

**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) Case No. EE-2017-0113
Company and KCP&L Greater Missouri Operations)
Company for a variance from 4 CSR 240-20.015.)

**CITY OF INDEPENDENCE, MISSOURI'S RESPONSE TO
THE OBJECTION OF JOINT APPLICANTS TO THE
APPLICATION TO INTERVENE OF THE CITY OF INDEPENDENCE**

The City of Independence, Missouri ("the City"), respectfully submits its response to the opposition of Great Plains Energy Incorporated ("GPE"), Kansas City Power & Light Company ("KCP&L"), and KCP&L Greater Missouri Operations Company ("GMO") (collectively, "Joint Applicants") to the City's Application to Intervene, filed by Joint Applicants on October 28, 2016.

I. RELEVANT BACKGROUND

1. On October 12, 2016, Joint Applicants filed an application seeking a variance from the Missouri Public Service Commission's ("the Commission") prohibition on affiliate transactions in connection with an Agreement and Plan of Merger dated May 29, 2016 pursuant to which GPE will acquire all of the stock of Westar Energy, Inc. ("the Transaction").

2. On October 12, 2016 the Joint Applicants also filed a Stipulation and Agreement between Joint Applicants and Commission Staff where Joint Applicants agreed to certain conditions in exchange for Commission Staff's agreement that Commission Staff would not file any complaint nor support or otherwise assist in any way the prosecution of any complaint that may be filed by others alleging that Joint Applicants are, or may be, in violation of any requirement that prior Commission approval of the Transaction was required.

3. On October 14, 2016, the Commission issued an Order Directing Notice and Setting Intervention Deadline. In that Order the Commission indicated that applications for intervention shall be filed no later than October 26, 2016.

4. On October 26, 2016, Joint Applicants filed a Stipulation and Agreement between Joint Applicants and the Office of Public Counsel (“OPC”) where Joint Applicants agreed to a number of additional conditions in exchange for OPC’s agreement that OPC would not file any complaint nor support or otherwise assist in any way the prosecution of any complaint that may be filed by others alleging that Joint Applicants are, or may be, in violation of any requirement that prior Commission approval of the Transaction was required.

5. On October 26, 2016, pursuant to Rule 4 CSR 240-2.075 and the Commission’s procedural Order, the City filed its application to intervene in this proceeding.

6. On October 28, 2016, Joint Applicants filed oppositions to all applications to intervene in this proceeding, including the City’s application to intervene. In large part, the Joint Applicants repeat the same arguments in each opposition to a party’s application to intervene.

7. Although the Joint Applicants concede that the City owns and operates a municipal utility that has physical interconnections with KCP&L and GMO, and that the City is a retail customer of KCP&L,¹ Joint Applicants claim that: (a) the City has presented no facts that demonstrate that the City has an interest which is different from the general public,² and (2) that the City has not demonstrated that it may be adversely affected by a final order.³

¹ Joint Applicants’ Opposition at 1.

² *Id.*

³ *Id.* at 2.

8. Joint Applicants further argue that the City has not shown that its intervention would be in the public interest, and imply that the public interest is adequately served by participation of only the Commission Staff and OPC in this proceeding.

9. Joint Applicants request that the Commission deny the City's Application to Intervene.

II. JOINT APPLICANTS ADVANCE NO SUBSTANTIVE REASON TO DENY THE CITY'S INTERVENTION

10. 4 CSR 240-2.075 Subsection (3) states that the Commission may grant an application to intervene if: (A) the proposed intervenor has an interest which is different from that of the general public and which may be adversely affected by a final order arising from the case; or (B) granting the proposed intervention would serve the public interest.

11. The City meets this standard. The City's application to intervene described with sufficient detail the nature of its interest in this proceeding, and how a final order may adversely affect those interests.

12. As stated in its application to intervene, the City has unique interests in this proceeding that are not adequately represented by the Commission Staff, OPC, or any other party. The City owns and operates a municipal electric utility and has direct physical interconnections with KCP&L and GMO. The City has power purchase agreements with the Joint Applicants, is a retail customer of KCP&L in connection with the City's water treatment plant, has physical interconnections with the Joint Applicants, has interests in KCP&L's Iatan-2 generating unit, and is dependent on the transmission systems of the Joint Applicants for transmission service from the described sources and to access other third party wholesale suppliers and other generating resources. The City's primary electrical access to the outside world is by way of its interconnections with the Joint Applicants.

13. These interests are unique and separate from the general public because any change to the Joint Applicants' operations affect individual customers differently. Although this proceeding may ultimately affect all electric customers who have an interest in keeping rates down, the ultimate Transaction and GPE's affiliate transactions may have significantly different practical effects among different ratepayers.

14. The relationship established by the agreements between Joint Applicants and the City is different from the general public's interest in the considerations at large. Joint Applicants claim that these interests are no different because Joint Applicants do not seek to change the rates, terms, or conditions of service, or any agreements Joint Applicants have with the City. But these broad assertions ignore the potential far-reaching effects of affiliate transactions and the conditions in the Stipulations. Thus, the City supports a hearing to develop a full and complete record necessary for the Commission to determine whether the proposed variance and Stipulations will truly have the effects claimed by the Joint Applicants.

15. The City may also be adversely affected by a final order in this proceeding. The City was not involved in the negotiations behind the Stipulations and Agreements. The City's unique interests were not taken under consideration during those negotiations, and the City has not evaluated how the conditions may ultimately affect rates or its contractual relationship with GPE and its subsidiaries.

16. Joint Applicants also ignore the potential impact affiliate transactions may have on rates. The City notes that Joint Applicants' Variance Application provides no detail on the types of transactions that will be affected, and the effect of those transactions on the rates it charges its customers. Rather, Joint Applicants expect all parties to accept, without any verification, its blanket statement that nothing proposed in its variance request or in the

Stipulations will cause a change to rates or any agreement between the City and GPE or GPE's subsidiaries.⁴

17. Finally, it would clearly serve the public interest to allow all affected parties to participate in the proceeding. Participation by Commission Staff and OPC does not preclude the intervention of any other party, as Joint Applicants imply.⁵ This approach would effectively preclude any interested party from intervening as Commission Staff and OPC participate in virtually every contested case.

18. While Commission Staff and OPC have the responsibility of representing many of the various and often-competing general public and consumer interest positions in Missouri, the City has a more narrow focus on securing low-cost energy to meet the demands of its customers. In pursuit of that narrow focus, the City may, at times, disagree with some of the issues and positions advanced by Commission Staff and OPC. Commission Staff and OPC do not advocate for the interests of one particular segment or sub-class of their constituents over another. By relying solely on the positions of Commission Staff and OPC, the Commission's ultimate determination would not consider all relevant viewpoints, and would necessarily produce an incomplete record.

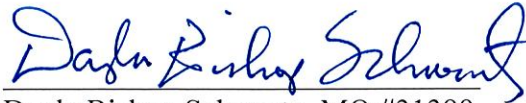
⁴ See Joint Applicants' Objection at 2.

⁵ *Id.*

WHEREFORE, the City supports a hearing in this proceeding to develop a complete record, and respectfully requests that the Commission grant the City's Application to Intervene, entitling it to fully participate in this proceeding.

Dated: November 7, 2016

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed, or hand-delivered to all parties listed on the official service list on this 7th day of November, 2016.



Dayla Bishop Schwartz