STATE OF MISSOURI PUBLIC SERVICE COMMISSION JEFFERSON CITY May 18, 2000

CASE NO: EM-2000-506

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Enclosed find certified copy of an ORDER in the above-numbered case(s).

And Bobyts

Dale Hardy Roberts

Secretary/Chief Regulatory Law Judge

STATE OF MISSOURI PUBLIC SERVICE COMMISSION

At a Session of the Public Service Commission held at its office in Jefferson City on the 18th day of May, 2000.

In the Matter of the Application of)	
UtiliCorp United Inc. for Authority to)	
Acquire, Indirectly, the Capital Stock of)	Case No. EM-2000-506
860023 Alberta Ltd., and to Take all Other)	
Actions Reasonably Necessary to Effectuate)	
Said Transactions)	

ORDER APPROVING ACQUISITION OF ASSETS

On February 18, 2000, UtiliCorp United Inc. (UtiliCorp) filed an application with the Missouri Public Service Commission (Commission) for approval of the acquisition of TransAlta Corporation (TransAlta).

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 all of the capital stock of an electric utility distribution and retail business located in Canada: On January 21, 2000, UtiliCorp bid to acquire TransAlta's electricity distribution and retail business (business) and on February 2, 2000, was selected as the winning bidder. UtiliCorp, through a wholly owned subsidiary, UtiliCorp Canada Corp., proposes to acquire all of the capital stock of 860023 Alberta Ltd., a wholly owned subsidiary of TransAlta. UtiliCorp's investment in the business will be approximately \$650 million Canadian, or about \$450 million United States.

UtiliCorp stated that the proposed acquisition will have no adverse effect on its Missouri customers and, consequently, is not detrimental to the public interest. UtiliCorp stated that, further, 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 no later than June 1, 2000, with an effective date of no later than June 13, 2000: (1) authorizing the acquisition by UtiliCorp of up to 100% of 862003 Alberta Ltd.; (2) authorizing UtiliCorp to perform in accordance with the terms of the acquisition and to take any action reasonably necessary to effectuate the transaction; and (3) finding that the proposed transaction is not detrimental to the public interest.

On February 24, 2000, UtiliCorp filed its motion for a protective order which was granted on March 1, 2000.

Also on the same date, the Commission issued its order directing the Staff of the Commission (Staff) to respond within five (5) days of the order, 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 fashion.

On March 7, 2000, Staff filed its motion for additional time to file its response. The Commission ordered on March 9, 2000, that the response be filed no later than March 14, 2000.

On March 13, 2000, Staff filed its response stating that it would be able to file its report no later than May 9, 2000. On May 9, 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 TransAlta's electric utility distribution and retail business in Canada 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 TransAlta from its other operations in its monthly surveillance reports it makes to the Staff.

On May 9, 2000, UtiliCorp filed a revised Appendix 1 to its application, and on May 11, 2000, UtiliCorp filed a pleading in which it stated that it had no objections to the conditions proposed by Staff. On May 18, 2000, Staff filed a supplemental Staff recommendation in which it stated that it had reviewed the revised Appendix 1, found it to conform to the representations made by UtiliCorp, and renewed its recommendation that the Commission approve the proposed acquisition.

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 electrical 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 May 31, 2000.

BY THE COMMISSION

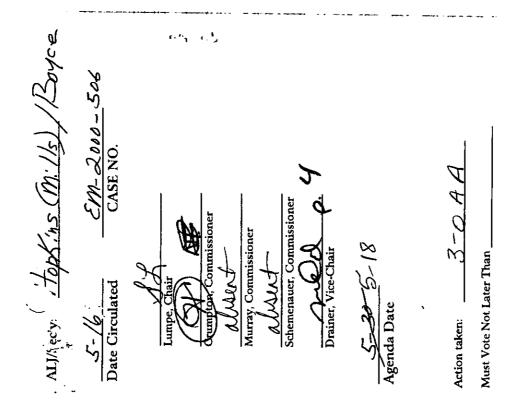
lok Hard Roberts

Dale Hardy Roberts Secretary/Chief Regulatory Law Judge

(SEAL)

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

Hopkins, Senior Regulatory Law Judge



STATE OF MISSOURI OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 18th day of May 2000.

Held Held Coberts

Dale Hardy Roberts

Secretary/Chief Regulatory Law Judge

