ILLINOIS
COMMERCE COMMISSION

ANNUAL REPORT
ON ELECTRICITY, GAS, WATER
AND SEWER UTILITIES

2004

ICC Annual Reports

This report is one of four annual reports issued by the Illinois Commerce Commission.

Annual Report on Electricity, Gas, and Water Utilities

(Issued 1985—1995 as Annual Report on Public Utilities)
This report may be obtained from:
Illinois Commerce Commission
Chief Clerk's Office
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-7434
Also on: www.icc.state.il.us

Annual Report on Telecommunications

This report may be obtained from:
Illinois Commerce Commission
Chief Clerk's Office
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-7434
Also on: www.icc.state.il.us

Annual Report on the Transportation Regulatory Fund

This report may be obtained from:
Illinois Commerce Commission
Transportation Division
Walk-In Center
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-4654

Annual Report on the Use of the Grade Crossing Protection Fund

This report may be obtained from:
Illinois Commerce Commission
Transportation Division
Walk-In Center
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-4654

The ICC on Line

Agendas for Commission meetings, selected Commission orders, annual reports, and other information are available on line from the Commission's Web Site: www.icc.state.il.us

ICC's Electronic Docketing System
http//eweb.icc.state.il.us/e-docket

Plug In Illinois—Choosing an Electric Supplier
www.icc.state.il.us/Plugin

Contacting the ICC

Springfield and Chicago Offices

Illinois Commerce Commission
527 E. Capitol Avenue
Springfield, Illinois 62701

Illinois Commerce Commission
160 N. LaSalle, Suite C-8OO
Chicago, Illinois 60601

For any public utility service issue, for assistance, or information, or to file an informal complaint, please contact the ICC's Consumer Services Division.

Toll-free: 800/524-0795 (In Illinois only)
800/858-9277 (TTY)

Chicago:
Illinois Commerce Commission
Consumer Services Division
160 N. LaSalle Street
Suite C-8OO
Chicago, IL 60601

Springfield:
Illinois Commerce Commission
Consumer Services Division
527 E. Capitol Avenue
Springfield, Illinois 62701

On matters pertaining to trucking, and household goods moving, which is under the Commission's jurisdiction, please contact the Transportation Division Walk-In Center in Springfield?
217/782-4654
217/782-4915 (TTY)

For Railroad Safety issues, please contact:
217/782-7660

For Relocation Towing issues please contact:
Illinois Commerce Commission
Des Plaines Compliance Office
874/294-4326

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January 31, 2005

The Honorable Rod Blagojevich
Governor, State of Illinois
State Capitol, Springfield, Illinois

Chairman and Members, Joint Committee on Legislative Support Service
313 State Capitol, Springfield, Illinois

Dear Governor, Chairman and Members of the Joint Committee:

We are pleased to submit to you the Commission's 2004 Annual Report on Electricity, Gas, Water, and Sewer Utilities. This Report covers the period of January 1, 2004, through December 31, 2004.

The Annual Report is submitted in compliance with the Public Utilities Act and specifically addresses the items cited in Section 4-304 of that Act, which requires the Commission to report on the following subjects: a general review of agency activities; a discussion of the utility industry in Illinois; a discussion of energy planning; the availability of utility services to all persons; implementation of the Commission's statutory responsibilities; appeals from Commission orders; studies and investigations required by state statutes; impacts of federal activity on state utility service; and recommendations for proposed legislation.

Among other Commission reports provided to the Governor and General Assembly each year are the following:

- Annual Report on Telecommunications
- Annual Report on the Transportation Regulatory Fund
- Annual Report on the Use of the Grade Crossing Protection Fund

Additional information about the Commission and its activities is available from the Commission's web sites listed on the previous page.

Sincerely,

Edward C. Hurley, Chairman

TABLE OF CONTENTS

The Year in Review
Introduction
Statement of Mission
Commission Organization

1. General Review of Agency Activities 1

    Review of Significant Commission Decisions 1
    Pending Cases 1
    Significant Regulatory Actions 1
    Cases Filed During 2004 2
    Commission Budget and Personnel 4
    Changes in Policies, Programs, and Regulatory Procedures 5

2. A Discussion of the Utility Industry in Illinois 7

    Significant Changes and Trends 8
    Availability of Services by Geographic Area 8
        Electricity 8
        Natural Gas 11
        Water and Sewer Utilities 14
    Financial Health of the Utility Industry 17

3. A Discussion of Energy Planning 20

    Cogeneration 20

4. The Availability of Utility Services to all Persons 24

    The Financial Impact of Uncollectible Expenses 24
    Programs Designed to Promote the Affordability of Utility Services 27
    Consumer Education Activities 29

5. Implementation of the Commission's Statutory Responsibilities 32

    Commission Reorganization 32
    Construction and Rate Supervision 32
        Construction Audits 32
        Management Audits 33
        Rate Moderation Plan 33
        Cost-Based Rates 33
        Mergers 36
        Asset Transfer or Sale 36
        Informational Filings 36
        Decommissioning 37
    Promulgation of Ex Parte Rules 37

6. Appeals from Commission Orders 40

    Appeals Involving Public Utilities 40
    Appeals Decided in 2004 41

7. Studies and Investigations Required by State Statutes 45

    Emission Allowance Reports 45
    Estimated Billing Practices 45

Cogeneration/Small Power Production……………………………………… 46
Feasibility of Wheeling in Illinois……………………………………………...46
Temporary Rate Increase…………………………………………………. 46
Study of CWIP………………………………………………………………...46
Cancellation Costs…………………………………………………………. 46
Economic Development Program ……………………… ....…………………….46
Commonwealth Edison “Rehab” Monitoring ………………………………. 47

8. Impacts of Federal Activity on State Utility Service……………………………...50

Commission Policy and Actions in FERC Proceedings ……………………...50
Developments in the Natural Gas Industry………………………………...50
Developments in the Electric Power Industry………………………………. 50
Developments in the Illinois Regulatory Environment……………………… 51
National Developments……………………………………………………. 51

9. Recommendations for Proposed Legislation…………………………………...54

Appendix A: Summary of Significant Commission Decisions…………...……………. 58
Appendix B: Emission Allowance Reports ……………………………………………..62

ILLINOIS COMMERCE COMMISSION

YEAR IN REVIEW

2004

ENERGY ISSUES: Electricity

Electric Restructuring

The electric market was opened to approximately 4.4 million residential customers May 1, 2002; however, through the end of 2004, no prospective alternative electric suppliers had yet applied to provide service to residential customers. At the end of 2004, approximately 12,150 non-residential customers had elected to purchase power and energy from an Alternative Retail Electric Supplier or an electric utility selling outside its service area. The majority of customer switching occurred in the Commonwealth Edison service area; however, some customer switching occurred in the AmerenCILCO, AmerenCIPS, AmerenIP, and AmerenUE service areas as well. Customer interest in purchasing electricity from an alternative supplier increased in the AmerenCIPS and AmerenUE service areas because those two companies suspended the imposition of transition charges for at least two years.

Alternative Retail Electric Service

Ten alternative suppliers were serving non-residential customers at the conclusion of 2004. More than 8,700 customers had taken service under the Power Purchase Option, a service that is available only in the service areas of Commonwealth Edison Company and AmerenIP, the only two electric utilities that, during 2004, imposed transition charges on customers that take delivery services. Detailed electric customer switching statistics can be viewed on the ICC's website at http://www.icc.state.il.us/ec/switchstats.aspx.

Companies providing alternative retail electric service and the names, addresses and contact personnel and telephone numbers are posted to the ICC website to assist customers who may be considering switching to an alternative provider for electric service.

Consumer Education Program

A working group of representatives of investor-owned utilities, alternative retail electric suppliers, consumer organizations and ICC staff worked together to develop information on Electric Choice. The group developed competitively neutral brochures and bill inserts for small commercial retail customers and for residential customers. Materials were distributed throughout the year via the mail and through the ICC website, a toll free number, utilities, ARES and other organizations. The Commission's Plug in Illinois website, which offers a Spanish language option, recorded more than 19,180 visitors seeking information on electric choice.

Neutral Fact Finder/ Alternative Market Value

There was no neutral fact finder ("NFF") activity during 2004. In April 2003, the Commission suspended the NFF process for four years—2003 through 2007. In the absence of an NFF-determined market value of electricity, the calculation of transition charges will be based upon the value of electricity determined by market value indices approved by the Commission. The Commission will again consider the NFF process in 2007 for calculation of energy prices for 2008 and beyond.

ENERGY ISSUES: Gas

Gas Price Increases

The Commission issued an Order for the South Beloit Water, Gas and Electric Company gas rate case (Docket No. 03-0676) in October 2004. Additionally, during 2004, four gas utilities filed for gas rate increases: Illinois Gas Company (Docket No. 04-0475), Illinois Power Company [now AmerenIP] (Docket No. 04-0476), Consumers Gas Company (Docket No. 04-0609), and Nicor Gas (Docket No. 04-0779). The Commission will issue orders for these proceedings during 2005.

The Commission continues its examination of the gas-purchasing practices of Nicor Gas, Peoples Gas, and North Shore Gas.

WATER AND SEWER ISSUES

In January 2004, the Commission issued an Order denying relief requested in a Petition filed by the City of Pekin for approval to condemn a certain portion of the waterworks system of Illinois-American Water Company pursuant to 735 ILCS 5/7-102.

Illinois-American Water Company acquired the Village of Saunemin water system that provides service to 180 customers. Aqua Illinois was granted a certificate with the potential to serve hundreds of customers in Hawthorn Woods. Conversely, Carroll Heights Utility Company serving 37 water and sewer customers were formed into a mutual corporation and is no longer regulated by the Commission.

Illinois-American Water Company voluntarily reduced its rates in all water service areas except its Chicago Metro Division to reflect smaller than expected security cost.

The Commission continued citation proceedings against five small water utilities, owned by one individual, for poor water service and failure to make necessary improvements as required by a previous order.

FERC

Commonwealth Edison completed integration in the PJM RTO and Ameren joining the Midwest ISO. MidAmerican Energy is the only Illinois utility that has not yet joined an RTO. Additionally, much of FERC's RTO activity continued to be focused on the development of RTO policies and procedures that are the essential “nuts and bolts” for efficient wholesale electricity markets. In particular, these policies included issues such as the development of long-term regional rates for the Midwest ISO-PJM footprint, the pricing of new transmission facilities and generator interconnection, the establishment of energy markets for the Midwest ISO, and procedures for the sharing of confidential market data with state regulatory groups.

Plant Sales/Utility Mergers

On March 24, 2004, Ameren Corporation and Illinois Power Company filed an application seeking approval to engage in reorganization, pursuant to Sections 7-204 and 7-102 of the Public Utilities Act (Docket No. 04-0294). In the reorganization, Ameren Corporation would acquire all of the outstanding common stock of Illinois Power and all of the preferred stock of Illinois Power held by Illinova. Following an investigation, the Commission entered an order on September 22, 2004, authorizing the acquisition by Ameren with certain conditions. Ameren Corporation through four subsidiaries now serves almost 1.2 million electric customers in Illinois and more than 780,000 natural gas customers in Illinois.

COMMISSION ACTIVITIES

The ICC commissioned the Post 2006 Initiative in 2004 to examine the future of electric deregulation, post transition. An ICC staff white paper was released in February 2004, identifying a set of issues for discussion. Stakeholder groups convened and met through the summer to work out consensus on as many issues as possible related to energy procurement, rates, competitive issues, utility service obligations and energy assistance programs. A final report with recommendations was delivered to the Governor and the General Assembly by the end of the year. One of the primary recommendations of the Commission's report was that an auction would be the method of choice to determine the market price of electricity after 2006. New rates, based on that price, would need to be set for customers of each electric utility in the state prior to 2007.

INTRODUCTION

The following report for calendar year 2004 was prepared to meet the requirements of the Public Utilities Act (PA-84-617). Section 4-304 of this Act instructs the Illinois Commerce Commission to prepare an annual report and provide copies to the Joint Committee on Legislative Support Services of the General Assembly, the Public Counsel, and the Governor.

Nine specific sections on which the Commission is asked to report are cited in the Act. The report is therefore divided into nine main parts, as follows:

A general review of agency activities;
A discussion of the utility industry in Illinois;
A discussion of energy planning;
The availability of utility services to all persons;
Implementation of the Commission's statutory responsibilities;
Appeals from Commission orders;
Studies and investigations required by state statutes;
Impacts of federal activity on state utility service; and
Recommendations for proposed legislation.

For the convenience of the reader, each part is given the same number designation as the corresponding subsection of the Public Utilities Act that it addresses.

Other information about the Commission and its activities is available from the Commission's web site, www.icc.state.il.us.

During 2004, the following persons (listed alphabetically) served as members of the Illinois Commerce Commission.

Lula M. Ford

Edward C. Hurley

Erin O'Connell-Diaz

Mary Frances Squires

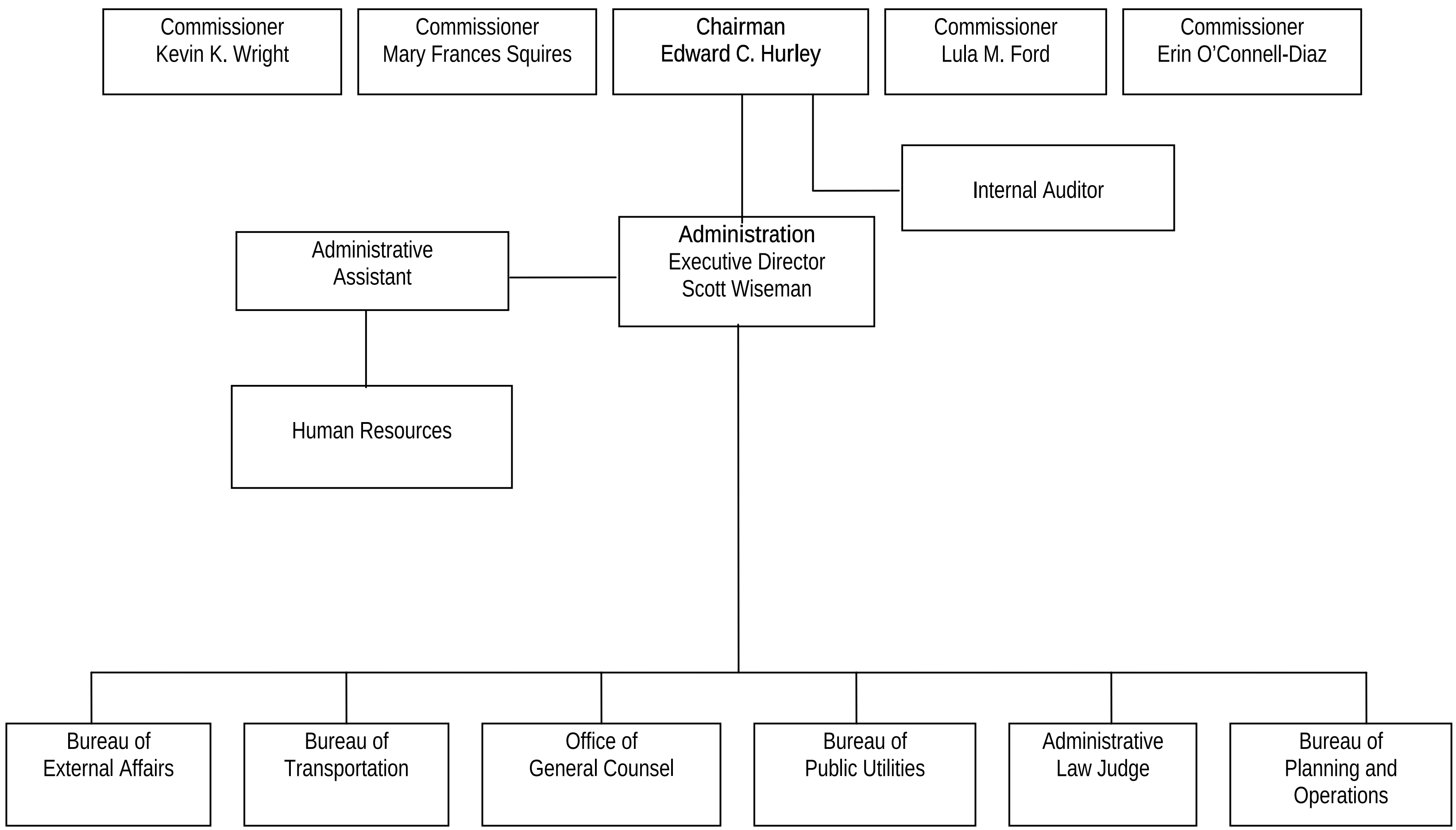
Kevin K. Wright

ILLINOIS COMMERCE COMMISSION

STATEMENT OF MISSION

The Illinois Commerce Commission, in a period of emerging reliance on the marketplace to ensure fairly priced, reliable, and adequate utility services, will protect consumer interests and manage the transition of network industries from regulation to efficient competition through the use of innovative regulatory practices. Through its actions, the ICC shall generally promote effective competition in utility and transportation industries, enhanced consumer choice, efficient and effective dispute resolution, and the sharing of impartial and comprehensive information within its jurisdiction as provided by law.

ILLINOIS COMMERCE COMMISSION
ORGANIZATION CHART



Office of Public Affairs 12/02/04

SECTION 1

General Review of Agency Activities

(1) A general review of agency activities and changes, including:

(a) a review of significant decisions and other regulatory actions for the preceding year, and pending cases, and an analysis of the impact of such decisions and actions, and potential impact of any significant pending cases;

*(b) for each significant decision, regulatory action and pending case, a description of positions advocated by major parties, including Commission staff, and for each such decision rendered or action taken, the position adopted by the Commission and reason therefor**;***

REVIEW OF SIGNIFICANT COMMISSION DECISIONS

Appendix A of this report contains summaries of significant Commission decisions made and other regulatory actions taken in 2004. These summaries are by no means exhaustive, but they do provide a representative sampling of Commission actions. If the reader would like to know more about any of the cases discussed in this report, both the Commission's order and the record for decision are available for examination in the Commission's Springfield office. In any proceeding in which the Commission has entered an order on the merits, the best summary of positions advocated and reasons for the Commission's adoption of a position is contained in the order itself.

Copies of these documents are available free of charge to public officers; others may obtain copies upon payment of the fee established in Section 2-201 of The Public Utilities Act. Selected orders and other Commission documents may be found on the Commission's web page (www.icc.state.il.us) or in the Commission’s electronic docketing system (http//eweb.icc.state.il.us/e-docket).

PENDING CASES

As noted above, Section 4-304 of the Public Utilities Act also requires a review of pending cases, including an analysis of the potential impact and a description of positions advocated by staff and major parties. The Commission feels that it is precluded from entering into discussions of pending issues or characterizing positions advocated by staff and parties in pending cases. The dangers of acting otherwise include the possibility of violating restrictions on ex parte communications (see Section 10-103 of the Public Utilities Act and 83 Ill. Adm. Code 200.710) and the possibility of later being held to have prejudged issues pending before the Commission as of the date of this report. The Commission's record in pending cases is available for examination through the Chief Clerk's Springfield office.

SIGNIFICANT REGULATORY ACTIONS

Significant actions taken by the Commission during 2004 are described in the summary statement, "The Year in Review," immediately preceding this section.

(1-c) a description of the Commission's budget, caseload, and staff levels, including specifically:

(i) a breakdown of type of case by the cases resolved and filed during the year and of pending cases;

CASES FILED DURING 2004

Table 1-1, Utility Cases Monthly Report, on the following page shows the cases and filings for each month for the years 2003 and 2004. This table also shows the totals by type for the year.

e-DOCKET: ICC's ELECTRONIC DOCKET FILING SYSTEM

To aid both the Commission staff and the public at large, the Illinois Commerce Commission has developed an electronic filing, reporting, and case management system called e-Docket that is accessible on the World Wide Web.

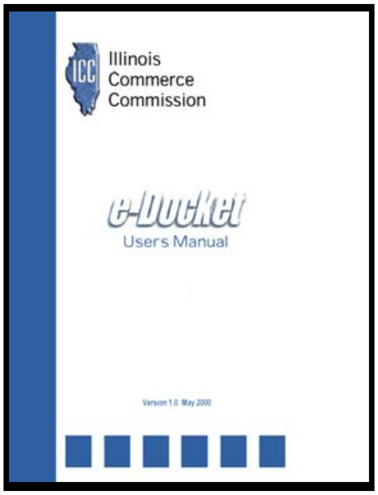
e-Docket is a Web-based, automated information and records-keeping system. It was developed to process and manage public information about the Commission's official cases and rulemaking proceedings. A person using e-Docket may conduct searches in two ways:

- Search for cases: permits searches by case types, service types, companies, and/or a date range as parameters.
- Search for documents: permits searches by document types, docket numbers, and/or a date range.

e-Docket has a variety of practical uses. Anyone interested in case proceedings conducted by the ICC may visit the e-Docket web site at http://eweb.icc.state.il.us/e-docket and view a wealth of information about active and closed cases initiated on or after January 1, 2000.

e-DOCKET USERS MANUAL
PROVIDES INSTRUCTIONS FOR SEARCHING FOR DOCUMENTS

A twenty-four-page e-Docket user manual is available on the e-Docket web site to assist viewers in finding information about cases. It is important to remember, however, e-Docket was first used as a way to store electronic documents in January 2000. Documents created prior to January 1, 2000, were filed with the Commission in paper format only. These are available for viewing in the Commission's Chief Clerk's Office.



Public Utility Monthly Report

MONTHLY TOTALS	Current Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Calendar Year To Date
	Prior Year													
Filings:														
New Cases	2004	2	111	137	57	48	37	39	60	49	53	74	86	813
	2003	78	48	89	66	80	56	49	56	73	74	73	42	784
Filings/Reports (SPI)	2004	699	733	870	920	827	790	644	746	571	596	633	622	8,651
	2003	840	652	724	657	733	758	639	526	467	829	538	546	7,909
Filings/Reports (CHI)	2004	-	-	-	-	-	-	-	-	-	-	-	-	-
	2003	-	-	-	-	1	-	-	-	-	-	-	-	1
Hearing & Commission Action Notices	2004	161	160	241	222	209	161	181	219	115	172	161	180	2,182
	2003	65	65	15	44	25	97	39	57	221	254	215	180	2,377
Supplemental/Reopen Petitions	2004	-	1	-	-	1	10	-	-	-	-	1	-	13
	2003	-	1	-	-	1	-	-	-	-	-	1	1	4
Petitions for Rehearing	2004	-	3	1	1	3	9	2	5	12	2	4	1	43
	2003	4	-	-	8	3	2	9	-	2	2	6	5	41
Cases Closed	2004	45	99	59	79	96	50	47	82	42	69	76	68	812
(Orders/Commission Actions)	2003	76	92	88	59	68	54	92	49	63	75	52	43	811
Tariff Filings	2004	34	58	96	70	228	73	49	39	78	28	120	158	1,931
	2003	172	152	169	193	281	168	95	62	60	221	171	206	2,250
Requests Handled:														
MC/Visa	2004	42	30	33	41	24	41	37	29	32	27	25	26	387
	2003	49	34	31	48	39	46	45	34	39	51	39	38	493
Cash/Checks	2004	50	40	45	40	41	38	35	51	50	43	35	31	499
	2003	61	30	40	54	36	53	50	37	32	35	19	26	473
Chicago	2004	12	10	9	12	14	10	15	11	13	15	10	12	143
	2003	4	6	5	6	7	-	9	7	8	11	12	9	84
Total Requests	2004	04	80	87	93	79	89	87	91	95	85	70	69	1,029
Total Requests	2003	114	70	76	108	82	99	104	78	79	97	70	73	1,050

(ii) a description of the allocation of the Commission's budget, identifying amounts budgeted for each significant regulatory division, or office of the Commission and its employees.

(iii) a description of current employee levels, identifying any change occurring during the year in the number of employees, personnel policies, and practices or compensation levels; and identifying the number and type of employees assigned to each Commission regulatory function and to each department, bureau, section, division, or office of the Commission.

The following table shows the Commission's budget and authorized headcount by divisions and funding source.

TABLE 1-3

Budget and Headcount by Division

For Fiscal Year 2005

	Chairman & Commissioners		Public Utility Division		Transportation Division		Totals	
	Head Count	Budget $	Head Count	Budget $	Head Count	Budget $	Head Count	Budget $
General Revenue Fund	0	0	0	391,900	0	0	0	391,900
Public Utility Fund	12	1,159,500	211	22,801,600	0	0	223	23,961,100
Transportation Fund	1	126,300	0	0	67	15,174,500	68	15,300,800
Digital Divide Infrastructure Fund	0	0	0	5,000,000	0	0	0	5,000,000
Restricted Call Registry Fund	0	0	0	950,000	0	0	0	950,000
Capital Development Fund	0	0	0	0	0	3,000,000	0	3,000,000
Underground Utilities Damage Prevention Fund	0	0	0	75,000	0	0	0	75,000
Wireless Carrier Reimbursement Fund	0	0	1	35,400,000	0	0	1	35,400,000
Wireless Services Emergency Fund	0	0	1	44,800,000	0	0	1	44,800,000
Totals	13	1,285,800	213	109,418,500	67	18,174,500	293	128,878,800

Headcount is shown at the authorized level.
Budget $ shown represent the FY05 appropriation.

(1-d) a description of any significant changes in Commission policies, programs or practices with respect to agency organization and administration, hearings and procedures or substantive regulatory activity.

AGENCY ORGANIZATION AND ADMINISTRATION

There were no significant changes in Commission policies or programs with respect to agency organization or administration in 2004.

SECTION 2

A Discussion of the Utility Industry in Illinois

2. A discussion and analysis of the state of each utility industry regulated by the Commission and significant changes, trends and developments therein, including the number of types of firms offering each utility service, existing, new and prospective technologies, variations in the quality, availability and price for utility services in different geographic areas of the State, and any other industry factors or circumstances which may affect the public interest or the regulation of such industries.

SIGNIFICANT CHANGES AND TRENDS IN THE UTILITY INDUSTRY

For a discussion of changes and trends in the natural gas and electric power industry, see Section 8 of this report.

DISCUSSION OF THE QUALITY, AVAILABILITY, AND PRICE OF UTILITY SERVICES BY GEOGRAPHIC AREA

ELECTRICITY

Electric service to retail customers is provided in the State of Illinois by the following nine investor-owned public utilities:

- AmerenCILCO
- AmerenCIPS
- AmerenIP
- AmerenUE
- Commonwealth Edison Company
- Interstate Power and Light Company
- MidAmerican Energy Company
- Mt. Carmel Public Utility Company
- South Beloit Water, Gas and Electric Company

Electric service is also provided in Illinois through municipal systems and electric cooperatives, neither of which are regulated by the Commission. Data as to the quality, availability, and price of electric service are not reported to the Commission by these providers and will not be a subject of this report.

Northern Illinois

Electricity is sold in northern Illinois by four electric utilities: Commonwealth Edison Company, Interstate Power and Light Company, MidAmerican Energy Company, and South Beloit Water, Gas and Electric Company. Commonwealth Edison Company is by far the largest investor-owned electric utility in Illinois, serving 3,625,642 customers in over 400 communities. The Commonwealth Edison service territory includes the Chicago metropolitan area. MidAmerican Energy Company provides service to 83,711 customers in 42 communities in northwestern Illinois. Interstate Power and Light Company has 12,803 customers in 8 communities that are also in northwestern Illinois. South Beloit Water, Gas and Electric Company provides electrical service to 8,642 customers in 9 communities adjacent to the Wisconsin border.

The average price for bundled service class customers in cents per kWh for 2000—2003 for the four utilities is as follows:

	2000	2001	2002	2003
Commonwealth Edison	7.54¢	7.60¢	7.64¢	7.75¢
Interstate Power	4.60	5.20	5.31	5.48
MidAmerican	6.20	5.97	6.11	6.05
South Beloit	5.40	6.04	5.50	6.73

Central Illinois

Electric service is provided to central Illinois by three investor-owned electric utilities: AmerenCILCO, AmerenCIPS, and AmerenIP. AmerenCIPS and AmerenIP also provide service to southern Illinois. AmerenCILCO serves 205,452 customers in 136 communities. AmerenCIPS provides service to 557 communities across central and southern Illinois with a total of 320,008 customers. AmerenIP serves 583,035 customers in approximately 420 Illinois communities in central and southern Illinois.

The average price for bundled service class customers in cents per kWh for 2000—2003 for the three utilities is as follows:

	2000	2001	2002	2003
AmerenCILCO	6.07¢	6.13¢	6.12¢	6.06¢
AmerenCIPS	6.20	6.15	6.30	6.51
AmerenIP	6.43	6.87	6.84	6.97

Please note: The Bundled Service amounts for AmerenCILCO and AmerenUE include some revenues from Delivery Services customers. These amounts are shown with light gray highlighting. To preserve the confidentiality of consumption data of certain customers taking Delivery Services, the instructions for the 2003 Form 21 ILCC allow an electric utility to include Delivery Services revenues, megawatt hours, and customer counts in the Bundled Service category if the electric utility's number of Delivery Services customers is seven (7) or fewer. AmerenCILCO and AmerenUE both had seven or fewer Delivery Services customers during 2003 and included the Delivery Services amounts in the Bundled Service category.

Southern Illinois

AmerenCIPS and AmerenIP serve much of southern Illinois. Service areas for these companies were discussed in the previous section concerning central Illinois. Customer and price statistics given above include southern Illinois and will not be repeated in this section. Two other utilities will be discussed that operate only in southern Illinois.

Missouri-based AmerenUE provides electric service to 66,166 customers in 19 communities in southwestern Illinois. Mt. Carmel Public Utility Company serves 5,573 customers in 2 communities in southeastern Illinois.

The average price for bundled service class customers in cents per kWh for 2000—2003 for the two utilities is as follows:

	2000	2001	2002	2003
AmerenUE	4.02¢	4.07¢	4.19¢	4.20¢
Mt. Carmel	6.75	6.68	7.33	7.44

Table 2-1

The price of electricity sold by the electric utilities varied between utilities and within utilities depending upon the class of customer served. Table 2-1 shows detailed price per kWh information for all electric utilities under ICC Jurisdiction.

Please Note: The Bundled Service amounts for Large (or Industrial) Sales from AmerenCILCO and AmerenUE include some revenues from Delivery Services customers. These amounts are shown with light gray highlighting. To preserve the confidentiality of consumption data of certain customers taking Delivery Services, the instructions for the 2003 Form 21 ILCC allow an electric utility to include Delivery Services revenues, megawatt hours, and customer counts in the Bundled Service category if the electric utility's number of Delivery Services customers is seven (7) or fewer. AmerenCILCO and AmerenUE both had seven or fewer Delivery Services customers during 2003 and included the Delivery Services amounts in the Bundled Service category.

Table 2-1

Illinois Electric Utilities

Revenue in Cents per kWh for Bundled Service, Sales for Resale, and Interdepartmental Sales by Class of Service and by Company

2003

Class of Service	Ameren CILCO	Ameren CIPS	Ameren IP	Ameren UE	ComEd	Interstate Power	Mid-American	Mt. Carmel	South Beloit
Bundled Service									
Residential Sales	7.36	7.35	7.73	6.48	8.67	7.00	8.21	9.40	8.00
Small (or Commercial) Sales	7.05	7.32	7.98	5.08	7.74	7.08	6.43	10.00	7.30
Large (or Industrial) Sales	4.10	4.43	4.75	2.94	5.13	4.43	4.02	5.76	5.38
Public Street & Highway Lighting	6.09	8.21	7.13	9.11	8.19	15.69	8.52	-	12.13
Other Sales To Public Authorities	-	5.62	6.68	-	5.87	4.91	5.10	7.04	-
Sales To Railroads	-	-	-	-	5.87	-	-	-	-
Sales to Ultimate Customers	6.06	6.51	6.97	4.20	7.75	5.48	6.05	7.44	6.73
Sales For Resale	3.12	3.04	5.17	2.66	4.47	19.78	3.01	4.80	2.76
Interdepartmental Sales	-	5.19	-	-	-	-	2.62	-	6.07

NATURAL GAS

Natural gas service is currently provided in the State of Illinois by the 14-investor-owned gas public utilities listed below:

- AmerenCILCO
- AmerenCIPS
- AmerenIP
- AmerenUE
- Atmos Energy Corporation
- Consumers Gas Company
- Illinois Gas Company
- Interstate Power and Light Company
- MidAmerican Energy Company
- Mt. Carmel Public Utility Company
- Nicor Gas
- North Shore Gas Company
- Peoples Gas Light and Coke Company
- South Beloit Water, Gas and Electric Company

Gas service is also provided in Illinois by municipal gas systems not subject to regulation by the Commission. Data concerning quality, availability, and price for these municipal systems are not reported to the Commission and will not a subject of this report.

During 2004, natural gas service was available without major interruption to all firm customers served by these 14 Illinois gas utilities. A considerable number of commercial and industrial customers chose to purchase gas directly from wholesale suppliers and use the local gas utility as a transporter. Residential customers served by Nicor Gas and a limited number of residential customers served by Peoples Gas and North Shore are also allowed to purchase gas directly from wholesale suppliers. During 2005, sufficient supplies of natural gas are expected to be available to all customers.

Northern Illinois

Gas distribution and sale of natural gas is provided in northern Illinois by six public utilities: Interstate Power and Light Company, MidAmerican Energy Company, Nicor Gas, North Shore Gas Company, Peoples Gas Light and Coke Company, and South Beloit Water, Gas and Electric Company.

Nicor Gas is the largest gas distribution company in the state and provides service to 1,859,144 customers in 641 communities in northern Illinois. Peoples Gas Light and Coke Company, which serves the City of Chicago, is the second largest gas utility in Illinois with 796,549 customers. North Shore Gas Company serves 149,226 gas customers in 56 communities north of the Chicago area. Of the remaining three companies, serving northern Illinois, MidAmerican Energy Company is the largest with 65,155 customers in 27 communities. South Beloit Water, Gas and Electric Company serves 7,163 customers in 9 communities. Finally, Interstate Power and Light Company serves 5,510 customers in 11 communities.

As with the price of electricity, the price of gas varies among utilities and is generally determined by the suppliers of natural gas that serve the local distribution company.

The average price, in cents per therm, for these six utilities for 2000—2003 is as follows:

	2000	2001	2002	2003
Interstate	65.52¢	82.54¢	58.74¢	78.85¢
MidAmerican	73.52	72.37	60.59	84.68
Nicor Gas	61.73	73.69	49.70	75.01
North Shore	73.67	94.34	68.36	83.05
Peoples Gas	82.10	105.50	74.20	94.18
South Beloit	58.08	78.83	64.20	86.02

Central Illinois

Gas distribution and sale of natural gas is provided, in central Illinois, by three large distribution companies: AmerenCILCO, AmerenCIPS, and AmerenIP. AmerenCILCO provides gas service to 208,844 customers in 128 communities including Peoria and Springfield. AmerenCIPS serves mostly rural areas in central and southern Illinois, providing service to 294 communities with a total of 162,585 customers. AmerenIP provides gas service to 392,364 customers in 302 communities in various parts of the state, ranging from Galesburg in west-central Illinois to areas in southwestern Illinois and including the East St. Louis metropolitan area.

The average price, in cents per therm, for the three utilities for 2000—2003 is as follows:

	2000	2001	2002	2003
AmerenCILCO	71.21¢	86.16¢	69.54¢	83.50¢
AmerenCIPS	78.53	88.13	80.73	91.17
AmerenIP	67.50	87.54	69.48	84.46

Southern Illinois

Gas distribution and sale of natural gas is provided in southern Illinois by two large distribution companies discussed above, AmerenCIPS and AmerenIP, and the following five smaller distribution companies: AmerenUE, Atmos Energy Corporation, Consumers Gas Company, Illinois Gas Company, and Mt. Carmel Public Utility Company.

Atmos Energy provides service to 23,620 customers in 32 communities in a number of distinct service areas in southern Illinois. AmerenUE serves 17,185 customers in 5 communities in the Alton metropolitan area in southwestern Illinois. Illinois Gas serves 10,258 customers in 15 communities in the Lawrenceville-Olney area. Consumers Gas serves 5,851 customers in 16 communities in the Carmi area. Finally, Mt. Carmel serves 3,654 customers in 8 communities in the Mt. Carmel area.

The average price per therm for the five utilities for 2000—2003 is as follows:

	2000	2001	2002	2003
Atmos Energy	73.30¢	98.49¢	74.12¢	91.42¢
AmerenUE	79.94	95.79	77.02	79.68
Consumers Gas	73.77	89.20	70.45	85.02
Illinois Gas	77.38	90.57	74.72	91.34
Mt. Carmel	69.17	88.93	77.40	88.25

Table 2-2

The price of gas sold by the gas utilities varied between utilities and within utilities depending upon the class of customer served. A major portion of the price per therm of gas is determined by the suppliers of natural gas that serve the local distribution company. Table 2-2 shows detailed price per therm information for all gas utilities under ICC Jurisdiction.

Table 2-2
Illinois Gas Utilities
Revenue in Cents per Therm by Class of Service and by Company
2003

	Ameren CILCO	Ameren CIPS	Ameren IP	Ameren UE	Atmos Energy	Consumers Gas	Illinois Gas
Residential Sales	91.00	93.32	89.34	81.53	95.49	73.69	97.67
Small (or Commercial) Sales	81.88	91.17	79.25	75.13	83.99	111.73	91.17
Large (or Industrial) Sales	56.40	75.56	68.93	78.44	69.04	91.78	78.37
Other Sales To Public Authorities	-	-	-	-	81.06	77.97	-
Total Sales To Ultimate Customers	83.50	91.17	84.46	79.68	91.42	85.02	91.34
Interdepartmental Sales	43.32	-	-	-	-	72.80	-
Sales For Resale	65.69	103.32	-	-	-	-	-

	Interstate Power	Mid-American	Mt. Carmel	Nicor Gas	North Shore Gas	Peoples Gas	South Beloit
Residential Sales	78.29	86.75	91.62	75.02	83.98	95.71	87.69
Small (or Commercial) Sales	73.93	80.38	86.42	75.29	79.83	87.43	83.94
Large (or Industrial) Sales	96.49	73.58	74.30	72.84	73.67	81.36	73.28
Other Sales To Public Authorities	-	-	80.93	-	-	-	-
Total Sales To Ultimate Customers	78.85	84.68	88.25	75.01	83.05	94.18	86.02
Interdepartmental Sales	-	53.98	-	-	-	-	-
Sales For Resale	-	58.30	-	-	-	-	143.30

WATER AND SEWER UTILITIES

The Commission currently regulates 31 water, 4 sewer, and 13 combined water and sewer investor-owned utilities. While the number of investor-owned utilities is a small percentage of the 1,950 public water suppliers and 750 public sanitary sewage systems with treatment facilities in the state, these investor-owned utilities provide water service to approximately 1.3 million people and sewer service to 154,000 people. These investor-owned utilities serve customers in 33 counties and are concentrated in the Chicago metropolitan area. The numbers of customers served range from 25 to 318,393. Only nine utilities serve more than 1,000 customers. Table 2-3 presents a comparison of bills for these nine utilities providing service to 1,000 customers or more.

While the total number of investor-owned water and sewer utilities has remained relatively stable during the past year, there are fewer investor-owned water and sewer utilities than in the past. This reduced number is partly the result of the overall Commission effort to reduce the number of small utilities. Small utilities, due to their limited number of customers, typically have difficulties generating sufficient revenues to maintain the system and to hire employees with the necessary expertise to efficiently function as an investor-owned utility.

The Commission has found that, in most cases, customers receive better service at lower rates from larger utilities due to the economies of scale that are realized. The Commission has promoted acquisition or mergers of small systems by larger municipal and investor-owned utilities to take advantage of these economies of scale. When acquisitions and mergers are not practical, the possibility of operating a small system as a mutual by a homeowners association is investigated. Mutual operations, which are exempt from Commission jurisdiction, often result in lower costs to customers for small systems. This type of activity was evident during 2004:

- Illinois-American Water Company ("IAWC") acquired the municipal water system serving approximately 180 customers in the Village of Saunemin in Livingston County. The acquisition of this system by the largest investor-owned water system in Illinois will enhance the opportunity for customers to receive safe reliable service, adhering to federal and state Environmental Protection Agency ("EPA") requirements, at a reasonable cost.
- Aqua Illinois, Inc. (formerly Consumers Illinois Water Company), the state's second largest water and sewer utility, acquired a certificate to provide water and sewer service to portions of the Village of Hawthorn Woods in Lake County. It is expected that Aqua Illinois will eventually serve several hundred customers in this area.
- Carroll Heights Utility Company, serving 37 water and sewer customers, formed a mutual corporation owned by its customers, and the Commission no longer regulates it.

Some municipalities have been attempting to acquire portions of Illinois-American Water Company.

- Currently, the City of Peoria is pursuing a clause in an old franchise agreement that provides that the City of Peoria may unilaterally purchase the water distribution system serving the City of Peoria from IAWC. This system serves 51,112 customers in the Peoria area. It is Staff's understanding that discussions between the City and IAWC are on-going and a final resolution is unknown.
- Hearings for a petition filed by the City of Pekin for approval to condemn a certain portion of the waterworks system of IAWC pursuant to 735 ILCS 5/7-102 were completed in the middle of 2003. The Commission issued an Order denying the City of Pekin's petition on January 22, 2004.

The Commission continued its citation proceedings for five small water utilities (owned by one individual and serving 2,220 customers) that were originally cited by the Commission for poor water service in 1997 with a final Order in 1999. Since the Company failed to make the specified improvements required by the 1999 Order, in 2001, the Commission commenced additional citation proceedings. These additional citation proceedings had hearings in 2002 and 2003 with further hearings scheduled for 2004. A final resolution has not yet been reached.

The most significant ratemaking issue this year involved the cost of providing security to Illinois-American Water Company's operating system. Subsequent, to receiving a rate increase in 2003, IAWC opted for a security plan that is different from the plan that was included in its most recent rate case. While IAWC believes that the new security plan will provide safety measures that are an enhancement to the security measures provided in the rate case, this revised plan will be substantially less costly than was provided in current rates. After negotiation, IAWC agreed to reduce rates to reflect the savings in security cost. This reduction resulted in savings to customers of the system.

The Commission issued an Order in Docket 03-0403 on April 13, 2004, granting a request from Aqua Illinois, Inc. for increased water rates. The increase applied only in the Kankakee Division serving 22,929 customers.

Water supplies for Commission investor-owned water utilities were generally adequate in 2004.

Most of the larger investor-owned water utilities serve municipalities adjacent to the state's major rivers, and these utilities use the rivers as their source of water supply. River supplies are generally adequate. When treated, the river water meets the standards established by the Illinois EPA with the exception of nitrate levels. In some systems, the nitrate levels exceed the Illinois EPA standards during periods of heavy water run-off from agricultural lands. Affected utilities have taken steps to reduce nitrates to safe levels during these periods.

Most of the smaller systems serve unincorporated residential developments, often a single subdivision, and are typically located in the northern half of the state. Wells serve as the source of supply for most small systems. Well water quality varies considerably, and well water can contain undesirable minerals such as iron, manganese, and calcium that, while not injurious to health, do cause aesthetic problems. Aesthetic problems have caused several well systems located in the Chicago metropolitan area to obtain Lake Michigan water.

There are several other upcoming regulations from the federal EPA that could potentially impact the costs of well supplies in Illinois. The principle examples are arsenic, radionuclides, and radon. Arsenic is a good example of the more strenuous standards being considered. Currently, the minimum contamination level is 50 parts per billion ("ppb"). On February 22, 2002, the arsenic in drinking water rule became effective; the new rule requires systems to comply with a new 10 ppb standard by January 23, 2006. The change in the arsenic rules may force one investor-owned water utility either to install costly treatment equipment or to find another source of supply that in most instances would be substantially more expensive.

Of the 17 investor-owned utilities that provide sewer service, only two systems provide service to more than 5,000 customers. The other sewer systems are small, although one does provide service to a major manufacturing plant. Some of the systems have difficulty meeting the stream discharge standards established by the IEPA. Due to the prohibitive cost of constructing new sewage treatment plants for a limited number of customers, the smallest systems have, where possible, sought treatment from nearby regional plants. All sewer utilities located within the boundaries of the Metropolitan Water Reclamation District of Greater Chicago ("MWRD") discharge their waste to the MWRD for treatment. The investor-owned sewer systems provide service primarily to residential customers and serve a very limited number of commercial and industrial customers.

Bills for sewer service are typically flat rate charges since metering of sewage flow is uneconomical and impractical for residential customers. The rates vary considerably and depend on many factors, including the age of the treatment plant and treatment criteria for the receiving stream. Overall, rates for single-family homes average $25-30 per month.

Table 2-3
Illinois Water Utilities with 1,000 or More Customers
Bill Comparison - Residential Customers with 5/8 Inch Meters

Area of State/ Utilities/ Service Areas	Total Number of Customers	Bill Comparison Based on Water Usage 4,000 Gallons	6,000 Gallons	8,000 Gallons	10,000 Gallons	15,000 Gallons
NORTHERN						
Apple Canyon	2,674	$ 24.15	$ 33.47	$ 42.79	$ 52.11	$ 75.41
Aqua Illinois						
Candlewick	2,295	32.32	41.48	50.64	59.80	82.70
Ivanhoe	245	13.22	19.84	26.45	33.06	49.59
Hawthorn Woods*	25	16.40	22.10	27.80	33.50	47.75
Kankakee	22,929	28.10	34.23	40.37	46.50	61.84
Oak Run	2,613	29.43	39.81	50.19	60.57	86.52
University Park	2,147	18.49	21.77	25.04	28.31	36.49
Willowbrook	976	20.77	28.33	35.89	43.45	62.35
Woodhaven-Campsite	5,749	9.82	9.82	9.82	9.82	9.82
Woodhaven-Metered	412	25.81	34.44	43.07	51.70	73.28
Galena Territory	1,962	20.52	25.56	30.60	35.64	48.24
Illinois-American						
Chicago Metro						
Well Water	1,452	27.11	33.90	40.70	47.49	64.47
Lake Water						
Alpine Heights	233	38.78	51.40	64.02	76.65	108.21
Chicago Suburban	4,288	45.94	56.34	66.74	77.15	103.16
DuPage County	6,131	43.73	55.21	66.69	78.18	106.89
Fernway	1,983	36.94	48.64	60.34	72.05	101.31
Moreland	174	25.43	31.38	37.33	43.27	58.15
Sante Fe/SW & W Suburban	32,385	42.46	56.92	71.38	85.85	122.01
Waycinden	723	42.54	57.04	71.54	86.05	122.31
Sterling	6,353	31.91	38.72	45.54	52.35	69.39
Streator	7,708	27.84	34.52	41.21	47.89	64.60
Lake Holiday	2,094	17.28	23.42	29.56	35.70	51.05
Lake Wildwood	1,797	24.82	32.06	39.30	46.54	64.64
New Landing	1,004	16.80	20.20	23.60	27.00	35.50
South Beloit	2,221	16.09	21.16	26.23	31.29	43.96
Whispering Hills	2,315	17.54	23.74	29.94	36.14	51.64
CENTRAL						
Aqua Illinois						
Vermilion	17,097	32.21	40.24	48.28	56.32	76.42
Illinois-American						
Champaign	45,898	20.61	25.69	30.78	35.86	48.56
Lincoln	5,842	25.57	32.76	39.95	47.15	65.13
Pekin	13,617	20.47	24.02	27.56	31.11	39.98
Peoria	49,219	28.02	34.70	41.39	48.07	64.78
Pontiac	4,204	30.61	37.37	44.14	50.91	67.83
Saunemin*	182	29.62	36.38	43.15	49.92	66.84
SOUTHERN						
Illinois-American						
Southern-Alton/Cairo/Interurban	86,721	27.19	33.87	40.56	47.24	63.95

*These service areas are new in 2004.

FINANCIAL HEALTH OF THE UTILITY INDUSTRY IN ILLINOIS

Bond ratings are the single most comprehensive and widely accepted measure of the financial condition of a business enterprise. Several independent financial research firms provide rating services, which categorize corporate debt issues on the basis of risk. Virtually all of the major electric and natural gas utilities serving Illinois have ratings assigned to their bond issues.

There is no formula for determining bond ratings. In assigning ratings to a firm's debt, rating agencies give consideration to both qualitative and quantitative factors. For a public utility, the financial aspects reviewed by rating agencies can be separated into six criteria: debt leverage, construction and asset concentration risks, earnings protection, financial flexibility and capital attraction, cash flow adequacy, and accounting quality. Non-financial rating criteria include service territory characteristics, fuel supply and generating capacity, operating efficiency, regulatory treatment, and management.

The following table shows the nationwide electric utility industry average bond rating, as well as the ratings for the seven major electric utilities serving the State of Illinois. Interstate Power and Light, AmerenUE, and MidAmerican Energy have the majority of their operations in other states.

Electric Utility Bond Ratings by Standard and Poor's
2000 to Present

	2000	2001	2002	2003	2004
Electric Utility Industry Average	A-	BBB+	BBB	BBB	BBB
AmerenCILCO	BBB-	BBB-	BBB-	A-	A-
AmerenCIPS	A+	A+	A+	A-	A-
AmerenIP	BBB+	BBB+	B	B	A-
AmerenUE	A+	A+	A-	A-	A-
Commonwealth Edison	A-	A-	A-	A-	A-
Interstate Power and Light	A+	A-	BBB+	BBB+	BBB+
MidAmerican Energy	A	A	A	A	A-

Like the electric utilities, natural gas distribution companies receive ratings on their debt, which reflect the individual company's financial condition. The table below presents credit ratings for the three major natural gas distribution utilities serving the State of Illinois and the average credit rating for the nationwide natural gas distribution industry.

Gas Utility Bond Ratings by Standard and Poor's
2000 to Present

	2000	2001	2002	2003	2004
Gas Distribution Industry Average	A	A	A-	BBB+	A-/BBB+
Nicor Gas	AA	AA	AA	AA	AA
North Shore Gas	AA-	AA-	A-	A-	A-
Peoples Gas Light and Coke	AA-	AA-	A-	A-	A-

Currently, no Illinois water utilities have ratings assigned to their debt.

SECTION 3

A Discussion of Energy Planning

(3) A Specific Discussion of the Energy Planning Responsibilities and Activities of the Commission and Energy Utilities Including:

(a) The extent to which conservation, cogeneration, renewable energy technologies and improvements in energy efficiency are being utilized by energy consumers, the extent to which additional potential exists for the economical utilization of such supplies, and a description of existing and proposed programs and policies designed to promote and encourage such utilization;

(b) A Description of each Energy Plan filed with the Commission pursuant to the Provisions of this Act and a copy or detailed summary of the most recent energy plans adopted by the Commission."

INTEGRATED RESOURCE PLANNING

Section 8-402 of the Public Utilities Act, which set forth the Commission's resource planning responsibilities, was repealed by P.A. 90-561, effective December 16, 1997. The Commission disbanded the Energy Programs Division immediately thereafter.

COGENERATION

Commission Rule

The rules, for the transfer of electric power between independent generating facilities and regulated electric utilities in Illinois, are established by 83 Ill. Adm. Code Part 430. All utilities operating in Illinois must abide by these rules except for cooperatives and municipal utilities which are not regulated by the Commission.

The most important portion of the rules is the requirement that a utility must purchase cogenerated power at a price commensurate with the utility's avoided cost. Table 3-1 lists the 2004 avoided costs as filed annually by Illinois electric utilities.

Section 8-403 of the Public Utilities Act requires the Commission to conduct a study of procedures and policies to encourage the full and economical utilization of cogeneration and small power production. Pursuant to Section 8-403, the Commission submitted reports to the Governor and General Assembly in 1986 and 1987.

Special Rates

Cogeneration/self generation displacement and deferral rates can be in the form of special contracts or designed as tariffs. In each case, the Commission's position has been to promote economic cogeneration or self generation, while avoiding uneconomic bypass of the utility's system. When the cogeneration or self generation discount rate brings a customer's individual rate closer to the utility's marginal cost of providing service, uneconomic bypass is less likely to occur.

Table 3-1
Illinois Electric Utilities
Avoided Cost Rate Structure
2004

Electric Utility	Summer Rates	Winter Rates
AmerenCILCO		
On-Peak	1.87¢/kWh	1.85¢/kWh
Off-Peak	1.83¢/kWh	1.82¢/kWh
AmerenCIPS		
On-Peak	2.30¢/kWh	2.30¢/kWh
Off-Peak	2.30¢/kWh	2.30¢/kWh
AmerenIP		
On-Peak	2.54¢/kWh	2.59¢/kWh
Off-Peak	2.49¢/kWh	2.56¢/kWh
AmerenUE		
On-Peak	2.76¢/kWh	1.49¢/kWh
Off-Peak	1.34¢/kWh	1.37¢/kWh
Commonwealth Edison		
On-Peak	5.85¢/kWh	4.66¢/kWh
Off-Peak	2.99¢/kWh	2.94¢/kWh
Interstate Power and Light		
On-Peak	5.09¢/kWh	4.33¢/kWh
Off-Peak	2.27¢/kWh	2.13¢/kWh
MidAmerican Energy		
On-Peak	2.38¢/kWh	1.61¢/kWh
Off-Peak	1.29¢/kWh	1.11¢/kWh
Mt. Carmel Public Utility		
On-Peak	1.903¢/kWh	1.903¢/kWh
Off-Peak	1.903¢/kWh	1.903¢/kWh
South Beloit Water, Gas & Electric		
On-Peak	5.09¢/kWh	4.33¢/kWh
Off-Peak	2.27¢/kWh	2.13¢/kWh

Source: Annual Filings of Illinois electric utilities pursuant to 83 Ill. Adm. Code 430.110.

Please note: Time differentiated rate pricing is shown at transmission or subtransmission levels where possible; additional credits available at lower voltages, loads, and times (except for Mt. Carmel). See each utility filing for exact avoided energy costs under specific conditions.

SECTION 4

Availability of Utility Services to All Persons

(4-c) an analysis of the financial impact on utilities and other ratepayers of the inability of some customers or potential customers to afford utility service, including the number of service disconnections and reconnections, and cost thereof and the dollar amount of uncollectible accounts recovered through rates.

Uncollectible expenses for utilities represent revenues billed but not received for services rendered. Efforts are made to recover such revenues, but, after a certain period of time and effort, these amounts are charged as an expense and recovered in the regular rates charged to all customers.

The level of uncollectible expense is not perceived as a significant problem at the privately-owned water and/or sewer utilities in Illinois. Therefore, no effort has been made to analyze in detail the explicit data for those utilities.

To illustrate the amount of uncollectible expense for electric and gas utilities, the years 2003 and 2002 provide the most recent data available at the Commission. The actual amount recovered in utility rates at any one time depends on the test year expense in the utility's last rate case. For example, if a utility utilized a 1999 test year for its last rate case, the amount of uncollectible expense approved for the test year is included in that utility's rates until the next rate case.

Electric Utilities

Total 2003 Uncollectible Expense for electric utilities was $58,620,473 compared to $65,185,352 in 2002. These amounts represent 0.72% of total Operating Revenues in 2003 and 0.76% of total Operating Revenues in 2002. ComEd has the largest amount of Uncollectible Expense with $45,907,378 in 2003 and $50,683,842 in 2002; these amounts represent 0.80% of its 2003 Operating Revenues and 0.83% of its 2002 Operating Revenues. Table 4-1 presents the complete analysis.

Gas Utilities

Total 2003 Uncollectible Expense for gas companies was $78,614,853 compared to $81,891,784 in 2002. These amounts represent 1.57% of total Operating Revenues in 2003 and 2.22% of total Operating Revenues in 2002. Peoples Gas has the largest amount of Uncollectible Expense with $39,794,689 in 2003 and $48,238,018 in 2002; these amounts represent 3.03% of its 2003 Operating Revenues and 4.74% of its 2002 Operating Revenues. Table 4-2 presents the complete analysis.

Table 4-1

Illinois Electric Utilities

Comparison of Uncollectible Expense to Revenues

2003-2002

Electric Utilities	Uncollectible Expense		Operating Revenues		Percentage of Uncollectible Expense to Operating Revenues	
	2003	2002	2003	2002	2003	2002
AmerenCILCO.	$ 4,958,480	$ 1,781,340	$ 386,112,100	$ 390,677,940	1.28%	0.46%
AmerenCIPS	3,786,000	3,831,527	556,847,456	660,669,949	0.68%	0.58%
AmerenIP	2,327,874	7,194,092	1,101,982,898	1,145,909,422	0.21%	0.63%
AmerenUE *	937,640	926,686	165,639,202	147,959,470	0.57%	0.63%
ComEd	45,907,378	50,683,842	5,773,426,906	6,092,813,197	0.80%	0.83%
Interstate Power and Light *	45,625	47,159	20,472,235	19,653,476	0.22%	0.24%
MidAmerican *	579,560	611,353	144,052,017	142,330,724	0.40%	0.43%
Mt. Carmel	19,607	9,662	10,977,435	11,026,295	0.18%	0.09%
South Beloit	58,309	99,691	13,989,666	11,498,329	0.42%	0.87%
Total/Weighted Average	$ 58,620,473	$ 65,185,352	$ 8,173,499,915	$ 8,622,538,802	0.72%	0.76%

* Illinois uncollectible expense is based upon a ratio to system-wide uncollectible expense.

Table 4-2

Illinois Gas Utilities

Comparison of Uncollectible Expense to Revenues

2003-2002

Gas Utilities	Uncollectible Expense		Operating Revenues		Percentage of Uncollectible Expense to Operating Revenues	
	2003	2002	2003	2002	2003	2002
AmerenCILCO	$ 1,965,2+18	$ 971,282	$ 278,191,607	$ 222,844,176	0.71%	0.44%
AmerenCIPS	1,514,000	1,656,940	184,959,347	162,923,231	0.82%	1.02%
AmerenIP	3,066,934	2,818,957	465,859,352	372,437,383	0.66%	0.76%
AmerenUE *	219,211	213,070	18,192,257	16,559,819	1.20%	1.29%
Atmos Energy *	195,327	(3,727)	24,817,558	19,579,303	0.79%	-0.02%
Consumers Gas	33,707	24,133	6,337,163	5,335,837	0.53%	0.45%
Illinois Gas	263,032	112,291	12,127,904	10,022,644	2.17%	1.12%
Interstate Power and Light *	20,658	21,219	6,115,585	4,397,642	0.34%	0.48%
MidAmerican *	374,405	253,520	96,332,552	67,893,225	0.39%	0.37%
Mt. Carmel	24,558	14,171	3,829,695	3,280,688	0.64%	0.43%
Nicor Gas	29,761,870	25,716,046	2,351,595,391	1,594,815,442	1.27%	1.61%
North Shore	1,335,554	1,794,527	230,399,813	180,264,191	0.58%	1.00%
Peoples Gas	39,794,689	48,238,018	1,315,369,088	1,018,027,404	3.03%	4.74%
South Beloit	45,690	61,337	8,486,735	6,420,247	0.54%	0.96%
Total/Weighted Average	$ 78,614,853	$ 81,891,784	$ 5,002,614,047	$ 3,684,801,232	1.57%	2.22%

*** Illinois uncollectible expense is based upon a ratio to system-wide uncollectible expense.**

(4) A discussion of the extent to which utility services are available to all Illinois citizens including:
(a) Percentage and number of persons or households requiring each such service who are not receiving such service, and the reasons therefore, including specifically the number of such persons or households who are unable to afford such service.
(4-b) a critical analysis of existing programs designed to promote and preserve the availability and affordability of utility services.

The information necessary to determine the number of persons lacking utility service within the state is difficult to obtain. Part of the difficulty is that all utility companies within the state track accounts by residence and not by customer name. Thus, a utility could determine if a particular residence was disconnected and therefore no longer receiving service, but the utility would have no way of knowing whether that household regained service under another name in its own service territory or perhaps under the same name in a different service territory. In addition, persons disconnected might also move in with an acquaintance already receiving service or they might acquire service supplied by an electric co-operative or municipality over which we have no jurisdiction. Further, if the intent of the question is to ascertain the number of persons without access to a source of heat, the existence of non-utility sources such as wood stoves and kerosene heaters would further complicate the answer, thus the myriad of possibilities makes a truly accurate figure very elusive.

Although the Commission has limited resources available to determine the number of persons within the state lacking some type of utility service, and granting the uncertainty in accuracy of such a statistic, an estimate may be obtained by analyzing the disconnection and reconnection data provided to the Commission by all utilities.

To determine a rough estimate of the number of persons lacking utility service, one can look at the aggregate disconnection/reconnection figures for a 12-month period. The results for the period of December 2003 through November 2004 are as follows.

The average heat related residential class customer base equaled 7,187,139 households. In this class, 266,642 accounts were disconnected and 137,477 were reconnected. This yields a 51.6 percent reconnection rate leaving 129,165 accounts not reconnected. The disconnected accounts represent 37 percent of the average residential customer base, while those accounts not reconnected represent a rate of 1.9 percent.

The Commission is aware of its obligations to minimize the dangers arising from unnecessary termination of gas and/or electric space heating service during the winter months. To minimize these dangers and be responsive to the needs of both Illinois consumers and the utilities that serve those consumers, the Commission has developed rules and regulations concerning the termination and reconnection of space heating service during the winter months. Many of these rules have since been enacted into law. In addition, the Commission has continued to refine its other rules regarding utility credit and collection activities to help Illinois utility consumers make timely payments on their obligations to utility companies and thus avoid termination of utility service. The following discussion is a synopsis of current regulations designed to promote and preserve the availability and affordability of residential utility services.

Temperature-Based Termination

If gas or electric service is the only source of space heating or if electricity is used to control the only space heating equipment such as an electric blower fan on a gas furnace, these services may not be disconnected on any day when the National Weather Service forecasts that the temperature for the next 24 hours will be 32 degrees or below, or on a day before a holiday or weekend when the weather is forecasted to be 32 degrees or below any time before the next business day.

Disconnection of Customers Receiving LIHEAP funds

During the winter heating season (December 1 through March 31) residential customers who receive Low Income Home Energy Assistance Program funds may not be disconnected if the services are used as the primary source of heating or to control or operate the primary source of heating.

Preferred Payment Date

Current residential customers who receive certain types of benefit checks out of cycle with their utility bills are allowed up to ten days subsequent to the customer's regular due date to make payment without penalty. This has benefited the low-income, elderly, and unemployed customers since they are able to avoid late payment charges and, in many cases, avoid paying a deposit to the utility.

Deferred Payment Agreement

This agreement allows a customer who owes the utility for a past due bill to maintain utility service by paying the past due amount in installments over a period of four to twelve months while continuing to pay current bills as they become due. Of the customers whose service was reconnected during the winter of 2003 – 2004 and who were given a payment plan, 32 percent were allowed 6 months or longer to pay the past due amount. Depending on the outstanding amount, the amount of the current bills, and the customer's income, this rule helps many customers, but it falls short of assisting those customers who simply have utility bills that are greater than their income can afford. Commission rules do allow for reinstatement after default and renegotiation of the payment agreement if the customer's financial circumstances change for the worse.

Reconnection

This rule provides that residential customers disconnected prior to the winter heating season and those customers disconnected during the winter heating season (December 1 through March 31) may be reconnected upon the payment of one third of the amount due to the company. If financial inability to pay this amount is shown, one-fifth of the amount owed may be paid. The customer then must enter into a payment plan to pay the balance of the outstanding amount owed to the utility. It should be noted that in many cases the amounts paid to have service restored are obtained through grants from community organizations or through the Low Income Home Energy Assistance Program (LIHEAP) administered by Department of Commerce and Economic Opportunity.

The reconnection rule further states that this provision is available between November 1 and April 1 of the current heating season; that reconnection under this provision cannot be used in two consecutive years; that the former customer must have paid at least one third of the amount billed subsequent to December 1 of the prior year; and that the program is not available if any evidence of tampering with the meter is discovered.

As required in the "winter reconnection" rule, on or about October 1, 2003, letters were sent to 43,046 former customers statewide who, according to utility records, were not then receiving heat related utility service. A total of 10,119 former customers requested that their service be reconnected. Of these, 3,002 customers were reconnected upon payment of the total bill and 6,428 were reconnected upon payment of a portion of the past due utility bill. Reconnection requests of 702 customers were denied. The reasons for denial are categorized as follows:

- 481 former customers failed to make a required down payment;
- 195 former customers failed to pay one-third of the amounts billed since December 1, 2001;
- 12 former customers had been reconnected under this rule last year; and
- 14 former customers resided where equipment tampering or diverted utility service was detected.

The above information indicates that 32,927 former customers did not respond to the inquiries posed by the utilities. It is impossible to determine whether these households are truly without utility service and, if so, why they do not have service.

Financial Assistance:

ICC-regulated utilities participate in the Low Income Home Energy Assistance Program (LIHEAP) administered by the Department of Commerce and Economic Opportunity. LIHEAP provides a one-time grant to eligible low-income customers.

CONSUMER EDUCATION ACTIVITIES

Customer Choice—"Plug In Illinois"

Section 16-117 of the Public Utilities Act, the Illinois Electric Service Customer Choice and Rate Relief Law of 1997, restructures the state's electric utility industry. It requires the Illinois Commerce Commission to maintain a consumer education program to provide residential and small commercial retail customers with information to help them understand their service options, rights, and responsibilities. In accordance with the law, the ICC formed a working group consisting of representatives of the investor-owned utilities, alternative retail electric suppliers, consumer organizations, and ICC staff to develop information. The group developed competitively neutral brochures and bill inserts for small commercial retail customers and for residential customers. Details regarding the initial development and implementation of the program are included in the annual reports from 1998 through 2002. Although residential customers have been eligible for choice since May 2002, no suppliers have entered the market to serve residential customers.

Distribution of materials during the year 2004 included approximately 89 business brochures, 255,000 business bill inserts, 71 residential brochures (English), and 6 residential brochures (Spanish). Distribution channels included the ICC web site, ICC toll-free number, utilities, ARES, and other organizations.

The ICC Plug In Illinois web site has sections for business and residential consumers containing an overview of the electric service restructuring and customer choices including brochure content in text form as well as the brochures and bill inserts in downloadable formats, a list of suppliers (both certified and pending), frequently asked questions, and other information. It also includes e-mail links for comments, questions, and complaints and a survey box for users. The web site is updated with new and additional information, including ARES/supplier changes, as needed, to enhance its effectiveness. The residential web page is available in English and in Spanish. This year the Plug In Illinois web site has recorded more than 19,180 "visits".

SECTION 5

Implementation of The Commission's Statutory Responsibilities

(5) A detailed description of the means by which the Commission is implementing its new statutory responsibilities under this Act, and the status of such implementation, including specifically:

(5-a) Commission reorganization resulting from the addition of an Executive Director and hearing examiner qualifications and review.

During 2004, there were no organizational changes resulting from statutory responsibilities. Various changes made since the passage of the new Public Utilities Act have been reported in previous Commission annual reports. Ongoing organizational changes are reported on page 5.

(5-b) Commission responsibilities for construction and rate supervision, including construction cost audits, management audits, excess capacity adjustment, phase-ins of new plant and the means and capability for monitoring and reevaluating existing or future construction projects.

CONSTRUCTION AUDITS

Statutory Requirements

Section 8-407(b) and 9-213 of the 1986 Public Utilities Act grants the Commission the authority to conduct construction audits. Pursuant to Section 8-407(b), the Commission, after granting a certificate of public convenience and necessity for the construction of a new electric generating facility, is granted the authority to perform construction cost audits at any time during construction whenever the Commission has cause to believe that such an audit is necessary or beneficial to the efficiency or economy of construction.

Section 9-213 requires the Commission to perform an audit of the cost of new electric utility generating plants and significant additions to electric utility generating plants to determine if the cost is reasonable prior to including such construction costs in rate base.

Section 8-407 (b) and 9-213 both grant the Commission the authority to engage independent consultants to perform these audits. If an independent consultant performs a construction audit, the cost will be borne initially by the utility, but shall be recoverable as an expense through normal ratemaking procedures.

Commission Responsibilities

In order to comply with the Public Utilities Act, the Commission must monitor the major construction activities of all electric utilities within the state to assure that such construction is efficient and economical. The Commission is also required (Sec. 8-407(a)) to reevaluate the propriety and necessity at least every two years of each certificate of necessity issued to the construction of a new electric generating facility. In order to comply with the above responsibilities, the Commission has the authority to conduct construction cost audits.

Section 8-407 (b) Activities

No activities were required during 2004.

Section 9-213 Activities

No activities were required during 2004.

MANAGEMENT AUDITS

Statutory Requirements

The Commission has authority under Section 8-102 of the Public Utilities Act to conduct management audits of public utilities. The Commission may choose to conduct the audits with its own staff or it may contract with independent consultants to perform the management audits. Prior to initiating an audit of a utility, the Commission must determine that reasonable grounds exist to believe an audit is necessary or cost-beneficial.

The statute allows for the costs associated with the use of independent consultants to be borne by the utilities with recovery provided through the normal ratemaking process.

Commission Responsibilities

Prior to initiating a management audit or investigation of a utility, the Commission must have "reasonable grounds to believe that such audit or investigation is necessary to assure that the utility is providing adequate, efficient, reliable, safe, and least-cost service and charging only just and reasonable rates therefor, or that such audit or investigation is likely to be cost beneficial in enhancing the quality of such service or the reasonableness of rates therefor." The Commission shall "issue an order describing the grounds for such audit or investigation and the appropriate scope and nature of such audit or investigation."

No auditing activities were undertaken during 2004.

EXCESS CAPACITY, USED, AND USEFUL

Section 9-215 of the Public Utilities Act gives the Commission the "power to consider, on a case by case basis, the status of a utility's capacity and to determine whether or not such utility's capacity is in excess of that reasonably necessary to provide adequate and reliable electric service". The Commission is also authorized to make adjustments to rates if a finding of excess capacity is made. This section conditions this authority for generating units whose construction programs started prior to the effective date of the current Act, January 1, 1986. That is, for generating units whose construction started prior to the effective date of the current Act, the Act requires that a determination of excess capacity or utility plant used and useful will be made from that which is appropriate under prior law.

No activities were required during 2004.

RATE MODERATION PLAN

The Public Utilities Act authorizes the Commission to consider the adoption of a rate moderation plan that would lessen rate impacts associated with new power plants coming into service. During 2004, no new power plants were placed in service in Illinois that fall under the Commission’s jurisdiction. As a result, the Commission did not use its authority to adopt a rate moderation plan.

COST-BASED RATES

The Public Utilities Act considers cost-based rates an important component of equity for ratepayers. Specifically, the Act states that the cost of supplying public utility services should be allocated to those who cause the costs to be incurred [Sec. 1-102(d)(iii)]. The need to base rates on costs has increased as the utility environment becomes more competitive. A close relationship between rates and costs will discourage uneconomic bypass of the utility system by ratepayers. Uneconomic bypass is costly to the utility, ratepayers, and society as a whole.

The Commission made consistent progress towards the establishment of cost-based rates in utility rate cases conducted over the years 1995-2004.

A total of sixteen gas and two electric rate cases were filed during this period. Additionally, with the passage of the Electric Service Customer Choice and Rate Relief Law of 1997, nine electric utilities filed cases for delivery services implementation and for residential delivery services implementation and eight electric utilities filed cases for metering services unbundling. The gas cases were filed by MidAmerican Energy Company ("MEC"), Central Illinois Light Company ("CILCO") [now AmerenCILCO], Peoples Gas Light and Coke Company ("Peoples"), North Shore Gas Company ("North Shore"), Northern Illinois Gas Company ("Nicor Gas"), Mt. Carmel Public Utility Co. ("Mt. Carmel"), Illinois Gas Company ("IGC"), Central Illinois Public Service Company ("AmerenCIPS"), Union Electric Company ("AmerenUE"), United Cities Gas Company [now Atmos Energy Corporation], South Beloit Water Gas and Electric Company ("SBWGE") and Consumers Gas Company. The two electric rate cases were filed by Mt. Carmel. The electric delivery service cases were filed by ComEd, Illinois Power Company ("IP") [now AmerenIP], AmerenCIPS, AmerenUE, Mt. Carmel, MEC, AmerenCILCO, SBWGE, and Interstate Power and Light Company ("IPC"). Additionally, except for Mt. Carmel, the same electric Companies filed for unbundling of delivery services.

All nine electric utilities were mandated by the Public Utilities Act to provide rates for residential customers based on real-time pricing.

The Public Utilities Act also required that AmerenCIPS and AmerenUE compare their bundled residential rates to the average rate of a group of Midwest utilities. If the Midwest average was lower than the rate of each of these Illinois utilities, the Illinois utility was required to reduce its residential rates on October 1, 2002. Neither utility was required to reduce its residential rates. The Public Utilities Act also required that ComEd reduce its bundled residential rates by 5% on October 1, 2001. The Act also mandated that Illinois Power reduce its bundled residential rates by 5% on May 1, 2002, and that CILCO reduce its bundled residential rates by 1% on October 1, 2002. All rate reductions mandated by the Public Utilities Act have been implemented.

Commission Actions to More Fully Implement Cost-Based Rates: Gas

In the CILCO case (Docket No. 94-0040), the Commission decision was to more closely align rates with costs through a 75% reduction in interclass subsidies and more cost-based rate designs.

In the North Shore and Peoples cases (Docket Nos. 95-0031 and 95-0032), the Commission adopted the average and peak allocation method. The Commission also made further progress towards cost-based interclass revenue allocations.

In the Nicor Gas case (Docket No. 95-0219), the Commission again adopted the average and peak allocation method. The Commission adopted a revenue allocation that significantly reduced interclass subsidies and initiated cost-based rate designs.

In the Mt. Carmel gas and electric case (Docket No. 97-0513), Mt. Carmel performed a cost of service study ("COSS"), as did Staff. The Commission concluded that rates agreed to by the parties made movement towards subsidy elimination, while recognizing customer impact concerns.

In the Illinois Gas Company case (Docket No. 98-0298), IGC submitted an embedded cost of service study utilizing GasWorks 1.0, which is a COSS program designed by the Commission Staff. Staff proposed a few minor allocation changes, which IGC accepted. The Commission accepted the Staff-proposed interclass allocation methodology, which eliminated cross-subsidization between rate classes. Staff and the Company agreed to class rate design, which made movement towards intra-class subsidy elimination, while recognizing customer impact concerns.

In the AmerenCIPS and AmerenUE cases (Docket Nos. 98-0545 and 98-0546), both the Companies and Staff provided cost of service studies. Staff however, proposed using the average and peak allocation method for allocating capacity-related transmission and distribution costs. The Companies accepted Staff's COSS and interclass revenue allocation methodologies in the rebuttal stage of the proceeding. In both cases, Staff proposed basing the customer charge for the general delivery service rates on meter capacity. This resulted in two customer charges, for both AmerenCIPS' and AmerenUE's general service rate class, compared to the Companies' proposal of one rate. Staff stated that since there is such a diverse group of customers with substantially different sized meters in the classes, separating them by meter capacity would further eliminate intra-class subsidies. The Companies and Staff agreed to a rate design methodology that made considerable movement towards intra-class subsidy elimination. All parties agreed that full movement toward fully cost-based rates would cause undue negative customer impacts.

In the MidAmerican case (Docket No. 99-0534), MEC performed a cost of service study and based the proposed rates on cost of service. Commission Staff reviewed that study and presented testimony. An order was entered and the rates became effective in July 2000.

In the United Cities Gas Company case (Docket No. 00-0228), the Company accepted the COSS and the rate design proposed by Staff. The Staff-designed rates included increased costs in the customer charges that more properly reflect the true cost of service.

In the Consumers Gas case (Docket No. 00-0618), which was filed in September 2000, the Company performed a cost of service study and based the proposed rates on cost of service. Commission Staff reviewed that study and presented testimony. An order was entered in June 2001.

In the MidAmerican case (Docket No. 01-0444), the Company performed a cost of service study and based the proposed rates on cost of service. Commission Staff reviewed that study and presented testimony. An order was entered and an Order was approved in March 2002.

In the CILCO case (Docket No. 02-0837), the Company performed a cost of service study and based the proposed rates on cost of service. Commission Staff reviewed that study and presented testimony. The Commission entered an Order in October 2003.

In the AmerenCIPS and AmerenUE cases (Docket Nos. 03-0008 and 03-0009), the Companies performed cost of service studies and based the proposed rates on cost of service. Commission Staff reviewed those studies and presented testimony. The Commission entered an Order in October 2003.

In the South Beloit Water Gas and Electric Company case (Docket No. 03-0676), the Company performed a cost of service study and based the proposed rates on cost of service. Commission Staff reviewed that study and presented testimony. The Commission entered an Order in October 2004.

During 2004, four gas utilities filed for gas rate increases: Illinois Gas Company (Docket No. 04-0475), Illinois Power Company Docket No. 04-0476), Consumers Gas Company (Docket No. 04-0609), and Nicor Gas (Docket No. 04-0779). The Commission will issue orders for these proceedings during 2005.

Commission Actions to More Fully Implement Cost-Based Rates: Electricity

The delivery services tariff cases to establish non-residential rates for delivery services involved all nine electric utilities:

AmerenCIPS and AmerenUE (Docket No. 99-0121)
MidAmerican Energy Company (Docket Nos. 99-0122 & 99-0130)
CILCO (Docket Nos. 99-0119 and 99-0131, Consolidated)
ComEd (Docket No. 99-0117)
IP (Docket Nos. 99-0120, 99-0134, and 99-0140, Consolidated)
IPC and SBWGE (Docket Nos. 99-0124, 99-0125, 99-0132, and 00-0133, Consolidated)
Mt. Carmel (Docket No. 99-0116)

Each delivery service proceeding consisted of taking a test year revenue requirement, which was made up of transmission, distribution, and generation components, and separating these components out for cost of service purposes. The generation component will be market based, while the transmission component will be regulated by FERC. The goal of delivery services is to have cost-based delivery service rates, which represent the distribution portion of the electric system. The Commission approved cost-based rates for each utility. Approval of cost-based rates helps facilitate the next stage of deregulation, which is unbundling. Competition for unbundled services will largely depend on cost-based delivery service rates.

In the unbundling case (Docket No. 99-0013), all utilities, except Mt. Carmel, filed tariffs for the unbundling of metering services. Staff reviewed those filings, and the Commission Order was issued on October 4, 2000, and became effective on January 1, 2001. Cost-based rates for unbundled delivery services will be a prime factor in initiating competition in Illinois.

Delivery services tariffs for all residential customers became effective on May 1, 2002. As part of their plans for delivery services, AmerenCIPS and AmerenUE filed new residential delivery services tariffs and filed updated non-residential delivery services tariffs in December 2000. The other seven utilities filed their proposed rates in 2001. All of the proceedings, except ComEd's, were completed to establish delivery services rates for their residential classes, as well as new non-residential delivery services rates. Commonwealth Edison's proceeding was completed in 2003.

All nine electric utilities were mandated by the Public Utilities Act to provide rates for residential customers based on real-time pricing. The appropriate filings were made and the rates became effective on October 1, 2000.

The Public Utilities Act also required that AmerenCIPS and AmerenUE compare their bundled residential rates to the average rate of a group of Midwest utilities. If the Midwest average was lower than the rate of each of these Illinois utilities, the Illinois utility was required to reduce its residential rates on October 1, 2000. The comparison indicated that AmerenCIPS and AmerenUE were not required to reduce their bundled residential rates on that date.

As required by the Public Utilities Act, CILCO reduced its bundled residential rates by 2% on October 1, 2000.

The Public Utilities Act also required that ComEd reduce its bundled residential rates by 5% on October 1, 2001.

The Act also mandated that Illinois Power reduce its bundled residential rates by 5% on May 1, 2002.

MERGERS

On March 24, 2004, Ameren Corporation and Illinois Power Company filed an application seeking approval to engage in a reorganization, pursuant to Sections 7-204 and 7-102 of the Public Utilities Act, in which Ameren Corporation would acquire all of the outstanding common stock of Illinois Power and all of the preferred stock of Illinois Power held by Illinova (Docket No. 04-0294). Following an investigation, the Commission entered an order on September 22, 2004, authorizing the acquisition by Ameren with certain conditions. During 2004, Ameren has been filing reports and information and meeting with Staff in compliance with the order.

On October 22, 2003, Ameren filed a petition for approval to transfer AmerenUE's gas system assets and gas public utility business to AmerenCIPS and for approval of entry into various related agreements (Docket No. 03-0657). An Order was entered September 22, 2004 on the condition that the transactions in question are consummated not later than March 22, 2005.

On December 17, 2003, Illinois American Water Company ("IAWC") filed a Section 7-204 application to acquire the assets and operating rights within the Village of Saunemin and for a Certificate of Public Convenience and Necessity to provide water service to the Village of Saunemin (Docket No. 03-0768). An order was entered July 8, 2004 authorizing the purchase of the Saunemin assets, granting a certificate, approving accounting treatment and setting rates, subject to certain conditions. On July 29, 2004, IAWC filed an Application for Rehearing with respect to the order's provision requiring that IAWC file tariffs within 30 days of the order because IAWC needed additional time to close the transaction, file tariffs and submit reports. On August 10, 2004, the Commission granted rehearing. IAWC filed a Report of Closing that it closed its acquisition on August 27, 2004. The Commission entered an Order on Rehearing November 23, 2004 modifying the timeline specified in the Order of July 8, 2004.

ASSET TRANSFER OR SALE

On August 19, 2003, MEC filed a petition for declaratory ruling of whether MEC's acquisition of two Siemens Westinghouse 501 combustion turbines from its ultimate parent company was exempt from the need for Commission approval (Docket No. 03-0496). The Commission, in an Interim Order dated January 7, 2004, denied MEC's request for a declaratory ruling and directed that this matter should proceed as an application for approval of an affiliated interest contract under Section 7-101(3) of the Act. Staff filed direct testimony stating that the addition of the Greater Des Moines Energy Center is not in the public interest. The Company filed Rebuttal Testimony on November 9, 2004; Staff is scheduled to file Rebuttal Testimony February 15, 2005.

INFORMATIONAL FILINGS

During 2004, only one notice was filed under Section 16-111(g) of the Act. On January 30, 2004, ComEd filed notice that its subsidiary, Edison Development Company, was dissolved.

DECOMMISSIONING

MEC filed petitions in 1998 and 1999 for approval of a decommissioning cost factor of 0.26 cents per kWh for the billing year 1999 and 0.22 cents per kWh for the billing year 2000 (Docket Nos. 98-0757 and 99-0577, Consolidated). An Order was entered May 21, 2003, ordering changes to MEC's proposed cost estimate for decommissioning, setting a decommissioning cost factor of 0.07 cents credit per kWh for a twelve-month period and at 0.00 cents per kWh after the twelve-month period, and requiring MEC to file a petition to renew its decommissioning rider by November 1, 2004. On August 31, 2004, MEC filed a petition to continue in effect its current Rider collecting 0.0 cents per kWh and file a new decommissioning cost estimate and proposed factor ninety days after the Nuclear Regulatory Commission issues its decision on the license renewal application for Quad Cities Nuclear Power Station (Docket No. 04-0550).

On September 3, 2002, AmerenUE filed a petition for approval of the cost estimate for decommissioning its Callaway Plant; two revised decommissioning riders, one of which would be applicable to bundled customers, and one of which would be applicable to delivers service customers; and assumptions to justify the annual funding level of the trust fund (Docket No. 02-0565). An order was entered May 7, 2003, that approved $512,786,000 as the cost estimate for decommissioning AmerenUE's Callaway Plant; approved the proposed decommissioning riders with changes; established the annual funding level of $272,554 plus a $25,952 collection deficit from the prior three-year period and set a nuclear decommissioning factor of $.08 to be collected through the riders; and ordered that AmerenUE shall file its next petition for approval to update the decommissioning riders, cost estimate and funding level on or before September 1, 2005.

On October 23, 2003, AmerenUE filed a petition for Commission approval for changes to its Second Amended Tax Qualified Decommissioning Trust Agreement; Second Amended Non Tax Qualified Decommissioning Trust Agreement; and Investment Guidelines for the Callaway Plant Tax Qualified and Non-Tax Qualified Nuclear Decommissioning Trust Funds, all with respect to the Callaway nuclear plant in Missouri. These amendments were proposed to comply with NRC rule changes pertaining to pre-disbursement notifications, revise reporting requirements, add definitions of relevant terms; and make various clarifications. The Commission entered an Interim order December 17, 2003. A final order from the Commission was conditioned on the receipt of an order from the Missouri Public Service Commission approving these agreements and deadlines that AmerenUE filed with the Commission on December 19, 2003.

(5-c) Promulgation and application of rules concerning ex parte communications, circulation of recommended orders and transcription of closed meetings.

The Commission's rules concerning ex parte communications (83 Ill. Adm. Code 200.710) and the circulation of recommended orders (83 Ill. Adm. Code 200.820) remained in effect in 2004 and were applied throughout the year. Closed meetings were transcribed verbatim as required by Section 10-102 of the Public Utilities Act.

SECTION 6

Appeals from Commission Orders

(6) A description of all appeals taken from Commission orders, findings or decisions and the status and outcome of such appeals.

This section includes only appeals either filed in 2004 or upon which a judicial decision was received in 2004. Excluded are appeals involving motor carriers, rail carriers, or other regulated transportation, telecommunications and all non-appeal judicial actions, such as enforcement and collection actions, employment suits, or federal administrative and judicial actions, in which the Commission may have participated as plaintiff, defendant, intervenor, or amicus.

APPEALS INVOLVING PUBLIC UTILITIES FILED IN 2004

A. Under the Public Utilities Act, 220 ILCS 5

1. *Entergy-Koch Trading, LP v. Illinois Commerce Commission, et al.,* Illinois Appellate Court No. 2-04-1004, Ill.C.C. Docket Nos. 01-0705, 02-0067 & 02-0725. Appeal from Commission Interim Actions allowing the issuance of a subpoena pursuant to statute.
   Status: Cause was dismissed for lack of jurisdiction by order of the Court. Rehearing has been sought.

2. *Illinois-American Water Co. v. Illinois Commerce Commission, et al.,* Illinois Appellate Court No. 3-04-0092, Ill.C.C. Docket No. 02-0690. Appeal of order of the Commission from a general rate case affecting all divisions of Illinois-American Water Co.
   Status: Cause has been briefed and argued and is awaiting issuance of a decision.

3. *KMS Morris Power, Inc. v. Illinois Commerce Commission,* Illinois Appellate Court Docket No. 3-04-0498, Ill.C.C. Docket No. 03-0607. Appeal from investigation into QSWEF status and compliance with Section 8-403.1of the Public Utilities Act, 220 ILCS 5/ 8-403.1
   Status: Cause has been stayed pending settlement discussions.

4. *MidAmerican Energy Co. v. Illinois Commerce Commission, et al.,* Illinois Appellate Docket No. 3-04-0944, Ill.C.C. Docket No. 03-0659. Appeal from a Declaratory Ruling.
   Status: Pending the filing of an appeal record and briefing.

5. *City of Pekin v. Illinois Commerce Commission and Illinois-American Water Co.,* Illinois Appellate Court Docket No. 3-04-0227, Ill.C.C. Docket No. 02-0690. Appeal from denial of petition to authorize municipal condemnation of a public utility under 735 ILCS 5/ 7-102.
   Status: Cause has been briefed and argued and is awaiting issuance of a decision.

6. *Peoples Energy Services Corp. v. Illinois Commerce Commission and Citizens Utility Board,* Illinois Appellate Court Docket No. 1-04-2878, Ill.C.C. Docket No. 03-0592. Appeal from Commission order in complaint concerning violations of the Alternative Gas Supplier Law, 220 ILCS 5/ 19.
   Status: Briefing in the cause is pending.

B. Under Other Utility-Related Acts

1. *NPCR Inc. v. Edward Hurley, et al.,* U.S. District Court for Northern Illinois Docket No. 04-C-3115, Ill.C.C. Docket No. 03-0487, Complaint for Declaratory and Injunctive Relief of denial of nonhearing grant of certificate of service authority under 220 ILCS 5/ 13-401.
   Status: Pending settlement negotiations

2. *MCI Inc. v. Edward C. Hurley, et al.,* U.S. District Court for Northern Illinois Docket No. 04-C-7402, Ill.C.C. Docket No. 02-0864, Complaint for Declaratory and Injunctive Relief from Commission order establishing rates for unbundled network elements offered by Illinois Bell Telephone Co.
Status: Briefing schedule established.

II. APPEALS AND OTHER JUDICIAL REVIEW PROCEEDINGS INVOLVING PUBLIC UTILITIES DECIDED IN 2004

A. Cases dismissed without decision on the merits

(1) *Virginia W. Diehl v. Illinois Commerce Commission and Peoples Gas, Light & Coke Co.,* Illinois Appellate Court No. 1-03-1574, Ill.C.C. Docket No. 01-0453. Appeal from customer complaint concerning gas charges. On January 8, 2004, appeal voluntarily dismissed.

(2) *Entergy-Koch Trading, LP v. Illinois Commerce Commission, et al.,* Illinois Appellate Court No. 2-04-1004, Ill.C.C. Docket Nos. 01-0705, 02-0067 & 02-0725. Appeal from Commission Interim Actions allowing the issuance of a subpoena pursuant to statute. On November 30, 2004, the Appellate Court dismissed the appeal for lack of jurisdiction. Rehearing has been sought.

B. Cases under the Public Utilities Act, 220 ILCS 5 in which decisions were rendered either by Opinion of the Court or by an Order issued under Supreme Court Rule 23. (A Rule 23 Order decides a case on its merits, but has limited effect as precedent on other cases.)

(1) *Caterpillar, Inc., et al., v. Illinois Commerce Commission, et al.,*

Illinois Appellate Court, First District, Nos. 1-03-0263 and 1-03-1706 (cons.)
Ill.C.C. Docket No. 02-0479.

The first appeal was from an interim decision of the Commission allowing Commonwealth Edison's declaration of Rate 6L to 3MW and greater customers as a competitive service to take effect by operation of law under Section 16-113 of the Electric Service Customer Choice and Rate Relief Law of 1997, 220 ILCS 5/ 16-113. The second appeal was from the final decision of the Commission allowing the inclusion of a transition charge factor in Commonwealth Edison's Rate HEP under Sections 16-101A, 16-107 and 16-109A of the Electric Service Customer Choice and Rate Relief Law of 1997, 220 ILCS 5/ 16-101A, 16-107 and 16-109A. The causes were consolidated for argument and ruling.

On March 24, 2004, the Illinois Appellate Court affirmed both decisions of the Illinois Commerce Commission. On the interim decision, the Court held that the issuance of an interim order and the interim order's allowance of Com Ed's tariff to take effect by operation of law were not unlawful or mutually exclusive actions. On the final order, the Illinois Appellate Court held that the appellants had failed in their burden to prove that the transition charge factor is unreasonable or unlawful.

(2) *Illinois Power Co. v. Illinois Commerce Commission and People of the State of Illinois*

Illinois Appellate Court No. 5-03-0441,
Ill.C.C. Docket No. 02-0169.

On September 9, 2004, the Illinois Appellate Court for the Fifth District issued a Rule 23 Order affirming the decision of the Commission regarding the annual reconciliation of revenues collected under Illinois Power Co.'s coal-tar rider for the year 2001. Said rider recovers costs related to the clean up of former manufactured gas sites which costs are imposed upon utilities by CERCLA, 42 USC 9601 *et seq.* The Court affirmed that a study of polynuclear aromatic hydrocarbons in the soil, which Illinois Power sought to be recovered through its coal-tar rider, was not sufficiently related to the investigation and analysis of the clean up of coal-tar contaminated sites.

C. Other Review Proceedings

(1) Appeals from grant or denial of right to serve area or customer under Electric Supplier Act, 220 ILCS 30

(a) *Central Illinois Public Service Co. v. Illinois Commerce Commission and Illinois Rural Electric Co.*

Illinois Supreme Court Docket No. 97179
Illinois Appellate Court, 4th District, No. 4-02-0443
Sangamon County Docket Nos. 99 MR 333 and 01 MR 71,
Ill.C.C. Docket Nos. 97-0287 and 99-0646 respectively

On July 30, 2003, the Illinois Appellate Court for the Third District affirmed both the Circuit Court for Sangamon County, Seventh Judicial District, and the Commission Orders in Docket Nos. 97-0287 and 99-0646. Both cases involved a service area agreement, approved under the Electric Supplier Act ("ESA"), 220 ILCS 30, and the same application question as to how the agreement applies after an annexation of some of the agreement's territory by municipalities.

In both cases, the Commission had found that, under Paragraph 6 of the Agreement, the rights of Illinois Rural Electric Cooperative (IREC) were to be determined under the ESA upon municipal annexation. The Commission, thereafter, found that IREC had statutory grandfather rights to serve three out of four of the disputed developments/homesteads. As was expressly noted in the second case, the ultimate decisions herein were consistent with the expressed territorial division in the service area agreement. CIPS had challenged the Commission's decision, arguing that the grandfather rights were controlled by what is commonly known as the Canton Prison case, Central Illinois Public Service Company v. Illinois Commerce Commission, 219 Ill. App. 3d 291 (4th Dist., 1991).

The Appellate Court determined that grandfather rights had nothing to do with cases. Rather that the territorial split that had been agreed upon between CIPS and IREC would control. However, this determination did not change the results of the case. In addition, the Appellate Court found that the ESA does not affect municipal powers, pursuant to the explicit provision of the last paragraph in Section 14 of the ESA, 220 ILCS 30/14. CIPS has petitioned for review by the Illinois Supreme Court.

The Illinois Supreme Court denied leave to appeal and issued its mandate on February 19, 2004.

SECTION 7

Studies and Investigations Required by State Statutes

(7) A description of the status of all studies and investigations required by this Act, including those ordered pursuant to Sections 4-305, 8-304, 9-242, 9-244, and 13-301 and all such subsequently ordered studies or investigations.

Section 4-305: Emission Allowance Reports

Section 4-305 directs the Illinois Commerce Commission to collect from each utility and each affiliated interest of a public utility owning an electric generating station, on a quarterly basis, information relating to the acquisition or sale of sulfur-dioxide emission allowances, as defined in Title IV of the Federal Clean Air Act Amendments of 1990. The Commission is also directed to include such information in each of its annual reports, beginning with the 1993 annual report due January 31, 1994.

As of December 31, 2004, the Commission received quarterly reports for the fourth quarter 2003 through the third quarter 2004 from four public utilities with generating units affected by the Clean Air Act: Alliant (Interstate Power and Light Company), AmerenCILCO, AmerenUE, and MidAmerican Energy Company.

The Commission received quarterly reports for the fourth quarter 2003 through the third quarter 2004 from Electric Energy Inc.[1], which owns generating units affected by the Clean Air Act and is an affiliate of the following public utilities: AmerenCILCO, AmerenCIPS, AmerenIP, and AmerenUE.

The Commission received quarterly reports for the fourth quarter 2003 through the third quarter 2004 from Rocky Road Power LLC[2], and Dynegy Midwest Generation Inc.[3] Both companies were affiliates of Illinois Power Company, and both companies own generating units affected by the Clean Air Act.[4]

The Commission received quarterly reports for the fourth quarter 2003 through the third quarter 2004 from Ameren Energy Generating Company[5], which owns generating units affected by the Clean Air Act and is an affiliate of AmerenCILCO, AmerenCIPS, AmerenIP, and AmerenUE.

All utilities and affiliated interests subject to the Section 4-305 reporting requirements are currently in compliance. Appendix B contains the fourth quarterly report for 2003 and the first three quarterly reports for 2004 for all reporting entities. Because the forms require the reporting entities to record a running total of all allowance allocations and transactions, the third quarter reports contain all information regarding the allocations and transactions that have occurred during the first three quarters of 2004.

Section 8-304: Estimated Billing Practices

This section states that the Illinois Commerce Commission shall perform a comprehensive study of estimated billing practices and policies of the major regulated public utilities providing natural gas and/or electric services.

For purposes of this study, the Commission selected the following major regulated public utilities providing natural gas and/or electric services to Illinois households:

AmerenCILCO

[1] Electric Energy Inc, is owned by Ameren Corporation (20%), AmerenCIPS (20%), AmerenUE (40%), and Kentucky Utilities Company (20%), a subsidiary of Powergen plc. Ameren Corporation owns AmerenUE and AmerenCIPS.
[2] Rocky Road Power LLC is owned by Dynegy (50%) and by NRG Energy Inc (50%), a subsidiary of Xcel Energy Inc.
[3] Dynegy Midwest Generation Inc. is owned by Dynegy.
[4] On September 30, 2004, Ameren completed its acquisition of Illinois Power Company, thus severing the affiliate relationship between Illinois Power and Rocky Road Power LLC, and between Illinois Power and Dynegy Midwest Generation Inc. Thus, Rocky Road Power LLC and Dynegy Midwest Generation Inc., are longer required to file quarterly emissions reports with the Commission, effective with the fourth quarter 2004.
[5] Ameren Energy Generating Company is owned by Ameren Corporation.

AmerenCIPS
AmerenIP
AmerenUE
Commonwealth Edison Company
MidAmerican Energy Company
Northern Illinois Gas Company
Peoples Gas Light & Coke Company

These eight utilities comprise over 95 percent of the regulated utility service sales to residential customers in Illinois.

For the study, the companies provided such information as a three year history of the total number of estimated bills broken down by customer class, time of year, geographic location, customer group, and frequency of consecutively estimated bills; the reasons for estimated billing; the costs of relocating and reading meters; the methods or formulas used for establishing the amounts of estimated bills; and the programs or instruments used to minimize the frequency of estimated bills. The study was conducted in 1987. An analysis of the data received was conducted by Commission staff. No activities were required in 2004.

Section 8-403: Cogeneration/Small Power Production

Section 8-403 states that the Commission shall conduct a study to encourage the full and economical utilization of cogeneration and small power production. In addition to the independent power generation aspect of the study, the Commission is also required to examine the wheeling of electricity between governmental agencies. This study was completed in 1987. No activities were required in 2004.

Section 8-405.1: Feasibility of Wheeling in Illinois

Section 8-405.1 directs the Commission, in cooperation with the Illinois Department of Energy and Natural Resources, to investigate the major economic and legal issues surrounding the wheeling of electricity in Illinois and to report the results of its investigation to the General Assembly. In December 1987, the Commission submitted the report titled *Electric Wheeling in Illinois* to the General Assembly. No activities were required in 2004.

Section 9-202: Temporary Rate Increase

On October 1, 1987, 83 Ill. Adm. Code 330 became effective. Among other things, Commission rules set the necessary conditions for a temporary rate increase and provided for refunds with interest should the temporary rate increase granted exceed the permanent rate increase granted.

Section 9-214: Study of CWIP

The study was completed and sent to the General Assembly on December 29, 1988. Please see the Commission’s 1992 annual report, page 56, for details.

Section 9-216: Cancellation Costs

The regulated utilities currently have no generation or production plant under construction and have not made any requests for authority to construct new generation or production plant. Given that there is no due date for either the initiation or completion of this rulemaking, the Commission will initiate rulemaking as soon as practical, given the Commission's current workload and resources.

ECONOMIC DEVELOPMENT PROGRAM

A summary of the Commission's economic development program and it activities since its inception may be found in the 1996 and previous Commission annual reports.

The Commission coordinates its economic development activities with other state agencies, including the Department of Commerce and Economic Opportunity. Commission staff members represent the agency on interagency task forces that relate to the Commission's economic development activities. Individual economic development project proposals are reviewed in conjunction with appropriate staff from utilities, state and local government, and private businesses. Staff comments on tariff and/or rate filings by utilities and testimony in rate case proceedings serve to further articulate Commission policies in the area of economic development.

As implementation of customer choice continues, Commission rulemakings and decisions in the following areas will be assessed on an ongoing basis to evaluate impacts on economic development:

- requirements for alternative electric suppliers
- delivery services tariffs
- neutral fact finder process
- consumer-education materials
- distributed resources
- real-time pricing

Commonwealth Edison "Rehab" program monitoring and verification

During 1998, ComEd's customers experienced a larger number of electric service outages than in prior years. During July and August 1999, ComEd experienced equipment-related outages in Chicago and other parts of its service territory that, in combination with the outages of 1998, focused attention on ComEd's power delivery infrastructure. In October 2000, ComEd again experienced significant equipment outages that continued to highlight ComEd's power delivery infrastructure. These equipment outages caused large numbers of ComEd's customers to lose electric service for periods from several hours to days during hot weather.

ComEd investigated these problems, and, on September 15, 1999, issued a report called "A Blueprint for Change." ComEd identified five key areas where it needed to improve its performance: 1) maintenance, 2) equipment protection and monitoring, 3) load and capacity, 4) system optimization, and 5) organization and management.

As a result of the ComEd outages, the Commission ordered investigations of ComEd's transmission, distribution and management systems as those systems existed prior to the outages. These investigations, conducted by Vantage Consulting Inc. and The Liberty Consulting Group ("Liberty"), identified root causes for these specific outages and provided ComEd with recommendations to improve their transmission and distribution and management systems.

The Commission requested that ComEd provide quarterly reports on the status of its progress towards its own and Liberty's recommendations and contracted with Liberty (the contract with Liberty began in January 2002 and ends in January 2005) to provide reasonable assurance of the accuracy of the ComEd's quarterly report, and to have an independent resource to investigate major outages that may occur in the future. The Commission required that Liberty provide the ICC with (1) reports and independent assessments on ComEd's quarterly reports, and (2) the results and recommendations from any future major ComEd power delivery infrastructure outages or mishaps.

SECTION 8

Impacts of Federal Activity on State Utility Service

(8) A discussion of new or potential developments in federal legislation, and federal agency and judicial decisions relevant to State regulation of utility service

COMMISSION POLICY AND ACTIONS IN FERC PROCEEDINGS

The Federal Energy Regulatory Commission ("FERC") regulates, among other things, the rates for wholesale electricity sales by public utilities and transmission in interstate commerce, the sale or resale of natural gas by interstate pipelines, and the transportation of natural gas by interstate pipelines. The primary goal of the ICC's Federal Energy Program is to ensure that the rules, policies, rates, and terms and conditions of service that FERC establishes for electric transmission service, bulk power sales, and natural gas pipeline transportation are fair and reasonable for Illinois energy consumers. The activities of the Federal Energy Program are discussed in more detail in the following sections.

DEVELOPMENTS IN THE NATURAL GAS INDUSTRY

Interstate natural gas pipeline transportation service operates under the Order 636 open access rules adopted by FERC in 1992. In 2002, FERC continued to hone its interstate natural gas transportation policy through incremental modifications with the implementation of Order 637. FERC's gas policy continues to focus on improving the efficiency of the natural gas market, increasing competition, and protecting consumers against the exercise of market power by pipelines. In an attempt to address continued growth in demand for natural gas, 2004 saw many suppliers looking to liquefied natural gas ("LNG") as a way to meet that demand. Currently, there are four existing LNG terminals in North America. As of December 2004, there were 51 LNG proposals to either expand existing facilities or create new LNG terminals in the United States, Canada, Mexico, and the Bahamas pending approval by FERC or the Coast Guard. If implemented, these 51 projects would have the potential to increase the LNG capacity of North America by almost 30 Bcf per day. Given that over 95% of the world's LNG is produced outside of North America, these projects are concentrated along both the east and west coasts, with the bulk of them planned for the Southern Atlantic coast and the Gulf of Mexico.

In Illinois, and the Midwest in general, the major activity continues to be in new interstate natural gas pipeline construction proposals. These proposals are in response to continued growth in natural gas demand and increased access to newer gas supply basins, such as those in western Canada. In particular, the Northern Border Pipeline Company is currently considering a third expansion of their existing pipeline that runs from Iowa to Chicago. If completed, the "Chicago Expansion III" project will result in a capacity increase of 130 MMcf per day.

DEVELOPMENTS IN THE ELECTRIC POWER INDUSTRY

In 1996, FERC issued Order 888. Order No. 888 opened up the nation's transmission grid through open access transmission tariffs. In 1999, the Commission issued Order No. 2000, which called for the voluntary creation of regional transmission organizations ("RTOs"). RTOs are intended to bring about increased efficiency through both improved grid management and increased access to competitive power supplies by end-users. In late 2002, FERC issued both a standard market design notice of proposed rulemaking and a wholesale market platform whitepaper. Both of these documents were intended to focus on the formation of RTOs and ensure that all RTOs/ISOs have sound wholesale market rules. While FERC has suspended development of a standard market design rule to be implemented nationwide, much progress has been made in regional implementation of organized wholesale markets for energy, capacity, and ancillary services.

2004 saw much progress in the RTO arena, with Commonwealth Edison completing its integration in the PJM RTO and Ameren joining the Midwest ISO. MidAmerican Energy is the only Illinois utility to not join an RTO. Additionally, much of FERC's RTO activity continued to be focused on the development of RTO policies and procedures that are the essential "nuts and bolts" for efficient wholesale electricity markets. In particular, these policies included issues such as the development of long-term regional rates for the Midwest ISO-PJM footprint, the pricing of new transmission facilities and generator interconnection, the establishment of energy markets for the Midwest ISO, and procedures for the sharing of confidential market data with State Commissions.

As it was in 2003, the reliability of the power grid continues to be a major focus for FERC. In response to the joint US-Canadian task force report regarding the August 14, 2003, blackout, FERC issued a policy statement intended to addressed a number of issues that relate to the Commission's role and policies regarding reliability of the nation's interstate bulk power systems. FERC also created a new reliability division charged with safeguarding the electricity grid. FERC also held several technical conferences to discuss the establishment of a North American Electric Reliability Organization that would be charged with both developing and enforcing reliability standards across the continent.

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 (220 ILCS 5/16-101, et seq.), enacted on December 16, 1997, introduced the concept of delivery services and required Illinois utilities to provide open access to delivery services on a phased-in basis. However, in adopting that statute, the Illinois General Assembly recognized that certain components of delivery service may be subject to FERC jurisdiction. Therefore, the statute states:

> An electric utility shall provide the components of delivery services that are subject to the jurisdiction of the Federal Energy Regulatory Commission at the same prices, terms and conditions set forth in its applicable tariff as approved or allowed into effect by that Commission. The Commission [ICC] shall otherwise have the authority pursuant to Article IX to review, approve, and modify the prices, terms and conditions of those components of delivery services not subject to the jurisdiction of the Federal Energy Regulatory Commission . . .. (220 ILCS 5/16-108(a))

Consequently, as retail open access is introduced in Illinois, the ICC has been actively engaged at FERC to ensure that the components of delivery service for which FERC has regulatory oversight responsibility are provided at rates, terms, and conditions that are appropriate for Illinois' retail direct access program.

SIGNIFICANT DEVELOPMENTS IN THE ILLINOIS REGULATORY ENVIRONMENT

The Electric Service Customer Choice and Rate Relief Law of 1997 fixed a timetable for the introduction of electric retail choice in Illinois, beginning with opening the electric market on October 1, 1999. On that date, approximately 64,000 non-residential electric customers, about one-seventh of all non-residential customers, became eligible to choose a new electric supplier. An additional 609,000 non-residential customers became eligible to choose a new electric supplier on January 1, 2001. The electric market was opened to the State's approximately 4.4 million residential customers in May 2002 so that now all customer classes are eligible to choose alternative suppliers, although to date, no supplier has sought permission from the Commission to serve residential customers and accordingly, no residential customer has switched to an alternative supplier. At the end of 2004, ten suppliers were serving non-residential customers.

By the end of 2004, approximately 12,150 non-residential customers had elected to purchase power and energy from an Alternative Retail Electric Supplier or from an electric utility selling outside its service area, primarily in the ComEd service area. However, customer interest in purchasing electricity from alternative suppliers increased in the downstate service areas. An increase in switching in two Ameren service areas followed the suspension of the imposition of transition charges for at least two years by AmerenCIPS and AmerenUE.

More than 8,700 customers have taken service under the Power Purchase Option, a service that is available only in the service areas of the two electric utilities (ComEd and AmerenIP) that, during 2004, imposed transition charges on customers that take delivery services. Detailed electric customer switching statistics can be viewed on the Commission's web page at http://www.icc.state.il.us/ec/switchstats.aspx.

NATIONAL DEVELOPMENTS

Although energy received much attention in Congress in 2004, no comprehensive energy bill was passed by Congress in 2004.

The Commission will continue to closely monitor legislative developments at the national level.

SECTION 9

Recommendations for Proposed Legislation

(9) All recommendations for appropriate legislative action by the General Assembly.

The Commission's legislative agenda for 94th General Assembly is currently being formulated. A detailed discussion of specific proposals currently under consideration would be premature at this time.

Appendix A

Summary of Significant
Commission Decisions

SUMMARY OF SIGNIFICANT COMMISSION DECISIONS

ELECTRIC

02-0838 Commonwealth Edison Company

Application for a Certificate of Public Convenience and Necessity, pursuant to Section 8-406 of the Illinois Public Utilities Act, and for an Order, under Section 8-503 of the Illinois Public Utilities Act, authorizing and directing ComEd to construct, operate and maintain a new electric transmission line in Kane County, Illinois.

This concerned an application by Commonwealth Edison for a certificate to build and maintain a high voltage transmission line in Kane County. There was a significant level of participation from local resident and government entities throughout this case. Ultimately, an alternate solution was identified that allows sufficient infrastructure upgrades to ensure service quality without the construction of the transmission line.

03-0534 Illinois Commerce Commission
On Its Own Motion
Amendment of 83 Ill. Adm. Code 280 to implement P.A. 93-0289.

On January 27, 2004, the Commission entered an Order amending 83 Ill. Adm. Code 280, "Procedures for Gas, Electric, Water and Sanitary Sewer Utilities Governing Eligibility for Service, Deposits, Payment Practices and Discontinuance of Service." The amendment reflects the addition of subsection (k) to Section 8-206 of the Public Utilities Act.

03-0606 Illinois Commerce Commission
On Its Own Motion
-vs-
KMS Macon Power, Inc.
Investigation of compliance with Order granting QSWEF status
(Cons.)
03-0607 Illinois Commerce Commission
On Its Own Motion
-vs-
KMS Morris Power, Inc.
Investigation of compliance with Order granting QSWEF status and with Section 8-403.1 of the Public Utilities Act.

Investigations of Compliance with Order Granting QSWEF Status with complex procedural issues. Commission ordered revocation of QSWEF status and imposed significant fines.

03-00780 Local Unions 15, 51 and 702, International Brotherhood of Electrical Workers
-vs-
Ameren Energy Marketing Company
Complaint Challenging Ameren Energy Marketing Company's Report of Continuing Compliance with Standards of Service Authority under Section 16-115 of the Public Utilities Act.

The Commission entered an order granting the Respondent's motion to dismiss the complaint on the basis that AEM is a supplier with corporate affiliates in a choice state as well as an affiliate in a non-choice state. Because AEM has public utilities affiliates in both a choice state (Illinois) and a non-choice state (Missouri), it follows that AEM complies with the standard established in the Commission's *Blackhawk Order on Remand*.

04-0070 Illinois Commerce Commission

On Its Own Motion

Determination of manner in which Bio-Energy Partners shall reimburse the State Treasury for tax reductions relating to the Northbrook Recycling and Disposal Facility, Lake Location #2, under Section 8-403.1 of the Public Utilities Act.

This matter determined the recovery schedule for QSWEF tax credits previously authorized pursuant to Section 8-403.1 of the Act. The Order provides for collections on a monthly basis through August, 2009, of the total amount of $10,794,125.56. Collections through the end of calendar year 2004 total $1,838,414.75.

04-0118 The Lower Electric, LLC

Application for Certificate of Service Authority under Section 16-115 of the Public Utilities Act.

04-0334 Nordic Marketing of Illinois, L.L.C.

Application for Certificate of Service Authority under Section 16-115 of the Public Utilities Act.

04-0458 BlueStar Energy Services, Inc.

Application for Certificate of Service Authority under Section 16-115 of the Public Utilities Act.

04-0545 Pepco Energy Services, Inc.

Application for Certificate of Service Authority under Section 16-115 of the Public Utilities Act.

The Commission entered orders granting the applicants certificates of service authority to operate as alternative retail electric suppliers. The applicants demonstrated compliance with the reciprocity requirements contained in Section 16-115 (d)(5) of the Act.

04-0294 Illinois Power Company and Ameren Corporation

Application for authority to engage in reorganization, and to enter into various agreements in connection therewith, including agreements with affiliated interests and for such other approvals as may be required under the Illinois Public Utilities Act to effectuate the reorganization.

On September 22, 2004, the Commission entered an Order approving Ameren Corporation's acquisition of Illinois Power Company ("IP") from Dynegy, Inc. Ameren Corporation paid $2.3 billion for IP. The Commission also approved the elimination of the $2.27 billion debt owed by Dynegy, Inc. to IP.

Gas

02-0717 Illinois Commerce Commission

On Its Own Motion

-vs-

Central Illinois Light Company

Reconciliation of revenues collected under gas adjustment charges with actual costs prudently incurred.

The Commission concluded that CILCO should be allowed to recover certain costs through the PGA. The Commission agreed that the costs in question are certainly recoverable through base rates. In the Commission's view, given that this reconciliation proceeding and CILCO's most recent rate case, Docket 02-0837, were conducted in part simultaneously, this would have been an opportune time at which to change the method by which CILCO recovers these costs. Inasmuch as CILCO is under a rate freeze until 2005, the Commission determined that Staff's proposal would violate principles of fairness concerning the recovery of costs.

02-0798 Central Illinois Public Service Company (AmerenCIPS) and Union Electric Company (AmerenUE)

Application for entry of protective order to protect confidentiality of materials submitted in support of revised gas service tariffs.

03-0008 Central Illinois Public Service Company

Proposed general increase in natural gas rates. (Tariffs filed November 27, 2002)

(Cons.)

03-0009 Union Electric Company

Proposed general increase in natural gas rates. (Tariffs filed November 27, 2002)

This case sets gas rates for the AmerenCIPS and AmerenUE service territories, affecting approximately 188,000 customers.

03-0592 Citizens Utility Board

Complaint requesting the ICC to order Peoples Energy Services to cease and desist misleading marketing of gas offering.

This is the first case to arrive at a decision on the merits of a complaint alleging that an Alternative Gas Supplier violates the AGS Act.

03-0657 Central Illinois Public Service Company and Union Electric Company

Petition for Approval of Transfer of Gas System Assets and Gas Public Utility Business and for Approval of Entry into Various Agreements Related Thereto.

An order in this case was entered September 22, 2004. Applicants sought approval, pursuant to Articles VI, VII and IX the Public Utilities Act, to transfer Union Electric Company's ("UE") retail gas operations and related assets in Illinois to Central Illinois Public Service Company ("CIPS"). They also sought authorization for issuance by CIPS of a promissory note to UE in an amount not to exceed $69 million, and other relief. The transfer of the gas system is part of an overall plan to transfer almost all of UE's Illinois gas and electric assets and operations to CIPS. The order authorized the proposed transactions, subject to certain conditions.

03-0659 MidAmerican Energy Company

Verified Petition for Declaratory Ruling.

On May 11, 2004, the Commission entered an Order finding that MidAmerican Energy Company had engaged in illegal competitive sales of gas both within and outside of the area of Illinois where it provides regulated gas distribution services. On November 10, 2004, the Commission entered an Order on Rehearing that did not ultimately alter its prior conclusion.

04-0263 Illinois Commerce Commission

On Its Own Motion

Adoption of 83 Ill. Adm. Code 535.

This rulemaking resulted in the adoption of 83 Ill. Adm. Code Part 535. The new Rules require public utilities to test the immediate area for mercury before and after work is performed on regulators or manometers that contain mercury. They also will mandate that utilities perform background checks for past safety or environmental violations by proposed employees or contractors.

Water

03-0398 Cedar Bluff Utilities, Inc.

Proposed general increase in sewer rates. (Tariffs filed on May 2, 2003)

(Cons.)

03-0402 Northern Hills Water and Sewer Company

Proposed general increase in water and sewer rates. (Tariffs filed on May 20, 2003)

This docket is a consolidation of five rate Utilities, Inc. cases. In the final Order, the Commission approved some of the increases proposed. It also required the utilities to maintain continuing property records.

03-0403 Aqua Illinois, Inc. (changed from: Consumers Illinois Water Company)

Tariffs seeking general increase in water rates for the Kankakee Water Division. (Tariffs filed on May 21, 2003)

This is a water rate case for Consumers Illinois Water Co. (now Aqua Illinois, Inc.), Kankakee water division. This case was marked by significant public interest from the local residential and industrial sectors.

03-0676/03-0677 (Cons.)

South Beloit Water, Gas and Electric Company

Proposed general increase in natural gas rates and water rates.

A rate order in these consolidated proceedings was entered October 6, 2004. The utility's last rate cases were approximately 20 years ago. In the instant cases, there were a number of complicated issues, including the magnitude of the proposed increases.

02-0690 (on Rehearing)

Illinois-American Water Company

Proposed general increase in water and sewer rates

An order on rehearing in this contested rate case was entered February 4, 2004. Approximately 20 parties and 25 witnesses participated in the case. The Commission granted rehearing so parties could present additional evidence on several issues, including the "50-50 sharing" by ratepayers and shareholders of alleged savings in costs resulting from the acquisition of the assets of another large utility. The matter was appealed to the Appellate Court, Third District.

03-0455/03-0550 (Cons.)

Aqua Illinois, Inc.

Petition for Issuance of Certificate of Public Convenience and Necessity to Operate a Water Supply and Distribution System in Lake County, and for approval of rates and accounting entries.

An order was entered in this matter on October 13, 2004. Issues included certification criteria, rates and accounting treatment. Service to the proposed area will not be offered by means of an extension of any existing Aqua Illinois, Inc. facilities, as none are nearby. Rather, standalone systems will be constructed or purchased, involving substantial investment in new water and wastewater facilities. The order approves the relief sought; noting that over half the total cost is being contributed by developers or governmental entities, which mitigates potential rate impacts associated with the proposal.

Other

04-0319 Illinois Commerce Commission

On Its Own Motion

-vs-

Carl Kieser

Determination of Liability under the Illinois Underground Utility Facilities Damage Prevention Act.

An order was entered in this case on September 28, 2004. This matter is one of the cases of early impression involving non-emergency excavation activities conducted directly over underground electric lines or natural gas transmission lines, without providing advance notice through the statutorily mandated State-Wide One-Call Notice System, also known as the Joint Utility Locating Information for Excavators or "JULIE". The order found that a violation occurred that exposed a 30-inch, high-pressure gas pipeline to risk of damage, including rupture, which could have resulted in life-threatening injuries and significant disruption of gas supply. A penalty of $2,500 was assessed.

Appendix B

Emission Allowance Reports

(Note: The emission reports are not included in the web edition of the report, but are in the printed document.)

ALLOWANCE REPORTING FORM

Reporting Period

October , 2003

To

December , 2003

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2003	35845	44352	52782	0	0	9	27424
2	2004	0	44352	0	0	0	9	44361
3	2005	0	44352	0	0	0	9	44361
4	2006	0	44352	0	0	0	9	44361
5	2007	0	44352	0	0	0	9	44361
6	2008	0	44352	0	0	0	9	44361
7	2009	0	44352	0	0	0	9	44361
8	2010	0	42079	0	0	0	0	42079
9	2011	0	42079	0	0	0	0	42079
10	2012	0	42079	0	0	0	0	42079
11	2013	0	42079	0	0	0	0	42079
12	2014	0	42079	0	0	0	0	42079

Line No.	Compliance Use (A)	Beginning (B)	USEPA (C)	YTD Allowance (D)	Allowance Sales (E)	Allowance (F)	USEPA Allocation (G)	YTD Allowance (H)
13	2015	0	42079	0	0	0	0	42079
14	2016	0	42079	0	0	0	0	42079
15	2017	0	42079	0	0	0	0	42079
16	2018	0	42079	0	0	0	0	42079
17	2019	0	42079	0	0	0	0	42079
18	2020	0	42079	0	0	0	0	42079
19	2021	0	42079	0	0	0	0	42079
20	2022	0	42079	0	0	0	0	42079
21	2023	0	42079	0	0	0	0	42079
22	2024	0	42079	0	0	0	0	42079
23	2025	0	42079	0	0	0	0	42079
24	2026	0	42079	0	0	0	0	42079
25	2027	0	42079	0	0	0	0	42079
26	2028	0	42079	0	0	0	0	42079
27	2029	0	42079	0	0	0	0	42079
28	2030	0	42079	0	0	0	0	42079
29	2031	0	42079	0	0	0	0	42079
30	2032	0	42079	0	0	0	0	42079
31	2033	0	42079	0	0	0	0	42079

ALLOWANCE REPORTING FORM

Reporting Period

July , 2004

To

September , 2004

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2004	27424	44352	38160	0	0	9	33625.2
2	2005	0	44352	0	0	0	9	44361
3	2006	0	44352	0	0	0	9	44361
4	2007	0	44352	0	0	0	9	44361
5	2008	0	44352	0	0	0	9	44361
6	2009	0	44352	0	0	0	9	44361
7	2010	0	42079	0	0	0	0	42079
8	2011	0	42079	0	0	0	0	42079
9	2012	0	42079	0	0	0	0	42079
10	2013	0	42079	0	0	0	0	42079
11	2014	0	42079	0	0	0	0	42079
12	2015	0	42079	0	0	0	0	42079

Line No.	Compliance Use (A)	Beginning (B)	USEPA (C)	YTD Allowance (D)	Allowance Sales (E)	Allowance (F)	USEPA Allocation (G)	YTD Allowance (H)
13	2016	0	42079	0	0	0	0	42079
14	2017	0	42079	0	0	0	0	42079
15	2018	0	42079	0	0	0	0	42079
16	2019	0	42079	0	0	0	0	42079
17	2020	0	42079	0	0	0	0	42079
18	2021	0	42079	0	0	0	0	42079
19	2022	0	42079	0	0	0	0	42079
20	2023	0	42079	0	0	0	0	42079
21	2024	0	42079	0	0	0	0	42079
22	2025	0	42079	0	0	0	0	42079
23	2026	0	42079	0	0	0	0	42079
24	2027	0	42079	0	0	0	0	42079
25	2028	0	42079	0	0	0	0	42079
26	2029	0	42079	0	0	0	0	42079
27	2030	0	42079	0	0	0	0	42079
28	2031	0	42079	0	0	0	0	42079
29	2032	0	42079	0	0	0	0	42079
30	2033	0	42079	0	0	0	0	42079
31	2034	0	42079	0	0	0	0	42079

ALLOWANCE REPORTING FORM

Ameren Energy Generating Company

Reporting Period

October 1, 2003
to
December 31, 2003

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	1995	0	121,154	(95,222)	(16,000)	5,723	0	15,655
2	1996	15,655	121,154	(131,888)	(16,000)	25,663	0	14,584
3	1997	14,584	121,154	(151,751)	(36,300)	87,423	1	35,111
4	1998 *	35,111	114,176	(102,252)	(16,000)	26,673	0	57,708
5	1999 **	57,708	107,830	(87,461)	(16,000)	19,154	0	81,231
6	2000	81,231	64,225	(105,162)	(15)	48,896	2,409	91,584
7	2001	91,584	64,225	(90,673)	(100,000)	80,279	545	45,960
8	2002	45,960	64,225	(100,305)	0	51,150	545	61,575
9	2003	61,575	64,225	(90,117)	0	3,552	545	39,780
10	2004	-	64,225	-	0	3,552	545	68,322
11	2005	-	64,225	-	0	3,552	545	68,322
12	2006	-	64,225	-	(54,280)	0	545	10,490
13	2007	-	64,225	-	(54,280)	0	545	10,490

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2008	-	64,225	-	(54,280)	0	545	10,490
15	2009	-	64,225	-	0	0	545	64,770
16	2010	-	64,649	-	0	0	(702)	63,947
17	2011	-	64,649	-	0	0	230	64,879
18	2012	-	64,649	-	0	0	230	64,879
19	2013	-	64,649	-	0	0	230	64,879
20	2014	-	64,649	-	0	0	230	64,879
21	2015	-	64,649	-	0	0	230	64,879
22	2016	-	64,649	-	0	0	230	64,879
23	2017	-	64,649	-	0	0	230	64,879
24	2018	-	64,649	-	0	0	230	64,879
25	2019	-	64,649	-	0	0	230	64,879
26	2020	-	64,649	-	0	0	(702)	63,947
27	2021	-	64,649	-	0	0	230	64,879
28	2022	-	64,649	-	0	0	230	64,879
29	2023	-	64,649	-	0	0	230	64,879
30	2024	-	64,649	-	0	0	230	64,879
31	2025	-	64,649	-	0	0	230	64,879

* Allocation reduced by 6,978 due to termination of Phase I substitution plans for Grand Tower 7 and 8 and Meredosia 1, 2, 3, 4, and 6 in 1998.

** Allocation reduced by 6,346 due to termination of Phase I substitution plan for Newton 2 in 1999.

ALLOWANCE REPORTING FORM

Ameren Energy Generating Company

Reporting Period

July 1, 2004
to
September 30, 2004

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	1995	0	121,154	(95,222)	(18,798)	8,521	0	15,655
2	1996	15,655	121,154	(131,888)	(16,000)	25,663	0	14,584
3	1997	14,584	121,154	(151,751)	(36,300)	87,423	1	35,111
4	1998	35,111	114,176	(102,252)	(26,000)	26,673	0	47,708
5	1999	47,708	107,830	(87,461)	(16,000)	19,154	0	71,231
6	2000	71,231	64,225	(105,162)	(15)	49,355	2,409	82,043
7	2001	82,043	64,225	(90,673)	(102,150)	80,887	545	34,877
8	2002	34,877	64,225	(100,305)	(16,150)	58,067	545	41,259
9	2003	41,259	64,225	(90,120)	(7,047)	8,415	545	17,277
10	2004	17,277	64,225	(72,207)	(4,355)	20,410	545	25,895
11	2005	-	64,225	-	0	3,552	545	68,322
12	2006	-	64,225	-	(54,280)	30,255	545	40,745
13	2007	-	64,225	-	(54,280)	10,200	545	20,690

* 2003 YTD Allowance Usage was incorrectly reported as 90,117 on the 1st quarter 2004 report. Actual usage was 90,120 allowances.

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2008	-	64,225	-	(54,280)	0	545	10,490
15	2009	-	64,225	-	0	0	545	64,770
16	2010	-	64,649	-	0	0	(702)	63,947
17	2011	-	64,649	-	0	0	230	64,879
18	2012	-	64,649	-	0	0	230	64,879
19	2013	-	64,649	-	0	0	230	64,879
20	2014	-	64,649	-	0	0	230	64,879
21	2015	-	64,649	-	0	0	230	64,879
22	2016	-	64,649	-	0	0	230	64,879
23	2017	-	64,649	-	0	0	230	64,879
24	2018	-	64,649	-	0	0	230	64,879
25	2019	-	64,649	-	0	0	230	64,879
26	2020	-	64,649	-	0	0	(702)	63,947
27	2021	-	64,649	-	0	0	230	64,879
28	2022	-	64,649	-	0	0	230	64,879
29	2023	-	64,649	-	0	0	230	64,879
30	2024	-	64,649	-	0	0	230	64,879
31	2025	-	64,649	-	0	0	230	64,879

* Allocation reduced by 6,978 due to termination of Phase I substitution plans for Grand Tower 7 and 8 and Meredosia 1, 2, 3, 4, and 6 in 1998.

** Allocation reduced by 6,346 due to termination of Phase I substitution plan for Newton 2 in 1999.

ALLOWANCE REPORTING FORM

Ameren Energy Resources Generating Company

Reporting Period

October 1, 2003
to
December 31, 2003

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	33,228	(67,924)	0	36,867	246	2,417
2	2001	2,417	33,228	(61,214)	0	36,493	246	11,170
3	2002	11,170	33,228	(46,774)	0	22,500	246	20,370
4	2003	20,370	33,228	(65,440)	0	10,000	246	-1,596
5	2004	-	33,228	-	0	0	246	33,474
6	2005	-	33,228	-	0	0	246	33,474
7	2006	-	33,228	-	0	0	246	33,474
8	2007	-	33,228	-	0	0	246	33,474
9	2008	-	33,228	-	0	0	246	33,474
10	2009	-	33,228	-	0	0	246	33,474
11	2010	-	29,190	-	0	0	105	29,295
12	2011	-	29,190	-	0	0	105	29,295
13	2012	-	29,190	-	0	0	105	29,295

Note: This report must be submitted 45 days after the close of the 4th quarter. The USEPA Allowance Transfer Deadline is March 1 (or February 29 in any leap year).

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2013	-	29,190	-	0	0	105	29,295
15	2014	-	29,190	-	0	0	105	29,295
16	2015	-	29,190	-	0	0	105	29,295
17	2016	-	29,190	-	0	0	105	29,295
18	2017	-	29,190	-	0	0	105	29,295
19	2018	-	29,190	-	0	0	105	29,295
20	2019	-	29,190	-	0	0	105	29,295
21	2020	-	29,190	-	0	0	105	29,295
22	2021	-	29,190	-	0	0	105	29,295
23	2022	-	29,190	-	0	0	105	29,295
24	2023	-	29,190	-	0	0	105	29,295
25	2024	-	29,190	-	0	0	105	29,295
26	2025	-	29,190	-	0	0	105	29,295
27	2026	-	29,190	-	0	0	105	29,295
28	2027	-	29,190	-	0	0	105	29,295
29	2028	-	29,190	-	0	0	105	29,295
30	2029	-	29,190	-	0	0	105	29,295
31	2030	-	29,190	-	0	0	105	29,295

ALLOWANCE REPORTING FORM

Ameren Energy Resources Generating Company

Reporting Period

July 1, 2004
to
September 30, 2004

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	33,228	(67,924)	0	37,839	246	3,389
2	2001	3,389	33,228	(61,214)	0	36,493	246	12,142
3	2002	12,142	33,228	(46,774)	0	36,528	246	35,370
4	2003	35,370	33,228	(65,446)	0	10,347	246	13,745
5	2004	13,745	33,228	(40,350)	(2,503)	7,153	246	11,519
6	2005	-	33,228	-	(20,033)	0	246	13,441
7	2006	-	33,228	-	0	0	246	33,474
8	2007	-	33,228	-	0	0	246	33,474
9	2008	-	33,228	-	0	0	246	33,474
10	2009	-	33,228	-	0	0	246	33,474
11	2010	-	29,190	-	0	0	105	29,295
12	2011	-	29,190	-	0	0	105	29,295
13	2012	-	29,190	-	0	0	105	29,295

Note: This report must be submitted 45 days after the close of the 4th quarter. The USEPA Allowance Transfer Deadline is March 1 (or February 29 in any leap year).

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2013	-	29,190	-	0	0	105	29,295
15	2014	-	29,190	-	0	0	105	29,295
16	2015	-	29,190	-	0	0	105	29,295
17	2016	-	29,190	-	0	0	105	29,295
18	2017	-	29,190	-	0	0	105	29,295
19	2018	-	29,190	-	0	0	105	29,295
20	2019	-	29,190	-	0	0	105	29,295
21	2020	-	29,190	-	0	0	105	29,295
22	2021	-	29,190	-	0	0	105	29,295
23	2022	-	29,190	-	0	0	105	29,295
24	2023	-	29,190	-	0	0	105	29,295
25	2024	-	29,190	-	0	0	105	29,295
26	2025	-	29,190	-	0	0	105	29,295
27	2026	-	29,190	-	0	0	105	29,295
28	2027	-	29,190	-	0	0	105	29,295
29	2028	-	29,190	-	0	0	105	29,295
30	2029	-	29,190	-	0	0	105	29,295
31	2030	-	29,190	-	0	0	105	29,295

ALLOWANCE REPORTING FORM

AmerenUE

Reporting Period

October 1, 2003
to
December 31, 2003

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	1995 **	0	578,825	(233,206)	(277,454)	2,708	0	70,873
2	1996 *	70,873	264,577	(207,797)	(6,265)	6,334	0	127,722
3	1997 *	127,722	264,577	(151,117)	(143,768)	45,346	0	142,760
4	1998 *	142,760	260,070	(133,870)	(244,563)	38,866	0	63,263
5	1999 *	63,263	260,070	(117,346)	(134,617)	23,175	0	94,545
6	2000	94,545	135,701	(120,669)	(103,844)	113,639	1,031	120,403
7	2001	120,403	135,701	(126,483)	(171,795)	126,356	1,031	85,213
8	2002	85,213	135,701	(133,269)	(64,348)	19,950	1,031	44,278
9	2003	44,278	135,701	(146,458)	(47,500)	49,403	1,031	36,455
10	2004	-	135,701	-	(25,084)	70,165	1,031	181,813
11	2005	-	135,701	-	(60,000)	95,553	1,031	172,285
12	2006	-	135,701	-	(55,625)	144,516	1,031	225,623
13	2007	-	135,701	-	(41,750)	145,391	1,031	240,373

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2008	-	135,701	-	(5,000)	153,293	1,031	285,025
15	2009	-	135,701	-	(5,000)	172,681	1,031	304,413
16	2010	-	123,536	-	0	20,991	444	144,971
17	2011	-	123,536	-	0	9,666	444	133,646
18	2012	-	123,536	-	0	9,666	444	133,646
19	2013	-	123,536	-	0	0	444	123,980
20	2014	-	123,536	-	0	0	444	123,980
21	2015	-	123,536	-	0	0	444	123,980
22	2016	-	123,536	-	0	0	444	123,980
23	2017	-	123,536	-	0	0	444	123,980
24	2018	-	123,536	-	0	0	444	123,980
25	2019	-	123,536	-	0	0	444	123,980
26	2020	-	123,536	-	0	0	444	123,980
27	2021	-	123,536	-	0	0	444	123,980
28	2022	-	123,536	-	0	0	444	123,980
29	2023	-	123,536	-	0	0	444	123,980
30	2024	-	123,536	-	0	0	444	123,980
31	2025	-	123,536	-	0	0	444	123,980

** Includes 69,518 allowances from substitution reserve allocated to accounts by USEPA in January 1994 and 314,248 Early Reduction Credit allowances earned prior to 1995.

* Includes 69,518 allowances from substitution reserve allocated to accounts by USEPA in January 1995. In 1998, Meramec Unit 4 surrendered 4,507 allowances when the Phase I substitution was terminated.

ALLOWANCE REPORTING FORM

AmerenUE

Reporting Period

July 1, 2004
to
September 30, 2004

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	1995 **	0	578,825	(233,206)	(313,252)	16,687	0	49,054
2	1996 *	49,054	264,577	(207,797)	(6,265)	6,334	0	105,903
3	1997 *	105,903	264,577	(151,117)	(143,768)	45,346	0	120,941
4	1998 *	120,941	260,070	(133,870)	(246,663)	40,966	0	41,444
5	1999 *	41,444	260,070	(117,346)	(135,983)	24,541	0	72,726
6	2000	72,726	135,701	(120,669)	(103,844)	113,639	1,031	98,584
7	2001	98,584	135,701	(126,483)	(172,531)	128,256	1,031	64,558
8	2002	64,558	135,701	(133,269)	(64,348)	19,951	1,031	23,624
9	2003	23,624	135,701	(146,458)	(52,500)	50,057	1,031	11,455
10	2004	11,455	135,701	(117,987)	(50,084)	75,165	1,031	55,281
11	2005	-	135,701	-	(90,049)	95,553	1,031	142,236
12	2006	-	135,701	-	(68,625)	144,516	1,031	212,623
13	2007	-	135,701	-	(54,750)	145,391	1,031	227,373

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2008	-	135,701		(28,000)	153,293	1,031	262,025
15	2009	-	135,701		(10,850)	172,681	1,031	298,563
16	2010	-	123,536		0	20,991	444	144,971
17	2011	-	123,536		0	9,666	444	133,646
18	2012	-	123,536		0	9,666	444	133,646
19	2013	-	123,536		0	0	444	123,980
20	2014	-	123,536		0	0	444	123,980
21	2015	-	123,536		0	0	444	123,980
22	2016	-	123,536		0	0	444	123,980
23	2017	-	123,536		0	0	444	123,980
24	2018	-	123,536		0	0	444	123,980
25	2019	-	123,536		0	0	444	123,980
26	2020	-	123,536		0	0	444	123,980
27	2021	-	123,536		0	0	444	123,980
28	2022	-	123,536		0	0	444	123,980
29	2023	-	123,536		0	0	444	123,980
30	2024	-	123,536		0	0	444	123,980
31	2025	-	123,536		0	0	444	123,980

** Includes 69,518 allowances from substitution reserve allocated to accounts by USEPA in January 1994 and 314,248 Early Reduction Credit allowances earned prior to 1995.

* Includes 69,518 allowances from substitution reserve allocated to accounts by USEPA in January 1995. In 1998, Meramec Unit 4 surrendered 4,507 allowances when the Phase I substitution was terminated.

ALLOWANCE REPORTING FORM -- Reporting Period October 1, 2003 to December 31, 2003

Dynegy Midwest Generation, Inc.

Line No.	Compliance Use Date of Allowance (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	1995	0	184,280	(297,504)	0	117,570	2,299	6,645
2	1996	6,645	184,280	(320,674)	0	119,894	10,293	437
3	1997	437	184,280	(324,735)	0	162,000	281	22,263
4	1998	22,263	184,280	(343,828)	0	122,000	10,128	(5,157)
5	1999	(5,157)	184,280	(283,638)	0	52,000	10,128	(42,387)
6	2000	(42,387)	93,088	(79,658)	(50,200)	50,000	0	(28,433)
7	2001	(28,433)	93,088	(68,327)	(55,345)	68,692	0	9,675
8	2002	9,675	93,088	(67,726)	(29,900)	0	0	5,137
9	2003	5,137	92,338	(63,947)	(65,900)	36,000	750	4,378
10	2004		92,338		(20,900)	0	750	72,188
11	2005		92,338		(20,900)	0	0	71,438
12	2006		92,338		0	0	0	92,338
13	2007		92,338		0	0	0	92,338
14	2008		92,338		0	0	0	92,338
15	2009		92,338		0	0	0	92,338
16	2010		90,333		0	0	0	90,333
17	2011		90,333		0	0	0	90,333
18	2012		90,333		0	0	0	90,333
19	2013		90,333		0	0	0	90,333
20	2014		90,333		0	0	0	90,333
21	2015		90,333		0	0	0	90,333
22	2016		90,333		0	0	0	90,333
23	2017		90,333		0	0	0	90,333
24	2018		90,333		0	0	0	90,333
25	2019		90,333		0	0	0	90,333

ALLOWANCE REPORTING FORM -- Reporting Period October 1, 2003 to December 31, 2003

Dynegy Midwest Generation, Inc.

Line No.	Compliance Use Date of Allowance (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
26	2020		90,333		0	0	0	90,333
27	2021		90,333		0	0	0	90,333
28	2022		90,333		0	0	0	90,333
29	2023		90,333		0	0	0	90,333
30	2024		90,333		0	0	0	90,333
31	2025		90,333		0	0	0	90,333
32	2026		90,333		0	0	0	90,333
33	2027		90,333		0	0	0	90,333
34	2028		90,333		0	0	0	90,333
35	2029		90,333		0	0	0	90,333

ALLOWANCE REPORTING FORM -- Reporting Period July 1, 2004 to September 30, 2004

Dynegy Midwest Generation, Inc.

Line No.	Compliance Use Date of Allowance (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	1995	0	184,280	(297,504)	0	117,570	2,299	6,645
2	1996	6,645	184,280	(320,674)	0	119,894	10,293	437
3	1997	437	184,280	(324,735)	0	162,000	281	22,263
4	1998	22,263	184,280	(343,828)	0	122,000	10,128	(5,157)
5	1999	(5,157)	184,280	(283,638)	0	52,000	10,128	(42,387)
6	2000	(42,387)	93,088	(79,658)	(50,200)	50,000	0	(28,433)
7	2001	(28,433)	93,088	(68,327)	(55,345)	68,692	0	9,675
8	2002	9,675	93,088	(67,726)	(29,900)	0	0	5,137
9	2003	5,137	92,338	(63,947)	(65,900)	36,000	750	4,378
10	2004	4,378	92,338	(46,303)	(33,300)	0	750	17,863
11	2005		92,338		(20,900)	0	0	71,438
12	2006		92,338		0	0	0	92,338
13	2007		92,338		0	0	0	92,338
14	2008		92,338		(6,200)	0	0	86,138
15	2009		92,338		(6,200)	0	0	86,138
16	2010		90,333		0	0	0	90,333
17	2011		90,333		0	0	0	90,333
18	2012		90,333		0	0	0	90,333
19	2013		90,333		0	0	0	90,333
20	2014		90,333		0	0	0	90,333
21	2015		90,333		0	0	0	90,333
22	2016		90,333		0	0	0	90,333
23	2017		90,333		0	0	0	90,333
24	2018		90,333		0	0	0	90,333
25	2019		90,333		0	0	0	90,333

ALLOWANCE REPORTING FORM -- Reporting Period July 1, 2004 to September 30, 2004

Dynegy Midwest Generation, Inc.

Line No.	Compliance Use Date of Allowance (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
26	2020		90,333		0	0	0	90,333
27	2021		90,333		0	0	0	90,333
28	2022		90,333		0	0	0	90,333
29	2023		90,333		0	0	0	90,333
30	2024		90,333		0	0	0	90,333
31	2025		90,333		0	0	0	90,333
32	2026		90,333		0	0	0	90,333
33	2027		90,333		0	0	0	90,333
34	2028		90,333		0	0	0	90,333
35	2029		90,333		0	0	0	90,333

FORM 213/21
ALLOWANCE REPORTING FORM

Reporting Period
January 1, 2003
To
December 31, 2003

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	1995	0	67,214.0	67,214.0				0.0
2	1996	-----	67,214.0	67,204.0	10.0			0.0
3	1997	-----	67,214.0	36,233.0	30,981.0			0.0
4	1998	-----	67,214.0	0.0	67,214.0			0.0
5	1999	-----	67,214.0	9,125.0	51,805.0			6,284.0
6	2000	-----	28,982.0	15,099.0			10.0	13,893.0
7	2001	-----	28,982.0	122.0			10.0	28,870.0
8	2002	-----	28,982.0	23,809.0			10.0	5,183.0
9	2003	-----	28,982.0	-----	28,500.0		10.0	492.0
10	2004	-----	28,982.0	-----				28,982.0
11	2005	-----	28,982.0	-----				28,982.0
12	2006	-----	28,982.0	-----				28,982.0
13	2007	-----	28,982.0	-----				28,982.0

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2008	-----	28,982.0	-----				28,982.0
15	2009	-----	28,982.0	-----				28,982.0
16	2010	-----	28,936.0	-----				28,936.0
17	2011	-----	28,936.0	-----				28,936.0
18	2012	-----	28,936.0	-----				28,936.0
19	2013	-----	28,936.0	-----				28,936.0
20	2014	-----	28,936.0	-----				28,936.0
21	2015	-----	28,936.0	-----				28,936.0
22	2016	-----	28,936.0	-----				28,936.0
23	2017	-----	28,936.0	-----				28,936.0
24	2018	-----	28,936.0	-----				28,936.0
25	2019	-----	28,936.0	-----				28,936.0
26	2020	-----	28,936.0	-----				28,936.0
27	2021	-----	28,936.0	-----				28,936.0
28	2022	-----	28,936.0	-----				28,936.0
29	2023	-----	28,936.0	-----				28,936.0
30	2024	-----	28,936.0	-----				28,936.0
31	2025	-----	28,936.0	-----				28,936.0

FORM 213/21
ALLOWANCE REPORTING FORM

Reporting Period
January 1, 2004
To
September 30, 2004

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	1995	0	67,214.0	67,214.0				0.0
2	1996	-----	67,214.0	67,204.0	10.0			0.0
3	1997	-----	67,214.0	36,233.0	30,981.0			0.0
4	1998	-----	67,214.0	0.0	67,214.0			0.0
5	1999	-----	67,214.0	15,409.0	51,805.0			0.0
6	2000	-----	28,982.0	28,992.0			10.0	0.0
7	2001	-----	28,982.0	538.0			10.0	28,454.0
8	2002	-----	28,982.0	23,809.0			10.0	5,183.0
9	2003	-----	28,982.0	-----	28,500.0		10.0	492.0
10	2004	-----	28,982.0	-----			10.0	28,992.0
11	2005	-----	28,982.0	-----			10.0	28,992.0
12	2006	-----	28,982.0	-----			10.0	28,992.0
13	2007	-----	28,982.0	-----			10.0	28,992.0

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2008	-----	28,982.0	-----				28,982.0
15	2009	-----	28,982.0	-----				28,982.0
16	2010	-----	28,936.0	-----				28,936.0
17	2011	-----	28,936.0	-----				28,936.0
18	2012	-----	28,936.0	-----				28,936.0
19	2013	-----	28,936.0	-----				28,936.0
20	2014	-----	28,936.0	-----				28,936.0
21	2015	-----	28,936.0	-----				28,936.0
22	2016	-----	28,936.0	-----				28,936.0
23	2017	-----	28,936.0	-----				28,936.0
24	2018	-----	28,936.0	-----				28,936.0
25	2019	-----	28,936.0	-----				28,936.0
26	2020	-----	28,936.0	-----				28,936.0
27	2021	-----	28,936.0	-----				28,936.0
28	2022	-----	28,936.0	-----				28,936.0
29	2023	-----	28,936.0	-----				28,936.0
30	2024	-----	28,936.0	-----				28,936.0
31	2025	-----	28,936.0	-----				28,936.0

ALLOWANCE REPORTING FORM

Reporting Period

October 1, 20 03

To

December 31, 20 03

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2003	9,829	67,606	64,531	0	901	0	13,805
2	2004	-----	67,606	-----	0	410	0	68,016
3	2005	-----	67,606	-----	0	0	0	67,606
4	2006	-----	67,606	-----	0	0	0	67,606
5	2007	-----	67,606	-----	0	0	0	67,606
6	2008	-----	67,606	-----	0	0	0	67,606
7	2009	-----	67,606	-----	0	0	0	67,606
8	2010	-----	59,139	-----	0	0	0	59,139
9	2011	-----	59,139	-----	0	0	0	59,139
10	2012	-----	59,139	-----	0	0	0	59,139
11	2013	-----	59,139	-----	0	0	0	59,139
12	2014	-----	59,139	-----	0	0	0	59,139
13	2015	-----	59,139	-----	0	0	0	59,139

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2016	-----	59,139	-----	0	0	0	59,139
15	2017	-----	59,139	-----	0	0	0	59,139
16	2018	-----	59,139	-----	0	0	0	59,139
17	2019	-----	59,139	-----	0	0	0	59,139
18	2020	-----	59,139	-----	0	0	0	59,139
19	2021	-----	59,139	-----	0	0	0	59,139
20	2022	-----	59,139	-----	0	0	0	59,139
21	2023	-----	59,139	-----	0	0	0	59,139
22	2024	-----	59,139	-----	0	0	0	59,139
23	2025	-----	59,139	-----	0	0	0	59,139
24	2026	-----	59,139	-----	0	0	0	59,139
25	2027	-----	59,139	-----	0	0	0	59,139
26	2028	-----	59,139	-----	0	0	0	59,139
27	2029	-----	59,139	-----	0	0	0	59,139
28	2030	-----	59,139	-----	0	0	0	59,139
29	2031	-----	59,139	-----	0	0	0	59,139
30	2032	-----	59,139	-----	0	0	0	59,139

ALLOWANCE REPORTING FORM

Reporting Period

July 1, 20 04

To

September 30, 20 04

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2004	13,809	67,606	47,120	19,088	5,410	0	20,617
2	2005	-----	67,606	-----	0	0	0	67,606
3	2006	-----	67,606	-----	0	0	0	67,606
4	2007	-----	67,606	-----	0	0	0	67,606
5	2008	-----	67,606	-----	0	0	0	67,606
6	2009	-----	67,606	-----	0	23,612	0	91,218
7	2010	-----	59,139	-----	0	0	0	59,139
8	2011	-----	59,139	-----	0	0	0	59,139
9	2012	-----	59,139	-----	0	0	0	59,139
10	2013	-----	59,139	-----	0	0	0	59,139
11	2014	-----	59,139	-----	0	0	0	59,139
12	2015	-----	59,139	-----	0	0	0	59,139
13	2016	-----	59,139	-----	0	0	0	59,139

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2017	-----	59,139	-----	0	0	0	59,139
15	2018	-----	59,139	-----	0	0	0	59,139
16	2019	-----	59,139	-----	0	0	0	59,139
17	2020	-----	59,139	-----	0	0	0	59,139
18	2021	-----	59,139	-----	0	0	0	59,139
19	2022	-----	59,139	-----	0	0	0	59,139
20	2023	-----	59,139	-----	0	0	0	59,139
21	2024	-----	59,139	-----	0	0	0	59,139
22	2025	-----	59,139	-----	0	0	0	59,139
23	2026	-----	59,139	-----	0	0	0	59,139
24	2027	-----	59,139	-----	0	0	0	59,139
25	2028	-----	59,139	-----	0	0	0	59,139
26	2029	-----	59,139	-----	0	0	0	59,139
27	2030	-----	59,139	-----	0	0	0	59,139
28	2031	-----	59,139	-----	0	0	0	59,139
29	2032	-----	59,139	-----	0	0	0	59,139
30	2033	-----	59,139	-----	0	0	0	59,139

ALLOWANCE REPORTING FORM -- Reporting Period January 1, 2003 to December 31, 2003

Rocky Road Power, LLC

Line No.	Compliance Use Date of Allowance (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	0	(<1)	0	0	0	0
2	2001	0	0	(<1)	0	0	0	0
3	2002	0	0	(<1)	0	0	0	0
4	2003	0	0	**(<1)**	0	0	0	0
5	2004		0		0	0	0	
6	2005		0		0	0	0	
7	2006		0		0	0	0	
8	2007		0		0	0	0	
9	2008		0		0	0	0	
10	2009		0		0	0	0	
11	2010		0		0	0	0	
12	2011		0		0	0	0	
13	2012		0		0	0	0	
14	2013		0		0	0	0	
15	2014		0		0	0	0	
16	2015		0		0	0	0	
17	2016		0		0	0	0	
18	2017		0		0	0	0	
19	2018		0		0	0	0	
20	2019		0		0	0	0	
21	2020		0		0	0	0	
22	2021		0		0	0	0	
23	2022		0		0	0	0	
24	2023		0		0	0	0	
25	2024							
26	2025							
27	2026							
28	2027							
29	2028							
30	2029							
31	2030							

ALLOWANCE REPORTING FORM -- Reporting Period January 1, 2004 to September 30, 2004

Rocky Road Power, LLC

Line No.	Compliance Use Date of Allowance (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	0	(<1)	0	0	0	0
2	2001	0	0	(<1)	0	0	0	0
3	2002	0	0	(<1)	0	0	0	0
4	2003	0	0	(<1)	0	0	0	0
5	2004	0	0	**(<1)**	0	0	0	0
6	2005		0		0	0	0	
7	2006		0		0	0	0	
8	2007		0		0	0	0	
9	2008		0		0	0	0	
10	2009		0		0	0	0	
11	2010		0		0	0	0	
12	2011		0		0	0	0	
13	2012		0		0	0	0	
14	2013		0		0	0	0	
15	2014		0		0	0	0	
16	2015		0		0	0	0	
17	2016		0		0	0	0	
18	2017		0		0	0	0	
19	2018		0		0	0	0	
20	2019		0		0	0	0	
21	2020		0		0	0	0	
22	2021		0		0	0	0	
23	2022		0		0	0	0	
24	2023		0		0	0	0	
25	2024							
26	2025							
27	2026							
28	2027							
29	2028							
30	2029							
31	2030							