

LAW OFFICES
BRYDON, SWEARENGEN & ENGLAND

PROFESSIONAL CORPORATION

312 EAST CAPITOL AVENUE

P.O. BOX 456

JEFFERSON CITY, MISSOURI 65102-0456

TELEPHONE (573) 635-7166

FACSIMILE (573) 635-0427

Email: PAULB@BRYDONLAW.COM

DAVID V.G. BRYDON
JAMES C. SWEARENGEN
WILLIAM R. ENGLAND, III
JOHNNY K. RICHARDSON
GARY W. DUFFY
PAUL A. BOUDREAU
SONDRA B. MORGAN
CHARLES E. SMARR

DEAN COOPER
MARK G. ANDERSON
GREGORY C. MITCHELL
BRIAN T. MCCARTNEY
BRIAN K. BOGARD
DIANA C. FARR
JANET E. WHEELER

OF COUNSEL
RICHARD T. CIOTTONI

February 15, 2002

Mr. Dale Hardy Roberts, Secretary
Public Service Commission
Governor Office Building
200 Madison Street, Suite 100
P.O. Box 360
Jefferson City, MO 65102-0360

FILED
FEB 15 2002
Missouri Public
Service Commission

**Re: In the Matter of the Application of UtiliCorp United Inc.
Case No. EO-2002-215**

Dear Mr. Roberts:

Enclosed for filing in the above-referenced case please find an original and eight (8) copies of a First Status Report. Copies have been provided to the Office of the Public Counsel and parties of record. I have also enclosed a receipt copy of the First Status Report, which I request that you file stamp and return to the messenger delivering same.

Thank your for your assistance in this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND, P.C.

By:


Paul A. Boudreau

PAB/aw

Enclosures

cc: Mr. David A. Meyer
Mr. John B. Coffman

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED
FEB 15 2002
Missouri Public
Service Commission

In the Matter of the Application of UtiliCorp)
United Inc. for Authority to Acquire the Shares)
of Avon Energy Partners Holdings and to) Case No. EO-2002-215
Take All Other Actions Reasonably Necessary)
to Effectuate Said Transaction.)

FIRST STATUS REPORT

COMES NOW UtiliCorp United Inc. ("UtiliCorp"), Applicant in the captioned matter, and submits the following report on the status of the transaction which is the subject of the Application in this case:

1. On December 18, 2002, the Missouri Public Service Commission ("Commission") issued an Order Approving Application in this case authorizing UtiliCorp, among other things, to acquire all of the outstanding shares of Avon Energy Partners Holdings pursuant to the terms of a Share Purchase and Sale Agreement between UtiliCorp and EI UK Holdings, Inc. Ordered ¶ 15 of the Commission's Order Approving Application directed:

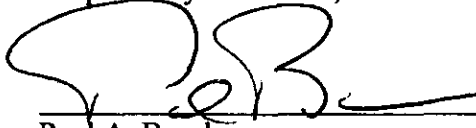
[t]hat UtiliCorp United Inc., file status reports in this proceeding beginning 60 days from the date of this order and each 30 days thereafter advising of the status of the transaction so that the Commission may be apprised of the status of the transactions presented in this case and when the case may be closed.

2. In compliance with that directive from the Commission, UtiliCorp has attached hereto a Status Report setting forth the current circumstances concerning the subject matter of the Application.

WHEREFORE, UtiliCorp submits the attached Status Report in compliance with Ordered ¶ 15 of the Commission's December 18, 2002, Order Approving Application.

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Respectfully submitted,



Paul A. Boudreau #33155
BRYDON, SWEARENGEN & ENGLAND, P.C.
312 East Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102
Telephone: (573) 635-7166
Facsimile: (573) 635-0427
E-Mail: PaulB@brydonlaw.com

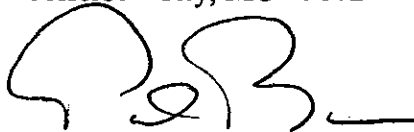
Attorneys for UtiliCorp United Inc.

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or hand-delivered, on this 15th day of February, 2002, to:

Mr. David A. Meyer
Missouri Public Service Commission
Governor Office Building
200 Madison Street, P.O. Box 360
Jefferson City, MO 65102

Mr. John B. Coffman
Office of the Public Counsel
Governor Office Building
200 Madison Street, Suite 650
P.O. Box 7800
Jefferson City, MO 65102



Paul A. Boudreau

On December 18, 2001, the Missouri Public Service Commission (the "Commission") issued an Order Approving Application (the "Order") approving UtiliCorp's acquisition of the outstanding shares of Avon Energy Partners Holdings ("Avon"). In the Order, UtiliCorp was directed to file a status report in 60 days (by February 16, 2002) and every 30 days thereafter, so that the Commission could remain apprised of the status of the transactions presented in the case and be able to determine when the case should be closed.

Participation of Financial Partner

The Order specifically recognized that UtiliCorp's application had been submitted based upon the participation of an unspecified partner with UtiliCorp as an owner of Avon. Accordingly, to sustain representations relating to projected financial implications that were made in support of the application, the Commission's approval of the transaction was conditioned on UtiliCorp having such a partner. At the time the application was filed, UtiliCorp anticipated that Deutsche Bank would participate in the transaction as its financial partner. Discussions since December have resulted in an arrangement under which UtiliCorp's partner will be FirstEnergy Corp. ("FirstEnergy"), the company now holding all of Avon's outstanding shares, instead of Deutsche Bank.

Updated Financial Information

The pro forma financial results of the transaction with FirstEnergy as UtiliCorp's partner are substantially similar to those submitted by UtiliCorp in November and examined by the Commission Staff in connection with its recommendation to approve the acquisition. UtiliCorp has provided Staff and the Office of the Public Counsel with a detailed update of the financial statements, ratios, and other information based on the revised terms. Although, UtiliCorp believes that the updated financial information confirms that the pro forma financial impacts of the FirstEnergy transaction do not differ significantly from those previously provided, UtiliCorp has not yet determined whether this new arrangement will necessitate the filing of a new application as contemplated by paragraph 3 at page 8 and 9 of the Order.

Timing

UtiliCorp had planned to close the transaction with Deutsche Bank as its partner no later than February 25, 2002. UtiliCorp and FirstEnergy are working aggressively on the new partnership arrangement, and would like to close as soon as possible after that date.

UtiliCorp's Acquisition of Midlands Electricity
Case No. EO-2002-215

The following chart compares key elements of UtiliCorp's originally proposed partnership with Deutsche Bank and its new partnership arrangement with FirstEnergy.

Key Element	Deutsche Bank Partnership	FirstEnergy Partnership
UtiliCorp Commitments	Several conditions as detailed in the Order.	No change.
Voting Control	UtiliCorp controls 50%.	No change.
Consolidation	The financial statements of Avon and its subsidiaries will not be consolidated with those of UtiliCorp (all debt of Avon and its subsidiaries will be off balance sheet for UtiliCorp).	No change.
Non-Recourse Debt	The debt of Avon and its subsidiaries will be non-recourse to UtiliCorp.	No change.
Financial Ratios and Credit Rating	Pro-forma ratios are consistent with continued investment grade credit rating and ability to attract capital after the transaction.	Very slight changes, with insignificant impact on ratios relevant for credit rating. Reflects the changes in economic interests and full price, as described below.
Price and Payment	Up to \$200 million	\$150 million, plus six annual \$19 million installments. ¹
Economic Interest	UtiliCorp at 50%.	UtiliCorp at 79.9%. ²

¹ Payment at closing is \$150 million, with six installments of \$19 million each payable annually beginning in early 2003. Total purchase price will therefore be \$264 million, which could also be expressed as approximately \$240 million at a discount rate of 8% to get to present value terms. Acquisition costs of up to \$21 million are additional.

² The total investment in 100% of the shares of Avon will be less than the \$362 million noted in paragraph 12 of UtiliCorp's October 30, 2001 application. UtiliCorp's share of the total investment will be higher at \$261 million (present value 240+21) and 79.9% respectively, implying that the total price of 100% of Avon is now about \$327 million. (261 divided by .799)

UtiliCorp's cost relative to its level of economic ownership will be lower. At \$200 million for 50%, the cost of each 1% in economic interest was \$4.0 million. At \$261 million for 79.9%, the cost of 1% is \$3.3 million.