



BRITISH COLUMBIA  
UTILITIES COMMISSION

ORDER  
NUMBER G-31-87

PROVINCE OF BRITISH COLUMBIA

BRITISH COLUMBIA UTILITIES COMMISSION

IN THE MATTER OF the Utilities Commission  
Act, S.B.C. 1980, c. 60, as amended

and

IN THE MATTER OF Applications by  
UtiliCorp United Inc. and  
UtiliCorp British Columbia Ltd.; and  
West Kootenay Power and Light Company, Limited

BEFORE: M. Taylor, )  
Chairman, )  
D.B. Kilpatrick, ) June 30, 1987  
Commissioner; and )  
B.M. Sullivan, )  
Commissioner )

O R D E R

WHEREAS on September 12, 1986 UtiliCorp United Inc. ("UtiliCorp") and UtiliCorp British Columbia Ltd. ("UtiliCorp B.C.") applied pursuant to the provisions of the Utilities Commission Act ("the Act") and in particular Section 61 thereof for an Order of the Commission approving the acquisition by UtiliCorp B.C. of a reviewable interest, being all of the issued and outstanding Common shares and Preferred shares of West Kootenay Power and Light Company, Limited ("WKPL"); and

WHEREAS on September 16, 1986 West Kootenay Power and Light Company, Limited applied for approval of the Commission to register on the books of WKPL the transfer of Common and Preferred shares from Cominco Ltd. ("Cominco"), and the Preferred shares from Canadian Pacific Enterprises Ltd., to UtiliCorp or UtiliCorp B.C.; and

WHEREAS pursuant to a Notice of Public Hearing published in October 1986, the hearing commenced in Trail, B.C. on Monday, November 3, 1986, to continue at Penticton, B.C. on Wednesday, November 12, 1986; and

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WHEREAS the hearing subsequently resumed at Penticton, B.C. on November 24, 1986, adjourning on November 25, 1986 and resumed on January 19, 1987 at Kelowna, B.C., adjourning on Friday, February 6, 1987; and

WHEREAS the Commission has carefully reviewed all of the evidence and arguments on behalf of the Applicants and other interested parties heard in public forum through 25 days.

NOW THEREFORE the Commission hereby orders as follows:

- I. The Applications by UtiliCorp United Inc. and UtiliCorp British Columbia Ltd. are approved subject to the following conditions, any of which not stipulating a specified time limit, shall remain in force so long as UtiliCorp United Inc. and UtiliCorp British Columbia Ltd. own WKPL:
  1. UtiliCorp United, UtiliCorp B.C., and WKPL will not take any step or adopt any measure which has the direct or indirect purpose or effect of recovering from the customers of WKPL any premium paid over book value by UtiliCorp United or UtiliCorp B.C. for the shares of WKPL.
  2. UtiliCorp United and UtiliCorp B.C. will not cause and WKPL will not divert power or energy required in any way whatsoever by WKPL's actual or potential customers to any other use and, in particular, may not use or cause to be used such power or energy for an export or non-utility purpose.
  3. UtiliCorp United Inc. and UtiliCorp B.C. Ltd. will not themselves and will not cause WKPL to alter the basis or procedures for determining the appropriate water levels in the Kootenay Lake systems or in the river systems which are dammed as part of WKPL's water storage assets.
  4. UtiliCorp United and UtiliCorp B.C. will provide WKPL with whatever form of financial support is necessary to allow WKPL to obtain the full benefit of UtiliCorp B.C. and UtiliCorp United's financing ability, including without limitation, guaranteeing the indebtedness of WKPL and providing the full faith and credit of UtiliCorp United and UtiliCorp B.C.
  5. UtiliCorp United and UtiliCorp B.C. will not cause WKPL and WKPL will not lend direct financial support to either UtiliCorp United or UtiliCorp B.C. and in particular will not guarantee any indebtedness of theirs or their affiliates.
  6. WKPL will reduce its dividend payouts to 44% of its earnings for the next five years.

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7. UtiliCorp United and UtiliCorp B.C. will cause WKPL to elect and maintain a board of directors comprising five independent directors resident within the WKPL service area, two nominees of WKPL management resident in the service area and two nominees of UtiliCorp United.
  8. UtiliCorp United and UtiliCorp B.C. will cause WKPL to maintain an efficient capital structure satisfactory to the Commission and UtiliCorp United or UtiliCorp B.C. will contribute equity within three months of any request by the Commission to achieve or maintain the required capital structure. If UtiliCorp United or UtiliCorp B.C. are unable or unwilling to contribute the required equity themselves, they will, without delay, cause WKPL, and WKPL will use its best efforts, to make an offering of and to issue, equity securities to Canadian investors.
  9. WKPL will retain its head office and management function in Trail for at least ten years from the date of this Decision and will maintain the head office and management function in the WKPL service area for so long as UtiliCorp United and/or UtiliCorp B.C. own a controlling interest in WKPL.
  10. UtiliCorp United will not sell all or part of its shares in UtiliCorp B.C. and UtiliCorp B.C. will not issue securities in such a way as to directly or indirectly convey a reviewable interest as defined in Section 61 of the Act in UtiliCorp B.C. to any other person without the prior approval of this Commission.
  11. UtiliCorp B.C. will retain in Canada all dividends paid by WKPL to it in the five years from the date of this Decision.
- II. The Application by West Kootenay Power and Light Company, Limited is approved.

DATED at the City of Vancouver, in the Province of British Columbia, this 30th day of June, 1987.

BY ORDER



Chairman



PROVINCE OF BRITISH COLUMBIA  
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  2. UtiliCorp United and UtiliCorp B.C. will not cause and WKPL will not divert power or energy required in any way whatsoever by WKPL's actual or potential customers to any other use and, in particular, may not use or cause to be used such power or energy for an export or non-utility purpose.
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  5. UtiliCorp United and UtiliCorp B.C. will not cause WKPL and WKPL will not lend direct financial support to either UtiliCorp United or UtiliCorp B.C. and in particular will not guarantee any indebtedness of theirs or their affiliates.
  6. WKPL will reduce its dividend payouts to 44% of its earnings for the next five years.

7. UtiliCorp United and UtiliCorp B.C. will cause WKPL to elect and maintain a board of directors comprising five independent directors resident within the WKPL service area, two nominees of WKPL management resident in the service area and two nominees of UtiliCorp United.
  8. UtiliCorp United and UtiliCorp B.C. will cause WKPL to maintain an efficient capital structure satisfactory to the Commission and UtiliCorp United or UtiliCorp B.C. will contribute equity within three months of any request by the Commission to achieve or maintain the required capital structure. If UtiliCorp United or UtiliCorp B.C. are unable or unwilling to contribute the required equity themselves, they will, without delay, cause WKPL, and WKPL will use its best efforts, to make an offering of and to issue, equity securities to Canadian investors.
  9. WKPL will retain its head office and management function in Trail for at least ten years from the date of this Decision and will maintain the head office and management function in the WKPL service area for so long as UtiliCorp United and/or UtiliCorp B.C. own a controlling interest in WKPL.
  10. UtiliCorp United will not sell all or part of its shares in UtiliCorp B.C. and UtiliCorp B.C. will not issue securities in such a way as to directly or indirectly convey a reviewable interest as defined in Section 61 of the Act in UtiliCorp B.C. to any other person without the prior approval of this Commission.
  11. UtiliCorp B.C. will retain in Canada all dividends paid by WKPL to it in the five years from the date of this Decision.
- II. The Application by West Kootenay Power and Light Company, Limited is approved.

DATED at the City of Vancouver, in the Province of British Columbia, this 30th day of June, 1987.

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Chairman