

UTILICORP UNITED INC.

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

FILED²

OCT 19 1999

Missouri Public
Service Commission

In the matter of the Joint Application of)
UtiliCorp United Inc. and St. Joseph Light)
& 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)

Case No. EM-2000-292

UtiliCorp United Inc. and St. Joseph Light & Power Company Merger

Direct Testimony

October 19, 1999

Exhibit No.:
Issue: Employee Benefits
Witness: Robert B. Browning
Type of Exhibit: Direct Testimony
Sponsoring Party: UtiliCorp United Inc.
Case No.:

Before the Public Service Commission
of the State of Missouri

Direct Testimony
of
Robert B. Browning

October 19, 1999

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
DIRECT TESTIMONY OF ROBERT B. BROWNING
ON BEHALF OF UTILICORP UNITED INC.**

CASE NO.

1 Q. Please state your name, position and business address

2 A. My name is Robert B. Browning. I am employed by UtiliCorp United Inc. ("UtiliCorp"),
3 within the Enterprise Support Functions division, as Vice President of Human Resources
4 a position I've held since July, 1998. I joined UtiliCorp in August, 1993. My business
5 address is 20 W. 9th Street, Kansas City MO 64105. Prior to assuming the role of Vice
6 President of Human Resources, I attended the Sloan School of Business Management at
7 MIT, on an educational sabbatical. From June 1996 through June 1997, I was Director of
8 Business Process Reengineering, overseeing our reengineering projects associated with
9 our PeopleSoft Accounting software installation, Customer Information System,
10 Computer-Aided Dispatching, and Automated Mapping and Facilities Management.
11 From 1993 through 1996, I was Director, Organization Effectiveness, within the Human
12 Resources department at UtiliCorp. Prior to joining UtiliCorp I held a variety of
13 management positions in Human Resources, Sales and Distribution at Coca-Cola
14 Enterprises for 16 years.

15 Q. For whom are you testifying in this case?

16 A. I am testifying on behalf of UtiliCorp United Inc. ("UCU") and its operating division
17 Missouri Public Service ("MPS").

18 Q. Please describe your educational background.

1 A. I hold both a B.S. from San Diego State University and an M.S. from Massachusetts
2 Institute of Technology. My responsibilities during the past three years include the
3 management of UtiliCorp's Human Resources functions including compensation and
4 benefits, employee and labor relations, organizational effectiveness, and performance
5 management.

6 Q. Have you previously filed testimony before any state or federal agencies?

7 A. No.

8 Q. What is the purpose of your testimony in this proceeding?

9 A. The purpose of my testimony in this proceeding is to provide an overview of the current
10 employee benefits of the merged companies, the changes in benefits for employees as a
11 result of the merger, the timing, the accounting, and the cost impact of the change.

12 Q. Do you sponsor any schedules associated with this application?

13 A. Yes, I am sponsoring the following: Schedule RBB-1 is a comparison of benefit plans
14 for St. Joseph Light and Power ("SJLP") and UtiliCorp. Schedules RBB-2 and RBB-3
15 are example letters of communication to both active and retired SJLP employees.
16 Schedules RBB-4 and RBB-5 summarize the cost impact and timing of the change of
17 pension plan benefits (FAS 87) for non-bargaining and bargaining plan employees.
18 Schedules RBB-6 and RBB-7 summarize the cost impact and timing of the change of
19 retiree medical benefits (FAS 106) for non-bargaining and bargaining plan employees.
20 Finally, Schedule RRB-8 shows the net cost impact to the active SJLP employee health,
21 welfare, 401(K), and employee stock contribution plan.

22 Q. Were these schedules prepared by you or under your direction?

1 A. Yes.

2 Q. What is the structure of your testimony?

3 A. I will first generally describe the current employee benefits of the merger companies. I
4 then will describe what changes in benefits the acquired employees will experience.
5 Then I will describe the timing for these changes in benefits. I will then discuss the
6 funding for benefit reserves. And, finally, I will discuss the cost impact of the change in
7 employee benefits.

8 Q. Describe the current employee benefits of the merger companies.

9 A. The current employee benefits of the merger companies, UCU and SJLP, include
10 Pension, Savings/ESOP, Stock Purchase Plan, Medical, Dental, Vision, Life Insurance,
11 AD&D Insurance, Long-term Disability Insurance, and Flexible Spending Accounts. For
12 specific details, please see Schedule RBB-1, attached.

13 Q. Describe what changes in benefits the acquired employees will experience.

14 A. UtiliCorp has collaborated with SJLP management in crafting a communication to all
15 active and retired employees to explain contemplated changes in benefits following the
16 closing of each merger. Schedule RBB-2 represents our communication to SJLP active
17 employees. Schedule RBB-3 represents our communication to SJLP retirees. UtiliCorp
18 believes that the most cost effective and efficient manner to provide comprehensive
19 benefits to active and retired employees is through the integration of SJLP benefit plans
20 into UtiliCorp's cafeteria-style benefit program or the elimination of current SJLP plans
21 while replacing them with UtiliCorp's benefit plans. However, UtiliCorp has not
22 committed to an exact course of action as to specific timing and to what extent all benefit

1 plans will be integrated or eliminated at this point. Such a commitment will follow a
2 thorough review to validate that the total benefit plan provided to SJLP employees
3 following a successful merger is, in the aggregate, at least comparable to the health and
4 life benefits currently provided by SJLP.

5 Q. Describe the timing for these changes in benefits.

6 A. As described in Schedules RBB-2 and RBB-3, UtiliCorp has agreed not to change any
7 active or retiree benefit plans for at least one year (twelve months) following the close of
8 the merger. UtiliCorp will then work with SJLP management to determine the timing
9 and approach to integrating benefit plans in order to preserve the best cost structure and
10 ensure SJLP employees and retirees remain eligible for benefits that are at least
11 comparable to the health and life benefits currently provided by SJLP.

12 Q. Discuss the accounting for the funding for benefit reserves, i.e. pension funding.

13 A. Reserves for the pension plans (FAS 87) have been divided into bargaining and non-
14 bargaining plans. For the purposes of estimating the effect on pension benefit reserves
15 and cost impact of the merger on the various benefit plans, Price Waterhouse Coopers
16 ("PWC") was retained. In estimating the impact of the merger, the SJLP plan
17 assumptions were first converted to UtiliCorp plan assumptions as it relates to the
18 discount rate and the investment earnings rate. The discount rate was reduced from
19 7.25% to 6.75%, which is considered by PWC to be a more conservative approach. The
20 investment return rate was raised from 9% to 10% to reflect UtiliCorp's historical
21 investment return rate. The effect of these changes resulted in a change in reserves as
22 indicated below. These calculations indicate the plans will remain in an over-funded

1 status: FAS 87 Bargaining Plan for SJLP = \$13, 628,300 and for UtiliCorp =
2 \$13,941,807. FAS 87 Non-Bargaining Plan for SJLP = \$9,251,157 and for UtiliCorp =
3 \$9,599,812. Schedules RBB-4 and RBB-5 provide a more comprehensive review of the
4 calculations.

5 Q. Discuss the cost impact of the change in employee benefits.

6 A. Schedules RBB-4 and RBB-5 also summarize the cost impact and timing of the change of
7 pension plan benefits (FAS 87) assuming a complete integration of SJLP non-union
8 employees into UtiliCorp's existing benefit plans on 7/1/01. The bargaining unit
9 employees were assumed to stay in their existing plans for the purposes of these
10 calculations, since there is no guarantee of UtiliCorp's ability to negotiate the movement
11 of this group of employees into UtiliCorp's pension plan. Factored into this cost estimate
12 are the headcount reductions estimated in the synergy study developed by UtiliCorp
13 management.

14 Q. What is shown on Lines 28 and 30 of Schedules RBB-4 and RBB-5, respectively?

15 A. Line 28 on Schedule RBB-4 shows the net cost impact to the Bargaining Pension Plans
16 and its timing following the merger. Line 30 on Schedule RBB-5 shows the net cost
17 impact to the Non-Bargaining Pension Plan and its timing following the merger. The
18 reduction in expenses associated with both the bargaining and non-bargaining plans can
19 be attributed primarily to headcount reductions. The Service Costs drop dramatically in
20 the non-bargaining plan, since that group of employees will be effected most directly by
21 the planned headcount reductions. Similarly, the expected interest costs and investment

1 returns for the plans drop more drastically in the non-bargaining plan, since the size of the
2 plan will be reduced commensurate with the number of projected participants.

3 Q. What is shown on Schedules RBB-6 and RBB-7?

4 A. Schedule RBB-6 and RBB-7 summarize the cost impact and timing of the change of
5 retiree medical benefits (FAS 106) assuming a complete integration of "SJLP" non-union
6 and union employees into UtiliCorp's existing benefit plan. Factored into this cost
7 estimate are the headcount reductions estimated in the synergy study developed by
8 UtiliCorp management.

9 Q. What is shown on Line 28 of Schedule RBB-6?

10 A. Line 28 on Schedule RBB-6 shows the net cost impact to the Bargaining Pension Plan
11 and its timing following the merger.

12 Q. What is shown on Line 30 of Schedule RBB-7?

13 A. Line 30 on Schedule RBB-7 shows the net cost impact to the Non-Bargaining Pension
14 Plan and its timing following the merger.

15 Q. Please discuss the Medical Plan.

16 A. With respect to the Bargaining Unit Employee's Retiree Medical Plan, estimated
17 incremental costs as a result of the merger increase year over year due to an expected
18 increase in early retirees. We expect the frequency of early retirees to increase because
19 12 months after the close of the transaction, any employee who retires will be expected to
20 pay a premium equal to the full cost of the retiree medical plan. The Non-Bargaining
21 Unit Plan is expected to generate approximately \$806,300 in incremental expense in the
22 final 6 months prior to close as a result of a greater than normal number of early retirees.

1 Subsequent to the close of the merger, savings increase beginning in 2004 as a result of a
2 reduced interest and service costs. The primary driver for decreased service costs is the
3 conversion of SJLP retirees to UtiliCorp's retiree medical plan, in which UtiliCorp and
4 retirees will realize greater network discounts.

5 Q. What is shown on Schedule RBB-8?

6 A. Active employee health, welfare, 401(k) and Employee Stock Contribution Plan
7 ("ESCP") cost impacts are estimated on Schedule RBB-8. The result of this analysis
8 indicates an overall reduction of associated costs by \$58,585 in 2000, \$764,568 in 2001,
9 and \$794,808 in 2002, over the base year costs of 1999. The primary driver for reduced
10 costs is headcount reductions. However, in 2002, cost savings are not as great as in prior
11 years as a result of allowing non-bargaining unit employees of SJLP into the UtiliCorp
12 ESCP and increasing the matching contributions in the 401(k) from \$.50 on the dollar
13 through the first 6% of employee contributions to \$1.00-for-\$1.00 match through the first
14 6% of employee contributions.

15 Q. Does this conclude your direct testimony at this time?

16 A. Yes, it does.

UtiliCorp United Inc.
Comparison of Benefit Plans
UtiliCorp United - St. Joseph Light & Power
1999

I. Pension Plan	SJLP	UtiliCorp
Definitions		
Earnings/Compensation	W-2 plus Bonus	Base pay excluding overtime, bonuses & non-qualified deferred income
Average Earnings	High consecutive 5 years out of 10	High 4 consecutive years
Vesting Service	N/A	1,000 hours
Credited Service	1 year	1,000 hours
Covered Compensation	Average of Social Security taxable wage bases for 35 years ending with year of Social Security retirement age.	Average of Social Security taxable wage bases for 35 years ending with year of Social Security retirement age
Eligibility	1 year of company service	Age 21, 1 year at 1,000 hours
Vesting	100% at 5 years	100% at 5 years or age 55
Normal Retirement	Age 65	Age 62
Early Retirement	Age 55 with 10 years of credited service; or any age with 35 years of service	Age 55
Disability	5 years of service	5 years of service
Death Benefit	Death or when participant would have turned 55 if vested.	Vested or Age 55
Employee Contributions	None since January 1, 1982	None

I. Pension Plan	SJLP	UtiliCorp
Benefit Provisions Normal Retirement Benefit	<ul style="list-style-type: none"> 1.35% of the compensation base up to the "covered compensation" plus 1.7% of the compensation base in excess of covered compensation multiplied by credited service up to 35 years; plus .5% of the compensation base multiplied by years of service in excess of 35 years 	a + b + c with minimum of \$23.00 x credited service (max. 30) a) .85% AME x credited service (maximum 30 years) b) .40% AME minus covered comp x credited service (maximum 30 years) c) .45% AME x pre-1989 credited service
Early Retirement Reduction	1/12% for each month prior to 60 and 5/24% for each month from 60-65	.5% per month from age 62
Social Security Supplement	None	None
Disability	Accrual of service continues until participant begins drawing benefits	Unreduced accrued benefit paid immediately
Death	50% accrued benefit paid at later of death or age 55 to spouse	50% accrued benefit paid at later of death or age 55
Normal Form of Benefit	<ul style="list-style-type: none"> Single – Life Annuity Married – Reduced qualified joint and 50% survivor 	<ul style="list-style-type: none"> Single - Life annuity Married - Reduced qualified joint and 50% survivor
Optional Forms of Benefit	Joint & Survivor – 25%; 50%; 66 2/3%; 75% & 100%. Anything less than 50% requires spousal waiver and anything greater than 50% requires "evidence of good health"	<ul style="list-style-type: none"> Various Joint & Survivor Level Income 10-Year Certain & Life
Lump Sum Payment	Automatic if less than \$3,500	Automatic if less than \$3,500 (\$5,000)
Cost of living adjustment	None	None

II. SAVINGS/ESOP	SJLP	UtiliCorp
Eligibility	Immediate, full and part time	Immediate, full and part time
In-Service Withdrawals	<ul style="list-style-type: none"> Hardship only (after loan) 	<ul style="list-style-type: none"> \$500 minimum starting with after-tax Age 59-1/2 pre-tax Hardship Withdrawal of ESOP if age 55 and plan participant for 10 years
Vesting	<ul style="list-style-type: none"> 100% immediate 	<ul style="list-style-type: none"> 20% per year; 100% after 5 years
Contributions		
Pre-Tax	2 - 15%	1 - 15%
After-Tax		1 - 15%
Company Match	<ul style="list-style-type: none"> 50% of the first 6% after one year of employment 	<ul style="list-style-type: none"> 100% of employee first 6% Made in company stock
Stock Contribution	None	Discretionary 3% of base pay
Rollover	Yes	Yes
Investment Options	Stable Value; Select Income; Total Return; Value Equity; IRT 500 Index; Dynamics; Internat. Equity; & Co. Stock	<ul style="list-style-type: none"> Fixed income; large, small and international company stock; UtiliCorp Company Stock 1% increments
Other Features		
Allocation	Daily	Daily
Loan	Yes	Yes
Statements	Quarterly & On Request	Quarterly

III. Stock Purchase	SJLP	UtiliCorp
Eligibility	N/A	Date of hire for employees who work at least 20 hours per week for 5 months per calendar year
Entry Period		4 entry dates per year
Discount		15% of the closing market price on the first day of the option period or the closing market price on the last day of the option period
Time of purchase		4 times per year - Feb, May, Aug, Nov
How purchased		Payroll deduction and/or lump sum - no minimum but no greater than 20% of base pay
Restrictions on sale of stock		Must be held for 2 years
Dividends		Paid to participant or reinvested
Statements		Quarterly
Payments		Must be in stock certificate
Interest Account		None
Withdrawals		None

IV. Medical	SJLP	UtiliCorp
Eligibility	Date of hire (20 hrs. per week)	First day of month after date of hire; full and part-time employees
Deductible	\$200/\$400 (lifestyle issues could result in double deductible – seat belts, DUI, etc.) \$50 emergency room (if not admitted)	\$250/\$500 MedPlus \$500/\$1,000 BasicCare \$1,250/\$2,500 Safety Net
Co-Payments	80%-20% in network 60%-40% out of network	90%/10% MedPlus In-network
Annual out of Pocket Limit	\$1,000-\$2,000	\$1,500/\$3,000 MedPlus
Maximum Lifetime Limit	\$1,000,000	\$5,000,000
Employee Contributions	Employee free; one dependent \$25/mth.; two or more dep. \$40 mth.	Employee pays 25% premium
Prescription Drugs	\$1.00 90/day maintenance; \$0 30 day generic & \$10 30 day name brand	Employee pays greater of \$5 or 20% for 34 days supply; mail order 90 days with \$5/20% provision
Outpatient Surgery, second surgical opinion, pre- admission testing,	80%/20% in network – 60%/40% out of network	Paid at 90%/10% if in-network
Networks	HealthNet	Extensive use of networks

V. Dental	SJLP	UtiliCorp
Eligibility	First day of month after date of hire (20 hrs. per week)	First day of month after date of hire; full and part-time employees
Deductible	None for preventive \$35/\$105	None for preventive \$50/\$150 for other covered services for comprehensive option
Co-Payments	Restorative 80%/20% Replacement 50%50%	Comprehensive Option: 100% preventive, 80% basic care, 50% major services
Annual Limit	\$1,000	\$1,000 - Comprehensive Option
Maximum Lifetime Ortho	None	\$1,500 - Comprehensive Option
Employee Contributions	None	Employee pays 25% premium
VI. Vision	SJLP	UtiliCorp
Eligibility	None	First day of month after date of hire; full and part-time employees
Exam	None	Paid 100% for comprehensive option - every 12 months
Lenses	None	Comprehensive Option: 100% after \$25 co-payment - every 12 months
Frames	None	Comprehensive Option: 100% after \$25 co-payment - every 12 months
Contact Lenses	None	Comprehensive Option: Up to \$105 every 12 months-
Employee Contributions	None	Employee pays 0% premium for basic option, 75% of comprehensive option

VII. Life Insurance	SJLP	UtiliCorp
Eligibility	First day of month after date of hire (20 hrs. per week)	First day of month after date of hire, full and part-time employees
Amount	2 x annual pay rounded to nearest \$500 – capped at \$700,000	Employee may purchase \$10,000, \$50,000 or from 1 to 5 times base pay to maximum of \$1,000,000
Premiums	Employee pays nothing	Company provides credits to purchase up to 2 times base pay; 1 times base pay for part-time employees
Spouse / Child Life Insurance	None	Spouse life from \$20,000 to \$100,000; child life of \$5,000 or \$10,000. No company credits for spouse or child life.

VIII. AD&D Insurance	SJLP	UtiliCorp
Eligibility	First day of month after date of hire (20 hrs. per week)	First day of month after date of hire; full and part-time employees
Amount	2 x annual pay rounded to nearest \$500 – capped at \$50,000	Employee may purchase from 1 to 5 times base pay to maximum of \$1,000,000; single and family p lans
Premiums	Employee pays nothing	Company provides credits to purchase up to 2 times base pay; 1 times base pay for part-time employees

IX. Long Term Disability Insurance	SJLP	UtiliCorp
Eligibility	First day of month after 5 years of service	First day of month after date of hire: full-time employees
Qualifying Period	180 days	180 days
Amount	65%-75% of monthly base pay	Employee option of 50%, 60% or 66 2/3% of monthly base pay
Premiums	Employee pays nothing	Company provides credits to purchase up to 60% monthly base pay; insured
Length of payments	<60 – 65 th birthday; >60 – 70 th birthday; 60-69 – to age 70 or at least 60 payments; 69 – one year	24 months for mental health; to age 65 for other claims

X. Flexible Spending Accounts	SJLP	UtiliCorp
Eligibility	Immediate	First day of month after date of hire: full and part-time employees
Contribution Amount		
Medical	\$3,000	\$3,000
Dependent Care	\$5,000	\$5,000

SJLP Active Employee Letter

Dear Employee:

We know that you have some concerns regarding the benefits you will receive once the merger with UtiliCorp United Inc is completed. This issue is specifically addressed in the merger agreement. We would like to take this opportunity to communicate how it is addressed.

Active Employees Who Retire Within One Year of the Merger

In the merger agreement, it was agreed that so long as UtiliCorp continues its benefit plans, they will provide access to and funding for benefits for any active Light and Power employee who meets the eligibility requirements of Light and Power's retiree health care and life plans, and who retires within one year of the date the merger is completed. The health and life benefit plans, in the aggregate, will be at least comparable to the health and life benefits currently available to you.

As you know, you and Light and Power share in the cost of the total premiums for these plans. The premium payments you currently make as a percent of the total will be determined according to the same cost sharing ratio currently in effect with respect to Light and Power's retiree health care and life benefits. In the event UtiliCorp United is unable to recover its share of the costs of these plans in regulatory rates, they may modify the cost-sharing ratio, funding, or the premiums.

Employees Who Remain Active After the Merger Date

UtiliCorp Human Resources will work with Light and Power Human Resources to determine the timing and approach to integrating our benefit plans that is in the best interest of our newly merged companies' cost structure, while providing a comprehensive benefit package to employees that is at least comparable to those you currently enjoy.

We would like to emphasize that with respect to any interpretation of these benefits, the merger agreement and the respective Plan documents are the final authority. We hope this helps to answer any concern you might have. As more information is received, we will keep you informed.

SJLP Retiree Letter

Dear Retiree:

We know that you have some concerns regarding the benefits you will receive once the merger with UtiliCorp United Inc is completed. This issue is specifically addressed in the merger agreement. We would like to take this opportunity to communicate how it is addressed.

In the merger agreement, it was agreed that so long as UtiliCorp continues its health and life plans, they will provide access to and funding for these plans for all Light and Power retirees as of the date the merger is completed. These health and life plans, in the aggregate, will be at least comparable to the health and life benefits currently available to you. As you may know, you and Light and Power share in the cost of the total premiums for these plans. The premium payments you currently make as a percent of the total will be determined according to the same cost sharing ratio currently in effect with respect to Light & Power's retiree healthcare and life benefits. In the event UtiliCorp United were unable to recover its share of the costs of these plans in regulatory rates, they may modify the cost-sharing ratio, funding, or the premiums.

With respect to any interpretation of these benefits, the merger agreement and the respective Plan documents are the final authority.

UtiliCorp United and Light and Power representatives have worked hard to develop an agreement that makes every effort to preserve health and life plans that are as consistent as possible with what you have enjoyed in the past with regard to design and cost. We hope this helps to answer any concerns you might have. As more information is received, we will keep you informed.

UtiliCorp United Inc. - St. Joseph Light and Power Acquisition

FAS87 Information
Bargaining Plan

Estimated Balance Sheet Information at 7/1/2000

	SJLP Assumptions Current Plan	UCU Assumptions Purchase Accounting
1 Benefit Obligation	(17,704,414)	(19,015,103)
2 Fair Value of Assets	38,934,459	38,934,459
3 Funded Status	21,230,045	19,919,356
4 Unrecognized Amounts	(7,601,745)	(5,977,549)
5 (Accrued)/Prepaid Benefit Cost	13,628,300	13,941,807
6 Assumed Discount Rate	7.25%	6.75%

Estimated Expense Information

	1/1/99	2000		2001		1/1/02	1/1/03	1/1/04	1/1/05	1/1/06	1/1/07	1/1/08
		01/01-06/30	07/01-12/31	01/01-06/30	07/01-12/31							
<u>SJLP Assumptions</u>												
Net Periodic Cost												
7 Service Cost	549,870	285,932	285,932	297,369	297,369	618,528	643,269	669,000	695,760	723,590	752,534	782,635
8 Interest Cost	1,158,807	609,332	609,332	640,627	640,627	1,346,678	1,415,042	1,486,450	1,561,010	1,638,829	1,720,019	1,804,689
9 Expected Return	(3,106,105)	(1,668,620)	(1,668,620)	(1,793,757)	(1,793,757)	(3,858,643)	(4,152,504)	(4,471,151)	(4,816,832)	(5,192,010)	(5,599,380)	(6,041,896)
10 Amort: (Gain)/Loss	(562,886)	(772,643)	(772,643)	(805,895)	(805,895)	(1,576,820)	(1,451,767)	(1,262,012)	(1,050,358)	(865,078)	(716,797)	(610,654)
11 Trans. Asset	(289,895)	(144,948)	(144,948)	(144,948)	(144,949)	0	0	0	0	0	0	0
12 Prior SC	128,600	64,300	64,300	64,300	64,300	128,600	128,600	128,600	128,600	128,600	44,818	0
13 Total	(2,121,609)	(1,626,647)	(1,626,647)	(1,742,304)	(1,742,305)	(3,341,657)	(3,417,360)	(3,449,113)	(3,481,820)	(3,566,069)	(3,798,806)	(4,065,226)
<u>UCU Assumptions</u>												
Net Periodic Cost												
14 Service Cost	599,301	311,637	311,637	324,102	324,102	674,132	701,097	729,141	758,307	788,639	820,185	852,992
15 Interest Cost	1,161,986	610,633	610,633	641,593	641,593	1,347,838	1,415,318	1,485,723	1,559,152	1,635,701	1,715,471	1,798,561
16 Expected Return	(3,451,228)	(1,854,022)	(1,854,022)	(1,993,063)	(1,993,063)	(4,287,381)	(4,613,893)	(4,967,945)	(5,352,036)	(5,768,900)	(6,221,533)	(6,713,218)
17 Amort: (Gain)/Loss	(479,971)	(718,156)	(718,156)	(716,306)	(716,306)	(1,318,660)	(1,107,802)	(876,787)	(629,900)	(339,505)	0	0
18 Trans. Asset	(289,895)	(144,948)	(144,948)	(144,948)	(144,949)	0	0	0	0	0	0	0
19 Prior SC	128,600	64,300	64,300	64,300	64,300	128,600	128,600	128,600	128,600	128,600	44,818	0
20 Total	(2,331,207)	(1,730,556)	(1,730,556)	(1,824,322)	(1,824,323)	(3,455,471)	(3,476,680)	(3,501,268)	(3,535,877)	(3,555,465)	(3,641,059)	(4,061,665)
<u>UCU Assumptions/Purchase 7/1/2000 (Movement into the UCU plan must be negotiated with union representatives)</u>												
Net Periodic Cost												
21 Service Cost	599,301	311,637	311,637	302,288	302,288	604,576	622,713	647,622	673,527	700,468	728,487	757,626
22 Interest Cost	1,161,986	610,633	610,633	640,150	640,150	1,333,314	1,379,606	1,423,145	1,469,015	1,517,382	1,568,426	1,622,340
23 Expected Return	(3,451,228)	(1,854,022)	(1,854,022)	(1,990,926)	(1,990,926)	(4,270,089)	(4,571,888)	(4,893,349)	(5,243,562)	(5,625,319)	(6,041,686)	(6,496,036)
24 Amort: (Gain)/Loss	(479,971)	(718,156)	(718,156)	(716,306)	(716,306)	(1,318,660)	(1,107,802)	(876,787)	(629,900)	(339,505)	0	0
25 Trans. Asset	(289,895)	(144,948)	(144,948)	(144,948)	(144,949)	0	0	0	0	0	0	0
26 Prior SC	128,600	64,300	64,300	64,300	64,300	128,600	128,600	128,600	128,600	128,600	44,818	0
27 Total	(2,331,207)	(1,730,556)	(1,730,556)	(1,845,442)	(1,845,443)	(3,522,259)	(3,548,771)	(3,570,769)	(3,602,320)	(3,618,374)	(3,699,955)	(4,116,070)
<u>Estimated Cost Impact - Additional Expense/(Reduced Expense)</u>												
28	0	0	0	(21,120)	(21,120)	(66,788)	(72,091)	(69,501)	(66,443)	(62,909)	(58,896)	(54,405)

FAS87 Information
Nonbargaining Plan

Estimated Balance Sheet Information at 7/1/2000

	<u>SLJP Assumptions</u> <u>Current Plan</u>	<u>UCU Assumptions</u> <u>Purchase Accounting</u>
1 Benefit Obligation	(19,882,285)	(21,276,121)
2 Fair Value of Assets	35,495,285	35,495,285
3 Funded Status	15,613,000	14,219,164
4 Unrecognized Amounts	(6,361,843)	(4,619,352)
5 (Accrued)/Prepaid Benefit Cost	9,251,157	9,599,812
6 Assumed Discount Rate	7.25%	6.75%

Estimated Expense Information

	<u>1/1/99</u>	<u>2000</u> <u>01/01-06/30</u>	<u>07/01-12/31</u>	<u>2001</u> <u>01/01-06/30</u>	<u>07/01-12/31</u>	<u>1/1/02</u>	<u>1/1/03</u>	<u>1/1/04</u>	<u>1/1/05</u>	<u>1/1/06</u>	<u>1/1/07</u>	<u>1/1/08</u>
<u>SLJP Assumptions</u>												
<u>Net Periodic Cost</u>												
7 Service Cost	576,394	299,725	299,725	311,714	311,714	648,365	674,300	701,272	729,323	758,496	788,836	820,389
8 Interest Cost	1,324,307	685,035	685,035	708,679	708,679	1,465,036	1,512,966	1,560,986	1,608,915	1,656,548	1,703,655	1,749,978
9 Expected Return	(2,869,733)	(1,521,226)	(1,521,226)	(1,614,071)	(1,614,071)	(3,426,474)	(3,638,413)	(3,865,012)	(4,107,408)	(4,366,838)	(4,644,646)	(4,942,291)
10 Amort: (Gain)/Loss	(499,913)	(705,312)	(705,312)	(714,241)	(714,241)	(1,368,504)	(1,298,200)	(1,129,994)	(941,009)	(775,541)	(641,251)	(541,466)
11 Trans. Asset	(141,310)	(70,655)	(70,655)	(70,655)	(70,654)	0	0	0	0	0	0	0
12 Prior SC	120,294	60,147	60,147	60,147	60,147	120,294	120,294	120,294	120,294	120,294	120,294	120,294
13 Total	(1,489,961)	(1,252,286)	(1,252,286)	(1,318,427)	(1,318,426)	(2,561,283)	(2,629,053)	(2,612,454)	(2,589,885)	(2,607,041)	(2,673,112)	(2,793,096)
<u>UCU Assumptions</u>												
<u>Net Periodic Cost</u>												
14 Service Cost	625,340	325,177	325,177	338,184	338,184	703,423	731,560	760,822	791,255	822,905	855,821	890,054
15 Interest Cost	1,322,246	684,009	684,009	707,671	707,671	1,463,169	1,511,384	1,559,850	1,608,417	1,656,912	1,705,142	1,752,893
16 Expected Return	(3,188,592)	(1,690,252)	(1,690,252)	(1,793,413)	(1,793,413)	(3,807,193)	(4,042,681)	(4,294,457)	(4,563,786)	(4,852,042)	(5,160,718)	(5,491,434)
17 Amort: (Gain)/Loss	(491,096)	(646,210)	(646,210)	(618,091)	(618,091)	(1,095,452)	(940,089)	(737,879)	(525,798)	(263,420)	0	0
18 Trans. Asset	(141,310)	(70,655)	(70,655)	(70,655)	(70,654)	0	0	0	0	0	0	0
19 Prior SC	120,294	60,147	60,147	60,147	60,147	120,294	120,294	120,294	120,294	120,294	120,294	120,294
20 Total	(1,753,118)	(1,337,784)	(1,337,784)	(1,376,157)	(1,376,156)	(2,615,759)	(2,619,532)	(2,591,370)	(2,569,618)	(2,515,351)	(2,479,461)	(2,728,193)
<u>UCU Assumptions/Purchase 7/1/2000/Change to UCU Benefit 7/1/2001</u>												
<u>Net Periodic Cost</u>												
21 Service Cost	625,340	325,177	325,177	146,330	87,798	122,917	79,896	83,092	86,416	89,873	93,468	97,207
22 Interest Cost	1,322,246	684,009	684,009	680,570	680,570	1,296,268	1,252,664	1,209,042	1,159,353	1,103,111	1,039,798	968,858
23 Expected Return	(3,188,592)	(1,690,252)	(1,690,252)	(1,785,728)	(1,785,728)	(3,756,694)	(3,945,579)	(4,142,257)	(4,353,655)	(4,581,123)	(4,826,139)	(5,090,330)
24 Amort: (Gain)/Loss	(491,096)	(646,210)	(646,210)	(618,091)	(618,091)	(1,095,452)	(940,089)	(737,879)	(525,798)	(263,420)	0	0
25 Trans. Asset	(141,310)	(70,655)	(70,655)	(70,655)	(70,654)	0	0	0	0	0	0	0
26 Prior SC	120,294	60,147	60,147	30,074	30,074	42,104	29,473	29,473	29,473	29,473	29,473	29,473
27 Total	(1,753,118)	(1,337,784)	(1,337,784)	(1,617,500)	(1,676,031)	(3,390,857)	(3,523,635)	(3,558,529)	(3,604,211)	(3,622,086)	(3,663,400)	(3,994,792)
28 Curtailment			(160,535)		(708,696)	(119,950)						
29 Total Expense			(1,498,319)		(2,384,727)	(3,510,807)						

Estimated Cost Impact - Additional Expense/(Reduced Expense)

30	0	0	(160,535)	(241,343)	(1,008,571)	(895,048)	(904,103)	(967,159)	(1,034,593)	(1,106,735)	(1,183,939)	(1,266,599)
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UtiliCorp United Inc. - St. Joseph Light and Power Acquisition

FAS106 Information
Bargaining Plan

Estimated Balance Sheet Information at 7/1/2000

	SJLP Assumptions Current Plan	UCU Assumptions Purchase Accounting
1 Benefit Obligation	(7,401,368)	(11,308,458)
2 Fair Value of Assets	3,061,451	3,061,451
3 Funded Status	(4,339,917)	(8,247,007)
4 Unrecognized Amounts	3,354,454	6,713,778
5 (Accrued)/Prepaid Benefit Cost	(985,463)	(1,533,229)
6 Assumed Discount Rate	7.25%	6.75%

Estimated Expense Information

	1/1/99	2000		2001		1/1/02	1/1/03	1/1/04	1/1/05	1/1/06	1/1/07	1/1/08
		01/01-06/30	07/01-12/31	01/01-06/30	07/01-12/31							
<u>SJLP Assumptions</u>												
Net Periodic Cost												
7 Service Cost	163,381	84,958	84,958	88,356	88,356	183,780	191,131	202,599	214,755	227,640	241,298	255,776
8 Interest Cost	485,458	255,942	255,942	269,604	269,604	567,457	596,611	626,641	657,783	690,035	723,390	757,831
9 Expected Return	(216,067)	(129,779)	(129,779)	(152,393)	(152,393)	(324,380)	(337,510)	(343,840)	(345,938)	(343,526)	(335,123)	(319,926)
10 Amort: (Gain)/Loss	129	0	0	0	0	0	0	0	0	0	0	0
11 Trans. Oblig.	213,542	106,771	106,771	106,771	106,771	213,542	213,542	213,542	213,542	213,542	213,542	213,542
12 Prior SC	0	0	0	0	0	0	0	0	0	0	0	0
13 Total	646,443	317,892	317,892	312,338	312,338	640,399	663,774	698,942	740,142	787,691	843,107	907,223
<u>UCU Assumptions</u>												
Net Periodic Cost												
14 Service Cost	243,601	126,673	126,673	131,740	131,740	274,019	284,980	302,079	320,204	339,416	359,781	381,368
15 Interest Cost	696,046	365,064	365,064	382,705	382,705	801,890	839,566	878,553	919,446	962,262	1,006,957	1,053,627
16 Expected Return	(208,889)	(126,075)	(126,075)	(148,538)	(148,538)	(316,360)	(329,173)	(335,358)	(337,434)	(334,797)	(326,205)	(310,830)
17 Amort: (Gain)/Loss	213,003	117,619	117,619	106,509	106,509	192,365	173,158	155,287	138,576	122,908	108,226	94,441
18 Trans. Oblig.	213,542	106,771	106,771	106,771	106,771	213,542	213,542	213,542	213,542	213,542	213,542	213,542
19 Prior SC	0	0	0	0	0	0	0	0	0	0	0	0
20 Total	1,157,303	590,052	590,052	579,187	579,187	1,165,456	1,182,073	1,214,103	1,254,334	1,303,331	1,362,301	1,432,148
<u>UCU Assumptions/Purchase 7/1/2000/Change to UCU Benefit 7/1/2001</u>												
Net Periodic Cost												
21 Service Cost	243,601	126,673	126,673	131,740	46,241	96,181	100,028	106,030	112,392	119,136	126,284	133,861
22 Interest Cost	696,046	365,064	365,064	387,158	337,101	678,523	679,445	669,351	655,785	638,235	616,034	588,711
23 Expected Return	(208,889)	(126,075)	(126,075)	(142,024)	(142,024)	(300,710)	(311,121)	(316,349)	(317,494)	(313,721)	(303,948)	(287,327)
24 Amort: (Gain)/Loss	213,003	117,619	117,619	105,485	105,485	205,341	189,134	175,551	163,413	152,624	143,186	135,045
25 Trans. Oblig.	213,542	106,771	106,771	106,771	106,771	213,542	213,542	213,542	213,542	213,542	213,542	213,542
26 Prior SC	0	0	0	0	(45,297)	(90,594)	(90,594)	(90,594)	(90,594)	(90,594)	(90,594)	(90,594)
27 Total	1,157,303	590,052	590,052	589,130	408,277	802,283	780,434	757,531	737,044	719,222	704,504	693,238
<u>Estimated Cost Impact - Additional Expense/(Reduced Expense)</u>												
28	0	0	0	9,943	(170,910)	(363,173)	(401,639)	(456,572)	(517,290)	(584,109)	(657,797)	(738,910)

UtiliCorp United Inc. - St. Joseph Light and Power Acquisition

FAS106 Information
Non-Bargaining Plan

Estimated Balance Sheet Information at 7/1/2000

	SJLP Assumptions Current Plan	UCU Assumptions Purchase Accounting
1 Benefit Obligation	(5,295,340)	(8,091,166)
2 Fair Value of Assets	2,175,924	2,175,924
3 Funded Status	(3,119,416)	(5,915,242)
4 Unrecognized Amounts	2,653,262	5,094,794
5 (Accrued)/Prepaid Benefit Cost	(466,154)	(820,448)
6 Assumed Discount Rate	7.25%	6.75%

Estimated Expense Information

	1/1/99	2000		2001		1/1/02	1/1/03	1/1/04	1/1/05	1/1/06	1/1/07	1/1/08
		01/01-06/30	07/01-12/31	01/01-06/30	07/01-12/31							
<u>SJLP Assumptions</u>												
Net Periodic Cost												
7 Service Cost	112,552	58,527	58,527	60,868	60,868	126,605	131,669	139,569	147,943	156,820	166,229	176,203
8 Interest Cost	351,206	183,194	183,194	190,830	190,830	396,995	412,313	427,524	442,715	457,799	472,679	487,243
9 Expected Return	(152,980)	(91,332)	(91,332)	(106,503)	(106,503)	(222,198)	(223,780)	(211,213)	(186,829)	(148,118)	(92,781)	(17,872)
10 Amort: (Gain)/Loss	94	0	0	0	0	0	0	0	0	0	0	0
11 Trans. Oblig.	174,527	87,264	87,264	87,264	87,264	174,528	174,528	174,528	174,528	174,528	174,528	174,528
12 Prior SC	0	0	0	0	0	0	0	0	0	0	0	0
13 Total	485,399	237,653	237,653	232,459	232,459	475,930	494,730	530,408	578,357	641,029	720,655	820,102
<u>UCU Assumptions</u>												
Net Periodic Cost												
14 Service Cost	167,815	87,264	87,264	90,755	90,755	188,770	196,321	208,100	220,586	233,821	247,850	262,721
15 Interest Cost	503,557	261,312	261,312	270,929	270,929	561,190	623,551	648,296	675,184	704,081	734,913	767,715
16 Expected Return	(146,559)	(88,018)	(88,018)	(103,054)	(103,054)	(215,023)	(216,321)	(204,666)	(180,965)	(142,866)	(88,016)	(13,684)
17 Amort: (Gain)/Loss	154,829	85,812	85,812	78,069	78,069	141,827	128,608	116,075	104,254	93,118	82,616	72,712
18 Trans. Oblig.	174,527	87,264	87,264	87,264	87,264	174,528	174,528	174,528	174,528	174,528	174,528	174,528
19 Prior SC	0	0	0	0	0	0	0	0	0	0	0	0
20 Total	854,169	433,634	433,634	423,963	423,963	851,292	906,687	942,333	993,587	1,062,682	1,151,891	1,263,992
<u>UCU Assumptions/Purchase 7/1/2000/Change to UCU Benefit 7/1/2001</u>												
Net Periodic Cost												
21 Service Cost	167,815	87,264	87,264	59,353	20,833	35,923	34,782	36,869	39,081	41,426	43,912	46,547
22 Interest Cost	503,557	261,312	261,312	252,316	216,334	414,913	406,643	374,721	333,278	280,925	216,188	137,679
23 Expected Return	(146,559)	(88,018)	(88,018)	(97,886)	(97,886)	(201,855)	(197,628)	(181,089)	(152,158)	(108,548)	(47,763)	32,672
24 Amort: (Gain)/Loss	154,829	85,812	85,812	62,668	62,668	114,858	106,424	101,473	97,937	95,881	95,345	96,405
25 Trans. Oblig.	174,527	87,264	87,264	87,264	87,264	174,528	174,528	174,528	174,528	174,528	174,528	174,528
26 Prior SC	0	0	0	0	(29,420)	(58,840)	(58,840)	(58,840)	(58,840)	(58,840)	(58,840)	(58,840)
27	854,169	433,634	433,634	363,715	259,793	479,527	465,909	447,662	433,826	425,372	423,370	428,991
28 Curtailment				866,548		12,211	222,066	0	0	0	0	0
29 Total Expense				1,230,263		491,738	687,975	447,662	433,826	425,372	423,370	428,991
<u>Estimated Cost Impact - Additional Expense/(Reduced Expense)</u>												
30	0	0	0	806,300	(164,170)	(359,554)	(218,712)	(494,671)	(559,761)	(637,310)	(728,521)	(835,001)

ACTIVE SJLP EMPLOYEE HEALTH, WELFARE , 401(K) AND EMPLOYEE STOCK CONTRIBUTION PLAN COST ESTIMATES

	Period							
	1999	2000			2001			2002
	SJLP Existing	SJLP Existing 1/1/00-6/30/00	SJLP W/Reduced Ees 7/1/00-12/31/00	Total 2000	SJLP W/Reduced Ees 1/1/01-6/30/01	UCU W/Reduced Ees 7/1/01-12/31/01	Total 2001	UCU
Active Health and Welfare								
1 Medical Coverage:	1,309,176	654,588	654,588	1,309,176	507,210	412,698	919,908	759,987
2 Dental Coverage:	274,284	137,142	137,142	274,284	87,185	43,593	130,778	80,276
3 Vision Coverage:	-	-	-	-	-	5,287	5,287	9,736
4 Employee Life Coverage:	44,053	22,027	21,052	43,079	16,313	16,313	32,625	30,040
5 Employee AD&D Coverage:	4,104	2,052	2,052	4,104	1,590	2,966	4,556	5,462
6 Employee LTD Coverage:	80,097	40,048	38,277	78,326	29,659	15,756	45,416	29,016
7 Total Health and Welfare	1,711,714	855,857	853,112	1,708,969	641,957	496,612	1,138,569	914,516
Retirement Benefits								
8 401(k):	500,606	250,303	194,464	444,767	154,592	154,592	309,183	422,911 *
9 Employee Stock Contribution Plan:	-	-	-	-	-	-	-	80,086 **

* Assumes roll-in of non-union employees only into UCU 401(k) at \$1-for-\$1 match thru first 6% of contribution.

** Assumes roll-in of non-union employees only into ESCP at 3% of annual base salary.

Net Cost Impact (Excluding Pension & Retiree Medical)		
10	1999 Total Benefit Costs:	2,212,320
11	2000 Total Benefit Costs:	2,153,736
12	Net Impact 2000 Savings/(Increased Cost)	58,585
13	1999 Total Benefit Costs:	2,212,320
14	2001 Total Benefit Costs:	1,447,752
15	Net Impact 2001 Savings/(Increased Cost)	764,568
16	1999 Total Benefit Costs:	2,212,320
17	2002 Total Benefit Costs:	1,417,513
18	Net Impact 2002 Savings/(Increased Costs)	794,808