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

In the Matter of the Joint Application of Great	)	
Plains Energy Incorporated, Kansas City Power	)	
& Light Company, and Aquila, Inc. for Approval	)	Case No. EM-2007-0374
Of the Merger of Aquila, Inc. with a subsidiary of	)	
Great Plains Energy Incorporated and for Other	)	
Related Relief.	)	

## PETITION TO REOPEN RECORD AND SCHEDULE HEARING

COME NOW, the Industrial Intervenors, pursuant to 4 CSR 240-2.110(8), and for their Petition to Reopen Record and Schedule Hearing respectfully state as follows:

1. Commission Rule 4 CSR 240-2.110(8) provides for the reopening of a case for the purpose of taking additional evidence on material changes in fact which occur after the conclusion of the hearing.

A party may request that the commission reopen a case for the taking of additional evidence if the request is made after the hearing has been concluded, but before briefs have been filed or oral argument presented, or before a decision has been issued in the absence of briefs or argument. Such a request shall be made by filing with the secretary of the commission a petition to reopen the record for the taking of additional evidence in accordance with these rules, and serving the petition on all other parties. The petition shall specify the facts which allegedly constitute grounds in justification, including material changes of fact or of law alleged to have occurred since the conclusion of the hearing. The petition shall also contain a brief statement of the proposed additional evidence, and an explanation as to why this evidence was not offered during the hearing.

2. The evidentiary hearing in this matter concluded on May 1, 2008. Briefs were ordered to be filed on June 2, 2008. As such, a petition to reopen the record in this matter is timely.

- 3. Industrial Intervenors seek to reopen the record to allow for the introduction of evidence as to matters which occurred on May 23, 2008. On that date, a large crane used in the construction of the environmental upgrades at Iatan 1 collapsed as a possible result of heavy winds. This crane was unique, and its collapse as well as the questioned availability of a replacement crane may threaten the scheduled outage and completion of the Iatan 1 environmental upgrades.
- 4. While this crane was currently being used in the construction of the Iatan 1 environmental upgrades, the use of common subcontractors (*i.e.*, Alstom, Inc.) on both the Iatan 1 upgrades and the Iatan 2 plant construction necessarily leads to some concern that if the Iatan 1 schedule is threatened, the scheduled completion of the Iatan 2 power plant will be similarly threatened. Specifically, KCPL had based the completion of the Iatan 2 power plant on the timely completion of the Iatan 1 environmental upgrades, thus freeing necessary Alstom labor to focus on the construction of the Iatan 2 plant.
- 5. In its solicitation of a post-closing credit rating from S&P and Moody's, the Joint Applicants provided certain key assumptions. Critical among these were assumptions as to the schedule and budget of both Iatan 1 and Iatan 2. Given the critical nature of these assumptions, the sudden occurrence of events which may threaten the schedule and / or budget for these capital projects necessarily calls into question the validity of the Joint Applicants' contention that GPE / KCPL / Aquila will achieve or maintain an investment grade credit rating following the closing of this acquisition. As

<sup>&</sup>lt;sup>1</sup> See Attachment 1. The exact cause of the collapse appears not to have been finally determined. As a result of this unfortunate collapse, at least one worker was killed and three other workers received what have been reported as serious injuries.

<sup>&</sup>lt;sup>2</sup> See, Exhibit 139 at page 7 ("There is at the Iatan site 40 cranes right now in a very small space. You cannot find 40 cranes in all of downtown Kansas City. <u>It includes the second-biggest crane that is available in the United States.</u>"). (emphasis added).

S&P notes, "[p]lease note the conclusions provided herein are based on assumptions you and your team have provided to us. To the extent that these assumptions change, the rating implications could also change."<sup>3</sup>

- 6. By reopening the record in this matter, Industrial Intervenors will seek to adduce evidence as to the effect that the crane collapse will have on the budget or schedule of the Iatan capital projects and, thus, on the validity of the contention that the Joint Applicants will achieve or retain their investment grade credit rating. Given the timing and unforeseeable nature of this unexpected and unfortunate event, parties could not have presented evidence on this matter at the recently concluded hearing. As such, reopening the record and scheduling a supplemental hearing is not only appropriate, but is necessary given the Commission's obligation under Missouri law to protect the ratepaying public from a transaction that would result in detriment.
- 7. The Industrial Intervenors are sensitive to the tragic nature of this event. By filing this petition, Industrial Intervenors do not seek to delay this matter as a result of the tragic events that occurred on May 23. In fact, the Industrial Intervenors do not seek to delay the briefs that are currently scheduled for June 2. Movants merely request, consistent with the broad nature of the "not detrimental to the public interest" standard applicable to this transaction, that the Commission consider all facts that may be relevant to a determination under this standard.
- 8. The admission of evidence following the conclusion of a hearing is not extraordinary. As requested, the reopening of this record would be tantamount to a true-up hearing in a rate case. In recent KCPL and Empire rate proceedings, the Commission ordered a true-up hearing for the purposes of considering more recent information.

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<sup>&</sup>lt;sup>3</sup> Ex. 125, page 4.

Similarly, the Industrial Intervenors seek a hearing so that more recent information may be considered by the Commission in this proceeding.

Respectfully submitted,

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ATTORNEYS FOR INDUSTRIAL INTERVENORS

Woodmall

## **CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I have this day served the foregoing pleading by email, facsimile or First Class United States Mail to all parties by their attorneys of record as provided by the Secretary of the Commission.

Dated: May 30, 2008