

**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.)

In the Matter of Entergy Arkansas, Inc.’s Notification of)
Intent to Change Functional Control of Its Missouri Electric)
Transmission Facilities to the Midwest Independent) Case No. EO-2013-0431
Transmission System Operator, Inc. Regional Transmission)
System Organization or Alternative Request to Change)
Functional Control and Motions for Waiver and Expedited)
Treatment.)

**KANSAS CITY POWER & LIGHT COMPANY and KCP&L GREATER MISSOURI
OPERATIONS COMPANY STATEMENT OF POSITION**

COME NOW, Kansas City Power & Light Company (“KCP&L”), KCP&L Greater Missouri Operations Company (“GMO”) (collectively, the “Companies”), and pursuant to the Commission’s April 18, 2013 Order Granting Interventions and Setting Procedural Schedule, hereby files its Statement of Position on the issues identified in the List of Issues, Witnesses, and Order of Cross-Examination filed by the Companies on June 10, 2013.

I. Issues in Case No. EO-2013-0396

A. Have the Joint Applicants in Case No. EO-2013-0396¹ met their burden to provide sufficient information to the Commission so that the Commission may make a determination regarding whether the transfer of EAI’s Missouri transmission assets and its certificate of convenience and necessity is not detrimental to the public interest?

No. Minimal information has been provided by the Joint Applicants in their filed pleadings and pre-filed testimony to aid the Commission in assessing the impact on the public interest due to the proposed transfer of EAI’s Missouri transmission assets and its Missouri certificate of convenience.

¹ Joint Applicants are Entergy Arkansas, Inc. (“EAI”), Mid South TransCo LLC (“Mid South”), Transmission Company Arkansas, LLC (“TC Arkansas”) and ITC Midsouth LLC (“ITC Midsouth”).

B. Have the Joint Applicants in Case No. EO-2013-0396 demonstrated that there is no net detriment to Missouri customers that may result from the contemplated merger?

No. As discussed in the Rebuttal Testimony of KCP&L/GMO witness Charles Locke, ITC witness Joseph Welch notes that “any rate impacts of the Transaction are modest.” [Locke Rebuttal at p. 5, quoting Welch Direct at p. 52.] Absent the provision of quantitative information, the Commission is unable to determine that there is no net detriment to Missouri customers.

C. Have the Joint Applicants in Case No. EO-2013-0396 documented and supported the increase in transmission rates that is likely to occur as a result of the merger?

No. Joint Applicants have not adequately addressed the potential impact on Missouri assets and customers resulting from the merger and integration into MISO--e.g., increased power flows and congestion.

D. Have the Joint Applicants demonstrated any incremental benefit to Missouri customers that will offset the projected increases in transmission rates caused by the increased ROE and higher equity component in capital structure associated with the transfer of its Missouri transmission assets to ITC?

No. Joint Applicants acknowledge that this transaction is driven primarily by qualitative benefits. [See, e.g., Direct Testimony of Joseph L. Welch.] However, as noted in the Rebuttal Testimony of KCP&L/GMO witness Charles Locke, based upon the information submitted to the MPSC in these dockets, it is unclear if there are benefits that will add to or offset the ROE and capital structure shifts. [Locke Rebuttal at pp. 5-6.]

E. Have the Joint Applicants adequately addressed the issues of safety and reliability that may arise as a result of the proposed transaction?

No. As noted by KCP&L/GMO witness Charles Locke at pp. 9-10 of his Rebuttal Testimony, Joint Applicants have not provided information concerning reliability operations, safety, facility congestion and cost responsibility as MISO, SPP, and AECI coordinate regarding seams issues. Joint Applicants have not demonstrated that these matters will be adequately addressed to ensure that there is no detriment to the public interest in Missouri.

II. Issues in Case No. EO-2013-0431

A. Has EAI met its burden to provide sufficient information to the Commission so that the Commission may make a determination regarding whether the transfer of functional control of EAI’s Missouri transmission assets to MISO is not detrimental to the public interest?

No. EAI has provided minimal information that will assist the Commission in assessing whether the transfer of functional control of EAI's Missouri transmission assets to MISO is not detrimental to the public interest.

B. Has EAI documented and supported the increase in transmission rates that is likely to occur as a result of the transfer of functional control to MISO?

No. As noted in the testimony of KCP&L/GMO witness John Carlson, according to MISO representatives, and not Joint Applicants, specific schedules from the MISO tariff will be applicable to GMO transmission service subsequent to the transfer of functional control of the assets to MISO. Application of these schedules to GMO will result in a significant projected financial impact to GMO, as noted in Mr. Carlson's Schedule JRC-3.

C. Has EAI adequately addressed the issues of safety and reliability that may arise as a result of the proposed transaction?

No. As noted by KCP&L/GMO witness Charles Locke at pp. 9-10 of his Rebuttal Testimony, Joint Applicants have not provided information concerning reliability operations, safety, facility congestion and cost responsibility as MISO, SPP, and AECI coordinate regarding seams issues. Joint Applicants have not demonstrated that these matters will be adequately addressed to ensure that there is no detriment to the public interest in Missouri.

D. Has EAI demonstrated that there will be no net detriment to Missouri transmission operations and the power market seam in Missouri as a result of the proposed transaction?

No. EAI has not adequately addressed the potential impact on Missouri assets and customers resulting from the integration into MISO--e.g., increased power flows and congestion.

E. Has EAI demonstrated any incremental benefit to Missouri customers that will offset the projected increases in transmission rates caused by the application of Through and Out rates as a result of transmission service moving to the MISO Tariff?

No, as discussed in the testimony of John Carlson at pp. 4-5.

F. Has EAI demonstrated a net benefit to Missouri customers that will offset the rate impacts to such customers as a result of the decrease in KCP&L's off-system sales margin?

No. As discussed by Mr. Carlson at pp. 9-11, KCP&L's off-system sales margin will likely decrease, which will have a direct impact on Missouri retail customers, as such off-system sales are used to reduce power supply costs for Missouri retail customers.

G. Has EAI demonstrated that KCP&L, GMO, Empire, and MJMEUC will be held harmless with respect to cost compensation due to EAI's voluntary choice to place its transmission assets under MISO?

No. EAI suggests, through the Surrebuttal Testimony of Richard Riley, that there is no basis for suggesting that changes in the wholesale market present some detriment to the public interest in Missouri. This assertion disregards the testimony of Empire witness Bary Warren and KCP&L/GMO witnesses Charles Locke and John Carlson, and provides this Commission with no affirmative evidence that the proposed transaction is not detrimental to the public interest.

H. Are there conditions that the Commission could impose on this transfer that would allow for a finding that the transfer of functional control is not detrimental to the public interest?

Yes. As detailed in the testimony of KCP&L/GMO witness Charles Locke, the Commission should require EAI to affirmatively demonstrate, through the provision of adequate, competent, specific evidence, that the transfer is not detrimental to the public interest in Missouri. Such Missouri-specific evidence has not yet been provided. Further, the Commission could establish conditions to address the safety, reliability, and other concerns noted by KCP&L and GMO so that the Missouri public interest is protected, and require applicant to submit periodic reports demonstrating compliance with such conditions.

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 foregoing document has been hand-delivered, emailed or mailed, postage prepaid, to all counsel of record in this case this 12th day of June, 2013.

/s/ Roger W. Steiner

Roger W. Steiner