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July 14, 2000

Mr. Dale H. Roberts
Secretary/Chief Regulatory Law Judge
Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

Re: UtiliCorp United Inc. and St. Joseph Light & Power Company
Case No. EM-2000-292

Dear Mr. Roberts:

Please find enclosed replacement pages for pages 9 and 10 of the Office of the Public Counsel's **Statement of Position** filed on June 26, 2000 in this case. The position statement of the Office contained in that document with regard to the issue of "Affiliate Transactions" on pages 9 and 10 inadvertently referred to a different issue.

I apologize for any inconvenience this error may have caused.

Thank you for attention to this matter.

Sincerely,

John B. Coffman
Deputy Public Counsel

JBC:jb

cc: Counsel of Record

Public Counsel takes no position on this issue at this time.

Stranded Costs

(1) Would ratepayers be harmed if UCU were allowed to include any portion of the acquisition adjustment in its future calculation of stranded costs?

Ratepayers would be harmed to the extent that any costs in excess of the actual costs incurred to provide the services currently being provided are allowed in rates.

Synergies In Unregulated Operations

(1) Are some of the synergies (e.g., generation) included in the 10-year merger synergy calculations likely to accrue primarily to shareholders if electric restructuring occurs in Missouri prior to the end of the 10-year period used to calculate the merger synergies?

Yes. If the electric industry in Missouri is restructured prior to the end of the ten year period used by the Joint Applicants to calculate merger synergies, then rate payers will start paying market-based rates instead of cost-based rates for generation service. Once this occurs, shareholders will receive the full benefits of all reductions related to electric supply synergies and consumers will no longer receive any of these benefits. Similarly, the shareholders will benefit from reductions in Administrative and General expenses and other costs that are allocated among the distribution, transmission, and generation functions once restructuring occurs and rates are unbundled into the distribution, transmission, and generation components.

(2) Will UCU receive additional benefits from the proposed merger that are not reflected in the 10-year merger synergy calculations?

Yes. Merger benefits will persist after the initial ten year period in many of the areas where the Joint Applicants have estimated merger benefits. Merger benefits will also persist after the initial ten year period in many of the areas where the Joint Applicants have not estimated merger benefits such as: non-regulated telephony, internet, cable TV, appliance warranty and repair, and energy conservation and load management services.

Affiliate Transactions

(1) Will UCU's affiliate transactions, as a result of the proposed merger, increase in size and scope and thus become more complex and difficult to monitor, while at the same time it will become more important to monitor such transactions to ensure compliance with standards?

Yes, the size, scope, and complexity of UtiliCorp's affiliate transactions will increase if the proposed merger is approved as UtiliCorp pursues its plans to: (1) begin non-

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regulated telephony and fiber optic operations in Missouri by leveraging the telecommunications assets and investments of SJLP and (2) enhance the value of its controlling investment in Quanta Services by utilizing it as a preferred contractor for the regulated distribution network projects that must be performed to provide regulated service to SJLP's customers.

Steam/Gas Service

(1) For the steam/gas customers of SJLP, does the analysis of the Companies show that the costs of the proposed merger exceed the savings of the proposed merger?

Public Counsel takes no position on this issue at this time.

Energy Efficiency

(1) Will the proposed merger have a detrimental impact on low-income weatherization and therefore on the public?

Public Counsel takes no position on this issue at this time.

(2) Will the proposed merger have a detrimental impact on other energy efficiency assistance and therefore on the public?

Public Counsel takes no position on this issue at this time.

(3) Will the proposed merger have a detrimental impact on the use of renewable energy resources and therefore the public?

Public Counsel takes no position on this issue at this time.

II. If the adoption of conditions by the Commission cannot in the view of particular parties eliminate in total the situation that the proposed merger is detrimental to the public interest, but regardless of this view of particular parties, the Commission decides to approve the proposed merger, should the Commission adopt any or all of the following conditions, as part of its approval of the Companies' merger?

Stranded Costs Condition

(1) Should the Staff's proposed condition regarding elimination of the acquisition adjustment from future stranded cost calculations be adopted?

Public Counsel takes no position on this issue at this time.

Pension Funds Condition

(1) Should the Staff's proposed condition requiring maintaining the pre-merger funded status of SJLP's pension fund for calculating FAS 87 pension cost, be adopted?

Public Counsel takes no position on this issue at this time.