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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 21st
day of November, 1994.

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 STOCK PURCHASE

On September 21, 1994, UtiliCorp United Inc. (UtiliCorp) filed an application pursuant to Section 393.190, RSMo 1986, as amended, and 4 CSR 240-2.060(7) for authority to acquire indirectly up to and including 37.5 percent of the capital stock of Power New Zealand Limited (Power), a New Zealand electric utility, and up to and including 20 percent of the capital stock of EnergyDirect Corporation Limited (EnergyDirect), a New Zealand electric utility, and to take all other actions reasonably necessary to effectuate said transactions. UtiliCorp, a Delaware corporation, is engaged in providing electrical and natural gas utility service in the State of Missouri through its Missouri Public Service (MoPub) operating division. Within its application, UtiliCorp states that the proposed stock acquisition will have no adverse effect on UtiliCorp's Missouri customers and that its Missouri customers will see no change in their day-to-day utility service.

UtiliCorp points out that Power is a New Zealand corporation created by the combination and privatization of the Waitemata and Thames Valley Electric Power Boards and is currently New Zealand's second largest

1

electricity supply company in terms of customer numbers. Power provides electric service in the Waitemata, Thames Valley, and Waikato regions of New Zealand and currently serves approximately 206,000 customers. UtiliCorp also notes that EnergyDirect is a New Zealand corporation engaged in the business of providing electric and gas service in the Hutt Valley region of New Zealand and currently serves approximately 84,000 customers.

UtiliCorp proposes that UtiliCorp's subsidiary corporation, UtiliCorp N.Z. (UNZ), a New Zealand subsidiary of which 79 percent of the capital stock is owned by UtiliCorp, will acquire up to and including a 37.5 percent equity interest in Power and up to and including a 20 percent equity investment in EnergyDirect. Specifically, UtiliCorp indicates that UNZ proposes to initially acquire between 10 percent and 20 percent of Power's capital stock by:

1. Directly purchasing 9 percent of Power's capital stock from Power;
2. Purchasing up to 10 percent of Power's capital stock from The Todd Corporation Limited (Todd), a minority shareholder in UNZ, in the event that Todd acquires Power's capital stock on an informal trading market to be operated by Power; and
3. Purchasing 1 percent of Power's capital stock on the open market or through privately negotiated transactions prior to February 28, 1995.

UtiliCorp estimates that, based upon the September 1, 1994 Foreign Exchange Rate between the U. S. dollar and the New Zealand dollar, the purchase price for the initial shares will be approximately \$24,727,109 (U. S.) and the purchase price for the other shares will not exceed approximately \$28 million (U. S.). UtiliCorp notes that Power's charter

provides that for a five-year period commencing on July 1, 1994, no shareholder may acquire more than 20 percent of Power's capital stock without being granted a waiver from Power's Board of Directors. UtiliCorp has agreed not to acquire more than 37.5 percent of Power's capital stock in any event.

UtiliCorp also proposes that UNZ will acquire from Todd an 18.34 percent equity interest in EnergyDirect for approximately \$27,500,000 (U. S.) based upon the September 1, 1994 Foreign Exchange Rate. In addition, UNZ may acquire additional shares of EnergyDirect's capital stock on the open market or through privately negotiated transactions up to an aggregate 20 percent level.

In total, UtiliCorp's proposed investments in Power and EnergyDirect would equate to approximately \$80.2 million. This amount equates to approximately 2.8 percent of UtiliCorp's pro forma consolidated total assets.

In addition to seeking approval of its application, UtiliCorp requests that the Commission send a certification letter to the Securities and Exchange Commission (SEC) pursuant to Section 33 of the Public Utility Holding Company Act (PUHCA) which exempts a foreign utility company from the provisions of the PUHCA. Under the exemption, the state commission with jurisdiction over the retail electric or gas rates of a public utility company that is an associate company or an affiliate of a foreign utility company must certify to the SEC that it has the authority and resources to protect ratepayers subject to its jurisdiction and that it intends to exercise its authority.

On November 18, 1994, the Staff of the Commission (Staff) filed a memorandum regarding UtiliCorp's application. Staff states that in response to information requests, UtiliCorp indicates UNZ has arranged

for a short-term bridge loan with CitiBank to fund its initial investment in Power and EnergyDirect. Upon maturity of this loan in early 1995, UtiliCorp will permanently fund its share of investment in Power and EnergyDirect with an appropriate mix of common equity and long-term debt. Pro forma analysis by Staff indicates that the proposed transactions will have no relative impact on UtiliCorp's overall consolidated capital structure. UtiliCorp's long-term debt to total capital ratio would increase from 51.7 percent to 51.8 percent. Staff considers such incremental changes on UtiliCorp's consolidated capital structure to be immaterial.

Staff notes that there is a current trend toward privatization of overseas electric companies. Staff indicates that U. S. companies have been actively pursuing overseas interests due to the possibility for higher returns on their investments as well as increased diversification and that UtiliCorp has participated in the overseas privatization trend since 1987.

Staff points out that future impacts of overseas investments by UtiliCorp will continue to be monitored closely. Staff states its policy is to review both regulated and nonregulated operations and scrutinize the risk and return relationships of each. Staff indicates that such relationships could lead to cost of capital adjustments and that specific circumstances related to such possibilities would be addressed in the form of a rate case proceeding or future financing application. Furthermore, Staff recommends to UtiliCorp's management that it take any and all necessary steps to limit potential liabilities to UtiliCorp's stockholders that could result from the proposed transactions.

Within its memorandum, Staff recommends that the Commission approve UtiliCorp's application. Staff bases its recommendation upon the perceived reasonableness of the proposed permanent financing plan,

UtiliCorp's assurance that it will neither incur nor seek any accounting or ratemaking treatment regarding the proposed transactions, and UtiliCorp's statement that the proposed transactions will have no adverse effect on its Missouri customers. Staff also recommends that the Commission's approval of UtiliCorp's application be made subject to the following conditions:

1. That the Commission's order include language making it clear that nothing in the order granting approval 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 MoPub 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;
7. That the certification letter included in Staff's recommendation be sent to the SEC; and
8. That Staff's recommendation and the Commission's order be included as attachments to the certification letter.

The Commission finds that the minimal changes in UtiliCorp's capital structure, the proposed purchase price, and the financing plan are all reasonable. The Commission also finds that the proposed transactions will have a minimal impact 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 indirect acquisition of the stock of Power and EnergyDirect by UtiliCorp is not detrimental to the public interest and should be approved. In addition, the Commission finds that the certification letter included in Staff's recommendation (and attached hereto as Attachment A) fulfills the requirements of Section 33 of the PUHCA and should be sent to the SEC.

IT IS THEREFORE ORDERED:

1. That UtiliCorp United Inc. is hereby authorized to indirectly acquire up to and including 37.5 percent of the capital stock of Power New Zealand Limited and up to and including 20 percent of the capital stock of EnergyDirect Corporation Limited 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 stock purchase authorized in Ordered Paragraph 1.

3. That the stock purchase approved 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.

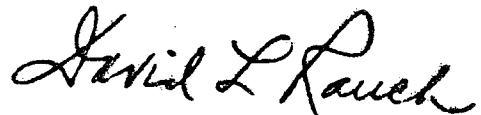
5. That the Commission reserves the right to consider the ratemaking treatment to be afforded these transactions in any later proceeding.

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

7. That the Executive Secretary of the Commission shall send the letter attached hereto as Attachment A, including the recommendation of the Staff of the Commission in this case and a copy of this Order as attachments to the letter, to the Securities and Exchange Commission.

8. That this Order shall become effective on December 1, 1994.

BY THE COMMISSION

A handwritten signature in black ink, reading "David L. Rauch". The signature is written in a cursive, flowing style.

David L. Rauch
Executive Secretary

(S E A L)

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

ON COMMISSION LETTERHEAD

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

RE: UtiliCorp United Inc.

Gentlemen:

UtiliCorp United Inc. ("UtiliCorp"), doing business in the State of Missouri as a public utility through its operating division Missouri Public Service, has advised this Commission that UtiliCorp is considering acquiring, indirectly through a subsidiary, an interest in Power New Zealand Limited ("PNZ"), and EnergyDirect Corporation Limited ("EDL"), two New Zealand electric utilities. By a series of agreements, UtiliCorp proposes to acquire up to and including 37.5% of the capital stock of PNZ and, also, up to and including 20% of the capital stock of EDL.

UtiliCorp has filed or will file a Notification of Foreign Utility Company Status with the Securities and Exchange Commission under Section 33 of the Public Utility Holding Company Act of 1935, as amended ("PUHCA" or the "Act"), in respect of each of the PNZ and EDL investments. In connection therewith, UtiliCorp has filed or will file with this Commission a copy of its Notifications to the Securities and Exchange Commission. UtiliCorp has asked this Commission to provide you with the certification contemplated by the applicable provisions of the PUHCA.

The Missouri Public Service Commission has jurisdiction over the retail electric and natural gas rates of Missouri Public Service in the State of Missouri and hereby certifies that it has the authority and resources to protect the ratepayers subject to its jurisdiction and that the Commission intends to exercise its authority with respect to UtiliCorp United Inc.'s proposed

investment in PNZ and EDL. This Commission notes that this certification may be revised or withdrawn prospectively as to any future acquisition. In making this certification this Commission is relying on the belief that the Securities and Exchange Commission will enforce all sections of PUCHA which govern UtiliCorp United Inc's proposed investment in EDL for which it has jurisdiction.

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314-751-5040

attachments

DLR:

cc: Mr. Robert Wason
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Office of Public Utility Regulation
Division of Investment Management
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