

ORDINANCE NO. 01-06

AN ORDINANCE RETAINING THE ILLINOIS MUNICIPAL
ELECTRIC AGENCY TO SERVE AS THE AGENT
FOR ELECTRIC SUPPLY FOR THE VILLAGE

BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF CHATHAM, ILLINOIS, AS FOLLOWS:

SECTION 1: The Illinois Municipal Electric Agency will solicit power supply proposals from alternative suppliers. After reviewing the proposals submitted to Illinois Municipal Electric Agency and receiving approval from the Village to enter into a contract, Illinois Municipal Electric Agency will negotiate and execute a contract with the successful bidder under which the Illinois Municipal Electric Agency would purchase the Village of Chatham's full capacity and energy requirements for resale to the Village of Chatham.

SECTION 2: The Illinois Municipal Electric Agency will enter into a transmission agreement with the City of Springfield for transmission service necessary to deliver the full requirements capacity and energy to the Village over City of Springfield's 138kV transmission system. Illinois Municipal Electric Agency will arrange for any ancillary services as may be required for the delivery service to the Village of Chatham including dynamic load following, scheduling, system control and dispatch, reactive supply and voltage control, regulation and frequency response, energy imbalance, operating reserves (spinning and supplemental) and loss compensation (capacity and energy losses). Illinois Municipal Electric Agency will prepare the necessary daily load schedules and transmission tags as may be required for delivery of capacity and energy to the Village's point of interconnection on the City of Springfield transmission system.

SECTION 3: The Illinois Municipal Electric Agency and the Village of Chatham will enter into a contract whereby the Village would agree to purchase full requirements capacity and energy from Illinois Municipal Electric Agency at rates designed to reimburse Illinois Municipal Electric Agency for the actual costs associated


with Illinois Municipal Electric Agency's purchase of capacity and energy, transmission service and ancillary services required to serve the Village. In addition, the Village of Chatham will pay Illinois Municipal Electric Agency an administrative and general fee of 1 Mill per kWh for each kWh delivered to the Village of Chatham during the term of the contract. During the term of the contract the Village's annual Agency dues of \$5,000 will be waived.

SECTION 4: The Village of Chatham may terminate its contract with the Illinois Municipal Electric Agency at any time after the first 12 months of the contract upon at least 30 days advance written notice (minimum 13 month contract period): provided that:

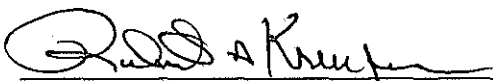
- a. Unless otherwise agreed between the Village and the Agency, such termination shall be effective at the end of the month designated by the Village as the last Month of the contract; and
- b. All power supply, transmission and other contracts entered into by the Agency in order to serve Chatham's electric needs shall be assigned by Illinois Municipal Electric Agency to Chatham, and the Illinois Municipal Electric Agency thereafter shall have no further responsibility or liability with respect to such contracts.

SECTION 5: The President is hereby authorized to sign the attached letter of agreement.

SECTION 6: This Ordinance is effective upon its passage and approval as provided by law.


Linda L. Koester, President
Village of Chatham

ATTEST:


Robert A. Krueger, Village Clerk

AYES: 5

PASSED: 3/1/00

NAYS: 0

APPROVED: 3/1/00

ABSENT: Gray,

ILLINOIS MUNICIPAL ELECTRIC AGENCY

REQUEST FOR PROPOSAL

Purchase of Full Requirements Capacity & Energy
for the Village of Chatham

March 2, 2001

REQUEST FOR PROPOSAL

The Village of Chatham owns and operates a municipal electric utility system in central Illinois. The Village's current agreement with Springfield City Water Light and Power ("CWLP") terminates on May 31, 2001 and the Village has agreed to allow the Illinois Municipal Electric Agency ("IMEA") to act as its agent in soliciting proposals for a new power supply contract that will begin on June 21, 2001. The Village serves approximately 4,000 commercial and residential customers in a community of nearly 8000 residents.

With this Request For Proposals, IMEA is hereby requesting that qualified energy providers submit a proposal for **system firm capacity and energy** to meet all of the Village's power supply requirements. The Village of Chatham had a summer coincident peak of approximately 17 MW during 2000. The monthly load data for the year 2000 was as follows:

Month	Peak Demand	Energy Usage
January	8,000 kW	4,055,000 kWh
February	7,500 kW	3,534,000 kWh
March	7,000 kW	3,537,000 kWh
April	6,500 kW	3,291,000 kWh
May	12,000 kW	4,049,000 kWh
June	13,750 kW	4,954,000 kWh
July	14,500 kW	6,047,000 kWh
August	16,500 kW	6,415,000 kWh
September	16,000 kW	4,665,000 kWh
October	9,000 kW	3,763,000 kWh
November	8,000 kW	3,889,000 kWh
December	11,000 kW	4,718,000 kWh
Total		52,917,000 kWh

Detailed historical load profile data for the Village is available by contacting Bob Childers at IMEA. The Village has experienced significant growth over the past decade and is currently growing at a rate of 1 to 2 percent a year. However, there is a new high school and a retail shopping area under construction. The addition of these facilities is anticipated to significantly contribute to the Village's load beginning later this year.

The Village currently has a single 138 kV interconnection point with CWLP at the Village's Main St. Substation. However, the Village is considering constructing a new substation that will give the city an additional interconnection point for the delivery of capacity and energy.

The successful bidder must have the resources and capability to meet the full capacity and energy requirements for the Village. IMEA intends to act as the city's agent for scheduling and arranging for transmission and ancillary services on behalf of the Village. Proposals shall be for a minimum term of not less than five years.

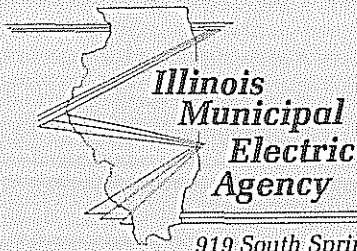
Proposal must meet the following bid specifications:

- Scope of Power Supply:** Full Requirements Capacity and Energy
- Nature of Service:** System firm with designated capacity that meets NERC and MAIN planning reserve margin and accreditation requirements
- Delivery Point:** Border of Springfield City Water Light and Power transmission system
- Ancillary Services:** Please provide separate charges (if any) for providing any of the following ancillary services:
- Dynamic load following services
 - Scheduling, system control and dispatch services
 - Reactive supply and voltage control services
 - Regulation and frequency response services
 - Energy imbalance services
 - Operating reserve – spinning reserve service
 - Operating reserve – supplemental reserve service
 - Loss Compensation Capacity and Energy Losses
- Start of Delivery** June 21, 2001
- Contract Term:** Minimum Contract Term of five years
- Price:** Fixed capacity and/or energy charges, including transmission service and any required ancillary services necessary for delivery to Springfield CWLP border. Energy Cost Adjustments may be proposed with 12-month historical calculations.
- Schedule:** Proposal due by March 23, 2001
Contract execution contemplated by May 15, 2001

All proposals will be considered by the Illinois Municipal Electric Agency and the Village of Chatham. IMEA reserves the right to accept or reject any and all bids and, in their sole discretion, select a power supplier for final negotiation of a definitive contract. Please have your proposals submitted to IMEA at the following address by Friday, March 23, 2001:

Illinois Municipal Electric Agency
Attn: Bob Childers, Manager of Finance & Business
919 South Spring Street
Springfield, IL 62704
Phone: (217) 789-4632
Fax: (217) 789-4642
e-mail: childers@imea.org

If you have any questions or need any additional information, please contact Bob Childers at IMEA.



919 South Spring Street, Springfield, IL 62704

217/789-4632 • Fax 217/789-4642

www.imea.org

February 20, 2001

Mr. Del McCord
Village Administrator
Village of Chatham
117 East Mulberry
Chatham, IL 62629

Dear Del:

In response to your request, IMEA is pleased to offer the Village of Chatham the following proposal to act as Chatham's agent for securing power supply and transmission service for the Village effective June 1, 2001. This proposal is made subject to IMEA obtaining approval from the IMEA Board of Directors.

Power Supply:

On behalf of the Village of Chatham, IMEA will solicit power supply proposals from alternative suppliers. After reviewing the proposals submitted to IMEA and receiving approval from Chatham to enter into a contract, IMEA will negotiate and execute a contract with the successful bidder under which IMEA would purchase Chatham's full capacity and energy requirements for resale to the Village of Chatham.

Transmission:

IMEA will enter into a transmission agreement with the City of Springfield ("CWLP") for transmission service necessary to deliver the full requirements capacity and energy to the Village of Chatham over CWLP's 138 kV transmission system. IMEA would also arrange for any ancillary services as may be required for the delivery service to Chatham including dynamic load following, scheduling, system control and dispatch, reactive supply and voltage control, regulation and frequency response, energy imbalance, operating reserves (spinning and supplemental) and loss compensation (capacity and energy losses).

IMEA would also prepare the necessary daily load schedules and transmission tags as may be required for delivery of capacity and energy to Chatham's point of interconnection on the CWLP transmission system. IMEA has experience in negotiating, implementing and monitoring network and point-to-point transmission service with three other transmission providers.

IMEA Administration:

As noted above, IMEA will solicit power supply proposals to meet Chatham's full capacity and energy requirements. IMEA will then negotiate a power supply contract with the successful bidder and also arrange for all transmission and ancillary services necessary for the delivery service to Chatham. IMEA will prepare the daily load schedules and transmission tags as CWLP and/or IMEA's power supplier may require.

Serving our members

Albany • Allendale • Altamont • Batavia • Bethany • Breese • Bushnell • Cairo • Carlyle • Carmi • Casey • Chatham
Fairfield • Farmer City • Flora • Freeburg • Geneseo • Greenup • Highland • Ladd • Marshall • Mascoutah
McLeansboro • Metropolis • Naperville • Oglesby • Peru • Princeton • Rantoul • Red Bud • Riverton
Rochelle • Rock Falls • Roodhouse • Springfield • St. Charles • Sullivan • Waterloo • Winnetka

Mr. Del McCord
February 20, 2001
Page 2

IMEA and Chatham will enter into a contract whereby Chatham would agree to purchase full requirements capacity and energy from IMEA at rates designed to reimburse IMEA for the actual costs associated with IMEA's purchase of capacity and energy, transmission service and ancillary services required to serve Chatham. In addition, Chatham will pay IMEA an administrative and general fee of 1 Mill per kWh for each kWh delivered to Chatham during the term of the contract. This 1 Mill per kWh fee is the same amount that IMEA charged to Chatham under the Power Sales Contract between IMEA and Chatham entered into in 1986. As a purchasing member of IMEA, Chatham's annual dues payment to IMEA of \$5,000 would be waived during the term of the contract.

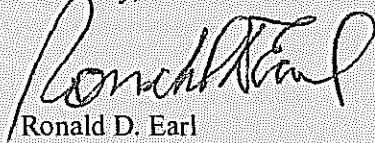
The Village of Chatham may terminate its contract with the Illinois Municipal Electric Agency at any time after the first 12 months of the contract upon at least 30 days advance written notice (minimum 13 month contract term); provided that:

1. Unless otherwise agreed between the Village and the Agency, such termination shall be effective at the end of the month designated by the Village as the last month of the contract; and,
2. All power supply, transmission and other contracts entered into by the Agency in order to serve Chatham's electric needs shall be assigned by IMEA to Chatham, and IMEA thereafter shall have no further responsibility or liability with respect to such contracts.

On behalf of IMEA, I would like to thank the Village of Chatham for allowing IMEA to submit this proposal to act as agent for the Village of Chatham. As you know, IMEA previously served Chatham's full requirements during a five-year period from 1986 to 1991. IMEA has a proven track record of being a reliable power supplier for 28 public power Members and looks forward to having an opportunity to renew our relationship with Chatham.

If you agree to accept this proposal, please indicate your acceptance by signing below and returning one copy of this letter to me. If you have any questions regarding our proposal, please do not hesitate to contact us.

Sincerely,

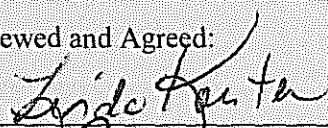

Ronald D. Earl
General Manager & CEO

Reviewed and Agreed:

By:

Title:

Date:


President
3/01/01