

Exhibit No.:
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Witness: Martin Hyman
Sponsoring Party: Missouri Department of Economic
Development – Division of Energy
Type of Exhibit: Rebuttal Testimony
Case Nos.: EM-2018-0012

MISSOURI PUBLIC SERVICE COMMISSION

GREAT PLAINS ENERGY INCORPORATED

KANSAS CITY POWER & LIGHT COMPANY

KCP&L GREATER MISSOURI OPERATIONS COMPANY

WESTAR ENERGY, INC.

CASE NO. EM-2018-0012

REBUTTAL TESTIMONY

OF

MARTIN R. HYMAN

ON

BEHALF OF

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF ENERGY

Jefferson City, Missouri

January 16, 2018

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

AFFIDAVIT OF MARTIN HYMAN

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

Martin R. Hyman, of lawful age, being duly sworn on his oath, deposes and states:

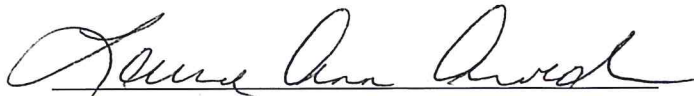
1. My name is Martin R. Hyman. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Economic Development as a Planner III, Division of Energy.
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of the Missouri Department of Economic Development – Division of Energy.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge.



Martin R. Hyman

Subscribed and sworn to before me this 16th day of January, 2018.

LAURIE ANN ARNOLD
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: April 26, 2020
Commission Number: 16308714



Notary Public

My commission expires: 4/26/2020

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Martin R. Hyman. My business address is 301 West High Street, Suite 720,
4 PO Box 1766, Jefferson City, Missouri 65102.

5 **Q. By whom and in what capacity are you employed?**

6 A. I am employed by the Missouri Department of Economic Development – Division of
7 Energy (“DE”) as a Planner III.

8 **Q. Please describe your educational background and employment experience.**

9 A. In 2011, I graduated from the School of Public and Environmental Affairs at Indiana
10 University in Bloomington with a Master of Public Affairs and a Master of Science in
11 Environmental Science. There, I worked as a graduate assistant, primarily investigating
12 issues surrounding energy-related funding under the American Recovery and
13 Reinvestment Act of 2009. I also worked as a teaching assistant in graduate school and
14 interned at the White House Council on Environmental Quality in the summer of 2011. I
15 began employment with DE in September, 2014. Prior to that, I worked as a contractor for
16 the U.S. Environmental Protection Agency to coordinate intra-agency modeling
17 discussions.

18 **Q. Have you previously filed testimony before the Missouri Public Service Commission**
19 **(“Commission”) on behalf of DE or any other party?**

20 A. Yes. Please see Schedule MRH-Reb1 for a summary of my case participation.

1 **II. PURPOSE AND SUMMARY OF TESTIMONY**

2 **Q. What is the purpose of your Rebuttal Testimony in this proceeding?**

3 A. The purpose of my Rebuttal Testimony is to respond to the merger application and
4 testimony filed by Great Plains Energy Incorporated (“GPE”), Kansas City Power & Light
5 Company (“KCP&L”), KCP&L Greater Missouri Operations Company (“GMO”), and
6 Westar Energy, Inc. (“Westar”) (collectively, “Applicants”) in this proceeding. I discuss
7 the Commission’s regulatory standards for merger applications and then indicate what DE
8 hopes will result from this merger. Specifically, DE supports commitments by the
9 Applicants to ensure benefits to the public from the merger. These conditions are that:

- 10 1. The holding company resulting from the merger (“Holdco”) shall extend its post-
11 merger quarterly reporting as to employee headcounts and changes in employment
12 from a period of two years to a period of five years;
- 13 2. Holdco shall provide Direct Testimony in each general rate case within five years
14 of the closing of the merger to describe changes in employment and the merger-
15 related employment savings; and,
- 16 3. Holdco shall coordinate with local organizations and the Department of Economic
17 Development – Division of Workforce Development to support retraining
18 opportunities and job placement services for Missouri workers adversely impacted
19 by the merger.

20 I also reserve the right to address recommendations proposed by other parties in my
21 Surrebuttal Testimony.

22 **Q. What did you review in preparing this testimony?**

23 A. I reviewed relevant portions of the Applicants’ filings in this case, as cited below.

1 **III. COMMISSION STANDARDS FOR MERGER APPLICATIONS**

2 **Q. What are the Commission’s regulatory standards for merger applications?**

3 A. The Commission’s regulatory standards for electric, gas, and water company merger
4 applications are found at 4 CSR 240-3.115 (Filing Requirements for Electric Utility
5 Applications for Authority to Merge or Consolidate), 4 CSR 240-3.215 (Filing
6 Requirements for Gas Utility Applications for Authority to Merge or Consolidate), and 4
7 CSR 240-3.610 (Filing Requirements for Water Utility Applications for Authority to
8 Merge or Consolidate), respectively. All three rules contain similar requirements, including
9 a mandate for applications to include, “The reasons the proposed merger is **not**
10 **detrimental** to the public interest” (emphasis added) (4 CSR 240-3.115(1)(D), 4 CSR 240-
11 3.215(1)(D), and 4 CSR 240-3.610(1)(D)).

12 **Q. How does DE view the “not detrimental” standard in the context of this merger**
13 **application?**

14 A. As further discussed below, DE supports merger conditions that would avoid a net
15 detriment to the public interest as a result of this merger and, where possible, create benefits
16 for the public.

17 **IV. ECONOMIC DEVELOPMENT**

18 **Q. Have the Applicants stated that there will not be any involuntary severance of**
19 **employees due to the merger?**

20 A. Yes. According to the Applicants, efficiencies from reductions in staffing will occur via,
21 “... normal attrition and other voluntary means”¹

¹ Missouri Public Service Commission Case No. EM-2018-0012, *In the Matter of the Application of Great Plains Energy Incorporated for Approval of its Merger with Westar Energy, Inc.*, Direct Testimony of Terry Bassham on

1 **Q. Even with this commitment, could there be employment-related instances where a**
2 **detriment occurs to local economies?**

3 A. Yes. Regardless of whether or not involuntary termination of employment occurs, some
4 employees may choose to leave the Holdco companies earlier than these employees
5 anticipated. For example, employees of GPE may not wish to work for the company
6 resulting from the merger or may not be willing to reallocate some of their time to new
7 duties. While such decisions to leave could be considered natural attrition, reduced family
8 incomes could still result in lower spending in local economies.

9 **Q. Are you familiar with the Stipulation and Agreement filed in this case?**

10 A. Yes. The Stipulation and Agreement, signed by the Applicants, Commission Staff,
11 Brightergy, LLC, and the Missouri Joint Municipal Electric Utility Commission, includes
12 a condition requiring quarterly reporting for two years following the merger as to employee
13 headcounts and changes in employment.² Another provision requires KCP&L and GMO
14 to file direct testimony in their next rate cases as to employment metrics and employment-
15 related savings from the merger.³

16 **Q. Are these conditions sufficient to protect the employees of KCP&L and GMO?**

17 A. No. The two-year reporting commitment is inadequate for purposes of monitoring changes
18 in employment when, by contrast, GPE witness Mr. Darrin R. Ives's Direct Testimony

Behalf of Great Plains Energy Incorporated, Kansas City Power & Light Company, and KCP&L Greater Missouri Operations Company, August 31, 2017, pages 13-14, lines 12 and 1-2.

² Missouri Public Service Commission Case No. EM-2018-0012, *In the Matter of the Application of Great Plains Energy Incorporated for Approval of its Merger with Westar Energy, Inc.*, Stipulation and Agreement, January 12, 2018, Exhibit A, page 14.

³ *Ibid*, page 16.

1 resents information on five years of transition costs and 20 years of savings;⁴ post-merger
2 reporting should at least cover the five-year period of transition costs, when merger-related
3 displacements would be most likely to occur. In addition, the Stipulation and Agreement
4 never specifies the filing dates of the first rate cases that will occur after the merger, so it
5 is unknown when the agreed-to testimony would be filed.

6 **Q. Does DE have proposed merger conditions to address the employment-related**
7 **concerns?**

8 A. Yes. DE recommends that, as conditions for approval of the merger:

- 9 1. Holdco shall extend its post-merger quarterly reporting as to employee headcounts
10 and changes in employment from a period of two years to a period of five years;
- 11 2. Holdco shall provide Direct Testimony in each general rate case within five years
12 of the closing of the merger to describe changes in employment and the merger-
13 related employment savings; and,
- 14 3. Holdco shall support job retraining programs and job placement in its service
15 territories for displaced Missouri employees. Holdco could accomplish this by
16 providing affected employees with tuition reimbursement for a degree program at
17 a Missouri community college and by working with local organizations and the
18 Missouri Department of Economic Development – Division of Workforce
19 Development, which offers training and job placement assistance for workers.

⁴ Missouri Public Service Commission Case No. EM-2018-0012, *In the Matter of the Application of Great Plains Energy Incorporated for Approval of its Merger with Westar Energy, Inc.*, Direct Testimony of Darrin R. Ives on Behalf of Great Plains Energy Incorporated, Kansas City Power & Light Company, and KCP&L Greater Missouri Operations Company, August 31, 2017, page 16, lines 7-8.

1 **Q. Could KCP&L and GMO pursue retraining opportunities in the renewable energy**
2 **and energy efficiency fields?**

3 A. Yes. A recent survey found that Missouri’s clean energy sector, “... add[ed] jobs at a rate
4 more than three times faster than the state’s economy as a whole.”⁵ The survey also showed
5 that energy efficiency employed 40,048 Missourians in 2016 – increasing nearly five
6 percent from 2015 and constituting the greatest share of clean energy jobs in the state⁶ –
7 while renewable energy employed 3,707 Missourians in 2016 with a growth rate of almost
8 15 percent between 2015 and 2016.⁷ Additionally, many large employers have committed
9 to purchasing renewable energy,⁸ so greater portfolio diversity would provide benefits to
10 customers by creating options for acquiring additional renewable energy, create additional
11 jobs in a fast-growing sector, and support job creation and retention by improving the
12 conditions for business attraction, retention, and expansion. Holdco could consider the
13 creation of options for businesses and households to purchase additional renewable energy,
14 as have been proposed or agreed to by other Missouri utilities,⁹ and could also consider
15 continuing to employ or contract to provide energy efficiency services or incentives. Both

⁵ Clean Energy Trust. 2017. “Missouri – Executive Summary.” Page 1. *Clean Jobs Midwest*.
<https://www.cleanjobsmidwest.com/wp-content/uploads/2017/09/CJM-2017-ExeSum-MO.pdf>.

⁶ Clean Energy Trust. 2017. “Missouri Toplines.” *Clean Jobs Midwest*.
<https://www.cleanjobsmidwest.com/state/missouri>.

⁷ Clean Energy Trust. 2017. “Missouri – Executive Summary.” Page 2. *Clean Jobs Midwest*.
<https://www.cleanjobsmidwest.com/wp-content/uploads/2017/09/CJM-2017-ExeSum-MO.pdf>.

⁸ Missouri Department of Economic Development – Division of Energy. 2015. *Missouri Comprehensive State Energy Plan*. <https://energy.mo.gov/sites/energy/files/MCSEP.pdf>. Page 178.

⁹ Although not a perfect example, Union Electric Company d/b/a Ameren Missouri received approval for a Subscriber Solar Pilot in Case No. EA-2016-0207, and has also filed to establish a green tariff in Case No. ET-2018-0063. See also the conditions agreed to by The Empire District Electric Company in Missouri Public Service Commission Case No. EM-2016-0213, *In the Matter of the Empire District Electric Company, Liberty Utilities (Central) Co. and Liberty Sub Corp. Concerning an Agreement and Plan of Merger and Certain Related Transactions*, Amended Stipulation and Agreement as to Division of Energy and Renew Missouri, August 23, 2016, pages 1-2 and 4.

1 actions would enable Holdco to reassign employees that already have the appropriate skills
2 to work on expanded customer-oriented programs such as “community solar,” “subscriber
3 solar,” and green tariffs, as well as on KCP&L’s and GMO’s existing and planned
4 renewable energy and energy efficiency initiatives.^{10,11}

5 **V. CONCLUSIONS**

6 **Q. Please summarize your conclusions and the positions of DE.**

7 A. Meeting the regulatory standard for merger applications – i.e., “not detrimental to the
8 public interest” – can be better assured by Applicants’ commitments to DE’s proposed
9 conditions. DE recommends conditioning approval of the merger on three commitments:

- 10 1. Holdco shall extend its post-merger quarterly reporting as to employee headcounts
11 and changes in employment from a period of two years to a period of five years;
- 12 2. Holdco shall provide Direct Testimony in each general rate case within five years
13 of the closing of the merger to describe changes in employment and the merger-
14 related employment savings; and,
- 15 3. Holdco shall coordinate with local organizations and the Department of Economic
16 Development – Division of Workforce Development to support retraining
17 opportunities and job placement services for Missouri workers adversely impacted
18 by the merger.

¹⁰ Missouri Public Service Commission Case No. EO-2017-0229, *In the Matter of the 2017 Integrated Resource Plan Annual Update for Kansas City Power & Light Company*, Kansas City Power & Light Company (KCP&L) Integrated Resource Plan 2017 Annual Update, June 1, 2017, pages 3-5.

¹¹ Missouri Public Service Commission Case No. EO-2017-0230, *In the Matter of the 2017 Integrated Resource Plan Annual Update for KCP&L Greater Missouri Operations Company*, KCP&L Greater Missouri Operations Company (GMO) Integrated Resource Plan 2017 Annual Update, June 1, 2017, pages 4-6.

1 These conditions would help to assure the Commission that the merger will not be
2 detrimental to the public interest, but will instead provide a net benefit to the public.

3 **Q. Does this conclude your Rebuttal Testimony in this case?**

4 A. Yes.