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Illinois Power Company  
500 South 27th Street  
Decatur, IL 62521-2200



**ILLINOIS POWER**

Part of the DYNegy Performance Team

October 1, 2002

Ms. Donna M. Caton  
Chief Clerk  
Illinois Commerce Commission  
527 East Capitol Avenue  
Springfield, IL 62701

Dear Ms. Caton:

On behalf of Illinois Power Company, attached herewith for filing are an original and two (2) sets of the following tariff sheets:

Ill. C. C. No. 31 (Schedule of Rates for Electric Service)

Twenty-fourth Revised Sheet No. 2 (Table of Contents – Page 2)  
Canceling Twenty-third Revised Sheet No. 2

Original Sheet Nos. 86.13 – 86.22 (Rider MVI II – Market Value Index)

The foregoing tariff sheets are being filed by Illinois Power Company ("Illinois Power" or the "Company") to implement Rider MVI II – Market Value Index II, a market value index tariff.

Illinois Power believes that the information provided with this filing will be sufficient to satisfy the Commission and that the filed tariff sheets should be allowed to go into effect after the expiration of the 45-day notice period. The Company will supply any information and data that is necessary for the Commission Staff or any interested party to complete its review.

An additional copy of this filing is enclosed which is to be date-stamped and returned to Illinois Power Company for verification of receipt of this filing with your office.

Very truly yours,

Tamara L. Evéy  
Project/Case Manager  
State Regulatory Affairs

Attachments

c: Mr. Richard Zuraski  
Illinois Commerce Commission  
527 East Capitol Avenue  
Springfield, Illinois 62701

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## ILLINOIS POWER COMPANY

### SUPPLEMENTAL STATEMENT

ACCOMPANYING LETTER OF TRANSMITTAL DATED OCTOBER 1, 2002

This filing is being made in accordance with the provisions contained in Section V. A of the Market Value Index ICC docket numbers 00-0259/00-0395/00-0461 Consolidated, under which utilities with market value index (MVI) tariffs are directed to file a new market value tariff on or before October 1, 2002.

With this filing, Illinois Power Company ("Illinois Power" or the "Company") proposes to establish a new market-value index tariff, Rider MVI II – Market Value Index II. Rider MVI II would replace the current Rider MVI tariff with the first bill cycle of July 2003. The Rider MVI II tariff is substantially similar in content to the current Rider MVI tariff. However, the proposed tariff would include provisions for Multi-Year Market Values, use of Off Peak Forwards for the purpose of developing Off Peak Prices, an additional provision to the on-peak data hierarchy and language relevant to the transition from the current Rider MVI tariff to the proposed Rider MVI II tariff. Each of these provisions is described in greater detail below.

#### Multi-Year Market Values

Illinois Power proposes to calculate Multi-Year Market Values for periods of up to 3-years for the purpose of calculating customer Transition Charges. To the extent sufficient data exists, such values will be calculated annually in conjunction with the December publication. Customers presently on or going to RES Supply Service may elect a TC with Multi-Year Market Values by entering into a contract for such Multi-Year Market Values only during the January and February billing cycle months immediately following the December publication in which such values were calculated. Customers already taking service under Service Classification 110 prior to electing such Multi-Year Market Values shall have their Anniversary Date reset to coincide with the effective date of the Multi-Year Market Value contract.

#### Use of Off Peak Forwards

Illinois Power proposes to use Off Peak Forwards for the purpose of developing Off Peak prices. Under the proposed methodology Illinois Power would develop Off Peak prices using daily market data of forward contracts for electric power and energy delivered in the Into Cinergy Hub for the hours included in the Off Peak Period. The daily market data will be accumulated for the period of November 1 to November 30 of the year prior to such values being effective. However, in the event insufficient data exists to establish an off peak price for each monthly contract using the Off-Peak Forward methodology, Illinois Power proposes to preserve the Historical Day Ahead methodology used in its current Rider MVI tariff as a default for developing Off Peak prices.

### Addition of data hierarchy for On Peak Market Values

Presently, there are no provisions under Illinois Power's current Rider MVI structure for determining on-peak market values in the absence of actual trade and bid-offer data for a given forward contract during the 10 Business Day polling period. In the absence of such data, Illinois Power proposes to expand the start date of the polling period back until such time a value is established for such contract, provided the data is no older than 365 days. If no data exists for the given contract during the 365 day expanded polling period, the value from the previous filing for the corresponding month of the given contract will be used.

Illinois Power has not experienced this problem to date. The proposed addition to the data hierarchy provides continuity for minor data problems (i.e. missing shoulder period contract) and provides a bridge to a regulatory solution in the event of major market disruption.

### Transitional language

Customers already taking Delivery Services under the current Rider MVI tariff will transition to the new Rider MVI II tariff on their first Anniversary Date that is on or after the first bill cycle of July 2003.

### Revision of Related Tariffs

Illinois Power proposes to file on or before October 31, 2002 certain revisions to its Rider TC, Transition Charge for Customers, and Rider PPO, Power Purchase Option, and Rider MVI, Market Value Index tariffs. While the details of each will be described in greater detail within the actual filing below is a brief overview of the anticipated changes.

#### Rider TC

Illinois Power's Rider TC, Transition Charge for Customers, is an existing tariff that provides for the calculation and imposition of transition charges. In conjunction with the proposed Rider MVI II, several revisions to Rider TC will also be proposed. Among the anticipated changes to the tariff is the utilization of multiple prior years for the development of the "Zuraski" Price Shaping Adjustment, rather than the current practice of utilizing only one year, an allowance for the provision of contracts for Market Value in Transition Charges for periods greater than one year with such values determined pursuant to Rider MVI II, and a provision for Regulatory Capacity.

## Rider PPO

Rider PPO, Power Purchase Option, is an existing optional tariff that provides for unbundled electric supply service to be provided by Illinois Power at market based prices. In conjunction with the proposed Rider MVI II and the anticipated changes to Rider TC, certain revisions to Rider PPO will be necessary to reflect the implementation of these changes. For example, Rider PPO may need to be revised to include a charge for Regulatory Capacity as provided for in Rider TC.

## Rider MVI

The current Rider MVI tariff sunsets with the conclusion of the May 2004 bill cycle month. Since Rider MVI II is proposed to commence on the first bill cycle of July 2003, it will be necessary to revise the sunset provision in the current Rider MVI tariff to coincide with the implementation of the new Rider MVI II tariff.

## Public Notice

Illinois Power Company will give notice of this filing to the public by publishing notice in newspapers of general circulation throughout the Company's service territory in accordance with 83 Illinois Administrative Code Part 255. Illinois Power is also giving notice to certain industrial customers as required by their service contracts.