THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company and Westar Energy, Inc. for approval of the Acquisition of Westar Energy, Inc. by Great Plains Energy Incorporated.	)	Docket No. 16-KCPE-593-ACQ

NOTICE OF RE-FILING STAFF'S PRE-FILED DIRECT TESTIMONY WITHOUT REDACTIONS

The Staff of the Kansas Corporation Commission (Staff and Commission or KCC, respectively), pursuant to the Commission's January 26, 2017, *Order on Prehearing Motions*, hereby files un-redacted versions of the same testimony Staff filed with redactions on December 16, 2016. Staff also states the following:

1. The Commission's *Order on Prehearing Motions* ordered redaction removal from all parties' testimony except for information that fell into one of the following categories: (1) attorney-client privilege, (2) attorney work-product, or (3) critical infrastructure information which poses a security risk if made public.

2. Relevant to Staff, Attachment 1 of the *Joint Applicants' Response to Staff's Motion to Declassify All Staff Testimony and Exhibits* (Joint Applicant's Response), filed January 20, 2016, contained an itemized list, categories (1)-(7), identifying the particular confidential classifications claimed by the Joint Applicants included in Staff's pre-filed direct testimony. Category (4) was listed as "Advice of counsel or other outside experts, advisors or consultants." Category (7) was listed as "Critical infrastructure information that poses a security risk if made public."

3. The Joint Applicants did not designate any information in Staff's direct testimony under category (4).

4. Category (7), pertaining to critical infrastructure, referenced KCC Staff Data Requests (DRs) 47, 50, and 52. These are addressed solely in the pre-filed direct testimony of Walter Drabinski. Staff has kept redacted the portions of testimony pertaining to these DRs, but un-redacted the remainder of his testimony.

WHEREFORE, Staff respectfully submits its un-redacted pre-filed direct testimony for Justin Grady, Adam Gatewood, Walter Drabinski, Ann Diggs, Casey Gile, and Robert Glass. Note that Jeff McClanahan and Scott Hempling also filed on December 16, 2016, but their testimony did not contain any confidential information.

Respectfully Submitted,

Michael Neeley, S. Ct. #25027
Litigation Counsel
Amber Smith, S. Ct. #23911
Chief of Litigation
Andrew French, S. Ct. #24680
Senior Litigation Counsel
Kansas Corporation Commission
1500 S.W. Arrowhead Road
Topeka, Kansas 66604-4027
E-mail: m.neeley@kcc.ks.gov
Phone: 785-271-3173

STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

VERIFICATION

Michael Neeley, being duly sworn upon his oath deposes and states that he is Litigation Counsel for the State Corporation Commission of the State of Kansas, that he has read and is familiar with the foregoing *Notice of Re-filing Staff's Pre-Filed Direct Testimony Without Redactions* and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

Michael Neeley # 25027
Kansas Corporation Commission of the
State of Kansas

Subscribed and sworn to before me this 27[rd] day of January, 2017.

VICKI D. JACOBSEN
Notary Public - State of Kansas
My Appt. Expires 6-30-18

Vicki D. Jacobsen
Notary Public

My Appointment Expires: June 30, 2018

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company and Westar Energy, Inc. for Approval of the Acquisition of Westar Energy, Inc. by Great Plains Energy Incorporated.	**))))))**	**Docket No. 16-KCPE-593-ACQ**

DIRECT TESTIMONY

PREPARED BY

CASEY GILE

UTILITIES DIVISION

KANSAS CORPORATION COMMISSION

December 16, 2016

**** Denotes Confidential Testimony****

Q. Please state your name and business address.

A. My name is Casey M. Gile and my business address is 1500 Southwest Arrowhead Road, Topeka, Kansas, 66604.

Q. By whom, and in what position, are you employed?

A. I am employed by the Kansas Corporation Commission (KCC or Commission) as an Energy Engineer.

Q. What is your educational background and professional experience?

A. In May of 2015, I earned a Bachelor of Science degree with a major in Mechanical Engineering from the University of Kansas. I have been employed in the Utilities Division of the Kansas Corporation Commission (Commission) since June of 2016. While employed at the Commission, I have participated in investigations generally related to the operations of electric public utilities. Prior to working for the Commission, I worked for the U.S. Department of the Air Force as a Process Engineer.

Q. What were your responsibilities during Staff's review of the Great Plains Energy (GPE) and Westar merger?

A. My responsibilities during Staff's review were to evaluate the current status of GPE's subordinate company, Kansas City Power and Light (KCPL), and Westar Energy Inc.'s (Westar) distribution and transmission operations. Westar and GPE are collectively referred to herein as Joint Applicants (JA). More specifically, I am analyzing the quality of service each company is currently providing to Kansas customers and the impact the acquisition would have on Kansas customers.

Q. Please provide an Executive Summary of your testimony.

A. Staff recommends that the Commission not approve GPE's acquisition of Westar. As stated elsewhere in the testimony of Staff, the success of this merger depends in large part on the retention of savings generated by financial engineering. However, it also presumes that substantial savings can be achieved by reducing operating costs of the combined company. Without a reduction in operating costs, the Company will not be able to fulfill its promises to customers and shareholders to create synergies and increase operating revenues while at the same time servicing the $4.4 billion debt obligation associated with the acquisition.

The testimonies of Staff witnesses Walter Drabinski and Ann Diggs describe the problems with the Joint Applicant's projected savings calculation, and the testimonies of Adam Gatewood and Justin Grady describe the difficulties in the financial path GPE must navigate in order to be successful.

My testimony describes Staff's concerns with the Joint Applicants' ability to maintain and improve the quality of service currently provided to Kansas customers while dramatically reducing the operating costs of the combined company.

Q. How do you define quality of service?

A. Quality of service is the overall performance of a utility from the perspective of its customers. For electric public utilities, two key attributes that define quality of service are the reliability of the distribution system and the responsiveness of the utility in responding to its customers' needs.

Q. Are operating cost reductions a common objective of utility mergers?

A. Yes. In almost every merger that has been brought before this Commission, operating cost reductions[1] generally are the main claimed benefit that is achieved from merging utility operations. As in past mergers, the Joint Applicants in this Docket maintain operating cost reductions will not come at the expense of quality of service to its customers. Rather, the Joint Applicants promise the customers will receive better service as a result of the synergies obtained from combining the best management practices from the two operations.[2] In my testimony, I discuss performance metrics (and associated penalties for failure to perform) that can serve as guidelines for the Commission to develop conditions for any merger of electric public utilities in order to gain some assurance that the customers' quality of service will not suffer because of the merger.

Q. Is KCPL/Westar required to provide a threshold level of service to its customers?

A. Kansas statutes require all electric public utilities to provide sufficient and efficient service to their customers.[3] The Commission, in its role as the state agency with public utility oversight authority, is the arbiter in quantifying the abstract terms "sufficient and efficient" for a given utility.[4] Along with the requirements found in statutes, the Commission has filed an Order in this Docket emphasizing merger standards, which essentially require the merged operation to demonstrate a net benefit to the state of Kansas by "promoting" the public interest.[5]

[1] Joint Application in this Docket, Page 10, Para. 19; 07-KCPE-1064-ACQ: Joint Application, Page 9, Para. 22.
[2] Direct Testimony of Charles Caisley, Page 5, lines 8-13.
[3] K.S.A. 66-101b.
[4] For example, see the Commission's past treatment of the terms at Docket No. 02-MAPP-160-COM, Order,January 31, 2005, ¶¶ 67, 74.
[5] Order on Merger Standards issued August 9, 2016.

Q. Which merger standards apply to quality of service?

A. The merger standards do not explicitly address customer quality of service. However, quality of service can be inferred from the following standards:

- (a)(iii): The effect of the transaction on consumers, including whether ratepayer benefits resulting from the transaction can be quantified;
- (c) Whether the proposed transaction will be beneficial …to communities in the area served by the resulting public utility operations in the state.
- (c) Whether the proposed transaction will likely create labor dislocations that may be particularly harmful to local communities, or the state generally…; and
- (h) What impact, if any, the transaction has on the public safety.

Q. Would you expect a merger to result in an improvement in customer quality of service or just maintain the status quo?

A. The Merger Standards clearly ask whether the transaction will be beneficial to the affected customers and communities served. Therefore, Staff recommends that a merger's resultant company should be able to demonstrate an improvement in customer quality of service. While Staff is not recommending approval of the transaction, the performance metrics we are proposing in this Docket would have required each of the merging companies' current quality of service metrics to improve over a five year period. After five years, we would propose the merged company meet industry reliability benchmarks.[6] We recommend this approach of quantifying a post-transaction company's performance and applying appropriate penalties for failure to perform as guidelines the

[6] See Direct Testimony of Walter Drabinski, Exhibit 24..

Commission may use to establish conditions for any future merger or acquisition of electric public utilities.

Q. Do the Joint Applicants in this Docket support the concept of the combined company offering improved customer quality of service?

A. In its Joint Application, the Joint Applicants state the customers of the post-acquisition company will see no change in their day-to-day service.[7] However, in Direct Testimony, KCPL's CEO and VP of Marketing and Public Affairs both claim that customers of the combined company will see an improvement in quality of service.[8]

Q. Do the Joint Applicants offer any baseline quality of service performance metrics that can be used to quantify the post-merger company's performance?

A. The Joint Application mentions the standards set in Docket 02-GIME-365-GIE (02-365) as the basis for their reliability performance.[9] However, the 02-365 Docket only set reporting requirements for reliability metrics. It did not establish a performance threshold for electric utility reliability. Merger Standard (a)(iii) does not favor approval of a merger unless the transaction demonstrates a benefit to customers. If quality of service benefits are being relied upon to meet the standard, performance standards should be established by the Commission for the post-merger company to ensure the claimed benefits are achieved.

[7] Joint Application Para. 28.
[8] Direct Testimony of Terry Basham, Page 13, lines 6-9; Direct Testimony of Charles Caisley, Page 5, lines 8-13.
[9] Joint Application, Para. 32; Joint Application Exhibit B, Item 4.

Q. Is it appropriate to require a merger to provide non-financial benefits as a condition of approval?

A. Yes. When establishing the merger standards, the Commission stated it would look at a variety of factors in determining ratepayer benefits.[10] In a later merger docket, the Commission stated enhancement of the reliability of electric service is a primary factor when considering the impact of a merger on the public interest.[11] Because quality of service statistics are readily quantifiable and are major factors in determining sufficient and efficient service, it makes sense to not only include quality of service performance thresholds as merger conditions but to also require the merger to demonstrate improvements in those metrics.

Q. What are the main reliability performance metrics used by the electric utility industry?

A. The most often reported reliability metrics for the electric industry are known as the System Average Interruption Duration Index (SAIDI), the System Average Interruption Frequency Index (SAIFI), and the Customer Average Interruption Duration Index (CAIDI). In the 02-365 Docket, the Commission required all electric public utilities serving more than 15,000 Kansas customers to report these metrics to the Commission on an annual basis.[12] I discuss these metrics in detail later in my testimony. The historical performances of KCPL and Westar as well as Staff's proposed targets for the post-merger companies are discussed in the testimony of Staff witness Walter Drabinski.

[10] 91-KPLE-140-SEC, Order approving merger, November 14, 1991, Page 49.
[11] 97-WSRE-676-MER, Order on Merger Application September 28,1999, Para. 20.
[12] Docket 02-GIME-365-GIE Order dated October 4, 2004, Para. 7 for reporting requirements. The annual reports from KCPL and Westar are also filed in this docket.

Q. Are the historical reliability performances of Westar and KCPL comparable?

A. As shown in Exhibit 20 of Mr. Drabinski's testimony, there are three areas of the proposed company with readily identifiable reliability metrics. They are: Westar South, (former Kansas Gas and Electric area); Westar North, (former Kansas Power and Light area); and KCPL Kansas operations. The average performance over the last five years indicates relatively large differences between the areas with the KCPL Kansas area performing the best of the three.

Q. Is it reasonable to simply establish an average performance level for each metric for the three operating areas?

A. No. In establishing the Merger Standards, the Commission stated a merger should not disadvantage one set of customers over another.[13] Setting an average performance target for the post-acquisition company would penalize the KCPL Kansas customers by relaxing their current reliability statistics while setting a potentially unattainable goal for the Westar areas. That being said, Staff believes a post-acquisition company should eventually be able to provide equivalent consistently reliable power to all of its customers.

Q. Do the Joint Applicants address quality of service improvements?

A. The Direct Testimony of KCPL witness Charles Caisley notes the Joint Applicants are committed to maintaining a tier 1 rating in the Edison Electrical Institute (EEI) reliability rankings. The EEI ranking service compares a utility's SAIDI and SAIFI reliability metrics against a pool of similarly sized utilities within specific regions that participate in the study.

[13] 91-KPLE-140-SEC, Order approving merger, November 14, 1991, Page 100.

Q. Is maintaining a tier 1 rating in the EEI reliability ranking an acceptable measurement of reliability performance?

A. No. While maintaining a top quartile ranking among its peers is a laudable achievement, Staff does not believe it provides a measureable performance metric from the perception of the customer being served. In our opinion, the customer (and the Commission) should be able to compare past performance of the individual companies to the performance of the post-merger companies. In order to demonstrate benefits to customers as contemplated by the Merger Standards, Staff recommends the performance threshold of the merged company should be established by the best performance record of the individual companies before the merger. Noting the disparity between the three operating areas, Staff would propose reliability standards for each of the three operating areas of the post merged company with a goal of reaching one overall performance target five years after the merger. Staff's proposed performance thresholds are provided in Exhibit 24 of Mr. Drabinski's testimony. Again, these proposed standards are being provided as guidance for a potential future transaction.

Q. Are there any drawbacks to using the industry standard reliability indices to gauge system reliability?

A. Yes. The industry standard indices are lagging performance indicators. That is, by the time the metric is reported, the impact of the metric has already affected customers and will continue to affect customers until the deficiencies can be identified and corrected. If the deficiencies are corrected it will again take time to collect data to determine whether the problem was identified and corrected. This trial and error approach of reacting to a problem and then waiting to evaluate the outcome of the action may result in very slow response to identifying and fixing a problem.

Q. If all of these indices are lagging performance indicators how can there be a proactive approach to ensure that the reliability of the system is not compromised?

A. A proactive approach toward improving the reliability of an electric distribution system requires patrolling the system, identifying weaknesses, and making necessary repairs. I note, however, all proactive approaches will require the investment of personnel, operating expenses, and capital - all of which may not be available from a merger whose successful outcome is dependent upon generating operational savings and achieving earnings targets while also servicing $4.4 billion of new debt.[14]

Q. Do you have an example of a proactive maintenance approach that can affect reliability metrics?

A. The two most recent examples are Westar's Electric Distribution Grid Resiliency (EDGR) program and Westar's vegetation management program known as Reliabilitree. By adjusting tree trimming cycles to decrease interruptions due to vegetation, Westar's Reliabilitree program has improved its reliability metrics.[15] The tree trimming program also revealed unknown flaws in the distribution system that were in need of attention. These findings were one of the reasons that EDGR was proposed by Westar in its most recent rate case. Although results from the EDGR pilot approved in the rate case are not finalized, the preliminary results indicate an improved reliability of the system. In its testimony, Westar projects EDGR to significantly impact it reliability statistics.[16] When

[14] See Direct Testimony of Justin Grady, Paragraph 5 of Executive summary.
[15] Docket 15-WSEE-115-RTS, Direct Testimony of Bruce Akin, pages 8-10.
[16] Docket 15-WSEE-115-RTS, Direct Testimony of Jeffrey W. Cummings, Exhibit JC-1.

these practices of addressing known problems are conducted and accomplished in the right timeline, the utility should not only maintain past reliability statistics but perform at a higher level of reliability. However, the post-acquisition company proposed by the Joint Applicants plans to reduce CAPEX related spending **for the functional area of Distribution by $214 million over a four-year period[17]** rather than spend *an additional* $217 million over a five-year period as proposed by Westar's EDGR program.[18]

Q. Do you believe that after the Westar acquisition GPE would become less proactive in addressing operations and maintenance issues with its transmission and distribution system?

A. As previously noted, GPE has promised that customers' quality of service will improve with a post-merger company. However, the testimonies of Staff witnesses Grady, Gatewood, and Hempling emphasize the financial risk that GPE is taking with this acquisition. Because of this risk, we are concerned that financial pressures may force GPE and the operating utilities to defer maintenance and system improvements in order to pay debt and/or reserve cash for shareholder's returns.

Q. If a merged utility is unwilling to take the necessary proactive maintenance approaches, what would be the consequence?

A. The consequence to the utility customers would more than likely be degradation in system reliability. To protect against this possibility, Staff would recommend penalties be assessed against the operating utilities for failure to meet reasonable performance thresholds. This approach has been used by the Commission in the past, and Staff considers it to be a reasonable mechanism that would incentivize the utility to maintain

[17] Response to Staff Data Request 7 CAPEX tab, Line 7.
[18] Docket 15-WSEE-115-RTS, Direct Testimony of Jeffrey W. Cummings, Exhibit JC-1, Page 3.

its vigilance and spend funds as necessary to avoid obvious problems that can cause reliability issues.

Q. What quality of service metrics does Staff recommend for a merger between two electric publicutilities?

A. In order to monitor the reliability of electric service, Staff recommends the following metrics be used as threshold performance metrics associated with penalties:

- System Average Interruption Duration Index (SAIDI)
- System Average Interruption Frequency Index (SAIFI)
- Customer Average Interruption Duration Index (CAIDI)

A description of the above listed indices and how they are interpreted is described in the testimony of Staff witness Walt Drabinski.[19] While these metrics are nothing new to electric utilities, Staff recommends penalties be applied to any post-merger company, if its future statistics fall below a proposed improvement schedule of the pre-merger companies' present statistics. If the Joint Applicants are correct in their promise that the two merging companies will be better together than separate[20] and through integration of best practices greater reliability will be achieved,[21] then Staff would expect an improvement in reliability over current performance should be readily achievable. The testimony of Walter Drabinski further elaborates on past performance of the utilities specific to this merger and also addresses the appropriateness and reasonableness of Staff's proposed performance targets for the metrics.[22]

---

[19] Direct Testimony of Walt Drabinski, page 69 - 70, lines 15-18 and 1-5.
[20] Direct Testimony of Terry Bassham, page 13, lines 6-11.
[21] Direct Testimony of Charles Caisley, page 5, lines 8-13.
[22] Direct Testimony of Walt Drabinski, page 90, lines 4-11.

Q. What are the penalties that Staff is proposing, to ensure quality of service doesn't deteriorate?

A. In past merger dockets, the Commission has included reliability performance thresholds as conditions for its approval, and it has included penalties if the reliability levels were not achieved.[23] In the GPE acquisition of Aquila Inc. (07-KCPE-1064-ACQ), the parties agreed to a maximum nonperformance penalty equivalent to 100 basis points of the return on equity (ROE) for KCPL's Kansas operations.[24] In that case, however, non-performance was defined as any performance below 70% of the pre-merger average performance metrics.[25] Rather than recommend a large penalty for deteriorating performance, we believe a better approach would be a smaller (but substantial) penalty that is triggered if the post-merger company is unable to meet improvement goals in quality of service performance. Therefore, Staff would recommend a maximum nonperformance penalty equivalent to 25 basis points of the ROE for each company's most recent rate case. This approach would result in a $3.5 million penalty applied to KCPL if the post-merger KCPL was unable to meet its performance standards in any given year. Similarly, the recommended penalty for Westar would be $11.1 million if the post-merger company does not meet the performance targets.

[23] Docket 14-KGSG-100-MIS, Order Approving Unanimous Settlement Agreement, December 19, 2013, para. 43; Docket 07-KCPE-1064-ACQ, Order Granting Joint Motions to Adopt Stipulation and Agreement and Approving Agreements, May 15, 2008, paras. 28 and 49.

[24] ibid. Also see Docket 07-KCPE-1064-ACQ, Direct Testimony of Mark F. Doljac, January 3, 2008, pages 57-58.

[25] Docket 07-KCPE-1064-ACQ, Direct Testimony of Mark F. Doljac, page 22, lines 21-23.

Q. Do you propose the post-merger company incur a $14.6 million penalty any time a performance metric is not met?

A. Staff believes it is reasonable to propose a penalty for any of the SAIDI, SAIFI, or CAIDI targets listed in Mr. Drabinski's testimony if they are not met for each of the four targeted years 2017 through 2021 or if they are unable to maintain the industry target level in years beyond 2021. A penalty should be applied for any of the three designated operating areas that are unable to meet its threshold target. However, the amount of penalty should be weighted based on the number of customers in each operating area with the maximum annual penalty not exceeding 25 basis points of the ROE of each of the pre-acquisition company's most recent rate case.

Q. Do you propose the penalty provision cease if a post-merger company is able to demonstrate performance after a period of time?

A. That is an option available to the Commission, and in any merger, the Commission should tailor the penalties and the performance improvement targets to reflect the abilities of the merging utilities. I would argue, however, the Commission should consider setting permanent minimum quality of service performance standards for an electric utility because it provides a concrete definition of what the Commission expects for sufficient and efficient service. As the public utility industry across the nation deals with aging infrastructure, establishing permanent standards will ensure customers receive adequate service. Additionally, quality of service standards should not be considered a temporary goal of the utility. If the post-merger company is capable of meeting the threshold for a period of a few years, there is really no reason not to expect the company to be able to carry that performance into the future. The continued possibility of a penalty for failure to perform will provide incentive to maintain performance.

Q. Does Staff believe a penalty is warranted for the MAIFI and CEMMI-5 metrics mentioned in Mr. Drabinski's testimony?

A. For the consideration of a possible future Transaction, Staff recommends the Commission require the utilities report these metrics on a regular basis. The metrics provide valuable data to gauge customer satisfaction with utility reliability. In the case of the proposed merger, however, the metrics do not have a strong documented record from Westar or KCPL to provide historical context. Mr. Drabinski notes AMI or smart meter technology will enable utilities to measure these metrics, and, with both Westar and KCPL deploying AMI meters throughout their service territories, it is reasonable to require the calculation and reporting of MAIFI and CEMMI-5.

Q. What do you expect to learn from monitoring MAIFI and CEMMI-5?

A. The ability to monitor these metrics will assist Staff in evaluating the companies' ability to proactively address reliability issues for individual customers and minor power quality outages. By monitoring CEMMI-5 and MAIFI, utilities should be able to detect where problem areas are in the system and perform the necessary field patrols to identify and correct any problems. Staff's ability to monitor these statistics will give the Commission the ability to have visibility in daily utility field operations and intervene if necessary.

Q. Other than reliability statistics, what additional performance metrics should be considered to ensure the customer's quality of service from a post-merger company?

A. In Staff's view, reliability of power delivery is the primary category that impacts a customer's satisfaction with utility service. In addition, the responsiveness of the utility to its customers' inquiries is an important factor impacting a customer's quality of service, and in the case of an emergency, the utility's responsiveness may also impact safety of life and property. Because of the potential to impact public safety, a utility's responsiveness to customer inquiries also falls under the purview of Merger Standard (h): what impact, if any, the transaction has on the public safety.

Q. Regarding a utility's responsiveness to customer inquiries, are there threshold performance metrics that should be met by a post-merger company?

A. Staff has identified three metrics that we believe should be included with the reliability metrics: Call center answered call rate, response time to an outage; and Customer Information Statistics. The answered call rate is defined by KCPL as the percentage of calls answered within 20 seconds.[26] Response time to an outage is defined as the amount of time elapsed from receiving a call until service personnel arrive at the site of the outage. Customer Information Statistics are industry level customer response performance metrics.[27]

[26] Direct Testimony of Charles Caisley, Schedule CAC-2, Page 9.
[27] Direct Testimony of Walter Drabinski, Exhibit 22.

Q. Is there a concern that a post-merger utility would be unable to meet these response time metrics?

A. Because consolidation of utilities will invariably lead to personnel reductions and logistics problems as operating centers are combined, I believe there is a strong possibility the responsiveness of the remaining call center could be impacted. Likewise, a reduction or consolidation of field offices or loss of personnel could lead to longer response times for service personnel to reach the site of an outage.

Q. Do you recommend a penalty should be assessed to a utility unable to meet these metrics?

A. Similar to the reliability metrics, we recommend a penalty be assessed if the post-merger company's call center answered call rate is unable to meet a performance target set by the Commission. The performance threshold should be established by the best performance record of the individual companies before the merger. In the event that the utility is not able to perform to the level agreed upon, the penalty that is assigned would be used as a rebate back to the customers.

Q. What are the current call centers' answered call rates for Westar and KCPL?

A. In 2015, KCPL had an answered call rate of 77%[28] and Westar had an answered call rate of 78%.[29]

Q. Does Staff recommend a penalty be assessed if the post-merger company is unable to maintain a threshold level of response time to an outage?

A. If the merging companies have historical data that tracks outage response time, the Commission should consider a penalty for that metric as well. However in the case of

[28] Response to Staff Data Request 271.
[29] Response to Staff Data Request 442.

KCPL and Westar, Staff understands that response time to outages is not consistently tracked by either company. Therefore, Staff is recommending the Commission establish a reporting requirement for this metric.

Q. Are there other call center metrics that should be monitored by the Commission?

A. Staff witness Walter Drabinski provides a list of Customer Information Services statistics[30] that are tracked by the industry and are worthy of the Commission's consideration as customer response performance metrics. As in the case of outage response times, CEMMI-5, and MAIFI, Staff recommends the Commission consider requiring a post-merger utility report these metrics on a regular basis.

Q. Does the description you have provided in your testimony provide enough detail for the Commission to establish quality of service conditions for an electric utility merger?

A. In general, yes. But I would describe my discussion of performance metrics and proposed penalties to be a conceptual description. The Merger Standards require that any proposed conditions provide a rigid set of terms that are reasonable and quantifiable. All of the above described metrics will have extenuating circumstances and unforeseen events that need to be addressed in a comprehensive way in order to be considered reasonable conditions and have bright-line triggers for noncompliance. If the Commission decides to adopt performance metrics as part of an electric utility merger, I would recommend the Commission also require an additional agreement between the post-transaction company, Staff, and other interested parties be filed that provides the necessary detail to demonstrate compliance.

---

[30] Direct Testimony of Walter Drabinski, Exhibit 22.

Q. What are your conclusions for the acquisition of Westar by GPE?

A. The Merger Standards adopted in this Docket require the transaction to promote the public interest. The merger standards further suggest that customer benefits and the protection of public safety are highly relevant to this requirement. In this case, KCPL and Westar state the proposed merger will not deteriorate quality of service. However, they offer no commitments or guarantees. Savings from operating cost reductions are major means of generating revenue to justify and in some cases pay for a merger. In the case of the GPE/Westar merger, the majority of cost reductions are related to **personnel reductions and consolidation of operating departments.[31] With the reduction of personnel and potential for district office consolidation**, there is a threat that utility customers' quality of service will deteriorate which would be in conflict with the merger standards. Staff is of the opinion that the potentially detrimental impact on customer service from this merger does not promote the public interest. But in the event that a future merger is allowed, Staff recommends enforcement of performance metrics to ensure quality of service will not suffer.

Q. With respect to quality of service, what requirements should be imposed by the Commission in future mergers or acquisitions?

A. In order to minimize the threat of deteriorating quality of service from a merger or acquisition of any electric public utilities, Staff recommends:

- The post-transaction utility is required to meet quality of service performance thresholds which are set by selecting the best performance metrics from the two merging companies.

[31] Response to Staff Data Request 7

- If the post-transaction company is unable to meet the performance thresholds, we recommend the Commission assess a penalty to the company.
- The proceeds of any penalty should be returned to the ratepayers in the form of a rebate.
- Additionally, we recommend the Commission require reporting of certain performance metrics which will allow Staff to evaluate the quality of service of the post-transaction company and bring any abnormal conditions to the attention of the Commission for further action.
- All quality of service standards and the consequences of failure to meet minimum thresholds should be presented to the Commission as a separate Agreement between the post-transaction company, Staff and interested parties.

It is Staff's opinion that the specific performance thresholds and metrics will change for differing mergers; however, this basic template could be applied going forward.

Q. Please summarize your concerns with this transaction as proposed.

A. My main concern is with the post transaction entity's ability to guarantee an acceptable level of quality of service to its affected customers due to the amount of debt taken on to fund this transaction, and the potential pressure to reduce costs.

Q. What are your recommendations to the Commission?

A. I recommend that Commission not approve this transaction. I further recommend the Commission adopt the quality of service metrics I provide in my testimony as guidance for future transactions.

Q. Does this conclude your Testimony?

A. Yes it does. Thank you.

CERTIFICATE OF SERVICE

16-KCPE-593-ACQ

I, the undersigned, certify that a true and correct copy of the above and foregoing Notice of Re-Filing Staff's Pre-Filed Direct Testimony Without Redactions - Direct Testimony of Casey Gile was served via electronic service this 27th day of January, 2017, to the following:

W. ROBERT ALDERSON, JR., ATTORNEY
ALDERSON ALDERSON WEILER CONKLIN BURGHART & CROW LLC
2101 SW 21ST STREET (66604)
TOPEKA, KS 66604
Fax: 785-232-1866
boba@aldersonlaw.com

MICHAEL E. AMASH, ATTORNEY
BLAKE & UHLIG PA
SUITE 475 NEW BROTHERHOOD BLDG
753 STATE AVE.
KANSAS CITY, KS 66101
Fax: 913-321-2396
mea@blake-uhlig.com

KURT J. BOEHM, ATTORNEY
BOEHM, KURTZ & LOWRY
36 E SEVENTH ST STE 1510
CINCINNATI, OH 45202
Fax: 513-421-2764
kboehm@bkllawfirm.com

JODY KYLER COHN, ATTORNEY
BOEHM, KURTZ & LOWRY
36 E SEVENTH ST STE 1510
CINCINNATI, OH 45202
Fax: 513-421-2764
jkylercohn@bkllawfirm.com

MARTIN J. BREGMAN
BREGMAN LAW OFFICE, L.L.C.
311 PARKER CIRCLE
LAWRENCE, KS 66049
mjb@mjbregmanlaw.com

ANDREW J ZELLERS, GEN COUNSEL/VP REGULATORY AFFAIRS
BRIGHTERGY, LLC
1712 MAIN ST 6TH FLR
KANSAS CITY, MO 64108
Fax: 816-511-0822
andy.zellers@brightergy.com

GLENDA CAFER, ATTORNEY
CAFER PEMBERTON LLC
3321 SW 6TH ST
TOPEKA, KS 66606
Fax: 785-233-3040
glenda@caferlaw.com

TERRI PEMBERTON, ATTORNEY
CAFER PEMBERTON LLC
3321 SW 6TH ST
TOPEKA, KS 66606
Fax: 785-233-3040
terri@caferlaw.com

THOMAS J. CONNORS, ATTORNEY AT LAW
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
tj.connors@curb.kansas.gov

DAVID W. NICKEL, CONSUMER COUNSEL
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
d.nickel@curb.kansas.gov

CERTIFICATE OF SERVICE

16-KCPE-593-ACQ

DELLA SMITH
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
d.smith@curb.kansas.gov

SHONDA SMITH
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
sd.smith@curb.kansas.gov

DANIEL R. ZMIJEWSKI
DRZ LAW FIRM
9229 WARD PARKWAY STE 370
KANSAS CITY, MO 64114
Fax: 816-523-5667
dan@drzlawfirm.com

ASHLEY M. BOND, ATTORNEY
DUNCAN & ALLEN
1730 RHODE ISLAND AVENUE NW
SUITE 700
WASHINGTON, DC 20036-3155
Fax: 202-289-8450
amb@duncanallen.com

KEN HOLMBOE, ATTORNEY AT LAW
DUNCAN & ALLEN
1730 RHODE ISLAND AVENUE NW
SUITE 700
WASHINGTON, DC 20036-3155
Fax: 202-289-8450
kh@duncanallen.com

GREGG D. OTTINGER, ATTORNEY
DUNCAN & ALLEN
1730 RHODE ISLAND AVENUE NW
SUITE 700
WASHINGTON, DC 20036-3155
Fax: 202-289-8450
gdo@duncanallen.com

SHANNON FISK, ATTORNEY
EARTHJUSTICE
1617 JOHN F KENNEDY BLVD
SUITE 1675
PHILADELPHIA, PA 19103
sfisk@earthjustice.org

KEVIN HIGGINS
ENERGY STRATEGIES, LLC
PARKSIDE TOWERS
215 S STATE ST STE 200
SALT LAKE CITY, UT 84111
Fax: 801-521-9142
khiggins@energystrat.com

WILLIAM R. LAWRENCE
FAGAN EMERT & DAVIS LLC
730 NEW HAMPSHIRE SUITE 210
LAWRENCE, KS 66044
Fax: 785-331-0303
wlawrence@fed-firm.com

ALI NELSON, PARALEGAL
FAGAN EMERT & DAVIS LLC
730 NEW HAMPSHIRE SUITE 210
LAWRENCE, KS 66044
Fax: 785-331-0303
anelson@fed-firm.com

SARAH STEELE
GILMORE & BELL, P.C.
ONE MAIN PLACE
100 NORTH MAIN, STE. 800
WICHITA, KS 67202
ssteele@gilmorebell.com

DOUGLAS L. HEALY, ATTORNEY AT LAW
HEALY LAW OFFICES, LLC
3010 E BATTLEFIELD STE A
SPRINGFIELD, MO 65804
doug@healylawoffices.com

CERTIFICATE OF SERVICE

16-KCPE-593-ACQ

TERRY M. JARRETT, ATTORNEY AT LAW
HEALY LAW OFFICES, LLC
3010 E BATTLEFIELD STE A
SPRINGFIELD, MO 65804
terry@healylawoffices.com

DARRELL MCCUBBINS, BUSINESS MANAGER
IBEW LOCAL UNION NO. 1464
PO BOX 33443
KANSAS CITY, MO 64120
Fax: 816-483-4239
kwhiteman@ibew1464.org

DUANE NORDICK, BUSINESS MANAGER
IBEW LOCAL UNION NO. 1523
609 N BROADWAY
WICHITA, KS 67214
duane_nordick@sbcglobal.net

DAVID PINON, BUSINESS MANAGER
IBEW LOCAL UNION NO. 1613
6900 EXECUTIVE DR
SUITE 180
KANSAS CITY, MO 64120
local1613@earthlink.net

RAYMOND ROGERS, BUSINESS MANAGER
IBEW LOCAL UNION NO. 225
PO BOX 404
BURLINGTON, KS 66839-0404
rcrogers@cableone.net

JOHN GARRETSON, BUSINESS MANAGER
IBEW LOCAL UNION NO. 304
3906 NW 16TH STREET
TOPEKA, KS 66615
Fax: 785-235-3345
johng@ibew304.org

BILL MCDANIEL, BUSINESS MANAGER
IBEW LOCAL UNION NO. 412
6200 CONNECTICUT
SUITE 105
KANSAS CITY, MO 64120
Fax: 816-231-5515
business.manager@me.com

JOHN KRAJEWSKI, PRESIDENT
J K ENERGY CONSULTING LLC
650 J STREET STE 108
LINCOLN, NE 68508
Fax: 402-438-4322
jk@jkenergyconsulting.com

RICHARD S. HARPER
JENNINGS, STROUSS & SALMON, P.L.C
1350 I Street, NW
Suite 810
WASHINGTON, DC 20005
Fax: 202-371-9025
rharper@jsslaw.com

ALAN I. ROBBINS, ATTORNEY
JENNINGS, STROUSS & SALMON, P.L.C
1350 I Street, NW
Suite 810
WASHINGTON, DC 20005
Fax: 202-408-5406
arobbins@jsslaw.com

DEBRA D. ROBY, ATTORNEY
JENNINGS, STROUSS & SALMON, P.L.C
1350 I Street, NW
Suite 810
WASHINGTON, DC 20005
Fax: 202-371-9025
droby@jsslaw.com

JOHN R. WINE, JR.
410 NE 43RD
TOPEKA, KS 66617
Fax: 785-246-0339
jwine2@cox.net

CERTIFICATE OF SERVICE

16-KCPE-593-ACQ

SUSAN ALIG, ASSISTANT COUNSEL
KANSAS CITY KANSAS BOARD OF PUBLIC UTILITIES
701 N 7TH STREET
KANSAS CITY, KS 66101
Fax: 913-573-5243
salig@wycokck.org

ANDREW FERRIS, DIRECTOR OF ELECTRIC SUPPLY PLANNING
KANSAS CITY KANSAS BOARD OF PUBLIC UTILITIES
312 N 65TH STREET
KANSAS CITY, KS 66102
aferris@bpu.com

ANGELA LAWSON, SENIOR COUNSEL
KANSAS CITY KANSAS BOARD OF PUBLIC UTILITIES
540 MINNESOTA AVENUE
KANSAS CITY, KS 66101-2930
alawson@bpu.com

ROBERT J. HACK, LEAD REGULATORY COUNSEL
KANSAS CITY POWER & LIGHT COMPANY
ONE KANSAS CITY PL, 1200 MAIN ST 19th FLOOR (64105)
PO BOX 418679
KANSAS CITY, MO 64141-9679
Fax: 816-556-2787
rob.hack@kcpl.com

DARRIN R. IVES, VICE PRESIDENT, REGULATORY AFFAIRS
KANSAS CITY POWER & LIGHT COMPANY
ONE KANSAS CITY PL, 1200 MAIN ST 19th FLOOR (64105)
PO BOX 418679
KANSAS CITY, MO 64141-9679
Fax: 816-556-2110
darrin.ives@kcpl.com

ROGER W. STEINER, CORPORATE COUNSEL
KANSAS CITY POWER & LIGHT COMPANY
ONE KANSAS CITY PL, 1200 MAIN ST 19th FLOOR (64105)
PO BOX 418679
KANSAS CITY, MO 64141-9679
Fax: 816-556-2787
roger.steiner@kcpl.com

MARY TURNER, DIRECTOR, REGULATORY AFFAIR
KANSAS CITY POWER & LIGHT COMPANY
ONE KANSAS CITY PL, 1200 MAIN ST 19th FLOOR (64105)
PO BOX 418679
KANSAS CITY, MO 64141-9679
Fax: 816-556-2110
mary.turner@kcpl.com

BRIAN G. FEDOTIN, DEPUTY GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3314
b.fedotin@kcc.ks.gov

ANDREW FRENCH, SENIOR LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3314
a.french@kcc.ks.gov

DUSTIN KIRK, DEPUTY GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3354
d.kirk@kcc.ks.gov

MICHAEL NEELEY, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3167
m.neeley@kcc.ks.gov

AMBER SMITH, CHIEF LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3167
a.smith@kcc.ks.gov

CERTIFICATE OF SERVICE

16-KCPE-593-ACQ

MARK DOLJAC, DIR RATES AND REGULATION
KANSAS ELECTRIC POWER CO-OP, INC.
600 SW CORPORATE VIEW (66615)
PO BOX 4877
TOPEKA, KS 66604-0877
Fax: 785-271-4888
mdoljac@kepco.org

WILLIAM G. RIGGINS, GENERAL COUNSEL
KANSAS ELECTRIC POWER CO-OP, INC.
600 SW CORPORATE VIEW (66615)
PO BOX 4877
TOPEKA, KS 66604-0877
Fax: 785-271-4884
briggins@kepco.org

CATHRYN J DINGES, CORPORATE COUNSEL
KANSAS GAS & ELECTRIC CO.
D/B/A WESTAR ENERGY
818 S KANSAS AVE
PO BOX 889
TOPEKA, KS 66601-0889
Fax: 785-575-8136
cathy.dinges@westarenergy.com

JEFFREY L. MARTIN, VICE PRESIDENT, REGULATORY AFFAIRS
KANSAS GAS & ELECTRIC CO.
D/B/A WESTAR ENERGY
818 S KANSAS AVE
PO BOX 889
TOPEKA, KS 66601-0889
jeff.martin@westarenergy.com

LARRY HOLLOWAY, ASST GEN MGR OPERATIONS
KANSAS POWER POOL
100 N BROADWAY STE L110
WICHITA, KS 67202
Fax: 316-264-3434
lholloway@kansaspowerpool.org

CURTIS M. IRBY, GENERAL COUNSEL
KANSAS POWER POOL
LAW OFFICES OF CURTIS M. IRBY
200 EAST FIRST ST, STE. 415
WICHITA, KS 67202
Fax: 316-264-6860
cmirby@sbcglobal.net

JOHN MICHAEL ADRAGNA ESQ.
MCCARTER ENGLISH, LLP
1015 15TH STREET, NW
12TH FLOOR
WASHINGTON, DC 20005
Fax: 202-296-0166
jadragna@mccarter.com

KIMBERLY BRICKELL FRANK ESQ.
MCCARTER ENGLISH, LLP
1015 15TH STREET, NW
12TH FLOOR
WASHINGTON, DC 20005
Fax: 202-296-0166
kfrank@mccarter.com

WILLIAM DOWLING, VP ENGINEERING & ENERGY SUPPLY
MIDWEST ENERGY, INC.
1330 CANTERBURY ROAD
PO BOX 898
HAYS, KS 67601-0898
Fax: 785-625-1487
bdowling@mwenergy.com

EARNEST A. LEHMAN, PRESIDENT & GENERAL MANAGER
MIDWEST ENERGY, INC.
1330 Canterbury Rd
PO Box 898
Hays, KS 67601-0898
elehman@mwenergy.com

ANNE E. CALLENBACH, ATTORNEY
POLSINELLI PC
900 W 48TH PLACE STE 900
KANSAS CITY, MO 64112
Fax: 913-451-6205
acallenbach@polsinelli.com

FRANK A. CARO, JR., ATTORNEY
POLSINELLI PC
900 W 48TH PLACE STE 900
KANSAS CITY, MO 64112
Fax: 816-753-1536
fcaro@polsinelli.com

CERTIFICATE OF SERVICE

16-KCPE-593-ACQ

SUNIL BECTOR, ATTORNEY
SIERRA CLUB
2101 WEBSTER, SUITE 1300
OAKLAND, CA 94312-3011
Fax: 510-208-3140
sunil.bector@sierraclub.org

HOLLY BENDER
SIERRA CLUB
133 S BUTLER ST, STE. 106
MADISON, WI 53703
Fax: 608-257-3513
holly.bender@sierraclub.org

JAMES P. ZAKOURA, ATTORNEY
SMITHYMAN & ZAKOURA, CHTD.
7400 W 110TH ST STE 750
OVERLAND PARK, KS 66210-2362
Fax: 913-661-9863
jim@smizak-law.com

RENEE BRAUN, CORPORATE PARALEGAL, SUPERVISOR
SUNFLOWER ELECTRIC POWER CORPORATION
301 W. 13TH
PO BOX 1020 (67601-1020)
HAYS, KS 67601
Fax: 785-623-3395
rbraun@sunflower.net

JAMES BRUNGARDT, REGULATORY AFFAIRS ADMINISTRATOR
SUNFLOWER ELECTRIC POWER CORPORATION
301 W. 13TH
PO BOX 1020 (67601-1020)
HAYS, KS 67601
Fax: 785-623-3395
jbrungardt@sunflower.net

DAVIS ROONEY, VICE PRESIDENT AND CFO
SUNFLOWER ELECTRIC POWER CORPORATION
301 W. 13TH
PO BOX 1020 (67601-1020)
HAYS, KS 67601
Fax: 785-623-3395
hrooney@sunflower.net

AL TAMIMI, VICE PRESIDENT, TRANSMISSION PLANNING AND POLICY
SUNFLOWER ELECTRIC POWER CORPORATION
301 W. 13TH
PO BOX 1020 (67601-1020)
HAYS, KS 67601
Fax: 785-623-3395
atamimi@sunflower.net

MARK D. CALCARA, ATTORNEY
WATKINS CALCARA CHTD.
1321 MAIN ST STE 300
PO DRAWER 1110
GREAT BEND, KS 67530
Fax: 620-792-2775
mcalcara@wcrf.com

TAYLOR P. CALCARA, ATTORNEY
WATKINS CALCARA CHTD.
1321 MAIN ST STE 300
PO DRAWER 1110
GREAT BEND, KS 67530
Fax: 620-792-2775
tcalcara@wcrf.com

DAVID L. WOODSMALL
WOODSMALL LAW OFFICE
308 E HIGH ST STE 204
JEFFERSON CITY, MO 65101
Fax: 573-635-7523
david.woodsmall@woodsmalllaw.com

/s/ Vicki Jacobsen

Vicki Jacobsen