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UtiliCorp's \$250 Million Senior Notes Rated 'BBB'

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NEW YORK (Standard & Poor's CreditWire) July 15, 1999--Standard & Poor's today assigned its triple-'B' rating to UtiliCorp United Inc.'s \$250 million of senior notes. The proceeds will be used to reduce short-term debt. The outlook is stable. About \$2.3 billion of total debt and preferred stock is outstanding at UtiliCorp United.

Ratings reflect UtiliCorp United's average business position and continued improvement in its financial profile. The business position is supported by sales and earnings stability derived from geographic and economic diversity. Although management's proactive attitude in a changing environment is commendable, its acquisition strategy, the unpredictability of future acquisitions, and the capital requirements associated with these acquisitions impair credit quality. Furthermore, the credit profile of unregulated operations may be weaker than the utility's core business. UtiliCorp's emergence as a leading energy marketer and trader, with a careful emphasis on risk management, has become a driver of the company's corporate strategy. Despite the success, it has been slightly negative for credit quality with its high-risk business profile.

OUTLOOK: STABLE

The stable outlook reflects moderate utility spending needs and sound utility operations, offset by the company's continued expansion into higher-risk, unregulated ventures. UtiliCorp's acquisition strategy and its level of success is an important consideration and directly affects the credit quality of this utility, Standard & Poor's said. --CreditWire

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