

RETURN TO REACTOR DOCKET
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**ILLINOIS
POWER
COMPANY**
Annual Report
1978

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**Annual Report
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Illinois Power Company is a public utility engaged primarily in the generation, transmission, distribution and sale of electric energy and the distribution and sale of natural gas in the State of Illinois.

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Highlights of 1978

1977	1978	% Increase	
12,951	13,574	4.8	Electric sales—kilowatt-hours (millions)
\$383,567	\$452,207	17.9	Electric revenues (thousands)
938	1,035	10.3	Gas sales—therms (millions)
\$183,820	\$219,807	19.6	Gas revenues (thousands)
\$567,387	\$672,014	18.4	Total operating revenues (thousands)
\$ 73,664	\$ 82,361	11.8	Net income (thousands)
\$ 60,407	\$ 66,662	10.4	Earnings available for common stock (thousands)
22,521	24,302	7.9	Average number of shares outstanding (thousands)
\$2.68	\$2.74	2.2	Earnings per share of common stock

What We Received and What We Paid Out or Set Aside

1977 (Thousands of Dollars)	1978	1978 %	We Received From—
\$383,567	\$452,207	67.3	Sales of electricity
183,820	219,807	32.7	Sales of gas
<u>\$567,387</u>	<u>\$672,014</u>	<u>100.0</u>	
			We Paid or Set Aside For—
\$ 52,427	\$ 61,173	9.1	Payrolls and benefits to employees engaged in operations
117,812	145,486	21.6	Gas purchased for resale
8,664	5,505	.8	Power purchased for resale
(30,855)	(47,078)	(7.0)	Power interchanged—net
148,553	207,082	30.8	Fuel for electric plants
35,288	38,692	5.8	Materials and other expenses
47,188	51,569	7.7	Recovery of cost of property due to wear and obsolescence
71,277	79,468	11.8	Taxes—federal, state and local
19,573	22,793	3.4	Investment tax credit deferred—net
			Use of funds invested in our business—
(20,183)	(28,929)	(4.3)	Allowance for funds used during construction
43,979	53,892	8.0	Interest—including short-term loans
13,590	15,699	2.3	Preferred stock dividends
50,051	56,252	8.4	Common stock dividends
10,023	10,410	1.6	Future use in our business
<u>\$567,387</u>	<u>\$672,014</u>	<u>100.0</u>	

To Our Stockholders:

Last year's results, while showing some improvement over 1977, were not as good as we had hoped. Earnings were adversely affected by two rather severe ice storms, a prolonged coal strike, and an increase in electric sales that was below our expectations. During the coal strike we were able to continue full electric service. We responded promptly to the devastation caused by the ice storms. I am proud of the way our employees handled these emergencies.

Our ability to provide reliable service at low rates is a result of decisions and actions taken years ago. We are now planning and building for the years ahead. As we do so, the most critical problem we face is the ability to finance our construction program. We have been, and are now, a financially strong utility. We want to remain so. It is for this reason that we filed with the Illinois Commerce Commission a request for a general increase in our electric and gas rates on January 9, 1979.

The rate filing is a complete and accurate documentation of our needs. Additional revenue is needed

to pay inflated costs, support needed construction, and provide adequate return to our investors.

There are two underlying public issues in the electric rate case. One is the inclusion in the rate base of some \$240 million of the \$500 million we have invested in the nuclear station we are building near Clinton, Illinois. This pay-as-you-go principle is indispensable to our ability to meet the energy requirements of our customers at the lowest possible costs to them in the 1980's.

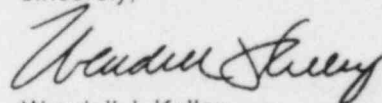
The second issue is our decision to build a nuclear generating station. This is an issue in our rate case only because the anti-nuclear forces have chosen to make it one. Their public stand is that they are fighting our rate case to stop or delay the construction of our station at Clinton, which is scheduled to start producing electricity before the end of 1982.

The entire electric utility industry—private, public, and cooperative—and the Carter Administration, as well as previous administrations, are in accord that the energy needs of our nation can be met between now and the end of the century only by building additional coal-burning and nuclear generating stations.

Continuing troubles in the oil-producing countries of the Middle East make it ever more urgent to reduce our dependency upon their oil at the prices they decide to charge. The notion that solar energy or the wind can be developed in time to substitute significantly for coal and nuclear fuels during the remainder of this century is not an alternative; it is a delusion.

We believe that our customers appreciate the low rates and reliable service we have traditionally provided. The coal strike of last year and the severe winter weather of the last three years—with shortages that forced school and industry closings in many other sections of the country—gave us a chance to show our customers that we are able to plan and build to see them through these emergencies. We believe that the facts will show that our continued financial health is in their best interests as well as the best interests of our stockholders.

Sincerely,



Wendell J. Kelley
Chairman and President

Earnings, Revenues, and Sales

Earnings per share of our common stock were \$2.74 for 1978, compared to \$2.68 earned in 1977. The higher earnings in 1978 reflect increased sales of both electricity and gas and the effect of rate increases granted by the Illinois Commerce Commission in June, 1977.

1978 earnings were, however, adversely affected by the continuing increased costs of operating our business and by the increased capital costs of our construction program. In addition, 1978 earnings reflect the financial impact of the ice storms which struck the central area of our service territory in late March and the southern area of our service territory on December 31.

Total revenues for the Company were \$672 million, an increase of \$105 million or 18.4 per cent over 1977. Electric revenues of \$452 million for 1978 were up \$69 million or 17.9 per cent. They reflect the rate increase effective June 16, 1977, the recovery of increased fuel costs and increased kilowatt-hour sales. Our gas revenues were \$220 million, an increase of \$36 million or 19.6 per cent over 1977. They reflect the effect of the rate order effective June 16, 1977, the recovery of increased costs of natural gas, and increased therm sales.

Kilowatt-hour sales of electricity increased by 4.8 per cent in 1978

compared to 7.2 per cent in 1977. Sales to our residential customers increased only 3.8 per cent in 1978, reflecting the apparent conservation efforts by our customers and slightly cooler weather during the 1978 summer as compared to 1977. Sales to commercial and industrial customers, although adversely affected by the United Mine Workers of America coal strike during the first quarter of 1978, showed an increase of 5.1 per cent due to the economic growth of our territory.

Net interchange sales of electric energy to other electric utilities were about \$47 million in 1978, an increase of approximately 52.6 per cent above the 1977 level. This was made possible by an increased demand for electric energy by other utilities, by the Company having adequate coal supplies to make such sales, and by the comparatively favorable prices at which the Company was able to provide electric energy.

Therm gas sales increased by 10.3 per cent in 1978 compared to a 5.1 per cent decrease in 1977. This increase results primarily from improved levels of gas supply from our pipeline suppliers, increased sales to our space heating customers due to the colder weather in 1978 than in 1977, and two releases of gas for new customers.

Financing

The financing requirements of our 1978 construction program plus the refunding of \$15 million of first mortgage bonds which matured on February 1, 1978 resulted in two major security issues during the year. In May, 2.5 million shares of common stock were sold to a group of underwriters at a price of \$23.55 per share for a total of \$58.9 million. The shares were offered to the public by the underwriters at \$24.25 per share. In August, we sold \$100 million of first mortgage bonds, 8 $\frac{7}{8}$ % series due 2008, at a price of 99.125 per cent of the principal amount for an effective annual interest cost of 8.96 per cent. The net proceeds to the Company were \$99.1 million.

Our 1978 construction expenditures

were \$312 million. We estimate 1979 capital requirements at \$310 million for construction purposes and \$15 million to refund a bond issue maturing on July 1, 1979. To meet these requirements we anticipate approximately \$170 million of permanent financing in 1979, with the balance to be provided through short-term borrowing and internally generated funds. The types, amounts, and timing of these permanent financings have not yet been determined.

The sale of ownership interests totaling 20 per cent in Unit No. 1 of the Clinton nuclear power station to two electric cooperatives was completed in October. Construction estimates and financing requirements reflect the sale.

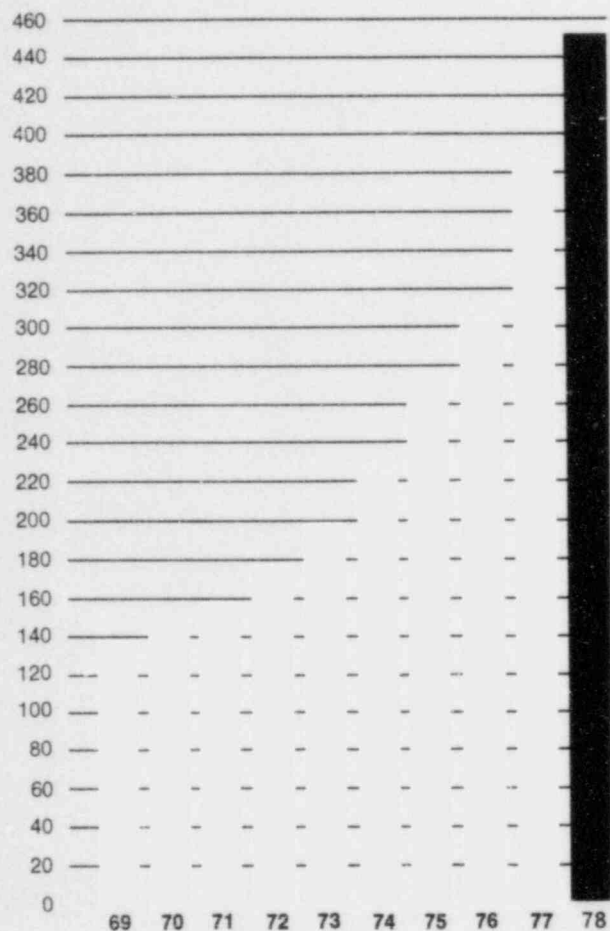
Stock Ownership Plans

The Automatic Reinvestment and Stock Purchase Plan and the Employees Stock

Ownership Plan were amended effective August 1, 1978 to provide that shares

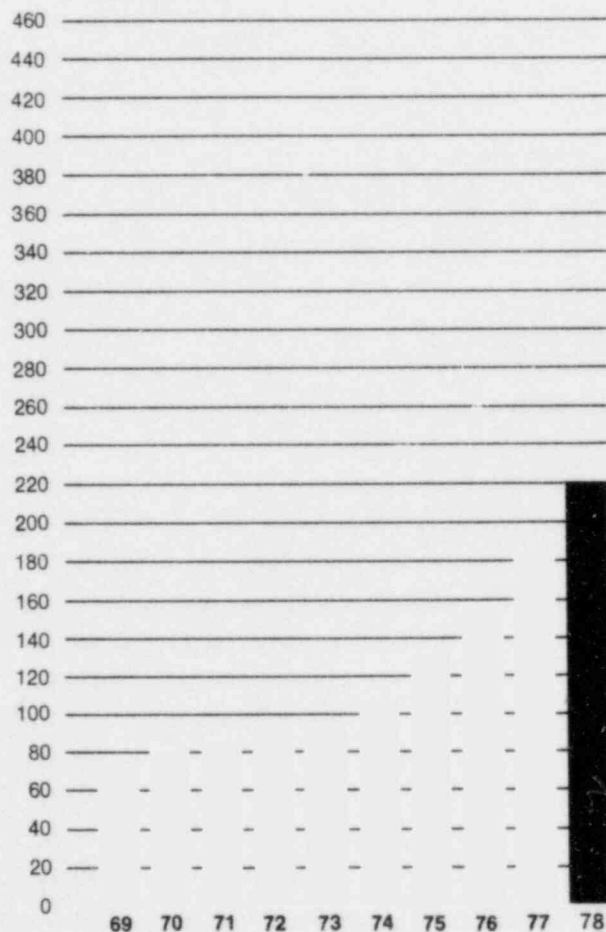
Electric Revenues

(MILLIONS OF DOLLARS)



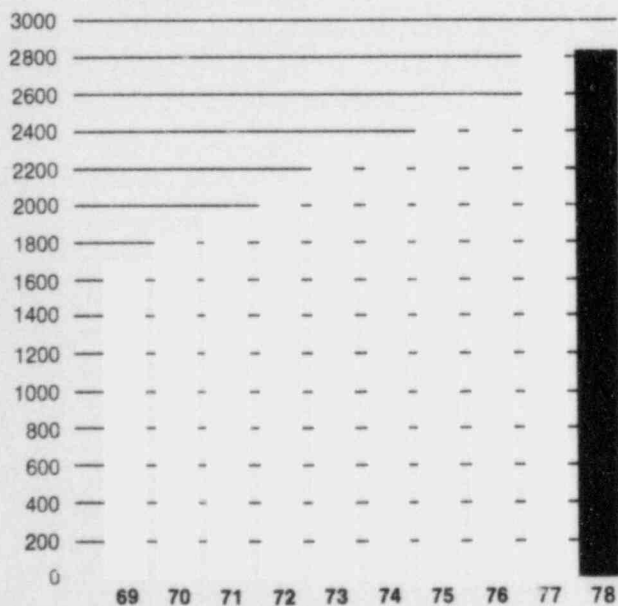
Gas Revenues

(MILLIONS OF DOLLARS)



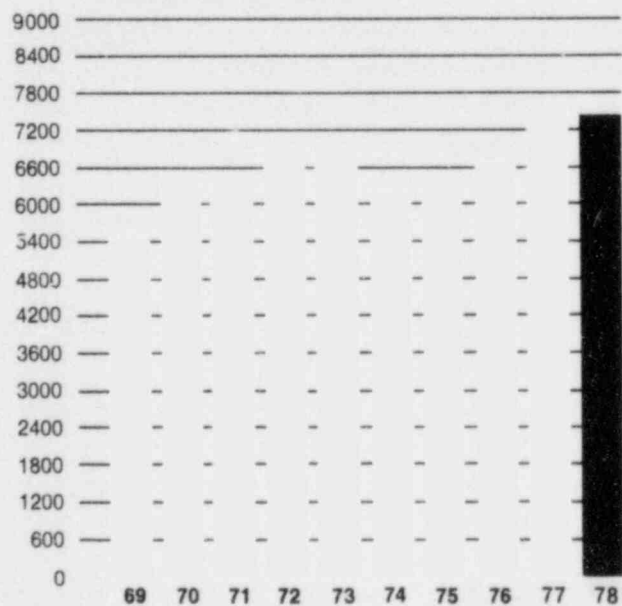
Electric Peak Loads

(IN THOUSANDS OF KW)



Gas Peak Loads

(IN THOUSANDS OF THERMS)



purchased through the reinvestment of dividends and interest will be at 95 per cent of market price instead of the previous 100 per cent. Although our experience is limited, to date the additional participation in response to this change has been gratifying.

These plans have become an important factor in raising new capital since their inception in January, 1976. Approximately 7,950 security holders and 630 employees are now participating, and more than 374,000 shares of new issue common stock have been purchased through the plans, resulting in additional capital of approximately \$9,150,000. The reinvestment of dividends and interest may be an even more significant factor in obtaining capital in the future, as more stockholders and bondholders take advantage of the discount available on investment of interest and dividends. Security holders interested in obtaining more information about the reinvestment plan may obtain a copy of the prospectus

and other material from D. F. Meek, Secretary and Treasurer, Illinois Power Company, 500 South 27th Street, Decatur, Illinois 62525.

The Tax Reduction Act Stock Ownership Plan and Trust (TRASOP) established in 1977 was amended to permit the Company one-half of one per cent investment tax credit in addition to the one per cent credit taken in 1977. This one-half of one per cent is allowed by law if common stock equal in value is contributed to the Plan and if the amount is matched by voluntary employee contributions. We were pleased that 64 per cent of our employees eligible to participate made matching contributions. Including the employees' matching contributions, we have issued 209,987 shares to the plan. Approximately \$5,320,000 of additional capital has been provided to the Company in 1977 and 1978 as a result of the provisions of the Plan.

Request for Rate Relief

A decision was made in 1978 to seek increases in electric and gas rates, and the request was filed on January 9, 1979 with the Illinois Commerce Commission. If approved, the proposed electric rates would increase estimated 1980 annual revenues by about \$69 million, or 14 per cent. The proposed gas rates would increase estimated 1980 annual revenues by about \$23 million, or 7.9 per cent.

We requested that approximately \$240 million of construction work in progress be included in the electric rate base. If this is granted, no allowance for funds used during construction will be capitalized on the amount included in rate base.

With the entire proposed rate increases, Illinois Power Company's electric rates would still be among the lowest of the major utilities operating in the state and our gas rates would compare favorably.

This filing includes some changes in

both electric and gas rate design. A new "time-of-day" electric rate will be offered to certain residential customers on a voluntary basis, and a change in our residential Rate 1 (small use) will allow an estimated additional 50,000 customers to move to this lower rate structure. All of our gas rates have been changed to eliminate the "declining block" rate design concept.

The Illinois Commerce Commission is permitted 11 months to issue a decision. Accordingly, an order is expected to be entered in early December, 1979.

The Federal Energy Regulatory Commission approved an electric rate increase of 14.5 per cent to the nine electric cooperatives served by Illinois Power Company, effective October 1, 1978. This will result in an annual increase in Company revenues of \$2.4 million.

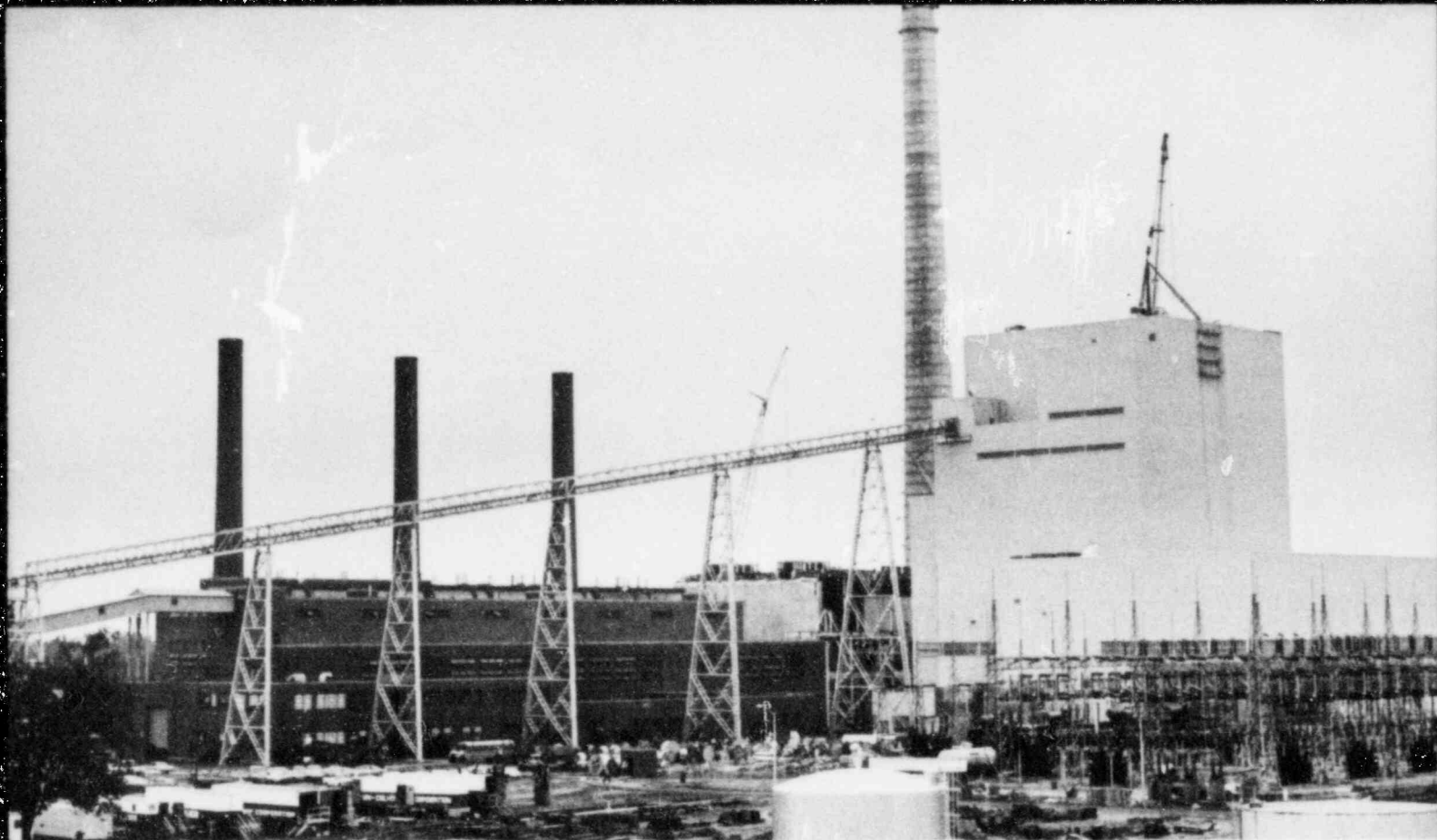
Construction Program

The 450,000 kilowatt electric generating unit under construction at the Havana power station since 1974 was completed and placed in commercial operation in June, 1978. The new unit burns low sulfur coal.

Substantial progress has been made

on the construction of our 950,000 kilowatt nuclear Unit No. 1 located at Clinton, Illinois. Activities have been concentrated in the power block area and in completion of the earth work.

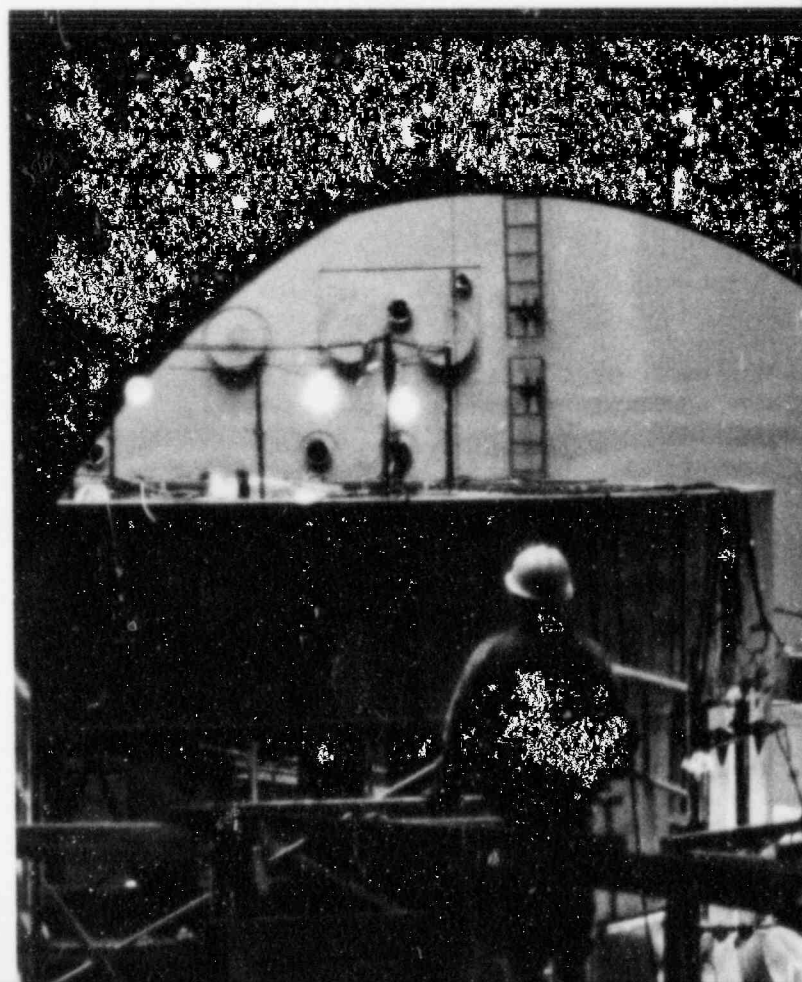
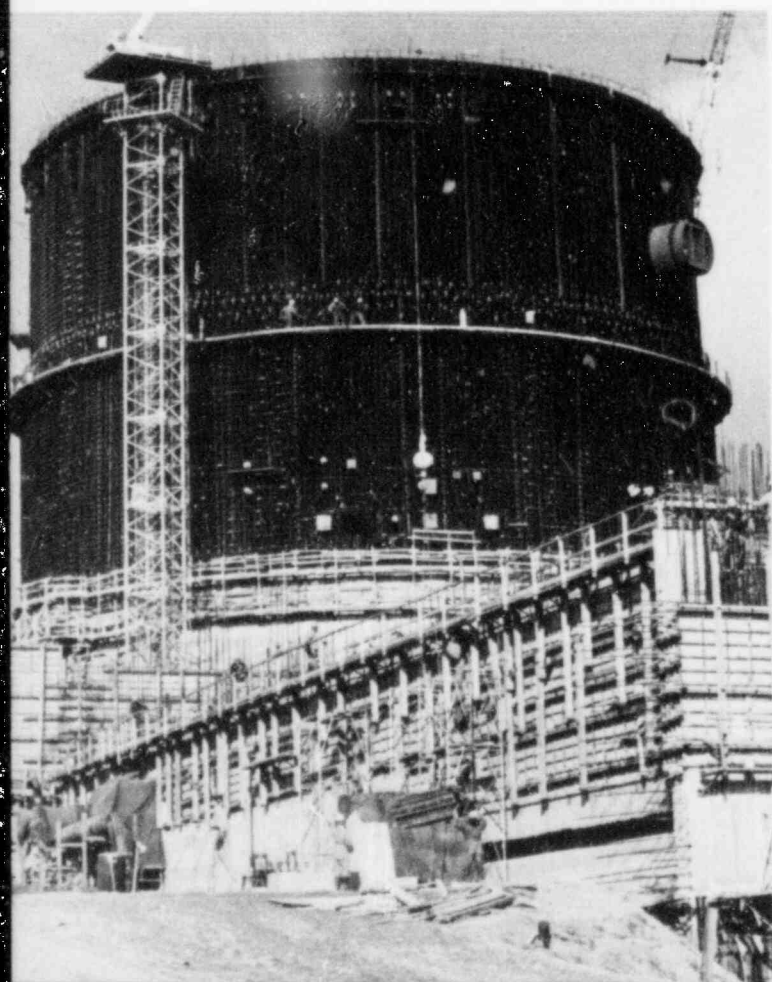
The installation of reinforced concrete walls, columns and floors in the power



CONSTRUCTION PROGRESS

At Havana power station (above), the 450,000 Kw Unit No. 6 went into commercial operation in June. It is the building on the right.

At Clinton power station (below), reinforcing steel and concrete work moves upward on the 215-feet high reactor containment building (left). Work continues (right), on the pedestal for the reactor pressure vessel and related structures.



block area has continued. The turbine pedestal concrete work has been completed. Work was initiated on the reinforced concrete wall of the containment building in 1978 and will continue into 1979.

Structural and supporting members are being constructed in the containment building to support the reactor pressure vessel when it is lifted into place in 1979. Several additional major pieces of equipment, including turbine-generator parts and the condensers, have been received and will be installed as construction progresses. Installation of equipment and piping and electrical systems has been started in completed elevations of the power block buildings.

The remaining earthwork was essentially completed in 1978. This consisted of modifying drainage facilities

from adjacent properties to accommodate formation of the 5,000 acre lake and construction of a discharge flume.

The lake was filled by May, and several preparations were begun during 1978 for its future recreational use. These activities included stocking the lake with 2.5 million fish and seeding nearly 500 acres of land where construction was finished.

Construction expenditures for 1979 are anticipated to be \$310 million. Approximately \$289 million will be for electric facilities and \$21 million for gas facilities. For the five year period, 1979 through 1983, construction expenditures are estimated at \$1.3 billion. These figures are exclusive of financial participation in Clinton Unit No. 1 by electric cooperatives which became part owners in 1978.

Gas Service

Record withdrawals were made from our eight storage fields during the 1977-78 heating season. However, the supply in these fields was restored to normal levels by the beginning of the 1978-79 heating season.

Two new releases of natural gas were made during the year. One was for residential, commercial and all industrial uses, up to 3600 therms per day, for customers who had applied by April 25, 1978. The other release was to all customers whose requests for limited quantities of gas for residential, commercial or industrial space heating were received by September 11, 1978.

These additional sales were made possible by improved long term forecasts of gas supply, the continuing effects of conservation and the conversion of some industrial customers from limited firm service to interruptible service.

A major occurrence during the year of significance to the gas industry was Congress' passage of the Natural Gas Policy Act. The anticipated higher gas costs and the effects of the Act's incremental pricing provisions will be a challenge to the Company's marketing skills in retaining existing industrial gas customers and in expanding gas service to new uses.

Electric Service

The peak demand on the Company's electric system came on September 19, 1978. It was a demand of 2,825,010 kilowatts. This figure is less than one per cent short of the Company's 1977 peak.

The past year's reduction in peak load growth is attributable to moderate weather conditions, customer conservation efforts, general economic conditions and pricing pressures, particularly as related to the residential sector during the traditional summer peak load period when the higher summer rates prevailed.

As a result of our ongoing load

management program, we expect long term peak demand to increase about four per cent annually and kilowatt-hour consumption to increase at about five per cent annually.

We have succeeded in maintaining electric rates among the lowest in Illinois while providing highly reliable service. This has been accomplished despite problems of regulatory lag, related construction delays, environmental constraints, public intervention and the absence of a clear, workable Federal energy policy.

Systems Reliability

The Company is working closely with neighboring utilities, the Mid-America Interpool Network (MAIN) and the National Electric Reliability Council (NERC) to assure the development of reliable transmission systems.

The nationwide coal strike which began on December 6, 1977 and lasted through March 25, 1978, tested the electric utility systems. Our generating and transmission systems and interconnections were used extensively as we supplied large quantities of power and transported power from states west of the Mississippi River to states further east.

An Easter weekend ice storm devastated

transmission and distribution systems in central Illinois in 1978. At the height of the storm, more than 125,000 households served by Illinois Power were without power. On New Year's weekend, another severe storm damaged our system, primarily in the southern and central parts of our territory.

Hard work by our employees, a concerted communication effort with our communities and emergency agencies, the tremendous effort of our customers to help and their fortitude in accepting the inconveniences minimized potentially severe crisis situations.

Fuel Supply

Sufficient quantities of both coal and oil allowed continuous generation and electric service during the 110-day mine workers strike without curtailment to our customers. Coal inventories have since been replenished and are at normal levels. Coal was used for 92.3 per cent of the electric generation in 1978. Oil accounted for 7.2 per cent and other fuels for 0.5 per cent.

The estimated average requirement for coal is 7.6 million tons annually over the next ten years. Future coal needs for existing coal-fired units are estimated to be 178 million tons, based on a useful plant life of 40 years. Contracts in effect as of December 31, 1978, including extension options, provide for delivery of

approximately 107 million tons. We expect to complete negotiations early in 1979 for two additional long term coal supply agreements.

Fuel for the Clinton nuclear units through 1989 will be supplied under terms of two contracts with Kerr-McGee Nuclear Corporation. They provide for the purchase and conversion of approximately 5.4 million pounds of uranium to be delivered to the Department of Energy with whom we have 30 year contracts for our enrichment requirements. A contract with the General Electric Company provides approximately 15 years of fuel fabrication requirements each for Unit No. 1 and Unit No. 2.

Environmental Protection

Rules to implement the 1977 Amendments to the Clean Air Act were proposed in 1978, and we also await final rules for the Clean Water Act of 1977. The financial impact of these new laws upon the Company cannot be fully determined until regulations are final.

Our Wood River, Hennepin, Vermilion and Havana power stations are in compliance with all Federal and State air regulations. Our Baldwin station meets all requirements except the State sulfur dioxide standard when generation levels exceed about 80 per cent of full load. The plant has received a variance from the Illinois Pollution Control Board until July 1, 1979. We have petitioned the Board

for a rule change which, if adopted, would put the station in compliance. A sulfur dioxide monitoring network and a computer system used to predict the impact of emissions at ground level have shown since April, 1978 that air quality standards are not threatened by Baldwin emissions.

The Environmental Protection Agency has proposed several alternative emission standards applicable to new emitting facilities such as fossil fuel power plants. The EPA-proposed alternatives would cost the electric utility industry several billion dollars more than those proposed and supported by the Company and other utilities.

Our power stations continue to meet most of the current water effluent requirements. Where we are out of compliance, construction is in progress to satisfy the requirements.

The Federal Clean Water Act of 1977 extensively modified the earlier Federal Water Pollution Control Act as amended in 1972. Increased emphasis has been placed on the control of potentially toxic pollutants. In this respect, the concerns of the Clean Water Act overlap those of the Safe Drinking Water Act, Resource

Conservation and Recovery Act, and the Toxic Substances Control Act. These regulations, when finalized, will affect ash disposal at all coal-fired power stations. Studies are in progress to identify what we must do to comply with these requirements.

The Company's accumulated capital expenditures for environmental programs are now more than \$97 million. 1978 operating expenses for environmental related activities exceeded \$51 million. This amounted to approximately 11.3 per cent of electric revenue.

Research and Development

In 1978, we continued our support of several research projects and technical studies. Such expenditures for the year were about \$3.1 million. Included were funds for research in nuclear power, coal ash use, air and water standards, coal gasification, solar, construction, load management and other technologies to meet future energy needs in environmentally and economically acceptable ways.

The largest single expenditure, \$1.6 million, was made through the Electric Power Research Institute, an organization of 540 public, private and cooperative utilities.

1978 was our third year of support for the Allis-Chalmers Kilngas coal gasification project. We provided \$475,000 toward basic engineering, application studies and demonstration assessment activities during the year.

The Kilngas process uses a rotary ported kiln to produce low Btu gas which has the potential for use in an environmentally acceptable and economically

feasible manner as a fuel for future electric generating plants on our system and the systems of other utilities.

In 1978, a final assessment of three alternatives for a demonstration plant was completed, and our Wood River power station was selected as a demonstration facility. Final arrangements to begin construction of a demonstration facility, with completion scheduled for 1982, are expected to be made in 1979. Partial funding for construction is expected from the State of Illinois.

Our 1979 research and development expenditures are estimated at \$2.3 million, including \$430,000 for Kilngas and \$1.8 million for the Electric Power Research Institute's program. EPRI's research funding for 1979 totals \$202 million, including \$89.4 million for fossil fuel and advanced systems; \$54.6 million for nuclear power; \$33.3 million for electrical systems; \$14.8 million for energy analysis and environment; and \$1.4 million for other expenditures.

Consumer Affairs

The Company improved existing consumer programs and launched new ones in 1978.

Illinois Power Company was the first utility in Illinois chartered to administer the National Energy Watch, a program designed to help residential customers determine if they are using energy wisely.

Two free programs continued during the year were the summer energy audit and computerized heat loss programs. During the summer, 18,442 customers accepted our free energy "audit" of their homes. The computerized heat loss program helps residential customers, builders, and contractors determine

estimated utility bills for new structures to be built.

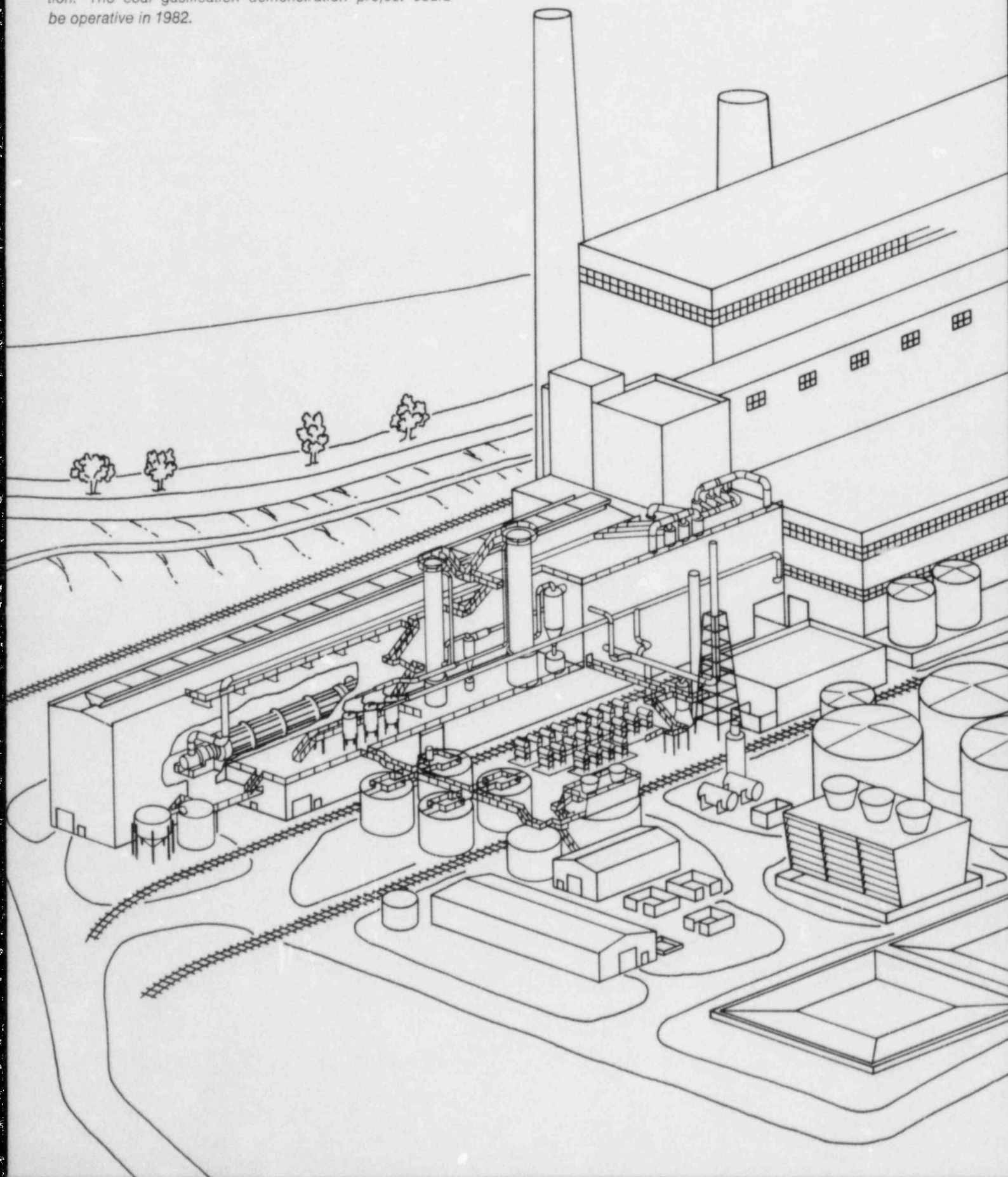
We sponsored two energy efficiency conferences for commercial and industrial customers during the year which enabled them to observe first hand new energy conservation and energy efficient products and processes.

The Company participated with the State and consumer groups in structuring new regulations governing credit and collection practices.

There were significant improvements made to the Company's computerized on-line customer service system along

COAL GASIFICATION

This artist's concept shows the Allis-Chalmers Kilngas system as it would appear in relation to existing structures at Illinois Power Company's Wood River power station. The coal gasification demonstration project could be operative in 1982.



with intensive training in consumer relations for all customer contact people.

Our "level payment" or budget billing program was further promoted in 1978 and 20,000 additional customers chose to use it.

A consumer affairs staff position was

created within the Company in 1978 to begin to address consumer concerns through communication with government agencies, organized consumer groups, and special groups such as senior citizens, minorities and labor.

Board of Directors

The Company's Board of Directors shown on page 13 represents a diverse range of management expertise in the fields of manufacturing, publishing, finance, agriculture and education.

During 1978 Mr. Harold G. Meenen retired on September 1, as Vice Chairman of the Company after 28 years of service. He will retire from the Board of Directors on March 29, 1979.

On March 30, 1978 Mr. Richard P. Stone was elected to the Board. Mr. Stone is a grain and seed farm operator from Springfield, Illinois. He also holds directorships in the Illinois Foundation Seeds, Inc. and the First National Bank of Springfield.

During the year, the Board continued the practice of holding occasional meetings in communities within the territory served by the Company. Local business, professional, educational and political leaders are invited to these meetings for an opportunity to discuss the Company's past and future performance.

In carrying out the Board's responsibilities, members serve on various committees to study Company problems. These committees make their recommendations to the full Board at its regular meetings for discussion and final decision.

Presently there are committees constituted in the following areas:

Finance Committee

The Finance Committee meets to review the Company's financial forecast and financing plans. Members of the committee are:

George E. Hatmaker, Chairman
William C. Gerstner
Wendell J. Kelley
Harold G. Meenen
Keith R. Potter
Boyd F. Schenk
Charles W. Wells

Audit Committee

The audit committee recommends the appointment of the Company's independent accountants, confers with the independent accountants, reviews the scope of the audit and the results of auditors' examinations. The members are:

Vernon K. Zimmerman, Chairman
Robert J. Burow
John H. Leslie
Richard P. Stone

Compensation and Organization Committee

This committee reviews compensation of elected company officers, reviews benefit plans and recommends nominees to fill vacancies on the Board of Directors.

The members are:

Keith R. Potter, Chairman
Robert J. Burow
Wendell J. Kelley
John H. Leslie
Boyd F. Schenk

Board of Directors

Robert J. Burow

Consultant and Retired Publisher
The Commercial-News
Danville, Illinois

William C. Gerstner

Executive Vice President of the Company
Decatur, Illinois

George E. Hatmaker

Corporate Director
Springfield, Illinois

Wendell J. Kelley

Chairman and President of the Company
Decatur, Illinois

John H. Leslie

Chairman of the Board of
Signode Corporation
(manufacturer of steel and plastic
strapping and packaging systems)
Glenview, Illinois

Harold G. Meenen

Retired Vice Chairman of the Company
Decatur, Illinois

Keith R. Potter

Executive Vice President of
International Harvester Company
(manufacturer of trucks; agricultural, construction,
and industrial equipment; and gas turbines)
Chicago, Illinois

Boyd F. Schenk

President and Chief Executive Officer of
Pet Incorporated (processor and marketer of
food products and other consumer goods)
St. Louis, Missouri

Richard P. Stone

Grain and Seed Farm Operator
Springfield, Illinois

Charles W. Wells

Executive Vice President of the Company
Decatur, Illinois

Vernon K. Zimmerman

Dean, College of Commerce
and Business Administration
University of Illinois
Urbana, Illinois

Note: The principal occupation of each director
and officer of Illinois Power Company is
that listed following his name.

Officers

Wendell J. Kelley

Chairman and President

William C. Gerstner

Executive Vice
President

Larry D. Haab

Vice President

James O. McHood

Vice President

William E. Warren

Vice President

D. F. Meek

Secretary and Treasurer

Johnson Kanady

Assistant to the President

Charles W. Wells

Executive Vice
President

Leonard J. Koch

Vice President

L. N. Talbott

Vice President

Arthur E. Gray

Controller and
Assistant Secretary

J. B. Burdick

Assistant Treasurer

Transfer Agent and Registrar

Continental Illinois National Bank and Trust
Company of Chicago
231 South LaSalle Street, Chicago, Illinois 60693

Stockholder Records and Dividend Disbursing Office

D. F. Meek, Secretary and Treasurer
Illinois Power Company
500 South 27th Street
Decatur, Illinois 62525
(217) 424-7154

*The annual stockholders' meeting will be held
March 29, 1979, at the executive office of the
Company at 10 A.M. Proxies for this meeting will
be requested by the management. A proxy state-
ment will be mailed to stockholders about March
1, 1979.*

This report and the financial statements con-
tained herein are submitted for the general in-
formation of the stockholders of the Company
as such and are not intended to induce, or to be
used in connection with, any sale or purchase of
securities.

ILLINOIS POWER COMPANY

Principal Office

Monticello, Illinois 61856

Executive Office

500 South 27th Street, Decatur, Illinois 62525
Phone (217) 424-6600

Balance Sheets

December 31,

1978

1977

(Thousands of Dollars)

ASSETS

Utility Plant, at original cost

Electric (includes construction work in progress of \$487,546,000 and \$520,867,000, respectively)	\$1,952,401	\$1,765,240
Gas (includes construction work in progress of \$5,217,000 and \$3,697,000, respectively)	295,105	281,935

Less—Accumulated depreciation	2,247,506	2,047,175
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	508,504	464,497
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Nuclear fuel in process	1,739,002	1,582,678
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Acquisition adjustment (less amortization of \$1,188,000 and \$942,000, respectively)	13,983	13,410
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	2,744	2,990
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Pollution Control Construction Funds held by Trustee	1,755,729	1,599,078
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Investments and Other Assets	—	2,999
------------------------------------	---	-------

Current Assets	7,889	9,620
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Cash	—	20,500
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Temporary cash investments, at cost, which approximates market	56,521	46,055
--	--------	--------

Accounts receivable (less allowances of \$2,000,000 and \$1,500,000, respectively, for doubtful accounts)	90,354	76,101
---	--------	--------

Materials and supplies, at average cost	13,071	6,067
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Prepayments and miscellaneous accounts receivable	167,835	158,343
---	---------	---------

Deferred Charges

Unamortized debt expense	2,134	1,647
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Other	4,916	5,749
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	7,050	7,396
--	-------	-------

	\$1,938,506	\$1,776,662
--	-------------	-------------

CAPITAL AND LIABILITIES

Capitalization

Common stock—		
---------------	--	--

No par value, 30,000,000 shares authorized; 25,474,381 and 22,599,334 shares		
--	--	--

outstanding, respectively, stated at	\$ 405,088	\$ 337,218
--	------------	------------

Retained earnings	157,532	147,122
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Less—Capital stock expense	3,427	3,048
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Total common stock equity	559,193	481,292
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Preferred stock (see details on page 15)	215,171	215,171
--	---------	---------

Long-term debt (see details on page 15)	776,559	692,255
---	---------	---------

Total capitalization	1,550,923	1,388,718
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Current Liabilities

Accounts payable	60,032	49,148
------------------------	--------	--------

Notes payable	10,000	—
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Long-term debt maturing within one year	15,000	15,000
---	--------	--------

Dividends payable	18,458	16,808
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Federal and state income taxes accrued	209	3,606
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General taxes accrued	25,818	22,243
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Interest accrued	18,228	14,517
------------------------	--------	--------

Other	16,868	16,663
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	164,613	137,985
--	---------	---------

Other

Advances received with respect to the sale of ownership interests in the		
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Clinton power station	—	70,054
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Accumulated deferred income taxes	134,664	114,389
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Accumulated deferred investment tax credit	88,306	65,516
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	222,970	249,959
--	---------	---------

	\$1,938,506	\$1,776,662
--	-------------	-------------

See notes to financial statements which are an integral part of these statements.



Long-Term Debt and Preferred Stock

December 31, 1978

1977

(Thousands of Dollars)

LONG-TERM DEBT

First mortgage bonds*—

3 1/8 % series due 1978	\$ —	\$ 15,000
2 7/8 % series due 1979	15,000	15,000
2 3/4 % series due 1980	10,000	10,000
3 1/2 % series due 1982	20,000	20,000
3 1/2 % series due 1983	20,000	20,000
3 3/4 % series due 1986	20,000	20,000
4 % series due 1988	25,000	25,000
4 1/4 % series due 1993	35,000	35,000
5.85 % series due 1996	40,000	40,000
6 3/8 % series due 1998	25,000	25,000
6 3/4 % series due 1998	45,000	45,000
8.35 % series due 1999	35,000	35,000
9 % series due 2000	35,000	35,000
7.60 % series due 2001	35,000	35,000
7 5/8 % series due 2003	60,000	60,000
6.60 % series due 2004 (Pollution Control Series A)	8,500	8,500
10 1/2 % series due 2004	50,000	50,000
8 5/8 % series due 2006	100,000	100,000
6 % series due 2007 (Pollution Control Series B)	18,700	18,700
8 1/4 % series due 2007	100,000	100,000
8 7/8 % series due 2008	100,000	—
Total long-term debt	797,200	712,200
Unamortized premium on debt	299	343
Unamortized discount on debt	(5,940)	(5,288)
	791,559	707,255
Less first mortgage bonds classified as a current liability	15,000	15,000
	<u>\$776,559</u>	<u>\$692,255</u>

* The above bonds are secured by a first mortgage lien on substantially all of the fixed property, franchises and rights of the Company with certain minor exceptions expressly provided in the mortgage securing the bonds. The remaining balance of net bondable additions at December 31, 1978 was approximately \$419,000,000.

PREFERRED STOCK

Serial preferred stock, cumulative, \$50 par value—

Authorized 5,000,000 shares; outstanding 4,280,000 shares.

Series	Shares	Redemption prices	\$ 15,000	\$ 15,000
4.08 %	300,000	\$51.50	7,500	7,500
4.26 %	150,000	51.50	10,000	10,000
4.70 %	200,000	51.50	7,500	7,500
4.42 %	150,000	51.50	9,000	9,000
4.20 %	180,000	52.00		
8.24 %	600,000	{ 53.96 prior to August 1, 1981 52.93 thereafter and prior to August 1, 1986 51.90 thereafter	30,000	30,000
7.56 %	700,000	{ 53.575 prior to July 1, 1982 52.63 thereafter and prior to July 1, 1987 51.685 thereafter	35,000	35,000
8.94 %	1,000,000	{ 55.55 prior to March 1, 1981** 54.25 thereafter and prior to March 1, 1986 52.90 thereafter and prior to March 1, 1991 51.60 thereafter	50,000	50,000
8.00 %	1,000,000	{ 55.29 prior to August 1, 1982** 54.29 thereafter and prior to August 1, 1987 53.29 thereafter and prior to August 1, 1992 52.29 thereafter	50,000	50,000
Premium on preferred stock			1,171	1,171
Total preferred stock			<u>\$215,171</u>	<u>\$215,171</u>

** Not redeemable through a refunding operation at a cost to the Company of less than 8.92% per annum prior to March 1, 1981 for the 8.94% series and 7.93% per annum prior to August 1, 1982 for the 8.00% series.

Statements of Income

	For the Years Ended December 31,	1978	1977	1976
Operating Revenues				
Electric		\$452,207	\$383,567	\$303,066
Gas		219,807	183,820	158,595
Steam		—	—	—
Total		<u>672,014</u>	<u>567,387</u>	<u>461,661</u>
Operating Expenses and Taxes				
Fuel for electric plants		207,082	148,553	123,782
Power purchased for resale		5,505	8,664	7,092
Power interchanged—net		(47,078)	(30,855)	(51,484)
Gas purchased for resale		145,486	117,812	91,476
Other operating expenses		70,463	59,827	53,295
Maintenance		33,954	28,919	25,726
Depreciation		51,569	47,188	45,556
General taxes		54,325	46,974	40,368
State income taxes—current		2,697	3,188	2,444
—deferred (net)		1,846	980	1,199
Federal income taxes—current		6,812	15,760	16,001
—deferred (net)		18,638	9,053	11,433
Investment tax credit deferred—net		22,793	19,573	10,994
Total		<u>574,092</u>	<u>475,636</u>	<u>377,882</u>
Operating income		<u>97,922</u>	<u>91,751</u>	<u>83,779</u>
Other Income				
Allowance for funds used during construction—				
All funds—prior to January 1, 1977		—	—	10,503
Other funds—after December 31, 1976		21,321	15,137	—
Miscellaneous—net		9,402	5,709	3,174
Total		<u>30,723</u>	<u>20,846</u>	<u>13,677</u>
Income before interest charges		<u>128,645</u>	<u>112,597</u>	<u>97,456</u>
Interest Charges				
Interest on long-term debt		52,453	42,091	35,927
Other interest charges		1,439	1,888	1,744
Allowance for borrowed funds used during construction—				
after December 31, 1976		(7,608)	(5,046)	—
Total		<u>46,284</u>	<u>38,933</u>	<u>37,671</u>
Net Income		<u>82,361</u>	<u>73,664</u>	<u>59,785</u>
Preferred dividend requirements		15,699	13,257	10,606
Net Income applicable to common stock		<u>\$ 66,662</u>	<u>\$ 60,407</u>	<u>\$ 49,179</u>
Weighted average number of common shares outstanding				
during the period		24,302,139	22,521,013	20,369,958
Earnings per common share		\$2.74	\$2.68	\$2.41
Cash dividends declared per common share		\$2.28	\$2.22	\$2.20

Retained Earnings

	For the Years Ended December 31,	1978	1977
		(Thousands of Dollars)	
Balance at Beginning of Year		\$147,122	\$137,099
Net Income		82,361	73,664
		<u>229,483</u>	<u>210,763</u>
Less—			
Cash dividends—			
Preferred stock		15,699	13,590
Common stock, \$2.28 and \$2.22 per share, respectively		56,252	50,051
		<u>71,951</u>	<u>63,641</u>
Balance at End of Year		<u>\$157,532</u>	<u>\$147,122</u>

See notes to financial statements which are an integral part of these statements.



1975	1974	1973	1972	1971	1970	1969
(Thousands of Dollars)						
\$275,809	\$221,126	\$199,489	\$177,209	\$159,175	\$149,046	\$138,909
133,142	108,789	94,953	95,445	86,173	81,221	73,825
—	—	—	—	48	166	126
<u>408,951</u>	<u>329,915</u>	<u>294,442</u>	<u>272,654</u>	<u>245,396</u>	<u>230,433</u>	<u>212,860</u>
88,725	63,013	41,408	34,470	31,892	23,518	17,545
5,591	4,727	4,179	3,671	3,156	4,726	5,081
(29,522)	(18,321)	(10,547)	266	(9,806)	(6,886)	835
71,288	56,539	47,728	46,469	40,722	35,140	30,270
49,631	41,083	37,649	32,302	29,737	27,598	24,521
19,506	17,584	16,131	15,500	13,583	11,327	11,302
42,911	39,282	36,103	32,178	30,230	25,667	23,279
37,036	31,210	28,833	26,282	23,719	22,425	20,077
2,381	1,717	1,732	1,479	1,868	2,340	635
1,166	817	813	714	702	191	52
11,575	15,831	14,099	15,265	20,711	23,450	29,134
11,681	7,367	7,199	6,838	4,342	3,993	3,335
15,034	1,706	5,118	1,567	395	3,935	871
<u>327,003</u>	<u>262,555</u>	<u>230,445</u>	<u>217,001</u>	<u>191,251</u>	<u>177,424</u>	<u>166,997</u>
<u>81,948</u>	<u>67,360</u>	<u>63,997</u>	<u>55,653</u>	<u>54,145</u>	<u>53,009</u>	<u>45,863</u>
7,459	7,960	7,189	7,339	4,018	6,089	5,516
—	—	—	—	—	—	—
1,967	2,231	2,143	2,101	1,174	1,842	1,742
9,426	10,191	9,332	9,440	5,192	7,931	7,258
<u>91,374</u>	<u>77,551</u>	<u>73,329</u>	<u>65,093</u>	<u>59,337</u>	<u>60,940</u>	<u>53,121</u>
33,144	28,779	25,237	22,810	20,615	17,486	14,719
1,508	4,122	891	1,079	1,511	1,432	734
—	—	—	—	—	—	—
34,652	32,901	26,128	23,889	22,126	18,918	15,453
56,722	44,650	47,201	41,204	37,211	42,022	37,668
7,229	7,229	7,229	5,729	3,078	2,111	2,111
<u>\$ 49,493</u>	<u>\$ 37,421</u>	<u>\$ 39,972</u>	<u>\$ 35,475</u>	<u>\$ 34,133</u>	<u>\$ 39,911</u>	<u>\$ 35,557</u>
18,277,397	16,544,110	15,940,000	14,887,945	13,946,849	13,801,644	13,311,233
\$2.71	\$2.26	\$2.51	\$2.38	\$2.45	\$2.89	\$2.67
\$2.20	\$2.20	\$2.20	\$2.20	\$2.20	\$2.10	\$1.90

**Price
Waterhouse & Co.**

ONE MEMORIAL DRIVE
ST. LOUIS, MISSOURI 63102
314-426-0600

Report of Independent Accountants

To the Board of Directors of Illinois Power Company:

In our opinion, the accompanying balance sheets and related statements of income, of retained earnings and of sources of funds provided for gross property additions present fairly the financial position of Illinois Power Company at December 31, 1978 and 1977, the results of its operations and the sources of funds provided for gross property additions for the years then ended, in conformity with generally accepted accounting principles consistently applied. Also, in our opinion, the statements of income and of sources of funds provided for gross property additions for the eight years ended December 31, 1976, which have been prepared from the applicable statements covered by our reports on each of those years, present fairly the financial information included therein. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

February 1, 1979

Price Waterhouse & Co.

Statements of Sources of Funds Provided for Gross Property Additions

For the Years Ended December 31,	Total	1978	1977	1976
Funds Provided from Operations:				
Net income	\$ 522,488	\$ 82,361	\$ 73,664	\$ 59,785
Items not requiring working capital—				
Depreciation, amortization and miscellaneous	392,317	53,003	49,761	49,845
Deferred income taxes—net	92,359	20,484	10,033	12,632
Investment tax credit deferred—net	81,986	22,793	19,573	10,994
Allowance for funds used during construction	(105,185)	(28,929)	(20,183)	(10,503)
Total funds provided from operations	983,965	149,712	132,848	122,753
Dividends on—Preferred stock	(75,411)	(15,699)	(13,590)	(10,979)
—Common stock	(383,534)	(56,252)	(50,051)	(45,226)
Net funds provided from operations	525,020	77,761	69,207	66,548
Funds Obtained from External Sources:				
Proceeds from sale of—Common stock	308,788	67,870	3,788	63,712
—Preferred stock	165,856	—	50,450	50,100
Capital stock expense	(2,100)	(379)	(275)	(525)
Proceeds from sale of bonds	542,200	100,000	118,700	100,000
Pollution control construction funds held by trustee ..	—	2,999	(2,999)	—
Proceeds from sale of ownership interests in the				
Clinton power station	103,980	33,926	42,855	27,199
Net increase (decrease) in notes payable	10,000	10,000	—	(10,000)
Retirement of bonds	(60,000)	(15,000)	—	(45,000)
Total funds obtained from external sources	1,068,724	199,416	212,519	185,486
Other Funds Provided (Used):				
Net decrease (increase) in working capital*	(30,939)	7,136	(19,414)	(13,177)
Miscellaneous—net	2,585	(814)	1,371	965
Total other funds provided (used)	(28,354)	6,322	(18,043)	(12,212)
Total funds from above sources	1,565,390	283,499	263,683	239,822
Allowance for funds used during construction	105,185	28,929	20,183	10,503
Gross property additions	\$1,670,575	\$312,428	\$283,866	\$250,325
Decrease (Increase) in Components of Working Capital*				
Cash and temporary investments	\$ 5,039	\$ 22,231	\$ (534)	\$ (17,997)
Accounts receivable	(39,839)	(10,466)	(3,632)	(8,313)
Materials and supplies	(82,829)	(14,253)	(24,868)	(11,149)
Accounts payable	47,926	10,884	9,832	6,429
Dividends payable	12,152	1,650	1,528	2,533
Accrued taxes	8,862	178	(4,466)	5,529
Interest accrued	15,637	3,711	692	6,520
Other—net	2,113	(6,799)	2,034	3,271
	\$ (30,939)	\$ 7,136	\$ (19,414)	\$ (13,177)

* Excluding notes payable and long-term debt maturing within one year.

Gross Property Additions and Retirements

For the Years Ended December 31,	Total	1978	1977	1976
Additions				
—Electric	\$1,538,833	\$296,597	\$272,462	\$239,936
—Gas	131,742	15,831	11,404	10,389
	\$1,670,575	\$312,428	\$283,866	\$250,325
Retirements				
—Electric	\$ 57,920	\$ 6,247	\$ 5,040	\$ 8,010
—Gas	18,886	2,280	1,746	2,034
—Other	517	—	—	—
	\$ 77,323	\$ 8,527	\$ 6,786	\$ 10,044

See notes to financial statements which are an integral part of these statements.



1975	1974	1973	1972	1971	1970	1969
(Thousands of Dollars)						
\$ 56,722	\$ 44,650	\$ 47,201	\$ 41,204	\$ 37,211	\$ 42,022	\$ 37,668
44,810	41,216	37,532	33,351	31,460	26,930	24,409
12,847	8,184	8,012	7,552	5,144	4,184	3,387
15,034	1,706	5,118	1,567	395	3,935	871
(7,459)	(7,960)	(7,189)	(7,339)	(4,018)	(6,089)	(5,516)
121,954	87,796	90,674	76,335	70,092	70,982	60,819
(7,229)	(7,229)	(7,229)	(5,950)	(3,284)	(2,111)	(2,111)
(41,338)	(36,993)	(35,068)	(33,418)	(30,778)	(29,064)	(25,346)
73,387	43,574	48,377	36,967	36,030	39,807	33,362
47,256	27,894	—	43,306	20,400	15,737	18,825
—	—	—	35,177	30,129	—	—
(186)	(139)	—	(242)	(193)	(80)	(81)
—	58,500	60,000	—	35,000	35,000	35,000
—	—	—	—	—	—	—
(12,000)	19,000	(6,000)	8,000	(14,000)	3,000	12,000
—	—	—	—	—	—	—
35,070	105,255	54,000	86,241	71,336	53,657	65,744
7,378	(27,781)	4,546	(160)	788	(3,096)	12,841
(407)	(1,238)	(1,743)	5,523	(1,399)	64	263
6,971	(29,019)	2,803	5,363	(611)	(3,032)	13,104
115,428	119,810	105,180	128,571	106,755	90,432	112,210
7,459	7,960	7,189	7,339	4,018	6,089	5,516
\$122,887	\$127,770	\$112,369	\$135,910	\$110,773	\$ 96,521	\$117,726
\$ 1,996	\$ (3,873)	\$ 1,985	\$ (2,278)	\$ (1,520)	\$ 283	\$ 4,746
12,749	(25,792)	1,842	(4,077)	26	344	(2,520)
(9,134)	(11,944)	(1,348)	(3,685)	(2,367)	(1,917)	(2,164)
6,983	3,186	(2,896)	8,321	421	(5,557)	10,323
1,210	962	—	1,487	948	942	892
(6,330)	5,101	4,094	(1,023)	2,540	1,872	1,367
(402)	2,827	379	(2)	660	468	784
306	1,752	490	1,097	80	469	(587)
\$ 7,378	\$ (27,781)	\$ 4,546	\$ (160)	\$ 788	\$ (3,096)	\$ 12,841

1975	1974	1973	1972	1971	1970	1969
(Thousands of Dollars)						
\$112,234	\$116,637	\$ 98,646	\$119,893	\$ 94,524	\$ 82,858	\$105,046
10,653	11,133	13,723	16,017	16,249	13,663	12,680
\$122,887	\$127,770	\$112,369	\$135,910	\$110,773	\$ 96,521	\$117,726
\$ 7,420	\$ 6,264	\$ 5,742	\$ 6,532	\$ 4,645	\$ 3,736	\$ 4,284
1,695	2,014	2,126	2,369	1,358	1,460	1,804
—	—	—	—	514	—	3
\$ 9,115	\$ 8,278	\$ 7,868	\$ 8,901	\$ 6,517	\$ 5,196	\$ 6,091

Notes to Financial Statements

Note 1—Summary of Accounting Policies:

The Company is subject to regulations of the Illinois Commerce Commission and the Federal Energy Regulatory Commission. Because of the rate-making process, certain differences arise in the application of generally accepted accounting principles as between regulated and non-regulated businesses. Such differences concern mainly the time at which various items enter into the determination of net income in order to follow the principle of matching costs and revenues. The Company's principal accounting policies, including those based on this concept, are described below.

Utility Plant—The cost of additions to utility plant and replacements of units of property retired is capitalized. Cost includes labor, material, and an allocation of general and administrative costs plus an allowance for funds used during construction as described later in this note. Maintenance and repairs, including replacement of minor items of property, are charged to maintenance expense as incurred. When units of depreciable property are retired, the original cost and dismantling charges, less salvage, are charged to accumulated depreciation.

Depreciation—For financial statement purposes, depreciation is provided over the estimated lives of the various classes of electric and gas utility plant by applying composite rates on a straight-line basis. (Provisions in 1978 and 1977 for electric were equivalent to approximately 3.4% and 3.5%, respectively, and for gas in both 1978 and 1977 were approximately 2.9% of the average depreciable cost).

Income Taxes—For income tax purposes, the Company computes depreciation using the most liberalized lives and methods allowed by the Internal Revenue Service.

The tax effect of additional deductions for income tax purposes, which result from (a) use of liberalized depreciation methods, (b) use of Class Life (ADR) Systems, and (c) the amortization of certain facilities, is deferred and recognized in determination of net income for financial statement purposes when book provisions exceed deductions taken for tax purposes. The tax effect which results from the use of different book and tax depreciable lives of gas plant (other than ADR) is not normalized for financial statement purposes. The tax effect which results from the use of different book

and tax depreciable lives of electric plant (other than ADR) was not normalized for financial statement purposes prior to June, 1977, but is being normalized subsequent thereto in accordance with the provisions of an Illinois Commerce Commission order of June, 1977 in an electric rate case. Since the level of rates approved by the Commission included the normalization expense, there was no effect on net income.

Reductions in federal income taxes because of the investment tax credits have been deferred and are being amortized to income over the life of the property which gave rise to the investment tax credits.

Certain overhead and dismantling costs which are capitalized for book purposes but claimed currently as deductions for income tax purposes are normalized.

For purposes of computing income taxes, net depreciable utility plant does not include the allowance for funds used during construction which is capitalized for financial statement purposes. The tax effect resulting from this difference and certain other differences in the depreciation bases is reflected currently in net income.

Federal and state income taxes are allocated between operating and non-operating income and expenses. The tax effects relating to non-operating activities are included in Other Income-Miscellaneous-Net.

Allowance For Funds Used During Construction—The Federal Energy Regulatory Commission ("FERC") Uniform System of Accounts defines Allowance for Funds Used During Construction ("AFDC") as the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used. AFDC is capitalized at a rate which is related to the approximate overall cost of capital reduced by the income tax effect of the interest portion thereof. While cash is not realized currently from such allowance, it is realized under the rate-making process over the service life of the related property through increased revenues resulting from higher rate base and higher depreciation expense.

The rate used in 1978 and 1977 in computing AFDC by the Company was 7% (the effective after-tax rate) compounded semi-annually.

In accordance with a rate order of the Illinois Commerce Commission, effective June 16, 1977, the Com-

pany excluded \$79,866,000 of electric plant construction work in progress from the base on which the AFDC was computed for the Havana power station Unit No. 6 which was placed in service on June 22, 1978. Since the order authorized the inclusion of such expenditures in the rate base upon which the Company realizes revenues, there was no material effect on net income.

Unbilled Revenue—The Company records revenue as billed to its customers on a monthly cycle billing basis. At the end of each month, there is an undetermined amount of unbilled electric and gas service which has been rendered from the latest date of each cycle billing to the month-end. Revenues as determined by meters read but not billed at year-end became subject to income taxes beginning in 1977. The income tax effect of this book-tax timing difference in the recognition of revenues is normalized.

Debt Premium and Discount—Bond premium, discount and related expenses are being amortized on a straight-line basis over the lives of the related issues.

Note 2—Investments and Other Assets:

Investments and Other Assets are carried at cost, except for the Company's investment at December 31, 1978 and 1977 of \$3,983,000 and \$3,977,000, respectively, in IP Gas Supply Company, a wholly-owned subsidiary. The investment in IP Gas Supply Company is for the purpose of acquiring interests in gas and oil leases. In accordance with an order from the Illinois Commerce Commission, the accounts of the subsidiary are not consolidated with the accounts of the Company but are accounted for as an investment on the equity accounting method.

Note 3—Short-term Loans and Compensating Balances:

At December 31, 1978 notes payable consisted of \$10,000,000 in commercial paper bearing interest at an average rate of 10.7% and maturing between January 29, 1979 and February 13, 1979. At December 31, 1977 there were no notes payable.

The Company had unused commitments of \$104,440,000 for short-term bank borrowings at December 31, 1978. Unused bank commitments are held available to support the amount of commercial paper outstanding at any time. Bank borrowings under such

commitments have a 360-day maturity from the time of issuance and carry an interest rate equivalent to the prime rate in effect at the time of issuance, adjusted to the prime rate in effect on the first day of each calendar quarter thereafter. The Company has unwritten agreements with banks committed for \$80,000,000 of the total bank commitments to maintain average checking account balances equivalent to 10% of the commitments for borrowings from the banks or 15% of the borrowings outstanding, whichever is greater.

The maximum aggregate amount of short-term borrowings at any month-end during 1978 and 1977 was \$21,465,000 and \$75,115,000, respectively. The average daily short-term borrowings during these periods approximated \$13,100,000 and \$19,500,000, respectively (calculated as an average of the daily borrowings outstanding), with a weighted average interest rate of 7.9% and 6.3%, respectively (calculated by dividing the interest expense during the period for such borrowings by the average short-term borrowings indicated above).

Note 4—Income Taxes:

Income taxes included in the Statements of Income consist of the following components:

	Year Ended December 31,	
	1978	1977
	(Thousands of Dollars)	
Current taxes—		
Included in Operating Expenses and Taxes	\$ 9,509	\$18,948
Included in Other Income—		
Miscellaneous—net	(4,899)	(4,717)
Total current taxes	<u>4,610</u>	<u>14,231</u>
Deferred taxes—		
Book-tax depreciation differences—net	15,754	10,190
Certain overhead and dismantling costs capitalized—net	4,511	3,909
Book-tax revenue recognition differences	209	(4,066)
Total deferred taxes ...	<u>20,484</u>	<u>10,033</u>
Investment tax credit deferred—net	22,793	19,573
Total income taxes	<u>\$47,887</u>	<u>\$43,837</u>

Notes (continued)

Income taxes are less than the amount which would be computed by applying the statutory income tax rates to pre-tax income; the principal differences are as follows:

	Year Ended December 31,	
	1978	1977
	(Thousands of Dollars)	
Computed tax expense at statutory federal and state income tax rates	\$65,228	\$58,844
Reductions in income taxes resulting from—		
Allowance for funds used during construction	14,487	10,108
Book-tax depreciation differences for which deferred taxes are not provided	1,679	2,733
Other—net	1,175	2,166
Total income taxes	<u>\$47,887</u>	<u>\$43,837</u>

Note 5—Pension Costs:

The Company has pension plans covering all officers and employees. Pension costs, which are funded as accrued, include current service costs plus unfunded prior service costs which are being amortized over a period of about 25 years. The Company's pension plans were amended during 1978 to provide increased benefits. The cost of the pension plans was \$5,670,000 and \$4,520,000 during 1978 and 1977, respectively. Based on the latest actuarial report, the unfunded prior service costs at December 31, 1978 were approximately \$18,500,000. Pension fund assets exceeded the actuarially-computed value of vested benefits at December 31, 1978.

Note 6—Capital Stock:

The Company issued 2,500,000 shares of common stock, no par value, in 1978. In 1977, the Company issued 1,000,000 shares of 8% cumulative preferred stock, \$50 par value.

The Company has an Automatic Reinvestment and Stock Purchase Plan for which 500,000 shares of com-

mon stock have been designated for issuance. The Company also has an Employees Stock Ownership Plan for which 75,000 shares of common stock have been designated for issuance. Under these plans the Company issued 211,985 shares during 1978 and 95,520 shares during 1977.

The Company has also established a Tax Reduction Act Stock Ownership Plan and Trust in order to take advantage of the provisions of the Tax Reduction Act of 1975, as amended, permitting the Company a maximum additional investment tax credit of 1% provided common stock of the Company equal in value to the additional credit is contributed to the Trust. In 1978 this plan was amended to take advantage of additional investment tax credit up to 1/2 of 1% provided that such amount is matched by employee contributions and that common stock of the Company equal in value to the additional credit and the employee contributions is contributed to the Trust. In accordance with the provisions of this plan, 250,000 shares of common stock have been designated for issuance. During 1978 and 1977, 163,062 and 46,925 shares of common stock, respectively, were issued to the Trust.

Note 7—Sale of Interest in Clinton Power Station:

On October 16, 1978, pursuant to agreements entered into in August 1976, the Company sold a 10.5% interest to Soyland Power Cooperative, Inc. and a 9.5% interest to Western Illinois Power Cooperative, Inc. in the Clinton power station currently under construction. The sales aggregated \$103,980,000, substantially all of which had been previously advanced to the Company. Subsequent to the sale each party is responsible for its portion of construction expenditures. The Company's 80% interest in the power station, including land, nuclear fuel in process, and allowance for funds used during construction applicable to the Company's interest was \$490,152,000 at December 31, 1978. The sales agreements include the provisions that the Company will exercise control over construction and operation of the generating station, the parties will share electricity generated in proportion to their interests and the Company will have certain obligations to provide replacement power to the cooperatives when the units are out of service.

Note 8—Commitments and Contingent Liabilities:

Reference should be made to "Construction Program" and "Financing" in the forepart of this annual report for information concerning construction expenditures.

The Company has been named as a defendant in a suit filed on January 30, 1978 in the United States District Court for the Northern District of Illinois by seven Illinois municipalities which are interconnected with the Company and which own electric distribution systems. The complaint alleges that the Company individually and/or in combination with others (i) restrained trade and commerce in electric power in the State of Illinois, (ii) monopolized interstate trade and commerce in the distribution and sale of electric power and (iii) applied rate computation provisions in interconnection agreements with plaintiffs substantially to lessen competition. The complaint seeks declaratory and injunctive relief and damages against the Company in an amount estimated at \$15,000,000 which plaintiffs asked be trebled as provided by antitrust law to \$45,000,000. The damages are exclusive of interest and costs. The Company has been advised by its counsel that in their opinion the Company has, under the present state of the law, meritorious defenses to the issues raised by the complaint. While it is not possible to predict the outcome of litigation, after consulting with its counsel, the Company believes that it has not violated the antitrust laws.

**Note 9—Replacement Cost Information
(Unaudited):**

The replacement cost of the utility plant in service as of December 31, 1978 and 1977 is significantly higher than the historical cost reported in the financial statements and as replaced would require a substantially greater capital investment due to inflation and environmental regulations. However, additional costs incurred by the Company in replacing any of its utility plant will be reflected in the rate base used by the various regulatory bodies in determining the amount of the return to which the Company is entitled. The Company has computed the replacement costs of its utility plant and the related effect on depreciation expense in accordance with Securities and Exchange Commission requirements and such data is reported in its Form 10-K.

**Note 10—Quarterly Financial Information
(Unaudited):**

The following information, in the opinion of the Company, includes all adjustments (which include only normal recurring adjustments) necessary for a fair statement of the results of operations for the period.

	1978	1977
	(Thousands of Dollars Except Earnings Per Common Share)	
First quarter		
Operating revenues	\$197,925	\$163,852
Operating income	30,376	30,781
Net income	26,406	26,145
Net income applicable to common stock	22,482	23,220
Earnings per common share	99¢	\$1.03
Second quarter		
Operating revenues	148,632	116,019
Operating income	23,818	16,054
Net income	20,981	11,739
Net income applicable to common stock	17,056	8,814
Earnings per common share	71¢	39¢
Third quarter		
Operating revenues	160,458	143,797
Operating income	26,085	27,429
Net income	21,513	22,612
Net income applicable to common stock	17,589	19,129
Earnings per common share	70¢	85¢
Fourth quarter		
Operating revenues	164,999	143,719
Operating income	17,643	17,487
Net income	13,461	13,168
Net income applicable to common stock	9,535	9,244
Earnings per common share	37¢	41¢

Quarterly earnings per common share are based on weighted average number of shares outstanding during the quarter, and the sum of the quarters may not equal annual earnings per common share.

Notes (continued)

Note 11—Segments of Business:

The Company is a public utility engaged in the generation, transmission, distribution and sale of electric energy and the distribution and sale of natural gas.

	Year Ended December 31, 1978			Year Ended December 31, 1977		
	Electric	Gas	Total Company	Electric	Gas	Total Company
	(Thousands of Dollars)			(Thousands of Dollars)		
Operating information—						
Operating revenues	\$ 452,207	\$ 219,807	\$ 672,014	\$ 383,567	\$ 183,820	\$ 567,387
Operating expenses, excluding provision for income taxes	327,374	193,932	521,306	265,144	161,938	427,082
Pre-tax operating income	124,833	25,875	150,708	118,423	21,882	140,305
Allowance for funds used during construction (AFDC)	28,823	106	28,929	20,097	86	20,183
Pre-tax operating income, including AFDC	<u>\$ 153,656</u>	<u>\$ 25,981</u>	179,637	<u>\$ 138,520</u>	<u>\$ 21,968</u>	160,488
Other (income) and deductions ...			(9,402)			(5,709)
Interest charges			53,892			43,979
Provision for income taxes			52,786			48,554
Net income per accompanying statements of income			<u>\$ 82,361</u>			<u>\$ 73,664</u>
Other information—						
Depreciation	<u>\$ 43,316</u>	<u>\$ 8,253</u>	<u>\$ 51,569</u>	<u>\$ 39,216</u>	<u>\$ 7,972</u>	<u>\$ 47,188</u>
Capital expenditures	<u>\$ 296,597</u>	<u>\$ 15,831</u>	<u>\$ 312,428</u>	<u>\$ 272,462</u>	<u>\$ 11,404</u>	<u>\$ 283,866</u>
Investment information—						
Identifiable assets(a)	<u>\$1,603,847</u>	<u>\$245,492</u>	<u>\$1,849,339</u>	<u>\$1,448,508</u>	<u>\$232,113</u>	<u>\$1,680,621</u>
Nonutility plant and other investments			7,892			8,846
Assets utilized for overall Company operations			81,275			87,195
Total assets			<u>\$1,938,506</u>			<u>\$1,776,662</u>

(a) Utility plant, nuclear fuel in process and acquisition adjustment less accumulated depreciation and amortization, pollution control construction funds held by trustee, fuel, natural gas stored underground and materials and supplies.

Management's Discussion and Analysis of The Statements of Income

Reference is made to the Statements of Income, Notes to Financial Statements, Electric Operating Statistics and Gas Operating Statistics for information concerning the results of operations for the period 1974 through 1978. The factors having significant impact on the results of operations and earnings per common share since January 1, 1976 are as follows:

Operating Revenues

The increases in electric revenues for 1977 and 1978 were the result of a general rate increase of 11.3% effective June 16, 1977 and the rate increases to nine wholesale electric cooperative customers of 30% effective June 1, 1977 and 14.5% effective October 1, 1978; increases in kilowatt-hour sales of 7.2% for 1977 and 4.8% for 1978; and the recovery of increased fuel costs. The rate increases, increased kilowatt-hour sales and recovery of increased fuel costs (calculated on the base cost of fuel in effect January 1, 1976) accounted for approximately 30%, 27% and 43%, respectively, of the 1977 revenue increase, and 23%, 15% and 62%, respectively, of the 1978 revenue increase.

The major factor accounting for the increase in gas revenues of \$25,225,000 in 1977 was the recovery of the increased cost of natural gas. In 1978 the major factors affecting the revenue increase of \$35,987,000 were the increased therm sales and the recovery of the increased cost of natural gas. Other factors affecting gas revenues were the rate order effective June 16, 1977 and the changes in the limited firm gas service rate in August 1976, 1977 and 1978. Therm sales decreased 5.1% in 1977 and increased 10.3% in 1978 reflecting the differences in weather conditions during the heating seasons, changes in the availability of natural gas for sales to interruptible customers, release of gas to new customers, and customer conservation efforts.

Operating Expenses and Taxes

The cost of fuel for electric plants increased \$24.8 million and \$58.5 million, respectively, in 1977 and 1978. The 1977 increase resulted from increased prices of fuel which were partially offset by reduced kilowatt-hour generation. In 1978 the increased cost of fuel primarily reflects the continuing escalation of fuel prices as well as an increase in kilowatt-hour generation.

Power purchased for resale increased in 1977 and decreased in 1978 primarily due to changes in the availability of off-peak power from Electric Energy, Inc.

The 1977 credit for power interchanged-net decreased about \$21 million due to a reduced market demand, reduced generating capacity available for such sales to other utilities, the need to build-up coal inventory in preparation for the strike by mine workers and increased purchases of interchange power caused by two major electric generating units being temporarily out of service during most of May, 1977. The credit for power interchanged-net increased about \$16 million for 1978 which was the combined result of increased generating capacity available for such sales to other utilities, a favorable market for interchange sales, and higher prices for the energy sold due to increased fuel costs.

The cost of gas purchased for resale increased in 1977 primarily as a result of higher prices paid for gas. The 1978 increase reflects both higher prices paid for gas and increased therm sales.

Other operating expenses and maintenance costs increased in 1977 and 1978 as a result of increased expenses for wages and employee benefits as well as the continuing effect of inflationary trends in various other expenses. In addition, 1978 operating expenses reflect the expenses incurred in the testing of Unit No. 6 at Havana power station prior to being placed in commercial service, and maintenance expense reflects the additional expenses associated with the March and December, 1978 ice storms.

Depreciation in 1978 increased primarily as a result of the addition of Unit No. 6 at the Havana power station which began commercial operation on June 22, 1978.

General taxes increased in 1977 and 1978 primarily due to higher Illinois Public Utility taxes resulting from increased revenues, and higher real estate and personal property taxes resulting from increased assessed valuations and higher tax rates.

The investment tax credit deferred-net increased in 1977 and 1978 primarily due to the construction program for Havana Unit No. 6 and Clinton Unit No. 1. For a detailed analysis of income tax components, see Note 4 of "Notes to Financial Statements".

Other Income

The changes in the amount of allowance for funds used during construction in 1977 and 1978 relate to the amount of construction work in progress and the discontinuance of capitalization of allowance for funds used during construction on approximately \$80 million of construction work in progress included in the rate base between June 16, 1977 and June 22, 1978, as explained in Note 1 of "Notes to Financial Statements". Also, after December 31, 1976, a portion of the allowance for funds used during construction is classified as a reduction of interest charges.

The increase in miscellaneous-net in 1977 and 1978 resulted primarily from increased interest income and income tax credits applicable to construction projects.

Interest Charges

The increases in interest on long-term debt in 1977 and 1978 reflect the issuance of additional long-term debt in July, 1976, May, 1977, November, 1977 and August, 1978.

Earnings Per Common Share

The changes in net income applicable to common stock in 1977 and 1978 resulted from the interaction of all the factors discussed herein as well as the issuance of 1,000,000 shares of preferred stock in both March, 1976 and August, 1977. The changes in earnings per common share in 1977 and 1978 also reflect the increase in the weighted average number of common shares outstanding resulting from the issuance of 2,500,000 shares in October, 1976, 2,500,000 shares in May, 1978 and the shares issued under the Automatic Reinvestment and Stock Purchase Plan, the Employees Stock Ownership Plan, and the Tax Reduction Act Stock Ownership Plan and Trust which totaled 142,445 shares in 1977 and 375,047 shares in 1978.

Two Year Dividends and Stock Prices by Quarters

The Common Stock is listed on the New York Stock Exchange and the Midwest Stock Exchange. The prices below are the prices reported on the Composite Tape. The Preferred Stocks are listed on the New York Stock Exchange and the prices below are the prices on that Exchange.

	*Dividends	1977 Stock Prices								1978 Stock Prices							
		1		2		3		4		1		2		3		4	
		High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
Common	**	27 ⁵ / ₈	25 ¹ / ₈	28 ¹ / ₂	25 ¹ / ₈	28 ⁵ / ₈	26 ¹ / ₄	27 ¹ / ₂	25 ¹ / ₈	26 ³ / ₄	24 ¹ / ₄	25 ⁷ / ₈	23 ³ / ₈	25 ¹ / ₂	23	25 ¹ / ₈	21 ⁷ / ₈
4.08% Pfd.	\$.51	27	24 ³ / ₄	26 ¹ / ₂	24 ¹ / ₄	27	24 ⁵ / ₈	25 ³ / ₄	24	25 ¹ / ₂	23 ³ / ₈	23 ³ / ₄	22 ¹ / ₄	23 ¹ / ₂	22	23 ³ / ₄	19 ¹ / ₄
4.26% Pfd.	.53 ¹ / ₄	27	25	27 ¹ / ₂	26	28 ¹ / ₂	27 ¹ / ₂	28 ¹ / ₂	26	26	26	25	22 ¹ / ₂	26	24	24	21 ¹ / ₂
4.70% Pfd.	.58 ³ / ₄	30	28	29 ¹ / ₂	28 ¹ / ₄	30	28 ¹ / ₂	23 ¹ / ₂	28	29	27 ⁷ / ₈	28	24 ¹ / ₂	28 ¹ / ₂	24 ¹ / ₂	27	24
4.42% Pfd.	.55 ¹ / ₄	29 ¹ / ₂	26 ¹ / ₈	28 ⁵ / ₈	27	28 ¹ / ₂	27	28	26 ¹ / ₂	26 ¹ / ₂	26 ¹ / ₂	26 ³ / ₈	24 ¹ / ₂	24 ¹ / ₂	23	26	21
4.20% Pfd.	.52 ¹ / ₂	27 ³ / ₈	25 ¹ / ₂	26 ³ / ₈	25	27	26 ³ / ₈	27	24 ⁵ / ₈	27	24 ³ / ₄	25	23	24 ¹ / ₂	23	24 ¹ / ₂	21
8.24% Pfd.	1.03	52 ¹ / ₂	50	51 ¹ / ₈	48 ⁷ / ₈	53	49 ¹ / ₂	51 ³ / ₄	50	50	48	49 ¹ / ₈	45 ¹ / ₂	51	44 ¹ / ₂	48 ⁷ / ₈	42
7.56% Pfd.	.94 ¹ / ₂	49 ³ / ₄	45	49 ³ / ₄	45	49	46 ¹ / ₂	47 ¹ / ₂	46 ¹ / ₄	46 ³ / ₄	45	45 ³ / ₈	42 ¹ / ₂	46 ⁵ / ₈	41 ¹ / ₈	44 ⁵ / ₈	40
8.94% Pfd.	1.11 ³ / ₄	56	52 ³ / ₈	55 ¹ / ₂	53 ¹ / ₂	55 ¹ / ₂	54	55 ³ / ₄	52 ⁷ / ₈	54	51 ¹ / ₄	53	49 ³ / ₄	54 ¹ / ₈	49 ¹ / ₄	52 ³ / ₄	48 ¹ / ₈
8.00% Pfd.	1.00	—	—	—	—	—	—	50	48 ³ / ₄	49 ³ / ₄	47 ¹ / ₈	48 ¹ / ₂	45 ¹ / ₈	48 ⁷ / ₈	44 ¹ / ₈	47 ¹ / ₂	43 ¹ / ₂

* The amount paid in each quarter during 1977 and 1978. The 8.00% Preferred was issued on August 11, 1977 and dividends were paid thereafter at the indicated rate.

** \$.55 per common share in 1977 and \$.57 per common share in 1978.



Electric Operating Statistics

	1978	1977	1976	1975	1974
Revenues (Thousands of Dollars)					
Residential	\$ 153,493	\$ 139,458	\$ 108,932	\$ 104,609	\$ 84,306
Commercial and small power	102,170	69,947	53,698	49,363	40,791
Large power and light	158,611	149,307	121,735	105,458	83,083
Other	7,631	6,286	5,170	4,441	3,642
Revenues—ultimate consumers	427,905	364,998	289,535	263,871	211,822
Rural cooperatives and municipal utilities	21,448	15,853	10,920	9,359	7,142
Other electric utilities	66	50	39	28	23
Miscellaneous	2,788	2,666	2,572	2,551	2,139
	<u>\$ 452,207</u>	<u>\$ 383,567</u>	<u>\$ 303,066</u>	<u>\$ 275,809</u>	<u>\$ 221,126</u>
Customers at End of Year					
Residential	455,014	445,130	435,611	426,062	419,742
Commercial and small power	53,051	51,384	51,019	49,996	49,783
Large power and light	368	1,305	1,340	1,309	1,273
Other	699	692	694	689	692
	<u>509,132</u>	<u>498,511</u>	<u>488,664</u>	<u>478,056</u>	<u>471,490</u>
Sales in KWH (Thousands)					
Residential	3,770,703	3,632,898	3,271,719	3,277,664	2,935,760
Commercial and small power	2,383,521	1,696,894	1,405,389	1,380,771	1,249,428
Large power and light	6,271,872	6,541,429	6,412,648	5,759,317	5,692,809
Other	271,853	260,263	247,298	222,810	201,400
Sales—ultimate consumers	12,697,949	12,131,484	11,337,054	10,640,562	10,079,397
Rural cooperatives and municipal utilities	874,452	817,334	736,834	683,026	619,363
Other electric utilities	2,004	2,035	1,836	1,650	1,448
	<u>13,574,405</u>	<u>12,950,853</u>	<u>12,075,724</u>	<u>11,325,238</u>	<u>10,700,208</u>
Generated and Purchased in KWH (Thousands)					
Generated—					
Steam	15,770,060	14,530,570	15,688,384	13,850,240	12,609,371
Hydro and internal combustion	38,039	74,117	55,844	45,795	48,495
Total generated	15,808,099	14,604,687	15,744,228	13,896,035	12,657,866
Purchased and interchanged—net	(1,256,163)	(666,844)	(2,707,988)	(1,777,640)	(1,218,660)
Total output	14,551,936	13,937,843	13,036,240	12,118,395	11,439,206
Less—used and unaccounted for	977,531	986,990	960,516	793,157	738,998
Balance	<u>13,574,405</u>	<u>12,950,853</u>	<u>12,075,724</u>	<u>11,325,238</u>	<u>10,700,208</u>
Peak Demand (native load) in KW (Thousands)	<u>2,825</u>	<u>2,846</u>	<u>2,570</u>	<u>2,476</u>	<u>2,352</u>
Net Generating Capability in KW (Thousands)	<u>3,815</u>	<u>3,412</u>	<u>3,412</u>	<u>3,388</u>	<u>2,813</u>

Due to a change in the Company's rate structure in 1977, there was a reclassification of customers between the commercial and small power category and the large power and light category for the year 1978. As a result of this reclassification, only customers having a demand of 500 Kw or greater are classified in the large power and light category.

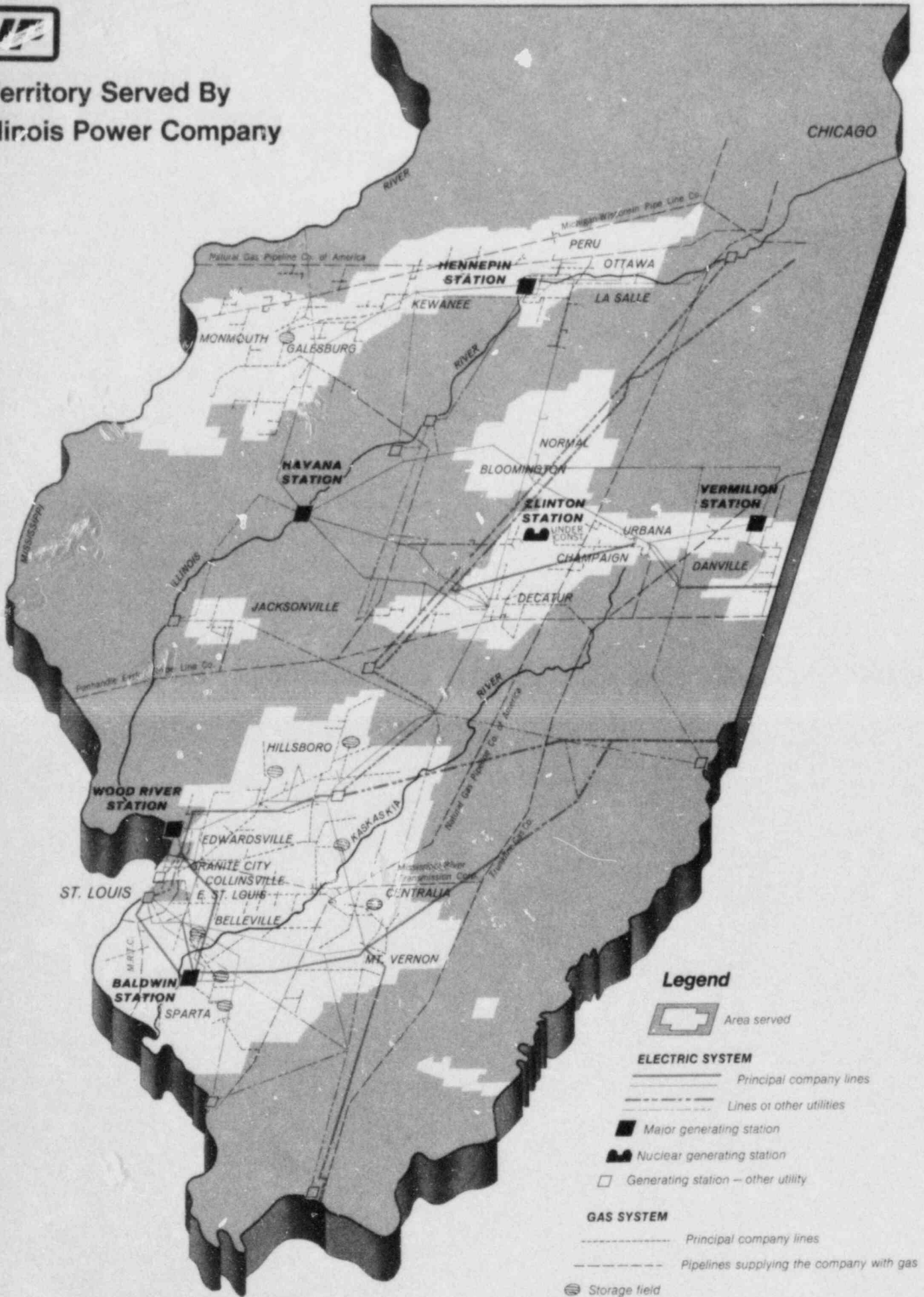


Gas Operating Statistics

	1978	1977	1976	1975	1974
Revenues (Thousands of Dollars)					
Residential —without space heating	\$ 1,758	\$ 1,819	\$ 1,801	\$ 1,909	\$ 1,978
with space heating	105,484	91,798	74,521	65,398	57,558
Commercial—without space heating	1,722	1,469	2,005	1,508	1,449
with space heating	37,536	31,098	24,905	21,939	18,446
Industrial —non-interruptible	30,910	25,641	20,325	16,476	12,217
interruptible	40,906	33,376	35,083	26,459	15,517
Revenues—ultimate consumers	218,316	185,201	158,640	133,689	107,165
Interdepartmental revenues—interruptible	1,058	75	60	42	79
Miscellaneous	433	(1,456)	(105)	(589)	1,545
	<u>\$ 219,807</u>	<u>\$ 183,820</u>	<u>\$ 158,595</u>	<u>\$ 133,142</u>	<u>\$ 108,789</u>
Customers at End of Year					
Residential —without space heating	19,834	21,377	23,204	24,133	25,887
with space heating	319,968	313,900	308,578	302,772	296,706
Commercial—without space heating	2,112	2,192	2,465	2,507	2,778
with space heating	29,522	29,116	28,771	28,767	28,230
Industrial —non-interruptible	470	457	457	223	228
interruptible	80	102	103	101	110
	<u>371,986</u>	<u>367,144</u>	<u>363,578</u>	<u>358,503</u>	<u>353,939</u>
Sales in Therms (Thousands)					
Residential —without space heating	6,172	6,840	8,321	10,175	11,017
with space heating	469,906	436,838	433,993	420,819	415,240
Commercial—without space heating	7,986	7,554	12,820	11,441	12,979
with space heating	181,960	166,455	171,562	165,192	162,413
Industrial —non-interruptible	181,029	172,089	178,637	168,290	165,548
interruptible	180,138	147,205	181,784	185,695	206,625
Sales—ultimate consumers	1,027,191	936,981	987,117	961,612	973,822
Interdepartmental sales—interruptible	8,034	693	720	654	1,667
	<u>1,035,225</u>	<u>937,674</u>	<u>987,837</u>	<u>962,266</u>	<u>975,489</u>
Purchased and Produced—Therms (Thousands)					
Purchased	1,087,749	1,024,805	1,012,047	1,009,171	1,042,850
Storage—net of (injected) and withdrawn	(14,998)	(57,182)	28,269	(340)	(25,437)
Purchased gas delivered	1,072,751	967,623	1,040,316	1,008,831	1,017,413
Produced	24	2,417	91	36	21
Total	1,072,775	970,040	1,040,407	1,008,867	1,017,434
Less—used and unaccounted for	37,550	32,366	52,570	46,601	41,945
Balance	<u>1,035,225</u>	<u>937,674</u>	<u>987,837</u>	<u>962,266</u>	<u>975,489</u>



Territory Served By Illinois Power Company





ILLINOIS POWER COMPANY

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