

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

December 1999

Exhibit no. 19
Date 9-14-00 Case No. EM-2000-
Reporter TM 349

**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. Yes, I have filed testimony before the Missouri Public Service Commission in the
8 proposed merger between UCU and the St. Joseph Light & Power Company, in Docket.
9 EM-2000-292.

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

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

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

15 A. Yes, I am sponsoring the following: Schedule RBB-1 is a comparison of benefit plans
16 for The Empire District Electric Company ("EDE") and UtiliCorp. Schedules RBB-2
17 and RBB-3 are example letters of communication to both active and retired EDE
18 employees. Schedules RBB-4 and RBB-5 summarize the cost impact and timing of the
19 change of pension plan benefits (FAS 87) for non-bargaining and bargaining plan
20 employees. Schedules RBB-6 and RBB-7 summarize the cost impact and timing of the
21 change of retiree medical benefits (FAS 106) for non-bargaining and bargaining plan

1 employees. Finally, Schedule RRB-8 shows the net cost impact to the active EDE
2 employee health, welfare, 401(K), and employee stock contribution plan.

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

4 A. Yes, under my direction.

5 Q. What is the structure of your testimony?

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

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

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

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

17 A. UtiliCorp has collaborated with EDE management in crafting a communication to all
18 active and retired employees to explain contemplated changes in benefits following the
19 closing of each merger. Schedule RBB-2 represents our communication to EDE active
20 employees. Schedule RBB-3 represents our communication to EDE retirees. UtiliCorp
21 believes that the most cost effective and efficient manner to provide comprehensive
22 benefits to active and retired employees is through the integration of EDE benefit plans

1 into UtiliCorp's cafeteria-style benefit program or the elimination of current EDE plans
2 while replacing them with UtiliCorp's benefit plans. However, UtiliCorp has not
3 committed to an exact course of action as to specific timing and to what extent all benefit
4 plans will be integrated or eliminated at this point. Such a commitment will follow a
5 thorough review to validate that the total benefit plan provided to EDE employees
6 following a successful merger is, in the aggregate, at least comparable to the health and
7 life benefits currently provided by EDE.

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

9 A. As described in Schedules RBB-2 and RBB-3, UtiliCorp has agreed not to change any
10 active or retiree benefit plans for at least eighteen months following the close of the
11 merger. UtiliCorp will then work with EDE management to determine the timing and
12 approach to integrating benefit plans in order to preserve the best cost structure and
13 ensure EDE employees and retirees remain eligible for benefits that are at least
14 comparable to the health and life benefits currently provided by EDE. However,
15 UtiliCorp and EDE have agreed that eighteen months after the closing date, UtiliCorp has
16 the right to increase premiums 15% per year until the portion paid by EDE retirees is
17 equal to the premiums paid by UtiliCorp retirees under the age of 65. In addition, EDE
18 retirees will be provided the opportunity to purchase UtiliCorp dental and vision coverage
19 at premiums equal to those paid by retired and active UtiliCorp employees.

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

21 A. Reserves for the pension plans (FAS 87) have been divided into bargaining and non-
22 bargaining plans. For the purposes of estimating the effect on pension benefit reserves

1 and cost impact of the merger on the various benefit plans. Price Waterhouse Coopers
2 ("PWC") was retained. In estimating the impact of the merger, the EDE plan
3 assumptions were first converted to UtiliCorp plan assumptions as it relates to the
4 discount rate and the investment earnings rate. The discount rate was reduced from
5 7.00% to 6.75%, which is considered by PWC to be a more conservative approach. The
6 investment return rate was raised from 9% to 10% to reflect UtiliCorp's historical
7 investment return rate. The effect of these changes resulted in a change in reserves as
8 indicated below. These calculations indicate the plans' over-funded status will remain
9 virtually unchanged: FAS 87 Bargaining Plan using EDE current assumptions=
10 \$2,664,061 and using UtiliCorp assumptions= \$2,664,061. FAS 87 Non-Bargaining Plan
11 using EDE current assumptions = \$2,704,136 and using UtiliCorp current assumptions =
12 \$2,704,136. Schedules RBB-4 and RBB-5 provide a more comprehensive review of the
13 calculations.

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

15 A. Schedules RBB-4 and RBB-5 also summarize the cost impact and timing of the change of
16 pension plan benefits (FAS 87) assuming a complete integration of EDE non-union
17 employees into UtiliCorp's existing benefit plans on 1/1/2002. The bargaining unit
18 employees were assumed to stay in their existing plans for the purposes of these
19 calculations, since there is no guarantee of UtiliCorp's ability to negotiate the movement
20 of this group of employees into UtiliCorp's pension plan. Factored into this cost estimate
21 are the headcount reductions estimated in the synergy study developed by UtiliCorp
22 management.

1 Q. What is shown on Line 28 of Schedules RBB-4 and RBB-5, respectively?

2 A. Line 28 on Schedule RBB-4 shows the net cost impact to the non-Bargaining Pension
3 Plans and its timing following the merger. Line 28 on Schedule RBB-5 shows the net
4 cost impact to the Bargaining Pension Plan and its timing following the merger. The
5 reduction in expenses associated with both the bargaining and non-bargaining plans can
6 be attributed primarily to headcount reductions. The Service Costs drop dramatically in
7 the non-bargaining plan, since that group of employees will be effected most directly by
8 the planned headcount reductions.

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

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

15 Q. What is shown on Line 30 of Schedule RBB-6?

16 A. Line 30 on Schedule RBB-6 shows the net cost impact to the Non-Bargaining Pension
17 Plan and its timing following the merger.

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

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

21 Q. Please discuss the Medical Plan.

1 A. With respect to the Bargaining Unit (as shown on RBB-7) Employee's Retiree Medical
2 Plan, estimated incremental costs as a result of the merger decrease year over year
3 primarily because following the negotiated 18-month window, UCU's retiree medical
4 benefits only extend through age 65. Additionally, premiums would be increased by 15%
5 per year until EDE's premiums matched UCU's premiums. The Non-Bargaining Unit
6 Plan is expected to generate approximately \$222,048 in incremental expense in the first 6
7 months following the close and \$2,309,586 in the final year prior to EDE moving onto
8 UCU's plan as a result of a greater than normal number of early retirees. Subsequent to
9 the close of the merger, savings increase beginning in 2002 as a result of a reduced
10 interest and service costs. The primary driver for decreased service costs is the
11 conversion of EDE retirees to UtiliCorp's retiree medical plan as described above.

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

13 A. Active employee health, welfare, 401(k) and Employee Stock Contribution Plan
14 ("ESCP") cost impacts are estimated on Schedule RBB-8. The result of this analysis
15 indicates an overall reduction of associated costs by \$625,583 in 2001, \$285,254 in 2002,
16 and \$467,716 in 2003 and beyond, over the base year costs of 1999. The primary driver
17 for reduced costs is headcount reductions. However, in 2002, cost savings are not as
18 great as in prior years as a result of allowing non-bargaining unit employees of EDE into
19 the UtiliCorp ESCP and increasing the matching contributions in the 401(k) from \$.50 on
20 the dollar through the first 6% of employee contributions to \$1.00-for-\$1.00 match
21 through the first 6% of employee contributions.

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

1 A. Yes, it does.

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Comparison of Benefit Plans

UtiliCorp United - Empire District Electric

1999

I. Pension Plan	Empire	UtiliCorp
Definitions		
Earnings/Compensation	Base pay including overtime, bonuses	Base pay excluding overtime, bonuses & nonqualified deferred income
Average Earnings	Last 5 years	High 4 consecutive years
Vesting Service	1,000 hours	1,000 hours
Credited Service	1,000 hours	1,000 hours
Covered Compensation	Need further information	Average of Social Security taxable wage bases for 35 years ending with year of Social Security retirement age
Eligibility	Age 21, 1 year at 1,000 hours	Age 21, 1 year at 1,000 hours
Vesting	100% at 5 years or age 65	100% at 5 years or age 55
Normal Retirement	Age 65	Age 62
Early Retirement	Age 55 and 10	Age 55
Disability	5 years of service	5 years of service
Death Benefit	5 years of service	Vested or Age 55
Employee Contributions	None	None

I. Pension Plan	Empire	UtiliCorp
Benefit Provisions Normal Retirement Benefit	Exact formula not known Based on credited service and final average basic earnings	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	75% at age 55; 2% / year from age 60	.5% per month from age 62
Social Security Supplement	Not known	None
Disability	Supplemental benefit if normal retirement benefit is less than long-term disability benefit	Unreduced accrued benefit paid immediately
Death	Benefit eliminated for persons retiring after 1/1/97	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 & 50% survivor 	<ul style="list-style-type: none"> • Single - Life annuity • Married - Reduced qualified joint and 50% survivor
Optional Forms of Benefit	Not known	<ul style="list-style-type: none"> • Various Joint & Survivor • Level Income • 10-Year Certain & Life
Lump Sum Payment	Permitted, provisions not known	Automatic if less than \$3,500 (\$5,000)
Cost of living adjustment	Not known	None

II. SAVINGS/ESOP	Empire	UtiliCorp
Eligibility	Age 21, 1 year at 1,000 hours	Immediate, full and part time
In-Service Withdrawals	<ul style="list-style-type: none"> • 1 permitted per quarter • Age 59-1/2 pre-tax • Hardship with suspension • Withdrawal of ESOP in 25% increments 	<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"> • 20% per year; 100% after 5 years 	<ul style="list-style-type: none"> • 20% per year; 100% after 5 years
Contributions		
Pre-Tax	1 - 15%	1 - 15%
After-Tax	None	1 - 15%
Company Match	<ul style="list-style-type: none"> • 50% of employee first 6% of pre-tax • Made in company stock 	<ul style="list-style-type: none"> • 100% of employee first 6% • Made in company stock
Stock Contribution	Discretionary, formula not known	Discretionary 3% of base pay
Rollover	Yes	Yes
Investment Options	<ul style="list-style-type: none"> • 5 American Express investment funds • 1% increments • No employee contributions to company 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	Quarterly
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III. Stock Purchase	Empire	UtiliCorp
Eligibility	Date of hire for employees who work at least 20 hours per week for 5 months per calendar year	Date of hire for employees who work at least 20 hours per week for 5 months per calendar year
Entry Period	1 entry date per year	4 entry dates per year
Discount	10% of the closing market price on the first day of the option period	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	1 time per year - June	4 times per year - Feb, May, Aug, Nov
How purchased	Payroll deduction only - no less than 2% but no greater than 20% of base pay not to exceed \$25,000 of base pay.	Payroll deduction and/or lump sum - no minimum but no greater than 20% of base pay
Restrictions on sale of stock	None	Must be held for 2 years
Dividends	Not known	Paid to participant or reinvested
Statements	Annual at time of purchase	Quarterly
Payments	Must be in stock certificate	Must be in stock certificate
Interest Account	Credited with 5% interest during year	None
Withdrawals	May withdraw cash one time per year	None

IV. Medical	Empire	UtiliCorp
Eligibility	First day of month after 30 days of hire; full-time employees	First day of month after date of hire; full and part-time employees
Deductible	\$225 Individual, \$400 Family	\$250/\$500 MedPlus \$500/\$1,000 BasicCare \$1,250/\$2,500 Safety Net
Co-Payments	80% of first \$3,875. then 100%	90%/10% MedPlus In-network
Annual out of Pocket Limit	80% of first \$3,875. then 100%	\$1,500/\$3,000 MedPlus
Maximum Lifetime Limit	\$1,000,000	\$5,000,000
Employee Contributions	Employee pays approximately 10% premium	Employee pays 25% premium
Prescription Drugs	100% generic paid; mail order no co-pay for generic, \$5.00 non-generic	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,	Paid at 100%; accidental injury paid at 100% to limit of \$600	Paid at 90%/10% if in-network
Networks	Have agreements with local providers	Extensive use of networks

V. Dental	Empire	UtiliCorp
Eligibility	No Plan Listed	First day of month after date of hire; full and part-time employees
Deductible	Not known	None for preventive \$50/\$150 for other covered services for comprehensive option
Co-Payments	Not known	Comprehensive Option: 100% preventive, 80% basic care, 50% major services
Annual Limit	Not known	\$1,000 - Comprehensive Option
Maximum Lifetime Ortho	Not known	\$1,500 - Comprehensive Option
Employee Contributions	Not known	Employee pays 25% premium

VI. Vision	Empire	UtiliCorp
Eligibility	No plan listed	First day of month after date of hire; full and part-time employees
Exam	Not known	Paid 100% for comprehensive option - every 12 months
Lenses	Not known	Comprehensive Option: 100% after \$25 co-payment - every 12 months
Frames	Not known	Comprehensive Option: 100% after \$25 co-payment - every 12 months
Contact Lenses	Not known	Comprehensive Option: Up to \$105 every 12 months-

Employee Contributions	Not known	Employee pays 0% premium for basic option, 75% of comprehensive option
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VII. Life Insurance	Empire	UtiliCorp
Eligibility	First day of month after 30 days of hire; full-time employees	First day of month after date of hire, full and part-time employees
Amount	Employee may purchase from 50% to 250% of base pay, \$5,000 for retirees after 1/1/87 and \$1,500 before 1/1/87	Employee may purchase \$10,000, \$50,000 or from 1 to 5 times base pay to maximum of \$1,000,000
Premiums	Company pays 100% of \$5,000 for actives and retirees post 1/1/87; \$1,500 for pre 1/1/87 retirees	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	Empire	UtiliCorp
Eligibility	First day of month after 30 days of hire; full-time employees	First day of month after date of hire; full and part-time employees
Amount	Employee may purchase \$10,000	Employee may purchase from 1 to 5 times base pay to maximum of \$1,000,000; single and family plans
Premiums	Total employee paid	Company provides credits to purchase up to 2 times base pay; 1 times base pay for part-time employees

IX. Long Term Disability Insurance	Empire	UtiliCorp
Eligibility	1 year of service; full time employees	First day of month after date of hire; full-time employees
Qualifying Period	180 days	180 days
Amount	50% of base pay	Employee option of 50%, 60% or 66 2/3% of monthly base pay
Premiums	Company self-funded plan	Company provides credits to purchase up to 60% monthly base pay; insured
Length of payments	24 months for mental health; to age 65 for other claims	24 months for mental health; to age 65 for other claims

X. Flexible Spending Accounts	Empire	UtiliCorp
Eligibility	First day of month after 30 days of hire; full-time employees	First day of month after date of hire; full and part-time employees
Contribution Amount		
Medical	\$2,500	\$3,000
Dependent Care	\$5,000	\$5,000

Empire Active Employee Letter

Date: 5/18/99

To: All Employees

From: Human Resources

Re: Benefit Plan Questions

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 UtiliCorp would continue your current benefits for the first 18 months after the merger closing. The closing date is dependent on stockholder and commission approval but typically will take about twelve months.

Empire employees, who retire within 18 months of the merger closing date, will have their pension benefits paid according to the provision of Empire's pension plan.

Eighteen months after the merger closing, UtiliCorp will provide Empire employees benefits that are no less favorable than those provided to similarly situated UtiliCorp employees. UtiliCorp will honor all pension, 401(k), vacation and sick leave accrued service by Empire employees.

UtiliCorp Human Resources will work with Empire Human Resources to determine the approach to integrate our benefit plans that is in the best interest of our newly merged companies' cost structure, while providing a comprehensive benefit package to employees.

For Empire employees who terminate more than 18 months after the merger closing date, no final decisions about integrating the pension plans have been made. However, your monthly benefit payable at normal retirement age will not be less than the monthly benefit payable at normal retirement age that you earn under the Empire plan through the date 18 months after the merger closing, except for any changes in actuarial assumptions as permitted or required by federal law.

Attached is a benefit highlight that gives a side by side comparison of the standard Empire and standard UtiliCorp non-union benefit plans. This is not a plan document and is for comparison

purposes only. 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.

Empire Retiree Letter

Dear Retiree and/or Covered Spouse:

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 UtiliCorp will continue Empire's health, life and accidental death and dismemberment benefits for the first 18 months after the merger.

Retirees will have their pension benefits continued according to the provisions of Empire's pension plan.

Eighteen months after the merger, UtiliCorp will provide Empire retirees health and life benefits (but not accidental death and dismemberment) that are no less favorable than those provided to similarly situated active or retired UtiliCorp employees.

As you know, you and Empire share in the cost of the total premiums for the health plan. Eighteen months after the closing date, UtiliCorp has the right to increase your premiums 15% per year until the portion you pay is equal to the premiums paid by UtiliCorp retirees under the age of 65. You will be provided the opportunity to purchase UtiliCorp dental and vision coverage at premiums equal to those paid by retired and active UtiliCorp employees.

UtiliCorp Human Resources will work with Empire 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 retirees.

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.

UtiliCorp United Inc. - Empire District Electric Company Acquisition
 FAS87 Information
 Nonunion

Estimated Balance Sheet Information at 7/1/2000

	EDEC Assumptions Current Plan	UCU Assumptions Current Plan
1 Benefit Obligation	(39,533,333)	(40,255,634)
2 Fair Value of Assets	48,306,881	48,306,881
3 Funded Status	8,773,548	8,051,247
4 Unrecognized Amounts	(6,069,412)	(5,347,111)
5 Prepaid Benefit Cost	2,704,136	2,704,136
6 Assumed Discount Rate	7.00%	6.75%

Estimated Expense Information

	2000			1/1/01	1/1/02	1/1/03	1/1/04	1/1/05	1/1/06	1/1/07	1/1/08	1/1/09	1/1/10
	1/1/99	01/01-06/30	07/01-12/31										
<u>EDEC Assumptions</u>													
<u>Net Periodic Cost</u>													
7 Service Cost	1,105,961	578,100	578,100	1,202,448	1,250,546	1,300,568	1,352,591	1,406,695	1,462,963	1,521,482	1,582,341	1,645,635	1,711,460
8 Interest Cost	2,555,379	1,318,848	1,318,848	2,724,501	2,814,237	2,907,005	3,002,905	3,102,044	3,204,530	3,310,476	3,420,000	3,533,220	3,650,264
9 Expected Return	(3,964,068)	(2,068,396)	(2,068,396)	(4,320,625)	(4,514,638)	(4,719,543)	(4,936,117)	(5,165,198)	(5,407,699)	(5,664,611)	(5,937,012)	(6,226,072)	(6,533,066)
10 Amort: (Gain)/Loss	(2,060,458)	(868,228)	(868,228)	(1,481,094)	(1,280,889)	(1,125,037)	(1,004,908)	(913,618)	(845,676)	(796,712)	(763,250)	(742,534)	(732,384)
11 Trans. Asset	(234,336)	(117,168)	(117,168)	(234,336)	(234,339)	0	0	0	0	0	0	0	0
12 Prior SC	520,797	260,399	260,399	520,798	520,798	520,798	520,798	216,027	0	0	0	0	0
13 Total	(2,076,725)	(896,445)	(896,445)	(1,588,308)	(1,444,285)	(1,116,209)	(1,064,731)	(1,354,050)	(1,585,882)	(1,629,365)	(1,697,921)	(1,789,751)	(1,903,726)
<u>UCU Assumptions</u>													
<u>Net Periodic Cost</u>													
14 Service Cost	1,124,661	584,824	584,824	1,216,434	1,265,091	1,315,695	1,368,323	1,423,056	1,479,978	1,539,177	1,600,744	1,664,774	1,731,365
15 Interest Cost	2,515,355	1,296,647	1,296,647	2,674,908	2,759,036	2,845,746	2,935,107	3,027,191	3,122,069	3,219,814	3,320,500	3,424,203	3,531,000
16 Expected Return	(4,404,520)	(2,298,218)	(2,298,218)	(4,800,695)	(5,016,264)	(5,243,937)	(5,484,574)	(5,739,109)	(6,008,554)	(6,294,013)	(6,596,680)	(6,917,858)	(7,258,963)
17 Amort: (Gain)/Loss	(1,908,637)	(763,455)	(763,455)	(1,221,528)	(977,222)	(781,778)	(625,422)	(500,338)	(400,270)	(320,216)	(256,173)	(204,938)	(163,951)
18 Trans. Asset	(234,336)	(117,168)	(117,168)	(234,336)	(234,339)	0	0	0	0	0	0	0	0
19 Prior SC	520,797	260,399	260,399	520,798	520,798	520,798	520,798	216,027	0	0	0	0	0
20 Total	(2,386,680)	(1,036,971)	(1,036,971)	(1,844,419)	(1,681,900)	(1,343,476)	(1,285,768)	(1,573,173)	(1,806,777)	(1,855,238)	(1,931,609)	(2,033,819)	(2,160,549)
<u>UCU Assumptions/Purchase 7/1/2000/Change to UCU Benefit 7/1/2001</u>													
<u>Net Periodic Cost</u>													
21 Service Cost	1,124,661	584,824	580,847	954,448	615,627	585,190	608,598	632,942	658,260	684,590	711,974	740,453	770,071
22 Interest Cost	2,515,355	1,296,647	1,296,647	2,658,970	2,701,054	2,714,339	2,722,574	2,733,986	2,749,886	2,769,599	2,791,399	2,816,529	2,846,310
23 Expected Return	(4,404,520)	(2,297,528)	(2,297,528)	(4,781,843)	(4,961,032)	(5,145,149)	(5,341,910)	(5,559,891)	(5,802,742)	(6,071,407)	(6,365,425)	(6,688,860)	(7,046,167)
24 Amort: (Gain)/Loss	(1,908,637)	(763,455)	(763,455)	(1,230,528)	(984,422)	(787,538)	(630,030)	(504,024)	(403,220)	(322,576)	(258,060)	(206,448)	(165,159)
25 Trans. Asset	(234,336)	(117,168)	(117,168)	(234,336)	(234,339)	0	0	0	0	0	0	0	0
26 Prior SC	520,797	260,399	260,399	520,798	520,798	520,798	520,798	216,027	0	0	0	0	0
27 Total	(2,386,680)	(1,036,281)	(1,040,258)	(2,112,491)	(2,342,314)	(2,112,360)	(2,119,970)	(2,480,960)	(2,797,816)	(2,939,794)	(3,120,112)	(3,338,326)	(3,594,945)
<u>Net Additional Expense/(Savings)</u>													
28	0	690	(3,287)	(268,072)	(659,414)	(768,884)	(834,202)	(907,787)	(991,039)	(1,084,556)	(1,188,503)	(1,304,507)	(1,434,396)

UtiliCorp United Inc. - Empire District Electric Company Acquisition
FAS87 Information
Union

12/3/99 8:10 AM

Estimated Balance Sheet Information at 7/1/2000

	<u>EDEC Assumptions</u> <u>Current Plan</u>	<u>UCU Assumptions</u> <u>Current Plan</u>
1 Benefit Obligation	(43,972,245)	(44,770,879)
2 Fair Value of Assets	53,291,450	53,291,450
3 Funded Status	9,319,205	8,520,571
4 Unrecognized Amounts	(6,655,144)	(5,856,510)
5 Prepaid Benefit Cost	2,664,061	2,664,061
6 Assumed Discount Rate	7.00%	6.75%

Estimated Expense Information

	<u>1/1/99</u>	<u>2000</u>		<u>1/1/01</u>	<u>1/3/02</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>1/1/09</u>	<u>1/1/10</u>
<u>EDEC Assumptions</u>													
<u>Net Periodic Cost</u>													
7 Service Cost	1,410,106	733,755	733,755	1,526,210	1,587,258	1,650,748	1,716,778	1,785,449	1,856,867	1,931,142	2,008,388	2,088,724	2,172,273
8 Interest Cost	2,808,508	1,463,862	1,463,862	3,053,047	3,184,764	3,323,247	3,468,891	3,622,118	3,783,375	3,953,139	4,131,918	4,320,253	4,518,718
9 Expected Return	(4,354,500)	(2,281,776)	(2,281,776)	(4,785,467)	(5,021,231)	(5,271,921)	(5,538,711)	(5,822,878)	(6,125,815)	(6,449,043)	(6,794,221)	(7,163,159)	(7,557,837)
10 Amort: (Gain)/Loss	(2,258,140)	(951,639)	(951,639)	(1,624,035)	(1,405,572)	(1,236,040)	(1,105,986)	(1,007,871)	(935,694)	(884,685)	(851,060)	(831,830)	(824,646)
11 Trans. Asset	(256,817)	(128,409)	(128,409)	(256,817)	(256,824)	0	0	0	0	0	0	0	0
12 Prior SC	570,762	285,381	285,381	570,762	570,762	570,762	570,762	236,762	0	0	0	0	0
13 Total	(2,080,081)	(878,826)	(878,826)	(1,516,300)	(1,340,843)	(963,204)	(888,266)	(1,186,420)	(1,421,267)	(1,449,447)	(1,504,975)	(1,586,012)	(1,691,492)
<u>UCU Assumptions</u>													
<u>Net Periodic Cost</u>													
14 Service Cost	1,433,949	745,653	745,653	1,550,958	1,612,996	1,677,516	1,744,617	1,814,402	1,886,978	1,962,457	2,040,955	2,122,593	2,207,497
15 Interest Cost	2,764,359	1,438,974	1,438,974	2,997,041	3,121,944	3,252,978	3,390,484	3,534,825	3,686,385	3,845,572	4,012,819	4,188,586	4,373,362
16 Expected Return	(4,838,334)	(2,535,307)	(2,535,307)	(5,317,185)	(5,579,145)	(5,857,690)	(6,154,123)	(6,469,864)	(6,806,461)	(7,165,603)	(7,549,134)	(7,959,066)	(8,397,597)
17 Amort: (Gain)/Loss	(2,091,754)	(836,702)	(836,702)	(1,338,722)	(1,070,978)	(856,782)	(685,426)	(548,341)	(438,672)	(350,938)	(280,750)	(224,600)	(179,680)
18 Trans. Asset	(256,817)	(128,409)	(128,409)	(256,817)	(256,824)	0	0	0	0	0	0	0	0
19 Prior SC	570,762	285,381	285,381	570,762	570,762	570,762	570,762	236,762	0	0	0	0	0
20 Total	(2,417,835)	(1,030,410)	(1,030,410)	(1,793,963)	(1,601,245)	(1,213,216)	(1,133,686)	(1,432,216)	(1,671,770)	(1,708,512)	(1,776,110)	(1,872,487)	(1,996,418)
<u>UCU Assumptions/Purchase 7/1/2000 (union stays in own plan)</u>													
<u>Net Periodic Cost</u>													
21 Service Cost	1,433,949	745,653	738,196	1,412,612	1,416,228	1,422,799	1,479,711	1,538,899	1,600,455	1,664,473	1,731,052	1,800,294	1,872,306
22 Interest Cost	2,764,359	1,438,974	1,438,974	2,991,194	3,102,761	3,216,526	3,332,878	3,454,550	3,581,161	3,712,937	3,850,113	3,992,938	4,141,673
23 Expected Return	(4,838,334)	(2,535,307)	(2,535,307)	(5,314,269)	(5,570,600)	(5,844,302)	(6,137,174)	(6,449,886)	(6,783,102)	(7,138,474)	(7,517,804)	(7,923,061)	(8,356,392)
24 Amort: (Gain)/Loss	(2,091,754)	(836,702)	(836,702)	(1,348,722)	(1,078,978)	(863,182)	(690,546)	(552,437)	(441,949)	(353,559)	(282,848)	(226,278)	(181,022)
25 Trans. Asset	(256,817)	(128,409)	(128,409)	(256,817)	(256,824)	0	0	0	0	0	0	0	0
26 Prior SC	570,762	285,381	285,381	570,762	570,762	570,762	570,762	236,762	0	0	0	0	0
27 Total	(2,417,835)	(1,030,410)	(1,037,867)	(1,945,240)	(1,816,651)	(1,497,397)	(1,444,369)	(1,772,112)	(2,043,435)	(2,114,623)	(2,219,487)	(2,356,107)	(2,523,435)
<u>Net Additional Expense/(Savings)</u>													
28	0	0	(7,457)	(151,277)	(215,406)	(284,181)	(310,683)	(339,896)	(371,665)	(406,111)	(443,377)	(483,620)	(527,017)

UtiliCorp United Inc. - Empire District Electric Company Acquisition

FAS106 Information
Non-Bargaining

Estimated Balance Sheet Information at 7/1/2000

	EDEC Assumptions Current Plan	UCU Assumptions Purchase Accounting
1 Benefit Obligation	(17,100,350)	(16,337,335)
2 Fair Value of Assets	6,154,238	6,154,238
3 Funded Status	(10,946,112)	(10,183,097)
4 Unrecognized Amounts	9,913,130	9,150,115
5 (Accrued)/Prepaid Benefit Cost	(1,032,982)	(1,032,982)
6 Assumed Discount Rate	7.00%	6.75%

Estimated Expense Information

	1/1/99	2000		1/1/01	1/1/02	1/1/03	1/1/04	1/1/05	1/1/06	1/1/07	1/1/08	1/1/09	1/1/10
		01/01-06/30	07/01-12/31										
EDEC Assumptions													
Net Periodic Cost													
7 Service Cost	384,340	207,544	207,544	439,993	466,393	494,377	524,040	555,482	588,811	624,140	661,588	701,283	743,360
8 Interest Cost	1,087,231	571,254	571,254	1,200,350	1,260,401	1,322,649	1,387,153	1,453,836	1,522,865	1,594,404	1,668,465	1,745,052	1,824,154
9 Expected Return	(314,738)	(203,162)	(203,162)	(485,459)	(461,197)	(426,893)	(383,570)	(348,137)	(307,975)	(263,527)	(221,909)	(177,160)	(130,149)
10 Amort: (Gain)/Loss	659,740	263,896	263,896	422,233	337,787	270,229	216,183	172,947	138,357	110,686	88,549	70,839	56,671
11 Trans. Oblig.	603,046	301,523	301,523	603,046	603,046	603,046	603,046	603,046	603,046	603,046	603,046	603,046	603,046
12 Prior SC	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Total	2,419,619	1,141,055	1,141,055	2,180,163	2,206,430	2,263,428	2,346,852	2,437,174	2,545,104	2,668,749	2,799,739	2,943,060	3,097,082
UCU Assumptions													
Net Periodic Cost													
14 Service Cost	362,048	195,506	195,506	414,473	439,341	465,701	493,643	523,262	554,658	587,937	623,213	660,606	700,242
15 Interest Cost	997,014	527,406	540,047	1,093,063	1,143,478	1,195,893	1,250,361	1,306,919	1,365,646	1,426,556	1,489,702	1,555,121	1,622,847
16 Expected Return	(341,831)	(225,325)	(225,325)	(538,953)	(512,307)	(474,554)	(426,835)	(387,904)	(343,620)	(294,606)	(248,760)	(199,470)	(147,704)
17 Amort: (Gain)/Loss	507,479	202,991	202,991	324,786	259,819	207,863	166,291	133,833	106,426	85,141	68,113	54,490	43,592
18 Trans. Oblig.	603,046	301,523	301,523	603,046	603,046	603,046	603,046	603,046	603,046	603,046	603,046	603,046	603,046
19 Prior SC	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Total	2,127,756	1,002,101	1,014,742	1,896,415	1,933,387	1,997,949	2,086,506	2,178,366	2,286,156	2,408,074	2,535,314	2,673,793	2,822,023
UCU Assumptions/Purchase 7/1/2000/Change to UCU Benefit 1/1/2002													
Net Periodic Cost													
21 Service Cost	362,048	195,506	189,054	300,834	62,983	59,485	63,054	66,837	70,847	75,098	79,604	84,380	89,443
22 Interest Cost	997,014	527,406	544,842	1,128,289	531,864	507,658	471,765	439,116	402,512	366,731	331,096	292,782	257,122
23 Expected Return	(341,831)	(225,325)	(225,325)	(530,963)	(502,553)	(463,477)	(423,555)	(385,385)	(342,098)	(297,992)	(253,863)	(206,740)	(160,644)
24 Amort: (Gain)/Loss	507,479	202,991	202,991	324,786	259,819	192,939	154,351	123,481	98,784	79,028	63,222	50,578	40,462
25 Trans. Oblig.	603,046	301,523	301,523	445,735	0	0	0	0	0	0	0	0	0
26 Prior SC	0	0	0	0	(268,844)	(252,323)	(252,323)	(252,323)	(252,323)	(252,323)	(252,323)	(252,323)	(252,323)
27	2,127,756	1,002,101	1,013,085	1,668,682	83,279	44,282	13,292	(8,274)	(22,378)	(29,458)	(32,264)	(31,323)	(25,940)
28 Curtailment		223,705	2,537,319	269,620	(74,624)	0	0	0	0	0	0	0	0
29 Total Expense		1,236,790	4,206,001	357,899	(30,342)	13,292	(8,274)	(22,378)	(29,458)	(32,264)	(31,323)	(25,940)	
Net Additional Expense/(Savings)													
30	0	0	222,048	2,309,586	(1,580,488)	(2,028,291)	(2,073,214)	(2,186,640)	(2,308,434)	(2,437,532)	(2,567,578)	(2,705,116)	(2,847,963)

UtiliCorp United Inc. - Empire District Electric Company Acquisition

FAS106 Information
Bargaining

Estimated Balance Sheet Information at 7/1/2000

	EDEC Assumptions Current Plan	UCU Assumptions Purchase Accounting
1 Benefit Obligation	(18,148,014)	(17,175,827)
2 Fair Value of Assets	6,031,160	6,031,160
3 Funded Status	(12,116,854)	(11,144,667)
4 Unrecognized Amounts	7,984,528	7,012,341
5 (Accrued)/Prepaid Benefit Cost	(4,132,326)	(4,132,326)
6 Assumed Discount Rate	7.00%	6.75%

Estimated Expense Information

	1/1/99	2000		1/1/01	1/1/02	1/1/03	1/1/04	1/1/05	1/1/06	1/1/07	1/1/08	1/1/09	1/1/10
		01/01-06/30	07/01-12/31										
EDEC Assumptions													
Net Periodic Cost													
7 Service Cost	451,348	243,728	243,728	516,703	547,705	580,567	615,401	652,325	691,465	732,953	776,930	823,546	872,959
8 Interest Cost	1,139,114	605,459	605,459	1,287,400	1,368,316	1,453,889	1,544,355	1,639,955	1,741,085	1,848,177	1,961,563	2,081,590	2,208,624
9 Expected Return	(303,615)	(325,182)	(325,182)	(807,251)	(788,660)	(756,779)	(715,310)	(684,055)	(648,249)	(608,563)	(573,305)	(535,938)	(497,622)
10 Amort: (Gain)/Loss	547,888	219,155	219,155	350,648	280,519	224,415	179,532	143,626	114,900	91,920	73,536	58,829	47,063
11 Trans. Oblig.	480,971	240,486	240,486	480,972	480,972	480,972	480,972	480,972	480,972	480,972	480,972	480,972	480,972
12 Prior SC	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Total	2,315,716	983,646	983,646	1,828,472	1,889,852	1,983,064	2,104,950	2,232,823	2,380,173	2,545,459	2,719,696	2,908,999	3,111,996
UCU Assumptions													
Net Periodic Cost													
14 Service Cost	425,170	229,592	229,592	486,735	515,939	546,895	579,709	614,492	651,362	690,444	731,871	775,783	822,330
15 Interest Cost	1,044,835	557,973	574,815	1,173,542	1,243,079	1,316,729	1,394,736	1,477,355	1,564,860	1,657,538	1,755,695	1,859,654	1,969,758
16 Expected Return	(540,827)	(361,313)	(361,313)	(897,671)	(877,170)	(842,347)	(796,718)	(762,490)	(713,057)	(679,346)	(640,594)	(599,537)	(557,472)
17 Amort: (Gain)/Loss	389,052	155,621	155,621	248,993	199,194	159,356	127,484	101,988	81,590	65,272	52,218	41,774	33,419
18 Trans. Oblig.	480,971	240,486	240,486	480,972	480,972	480,972	480,972	480,972	480,972	480,972	480,972	480,972	480,972
19 Prior SC	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Total	1,799,201	822,359	839,201	1,492,571	1,561,814	1,661,605	1,786,183	1,912,317	2,055,727	2,214,880	2,380,162	2,558,646	2,749,007
UCU Assumptions/Purchase 7/1/2000 (union stays in their own plan)													
Net Periodic Cost													
21 Service Cost	425,170	229,592	228,444	454,622	467,863	487,669	516,929	547,945	580,822	615,671	652,611	691,768	733,274
22 Interest Cost	1,044,835	557,973	574,633	1,166,960	1,219,968	1,271,016	1,328,475	1,394,521	1,463,609	1,539,128	1,621,621	1,708,398	1,801,837
23 Expected Return	(540,827)	(361,313)	(361,313)	(889,128)	(865,296)	(828,055)	(791,064)	(756,496)	(716,704)	(677,459)	(638,593)	(597,417)	(558,431)
24 Amort: (Gain)/Loss	389,052	155,621	155,621	248,993	199,194	159,356	127,484	101,988	81,590	65,272	52,218	41,774	33,419
25 Trans. Oblig.	480,971	240,486	240,486	480,971	480,971	480,971	480,971	480,971	480,971	480,971	480,971	480,971	480,971
26 Prior SC	0	0	0	0	0	0	0	0	0	0	0	0	0
27 Total	1,799,201	822,359	837,871	1,462,418	1,502,708	1,570,957	1,662,795	1,768,929	1,890,288	2,023,583	2,168,828	2,325,494	2,491,070
28 Curtailment		0	0	0	0	0	0	0	0	0	0	0	0
29 Total Expense		822,359	837,871	1,462,418	1,502,708	1,570,957	1,662,795	1,768,929	1,890,288	2,023,583	2,168,828	2,325,494	2,491,070
Net Additional Expense/(Savings)													
30	0	0	(1,330)	(30,153)	(59,114)	(90,648)	(123,388)	(143,388)	(165,439)	(191,297)	(211,334)	(233,152)	(257,937)

	Period							
	1999	2000			2001	2002	2003-2010	
	Empire Existing BENEs	Empire 1/1/00-6/30/00 BENEs	Empire 7/1/00-12/31/00 BENEs	Total 2000 Year	Empire BENEs	UCU BENEs	UCU BENEs	
Health and Welfare								
Medical Coverage:	2,769,327	1,399,417	1,369,911	2,769,327	2,297,235	1,930,128	1,826,109	
Dental Coverage:	-	-	-	-	-	203,907	192,918	
Vision Coverage:	-	-	-	-	-	24,724	23,392	
Life Coverage:	4,400	2,200	2,200	4,400	3,650	23,832 *	22,480 *	
AD&D Coverage:	2,968	1,484	1,468	2,952	2,462	4,333 *	4,087 *	
LTD Coverage:	54,487	27,534	26,953	54,487	45,199	46,663 *	44,149 *	
Total Health and Welfare	2,831,182	1,430,634	1,400,532	2,831,166	2,348,545	2,233,588	2,113,134	
Retirement Benefits								
401(k):	838,266	423,599	414,668	838,266	695,366	894,916 **	846,687 **	
Employee Stock Contribution Plan:	-	-	-	-	-	255,690 ***	241,911 ***	
Total Benefits	3,669,449	1,854,233	1,815,200	3,669,433	3,043,911	3,384,194	3,201,732	
Net Cost/(Savings) Compared to 1999	-			(16)	(625,538)	(285,254)	(467,716)	

* Assumes roll-in of non-union employees only into 2X Life and AD&D and 60% LTD - Union remains at \$5K, \$10K and 50% respectively

** Assumes roll-in of non-union employees only into UCU 401(k) match at \$1 for \$1 match on first 6% - Union remains at 50% match

*** Assumes roll-in of non-union employees only into UCU 3% contribution into ESCP