

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

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

INITIAL POST HEARING BRIEF
OF THE MISSOURI JOINT MUNICIPAL
ELECTRIC UTILITY COMMISSION

The Missouri Joint Municipal Electric Utility Commission (“MJMEUC”) was organized pursuant to Revised Statutes of Missouri §393.700 *et seq.* to exercise the public powers of a political subdivision of the State of Missouri for the benefit of the inhabitants of the now sixty-eight (68) Missouri municipalities which have jointly contracted to establish the MJMEUC. Having participated fully in this matter as an intervenor, MJMEUC respectfully submits that the record of evidence supports this Commission’s conclusion that this merger is not detrimental to the public interest.

MJMEUC’s interest is different from that of the other parties or of the general public:

MJMEUC represents the interests of municipal electrical systems throughout Missouri, as well as municipal electric systems directly imbedded in the KCP&L and KCP&L Greater Missouri Operations Company’s (“GMO’s”) transmission systems that take transmission through the Southwest Power Pool (“SPP”) and municipal electrical systems that have wholesale power contracts with KCP&L and GMO. Specifically, these MJMEUC municipal members take or have the ability to take energy and/or services from or through KCP&L or GMO facilities: Carrollton, Harrisonville, Higginsville, Marshall, Odessa, Osceola, Rich Hill, Salisbury and Slater. MJMEUC also has an 11.76% interest in the Iatan-2 Generating Plant located at the Iatan Generating Station in Platte County, Missouri, which is co-owned with KCP&L, GMO and

others. Therefore, reliability and cost containment are of significance to MJMEUC and its municipal members.

The record of evidence proves that this merger will result in a company that is better able to maintain reliability while containing costs –and this evidence meets and exceeds the standard for approval of this merger which is “not detrimental to the public interest”:

On cross-examination by counsel for Renew Missouri, Terry Bassham (the Chairman, President and CEO of Great Plains Energy, KCP& L and GMO), testified at hearing that “...the purpose of this merger is to be able to create a company which is strong enough to make its decisions in a way that are best for all its constituents...and is good for both costs and the environment.” (Page 84, Lines 14-20) Mr. Bassham further testified in response to Renew Missouri’s cross-examination that “...we want to be responsive to our customers, and we as a company certainly want to be responsive to our environment and our planet, and as a result, we are looking for every opportunity to provide our customers with that [renewable] resource in a way that’s also affordable.” (Page 90, Lines 15-20)

On cross-examination by counsel for Renew Missouri, Mark A. Ruelle (the President and CEO of Westar), testified at hearing that “...customers are more reliant and dependent on reliable electricity than any time in human history,...[but] they don’t need more of it...and so if we have flat sales, rising costs to keep it more reliable, but we can’t recover that over greater sales, absent some intervening effort, like this merger, it means higher prices.” (Page 95, Lines 4-18)

In response to a question from Chairman Hall about the benefits to Missourians of the current merger application over the prior application, Mr. Bassham testified that “...we have the same basic combination of two companies with the same basic opportunity to generate savings without a merger premium, which would have required an immediate \$4 billion plus in corporate debt. So not only do we have more stability...we might have a credit upgrade...we have an

incredibly strong company...[and] there's no question that this stability should give regulatory folks and the commissioners in both states a lot of confidence over our ability not only to execute but sustain and serve our customers without risk to the utilities...." (Page 113, Line 19 – Page 114, Line 13)

Therefore, MJMEUC supports this merger because it provides reliability and cost containment which is not only “not detrimental to the public interest,” but actually benefits and furthers the interests of MJMEUC’s municipal members and all Missourians.

This Commission’s approval of this merger should be subject to the conditions set forth in the January 12th and March 8th Stipulation and Agreements because no party objected to those conditions:

Although the January 12th and March 8th Stipulation and Agreements were not unanimously supported by all parties to this case, no party objected to the conditions that are set forth in these two documents. Although some parties advocated for additional conditions to be placed upon this Commission’s approval of this merger, it is undisputed that this Commission could approve this merger subject to the conditions set forth in the January 12th and March 8th Stipulation and Agreements without hearing any subsequent objection to the imposition of any of those conditions. MJMEUC supports this Commission’s approval of this merger subject to all conditions contained in the January 12th and March 8th Stipulation and Agreements.

This Commission should grant the Applicants’ limited request for variance of the affiliate transaction rule, as further clarified by the Applicants in their Initial Post-Hearing Brief:

MJMEUC supports this Commission granting the Applicants’ limited request for variance of the affiliate transaction rule, pursuant to all conditions contained in the January 12th and March 8th Stipulation and Agreements, and as further clarified by the two questions Chairman Hall posed at the conclusion of the hearing and the Applicants’ responses to those two questions as set forth in the Applicants’ Initial Post-Hearing Brief.

The upfront bill credits proposed by the Applicants should be allocated pursuant to Paragraph 15 of the March 8th Stipulation and Agreement:

In response to questions posed by Judge Bushmann, Staff witness Natelle Dietrich clarified that the March 8th Stipulation and Agreement (as compared to the January 12th Stipulation and Agreement) provides the Commission with the current total amounts of the bill credits and the methodology for allocating those bill credits between and among the rate classes. (Page 289, Line 19 – Page 290, Line 15) Ms. Dietrich testified that the proposed allocation methodology is fair and reasonable. (Page 290, Line 16-19) As a signatory to the March 8th Stipulation and Agreement, MJMEUC supports this methodology for allocation of the bill credits.

WHEREFORE, MJMEUC respectfully submits that the record of evidence supports this Commission’s conclusion that this merger is not detrimental to the public interest. MJMEUC therefore requests this Commission approve the merger, subject to all conditions contained in both the January 12, 2018 and the March 8, 2018 Stipulation and Agreements.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the above Initial Post Hearing Brief of the Missouri Joint Municipal Electric Utility Commission was sent via electronic mail, this 30th day of March, 2018, addressed to:

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