

DIRECT TESTIMONY
OF
TERRY WILLIAMS
MAYOR
CITY OF SHAWNEETOWN, GALLATIN CO, ILLINOIS

Illinois Commerce Commission on its own motion

Vs.

The City of Shawneetown

DOCKET NO. 10-0609

Citation for alleged violations

June 23, 2011

ILLINOIS
COMMERCE COMMISSION
2011 JUN 24 10:25
CHIEF CLERK'S OFFICE

WITNESS IDENTIFICATION

1 Q. **What is your name and business address?**

2 A. My name is Terry Williams. My official address for City purposes is City Hall, 330 N
3 Lincoln Blvd East, Shawneetown, IL 62984. I live on Wilson Ave, in Shawneetown,
4 Illinois 62984.

5 Q. **As relates to this proceeding, how are you employed?**

6 A. I am the duly elected and acting Mayor of the City of Shwneetown, Gallatin County,
7 Illinois.

8 Q. **Were you the Mayor of Shawneetown at the dates and times relevant to the pending
9 Citation and Complaint against the City by the ICC concerning its municipal gas
10 department, and in 2009 and 2010, in particular?**

11 A. Yes, I believe so.

12 **TESTIMONY**

13 Q. **Are you aware of the pending Citation/Complaint in Docket No. 10-0609 now
14 pending before the ICC concerning the City of Shawneetown Gas Department?**

15 A. Yes.

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19 Q. **Have you read and been advised and made aware of the Direct Testimony in case**
20 **10-0609 filed and submitted by Charles Gribbins of Pipeline Safety and filed in the**
21 **proceeding about March 24, 2011 as ICC Staff Exhibit 1.0?**

22 A. In general, yes.

23 Q. **In that testimony Charles Gribbins alleges that certain notices of violation were**
24 **served on you as Mayor and representative for City of Shawneetown. Do you agree?**

25 A. Yes.

26 Q. **Do you acknowledge that such notices were served on you as Mayor of the City of**
27 **Shawneetown in the manner and at the times as set forth in the testimony of Mr**
28 **Gribbins and exhibits filed therewith?**

29 A. Yes, I do; those notices were received by me.

30 Q. **How did you act or respond upon receipt of each such notice of violation?**

31 A. On receiving such notice, I promptly, if not immediately, summoned the then current Gas
32 Superintendent, James Rigsby, a/k/a Jim Rigsby, a/k/a "Rosebud"(a nickname), to
33 discuss the notice, which I did not fully understand. I delivered each notice to Mr Rigsby
34 asking that he take the steps necessary to respond to the appropriate parties and resolve
35 the matters therein as soon as possible. He assured me he would do so.

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39 Q. **Did Mr Rigsby, as Gas Superintendent, resolve or rectify these matters, to your**
40 **knowledge?**

41 A. It appears that he did not resolve or rectify these matters, though he assured me orally that
42 he was taking care of these items, and working with Pipeline Safety personnel to resolve
43 the City's problems and deficiencies.

44 Q. **When it became apparent to you that Rigsby was not addressing the problems and**
45 **issues, what did you do then?**

46 A. I discussed the matter with the City Council/Board of Alderman and then with Mike
47 Pritchard, a former City employee with the Gas Department, and a person believed to me
48 to possess the qualifications, experience and expertise to properly handle or address these
49 problems and issues for the City.

50 Q. **Did you do anything more?**

51 A. I contacted the City Attorney, James H. Smith, requesting that he look into the matter,
52 and respond to the ICC proceedings if required. Mr Smith promptly made contact with
53 the ICC counsel, and began to advise me of the status of the pending case, and the
54 requirements of the City and myself in that regard, and of the importance in dealing with
55 the safety issues in particular.

56

59 Q. **What happened with respect to Rigsby?**

60 A. He was first suspended and then discharged from employment by the City.

61 Q. **What action has the City taken with respect to its Gas System operations?**

62 A. The City of Shawneetown applied for membership and became a member of the Gas
63 Utilities Alliance on April 4, 2011. The City entered into an Intergovernmental
64 Cooperation Agreement with the Gas Utilities Alliance on April 4, 2011. (A copy of that
65 Agreement between the City and Gas Utilities Alliance is attached hereto as City of
66 Shawneetown Exhibit 1.0 - A.)

67 Q. **What else has the City done?**

68 A. The City of Shawneetown entered into an agreement with Consumers Gas Company to
69 undertake the full operation and maintenance of the City gas system, and to provide the
70 necessary employees to do so. That Operating Agreement between Consumers Gas
71 Company and the City is dated April 1, 2011, and was approved by the City on April 26,
72 2011. (A copy of that Agreement between the City and Consumers Gas Company is
73 attached hereto as City of Shawneetown Exhibit 1.0 - B.)

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78 Q. **So the City's gas system is now being operated by Consumers Gas Company,**
79 **without any City employees, is that correct?**

80 A. Yes.

81 Q. **Is Consumers Gas Company acting to remedy or correct the deficiencies and**
82 **problems about which the City was notified by ICC, and which are the subject of**
83 **the ICC Citation?**

84 A. Yes, indeed. Many are already addressed and resolved, as I understand. Others have
85 been prioritized, giving utmost regard to safety, and are being promptly addressed by
86 Consumers Gas as time allows, in cooperation and consultation with Pipeline Safety, their
87 personnel and their requirements.

88 Q. **Do you appreciate the serious safety issues involved in this matter?**

89 A. Yes sir, we do now. And we give thanks that the City fortunately avoided any actual
90 harm to its residents in the interim, and is now addressing all potential threats to the
91 safety of its residents associated with the City's Gas System.

92 **END OF TESTIMONY**

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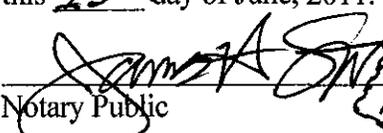
VERIFICATION

I, Terry Williams, Mayor of the City of Shawneetown, Illinois, being first duly sworn, depose and state that I am an adult, and a competent witness; that I sponsor the foregoing Direct Testimony of myself, Terry Williams; that I have personal knowledge of the information stated in the foregoing Direct Testimony of Terry Williams; and that such information is true and correct to the best of my knowledge, information and belief.



Terry Williams
Mayor
City of Shawneetown, Illinois

Subscribed and sworn to before me
this 23rd day of June, 2011.



Notary Public

OFFICIAL SEAL
Notary Public, State of Illinois
JAMES H. SMITH
My Commission Expires 08/05/13

**INTERGOVERNMENTAL COOPERATION
AGREEMENT
OF THE
GAS UTILITIES ALLIANCE**

Gas Utilities Alliance
9 Executive Woods Court, Suite 1
Belleville, IL 62226

Phone: (618) 277-1576
Fax: (618) 277-1586

Amended: November 1978
June 1986
April 7, 1990
October 30, 1998
June 10, 2008

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Gas Utilities Alliance

INTERGOVERNMENTAL COOPERATION AGREEMENT

Authority to Execute Agreement

This Agreement is entered into pursuant to the provisions of the 1970 Illinois Constitution, Article VII, Section 10, entitled "Intergovernmental Cooperation" and the powers contained in 5 ILCS 220/1 et seq.

WITNESSETH:

WHEREAS, the public interest requires and it is to the mutual interest of the parties hereto that have joined together to establish and operate a cooperative program of risk management and loss coverage for gas utilities operations; and

WHEREAS, the operation of such a cooperative program is of such magnitude that it is necessary for the parties to this Agreement to join together to accomplish the purposes hereinafter set forth; and

WHEREAS, each of the municipal and investor-owned utilities which is party to this Agreement has the power to establish and operate a program of risk management, and

WHEREAS, each of the parties to this Agreement desires to join together with the other parties for the purpose of pooling certain of their self-insured reserves against losses and where possible jointly purchasing excess insurance, reinsurance and administrative services in connection with a cooperative program of risk management.

NOW, THEREFORE, for and in consideration of the mutual advantages to be derived therefrom and in consideration of the execution of this Agreement by the municipal and investor-owned utilities, each of the parties hereto does agree as follows:

Article 1. Definitions

The following definitions shall apply to the provisions of this Agreement and its By-Laws:

- (a) "Alliance" shall mean the Gas Utilities Alliance created by this Agreement.
- (b) "Claims Management" shall mean the process of identifying, controlling and resolving demands by individuals, municipal utilities or investor-owned utilities to recover losses from any Member of the Alliance. Disposing of such demands for payment requires skills in insurance law, adjusting and investigation, loss control engineering and general business operations. Claims Management is the function of supervising legal, adjusting, investigation and engineering services to resolve such demands.
- (c) "Management" shall mean the process of identifying, evaluating, reducing, transferring, and eliminating risks. Risk Management includes various methods of funding claims payments, and includes elements of insurance, law, administration, technology and general business utilized to effectively manage risks.
- (d) "Operations Committee" or "Committee" shall mean the management committee of the Alliance.
- (e) "Participation" or "Participating" shall mean a Member's action or state of taking part in the programs of the Alliance by doing part or all of the following through the Alliance with respect to the risk areas:
 - (i) Purchasing of Risk Management Services;
 - (ii) Purchasing of excess or catastrophe insurance or reinsurance;
 - (iii) Contribution to operating and other funds or costs as required by the Alliance;
 - (iv) Payments or making provisions for payment of assessments, defense costs, claim and judgment costs and other related costs as required by this Agreement or the Alliance By-Laws.
- (f) "Investor-Owned Utility" shall mean a public utility which is subject to the jurisdiction of a state regulatory commission and is a Member of the Alliance.
- (g) "Municipal Utility" shall mean a municipality which is a Member of the Alliance.
- (h) "Risk" as used in the Agreement and By-Laws means comprehensive general public liability and property damage loss caused by any Member's gas utility operations with

the same limitations as will be contained in any excess or catastrophe policy, if any, contracted for by the Operations Committee.

- (i) "Risk Management Board" or "Board" shall mean the governing body of the Alliance.
- (j) "Risk Management Service" shall mean the services of that person or entity contracted by the Operations Committee and given the responsibility for the management, administration and operation of the cooperative programs of Risk Management of the Alliance and assistance in developing the Master Risk Management Plan.
- (k) "Member" means a member which participates in all activities of the Alliance.

Article 2. Separate Entity

There is hereby created a separate entity, the full legal name of which shall be the "Gas Utilities Alliance" and which may be referred to herein as the "Alliance". The Alliance is a public entity separate from the parties to the Agreement.

Article 3. System Established

A Risk Management system consisting of the parties to this Agreement is hereby established. This system represents a cooperative program of Risk Management covering public liability and property damage for the distribution and sale of natural gas. Each party to this Agreement agrees to comply with and be bound by the provisions of the By-Laws as the same may be amended from time to time.

Article 4. Alliance Powers

(a) The Alliance shall have the power and the duty to establish and operate a program of Risk Management and to execute it by contract.

(b) The Alliance is authorized to make and enter into contracts necessary to accomplish the purposes of this Agreement. The foregoing powers include, but are not limited to, the power to contract for excess or catastrophe insurance or reinsurance, to contract for claims administration services, and to contract for consulting services.

(c) The Alliance shall be subject to, and governed by its By-Laws, a copy of which is attached hereto and, by this reference, made a part of this Agreement.

Article 5. Members

(a) Each municipal and investor-owned utility which is a party to this Agreement is a Member of the Alliance and is entitled to the rights and privileges and is subject to the obligations of this Agreement and the By-Laws.

(b) Subject to the terms of this Agreement, new Members may be accepted upon application to the Alliance, upon acceptance by the Operations Committee and affirmation by the Board, and acceptance by the prospective member of the financial requirements and Fund contribution requirements specified by the Board.

(c) The cost of participation in the Alliance shall be met by each Member's payment of an annual assessment equal to the number of gas meters owned and in use by the Member's customers multiplied by the then rate of assessment as determined by the Board.

Article 6. Alliance Funds

The Treasurer of the Alliance shall deposit funds of the Alliance as directed by the Operations Committee. The Treasurer's selection, responsibilities, compensation and related matters shall be governed by the By-Laws and Board actions taken pursuant to the By-Laws. The Treasurer shall be the disbursing officer of the Alliance and shall draw against the funds of the Alliance in the treasury when demands are presented and authorized as designated in the By-Laws. It is agreed that the use of such Funds shall include the cost of paying for investigation of and legal defense of any claim(s) against a Member for a liability covered by this Agreement, which cost will be paid by the Alliance.

Article 7. Membership Term; Withdrawal

A party to this Agreement shall remain a Member for the minimum period of four (4) years. Thereafter the Member may withdraw by giving written notice to the Secretary, on or before the next October 1, of the intent to withdraw as of 12:01 a.m. on the next February 1; and upon fully performing its obligations as a Member, whichever is later, the Member shall cease to be a party to this Agreement.

Article 8. Disposition of Alliance Property and Funds

If a party withdraws as a Member of the Alliance, any assessments paid by that Member and remaining in the Funds of the Alliance shall be property of the Alliance. If this Agreement is finally terminated as to all parties who are then current Members, any money or assets in possession of the Alliance after the payment of all liabilities, costs, expenses and charges incurred pursuant to this Agreement shall be returned to the Members based on their Proportional Interest in the Alliance determined as of the date of final termination. A Member's Proportional Interest in the Alliance shall be the percentage determined by adding the Member's annual contributions, equity contributions, and special assessment contributions to the Alliance from its inception until the date of final termination and dividing by the total annual contributions, equity contributions, and special assessment contributions to the Alliance of all then current Members from the Alliance's inception until the date of final termination. The Alliance has determined that each Member's annual contributions, equity contributions, and special assessment contributions to the Alliance from its inception to December 31, 2007, are the amounts set forth in the list attached hereto as Exhibit A. The Alliance will maintain a list of each Member's annual contributions, equity contributions, and special assessment contributions from December 31, 2007, forward which will be updated not less than annually.

Article 9. Enforcement

The Alliance or its Members shall have the power to enforce this Agreement by action brought in an appropriate court of law.

Article 10. Invalidity

Should any portion, term, condition or provision of this Agreement be determined by a court of competent jurisdiction to be invalid under any law of the State of Illinois or be otherwise rendered unenforceable or ineffective, the validity of the remaining portions, terms, conditions and provisions shall not be affected thereby.

Article 11. Amendments

No amendments to this Agreement shall be effective unless approved by written agreement executed by the representatives of at least a majority of the parties to this Agreement. Reasonable prior notice of any Board meeting in which amendments are to be voted upon must be given to each Member in writing. Such notice must include a copy of the proposed amendments to be voted upon.

Article 12. Prohibition Against Assignments

No Member may, without the prior written consent of the Operations Committee, assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any Member shall have any right, claim or title to any part, share, interest, fund premium or asset of the Alliance.

This Agreement and the By-Laws adopted in connection therewith shall be binding on the successors of all Members.

Article 13. Agreement Complete

The foregoing and the By-Laws hereto constitute the full and complete Agreement of the parties. There are no oral understandings or agreements not set forth in writing herein or in the By-Laws.

Article 14. Date Agreement Effective

This Agreement shall become effective upon the date of its execution. Each Member which has consented in writing to become a party to this Agreement shall be bound to continue as a Member for the minimum period set forth in this Agreement and thereafter may withdraw only as provided by this Agreement and the By-Laws adopted by the Alliance. Insofar as those Members who are parties to the Alliance Agreement prior to June 1, 1986, this document shall be construed as a continuation of its prior Membership Agreement.

Article 15. Term of Agreement

This Agreement shall continue in effect until it is rescinded by mutual consent of the parties or terminated in the manner provided herein or in the By-Laws.

Each Municipal Utility which is a Member of this Agreement agrees upon the execution of the Agreement to appropriate each year by ordinance, and levy if necessary, a sum of money sufficient to pay its annual assessment for participation in the Alliance.

Each Investor-Owned Utility which is a Member of the Alliance agrees upon the execution of the Agreement to appropriate and pay each year through the action of its Board of Directors a sum of money sufficient to pay its annual assessment for participation in the Alliance.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement by the execution of a signature page which will be attached to the official Master Copy of this Agreement and by the execution of a duplicate copy of the Agreement which duplicated copy will be retained by the Member. The Master Copy shall be retained in the offices of the Alliance.

Executed by the (Mayor) (President) and (City) (Village) Clerk pursuant to Ordinance No. 040411 adopted and approved the 4th day of April, 2011.



(Mayor) or (Village President)

ATTEST:



(City) or (Village) Clerk



OPERATING AGREEMENT

This agreement is entered into this 1st day of April, 2011, between the City of Shawneetown, Illinois, hereinafter referred to as **OWNER**, and Consumers Gas Company, hereinafter referred to as **OPERATOR**.

WITNESSETH

WHEREAS, the **OWNER** has certain natural gas distribution facilities as required to provide natural gas service to the City of Shawneetown, Illinois and

WHEREAS, the **OWNER** is a duly constituted municipal governing unit authorized by the laws of the State of Illinois to provide utility service to its residential and business community, and

WHEREAS, the **OWNER** believes that adequate natural gas service at reasonable cost can best be provided by contracting for the operating of the gas system with a responsible operator who would provide trained personnel and operating equipment for **OWNER'S** gas system as well as for gas systems for other nearby utilities, master meter operators and pipelines, and

WHEREAS, the **OWNER** agrees to and is informed of the intent of the **OPERATOR** to contract with and perform similar services for other nearby utilities, master meter operators and pipelines as a part of the overall operation, and

WHEREAS, the **OPERATOR** is normally engaged in the business of operating utilities and providing overall supervision, equipment, management, and operating personnel, and

WHEREAS, the **OPERATOR** has offered to enter into this Agreement to provide such services for the **OWNER**,

NOW THEREFORE, in consideration of the several covenants, undertakings, and agreements herein to be performed by all parties, said parties agree as follows:

I. **THE OPERATOR AGREES TO:**

- A. Furnish operating, supervisory, and office personnel necessary to operate the system in a safe, and efficient manner.
- B. Supply necessary tools and work equipment.
- C. Procure and furnish all materials needed for system's operation extension and maintenance. **OPERATOR** will be reimbursed for the cost of material items in the manner set out in Paragraph III, D.6 below. (The **OWNER** at its own option may purchase and warehouse all materials used for extension and maintenance.) In that event, **OPERATOR** will be reimbursed at an hourly fee for men and equipment as set out in Paragraph III, D.6 below for installation of city-owned material.
- D. Grant to the **OWNER** the right and privilege of examining **OPERATOR'S** books and records as applicable to **OWNER'S** operation at any time upon reasonable notice of such desire.
- E. Perform the following services:
 - 1. Supervise system operations, including system operating pressures.
 - 2. Conduct all surveys, inspections and tests in accordance with Part 192, Minimum Federal Pipeline Safety Regulations and with the laws of the State of Illinois.
 - 3. Establish a meter change-out and maintenance schedule. The charges for this program will be billed to **OWNER** on a cost-plus basis set out in Paragraph III, D.5.
 - 4. Make necessary service and emergency calls to the customer's premises to provide safe and adequate service. Leak calls shall be made to customers' premises, and customers shall be notified to repair or cause to be repaired, malfunctioning equipment and facilities.
 - 5. Prepare and submit to the **OWNER** necessary permits and applications as may be required for system extension,

replacement, or abandonment. Any cost that said permits will be paid by the **OWNER**. / the Federal Energy Regulatory Commission regulatory agencies are excluded from this pa

6. Have all gas operators qualified to handle g
7. Represent the **OWNER** at the GUA and at meetings.

II. **OWNER AGREES TO:**

- A. Read its own meters monthly and send bills to its cus month a report should be submitted to the OPER report shall include the number of customers billed.
- B. Maintain a set of Piping and Appliance Codes, ar customer service rules and regulations in conjunct upon the advice of the **OPERATOR**, and assist the t in enforcing such Codes and Rules. The Rules and include house piping codes, turn-off notices, collec delinquent notices, re-establishment of service and which constitute good business practice.
- C. Prohibit other individuals, companies, and corpo performing similar services or work on the gas syster facilities without written consent of **OPERATOR**.
- D. Pay for the following:
 1. All natural gas purchased.
 2. Taxes, permits, etc., pertaining to the own natural gas system.
 3. Labor and materials used by **OPERATOR** repair or maintain **OWNER'S** system as pro Paragraph III, D.6 below.
 4. Construction programs, when expressly au **OWNER**.
 5. Engineering and other fees when expressly au **OWNER**.

6. Salaries and/or cost of employees and agents not authorized by OPERATOR.

7. Financial examinations, audits, etc., prepared by outside accountants at the request of OWNER.

III. COMPENSATION: In consideration of the services rendered, the OWNER shall pay OPERATOR within 20 (twenty) days after the close of each monthly period, a fee to be computed as follows subject to provisions set out in Section IV.

A. Distribution System Fee: \$10.00 per month for each retail meter read and billed during the month. This base fee covers the following items:

1. Routine customer turn on and turn offs.
2. Pipeline locates (JULIE response).
3. Service calls for suspected leaks, etc.
4. Normal supervision (servicepersons and office secretary).
5. All surveys, inspections and tests required by State and Federal Pipeline Safety Codes. Materials used to complete this service will be billed to OWNER on a cost-plus basis as set out in Paragraph III, D.6 below.
6. Providing normal 24-hour standby service.
7. Any reconnections after shut-off for non-payment.

B. Customer Requested Meter Tests: If a customer requests to have his or her meter tested other than the normal meter change out and maintenance program as referred to in Paragraph 1, 3, the cost will be \$25.00 to the customer payable before any testing is done. If the meter is found to be out of tolerance (which is 2.0% + or -) the customer's fee of \$25.00 will be refunded and the OWNER will be billed for the rest.

C. The OPERATOR shall not be held responsible for damage to OWNER'S gas system above or below ground caused by other persons or equipment. If damage occurs, and the lines were

properly located by the **OPERATOR**, and the **OPERATOR** is called in by the **OWNER** to make repairs, the **OWNER** will be billed for the repair on a cost-plus basis set out in Paragraph III, F below. The **OWNER** can then choose to seek compensation from the party causing said damage. If damage occurs, and the lines were improperly located by the **OPERATOR**, then the **OPERATOR** will make repairs at its own expense.

D. Construction done with prior approval from **OWNER** will be paid by **OWNER** to **OPERATOR** and be charged according to the following schedule.

1. New meter set up to and including size 250: \$250.00 (This includes setting of meter and house regulator, connecting meter at service line, checking house piping, and lighting of pilots.) If a meter or regulator is reset which already belongs to the **OWNER**, the cost of the meter or regulator will be deducted from the meter set charge.

2. Meter sets larger than 250 and other units of construction approved by **OWNER** shall be installed and billed to **OWNER** on the schedule of charges in Paragraph 6 below.

3. Service lines on the **OWNER'S** side of the meter will be charged as follows:

Plastic pipe up to one (1) inch nominal size at \$4.00 per lineal foot with a minimum of \$125.00. This price will include pipe, fittings and labor.

An additional tapping fee of \$75.00 for each service line, which includes tap, meter cock, and other related material, will be charged for new lines.

4. Road boring: \$6.00 per foot of length.

Main extensions, service lines, and road casings in excess of one (1) inch in nominal size will be negotiated by the **OWNER** and **OPERATOR** prior to any construction. An agreement will be reached before construction is started as to cost of materials and labor on a per foot basis.

5. Cost of relocation and/or maintenance of natural gas facilities caused by order of **OWNER** or other governmental body, or by action or proposed action of independent contractors shall be paid to the **OPERATOR** by the **OWNER** on the schedule of charges in Paragraph 6 below.
6. Charges to the **OWNER** by **OPERATOR** for materials, labor, tools, and equipment not detailed above shall be as follows:
 - a. Labor including truck @ \$70.00 per hour
 - b. Labor excluding truck @ \$35.00 per hour
 - c. Trencher @ \$40.00 per hour plus labor.
 - d. Backhoe @ \$40.00 per hour plus labor.
 - e. Welding Machine @ 10.00 per hour plus labor.
 - f. Rental equipment at cost plus labor.
 - g. Materials at cost plus 15% plus any freight charges.

IV. TERMS OF AGREEMENT AND PRICE ADJUSTMENTS:

- A. This agreement shall be for a period of five years beginning the 1st day of April, 2011. This Agreement will automatically extend beyond term for additional periods of one year unless written notice of termination is given by either party at least ninety (90) days prior to the expiration date.
- B. All prices herein included will be subject to revision annually, based upon a percentage increase or decrease as reflected by "All Items Index" information from the U.S. Department of Labor, CPI-U, published by the Department of Labor Statistics. Said revision will be equal to either the percentage change of the latest twelve months monthly index averaged and compared to like figures from the twelve months prior to 3%, **whichever is less**.

For subsequent extensions thereafter, revisions will be equal to the percentage change of the last twelve months monthly averaged and compared to like figures from the twelve month prior. While both parties recognize the necessity of tying operating costs to the changing economy, the burden of supply statistics applicable to the change shall be placed upon the **OPERATOR**.

V. It is expressly understood and agreed that the OPERATOR is acting as an independent contractor, and not as an agent for, or partner or co-adventurer with, the OWNER, and that the relations between OPERATOR and OWNER, shall be governed exclusively by the terms in this Agreement.

IN WITNESS WHEREOF, the parties have hereto affixed their hand and seal at Shawneetown, Illinois, this 26 day of April, 2011.

CITY OF SHAWNEETOWN:

CONSUMERS GAS COMPANY:

OWNER

OPERATOR

BY: *Gay Stotts*
Acting MAYOR

BY: *[Signature]*
PRESIDENT



ATTEST:

Nancy Larkin
CITY CLERK