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April 11, 2000

**FILED<sup>2</sup>**

APR 11 2000

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: In the Matter of the Acquisition of AlintaGas Limited  
by UtiliCorp United Inc.  
Case No. GM-2000-637**

Dear Mr. Roberts:

On behalf of UtiliCorp United Inc., I deliver herewith an original and fourteen (14) copies of an Application to be filed with the Commission. A copy is also being hand-delivered to The Office of the Public Counsel this date.

I have also enclosed an extra copy of the Application which I request that you stamp "Filed" and return to the person delivering same to you.

Thank you for your attention in this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By: 

Paul A. Boudreau

PAB/aw  
Enclosures  
cc: The Office of Public Counsel

FILED<sup>3</sup>

APR 11 2000

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

Missouri Public  
Service Commission

In the Matter of the Application of UtiliCorp )  
United Inc. for Authority to Acquire, Indirectly, )  
an Ownership Interest in AlintaGas Limited, )  
and to Take All Other Actions Reasonably )  
Necessary to Effectuate said Transaction. )

Case No. GM-2000-637

APPLICATION

COMES NOW UtiliCorp United Inc. ("UtiliCorp"), pursuant to § 393.190 RSMo. 1994 and 4 CSR 240-2.060(9), and for its Application to the Missouri Public Service Commission ("Commission"), states as follows:

1. UtiliCorp is a Delaware corporation, in good standing in all respects, with its principal office and place of business at 20 West Ninth Street, Kansas City, Missouri 64105. UtiliCorp is authorized to conduct business in Missouri through its Missouri Public Service ("MPS") operating division and as such is engaged in providing electrical and natural gas utility services in its service areas subject to the jurisdiction of the Commission as provided by law. UtiliCorp's Certificate of Incorporation and Amended Certificate of Authority of a Foreign Corporation have been filed with the Commission in Case No. EM-87-6 and said documents are incorporated herein by reference, collectively in accordance with 4 CSR 240-2.060(2)(e), and made a part hereof for all purposes.

2. Pleadings, notices, orders and other correspondence and communications concerning this Application and proceeding should be addressed to:

Mr. Jon Empson  
UtiliCorp United Inc.  
1815 Capitol Avenue  
Omaha, NE 68102  
(402) 221-2375

James E. Swearengen  
Paul A. Boudreau  
Brydon, Swearengen & England P.C.  
312 E. Capitol Avenue  
P.O. Box 456  
Jefferson City, MO 65102-0456  
(573) 635-7166

3. UtiliCorp is presently engaged in the process designed to lead to the indirect acquisition by it of up to a 45% equity ownership interest in the "stapled" securities of a natural gas business located in Australia. The company will be comprised of a natural gas distribution, retail and marketing business. This opportunity has come about as the result of a recent effort by the State of Western Australia to privatize its natural gas industry. The stated objective of this effort is to encourage the development of a competitive and integrated energy market in western Australia. The industry will be restructured from a State-owned monopoly to a competitive industry based on providing the lowest possible cost and other factors including better service to consumers.

4. The West Australian Government is now in the process of accepting bids for the stapled securities ("Shares") of AlintaGas Limited ("AlintaGas"). This will be a two-tiered sale process. First, 45% of the Shares will be sold to a successful bidder (the "Cornerstone Shareholding"). This will be followed by a public float for the remaining 55% of the Shares. UtiliCorp currently seeks approval to acquire only those Shares offered in the Cornerstone Shareholding.

5. AlintaGas is a direct, wholly-owned subsidiary of the Gas Corporation ("GasCo"), a statutory corporation owned and operated by the State of Western Australia. GasCo carries on gas distribution, retail and marketing businesses in western Australia (hereinafter the "Business"). It is the largest supplier to the regulated gas market, having more than 400,000 retail gas customers, and

the exclusive gas marketer to non-contestable customers in the State of Western Australia. Prior to the completion of the sale of the Cornerstone Shareholding, GasCo will transfer the Business to AlintaGas.

6. The bidding process for AlintaGas Cornerstone Shareholding will take place in two stages. Any interested party will first make an indicative bid which amounts to a non-binding monetary offer based upon the contents of an Information Memorandum prepared and released by the West Australian Government. The West Australian Government will choose a number of finalists based on the results of the indicative bid process, at which time the finalists will be given the opportunity to undertake a comprehensive due diligence inquiry. Upon the completion of the due diligence inquiry, each of the finalists will make binding bids from which the West Australian Government will select the successful bidder<sup>1</sup>. The ultimate successful bidder will appoint three (3) of AlintaGas's seven directors and will operate the company pursuant to a management contract. Should UtiliCorp be the purchaser, its Australian subsidiary, United Energy, will operate AlintaGas.

7. The timetable for making bids is an ambitious one. The bidding process was commenced on March 31, 2000, when interested companies, including UtiliCorp, submitted their indicative bids. It is presently anticipated that the West Australian Government will announce the selected group of preferred bidders in mid-April 2000. Final binding bids, in the event that UtiliCorp's indicative bid is one of those selected by the West Australian Government, are expected

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<sup>1</sup> UtiliCorp's Board of Directors approval was not required for the submission of its indicative bid. However, the UtiliCorp board will be required to approve the terms and conditions of its final bid.

to be submitted in Australia on June 9, 2000<sup>2</sup>, with a closing to follow shortly thereafter in August 2000.

8. UtiliCorp, through a subsidiary or subsidiaries, proposes to participate in the bidding process to acquire the Cornerstone Shareholding in AlintaGas. Assuming that UtiliCorp is ultimately the successful bidder, it is presently contemplated that UtiliCorp's aggregate direct investment in AlintaGas will not exceed the sum of \$125 million (U.S.), assuming an exchange rate of .60 at the time of closing. It is likely that UtiliCorp will be required to directly or indirectly guarantee the financing of its subsidiary's stake in the Australian gas utility. A diagram illustrating the anticipated structure of UtiliCorp's acquisition of the Cornerstone Shareholding is attached hereto as Appendix 1, and made a part hereof for all purposes.

9. This undertaking is similar to the manner in which UtiliCorp participated in the bidding process which resulted in its present ownership interest in United Energy, an Australian electric distribution company, and MultiNet/Ikon, a natural gas distribution business located in the suburbs of Melbourne, Australia. The Commission approved each of these investments in the context of its Case Nos. EM-95-303<sup>3</sup> and GM-98-531.<sup>4</sup>

10. Because the West Australian Government will view unfavorably offers conditioned

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<sup>2</sup> Australia is 16 hours ahead of Missouri time.

<sup>3</sup> *In the Matter of the Application of UtiliCorp United Inc. for authority to acquire, indirectly, an ownership interest in United Energy, an electric distribution business located in Australia, and to take all other actions reasonably necessary to effectuate said transaction.*

<sup>4</sup> *In the Matter of the Application of UtiliCorp United Inc. for authority to acquire, indirectly, an ownership interest in Natural Gas Businesses to be Privatized by the State of Victoria, Australia, and to take all other actions reasonably necessary to effectuate said transaction.*

on obtaining regulatory approvals, UtiliCorp must obtain all such approvals in advance of making its final bid. Accordingly, a Commission order approving this Application is requested by no later than May 26, 2000, bearing an effective date of no later than June 8, 2000. Given the extremely ambitious schedule described in paragraph 7, UtiliCorp would effectively be precluded from the final bidding process were it not to have all effective regulatory approvals, including that of the Commission, by the date final bids are due (i.e., June 9, 2000).

11. The proposed investment in AlintaGas will have no adverse affect on the Missouri customers of UtiliCorp and, consequently, is not detrimental to the public interest. Any such investment will be operated as a totally separate entity from UtiliCorp. UtiliCorp's customers will see no change in their day-to-day utility service or rates and said customers will continue to be served effectively and efficiently. Further, the proposed transaction will have no impact on the tax revenues of the Missouri political subdivisions in which any structure, facility or equipment of UtiliCorp is located.

12. The following additional appendices are attached hereto and made a part hereof for all purposes:

- Appendix 2 - Certified copy of the Resolutions of the Board of Directors of UtiliCorp authorizing the described transaction (to be late-filed)<sup>5</sup>.
- Appendix 3 - Financial statements showing the results of the acquisition on the UtiliCorp consolidated financial statements.

Because any investment in AlintaGas will be the result of a competitive bidding process, there is presently no stock purchase agreement to submit as an appendix to the Application. Accordingly,

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<sup>5</sup> See footnote #1. UtiliCorp board approval will be sought one week in advance of the submission of the final bid.

UtiliCorp requests a waiver of the requirement set forth in 4 CSR 240-2.060(9)(A) that a copy of the stock purchase agreement be included with this Application.

WHEREFORE, UtiliCorp respectfully requests that the Commission issue an order, bearing an effective date of no later than June 8, 2000:

- (1) authorizing the acquisition by UtiliCorp, through a subsidiary, or subsidiaries, of up to and including forty-five percent (45%) of the capital stock ownership interest in AlintaGas, to be privatized by the Government of the State of Western Australia;
- (2) authorizing UtiliCorp to execute and perform in accordance with the terms of all documents and take or cause to be taken any and all other actions reasonably necessary to effectuate the transactions described herein;
- (3) finding that the proposed transactions are not detrimental to the public interest; and
- (4) granting such other relief deemed by the Commission to be just and proper in the circumstances.

Respectfully submitted,



James C. Swearengen #21510

Paul A. Boudreau #33155

BRYDON, SWEARENGEN & ENGLAND P.C.

P.O. Box 456

Jefferson City, MO 65102-0456

(573) 635-7166

Attorneys for UtiliCorp United Inc.

STATE OF MISSOURI )

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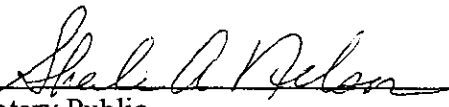
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COUNTY OF JACKSON )

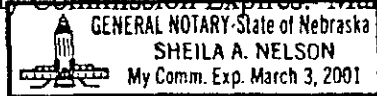
I, Jon Empson, having been duly sworn upon my oath, state that I am the Senior Vice President of UtiliCorp United Inc., that I am duly authorized to make this affidavit on behalf of UtiliCorp United Inc., and that the matters and things stated in the foregoing application and appendices thereto are true and correct to the best of my information, knowledge, and belief.

  
Jon R. Empson

Subscribed and sworn to before me this 4th day of April, 2000.

  
Notary Public

~~My Commission Expires: March 3, 2001~~




(SEAL)



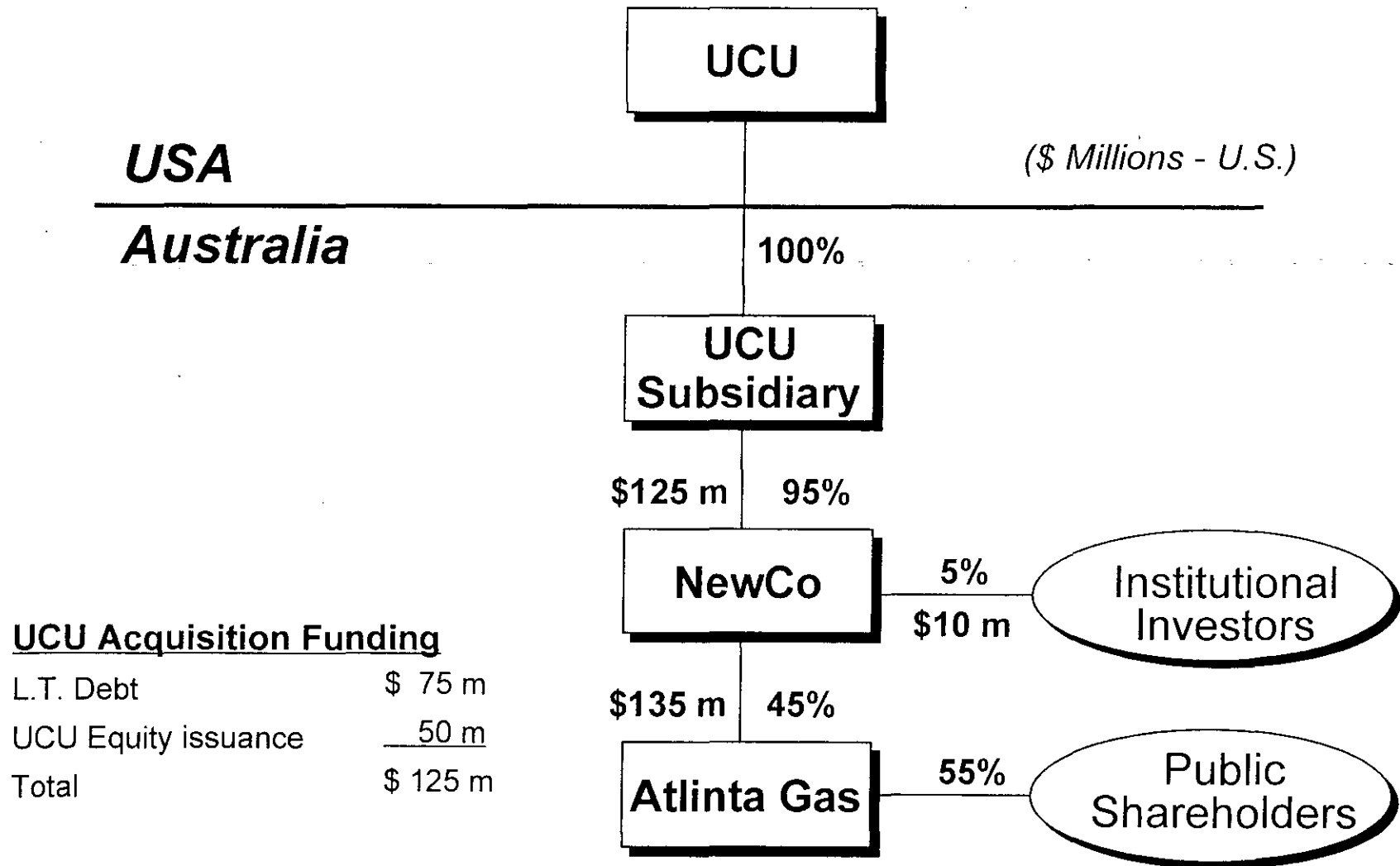
Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. mail, postage prepaid, or hand-delivered, on this 11th day of April, 2000, to:

The Office of the Public Counsel  
Truman Building, Room 250  
P.O. Box 7800  
Jefferson City, MO 65102-7800

  
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# Atlinta Gas Transaction Structure Diagram



\* Exchange Ratio U\$0.60 / A\$1.00

UtiliCorp United Inc.  
Pro forma Balance Sheet  
12/31/1999  
Including Investment in Atlinta Gas

	(\$ in million)		
	UtiliCorp Actual Dec. 1999	Atlinta Gas Investment	Pro forma Atlinta Gas UtiliCorp
Current Assets	\$ 2,272.2	\$ -	\$ 2,272.2
Property, plant & equipment, net	3,665.1	-	3,665.1
Investments in subsidiaries and partnerships	1,063.9	125.00	1,188.9
Price risk management assets	206.5	-	206.5
Merchant notes receivable	179.3	-	179.3
Deferred charges	151.6	-	151.6
Total Assets	<u>\$ 7,538.6</u>	<u>\$ 125.0</u>	<u>\$ 7,663.6</u>
Current Liabilities			
Current maturities of long-term debt	\$ 42.8	\$ -	\$ 42.8
Short term debt	248.9	-	248.9
Accounts payable	1,713.1	-	1,713.1
Accrued liabilities	59.2	-	59.2
Price risk management liabilities	181.7	-	181.7
Other	99.0	-	99.0
Total Current Liabilities	2,344.7	0.0	2,344.7
Long-term debt	2,202.3	75.00	2,277.3
Income taxes and credits	434.2	-	434.2
Price risk management liabilities	520.7	-	520.7
Minority interests	76.8	-	76.8
Deferred credits	84.5	-	84.5
Total Long Term Liabilities	3,318.5	75.0	3,393.5
Company obligated mandatorily redeemable preferred securities of partnership	100.0	-	100.0
Company obligated mandatorily redeemable security of trust holding solely parent company senior deferrable notes	250.0	-	250.0
Common shareholders' equity	1,525.4	50.00	1,575.4
Total Liabilities and Shareholders' Equity	<u>\$ 7,538.6</u>	<u>\$ 125.0</u>	<u>\$ 7,663.6</u>

Notes to pro forma balance sheet:

- (1) Pro forma assumes a preliminary purchase price of \$600 million for Atlinta Gas.
- (2) \$300 million of debt will be funded by Atlinta and \$300 million by equity investors. UtiliCorp is expected to own 42.75%, which represents \$125, which will be funded as illustrated above.
- (3) The investment will be accounted for under the Equity Method and the project will not be consolidated with UCU.

UtiliCorp United Inc.  
Pro forma Income Statement  
12/31/1999  
Including Investment in Atlanta Gas

	(\$ in million)		
Sales	UtiliCorp Actual Dec. 1999	2001 Atlanta Gas Investment	Pro forma Atlanta Gas UtiliCorp
Sales	\$ 18,621.5	\$ -	\$ 18,621.5
Cost of Sales	17,464.7	-	17,464.7
Gross Profit	1,156.8	-	1,156.8
Expenses	829.0	-	829.0
Equity in earnings of investment and partnerships	(69.5)	(9.5)	(79.0)
Other (income) expense	(16.7)	-	(16.7)
EBIT	414.0	9.5	423.5
Interest Expense	185.3	6.2	191.5
Income Taxes	68.2	(2.0)	66.2
Net Income	\$ 160.5	\$ 5.4	\$ 165.9

Notes to the pro forma income statement:

(1) With the close expected late in the third quarter or fourth quarter 2000, 2001 will be the first full year of investment in Atlanta Gas. Thus, the results are illustrated on a projected 2001 basis. To illustrate the results on any other basis would not show the true impact of the investment going forward.

(2) The investment will be accounted for under the Equity Method and the project will not be consolidated with UCU.