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March 18, 2002

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

FILED

MAR 18 2002

Missouri Public
Service Commission

**Re: UtiliCorp United Inc.
Avon Energy Partners Holding
Case No. EO-2002-215**

Dear Mr. Roberts:

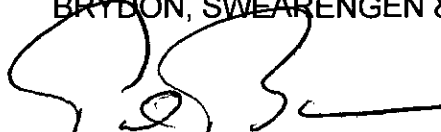
On behalf of UtiliCorp United Inc., enclosed for filing in the above-referenced case please find an original and eight (8) copies of a Motion for Supplemental Order or Alternatively Second Amended Application. A copy has also been hand-delivered to the Office of the Public Counsel this date. A receipt copy of the Motion is enclosed as well, which I ask that you file stamp and return with the messenger delivering same.

Thank you for your assistance with this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND, P.C.

By:



Paul A. Boudreau

PAB/aw

Enclosures

cc: Mr. David A. Meyer
Mr. Douglas Micheel

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

MAR 18 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.)

**MOTION FOR SUPPLEMENTAL ORDER OR ALTERNATIVELY
SECOND AMENDED APPLICATION**

COMES NOW UtiliCorp United Inc. ("UtiliCorp"), Applicant in the captioned matter, and for its motion for a supplemental order ratifying the December 18, 2001, Order Approving Application issued by the Missouri Public Service Commission ("Commission") or, alternatively, for its Second Amended Application states as follows:

1. On October 30, 2001, UtiliCorp filed with the Commission an Application for authority to acquire, indirectly, all of the shares of Avon Energy Partners Holdings ("Avon"), the parent company of Midlands Electricity plc ("Midlands"), a Birmingham, U.K. based electric distribution company. UtiliCorp thereafter filed its First Amended Application with the Commission on November 6, 2001.

2. After considering the recommendations of its Staff, the Office of the Public Counsel, and, also, additional information concerning the transaction provided by UtiliCorp through a Notice to the Commission dated December 13, 2001, the Commission, on December 18, 2001, issued its Order Approving Application. Among other things, the Order Approving Application was expressly conditioned "on the participation of a financial partner and the representations described in the application, particularly, paragraphs 8 and 12. If UtiliCorp United Inc., determines to proceed differently UtiliCorp shall file a new application." See, ¶ Ordered: 3.

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3. On February 15, 2002, UtiliCorp filed with the Commission its First Status Report in compliance with ¶ Ordered: 15 of the Commission's Order Approving Application. UtiliCorp's First Status Report generally outlined certain developments that had occurred since the filing of the Application. More specifically, UtiliCorp described an arrangement under which its financial partner in the ownership in Avon will be FirstEnergy Corp. ("FirstEnergy"), the current owner of Avon, through its wholly-owned subsidiary EI UK Holdings, Inc ("EI UK"). A copy of the Status Report is attached hereto, marked *Appendix 1* and made a part hereof for all purposes. The tabulation contained in that report contains a direct comparison of the key elements of the original and the new partnership arrangement.

4. The arrangement with FirstEnergy has been formalized in a Purchase and Sale Agreement by and between Aquila Europe, Inc. (a wholly-owned UtiliCorp subsidiary), and EI UK dated March 15, 2002 (hereinafter, the "Agreement"). A copy of the Agreement is attached hereto, marked *Appendix 2* and made a part hereof for all purposes. The Agreement provides that a joint venture vehicle indirectly owned by UtiliCorp and FirstEnergy will hold one hundred percent (100%) of the outstanding shares of Avon. UtiliCorp expects to acquire an indirect seventy-nine and nine tenths percent (79.9%) economic interest in Avon, with FirstEnergy retaining a twenty and one tenths percent (20.1%) economic interest. There will be no change from the original partnership arrangement in the anticipated respective voting power of UtiliCorp following the transaction; that is, it will control fifty percent (50%) of the voting power of Avon, with the financial partner (now FirstEnergy) retaining fifty percent (50%) voting control. A revised and updated diagram of the proposed investment structure illustrating

the changes in the partners and respective percentages of economic interests is attached hereto, marked *Appendix 3* and made a part hereof for all purposes.

5. Attached hereto, marked *Appendix 4* and made a part hereof for all purposes, are updated financial statements showing the *pro forma* financial effect, on a consolidated basis, of UtiliCorp's acquisition of Avon. These updated financial statements reflect only very slight changes from the original partnership arrangement, having an insignificant impact on ratios relevant for credit rating. This is fully consistent with commitment (a) in paragraph 16 of UtiliCorp's Application that it holds an investment grade rating and is committed to maintaining that rating.

6. UtiliCorp believes that the change in the identity of its financial partner and the updated financial information does not represent a material change from the circumstances described in the Application as filed with the Commission on October 30, 2001, specifically paragraphs 8 and 12 thereof, or in the resulting financial ratios and credit rating as previously reviewed and approved by the Commission. Although UtiliCorp's economic interest in Avon is somewhat greater than originally anticipated (79.9% versus 50%), the cost to UtiliCorp relative to its level of ownership will, in fact, be lower. UtiliCorp's share of the total investment will be somewhat higher (\$261 million versus \$200 million), but the additional investment has no significant impact on UtiliCorp's financial ratio and remains consistent with an investment grade post-closing bond rating.

7. Under the circumstances, UtiliCorp believes that its financial partnership with FirstEnergy should not necessitate the filing of a separate application because it still contemplates participation of a financial partner as described above consistent with the requirement of ¶ Ordered: 3 of the Commission's Order Approving Application.

Moreover, the transactional and financial changes do not result in any material change in the circumstances set forth in the Application filed with the Commission on October 30, 2001, which Application, as amended, was ultimately approved by the Commission.

8. UtiliCorp plans to close the transaction and perform in accordance with the Agreement by early April. Toward that end, by this motion UtiliCorp requests a supplemental order from the Commission, at its earliest convenient opportunity, stating that no further Commission authority is required for UtiliCorp to proceed in accordance with the terms of the Agreement and the transaction as described above. In that event, UtiliCorp further requests that the Commission make its order effective on the date of issuance. This will permit UtiliCorp to close this transaction without any additional delay

9. Alternatively, by this pleading UtiliCorp further amends its Application in this matter in the particulars described in paragraphs 3, 4, 5 and 6 supra and having so amended UtiliCorp requests that the Commission issue its order, effective no later than ten (10) days after the date of issuance, approving the Application, as further amended, and expressly authorizing UtiliCorp to perform in accordance with the terms of the Agreement, *Appendix 2* hereto, which provides for the new partnership arrangement and acquisition structure described above.

WHEREFORE, UtiliCorp moves the Commission to issue its supplemental order prior to March 29, 2002, ratifying the authority of UtiliCorp to proceed with the transaction with FirstEnergy as its financial partner as described above in accordance with the Commission's December 18, 2001, Order Approving Application, or, alternatively UtiliCorp further amends its Application as aforesaid and respectfully requests that the Commission issue its order approving the Application, as amended, finding that the proposed transaction is not detrimental to the public interest and

authorizing UtiliCorp to perform in accordance with the terms of the Agreement, *Appendix 2*, and for such other orders and relief as may be appropriate in the circumstances.

Respectfully submitted,



James C. Swearngen #21510

Paul A. Boudreau #33155

BRYDON, SWEARENGEN & ENGLAND, P.C.

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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 18th day of March, 2002, to:

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

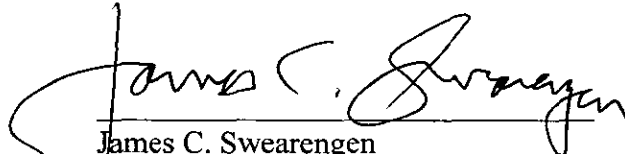
Mr. Douglas Micheel
Office of the Public Counsel
Governor Office Building
200 Madison Street, Suite 650
P.O. Box 7800
Jefferson City, MO 65102



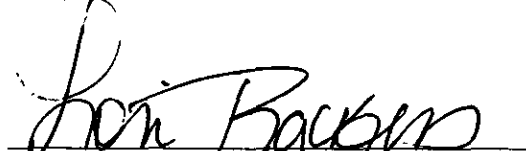
Paul A. Boudreau

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

On the 18th day of March, 2002, before me appeared James C. Swearingen, to me personally known, who, being by me first duly sworn, states that he is an attorney with the law firm of Brydon, Swearingen & England representing UtiliCorp United Inc. and acknowledges that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.


James C. Swearingen

Subscribed and sworn to before me this 18th day of March, 2002.


Lori Rackers, Notary Public

My commission expires: July 14, 2005



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

Status Report

February 15, 2002

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.

The Purchase and Sale Agreement has been designated highly confidential. It will be filed with the Missouri Public Service Commission pursuant to the terms of an Order Granting Protective Order issued on November 8, 2001.

UtiliCorp's Application for approval to acquire Avon Energy and Midlands Electricity

Schedule 3 – Corporate Structure

The corporate structure of this transaction is shown in the diagram, attached in this Schedule. The structure originally planned when the acquisition was approved in December is illustrated in the center of the three diagrams. The subsequent change in partner has resulted in the structure shown in the right-most diagram, with FirstEnergy Corp simply replacing the previous Partner. Unrelated to the change in partners, it is now expected that the existing Avon subsidiary "Avon Energy Partners plc" will be wound up to better facilitate the normal payment of dividends within the accounting and legal requirements of the United Kingdom ("UK"). The level of UtiliCorp's economic interest has increased from 50% to 79.9%. Other than that, as can be seen by a comparison of these diagrams, there is no change to the structure.

There are three new entities created to form part of the new corporate structure. A brief description of their purpose is set out here to assist the review process. The names listed here are the descriptions shown on the diagram, with the actual company names and other references used for those companies shown in the parentheses:

UtiliCorp UK InvestCo ("Aquila Europe Inc." or "Purchaser" or "AEI")

This new company is the wholly-owned subsidiary of UtiliCorp Inc. that will provide a US-based entity for management and accounting purposes, facilitating separation of costs and administration from other operations. It will directly borrow the funds required to fund UtiliCorp's investment in this acquisition. Its financial statements will be fully consolidated with those of UtiliCorp Inc.

Joint Venture Vehicle ("Aquila Sterling Holdings LLC " or "Aquila LLC" or "ASH")

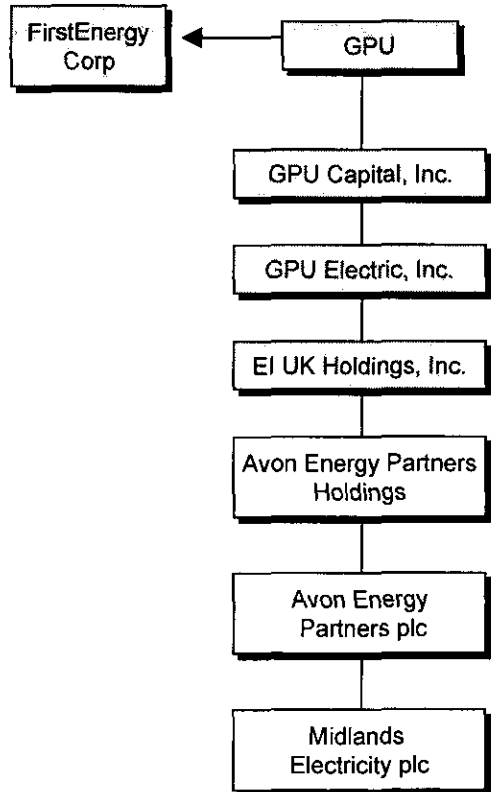
This is the new joint venture company that will provide the essential vehicle to combine the ownership interest of UtiliCorp and its partner FirstEnergy, and facilitate joint Board oversight of the acquired businesses. Voting control will be 50% for each partner, and UtiliCorp will not consolidate the financial statements of this company and its downstream subsidiaries. Aquila Sterling Holdings LLC is a US-based entity and will serve an important role in the administration of corporate income taxes. Unlike some other corporate structures such as 'Special Purpose Entities' that are highly debt leveraged, it is fully funded with equity from the partners and is controlled jointly by the two partners only.

Acquisition Vehicle ("Aquila Sterling Ltd" or "Aquila UK" or "ASL")

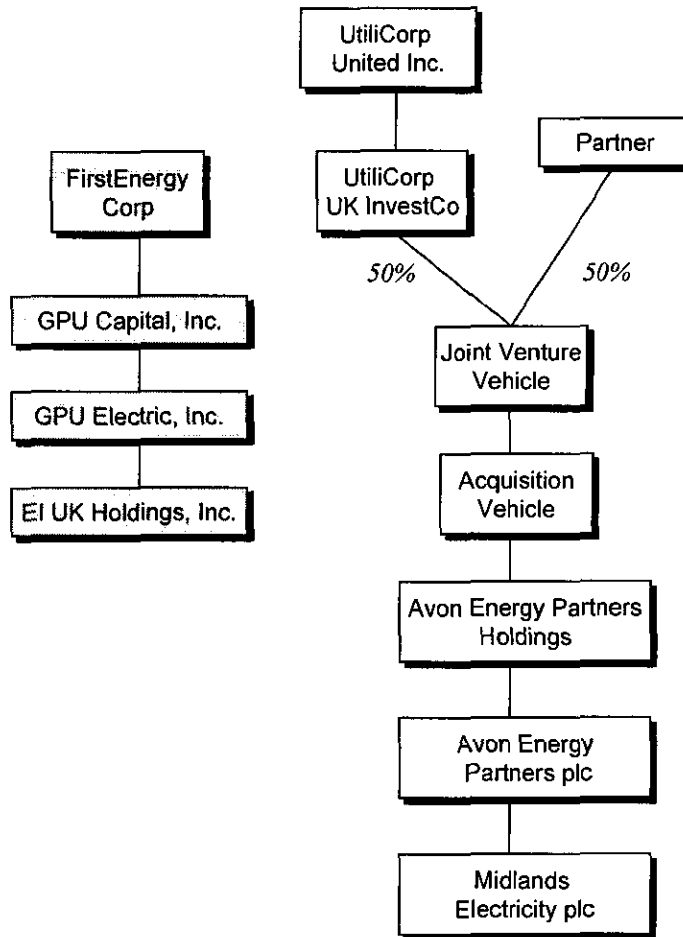
This new company is the UK-based parent that will hold the investment interest in Avon, consistent with UtiliCorp's practice of creating a wholly-owned entity for that purpose with each of its international investments. This company will facilitate accounting and tax administration in the UK, including any new costs incurred above the operating group level. It will also provide flexibility to address changing circumstances, including potential future changes in structure or ownership at that level.

Midlands Acquisition Structure

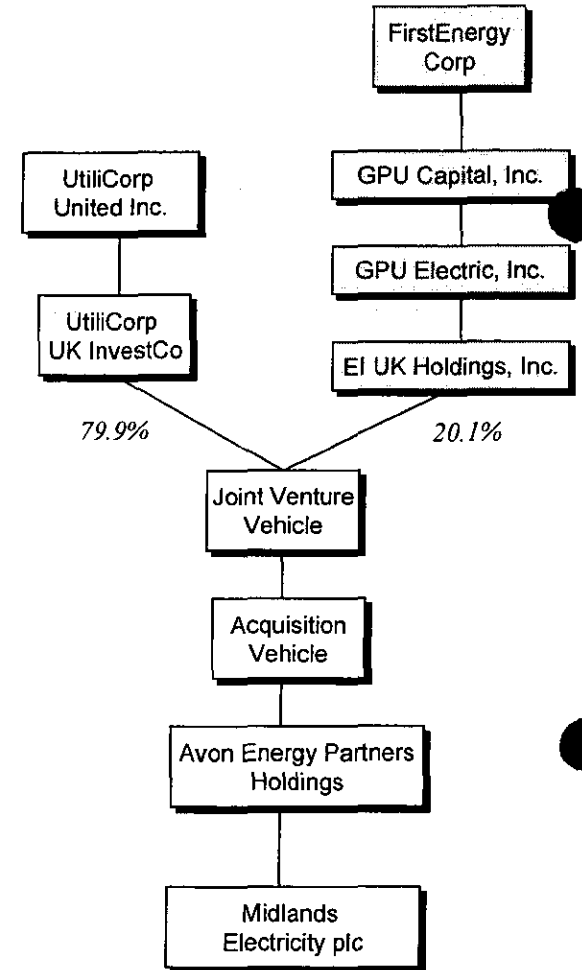
Pre-Acquisition Structure



Post-Acquisition Structure



Post-Partner Change Acquisition Structure



Comparative Pro Forma Financial Ratios for UtiliCorp United Inc.

Ratio Analysis	Ratio as of 06-30-2001	original Proforma Ratio ⁽²⁾	revised Proforma Ratio ⁽³⁾	original Proforma Ratio ⁽⁴⁾	revised Proforma Ratio ⁽⁵⁾
		100% debt	100% debt	55% debt	50% debt
Pre-tax Interest Coverage	3.6x	3.6x	3.4x	3.7x	3.6x
Funds From Operations Interest Coverage	3.9x	3.7x	3.6x	3.8x	3.8x
Funds From Operations to Total Debt	33.6%	32.0%	31.3%	32.9%	32.7%
Total Debt / Total Capital	47.2%	49.1%	49.8%	47.5%	47.4%

⁽¹⁾ Current UtiliCorp United credit rating.

<u>Rating Agency</u>	<u>Rating</u>
Moody's	Baa3
S&P	BBB
Fitch	BBB-

- (2) ratios from original Application (as funded with 100% debt capital structure).
- (3) ratios from revised transaction (as funded with 100% debt capital structure).
- (4) ratios from original Application (as funded with 55% debt capital structure).
- (5) ratios from revised transaction, (as funded with 50% debt capital structure).

U Corp United Inc.
Consolidated Condensed Statement of Income
Acquisition financed 100% debt

<i>Dollars in millions, except per share amounts</i>	Twelve Months Ended 6/30/01 (Unaudited)	Acquisition first year	Pro Forma with Acquisition
Sales	\$41,026.2		\$41,026.2
Cost of sales	39,172.9		39,172.9
Gross profit	1,853.3		1,853.3
Operating and maintenance expense	1,085.7	-	1,085.7
Provision for asset impairment	27.2		27.2
Depreciation and amortization expense	251.1	1.7	252.8
Other (income) expense:			
Equity in earnings of investments and partnerships	(170.4)	(31.3)	(201.7)
Minority interest in income of subsidiaries	11.8		11.8
Other	(181.7)	(2.0)	(183.7)
Gain on sale of subsidiary stock	-		0.0
Earnings before interest and taxes	829.6	31.7	861.2
Interest expense	197.1	21.4	218.5
Minority interest in income of partnership and trusts	31.8		31.8
Earnings before income taxes	600.7	10.3	611.0
Income taxes	261.0	(1.3)	259.7
Net income	\$339.7	\$11.5	\$351.2

UtiliCorp United Inc.
Consolidated Condensed Balance Sheet
Acquisition financed 100% debt

	June 30, 2001	Acquisition	Pro Forma
<i>Dollars in millions</i>	(Unaudited)		
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 522.7		\$ 522.7
Funds on deposit	288.6		288.6
Accounts receivable, net	3,753.6		3,753.6
Inventories and supplies	286.1		286.1
Price risk management assets	930.7		930.7
Prepayments and other	243.9		243.9
Total current assets	6,025.6	-	6,025.6
Property, plant and equipment, net	3,712.1		3,712.1
Investments in subsidiaries and partnerships	1,972.1	285.0	2,257.1
Price risk management assets	561.5		561.5
Merchant notes receivable	295.0		295.0
Deferred charges and other assets	647.0		647.0
Total Assets	\$ 13,213.3	\$ 285.0	13,498.3
LIABILITIES AND SHAREHOLDERS' EQUITY:			
Current Liabilities:			
Current maturities of long-term debt	\$ 244.3		244.3
Short-term debt	151.4	-	151.4
Accounts payable	3,983.1		3,983.1
Accrued liabilities	300.2		300.2
Price risk management liabilities	629.9		629.9
Customer funds on deposit	284.3		284.3
Other	380.2		380.2
Total current liabilities	5,973.4	-	5,973.4
Long-term liabilities:			
Long-term debt, net	2,234.1	285.0	2,519.1
Income taxes and credits	511.1		511.1
Price risk management liabilities	1,145.2		1,145.2
Minority interest	152.7		152.7
Deferred credits	260.1		260.1
Total long-term liabilities	4,303.2	285.0	4,588.2
Company-obligated preferred securities	350.0		350.0
Common shareholders' equity	2,586.7		2,586.7
Total Liabilities and Shareholders' Equity	\$ 13,213.3	\$ 285.0	\$ 13,498.3

U Corp United Inc.
Consolidated Condensed Statement of Income
Acquisition financed 50% debt

<i>Dollars in millions, except per share amounts</i>	Twelve Months Ended 6/30/01 (Unaudited)	Acquisition first year	Pro Forma with Acquisition
Sales	\$41,026.2		\$41,026.2
Cost of sales	39,172.9		39,172.9
Gross profit	1,853.3		1,853.3
Operating and maintenance expense	1,085.7	-	1,085.7
Provision for asset impairment	27.2		27.2
Depreciation and amortization expense	251.1	1.7	252.8
Other (income) expense:			
Equity in earnings of investments and partnerships	(170.4)	(31.3)	(201.7)
Minority interest in income of subsidiaries	11.8		11.8
Other	(181.7)	(2.0)	(183.7)
Gain on sale of subsidiary stock	-		0.0
Earnings before interest and taxes	829.6	31.7	861.2
Interest expense	197.1	10.7	207.8
Minority interest in income of partnership and trusts	31.8		31.8
Earnings before income taxes	600.7	21.0	621.6
Income taxes	261.0	3.0	264.0
Net income	\$339.7	\$18.0	\$357.6

UtiliCorp United Inc.
Consolidated Condensed Balance Sheet
Acquisition financed 50% debt

	June 30, 2001	Acquisition	Pro Forma
<i>Dollars in millions</i>	(Unaudited)		
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 522.7		\$ 522.7
Funds on deposit	288.6		288.6
Accounts receivable, net	3,753.6		3,753.6
Inventories and supplies	286.1		286.1
Price risk management assets	930.7		930.7
Prepayments and other	243.9		243.9
Total current assets	6,025.6	-	6,025.6
Property, plant and equipment, net	3,712.1		3,712.1
Investments in subsidiaries and partnerships	1,972.1	285.0	2,257.1
Price risk management assets	561.5		561.5
Merchant notes receivable	295.0		295.0
Deferred charges and other assets	647.0		647.0
Total Assets	\$ 13,213.3	\$ 285.0	13,498.3
LIABILITIES AND SHAREHOLDERS' EQUITY:			
Current Liabilities:			
Current maturities of long-term debt	\$ 244.3		244.3
Short-term debt	151.4	-	151.4
Accounts payable	3,983.1		3,983.1
Accrued liabilities	300.2		300.2
Price risk management liabilities	629.9		629.9
Customer funds on deposit	284.3		284.3
Other	380.2		380.2
Total current liabilities	5,973.4	-	5,973.4
Long-term liabilities:			
Long-term debt, net	2,234.1	142.5	2,376.6
Income taxes and credits	511.1		511.1
Price risk management liabilities	1,145.2		1,145.2
Minority interest	152.7		152.7
Deferred credits	260.1		260.1
Total long-term liabilities	4,303.2	142.5	4,445.7
Company-obligated preferred securities	350.0		350.0
Common shareholders' equity	2,586.7	142.5	2,729.2
Total Liabilities and Shareholders' Equity	\$ 13,213.3	\$ 285.0	\$ 13,498.3

MO. PSC CASE NO. EM-

Pro Forma Capitalization as of 06/30/2001 for UtiliCorp United Inc.

(In millions US\$)

Capital Component	Percentage of Capital	Capital Dollars	Proforma Adjustments ⁽¹⁾	Proforma Capital Dollars	Proforma Percentage of Capital
Common Equity	46.5%	2,586.7	-	2,586.7	44.2%
Comp. Obligated Preferred Securities	6.3%	350.0		350.0	6.0%
Long Term Debt	44.5%	2,478.4	285.0	2,763.4	47.2%
Short Term Debt	2.7%	151.4		151.4	2.6%
Total	100.0%	5,566.5	285.0	5,851.5	100.0%

Notes:

⁽¹⁾ Proforma adjustment to capitalization includes 79.9% of the equity investment in the target company, plus transaction costs, which UtiliCorp has conservatively estimated at \$21 million. The proforma numbers are funded using a 100% debt capital structure, which represents the worst case scenario to UtiliCorp's financial ratio benchmarks. This scenario would only occur for short periods of time until management chose to do an equity offering.

MO. PSC CASE NO. EM-

**Selected Pro Forma Financial Ratios
for UtiliCorp United Inc.**

Ratio Analysis	Ratio as of 06-30-2001	Proforma Ratio ⁽¹⁾
Pre-tax Interest Coverage	3.6 x	3.4 x
Funds From Operations Interest Coverage	3.9 x	3.6 x
Funds From Operations to Total Debt	33.6%	31.3%
Total Debt / Total Capital	47.2%	49.8%

⁽¹⁾ Proforma ratios assume transaction is funded with 100% debt capital structure.

<u>Rating Agency</u>	<u>Rating</u>	<u>Outlook</u>
Moody's	Baa3	Positive
S&P	BBB	Stable
Fitch	BBB-	Stable

MO. PSC CASE NO. EM-

Notes And Calculations:

(In Millions US\$)

	Actuals 12 months ended 06/30/2001	Acquisition ⁽¹⁾	Proforma
1. Pretax Interest Coverage			
Net Income	339.7	11.5	351.2
+ Income Taxes:	261.0	(1.3)	259.8
+ Income Adjustments (gross)			-
+ Subsidiary Preferred and Preference Dividend			-
+Interest Expense (Net, Including MIPS/PEPS/RHINO	228.9	21.4	250.2
+Minority Interest	11.8		11.8
-AFUDC Equity			-
	841.4	31.7	873.0
 Divided by Interest Expense(Net) + Capitalized Interest + AFUDC Debt	 228.9 4.5	 21.4	 250.2 4.5
	3.6	1.5	3.4
2. Funds From Operations Interest Coverage			
Net Income (continuing operations)	339.7	11.5	351.2
+Depreciation:	220.8		220.8
+Amortization:	30.3	1.7	32.0
+Net Changes in Price Risk Mgmt Assets & Liabilities	199.2		199.2
- Equity in Earnings:	(170.4)	(31.3)	(201.6)
+Dividends from Subs. & Partnerships	84.9	21.3	106.2
+Total Interest Charges Paid:	228.9	21.4	250.2
+/-Deferred Income Taxes:	(46.5)	4.0	(42.5)
-Capitalized Interest	(4.5)		(4.5)
	882.5	28.6	911.1
 Divided by Gross Interest Incurred:	 228.9	 21.4	 250.2
	3.9	1.3	3.6
3. Funds From Operations to Total Debt			
Funds from Operations	882.5	28.6	911.1
 Short Term Debt	 151.4		 151.4
Long Term Debt	2,478.4	285.0	2,763.4
	34%	10%	31%

⁽¹⁾ Acquisition financial metrics on a 100% debt funded basis.

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**Pro Forma Capitalization as of 06/30/2001
for UtiliCorp United Inc.**

(In millions US\$)

Capital Component	Percentage of Capital	Capital Dollars	Proforma Adjustments ⁽¹⁾	Proforma Capital Dollars	Proforma Percentage of Capital
Common Equity	46.5%	2,586.7	142.5	2,729.2	46.6%
Comp. Obligated Preferred Securities	6.3%	350.0		350.0	6.0%
Long Term Debt	44.5%	2,478.4	142.5	2,620.9	44.8%
Short Term Debt	2.7%	151.4		151.4	2.6%
Total	100.0%	5,566.5	285.0	5,851.5	100.0%

Notes:

⁽¹⁾ Proforma adjustment to capitalization includes 79.9% of the equity investment in the target company, plus transaction costs, which UtiliCorp has conservatively estimated at \$21 million. The proforma numbers are funded using a 50% debt and 50% equity capital structure, which represents the long term scenario to UtiliCorp's financial ratio benchmarks.

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**Selected Pro Forma Financial Ratios
for UtiliCorp United Inc.**

Ratio Analysis	Ratio as of 06-30-2001	Proforma Ratio ⁽¹⁾
Pre-tax Interest Coverage	3.6 x	3.6 x
Funds From Operations Interest Coverage	3.9 x	3.8 x
Funds From Operations to Total Debt	33.6%	32.7%
Total Debt / Total Capital	47.2%	47.4%

⁽¹⁾ Proforma ratios assume transaction is funded with 50% debt and 50% equity.

⁽²⁾ Current UtiliCorp United credit rating.

<u>Rating Agency</u>	<u>Rating</u>	<u>Outlook</u>
Moody's	Baa3	Positive
S&P	BBB	Stable
Fitch	BBB-	Stable

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Notes And Calculations:

(In Millions US\$)

	Actuals 12 months ended 06/30/2001	Acquisition ⁽¹⁾	Proforma
1. Pretax Interest Coverage			
Net Income	339.7	18.0	357.6
+ Income Taxes:	261.0	3.0	264.1
+ Income Adjustments (gross)			-
+ Subsidiary Preferred and Preference Dividend			-
+Interest Expense (Net, Including MIPS/PEPS/RHINO	228.9	10.7	239.6
+Minority Interest	11.8		11.8
-AFUDC Equity			-
	841.4	31.7	873.0
 Divided by Interest Expense(Net) + Capitalized Interest + AFUDC Debt	 228.9 4.5	 10.7 4.5	 239.6 4.5
	3.6	3.0	3.6
2. Funds From Operations Interest Coverage			
Net Income (continuing operations)	339.7	18.0	357.6
+Depreciation:	220.8		220.8
+Amortization:	30.3	1.7	32.0
+Net Changes in Price Risk Mgmt Assets & Liabilities	199.2		199.2
- Equity in Earnings:	(170.4)	(31.3)	(201.6)
+Dividends from Subs. & Partnerships	84.9	21.3	106.2
+Total Interest Charges Paid:	228.9	10.7	239.6
+/-Deferred Income Taxes:	(46.5)	4.0	(42.5)
-Capitalized Interest	(4.5)		(4.5)
	882.5	24.3	906.8
 Divided by Gross Interest Incurred:	 228.9	 10.7	 239.6
	3.9	2.3	3.8
3. Funds From Operations to Total Debt			
Funds from Operations	882.5	24.3	906.8
 Short Term Debt	 151.4		 151.4
Long Term Debt	2,478.4	142.5	2,620.9
	34%	17%	33%

⁽¹⁾ Acquisition financial metrics on a 50% debt and 50% equity funded basis.