

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 25th
day of May, 2000.

In the Matter of the Application of)	
UtiliCorp United Inc. for Authority to)	
Acquire, Indirectly, an Ownership Interest)	<u>Case No. GM-2000-637</u>
in AlintaGas Limited, and to Take all Other)	
Actions Reasonably Necessary to Effectuate)	
Said Transaction)	

ORDER APPROVING ACQUISITION OF ASSETS

On April 11, 2000, UtiliCorp United Inc. (UtiliCorp) filed an application with the Missouri Public Service Commission (Commission) for approval of the acquisition of AlintaGas Limited (AlintaGas), an Australian corporation. On April 13, 2000, UtiliCorp filed a motion for expedited treatment and on April 17, 2000, it filed a status report.

UtiliCorp stated that it is a Delaware corporation, in good standing, with its principal office and place of business at 20 West Ninth Street, Kansas City, Missouri 64105-1704. UtiliCorp stated that it is authorized to conduct business in Missouri through its Missouri Public Service operating division and, as such, is engaged in providing electric and natural gas utility services in its service areas subject to the jurisdiction of the Commission. UtiliCorp stated that its certificate of incorporation and amended certificate of authority as a foreign corporation have previously been filed with the Commission in

case number EM-87-6 and that said documents were incorporated into its application by reference, pursuant to Commission Rule 4 CSR 240-2.060(2)(E).

UtiliCorp outlined its plans to indirectly purchase up to forty-five percent (45%) of the equity ownership interest in the "stapled" securities of a natural gas business located in the State of West Australia, Australia. The bidding process was commenced on March 31, 2000, when interested companies, including UtiliCorp, submitted their indicative bids. UtiliCorp anticipates that the West Australian Government will announce the selected group of preferred bidders in mid-April of the year 2000. Final binding bids, in the event that UtiliCorp's indicative bid is one of those selected by the West Australian government, are expected to be submitted in Australia on June 9, 2000, with a closing to follow shortly thereafter in August, 2000. UtiliCorp stated that the West Australian government will view with disfavor any bids contingent upon obtaining regulatory approval. Thus, UtiliCorp must obtain all such approvals in advance of making its final bid. Accordingly, a Commission order approving its application is requested no later than May 26, 2000, bearing an effective date of no later than June 8, 2000.

UtiliCorp stated that the proposed acquisition will have no adverse effect on its Missouri customers and, consequently, is not detrimental to the public interest. Further, UtiliCorp stated that the proposed transaction will have no impact on the tax revenues of the Missouri

political subdivisions in which any of its structures, facilities or equipment are located.

UtiliCorp requested an order dated as set forth above: (1) authorizing the acquisition by UtiliCorp, through a subsidiary, of up to and including forty-five percent (45%) of the capital stock ownership interest in AlintaGas; (2) authorizing UtiliCorp to execute and perform in accordance with the terms of the acquisition and to take or cause to be taken any action reasonably necessary to effectuate the transaction; and (3) finding that the proposed transaction is not detrimental to the public interest.

The Commission ordered the Staff of the Commission (Staff) on April 19, 2000, to file a pleading stating whether or not it would be able to complete its investigation of the proposed transaction and be able to file its report and recommendation to the Commission in a timely and expedited fashion. On April 21, 2000, Staff filed its notification of the Staff's compliance with the report deadline date which stated that the Staff would be able to complete its investigation of the proposed transaction and to file its report concerning the transaction by no later than May 21, 2000.

On May 10, 2000, Staff filed its recommendation, stating that the proposed transaction will not be detrimental to the public interest and recommending that the Commission grant UtiliCorp approval to acquire AlintaGas' gas utility distribution and retail business in Australia by the means of the transactions proposed in UtiliCorp's application and

subject to the following conditions:

- (1) That nothing in the Commission's order shall be considered a finding by the Commission of the value of this transaction for rate-making purposes, and that the Commission reserves the right to consider the rate-making treatment to be afforded these financing transactions in any later proceeding.
- (2) That the Commission's order shall not be deemed to be precedent for any future financing, even if the facts may be similar.
- (3) That any adverse financial effects of this acquisition, including all merger and merger-related costs be borne by UtiliCorp's stockholders and not its Missouri customers.
- (4) Corporate cost allocations to Missouri utility operations will not increase as a result of this transaction.
- (5) That all records pertaining to these transactions be maintained at UtiliCorp's headquarters and made available to the Staff as the Staff deems necessary.
- (6) That UtiliCorp be prepared to provide documentation of proper cost allocations to nonregulated entities.
- (7) That UtiliCorp include the cost of any assistance provided to AlintaGas from its other operations in its monthly surveillance reports it makes to the Staff.

4 CSR 240-2.080(16) provides that a party shall be allowed not more than ten days from the date of filing in which to respond to any pleading. UtiliCorp did not respond to Staff's May 10, 2000, pleading, and thus apparently has no objections to the conditions proposed by Staff. The Commission has reviewed the application, documentation of the parties, and Staff recommendation and determines that the acquisition is not detrimental to the public interest. The Commission will approve the acquisition as set out in the application, with the conditions recommended in the Staff memorandum.

IT IS THEREFORE ORDERED:

1. That the proposed acquisition of the gas facilities, as set out in detail in the application of UtiliCorp United Inc., filed on

February 18, 2000, is hereby approved, subject to the conditions set forth above.

2. That this order shall become effective on June 8, 2000.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read "Dale Hardy Roberts". The signature is written in a cursive, somewhat stylized script.

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, , and Drainer, CC., concur
Murray and Schemenauer, CC., absent

Hopkins, Senior Regulatory Law Judge

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION