

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Great Plains)
Energy Incorporated for Approval of its Merger) File No. EM-2018-0012
With Westar Energy, Inc.)

POSITION STATEMENT OF APPLICANTS

COME NOW Great Plains Energy Incorporated (“Great Plains Energy” or “GPE”), Kansas City Power & Light Company (“KCP&L”), KCP&L Greater Missouri Operations Company (“GMO”), and Westar Energy, Inc. (together with its Kansas Gas and Electric Company – “KGE” – subsidiary, “Westar”) (all parties collectively referred to herein as “Applicants”), and in accordance with the procedural schedule adopted by the Commission hereby offer their position statement on the issues in this proceeding:

I. Should the Commission find that GPE’s merger with Westar is not detrimental to the public interest, and approve the merger?

Applicants’ Position: Yes, the Applicants have met the burden of establishing there is no detriment to the public interest if the Commission approves GPE’s merger with Westar, subject to the terms, conditions and commitments identified in Issue II below. The competent and substantial evidence supports a finding by the Commission that the benefits attendant to the merger outweigh any possible detriments, particularly given that the terms, conditions and commitments identified in Issue II below mitigate any possible risks that the merger would diminish the provision of safe and adequate service or that would tend to make retail rates paid by Missouri customers less just or less reasonable.

II. Should the Commission condition its approval of GPE’s merger with Westar and, if so, how?

Applicants’ Position: Yes, the Commission should approve the Merger subject to the terms, conditions and commitments set forth in the Stipulation and Agreement between the Applicants, Staff, Brightergy LLC, and Missouri Joint Municipal Electric Utility Commission (MJMEUC) filed on January 12, 2018 (“Stipulation”), and the additional commitments proposed by Applicants that are found in the Surrebuttal Testimony of Darrin R. Ives, pp. 3-28. More specifically, Applicants are willing to adopt other new conditions or the modification of existing conditions in the Stipulation if ordered by the Commission, including:

- To increase the bill credits to customers by 50 percent, subject to certain Commission determinations;¹
- To reduce the level of pre-closing transition costs for which KCP&L and GMO may seek rate recovery by 15 percent (Surrebuttal Testimony of Darrin R. Ives, p. 14);
- To include Westar in the 2019 Integrated Resource Plan (“IRP”) Updates of KCP&L and GMO (Surrebuttal Testimony of Darrin R. Ives, p. 20);
- To accept MECG’s proposed condition regarding bill clarity (Surrebuttal Testimony of Darrin R. Ives, p. 26);

¹ Applicants would agree to increase bill credits for Missouri customers, if the Merger is approved and closes and the Commission: (1) adopts Applicants’ revised proposal for Merger transition cost recovery, (2) rejects the MECG proposal regarding the Tax Allocation Agreement applicable to KCP&L and GMO, and (3) rejects the OPC proposal for an “equal outcome” provision. Under those conditions, Applicants would commit to provide bill credits to Missouri retail electric customers amounting to the Missouri customer portion of an additional \$25 million (i.e., above and beyond the \$50 million in upfront bill credits to be provided to Applicants’ customers in both Missouri and Kansas shortly after closing) applied to customer bills equally over the years 2019-2022. (See Surrebuttal Testimony of Darrin R. Ives, p. 10).

- To clarify, in response to a concern raised by MECG, Commitment 47 in the Stipulation to specifically include Commission Authority over future transactions. (Surrebuttal Testimony of Darrin R. Ives, p. 28)

The Commission should reject the additional conditions and commitments proposed by Public Counsel witness Geoff Marke (i.e., “equal outcome” proposal)², MECG witness Michael L. Brosch (i.e. transition cost recovery, Tax Allocation Agreement)³, MECG witness Steve W. Chriss (i.e., renewable energy tariffs)⁴, Renew Missouri witness Karl R. Rábago (i.e., retirements of Westar coal- and gas-fired generation; additional renewable generation, expansion of energy efficiency programs; green power programs, pilot projects for shared or community generation projects; grid-connected energy storage; grid modernization plans; rate design commitments related to distributed energy resources)⁵, and MDED witness Martin R. Hyman (i.e. workforce reporting, retraining, and job placement, “equal outcome” proposal; green tariffs; community solar programs; expansion of demand-side savings programs under MEEIA).⁶

III. Should the Commission grant the limited request for variance of the affiliate transaction rule requested by the Applicants?

Applicants’ Position: Yes, the Commission should grant the limited request for variance of the affiliate transaction rule because the competent and substantial evidence establishes good cause in that the variance is needed to enable the attainment of savings post-closing that will ultimately benefit customers of the new holding company’s utility companies in Missouri and Kansas and that the acquisition will not be detrimental to the public interest in Missouri given

² See Surrebuttal Testimonies of Darrin R. Ives, pp. 20-23, Greg A. Greenwood, pp. 3, and John Reed., pp. 6-8.

³ See Surrebuttal Testimonies of Darrin R. Ives, pp. 14-20; Greg A. Greenwood, pp. 6-7, and Melissa Hardesty, pp. 3-11.

⁴ See Surrebuttal Testimony of Darrin R. Ives, pp. 26-27.

⁵ See Surrebuttal Testimonies of Darrin R. Ives, pp. 9-10; Greg A. Greenwood, pp. 7-15, and Burton L. Crawford, pp. 2-20.

⁶ See Surrebuttal Testimonies of John Reed, pp. 8-11, Darrin R. Ives, pp. 25-26, and Greg A. Greenwood, p. 15.

the level of merger-related savings and the terms, conditions and commitments proposed by Applicants, as discussed in issue II above.

IV. How should the bill credits proposed by the Joint Applicants be allocated between and within the various KCPL and GMO rate classes?

Applicants' Position: Applicants have proposed allocation of the bill credit amounts among Applicants' electric rate jurisdictions in both Missouri and Kansas on the basis of the total MWH of all retail Sales of Electricity reported to FERC under Form 1 (or Form 3-Q) for the most recent full twelve calendar month period prior to the closing of the Merger for which such report is available. No parties argued against this jurisdictional allocation. Using FERC Form 1 data for calendar year 2016 creates bill credits for KCP&L-MO customers of \$14,924,894 or 19.9% of the total bill credits (\$9,949,929 upfront and \$4,974,965 spread equally over the years 2019-2022 with payments made by March 31 of each year). Using FERC Form 1 data for calendar year 2016 creates bill credits for GMO customers of \$14,205,828 or 18.9% of the total bill credits (\$9,470,552 upfront and \$4,735,276 spread equally over the years 2019-2022 with payments made by March 31 of each year).

Allocation of bill credit amounts among and within rate classes of each jurisdiction will be based on a methodology approved by the Commission. Applicants do not propose a specific method for allocating the bill credit among or within classes of customers, and support working with Staff, OPC, and the other parties to the proceeding to develop an appropriate methodology for Commission approval. Consistent with this, the Applicants have been working with the parties to date, and will continue to do so. It is important that Applicants are part of this process and are able to review any proposal put forth by the parties to ensure it is viable and can be implemented. (Surrebuttal Testimony of Darrin R. Ives, pp. 12-13)

WHEREFORE, the Applicants submit their position statement.

Respectfully submitted,

/s/ Robert J. Hack

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was served upon all counsel of record on this 5th day of March 2018, by either e-mail or U.S. Mail, postage prepaid.

/s/ Robert J. Hack

Robert J. Hack
