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December 17, 2001

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Director, Utility Operations
ROBERT SCHALLENBERG
Director, Utility Services
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Director, Administration
DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge
DANA K. JOYCE
General Counsel

FILED²

DEC 17 2001

Missouri Public
Service Commission

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

RE: Case No. EO-2002-215-In the Matter of the Application of Utilicorp United Inc. for Authority to Acquire the Shares of Avon Energy Partners Holdings and to Take All Other Actions Reasonably Necessary to Effectuate Said Transaction.

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STAFF RESPONSE**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

David A. Meyer
Associate General Counsel
(573) 751- 8706
dmeyer@mail.state.mo.us

Enclosure

cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²

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Missouri Public
Service Commission

In the Matter of the Application of)
UtiliCorp United Inc. for Authority to)
Acquire the Shares of Avon Energy)
Partners Holdings and to Take All Other)
Actions Reasonably Necessary to)
Effectuate Said Transaction.)

Case No. EO-2002-215

STAFF RESPONSE

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and in response to UtiliCorp United Inc. (UtiliCorp)'s December 13, 2001 filing with the Commission, respectfully states as follows:

1. On October 30, 2001, UtiliCorp United Inc. filed with the Commission, pursuant to Section 393.190 RSMo 2000 and 4 CSR 240-2.060(12), an Application requesting authority to acquire 100% of the outstanding shares of Avon Energy Partners Holdings from EI UK Holdings, Inc. That application indicated that this acquisition would take place via an "acquisition vehicle owned by a UtiliCorp subsidiary and [a] Partner." Application, para. 12.

2. On December 13, 2001, UtiliCorp filed a Notice to the Commission, indicating that the "Partner" may withdraw from the proposed acquisition, and indicated that UtiliCorp had no objection if the Commission placed an additional condition on its approval of the acquisition, limiting its approval to the financial partnership arrangement submitted in UtiliCorp's initial filing. The Commission has ordered Staff to respond to this Notice and offer of additional condition by December 17, 2001.

3. Staff's previous recommendation for approval presumed that UtiliCorp would proceed based on the information UtiliCorp provided in its original application (e.g., with a

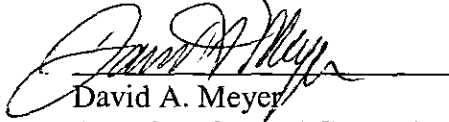
financial partner allowing for nonrecourse, off-balance sheet debt). If any of the information provided in the original application should change, then UtiliCorp must refile for approval.

4. Staff agrees that the Commission should place an additional condition upon its approval of the acquisition, limiting its approval to the financial partnership arrangement submitted in UtiliCorp's initial filing. The Commission should clearly indicate in its Order granting conditional approval, that if the circumstances change, the partnership does not go forward, and UtiliCorp determines to proceed with the Avon acquisition with different financial arrangements, UtiliCorp must first file a new application for approval.

WHEREFORE, the Staff respectfully requests that the Commission issue an Order granting UtiliCorp's request to acquire the outstanding shares of Avon Energy Partners Holdings, subject to the conditions outlined in Staff's previous filing as well as those contained above.

Respectfully submitted,

DANA K. JOYCE
General Counsel



David A. Meyer
Associate General Counsel
Mo. Bar. #46620

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 17th day of December, 2001.



Service List for
Case No. EO-2002-215
Verified: November 29, 2001 (cgo)

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