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Witness:	Greg A. Greenwood
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Westar Energy, Inc.
Case No.:	EM-2018-0012
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EM-2018-0012

DIRECT TESTIMONY

OF

GREG A. GREENWOOD

ON BEHALF OF

WESTAR ENERGY, INC.

August 2017

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DIRECT TESTIMONY

OF

GREG A. GREENWOOD

Case No. EM-2018-0012

I. INTRODUCTION AND PURPOSE

Q: Please state your name and business address.

A: My name is Greg A. Greenwood. My business address is 818 South Kansas Avenue, Topeka, Kansas 66612.

Q: On whose behalf are you testifying?

A: I am testifying on behalf of Westar Energy, Inc. and Kansas Gas and Electric Company (collectively referred to herein as "Westar") in this proceeding requesting Missouri Public Service Commission ("Commission") approval of the amended transaction providing for the merger of Westar and Great Plains Energy Incorporated ("GPE") ("Merger"). Kansas City Power & Light Company ("KCP&L") and KCP&L Greater Missouri Operations Company ("GMO") are also applicants and with Westar and GPE are collectively referred to herein as "Applicants". In this testimony, the company formed by the Merger will be referred to as "the combined Company" or "Holdco."

Q: By whom and in what capacity are you currently employed?

A: I am employed by Westar as Senior Vice President, Strategy.

Q: What are your current responsibilities?

A: I am currently responsible for Westar's regulatory affairs, customer care, customer programs and performance excellence functions. At closing, I will become Executive Vice

President, Strategy & Chief Administrative Officer and assume responsibility for corporate strategy, regulatory affairs, achievement of merger savings, IT, supply chain, and facilities.

Q: Please describe your education, experience and employment history.

A: In 1988, I graduated magna cum laude with a Bachelor of Business Administration degree in Accounting from Washburn University. I am also a certified public accountant, with five years of public accounting experience prior to my joining Westar. I joined Westar in April 1993 as a staff accountant in the corporate tax department. In September 1995, I joined the finance department as a financial analyst. I held a variety of positions of increasing responsibility within the finance organization until 2006, focusing primarily on financial forecasting and analysis and strategic business planning, as well as raising funds for Westar in the capital markets. I was Westar's Treasurer from February 2003 through August 2006 before being named Vice President, Major Construction Projects in August 2006. In August 2011, I was named Senior Vice President, Strategy and before assuming my current responsibilities I was in charge of regulatory affairs, environmental services, and major construction projects.

Q: Have you previously testified in a proceeding before this Commission or any utility regulatory agency?

A: I have not previously testified before this Commission. I have testified in several dockets before the Kansas Corporation Commission (“KCC”) including several rate cases, predetermination cases to approve the regulatory prudence of major construction projects, and financial restructuring dockets.

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to:

1) Introduce the other witnesses for Applicants and the topics they will address;

2) Report how the Merger differs from the transaction presented in EM-2017-0226 ("Initial Transaction") and summarize the evidence that supports a finding that the Merger is not detrimental to the public interest, satisfying the Commission's merger standard; and

3) Describe how the combined Company will execute the merger integration plan, realize Merger savings, and track and report progress on these efforts.

Q. What was the genesis of the Merger and how does it relate to the Initial Transaction?

A. By an Order issued on April 19, 2016, in KCC Docket No. 16-KCPE-593-ACQ ("KCC's Initial Transaction Order"), the KCC denied approval of the Initial Transaction. The primary concerns noted by the KCC related to the financial condition of the merged company due to the magnitude of the acquisition premium GPE had agreed to pay and the amount of debt GPE had proposed to incur.[1] As a result, we reconstituted the Initial Transaction to address these concerns and still achieve the benefits of combining Westar and GPE.

Q: How is the balance of your testimony organized?

A: The remaining five sections of my testimony are:

- **Section II** identifies Applicants' other witnesses and the topics they address;
- **Section III** summarizes the Merger, and how it differs from the Initial Transaction;

[1] KCC's Initial Transaction Order, ¶ 92.

- **Section IV** describes how the Merger satisfies the Commission's Merger standard;
- **Section V** presents our approach to execution of merger integration plans and realization of efficiencies, and describes how we will track and report merger integration results; and
- **Section VI** presents my brief conclusions.

II. INTRODUCTION OF WITNESSES AND TOPICS COVERED

Q: Please identify the other witnesses for Applicants and the topics that they will be addressing.

A: Mr. Mark Ruelle, President and Chief Executive Officer ("CEO") of Westar, and Mr. Terry Bassham, Chairman, President and CEO of GPE, KCP&L, and GMO each provide testimony that discusses why the Applicants remain committed to achieving a merger and the actions taken to arrive at the July 9, 2017 Amended and Restated Agreement and Plan of Merger ("Amended Merger Agreement"). Mr. Ruelle describes the steps taken since the KCC's Initial Transaction denial and how the Merger will benefit customers, shareholders and other stakeholders and is not detrimental to the public interest. Mr. Bassham addresses the value that will be created by the combination of Westar and GPE and how customers will benefit. He will also address the impact on employees, and by extension, the communities in which they live.

The topics to be addressed by the Applicants' witnesses are summarized in the following table.

Table 1: Applicants' Witnesses

Witness	Topics
Mark Ruelle, President and CEO, Westar	Actions Taken to Restructure the Initial Transaction.
Terry Bassham, President and CEO, GPE	Value to be Created by the Merger including Customer Benefits, Effect on Employees.
Greg Greenwood, SVP, Strategy, Westar	How the Transaction satisfies the Commission's merger standard, Implementation of Merger Integration Plans, Tracking and Reporting of Efficiencies and Savings
Kevin Bryant, SVP, Finance and Strategy and CFO, GPE	Structure and Financial Terms of Amended Merger Agreement, Unwinding of Initial Transaction Financing, Impact of the Merger on Financial Condition.
Anthony Somma, SVP and CFO, Westar	Post-Close Financial Outlook and Other Financial-Related Matters.
Darrin Ives, VP, Regulatory, GPE	Regulatory Commitments, Bill Credit, Customer Benefits from Merger Savings, Resource Plan/Plant Retirements.
Steve Busser, VP Risk Management, Controller, GPE	Integration Plan, Merger Efficiencies and Savings, Transaction and Other Accounting Treatments, Post-Closing Common Cost Allocations.
Bruce Akin, SVP, Power Delivery, Westar	Service Quality and Public Safety.
John Reed, CEO, Concentric Energy Advisors	Value of Merger to Customers and Shareholders, Financial and Ring-fencing Commitments, Economic Benefits.

Q: Will the Applicants be seeking approval of the Merger from other regulatory bodies?

A: Yes. The Applicants have filed for approval with the KCC. Soon after the filing of this Application in Missouri, the Applicants also expect to file for approval with the Federal Energy Regulatory Commission ("FERC"), and the Nuclear Regulatory Commission ("NRC"). Certain other requests for approval will be delayed until later in the year to avoid having an approval expire before the transaction is ready to close. These include the requests pursuant to the Hart-Scott-Rodino Antitrust Improvements ("HSR") Act, and for certain Federal Communications Commission ("FCC") approvals related to radio licenses currently held by either Westar or GPE.

III. THE MERGER AND HOW IT DIFFERS FROM THE INITIAL TRANSACTION

Q. Please briefly describe the Merger.

A. The Initial Transaction has been restructured as a Merger of Equals ("MOE") that will be accomplished entirely through an exchange of stock with no control premium paid to either company's shareholders, no exchange of cash, no transaction-related debt and upfront, guaranteed benefits to retail electric customers in the form of bill credits. The Merger will be accomplished by forming a new holding company and by an exchange of stock at the time of the closing.

The Applicants commit to provide upfront bill credits to all retail electric customers of $50 million. These bill credits exceed our estimate of 2018 net Merger savings. This upfront bill credit demonstrates our commitment to customer benefits and our confidence in the future savings the Merger will produce.

We have completed our Merger savings analyses over the past few months. These savings are in addition to the upfront bill credits and will benefit customers beginning with the rate cases to be filed by KCP&L and GMO in 2018. We expect to create savings and net operating efficiencies of approximately $28 million in 2018, growing to approximately $160 million by 2022 and beyond. Customers will benefit from these savings as they help to reduce the level and frequency of rate cases after the Merger closes.

The combined Company will have a board of directors comprised of an equal number of current Westar and GPE board members. The Chairman and CEO are the only two board members that are not "independent" as that term is defined by the New York Stock Exchange. Holdco's lead director will be Westar's current independent chairman of the board and a long-time director. Most of Holdco's other directors have substantial and longstanding business or personal connections to the Missouri and Kansas region.

Finally, the Applicants have proposed substantial Merger Commitments and Conditions, including maintaining the ring-fencing provisions in substantially similar form to those proposed in the Initial Transaction. See Application, Appendix H. As discussed by Messrs. Ives and Reed, these commitments are intended to assure the Commission and other stakeholders that customers are well protected from potential future incremental risk as a result of the Merger.

Q. How does the Merger differ from the Initial Transaction?

A. The table below sets out the major differences between the Initial Transaction and the Merger.

Table 1: Comparison of Merger to the Initial Transaction

TERM OF TRANSACTION	INITIAL TRANSACTION	REVISED MERGER
Purchase Price	$60 per Westar share	Merger will be effectuated by an exchange of stock
Acquisition Premium	$4.9 billion	None[2]
Debt Issuance Related to Transaction	$4.3 billion	None

[2] Although this Merger involves neither a purchase price nor a control premium, goodwill – with Westar as the accounting acquirer in the Merger representing the difference between GPE's market value and book value upon closing of the Merger, and currently estimated to be approximately $1.52 billion – will be recorded in accordance with accounting rules on the books of Holdco as a result of the Merger.

Rate Recovery of Acquisition Premium/Goodwill	Reserved the right to seek recovery of goodwill in certain circumstances	There will be no control premium paid and an absolute commitment not to seek recovery in rates of the goodwill recorded in connection with the Merger
GPE/Holdco Post-Closing Capital Structure	GPE: 41% equity/59% long-term debt	Initially 59%, with plans to reduce equity to rebalance to ~50% long-term debt/~50% equity
KCP&L Post-Closing Capital Structure	Balanced	Balanced
GMO Post-Closing Capital Structure	Balanced	Balanced
Westar Post-Closing Capital Structure	Balanced	Balanced
GPE/Holdco Post-Closing Credit Rating	GPE: S&P – BBB+, negative outlook; Moody's – Baa3	Holdco: S&P – BBB+, positive outlook; Moody's – upgraded rating to Baa2 (pre Initial Transaction level)
KCP&L Post-Closing Credit Rating	S&P – BBB+, negative outlook; Moody's – Baa1	S&P – BBB+, positive outlook; Moody's – Baa1
KCP&L GMO Post-Closing Credit Rating	S&P – BBB+, negative outlook; Moody's – Baa2	S&P – BBB+, positive outlook; Moody's – Baa2
Westar Post-Closing Credit Rating	S&P – BBB+, negative outlook Moody's – Baa1	S&P – BBB+, positive outlook; Moody's – Baa1
Forecasted Holdco Debt Five Years Post-Transaction	$3.8 – 4 billion	~$1.15 billion in 2019-2020 to re-balance capital structure
Upfront Retail Electric Customer Bill Credits	None	$50 million
Community Support	$3 million to Missouri community action agencies over 10 years	$3 million to Missouri community action agencies over 10 years

Merger Integration Plans	Preliminary	Completed
Estimated Net Merger Savings	Initial analysis Year 1: $15 MM Year 2: $63 MM Year 3: $149 MM Year 4: $199 MM	Completed integration plans Year 1: $28 MM Year 2: $110 MM Year 3: $144 MM Year 4: $150 MM Year 5: ~$160 MM
Employees	Use retirements, natural attrition and voluntary severance before any involuntary layoffs would be considered	No involuntary layoffs as a result of the Merger

Q. Will the Merger result in the recording of goodwill on the books of the new holding company?

A. Yes. As described by Mr. Busser, Mr. Somma, and Mr. Reed, Generally Accepted Accounting Principles ("GAAP") require the recording of goodwill for this merger. It is currently estimated that goodwill from this transaction will be approximately $1.52 billion, though the precise amount of goodwill cannot be known until the transaction is approved and is closed. It is important to recognize that this goodwill is simply an accounting requirement for the holding company. There is no explicit purchase price, and there is no "payment" of a "premium" to shareholders. Neither KCP&L nor GMO will seek recovery through recognition in retail rates and revenue requirement in future rate cases of any Merger goodwill (Applicant's commitment No. 20 sponsored by Mr. Ives).

Q. Will the Applicants be seeking recovery of an acquisition premium or goodwill from customers?

A. No. As a MOE, there is no cash premium paid and the Applicants have committed not to recover any goodwill from customers.

Q. Does the Merger respond to the concerns that were raised with respect to the Initial Transaction in the Missouri and Kansas merger review proceedings?

A, Yes. These concerns were addressed by seven specific actions:

1) the merger was reconstituted as a MOE,

2) the exchange ratio for the stock-for-stock transaction was established without a control premium,

3) the Applicants are making a firm commitment never to seek recovery from customers of the non-cash goodwill created by the Merger,

4) consummating the Merger no longer requires any transaction debt,

5) the Applicants have performed extensive work to firm up the merger efficiencies, and now have a definitive integration plan,

6) the Applicants have maintained the ring-fencing provisions in substantially similar form to those proposed in the Initial Transaction docket even though the financial concerns have been significantly addressed through items (1) through (5), and

7) the Applicants have proposed to provide upfront bill credits totaling $50 million to retail electric customers in all rate jurisdictions.

As discussed by Messrs. Reed and Ives, these commitments are intended to assure the Commission and other stakeholders that customers are well protected from potential incremental financial risk as a result of the Merger.

As noted in the testimony of Mr. Ruelle, with no control premium for either company, the implied price obviously is substantially less than in the Initial Transaction. Customers will benefit from the improvements in the combined Company's business and financial risk profile that results in a company financially stronger and better-positioned for the future as compared to the standalone companies.

Q. Have the credit rating agencies commented on the Merger?

A. Yes. As discussed in the testimonies of Mr. Bryant and Mr. Somma, Moody's Investor Services and Standard & Poor's have each concluded that the combined Company will be stronger financially than Westar or Great Plains Energy would be absent the merger. These conclusions have been supported by favorable ratings actions already taken by the agencies as discussed in detail by Mr. Somma and Mr. Bryant.

IV. THE MERGER SATISFIES THE COMMISSION'S MERGER STANDARD

Q: What standard of review have the Applicants applied?

A: We have applied the "not detrimental to the public interest" and considered both benefits and potential detriments. The Missouri merger standard is discussed in Mr. Reed's testimony. As described by Mr. Reed, the Applicants must seek approval to merge from the Commission pursuant to a July 31, 2001 *Order Approving Stipulation and Agreement and Closing File*, approving KCPL's application to reorganize and establish GPE as a publicly traded holding company, with KCPL becoming a wholly-owned subsidiary of GPE.[3]

[3] Order Approving Stipulation and Agreement and Closing File in Case No. EM-2001-464, July 31, 2001.

The referenced Stipulation and Agreement specified further that the Commission would apply a "no detriment to the public" standard to any proposed merger filed in accordance with the July 31, 2001 Order.[4] This is consistent with the standard that the Commission has applied in all recent merger cases. As also described by Mr. Reed, the Commission typically considers various factors to apply the standard including the potential benefits and detriments of a merger to financial health, operational efficiency, and service quality. The standard calls for a comparison of benefits and detriments.

Q: What categories of Merger impacts will you address to inform the application of this standard?

A: I will start by discussing the financial impacts of the Merger on the combined Company and the operating utilities. I will also address the efficiencies and associated savings that are attributable to the Merger, the impacts of the Merger on the Missouri economy, and the potential impacts on service quality. I will refer to the testimony of several other witnesses that address each of these four topics. I will also refer to Applicant's proposed Merger Commitments and Conditions where they either demonstrate a benefit or address a potential detriment.

[4] Id., Section 7 of the Stipulation and Agreement.

Topic No. 1: Financial Impacts

Q: Have the Applicants shown that the Merger is not detrimental to the public interest with respect to the effect of the Merger on the financial condition of the newly created combined Company as compared to the financial condition of the stand-alone entities if the Merger did not occur?

A. Yes. As discussed in the testimony of Messrs. Bryant and Somma, the financial condition of the combined Company will be stronger than the stand-alone entities. Messrs. Bryant and Somma each discuss the strength of the combined Company's pro-forma financials and the operational efficiencies that are enabled by combining two adjacent utilities. The increased size and scale and its more favorable business risk profile will improve the financial condition of the combined Company relative to the standalone companies. In fact, as a result of the pre-Merger equity financing, Holdco will initially have higher than typical amounts of equity and cash than is optimal immediately after the closing of the Merger. As Mr. Somma describes, the capital structure of Holdco will be re-balanced over time and will be in line with the capital structure of other financially strong utility holding companies and the ratemaking capital structures of the operating utilities. The credit metrics, ratings outlooks and resulting credit ratings of Holdco and its operating utility subsidiaries are expected to be at least consistent with ratings immediately prior to the announcement of the Initial Transaction, and likely stronger as discussed by Mr. Somma and Mr. Bryant. These conclusions are supported by the credit rating agencies' independent evaluations and subsequent positive public ratings actions related to the Merger.

Mr. Reed testifies that the Merger will create a stronger company financially than could have occurred on a standalone basis by either Westar or GPE, with substantial opportunities to find efficiencies in common operations and scale. As discussed by Mr. Reed, the Applicants offer several ring-fencing and financial commitments that reinforce this conclusion.

<u>Topic No. 2: Savings and Rates</u>

Q. Will the Merger result in more efficient utilities and significant benefits to customers?

A. Yes. Mr. Busser describes the merger savings analysis and plans resulting from approximately a year of merger integration planning and demonstrating that the Applicants plan to implement approximately 85 efficiency initiatives (documented as "Efficiency Charters" in our process) that contain 311 individual efficiencies. These efforts are expected to produce net merger savings of approximately $28 million in 2018, growing to $160 million by 2022 and beyond.

As discussed in the testimonies of Mr. Bassham and Mr. Ives, customers will receive bill credits totaling $50 million, providing an up-front, quantified, incremental and guaranteed benefit to customers. In fact, the Applicants' commitment of $50 million in the aggregate of upfront bill credits to all retail electric customers exceeds the estimated net Merger-related savings in 2018. This demonstrates the Applicants commitment to customer benefits and our confidence in the savings that the Merger will ultimately produce.

In addition, Mr. Ives describes how the cost of service in each of KCP&L's and GMO's anticipated rate cases will reflect Merger savings, which will be reflected in the rates customers pay. Finally, Merger savings and certain non-merger related savings, which are expected to grow over time, will reduce the amount and frequency of future rate cases. All of this will result in rates that are more stable and lower than they would have been absent the Merger.

<u>Topic No. 3 – Missouri Economy</u>

Q. Will the Merger be beneficial on an overall basis to state and local economies and to communities in the area served by Holdco's public utility operations in Missouri?

A. Yes. As discussed in the testimony of Mr. Reed, based on application of an economic impact model (IMPLAN), when the combined effects of lower levels of spending (as a result of operational Merger savings), lower electric rates and the up-front bill credit are evaluated, the Merger will produce a positive long-term impact on state and local economies. Mr. Reed estimates that the Missouri-Kansas economy will see a net increase in economic activity of approximately $617 million between 2018 and 2030 as a direct result of the Merger. The net increase reflects costs to achieve synergies and net reductions in employment that result from the Merger. This beneficial impact is spread across personal spending, industrial output, and taxes. These benefits will extend to all customer classes, and to Missouri residents and businesses more broadly as the effects spread beyond our service territories. The benefits of the Merger to the residents of Missouri are broad and substantial. All of these factors contribute to a conclusion that the Merger is not detrimental to the public interest.

While there will be a reduction in the total number of employees as compared to pre-Merger levels, the Amended Merger Agreement as supplemented by Appendix H to the Application includes a firm commitment to communities and employees that no involuntary severance or layoff of employees will result from the Merger, with the combined Company relying on voluntary severance and normal retirements and attrition to achieve labor savings, as part of a list of labor commitments that are described in the testimony of Mr. Bassham.

In summary, the Merger will result in net economic benefits by creating lower electric cost for customers than otherwise possible without the Merger, and numerous employee-related commitments intended to minimize impacts on our employees as well as state and local communities.

<u>Topic No. 4 – Service Quality and Safety</u>

Q. Will the Merger have any detrimental impact on service quality in Missouri?

A. No. As discussed by Mr. Akin, the Merger will not be detrimental to issues of service quality, including reliability and customer service. His testimony describes how the Merger will maintain, if not improve, service quality, including reliability and customer service, as well as the public safety. He notes that KCP&L and GMO have a long history of providing sufficient and efficient service in Missouri, in large part because customers demand it. The Applicants are committed to continue to serve customers safely, effectively, reliably, and ultimately more efficiently. They will experience little if any change in their day-to-day interactions with their electric service provider. In fact, following the Merger, the Applicants will continue to operate the existing Westar contact center in Wichita, Kansas, and the existing KCP&L contact center in Raytown, Missouri.

Mr. Akin explains that there will be a positive impact on KCP&L's and GMO's customers as we integrate GPE and Westar. The Merger will provide the opportunity for all of the Applicants' utility subsidiaries to draw on the strengths of one another, access each other's resources, and assess and adopt best practices across all operating areas to serve our customers even more efficiently and effectively.

Q. Are the Applicants proposing commitments and conditions related to service quality?

A. As presented in the direct testimony of Darrin Ives and as Appendix H, the Applicants propose three service quality conditions (Nos. 34-36) that reflect the Applicants' commitment that service quality will be maintained or potentially improved as a result of the Merger. These commitments address reliability and call center performance (No. 34) and to provide Staff with robust, updated information on service quality, as well as the opportunity to meet with KCP&L and GMO employees to address any questions or concerns regarding the level of service quality the utilities provide to their Missouri retail customers (Nos. 35 and 36).

Q. Will the Merger have any detrimental impact on employee and public safety?

A. Mr. Akin explains that the combined Company expects to maintain, and possibly improve, the public safety. By combining GPE and Westar and adopting "best practices" among the utilities, the Applicants expect a positive effect on safety for both the public and our employees. Overall, the companies concern for public and employee safety combined with the Commission's regulatory oversight authorities will ensure that safety is maintained.

<u>Conclusion – The Merger is Not Detrimental to the Public Interest</u>

Q. Does the Merger satisfy the Commission's Merger standard?

A. Yes. There should be no question that the Merger is highly favorable for consumers. It produces rates that will be lower for all of the combined Company's customers than would be possible on a stand-alone basis, it avoids the financial risks of the Initial Transaction, and it provides guaranteed, up-front bill credits. These benefits will flow throughout the Missouri-Kansas economies. The combined Company will be stronger financially than GPE and Westar on a stand-alone basis. The combined Company expects to maintain, or possibly improve, service quality and public safety. Finally, the Applicants' proposed Merger Commitments and Conditions provide assurances that customers are well protected from potential future risk as a result of the Merger. I believe that the Applicants have demonstrated that the Merger satisfies the Commission's standard and recommend that the Merger be approved.

V. EXECUTION OF THE MERGER INTEGRATION PLAN

Q. Please describe your new responsibilities as they relate to the merger integration plan.

A. Upon closing of the Merger and among other responsibilities, I will assume responsibility for the successful implementation of the merger integration plan, including the execution of the business plans, realization of efficiencies, and achievement of Merger savings. I will also have overall responsibility for tracking and reporting of progress toward achievement of integration goals as compared to the plan.

Q. Have you been involved in the integration planning effort?

A. Yes. The integration planning effort is described in the testimony of Mr. Steve Busser. Mr. Busser and Mr. John Bridson of Westar have been co-leading this effort for over a year, with support from an Integration Planning Project Management Office ("PMO"). To prepare for my implementation responsibilities, I have participated in weekly transition meetings between the PMO and my Integration Success ("IS") group for months, working closely with Mr. Busser and the rest of the PMO staff. More specifically, my staff or I have reviewed the Merger efficiencies and savings for reasonableness, mathematical accuracy, clear accountability, and appropriate timelines for executing each of the approximately 85 efficiency initiatives (documented as "Efficiency Charters" in our process) that contain 311 individual efficiencies. We also worked with the PMO to develop oversight and management processes that will drive integration performance beginning at Day 1.

Q. Will there be a continuing need for the PMO to continue to support the integration effort beyond the closing of the transition?

A. No. The Integration Success ("IS") team will oversee the integration effort. The IS team will be charged with coordination and oversight reporting with respect to achievement of Merger efficiencies and savings and will report to me. It will consist of a program director and a staff of three employees. Our group will rely on contributions throughout the organization, working most closely with the accounting, finance, human resources, and regulatory functions to ensure Merger savings are reviewed for accuracy and properly documented.

Q. How will the IS team execute these responsibilities?

A. The IS team will focus on the execution of four key objectives:

1) <u>Monitor Implementation Efforts</u>: ensuring that savings are realized, taking early action when it appears they could be at risk;

2) <u>Coordinate Interdependent Merger Activities</u>: although interdependencies are already accounted for in the development of implementation plans during the planning phase, IS will pay particular attention to execution against these plans

where there are dependencies but also address any new interdependencies that arise during the implementation phase;

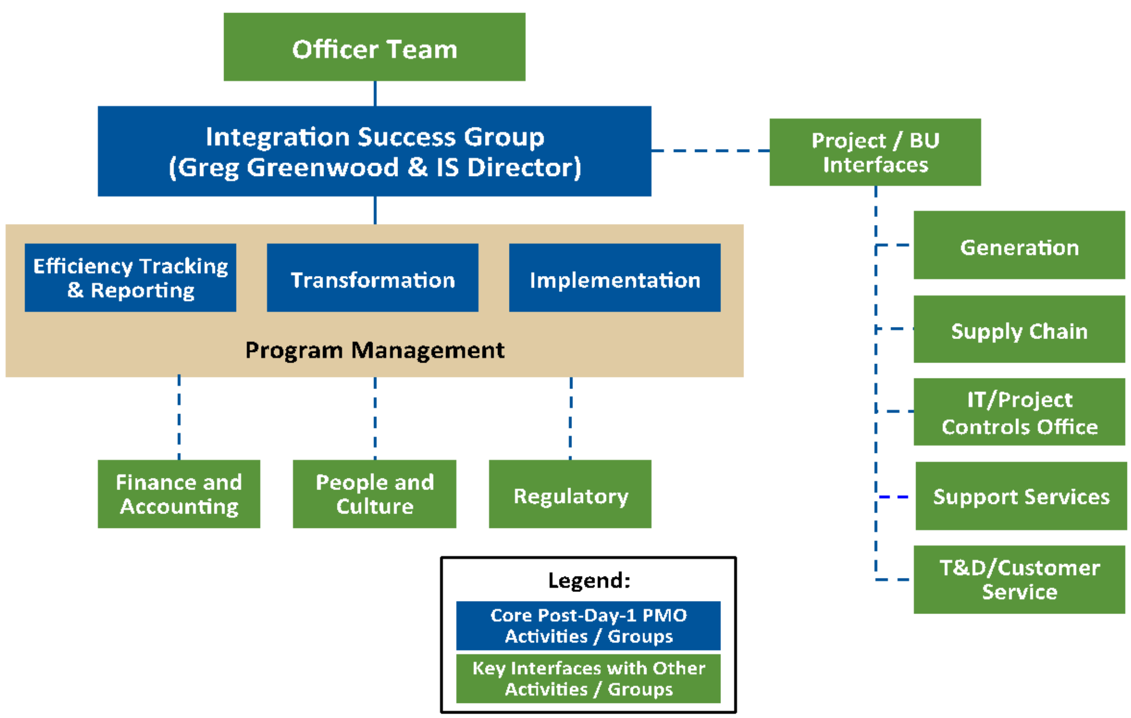
3) Provide Transparency (Reporting): provide regular progress reports to the Officer Team, board of directors, and regulatory bodies that discuss progress relative to implementation plans, expected savings net of transition costs, and staffing; and

4) Pursue Additional Opportunities: drive continual identification of potential opportunities, oversee the validation of opportunities, and assign a priority value and responsibility for developing plans to achieve those opportunities that are most promising.

Q. How will the overall Integration Success effort be organized?

A. The organization is presented in Figure 1.

FIGURE 1
INTEGRATION SUCCESS ORGANIZATION



of all Merger efficiencies and savings. This structure ensures that officers have the responsibility of working together when coordination will help resolve challenges and maximize efficiencies. This team, comprised of the officers, will meet each week as part of our overall corporate management approach. The status of the integration effort will be a standard agenda item providing an opportunity to verbally review progress.

Q. Will the IS Team rely exclusively on the merger integration plan as it exists today?

A. No. While the primary goal is to ensure proper execution of the completed merger integration plans, a secondary aspect of our assignment is to work across the organization to capture potential additional efficiencies that were not identified in the original planning process. The IS team will work with teams to assign cost/benefit attributes to these new incremental ideas so they can be properly prioritized against the components of the existing efficiency plans. Our officers will help reinforce a culture that promotes this objective. We expect that our employees will identify additional efficiencies that are not reflected in the merger integration plan after they begin working together on a full-time basis.

Q. What steps are being taken to prepare the IS Team for this responsibility?

A. Our IS team includes employees trained in Lean, Six Sigma, and other management tools that will support the IS team functions and can be applied across the integration implementation effort to support teams as particular challenges arise. The team will also be able to deploy other project management, diagnostic, and communication competencies and tools. For example, the IS team will be able to support the development of strategic plans by new combined departments, perform statistical analyses and data mining to identify trends, and communication around integration goals.

Q. Will you be held accountable for realization of total Merger savings?

A. Yes. While the primary responsibility for achieving savings consistent with those outlined in Mr. Busser's testimony belongs to each officer individually and the Officer Team collectively, I, along with the IS team, will be responsible for the transparent and accurate reporting of progress toward realization of the savings as well as achievement of those savings themselves. This accountability will be spread throughout the broader organization through budgeting, reporting and compensation systems.

Starting with budgeting and reporting, all Merger savings amounts are fully reflected in the corporate and departmental budgets and financial forecast. This is important from an accountability perspective as financial results are a key metric and driver for our Officer Team, and the board of directors.

Q. How will compensation practices reinforce the discipline needed to achieve Merger savings?

A. The compensation program will explicitly incorporate the achievement of Merger savings as a key component. For example, officers will have a significant portion, as approved by the board, of their annual incentive plan ("AIP") that depends on achieving the year's expected Merger savings. These efficiency targets related to at-risk compensation refer to the overall company targets, rather than being more narrowly defined with respect to individual functional area targets. This practice emphasizes the importance of working together as a team to achieve total Merger savings. It will not be sufficient for an officer to achieve only the goals for his or her respective area; all the officers must also help all other teams attain their goals to obtain this component of their at-risk compensation.

Non-officer, non-union employees will have a significant portion, as approved by the Holdco board, of their short-term at-risk compensation, called ValueLink, tied to achievement of the combined Company's operating and maintenance expense targets that incorporate Merger savings targets.

Q. How confident are the Applicants that they will be able to deliver on the Merger efficiencies and associated savings for customers?

A. As described in Mr. Busser's Direct Testimony and within this section of my testimony, the integration planning effort has been comprehensive and thorough. Savings have been validated after a rigorous review process. The integration plans are well designed and executable. In short, the integration planning process was designed to create an organization that will be sized efficiently, with commitment and accountability to ensure that efficiencies and savings are realized throughout the business to the benefit of stakeholders. The Applicants will track and report these savings to drive our own performance and will periodically report our progress to the combined Company's Officer Team and its board of directors and have committed to provide the same report to the Commission Staff.

Q. What type of reporting will the IS team provide to the Officer Team?

A. In addition to providing general status reports and other information verbally to support resolution of important issues at the weekly Officer Team meetings, the IS team will prepare a weekly progress report that will be reviewed in a weekly meeting that includes myself, the IS team members, and others, as appropriate.

The IS team will provide a more detailed monthly status report to the Officer Team. The IS director will present a summary of that report at the next scheduled weekly

Officer Team meeting after issuance. The detailed monthly status report is currently expected to include:

- Accomplishments;
- Challenges;
- Efficiency Summary ($): Planned vs Actual;
- Labor Summary (FTE): Planned vs Actual; and
- Integration Team Highlights.

The IS Team will also provide updates to the board of directors at the request of the Chairman and CEO.

Q. Will the IS team provide feedback to the integration teams?

A. Yes. Aspects of the monthly report will be distilled for distribution to the larger team of individuals throughout the organization that will be working on integration so that this much broader group remains informed and engaged in the progress that is being made and work that remains to be done.

Q. Will the status of integration efforts be included in corporate communications?

A. Yes. The IS team will provide content to our corporate communications team for inclusion in our company intranet site, employee newsletters and other communications. There will also be an "Integration Success" landing page on our corporate intranet. All employees will be able to view the progress we have made toward our goals, read about progress that remains to be made and learn more about particular integration initiatives.

Q. Why is the IS Team placing so much emphasis on internal reporting and communications?

A. We view reporting and communications, including external reporting to the Staff, as a key motivator for achievement of integration success. Although we have several teams that are assigned responsibilities in their targeted areas of expertise and responsibility, success from an overall organization-wide integration implementation effort is a team effort. This effort will begin in earnest after Day 1 as the IS team and our executives meet with individuals and groups of employees to coordinate and focus the organization around execution of business plans that will drive achievement of efficiencies and execution of implementation plans. The corporate communications effort will then provide a steady flow of key information throughout the entire organization.

Q. What information will be reported to the Commission and Staff?

A. The frequency and content of information to be reported is defined in the Applicants' Merger Commitments and Conditions, number 34. It includes quarterly updates to Staff on the status of the integration implementation efforts for the first year with an obligation to promptly advise Staff of any material operational irregularities that may affect the customer experience. The updates will occur every six months during the second year after closing. Additionally, for a period of no less than two years, KCP&L and GMO shall appear before the Commission on a twice-yearly basis and provide an update of the status of integration implementation. The Applicants will provide Staff with information on employee headcounts and listing of functions and/or positions that have been either outsourced or converted to contingent labor as a result of the integration. For a period of two years after closing, we will provide Staff any reports or presentations made to the new combined Company's board of directors regarding efficiencies attained as a result of the Merger.

VI. CONCLUSION

Q. Do you recommend that the Commission find that the Merger is not detrimental to the public interest?

A. Yes. As discussed in the testimonies of Messrs. Ruelle and Bassham, the Merger between GPE and Westar who own neighboring utilities provides the best path forward for our customers and all other stakeholders. It establishes a company that will produce both immediate and long-term benefits for customers and other stakeholders, will continue to provide safe, reliable electric service to its customers, and will be better able to address the challenges facing the utility industry for years to come. As described in Section III, the Merger will enhance the financial strength of the new holding company as compared to the financial strength of GPE and Westar on stand-alone bases, providing a positive net benefit to the public interest. This public interest is enhanced by $50 million in upfront bill credits plus the benefits of savings that customers will receive through the ratemaking process. as well as by delaying future rate cases. The Applicants expect to create net merger savings of approximately $28 million in 2018, growing to $160 million by 2022 and beyond. These savings will benefit the Missouri-Kansas economy, contributing further benefits to the public interest in Missouri. Mr. Reed estimates that the Missouri-Kansas economy will see an increase in economic activity of approximately $617 million between 2018 and 2030 as a direct result of the Merger. Finally, the Applicants' proposed Merger Commitments and Conditions provide assurances that customers are well protected from any potential future risk as a result of the Merger.

Q. Will the Missouri customers of the combined Companies be better off as a result of the Merger?

A. Yes. The Commission can confidently conclude that customers will benefit from lower electricity bills than otherwise achievable by either stand-alone utility, supporting a finding by the Commission that the Merger is in the public interest. This will be accomplished without any detriment to service quality or public safety, as discussed by Mr. Akin.

Q. Does this conclude your Direct Testimony?

A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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

AFFIDAVIT OF GREG A. GREENWOOD

STATE OF KANSAS)
) ss
COUNTY OF SHAWNEE)

Greg A. Greenwood, being first duly sworn on his oath, states:

1. My name is Greg A. Greenwood. I work in Topeka, Kansas, and I am employed by Westar Energy, Inc. as Senior Vice President, Strategy.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Westar Energy, Inc. consisting of twenty-seven (27) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Greg A. Greenwood

Subscribed and sworn before me this 28th day of August 2017.

NOTARY PUBLIC—STATE OF KANSAS
NANCY A. FIENHAGE
My Appt Exp 3/23/2020

Nancy A. Fienhage
Notary Public

My commission expires: 3/23/2020