

ORDINANCE NO. 83-8

AN ORDINANCE AUTHORIZING THE EXECUTION  
WITH CENTRAL ILLINOIS LIGHT COMPANY

WHEREAS, the Village of Chatham now purchases electricity at wholesale from Central Illinois Light Company (CILCO) under rates established through a negotiated settlement of Federal Energy Regulatory Commission (FERC) Docket No. ER76-819 following six years of litigation before the FERC and the United States Court of Appeals for the District of Columbia; and

WHEREAS, under the terms of the settlement negotiated by the Village of Chatham in that case, CILCO agreed that in addition to the reduction of its filed rates, elimination of a ratchet provision, and payment of refunds, it would not seek to again increase rates to the Village of Chatham prior to October 1, 1982; and

WHEREAS, in 1982 CILCO advised the Village of Chatham of its intent to seek substantial increases in rates for electric services and its proposed utilization of an estimated 1983 or 1984 test year, but agreed to enter into negotiations over the magnitude of any increase prior to its commencement of formal litigation, for the purpose of minimizing legal and other expenses; and

WHEREAS, such negotiations have been ongoing during the last five months, with the interests of the Village of Chatham represented by expert legal and technical consultants; and

WHEREAS, as a result of these negotiations CILCO has agreed:

- A. To forgo its proposed utilization of an estimated 1983, or 1984 test year and instead to base rates on actual 1981 costs; and
- B. To so adjust its 1981 cost data and requested rate of return as to reduce significantly the size of the increase to Chatham; and
- C. That it will defer for ten months after October 1, 1982, the date on which it was authorized to file for an increase in the Federal Energy Regulatory Commission Docket No. ER76-819 and will not place the new rates into effect until August 1, 1983; and

D. That that it will not again seek to place higher rates into effect prior to August 1, 1985; and

WHEREAS, as a direct result thereof, the base wholesale power rates of the Village of Chatham will remain the lowest base wholesale rates in the State of Illinois during this period; and

WHEREAS, recent changes in FERC ratemaking policies could result in an increase several times as large as the settlement rate if the Village of Chatham proceeded to litigation; and

WHEREAS, the proposed settlement to be implemented must be effective by March 23, 1983, due to the concern over the acceptability of a 1981 test year by the FERC;

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

Section 1: The corporate authorities of the Village of Chatham, Sangamon County, Illinois, be and they hereby are authorized and directed to execute a contract with Central Illinois Light Company dated March 15, 1983, in the form and style of the contract with appendices attached hereto.

Section 2: This Ordinance shall be effective upon passage, approval and publication as provided by law.

PASSED 3-22, 1983

APPROVED 3-22, 1983

PUBLISHED \_\_\_\_\_, 1983

ATTEST:

Norma J. Hedinger  
Village Clerk

John F. Whitcomb  
President, Board of Trustees  
Village of Chatham