

FILED  
April 13, 2017  
Data Center  
Missouri Public  
Service Commission

Exhibit No.: 14  
Issue(s): Policy  
Witness: Natelle Dietrich  
Sponsoring Party: MoPSC Staff  
Type of Exhibit: Direct Testimony  
Case No.: EE-2017-0113  
Date Testimony Prepared: December 09, 2016

## MISSOURI PUBLIC SERVICE COMMISSION

### COMMISSION STAFF DIVISION

PSC Staff Exhibit No. 18  
Date 4.6.17 Reporter AF  
File No. Em-2017-0226

### DIRECT TESTIMONY

OF

NATELLE DIETRICH

GREAT PLAINS ENERGY INCORPORATED,  
KANSAS CITY POWER & LIGHT COMPANY  
KCP&L GREATER MISSOURI OPERATIONS COMPANY

CASE NO. EE-2017-0113

Jefferson City, Missouri  
December 2016

EXHIBIT

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**DIRECT TESTIMONY**  
**OF**  
**NATELLE DIETRICH**  
**GREAT PLAINS ENERGY INCORPORATED,**  
**KANSAS CITY POWER & LIGHT COMPANY**  
**KCP&L GREATER MISSOURI OPERATIONS COMPANY**  
**CASE NO. EE-2017-0113**

EXECUTIVE SUMMARY..... 2



1 Chapter 22 rewrite, and the Commission's renewable energy standard regulations. Relevant  
2 activities relate to oversight of Staff's analysis of and positions on renewable energy, energy  
3 efficiency, demand side management, demand response and smart grid. I was a member of  
4 the Missouri Delegation to the Missouri/Moldova Partnership through National Association  
5 of Regulatory Utility Commissioners ("NARUC") and the US Agency for International  
6 Development.

7 I am a member of the NARUC Subcommittee on Rate Design and the Staff  
8 Subcommittee on Telecommunications. I serve on the Staff of the Federal/State Joint Board  
9 on Universal Service, serve as lead Staff for the Missouri Universal Service Board, and was a  
10 member of the Governor's MoBroadbandNow taskforce.

11 Q. Have you previously testified before the Commission?

12 A. Yes. My Case Summary is attached as Schedule ND-d1.

13 **EXECUTIVE SUMMARY**

14 Q. What is the purpose of your testimony?

15 A. The purpose of my testimony is to support the Stipulation and Agreement  
16 ("Agreement") between Kansas City Power & Light Company ("KCP&L"), KCP&L Greater  
17 Missouri Operations Company ("GMO") and Great Plains Energy Incorporated ("GPE")  
18 (collectively, "the Companies") and Staff of the Missouri Public Service Commission  
19 ("Staff") that was filed on October 12, 2016.

20 Q. Please provide relevant background for Staff's support of the Stipulation and  
21 Agreement.

22 A. On May 31, 2016, Terry Bassham, CEO of GPE, advised the Commission,  
23 Staff and the Office of the Public Counsel ("OPC") by email, that GPE and Westar Energy,

1 Inc. ("Westar") had entered into an agreement for GPE to acquire Westar for approximately  
2 \$12.2 billion in cash, stock and assumed debt.<sup>1</sup> On June 1, 2016, Staff responded by filing its  
3 *Motion to Open an Investigation*.<sup>2</sup> The Commission granted Staff's motion on June 8, 2016,  
4 opening Case No. EM-2016-0324.<sup>3</sup> Staff filed, on July 25, 2016, its *Investigation Report*,  
5 which discussed various possible detriments to Missouri interests that might result from the  
6 proposed acquisition and explained Staff's legal theory supporting Commission jurisdiction  
7 over the proposed acquisition.<sup>4</sup> Although Staff's *Investigation Report* did not highlight  
8 benefits to Missouri, it should not be interpreted as reflecting an initial Staff conclusion that  
9 there could be none. It was about this time that Staff entered into negotiations with GPE that  
10 culminated in the Agreement in this docket.

11 Q. If Staff identified possible detriments to Missouri interests as a result of the  
12 proposed acquisition, why did Staff enter into negotiations with the Companies?

13 A. In Staff's opinion, negotiation with the Companies Missouri ratepayer interests  
14 were better served, and it was a better use of Commission and Staff resources, if Staff  
15 obtained conditions and concessions that Staff would have sought had GPE filed for authority  
16 in Missouri.

17 Q. Please outline some of the key provisions of the Agreement that mitigate  
18 possible detriments.

19 A. The Agreement contains financing conditions that remain in effect until such  
20 time as the Commission may order otherwise in a general rate case or other relevant  
21 proceeding. For instance, there are parameters related to the Corporate Credit Rating, the

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<sup>1</sup> *In the Matter of Great Plains Energy, Inc.'s Acquisition of Westar Energy, Inc., and Related Matters*, Case No. EM-2016-0324.

<sup>2</sup> Id.

<sup>3</sup> Id.

<sup>4</sup> Id.

Direct Testimony of  
Natelle Dietrich

1 capital structure of KCP&L and GMO, the cost of capital and the goodwill arising from the  
2 transaction. The Agreement includes ratemaking/accounting conditions associated with  
3 goodwill, the acquisition premium and transaction and transition costs. There are provisions  
4 related to affiliate transactions and the cost allocation manual. There are also conditions  
5 related to maintaining or exceeding customer service and operational levels currently  
6 provided to Missouri retail customers. Several principles are included related to the  
7 integration process to ensure the availability of adequate resources, including but not limited  
8 to personnel, equipment and systems to enable a smooth transition, including a requirement to  
9 keep rates lower than they would have been absent the GPE acquisition of Westar. The  
10 Agreement includes deadlines for meeting with Staff to apprise it of the status of  
11 implementation, organizational changes and consolidation of processes affecting the customer  
12 experience. Finally, the Agreement contains a provision whereby GPE agrees to uphold the  
13 conditions agreed to by KCP&L and GMO. In Staff's opinion, these conditions and  
14 concessions serve to mitigate the possible detriments identified in *Staff's Report*.

15 Q. Does this conclude your testimony?

16 A. Yes.

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

In the Matter of the Joint Application of	)	
Great Plains Energy Incorporated, Kansas	)	Case No. EE-2017-0113
City Power & Light Company and KCP&L	)	
Greater Missouri Operations Company for a	)	
Variance from the Commission's Affiliate	)	
Transactions Rule, 4 CSR 240-20.015	)	
Service	)	

**AFFIDAVIT OF NATELLE DIETRICH**

STATE OF MISSOURI     )  
                                      )  
COUNTY OF COLE        )     ss.

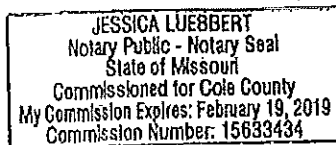
**COMES NOW NATELLE DIETRICH** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing Direct Testimony; and that the same is true and correct according to her best knowledge and belief.

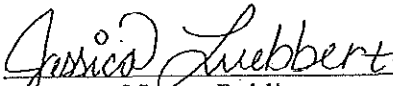
Further the Affiant sayeth not.

  
\_\_\_\_\_  
**NATELLE DIETRICH**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 7<sup>th</sup> day of December, 2016.



  
\_\_\_\_\_  
Notary Public

**Natelle Dietrich  
Case Summary**

Presented testimony or analysis through affidavits on the following cases and proceedings:

- Case No. TA-99-405, an analysis of the appropriateness of a “payday loan” company providing prepaid telecommunications service.
- Case No. TX-2001-73, In the Matter of Proposed New Rules on Prepaid Calling Cards.
- Case No. TO-2001-455, the AT&T/Southwestern Bell Telephone Company arbitration, which included issues associated with unbundled network elements.
- Case No. TX-2001-512, In the Matter of Proposed Amendments to Commission Rule 4 CSR 240-33.010, 33.020, 33.030, 33.040, 33.060, 33.070, 33.080, 33.110, and 33.150 (telecommunications billing practices).
- Case No. TO-2002-222, the MCI/SWBT arbitration.
- Case No. TR-2002-251, In the Matter of the Tariffs Filed by Sprint Missouri, Inc. d/b/a Sprint to Reduce the Basic Rates by the Change in the CPI-TS as Required by 392.245(4), Updating its Maximum Allowable Prices for Non-Basic Services and Adjusting Certain Rates as Allowed by 392.245(11) and Reducing Certain Switched Access Rates and Rebalancing to Local Rates as Allowed by 392.245(9).
- Case No. TX-2002-1026, In the Matter of a Proposed Rulemaking to Implement the Missouri Universal Service Fund End-User Surcharge.
- Case No. TX-2003-0379, In the Matter of Proposed Amendments to Commission Rule 4 CSR 240-3.545, formerly 4 CSR 240-30.010 (tariff filing requirements).
- Case No. TX-2003-0380, In the Matter of Proposed Amendments to Commission Rules 4 CSR 240-2.060, 4 CSR 240-3.020, 4 CSR 240-3.510, 4 CSR 240-3.520, and 4 CSR 240-3.525 (competitive local exchange carrier filing requirements and merger-type transactions).
- Case No. TX-2003-0389, In the Matter of Proposed Amendment to Commission Rules 4 CSR 240-3.530 and 4 CSR 240-3.535, and New Rules 4 CSR 240-3.560 and 4 CSR 240-3.565 (telecommunications bankruptcies and cessation of operation).
- Case No. TX-2003-0445, In the Matter of a Proposed New Rule 4 CSR 240-33.160 Regarding Customer Proprietary Network Information.
- Case No. TX-2003-0487, In the Matter of Proposed Commission Rules 4 CSR 240-36.010, 36.020, 36.030, 36.040, 36.050, 36.060, 36.070, and 36.080 (arbitration and mediation rules).
- Case No. TX-2003-0565, In the Matter of a Proposed Rulemaking to Codify Procedures for Telecommunications Carriers to Seek Approval, Amendment and Adoption of Interconnection and Resale Agreements.
- Case Nos. TX-2004-0153 and 0154, in the Matter of Proposed Rule for 211 Service (emergency and permanent rules).
- Case Nos. TO-2004-0370, IO-2004-0467, TO-2004-0505 et al, In the Matter of the Petition of various small LECs for Suspension of the Federal Communications Commission Requirement to Implement Number Portability.

**Natelle Dietrich**  
**Case Summary**

- Case No. TX-2005-0258, In the Matter of a New Proposed Rule 4 CSR 240-33.045 (placement and identification of charges on customer bills).
- Case No. TX-2005-0460, In the Matter of the Proposed Amendments to the Missouri Universal Service Fund Rules.
- Case No. TO-2006-0093, In the Matter of the Request of Southwestern Bell Telephone, L.P. d/b/a SBC Missouri, for Competitive Classification Pursuant to Section 392.245.6, RSMo (2205) – 30-day Petition.
- Case Nos. TC-2005-0357, IR-2006-0374, TM-2006-0306, the complaint case, earnings investigation and transfer of assets case to resolve issues related to Cass County Telephone Company, LP, LEC Long Distance, FairPoint Communications, Inc., FairPoint Communications Missouri Inc. d/b/a FairPoint Communications and ST Long Distance Inc. db/a FairPoint Communications Long Distance.
- Case No. TC-2006-0068, FullTel, Inc., v. CenturyTel of Missouri, LLC.
- Case No. TX-2006-0169, In the Matter of Proposed New Rule 4 CSR 240-3.570 Regarding Eligible Telecommunications Carrier Designations for Receipt of Federal Universal Service Fund Support.
- Case No. TX-2006-0429, In the Matter of a Proposed Amendment to 4 CSR 240-3.545 (one day tariff filings).
- Case No. TX-2007-0086, In the Matter of a Proposed Rulemaking to Create Chapter 37 – Number Pooling and Number Conservation Efforts
- Case No. TA-2009-0327, In the Matter of the Petition of TracFone Wireless, Inc. for Designation as an Eligible Telecommunications Carrier in the State of Missouri for the Limited Purpose of Offering Lifeline and Link Up Service to Qualified Households.
- Case No. RA-2009-0375, In the Matter of the application of Nexus Communications, Inc. dba TSI for Designation as an Eligible Telecommunications Carrier in the State of Missouri for the Limited Purpose of Offering Wireless Lifeline and Link Up Service to Qualifying Households.
- Case No. AX-2010-0061, Office of Public Counsel's Petition for Promulgation of Rules Relating to Billing and Payment Standards for Residential Customers.
- Case No. GT-2009-0056, In the Matter of Laclede Gas Company's Tariff Revision Designed to Clarify its Liability for Damages Occurring on Customer Piping and Equipment Beyond the Company's Meter.
- Case No. ER-2012-0166, In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase Its Revenues for Electric Service. Energy Independence and Security Act of 2007 (EISA).
- Case No. ER-2012-0174, In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service. Energy Independence and Security Act of 2007 (EISA).
- Case No. ER-2012-0175, In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement A General Rate Increase for Electric Service. Energy Independence and Security Act of 2007 (EISA).
- Case No. ER-2012-0345, In the Matter of Empire District Electric Company of Joplin, Missouri Tariff's Increasing Rates for Electric Service Provided to

**Natelle Dietrich  
Case Summary**

Customers in the Missouri Service Area of the Company. Energy Independence and Security Act of 2007 (EISA).

- File Nos. EO-2013-0396 and EO-2013-0431, In the Matter of the Joint Application of Entergy Arkansas, Inc., Mid South TransCo, LLC, Transmission Company Arkansas, LLC and ITC Midsouth LLC for Approval of Transfer of Assets and Certificate of Convenience and Necessity, and Merger and, in connection therewith, Certain Other Related Transactions; and In the Matter of Entergy Arkansas, Inc.'s Notification of Intent to Change Functional Control of Its Missouri Electric Transmission Facilities to the Midwest Independent Transmission System Operator Inc. Regional Transmission System Organization or Alternative Request to Change Functional Control and Motions for Waiver and Expedited Treatment, respectively.
- Case No. MX-2013-0432, In the Matter of a Proposed Rulemaking to Revise Manufactured Housing Rules Regarding Installation and Monthly Reporting Requirements.
- Case No. TX-2013-0324, In the Matter of a Proposed Rulemaking to the Missouri Universal Service Fund.
- Case No. EO-2014-0095, In the Matter of Kansas City Power & Light Company's Filing for Approval of Demand-Side Programs and for Authority to Establish Demand-Side Programs Investment Mechanism.
- Case No. EA-2014-0207, In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing It to Construct, Own, Operate, Control, Manage, and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood - Montgomery 345 kV Transmission Line.
- Case No. ER-2014-0370, In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service.
- Case No. WR-2015-0301, In the Matter of Missouri-American Water Company's Request for Authority to Implement a General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas.
- Case No. ER-2016-0156, In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service.
- Case No. ET-2016-0246, In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of a Tariff Setting a Rate for Electric Vehicle Charging Stations.
- Case No. ER-2016-0285, In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service.
- Case No. ER-2016-0179, In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase its Revenues for Electric Service.
  
- Actively participated in or prepared comments on numerous issues on behalf of the Commission to be filed at the Federal Communications Commission.

**Natelle Dietrich**  
**Case Summary**

- Prepared congressional testimony on behalf of the Commission on number conservation efforts in Missouri.
- A principal author on Missouri Public Service Commission Comments on the Reduction of Carbon Emissions in Missouri under Section 111(d) of the Clean Air Act.
- A principal author on Missouri Public Service Commission Comments on the Environmental Protection Agency's "Emission Guidelines for Existing Stationary Sources: Electric Generating Unity".

Commission Arbitration Advisory Lead Staff for the following cases:

- Case No. TO-2005-0336, Southwestern Bell Telephone, L.P., d/b/a SBC Missouri's Petition for Compulsory Arbitration of Unresolved Issues For a Successor Interconnection Agreement to the Missouri 271 Agreement ("M2A").
- Case No. IO-2005-0468, In the Matter of the Petition of Alma Telephone Company for Arbitration of Unresolved Issues Pertaining to a Section 251(b)(5) Agreement with T-Mobile USA, Inc.
- Case No. TO-2006-0147 et al, In the Matter of the Petition for Arbitration of Unresolved Issues in a Section 251(b)(5) Agreement with T-Mobile USA, Inc and Cingular Wireless.
- Case No. TO-2006-0299, Petition of Socket Telecom, LLC for Compulsory Arbitration of Interconnection Agreements with CenturyTel of Missouri, LLC and Spectra Communications, LLC, pursuant to Section 251(b)(1) of the Telecommunications Act of 1996.
- Case No. TO-2006-0463, In the Matter of the Petition for Arbitration of Unresolved Issues in a Section 251(b)(5) Agreement with ALLTEL Wireless and Western Wireless.
- Case No. TO-2009-0037, In the Matter of the Petition of Charter Fiberlink-Missouri, LLC for Arbitration of an Interconnection Agreement Between CenturyTel of Missouri, LLC and Charter Fiberlink-Missouri, LLC.