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BEFORE THE ARIZONA CORPORATION COMMISSION

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WILLIAM A. MUNDELL  
Chairman  
JIM IRVIN  
Commissioner  
MARC SPITZER  
Commissioner

2002 JUL -2 P 2:42  
AZ CORP COMMISSION  
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF DYNEGY ENERGY SERVICES, INC. FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE COMPETITIVE RETAIL ELECTRIC SERVICES AS A ELECTRIC SERVICE PROVIDER PURSUANT TO A.A.C. R14-2-1601 *ET SEQ.*

DOCKET NO. E-04072A-01-0988  
Arizona Corporation Commission  
**DOCKETED**  
JUL - 2 2002

DOCKETED BY *ARC*

DOCKET NO. E-03662A-02-0319

IN THE MATTER OF THE APPLICATION ILLINOVA ENERGY PARTNERS, INC. FOR CANCELLATION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE COMPETITIVE RETAIL ELECTRIC SERVICES AS AN ELECTRIC SERVICE PROVIDER PURSUANT TO A.A.C. R14-2-1601 *ET SEQ.*

**STAFF'S MOTION FOR PROCEDURAL ORDER VACATING HEARING**

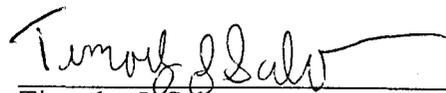
On December 19, 2001, Dynegy Energy Services filed an Application for a Certificate of Convenience and Necessity in Docket No. E-04072A-01-0988. On May 3, 2002, a Staff Report was filed in this docket. On May 6, 2002, the Hearing Division issued a Procedural Order consolidating this docket with Docket No. E-03662A-02-0319 and scheduling a hearing for July 11, 2002. The Procedural Order also ordered Dynegy to file a certificate of publication of notice no later than June 21, 2002. To date, no such certificate has been filed.

On Friday, June 28, 2002, press reports indicated that Dynegy's credit rating was downgraded to "junk" status by Moody's Investors Service. Also on June 28, 2002, Dynegy posted a news release on its web site indicating that it was proceeding with a plan to restructure its finances. It also appears that Dynegy's Chief Executive Officer resigned in May of this year. In addition, On June 19, 2002 Dynegy announced the

1 resignation of its Chief Financial Officer. Lastly, Dynegy appears to be involved in  
2 various proceedings related to the collapse of Enron and trading practices related to the  
3 California energy crisis. These events have largely occurred after the Staff Report in this  
4 matter was filed. These events raise important issues concerning whether, and under  
5 what conditions, a CC&N should be granted to Dynegy. Accordingly Staff moves that  
6 the hearing scheduled in this matter on July 11 be vacated. Staff further moves that Staff  
7 be allowed to conduct further discovery on these matters and file a revised Staff Report.  
8 It is Staff's understanding that Dynegy did not intend to begin offering service in Arizona  
9 in the near future, so granting these requests would not appear to prejudice Dynegy.

10 If this motion is granted, it will no longer be prudent to have Illinova Energy  
11 Partners, Inc.'s application to cancel its CC&N, Docket No. E-03662A-02-0319,  
12 consolidated with Dynegy's CC&N application. Staff's report already recommends  
13 cancellation of Illinova's CC&N, and in Staff's view it would be appropriate for the  
14 Hearing Division to prepare a Recommended Opinion and Order recommending that  
15 Illinova's CC&N be cancelled.

16  
17 RESPECTFULLY SUBMITTED this 2<sup>nd</sup> day of July, 2002.

18  
19   
20 Timothy J. Sabo  
21 Attorney, Legal Division  
22 Arizona Corporation Commission  
23 1200 West Washington Street  
24 Phoenix, Arizona 85007  
25 (602) 542-3402

26 The original and ten (10) copies of the foregoing  
27 were filed this 2<sup>nd</sup> day of July,  
28 2002 with:

29 Docket Control  
30 Arizona Corporation Commission  
31 1200 West Washington Street  
32 Phoenix, Arizona 85007

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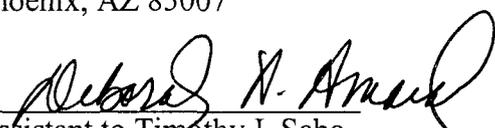
Copies of the foregoing were mailed/hand-delivered  
this 2<sup>nd</sup> day of July, 2002 to:

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