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November 30, 2000

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Director, Utility Operations

ROBERT SCHALLENBERG
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Director, Administration

DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge

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General Counsel

FILED³

NOV 30 2000

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

Missouri Public
Service Commission

RE: Case No. EM-2000-369 – In the matter of the Joint Application of UtiliCorp United Inc. and The Empire District Electric Company for authority to merge The Empire District Electric Company with and into UtiliCorp United Inc. and, in connection therewith, certain other related transactions.

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STIPULATION AND AGREEMENT OF UTILICORP, EMPIRE, AND STAFF AS TO CERTAIN ISSUES.**

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,

Steven Dottheim
Chief Deputy General Counsel
(573) 751-7489
(573) 751-9285 (Fax)

Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³

NOV 30 2000

Missouri Public
Service Commission

In the matter of the Joint Application of UtiliCorp)
United Inc. and The Empire District Electric)
Company for authority to merge The Empire District) Case No. EM-2000-369
Electric Company with and into UtiliCorp United)
Inc. and, in connection therewith, certain other)
related transactions.)

**STIPULATION AND AGREEMENT OF
UTILICORP, EMPIRE, AND STAFF AS TO CERTAIN ISSUES**

COME NOW UtiliCorp United Inc. ("UtiliCorp"), The Empire District Electric Company ("Empire") and the Missouri Public Service Commission's ("Commission") Staff ("Staff") and state the following to the Commission as their Stipulation And Agreement:

1. On July 24, 2000, a prehearing conference was conducted in this case and on September 11-15, 2000 an evidentiary hearing occurred. The issues to be heard by the Commission were identified by the parties in the List of Issues and Statements of Positions, which were filed with the Commission on July 31, 2000 and August 23, 2000, respectively.

2. As a result of negotiations, UtiliCorp, Empire and the Staff have agreed to jointly make recommendations to the Commission regarding certain issues previously identified in the List of Issues and Statements of Positions, which were issues raised by the Staff and have been resolved by UtiliCorp, Empire and the Staff. Recommendations are hereby made by UtiliCorp, Empire and the Staff concerning the following issues: Pension Funds Condition, Income Taxes Condition, Surveillance Condition, Tariff Condition and Fuel Energy Cost Information Condition. These same issues were raised by the Staff in Case No. EM-2000-292 (In the matter

of the Joint Application of UtiliCorp United Inc. and St. Joseph Light and Power Company for authority to merge St. Joseph Light & Power Company with and into UtiliCorp United Inc., and, in connection therewith, certain other related transactions) and were similarly resolved. Tariff Condition is an additional issue that was raised by the Staff in Case No. EM-2000-292 for which resolution in the instant proceeding has been reached by UtiliCorp, Empire and the Staff. As indicated by the language below, said resolution in this proceeding is similar to the resolution reached in Case No. EM-2000-292.¹

3. The following agreements have been reached by UtiliCorp, Empire and the Staff:

Pension Funds Condition

UtiliCorp, Empire and the Staff agree that in post-merger cases involving UtiliCorp's Empire operating division, UtiliCorp will maintain the pre-merger funded status of the Empire pension fund by accounting for it separately. UtiliCorp will, however, be allowed to combine the assets. The accounting on a going forward basis will start with a market value of assets evaluation performed by Empire's actuarial firm at the time of merger closing. On a going forward basis, the net rate of return (actual earned return income earned on the assets during the year less benefits paid) on UtiliCorp's combined pension assets will be used to increase (decrease) the market value of pre-merger funded status for the Empire operating division.

Income Taxes Condition

UtiliCorp, Empire and the Staff agree that if the merger is determined to be a taxable event and deferred taxes of Empire are thereby lost, UtiliCorp will be required to include an

¹ There were three issues raised by the Staff in Case No. EM-2000-292, and resolved in that merger case, for which there are no counterparts in the instant proceeding. Those issues are Gas Supply RFP Condition, Gas Peak Load Study Condition and Gas Safety Program Condition.

amount equal to those deferred taxes in existence at merger closing in future Empire rate proceedings as an offset to rate base.

Surveillance Condition

UtiliCorp, Empire and the Staff agree that UtiliCorp will be required to continue to submit to the Commission's Financial Analysis Department, on a monthly basis, separate surveillance reports for UtiliCorp, on a total company basis; UtiliCorp's Missouri Public Service (MPS) operating division, on a stand-alone basis; and UtiliCorp's Empire operating division, on a stand-alone basis, following the closing of the merger.

Fuel Energy Cost Information Condition

UtiliCorp, Empire and the Staff agree that after the closing of the merger UtiliCorp will be required to provide historical actual hourly generation, energy purchases and sales data, and other information required by Commission Rule 4 CSR 240-20.080 in electronic format accessible by a spreadsheet program separately for MPS and Empire. UtiliCorp will also provide access to such additional documents as may be necessary for the Staff to analyze fuel and energy costs.

Tariff Condition

UtiliCorp, Empire and the Staff agree that after the closing of the merger UtiliCorp will be required to file with the Commission an adoption notice in Empire's electric and water tariffs as follows:

ADOPTION NOTICE

Effective [month day, year], The Empire District Electric Company (EDE), a Kansas corporation, has merged with and into UtiliCorp United Inc. (UtiliCorp), a Delaware corporation, as authorized by the Missouri Public Service Commission in Case No. EM-2000-369. UtiliCorp is the surviving entity.

Pursuant to the Commission's Report and Order issued [month day, year], in said case, UtiliCorp hereby adopts, ratifies and makes its own in every respect, as if the same had been originally filed by it, all tariffs, schedules and rules and regulations of EDE filed with and approved by the Commission before [month day, year]. UtiliCorp will operate in the area formerly served by EDE using the name "[insert name here]."

4. None of the parties to this Stipulation And Agreement shall be deemed to have approved or acquiesced in any question of Commission authority, accounting authority order principle, cost of capital methodology, capital structure, decommissioning methodology, ratemaking principle, valuation methodology, cost of service methodology or determination, depreciation principle or method, rate design methodology, cost allocation, cost recovery, or prudence, that may underlie this Stipulation And Agreement, or for which provision is made in this Stipulation And Agreement.

5. This Stipulation And Agreement represents a negotiated settlement. Except as specified herein, the signatories to this Stipulation And Agreement shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation And Agreement: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Stipulation And Agreement in the instant proceeding, or in any way condition its approval of same.

6. The provisions of this Stipulation And Agreement have resulted from negotiations among the signatories and are interdependent. In the event that the Commission does not approve and adopt the terms of this Stipulation And Agreement in total, it shall be void and no party hereto shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof.

7. The Staff shall file suggestions or a memorandum in support of this Stipulation And Agreement and the other parties shall have the right to file responsive suggestions or prepared testimony.

8. If requested by the Commission, the Staff shall have the right to submit to the Commission an additional memorandum addressing the matters requested by the Commission. Each party of record shall be served with a copy of any memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of the Staff's memorandum, a responsive memorandum, which shall also be served on all parties. All memoranda submitted by the parties shall be considered privileged in the same manner as are settlement discussions under the Commission's rules, shall be maintained on a confidential basis by all parties, and shall not become a part of the record of this proceeding or bind or prejudice the party submitting such memorandum in any future proceeding or in this proceeding whether or not the Commission approves this Stipulation And Agreement. The contents of any memorandum provided by any party are its own and are not acquiesced in or otherwise adopted by the other signatories to this Stipulation And Agreement, whether or not the Commission approves and adopts this Stipulation And Agreement.

The Staff also shall have the right to provide, at any agenda meeting at which this Stipulation And Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from the Staff. The Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to

matters that are privileged or protected from disclosure pursuant to any Protective Order issued in this case.

9. If the Commission does not unconditionally approve this Stipulation And Agreement without modification, and notwithstanding its provision that it shall become void thereon, neither this Stipulation And Agreement, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any party has to a hearing on the issues presented by the Stipulation And Agreement, for cross-examination, or for a decision in accordance with Section 536.080 RSMo 1994 or Article V, Section 18 of the Missouri Constitution, and the parties shall retain all procedural and due process rights as fully as though this Stipulation And Agreement had not been presented for approval, and any testimony or exhibits that have been offered or received in support of this Stipulation And Agreement shall thereupon become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

10. In the event the Commission accepts the specific terms of the Stipulation And Agreement, the signatories waive their respective rights to cross-examine witnesses; their respective rights to present oral argument and written briefs pursuant to Section 536.080.1 RSMo 1994; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 1994; and their respective rights to judicial review pursuant to Section 386.510 RSMo 1994. This waiver applies only to a Commission Report and Order respecting this Stipulation And Agreement issued in this proceeding, and does not apply to any matters raised in any subsequent Commission proceeding, or any matters not explicitly addressed by this Stipulation And Agreement.

WHEREFORE, UtiliCorp United Inc., The Empire District Electric Company and the Staff respectfully request that in the event the Commission issues a Report and Order in this case approving the subject merger, that said Report and Order approve all of the specific terms and conditions set forth in this Stipulation And Agreement, and direct the parties to perform the terms hereof in the event said merger is closed.

Respectfully submitted,



James C. Swearingen MBE#21510
Dean L. Cooper MBE#36592

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INC. AND THE EMPIRE DISTRICT
ELECTRIC COMPANY



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ATTORNEY FOR THE STAFF OF THE
MISSOURI PUBLIC SERVICE COMMISSION

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 30th day of November, 2000.



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