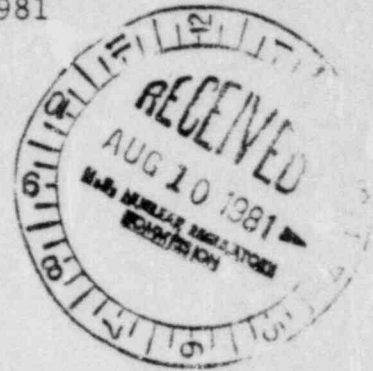


ILLINOIS POWER COMPANY



U-0268
L33-81(08-03)-6
500 SOUTH 27TH STREET, DECATUR, ILLINOIS 62525
August 3, 1981



Mr. Argil Toalston
Utility Finance Branch
Division of Engineering
Office of Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Toalston:

- References: 1) Letter 5/23/80, L. J. Koch, IP to W. M. Zelinsky, NRC, subject: Information for Antitrust Review of OL Application.
- 2) Letter 4/14/81, A. Toalston, NRC to L. J. Koch, IP - OL Antitrust Review

Clinton Power Station, Unit 1
Docket No. 50-461

Provided below are our responses to the questions raised in the reference (2) letter as a result of your OL antitrust review. The item and page numbers refer to those used in the referenced letters.

- (1) page 5, B.1.H.(1) Illinois Power Company (IPC) first expressed an interest concerning the purchase by IPC of the City of Jacksonville (City) municipal electric system on August 16, 1963.

The acquisition of the City's system was consummated on February 13, 1974.

The acquisition price paid for the City's facilities was \$7,162,726.

The acquisition of the City's system was not submitted to the City in referendum form. It was publicized and approved by the City Council.

The generating capacity of the City's system at the time of acquisition was 25,800 kilowatts.

IPC served approximately 61 percent of the customers in the City at the time of acquisition.

- (2) page 5, (1)(c) IPC's letter of intent to merge the Mt. Carmel Public Utility Company (Utility) with IPC was sent to the Utility on March 19, 1981.

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1/1

The Utility's Board of Directors accepted the IPC letter of intent on March 20, 1981. Mr. Albert Barnhard, President of the Utility, signed and returned one copy of the letter to IPC.

A Definitive Agreement between the parties is expected to be executed in the near future.

Appropriate filings for regulatory approval of the Definitive Agreement will be made after it is executed.

- (3) page 5, (2) Copies of the requests (and IPC's responses) for interconnection or wholesale service expressed by Farmer City and the Villages of Chatham and Flora, Illinois are attached hereto.
- (4) page 5 The City of Springfield, Illinois exploratory level approach to Western Illinois Power Cooperative Inc., pertained to possible "joint participation" in a future fossil fired generating unit.

Sincerely,

ILLINOIS POWER COMPANY


L. J. Koch
Vice President

GEW/em

cc: J. H. Williams, NRC Clinton Project Manager
H. H. Livermore, NRC Resident Inspector

Light, Power and Water Utilities Municipally Owned

Telephone (217) 928-6432

CITY OF FARMER CITY

FARMER CITY, ILL.

C. U. A. D. O. Y. F.
E-16

ALDERMEN
Jim Hammer
Walter Rhodes
Maurice Miller
Roy Ratcliffe
James Brown
Caleb Wayne

May 18, 1979

Mr. H. G. Goers
Illinois Power Company
500 S. 27th Street
Decatur, Illinois 62525

Subject: IPC/Farmer City Interconnect

Dear Mr. Goers:

We have received information from our consulting engineer indicating Illinois Power Company is agreeable to supplying supplemental power for the City's Municipal Electric Plant under terms and conditions of the "Partial Requirements Service Agreement". The city officials have discussed this possibility and are desirous of pursuing the matter.

The City Council has requested R. B. Schmidt, of Rogers-Schmidt Engineering Co., to prepare the necessary technical information you will require and to initiate discussion on behalf of the City. Time is of essence in the decision making process and ultimate completion of the facility and we trust the specifics of the arrangement can be developed promptly. You may look forward to Mr. Schmidt's contacting you in this regard. For your convenient reference our consultant's address is

Rogers-Schmidt Engineering Co.
8712 Manchester Road
St. Louis, Missouri 63144

Very truly yours

CITY OF FARMER CITY, ILLINOIS

Tom McConkey
Tom McConkey, Mayor

c

cc: Mr. R. B. Schmidt

1314 961-4353

copies to:

Messrs. L.D. Hartz, E-17

M.P. Hartz, E-17

E.A. Dardor, E-16

L.L. Ideman, A-10

COMMITTEES

FINANCE
Rhodes, Chairman
Brown
Wayne

LIGHT & POWER
Wayne, Chairman
Rhodes
Ratcliffe

WATER & SEWER
Hammer, Chairman
Wayne
Miller

STREET & ALLEY
Ratcliffe, Chairman
Brown
Rhodes

CEMETERY & PARK
Ratcliffe, Chairman
Rhodes
Brown

POLICE
Brown, Chairman
Hammer
Wayne

BUILDING
Rhodes, Chairman
Miller
Ratcliffe

ORDINANCE
Peithman

LAND
Miller, Chairman
Hammer
Brown

LICENSE
Wayne

FARM
Hammer, Chairman
Rhodes
Miller

CIVIL DEFENSE
Brown, Chairman
Wayne
Hammer

AMBULANCE
Rhodes, Chairman
Miller
Ratcliffe

CITIZENS
Member of
Ambulance
Diamond
McKinley

SWIMMING POOL
Miller, Chairman
Hammer
Wayne

ROGERS-SCHMIDT ENGINEERING CO.

Consulting Engineers

8712 MANCHESTER ROAD
ST. LOUIS, MISSOURI 63144*EOB / GBS*
sts
file
former City

September 20, 1979

STU 1-867

Mr. Miro P. Mladiner
Manager of Rates
Illinois Power Company
500 South 27th Street
Decatur, Illinois 62525

Subject: Purchase Power Agreement
Illinois Power Company

Dear Mr. Mladiner:

This is to confirm my telephone conversation with you on September 20, 1979, regarding the verification of the basis upon which the demand charge will be billed to customers being served under Illinois Power Company's Wholesale Electric Service Agreement for Municipal Utilities.

As a result of our conversation, it is my understanding that the basis for the billing demand charge shall remain as the highest average kilovolt-amperes (KVA) delivered during any fifteen minute period, and that there are no plans under consideration, or known about, at the present time to change the demand basis from kilovolt-amperes to kilowatts (KW).

The verification of the KVA demand basis is important to us because we are presently in the design stage for new interconnect metering facilities for some of the Illinois Municipal utilities. A change to a KW demand basis would affect our design work.

If my understanding of this is incorrect, please advise.

Very truly yours

ROGERS-SCHMIDT ENGINEERING CO.

C. Ahorn

Charles Ahorn

c

ROGERS-SCHMIDT ENGINEERING CO.

Consulting Engineers

6712 MANCHESTER ROAD
ST. LOUIS, MISSOURI 63144

October 19, 1979

Mr. Miro P. Mladiner
Manager of Rates
Illinois Power Company
500 South 27th Street
Decatur, Illinois 62525

Subject: Farmer City, Illinois
Interconnect Substation

Dear Mr. Mladiner:

With reference to, and confirming our discussions concerning the proposed interconnection between Farmer City, Illinois and Illinois Power Company, the City of Farmer City has instructed us to proceed with negotiations and plans directed toward establishing an interconnection and subsequent purchase of power at 69 KV from Illinois Power Company under the terms of the IPC "Wholesale Electric Service Agreement".

The plan which appears to be the most favorable is the one calling for the construction of a 138 KV/69 KV substation at a point along the existing Illinois Power Company's 138 KV (Bloomington to Champaign) transmission line near Farmer City. The City of Farmer City would construct and operate a 69 KV transmission line from this substation into the City's power plant substation in Farmer City, a distance of approximately 5.5 miles. A site for the 138 KV/69 KV interconnect substation has been tentatively located near the point where the 138 KV line presently crosses Highway 136.

In order to provide for future projected demands of Farmer City, it appears advisable for the interconnect substation to have the capability of supplying Farmer City with 15 MVA of power.

Please consider and give us your comments and views on the following items concerning the 138 KV/69 KV substation:

1. Ownership of the site on which substation is to be built.
2. Which items in the substation would be provided by Illinois Power Company and which items would be provided by Farmer City and where would Farmer City's ownership begin?
3. It has been indicated that Illinois Power Company would prefer to meter power at 69 KV; please verify.

Mr. Miro P. Mladiner
Illinois Power Company
Decatur, Illinois 62525

October 19, 1979

Page 2

RE: Farmer City, Illinois
Interconnect Substation

4. Would Illinois Power Company or Farmer City be responsible for the over-all design of the substation in corroboration with the other party?
5. Any other steps of procedure necessary for the City to undertake in order to get this project underway.

The City is anxious to proceed with this project as soon as possible, and a prompt reply will be most appreciated.

Very truly yours,

ROGERS-SCHMIDT ENGINEERING CO.

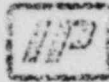
CAhorn

Charles Ahorn

CA:mj

cc: Honorable Tom McConkey, Mayor
Mr. Caleb Wayne
Mrs. Ranella Wills, City Clerk

ILLINOIS POWER COMPANY



500 SOUTH 27TH STREET, DECATUR, ILLINOIS 62525

November 2, 1979

Mr. Charles Ahorn
Rogers-Schmidt Engineering
8712 Manchester Road
St. Louis, Missouri 63144

Dear Mr. Ahorn:

In response to your October 19, 1979 letter, I am enclosing a draft agreement for the Purchase of Power by Farmer City from Illinois Power Company. This agreement is modeled after the Company's agreement with the City of Mascoutah which receives service from our 138 Kv system.

Paragraphs 2, 3 and 4 of Section II, paragraph 1, Section V, and Exhibit B respond to questions 1, 2 and 3 in your October 19, 1979 letter. Exhibit C, the Facilities Rental Agreement, has not been included in the draft agreement but would become a part of the agreement if Farmer City would desire to rent certain facilities from Illinois Power.

In response to question 4, Farmer City would be responsible for the overall design of the substation in corroboration with Illinois Power Company.

After Farmer City personnel has reviewed the attached draft agreement, I would suggest a meeting between the parties to work out details and establish a time frame for the project.

Very truly yours,

ILLINOIS POWER COMPANY

M. P. Mladiner
Manager of Rates

MPM/mb

cc: Mr. Larry D. Haab, IPC

Honorable Thomas E. McConkey, Mayor
105 South Main Street
Farmer City, Illinois 61842

bc: H. C. Mees A-13
G. R. Sweeney C-25

VILLAGE OF CHATHAM

117 EAST MULBERRY • PHONE 483-2451

CHATHAM, ILLINOIS 62629



WEL

JOHN F. WHITNEY
Village President

January 29, 1979

C. W. Wells
Vice President - Illinois Power
500 S. 27th St.
Decatur, IL 62525

Dear Mr. Wells:

The Village of Chatham owns and operates its municipal electric distribution system. We purchase wholesale electric power from Central Illinois Light Co. Last fiscal year our power amounted to \$943,585.

The Village is attempting to ascertain the options available to it in regards to the wholesale supply. We need to determine whether your company is able to enter into contract to supply the wholesale power need of the Village of Chatham. Specifically, do you have the ability to assume the current position of CILCO and sell power to the Village.

A written response will be most appreciative.

Yours truly,

John F. Whitney

John F. Whitney
Village President

Clifford Hill

Clifford Hill
Trustee - Electric Dept.

cc: Wendall J. Kelley - Illinois Power

File 4.1-31-79

L. D. Haab
W. T. Hart

W. E. Warren

February 2, 1979

Mr. John F. Whitney
Village President
Village of Chatham
117 East Mulberry
Chatham, Illinois 62629

Dear Mr. Whitney:

We received your January 29 letter asking if Illinois Power is able to enter into a contract to supply wholesale power to the Village of Chatham. I have asked our engineering and operating people to study our electrical system to see how we could serve you. It will probably take two or three weeks to arrive at some general conclusions.

If you have any questions or comments during this period, feel free to contact either W. E. Warren, our vice president in charge of operations, or me. Once we understand our ability to serve, we will be in touch with you again.

Sincerely,

Charles W. Wells

C. W. Wells
Executive Vice President

cc: Mr. Clifford Hill
Trustee - Electric Department

Sta 1-865

VILLAGE OF CHATHAM

117 EAST MULBERRY • PHONE 483-2451

CHATHAM, ILLINOIS 62629



JOHN F. WHITNEY
Village President

February 26, 1979

Mr. C. W. Wells
Executive Vice President
Illinois Power Company
500 South 27th Street
Decatur, Illinois 62525

Dear Mr. Wells,

I am in receipt of your letter of February 2 and am most pleased that your company is exploring the possibility of servicing Chatham as a wholesale customer.

This letter is written in an attempt to ascertain a target date that we might expect in regards to a determination of the ability of Illinois Power Company to provide wholesale power to Chatham. Obviously, a 12.5 line with appropriate substation would be necessary. This will require Village conversion - which we are now preparing. It is imperative that the Village be advised of your intentions in a short time. Perhaps, your engineering and operating departments could advise us of their project schedule for this initial phase of negotiation.

In addition, I would like to pose another question for your consideration. Is Illinois Power Company able to negotiate for the purchase of the Chatham municipal electric distribution system? This question should not be construed as to supercede in importance the previous inquiry. It is asked simply to ascertain whether another option is available for the Village's consideration.

I thank you for your prompt response to my letter of January 29. Your consideration of the questions posed is greatly appreciated.

Very truly yours,

John F. Whitney
Village President

cc: Clifton Hill, Trustee
Electric Department

ILLINOIS POWER COMPANY

500 SOUTH 27TH STREET, DECATUR, ILLINOIS 62525

March 9, 1979

Mr. John F. Whitney
Village President
Village of Chatham
117 East Mulberry
Chatham, Illinois 62629

Dear Mr. Whitney:

By letter dated January 29, 1979, you requested a response from Illinois Power Company concerning possible service to the Village of Chatham. In your letter dated February 26, 1979, you mentioned that consideration be given to negotiations for the purchase of the Chatham Municipal Electric System by Illinois Power Company.

We have completed a preliminary engineering study which is based on providing wholesale electric service from Illinois Power Company's facilities. Based on this study, we have determined that service to Chatham could be provided from the Company's 69,000 volt line located north and west of the Village. It would be necessary to construct approximately 7 miles of 69,000 volt line to connect to your system under this alternative. Based on our experience, approximately 3 years is required to construct such facilities. There would be a cost to the Village to provide transformation to the distribution voltage required by the Village. As an alternative the Village could rent the transformation from Illinois Power.

Service to your community could be provided under the terms of the attached agreement for the purchase of power. This agreement would have to be executed by the parties and accepted or approved by the appropriate regulatory agencies prior to the construction of facilities. Exhibit A to the attached agreement provides the rates to be charged for electric energy. The rates contained in Exhibit A are currently being charged for total requirements firm wholesale electric service. These rates are now pending approval by the Federal Energy Regulatory Commission (FERC), and are subject to change in the future by unilateral application of the Company to the FERC. When applied to the Village's energy usage during the twelve months ended December 31, 1978, these rates would have resulted in an annual energy cost of approximately \$715,000.

Other methods of service which may be considered would involve partial use of Central Illinois Public Service Company or Central Illinois Light Company electric facilities along with Illinois Power facilities to provide power to the Village. Since this would

- 2 -
involve other utilities and possibly regulatory approval, we have not made a cost comparison of this method of service. Should the Village of Chatham desire to pursue this method of service, we assume you will present the matter to the other utilities and obtain any necessary consent or approval.

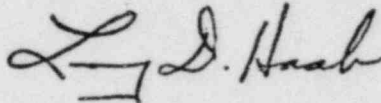
Any consideration of a possible sale to Illinois Power Company of the municipal electric system would require a lengthy and expensive study. Due to the location of the Village's system and the cost of facilities required to properly serve the Chatham system from our system, we do not believe it would be appropriate or productive to pursue such an alternative at this time.

There may be other options available to the Village that could result in reduced power supply costs. We recommend that the Village explore all alternatives.

Should you have any questions regarding this response, please feel free to contact me.

Very truly yours,

ILLINOIS POWER COMPANY



Larry D. Haab
Vice President

LDH:ciw

cc: Mr. Clifford Hill
Trustee, Electric Department
Village of Chatham
Chatham, Illinois 62629

Mr. C. W. Wells, B-13
Mr. W. E. Warren, A-14

City of Flora, Illinois

62839

WILLIAM J. GIVEN, Mayor

Phone (618) 662-8313

City Hall Building

122 North Main Street

December 7, 1978

William J. Given, Mayor

Commissioners:
Robert Ferguson
Robert Mattis
Rita Griscoe
Leo M. Spitzner

Mr. Ed Chamberlain, Manager
Illinois Power Company
Mt. Vernon, Illinois 62864

Re: Request for Electrical Energy Service
Flora, Illinois

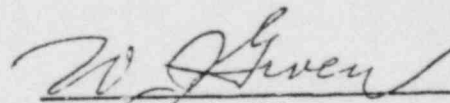
Dear Mr. Chamberlain:

In accordance with your request to our Engineer, please find enclosed herewith one (1) copy of the previous 24 month's invoices from Central Illinois Power Service Company.

We sincerely trust that the City can have a meeting with your Vice-President for the purposes of considering servicing the City of Flora at the earliest possible date. I, our City Attorney-Jack Meyer and Engineer, Roger Edmison will be the ones who will attend the meeting once you have it scheduled. We recognize that this request will take considerable time and effort to reach its conclusion, but I assure you that the City is most sincere in its request subject to negotiations being what we feel will be the outcome of the cost benefits study. If there is anything we can do to expedite your data collection and feasibility study, please do not hesitate to call either myself, our Engineer or our City Attorney.

Respectfully,

THE CITY OF FLORA


W. J. Given, Mayor

WJG/rae/nmc

w/encl.

cc: Mr. Vernon Hanes, City Clerk
cc: Mr. Jack Meyer, City Attorney
cc: Mr. Roger A. Edmison, P.E.

ILLINOIS POWER COMPANY

500 SOUTH 27TH STREET, DECATUR, ILLINOIS 62525

January 26 1979

The Honorable W. T. Given
Mayor, City of Flora
122 North Main Street
Flora, Illinois 62839

Dear Mayor Given:

In response to your December 7, 1978 request of Ed Chamberland, we have studied alternative methods for providing wholesale electric service to your community.

We have considered service from facilities owned entirely by Illinois Power Company. In such case, we could serve the City from a 345,000/69,000 volt substation to be located in or near Section 6 (T2N, R5E) in Clay county. The City would be required to construct the 69,000 volt transmission lines from our substation location to the City's distribution substation. We estimate that three years would be required to construct the facilities. Because of the size of the investment required to initiate service, we would require a ten year contract.

Service to your community could be provided under the terms of the attached agreement for the purchase of power. This agreement would need to be executed and approved by the appropriate regulatory agencies prior to our construction of the 345,000/69,000 volt substation. Exhibit A, "Wholesale Electric Service for Resale," to the agreement provides for the rates to be charged for electric energy. The rates contained in the attached Exhibit A are the rates currently being charged for total requirements firm wholesale electric service. These rates are now pending approval by the Federal Energy Regulatory Commission (FERC). They are subject to change in the future by unilateral application of the Company to the FERC for rate modifications. These rates, when applied to the City's energy usage during the twelve months ending September 26, 1978, would have resulted in an annual energy cost of about \$1,120,000.

Paragraph I-D of Exhibit A to the service agreement provides that the Company will construct, without cost to the City, facilities costing up to one and one-half times the estimated annual revenues derived from those facilities. Construction costs in excess of this amount would be paid by the City. We estimate that the cost for constructing the 345,000/69,000 volt substation to be \$2,250,000 and the 69,000 volt transmission lines to be \$1,155,000. Based on

The Honorable W. T. Given
Mayor, City of Flora
Page 2
January 26, 1979

this cost, the City would be required to pay approximately \$570,000 of the construction costs for the 345,000/69,000 volt substation in addition to constructing the 69,000 volt transmission system. These charges would be paid prior to commencement of construction.

Another method of service which was also considered would involve partial utilization of Central Illinois Public Service Company's (CIPS) facilities along with Illinois Power facilities to provide power to the City. Since this would involve CIPS and possibly require regulatory approval, we have not made a cost comparison of this method of service. Should the City of Flora desire to pursue this method of service, we assume that you will present the matter to CIPS and obtain any necessary consent or approval.

There may be other options available to the City that could result in reduced power supply costs. We recommend that the City explore all alternatives.

Should you have any questions regarding this proposal, please feel free to contact me.

Very truly yours,

ILLINOIS POWER COMPANY

ORIGINAL
SIGNED BY LARRY D. HAAB :

Larry D. Haab
Vice President

Attachment

cc: Mr. W. E. Warren
Vice President
Illinois Power Company
500 South 27th Street
Decatur, Illinois 62525

Mr. E. J. Chamberland
Service Area Manager
Illinois Power Company
2610 Broadway
Mt. Vernon, Illinois 62864

bc: Mr. William T. Hart
Schiff Hardin & Waite
7200 Sears Tower
233 South Wacker Drive
Chicago, Illinois 60606