

Financial Center, 225 Liberty St., 11th Floor, New York, NY 10281-1008.

Lindner Investments [File No. 811-7932]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. By March 5, 2004, each of applicant's five series had made a liquidating distribution to its shareholders, based on net asset value. Expenses of \$531,932 incurred in connection with the liquidation were paid by applicant's investment adviser and Hennessy Advisors, Inc., the successor adviser.

Filing Dates: The application was filed on April 21, 2004, and amended on June 7, 2004.

Applicant's Address: 520 Lake Cook Rd., Suite 381, Deerfield, IL 60015.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 04-14897 Filed 6-30-04; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27862]

Filings Under the Public Utility Holding Company Act of 1935, as Amended ("Act")

June 25, 2004.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated under the Act. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendment(s) is/are available for public inspection through the Commission's Branch of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by July 20, 2004, to the Secretary, Securities and Exchange Commission, Washington, DC 20549-0609, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in the case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of facts or law that are disputed. A person

who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After July 20, 2004, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Ameren Corporation, et al. (70-10220)

Ameren Corporation ("Ameren"), a Missouri corporation and a registered holding company under the Act; Ameren Energy Fuels and Services Company ("Ameren Fuels"), an indirect, wholly-owned, nonutility subsidiary of Ameren, both located at 1901 Chouteau Avenue, St. Louis, Missouri 63103; and Illinois Power Company ("Illinois Power," and together "Applicants"), an electric and gas utility company, 500 South 27th Street, Decatur, Illinois, 62521, have filed an application/declaration ("Application") under sections 6(a), 7, 9(a), 10, 11(b), 12(b), 12(f), and 13(b) of the Act and rules 43, 45, 54, 87, 90, and 91 under the Act.

I. Introduction

Ameren proposes to purchase all of the issued and outstanding common stock ("Common Shares") of Illinois Power from Illinova Corporation ("Illinova"), an exempt holding company under section 3(a)(1) of the Act,¹ which is itself a wholly-owned subsidiary of Dynegy Inc. ("Dynegy"), also an exempt holding company under the Act.² Ameren also proposes to acquire the issued and outstanding shares of preferred stock of Illinois Power that are held by Illinova ("Preferred Shares"), and the 20% interest in the common stock of Electric Energy, Inc. ("EEInc"), an "exempt wholesale generator" ("EWG") as that term is defined under section 32 of the Act, that is held by Illinova Generating Company ("IGC"), an indirect subsidiary of Dynegy ("EEInc Shares," and together with the Common Shares and the Preferred Shares, the "Shares"), for an aggregate purchase price ("Purchase Price") of \$2,300,000,000, subject to certain adjustments as described below ("Transaction"). Ameren intends to acquire and hold the Common Shares and Preferred Shares of Illinois Power directly, and to acquire the EEInc Shares through its nonutility subsidiary, Ameren Energy Resources Company ("Ameren Energy Resources"), under the exemption provided by section 32 of the Act.

¹ See HCAR No. 26450 (May 18, 1994).

² Dynegy has filed for a 3(a)(1) exemption by rule 2 of the Act.

Applicants also request authorization, once the Transaction closes, for:

1. Illinois Power to: (i) Issue and sell from time to time from the closing of the Transaction through June 30, 2007 ("Authorization Period") short-term debt securities, (ii) to become a participant in the Ameren System Utility Money Pool Arrangement ("Utility Money Pool"), (iii) to enter into interest rate hedging transactions, and (iv) to engage in certain other related transactions;

2. Ameren to acquire, from time to time during the Authorization Period, outstanding long-term debt securities and/or shares of preferred stock of Illinois Power or any subsidiary of Illinois Power that are held by unaffiliated third parties in open market purchases, through invitations for tenders and/or through negotiated purchases; and

3. Ameren Fuels to provide gas management services to Illinois Power under a fuel supply management agreement that is substantially identical to agreements between Ameren Fuels and Ameren's current public utility subsidiaries.

II. Description of Ameren System

The Ameren holding company system ("Ameren System") consists of both utility subsidiaries ("Utility Subsidiaries") and nonutility subsidiaries ("Nonutility Subsidiaries").

A. Ameren's Public Utility Subsidiaries

Ameren states that it directly owns all of the issued and outstanding common stock of the following Utility Subsidiaries: (i) Union Electric Company d/b/a AmerenUE ("AmerenUE") and (ii) Central Illinois Public Service Company d/b/a AmerenCIPS ("AmerenCIPS"). Ameren further states that, indirectly through its intermediate holding company, CILCORP Inc. ("CILCORP"), Ameren owns all of the issued and outstanding common stock of the public utility Central Illinois Light Company d/b/a AmerenCILCO ("AmerenCILCO"). Together, AmerenUE, AmerenCIPS, and AmerenCILCO provide retail and wholesale electric service to approximately 1.7 million customers and retail natural gas service to approximately 500,000 customers in a 49,000 square-mile area of Missouri and Illinois, including the St. Louis, Missouri and Peoria and Springfield, Illinois metropolitan areas.

Ameren states that AmerenCILCO owns all of the issued and outstanding common stock of AmerenEnergy Resources Generating Company (f/k/a Central Illinois Generation, Inc.)

("AERG"), a generating subsidiary company. AERG was formed by AmerenCILCO in November 2001 in order to facilitate the restructuring of AmerenCILCO in accordance with the Illinois Electric Service Customer Choice and Rate Relief Law of 1997 ("Customer Choice Law"). In October 2003, AmerenCILCO transferred substantially all of its generating assets representing in the aggregate approximately 1,130 megawatts (MW) of electric generating capacity to AERG.

Ameren states that as of December 31, 2003 AmerenUE, AmerenCILCO, and AERG together owned and operated approximately 9,186 MW of electric generating capacity, all of which is located in Missouri and Illinois. Ameren further states that AmerenUE, AmerenCIPS, and AmerenCILCO together owned approximately 5,433 circuit miles of primary electric transmission lines, substantially all of which are located in Missouri and Illinois. In addition, as of December 31, 2003, AmerenUE, AmerenCIPS, and AmerenCILCO owned and operated approximately 11,700 miles of natural gas transmission lines and distribution mains, all located in Missouri and Illinois, and leased or owned natural gas storage capacity providing a total of 468,000 MMBtu of storage deliverability to meet peak day requirements and total storage capacity of 28.85 billion cubic feet to meet winter season demand.

Ameren states that AmerenUE, AmerenCIPS, and AmerenCILCO are subject to regulation by the Illinois Commerce Commission ("ICC"), and AmerenUE is also subject to regulation by the Missouri Public Service Commission ("MoPSC"), as to rates, service, issuance of equity securities, issuance of debt having a maturity of more than twelve months, mergers, affiliate transactions, and various other matters. AmerenUE, AmerenCIPS, and AmerenCILCO are also subject to regulation by the Federal Energy Regulatory Commission ("FERC") as to rates and charges in connection with the wholesale sale of energy and transmission in interstate commerce, mergers, affiliate transactions, and certain other matters.

Ameren states that AmerenUE, AmerenCIPS, and AmerenCILCO are members of the Mid-American Interconnected Network ("MAIN"), which is one of the ten regional electric reliability councils organized for coordinating the planning and operation of the nation's bulk power supply. MAIN operates in Illinois and portions of Michigan, Wisconsin, Iowa,

Minnesota, and Missouri.³ AmerenUE and AmerenCIPS have also agreed to participate, through GridAmerica, LLC ("GridAmerica"), an independent transmission company, in the Midwest Independent System Operator ("MISO"), a FERC-approved regional transmission organization, but have not yet transferred functional control of their transmission assets to the MISO. Ameren states that, Effective May 1, 2004, AmerenUE and AmerenCIPS transferred functional control of their transmission assets to the MISO. AmerenCILCO is already a member of the MISO and has transferred functional control of its transmission system to the MISO.

B. Ameren Nonutility Subsidiaries

Ameren states that it has five direct wholly owned Nonutility Subsidiaries (in addition to CILCORP, the direct parent of AmerenCILCO), as follows:

1. Ameren Services Company ("Ameren Services"), a service company subsidiary, which provides administrative, management and technical services to Ameren and its associate companies in the Ameren system;

2. Ameren Development Company, an intermediate nonutility holding company, which directly owns all of the outstanding common stock of Ameren ERC, Inc. ("Ameren ERC"), an "energy-related company" under rule 58 under the Act that provides energy management services. Ameren ERC in turn owns all of the outstanding common stock of Missouri Central Railroad Company, a fuel transportation subsidiary, and an 89.1% interest in Gateway Energy Systems, L.C., which in turn owns Gateway Energy WGK Project, L.L.C., which together are developing thermal energy projects. These entities are also "energy-related companies" under rule 58 ("Rule 58 Companies"). Ameren Development also directly owns all of the outstanding common stock of Ameren Energy Communications, Inc., an "exempt telecommunications company" ("ETC") as that term is defined under section 34 of the Act;

³ Applicants state that AmerenUE, AmerenCIPS and AmerenCILCO provided formal written notice to the MAIN Board of Directors on June 23, 2003 of their intent to withdraw from MAIN effective January 1, 2005. Applicants state that these companies intend to join another regional electric reliability organization prior to their withdrawal from MAIN becoming effective. Until their withdrawal is effective, they will continue to honor all of their obligations as members of MAIN. Applicants further state that if they do not join another regional electric reliability organization, they may withdraw their notice of intent to withdraw from MAIN.

3. Ameren Energy Resources, an intermediate Nonutility Subsidiary holding company, which directly holds all of the outstanding voting securities of the following Nonutility Subsidiaries:

(a) Ameren Energy Development Company, an EWG which, in turn, owns all of the outstanding common stock of Ameren Energy Generating Company ("Ameren GenCo"), also an EWG;

(b) Ameren Energy Marketing Company, a Rule 58 Company;

(c) Ameren Energy Fuels and Services Company, also a Rule 58 Company, which directly and through AFS Development Company, L.L.C., a wholly-owned subsidiary, and Cowboy Railroad Development Co., L.L.C., a 71%-owned subsidiary, makes investments in and engages in operating activities related to fuel procurement, handling, transportation, and storage facilities, and provides related fuel management services to associate and nonassociate companies;

(d) Illinois Materials Supply Co., which is a registered retailer of goods, material and equipment to Ameren Energy Development Company and other associate Nonutility Subsidiaries; and

(e) AmerenEnergy Medina Valley Cogen (No. 4), L.L.C., an intermediate Nonutility Subsidiary holding company that indirectly through AmerenEnergy Medina Valley Cogen (No. 2), L.L.C., holds all of the membership interests in AmerenEnergy Medina Valley Cogen, L.L.C., an EWG, and directly holds all of the membership interests in AmerenEnergy Medina Valley Operations, L.L.C.

Ameren Energy Resources also directly holds 20% of the outstanding common stock of EEInc, which owns and operates a six-unit coal-fired generating facility with a capacity of approximately 1,014 MW located in Joppa, Illinois. Through a subsidiary, Midwest Electric Power Inc., which is also an EWG, EEInc owns and operates two combustion turbines with a summer net capability of approximately 72 MW, located at the Joppa plant site;

4. Ameren Energy, Inc., a Rule 58 Company that primarily serves as the short-term energy trading and marketing agent for AmerenUE and Ameren GenCo and provides a range of energy and risk management services; and

5. CIPSCO Investment Company, which holds various nonregulated and passive investments, including passive investments in affordable housing projects that qualify for federal income tax credits and investments in equipment leases.

C. Direct Nonutility Subsidiaries of AmerenUE

AmerenUE has one direct wholly-owned Nonutility Subsidiary, Union Electric Development Corporation, which holds investments in affordable housing projects that qualify for federal income tax credits and other passive investments.⁴ AmerenUE also directly holds 40% of the outstanding common stock of EEInc.

D. Direct Nonutility Subsidiaries of CILCORP

CILCORP directly owns all of the common stock of three Nonutility Subsidiaries, as follows:

1. CILCORP Investment Management Inc., which, through subsidiaries, manages CILCORP's investments in equipment leases, affordable housing projects that qualify for federal income tax credits, non-regulated independent power projects, and other passive investments;⁵

2. CILCORP Ventures Inc., which, through a wholly-owned subsidiary, CILCORP Energy Services, Inc., provides energy-related products and services, including gas management services for gas management customers; and

3. QST Enterprises Inc., which, through subsidiaries, provides energy and related services in non-regulated

retail and wholesale markets, including predictive and preventive testing and maintenance for industrial customers and affiliated companies, and formerly held interests in environmentally distressed parcels of real estate acquired for resale.

E. Direct Nonutility Subsidiaries of AmerenCILCO

AmerenCILCO directly owns all of the issued and outstanding common stock of two Nonutility Subsidiaries, neither of which conducts any significant business at this time:

1. CILCO Exploration and Development Company, which previously engaged in the exploration and development of gas, oil, coal and other mineral resources and

2. CILCO Energy Corporation, which was formed to research and develop new sources of energy, including the conversion of coal and other minerals into gas.

III. Ameren Financial Condition

A. Revenues and Income

Ameren states that for the twelve months ended December 31, 2003, Ameren reported total operating revenues of \$4,593,000,000, operating income of \$1,090,000,000, and net income of \$524,000,000. On a consolidated basis, approximately

85.7% of Ameren's 2003 operating revenues were derived from sales of electricity (inclusive of sales by Ameren GenCo), 14.1% from sales of gas and gas transportation service, and 0.2% from other sources. At December 31, 2003, Ameren had \$14,233,000,000 in total assets, including net property and plant of \$10,917,000,000.

B. Capitalization of Ameren

Under its Restated Articles of Incorporation, as amended, Ameren states that it is authorized to issue 500,000,000 shares of capital stock consisting of 400,000,000 shares of common stock, \$.01 par value, and 100,000,000 shares of preferred stock, \$.01 par value. At December 31, 2003, Ameren states that it had issued and outstanding 162,861,662 shares of common stock and it did not have any outstanding preferred stock. In addition, at December 31, 2003, Ameren had issued and outstanding \$445 million principal amount of senior unsecured debt securities having maturities through 2007. At December 31, 2003, Ameren did not have any outstanding short-term debt. Ameren's common stock is listed and traded on the New York Stock Exchange.

As of December 31, 2003, Ameren's capitalization on a consolidated basis was as follows:

		Percent
Common equity	\$4,354,000,000	46.9
Preferred equity	182,000,000	1.9
Long-term debt*	4,091,000,000	44.1
Short-term debt**	659,000,000	7.1
Total	9,286,000,000	100.00

* Includes mandatorily redeemable preferred stock.

** Includes current portion of long-term debt.

Ameren states that its senior unsecured debt securities are currently rated BBB+ by Standard & Poor's Inc. ("S&P") and A3 by Moody's Investors Service ("Moody's"). Ameren's commercial paper is rated A-2 by S&P and P-2 by Moody's.

IV. Illinois Power

Illinois Power states that it is engaged in the transmission, distribution, and sale of electric energy and the distribution, transportation, and sale of natural gas in substantial portions of northern, central, and southern Illinois. Illinois Power's service area includes 11 cities with a population greater than

30,000 (including the cities of Decatur, Bloomington, and Champaign-Urbana) and 37 cities with a population greater than 10,000 based on 2000 census data. Illinois Power also provides electric transmission service to other utilities, electric cooperatives, municipalities, and marketers.

A. Illinois Power Utility Operations

1. Electric Utility Operations

Illinois Power states that it provides electric service to approximately 600,000 customers in 313 incorporated municipalities, adjacent suburban and rural areas, and numerous unincorporated communities in Illinois.

Illinois Power's electric transmission and distribution system includes 1,672 circuit miles of electric transmission lines and 37,765 circuit miles of overhead and underground distribution lines. Illinois Power states that it owns virtually no generation. Illinois Power states that it currently purchases the vast majority of its electric power requirements under contracts with Dynegy Midwest Generation, Inc. ("DMG"), an indirect subsidiary of Dynegy, AmerGen Energy Company, L.L.C. ("AmerGen"), and EEInc.

Illinois Power states that it is directly interconnected with AmerenUE, AmerenCIPS, and AmerenCILCO at

⁴ The Commission authorized Ameren to acquire Union Electric Development Corporation by order dated December 30, 1997 (HCAR No. 26809.)

⁵ The Commission authorized Ameren to acquire CILCORP Investment Management Inc. by order dated January 29, 2003 (HCAR No. 27645).

numerous locations. Illinois Power also participates, together with AmerenUE and AmerenCIPS, in the Illinois-Missouri Power Pool, which operates under a transmission interconnection agreement. Illinois Power is currently a member of MAIN, although its continued membership in MAIN beyond December 31, 2004 will depend on whether the Transaction is consummated. As explained below, Illinois Power has committed in its application to the FERC for approval of the Transaction that it will join the MISO within a reasonable time after the FERC issues an order approving the Transaction and transfer of functional control of Illinois Power's transmission assets to the MISO without conditions that are unacceptable to the applicants, but prior to closing of the Transaction.

2. Gas Utility Operations

Illinois Power states that it provides retail gas service to approximately 415,000 customers in 258 incorporated municipalities and adjacent areas in northern, central and southern Illinois, including the cities of Decatur, Champaign-Urbana, and East St. Louis. Illinois Power owns 763 miles of "Hinshaw" natural gas transportation pipeline and 7,669 miles of natural gas distribution pipeline. Illinois Power also owns seven on-system underground natural gas storage fields with a total capacity of approximately 11.6 billion cubic feet and total deliverability on a peak day of approximately 339 million cubic feet. To supplement the capacity of these underground storage facilities, Illinois Power has contracted with natural gas pipelines for an additional 5.4 billion cubic feet of underground storage capacity, representing additional total deliverability.

3. State Jurisdiction

Illinois Power states that it is regulated by the ICC with respect to retail electric and gas rates and service, classification of accounts, the issuance of stock and evidences of indebtedness (other than indebtedness with a final maturity of less than one year and

renewable for a period of not more than two years), contracts with any affiliated interest, and other matters and by the FERC with respect to transmission service and wholesale electric rates.

B. Illinois Power Nonutility Subsidiaries

Illinois Power states that its nonutility subsidiaries ("Illinois Power Nonutility Subsidiaries") are as follows:

1. IP Gas Supply Company, an Illinois corporation, which was formed for the purpose of acquiring interests in oil and gas leases. There is little activity in this subsidiary;

2. Illinois Power Securitization Limited Liability Company, a Delaware limited liability company that is the sole beneficial owner of Illinois Power Special Purpose Trust ("IPSPT"), a Delaware business trust that was formed in 1998 to issue transitional funding trust notes as allowed under the Illinois Electric Utility Transition Funding Law to securitize the revenue stream associated with future recovery of a portion of revenues received from retail ratepayers;

3. Illinois Power Transmission Company, LLC, a Delaware limited liability company, was formed in 2002 for the purpose of acquiring and holding Illinois Power's transmission assets, but is currently inactive;

4. Illinois Power Financing I, a Delaware statutory trust, is a financing subsidiary through which Illinois Power issued \$100 million of trust originated preferred securities ("TOPrS") in January 1996. Illinois Power states that these securities were redeemed in 2001 and this entity is now inactive; and

5. Illinois Power Financing II, also a Delaware special purpose trust, is a financing subsidiary that was created for a potential shelf registration in 2002. Illinois Power states that this company is not currently active.

C. Illinois Power Financial Condition

1. Income and Revenues

For the twelve months ended December 31, 2003, Illinois Power states that it reported total operating revenues of \$1,567,800,000, operating income of

\$166,100,000, and net income applicable to common shareholder of \$114,700,000. Approximately 70.3% of Illinois Power's 2003 operating revenues was derived from electric utility operations and approximately 29.7% was derived from gas utility operations. At December 31, 2003, Illinois Power states that it had \$5,059,200,000 in total assets, including net utility plant of \$2,083,000,000 and an intercompany receivable from Illinova with a principal balance of \$2,271,400,000 ("Intercompany Note") that was issued by Illinova in consideration for the purchase of Illinois Power's fossil-fuel generating plants and other generation-related assets in 1999.

2. Capitalization

Illinois Power states that under its Amended and Restated Articles of Incorporation, Illinois Power is authorized to issue 100,000,000 shares of common stock, no par value, 5,000,000 shares of serial preferred stock, \$50 par value, 5,000,000 shares of serial preferred stock, no par value, and 5,000,000 shares of preference stock, no par value. As of December 31, 2003, Illinois Power had issued and outstanding 62,892,213 shares of common stock, no par value, all of which are held by Illinova, and six series of cumulative preferred stock, \$50 par value, having an aggregate stated amount of \$45,800,000. Illinova holds 662,924 shares of Illinois Power's outstanding preferred stock, representing approximately 73% of the total number outstanding. In addition, as of December 31, 2003, Illinois Power had outstanding \$1,444,600,000 principal amount of first mortgage bonds having maturities through 2032, certain series of which are pledged to secure obligations under pollution control revenue obligations, and \$419,900,000 principal amount of transitional funding trust notes with maturities through 2008.

As of December 31, 2003, Illinois Power states that its capitalization on a consolidated basis was as follows:

		Percent
Common equity	\$1,484,000,000	43.0
Preferred equity	45,800,000	1.3
Long-term debt*	1,780,200,000	51.5
Current portion of long-term debt	145,000,000	4.2
Total	3,455,900,000	100.00

* Includes \$345,600,000 of transitional funding trust issued by IPSPT.

Illinois Power states that its senior secured debt is currently rated B by S&P

and B1 by Moody's. Illinois Power's preferred stock is rated CCC by S&P and

Caa2 by Moody's. Applicants state that they expect that, as a result of the

consummation of the Transaction and related recapitalization of Illinois Power, as described in below, Illinois Power will receive an investment grade rating for its long-term debt from at least one of the major statistical rating organizations.

V. The Transaction

A. Principal Terms of Amended Stock Purchase Agreement

Applicants state that Ameren, Dynegy, Illinova, and IGC have entered into a Stock Purchase Agreement, dated as of February 2, 2004, as amended by Amendment No. 1 thereto, dated March 23, 2004 ("Amended SPA"). The Amended SPA provides that, subject to the receipt of all necessary regulatory approvals and the satisfaction of other conditions precedent, Ameren will purchase the Common Shares and the Preferred Shares of Illinois Power from Illinova and the EEInc Shares from IGC for an aggregate purchase price of \$2,300,000,000, less an amount equal to the "Existing IPC Obligations" (as described below), plus (or minus) the amount by which actual contributions made by Dynegy or any of its affiliates prior to the closing date for plan year 2004 with respect to certain pension plans exceeds (or is less than) \$17,500,000, and plus or minus the change in adjusted working capital between September 30, 2003 and the closing date, as determined in accordance with the procedures set forth in the Amended SPA (the aggregate amount being the "Purchase Price"). The Amended SPA allocates \$125,000,000 of the Purchase Price to the EEInc Shares and the balance (\$2,175,000,000, subject to the adjustments described above) to the Common Shares and the Preferred Shares.

Applicants state that the term "Existing IPC Obligations" is defined in the Amended SPA to mean an amount equal to the sum of: (i) The unpaid principal amount of all short-term and long-term indebtedness (including current portion) for borrowed money of Illinois Power and any subsidiary of Illinois Power; (ii) the total liquidation preference of the 249,751 shares of preferred stock, \$50 par value, of Illinois Power that are not owned by Illinova; (iii) any accrued and unpaid dividends on such shares of preferred stock, to the extent that dividends are in arrears; and (iv) any capital lease obligations of Illinois Power or any subsidiary of Illinois Power, in each case as of the date of closing, subject to certain adjustments related to the Transitional Funding Trust Notes, Series 1998-1, in

the original amount of \$864,000,000, issued by Illinois Power Special Purpose Trust. Applicants state that the Existing IPC Obligations as of September 30, 2003, totaled \$1,909,508,000.

At closing, Ameren will pay \$2,300,000,000 in cash, minus the sum of: (i) an amount equal to the Existing IPC Obligations and (ii) \$100,000,000, which, subject to certain exceptions, will be deposited in escrow to secure certain indemnities from Dynegy under the Amended SPA relating to potential liabilities that Illinois Power faces, principally due to its former ownership of generating facilities now owned by Dynegy Midwest Generation, Inc.

Applicants state that the Amended SPA provides that, no more than two days prior to closing, Dynegy and Illinova will cause the unpaid principal balance of and all accrued and unpaid interest on the Intercompany Note to be eliminated pursuant to the following steps, which will be part of the total recapitalization of Illinois Power, described below:

1. The principal amount of the Intercompany Note will be reduced or offset by: (i) The amount of certain payables owed by Illinois Power to Illinova or other affiliates of Dynegy and (ii) the amount of interest that has been paid by Illinova to Illinois Power on the Intercompany Note that has not been earned, *i.e.*, prepaid interest; and

2. Dynegy and Illinova will, and Illinova will cause Illinois Power to, immediately following the reduction, eliminate or reduce the remaining Intercompany Note to zero, which Applicants state elimination or reduction may occur (in whole or in part) through one or more of the following: (i) Distribution of the Intercompany Note (net of any prepaid interest) to Dynegy or Illinova; (ii) a repurchase of common equity by Illinois Power from Illinova; (iii) the assignment of the Intercompany Note by Illinois Power after the balance has been reduced by the amount of any prepaid interest paid by Illinova to Dynegy or one of its affiliates and subsequent elimination of the Intercompany Note; (iv) a release of Illinova by Illinois Power from Illinova's remaining obligations under the Intercompany Note; or (v) other means reasonably acceptable to Dynegy and Ameren.

Applicants state that the elimination of the Intercompany Note through these measures requires approval by the ICC.

Applicants state that the Amended SPA also obligates Illinois Power to submit an application to FERC to join the MISO, conditioned on the closing of the Transaction. As part of the joint

application filed with FERC, Illinois Power is requesting all necessary authorizations from FERC to transfer functional control over its transmission facilities to the MISO. Applicants state that, notwithstanding the language of the Amended SPA conditioning Illinois Power's joining the MISO on closing of the Transaction, Illinois Power has committed in the FERC application that it will transfer functional control over its transmission facilities to the MISO within a reasonable time after the FERC issues the requested orders without conditions that are unacceptable to the applicants, but prior to the closing. Applicants state that the obligations of the parties under the Amended SPA are subject to conditions precedent that are usual and customary for a transaction of this nature, including the receipt of required regulatory approvals from this Commission, the FERC, and the ICC. The Amended SPA may be terminated by Dynegy or Ameren if the closing shall not have occurred on or before December 31, 2004.

VI. Recapitalization of Illinois Power

Applicants state that, after the Transaction closes, Ameren intends to complete the recapitalization of Illinois Power by infusing substantial equity into Illinois Power, the proceeds of which will be used by Illinois Power to retire debt, including \$550 million principal amount of 11½% first mortgage bonds. Ameren states that it expects that these intercompany financing transactions will be exempt under rules 45(b)(4) and 52(a), as applicable. The Amended SPA obligates Ameren to commit to the ICC that it will eliminate at least \$750 million of Illinois Power's debt and that Ameren will cause Illinois Power's common equity to total capitalization ratio to be between 50% and 60% by December 31, 2006. As previously noted, Ameren expects that the recapitalized Illinois Power will receive an investment grade rating for its long-term debt from at least one of the major statistical rating organizations.

In addition, Ameren requests authorization to acquire, from time to time during the Authorization Period, up to \$300 million principal or face amount of the outstanding long-term debt securities and/or shares of preferred stock of Illinois Power or any subsidiary of Illinois Power. Ameren states that these securities would be purchased in open-market purchases, through invitations for tenders, and/or through direct negotiations with the holders of the securities. Any securities that are acquired by Ameren may be held by Ameren until they mature or are

called, or, at Ameren's option, may be contributed to and canceled on the books of Illinois Power or its subsidiary, as the case may be and would not be reissued or resold by Ameren.

VII. Financing the Purchase Price

Ameren intends to finance the cash portion of the Purchase Price and subsequent equity infusions in Illinois Power by issuing common stock and other securities under existing financing authority granted by order dated October 5, 2001 (HCAR No. 27449) ("October 2001 Order") or as authorized in a separate proceeding. Ameren has filed a "shelf" Registration Statement on Form S-3 covering common stock and other long-term securities of Ameren that may be issued in accordance with its authorization in the October 2001 Order, and intends to file a new "shelf" Registration Statement in the near future.

VIII. Affiliate Transactions

A. Ameren Services

By order dated December 30, 1997 (HCAR No. 26809) ("Merger Order") the Commission authorized Ameren to organize and capitalize Ameren Services as a service company subsidiary, and authorized Ameren Services to provide AmerenUE, AmerenCIPS, and other companies in the Ameren system with administrative, management, engineering, construction, environmental, and other support services under a General Services Agreement ("GSA"). Ameren Services has entered into substantially identical GSAs with Ameren, AmerenUE, AmerenCIPS, AmerenCILCO, and certain of Ameren's Nonutility Subsidiaries. Under the Merger Order, Ameren Services is required to give written notice to the Commission at least 60 days prior to implementing any change in the type and character of the companies receiving services, the methods of allocating costs to associate companies, or the scope or character of services to be rendered.

Ameren Services intends to enter into a substantially identical GSA with Illinois Power following completion of the Transaction. Applicants state that after the Transaction closes, Ameren Services will provide to Illinois Power administrative, management, and technical services substantially similar to those that it now provides to other Ameren system companies under the GSA, utilizing the same work order procedures and the same methods of allocating costs that are specified in the GSA. Subject to Ameren's commitment to the ICC regarding workforce

reductions, certain employees of Illinois Power and its subsidiaries may be transferred to and become employees of Ameren Services.

B. Ameren Fuels

By order dated April 5, 2001 (HCAR No. 27374), the Commission authorized Ameren Fuels to provide AmerenUE and AmerenCIPS fuel management services under the terms of a fuel and natural gas services agreement ("Fuel Services Agreement"). Ameren Fuels was authorized to provide AmerenCILCO with similar services by order dated Jan. 29, 2003 (HCAR No. 27645). Under the Fuel Services Agreement, Ameren Fuels, as agent for its associate companies, manages all aspects of procurement, storage, transportation, and handling of coal, natural gas, and other fuels. Applicants state that these services include negotiating contracts with third parties, contract administration, regulatory reporting, and ash management services, among others. Applicants state that Ameren Fuels is reimbursed for all costs properly chargeable or allocable thereto, through a work order procedure and that this procedure complies with rules 90 and 91. Applicants state that Ameren Fuels is authorized under the Fuel Services Agreement to take title to and resell fuel to its associate companies, but solely in an agency capacity.

In conjunction with the Transaction, Ameren Fuels proposes to enter into a separate Fuel Services Agreement with Illinois Power under which Ameren Fuels will manage gas supply resources for Illinois Power. Applicants state that these services will be provided at cost, in accordance with rules 90 and 91.

IX. Financing by Illinois Power

Applicants state that the existing equity and long-term debt securities of Illinois Power, as described above, will remain outstanding after the Transaction closes. Applicants state that, in general, all securities issuances by Illinois Power, other than indebtedness with a final maturity of less than one year, renewable for a period of not more than two years, must be approved by the ICC. In addition, the ICC must approve borrowings by Illinois Power from any affiliated company. Applicants state that after Illinois Power becomes a subsidiary of Ameren, rule 52(a) will exempt from sections 6(a) and 7 of the Act: (i) all external securities issued by Illinois Power, other than short-term indebtedness and (ii) all intercompany borrowings by Illinois Power.

Applicants request authority for Illinois Power to issue and sell from

time to time during the Authorization Period short-term debt securities to unaffiliated lenders, to enter into interest rate hedging transactions, and to become a participant in the Ameren System utility money pool ("Utility Money Pool"). Applicants state that Illinois Power will not engage in any financing transactions requested in this Application unless, on a pro forma basis taking into account the amount and types of the financing and the application of the proceeds thereof, common equity as a percentage of capitalization (including short-term debt and current maturities of long-term debt) is at least 30%.

A. External Short-Term Debt

Applicants state that Illinois Power does not currently have any outstanding short-term debt (other than the current portion of long-term debt) or maintain any credit lines. After becoming a subsidiary of Ameren, however, Illinois Power wishes to have the flexibility to establish credit lines and make short-term borrowings as needed to finance its operations and support working capital needs. Accordingly, Illinois Power requests authorization through to issue commercial paper and/or establish and make secured or unsecured short-term borrowings (*i.e.*, maturities less than one year) under credit lines with banks or other institutional lenders from time to time during the Authorization Period, provided that the aggregate principal amount of commercial paper and borrowings by Illinois Power at any time outstanding under credit facilities when added to the aggregate amount of borrowings at any time by Illinois Power under the Utility Money Pool, described below, and direct borrowings at any time by Illinois Power from Ameren, will not exceed \$500 million ("Short-Term Limit"). Subject to the Short-Term Limit, Illinois Power requests authority to sell commercial paper, from time to time, in established domestic or foreign commercial paper markets. Illinois Power states that the commercial paper would typically be sold to dealers at the discount rate per annum prevailing at the date of issuance for commercial paper of comparable quality and maturities sold to commercial paper dealers generally. It is expected that the dealers acquiring the commercial paper will reoffer it at a discount to corporate, institutional and, with respect to European commercial paper, individual investors. Illinois Power anticipates that the commercial paper will be reoffered to investors such as commercial banks, insurance companies, pension funds, investment trusts, foundations, colleges

and universities, finance companies, and nonfinancial corporations.

The issuance of secured short-term debt by Illinois Power would be limited to those circumstances in which Illinois Power can expect a savings in costs over the issuance of unsecured short-term debt or in which unsecured credit is unavailable, except at a higher cost than secured short-term debt. Illinois Power anticipates that the collateral offered as security for short-term debt would generally be limited to short-term assets, such as inventory and/or accounts receivable.

Illinois Power also proposes to establish credit lines with banks or other institutional lenders and other credit arrangements and/or borrowing facilities generally available to borrowers with comparable credit ratings as it deems appropriate in light of its needs and existing market conditions providing for revolving credit or other loans and having commitment periods not longer than the Authorization Period. Illinois Power states that only the amounts drawn and outstanding under these agreements and facilities will be counted against the Short-Term Limit. The effective cost of money on all external short-term borrowings by Illinois Power will not exceed at the time of issuance the greater of: (i) 300 basis points over the six-month London Interbank Offered Rate ("LIBOR") or (ii) a gross spread over LIBOR that is consistent with similar securities of comparable credit quality and maturities issued by other companies.

Illinois Power represents that, except for securities issued for the purpose of funding Utility Money Pool operations, it will not issue any short-term debt securities in reliance upon the authorization granted by the Commission under this Application, unless: (i) The security to be issued, if rated, is rated investment grade, (ii) all outstanding securities of Illinois Power that are rated are rated investment grade, and (iii) all outstanding securities of Ameren that are rated are rated investment grade. For purposes of this provision, a security will be deemed to be rated "investment grade" if it is rated investment grade by at least one "nationally recognized statistical rating organization," as that term is used in paragraphs (c)(2)(vi)(E), (F) and (H) of Rule 15c3-1 under the Securities Exchange Act of 1934, as amended. Illinois Power requests that the Commission reserve jurisdiction over the issuance of any short-term debt securities that are rated below investment grade.

B. Participation in Utility Money Pool

By order dated February 27, 2003 in (HCAR No. 27655), as supplemented by order dated September 15, 2003 (HCAR No. 27721) ("Money Pool Order"), Ameren is authorized to fund loans to AmerenUE, AmerenCIPS, AmerenCILCO, and Ameren Services through the Utility Money Pool in order to provide for the short-term cash and working capital needs of these companies. In addition, Applicants state that AmerenUE, AmerenCIPS, AmerenCILCO, and Ameren Services are authorized to make unsecured short-term borrowings from the Utility Money Pool, to contribute surplus funds to the Utility Money Pool, and to lend and extend credit to (and acquire promissory notes from) one another through the Utility Money Pool. Ameren may not make borrowings under the Utility Money Pool. If surplus funds made available by the participants in the Utility Money Pool (*i.e.*, "Internal Funds") are used to fund loans to eligible borrowers, the interest rate applicable to such loans is equal to the CD yield equivalent of the 30-day Federal Reserve "AA" Non-Financial commercial paper composite rate. If proceeds from external borrowings by any participant in the Utility Money Pool (*i.e.*, "External Funds") are used to fund loans to eligible borrowers, the interest rate is equal to the lending company's cost of borrowing. In cases where both Internal Funds and External Funds are used to fund loans to eligible borrowers, the applicable interest rate is a composite rate equal to the weighted average of the Internal Funds and External Funds.

Illinois Power requests authorization to become a party to the Utility Money Pool Agreement after the closing of the Transaction on the same basis as AmerenUE, AmerenCIPS, and AmerenCILCO. Applicants state that borrowings by Illinois Power under the Utility Money Pool must be approved by the ICC and therefore will be exempt under rule 52(a).

C. Interest Rate Hedging Transactions

Illinois Power requests authorization to enter into interest rate hedging transactions ("Interest Rate Hedges") with respect to outstanding long-term and short-term indebtedness, subject to certain limitations and restrictions, in order to reduce or manage its effective interest rate cost. Illinois Power would employ interest rate derivatives as a means of prudently managing the risk associated with any of its outstanding debt issued pursuant to this authorization or an applicable

exemption by, in effect, synthetically (i) converting variable rate debt to fixed rate debt, (ii) converting fixed rate debt to variable rate debt, and (iii) limiting the impact of changes in interest rates resulting from variable rate debt. Illinois Power states that in no case will the notional principal amount of the underlying debt instrument any interest rate swap exceed the face value of the underlying debt instrument and related interest rate exposure. Transactions will be entered into for a fixed or determinable period, thus, Illinois Power will not engage in speculative transactions. Interest Rate Hedges (other than exchange-traded interest rate futures contracts) would only be entered into with counterparties ("Approved Counterparties") whose senior debt ratings, or the senior debt ratings of any credit support providers who have guaranteed the obligations of such counterparties, as published by S&P, are equal to or greater than BBB, or an equivalent rating from Moody's or Fitch, Inc. Illinois Power states that Interest Rate Hedges will involve the use of financial instruments commonly used in today's capital markets, such as exchange-traded interest rate futures contracts and over-the-counter interest rate swaps, caps, collars, floors, swaptions, and structured notes (*i.e.*, a debt instrument in which the principal and/or interest payments are indirectly linked to the value of an underlying asset or index), or transactions involving the purchase or sale, including short sales, of U.S. Treasury or U.S. governmental (*e.g.*, Fannie Mae) obligations, or LIBOR-based swap instruments. The transactions would be for fixed periods and stated notional amounts. Fees, commissions and other amounts payable to the counterparty or exchange (excluding, however, the swap or option payments) in connection with an Interest Rate Hedge will not exceed those generally obtainable in competitive markets for parties of comparable credit quality.

In addition, Illinois Power requests authorization to enter into interest rate hedging transactions with respect to anticipated debt offerings ("Anticipatory Hedges"), subject to certain limitations and restrictions. Illinois Power states that Anticipatory Hedges (other than exchange-traded interest rate futures contracts) would only be entered into with Approved Counterparties, and would be utilized to fix the interest rate and/or limit the interest rate risk associated with any new issuance through: (i) A forward sale of exchange-traded U.S. Treasury futures contracts, U.S. Treasury

securities and/or a forward swap (each a "Forward Sale"), (ii) the purchase of put options on U.S. Treasury securities ("Put Options Purchase"), (iii) a Put Options Purchase in combination with the sale of call options on U.S. Treasury securities ("Zero Cost Collar"), (iv) transactions involving the purchase or sale, including short sales, of U.S. Treasury securities, or (v) some combination of a Forward Sale, Put Options Purchase, Zero Cost Collar, and/or other derivative or cash transactions, including, but not limited to, structured notes, caps and collars, appropriate for the Anticipatory Hedges. Anticipatory Hedges may be executed on-exchange ("On-Exchange Trades") with brokers through the opening of futures and/or options positions traded on the Chicago Board of Trade or other financial exchange, the opening of over-the-counter positions with one or more counterparties ("Off-Exchange Trades"), or a combination of On-Exchange Trades and Off-Exchange Trades. Illinois Power will determine the optimal structure of each Anticipatory Hedge transaction at the time of execution.

Illinois Power states that each Interest Rate Hedge and Anticipatory Hedge will qualify for hedge accounting treatment under the current Financial Accounting Standards Board ("FASB") guidelines in effect and as determined at the time entered into. Further, Illinois Power states that it will comply with the Statement of Financial Accounting Standards ("SFAS") 133 ("Accounting for Derivatives Instruments and Hedging Activities") and SFAS 138 ("Accounting for Certain Derivative Instruments and Certain Hedging Activities") or other standards relating to accounting for derivative transactions as are adopted and implemented by the FASB.

D. Organization and Acquisition of Financing Subsidiaries

Illinois Power requests authorization to acquire, directly or indirectly, the common stock or other equity securities of one or more entities ("Financing Subsidiaries") formed exclusively for the purpose of facilitating the issuance of long-term debt and/or preferred securities and for the loan or other transfer of the proceeds thereof to Illinois Power. In connection with any such financing transactions, Illinois Power proposes to enter into one or more guarantees or other credit support agreements in favor of its Financing Subsidiary. Illinois Power also requests authorization to enter into an expense agreement ("Expense Agreement") with any Financing Subsidiary, under which it would agree to pay all expenses of

Financing Subsidiary. In cases where it is necessary or desirable to ensure legal separation for purposes of isolating a Financing Subsidiary from its parent for bankruptcy purposes, the ratings agencies may require that any Expense Agreement whereby the parent provides services related to the financing to the Financing Subsidiary be at a price, not to exceed a market price, consistent with similar services for parties with comparable credit quality and terms entered into by other companies so that a successor service provider could assume the duties of the parent in the event of the bankruptcy of the parent without interruption or an increase of fees. Therefore, Illinois Power requests approval under section 13(b) of the Act and rules 87 and 90 to provide the services described in this paragraph at a fee not to exceed a market price but only for so long as the Expense Agreement established by the Financing Subsidiary is in place.

Illinois Power states that any Financing Subsidiary organized under the authority granted in this proceeding shall be organized only if, in management's opinion, the creation and utilization of such Financing Subsidiary will likely result in tax efficiencies, increased access to capital markets and/or lower cost of capital for Illinois Power. No Financing Subsidiary shall acquire or dispose of, directly or indirectly, any interest in any "utility asset," as that term is defined under the Act.

Illinois Power also requests authorization to issue to any Financing Subsidiary, at any time or from time to time in one or more series, unsecured debentures, unsecured promissory notes, or other unsecured debt instruments (individually, a "Note" and, collectively, the "Notes") governed by an indenture or indentures or other documents. Illinois Power proposes that the Financing Subsidiary will apply the proceeds of any external financing by such Financing Subsidiary plus the amount of any equity contribution made to it from time to time to purchase the Notes. The terms (e.g., interest rate, maturity, amortization, prepayment terms, default provisions, etc.) of any Notes would generally be designed to parallel the terms of the securities issued by the Financing Subsidiary to which the Notes relate.

X. Accounting Treatment for the Transaction; Impact on Rates

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations," Ameren states that it will use the purchase method of

accounting for the Transaction. Under this method of accounting, the total cost of acquiring Illinois Power will be assigned to the tangible and identifiable intangible assets acquired and liabilities assumed in the Transaction on the basis of their fair values on the date of the acquisition. Any premium (i.e., the excess of the cost over the fair values of the net assets acquired) will be recorded as goodwill. In this case, Ameren intends to "push down" the purchase accounting and establish a new basis of accounting for the stand-alone financial statements of Illinois Power. Ameren expects that, for accounting purposes, the goodwill recorded on Illinois Power's books as a result of the Transaction will generally remain unchanged, but it will be reviewed for potential impairment on a regular basis in accordance with SFAS No. 141 and SFAS No. 142, "Goodwill and Other Intangible Assets."

Ameren states that, in the ICC application, Ameren has committed to reverse the balance sheet and income statement impacts of the purchase accounting entries "pushed down" to the financial statements of Illinois Power so that there will be no impact on Illinois Power's rate base, cost of service or any other factor upon which Illinois Power's rates will be determined in future ICC proceedings, with the exception that Illinois Power is requesting ICC authorization to amortize ratably over the period 2005 "2010 no less than \$100 million of costs incurred to carry out the Transaction, and to recover the unamortized portion over the period 2007 "2010. Under the Amended SPA, it is a condition precedent to Ameren's obligation to consummate the Transaction that the ICC approve the "push down" of the purchase accounting entries to the financial statements of Illinois Power, subject to the foregoing commitments regarding rate impacts.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,
Deputy Secretary.

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