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.	)))	File No. EM-2018-0012

RENEW MISSOURI'S POST-HEARING BRIEF

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TABLE OF CONTENTS

Introduction 1

Legal Standard 2

Public interest 3

"Not detrimental" 5

Issues for Commission determination 7

Issue I. Should the Commission find that GPE's Merger with Westar is not detrimental to the public interest, and approve the merger? 7

Issue II. Should the Commission condition its approval of GPE's merger with Westar and, if so, how? 8

Issue III. Should the Commission grant the limited request for variance of the affiliate transaction rule requested by Applicants? (Including response to Chairman Hall's questions to be addressed) 17

Issue IV. How should the bill credits proposed by Applicants be allocated between and within the various KCP&L and GMO rate classes? 18

Conclusion 18

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COMES NOW Renew Missouri Advocates d/b/a Renew Missouri ("Renew Missouri") and presents its post-hearing brief to the Missouri Public Service Commission ("Commission") as follows:

Introduction

1. During the hearing, Great Plains Energy Incorporated ("Great Plains Energy" or "GPE"), Kansas City Power & Light Company ("KCPL"), KCP&L Greater Missouri Operations Company ("GMO"), and Westar Energy, Inc. (together with its Kansas Gas and Electric Company – "KGE"– subsidiary "Westar") (all parties collectively referred to herein as "Joint Applicants"), pointed out their accomplishments and pursuit of clean energy (Tr. Vol 2, p. 102). To them, it is socially responsible, market-driven, and expected by shareholders and customers alike.

2. The Joint Applicants are proud of their past progress in clean energy development and that is a good thing. But undertaking a merger of this size and scope may distract from that progress. To gain Commission approval, the Joint Applicants must demonstrate there will be no detriment to the public interest. Despite agreeing to many other conditions to protect other various issues impacting the public interest, the Joint Applicants remain non-committal on the issues that concern Renew Missouri. These issues include: clean energy development and utilization, the retirement of older fossil-fuel generation, efficient use of energy, grid modernization, and customer opportunities for investing in and benefitting from distributed energy resources, including distributed generation, green power, energy efficiency, energy management and energy storage.

3. Progress in these areas is good for customers and the Joint Applicants. Ceasing progress would be a detriment to the Missouri public interest. To guard against this detriment the Commission should adopt and order the conditions proposed by Renew Missouri. If the Commission approves the merger with the conditions identified by Renew Missouri, the public can be reasonably assured that the resulting entity will gain efficiencies, reduce costs, and continue their progress on clean energy development and utilization.

Legal Standard

4. All Commission orders must be lawful and reasonable (*State ex rel. Mo Gas Pipeline, LLC v. Mo. PSC*, 366 S.W.3d 493, 495-96 (Mo. 2012); Section 386.510 RSMo.). The lawfulness of a Commission order is determined by whether statutory authority for its issuance exists (*State ex rel. AG Processing, Inc. v. Pub. Serv. Comm'n*, 120 S.W.3d 732, 734 (Mo. banc 2003)). As noted by the Joint Applicants, they seek merger approval as required by the Commission's *Order Approving Stipulation and Agreement and Closing Case* in Case No. EM-2001-464 and the *Report and Order* in Case No. EC-2017-0107 (Doc. No. 2). In EC-2017-0107, the Commission discussed its authority to review mergers involving GPE and ordered the company to "file an application for the Commission's approval of the Agreement and Plan of Merger and a determination on whether the Westar Merger is detrimental to the public interest" (Case No. EC-2017-0207, *Report and Order* p. 22). Here the Commission's lawful authority to review the merger is uncontested.[1]

5. In the context of merger cases, the Missouri Supreme Court has explained: "[r]easonableness turns on the standard used to evaluate a merger subject to approval by the PSC, which is whether or not the merger would be "detrimental to the public."" (*State ex rel. AG Processing, Inc., v. Public Service Comm'n*, 120. S.W.3d 732, 735 (Mo banc 2003)).

[1] In EC-2017-0107, the applicants argued no merger approval in Missouri was required (*See* Report and Order in Case No. EC-2017-0107).

6. To gain Commission approval of their proposed merger, the Joint Applicants must demonstrate the merger is not detrimental to the public interest (*See* Commission Rule 4 CSR 240-3.115; Case No. EM-2001-464, *Order Approving Stipulation and Agreement and Closing Case*; Case No. EC-2017-0107, *Report and Order* at p. 22). This demonstration requires evaluating two questions: (1) what is the "public interest"? and (2) what does "not detrimental" mean?

Public interest

7. The Commission is tasked with acting in the public interest (*State ex rel. Gulf Transport Co. v. Public Service Com'n*, 658 S.W.2d 448, 456 (Mo. App. 1983)). "The Commission's powers to regulate in the public interest "are broad and comprehensive" and include the authority "to order improvements[.]"" (*In the Matter of Application of KCP&L Greater Missouri Operations Company*, 515 S.W.3d 754, 758 (Mo. App. W.D. 2016) (citing *Stopaquila.Org v. Aquila, Inc.*, 180 S.W.3d 24, 34-35 (Mo. App. W.D. 2005). "It is within the discretion of the Public Service Commission to determine when the evidence indicates the public interest would be served." (Case No. EA-2016-0208, *Report and Order* pp. 18-19)(citing *State ex rel. Intercon Gas, Inc. v. Public Service Com'n of Missouri*, 848 S.W.2d 593, 597-598 (Mo. App. 1993)).

8. Joint Applicants believe the Commission's evaluation of the public interest is narrow and the issues raised by Renew Missouri should be ignored. This Commission has taken a different view and embraced renewable energy development and resource utilization as highly important to the public interest.

9. In its *Report and Order* in Case No. EA-2016-0208 the Commission found customers "have a strong interest in the development of economical renewable energy sources to provide safe, reliable, and affordable service while improving the environment and reducing the amount

of carbon dioxide released into the atmosphere". Similarly, in Case No. EA-2015-0256, the Commission concluded:

> customers and the general public have a strong interest in the development of economical renewable energy sources to provide safe, reliable, and affordable service while improving the environment and reducing the amount of carbon dioxide released into the atmosphere. It is clear, solar power will be an integral part of this development, building a bridge to our energy future.

10. More broadly, the General Assembly provided firm guidance that the public interest extends to renewable energy development and resource utilization by enacting Section 393.1040 RSMo (stating "[i]n addition to the renewable energy objectives set forth … it is also the policy of this state to encourage electrical corporations to develop and administer energy efficiency initiatives that reduce the annual growth in energy consumption and the need to build additional electric generation capacity"). The Western District Court of Appeals has affirmed renewable energy development and resource utilization as highly important to the public interest. In considering an appeal of Case No. EA-2015-0256, discussed above, the Western District Court upheld the Commission's decision and affirmed "Missouri's demonstrated public policy of conserving natural resources and pursuing renewable energy sources" (*In the Matter of Application of KCP&L Greater Missouri Operations Company*, 515 S.W.3d 754, 765 (Mo. App. W.D. 2016).

11. Furthermore, at least two other parties to this case believed these issues would have an impact on the public interest. The Division of Energy's Mr. Hyman offered testimony on renewable energy programs tariffs (Ex. 300 pp. 6-7 and Ex. 301 pp. 5-11) On behalf of MECG, Mr. Chriss filed testimony discussing the access to renewable energy programs customers desire (Ex. 401 pp. 6-8).

12. In each of the instances cited, the kinds of issues raised by Renew Missouri (i.e. renewable energy development and resource utilization) were included in a public interest determination or identified as important to the public interest by a party. Given the complex undertaking represented by the merger transition and integration and if renewable energy development and resource utilization does not receive a high priority of effort by the merged companies, both the Missouri and Kansas markets could lag behind the rest of the country by several years. Rather than accepting the Joint Applicant's narrow view of the public interest, the Commission should continue including the issues of renewable energy development and resource utilization in its public interest evaluations.

"Not detrimental"

13. Demonstrating that a merger will not be detrimental to the public interest is a rigorous standard to meet. "The public detriment standard is higher than the "for good-cause" showing required before the granting of a variance from a Commission rule." (Case No. EC-2017-0107, *Report and Order*, p. 20). Rather than simply identifying benefits, the Commission must guard against possible detriments.

14. The Commission has described its approach to determining the public interest as a balancing process (Case No. EA-2016-0208, Report and Order, p. 19)(citing *In the Matter of Sho-Me Power Electric Cooperative's Conversion from a Chapter 351 Corporation to a Chapter 394 Rural Electric Cooperative*, Case No. EO-93-0259, Report and Order, 1993 WL 719871 (Mo. P.S.C.)). "In making such a determination, the total interests of the public served must be assessed." (*Id*).

15. In that balancing process, the Commission *must* address relevant and critical issues whether or not those issues may be addressed in subsequent or alternative cases. In *State ex rel. AG*

Processing, Inc., v. Public Service Comm'n, 120. S.W.3d 732, 736 (Mo banc 2003), the Supreme Court discussed an acquisition premium and held "[t]he fact that the … issue could be addressed in a subsequent ratemaking case did not relieve the PSC of the duty of deciding it as a relevant and critical issue when ruling on the proposed merger." The Commission "should have considered it as a part of the cost analysis when evaluating whether the proposed merger would be detrimental to the public." (*Id*).

16. The renewable energy and resource utilization policies addressed through the conditions proposed by Renew Missouri are relevant and critical issues to examining the public interest. On this contention, Renew Missouri's position aligns with the General Assembly, the Western District Court of Appeals, recent Commission orders, and the testimony filed by at least two other parties to this case.

17. Absent prior considerations of these kinds of issues, the conditions are not so absurd as to be worthy of dismissal. Indeed, as the utility field has changed and become more dynamic, new issues impacting the "public interest" have – and will continue to – evolve. For example, commercial and industrial customers are increasingly demanding access to renewable generation (Ex. 401, p. 3). Residential customers, too, demand choice in how their energy is generated. Furthermore, shareholders are also beginning to demand investments in renewable energy (Tr. Vol. 2, p. 111).

18. KCPL and GMO have made progress in these areas, and based on their past procurement and construction, the combined company will be a top five utility in terms of wind capacity (Tr. Vol. 2, p. 85). To backslide, given their trajectory and the trajectory of the market for renewable energy, would be a detriment to the Missouri public interest.

Issues for Commission determination

Issue I. Should the Public Service Commission find that GPE's merger with Westar is not detrimental to the public interest, and approve the merger?

19. Without appropriate conditions, the merger will be detrimental to the public interest. This is uncontroversial; *every* witness filing testimony, including those on behalf of the Joint Applicants, discussed conditions that should be attached to any Commission order approving the merger. On behalf of Renew Missouri, Mr. Rábago testified:

> [a] guarantee that the merger will not be detrimental to the public interest is not possible, or reasonable to expect. However, the merger conditions ultimately imposed upon the Applicants will stand out as written and specific obligations among a sea of tasks and initiatives that will be associated with successfully transitioning the companies under the merger.

(Ex. 450 p. 11).

20. Renew Missouri, a non-profit organization focused on renewable energy and energy efficiency, identified additional conditions related to clean energy development and resource utilization to ensure the proposed merger satisfies the Missouri Merger Standard. Although the conditions proposed by Renew Missouri cannot guarantee the merger will not be detrimental to the public interest, firm commitments by the Joint Applicants to address these issues will aid in developing a diverse and efficient generation fleet to benefit the utilities, their customers, and the public interest generally. The conditions proposed by Renew Missouri, identified below in Issue II, address necessary and essential issues the Commission must evaluate in its cost-benefit analysis to weigh the potential benefits against the detriments to the public interest that may result from the merger.

Issue II. Should the Commission condition its approval of GPE's merger with Westar and, if so, how?

21. The Commission cannot guarantee the merger will not be detrimental to the public interest. However, including the conditions proposed by Renew Missouri on the important issues related to clean energy development and resource utilization significantly increases the likelihood that the merger will not be detrimental to the public interest (Ex. 450). The merger conditions ultimately imposed upon the Joint Applicants will stand out as written and specific obligations among a sea of tasks and initiatives that will be associated with successfully transitioning the companies under the merger (Ex. 450, p. 11). Renew Missouri's witness did not hold this position alone. In fact, every witness offering testimony recommended certain conditions.

22. Attaching conditions balances the possible detriments against the possible benefits that may result from the merger. The Division of Energy's Mr. Hyman pre-field testimony proposing conditions designed to reduce the likelihood of detriments to the public interest by ensuring beneficial outcomes (Tr. Vol. 3, p. 342-342). Commission Staff Director Ms. Dietrich testified that Staff did not identify specific detriments, but "put customer protections in place to prevent any potential of detriment" (Tr. Vol. 3, p. 270). The Joint Applicants themselves proposed certain conditions in their application to affect the balancing process.

23. Although, the Joint Applicant's testimony addresses possible renewable energy development and resource utilization in its application, it does so only in non-committal ways thus raising significant doubt any benefits will materialize to off-set the potential detriments. (*See* Ex. 450 pp. 15-20). In rebuttal, Mr. Rábago testified that "[e]ven while the clean energy growth trend has been relatively modest in Missouri, not continuing that trend would be detrimental to the public interest—denying the Missouri public the jobs, energy diversity, and environmental benefits that clean energy provides." (Ex. 450, p. 20). During the hearing, Joint Applicant's CEOs described

how their trend, rather than being modest, has been aggressive (Tr. Vol 2, p. 138). Having established that trend, along with the general trend of the market, the need to attach conditions related to renewable energy development and resource utilization is even greater. This trajectory towards resource development and efficient utilization should be backed up by firm commitments (Tr. Vol. 3, p. 408).

24. Absent additional conditions, Karl Rábago testified to his concern whether the proposed merger would have a detrimental impact on the progress of clean energy development and utilization, the retirement of older fossil-fuel generation, efficient use of energy, grid modernization, and customer opportunities for investing in and benefitting from distributed energy resources, such resources would include distributed generation, green power, energy efficiency, energy management, energy storage, and other technologies and services (Ex. 450).

25. Mr. Rábago, a former Commissioner as well as former utility executive, testified to the risk of detriment to the public:

> My experience is that merger integration is difficult, it is consuming of energy, of time, of resources, I [don't] mean electrical energy, just personal organizational energy. And if - - unless the company, unless the merged entity is committed to doing better, at best they'll maintain the status quo. And there's a significant risk that they'll backslide because just all the stuff that has to be done and all the changes and all the learnings and the hiccups that goes with realizing the benefits of these changed procurement approaches and all these other things that get in the way or at least become the priority.

(Tr. Vol. 3, p. 387). Given the complex undertaking represented by the merger transition and integration, if renewable energy development and resource utilization does not receive a high

priority of effort by the merged companies, both the Missouri and Kansas markets could lag behind the rest of the country by several years. Continued progress is therefore essential to ensure that the merger does not result in a detriment to the public interest (Ex. 450, p. 21).

26. The Joint Applicants assert that this merger will make them a larger, more efficient utility benefitting both customers and shareholders. Mr. Rábago testified that the larger utility enterprise that results from this merger should be able to accomplish the following:

- Retire economically challenged coal-fired power plants
- Construct and/or contract for new renewable energy generation
- Conduct a comprehensive, transparent, parallel integrated resource planning process for the combined companies, in both Missouri and Kansas
- Offer new and expanded energy efficiency programs
- Offer new green power rate programs to customers
- Offer opportunities for development of shared or community generation projects
- Develop and implement a demonstration program for energy storage
- Develop and implement a grid modernization plan[2]
- Refrain from implementing any new tariffs or rate designs that would adversely impact development and adoption of distributed energy resources, including distributed generation

(Ex. 450, p. 17). Identifying these potential benefits from the merger is a guide as to how the Commission can protect the public interest through conditions in this case. However, the Commission should impose merger conditions related to the foregoing that will stand out as written

[2] *See* Renew Missouri Comments on Distributed Energy Resource Issues, File No. EW-2017-0245 (20 Oct. 2017) at pp. 17-21.

and specific obligations among a sea of tasks and initiatives (and including other conditions in Missouri and in Kansas) that will be associated with successfully transitioning the companies under the merger.

27. At a minimum, the Commission should impose the conditions and protections outlined in the testimony of Mr. Karl Rábago related to renewable energy development and resource utilization in order to ensure these tasks are not neglected during the period of integration for the Joint Applicants. The conditions described in Mr. Rábago's testimony include the following bullet pointed items with a detailed explanation to follow:

- **A firm date-certain commitment to close the Westar coal- and gas-fired power plants slated for early retirement, and an additional commitment to review the Applicants' existing generation fleet for more retirement opportunities.**

28. During the hearing, several Joint Applicant witnesses testified that the Westar generating units identified for early retirement will be retired by the end of 2018 (Tr. Vol. 2, p 231 (Mr. Busser); Tr. Vol. 2, p. 175 (Mr. Greenwood)). Given the importance of retiring these units in the ability to attain projected post-merger savings, this remains an important condition to protect the public interest. For reviewing additional units for possible retirement post-merger, the Commission should require the Joint Applicants to evaluate the costs of continuing to operate each unit compared to the cost to retire and, replacement if necessary, with renewable generation.

- **A firm date-certain commitment to construct additional renewable energy generation.**

29. Joint Applicants oppose this condition because they believe it is more appropriate to evaluate the addition of generation after developing an Integrated Resource Plan (Tr. Vol. 2, p. 168). As Mr. Rábago pointed out in his testimony, the Joint Applicants suggest that the merger will aid in the addition of renewable generation but do not make firm commitments:

"[T]he combined Company will have a stronger financial profile as a result of the Merger, which will allow more flexibility to expand KCP&Ls and GMOs wind and emission-free renewable generation portfolio."[3] "Because Missouri and Kansas are premiere locations in the United States for the siting of wind power, the Merger *may enable* the future construction of additional wind generation in the region. A significant portion of such additional wind generation *could be* used to serve both Kansas and Missouri customers."[4] "[B]ecause of its greater financial strength compared to GPE or Westar on a standalone basis, the combined Company will have greater flexibility to expand its renewable generation in the future."[5]

(Ex. 450, pp. 15-16). If the Joint Applicants are going to proffer the addition of renewable generation as a benefit of the merger, the Commission should require them to commit to doing so. However, if the Commission chooses not to attach this condition, it should require a rigorous evaluation of existing units and the potential to create savings for customers by retiring units and replacing the generation, if necessary, with more economic renewable generation. For instance, robust energy efficiency programs may permit retiring units without building any new generation.

- **A commitment to initiate a comprehensive, transparent, parallel integrated resource planning process for the combined companies, in both Missouri and Kansas, and to make provisions for stakeholders to submit a reasonable number of alternative development scenarios for evaluation in the planning effort. A comprehensive integrated resource planning process could demonstrate that increased deployment of renewable energy generation, beyond the Applicants' current commitments, could further support the early retirement of coal- and gas-fired generators and its associated avoided costs.**

[3] Application at 22.
[4] Ex. 9, p. 22.
[5] Ex. 9, p. 22.

30. The importance of this condition cannot be overstated because it relates to the impact that the decisions made in this merger will have on the merged entity's future resource planning and utilization. Creating savings is critical to overcoming the costs associated with the proposed merger. Joint Applicants believe that they have identified enough potential savings to outweigh any detriments. However, its not identifying the savings, but *realizing* them that is essential for ensuring that the merger does not result in a detriment to the public interest. Many of the merger savings are a result of retiring generating units that creates savings in a variety of ways (Tr. Vol. 2, pp. 233-34). As it relates to resource planning, the decision to retire certain pre-identified plants implies a choice by the Joint Applicants to keep open other generating units. It is possible that examining and retiring other units may have been more beneficial to the public by reducing costs more. By retiring the chosen units, others may be forced to operate longer than before.

31. The Joint Applicants are able to accelerate the retirement of certain units to create merger savings because of the additional generation capacity that KCPL and GMO currently have (Tr. Vol. 2, p. 171). Even though the Joint Applicants are relying on the capacity from all utilities to accelerate retirement of certain units, they have only committed to performing joint capacity planning in 2019 (Tr. Vol. 2, p. 178). When selecting the units to retire, Joint Applicants did not evaluate any KCPL or GMO units; only certain Westar units (Tr. Vol. 2, p. 244). Raising further concern, the Commission's Staff, despite having a group of experts dedicated to evaluating IRPs, did not evaluate the Joint Applicants' combined IRP that identified the units to be retired as a part of the merger (Tr. Vol. 3, pp. 303-04). The Staff did not, therefore, consider whether the plants proposed for closure would have closed even absent the merger due to market forces or whether these were the best units to retire.

32. If the Commission approves the merger, a robust evaluation of the combined entity's generation and resource plans must be conducted in a comprehensive, transparent, and parallel process in each future integrated resource plan. Ordering this condition is an appropriate way to ensure that meaningful resource planning and integration on a combined basis will be regularly provided to the Commission.

- **A commitment to expand energy efficiency program efforts and customer energy efficiency education, and to develop a plan to cost-effectively achieve efficiency improvement across the combined service territories.**

33. During the hearing, Joint Applicant witness Mr. Crawford testified that he hopes to pursue energy efficiency in Kansas as they do in Missouri (Tr. Vol. 2, p. 255). The Joint Applicants' CEOs testified about their commitment to pursuing energy efficiency. Missouri currently ranks 37th in the United States in a comprehensive annual scorecard of state energy efficiency programs and achievements (Ex. 450). Given that incremental energy efficiency achievements have the potential to produce customer savings and environmental benefits, a commitment to make these efforts by the Joint Applicants would be a positive benefit in the Commission's balancing process.

- **A commitment to offer green power programs to customers in all classes.**

34. Three witnesses offered Rebuttal testimony commenting that the Joint Applicants' companies on the Missouri side of their service area should be required to commit to pursuing "green tariff" or similar programs to permit customers to subscribe to renewable generation (Ex. 301 (Mr. Hyman); Ex. 401 (Mr. Chriss); Ex. 450 (Mr. Rábago)). Since the merger case was filed, both KCPL and GMO filed rate cases in Missouri wherein the company has proposed a version of green power programs (Tr. Vol. 2, p. 130). These proposals may be a response to market factors such as customer demand and favorable economics, but at this stage in those cases the ultimate adoption remains uncertain. For example, in Case No. EA-2015-0256, the Commission relied on

a notice filed by GMO to support the company's intent to pursue rooftop solar (Case No. EA-2015-0256, *Report and Order* p. 6 FN 26). However, that case file was eventually closed on April 17, 2017 with no substantive application ever having been made (*See* Case No. EA-2016-0044, Doc. No. 52). Adding this condition to the merger will ensure the Joint Applicants remain committed to working to offer their customers the ability to participate in green power programs.

- **A commitment to develop pilot projects for shared or community generation projects.**

35. As with the foregoing condition related to a commitment to offer green power programs, the Joint Applicants have proposals in their pending rate cases that could arguably satisfy this condition. However, the same uncertainty exists regarding the ultimate adoption. Adding this condition will ensure the Joint Applicants remain committed to working to offer their customers the ability to participate in shared or community generation programs.

- **A commitment to develop and implement a demonstration program for grid connected energy storage.**

36. This condition can also help the Commission evaluate the public interest by adding a positive outcome to balance against any possible detriments. Joint Applicant's witness Mr. Ives testified that grid connected storage is "probably a worthy cause and something that fits right in the wheelhouse with where we've innovated over the last number of years, that will happen probably independently of being ordered as a condition to meet no net detriment." (Tr. Vol. 2, pp. 206-07). An energy storage demonstration program creates benefits in at least three ways: 1) the technical aspects of operating the system, 2) the experience the utility gains in operating the system, and 3) evaluation of the system-wide benefits (Tr. Vol. 3, pp. 390-91(Mr. Rábago)).

37. It is true that Joint Applicants had a prior battery demonstration project, but since the completion of the prior battery storage initiative the Missouri utilities have not taken any additional steps from any lesson learned from the demonstration project (Tr. Vol. 2, p. 250). In order to ensure

the trajectory of the Missouri companies on this emerging issue is not lost in the varied merger integration tasks, the Commission should condition its approval on a commitment to pursue a demonstration program for grid connected energy storage.

- **A commitment to develop and seek regulatory approvals for implementation of a grid modernization plan, and to provide funding for a Value of Solar study to be managed by the Commission staff.**

38. This condition, similar to the IRP condition, requires the Joint Applicants to commit to doing the necessary planning and studies to "appropriately appreciate and take advantage of the revolution in scale that is the growth of distributed energy resources, technologies, markets, and options" (Tr. Vol. 3, p. 394). It would also "significantly buttress the implied picking and choosing that's already in the merger commitments" (*Id*).

39. Without a robust and comprehensive IRP analysis, it is uncertain whether the plants chosen by the Joint Applicants for retirement are the best or whether similar benefits could be obtained by pursuing distributed energy resources (Tr. Vol. 3, p. 395). This condition will put the Joint Applicants in a position to take full advantage of the combined merger entity at a relatively modest price (*Id*). Importantly, this condition does not mean only parties to the merger would participate in a stakeholder group but rather that Joint Applicants would be required to begin a broad stakeholder engagement effort to analyze the benefits of solar distributed energy resources and develop frameworks for evaluating those resources (Tr. Vol. 3, p. 411).

- **A commitment to refrain from implementing any new tariffs or rate designs adversely impacting development and adoption of distributed energy resources, including distributed generation for the next 5 years following approval of the Application.**

40. The Joint Applicants are in a position similar to companies around the country that have attempted to increase fixed customer charges, increase distributed energy resource access charges, or propose residential demand charges (Tr. Vol. 3, p. 396). The Joint Applicants are in this position

because their sales have been flat and they share the common utility concern about revenue certainty (*Id*; Ex. 450). These kinds of proposals can negatively impact the development and adoption of distributed energy resources and should not be undertaken without adequate study and focus.

41. Effective integration of such large enterprises requires several years before the business is operating at the pre-merger level of efficiency and as many as five years before the combined company is performing at the anticipated levels of operational efficiency (Ex. 450, p. 8). Because of the complexity of integration and uncertainty of the benefits to be realized, a commitment to refrain from implementing new rate designs or tariffs adversely impacting the development of distributed energy resources for five years post-merger is an appropriate safeguard for protecting this emerging resource and the public interest. Alternatively, if the Joint Applicants would commit to provide funding for a third-party Value of Solar study (or more broadly a value of distributed energy resources as suggested by Mr. Hyman during the hearing) to be managed by the Commission staff, a shorter period may be appropriate because the evaluation and data to support a change, if any, would presumably result from the study.

III. Should the Commission grant the limited request for variance of the affiliate transaction rule requested by Applicants? (Including response to Chairman Hall's questions to be addressed)

42. If the Commission approves the merger, a limited variance to the affiliate transaction rules should be granted only if all relevant regulatory bodies approve the merger and the merger closes.

43. During the hearing, Chairman Hall asked the parties to respond to two questions related to the affiliate transaction variance. First, whether it would be appropriate to limit the variance to transactions between affiliates that provide retail electricity service regulated by the Missouri Public Service Commission or the Kansas Corporation Commission. Second, whether it would be

appropriate to indicate that "this waiver does not in anyway limit any party from asserting that a particular transaction is imprudent or limit the Commission's capacity to make such a finding." Renew Missouri does not object to either clarification offered by the Chairman as a limitation to the variance.

IV. How should the bill credits proposed by Applicants be allocated between and within the various KCP&L and GMO rate classes?

44. Renew Missouri did not file testimony on this issue and does not take a position on this issue.

Conclusion

45. In evaluating the public interest, the Commission must consider the issues relating to clean energy development and resource utilization. Doing so would be consistent with prior Commission orders regarding the public interest and recognize these emerging trends for electric utility regulation. Rather than relying on past accomplishments in these areas as an indication the trend will continue, the Commission should require the Joint Applicants to incorporate the foregoing conditions into their merger transition and integration activities to establish a reasonable foundation for an order finding that the proposed merger satisfies the Missouri Merger Standard.

WHEREFORE, Renew Missouri respectfully files its *Post-hearing Brief*.

Respectfully Submitted,

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 30th day of March 2018:

/s/ Tim Opitz