

**AN ORDINANCE
AUTHORIZING THE CHIEF ADMINISTRATIVE OFFICER
TO EXECUTE AN AGREEMENT BETWEEN AMEREN CORPORATION
AND THE CITIES OF CHAMPAIGN, ILLINOIS, AND URBANA, ILLINOIS,
CONCERNING THE ACQUISITION OF ILLINOIS POWER BY AMEREN**

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That An Agreement Between Ameren Corporation and the Cities of Champaign, Illinois, and Urbana, Illinois, Concerning the Acquisition of Illinois Power by Ameren, in substantially the form of the copy of said Agreement attached hereto and hereby incorporated by reference, be and the same is hereby authorized and approved.

Section 2. That the Chief Administrative Officer of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is authorized to attest to said execution of said Agreement as so authorized and approved for and on behalf of the City of Urbana, Illinois.

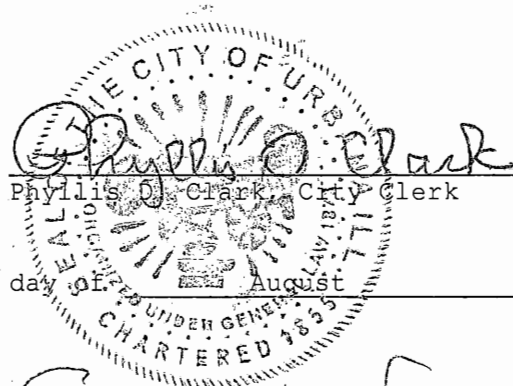
PASSED by the City Council this 16th day of August,
2004.

AYES: Chynoweth, Hayes, Huth, Patt, Whelan, Wyman

NAYS:

ABSTAINS:

APPROVED by the Mayor this 27th day of August,
2004.



Phyllis D. Clark
Phyllis D. Clark, City Clerk

James H. Hayes, Jr.
Tod Satterthwaite, Mayor
By James H. Hayes, Jr., Mayor Pro-tem

AGREEMENT
BETWEEN AMEREN CORPORATION AND THE
CITIES OF CHAMPAIGN, ILLINOIS AND URBANA, ILLINOIS
CONCERNING THE ACQUISITION
OF ILLINOIS POWER BY AMEREN CORPORATION

THIS AGREEMENT memorializes the understandings and intentions of AMEREN CORPORATION (“AMEREN”) and the CITIES OF CHAMPAIGN AND URBANA, ILLINOIS (“CITIES”) regarding issues raised by the CITIES with respect to AMEREN’s request to the Illinois Commerce Commission (“ICC”) for approval of a transaction whereby AMEREN acquires ownership of Illinois Power Company (to be then known as “AMERENIP”) in ICC Docket No. 04-0294.

Preconditions: The parties agree to the following, provided that: (i) CITIES move to withdraw their submissions to the ICC opposing and/or protesting AMEREN’s efforts to acquire Illinois Power Company (the “Transaction”); (ii) CITIES file comments with the ICC in support of the Transaction prior to withdrawal; (iii) AMEREN acknowledges that this Agreement will better define and help meet the service needs of the CITIES and their citizens: residential, corporate and public, including the University of Illinois; (iv) and upon closing of the Transaction.

A. Audit. AMERENIP agrees to perform an audit of its electric transmission and distribution systems serving Champaign, Urbana and the immediate surrounding areas. The audit will be conducted in a manner consistent with industry standards, and shall produce recommendations for improved maintenance and capital expenditures, addressing performance of the electrical distribution and transmission systems in accord with best utility practices. At a minimum, the audit will include the following:

- 1) Analysis of the transmission system under normal and first contingency conditions checking for low voltages and to assure line flows are within equipment nameplate and/or other applicable engineering ratings. Report on results outside of allowed limits per AMERENIP and AMEREN standards, which may not be identical, and develop recommendations on how to address differences. Relay protection studies of the transmission system, if conducted by AMERENIP, will also be reviewed as part of the audit. Changes involving a transmission recommendation may require a study and will involve the Midwest Independent System Operator.
- 2) Analysis of the distribution system under normal and first contingency (where applicable) conditions checking feeder loading versus nameplate and/or other applicable engineering ratings, power factor correction, and delivery voltage. Report on results found including analysis of those outside of allowed limits and provide options for corrective action of items outside rated limits.
- 3) Review of substation equipment physical condition and maintenance records to determine if maintenance cycles have been appropriate. List additional maintenance recommendations based on applicable AMERENIP and AMEREN practices.

- 4) Provide available information on tree trimming cycles and status (ICC reports specific to CITIES).
- 5) Perform a field inspection (versus engineering analysis) of substations within one hundred twenty (120) days of closing and distribution feeders within one (1) year of closing, noting short-term and long-term maintenance required. Report on short-term items to be addressed within one (1) to two (2) years (more urgent) and long-term items to be addressed within three (3) to five (5) years (lower priority).
- 6) Inventory and evaluate all equipment items in service longer than forty (40) years for suitability of continued reliable operation. The inventory and evaluation shall be completed within one (1) year of closing of the Transaction.
- 7) Perform a substation and distribution feeder coordination study for all distribution feeders and substation supply services and evaluate status of proper tap fusing and relay design within six (6) months of having feeder model in place.

The audit will be completed by AMERENIP, exercising due diligence, and no later than one hundred twenty (120) days after closing of the Transaction (except as noted above due to timing restrictions). AMERENIP will share the findings of the audit with appropriate representatives of the CITIES. The CITIES and AMERENIP will enter into a mutually agreeable Confidentiality Agreement which addresses homeland security concerns and other concerns recognized as reasonable by both parties prior to sharing the results in any public forum.

Upon completion of the audit, AMERENIP agrees to cooperate with CITIES to arrange and engage in an all-day meeting between AMERENIP/AMEREN personnel and CITIES' personnel or agents (and follow-up meetings as otherwise necessary) to exchange information and discuss system issues in the CITIES and immediate surrounding areas. The audit results, analysis and reports will be provided to the CITIES and their agents at least fourteen (14) days prior to the meeting. AMERENIP/AMEREN and CITIES agree that these meetings are for the purpose of discussing service quality, outage and coordination issues as a result of the audit. Specific recommendations from the audit will be discussed. Notwithstanding the specific recommendations that may come from the audit, the parties may consider and agree to alternative means of accomplishing the result(s) being recommended. The CITIES will recommend the priority of work to be accomplished. The CITIES' recommendation on work priority will be used unless business and operational necessity dictate otherwise. The schedule of work resulted from the audit will be shared with the CITIES.

All recommendations of the audit as mutually agreed by the parties will be accomplished within five (5) years of the completion of the audit, unless business or operational requirements dictate a longer time frame, in which case the recommendation(s) shall be completed within a reasonable time.

The parties agree and understand, however, that AMERENIP/AMEREN's commitment herein is not a guarantee or promise that all issues and concerns as identified will be able to be resolved.

B. Other Activities.

1) In addition to recommendations of the audit, AMERENIP agrees to develop a comprehensive plan within one hundred twenty (120) days of closing of the Transaction to minimize animal intrusion causing system outages, and develop a comprehensive plan within six (6) months of said closing to reduce outages of less than one (1) minute in duration. Implementation of these plans will be given consideration in the expenditure of funds committed below.

2) AMEREN recognizes that undergrounding current equipment is a goal of the CITIES. The parties will work to agree to a plan to achieve increased undergrounding, which plan shall take into account, without limitation, opportunities such as necessary replacement of electric equipment, matters of safety and reliability, AMERENIP costs and expenses, regulatory considerations, and customers' costs and aesthetic concerns of the CITIES.

C. Progress Reports. Every six (6) months, for a period not to exceed five (5) years after closing of the Transaction, AMERENIP shall provide a progress report demonstrating compliance with the implementation of the work, improvements, and expenditures contemplated by this Agreement and in meeting the AMERENIP/AMEREN system standards. Upon completion of each recommended improvement, AMERENIP shall provide information to the CITIES demonstrating that the improvement has been completed.

D. Future Audits. At the conclusion of the initial audit, AMERENIP commits to repeat the auditing process described in Section A above every five (5) years and to meet with the CITIES in revising and updating the work required to implement corrective action for identified deficiencies.

E. CITIES' Costs. AMEREN or AMERENIP shall reimburse the CITIES up to a maximum of FIFTY THOUSAND DOLLARS (\$50,000.00) for the cost of the CITIES' engineers and other consultants plus the expenses (including travel, lodging, and meals) for the engineers and consultants retained by the CITIES to participate in the process contemplated. The CITIES will provide a copy of the itemized invoices of the engineers and consultants when reimbursement is requested.

F. Expenditure Commitment.

1) AMERENIP commits to expend a minimum of SIX MILLION DOLLARS (\$6,000,000) each year in the two (2) years following the closing of the Transaction on capital projects and enhanced maintenance directly related to the distribution system or utilized on the transmission system directly supplying electricity to the CITIES and the immediate surrounding areas. The parties anticipate closing of the Transaction will occur before the end of 2004, in which case the expenditure commitment above will be for calendar years 2005 and 2006.

2) The Parties agree and understand, however, that AMERENIP's commitment in (1) above should not be construed or understood by the CITIES as an agreement to expend these funds on any particular project identified by the CITIES, nor construed or understood as an agreement that

all funds will be directed to the issues and concerns outlined in the audit, acknowledging that AMERENIP retains management authority and control over its utility systems. Nonetheless, it is AMERENIP's intention to, in good faith, consider the projects, issues and concerns outlined in the audit, and those identified through the collaborative process, as well as plans for minimizing animal intrusion and reducing outages less than one (1) minute, and to make such improvements and undergo such maintenance consistent with best utility practices. AMERENIP agrees to work with CITIES to resolve issues and concerns identified by CITIES' engineers and consultants as a result of the aforesaid collaborative processes described in Sections A and B above.

3. AMERENIP agrees to expend a maximum of ONE MILLION DOLLARS (\$1,000,000) in each FY2005 and 2006, subject to the same timing considerations described in Section F(1) above, for projects initiated in those years, to accomplish the priority projects jointly agreed to by the parties. Such projects shall be identified pursuant to the audit and collaborative processes described in Sections A and B above, and may include undergrounding existing facilities as addressed in Section B(2) above.

G. Previously Identified Concerns.

1) Within ninety (90) days after closing of the Transaction, AMERENIP/AMEREN shall make generally available its customer service processes and procedures for requesting new services, repair or relocation, and its customer service standards for prompt resolution of non-billing commercial and industrial consumer complaints. AMERENIP/AMEREN shall hold semi-annual public meetings in the CITIES as an opportunity to communicate these procedures and standards and to address issues raised concerning electric and gas service. Such meetings will be discontinued after five (5) years from the closing of the Transaction unless the parties mutually agree that further regular public meetings are beneficial.

2) For all projects involving public infrastructure, within forty -five (45) days after written notification of the need for relocation of its facilities, AMERENIP shall respond with a firm date by which its facilities shall be relocated based on the information provided in the written notification and shall make a reasonable attempt to meet the date requested by the CITIES.

3) AMERENIP shall coordinate with the CITIES and shall assure appropriate local division representatives are available in planning and scheduling all major construction, and shall reasonably and in good faith participate in utility coordination groups sponsored by the CITIES.

H. Third Part Beneficiary Prohibition. It is agreed and understood by the parties that reference to the University of Illinois hereinabove and the University's physical presence within the immediate surrounding areas to which the Agreement applies, should not be construed as the University being a third-party beneficiary to the Agreement, and that it has no rights of enforcement.

I. Enforcement. AMERENIP/AMEREN and the CITIES agree that an alleged violation of this Agreement may be filed as a complaint before the ICC and the parties will not object to the jurisdiction of the ICC to enforce this Agreement. If administrative remedies before the ICC

have been exhausted or otherwise are not available, the parties may request enforcement in the appropriate Circuit Court.

J. Assignment. This Agreement is binding on all successors and assigns of the parties.

IN WITNESS WHEREOF, the duly authorized representatives of the Parties have executed this Agreement as of the last date shown below.

AMEREN CORPORATION

By: David A. Whiteley
David Whiteley
Senior Vice President
Energy Delivery

CITY OF CHAMPAIGN, ILLINOIS

By: Paul Cooney
City Manager

Date: 8-20-04

ATTEST:

Marilyn Z. Garbis
City Clerk

APPROVED AS TO FORM:

Ann Murray
City Attorney
C.B. 2006-222

CITY OF URBANA, ILLINOIS

By: [Signature]
Chief Administrative Officer

Date: 8/18/04

ATTEST:

[Signature]
City Clerk

APPROVED AS TO FORM:

[Signature]
City Attorney