

September 10, 1985

Mr. Burt Padov, Esq.
Antitrust Division
Illinois Attorney General's Office
Room 2118
188 W. Randolph
Chicago, IL 60601

Dear Mr. Padov:

Re: Clinton Nuclear Power Station, Unit 1, Updated Operating License
Antitrust Review

The Director of the Office of Nuclear Reactor Regulation has made an updated finding of no significant antitrust changes pursuant to the operating license antitrust review of the captioned nuclear unit. This finding will be published in the Federal Register and if no requests for reevaluation are received from the public, the initial finding will become final.

Because of the interest you have previously expressed in the antitrust review of this project, I am forwarding you a copy of the Federal Register notice and the staff analysis upon which the finding was based.

Sincerely,

William Lambe, Economist
Antitrust and Economic Analysis Section
Site Analysis Branch
Division of Engineering

Enclosures:
As stated

Distribution:
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LPDR
SAB Plant File
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September 9, 1985

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NUCLEAR REGULATORY COMMISSION
DOCKET NO. 50-461A
ILLINOIS POWER COMPANY, SOYLAND POWER COOPERATIVE, INC.
AND WESTERN ILLINOIS POWER COOPERATIVE, INC.
NOTICE OF UPDATED FINDING OF NO SIGNIFICANT ANTITRUST CHANGES
AND TIME FOR FILING REQUESTS FOR REEVALUATION

The Director of Nuclear Reactor Regulation has made a finding in accordance with Section 105c(2) of the Atomic Energy Act of 1954, as amended, that no significant (antitrust) changes in the licensees' activities or proposed activities have occurred subsequent to the construction permit review of Unit 1 of the Clinton Power Station by the Attorney General and the Commission. The finding is as follows:

"Section 105c(2) of the Atomic Energy Act of 1954, as amended, provides for an antitrust review of an application for an operating license if the Commission determines that significant changes in the licensee's activities or proposed activities have occurred subsequent to the previous construction permit review. The Commission has delegated the authority to make the "significant change" determination to the Director, Office of Nuclear Reactor Regulation. Based upon an examination of the events since issuance of the Clinton 1 and 2 construction permits to the Illinois Power Company, the staffs of the Antitrust and Economic Analysis Section of the Site Analysis Branch, Office of Nuclear Reactor Regulation and the Antitrust Section of the Office of the Executive Legal Director, hereafter referred to as "staff," have jointly concluded,

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after consultation with the Department of Justice, that the changes that have occurred since the antitrust construction permit review are not of the nature to require a second antitrust review at the operating license stage of the application.

"In reaching this conclusion, the staff considered the structure of the electric utility industry in central and southern Illinois, the events relevant to the Clinton construction permit review and the events that have occurred subsequent to the construction permit review and the initial no significant change analyses.

"The conclusion of the staff's analysis is as follows:

'Staff completed its initial antitrust operating license review of the Clinton Nuclear Power Station (Clinton) in February of 1982. Several changes in the applicants' activities since the original construction permit (CP) review in 1974 were identified; however, staff concluded that,

"Based upon the successful implementation of CP license conditions and the lack of any detrimental conduct or activity (to the competitive process in central and southern Illinois) on the part of Illinois Power Company, Soyland Power Cooperative

or Western Illinois Power Cooperative, staff recommends that no affirmative significant change determination be made pursuant to the application for an operating license for Unit 1 of the Clinton Nuclear Power Station." (Clinton "Finding of No Significant Antitrust Changes," March 11, 1982, Federal Register, p. 10655.)

'Since the staff completed its initial antitrust operating license review in February of 1982, there have been construction delays necessitating changes in scheduled fuel load dates for the Clinton plant. Fuel loading is now scheduled for January of 1986, approximately four years after the staff completed its initial antitrust review. Staff felt this four year period created a "review vacuum" and requested updated information from the applicants pursuant to any changed activity since the initial antitrust operating license review.

'After reviewing the updated Regulatory Guide 9.3 information and contacting various electric utility representatives in Illinois and other interested parties, staff identified several changes in the applicants' activities (principally those of

Illinois Power Company) since the initial operating license review. Many of the changes, e.g., new interconnections and partial requirements wholesale power sales, by Illinois Power Company, represented extensions of those changes identified in the original operating license review and have provided additional procompetitive stimuli to the Illinois bulk power industry. Smaller power systems in Illinois have been able to successfully "shop" for alternative sources of power and energy. Applicants Illinois Power Company, Soyland Power Cooperative, Inc. and Western Illinois Electric Power Cooperative, Inc. have initiated a study to determine whether or not future jointly owned generating facilities would be economically feasible. New transmission agreements have been consummated between Illinois Power and its wholesale power customers that provide these smaller power systems with the means to take advantage of the benefits normally associated with larger, fully integrated power systems, e.g., access to short term economy and diversity power and energy sales and access to transmission for long term block purchases of power and energy from a number of different power suppliers. Increased coordination between those fully integrated power systems and the smaller, less diversified power systems has led to greater competition in the Illinois bulk power industry. This trend toward greater coordination among industry participants began with the

institution of antitrust license conditions at the construction permit review stage.

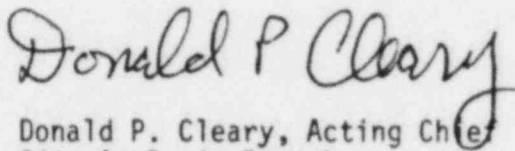
'The changes that have been identified since the construction permit review have by and large provided momentum for greater coordination, and consequently increased competition between all groups of power supply systems in central and southern Illinois. Staff observed this trend toward increased competition among bulk power suppliers in its initial antitrust operating license analysis. This trend has continued since 1982 and consequently staff sees no reason to change its recommendation that "no affirmative significant change determination be made pursuant to the application for an operating license for Unit 1 of the Clinton Nuclear Power Station."

"Based on the staff's analysis, it is my finding that a formal operating license antitrust review of the Clinton Power Station, Unit 1 is not required."

Signed on September 4, 1985 by Harold R. Denton, Director of Office of Nuclear Reactor Regulation.

Any person whose interest may be affected by this finding may file with full particulars a request for reevaluation with the Director of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555 for 30 days from the date of the publication of the Federal Register notice. Requests for a reevaluation of the updated no significant changes determination shall be accepted after the date when the Director's finding becomes final but before the issuance of the OL only if they contain new information, such as information about facts or events of antitrust significance that have occurred since that date, or information that could not reasonably have been submitted prior to that date.

FOR THE NUCLEAR REGULATORY COMMISSION

A handwritten signature in cursive script that reads "Donald P. Cleary". The signature is written in dark ink and is positioned above the printed name and title.

Donald P. Cleary, Acting Chief
Site Analysis Branch
Division of Engineering
Office of Nuclear Reactor Regulation

CLINTON NUCLEAR POWER STATION, UNIT 1
ILLINOIS POWER COMPANY, SOYLAND POWER COOPERATIVE, INC. AND
WESTERN ILLINOIS POWER COOPERATIVE, INC.

DOCKET NO. 50-461

UPDATED FINDING OF NO SIGNIFICANT ANTITRUST CHANGES

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- A. Clinton Nuclear Power Station, Unit 1 -- Finding of No Significant Antitrust Changes.
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- C. Letter dated February 21, 1985 Pursuant to Updated Regulatory Guide 9.3 Information from F. A. Spangenberg, Director of Nuclear Licensing and Configuration, Illinois Power Co., to Wm. H. Regan, Chief, Site Analysis Branch, Nuclear Regulatory Commission.
- D. Letter dated January 29, 1985 Pursuant to the Proposed Merger of Soyland Power Cooperative and Western Illinois Power Cooperative from John T. Ward, of Wasker, Sullivan & Ward to Sheldon A. Zabel, of Schiff, Hardin & Waite.
- E. Coordination and Operation Agreement Between Soyland Power Cooperative and Western Illinois Power Cooperative, dated July 24, 1984.

I. Introduction

A prospective operating licensee is not required to undergo a formal anti-trust review unless the Nuclear Regulatory Commission (NRC or Commission)* determines that there have been "significant changes" in the licensee's activities or proposed activities subsequent to the review by the Attorney General and the Commission at the construction permit (CP) stage. Concentration on changes in the applicant's activities since the previous antitrust review expedites and focuses the review on areas of possible competitive conflict heretofore not analyzed by the Attorney General or the Commission.

In its Summer decision,** the Commission has provided the staff*** with a set of criteria to be used in making the significant change determination for operating license (OL) applicants:

"The statute contemplates that the change or changes (1) have occurred since the previous antitrust review of the licensee(s); (2) are reasonably attributable to the licensee(s); and (3) have antitrust implications that would most likely warrant some Commission remedy."****

*The Commission has delegated the responsibility for making a significant change determination to the Director of Nuclear Reactor Regulation.

**Virgil C. Summer Nuclear Station Unit 1, Docket No. 50-395A, June 26, 1981 at 13 NRC 862 (1981).

***"Staff" hereinafter refers to the antitrust staffs of the Office of Nuclear Reactor Regulation and the Executive Legal Director.

****Commission Memorandum and Order, p. 7, dated June 30, 1980 (CLI-80-28).

To warrant a significant change finding, i.e., to trigger a formal OL antitrust review, the particular change(s) must meet all three of these criteria.

On February 23, 1982, the Director of the Office of Nuclear Reactor Regulation issued a finding pursuant to the antitrust operating license review for Unit 1 of the Clinton Nuclear Power Station (hereinafter Clinton), recommending that no formal operating license antitrust review was required for Clinton.* Since the Director's initial finding in 1982, the fuel load date for Clinton was changed twice, from January of 1983 to January of 1984 and from January 1984 to January 1986. The original change in the fuel load date created a gap in staff's antitrust operating license review and antiquated much of the data used by staff in its original review procedure. Consequently, staff initiated a "monitoring review" of Clinton which was completed in January of 1983.** Staff's monitoring review "found no reason to amend its 'no significant change' determination pursuant to Unit 1 of the Clinton Nuclear Station."***

As a result of the change to the most recent fuel load date, i.e., January of 1986, applicant's original (and most comprehensive) data submission would be almost six years old at the time of fuel load and staff felt not an adequate reflection of the current status of applicants' activities in central

* Clinton Nuclear Power Station, Unit 1 - Finding of No Significant Antitrust Changes. Hereinafter, "No Significant Change Finding." (Attached as Appendix A.)

** Clinton Nuclear Plant Unit 1 - OL Monitoring Review. Hereinafter, "Monitoring Review." (Attached as Appendix B.)

*** Ibid., p. 5.

and southern Illinois. For this reason staff requested updated data responses from all applicants pursuant to changed activity since the original OL antitrust data response in May of 1980. After reviewing these data and after contact with members of the electric power industry in Illinois, staff recommends that no affirmative significant change finding be made pursuant to Unit 1 of the Clinton Nuclear Power Station.

II. Structure of the Electric Power Industry in Illinois

The basic structure of the electric power industry in Illinois has not changed since staff's original significant change review. The state is still separated into Chicago area and non-Chicago area components with large investor owned utilities dominating each segment. The Chicago area is served by one of the largest domestic electric power companies, Commonwealth Edison Company. The remainder of the state, from the north central portion to the southern tip of the state, is served by a group of power companies including municipal, cooperative and private power companies.

The relevant marketing area for the Clinton power station focuses on the central and southern portions of the State of Illinois, i.e., the area in which the incidence of any anticompetitive practices associated with the activities of the owners of Clinton will have the greatest impact. This is the area in which the three applicants serve and the area where the use of the power and energy generated by the Clinton plant will be most concentrated.

A. Applicant Systems

Illinois Power Company, with approximately 82% ownership of the plant, is the lead applicant responsible for construction and operation of the plant. The remaining 18% of the plant is owned by two cooperative power systems, Western Illinois Power Cooperative (WIPCO) and Soyland Power Cooperative (Soyland).

Illinois Power Company is a fully integrated power system (i.e., engaged in generation, transmission and distribution of electric power and energy) serving primarily the central and southern portions of the State of Illinois. Western Illinois Power Cooperative is a G&T cooperative -- engaged primarily in the generation and transmission of electric power and energy serving distribution cooperative members in the west central portion of the state. Soyland Power Cooperative was established by a group of 15 distribution cooperatives specifically to acquire an ownership interest in Clinton. The members currently provide service to retail loads in central and southern portions of Illinois. (See Appendix A for a more detailed description of applicant systems.)

III. Previous Antitrust Reviews of Clinton

A. Construction Permit Review

The initial antitrust review of Clinton was conducted by the Department

of Justice (Department or DOJ) and the Commission at the construction permit (CP) stage in the early 1970's. During the construction permit review,

"... the staffs of the Department of Justice (DOJ) and the AEC/NRC became aware of certain allegations of misconduct by Illinois Power in conjunction with its dealings with cooperative and municipal power systems in or adjacent to Illinois Power's service area."*

After additional data was collected and the anticompetitive concerns were fully aired, the applicant agreed to a set of policy commitments intended to prohibit any future refusals to deal or similar anticompetitive conduct by Illinois Power Co. in its dealings with other power entities in or adjacent to its service area. These policy commitments later became license conditions that were attached to the Clinton construction permits.** Based upon the policy commitments agreed to by Illinois Power and the inclusion of these commitments as license conditions to the Clinton construction permits, the Department issued an advice letter to the Commission dated

April 29, 1974 recommending no hearing. No petitions to intervene were received and the CP antitrust review was effectively completed with the publication of the advice letter in the Federal Register in May of 1974.

*No Significant Change Finding, p. 7.

**Illinois Power received construction permits for both Units 1 and 2. Unit 2 has since been cancelled.

B. Operating License Review

As indicated supra, the Commission's operating license review focuses only on changes in the applicants' activities since the antitrust review at the construction permit review stage. After reviewing the data submitted by the applicants pursuant to changes since the CP review, talking to members in the industry and reviewing various public documents,

"Staff identified a number of changes that, (1) have occurred since the construction permit antitrust review, and (2) are reasonably attributable to the licensee(s). [Thereby meeting two of the Summer criteria necessary for a "significant change."] However, many of these changes are in conformance with the construction permit antitrust license conditions and have had positive performance effects on the availability of bulk power supply and on competition in the area generally. Other changes which have occurred have not had significant negative antitrust implications that would warrant a Commission remedy, and therefore do not warrant a significant change finding."*

Staff completed its initial operating license review in February of 1982 and found no reason to recommend that the Director of NRR issue a significant change finding. The review concluded that,

"Based upon the successful implementation of CP license conditions and the lack of any detrimental conduct or activity..., staff recommends that no affirmative significant change determination be made pursuant to the application for an operating license for Unit 1 of the Clinton Nuclear Power Station."**

* No Significant Change Finding, p. 17

** Ibid.

C. Monitoring Review

Subsequent to staff's initial significant change analysis in February of 1982, the fuel load date for Clinton was changed from January of 1983 to January of 1984. Staff felt such a development necessitated a "fresh look" at the Illinois electric bulk power industry and any changes in the activities of the Clinton applicants in particular. The staff monitoring review was not intended as an in depth significant change analysis, but more of a flash review, intended to pick up flagrant changes in conduct or particular complaints from affected parties engaged in or interested in the Illinois electric power industry. (The formality and extensive data requests that characterize the significant change analysis are not a part of the monitoring review process.) Staff's monitoring review for Clinton was completed in January of 1983. The review concluded,

"In sum: Because of a delay in issuing the Clinton Unit 1 OL, staff has reviewed Illinois Power's activities since last conducting its significant change analysis approximately a year ago. No one has come forth to request reevaluation of staff's significant change determination, nor have there been any submissions of complaints or views of affected parties during the interim since February 1982. After reviewing industry trade journals and initiating contact with power entities in the relevant areas, staff, as of this date, has found no reason to amend its 'no significant change' determination pursuant to Unit 1 of the Clinton Nuclear Station."*

Both the initial significant change analysis and staff's monitoring review concluded that there have been no significant changes in the applicants'

*Monitoring Review, p. 5.

activities since the antitrust construction permit review that would warrant a hearing recommendation pursuant to the applicants' application for an operating license for Clinton.

IV. Changes Since the Initial Operating License Review

Considering the most recent delay in fuel loading from January of 1984 to January of 1986, and the fact that staff's broad data base of the Illinois electric power industry is based upon dated information, i.e., that provided by the applicant in 1980, staff decided to request updated responses to Regulatory Guide 9.3* from the applicants and conduct a supplemental significant change analysis, focusing on those changes which have taken place since the initial operating license review was completed in 1982. This supplemental significant change review, in conjunction with staff's 1982 and 1983 reviews, encompasses all of applicants' changed activity (with competitive implications) since the antitrust review at the construction permit stage.

From the applicants' updated responses to Regulatory Guide 9.3** and information gathered from public print sources as well as contacts with governmental agencies and members of the electric power industry, staff has

*"Information Needed by the AEC Regulatory Staff in Connection with its Antitrust Review of Operating License Applications for Nuclear Power Plants," October 1974.

** Data submitted by letter dated March 12, 1984.

identified several changes associated with the applicants' conduct and activity since the initial significant change review.

Among the three applicant systems, Illinois Power Company has experienced the greatest number of changes (with possible competitive implications) since the initial OL review. As evidenced during the original OL review, these changes have come about largely through new interconnections and sales of wholesale power by Illinois Power Company to smaller power systems in Illinois.

A. Interconnections

The trend toward new interconnections involving all applicant systems and particularly Illinois Power evidenced during the initial OL review has continued. Illinois Power has consummated a number of interconnections, with both large and small systems, since 1982.

1. Illinois Power Co./Southern Illinois Power Coop. -- In September of 1984 Illinois Power energized a 138 kV interconnection with the Southern Illinois Power Cooperative (SIPC). Representatives of both parties began discussions ~~to~~ ^{regarding} the feasibility of an interconnection between the two systems that, according to SIPC, would eliminate the need for SIPC to construct approximately 16 miles of 69 kV line. The two systems are presently interchanging short term and economy power over the intertie and according to

SIPC, the interconnection agreement also includes provisions for wheeling over Illinois Power's lines, but the coop has not had a need to activate that provision of the agreement to date.

2. Illinois Power Co./Western Illinois Power Coop. -- On June 25, 1982 a 138 kV interconnection between Illinois Power and one of its co-applicant systems in the Clinton project, Western Illinois Power Cooperative (WIPCO), was completed. The interconnection was initiated by WIPCO primarily to serve one of its customers, a coal company.

Another 138 kV interconnection between Illinois Power and WIPCO was completed on August 30, 1982. The interconnection was initiated by WIPCO according to Illinois Power "in order to improve service to the 69 kV system in the area."

3. Illinois Power Co./Kentucky-Utilities Co. -- By agreement dated January 1, 1983, Illinois Power entered into an interconnection agreement with the Kentucky-Utilities Co. The agreement provides for various power transactions between the parties.

4. Illinois Power Co./Central Illinois Public Service Co. -- A 345 kV interconnection was energized on October 25, 1983 between Central Illinois Public Service Co.'s Kansas Substation and Illinois Power's Sidney Substation.

5. Illinois Power Co./Farmer City -- An interconnection to provide wholesale power service to the Farmer City electric system was energized in October of 1984.

Illinois Power Co. has energized numerous interconnections since the initial OL antitrust review in 1982. New agreements have been consummated with both large, fully integrated power systems as well as smaller municipal and cooperative power systems. The new interconnections identified by staff represent a continuation of a trend toward interconnection which was stimulated by the antitrust license conditions attached to the Clinton construction permit as well as general reliability and service requirements imposed upon a large public utility system. It is staff's view that applicants' interconnections since the CP antitrust review have had a procompetitive effect upon the bulk power services market in central and southern Illinois. To the extent that new interconnections have increased reliability of participating power systems and broadened access to power supply alternatives for Illinois power entities, staff would encourage applicants to continue the development of new interconnections and interconnection agreements evidenced since the completion of the construction permit review.

B. Wholesale Power Developments

The applicants, principally Illinois Power Co., have been responsible for a series of power supply developments at the wholesale level since the CP antitrust review.

1. During the period 1981-82, the City of Flora, Illinois expressed an interest in purchasing wholesale for resale power from Illinois Power. According to a representative of the City, Illinois Power offered to supply the City; however, the City managed to negotiate a more favorable agreement with another bulk power supplier.
2. As a result of the newly energized interconnection between Illinois Power and Farmer City, Illinois (see "Interconnections"), the City requested and received full requirements wholesale power from Illinois Power beginning on October 4, 1984.
3. According to Illinois Power's Regulatory Guide 9.3 response, the City of Red Bud, Illinois expressed interest in obtaining wholesale service from Illinois Power. When contacted, the City representative stated that Red Bud had no interest in service from Illinois Power.
4. The Mt. Carmel Public Utility Co. began taking partial requirements wholesale service from Illinois Power on January 1, 1983. Illinois Power delivered power under this Purchase Power Agreement to Central Illinois Public Service Co., which in turn provided transmission service for delivery of the power to Mt. Carmel. Effective January 1, 1984, Mt. Carmel transferred to a full requirements wholesale Purchase Power Agreement and began taking all of its power requirements from Illinois Power Co. over the transmission lines of Central Illinois Public Service Co.

5. Once the interconnection between Illinois Power and the Southern Illinois Power Cooperative was energized in September of 1984 (see "Interconnections"), the coop began purchasing blocks of short term wholesale power from Illinois power, reportedly utilizing the full 40 MW capacity of the intertie.

6. The Wabash Valley Power Association was involved in discussions with Illinois Power in the spring/summer of 1984 pursuant to the purchase of a large block of short term power. The generation and transmission cooperative did not consummate a power purchase agreement with Illinois Power because Wabash was able to negotiate a more favorable purchase agreement with another supplier.

7. On May 24, 1983, Western Illinois Power Cooperative entered into a new three year agreement for purchase of power from Illinois Power Co. The agreement will terminate upon commercial operation of the Clinton nuclear plant. The agreement provides supplemental power to WIPCO until such time that WIPCO, a co-owner of the Clinton nuclear plant, can begin taking power from the plant once it begins to produce commercial electric power.

8. The Western Illinois Power Cooperative has anticipated various power shortages through 1993 and plans to meet any deficiencies with new generation (i.e., Clinton) and power purchases through its interchange agreements with Illinois Power and the Springfield (Illinois) City, Water, Light and Power electric system.

9. As part of a FERC rate settlement reached with its wholesale power customers on November 18, 1983, Illinois Power agreed to a Short Term Energy Transmission Agreement and a long term Electric Transportation Service Agreement. These particular service agreements now allow Illinois Power's smaller wholesale customers to more effectively shop for competitively priced power in both the market for "spot" or short term economy and diversity power and energy, as well as longer term (more than 5 years) power from various power suppliers interconnected with the Illinois Power system. These two transmission agreements complement agreements reached earlier between Illinois Power and its wholesale customers that enabled these customers to take partial requirements power from Illinois Power. (See Appendix F of the initial antitrust operating license review.) These two transmission agreements represent positive, procompetitive developments since the earlier OL antitrust review, allowing smaller power systems to compete more effectively with the larger, fully integrated power systems for the most efficient sources of power and energy in and adjacent to the Illinois bulk power market.

Those changes attributable to the applicants which have taken place in the Illinois wholesale power market since the initial Clinton operating license review have for the most part been representative of a continuum which began after the completion of the antitrust construction permit review. Power systems, both large and small, have continued their efforts to minimize costs by "shopping" for the most cost efficient

source of power to meet their individual loads. The Wabash Valley Power Cooperative and the City of Flora expressed interest in purchasing wholesale power from Illinois Power but managed to negotiate more favorable agreements with other suppliers. The Mt. Carmel Public Utility Co. (a private power company located in Mt. Carmel, Illinois), the Southern Illinois Power Cooperative and the Farmer City electric system all have begun taking wholesale power from Illinois Power since the original OL review. Moreover, the Western Illinois Power Cooperative has negotiated new interconnection and wholesale power agreements with Illinois Power that will enable WIPCO to meet anticipated load deficiencies until Clinton comes on line.

All of these developments in the Illinois wholesale bulk power market point toward the continuation of increased coordination and competition among industry members evidenced during the initial operating license antitrust review. Staff encourages industry members to continue to "test the market" and explore new alternative sources of power supply. The wholesale power developments identified since the original OL antitrust review have come about largely as a result of the antitrust license conditions attached to the Clinton construction permit and for the most part have resulted from procompetitive forces at work in the Illinois wholesale bulk power market.

C. Mergers and Acquisition Involving Applicant Systems

Since the initial OL antitrust review was completed in 1982, staff has identified two proposed mergers and one acquisition involving applicant systems.

1. Early in 1981, Illinois Power Company began discussions with the Cedar Point Light & Power Company regarding a merger of the two systems. On March 29, 1985, Illinois Power purchased the assets of Cedar Point Light & Power. Cedar Point was a privately owned electric distribution system serving approximately 180 customers in the Illinois town bearing the same name. Prior to the acquisition, Cedar Point purchased 100% of its power requirements from the Illinois Power Company.

2. Illinois Power and the Mt. Carmel Public Utility Company executed a stock exchange merger agreement late in 1981. The companies are presently awaiting federal and state regulatory approval before proceeding with the merger.*

*Illinois Power and the Mt. Carmel Public Utility Company filed the merger agreement with the Illinois Commerce Commission (ICC) on December 7, 1981. The Central Illinois Public Service Co. intervened and protested the proposed merger. The ICC initially ruled against the Illinois Power/Mt. Carmel merger, indicating that greater cost efficiencies would result from a Mt. Carmel/Central Illinois Public Service Co. merger. The case was introduced into the judicial system at the circuit court level where the ICC ruling was upheld--ruling against the Illinois Power/Mt. Carmel merger. Both Illinois Power and Mt. Carmel appealed the decision which was overruled by the appellate court. The State of Illinois appealed the appeals court ruling to the State Supreme Court where the case is now pending.

The Illinois Power/Mt. Carmel merger is also awaiting approval before the Federal Energy Regulatory Commission (FERC), Docket No. EC82-4-00. At the request of Illinois Power Company, the FERC delayed a ruling on the merger pending a resolution at the State level; however, the FERC has recently decided to proceed with its own hearings and not wait for the ruling by the Illinois State Supreme Court.

3. By letter dated February 21, 1985,* Illinois Power acting as agent for the owners of the Clinton nuclear plant, forwarded information pertaining to the planned merger of Western Illinois Power Cooperative and Soyland Power Cooperative. A copy of a "Coordination and Operation Agreement" between Soyland and WIPCO dated July 25, 1984 was included along with the February 21 letter. According to the "General Provisions" of the Agreement,

"As of January 1, 1985, Soyland Power Cooperative (Soyland) and Western Illinois Power Cooperative (WIPCO[]) will 'pool' all electric power and energy and transmission capacity available from their respective facilities so that the electric power and energy and transmission capacity will be utilized as though the two cooperatives were merged as of January 1, 1985. The Agreement goes on to provide that a plan of merger will be prepared, and that the formal merger under Illinois law will take place effective as of July 1, 1986."**

Staff does not believe that the Cedar Point acquisition or the proposed Mt. Carmel merger pose significant anticompetitive problems in the Illinois bulk power market. Both systems serve small municipalities and were wholesale customers of Illinois Power prior to being acquired. (The Mt. Carmel/Illinois Power merger is still pending.) The proposed Soyland/WIPCO merger represents a marriage of convenience and appears to provide the surviving system significant operating economies not available to

*Letter to Wm. H. Regan, Chief, Site Analysis Branch (NRC) from F. A. Spangenberg, Director, Nuclear Engineering and Configuration (Illinois Power Co.). (Attached as Appendix C.) This letter was precipitated by a letter from Wm. H. Regan, dated January 16, 1985, requesting all information pertaining to the merger or proposed merger between Soyland and WIPCO.

**Cited from letter to Sheldon A. Zabel (counsel for Illinois Power) from John T. Ward (counsel for Soyland) dated January 29, 1985. (Attached as Appendix D.)

either system standing alone. For example, the Coordination and Operation Agreement between Soyland and WIPCO provides for a joint pooling of the resources of each system,

"... in order that adequate supplies of electric power and energy be delivered to load centers of the distribution cooperative member-consumers of Soyland and WIPCO on a cooperative not-for-profit basis at the lowest feasible cost through the coordination and use of the facilities and capabilities of both Soyland and WIPCO acting as a single entity."*

Soyland's member systems are located primarily in central and southern Illinois, while WIPCO's member systems primarily serve the western counties of Illinois. The combination of the two systems should result in cost efficiencies normally associated with membership in an operating pool once Soyland becomes a generating entity, i.e., when Clinton comes on line. The more efficient Soyland/WIPCO has the potential to provide stronger competition in the Illinois bulk power industry, particularly in its dealings with larger more fully integrated power systems.** Staff sees no significant anticompetitive effects befalling the Illinois bulk power market as a result of the acquisition or proposed mergers which have occurred since the original OL antitrust review.

*Coordination and Operation Agreement between Soyland and WIPCO dated July 24, 1984, page 3. (Attached as Appendix E.)

**A possible extension of the Soyland/WIPCO Pool involves a recent power supply study by the combined cooperative pursuant to the benefits, if any, associated with joint participation in any of Illinois Power's existing fossil-fired generating units.

D. Miscellaneous Changes

Staff has identified additional, unrelated, changes in applicants' conduct and activity since the initial OL review, none of which have resulted in significant negative competitive impact upon the Illinois bulk power industry.

1. Co-owners Soyland Power Cooperative and Western Illinois Power Cooperative initially agreed to a combined 20% ownership share in the Clinton nuclear plant. Due to cost overruns associated with the construction of the plant, Soyland and WIPCO have placed a dollar limit on their participation in the plant of \$450 million. According to Illinois Power, this sum now amounts to an ownership interest of approximately 18%.

2. During 1983 Illinois Power Co. entered into discussions with the City of Peru, Illinois pursuant to a request by the City to transport energy for the City from its proposed Starved Rock Hydro Plant to the City's distribution facilities. Illinois Power made a proposal to transport the power, however, the City cancelled its plans to build the hydro facility and consequently no transmission agreement was consummated with Illinois Power.

3. Effective June 8, 1983, eight members of the Soyland Power Cooperative, which had been purchasing their wholesale power requirements directly from Illinois Power Co., had their wholesale power

contracts assigned to Soyland (at Soyland's request). Subsequent to this date, these eight distribution coop members have been served directly through the parent, Soyland. The rationale for this change-over, according to Soyland, was to realize administrative efficiencies associated with a more closely monitored power supply for all of its member systems. (Presumably, these administrative efficiencies would become operating efficiencies once Soyland became a generating entity with the commercial operation of the Clinton power station.)

None of these miscellaneous changes have had any significant negative impact on the Illinois bulk power market. Co-owners Soyland and WIPCO have assessed their commitment and ability to financially participate in the Clinton project and have reached a business decision to limit their participation in the plant to \$450 million. Though Illinois Power will retain any ownership rights over and above the Soyland/WIPCO commitment, staff believes that the co-owners made a business decision based upon their ability to pay for their share of the plant and were not pressured into giving up a portion of the plant to Illinois Power. Moreover, the decision by Soyland to consolidate its wholesale power contracts and the decision by the City of Peru not to build a hydro facility have not had significant detrimental effects upon the Illinois bulk power industry.

V. Summary and Conclusion

Staff completed its initial antitrust operating license review of the Clinton Nuclear Power Station (Clinton) in February of 1982. Several changes in the

applicants' activities since the original construction permit (CP) review in 1974 were identified; however, staff concluded that,

"Based upon the successful implementation of CP license conditions and the lack of any detrimental conduct or activity (to the competitive process in central and southern Illinois) on the part of Illinois Power Company, Soyland Power Cooperative or Western Illinois Power Cooperative, staff recommends that no affirmative significant change determination be made pursuant to the application for an operating license for Unit 1 of the Clinton Nuclear Power Station." (Clinton "Finding of No Significant Antitrust Changes," March 11, 1982, Federal Register, p. 10655.)

Since the staff completed its initial antitrust operating license review in February of 1982, there have been construction delays necessitating changes in scheduled fuel load dates for the Clinton plant. Fuel loading is now scheduled for January of 1986, approximately four years after the staff completed its initial antitrust review. Staff felt this four year period created a "review vacuum" and requested updated information from the applicants pursuant to any changed activity since the initial antitrust operating license review.

After reviewing the updated Regulatory Guide 9.3 information and contacting various electric utility representatives in Illinois and other interested parties, staff identified several changes in the applicants' activities (principally those of Illinois Power Company) since the initial operating license review. Many of the changes, e.g., new interconnections and partial requirements wholesale power sales, by Illinois Power Company, represented extensions of those changes identified in the original operating license review and have provided additional procompetitive stimuli to the Illinois

bulk power industry. Smaller power systems in Illinois have been able to successfully "shop" for alternative sources of power and energy. Applicants Illinois Power Company, Soyland Power Cooperative, Inc. and Western Illinois Electric Power Cooperative, Inc. have initiated a study to determine whether or not future jointly owned generating facilities would be economically feasible. New transmission agreements have been consummated between Illinois Power and its wholesale power customers that provide these smaller power systems with the means to take advantage of the benefits normally associated with larger, fully integrated power systems, e.g., access to short term economy and diversity power and energy sales and access to transmission for long term block purchases of power and energy from a number of different power suppliers. Increased coordination between those fully integrated power systems and the smaller, less diversified power systems has led to greater competition in the Illinois bulk power industry. This trend toward greater coordination among industry participants began with the institution of antitrust license conditions at the construction permit review stage.

The changes that have been identified since the construction permit review have by and large provided momentum for greater coordination, and consequently increased competition, between all groups of power supply systems in central and southern Illinois. Staff observed this trend toward increased competition among bulk power suppliers in its initial antitrust operating license analysis. This trend has continued since 1982 and consequently staff sees no reason to change its recommendation that "no affirmative significant change determination be made pursuant to the application for an operating license for Unit 1 of the Clinton Nuclear Power Station."

APPENDIX A

CLINTON NUCLEAR POWER STATION, UNIT 1
ILLINOIS POWER COMPANY, SOYLAND POWER COOPERATIVE, INC. AND
WESTERN ILLINOIS POWER COOPERATIVE, INC.

DOCKET NO. 50-461

FINDING OF NO SIGNIFICANT ANTITRUST CHANGES

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I. Introduction

Unlike the procedure established for review of construction permits, prospective operating licensees are not required to undergo formal antitrust reviews unless the NRC staff¹ has made the determination that there have been "significant changes" in the licensee's activities or proposed activities subsequent to the review by the Attorney General and the Commission at the construction permit (CP) stage.²

The Commission in its recent Summer³ decision has provided the staff with a set of criteria to be used in making the significant change determination for prospective operating license (OL) applicants.

"The statute contemplates that the change or changes, (1) have occurred since the previous antitrust review of the licensee(s); (2) are reasonably attributable to the licensee(s); and (3) have antitrust implications that would most likely warrant some Commission remedy."⁴

To warrant an affirmative significant change finding, i.e., triggering a formal OL antitrust review, the particular change(s) must meet all three of these criteria.

Staff has documented two groupings of "changes" in its analysis of the Clinton OL application that warrant analysis under Summer: 1) those resulting from the

¹This responsibility was officially delegated to the Director of Nuclear Reactor Regulation in a memorandum dated September 12, 1979 from Chairman Hendrie to the Directors of NRR and NMSS.

²Section 105c(2) of the Atomic Energy Act of 1954, as amended.

³Virgil C. Summer Nuclear Station, No. 1, Docket No. 50-395A, dated June 30, 1980.

⁴Summer, p. 7

applicant's CP license conditions; and 2) those not directly resultant from the CP license conditions. Staff has found no change in either group that meets all three Summer criteria and consequently is not recommending a formal OL antitrust review.

To put these changes in prospective, it is helpful to first review the structure of the market pertinent to this review and the basis or benchmark from which change is measured.

II. Structure of the Electric Power Industry in Illinois

The electric power industry in Illinois can be segmented into two portions, that integral to the City of Chicago and its surrounding area, and the remainder of the state.

The Chicago area is serviced by one of the largest domestic electric power companies, Commonwealth Edison Company. The remainder of the state (i.e., from the north central portion, to the southern tip of the state) is serviced by a group of power companies including municipal, cooperative and private power companies.

The relevant marketing area for the Clinton Nuclear Power Station focuses on the central and southern portions of the State of Illinois, i.e., the area in which the incidence of any anticompetitive practices associated with the activities of the Clinton Applicants will have the greatest impact. This is the area in which the three applicants serve and the area where the use of the power and energy generated by the Clinton nuclear plant will be most concentrated.

A. Investor-Owned Utility Systems (IOU)

1. Illinois Power Company (Illinois Power)

Illinois Power, the company responsible for constructing and operating the Clinton plant, is the largest electric utility system in the relevant marketing

area, in terms of owned or controlled generating capacity, high voltage transmission facilities and electric load served. In 1979, Illinois Power had 2,749 Mw of generating capacity; 2,448 miles of transmission lines 69 kv or higher; and a (summer) peak load of 3,019 Mw.

Illinois Power's service area is concentrated in the central and southern portions of the state, where roughly 80% of its revenues are generated--the remainder of the Company's operating revenues comes from properties located in the northern portion of the state. The three geographic service areas are non-contiguous, however they are all linked by company-owned high voltage transmission lines as well as with interconnections to other power companies in the area. (See map of Illinois Power's service area, included as Appendix A.)

Illinois Power's operating revenues for 1979 amounted to \$752 million (approximately 65 percent from electric operations and 35 percent from gas facility operations), with net income of \$91 million.

2. Central Illinois Public Service Company (Central Illinois)

Outside of the Chicago area, in the lower two-thirds of the State, Central Illinois is the second largest IOU following closely behind Illinois Power in generating and transmission facilities owned and electric load served. In 1979 Central Illinois owned or controlled 2,581 Mw of generating capacity; 3,581 miles of transmission line 69 kv or higher; and had a summer peak load of 1,818 Mw. Central Illinois had operating revenues of \$448 million for 1979 and net income of \$67 million.

Central Illinois and Illinois Power are the principal producers of electric power and energy in the southern two-thirds of the state. Each system is fully integrated and the two systems are also interconnected extensively by high voltage and extra high voltage transmission ties.

3. Central Illinois Light Company (Central Illinois Light)

Central Illinois Light's service area is primarily in the central portion of the state centering around the cities of Peoria and Springfield, Illinois. Although the Company is one of the smaller IOUs in the state, it has interconnections with Central Illinois Public Service, Commonwealth Edison, Illinois Power and the City of Springfield electric system to provide for interchange of electric energy on an emergency and mutual help basis.

In 1979 Central Illinois Light had generating capacity of 1,501 Mw, 339 miles of transmission line 69 kv or higher and a summer peak load of 1,055 Mw. The Company's 1979 operating revenues amounted to \$364 million with a net income of \$53 million.

4. Electric Energy, Inc.

The Company was incorporated in Illinois in 1950 by four private utility companies⁶ to supply a specified amount of firm power to an Atomic Energy Commission project near Paducah, Kentucky.

Electric Energy Inc. is interconnected with the four sponsoring companies and with the Tennessee Valley Authority (TVA). Electric Energy, Inc. does not represent an integral competitive system in the area primarily because all power in excess to that supplied to the Federal installation in Paducah is contracted to each of the sponsoring companies in amounts equal to their ownership shares.

In 1979 Electric Energy, Inc. had generating capacity of 1,100 Mw, and 55 miles of transmission lines above 69 Kv. Of the total generating capacity available, 735 Mw has been contracted to the government facility through December 31, 1989. Operating revenues amounted to \$124 million with \$3 million net income for 1979.

⁶The sponsoring companies are: Central Illinois Public Service Company, 20% ownership; Illinois Power Company, 20% ownership; Kentucky Utilities Company, 20% ownership and Union Electric Company, 40% ownership.

Of the 12 investor-owned utilities doing business in Illinois, those mentioned above represent the largest in terms of load served and the most relevant for purposes of assessing competition in the electric power industry in the state outside of the Chicago area.⁷

B. Municipal Electric Systems

Twenty-Three of the thirty-eight municipally owned electric systems in the state possess some degree of self-generation.⁸ Of these twenty-three systems, the largest is that owned and operated by the City of Springfield, Illinois with 530 Mw of capacity in 1979. Most of the remaining generating municipals are very small and typically supply only portions of their loads, purchasing the remainder from other suppliers -- usually the larger IOU's throughout the State. (This is typical of the structural format for the industry nationwide, with the larger private investor-owned companies supplying varying amounts of partial requirement service to the smaller self-generating utilities and full requirements service to those municipals or cooperatives with no generation. There are however, pockets throughout the industry where very large municipal or government systems, e.g., in the City of Los Angeles or the TVA throughout the State of Tennessee respectively, where the private systems do not represent the predominant source of power and energy, but these areas represent exceptions to the norm.) None of the municipal systems in Illinois is a co-owner of the Clinton nuclear plant, however, many of the systems have benefited from the license conditions attached to the Clinton construction permit. See section entitled, "Changes Since the Construction Permit Review."

⁷The other IOU's operating within the state are: Cedar Point Light and Water Company, Mt. Carmel Public Utility Company, Sherrard Power System, South Beloit Water, Gas and Electric Company, Interstate Power Company, Union Electric Company and Iowa-Illinois Gas and Electric Company. (Though most of Electric Energy, Inc.'s load is outside of the state much of the excess capacity produced by the Company goes to members operating in the relevant area.)

⁸See Appendix B for a listing of all municipal generating systems located in the State of Illinois.

C. Cooperative Power Systems (Coops)

There are thirty rural electric coops in the state of Illinois, two of which are co-owners of the Clinton nuclear plant, i.e., Soyland Power Cooperative, Inc. (Soyland) and Western Illinois Power Cooperative, Inc. (WIPCO). The majority of the coops are distribution coops and have no generation or transmission facilities of their own. They are characteristically supplied by the private IOU's or larger generation and transmission (G&T) coops serving in the area.

Presently, there are two G&T coops in the state, WIPCO and the Southern Illinois Power Cooperative (SIPCO). SIPCO had generating capacity of 280 Mw in 1979 with 100 miles of transmission line supplying its three distribution cooperatives at wholesale. In 1979 WIPCO had generating capacity of 57 Mw and 545 miles of transmission line.

Soyland is an organization (which presently has no generation or transmission facilities) set up to acquire a 10.5% interest in Clinton Unit 1. It is comprised of fifteen member distribution coops⁹ located in the central and southern portions of the State of Illinois -- essentially, the non-Chicago area of the State. Once Soyland Power Coop (Soyland) begins taking Clinton nuclear power, it too will function as a G&T coop supplying its member systems with wholesale bulk power.

III. The Construction Permit Antitrust Review

In order to make a "significant change" determination it is necessary to have some benchmark from which to measure "change." A brief resume of the results of the CP review should provide an adequate framework in which change can be measured.

⁹See Appendix C for names and addresses of Soyland members, and Appendix D for names and addresses of WIPCO members.

Illinois Power Company, the principal applicant and operator of the Clinton Plant, applied for a construction permit to build its first nuclear power plant in 1973. Like all other non-grandfathered nuclear applicants (those applicants seeking CPs or OLs after the 1970 amendment), Illinois Power had to undergo an antitrust review at the CP stage to insure that its activities in connection with the construction of the plant did not "create or maintain a situation inconsistent with the antitrust laws" -- as prescribed by Sec. 105c of the amended Atomic Energy Act of 1954.

During the review process, the staff's of the Department of Justice (DOJ) and the AEC/NRC became aware of certain allegations of misconduct by Illinois Power in conjunction with its dealings with cooperative and municipal power systems in or adjacent to Illinois Power's service area. These concerns were addressed by the Department in a letter to the AEC requesting additional information from the Applicant:

"Among the alleged matters with possible antitrust implications which the Department [of Justice] seeks to clarify by means of the requested documents are: refusals of the Applicant to interconnect with other electric utilities on reasonable terms; efforts to preclude development of alternative bulk power supply sources by others; acquisitions of other electric utilities; refusals to wheel power for small systems; allocation of territories and restrictions on end use of purchased power."¹⁰

After submitting additional clarifying data in response to DOJ's document request and after the anticompetitive concerns were aired, the Applicant agreed to a set of policy commitments that were attached as license conditions to its construction permit for Units 1 and 2 of the Clinton nuclear plant.

¹⁰Letter dated January 24, 1974 from Thomas Kauper, Assistant Attorney General, (signed by Joseph Saunders) to Howard Shapar, Assistant General Counsel, AEC.

Generally, the policy commitments addressed the following areas:¹¹

- a. Illinois Power (Company) will interconnect with any neighboring entity and will assist in coordination of reserves and the sale of emergency and maintenance power to interconnected entities;
- b. Interchange arrangements between the Company and neighboring entities will not include restrictive provisions which would preclude a party from engaging in interconnection and coordination arrangements with others;
- c. Interconnections will be available for a neighboring electric system on any of the Company's installed transmission and subtransmission facilities;
- d. The Company will afford an opportunity to participate to any neighboring electric system that makes a timely request therefor in the ownership (or unit power purchase) of the Clinton nuclear plant or any other nuclear plant owned by the Company which is scheduled for commercial operation prior to January 1, 1989;
- e. The Company will sell bulk power to any neighboring electric system with no restriction upon use or resale;
- f. The Company will wheel power over its transmission facilities; and,
- g. The Company will include in its planning and construction programs sufficient transmission capacity to provide for the wheeling requirements of neighboring electric systems.

Subsequent to Illinois Power agreeing to the antitrust policy commitments listed above, the Department of Justice issued its CP advice to the Commission by letter dated April 29, 1974. The letter concluded as follows:

¹¹See Appendix E for complete listing of all of the antitrust conditions attached to the Clinton construction permit.

"In our opinion, these policy commitments should provide competitors of Applicant with competitive alternative sources of bulk power supply and substantially eliminate the grounds on which complaints made to the Department by smaller systems were based. On the strength of these policy commitments, and with the expectation that the Commission will include them as conditions to the license, we conclude that an antitrust hearing will not be necessary with respect to the instant application."¹²

The Attorney General's advice letter was published in the Federal Register in May of 1974. Since no petitions to intervene were received, the CP antitrust review effectively ended with the publication of the Attorney General's advice letter, although the construction permit was not issued until February of 1976.

IV. Changes Since the Construction Permit Review

The Commission's Regulatory Guide 9.3 for OL applicants requests data pertaining to changed activities since the CP antitrust review:

"This regulatory Guide identifies the type of information that the Regulatory staff considers germane for a decision as to whether a second antitrust review is required at the operating license stage."

By letter of May 23, 1980 the principal applicant, Illinois Power Company, submitted on behalf of itself and as agent for the co-owners, Soyland Power Coop. and Western Illinois Power Coop., responses to the Commission's 9.3 data request.

From staff's review of the 9.3 data response and analysis of various public information sources, two distinct types of "changes" since the CP review

¹²Appendix E, DOJ "advice" letter dated April 29, 1974, pp. 4-5.

have been isolated: 1) changes resultant from implementation of CP license conditions; and 2) changes not directly related to the CP license conditions.

A. Changes Resulting from License Conditions

Many of the changed activities which have occurred in the Illinois electric power industry since the CP antitrust review have resulted from extensive negotiations between the larger IOU's, the smaller municipal and cooperative systems and various governmental agencies concerning various forms of coordination and power supply.¹³ The fruits of these negotiations have been realized by many of the smaller systems in the area. For example:

- 1) Several municipal generating systems have obtained interconnection agreements with Illinois Power Company, agreements that were similar to those Illinois Power already had with its neighboring investor-owned electric systems. Although the interconnection agreements were implemented after the CP review terminated in 1974, they were directly related to requirements imposed by license conditions negotiated during the CP antitrust review;
- 2) The same municipals which sought interconnection agreements from Illinois Power have recently opted to take partial requirement wholesale service rather than taking service under the provisions of the previously negotiated interconnection agreements. This represents a new option for these systems;
- 3) Illinois Power entered into an interconnection agreement with the electric system operated by the City of Springfield, Illinois;
- 4) Two smaller power companies, Soyland and Western Illinois Power Coops, have purchased ownership shares of the Clinton Nuclear Plant, thereby sharing in the benefits of a large, fuel efficient baseload power plant;

¹³Illinois Power is also currently involved in several rate proceedings with various Illinois municipals before the FERC. These issues were current during the CP review and consequently do not involve changes since that review. For a brief description of these proceedings, see Appendix F.

- 5) The City of Waterloo, Illinois opted for a partial requirement wholesale power agreement rather than agreeing to an offer of purchase (of its electric system) by Illinois Power;
- 6) Illinois Power received interconnection requests from the Villages of Flora and Chatam, Illinois and from the Farmer City, Illinois electric system;
- 7) The City of Springfield, Illinois has approached WIPCO regarding possible participation in a joint generating plant; and,
- 8) As a result of WIPCO's 138 kv tie with Illinois Power in 1978, the Coop became a member of NAPSIC (North American Power Systems Interconnection Committee) a data gathering organization formed to ensure acceptable levels of operation and reliability of its members.

Although the above changes have occurred subsequent to the CP antitrust review, they were anticipated during that review as reflected in the CP license conditions. Thus, in so far as the changes are consistent with those license conditions, they do not connote changes in the "proposed activities" of the Applicant. Consequently, staff needs only to assure itself that these changes are indeed consistent with the license conditions.

As discussed earlier, the license conditions attached to the Clinton construction permit were structured to remedy certain allegations of anticompetitive conduct by Illinois Power. Generally, the license conditions were designed to increase the alternatives and opportunities of smaller systems in central and southern Illinois in their quest in seeking and obtaining sources of power supply, and specifically to facilitate both the sharing of nuclear power and the ancillary functions of power supply that make baseload nuclear desirable. By increasing coordination between the various industry participants (notably the large and small systems), the newly acquired competitive alternatives listed above, have become significant (beneficial) determinants in the planning processes of smaller power systems in central and southern Illinois. Moreover, the implementation of the license conditions has had positive performance effects

on the availability of bulk power supply in central and southern Illinois, and should any antitrust significance be attributed to these activities, it would be constructive, i.e., not requiring any remedial action by the Commission.

B. Changes Not Resulting from License Conditions

There have been changes in the electric power industry in central and southern Illinois not directly attributable to the Clinton CP license conditions. These changed activities, documented by the 9.3 response, have not detrimentally affected the competitive process among electric power systems in the relevant marketing area. Moreover, these changed activities have had no negative anti-trust implications that would trigger a "significant change determination" as interpreted by the Commission in Summer. The changes are as follows:

- 1) The addition of new members to the Mid-American Interpool Network (MAIN):
 - a) The Municipal Electric Utilities of Wisconsin,
 - b) Soyland Power Cooperative, Inc., and
 - c) Western Illinois Power Cooperative, Inc.

Normally, the addition of new members to operating power pools directly increases the coordination and cooperation among power systems in common or adjacent marketing areas. Even though the MAIN pool is basically a regional planning organization with little or no control over the operating practices of its members, the addition of the three new systems will enable them to participate in periodic planning sessions among regional systems and generally become more familiar with new generation and transmission planned for the area. The admission of these new members to MAIN is a change since the CP review, however, this change is procompetitive and consequently does not satisfy the remaining two Summer criteria, i.e., attributable to the applicant and having negative antitrust implications;

- 2) Joint planning among Soyland Power Coop., Western Illinois Power Coop. and Southern Illinois Power Coop.:

These three G&T cooperatives (Soyland will become a G&T once it begins to receive Clinton power) have joined together to discuss the possibility of constructing various size coal-fired generating plants in the late 1980s. Soyland has already contracted with the Peabody Coal Company for a one billion dollar, thirty year supply of coal for its plant to be built in Pike County, Illinois in the late 1980s.¹⁴

This type of joint planning and development is indicative of competitive forces at work within the bulk power market. By joining forces, these relatively small power suppliers are able to build a generating plant that will provide the benefits of large baseload power normally reserved for the large IOUs in the industry. The increase in coordination, and cooperation among these firms has provided more meaningful competition between the large and the not so large power generating systems in central and southern Illinois. Only the first Summer criterion is met by this change, i.e., the planning has occurred since the CP review. The joint planning is not attributable to the applicant nor does it carry any negative antitrust implications that would likely be remedied by the Commission.

- 3) Illinois Power's new retail rate structure was redesigned to encourage off-peak usage on its system. Many systems throughout the country have instituted this retail rate structure in an attempt to ward off or delay construction of costly new generating plants and to level their system loads throughout the year. The Commission has no jurisdiction over retail rate structure and would not likely impose any remedy if a dispute over retail rates ever arose. (Certain rate conflicts may fall within the purview of the Commission, e.g., when a wholesale rate and a retail rate are manipulated by an applicant to impose a "squeeze" on customers, however, this is not the case with the change instituted by Illinois Power);

¹⁴See the April 10, 1981 issue of the Wall Street Journal.

- 4) Illinois Power has made offers to acquire three electric power systems since the completion of the CP review: the City of Waterloo, the Village of Ladd and the private system supplying the City of Mt. Carmel (all Illinois systems). In view of Illinois Power's history of acquiring smaller electric systems in its area, it is important to fully consider these proposals, particularly in the context of the third Summer criterion, i.e., negative antitrust implications.

Prior to the institution of the CP license conditions, Illinois Power's prospective acquisition partners did not have the option of purchasing partial requirements power and thereby remaining more viable, independent power entities while at the same time meeting the future needs of their customers. The Clinton license conditions provided the smaller systems in the relevant marketing area with an alternative to acquisition. The municipal systems located in central and southern Illinois can now conduct feasibility studies and determine if they can provide efficient and reliable service to their customers with various forms of support available from Illinois Power Co., without being acquired by Illinois Power. (Support Illinois Power has offered other interconnected systems in its area for years.) However, if these studies indicate that remaining in the electric power industry is no longer feasible for the municipal, they may then choose to sell out to Illinois Power.

The systems serving Mt. Carmel and the Village of Ladd are very small and the City of Waterloo has exercised its recently obtained option and requested a partial requirement service agreement from Illinois Power, in lieu of being acquired, under the negotiated "Agreement for Purchase of Power," dated May 1, 1979. In this light,

Illinois Power's recent overtures to purchase the electric facilities in Ladd, Waterloo and Mt. Carmel do meet the first two Summer criteria -- the activity has occurred since the CP review and is attributable to the Applicant -- however, the proposed acquisitions do not appear to detrimentally affect the competitive process in central and southern Illinois -- thereby failing to meet the third Summer criterion dealing with significant antitrust implications capable of being remedied by the Commission. Consequently, these overtures of acquisition do not invoke a significant change determination; and lastly,

- 5) A group of time-related changes has been documented since the CP antitrust review. This grouping of changed activity is characterized by variations in system load and individual growth patterns and is largely dependent upon economic conditions within the service area of each individual system. These changes are as follows:
 - a) Western Illinois Power Coop (WIPCO) has planned to add new generating capacity to its system by adding a new 100 Mw coal plant in 1988;
 - b) WIPCO reduced the size of a newly planned turbine plant from 75 Mw to 72 Mw and slipped the planned on line date from 1985 to 1986;
 - c) WIPCO's projected annual load factor for 1979 was projected in 1973 at 53, however, the actual load factor for the system for 1979 was 50.9;
 - d) WIPCO's peak load increased from 42 Mw in 1978 to approximately 45 Mw in 1979;
 - e) Illinois Power's peak load and generating capability have changed since 1976. Net generating capability increased from approximately 3,400 Mw in 1976 to approximately 3,800 Mw in 1980, while peak load increased from 2,570 Mw to 3,150 Mw over the same period; and,

- f) Soyland Power Cooperative has announced plans to construct a baseload coal-fired plant in Pike County, Illinois to go on line in the late 1980s.

The above changes meet the first two Summer criteria but not the third, i.e., the changes have occurred since the CP review and are attributable to the Applicant(s), however, none of the changes has negative antitrust implications and would not require Commission remedy.

In sum: within the two groups of changes, those related and those unrelated to CP license conditions, staff has not identified any instances that satisfy all three of the Summer criteria. Consequently, it is the staff's opinion that no affirmative significant change determination be made pursuant to Applicants' application for an OL for the Clinton nuclear plant.

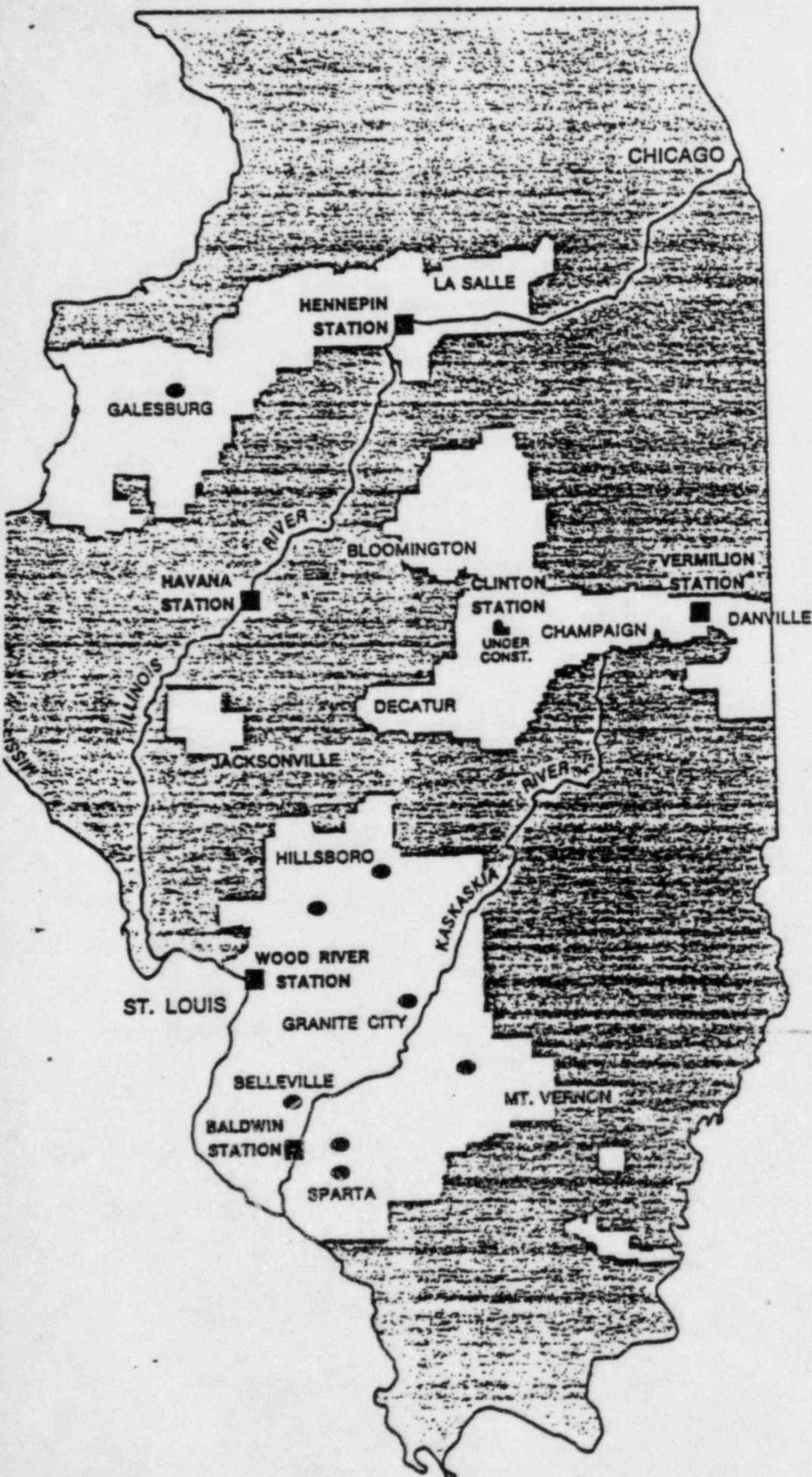
V. Summary and Conclusion

The principal applicant, Illinois Power Company, represents the largest power system in the relevant marketing area. Additions of large baseload power plants and increases in accompanying transmission facilities generally tend to increase the oversight or planning role of the larger systems in a particular marketing area, i.e., usually enhancing any existing market power of the system.

By subjecting all nuclear applicants to an antitrust review at the CP stage, the NRC via its Section 105c charge, prevents the economies associated with large baseload nuclear plants from being captured by only the largest power systems throughout the country, thereby thwarting increases in existing market power. During the Clinton CP antitrust review, it became apparent that Illinois Power had been less than cooperative with smaller power systems in its service area and adjacent areas. Consequently, a set of antitrust license conditions was attached to the Clinton construction permit which was designed to implement greater coordination between Illinois Power and smaller municipal and cooperative systems in the relevant area - thereby furthering the competitive process among these same power systems. The economies associated with the Clinton nuclear plant and those linked to Illinois Power's integrated network of power supply were subsequently made available to smaller systems in the area.

Staff has identified a number of changes that, (1) have occurred since the construction permit antitrust review, and (2) are reasonably attributable to the licensee(s). However, many of these changes are in conformance with the construction permit antitrust license conditions and have had positive performance effects on the availability of bulk power supply and on competition in the area generally. Other changes which have occurred, have not had significant negative antitrust implications that would likely warrant a Commission remedy, and therefore do not warrant a significant change finding.

Based upon the successful implementation of CP license conditions and the lack of any detrimental conduct or activity (to the competitive process in central and southern Illinois) on the part of Illinois Power Company, Soyland Power Cooperative or Western Illinois Power Cooperative, staff recommends that no affirmative significant change determination be made pursuant to the application for an operating license for Unit 1 of the Clinton Nuclear Power Station.



LEGEND



AREA SERVED



MAJOR GENERATING STATION



NUCLEAR GENERATING STATION



GAS STORAGE FIELD

Appendix B - Municipal Generators in Illinois*

Altamont Municipal Electric Light Plant
Batavia Municipal Electric System
Breese Water and Light Department
Bushnell Municipal Electric Light and Power Utility
Carlyle Municipal Utilities
Carmi Water and Light Department
Fairfield Municipal Electric Department
Farmer City Electric System
Freeburg Municipal Light Plant
Geneseo Municipal Utilities
Highland Electric Light Department
Marshall Water and Light Department
Mascoutah Municipal Light Department
McLeansboro Municipal Light and Water Plant
Peru Municipal Electric
Princeton Municipal Utilities Department
Rantoul Light and Power Department
Red Bud Municipal Power Plant
Rochelle Municipal Utilities
Springfield Water, Light and Power Department
Sullivan Electric Department
Waterloo Light and Power
Winnetka Electric Department

* Source: Electrical World Directory of Electric Utilities, 1979-80, 8th Edition.

APPENDIX C

SOYLAND POWER COOPERATIVE, INC.

Cooperative Members

<u>Name</u>	<u>Address</u>
Clay Electric Co-operative, Inc.	P. O. Box 517 Flora, Illinois 62839
Clinton County Electric Cooperative, Inc.	P. O. Box 40 475 N. Main Street Breese, Illinois 62230
Coles-Moultrie Electric Cooperative, Inc.	P. O. Box 709 East Route 316 and Logan Street Mattoon, Illinois 61938
Corn Belt Electric Cooperative, Inc.	P. O. Box 816 1502 Morrissey Drive Bloomington, Illinois 61701
Eastern Illinois Power Cooperative	P. O. Box 96 330 West Ottawa Street Paxton, Illinois 60957
Edgar Electric Co-operative Association	P. O. Box 190 RFD 6 Paris, Illinois 61944
Farmers Mutual Electric Company	P. O. Box 43 1004 S. Chicago Street Geneseo, Illinois 61254
Illini Electric Cooperative	P. O. Box 637 1605 S. Neil Street Champaign, Illinois 61820
Illinois Valley Electric Cooperative, Inc.	P. O. Box 70 Princeton, Illinois 61356
McDonough Power Cooperative	P. O. Box 352 West Jackson Road Macomb, Illinois 61455
Monroe County Electric Co-operative, Inc.	P. O. Box 128 Illinois Route 3 and Country Club Lane Waterloo, Illinois 62298

Name

Address

Shelby Electric Cooperative

P. O. Box 368
Route 128 and North 6th Street
Shelbyville, Illinois 62565

Southwestern Electric Cooperative,
Inc.

P. O. Box 409
South Elm Street and Route 40
Greenville, Illinois 62246

Tri-County Electric Cooperative,
Inc.

P. O. Drawer 309
3906 N. Broadway
Mt. Vernon, Illinois 62864

Wayne-White Counties Electric
Cooperative

P. O. Drawer E
West Highway
Fairfield, Illinois 62837

APPENDIX D

WESTERN ILLINOIS POWER COOPERATIVE, INC.

Cooperative Members

<u>Name</u>	<u>Address</u>
Adams Electrical Co-Operative	P. O. Box 247 Camp Point, Illinois 62320
Illinois Rural Electric Co.	2-12 South Main Street Winchester, Illinois 62694
M.J.M. Electric Cooperative, Inc.	P. O. Box 219 Carlinville, Illinois 62626
Menard Electric Cooperative	P. O. Box 279 Petersburg, Illinois 62675
Rural Electric Convenience Cooperative Co.	P. O. Box 9 Auburn, Illinois 62615
Spoon River Electric Co-operative, Inc.	930 South Fifth Street Canton, Illinois 61520
Western Illinois Electrical Coop.	P. O. Box 338 Carthage, Illinois 62321

APRIL 29, 1974.

Section 427.13 What taxable. All other property, real or personal, is subject to taxation in the manner prescribed, and this section is also intended to embrace:

1. Ferry franchises and toll bridges, which, for the purpose of this chapter are considered real property.

Reading all of the quoted provisions of the Iowa Code in context, it seems clear that the Code in effect gives the City the discretion to permit taxation of a bridge if such bridge is otherwise exempt from taxation, but the Code does not exempt bridges which are held for profit; rather the Code specifically includes as taxable real property all bridges except those municipally owned and not held for profit. I conclude that the taxes paid to Lee County constitute an item that is properly chargeable as a bridge expense.

Although the tax is clearly chargeable as a bridge cost, the amount of the expense should be reduced to the extent that the tax was actually refunded to the City. For it is shown in the City brief that 32.5 percent of the 1972 levy was paid over to the City, thereby constituting an effective refund of that much of the expense. Accordingly, the claimed expense should be reduced in the amount of \$14,239.

Other expenses. The claimed expenses include an item of \$3,600 which was a contribution to a recreation fund and is clearly not an expense properly chargeable to the bridge. The Federal Highway Administration also criticized an expense item of \$6,042 in attorney's fees. The record does not show how much, if any, of said fees were for the non-recurring expense of prosecuting this case. No other basis is shown for excluding what is otherwise uncontested as an actual expenditure; I conclude that it is properly chargeable as an expense.

The complainants argue generally what is unavailable in theory, i.e., that funds spent for non-bridge purposes cannot be considered as expenses when fixing rates. However, with the exceptions already listed, complainants pointed to no item of the claimed expenses in Exhibit A-1 which constitute such an expenditure for non-bridge purposes. Accordingly, I find that the properly chargeable bridge related costs for the year 1972 were as follows:

Claimed expenses.....	\$282,587
Add: Depreciation expense.....	13,285
Total	295,872
Less: Refund of Lee County.....	17,839
Tax paid.....	14,239
Recreation fund.....	3,600
Total bridge related costs.....	278,033

The City introduced an exhibit summarizing its claimed costs during recent years and points out that those costs have been increasing steadily while revenues have remained almost constant. On the basis of this showing, the City argues that in fixing rates for the future, it is not reasonable to consider only past costs and that some consideration should be given to anticipated increases. Accordingly, the City accounting witness projected future costs based upon an assumed continuing of the same rate of increase as has been experienced in the recent past. In my opinion this projection is too speculative to be given effect in definite findings herein.

REASONABLENESS OF TOLLS

The total, reasonable bridge revenue needs of the City for the present are ascertained by adding to the total 1972 costs, \$278,033, the

return on investment found herein to be reasonable, \$116,000. The combined total is \$394,033.

As already stated, the total revenues received in 1972, both from highway and from railroad tolls, as well as miscellaneous income, amounted to only \$359,947, and that sum was insufficient to provide the return found herein to be reasonable. Accordingly, it must be considered that the present toll structure is not excessive.

Upon all the evidence I find that the assessed rates of toll for the transit of the Mississippi River via the Keokuk bridge have not been shown to be unjust or unreasonable within the meaning of the General Bridge Act of 1906.

[FR Doc.74-10335 Filed 5-3-74; 8:45 am]

ATOMIC ENERGY COMMISSION

[Docket No. 50-412A]

DUQUESNE LIGHT CO., ET AL

Assignment of Members of Atomic Safety and Licensing Appeal Board

In the matter of Beaver Valley, Unit 2, Notice is hereby given that, in accordance with the authority in 10 CFR 2.787(a), the Chairman of the Atomic Safety and Licensing Appeal Panel has assigned the following panel members to serve as the Atomic Safety and Licensing Appeal Board for this anti-trust proceeding:

Alan S. Rosenthal, Chairman
Michael C. Farrar, Member
William C. Parler, Member

Dated: April 30, 1974.

MARGARET E. DU FLO,
Secretary to the Appeal Board.

[FR Doc.74-10285 Filed 5-3-74; 8:45 am]

[Docket Nos. 50-461A and 50-462A]

ILLINOIS POWER CO.

Receipt of Attorney General's Advice and Time for Filing of Petitions to Intervene on Antitrust Matters

The Commission has received, pursuant to section 105c. of the Atomic Energy Act of 1954, as amended a letter of advice from the Attorney General of the United States, dated April 29, 1974, a copy of which is attached as Attachment 1.

Any person whose interest may be affected by this proceeding may, pursuant to §2.714 of the Commission's "Rules of Practice," 10 CFR Part 2, file a petition for leave to intervene and request a hearing on the antitrust aspects of the application. Petitions for leave to intervene and requests for hearing shall be filed by June 5, 1974, either (1) by delivery to the AEC Public Document Room at 1717 H Street, NW., Washington, D.C., or (2) by mail or telegram addressed to the Secretary, U.S. Atomic Energy Commission, Washington, D.C., 20545, Attn: Chief, Public Proceedings Branch.

For the Atomic Energy Commission.

ABRAHAM BRAITMAN,
Chief, Office of Antitrust & Indemnity, Directorate of Licensing.

Illinois Power Company, Clinton Power Station, Units 1 and 2; AEC Docket Nos. 50-461A and 50-462A; Department of Justice File No. 60-415-67.

You have requested our advice pursuant to the provisions of section 105 of the Atomic Energy Act, as amended, in regard to the above-cited application.

Introduction. This is an application to construct two nuclear electric generating units each with a nominal rating of 950 megawatts of capacity, to be located at a site in East Township, DeWitt County, Illinois. Units 1 and 2 are tentatively scheduled to commence commercial operation in 1980 and 1982, respectively. The units are to be integrated with Applicant's electric bulk power supply system and the power marketed as a portion of its system output.

Applicant. Applicant is the second largest electric utility in the state of Illinois. Its 1972 peak load was 2,127 mw; its generating capacity at that time consisted of 2.4 mw dependable capacity of hydroelectric generating resources and 2,193.6 mw dependable capacity of thermal generating resources.

Applicant's peak load is expected to double in the next 10 years, and it has planned or under construction additional generating capacity to increase its dependable system capacity to 5,756 mw by 1982. Clinton Units 1 and 2 form the major part of this projected increased capacity.

Applicant has high voltage or extra high voltage (ehv) interconnections to a number of major systems adjacent to its service area, including Commonwealth Edison Co., Union Electric Co., Central Illinois Public Service Co. (CIPS), and Central Illinois Light Co. Together with Union Electric Co., and Central Illinois Public Service Co., Applicant participates in the Illinois-Missouri Pool (Ill-Mo). Through Ill-Mo and other interconnection and coordination agreements, Applicant engages in a significant degree of coordinated planning, operation, and development of its bulk power supply system.

Applicant is also a member of the Mid-American Interpool Network (MAIN), a regional reliability council.

Structure of the Bulk Power Market in Illinois. Commonwealth Edison, serving principally in the northern one-third of Illinois, is by far the largest supplier of electricity in the state. With a 1972 peak load of 11,730 mw, Commonwealth Edison is more than five times as large as Applicant, its nearest Illinois competitor.

Applicant and Central Illinois Public Service Co. (peak load 1,394 mw) through a patchwork design of service areas, are the dominant suppliers of electricity, both at wholesale and retail, in the lower two-thirds of Illinois. Each system is fully integrated with high voltage and ehv interconnections with each other and with neighboring systems. The two systems maintain a dominant position in generation and transmission, in their service areas. A smaller privately-owned utility, Central Illinois Light Co. (peak load 791mw), serves in two areas in the central part of the state.

See the Department's Letters of Advice to the Commission concerning Commonwealth Edison's LaSalle County Units 1 and 2, AEC Docket Nos. 50-373A and 50-374A, Department of Justice File No. 60-415-41, December 20, 1972, and Byron Station, Units 1 and 2, Braidwood Station, Units 1 and 2, AEC Docket Nos. 50-454A, 50-455A, 50-556A, and 50-557A, March 4, 1974.

Union Electric Co. (a large Missouri-based utility), Interstate Power Co., Sherrard Power System, and Iowa-Illinois Gas and Electric Co. serve small geographical areas along the western border of Illinois.

Rural electric cooperatives cover all of Illinois geographically but serve mainly in rural areas in the southern three-quarters of the state. Twenty-seven distribution cooperatives and two generation and transmission cooperatives (Western Illinois Power Cooperative and Southern Illinois Power Cooperative) comprise the membership of the Association of Illinois Electric Cooperatives.

Western Illinois Power Cooperative serves several distribution cooperatives in the western-central portion of the state. Its generation is sufficient to supply approximately 20-35 percent of its load. The remainder is purchased at wholesale from Applicant and CIPS in approximate ratios of 40 percent and 60 percent respectively.

Southern Illinois Power Cooperative generates roughly 100 mw from three units. This G&T serves exclusively the three southernmost cooperatives with their entire supply of bulk power.

Other distribution cooperatives purchase bulk power entirely from Applicant, entirely from CIPS, or partially from both.

Illinois contains a number of municipal electric systems, many of which are located in or adjacent to Applicant's service area. Applicant supplies the total bulk power requirements of two such municipal systems, the Oglesby Light and Power Department and the Village of Ladd Electric Department. Several other municipal systems presently operate on an isolated basis, each supplying its total requirements from small generating units.

Results of Antitrust Review. In the course of our antitrust review, certain allegations were received by the Department the general import of which was that Applicant has used its dominant position in generation and transmission in its service area to restrain the competitive opportunities of smaller systems. For its part, Applicant has denied that its policies and practices have been or are inconsistent with the antitrust laws. However, in order to eliminate any questions as to the policies that it intends to follow during the period of the Clinton license, Applicant has formalized its policies and indicated its willingness to have them included as conditions to the license. These policies are set out in the attachment to the letter of Applicant's vice president, dated April 5, 1974, which is attached hereto.

In our opinion, these policy commitments should provide competitors of Applicant with competitive alternative sources of bulk power supply and substantially eliminate the grounds on which complaints made to the Department by smaller systems were based. On the strength of these policy commitments, and with the expectation that the Commission will include them as conditions to the license, we conclude that an antitrust

*Applicant also supplies the entire bulk power requirements of the Cedar Point Light and Water Co., a small privately-owned utility (peak load 378 kw).

*These municipal systems include the Cities of Peru, Altamont, Breese, Bushnell, Carlyle, Freeburg, Highland, Mascoutah, Princeton, Red Bud, Sullivan, and Waterloo, Illinois, which are presently complainants in a proceeding before the Federal Power Commission (City of Peru, et al., FPC Docket No. E-7514, filed December 5, 1969) in which they are seeking an order from the FPC directing Applicant or CIPS to interconnect with their facilities.

hearing will not be necessary with respect to the instant application.

April 5, 1974.

Illinois Power Company, Clinton Power Station, Units 1 and 2; AEC Docket Nos. 50-461A and 50-462A; Department of Justice File No. 60-415-67.

We set forth as Appendix A to this letter a statement of policy of Illinois Power Company concerning bulk power supply arrangements with neighboring electric systems which it is prepared to make in connection with its Clinton Power Station Units 1 and 2. (The definitions contained in the statement are intended to apply also to the text of this letter.) This commitment is made by the Company with the understanding that the Department of Justice will recommend to the Atomic Energy Commission that an antitrust hearing will not be required in connection with the licensing of the Company's Clinton Power Station Units 1 and 2. On this basis, the Company agrees that its policy statements may be included as conditions to the construction permits and operating licenses to be issued by the Atomic Energy Commission with respect to these units.

The Company believes and maintains that its rate and service policies and practices have been and are consistent with antitrust laws as they may be applied to the Company. The Company understands that certain information has been received by and allegations have been made to the Antitrust Division which may raise certain possible antitrust questions. While the Company is confident that any such questions can be satisfactorily answered, the Company desires to avoid the possibility of having to seek their resolution in an antitrust hearing. It therefore has determined to make the statement of policy and commitment expressed herein.

Paragraph 7 of the statement of policy applies to any additional nuclear generating unit of the Company which, in an application to the Atomic Energy Commission, is scheduled to commence commercial operation prior to January 1, 1980. The Company does not, however, have any present plans for any nuclear generating units in addition to Clinton Power Station Units 1 and 2.

A question has been raised concerning the application of the Company's Service Classification 40 (Wholesale Electric Service for Resale). The Company does not regard a wholesale customer to be limited by that rate as to the areas in which it furnishes electric service or as to the number and location of delivery points for receiving service. If the Company were to receive a request from a neighboring electric system for the purchase of electric service for resale which is not presently a customer of the Company, the Company would sell power to that system either pursuant to Service Classification 40 as it may be amended in the particular circumstances or pursuant to new rate schedules as may be accepted or approved by the Federal Power Commission and any other regulatory authority having jurisdiction.

APPENDIX A

ILLINOIS POWER COMPANY

Statement of Policy Concerning Bulk Power Supply Arrangements with Neighboring Electric Systems in Connection with Clinton Power Station Units 1 and 2

April 5, 1974.

1(a). "Company" means Illinois Power Company and includes each present or future wholly-owned subsidiary of the Company and any successor to it.

1(b). "Costs" means all operating and

maintenance expenses, capital costs and a reasonable return on investment which are properly applicable to the particular transaction and the facilities involved in that transaction.

1(c). "Neighboring electric system" means (i) a financially responsible business corporation, not-for-profit corporation, rural electric cooperative, municipal corporation or organized under the laws of the State of Illinois, company, association, joint stock company, firm, partnership, or person owning or operating, or proposing bona fide and in good faith to own or operate, facilities for the generation, transmission or distribution of electricity for bulk power supply, (ii) whose facilities are or will be located in the State of Illinois, (iii) whose facilities are interconnected, or are proposed to be interconnected, for the purpose of carrying out one or more of the transactions referred to herein with facilities of the Company (provided that any proposed interconnection shall be lawful and feasible), and (iv) which is or will be a public utility under the laws of the State of Illinois or the Federal Power Act and is or will be providing electric service under a contract or rate schedule on file with and subject to the regulation of the Illinois Commerce Commission or the Federal Power Commission. The requirement that a neighboring electric system shall be a public utility does not apply to a rural electric cooperative or a municipal corporation but will apply to a rural electric cooperative or a municipal corporation if at a future date it is included within the definition of "public utility" under the Illinois Public Utilities Act or under a similar act. (The definition of neighboring electric system includes systems which meet the above requirements either now or in the future.)

1(d). "Neighboring entity" means a neighboring electric system owning or operating, or proposing bona fide and in good faith to own or operate, facilities for the generation of electricity for bulk power supply.

2. The broad purposes of any interchange or other arrangement for bulk power supply transactions between the Company and a neighboring electric system are to improve the reliability and quality of service, to avoid the duplication of facilities, and to minimize costs. Any such arrangement will involve planning by the parties and should be technically and economically feasible and practical. The arrangement should also be reciprocal as nearly as may be although it is recognized that, in any particular arrangement, the benefits may not be equal or identical for each party and that a smaller electric system may realize benefits which are greater than those realized by a larger system. No party should be obligated to enter into an arrangement if it would realize no net benefits from the arrangement, or if the arrangement would result in net burdens to the party. The policies herein expressed cannot be implemented unilaterally by the Company. If an arrangement between the Company and a neighboring electric system is to be successful and is to operate in the public interest, it must be negotiated and performed in good faith and with full cooperation by the parties to it. No party should capriciously reject a proposal submitted by another party and the Company and neighboring electric systems should give reasonable consideration to proposals made by each other.

3. The Company will interconnect with any neighboring entity in order that the parties may seek and realize all benefits practicable to be effected through the coordination and development of their respective systems and in carrying out various interconnection services and transactions. The Company will assist to the fullest extent feasible any neigh-

boring entity in the coordination of reserves through the sale and purchase of emergency energy and maintenance power upon terms that will provide for the full compensation of the Company's costs. No party shall be required to provide emergency energy or maintenance power if to do so will impair the supplying party's ability to render adequate and reliable service to its customers or to discharge its prior commitments, if any, to other electric systems.

4. The Company and the neighboring entity shall each provide sufficient capacity (which may include firm contracted for capacity) in its system to enable it to carry its planned for peak demand plus an adequate reserve. An adequate minimum reserve requirement shall be mutually determined from time to time as a percentage of planned for peak demand (unless otherwise agreed) and shall take into account such reserve criteria as the nature of the respective systems and planned for peak demand require in order to assure reliability of service and an equitable sharing of reserve responsibility. Each party shall provide such amount of spinning reserve as shall avoid the imposition of an unreasonable demand on the system of the other party. However, such spinning reserve requirement shall not exceed the minimum installed reserve requirement. If over a reasonable period, a party has failed to deliver emergency energy, or if a party has appeared to make excessive calls for emergency energy, the parties shall jointly study the matter for the purpose of determining the adequacy or inadequacy of the reserve generating capacity and transmission facilities being provided to meet the requirements of the interconnected systems and of determining the manner of correcting any deficiencies.

5. The agreement for the interchange arrangement between the Company and a neighboring entity will not include restrictive provisions which would preclude a party from engaging in interconnection and coordination arrangements with others, but may include appropriate provisions to assure (i) that the Company receives adequate notice of such additional interconnection or coordination, (ii) that the parties will jointly consider and agree upon such measures, if any, as are reasonably necessary to protect the reliability of the interconnected systems and to prevent undue burdens from being imposed on any system, and (iii) that the Company will be fully compensated for its costs. Good industry practice as developed in the area from time to time (if not unreasonably restrictive) will satisfy this provision.

6. Interconnections will be available for a neighboring electric system on any of the Company's installed transmission and sub-transmission facilities if the proposed interconnection is technically and economically feasible and the Company is fully compensated for its costs. Interconnections will not be limited to low voltages when higher voltages are available from the Company's installed facilities in the area where the interconnection is desired. Control and telemetering facilities shall be provided as required for the safety and reliability of the interconnected systems.

7. The Company will afford an opportunity to participate to any neighboring electric system that makes a timely request therefor in the ownership of, or purchase of unit participation power from, Clinton Power Station Units 1 and 2, and any additional nuclear generating unit which the Company may construct, own, and operate and which in the application filed with the Atomic Energy Commission, or any successor agency, is scheduled for commercial operation prior to January 1, 1980, to a reasonable extent and on reasonable terms and

conditions and on a basis that will fully compensate the Company for its costs incurred and to be incurred and that will not adversely affect the financing of such power station. The request shall be deemed timely with respect to Clinton Power Station Units 1 and 2 if received by June 30, 1974, and with respect to any additional generating unit if received within a reasonable period of time from a planning and operating standpoint after the public announcement by the Company of the proposed installation of any such unit. As a part of any arrangement that may be reached with respect to such participation, the Company will interconnect with and deliver any power to which the neighboring electric system may be entitled under such arrangement at a delivery point or points on the Company's system on a basis that will fully compensate the Company for its costs.

8. The Company will sell bulk power to any neighboring electric system in accordance with rates, terms and conditions which fully compensate the Company for its costs, and which do not restrict use or resale except as may be necessary to protect the reliability of the Company's system, and as are accepted or approved by the appropriate regulatory body or bodies. The Company shall not be required to make any such sale if the Company does not have available sufficient generation to provide the requested service or if the sale would impair the Company's ability to render adequate and reliable service to its customers or to discharge its prior commitments, if any, to other electric systems.

9. The Company will work with neighboring electric systems to facilitate the exchange of bulk power by transmission over its transmission facilities between or among two or more neighboring electric systems and between any neighboring electric system and any other electric system engaging in bulk power supply outside the Company's service area between whose facilities the Company's transmission lines and other transmission lines would form a continuous electrical path, provided that (i) permission to utilize such other transmission lines has been obtained by the proponent of the arrangement, and (ii) the arrangements reasonably can be accommodated from a functional and technical standpoint. Such transmission shall be on terms that fully compensate the Company for its costs. Any neighboring electric system requesting such transmission arrangements shall give reasonable advance notice of its schedule and requirements. The Company shall not be required to enter into any arrangement which would impair system reliability or emergency transmission capacity. It being recognized that while some transmission facilities may be operated fully loaded, other transmission facilities may be for emergency use and operated either unloaded or partially loaded.

10. The Company shall include in its planning and construction programs sufficient transmission capacity as required for the transactions referred to in paragraph 9, provided any neighboring electric system gives the Company sufficient advance notice as may be necessary to accommodate its requirements from a functional and technical standpoint and that such neighboring electric system fully compensates the Company for its costs. The Company shall not be required to construct transmission facilities if it finds construction of such facilities infeasible, or if its costs in connection therewith would exceed its benefits therefrom, or if it finds such facilities would impair system reliability or emergency transmission capacity.

11(a). This statement of policy is not intended to affect in any way the franchise certificates of public convenience and necessity, or other rights of the Company or any neighboring electric system to render electric service in the State of Illinois.

11(b). Nothing herein shall be construed as a waiver by the Company of its right to contest whether or not and the extent to which a particular factual situation may be covered by this statement of policy or to exclude the Company from contesting alleged act of unfair competition.

11(c). The Company recognizes that carrying out of some of the policies expressed herein in particular circumstances may not be in the mutual interest of the Company and a neighboring electric system. Nothing herein is intended to preclude the Company and a neighboring electric system from reaching an agreement which extends, varies or supplements the provisions of the foregoing paragraphs in a manner not inconsistent with the broad purposes expressed in paragraph 2 and applicable law.

11(d). The Company does not intend this statement of policy to become a common carrier.

12. The foregoing policies are to be implemented and applied in a manner consistent with Federal, State and local laws, regulations and orders. All rates, charges, conditions, terms and practices are and will be subject to the acceptance or approval of regulatory agencies or courts having jurisdiction over them. To the extent that any action may at the time be required in order to effect any such changes, the Company and any neighboring electric system affected by any of the foregoing policies reserve the right of recourse to the appropriate forum to effect such changes therein as may at the time be appropriate in accordance with law, the public interest, or good industry practices.

[FR Doc. 74-10372 Filed 5-3-74; 8:45 am]

[Docket No. PRM-50-10]

STATE OF NEW JERSEY—NUCLEAR ENERGY COUNCIL

Filing of Petition for Rule Making

Notice is hereby given that the State of New Jersey through its Nuclear Energy Council, by letter dated March 1974, has filed with the Atomic Energy Commission a petition for rule making.

The petitioner requests that the requirements in Appendix E of 10 CFR Part 50 for emergency planning and interfacing by Commission licensees with State and local governments be adapted and applied to Commission licensees who are not otherwise subject to Appendix E and who receive, store, process, and distribute large quantities of radioactive materials routinely (e.g. firms which process radioactive drugs or kilocurie irradiators). The petitioner requests that rules be developed which will require clear identification of critical nuclear critical pathways, and critical segments of the population potentially at risk with provisions made for chemical form and variability of critical nuclides as a function of varying product mix. The petitioner requests that the requirements of the Commission's "Reactor Site Criteria," 10 CFR Part 100 be suitably modified and incorporated into the proposed rule, and that the zone definition be reviewed and Protective Action Level

APPENDIX F: FERC Litigation Involving Illinois Power Company

Wholesale Rate Proceedings

Illinois Power and several municipalities in Illinois have been involved in various rate proceedings before the Federal Energy Regulatory Commission (FERC) and its predecessor agency, the Federal Power Commission (FPC). Many of the issues raised by the cities originated in the late 1960s and early 1970s and were resultant in part from Illinois Power's reluctance to offer power and back-up services to many smaller systems in its service area and also as a result of the oil squeeze beginning in the winter of 1973. It is staff's opinion that the issues raised during these proceedings to date were current at the time of the CP antitrust review and for this reason do not represent changes (in activities or proposed activities) since the CP review. Moreover, the issues raised by the intervening parties addressed rate matters and would be more properly aired before the FERC, i.e., any negative antitrust implications would be more likely remedied before the FERC than the NRC. Consequently, the issues pending before the FERC do not satisfy all of the criteria established by the NRC in Summer and no matter what the outcome before the FERC, these issues would not trigger an affirmative significant change finding and an ensuing OL antitrust review. However, the issues and contentions raised by the intervening parties before the FERC do shed light on competition among members of the electric power industry in Illinois Power's service area and for this reason a brief discussion seems in order.

In the late 1960s a group of Illinois (self-generating) municipal electric systems comprised of the Cities of Breese, Carlyle, Highland, Mascoutah, Peru, Princeton, Waterloo and the Village of Freeburg, petitioned the Federal Power Commission,

"for an order under Section 202(b) of the Federal Power Act requiring Illinois Power Company to interconnect its facilities

and exchange capacity and energy with them on the same terms as those prevailing in interconnection agreements between the Company [Illinois Power] and its neighboring utilities."¹

This case was settled in 1974 after Illinois Power agreed to the municipalities' request for interconnection agreements. At about the same time, Illinois Power agreed to a set of policy commitments (which later became formal license conditions attached to the Clinton construction permit) with the Department of Justice which required Illinois Power, inter alia, to offer interconnections to neighboring power systems.

Subsequent to the municipalities' obtaining interconnections with Illinois Power, the oil embargo reached its peak and placed intense capacity and cost burdens on their systems. (Their systems were largely comprised of oil-fired peaking facilities.) The municipal systems requested long-term power supply arrangements under existing interconnection agreements with Illinois Power, to assure continuous operation and reliability of their systems and to limit radical upward movements in their costs of supplemental power requirements in future years. At issue before the FERC at present is the rate at which the municipalities would pay for the partial requirements power only recently offered by Illinois Power.

According to Illinois Power, the rate schedule under which the municipalities had been taking service was not designed for long-term continuous reservations of capacity, i.e., the type of service proposed by the municipalities, because energy charges were unpredictable due to the incremental nature of the costs attributable to said reservations -- Illinois Power alleged that energy charges were a function of hour-by-hour load conditions and capacity availability. The incremental cost issue was resolved when Illinois Power agreed to offer the municipalities a partial requirement power agreement (also required by the license

¹Letter from S. L. Swarthout, Illinois Power Co., to Kenneth F. Plumb, Secretary, FERC, dated May 25, 1979, p. 2.

conditions attached to the Clinton nuclear plant) for renewable five-year periods and based upon fuel costs incurred by the company's plants during the period the contract is in force.²

In a separate proceeding, two municipal electric systems (Cities of Ladd and Oglesby) and one small private distribution system (Cedar Point, Light and Water Company) (all total requirements customers of Illinois Power) have intervened before the FERC to protest a 1976 wholesale rate increase by the Company (Dkt. E-9520). The principal contention of the intervenors was that Illinois Power could not unilaterally raise rates under their existing contracts with the Company. Ultimately, the D.C. Court of Appeals ruled in favor of the two Cities and against Cedar Point Light stating that Illinois Power's contract with Cedar Point Light permitted unilateral raising of rates by Illinois Power. This decision reversed the FERC order regarding Cedar Point. The FERC has yet to respond to the Court of Appeals decision which was issued on August 21, 1979.

In a similar rate proceeding involving the same parties (ER77-531), the intervenors petitioned the FERC requesting relief from another wholesale rate increase by Illinois Power in 1977. The FERC recently ruled upon this intervention³ by granting Illinois Power a two-tier rate increase. Here again, the issues in dispute were FERC issues and not NRC related issues and they were resolved accordingly.

Generic Interconnection Rate Proceedings

Illinois Power has instituted new wheeling rates with all of the power systems it has interconnection agreements with -- as required by FERC Order No. 84. There has been no intervention by parties in the relevant marketing area.⁴

²See "Wholesale Electric Service Agreement," Exhibit A, between Illinois Power and the municipals, attached to Appendix F.

³See FERC orders dated April 10, 1981 and June 8, 1981.

⁴Docket NOs. ER 80-595 (Illinois Power/Commonwealth Edison); ER80-674 (Illinois Power/City of Springfield, Illinois); ER 80-675 (Illinois Power/Western Illinois Power Coop); and ER 80-731 (Illinois Power/Central Illinois Public Service Co., TVA and Union Electric Company.)

Moreover, the nature of these proceedings rests solely on justification of wheeling rates and it is staff's position that the actual determination of rates rests more within the jurisdiction of the FERC and not the NRC. Consequently, staff believes that the issues raised in the generic Order No. 84 proceedings would not invoke antitrust implications that would warrant remedy by the NRC.

AGREEMENT FOR PURCHASE OF POWER

FROM ILLINOIS POWER COMPANY

This is an agreement dated this 1st day of May, 1979, between ILLINOIS POWER COMPANY ("Utility" or "Company"), and the ("Customer").

Utility is an Illinois corporation with its business office at 500 South 27th Street in Decatur, Illinois, is engaged in the generation, transmission, distribution and sale of electric energy to the public in various municipalities and areas in the State of Illinois, and is a public utility within the meaning of an Act entitled "An Act Concerning Public Utilities," approved June 29, 1921, as amended, set forth in Chapter 111-2/3, Section 1 et seq. of the Illinois Revised Statutes, and now in force.

Customer owns and operates an electric generating and distribution facility and provides electric public utility service to customers located in and about

Customer desires to purchase electric energy for municipal uses and for resale to its customers, and Utility desires and is willing and able to supply Customer with electric energy for these purposes, on the terms and conditions herein-after set forth.

In consideration of the mutual agreements herein contained, the parties agree as follows:

I. General Terms

Utility shall supply electric energy and Customer shall accept and pay for service rendered under the terms of Exhibits A and D, attached hereto, entitled Wholesale Electric Service for Resale to Agreement shall control if there is any conflict between the provisions of Exhibits A and D, except for the determination of contract capacity.

II. Conditions of Service

1. Customer requires and Utility agrees to supply a minimum amount of capacity according to the following five year schedule, beginning with commencement of the Agreement under Section X.

II. Conditions of Service (continued)

1st year	Kva
2nd year	Kva
3rd year	Kva
4th year	Kva
5th year	Kva

This capacity will be the initial "contract capacity" governed by the provisions of Section 5(a) of Exhibit A. At the expiration of each year, Customer will specify a new contract capacity for the fifth year following. In the absence of such specification, the contract capacity specified for the fourth year shall carry over to become the contract capacity for the fifth year.

2. Customer shall provide a volt substation at the point of delivery to transform energy received from Utility at volts to the volts required by Customer. (See Exhibit B.)
3. Utility requires an automatic circuit switcher or oil circuit breaker and lightning arresters at the point of delivery to protect its system from any faults on Customer's system. If Customer elects to install at its expense a Kv oil circuit breaker satisfactory to Utility, Utility shall control, operate, and maintain at Customer's expense such oil circuit breaker to assure satisfactory operation with its electric system. Customer shall either install or pay Utility the non-salvable cost of installing such lightning arresters plus a monthly rental for the salvable cost of the lightning arresters, all as provided in Exhibit C.
4. Utility shall extend its line to the point of delivery to Customer and shall furnish and install meters, recording devices and other apparatus necessary for the purpose of measuring the energy received by Customer at the point of delivery. The point of delivery shall be at the Kv bus installed in the Kv substation referred to in the preceding paragraph 2 located on Customer's property.
5. Customer agrees that any existing towers, poles, wires or equipment placed by Utility on the streets, avenues, alleys and public places in the shall be exempt from any special tax assessments, license or rental fee to Customer during the term of this Agreement.

II. Conditions of Service (continued)

6. Customer agrees to use reasonable care to design its circuits so that loads of the individual phases on its lines at the point of delivery will be balanced as nearly as practicable.
7. Customer and Utility agree to maintain and operate their systems in accordance with sound utility practices, so as to minimize the likelihood of a disturbance in either system which might cause impairment of service to the other party's system.

III. Rates and Charges

1. Customer agrees to pay Utility monthly for electric service rendered during the preceding month at the rates and charges due and payable therefor as provided in Exhibit A, attached, or as subsequently revised under Section X, paragraph 3.
2. Utility shall add to all charges under this Agreement and those provided for in Exhibit A the amount of any tax or charge of any kind levied, assessed, or charged by any municipal, state, or federal government, or authority becoming effective after the execution date of this Agreement, measured by but not included in the purchase price paid or revenues received by Utility on account of the service rendered under this Agreement.

IV. Meter Reading and Billing

1. Utility shall read meters and render bills monthly. Bills will be rendered at a gross charge using the rates and charges contained in Exhibit A in effect at the time, including other charges in this Agreement increased by two percent. Payment shall be due thirty days from the date of rendering the bill, and if made within that period, Customer shall be entitled to a two percent prompt payment discount from the gross charge. The gross charge shall be payable with respect to each bill paid after the due date.
2. Should either over-billing or under-billing occur due to causes other than inaccurate meter registration, it shall be corrected by proper allowance or payment upon written notice by either party to the other, by mail or by personal delivery, provided that such notice must be given within one year following the date on which the bill to be corrected is rendered.

IV. Meter Reading and Billing (continued)

3. If Customer has failed to pay any bill accruing under this Agreement on or before the thirtieth day after day of billing, Utility may discontinue delivery of electric energy provided at least fifteen days prior written notice has been given to Customer. Utility will not be liable in any manner for any loss or damage arising from such discontinuance of electric service.

V. Metering, Testing and Billing Adjustments

1. Utility shall own and maintain the number of meters and related metering equipment necessary to measure the demand and energy delivered to Customer by Utility at the point of delivery.
2. Utility shall test and calibrate the meters by comparison with accurate standards at approximately twelve month intervals.
3. Utility shall make special meter tests at the written request of Customer. If a special test made at Customer's request shall disclose that meters are registering within 2 percent of 100 percent accuracy, Customer shall bear the expense of the test; otherwise, the cost of such test shall be borne by Utility. Utility shall give Customer three days advance notice of its intention to test and calibrate meters when such test is requested in writing by Customer. Customer shall be permitted to witness any meter tests made by Utility.
4. Meters found by test to be registering inaccurately shall be restored to a condition of accuracy. If the inaccuracy exceeds two percent, the meter readings taken during the period of 90 days preceding (or during such shorter period as may have intervened since the previous test) shall be corrected by the percentage of inaccuracy found by the test and payment adjusted accordingly. No prior readings will be corrected.

VI. Rights of Access

Duly authorized representatives of either party hereto shall be permitted reasonable access to the premises of the other party if required to carry out the provisions of this Agreement. Each party shall have access to the facilities of the other party at a mutually agreed-upon time for the purpose of removing its own facilities from the facilities of the other party where such removal is permitted under this Agreement.

VII. Continuity of Service

1. Utility agrees to provide adequate and reliable service to Customer. However, Utility shall not be liable to Customer for interruption or inadequacy of service, loss or damage to property, or injury (including death) to any person caused by act of God, public enemy, vandalism, strikes and other labor troubles or their equivalent, legal process, state, municipal or other governmental regulation, windstorm, flood, fire or explosion, or other matter or thing beyond Utility's control, whether the same shall affect or occur in connection with the operations or property of Customer, Utility or any other person.
2. Utility shall not be responsible for damages due to any failure to supply electricity, or for interruption, or reversal of the supply, if such failure, interruption, or reversal is without willful default or negligence on its part, nor for interruptions, by underfrequency relays or otherwise, to preserve the integrity of Utility's system or interconnected systems.
3. Utility may interrupt service to make necessary repairs or to make changes in equipment or to install new equipment, but only for such reasonable times as may be unavoidable. If the nature of the situation permits, reasonable advance notice of these interruptions shall be given by Utility.

VIII. Liability

Customer shall not be liable for and Utility shall save Customer harmless against any and all claims, damages, liability or expense, resulting from or occasioned by the presence, use or maintenance of any electrical conductor or other type of equipment owned or maintained by Utility or Customer or by the escape of electric energy in or from any such conductor or equipment, provided that such claims, damages, liability or expense shall be caused by Utility's negligence or misconduct. Utility shall not be liable and Customer shall save Utility harmless against any and all claims, damages, liability or expense resulting from or occasioned by the presence, use or maintenance of any electrical conductor or other type of equipment owned or maintained by Utility or Customer, or by the escape of electric energy in or from any such conductor or equipment, provided that such claims, damages, liability or expense

VIII. Liability (continued)

shall be caused by Customer's negligence or misconduct. Negligence or misconduct, as used herein, shall include but not be limited to failure to comply with all General Orders of the Illinois Commerce Commission applicable to the furnishing of electric service by Utility or Customer, all regulations of the United States Occupational Safety and Health Administration and the Structural Work Act of the State of Illinois, or failure to meet any standard of care derived from any of such orders, regulations or statute.

IX. Annexed Areas and Other Services

1. Utility shall be permitted to continue to provide retail electric service on a non-exclusive basis to its existing customers or existing customers' premises served by Utility within the municipal limits as of the effective date hereof.
2. Whenever, after the date of this Agreement, Customer annexes an area in which Utility is providing electric service, the parties shall meet and shall negotiate in good faith as to the party to provide and the manner of providing electric service to present and future electric customers in the annexed area. Such negotiations shall be conducted by the parties in the light of all relevant matters, and any agreements made and procedures established by them shall be in the public interest and in accordance with then prevailing law and applicable regulatory authority.
3. Neither party to the detriment of the other party shall require any person to take electric service from it as a condition to, or in combination with, any other commodity or service, including but not limited to gas, sewer, water, or any other municipal or utility service.

X. Term of Agreement

1. This Agreement shall be for a term of five years commencing on the first date that Utility completes construction and installation of facilities necessary to provide service contracted for in Section II, paragraph 1. Such date shall be stated in a letter of understanding to be effected between the parties after service is commenced. The Agreement shall continue thereafter from year to year unless cancelled by either party at the expiration of the primary or extended term upon not less than two years prior written notice.

X. Term of Agreement (continued)

2. During the period prior to the beginning of the term of this Agreement as specified in Section X, paragraph 1, which is the interim period beginning May 1, 1979 and ending when Utility has completed the construction and installation of facilities necessary to provide the service contracted for in Section II, paragraph 1, Utility will supply service to Customer pursuant to the terms and provisions of the Interim Wholesale Electric Service Agreement which is attached hereto as Exhibit D.
3. All provisions of this Agreement which are obligatory upon or shall inure to the benefit of Utility shall inure to the benefit of all successors and assigns of Utility.
4. Nothing contained herein shall be construed as affecting in any way the right of either party under this Agreement to unilaterally make application to the Federal Energy Regulatory Commission or any successor agency for a change in rates set forth in Section 3 of Exhibits A and D hereof under Section 205, or any similar provision, of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder or under any other applicable federal law or commission. It is further provided, however, that in the absence of agreement by Customer no change shall be made in any term or condition of this Agreement for Purchase of Power, or in any term or condition in Sections 1, 2, 4 or 5 of Exhibits A and D, until it has been finally approved by the Federal Energy Regulatory Commission (or any successor agency) under Section 206 of the Federal Power Act.

IN WITNESS WHEREOF, the parties hereto have duly entered into this Agreement the day and year first above mentioned.

ILLINOIS POWER COMPANY

By _____

By _____

Title _____

Title _____

Date _____

Date _____

Attest:

Attest:

As to Illinois Power Company
(Secretary)

As to
(Village Clerk)

Wholesale Electric Service Agreement

1. Availability

Service hereunder is available to the ("Customer") subject to the following conditions:

- a. That Customer is engaged in the distribution and sale of electricity to the general public within the service territory served by Utility;
- b. That Customer is located adjacent to Utility's lines having a capacity adequate to supply Customer's requirements in addition to the requirements of other customers already receiving service from such lines or that Utility shall have sufficient time before Customer shall require service to construct such lines. Prior to commencement of service hereunder, Utility will construct additional facilities to provide service to Customer, provided the cost of such facilities does not exceed one and one-half times annual revenue estimated by Utility to be received from Customer. Any costs in excess of one and one-half times this estimated annual revenue shall be paid by Customer to Utility;
- c. That prior to the commencement of service hereunder, Customer shall execute and shall thereafter keep in full force and effect a written agreement with Utility with a primary term of five years.

2. Conditions of Service

Service hereunder shall be provided to Customer subject to the following conditions:

- a. Should Customer desire to receive electric energy from any source other than capacity owned and operated by Customer and to operate in parallel with the power supplied by Utility to Customer under this schedule, it shall, in the absence of existing arrangements with Utility for the delivery of such power, give the Utility reasonable notice of such desire, specifying the requirements involved and the date when it desires such transfers to commence. Reasonable notice shall be defined as notice sufficient to allow Utility to continue safe and efficient operation of its system and shall be interpreted in an engineering context considering the facilities and requirements involved;

2. Conditions of Service (continued)

- b. Utility shall be reimbursed for any expenses incurred by it by reason of the transfer of electric energy requirements referred to in subsection 2(a);
- c. Service hereunder will be initially delivered to Customer for a volt three phase electric line having capacity sufficient to serve Customer's energy requirements. Utility retains discretion to select the supply line or lines from which service will be rendered to Customer. The supply line selected shall be the best available source with adequate capacity based on good engineering practices. Utility also retains discretion to change such supply line or lines and to change the voltage of the supply line or lines or other conditions of service. If such change is initiated by Utility, the cost of providing service under the new conditions including the cost of transformation shall be borne by Utility. In all other cases, except for changes caused by an increase in Customer's electric energy requirements which shall be governed by subsection 1(b), costs of changes shall be borne by Customer;
- d. Customer shall provide and maintain all transformers and related facilities necessary for handling and utilizing the energy delivered hereunder;
- e. Utility will provide and maintain one three phase voltage connection, provided Customer will make available, without charge to Utility, space required for Utility's lines and delivery facilities, and;
- f. Utility will provide and maintain one point of delivery and metering equipment therefor. Such metering equipment shall be located on the high voltage side of Customer's transformation. Utility, at its discretion, may elect to install such metering equipment on the low voltage side of transformation (whether or not for the convenience of Utility or Customer) and in such case, both the demand and energy consumption will be increased to compensate Utility for transformer losses as measured by such metering equipment, or in the absence of such measurement, by computing such losses based on the manufacturer's data pertaining to the specific transformers installed.

3. Rates and Charges

The gross charge shall equal the sum of the charges below and any other applicable charges increased by two percent.

a. Customer Charge:	<u>Delivery Voltage</u>	<u>Charge</u>
	4160 or 12,470 volts	\$ 80.00 per month
	34,500, 69,000 or 138,000 volts	\$110.00 per month

3. Rate and Charges (continued)

b. Demand Charge:

Delivery Voltage
4160 or 12,470 volts

Charge per Kva
Billing Demand
Any one Month
\$3.73 per Kva

34,500, 69,000 or
138,000 volts

\$3.18 per Kva

c. Energy Charge:

1.25¢ per Kwh for all Kwh delivered by
Utility in any one month

d. Cost of Power Adjustment:

(1) A Cost of Power Adjustment (CPA) will be applied to each Kwh of energy billed hereunder during the "billing period" as defined herein.

$$(2) \text{ CPA} = \frac{(\text{FCCG} + \text{ECP} + \text{ECIP} - \text{FCIS}) \times 100}{(\text{CG} + \text{PP} + \text{IP} - \text{IS}) \times \text{LF}} - .834\%$$

Where:

CPA = Cost of Power Adjustment. The amount rounded to the nearest .001¢ per Kwh to be charged each Kwh billed hereunder during any month "billing period" as defined herein.

FCCG = Fuel Cost of Company Generation. The cost of fossil fuel as included in Account 151 and cost of nuclear fuel as included in Account 518, according to the FPC Uniform System of Accounts, consumed in "Company's plants" during the "determination period."

ECP = Energy Cost of Purchased Power. The net cost of energy purchased on an economic dispatch basis from other utilities under purchased power agreements during the "determination period," exclusive of capacity or demand charges. Otherwise, the actual identifiable fuel cost associated with such energy purchased.

ECIP = Energy Cost of Interchange Purchases. The energy cost of energy purchased on an economic dispatch basis from other utilities during "determination period" under interchange or interconnection agreements irrespective of designation assigned to such transactions. Otherwise, the actual identifiable fuel cost associated with such energy purchased.

FCIS = Fuel Cost of Interchange Sales. The cost of fuel consumed in "Company's plants" to generate energy sold to other utilities during the "determination period" through all inter-system sales.

3. Rates and Charges (continued)

CG = Company Generation. All Kwh generated during the "determination period" in Company's plants.

PP = Purchased Power. All Kwh purchased, except interchange purchases, from other utilities during the "determination period" irrespective of the designation of such purchases.

IP = Interchange Purchases. All Kwh purchased or received from other utilities during the "determination period" under interchange or interconnection agreements irrespective of the designation of such purchases.

IS = Interchange Sales. All Kwh generated in "Company's plants" which were sold or furnished to other utilities during the "determination period" through all inter-system sales.

LF = Loss Factor. The estimated ratio of Kwh sold at the average delivery voltage of wholesale sales for resale to the Kwh generated for such sales. This ratio is .97.

(3) Definitions

(a) The "determination period" is defined as the calendar month immediately preceding the billing month.

(b) The "billing period" is defined as the period beginning with the 4th billing cycle of the month following the "determination period" and ending with the 3rd billing cycle of the next month.

(c) "Company's plants" is defined as Company's fossil and nuclear generating plants and Company's share of any jointly owned or leased fossil and nuclear generating plants.

4. Determination of Demands

a. Maximum kilovolt ampere (Kva) demand will be the highest average Kva delivered during any fifteen minute period.

b. Billing demand for any billing month shall be the greater of:

(1) 50% of the maximum Kva demand measured for the billing month, or

4. Determination of Demands (continued)

(2) the contract capacity

5. Additional Conditions and Contract Provisions

- a. A capacity (called "contract capacity" herein) shall be as provided in Article II, Section 1 of the Agreement. In the event Customer's maximum Kva demand during the 13 consecutive hours of 10:00 a.m. through 11:00 p.m. on weekdays occurring during the period June 15 through September 14, in any one year, exceeds the contract capacity in effect at that time during any 3 fifteen minute intervals, no two of which shall be selected in any one calendar day the contract capacity shall be increased, without notice or other action by the amount by which the average of the three highest measured Kva demands exceeds the then existing contract capacity, and any existing contract shall be deemed to have been amended to include such increased capacity.
- b. Customer may reduce Customer's contract capacity upon providing Utility with twelve months' prior written notice. However, in no event shall Customer be permitted to reduce Customer's contract capacity to a level below that specified under Article II, Section 1 of the Agreement.
- c. If Customer requires service at the delivery point specified herein for existing, new or added capacity of 500 Kva or more in excess of the contract capacity which requires Utility to install special apparatus, Customer shall execute and keep in full force and effect a written contract with Utility for service which shall specify a contract capacity and other terms and conditions of service not inconsistent with those provided for herein. The primary term for such written agreement shall be five years.
- d. The primary or extended term of any agreement provided for herein shall be automatically extended from year to year with the privilege of either party to terminate the agreement at the end of the primary term, or any extended term, on not less than two years' prior written notice.
- e. Nothing contained herein shall be construed as affecting in any way the right of either party under this rate schedule to unilaterally make application to the Federal Energy Regulatory Commission or any successor agency for a change in rates set forth in Section 3 hereof under Section 205, or any similar provision, of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder or under any other applicable federal law or commission. It is further provided, however, that

5. Additional Conditions and Contract Provisions (continued)

in the absence of agreement by Customer no change shall be made in any term or condition or service specified in Sections 1,2,4, or 5 hereof until it has been finally approved by the Federal Energy Regulatory Commission or any successor agency under Section 206 of the Federal Power Act.

APPENDIX B



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

JAN 31 1983

Docket No. 50-461

MEMORANDUM TO: The Files
FROM: W. Lambe, AEAB
SUBJECT: MONITORING REVIEW - CLINTON NUCLEAR STATION, UNIT 1

Attached is staff's initial monitoring review for Clinton Unit 1.
As of this date, the Unit is not scheduled for construction completion
until August of 1984.

Attachment:
As stated

12/12

CLINTON NUCLEAR PLANT UNIT 1 -- OL MONITORING REVIEW

Construction delays have become common place for the nuclear power industry. Applicants have delayed construction completion of facilities for months and sometimes several years from the time they initially have requested an operating license. From the standpoint of our significant change review, these delays create voids in the review process if the OL significant change review is completed far in advance of the construction completion date. In the instant case, the significant change review was completed in February of 1982 while the construction completion date has been moved back to August 1984--leaving a two and one half year void in the review process (one and a half years longer than our one year lead time). To remedy this chronic problem, AEAB has developed a "monitoring review" procedure that fills this void through periodic contact with pertinent power entities and research of public data, i.e., trade and related periodicals.

Staff completed its operating license significant change determination (significant change) for Unit 1 of the Clinton Nuclear Plant* on February 23, 1982. The review concluded that no significant antitrust changes had occurred since the completion of the construction permit (CP) antitrust review in May of 1974. The no significant change determination was published in the Federal Register on March 11, 1982.

The function of the significant change analysis is two-fold in that it, 1) captures any changes in applicants' competitive activities since the CP review, and 2) reduces

*/ Applicants include: Illinois Power Co. (lead applicant), Soyland Power Cooperative, Inc. and Western Illinois Power Cooperative, Inc.

the probability of a full-fledged antitrust review at the OL stage. Certain antitrust license conditions were attached to the Clinton CPs which were designed to implement greater coordination between Illinois Power Co. (IP) and smaller power entities in central and southern Illinois. These conditions generally required IP to interconnect, participate in baseload nuclear plants, wheel power and sell bulk power to neighboring entities. With these conditions in mind, staff has initiated contact (telephonic) with several municipal power systems in and/or adjacent to IP's service area in an effort to determine if any changes in IP's activities (of a competitive nature) have taken place since the original significant change determination was made in February of 1982.

City Systems

The city systems ranged in size from Farmer City, Illinois with a peak load of approximately 4.5MW to the City of Springfield, Illinois with generating capacity of over 500MW and a system peak of approximately 338MW. Farmer City is involved in interconnection negotiations with Illinois Power. The representative of the system contacted indicated that negotiations were continuing and that Illinois Power wanted the City as a customer and the only roadblock to the interconnection to date has been attributable to difficulties in obtaining financing for construction of the necessary facilities.

The City of Chatham, Illinois (peak load of approximately 10MW) requested an interconnection with Illinois Power in 1979, about the same time its wholesale supply contract was to expire with Central Illinois Light Co. This interconnection was not built, according to the Mayor because IP refused to finance the entire construction cost of the required seven mile intertie line. When asked if the City considered wheeling IP power (in lieu of constructing the direct tie line)

over Central Illinois Light's (CILCO) lines, the Mayor said yes and that IP was willing, but the wheeling charges imposed by CILCO would have made the transaction uneconomical. According to the Mayor, the City negotiated a settlement with its existing supplier (CILCO) through 1986 that was very favorable to the City. The City was faced with expiration of its wholesale supply contract and after shopping around, ultimately negotiated a new contract with its existing supplier. Illinois Power's responses to the City's requests do not appear anticompetitive--IP offered to wheel its power but did not feel it cost efficient to construct and finance a long intertie to a relatively small load. (Moreover, the Mayor indicated that he had not had any contact with Illinois Power in the last 18-24 months--our monitoring is concerned with the last 12 months.)

Waterloo, Illinois (approximately 10MW system peak) energized an interconnection with Illinois Power in 1979 and is now taking all of its requirements from IP. Illinois Power allows the City to peak shave with its own diesel capacity during the summer months, i.e., credits the City's generation against power sales by IP to the City. According to the Superintendent of the system, this is very beneficial to the City and the arrangement has worked out fine to date.

Waterloo opted to take power from IP in lieu of being acquired by IP in the mid-1970's. Contact was initiated to determine how smoothly this arrangement was going.⁷

The City of Springfield, Illinois was the largest system contacted, with 500MW of generation, and of the systems contacted, probably most resembles Illinois Power's fully integrated power system. The City energized its interconnection

with IP in 1979 and according to the Superintendent of Electric Operations has had satisfactory dealings with the company ever since. Presently, the City and IP exchange emergency power when needed and share in economy power transactions when available (the City usually sells more to IP than IP to City). IP and the City also compete for wholesale loads, e.g., they share a common tie with Western Illinois Power Cooperative and the coop has been served by both suppliers in the past. During 1982, the City purchased more power from IP than it sold, however, this was primarily due to an emergency outage on the City's system in March of 1982 that lasted about three months. During this period, Illinois Power supplied the City with both emergency and maintenance power. The City has also made use of IP transmission lines by wheeling over them in a sale of power to a neighboring private utility. According to the superintendent, the City has enjoyed a good working relationship with Illinois Power Co.

These four cities were chosen for individual contact in the monitoring program because of their diversity in size and integration and because some had experienced difficulty in dealing with Illinois Power Co. in the past. The responses from these cities indicate that in terms of its dealing with smaller systems in its service area, Illinois Power has not engaged in any anticompetitive activity that would warrant staff changing its significant change determination reached in February of 1982. (See notes of telephone conversations attached to this memorandum.)

Mt. Carmel Merger

As mentioned in staff's significant change analysis, Illinois Power tendered an offer to acquire a privately-owned, small electric system serving the City of Mt. Carmel, Illinois. The acquisition has yet to be consummated and in fact

is being held up by the state commerce commission. The acquisition is not being challenged under competitive reasons, but for reasons that pertain to reliability and serviceability to existing customers. Staff still feels this acquisition by IP poses no significant threat (or change since the February review for that matter) to competition in the bulk power industry in central and southern Illinois.

In sum: Because of a delay in issuing the Clinton Unit 1 OL, staff has reviewed Illinois Power's activities since last conducting its significant change analysis approximately a year ago. No one has come forth to request reevaluation of staff's significant change determination, nor have there been any submissions of complaints or views of affected parties during the interim since February 1982. After reviewing industry trade journals and initiating contact with power entities in the relevant area, staff, as of this date, has found no reason to amend its "no significant change" determination pursuant to Unit 1 of the Clinton Nuclear Station.

Farmer City, Illinois (January 13, 1983)

Contact: Mr. Richard Hardesty, Assistant Superintendent
Electric Department

Phone #: (309) 928-3421

During the significant change review staff noted that Farmer City had requested an interconnection with Illinois Power Co. (IP). According to Mr. Hardesty, the City was still negotiating with IP for the intertie and the only thing holding up construction was obtaining financing. Hardesty stated that IP wanted the City as a customer and the company was not holding up construction of the intertie.

City of Chatham, Illinois (January 18, 1983)

Contacts: T. Kaufman, Superintendent
John Whitney, Mayor

Phone #: (217) 483-2451

The City had requested an interconnection with Illinois Power Co. (IP) in late 1979 and early 1980. I phoned the City to ascertain the status of this interconnection request.

I originally telephoned Mr. Kaufman, however he referred me to the Mayor, Mr. John Whitney, as he was the principal negotiator dealing with IP. I left a message with Mr. Kaufman for the Mayor to phone me when he returned to the office. He returned my call later in the morning.

I asked him if he ever consummated the interconnection he requested from IP in 1979-80. He said no, because IP was unwilling to pay for the cost of constructing the seven mile tie necessary to serve the City.

I asked the Mayor if he had considered having the IP power wheeled to the City over the existing Chatham/Central Illinois Light Co. intertie (i.e., the City's existing supplier). He said he had looked into it but decided that the wheeling charge quoted by CILCO was exorbitant and would make the transaction uneconomical.

The request for an interconnection with IP came about after the City's wholesale supply contract had expired with CILCO -- the City was searching for an alternative power source to CILCO.

According to the Mayor, the City negotiated a settlement with CILCO through 1986 which was very favorable to the City--i.e., in terms of rate increases over the life of the contract.

Mayor Whitney stated that he hadn't had any contact with IP in the last 18-24 months. Although the City is now taking all of its power from CILCO, the Mayor stated that when it comes time to negotiate a new supply contract he would contact WIPCO (Western Illinois Power Coop) which had just built a transmission line near the City as well as other surrounding systems capable of serving the City. (These include CILCO, CIPSCO (Central Illinois Public Service Co.), City of Springfield and IP.)

In sum: the Mayor has had no contact with IP since staff's significant change review was completed in March of 1982, therefore no changes can be attributed to IP activity in regards to the City of Catham since this determination was made.

City of Waterloo, Illinois (January 24, 1983)

Contact: Mr. P. Schlemmer, Superintendent of
Electric Department

Phone #: (618) 939-6413

During the significant change review staff noted that the City of Waterloo had recently begun taking power from Illinois Power Co. (IP) -- in lieu of being acquired by IP. Staff contacted the City to ascertain the present relationship between the two systems.

According to Schlemmer the City is now taking all of its power requirements from IP with the option of peak shaving with its own generation during the summer months. The City has no plans of adding any new generation of its own and has considered wheeling over IP lines but hasn't negotiated anything firm to date. (Apparently Waterloo is among a group of seven cities that negotiates as one voice with IP.) Mr. Schlemmer stated that he was completely satisfied in his dealings with IP and that, "IP has power to sell and we want to buy."

City of Springfield, Illinois (January 17, 1983)

Contact: Mr. L. Gladish, Superintendent of
Electric Operations

Phone #: (217) 789-2120

I telephoned the superintendent of the Springfield utility division to inquire whether or not the City was having any specific difficulties in its dealings with Illinois Power Co. (IP). The City had recently energized an inter-connection with IP (late 1979) and given Springfield's substantial size, the City's input into staff's monitoring program seemed essential.

According to Mr. Gladish, the City normally sells more power and energy to IP than purchases from IP. Presently, the City deals in short term power exchanges with IP--economy exchanges and emergency and maintenance power exchanges. (Prior to 5/80, the City had been under contract to supply 65MW/yr. of non-firm capacity to IP--primarily economy or diversity power.)

In 1982, because of an emergency in the City's system in March, Springfield purchased more energy from IP than it sold--51,000 mwhrs compared to 27,000 mwhrs. The City's entire system went out in March of 1982 requiring extensive maintenance that lasted about three months. During this period, IP supplied the City with emergency and maintenance power.

Besides IP, the City has interties with Central Illinois Light Co. (CILCO) and the Western Illinois Power Cooperative (WIPCO). When asked whether the City ever had occasion to use IP's transmission facilities, Mr. Gladish

described a recent sale to the Central Illinois Public Service Co. (CIPSCO), which was facilitated by IP wheeling the power over its lines to CIPSCO.

Mr. Gladish noted that the City and IP compete for wholesale load with their common intertie to WIPCO. He stated that he has encountered no problems (with IP) in this relationship to date.

According to Mr. Gladish, the City solicited a share of the Clinton Nuclear Plant when it was in the construction planning stages (50MW). He said IP gave the City a year to make up its mind, but the City council procrastinated too long and the proposed share was sold to another utility. (He thought the utility was WIPCO.)

Generally, Mr. Gladish stated that he had a good working relationship with Illinois Power Co.

APPENDIX C

U-0799

L30-85(02-21)-L

1A.120

ILLINOIS POWER COMPANY



CLINTON POWER STATION, P.O. BOX 678, CLINTON, ILLINOIS 61727

February 21, 1985

Docket No. 50-461

Office of Nuclear Reactor Regulation
Attn: Mr. Wm. H. Regan, Jr., Chief
Site Analysis Branch
Division of Engineering
U. S. Nuclear Regulatory Commission
Washington, DC 20555

Subject: Clinton Power Station Unit 1
Planned Merger of Soyland Power Cooperative Inc.
and Western Illinois Power Cooperative Inc.

Dear Mr. Regan:

By letter dated January 16, 1985, you requested that we furnish all information pursuant to the merger or planned merger between Soyland Power Cooperative, Inc. (Soyland) and Western Illinois Power Cooperative, Inc. (WIPCO), the co-applicants with Illinois Power Company for the Clinton Power Station operating license.

I am enclosing herewith for your information and review a copy of the "Coordination and Operation Agreement" dated July 25, 1984, between Soyland and WIPCO. This agreement provides for the pooling of Soyland and WIPCO's operations effective January 1, 1985. In addition, as set forth in Article XII, the agreement contemplates a merger of Soyland and WIPCO on July 1, 1986 or such later date as they may mutually agree. It is my understanding, that a merger is required to be approved by the vote of two-thirds of the membership of each cooperative voting separately.

Should you have any questions or require further information do not hesitate to contact me.

Sincerely yours,

F. A. Spangenberg
Director - Nuclear Licensing
and Configuration
Nuclear Station Engineering

Enclosure

JLP/lr

cc: B. L. Siegel, NRC Clinton Licensing Project Manager
NRC Resident Office
Regional Administrator, Region III, USNRC
Illinois Department of Nuclear Safety
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APPENDIX D

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January 29, 1985

Sheldon A. Zabel, Esq.
Schiff, Hardin & Waite
7200 Sears Tower
233 South Wacker Drive
Chicago, IL 60606

Re: Docket No. 50-461, Clinton Nuclear
Station, OL Antitrust Review--Merger
of Soyland Power Cooperative, Inc.
and Western Illinois Power Cooperative,
Inc.

Dear Mr. Zabel:

Mr. E. H. Williams of Soyland Power Cooperative has forwarded to this office a copy of the letter from William H. Regan to Mr. Frank Spangenberg dated January 16, 1985 concerning the anti-trust review of Illinois Power Company's application for an operating license of the Clinton Nuclear Station. In accord with my conversation with Mr. Williams, I am enclosing for your use a copy of the "Coordination and Operation Agreement between Soyland Power Cooperative, Inc. and Western Illinois Power Cooperative, Inc." dated July 24, 1984. This Agreement provides in pertinent part the following terms and conditions:

1. General Provisions. Pages 1 and 2 of the Agreement (the Whereas provisions), set out the general intents of the Agreement. As of January 1, 1985 Soyland Power Cooperative (Soyland) and Western Illinois Power Cooperative (WIPCO) will "Pool" all electric power and energy and transmission capacity available from their respective facilities so that the electric power and energy and transmission capacity will be utilized as though the two cooperatives were merged as of January 1, 1985. The Agreement goes on to provide that a plan of merger will be prepared, and that the formal merger under Illinois law will take place effective as of July 1, 1986.
2. Management. At a meeting held in January, the parties met and selected Mr. C. E. Ferguson as Chairman of the joint operation, and Mr. R. E. Gant as Secretary.

Sheldon A. Zabel, Esq.
January 29, 1985
Page 2

Mr. E. H. Williams was selected as Executive Vice President, Mr. Don Bringman as Vice President and General Manager. Article III, Section 2 provides that any action by the Pool requiring board approval must be presented to the Joint Pool Board and approved by an affirmative vote of the directors of each cooperative member.

3. Furnishing of power and energy by the Pool and transmission capacity. Articles V and VI of the Agreement provide that the Pool will provide all power and energy and transmission capacity to Soyland and WIPCO from and after January 1, 1985.
4. Merger. Article XII provides the terms wherein the parties will merge by July 1, 1986.
5. Term of the Agreement. Article XIV, Section 2 provides that the Agreement shall begin operation on January 1, 1985 and shall terminate on December 31, 2025 unless extended by mutual agreement of the parties.

Please do not hesitate to contact this office if you have any question concerning any aspect of the Agreement between Soyland and Western Illinois Power Cooperative.

We would appreciate reviewing any material planned for submission to the Nuclear Licensing and Configuration Management Office prior to that submission.

Very truly yours,

WASKER, SULLIVAN & WARD



John T. Ward

JTW:as

cc: Mr. Donald Bringman
Mr. E. H. Williams

APPENDIX E

COORDINATION AND OPERATION AGREEMENT

BETWEEN

SOYLAND POWER COOPERATIVE, INC.

AND

WESTERN ILLINOIS POWER COOPERATIVE, INC.

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COORDINATION AND OPERATION AGREEMENT

AGREEMENT made this 24th day of July, 1984, by and between SOYLAND POWER COOPERATIVE, INC., hereinafter called "SOYLAND," a not-for-profit corporation organized and existing under the laws of the State of Illinois, and WESTERN ILLINOIS POWER COOPERATIVE, INC., hereinafter called "WIPCO," a not-for-profit corporation organized and existing under the laws of the State of Illinois. SOYLAND and WIPCO may be and/or are sometimes referred to hereinafter as "PARTY," "PARTIES," "MEMBER," or "MEMBERS."

WITNESSETH:

WHEREAS, SOYLAND and WIPCO are engaged in the generation and transmission of electric energy and are the wholesale power suppliers for their distribution cooperative Members in Illinois; and

WHEREAS, SOYLAND and WIPCO now purchase portions of their electric power requirements from Central Illinois Public Service Company, hereinafter called "CIPS," and from Illinois Power Company, hereinafter called "IP" and others. WIPCO now generates a portion of its own power requirements and the Parties will lease and/or purchase capacity and use of facilities of CIPS, IP, and/or others hereafter in lieu of or in addition to the Purchase Agreements above-referred to; and,

WHEREAS, SOYLAND and WIPCO presently own 10.5% and 9.5% shares respectively of Clinton Power Station Unit No. 1, hereinafter called "CLINTON"; and,

WHEREAS, WIPCO has transmission ownership and obligations for its distribution cooperative Members; and,

WHEREAS, the primary purpose of SOYLAND and WIPCO is to furnish adequate supplies of electric power and energy to the load centers of their distribution cooperative member-consumers on a cooperative not-for-profit basis at the lowest feasible cost, and, to this end, SOYLAND and WIPCO have entered into a Memorandum of Understanding dated February 15, 1984, to further the primary objective through the coordination and use for the benefit of each of the electric power and energy and the transmission capacity available from their respective facilities and any facilities constructed jointly by SOYLAND and WIPCO acting as a single entity; and,

WHEREAS, to further the interests of acting as a single entity the Parties believe it to be in the best interests of their distribution cooperative member-consumers to operate on a pool basis from January 1, 1985, to July 1, 1986, and to merge into one corporate entity effective as of July 1, 1986, and

WHEREAS, the agreement herein described shall be referred to as "SOYLAND/WIPCO" or "POOL."

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL AGREEMENT HEREIN CONTAINED AND MUTUAL BENEFITS TO BE DERIVED THEREFROM, IT IS AGREED BY AND BETWEEN SOYLAND/WIPCO AS FOLLOWS:

ARTICLE I

PURPOSE

Section 1. The purpose of this Coordination and Operation Agreement is to combine power supply facilities and costs from January 1, 1985, to July 1, 1986, and to merge into one corporate entity effective as of July 1, 1986, in order that adequate supplies of electric power and energy be delivered to load centers of the distribution cooperative member-consumers of SOYLAND and WIPCO on a cooperative not-for-profit basis at the lowest feasible cost through the coordination and use of the facilities and capabilities of both SOYLAND and WIPCO acting as a single entity.

ARTICLE II

GENERAL DEFINITIONS

Section 1. Existing Generating Facilities. Any reference to "Existing Generating Facilities" shall mean the generating and related facilities, described in Exhibit 1 attached hereto and by this reference made a part hereof.

Section 2. Existing Transmission Facilities. Any reference to "Existing Transmission Facilities" shall mean the 34.5 kV or higher transmission and related facilities, described in Exhibit 2.

Section 3. Additional Generating Facilities. Any reference to "Additional Generating Facilities" shall mean generating and related facilities constructed by SOYLAND or WIPCO, or SOYLAND/WIPCO as a single entity in accordance with Article VIII of this Agreement.

Section 4. Additional Transmission Facilities. Any reference to "Additional Transmission Facilities" shall mean the transmission

and related facilities constructed by SOYLAND or WIPCO for the POOL for operation at 34.5 kV or higher in accordance with Article VIII of this Agreement.

Section 5. Pool Transmission Capacity. Any reference to "SOYLAND/WIPCO or POOL Transmission Capacity" shall mean capacity and transmission facilities which will be available to the POOL: (a) pursuant to this Agreement; and (b) pursuant to contract between the POOL and any other company or companies.

Section 6. Installed Cost. Any reference to "Installed Cost" shall mean: (a) as to the Existing Generating Facilities, the installed cost thereof; (b) as to the Existing Transmission Facilities, the installed cost thereof; and (c) as to the Additional Generating Facilities or Additional Transmission Facilities, the installed cost thereof as shown on the books of the members or as may be determined from time to time by the members.

Section 7. Monthly Billing Period and Month. The term "Monthly Billing Period" and the term "Month" shall mean the period beginning at 0001 hours on the first day and extending through 2400 hours the last day of each calendar month.

Section 8. Contract Year and Fiscal Year. The term "Contract Year" and the term "Fiscal Year" shall mean the 12-month period beginning on January 1st of each calendar year and extending through December 31st of the same year.

Section 9. Uncontrollable Force. The term "Uncontrollable Force" shall mean any force which is not within the control of the party affected and which by exercise of due diligence and foresight could not reasonably have been avoided, including, but not limited

to, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, collision, or restraint, or order by a court or public authority having jurisdiction.

Section 10. SOYLAND/WIPCO, POOL, Member. For purposes of this Agreement, reference to SOYLAND/WIPCO shall mean the contractual power pooling created by this Agreement, together with the Memorandum of Understanding dated February 15, 1984, and any other contract or document associated therewith. The "POOL" shall mean the combined Power Pool of SOYLAND and WIPCO facilities and Member or Members shall refer individually to SOYLAND and/or WIPCO as a Member or Members of the Power Pool.

Section 11. Merger. Soyland and WIPCO have agreed to merge into one corporation effective as of July 1, 1986. All reference to "merge" or "merger" herein will be to such event.

Section 12. NRUCFC. NRUCFC means National Rural Utilities Cooperative Finance Corporation.

Section 13. REA. REA means Rural Electrification Administration, Department of Agriculture of the United States.

Section 14. Pool Board. Pool Board means the Board of Directors of SOYLAND and the Board of Directors of WIPCO meeting together at a duly called special or regular meeting. The Pool Board will elect its Chairman and Secretary and adopt appropriate rules of procedure.

Section 15. Pool Board Approval. Any action of the combined Boards of Directors of SOYLAND and WIPCO and such action to be approved shall be passed by a majority vote of the elected

Directors of SOYLAND and a majority vote of the elected Directors of WIPCO. A quorum of the Pool Board exists when a majority of the members of each board be present, except that a meeting of less than a quorum may adjourn said meeting to a later date. No other action may be taken unless a quorum is present.

ARTICLE III

ADMINISTRATION

Section 1. Management. The Parties agree that the POOL will be initially managed by a Management Committee consisting of the General Manager of each of the Parties to this Agreement. An Executive Vice President and General Manager will be named of the Management Committee as approved at a joint meeting of the Board of Directors of the Members. Initially, the POOL will have no permanent staff. The Management Committee shall be responsible to the POOL Board and subject to supervision and direction by such Board.

The Management Committee shall act as a settlement committee and shall decide any controversy, claim, counterclaim or dispute arising out of or relating to this Agreement (except as otherwise provided herein), including other committee functions and actions. In the event the Management Committee is unable to reach a settlement, the dispute shall be submitted to the Pool Board for settlement.

Section 2. Pool Board Approval. Any action by the POOL requiring Board approval shall be presented at a joint Board Meeting of the Members and such action must be adopted by an affirmative vote of a majority of all of the directors as defined under Article II - Definitions.

Section 3. Board Meetings. The combined Board of Directors of the Members shall meet at least quarterly for regular meetings on the second business day of the months of February, May, August and November to take action upon such business as may be necessary or appropriate for POOL consideration. Special meetings of the Pool Board may be called by any of the following: the Chairman of the Pool Board, the President of SOYLAND or the President of WIPCO. The Pool Board Secretary shall give at least ten days' written notice to SOYLAND and WIPCO who will then notify its respective Directors.

Section 4. Committees. To administer, coordinate, carry out the intent of this Agreement and to assist the Management Committee and the Boards in implementation of this Agreement, various committees (in addition to the Management Committee) shall be appointed. They shall be as follows: the Power Supply Committee, the Audit Committee, and the Operating and Engineering Planning Committee and such other committees as created by the Pool Board.

Section 5. Power Supply Committee. The existing Power Supply Committee of SOYLAND and of WIPCO shall serve as a Joint Power Supply Committee for the Pool. The Joint Power Supply Committee shall be composed of eight directors from Soyland and seven directors from WIPCO and said Committee shall be responsible for advising the Management Committee on all matters pertaining to this Agreement, and the operation of the combined power supply system.

The Power Supply Committee shall meet as often as necessary, but at least once quarterly. The Power Supply Committee shall

review at its mid-year meeting the annual plan submitted by the Management Committee.

Section 6. Audit Committee. The Parties shall each appoint one representative to serve on the Audit Committee which shall have the duties and responsibilities set forth below:

- A. The Committee shall meet at least once each month and shall confirm that the costs outlined herein are proper and correct, and if requested by either party, certify that they are so by copies of invoices, affidavits, or such other information to establish beyond reasonable doubt that costs are properly accounted for and inclusive.
- B. The Committee shall also audit invoices or bills from other parties including auditing the books and records of others.
- C. A dispute between Members of the Audit Committee shall be settled by the Pool Board.

Section 7. Operating and Engineering Planning Committee. The Parties each shall appoint two representatives to serve on the Operating and Engineering Planning Committee which shall have the general duties and responsibilities to assure that Existing and Additional Generation and Transmission Facilities installed hereunder are in the best interests of the POOL set forth below, subject to review by the Management Committee.

- A. The Committee shall be responsible for advising the Management Committee as to performing or carrying out the terms and conditions of this Agreement as they pertain to the day-to-day operation of the POOL.
- B. The Committee shall be responsible for the reporting of all system loads, load forecasting, and for dispatching of capacity and energy and for transmission system operation.

- C. The Committee shall be responsible for advising the Management Committee upon acceptance into service of all construction projects.
- D. The Committee shall be fully informed as to the operating standards set forth in all POOL agreements to which the Parties shall subscribe, and shall have the responsibility to maintain within the POOL conditions compatible with such requirements as may be set forth therein.
- E. The Committee shall be responsible for joint system planning of the Transmission and Generation Facilities and for the engineering criteria for the acceptance of same as a part of the POOL.
- F. The Committee annually shall prepare a long-range plan to meet requirements of the POOL, which plan shall include a proposed in-service date or effective date for each item or transaction recommended. This plan shall be submitted to the Management Committee by July 1st of each year.
- G. The Committee shall be responsible for necessary studies to determine future requirements of the Parties and, upon approval of the Management Committee, may retain outside consultants for such purposes. The costs of such studies shall be shared by the parties as mutually agreed.
- H. The Committee shall prepare and keep current all load and capacity tables for the Management Committee for capacity purchases, sales, etc., as may be necessary to meet the requirements of the POOL.
- I. The Committee shall perform such other duties as provided for in this Agreement or as may be assigned to it by the Management Committee.

ARTICLE IV

DELIVERY OF POWER BY MEMBERS TO SOYLAND/WIPCO

Section 1. Delivery of Power. Each POOL Member shall deliver or cause to be delivered to the POOL and the POOL shall receive or cause to be received under the terms and conditions hereinafter set forth, the entire electrical output from any and all generating units, from Participation Agreements, contract purchasers, and electrical output from any other source, for the sale, use, and benefit of the POOL and Members (exclusive of power and energy required for station service), in such manner and in such amounts, from time to time as the POOL shall specify and schedule; provided that the POOL shall not schedule energy from any such unit at a rate: (a) greater than the safe generating capacity of such unit; or (b) less than that required for stable operation of such unit. Except in case of an emergency, Members shall at all times cause each unit in said generating facilities to be maintained in such a state of readiness or in such other state or condition as shall be specified by the POOL.

Section 2. Character of Service and Delivery Points. Electric energy from the Existing Generating Facilities, if any, shall be delivered or caused to be delivered by each Member to the POOL as three-phase alternating current at a frequency of approximately sixty hertz at such voltages and points as are specified in Exhibit 3 as existing points of delivery. Said points may be deleted and additional points may be added, as required, to said Exhibit 3.

ARTICLE V

FURNISHING OF POWER AND ENERGY BY THE POOL

Section 1. Furnishing of Power and Energy. The POOL shall furnish or cause to be furnished to each Member, and each Member shall receive or cause to be received from the POOL, all power and energy which each Member shall require in accordance with the terms hereof.

Section 2. Utilization of POOL Resources and Transmission Capacity. The POOL shall reserve all POOL Generating Properties, power supply contracts, and POOL transmission capacity in their entirety for the securing of power and energy for, and the furnishing of power to, the Members. All personnel of WIPCO and Soyland, excluding only those personnel associated with design, operation and maintenance of distribution facilities, shall be made available and utilized by the Pool at the direction of the Management Committee. The POOL shall have the right to use the Transmission Facilities of the Members for the purpose of utilization of its resources.

ARTICLE VI

AVAILABILITY OF TRANSMISSION CAPACITY

Section 1. Availability of Capacity of Transmission Facilities. Each Member shall make available to the POOL, on the terms and conditions hereinafter set forth, the entire capacity of the Existing Transmission Facilities, and any Additional Transmission Facilities.

Section 2. Connections. The POOL shall have the right at any time and from time to time to make, or cause to be made, any

connection between the Existing or Additional Transmission Facilities and any other facilities.

ARTICLE VII

OPERATION AND MAINTENANCE

Section 1. Routine Operation and Maintenance of Member Facilities. Each Member shall operate, inspect, and maintain, and make any and all routine necessary repairs and replacements on the Existing Generation and Transmission Facilities, the Additional Generation and Transmission Facilities (i) in accordance with all applicable laws and with standards and specifications at least equal to those provided by the National Electric Safety Code published by the United States Department of Commerce, National Bureau of Standards; (ii) in conformity with established and acceptable electrical utility practices in the area; and (iii) in the most economical manner consistent with the aforesaid laws and standards. Without limiting the generality of the foregoing, each Member shall (i) make all repairs and replacements with materials of quality and specifications and at a standard of workmanship at least equal to those used in the construction of the aforesaid facilities; (ii) perform routine generating plant inspection and line patrols and properly perform any necessary maintenance, repair, and replacements; and (iii) carry out the purchase of materials, supplies and services in the most economical manner. Any repair, replacement, or maintenance cost on Existing Generation and Transmission Facilities owned or controlled by the POOL other than routine must be approved by the POOL.

ARTICLE VIII

CONSTRUCTION OF ADDITIONAL FACILITIES

Section 1. Ownership of Facilities. SOYLAND and WIPCO shall each retain their present ownership of generation facilities, transmission lines, substations and equipment and all other property owned by each Party until the merger is completed as provided in Article XII of this Agreement. In cases where future undivided joint ownership of facilities is advantageous to the Pool, such undivided joint ownership interests shall be mutually agreed upon prior to installation of said facilities or equipment and such undivided ownership shall be appropriately documented.

Section 2. Determination of Construction and Ownership. Determination of construction, ownership and operation of all Additional Generation Facilities and all Additional Transmission Facilities shall be subject to Pool Board approval.

Section 3. Construction of Additional Facilities by a Member. From time to time it may be desirable for a Member of the POOL to be the owner of Additional Generating Facilities, Additional Transmission Facilities, or to contract for additional power supply. Such determination and approval shall be subject to POOL Board approval, subject to the following conditions:

- A. Determination of ownership of Additional Facilities or contract for additional power supply shall be determined by the POOL Board, based upon the best interests of the POOL and its Members.
- B. The entire cost associated with the additional facilities or contract for power supply shall be the obligation of the POOL.

Section 4. Construction by Members. If loan funds are obtained for the construction of additional facilities by a POOL Member, said Member shall, subject to the conditions of the loan agreement, construct the additional facilities or additional power supply involved in accordance with the terms of this Agreement, or the requirements of the approval; provided that except as otherwise determined by the POOL:

- A. The plans and specifications in respect of any such construction shall be subject to approval by the POOL Board.
- B. The POOL Member shall enter into no contract with respect to such construction without prior written POOL Board approval.

ARTICLE IX

CHARGES AND CREDITS

Section 1. Operation of the POOL. Beginning on January 1, 1985, SOYLAND and WIPCO shall combine their power supply costs, based upon REA proper accounting methods and procedures, combining cost of purchased power, power production costs, wheeling expenses, costs paid to other parties including production and transmission costs, all transmission costs, administrative and general costs, and all other proper system costs on a monthly basis for purposes of determining total power costs of the POOL. These power supply costs shall include a. costs related to power supply billed by others and incurred by the Parties.

Section 2. Records. The Parties shall keep complete cost records to substantiate all of its costs and expenses of facilities owned by each and other proper expenditures pursuant to this Agreement, and said records shall be available for an inspection by

the duly authorized representatives of each Party at all reasonable times. All expenses and costs shall be prudent, proper, reasonable and in keeping with good utility practices and are subject to review by either Party.

Section 3. Division of Costs Between Parties. The combined costs of the Parties shall be divided into Fixed Costs and Variable Costs. Fixed Costs shall be allocated to SOYLAND and to WIPCO based on SOYLAND's contribution to and WIPCO's contribution to the maximum one-hour coincidental demand of the POOL on a summer and winter basis as mutually agreed upon by the Parties. Each Party shall pay its share of these Fixed Costs as so determined until commercial operation of the Clinton Power Station. Variable Costs shall be allocated to SOYLAND and to WIPCO on the basis of actual kilowatt-hours sold.

The division of costs as determined above shall be effective from January 1, 1985, until Clinton Power Station becomes commercial, even though the two Cooperatives be merged by July 1, 1986.

Other revenues shall be allocated to the Parties in the same manner as above outlined.

Section 4. Combining of Costs. Combining of costs to the POOL and charges thereto shall be as outlined on Schedules 1 and 2 attached hereto and made a part hereof.

Section 5. Payment of Costs and Expenses. SOYLAND and WIPCO will each pay its costs and expenses as incurred directly which shall include all production costs, including ownership, transmission costs, including ownership, and administrative and

general costs, and any other expenses chargeable directly to it. Ownership costs shall include depreciation, interest and taxes.

Billings from other Parties, such as IP and CIPS, shall be billed to SOYLAND/WIPCO, c/o Soyland Power Cooperative, Inc., Post Office Box A1606, Decatur, Illinois 62525, and SOYLAND shall pay these expenses insofar as funds are available. Other revenues shall be paid to SOYLAND/WIPCO in care of the above address.

At the end of each accounting month, total power costs in accordance with Schedule 2, shall be determined and the Party owing the difference shall make payment to the other Party as provided in Article X.

Any delay in making said payment shall accrue interest at the rate charged by NRUCFC for its then line-of-credit loans until paid from the date said payment was due.

In the event advance of funds are required each Party will advance equal amounts as adjusted by the principles of Section 3 hereof. If such advances are not equal as above adjusted, the Party making an excess advance shall be entitled to interest from the date of said advance on said excess at the rate of interest above set forth.

Section 6. Fuel and Working Capital Funds. Advances for fuel to other parties and working capital advances to other parties shall be advanced by SOYLAND and WIPCO from cash balances of each as required in proportion to SOYLAND's and WIPCO's power cost responsibilities as determined in accordance with the principles of Section 3 hereof.

Section 7. Contribution of Funds By Parties. SOYLAND and WIPCO agree that it is desirable to reduce future debt requirements related to Clinton. In order to do so, the Parties will generate cash from their Members by additions to their power costs in an amount equal to Eighty Million Dollars (\$80,000,000) of which WIPCO shall obtain Thirty-Eight Million Dollars (\$38,000,000) and SOYLAND will obtain Forty-Two Million Dollars (\$42,000,000). The proportionate responsibility of the Parties for said funds is based upon their current proportion of ownership in Clinton and shall be adjusted if said ownership proportions change. The contribution shall be returned to the Members of the POOL over an appropriate period of years by reduction in power costs as shown by Exhibit 4. Such annual sums shall not be less than those shown by Exhibit 4.

ARTICLE X

ACCOUNTING AND PAYMENT

Section 1. Billing Agent. The POOL Board shall designate a Member as Accounting and Billing Agent. The duties of the Billing Agent shall include, but not be limited to, maintaining the records of the POOL and billing, paying and/or crediting the Members of the POOL.

Section 2. Records. Each Member shall maintain, or cause to be maintained, accurate records, in such form and manner as may be prescribed or approved by the POOL and REA of (a) the respective components of the Annual Costs and matters relating thereto, (b) monthly costs related to Monthly Reimbursement, and (c) such other matters as shall be prescribed by the POOL.

Section 3. Monthly Accounting Statements. On or before the 20th day of each month, Member shall prepare and submit to the POOL an accounting statement, in form prescribed or approved by the POOL, covering the preceding month and setting forth in necessary detail the charges (hereinafter called "Monthly Charges"), payable to the Member.

Section 4. Monthly Payments. On or before the last working day of each month (a) Member shall pay the POOL the amount above determined, and (b) the POOL shall pay Member the amount of any difference, if the Monthly Reimbursement exceeds the Monthly Charges.

Any payment made pursuant to the foregoing shall not constitute a waiver of the right of any Member or the POOL to question or contest the correctness of the charge by the POOL or Member, but no payment by the Member or Members or the POOL shall be delayed due to a question or contest as to the correctness of any charge by the POOL or Members.

ARTICLE XI

INSURANCE -- INDEMNIFICATION

Section 1. Insurance for Generating Stations. The Parties will carry in the name of SOYLAND and WIPCO as their interest now or hereinafter exist, insurance to provide appropriate protection for SOYLAND and WIPCO from the usual hazards as owners and operators of generation facilities. The said insurance shall include, but may not be limited to, comprehensive general public liability, fire, extended coverage, and vandalism, as are now owned and operated pursuant to this Agreement and if available on

reasonable terms, all-risk insurance coverage on breakdown of generating station facilities, all with such repair and replacement and extra expense endorsements, and with such limits, deductibles and other features, when available as the Parties shall agree upon through the Management Committee.

Section 2. Insurance for Transmission Properties. SOYLAND and WIPCO shall individually procure such insurance as is customary and necessary in the industry respecting transmission and substation properties, when said transmission or substation properties are constructed, operated and/or maintained pursuant to this Agreement, including, but not limited to, comprehensive General Public Liability and such other insurance in such amounts and with such deductibles and other features as may be determined by the Management Committee.

Section 3. Other Insurance. The Parties will carry in the name of SOYLAND and WIPCO, as their interests now or hereafter exist, all other necessary insurance covering ownership and operations pursuant to this Agreement in such amounts and with such deductibles and other features as may be determined from time to time by the Management Committee.

Section 4. WIPCO Liability to SOYLAND. Except for fraudulent misconduct or willful action of WIPCO, and except to the extent such liability is discharged or indemnified against by insurance, WIPCO and its directors, officers, agents, or employees shall have no liability to SOYLAND for any liability, loss, cost, damage, and expense, including attorney fees and expenses of litigation incurred or sustained by SOYLAND as a result of any act or failure

to act, whether negligent or otherwise, by WIPCO (or its directors, officers, agents, employees, or contractors), or any error or delay whether negligent or otherwise attributable to WIPCO (or its directors, officers, agents, employees, or contractors) in the course of work pursuant to this contract and in the course of any other activity under or in connection with the provisions of this Agreement.

Section 5. SOYLAND Liability to WIPCO. Except for fraudulent misconduct or willful action of SOYLAND, and except to the extent such liability is discharged or indemnified against by insurance, SOYLAND and its directors, officers, agents, or employees shall have no liability to WIPCO for any liability loss, cost, damage, and expense, including attorneys fees and expenses of litigation incurred or sustained by WIPCO as a result of any act or failure to act whether negligent or otherwise by SOYLAND (or its directors, officers, agents, employees, or contractors), or any error or delay whether negligent or otherwise attributable to SOYLAND (or its directors, officers, agents, employees, or contractors) in the course of work pursuant to this contract and in the course of any other activity under or in connection with the provisions of this Agreement.

Section 6. Indemnification of the Parties. Nothing in this Agreement shall be construed to create joint or several liability of a Party for the acts, omissions, or obligations of the other Party. Subject to the foregoing, the Party shall have such rights of indemnity and contribution between themselves with respect to

the subject of this Agreement as shall be permitted by law and consistent with the provisions of the Agreement.

Other provisions in this Agreement notwithstanding, this Agreement shall not be construed as relieving WIPCO or SOYLAND from liability to the other Party for any willful action or fraudulent misconduct of WIPCO or SOYLAND or any action of WIPCO or SOYLAND taken in bad faith which prejudices the other Party for the benefit of itself.

Section 7. Liability. Except as otherwise expressly provided for in this Agreement, the liability of one Party to the other for any breach of this Agreement or default, the recoverable damages shall be limited to the actual direct damages suffered by the Party so damaged and shall not include exemplary, punitive or remote damages.

In the event either Party to this Agreement breaches or creates a default in agreements with third parties and the parties thereto, which breach or default results in the termination of said agreements or any of them with third parties, the Party hereto breaching such agreements or defaulting shall be liable to the other Party hereto for any and all damages resulting therefrom to said other Party, said damages shall not be limited by the provisions of the preceding paragraph.

Section 8. Default. "Default" means the failure of any Party to perform its duties, obligations and responsibilities under this Agreement. The Parties recognize that a default may jeopardize the investment of the other Party made pursuant to the Parties agreements with third parties, and deprive said Party of the

benefits of power pooling with other parties, including the defaulting Party and that the consequences of a default would be substantial.

The remedies for default provided herein are and shall be in addition to all other remedies at law or equity for the nondefaulting Party.

If the default consists in nonpayment of a Party's share of costs or failure to provide the service obligated, then the nondefaulting Party may pay said costs or provide the service and the defaulting Party shall be obligated to reimburse said Party for the money paid or costs of service plus interest at 5% above the then commercial prime rate as charged by the The First National Bank of Chicago. Further, until paid the sum due shall constitute a lien upon any real estate owned by the defaulting Party.

ARTICLE XII

MERGER

Section 1. Agreement to Merge. The parties hereto agree to merge the two corporations. Said merger to be effective on July 1, 1986, unless extended by mutual agreement.

The merger shall be accomplished pursuant to the Illinois Not-for-Profit Act, as amended (Chapter 32, Par. 163(a) et. seq. Illinois Revised Statutes).

The parties shall adopt a plan of merger and submit the same to their respective members all as provided by statute.

Section 2. Provisions of Merger Agreement. The plan of merger shall in addition to other provisions as required by the statute and such other terms and conditions as may be mutually

agreed upon will contain in suitable language the following conditions which will be binding upon the Parties after the merger is effective.

1. The Board of Directors of the surviving corporation shall consist of two directors from each Member of the corporation having voting rights. At least one of the said two directors shall be a director of the Member.

2. The rates charged to each Member of the merged cooperative shall be determined as provided in Section 3, Article IX of the Coordination and Operation Agreement between the parties dated July 24, 1984, except that upon commercial operation of the Clinton Power Station, the fixed costs and variable costs for the former WIPCO Members shall be increased by the following percentages for the years given, with the former Soyland Members paying the balance:

<u>YEAR</u>	<u>PERCENTAGE</u>
1987 and 1988	8
1989 and 1990	7
1991	6
1992	5
1993	4
1994	3
1995	2
1996	1
1997 and thereafter	0

The above assumes that the Clinton Power Station is placed in commercial operation in January of 1987. However, if it is not,

the time periods covering percentages above beginning with 1987 and 1988 shall be adjusted to commence on the first of that month in which Clinton becomes commercial.

3. Continuation of Terms of Coordination and Operation Agreement. The provisions of Article IX, Section 7 of the Coordination and Operation Agreement between the parties dated July 24, 1984, will continue in force and effect after the merger.

ARTICLE XIII

GENERAL PROVISIONS

Section 1. Right of Installation and Access.

- A. Each Party hereto grants to the other permission to install, maintain, and operate, or cause to be installed, maintained, and operated, on its premises, any and all terminal equipment and associated apparatus and devices necessary in the performance of this Agreement.
- B. Each Member shall permit duly authorized representatives and employees of the POOL to enter upon its premises for the purpose of reading or checking meters, inspecting, testing, repairing, renewing, or exchanging any or all of the equipment owned by the POOL located on such premises, or for the purpose of performing any other work necessary in the performance of this Agreement.

Section 2. Right of Removal. Any and all equipment, apparatus, devices, or facilities placed or installed or caused to be placed or installed, by either Party hereto on or in the premises of the other Party shall be and remain the property of the Party owning and installing such equipment, apparatus, devices, or facilities, regardless of the mode or manner of annexation or

attachment to real property of the other, and, upon the termination of this Agreement, the owner thereof shall have the right to enter upon the premises of the other and shall, within a reasonable time, remove such equipment, apparatus, devices or facilities.

Section 3. Reliability and Adequacy of Service. Electric service rendered under this Agreement shall meet accepted standards of reliability and adequacy. If questions arise concerning the quality of service, factual data shall be obtained with respect to the character of such service and appropriate corrective or remedial action shall be promptly taken by the Party at fault.

Section 4. Continuity of Deliveries. Electric power and energy delivered, and transmission capacity made available under this Agreement, shall be furnished continuously and/or as scheduled except for interruptions or curtailments in service caused by an Uncontrollable Force, or by operation of devices installed for system protection, or by the necessary installation, maintenance, repair, and replacement of equipment. Such interruptions or reductions in service, as hereinbefore set forth, shall not constitute a breach of this Agreement, and neither Party shall be liable to the other for damages resulting therefrom. Except in case of an emergency, each Party shall give the other reasonable advance notice of temporary interruptions or curtailments in service necessary for such installation, maintenance, repair, and replacement of equipment, and shall schedule such interruptions or curtailments so as to cause the least inconvenience to the Parties hereto. It is understood and agreed that Members shall not schedule such installation, maintenance, repairs, or replacement in respect

of any of the Combined Generating Facilities or Combined Transmission Facilities without the approval of the POOL.

Section 5. Reports. Each Party hereto shall furnish to the other such reports concerning its operations as the other Party may reasonably request from time to time, and Members shall in any event submit to the POOL such records, reports, and information in respect of the Combined Generating Facilities, Combined Transmission Facilities, and other costs, as the POOL may, from time to time, reasonably request.

Section 6. Audit. Throughout the term of this Agreement, each of the Parties hereto shall cause an annual audit of its operations covering its audit year, to be made by a Certified Public Accountant. The Members' audit shall include such information as shall be prescribed by the POOL. A duly certified copy of such audit shall be furnished to the other Party within a reasonable period after the end of each audit year.

Section 7. Assignment. Neither Party shall assign this Agreement or any interest therein, except to the United States of America, without the approval in writing of the other Party, and of the Administrator of REA.

Section 8. Amendment. Subject to the approval of the Administrator of the Rural Electrification Administration and any regulatory authority or body which may have jurisdiction thereof, this Agreement may be amended from time to time by agreement in writing duly executed by the Parties hereto. In the event any provision of this Agreement is determined to be invalid or in conflict with any law or any regulation or order of any regulatory

agency having jurisdiction, the Parties hereto will attempt by mutual written agreement to amend this Agreement, which amendment will eliminate such invalidity or conflict.

Section 9. Governing Law. The validity, interpretation, and performance of this Agreement and each of its provisions shall be governed by the law of the State of Illinois.

Section 10. Counterparts. Any number of counterparts of this Agreement may be executed and each shall have the same force and effect as the original.

Section 11. Understanding. This Agreement shall constitute the entire understanding of the Parties.

Section 12. Mutual Assistance. Each Party shall assist each of the other Parties in fulfilling and discharging the responsibilities assumed under this Agreement and in making this Agreement productive and beneficial to the stated intent. This undertaking of mutual assistance shall be limited only by any obligations of a particular Party which, in the judgment of that Party, limit the assistance which it may provide. This general task of mutual assistance shall not be deemed to replace or modify in any respect the specific responsibilities and obligations of the Parties as described in this Agreement.

Section 13. Section Headings Not to Affect Meaning. The descriptive headings of the various Sections of this Agreement have been inserted for convenience of reference only, and shall in no way modify or restrict any of the terms and provisions thereof.

Section 14. Relationship of Parties. Nothing in this Agreement shall be construed to create an association, joint

venture, trust or partnership, or to impose a trust or partnership covenant, obligation or liability for either of the Parties. Neither Party shall be the agent of or have a right or power to bind the other Party without its express written consent, except as expressly provided in this Agreement. (The Parties hereby elect to be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1954, as amended from time to time, or such portions thereof as may be permitted or authorized by the Secretary of the Treasury or his delegee insofar as such Subchapter, or any portion thereof may be applicable to the Parties under this Agreement).

ARTICLE XIV

EFFECTIVE DATE, TERM, AND CONTINGENCIES

Section 1. Approval by REA. This Agreement shall not become effective unless and until it shall have been approved by the Administrator of REA.

Section 2. Term of Agreement. Subject to Section 1 of this Article, this Agreement shall become effective for the term beginning as of January 1, 1985 and ending at midnight December 31, 2025, unless extended by mutual agreement of the Parties.

Section 3. Operative Date. The delivery of power and energy by Members and the POOL, pursuant to this Agreement, shall begin on the "Operative Date" hereof, which shall be January 1, 1985, or as mutually agreed.

Section 4. Remedies of Parties. Except as otherwise specifically provided, nothing contained in this Agreement shall be construed to abridge, limit, or deprive any of the Parties hereto

of any means of enforcing any remedy which it might otherwise have, either at law or in equity, including the right, if any, of injunction and specific performance, for the breach of any of the provisions hereof.

Section 5. Waivers. Waiver at any time of rights with respect to a default or any other matter arising in connection with this Agreement shall not be deemed to be a waiver with respect to any subsequent default or matter.

Section 6. Notice. Any payment, written notice, demand or request required or authorized under this Agreement shall be deemed properly given to or served on Members if mailed to:

WIPCO

Executive Vice President
and General Manager
Western Illinois Power
Cooperative, Inc.
Highway 67 South
Post Office Box 609
Jacksonville, Illinois 62651

SOYLAND

Executive Vice President
and General Manager
Soyland Power Cooperative, Inc.
Post Office Box A1606
Decatur, Illinois 62525

Any such payment, notice, demand or request shall be deemed properly given to or served the POOL if mailed to:

SOYLAND/WIPCO
Post Office Box A1606
Decatur, Illinois 62525

The designation of the persons to be notified, or the addresses of such persons, may be changed at any time upon written notice of the other Parties.

Section 7. Good Utility Practices. The Parties shall discharge any and all obligations under this Agreement in a prudent manner and in accordance with good utility practices.

Section 8. Conflict With Memorandum of Understanding. To the extent that any of the provisions of this Agreement conflict with the Memorandum of Understanding dated February 15, 1984, between the Parties, this Agreement shall supersede said Memorandum of Understanding.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in several counterparts all of which are duplicate originals as of the day and year first above written.

SOYLAND POWER COOPERATIVE, INC.

By 

Attest:


Seal

WESTERN ILLINOIS POWER
COOPERATIVE, INC.

By 

Attest:


Seal

EXHIBIT 1-A

EXISTING GENERATION FACILITIES

WESTERN ILLINOIS POWER COOPERATIVE, INC.

PEARL

Unit I

- 1 - 24 Mw (net) coal-fired steam unit
- 1 - 22 Mva, 13.8/69 Kv step-up transformer

Unit II

- 1 - 24 Mw (net) oil-fired, internal combustion unit
- 1 - 15 Mva, 13.8/69 Kv step-up transformer

Switching Station

- 1 - 6 bay, 69 Kv with main and transfer bus
- 3 - 69 Kv line oil circuit breakers
- 2 - 69 Kv generator oil circuit breakers
- 1 - 69 Kv station service oil circuit breaker
- 1 - 2 Mva, 69/2.4 Kv station service transformer

PITTSFIELD

Generators

- 5 - 9.48 Mw (net) internal combustion, dual fuel, oil-fired units
- 2 - 5 Mva, 4.16/33 Kv step-up transformers

Switching Station - 34.5 Kv

- 1 - 6 bay, 34.5 Kv with main and transfer bus
- 2 - 34.5 Kv line oil circuit breakers
- 2 - 34.5 Kv generator oil circuit breakers
- 2 - 34.5 Kv bus tie oil circuit breakers

Switching Station - 69 Kv

- 1 - 3 bay, main bus
- 2 - 69 Kv line oil circuit breakers
- 1 - 69/34.5 Kv transformer oil circuit breaker
- 1 - Bank of 6 - 1000 Kva (6 Mva) 69/34.5 Kv stepdown transformer

WINCHESTER

Generators

- 5 - 3.2 Mw (net) internal combustion, dual fuel, oil-fired units
- 1 - Bank of 3 - 500 Kva (1.5 Mva) 4.16/34.5 Kv step-up transformer
- 1 - Bank of 3 - 667 Kva (2.0 Mva) 4.16/34.5 Kv step-up transformer

Switching Station - 34.5 Kv

- 1 - 7 bay, 34.5 Kv main bus
- 3 - 34.5 Kv line oil circuit breakers
- 1 - 34.5 Kv transformer oil circuit breaker

Switching Station - 69 Kv

- 1 - 5 bay, main and transfer bus
- 2 - 69 Kv line oil circuit breakers
- 1 - 69 Kv bus tie oil circuit breaker
- 1 - 69 Kv station tie oil circuit breaker (to 138 Kv sub)
- 1 - 69/34.5 Kv, 10 Mva transformer

Switching Station - 138 Kv

- 1 - 2 bay, main bus
- 1 - 138 Kv circuit switcher
- 1 - 138/69 Kv, 30 Mva transformer

EXHIBIT 1-B

EXISTING GENERATING FACILITIES

SOYLAND POWER COOPERATIVE, INC.

Soyland presently has no generating or related facilities

EXHIBIT 2-A

EXISTING TRANSMISSION FACILITIES

WESTERN ILLINOIS POWER COOPERATIVE, INC.

Transmission Lines

<u>Section Name</u>	<u>Conductor</u>	<u>Length in Miles</u>
<u>138 Kv</u>		
Jacksonville-Winchester	795 45/7 ACSR	19.00
Turris Tap	336.4 26/7 ACSR	0.84
		Subtotal 19.84
<u>69 Kv</u>		
Pearl Tap	4/0 ACSR	2.00
Winchester-Smith Junction	3/0 ACSR	10.77
Winchester-Murrayville Junction	4/0 ACSR	8.40
Murrayville Junction-Jacksonville Tap	3/0 ACSR	10.85
Jacksonville Tap-Pisgah Junction	4/0 ACSR	3.54
Berlin-Amos	4/0 ACSR	19.78
Pearl Tap-Smith Junction	4/0 ACSR	8.68
Pearl-Pearl Tap	4/0 ACSR	0.57
Pearl-Kampsville	4/0 ACSR	9.42
Amos-Athens Junction	336.4 26/7 ACSR	8.80
Athens Junction-Barclay	4/0 ACSR	11.48
Athens Tap	336.4 26/7 ACSR	4.50
Amos-Glenarm	4/0 ACSR	16.70
Amos-CWL&P Amos	336.4 26.7 ACSR	0.10
Pittsfield-El Dara	4/0 ACSR	9.06
Pittsfield-Smith Junction	3/0 ACSR	12.77
Pisgah Junction-Berlin	4/0 ACSR	14.63
Pisgah Tap	3/0 ACSR	1.16
El Dara-Hadley Junction	4/0 ACSR	7.26
Hadley Junction-East Hannibal	4/0 ACSR	18.99
Hadley Junction-Kellerville	4/0 ACSR	15.51
Smith Junction-Pearl	4/0 ACSR	9.55
Salisbury Tap	4/0 ACSR	2.50
East Lanesville-Lanesville	336.4 26/7 ACSR	0.92
Nortonville Tap (1)	4/0 ACSR	7.65
El Dara-New Canton	4/0 ACSR	5.96
El Dara-Atlas	4/0 ACSR	7.63
Barclay-Lanesville	4/0 ACSR	7.27
Jacksonville Tap	3/0 ACSR	1.00
N. Murrayville Tap	3/0 ACSR	0.60
Poplar City Tap	2/0 ACSR	6.52
Topeka Tap	4/0 ACSR	0.10
Nutwood Tap	4/0 ACSR	4.94
Ipava-Smithfield Junction	2 FCWC	8.38
Smithfield Junction-St. David	2 FCWC	14.30
Smithfield Junction-Smithfield	2 FCWC	1.40
Smithfield-Ellisville Junction	2 FCWC	8.96

<u>Section Name</u>	<u>Conductor</u>	<u>Length in Miles</u>
<u>69 Kv (cont.)</u>		
Ellisville Tap	2 FCWC	2.40
Ellisville Junction-DeLong	4/0 ACSR	17.27
Elvaston-Powellton	4/0 ACSR	9.70
Elvaston-Sutter	4/0 ACSR	14.23
LaPrairie Tap	2 FCWC	0.50
LaPrairie-Big Neck	4/0 ACSR	12.89
Bishop Tap	4/0 ACSR	0.10
Newbern Tap	4/0 ACSR	0.90
Oakford Tap	4/0 ACSR	7.52
Middletown Tap	4/0 ACSR	10.34
DeLong-Knoxville	4/0 ACSR	6.47
Hardin Tap	4/0 ACSR	6.40
Taylorville Tap	4/0 ACSR	3.38
Denver Tap	4/0 ACSR	8.52
Brussels Tap	4/0 ACSR	11.80
Sugar Grove Tap	4/0 ACSR	0.25
Bluff Springs Tap (1)	4/0 ACSR	2.76
	Subtotal	398.03

34.5 Kv

Winchester-Murrayville	3/0 Al	6.88
Murrayville Tap	3/0 ACSR	1.30
Murrayville Junction-Roodhouse Junction	3/0 ACSR	7.59
Greenfield Tap	3/0 ACSR	0.30
Greenfield Junction-Carrollton	3/0 ACSR	14.05
Hillview-Winchester	#2 CU	12.10
Greenfield Junction-Roodhouse Junction	3/0 ACSR	9.40
Kampsville-Carrollton Junction	1/0 ACSR	7.70
Pittsfield-Pittsfield Junction	3/0 ACSR	3.40
Pittsfield Tap	3/0 ACSR	0.50
Pittsfield Junction-Griggsville	3/0 ACSR	15.00
Griggsville-Neelyville	3/0 ACSR	10.52
Neelyville Tap	3/0 ACSR	0.51
Winchester-Neelyville	3/0 ACSR	15.13
Neelyville-Arenzville	4/0 ACSR	10.41*
Carrollton-Carrollton Junction	1/0 ACSR	0.50
Carrollton Junction-Eldred	4/0 ACSR	7.32*
Kampsville-Kampsville Junction	4/0 ACSR	0.60*
Marblehead-Adams	2 FCWC	8.80*
Burton Tap	4/0 ACSR	6.90*
Quincy Tap	4/0 ACSR	3.80*
Rinaker Tap	4/0 ACSR	6.20*
Palmyra Tap	4/0 ACSR	1.34*
Brighton Tap	4/0 ACSR	1.07*
Breeds Tap	4/0 ACSR	3.79*
Honey Bend Tap	4/0 ACSR	1.12*
Witt Tap	4/0 ACSR	3.04*
Astoria Tap	4/0 ACSR	0.70*
	Subtotal	159.9
	Total	577.8

*Constructed 69 Kv

(1) Anticipate in service by 12-31-86

EXHIBIT 2-B
EXISTING TRANSMISSION FACILITIES
SOYLAND POWER COOPERATIVE, INC.

<u>Cooperative</u>	<u>Line Section</u>	<u>Voltage</u>	<u>Conductor</u>	<u>Miles</u>
<u>Clay</u>	Bible Grove Tap	69 Kv	1/0 ACSR	4.00
	Bible Grove-Marathon	69 Kv	1/0 ACSR	2.00
	Iola-Gulf (1)	69 Kv	1/0 ACSR	4.30
	Sailor Springs Tap (2)	69 Kv	4/0 ACSR	<u>4.30</u>
	Subtotal 69 Kv			14.60
<u>Clinton</u>	Boulder Tap	69 Kv	4/0 ACSR	1.80
	Shattuc I Tap	69 Kv	4/0 ACSR	2.24
	Shattuc I - Shattuc II	69 Kv	4/0 ACSR	0.84
	Mascoutah Tap	69 Kv	4/0 ACSR	5.00
	Bartelso Tap	69 Kv	4/0 ACSR	4.05
	Beckmeyer - Keysport	69 Kv	4/0 ACSR	8.42
	Trenton II Tap (2)	69 Kv	4/0 ACSR	<u>3.80</u>
	Subtotal 69 Kv			26.15
<u>Coles-Moultrie</u>	Bethany - Sullivan	69 Kv	4/0 ACSR	11.40
	Charleston Tap	69 Kv	4/0 ACSR	0.90
	East Charleston Tap	69 Kv	4/0 ACSR	.90
	Fairgrange Tap	69 Kv	4/0 ACSR	4.30
	Lake Land Tap	69 Kv	4/0 ACSR	1.70
	Mattoon Tap	69 Kv	1/0 ACSR	0.05
	Sarah Bush Tap	69 Kv	4/0 ACSR	0.30
	Sullivan Tap	69 Kv	1/0 ACSR	11.50
	Union Center Tap	69 Kv	1/0 ACSR	0.50
	Bethany to Proposed Tap	69 Kv	4/0 ACSR	<u>5.80</u>
	Subtotal 69 Kv			37.35
	Bruce Tap	34.5 Kv *	1/0 ACSR	<u>5.40</u>
	Subtotal 34.5 Kv			5.40

<u>Cooperative</u>	<u>Line Section</u>	<u>Voltage</u>	<u>Conductor</u>	<u>Miles</u>
<u>Corn Belt</u>	Olympia Tap	69 Kv	3/0 ACSR	6.86
	Saybrook Tap	69 Kv	4/0 ACSR	15.33
	Deland Tap	69 Kv	4/0 ACSR	8.55
	Deland - Fullerton	69 Kv	4/0 ACSR	8.53
	Hopedale Tap	69 Kv	4/0 ACSR	8.53
	Cooksville Tap	69 Kv	4/0 ACSR	2.83
	Subtotal 69 Kv			50.63
<u>Eastern</u>	Woodland Tap	69 Kv	4A CWC	0.09
	Fairbury Tap	69 Kv	2A CWC	0.72
	Jamesburg Tap	69 Kv	2/0 ACSR	7.10
	Anchor Tap	69 Kv	4/0 ACSR	7.90
	Cissna Park Tap	69 Kv	4/0 ACSR	2.50
	Papineau Tap	69 Kv	4/0 ACSR	0.95
	Subtotal 69 Kv			19.26
<u>Edgar</u>	Kansas Tap	69 Kv	1/0 ACSR	4.50
	Brocton Tap	69 Kv	1/0 ACSR	3.95
	Ferrell Tap	69 Kv	1/0 Stranded CU	4.71
	Baldwin Tap	69 Kv	1/0 ACSR	2.88
	Subtotal 69 Kv			16.04
<u>Farmers Mutual</u>	Geneseo Tap	34.5 Kv *	1/0 ACSR	9.76
	Geneseo - Ladwig	34.5 Kv *	4/0 ACSR	7.69
	Subtotal 34.5 Kv			17.45
<u>Illini</u>	Gifford Tap	69 Kv	2-3 Stranded CU	7.1
	Ludlow Tap	69 Kv	2-3 Stranded CU	3.7
	Ludlow - Fisher	69 Kv	2-3 Stranded CU	7.0
	Sidney Tap	69 Kv	2-3 Stranded CU	17.0
	Parkville Tap	69 Kv	2-3 Stranded CU	12.0
	Longview Tap	69 Kv	336.4 KCMIL	4.8
	Garrett Tap	69 Kv	336.4 KCMIL	3.0
	Mahomet Tap	69 Kv	336.4 KCMIL	6.0
	Subtotal 69 Kv			60.60

<u>Cooperative</u>	<u>Line Section</u>	<u>Voltage</u>	<u>Conductor</u>	<u>Miles</u>
<u>Illinois Valley</u>	Oak Run Tap	69 Kv	4/0 ACSR	4.7
	Burns Tap	69 Kv	336.4 KCMIL	<u>4.0</u>
			Subtotal 69 Kv	8.7
	Wyanet - Tiskilwa	34.5 Kv	1/0 ACSR	10.0
	Sheffield Tap	34.5 Kv *	336.4 KCMIL	5.0
	Troy Grove Tap	34.5 Kv *	336.4 KCMIL	2.5
	Granville Tap	34.5 Kv *	336.4 KCMIL	0.5
	Princeton Tap	34.5 Kv *	336.4 KCMIL	3.1
	Neponset	34.5 Kv *	336.4 KCMIL	<u>6.9</u>
			Subtotal 34.5 Kv	28.00
<u>McDonough</u>	Industry Tap	69 Kv	4/0 ACSR	9.69
	Breiner Tap	69 Kv	4/0 ACSR	14.30
	Breiner - Kington	69 Kv	4/0 ACSR	10.53
	Spring Lake - Macomb	69 Kv	4/0 ACSR 5.11 mi. 1/0 ACSR 0.50 mi.	5.61
	Table Grove Tap	69 Kv	4/0 ACSR	<u>3.62</u>
			Subtotal 69 Kv	43.75
<u>Monroe</u>	Poe-Fults-Maeystown Creek	34.5 Kv *	4/0 ACSR	<u>25.18</u>
			Subtotal 34.5 Kv	25.18

<u>Cooperative</u>	<u>Line Section</u>	<u>Voltage</u>	<u>Conductor</u>	<u>Miles</u>
<u>Shelby</u>	Neoga Tap	69 Kv	1/0 ACSR	<u>9.87</u>
			Subtotal 69 Kv	9.87
	Blue Mound Tap	34.5 Kv	1/0 ACSR	4.99
	Lakewood Tap	34.5 Kv	1/0 ACSR	4.23
	Pana Tap	34.5 Kv	1/0 ACSR	8.74
	Taylorville Tap	34.5 Kv	1/0 ACSR	6.57
	Yantisville Tap	34.5 Kv	1/0 ACSR	<u>9.51</u>
			Subtotal 34.5 Kv	34.04
<u>Southwestern</u>	Maryville Tap	138 Kv	336.5 MCM	<u>0.50</u>
			Subtotal 138 Kv	0.50
	Edgewood Tap	69 Kv	4/0 ACSR	5.5
	Wright's Corner Tap (2)	69 Kv	336.5 18/1 ACSR	<u>2.0</u>
			Subtotal 69 Kv	7.5
	Confidence Tap	34.5 Kv *	336.5 18/1 ACSR	5.00
	Sefton Tap	34.5 Kv *	336.5 18/1 ACSR	3.00
	Sefton Chicap	34.5 Kv *	336.5 18/1 ACSR	1.00
	Reno Tap (3)	34.5 Kv *	336.5 18/1 ACSR	1.75
	Pocahontas Shell Pump	34.5 Kv *	4/0 ACSR	2.50
	Wordon - Holiday Shores East	34.5 Kv *	4/0 ACSR	5.75
	Edwardsville Tap	34.5 Kv *	4/0 ACSR	5.00
	Maryville - Fruit (2)	34.5 Kv *	336.5 18/1 ACSR	3.00
	Holiday Shores East to Holiday Shores West	34.5 Kv	4/0 ACSR UG	2.00
	Holiday Shores West - Bethalto	34.5 Kv *	336.5 18/1 ACSR	<u>4.50</u>
			Subtotal 34.5 Kv	33.50

<u>Cooperative</u>	<u>Line Section</u>	<u>Voltage</u>	<u>Conductor</u>	<u>Miles</u>
<u>Tri-County</u>	Patoka Tap	69 Kv	4/0 ACSR 3.0 1/0 ACSR 1.0	4.00
	Patoka - Kinmundy	69 Kv	1/0 ACSR	11.75
	Ashley Tap	69 Kv	4/0 ACSR	1.30
	Hoyleton Tap	69 Kv	4/0 ACSR	8.00
	Irvington - Dix	69 Kv	4/0 ACSR	9.50
	Iuka Tap	69 Kv	2/0 ACSR	5.30
	Iuka - South Salem	69 Kv	4/0 ACSR	2.00
	Bonnie Tap - Bonnie Sub	69 Kv	4/0 ACSR	12.28
	Bonnie Tap - Freeman Coal	69 Kv	4/0 ACSR	0.25
	Bonnie Tap - Barva	69 Kv	4/0 ACSR	3.20
	Bonnie Tap - Reserve	69 Kv	4/0 ACSR	4.30
			Subtotal 69 Kv	61.88
<u>Wayne-White</u>	Phillipstown Tap	69 Kv	2/0 ACSR	3.00
	Carmi-Crossville Tie Line	69 Kv	4/0 ACSR	4.00
	Crossville - Emma	69 Kv	4/0 ACSR	11.50
	Carmi	69 Kv	4/0 ACSR	18.50
	Enfield - Inland Steel Coal	69 Kv	4/0 ACSR	6.50
	Inland Steel Coal - Diamond City	69 Kv	4/0 ACSR	6.60
	Diamond City - McLeansboro	69 Kv	4/0 ACSR	7.40
	McLeansboro - Aden	69 Kv	1/0 ACSR	11.50
	Aden - Mill Shoals	69 Kv	1/0 ACSR	7.80
	Mill Shoals - Boogerville	69 Kv	4/0 ACSR	16.00
	Boogerville - Albion	69 Kv	4/0 ACSR	14.00
	Boogerville - Boyleston	69 Kv	4/0 ACSR	13.50
	Boyleston - Wayne City	69 Kv	4/0 ACSR	16.50
	Zif Tap	69 Kv	4/0 ACSR	3.50
	Clay City - Rinard	69 Kv	1/0 ACSR	10.00
	Rinard - Jefferson	69 Kv	1/0 ACSR	5.50
	Boogerville Jefferson Tie Line	69 Kv	4/0 ACSR	6.50
	Jefferson Johnsonville	69 Kv	1/0 ACSR	8.50
	Johnsonville - Orchardville	69 Kv	4/0 ACSR	7.40
	Wayne City - Aden Tie Line	69 Kv	1/0 ACSR	9.50
	Ashland Pipe - Line Tap	69 Kv	1/0 ACSR	1.25
	Orchardville - Keenes Tie Line	69 Kv	4/0 ACSR	7.50
			Subtotal 69 Kv	196.45
	Bluford - Wayne City	34.5 Kv	1/0 ACSR	5.00
			Subtotal 34.5 Kv	5.00

Total 138 Kv Transmission	.50 miles
Total 69 Kv Transmission	552.78 miles
Total 34.5 Kv Transmission	148.57 miles
Total	701.85 miles

- * Constructed for 69 Kv
- 1 Not In Service
 - 2 In Service 1984
 - 3 In Service 1985

Transmission Switching Stations

Albion

1 - 69 Kv oil circuit breaker

Carmi

1 - 69 Kv oil circuit breaker

Clay City

1 - 69 Kv oil circuit breaker

Crossville

1 - 69 Kv oil circuit breaker

EXHIBIT 3-A

EXISTING POINTS OF DELIVERY

WESTERN ILLINOIS POWER COOPERATIVE, INC.

I. BULK POINTS

<u>Cooperative</u>	<u>Delivery Point</u>	<u>Substations</u>	<u>Metering</u>		<u>Delivery Voltage</u>
			<u>High Side</u>	<u>Low Side</u>	
Adams	LaPrairie	LaPrairie	CIPS	WIPCO	69 Kv
		Big Neck		WIPCO	69 Kv
	Marblehead (Payson)	Adams Burton Quincy	CIPS	WIPCO WIPCO WIPCO	34.5 Kv 34.5 Kv 34.5 Kv
Illinois Rural	Hardin	Brussels	CIPS	WIPCO	69 Kv
		Hardin		WIPCO	69 Kv
Menard	Greenview	Middletown	CIPS	WIPCO	69 Kv
		Oakford		WIPCO	69 Kv
	Topeka	Poplar City Topeka	CIPS	WIPCO WIPCO	69 Kv 69 Kv
Spoon River	Ipava	Ipava	CIPS	WIPCO	69 Kv
		Smithfield		WIPCO	69 Kv
	Knoxville	DeLong Ellisville	IP	WIPCO WIPCO	69 Kv 69 Kv
Western	St. David	St. David	CIPS	WIPCO	69 Kv
	Elvaston	Elvaston	CIPS	WIPCO	69 Kv
		Powellton		WIPCO	69 Kv
		Sutter		WIPCO	69 Kv
	Carthage	Carthage	CIPS	WIPCO	69 Kv
		Denver		WIPCO	69 Kv

II. INDIVIDUAL POINTS

<u>Cooperative</u>	<u>Delivery Point</u>	<u>Metering</u>		<u>Delivery⁽¹⁾ Voltage</u>
		<u>High Side</u>	<u>Low Side</u>	
Adams	Colmar		CIPS	69 Kv
	Kellerville		WIPCO	69 Kv
	Mt. Sterling		CIPS	69 Kv
	Rushville		CIPS	69 Kv
	Sugar Grove		CIPS	69 Kv
	Ursa		CIPS	34.5 Kv
Illinois Rural	Arenzville		WIPCO	34.5 Kv
	Atlas		WIPCO	69 Kv
	Carrollton		WIPCO	34.5 Kv
	Carrollton Wells		IREC	34.5 Kv (2)
	East Hannibal		WIPCO	69 Kv
	Eldred		WIPCO	34.5 Kv
	Greenfield		WIPCO	34.5 Kv
	Griggsville		WIPCO	34.5 Kv
	Hillview		WIPCO	34.5 Kv
	Murrayville		WIPCO	34.5 Kv
	Naples		WIPCO	34.5 Kv (3)
	Neelyville		WIPCO	34.5 Kv
	New Canton		WIPCO	69 Kv
	Nortonville (9)		WIPCO	69 Kv
	Pearl		WIPCO	69 Kv
	Pisgah		WIPCO	69 Kv
	Pittsfield		WIPCO	34.5 Kv
	Winchester		WIPCO	34.5 Kv
M.J.M. Electric	Brighton	IP		34.5 Kv
	Bunker Hill	IP		34.5 Kv
	Butler	IP		34.5 Kv
	Honey Bend (4)	IP	WIPCO	34.5 Kv
	Jerseyville		CIPS	69 Kv
	Newbern		CIPS	69 Kv
	Nutwood		CIPS	69 Kv
	Palmyra (4)		CIPS, WIPCO	34.5 Kv
	Rinaker	IP		34.5 Kv
	Staunton	IP		34.5 Kv
	Taylor Springs	IP		34.5 Kv
	Witt	IP		34.5 Kv
	Womac	IP		34.5 Kv
	Headquarters	IP		4.16 Kv (5)
Menard	Athens		WIPCO	69 Kv
	Barclay		WIPCO	69 Kv
	Bishop		CIPS	69 Kv
	Bluff Springs (9)		CIPS	69 Kv
	Lanesville		WIPCO	69 Kv
	Mason City		CIPS	69 Kv
	New Berlin		WIPCO	69 Kv

<u>Cooperative</u>	<u>Delivery Point</u>	<u>Metering</u>		<u>Delivery</u> ⁽¹⁾
		<u>High Side</u>	<u>Low Side</u>	<u>Voltage</u>
Menard	Petersburg		CIPS	69 Kv
	Saidora		CIPS	69 Kv
	Salisbury		WIPCO	69 Kv
	Turris	WIPCO (7)	WIPCO	138 Kv (6)
	Virginia		CIPS	69 Kv
Rural Electric	Farmersville		CIPS	34.5 Kv
	Girard		CIPS	34.5 Kv
	Glenarm		WIPCO	69 Kv
	Harvel	IP		34.5 Kv
	Lowder		CIPS	34.5 Kv
	Sicily		CIPS	69 Kv
	Taylorville		CIPS	69 Kv
Spoon River	Astoria		CIPS	34.5 Kv
	Breeds		CIPS	34.5 Kv
	Wee-Ma-Tuk		CIPS	34.5 Kv
Western	Lomax	IP		69 Kv
WIPCO	Jacksonville Hdq.	IP		7.2 Kv (8)

Note:

1. All standard 12.47 Kv low side unless noted.
2. 240/480 V. low side.
3. 2.4 Kv low side.
4. Substation also serves Rural Electric Co., WIPCO meters each Cooperative.
5. 120/208 V. low side.
6. 13.2 Kv low side.
7. Considered 138 Kv interchange with IP.
8. Single phase service, WIPCO owns 3 span O.H. 1Ø 7.2 Kv line and 300' of #2 alum. 1Ø 7.2 Kv underground.
9. Anticipating in service by 12-31-84.

Transmission Switching Stations*

Kampsville

- 1 - 4 bay, main and transfer bus
- 2 - 34.5 Kv line oil circuit breakers
- 1 - 34.5 Kv transformer oil circuit breaker
- 1 - 69/34.5 Kv, 10 Mva, stepdown transformer
- 1 - 69 Kv motor operated airbreak switch

Amos

- 1 - 5 bay, main and transfer bus
- 3 - 69 Kv line oil circuit breakers
- 1 - 69 Kv tie oil circuit breaker (to CWL&P)
- 1 - 69 Kv motor operated circuit switcher
- 1 - 9600 Kvar bank of capacitors

East Lanesville

- 1 - 2 bay, main bus
- 1 - 69 Kv line oil circuit breaker
- 1 - 138 Kv motor operated circuit switcher
- 1 - 138/69 Kv, 20 Mva, stepdown transformer

Knockville

- 1 - 69 Kv oil circuit breaker

Lorris

- 2 - 138 Kv motor operated circuit switchers

*All have relaying, some have metering.

EXHIBIT 3-B
EXISTING POINTS OF DELIVERY
SOYLAND POWER COOPERATIVE, INC.

I. BULK POINTS

<u>Cooperative</u>	<u>Delivery Point</u>	<u>Substations</u>	<u>Metering</u>		<u>Delivery Voltage</u>
			<u>High Side</u>	<u>Low Side</u>	
<u>Clay</u>	Hord	Bible Grove Marathon Oil	CIPS		69 Kv
<u>Clinton</u>	Beckmeyer	Beckmeyer Keysport	IP		69 Kv
	Shattuc	Shattuc I Shattuc II	IP		69 Kv
<u>Coles-Moultrie</u>	Arcola	Sullivan Bethany Chicap (1)	CIPS		69 Kv
<u>Corn Belt</u>	Belt Line	Belt Line East Belt Line West	IP		34.5 Kv
	Cisco	Deland Fullerton	IP		69 Kv
	Normal	Normal North Normal South	IP		34.5 Kv
	Sutter	Hopedale Olympia	CILCO		69 Kv
<u>Farmers Mutual</u>	Atkinson	Geneseo Ladwig	IP		34.5 Kv
<u>Illini</u>	Ludlow	Ludlow Fisher	CIPS		69 Kv
<u>Illinois Valley</u>	Wyanet	Wyanet Tiskilwa	IP		34.5 Kv

(1) Presently De-energized

<u>Cooperative</u>	<u>Delivery Point</u>	<u>Substations</u>	<u>Metering</u>		<u>Delivery Voltage</u>
			<u>High Side</u>	<u>Low Side</u>	
<u>McDonough</u>	West Macomb	Woodland	CIPS		69 Kv
		Breiner			
		Kington			
		Macomb			
		South Macomb Industry			
<u>Monroe</u>	Waterloo	Waterloo	IP		34.5 Kv
		Poe			
		Fults			
		Maeystown Creek			
<u>Southwestern</u>	Bethalto	Bethalto	IP		34.5 Kv
		Holiday Shore West			
	Edwardsville (Marine)	Edwardsville	IP		69 Kv
		Fruit (2)			
	Petersburg	Petersburg North	IP		69 Kv
		Petersburg South			
	Pocahontas	Pocahontas	IP		34.5 Kv
		Shell Pump			
	Troy	Troy North	IP		34.5 Kv
		Troy South			
<u>Tri-County</u>	Worden	Worden	IP		34.5 Kv
		Holiday Shore East			
	Irvington	Irvington	IP		69 Kv
		Dix			
	Patoka	Patoka	IP		69 Kv
		Kinmundy			
	Iuka	Iuka	IP		69 Kv
		South Salem			
	Bonnie	Bonnie	IP		69 Kv
		Barva Reserve			

<u>Cooperative</u>	<u>Delivery Point</u>	<u>Substations</u>	<u>Metering</u>		<u>Delivery Voltage</u>
			<u>High Side</u>	<u>Low Side</u>	
<u>Wayne-White</u>	Albion	Albion Boogerville Mill Shoals Aden McCleansboro Wayne City Boylestown Diamond City	CIPS		69 Kv
	Carmi	Carmi Endfield Inland Steel	CIPS		69 Kv
	Clay City	Zif Rinard Jefferson Johnsonville Orchardville Ashland Oil.	CIPS		69 Kv
	Crossville (Phillipstown)	Phillipstown White County Coal Emma	CIPS		69 Kv

II Individual Delivery Point:

<u>Cooperative</u>	<u>Substation</u>	<u>Metering</u>		<u>Delivery Voltage</u>
		<u>High Side</u>	<u>Low Side</u>	
Clay	Flora		CIPS	69 Kv
	Iola	CIPS		69 Kv
	Noble		CIPS	69 Kv
	Sailor Springs (3)		CIPS	69 Kv
	Xenia		CIPS	69 Kv
Clinton	Bartelso	IP		69 Kv
	Boulder	IP		69 Kv
	Breese	IP		69 Kv
	Ferrin	IP		69 Kv
	Mascoutah	IP		69 Kv
	Trenton I	IP		69 Kv
	Trenton II (3)		SPC	69 Kv
Coles-Moultrie	Ashmore		CIPS	69 Kv
	Bruce (Windsor)		CIPS	34.5 Kv
	Charleston		CIPS	69 Kv
	E. Charleston (S. Charleston)		CIPS	69 Kv
	Fair Grange		CIPS	69 Kv
	Lakeland		CIPS	69 Kv
	Mattoon (Dorans)		CIPS	69 Kv
	Neoga		CIPS	69 Kv
	Sarah Bush		CIPS	69 Kv
	Union Center (Casey)		CIPS	69 Kv
- Corn Belt	Argenta	IP		69 Kv
	Armington		CILCO	69 Kv
	Cooksville	IP		69 Kv
	Danvers	IP		34.5 Kv
	Goodfield	IP		34.5 Kv
	Holder	IP		69 Kv
	Kappa	IP		34.5 Kv
	Le Roy	IP		34.5 Kv
	Lexington	IP		69 Kv
	Lilly	IP		34.5 Kv
	Maroa	IP		34.5 Kv
	Parkside	IP		34.5 Kv
	Saybrook	IP		69 Kv
	Tazewell		CILCO	69 Kv
	Wapella	IP		34.5 Kv
	DeWitt		(4)	12.5 Kv

(3) In Service October, 1984

(4) Low voltage metering point IP has a KWH meter (no tape cartridge)

<u>Cooperative</u>	<u>Substation</u>	<u>Metering</u>		<u>Delivery Voltage</u>
		<u>High Side</u>	<u>Low Side</u>	
Eastern	Anchor		CIPS	69 Kv
	Buckley		CIPS	69 Kv
	Cissna Park		CIPS	69 Kv
	Clifton		CIPS	69 Kv
	Donovan		CIPS	69 Kv
	Fairbury		CIPS	69 Kv
	Gilman		CIPS	69 Kv
	Hoopeston		CIPS	69 Kv
	Jamesburg		CIPS	69 Kv
	Papineau		CIPS	69 Kv
	Paxton		CIPS	69 Kv
	Piper City		CIPS	69 Kv
	Sibley		CIPS	69 Kv
	Watseka		CIPS	69 Kv
	Wellington		CIPS	69 Kv
	Woodland		CIPS	69 Kv
Edgar	Baldwin		CIPS	69 Kv
	Brockton		CIPS	69 Kv
	Chrisman		CIPS	69 Kv
	Ferrel		CIPS	69 Kv
	Kansas		CIPS	69 Kv
	Marshall		CIPS	69 Kv
	Paris		CIPS	69 Kv
	West Union		CIPS	69 Kv
Illini	Garrett		CIPS	69 Kv
	Gifford		CIPS	69 Kv
	Longview		CIPS	69 Kv
	Mahomet		IP	69 Kv
	Parkville		CIPS	69 Kv
	Sidney (Villa Grove)		CIPS	69 Kv
	West Ridge (East Tuscola)		CIPS	69 Kv
Illinois Valley	Altona	IP		69 Kv
	Annawan	IP		34.5 Kv
	Burns (Kewanee)	IP		69 Kv
	Deer Park	IP		34.5 Kv
	Granville (3)		SPC	34.5 Kv
	Ladd	IP		34.5 Kv
	Mineral	IP		34.5 Kv
	Neponset	IP		34.5 Kv
	Norway	IP		34.5 Kv
	Oak Run (Victoria)	IP		69 Kv
	Princeton	IP		34.5 Kv
	Sheffield	IP		34.5 Kv
	Troy Grove	IP		34.5 Kv
	Wedron	IP		34.5 Kv
	Mineral (Illinois Valley Headquarters)			12.5 Kv

(3) In Service October ; 1984

<u>Cooperative</u>	<u>Substation</u>	<u>Metering</u>		<u>Delivery Voltage</u>
		<u>High Side</u>	<u>Low Side</u>	
McDonough	Cameron	IP		69 Kv
	Colchester		CIPS	69 Kv
	Monmouth	IP		69 Kv
	Ponemah	IP		69 Kv
	Table Grove (Adair)		CIPS	69 Kv
Monroe	East Carondolet (5)		SPC	Kv
	Fountain	IP		Kv
	Millstat	IP		Kv
	New Athens	IP		Kv
	Smithton	IP		Kv
Shelby	Blue Mound	CIPS		34.5 Kv
	Crest		CIPS	34.5 Kv
	Dunkel		CIPS	34.5 Kv
	Elwin		CIPS	34.5 Kv
	Lake Wood		CIPS	34.5 Kv
	Moweaqua		CIPS	34.5 Kv
	Neoga		CIPS	69 Kv
	Pana (Oconnee)		CIPS	34.5 Kv
	Richland		CIPS	34.5 Kv
	Shelbyville		CIPS	34.5 Kv
	Taylorville		CIPS	34.5 Kv
	Velma		CIPS	34.5 Kv
	Wenonah		CIPS	34.5 Kv
	Yantisville		CIPS	34.5 Kv
Southwestern	Altamont (St. Elmo)	CIPS		69 Kv
	Confidence	IP		34.5 Kv
	Edgewood (N. Friana)	CIPS		69 Kv
	Hookdale	IP		12 Kv
	Maryville (5)		SPC	138 Kv
	New Douglas	IP		34.5 Kv
	Ramsey (5)		SPC	34.5 Kv
	Reno (5)		SPC	34.5 Kv
	Sefton	IP		34.5 Kv
	Shafter	IP		69 Kv
	Smithboro	IP		34.5 Kv
	Wrights Corner (5)		CIPS	69 Kv
	Greenville Headquarters	IP		12.5 Kv
	Horsehoe Lake	IP		12.5 Kv
Tri-County	Ashley (Radom)	IP		69 Kv
	Hoyleton	IP		69 Kv
	Lively Grove	IP		69 Kv
	Mt. Vernon	IP		34.5 Kv
	Marlow	IP		34.5 Kv

(5) In service dates: East Carondölet December 1984, Maryville August 1984, Ramsey August 1984, Reno February 1985, Wrights Corner December 1984.

<u>Cooperative</u>	<u>Substation</u>	<u>Metering</u>		<u>Deliver Voltage</u>
		<u>High Side</u>	<u>Low Side</u>	
Tri-County (cont)	Nashville	IP		69 Kv
	Odin	IP		69 Kv
	Salem	IP		69 Kv
	Waltonville	IP		69 Kv
	Woodlawn	IP		34.5 Kv
	Mt. Vernon Headquarters		IP	12.5 Kv
Wayne-White	Grayville		CIPS	69 Kv
	Noble		CIPS	69 Kv
	Norris City		CIPS	69 Kv
	West Salem		CIPS	69 Kv

EXHIBIT 4

CONTRIBUTION FUNDING RETURN

The Eighty-Million Dollars (\$80,000,000) Contribution of Funds shall be returned to the Members as a credit against fixed cost to the Soyland/WIPCO Pool. Credits shall begin in the 1st full quarter following commercial operation of Clinton Unit 1.

<u>YEAR</u>	<u>ANNUAL CREDIT</u>
1	\$17,800,000
2	\$15,500,000
3	\$13,300,000
4	\$11,100,000
5	\$ 8,800,000
6	\$ 6,700,000
7	\$ 4,400,000
8	<u>\$ 2,400,000</u>
Total	\$80,000,000