

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

In the Matter of the Application of)	
Great Plains Energy Incorporated for)	<u>File No. EM-2017-0226</u>
Approval of its Acquisition of)	
Westar Energy, Inc.)	

**POSITION STATEMENT OF
KANSAS ELECTRIC POWER COOPERATIVE, INC.**

COMES NOW, the Kansas Electric Power Cooperative, Inc. (“KEPCo”) and, pursuant to the Commission’s March 8, 2017 Order Setting Procedural Schedule, files this statement of position on the list of issues filed on March 29, 2017, in the above-captioned docket.

- **Issue 1. Should the Commission find that GPE’s acquisition of Westar is not detrimental to the public interest, and approve the transaction?**

No. GPE’s acquisition of Westar, as proposed, will result in a post-transaction GPE that is highly leveraged and that has substantial cash flow needs to meet debt service and other obligations. As proposed, the transaction is detrimental to the public interest because electric customers are expected to bear too much risk. The proposed merger commitments and conditions negotiated by some parties, as supplemented by new conditions recently offered in prefiled testimony, are not sufficient to mitigate customers’ risk.¹ Therefore, if the Commission approves the transaction, its approval should be conditioned on the adoption of additional and improved merger commitments and conditions that better protect customers from adverse impacts of the transaction.

¹ These commitments include commitments in the October 12, 2016 Stipulation and Agreement with Commission Staff, the October 26, 2017 Stipulation and Agreement with the Office of the Public Counsel, and the supplemental commitments presented in Schedule DRI-4 attached to Mr. Ives’ surrebuttal testimony filed on March 27, 2017.

- **Issue 2. Should the Commission condition its approval of GPE's acquisition of Westar and, if so, how?**

Yes. The Commission should condition any approval of the transaction on measures that better protect customers from future adverse impacts of the transaction. KEPCo believes that additional ring-fencing measures and alterations to the previously negotiated commitments and the new Schedule DRI-4 commitments are needed to protect the customers of GPE's regulated utilities.

- **Issue 3. Should the Commission address matters such as transmission and power supply services and, if so, how?**

Yes. The Commission has authority to address a wide range of issues, and may decide whether consideration of these issues is necessary to determine whether the proposed acquisition is detrimental to the public interest. For instance, the Commission may take into account the transaction's impacts in the FERC-regulated markets to the extent those impacts affect rates and quality of retail electric service.² Such considerations do not interfere with FERC's jurisdiction and are therefore not preempted by the Federal Power Act.

- **Issue 4. Should the Commission grant the limited request for variance of the affiliate transaction rule requested by GPE, KCP&L, and GMO?**

KEPCo takes no position on this issue.

- **Issue 5. Should the Commission condition its approval of GPE's limited request for variance of the affiliate transaction rule requested by GPE, KCP&L, and GMO and, if so, how?**

KEPCo takes no position on this issue.

² For instance, when it approved the Exelon-Pepco merger, the Maryland Public Service Commission considered several issues raised by intervenor PJM Market Monitor related to Exelon's participation in the regionally organized wholesale power markets. Order No. 86990, *In re Merger of Exelon Corp. and Pepco Holdings, Inc.*, Case No. 9361 (issued May 15, 2015).

Respectfully submitted,

/s/William G. Riggins

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been served electronically this 30th day of March, 2017, to all parties on the Commission's service list in this case.

/s/William G. Riggins

William G. Riggins