PUBLIC

BEFORE THE
KANSAS CORPORATION COMMISSION

DIRECT TESTIMONY OF DAVID E. DISMUKES, PH.D.

ON BEHALF OF

KANSAS ELECTRIC POWER COOPERATIVE, INC.

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, INC. BY GREAT PLAINS ENERGY INCORPORATED

December 16, 2016

(Redactions Removed January 27, 2017)

PUBLIC

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I. INTRODUCTION

Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?

A. My name is David E. Dismukes. My business address is 5800 One Perkins Place Drive, Suite 5-F, Baton Rouge, Louisiana, 70808.

Q. WOULD YOU PLEASE STATE YOUR OCCUPATION AND CURRENT PLACE OF EMPLOYMENT?

A. I am a Consulting Economist with the Acadian Consulting Group ("ACG").

Q. PLEASE DESCRIBE ACG AND ITS AREAS OF EXPERTISE.

A. ACG is a research and consulting firm that specializes in the analysis of regulatory, economic, financial, accounting, statistical, and public policy issues associated with regulated and energy industries. ACG is a Louisiana-registered partnership, formed in 1995, and is located in Baton Rouge, Louisiana.

Q. DO YOU HOLD ANY ACADEMIC POSITIONS?

A. Yes. I am a full Professor, Executive Director, and Director of Policy Analysis at the Center for Energy Studies, Louisiana State University ("LSU"). I am also a full Professor in the Department of Environmental Sciences and the Director of the Coastal Marine Institute in the College of the Coast and Environment at LSU. I also serve as an Adjunct Professor in the E. J. Ourso College of Business Administration (Department of Economics), and I am a member of the graduate research faculty at LSU.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE KANSAS CORPORATION COMMISSION?

A. No, I have not. Exhibit DED-1 is my academic vitae, which includes a list of my publications, presentations, pre-filed expert witness testimony in other jurisdictions, expert reports, expert legislative testimony, and affidavits.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I have been asked by the Kansas Electric Power Cooperative, Inc. ("KEPCo") to provide an expert opinion before the Kansas Corporation Commission ("KCC" or "the Commission") on the proposed acquisition of Westar Energy, Inc. ("Westar") by Great Plains Energy ("GPE"), collectively referred to as the "Joint Applicants."[1] My opinions will be limited to examining the financial risk associated with the proposed merger, examining the adequacy of the proposed merger commitments offered by the Joint Applicants to mitigate that financial risk, and examining how the Joint Applicants' filing and merger commitments address the Commission's merger standards, primarily those standards addressing financial risk issues.

Q. HOW IS THE REMAINDER OF YOUR TESTIMONY ORGANIZED?

A. The remainder of my testimony is organized into the following sections:

- Section 2: Summary of Findings and Recommendations
- Section 3: KEPCo Overview
- Section 4: Merger Overview
- Section 5: Merger Financial Risks
- Section 6: Proposed Merger Commitment Deficiencies
- Section 7: Recommendations

[1] Although I believe this transaction is more properly characterized as an acquisition, the orders and other materials in this matter refer to it being governed by merger standards. As such, no distinction is intended by the use of "acquisition" in some instances and "merger" in others.

- Section 8: Proposed Merger Conditions and Commission Standards Summary

II. SUMMARY OF FINDINGS AND RECOMMENDATIONS

Q. PLEASE SUMMARIZE THE CONCERNS YOU HAVE ABOUT THE FINANCIAL RISKS ASSOCIATED WITH THIS MERGER.

A. The proposed merger will likely lead to financially-weakened public utilities – Westar and Kansas City Power and Light Company ("KCP&L"), tethered to an even more financially-weakened parent, GPE -- that will have a difficult time meeting their service obligations in an effective and efficient fashion relative to the status quo. This financial weakness is largely the result of the transaction's purchase price, which is (1) very high in absolute terms; (2) is very high relative to the size of the respective utilities; (3) very high relative to recent utility merger transactions; and, most importantly, (4) is very high relative to the synergy savings likely to arise from this transaction. Such an outcome is in direct contradiction to the Commission's merger standards. Thus, the Joint Applicants' customers will be subjected to higher levels of financial risk than they would absent the merger, potentially resulting in higher rates.

Q. ARE THE JOINT APPLICANTS' FINANCIAL INTEGRITY COMMITMENTS ADEQUATE?

A. No. The Joint Applicants have offered what they refer to as a number of "financial integrity commitments." Many of these commitments are similar to those included in other recent utility mergers and are often referred to as "ring-fencing" measures. These ring-fencing measures include commitments to keep separate books, to keep separate debt, to maintain separate capital structures, and to not guarantee the debt of other affiliates. The Joint Applicants are also committing to exclude from its cost of service, and rates, the financial costs associated with this transaction that includes the acquisition premium, or what is often also called "goodwill." However, as I will show later in my testimony, these financial commitments are weak or ambiguous, and in some instances, these commitments have been diluted considerably, such as the commitment made to not seek cost recovery for transactions costs and goodwill.

Q. PLEASE SUMMARIZE YOUR PROPOSED ENHANCED FINANCIAL INTEGRITY COMMITMENTS.

A. If the Commission approves the proposed merger, it should require the adoption of an extensive set of enhanced financial integrity commitments. I have provided a detailed list as Exhibit DED-2 in my testimony, and will discuss each in more detail in my conclusions. However, in summary, I am proposing 16 financial integrity commitments, some of which are the same or modified and strengthened versions of those proposed by the Joint Applicants. However, many of my proposed financial integrity commitments are new relative to those proposed by the Joint Applicants. These 16 financial integrity measures are broken into three components: (1) ring-fencing measures; (2) ratemaking and cost-of-service protections; and (3) reporting requirements.

III. KEPCO OVERVIEW

Q. BRIEFLY DESCRIBE THE KEPCO.

A. KEPCo is a non-profit generation and transmission cooperative, organized in 1975, that serves 19 rural electric cooperative member systems and over 300,000 rural Kansas retail customers. KEPCo is responsible for supplying the full power and energy requirements at the designated delivery points of its members. KEPCo was organized for the purpose of providing its member distribution systems affordable, reliable electric energy from a diverse portfolio of generation resources. KEPCo's owned and purchase power resources include nuclear, hydroelectric power, coal, natural gas, and wind capacity.[2]

Q. DOES KEPCO CO-OWN ANY GENERATING RESOURCES WITH WESTAR OR GPE?

A. Yes. KEPCo has generation joint ownership and wholesale power relationships with both Westar and GPE subsidiary, KCP&L. KEPCo is a joint owner and operator of the 1,166 MW nuclear-powered Wolf Creek Generating Station ("Wolf Creek") with Westar and KCP&L, a GPE subsidiary. The plant generates nuclear energy to power more than 800,000 homes and KEPCo owns approximately six percent of the Wolf Creek unit with Westar and KCP&L owning 47 percent each.[3] After the merger, 94 percent of the plant will be controlled by a combined entity changing the ownership and operational dynamics of the plant considerably. In addition, KEPCo is a joint owner with KCP&L and two other utilities, of the Iatan 2 Generating Plant ("Iatan 2") in Platte County, Missouri, an 850 MW super-critical

[2] Kansas Electric Power Cooperative, Inc. *2015 Annual Report*. pp. 1-2. (available at http://kepco.coopwebbuilder2.com/sites/kepco/files/images/Annual%20Report/AR-2015.pdf).

[3] Westar Energy, 2015 Form 10-K, p. 10. (available at http://investors.westarenergy.com/phoenix.zhtml?c=89455&p=irol-irhome).; Great Plains Energy, Form 10-K, p. 7.

coal-fired power plant. KCP&L owns approximately 55 percent of Iatan 2, KCP&L-GMO owns 18 percent, KEPCo owns approximately four percent, with the remaining utilities comprising 24 percent.[4]

Q. PLEASE EXPLAIN KEPCO'S WHOLESALE POWER CONTRACTS WITH WESTAR.

A. In 2007, KEPCo and Westar entered into a 38-year, partial requirements contract that extends through December 31, 2045. The contract is set on cost-based rates and requires KEPCo to purchase all of its capacity needs in excess of its current owned generation and power purchase agreements from Westar for the duration for the contract term. These cost-based rates are established through what is referred to as a Generation Formula Rate Agreement (or "GFR Agreement"). These cost-based rates are reviewed annually, via contract provisions, through an annual rate review.[5] Mr. Doljac will provide testimony about this contract and how the rates paid by KEPCo under the GFR Agreement could be negatively impacted by the merger as it has been currently proposed.

Q. DOES THE GFR AGREEMENT REPRESENT A SIZABLE AMOUNT OF KEPCO'S CAPACITY REQUIREMENTS?

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[4] Staff Motion to Open Construction Audit and Prudence Review Investigation Case. *In the Matter of the Application of Kansas City Power & Light Company for Approval to Make Certain Changes in Its Charges for Electric Service to Continue the Implementation of Its Regulatory Plan*. File No. ER-2009-0089. *In the Matter of the Application of KCP&L Greater Missouri Operations Company for Approval to Make Certain Changes in its Charges for Electric Service.* File No. ER-2009-0090. *In the Matter of the Staff construction audit and prudence review investigation of the Iatan 1 AQCS, Iatan common plant, and Iatan 2 generating plant projects of Kansas City Power & Light Company*. Case No. E_-2010-____. Before the Public Service Commission of the State of Missouri. March 7, 2010. p. 7. (available at https://www.efis.psc.mo.gov/mpsc/DocketSheet.html).

[5] Affidavit of Gary D. Brunault on Behalf of Kansas Electric Power Cooperative, Inc. Protest of Kansas Electric Power Cooperative, Inc. *Great Plains Energy Incorporated and Westar Energy, Inc.* Docket No. EC16-146-000. Before the U.S. Federal Energy Regulatory Commission. September 22, 2016. ¶ 37.

A. Yes. The GFR represents close to 40 percent of KEPCo's capacity and energy requirements.[6] As noted earlier, the GFR Agreement does not allow KEPCo to acquire new resources, either in the form of newly-constructed or purchased generating facilities or new power purchase agreements, other than negligible amounts (1 MW nameplate). This agreement, coupled with the ownership and operation relationship KEPCo, has with Westar in the Wolf Creek Unit, ties KEPCo to Westar for more than 50 percent of its 450 MW capacity requirements.[7]

Q. DOES KEPCO HAVE ANY OTHER IMPORTANT LONGER-TERM RESOURCE RELATIONSHIPS WITH WESTAR?

A. Yes. KEPCo is a transmission-dependent utility, purchasing cost-based transmission service, principally over the transmission systems of Westar Energy and KCP&L, under the SPP Open Access Transmission Tariff ("OATT"). KEPCo takes wholesale transmission service under what is referred to as the Transmission Formula Rate ("TFR") agreement that is a cost-of-service based rate that is reviewed annually per the terms defined in the SPP OATT.

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[6] Protest of Kansas Electric Power Cooperative, Inc. Great Plains Energy Incorporated and Westar Energy, Inc. Docket No. EC16-146-000. Before the U.S. Federal Energy Regulatory Commission. September 23, 2016. p. 1. . (available at https://elibrary.ferc.gov/idmws/doc_info.asp?document_id=14499120).

[6] Protest of Kansas Electric Power Cooperative, Inc. Great Plains Energy Incorporated and Westar Energy, Inc. Docket No. EC16-146-000. Before the U.S. Federal Energy Regulatory Commission. September 23, 2016. p. 1. (available at https://elibrary.ferc.gov/idmws/doc_info.asp?document_id=14499120).

[7] Protest of Kansas Electric Power Cooperative, Inc. Great Plains Energy Incorporated and Westar Energy, Inc. Docket No. EC16-146-000. Before the U.S. Federal Energy Regulatory Commission. September 23, 2016. p. 1. Kansas Electric Power Cooperative, Inc. 2015 Annual Report. (available at https://elibrary.ferc.gov/idmws/doc_info.asp?document_id=14499120).

Q. HOW WILL THESE COLLECTIVE RELATIONSHIPS CHANGE AS A RESULT OF THE MERGER?

A. KEPCo's overriding concern is that this proposed merger is likely to lead to a financially-weakened GPE, and therefore Westar and KCP&L. This financial weakness could negatively impact, both directly and indirectly, the relationship that KEPCo has with Westar. As noted earlier, a significant amount of KEPCo's capacity needs are met by Westar, particularly through sales to KEPCo under the GFR Agreement. The GFR Agreement is a cost-based purchase power contract. If Westar's post-merger costs increase, as a result of the assumption of new levels of risk, or having new levels of risk imposed on it through its new relationship with its financially-weakened parent, then those costs will be passed along directly to KEPCo, its member distribution cooperatives, and ultimately to their Kansas electricity customers.

Q. IS THAT THE ONLY COST-BASED AGREEMENT IN WHICH KEPCO PARTICIPATES WITH WESTAR?

A. No. As I noted earlier, KEPCo, like other transmission-dependent utilities in the region, takes wholesale transmission service under a TFR included in the SPP OATT. Quite simply, if Westar's and KCP&L's costs increase, due to the increased risk arising from the consummation of this merger, it will translate into a cost increase for transmission customers like KEPCo. Mr. Doljac will explain these relationships in greater detail in his Direct Testimony.

Q. DO KEPCO'S CONCERNS STOP WITH JUST THESE COST-BASED AGREEMENTS?

A. No, as noted earlier, KEPCo holds ownership shares with Westar, as well as KCP&L, in the Wolf Creek Nuclear unit. Prior to the acquisition, any major decision required a greater than 50 percent ownership interest vote to pass. However, post-merger, any major decision requiring an ownership vote will be approved by the unilateral vote of GPE's subsidiaries (because Westar and KCP&L each own 47 percent, and KEPCo owns six percent of the Wolf Creek unit).

Q. ARE THE CONCERNS YOU LIST LIMITED TO JUST KEPCO ALONE?

A. No, these concerns extend to all Kansas customers, retail and wholesale. As I noted earlier, a financially-weakened GPE, Westar, and KCP&L could translate into higher rates for Kansas retail customers through a higher cost of capital. The financial integrity commitments offered by the Joint Applicants are simply not satisfactory in protecting customers, retail and wholesale alike, from the risks of this merger which is based upon a very "rich" acquisition premium, is highly leveraged, and is supported by a very weak and fundamentally flawed set of synergy savings that are far lower than the premium being paid for this transaction. Dr. Laurence Kirsch, another expert witness appearing on KEPCo's behalf, addresses the inadequacies of the Joint Applicants' flawed and unreliable synergy savings projection.

IV. MERGER OVERVIEW

Q. PLEASE PROVIDE A HIGH-LEVEL OVERVIEW OF GPE.

A. GPE is a diversified energy holding company that operates three principal subsidiaries: Kansas City Power & Light Company ("KCP&L"); KCP&L Greater

Missouri Operations ("GMO"); and GPE Transmission Holding Company. GPE has corporate offices in Missouri, with approximately 2,900 employees and assets totaling $10.7 billion in value. GPE, through its regulated utility subsidiaries, provides electric service to roughly 846,000 customers in Missouri and Kansas.[8]

Q. PLEASE PROVIDE A HIGH-LEVEL OVERVIEW OF WESTAR.

A. Westar Energy is a vertically integrated, regulated, electric utility with one wholly-owned subsidiary, Kansas Gas and Electric Company ("KGE"). Westar Energy has corporate offices in Kansas, with approximately 2,300 employees and assets totaling $10.8 billion in value. Together with KGE, Westar Energy provides regulated electric service to roughly 700,000 customers in Kansas.[9]

Q. PLEASE PROVIDE AN OVERVIEW OF THE PROPOSED MERGER TRANSACTION.

A. On May 31, 2016, GPE announced a merger with Westar for approximately $8.6 billion in cash. In addition, GPE has also agreed to assume Westar's outstanding debt ($3.6 billion on the date the Transaction was announced), making the overall enterprise value for Westar approximately $12.2 billion.[10] The Joint Applicants expect no change in the Westar-Kansas Gas & Electric ("KGE") legal

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[8] Great Plains Energy, 2015 Form 10-K, pp. 6, 9, and 25. (available at http://phx.corporate-ir.net/phoenix.zhtml?c=96211&p=irol-sec).

[9] Westar Energy, 2015 Form 10-K, pp. 7, 13, and 24. available at http://investors.westarenergy.com/phoenix.zhtml?c=89455&p=irol-irhome).

[10] Direct Testimony of Joint Applicants' witness Terry Bassham, 3:22 – 4:3.

structure, but Westar's public shareholders will be replaced by one shareholder, GPE. KGE will remain a wholly-owned subsidiary of Westar.[11]

Q. HOW DID THE JOINT APPLICANTS INITIALLY FINANCE THE MERGER?

A. GPE initially secured $8.0 billion of committed debt financing from Goldman Sachs in connection with the cash portion of the transaction. The Joint Applicants have stated that they do not expect to draw materially on this $8.0 billion, if at all, because they expect to secure permanent financing on more favorable terms.[12] In addition, GPE obtained a $750 million commitment from OCM Credit Portfolio LP ("OMERS") in advance of executing the Agreement and Plan of Merger ("the Agreement').[13] According to the Joint Applicants, these commitments allowed GPE to commit to Westar that there was no financing contingency to the offer to acquire Westar.[14]

Q. WHAT IS THE PLAN FOR PERMANENT FINANCING?

A. The Joint Applicants expect the permanent financing of the transaction to consist of 50 percent debt and 50 percent equity from the following sources: $1.3 billion of equity to Westar's shareholders; $750 million of mandatory convertible preferred equity from OMERS; $2.35 billion of equity consisting of GPE common and mandatory convertible preferred stock to the public market; and $4.4 billion of new GPE market issued debt.[15] According to the Joint Applicants, 100 percent

[11] Direct Testimony of Joint Applicants' witness Mark A. Ruelle, ("Ruelle Test.") at 18:6-9.
[12] Direct Testimony of Joint Applicants' witness Kevin E. Bryant, ("Bryant Test.") at 9:12-14.
[13] Bryant Test. at 9:6-10.
[14] Bryant Test. at 9:6-11.
[15] Bryant Test. at 9:19-23.

of the financing will occur at the GPE level and none will occur at or be guaranteed by or have recourse to any utility subsidiary.[16]

Q. PLEASE DISCUSS THE TRANSACTION COSTS ASSOCIATED WITH THE MERGER.

A. The Joint Applicants estimate close to $244 million in transaction costs that includes: (1) approximately $32 million in legal, investment banker, and consulting fees incurred to evaluate bids, conduct negotiations and structure the proposed acquisition;[17] (2) $126 million of traditional issuance fees associated with equity, convertible preferred equity and long-term debt issuances;[18] (3) $70 million associated with a "bridge financing facility;"[19] and (4) $16 million in change-in-control costs associated with the proposed acquisition.[20]

Q. WHAT ARE THE ESTIMATED TRANSITION COSTS ASSOCIATED WITH THE MERGER AND THE ANTICIPATED SYNERGY SAVINGS ANTICIPATED TO ARISE FROM THESE TRANSITION COSTS?

A. The Joint Applicants are projecting transition costs, or what are often called "costs to achieve" synergy savings (or "CTA"), from 2017 to 2020 at [redacted] Over the same time period, the Joint Applicants are projecting merger synergy savings of [redacted] after adjusting for the costs to achieve excluding the supply chain, synergies will be reduced to [redacted] However, over

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[16] Bryant Test. at 10:1-2.
[17] Bryant Test. at 10:4-10.
[18] Bryant Test. at 10:13-16.
[19] Bryant Test. at 10:16-19.
[20] Bryant Test. at 10:19-20.
[21] Joint Applicants Merger Savings Model.

the next 10 years the Joint Applicants project total merger O&M savings of over [redacted] net of costs to achieve excluding the supply chain.[22] Overall, the Joint Applicants anticipate $4.3 billion[23] in synergy savings on a net present value ("NPV") basis. Dr. Kirsch discusses these synergy savings in greater detail in his testimony.

V. COMMISSION MERGER REVIEW STANDARDS

A. Overview of Merger Review Standards

Q. PLEASE EXPLAIN THE COMMISSION'S MERGER APPROVAL STANDARDS.

A. The Commission recently reaffirmed its standards for evaluating whether a proposed merger promotes the public interest.[24] The Commission will evaluate a proposed merger under the following criteria:

(a) The effect of the transaction on consumers, including:

> (i) the effect of the proposed transaction on the financial condition of the newly created entity as compared to the financial condition of the stand-alone entities if the transaction did not occur;
>
> (ii) reasonableness of the purchase price, including whether the purchase price was reasonable in light of the savings that can be demonstrated from the merger and whether the purchase price is within a reasonable range;
>
> (iii) whether ratepayer benefits resulting from the transaction can be quantified;

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[22] Joint Applicants Merger Savings Model.

[23] Supplemental Direct Testimony of Kevin E. Bryant ("Bryant Sup. Test.") at p. 6.

[24] Order on Merger Standards. *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. August 9, 2016. pp. 2-3.

> (iv) whether there are operational synergies that justify payment of a premium in excess of book value; and
>
> (v) the effect of the proposed transaction on the existing competition.
>
> (b) The effect of the transaction on the environment.
>
> (c) Whether the proposed transaction will be beneficial on an overall basis to state and local economies and to communities in the area served by the resulting public utility operations in the state. Whether the proposed transaction will likely create labor dislocations that may be particularly harmful to local communities, or the state generally, and whether measures can be taken to mitigate the harm.
>
> (d) Whether the proposed transaction will preserve the jurisdiction of the KCC and the capacity of the KCC to effectively regulate and audit public utility operations in the state.
>
> (e) The effect of the transaction on affected public utility shareholders.
>
> (f) Whether the transaction maximizes the use of Kansas energy resources.
>
> (g) Whether the transaction will reduce the possibility of economic waste.
>
> (h) What impact, if any, the transaction has on the public safety.[25]

Q. WHY DID THE COMMISSION RECENTLY REAFFIRM THESE STANDARDS?

A. Kansas statutes do not contain a specific standard for mergers. Thus, at its August 4, 2016 business meeting, the Commission expressed its desire to reiterate its longstanding merger standards to ensure a consistent approach in the three pending merger dockets. In addition to the instant docket, the Commission was also evaluating whether Fortis' proposed acquisition of ITC

[25] Order on Merger Standards. *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. August 9, 2016. pp. 2-3.

Great Plains[26] and Liberty Utilities proposed acquisition of the Empire District Electric Company's proposed merger with Liberty Utilities[27] promoted the public interest.[28]

Q. HAS THE ISSUE OF INSULATING CUSTOMERS FROM THE FINANCIAL RISKS OF A PROPOSED MERGER ARISEN BEFORE OTHER STATE REGULATORS?

A. Yes. Today, many regulatory reviews of proposed mergers attempt to establish some modicum of financial benefits for ratepayers, while ensuring that utility customers are not overly-exposed to significant amounts of affiliate risk. This is why ring-fencing commitments are such important components of many current utility merger regulatory evaluations.

Q. WHAT DO YOU MEAN BY "RING-FENCING?"

A. Ring-fencing is a process by which the operations of one company within a larger corporation or holding company can be financially insulated, or protected, from the actions of the parent or other affiliates. Ring-fencing can be comprised of a number of different individual financial measures and commitments. In general, these ring-fencing measures, if appropriately designed, should lead to a considerable degree of financial separation and independence by mandating that the acquired company: issue its own debt; maintain its own credit ratings; and

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[26] Response to KCC 20160923 134-att Q7_CONF_Workpaper_Merger Saving Model_5-14-16 Annotated. (Confidential).

[27] Response to KCC 20160923 134-att Q7_CONF_Workpaper_Merger Saving Model_5-14-16 Annotated. (Confidential).

[28] Order on Merger Standards. *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. August 9, 2016. p. 1.

continue to keep separate books and provide independent annual and quarterly financial reports. Ring-fenced utilities usually do not utilize a common cash pool with the parent, and do not support, nor are supported by, the debt of the parent or any other affiliates. These financial measures, collectively, are thought to place a financially-protective "ring" around the acquired utility (or utilities) for as long as the measures are in place, which can span several years, and usually cannot be removed or modified without some regulatory approval.

Q. HAS THE COMMISSION ADDRESSED RING-FENCING IN THE PAST?

A. Yes. The Commission, after the 2005 Congressional repeal of the Public Utilities Holding Companies Act ("PUHCA"), examined the use of ring-fencing in order to protect regulated utilities from affiliate abuse and cross-subsidization. After several years of discussion among the Commission, its Staff, and parties, the Commission chose not to adopt affiliate transactions or ring-fencing rules but instead, to require utilities to provide Staff with increased access to certain types of information noting that:

> The policy of this Commission is to effectively protect utility customers from the potential harm caused by non-utility business losses incurred by the utility and to prevent non-utility businesses from being subsidized by the utility business.[29]

Q. IS THE GPE-WESTAR MERGER CHARACTERIZED BY ANY UNIQUE FINANCIAL CHALLENGES THAT MAY REQUIRE SIGNIFICANT RING-FENCING PROTECTIONS?

[29] Order Scheduling Comments and Prehearing Conference. *In the Matter of the Investigation of Affiliate and Ring-Fencing Rules Applicable to all Kansas Electric and Gas Public Utilities.* Docket No. 06-GIMX-181-GIV. April 23, 2010. p 8.

A. Yes. The proposed merger will likely lead to a financially-weakened GPE which, in turn, will lead to financially-weakened Westar and KCP&L that will have a difficult time meeting their service obligations in an effective and efficient fashion, particularly relative to the status quo. This financial weakness is the result of the transaction's relatively high purchase price. The premium which GPE is offering for Westar is (1) very high in absolute terms; (2) very high relative to the size of the utilities; (3) very high relative to recent utility merger transactions; and, most importantly, (4) is high relative to the synergy savings likely to arise from this transaction. As a result, the Joint Applicants' customers will be subjected to the ramifications associated with this high level of financial risk, likely through higher rates, and potentially in other ways. This is why a strong set of financial integrity commitments, particularly ring-fencing commitments, are so important if this transaction is to be approved.

Q. ARE THE JOINT APPLICANTS' RING-FENCING COMMITMENTS ADEQUATE?

A. No. The Joint Applicants have offered a number of financial integrity commitments. Some of the individual commitments, collectively, can be thought of as "ring-fencing" in nature. These include commitments to keep separate books, to keep separate debt, to maintain separate capital structures, and to not guarantee the debt of other affiliates. The Joint Applicants are also committing to exclude from its cost of service, and rates, the financial costs associated with this transaction that includes the acquisition premium, *i.e.,* "goodwill." Collectively, these two sets of commitments (ring-fencing and ratemaking) comprise the Joint

Applicants' proposed financial integrity commitments. However, as I will show later in my testimony, these financial integrity commitments are weak or ambiguous, and in some instances, have been diluted considerably, such as the commitment made to not seek cost recovery for transactions costs and the acquisition adjustment.[30]

Q. DO RING-FENCING COMMITMENTS LEAD TO ANY NET MERGER-RELATED BENEFITS?

A. No, the ring-fencing measures proposed by the Joint Applicants in this proceeding, as well as the enhanced financial integrity commitments that I propose later in my testimony, provide no net incremental benefit to customers, rather they are simply risk mitigation measures. These risk mitigation measures protect customers from the potential harm that could arise from a merger, but do not represent a merger-related benefit of any kind, much less one that is over and beyond what would arise for Westar on a stand-alone basis. Thus, if the Commission is seeking to identify positive net incremental benefits in order to justify approval of this merger, the financial mitigation proposed in this case provide no such positive net benefits. These financial mitigation commitments, however, are critically-important to ensure that Kansas customers are not negatively impacted by the merger should the Commission move forward with merger approval. It is imperative that the Commission buttress the financial protections offered by the Joint Applicants if it is inclined to approve the merger.

[30] *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. June 28, 2016. Appendix C. p. 99; Supplemental Direct Testimony of Joint Applicants' Witness Darrin R Ives ("Ives Sup. Test."), 12:3-23.

VI. MERGER FINANCIAL RISKS

A. Leveraged Nature of the Transaction

Q. EXPLAIN HOW RATING AGENCIES EXAMINE UTILITY FINANCIAL RESULTS IN ORDER TO ASSESS THEIR CREDIT WORTHINESS.

A. Rating agencies, such as Standard & Poor's, Moody's, and Fitch utilize a number of analyses and extensive financial information to determine a company's credit worthiness, which itself is measured based on a scale unique to each agency.

Q. DO THESE CREDIT AGENCIES USING ANY OBJECTIVE MEASURES TO EVALUATE CREDIT-WORTHINESS?

A Yes. Credit worthiness is evaluating using a number of different financial metrics, or "key credit metrics" that are intended to reflect financial results, or ratios that can include, but are not limited to: cash flow; interest coverage; capitalization ratios; return on equity; among others. These metrics along with other information regarding a company are then used to develop composite, or aggregate, measures of credit worthiness that are assigned to companies. There is good comparability between the different credit rating scales even though each agency uses a slightly different method and representation of credit worthiness and I integrity. These are the same key credit metrics used in the Joint Applicants' financial model.

Q. PLEASE DISCUSS THE JOINT APPLICANTS' FINANCIAL MODEL.

A. The Joint Applicants developed a financial model to capture the anticipated savings associated with the proposed merger and to calculate a post-merger revenue requirement associated with the merger. This model was then used to examine the credit metrics and financial impacts of the Transaction. This financial model, like any model, is based upon a number of forecasts and assumptions which themselves, can vary across a range of outcomes. Later in my testimony, I will provide a sensitivity analysis that examines how the Joint Applicants' key credit metrics change as certain inputs and other drivers to their financial model change. This section of my testimony, however, will simply discuss how the Joint Applicants' key credit metrics may change, as a result of the merger, based upon their own baseline assumptions and projections. The Joint Applicants' financial model was used to support the "deal team's" analyses of the credit metrics and financial impacts of the transaction.[31] These are the same projections and assumptions that GPE provided to major credit rating agencies that are examining the potential impact that this merger may have for bondholders and the Joint Applicants future credit.[32]

Q. CAN THESE KEY CREDIT METRICS BE THOUGHT OF AS A "TEST" STATISTIC WITH A PASS/FAIL OUTCOME?

A Yes. Each of these key credit metrics have various threshold values or ranges in which financial outcomes are anticipated to fall. Any statistic that does not meet or exceeds a threshold value, or falls outside a prescribed range, can be thought of as "failing" the financial test designed by that key credit metric. The fact that a company may fail one or two of these key credit metrics may not necessarily indicate a credit (or emerging credit) problem. But, if a company fails more of these key credit metrics than it passes, it could result in potential problems and

[31] Direct Testimony of William J. Kemp ("Kemp Test.") at p. 15.
[32] KCP&L Response to KCC 24 (Confidential).

even a potential credit downgrade. Thus, these six key credit metrics can also be examined collectively as an overall measure of the financial strength of the merged company exiting this transaction. In fact, the Joint Applicants' financial model has a summary "dashboard" indicator that determines how many key credit metrics are "passed" as a result of the merger and the financial assumptions included in their financial model.

Q. WHAT IS THE BASELINE SUMMARY "GRADE" ESTIMATED BY THE JOINT APPLICANTS' FINANCIAL MODEL?

A. The Company anticipates that, post-merger, the combined company will pass [redacted] credit metrics included in its model over a three-year projected period. This results in an overall financial "grade" of [redacted] percent, which is simply the ratio of passed statistics over total statistics for the three-year period examined. All of the key credit metrics, for purposes of estimating this "grade," are considered equal in weight: no one metric has been given a preference over another. Further, the Joint Applicants' summary "grade" is based on a composite average for a cumulative three-year period. Further, two of their key credit metrics (were calculated on a "three-year average" but it is useful to examine on an individual year average). These two measures include the three-year average for the S&P FFO-to-total debt ratio and the Moody's CFO-to-total debt ratio. I have calculated these two ratios on an individual year basis on rows 1 and row 2. If these two measures were included, the "grade" percentage would decrease to between [redacted] percent, rather than the [redacted] percent included on the

Joint Applicants' dashboard. Later in my testimony, I will discuss how changes to a few of the Joint Applicants' assumptions influence this summary "grade."

Q. HAVE YOU PROVIDED ANY DETAIL ON THE RESULTS FROM THESE KEY CREDIT METRICS?

A. Yes. Exhibit DED-3 provides the details results from the 8 key credit metrics I identified earlier. I have developed these estimates using information that is part of the financial modeling provided by the Joint Applicants supporting this filing.[33] These key credit metrics are provided for: (1) GPE on a stand-alone basis for a five year period (two years historic (2015-2016), three years projected (2017-2020)); (2) Westar on a stand-alone basis for a five year period (two years historic (2015-2016), three years projected (2017-2020)); and (3) the combined, post-merger company on a projected basis alone (2017-2020). Each of the rows for the table included in this exhibit are numbered.

Q IN SUMMARY, WHAT DOES THE ANALYSIS PREPARED BY THE JOINT APPLICANTS SHOW?

A. The Joint Applicants' own financial analysis, shows that:

- The transaction is highly-leveraged. Row 5 shows the consolidated total equity ratio: the inverse of this ratio is the total debt share. Thus, a low equity share value means a more leverage company since the balance of the capital structure is associated with debt. The columns for the "combined company" all show an equity share that is considerably lower than GPE or Westar on a

[33] See Response to CURB 20160803 CURB 42-Att-QCURB 42_CONF Wizard 160527 2200 FINAL and Response to KCC 20160923 134-att Q7_CONF_Workpaper_Merger Saving Model_5-14-16 Annotated. (Confidential).

stand-alone basis. Post-merger, the Joint Applicants' own financial model shows that they will have a [redacted] percent equity share (under the S&P statistics) – indicating that [redacted] percent of the combined company is debt-financed on post-merger basis, or that it will be highly leveraged on post-merger basis. This key credit metric measures the holding company debt (in this instance, GPE) as a share of the total debt associated with the total consolidated company operations. A higher number is usually, other things equal, not considered good. Compare, for instance, the GPE estimate for 2018 on a stand-alone basis [redacted] to the combined company estimate of [redacted] percent for the same year. This represents a [redacted] percent increase in holding company debt relative to what would have arisen without the merger. This is exactly the problem I discussed earlier in my testimony when I noted that a financially-weakened GPE would create financial challenges for Westar and KCP&L. GPE owns no assets in and of itself, and relies on Westar, KCP&L and other affiliates for its income. If its debt increases substantially on a post-merger basis, as this key credit metric suggests, GPE will face increasing pressure to obtain cash from it is affiliates, likely through increased dividends, to help service its high level of debt.

- The FFO-to-total debt measure, provided on row 1 shows values that are decreasing, post-merger ("combined company" columns) relative to GPE and Westar on a stand-alone basis. This means that the cash available to the Joint Applicants (measured as their "funds from operations" or "FFO"), post-merger, will not likely be at levels considered "robust" to service their overall outstanding debt. In fact, this key credit metric will deteriorate post-merger to levels that usually constitute a "failing" key credit metric grade for a few years in the analysis as discussed later in my testimony in DED-6.

Q. HAVE THE JOINT APPLICANTS ACKNOWLEDGED THIS SUBSTANTIALLY INCREASED DEBT?

A. Yes, and while the Joint Applicants have suggested this will be a manageable process, many of their financial claims cannot be assured and will likely lead to a financially-weakened utility. For instance, the Joint Applicants note that they anticipate timing their public debt offering to finance this transaction towards the close of this transaction and that it will likely come in one large offering of multiple tenors of three to ten-year maturities.[34] Furthermore, the Joint Applicants assert, but provide no assurances, that certain rating companies will allow them to maintain their investment grade credit ratings for the issuances required to finance the transaction[35]. The Joint Applicants' assurances of maintaining their current credit ratings stand in juxtaposition to other rating agency statements challenging this potential outcome. Moody's, for instance, reported that "[t]he addition of approximately $4.4 billion of parent-level acquisition debt is likely to result in a one-notch downgrade, to Baa3, for Great Plains."[36] Fitch, likewise, has publicly announced that it may downgrade Westar's ratings.[37] Fitch

[34] Bryant Test. at 13. Moody's (May 31, 2016), see www.moodys.com .

[35] Bloomberg, Malik and Chediak, Behind $8.6 Billion Deal for Westar is a Hunt r for Growth (as reported by Chief Financial Officer Kevin Bryant). (available at https://www.bloomberg.com/news/articles/2016-05-31/great-plains-agrees-to-buy-utility-westar-for-8-6-billion)

[36] Moody's (May 31, 2016). See www.moodys.com.

[37] Fitch Places Westar on Negative Watch (June 1, 2016). (available at https://www.fitchratings.com/site/pr/1005447).

explained that "[GPE's] long-term financial policy, the amount of hybrids used to finance the acquisition, [GPE's] deleveraging plan, as well as the level of integration and/or ring-fencing going-forward will become key criteria in assessing Westar's and KGE's credit profiles after the acquisition is completed."[38] Thus, while the Joint Applicants have made assurances that they will not receive a rating downgrade they can clearly not assure this outcome, and given public statements to date, the extent to which this outcome may arise is suspect.

B. Merger Comparisons

Q. HOW DOES THE PROPOSED MERGER COMPARE TO OTHER RECENT UTILITY MERGERS?

A. The proposed merger by the Joint Applicants is the second highest valued transaction in the distribution energy market in the U.S. in the last two-years. The proposed transaction is valued at $12.2 billion including the assumption of over $4 billion of Westar's debt, and resulting in GPE's combined customer base increasing to more than 1.5 million for its Kansas and Missouri jurisdictions and its generation capacity will amount to nearly 13,000 megawatts.[39] Exhibit DED-4 provides a comparison of the proposed transaction value to recent utility mergers in the U.S. in the last two years. As shown in the exhibit, the proposed transaction has the highest purchase price of all mergers in the last year. After

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[38] Id.

[39] News Release, Great Plains Energy to Acquire Westar Creating Long-Term Value for Shareholders and Cost Savings for Customers, May 31, 2016. (available at https://www.westarenergy.com/content/about-us/news/2016-news-releases/great-plains-energy-to-cquire-westar-energy).

the Iberdrola and UIL merger at a $17.9 billion purchase price, the only merger coming relatively close to the proposed transaction's purchase price is the merger of Southern Company and AGL Resources, which was valued at $12 billion. However, when compared on a per customer basis the proposed transaction far exceeds that of the Southern Company and AGL Resources transaction as well as those of its peers, with a price of $17,379 per customer, which is nearly 260 percent greater than the average price per customer of $4,819 for similar mergers that have occurred within the last two years.

Q. HAVE YOU REVIEWED ANY RATING AGENCY ANALYSES OF THE CREDIT METRICS LIKELY TO ARISE FROM THIS MERGER?

A. Yes. I have reviewed an analysis prepared by Moody's that compares the current merger to five other large utility transactions. The results of this Moody's analysis are provided in Exhibit DED-5 and show that GPE's current (pre-merger) cash from operations ("CFO") to-total debt ratio of 18.0 percent is comparable to 18.2 percent pre-merger average of the other five large utilities included in the study. Moody's estimates that this ratio will deteriorate considerably, post-merger, to 12.0 percent, a ratio lower than four of the five utilities under examination (Emera/TECO matches the transaction at 12 percent) as well as the average for these four utilities at 15 percent.

Q. DID MOODY'S EXAMINE ANY OTHER CREDIT METRICS?

A. Yes, the analysis also included a comparison of these transactions' debt to equity ratio. The Moody analysis estimates a pre-merger GPE debt-equity ratio of 114 percent, the third lowest in the sample. However, Moody's estimates a GPE post-merger debt-equity ratio of 166 percent, an increase of nearly 52 percentage points.

C. Rating Agency Positions

Q. CAN YOU EXPLAIN THE INITIAL MARKET REACTION TO THE ANNOUNCEMENT OF THIS PROPOSED MERGER?

A. Yes. After the transaction's announcement, GPE's share price fell by over 5 percent while Westar's stock surged by nearly 6.4 percent.[40] At the time of the announcement, Bloomberg noted that the transaction will be one of the "richest utility deals in recent history," that GPE was "paying a premium of at last 23 times Westar's 2017 expected earnings," and that GPE appeared willing to "almost triple its debt and risk a lower credit rating to buy Westar.[41] To date, GPE's share prices are down by as much as 8 percent relative to the announcement date, whereas Westar's share prices have increased by 1 percent.

Q. WHAT WAS THE REACTION OF FITCH RATINGS ("FITCH") TO THE PROPOSED MERGER?

A. Fitch Ratings raised concerns about the transaction putting a negative watch on Westar and KGE stating that its primary concern relates to the proposed deal's leverage:

> GXP consolidated leverage following the acquisition, inclusive of $4.4 billion of parent-level debt plus an undetermined amount of hybrid securities (Fitch typically assigns 50% to 100% debt value to

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[40] Bloomberg, Behind $8.6 Billion Deal for Westar Is a Hunt from Growth, May 31, 2016, Updated June 1, 2016. (available at https://www.bloomberg.com/news/articles/2016-05-31/great-plains-agrees-to-buy-utility-westar-for-8-6-billion)

[41] Bloomberg, Behind $8.6 Billion Deal for Westar Is a Hunt from Growth, May 31, 2016, Updated June 1, 2016. (available at https://www.bloomberg.com/news/articles/2016-05-31/great-plains-agrees-to-buy-utility-westar-for-8-6-billion)

> hybrid structures prevalent in the utility sector). Fitch estimates that consolidated funds from operations (FFO)-adjusted leverage could exceed 6.5x following the merger, which is significantly weaker than the 5x average for utilities rated in the 'BBB' category. Fitch typically limits the notching difference between the parent and its subsidiaries to one or two notches, depending on the level of operational, functional and financial ties. Thus, elevated leverage at GXP would negatively weigh on Westar's and KGE's ratings and could result in a one or two notch downgrade. GXP's long-term financial policy, the amount of hybrids used to finance the acquisition, GXP's deleveraging plan as well as the level of integration and/or ring-fencing going-forward will become key criteria in assessing Westar's and KGE's credit profiles after the acquisition is completed.[42]

Q. DID FITCH EXPRESS ANY OTHER CONCERNS ABOUT THE TRANSACTION?

A. Yes. Fitch indicated that the pro forma consolidated adjusted debt will likely exceed $13 billion while consolidated EBITDA would be about $2 billion resulting in adjusted debt to EBITDA of about 6.5 times. According to Fitch, these estimates are consistent with a BB rated company, absent a credible commitment to deleverage.[43] As indicated in the earlier quote, Fitch also stated that Westar's strong credit ratings will be adjusted downward post transaction to align with GPE's weaker credit ratings. Westar's credit ratings are materially stronger than GPE's credit ratings, leaving little dispute that Westar is perceived to be the financially stronger company.

Q. HOW DID S&P REACT TO THE PROPOSED MERGER?

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[42] Fitch Ratings, Fitch Places Westar on Negative Watch Following Acquisition Announcement, June 1, 2016. (available at https://www.fitchratings.com/site/pr/1005447).

[43] Fitch Ratings, Fitch Places Westar on Negative Watch Following Acquisition Announcement, June 1, 2016. (available at https://www.fitchratings.com/site/pr/1005447)

A. S&P issued a statement revising the companies' outlook to "negative" explaining:

> When the merger closes, we expect to view Westar and KGE as core subsidiaries of the GPE group and that their issuer credit ratings will be aligned with those of the group. This is because we expect Westar and KGE will form a material part of the merged entity, contributing roughly one-half of combined EBITDA, in our view are highly unlikely to be sold, and have a strong long-term commitment from senior management.[44]

S&P indicated that the rating revision to negative reflects the potential for lower ratings on Westar after the merger closes, if the combined entity's financial performance weakens such that funds from operations to debt is consistently less than 13 percent after 2018.[45]

Q. DID S&P ALSO INDICATE THAT WESTAR'S FINANCIAL RISK PROFILE COULD DETERIORATE BECAUSE OF THE MERGER?

A. Yes. S&P indicated that there is a significant risk that Westar's credit ratings will be further revised downward in the event that the credit rating agencies downgrade GPE's ratings either because of GPE's changed financial profile or an inability to improve key financial metrics[46]. An analyst for S&P indicated that Joint Applicants are adding enough leverage to the situation that their ratings will

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[44] S&P Global Ratings, Westar Energy Inc. And Sub Rtgs Affirmed And Outlook Revised To Negative On Proposed Acquisition By Great Plains Energy, May 31, 2016. S&P Global Ratings. (https://www.standardandpoors.com)

[45] S&P Global Ratings, Westar Energy Inc. And Sub Rtgs Affirmed And Outlook Revised To Negative On Proposed Acquisition By Great Plains Energy, May 31, 2016. https://www.standardandpoors.com

[46] S&P Global Ratings, Westar Energy Inc. And Sub Rtgs Affirmed And Outlook Revised To Negative On Proposed Acquisition By Great Plains Energy, May 31, 2016. https://www.standardandpoors.com

be under pressure which would put pressure on their bond spreads.[47] S&P indicated that it could lower ratings on GPE and its subsidiaries debt if GPE's "financial risk profile remains weak after the merger."[48]

Q. HOW DID MOODY'S RESPOND TO THE MERGER ANNOUNCEMENTS?

A. Moody's placed GPE on review for a downgrade as a result of the proposed acquisition. According to Moody's, the $12.2 billion acquisition will triple GPE's debt and the use of leverage indicates management's higher tolerance for financial risk. The merger will result in about $4.4 billion of new acquisition debt which, according to Moody's is a significant credit negative. Moody's also expressed concerns about GPE's future financial performance, as well as its investment grade rating, given what it characterized as a "contentious" relationship with its regulators. Moody's went on to explicitly note that GPE will need to develop healthy relationships with its regulators to improve cash flows and keep its investment grade.[49]

Q. WHAT DID MOODY'S SAY ABOUT THE POTENTIAL RATINGS FOR THE GPE AND WESTAR UTILITY AFFILIATES?

A. Moody's indicated that it did not anticipate the transaction to affect the credit of KCP&L, GMO, or Westar and expects for the credit profiles for the utility affiliates to improve over the next two to three years. This opinion, however, was based

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[47] S&P Global Ratings, Westar Energy Inc. And Sub Rtgs Affirmed And Outlook Revised To Negative On Proposed Acquisition By Great Plains Energy, May 31, 2016. https://www.standardandpoors.com

[48] S&P Global Ratings, Westar Energy Inc. And Sub Rtgs Affirmed And Outlook Revised To Negative On Proposed Acquisition By Great Plains Energy, May 31, 2016. https://www.standardandpoors.com

[49] KCP&L's Response to KIC 18 Industrial_20160928-18-Att-Q18_2016-07_Moodys Issuer In-Depth_FAQ Great Plains Acquisition of Westar.pdf.

upon the belief that these utility affiliates would be reducing their capital spending as well as concluding extensive environmental capital plans needed to meet federal emission standards. Moody's tempered this optimism by noting that the utilities' parent company (GPE) will be more highly leveraged, and that this leverage would potentially require the individual utilities to pay higher dividends to the parent in order to help service GPE's debt as well as maintain GPE's shareholder dividend payments. Moody's indicated that if GPE requires higher dividends from these utilities, it may trigger ring-fencing provisions by regulators, which is a positive outcome for the utilities credit ratings, but not for GPE.[50]

Q. DID MOODY'S EXPRESS ANY OPINIONS ON POST-MERGER PARENT LEVEL DEBT?

A. Yes. Moody's noted that GPE's pro forma holding company debt to consolidated debt will be around ****35**** percent after the merger (increasing from two percent prior to merging). Any further increase, according to Moody's, will be negative which may result in GPEs rating being multiple notches below the rating of its subsidiaries. Additional holding company debt will also result in declining credit quality across the entire family of companies since the utilities have the burden of paying even more debt.[51]

D. Joint Applicants' Merger Commitments In Other Jurisdictions

Q. HAVE THE JOINT APPLICANTS MADE MERGER COMMITMENTS IN OTHER JURISDICTIONS?

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[50] KCP&L's Response to KIC 18 Industrial_20160928-18-Att-Q18_2016-07_Moodys Issuer In-Depth_FAQ Great Plains Acquisition of Westar.pdf.

[51] KCP&L's Response to KIC 18 Industrial_20160928-18-Att-Q18_2016-07_Moodys Issuer In-Depth_FAQ Great Plains Acquisition of Westar.pdf.

A. Yes, they have made commitments before FERC which, for the most part, are inadequate by themselves and require additional clarification to have any use. The Joint Applicants have also agreed to set of merger approval conditions with the Staff of the Missouri Public Service Commission to settle an ongoing proceeding that have not been offered before this Commission. A comparison of the Missouri settlement merger commitments, versus those filed in the Joint Applicants' Kansas application, are considerably different, particularly as they relate to financial integrity protections.

E. Financial Sensitivity Analysis

Q. HAVE THE JOINT APPLICANTS INCLUDED ANY SENSITIVITY ANALYSIS IN MODELING THE POTENTIAL FINANCIAL OUTCOMES FROM THE MERGER?

A. No, at least not in the sense that the important financial drivers and assumptions are changed to examine the robustness of the estimated key credit metric results. The only analysis conducted by the Joint Applicants that could remotely be considered a sensitivity are a few analyses that examine the impacts of changing assumptions about the timing of its equity financing issuances.[52]

Q. SHOULD THE JOINT APPLICANTS HAVE EVALUATED ANY OTHER SENSITIVITIES OR SCENARIOS?

A. Yes. The proposed merger should be examined under different scenarios particularly those that change the Joint Applicants' ability to reduce the leverage associated with this merger. The synergy savings being used to de-leverage the

[52] KCP&L's response to KCC 169, attachment Q169_CONF_DR_160930_UPDATE_A.

transaction, for instance, are exceptionally flawed, as highlighted by Dr. Kirsch's testimony. Changing any assumptions in the financial model for a different realization of synergy savings will likely change the results in important ways.

Q. HAVE YOU EXAMINED THE IMPACT ON THE COMPANY'S FINANCIAL STATISTICS UNDER ANY ALTERNATIVE ASSUMPTIONS?

A. Yes. I have examined the Company's pre- and post-merger financial metrics using different assumptions about (1) the realization of its proposed synergy savings and (2) the level of the assumed rate increases that the Joint Applicants anticipate getting from the KCC in the future. This analysis is presented in Exhibit DED-6, and is similar in layout to the analysis I discussed earlier examining the post-merger baseline key credit metric changes. Each cell in which a key credit metric "fails" is indicated in red. The last row in this exhibit shows the composite score for each projected year for the combined company alone. This analysis shows that the Joint Applicants' collective "grade" for passing the total key credit metrics is only [redacted] percent if the achieved synergy savings are only half of those included in their application and if the Joint Applicants' only receive [redacted] percent of their projected rate case revenues in 2018. This "grade" falls to [redacted] percent if they also receive only half of the projected synergy savings and 50 percent of their anticipated rate increases in the 2018 to 2019 time period for both Westar and KCP&L.

Q. CAN YOU SUMMARIZE SOME OF THE KEY FINDINGS IN THIS SENSITIVITY ANALYSIS?

A. Yes. The results provided in Exhibit DED-6 shows that:

- The transaction becomes more highly-leveraged if the synergy savings and projected revenues from future rate cases are reduced from the Joint Applicants' original assumption. The columns for the "combined company" all show an equity share that is considerably lower than GPE or Westar on a stand-alone basis and slightly lower than the equity share estimated earlier in my baseline analysis. In fact, the equity share drops to [redacted] percent in 2018 and [redacted] percent in 2020, indicating that debt comprises nearly 59 percent of the combined company's capital structure.
- The FFO-to-total debt measure, provided on row 3, shows numbers that are decreasing, by levels that are even more considerable than the baseline analysis I provided earlier. This means that the Joint Applicants will be further challenged in paying their debt given their decreases in cash (FFO) arising from a reduction in anticipated synergy savings.
- The holdco-debt to total consolidated debt ratio, provided in row 5, increases dramatically in the projected post-merger time period (2017-2020) if the Joint Applicants' synergy savings estimates are reduced by half and the Joint Applicants' experience reductions in their projected rate increases. The reduction of these synergy savings reduces the Joint Applicants' ability to de-leverage this transaction, and, if anything, could worsen their overall leverage position much less improve that position.

F. Other Market Risks

Q. DO YOU HAVE ANY OTHER CONCERNS ABOUT THE JOINT APPLICANTS' FINANCIAL MODEL AND ITS CONCLUSIONS?

A. Yes. The underlying assumptions included in the Joint Applicants' financial model assume a relatively favorable operating environment over the next several years. Even with these projections, the Joint Applicants' financial situation is strained and could very likely lead to outcomes where its credit could be downgraded. Even the baseline outcomes, which are based upon a generally rosy operating outlook, are not very "robust." As I showed earlier, more realistic synergy savings assumptions, or realistic assumptions about future rate increases, could lead to even more challenging financial outcomes. However, my analysis only looks at changing a few key assumptions and does not include the introduction of shocks that could arise from exogenous events, such as a dramatic change in wholesale power markets, environmental compliance cost challenges, or other operating challenges that could increase costs or reduce revenues. A financially-vulnerable GPE would have a difficult time responding to these exogenous challenges and to the extent any that any unfortunate events were to arise, it could lead to considerably difficult financial outcomes for GPE, KCP&L and Westar.

Q. DO YOU HAVE ANY EXAMPLES OF THE TYPES OF EXOGENOUS SHOCKS THAT THE JOINT APPLICANTS COULD FACE?

A. Yes. One example could include negative wholesale energy markets changes. First, coal-fired generation capacity will comprise nearly half of the combined Joint Applicants' generation resources in a post-merger environment. Over the past several years, many utility and non-utility generators have been forced to retired a significant amount of coal-fired generation capacity due to pending environmental regulations.

Q. HAVE THESE COAL-FIRED GENERATION RETIREMENTS BEEN SIGNIFICANT?

A. Yes. Exhibit DED-7 shows the coal-fired generators that have been retired since 2011. The exhibit shows 41 GW of total U.S. coal-fired generation capacity retirements between 2011 and 2015. During this period, Westar itself retired 178 megawatts ("MW") of capacity at two coal-fired generating units.[53]

Q. IS THE WORST OF THIS RETIREMENT TREND OVER?

A. No. Exhibit DED-8 shows that there is an additional 24 GW of coal-fired generation retirements planned between 2016 and 2020. These projections could easily change given changes in environmental regulations, natural gas prices, renewable energy development, and other potential technological changes. During this period, KCP&L expects to retire approximately 267 MW at three coal-fired generating units.[54]

Q. WHAT ABOUT THE PREMATURE NUCLEAR GENERATION RETIREMENTS YOU DISCUSSED EARLIER?

A. Exhibit DED-9, shows that there have already been 11 nuclear generation facility retirements since 2010, totaling 9,000 MW of capacity. Some of these recent nuclear unit retirements include those that have retired before the expiration of

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[53] U.S. Energy Information Administration. Form EIA-860, Annual Electric Generator Report. (available at www.eia.gov)

[54] U.S. Energy Information Administration. Form EIA-860, Annual Electric Generator Report. (available at www.eia.gov)

their operating license and there have been announcements of several other units considering retirement over the next several years.

Q. WOULD EXOGENOUS SHOCKS LIKE THESE IMPACT THE JOINT APPLICANTS' FINANCIAL RESULTS?

A. Yes. A challenge to either the Joint Applicants' coal or nuclear generation could have important financial implications and could dramatically alter the credit metrics I discussed earlier. This could also have a direct impact on KEPCo since it jointly owns both nuclear and coal generation with the Joint Applicants. These exogenous threats, particularly the risk associated with the outlook for coal and nuclear generation, has already been acknowledged by Moody's, as I noted earlier, and will only serve to undermine an already tenuous set of post-merger credit metrics.

G. Implications of Financial Risks for KEPCO

Q. DO THE FINANCIAL RISKS YOU DISCUSSED EARLIER HAVE ANY IMPLICATIONS FOR KEPCO AND ITS RELATIONSHIP WITH GPE AND WESTAR?

A. Yes, the future financial condition of GPE and Westar is of great concern to KEPCo, its distribution cooperatives, and their respective electricity customers. The rates charged to KEPCo through the GFR Agreement, as noted by Mr. Doljac, are cost-based and those costs are a function of Westar's cost of capital. Any degradation in GPE's financial health will have ramifications for Westar, particularly under the very loosely-defined financial integrity protections being offered by the Joint Applicants, and it appears obvious from a review of the reports prepared by various rating agencies, and the financial analysis I have provided in my testimony, that GPE will face very serious financial challenges if this merger is approved. GPE will have to rely very heavily on its utility subsidiaries, including Westar, to help weather these challenges, potentially through higher dividends to GPE.

Q. WHY SHOULD THE COMMISSION BE CONCERNED ABOUT THESE POTENTIAL IMPACTS TO A WHOLESALE CUSTOMER LIKE KEPCO?

A. The Commission regulates KCP&L and Westar on a cost-of-service basis; KEPCo has a wholesale contract with Westar that is set on a cost-of-service basis. The Commission's decisions in this case, which will have significant ramifications for Westar's cost-of-service, could have implications for the manner in which Westar defines its own cost-of-service; not only for retail rates, but for cost-of-service-based contracts like the GFR Agreement. Therefore, it is important that if the Commission approves this merger, it ensure that Westar's cost-of-service is insulated, as best as possible, from the negative financial impacts that a financially-weakened GPE could have on its affiliates.

Q. ARE THESE CONCERNS REGARDING A FINANCIALLY -WEAKENED GPE SPECULATIVE?

A. No. As I noted earlier, many credit rating agencies and analysts have viewed the transaction unfavorably and are very concerned about a financially-weakened post-merger GPE. This outcome is evident in not only the projected deterioration in credit metrics, but also in Moody's reaction to the proposed transaction by placing GPE on review for a ratings downgrade.[55] Fitch also expressed concern regarding the consolidated leverage of the transaction by placing Westar on "ratings watch negative" and stating that the projected post-merger credit metrics "typically equate to a 'BB' rating category, absent a firm and credible commitment to deleveraging."[56] A BB rating from Fitch is considered "speculative" and "indicate[s] an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments."[57] The likelihood is low that GPE will have the ability to de-leverage this merger, particularly given the highly flawed synergy savings estimates identified by Dr. Kirsch. This questionable ability to de-leverage leaves opens the door for a speculative rating from Fitch.

Q. HAVE THE JOINT APPLICANTS ACKNOWLEDGED THIS POTENTIAL FOR POST-MERGER FINANCIAL DISTRESS?

A. No, not exactly. The Joint Applicants have stated that since the financing will occur at the parent level the transaction will have little impact on the capital structures of the operating companies and that the ability for the utility subsidiaries to access capital on reasonable terms will be preserved.[58] This assertion is a complete contradiction to what some rating agencies have suggested. As pointed out above, the rating agencies clearly view the

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[55] Moody's Investors Service, Rating Action: Moody's Places Great Plains Energy on Review for Downgrade; Westar Energy, Kansas City Power & Light and KCP&L Greater Missouri Operations Affirmed; Outlooks Stable, May 31, 2016. See www.moodys.com .

[56] Fitch Places Westar on Negative Watch (June 1, 2016). (available at https://www.fitchratings.com/site/pr/1005447)

[57] See, https://www.fitchratings.com/site/definitions/internationalratings .

[58] Bryant Test. at 19:3-12.

transaction as having the potential of being financially burdensome and affecting the capital structures and credit ratings of not only GPE but the entire corporate family which includes the operating companies.[59]

Q. ARE THE PROPOSED COMMITMENTS BY THE JOINT APPLICANTS ADEQUATE ENOUGH TO PROTECT RATEPAYERS AND KEPCO FROM THE FINANCIAL RISKS ASSOCIATED WITH THE MERGER?

A. No. The Joint Applicants' have made the commitment that its subsidiary utilities' capital costs used to set rates will not increase as a result of the merger.[60] However, the Joint Applicants are not offering this as any kind of guarantee, nor are they providing a robust set of financial integrity commitments, to ensure that these financial risks are not passed along to KCP&L and Westar. I will discuss the inadequacy of these financial integrity commitments in the following section of my testimony and offer some remedies to these shortcomings in my recommendations.

VII. PROPOSED MERGER COMMITMENT DEFICIENCIES

A. Ring-Fencing Commitment Deficiencies

Q. HAVE THE JOINT APPLICANTS OFFERED ANY RING-FENCING-TYPE COMMITMENTS?

A. Yes. Several of the commitments made by the Joint Applicants have that ring-fencing type characteristics including:

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[59] Moody's Investor Service, Great Plains Energy Incorporated FAQ: Great Plains' Acquisition of Westar, July 7, 2016, pp. 1 and 5-6. See also, Fitch Places Westar on Negative Watch (June 1, 2016). KCP&L's Response to KIC 18 Industrial_20160928-18-Att-Q18_2016-07_Moodys Issuer In-Depth_FAQ Great Plains Acquisition of Westar.pdf.

[60] Joint Applicants' Petition, p. 17 ¶i.

- For each of its utility subsidiaries, GPE will provide an updated cost allocation manual to the Commission explaining the basis of allocation factors used to assign costs to each utility.
- The subsidiary utilities' capital costs used to set rates shall not increase as a result of the transaction. The subsidiaries utility customers shall not bear any financial costs associated with the merger.
- GPE and its utility subsidiaries will maintain separate capital structures to finance the activities and operations of each entity unless otherwise approved by the Commission. Each company will maintain separate debt so that none will be responsible for the debts of its affiliates, and none will guarantee the obligations of another unless authorized by the Commission. None of GPE's utility subsidiaries will guarantee the debt of the holding company.
- GPE and its utility subsidiaries will maintain separate books and records. The utility assets of the companies will remain under the jurisdiction of the Commission as they were before the merger.
- GPE will comply with the Commission's affiliate transaction standards and any order, rule or regulation addressing affiliate transactions and the recovery of costs from affiliates.[61]

Q. ARE THE RING-FENCING MEASURES ADEQUATE?

A. No. These ring-fencing commitments are not sufficient to fully insulate the Joint Applicants' regulated utilities from future financial risk from the parent or other

[61] Joint Application, pp. 13-15.

affiliates. Consider that earlier in my testimony, I highlighted that Moody's intends to base its KCP&L and Westar credit ratings based on the degree of ring-fencing that may be adopted as part of the regulatory approval of this transaction: the stronger the ring-fencing, the more likely that KCP&L and Westar will be protected from a potential credit rating downgrade, even if that downgrade still leaves both companies at investment grade.

Q. DO YOU HAVE ANY OTHER CONCERNS ABOUT THE JOINT APPLICANTS' PROPOSED RING FENCING MEASURES?

A. Yes. Many of these ring-fencing measures are comparable to the ones utilized by GPE when it was formed as the holding company for KCP&L. At the time, GPE adopted these ring-fencing measures in order to produce a stand-alone S&P credit rating for KCP&L. However, these KCP&L ring-fencing measures were not significant enough for S&P to recognize KCP&L's risk on a stand-alone basis for the purpose of assigning ratings.[62] A similar outcome needs to be avoided in this proceeding.

B. Goodwill Commitment Deficiencies

Q. WHAT IS AN ACQUISITION PREMIUM?

A. An acquisition premium, sometimes referred to as goodwill, is the amount the acquiring firm pays in excess of the book value of the asset(s) purchased. In other words, the acquisition premium reflects the "mark-up" one party to the acquisition transaction is willing to pay the other.

[62] Case No. EM-2016-0324, Before the Public Service Commission State of Missouri, In the Matter of Great Plains Energy, p. 30. (available at https://www.efis.psc.mo.gov/mpsc/DocketSheet.htm l)

Q. EXPLAIN THE ACQUISITION PREMIUM COMMITMENT MADE BY THE JOINT APPLICANTS IN THEIR ORIGINAL FILING.

A. Originally, the Joint Applicants explicitly noted that they were not seeking cost recovery for any of its goodwill nor the transaction costs associated with the merger.[63] There were no conditions placed on this original commitment. In fact, the Joint Applicants claimed that their proposed ratemaking treatment of these costs represented a benefit to Kansas customers.[64]

Q. HAVE THE JOINT APPLICANTS MODIFIED THEIR POSITION ON THIS COMMITMENT OVER THE COURSE OF THE PROCEEDING?

A. Yes. In a recent supplemental filing, the Joint Applicants stated that they had become aware of "party or parties" seeking to incorporate the debt used to finance the acquisition into post-closing general rate case cost of capital calculations for utility subsidiaries.[65] The Joint Applicants find this position "inappropriate and unreasonable," and have thus considerably weakened their position on this merger commitment. The Joint Applicants now appear to be conditioning their commitment to a situation where no party to a future KCP&L or Westar general rate case proposes to incorporate the debt used to finance the acquisition into cost of capital calculations.[66] As the Joint Applicants note, if and only if this new condition is met will they stand behind their original merger commitment.[67]

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[63] Joint Application, ¶25.
[64] Joint Application, ¶29(d).
[65] Ives Sup. Test. at 12:6-9.
[66] Ives Sup. Test. at 12:9-16.
[67] Ives Sup. Test. at 12:17-23.

Q. ARE THERE ANY OTHER PLACES WHERE THE JOINT APPLICANTS' ACQUISITION COST COMMITMENTS HAVE WEAKENED?

A. Yes. GPE also admits that customers may end up paying for the *impairment* of the acquisition premium or goodwill, under certain conditions, by noting:

> GPE will not be asking for recovery in rates of the amortization expense of goodwill. <u>Rather, the topic requires annual impairment testing to determine whether the value of the underlying asset has been impaired. If no impairment exists, that asset simply continues on the books indefinitely, at the same amount. If an impairment is indicated, a write-down would be required.</u> Impairment testing, between annual testing, is required if events or circumstances indicate an impairment is more likely than not.[68]

> <u>The goodwill impairment charge is a non-cash charge that would result in an increase to expense/decrease to net income on Great Plains Energy's income statement and would also reduce total assets and decrease retained earnings on Great Plains Energy's balance sheet</u>. Because pushdown accounting is not being applied to Westar, a potential impairment charge would occur at the Great Plains Energy consolidated level and not on Westar's standalone financials and thus, <u>would not affect Westar customers unless specific relief was requested</u>.[69]

> <u>The Joint Applicants commit that they would only seek rate relief for an impairment charge to the extent that there are capital cost increases that occur from an impairment that results from a KCC order</u>.[70]

Q. HOW LARGE IS THIS ACQUISITION PREMIUM?

A. The Joint Applicants estimate that recorded goodwill or acquisition premium associated with the proposed acquisition is $4.9 billion.[71] This is a large premium by any standard including (1) on an absolute order of magnitude; (2) relative to

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[68] Busser Direct Testimony ("Busser Test."), p. 12:3-4.
[69] Response to Question KCC-261, emphasis added.
[70] *Id*, emphasis added.
[71] Busser Test. at 12:3-4, emphasis added.

the respective utility's size; and (3) relative to other recent utility merger transactions.

Q. HOW DOES THIS ACQUISITION PREMIUM COMPARE TO ACQUISITION PREMIUMS OF OTHER RECENT MERGERS AND ACQUISITIONS?

A. Exhibit DED-10 provides the estimated acquisition premium for this merger, and several other recently-announced utility mergers. The acquisition premiums are estimated as the market acquisition premium using the associated stock price premium and the number of shares outstanding. The table in the exhibit shows that the GPE-Westar merger, at $2.3 billion, is one of the largest reported over the past 2 years. At $3,227 per customer the premium is higher on a relative basis to any other recently-reported merger.

Q. HAVE THE JOINT APPLICANTS PRESENTED ANY EVIDENCE SUPPORTING THIS PREMIUM?

A Yes, the Joint Applicants have provided some summary statistics that compare the acquisition premium associated with this transaction to other comparable transactions. The Joint Applicants note that they "comprehensively analyzed this [attractive] purchase price,"[72] noting that the premium is "in line with premiums paid in recent regulated utility transactions."[73] The Joint Applicants find that the transaction's 36 percent premium, based upon the share price on the day prior to the transaction's announcement, is "consistent"[74] with the 14 percent to 42 percent range for 11 transactions over the past two years, as well as the 30

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[72] Bryant Test. at 11: 9-10.
[73] Bryant Test. at 11:10-11.
[74] Bryant Test. at 11:11-14.

percent average estimated for these 11 transactions.[75] The Joint Applicants also provide statistics on what they refer to as an "undisturbed" basis (closing day before the first news leak of the transaction) and find the transaction's 36 percent premium is consistent with the 15 percent to 50 percent range for those same transactions, as well as their estimated 24 percent average premium.[76]

Q. HAVE THE JOINT APPLICANTS PRESENTED ANY EVIDENCE SUPPORTING THIS PREMIUM RELATIVE TO THE COMMISSION'S MERGER STANDARDS?

A. Yes, but this information was not provided until much later in the proceeding. For instance, the Commission's merger standards require, among other things, a comparison of the reasonableness of the acquisition premium associated with the merger to its resulting synergy savings. In fact, Commission Staff and the Citizens Utility Ratepayer Board ("CURB") filed deficiency motions with the Commission because this information was not included in the originally filing.[77] The Joint Applicants' original response to this deficiency claim was defensive, but ultimately softened after receiving an order from the Commission expressing

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[75] Bryant Test. at 11:13-16.

[76] Bryant Test. at 11:16-19.

[77] Staff's Reply to Joint Applicants' Verified Response to Commission's Order on Merger Standards. *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. September 9, 2016. CURB's Response To Staff's Reply to Joint Applicants' Verified Response to Commission's Order on Merger Standards. *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. September 12, 2016.

some dismay at this lack of information.[78] The Joint Applicants, in an "abundance of caution," ultimately provided this information in a supplemental filing.[79]

Q. WHAT DID THE JOINT APPLICANTS' LATER-FILED, SUPPLEMENTAL ANALYSIS SHOW?

A. The supplemental analysis, consistent with the Commission's merger standards, compares the acquisition premium to the synergy savings estimated to result from the integration of the two entities.[80] The Joint Applicants admit that the acquisition premium exceeds the net present value ("NPV") of synergy savings, but claim that this is neither unusual nor problematic under the Commission's merger standards.[81] Thus, the Joint Applicants' own analysis provides quantitative evidence that the acquisition premium is rich, even compared to their own synergy savings which, according to Dr. Kirsch, are themselves greatly overstated. The net import of this finding is significant. It clearly shows that premium associated with this transaction will not be sufficient to cover its benefits. This will require the Joint Applicants to utilize other corporate financial resources to cover the costs of this transaction, creating a situation of financial vulnerability that will likely have important cost-of-service implications for the Joint Applicants' Kansas customers.

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[78] Order Addressing Joint Applicants' Verified Responses on The Commission's Merger Standards. *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. October 18, 2016.

[79] See, Joint Applicants' Motion for Leave to File Supplemental Direct Testimony and Petition for Reconsideration of Order Addressing Joint Applicants' Verified Responses on the Commissions Merger Standards, p. 7 and Ives Sup. Test. at 7:11-15.

[80] Supplemental Direct Testimony of Kevin E. Bryant on behalf of Great Plains Energy and Kansas City Light & Power (filed November 2, 2016) (Bryant Sup. Test.) at 7:11-15.

[81] Bryant Sup. Test. at 7:11-15.

Q DO YOU AGREE WITH THE JOINT APPLICANTS' SUGGESTION THAT THIS UNFAVORABLE OUTCOME IS IMMATERIAL GIVEN THEIR MERGER COMMITMENTS?

A. No this is not an immaterial finding, regardless of the assertions made by the Joint Applicants' in their supplemental filing. The Joint Applicants note, repeatedly, that their commitment to exclude the goodwill from rates somehow reduces the importance of the Commission's merger standards since this commitment will not "effect…consumers."[82] The Joint Applicants' assertions on this matter are incorrect for at least two reasons. First, the Joint Applicants, elsewhere in their supplemental filing, undermine their own position by placing new "conditions" on their acquisition premium and transaction costs commitments.[83] So, in fact, the relationship of the premium to the projected synergy savings is important since there now appears to be a situation in which the goodwill paid for this transaction, could, in fact, "effect…customers." Further, as I noted earlier, there is also a situation where the Joint Applicants may, at some unknown time in the future, seek cost recovery or some form of ratemaking treatment for the impairment of this premium. Thus, the Joint Applicants' use of its acquisition premium commitment as basis for not providing this information in its original filing is weak, at best. Second, as I have shown earlier in my testimony, this premium serves as part of the basis for the financial weakness arising from the transaction, and this weakness will likely lead to a cost of service increase for Kansas customers, not only for retail Kansas customers, but those

[82] Ives Sup. Test. at 4: 1-2.
[83] Response to CURB-115.

under cost-based contractual rates like KEPCo. The Commission, therefore, should not be dissuaded by the Joint Applicants' arguments on this matter.

C. Transaction and Transition Cost Commitment Deficiencies

Q. HOW DOES THE COMPANY DEFINE "TRANSACTION COSTS" WITHIN ITS APPLICATION?

A. The Company defines the term "transaction costs" to include all costs "incurred to explore, develop and close the Transaction."[84] The Company provided a non-exclusive list of types of transaction costs which include the following: legal, investment banker, and consulting fees associated with the evaluation, bid, negotiation, and structure of the transaction.[85]

Q. HOW DOES THE COMPANY DEFINE "TRANSITIONAL COSTS" WITHIN ITS APPLICATION?

A. The Company defines the term "transitional costs" to include those costs attributable to the actual integration of the companies. Transition-related costs refer to those costs necessary to ensure that the merger savings and efficiencies take place and the integration between the two companies is effective and, in other utility mergers, can often be referred to as "cost to achieve" ("CTA") merger savings. Again, the Company provided a non-exclusive list of types of transaction costs which include the following: severance costs; retention costs; and process integration costs.[86]

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[84] Joint Application, ¶25.

[85] Direct Testimony of Company Witness Darrin R. Ives on behalf of Great Plain Energy and Kansas City Light & Power (filed June 28, 2016) ("Ives Test.") at 21:8-10.

[86] Ives Test. at 19:11 – 20:5.

Q. HAVE THE JOINT APPLICANTS PROVIDED ANY TRANSACTION COSTS ESTIMATES?

A. Yes. The Joint Applicants have estimated close to $244 million in transaction costs that includes: (1) an approximate $32 million in legal, and investment banker and consulting fees incurred to evaluate bids, negotiations and structure the proposed acquisition;[87] (2) $126 million of traditional issuance fees associated with equity, convertible preferred equity and long-term debt issuances;[88] (3) $70 million associated with a 'bridge financing facility;'[89] and (4) $16 million in change-in-control costs associated with the proposed acquisition.[90]

Q. SHOULD THE COMMISSION BE CONCERNED WITH THESE TRANSACTION COST ESTIMATES?

A Yes. The Commission should have a number of general concerns about these transaction costs. First, the Joint Applicants have provided two different positions associated with the recovery of transaction costs that need to be reconciled. On the one hand, the Joint Applicants note that they will not seek cost recovery for their transaction costs in a future rate case. This appears to be factually correct, in the sense that there will be no explicit request to enter these costs as a line item in either Westar's or KCP&L's future cost of service. However, the Joint Applicants note elsewhere, primarily in their direct testimonies (not their Application), that they are seeking to share these costs in-between rate

[87] Bryant Test. at 10:4-10.
[88] Bryant Test. at 10:13-16.
[89] Bryant Test. at 10:16-19.
[90] Bryant Test. at 10:19-20.

cases.[91] Any net synergies that arise in between rate cases will accrue to the Joint Applicants. This is not the same as applying 100 percent, or some other share, of the overall synergies to ratepayers as some form of upfront or ongoing credit, which often occurs in other utility mergers where 100 percent of the transaction costs are in fact, removed from not only rates, but any synergies calculation. So, while it is true that these costs will not be requested in a formal rate case in the future, the Joint Applicants have no intention of sharing any other merger-related synergies that may arise in the years in which they are not in a rate case.

Q. DO YOU HAVE ANY CONCERNS ABOUT HOW THESE TRANSACTION COSTS ARE DEFINED?

A. Yes. It would appear that the Joint Applicants are attempting to limit the definition of these transaction costs to the explicit activities associated with this individual "transaction," excluding those costs incurred by Westar to organize the sale the company before receiving formal offers, costs associated with preparing the bid for the sale of the company and bid evaluation, among other potential costs that may have been incurred prior to the negotiating or entering into an agreement with GPE.

Q. SHOULD THE COMMISSION BE CONCERNED ABOUT THE POTENTIAL FOR CERTAIN MERGER-RELATED COSTS BEING RECLASSIFIED?

A. Yes, there a considerable ambiguity between what constitutes a transaction costs and is a transition cost that could carry over into future rate cases. This

[91] Ives Test. at 19:4-8.

ambiguity arises because the Joint Applicants (1) have not offered any concrete definitions, nor classifications, on what constitutes either a transaction cost or transition costs and (2) have explicitly noted that they do not intend to account for either of these costs since they intend to exclude them from rates.[92] In effect, the Joint Applicants are asking the Commission and other stakeholder to trust that these costs are not entering into rates without providing any protocols to provide any regulatory assurance that those costs will, in fact, be excluded from the cost of service and ultimately rates. The Joint Applicants' proposal will require the Commission and other stakeholder to bear the burden of proof to (a) assure that no transactions costs are classified as transition costs for ratemaking purposes and (b) assure that transition costs that are in excess of merger-related benefits are not included in the cost of service and rates. The Joint Applicants, in shifting this burden of proof away from themselves, have also shifted the regulatory risk of ensuring their compliance with this merger commitment onto the Commission and other parties as well.

Q. HOW DO THE JOINT APPLICANTS' MERGER COMMITMENTS REGARDING ITS TRANSACTION AND TRANSITION COSTS RELATE TO INSULATING CUSTOMERS FROM POST-MERGER FINANCIAL WEAKNESSES?

A. A financially-weakened utility will have greater-than-average incentives to ensure that it utilizes every reasonable opportunity it can to de-leverage its untenable situation. One way to do this is by securitizing as many of its merger-related costs as possible through it cost of service, and ultimately its rates. It is also the

[92] Ives Test. at 27:13-16.

case that the opportunity to securitize these costs are directly proportion to the degree in which they are defined and codified. The less stringent the definition, the lower the transparency, and the lower the accountability, the greater the opportunities for securitization, and *vice versa*. This is why having firm post-merger reporting requirements can be an important financial mitigation commitment since they can reduce the opportunities to shift the impacts of any post-merger financial weakness away from a utility and its shareholder, and onto customers.

Q. HAVE THERE BEEN ANY RECENT UTILITY MERGERS IN WHICH A MORE COMPREHENSIVE LIST OF TYPES OF TRANSACTION COSTS HAS BEEN PROVIDED?

A. Yes. The District of Columbia Public Service Commission ("DCPSC") recently approved the merger between Exelon Corporation ("Exelon") and PEPCO Holdings, Inc. ("PHI"). When the DCPSC approved the Exelon-PHI merger, the DCPSC defined "transaction costs" as follows:

> Transaction Costs are defined as: (a) consultant, investment banker, regulatory fees (including the $2 million in regulatory support costs noted in Paragraph 101 of the Opinion and Order) and legal fees associated with the Merger Agreement and regulatory approvals, (b) purchase price, change-in-control payments, retention payments, executive severance payments and the accelerated portion of supplemental executive retirement plan ("SERP") payments, (c) costs associated with the shareholder meetings and proxy statement related to Merger approval by the PHI shareholders, and (d) costs associated with the imposition of

conditions or approval of settlement terms in other state jurisdictions.[93]

Q. DO ANY DIFFERENCES EXIST BETWEEN THE JOINT APPLICANTS' DEFINITION OF "TRANSACTION COSTS" AND THE DEFINITION APPROVED BY THE DCPSC IN THE EXELON-PEPCO MERGER?

A. Yes. The Joint Applicants have defined severance and retention costs as transitional costs, whereas the DCPSC defined such costs as transactional costs. Also, the Joint Applicants have not indicated whether costs such as the cost of receiving merger approval from their respective shareholders and the cost to comply with merger commitments in other jurisdictions are transactional or transitional in nature. The Joint Applicants also appear to include regulatory costs as a transition cost, while the DCPSC found this costs to be transactional. Additionally, the Joint Applicants have provided that financial and legal fees are defined at transaction fees however, it is unclear how the Joint Applicants intend to categorize any other consulting fees that were incurred as a result of the transaction.

D. Synergy Savings Commitment Deficiencies

Q. CAN YOU PLEASE EXPLAIN HOW SYNERGY SAVINGS ARE GENERATED IN A UTILITY ACQUISITION?

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[93] Order No. 18148, Formal Case No. 1119, *In The Matter Of The Joint Application Of Exelon Corporation, Pepco Holdings, Inc., Potomac Electric Power Company, Exelon Energy Delivery Company, LLC And New Special Purpose Entity, LLC For Authorization And Approval Of Proposed Merger Transaction*, Before the District of Columbia Public Service Commission. March 23, 2016. Attachment B, p. 6. (available at http://edocket.dcpsc.org/edocket/docketsheets_pdf_FS.asp?caseno=FC1119&docketno=1601&flag=C&show_result=Y)

A. Synergy savings can arise after the consummation of an acquisition or merger through the efficiencies that can arise from the consolidation of operations, an improvement in planning and operational activities due to the sharing of best practices, and through a larger scale of utility operations. Collectively, these savings are referred to as "synergy" savings and often serve as an important basis for an acquisition or merger. Synergy savings should create benefits for both shareholders and ratepayers and past utility regulatory proceedings approving utility acquisitions examine the degree, scope, allocation, and certainty of these savings as a basis for acquisition approval.[94]

Q. SHOULD THE COMMISSION BE CONCERNED ABOUT THE JOINT APPLICANTS' SYNERGY SAVINGS ESTIMATES?

A. Yes. The Joint Applicants estimate that the proposed merger will result in $4.3 billion in synergy savings[95] and that these savings will be used, in part, to de-leverage the merger. However, these synergy savings are considerably overstated as discussed in greater detail in Dr. Kirsch's Direct Testimony. The implausibility of the Joint Applicants' synergy savings should raise serious financial and regulatory concerns for the Commission in its evaluation of this

[94] Case No. 9271, Before the Maryland Public Service Commission, In The Matter Of The Merger Of Exelon Corporation And Constellation Energy Group, Inc., Order No.85187, November 8, 2012.; Docket No. 12-01-07, Before the Connecticut Public Utility Control, Application For Approval Of Holding Company Transaction Involving Northeast Utilities And NSTAR, Order, April 2, 2012, p. 20.; D.P.U. 10-170-B, Before the Massachusetts Department of Telecommunications and Energy, Joint Petition for Approval of Merger Between NSTAR and Northeast Utilities Pursuant to G.L. c 164§ 96, Opinion, April 4, 2012, p. 3.; Docket Nos. E-2, Sub 998 and E-7,Sub 986, Before the North Carolina Utilities Commission, In the Matter of Application of Duke Energy Corporation and Progress Energy, Inc. to Engage in a Business Combination Transaction and to Address Regulatory Conditions and Codes of Conduct, Order, June 29, 2012, p.21.; Case No. 9361, Before the Maryland Public Service Commission, In the Matter of the Merger of Exelon Corporation and Pepco Holdings, Inc., Order No. 86990, May 15, 2015, pp. 1 and 4.

[95] Bryant Sup. Test. at 6:10.

transaction and the nature and extent of the regulatory commitments that should be put into place should it move forward with the merger's approval.

Q. WHAT TYPE OF REGULATORY CHALLENGES WILL THE COMMISSION FACE IF THE JOINT APPLICANTS DO NOT HAVE AMPLE SYNERGY SAVINGS TO DE-LEVERAGE THE MERGER?

A. The Commission would face a number of regulatory challenges if it were to approve the current merger based upon the Joint Applicants' current set of commitments. The Commission needs to be mindful, as I noted earlier, that the Joint Applicants intend to finance its merger-related costs through the synergies that they anticipate to arise from this transaction. The Joint Applicants proposed to recover those costs through the efficiencies garnered between rate cases. The implication of this commitment is that there will be some equal balance of the time periods in which the Joint Applicants seek rate relief (and pass along synergy savings) and the time periods in which rates are held constant between rate cases. That balance will be considerably upset, however, if the ambitious synergy savings anticipated by the Joint Applicants do not materialize. The lower the synergy savings, the more frequently the Joint Applicants will file for rate relief.

Q. ARE THERE ANY OTHER REGULATORY CHALLENGES?

A. Yes. As I noted earlier, the Joint Applicants are not making any documentation, transparency or accountability commitments for any of their merger-related costs. Unfortunately, the same is true for their synergy savings. Absent appropriate conditions by the Commission, this lack of transparency and accountability will require the Commission and the stakeholders to bear the burden to verify GPE's performance after, and the impacts of the regulatory risks associated with, this merger. It will fall upon other parties to determine, from the Joint Applicants' future cost-of-service: (1) the degree to which any test year merger-related savings have arisen; (2) the extent to which any merger related costs, if included in the cost of service, were prudently incurred and used and useful (that includes determining their recovery eligibility); (3) the extent to which any synergy savings that did arise in the test year can be directly-attributable to these merger-related costs; (4) the extent to which these synergy savings are greater than the reasonable costs to incur those savings; and (5) the extent to which these net merger-related are included in rates.

Q. SHOULD THE COMMISSION REQUIRE THE USE OF ANY REPORTING REQUIREMENTS TO HELP STRENGTHEN THE JOINT APPLICANTS' COMMITMENTS?

A. Yes. The utilization of a detailed set of reporting requirements can help ensure that many of the Joint Applicants' merger commitments are maintained and that the regulatory risk of meeting those commitments are assigned to the party in the best position of dealing with those risk, which is the Joint Applicants. The Commission should summarily reject the Joint Applicants' proposal to not define, document, and report its synergy savings or any of the merger-related costs associated with achieving those savings. I will provide a number of reporting requirement recommendations in the following section of my testimony.

VIII. CONCLUSIONS AND RECOMMENDATIONS

A. Proposed Merger Conditions and Commission Standards Summary

Q. CAN YOU SUMMARIZE YOUR CONCERNS ABOUT THE PROPOSED MERGER RELATIVE TO THE COMMISSION'S MERGER STANDARDS?

A. Yes. The proposed merger suffers from several deficiencies relative to the Commission's merger approval guidelines. From a financial perspective, the proposed merger challenges, either directly or indirectly, the following Commission merger guidelines:

- Condition D: Whether the transaction will preserve the jurisdiction of the KCC and the capacity of the KCC to effectively regulate and audit operations in the state.
- Condition A(i): The effect of the transaction on the financial condition of the newly created entity as compared to the financial condition of the stand-alone entity if the transaction does not occur.
- Condition A(ii): Reasonableness of the purchase price, including whether the purchase price was reasonable in light of the savings that can be demonstrated from the merger and whether the purchase price is within a reasonable range.
- Condition A(iii): whether ratepayer benefits resulting from the transaction can be quantified.
- Condition A(iv): Whether there are any operational synergies that justify payment of premium in excess of book value.

Q. PLEASE SUMMARIZE WHY THE PROPOSED MERGER IS INCONSISTENT WITH MERGER CRITERIA.

A. The proposed merger will lead to a financially weakened utility and, in turn, will challenge the utility's financial ability to provide efficient and sufficient service to its customers. I noted earlier in my testimony that this proposed merger is highly leveraged and that the Joint Applicants' financial coverage statistics are already challenged and become even more challenged once certain errors in their own financial models are corrected. It is almost certain that both Westar and KCP&L will see rating downgrades of some type, irrespective of the fact that those downgrades may remain at levels considered investment grade. It is also the case that the parent company, GPE, could be downgraded, potentially to a non-investment grade level, which will create considerable additional financial pressures. GPE owns no assets of its own other than its operating affiliates. GPE will likely have to extract more and more cash from these operating utilities in order to maintain its interest payments: this will divert cash away from utility operations, and towards debt service.

Q. WILL THE MERGER CREATE ANY OTHER FINANCIAL CHALLENGES?

A. Yes. The Joint Applicants will face increasing pressure, and incentives, to attempt to de-leverage this transaction by maximizing cash flow. One way to do this will be to allocate merger-related costs to regulated operations in order to "securitize" these costs within Westar's and KCP&L's cost of service, and ultimately, its rates. The Commission will have to exhibit extra diligence in the face of these incentives and the fact that the Joint Applicants have made no merger commitments to thoroughly document, track, and certify its merger-related transition costs makes this all the more problematic. The Joint Applications have simply stated, but not guaranteed, that no cost in excess of merger-related savings will be included in rates. This puts the entire regulatory risk of policing these transition costs on the Commission and other stakeholders participating in Westar's future rate cases. This risk is not relegated to just transition costs alone since it appears that, contrary to the merger Application, there are circumstances where goodwill and transaction-related costs associated with this merger could also find their way into rates.

Q. DIDN'T THE JOINT APPLICANTS COMMIT TO EXCLUDING THESE GOODWILL AND TRANSACTION-RELATED COSTS FROM THEIR RATES?

A. Yes, the Joint Applicants did make such a commitment in their original Application and testimony. However, as I noted earlier, the Joint Applicants, on more than one occasion, have significantly undermined, if not entirely changed their position on this commitment.

Q. SHOULD THE COMMISSION BE CONCERNED ABOUT THE IMPLICATIONS OF THIS POSITION CHANGE RELATIVE TO MERGER CRITERIA "D?"

A. Yes, this type of regulatory about-face should raise concerns, particularly as it affects the Commission's ability to effectively regulate the merged utility on a forward-going basis: which appears to be the spirit, if not the subject, of merger condition "D." The Commission needs to be concerned about the quick willingness of the Joint Applicants to change merger terms and conditions when it believes it is suitable and in their best interest. The Joint Applicants seem to be suggesting that if any party raises any new or objectionable issue in a future rate case that impacts, in any way, the finances of merged company, then the Joint Applicants will be unconditionally free to change their merger commitments in order to defend their interests. The Joint Applicants have also expressed the belief that if their goodwill asset value changes in any way over time, then they will be free to modify the spirit of their commitments, and request additional rate relief. From a policy perspective, the Joint Applicants have a right to defend their fiduciary interests, and their sensitivity on this issue is understandable given the financial duress in which this merger places GPE and its utility affiliates. However, while the Joint Applicants have this right to defend their fiduciary interests, there is nothing expressly included in the merger commitments that binds the Commission nor any other stakeholders to maintaining the Joint Applicants' fiduciary interests. Merger conditions typically bind the utilities seeking Commission approval to merger, not the Commission or stakeholders.

Q. DOES THE CHANGE IN THE JOINT APPLICANTS' MERGER COMMITMENTS CREATE ANY ADDITIONAL REGULATORY CHALLENGES FOR THE COMMISSION?

A. Yes. The Joint Applicants' position change regarding the recovery of goodwill and transaction costs underscores the fact that their merger commitments as proposed are not *bona fide* commitments and guarantees but rather, unless fixed as binding obligations by Commission order, simply aspirations. Granted, the Joint Applicants later clarify in their Supplemental Testimony that they will change their goodwill and transaction cost commitment "if and only if" any party proposes to impute the merger-related debt costs into its future rate case.[96] However, this clarified commitment rings hollow: it is not a guarantee and there are no consequences if the Joint Applicants later change their positions. Further, this clarification is limited to the Joint Applicants' acquisition adjustment and transaction cost commitment alone and was not extended to any other regulatory "commitment." The Joint Applicants' recent change of position should be

[96] Ives Sup. Test. at 12: 17.

disturbing to the Commission since it underscores the fact that the entire regulatory risk of all of the merger commitments will be borne by customers, absent Commission order fixing those "commitments" as binding obligation not subject to change except by subsequent Commission order. Absent such a Commission order, there are simply no consequences if the Joint Applicants decide to change their merger commitments at some later date if they feel slighted or short-changed by the positions of other "party or parties"[97] in future rate proceedings.

Q. PLEASE SUMMARIZE WHY THE PROPOSED MERGER IS INCONSISTENT WITH MERGER CRITERIA "A(i)."

A. Earlier in my testimony, I showed that the proposed merger will lead to an outcome where Westar, KCP&L and GPE could see a deterioration in their credit ratings, notwithstanding the fact that for Westar and KCP&L, those downgrades may still leave them at investment grade. This deterioration is in direct contradiction to merger standard A(i) since, if such a situation arises, all three companies will be relatively and absolutely worse off, from a financial rating perspective, post-merger than without the merger. The Commission's merger standards do not condition the importance of this change on whether or not the downgrade is to a non-investment grade level. The plain language of the standard asks a straightforward up or down question: will the merger leave the utility in a worse financial position than it would on stand-alone basis? While the future is uncertain, current indications from rating agencies, and even some of

[97] Ives Sup. Test. at 12: 7.

the modeling done by the Joint Applicants, suggest that the answer to this question is “yes” the merger will leave the utility in a worse position than if it remained on a stand-alone basis, even if there is no credit-rating downgrade. My analysis earlier showed that the Joint Applicants’ credit metrics all fell after the merger relative to their stand-alone estimates. This increased risk associated with this financial deterioration could result in an increase in cost, not only for Westar’s and KCP&L’s customers, but, as explained by Mr. Doljac, for the rural electricity customers of KEPCo’s member distribution cooperatives.

Q. PLEASE SUMMARIZE WHY THE PROPOSED MERGER IS INCONSISTENT WITH MERGER CRITERIA “A(ii)” and “A(iv).”

A. This merger will lead to two financially weakened public utilities tethered to a financially weakened parent – GPE – all of which will be in a worse situation that they otherwise would be on a stand-alone basis. The financial integrity analysis I discussed earlier in my testimony, as well as the synergy savings analysis provided by Dr. Kirsch, show that the financial deterioration would be the result of:

- A purchase price and acquisition premium that is too large relative to the expected merger savings.
- A purchase price and acquisition premium that is outside a reasonable range in absolute value and relative to other recent utility mergers.
- Lastly, the merger synergy savings are simply not large enough to “justify” the purchase premium. The synergy savings, as even noted by the Joint Applicants, are below the acquisition premium by approximately 9 percent.

As Dr. Kirsch demonstrates, Joint Applicants' projected savings are substantially overstated. These facts should raise considerable concerns for the Commission about the financial integrity of the utilities that will exit this merger, if approved.

B. Merger Commitment Recommendations

Q. ARE THE JOINT APPLICANTS' FINANCIAL INTEGRITY COMMITMENTS ADEQUATE?

A. No. While many of the Joint Applicants' originally-proffered financial integrity commitments are important, the overall set is deficient and will not provide a complete layer of insulation around its regulated utilities (Westar and KCP&L). In addition, some of these commitments are too general and need additional clarification and definition. The Commission needs to consider a more comprehensive and well-defined set of financial integrity commitments to insulate GPE's regulated utility affiliates from what are likely a number of future financial challenges that would not have arisen absent the merger. As I have noted earlier, these financial challenges can lead to a host of ripple-effects that include negative impacts to the regulated utilities' cost-of-service and ultimately, customer rates. Thus, any enhanced financial integrity measures have to address issues that go beyond what may be readily-identified as being "financial" in nature, and should include a number of ratemaking and reporting requirements as well.

Q. DO YOU HAVE ANY MERGER COMMITMENT RECOMMENDATIONS THAT WILL HELP TO ALLEVIATE THESE FINANCIAL RISKS TO KANSAS ELECTRICITY CUSTOMERS?

A. Yes. I have provided a comprehensive set of enhanced financial integrity commitments that are individually listed in Exhibit DED-2. This list has been provided in a comprehensive fashion so there are several proposed merger commitments that are consistent with those originally-filed by the Joint Applicants. However, in several instances, I have expanded upon the detail of these commitments, even if they are consistent with the Joint Applicants' proposals. The exhibit has a column that identifies those commitments that are similar to the ones being proposed by the Joint Applicants. In total, I am proposing 16 enhanced financial integrity commitments that are broken into three areas: (1) ring-fencing measures; (2) ratemaking and cost-of-service protections; and (3) reporting requirements.

Q. CAN YOU PLEASE SUMMARIZE YOUR PROPOSED RING-FENCING MEASURES?

A. Yes. My ring-fencing measures are offered as a means of insulating the Joint Applicants' regulated utility affiliates and their respective Kansas customers. These measures are offered in order to:

- Insure the financial integrity and independence of the regulated utility operations in Kansas (proposal 1 through 2).
- Maintaining the operational, investment, and credit independence of the regulated utility companies in Kansas (proposals 3 through 8)

- Ensuring that any dividend or cash disbursements from the Joint Applicants' regulated utility affiliates to their parent does not undermine the overall financial structure of the independent companies. (proposal 9)
- Ensuring that the risk premium embedded in the debt cost rate for the Joint Applicants' regulated utility affiliates are comparable to pre-merger levels in setting rates (proposal 10).

Q. ARE ANY OF YOUR RING-FENCING MEASURES COMPARABLE TO THE ENHANCED MERGER COMMITMENTS AGREED UPON IN THE MISSOURI SETTLEMENT OR THOSE OFFERED BY THE JOINT APPLICANTS AT THE FERC?

A. Yes, and the table listing my enhanced merger commitment recommendations also includes two separate columns comparing those recommendations to the ones the Joint Applicants have offered to the FERC and in Missouri settlement agreement. I have also included a comparison of my proposed recommendations to the financial integrity commitments included in the Commission's recent Fortis-Great Plains ITC merger approval.

Q. PLEASE EXPLAIN HOW YOUR FIRST RING-FENCING MEASURE IS DESIGNED TO ENSURE FINANCIAL INTEGRITY AND INDEPENDENCE.

A. My first proposed commitment is a ring-fencing measure designed to ensure that the post-merger Westar and KCP&L maintain their financial independence and integrity. This financial independence and integrity will be buttressed through a number of individual requirements. First, the Joint Applicants must ensure that, post-merger, the regulated utilities (Westar and KCP&L) will issue and maintain their own debt and establish their own credit rates. This is not a commitment that was included in the Joint Applicants' original proposal, but something they offered in comments before the FERC and is a measure approved by the Commission in the recent Fortis merger approval. Second, the Joint Applicants must maintain separate capital structures for its regulated utilities in order to finance their operations as well as serve as a basis for their own cost-of-capital in future rate proceedings. This is a commitment that was, admittedly, included in the Joint Applicants' original proposal. Third, the Joint Applicants will be required to notify the Commission immediately if there is any credit rating downgrade for either of its regulated utilities to a level below investment grade so that the Commission: (1) can be made explicitly aware of this situation; (2) can be notified of the actions the Joint Applicants intend to take in order to remedy the downgrade situation; and (3) will be regularly briefed on the status of the Joint Applicants' actions at improving the credit downgrade situation. This credit downgrade notification and reporting requirement is a condition included in the Commission's recent Fortis approval.

Q. WILL THE REGULATED UTILITIES BE REQUIRED TO CONTINUE TO DO BUSINESS IN THEIR OWN NAME?

A. Yes, both KCP&L and Westar will be required, per proposed commitment 2, to maintain their own corporate identity in order to maintain their own independent business interests and actions.

Q. WILL THE REGULATED UTILITIES BE ALLOWED TO SECURITIZE OR BACK THE DEBT OR ANY OTHER CREDIT INSTRUMENT OF ANY OTHER AFFILIATE?

A. No. The regulated utilities (KCP&L and Westar) will not be allowed, under proposed merger commitment 3, to securitize, back or insure the debt or credit instruments of any other affiliate, or any other entity, in any manner. This condition is important to ensure that the regulated utilities' financial liabilities do not become entangled with any other affiliate or its parent, thereby potentially exposing either regulated utility to unnecessary risk and potentially higher capital costs. This is not a condition that has been offered by the Joint Applicants in any other venue but is one that the Commission approved in the Fortis merger approval.

Q. WILL THE REGULATED UTILITIES BE ALLOWED TO USE THEIR INDIVIDUALLY-OWNED ASSETS AS SECURITY FOR ANY AFFILIATE OR OTHER CORPORATION?

A. No. Proposed merger commitment 4, which is also ring-fencing in nature, will prevent the regulated utilities from using any of their assets to back any affiliate or other corporation in any manner. Again, this is a merger condition that has not been proposed or agreed to by the Joint Applicants in any other venue, but it is one the Commission has recognized in approving the Fortis merger.

Q. CAN THE REGULATED UTILITIES OFFER ANY OTHER PLEDGE OR ENCUMBRANCE TO ANY ENTITY?

A. No and that is enumerated in proposed merger commitment 5 that provides an additional level of protection for the regulated utilities which, taken with the commitments 3 and 4, should provide a strong protective barrier around the regulated utilities to ensure that their assets, debt, securities, credit, and other sources of financial support are not tied to, or committed, or pledged, in any way or form, to any other entity. This layer of ring-fencing should also send a strong signal to rating agencies that the regulated utilities are exceptionally and unquestionably insulated and independent, thereby justifying separate rating and credit evaluations.

Q. CAN THE JOINT APPLICANTS MAKE ANY MERGER-RELATED ACCOUNTING CHANGES THAT COULD POTENTIALLY UNWIND ANY OF YOUR PROPOSED MERGER COMMITMENTS?

A. No. I am proposing merger commitment 6 to ensure such an outcome does not arise without the Commission's prior approval, and a showing by the Joint Applicants that any accounting change they propose must be in the interest of Kansas customers.

Q. ARE YOU PROPOSING ANY PROTECTIONS ON THE REGULATED UTILITIES' ASSETS?

A. Yes, the regulated utilities' assets need protection and independence much like their credit. I am proposing merger commitments 7 and 8 to ensure that the regulated utilities' assets remain independent and protected. The Joint Applicants will not be allowed to mix or otherwise co-mingle any of the regulated utilities' assets (condition 7) nor will they be allowed to sell, lease, rent, or commit for any use, any of the regulated utilities' assets without prior Commission approval (condition 8).

Q. ARE YOU OFFERING ANY RING-FENCING COMMITMENTS THAT WILL RESTRICT HARMFUL DIVIDEND DISTRIBUTIONS FROM THE REGULATED UTILITIES AND THEIR PARENT?

A. Yes. Commitment 9 will restrict the relative dividend distributions that the regulated utilities pay to the parent. This commitment restricts the regulated utilities from making any dividend payments to the parent that would result in an outcome in which its capital structure would become highly leveraged, specifically defined as anything below a 40 percent equity share. This does not restrict increased dividend payments from the regulated utilities to the parent in situations where the regulated utilities' earning growth supports such payments. What this commitment does, is restrict the movement of capital away from the regulated utilities to the parent in a manner that could result in an adverse shift in its capital structure. This specific measure is designed to protect the regulated utilities from the situation that I warned about earlier in my testimony whereby a financially-weakened GPE could put increasing pressure on its regulated utilities to help service the large level of debt associated with this transaction.

Q. ARE YOU PROPOSING ANY RESTRICTIONS OR BOUNDARIES ON THE REGULATED UTILITIES' CAPITAL STRUCTURE?

A. Yes. I am also proposing that the Commission adopt a financial merger commitment (proposed commitment 10) that will bound the regulated utilities' capital structure to a range that is comparable to their pre-merger and likely stand-alone level: these boundaries are comprised of an equity share between 40 percent to 53 percent. I am also recommending that the embedded debt rate used to calculate the cost of capital not be allowed to increase at a rate any faster than what is reflected in a relatively risk-free ten-year U.S. Treasury Bond rate for a five-year period. Thus, the debt rate for the regulated utilities may be allowed to increase, but that increase will be capped at a rate comparable to the U.S. Treasury rate to ensure no additional risk premium gets included in the utilities' average debt rate over the next five years. Collectively, these two components of my proposed merger commitment 10 should prevent either regulated utilities' cost of capital from taking adverse movements in a post-merger environment.

Q. PLEASE SUMMARIZE YOUR PROPOSED RATEMAKING AND COST-OF-SERVICE PROTECTIONS.

A. As I noted earlier, the Joint Applicants will have strong incentives to fold into their cost-of-service as many merger-related costs as possible given what will be a likely financially-weakened state of operations. I have offered five, relatively detailed recommendations that should limit both the incentive and opportunity that the Joint Applicants may have, post-merger, to include its merger-related costs into its cost-of-service. There is no overlap with my ratemaking and cost-of-service protections with the ones offered by the Joint Applicants at either the Commission or the FERC with the exception of two commitments: (1) acquisition adjustment and transaction cost recovery and (2) transition cost recovery. Even in these two instances, my recommendations differ considerably from the ones offered by the Joint Applicants.

Q. PLEASE DISCUSS HOW YOUR ACQUISITION ADJUSTMENT AND TRANSACTION COST RECOVERY COMMITMENTS DIFFER FROM THE JOINT APPLICANTS.

A. My recommended commitment 11 removes the commitment-ambiguity recently created by the Joint Applicants where they have identified instances in which they may seek to include an acquisition adjustment (amortization and/or impairment) and transaction costs in their cost-of-service and rates. Recommended commitment 11 unequivocally prohibits cost recovery of any acquisition adjustment (amortization and impairment) and transactions costs in any fashion and at any time. My recommendations go one step further by (1) placing more concrete definitions on what is defined as a transaction cost and (2) clearly articulating that the burden of proof in identifying these merger-related costs, and insuring that they are not included in the cost-of-service, rests with the Joint Applicants, not the Commission or any other party. These merger commitments, if adopted, will prevent the regulatory risk associated with the Joint Applicants' current merger commitments from being shifted entirely away from themselves and onto customers. As I noted earlier in my testimony, the incentive to securitize and recover merger-related costs in rates will likely increase as the post-merger financial situation of the Joint Applicants becomes more challenged. My recommendations will unambiguously remove the Joint Applicants' ability act upon that incentive.

Q. HOW DO YOUR RATEMAKING COMMITMENTS ADDRESS MERGER-RELATED RISKS AND THEIR IMPACTS ON THE REGULATED UTILITIES' COST-OF-SERVICE?

A. Proposed merger commitments 12 and 13 require the Joint Applicants to commit to not include any merger-related risk in the cost-of-service of the regulated utilities and also requires them to adopt this as a policy and principle tied to this merger's approval, and to not seek appeal of this principle in any future ratemaking proceeding or appeal. This will bind the Joint Applicants to a hard and fast, verifiable commitment, that the cost-of-service of their regulated utilities will not be negatively impacted by any financial risks associated with this merger.

Q. PLEASE DISCUSS HOW YOUR TRANSITION COST COMMITMENTS DIFFER FROM THE JOINT APPLICANTS.

A. I have also provided a number of transition cost commitments (all are part of proposed commitment 14) that are more definitive and will squarely place the burden of proof upon the Joint Applicants for documenting these costs, their corresponding merger-related benefits, and showing that no positive net costs (i.e., cost in excess of merger benefits) is included in any future cost of service and rates. Again, the purpose of this commitment is to ensure that any incentives to pass along unnecessary merger costs that may be created by any post-merger financial risks are removed.

Q. PLEASE EXPLAIN YOUR SERVICE COMPANY CHARGE CAP?

A. I have also included a merger commitment (15) that will cap service charges that are assessed from the parent company or its service company affiliate to either of the regulated utilities. These costs may increase due to inflation, but will not be allowed to increase beyond current inflation-adjusted levels. This commitment will help to ensure that any pressures to increase affiliate charges, in response to any cash or other financial pressures from the parent or other affiliate, are mitigated.

Q. PLEASE SUMMARIZE YOUR PROPOSED REPORTING REQUIREMENTS.

A. I also recommended the Joint Applicants be required to adopt a number of post-merger reporting requirements (provided in commitment 16) that should assist the Commission and other stakeholders in reviewing the Joint Applicants' progress in complying with any merger-approval terms and commitments (including my proposed financial integrity commitments). These proposed reporting requirements include:

- Ensuring that the regulated utilities maintain separate books on a USOA basis.
- Ensuring that the books and records of the regulated utilities are made available to the Commission and its staff.
- Ensuring that the Commission will have access to the books and records, upon request only, of any affiliate assessing any charge on either of the regulated utilities.
- Requiring the Joint Applicants to provide their journal entries for this transaction within 13 months and providing a showing that the acquisition and transaction costs are excluded from the regulated utilities' books.
- Providing an updated cost allocation manual within a year and then updating

this consistently with current Commission rules.

- Providing the affiliate service company agreements within 12 months.

Q. DOES THIS CONCLUDE YOUR TESTIMONY FILED ON DECEMBER 16, 2016?

A. Yes.

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the matter of the 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**

AFFIDAVIT OF DAVID E. DISMUKES, PH.D.

STATE OF LOUISIANA)
) ss
COUNTY OF EAST BATON ROUGE)

David Dismukes, being first duly sworn on his/her oath, states:

1. My name is david e. dismukes. I work in baton rouge, louisiana, and I am employed by acadian consulting group, llc as a consulting economist.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Kansas Electric Power Cooperative, Inc. consisting of seventy-seven (77) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

David E. Dismukes

David E. Dismukes, Ph.D.

Subscribed and sworn before me this 14 day of December, 2016.

Elizabeth A. [signature]

Notary Public Elizabeth A. Bordelon
Bar # 18127

My commission expires: for life

Table of Exhibits

* Pursuant to the Commission’s Order On Prehearing Motions, issued in this docket on January 26, 2017, this data response is no longer confidential. 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, KCC Docket No. 16-KCPE-593-ACQ, Order on Prehearing Motions, January 26, 2017, at ¶ 15. The claim of confidentiality has not been deleted from the text of the data response to preserve the integrity of the response that the witness verified.

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EDUCATION

Ph.D., Economics, Florida State University, 1995.
M.S., Economics, Florida State University, 1992.
M.S., International Affairs, Florida State University, 1988.
B.A., History, University of West Florida, 1987.
A.A., Liberal Arts, Pensacola State College, 1985.

Master's Thesis: *Nuclear Power Project Disallowances: A Discrete Choice Model of Regulatory Decisions*

Ph.D. Dissertation: *An Empirical Examination of Environmental Externalities and the Least-Cost Selection of Electric Generation Facilities*

ACADEMIC APPOINTMENTS

Louisiana State University, Baton Rouge, Louisiana

Center for Energy Studies

2014-Current	Executive Director
2007-Current	Director, Division of Policy Analysis
2006-Current	Professor
2003-2014	Associate Executive Director
2001-2006	Associate Professor
1999-2001	Research Fellow and Adjunct Assistant Professor
1995-2000	Assistant Professor

College of the Coast and the Environment (Department of Environmental Studies)

2014-Current	Professor (Joint Appointment with CES)
2010-Current	Director, Coastal Marine Institute
2010-2014	Adjunct Professor

E.J. Ourso College of Business Administration (Department of Economics)

2006-Current	Adjunct Professor
2001-2006	Adjunct Associate Professor
1999-2000	Adjunct Assistant Professor

Florida State University, Tallahassee, Florida

College of Social Sciences, Department of Economics

1995	Instructor

PROFESSIONAL EXPERIENCE

Acadian Consulting Group, Baton Rouge, Louisiana

2001-Current	Consulting Economist/Principal
1995-1999	Consulting Economist/Principal

Econ One Research, Inc., Houston, Texas

1999-2001	Senior Economist

Florida Public Service Commission, Tallahassee, Florida

Division of Communications, Policy Analysis Section

1995	Planning & Research Economist

Division of Auditing & Financial Analysis, Forecasting Section

1993	Planning & Research Economist
1992-1993	Economist

Project for an Energy Efficient Florida &
Florida Solar Energy Industries Association, Tallahassee, Florida

1994	Energy Economist

Ben Johnson Associates, Inc., Tallahassee, Florida

1991-1992	Research Associate
1989-1991	Senior Research Analyst
1988-1989	Research Analyst

GOVERNMENT APPOINTMENTS

2007-Current	Louisiana Representative, Interstate Oil and Gas Compact Commission; Energy Resources, Research & Technology Committee.
2007-Current	Louisiana Representative, University Advisory Board Representative; Energy Council (Center for Energy, Environmental and Legislative Research).
2005	Member, Task Force on Energy Sector Workforce and Economic Development (HCR 322).
2003-2005	Member, Energy and Basic Industries Task Force, Louisiana Economic Development Council
2001-2003	Member, Louisiana Comprehensive Energy Policy Commission.

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2. "Economies of Scale, Learning Effects and Offshore Wind Development Costs" (2015). With Gregory B. Upton, Jr. *Renewable Energy*. 61-66.
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15. "Capacity and Economies of Scale in Electric Power Transmission" (1999). With Robert F. Cope and Dmitry Mesyanzhinov. *Utilities Policy* 7: 155-162.

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4. "Electric Utility Restructuring and Strategies for the Future." (2001). With Scott W. Geiger. *Proceedings of the Southwest Academy of Management*. March.

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2. "Trends and Issues in the Natural Gas Industry and the Development of LNG: Implications for Louisiana. (2004) *Proceedings of the 51st Mineral Law Institute*, Louisiana State University, Baton Rouge, LA. April 2, 2004.
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33. *Principal Investigator*. "An Economic Impact Analysis of OCS Activities on Coastal Louisiana." (1998). With Dmitry Mesyanzhinov and David Hughes. U.S. Department of Interior, Minerals Management Service. Total Project Funding: $190,166. Status: Completed.

34. *Principal Investigator*. "Energy Conservation and Electric Restructuring in Louisiana." (1997). Louisiana Department of Natural Resources." Petroleum Violation Escrow Program Funds. Total Project Funding: $43,169. Status: Completed.

35. *Principal Investigator*. "The Industrial Supply of Electricity: Commercial Generation, Self-Generation, and Industry Restructuring." (1996). With Andrew Kleit. Louisiana Energy Enhancement Program, LSU Office of Research and Development. Total Project Funding: $19,948. Status: Completed.

36. *Co-Principal Investigator*. "Assessing the Environmental and Safety Risks of the Expanded Role of Independents in Oil and Gas E&P Operations on the U.S. Gulf of Mexico OCS." (1996). With Allan Pulsipher, Omowumi Iledare, Dmitry Mesyanzhinov, William Daniel, and Bob Baumann. U.S. Department of Interior, Minerals Management Service, Grant Number 95-0056. Total Project Funding: $109,361. Status: Completed.

ACADEMIC CONFERENCE PAPERS/PRESENTATIONS

1. "The Impact of Infrastructure Cost Recovery Mechanisms on Pipeline Replacements and Leaks." (2015). With Gregory Upton. Southern Economic Association Meeting 2015. New Orleans, Louisiana. November 23.

2. "The Impact of Infrastructure Cost Recovery Mechanisms on Pipeline Replacements and Leaks" (2015). With Gregory Upton. 38th IAEE International Conference, Antalya, Turkey. May 26.

3. "Modifying Renewables Policies to Sustain Positive Economic and Environmental Change" (2015). IEEE Annual Green Technologies ("Greentech") Conference. April 17.

4. "The Gulf Coast Industrial Investment Renaissance and New CHP Development Opportunities." (2014). Industrial Energy and Technology Conference, New Orleans, Louisiana. May 20.

5. "Estimating Critical Energy Infrastructure Value at Risk from Coastal Erosion" (2014). With Siddhartha Narra. American's Estuaries: 7th Annual Summit on Coastal and Estuarine Habitat Restoration. Washington, D.C., November 3-6.

6. "Economies of Scale, Learning Curves, and Offshore Wind Development Costs" (2012). With Gregory Upton. Southern Economic Association Annual Conference, New Orleans, LA November 17.

7. “Analysis of Risk and Post-Hurricane Reaction.” (2009). 25th Annual Information Transfer Meeting. U.S. Department of the Interior, Minerals Management Service. January 7.

8. “Legacy Litigation, Regulation, and Other Determinants of Interstate Drilling Activity Differentials.” (2008). With Christopher Peters and Mark Kaiser. 28th Annual USAEE/IAEE North American Conference: Unveiling the Future of Future of Energy Frontiers. New Orleans, LA, December 3.

9. “Gulf Coast Energy Infrastructure Renaissance: Overview.” (2008). 28th Annual USAEE/IAEE North American Conference: Unveiling the Future of Future of Energy Frontiers. New Orleans, LA, December 3.

10. “Understanding the Impacts of Katrina and Rita on Energy Industry Infrastructure.” (2008). American Chemical Society National Meetings, New Orleans, Louisiana. April 7.

11. "Determining the Economic Value of Coastal Preservation and Restoration on Critical Energy Infrastructure." (2007). With Kristi A. R. Darby and Michelle Barnett. International Association for Energy Economics, Wellington, New Zealand, February 19.

12. “Regulatory Issues in Rate Design, Incentives, and Energy Efficiency.” (2007). 34th Annual Public Utilities Research Center Conference, University of Florida. Gainesville, FL. February 16.

13. “An Examination of LNG Development on the Gulf of Mexico.” (2007). With Kristi A.R. Darby. US Department of the Interior, Minerals Management Service. 24 h Annual Information Technology Meeting. New Orleans, LA. January 9.

14. “OCS-Related Infrastructure on the GOM: Update and Summary of Impacts.” (2007). US Department of the Interior, Minerals Management Service. 24th Annual Information Technology Meeting. New Orleans, LA. January 10.

15. “The Economic Value of Coastal Preservation and Restoration on Critical Energy Infrastructure.” (2006). With Michelle Barnett. Third National Conference on Coastal and Estuarine Habitat Restoration. Restore America’s Estuaries. New Orleans, Louisiana, December 11.

16. “The Impact of Implementing a 20 Percent Renewable Portfolio Standard in New Jersey.” (2006). With Seth E. Cureington. Mid-Continent Regional Science Association 37th Annual Conference, Purdue University, Lafayette, Indiana, June 9.

17. “The Impacts of Hurricane Katrina and Rita on Energy infrastructure Along the Gulf Coast.” (2006). Environment Canada: 2006 Artic and Marine Oilspill Program. Vancouver, British Columbia, Canada.

18. “Hurricanes, Energy Markets, and Energy Infrastructure in the Gulf of Mexico: Experiences and Lessons Learned.” (2006). With Kristi A.R. Darby and Seth E. Cureington. 29th Annual IAEE International Conference, Potsdam, Germany, June 9.

19. “An Examination of the Opportunities for Drilling Incentives on State Leases in Louisiana.” (2005). With Kristi A.R. Darby. 28th Annual IAEE International Conference, Taipei, Taiwan (June).

20. “Fiscal Mechanisms for Stimulating Oil and Gas Production on Marginal Leases.” (2004). With Jeffrey M. Burke. International Association of Energy Economics Annual Conference, Washington, D.C. (July).

21. "GIS and Applied Economic Analysis: The Case of Alaska Residential Natural Gas Demand." (2003). With Dmitry V. Mesyanzhinov. Presented at the Joint Meeting of the East Lakes and West Lakes Divisions of the Association of American Geographers in Kalamazoo, MI, October 16-18.

22. "Are There Any In-State Uses for Alaska Natural Gas?" (2002). With Dmitry V. Mesyanzhinov and William E. Nebesky. IAEE/USAEE 22nd Annual North American Conference: "Energy Markets in Turmoil: Making Sense of It All." Vancouver, British Columbia, Canada. October 7.

23. "The Economic Impact of State Oil and Gas Leases on Louisiana." (2002). With Dmitry V. Mesyanzhinov. 2002 National IMPLAN Users' Conference. New Orleans, Louisiana, September 4-6.

24. "Moving to the Front of the Lines: The Economic Impact of Independent Power Plant Development in Louisiana." (2002). With Dmitry V. Mesyanzhinov and Williams O. Olatubi. 2002 National IMPLAN Users' Conference. New Orleans, Louisiana, September 4-6.

25. "New Consistent Approach to Modeling Regional Economic Impacts of Offshore Oil and Gas Activities in the Gulf of Mexico." (2002). With Vicki Zatarain. 2002 National IMPLAN Users' Conference. New Orleans, Louisiana, September 4-6.

26. "Distributed Energy Resources, Energy Efficiency, and Electric Power Industry Restructuring." (1999). American Society of Environmental Science Fourth Annual Conference. Baton Rouge, Louisiana. December.

27. "Estimating Efficiency Opportunities for Coal Fired Electric Power Generation: A DEA Approach." (1999). With Williams O. Olatubi. Southern Economic Association Sixty-ninth Annual Conference. New Orleans, November.

28. "Applied Approaches to Modeling Regional Power Markets." (1999.) With Robert F. Cope. Southern Economic Association Sixty-ninth Annual Conference. New Orleans, November 1999.

29. "Parametric and Non-Parametric Approaches to Measuring Efficiency Potentials in Electric Power Generation." (1999). With Williams O. Olatubi. International Atlantic Economic Society Annual Conference, Montreal, October.

30. "Asymmetric Choice and Customer Benefits: Lessons from the Natural Gas Industry." (1999). With Rachelle F. Cope and Dmitry Mesyanzhinov. International Association of Energy Economics Annual Conference. Orlando, Florida. August.

31. "Modeling Regional Power Markets and Market Power." (1999). With Robert F. Cope. Western Economic Association Annual Conference. San Diego, California. July.

32. "Economic Impact of Offshore Oil and Gas Activities on Coastal Louisiana" (1999). With Dmitry Mesyanzhinov. Annual Meeting of the Association of American Geographers. Honolulu, Hawaii. March.

33. "Empirical Issues in Electric Power Transmission and Distribution Cost Modeling." (1998). With Robert F. Cope and Dmitry Mesyanzhinov. Southern Economic Association. Sixty-Eighth Annual Conference. Baltimore, Maryland. November.

34. "Modeling Electric Power Markets in a Restructured Environment." (1998). With Robert F. Cope and Dan Rinks. International Association for Energy Economics Annual Conference. Albuquerque, New Mexico. October.

35. "Benchmarking Electric Utility Distribution Performance." (1998) With Robert F. Cope and Dmitry Mesyanzhinov. Western Economic Association, Seventy-sixth Annual Conference. Lake Tahoe, Nevada. June.

36. "Power System Operations, Control, and Environmental Protection in a Restructured Electric Power Industry." (1998). With Fred I. Denny. IEEE Large Engineering Systems Conference on Power Engineering. Nova Scotia, Canada. June.

37. "Benchmarking Electric Utility Transmission Performance." (1997). With Robert F. Cope and Dmitry Mesyanzhinov. Southern Economic Association, Sixty-seventh Annual Conference. Atlanta, Georgia. November 21-24.

38. "A Non-Linear Programming Model to Estimate Stranded Generation Investments in a Deregulated Electric Utility Industry." (1997). With Robert F. Cope and Dan Rinks. Institute for Operations Research and Management Science Annual Conference. Dallas Texas. October 26-29.

39. "New Paradigms for Power Engineering Education." (1997). With Fred I. Denny. International Association of Science and Technology for Development, High Technology in the Power Industry Conference. Orlando, Florida. October 27-30

40. "Cogeneration and Electric Power Industry Restructuring." (1997). With Andrew N. Kleit. Western Economic Association, Seventy-fifth Annual Conference. Seattle, Washington. July 9-13.

41. "The Unintended Consequences of the Public Utilities Regulatory Policies Act of 1978." (1997). National Policy History Conference on the Unintended Consequences of Policy Decisions. Bowling Green State University. Bowling Green, Ohio. June 5-7.

42. "Assessing Environmental and Safety Risks of the Expanding Role of Independents in E&P Operations on the Gulf of Mexico OCS." (1996). With Allan Pulsipher, Omowumi Iledare, Dmitry Mesyanzhinov, and Bob Baumann. U.S. Department of Interior, Minerals Management Service, 16th Annual Information Transfer Meeting. New Orleans, Louisiana.

43. "Empirical Modeling of the Risk of a Petroleum Spill During E&P Operations: A Case Study of the Gulf of Mexico OCS." (1996). With Omowumi Iledare, Allan Pulsipher, and Dmitry Mesyanzhinov. Southern Economic Association, Sixty-Sixth Annual Conference. Washington, D.C.

44. "Input Price Fluctuations, Total Factor Productivity, and Price Cap Regulation in the Telecommunications Industry" (1996). With Farhad Niami. Southern Economic Association, Sixty-Sixth Annual Conference. Washington, D.C.

45. "Recovery of Stranded Investments: Comparing the Electric Utility Industry to Other Recently Deregulated Industries" (1996). With Farhad Niami and Dmitry Mesyanzhinov. Southern Economic Association, Sixty-Sixth Annual Conference. Washington, D.C.

46. "Spatial Perspectives on the Forthcoming Deregulation of the U.S. Electric Utility Industry." (1996) With Dmitry Mesyanzhinov. Southwest Association of American Geographers Annual Meeting. Norman, Oklahoma.

47. “Comparing the Safety and Environmental Performance of Offshore Oil and Gas Operators.” (1995). With Allan Pulsipher, Omowumi Iledare, Dmitry Mesyanzhinov, William Daniel, and Bob Baumann. U.S. Department of Interior, Minerals Management Service, 15th Annual Information Transfer Meeting. New Orleans, Louisiana.

48. “Empirical Determinants of Nuclear Power Plant Disallowances.” (1995). Southern Economic Association, Sixty-Fifth Annual Conference. New Orleans, Louisiana.

49. “A Cross-Sectional Model of IntraLATA MTS Demand.” (1995). Southern Economic Association, Sixty-Fifth Annual Conference. New Orleans, Louisiana.

ACADEMIC SEMINARS AND PRESENTATIONS

1. “Air Emissions Regulation and Policy: The Recently Proposed Cross State Air Pollution Rule and the Implications for Louisiana Power Generation.” Lecture before School of the Coast & Environment. November 5, 2011.

2. “Energy Regulation: Overview of Power and Gas Regulation.” Lecture before School of the Coast & Environment, Course in Energy Policy and Law. October 5, 2009.

3. “Trends and Issues in Renewable Energy.” Presentation before the School of the Coast & Environment, Louisiana State University. Spring Guest Lecture Series. May 4, 2007.

4. “CES Research Projects and Status.” Presentation before the U.S. Department of the Interior, Minerals Management Service, Outer Continental Shelf Scientific Committee Meeting, New Orleans, LA May 22, 2007.

5. “Hurricane Impacts on Energy Production and Infrastructure.” Presentation Before the 53rd Mineral Law Institute, Louisiana State University. April 7, 2006.

6. “Trends and Issues in the Natural Gas Industry and the Development of LNG: Implications for Louisiana. (2004) 51st Mineral Law Institute, Louisiana State University, Baton Rouge, LA. April 2, 2004.

7. “Electric Restructuring and Conservation.” (2001). Presentation before the Department of Electrical Engineering, McNesse State University. Lake Charles, Louisiana. May 2, 2001.

8. “Electric Restructuring and the Environment.” (1998). Environment 98: Science, Law, and Public Policy. Tulane University. Tulane Environmental Law Clinic. March 7, New Orleans, Louisiana.

9. “Electric Restructuring and Nuclear Power.” (1997). Louisiana State University. Department of Nuclear Science. November 7, Baton Rouge, Louisiana.

10. “The Empirical Determinants of Co-generated Electricity: Implications for Electric Power Industry Restructuring.” (1997). With Andrew N. Kleit. Florida State University. Department of Economics: Applied Microeconomics Workshop Series. October 17, Tallahassee, Florida.

PROFESSIONAL AND CIVIC PRESENTATIONS

1. “How supply, demand and prices have influenced unconventional development.” (2016). Energy Annual Meeting, CLEER-University Advisory Board Lecture. New Orleans, LA, September 17.

2. “The Basics of Natural Gas Production, Transportation, and Markets.” (2016). Center for Energy Studies. Baton Rouge, LA, August 1.
3. “Gulf Coast industrial development: trends and outlook.” (2016). Investor Relations Group Meeting, Edison Electric Institute. New Orleans, LA, June 23.
4. “The future of policy and regulation: Unlocking the Treasures of Utility Regulation.” (2016). Annual Meeting, National Conference of Regulatory Attorneys. Tampa, FL, June 20.
5. “Utility mergers: where’s the beef?”. (2016). National Association of State Utility Consumer Advocates Mid-Year Meetings. New Orleans, LA, June 6.
6. “Overview of the Clean Power Plan and its application to Louisiana.” (2016). Shell Oil Company Internal Meeting. April 12.
7. “Energy and economic development on the Gulf Coast: trends and emerging challenges.” (2016). Gas Processors Association Meeting. New Orleans, LA, April 11.
8. “Unconventional Oil and Gas Drilling Trends and Issues.” (2016). French Delegation Visit, LSU Center for Energy Studies. March 16.
9. “Gulf Coast Industrial Growth: Passing clouds or storms on the horizon?” (2016). Gulf Coast Power Association Meetings. New Orleans, LA, February 18.
10. “The Transition to Crisis: What do the recent changes in energy markets mean for Louisiana?” (2016). Louisiana Independent Study Group. February 2.
11. “Regulatory and Ratepayer Issues in the Analysis of Utility Natural Gas Reserves Purchases” (2016). National Association of State Utility Consumer Advocates Gas Consumer Monthly Meeting. January 25.
12. “Emerging Issues in Fuel Procurement: Opportunities & Challenges in Natural Gas Reserves Investment.” (2015). National Association of State Utility Consumer Advocates Annual Meeting. Austin, Texas. November 9.
13. “Trends and Issues in Net Metering and Solar Generation.” (2015). Louisiana Rural Electric Cooperative Meeting. November 5.
14. “Electric Power: Industry Overview, Organization, and Federal/State Distinctions.” (2015). EUCI. October 16.
15. “Natural Gas 101: The Basics of Natural Gas Production, Transportation, and Markets.” (2015). Council of State Governments Special Meeting on Gas Markets. New Orleans, LA. October 14.
16. “Update and General Business Matters.” (2015). CES Industry Associates Meeting. Baton Rouge, Louisiana. Fall 2015.
17. “The Impact of Infrastructure Cost Recovery Mechanisms on Pipeline Replacements and Leaks.” (2015). 38h IAEE 2015 International Conference. Antalya, Turkey. May 26.
18. “Industry on the Move – What’s Next?” (2015). Event Sponsored by Regional Bank and 1012 Industry Report. May 5.
19. “The State of the Energy Industry and Other Emerging Issues.” (2015). Lex Mundi Energy & Natural Resources Practice Group Global Meeting. May 5.
20. “Energy, Louisiana, and LSU.” (2015). LSU Science Café. Baton Rouge, Louisiana. April

28.

21. "Energy Market Changes and Impacts for Louisiana." (2015). Kinetica Partners Shippers Meeting, New Orleans, Louisiana. April 22.

22. "Incentives, Risk and the Changing Nature of Utility Regulation." (2015). NARUC Staff Subcommittee on Accounting and Finance Meetings, New Orleans, Louisiana. April 22.

23. "Modifying Renewables Policies to Sustain Positive and Economic Change." (2015). IEEE Annual Green Technologies ("Greentech Conference"). April 17.

24. "Louisiana's Changing Energy Environment." (2015). John P. Laborde Energy Law Center Advisory Board Spring Meeting, Baton Rouge, Louisiana. March 27.

25. "The Latest and the Long on Energy: Outlooks and Implications for Louisiana." (2015). Iberia Bank Advisory Board Meeting, Baton Rouge, Louisiana. February 23.

26. "A Survey of Recent Energy Market Changes and their Potential Implications for Louisiana." (2015). Vistage Group, New Orleans, Louisiana. February 4.

27. "Energy Prices and the Outlook for the Tuscaloosa Marine Shale." (2015). Baton Rouge Rotary Club, Baton Rouge, Louisiana. January 28.

28. "Trends in Energy & Energy-Related Economic Development." (2014). Miller and Thompson Presentation, Baton Rouge, Louisiana. December 30.

29. "Overview EPA's Proposed Rule Under Section 111(d) of the Clean Air Act: Impacts for Louisiana." (2014). Louisiana State Bar: Utility Section CLE Annual Meeting, Baton Rouge, Louisiana. November 7.

30. "Overview EPA's Proposed Clean Power Plan and Impacts for Louisiana." (2014). Clean Cities Coalition Meeting, Baton Rouge, Louisiana. November 5.

31. "Impacts on Louisiana from EPA's Proposed Clean Power Plan." (2014). Air & Waste Management Annual Environmental Conference (Louisiana Chapter), Baton Rouge, Louisiana. October 29, 2014.

32. "A Look at America's Growing Demand for Natural Gas." (2014). Louisiana Chemical Association Annual Meeting, New Orleans, Louisiana. October 23.

33. "Trends in Energy & Energy-Related Economic Development." (2014). 2014 Government Finance Officer Association Meetings, Baton Rouge, Louisiana. October 9.

34. "The Conventional Wisdom Associated with Unconventional Resource Development." (2014). National Association for Business Economics Annual Conference, Chicago, Illinois. September 28.

35. Unconventional Oil & Natural Gas: Overview of Resources, Economics & Policy Issues. (2014). Society of Environmental Journalists Annual Meeting. New Orleans, Louisiana. September 4.

36. "Natural Gas Leveraged Economic Development in the South." (2014). Southern Governors Association Meeting, Little Rock, Arkansas. August 16.

37. "The Past, Present and Future of CHP Development in Louisiana." (2014). Louisiana Public Service Commission CHP Workshop, Baton Rouge, Louisiana. June 25.

38. "Regional Natural Gas Demand Growth: Industrial and Power Generation Trends."

(2014). Kinetica Partners Shippers Meeting, New Orleans, Louisiana. April 30.

39. "The Technical and Economic Potential for CHP in Louisiana and the Impact of the Industrial Investment Renaissance on New CHP Capacity Development." (2014). Electric Power 2014, New Orleans, Louisiana. April 1.

40. "Industry Investments and the Economic Development of Unconventional Development." (2014). Tuscaloosa Marine Shale Conference & Expo, Natchez, Mississippi. March 31.

41. Discussion Panelist. Energy Outlook 2035: The Global Energy Industry and Its Impact on Louisiana, (2014). Grow Louisiana Coalition, Baton Rouge, Louisiana. March 18.

42. "Natural Gas and the Polar Vortex: Has Recent Weather Led to a Structural Change in Natural Gas Markets?" (2014). National Association of Statue Utility Consumer Advocates Monthly Gas Committee Meeting. February 19.

43. "Some Unconventional Thoughts on Regional Unconventional Gas and Power Generation Requirements." (2014). Gulf Coast Power Association Special Briefing, New Orleans, Louisiana. February 6.

44. "Leveraging Energy for Industrial Development." (2013). 2013 Governor's Energy Summit, Jackson, Mississippi. December 5.

45. "Natural Gas Line Extension Policies: Ratepayer Issues and Considerations." (2013). National Association of Statue Utility Consumer Advocates Annual Meeting, Orlando, Florida. November 19.

46. "Replacement, Reliability & Resiliency: Infrastructure & Ratemaking Issues in the Power & Natural Gas Distribution Industries." (2013). Louisiana State Bar, Public Utility Section Meetings. November 15.

47. "Natural Gas Markets: Leveraging the Production Revolution into an Industrial Renaissance." (2013). International Technical Conference, Houston, TX. October 11.

48. "Natural Gas, Coal & Power Generation Issues and Trends." (2013). Southeast Labor and Management Public Affairs Committee Conference, Chattanooga, Tennessee. September 27.

49. "Recent Trends in Pipeline Replacement Trackers." (2013). National Association of Statue Utility Consumer Advocates Monthly Gas Committee Meeting. September 19.

50. Discussion Panelist (2013). Think About Energy Summit, America's Natural Gas Alliance, Columbus Ohio. September 16-17.

51. "Future Test Years: Issues to Consider." (2013). National Regulatory Research Institute, Teleseminar on Future Test Years. August 28.

52. "Industrial Development Outlook for Louisiana." (2013). Louisiana Water Synergy Project Meetings, Jones Walker Law Firm, Baton Rouge, Louisiana. July 30.

53. "Natural Gas & Electric Power Coordination Issues and Challenges." (2013). Utilities State Government Organization Conference, Pointe Clear, Alabama. July 9.

54. "Natural Gas Market Issues & Trends." (2013). Western Conference of Public Service Commissioners, Santa Fe, New Mexico. June 3.

55. "Louisiana Unconventional Natural Gas and Industrial Redevelopment." (2013). Louisiana Chemical Association/Louisiana Chemical Industry Allianace Annual Legislative

Conference, Baton Rouge, Louisiana. May 8.

56. "Infrastructure Cost Recovery Mechanism: Overview of Issues." (2013). Energy Bar Association Annual Meeting, Washington, D.C. May 1.

57. "GOM Offshore Oil and Gas." (2013). Energy Executive Roundtable, New Orleans, Louisiana. March 27.

58. "Louisiana Unconventional Natural Gas and Industrial Redevelopment." (2013). Risk Management Association Luncheon, March 21.

59. "Natural Gas Market Update and Emerging Issues." (2013). NASUCA Gas Committee Conference Call/Webinar, March 12.

60. "Unconventional Resources and Louisiana's Manufacturing Development Renaissance." (2013). Baton Rouge Press Club, De La Ronde Hall, Baton Rouge, LA, January 28.

61. "New Industrial Operations Leveraged by Unconventional Natural Gas." (2013) American Petroleum Institute-Louisiana Chapter. Lafayette, LA, Petroleum Club, January 14.

62. "What's Going on with Energy? How Unconventional Oil and Gas Development is Impacting Renewables, Efficiency, Power Markets, and All that Other Stuff." (2012). Atlanta Economics Club Monthly Meeting. Atlanta, GA. December 11.

63. "Trends, Issues, and Market Changes for Crude Oil and Natural Gas." (2012). East Iberville Community Advisory Panel Meeting. St. Gabriel, LA. September 26.

64. "Game Changers in Crude and Natural Gas Markets." (2012). Chevron Community Advisory Panel Meeting. Belle Chase, LA, September 17.

65. "The Outlook for Renewables in a Changing Power and Natural Gas Market." (2012). Louisiana Biofuels and Bioprocessing Summit. Baton Rouge, LA. September 11.

66. "The Changing Dynamics of Crude and Natural Gas Markets." (2012). Chalmette Refining Community Advisory Panel Meeting. Chalmette, LA, September 11.

67. "The Really Big Game Changer: Crude Oil Production from Shale Resources and the Tuscaloosa Marine Shale." (2012). Baton Rouge Chamber of Commerce Board Meeting. Baton Rouge, LA, June 27.

68. "The Impact of Changing Natural Gas Prices on Renewables and Energy Efficiency." (2012). NASUCA Gas Committee Conference Call/Webinar. 12 June 2012.

69. "Issues in Gas-Renewables Coordination: How Changes in Natural Gas Markets Potentially Impact Renewable Development" (2012). Energy Bar Association, Louisiana Chapter, Annual Meeting, New Orleans, LA. April 12, 2012.

70. "Issues in Natural Gas End-Uses: Are We Really Focusing on the Real Opportunities?" (2012). Energy Bar Association, Louisiana Chapter, Annual Meeting, New Orleans, LA. April 12, 2012.

71. "The Impact of Legacy Lawsuits on Conventional Oil and Gas Drilling in Louisiana." (2012). Louisiana Oil and Gas Association Annual Meeting, Lake Charles, LA. February 27, 2012.

72. "The Impact of Legacy Lawsuits on Conventional Oil and Gas Drilling in Louisiana." (2012) Louisiana Oil and Gas Association Annual Meeting. Lake Charles, Louisiana. February 27, 2012.

73. “Louisiana’s Unconventional Plays: Economic Opportunities, Policy Challenges. Louisiana Mid-Continent Oil and Gas Association 2012 Annual Meeting. (2012) New Orleans, Louisiana. January 26, 2012.

74. “EPA’s Recently Proposed Cross State Air Pollution Rule (“CSAPR”) and Its Impacts on Louisiana.” (2011). Bossier Chamber of Commerce. November 18, 2011.

75. “Facilitating the Growth of America’s Natural Gas Advantage.” (2011). BASF U.S. Shale Gas Workshop Management Meeting. Florham Park, New Jersey. November 1, 2011.

76. “CSAPR and EPA Regulations Impacting Louisiana Power Generation.” (2011). Air and Waste Management Association (Louisiana Section) Fall Conference. Environmental Focus 2011: a Multi-Media Forum. Baton Rouge, LA. October 25, 2011.

77. “Natural Gas Trends and Impact on Industrial Development.” (2011). Central Gulf Coast Industrial Alliance Conference. Arthur R. Outlaw Convention Center. Mobile, AL. September 22, 2011.

78. “Energy Market Changes and Policy Challenges.” (2011). Southeast Manpower Tripartite Alliance (“SEMTA”) Summer Conference. Nashville, TN September 2, 2011.

79. “EPA Regulations, Rates & Costs: Implications for U.S. Ratepayers.” (2011). Workshop: “A Smarter Approach to Improving Our Environment.” 38th Annual American Legislative Exchange Council (“ALEC”) Meetings. New Orleans, LA. August 5, 2011.

80. Panelist/Moderator. Workshop: “Why Wait? Start Energy Independence Today.” 38th Annual American Legislative Exchange Council (“ALEC”) Meetings. New Orleans, LA. August 4, 2011.

81. “Facilitating the Growth of America’s Natural Gas Advantage.” Texas Chemical Council, Board of Directors Summer Meeting. San Antonio, TX. July 28, 2011.

82. “Creating Ratepayer Benefits by Reconciling Recent Gas Supply Opportunities with Past Policy Initiatives.” National Association of State Utility Consumer Advocates (“NASUCA”), Monthly Gas Committee Meeting. July 12, 2011.

83. “Energy Market Trends and Policies: Implications for Louisiana.” (2011). Lakeshore Lion’s Club Monthly Meeting. Baton Rouge, Louisiana. June 20, 2011.

84. “America’s Natural Gas Advantage: Securing Benefits for Ratepayers Through Paradigm Shifts in Policy.” Southeastern Association of Regulatory Commissioners (“SEARUC”) Annual Meeting. Nashville, Tennessee. June 14, 2011.

85. “Learning Together: Building Utility and Clean Energy Industry Partnerships in the Southeast.” (2011). American Solar Energy Society National Solar Conference. Raleigh Convention Center, Raleigh, North Carolina. May 20, 2011.

86. “Louisiana Energy Outlook and Trends.” (2011). Executive Briefing. Counsul General of Canada. LSU Center for Energy Studies, Baton Rouge, Louisiana. May 24, 2011.

87. “Louisiana’s Natural Gas Advantage: Can We Hold It? Grow It? Or Do We Need to be Worrying About Other Problems?” (2011). Louisiana Chemical Association Annual Legislative Conference, Baton Rouge, Louisiana, May 5, 2011.

88. “Energy Outlook and Trends: Implications for Louisiana. (2011). Executive Briefing, Legislative Staff, Congressman William Cassidy. LSU Center for Energy Studies, Baton Rouge, Louisiana. March 25, 2011.

89. "Regulatory Issues in Inflation Adjustment Mechanisms and Allowances." (2011). Gas Committee, National Association of State Utility Consumer Advocates ("NASUCA"). February 15, 2011.

90. "Regulatory Issues in Inflation Adjustment Mechanisms and Allowances." (2010). 2010 Annual Meeting, National Association of State Utility Consumer Advocates ("NASUCA"), Omni at CNN Center, Atlanta, Georgia, November 16, 2010.

91. "How Current and Proposed Energy Policy Impacts Consumers and Ratepayers." (2010). 122nd Annual Meeting, National Association of Regulatory Utility Commissioners ("NARUC"), Omni at CNN Center, Atlanta, Georgia, November 15, 2010.

92. "Energy Outlook: Trends and Policies." (2010). 2010 Tri-State Member Service Conference; Arkansas, Louisiana, and Mississippi Electric Cooperatives. L'Auberge du Lac Casino Resort, Lake Charles, Louisiana, October 14, 2010.

93. "Deepwater Moratorium and Louisiana Impacts." (2010). The Energy Council Annual Meeting. Gulf of Mexico Deepwater Horizon Accident, Response, and Policy. Beau Rivage Conference Center. Biloxi, Mississippi. September 25, 2010.

94. "Overview on Offshore Drilling and Production Activities in the Aftermath of Deepwater Horizon." (2010) Jones Walker Banking Symposium. The Oil Spill: What Will it Mean for Banks in the Region? New Orleans, Louisiana. August 31, 2010.

95. "Long-Term Energy Sector Impacts from the Oil Spill." (2010). Second Annual Louisiana Oil & Gas Symposium. The BP Gulf Oil Spill: Long-Term Impacts and Strategies. Baton Rouge Geological Society. August 16, 2010.

96. "Overview and Issues Associated with the Deepwater Horizon Accident." (2010). Global Interdependence Meeting on Energy Issues. Baton Rouge, LA. August 12, 2010.

97. "Overview and Issues Associated with the Deepwater Horizon Accident." (2010). Regional Roundtable Webinar. National Association for Business Economics. August 10, 2010.

98. "Deepwater Moratorium: Overview of Impacts for Louisiana." Louisiana Association of Business and Industry Meeting. Baton Rouge, LA. June 25, 2010.

99. Moderator. Senior Executive Roundtable on Industrial Energy Efficiency. U.S. Department of Energy Conference on Industrial Efficiency. Office of Renewable Energy and Energy Efficiency. Royal Sonesta Hotel, New Orleans, LA. May 21, 2010.

100. "The Energy Outlook: Trends and Policies Impacting Southeastern Natural Gas Supply and Demand Growth." Second Annual Local Economic Analysis and Research Network ("LEARN") Conference. Federal Reserve Bank of Atlanta. March 29, 2010.

101. "Natural Gas Supply Issues: Gulf Coast Supply Trends and Implications for Louisiana." Energy Bar Association, New Orleans Chapter Meeting. Jones Walker Law Firm. January 28, 2010, New Orleans, LA.

102. "Potential Impacts of Federal Greenhouse Gas Legislation on Louisiana Industry." LCA Government Affairs Committee Meeting. November 10, 2009. Baton Rouge, LA

103. "Regulatory and Ratemaking Issues Associated with Cost and Revenue Tracker Mechanisms." National Association of State Utility Consumer Advocates ("NASUCA") Annual Meeting. November 10, 2009.

104. "Louisiana's Stakes in the Greenhouse Gas Debate." Louisiana Chemical Association

and Louisiana Chemical Industry Alliance Annual Meeting: The Billing Dollar Budget Crisis: Catastrophe or Change? New Orleans, LA.

105. "Gulf Coast Energy Outlook: Issues and Trends." Women's Energy Network, Louisiana Chapter. September 17, 2009. Baton Rouge, LA.

106. "Gulf Coast Energy Outlook: Issues and Trends." Natchez Area Association of Energy Service Companies. September 15, 2009, Natchez, MS.

107. "The Small Picture: The Cost of Climate Change to Louisiana." Louisiana Association of Business and Industry, U.S. Chamber of Commerce, Louisiana Oil and Gas Association, and LSU Center for Energy Studies Conference: Can Louisiana Make a Buck After Climate Change Legislation? August 21, 2009. Baton Rouge, LA.

108. "Carbon Legislation and Clean Energy Markets: Policy and Impacts." National Association of Conservation Districts, South Central Region Meeting. August 14, 2009. Baton Rouge, LA.

109. "Evolving Carbon and Clean Energy Markets." The Carbon Emissions Continuum: From Production to Consumption." Jones Walker Law Firm and LSU Center for Energy Studies Workshop. June 23, 2009. Baton Rouge, LA

110. "Potential Impacts of Cap and Trade on Louisiana Ratepayers: Preliminary Results." (2009). Briefing before the Louisiana Public Service Commission. Business and Executive Meeting, May 12, 2009. Baton Rouge, LA.

111. "Natural Gas Outlook." (2009). Briefing before the Louisiana Public Service Commission. Business and Executive Meeting, May 12, 2009. Baton Rouge, LA.

112. "Gulf Coast Energy Outlook: Issues and Trends." (2009). ISA-Lafayette Technical Conference & Expo. Cajundome Conference Center. Lafayette, Louisiana. March 12, 2009.

113. "The Cost of Energy Independence, Climate Change, and Clean Energy Initiatives on Utility Ratepayers." (2009). National Association of Business Economics (NABE). 25th Annual Washington Economic Policy Conference: Restoring Financial and Economic Stability. Arlington, VA March 2, 2009.

114. Panelist, "Expanding Exploration of the U.S. OCS" (2009). Deep Offshore Technology International Conference and Exhibition. PennWell. New Orleans, Louisiana. February 4, 2009.

115. "Gulf Coast Energy Outlook." (2008.) Atmos Energy Regional Management Meeting. Louisiana and Mississippi Division. New Orleans, Louisiana. October 8, 2008.

116. "Background, Issues, and Trends in Underground Hydrocarbon Storage." (2008). Presentation before the LSU Center for Energy Studies Industry Advisory Board Meeting. Baton Rouge, Louisiana. August 27, 2008.

117. "Greenhouse Gas Regulations and Policy: Implications for Louisiana." (2008). Presentation before the Praxair Customer Seminar. Houston, Texas, August 14, 2008.

118. "Market and Regulatory Issues in Alternative Energy and Louisiana Initiatives." (2008). Presentation before the 2008 Statewide Clean Cities Coalition Conference: Making Sense of Alternative Fuels and Advanced Technologies. New Orleans, Louisiana, March 27, 2008.

119. "Regulatory Issues in Rate Design, Incentives, and Energy Efficiency." (2007) Presentation before the New Hampshire Public Utilities Commission. Workshop on Energy Efficiency and Revenue Decoupling. November 7, 2007.

120. "Regulatory Issues for Consumer Advocates in Rate Design, Incentives, and Energy Efficiency." (2007). National Association of State Utility Consumer Advocates, Mid-Year Meeting. June 12, 2007.

121. "Regulatory and Policy Issues in Nuclear Power Plant Development." (2007). LSU Center for Energy Studies Industry Advisory Council Meeting. Baton Rouge, LA. March 23, 2007.

122. "Oil and Gas in the Gulf of Mexico: A North American Perspective." (2007). Canadian Consulate, Heads of Mission EnerNet Workshop, Houston, Texas. March 20, 2007.

123. "Regulatory Issues for Consumer Advocates in Rate Design, Incentives & Energy Efficiency. (2007). National Association of State Utility Consumer Advocates ("NASUCA") Gas Committee Monthly Meeting. February 13, 2006.

124. "Recent Trends in Natural Gas Markets." (2006). National Association of Regulatory Utility Commissioners, 118th Annual Convention. Miami, FL November 14, 2006.

125. "Energy Markets: Recent Trends, Issues & Outlook." (2006). Association of Energy Service Companies (AESC) Meeting. Petroleum Club, Lafayette, LA, November 8, 2006.

126. "Energy Outlook" (2006). National Business Economics Issues Council. Quarterly Meeting, Nashville, TN, November 1-2, 2006.

127. "Global and U.S. Energy Outlook." (2006). Energy Virginia Conference. Virginia Military Institute, Lexington, VA October 17, 2006.

128. "Interdependence of Critical Energy Infrastructure Systems." (2006). Cross Border Forum on Energy Issues: Security and Assurance of North American Energy Systems. Woodrow Wilson Center for International Scholars. Washington, DC, October 13, 2006.

129. "Determining the Economic Value of Coastal Preservation and Restoration on Critical Energy Infrastructure." (2006) The Economic and Market Impacts of Coastal Restoration: America's Wetland Economic Forum II. Washington, DC September 28, 2006.

130. "Relationships between Power and Other Critical Energy Infrastructure." (2006). Rebuilding the New Orleans Region: Infrastructure Systems and Technology Innovation Forum. United Engineering Foundation. New Orleans, LA, September 24-25, 2006.

131. "Outlook, Issues, and Trends in Energy Supplies and Prices." (2006.) Presentation to the Southern States Energy Board, Associate Members Meeting. New Orleans, Louisiana. July 14, 2006.

132. "Energy Sector Outlook." (2006). Baton Rouge Country Club Meeting. Baton Rouge, Louisiana. July 11, 2006.

133. "Oil and Gas Industry Post 2005 Storm Events." (2006). American Petroleum Institute, Teche Chapter. Production, Operations, and Regulations Annual Meeting. Lafayette, Louisiana. June 29, 2006.

134. "Concentration of Energy Infrastructure in Hurricane Regions." (2006). Presentation before the National Commission on Energy Policy Forum: Ending the Stalemate on LNG Facility Siting. Washington, DC. June 21, 2006.

135. "LNG—A Premier." (2006). Presentation Given to the U.S. Department of Energy's "LNG Forums." Los Angeles, California. June 1, 2006.

136. "Regional Energy Infrastructure, Production and Outlook." (2006). Executive Briefing for Board of Directors, Louisiana Oil and Gas Plc., Enhanced Exploration, Inc. and Energy Self-Service, Inc. Covington, Louisiana, May 12, 2006.

137. "The Impacts of the Recent Hurricane Season on Energy Production and Infrastructure and Future Outlook." Presentation before the Industrial Energy Technology Conference 2006. New Orleans, Louisiana, May 9, 2006.

138. "Update on Regional Energy Infrastructure and Production." (2006). Executive Briefing for Delegation Participating in U.S. Department of Commerce Gulf Coast Business Investment Mission. Baton Rouge, Louisiana May 5, 2006.

139. "Hurricane Impacts on Energy Production and Infrastructure." (2006). Presentation before the Interstate Natural Gas Association of America Mid-Year Meeting. Hyatt Regency Hill Country. April 21, 2006.

140. "LNG—A Premier." Presentation Given to the U.S. Department of Energy's "LNG Forums." Astoria, Washington. April 28, 2006.

141. Natural Gas Market Outlook. Invited Presentation Given to the Georgia Public Service Commission and Staff. Georgia Institute of Technology, Atlanta, Georgia. March 10, 2006.

142. The Impacts of Hurricanes Katrina and Rita on Louisiana's Energy Industry. Presentation to the Louisiana Economic Development Council. Baton Rouge, Louisiana. March 8, 2006.

143. Energy Markets: Hurricane Impacts and Outlook. Presentation to the 2006 Louisiana Independent Oil and Gas Association Annual Conference. L'Auberge du Lac Resort and Casino. Lake Charles, Louisiana. March 6, 2006

144. Energy Market Outlook and Update on Hurricane Damage to Energy Infrastructure. Presentation to the Energy Council 2005 Global Energy and Environmental Issues Conference. Santa Fe, New Mexico, December 10, 2005.

145. "Putting Our Energy Infrastructure Back Together Again." Presentation Before the 117th Annual Convention of the National Association of Regulatory Utility Commissioners (NARUC). November 15, 2005. Palm Springs, CA

146. "Hurricanes and the Outlook for Energy Markets." Presentation before the Baton Rouge Rotary Club. November 9, 2005, Baton Rouge, LA.

147. "Hurricanes, Energy Supplies and Prices." Presentation before the Louisiana Department of Natural Resources and Atchafalaya Basin Committee Meeting. November 8, 2005. Baton Rouge, LA.

148. "The Impact of the Recent Hurricane's on Louisiana's Energy Industry." Presentation before the Louisiana Independent Oil and Gas Association Board of Directors Meeting. November 8, 2005. Baton Rouge, LA.

149. "The Impact of the Recent Hurricanes on Louisiana's Infrastructure and National Energy Markets." Presentation before the Baton Rouge City Club Distinguished Speaker Series. October 13, 2005. Baton Rouge, LA.

150. “The Impact of the Recent Hurricanes on Louisiana’s Infrastructure and National Energy Markets.” Presentation before Powering Up: A Discussion About the Future of Louisiana’s Energy Industry. Special Lecture Series Sponsored by the Kean Miller Law Firm. October 13, 2005. Baton Rouge, LA.

151. “The Impact of Hurricane Katrina on Louisiana’s Energy Infrastructure and National Energy Markets.” Special Lecture on Hurricane Impacts, LSU Center for Energy Studies, September 29, 2005.

152. “Louisiana Power Industry Overview.” Presentation before the Clean Air Interstate Rule Implementation Stakeholders Meeting. August 11, 2005. Louisiana Department of Environmental Quality.

153. “CES 2005 Legislative Support and Outlook for Energy Markets and Policy.” Presentation before the LMOGA/LCA Annual Post-Session Legislative Committee Meeting. August 10-13, 2005. Perdido Key, Florida.

154. “Electric Restructuring: Past, Present, and Future.” Presentation to the Southeastern Association of Tax Administrators Annual Conference. Sheraton Hotel and Conference Facility. New Orleans, LA July 12, 2005.

155. “The Outlook for Energy.” Lagniappe Studies Continuing Education Course. Baton Rouge, LA. July 11, 2005.

156. “The Outlook for Energy.” Sunshine Rotary Club. Baton Rouge, LA. April 27, 2005.

157. “Background and Overview of LNG Development.” Energy Council Workshop on LNG/CNG. Biloxi, Ms: Beau Rivage Resort and Hotel, April 9, 2005.

158. “Natural Gas Supply, Prices, and LNG: Implications for Louisiana Industry.” Cytec Corporation Community Advisory Panel. Fortier, LA January 14, 2005.

159. “The Economic Opportunities for a Limited Industrial Retail Choice Plan.” Louisiana Department of Economic Development. Baton Rouge, Louisiana. November 19, 2004.

160. “Energy Issues for Industrial Customers of Gas and Power.” Louisiana Association of Business and Industry, Energy Council Meeting. Baton Rouge, Louisiana. October 11, 2004.

161. “Energy Issues for Industrial Customers of Gas and Power.” Annual Meeting of the Louisiana Chemical Association and the Louisiana Chemical Industry Alliance. Point Clear, Alabama. October 8, 2004.

162. “Energy Issues for Industrial Customers of Gas and Power.” American Institute of Chemical Engineers – New Orleans Section. New Orleans, LA. September 22, 2004.

163. “Natural Gas Supply, Prices and LNG: Implications for Louisiana Industry.” Dow Chemical Company Community Advisory Panel Meeting. Plaquemine, LA. August 9, 2004.

164. “Energy Issues for Industrial Customers of Gas and Power.” Louisiana Chemical Association Post-Legislative Meeting. Springfield, LA. August 9, 2004.

165. “LNG In Louisiana.” Joint Meeting of the Louisiana Economic Development Council and the Governors Cabinet Advisory Council. Baton Rouge, LA. August 5, 2004.

166. “Louisiana Energy Issues.” Louisiana Mid-Continent Oil and Gas Association Post Legislative Meetings. Sandestin, Florida. July 28, 2004.

167. "The Gulf South: Economic Opportunities Related to LNG." Presentation before the Energy Council's 2004 State and Provincial Energy and Environmental Trends Conference. Point Clear, AL, June 26, 2004.

168. "Natural Gas and LNG Issues for Louisiana." Presentation before the Rhodia Community Advisory Panel. May 20, 2004, Baton Rouge, LA.

169. "The Economic Opportunities for LNG Development in Louisiana." Presentation before the Louisiana Chemical Association Plant Managers Meeting. May 27, 2004. Baton Rouge, LA.

170. The Economic Opportunities for LNG Development in Louisiana." Presentation before the Louisiana Chemical Association/Louisiana Chemical Industry Alliance Legislative Conference. May 26, 2004. Baton Rouge, LA.

171. "The Economic Opportunities for LNG Development in Louisiana." Presentation before the Petrochemical Industry Cluster, Greater New Orleans, Inc. May 19, 2004, Destrehan, LA.

172. "Industry Development Issues for Louisiana: LNG, Retail Choice, and Energy." Presentation before the LSU Center for Energy Studies Industry Associates. May 14, 2004, Baton Rouge, LA.

173. "The Economic Opportunities for LNG Development in Louisiana." Presentation before the Board of Directors, Greater New Orleans, Inc. May 13, 2004, New Orleans, LA.

174. "Natural Gas Outlook: Trends and Issues for Louisiana." Presentation before the Louisiana Joint Agricultural Association Meetings. January 14, 2004, Hotel Acadiana, Lafayette, Louisiana.

175. "Natural Gas Outlook" Presentation before the St. James Parish Community Advisory Panel Meeting. January 7, 2004, IMC Production Facility, Convent, Louisiana.

176. "Competitive Bidding in the Electric Power Industry." Presentation before the Association of Energy Engineers. Business Energy Solutions Expo. December 11-12, 2003, New Orleans, Louisiana.

177. "Regional Transmission Organization in the South: The Demise of SeTrans" Presentation before the LSU Center for Energy Studies Industry Associates Advisory Council Meeting. December 9, 2003. Baton Rouge, Louisiana.

178. "Affordable Energy: The Key Component to a Strong Economy." Presentation before the National Association of Regulatory Utility Commissioners ("NARUC"), November 18, 2003, Atlanta, Georgia.

179. "Natural Gas Outlook." Presentation before the Louisiana Chemical Association, October 17, 2003, Pointe Clear, Alabama.

180. "Issues and Opportunities with Distributed Energy Resources." Presentation before the Louisiana Biomass Council. April 17, 2003, Baton Rouge, Louisiana.

181. "What's Happened to the Merchant Energy Industry? Issues, Challenges, and Outlook" Presentation before the LSU Center for Energy Studies Industry Associates Advisory Council Meeting. November 12, 2002. Baton Rouge, Louisiana.

182. “An Introduction to Distributed Energy Resources.” Presentation before the U.S. Department of Energy, Office of Renewable Energy and Energy Efficiency, State Energy Program/Rebuild America Conference, August 1, 2002, New Orleans, Louisiana.

183. “Merchant Energy Development Issues in Louisiana.” Presentation before the Program Committee of the Center for Legislative, Energy, and Environmental Research (CLEER), Energy Council. April 19, 2002.

184. “Power Plant Siting Issues in Louisiana.” Presentation before 24th Annual Conference on Waste and the Environment. Sponsored by the Louisiana Department of Environmental Quality. Lafayette, Louisiana, Cajundome. March 12, 2002.

185. “Merchant Power and Deregulation: Issues and Impacts.” Presentation before the Air and Waste Management Association Annual Meeting. Baton Rouge, LA, November 15, 2001.

186. “Moving to the Front of the Lines: The Economic Impact of Independent Power Production in Louisiana.” Presentation before the LSU Center for Energy Studies Merchant Power Generation and Transmission Conference, Baton Rouge, LA. October 11, 2001.

187. “Economic Impacts of Merchant Power Plant Development in Mississippi.” Presentation before the U.S. Oil and Gas Association Annual Oil and Gas Forum. Jackson, Mississippi. October 10, 2001.

188. “Economic Opportunities for Merchant Power Development in the South.” Presentation before the Southern Governor’s Association/Southern State Energy Board Meetings. Lexington, KY. September 9, 2001.

189. “The Changing Nature of the Electric Power Business in Louisiana.” Presentation before the Louisiana Department of Environmental Quality. Baton Rouge, LA, August 27, 2001.

190. “Power Business in Louisiana: Background and Issues.” Presentation before the Louisiana Interagency Group on Merchant Power Development . Baton Rouge, LA, July 16, 2001.

191. “The Changing Nature of the Electric Power Business in Louisiana: Background and Issues.” Presentation before the Louisiana Office of the Governor. Baton Rouge, LA, July 16, 2001.

192. “The Changing Nature of the Electric Power Business in Louisiana: Background and Issues.” Presentation before the Louisiana Department of Economic Development. Baton Rouge, LA, July 3, 2001.

193. “The Economic Impacts of Merchant Power Plant Development In Mississippi.” Presentation before the Mississippi Public Service Commission. Jackson, Mississippi, March 20, 2001.

194. “Energy Conservation and Electric Restructuring.” With Ritchie D. Priddy. Presentation before the Louisiana Department of Natural Resources. Baton Rouge, Louisiana, October 23, 2000.

195. “Pricing and Regulatory Issues Associated with Distributed Energy.” Joint Conference by Econ One Research, Inc., the Louisiana State University Distributed Energy Resources Initiative, and the University of Houston Energy Institute: “Is the Window Closing for Distributed Energy?” Houston, Texas, October 13, 2000.

196. "Electric Reliability and Merchant Power Development Issues." Technical Meetings of the Louisiana Public Service Commission. Baton Rouge, LA. August 29, 2000.

197. "A Introduction to Distributed Energy Resources." Summer Meetings, Southeastern Association of Regulatory Utility Commissioners (SEARUC). New Orleans, LA. June 27, 2000.

198. Roundtable Moderator/Discussant. Mid-South Electric Reliability Summit. U.S. Department of Energy. New Orleans, Louisiana. April 24, 2000.

199. "Electricity 101: Definitions, Precedents, and Issues." Energy Council's 2000 Federal Energy and Environmental Matters Conference. Loews L'Enfant Plaza Hotel, Washington, D.C. March 11-13, 2000.

200. "LSU/CES Distributed Energy Resources Initiatives." Los Alamos National Laboratories. Office of Energy and Sustainable Systems. Los Alamos, New Mexico. February 16, 2000.

201. "Distributed Energy Resources Initiatives." Louisiana State University, Center for Energy Studies Industry Associates Meeting. Baton Rouge, Louisiana. December 15, 1999.

202. "Merchant Power Opportunities in Louisiana." Louisiana Mid-Continent Oil and Gas Association (LMOGA) Power Generation Committee Meetings. Baton Rouge, Louisiana. November 10, 1999.

203. Roundtable Discussant. "Environmental Regulation in a Restructured Market" The Big E: How to Successfully Manage the Environment in the Era of Competitive Energy. PUR Conference. New Orleans, Louisiana. May 24, 1999.

204. "The Political Economy of Electric Restructuring In the South" Southeastern Electric Exchange, Rate Section Annual Conference. New Orleans, Louisiana. May 7, 1999.

205. "The Dynamics of Electric Restructuring in Louisiana." Joint Meeting of the American Association of Energy Engineers and the International Association of Facilities Managers. Metairie, Louisiana. April 29, 1999.

206. "The Implications of Electric Restructuring on Independent Oil and Gas Operations." Petroleum Technology Transfer Council Workshop: Electrical Power Cost Reduction Methods in Oil and Gas Field Operations. Lafayette, Louisiana, March 24, 1999.

207. "What's Happened to Electricity Restructuring in Louisiana?" Louisiana State University, Center for Energy Studies Industry Associates Meeting. March 22, 1999.

208. "A Short Course on Electric Restructuring." Central Louisiana Electric Company. Sales and Marketing Division. Mandeville, Louisiana, October 22, 1998.

209. "The Implications of Electric Restructuring on Independent Oil and Gas Operations." Petroleum Technology Transfer Council Workshop: Electrical Power Cost Reduction Methods in Oil and Gas Field Operations. Shreveport, Louisiana, October 13, 1998.

210. "How Will Utility Deregulation Affect Tourism." Louisiana Travel Promotion Association Annual Meeting, Alexandria, Louisiana. January 15, 1998.

211. "Reflections and Predictions on Electric Utility Restructuring in Louisiana." With Fred I. Denny. Louisiana State University, Center for Energy Studies Industry Associates Meeting. November 20, 1997.

212. "Electric Utility Restructuring in Louisiana." Hammond Chamber of Commerce, Hammond, Louisiana. October 30, 1997.

213. "Electric Utility Restructuring." Louisiana Association of Energy Engineers. Baton Rouge, Louisiana. September 11, 1997.

214. "Electric Utility Restructuring: Issues and Trends for Louisiana." Opelousas Chamber of Commerce, Opelousas, Louisiana. June 24, 1997.

215. "The Electric Utility Restructuring Debate In Louisiana: An Overview of the Issues." Annual Conference of the Public Affairs Research Council of Louisiana. Baton Rouge, Louisiana. March 25, 1997.

216. "Electric Restructuring: Louisiana Issues and Outlook for 1997." Louisiana State University, Center for Energy Studies Industry Associates Meeting, Baton Rouge, Louisiana, January 15, 1997.

217. "Restructuring the Electric Utility Industry." Louisiana Propane Gas Association Annual Meeting, Alexandria, Louisiana, December 12, 1996.

218. "Deregulating the Electric Utility Industry." Eighth Annual Economic Development Summit, Baton Rouge, Louisiana, November 21, 1996.

219. "Electric Utility Restructuring in Louisiana." Jennings Rotary Club, Jennings, Louisiana, November 19, 1996.

220. "Electric Utility Restructuring in Louisiana." Entergy Services, Transmission and Distribution Division, Energy Centre, New Orleans, Louisiana, September 12, 1996

221. "Electric Utility Restructuring" L ouisiana Electric Cooperative Association, Baton Rouge, Louisiana, August 27, 1996.

222. "Electric Utility Restructuring -- Background and Overview." Louisiana Public Service Commission, Baton Rouge, Louisiana, August 14, 1996.

223. "Electric Utility Restructuring." Sunshine Rotary Club Meetings, Baton Rouge, Louisiana, August 8, 1996.

224. Roundtable Moderator, "Stakeholder Perspectives on Electric Utility Stranded Costs." Louisiana State University, Center for Energy Studies Seminar on Electric Utility Restructuring in Louisiana, Baton Rouge, May 29, 1996.

225. Panelist, "Deregulation and Competition." American Nuclear Society: Second Annual Joint Louisiana and Mississippi Section Meetings, Baton Rouge, Louisiana, April 20, 1996.

<u>EXPERT WITNESS, LEGISLATIVE, AND PUBLIC TESTIMONY; EXPERT REPORTS, RECOMMENDATIONS, AND AFFIDAVITS</u>

1. Expert Testimony. Formal Case No. 1139. (2016). Before the Public Service Commission of the District of Columbia. *In the Matter of the Application of Potomac Electric Power Company for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service.* On the Behalf of the Office of the People's Counsel for the District of Columbia. Issues: cost of service, rate design, alternative regulation.

2. Expert Affidavit. Docket No. CP15-558-000 (2016). Before the United States of America Federal Energy Regulatory Commission. *PennEast Pipeline Company, LLC*. Affidavit

and Reply Affidavit. On the Behalf of the New Jersey Division of Rate Counsel. Issues: pipeline capacity, peak day requirements.

3. Expert Testimony. Docket No. RPU-2016-0002. (2016). Before the Iowa Utilities Board. *In re: Iowa American Water Company application for revision of rates.* On behalf of the Citizens of the State of Florida. Issue: revenue stabilization mechanism, revenue decoupling.

4. Expert Testimony. Docket No. 15-015-U. Before the Arkansas Public Service Commission. *In the Matter of the Formula Rate Plan Filings of Entergy Arkansas, Inc., Pursuant to APSC Docket No. 15-015-U*. On behalf of the Office of the Arkansas Attorney General Leslie Rutledge. Issue: formula rate plan evaluation.

5. Expert Testimony. Docket Nos. 160021-EI, 160061-EI, 160062-EI, and 160088-EI. (2016). Before the Florida Public Service Commission. *In re: Petition for rate increase by Florida Power & Light Company (consolidated).* On behalf of the Office of Consumer Advocate, Iowa Department of Justice. Issue: load forecasting.

6. Expert Testimony. Docket Nos. 160021-EI, 160061-EI, 160062-EI, and 160088-EI. (2016). Before the Florida Public Service Commission. *In re: Petition for rate increase by Florida Power & Light Company (consolidated).* On behalf of the Citizens of the State of Florida. Issue: off-system sales incentives.

7. Expert Testimony. Project No. 5-103. (2016). United States of America Federal Energy Regulatory Commission. *Confederated Salish and Kootenai Tribes Energy Keepers, Incorporated*. On behalf of the Flathead, Mission, and Jocko Valley Irrigation Districts and the Flathead Joint Board of Control of the Flathead, Mission, and Jocko Valley Irrigation Districts.

8. Expert Testimony. Docket No. 15-098-U. (2016). Before the Arkansas Public Service Commission. *In the Matter of the Application of CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Arkansas Gas for a General Change or Modification in its Rates, Charges and Tariffs.* On behalf of the Office of the Arkansas Attorney General. Issues: formula rate plan, cost of service and rate design.

9. Expert Testimony. BPU Docket No. GM15101196. (2016). *In the Matter of the Merger of Southern Company and AGL Resources, Inc*. On behalf of the New Jersey Division of Rate Counsel. Issues: merger standards of review, customer dividend contributions, synergy savings and costs to achieve, ratemaking treatment of merger-related costs.

10. Expert Testimony. Docket No. 15-078-U. (2015). Before the Arkansas Public Service Commission. *In the Matter of the Joint Application of SourceGas Inc., SourceGas LLC, SourceGas Holdings LLC and Black Hills Utility Holdings, Inc. for all Necessary Authorizations and Approvals for Black Hills Utility Holdings, Inc. to Acquire SourceGas Holdings LLC.* On behalf of the Office of the Arkansas Attorney General. Issues: public policy and regulatory policy associated with the acquisition.

11. Expert Testimony. Docket No. 15-031-U. (2015). Before the Arkansas Public Service Commission. *In the Matter of the Application of SourceGas Arkansas Inc. for an Order Approving the Acquisition of Certain Storage Facilities and the Recovery of Investments and Expenses Associated Therewith.* On behalf of the Office of the Arkansas Attorney General. Issues: cost-benefit analysis, transmission cost analysis, and a due diligence analysis.

12. Expert Testimony. Docket No. 15-015-U. (2015). Before the Arkansas Public Service Commission. *In the Matter of the Application of Entergy Arkansas, Inc. for Approval of Changes in Rates for Retail Electric Service.* On behalf of the Office of the Arkansas Attorney General. Issues: economic development riders and production plant cost allocation.

13. Expert Testimony. Docket No. 7970. (2015). Before the Vermont Public Service Board. *Petition of Vermont Gas Systems, Inc., for a certificate of public good pursuant to 30 V.S.A.§ 248, authorizing the construction of the "Addison Natural Gas Project" consisting of approximately 43 miles of new natural gas transmission pipeline in Chittenden and Addison Counties, approximately 5 miles of new distribution mainlines in Addison County, together with three new gate stations in Williston, New Haven, and Middlebury, Vermont*. On behalf of AARP-Vermont. Issues: net economic benefits of proposed natural gas transmission project.

14. Expert Testimony. File No. ER-2014-0370 (2015). Before the Public Service Commission of the State of Missouri. *In the Matter of Kansas City Power & Light Company for Authority Implement A General Rate Increase for Electric Service*. On behalf of the Missouri Office of the People's Counsel. Issues: customer charges, rate design, revenue distribution, class cost of service, and policy and ratemaking considerations in connection with electric vehicle charging stations.

15. Expert Testimony. File No. ER-2014-0351 (2015). Before the Public Service Commission of the State of Missouri. *In the Matter of The Empire District Electric Company for Authority To File Tariffs Increasing Rates for Electric Service Provided to Customers In the Company's Missouri Service Area*. On behalf of the Missouri Office of the People's Counsel. Issues: customer charges, rate design, revenue distribution, and class cost of service.

16. Expert Testimony. D.P.U. 14-130 (2015). Before the Massachusetts Department of Public Utilities. *Petition of Fitchburg Gas and Electric Light Company d/b/a Unitil for approval by the Department of Public Utilities of the Company's 2015 Gas System Enhancement Program Plan, pursuant to G.L. c. 164, § 145, and for rates effective May 1, 2015.* On behalf of the Attorney General's Office. Issues: ratepayer protections, cost allocations, rate design, performance metrics.

17. Expert Testimony. D.P.U. 14-131 (2015). Before the Massachusetts Department of Public Utilities. *Petition of The Berkshire Gas Company for approval by the Department of Public Utilities of the Company's Gas System Enhancement Program Plan for 2015, pursuant to G.L. c. 164, § 145, and for rates effective May 1, 2015*. On behalf of the Attorney General's Office. Issues: ratepayer protections, cost allocations, rate design, performance metrics.

18. Expert Testimony. D.P.U. 14-132 (2015). Before the Massachusetts Department of Public Utilities. *Petition of Boston Gas Company and Colonial Gas Company d/b/a National Grid for approval by the Department of Public Utilities of the Companies' Gas System Enhancement Program for 2015, pursuant to G.L. c. 164, § 145, and for rates effective May 1, 2015*. On behalf of the Attorney General's Office. Issues: ratepayer protections, cost allocations, rate design, performance metrics.

19. Expert Testimony. D.P.U. 14-133 (2015). Before the Massachusetts Department of Public Utilities. *Petition of Liberty Utilities for approval by the Department of Public Utilities of the Company's Gas System Enhancement Program Plan for 2015, pursuant to G.L. c. 164, §*

145, and for rates effective May 1, 2015. On behalf of the Attorney General's Office. Issues: ratepayer protections, cost allocations, rate design, performance metrics.

20. Expert Testimony. D.P.U. 14-134 (2015). Before the Massachusetts Department of Public Utilities. *Petition of Bay State Gas Company d/b/a Columbia Gas of Massachusetts for approval by the Department of Public Utilities of the Company's Gas System Enhancement Program Plan for 2015, pursuant to G.L. c. 164, § 145, and for rates to be effective May 1, 2015*. On behalf of the Attorney General's Office. Issues: ratepayer protections, cost allocations, rate design, performance metrics.

21. Expert Testimony. D.P.U. 14-135 (2015). Before the Massachusetts Department of Public Utilities. *Petition of NSTAR Gas Company for approval by the Department of Public Utilities of the Company's Gas System Enhancement Program Plan for 2015, pursuant to G.L. c. 164, § 145, and for rates to be effective May 1, 2015*. On behalf of the Attorney General's Office. Issues: ratepayer protections, cost allocations, rate design, performance metrics.

22. Expert Report. Docket No. X-33192 (2015). Before the Louisiana Public Service Commission. *Examination of the Comprehensive Costs and Benefits of Net Metering in Louisiana*. On behalf of the Louisiana Public Service Commission. Issues: cost-benefit, cost of service, rate impact.

23. Expert Testimony. F.C. 1119 (2014). Before the District of Columbia Public Service Commission. *In the Matter of the Merger of Exelon Corporation, Pepco Holdings, Inc., Potomac Electric Power Company, Exelon Energy Delivery Company, LLC, and new Special Purpose Entity, LLC*. On behalf of the Office of the People's Counsel. Issues: economic impact analysis, reliability, consumer investment fund, regulatory oversight, impacts to competitive electricity markets.

24. Expert Report. Civil Action 1:08-cv-0046 (2014). Before the U.S. District Court for the Southern District of Ohio. *Anthony Williams, et al., v. Duke Energy International, Inc., et al.* On behalf of Markovits, Stock & DeMarco, Attorneys & Counselors at Law. Issues: public utility regulation, electric power markets, economic harm.

25. Expert Testimony. D.P.U. 14-64 (2014). Before the Massachusetts Department of Public Utilities. *NSTAR Gas Company/HOPCO Gas Services Agreement. On behalf of the Office of the Public Advocate*. Issues: certain ratemaking features associated with the proposed Gas Service Agreement.

26. Expert Testimony. Docket Nos. 14-0224 and 14-0225 (2014). Before the Illinois Commerce Commission. *In the Matter of the Peoples Gas Light and Coke Company and North Shore Gas Company Proposed General Increase in Rates for Gas Service (consolidated)*. On behalf of the People of the State of Illinois. Issues: test year expenses, cost benchmarking analysis, pipeline replacement, and leak rate comparisons.

27. Expert Testimony. Docket 8191 (2014). Before the Vermont Public Service Board. *In Re: Petition of Green Mountain Power Corporation for Approval of a Successor Alternative Regulation Plan.* On the behalf of AARP-Vermont. Issues: Alternative Regulation.

28. Expert Testimony. Docket No. 2013-00168 (2014). Before the Maine Public Utilities Commission. *In the Matter of the Request for Approval of an Alternative Rate Plan (ARP 2014) Pertaining to Central Maine Power Company*. On behalf of the Office of the Public Advocate. Issues: class cost of service study, marginal cost of service study, revenue

distribution and rate design.

29. Expert Testimony. D.P.U. 13-90 (2013). Before the Massachusetts Department of Public Utilities. *Petition of Fitchburg Gas and Electric Light Company (Electric Division) d/b/a Unitil to the Department of Public Utilities for approval of the rates and charges and increase in base distribution rates for electric service.* On behalf of the Office of the Ratepayer Advocate. Issues: capital cost adjustment mechanism and performance-based regulation.

30. Expert Testimony. BPU Docket Nos. EO13020155 and GO13020156. (2013). Before the State of New Jersey Board of Public Utilities. *I/M/O The Petition of Public Service Electric & Gas Company for the Approval of the Energy Strong Program.* On behalf of the Division of Rate Counsel. Issues: economic impact, infrastructure replacement program rider, pipeline replacement, leak rate comparisons and cost benefit analysis.

31. Expert Testimony. D.P.U. 13-75 (2013). Before the Massachusetts Department of Public Utilities. *Investigation by the Department of Public Utilities on its Own Motion as to the Propriety of the Rates and Charges by Bay State Gas Company d/b/a Columbia Gas of Massachusetts set forth in Tariffs M.D.P.U. Nos. 140 through 173, and Approval of an Increase in Base Distribution Rates for Gas Service Pursuant to G.L. c. 164, § 94 and 220 C.M.R. § 5.00 et seq., filed with the Department on April 16, 2013, to be effective May 1, 2013*. On the Behalf of the Office of the Attorney General, Office of Ratepayer Advocacy. Issues: Target infrastructure replacement program rider, pipeline replacement, and leak rate comparisons; environmental benefits analysis; O&M offset; and cost benchmarking analysis.

32. Expert Testimony. Docket No. 13-115 (2013). Before the Delaware Public Service Commission. *In the Matter of the Application of Delmarva Power & Light Company FOR an Increase in Electric Base Rates and Miscellaneous Tariff Changes* (Filed March 22, 2013). On the Behalf of Division of the Public Advocate. Issues: pro forma infrastructure proposal, class cost of service study, revenue distribution, and rate design.

33. Expert Testimony. Formal Case No. 1103 (2013). Before the Public Service Commission of the District of Columbia. *In the Matter of the Application of the Potomac Electric Power Company for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service*. On the Behalf of the Office of the People's Counsel of the District of Columbia. Issues: Pro forma adjustment for reliability investments.

34. Expert Testimony. Case No. 9326 (2013). Before the Public Service Commission of Maryland. *In the Matter of the Application of Baltimore Gas and Electric Company for Adjustments to its Electric and Gas Base Rates*. On the Behalf of the Maryland Office of the People's Counsel. Issues: Electric Reliability Investment ("ERI") initiatives, pro forma gas infrastructure proposal, tracker mechanisms, class cost of service study, revenue distribution, and rate design

35. Rulemaking Testimony. (2013). Before the Louisiana Tax Commission. Examination of Louisiana Assessors' Association Well Diameter Analysis, economic development policies regarding midstream assets and industrial development.

36. Expert Testimony. Case No. 9317 (2013). Before the Public Service Commission of Maryland. *In the Matter of the Application of Delmarva Power & Light Company for Adjustments to its Retail Rates for the Distribution of Electric Energy*. Direct, and Surrebuttal. On the Behalf of the Maryland Office of the People's Counsel. Issues: Grid

Resiliency Charge, tracker mechanisms, pipeline replacement, class cost of service study, revenue distribution, and rate design.

37. Expert Testimony. Case No. 9311 (2013). Before the Public Service Commission of Maryland. *In the Matter of the Application of Potomac Electric Power Company for an Increase in its Retail Rates for the Distribution of Electric Energy*. Direct, and Surrebuttal. On the Behalf of the Maryland Office of the People's Counsel. Issues: Grid Resiliency Charge, tracker mechanisms, pipeline replacement, class cost of service study, revenue distribution, and rate design.

38. Expert Testimony. Docket No. 12AL-1268G (2013). Before the Public Utilities Commission of the State of Colorado. *In the Matter of the Tariff Sheets Filed by Public Service Company of Colorado with Advice No. 830 – Gas. Answer*. On the Behalf of the Colorado Office of Consumer Counsel. Issues: Pipeline System Integrity Adjustment, tracker mechanisms, pipeline replacement and leak rate comparisons.

39. Expert Testimony. BPU Docket No. EO12080721 (2013). Before the New Jersey Board of Public Utilities. *In the Matter of the Public Service Electric & Gas Company for Approval of an Extension of Solar Generation Program*. On the Behalf of the New Jersey Division of Rate Counsel. Direct, Rebuttal, Surrebuttal. Issues: solar energy market design, solar energy market conditions, solar energy program design and net economic benefits.

40. Expert Testimony. BPU Docket No. EO12080726 (2013). Before the New Jersey Board of Public Utilities. *In the Matter of the Petition of Public Service Electric & Gas Company for Approval of a Solar Loan III Program.* On the Behalf of the New Jersey Division of Rate Counsel. Direct, Rebuttal and Surrebuttal. Issues: solar energy market design, solar energy market conditions, solar energy program design.

41. Expert Testimony. BPU Docket No. EO11050314V. (2012). Before the New Jersey Board of Public Utilities. *In the Matter of the Petition of Fishermen's Atlantic City Windfarm, LLC for the Approval of the State Waters Project and Authorizing Offshore Wind Renewable Energy Certificates*. On the Behalf of the New Jersey Division of Rate Counsel. December 17, 2012. Issues: approval of offshore wind project and ratepayer financial support for the proposed project.

42. Expert Testimony. D.P.U. 12-25. (2012). Before the Massachusetts Department of Public Utilities. *In the Matter of Bay State Gas Company d/b/a/ Columbia Gas Company of Massachusetts Request for Increase in Rates*. On the Behalf of the Office of the Attorney General, Office of Ratepayer Advocacy. Issues: Target infrastructure replacement program rider, pipeline replacement and leak rate comparisons.

43. Expert Testimony. Docket Nos. UE-120436, et.al. (consolidated). (2012). Before the Washington Utilities and Transportation Commission. *Washington Utilities and Transportation Commission v. Avista Corporation D/B/A Avista Utilities*. On the Behalf of the Washington Attorney General, Office of the Public Counsel. Issues: Revenue Decoupling, lost revenues, tracker mechanisms, attrition adjustments.

44. Expert Testimony. Case No. 9286. (2012) Before the Public Service Commission of Maryland. *In Re: Potomac Electric Power Company ("Pepco") General Rate Case*. On the Behalf of the Maryland Office of the People's Counsel. Issues: Capital tracker mechanisms/reliability investment mechanisms, reliability issues, regulatory lag, class cost of service, revenue distribution, rate design.

45. Expert Testimony. Case No 9285. (2012) Before the Public Service Commission of Maryland. *In Re: the Delmarva Power and Light Company General Rate Case*. On the Behalf of the Maryland Office of the People's Counsel. Issues: Capital tracker mechanisms/reliability investment mechanisms, reliability issues, regulatory lag, class cost of service, revenue distribution, rate design.

46. Expert Testimony. Docket Nos. UE-110876 and UG-110877 (consolidated). (2012). Before the Washington Utilities and Transportation Commission. *Washington Utilities and Transportation Commission v. Avista Corporation D/B/A Avista Utilities*. On the Behalf of the Washington Attorney General, Office of the Public Counsel. Issues: Revenue Decoupling, lost revenues, tracker mechanisms.

47. Expert Testimony. BPU Docket No. EO11050314V. (2012). Before the New Jersey Board of Public Utilities. *In the Matter of the Petition of Fishermen's Atlantic City Windfarm, LLC for the Approval of the State Waters Project and Authorizing Offshore Wind Renewable Energy Certificates*. On the Behalf of the New Jersey Division of Rate Counsel. February 3, 2012. Issues: approval of offshore wind project and ratepayer financial support for the proposed project.

48. Expert Testimony. Docket No. NG 0067. (2012). Before the Public Service Commission of Nebraska. *In the Matter of the Application of SourceGas Distribution, LLC Approval of a General Rate Increase*. On the Behalf of the Public Advocate. January 31, 2012. Issues: Revenue Decoupling, Customer Adjustments, Weather Normalization Adjustments, Class Cost of Service Study, Rate Design.

49. Expert Testimony. Docket No. G-04204A-11-0158. (2011). Before the Arizona Corporation Commission. On the Behalf of the Arizona Corporation Commission Staff. *In the Matter of the Application of UNS Gas, Inc. for the Establishment of Just and Reasonable Rates and Charges Designed to Realize a Reasonable Rate of Return on the Fair Value of Its Arizona Properties*. Issues: Revenue Decoupling; Class Cost of Service Modeling; Revenue Distribution; Rate Design.

50. Expert Testimony. Formal Case Number 1087. (2011). Before the Public Service Commission of the District of Columbia. On the Behalf of the Office of the People's Counsel of the District of Columbia. *In the Matter of the Application of Potomac Electric Power Company for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service*. Issues: Regulatory lag, ratemaking principles, reliability-related capital expenditure tracker proposals.

51. Expert Affidavit. Case No. 11-1364. (2011). *The State of Louisiana, the Louisiana Department of Environmental Quality, and the Louisiana Public Service Commission v. United States Environmental Protection Agency and Lisa P. Jackson.* Before the United States Court of Appeals for the District of Columbia Circuit. On the behalf of the State of Louisiana, the Louisiana Department of Environmental Quality, and the Louisiana Public Service Commission. Issues: Impacts of environmental costs on electric utilities, compliance requirements, investment cost of mitigation equipment, multi-area dispatch modeling and plant retirements.

52. Expert Affidavit. Docket No. EPA-HQ-OAR-2009-0491. (2011). Before the U.S. Environmental Protection Agency. *Federal Implementation Plans: Interstate Transport of Fine Particulate Matter and Ozone and Correction of SIP Approvals*. On the Behalf of the Louisiana Public Service Commission. Issues: Impacts of environmental costs on electric

utilities, compliance requirements, investment cost of mitigation equipment, multi-area dispatch modeling and plant retirements.

53. Expert Testimony. Case No. 9296. (2011). Before the Maryland Public Service Commission. *On the Behalf of the Maryland Office of People's Counsel. In the Matter of the Application of Washington Gas Light Company for Authority to Increase Existing Rates and Charges and Revise its Terms and Conditions for Gas Service*. Issues: Infrastructure Cost Recovery Rider; Class Cost of Service Modeling; Revenue Distribution; Rate Design.

54. Expert Testimony. Docket No. G-01551A-10-0458. (2011). Before the Arizona Corporation Commission. On the Behalf of the Arizona Corporation Commission Staff. *In the Matter of the Application of Southwest Gas Corporation for the Establishment of Just and Reasonable Rates and Charges Designed to Realize A Reasonable Rate of Return on the Fair Value of its Properties throughout Arizona*. Issues: Revenue Decoupling; Class Cost of Service Modeling; Revenue Distribution; Rate Design.

55. Expert Testimony. Docket No. 11-0280 and 11-0281. (2011). Before the Illinois Commerce Commission. On the Behalf of the Illinois Attorney General, the Citizens Utility Board, and the City of Chicago, Illinois. *In re: Peoples Gas Light and Coke Company and North Shore Natural Gas Company*. Issues: Revenue Decoupling and Rate Design. (Direct and Rebuttal)

56. Expert Testimony. D.P.U. 11-01. (2011). Before the Massachusetts Department of Public Utilities. On the Behalf of the Office of the Attorney General, Office of Ratepayer Advocacy. *Petition of the Fitchburg Electric and Gas Company (Electric Division) for Approval of A General Increase in Electric Distribution Rates and Approval of a Revenue Decoupling Mechanism*. Issues: Capital Cost Rider, Revenue Decoupling.

57. Expert Testimony. D.P.U. 11-02. (2011). Before the Massachusetts Department of Public Utilities. On the Behalf of the Office of the Attorney General, Office of Ratepayer Advocacy. *Petition of the Fitchburg Electric and Gas Company (Gas Division) for Approval of A General Increase in Electric Distribution Rates and Approval of a Revenue Decoupling Mechanism*. Issues: Pipeline Replacement Rider, Revenue Decoupling.

58. Expert Affidavit. Docket No. EL-11-13 (2011). Before the Federal Energy Regulatory Commission. Petition for Preliminary Ruling, Atlantic Grid Operations. On the Behalf of the New Jersey Division of Rate Counsel. Issues: Offshore wind generation development, offshore wind transmission development, ratemaking treatment of development costs, transmission development incentives.

59. Expert Opinion. Case No. CI06-195. (2011). Before the District Court of Jefferson County, Nebraska. On the Behalf of the City of Fairbury, Nebraska and Michael Beachler. In re: Endicott Clay Products Co. vs. City of Fairbury, Nebraska and Michael Beachler. Issues: rate design and ratemaking, time of use and time differentiated rate structures, empirical analysis of demand and usage trends for tariff eligibility requirements.

60. Expert Testimony. D.P.U. 10-114. (2010). Before the Massachusetts Department of Public Utilities. On the Behalf of the Office of the Attorney General, Office of Ratepayer Advocacy. Petition of the New England Gas Company for Approval of A General Increase in Electric Distribution Rates and Approval of a Revenue Decoupling Mechanism. Issues: infrastructure replacement rider.

61. Expert Testimony. D.P.U. 10-70. (2010). Before the Massachusetts Department of Public

Utilities. Petition of the Western Massachusetts Electric Company for Approval of A General Increase in Electric Distribution Rates and Approval of a Revenue Decoupling Mechanism. On the Behalf of the Office of the Attorney General, Office of Ratepayer Advocacy. Issues: Revenue decoupling; infrastructure replacement rider; performance-based regulation; inflation adjustment mechanisms; and rate design.

62. Expert Testimony. G.U.D. Nos. 998 & 9992. (2010). Before the Texas Railroad Commission. In the Matter of the Rate Case Petition of Texas Gas Services, Inc. On the Behalf of the City of El Paso, Texas. Issues: Cost of service, revenue distribution, rate design, and weather normalization.

63. Expert Testimony. B.P.U Docket No. GR10030225. (2010). Before the New Jersey Board of Public Utilities. In the Matter of the Petition of New Jersey Natural Gas Company for Approval of Regional Greenhouse Gas Initiative Programs and Associated Cost Recovery Mechanisms Pursuant to N.J.S.A. 48:3-98.1. On the Behalf of the Department of the Public Advocate, Division of Rate Counsel. Issues: solar energy proposals, solar securitization issues, solar energy policy issues.

64. Expert Testimony. D.P.U. 10-55. (2010). Before the Massachusetts Department of Public Utilities. Investigation Into the Propriety of Proposed Tariff Changes for Boston Gas Company, Essex Gas Company, and Colonial Gas Company. (d./b./a. National Grid). On the Behalf of the Office of the Attorney General, Office of Ratepayer Advocacy. Issues: Revenue decoupling; pipeline-replacement rider; performance-based regulation; partial productivity factor estimates, inflation adjustment mechanisms; and rate design.

65. Expert Testimony. Cause No.43839. (2010). Before the Indiana Utility Regulatory Commission. In the Matter of Southern Indiana Gas and Electric Company d/b/a/ Vectren Energy Delivery of Indiana, Inc. (Vectren South-Electric). On the behalf of the Indiana Office of Utility Consumer Counselor (OUCC). Issues: revenue decoupling, variable production cost riders, gains on off-system sales, transmission cost riders.

66. Congressional Testimony. Before the United States Congress. (2010). U.S. House of Representatives, Committee on Natural Resources. Hearing on the Consolidated Land, Energy, and Aquatic Resources Act. June 30, 2010.

67. Expert Testimony. Before the City Counsel of El Paso, Texas; Public Utility Regulatory Board. (2010). On the Behalf of the City of El Paso. In Re: Rate Application of Texas Gas Services, Inc. Issues: class cost of service study (minimum system and zero intercept analysis), rate design proposals, weather normalization adjustment, and its cost of service adjustment clause, conservation adjustment clause proposals, and other cost tracker policy issues.

68. Expert Testimony. Docket 09-00183. (2010). Before the Tennessee Regulatory Authority. In the Matter of the Petition of Chattanooga Gas Company for a General Rate Increase, Implementation of the EnergySMART Conservation Programs, and Implementation of a Revenue Decoupling Mechanism. On the Behalf of Tennessee Attorney General, Consumer Advocate & Protection Division. Issues: revenue decoupling and energy efficiency program review and cost effectiveness analysis.

69. Expert Testimony and Exhibits. Docket No. 10-240. (2010). Before the Louisiana Office of Conservation. In Re: Cadeville Gas Storage, LLC. On the Behalf of Cardinal Gas Storage, LLC. Issues: alternative uses and relative economic benefits of conversion of depleted hydrocarbon reservoir for natural gas storage purposes.

70. Expert Testimony. Docket No. 09505-EI. (2010). Before the Florida Public Service Commission. In Re: Review of Replacement Fuel Costs Associated with the February 26, 2008 outage on Florida Power & Light's Electrical System. On the Behalf of the Florida Office of Public Counsel for the Citizens of the State of Florida. Issues: Replacement costs for power outage, regulatory policy/generation development incentives, renewable and energy efficiency incentives.

71. Expert Testimony. Docket 09-00104. (2009). Before the Tennessee Regulatory Authority. In the Matter of the Petition of Piedmont Natural Gas Company, Inc. to Implement a Margin Decoupling Tracker Rider and Related Energy Efficiency and Conservation Programs. On the Behalf of the Tennessee Attorney General, Consumer Advocate & Protection Division. Issues: revenue decoupling, energy efficiency program review, weather normalization.

72. Expert Testimony. Docket Number NG-0060. (2009). Before the Nebraska Public Service Commission. In the Matter of SourceGas Distribution, LLC Approval for a General Rate Increase. On the Behalf of the Nebraska Public Advocate. October 29, 2009. Issues: revenue decoupling, inflation trackers, infrastructure replacement riders, customer adjustment rider, weather normalization rider, weather normalization adjustments, estimation of normal weather for ratemaking purposes.

73. Expert Report and Deposition. Before the 23rd Judicial District Court, Parish of Assumption, State of Louisiana. On the Behalf of Dow Hydrocarbons and Resources, Inc. September 1, 2009. (Deposition, November 23-24, 2009). Issues: replacement and repair costs for underground salt cavern hydrocarbon storage.

74. Expert Testimony. D.P.U. 09-39. Before the Massachusetts Department of Public Utilities. (2009). Investigation Into the Propriety of Proposed Tariff Changes for Massachusetts Electric Company and Nantucket Electric Company (d./b./a. National Grid). On the Behalf of the Office of the Attorney General, Office of Ratepayer Advocacy. Issues: Revenue decoupling; infrastructure rider; performance-based regulation; inflation adjustment mechanisms; revenue distribution; and rate design.

75. Expert Testimony. D.P.U. 09-30. Before the Massachusetts Department of Public Utilities. (2009). In the Matter of Bay State Gas Company Request for Increase in Rates. On the Behalf of the Office of the Attorney General, Office of Ratepayer Advocacy. Issues: Revenue decoupling; target infrastructure replacement program rider; revenue distribution; and rate design.

76. Expert Testimony. Docket EO09030249. (2009). Before the New Jersey Board of Public Utilities. In the Matter of the Petition of Public Service Electric and Gas Company for Approval of a Solar Loan II Program and An Associated Cost Recovery Mechanism. On the Behalf of the Department of the Public Advocate, Division of Rate Counsel. Issues: solar energy market design, renewable portfolio standards, solar energy, and renewable financing/loan program design.

77. Expert Testimony. Docket EO0920097. (2009). Before the New Jersey Board of Public Utilities. In the Matter of the Verified Petition of Rockland Electric Company for Approval of an SREC-Based Financing Program and An Associated Cost Recovery Mechanism. On the Behalf of the Department of the Public Advocate, Division of Rate Counsel. Issues: solar energy market design; renewable energy portfolio standards; solar energy.

78. Expert Rebuttal Report. Civil Action No.: 2:07-CV-2165. (2009). Before the U.S. District Court, Western Division of Louisiana, Lake Charles Division. Prepared on the Behalf of

the Transcontinental Pipeline Corporation. Issues: expropriation and industrial use of property.

79. Expert Testimony. Docket EO06100744. (2008). Before the New Jersey Board of Public Utilities. In the Matter of the Renewable Portfolio Standard – Amendments to the Minimum filing Requirements for Energy Efficiency, Renewable Energy, and Conservation Programs and For Electric Distribution Company Submittals of Filings in connection with Solar Financing (Atlantic City Electric Company). On the Behalf of the Department of the Public Advocate, Division of Rate Counsel. Issues: Solar energy market design; renewable energy portfolio standards; solar energy. (Rebuttal and Surrebuttal)

80. Expert Testimony. Docket EO08090840. (2008). Before the New Jersey Board of Public Utilities. In the Matter of the Renewable Portfolio Standard – Amendments to the Minimum filing Requirements for Energy Efficiency, Renewable Energy, and Conservation Programs and For Electric Distribution Company Submittals of Filings in connection with Solar Financing (Jersey Central Power & Light Company). On the Behalf of the Department of the Public Advocate, Division of Rate Counsel. Issues: Solar energy market design; renewable energy portfolio standards; solar energy. (Rebuttal and Surrebuttal)

81. Expert Testimony. Docket UG-080546. (2008). Before the Washington Utilities and Transportation Commission. On the Behalf of the Washington Attorney General (Public Counsel Section). Issues: Rate Design, Cost of Service, Revenue Decoupling, Weather Normalization.

82. Congressional Testimony. (2008). Senate Republican Conference: Panel on Offshore Drilling in the Restricted Areas of the Outer Continental Shelf. September 18, 2008.

83. Expert Testimony. Appeal Number 2007-125 and 2007-299. (2008). Before the Louisiana Tax Commission. On the Behalf of Jefferson Island Storage and Hub, LLC (AGL Resources). Issues: Valuation Methodologies, Underground Storage Valuation, LTC Guidelines and Policies, Public Purpose of Natural Gas Storage. July 15, 2008 and August 20, 2008.

84. Expert Testimony. Docket Number 07-057-13. (2008). Before the Utah Public Service Commission. In the Matter of the Application of Questar Gas Company to File a General Rate Case. On the Behalf of the Utah Committee of Consumer Services. Issues: Cost of Service, Rate Design. August 18, 2008 (Direct, Rebuttal, Surrebuttal).

85. Rulemaking Testimony. (2008). Before the Louisiana Tax Commission. Examination of Replacement Cost Tables, Depreciation and Useful Lives for Oil and Gas Properties. Chapter 9 (Oil and Gas Properties) Section. August 5, 2008.

86. Legislative Testimony. (2008). Examination of Proposal to Change Offshore Natural Gas Severance Taxes (HB 326 and Amendments). Joint Finance and Appropriations Committee of the Alabama Legislature. March 13, 2008.

87. Public Testimony. (2007). Issues in Environmental Regulation. Testimony before Gubernatorial Transition Committee on Environmental Regulation (Governor-Elect Bobby Jindal). December 17, 2007.

88. Public Testimony. (2007). Trends and Issues in Alternative Energy: Opportunities for Louisiana. Testimony before Gubernatorial Transition Committee on Natural Resources (Governor-Elect Bobby Jindal). December 13, 2007.

89. Expert Report and Recommendation: Docket Number S-30336 (2007). Before the Louisiana Public Service Commission. In re: Entergy Gulf States, Inc. Application for Approval of Advanced Metering Pilot Program. Issues: pilot program for demand response programs and advanced metering systems.

90. Expert Testimony. Docket EO07040278 (2007). Before the New Jersey Board of Public Utilities. In the Matter of the Petition of Public Service Electric & Gas Company for Approval of a Solar Energy Program and An Associated Cost Recovery Mechanism. On the Behalf of the Department of the Public Advocate, Division of Rate Counsel. Issues: renewable energy market development, solar energy development, SREC markets, rate impact analysis, cost recovery issues.

91. Expert Testimony: Docket Number 05-057-T01 (2007). Before the Utah Public Service Commission. In the Matter of: Joint Application of Questar Gas Company, the Division of Public Utilities, and Utah Clean Energy for Approval of the Conservation Enabling Tariff Adjustment Options and Accounting Orders. On the behalf of the Utah Committee of Consumer Services. Issues: Revenue Decoupling, Demand-side Management; Energy Efficiency policies. (Direct, Rebuttal, and Surrebuttal Testimony)

92. Expert Testimony (Non-sworn rulemaking testimony) Docket Number RR-2008, (2007). Before the Louisiana Tax Commission. In re: Commission Consideration of Amendment and/or Adoption of Tax Commission Real/Personal Property Rules and Regulations. Issues: Louisiana oil and natural gas production trends, appropriate cost measures for wells and subsurface property, economic lives and production decline curve trends.

93. Expert Report, Recommendation, and Proposed Rule: Docket Number R-29213 & 29213-A, ex parte, (2007). Before the Louisiana Public Service Commission. In re: In re: Investigation to determine if it is appropriate for LPSC jurisdictional electric utilities to provide and install time-based meters and communication devices for each of their customers which enable such customers to participate in time-based pricing rate schedules and other demand response programs. On the behalf of the Louisiana Public Service Commission Staff. Report and Recommendation. Issues: demand response programs, advanced meter systems, cost recovery issues, energy efficiency issues, regulatory issues.

94. Expert Report, Recommendation, and Proposed Rule: Docket Number R-29712, ex parte, (2007) Before the Louisiana Public Service Commission. In re: Investigation into the ratemaking and generation planning implications of nuclear construction in Louisiana. On the behalf of the Louisiana Public Service Commission Staff. Report and Recommendation. Issues: nuclear cost power plant development, generation planning issues, and cost recovery issues.

95. Expert Testimony, Case Number U-14893, (2006). Before the Michigan Public Service Commission. In the Matter of SEMCO Energy Gas Company for Authority to Redesign and Increase Its Rates for the Sale and Transportation of Natural Gas In its MPSC Division and for Other Relief. On the behalf of the Michigan Attorney General. Issues: Rate Design, revenue decoupling, financial analysis, demand-side management program and energy efficiency policy. (Direct and Rebuttal Testimony).

96. Expert Report, Recommendation, and Proposed Rule: Docket Number R-29380, ex parte, (2006). Before the Louisiana Public Service Commission. In re: An Investigation Into the Ratemaking and Generation Planning Implications of the U.S. EPA Clean Air Interstate

Rule. On the behalf of the Louisiana Public Service Commission Staff. Report and Recommendation. Issues: environmental regulation and cost recovery; allowance allocations and air credit markets; ratepayer impacts of new environmental regulations.

97. Expert Affidavit Before the Louisiana Tax Commission (2006). On behalf of ANR Pipeline, Tennessee Gas Transmission and Southern Natural Gas Company. Issues: Competitive nature of interstate and intrastate transportation services.

98. Expert Affidavit Before the 19th Judicial District Court (2006). Suit Number 491, 453 Section 26. On behalf of Transcontinental Pipeline Corporation, et.al. Issues: Competitive nature of interstate and intrastate transportation services.

99. Expert Testimony: Docket Number 05-057-T01 (2006). Before the Utah Public Service Commission. In the Matter of: Joint Application of Questar Gas Company, the Division of Public Utilities, and Utah Clean Energy for Approval of the Conservation Enabling Tariff Adjustment Options and Accounting Orders. On the behalf of the Utah Committee of Consumer Services. Issues: Revenue Decoupling, Demand-side Management; Energy Efficiency policies. (Rebuttal and Supplemental Rebuttal Testimony)

100. Legislative Testimony (2006). Senate Committee on Natural Resources. Senate Bill 655 Regarding Remediation of Oil and Gas Sites, Legacy Lawsuits, and the Deterioration of State Drilling.

101. Expert Report: Rulemaking Docket (2005). Before the New Jersey Bureau of Public Utilities. In re: Proposed Rulemaking Changes Associated with New Jersey's Renewable Portfolio Standard. Expert Report. The Economic Impacts of New Jersey's Proposed Renewable Portfolio Standard. On behalf of the New Jersey Office of Ratepayer Advocate. Issues: Renewable Portfolio Standards, rate impacts, economic impacts, technology cost forecasts.

102. Expert Testimony: Docket Number 2005-191-E. (2005). Before the South Carolina Public Service Commission. On behalf of NewSouth Energy LLC. In re: General Investigation Examining the Development of RFP Rules for Electric Utilities. Issues: Competitive bidding; merchant development. (Direct and Rebuttal Testimony).

103. Expert Testimony: Docket No. 05-UA-323. (2005). Before the Mississippi Public Service Commission. On the behalf of Calpine Corporation. In re: Entergy Mississippi's Proposed Acquisition of the Attala Generation Facility. Issues: Asset acquisition; merchant power development; competitive bidding.

104. Expert Testimony: Docket Number 050045-EI and 050188-EI. (2005). Before the Florida Public Service Commission. On the behalf of the Citizens of the State of Florida. In re: Petition for Rate Increase by Florida Power & Light Company. Issues: Load forecasting; O&M forecasting and benchmarking; incentive returns/regulation.

105. Expert Testimony (non-sworn, rulemaking): Comments on Decreased Drilling Activities in Louisiana and the Role of Incentives. (2005). Louisiana Mineral Board Monthly Docket and Lease Sale. July 13, 2005

106. Legislative Testimony (2005). Background and Impact of LNG Facilities on Louisiana. Joint Meeting of Senate and House Natural Resources Committee. Louisiana Legislature. May 19, 2005.

107. Public Testimony. Docket No. U-21453. (2005). Technical Conference before the

Louisiana Public Service Commission on an Investigation for a Limited Industrial Retail Choice Plan.

108. Expert Testimony: Docket No. 2003-K-1876. (2005). On Behalf of Columbia Gas Transmission. Expert Testimony on the Competitive Market Structure for Gas Transportation Service in Ohio. Before the Ohio Board of Tax Appeals.

109. Expert Report and Testimony: Docket No. 99-4490-J, *Lafayette City-Parish Consolidated Government, et. al. v. Entergy Gulf States Utilities, Inc. et. al*. (2005, 2006). On behalf of the City of Lafayette, Louisiana and the Lafayette Utilities Services. Expert Rebuttal Report of the Harborfront Consulting Group Valuation Analysis of the LUS Expropriation. Filed before 15 h Judicial District Court, Lafayette, Louisiana.

110. Expert Testimony: ANR Pipeline Company v. Louisiana Tax Commission (2005), Number 468,417 Section 22, 19th Judicial District Court, Parish of East Baton Rouge, State of Louisiana Consolidated with Docket Numbers: 480,159; 489,776;480,160; 480,161; 480,162; 480,163; 480,373; 489,776; 489,777; 489,778;489,779; 489,780; 489,803; 491,530; 491,744; 491,745; 491,746; 491,912;503,466; 503,468; 503,469; 503,470; 515,414; 515,415; and 515,416. In re: Market structure issues and competitive implications of tax differentials and valuation methods in natural gas transportation markets for interstate and intrastate pipelines.

111. Expert Report and Recommendation: Docket No. U-27159. (2004). On Behalf of the Louisiana Public Service Commission Staff. Expert Report on Overcharges Assessed by Network Operator Services, Inc. Before the Louisiana Public Service Commission.

112. Expert Testimony: Docket Number 2004-178-E. (2004). Before the South Carolina Public Service Commission. On behalf of Columbia Energy LLC. In re: Rate Increase Request of South Carolina Electric and Gas. (Direct and Surrebuttal Testimony)

113. Expert Testimony: Docket Number 040001-EI. (2004). Before the Florida Public Service Commission. On behalf of Power Manufacturing Systems LLC, Thomas K. Churbuck, and the Florida Industrial Power Users Group. In re: Fuel Adjustment Proceedings; Request for Approval of New Purchase Power Agreements. Company examined: Florida Power & Light Company.

114. Expert Affidavit: Docket Number 27363. (2004). Before the Public Utilities Commission of Texas. Joint Affidavit on Behalf of the Cities of Texas and the Staff of the Public Utilities Commission of Texas Regarding Certified Issues. In Re: Application of Valor Telecommunications, L.P. For Authority to Establish Extended Local Calling Service (ELCS) Surcharges For Recovery of ELCS Surcharge.

115. Expert Report and Testimony. Docket 1997-4665-PV, 1998-4206-PV, 1999-7380-PV, 2000-5958-PV, 2001-6039-PV, 2002-64680-PV, 2003-6231-PV. (2003) Before the Kansas Board of Tax Appeals. (2003). In the Matter of the Appeals of CIG Field Services Company from orders of the Division of Property Valuation. On the Behalf of CIG Field Services. Issues: the competitive nature of natural gas gathering in Kansas.

116. Expert Report and Testimony: Docket Number U-22407. Before the Louisiana Public Service Commission (2002). On the Behalf of the Louisiana Public Service Commission Staff. Company examined: Louisiana Gas Services, Inc. Issues: Purchased Gas Acquisition audit, fuel procurement and planning practices.

117. Expert Testimony: Docket Number 000824-EI. Before the Florida Public Service

Commission. (2002). On the Behalf of the Citizens of the State of Florida. Company examined: Florida Power Corporation. Issues: Load Forecasts and Billing Determinants for the Projected Test Year.

118. Public Testimony: Louisiana Board of Commerce and Industry (2001). Testimony on the Economic Impacts of Merchant Power Generation.

119. Expert Testimony: Docket Number 24468. (2001). On the Behalf of the Texas Office of Public Utility Counsel. Public Utility Commission of Texas Staff's Petition to Determine Readiness for Retail Competition in the Portion of Texas Within the Southwest Power Pool. Company examined: AEP-SWEPCO.

120. Expert Report. (2001) On Behalf of David Liou and Pacific Richland Products, Inc. to Review Cogeneration Issues Associated with Dupont Dow Elastomers, L.L.C. (DDE) and the Dow Chemical Company (Dow).

121. Expert Testimony: Docket Number 01-1049, Docket Number 01-3001. (2001) On behalf the Nevada Office of Attorney General, Bureau of Consumer Protection. Petition of Central Telephone Company-Nevada D/b/a Sprint of Nevada and Sprint Communications L.P. for Review and Approval of Proposed Revised Performance Measures and Review and Approval of Performance Measurement Incentive Plans. Before the Public Utilities Commission of Nevada.

122. Expert Affidavit: Multiple Dockets (2001). Before the Louisiana Tax Commission. On the Behalf of Louisiana Interstate Pipeline Companies. Testimony on the Competitive Nature of Natural Gas Transportation Services in Louisiana.

123. Expert Affidavit before the Federal District Court, Middle District of Louisiana (2001). Issues: Competitive Nature of the Natural Gas Transportation Market in Louisiana. On behalf of a Consortium of Interstate Natural Gas Transportation Companies.

124. Public Testimony: Louisiana Board of Commerce and Industry (2001). Testimony on the Economic and Ratepayer Benefits of Merchant Power Generation and Issues Associated with Tax Incentives on Merchant Power Generation and Transmission.

125. Expert Testimony: Docket Number 01-1048 (2001). Before the Public Utilities Commission of Nevada. On the Behalf of the Nevada Office of the Attorney General, Bureau of Consumer Protection. Company analyzed: Nevada Bell Telephone Company. Issues: Statistical Issues Associated with Performance Incentive Plans.

126. Expert Testimony: Docket 22351 (2001). Before the Public Utility Commission of Texas. On the Behalf of the City of Amarillo. Company analyzed: Southwestern Public Service Company. Issues: Unbundled cost of service, affiliate transactions, load forecasting.

127. Expert Testimony: Docket 991779-EI (2000). Before the Florida Public Service Commission. On the Behalf of the Citizens of the State of Florida. Companies analyzed: Florida Power & Light Company; Florida Power Corporation; Tampa Electric Company; and Gulf Power Company. Issues: Competitive Nature of Wholesale Markets, Regional Power Markets, and Regulatory Treatment of Incentive Returns on Gains from Economic Energy Sales.

128. Expert Testimony: Docket 990001-EI (1999). Before the Florida Public Service Commission. On the Behalf of the Citizens of the State of Florida. Companies analyzed: Florida Power & Light Company; Florida Power Corporation; Tampa Electric Company;

and Gulf Power Company. Issues: Regulatory Treatment of Incentive Returns on Gains from Economic Energy Sales.

129. Expert Testimony: Docket 950495-WS (1996). Before the Florida Public Service Commission. On the Behalf of the Citizens of the State of Florida. Company analyzed: Southern States Utilities, Inc. Issues: Revenue Repression Adjustment, Residential and Commercial Demand for Water Service.

130. Legislative Testimony. Louisiana House of Representatives, Special Subcommittee on Utility Deregulation. (1997). On Behalf of the Louisiana Public Service Commission Staff. Issue: Electric Restructuring.

131. Expert Testimony: Docket 940448-EG -- 940551-EG (1994). Before the Florida Public Service Commission. On the Behalf of the Legal Environmental Assistance Foundation. Companies analyzed: Florida Power & Light Company; Florida Power Corporation; Tampa Electric Company; and Gulf Power Company. Issues: Comparison of Forecasted Cost-Effective Conservation Potentials for Florida.

132. Expert Testimony: Docket 920260-TL, (1993). Before the Florida Public Service Commission. On the Behalf of the Florida Public Service Commission Staff. Company analyzed: BellSouth Communications, Inc. Issues: Telephone Demand Forecasts and Empirical Estimates of the Price Elasticity of Demand for Telecommunication Services.

133. Expert Testimony: Docket 920188-TL, (1992). Before the Florida Public Service Commission. On the Behalf of the Florida Public Service Commission Staff. Company analyzed: GTE-Florida. Issues: Telephone Demand Forecasts and Empirical Estimates of the Price Elasticity of Demand for Telecommunication Services.

REFEREE AND EDITORIAL APPOINTMENTS

Contributor, 2014-Current, *Wall Street Journal*, *Journal Reports*, Energy

Editorial Board Member, 2015-Current, *Utilities Policy*

Referee, 2014-Current, *Utilities Policy*

Referee, 2010-Current, *Economics of Energy & Environmental Policy*

Referee, 1995-Current*, Energy Journal*

Contributing Editor, 2000-2005, *Oil, Gas and Energy Quarterly*

Referee, 2005, *Energy Policy*

Referee, 2004, *Southern Economic Journal*

Referee, 2002, *Resource & Energy Economics*

Committee Member, IAEE/USAEE Student Paper Scholarship Award Committee, 2003

PROPOSAL TECHNICAL REVIEWER

California Energy Commission, Public Interest Energy Research (PIER) Program (1999).

PROFESSIONAL ASSOCIATIONS

American Economic Association, American Statistical Association, Southern Economic Association, Western Economic Association, International Association of Energy Economists ("IAEE"), United States Association of Energy Economics ("USAEE"), the National Association for Business Economics ("NABE"), and the Energy Bar Association.

HONORS AND AWARDS

National Association of Regulatory Utility Commissioners (NARUC). Best Paper Award for papers published in the *Journal of Applied Regulation* (2004).

Baton Rouge Business Report, Selected as "Top 40 Under 40" (2003).

Omicron Delta Epsilon (1992-Current).

Interstate Oil and Gas Compact Commission (IOGCC) "Best Practice" Award for Research on the Economic Impact of Oil and Gas Activities on State Leases for the Louisiana Department of Natural Resources (2003).

Distinguished Research Award, Academy of Legal, Ethical and Regulatory Issues, Allied Academics (2002).

Florida Public Service Commission, Staff Excellence Award for Assistance in the Analysis of Local Exchange Competition Legislation (1995).

TEACHING EXPERIENCE

Energy and the Environment (Survey Course)

Principles of Microeconomic Theory

Principles of Macroeconomic Theory

Lecturer, Environmental Management and Permitting. Lecture in Natural Gas Industry, LNG and Markets.

Lecturer, Electric Power Industry Environmental Issues, Field Course on Energy and the Environment. (Dept. of Environmental Studies).

Lecturer, Electric Power Industry Trends, Principles Course in Power Engineering (Dept. of Electric Engineering).

Lecturer, LSU Honors College, Senior Course on "Society and the Coast."

Continuing Education. Electric Power Industry Restructuring for Energy Professionals.

"The Gulf Coast Energy Situation: Outlook for Production and Consumption." Educational Course and Lecture Prepared for the Foundation for American Communications and the Society for Professional Journalists, New Orleans, LA, December 2, 2004

"The Impact of Hurricane Katrina on Louisiana's Energy Infrastructure and National Energy Markets." Educational Course and Lecture Prepared for the Foundation for American Communications and the Society for Professional Journalists, Houston, TX, September 13, 2005.

"Forecasting for Regulators: Current Issues and Trends in the Use of Forecasts, Statistical, and Empirical Analyses in Energy Regulation." Instructional Course for State Regulatory Commission Staff. Institute of Public Utilities, Kellogg Center, Michigan State University. July 8-9, 2010.

"Regulatory and Ratemaking Issues with Cost and Revenue Trackers." Michigan State University, Institute of Public Utilities. Advanced Regulatory Studies Program. September 29, 2010.

"Demand Modeling and Forecasting for Regulators." Michigan State University, Institute of Public Utilities. Advanced Regulatory Studies Program. September 30, 2010.

"Demand Modeling and Forecasting for Regulators." Michigan State University, Institute of Public Utilities, Forecasting Workshop, Charleston, SC. March 7-9, 2011.

"Regulatory and Cost Recovery Approaches for Smart Grid Applications." Michigan State University, Institute of Public Utilities, Smart Grid Workshop for Regulators. Charleston, SC. March 7-11, 2011.

"Regulatory and Ratemaking Issues Associated with Cost and Expense Adjustment Mechanisms." Michigan State University, Institute of Public Utilities, Advanced Regulatory Studies Program. Lansing, Michigan. September 28, 2011.

"Utility Incentives, Decoupling, and Renewable Energy Programs." Michigan State University, Institute of Public Utilities, Advanced Regulatory Studies Program. Lansing, Michigan. September 29, 2011.

"Regulatory and Cost Recovery Approaches for Smart Grid Applications." Michigan State University, Institute of Public Utilities, Smart Grid Workshop for Regulators. Charleston, SC. March 6-8, 2012.

"Traditional and Incentive Ratemaking Workshop." New Mexico Public Utilities Commission Staff. Santa Fe, NM October 18, 2012.

"Traditional and Incentive Ratemaking Workshop." New Jersey Board of Public Utilities Staff. Newark, NJ. March 1, 2013.

THESIS/DISSERTATIONS COMMITTEES

Active:
2 Thesis Committee Memberships (Environmental Studies)
1 Ph.D. Dissertation Committee (Economics)
Completed:
6 Thesis Committee Memberships (Environmental Studies, Geography)
4 Doctoral Committee Memberships (Information Systems & Decision Sciences, Agricultural and Resource Economics, Economics, Education and Workforce Development).
2 Doctoral Examination Committee Membership (Information Systems & Decision Sciences, Education and Workforce Development)
1 Senior Honors Thesis (Journalism, Loyola University)

LSU SERVICE AND COMMITTEE MEMBERSHIPS

Committee Member, Energy Education Curriculum Committee. E.J. Ourso College of Business. LSU (2016-Current).

Chairman, LSU Energy Initiative/LSU Energy Council (2014-Current).

Co-Director & Steering Committee Member, LSU Coastal Marine Institute (2009-2014).

CES Promotion Committee, Division of Radiation Safety (2006).

Search Committee Chair (2006), Research Associate 4 Position.

Search Committee Member (2005), Research Associate 4 Position.

Search Committee Member (2005), CES Communications Manager.

LSU Graduate Research Faculty, Associate Member (1997-2004); Full Member (2004-2010); Affiliate Member with Full Directional Rights (2011-2014); Full Member (2014-current).

LSU Faculty Senate (2003-2006).

Conference Coordinator. (2005-Current) Center for Energy Studies Conference on Alternative Energy.

LSU CES/SCE Public Art Selection Committee (2003-2005).

Conference Coordinator. Center for Energy Studies Annual Energy Conference/Summit. (2003-Current).

Conference Coordinator. Center for Energy Studies Seminar Series on Electric Utility Restructuring and Wholesale Competition. (1996-2003).

Co-Chairman, Review Committee, Louisiana Port Construction and Development Priority Program Rules and Regulations, On Behalf of the LSU Ports and Waterways Institute. (1997).

LSU Main Campus Cogeneration/Turbine Project, (1999-2000).

LSU InterCollege Environmental Cooperative. (1999-2001).

LSU Faculty Senate Committee on Public Relations (1997-1999).

LSU Faculty Senate Committee on Student Retention and Recruitment (1999-2003).

PROFESSIONAL SERVICE

Program Committee Member (2015). Gulf Coast Power Association Workshop/Special Breifing. “Gulf Coast Disaster Readiness: A Past, Present and Future Look at Power and Industry Readiness in MISO South.”

Advisor (2008). National Association of Regulatory Utility Commissioners (“NARUC”). Study Committee on the Impact of Executive Drilling Moratoria on Federal Lands.

Steering Committee Member, Louisiana Representative (2008-Current). Southeast Agriculture & Forestry Energy Resources Alliance. Southern Policies Growth Board.

Advisor (2007-Current). National Association of State Utility Consumer Advocates (“NASUCA”), Natural Gas Committee.

Program Committee Chairman (2007-2008). U.S. Association of Energy Economics (“USAEE”) Annual Conference, New Orleans, LA

Finance Committee Chairman (2007-2008). USAEE Annual Conference, New Orleans, LA

Committee Member (2006), International Association for Energy Economics (“IAEE”) Nominating

Committee.

Founding President (2005-2007) Louisiana Chapter, USAEE.

Secretary (2001) Houston Chapter, USAEE.

Advisor, Louisiana LNG Buyers/Developers Summit, Office of the Governor/Louisiana Department of Economic Development/Louisiana Department of Natural Resources, and Greater New Orleans, Inc. (2004).

Proposed Financial Integrity Commitments

Number	Commitment Area/Commitment	GPE-Westar Merger KCC Application	GPE-Westar Merger Missouri Stipulation	GPE-Westar Merger FERC Enhanced Commitments	Fortis-Great Plains ITC
	Proposed ring fencing measures				
1	The Joint Applicants shall maintain the financial integrity and independence of Westar and KCP&L in all respects and will exercise management prudence in matters relating to dividends, capital investments and other financial actions in order to maintain an investment grade credit rating consistent with its pre-merger operations.	NO	NO	YES (Commitment 3)	Yes, hold harmless requirement (Condition 7)
a.	The Joint Applicants commit to issuing and maintain separate debt and credit ratings for Westar and KCP&L.	NO	YES (Financing Conditions 1)	YES (Commitment 1)	Yes (Condition 8)
b.	The Joint Applicants commit to maintaining separate capital structures to finance the activities and operations of Westar and KCP&L.	YES (Commitment J)	YES (Financing Conditions 1)	YES (Commitment 2)	Yes (Condition 8)
c.	The Joint Applicants commit that, in the event that Westar or KCP&L receive a credit rating downgrade below investment grade level, by either Moody's or Standard & Poor's, that it will do the following:	NO	NO	NO	Yes (Condition 12)
i.	Notify the Commission withing five business days of the downgrade				
ii	Provide to the Commission:				
	a. A plan, that will be provided within 60 days of the downgrade, identifying all reasonable steps, taking into account the costs, benefits, and expected outcomes of such actions that will be taken to restore and maintain an investment grade rating for Westar and/or KCP&L. If the Joint Applicants find that the costs of returning Westar and/or KCP&L to investment grade are above the benefits of such actions, the Joint Applicants shall be required to show and explain why it is not necessary, or cost-effective, to take such actions and how Westar and/or KCP&L can continue to provide efficent and sufficient service in Kansas under such circumstances.				
	b. A report, filed with the Commission every 60 days, until such time that Westar and/or KCP&L regain an investment-grade credit rating, detailing the steps being taken to restore an investment grade rating and the financial or other support being provided to Westar and/or KCP&L to provide efficeint and sufficient service in Kansas.				
2	Westar and KCP&L will continue to do business in their own and separate names and will hold their assets within their own name.	NO	NO	YES (Commitment 6)	NO
3	The Joint Applicants will commit that Westar and KCP&L will not hold out its debt or credit instruments as being available to satisfy the obligations of others.	YES (Commitment J)	YES (Financing Conditions 1)	YES (Commitment 7(i)	Yes (Condition 8)
a.	The Joint Applicants will commit to not include, in any debt or credit instrument of Westar and KCP&L, any cross default provisions between said utilities' respective securities and the securities of GPE or any other affiliate.	NO	NO	YES (Commitment 7(iii)	Yes (Condition 8)
b.	The Joint Applicants will commit to not include, in any debt or credit instrument of Westar and KCP&L, any financial covenants or default triggers related to GPE or any of its affiliates.	NO	NO	YES (Commitment 7(iv)	Yes (Condition 8)

Proposed Financial Integrity Commitments

Number	Commitment Area/Commitment	GPE-Westar Merger: KCC Application	GPE-Westar Merger: Missouri Stipulation	GPE-Westar Merger: FERC Enhanced Commitments	Fortis-Great Plains ITC
4	The Joint Applicants will commit that Westar and KCP&L will not pledge any of their individual assets for the benefit of any other person or entity.	YES (Commitment J)	YES (Financing Conditions 1)	YES (Commitment 7(ii)	Yes (Condition 8)
5	The Joint Applicants commit that Westar and KCP&L will not grant or permit to exist any such encumberance, claim, security interest, pledge, or other right in favor of any entity or person, its assets other than immaterial liens or encumbrances in the ordinary course of business.	NO	NO	NO	Yes (Condition 8)
6	The Joint Applicants commit that any merger-related financial and accounting changes must be reported to the Commission and such changes must be shown to not harm Kansas customers.	NO	NO	NO	NO
7	The Joint Applicants will not co-mingle the assets of Westar and KCP&L between themselves or any other affiliate.	NO	NO	NO	NO
8	The Joint Applicants will not sell, lease, rent or other conveyance, outside routine business practices, Westar and KCP&L assets without KCC approval.	NO	NO	NA	NO
9	The Joint Applicants commit that Westar and KCP&L will not make any dividend payments to the parent company to the extent that the payment would result in a drop of either utilities' equity level below 40 percent of its total capitalization.	NO	NO (However, specifies that a Dividend won't be paid if downgraded. Financial Condition 5)	NO	NO
10	The Joint Applicants commit that Westar and KCP&L will maintain an equity share of no less than 40 percent and no more than 53 percent. For purposes of estimating a post-merger cost of capital, Westar and KCP&L will cap its weighted average cost of debt to the level included in their most recent base rate case filing prior to the merger and this debt cost rate cap will be allowed to increase by no more than the percentage increase in the U.S. ten year treasury bond rate as measured from the rate that is reported at the time of the merger closing to the time period under which rates are being set. This cap will remain in place for a five year period following the merger's close.	NO	NO (However, per the Settlement in the reorganization of KCP&L, GPE agreed to maintain consolidated common equity of no less than 30 percent, and maintain KCP&L's common equity at no less than 35 percent. Financial Condition d)	NO	NO

Proposed Financial Integrity Commitments

Number	Commitment Area/Commitment	GPE-Westar Merger KCC Application	GPE-Westar Merger Missouri Stipulation	GPE-Westar Merger FERC Enhanced Commitments	Fortis-Great Plains ITC
	Ratemaking and cost-of-service protections				
11	The Joint Applicants will never seek to recover, and shall be barred from recovering, and customers will never pay, either directly or indirectly, any acquisition premium, transaction costs, severance costs, or termination fees incurred or associated with this transaction.	YES (Commitment D & E)	YES (Rate Making/Accounting Conditions 1 & 2)	YES	Yes - Condition 1, Condition 2 and Condition 7.
a.	Transaction costs will be defined by the Commission and will include, but not be limited to, investment banking fees, internal labor and third party consultant costs incurred in performing any types of analysis or preparation (financial, tax, investment, accounting, legal, market, regulatory, etc.) to evaluate the potential sale or transfer of ownership, prepare for bid solicitation, analyze bids, conduct due diligence, prepare for and achieve regulatory approvals, closings, compliance with existing contracts including change in control provisions and compliance with any regulatory conditions.	NO	YES (Stipulation defines however, more limited definition. Rate Making/Accounting Condition 2)	NO	NO
b.	The Joint Applicants commit that they shall have the burden of proof to clearly identify where all transactions costs are recorded and shall be required to attest in all future rate proceedings before the KCC that none of these cost are included in its cost of service and rates, and to provide a complete explanation of the procedures used to ensure that these transactions cost are not included in the cost of service or rates.	NO	NO	NO	NO
12	The Joint Applicants shall commit that its future cost of service and rates will not be adversely impacted as a result of this merger and that its future cost of service and rates will be set commensurate with the financial and business risks attendant to their individual regulated utility operations.	NO	YES/NO (Only commits that retail rates will not increase as a result of the transaction, Ratemaking/Accounting Condition 4)	NO	Yes, hold harmless requirement (Condition 7)
13	The Joint Applicants shall commit to uphold the principle that its future cost of service and rates will be set commensurate with the financial and business risks attendant to its affiliates' regulated utility operations and shall not challenge this principle before the KCC nor on any legal appeal.	NO	NO	NO	Yes, hold harmless requirement (Condition 7)
14	The Joint Applicants will never include in its cost of service, nor shall it seek to recover in rates, any transition costs (also called costs-to-achieve ("CTA")) that are in excess of the benefits that these transition costs are intended to attain.	YES (Commitment F)	YES (Rate Making/Accounting Condition 3)		
a.	The Joint Applicants commit to bear the burden of proof to clearly identify where all transition costs are recorded and shall be required to attest in all future rate proceedings before the KCC that no transition costs in excess of their corresponding benefits are included in its cost of service and rates, and to provide a complete explanation of the procedures used to ensure that the transition costs, in excess of their corresponding benefits, are not included in the cost of service or rates.	NO	NO	NO	
b.	The Joint Applicants commit to bear the burden of proving, and fully documenting, any merger-related synergy savings that are used as offsets to any merger-related transition costs. These benefits must be provided on a detailed, itemized basis which directly corresponds to their associated transition costs.	NO	NO	NO	
15	The Joint Applicants shall cap service company charges assessed to its regulated utility affiliates at levels no higher than those allowed in the cost of service of their most recent rate case, as adjusted for inflation measured by the Gross Domestic Product Price Index ("GDP-PI").	NO	NO	NO	

Proposed Financial Integrity Commitments

Number	Commitment Area/Commitment	GPE-Westar Merger KCC Application	GPE-Westar Merger Missouri Stipulation	GPE-Westar Merger FERC Enhanced Commitments	Fortis-Great Plains ITC
	Reporting requirements				
16	The Joint Applicants agree accounting and record· keeping requirements sufficient to assure compliance with the other provisions, including the following:				Yes, Condition 13 is compliance filing that has some comparability.
a.	Maintain separate books and records, system of accounts, financial statements and bank accounts for Westar and KCP&L.	YES (Commitment K)	NO	YES	
b.	The records and books of Westar and KCP&L will be maintained under the FERC Uniform System of Accounts ('USOA") applicable to investor-owned jurisdictional electric utilities, as adopted by the Commission.	YES (Commitment K)	NO	YES	
c.	The financial books and records of the Joint Applicants' regulated utility affiliates will be made available to the Commission and its Staff and in its Topeka offices.	NO	NO	NO	
d.	The records and books of any affiliate for which any direct or indirect charge is made to Westar and KCP&L, and included in said utilities' cost of service and rates on either a direct or indirect basis, will be made available, upon request, to the Commission and its Staff.	NO	NO	YES (Commitment 5, but only upon written request)	
e.	The Joint Applicants shall provide Commission and its Staff with timely access to any relevant external auditor workpapers and/or reports.	NO	NO	NO	
f.	A filing to the Commission, within six months of the close of the merger, that provides detailed journal entries recorded to reflect the transaction and the provisions of this Agreement. The Joint Applicants shall also provide the final detailed journal entries to be filed with the Commission no *later* than 13 months after the date of the closing. These entries must show, and shall include, but not be limited to the entries made to record or remove from all utility accounts any acquisition premium costs, transaction costs, or severance costs.	NO	NO	NO	Yes - Condition 3.
g.	A Cost Allocation Manual ("CAM") shall be filed with the Commission within 12 months of the close of this merger and thereafter, consistent with the Commission's affiliate reporting requirements of May 31 of every year.	YES (Commitment H)	YES (No later than 6 months, Affiliate Transaction and CAM Condition 6)	NO	NO
h.	A filing that will be provided within 12 months of the close of this merger, as well as with first post merger rate case, the service agreement(s) between any service company or affiliate allocating costs to a regulated utility affiliate.	NO	NO	YES (COMMITMENT 4)	

Key Credit Metrics Under Joint Applicants’ Financial Model Assumptions

Source: KCP&L’s response to KCC 169, attachment Q169_CONF_DR_160930_UPDATE_A. (Confidential).

Key Credit Metrics Under Joint Applicants' Financial Model Assumptions

Source: KCP&L's response to KCC 169, attachment Q169_CONF_DR_160930_UPDATE_A. (Confidential).

Key Credit Metrics Under Joint Applicants' Financial Model Assumptions

Source: KCP&L's response to KCC 169, attachment Q169_CONF_DR_160930_UPDATE_A.(Confidential)

Comparison of Recent Merger Transaction Values

	Merger Close Date	Transaction Value ($ Millions)	Total Number of Customers	$ / Customer
Berkshire Hathaway Inc. and NV Energy, Inc.	December 19, 2013	$ 10,000	1,300,000	$ 7,692
Wisconsin Energy Corporation and Integrys Energy Group, Inc.	June 29, 2015	$ 9,100	2,100,000	$ 4,333
Macquarie Infrastructure and Cleco Corp.	April 13, 2016	$ 4,700	284,000	$ 16,549
Iberdrola, U.S.A. and UIL Holdings Corp.	December 16, 2015	$ 17,900	725,000	$ 24,690
Fortis Inc. and ITC Holdings Corp.	October 14, 2016	$ 11,300	n/a	
Algonquin Power and Empire District Electric Company	Pending	$ 2,400	218,000	$ 11,009
UNS Energy Corporation and Fortis Inc.	August 15, 2014	$ 4,300	657,000	$ 6,545
Pepco Holdings, Inc. and Exelon Corporation	March 23, 2016	$ 6,800	1,496,746	$ 4,543
Upper Peninsula Power Co. and Balfour Beatty Infrastructure Partners LP	August 28, 2014	$ 299	51,859	$ 5,762
TECO Energy and New Mexico Gas Company	September 2, 2014	$ 950	508,488	$ 1,868
Black Hills Utility Holdings, Inc. and SourceGas Holdings, LLC	February 12, 2016	$ 1,890	429,000	$ 4,406
Duke Energy Corporation and Piedmont Natural Gas	October 3, 2016	$ 6,700	1,000,000	$ 6,700
Southern Company and AGL Resources, Inc.	July 1, 2016	$ 12,000	4,500,000	$ 2,667
Dominion Resources and Questar Corporation	September 16, 2016	$ 4,400	1,000,000	$ 4,400
Emera Inc. and TECO Energy	July 1, 2016	$ 10,400	1,605,000	$ 6,480
Average:				**$ 4,819**

	Transaction Value ($ Millions)	Total Customers	$ / Customer
Great Plains Energy and Westar Energy	$ 12,200	702,000	**$17,379**

Source: News Releases and Merger and Acquisition Announcements publicly available on the Company website; and EIA 826 (available at https://www.eia.gov/electricity/data/eia826/).

Moody's Comparison of Five Recent Large Mergers

Acquirer/Seller	Acquisition Debt / Target Rate Base	Acquirer's CFO/Debt Pre Acquisition	CFO/Debt Post Acquisition	Acquirer's Debt/Equity Pre Acquisition	Debt/Equity Post Acquisition	Acquirer's HoldCo Debt/ Consol. Debt Pre Acquisition	HoldCo Debt/ Consol. Debt Post Acquisition
Great Plains/Westar	70%	18%	12%	114%	166%	2%	35%
Duke/Piedmont	185%	17%	15%	107%	113%	30%	36%
Southern/AGL	179%	21%	15%	131%	156%	12%	25%
Dominion/Questar	110%	16%	16%	229%	235%	47%	48%
Emera/TECO	70%	16%	12%	96%	220%	19%	>45%
Black Hills/SourceGas	61%	21%	14%	128%	144%	4%	28%

Source: KCP&L's Response to KIC 18 Industrial_20160928-18-Att-Q18_2016-07_Moodys Issuer In-Depth_FAQ Great Plains Acquisition of Westar.pdf.

Key Credit Metrics Under Alternative Assumptions (Joint Applicants' Results)

Key Credit Metrics Under Alternative Assumptions (Scenario 1: 25 Percent Reduction to Rate Case Revenues)

Key Credit Metrics Under Alternative Assumptions
(Scenario 2: 50 Percent Reduction to Rate Case Revenues)

Actual Coal-fired Electric Generation Unit Retirements (2011 - 2015)

Year	Number of Units Retired	Capacity (MW)
2011	31	2,158
2012	63	9,918
2013	48	5,957
2014	46	5,748
2015	120	17,091
Total	**308**	**40,871**

Source: Form EIA 860 (available at http://www.eia.gov/electricity/data/eia860/).

Planned Coal-fired Electric Generation Unit Retirements (2016 - 2020)

Year	Number of Units Retired	Capacity (MW)
2016	70	10,753
2017	26	6,182
2018	13	3,936
2019	4	475
2020	13	2,621
Total	**126**	**23,967**

Source: Form EIA 860 (available at http://www.eia.gov/electricity/data/eia860/).

Nuclear Electric Generation Retirements Since 2010

State	Owner	Plant Name	Unit No.	Summer Capacity (MW)	Announcement Year	Retirement Year	Age (Years)
CA	Southern California Edison	San Onofre	2	1,070	2013	2013	30
CA	Southern California Edison	San Onofre	3	1,080	2013	2013	29
FL	Duke Energy Florida	Crystal River	3	860	2013	2013	36
WI	Dominion	Kewaunee	1	566	2012	2013	39
VT	Entergy	Vermont Yankee	1	620	2013	2014	42
NE	Omaha Public Power District	Fort Calhoun	1	478	2016	2016	43
NY	Entergy	Fitzpatrick	1	855	2015	2017	42
MA	Entergy	Pilgrim	1	685	2015	2019	47
NJ	Exelon	Oyster Creek	1	615	2010	2019	50
CA	Pacific Gas and Electric	Diablo Canyon	1	1,122	2016	2024	39
CA	Pacific Gas and Electric	Diablo Canyon	2	1,118	2016	2025	39
Total				**9,069**			

Source: Form EIA 860 (available at http://www.eia.gov/electricity/data/eia860/); and http://www.powermag.com/u-s-nuclear-power-plant-closures-slideshow/.

Comparison of Acquisition Premium of Recent Utility Mergers

	Market Acquisition Premium ($ Millions)	Total Number of Customers	$ / Customer
Berkshire Hathaway Inc. and NV Energy, Inc.	$ 1,046	1,300,000	$ 804
Wisconsin Energy Corporation and Integrys Energy Group, Inc	$ 2,377	2,100,000	$ 1,132
Macquarie Infrastructure and Cleco Corp.	$ 438	284,000	$ 1,543
Iberdrola, U.S.A. and UIL Holdings Corp.	$ 589	725,000	$ 812
Fortis Inc. and ITC Holdings Corp.	$ 1,701	n/a	
Algonquin Power and Empire District Electric Company	$ 258	218,000	$ 1,185
UNS Energy Corporation and Fortis Inc.	$ 599	657,000	$ 912
Exelon Corporation and Pepco Holdings, Inc.	$ 1,355	1,496,746	$ 905
Duke Energy Corporation and Piedmont Natural Gas	$ 1,370	1,000,000	$ 1,370
Southern Company and AGL Resources, Inc.	$ 2,111	4,500,000	$ 469
Dominion Resources and Questar Corporation	$ 1,016	1,000,000	$ 1,016
Emera Inc. and TECO Energy	$ 2,105	1,605,000	$ 1,312
Average:			**$ 997**

	Market Acquisition Premium ($ Millions)	Total Customers	Market Premium $ / Customer
Great Plains Energy and Westar Energy	$ 2,266	702,000	**$3,227**

Source: Public News Releases; Merger and Acquisition Announcements publicly available on the Company websites; Investor Presentations publicly available on the Company websites; Company Form 8-K and 10-K (available at www.sec.gov).

Exhibit DED-11
Cited Responses to Information Requests

This exhibit presents a compilation of the documents and responses to discovery requests cited in the testimony of David E. Dismukes, Ph.D. on Behalf of the Kansas Electric Power Cooperative, Inc., as follows:

* Pursuant to the Commission's Order On Prehearing Motions, issued in this docket on January 26, 2017, this data response is no longer confidential. 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, KCC Docket No. 16-KCPE-593-ACQ, Order on Prehearing Motions, January 26, 2017, at ¶ 15. The claim of confidentiality has not been deleted from the text of the data response to preserve the integrity of the response that the witness verified.

KCC 134 (Confidential)*

* Pursuant to the Commission's Order On Prehearing Motions, issued in this docket on January 26, 2017, this data response is no longer confidential. 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, KCC Docket No. 16-KCPE-593-ACQ, Order on Prehearing Motions, January 26, 2017, at ¶ 15. The claim of confidentiality has not been deleted from the text of the data response to preserve the integrity of the response that the witness verified.

KCPL KS
Case Name: 2016 Westar Acquisition
Case Number: 16-KCPE-593-ACQ

Response to Grady Justin Interrogatories - KCC_20160923
Date of Response: 11/04/2016

Question:134

In response to Staff Data Request No. 7, KCPL provided a spreadsheet model entitled "Q7_CONF_Workpaper_Merger

Savings Model_5-14-18". This model contains several shorthand column, cell, row, and tab descriptions that are not easily deciphered. Please provide a definition or explanation for each of these descriptors, titles, abbreviations, etc. throughout this spreadsheet. Note: Staff understands that this information may very well be discussed at the planned meeting between Staff and the Joint Applicant witness William Kemp. This information is being requested in advance of that meeting to maximize the productivity of the meeting. In addition, in the event that this spreadsheet becomes part of the record in this case, these descriptions or explanations are necessary for anyone to understand the content of this spreadsheet.

Number of Attachments:

Response:

This response and attachments are considered **CONFIDENTIAL** as they contain reports, workpapers or other documentation relating to work produced by internal or external auditors or consultants.

See the attached workpaper “Q7_CONF_Workpaper_Merger Savings Model_5-14-16_Annotated.” The new Description sheet in this workbook outlines the content of the various sheets, defines the major abbreviated terms, and describes the major blocks of data in the Summary and Data sheets, where the input data come together. This additional information should help staff understand the workbook.

Attachments
Q7_CONF_Workpaper_Merger Savings Model_5-14-16_Annotated.xls
Q134_Verification.pdf

Verification of Response

Kansas City Power & Light Company

Docket No. 16-KCPE-593-ACQ

The response to __KCC_____ Data Request#_________134______________, submitted by KCP&L, is covered by this Verification of Response:

I have read the foregoing Information Request(s) and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signed: William J Kemp

Title: Senior Managing Director

Date: October 7, 2016

KCC 24 (Confidential)*

* Pursuant to the Commission's Order On Prehearing Motions, issued in this docket on January 26, 2017, this data response is no longer confidential. 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, KCC Docket No. 16-KCPE-593-ACQ, Order on Prehearing Motions, January 26, 2017, at ¶ 15. The claim of confidentiality has not been deleted from the text of the data response to preserve the integrity of the response that the witness verified.

KCPL KS
Case Name: 2016 Westar Acquisition
Case Number: 16-KCPE-593-ACQ

Response to Grady Justin Interrogatories - KCC_20160818
Date of Response: 11/04/2016

Question:24

Please provide a copy of all Great Plains Energy or Kansas City Power and Light presentations or correspondence with S&P, Moody's or Fitch regarding the potential acquisition/merger of Westar by Great Plains.

Number of Attachments:

Response:

This response and attached files are **CONFIDENTIAL** because they contain confidential reports related to work produced by external consultants, contain strategies employed, to be employed or under consideration, and contain information concerning private financial and business information.

The attached files contain presentations and information provided to and reports from S&P and Moody's regarding the potential acquisition/merger of Westar by Great Plains Energy. GPE and KCP&L are not rated by Fitch and there has been no correspondence with Fitch.

Attachments:
Q24_CONF_Wizard 160511-1640 SandP.xlsx
Q24_CONF_Project Wizard - Rating Agency Presentation May-2016_SandP.pdf
Q24_CONF_Project Wizard - Rating Agency Presentation_Moodys.pdf
Q24_CONF_Project Wizard - Rating Agency Presentation_SandP.PDF
Q24_CONF_Wizard 160422-1744 Moodys.xlsx
Q24_CONF_Wizard 160422-1744 SandP.XLSX
Q24_CONF_Project Wizard - Rating Agency Presentation May-2016_Moodys.pdf
Q24_CONF_Wizard 160511-1640 Moodys.xlsx
Q24_CONF_Project Wizard Scenarios 4 and 5 RAS-Rating Letter.pdf
Q24_CONF_Great Plains Energy_RES_2016MAY9 Report.pdf
Q24_CONF_Great Plains Energy RES 2016MAY18 Report.pdf
Q24_CONF_2015-05-12_Moodys RAS Letter - Project Wizard.pdf
Q24_Verification.pdf

Verification of Response

Kansas City Power & Light Company

Docket No. 16-KCPE-593-ACQ

The response to KCC Data Request# 24, submitted by KCP&L, is covered by this Verification of Response:

I have read the foregoing Information Request(s) and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signed: James P. Gilligan

Title: ASSISTANT TREASURER

Date: 8-18-16

CURB 42 (Confidential)*

* Pursuant to the Commission's Order On Prehearing Motions, issued in this docket on January 26, 2017, this data response is no longer confidential. 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, KCC Docket No. 16-KCPE-593-ACQ, Order on Prehearing Motions, January 26, 2017, at ¶ 15. The claim of confidentiality has not been deleted from the text of the data response to preserve the integrity of the response that the witness verified.

KCPL KS
Case Name: 2016 Westar Acquisition
Case Number: 16-KCPE-593-ACQ

Response to Nickel David Interrogatories - CURB_20160803
Date of Response: 11/04/2016

Question:CURB-42

Regarding page 8 of Mr. Bryant's testimony, please provide the financial analyses referenced on lines 3-7 showing that the transaction will initially be neutral to GPE's forecasted earnings and will be 10% accretive as compared to the stand-alone plan by 2020.

Number of Attachments:

Response:

This response and attachments are considered **CONFIDENTIAL** as they it contain private, technical financial and business information.

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The attached file "QCURB-42_CONF_Wizard 160527.2200 FINAL" contains final work papers used in showing that the transaction will initially be neutral to GPE's forecasted earnings and will be 10% accretive as compared to the stand-alone plan by 2020.

Attachments:
QCURB-42 _CONF_Wizard 160527.2200 FINAL.xlsx
QCURB-42_Verification.pdf

Verification of Response

Kansas City Power & Light Company

Docket No. 16-KCPE-593-ACQ

The response to CURB Data Request# 42, submitted by KCP&L, is covered by this Verification of Response:

I have read the foregoing Information Request(s) and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signed: [signature]

Title: Director, Financial Analysis

Date: 8/8/16

KCC-169 (Confidential)*

* Pursuant to the Commission's Order On Prehearing Motions, issued in this docket on January 26, 2017, this data response is no longer confidential. 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, KCC Docket No. 16-KCPE-593-ACQ, Order on Prehearing Motions, January 26, 2017, at ¶ 15. The claim of confidentiality has not been deleted from the text of the data response to preserve the integrity of the response that the witness verified.

KCPL KS
Case Name: 2016 Westar Acquisition
Case Number: 16-KCPE-593-ACQ

Response to Grady Justin Interrogatories - KCC_20160928
Date of Response: 11/04/2016

Question:169

Please refer to the financial model provided in response to CURB DR No. 42 entitled "QCURB-42_CONF_Wizard

160527.2200FINAL." Please discuss how the assumptions in this model regarding the amount and per share value of GXP equity financing compare to the results of the concurrent equity financing issuances announced by Great Plains on September 27, 2016.

In the event that the assumptions in the model are different than the reality of the equity issuances (in terms of either amounts, or proceeds derived), please provide a revised model that incorporates the effects of the actual results of the concurrent equity financing.

Number of Attachments:

Response:

This response is **CONFIDENTIAL** as it contains private financial and business information.

The differences between the original model assumptions and the results of the concurrent equity financings issuances announced by Great Plains on September 27, 2016 (assuming no other assumption changes) are summarized as follows:

1. Common equity net proceeds of $1,552 million versus $1,500 million used in the original model assumptions.

2. Mandatory convertible preferred equity gross proceeds of $863 million versus $850 million used in the original model assumptions.

3. Common stock price of $26.45 versus $29.45 used in original model assumptions.

4. Mandatory convertible preferred equity rate of 7% versus 7.25% used in the original model assumptions.

5. Mandatory convertible preferred equity premium of 20%, unchanged from the original model assumptions.

The most significant impact is on the number of common shares to be issued due to the lower common stock price. Although this has a material impact on earnings per share, it does not substantially impact the results of cash flows or credit metrics.

Attachment “Q169_CONF_DR_160930_UPDATE_A” is a revised model that includes the estimated results of the concurrent equity financings issuances announced by Great Plains on September 27, 2016. For comparison purposes, all other assumptions have been unchanged.

A ‘Compare’ tab has been added to the model attachment for comparison of key financial results to the original model results.

Attachments:

Q169_CONF_DR_160930_UPDATE_A
Q169_Verification.pdf

Verification of Response

Kansas City Power & Light Company

Docket No. 16-KCPE-593-ACQ

The response to KCC Data Request# 169, submitted by KCP&L, is covered by this Verification of Response:

I have read the foregoing Information Request(s) and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signed: [signature]

Title: Director, Financial Analysis

Date: 9/30/16

KCC-261

KCPL KS
Case Name: 2016 Westar Acquisition
Case Number: 16-KCPE-593-ACQ

Response to Hempling Scott Interrogatories - KCC_20161013
Date of Response: 11/04/2016

Question:261

Mr. Busser's Direct Testimony on page 12 refers to the practice of recording goodwill as an asset, then conducting impairment testing:

1. Please describe all possible actions by the Commission, the Kansas Legislature or market participants that could constitute impairment.

2. For each of the impairment-causing actions listed in response to the preceding question, please explain the range of possible effects (a) on the post-Transaction entity's financial condition and (b) on Westar customers.

3. Please confirm that the Joint Applicants commit that they will never seek any version of rate relief as a result of such impairment.

Number of Attachments:

Response:

1. The testing of goodwill for impairment involves calculating a fair value of Great Plains Energy's electric utility operations as of the date of the impairment testing and comparing it to book value. If the calculated fair value is less than book value, the recording of an impairment loss could be required.

   The calculated fair value for GPE's electric utility operations is based on the weighted average results of a discounted cash flow analysis based on GPE's 5 year budget projections and a market approach that calculates a fair value based on market multiples of peer companies.

   As such, an action by the Commission or the Kansas Legislature that would negatively affect GPE's future cash flows in a significant way could potentially lead to a lower calculated fair value under the impairment test and thus, cause a possible impairment. Also, lower stock valuations of peer companies used in the Company's market approach could also lead to a lower calculated fair value and thus, cause a potential impairment.

2. The goodwill impairment charge is a non-cash charge that would result in an increase to expense/decrease to net income on Great Plains Energy's income statement and would also reduce total assets and decrease retained earnings on Great Plains Energy's balance sheet. Because pushdown accounting is not being applied to Westar, a potential impairment charge would occur at the Great Plains

Energy consolidated level and not on Westar's standalone financials and thus, would not affect Westar customers unless specific relief was requested.

3. The Joint Applicants commit that they would only seek rate relief for an impairment charge to the extent that there are capital cost increases that occur from an impairment that results from a KCC order.

Attachment: Q261_Verification.pdf

Verification of Response

Kansas City Power & Light Company

Docket No. 16-KCPE-593-ACQ

The response to KCC Data Request# 261, submitted by KCP&L, is covered by this Verification of Response:

I have read the foregoing Information Request(s) and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signed: Lori Anne Jones

Title: Director, Accounting

Date: 10/20/16

CURB 115

KCPL KS
Case Name: 2016 Westar Acquisition
Case Number: 16-KCPE-593-ACQ

Response to Nickel David Interrogatories - CURB_20161014
Date of Response: 10/28/2016

Question:CURB-115

Will any portion of the $4.8 billion of goodwill per the prospectus be claimed for ratemaking purposes? If yes, please provide the amount and explain why recovery would be appropriate.

Number of Attachments:

Response:

Great Plains Energy's (GPE's) utility subsidiaries will not seek to include goodwill (or transaction costs) related to the Transaction in revenue requirement and customer rates unless any party to a general rate case of a GPE utility subsidiary proposes to impute the cost or proportion of debt GPE is using to finance the transaction to a GPE utility subsidiary for purposes of determining a fair and reasonable return for a GPE utility subsidiary. In that event, GPE and its utility subsidiaries reserve the right to seek, in any such rate case, recovery and recognition in retail rates of goodwill (or transaction costs) related to the Transaction.

Attachment: *Q_115_Verification.pdf*

Verification of Response

Kansas City Power & Light Company

Docket No. 16-KCPE-593-ACQ

The response to CURB Data Request# 115, submitted by KCP&L, is covered by this Verification of Response:

I have read the foregoing Information Request(s) and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signed: Mary Britt Turner

Title: DIRECTOR, REGULATORY AFFAIRS

Date: 10/24/2016

KIC 18

KCPL KS
Case Name: 2016 Westar Acquisition
Case Number: 16-KCPE-593-ACQ

Response to Zakoura James Interrogatories - Industrial_20160928
Date of Response: 11/04/2016

Question:18

Regarding the Direct Testimony of Joint Applicant witness Kevin E. Bryant, please provide indicated rating reports from credit rating agencies to the Joint Applicants concerning the proposed Transaction and the credit standing outlook for each of the GPE Holding Company utilities if the Transaction is completed as proposed.

Number of Attachments:

Response:

The attached reports and press releases have been published by the credit rating agencies since the Transaction was announced. Additional CONFIDENTIAL rating agency reports related to the Transaction can be found in response to CURB data request CURB_20160803 Question CURB-40.

Attachments:
Q18_Moodys Report 5-31-16.pdf
Q18_Westar Research Report by SP 5-31-2016.pdf
Q18_2016-06-02_Moodys Opinion_KCPL.pdf
Q18_GPE Research Report by SP 5-31-16.pdf
Q18_KCPL Summary report by SP 6-17-2016.pdf
Q18_2016-06-01_Moodys Opinion_GXP.pdf
Q18_2016-07_Moodys Issuer In-Depth_FAQ Great Plains Acquisition of Westar.pdf
Q18_Verification form.pdf

Verification of Response

Kansas City Power & Light Company

Docket No. 16-KCPE-593-ACQ

The response to Industrial Data Request# 18, submitted by KCP&L, is covered by this Verification of Response:

I have read the foregoing Information Request(s) and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signed: James P. Gilligan

Title: ASSISTANT TREASURER

Date: 10-6-16

MOODY'S
INVESTORS SERVICE

ISSUER IN-DEPTH
7 July 2016

Rate this Research

KEY METRICS:

Great Plains Energy, Inc

	LTM 1Q16	12/31/2015	12/31/2014
CFO pre-WC/ Debt	17.0%	16.5%	16.1%
CFO pre-WC - Dividends / Debt	13.7%	13.2%	13.0%

Westar Energy, Inc

	LTM 1Q16	12/31/2015	12/31/2014
CFO pre-WC/ Debt	22.6%	21.6%	20.6%
CFO pre-WC - Dividends/ Debt	17.9%	17.0%	16.5%

Source: Moody's Investors Service

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Great Plains Energy Incorporated

FAQ: Great Plains' Acquisition of Westar

Great Plains Energy Inc.'s (Baa2 ratings under review down) proposed $12.2 billion acquisition of Westar Energy Inc. (Baa1 stable) will triple Great Plains' debt. We think the use of leverage is indicative of management's higher tolerance for financial risk. For these reasons, among others, we placed Great Plains' rating on review for downgrade. In this report, we answer questions about the impact of the announced deal on Great Plains' credit profile.

» **What is the main risk to Great Plains' investment-grade credit profile?** Regulatory contentiousness that results in stagnant financial performance is the biggest risk for the investment-grade credit profile. Great Plains will need to secure regulatory approvals and maintain sufficient regulatory support for its three utility subsidiaries.

» **Why do you think regulators will approve the transaction?** We believe that regulators will approve the deal because the rationale behind regulated utility consolidation - that is, spreading fixed costs across a larger asset base - makes sense. We believe regulators will approve the deal based on precedent transactions, but not before requiring committed customer benefits upfront.

» **How is the creditworthiness of the operating companies affected?** At this time, the transaction does not affect the credit of Kansas City Power & Light Co. (KCPL, Baa1 stable), KCP&L Greater Missouri Operations Co. (GMO, Baa2 stable), or Westar. However, the deal constrains their chances for a rating upgrade because the holding company leverage affects the consolidated corporate family.

» **How does the financing compare with other large utility deals?** The deal is highly leveraged, to be sure, with the ratio of holding-company debt to consolidated debt rising to 35% from 2%. By other measures, such as debt to rate base, however, the deal appears to be more in-line with recent transactions.

» **Why is Wolf Creek a big risk factor?** Wolf Creek provides an element of asset concentration risk, as a single-reactor nuclear plant that represents a large component of rate base. A significant operating problem at Wolf Creek could trigger large, unexpected demands on liquidity.

Frequently Asked Questions

Great Plains Energy Inc.'s proposed $12.2 billion acquisition of Westar Energy Inc. will double Great Plains' assets, but it will also triple Great Plains' reported debt from $4.2 billion today to over $13.2 billion at transaction close.

Under the terms of the proposed deal, Great Plains will assume about $4 billion of Westar debt and expects to finance the remainder with additional debt and a mix of common and preferred stock. We see roughly $4.4 billion in new acquisition debt as a significant credit negative. Great Plains' ratio of holding-company debt to consolidated debt will jump to 35% from 2%.

We placed Great Plains' debt rating of Baa2 on review for downgrade on 31 May. In this report, we will answer questions about the impact of the announced deal on the holding company's investment-grade credit profile.

What is the main risk to Great Plains investment-grade credit profile?

The biggest risk to Great Plains' investment grade profile is regulatory contentiousness. Great Plains needs healthy relationships with its regulators in order to achieve the cash flow improvements necessary to keep its investment-grade rating.

On a combined basis, Great Plains and Westar's CFO-to-debt ratio was about 18% for the 12 months ended March (see table). Following the proposed merger, the ratio would fall to just under 12%. Great Plains could fall into the speculative-grade rating category if consolidated cash flow from operations (CFO) to debt remains between 10% and 13% in the years following the closing of the deal.

With more than $13 billion of pro forma debt after the merger, $500 million to $600 million of additional annual cash flow would be needed in order for the CFO-to-debt ratio to rise back into the mid-teens range by 2020. We think this financial metric threshold is achievable, and is a principal factor supporting an investment-grade credit profile.

We think Great Plains will achieve this increase in cash flow through a mix of cost savings and tax relief, including bonus depreciation (at least through 2020), as well as net operating loss carry-forwards. Regulatory support is just as important, through revenue increases by way of rate cases and other timely cost recoveries. Great Plains' management has highlighted a series of upcoming rate cases for each utility (including those already filed by GMO and KCPL), which lends a high degree of visibility into the prospects for improving the ratio of cash flow to debt above 12%.

Exhibit 1

Cash flow to Debt Ratios, Before and After the Acquisition

LTM 1Q 2016	Column1
Great Plains CFO	$824
Westar CFO	$770
Total CFO	**$1,594**
Before Acquisition (as of March 31, 2016)	
Great Plains Debt	$4,778
Westar Debt	$4,071
Total Debt	**$8,849**
Total CFO / Total Debt	**18%**
After Acquisition (Illustrative)	
Acquisition Debt	$4,400
Great Plains + Westar Debt	$8,849
Pro Forma Debt	**$13,249**
Total CFO / Pro Forma Debt	**12%**

Source: Great Plains Energy, Westar Energy, Moody's Investors Service

Why do you think regulators will approve the transaction?

We believe regulators will approve the combination because the reasoning behind spreading fixed costs across a larger asset base makes sense for all stakeholders. We also believe that regulators will approve the transaction based on prior approvals, such as when Kansas allowed Great Plains and Black Hills Corp. (Baa1 negative) to divide the assets of Aquila Inc. within the state.

Several regulatory approvals are needed to close the merger, including from the Kansas Corporation Commission (KCC), the Federal Energy Regulatory Commission and the Nuclear Regulatory Commission, among others. Although not immediately cited by management as a key regulatory approval, the Missouri Public Service Commission (MPSC) has taken steps to review the transaction, which could lengthen the approval process and introduce additional upfront costs.

To-date, the MPSC has granted its staff's request to investigate the transaction's impact to Missouri customers, as well as opened a more general proceeding on revising electric utility regulation within the state. We see these developments as added regulatory intervention that could complicate the acquisition process for Great Plains. The staff investigation, in particular, underscores our view that the relationship between Great Plains and Missouri regulators is more challenging than the average utility-regulator relationship.

We also believe that regulators will require upfront customer benefits (e.g., customer rate relief and/or investments in the system) as part of its approval stipulations.

Merger approval requirements have come in many forms, including customer rebates, rate freezes and deferred cost recovery on certain items. The implementation of ring-fence-type provisions, a continued corporate presence in the state and mandatory investments in environmentally friendly programs or in infrastructure upgrades are also possible.

Also, Kansas is a “net benefit state,” which means that evidence must be shown that Westar's customers will benefit from the utility becoming part of Great Plains. This is a higher hurdle for regulatory approval than a “no harm” standard, where the burden for approval is that the target utility customers will not be worse off.

For these reasons, we think the merger will probably close in about 12 to 18 months, a little later than the company's expectation for the second quarter of 2017.

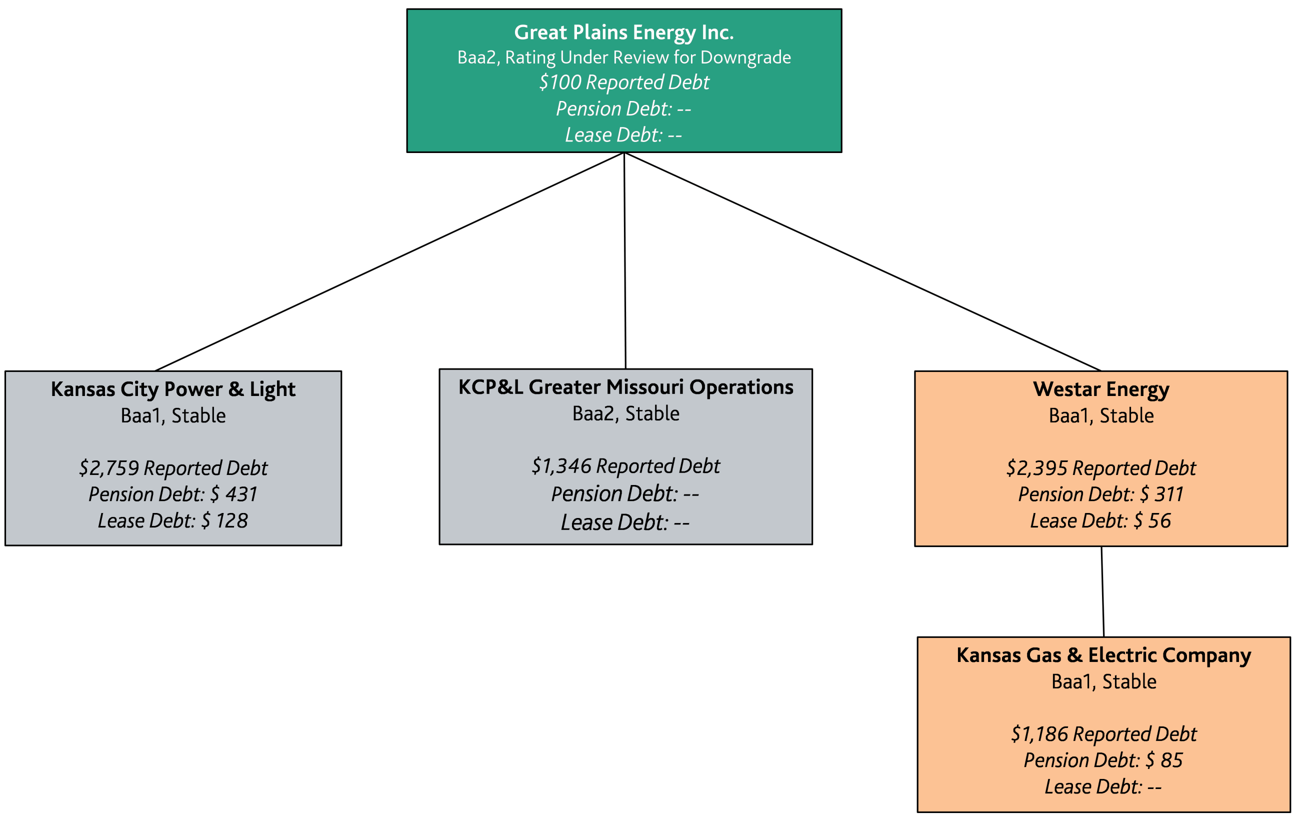
Does the transaction affect the credit of the utility operating companies?

No. For now, the transaction does not affect the credit of Great Plains' two subsidiaries, KCPL (Baa1 stable) and GMO (Baa2 stable), or Westar (Baa1 stable). We expect the stand-alone credit profiles for each of the utility subsidiaries to improve over the next two to three years.

The utilities' stand-alone credit improvement will be driven, in part, by the conclusion of extensive environmental capital plans, as each utility prepares to meet federal emissions standards. The reduced capital spending will lower debt-financing needs at the same time the collective investments will be fully incorporated into the rate base, boosting revenue.

Exhibit 2

Great Plains' pro forma organizational structure with reported debt figures as of March 2016



Source: Great Plains Energy, Westar Energy, Moody's Investors Service

That said, Great Plains' two current subsidiaries, along with Westar, will have a more highly leveraged parent after the transaction, which will remove the positive overhang of expected financial improvement associated with upcoming rate cases. Because of the added holding company leverage, we expect that the utilities will have to pay higher dividends than would otherwise be necessary to service Great Plains' debt and shareholder dividends.

Exhibit 3 shows what we expect in terms of dividend obligations under a business-as-usual scenario (assuming 6% annual dividend growth). Currently, we expect that utility dividends are enough to cover Great Plains' debt service and dividend policy.

Exhibit 3

Right now, utility dividends fund about 96% of Great Plains' financial obligations

	2011	2012	2013	2014	2015	2016E	2017E	2018E	2019E	2020E	Projection Comments
KCPL Dividends	$ 100	$ 96	$ 92	$ 72	$ -	$ 110	$ 117	$ 124	$ 131	$ 139	2/3 of Great Plains HoldCo Dividends starting in 2016
GMO Dividends	$ 48	$ 48	$ 48	$ 72	$ 157	$ 55	$ 58	$ 62	$ 66	$ 70	1/3 of Great Plains HoldCo Dividends starting in 2016
KCPL + GMO Dividends (Utility Dividends)	**$ 148**	**$ 144**	**$ 140**	**$ 144**	**$ 157**	**$ 165**	**$ 175**	**$ 186**	**$ 197**	**$ 209**	
Great Plains HoldCo Dividends	$ 115	$ 126	$ 137	$ 146	$ 156	$ 165	$ 175	$ 186	$ 197	$ 209	6% annual growth
Great Plains HoldCo Debt Interest Expense	$ 7	$ 7	$ 7	$ 7	$ 7	$ 7	$ 6	$ 5	$ 5	$ 5	Assumes $100 million debt is re-financed @ 4.5% in September 2017
HoldCo Cash Demands (Dividends + Interest)	**$ 122**	**$ 133**	**$ 144**	**$ 153**	**$ 163**	**$ 172**	**$ 181**	**$ 190**	**$ 201**	**$ 213**	
Utility Dividends as a % of HoldCo Cash Demands	**121%**	**108%**	**97%**	**94%**	**96%**	**96%**	**97%**	**98%**	**98%**	**98%**	

Source: Great Plains Energy Inc. and Moody's Investors Service

Exhibit 4 includes Westar's annual dividend contribution and debt-service pro forma for the acquisition (i.e., new common stock dividends, hybrid debt "dividends" and interest expense on the $4.4 billion of added holding-company debt).

The additional debt-service burden results in utility dividends supporting around 70% of Great Plains' dividends and parent interest expense. This gap could be filled with higher dividends paid by the utilities, cost-sharing arrangements or a combination of the two. If Great Plains opts to finance its dividends on its own, it would be credit negative for the entire family.

Exhibit 4

After the acquisition, utility dividends will fund about 70% of Great Plains' financial obligations

	2011	2012	2013	2014	2015	2016E	2017E	2018E	2019E	2020E	Projection Comments
KCPL Dividends	$ 100	$ 96	$ 92	$ 72	$ -	$ 110	$ 117	$ 124	$ 131	$ 139	
GMO Dividends	$ 48	$ 48	$ 48	$ 72	$ 157	$ 55	$ 58	$ 62	$ 66	$ 70	
Westar Dividends	$ 140	$ 161	$ 165	$ 173	$ 187	$ 198	$ 210	$ 223	$ 236	$ 250	6% annual growth
KCPL + GMO + Westar (Utility Dividends)	**$ 288**	**$ 305**	**$ 305**	**$ 317**	**$ 344**	**$ 364**	**$ 385**	**$ 409**	**$ 433**	**$ 459**	
Great Plains Pro-Forma HoldCo Dividends	$ 115	$ 126	$ 137	$ 146	$ 156	$ 165	$ 175	$ 400	$ 424	$ 449	6% annual growth; 2018-2020 includes dividends on: hybrids, acquisition equity and stock consideration
Great Plains HoldCo Debt Interest Exp.	$ 7	$ 7	$ 7	$ 7	$ 7	$ 7	$ 4	$ 198	$ 198	$ 198	2017: $100 million is retired in September 2018: $4.4 billion HoldCo debt issued at 4.5% coupon
HoldCo Cash Demands (Dividends + Interest)	**$ 122**	**$ 133**	**$ 144**	**$ 153**	**$ 163**	**$ 172**	**$ 179**	**$ 598**	**$ 622**	**$ 647**	
Utility Dividends a % of HoldCo Cash Demands								**68%**	**70%**	**71%**	

Note: We assume that the public hybrid offering is the same size and cost as the private issuance (i.e., $750 million at 7.25%).
Source: Great Plains Energy Inc., Westar Energy Inc. and Moody's investors Service

A sustained increase in utility dividend payout will hurt the utilities' financial ratios, such as the ratio of CFO minus dividends to debt. Ratios below 13% for KCPL and Westar, and below 10% for GMO, could pressure their credit profiles. On average, over the last five years, KCPL and Westar have adjusted CFO minus dividends to debt of around 14%, while GMO has about 12%.

Moreover, we believe that if Great Plains requires higher dividends from its utilities, it will concern regulators in Kansas and Missouri and could result in some form of ring-fence-type provisions between Great Plains and its regulated subsidiaries, or heightened contentiousness in the regulatory relationship. The former could be a credit positive for the utilities - but negative for Great Plains - while the latter would be a significant negative for the utilities and Great Plains, alike.

Other risks for the utilities include the following:

If holding-company leverage increases or interest rates on the holding-company debt are higher than expected. Great Plains' pro forma holding-company debt as a percentage of consolidated debt will be around 35% after the acquisition, so any increase would be a clear credit negative. In other cases, this level of holding-company debt has resulted in ratings differentials, whereby the parent's rating is multiple notches below the ratings of its principal operating subsidiaries.

Any additional holding-company debt would result in declining credit quality across the entire family, since the utilities would shoulder the burden of paying even more debt service.

If regulators require large rebates, or if rate relief is lower than expected. Significant cash outflows to customers or limits to future utility rate relief would be materially credit negative, because the expected financial improvement might not materialize.

Therefore, if Kansas regulators extract sufficient customer benefits that limit Westar's ability to produce a cash-flow-to-debt ratio in the high-teens, or below 13% (excluding dividends), on a sustainable basis, it would be a negative development for Westar's credit profile. The same would apply to KCPL and GMO if Missouri regulators were to limit their expected cash flow improvement.

How does the financing compare with other large utility deals?

The deal is highly leveraged and concentrated in a single geographic region. The ratio of holding-company debt to consolidated debt is rising to 35% from 2%. But measured by debt as a percentage of the rate base, the deal is less aggressive than other recent mergers.

Exhibit 5 compares the Great Plains-Westar deal with five large deals in the past two years and their respective leverage ratios. In terms of holding-company debt to consolidated debt, the Great Plains-Westar deal is about average. But looking at the ratio of debt to the rate base, other deals are much more aggressive.

Exhibit 5

Great Plains' deal to buy Westar is highly leveraged, but less so than other recent deals

	Acquisition Debt / Target Rate Base	Acquirer's CFO / Debt pre-acquisition	CFO / Debt post-acquisition	Acquirer's Debt / Equity pre-acquisition	Debt / Equity post-acquisition	Acquirer's HoldCo Debt / Consol.Debt pre-acquisition	HoldCo Debt / Consol.Debt post-acquisition
Duke / Piedmont	185%	17%	15%	107%	113%	30%	36%
Southern / AGL	179%	21%	15%	131%	156%	12%	25%
Dominion / Questar	110%	16%	16%	229%	235%	47%	48%
Great Plains / Westar	70%	18%	12%	114%	166%	2%	35%
Emera / TECO	70%	16%	12%	96%	220%	19%	>45%
Black Hills / SourceGas	61%	21%	14%	128%	144%	4%	28%

Notes: See Appendix A for a listing of company ratings and outlooks; EBITDA is as-reported, based on the twelve months prior to announcement; Target Rate Base is the latest reported figure, prior to announcement; CFO to Debt is Moody's adjusted; Debt to Equity and HoldCo Debt to Consolidated Debt figures are as-reported
Source: Moody's Investors Service

Why is Wolf Creek a big risk factor for Great Plains' credit profile?

Wolf Creek is very expensive to operate and the plant has had some problems in the past. The plant is a 1,200 megawatt single-reactor nuclear facility and represents a large component of the rate base, which translates into some asset concentration risk. Therefore, a big operating problem at Wolf Creek could trigger large, unexpected demands on liquidity.

In 2012, Wolf Creek had an unplanned outage due to equipment failure, which resulted in additional costs paid collectively by the Wolf Creek owners (47% Great Plains; 47% Westar and 6% Kansas Electric Power Cooperative (unrated)). A similar, or more material, event in the future could weaken Great Plains credit profile, both from a qualitative risk perspective (i.e., safety and regulatory concerns) and from a financial perspective, since it would reduce available liquidity and likely require long-term debt to finance at least a portion of the remediation costs.

Even beyond one-time outage-related costs, unplanned nuclear outages typically result in additional ongoing expenses related to improvements for the plant. This could also have lasting impacts on the company's financial profile and require additional cost recovery from regulators.

Following the Nuclear Regulatory Commission's review of Wolf Creek's operations in 2012 and 2013, plant performance has improved (see Exhibit 6, below). However, the plant's capacity factor remains below industry averages, which makes it a more costly facility per unit of output.

By way of comparison, the Omaha Public Power District of Nebraska's (Aa2/Aa3, stable) board of directors recently approved management's proposal to permanently shut down and decommission its Fort Calhoun nuclear facility 17 years ahead of schedule. The decision, based on the long-term value of the nuclear plant, draws into question comparable economics for Wolf Creek, since both plants operate in the Southwest Power Pool (SPP) market, where power prices have declined significantly in recent years amid competition from wind power. Around-the-clock prices for SPP North and SPP South dropped from about $28 per megawatt-hour (MWh) and $37 per MWh in 2014, respectively, to $16 per MWh and $20 per MWh in 2016[1].

Exhibit 6

Wolf Creek's production is improving, but its capacity factor is below the industry norm of 90%

	2011	2012	2013	2014	2015
Operational Statistics					
Summer Peak Capacity (MW)	1,175.00	1,175.00	1,175.00	1,175.00	1,175.00
Winter Peak Capacity (MW)	1,205.00	1,205.00	1,205.00	1,205.00	1,205.00
Net Generation (MWh)	7,318,888	8,284,924	7,168,301	8,558,384	8,630,178
Capacity Factor (%)	69%	78%	68%	81%	82%
Production Costs and Ratios					
Total Production Costs ($MM)	$230	$252	$255	$268	$242
Total Production ($/MWh)	$31.46	$30.47	$35.61	$31.35	$28.02

Source: S&P Global Market Intelligence and Nuclear Energy Institute

Appendix A - Ratings and Outlooks for Companies Involved in Recent M&A Activity

Listed in order of appearance in Exhibit 5

- Duke Energy Corporation (Baa1 negative)
- Piedmont Natural Gas Company, Inc. (A2 stable)
- Dominion Resources Inc. (Baa2 stable)
- Questar Corp. (P-1 Possible Downgrade)
- The Southern Company (Baa2 stable)
- AGL Resources' (unrated) financing subsidiary, AGL Capital Corp., is rated Baa1 stable
- Emera Inc. (Baa3 stable)
- TECO Energy Inc. (Baa2 stable)
- Black Hills Corp. (Baa1 negative)
- SourceGas LLC (Baa1 stable)

Moody's Related Research

Sector Outlook:

Credit-Supportive Regulatory Environment Drives Stable Outlook (1008271)

Sector In-Depths:

Electric and Gas Utility Deals Bring Benefits, But Higher Leverage Mitigates Impact (1016760)

M&A Funded by Parent Debt Has Negative Credit Implications (1013580)

Low Gas Prices and Weak Demand are Masking US Nuclear Plant Reliability Issues (146663)

Issuer In-Depth:

Great Plains Energy and Westar Energy: Peer Comparison (1000180)

Issuer Comment:

Omaha Public Power District, NE (1028286)

Credit Opinions:

Great Plains Energy Incorporated: A Midwest Utility Holding Company (1029643)

KCP&L Greater Missouri Operations Company: A Regulated Electric Subsidiary of Great Plains Energy Inc. (1029840)

Kansas City Power & Light Company: A Regulated Electric Subsidiary of Great Plains Energy Inc. (1029844)

WESTAR ENERGY, INC.: Vertically Integrated Regulated Electric Utility (1029911)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Endnotes

1 According to S&P Global Market Intelligence data

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