

VILLAGE OF CHATHAMR E S O L U T I O N

WHEREAS, Central Illinois Light Company unilaterally imposed on the Village of Chatham a substantial increase in wholesale power rates effective February 1, 1977; and

WHEREAS, this rate increase included ratcheted demand and energy charges which had the effect of substantially increasing payments during the off-peak winter usage periods while decreasing rates during the on-peak summer usage periods; and

WHEREAS, the combined impact of this rate increase and the rate design have had a substantial and adverse impact on the Village of Chatham, impairing the ability of the Village of Chatham to maintain competitive retail electric rates and generate funds adequate to provide for system maintenance and expansion; and

WHEREAS, Central Illinois Light Company has held a franchise to sell natural gas at retail within the Village of Chatham since 1956 but did not exercise its franchise rights until after it had placed in effect these ratcheted demand rates and then succeeded in attracting as retail gas customers all but 22 of Chatham's all electric retail customers; and

WHEREAS, the Village of Chatham has been involved in litigation before the Federal Power Commission, its successor the Federal Energy Regulatory Commission, and the United States Court of Appeals for the District of Columbia Circuit for over five years, during which time it has been subjected to the full rate increase filed by Central Illinois Light Company, and now is facing an additional winter off-peak period in which the ratcheted rate design will have its most pronounced adverse economic effect on the Village of Chatham and its citizens; and

WHEREAS, there now appear to be refunds due the Village of Chatham which are sorely needed by the Village and its citizens, payment of which continues to be delayed while this litigation continues; and

WHEREAS, the Village of Chatham considers it essential that this case be brought to an expeditious conclusion.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees and President of the Village of Chatham, in special meeting assembled, that the Federal Energy Regulatory Commission be urged to act expeditiously to issue an order requiring that Central Illinois Light Company determine rates for the Village of Chatham based upon actual coincident peak demand and noncoincident peak demand values established during the Period II test year in this proceeding, and calculate and make payable to the Village of Chatham refunds based upon that rate; and

BE IT FURTHER RESOLVED, that as an indication of the grave concern of the Village of Chatham over the continuation of litigation and the delay of refunds to the Village, a unilateral offer of settlement be extended to Central Illinois Light Company which would entail a settlement rate of \$8.71 per Kw for the demand charge, together with the agreement that of the refunds calculated based upon that rate the Village of Chatham will forgive and not hold Central Illinois Light Company liable for 20% of said amount; and

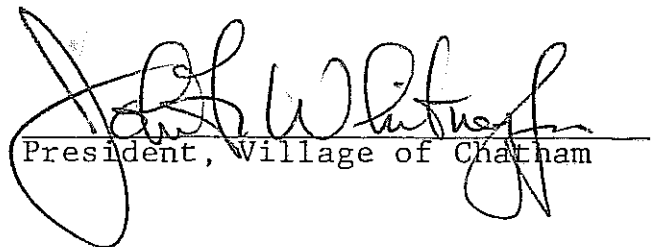
BE IT FURTHER RESOLVED, that if the Central Illinois Light Company rejects this offer of settlement and if the Federal Energy Regulatory Commission refuses to require Central Illinois Light Company to utilize actual coincident peak and noncoincident peak demand values in order to resolve this case without further hearings, the Commission be requested to expand the remanded hearings to include consideration of the anti-competitive effect of the rates and rate design to which Chatham has been subjected since February 1, 1977.

BE IT FURTHER RESOLVED, that the solicitors and attorneys for the Village of Chatham, Miller, Balis & O'Neil, P.C., be authorized to enter into the Federal Energy Regulatory Commission all pleadings, documents and other materials, as they in their judgment, believe to best effectuate the above Resolution and are fully authorized to enter into compromise and settlement agreements in accordance with this Resolution, and their actions are ratified and adopted; and

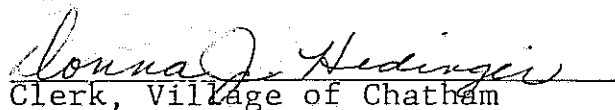
BE IT FURTHER RESOLVED, that a copy of this Resolution be forwarded to the solicitors and attorneys for the Village immediately.

Done this 6th day of October, 1981 in the Village of Chatham, Sangamon County, Illinois.

(S E A L)


President, Village of Chatham

ATTEST:


Clerk, Village of Chatham

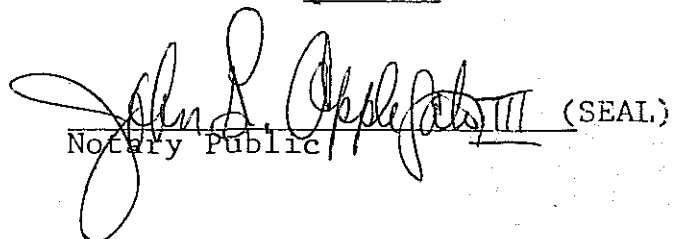
C E R T I F I C A T I O N

I, Donna J. Hedinger, the duly authorized and elected Clerk of the Village of Chatham, Illinois, do hereby certify that the foregoing Resolution was passed by the Board of Trustees of the Village of Chatham at a special meeting held on Tuesday, the 6th day of October, 1981, at the Village Hall of the Village of Chatham. I further certify that all applicable statutes of the State of Illinois and Ordinances of the Village of Chatham were met in the passage of this Resolution and that a quorum of the duly elected Trustees of the Board of Trustees was present.

(S E A L)


Clerk of the Village of Chatham

Subscribed and sworn to before me this 6th day of October, 1981.


Notary Public (SEAL)