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)File No. EM-2018-0012Westar Energy, Inc.)

MECG STATEMENT OF POSITIONS

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

<u>Position</u>: No, absent appropriate conditions, as discussed *infra*, the Commission should find that GPE's merger with Westar is detrimental to the public interest and reject the merger.

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

<u>Position</u>: Any approval of GPE's merger with Westar must include appropriate conditions in order to protect ratepayers from detrimental impacts of the proposed transaction. In its rebuttal testimony, MECG has proposed <u>five</u> conditions, in addition to those already offered by the Joint Applicants, which should allow the Commission to find that the merger is not detrimental to the public interest. These conditions are as follows:

a) <u>Access to Renewable Energy</u>: KCPL and GMO should be required, within 60 days of the close of the transaction, to convene and stakeholder process for the development of one or more new renewable energy offerings for each utility to be proposed for Commission approval within one year of the close of the transaction. (Chriss Rebuttal, pages 6-8).

b) <u>Transition Costs</u>: Neither GMO nor KCP&L will ever include in cost of service, and shall never seek to recover in rates, any transition costs related to this Merger that were incurred prior to the test year in each future general rate case proceeding, or that are in excess of the benefits that these transition costs have attained, as recognized within such future general rate case proceedings. KCP&L and/or GMO, as applicable, shall bear the burden of proving and fully documenting that any transition costs for which rate recovery is sought have produced net benefits. (Brosch Rebuttal, pages 6-20).

c) <u>Tax Allocation Agreement</u>: "No preferential treatment of Affiliated entities shall occur as a result of Tax Allocation Agreement terms or procedures." With regard to Applicants' Proffered Merger Commitments and Conditions number 31(a), MECG recommends that a sentence be added to indicate that "The new holding company's adopted Tax Allocation Agreement shall be included among the corporate cost allocations and affiliate transaction protocols included in the audit." Finally, with regard to Applicants' Proffered Merger Commitments and Conditions number 33, MECG recommends that the scope of the meetings

and filed updates to the Cost Allocation Manual include documentation and quantification of allocations and transactions arising from the affiliate Tax Allocation Agreements effected by the new holding company. (Brosch Rebuttal, pages 20-26).

d) <u>Future Corporation Acquisitions</u>: Consistent with the settlement in Case No. EM-2001-464 as well as the Commission's finding in Case No. EC-2017-0107, the consolidated parent company agrees that it will not, directly or indirectly, acquire or merge with a public utility or the affiliate of a public utility, where such affiliate has a controlling interest in a public utility unless the consolidated parent company has requested prior approval for such a transaction from the Commission and the Commission has found that no detriment to the public would result from the transaction. (Brosch Rebuttal, pages 26-27). It is MECG's understanding that the Joint Applicants have agreed to this condition. (Ives Surrebuttal, pages 23-24).

e) <u>Customer Bills</u>: KCPL and GMO agree, prior to implementing any name change, that customer billing systems will be able to clearly designate on the customer's bill the customer's electric service provider in a manner that customers will be able to access the appropriate rate schedules. (Brosch Rebuttal, pages 27-28). It is MECG's understanding that the Joint Applicants have agreed to this condition. (Ives Surrebuttal, page 26).

III. Should the Commission grant the limited request for variance of the affiliate transaction rule requested by Applicants?

<u>Position</u>: No, absent appropriate conditions, as discussed *infra*, the Commission should find that GPE's merger with Westar is detrimental to the public interest and reject the merger.

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

<u>Position</u>: Applicants propose to allocate the bill credits among the jurisdictions on the basis of an energy allocator. For the same reason that an energy allocator is appropriate for allocating among the jurisdictions, the energy allocator is also appropriate for allocating the bill credits between and within the various KCP&L and GMO rate classes. (See, Chriss Rebuttal, pages 5-6).

Respectfully submitted,

NUT AN

David L. Woodsmall, MBE #40747 308 E. High Street, Suite 204 Jefferson City, Missouri 65101 Telephone: (573) 636-6006 Facsimile: (573) 636-6007 david.woodsmall@woodsmalllaw.com

ATTORNEY FOR THE MIDWEST ENERGY CONSUMERS GROUP

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.

Wardemal

David L. Woodsmall

Dated: March 5, 2018