

**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 Company, and KCP&L) Case No. EE-2017-0113
Greater Missouri Operations Company for)
a Variance from the Commission's Affiliate)
Transaction Rule, 4 CSR 240-20.015)

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**RESPONSE OF JOINT APPLICANTS TO
THE OBJECTION OF MIDWEST ENERGY CONSUMERS GROUP**

Great Plains Energy Incorporated ("GPE"), Kansas City Power & Light Company ("KCP&L"), and KCP&L Greater Missouri Operations Company ("GMO") (collectively, "Joint Applicants") state the following in response to the Objection of Midwest Energy Consumers Group ("MECG") to the Stipulation and Agreement ("Stipulation"), which was filed with the Commission by the Joint Applicants and the Staff of the Commission ("Staff") on October 12, 2016:

1. The basis of MECG's objection to the Stipulation is that MECG was not a party to the negotiations between the Joint Applicants and Staff which "did not include many of the parties ... that are typically involved in the Commission's consideration of a merger docket." See MECG Objection, ¶ 1. However, this is not a merger approval proceeding relating to electrical corporations. There is no request for the Commission to take action under Section 393.190¹ with regard to a merger or an acquisition. Rather, this proceeding concerns the Affiliate Transactions Rule, 4 CSR 240-20.015 ("Rule"), and the conditions that the Joint Applicants and Staff agreed to as part of the Application's request for a variance under the Rule.

¹ All references are to the Missouri Revised Statutes (2000), as amended.

2. It is not the intent of the Joint Applicants to hide facts from the Commission with regard to the Stipulation that they reached with the Staff.² The Joint Applicants would welcome an opportunity to present the Stipulation to the Commission in an on-the-record presentation where they and members of the Staff would respond to questions by Commissioners.

3. The Stipulation resolves issues raised by the Application which seeks a limited variance from the Rule because KCP&L and GMO are Missouri-regulated public utilities and Westar Energy, Inc. (“Westar”) is a provider of regulated electric service in Kansas. The Stipulation achieves a comprehensive settlement of issues related to the Application. It provides for numerous customer protections with regard to GPE and its Missouri operating utilities KCP&L and GMO through a series of conditions related to finance, accounting and affiliate transaction matters. The Stipulation also sets forth customer service levels that the Joint Applicants are obligated to meet or exceed, as well as principles that will guide the integration of Westar into the GPE organization. The Stipulation requires the Joint Applicants to submit periodic reports to Staff and includes conditions related to providing Staff and Public Counsel with access to appropriate records.

4. This proceeding is not a “contested case” under Missouri law because a hearing is not required by statute in order for the Commission to grant the relief that the Joint Application requests.³ As such, the process required for the Commission’s consideration of the Joint Application, including the Stipulation, is quite limited. Because the Stipulation does not change

² This is also true with regard to the subsequent Stipulation and Agreement that Joint Applicants reached with the Office of the Public Counsel (“Public Counsel”), and that was filed with the Commission on October 26, 2016.

³ Section 536.010(4) states: “ ‘Contested case’ means a proceeding before an agency in which legal rights, duties or privileges of specific parties are required by law to be determined after hearing.”

any rate, tariff or charge of KCP&L or GMO, and is limited in its nature and effect, there is no need for the full array of procedural due process rights that would normally occur in a general rate case proceeding or other contested case under Chapters 386 and 393 of the Public Service Commission Law, as supplemented by Chapter 536. No customer will be adversely affected by an order that approves the Stipulation's terms.

5. MECG's objection is also based on its mistaken view that this case is identical to "other merger review dockets" such as the sale of Empire District Electric Co. in Case No. EM-2016-0213 or the acquisition of Aquila, Inc. by GPE in Case No. EM-2007-0374. See MECG Objection, ¶ 2. This proceeding is not governed by Section 393.190 regarding the merger, sale or acquisition of a Missouri electrical corporation or its franchise, works or system. Neither Staff nor the Joint Applicants have requested the Commission to approve such a transaction.

6. As the Joint Applicants asserted in Staff's investigation brought regarding GPE's acquisition of Westar, No. EM-2016-0324, the Commission does not have authority to approve or disapprove GPE's acquisition of a non-Missouri public utility under the 2001 Stipulation and Agreement ("2001 GPE Stipulation") approved by the Commission in the proceeding that led to the formation of GPE. See Order Approving Stipulation and Agreement, In re Application of Kansas City Power & Light Co. for an Order Authorizing its Plan to Reorganize Itself into a Holding Company Structure, No. EM-2001-464 (July 31, 2001). Although Staff disagreed with the Joint Applicants on this point in Case No. EM-2016-0324, these differences have been set aside by the terms of the Stipulation. In exchange for GPE's agreement to uphold the conditions agreed to by KCP&L and GMO in the Stipulation, Staff has agreed not to file a complaint or support the prosecution of a complaint filed by others alleging that GPE is or may be in violation of any requirement (whether under the 2001 GPE Stipulation or any other authority) that prior

Commission approval of GPE's acquisition of Westar is required. See Stipulation, ¶ G(1) at p. 20.

7. Moreover, the Joint Applicants and Staff have agreed that the Commission's approval of the Stipulation in this proceeding will not serve as precedent regarding issues related to the Commission's jurisdiction and authority to approve or disapprove GPE's acquisition of Westar that were presented in Case No. EM-2016-0324. See Stipulation, ¶ H(3) at p. 21. The agreements of Staff and the Joint Applicants in the Stipulation will permit the Commission to approve the implementation of numerous customer protections without the necessity of and risks associated with resolving the arguments raised by Staff and disputed by GPE in that investigation, which the Commission closed in early August without issuing any decision. See Order Closing File, In re Great Plains Energy, Inc.'s Acquisition of Westar Energy, Inc., No. EM-2016-0324 (Aug. 3, 2016).

8. The Stipulation in this case stands in contrast to another proceeding where the Commission closed its file without decision, but a variety of issues linger regarding acquisitions by a Missouri holding company of non-Missouri public utilities. See, e.g., Order Closing File, In re Spire, Inc.'s Acquisition of EnergySouth, Inc., No. GM-2016-0324 (Sept. 7, 2016). In the Spire matter, no complaint has been brought against Spire, Inc. alleging that it violated a 2001 Stipulation and Agreement⁴ because of Spire's acquisition in 2015 and 2016 of non-Missouri utilities.

⁴ See Order Approving Stipulation and Agreement, and Approving Plan to Restructure, In re Application of Laclede Gas Co. for an Order Authorizing its Plan to Restructure Itself into a Holding Company, Regulated Utilities Company, and Unregulated Subsidiaries, No. GM-2001-342 (Aug. 14, 2001).

9. However, here the Joint Applicants and Staff have negotiated a detailed Stipulation that permits a limited waiver of the Affiliate Transactions Rule, and contains a series of conditions and agreements on financial, accounting and other issues which provide numerous protections to customers of KCP&L and GMO. However, no KCP&L or GMO rate or charge is affected. There is no change in any provision of the KCP&L and GMO tariffs.

10. The Stipulation brings certainty to the issues which Staff has raised without engaging in protracted litigation. It is the product of extensive negotiations conducted in good faith by the Joint Applicants and Staff that occurred over many weeks. The Joint Applicants look forward to appearing before the Commission to respond to its questions.

WHEREFORE, the Joint Applicants provide this response to the objection of the Midwest Energy Consumers Group.

/s/ Robert J. Hack

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CERTIFICATE OF SERVICE (PARTIES)

A copy of the foregoing was served upon the below named parties by email or U.S. mail, postage prepaid, this 28th day of October, 2016.

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A copy of the foregoing was served upon the below named parties by email or U.S. mail, postage prepaid, this 28th day of October, 2016.

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