

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM U-1

AMENDMENT NO. 5

(POST-EFFECTIVE AMENDMENT NO. 3)

TO

APPLICATION

UNDER

THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

ChevronTexaco Corporation
6001 Bollinger Canyon Road
San Ramon, California 94583

Chevron U.S.A. Inc.
6001 Bollinger Canyon Road
San Ramon, California 94583

(Name of companies filing this statement and address of principal
executive offices)

None

(Name of top registered holding company parent of each applicant or declarant)

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TABLE OF CONTENTS

	Page
Item 1. Introduction and Request for Additional Commission Action.....	1
A. Background.....	1
1. ChevronTexaco and Chevron USA.....	1
2. ChevronTexaco's Investment in Dynegy.....	3
3. Illinois Power.....	7
B. Reasons for the Transaction.....	8
Item 2. Fees, Commissions and Expenses.....	9
Item 3. Applicable Statutory Provisions.....	9
A. Each of the Applicants is Only Incidentally a Holding Company, Being Primarily Engaged and Interested in Businesses Other Than That of a Public-Utility Company.....	10
1. The Transaction Satisfies the Plain Language of Section 3(a)(3).....	10
2. The Policy Considerations That Led the Commission To Apply a Restrictive Gloss to Section 3(a)(3) Do Not Apply Here.....	12
3. It is Appropriate for the Commission to Rely on the Plain Meaning of Section 3(a)(3) on the Facts of This Matter.....	13
B. The Applicants Do Not Derive a Material Part of Their Income from Illinois Power.....	14
C. Illinova's Public-Utility Company Operations Satisfy Any Absolute Size Limitation.....	16
D. Granting The Exemption Is Consistent with the Public Interest and the Interest of Investors and Consumers.....	19
Item 4. Regulatory Approval.....	20
Item 5. Procedure.....	20
Item 6. Exhibits and Financial Statements.....	20
Item 7. Information as to Environmental Effects.....	22

Amendment No. 4 to the Application previously filed in this proceeding is hereby amended and restated to read as follows:

ITEM 1. INTRODUCTION AND REQUEST FOR ADDITIONAL COMMISSION ACTION

By order dated December 27, 1999 (HCAR No. 27122) (the "1999 Order"), the Commission authorized the indirect acquisition by ChevronTexaco Corporation ("ChevronTexaco") of voting securities of Illinova Corporation ("Illinova").(1) The 1999 Order reserved jurisdiction over the request of ChevronTexaco and its wholly-owned subsidiary, Chevron U.S.A. Inc. ("Chevron USA" and collectively with ChevronTexaco, the "Applicants"), for an order of exemption under Section 3(a)(3) of the Public Utility Holding Company Act of 1935 (the "1935 Act" or "Act").

Applicants hereby ask the Commission to release jurisdiction over the proposed request and to grant them an order of exemption under Section 3(a)(3) of the Act.

A. BACKGROUND

Applicants' need for exemption from regulation as a registered holding company under the Act arises as the result of the February 2000 merger (the "Transaction") of Dynege Inc. ("Dynege") with Illinova, the parent company of Illinois Power Co. ("Illinois Power"). As discussed more fully herein, ChevronTexaco's limited role in the Transaction was intended solely to accommodate Dynege's plans (consistent with the protection of ChevronTexaco's economic interests) and did not reflect an intention by ChevronTexaco to acquire or control a public-utility company. The Transaction was proposed and supported by Dynege and Illinova as part of those companies' strategic plans. As the discussion herein makes clear, each of ChevronTexaco and Chevron USA is, and at all relevant times has been, "only incidentally a holding company" within the meaning of Section 3(a)(3) of the Act.

1. CHEVRONTEXACO AND CHEVRON USA

ChevronTexaco, a Delaware corporation, manages its investments in subsidiaries and affiliates, and provides administrative, financial and management support to, U.S. and foreign subsidiaries that engage in fully integrated petroleum operations, chemicals operations, coal mining, power and energy services. The company operates in the United States and approximately 180 other countries. Petroleum operations consist of exploring for, developing and producing crude oil and natural gas; refining crude oil into finished petroleum products; marketing crude oil, natural gas and the many products derived from petroleum; and transporting crude oil, natural gas and petroleum products by pipelines, marine vessels, motor equipment and rail car. Chemicals operations include the manufacture and marketing, by an affiliate, of

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(1) On October 9, 2001, Texaco Inc. ("Texaco") became a wholly-owned subsidiary of Chevron Corporation pursuant to a merger transaction (the "Texaco Merger Transaction"), and Chevron Corporation changed its name to ChevronTexaco Corporation. Additional information concerning the Texaco Merger Transaction can be found in the ChevronTexaco Annual Report filed on Form 10-K for the fiscal year ending December 31, 2001, which is incorporated herein by reference.

commodity petrochemicals and plastics for industrial uses, and the manufacture and marketing, by a consolidated subsidiary, of fuel and lubricating oil additives.

ChevronTexaco's stock is listed on the New York and Pacific Stock Exchanges, and it is a reporting company under the Securities Exchange Act of 1934.

ChevronTexaco's largest business segments are its exploration and production operations and its refining, marketing and transportation operations. The company's chemicals operation is also a significant business segment, conducted mainly by the company's affiliate, Chevron Phillips Chemical Company LLC ("CPChem").(2) The petroleum activities of the company are widely dispersed geographically. The company has petroleum operations in North America, South America, Europe, Africa, Middle East, Central and Far East Asia, and Australia. CPChem has operations in the United States, Belgium, China, South Korea, Singapore, Saudi Arabia, Qatar and Mexico. ChevronTexaco's wholly-owned "Oronite" fuel and lubricant additives business operates five manufacturing facilities in the United States, France, Singapore, Japan and Brazil, and has equity interests in India and Mexico.

ChevronTexaco owns 100% of Chevron USA, a Pennsylvania corporation that conducts operations worldwide through its various divisions. Chevron USA's principal business activity is in its domestic upstream division that engages in the exploration and production of crude oil, natural gas liquids, and natural gas in the United States, and its domestic downstream division that engages in the business of refining, marketing and transporting gasoline and other refined products in the United States.

For the year ending December 31, 2002, ChevronTexaco had revenues totaling approximately \$98.7 billion, operating income of approximately \$4.5 billion and net income of approximately \$1.1 billion. As of December 31, 2002, ChevronTexaco had assets of approximately \$77.4 billion. For the year ending December 31, 2002, Chevron USA had revenues totaling approximately \$66.9 billion, operating income of approximately \$658 million and negative net income of approximately \$1.8 billion (reflecting the writedown of its Dynege investment discussed below). As of December 31, 2002, Chevron USA had assets of approximately \$37.4 billion.

Additional information regarding ChevronTexaco and its subsidiaries is set forth in the following documents, each of which is incorporated herein by reference:

- (i) Annual Report on Form 10-K of ChevronTexaco (Commission File No. 1-368-2) for the fiscal year ended December 31, 2002, filed March 17, 2003;
- (ii) Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, filed May 9, 2003; and

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(2) CPChem is a 50-50 joint venture with Phillips Petroleum Company formed in July 2000, when both companies combined most of their petrochemicals operations. CPChem owns or has joint venture interests in 34 manufacturing facilities and five research and technical centers in the United States, Puerto Rico, Belgium, China, Mexico, Saudi Arabia, Singapore and South Korea.

- (iii) Current Reports on Form 8-K filed January 31, 2003, February 18, 2003 and May 2, 2003.

2. CHEVRONTEXACO'S INVESTMENT IN DYNEGY

ChevronTexaco through Chevron USA owns: (i) the outstanding Class B shares of Dynegy's common stock ("the Class B Shares"), which constitute approximately 26% of Dynegy's total outstanding voting shares, and (ii) \$1.5 billion aggregate principal amount of Dynegy's Series B convertible preferred stock (the "Series B Preferred Shares").(3) ChevronTexaco's investment in Dynegy is accounted for under the equity method of accounting.

Until recently, ChevronTexaco sold essentially all of its U.S. natural gas production to Dynegy, which then sold it into the market. Following the collapse of the merchant energy sector in 2002, Dynegy experienced a marked reduction in liquidity. Its debt ratings were downgraded and a sharp decline in its stock price occurred. In 2002, Dynegy announced its intent to exit the third-party aspects of the energy trading business. As a result of those changes, ChevronTexaco has reestablished a natural gas marketing business to market the company's United States natural gas production and to purchase supply for its requirements.(4)

Although ChevronTexaco and Dynegy have terminated their marketing arrangements, there are other ongoing agreements between the companies. The natural gas processing and liquids agreements between Dynegy Midstream Services and ChevronTexaco, for

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(3) Although Dynegy is obligated to redeem all the Series B Preferred Shares for an aggregate \$1.5 billion in cash on November 13, 2003, except to the extent ChevronTexaco chooses to convert such preferred shares into Dynegy Class B Shares at a conversion price of \$31.64 per share, Dynegy has indicated that it currently does not expect to be able to redeem the Series B Preferred Shares in November 2003.

(4) In August 1996, Chevron USA entered into an agreement with a predecessor of Dynegy pursuant to which which substantially all of Chevron's midstream energy assets were merged into Dynegy's operations. In connection with this business combination, Chevron USA and Dynegy, and their respective affiliates, entered into a number of supply, sales and service agreements. Under those agreements, Dynegy had: (i) the obligation to purchase and the right to market substantially all natural gas and natural gas liquids produced or controlled by Chevron USA in the United States (except Alaska) and to supply natural gas and natural gas liquids feedstock to ChevronTexaco refineries and plants in the United States; (ii) the right to participate in existing and future opportunities to provide electricity to United States facilities of ChevronTexaco, as well as to purchase or market excess electricity generated by such facilities; and (iii) the right to process substantially all of ChevronTexaco's processable natural gas in those geographic areas where it was economically feasible to do so.

In March 2002, ChevronTexaco and Dynegy expanded their commercial relationships to include substantially all of the natural gas and domestic mixed natural gas liquids and related products produced or controlled by the former Texaco. In August 2002, ChevronTexaco and Dynegy amended the existing gas purchase agreement, security agreement, netting agreement and certain related agreements. Dynegy agreed to accelerate payment to the month of delivery for a portion of the natural gas it purchased from ChevronTexaco, with the amount of the accelerated payment generally being equal to 75 percent of the value of the prior month's gas deliveries, after reduction pursuant to a netting agreement between ChevronTexaco and Dynegy. This payment arrangement was effective upon the closing of the sale of Northern Natural Pipeline Company in August 2002 and resulted in an accelerated payment totaling \$176 million at December 31, 2002. Also in August 2002, in partial satisfaction of certain of its obligations to ChevronTexaco under these agreements, Dynegy sold to ChevronTexaco a 39.2% ownership interest in West Texas LPG Pipeline Limited Partnership, or WTLPS, which is the owner of West Texas LPG Pipeline. ChevronTexaco was already the owner of the largest interest in WTLPS and the operator of the pipeline.

example, continue in their current forms.(5) ChevronTexaco also continues to sell significant amounts of natural gas to Dynegy for Dynegy's facilities and remaining gas marketing and supply business and in connection with its Dynegy Midstream Services operations. In February 2003, ChevronTexaco sold approximately 228,000 MMBtu/day of natural gas to Dynegy Marketing and Trade, and in March 2003, ChevronTexaco sold approximately 179,000 MMBtu/day to Dynegy Marketing and Trade. ChevronTexaco and Dynegy Midstream Services have also entered into an agreement for the purchase by Dynegy Midstream Services of natural gas from ChevronTexaco to fulfill Dynegy Midstream Services' obligations to replace natural gas extracted in the processing of natural gas under natural gas processing agreements between Dynegy Midstream Services and many natural gas producers and marketers. ChevronTexaco sold approximately 75,000 MMBtu/day in March 2003 to Dynegy Midstream Services under this agreement.

Dynegy has contracts with each of ChevronTexaco's refineries situated in El Paso, Texas, El Segundo, California, Pascagoula, Mississippi, Richmond, California, Salt Lake City, Utah, and Hawaii, pursuant to with Dynegy provides refinery services. All of these contracts allow Dynegy to purchase excess natural gas liquids produced during the refining process. In addition, with respect to all of the refineries except Hawaii, these agreements also provide for the supply by Dynegy of natural gas liquids to ChevronTexaco, which are utilized in its refining process. Generally, these agreements provide that Dynegy obtain on behalf of ChevronTexaco's refineries any such natural gas liquids feedstocks that they need and, in return, Dynegy is reimbursed for the cost of acquiring such feedstocks and is paid a cents-per-gallon fee for providing such services. These agreements extend through August 2006. Dynegy also has the right to purchase or market substantially all of ChevronTexaco's natural gas liquids (both mixed and raw) pursuant to a Master Natural Gas Liquids Purchase Agreement, which extends through August 2006.(6)

As noted previously, ChevronTexaco and Chevron USA have taken significant writedowns with respect to their investment in Dynegy. ChevronTexaco's net income for the fiscal year ending December 31, 2002 included special charges of \$2.306 billion related to Dynegy. The Dynegy charges were composed of \$1.626 billion for the write-down of the company's investment in Dynegy common and preferred stock to its estimated fair value at September 30, 2002; \$305 million for the company's share of Dynegy's own write-downs and revaluations; and \$149 million for the company's share of Dynegy's loss on its sale of Northern Natural Gas Company.

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(5) Dynegy Midstream Services is the company's natural gas liquids business unit involved in gathering, processing, fractionation, transportation, marketing and feedstock supply. In March 2002, Dynegy agreed with ChevronTexaco to expand their commercial relationships to include substantially all of the natural gas and domestic mixed natural gas liquids and natural gas liquid products produced or controlled by the former Texaco.

(6) ChevronTexaco or its affiliates and Dynegy hold investments in joint ventures, including a 22.9% ownership interest in Venice Energy Services Company, L.L.C., which holds a pipeline gathering system, a processing plant, a fractionator and an underground natural gas liquids storage facility in Louisiana, and a 50% ownership interest in Nevada Cogeneration Associates #2, which holds Dynegy's Black Mountain power generation facility in Nevada.

The write-down of ChevronTexaco's investment in Dynegy during 2002 was required under applicable accounting rules because the decline in the fair value of the investment below its carrying value was determined to be other than temporary. Following the third quarter write-down, the remaining book value of the company's investment in Dynegy at December 31, 2002, was \$412 million - composed of \$300 million for the preferred stock and \$112 million for the common stock. At March 31, 2003, ChevronTexaco's carrying value of its investment in Dynegy common stock was \$70 million, equivalent to \$0.72 per Dynegy share. The carrying amount of the \$1.5 billion face value of Dynegy preferred stock was \$300 million -- its estimated fair value at March 31, 2003. Additional charges to earnings in subsequent periods would be required to the extent the fair value of the Dynegy securities at the end of any such period is below the carrying value, and the decline in value is deemed to be other than temporary.(7)

Although Dynegy is obligated to redeem the \$1.5 billion Series B Preferred Shares in November 2003, Dynegy has stated that it does not expect to so redeem the securities. Dynegy made the disclosure in its Annual Report on Form 10-K for the year ended December 31, 2003, based on its substantial debt obligations, liquidity position, limitations under applicable state law and limitations in its restructured credit facility. With respect to this last point, notwithstanding the provision for a mandatory redemption of the Series B Preferred Shares in November 2003, Dynegy has entered into a bank agreement that limits to \$50 million the amount of such redemptions.(8) Series B Preferred Shares not redeemed will remain outstanding. Dynegy has stated that its failure to redeem the Series B preferred stock on the redemption date would not be a default under any of its bank borrowings, secured debt, senior notes or other obligations. The shares of Series B Preferred Shares are not entitled to a dividend in cash or in kind or any Dynegy board representation either currently or upon a failure to make a redemption payment. The situation with respect to the Series B Preferred Shares underscores how, despite its position as Dynegy's largest shareholder, ChevronTexaco is unable to control or otherwise exercise a meaningful controlling influence over the management or policies of Dynegy.

The rights of ChevronTexaco and Chevron USA are further restricted by Dynegy's Articles of Incorporation and a Shareholder Agreement dated June 14, 1999 among Energy Convergence Holding Company, Illinova Corporation, Dynegy Inc. and Chevron USA (the "Shareholder Agreement").

Under Dynegy's Articles of Incorporation, Chevron USA, as holder of the Class B Shares, is not entitled to any more than three representatives on Dynegy's Board (the

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(7) In April, Dynegy announced that its independent accountants had completed a re-audit of Dynegy's 1999-2001 financial statements and an audit of Dynegy's 2002 financial statements. None of the restatements to Dynegy's financial statements identified in the re-audit were material to ChevronTexaco; therefore, no restatement of the company's prior-period results was necessary.

(8) Dynegy's restructured credit facility further provides that it must permanently reduce borrowings under the credit facility by three times any amount repaid.

"Chevron Directors") no matter what percentage of Dynegy's common stock it owns.(9) At present, Chevron USA has the right to elect three members of a fourteen member board.(10) Because the holders of Class A shares of Dynegy common stock ("Class A Shares") vote as a separate class for the other eleven directors, Chevron USA has no voice in the selection of those directors. Chevron USA also has no representative on Dynegy's Nominating Committee, which proposes such directors for election by the holders of Class A Shares. If Chevron USA ceases to own at least 15% of the total outstanding shares of Dynegy common stock, its Class B Shares will automatically convert to Class A Shares and Chevron USA will no longer have an exclusive right to elect three members of Dynegy's Board of Directors.(11)

The Shareholder Agreement also imposes restrictions on sales by Chevron USA of its shares in Dynegy.

ChevronTexaco has certain customary minority-protection rights under provisions in the Dynegy Articles of Incorporation. Consistent with Illinois corporate law and practice, a two-thirds vote is required to approve certain major transactions, including mergers, consolidations, sales of assets, and liquidation. The Chevron Directors can prevent Dynegy from entering into certain major transactions, including mergers, acquisitions, and other business combinations, sales of businesses or assets, and major transactions, including joint ventures, in which such transactions are valued over \$1 billion or one-quarter of Dynegy's market capitalization, whichever is greater, so long as Chevron USA owns Class B Shares. ChevronTexaco's ability to exercise even these customary minority-protection rights, however, is further limited by other provisions. For example, under the Shareholders Agreement, if Chevron USA exercises such rights twice within a 24-month period or three times during any time period, either at the Board of Directors level or at the shareholder level (other than to block changes to the constituent instruments of Dynegy which would materially affect such rights), Dynegy will have certain rights to purchase Chevron USA's shares or require Chevron USA either to sell its shares of Dynegy to a third party or to give up any future blocking rights.

Additional information regarding the business and operations of Dynegy is set forth in the following documents, to which reference is made:

- (i) Annual Report on Form 10-K of Dynegy Inc. (Commission File No. 1-15659) for the fiscal year ended December 31, 2002, filed April 11, 2003;

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(9) Pursuant to Dynegy's Articles of Incorporation, so long as Chevron USA, as holder of the Class B Shares, owns at least 15% of Dynegy's total outstanding shares of common stock, Chevron USA is entitled to elect three of the members of the Dynegy Board of Directors as Chevron USA's representatives.

(10) Under Dynegy's Articles of Incorporation, its board of directors may consist of as few as twelve directors or as many as fifteen directors, as determined from time to time by the board.

(11) The Dynegy Articles of Incorporation contain provisions for cumulative voting by holders of the Class A Shares, generally, and therefore Chevron USA might, even with less than 15% of Dynegy common stock, elect one or more members of Dynegy's Board of Directors, but will have no right to have its designees put forward as nominees and could not in such event reasonably expect to elect more than three of the fourteen directors.

- (ii) Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, filed May 15, 2003;
- (iii) Current Reports on Form 8-K filed January 8, 2003, January 22, 2003, January 31, 2003, April 2, 2003, April 18, 2003, May 2, 2003, and May 27, 2003; and
- (iv) Dynege's Claim of Exemption on Form U-3A-2, filed March 31, 2003.

3. ILLINOIS POWER

Through its wholly-owned subsidiary Illinova Corporation ("Illinova"), a public-utility holding company exempt from registration under Section 3(a)(1) of the Act, Dynege owns all of the outstanding voting securities of Illinois Power, which is a public-utility company within the meaning of the Act.(12) Illinois Power operates as a regulated utility engaged in the transmission, distribution, and sale of electric energy and the transportation, distribution and sale of natural gas across a 15,000 square mile area in Illinois. All of Illinois Power's utility assets are located in Illinois.

Illinois Power is regulated by the Illinois Commerce Commission ("Illinois Commission") and the Federal Energy Regulatory Commission ("FERC"). Illinois Power supplies electric service at retail to an estimated aggregate population of 1,372,000 in 313 incorporated municipalities, adjacent suburban and rural areas, and numerous unincorporated communities. As of January 3, 2003, based on billable meters, Illinois Power served 592,692 active electric customers. Illinois Power owns an electric distribution system of 37,907 circuit miles of overhead and underground lines. For the year ended December 31, 2002, Illinois Power delivered a total of 19,144 million kwh of electricity.

By order dated July 8, 1999, the Illinois Commission approved the restructuring of Illinois Power to separate power generation from power delivery.(13) At the time of the Transaction, a wholly-owned subsidiary of Illinova owned and operated 3,812 MW of fossil-fired electric power generating capacity located in Illinois, which was formerly owned by Illinois Power. Thereafter, the generating assets were transferred to Illinois Power Marketing, Inc., which was subsequently renamed Dynege Midwest Generation, Inc ("DMG"), which is an exempt wholesale generator within the meaning of Section 32 of the Act.

Illinois Power supplies retail natural gas service to an estimated population of 1,019,000 in 258 incorporated municipalities and adjacent areas. As of January 3, 2003 based on billable meters, Illinois Power served 414,333 active gas customers. Illinois Power owns 774 miles of natural gas transportation pipeline and 7,598 miles of natural gas distribution pipeline.

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(12) Dynege is also a holding company as a result of its ownership of Illinois Power. Dynege claims exemption from registration pursuant to Rule 2 under Section 3(a)(1) of the Act.

(13) ICC Docket No. 99-0209 (July 8, 1999). See also Illinova Corp., 88 FERC 62,229 (Sept. 10, 1999) (FERC jurisdictional facilities transfer approval); Illinova Power Marketing, 88 FERC 61,189 (Aug. 24, 1999) (effectiveness of wholesale power contracts).

On October 23, 2002, the Illinois Commission issued an order approving a petition submitted by Illinois Power to enter into an agreement with Dynegey and certain of its affiliates ("Dynegey Parties") that would allow for the netting of certain payments due to Dynegey under a services and facilities agreement pursuant to which Dynegey affiliates exchange certain corporate services and share facility space with Illinois Power. Under the Illinois Commission's order, payments due to Dynegey Parties from Illinois Power under this agreement can be netted against certain intercompany payments due to Illinois Power from Dynegey Parties should Dynegey Parties fail to make those payments on or before their due dates. The agreement also allows Dynegey Parties to net certain payments in the event Illinois Power fails to make its required payments to Dynegey Parties. Additionally, Illinois Power will not be permitted to pay any common dividend on its common stock to Dynegey or its affiliates until Illinois Power's mortgage bonds are rated investment grade by Moody's Investor Services and Standard and Poor's, a division of The McGraw-Hill Cos., and specific approval is obtained from the Illinois Commission. The Illinois Commission also made certain provisions for the advancement of funds necessary to fund payments on Illinova's outstanding senior notes. A copy of the Illinois Commission's order is attached as Exhibit D-4.

Additional information regarding Illinois Power is set forth in the following documents, each of which is incorporated herein by reference:

- (i) Annual Report on Form 10-K of Illinois Power (Commission File No. 1-3004) for the fiscal year ended December 31, 2002, filed April 15, 2003;
- (ii) Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, filed May 15, 2003; and
- (iii) Current Report on Form 8-K of Illinois Power Company (Commission File No. 1-3004) filed January 15, 2003.

B. REASONS FOR THE TRANSACTION(14)

Although neither ChevronTexaco nor Chevron USA was a party to the Transaction, the Applicants understand that Illinova and Dynegey undertook the Transaction in order to enhance the efficiency of their respective operations consistent with applicable state and federal law, and particularly state and federal regulatory changes implementing competitive power generation and energy services and nondiscriminatory power delivery services on an open access basis.

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(14) The statements contained herein regarding Illinova's and Dynegey's reasons for completing the transaction are based upon the companies' regulatory and securities filings, including statements made by such parties in filings made with the Commission in connection with this proceeding.

ITEM 2. FEES, COMMISSIONS AND EXPENSES

The fees, commissions and expenses to be paid or incurred, directly or indirectly by all parties, in connection with the instant request for exemption are expected to total approximately \$120,000.

ITEM 3. APPLICABLE STATUTORY PROVISIONS

Section 3 of the Act provides that the Commission upon application shall by order exempt any person from the provisions of the Act if such person meets the requirements for any exemption contained in Sections 3(a)(1) through 3(a)(5) and if the exemption is not detrimental to the public interest or the interest of investors and consumers. Section 3(a)(3) of the Act is applicable to Applicants because as a result of the Transaction, each of the Applicants has directly or indirectly acquired more than 10% of the voting securities of Illinois Power. In so doing, each became "only incidentally" a holding company. ChevronTexaco and Chevron USA remain primarily engaged and interested in their respective non-utility businesses, and neither derives a material part of its income from Illinois Power. Further, there are no disqualifying circumstances that should cause the Commission to exercise its authority under the "unless and except" clause.

Under Section 3(a)(3)(A) of the Act, the Commission:

shall exempt any holding company, and every subsidiary company thereof as such, from any provision or provisions of [the Act], unless and except insofar as it finds the exemption detrimental to the public interest or the interest of investors and consumers, if such holding company is only incidentally a holding company, being primarily engaged or interested in one or more businesses other than the business of a public-utility company and not deriving, directly or indirectly, a material part of its income from any one or more subsidiary companies, the principal business of which is that of a public-utility company
(15)

The Applicants' indirect, minority interest in Illinois Power satisfies the standard from exemption provided by Section 3(a)(3). As discussed previously, the minority interest in Illinois Power came about solely because the Applicants consented to and facilitated the merger initiated and sought by Dynegy and Illinova, and not through efforts by ChevronTexaco or Chevron USA to engage directly or indirectly in the public-utility business or to acquire a public-utility company or public utility holding company. The Applicants were at the time of the Transaction and continue to be primarily (and, in fact, almost exclusively) engaged and interested in oil, gas and related non-utility businesses, and neither ChevronTexaco nor Chevron USA directly or

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(15) Act Section 3(a)(3)(A). Subparagraph (B) of Section 3(a)(3) provides that the materiality test described in subparagraph (A) is not applicable where "substantially all of the outstanding securities of the subsidiary are owned, directly or indirectly, by the holding company." See also Aluminum Co. of America, Holding Co. Act Release No. 1669, 5 SEC 640 (Aug. 8, 1939). Because ChevronTexaco has only a minority ownership interest in Dynegy, subparagraph (B) of Section 3(a)(3) is not applicable.

indirectly derives a material part of its income from Illinois Power - or any other public-utility company.

Compelling support for this Application - confirmation that the Applicants fit comfortably and squarely within the category of companies for which Congress intended Section 3(a)(3) - is found in the Report to the Senate of the Committee on Interstate Commerce, accompanying the bill that became the Act.(16) In the Senate Report, the Section 3(a)(3) exemption is described as applicable where:

[T]he company is not essentially in the utility field and either (A) gets no appreciable income from utilities, or (B) if it gets an appreciable income from utilities, it owns all the outstanding securities of those utilities so that they are not financed by the public but are essentially departments, rather than subsidiaries, of the parent company.(17)

Consistent with the policies and provisions of the Act, Applicants are clearly each "only incidentally a holding company" and so entitled to the exemption under Section 3(a)(3) of the Act.

A. EACH OF THE APPLICANTS IS ONLY INCIDENTALLY A HOLDING COMPANY, BEING PRIMARILY ENGAGED AND INTERESTED IN BUSINESSES OTHER THAN THAT OF A PUBLIC-UTILITY COMPANY.

1. THE TRANSACTION SATISFIES THE PLAIN LANGUAGE OF SECTION 3(a)(3).

ChevronTexaco is a fully integrated petroleum company and Chevron USA is principally engaged in the exploration and production of crude oil, natural gas liquids, and natural gas in the United States, and the refining, marketing and transporting gasoline and other refined products in the United States, as described above. Other than Illinois Power, the Applicants have no public-utility company subsidiaries and no income derived from the operations of public-utility companies as defined by the Act. As a result, ChevronTexaco and Chevron USA are "primarily engaged or interested in one or more businesses other than the business of a public-utility company" within the meaning of Section 3(a)(3).

Upon consummation of the Transaction, each of ChevronTexaco and Chevron USA became presumptively holding companies within the meaning of the Act - but this change in status was only an incidental result of an arm's length transaction initiated by Dynegy and Illinova, in which ChevronTexaco as a minority shareholder of Dynegy was not involved. The strategy for Dynegy to acquire regulated utility operations was not conceived or advocated by ChevronTexaco. Review of the background of the Transaction shows that the combination of Dynegy and Illinova was driven by the separate business needs of those companies. The

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(16) S. Rep. No. 74-621 (May 13, 1935) [hereinafter the "Senate Report"].

(17) Id. at 24 (emphasis added).

Transaction was not driven by a desire or strategic business plan of ChevronTexaco to acquire control of a public utility company. Indeed, the rights of ChevronTexaco as minority shareholder are limited to certain "blocking" rights. It did not, and does not, have the corporate authority to impel Dynegy to execute a transaction of this type.

As noted above, ChevronTexaco acquired its interest in Dynegy for the purpose of creating a long-term alliance with a major energy trading company and to participate through its equity ownership interest in Dynegy in gas and liquids marketing, midstream services, and wholesale electric generation by "unregulated" power generators such as exempt wholesale generators and qualifying facilities. Applicants' post-Transaction involvement in Dynegy has been focused on monitoring and attempting to protect the value of their investment.(18) There is no Commission precedent denying a Section 3(a)(3) exemption in a situation such as the instant one, in which the status of the strategic investor as a holding company occurs solely as an unintended consequence of an arm's length merger transaction initiated by entities the investor does not control.(19)

Commission precedent denying exemptions under Section 3(a)(3) appears in the context of efforts by applicants purposefully to assemble and maintain vast holding company systems with many majority controlled, public-utility company subsidiaries.(20) This Application involves no such risk to the statutory purpose or legislative intent of the Act. Granting the present exemption does not "open the door" closed fifty years ago in the Commission's early application of the Section 3(a)(3) exemption to block its use by large companies seeking to participate in the utility business.

In this case, Applicants' minority ownership in Dynegy arose through the merger of Dynegy and Illinova, a merger that was the result of the independently developed business

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(18) For a period of approximately 4 months, beginning May 28, 2002, Mr. Glenn Tilton, Vice Chairman of ChevronTexaco, served as the interim chairman of the board of directors of Dynegy. Mr. Tilton resigned from his position as interim chairman of Dynegy on September 2, 2002, to become chairman, president, and chief executive officer of UAL Corporation. At that time, Mr. Daniel Dienstbier was appointed interim Chairman. Mr. Dienstbier is not an officer or director of ChevronTexaco.

(19) Indeed, on similar facts, the Commission has by order declared a minority shareholder not to be holding company within the meaning of the Act. See Kaneb Pipe Line Co., Holding Co. Act Release No. 16250 (Dec. 24, 1968). In that matter, Kaneb Pipe Line Company ("Kaneb") had acquired 19.48% of the outstanding common stock of a gas utility company Kansas-Nebraska Natural Gas Company, Inc. ("K-N") for the avowed desire fo effecting a merger between the two companies. The management of K-N opposed the merger and the Commission found that in these circumstances that there was a "an active and real opposition between the managements of these two companies," supporting a finding that Kaneb was not a holding company for K-N.

(20) See, e.g., Cities Serv. Co., Holding Co. Release No. 2444, 8 SEC 318 (Dec. 23, 1940); Standard Oil Co., Holding Co. Release No. 3312, 10 SEC 1122 (Feb. 5, 1942). Although some of the Congressional debate cited by the Commission in these older cases arguably supports a narrow interpretation of Section 3(a)(3), the Senate Report states that the purpose of the Section 3(a) exemptions was to "exempt those holding companies which the committee believes ought not to be covered because of the fact, and to the extent, that they are either intrastate in character or not essentially holding companies in the utility field." Senate Report at 6 (emphasis added). This statement of the Committee (as opposed to that of any individual member from the floor of Congress) supports an interpretation of Section 3(a)(3) that would reasonably include companies such as ChevronTexaco, which are not "essentially holding companies in the utility field."

plans of Illinova and Dynegey. In the context of that merger, ChevronTexaco and Chevron USA maintained their strategic investment in Dynegey for reasons unrelated to ownership of a public-utility. If ChevronTexaco or Chevron USA were deemed to be a public-utility holding company subject to registration as a result of the Transaction, that could only be an incidental result of a business combination independently sought by Dynegey and Illinova for reasons unrelated to Applicants' operations, and not the result of any effort by ChevronTexaco or Chevron USA to acquire or control a public-utility company or its holding company. This is precisely the anomalous result Section 3(a)(3) appears designed to prevent.

2. THE POLICY CONSIDERATIONS THAT LED THE COMMISSION TO APPLY A RESTRICTIVE GLOSS TO SECTION 3(a)(3) DO NOT APPLY HERE.

The Act does not set forth specific factors or circumstances that define when a company is "only incidentally" a public-utility holding company. The administrative practice of requiring an operational or "functional relationship" arose in the early years of the Commission's administration of the Act.(21) Soon after passage of the Act, the Commission became concerned about possible evasion of the statute by large, multi-state holding company systems whose operations had never been subjected to effective state regulation. The Commission responded by articulating two requirements in applying Section 3(a)(3) that the unregulated, multi-state systems routinely failed to meet: (i) that there be a functional relationship between the public-utility subsidiary company and the primary nonutility business of its parent company, and (ii) that the public-utility company be small in size in an absolute sense.

The policy considerations that led the Commission to limit the availability of the Section 3(a)(3) exemption do not apply to Applicants' indirect interest in Illinois Power, which operates almost exclusive in a single state and is subject to effective regulation by that state commission and the FERC. In this context, the Commission need only read the statute as Congress intended to grant this Application.(22)

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(21) The origin of the "functional relationship" test can be traced to remarks made by Senator Wheeler which, importantly, were made in reference to a proposed, but rejected, change in the wording "only incidentally a holding company" to "only incidentally interested in a public-utility company." 79 Cong. Rec. 8843-44 (1935). See also *Cities Serv.*, 8 SEC 318; *Standard Oil*, 10 SEC at 1129. The Commission has never held that the examples used by Senator Wheeler were exclusive, and in all events, the courts have held that Senator Wheeler's explanations during the floor debate do not supplant the plain meaning of the language of the Act. See *Pacific Gas & Elec. Co. v. SEC*, 127 F.2d 378, 382 (9th Cir. 1942), *aff'd per curiam* on reh'g, 139 F.2d 298 (9th Cir. 1943), *aff'd per curiam*, 324 U.S. 826 (1945) (rejecting argument based upon explanation articulated during floor debate that was at variance with the Act's plain meaning).

(22) The Senate Report reveals that Congress consciously chose to structure Section 3 to provide broad classes of exemptions that would be conferred in a flexible fashion unless the Commission "finds the exemption detrimental to the public interest or the interest of investors or consumers." The Senate Report provides a definitive description of the relationship of the "unless and except" clause to the specific exemptions available under Section 3(a):

New section 3(a) has been drafted to exempt these holding companies which the committee believes ought not to be covered because of the fact, and to the extent, that they are either intrastate in character or else not essentially holding companies in the utility field. The Commission is required to exempt any company which falls into one of the described classes, unless and except insofar as it determines that exemption is detrimental to the national public

3. IT IS APPROPRIATE FOR THE COMMISSION TO RELY ON THE PLAIN MEANING OF SECTION 3(a)(3) ON THE FACTS OF THIS MATTER.

While the "functional relationship" test has proven a useful tool, it does not preclude reliance on other factors, such as those present here, to demonstrate the "incidental" nature of a company's holding company status.(23) Where, as here, a statute designates an administrative agency to apply and interpret a statute, the agency has reasonable discretion to formulate solutions to practical problems that arise in applying that law, consistent with the overall purposes and provisions of the statute. See, e.g., *Chevron v. National Resources Defense Counsel*, 467 U.S. 837, 843 (1984); *United States v. Mead*, 533 U.S. 218 (2001).

Indeed, the Commission itself has long recognized that part of its job under the 1935 Act, as an administrative agency administering a complex regulatory scheme, is to bring to bear its discretion and judgment in applying the general legislative rules set out in the Act. As the Commission stated in a 1937 decision, issued only two years after the Act's passage:

The ideal which has been presented in justification of these new agencies, and that which alone holds promise of benefit rather than of hurt to the community, is the ideal of special knowledge, flexibility, disinterestedness and sound judgment in applying broad legislative principles that are essential to the protection of the community, and of every useful activity affected, to the intricate situations created by expanding enterprise.

interest. The exemption when invoked applies to the company as a holding company and to every subsidiary of the exempted holding company as a subsidiary of such company

It is the duty of the Commission, as to any company which it finds to fall in one of these five categories, to exempt such company from any provision or provisions of Title I to the extent it deems such exemption not detrimental to the public interest or the interest of investors or consumers. By thus imposing a mandatory duty upon the Commission to exempt companies falling within defined categories except where such exemption is definitely detrimental to the basic purpose of the statute, the Committee has felt free to broaden the exemptions beyond what would be justified if the exemptions had been made unqualified and self-operative, and beyond the power of the Commission to correct when abused or used to circumvent the purpose of the title.

Senate Report at 5-6, 24 (emphasis added). The flexibility built into Section 3 exemplifies the Commission's precept that the Act "creates a system of pervasive and continuing economic regulation that must in some measure at least be refashioned from time to time to keep pace with changing economic and regulatory climates." *Union Elec., Holding Co.* Act Release No. 18368, 45 SEC 489, n.52 (Apr. 10, 1974).

(23) It should also be noted that, in other circumstances where the Commission has developed a test for a "functional relationship" test under Section 11 of the Act, the cases hold that the Commission may approve an application upon either satisfaction of that test or upon a demonstration that the application falls within the plain meaning of the statute and is otherwise consistent with the policies of the Act. *Southern Communications Serv., Holding Co.* Release No. 26211 (Dec. 30, 1994) (approving formation of telecommunications subsidiary based upon the plain meaning of the applicable provision of the Act and, in the alternative, based upon application of the "functional relationship" test for approving diversification proposals); see also *The Regulation of Public-Utility Holding Companies*, Division of Investment Management, United States Securities and Exchange Commission (June 1995) at 86-87.

International Paper and Power Co., Holding Co. Act Release No. 642 n. 10 (May 5, 1937) (emphasis added) (quoting Charles E. Hughes, later Chief Justice of the United States, in "Some Aspects of Development of American Law," 39 Rep. N.Y. State Bar Ass'n, 269-270 (1916)).

The Commission's broad definitional powers permit it to interpret the "only incidentally a holding company" requirement in a manner that encompasses the nature of Applicants' indirect interest in Illinois Power. It is respectfully submitted that the above articulation of the functional relationship test is consistent with the purposes of the Act, including the protection of investors, and satisfies the statutory requirement that ChevronTexaco and Chevron USA each be "only incidentally a holding company."

B. THE APPLICANTS DO NOT DERIVE A MATERIAL PART OF THEIR INCOME FROM ILLINOIS POWER.

The other requirement of Section 3(a)(3) - that Applicants not derive a material part of their income from the public-utility operations of Dynegy (i.e., those of Illinois Power) - is fully satisfied here. Even though the utility's revenues and assets are small in relation to ChevronTexaco's, they are inconsequential when considered on the basis of ChevronTexaco's approximately 26% indirect interest in Illinois Power. ChevronTexaco's approximately 26% equity interest in Illinois Power represented: (i) less than 0.5% of ChevronTexaco's revenues, (ii) less than 1.0% of ChevronTexaco's operating income, and (iii) less than 1.7% of ChevronTexaco's assets. Similarly, in 2002 Chevron USA's indirect interest in Illinois Power represented: (i) less than 0.6% of Chevron USA's total revenues, (ii) less than 6.6% of Chevron USA's operating income, and (iii) less than 3.5% of Chevron USA's assets.

Set forth below is a comparison (Chart A) and percentage computation (Charts B-1 and B-2) of the respective total revenues, operating income, net income and assets of ChevronTexaco, Chevron USA and Illinois Power utility operations, in each case based on the most recent available data (the fiscal year ending December 31, 2002):

Chart A

ChevronTexaco (billions)	Chevron USA (billions)	Illinois Power (billions)
(a) Total Revenue\$98.691	(e) Total Revenue\$66.899	(i) Utility Operating Revenue.....\$1.518
(b) Operating Income...\$ 4.466	(f) Operating Income...\$ 0.658	(j) Utility Operating Income.....\$0.164
(c) Net Income.....\$ 1.132	(g) Net Income.....\$(1.897)	(k) Net Utility Income.....\$0.161
(d) Total Assets.....\$77.395	(h) Total Assets.....\$37.406	(l) Total Utility Assets.....\$4.941

Chart B-1

Utility Revenue (i) as a percentage of ChevronTexaco Total Revenue (a)	Utility Operating Income (j) as a percentage of ChevronTexaco Operating Income (b) and ChevronTexaco Net Income (c)	Net Utility Income (k) as a percentage of ChevronTexaco Net Income (c)	Total Utility Assets (l) as a percentage of ChevronTexaco Total Assets (d)
1.54%	Operating Income: 3.7%	14.2%	6.4%
	Net Income: 14.5%		

Chart B-2

Utility Revenue (i) as a percentage of Chevron USA Total Revenue (e)	Utility Operating Income (j) as a percentage of Chevron USA Operating Income Income (f) and Chevron USA Net Income (g)	Net Utility Income (k) as a percentage of Chevron USA Net Income (g)	Total Utility Assets (l) as a percentage of Chevron USA Total Assets (h)
2.3%	Operating Income: 2.0%	N/A	13.2%
	Net Income: N/A(24)		

As noted in the 1995 Staff Report, the Commission has generally found that the contribution of less than 10% to the total income of the holding company to be immaterial.(25)

ChevronTexaco's and Chevron USA's equity ownership in Dynegy is approximately 26%. When taking into account ChevronTexaco's and Chevron USA's approximately 26% ownership interest in Dynegy, ChevronTexaco's and Chevron USA's status under Section 3(a)(3) is even more compelling. Charts C-1 and C-2 show the utility operations of Illinova expressed as the portion attributable to ChevronTexaco and Chevron USA on equity consolidation, based upon ChevronTexaco's and Chevron USA's equity ownership level in Dynegy:

(24) As noted in Chart A, Chevron USA had no net income for the Fiscal Year ending December 31, 2002.

(25) 1995 Staff Report at 113-14. Compare *Columbian Carbon Co.*, 1 SEC 633 (Aug. 5, 1936) (finding public-utility company operations constituting 3.2% of revenues of the holding company to be immaterial), and *Milliken & Co., Holding Co.* Release No. 23509, 31 SEC Docket 1070 (Dec. 3, 1984) (finding utility operations constituting approximately 3.4% of the holding company's gross sales to be immaterial), with *Cities Serv.*, 8 SEC 318 (finding public-utility company operations accounting for 47.3% of the holding company's assets, 32.6% of its aggregate gross revenues, and 11.04% of its total cash income to be material).

Chart C-1

ChevronTexaco's Equity Ownership of Dynergy	Portion of Illinois Power Utility Revenue, Income and Assets Attributable to ChevronTexaco on Equity Consolidation Principles	Illinois Power Utility Revenue, Income and Assets as a percentage based on equity of ChevronTexaco's Revenue, Income and Assets
26%	Utility Revenue: \$0.395 billion	0.40%
	Utility Operating Income: \$0.043 billion	0.96%
	Utility Assets: \$1.285 billion	1.67%

Thus, based on attribution to ChevronTexaco of an indirect interest of 26% in the public-utility company operations of Illinois Power, ChevronTexaco may be deemed to derive LESS THAN 0.5% OF ITS TOTAL REVENUES, LESS THAN 1% OF ITS OPERATING INCOME, AND LESS THAN 1.7% OF ITS NET INCOME directly or indirectly from the total utility revenues and utility operating income of Illinois Power.

Chart C-2

Chevron USA's Equity Ownership of Dynergy	Portion of Illinois Power Utility Revenue, Income and Assets Attributable to Chevron USA on Equity Consolidation Principles	Illinois Power Utility Revenue, Income and Assets as a percentage based on equity of Chevron USA's Revenue, Income and Assets
26%	Utility Revenue: \$0.395 billion	0.59%
	Utility Operating Income: \$0.043 billion	6.53%
	Utility Assets: \$1.285 billion	3.44%

Thus, based on attribution to Chevron USA of an indirect interest of 26% in the public-utility company operations of Illinois Power, Chevron USA may be deemed to derive LESS THAN 0.6% OF ITS TOTAL REVENUES, LESS THAN 6.6% OF ITS OPERATING INCOME, AND LESS THAN 3.5% OF ITS NET INCOME directly or indirectly from the total utility revenues and utility operating income of Illinois Power.

C. ILLINOVA'S PUBLIC-UTILITY COMPANY OPERATIONS SATISFY ANY ABSOLUTE SIZE LIMITATION.

The Commission has also, at times, required that the subsidiary's public-utility company operations be subject to an absolute size test. Cities Service involved a mammoth

multi-state system with 89 public-utility company subsidiaries controlled by the holding company that presented all of the evils the Act was intended to address.(26) Similarly, the Commission's decision in Standard Oil addressed a system with four public-utility company subsidiaries located in three states, which was at least "the third largest [gas utility system] in the United States."(27) Given Standard Oil's size, the Commission stated that, even had there been a functional relationship between Standard Oil's business and the utilities, it would not have approved of the exemption. The "small size requirement" has been confined to cases involving huge systems that evolved without regulation, were not subject to effective regulation, and were trying to avoid registration, even though their operations were the plain targets of the Act.

In this matter, Illinois Power's utility operations are confined to one area, and are not far-flung among several different regions.(28) The utility operations are entirely located in Illinois and are wholly subject to the jurisdiction of a single public service commission. .

Exhibits N and L specifically address the issue of size. The comparisons on Exhibit N are on an equivalent actual basis using the most recent available electric and gas utility data, including power generation, transmission and distribution.(29) Illinois Power's electric utility revenues are compared to those of other regional electric utilities.

The region that includes the State of Illinois and bordering states is the most pertinent for the purpose of the analysis of size. In enacting retail open access, the State of Illinois relied upon legislative findings that "[c]ompetitive forces are affecting the market of electricity as a result of recent federal regulatory and statutory changes and the activities of other states."(30) The Illinois scheme of retail access harnesses the competition created by the availability of transmission service on an open access basis to protect consumers and reward investors. Illinois Power is interconnected and provides transmission service to numerous regional utilities that provide transmission service and compete with Illinois Power, in addition to facilitating the entry of other competitors.(31)

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(26) Cities Serv., 8 SEC 318.

(27) Standard Oil, 10 SEC at 1128.

(28) In contrast, in Standard Oil, the applicant's public-utility operations encompassed substantial portions of three states, and in Cities Serv., the applicant had a "far-flung" utility empire with eighty-nine public utility subsidiaries operating in numerous states and Canada.

(29) The page enumeration of Exhibit N corresponds to the corresponding pages of the data presented in Exhibit K to the application under the Act filed by AES Corporation. See Amendment No. 2 to Application on Form U-1/A under the Public Utility Holding Company Act of 1935 of AES Corporation (Mar. 5, 1999) (the "AES Application"). The AES Application was approved in AES Corp., Holding Co. Act Release No. 27063, 70 SEC Docket 972 (Aug. 20, 1999). Applicants are presenting updated data from the same data source as was presented in the AES Application.

(30) 220 Ill. Comp. Stat. 5/15-101A(b) (1997 Cum. Supp.).

(31) Illinois Power has implemented open transmission access in accordance with FERC Order 888 and has planned to join a regional Independent System Operator. Illinois Power maintains substantial transmission interconnections with major regional electric utilities, including the TVA, American Electric Power, Ameren, and Commonwealth Edison, all of which are significantly larger than Illinois Power. Open access transmission also

Exhibit N-6 shows the revenue ranking and share of cumulative revenue of investor-owned electric utility companies for Illinois and bordering states. As shown therein, Illinois Power's electric utility revenue is a small percentage (2.7%) of the region studied and is lower than the same percentage for seven registered holding companies (American Electric Power: 22.2%, Exelon: 21.5%, Xcel Energy: 12.1%, Ameren: 7.8%, Alliant Energy: 3.9% and E.ON AG: 3.0%) and one exempt holding company (Wisconsin Energy: 4.4%). In short, 81.7% of the regional electric revenue is received by investor-owned electric utilities with greater revenues than Illinois Power.(32)

As Exhibit N-6 demonstrates, Illinois Power's regional asset ranking is consistent with its revenue ranking. Illinois Power represents only a small percentage (1.6%) of regional electric utility assets. Exhibit N-6 also illustrates that Illinois Power's electric power customer base is small (2.5%). Moreover, as shown by Exhibit N-7, the same is also true for Illinois Power's natural gas service revenues (2.5%), assets (1.9%), and customers (2.4%) on a regional basis.

Comparing the combined utility operations of Illinois Power with those of regional companies does not alter these conclusions. Exhibit N-9 demonstrates that Illinois Power's utility revenue (2.9%), asset (1.8%) and customer (2.8%) shares are small in comparison with those of other regional companies. On a national basis, too, Illinois Power is small, as is shown by Exhibit N-10. For example, Exhibit N-10 shows that Illinois Power represents 0.6% of the national revenue of electric companies.

Of utilities with operations based in Illinois, two utilities, Exelon and Ameren, are significantly larger than Illinois Power in terms of revenue rank, asset size, and number of customers. As indicated in Exhibit N-14, those two utilities represent the clear majority of the revenues, assets and customers of utility operations in Illinois. Illinois Power's percentage shares of revenues (8.6%), assets (7.1%), and customers (8.2%) are significantly smaller than those previously found in Section 3(a)(3) cases to be "too large."

The regulation and service obligations imposed by Illinois law upon the delivery function retained by Illinois Power and the rigorous competition introduced to electric power generation and energy supply by the FERC and Illinois law have dealt effectively with the concerns over arbitrary and monopolistic behavior that were raised by the sprawling and ineffectively regulated systems dealt with in EBASCO, Standard Oil, and Cities Serv.

makes regional energy resources available to all wholesale and retail open access customers connected to the Illinois Power system. Regional electric competition and open access for electricity also bring competition to bear on natural gas service. This results from the substitution of electric energy for gas. Large gas consumers already have access to competitive supply as a result of FERC Order 636.

(32) This analysis excludes the Tennessee Valley Authority ("TVA") and other public power agencies and cooperatives. TVA is larger in all relevant respects than any of the investor-owned utilities in the Illinova region, and has exchange power relationships with Illinois Power, American Electric Power, Ameren, and Cinergy, all of which compete in the Illinova region. TVA was not a significant source of power during the early years of the administration of the Act.

Illinois Power's retained public-utility system is small in any relevant sense today, and, in any event, its size is not a proxy for economic power or threat to the public interest.(33) To the extent size analysis plays any legitimate role in considering the availability of an exemption under Section 3(a)(3), Illinois Power does not have the type of public-utility company market share or widespread public-utility company operations that have prompted the Commission to deny Section 3(a)(3) exemptions in the past. Instead, its utility operations are localized, are regulated in a thorough and comprehensive fashion, and constitute only a small share of a large and growing regional marketplace.

The Commission has both the authority and the duty to continue to adjust its interpretations (and regulatory tests) under the statutes it administers to reflect the changing environment of utility operations, structure and state regulation. It is respectfully submitted that the Commission has ample tools with which to deal with that environment within the plain meaning of Section 3(a)(3), and that the size of a utility may, at best, be a secondary factor in making a determination under the exemption.

D. GRANTING THE EXEMPTION IS CONSISTENT WITH THE PUBLIC INTEREST AND THE INTEREST OF INVESTORS AND CONSUMERS.

Once the Commission has found that a holding company is only incidentally a holding company in accordance with Section 3(a)(3), the Act provides that the Commission shall exempt the holding company from the Act "unless and except insofar as it finds the exemption detrimental to the public interest or the interest of investors and consumers." The legislative history of Section 3 of the Act, and in particular the legislative history of the "unless and except" clause, demonstrates that Congress expected the Commission to apply Section 3 of the Act in a flexible fashion in light of contemporary circumstances.(34) The Commission also has stated that the broad and flexible language of the "unless and except" clause should be read "in a way that makes economic and social sense in the light of contemporary realities."(35) In recent proceedings, the Commission has determined that one of the contemporary realities to consider in deciding

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(33) The Commission has recognized the enhanced jurisdiction, authority and effectiveness of state commissions. Statement of the U.S. Securities and Exchange Commission Concerning Proposals To Repeal The Public Utility Holding Company Act of 1935 (June 2, 1982) 585, 590-91 [hereinafter "Statement of the SEC Concerning PUHCA Repeal"]. See also AES Corp., 70 SEC Docket at 55-59 & n.23. (recognizing effectiveness of the ICC). The size and scope of Illinois Power's operations are the result of years of effective state and federal regulation and do not represent either private commercial power or the ability to evade regulation. Of course, regulation itself can increase the size of a public-utility company by requiring that service be widely available without discrimination and at low cost. For this reason, courts have long held that the size of effectively regulated public service corporations alone does not indicate the existence of private market power. See Cost Management Serv. v. Washington Natural Gas Co., 99 F.3d 937, 950-51 (4th Cir. 1998); Rebel Oil Co. v. Atlantic Richfields, 51 F.3d 1421, 1439 (9th Cir. 1995); Southern Pacific Communication Co. v. AT&T, 740 F.2d 980, 1000 (D.C. Cir. 1989), cert. denied, 105 S. Ct. 1539 (1985); MCI Communication Corp. v. AT&T, 708 F.2d 1081, 1107 (7th Cir.), cert. denied, 464 U.S. 891 (1983); Mid-Texas Communication Serv. v. AT&T, 615 F.2d 1372, 1384-89 (5th Cir.), cert. denied, 449 U.S. 912 (1980); Almeder Mall, Inc. v. Houston Indus., 615 F.2d 343, 354 (5th Cir), cert. denied, 449 U.S. 870 (1980).

(34) Senate Report at 5-6, 24; Union Elec., 45 SEC at n.52

(35) Union Elec., 45 SEC 489, 1974 WL 11418 at *13.

whether an exemption would be contrary to the public interest is "the protection afforded to investors, consumers, and the public by the existence of vigorous state regulation."(36)

ChevronTexaco's involvement as a minority shareholder has not resulted in any reduction in the oversight exercised by the Illinois Commission and FERC. Thus, in this instance, as in prior proceedings where the Commission declined to apply the "unless and except" clause, the grant of an exemption from the Act would not result in a regulatory gap and, therefore, would not be detrimental to the public interest or the interest of investors and consumers.

ITEM 4. REGULATORY APPROVAL

No other regulatory approval is required in connection with the proposed exemption. The Illinois Commission has, and will continue to retain, its applicable authority over the retail rates, services provided by, and dividends of Illinois Power and its transactions with affiliates.

ITEM 5. PROCEDURE

The Applicants respectfully request that the Commission issue its order as soon as possible declaring that ChevronTexaco and Chevron USA are exempt holding companies under Section 3(a)(3) of the Act.

The Applicants hereby (i) waive a recommended decision by a hearing officer or any other responsible officer of the Commission; (ii) agree that the Division of Investment Management may assist in the preparation of the decision of the Commission; and (iii) request that the Commission order that the exemption requested by this Application be effective immediately upon consummation of the Transaction.

ITEM 6. EXHIBITS AND FINANCIAL STATEMENTS

Exhibits

- B-3: Shareholder Agreement among Dynegy, Illinova, Dynegy and Chevron USA (previously filed with the Commission as Exhibit 10.6 to Current Report on Form 8-K of Dynegy Inc. (Commission File No. 1-11156), filed June 14, 1999 and incorporated by reference herein)
- D-4 Order of the Illinois Commerce Commission, October 23, 2002.
- L-1: Illinois Power Company Balance Sheet as of March 31, 2003 (incorporated by reference to Quarterly Report on Form 10-Q of Illinois Power (Commission File No. 1-3004) for the quarter ended March 31, 2003, filed May 15, 2003)

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(36) WPL Holdings, Inc., Holding Co. Act Release No. 24590 (Feb. 26, 1988).

L-2: Illinois Power Company Net Revenues (incorporated by reference to Quarterly Report on Form 10-Q of Illinois Power (Commission File No. 1-3004) for the quarter ended March 31, 2003, filed May 15, 2003)

Exhibit N: Size Analysis With Updated Energy Information Agency Data

- N-6: Market Share for Electric Companies in Illinois and Bordering States
- N-7: Market Share for Gas Companies in Illinois and Bordering States
- N-8: Market Share for Combined Gas and Electric Companies in Illinois and Bordering States
- N-9: Market Share for Utilities in Illinois and Bordering States
- N-10: Market Share for Electric Companies in the United States
- N-11: Market Share for Gas Companies in the United States
- N-12: Market Share for Combined Gas and Electric Companies in the United States
- N-13: Market Share for Utilities in the United States
- N-14: Market Share for Electric Companies in Illinois
- N-15: Market Share for Gas Companies in Illinois
- N-16: Market Share for Combined Gas and Electric Companies in Illinois
- N-17: Market Share for Utilities in Illinois

Financial Statements

1. Statement of Applicants.

Reference is made to the following documents, each of which is incorporated by reference herein: (i) Annual Report on Form 10-K of ChevronTexaco (Commission File No. 1-368-2) for the fiscal year ended December 31, 2002, filed March 17, 2003; (ii) Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, filed May 9, 2003; (iii) Current Reports on Form 8-K filed January 31, 2003, February 18, 2003 and May 2, 2003.

2. Statements of Top Registered Holding Company.
None.
3. Statements of Company Whose Securities Are Being Acquired or Sold.
Not applicable.

4. Statement of Changes.

None.

ITEM 7. INFORMATION AS TO ENVIRONMENTAL EFFECTS

The Transaction, a corporate merger, neither involves a "major federal action" nor "significantly affects the quality of the human environment," as those terms are used in Section 102(2)(c) of the National Environmental Policy Act. Consummation of the Transaction will not result in changes in the operations of the parties that would have any impact on the environment. No federal agency is preparing an Environmental Impact Statement with respect to this matter.

SIGNATURE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned companies have duly caused this amendment to be signed on their behalf by the undersigned thereunto duly authorized.

Date: June 25, 2003

CHEVRONTEXACO CORPORATION

By: /s/ Ray I. Wilcox

Ray I. Wilcox
Vice-President

CHEVRON U.S.A. INC.

By: /s/ Ray I. Wilcox

Ray I. Wilcox
President

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L-2: Illinois Power Company Net Revenues (incorporated by reference to Quarterly Report on Form 10-Q of Illinois Power (Commission File No. 1-3004) for the quarter ended March 31, 2003, filed May 15, 2003)

Exhibit N: Size Analysis With Updated Energy Information Agency Data

- N-6: Market Share for Electric Companies in Illinois and Bordering States
- N-7: Market Share for Gas Companies in Illinois and Bordering States
- N-8: Market Share for Combined Gas and Electric Companies in Illinois and Bordering States
- N-9: Market Share for Utilities in Illinois and Bordering States
- N-10: Market Share for Electric Companies in the United States
- N-11: Market Share for Gas Companies in the United States
- N-12: Market Share for Combined Gas and Electric Companies in the United States
- N-13: Market Share for Utilities in the United States
- N-14: Market Share for Electric Companies in Illinois
- N-15: Market Share for Gas Companies in Illinois
- N-16: Market Share for Combined Gas and Electric Companies in Illinois
- N-17: Market Share for Utilities in Illinois

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

ILLINOIS POWER COMPANY

PETITION FOR AN ORDER PURSUANT TO SECTION 02-0561
7-101 OF THE PUBLIC UTILITIES ACT
APPROVING AN AGREEMENT WITH AN
AFFILIATED INTEREST AND 7-103 REGARDING
DIVIDEND PAYMENTS.

ORDER

By the Commission:

PROCEDURAL HISTORY

On August 30, 2002, Illinois Power Company ("Illinois Power" or "IP") filed a verified petition requesting issuance of an order by the Commission (1) pursuant to Section 7-101 of the Public Utilities Act ("Act"), 220 ILCS 5/7-101, consenting to and approving IP's entry into and performance of a "Netting Agreement" among IP and Dynegy Inc. ("Dynegy"), Illinova Corporation ("Illinova"), Dynegy Power Marketing, Inc. ("DPM"), Dynegy Marketing & Trade ("DMT") and Illinois Power Energy ("IPE") (each of the entities listed after IP is an "affiliated interest" of IP, and they are hereinafter sometimes collectively referred to as "Dynegy Parties"); and (2) pursuant to Section 7-103 of the Act, 220 ILCS 5/7-103, regarding the payment by IP of dividends on its common stock. The proposed Netting Agreement was provided with IP's verified petition as Exhibit 1.

Pursuant to proper notice, a prehearing conference was held in this matter before a duly authorized Administrative Law Judge of the Commission at its offices in Springfield, Illinois on September 25, 2002. Appearances were entered by counsel on behalf of IP and on behalf of the Staff of the Commission ("Staff"). No other persons or entities sought leave to intervene in this proceeding.

On September 27, 2002, Illinois Power filed a verified amended petition in this docket. The amended petition requested the following relief: (1) issuance of an order pursuant to Section 7-101 of the Act consenting to and approving Illinois Power's entry into and performance of a revised "Netting Agreement" among IP and the Dynegy Parties (a copy of the revised proposed Netting Agreement was attached to the amended petition as Exhibit 1); (2) issuance of an order pursuant to Sections 7-101 and 7-102(h) (220 ILCS 5/7-102(h)) of the Act consenting to and approving the advance of funds by Illinois Power to pay certain interest obligations of Illinova under the conditions stated in the amended petition; (3) issuance of an order pursuant to Section 7-101 of the Act authorizing Illinois Power to repurchase shares of its 7.75% series preferred stock from Illinova, in accordance with the call provisions of that preferred stock, under

specified conditions stated in the amended petition; and (4) issuance of an order pursuant to Section 7-103 of the Act regarding payment of dividends on IP's common stock.

Also on September 27, 2002, Illinois Power filed a draft order. In addition, on September 27, 2002, Staff filed a response to IP's amended petition stating that it had no objections to the granting of the amended petition and that Staff supported issuance of the agreed draft order by the Commission.

II. THE AMENDED PETITION

A. THE NETTING AGREEMENT

The amended petition states that Illinois Power and the Dynegy Parties, along with other affiliates of Dynegy, are parties to a "Services & Facilities Agreement" ("SFA") that was approved by the Commission in Docket 99-0114. The amended petition states that the SFA provides the pricing, terms and conditions for certain services and facilities that are provided by Dynegy and/or other Dynegy affiliates to IP and for certain services and facilities that are provided by IP to Dynegy and/or other Dynegy affiliates. In addition, under the SFA, a portion of Dynegy administrative and general ("A&G") costs that benefit IP and other Dynegy affiliates is allocated to IP pursuant to an allocation formula specified in the SFA. The amended petition further states that the SFA provides for a portion of Dynegy's consolidated income taxes to be allocated to IP commensurate with the portion of the consolidated return tax caused or avoided by items of income and deduction and the credits applicable to IP. Under the SFA, the parties make periodic payments to each other in payment for services and facilities, allocated A&G costs, and allocated income taxes paid by Dynegy.

The amended petition states that in addition to the services and facilities provided by IP and Dynegy and its affiliates to each other under the SFA, Illinois Power provides other services to, and receives other services from, various Dynegy Parties. The amended petition states that the following services are provided by IP to other Dynegy Parties, or by other Dynegy Parties to IP, on a periodic or ongoing basis: (i) IP sells unbundled electric transmission service to DPM, pursuant to IP's Open Access Transmission Tariff; (ii) IP provides various services to IPE in its capacity as a retail electric supplier ("RES"); and (iii) IP purchases natural gas for resale, and resold interstate pipeline transportation services, from DMT. The amended petition also states that Illinois Power holds a note payable from Illinova, maturing September 30, 2009 (the "Illinova note"), that provides for Illinova to make interest payments semiannually to IP, on April 1 and October 1 of each year, for interest accrued during the preceding six months. In addition, Illinova holds a note payable from Dynegy with substantially the same terms and conditions as the Illinova note payable to IP.

The amended petition states that (as described in greater detail later in this Order), IP is requesting the Commission's consent and approval to an arrangement whereby, if and to the extent that Illinova is unable to obtain sufficient funds to make the

payment of interest due in February, 2003, on its Senior Notes, Illinois Power will advance to Depository Trust Company ("DTC"), the registered holder of the Senior Notes, for the account of Illinova, the necessary funds to cover such interest payment. Under this proposed arrangement, repayment by Illinova to IP of any funds advanced will be due within 30 days thereafter. (The arrangement described in this paragraph is sometimes hereinafter referred to as the "Advance Arrangement.")

The amended petition states that Illinois Power, Dynegy, Illinova, DPM, DMT and IPE propose to enter into the Netting Agreement that is attached to the amended petition as Exhibit 1. Under the Netting Agreement, IP will be entitled to discharge and satisfy any payments due to Dynegy and other Dynegy Parties under the SFA, or to DMT for natural gas and pipeline transportation services, by offsetting and netting any such payments due against: (i) interest due to IP, but unpaid, under the Illinova note; (ii) amounts due to IP, but unpaid after 30 days, in repayment of any funds advanced by IP to DTC for the account of Illinova to cover payment of interest due in February 2003 on Illinova's Senior Notes; (iii) amounts billed for a month by IP to Dynegy or other Dynegy Parties for services and facilities provided by IP under the SFA, but unpaid; (iv) amounts billed by IP to DPM for electric transmission service but unpaid; and (v) amounts billed by IP to IPE for services as a RES but unpaid. Similarly, under the proposed Netting Agreement, Illinova would be entitled to discharge and satisfy any semiannual interest payments due to IP under the Illinova note, DPM would be entitled to discharge and satisfy any amounts billed to it by IP for electric transmission service, and IPE would be entitled to discharge and satisfy any amounts billed to it by IP for services by offsetting and netting any such payments due against (i) amounts billed to IP by Dynegy or any other Dynegy Party under the SFA, but unpaid; and (ii) amounts billed to IP by DMT for natural gas and pipeline transportation services, but unpaid. Further, any amount due and payable by Dynegy or another Dynegy Party to IP, or by IP to Dynegy or another Dynegy Party, on a scheduled payment or due date that is not discharged by offsetting and netting in accordance with this Netting Agreement, shall remain due and payable by the party owing such payment.

The amended petition states that execution and performance of the Netting Agreement will be beneficial to the parties and in the public interest because it will help to minimize the extent to which payments due from IP to Dynegy or other Dynegy Parties under the SFA and for natural gas and pipeline transportation services exceed payments due to IP from Dynegy and other Dynegy Parties for interest under the Illinova note, for repayment of any advance made by IP under the Advance Arrangement, and for electric transmission services and various services to a RES.

In the amended petition, Illinois Power commits that it will provide to Commission Staff quarterly reports of all netting activity under the Netting Agreement. Specifically, IP commits that these reports will be submitted to the Commission's Manager of the Accounting Department and Office of the Chief Clerk within 30 days following the end of each calendar quarter (i.e., on or before January 30, April 30, July 30 and October 30).

B. THE ADVANCE ARRANGEMENT AND THE REPURCHASE OF ILLINOIS POWER PREFERRED STOCK

The amended petition states that Illinova, which is IP's immediate parent company, has outstanding certain Senior Notes that existed prior to Illinova's merger with Dynegy. The amended petition states that the principal repayment and interest payment obligations of the Illinova Senior Notes are currently serviced by Dynegy. The amended petition states that it is anticipated that Dynegy will continue to service this debt; however, under certain conditions, Dynegy may be unable to pay the interest due on this debt. The amended petition states that to provide necessary insulation for Illinois Power under such a scenario, it is important that IP retain the ability to provide funds to Illinova to meet these needs. More specifically, the amended petition states that it is important that, if necessary, Illinois Power retain the ability to provide funds to Illinova to meet Illinova's obligations to pay interest due on its Senior Notes in February 2003, August 2003 and February 2004. The amended petition states that the amount of each of these three interest payments is approximately \$3.6 million.

With respect to the interest payment due in February 2003 on Illinova's Senior Notes, the amended petition states that in the event, and only to the extent, that Dynegy is unable to pay the interest due on Illinova's Senior Notes in February 2003, then Illinois Power proposes to advance to DTC, as the registered holder of the Senior Notes, for the account of Illinova, any remaining funds needed to pay the interest due in February 2003. DTC would then, as it would in the ordinary course, remit interest payments to the actual owners of the Senior Notes or their designated nominees (such as an owner's securities broker) per DTC's records. The amended petition states that advancement by IP of the necessary funds directly to DTC, earmarked for the specific purpose of funding the February 2003 interest payment on the Illinova Senior Notes, will avoid the possibility that such funds could be diverted to other purposes, as could occur if the necessary funds were advanced by IP directly to Illinova. The amended petition further states that should IP advance any funds to DTC for the account of Illinova pursuant to the Advance Arrangement, repayment of such funds by Illinova to IP, plus interest at the same interest rate stated in the Illinova note (i.e., 7.5%), will be due within 30 days following the date on which IP advances the funds to DTC. If Illinova fails to make timely repayment to IP of the amount of the advance, plus interest, then IP will be able to offset and discharge amounts it owes to Dynegy or another Dynegy Party against the unpaid repayment of the advance, in accordance with the proposed Netting Agreement.

With respect to the interest payments due in August 2003 and February 2004 on Illinova's Senior Notes, the amended petition states that if and to the extent necessary, Illinois Power will provide funds to Illinova to make these interest payments by calling for repurchase a sufficient amount of the outstanding shares of its 7.75% series \$50 par value preferred stock, 95% of the shares of which are held by Illinova. Specifically, the amended petition states that Illinova is the holder of 182,681 shares of Illinois Power 7.75% series, \$50 par value preferred stock. The aggregate par value of the shares of the 7.75% series preferred stock held by Illinova is \$9,134,050. The amended petition

states that the 7.75% series preferred stock is callable at par, in whole or in part, at IP's option, at any time on or after July 1, 2003. At the time shares of the 7.75% preferred stock are called, any dividends accrued must also be paid to the holders whose shares are called. The amended petition states that in the event, and only to the extent, that Dynegy is unable to pay the interest due on Illinova's Senior Notes in August 2003 and/or February 2004, then Illinois Power proposes to provide funds to Illinova sufficient to make these interest payments by calling a sufficient number of shares of its 7.75% series preferred stock so that Illinova receives sufficient funds from such repurchase (taking into account payment of accrued dividends on the shares called) to make the interest payment. The amended petition states that because a partial call of the 7.75% series preferred stock must be made in a manner that results in an equitable selection of the shares to be called among all of the shares outstanding, such a partial call will result in at least some of the shares held by owners other than Illinova being called as well. However, since Illinova holds 95% of the shares of the 7.75% series preferred stock outstanding, the vast majority of the repurchased shares would be shares held by Illinova.

The amended petition states that providing the necessary funds to Illinova through repurchase of Illinois Power preferred stock has at least two advantages over other options for providing funds to Illinova, such as through declaration and payment of a dividend on common stock. First, repurchase of preferred stock would not reduce Illinois Power's balance of retained earnings. Second, repurchase of shares of preferred stock eliminates Illinois Power's obligation to pay future dividends on that preferred stock. The amended petition also states IP's understanding that if a repurchase of preferred stock from Illinova were to occur as described above for the purpose of providing funds to Illinova to make interest payments due in August 2003 and/or February 2004 on its Senior Notes, Illinova will use the proceeds it receives from such repurchase (including payment of accrued dividends on the shares repurchased) to meet such obligations to pay interest due on its Senior Notes in August 2003 and/or February 2004, as the case may be; and that no portion of the proceeds received by Illinova from any such repurchase of IP preferred stock made for this purpose is to be further dividended or otherwise paid by Illinova to Dynegy or to any other affiliate of Dynegy, or to be used by Illinova for any other purposes. IP submitted with the amended petition, as Exhibit 2, a letter to the Commission from Larry F. Altenbaumer, President of Illinova, committing that no portion of the proceeds received by Illinova from any such repurchase of IP preferred stock as described above will be further dividended or otherwise paid by Illinova to Dynegy or to any other affiliate of Dynegy, or used by Illinova for any other purposes.

The amended petition states that the Advance Arrangement would be an arrangement between IP and an affiliated interest within the scope of Section 7-101 of the Act, and would also constitute an advance by IP of its monies on behalf of another corporation within the scope of Section 7-102(h) of the Act. The amended petition further states that although the repurchase of IP's 7.75% series preferred stock as described above would be pursuant to the terms of that preferred stock that permit it to be called by IP, such a repurchase nevertheless could be viewed as a contract or

arrangement between IP and an affiliated interest within the scope of Section 7-101 of the Act. The amended petition states that for these reasons, Illinois Power is requesting issuance of an order by the Commission under Section 7-101 consenting to and approving the Advance Arrangement, and under Sections 7-101 and 7-102(h) consenting to and approving the repurchase of IP's 7.75% preferred stock from Illinova as described above. Illinois Power also commits in the amended petition that within five business days after making an advance in accordance with the Advance Arrangement, and within five business days after effecting a repurchase of shares of its 7.75% series preferred stock from Illinova for the purpose of providing funds to Illinova to make interest payments due in August 2003 or February 2004 on its Senior Notes, Illinois Power will file a report of such actions with the Commission's Manager of the Finance Department and Office of the Chief Clerk. Further, Illinois Power commits in the amended petition that within five business days after Illinova pays interest on the Senior Notes using in whole or part funds obtained from IP pursuant to a repurchase of shares of its 7.75% series preferred stock from Illinova for the purpose of providing funds to Illinova to make interest payments due in August 2003 or February 2004 on its Senior Notes, Illinois Power will file a report of such actions with the Commission's Manager of the Finance Department and the Office of the Chief Clerk.

C. REQUESTED ORDER REGARDING PAYMENT OF DIVIDENDS ON ILLINOIS POWER'S COMMON STOCK

The amended petition states that Illinois Power recognizes that in light of financial difficulties currently being experienced by Illinois Power's ultimate parent company, Dynegy, the Commission may be concerned about potentially adverse implications for IP's financial health of the future declaration and payment of dividends on its common stock. The amended petition states that in order to alleviate those concerns, Illinois Power is willing to agree to an order by the Commission that IP will not pay any common dividend to Dynegy or Dynegy affiliate (1) until such time as Illinois Power's first mortgage bonds again attain an "investment grade" rating from both Standard & Poor's and Moody's Investors Services (i.e., a rating of at least BBB- from Standard & Poor's and at least Baa3 from Moody's Investors Services) and (2) specific approval is obtained from the Commission pursuant to Section 7-103 of the Act.

III. COMMISSION STAFF RESPONSE TO IP'S AMENDED PETITION

As indicated earlier in this Order, on September 27, 2002, Staff filed a response to IP's amended petition stating that Staff has no objections to the amended petition and that Staff supported issuance by the Commission of the draft order submitted by Illinois Power.

IV. COMMISSION'S CONCLUSION

Based on its review of the verified amended petition, and taking into account Staff's position that the relief requested in the amended petition should be granted, the Commission concludes that the amended petition should be granted. The Commission

takes note of recent developments which have raised serious questions about the financial condition of IP's ultimate corporate parent, Dynegy, and therefore about the financial condition of IP itself. The Commission concludes that consent to and approval of the Netting Agreement is in the public interest. With the Netting Agreement in place, should Illinova fail to make payments due to IP under the Illinova note, Illinova fail to make timely repayment to IP of an advance made by IP pursuant to the Advance Arrangement, Dynegy or another Dynegy entity fail to make payments due to IP under the SFA, or another Dynegy Party fail to make payments due to IP as described above in this Order, then IP will be able to discharge and set off amounts it owes to Dynegy or another Dynegy Party under the SFA, or to DMT for natural gas or pipeline transportation services, against the unpaid amount owed to IP by Dynegy, Illinova or another Dynegy Party. This will enable Illinois Power to conserve its cash and maintain its financial condition and ability to provide service to its customers.

With respect to the proposed Advance Arrangement and the proposed repurchase of Illinois Power's 7.75% series preferred stock, the Commission finds that these are appropriately tailored steps to enable IP to provide funds to Illinova to make specified interest payments due on its Senior Notes, while minimizing the financial impacts on Illinois Power. The Commission recognizes that were Illinova to default on any of the interest payments due in February or August 2003 or February 2004 on its Senior Notes, materially adverse financial consequences to Illinois Power, and therefore ultimately to its customers, could result. Further, under the Advance Arrangement, IP either will be repaid by Illinova for any such advance, with interest, within 30 days, or will be entitled to discharge and set off amounts it owes to Dynegy, Illinova or another Dynegy Party under the SFA or to DMT for natural gas or pipeline transportation services, against any amount of the advance that has not been repaid, in accordance with the Netting Agreement. The repurchase of shares of the 7.75% series preferred stock pursuant to a call in accordance with the terms of the preferred stock will relieve IP of the future obligation to pay dividends on that series of preferred stock with respect to the called shares.

Finally, the proposed restrictions on the declaration and payment by Illinois Power of dividends on its common stock, until such time as IP's first mortgage bonds are again rated "investment grade", will enable IP to maintain its retained earning balance and conserve its cash, and is therefore in the public interest.

V. FINDINGS AND ORDERING PARAGRAPHS

The Commission, having reviewed the verified amended petition and Staff's response thereto, and being fully advised in the premises, is of the opinion and finds that:

- (1) Illinois Power Company is an Illinois corporation that is engaged in the transmission, distribution and sale of electric energy at retail and the distribution and sale of natural gas at retail in Illinois; Illinois Power is a

"public utility" as that term is defined in Section 3-105 of the Public Utilities Act, 220 ILCS 5/3-105;

- (2) the Commission has jurisdiction over Illinois Power Company and over the subject matter of this proceeding;
- (3) the recitals and conclusions reached in the prefatory portion of this Order are supported by the averments of the verified amended petition and are hereby adopted as findings of fact;
- (4) consent and approval of the Commission to entry into and performance by Illinois Power of the Netting Agreement attached to the amended petition as Exhibit 1 is in the public interest and should be granted;
- (5) Illinois Power should submit a report to the Commission's Manager of the Accounting Department and Office of the Chief Clerk, within 30 days following the end of each calendar quarter, of any activity occurring under the Netting Agreement during that quarter;
- (6) consent and approval of the Commission to the Advance Arrangement for the purpose of providing funds for the payment of interest due in February 2003 on Illinova Corporation's Senior Notes, as more fully described in Section II.B of this Order, is in the public interest and should be granted;
- (7) consent and approval of the Commission to the repurchase by Illinois Power Company of its 7.75% series \$50 par value preferred stock, plus payment of accrued dividends on the shares repurchased, for the purpose and to the extent necessary to provide funds to Illinova for payment of interest due in August 2003 and/or February 2004 on Illinova's Senior Notes, as more fully described in Section II.B of this Order, is in the public interest and should be granted;
- (8) within five business days following the provision of any advance pursuant to the Advance Arrangement as described in Finding (6), or the repurchase of shares of Illinois Power's 7.75% series preferred stock as described in Finding (7), Illinois Power should file a report of such actions with the Commission's Manager of the Finance Department and Office of the Chief Clerk;
- (9) within five business days after Illinova pays interest on the Senior Notes using in whole or part funds obtained from IP pursuant to a repurchase of shares of its 7.75% series preferred stock from Illinova as described in Finding (7), Illinois Power will file a report of such action with the Commission's Manager of the Finance Department and Office of the Chief Clerk.

Illinois Power Company shall not declare or pay any dividends on its common stock until Illinois Power's first mortgage bonds are rated at least BBB- by Standard & Poor's and at least Baa3 by Moody's Investor Services, and Illinois Power first obtains specific approval from this Commission for the declaration and payment of a dividend on its common stock in accordance with Section 7-103 of the Public Utilities Act;

all objections, petitions or motions in this proceeding which remain undisposed of should be disposed of in a manner consistent with the ultimate conclusions contained in this Order.

IT IS THEREFORE ORDERED, pursuant to Section 7-101 of the Public Utilities Act, that consent and approval of the Illinois Commerce Commission to the entry into and performance by Illinois Power Company of the Netting Agreement attached to the amended petition as Exhibit 1 is granted.

IT IS FURTHER ORDERED, pursuant to Sections 7-101 and 7-102(h) of the Public Utilities Act, that consent and approval of the Illinois Commerce Commission to the Advance Arrangement for the purpose of providing funds for the payment of interest due in February 2003 on Illinova Corporation's Senior Notes, as more fully described in Section II.B of this Order, is granted.

IT IS FURTHER ORDERED, pursuant to Section 7-101 of the Public Utilities Act, that consent and approval of the Illinois Commerce Commission to the repurchase by Illinois Power Company of its 7.75% series \$50 par value preferred stock, plus payment of accrued dividends on the shares repurchased, for the purpose and to the extent necessary to provide funds to Illinova for payment of interest due in August 2003 and/or February 2004 on Illinova's Senior Notes, as more fully described in Section II.B of this Order, is granted.

IT IS FURTHER ORDERED that Illinois Power Company shall comply with Findings (5), (8) and (9) of this Order.

IT IS FURTHER ORDERED that Illinois Power Company shall not declare or pay any dividends on its common stock until Illinois Power's first mortgage bonds are rated at least BBB- by Standard & Poor's and at least Baa3 by Moody's Investor Services, and Illinois Power first obtains specific approval from this Commission for the declaration and payment of a dividend on its common stock in accordance with Section 7-103 of the Public Utilities Act.

IT IS FURTHER ORDERED that all objections, petitions or motions in this proceeding which remain undisposed of are hereby disposed of in a manner consistent with the ultimate conclusions contained in this Order.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 III. Adm. Code Section 200.880, this Order is final; it is not subject to the Administrative Review Law.

By order of the Commission this 23rd day of October, 2002.

(SIGNED) KEVIN K. WRIGHT
Chairman

Commissioner Kretschmer abstained.

EXHIBIT N-6

MARKET SHARE FOR ELECTRIC COMPANIES IN ILLINOIS AND BORDERING STATES
(COMPANIES LISTED IN ORDER OF CUSTOMERS SERVED)

[BAR CHART]

	American Electric Power Company Inc	Exelon Corp.	Xcel Energy, Inc.	Ameren Corp.	Cinergy Corp.	Wisconsin Energy Corp.
Customers	0.213665	0.2071	0.139037	0.07451	0.065528	0.046022
Revenue	0.221566	0.214728	0.120785	0.078008	0.0668409	0.04444
Assets	0.254854	0.121969	0.124225	0.092037	0.077968	0.039759

	Alliant Energy Corp.	E.ON AG	MidAmerican Energy Holdings Co.	Dynegy, Inc.	Great Plains Energy Corp.	Everyone else combined
Customers	0.040669	0.037981	0.02916	0.025037	0.020573	0.100717
Revenue	0.039048	0.02997	0.027187	0.027443	0.022246	0.10617
Assets	0.039368	0.04313	0.033845	0.016397	0.033558	0.122889

Source: 2001 RDI Data

Note : Bordering States includes Indiana, Iowa, Kentucky, Missouri and Wisconsin

EXHIBIT N-6

MARKET SHARE FOR ELECTRIC COMPANIES IN ILLINOIS AND BORDERING STATES
COMPANIES SORTED BY NUMBER OF CUSTOMERS

----- Holding Company	Assets (millions of \$)	Rank	Share of Total	Cumulative Share
-----	-----	-----	-----	-----
American Electric Power Company Inc	4,909	1	21.4%	21.4%
Exelon Corp.	4,758	2	20.7%	42.1%
Xcel Energy, Inc.	3,194	3	13.9%	56.0%
Ameren Corp.	1,712	4	7.5%	63.4%
Cinergy Corp.	1,505	5	6.6%	70.0%
Wisconsin Energy Corp.	1,057	6	4.6%	74.6%
Alliant Energy Corp.	934	7	4.1%	78.7%
E.ON AG	873	8	3.8%	82.5%
MidAmerican Energy Holdings Co.	670	9	2.9%	85.4%
DYNEGY, INC.	575	10	2.5%	87.9%
Great Plains Energy Corp.	473	11	2.1%	89.9%
WPS Resources Corp.	448	12	1.9%	91.9%
AES Corp.	443	13	1.9%	93.8%
NiSource Inc	432	14	1.9%	95.7%
Aquila, Inc	428	15	1.9%	97.6%
Empire District Electric Co.	151	16	0.7%	98.2%
ALLETE	144	17	0.6%	98.8%
Vectren Corp.	133	18	0.6%	99.4%
Madison Gas & Electric Co.	127	19	0.6%	100.0%
Mount Carmel Public Utility Co.	6	20	0.0%	100.0%
Stora Enso Oyj	1	21	0.0%	100.0%
Amana Society Service Co.	1	22	0.0%	100.0%
Ohio Valley Electric Corp.	0	23	0.0%	100.0%
Peoples Energy Corp.	0	24	0.0%	100.0%
Wisconsin River Power Co.	0	24	0.0%	100.0%
Total	22,973			

Source: 2001 RDI Data

Note: Bordering States includes Indiana, Iowa, Kentucky, Missouri and Wisconsin.

EXHIBIT N-6

MARKET SHARE FOR ELECTRIC COMPANIES IN ILLINOIS AND BORDERING STATES
COMPANIES SORTED BY REVENUE

----- Holding Company	Assets (millions of \$)	Rank	Share of Total	Cumulative Share
-----	-----	-----	-----	-----
American Electric Power Company Inc	8,693	1	22.2%	22.2%
Exelon Corp.	8,425	2	21.5%	43.6%
Xcel Energy, Inc.	4,739	3	12.1%	55.7%
Ameren Corp.	3,061	4	7.8%	63.5%
Cinergy Corp.	2,684	5	6.8%	70.3%
Wisconsin Energy Corp.	1,744	6	4.4%	74.8%
Alliant Energy Corp.	1,532	7	3.9%	78.7%
E.ON AG	1,176	8	3.0%	81.7%
DYNEGY, INC.	1,077	9	2.7%	84.4%
MidAmerican Energy Holdings Co.	1,067	10	2.7%	87.2%
NiSource Inc	1,007	11	2.6%	89.7%
Great Plains Energy Corp.	873	12	2.2%	91.9%
AES Corp.	762	13	1.9%	93.9%
WPS Resources Corp.	589	14	1.5%	95.4%
Aquila, Inc	584	15	1.5%	96.9%
ALLETE	407	16	1.0%	97.9%
Vectren Corp.	255	17	0.7%	98.6%
Empire District Electric Co.	244	18	0.6%	99.2%
Madison Gas & Electric Co.	200	19	0.5%	99.7%
Stora Enso Oyj	58	20	0.1%	99.8%
Ohio Valley Electric Corp.	45	21	0.1%	100.0%
Mount Carmel Public Utility Co.	10	22	0.0%	100.0%
Amana Society Service Co.	5	23	0.0%	100.0%
Peoples Energy Corp.	0	24	0.0%	100.0%
Wisconsin River Power Co.	0	24	0.0%	100.0%
Total	39,236			

Source: 2001 RDI Data

Note: Bordering States includes Indiana, Iowa, Kentucky, Missouri and Wisconsin.

EXHIBIT N-6

MARKET SHARE FOR ELECTRIC COMPANIES IN ILLINOIS AND BORDERING STATES
COMPANIES SORTED BY ASSETS

-----	Assets	Rank	Share of	Cumulative
-----	(millions of \$)		Total	Share
-----	-----	-----	-----	-----
Holding Company				
American Electric Power Company Inc	32,844	1	25.5%	25.5%
Xcel Energy, Inc.	16,009	2	12.4%	37.9%
Exelon Corp.	15,719	3	12.2%	50.1%
Ameren Corp.	11,861	4	9.2%	59.3%
Cinergy Corp.	10,048	5	7.8%	67.1%
E.ON AG	5,558	6	4.3%	71.4%
Wisconsin Energy Corp.	5,124	7	4.0%	75.4%
Alliant Energy Corp.	5,074	8	3.9%	79.3%
MidAmerican Energy Holdings Co.	4,362	9	3.4%	82.7%
Great Plains Energy Corp.	4,325	10	3.4%	86.1%
NiSource Inc	4,287	11	3.3%	89.4%
AES Corp.	2,942	12	2.3%	91.7%
DYNEGY, INC.	2,113	13	1.6%	93.3%
Aquila, Inc	1,933	14	1.5%	94.8%
WPS Resources Corp.	1,843	15	1.4%	96.3%
ALLETE	1,327	16	1.0%	97.3%
Vectren Corp.	1,146	17	0.9%	98.2%
Empire District Electric Co.	1,054	18	0.8%	99.0%
Ohio Valley Electric Corp.	732	19	0.6%	99.6%
Madison Gas & Electric Co.	481	20	0.4%	99.9%
Stora Enso Oyj	44	21	0.0%	100.0%
Wisconsin River Power Co.	28	22	0.0%	100.0%
Mount Carmel Public Utility Co.	20	23	0.0%	100.0%
Amana Society Service Co.	0	24	0.0%	100.0%
Peoples Energy Corp.	0	24	0.0%	100.0%
Total	128,873			

Source: 2001 RDI Data

Note: Bordering States includes Indiana, Iowa, Kentucky, Missouri and Wisconsin.

EXHIBIT N-7

MARKET SHARE FOR GAS COMPANIES IN ILLINOIS AND BORDERING STATES
(COMPANIES LISTED IN OEDER OF CUSTOMERS SERVED)

[BAR CHART]

	NiSource Inc	Nicor, Inc.	Xcel Energy, Inc.	Atmos Energy Corp.	Southern Union Co.	Peoples Energy Corp.		
Customers	0.1509	0.1119	0.0997	0.0943	0.0881	0.0587		
Revenue	0.1674	0.1011	0.1004	0.0912	0.0832	0.0737		
Assets	0.2742	0.0896	0.0633	0.0753	0.0396	0.0644		
	Wisconsin Energy Corp.	Vectren Corp.	Aquila, Inc	MidAmerican Energy Holdings Co.	Laclede Group, The	Ameren Corp.	Cinergy Corp.	
Customers	0.0575	0.0567	0.0454	0.0391	0.0383	0.0306	0.0284	
Revenue	0.052	0.0554	0.0463	0.0313	0.0425	0.0312	0.0238	
Assets	0.0401	0.0354	0.048	0.1254	0.0252	0.0322	0.0247	
	Dynegy, Inc.	Alliant Energy Corp.	Everyone else combined					
Customers	0.0242	0.024	0.0522					
Revenue	0.0248	0.026	0.0497					
Assets	0.019	0.0094	0.0342					

Source: 2001 RDI Data

Note : Bordering States includes Indiana, Iowa, Kentucky, Missouri and Wisconsin

EXHIBIT N-7

MARKET SHARE FOR GAS COMPANIES IN ILLINOIS AND BORDERING STATES
COMPANIES SORTED BY NUMBER OF CUSTOMERS

-----	-----	-----	-----	-----
Holding Company	Customers (thousands)	Rank	Share of Total	Cumulative Share
-----	-----	-----	-----	-----
NiSource Inc	2,507	1	15.1%	15.1%
Nicor, Inc.	1,859	2	11.2%	26.3%
Xcel Energy, Inc.	1,657	3	10.0%	36.3%
Atmos Energy Corp.	1,567	4	9.4%	45.7%
Southern Union Co.	1,464	5	8.8%	54.5%
Peoples Energy Corp.	975	6	5.9%	60.4%
Wisconsin Energy Corp.	955	7	5.8%	66.1%
Vectren Corp.	942	8	5.7%	71.8%
Aquila, Inc	754	9	4.5%	76.3%
MidAmerican Energy Holdings Co.	649	10	3.9%	80.2%
Laclede Group, The	636	11	3.8%	84.1%
Ameren Corp.	508	12	3.1%	87.1%
Cinergy Corp.	472	13	2.8%	90.0%
DYNEGY, INC.	401	14	2.4%	92.4%
Alliant Energy Corp.	398	15	2.4%	94.8%
E.ON AG	303	16	1.8%	96.6%
WPS Resources Corp.	290	17	1.7%	98.3%
Madison Gas & Electric Co.	117	18	0.7%	99.0%
Delta Natural Gas Co., Inc.	39	19	0.2%	99.3%
Beynon Farm Products Corp.	30	20	0.2%	99.5%
Midwest Natural Gas Corp.	15	21	0.1%	99.6%
ALLETE	12	22	0.1%	99.6%
Midwest Bottle Gas Co.	11	23	0.1%	99.7%
Natural Gas Processors	8	24	0.0%	99.7%
Southern Missouri Gas Co., L.P.	7	25	0.0%	99.8%
Community Natural Gas Co., Inc.	7	26	0.0%	99.8%
Consumers Gas Co.	6	27	0.0%	99.9%
Saint Croix Valley Natural Gas Co., In	6	28	0.0%	99.9%
Master Gas Service Co.	4	29	0.0%	99.9%
Mount Carmel Public Utility Co.	4	30	0.0%	99.9%
South Eastern Indiana Natural Gas Co.,	2	31	0.0%	100.0%
Westfield Gas Corp.	2	32	0.0%	100.0%
Public Gas Co.	2	33	0.0%	100.0%
American Natural Gas Corporation	1	34	0.0%	100.0%
Switzerland County Natural Gas Co.	1	35	0.0%	100.0%
Western Lewis-Rectorville Gas District	1	36	0.0%	100.0%
Belfry Gas, Inc.	1	37	0.0%	100.0%
Elam Utility Co.	0	38	0.0%	100.0%
Auxier Road Gas Co.	0	39	0.0%	100.0%
B & H Gas Co.	0	40	0.0%	100.0%
Allerton Gas Co.	0	41	0.0%	100.0%
Total	16,610			

Source: 2001 RDI Data

Note: Bordering States includes Indiana, Iowa, Kentucky, Missouri and Wisconsin.

EXHIBIT N-7

MARKET SHARE FOR GAS COMPANIES IN ILLINOIS AND BORDERING STATES
COMPANIES SORTED BY REVENUE

-----	-----	-----	-----	-----
Holding Company	Revenue (millions of \$)	Rank	Share of Total	Cumulative Share
-----	-----	-----	-----	-----
NiSource Inc	3,142	1	16.7%	16.7%
Nicor, Inc.	1,898	2	10.1%	26.9%
Xcel Energy, Inc.	1,885	3	10.0%	36.9%
Atmos Energy Corp.	1,712	4	9.1%	46.0%
Southern Union Co.	1,561	5	8.3%	54.3%
Peoples Energy Corp.	1,384	6	7.4%	61.7%
Vectren Corp.	1,040	7	5.5%	67.2%
Wisconsin Energy Corp.	976	8	5.2%	72.4%
Aquila, Inc	869	9	4.6%	77.1%
Laclede Group, The	798	10	4.3%	81.3%
MidAmerican Energy Holdings Co.	587	11	3.1%	84.4%
Ameren Corp.	585	12	3.1%	87.6%
Alliant Energy Corp.	488	13	2.6%	90.2%
DYNEGY, INC.	466	14	2.5%	92.6%
Cinergy Corp.	447	15	2.4%	95.0%
WPS Resources Corp.	333	16	1.8%	96.8%
E.ON AG	277	17	1.5%	98.3%
Madison Gas & Electric Co.	132	18	0.7%	99.0%
Delta Natural Gas Co., Inc.	44	19	0.2%	99.2%
Beynon Farm Products Corp.	38	20	0.2%	99.4%
Midwest Natural Gas Corp.	19	21	0.1%	99.5%
ALLETE	16	22	0.1%	99.6%
Midwest Bottle Gas Co.	13	23	0.1%	99.7%
Southern Missouri Gas Co., L.P.	10	24	0.1%	99.7%
Natural Gas Processors	8	25	0.0%	99.8%
Community Natural Gas Co., Inc.	8	26	0.0%	99.8%
Saint Croix Valley Natural Gas Co., In	6	27	0.0%	99.9%
Consumers Gas Co.	6	28	0.0%	99.9%
Master Gas Service Co.	5	29	0.0%	99.9%
Mount Carmel Public Utility Co.	4	30	0.0%	99.9%
Westfield Gas Corp.	2	31	0.0%	99.9%
South Eastern Indiana Natural Gas Co.,	2	32	0.0%	100.0%
American Natural Gas Corporation	2	33	0.0%	100.0%
Allerton Gas Co.	2	34	0.0%	100.0%
Switzerland County Natural Gas Co.	1	35	0.0%	100.0%
Public Gas Co.	1	36	0.0%	100.0%
Elam Utility Co.	1	37	0.0%	100.0%
Western Lewis-Rectorville Gas District	1	38	0.0%	100.0%
Belfry Gas, Inc.	0	39	0.0%	100.0%
B & H Gas Co.	0	40	0.0%	100.0%
Auxier Road Gas Co.	0	41	0.0%	100.0%
Total	18,769			

Source: 2001 RDI Data

Note: Bordering States includes Indiana, Iowa, Kentucky, Missouri and Wisconsin.

EXHIBIT N-7

MARKET SHARE FOR GAS COMPANIES IN ILLINOIS AND BORDERING STATES
COMPANIES SORTED BY ASSETS

-----	Assets	Rank	Share of	Cumulative
-----	(millions of \$)		Total	Share

NiSource Inc	10,273	1	27.4%	27.4%
MidAmerican Energy Holdings Co.	4,696	2	12.5%	40.0%
Nicor, Inc.	3,357	3	9.0%	48.9%
Atmos Energy Corp.	2,823	4	7.5%	56.4%
Peoples Energy Corp.	2,413	5	6.4%	62.9%
Xcel Energy, Inc.	2,370	6	6.3%	69.2%
Aquila, Inc	1,799	7	4.8%	74.0%
Wisconsin Energy Corp.	1,502	8	4.0%	78.0%
Southern Union Co.	1,483	9	4.0%	82.0%
Vectren Corp.	1,328	10	3.5%	85.5%
Ameren Corp.	1,207	11	3.2%	88.8%
Laclede Group, The	943	12	2.5%	91.3%
Cinergy Corp.	924	13	2.5%	93.7%
DYNEGY, INC.	712	14	1.9%	95.6%
WPS Resources Corp.	418	15	1.1%	96.8%
E.ON AG	408	16	1.1%	97.8%
Alliant Energy Corp.	353	17	0.9%	98.8%
Madison Gas & Electric Co.	191	18	0.5%	99.3%
Delta Natural Gas Co., Inc.	142	19	0.4%	99.7%
Beynon Farm Products Corp.	51	20	0.1%	99.8%
Midwest Bottle Gas Co.	18	21	0.0%	99.9%
ALLETE	16	22	0.0%	99.9%
Natural Gas Processors	11	23	0.0%	99.9%
Master Gas Service Co.	7	24	0.0%	99.9%
Consumers Gas Co.	6	25	0.0%	100.0%
Midwest Natural Gas Corp.	5	26	0.0%	100.0%
Saint Croix Valley Natural Gas Co., In	5	27	0.0%	100.0%
Westfield Gas Corp.	3	28	0.0%	100.0%
South Eastern Indiana Natural Gas Co.,	2	29	0.0%	100.0%
Southern Missouri Gas Co., L.P.	.			
Community Natural Gas Co., Inc.	.			
Mount Carmel Public Utility Co.	.			
Public Gas Co.	.			
American Natural Gas Corporation	.			
Switzerland County Natural Gas Co.	.			
Western Lewis-Rectorville Gas District	.			
Belfry Gas, Inc.	.			
Elam Utility Co.	.			
Auxier Road Gas Co.	.			
B & H Gas Co.	.			
Allerton Gas Co.	.			
Total	37,464			

Source: 2001 RDI Data

Note: Bordering States includes Indiana, Iowa, Kentucky, Missouri and Wisconsin.

EXHIBIT N-8

MARKET SHARE FOR COMBINED GAS/ELECTRIC COMPANIES IN ILLINOIS AND BORDERING STATES
(COMPANIES LISTED IN ORDER OF CUSTOMERS SERVED)

[BAR CHART]

	Xcel Energy Inc.	NiSource Inc	Ameren Corp.	Wisconsin Energy Corp.	Cinergy Corp.
Customers	0.21845	0.13235	0.09996	0.09063	0.08905
Revenue	0.21111	0.13221	0.1162	0.08666	0.09977
Assets	0.18874	0.14951	0.13419	0.06804	0.11268

	Alliant Energy Corp.	MidAmerican Energy Holdings Co.	Aquila, Inc	E.ON AG	Vectren Corp.
Customers	0.06	0.05941	0.05322	0.05294	0.04838
Revenue	0.06438	0.05269	0.04632	0.04629	0.04128
Assets	0.05572	0.09302	0.03832	0.06127	0.02541

	Dynegy, Inc.	WPS Resources Corp.	Everyone else combined
Customers	0.04398	0.03322	0.00742
Revenue	0.04916	0.02941	0.02452
Assets	0.02901	0.02322	0.02088

Source: 2001 RDI Data

Note: Bordering States includes Indiana, Iowa, Kentucky, Missouri and Wisconsin.

EXHIBIT N-8

MARKET SHARE FOR COMBINED GAS/ELECTRIC COMPANIES IN ILLINOIS AND BORDERING STATES
COMPANIES SORTED BY NUMBER OF CUSTOMERS

Holding Company	Customers (thousands)	Rank	Share of Total	Cumulative Share
Xcel Energy, Inc.	4,851	1	21.8%	21.8%
NiSource Inc	2,939	2	13.2%	35.1%
Ameren Corp.	2,220	3	10.0%	45.1%
Wisconsin Energy Corp.	2,012	4	9.1%	54.1%
Cinergy Corp.	1,978	5	8.9%	63.0%
Alliant Energy Corp.	1,332	6	6.0%	69.0%
MidAmerican Energy Holdings Co.	1,319	7	5.9%	75.0%
Aquila, Inc	1,182	8	5.3%	80.3%
E.ON AG	1,176	9	5.3%	85.6%
Vectren Corp.	1,074	10	4.8%	90.4%
DYNEGY, INC.	977	11	4.4%	94.8%
WPS Resources Corp.	738	12	3.3%	98.2%
Madison Gas & Electric Co.	244	13	1.1%	99.3%
ALLETE	156	14	0.7%	100.0%
Mount Carmel Public Utility Co.	9	15	0.0%	100.0%
Total	22,206			

Source: 2001 RDI Data

Note: Bordering States includes Indiana, Iowa, Kentucky, Missouri and Wisconsin.

EXHIBIT N-8

MARKET SHARE FOR COMBINED GAS/ELECTRIC COMPANIES IN ILLINOIS AND BORDERING STATES
COMPANIES SORTED BY REVENUE

Holding Company	Revenue (millions of \$)	Rank	Share of Total	Cumulative Share
Xcel Energy, Inc.	6,624	1	21.1%	21.1%
NiSource Inc	4,148	2	13.2%	34.3%
Ameren Corp.	3,646	3	11.6%	46.0%
Cinergy Corp.	3,131	4	10.0%	55.9%
Wisconsin Energy Corp.	2,719	5	8.7%	64.6%
Alliant Energy Corp.	2,020	6	6.4%	71.0%
MidAmerican Energy Holdings Co.	1,653	7	5.3%	76.3%
DYNEGY, INC.	1,543	8	4.9%	81.2%
Aquila, Inc	1,453	9	4.6%	85.8%
E.ON AG	1,453	10	4.6%	90.5%
Vectren Corp.	1,295	11	4.1%	94.6%
WPS Resources Corp.	923	12	2.9%	97.5%
ALLETE	423	13	1.3%	98.9%
Madison Gas & Electric Co.	333	14	1.1%	100.0%
Mount Carmel Public Utility Co.	14	15	0.0%	100.0%
Total	31,378			

Source: 2001 RDI Data

Note: Bordering States includes Indiana, Iowa, Kentucky, Missouri and Wisconsin.

EXHIBIT N-8

MARKET SHARE FOR COMBINED GAS/ELECTRIC COMPANIES IN ILLINOIS AND BORDERING STATES
COMPANIES SORTED BY ASSETS

Holding Company	Assets (millions of \$)	Rank	Share of Total	Cumulative Share
Xcel Energy, Inc.	18,380	1	18.9%	18.9%
NiSource Inc	14,559	2	15.0%	33.8%
Ameren Corp.	13,068	3	13.4%	47.2%
Wisconsin Energy Corp.	6,626	6	6.8%	54.0%
Cinergy Corp.	10,972	4	11.3%	65.3%
Alliant Energy Corp.	5,426	8	5.6%	70.9%
MidAmerican Energy Holdings Co.	9,058	5	9.3%	80.2%
Aquila, Inc	3,732	9	3.8%	84.0%
E.ON AG	5,966	7	6.1%	90.1%
Vectren Corp.	2,474	11	2.5%	92.7%
DYNEGY, INC.	2,825	10	2.9%	95.6%
WPS Resources Corp.	2,262	12	2.3%	97.9%
Madison Gas & Electric Co.	671	14	0.7%	98.6%
ALLETE	1,342	13	1.4%	100.0%
Mount Carmel Public Utility Co.	20	15	0.0%	100.0%
Total	97,382			

Source: 2001 RDI Data

Note: Bordering States includes Indiana, Iowa, Kentucky, Missouri and Wisconsin.

EXHIBIT N-9

MARKET SHARE FOR UTILITIES IN ILLINOIS AND BORDERING STATES
(COMPANIES LISTED IN ORDER OF CUSTOMERS SERVED)

[BAR CHART]

American Electric Power
Company Inc Exelon Corp. Xcel Energy, Inc. Ameren Corp.

	American Electric Power Company Inc	Exelon Corp.	Xcel Energy, Inc.	Ameren Corp.
Customers	0.14101	0.13935	0.13668	0.08443
Revenue	0.16487	0.12562	0.15978	0.07867
Assets	0.2069	0.11578	0.09902	0.09172

NiSource Inc Wisconsin Energy Corp. Nicor, Inc. Cinergy Corp. Alliant Energy Corp.

	NiSource Inc	Wisconsin Energy Corp.	Nicor, Inc.	Cinergy Corp.	Alliant Energy Corp.
Customers	0.06377	0.05781	0.05681	0.05341	0.03828
Revenue	0.06915	0.05157	0.05937	0.036	0.03831
Assets	0.08232	0.04174	0.06912	0.02115	0.03418

MidAmerican Energy
Holdings Co. Vectren Corp. Dynegy, Inc. Peoples Energy Corp. Everyone else combined

	MidAmerican Energy Holdings Co.	Vectren Corp.	Dynegy, Inc.	Peoples Energy Corp.	Everyone else combined
Customers	0.0379	0.03086	0.02805	0.028	0.10364
Revenue	0.03135	0.02457	0.02925	0.02624	0.10525
Assets	0.05706	0.01559	0.0178	0.0152	0.13242

Source: 2001 RDI Data

Note: Bordering States includes Indiana, Iowa, Kentucky, Missouri and Wisconsin.

EXHIBIT N-9

MARKET SHARE FOR UTILITIES IN ILLINOIS AND BORDERING STATES
COMPANIES SORTED BY REVENUE

----- Holding Company	Revenue (millions of \$)	Rank	Share of Total	Cumulative Share
American Electric Power Company Inc	8,693	1	16.5%	16.5%
Exelon Corp.	8,425	2	16.0%	32.5%
Xcel Energy, Inc.	6,624	3	12.6%	45.0%
NiSource Inc	4,148	4	7.9%	52.9%
Ameren Corp.	3,646	5	6.9%	59.8%
Cinergy Corp.	3,131	6	5.9%	65.7%
Wisconsin Energy Corp.	2,719	7	5.2%	70.9%
Alliant Energy Corp.	2,020	8	3.8%	74.7%
Nicor, Inc.	1,898	9	3.6%	78.3%
MidAmerican Energy Holdings Co.	1,653	10	3.1%	81.5%
DYNEGY, INC.	1,543	11	2.9%	84.4%
Peoples Energy Corp.	1,384	12	2.6%	87.0%
Vectren Corp.	1,295	13	2.5%	89.5%
E.ON AG	1,176	14	2.2%	91.7%
WPS Resources Corp.	923	15	1.8%	93.5%
Great Plains Energy Corp.	873	16	1.7%	95.1%
AES Corp.	762	17	1.4%	96.6%
Aquila, Inc	584	18	1.1%	97.7%
ALLETE	423	19	0.8%	98.5%
Madison Gas & Electric Co.	333	20	0.6%	99.1%
Empire District Electric Co.	244	21	0.5%	99.6%
Stora Enso Oyj	58	22	0.1%	99.7%
Ohio Valley Electric Corp.	45	23	0.1%	99.8%
Beynon Farm Products Corp.	38	24	0.1%	99.8%
Midwest Natural Gas Corp.	19	25	0.0%	99.9%
Mount Carmel Public Utility Co.	14	26	0.0%	99.9%
Midwest Bottle Gas Co.	13	27	0.0%	99.9%
Natural Gas Processors	8	28	0.0%	99.9%
Community Natural Gas Co., Inc.	8	29	0.0%	99.9%
Saint Croix Valley Natural Gas Co., In	6	30	0.0%	100.0%
Consumers Gas Co.	6	31	0.0%	100.0%
Master Gas Service Co.	5	32	0.0%	100.0%
Amana Society Service Co.	5	33	0.0%	100.0%
Westfield Gas Corp.	2	34	0.0%	100.0%
South Eastern Indiana Natural Gas Co.,	2	35	0.0%	100.0%
Allerton Gas Co.	2	36	0.0%	100.0%
Switzerland County Natural Gas Co.	1	37	0.0%	100.0%
Wisconsin River Power Co.	0	38	0.0%	100.0%
Total	52,730			

Source: 2001 RDI Data

Note: Bordering States includes Indiana, Iowa, Kentucky, Missouri and Wisconsin.

EXHIBIT N-10

MARKET SHARE FOR ELECTRIC COMPANIES IN THE U.S.

Parameter	Units	Illinova's Statistics	Illinova's Share	Number of Larger Companies	Portion of Market Served by Illinova and Larger Companies
Customers	thousands	575	0.6%	41	90.9%
Assets	\$ millions	2,113	0.4%	50	95.2%
Revenues	\$ millions	1,077	0.6%	41	91.2%

COMPARISON OF ILLINOVA CORP. TO LARGE ELECTRIC UTILITIES

Parameter	Units	Number of Utilities Necessary for 50% of U.S.	Average Size of These Utilities	Ratio of These Utilities to Illinova
Customers	thousands	13	3,745	7
Assets	\$ millions	12	21,911	10
Revenues	\$ millions	13	7,142	7

Parameter	Units	Number of Utilities Necessary for 80% of U.S.	Average Size of These Utilities	Ratio of These Utilities to Illinova
Customers	thousands	30	2,532	4
Assets	\$ millions	30	13,911	7
Revenues	\$ millions	29	4,886	5

Source: 2001 RDI Data

EXHIBIT N-10

MARKET SHARE FOR ELECTRIC COMPANIES IN THE UNITED STATES
COMPANIES SORTED BY CUSTOMERS

----- Holding Company	Customers (thousands)	Rank	Share of Total	Cumulative Share
American Electric Power Company Inc	4,909	1	5.2%	5.2%
Exelon Corp.	4,758	2	5.1%	10.3%
PG&E Corp	4,720	3	5.0%	15.3%
Edison International	4,427	4	4.7%	20.0%
FirstEnergy Corporation	4,071	5	4.3%	24.3%
Southern Company	3,975	6	4.2%	28.6%
FPL Group, Inc.	3,935	7	4.2%	32.7%
Consolidated Edison, Inc.	3,342	8	3.6%	36.3%
National Grid Group Plc	3,229	9	3.4%	39.7%
Xcel Energy, Inc.	3,194	10	3.4%	43.1%
TXU Corporation	2,844	11	3.0%	46.1%
Progress Energy, Inc.	2,708	12	2.9%	49.0%
Entergy Corp.	2,571	13	2.7%	51.8%
DTE Energy Co.	2,118	14	2.3%	54.0%
Dominion	2,102	15	2.2%	56.2%
Duke Energy Corp.	2,098	16	2.2%	58.5%
Public Service Enterprise Group, Inc.	1,978	17	2.1%	60.6%
Northeast Utilities	1,796	18	1.9%	62.5%
CenterPoint Energy Inc.	1,730	19	1.8%	64.3%
Ameren Corp.	1,712	20	1.8%	66.1%
CMS Energy Corp.	1,700	21	1.8%	68.0%
PEPCO Holdings, Inc.	1,683	22	1.8%	69.7%
Cinergy Corp.	1,505	23	1.6%	71.3%
Scottish Power Plc	1,501	24	1.6%	72.9%
Allegheny Energy, Inc.	1,483	25	1.6%	74.5%
PPL Corp.	1,275	26	1.4%	75.9%
Sempra Energy	1,229	27	1.3%	77.2%
Constellation Energy Group, Inc.	1,156	28	1.2%	78.4%
Energy East Corp.	1,127	29	1.2%	79.6%
NSTAR	1,074	30	1.1%	80.7%
Wisconsin Energy Corp.	1,057	31	1.1%	81.9%
Sierra Pacific Resources	940	32	1.0%	82.9%
Alliant Energy Corp.	934	33	1.0%	83.9%
Puget Energy, Inc.	932	34	1.0%	84.9%
Pinnacle West Capital Corp.	875	35	0.9%	85.8%
E.ON AG	873	36	0.9%	86.7%
Enron Corporation	733	37	0.8%	87.5%
OGE Energy Corp.	700	38	0.7%	88.2%
MidAmerican Energy Holdings Co.	670	39	0.7%	88.9%
Westar Energy Inc.	640	40	0.7%	89.6%
TECO Energy, Inc.	576	41	0.6%	90.2%
DYNEGY, INC.	575	42	0.6%	90.9%
Everyone else combined	8,604		9.1%	100.0%
Total	94,058			

Source: 2001 RDI Data

EXHIBIT N-11

MARKET SHARE FOR GAS COMPANIES IN THE U.S.

Parameter	Units	Illinova's Statistics	Illinova's Share	Number of Larger Companies	Portion of Market Served by Illinova and Larger Companies
Customers	thousands	401	0.7%	40	87.6%
Assets	\$ millions	712	0.6%	44	92.0%
Revenues	\$ millions	466	0.8%	39	85.5%

COMPARISON OF ILLINOVA CORP. TO LARGE GAS UTILITIES

Parameter	Units	Number of Utilities Necessary for 50% of U.S.	Average Size of These Utilities	Ratio of These Utilities to Illinova
Customers	thousands	13	2,212	6
Assets	\$ millions	12	5,388	8
Revenues	\$ millions	15	2,035	4

Parameter	Units	Number of Utilities Necessary for 80% of U.S.	Average Size of These Utilities	Ratio of These Utilities to Illinova
Customers	thousands	32	1,416	4
Assets	\$ millions	30	3,390	5
Revenues	\$ millions	34	1,387	3

Source: 2001 RDI Data

EXHIBIT N-11

MARKET SHARE FOR GAS COMPANIES IN THE UNITED STATES
COMPANIES SORTED BY REVENUE

----- Holding Company	Revenue (millions of \$)	Rank	Share of Total	Cumulative Share
Sempra Energy	3,707	1	6.3%	6.3%
KeySpan Energy	3,319	2	5.7%	12.0%
NiSource Inc	3,142	3	5.4%	17.3%
PG&E Corp	3,094	4	5.3%	22.6%
Nicor, Inc.	1,898	5	3.2%	25.8%
Xcel Energy, Inc.	1,885	6	3.2%	29.0%
Atmos Energy Corp.	1,712	7	2.9%	32.0%
CenterPoint Energy Inc.	1,705	8	2.9%	34.9%
Southern Union Co.	1,561	9	2.7%	37.5%
Public Service Enterprise Group, Inc.	1,551	10	2.6%	40.2%
Dominion	1,495	11	2.5%	42.7%
Consolidated Edison, Inc.	1,455	12	2.5%	45.2%
Peoples Energy Corp.	1,384	13	2.4%	47.6%
Oneok Inc	1,339	14	2.3%	49.8%
CMS Energy Corp.	1,281	15	2.2%	52.0%
Energy East Corp.	1,157	16	2.0%	54.0%
TXU Corporation	1,138	17	1.9%	55.9%
Southwest Gas Corp.	1,136	18	1.9%	57.9%
Vectren Corp.	1,040	19	1.8%	59.6%
Reliant Resources Inc.	1,039	20	1.8%	61.4%
Puget Energy, Inc.	991	21	1.7%	63.1%
National Fuel Gas Co.	979	22	1.7%	64.8%
Wisconsin Energy Corp.	976	23	1.7%	66.4%
DTE Energy Co.	971	24	1.7%	68.1%
Aquila, Inc	869	25	1.5%	69.6%
Piedmont Natural Gas Co., Inc.	859	26	1.5%	71.0%
WGL Holdings, Inc.	832	27	1.4%	72.4%
Laclede Group, The	798	28	1.4%	73.8%
SCANA Corp.	759	29	1.3%	75.1%
Questar Corp.	674	30	1.1%	76.2%
National Grid Group Plc	638	31	1.1%	77.3%
NW Natural (Northwest Natural Gas Co.)	605	32	1.0%	78.4%
Exelon Corp.	590	33	1.0%	79.4%
MidAmerican Energy Holdings Co.	587	34	1.0%	80.4%
Ameren Corp.	585	35	1.0%	81.4%
Constellation Energy Group, Inc.	507	36	0.9%	82.2%
New Jersey Resources Corp.	497	37	0.8%	83.1%
Energen Corp.	492	38	0.8%	83.9%
Alliant Energy Corp.	488	39	0.8%	84.7%
DYNEGY, INC.	466	40	0.8%	85.5%
Everyone else combined	8,491		14.5%	100.0%
Total	58,692			

Source: 2001 RDI Data

EXHIBIT N-12

MARKET SHARE FOR COMBINED GAS/ELECTRIC COMPANIES IN THE UNITED STATES

Parameter	Units	Illinova's Statistics	Illinova's Share	Number of Larger Companies	Portion of Market Served by Illinova and Larger Companies
Customers	thousands	977	0.9%	34	94.2%
Assets	\$ millions	2,825	0.7%	35	96.1%
Revenues	\$ millions	1,543	1.0%	32	93.2%

COMPARISON OF ILLINOVA CORP. TO LARGE UTILITIES

Parameter	Units	Number of Utilities Necessary for 50% of U.S.	Average Size of These Utilities	Ratio of These Utilities to Illinova
Customers	thousands	11	4,776	5
Assets	\$ millions	11	19,831	7
Revenues	\$ millions	11	7,468	5

Parameter	Units	Number of Utilities Necessary for 80% of U.S.	Average Size of These Utilities	Ratio of These Utilities to Illinova
Customers	thousands	24	3,479	4
Assets	\$ millions	23	14,688	5
Revenues	\$ millions	24	5,456	4

EXHIBIT N-12

MARKET SHARE FOR COMBINED GAS/ELECTRIC COMPANIES IN THE UNITED STATES
COMPANIES SORTED BY REVENUE

-----	Revenue	Rank	Share of	Cumulative	
-----	(millions of \$)		Total	Share	

PG&E Corp	10,265	1	6.4%	6.4%	
Exelon Corp.	9,015	2	5.6%	12.0%	
TXU Corporation	8,945	3	5.6%	17.5%	
FirstEnergy Corporation	7,859	4	4.9%	22.4%	
CenterPoint Energy Inc.	7,328	5	4.5%	26.9%	
Consolidated Edison, Inc.	7,252	6	4.5%	31.4%	
Entergy Corp.	7,015	7	4.4%	35.8%	
Xcel Energy, Inc.	6,620	8	4.1%	39.9%	
National Grid Group Plc	6,389	9	4.0%	43.9%	
Dominion	5,835	10	3.6%	47.5%	
Progress Energy, Inc.	5,624	11	3.5%	51.0%	
Sempra Energy	5,285	12	3.3%	54.3%	
Public Service Enterprise Group, Inc.	5,114	13	3.2%	57.4%	
DTE Energy Co.	4,482	14	2.8%	60.2%	
NiSource Inc	4,148	15	2.6%	62.8%	
CMS Energy Corp.	3,738	16	2.3%	65.1%	
Northeast Utilities	3,707	17	2.3%	67.4%	
Ameren Corp.	3,646	18	2.3%	69.7%	
PEPCO Holdings, Inc.	3,359	19	2.1%	71.8%	
Energy East Corp.	3,322	20	2.1%	73.8%	
KeySpan Energy	3,319	21	2.1%	75.9%	
Cinergy Corp.	3,131	22	1.9%	77.8%	
NSTAR	2,815	23	1.7%	79.6%	
Wisconsin Energy Corp.	2,719	24	1.7%	81.3%	
Allegheny Energy, Inc.	2,565	25	1.6%	82.9%	
Constellation Energy Group, Inc.	2,507	26	1.6%	84.4%	
PPL Corp.	2,444	27	1.5%	85.9%	
Puget Energy, Inc.	2,336	28	1.4%	87.4%	
Sierra Pacific Resources	2,242	29	1.4%	88.8%	
Alliant Energy Corp.	2,020	30	1.3%	90.0%	
SCANA Corp.	1,972	31	1.2%	91.2%	
MidAmerican Energy Holdings Co.	1,653	32	1.0%	92.3%	
DYNEGY, INC.	1,543	33	1.0%	93.2%	
Everyone else combined	10,902		6.8%	100.0%	
Total	161,117				

Source: 2001 RDI Data

EXHIBIT N-12

MARKET SHARE FOR COMBINED GAS/ELECTRIC COMPANIES IN THE UNITED STATES
COMPANIES SORTED BY ASSETS

----- Holding Company	Assets (millions of \$)	Rank	Share of Total	Cumulative Share
PG&E Corp	32,557	1	7.8%	7.8%
TXU Corporation	26,135	2	6.2%	14.0%
Energy Corp.	24,306	3	5.8%	19.8%
Dominion	20,984	4	5.0%	24.8%
Progress Energy, Inc.	19,651	5	4.7%	29.5%
Xcel Energy, Inc.	18,380	6	4.4%	33.9%
CenterPoint Energy Inc.	17,181	7	4.1%	38.0%
Exelon Corp.	16,999	8	4.1%	42.0%
NiSource Inc	14,559	9	3.5%	45.5%
DTE Energy Co.	13,850	10	3.3%	48.8%
Consolidated Edison, Inc.	13,541	11	3.2%	52.0%
FirstEnergy Corporation	13,148	12	3.1%	55.1%
Ameren Corp.	13,068	13	3.1%	58.3%
Sempra Energy	11,941	14	2.8%	61.1%
CMS Energy Corp.	11,886	15	2.8%	63.9%
National Grid Group Plc	11,190	16	2.7%	66.6%
Cinergy Corp.	10,972	17	2.6%	69.2%
MidAmerican Energy Holdings Co.	9,058	18	2.2%	71.4%
Public Service Enterprise Group, Inc.	8,740	19	2.1%	73.5%
KeySpan Energy	7,827	20	1.9%	75.3%
Energy East Corp.	7,763	21	1.9%	77.2%
PEPCO Holdings, Inc.	7,464	22	1.8%	79.0%
Wisconsin Energy Corp.	6,626	23	1.6%	80.5%
Northeast Utilities	6,418	24	1.5%	82.1%
SCANA Corp.	6,376	25	1.5%	83.6%
Allegheny Energy, Inc.	6,308	26	1.5%	85.1%
E.ON AG	5,966	27	1.4%	86.5%
Sierra Pacific Resources	5,545	28	1.3%	87.8%
Puget Energy, Inc.	5,510	29	1.3%	89.2%
Alliant Energy Corp.	5,426	30	1.3%	90.4%
TECO Energy, Inc.	4,728	31	1.1%	91.6%
Constellation Energy Group, Inc.	4,364	32	1.0%	92.6%
PPL Corp.	4,109	33	1.0%	93.6%
NSTAR	4,037	34	1.0%	94.6%
Aquila, Inc	3,732	35	0.9%	95.4%
DYNEGY, INC.	2,825	36	0.7%	96.1%
Everyone else combined	16,273			
Total	419,445			

Source: 2001 RDI Data

EXHIBIT N-13

MARKET SHARE FOR UTILITIES IN THE UNITED STATES

Parameter	Units	Illinova's Statistics	Illinova's Share	Number of Larger Companies	Portion of Market Served by Illinova and Larger Companies
Customers	thousands	977	0.7%	46	84.9%
Assets	\$ millions	2,825	0.4%	54	88.8%
Revenues	\$ millions	1,543	0.7%	40	82.6%

COMPARISON OF ILLINOVA CORP. TO LARGE UTILITIES

Parameter	Units	Number of Utilities Necessary for 50% of U.S.	Average Size of These Utilities	Ratio of These Utilities to Illinova
Customers	thousands	17	4,478	5
Assets	\$ millions	16	21,996	8
Revenues	\$ millions	16	7,474	5

Parameter	Units	Number of Utilities Necessary for 80% of U.S.	Average Size of These Utilities	Ratio of These Utilities to Illinova
Customers	thousands	41	2,933	3
Assets	\$ millions	40	14,072	5
Revenues	\$ millions	38	4,936	3

Source: 2001 RDI Data

EXHIBIT N-13

MARKET SHARE FOR UTILITIES IN THE UNITED STATES
COMPANIES SORTED BY NUMBER OF CUSTOMERS

-----	-----	-----	-----	-----
Holding Company	Customers (thousands)	Rank	Share of Total	Cumulative Share
PG&E Corp	8,609	1	5.8%	5.8%
Sempra Energy	7,046	2	4.7%	10.5%
Exelon Corp.	5,196	3	3.5%	13.9%
American Electric Power Company Inc	4,909	4	3.3%	17.2%
Xcel Energy, Inc.	4,848	5	3.2%	20.5%
Consolidated Edison, Inc.	4,482	6	3.0%	23.5%
Edison International	4,427	7	3.0%	26.4%
TXU Corporation	4,278	8	2.9%	29.3%
FirstEnergy Corporation	4,075	9	2.7%	32.0%
Southern Company	3,975	10	2.7%	34.7%
FPL Group, Inc.	3,935	11	2.6%	37.3%
National Grid Group Plc	3,743	12	2.5%	39.8%
Public Service Enterprise Group, Inc.	3,644	13	2.4%	42.2%
CMS Energy Corp.	3,314	14	2.2%	44.4%
DTE Energy Co.	3,303	15	2.2%	46.6%
Dominion	3,192	16	2.1%	48.8%
CenterPoint Energy Inc.	3,155	17	2.1%	50.9%
NiSource Inc	2,939	18	2.0%	52.9%
Progress Energy, Inc.	2,827	19	1.9%	54.7%
Entergy Corp.	2,808	20	1.9%	56.6%
KeySpan Energy	2,363	21	1.6%	58.2%
Ameren Corp.	2,220	22	1.5%	59.7%
Duke Energy Corp.	2,098	23	1.4%	61.1%
Wisconsin Energy Corp.	2,012	24	1.3%	62.4%
Northeast Utilities	1,983	25	1.3%	63.8%
Cinergy Corp.	1,978	26	1.3%	65.1%
Energy East Corp.	1,962	27	1.3%	66.4%
Nicor, Inc.	1,859	28	1.2%	67.6%
PEPCO Holdings, Inc.	1,795	29	1.2%	68.8%
Allegheny Energy, Inc.	1,713	30	1.1%	70.0%
Constellation Energy Group, Inc.	1,638	31	1.1%	71.1%
Puget Energy, Inc.	1,530	32	1.0%	72.1%
Scottish Power Plc	1,501	33	1.0%	73.1%
Reliant Resources Inc.	1,499	34	1.0%	74.1%
Oneok Inc	1,398	35	0.9%	75.0%
PPL Corp.	1,349	36	0.9%	75.9%
Southwest Gas Corp.	1,349	37	0.9%	76.8%
Alliant Energy Corp.	1,332	38	0.9%	77.7%
Atmos Energy Corp.	1,321	39	0.9%	78.6%
NSTAR	1,320	40	0.9%	79.5%
MidAmerican Energy Holdings Co.	1,319	41	0.9%	80.4%
Aquila, Inc	1,182	42	0.8%	81.2%
E.ON AG	1,176	43	0.8%	82.0%
SCANA Corp.	1,172	44	0.8%	82.7%
Southern Union Co.	1,135	45	0.8%	83.5%
Sierra Pacific Resources	1,057	46	0.7%	84.2%
DYNEGY, INC.	977	47	0.7%	84.9%
Everyone else combined	22,661		15.1%	100.0%
Total	149,605			

Source: 2001 RDI Data

EXHIBIT N-13

MARKET SHARE FOR UTILITIES IN THE UNITED STATES
COMPANIES SORTED BY REVENUE

-----	Revenue	Rank	Share of	Cumulative
-----	(millions of \$)		Total	Share
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----
PG&E Corp	10,265	1	4.4%	4.4%
Exelon Corp.	9,015	2	3.9%	8.3%
TXU Corporation	8,945	3	3.8%	12.1%
American Electric Power Company Inc	8,693	4	3.7%	15.8%
Southern Company	8,371	5	3.6%	19.4%
FirstEnergy Corporation	7,859	6	3.4%	22.8%
Edison International	7,782	7	3.3%	26.1%
CenterPoint Energy Inc.	7,328	8	3.1%	29.3%
FPL Group, Inc.	7,302	9	3.1%	32.4%
Consolidated Edison, Inc.	7,252	10	3.1%	35.5%
Entergy Corp.	7,015	11	3.0%	38.5%
Xcel Energy, Inc.	6,620	12	2.8%	41.4%
National Grid Group Plc	6,389	13	2.7%	44.1%
Dominion	5,835	14	2.5%	46.6%
Progress Energy, Inc.	5,624	15	2.4%	49.0%
Sempra Energy	5,285	16	2.3%	51.3%
Public Service Enterprise Group, Inc.	5,114	17	2.2%	53.5%
DTE Energy Co.	4,482	18	1.9%	55.4%
Duke Energy Corp.	4,159	19	1.8%	57.2%
NiSource Inc	4,148	20	1.8%	59.0%
CMS Energy Corp.	3,738	21	1.6%	60.6%
Northeast Utilities	3,707	22	1.6%	62.2%
Ameren Corp.	3,646	23	1.6%	63.7%
PEPCO Holdings, Inc.	3,359	24	1.4%	65.2%
Energy East Corp.	3,322	25	1.4%	66.6%
KeySpan Energy	3,319	26	1.4%	68.0%
Cinergy Corp.	3,131	27	1.3%	69.4%
NSTAR	2,815	28	1.2%	70.6%
Wisconsin Energy Corp.	2,719	29	1.2%	71.7%
Allegheny Energy, Inc.	2,565	30	1.1%	72.8%
Constellation Energy Group, Inc.	2,507	31	1.1%	73.9%
PPL Corp.	2,444	32	1.0%	75.0%
Puget Energy, Inc.	2,336	33	1.0%	76.0%
Scottish Power Plc	2,330	34	1.0%	77.0%
Sierra Pacific Resources	2,242	35	1.0%	77.9%
Alliant Energy Corp.	2,020	36	0.9%	78.8%
SCANA Corp.	1,972	37	0.8%	79.6%
Nicor, Inc.	1,898	38	0.8%	80.4%
Pinnacle West Capital Corp.	1,867	39	0.8%	81.2%
MidAmerican Energy Holdings Co.	1,653	40	0.7%	82.0%
DYNEGY, INC.	1,543	41	0.7%	82.6%
Everyone else combined	40,538		17.4%	100.0%
Total	233,156			

Source: 2001 RDI Data

EXHIBIT N-13

MARKET SHARE FOR UTILITIES IN THE UNITED STATES
COMPANIES SORTED BY ASSETS

-----	Assets	Rank	Share of	Cumulative
-----	(millions of \$)		Total	Share
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----
Southern Company	34,622	1	5.0%	5.0%
American Electric Power Company Inc	33,250	2	4.8%	9.7%
PG&E Corp	32,557	3	4.7%	14.4%
TXU Corporation	26,135	4	3.7%	18.1%
Entergy Corp.	24,306	5	3.5%	21.6%
Duke Energy Corp.	23,385	6	3.3%	24.9%
Edison International	21,188	7	3.0%	28.0%
Dominion	20,984	8	3.0%	31.0%
Progress Energy, Inc.	19,651	9	2.8%	33.8%
FPL Group, Inc.	18,527	10	2.6%	36.4%
Xcel Energy, Inc.	18,380	11	2.6%	39.0%
CenterPoint Energy Inc.	17,181	12	2.5%	41.5%
Exelon Corp.	16,999	13	2.4%	43.9%
El Paso Corp.	16,367	14	2.3%	46.3%
NiSource Inc	14,559	15	2.1%	48.4%
DTE Energy Co.	13,850	16	2.0%	50.3%
Consolidated Edison, Inc.	13,541	17	1.9%	52.3%
FirstEnergy Corporation	13,148	18	1.9%	54.2%
Ameren Corp.	13,068	19	1.9%	56.0%
Scottish Power Plc	12,289	20	1.8%	57.8%
Sempra Energy	11,941	21	1.7%	59.5%
CMS Energy Corp.	11,886	22	1.7%	61.2%
National Grid Group Plc	11,190	23	1.6%	62.8%
Cinergy Corp.	10,972	24	1.6%	64.4%
MidAmerican Energy Holdings Co.	9,058	25	1.3%	65.7%
The Williams Companies, Inc.	8,881	26	1.3%	66.9%
Public Service Enterprise Group, Inc.	8,740	27	1.3%	68.2%
Pinnacle West Capital Corp.	8,094	28	1.2%	69.3%
KeySpan Energy	7,827	29	1.1%	70.5%
Energy East Corp.	7,763	30	1.1%	71.6%
PEPCO Holdings, Inc.	7,464	31	1.1%	72.6%
Enron Corporation	6,884	32	1.0%	73.6%
Wisconsin Energy Corp.	6,626	33	0.9%	74.6%
Northeast Utilities	6,418	34	0.9%	75.5%
SCANA Corp.	6,376	35	0.9%	76.4%
Allegheny Energy, Inc.	6,308	36	0.9%	77.3%
E.ON AG	5,966	37	0.9%	78.1%
Sierra Pacific Resources	5,545	38	0.8%	78.9%
Puget Energy, Inc.	5,510	39	0.8%	79.7%
Alliant Energy Corp.	5,426	40	0.8%	80.5%
Westar Energy Inc.	5,364	41	0.8%	81.3%
TECO Energy, Inc.	4,728	42	0.7%	81.9%
Kinder Morgan, Inc.	4,615	43	0.7%	82.6%
Constellation Energy Group, Inc.	4,364	44	0.6%	83.2%
Great Plains Energy Corp.	4,325	45	0.6%	83.9%
OGE Energy Corp.	4,237	46	0.6%	84.5%
PPL Corp.	4,109	47	0.6%	85.0%
NSTAR	4,037	48	0.6%	85.6%
Aquila, Inc	3,732	49	0.5%	86.2%
DPL, Inc.	3,516	50	0.5%	86.7%
Nicor, Inc.	3,357	51	0.5%	87.1%
IDACORP, Inc.	2,990	52	0.4%	87.6%
AES Corp.	2,942	53	0.4%	88.0%

EXHIBIT N-13

MARKET SHARE FOR UTILITIES IN THE UNITED STATES
COMPANIES SORTED BY ASSETS

----- Holding Company	Assets (millions of \$)	Rank	Share of Total	Cumulative Share
AGL Resources, Inc.	2,891	54	0.4%	88.4%
DYNEGY, INC.	2,825	55	0.4%	88.8%
Everyone else combined	78,261		11.2%	100.0%
Total	699,159			

Source: 2001 RDI Data

EXHIBIT N-14

MARKET SHARE FOR ELECTRIC COMPANIES IN ILLINOIS
(COMPANIES LISTED IN ORDER OF CUSTOMERS SERVED)

[BAR CHART]

	Exelon Corp.	Ameren Corp.	Dynegy, Inc	Mount Carmel Public Utility Co.
Customers	0.674832048	0.24278972	0.081583362	0.00079487
Revenue	0.670131997	0.243450823	0.085646269	0.00077091
Assets	0.529014931	0.399193962	0.071120241	0.000670867

Source: 2001 RDI Data

EXHIBIT N-14

MARKET SHARE FOR ELECTRIC COMPANIES IN ILLINOIS
 COMPANIES SORTED BY NUMBER OF CUSTOMERS

----- Holding Company	Customers (thousands)	Rank	Share of Total	Cumulative Share
Exelon Corp.	4,758	1	67.5%	67.5%
Ameren Corp.	1,712	2	24.3%	91.8%
Dynegy, Inc.	575	3	8.2%	99.9%
Mount Carmel Public Utility Co.	6	4	0.1%	100.0%
Total	7,050			

Source: 2001 RDI Data

EXHIBIT N-14

MARKET SHARE FOR ELECTRIC COMPANIES IN ILLINOIS
 COMPANIES SORTED BY REVENUE

----- Holding Company	Revenue (millions of \$)	Rank	Share of Total	Cumulative Share
Exelon Corp.	8,425	1	67.0%	67.0%
Ameren Corp.	3,061	2	24.3%	91.4%
Dynegy, Inc.	1,077	3	8.6%	99.9%
Mount Carmel Public Utility Co.	10	4	0.1%	100.0%
Total	12,572			

Source: 2001 RDI Data

EXHIBIT N-14

MARKET SHARE FOR ELECTRIC COMPANIES IN ILLINOIS
COMPANIES SORTED BY ASSETS

----- Holding Company	Assets (millions of \$)	Rank	Share of Total	Cumulative Share
Exelon Corp.	15,719	1	52.9%	52.9%
Ameren Corp.	11,861	2	39.9%	92.8%
Dynegy, Inc.	2,113	3	7.1%	99.9%
Mount Carmel Public Utility Co.	20	4	0.1%	100.0%
Total	29,713			

Source: 2001 RDI Data

EXHIBIT N-15

MARKET SHARE FOR GAS COMPANIES IN ILLINOIS
(LISTED IN ORDER OF CUSTOMERS SERVED)

[BAR CHART]

	Nicor, Inc.	Peoples Energy Corp.	Ameren Corp.	Dynergy, Inc.	Community Natural Gas Co., Inc.	Mount Carmel Public Utility Co.
Customers	0.495275523	0.259627109	0.135334302	0.106929099	0.001852548	0.000981419
Revenue	0.436887088	0.318461298	0.134735513	0.10719651	0.00181028	0.000909312
Assets	0.43667225	0.313798557	0.156962822	0.092566371		

Source: 2001 RDI Data

EXHIBIT N-15

MARKET SHARE FOR GAS COMPANIES IN ILLINOIS
COMPANIES SORTED BY NUMBER OF CUSTOMERS

-----	-----	-----	-----	-----
Holding Company	Customers (thousands)	Rank	Share of Total	Cumulative Share
-----	-----	-----	-----	-----
Nicor, Inc.	1,859	1	49.5%	49.5%
Peoples Energy Corp.	975	2	26.0%	75.5%
Ameren Corp.	508	3	13.5%	89.0%
Dynegy, Inc.	401	4	10.7%	99.7%
Community Natural Gas Co., Inc.	7	5	0.2%	99.9%
Mount Carmel Public Utility Co.	4	6	0.1%	100.0%
Total	3,754			

Source: 2001 RDI Data

EXHIBIT N-15

MARKET SHARE FOR GAS COMPANIES IN ILLINOIS
COMPANIES SORTED BY REVENUE

----- Holding Company	Revenue (millions of \$)	Rank	Share of Total	Cumulative Share	-----
Nicor, Inc.	1,898	1	43.7%	43.7%	
Peoples Energy Corp.	1,384	2	31.8%	75.5%	
Ameren Corp.	585	3	13.5%	89.0%	
Dynegy, Inc.	466	4	10.7%	99.7%	
Community Natural Gas Co., Inc.	8	5	0.2%	99.9%	
Mount Carmel Public Utility Co.	4	6	0.1%	100.0%	
Total	4,345				

Source: 2001 RDI Data

EXHIBIT N-15

MARKET SHARE FOR GAS COMPANIES IN ILLINOIS
COMPANIES SORTED BY ASSETS

-----	Assets		Share of	Cumulative
-----	(millions of \$)	Rank	Total	Share
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----
Nicor, Inc.	3,357	1	43.7%	43.7%
Peoples Energy Corp.	2,413	2	31.4%	75.0%
Ameren Corp.	1,207	3	15.7%	90.7%
Dynegy, Inc.	712	4	9.3%	100.0%
Community Natural Gas Co., Inc.	.			
Mount Carmel Public Utility Co.	.			
Total	7,688			

Source: 2001 RDI Data

EXHIBIT N-16

MARKET SHARE FOR COMBINED GAS/ELECTRIC COMPANIES IN ILLINOIS
(LISTED IN ORDER OF CUSTOMERS SERVED)

[BAR CHART]

	Ameren Corp. -----	Dynegy, Inc. -----	Mount Carmel Public Utility Co. -----
Customers	0.692457503	0.304645052	0.002897445
Revenue	0.700867345	0.296510157	0.002622498
Assets	0.821225851	0.177521482	0.001252667

EXHIBIT N-16

MARKET SHARE FOR COMBINED GAS/ELECTRIC COMPANIES IN ILLINOIS
 COMPANIES SORTED BY NUMBER OF CUSTOMERS

----- Holding Company	Customers (thousands)	Rank	Share of Total	Cumulative Share
Ameren Corp.	2,220	1	69.2%	69.2%
Dynegy, Inc.	977	2	30.5%	99.7%
Mount Carmel Public Utility Co.	9	3	0.3%	100.0%
Total	3,206			

Source: 2001 RDI Data

EXHIBIT N-16

MARKET SHARE FOR COMBINED GAS/ELECTRIC COMPANIES IN ILLINOIS
COMPANIES SORTED BY REVENUE

----- Holding Company	Revenue (millions of \$)	Rank	Share of Total	Cumulative Share
Ameren Corp.	3,646	1	70.1%	70.1%
Dynegy, Inc.	1,543	2	29.7%	99.7%
Mount Carmel Public Utility Co.	14	3	0.3%	100.0%
Total	5,202			

Source: 2001 RDI Data

EXHIBIT N-17

MARKET SHARE FOR UTILITIES IN ILLINOIS
(LISTED IN ORDER OF CUSTOMERS SERVED)

[BAR CHART]

	Exelon Corp. -----	Ameren Corp. -----	Nicor, Inc. -----	Dynegy, Inc. -----	Peoples Energy Corp. -----	Everyone else combined -----
Customers	0.440367102	0.205455203	0.172079481	0.090389534	0.090205342	0.001503338
Revenue	0.498009546	0.21552745	0.112213828	0.091181418	0.081796332	0.001271426
Assets	0.420270239	0.349400754	0.089762663	0.075528723	0.064504658	0.000532963

EXHIBIT N-17

MARKET SHARE FOR UTILITIES IN ILLINOIS
 COMPANIES SORTED BY NUMBER OF CUSTOMERS

----- Holding Company	Customers (thousands)	Rank	Share of Total	Cumulative Share
Exelon Corp.	4,758	1	44.0%	44.0%
Ameren Corp.	2,220	2	20.5%	64.6%
Nicor, Inc.	1,859	3	17.2%	81.8%
DYNEGY, INC.	977	4	9.0%	90.8%
Peoples Energy Corp.	975	5	9.0%	99.8%
Mount Carmel Public Utility Co.	9	6	0.1%	99.9%
Community Natural Gas Co., Inc.	7	7	0.1%	100.0%
Total	10,804			

Source: 2001 RDI Data

EXHIBIT N-17

MARKET SHARE FOR UTILITIES IN ILLINOIS
COMPANIES SORTED BY ASSETS

-----	Assets		Share of	Cumulative
-----	(millions of \$)	Rank	Total	Share
-----	-----	-----	-----	-----
Exelon Corp.	15,719	1	42.0%	42.0%
Ameren Corp.	13,068	2	34.9%	77.0%
Nicor, Inc.	3,357	3	9.0%	85.9%
DYNEGY, INC.	2,825	4	7.6%	93.5%
Peoples Energy Corp.	2,413	5	6.5%	99.9%
Mount Carmel Public Utility Co.	20	6	0.1%	100.0%
Community Natural Gas Co., Inc.	0	7	0.0%	100.0%
Total	37,401			

Source: 2001 RDI Data