

RETENTION AND DISPOSAL:

Records for plan participants are transferred to the Washington National Federal Records Center 6 months after either the final payment to a participant and/or beneficiary or the PBGC's final determination that a participant or beneficiary is not entitled to any benefits and are destroyed 7 years after such payment or determination.

SYSTEM MANAGER(S) AND ADDRESS:

Director, Insurance Operations Department, Pension Benefit Guaranty Corporation, 1200 K Street, NW., Washington, DC 20005-4026.

NOTIFICATION PROCEDURE:

Procedures are detailed in the PBGC's regulations: 29 CFR part 4902.

RECORD ACCESS PROCEDURES:

Same as notification procedure.

CONTESTING RECORDS PROCEDURE:

Same as notification procedure.

RECORD SOURCE CATEGORIES:

Plan administrators, participants and beneficiaries, the FAA, the SSA, labor organization officials, firms or agencies providing locator services, and USPS licensees.

EXEMPTIONS CLAIMED FOR THE SYSTEM:

None.

[FR Doc. 02-27991 Filed 10-31-02; 8:45 am]

BILLING CODE 7708-01-P

SECURITIES AND EXCHANGE COMMISSION
Existing Collection; Comment Request

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520), the Securities and Exchange Commission (the "Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget ("OMB") for extension and approval.

Rule 17a-7 [17 CFR 270.17a-7] under the Investment Company Act of 1940 (the "Act") is entitled "Exemption of certain purchase or sale transactions between an investment company and certain affiliated persons thereof." It provides an exemption from section 17(a) of the Act for purchases and sales of securities between registered investment companies, which are affiliated persons or affiliated persons of affiliated persons of each other, or between a registered investment company and an affiliated person or an

affiliated person of an affiliated person, when the affiliation arises solely because of a common adviser, director, or officer. Rule 17a-7 requires investment companies to keep various records in connection with purchase or sale transactions affected by the rule. The rule requires the board of directors of an investment company to establish procedures reasonably designed to ensure that all conditions of the rule have been satisfied. If an investment company enters into a purchase or sale transaction with an affiliated person, the rule requires the investment company to compile and maintain written records of the transaction.¹ In addition, under the rule, the board is required to determine, at least on a quarterly basis, that all affiliated transactions made during the preceding quarter were made in compliance with these established procedures. The Commission's examination staff uses these records to evaluate transactions between affiliated investment companies for compliance with the rule.

The Commission estimates that approximately 1,000 investment companies enter into transactions affected by rule 17a-7 each year and, therefore, are subject to the rule's information collection requirements.² The average annual burden for rule 17a-7 is estimated to be approximately two burden hours per respondent, for an annual total of 2,000 burden hours for all respondents. The estimates of burden hours are made solely for the purposes of the Paperwork Reduction Act, and are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules.

Written comments are invited on: (a) Whether the collections of information are necessary for the proper performance of the functions of the Commission, including whether the information has practical utility; (b) the accuracy of the Commission's estimate of the burdens of the collections of information; (c) ways to enhance the quality, utility, and clarity of the

¹ The written records are required to set forth a description of the security purchased or sold, the identity of the person on the other side of the transaction, and the information or materials upon which the board of directors' determination that the transaction was in compliance with the procedures was made.

² These estimates are based on conversations with the examination and inspections staff of the Commission and fund representatives. Based on these conversations, the Commission staff estimates that most investment companies (4,000 of the estimated 4,500 registered investment companies) have adopted procedures for compliance with rule 17a-7. Of these 4,000 investment companies, the Commission staff estimates that each year approximately 25% (1,000) enter into transactions affected by rule 17a-7.

information collected; and (d) ways to minimize the burdens of the collections of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Kenneth A. Fogash, Acting Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: October 24, 2002.

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27586]

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

October 25, 2002.

Notice is hereby given that the following filing has 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/declaration for a complete statements of the proposed transaction summarized below. The application/declaration is available for public inspection through the Commission's Branch of Public Reference.

Interested persons wishing to comment or request a hearing on the application/declaration should submit their views in writing by November 18, 2002, to the Secretary, Securities and Exchange Commission, Washington, DC 20549-0609, and serve a copy on the relevant applicant/declarant at the address 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 November 18, 2002, the application/declaration, as filed or as amended, may be granted and/or permitted to become effective.

Ameren Corporation, et al. (70-10078)

Ameren Corporation ("Ameren"), a registered public utility holding company, Ameren Energy Fuels and Services Company ("Ameren Fuels"), Ameren's indirect wholly owned nonutility subsidiary, both located at 1901 Chouteau Avenue, St. Louis, Missouri 63103; and CILCORP Inc. ("CILCORP"), an exempt holding company under section 3(a)(1) of the Act and a wholly owned subsidiary of The AES Corporation ("AES"), an exempt holding company under section 3(a)(5) of the Act, CILCORP's direct wholly owned public utility subsidiary, Central Illinois Light Company ("CILCO"), and CILCO's wholly owned nonutility subsidiary, Central Illinois Generation, Inc. ("CIGI"), all located at 300 Liberty Street, Peoria, Illinois 61602 (collectively, and together with Ameren and Ameren Fuels, "Applicants"), have filed an application-declaration under sections 3(a)(1), 6(a), 7, 8, 9(a), 9(c)(3), 10, 11(b), 12(b), 12(c), 12(d), 12(f), 13(b) and 32 of the Act and rules 45, 46, 51, 54, 87, 90 and 91 under the Act ("Application").

I. Introduction

Applicants request authority for the acquisition of CILCORP by Ameren and associated transactions (collectively, "Transaction"). The Transaction will be effected through a stock purchase agreement ("Stock Purchase Agreement") entered into by Ameren and The AES Corporation ("AES"), CILCORP's parent company, under which Ameren has agreed to purchase, for cash, all of the issued and outstanding shares of common stock of CILCORP. As a result of the Transaction, Ameren will indirectly acquire all of the common stock of CILCO and CIGI, which will become additional public utility subsidiaries of Ameren,¹ and the nonutility subsidiaries and investments held directly and indirectly by CILCORP. The Transaction is subject to, among other usual and customary conditions precedent, receipt by the parties of approvals by the Commission as well as the FERC and the Illinois Commerce Commission ("ICC") and filing of pre-merger notification statements under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the expiration or

¹ Applicants state CIGI, which has been determined by the Federal Energy Regulatory Commission ("FERC") to be an "exempt wholesale generator" ("EWG"), as defined under section 32 of the Act, will relinquish its EWG status upon completion of Ameren's acquisition of CILCORP. Accordingly, in the Application, Ameren is treating CIGI as a public utility company for all purposes under the Act.

termination of the according statutory waiting period.

In conjunction with the Transaction, Ameren states that it has also agreed to purchase from AES all of the membership interests in AES Medina Valley (No. 4), LLC, which indirectly through intermediate subsidiaries holds all of the membership interests of AES Medina Valley Cogen, L.L.C. ("AES Medina Valley"), an EWG. AES Medina Valley owns a 40 MW gas-fired cogeneration facility in Mossville, Illinois that produces electricity, steam and chilled water that is sold to CILCO for resale to CILCO's largest customer, Caterpillar Inc.

II. Summary of Requests

In addition to authorization of the Transaction, CILCORP, CILCO and CIGI are requesting authorization through March 31, 2006 ("Authorization Period") for a program of long-term and short-term financing. CILCORP is requesting authorization to issue guarantees and provide other forms of credit support on behalf of its subsidiaries, and to pay dividends out of capital and unearned surplus, subject to certain limitations. Applicants are requesting authorization to permit Ameren Services to enter into separate service agreements with CILCORP, CILCO, CIGI and certain of CILCORP's other subsidiaries. Ameren Fuels is requesting authorization to enter into a fuel services agreement with CILCO and CIGI. Ameren is requesting authority to retain certain of CILCORP's nonutility subsidiaries and investments. To the extent required, Applicants are requesting authorization to maintain in place a tolling agreement with AES Medina Valley, a fuel supply and services agreement between a gas marketing subsidiary of CILCORP and AES Medina Valley and a FERC-approved interconnection agreement between CILCO and AES Medina Valley. Finally, CILCORP and CILCO are requesting an order granting to each of them an exemption under section 3(a)(1) of the Act.

III. Parties to the Transaction**A. Ameren**

Ameren's primary operating subsidiaries are AmerenCIPS and AmerenUE, which are electric and gas utility companies, and Ameren Energy Generating Company ("Ameren Energy Generating"), which is an EWG. Together, AmerenCIPS and AmerenUE provide electric service to approximately 1.5 million customers in Missouri and Illinois and natural gas service to approximately 300 customers,

also in Missouri and Illinois. Ameren Energy Generating, an indirect wholly owned subsidiary of Ameren, was organized to facilitate the restructuring of AmerenCIPS in accordance with the Illinois Electric Service Customer Choice and Rate Relief Law of 1997 ("Customer Choice Law"). In May 2000, Ameren Energy Generating acquired all of the existing generating assets of AmerenCIPS.

AmerenUE and Ameren Energy Generating together own and operate about 12,600 MW of electric generating capacity, all of which is located in Missouri and Illinois. As of December 31, 2001, AmerenUE and AmerenCIPS owned and operated, or partially owned, a total of approximately 5,400 circuit miles of electric transmission lines and approximately 7,800 miles of natural gas transmission and distribution mains, substantially all of which are located in Missouri and Illinois.

Ameren directly owns CIPSCO Investment Company, Ameren Services Company ("Ameren Services"), Ameren Energy, Inc., Ameren Development Company and Ameren Energy Resources Company, all nonutility subsidiaries. CIPSCO Investment Company holds various nonutility businesses, including passive investments in low income housing projects and investments in equipment leases. Ameren Services is a service company subsidiary that provides administrative, accounting, legal, engineering, executive, and other corporate support services to Ameren and its associate companies. Ameren Energy, Inc. is an energy-related company under rule 58 that primarily serves as the short-term energy trading and marketing agent for AmerenUE and Ameren Energy Generating and provides a range of energy and risk management services. Ameren Development Company is an intermediate nonutility holding company that directly and indirectly owns all of the outstanding stock of two energy-related companies under rule 58 (Ameren ERC, Inc., which provides energy management services, and Missouri Central Railroad, a fuel transportation subsidiary) and of Ameren Energy Communications, Inc., an exempt telecommunications company within the meaning of section 34 of the Act. Ameren Energy Resources Company, also an intermediate nonutility holding company, holds all of the outstanding common stock of Ameren Energy Development Company, an EWG, as well as of two energy-related companies under rule 58, Ameren Energy Marketing Company, a power marketer, and Ameren Fuels, which brokers and markets energy

commodities and owns and manages fuel procurement and delivery assets. Ameren Energy Generating is a wholly owned subsidiary of Ameren Energy Development Company.

In addition, Ameren indirectly owns 60% of the common stock of Electric Energy, Inc. ("EEI"), an EWG. EEI owns and/or operates electric generation and transmission facilities in Illinois that supply electric power primarily to a uranium enrichment plant located in Paducah, Kentucky.²

Ameren also indirectly owns all of the common stock of Ameren Fuels, an "energy-related company" under rule 58 that brokers and markets energy commodities and owns and manages fuel procurement and delivery assets.

For the twelve months ended December 31, 2001, Ameren reported total operating revenues of \$4,505,867,000, operating income of \$664,987,000, and net income of \$468,545,000. On a consolidated basis, approximately 92.2% of Ameren's 2001 operating revenues were derived from sales of electricity, 7.6% from sales of gas and gas transportation service, and .2% from other sources. At December 31, 2001, Ameren had \$10,400,575,000 in total assets, including net property and plant of \$8,426,562,000. As of August 9, 2002, Ameren had issued and outstanding 144,946,829 shares of common stock, \$.01 par value. Ameren's common stock is listed and traded on the New York Stock Exchange.

B. CILCORP, CILCO and CIGI

CILCORP, an Illinois corporation, directly owns all of the issued and outstanding common stock of CILCO, its predominant subsidiary. CILCO is engaged in the generation, transmission, distribution and sale of electric energy in an area of approximately 3,700 square miles in central and east-central Illinois, and the purchase, distribution, transportation and sale of natural gas in an area of approximately 4,500 square miles in central and east-central Illinois. CILCO furnishes electric service to approximately 201,000 retail customers in 136 Illinois communities (including Peoria, East Peoria, Pekin, Lincoln and Morton). CILCO owns and operates two coal-fired base load generating plants, a natural gas-fired cogeneration plant, two natural gas combustion turbine generators and 16 diesel-fueled power modules and leases 14 diesel-fueled power modules, all of which are located in Illinois. These facilities had an available summer capability of 1,172

MW in 2001 and 1,197 MW in 2002. CILCO's transmission system (all of which is located in Illinois) includes approximately 285 circuit miles operating at 138 kV, 48 circuit miles operating at 345 kV and 18 principal substations with an installed capacity of approximately 3,724 megavolt-amperes. CILCO's electric distribution system (all of which is located in Illinois) includes approximately 6,516 circuit miles of overhead pole and tower lines and 1,933 miles of underground distribution cables. The distribution system also includes approximately 108 substations with an installed capacity of 1,766 megavolt-amperes.

CILCO has a power purchase agreement with AmerenCIPS for the purchase of 100 MW of capacity and firm energy for the months of June through September through 2003. The agreement also provides for CILCO to purchase 100 MW of firm energy for the month of January through 2003. CILCO and Ameren also make short-term sales of power to each other from time to time under market-based rate tariffs as authorized by the FERC.

Applicants state that CILCO intends to transfer substantially all of its generating assets and certain associated transmission facilities to CIGI in exchange for all of CIGI's common stock and CIGI's assumption of certain liabilities.³ Applicants expect to complete this transfer prior to the closing of the Transaction, but state that the transfer could possibly be delayed until after closing. The transferred assets will remain subject to the lien of CILCO's Indenture of Mortgage and Deed of Trust, which secures CILCO's first mortgage bonds ("CILCO Mortgage").⁴ This choice of

³ Applicants state CILCO will transfer generating facilities representing 1,136 MW of its total generating capacity. These include the Duck Creek and E.D. Edwards coal-fired units and certain peaking units. CILCO will continue to own and maintain a natural gas-fired cogeneration plant and 26 MW of capacity provided by 16 diesel-fueled power modules located at various substations, which will be managed by CIGI.

⁴ Applicants state CILCO does not have sufficient unfunded property additions at this time to obtain a complete release of the generation assets under the CILCO Mortgage. Under the CILCO Mortgage, CILCO does not require the trustee's approval to transfer the generating assets to CIGI (although CILCO has notified the trustee of its intent to do so) and also would not require the trustee's approval to transfer CIGI's common stock to CILCORP or another subsidiary of Ameren after the Transaction closes. In general, the CILCO Mortgage permits CILCO to transfer a portion of its assets, subject to the lien. However, even after the transfer of the assets to CIGI, CILCO will continue to have certain ongoing obligations with respect to the transferred property, such as ensuring that the lien is maintained, taxes are paid and the property is insured. The trustee under the CILCO Mortgage will continue to have recourse against the transferred

reorganization is being undertaken pursuant to the Customer Choice Law. CILCO will retain all of its other electric transmission and distribution assets and operations. As part of this reorganization, CILCO and CIGI will also enter into a power supply agreement and an interconnection agreement under which CIGI will supply the full requirements of CILCO's customers through at least December 31, 2004.

CILCO's electric service territory is adjacent to AmerenCIPS' service territory. The transmission systems of the two companies are directly interconnected via a 345 kV line that runs approximately 21.3 miles between CILCO's Duck Creek station, which is southwest of Peoria, to a 345/138 kV transformer owned by AmerenCIPS near Ipava, Illinois.

CILCO also provides gas service to approximately 204,000 customers in 128 Illinois communities (including Peoria, East Peoria, Pekin, Lincoln and Springfield). CILCO's gas system includes approximately 3,632 miles of transmission and distribution mains (all of which are located in Illinois) and associated gas storage facilities.

CILCO is regulated by the ICC with respect to retail electric and gas rates and other matters and by the FERC with respect to the transmission service and wholesale electric rates. CIGI is not a public utility company under the laws of Illinois and is therefore not subject to regulation by the ICC. However, CIGI is subject to regulation by the FERC with respect to wholesale electric rates and other matters.

CILCORP directly owns all of the common stock of three nonutility subsidiaries: CILCORP Investment Management Inc., CILCORP Ventures Inc., and QST Enterprises Inc. The assets of these companies consist primarily of investments in affordable housing projects that qualify for federal tax credits and in leveraged leases of equipment and commercial real estate. Applicants maintain that other direct and indirect subsidiaries of CILCORP provide energy-related services. CILCO's nonutility subsidiaries engage in the exploration and development of gas, oil, coal and other mineral resources and research and development activities relating to new sources of energy, including the conversion of coal and other minerals into gas. With certain exceptions, Ameren is requesting approval to retain CILCORP's nonutility subsidiaries and investments.

assets in the event of a CILCO default under the CILCO Mortgage.

² Applicants state the remaining 40% of the stock of EEI is held equally by two unaffiliated electric utility companies.

For the twelve months ended December 31, 2001, CILCORP reported consolidated revenues of \$814,870,000, of which \$391,811,000 (48.1%) were derived from sales of electricity, \$271,434,000 (33.3%) from sales of gas and gas transportation service, and \$151,625,000 (18.6%) from CILCORP's nonutility operations. At December 31, 2001, CILCORP had \$1,811,698,000 in total assets, including total net property, plant and equipment of \$857,987,000.

IV. The Transaction

Applicants request approval for the acquisition by Ameren of all of the issued and outstanding common stock of CILCORP pursuant to the Stock Purchase Agreement. Under the Stock Purchase Agreement, Ameren will pay AES, in consideration for all of the issued and outstanding common stock of CILCORP, cash in an amount equal to \$1,340,000,000, less certain "assumed obligations"⁵ (which includes long-term debt, short-term debt and preferred stock of CILCORP and its subsidiaries), increased or decreased, as appropriate, by the amount, if any, by which "working capital"⁶ of CILCORP as of the closing date exceeds or is less than the "base working capital"⁷ of CILCORP, and increased or decreased, as appropriate, by the amount of the "cap ex adjustment,"⁸ the net amount of the foregoing being the "purchase price." Applicants state if the closing date under the Stock Purchase Agreement had occurred on March 31, 2002, and assuming no change in the base working capital amount and no cap ex adjustment amount, the cash paid by Ameren at closing for the common stock of CILCORP would have been approximately \$522 million. Ameren states that it will finance the cash portion of the purchase price using cash on hand and/or proceeds of debt and/or

equity financings previously authorized in SEC File No. 70-9877.⁹

The Stock Purchase Agreement further provides that, in the event that the closing date does not occur by the "Trigger Date," then the "purchase price" shall be increased by \$33,699 per day from the Trigger Date through the closing date, subject to certain limitations. The Trigger Date is the later of (a) December 31, 2002, (b) the date on which AES is capable (without further action by any third party) of completing performance in all material respects of its obligations required to be performed on or prior to closing, and (c) the date which is 90 days following the date on which the ICC grants its approval of the Transaction. Subject to certain limitations and exceptions, either party may terminate the Stock Purchase Agreement if closing has not occurred by March 27, 2003.

Following the acquisition of CILCORP, Ameren proposes to retain CILCORP as a direct subsidiary for the foreseeable future, and CILCORP will continue to own all of the common stock of CILCO. CILCO, in turn, will continue to hold all of the common stock of CIGI for the foreseeable future. CILCO will maintain its headquarters in Peoria for a period of at least five years and will maintain a local management team and adequate staffing levels to operate its utility system. CILCO will continue to operate as a separate control area. CILCO's generating plants (which CILCO intends to transfer to CIGI by the time of the closing) will not be jointly dispatched with the generating plants owned by AmerenUE and Ameren Energy Generating.

V. Agreements for Sale of Goods and Services

Applicants state that Ameren Services intends to enter into separate service agreements with CILCORP, CILCO, CIGI and certain of CILCORP's other subsidiaries that are identical in all material respects with an existing general service agreement between Ameren Services, Ameren, AmerenUE, AmerenCIPS and certain other associate companies. Thus, Ameren Services will provide to the new client companies the same administrative, management, and technical services that it now provides to Ameren system companies under the general services agreement, utilizing the same work order procedures and the

same methods of allocating costs that are specified in that agreement. In connection with the Transaction, certain employees of CILCORP and its subsidiaries may be transferred to and become employees of Ameren Services.

Applicants state that historically, CILCO has provided certain administrative, management and technical services at cost to CILCORP and all of its other associate companies under a service agreement that has been approved by the ICC.¹⁰ Although Applicants expect Ameren Services will assume the responsibility for providing these services after the Transaction closes under new service agreements, there may be a period, not to exceed two years, during the transition in which CILCO will continue to provide certain corporate support services, such as accounting, tax, cash management and billing and sales services, to the same associate companies to which these services were provided prior to the Transaction. In addition, following the transfer of its generating assets to CIGI, CILCO and CIGI request authorization to provide to each other, on a permanent basis, certain technical services relating to the operation and maintenance of generating assets located at CILCO substations and the equipment connecting CIGI's generation facilities with CILCO's transmission facilities. Applicants state that all of these services will be performed at cost in accordance with rules 90 and 91 under a services and facilities agreement to be executed when the generating assets are transferred to CIGI.

To the extent required, Applicants request authorization to maintain in place (a) a tolling agreement under which AES Medina Valley sells electricity, steam and chilled water to CILCO, (b) a fuel supply and services agreement between CILCORP Energy Services Inc. ("CESI"), a nonutility gas marketing subsidiary of CILCORP, and AES Medina Valley, under which CESI supplies AES Medina Valley's gas requirements and also provides certain ancillary services relating to the supply of gas to the Mossville facility, and (c) a FERC-approved interconnection agreement between CILCO and AES Medina Valley, under which CILCO provides metering and other ancillary services to AES Medina Valley, at cost.

In addition, Ameren Fuels requests authorization to enter into separate fuel services agreements with CILCO and CIGI under which Ameren Fuels will manage gas supply resources for CILCO

⁵ Applicants state the term "assumed obligations" means the amounts required to be included on CILCORP's balance sheet as of the closing date as long-term debt (including the current portion), short-term debt, capital lease obligations, preferred stock of subsidiaries, and other obligations for borrowed money.

⁶ Applicants state the term "working capital" means the current assets of CILCORP less current liabilities (not counting in current liabilities any short-term debt or current maturity of long-term debt that is included in Assumed Obligations) as of the closing date.

⁷ Applicants state that, as agreed to in the Stock Purchase Agreement, "base working capital" is \$75 million.

⁸ Applicants state the term "cap ex adjustment" amount represents the amount, if any, by which expenditures by CILCORP for certain capital improvements prior to closing are less or greater than the amounts agreed to under the Stock Purchase Agreement.

⁹ See, Ameren Corporation, HCAR No. 27449 (Oct. 5, 2001). On September 10, 2002, Ameren sold 8.05 million new shares of common stock in a public offering at \$42.00 per share. Net proceeds (after underwriting discount) to Ameren were \$327 million.

¹⁰ Applicants state that, with one exception, CILCO's nonutility associate companies do not have employees of their own.

and manage fuel procurement for CIGI. These services will be provided at cost, in accordance with rule 90 and 91.¹¹

VI. Financing by CILCORP, CILCO and CIGI

The existing equity and long-term and short-term debt securities of CILCORP, CILCO and CIGI will remain outstanding after the Transaction closes.¹² In addition, CILCORP, CILCO and CIGI are requesting authority, to the extent these transactions are not exempt, to engage in certain ongoing external and intrasystem financing transactions from time to time during the Authorization Period. Any securities issued by CILCORP, CILCO or CIGI to third parties may be issued directly, or may be issued indirectly through one or more special purpose entities formed solely for this purpose ("Financing Subsidiaries").

A. Financing Parameters

The financing authorizations requested in the Application will be subject to the following parameters:

- CILCORP, CILCO and CIGI state that they will not engage in any financing transactions for which approval is sought unless, on a pro forma basis to take into account the amount and types of the financing and the subsequent application of the proceeds, common equity as a percentage of capitalization (including short-term debt and current maturities of long-term debt) of each company is at least 30%;

- Except in accordance with a further order of the Commission in this proceeding, CILCORP and CIGI will not publicly issue any Long-term Securities (defined below) unless the securities are rated at the investment grade level as

established 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.

- The effective cost of money on all external short-term borrowings by CILCORP will not exceed at the time of issuance the greater of (1) 300 basis points over the six-month London Interbank Offered Rate ("LIBOR"), or (2) a gross spread over LIBOR that is consistent with similar securities of comparable credit quality and maturities issued by other companies;

- The maturity date of any new series of long-term notes issued by CILCORP will be not later than October 15, 2029, which is the maturity date of the longest of the two series of outstanding Senior Notes;

- Any new long-term notes issued by CILCORP in a refinancing transaction will bear interest at a rate not to exceed at the time of issuance the greater of (1) 500 basis points over the yield to maturity of a U.S. Treasury security having a remaining term equal to the average life of the new notes (or, if no such Treasury security is outstanding, then the yield to maturity of a 30-year U.S. Treasury Bond), or (2) a gross spread over U.S. Treasuries that is consistent with similar securities of comparable credit quality and maturities issued by other companies;

- The effective cost of money on all external short-term borrowings by CILCO and CIGI will not exceed at the time of issuance the greater of (1) 300 basis points over the six-month LIBOR, or (2) a gross spread over LIBOR that is consistent with similar securities of comparable credit quality and maturities issued by other companies;

- Any preferred stock or other types of preferred securities issued by CIGI will be redeemed no later than 50 years after issuance;

- The dividend rate on any series of preferred stock or other preferred securities issued by CIGI will not exceed at the time of issuance the greater of (1) 700 basis points over the yield to maturity of a U.S. Treasury security having a remaining term equal or closest to the term of the securities (or, if no such Treasury security is outstanding, then the yield to maturity of a 30-year U.S. Treasury Bond), or (2) a gross spread over U.S. Treasuries that is consistent with similar securities of comparable credit quality and maturities issued by other companies;

- Long-term debt issued by CIGI will have a maturity ranging from one to 50 years; and

- Long-term debt issued by CIGI will bear interest at a rate not to exceed at the time of issuance the greater of (1) 600 basis points over the yield to maturity of a U.S. Treasury security having a remaining term equal or closest to the average life of the series (or, if no such U.S. Treasury security is outstanding, then the yield to maturity of a 30-year U.S. Treasury Bond), or (2) a gross spread over U.S. Treasuries that is consistent with similar securities of comparable credit quality and maturities issued by other companies.

B. External Financing Transactions

1. CILCORP

(a) Short-Term Debt

CILCORP requests authorization to issue and sell commercial paper and/or establish and make unsecured short-term borrowings (*i.e.*, less than one year) under credit facilities with banks or other institutional lenders on terms that are generally available to borrowers with a comparable credit rating as CILCORP as CILCORP deems appropriate in light of its needs and existing market conditions, provided that the aggregate amount of borrowings by CILCORP at any time outstanding under all credit facilities, when added to the amount of any direct short-term borrowings by CILCORP from Ameren will not exceed \$250 million.

(b) Refinancing of CILCORP Senior Notes

CILCORP also requests authorization to issue, in one or more transactions from time to time during the Authorization Period, long-term notes for the purpose of refinancing or acquiring \$475 million principal amount of senior notes ("Senior Notes") that are currently outstanding at or prior to their scheduled maturity. The principal amount of any new long-term notes issued will not exceed the unpaid principal amount of the Senior Notes, plus any "make whole" premium required to be paid in connection with any prepayment and/or the premium, if any, that is paid in connection with any acquisition of the Senior Notes in open market purchases. In connection with any issuance, Ameren requests authorization to guaranty any new CILCORP notes issued in a refinancing transaction or to issue a guarantee of the outstanding CILCORP Senior Notes in order to obtain a termination and release of the pledge of CILCO's common stock¹³ or for other corporate purposes.

¹¹ By order dated April 5, 2001 in File No. 70-9775 (HCAR No. 27374), the Commission authorized Ameren Fuels to provide AmerenUE and AmerenCIPS with the same fuel management services that Ameren Fuels is now proposing to provide to CILCO and CIGI.

¹² CILCORP currently has issued and outstanding 1,000 shares of common stock, no par value, all held by AES. In addition, CILCORP has outstanding \$225 million of 8.7% senior notes, due 2009, and \$250 million of 9.375% senior notes, due 2029 (the "Senior Notes"), which are secured by a pledge of the common stock of CILCO. CILCORP also had committed bank lines totaling \$35 million at December 31, 2001, under which it had outstanding borrowings of \$20 million.

At March 31, 2002, CILCO had issued and outstanding 13,563,871 shares of common stock, no par value, all of which are held by CILCORP; 191,204 shares of cumulative preferred stock, \$100 par value, and 220,000 shares of Class A preferred stock, no par value, totaling \$41,120,000; and \$242,250,000 of long-term debt. In addition, at December 31, 2001, CILCO had issued and outstanding \$43,000,000 of commercial paper, and had in place bank lines totaling \$100,000,000 which are used to backstop its commercial paper.

¹³ Applicants state CILCORP has outstanding \$225 million of 8.7% senior notes, due 2009, and

2. CILCO and CIGI

(a) Short-Term Debt

CILCO and CIGI are requesting authorization to issue commercial paper and establish and make unsecured short-term borrowings (*i.e.*, less than one year) under credit lines from time to time during the Authorization Period, provided that the aggregate amount of external short-term borrowings by CILCO at any time outstanding under all credit facilities, when added to the amount of any direct short-term borrowings by CILCO from Ameren (see part VI.C.1., "Intrasystem Financing Transactions" below), will not exceed \$250 million, and that the aggregate amount of borrowings by CIGI at any time outstanding under all credit facilities, when added to the amount of any direct short-term borrowings by CIGI from Ameren (see part VI.C.1., "Intrasystem Financing Transactions" below), will not exceed \$250 million.

(b) Long-Term Securities of CIGI

CIGI is also requesting authorization to issue and sell from time to time during the Authorization Period long-term securities consisting of any combination of preferred stock or other forms of preferred securities and long-term debt ("Long-term Securities"). Preferred stock or other types of preferred securities may be issued in one or more series with rights, preferences, and priorities as may be designated in the instrument creating each series provided that the aggregate amount of all such securities at any time outstanding, when added to the amount of any direct long-term borrowings by CIGI from Ameren (see part VI.C.1., "Intrasystem Financing Transactions" below), will not exceed \$500 million.

Long-term debt of a particular series (i) may be secured or unsecured, (ii) may be subject to optional and/or mandatory redemption, in whole or in part, at par or at various premiums above the principal amount, (iii) may be entitled to mandatory or optional sinking fund provisions, (iv) may provide for reset of the coupon under a remarketing or auction arrangement, and (v) may be called from existing investors by a third party.

CILCORP and CIGI request authority to issue Long-term Securities that are rated below investment grade. Applicants request the Commission reserve jurisdiction over CILCORP and CIGI in connection with the issuance of any Long-term Securities that are rated below investment grade.

\$250 million of 9.375% senior notes, due 2029 that are secured by a pledge of the common stock of CILCO

3. Interest Rate and Anticipatory Hedging Transactions

To the extent not exempt under rule 52, CILCORP, CILCO and CIGI also request authorization to enter into interest rate hedging transactions with respect to outstanding indebtedness ("Interest Rate Hedges"), subject to certain limitations and restrictions, in order to reduce or manage the effective interest rate cost. In no case will the notional amount of any Interest Rate Hedge exceed the principal amount of the underlying debt instrument. Transactions will be entered into for a fixed or determinable period. Thus, the applicants will not engage in speculative transactions. Interest Rate Hedges 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 the Approved Counterparties, as published by S&P, are equal to or greater than BBB, or an equivalent rating from Moody's or Fitch, Inc. In addition, CILCORP, CILCO and CIGI request authorization to enter into interest rate hedging transactions with respect to anticipated debt offerings (the "Anticipatory Hedges"), subject to certain limitations and restrictions.

Applicants state 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, the Applicants 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.¹⁴

C. Intrasystem Financing Transactions

1. Long-Term and Short-Term Securities of CILCORP, CILCO and CIGI

Ameren may from time to time during the Authorization Period acquire additional shares of CILCORP's common stock, make additional capital contributions or non-interest bearing cash advances to CILCORP, and/or make loans to CILCORP, CILCO and CIGI (and acquire unsecured promissory notes of

¹⁴ Applicants state the authority sought for interest rate hedging transactions in this Application is identical to the authorization previously granted to Ameren in SEC File No. 70-9877.

CILCORP, CILCO and CIGI evidencing the loans) in order to enable CILCORP to fund additional investments in CILCO and its other existing subsidiaries, to redeem or retire the outstanding Senior Notes, and to fund working capital. Accordingly, CILCORP requests authority to issue, and Ameren requests authority to acquire, from time to time during the Authorization Period, (a) up to \$1 billion at any time outstanding of additional common stock and/or promissory notes having maturities of one year or more, and (b) up to \$250 million at any time outstanding of promissory notes having maturities of less than one year. Any promissory note issued by CILCORP to Ameren evidencing a loan will be unsecured and will bear interest at a rate and have a maturity date designed to parallel the effective cost of capital and maturity date of a similar debt instrument issued by Ameren.

Ameren requests authorization to make long-term and short-term loans to CIGI (and acquire promissory notes of CIGI evidencing the loans) in order to fund CIGI's capital improvements and working capital requirements. Accordingly, CIGI requests authority to issue, and Ameren requests authority to acquire, from time to time during the Authorization Period, (a) up to \$500 million at any time outstanding of promissory notes having maturities of one year or more, and (b) up to \$250 million at any time outstanding of promissory notes having maturities of less than one year.

Ameren requests authorization to make short-term loans to CILCO (and acquire promissory notes of CILCO evidencing the loans) in order to fund CILCO's capital improvements and working capital requirements. Accordingly, CILCO requests authority to issue, and Ameren requests authority to acquire, from time to time during the Authorization Period, up to \$250 million at any time outstanding of promissory notes having maturities of less than one year.

2. Guarantees Issued by CILCORP and Its Subsidiaries

CILCORP and certain of its nonutility subsidiaries request authorization to maintain, renew and extend all guarantees and other forms of credit support that they have issued and which are outstanding at the time that the Transaction closes. In addition, CILCORP requests authorization to provide additional guarantees and other forms of credit support (collectively, "Guarantees") from time to time during the Authorization Period on behalf of or for the benefit of any of its subsidiaries,

provided that the aggregate amount of all CILCORP guarantees at any time outstanding shall not exceed \$500 million. Any Guarantee outstanding on March 31, 2006 will expire or terminate in accordance with its terms.

D. Organization and Acquisition of Financing Subsidiaries

In connection with the issuance of any securities for which authorization is requested in the application/declaration, or (in the case of CILCO) under rule 52(a), CILCORP, CILCO and CIGI request authorization to acquire, directly or indirectly, the common stock or other equity securities of one or more entities (each a "Financing Subsidiary") formed exclusively for the purpose of facilitating the issuance of long-term debt and/or preferred securities and the loan or other transfer of the proceeds to the parent company of a Financing Subsidiary. The proceeds of any financing carried out through a Financing Subsidiary will be counted against the limits proposed in the Application for the securities issued by CILCORP or CIGI, as the case may be, and the terms, conditions and other limitations applicable to any securities issued by a Financing Subsidiary will conform to those proposed for the specified type of security (e.g., long-term debt, preferred securities, etc.). In connection with any of these financing transactions, CILCORP or CIGI, as the case may be, may enter into one or more guarantees or other credit support agreements in favor of its Financing Subsidiary. CILCORP, CILCO and CIGI also request authorization to enter into an expense agreement with its respective Financing Subsidiary, under which each company would agree to pay all expenses of the Financing Subsidiary.

In addition, CILCORP and CIGI also request authority to issue and sell 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, and the Financing Subsidiary will apply the proceeds of any external financing by the Financing Subsidiary plus the amount of any equity contribution made to it from time to time to purchase 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. The principal amount of

Notes issued to a Financing Subsidiary by its parent will not be counted against the limits proposed in this Application on securities issued by CILCORP or CIGI to third parties or to Ameren.¹⁵

Applicants state that any Financing Subsidiary organized under the authority granted by the Commission in this proceeding shall be organized only if, in management's opinion, the creation and utilization of a Financing Subsidiary will likely result in tax savings, increased access to capital markets and/or lower cost of capital for CILCORP, CILCO or CIGI, as applicable.¹⁶

E. Payment of Dividends by CILCORP Out of Capital Surplus

CILCORP requests authorization to declare and pay dividends on its common stock and/or redeem or repurchase its outstanding shares of common stock from time to time through the Authorization Period out of capital surplus (including revaluation reserve) to the extent permitted under applicable corporate law and the terms of any applicable covenants in its financing documents (including the CILCORP Indenture) in an amount equal to CILCORP's retained earnings at the time that the Transaction is consummated plus the amount, if any, recorded as an impairment to goodwill on the books of CILCORP in accordance with SFAS Nos. 141 and 142.¹⁷

VII. Exemption of CILCORP and CILCO as Holding Companies

Finally, in its capacity as a holding company over CILCO and CIGI, CILCORP states that it will continue to be entitled to an exemption under section 3(a)(1) because CILCORP, CILCO and CIGI are all incorporated in Illinois, the state in which all of CILCO's and CIGI's public utility operations are

¹⁵ "Mirror image" Notes issued by CILCO to any Financing Subsidiary will be exempt under rule 52(a) if the conditions of rule 52(a) are satisfied.

¹⁶ Applicants state the creation of any Financing Subsidiary, issuance of securities through these entities, and the use of financing proceeds to make investments will be subject to a comprehensive set of formal internal controls that Ameren has adopted. These include delegation of authority limits on expenditures, board of director budget approvals and comparison of budgets against actual financial results on a monthly basis, daily reconciliations of disbursements from major accounts by the Treasurer's group, monthly review of financial statements of each legal entity in the Ameren system by Ameren's Accounting Manager, Controller and Vice President of Finance, external auditor review of financial statements for each legal entity filing reports under the Securities Exchange Act of 1934 on a quarterly basis, internal audits, and corporate compliance procedures that are applicable to all management employees.

¹⁷ See, E.ON AG, *et al.*, HCAR No. 27539 (June 14, 2002).

conducted. Likewise, Applicants state that CILCO will be entitled to an exemption under section 3(a)(1) by nature of its capacity as a holding company over CIGI. Accordingly, CILCORP and CILCO request that the Commission issue an order exempting them from the registration requirements of section 5 under section 3(a)(1).

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27587]

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

October 28, 2002.

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 November 22, 2002, 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 November 22, 2002, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Great Plains Energy Incorp., et al. (70-10064)

Great Plains Energy Incorporated ("GPE"), a registered holding company;