER	THERM FACTOR	USAGE	RD
Total Therm	5TC27709	06/24-07/23	29	8170.0000	8286.0000	116.0000	1.0000	1.00000	116.0000	A

SUMMARY

	Service To	
Sales Therm	07/23/2010	116.0000

NATURAL GAS SERVICE BILLING DETAIL

GDS-2 Small Gen Gas Del-Sp Ht — Service From 06/24/2010 to 07/23/2010

Gas Franchise Consideration

Customer Charge				$62.30	
Delivery Charge Gas	116.00	@	$.06144000	$7.13	
Com Gas Env Chg	116.00	@	$.00260360	$0.30	
Rider GER Charge	116.00	@	$.00781128	$0.91	
Total Delivery Service Amount					$70.64

Gas Supply — Service From 06/24/2010 to 07/23/2010

Gas Charge (PGA)	116.00	@	$.64856208	$75.23	
Total Supply Amount					$75.23

Taxes — Service From 06/24/2010 to 07/23/2010

Illinois State Gas Revenue Tax				$2.78	
Illinois State Commerce Commission Tax				$0.15	
Total Tax Related Charges					$2.93

Total Natural Gas Charges $148.80

This is a corrected bill, and replaces the previous billings for the items shown for this time period.

Current Total Due (Account) $148.80

69775-41296 412 W HIGH ST, FREEBURG, IL 62243 — July 29, 2010

TYPE OF READING	METER NUMBER	SERVICE FROM TO	NO. DAYS	METER READING PREVIOUS	METER READING PRESENT	READING DIFFERENCE	METER MULTIPLIER	THERM FACTOR	USAGE	RD
Total Therm	5TC84004	06/24-07/23	29	75.0000	75.0000	0.0000	100.0000	1.00000	0.0000	E

SUMMARY

	Service To	
Sales Therm	07/23/2010	0.0000

00052 0039404 000123 000219 00002/00002

NATURAL GAS SERVICE BILLING DETAIL

GDS-2 Small Gen Gas Del	**Service From**	**06/24/2010**	**to**	**07/23/2010**
Gas Franchise Consideration				
Customer Charge		$62.30		
Total Delivery Service Amount				$62.30
Taxes	**Service From**	**06/24/2010**	**to**	**07/23/2010**
Illinois State Commerce Commission Tax		$0.06		
Total Tax Related Charges				$0.06
Total Natural Gas Charges				$62.36

Current Total Due (Account) $62.36

Current Total Due $307.05

Please Note: The **Current Total Due** (above) reflects *only* charges incurred during this billing period. Please remit the **Total Amount Due** on this account noted on the first page of this bill (located in the box to the right of the *Total Amount Due* By date).

Ameren|P

SUMMARY ACCOUNT LISTING: 01147-46259 VILLAGE OF FREEBURG

NATURAL GAS SERVICE BILLING DETAIL

GDS-2 Small Gen Gas Del

Gas Franchise Consideration

Customer Charge	Service From	06/24/2010	to 07/23/2010	
		$62.30		
Total Delivery Service Amount			$62.30	
Taxes	Service From	06/24/2010	to 07/23/2010	
Illinois State Commerce Commission Tax		$0.06		
Total Tax Related Charges			$0.06	
Total Natural Gas Charges				$62.36

Current Total Due (Account) $62.36

Current Total Due $307.05

Please Note: The **Current Total Due**(above) reflects *only* charges incurred during this billing period. Please remit the **Total Amount Due** on this account noted on the first page of this bill (located in the box to the right of the *Total Amount Due* By date).

Municipal Franchise Agreements

Ameren
Illinois Utilities

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.

Ameren
Illinois Utilities

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.

s of Dec. '09

Based on 1,037 meters

- calculate if 3% increase

notify Ameren for increase

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

ACCEPTANCE

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

Update on NESHAP and NSPS Requirements for Engines

N. LaDonna Driver
Hodge Dwyer & Driver
August 19, 2010

What We Will Cover

- NESHAP Requirements & Clarifications
- IMEA's Request for Guidance on Emergency Use
- Petition for Reconsideration of final NESHAP Rule
- NESHAP – Definition of Reconstruction
- NSPS Requirements & Clarifications new source pollution stds.
- Proposed Amendments to NSPS

NESHAP

NESHAP - Background

On March 3, 2010, USEPA published its final rule for CI units. The rule was effective as of May 3, 2010, with full implementation by 2013. SI engines will be covered by a later rule amendment.

Existing RICE at an area source are RICE for which construction commenced prior to June 12, 2006.

Units that are constructed or reconstructed after that date must meet the appropriate NSPS requirements at 40 CFR Part 60 Subparts IIII or JJJJ.

NESHAP – Non-Emergency Units

- For non-emergency units at certain specified capacities, owners and operators must meet numerical emission limitations, equip units with crankcase ventilation or filtration systems, and comply with diesel fuel, operating limit, testing, reporting, and recordkeeping requirements.

- For non-emergency units less than 300 hp, there are no numerical emission limitations, but owners and operators are subject to management practices.

- Owners/operators of existing non-emergency CI RICE greater than 300hp must submit an initial notification to IEPA by August 31, 2010. This applies to owners/operators that commenced construction or reconstruction prior to June 12, 2006.

we have done this check to verify Accept.

NESHAP Clarifications – Crankcase Ventilation

This was never in the Final Rule

Section 63.6625(g) requires that owners/operators of existing non-emergency CI engines greater than 300 hp that are not equipped with a closed crankcase ventilation system (CCVS), must install either:

Two options

1. A CCVS that prevents crankcase emissions from being emitted to the atmosphere, or

2. An open crankcase filtration system that reduces emissions from the crankcase by filtering the exhaust stream.

NESHAP – Crankcase Ventilation

- USEPA has stated that the majority of existing CI engines route blow-by emissions from the pistons to the crankcase which is open to the atmosphere to prevent pressure buildup (referred to as open crankcase ventilation). Open crankcase systems filter the crankcase gases to reduce oil mist before venting the crankcase gases to the atmosphere.

- USEPA has stated that closed crankcase systems may route the crankcase gases back to the combustion chamber where the crankcase gases are combusted with the fuel mixture, or to the engine exhaust prior to the catalyst.

- USEPA warns that in closed crankcase systems routing the crankcases gases to the engine exhaust may require filtration so that the catalyst is not fouled.

NESHAP Clarifications – Engine Startup

The rule requires that owners/operators minimize the engine's startup time to a period needed for appropriate and safe loading of the engine, not to exceed 30 minutes, after which time the applicable emission standards apply.

NESHAP Clarifications – Engine Startup

- USEPA confirmed that owners/operators do not have to be at final load within 30 minutes; however, after 30 minutes, the engine must meet the applicable emission standard and can increase load as long as compliance with emission standards is maintained.

NESHAP – Emergency Units – Definition

Any stationary internal combustion engine whose operation is limited to emergency situations and required testing and maintenance. Examples include stationary ICE used to produce power for critical networks or equipment (including power supplied to portions of a facility) when electric power from the local utility (or the normal power source, if the facility runs on its own power production) is interrupted, or stationary ICE used to pump water in the case of fire or flood, etc. Stationary CI ICE used for peak shaving are not considered emergency stationary ICE. Stationary CI ICE used to supply power to an electric grid or that supply non-emergency power as part of a financial arrangement with another entity are not considered to be emergency engines, except as permitted under § 63.6640(f). . . . All other emergency stationary RICE must comply with the requirements specified in § 63.6640(f).

NESHAP Clarifications – Institutional Exemption

- Emergency generators located at area sources that are classified as commercial, institutional, or residential are not subject to Subpart ZZZZ requirements.

- Residential/commercial/institutional emergency RICE means an emergency RICE used in residential establishments; commercial establishments such as office buildings, or telecommunications facilities; or institutional establishments such as medical centers, research centers, schools, correctional facilities, libraries, religious establishments, police stations and fire stations.

VILLAGE HALL

- We requested clarification from USEPA as to certain types of municipal units that could qualify for this designation.

NESHAP Clarifications – Institutional Exemption

- Sewer Systems: Unlike the emergency generators at the police station, USEPA believes emergency generators used to operate the sewer systems are more industrial in nature as opposed to institutional. Since USEPA maintains that municipal water and sewer facilities are included within the NESHAP category, the emergency generators used to run the sewer systems are subject to Subpart ZZZZ.

NESHAP – Emergency Units

- There are no numerical emission limitations for emergency RICE at area sources.
- There is no time limit for operation of emergency RICE in emergency situations.
- They are subject to management practices and recordkeeping.
- Non-resettable hour meter must be installed.

NESHAP – Emergency Units

- Operation of emergency engines at area sources for maintenance and testing is limited to 100 hours per year.

- Operation in non-emergency situations for more than 50 hours per year is prohibited. The 50 hours of non-emergency operation are counted towards the 100 hours per year provided for maintenance and testing.

- The 50 hours cannot be used for peak shaving, to generate income for a facility to supply power to an electric grid or otherwise supply power as part of a financial arrangement with another entity.

NESHAP – Emergency Units

- If a regional transmission organization determines that there is an emergency situation that could lead to an electrical blackout, emergency RICE can be operated for a maximum of 15 hours per year as part of a demand response program.

- The 15 hours of demand response are counted toward the 50 hours per year of non-emergency situations.

Emergency Unit Guidance

Emergency Unit Guidance - Background

On April 9, 2010, IMEA submitted a letter to USEPA requesting guidance on whether the use of engines in certain situations is emergency use.

Scenario 1

Some municipal systems are located at the end of a radial transmission line, which means that there is only a single transmission feed into the community.

For example, a municipality may have a single transmission line as its power source. The line is owned by a large utility company, and from time to time, it needs to be taken out of service for routine maintenance. At such time, the city's RICE units need to operate for a time in parallel to the grid so that the city does not go dark in the transition away from grid-based power, and again, for a time after power is reestablished to the grid.

Scenario 1 - continued

- In addition, as with the transition period, during times of maintenance of the transmission lines, there is a similar transition period when there is a base load outage due to an accident or a weather event.

- When the utility is ready to supply power, it begins generating electricity, and during the first few minutes when the power comes back online, the city's RICE continue to operate parallel to the grid until full base load power can be restored. This "syncing to the grid" or transition period normally lasts no longer than five minutes.

Scenario 1 - continued

- We advocated that although in these scenarios, the emergency units are operated during a transition period when power from the local utility is no longer interrupted, it is reasonable to deem the operation of emergency RICE during this time as emergency use because the operation is necessary to prevent further interruption of power.

- We also argued that the "synchronizing to the grid" is necessary to bring the local utility back online, and is basically a conclusion to the emergency situation that triggered the operation of the emergency RICE.

Scenario 2

- During summer peak conditions, there may be times when the primary transmission feed may become inadequate in the event that there is an outage somewhere in the transmission system. To prevent low voltage or an overload of backup or the primary feeds, which would adversely affect power services to the community, a municipality must operate its RICE in order to prevent a potential outage.

- The transmission grid to which these municipal systems are connected is owned by third parties. They anticipate these units will, at times, be run in parallel to the grid for voltage support when the transmission system may have capacity issues during peak load events. Such operation mitigates the low voltage situations that can be a precursor to outages.

Scenario 2 - continued

- Here, RICE are being operated to prevent an interruption of power to the communities in instances where the main transmission lines cannot adequately support the needs of the cities.

- The power generated by the RICE is not sent to the grid, but rather utilized by the communities' own citizens.

- Operation of emergency RICE in these situations should be viewed as emergency use as it prevents potential power outages to the affected communities.

Scenario 2 - continued

- The demand response program provision in the final rule does not appear to cover the type of operation discussed above in Scenario 2.
- In Scenario 2, the communities are not likely called upon by the RTO to operate parallel to the grid.
- The 15-hour limit for demand response, as well as the 50-hour provision for operation in non-emergency situations, is too restrictive.
- It is possible that operation in parallel to the grid to prevent interruption of power services to communities could exceed the 15-hour and 50-hour limits, respectively, depending on the circumstances.

Scenario 2 - continued

- We stated that to the extent that the municipality has a financial arrangement with IMEA, the 50-hour provision may not apply if the Scenario 2 operation is viewed as non-emergency.

- We advocated that the best approach would be to view Scenario 2 operations as emergency, without implication of the demand response or 50-hour non-emergency provisions.

Emergency Unit Guidance - Financial Arrangement

- IMEA, as part of its power supply arrangements, has entered into contractual agreements with its members to use their RICE as part of the IMEA power portfolio. These arrangements include reimbursement of fuel costs to the member when it operates its emergency units.

- The definition of emergency RICE provides that RICE used to "supply non-emergency power as part of financial arrangement with another entity" are not emergency units.

- Although we understand that where IMEA reimburses the fuel costs for RICE that are supplying emergency power, the emergency category is still valid, we requested confirmation from USEPA that IMEA and its members are not prohibited from having such a reimbursement policy in order for units to operate on an emergency basis under the rule.

Emergency Unit Guidance – USEPA Response

- No formal response from USEPA.
- Message left by USEPA stated that they "pretty much concur with everything [we] said in [our] letter."
- A written response was promised shortly thereafter, but has not yet been received.

NESHAP – RECONSIDERATION OF RULE

NESHAP – Reconsideration of Final Rule

- The Petition was filed in late May by several companies that "provide demand response and energy management solutions for businesses, institutions, and power grid operators."

There is now a formal challenge to the Rule.

- The companies are specifically requesting that USEPA reconsider the 15 hour per year limit for use of emergency engines as part of a Demand Response (DR) program.

- The companies recommend a 60 hour per year limit.

NESHAP – Reconsideration of Final Rule

- The companies support emergency DR programs in the rule.
- They challenge the imposition of a 15 hour per year maximum limit on DR use.
- According to the companies, such a limit in the Final Rule "may prevent emergency engines from participating in emergency DR programs since the engines may not be able to meet ISO tariff requirements that specify minimum hours of availability to participate."

NESHAP – Reconsideration of Final Rule

According to the Petition:

- If the engines cannot meet the 15 hour restriction requirements, they would have to comply with the emission limits for non-emergency engines.
- These limits would require the installation of diesel oxidation catalysts, crankcase ventilation systems or open crankcase filtration emission control systems, in addition to periodic stack testing.
- These requirements could cause many customers to drop out of emergency DR programs because they would be unwilling to make the capital investment, together with engineering, testing, and ongoing monitoring, recordkeeping, and reporting to meet these requirements.
- *We believe that USEPA has delayed its response to our April letter due to the Petition.*

NESHAP - RECONSTRUCTION

NESHAP – Reconstruction Defined

Reconstruction, under the NESHAP, is defined as the replacement of components of an affected or a previously nonaffected source to such an extent that:

(1) The fixed capital cost of the new components exceeds 50 percent of the fixed capital cost that would be required to construct a comparable new source; and

(2) It is technologically and economically feasible for the reconstructed source to meet the relevant standard(s) established by the Administrator (or a State) pursuant to section 112 of the Act.

NESHAP - Reconstruction

- According to USEPA guidance, if a rebuilt engine contains any used parts, it is evaluated under the reconstruction analysis and is not considered a new engine.

- For the NESHAP, reconstruction must commence on or after June 12, 2006 to avoid being viewed as an existing unit. This means that there must be a binding contract in place by June 12, 2006, or substantive work must begin by June 12, 2006 and proceed in a continuous fashion.

NESHAP - Reconstruction

- USEPA considers a contract binding if it would cost 10% or more of the contract price to back out of the deal.

- USEPA considers substantive work to be more than site clearing and excavation. For example, placement of pilings, footings and other materials to support the final structures is substantive work.

NESHAP – Requirements for Reconstructed Units

- A new or reconstructed RICE at area sources must meet the NESHAP requirements by meeting NSPS requirements and nothing else under the NESHAP rule applies.

- USEPA confirmed that reconstructed engines under the NESHAP rule should meet the applicable requirements for reconstructed engines in the NSPS rule.

New source

NESHAP – Requirements for Reconstructed Units

- The NSPS arranges its requirements based on the model year of the unit, which hinges on the year of original production.

- For instance, an engine that is reconstructed in 2010, but was originally manufactured in 1950, is considered a pre-2007 model year unit under the NSPS. Such a unit would not be subject to the NSPS requirements for new 2010 model year units.

NESHAP – Requirements for Reconstructed Units

For example, an owner/operator of non-emergency CI RICE with a displacement of less than 10 l/cyl must meet the following requirements:

Pre–2007 MY (75≤kw<130)

- HC – 1.3 g/kw-hr
- NOx – 9.2 g/kw-hr
- CO – 11.4 g/kw-hr
- PM – 0.54 g/kw-hr

2007 MY (75≤kw<130)

- NMHC & NOx – 4.0 g/kw-hr
- CO – 5.0 g/kw-hr
- PM – 0.30 g/kw-hr

Compliance Demonstration

Pre-2007 model year non-emergency units with displacement of less than 30 liters per cylinder must show compliance with the applicable emission limits by one of the following:

(1) Purchasing an engine certified according to 40 CFR part 89 or 40 CFR part 94, as applicable, for the same model year and maximum engine power. The engine must be installed and configured according to the manufacturer's specifications.

CAN ONLY BE CERTIFIED BY ENGINE MFG

Compliance Demonstration

(2) Keeping records of performance test results for each pollutant for a test conducted on a similar engine. The test must have been conducted using the same methods specified in this subpart and these methods must have been followed correctly.

(3) Keeping records of engine manufacturer data indicating compliance with the standards.

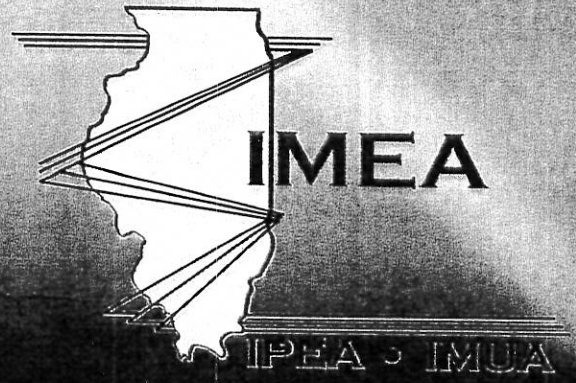
(4) Keeping records of control device vendor data indicating compliance with the standards.

(5) Conducting an initial performance test to demonstrate compliance with the emission standards according to the requirements specified in §60.4212, as applicable.

Compliance Demonstration

- In this situation, options 1 and 3 are not viable as the rebuilt units are not coming from a manufacturer. We have found no explanation from USEPA as to what would satisfy options 2 and 4 in this situation.

- Therefore, the full initial performance test is advisable. Further, the municipalities should consider making the contract with the rebuilder contingent on the unit passing the initial performance test, which should be administered under the direction and control of the municipality.



NESHAPS Emissions Compliance for Member Dedicated Generating Equipment

R·W·BECK
An SAIC Company

August 18, 2010

IMEA

IPEA • IMUA

Emissions Testing

- *IMEA's 32 dedicated and owned diesel units in the following cities (non-attainment areas) was tested for CO and certain other exhaust parameters:*
  - *Freeburg, Highland, Mascoutah, Waterloo, Winnetka*
- *Total of 50 representative units tested under Part 2 for CO and other parameters*
- *Assumption made that units of similar manufacturer, size and age would exhibit similar performance*
- *All "suspect" engines were tested based on Part 1 indications*
- *Units were categorized based on manufacturer and size for ease of comparison and presentation*

CONFIDENTIAL

IMEA

IPEA • IMUA

Generation Summary

IMEA and Member Diesel Units Summary

Manufacturer	Units	Avg. Age Installed-yrs	Dedicated Capacity (kW)	Average Size (kW)	CO Range (ppm)	Exh. Temp. Range (F)	Percent Capacity
Caterpillar	56	10	101,504	1,813	50 - 250	760 - 940	35%
Fairbanks (<1 MW) *	13	62	7,092	546	50 - 1000	355 - 550	2%
Fairbanks (>1 MW)	30	42	57,995	1,933	70 - 580	500 - 600	20%
EMD	8	12	21,057	2,632	40 - 180	590 - 730	7%
Nordberg	10	42	32,433	3,243	25 - 525	380 - 840	11%
Delaval, Cooper	7	46	31,918	4,560	220 - 1000+	770 - 885	11%
Worthington	5	40	14,844	2,969	100 - 400	680 - 810	5%
Enterprise	4	47	12,085	3,021	90 - 110	750 - 820	4%
Others **	7	52	9,519	1,360	100 - 300	550 - 700	3%
	140	30	288,447				

			Non-Dedicated Capacity (kW)
Caterpillar	4	11	7,340
EMD	3	5	7,425
	7		14,765

* Three of these units are exempt from the final rule

** Includes one smaller GM EMD unit, one Colt Pielstick unit and five Chicago Pneumatic units

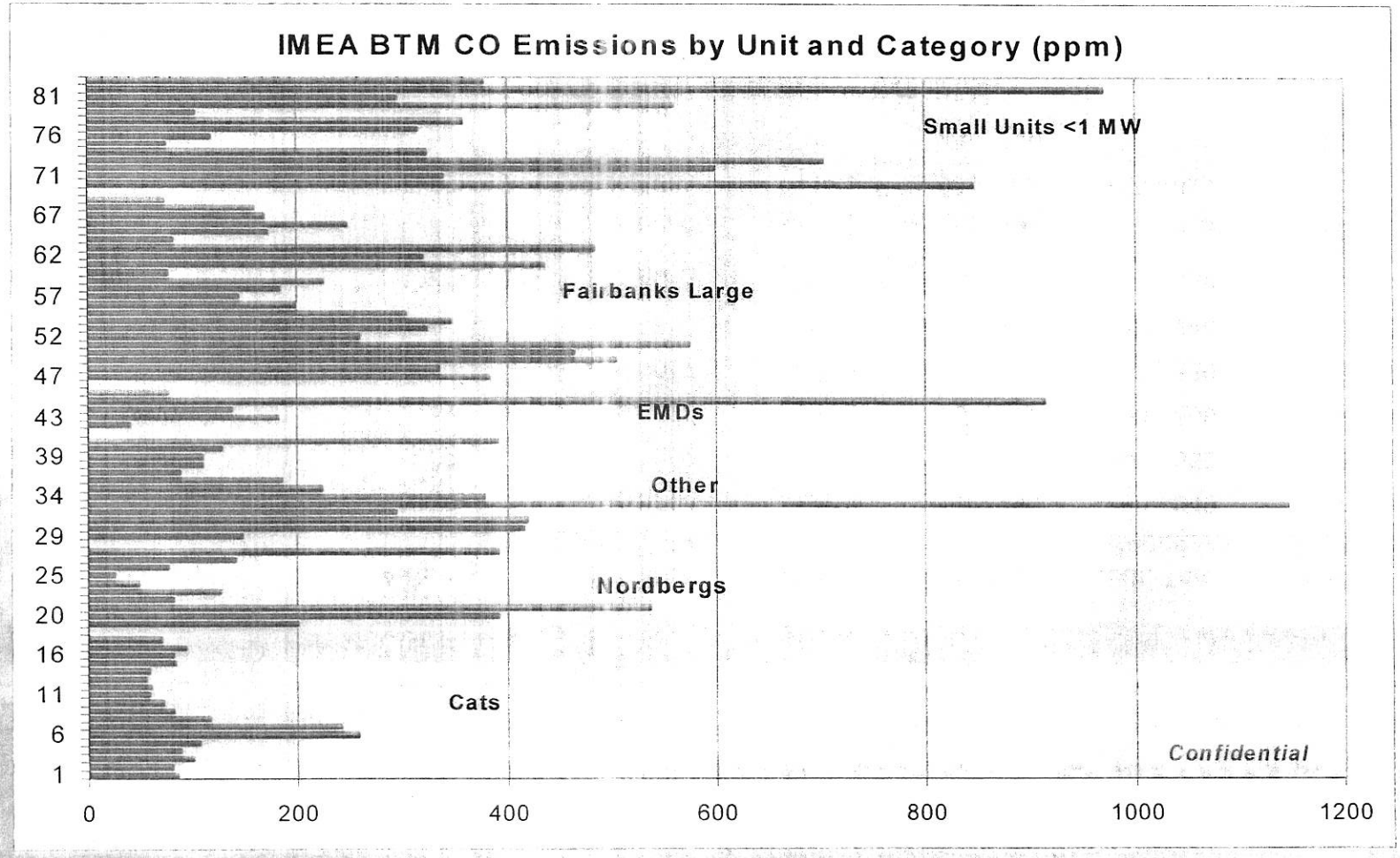
CONFIDENTIAL

IMEA

IPEA • IMUA

CO Emissions Results

CO emissions seemed consistent across most engine categories



CONFIDENTIAL

IMEA

IPEA • IMUA

Compliance Requirements

Based on the final NESHAP Rule, all tested engines will be subject primarily to the following:

- *No particulate control technologies are required; compliance is based on the use of oxidation catalyst control.*
- *Reduction in CO emissions to 23 ppm, or a 70% reduction (49 ppm 300<HP≤500).*
- *Installation of either a closed crankcase ventilation or open crankcase filtration system.*
- *Minimize startup to a period not to exceed 30 minutes, after which the engine must meet applicable emission standards.*
- *Maintain no more than a 2 " pressure drop across the catalyst from initial test.*
- *Maintain catalyst inlet temperature of at least 450 degrees F (~235 degrees C).*

CONFIDENTIAL

IMEA

IPEA • IMUA

Compliance Requirements

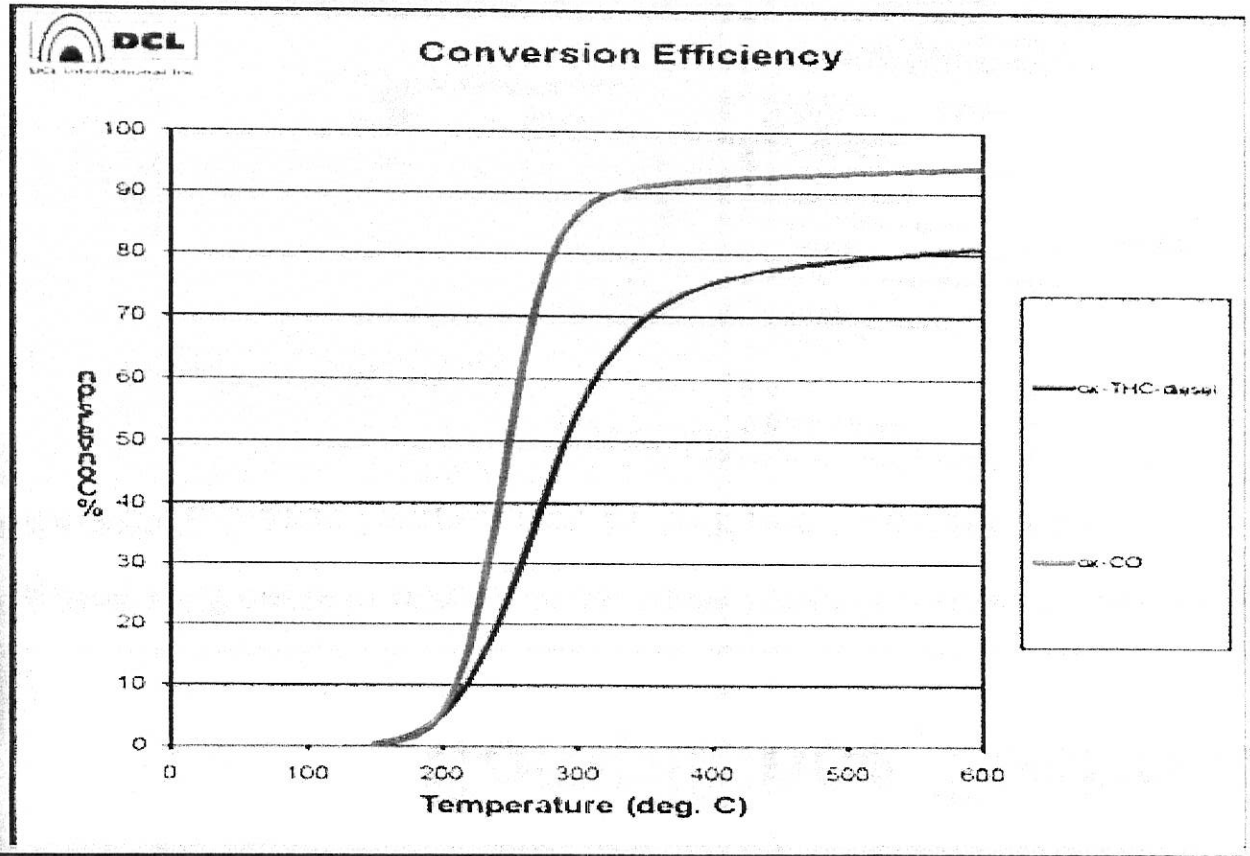
Additional compliance requirements include:

- ***Conduct an initial performance test to demonstrate compliance and retest if catalyst changed and (if >500 HP) the earlier of every 8,760 hours of operation or 3 years (5 years if ≤100 hrs/yr operation).***
- ***Continuously monitor and record catalyst inlet temperature and measure the pressure drop across the catalyst monthly.***
- ***Keep records that must include oil and filter change dates and corresponding operating hours, inspection and replacement dates for air cleaners, hoses, and belts, and other emission-related repairs and maintenance.***
- ***Submit applicable notifications including an initial notification, notification of performance test, and a notification of compliance***
- ***Compliance during normal operations, shutdown and malfunction periods is based on the average of three one-hour runs.***
- ***Final rule will be fully implemented in 2013.***

CONFIDENTIAL

Compliance Technology

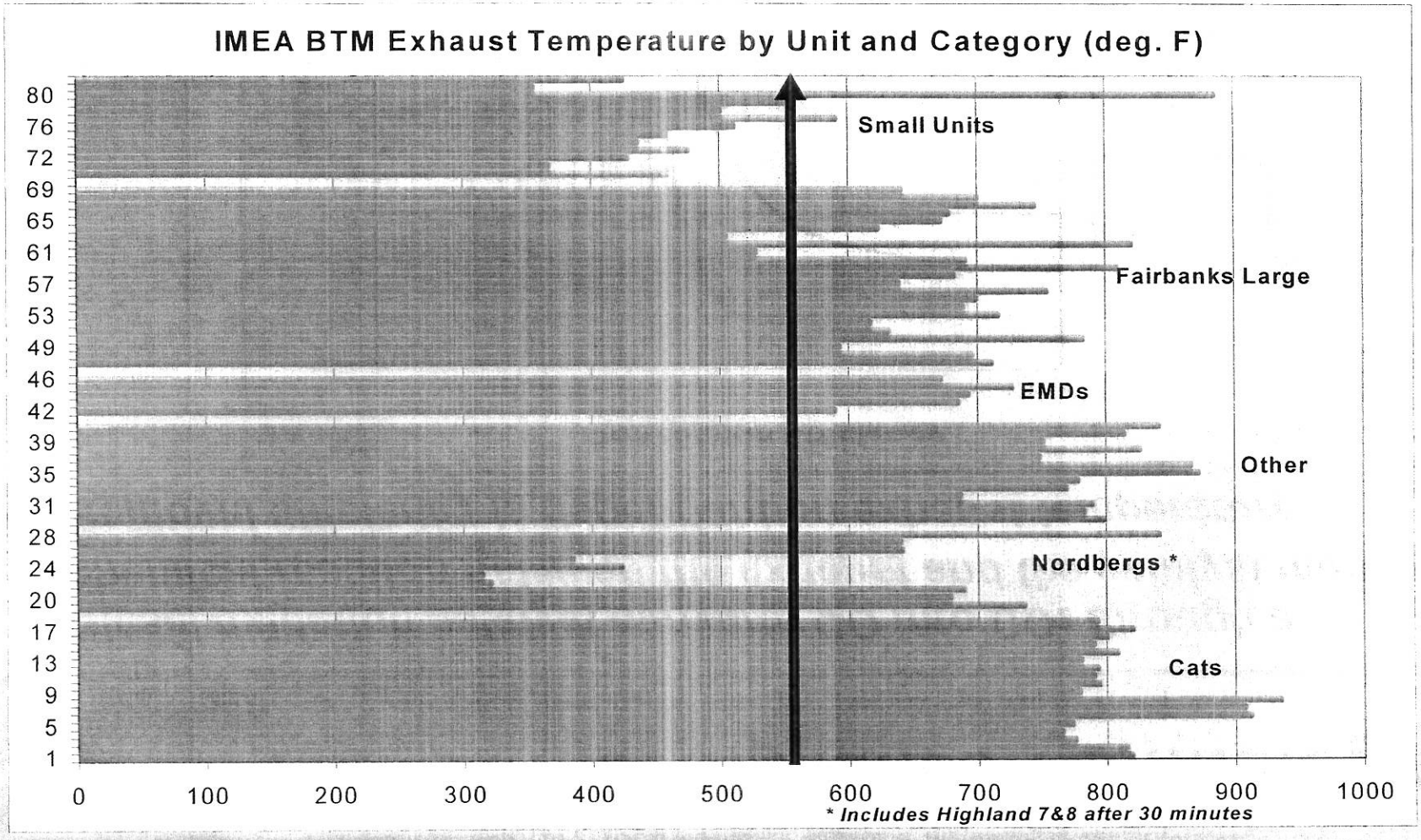
- *Diesel oxidation catalyst converts CO into CO_2 through a chemical reaction between the exhaust and the catalyst material*
- *Removal efficiency is dependant on exhaust temperature*



CONFIDENTIAL

Compliance Technology

Smaller engines and certain larger ones have insufficient exhaust temperature



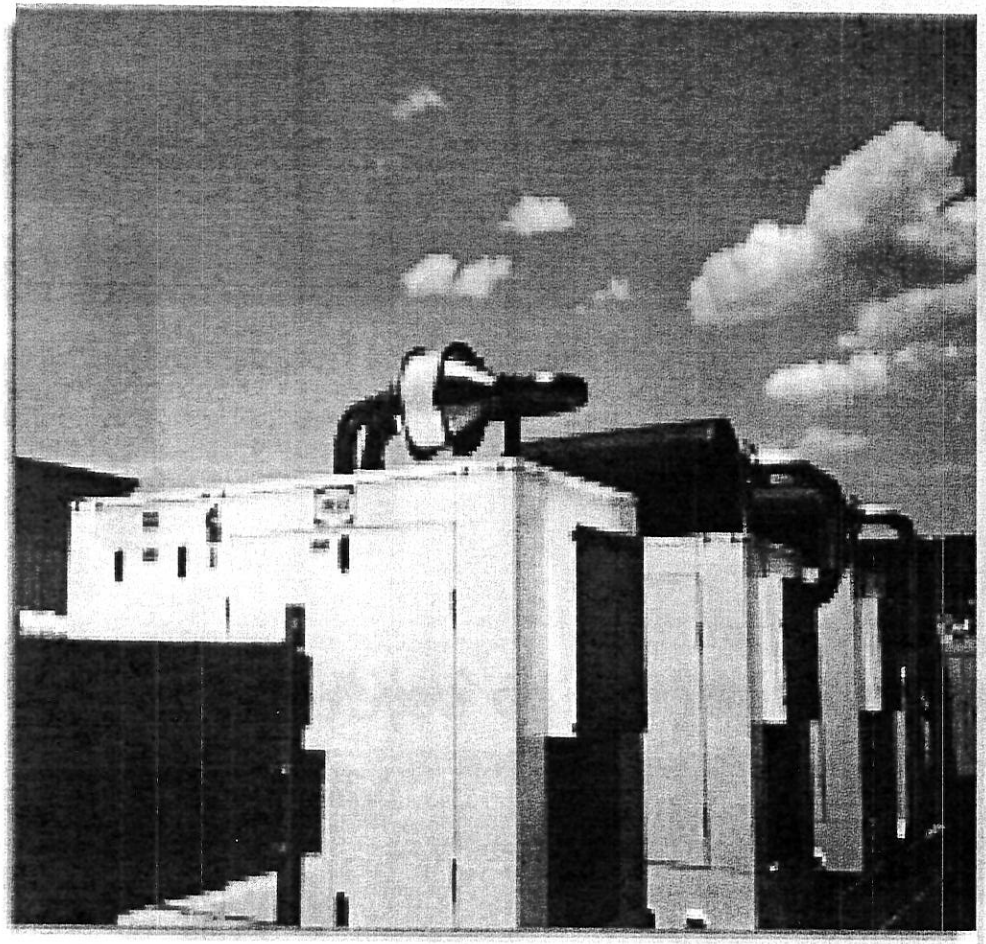
CONFIDENTIAL

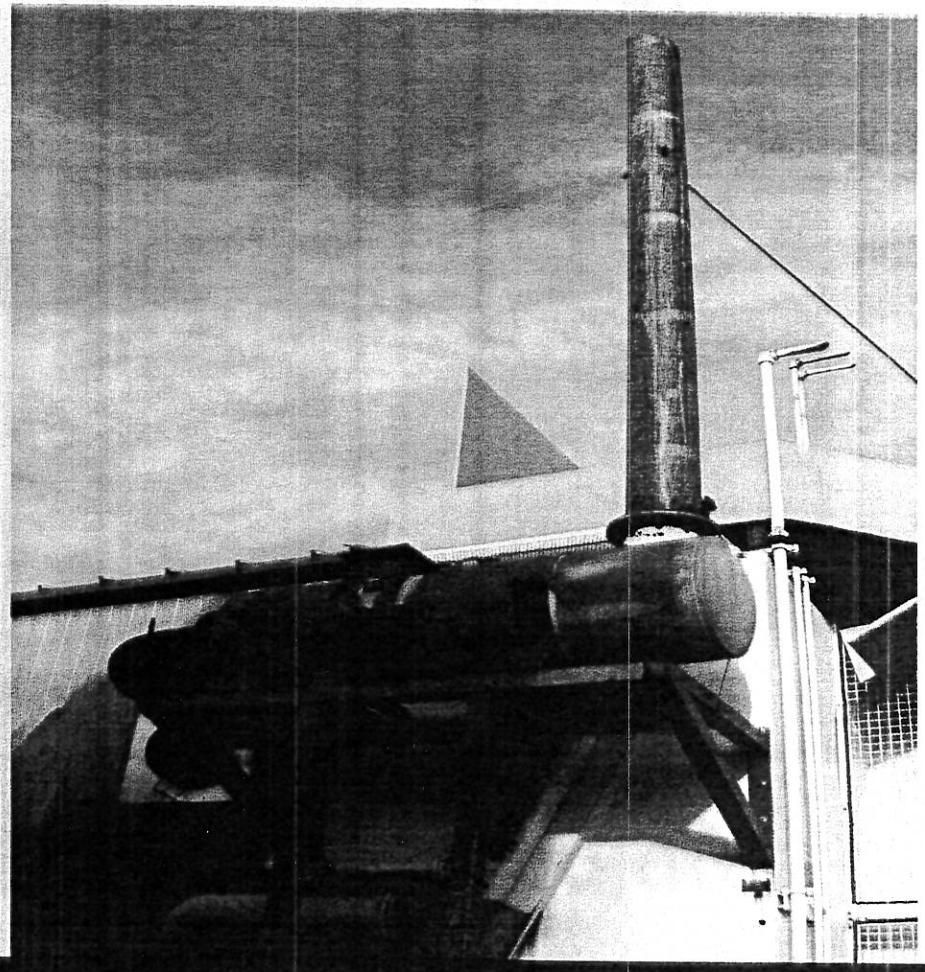
IMEA

IPEA • IMUA

Compliance Technology

Samples of diesel oxidation catalyst installations





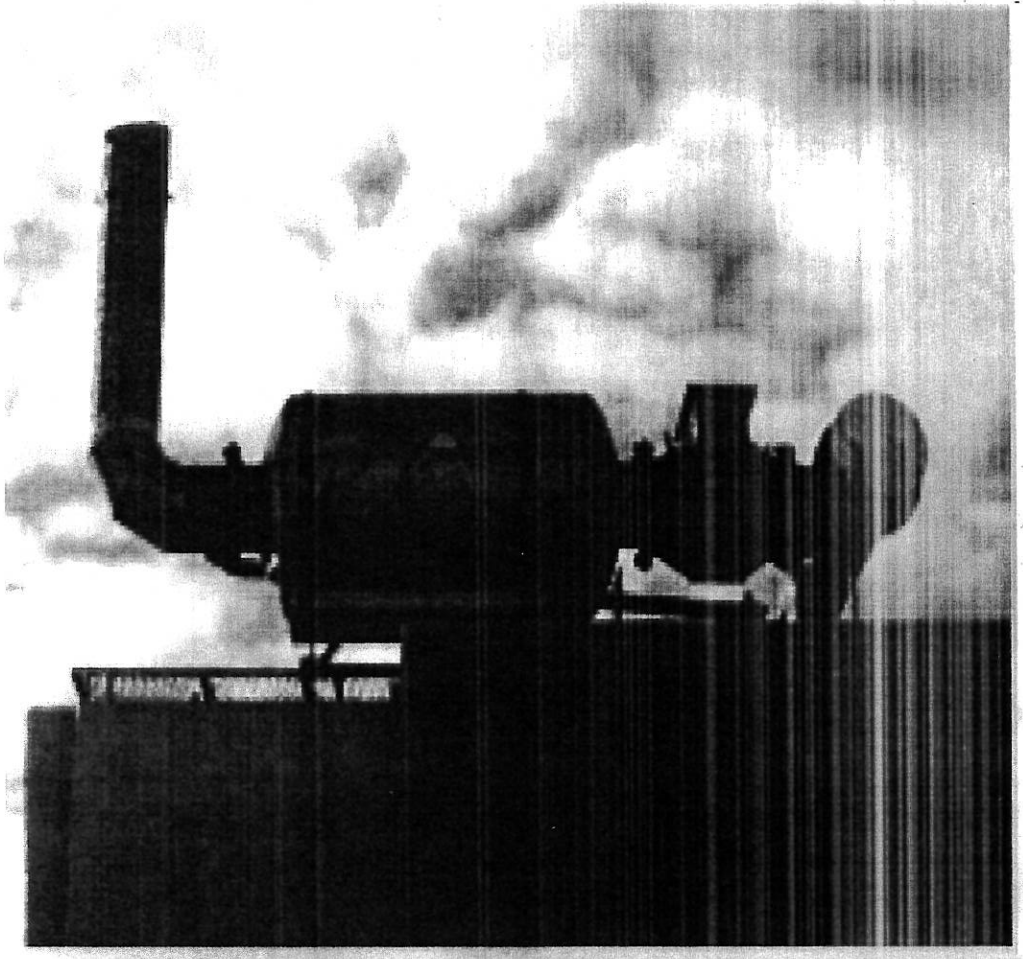
CONFIDENTIAL

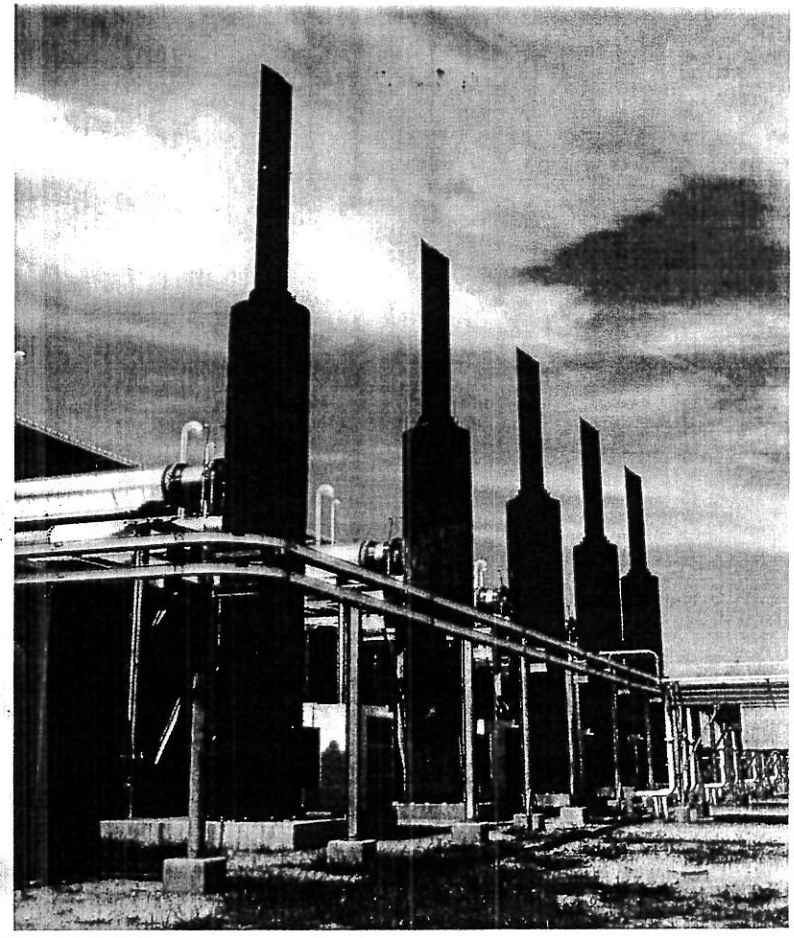
IMEA

IPEA • IMUA

Compliance Technology

Samples of diesel oxidation catalyst installations





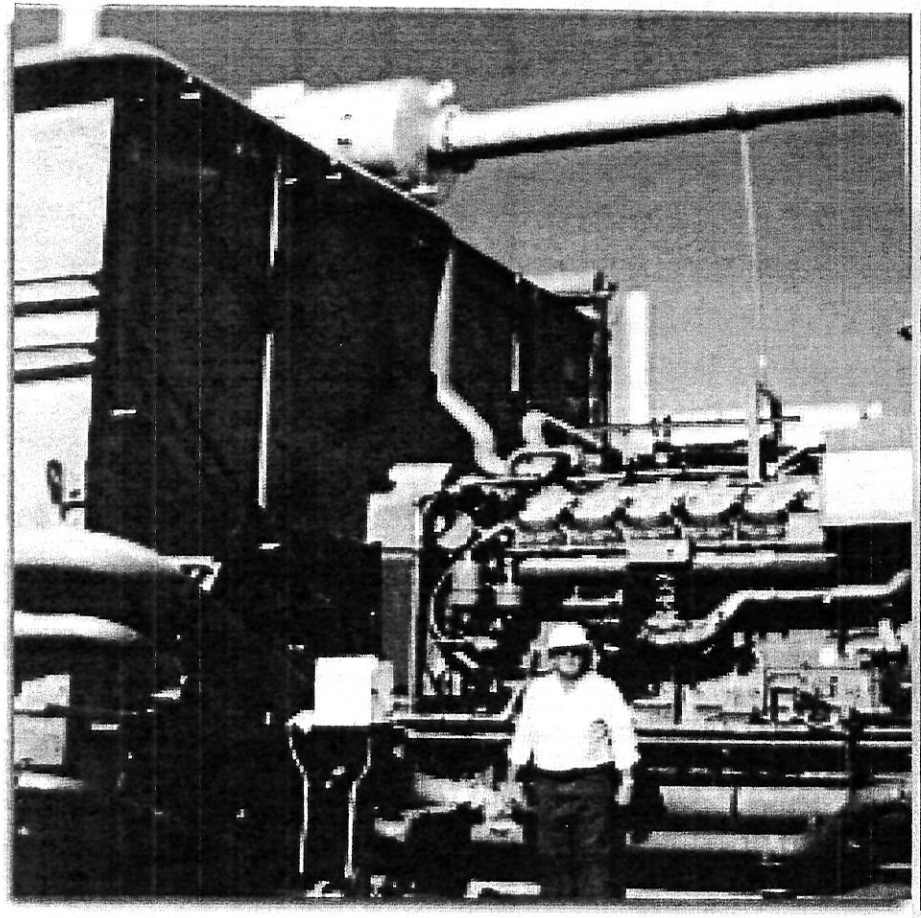
CONFIDENTIAL

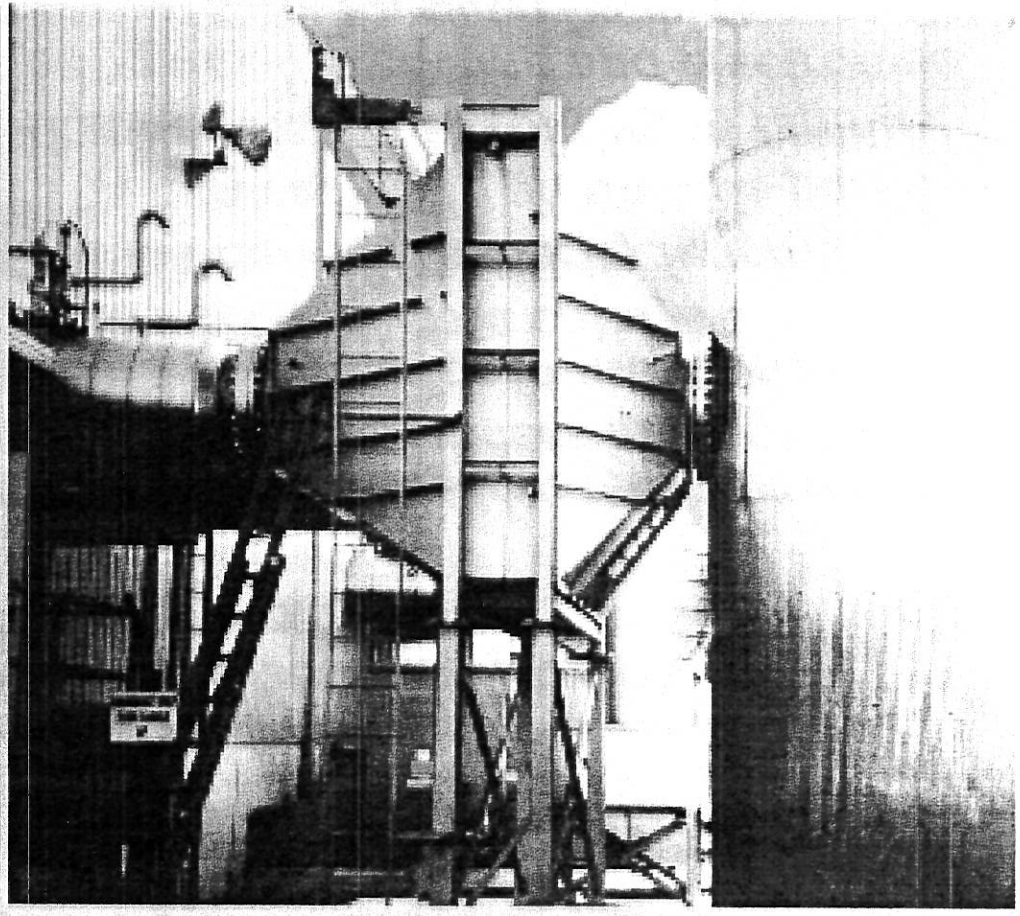
IMEA

IPEA • IMUA

Compliance Technology

Samples of diesel oxidation catalyst installations





CONFIDENTIAL

IMEA

IPEA • IMUA

Capital Cost Estimates

Each location was inspected for specific retrofit requirements. Capital costs were prepared for each tested engine assuming:

- ***Oxidation catalyst installation, assumed to be located external to each building prior to the inlet to exhaust silencers in most cases.***
- ***Structural supports, including an allowance for foundations and movement of exhaust systems to accommodate catalyst.***
- ***New silencers on many units, insulation and security fencing.***
- ***Installation costs, assumed to be contracted to an outside party.***
- ***Installation of crankcase ventilation filters and routing of piping.***
- ***Temperature/pressure monitoring devices, wiring and electronics to continuously monitor and record data for each facility.***
- ***Certified emissions tests for compliance demonstration.***
- ***Outside engineering for each facility (structural requirements, bid preparation, analysis, construction certification).***
- ***Legal costs for filings and possible variance requests.***
- ***Escalation and contingency to 2012 installation date.***

CONFIDENTIAL

IMEA

IPEA • IMUA

Capital Cost Estimates

The following range of capital costs were developed for each category:

Caterpillar Units	***$ 70,000 - $80,000 per engine***
Fairbanks Larger Units	***$100,000 - $120,000 per engine***
Fairbanks Small Units	***$ 60,000 - $ 80,000 per engine***
EMD Engines	***$100,000 - $110,000 per engine***
Other Units	***$100,000 - $240,000 per engine***
Common Facility Costs	***$ 35,000 - $ 80,000 per plant***

- ***Equipment and materials costs, including escalation and contingency, account for about three-fourths of the engine estimates***
- ***Common facility costs are per plant, for engineering, legal, monitoring equipment and initial emissions tests***
- ***Unforeseen site-specific requirements (exhaust replacement, asbestos removal, wall repair, filters, etc.) could add to these cost estimates***

CONFIDENTIAL

IMEA

IPEA • IMUA

Additional Annual Operating Costs

The following incremental operating costs were developed for each category:

Caterpillar Units	*$ 4,000 - $ 5,000 per engine*
Fairbanks Larger Units	*$ 6,000 - $ 8,000 per engine*
Fairbanks Small Units	*$ 4,000 - $ 6,000 per engine*
Other Units	*$ 8,000 - $10,000 per engine*
Common Facility Costs	*$ 15,000 - $ 30,000 per plant*

- *Incremental O&M cost per engine consists primarily of filter changes, reserve funding for periodic catalyst and electronics replacement, and additional insurance*
- *Common facility costs are annualized estimates for emissions testing, and outside advisory services for monitoring and reporting*

CONFIDENTIAL

IMEA

IPEA • IMUA

Issues and Observations

Based on our review of most engines, we offer the following:

- *Several small Fairbanks units seem unable to comply due to low exhaust temperature.*
- *Some mid-size Fairbanks units were also in the "marginal" temperature range.*
- *We understand the "30 minute start time" requirement means time to reach steady state temperature across the catalyst*
- *Most larger units can achieve the required temperatures within 30 minutes. Four large Nordberg engines were the exception.*
- *Possible exempt status of certain newer units should be verified (Freeburg, Altamont, Marshall, Breese)*

CONFIDENTIAL

IMEA

IPEA • IMUA

Issues and Observations

- *All other engines attained adequate temperatures for 70 percent removal within the 30-minute time frame.*
- *Nordberg, Worthington and certain other units are no longer made. Replacement parts are reportedly difficult to come by with long lead times. Any major failure will likely not be replaceable, and Members should weigh the risks of additional capital versus the possibility of equipment failure.*
- *More stringent NO_x regulations may be forthcoming, and Members may want to look into NO_x compliance equipment as well, or at least plan for how, after modification the engines would comply with additional regulations. Considerable additional costs may be required.*

CONFIDENTIAL

IMEA

IPEA • IMUA

Possible Compliance Plan

- *Based on the result of the emissions tests, we assumed that most Members would retrofit all capacity, except for the following:*
  - *Units with insufficient temperature would be undedicated*
    - *Carmi (4 units)*
    - *Highland, Mascoutah, and Rantoul (2 units each)*
    - *Sullivan and Waterloo (3 units each)*
  - *Rantoul's five other in-town units would be undedicated*
  - *Members with undedicated capacity or lower Cap. Credit units would replace undedicated capacity where possible*
    - *Breese, Carlyle, Highland and Waterloo (swap undedicated)*
    - *Freeburg and Rantoul (swap lower Cap. Credits)*

1.20 vs. 3.20 Cap credit

CONFIDENTIAL

IMEA

IPEA • IMUA

Possible Capacity Impact

IMEA-owned and Dedicated Generation - Possible NESHAPS Compliance Impacts

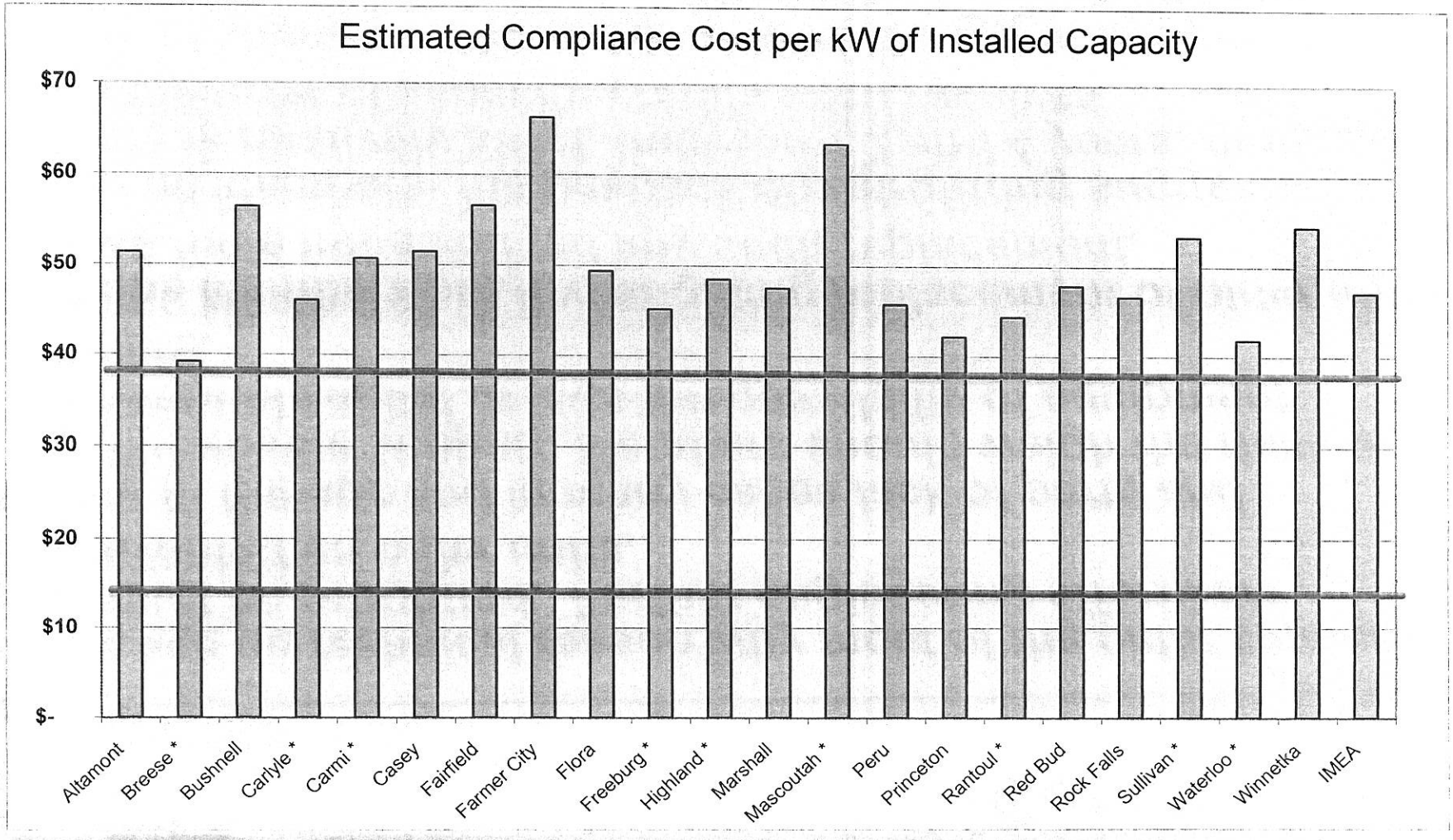
		Capacity @ $3.20 CC (kW)	Capacity @ $1.20 CC (kW)	Capacity @ $0 CC (kW)	Thermal Limits (kW)	#	Maint. Issues (kW)	#	Net Cap. Impact (kW)	Estimated Capital Cost	Cap. Cost $/kW
1	Altamont	-	5,490	1,830						$281,500	$ 51
2	Breese	9,255	2,475	2,475			2,900	1	(425)	$469,500	$ 42
3	Bushnell	5,473	5,044	-						$592,500	$ 56
4	Carlyle	6,267	4,013	2,535			3,149	1	(614)	$515,500	$ 53
5	Carmi	15,722	-	-	3,297	4			(3,297)	$630,000	$ 51
6	Casey	-	5,475	-						$281,500	$ 51
7	Fairfield	-	6,736	-						$381,000	$ 57
8	Farmer City	5,790	-	-	-				-	$384,000	$ 66
9	Flora	-	9,125	-						$449,800	$ 49
10	Freeburg	7,196	3,560	-			1,883	1	(1,883)	$400,500	$ 45
11	Highland	12,201	4,900	-	8,150	2			(4,500)	$611,200	$ 49
12	Marshall	3,101	9,156	4,365						$789,500	$ 64
13	Mascoutah	6,129	-	-	946	2			(946)	$329,000	$ 63
14	Peru	15,705	3,661	-						$885,500	$ 46
15	Princeton	37,850	-	-						$1,596,000	$ 42
16	Rantoul	12,769	13,771	-	8,100	2	3,836	5	(11,936)	$648,400	$ 44
17	Red Bud	-	15,475	-						$740,500	$ 48
18	Rock Falls	-	9,143	3,650						$596,500	$ 65
19	Sullivan	-	19,025	-	3,260	3			(3,260)	$840,400	$ 53
20	Waterloo	10,083	-	-	1,215	3	4,376	2	(116)	$489,600	$ 49
21	Winnetka	5,000	-	-						$272,000	$ 54
22	IMEA			18,250					(9,125)	$429,500	$ 24
	Totals	152,541	117,049	33,105	24,968	16	16,144	10	(36,102)	$12,613,900	$ 54
	Total w/IMEA	287,840							-13%		
	Total Units	144		17							

CONFIDENTIAL

IMEA

IPEA • IMUA

Compliance Plan Cost Estimates



CONFIDENTIAL

IMEA

IPEA • IMUA

Conclusions

- *We see no technical reason why most of the older capacity cannot be retrofitted. Further engineering efforts are warranted on older units.*
- *Due to the age and in many cases lack of parts and maintenance support, Members should weigh the risks of additional capital versus the possibility of equipment failure.*
- *Some Members are investigating replacement of older units – we have not assumed any such replacement.*
- *For all Members, the payback on retrofitting suggested units is relatively short, between 1.2 and 4 years, depending on the level of capacity credits each receives.*
- *For all Members, the costs of retrofitting the suggested units are outweighed by the benefits of continued capacity and generation credits, more so on the older units.*

CONFIDENTIAL

Cost/Benefit Summary

IMEA Membership
Annual Costs and Benefits - NESHAPS Compliance

Impacts of NESHAPS Compliance on Suggested Unit Reclassification

	Payback (yrs)	Compliance Plan Capital Cost	$/kW	NPV Costs	NPV Credits	Difference
Altamont	3.6	$281,500	$51	$830,367	($1,089,908)	($259,541)
Breese *	1.2	$469,500	$39	$1,149,623	($5,201,515)	($4,051,892)
Bushnell	2.0	$592,500	$56	$1,363,329	($4,028,950)	($2,665,621)
Carlyle *	1.8	$515,500	$46	$1,313,395	($3,900,111)	($2,586,716)
Carmi *	1.3	$630,000	$51	$3,242,709	($6,394,312)	($3,151,603)
Casey	3.6	$281,500	$52	$830,367	($1,086,930)	($256,563)
Fairfield	3.9	$381,000	$57	$983,458	($1,337,271)	($353,813)
Farmer City	1.7	$384,000	$66	$1,040,069	($2,979,724)	($1,939,655)
Flora	3.4	$449,800	$49	$1,178,657	($1,811,550)	($632,893)
Freeburg *	1.3	$400,500	$45	$1,256,271	($4,031,800)	($2,775,529)
Highland *	1.3	$611,200	$49	$1,959,663	($6,484,887)	($4,525,224)
Marshall	3.1	$789,500	$48	$1,841,597	($3,413,580)	($1,571,984)
Mascoutah *	1.7	$329,000	$63	$1,185,654	($2,667,342)	($1,481,687)
Peru	1.3	$885,500	$46	$2,007,797	($8,816,066)	($6,808,268)
Princeton	1.1	$1,596,000	$42	$3,257,261	($19,478,850)	($16,221,589)
Rantoul *	1.2	$648,400	$44	$2,565,193	($7,515,697)	($4,950,504)
Red Bud	3.4	$740,500	$48	$1,738,280	($2,979,975)	($1,241,695)
Rock Falls	4.5	$596,500	$47	$1,459,799	($1,815,123)	($355,324)
Sullivan *	3.7	$840,400	$53	$2,400,146	($3,129,763)	($729,617)
Waterloo *	1.3	$489,600	$42	$1,148,483	($5,230,727)	($4,082,245)
Winnetka	1.4	$272,000	$54	$786,470	($2,573,164)	($1,786,694)
IMEA	-	$429,500	$47	$1,074,895	$0	$1,074,895
		$12,613,900	$ 50	$34,613,483	($95,967,245)	($61,353,761)

includes cost of lost CAA credits

CONFIDENTIAL

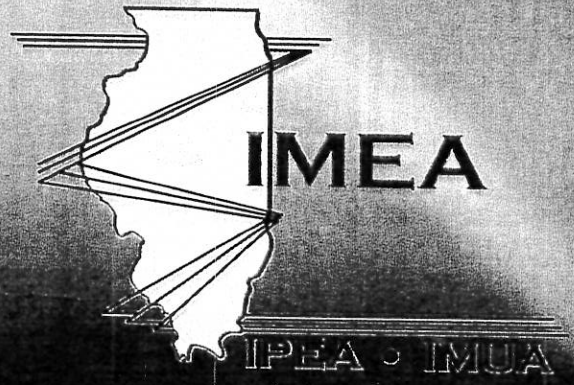
IMEA

IPEA • IMUA

Impact on IMEA's Costs

- *Our suggested compliance plan results in a net loss of capacity to IMEA of 36 MW, or around 13 percent of current diesel capability.*
- *We assume IMEA would replace all lost capacity from either the market or by building additional capacity when feasible.*
- *Market prices are below the average level of capacity credits that would be avoided, resulting in a slight reduction in IMEA's wholesale cost in early years.*
- *Assuming market prices increase beyond the cost to build in around 10 years, there would be a long-term cost to IMEA in replacing lost capacity, but such cost was estimated to be less than .5 percent long-term.*
- *Because of market price uncertainty, we consider the long-term impact to IMEA to be zero.*

CONFIDENTIAL



NESHAPS Emissions Compliance for Member Dedicated Generating Equipment

R·W·BECK
An SAIC Company

August 18, 2010

IMEA

IPEA • IMUA

Emissions Testing

- *IMEA's 32 dedicated and owned diesel units in the following cities (non-attainment areas) was tested for CO and certain other exhaust parameters:*
  - *Freeburg, Highland, Mascoutah, Waterloo, Winnetka*
- *Total of 50 representative units tested under Part 2 for CO and other parameters*
- *Assumption made that units of similar manufacturer, size and age would exhibit similar performance*
- *All "suspect" engines were tested based on Part 1 indications*
- *Units were categorized based on manufacturer and size for ease of comparison and presentation*

CONFIDENTIAL

IMEA

IPEA • IMUA

Generation Summary

IMEA and Member Diesel Units Summary

Manufacturer	Units	Avg. Age Installed-yrs	Dedicated Capacity (kW)	Average Size (kW)	CO Range (ppm)	Exh. Temp. Range (F)	Percent Capacity
Caterpillar	56	10	101,504	1,813	50 - 250	760 - 940	35%
Fairbanks (<1 MW) *	13	62	7,092	546	50 - 1000	355 - 550	2%
Fairbanks (>1 MW)	30	42	57,995	1,933	70 - 580	500 - 600	20%
EMD	8	12	21,057	2,632	40 - 180	590 - 730	7%
Nordberg	10	42	32,433	3,243	25 - 525	380 - 840	11%
Delaval, Cooper	7	46	31,918	4,560	220 - 1000+	770 - 885	11%
Worthington	5	40	14,844	2,969	100 - 400	680 - 810	5%
Enterprise	4	47	12,085	3,021	90 - 110	750 - 820	4%
Others **	7	52	9,519	1,360	100 - 300	550 - 700	3%
	140	30	288,447				

			Non-Dedicated Capacity (kW)
Caterpillar	4	11	7,340
EMD	3	5	7,425
	7		14,765

* Three of these units are exempt from the final rule

** Includes one smaller GM EMD unit, one Colt Pielstick unit and five Chicago Pneumatic units

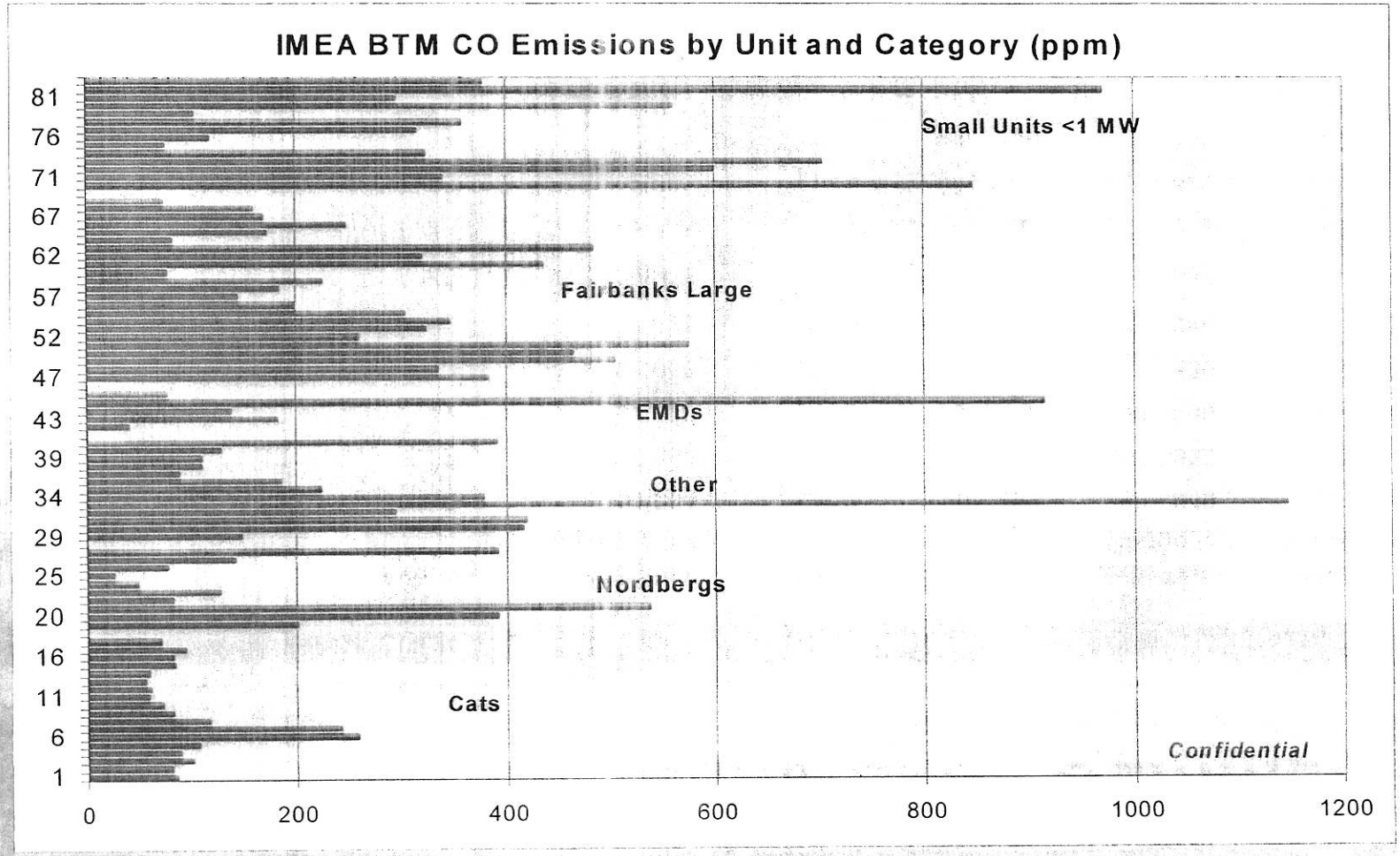
CONFIDENTIAL

IMEA

IPEA • IMUA

CO Emissions Results

CO emissions seemed consistent across most engine categories



CONFIDENTIAL

IMEA

IPEA • IMUA

Compliance Requirements

Based on the final NESHAP Rule, all tested engines will be subject primarily to the following:

- *No particulate control technologies are required; compliance is based on the use of oxidation catalyst control.*
- *Reduction in CO emissions to 23 ppm, or a 70% reduction (49 ppm 300<HP≤500).*
- *Installation of either a closed crankcase ventilation or open crankcase filtration system.*
- *Minimize startup to a period not to exceed 30 minutes, after which the engine must meet applicable emission standards.*
- *Maintain no more than a 2 " pressure drop across the catalyst from initial test.*
- *Maintain catalyst inlet temperature of at least 450 degrees F (~235 degrees C).*

CONFIDENTIAL

IMEA

IPEA • IMUA

Compliance Requirements

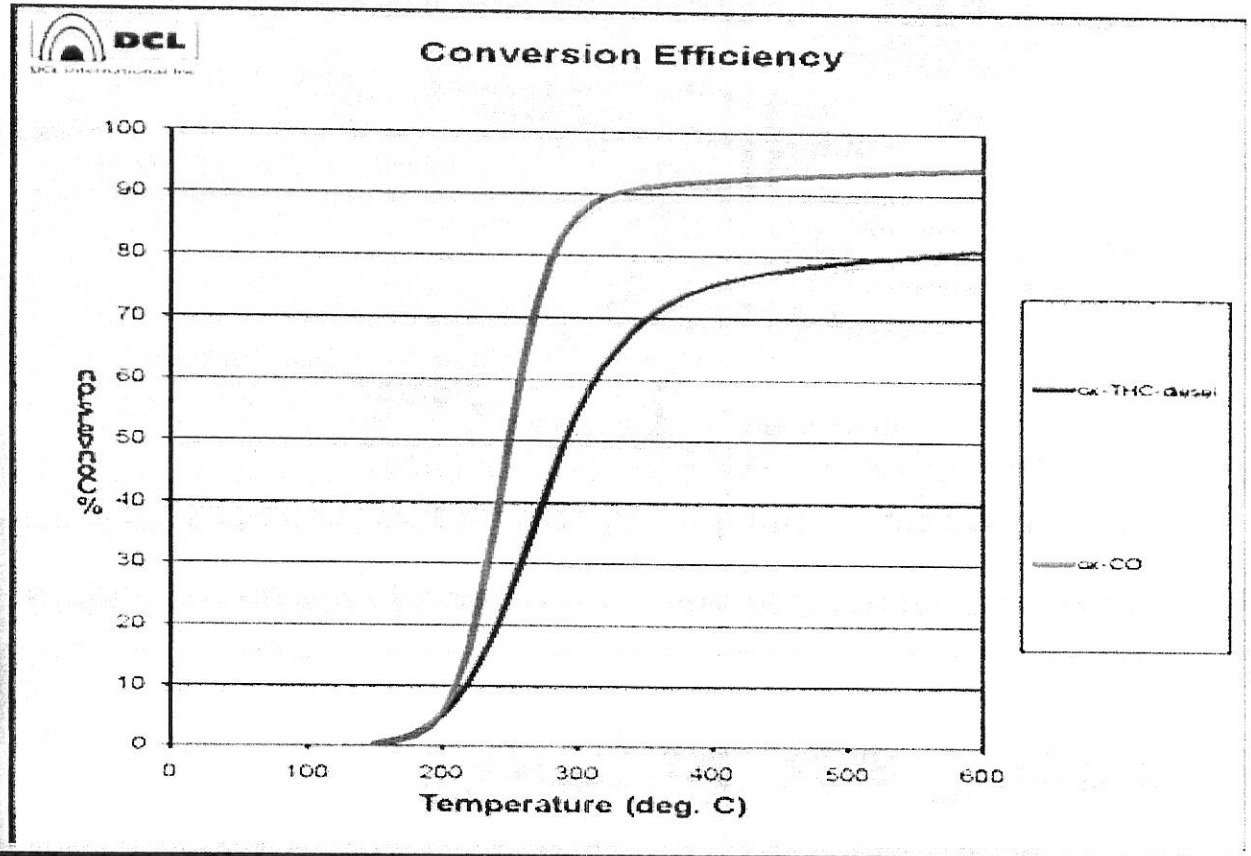
Additional compliance requirements include:

- ***Conduct an initial performance test to demonstrate compliance and retest if catalyst changed and (if >500 HP) the earlier of every 8,760 hours of operation or 3 years (5 years if ≤100 hrs/yr operation).***
- ***Continuously monitor and record catalyst inlet temperature and measure the pressure drop across the catalyst monthly.***
- ***Keep records that must include oil and filter change dates and corresponding operating hours, inspection and replacement dates for air cleaners, hoses, and belts, and other emission-related repairs and maintenance.***
- ***Submit applicable notifications including an initial notification, notification of performance test, and a notification of compliance***
- ***Compliance during normal operations, shutdown and malfunction periods is based on the average of three one-hour runs.***
- ***Final rule will be fully implemented in 2013.***

CONFIDENTIAL

Compliance Technology

- *Diesel oxidation catalyst converts CO into CO_2 through a chemical reaction between the exhaust and the catalyst material*
- *Removal efficiency is dependant on exhaust temperature*



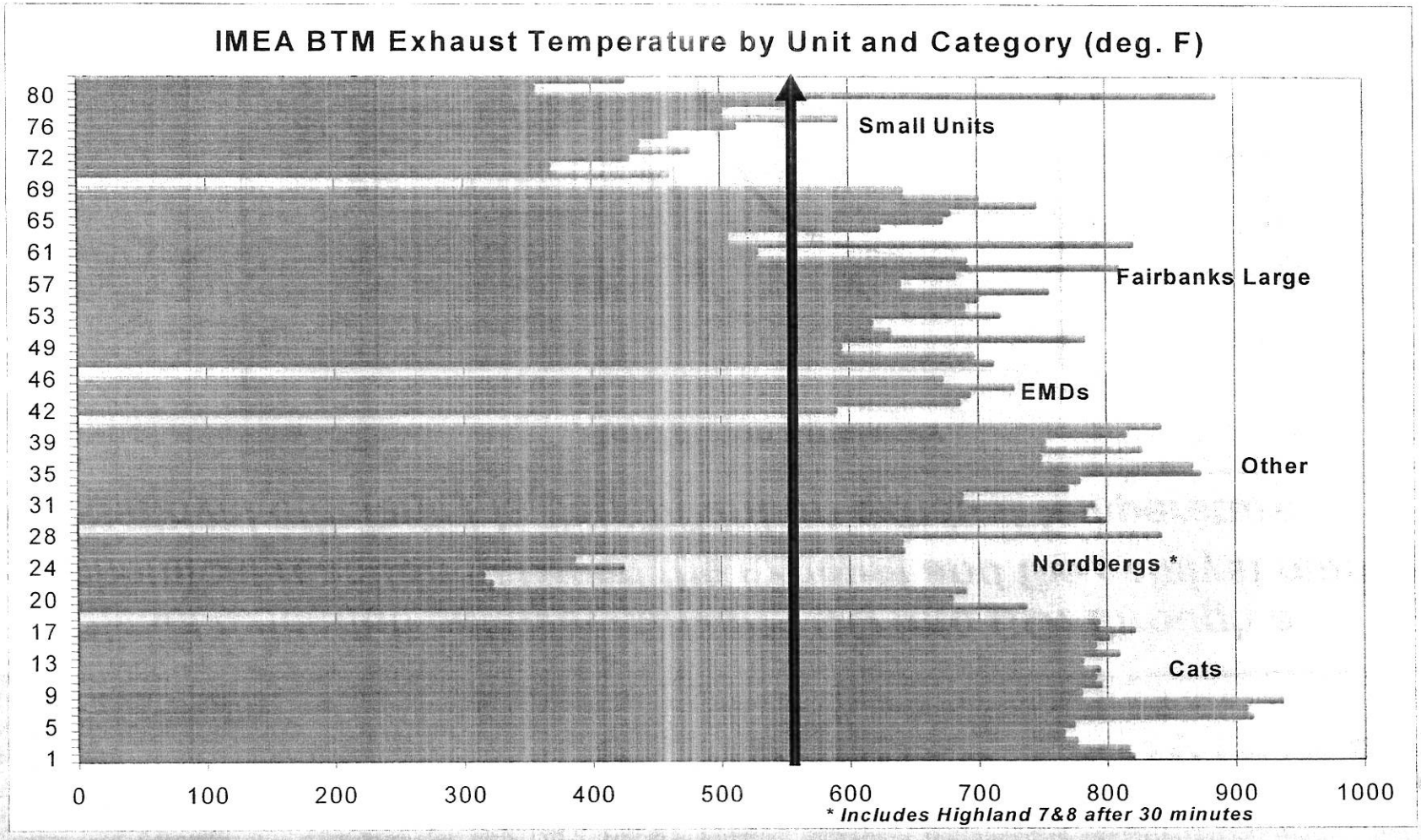
CONFIDENTIAL

IMEA

IPEA • IMUA

Compliance Technology

Smaller engines and certain larger ones have insufficient exhaust temperature



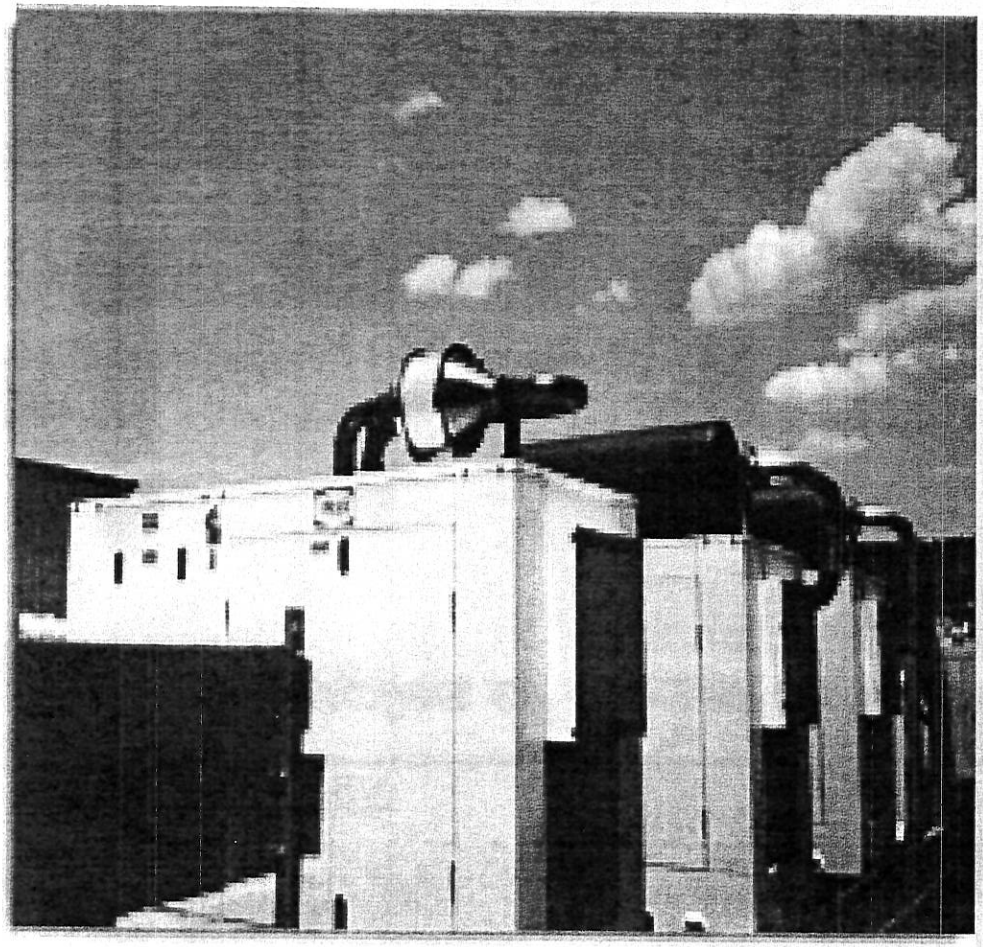
CONFIDENTIAL

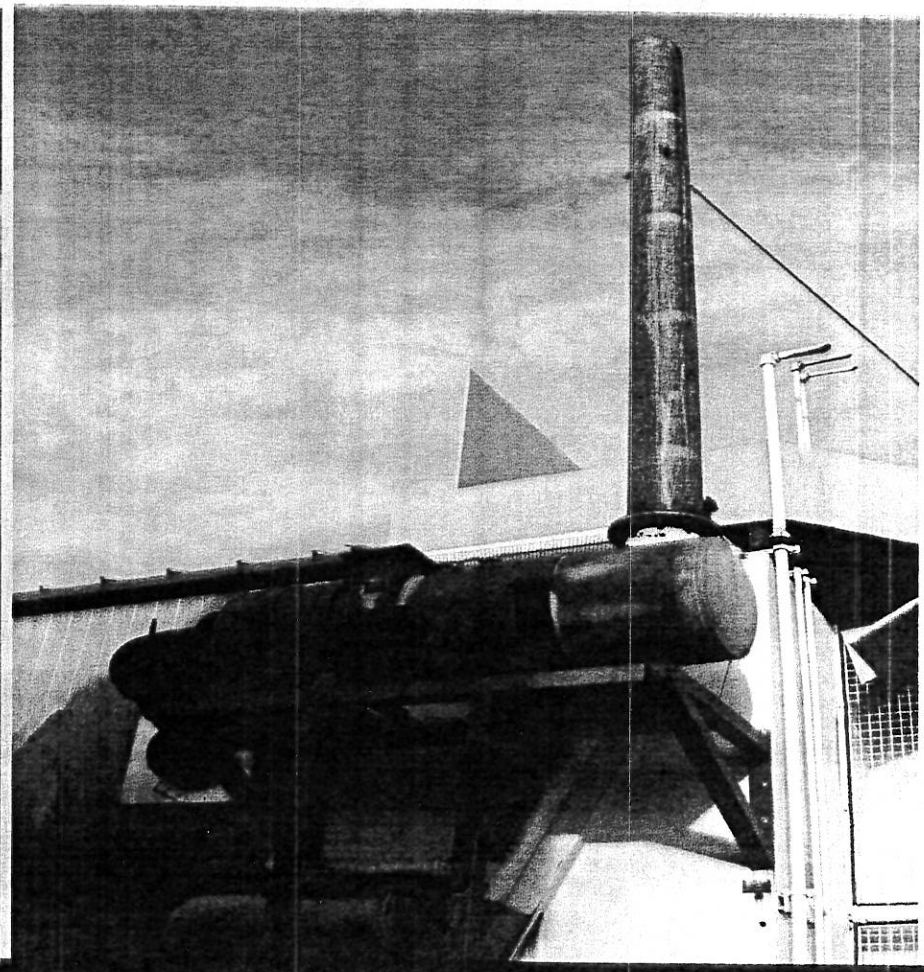
IMEA

IPEA • IMUA

Compliance Technology

Samples of diesel oxidation catalyst installations

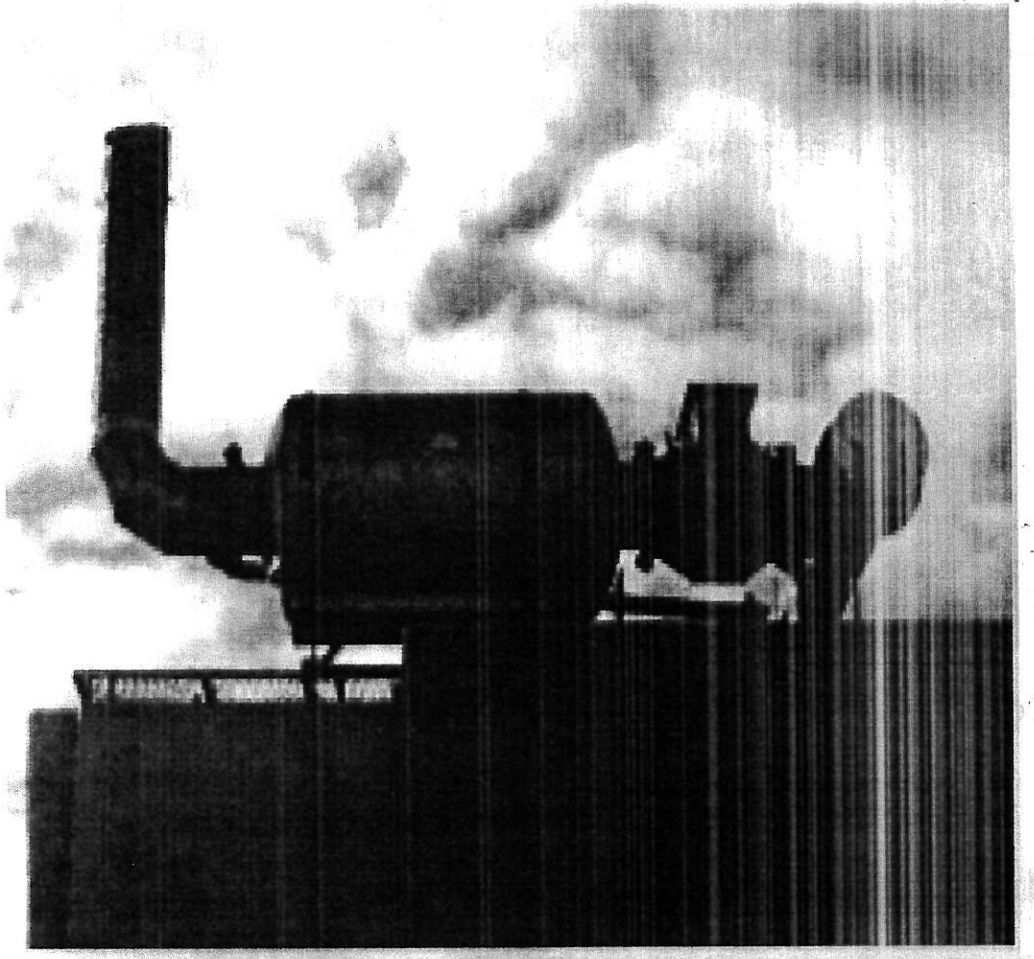


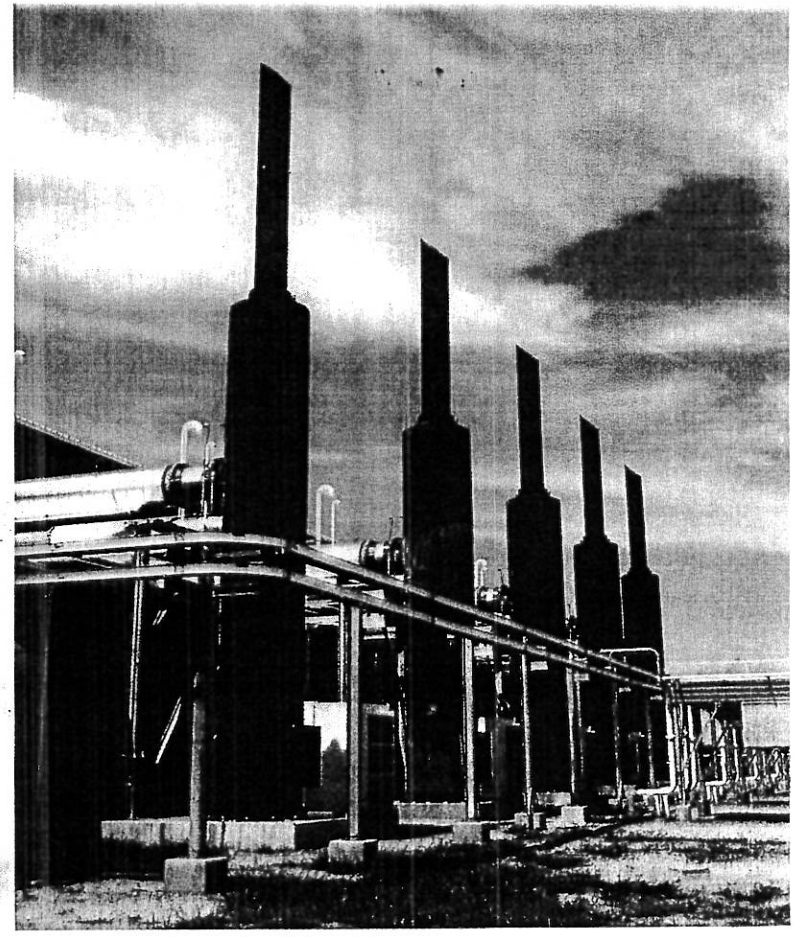


CONFIDENTIAL

Compliance Technology

Samples of diesel oxidation catalyst installations





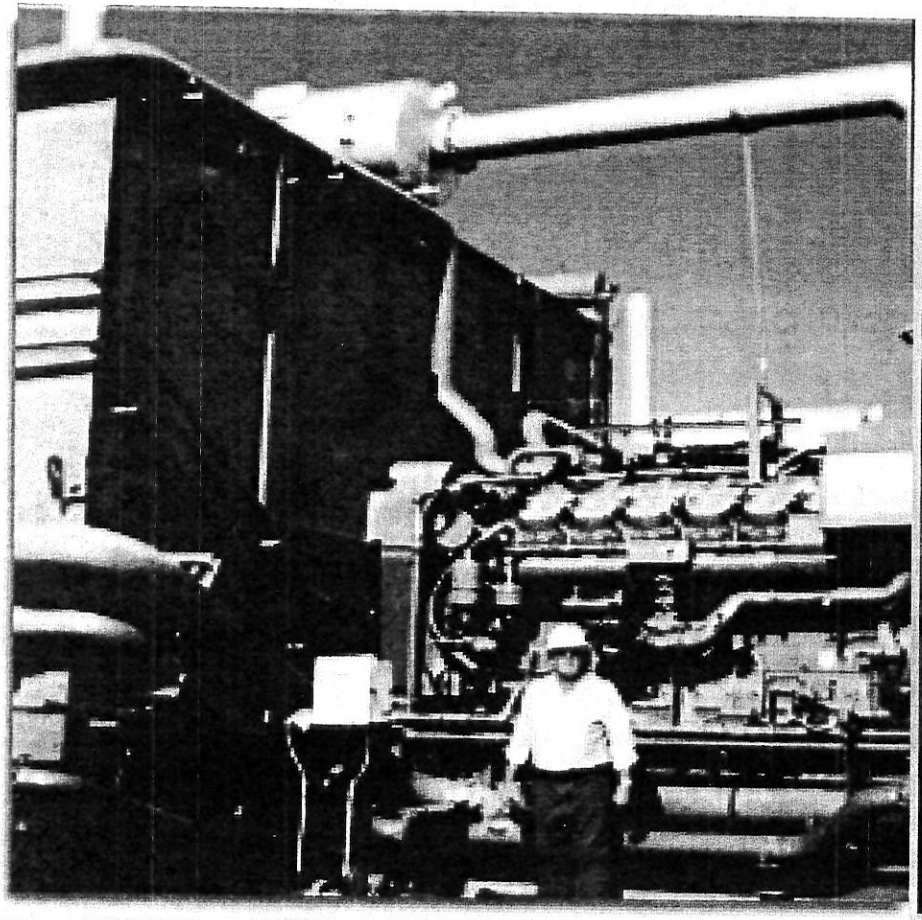
CONFIDENTIAL

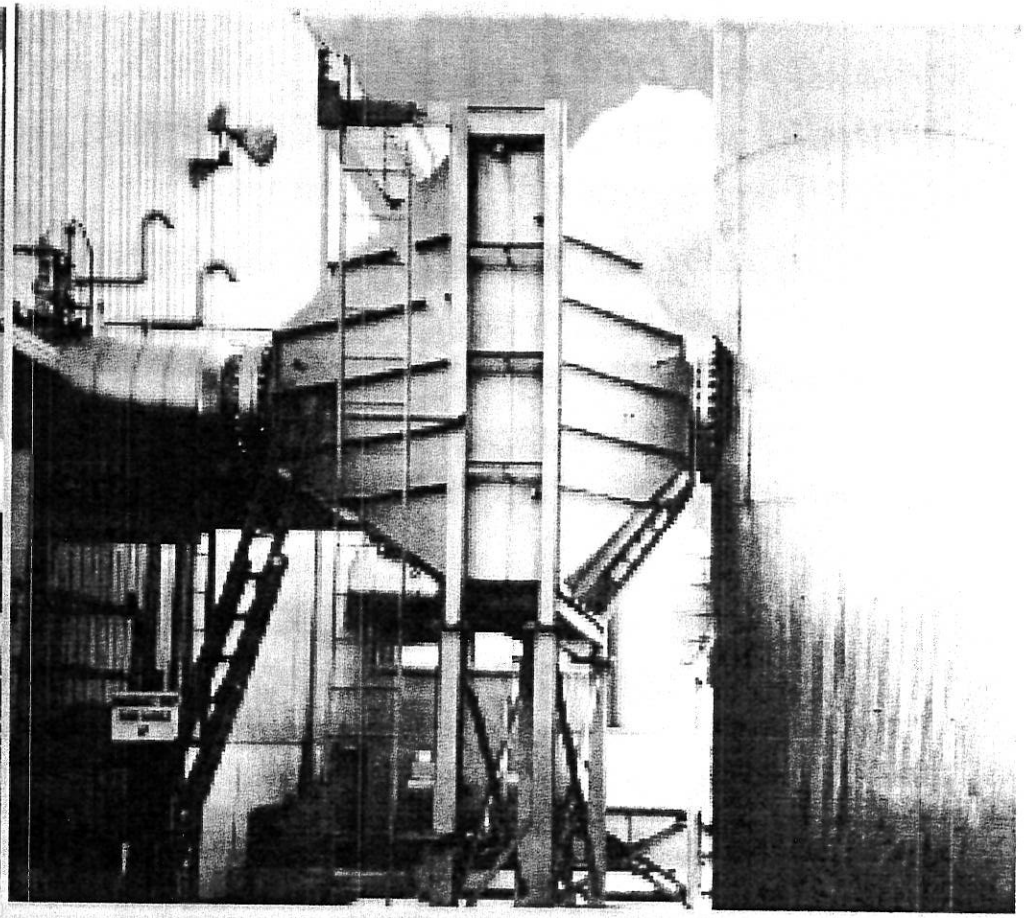
IMEA

IPEA • IMUA

Compliance Technology

Samples of diesel oxidation catalyst installations





CONFIDENTIAL

IMEA

IPEA • IMUA

Capital Cost Estimates

Each location was inspected for specific retrofit requirements. Capital costs were prepared for each tested engine assuming:

- ***Oxidation catalyst installation, assumed to be located external to each building prior to the inlet to exhaust silencers in most cases.***
- ***Structural supports, including an allowance for foundations and movement of exhaust systems to accommodate catalyst.***
- ***New silencers on many units, insulation and security fencing.***
- ***Installation costs, assumed to be contracted to an outside party.***
- ***Installation of crankcase ventilation filters and routing of piping.***
- ***Temperature/pressure monitoring devices, wiring and electronics to continuously monitor and record data for each facility.***
- ***Certified emissions tests for compliance demonstration.***
- ***Outside engineering for each facility (structural requirements, bid preparation, analysis, construction certification).***
- ***Legal costs for filings and possible variance requests.***
- ***Escalation and contingency to 2012 installation date.***

CONFIDENTIAL

IMEA

IPEA • IMUA

Capital Cost Estimates

The following range of capital costs were developed for each category:

Caterpillar Units	*$ 70,000 - $80,000 per engine*
Fairbanks Larger Units	*$100,000 - $120,000 per engine*
Fairbanks Small Units	*$ 60,000 - $ 80,000 per engine*
EMD Engines	*$100,000 - $110,000 per engine*
Other Units	*$100,000 - $240,000 per engine*
Common Facility Costs	*$ 35,000 - $ 80,000 per plant*

- *Equipment and materials costs, including escalation and contingency, account for about three-fourths of the engine estimates*
- *Common facility costs are per plant, for engineering, legal, monitoring equipment and initial emissions tests*
- *Unforeseen site-specific requirements (exhaust replacement, asbestos removal, wall repair, filters, etc.) could add to these cost estimates*

CONFIDENTIAL

Additional Annual Operating Costs

The following incremental operating costs were developed for each category:

Caterpillar Units	*$ 4,000 - $ 5,000 per engine*
Fairbanks Larger Units	*$ 6,000 - $ 8,000 per engine*
Fairbanks Small Units	*$ 4,000 - $ 6,000 per engine*
Other Units	*$ 8,000 - $10,000 per engine*
Common Facility Costs	*$ 15,000 - $ 30,000 per plant*

- *Incremental O&M cost per engine consists primarily of filter changes, reserve funding for periodic catalyst and electronics replacement, and additional insurance*
- *Common facility costs are annualized estimates for emissions testing, and outside advisory services for monitoring and reporting*

CONFIDENTIAL

IMEA

IPEA • IMUA

Issues and Observations

Based on our review of most engines, we offer the following:

- *Several small Fairbanks units seem unable to comply due to low exhaust temperature.*
- *Some mid-size Fairbanks units were also in the "marginal" temperature range.*
- *We understand the "30 minute start time" requirement means time to reach steady state temperature across the catalyst*
- *Most larger units can achieve the required temperatures within 30 minutes. Four large Nordberg engines were the exception.*
- *Possible exempt status of certain newer units should be verified (Freeburg, Altamont, Marshall, Breese)*

CONFIDENTIAL

IMEA

IPEA • IMUA

Issues and Observations

- *All other engines attained adequate temperatures for 70 percent removal within the 30-minute time frame.*
- *Nordberg, Worthington and certain other units are no longer made. Replacement parts are reportedly difficult to come by with long lead times. Any major failure will likely not be replaceable, and Members should weigh the risks of additional capital versus the possibility of equipment failure.*
- *More stringent NO_x regulations may be forthcoming, and Members may want to look into NO_x compliance equipment as well, or at least plan for how, after modification the engines would comply with additional regulations. Considerable additional costs may be required.*

CONFIDENTIAL

Possible Compliance Plan

- *Based on the result of the emissions tests, we assumed that most Members would retrofit all capacity, except for the following:*
  - *Units with insufficient temperature would be undedicated*
    - *Carmi (4 units)*
    - *Highland, Mascoutah, and Rantoul (2 units each)*
    - *Sullivan and Waterloo (3 units each)*
  - *Rantoul's five other in-town units would be undedicated*
  - *Members with undedicated capacity or lower Cap. Credit units would replace undedicated capacity where possible*
    - *Breese, Carlyle, Highland and Waterloo (swap undedicated)*
    - *Freeburg and Rantoul (swap lower Cap. Credits)*

1.20 vs. 3.20 Cap credit

CONFIDENTIAL

IMEA

IPEA • IMUA

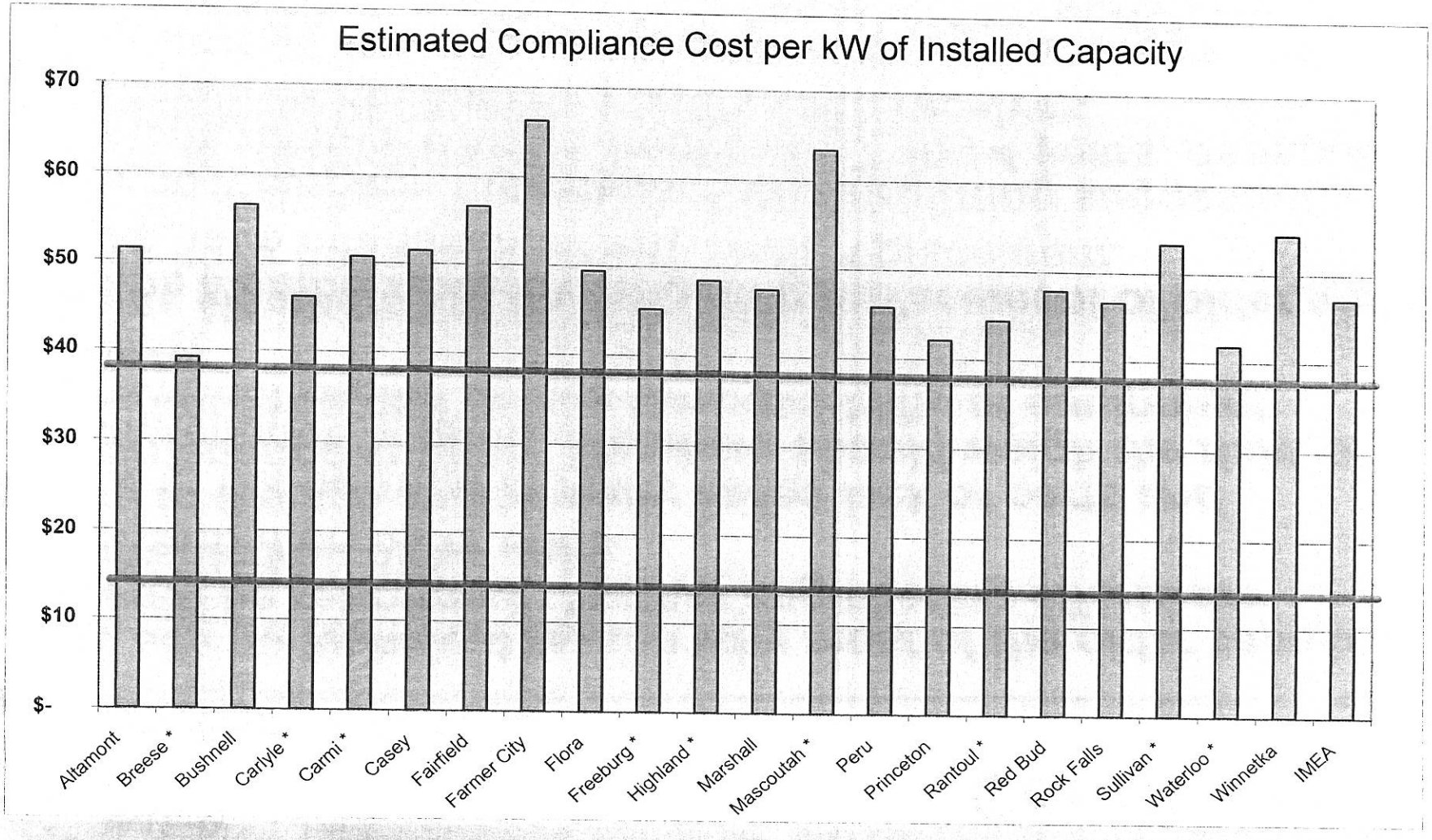
Possible Capacity Impact

IMEA-owned and Dedicated Generation - Possible NESHAPS Compliance Impacts

		Capacity @ $3.20 CC (kW)	Capacity @ $1.20 CC (kW)	Capacity @ $0 CC (kW)	Thermal Limits (kW)	#	Maint. Issues (kW)	#	Net Cap. Impact (kW)	Estimated Capital Cost	Cap. Cost $/kW
1	Altamont	-	5,490	1,830						$281,500	$ 51
2	Breese	9,255	2,475	2,475			2,900	1	(425)	$469,500	$ 42
3	Bushnell	5,473	5,044	-						$592,500	$ 56
4	Carlyle	6,267	4,013	2,535			3,149	1	(614)	$515,500	$ 53
5	Carmi	15,722	-	-	3,297	4			(3,297)	$630,000	$ 51
6	Casey	-	5,475	-						$281,500	$ 51
7	Fairfield	-	6,736	-						$381,000	$ 57
8	Farmer City	5,790	-	-	-				-	$384,000	$ 66
9	Flora	-	9,125	-						$449,800	$ 49
10	Freeburg	7,196	3,560	-			1,883	1	(1,883)	$400,500	$ 45
11	Highland	12,201	4,900	-	8,150	2			(4,500)	$611,200	$ 49
12	Marshall	3,101	9,156	4,365						$789,500	$ 64
13	Mascoutah	6,129	-	-	946	2			(946)	$329,000	$ 63
14	Peru	15,705	3,661	-						$885,500	$ 46
15	Princeton	37,850	-	-						$1,596,000	$ 42
16	Rantoul	12,769	13,771	-	8,100	2	3,836	5	(11,936)	$648,400	$ 44
17	Red Bud	-	15,475	-						$740,500	$ 48
18	Rock Falls	-	9,143	3,650						$596,500	$ 65
19	Sullivan	-	19,025	-	3,260	3			(3,260)	$840,400	$ 53
20	Waterloo	10,083	-	-	1,215	3	4,376	2	(116)	$489,600	$ 49
21	Winnetka	5,000	-	-						$272,000	$ 54
22	IMEA			18,250					(9,125)	$429,500	$ 24
	Totals	152,541	117,049	33,105	24,968	16	16,144	10	(36,102)	$12,613,900	$ 54
	Total w/IMEA	287,840							-13%		
	Total Units	144		17							

CONFIDENTIAL

Compliance Plan Cost Estimates



CONFIDENTIAL

IMEA

IPEA • IMUA

Conclusions

- *We see no technical reason why most of the older capacity cannot be retrofitted. Further engineering efforts are warranted on older units.*
- *Due to the age and in many cases lack of parts and maintenance support, Members should weigh the risks of additional capital versus the possibility of equipment failure.*
- *Some Members are investigating replacement of older units – we have not assumed any such replacement.*
- *For all Members, the payback on retrofitting suggested units is relatively short, between 1.2 and 4 years, depending on the level of capacity credits each receives.*
- *For all Members, the costs of retrofitting the suggested units are outweighed by the benefits of continued capacity and generation credits, more so on the older units.*

CONFIDENTIAL

IMEA

IPEA • IMUA

Cost/Benefit Summary

IMEA Membership
Annual Costs and Benefits - NESHAPS Compliance

Impacts of NESHAPS Compliance on Suggested Unit Reclassification

	Payback (yrs)	Compliance Plan Capital Cost	$/kW	NPV Costs	NPV Credits	Difference
Altamont	3.6	$281,500	$51	$830,367	($1,089,908)	($259,541)
Breese *	1.2	$469,500	$39	$1,149,623	($5,201,515)	($4,051,892)
Bushnell	2.0	$592,500	$56	$1,363,329	($4,028,950)	($2,665,621)
Carlyle *	1.8	$515,500	$46	$1,313,395	($3,900,111)	($2,586,716)
Carmi *	1.3	$630,000	$51	$3,242,709	($6,394,312)	($3,151,603)
Casey	3.6	$281,500	$52	$830,367	($1,086,930)	($256,563)
Fairfield	3.9	$381,000	$57	$983,458	($1,337,271)	($353,813)
Farmer City	1.7	$384,000	$66	$1,040,069	($2,979,724)	($1,939,655)
Flora	3.4	$449,800	$49	$1,178,657	($1,811,550)	($632,893)
Freeburg *	1.3	$400,500	$45	$1,256,271	($4,031,800)	($2,775,529)
Highland *	1.3	$611,200	$49	$1,959,663	($6,484,887)	($4,525,224)
Marshall	3.1	$789,500	$48	$1,841,597	($3,413,580)	($1,571,984)
Mascoutah *	1.7	$329,000	$63	$1,185,654	($2,667,342)	($1,481,687)
Peru	1.3	$885,500	$46	$2,007,797	($8,816,066)	($6,808,268)
Princeton	1.1	$1,596,000	$42	$3,257,261	($19,478,850)	($16,221,589)
Rantoul *	1.2	$648,400	$44	$2,565,193	($7,515,697)	($4,950,504)
Red Bud	3.4	$740,500	$48	$1,738,280	($2,979,975)	($1,241,695)
Rock Falls	4.5	$596,500	$47	$1,459,799	($1,815,123)	($355,324)
Sullivan *	3.7	$840,400	$53	$2,400,146	($3,129,763)	($729,617)
Waterloo *	1.3	$489,600	$42	$1,148,483	($5,230,727)	($4,082,245)
Winnetka	1.4	$272,000	$54	$786,470	($2,573,164)	($1,786,694)
IMEA	-	$429,500	$47	$1,074,895	$0	$1,074,895
		$12,613,900	$ 50	$34,613,483	($95,967,245)	($61,353,761)

includes cost of lost REA credits

CONFIDENTIAL

IMEA

IPEA • IMUA

Impact on IMEA's Costs

- *Our suggested compliance plan results in a net loss of capacity to IMEA of 36 MW, or around 13 percent of current diesel capability.*
- *We assume IMEA would replace all lost capacity from either the market or by building additional capacity when feasible.*
- *Market prices are below the average level of capacity credits that would be avoided, resulting in a slight reduction in IMEA's wholesale cost in early years.*
- *Assuming market prices increase beyond the cost to build in around 10 years, there would be a long-term cost to IMEA in replacing lost capacity, but such cost was estimated to be less than .5 percent long-term.*
- *Because of market price uncertainty, we consider the long-term impact to IMEA to be zero.*

CONFIDENTIAL

Dennis Herzing

From: "Dean A. Park" <dpark@bhmg.com>
To: "Dennis Herzing" <herzing@freeburg.com>
Cc: <fpwd@freeburg.com>
Sent: Wednesday, September 08, 2010 3:45 PM
Subject: Capacitor Bank

Dennis/Ron;

Chuck Fiessinger visited the power plant, this morning, and examined the capacitor bank. We'll get you a report on it, soon, but I wanted to seek your opinion(s) about the switches.

We were able to confirm that 6 of the 9 oil switches were destroyed. There is also some other minor damage that we will explain later. The remaining 3 oil switches are functional but obsolete. We checked on the cost for new switches. They are available in both vacuum switches and oil switches. The vacuum units are preferred but modern oil switches are available and in wide use. New oil switches are about $600 each. New vacuum switches are about $1000 each.

I think it would be pretty easy to demonstrate that all 9 switches should be replaced due to 1) the potential for rapid failure of the remaining 3 switches due to experiencing the same electrical stresses as the failed units and 2) the low voltage wiring is different in modern switches and mixing two in one installation may create a hazard for future servicemen. I think these are reasonable arguments to make for replacement of all the existing units with new OIL switches. It's harder to make the case to an insurer that the vacuum units should be the replacement units.

I don't know how your insurance policy works. If it simply pays you a set amount of money for the claim, then you can spend it how you desire and pay for any betterments. If it pays for the actual repairs, then I can't think of a way to justify the vacuum units.

We'd like to hear from you on this before putting together the damage report. We certainly must be honest with the insurance company but we also want to see that you receive the maximum legitimate value of your claim.

Let me know what you think.

Dean