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March 15, 2002

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Secretary/Chief Regulatory Law Judge
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FILED³

MAR 15 2002

**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 TO UTILICORP'S FIRST STATUS REPORT**.

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
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Enclosure

cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³
MAR 15 2002

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 TO UTILICORP'S FIRST STATUS REPORT

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and in response to the Commission's Order Directing Filing of February 28, 2002, states:

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. The Commission approved that Application on December 18, 2002, subject to a series of conditions, including a requirement that UtiliCorp file a status report indicating the status of the transaction on a regular basis.

2. On February 15, 2002, UtiliCorp filed its first status report. In that report, UtiliCorp indicated that it has had a change of financial partners in the acquisition, and that the structure of the acquisition has changed.

3. The Commission's Order approving the Avon Energy Partners Holdings acquisition contained an express condition (at Staff's request) that, if UtiliCorp determined to proceed in a different manner than that set forth in its application, particularly with respect to the representations in paragraphs 8 (regarding the partner relationship) and 12 (regarding the

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purchase price and debt arrangements), UtiliCorp should file a new application. However, Staff has no objection if the Commission permits UtiliCorp to proceed by setting forth the change in financial partner and financial information in a supplemental filing with the Commission. Staff understands that UtiliCorp now intends to do so as soon as the transactional arrangements are finalized (see UtiliCorp's *Second Status Report* filed March 15, 2002 ("in an abundance of caution, UtiliCorp intends to formally request MPSC approval through a motion for a supplemental order, or alternatively a second amended application, as soon as the PSA is signed.")). Staff believes that proceeding in the fashion UtiliCorp suggests, through a supplemental filing in the context of the current case, is a more efficient method for all parties, as well as the Commission. However, Staff's acquiescence in such a proposal to supplement UtiliCorp's Application relies on UtiliCorp's representation that it will provide Staff with the information and documentation Staff may seek in its investigation of the changed terms in a timely and efficient manner. Staff's acquiescence to proceeding in this manner also presumes Staff will have adequate time to supplement its recommendation. Finally, Staff notes that if UtiliCorp or the Commission determine that a new application is appropriate, Staff also has no objection to that course of action.

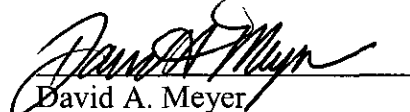
4. To date, Staff has received a draft copy of the revised Purchase and Sale Agreement from UtiliCorp. Staff cannot make any representations regarding the length of time that may be necessary to complete its investigation of the acquisition at this time, and does not expect to be able to do so until it has received a final version of the transactional documents.

5. After it has had the opportunity to review the revised acquisition transaction, Staff expects to be able to issue a recommendation to the Commission regarding the transaction and

addressing the issue of whether the Commission should renew or withdraw its approval of UtiliCorp's acquisition of Avon Energy Partners Holdings.

Respectfully submitted,

DANA K. JOYCE
General Counsel



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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 15th day of March, 2002.



Service List for
Case No. EO-2002-215
Verified: March 15, 2002 (cgo)

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