

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

In the Matter of the Joint Application of Entergy Arkansas, Inc.,)
Mid South TransCo LLC, Transmission Company Arkansas,) Case No. EO-2013-0396
LLC and ITC Midsouth LLC for Approval of Transfer of Assets)
and Certificate of Convenience and Necessity, and Merger and,)
in connection therewith, Certain Other Related Transactions.)

**RESPONSE OF KANSAS CITY POWER & LIGHT COMPANY AND KCP&L
GREATER MISSOURI OPERATIONS COMPANY TO ENTERGY ARKANSAS, INC.,
MID SOUTH TRANSCO LLC, AND TRANSMISSION COMPANY ARKANSAS, LLC'S
RESPONSE IN OPPOSITION TO APPLICATIONS TO INTERVENE AND MOTION
TO LIMIT THE SCOPE OF THE PROCEEDING**

COME NOW, Kansas City Power & Light Company ("KCP&L") and KCP&L Greater Missouri Operations Company ("GMO") (collectively, the "Companies") and hereby respond to the Entergy Arkansas, Inc., Mid South Transco LLC, and Transmission Company Arkansas, LLC's (collectively, "EAI Applicants") *Response in Opposition to Applications to Intervene and Motion to Limit the Scope of the Proceeding*, filed on March 7, 2013 (hereafter, "March 7 pleading"). For its Response, KCP&L and GMO state:

1. EAI Applicants assert throughout the March 7 pleading that the proposed transfer of assets that is the subject of the Joint Application is "very straightforward" and that the facilities proposed to be transferred are "limited."¹ EAI Applicants further argue in the March 7 pleading that the Companies' concerns raised in its Application to Intervene do not stem "from the limited transfer of EAI's Missouri facilities, which is the subject of the instant Joint Application."² The Companies disagree.

¹ Entergy Arkansas, Inc., Mid South Transco LLC, and Transmission Company Arkansas, LLC's Response in Opposition to Applications to Intervene and Motion to Limit the Scope of the Proceeding, filed on March 7, 2013, at paras. 2, 3, 4, 5, 7, 11.

² *Id.* at para. 11.

2. Notably, EAI Applicants have not yet finalized the “specific, detailed list of assets to be transferred.”³ EAI Applicants state that the process for identifying the transmission assets that are subject to transfer is ongoing, but that generally the transmission assets that will be subject to transfer include those “transmission lines that are rated at 69kV and above and related equipment, transmission substation facilities, transmission land rights, transmission control facilities, transmission/distribution common use facilities, and other equipment, tools, vehicles, and machinery used in the operation of the transmission business.”⁴ EAI Applicants further note that the Separation Agreement provides the process for resolving such matters, “including any items that are discovered after closing of the Transaction.”⁵

3. Unless and until the specific, detailed list of assets to be transferred is known by the EAI Applicants and provided to the Missouri Public Service Commission (“Commission”) and all parties, the Companies submit that any attempt on the part of EAI Applicants to limit either the scope of this proceeding or a party’s intervention is premature.

4. Further, as the Companies have already noted in their filed pleadings before this Commission, several of the known Missouri facilities that Entergy Arkansas, Inc. proposes to transfer to ITC Midsouth LLC are used in providing transmission service from the Crossroads Energy Center (“Crossroads”) (which is physically located in Entergy’s service territory) to GMO service territory. This transmission service for Crossroads uses the Entergy to SPP interconnections at the Omaha switching station to Ozark Beach. The Companies anticipate that, as a result of the Transaction described in the Joint Application, GMO’s firm transmission fees for Crossroads delivery would immediately increase due solely to application of MISO’s

³ Joint Application at fn. 7; Appendix 4 at fn 1.

⁴ *Id.*

⁵ *Id.*

Schedule 7 through and out transmission service. The increase in fees is estimated to be at least \$3.76 million per year, and perhaps more.

5. EAI Applicants attempt to argue that the Companies' argument is simply a "MISO-driven concern" not properly within the scope of this transaction.⁶ This argument fails to recognize that the proposed transaction may have direct and substantial impacts on the Companies' dependence on the facilities at issue. Similarly, this argument over-simplifies the interconnected nature of the transmission system and minimizes the potential impacts of the transfer of the transmission assets, which are yet to be fully identified, on the Companies' cost of power delivery to the Companies' retail customers.

6. In addition, EAI Applicants cite, out of context, to the Federal Energy Regulatory Commission ("FERC") Order issued on April 19, 2012 in Docket No. ER12-480 ("April 2012 Order") as evidence that the proposed asset transfer and Entergy's integration into MISO are "separate and distinct."⁷ Rather, continuing in the same paragraph to which EAI Applicants cite, the FERC concluded that "while Entergy and ITC have announced their proposed business transaction, it would not be reasonable to delay this proceeding due to ITC-related issues that are not yet ripe for consideration."⁸ Notably, when the FERC issued the April 19, 2012 Order, Entergy and ITC had not filed a merger application under Section 203 and had only recently announced the transaction. Such merger application is now pending. The April 2012 Order merely held that issues related to the proposed tariff revisions in that proceeding, which "are relevant to Entergy's regulators and transmission customers" with or without the merger, should not be delayed pending the approval or consideration of the proposed merger between Entergy

⁶ March 7 pleading at para. 11.

⁷ March 7 pleading at para. 10, citing *Midwest Independent Transmission System Operator, Inc.*, 139 FERC ¶ 61,056 at P 229 (2012).

⁸ *Midwest Independent Transmission System Operator, Inc.*, 139 FERC ¶ 61,056 at P 229 (2012).

and ITC.⁹ The Companies submit that the asset transfer requested in this proceeding is merely one piece of the much larger “Transaction”, defined in paragraph 1 of the Joint Application, that would result in the integration of all of Entergy Corporation’s transmission facilities into MISO. Such integration is expected to impact transmission service for KCP&L and GMO customers. The Companies maintain that the Commission must receive evidence regarding the potential public detriment of Entergy’s voluntary choice to place these facilities under the functional control of MISO, which would result from the asset transfer to ITC, before granting the transfer of the Certificate of Convenience and Necessity in this proceeding.

7. KCP&L and GMO concur with the statements made by The Empire District Electric Company (“Empire”) in its March 11, 2013 pleading in this matter. In response to certain suggestions made by ITC Midsouth regarding the “limited scope” of this proceeding¹⁰, Empire notes that it is unaware of either a limited scope or expanded scope that the Commission applies to asset transfer cases. In noting that the standard for the Commission’s determination is whether the proposed transaction is not detrimental to the public interest, Empire suggests, and the Companies agree, that the scope of the proceeding is whatever the Commission believes is relevant to its consideration of this standard.¹¹ The Companies agree with Empire’s assessment that the scope of this proceeding should not be limited until the Commission has had the opportunity to consider the evidence relevant to making its determinations in this proceeding.

8. The Companies submit that they possess a unique and specific interest in these proceedings and respectfully request that they be permitted full rights of intervention in order to protect their interests and assist the Commission with its deliberations through the provision of useful and relevant information regarding the potential impacts of the proposed asset transfer.

⁹ *Id.*

¹⁰ *ITC Midsouth LLC’s Reply Regarding Applications to Intervene and Scope of Proceedings* at para. 6.

¹¹ Empire’s Response to Order Directing Response at para. 10.

WHEREFORE, the Companies request that the Commission issue an order authorizing them to intervene in the above-captioned matter.

Respectfully submitted,

/s/ Roger W. Steiner

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the above and foregoing document has been hand-delivered, emailed or mailed, First Class, postage prepaid, to all counsel of record in this case this 18th day of March, 2013.

/s/ Roger W. Steiner

Roger W. Steiner