

DYNEGY INC /IL/
Form 8-K
April 02, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported)

March 30, 2004

DYNEGY INC.

(Exact name of registrant as specified in its charter)

Illinois
(State or Other Jurisdiction
of Incorporation)

1-15659
(Commission File Number)

74-2928353
(I.R.S. Employer
Identification No.)

1000 Louisiana, Suite 5800

Houston, Texas 77002

(Address of principal executive offices including Zip Code)

(713) 507-6400

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(Registrant's telephone number, including area code)

N.A.

(Former name or former address, if changed since last report)

Item 5. Other Events.

Dynegy Midwest Generation, Inc., an indirect, wholly owned subsidiary of Dynegy Inc. (DMG), and Illinois Power Company, another indirect, wholly owned Dynegy subsidiary (Illinois Power), are parties to a power purchase agreement (the Current PPA) pursuant to which DMG provides to Illinois Power approximately 70% of the capacity required to serve Illinois Power s customers. The Current PPA, which is scheduled to expire by its terms on December 31, 2004, would have been automatically renewed for an additional year if neither party had delivered a notice of termination nine months prior to December 31, 2004. DMG delivered a notice of termination of the Current PPA in accordance with its terms to Illinois Power on March 30, 2004; accordingly, the Current PPA will terminate on December 31, 2004.

As previously disclosed in the context of the pending sale of Illinois Power to Ameren Corporation (the Pending Sale), Dynegy Power Marketing, Inc., another indirect, wholly owned Dynegy subsidiary (DYPM), has agreed, conditioned on the closing of the Pending Sale, to sell 2,800 megawatts of capacity and up to 11.5 million megawatt-hours of energy to Illinois Power at fixed prices for two years, beginning on the later of January 1, 2005 and the closing of the Pending Sale. DYPM also agreed to sell 300 megawatts of capacity in 2005 and 150 megawatts of capacity in 2006 to Illinois Power at a fixed price with an option to purchase energy at market-based prices (collectively, the Ameren PPA).

Dynegy expects that it will receive the regulatory and other approvals required to consummate the closing of the Pending Sale before the end of 2004. However, in the event the Pending Sale does not close before the end of 2004, DYPM and Illinois Power will enter into an interim power purchase agreement (the Interim PPA). The Interim PPA was filed with the Federal Energy Regulatory Commission on April 2, 2004. It would take effect once regulatory approval is obtained and only if the Pending Sale is not completed by December 31, 2004, and would remain in effect only until the earlier of the closing of the Pending Sale or December 31, 2006, which latter date coincides with the expiration of the retail electric rate freeze in the State of Illinois. The Interim PPA, which would provide for capacity and energy to serve Illinois Power s customers through 2006 if the Pending Sale is not consummated, contains terms and conditions, including pricing terms, substantially similar to those contained in the Ameren PPA.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements: Not applicable

(b) Pro Forma Financial Information: Not applicable

(c) Exhibits: None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DYNEGY INC.

(Registrant)

Dated: April 2, 2004

By: /s/ J. KEVIN BLODGETT

Name: J. Kevin Blodgett

Title: Corporate Secretary