

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27646]

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

January 31, 2003.

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

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by February 25, 2003, to the Secretary, Securities and Exchange Commission, Washington, DC 20549-0609, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in the case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of facts or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After February 25, 2003, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Northeast Utilities (70-10051)

Northeast Utilities ("NU"), a registered holding company under the Act, 107 Selden Street, Berlin, Connecticut 01037, ("Applicant"), has filed a declaration ("Declaration") with the Commission under sections 6(a), 7, 32 and 33 of the Act.

NU requests authority through the period ending June 30, 2005 ("Authorization Period"), to: (a) Issue from time to time unsecured long-term debt securities ("Long-term Debt") in an aggregate amount at any time outstanding not to exceed \$600 million, and (b) enter into hedging transactions ("Interest Rate Hedges") with respect to existing indebtedness of NU and its nonutility subsidiaries¹ ("Nonutility

Subsidiaries") in order to manage and minimize interest rate costs and enter into hedging transactions with respect to future expected debt issuances ("Anticipatory Hedges") in order to lock in then current interest rates and/or manage interest rate risk exposure.

I. Long-Term Debt

NU requests authorization to issue Long-term Debt, the proceeds of which will enable NU to reduce or refinance short-term debt with more permanent capital and provide a source of future financing for the operations of and investments in Nonutility Subsidiaries that are exempt under the Act. Long-term Debt of NU may be in the form of unsecured notes ("Debentures") issued in one or more series. The Debentures of any series will: (i) Have a maturity ranging from one to 50 years, (ii) bear interest at a rate not to exceed 500 basis points over the yield to maturity of a U.S. Treasury security having a remaining term approximately equal to the term of the series of Debentures, (iii) be subject to optional and/or mandatory redemption, in whole or in part, at par or at various premiums above or discounts below the principal amount, (iv) be entitled to mandatory or optional sinking fund provisions, and (v) may provide for reset of the coupon according to a remarketing arrangement. Long-term Debt of NU also may be in the form of bank lines of credit ("Bank Lines"). Bank Lines will have maturities of not more than five years from the date of each borrowing and the effective cost of these loans will not exceed at the time of issuance 500 basis points over LIBOR. The maturity dates, interest rates, call, redemption and sinking fund provisions and conversion features, if any, with respect to the Debentures of a particular series, as well as any associated placement, underwriting or selling agent fees, commissions and discounts, if any, will be established by negotiation or competitive bidding and reflected in the applicable supplemental indenture or officer's certificate and purchase agreement or underwriting agreement setting forth the terms.

NU contemplates that the Debentures would be issued and sold directly to one or more purchasers in privately negotiated transactions or to one or more investment banking or underwriting firms or other entities that would resell the Debentures without registration under the 1933 Act, in reliance upon one or more applicable

exemptions from registration or to the public either (i) through underwriters selected by negotiation or competitive bidding or (ii) through selling agents acting either as agent or principal for resale to the public, either directly or through dealers.

II. Hedges

NU requests authorization to enter into Interest Rate Hedges in connection with indebtedness of NU or its Nonutility Subsidiaries, subject to certain limitations and restrictions as proposed in the Declaration, in order to reduce or manage interest rate costs and risks and to generate parent-level cash and earnings. Interest Rate Hedges would only be entered into with counterparties ("Approved Counterparties") whose senior unsecured debt ratings, or the senior unsecured debt ratings of the parent companies of the counterparties, as published by Standard and Poor's Ratings Group, are equal to or greater than BBB, or an equivalent rating from Moody's Investors Service or Fitch IBCA. Interest Rate Hedges will involve the use of financial instruments commonly used in the capital markets, such as interest rate swaps, locks, caps, collars, floors, and other similar appropriate instruments. The transactions would be for fixed periods and stated notional amounts. In no case will the notional principal amount of any interest rate swap exceed that of the underlying debt instrument. NU will not engage in speculative transactions as that term is described in Financial Accounting Standard 133. Transaction fees, commissions and other amounts payable to the counterparty or exchange (excluding, however, the swap or option payments) in connection with an Interest Rate Hedge will not exceed those generally obtainable in competitive markets for parties of comparable credit quality.

In addition, NU requests authorization to enter into Anticipatory Hedges in connection with anticipated debt offerings of NU and its Nonutility Subsidiaries, subject to certain limitations and restrictions set forth in the Declaration. Anticipatory Hedges would only be entered into with Approved Counterparties, and would be utilized to fix and/or manage the interest rate risk associated with any new Long-term Debt issuance of its own or of its Nonutility Subsidiaries through (i) a forward sale of exchange-traded U.S. Treasury futures contracts, U.S. Treasury Securities and/or a forward swap ("Forward Sale"), (ii) the purchase of put options on U.S. Treasury Securities ("Put Options Purchase"),

¹ Nonutility Subsidiaries will include exempt wholesale generators ("EWGs") as defined in the Act, foreign utility companies ("FUCOs") as

defined in the Act, nonutility companies exempt under rule 58 of the Act ("rule 58 Subsidiaries"), exempt telecommunications companies ("ETCs") and other competitive companies.

(iii) a Put Options Purchase in combination with the sale of call options on U.S. Treasury Securities (a "Zero Cost Collar"), (iv) transactions involving the purchase or sale, including short sales, of U.S. Treasury Securities, or (v) some combination of a Forward Sale, Put Options Purchase, Zero Cost Collar and/or other derivative or cash transactions, including, but not limited to locks, caps and collars, appropriate for the Anticipatory Hedges. Anticipatory Hedges may be executed on-exchange ("On-Exchange Trades") with brokers through the opening of futures and/or options positions publicly traded, the opening of over-the-counter positions with one or more counterparties ("Off-Exchange Trades"), or a combination of On-Exchange Trades and Off-Exchange Trades. NU will determine the optimal structure of each Anticipatory Hedge transaction at the time of execution. NU may decide to lock in interest rates and/or limit its exposure to interest rate increases. NU represents that each Interest Rate Hedge and Anticipatory Hedge will qualify for hedge accounting treatment under generally acceptable accounting practices. NU will also comply with the then existing financial disclosure requirements of the Financial Accounting Standards Board associate with hedging transactions.

III. Use of Proceeds

NU will use the proceeds from these financings for general corporate purposes, including (a) investments in its regulated utility companies, (b) investments in EWGs, FUCOs, Rule 58 Subsidiaries, ETCs and other competitive companies, (c) the repayment, redemption, refunding or purchase by NU of its own securities, (d) financing working capital requirements of NU and its subsidiaries, and (e) other corporate purposes.

Ameren Corp. et al. (70-10106)

Ameren Corporation ("Ameren"), a registered holding company under the Act, 1901 Chouteau Avenue, St. Louis, Missouri 63103; the following direct and indirect subsidiaries of Ameren, also at 1901 Chouteau Avenue, St. Louis, Missouri 63103: Union Electric Company, d/b/a AmerenUE ("AmerenUE"), an electric and gas utility company, Ameren Services Company ("Ameren Services"), a service company subsidiary, Ameren Energy, Inc., Ameren ERC, Inc., Ameren Energy Marketing Company, Ameren Energy Fuels and Services Company, and AFS Development Company, LLC, all of which are "energy-related companies" within the meaning of rule

58 under the Act, Ameren Development Company and Ameren Energy Resources Company, which are intermediate non-utility holding companies, Ameren Energy Development Company and Ameren Energy Generating Company, which are "exempt wholesale generators" ("EWGs") within the meaning of section 32 of the Act, Ameren Energy Communications, Inc., an "exempt telecommunications company" within the meaning of section 34 of the Act, Illinois Materials Supply Co., an "enterprise zone" company formed to purchase goods and equipment for Ameren's EWG subsidiaries, and Union Electric Development Company, a wholly-owned non-utility subsidiary of AmerenUE that engages in various energy-related businesses and invests in affordable housing projects; Central Illinois Public Service Company d/b/a AmerenCIPS ("AmerenCIPS"), an electric and gas utility subsidiary of Ameren, and its wholly-owned non-utility subsidiary, CIPSCO Investment Company, which invests in, among other things, affordable housing projects, at 607 East Adams Street, Springfield, Illinois 62739; CILCORP Inc. ("CILCORP"), an exempt holding company and formerly a direct wholly-owned subsidiary of The AES Corporation ("AES"), at 300 Liberty Street, Peoria, Illinois 61602, an exempt holding company under section 3(a)(5) of the Act;² the following direct and indirect subsidiaries of CILCORP, also at 300 Liberty Street, Peoria, Illinois 61602: Central Illinois Light Company ("CILCO"), an electric and gas utility company, Central Illinois Generation, Inc. ("CIGI"), an EWG formed by CILCO to acquire substantially all of CILCO's generating assets, CILCORP Investment Management, Inc., which, through subsidiaries manages CILCORP's investments in equipment leases, affordable housing projects and non-regulated independent power projects, CILCORP Ventures, Inc., which through its subsidiary, CILCORP Energy Services, Inc., provides energy-related services and products, QST Enterprises, Inc., which through subsidiaries provides energy and related services in non-regulated retail and wholesale markets, including utility operations and management services to industrial customers of CILCO, and CILCO's wholly-owned non-utility subsidiaries, CILCO Exploration and Development Company and CILCO Energy Corporation, which are engaged in, respectively, exploration and

development of gas and oil and other mineral resources and research and development activities relating to new sources of energy; and AES Medina Valley Cogen (No. 4), L.L.C. ("AES Medina Valley"), a limited liability company formerly owned by the AES Corporation ("AES"), its direct and indirect wholly-owned non-utility subsidiaries, AES Medina Valley Cogen (No. 2), an intermediate non-utility subsidiary, and AES Medina Valley Cogen, L.L.C., an EWG, and AES Medina Valley Operations, L.L.C., which provides operating services to AES Medina Valley Cogen, L.L.C., at P.O. Box 230, Mossville, Illinois 61552-0230 (the foregoing companies herein referred to collectively as the "Applicants"), have filed an application-declaration ("Application") under sections 6(a), 7, 9(a)(1), 9(c)(3), 10, 12(b), 12(c) and 12(f) of the Act and rules 40, 43, 45 and 54 under the Act.

In a separate proceeding (File No. 70-10078), Ameren received authorization³ under sections 9(a)(1) and 10 of the Act to acquire from AES all of the issued and outstanding common stock of CILCORP. As explained in that proceeding, CILCO intends to transfer substantially all of its generating assets to CIGI prior to or following Ameren completes its acquisition of CILCORP. Following the acquisition of CILCORP, Ameren will cause CIGI to relinquish EWG status. Thus, Ameren is treating CIGI as an "electric utility company" under the Act both for purposes of File No. 70-10078 and this proceeding.

1. Current Authorization

By order dated March 13, 1998⁴ ("1998 Financing Order"), AmerenUE and AmerenCIPS are currently authorized for the period through February 27, 2003, to issue and sell commercial paper and to establish credit lines and issue notes thereunder evidencing unsecured short-term borrowings ("Short-term Debt"). AmerenUE is authorized to issue up to \$575 million of commercial paper at any one time outstanding and borrow up to \$425 million under credit lines. AmerenCIPS is authorized to issue up to \$125 million of commercial paper at any one time outstanding and borrow up to \$125 million under credit lines. Under the 1998 Financing Order, AmerenUE and AmerenCIPS were also authorized to enter into interest rate hedging

³ See HCAR No. 27645 (Jan. 29, 2003) ("CILCORP Acquisition Order").

⁴ See Ameren Corporation, *et al.*, HCAR No. 26841 (Mar. 13, 1998).

² See HCAR Nos. 27063 (Aug. 20, 1999) and 27363 (March 23, 2001).

instruments with respect to outstanding indebtedness of those companies.

By order dated March 22, 1999, in File No. 70-9423 (the "Money Pool Order"),⁵ Ameren was authorized to establish and fund loans to AmerenUE, AmerenCIPS and Ameren Services through the Ameren Corporation System Utility Money Pool Agreement (the "Utility Money Pool") in order to provide for the short-term cash and working capital needs of these companies.⁶ Further, to the extent not exempt under rule 52, AmerenUE, AmerenCIPS, and Ameren Services are authorized to make borrowings from and extend credit to each other pursuant to the Utility Money Pool. Ameren may not make borrowings under the Utility Money Pool. AmerenUE is authorized to borrow up to \$500 million at any one time outstanding under the Utility Money Pool.⁷

Ameren states that it also maintains and funds loans to certain of its non-utility subsidiaries pursuant to the Ameren Corporation System Amended and Restated Non-Utility Money Pool Agreement (the "Non-Utility Money Pool") in order to provide for the short-term cash and working capital requirements of these subsidiaries.

2. Requested Authorization

The Applicants request authorization for the period through March 31, 2006 (the "Authorization Period"), (1) to extend and restate the external short-term financing and interest rate hedging authorization of AmerenUE and AmerenCIPS under the 1998 Financing Order, (2) to extend and continue the Utility Money Pool and Non-Utility Money Pool (to be re-designated as the "Non-Regulated Subsidiary Money Pool") arrangements,⁸ and (3) following Ameren's acquisition of CILCORP, to add CILCO as a participant in the Utility Money Pool and CILCORP, CIGI, certain non-utility subsidiaries of CILCORP (as identified below), and AES Medina Valley and its direct and indirect non-utility subsidiaries as participants in the Non-Regulated Subsidiary Money Pool,

⁵ See Ameren Corporation, *et al.*, HCAR No. 26993 (Mar. 22, 1999).

⁶ Funds advanced by Ameren to the Utility Money Pool are derived from commercial paper sales and other short-term borrowings by Ameren previously authorized in File No. 9877, as well as surplus funds in the treasury of Ameren.

⁷ Borrowings by AmerenCIPS under the Utility Money Pool have been approved by the Illinois Commerce Commission ("ICC") and are therefore exempt under rule 52(a). Borrowings by Ameren Services are exempt under rule 52(b).

⁸ In the CILCORP Acquisition Order, CILCORP, CILCO and CIGI have been authorized to issue short-term and long-term securities and to engage in interest rate hedging transactions through March 31, 2006.

in each case subject to all of the existing terms, conditions and limitations of the money pool agreements. Ameren states that it is not requesting any new financing authority in this proceeding.

3. Proposed Sale of Short-Term Debt

Specifically, AmerenUE and AmerenCIPS propose to issue and sell from time to time during the Authorization Period Short-term Debt in an aggregate principal amount at any time outstanding not to exceed, when added to any borrowings by such companies under the Utility Money Pool, \$1 billion in the case of AmerenUE and \$250 million in the case of AmerenCIPS. Short-term Debt may include commercial paper notes, bank notes, and other forms of short-term indebtedness. All Short-term Debt will have maturities of less than one year from the date of issuance and will be unsecured.

It is stated that the commercial paper will be sold in established domestic or European commercial paper markets. That commercial paper would typically be sold to dealers at the discount rate per annum prevailing at the date of issuance for commercial paper of comparable quality and maturities sold to commercial paper dealers generally. It is expected that the dealers acquiring the commercial paper will reoffer it at a discount to corporate, institutional and, with respect to European commercial paper, individual investors. It is anticipated that the commercial paper will be reoffered to investors such as commercial banks, insurance companies, pension funds, investment trusts, foundations, colleges and universities, finance companies and nonfinancial corporations.

AmerenUE and AmerenCIPS also propose to establish and maintain back-up credit facilities and other credit facilities with banks or other financial institutions to support their commercial paper programs and other credit and/or borrowing facilities generally available to borrowers with comparable credit ratings as they may deem appropriate in light of their needs and existing market conditions providing for revolving credit or other loans and having commitment periods not longer than the Authorization Period. Only the amounts drawn and outstanding under these agreements and facilities will be counted against the proposed limits on Short-term Debt.

The effective cost of money on all Short-term Debt will not exceed at the time of issuance the greater of (i) 300 basis points over the six-month London Interbank Offered Rate (LIBOR), or (ii) a gross spread over six-month LIBOR that

is consistent with similar securities of comparable credit quality and maturities issued by other companies. Issuance expenses in connection with any non-competitive offering of Short-term Debt may not exceed 5% of the principal amount.

4. Proposed Interest Rate Hedges

AmerenUE and AmerenCIPS also request authorization to enter into interest rate hedging transactions with respect to outstanding indebtedness ("Interest Rate Hedges"), subject to certain limitations and restrictions, in order to reduce or manage the effective interest rate cost. Interest Rate Hedges would only be entered into with counterparties ("Approved Counterparties") whose senior debt ratings, or the senior debt ratings of any credit support providers who have guaranteed the obligations of such counterparties, as published by S&P, are equal to or greater than BBB, or an equivalent rating from Moody's or Fitch. In addition, AmerenUE and AmerenCIPS request authorization to enter into interest rate hedging transactions with respect to anticipated debt offerings (the "Anticipatory Hedges"), subject to certain limitations and restrictions. Those Anticipatory Hedges would only be entered into with Approved Counterparties, and would be utilized to fix the interest rate and/or limit the interest rate risk associated with any new issuance of debt.

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

5. Utility Money Pool

Ameren, AmerenUE, AmerenCIPS, and Ameren Services seek authorization to continue their participation in the Utility Money Pool, subject to all of the terms, conditions and limitations set forth in the Money Pool Order. AmerenUE requests authority to borrow up to \$500 million at any time outstanding under the Utility Money Pool. Ameren will continue to participate in the Utility Money Pool as a lender only and may not make any

borrowings from or receive any extension of credit through the Utility Money Pool. In addition, CILCO proposes to become a participant in the Utility Money Pool upon becoming a subsidiary of Ameren, subject to receiving approval from the Illinois Commerce Commission.

Ameren will continue to fund loans to Utility Money Pool participants with the proceeds of commercial paper sales and other short-term borrowings by Ameren previously authorized by the Commission, as well as Surplus funds in the treasury of Ameren. Ameren is not requesting any new financing authority in this proceeding.

In accordance with the terms and provisions of the Utility Money Pool, funds will be available from the following sources for short-term loans to AmerenUE, AmerenCIPS, CILCO and Ameren Services, from time to time: (1) Surplus funds in the treasuries of AmerenUE, AmerenCIPS, CILCO and Ameren Services, (2) surplus funds in the treasury of Ameren, and (3) proceeds from bank borrowings and the sale of commercial paper by Ameren, AmerenUE, AmerenCIPS, CILCO and Ameren Services ("External Funds"). Funds will be made available from such sources in such other order as Ameren Services, as administrator of the Utility Money Pool, may determine would result in a lower cost of borrowing, consistent with the individual borrowing needs and financial standing of the companies providing funds to the Utility Money Pool.

Utility Money Pool participants that borrow will borrow *pro rata* from each company that lends, in the proportion that the total amount loaned by each such lending company bears to the total amount then loaned through the Utility Money Pool. On any day when more than one fund source (e.g., surplus treasury funds of Ameren and other Utility Money Pool participants ("Internal Funds") and External Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrower will borrow *pro rata* from each such fund source in the Utility Money Pool in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool.

If only Internal Funds are available in the Utility Money Pool, the interest rate applicable to loans of those Internal Funds will be the CD yield equivalent of the 30-day Federal Reserve "AA" Non-Financial commercial paper composite rate (or if no such rate is established for that day, then the applicable rate would be the rate for the

next preceding day for which such rate was established). If only External Funds are available in the Utility Money Pool, the interest rate applicable to loans of those External Funds will be equal to the lending company's cost for those External Funds (or, if more than one Utility Money Pool participant had made available External Funds on such day, the applicable interest rate will be a composite rate equal to the weighted average of the cost incurred by the respective Utility Money Pool participants for those External Funds). In cases where both Internal Funds and External Funds are concurrently borrowed through the Utility Money Pool, the rate applicable to all loans comprised of such "blended" funds will be a composite rate equal to the weighted average of (a) the cost of all Internal Funds contributed by Utility Money Pool participants (as determined pursuant to the second preceding paragraph above) and (b) the cost of all such External Funds (as determined pursuant to the immediately preceding paragraph above).

6. Non-Regulated Subsidiary Money Pool

Ameren also proposes to continue to maintain and fund loans to certain of its non-utility subsidiaries and, following the acquisition of CILCORP and AES Medina Valley, to CILCORP, AES Medina Valley and certain of CILCORP's current direct and indirect non-utility subsidiaries, in accordance with a new Non-Regulated Subsidiary Money Pool Agreement. As is the case with the current Non-Utility Money Pool, Ameren will participate in the Non-Regulated Subsidiary Money Pool solely as a lender and may not make any borrowings from or receive any extension of credit through the Non-Regulated Subsidiary Money Pool. CILCORP also proposes to participate in the Non-Regulated Subsidiary Money Pool as a lender only and will not be permitted to make borrowings from or receive any extension of credit through the Non-Regulated Subsidiary Money Pool. Ameren Services will participate in the Non-Regulated Subsidiary Money Pool (as it currently does in the Non-Utility Money Pool) solely as a borrower.

CIGI also proposes to become a participant in the Non-Regulated Subsidiary Money Pool. It is stated that, although CIGI will be an "electric utility company" under the Act once it relinquishes EWG status, for purposes of state regulation in Illinois, CIGI will be considered to be a "non-regulated" affiliate of CILCO and therefore cannot participate in the Utility Money Pool.

CIGI is requesting authorization to borrow up to \$250 million at any time outstanding under the Non-Regulated Subsidiary Money Pool. The interest rate payable on borrowings from and loans to the Non-Regulated Subsidiary Money Pool and the allocation of fees and investment income to participants will be determined in the same manner described above in connection with the Utility Money Pool.

Accordingly, the following direct and indirect subsidiaries of Ameren will be participants in the Non-Regulated Subsidiary Money Pool: Ameren Services (solely as a borrower), Ameren Development Company, Ameren ERC, Inc., Ameren Energy Communications, Inc., Ameren Energy Resources Company, Ameren Energy Development Company, Ameren Energy Generating Company, Ameren Energy Fuels and Services Company, AFS Development Company, LLC, Illinois Materials Supply Co., Union Electric Development Corporation, CIPSCO Investment Company, CILCORP (solely as a lender), CIGI, CILCORP Investment Management Inc., CILCORP Ventures Inc., CILCORP Energy Services Inc., QST Enterprises Inc., CILCO Exploration and Development Company, CILCO Energy Corporation, AES Medina Valley, AES Medina Valley Cogen (No. 2), L.L.C., AES Medina Valley Cogen, L.L.C., and AES Medina Valley Operations, L.L.C.

The Commission is requested to reserve jurisdiction over the participation in the Non-Regulated Subsidiary Money Pool of any other direct or indirect, current or future, non-utility subsidiary of Ameren.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03-2947 Filed 2-5-03; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-25921]

Notice of Applications for Deregistration Under Section 8(f) of the Investment Company Act of 1940

January 31, 2003.

The following is a notice of applications for deregistration under section 8(f) of the Investment Company Act of 1940 for the month of January, 2003. A copy of each application may be obtained for a fee at the SEC's Public Reference Branch, 450 Fifth St., NW.,