

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

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

**NOTICE OF WITHDRAWAL BY THE
KANSAS ELECTRIC POWER COOPERATIVE, INC.**

COMES NOW, the Kansas Electric Power Cooperative, Inc. (“KEPCo”) and provides the Commission notice of KEPCo’s withdrawal from this proceeding.

GPE filed an application on February 23, 2017, requesting this Commission’s expedited approval of the acquisition of Westar Energy, Inc. (“Westar”) by late April 2017.¹ GPE’s proposed \$12.2 billion purchase price is significantly more than twice GPE’s \$4.8 billion market capitalization and includes an acquisition premium of more than \$4.9 billion above book value.

On March 1, KEPCo moved to intervene in the proceedings. KEPCo’s intervention described its substantial and unique business interests with GPE affiliates and Westar, and explained concerns that the transaction as proposed will weaken GPE and create material financial risks for KEPCo as a wholesale power and transmission customer and as a joint owner in nuclear and coal generation assets. GPE opposed KEPCo’s participation in the proceedings. The Commission granted KEPCo’s motion on March 8, 2017.

KEPCo is actively participating as an intervenor in the federal and Kansas regulatory reviews of the transaction. KEPCo has dedicated substantial resources to analyzing the proposed transaction and the nuances of GPE’s representations about the transaction’s risks and claimed

¹ GPE filed the application one day after the Commission found that GPE had violated the terms of a long-standing settlement agreement requiring GPE to seek approval from the Commission before acquiring another public utility. *See Report and Order, Midwest Energy Cons. Group v. Great Plains Energy Inc.*, File No. EC-2017-0101 (issued Feb. 22, 2107).

customer benefits, and understands the limitations of the proposed commitments and conditions to be considered in these proceedings. At bottom, the transaction creates too much financial risk. Moody's Investors Service validated KEPCo's concerns on March 6, 2017, when it downgraded GPE's credit rating on its senior unsecured debt to Baa3—just one notch above a non-investment grade rating.²

KEPCo intended to participate in these proceedings to develop the record around the financial integrity and ring-fencing conditions negotiated back in October 2016 (as supplemented in surrebuttal testimony sponsored by GPE witness Ives) to demonstrate that those proposed conditions are inadequate and to advocate for improved conditions.

The Commission's March 8, 2017 *Order Setting Procedural Schedule*, however, compressed discovery, testimony, and three days of hearing into a four-week timeframe. With this shortened procedural schedule, the evidentiary hearing would conclude by April 7, 2017, and briefs would be due on April 21, 2017.

KEPCo has carefully considered the procedural schedule and concludes that the compressed timeframe will not afford KEPCo an opportunity to participate meaningfully in these proceedings. KEPCo therefore withdraws from the proceedings.

² Moody's downgrade issued at the same time GPE issued about \$4.4 billion in debt securities to finance the transaction. The Moody's Investors Service March 6, 2016 ratings downgrade announcement is available at https://www.moodys.com/research/Moodys-downgrades-Great-Plains-Energy-to-Baa3-from-Baa2-and--PR_362946.

Respectfully submitted,

/s/ William G. Riggins

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been served electronically this 4th day of April, 2017, to all parties on the Commission's service list in this case.

/s/ William G. Riggins

William G. Riggins