**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

DIRECT TESTIMONY OF

GREG A. GREENWOOD

**ON BEHALF OF
WESTAR ENERGY, INC.**

IN THE MATTER OF THE APPLICATION OF GREAT PLAINS ENERGY INCORPORATED, KANSAS CITY POWER & LIGHT COMPANY, AND WESTAR ENERGY, INC. FOR APPROVAL OF THE MERGER OF WESTAR ENERGY, INC. AND GREAT PLAINS ENERGY INCORPORATED.

DOCKET NO. 18-KCPE-095-MER

I. INTRODUCTION AND PURPOSE

Q: Please state your name and business address.

A: My name is Greg A. Greenwood. My business address is 818 South Kansas Avenue, Topeka, Kansas 66612.

Q: On whose behalf are you testifying?

A: I am testifying on behalf of Westar Energy, Inc. and Kansas Gas and Electric Company (collectively referred to herein as “Westar”) in this proceeding requesting the Commission’s approval of the amended transaction providing for the merger of Westar, Great Plains Energy Incorporated (“GPE”), and Kansas City Power & Light Company (“KCP&L”) (“Merger”). In this testimony, the company formed by the Merger will be referred to as “the combined Company” or “Holdco.”

Q: By whom and in what capacity are you currently employed?

A: I am employed by Westar as Senior Vice President, Strategy.

Q: What are your current responsibilities?

A: I am responsible for Westar's regulatory affairs, customer care, customer programs and performance excellence functions. At closing, I will become Executive Vice President, Strategy & Chief Administrative Officer and assume responsibility for corporate strategy, regulatory affairs, achievement of merger savings, IT, supply chain, and facilities.

Q: Please describe your education, experience and employment history.

A: In 1988, I graduated magna cum laude with a Bachelor of Business Administration degree in Accounting from Washburn University. I am also a certified public accountant, with five years of public accounting experience prior to my joining Westar. I joined Westar in April 1993 as a staff accountant in the corporate tax department. In September 1995, I joined the finance department as a financial analyst. I held a variety of positions of increasing responsibility within the finance organization until 2006, focusing primarily on financial forecasting and analysis and strategic business planning, as well as raising funds for Westar in the capital markets. I was Westar's Treasurer from February 2003 through August 2006 before being named Vice President, Major Construction Projects in August 2006. In August 2011, I was named Senior Vice President, Strategy and before assuming my current responsibilities I was responsible for regulatory affairs, environmental services, and major construction projects.

Q: Have you previously testified in a proceeding before the Kansas Corporation Commission ("Commission" or "KCC") or before any other utility regulatory agency or legislative committee dealing with utility issues or policy?

A: Yes. I have filed testimony in several dockets before the Commission including several rate cases, predetermination cases to approve proposed major construction projects, and financial restructuring dockets. I have also testified in legislative committee hearings related to transmission line policy and construction.

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to:

1) Introduce the other witnesses for Applicants, the topics they will address, and aspects of the Merger Standards that they are addressing;

2) Summarize how the Merger has been structured to address the concerns of the Commission in its April 19, 2017 order ("Initial Transaction Order");

3) Report how the Applicants have addressed the various elements of the Merger Standards with evidence that supports a finding that the Merger is in the public interest; and

4) Describe how the combined Company will execute the merger integration plan, realize Merger savings, and track and report progress on these efforts.

Q: How is the balance of your testimony organized?

A: The remaining five sections of my testimony are:

- **Section II** identifies Applicants' other witnesses and the topics they cover;
- **Section III** summarizes the Transaction and describes how it responds to the Commission's concerns in the Initial Transaction Order;
- **Section IV** presents a review of how the evidence presented by the Applicants supports a finding that the Merger is in the public interest applying the Commission's Merger Standards;
- **Section V** presents our approach to execution of merger integration plans and realization of efficiencies, and describes how we will track and report merger integration results; and
- **Section VI** presents my brief conclusions.

II. INTRODUCTION OF WITNESSES AND TOPICS COVERED

Q: Please identify the other witnesses for Applicants and the topics that they will be addressing.

A: Mr. Mark Ruelle, President and Chief Executive Officer ("CEO") of Westar, and Mr. Terry Bassham, Chairman, President and CEO of GPE and KCP&L, each provide testimony that discusses why the Applicants remain committed to achieving a merger and the actions taken to arrive at the July 9, 2017 Amended and Restated Agreement and Plan of Merger ("Amended Merger Agreement"). Mr. Ruelle describes the steps taken since the Commission's Initial Transaction Order and how the Merger addresses the fundamental concerns expressed by the Commission in that Order. Mr. Bassham addresses the value that will be created by the combination of Westar and GPE and how customers will benefit. He will also address how the Merger affects employees, and by extension, the communities in which they live (Merger Standard (c)).

The topics to be addressed by Applicants' witnesses are summarized in Table 1 below.

Table 1: Applicants' Witnesses

Mark A. Ruelle, President and CEO, Westar	Actions Taken Since the Initial Transaction Order to Restructure the Initial Transaction. Merger Standard (c).
Terry Bassham, President and CEO, GPE	Value to be Created by the Merger including Customer Benefits, Effect on Employees. Merger Standard (c).
Greg Greenwood, SVP, Strategy, Westar	Responsiveness to Commission Concerns, Satisfaction of Merger Standards, Implementation of Merger Integration Plans, Tracking and Reporting of Efficiencies and Savings. Merger Standards (a)(v) and (d).

Kevin E. Bryant, SVP, Finance and Strategy and CFO, GPE	Structure and Financial Terms of Amended Merger Agreement, Unwinding of Initial Transaction Financing, Impact of the Merger on Financial Conditions, and Financial-Related Merger Standards. Merger Standards (a)(i), (a)(ii), and (e).
Anthony Somma, SVP and CFO, Westar	Post-Close Financial Outlook and Financial-Related Merger Standards. Merger Standards (a)(i), (a)(ii), (a)(iv) and (e).
Darrin R. Ives, VP, Regulatory Affairs, GPE	Regulatory Commitments, Bill Credit, Customer Benefits from Merger Savings, Resource Plan/Plant Retirements. Merger Standards (a)(iii), (b), (f) and (g).
Steven P. Busser, VP, Risk Management and Controller, GPE	Integration Plan, Merger Efficiencies and Savings, Transaction and Other Accounting Treatments, Post-Closing Common Cost Allocations. Merger Standard (a)(iii).
Bruce Akin, SVP, Power Delivery, Westar	Safety, Reliability, and Service Quality Commitments. Merger Standard (h).
John Reed, CEO, Concentric Energy Advisors	Merger Standards Policy, Merger Value to Customers and Shareholders, Financial and Ring-fencing Commitments, Economic Benefits. Merger Standards (a)(ii), (a)(iv), and (c).

Q: Will the Applicants be seeking approval of the Merger from other regulatory bodies?

A: Yes. Within the next week, Applicants expect to file for approval with the Missouri Public Service Commission, the Federal Energy Regulatory Commission ("FERC"), and the Nuclear Regulatory Commission ("NRC"). Certain other requests for approval will be delayed until later in the year to avoid having an approval expire before the transaction is ready to close. These include requests pursuant to the Hart-Scott-Rodino Antitrust Improvements ("HSR") Act, and for certain Federal Communications Commission ("FCC") approvals related to radio licenses currently held by either Westar or GPE.

III. THE MERGER RESPONDS TO THE COMMISSION'S CONCERNS IN THE INITIAL TRANSACTION ORDER

Q. How has the Initial Transaction been restructured?

A. The Initial Transaction has been restructured as a Merger of Equals ("MOE") that will be accomplished entirely through an exchange of stock with no control premium paid to either company's shareholder, no exchange of cash, no Merger-related debt and with upfront, guaranteed benefits to retail electric customers in the form of bill credits. The Merger will be accomplished by forming a new holding company and by an exchange of stock at the time of the closing.

Q. What concerns did the Initial Transaction Order express regarding the Initial Transaction?

A. In response to the Initial Application, Commission Staff and other parties expressed numerous concerns about the structure and financing proposed in the first application. In the Initial Transaction Order rejecting that application, the Commission described these and its own concerns in detail, while also connecting these concerns with its review of each element of the Merger Standards. The Initial Transaction Order provided guidance for the Applicants during the negotiations that are described in the testimonies of Mr. Ruelle and Mr. Bassham.

The primary concerns noted by the Commission related to the financial condition of the merged company, as supported by credit agency reports and other factors. Ultimately, the Commission concluded that the merged company would not be strong financially as compared to the stand-alone companies in its evaluation under Merger Standard (a)(i).[1] In considering Merger Standards (a)(ii) and (a)(iv), the Commission

[1] Initial Transaction Order, ¶ 36.

expressed concern, as I discuss later in my testimony, that the Joint Applicants did not have a plan to close the gap between the estimated savings and the amount of the Acquisition Premium ("AP"), while also noting that the commitment not to seek recovery of the AP was not a firm one.[2] The Commission observed that the high purchase price required GPE to rely to an extraordinary degree on acquisition debt at the holding company level to finance the acquisition, and left the holding company with little financial "margin for error" should the future turn out differently than was expected.[3] The Commission concluded that this could harm the financial conditions of the utility operating subsidiaries that are regulated by the Commission and that the proposed ring-fencing conditions may not be adequate under those circumstances to protect customers of the utility operating subsidiaries.[4]

Q. How have the Applicants addressed these fundamental financial concerns?

A. Yes. These concerns were addressed by seven specific actions:

(1) the merger was reconstituted as a MOE,

(2) the exchange ratio for the stock-for-stock transaction was established without a control premium,

(3) the Applicants are making a firm commitment never to seek recovery from customers of the non-cash goodwill created by the Merger,

(4) consummating the Merger no longer requires any transaction debt,

(5) the Applicants have performed extensive work to firm up the merger efficiencies, and now have a definitive integration plan,

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[2] Initial Transaction Order, ¶¶ 50 and 41.
[3] Initial Transaction Order, ¶ 92.
[4] Initial Transaction Order, ¶¶ 92.

(6) the Applicants have maintained the ring-fencing provisions in substantially similar form to those proposed in the Initial Transaction docket even though the financial concerns have been significantly addressed through items (1) through (5), and

(7) the Applicants have proposed to provide upfront bill credits totaling $50 million to retail electric customers in all rate jurisdictions.

As discussed by Messrs. Reed and Ives, these commitments are intended to assure the Commission and other stakeholders that customers are well protected from any potential incremental financial risk as a result of the Merger.

As noted in the testimony of Mr. Ruelle, with no control premium for either company, the implied price obviously is substantially less than in the Initial Transaction. Customers will benefit from the improvements in the combined Company's business and financial risk profile that results in a company financially stronger and better-positioned for the future as compared to the standalone companies.

Q. Have the credit rating agencies commented on the Merger?

A. Yes. As discussed in the testimonies of Mr. Bryant and Mr. Somma, Moody's Investor Services and Standard & Poor's have each concluded that the combined Company will be stronger financially than Westar or Great Plains Energy would be absent the merger. These conclusions have been supported by favorable ratings actions already taken by the agencies as discussed in detail by Mr. Somma and Mr. Bryant.

Q. Did the Commission express any concerns in its Initial Transaction Order regarding customer savings and potential service quality impacts?

A. Yes. The Commission expressed other concerns in applying the individual criteria of the Merger Standards but many of those were closely related to these fundamental financial issues that existed in the Initial Transaction. I will discuss how these standards are satisfied by the Amended Merger Agreement in the next Section of my testimony which will address each element of the Merger Standards, but to summarize:

- In considering Merger Standard (a)(iii), the Commission observed that Applicants had not offered a rate moratorium or refund;[5]
- In considering Merger Standards (a)(ii) and (a)(iv), the Commission expressed concern that the savings estimates remained too speculative to be considered "quantifiable";[6]
- The Commission expressed concerns about the governance of the holding company and the operating companies, and
- In considering Merger Standard (h), the Commission expressed concern that financial stress might cause the utility operating subsidiaries to reduce spending on vegetation management or defer maintenance spending that could lead to a reduction in public safety.[7]

Q. Have the Applicants addressed these concerns in the Amended Merger Agreement?

A. Yes. The Applicants commit to upfront bill credits to all retail electric customers of $50 million. These bill credits exceed our estimate of 2018 net Merger savings. This upfront bill credit demonstrates our commitment to customer benefits and our confidence in the future savings the Merger will produce.

In contrast to the prior application, we have completed our integration planning and Merger savings analyses. These savings are in addition to the upfront bill credits and will

[5] Initial Transaction Order, ¶ 67.
[6] Initial Transaction Order, ¶¶ 56, 66.
[7] Initial Transaction Order, ¶ 88.

be reflected in rates beginning with the rate cases to be filed by Westar and KCP&L in 2018. We expect to create savings and net operating efficiencies of approximately $28 million in 2018, growing to approximately $160 million by 2022 and beyond. Customers will benefit from these savings as they help to reduce the level and frequency of rate cases after the Merger closes.

The Applicants have proposed a board of directors comprised of an equal number of current Westar and GPE board members. The Chairman and CEO are the only two board members that are not “independent” as that term is defined by the New York Stock Exchange. Holdco’s lead director will be Westar’s current independent chairman of the board and a long-time director. Most of Holdco’s other directors have substantial and longstanding business or personal connections to the Kansas and Missouri region.

With respect to the concern that the combined Company might reduce spending that is needed to maintain service quality, the Merger will increase the financial strength of the organization (compared to both the Initial Transaction and a standalone basis) and should serve to alleviate this prior concern. Additionally, Applicants are making service quality commitments with risk of financial penalties that address this concern.

IV. THE MERGER SATISFIES THE COMMISSION’S MERGER STANDARDS

Q. How does your testimony on Merger Standards relate to the testimony of Mr. Reed?

A. Mr. John Reed addresses the Commission’s Merger Standards from a policy perspective, reflecting on the Initial Transaction Order as well as his experience in reviewing mergers throughout the United States. My testimony summarizes how the Merger satisfies each element of the specific Kansas Merger Standards, and the collection of elements to support a finding by the Commission that the Merger is in the public interest.

Q: Do the Applicant witnesses address every element of the Commission's Merger Standards?

A: Yes. I will directly address Merger Standards (a)(ii), (a)(iv), (a)(v) and (d). I will also present the conclusions and key reasoning for each of the other elements of the Merger Standards, referring as appropriate to other witnesses that describe Applicants' satisfaction of each respective element in detail. Although the Commission has indicated that a proposed transaction does not have to satisfy each and every element of the Merger Standards in order to be found to advance the public interest and be approved,[8] the Applicants have endeavored to provide substantial, competent evidence on every element to establish that the Merger satisfies each of the Merger Standards and is in the public interest. The Merger Standards and the witnesses addressing each are presented in Table 2 below.

[8] Initial Transaction Order, ¶ 37.

Table 2: Merger Standards

	Merger Standard	Witness
(a)	The effect of the transaction on consumers, including:	
(i)	Effect of the transaction on the financial condition of the newly created entity as compared to the financial condition of the stand-alone entities if the transaction does not occur.	Somma, Bryant, Reed
(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.	Greenwood, Somma, Reed
(iii)	Whether ratepayers' benefits resulting from the transaction can be quantified.	Ives, Busser
(iv)	Whether there are any operational synergies that justify payment of a premium in excess of book value.	Greenwood, Somma, Reed
(v)	The effect of the proposed transaction on the existing competition.	Greenwood
(b)	The effect of the transaction on the environment.	Ives
(c)	Whether the proposed transaction will be beneficial on an overall basis to state and local economies and to communities in the areas 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.	Bassham, Reed
(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.	Greenwood
(e)	The effect of the transaction on affected public utility shareholders.	Bryant, Somma
(f)	Whether the transaction maximizes the use of Kansas energy resources.	Ives
(g)	Whether the transaction will reduce the possibility of economic waste.	Ives
(h)	What impact, if any, the transaction has on the public safety.	Akin

Q. Have the Applicants shown that the Merger promotes the public interest under the criterion of Merger Standard (a)(i), with respect to the effect of the Merger on the financial condition of the newly created entity as compared to the financial condition of the stand-alone entities if the Merger did not occur?

A. Yes. As discussed in the testimony of Messrs. Bryant and Somma, the financial condition of the combined Company will be stronger than the stand-alone entities. Messrs. Bryant and Somma each discuss the strength of the combined Company's pro-forma financials and the operational efficiencies that are enabled by combining two adjacent utilities. The increased size and scale and its more favorable business risk profile will improve the financial condition of the combined Company relative to the standalone companies. In fact, as a result of the pre-Merger equity financing, Holdco will initially have excess equity and cash immediately after the closing of the Merger. As Mr. Somma describes, the capital structure of Holdco will be re-balanced over time and will be in line with the capital structure of other financially strong utility holding companies and the ratemaking capital structures of the operating utilities. The credit metrics, ratings outlooks and resulting credit ratings of Holdco and its operating utility subsidiaries are expected to be at least consistent with ratings immediately prior to the announcement of the Initial Transaction, and likely stronger as discussed by Mr. Somma and Mr. Bryant. These conclusions are supported by the credit rating agencies' independent evaluations and subsequent positive public ratings actions related to the Merger.

Mr. Reed's testimony supports a conclusion that the Merger satisfies Merger Standard (a)(i) because it will create a stronger company financially than could have occurred on a standalone basis by either Westar or GPE, with substantial opportunities to find efficiencies in common operations and scale. As discussed by Mr. Reed, the Applicants offer several ring-fencing and financial commitments that reinforce this conclusion.

Q. Have the Applicants met the requirements of Merger Standard (a)(ii), with respect to the reasonableness of the purchase price, including whether the purchase price is reasonable in light of the savings that can be demonstrated from the Merger and whether the purchase price is within a reasonable range, and Merger Standard (a)(iv) with respect to whether there are any operational synergies that justify payment of a premium in excess of book value?

A. Yes. At the outset of this discussion it should be noted that Merger Standards (a)(ii) and (a)(iv), which focus on the "purchase price" and "payment of a premium in excess of book value," may not have been developed in contemplation of a stock-for-stock exchange MOE structure, in which there is no explicit purchase price, and there is no payment of a cash premium to another set of shareholders. Past Commission merger cases since this standard was adopted in 1991 that I have reviewed have all included an acquisition for an amount in excess of the current market trading value (control premium). Since it is impossible to know the Commission's intent on how these standards apply in an MOE structure where no control premium is involved, we conclude it to be most appropriate to respond to (a)(ii) and (a)(iv) as they are written. We also reviewed the precedent, including the Initial Transaction Order, in an effort to apply the literal meaning of these two elements.[9] Thus,

[9] In the matter of Kansas Power and Light Company and Kansas Gas and Electric Company, Consolidated Docket Nos. 172,745-U and 174,155-U, dated November 15, 1991, Order Granting Joint Motion to Approve the Unanimous Settlement Agreement and approval of the Joint Application; Docket No. 97-WSRE-676-MER (Order on Merger Application in the matter of Kansas City Power & Light Company and Western Resources, Inc.), Sept. 28, 1999; Docket No. l6-EPDE-410-ACQ (Approving Liberty Utilities' Acquisition of Empire District Electric Company), Dec. 22, 2016; Order Approving the Transaction with Conditions, Docket No, 16-ITCE-512-ACQ (Approving Fortis's acquisition of ITC Holdings), Oct. 11, 2016; and the Initial Transaction Order.

we performed a mathematical comparison of the operational synergies to the amount of goodwill projected to be recorded on the books of the new holding company ("…in excess of book value") even though this amount is strictly non-cash in nature. For clarity, at close, shareholders will receive share value in Holdco equivalent to their share value held in either Westar or Great Plains, respectively, but no control premium value above that.

Q. What is the basis for and the amount of goodwill to be recorded on the books of the new holding company?

A. As described by Mr. Busser, Mr. Somma, and Mr. Reed, Generally Accepted Accounting Principles ("GAAP") require the recording of goodwill for this merger. It is currently estimated that goodwill from this transaction will be approximately $1.52 billion, though the precise amount of goodwill cannot be known until the transaction is approved and is closed.

Q: Please summarize the Applicants' comparison of Merger-related goodwill to the Merger cost savings that are expected, as provided for in Merger Standards (a)(ii) and (a)(iv).

A. As discussed by Mr. Somma and shown in his Exhibit ADS-1, a comparison of the estimated Merger-related goodwill to the net present value of the expected Merger savings and bill credits demonstrates that Merger savings and bill credits will exceed Merger-related goodwill. This satisfies Merger Standards (a)(ii) and (a)(iv).

Q. In your view, is this approach consistent with the Merger Standards?

A: Yes, applying the literal meaning of these standards. Additionally, we should note that the Commission has also indicated that they will look at a variety of factors in addition to operational synergies in determining ratepayer benefits.[10]

Applying Merger Standards (a)(ii) and (a)(iv) literally, there is no question that there are substantial operational synergies that justify a payment of a premium in excess of book value. Therefore, in its most direct form, the Merger clearly meets these standards. In applying the mathematical formulation, this comparison should reflect the fact that net operational synergies will exceed $3.4 billion in the first 20 years, and that these synergies have been validated through integration planning as I describe below in Section V. While I recognize that the evaluation under Merger Standards (a)(ii) and (a)(iv) depends on certain assumptions regarding the length of the evaluation period and the discount rate applied, it is important to note that none of the Merger goodwill will ever be requested for recovery from customers, has no cost associated with it, and none of it is paid to shareholders. Mr. Somma provides the data for this mathematical comparison in his testimony.

Q: Are there other factors beyond the mathematical calculation that you believe the Commission should consider in making its determination regarding Applicants satisfaction of Merger Standards (a)(ii) and (a)(iv)?

A: Yes. While Applicants pass the mathematical comparison as demonstrated by Mr. Somma, our review of prior transactions assessed under these Merger Standards leads us to conclude it is likely only an MOE such as this one (*e.g.*, one between adjacent, similarly-sized

[10] In the matter of Kansas Power and Light Company and Kansas Gas and Electric Company, Consolidated Docket Nos. 172,745-U and 174,155-U, dated November 15, 1991, at 49.

utilities that can demonstrate significant Merger savings) can pass these standards mathematically. While our research has disclosed not a single merger approved by the Commission that has mathematically passed merger standards (a)(ii) and (a)(iv), they all have otherwise satisfied these standards. They did so, primarily, by limiting the amount of acquisition premium (goodwill) reflected in cost of service, or by outright exclusion from cost of service of the entire transaction acquisition premium.

In furtherance of Applicants' demonstration of the Merger's satisfaction of Merger Standards (a)(ii) and (a)(iv), we request that, in addition to the mathematical demonstration sponsored by Mr. Somma, the Commission give consideration to Applicants' commitment No. 20 (sponsored by Mr. Ives) that neither KCP&L nor Westar will seek recovery of any Merger goodwill through recognition in retail rates and revenue requirement in future rate cases. We also request the Commission give consideration to the Applicants' commitment No. 18 (sponsored by Mr. Ives) that the new holding company agrees that its electric utility subsidiaries will provide all retail electric customers with one-time upfront bill credits totaling $50 million within 120 days of the closing of the Merger. Applicants also request the Commission consider the significant demonstrable Merger savings documented by the Applicants as sponsored by Mr. Busser and the substantial benefits of these Merger savings to customers as discussed in the testimony of Mr. Ives. Finally, as I discuss further below, the improved financial strength of the combined Company as compared to the standalone companies supports the Applicants' satisfaction of Merger Standards (a)(i), (a)(ii) and (a)(iv). Applicants believe consideration of all of these elements of the Merger support a determination that Merger Standards (a)(ii) and (a)(iv) are satisfied by the Merger as proposed.

Q. Are your approach and conclusions with respect to Merger Standards (a)(ii) and (a)(iv) consistent with the Initial Transaction Order?

A. Yes. In reviewing the discussion of Merger Standards (a)(i) through (a)(iv), we concluded that the Commission's consideration of Merger Standards (a)(ii) and (a)(iv) may have been influenced by its conclusions that we had failed to satisfy Merger Standard (a)(i) and that the purchase price was outside a reasonable range. As a result, the Commission placed more emphasis on Merger Standards (a)(ii) and (a)(iv).[11] The Applicants have restructured the Merger to address the Merger Standards generally, but particularly (a)(i) through (a)(iv). This comprehensive response included:

- Restructuring the transaction as a MOE, rather than an acquisition with a large premium over the market price, a distinction the Commission specifically noted in its order in the Initial Transaction;
- Eliminating the need to rely on any new debt to finance the transaction;
- Maintaining a Holdco capital structure that is balanced, consistent with industry norms and approximately the same as the capital structures used for ratemaking purposes for Holdco's utilities;
- Committing unequivocally never to seek to recover the premium (in the case of the amended Merger, goodwill) from customers; and
- Validating our estimate of merger savings and including only Merger-related savings when applying the standards.

For all of these reasons, the Applicants believe that we have responded to and fully addressed the Commission's reasons for concluding that the Initial Transaction did not

[11] Initial Transaction Order, ¶ 48.

comply with Merger Standards (a)(ii) and (a)(iv). The Merger satisfies Merger Standards (a)(ii) and (a)(iv), which supports a finding by the Commission that the Merger is in the public interest.

Q. Have the Applicants met the requirements of Merger Standard (a)(iii), with respect to whether ratepayer benefits resulting from the transaction can be quantified?

A. Yes. Mr. Busser describes the merger savings analysis and plans resulting from approximately a year of merger integration planning and demonstrating that the Applicants expect to create net merger savings of approximately $28 million in 2018, growing to $160 million by 2022 and beyond.

As discussed in the testimonies of Mr. Bassham and Mr. Ives, customers will receive bill credits totaling $50 million, providing an up-front, quantified, incremental and guaranteed benefit to customers. As previously stated, the Applicants' commitment of $50 million in the aggregate of upfront bill credits to all retail electric customers exceeds the estimated net merger-related savings in 2018. This demonstrates the Applicants commitment to customer benefits and our confidence in the savings that the Merger will ultimately produce.

In addition, Mr. Ives describes how the cost of service in each of KCP&L's and Westar's anticipated rate cases will reflect Merger savings, which will be reflected in the rates customers pay. Finally, Merger savings and certain non-merger related savings, which are expected to grow over time, will reduce the amount and frequency of future rate cases. All of this will result in rates that are more stable and lower than they would have been absent the Merger.

Q. Have the Applicants met the requirements of Merger Standard (a)(v), with respect to the effect of the proposed transaction on the existing competition?

A. Yes. The Merger has a limited effect on retail competition since each electric utility is only authorized to provide service within a specified and certificated geographic area. The proposed Merger is fundamentally the combination of utility companies that provide regulated monopoly services that continue to be regulated by this Commission and the Missouri Public Service Commission just as they were prior to the Merger. The elimination of a supplier when both suppliers provide regulated retail services to distinct areas has no impact on competition. While they may compete to attract new industrial loads that have a choice where to locate, the potential customer can still locate in either service area and presumably outside of the service area of the combined Company as well. Although the Applicants do offer services in wholesale markets, these markets are subject to active regulation by the FERC which has the authority to address any competitive concerns from the elimination of a single potential supplier of wholesale services, and FERC is required to review and rule on just those aspects of the Merger before it can be consummated. I am confident Merger Standard (a)(v) is satisfied and supports a finding by the Commission that the Merger is in the public interest.

Q. Taking all of the components of Merger Standard (a) together, do you have any additional comments on how this Merger meets these elements of considering whether the Merger is in the public interest?

A. Yes. All of the elements of Merger Standard (a) are part of evaluating the effect of the Merger on consumers. There should be no question that the Merger is highly favorable for consumers. It produces rates that will be lower for all of the combined Company's customers than would be possible on a stand-alone basis, it avoids the financial risks that the Commission was concerned about in the Initial Transaction, and it provides guaranteed, up-front bill credits. There are many positive aspects of the Merger for consumers. Our review of other mergers that have been approved by the Commission leads us to conclude that the Merger is as favorable for consumers as any that have come before the Commission.

Q. Have the Applicants met the requirements of Merger Standard (b), with respect to the effect of the transaction on the environment?

A. Yes. As discussed in the testimony of Mr. Ives, KCP&L and Westar have both been strong environmental stewards. Applicants intend to continue with their environmental plans and programs under the oversight of federal and state regulatory agencies. While the previously announced retirements of six generating units by GPE's operating utilities are not merger-related, the Merger will accelerate retirement of five Westar fossil-fuel units at three locations that provide 780 MW of capacity. These retirements will contribute to reducing overall emissions. Further, because the State of Kansas is one of the premiere locations for the siting of wind power, the Merger may enable the future construction of additional wind generation in Kansas, which would be primarily used to serve Missouri and Kansas customers and which would have a positive impact on the environment.

In summary, the Applicants have addressed the criterion of Merger Standard (b), presenting evidence that supports a finding by the Commission that the Merger is in the public interest.

Q. Have the Applicants met the requirements of Merger Standard (c), with respect to 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, and 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?

A. Yes. As discussed in the testimony of Mr. Reed, based on application of an economic impact model (IMPLAN), when the combined effects of lower levels of spending (as a result of operational savings), lower electric rates and the up-front bill credit are evaluated, the Merger will produce a positive long-term impact on state and local economies. These benefits will extend to all customer classes, and to Kansans more broadly as the effects spread beyond our service territories.

In addition, the Amended Merger Agreement as supplemented by Appendix H to the Application includes a firm commitment to communities and employees that no involuntary severance or layoff of employees will result from the Merger, with the combined Company relying on voluntary severance and normal retirements and attrition to achieve labor savings, as part of a list of labor commitments that are described in the testimony of Mr. Bassham. In summary, Merger Standard (c) is satisfied through creating lower electric cost for customers than otherwise possible without the Merger, and numerous employee-related commitments intended to minimize impacts on our employees as well as state and local communities.

Q. Have the Applicants met the requirements of Merger Standard (d), with respect to whether the proposed transaction will preserve the jurisdiction of the Commission and the capacity of the Commission to effectively regulate and audit public utility operations in the state?

A. Yes. The MOE between two utility companies that operate within the State of Kansas ensures that the jurisdiction of the Commission and the capacity of the Commission to effectively regulate the merged companies will be maintained and continue as before the Merger. All of the assets and operations of the Applicants that are subject to the jurisdiction of the Commission today will remain subject to the same jurisdiction after the Merger. Further, the Merger Commitments and Conditions recognize the authority of the Commission with respect to financing and ring-fencing conditions, ratemaking and accounting conditions, affiliate transaction conditions, reporting and access to records, and the continued applicability of prior Commission orders.

More importantly, the Applicants have addressed the potential financial weakness that was cited in the Initial Transaction Order as being the primary concern regarding the Commission's continued ability to effectively regulate the combined Company. This concern centered on the potential that the Commission would need to adopt practices it would not otherwise adopt to provide additional revenues to cover GPE's acquisition debt.[12] Because the companies will be financially stronger under the Merger, and because the proposed ring-fencing conditions offer further protections to the utilities and their customers beyond that increased financial strength, Applicants have addressed those

[12] Initial Transaction Order, ¶ 82.

Commission concerns with the Initial Transaction as they related to its jurisdiction under Merger Standard (d). Consequently, this Merger satisfies Merger Standard (d).

Q. Have the Applicants met the requirements of Merger Standard (e), with respect to the effect of the transaction on affected public utility shareholders?

A. Yes. As discussed in the testimony of Messrs. Somma and Bryant, the Merger will benefit both sets of shareholders by providing for ownership in a stronger combined Company with the ability to generate stable and sustainable earnings. These conclusions are supported by opinions that have been issued by the credit rating agencies and equity analysts, as well as fairness opinions from Westar's and GPE's investment bankers. Additionally, both companies' boards of directors unanimously approved the Merger. The Merger also requires the approval of both companies' shareholders; shareholder votes are expected in the fourth quarter of 2017. An affirmative vote of shareholders will be a clear indication that shareholders believe the Merger is in their interests and is clear evidence that this Merger Standard has been satisfied.

Q. Have the Applicants met the requirements of Merger Standard (f), with respect to whether the transaction maximizes the use of Kansas energy resources and Merger Standard (g), with respect to whether the transaction will reduce the possibility of economic waste?

A. Yes. Mr. Ives addresses both (f) and (g) in his testimony. The Merger maximizes the use of Kansas energy resources and reduces the possibility of economic waste by: (1) resulting in a financially strong combined Company that can maintain and invest in the infrastructure necessary to support economic growth in Kansas, (2) increasing the possibility of integrating more wind energy resources by taking advantage of an abundant Kansas natural resource, (3) accelerating the retirement of certain older, less efficient Westar units, as supported by integrated resource planning analyses, and (4) producing Merger savings that support efficient utility operations. Westar and GPE have consistently demonstrated their commitment to increasing their utilization of wind energy, and shifting their portfolios to rely less on fossil resources. The combined Company's renewable energy portfolio will include over 3,000 MW by the end of this year, predominately Kansas wind energy that is either owned or under firm long-term control through power purchase agreements. Continuing on this path will enable the combined Company by 2020 to reduce emissions from 2005 levels for sulfur dioxide by 98 percent, for nitrogen oxide by 85 percent and for carbon dioxide by 38 percent.

Q. Have the Applicants met the requirements of Merger Standard (h), with respect to what impact, if any, the transaction has on the public safety?

A. Yes. First, the Applicants have addressed the financial concerns that led the Commission to conclude that public safety might be adversely impacted by the Merger in its Initial Transaction Order. In addition, Mr. Akin describes why the Applicants expect a positive effect on safety for both the public and our employees over the longer term as a result of combining the companies and adopting "best practices" for both utilities. Mr. Akin also explains that the Applicants are not reflecting any savings that are related to the employment of utility line workers who play a key role in ensuring the safety of the electric system. In summary, the Merger will lead to a financially stronger company with no loss of line workers who are the front lines for public safety. All of this creates a Company better able to adopt operational best practices in meeting the public safety merger standard.

Q. Does the Application and supporting testimony provide substantial competent evidence on each Merger Standard, supporting a finding by the Commission that the Merger is in the public interest?

A. Yes. We have endeavored to demonstrate the Merger is in the public interest under each of the Merger Standards and that it is responsive to the concerns expressed in the Initial Transaction Order. Further, Mr. Reed reviews the Merger through a national context on meeting the public interest test and concludes the Merger satisfies that broader test as well.

V. EXECUTION OF THE MERGER INTEGRATION PLAN

Q. Please describe your new responsibilities as they relate to the merger integration plan.

A. Upon closing of the Merger and among other responsibilities, I will assume responsibility for the successful implementation of the merger integration plan, including the execution of the business plans, realization of efficiencies, and achievement of Merger savings. I will also have overall responsibility for tracking and reporting of progress toward achievement of integration goals as compared to the plan.

Q. Have you been involved in the integration planning effort?

A. Yes. The integration planning effort is described in the testimony of Mr. Steve Busser. Mr. Busser and Mr. John Bridson of Westar have been co-leading this effort for over a year, with support from an Integration Planning Project Management Office ("PMO"). To prepare for my implementation responsibilities, I have participated in weekly transition meetings between the PMO and my Integration Success ("IS") group for months, working closely with Mr. Busser and the rest of the PMO staff. More specifically, my staff or I have reviewed the Merger efficiencies and savings for reasonableness, mathematical accuracy, clear accountability, and appropriate timelines for executing each of the approximately 85 efficiency initiatives (documented as "Efficiency Charters" in our process) that contain 311 individual efficiencies. We also worked with the PMO to develop oversight and management processes that will drive integration performance beginning at Day 1.

Q. Will there be a continuing need for the PMO to continue to support the integration effort beyond the closing of the transition?

A. No. The Integration Success ("IS") team will oversee the integration effort. The IS team will be charged with coordination and oversight reporting with respect to achievement of Merger efficiencies and savings and will report to me. It will consist of a program director and a staff of three employees. Our group will rely on contributions throughout the organization, working most closely with the accounting, finance, human resources, and regulatory functions to ensure Merger savings are reviewed for accuracy and properly documented.

Q. How will the IS team execute these responsibilities?

A. The IS team will focus on the execution of four key objectives:

1) <u>Monitor Implementation Efforts</u>: ensuring that savings are realized, taking early action when it appears they could be at risk;

2) <u>Coordinate Interdependent Merger Activities</u>: although interdependencies are already accounted for in the development of implementation plans during the planning phase, IS will pay particular attention to execution against these plans where there are dependencies but also address any new interdependencies that arise during the implementation phase;

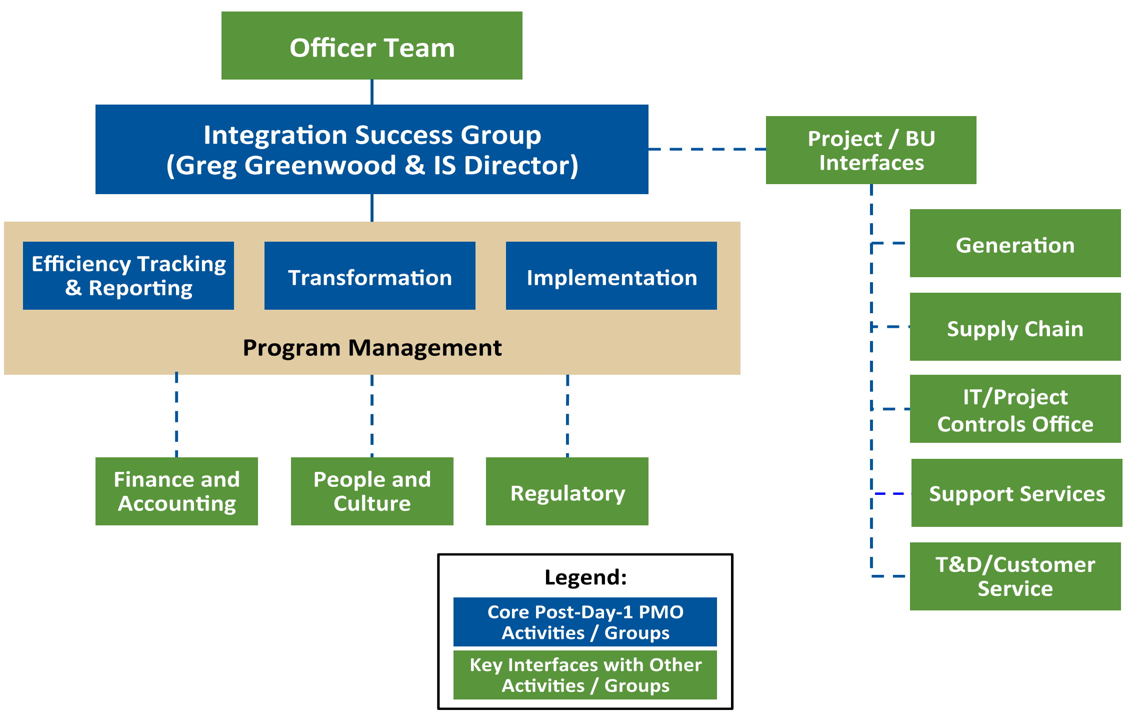
3) Provide Transparency (Reporting): provide regular progress reports to the Officer Team, board of directors, and regulatory bodies that discuss progress relative to implementation plans, expected savings net of transition costs, and staffing; and

4) Pursue Additional Opportunities: drive continual identification of potential opportunities, oversee the validation of opportunities, and assign a priority value and responsibility for developing plans to achieve those opportunities that are most promising.

Q. How will the overall Integration Success effort be organized?

A. The organization is presented in Figure 1.

FIGURE 1
INTEGRATION SUCCESS ORGANIZATION



As shown in this diagram, the director of Integration Success and I will report progress to the Officer Team on a periodic basis. The entire Officer Team serves as the steering team and will be held accountable for the realization of all Merger efficiencies and savings. This structure ensures that officers have the responsibility of working together when coordination will help resolve challenges and maximize efficiencies. This officer team will meet each week as part of our overall corporate management approach. The status of the integration effort will be a standard agenda item providing an opportunity to verbally review progress.

Q. Will the IS Team rely exclusively on the merger integration plan as it exists today?

A. No. While the primary goal is to ensure proper execution of the completed merger integration plans, a secondary aspect of our assignment is to work across the organization to capture potential additional efficiencies that were not identified in the original planning process. The IS team will work with teams to assign cost/benefit attributes to these new incremental ideas so they can be properly prioritized against the components of the existing efficiency plans. Our officers will help reinforce a culture that promotes this objective. We expect that our employees will identify additional efficiencies that are not reflected in the merger integration plan after they begin working together on a full-time basis.

Q. What steps are being taken to prepare the IS Team for this responsibility?

A. Our IS team includes employees trained in Lean, Six Sigma, and other management tools that will support the IS team functions and can be applied across the integration implementation effort to support teams as particular challenges arise. The team will also be able to deploy other project management, diagnostic, and communication competencies and tools. For example, the IS team will be able to support the development of strategic plans by new combined departments, perform statistical analyses and data mining to identify trends, and communication around integration goals.

Q. Will you be held accountable for realization of total Merger savings?

A. Yes. While the primary responsibility for achieving savings consistent with those outlined in Mr. Busser's testimony belongs to each officer individually and the Officer Team collectively, I, along with the IS team, will be responsible for the transparent and accurate reporting of progress toward realization of the savings as well as achievement of those savings themselves. This accountability will be spread throughout the broader organization through budgeting, reporting and compensation systems.

Starting with budgeting and reporting, all Merger savings amounts are fully reflected in the corporate and departmental budgets and financial forecast. This is important from an accountability perspective as financial results are a key metric and driver for our Officer Team, and the board of directors.

Q. How will compensation practices reinforce the discipline needed to achieve Merger savings?

A. The compensation program will explicitly incorporate the achievement of Merger savings as a key component. For example, officers will have a significant portion, as approved by the board, of their annual incentive plan ("AIP") that depends on achieving the year's expected Merger savings. These efficiency targets related to at-risk compensation refer to the overall company targets, rather than being more narrowly defined with respect to individual functional area targets. This practice emphasizes the importance of working together as a team to achieve total Merger savings. It will not be sufficient for an officer to achieve only the goals for his or her respective area; all the officers must also help all other teams attain their goals to obtain this component of their at-risk compensation.

Non-officer, non-union employees will have a significant portion, as approved by the Holdco board, of their short-term at-risk compensation, called ValueLink, tied to achievement of the combined Company's operating and maintenance expense targets that incorporate Merger savings targets.

Q. How confident are the Applicants that they will be able to deliver on the Merger efficiencies and associated savings for customers?

A. As described in Mr. Busser's Direct Testimony and within this section of my testimony, the integration planning effort has been comprehensive and thorough. Savings have been validated after a rigorous review process. The integration plans are well designed and executable. In short, the integration planning process was designed to create an organization that will be sized efficiently, with commitment and accountability to ensure that efficiencies and savings are realized throughout the business to the benefit of stakeholders. The Applicants will track and report these savings to drive our own performance and will periodically report our progress to the combined Company's Officer Team and its board of directors and have committed to provide the same report to the Commission Staff.

Q. What type of reporting will the IS team provide to the Officer Team?

A. In addition to providing general status reports and other information verbally to support resolution of important issues at the weekly Officer Team meetings, the IS team will prepare a weekly progress report that will be reviewed in a weekly meeting that includes myself, the IS team members, and others, as appropriate.

The IS team will provide a more detailed monthly status report to the Officer Team. The IS director will present a summary of that report at the next scheduled weekly Officer Team meeting after issuance. The detailed monthly status report is currently expected to include:

- Accomplishments;
- Challenges;
- Efficiency Summary ($): Planned vs Actual;
- Labor Summary (FTE): Planned vs Actual; and
- Integration Team Highlights.

The IS Team will also provide updates to the board of directors at the request of the Chairman and CEO.

Q. Will the IS team provide feedback to the integration teams?

A. Yes. Aspects of the monthly report will be distilled for distribution to the larger team of individuals throughout the organization that will be working on integration so that this much broader group remains informed and engaged in the progress that is being made and work that remains to be done.

Q. Will the status of integration efforts be included in corporate communications?

A. Yes. The IS team will provide content to our corporate communications team for inclusion in our company intranet site, employee newsletters and other communications. There will also be an "Integration Success" landing page on our corporate intranet. All employees will be able to view the progress we have made toward our goals, read about progress that remains to be made and learn more about particular integration initiatives.

Q. Why is the IS Team placing so much emphasis on internal reporting and communications?

A. We view reporting and communications, including external reporting to the Staff, as a key motivator for achievement of integration success. Although we have several teams that are assigned responsibilities in their targeted areas of expertise and responsibility, success from an overall organization-wide integration implementation effort is a team effort. This effort will begin in earnest after Day 1 as the IS team and our executives meet with individuals and groups of employees to coordinate and focus the organization around execution of business plans that will drive achievement of efficiencies and execution of implementation plans. The corporate communications effort will then provide a steady flow of key information throughout the entire organization.

Q. What information will be reported to the Commission and Staff?

A. The frequency and content of information to be reported is defined in the Applicants' Merger Commitments and Conditions, number 34. It includes quarterly updates to Staff on the status of the integration implementation efforts for the first year with an obligation to promptly advise Staff of any material operational irregularities that may affect the customer experience. The updates will occur every six months during the second year after closing. Additionally, for a period of no less than two years, KCP&L and Westar shall appear before the Commission on a twice-yearly basis and provide an update of the status of integration implementation. The Applicants will provide Staff with information on employee headcounts and listing of functions and/or positions that have been either outsourced or converted to contingent labor as a result of the integration. For a period of two years after closing, we will provide Staff any reports or presentations made to the new combined Company's board of directors regarding efficiencies attained as a result of the Merger.

VI. CONCLUSION

Q. Do you recommend that the Commission find that the Merger is in the public interest?

A. Yes. As discussed in the testimonies of Messrs. Ruelle and Bassham, the Merger between the two neighboring utilities provides the best path forward for our customers and all other stakeholders. The companies have worked diligently since the Initial Transaction Order to negotiate an agreement that addresses the Commission's concerns. Most importantly, the resulting MOE produces a utility that will be much stronger financially than in the Initial Transaction or than continuing as separate utilities, and which will be better able to address the challenges facing the utility industry for years to come. Our customers will be better off as a result of the Merger.

As discussed in Section III, the Merger responds to the concerns expressed by the Commission in the Initial Transaction Order. Further, the Merger satisfies each element of the Merger Standards and supports a finding by the Commission that the Merger is in the public interest, even though the Commission has indicated that a proposed transaction does not have to satisfy each and every Merger Standard in order to be approved.[13] From an overall perspective and considering the Merger Standards criteria as a whole, the MOE is in the public interest because it establishes a combined Company that will produce both immediate and long-term benefits for customers and other stakeholders, is stronger

[13] Initial Transaction Order, ¶ 37.

financially than continuing as separate utilities, and will be better able to address the challenges facing the utility industry for years to come.

Q. Why will customers be better off as a result of the Merger?

A. The Applicants have addressed the three fundamental concerns raised by the Initial Transaction Order: (1) that the price paid by Great Plains Energy to acquire Westar was too high, (2) that Great Plains Energy was taking on too much debt to finance the transaction, (3) the commitment not to seek recovery of the AP was not a firm one, and (4) that merger savings were not sufficiently demonstrated. The Commission was clearly concerned that the potential financial stress from these concerns might outweigh the benefits to customers created by merger savings. The Applicants have had an opportunity to complete their analysis of potential efficiencies and confirmed the substantial savings that will be realized, while also coming to agreement on a Merger structure that does not depend on increased leverage at the holding company while providing for timely upfront bill credits for customers. The Commission can confidently conclude that customers will benefit from lower electricity bills than otherwise achievable by either stand-alone utility, supporting a finding by the Commission that the Merger is in the public interest.

Q. Does this conclude your Direct Testimony?

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 Merger of Wester Energy, Inc. and Great Plains Energy Incorporated	)	**Docket No. 18-KCPE-095-MER**

AFFIDAVIT OF GREG A. GREENWOOD

STATE OF KANSAS)
) ss
COUNTY OF SHAWNEE)

Greg A. Greenwood, being first duly sworn on his oath, states:

1. My name is Greg A. Greenwood. I work in Topeka, Kansas, and I am employed by Westar Energy, Inc. as Senior Vice President, Strategy.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Westar Energy, Inc. consisting of thirty-five (35) 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.

Greg A. Greenwood

Subscribed and sworn before me this 25 day of August 2017.

Caroline R. Kelley
Notary Public

My commission expires: May 5, 2019

CAROLINE R. KELLEY
NOTARY PUBLIC
STATE OF KANSAS
My Appt. Exp. 5-5-2019