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January 14, 2002

FILED²
JAN 14 2002

Missouri Public
Service Commission

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

**Re: UtiliCorp United Inc.
Case No. EM-2002-297**

Dear Mr. Roberts:

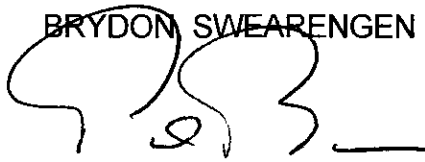
On behalf of UtiliCorp United Inc., enclosed for filing in the above-referenced case please find an original and eight (8) copies of a Response of UtiliCorp United Inc. to Staff Notice, Motion for Clarification and Request of Compliance with Commission Rule. A copy has also been hand-delivered to the Office of the Public Counsel this date. Please note that I have also enclosed a receipt copy, 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: Office of the Public Counsel

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

FILED²
JAN 14 2002

Missouri Public
Service Commission

In the Matter of the Application of UtiliCorp)
United Inc., a Delaware Corporation, for) Case No. EM-2002-297
Authority to Merge to Effect a Name Change.)

**RESPONSE OF UTILICORP UNITED INC. TO
STAFF NOTICE, MOTION FOR CLARIFICATION AND
REQUEST OF COMPLIANCE WITH COMMISSION RULE**

COMES NOW UtiliCorp United Inc. ("UtiliCorp"), by counsel, and for its response to Staff's January 7, 2002, Staff Notice, Motion for Clarification and Request that UtiliCorp be Directed to Comply with 4 CSR 240-2.080(17)(B) and (C) (hereinafter, the "Notice"), states as follows:

General Observations

1. On December 21, 2001, UtiliCorp caused to be filed with the Missouri Public Service Commission ("Commission") an Application for approval of a merger of UtiliCorp and UtiliCorp Renaming Corporation ("URC") for the purpose of effecting a name change for UtiliCorp. The Commission docketed the Application as Case No. EM-2002-297.

2. Shortly thereafter, on January 3, 2002, the Commission issued an Order Directing Filing requiring the Commission's Staff ("Staff") to file a pleading by January 7, 2002, stating whether it would be able to complete its investigation of the proposed transaction and file a report by January 18, 2002.

3. On January 7, 2002, Staff filed its Notice indicating, among many other things, that it had submitted a number of data requests to UtiliCorp and could only commit to a filing of a recommendation fourteen (14) days after receiving the responses

to those DRs. Staff indicated it was unlikely it would receive responses in time to file a recommendation by January 18, 2002.

4. At the outset, UtiliCorp wishes to confirm Staff's understanding of the Application as set forth in paragraph 5 of the Notice. Specifically, the transaction for which approval is requested from the Commission is the short form merger by which URC will be merged with and into UtiliCorp, with the latter surviving. The Application does *not* seek the Commission's approval of the recently completed exchange offer pursuant to which UtiliCorp has reacquired a number of the outstanding shares of Aquila, Inc. ("Aquila"). The pendency of the exchange offer at the time the Application was filed may have created some confusion concerning the Application. Although the Aquila exchange offer is a wholly independent transaction from the renaming merger, which is the subject of UtiliCorp's Application, UtiliCorp made reference to it in paragraph 8 of the Application in an effort to give the Commission some background and context with respect to the renaming merger.

5. At the risk of creating further confusion, UtiliCorp will endeavor to provide the Commission with more information about Aquila and the recently completed exchange offer.

Aquila, the IPO and the Exchange Offer

6. During the late 1980's and early 1990's, UtiliCorp took advantage of changes caused by deregulation of the wholesale natural gas markets by creating one of the largest and most profitable wholesale gas marketing franchises in the United States natural gas industry through its unregulated, wholly-owned subsidiary corporation, Aquila. Aquila is a Delaware corporation. It is a leading wholesale energy merchant that has experienced rapid growth in recent years. Aquila is engaged in the business of

electric power generation; natural gas gathering, transportation, processing and storage; and coal blending, storage and loading. Aquila also markets and trades a diverse portfolio of commodities including natural gas, electricity, weather derivatives, coal, bandwidth capacity, emissions allowances and other commodities. Aquila also offers a number of related products and services to companies to allow them to manage risks, such as price volatility or availability of supply. Aquila's customers include both large and small regulated and unregulated utilities, industrial companies and other large users of energy and other wholesale energy merchants. Aquila has operations throughout North America, the United Kingdom and continental Europe. None of the products or services provided by Aquila are regulated by the Commission. Aquila has its principal office and place of business in Kansas City, Missouri.

7. As recently as April of 2001, Aquila was a wholly-owned subsidiary of UtiliCorp. In early 2001, UtiliCorp filed a prospectus with the Securities and Exchange Commission ("SEC"), the purpose of which was to make an initial public offering of common shares of Aquila. This involved the issuance by Aquila and sale by UtiliCorp, collectively, of approximately 19,975,000 shares of Aquila Common Stock, an amount which represented approximately twenty percent (20%) of the issued and outstanding shares of Aquila (hereinafter the "IPO"). The IPO was concluded on April 27, 2001.

8. At the time of the completion of the IPO, it was further contemplated that, subject to favorable market conditions and other factors, UtiliCorp's Board of Directors would thereafter decide to spin off the balance of its ownership interest in Aquila by distributing its remaining eighty percent (80%) of Aquila shares to UtiliCorp's shareholders of record (the "Aquila Spin Off").

9. Ultimately, UtiliCorp's Board of Directors decided not to undertake the Aquila Spin Off. Significant changes in the merchant energy sector and the general economy after the IPO, and the impact of these changes on the capital markets, caused the Board of Directors of UtiliCorp to instead make plans to make an exchange offer by which UtiliCorp would reacquire all of the outstanding publicly-held common shares of its eighty percent (80%) owned subsidiary Aquila (the "Exchange Offer"). The Exchange Offer was successfully completed on Friday, January 4, 2002, when seventy-six percent (76%) of the Aquila shares held by the public were tendered in the Exchange Offer. On Monday, January 7, 2002, UtiliCorp acquired all remaining shares of Aquila held by the public through a short-form merger of Aquila and a special acquisition subsidiary. Consequently, Aquila is once again a wholly-owned subsidiary of UtiliCorp.

The Renaming Merger

10. The renaming merger, for which Commission approval is sought by virtue of UtiliCorp's Application, is a recognition by UtiliCorp that Aquila's rapid growth over the last ten (10) years has been a key driver behind UtiliCorp's business success. UtiliCorp's Board of Directors has decided that its shareholders would be better served by recognizing Aquila's growth strategy as the company's core strategy and reflecting this strategy by renaming the company to utilize the "Aquila" name.

11. Because the merger for which UtiliCorp is seeking approval in this case has the solitary purpose of effecting a corporate name change, it will have no financial impact whatsoever on the books of account of UtiliCorp. Likewise, it will have no operational impact whatsoever on customers served by UtiliCorp's Missouri Public Service ("MPS") or St. Joseph Light & Power ("SJLP") operating divisions.

12. Staff makes reference in paragraph 3 of its Notice that UtiliCorp has indicated that there may be some revenue requirement impact associated with the renaming merger in the pending MPS rate case. This is not so. Any revenue requirement impact is associated only with the recently completed Exchange Offer.

13. UtiliCorp regrets any confusion that may have been caused by the proximity in time of the Exchange Offer and the renaming merger, the latter being the solitary matter for which Commission approval is sought in this case. That, along with the similarity in the names of Aquila and the new name of UtiliCorp (which will have the name "Aquila" in it) creates a challenge to clarity of description. Once again, references made in the Application to the Exchange Offer are only for the purpose of giving the Commission some background and context. Hopefully, the additional background information provided herewith will assist the Staff and the Commission with understanding the limited scope and purpose of the renaming merger.

Timing of Approval

14. Finally, Staff's Notice asserts that UtiliCorp did not comply with Commission's rule 4 CSR 240-2.080 addressing the requirements for a motion for expedited treatment. Staff requests that the Commission direct UtiliCorp to comply with all subparts of that rule.

15. Staff correctly states that UtiliCorp has requested in its Application that the Commission issue an order by January 31, 2002, approving the Application. However, UtiliCorp had not anticipated that its request was necessarily asking for expedited treatment given the limited purpose and effect of the merger and, consequently, the limited scope of the Application. As noted above, the renaming merger will not have any impact whatsoever on the financial condition of UtiliCorp or on rates or terms and

conditions of service provided to customers of MPS and SJLP. Frankly, UtiliCorp did not anticipate that requesting an order more than forty (40) days after the filing of the Application would be problematic for Staff or the Commission. The Commission routinely processes applications by telecommunications companies for certificates of service authority in forty-five (45) days or less. Consequently, UtiliCorp concluded that a motion for expedited treatment would not be necessary under the circumstances.

16. UtiliCorp understands that the Notice evidences Staff's belief that UtiliCorp's request for relief is a request for extraordinary relief. In deference to Staff's views on the topic, UtiliCorp will endeavor to elaborate on the timing of its request.

a. UtiliCorp announced its intention to rename the company on November 7, 2001. The legal mechanism to accomplish the name change (i.e., a short form merger) was not settled until early in December of 2001. Shortly thereafter, on December 21, 2001, UtiliCorp filed its Application. Consequently, UtiliCorp believes it used all due diligence to prepare and file its Application with the Commission as soon as it reasonably could have been filed. *See*, 4 CSR 240-2.080(17)(C).

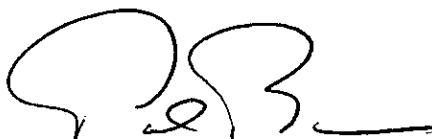
b. UtiliCorp hopes to accomplish the renaming merger as soon as all regulatory approvals have been obtained. It is currently anticipated that all regulatory approvals, other than the State of Missouri, will have been obtained by early- to mid-February, 2002. The failure to obtain the Commission's approval by the time requested will delay UtiliCorp's ability to close the merger with URC and to commence corporate operations under its new name. It is important to have the name change merger approved by early February because UtiliCorp is currently

preparing its annual report and proxy statement (which will be printed and mailed in March) with the expectation that the name change will have been approved by them. However, any such delay will not negatively affect UtiliCorp's customers or the general public if approval is not obtained by that date. *See*, 4 CSR 240-2.080(17)(B).

c. UtiliCorp's Application requested a date by which it desires the Commission to act (see paragraph 17 of the Application). Having set forth the foregoing, UtiliCorp believes it has complied with all relevant clauses of Commission rule 4 CSR 240-2.080 to the extent it is applicable to the relief requested in the Application.

WHEREFORE, having fully responded to Staff's Notice, UtiliCorp renews its request that the Commission issue an order approving the Application by no later than January 31, 2002.

Respectfully submitted,



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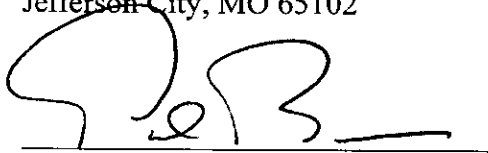
Attorneys for UtiliCorp United Inc.

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 14th day of January, 2002, to:

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