

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 10th
day of March, 1995.

In the matter of the application of UtiliCorp)
United Inc., for authority, among other things)
to acquire indirectly up to and including)
37.5% of the capital stock of Power New Zealand)
Limited, a New Zealand electric utility, and)
up to and including 20% of the capital stock) CASE NO. EM-95-84
of EnergyDirect Corporation Limited, a New)
Zealand electric utility, and to take all other)
actions reasonably necessary to effectuate said)
transactions.)

ORDER APPROVING FINANCING

On November 21, 1994, the Commission issued an order in this case authorizing UtiliCorp United, Inc. (UtiliCorp) to indirectly acquire, through its subsidiary UtiliCorp N.Z. (UNZ), up to 37.5 percent of the capital stock of Power New Zealand Limited (Power) and up to 20 percent of the capital stock of EnergyDirect Corporation (EnergyDirect), New Zealand electric utilities. On January 10, 1995, UtiliCorp filed an application for a supplemental order requesting Commission approval to enter into a loan purchase agreement. On January 30, 1995, UtiliCorp filed an amended application by interlineation.

UtiliCorp South Pacific, Inc. (USP), a subsidiary of UtiliCorp that owns a 79 percent interest in UNZ, plans to borrow up to \$150 million (N.Z.), approximately \$96 million (U.S.), from a New Zealand bank or syndicate of banks. The loan will be in the nature of a line of credit having a term of three years. The proceeds of the loan are to be used to finance the purchase of the capital stock of Power and EnergyDirect.

UtiliCorp is seeking authority to agree to purchase the loan from the bank syndicate if USP defaults on the loan. UtiliCorp would do

so by paying the bank syndicate the outstanding amount of the loan thereby guaranteeing the obligations of its subsidiary. UtiliCorp maintains that the loan purchase agreement will have no adverse effect on its capital structure and that it will not pledge any of its U.S. operating assets by entering into the loan purchase agreement.

On February 24, 1995, the Staff of the Commission (Staff) filed a memorandum regarding UtiliCorp's application. Staff recommends that the Commission approve UtiliCorp's application subject to the following conditions:

1. That the Commission's order include language making it clear that nothing in the order shall be considered as a finding by the Commission that would preclude the right to consider the ratemaking treatment to be afforded these or any future expenditures or allocations by UtiliCorp in any later proceeding;
2. That all records pertaining to these transactions be maintained at UtiliCorp's headquarters and made available to Staff at the next rate proceeding;
3. That UtiliCorp be prepared to provide documentation of proper cost allocations to nonregulated entities in the next rate proceeding;
4. That UtiliCorp include the cost of any assistance provided to Power and/or EnergyDirect from its Missouri Public Service operating division in the monthly surveillance reports sent to Staff. Such reports should also include the reasonable remuneration which the receiving party is required to pay to the entity

providing the service as well as the account where such remuneration is booked;

5. That UtiliCorp file with the Commission in a timely manner reports outlining each stock acquisition or a statement that the proposed acquisitions were not consummated so as to keep Staff and the Commission informed of UtiliCorp's ongoing activities;
6. That the Commission's order include language making it clear that the order shall not be deemed as precedent for future financings.

The Commission finds that UtiliCorp will not pledge any of its U.S. operating assets through the proposed loan purchase agreement. The Commission also finds that the proposed agreement will have a minimal impact on UtiliCorp's capital structure and on UtiliCorp's Missouri jurisdictional operations. Furthermore, the Commission finds that the conditions recommended by Staff are reasonably designed to protect the public interest. Thus, the Commission finds that the loan purchase agreement proposed by UtiliCorp is not detrimental to the public interest and should be approved.

IT IS THEREFORE ORDERED:

1. That UtiliCorp United Inc. is hereby authorized to enter into a loan purchase agreement in accordance with the application and this Order.
2. That UtiliCorp United Inc. is hereby authorized to take any and all other actions necessary to effectuate the loan purchase agreement authorized in Ordered Paragraph 1.
3. That the authorization granted in Ordered Paragraph 1 shall be subject to the conditions specified in this Order.

4. That nothing in this Order shall be considered as a finding by the Commission of the value for ratemaking purposes of the properties herein involved, nor as an acquiescence in the value placed upon said property by UtiliCorp United Inc.

5. That the Commission reserves the right to consider the ratemaking treatment to be afforded these transactions in any later proceeding.

6. That nothing in this Order shall be considered to be precedent for any future financing cases.

7. That this Order shall become effective on March 21, 1995.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Perkins,
Kincheloe and Crumpton, CC., Concur.