

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

In the Matter of the Verified Joint Application)
of Kansas City Power & Light Company)
and KCP&L Greater Missouri Operations) File No. EE-2018-0108
Company for a Variance from the)
Commission’s Affiliate Transactions Rule)
4 CSR 240-20.015)

**VERIFIED APPLICATION OF KANSAS CITY POWER & LIGHT COMPANY
AND KCP&L GREATER MISSOURI OPERATIONS COMPANY FOR A LIMITED
VARIANCE FROM THE COMMISSION’S AFFILIATE TRANSACTIONS RULE**

COME NOW Kansas City Power & Light Company (“KCP&L”) and KCP&L Greater Missouri Operations Company (“GMO”) (collectively, “Joint Applicants”) and, pursuant to 4 CSR 240-2.060, 4 CSR 240-3.015, and 4 CSR 240-20.015(10), respectfully request that the Missouri Public Service Commission (“Commission”) grant a limited variance from Commission Rule 4 CSR 240-20.015 on affiliate transactions, as specifically set forth herein. In support thereof, Joint Applicants state as follows:

I. COMPANY INFORMATION

A. KANSAS CITY POWER & LIGHT COMPANY

1. KCP&L is a Missouri corporation with its principal office and place of business at 1200 Main Street, Kansas City, Missouri 64105. KCP&L is primarily engaged in the generation, transmission, distribution, and sale of electricity in western Missouri and eastern Kansas, operating primarily in the Kansas City metropolitan area. KCP&L is an “electrical corporation” and “public utility” under Section 386.020 (15) and (43) and is subject to the jurisdiction, supervision and control of the Commission under Chapters 386 and 393. KCP&L provided its Certificate of Good Standing in Case No. EF-2017-0242, which is incorporated herein by reference in accordance with 4 CSR 240-2.060(1)(G).

B. KCP&L GREATER MISSOURI OPERATIONS COMPANY

2. GMO is a Delaware corporation with its principal office and place of business at 1200 Main Street, Kansas City, Missouri 64105. GMO is primarily engaged in providing electric and steam utility service in Missouri to the public in its certificated areas. GMO is an “electrical corporation” and a “public utility” under Section 386.020(15) and (43) and is subject to the jurisdiction, supervision and control of the Commission under Chapters 386 and 393. A Certificate of Authority for a foreign corporation to do business in the State of Missouri, evidencing GMO’s authority to conduct business in Missouri, was filed with the Commission in Case No. EU-2002-1053 and is incorporated herein by reference in accordance with 4 CSR 240-2.060(1)(G).

3. In addition to the undersigned counsel, all correspondence, pleadings, orders, decisions and communications regarding this proceeding should be sent to:

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4. Neither KCP&L nor GMO have any pending actions or final unsatisfied judgments or decisions against them from any state or federal agency or court, which involve

customer service or rates, which action, judgment, or decision has occurred within three years of the date of the Application, except for:

- a. *James Dickson and Angela Dickson v. KCP&L Greater Missouri Operations Company*, Case No. EC-2016-0230; and
- b. *Gene Edward Dudley v. Kansas City Power & Light Company*, Case No. EC-2018-0103.

Joint Applicants have no annual reports or regulatory assessment fees that are overdue in Missouri.

II. BACKGROUND

5. On October 25, 2017, Joint Applicants filed a Notice of Intended Case Filing under 4 CSR 240-4.017 (1) and the Commission assigned it File No. EE-2018-0108. While more than 180 days have passed since the filing of that Notice and the filing of this Application, Joint Applicants are filing this Application in File No. EE-2018-0108 as it remains an open docket. Joint Applicants have had no communications with the office of the Commission concerning the substantive issues contained in the Application since the October 25, 2017 Notice. Joint Applicants entered into a subscription agreement (“Agreement”) with Grid Assurance LLC (“Grid Assurance”)¹. The Agreement, attached to the Direct Testimony of Chris Kurtz as Confidential Schedule CK-1, which is filed concurrently with this Application,

¹ Grid Assurance is a for-profit enterprise that provides spare parts (transformers, etc.) to the electric industry for use in case of damage due to storm or other catastrophic event on a more cost-effective basis than could be achieved by individual companies on their own or by the government. Grid Assurance is currently owned by six entities, including Great Plains Energy Incorporated’s (a Missouri Corporation and the holding company for the stock of KCP&L and GMO) non-regulated subsidiary, GXP Investments, Inc. (“GXPI”), who each own ** [REDACTED] ** That ownership percentage is expected to drop to approximately ** [REDACTED] ** as additional entities subscribe to the service and choose to become equity participants.

provides that Joint Applicants will subscribe to the services of Grid Assurance as detailed in the Agreement.

6. Per the terms of the Agreement KCP&L's and GMO's compensation to Grid Assurance for goods and services may be considered "affiliate transactions" under the Commission's Affiliate Transactions Rule, 4 CSR 240-20.015. As a result, the asymmetric pricing standards contained in 4 CSR 240-20.015(2) may apply, unless a variance is granted by the Commission. The asymmetric pricing requirements in 4 CSR 240-20.015(2) provide:

(A) A regulated electrical corporation shall not provide a financial advantage to an affiliated entity. For the purposes of this rule, a regulated electrical corporation shall be deemed to provide a financial advantage to an affiliated entity if—

1. It compensates an affiliated entity for goods or services above the lesser of—
 - A. The fair market price; or
 - B. The fully distributed cost to the regulated electrical corporation to provide the goods or services for itself; or
2. It transfers information, assets, goods or services of any kind to an affiliated entity below the greater of—
 - A. The fair market price; or
 - B. The fully distributed cost to the regulated electrical corporation.

III. REQUEST FOR LIMITED VARIANCE

11. The Joint Applicants request a limited variance from the provisions of the Affiliate Transactions Rule under 4 CSR 240-20.015, as it might pertain to transactions between KCP&L, GMO and Grid Assurance. Good cause exists for the granting of the requested variance. Necessarily KCP&L, GMO and Grid Assurance will engage in transactions with each other, and the asymmetric pricing standards of 4 CSR 240-20.015, which were designed to prevent cross-subsidization of a regulated utility's non-regulated operations, would prevent the Joint Applicants and Grid Assurance from exchanging goods and services under the terms and conditions of the Agreement.

12. According to the “PURPOSE” section at the beginning of 4 CSR 240-20.015, the Affiliate Transactions Rule is “intended to prevent regulated utilities from subsidizing their non-regulated operations.” Joint Applicants respectfully request a limited variance because, as explained in the Direct Testimony of Chris Kurtz, the likelihood of the Joint Applicants subsidizing Grid Assurance is very low, if not zero since the subscription is offered to all participants on the same terms and conditions. As good cause, the Joint Applicants assert that the variance is needed to be able to operate under the terms of the Agreement.

13. The Agreement enables Joint Applicants to meet reliability needs in a cost-effective manner. Please see the Direct Testimony of Chris Kurtz for an explanation of the benefits of KCP&L’s and GMO’s subscription in Grid Assurance.

14. To the extent deemed necessary by the Commission, the Joint Applicants therefore request a limited variance from 4 CSR 240-20.015(2) for good cause in order to facilitate transactions between Joint Applicants and Grid Assurance by allowing all transactions to occur under the terms of the Agreement. The Joint Applicants request that the variance become effective as soon as possible, but in any event no later than September 30, 2018.

WHEREFORE, the Joint Applicants respectfully request that the Commission grant a limited variance from Commission Rule 4 CSR 240-20.015(2), as described above, for good cause and to be effective as soon as possible, but in any event no later than September 30, 2018.

Respectfully submitted,

/s/ Robert J. Hack

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**Attorneys for Kansas City Power & Light Company
and KCP&L Greater Missouri Operations
Company**

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, emailed or mailed, First Class, postage prepaid, this 18th day of May, 2018 to:

Office of the Public Counsel
P.O. Box 2230
Jefferson City, MO 65102

General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102


/s/ Robert J. Hack

Robert J. Hack

VERIFICATION

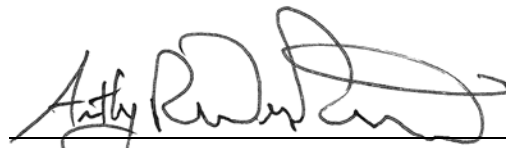
STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

Darrin R. Ives, being first duly sworn, on his oath and in his capacity as Vice President—Regulatory Affairs, states that he is authorized to execute on behalf of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company this Application, and has knowledge of the matters stated in this application, and that said matters are true and correct to the best of his knowledge and belief.



Darrin R. Ives

Subscribed and sworn to before me this 18th day of May, 2018.



Notary Public

My Commission Expires: 4/26/2021

