

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

D. Organization and Acquisition of Financing Subsidiaries

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

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

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

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

E. Payment of Dividends by CILCORP Out of Capital Surplus

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

VII. Exemption of CILCORP and CILCO as Holding Companies

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

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

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

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

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

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27587]

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

October 28, 2002.

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

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by November 22, 2002, to the Secretary, Securities and Exchange Commission, Washington, DC 20549-0609, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in the case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of facts or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After November 22, 2002, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

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

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

Kansas City Power & Light Company ("KCPL"), an electric utility company and a wholly-owned subsidiary of GPE; and Great Plains Energy Services Incorporated ("GPES"), a to-be formed service company subsidiary, all located at 1201 Walnut, Kansas City, Missouri 64106; and Wolf Creek Nuclear Operating Corporation ("WCNOC"), 1550 Oxen Lane N.E., Burlington, Kansas 66839, a nonutility subsidiary of KCPL, which provides goods and services to the owners of Wolf Creek Generating Station; (collectively, "Applicants") have filed an application-declaration under sections 6(a), 7, 9(a), 10, 12(b), and 13(b) under the Act and rules 45, 88, 90 and 91 under the Act.

I. Prior Authorizations

By Commission order dated September 7, 2001 (HCAR No. 27436) ("September Order") GPE was authorized, among other things, to effectuate a reorganization by GPE forming another Missouri subsidiary and merging KCPL into the Missouri subsidiary that resulted in KCPL becoming a wholly owned subsidiary of GPE. In addition, financing was authorized for the new system. Specifically, related to the intrasystem provision of services, KCPL and GPE were given until April 30, 2002 to file an application-declaration seeking authority to create a service company and implement the final support service structure for the new GPE holding company system ("Service Company Application"). Until the Service Company Application is made effective, KCPL and GPE requested authority under section 13(b) and the rules for an interim period ("Interim Period") for KCPL and the nonutility subsidiaries to provide support services and to sell goods to each other and to GPE. Existing and future nonutility, intermediate subsidiaries of GPE were also authorized during the Interim Period to provide management, administrative, project development and operating services at fair market prices to certain classes of nonutility subsidiaries.

II. Request to Form the Service Company and Provide Services

A. Summary of Requests

Applicants filed the Service Company Application by April 30, 2002, as directed by the Commission in September Order. The Service Company Application seeks the authorization and approval by the Commission of the provision of intrasystem services and goods following the expiration of the Interim Period, under section 13 of Act and the rules. Applicants request that

the Commission: (1) Approve the designation of GPES as a subsidiary service company in accordance with the provisions of rule 88 under the Act and find that GPES is so organized and will conduct its operations so as to meet the requirements of section 13 and the rules under the Act; (2) approve the service agreement (as attached in S.E.C. File No. 70-10064, Exhibit B-1 filed April 19, 2002) ("Service Agreement"); (3) authorize to the extent not exempt under rules 81 and 87, for GPE's subsidiaries to provide certain services and goods to each other and to GPE; and (4) authorize extensions of credit or guarantees under section 12(b) and rule 45 for GPES or KCPL to assume responsibility to counterparties in leases, licenses, or other arrangements for the associates' compliance under those leases, licenses, or other arrangements.

B. Services provided by GPES

GPE requests authorizations with respect to the activities of GPES, which will be incorporated in Missouri as a wholly-owned subsidiary of GPE to serve as the service company for the GPE system. GPES will:

- Have a minimal equity capitalization of not more than 1,000 shares with total equity capitalization of not more than \$10,000.
- Finance it business through the issuance of debt securities exempted under rule 52(b) to associate companies or unaffiliated parties or as otherwise authorized by the Act, rules, and Commission orders.
- Provide companies¹ in the GPE system with a variety of administrative, management and support services.
- Be staffed by a transfer of personnel from KCPL, and in addition, KCPL will transfer personal property from KCPL to GPES.²

¹ GPE currently has four direct subsidiaries: KCPL; Innovative Energy Consultants, Inc.; KLT, Inc.; and Great Plains Power Incorporated ("GPP"). KCPL is the only public utility company in the GPE system, and provides electricity at retail in portions of Kansas and Missouri and at wholesale.

² The net book value of the property proposed to be transferred to GPES is approximately \$4.9 million. Of this amount, approximately \$815,000 is related to leasehold improvements in leased office space which will be occupied by GPES. Approximately \$2.9 million of this amount is related to general office equipment (such as chairs, desks, furniture, cubicle partitions and other items) which will be used by GPES employees. The remainder is related to the capitalized costs of software which will be used by GPES in providing services to its Clients. GPES will pay to KCPL the net book value of the property, under rule 90. The payment by GPES to KCPL for the transferred property may be in the form of either cash or a promissory note in the principal amount of the purchase price, bearing interest at the effective cost of capital of KCPL. Applicants represent that none

- Be assigned certain leases and licenses currently held by KCPL, or in the alternative the leases and licenses may continue to be held by KCPL and a portion of the goods and services may be provided to other system companies. (To the extent that current leases, licenses, and other arrangements respecting goods and services used by KCPL and one or more associate companies cannot be reasonably transferred to GPES, or in situations in which KCPL is the predominant user of such goods and services, or in the event Missouri Public Service Commission approval of the proposed asset transfer is not obtained before the establishment of GPES,³ KCPL may make available a portion of the associated goods and services to associate companies through leases, licenses or similar arrangements.)

- Be responsible to counterparties of the underlying leases, licenses, or other arrangements for the associates' compliance with the terms and conditions of those agreements.

- Comply with the Commission's standards for cost allocation methods and procedures for service companies in registered holding company systems;

- Use the Commission's "Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies" for GPES's billing system.

- Provide classes of services through departments and more than one class of services. Both corporate services and shared services may be offered. Corporate services are required, but shared services will be a choice subject to the terms and conditions of the service agreement.

- Provide all services by GPES to affiliated companies on an "at cost" basis as determined by rules 90 and 91 of the Act, except as permitted by the Act or the Commission.

C. Services Provided by the Subsidiaries

1. KCPL

KCPL may provide to associate companies services incidental to its utility business, including but not limited to leases⁴ or subleases of office or other space with associate companies, services of personnel with specialized expertise and usage of KCPL's integrated voice and data communications system. In addition, to

of the property proposed to be transferred constitutes "utility assets" as defined by section 2(18) of the Act, and to the extent the property constitutes "goods" of KCPL, the Applicants state the transfer is permitted by rule 87(b)(4).

³ Section 393.190, RSMo.

⁴ KCPL leases transmission facilities and railcars, and has entered into lease arrangements for five combustion turbines.

the extent that current leases, licenses and other arrangements respecting goods and services used by KCPL and one or more associate companies cannot be reasonably transferred to GPES, or in situations in which KCPL is the predominant user of such goods and services, or in the event Missouri Public Service Commission approval of the proposed asset transfer is not obtained before the establishment of GPES, KCPL may make available a portion of the associated goods and services to associate companies through leases, licenses or similar arrangements. All such goods and services will be provided to associate companies in accordance with rules 87, 90 and 91. To the extent such matters do not fall within the exception provided in rule 87(a)(3), Applicants request authorization for KCPL to engage in such activities.

KCPL may have responsibility for GPES's compliance under assigned leases, licenses, and other arrangements. In situations where KCPL makes available goods and services to associate companies under leases, licenses, or other arrangements between KCPL and third parties, KCPL may have responsibility for those associate companies' compliance with such leases, licenses, or other arrangements. To the extent such responsibility is deemed to be an extension of credit or guaranty by KCPL under section 12(b) of the Act, Applicants request authority for KCPL to incur such responsibility.

2. WCNOG

Applicants request authorization for WCNOG, as a nonutility subsidiary of KCPL, to provide services and goods to the owners of Wolf Creek Generating Station at cost under existing agreements (as attached in S.E.C. File No. 70-10064, Exhibit B-3) ("WCNOG Existing Agreements"). Applicants also request authorization for KCPL to provide goods and services to WCNOG at cost under WCNOG Existing Agreements, WCNOG, KCPL, and Kansas Gas and Electric Company (an owner of Wolf Creek Generating Station) also have entered into a service reciprocity agreement dated June 20, 1986 (as attached in S.E.C. File No. 70-10064, Exhibit B-6) ("Service Reciprocity Agreement"), providing for the recognition of pension service credits earned by employees who transfer to or from WCNOG. To the extent the Service Reciprocity Agreement may be deemed jurisdictional, Applicants request authorization for KCPL and WCNOG to continue with such agreement.

D. Request for an Exemption From At Cost

Applicants request that GPES and all other nonutility subsidiaries of GPE be authorized to enter into agreements to provide construction, goods or services to certain associate companies enumerated below at fair market prices determined without regard to cost, and request an exemption (to the extent that rule 90(d) of the Act does not apply) under section 13(b) from the cost standards of rules 90 and 91:

- A foreign utility company ("FUCO") or foreign exempt wholesale generator that derives no part of its income, directly or indirectly, from the generation, transmission or distribution of electric energy for sale within the United States;
- An exempt wholesale generator (EWG) that sells electricity at market-based rates which have been approved by the Federal Energy Regulatory Commission ("FERC"), provided that the purchaser is not KCPL;
- A "qualifying facility" ("QF") within the meaning of the Public Utility Regulatory Policies Act of 1978, as amended ("PURPA") that sells electricity exclusively (i) at rates negotiated at arms' length to one or more industrial or commercial customers purchasing the electricity for their own use and not for resale, and/or (ii) to an electric utility company at the purchaser's "avoided cost" as determined in accordance with the regulations under PURPA;
- A domestic EWG or QF that sells electricity at rates based upon its cost of service, as approved by FERC or any state public utility commission having jurisdiction, provided that the purchaser is not KCPL; or
- A rule 58 subsidiary or any other nonutility subsidiary that (i) is partially-owned, directly or indirectly, by GPE, provided that the ultimate purchaser of such goods or services is not KCPL (or any other entity that GPE may form whose activities and operations are primarily related to the provision of goods and services to KCPL), (ii) is engaged solely in the business of developing, owning, operating and/or providing services or goods to nonutility subsidiaries described in clauses (a) through (e) immediately above, or (iii) does not derive, directly or indirectly, any material part of its income from sources within the United States and is not a public utility company operating within the United States.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46729; File No. S7-24-89]

Joint Industry Plan; Order Granting Partial Temporary Approval of Amendment No. 13 of the Reporting Plan for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis, Submitted by the National Association of Securities Dealers, Inc., the Boston Stock Exchange, Inc., the Chicago Stock Exchange, Inc., the Cincinnati Stock Exchange, Inc., the Pacific Exchange, Inc., the American Stock Exchange LLC, and the Philadelphia Stock Exchange, Inc.

October 25, 2002.

I. Introduction

On May 31, 2002, the Cincinnati Stock Exchange, Inc. ("CSE") on behalf of itself and the National Association of Securities Dealers, Inc. ("NASD"), the American Stock Exchange LLC ("Amex"), the Boston Stock Exchange, Inc. ("BSE"), the Chicago Stock Exchange, Inc. ("CHX"), the Pacific Exchange, Inc. ("PCX"), and the Philadelphia Stock Exchange, Inc. ("PHLX") (hereinafter referred to collectively as "Participants"),¹ as members of the operating committee ("Operating Committee" or "Committee")² of the Plan submitted to the Securities and Exchange Commission ("SEC" or "Commission") a proposal to amend the Plan, pursuant to Rule 11Aa3-1 and Rule 11Aa3-2³ under the Securities Exchange Act of 1934 ("Act" or "Exchange Act"). The proposal represents the 13th amendment ("13th Amendment") made

¹ The CSE was elected chair of the Operating Committee for the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis ("Nasdaq UTP Plan" or "Plan") by the Participants.

² Among other things, the 13th Amendment proposes to add the Nasdaq Stock Market, Inc. ("Nasdaq") as a Participant. The Committee is made up of all the Participants. As discussed below, the Category 1 amendments of the 13th Amendment propose adding Nasdaq as a Participant and this approval order does not take action with respect to the Category 1 amendments.

³ 17 CFR 240.11Aa3-1 and 17 CFR 240.11Aa3-2.