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State Corporation Commission
of Kansas

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

DIRECT TESTIMONY OF

KEVIN E. BRYANT

ON BEHALF OF
GREAT PLAINS ENERGY INCORPORATED
AND
KANSAS CITY POWER & LIGHT COMPANY

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-____-ACQ

Q: Please state your name and business address.

A: My name is Kevin E. Bryant. My business address is 1200 Main Street, Kansas City, Missouri 64105.

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

A: I am employed by Kansas City Power & Light Company ("KCP&L") and serve as Senior Vice President – Finance and Strategy and Chief Financial Officer of Great Plains Energy Incorporated ("Great Plains Energy" or "GPE"), KCP&L and KCP&L Greater Missouri Operations Company("GMO").

Q: What are your responsibilities?

A: My responsibilities include finance, accounting, investor relations, corporate strategy and risk management.

Q: What is the purpose of your testimony?

A: My testimony is divided into four parts. First, I describe the structure of the various transactions that will culminate in Great Plains Energy's acquisition of 100% of the stock of Westar Energy, Inc. (referred to herein as "Westar") (the "Transaction"). Second, I explain the financing of the Transaction and the reasonableness of the consideration to be paid by Great Plains Energy. Third, I discuss the result of the Transaction on the credit ratings of Great Plains Energy, KCP&L and Westar (the "Joint Applicants"). Finally, I summarize the finance-related relief the Joint Applicants are requesting in this proceeding.

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

A: I received dual undergraduate degrees in finance and real estate from the University of Missouri – Columbia where I graduated cum laude in May 1997. I received my Masters in Business Administration degree with an emphasis in finance and marketing from the Stanford University Graduate School of Business in June 2002.

I joined Great Plains Energy in 2003 as a Senior Financial Analyst and was promoted to Manager - Corporate Finance in 2005 where I was responsible for contributing to the development and maintenance of the sound financial health of both GPE and KCP&L through the management of company financing activities. In August 2006, I was promoted to Vice President, Energy Solutions for KCP&L and served in that capacity until March 2011, when I became Vice President, Strategy and Risk Management. In August 2011, I became Vice President – Investor Relations and Treasurer and, in 2013, I was appointed Vice President – Investor Relations and Strategic

Planning and Treasurer. In 2014, I was appointed Vice President – Strategic Planning and I assumed my current position in 2015.

Prior to joining GPE, I worked for THQ Inc. from 2002 to 2003, a worldwide developer and publisher of interactive entertainment software based in Calabasas, California. I served as Manager - Strategic Planning where I was responsible for establishing corporate goals and developing and assisting with the execution of the company's strategic plan. From 1998 to 2000, I worked as a Corporate Finance Analyst for what is now UBS in New York, New York. I worked on mergers and acquisitions for medium and large-sized companies. I also worked at Hallmark Cards at their corporate headquarters in Kansas City, Missouri as a Financial Analyst from 1997 to 1998.

Q: Have you previously testified in a proceeding at the Kansas Corporation Commission or before any other utility regulatory agency?

A: Yes. I have testified before the Kansas Corporation Commission ("Commission" or "KCC") and the Missouri Public Service Commission ("MPSC").

I. THE TRANSACTION

Q: Please summarize the Transaction.

A: Great Plains Energy will acquire Westar in a combined cash and stock transaction and, upon closing, Westar will become a wholly-owned subsidiary of Great Plains Energy. Westar operates a regulated electric utility in Kansas and has just over 700,000 electric utility customers, both at its parent utility, Westar Energy, Inc. and its subsidiary utility, Kansas Gas and Electric Company. For simplicity, in this testimony, I will refer to the entire entity as "Westar," except where more specificity might be required. Great Plains Energy currently serves over 850,000 electric utility customers through its existing utility subsidiaries, nearly 250,000 of which are served by KCP&L in Kansas. The Transaction will greatly expand Great Plains Energy's electric utility presence in Kansas. Once the Transaction is complete, Great Plains Energy will have more than 1.5 million customers, of which almost 950,000 will be in Kansas. Following the Transaction, Great Plains Energy's utility subsidiaries will have a generating capacity of just under 13,000 megawatts. In summary, the Transaction represents a unique and timely opportunity to significantly increase the operating scale and scope of both Westar and Great Plains Energy and better position the utility subsidiaries to realize both near- and long-term efficiencies for the benefit of customers and to secure the energy needs of the region in an increasingly uncertain operating environment.

KEY OPERATING METRICS

	Great Plains Energy	Westar	Combined
Rate Base ($mm)	$6,600	$7,100	**$13,700**
Electric Customers	850,800	702,000	**1,552,800**
Generation Capacity (MW)	6,446	6,267[1]	**12,713**
Transmission Miles	3,600	6,300	**9,900**
Distribution Miles	22,500	28,800	**51,300**

The primary controlling document for the Transaction is the Agreement and Plan of Merger (the "Agreement") dated May 29, 2016, which was entered into between Westar, Great Plains Energy and Merger Sub (which has now been officially named "GP Star"). GP Star is a newly created legal entity created for the sole purpose of facilitating the acquisition of Westar in the most appropriate legal manner. The Agreement is

[1] Excludes 920MW purchased power.

attached as Appendix C to the Application.

From a transaction mechanics perspective, the Agreement provides that GP Star will merge with and into Westar, with Westar as the surviving entity. Westar will then become a direct, wholly-owned subsidiary of Great Plains Energy, the same structure used for KCP&L and GMO today.[2] This new corporate structure is Appendix D in the Application. Westar shareholders will receive the consideration of stock and cash called for under the Agreement. I describe the specifics of that consideration as well as GPE's plans for financing the Transaction later in my testimony.

Q: Has the Transaction been approved by the Boards of Directors of both Great Plains Energy and Westar?

A: Yes, the Boards of Directors of both companies unanimously approved the Transaction, and these resolutions are Appendices F and G to the Application.

Q: Please describe any closing conditions provided in the Agreement.

A: Consummation of the Transaction is subject to a number of conditions, including (i) certain approvals by Westar's shareholders and the shareholders of Great Plains Energy; (ii) approval by the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, and, importantly, this Commission; (iii) the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; and (iv) the absence of a material adverse effect on the Westar businesses occurring since the date of the Agreement and continuing.

There is an on-going investigation initiated by the MPSC as to whether the approval of the MPSC is required, and it is possible that the MPSC may assert

[2] After the Transaction, Kansas Gas & Electric Company will continue to be owned by Westar as a subsidiary.

jurisdiction. GPE is seeking clarity on Missouri approval and a determination should be made very soon.

II. TRANSACTION-RELATED FINANCES

Q: What is the overall value of the Transaction to Great Plains Energy?

A: The Transaction has a total value at the time of announcement of approximately $12.2 billion. This consists of $8.6 billion in consideration GPE will pay for Westar's stock. Westar's existing debt will remain outstanding, meaning GPE will also assume Westar's net debt, which was approximately $3.6 billion when the Transaction was announced.

Q: What consideration will Westar shareholders receive from GPE for their stock under the Agreement?

A: At the effective time of the Transaction, Westar shareholders will receive a combination of cash and Great Plains Energy stock in exchange for their Westar shares. Specifically, each share of Westar common stock will convert into the right to receive $60.00 per share of total consideration, consisting of (i) a cash payment of $51.00 and (ii) $9.00 in GPE common stock, subject to a 7.5 percent collar based upon the GPE common stock price at the time of the closing of the transaction with the exchange ratio for the stock consideration ranging between 0.2709 to 0.3418 shares of GPE common stock for each Westar share of common stock. The consideration mix for the acquisition of Westar's common stock is 85 percent cash and 15 percent GPE common stock.

Q: After the Transaction and contemplated financing is complete, approximately what percentage of GPE stock will be held by former Westar shareholders?

A: While the exact percentage will depend on GPE's stock price at the time of closing as well as GPE's stock price for the public equity issuances in connection with our permanent financing strategy, we expect that approximately 15% of GPE's stock will be held by Westar shareholders.

Q: Please explain why the consideration to be paid by GPE as described above is reasonable.

A: First, as explained in the Direct Testimonies of Terry Bassham and Mark Ruelle, the consideration to be paid by GPE for Westar was determined through a competitive market auction process.

Second, the savings to be realized from the Transaction, which are described and quantified in the Direct Testimony of William Kemp, justify the level of consideration being paid by GPE in connection with the Transaction. As supported by Mr. Kemp, we expect to deliver approximately $65 million of net savings in 2018, the first full calendar year following close of the Transaction, increasing to nearly $200 million annual net savings and benefits in the third full year after close, 2020. Because GPE has recent experience in delivering similar transaction-related savings through its 2008 acquisition of Aquila, I am confident that we will achieve or exceed the savings levels estimated in connection with this Transaction. Mr. Kemp also discusses in his Direct Testimony his conclusion that the level of expected Transaction-related savings are in line with recent market experience for transactions of this nature. The results of our financial modeling, as well as financial modeling performed by GPE’s financial advisor for this Transaction, Goldman, Sachs & Co. ("Goldman Sachs"), demonstrate that under the proposed process for providing customers with the benefit of Transaction-related savings described in the Direct Testimony of Darrin Ives, the Transaction will be neutral to Great Plains Energy's forecasted earnings per share on a stand-alone basis in the first full calendar year after the Transaction closes increasing to approximately ten percent accretive, or an incremental earnings per share increase, as compared to its forecasted stand-alone plan by 2020. The Transaction is expected to close in the second quarter of 2017.

Third, as I will describe more fully below, the consideration being paid is comparable with recent market transactions of this nature.

Fourth, the reasonableness of the transaction is also supported by the investment grade credit quality of each utility after the transaction along with an expected 41% equity component and expected investment grade rating at the GPE holding company. The credit analyses performed by my staff and our financial advisor both reached that conclusion and that conclusion was also affirmed by the credit rating agencies which I will discuss in more detail later in my testimony.

It is also significant that OCM Credit Portfolio LP ("OMERS"), an affiliated entity of Ontario Municipal Employees Retirement System has committed to purchase $750 million of GPE's Mandatory Convertible Preferred Stock at closing of the Transaction and Westar agreed to accept $1.3 billion of GPE common stock as partial consideration for the acquisition of Westar's common stock. As would be expected, before taking these actions, both companies conducted substantial financial due diligence on GPE. Their due diligence focused on GPE's ability to complete this Transaction and operate as a financially strong company after the transaction closes. While OMERS and

Westar's due diligence was not a factor in GPE's decision to execute the Agreement, both support the reasonableness of the Transaction.

Q: Is the Transaction dependent upon any financing contingency?

A: No, it is not. First, as is common in transactions of this nature, it was important to Westar that GPE's offer have no financing contingency. As such, in advance of executing the Agreement, GPE secured approximately $8.0 billion of committed debt financing, commonly referred to as a bridge financing facility, from Goldman Sachs in connection with the Transaction for the full cash portion of the Transaction consideration. As I mentioned, GPE also secured the $750 million commitment from OMERS in advance of executing the Agreement. These commitments allowed GPE to commit to Westar that there was no financing contingency to the offer to acquire Westar. While always subject to capital market conditions, GPE does not expect to draw materially on this $8.0 billion acquisition facility, if at all, because we expect to secure more permanent financing on more favorable terms, but the facility provides important assurance for Westar.

Q: What is GPE's plan for permanent financing of the Transaction?

A: Permanent financing by GPE of the $8.6 billion in consideration paid for Westar's common stock is expected to consist of approximately 50% equity and 50% debt, which is composed of:

- $1.3 billion of equity to Westar's shareholders;
- $750 million of mandatory convertible preferred equity from OMERS;
- $2.35 billion of equity comprised of GPE common and mandatory convertible preferred stock to the public market; and
- $4.4 billion of new GPE market issued debt.

100% of this Transaction-related financing will occur at the GPE level, and none will occur at, or be guaranteed by or have recourse to, any utility subsidiary.

Q: What transaction advisory costs does GPE anticipate incurring?

A: GPE expects to incur approximately $32 million in transaction advisory costs in consummating the Transaction. Examples of such transaction costs are consistent with transactions of this type and include legal, investment banker and consulting fees associated with the evaluation, bid, negotiation and structure of the Transaction. These costs were essential to the evaluation of the Transaction, the appropriate pricing of GPE's offer, and to the negotiation of a complex transaction. While substantial in amount, relative to the overall value of the combined companies, they are not unusual.

Q: Are there any other transaction costs that GPE will incur associated with the Transaction?

A: Yes. We expect that the permanent financing plan will result in approximately $126 million of traditional issuance fees associated with equity, convertible preferred equity and long-term debt issuances where such fees generally offset the gross amount raised through the related financing. In addition, we expect the bridge financing facility to cost approximately $70 million, depending upon the timing of the ultimate permanent financing, where such financing facility pricing is consistent with those utilized for comparable transactions. Lastly, we expect approximately $16 million of change-in-control costs associated with the Transaction. Again, while substantial in amount, relative to the overall value of the combined companies, these fees are not unusual.

Q: Will GPE's utility subsidiaries seek recovery of transaction costs through inclusion in rates paid by customers for electric service?

A: No. None of the transaction-related costs will be included in customer rates. This is discussed in more detail in the Direct Testimony of Darrin Ives.

Q: This Transaction will result in a significant acquisition premium being paid by GPE. How do you justify such a significant premium?

A: We expect the final acquisition premium to be approximately $2.3 billion or 36% based on the undisturbed Westar stock price of $44.08 on March 9, 2016 (the closing price before the first news leak of a potential transaction). We comprehensively analyzed this purchase price which we believe is attractive for GPE. The premium that we are paying is in line with premiums paid in recent regulated utility transactions. In the eleven corporate utility transactions announced in the past two years, premiums paid relative to the target's stock price one day prior to announcement have ranged from 14% to 42%, with the average being 24%. For a number of the transactions, the stock price of the target was impacted by speculation in the months leading up to the announcement of the transaction. When we look at those transactions based on the undisturbed Westar stock price (closing price the day before the first news leak of the transaction), we see that premiums paid have ranged from 15% to 50% for regulated utility transactions in the past two years, with the average being 30%. Our purchase price is consistent with those ranges.

More importantly, we believe that the unique fit of GPE and Westar will allow for significant and compelling benefits for all stakeholders through the combination. In addition to the operating and cost efficiencies based on the strong geographic fit and shared ownership in power plants, this Transaction will allow us to grow earnings faster, with more predictability, while keeping customer rates lower than they would have been absent the Transaction. As a combined company, we will have increased scale, possess greater resources and overall be better positioned to serve customers and pursue investment opportunities that were not available to either company stand-alone. Our purchase price reflects the tremendous value that the combination will create for all GPE stakeholders.

Q: The Transaction will require a significant market issuance of debt and equity financing by GPE. What steps did you take to gain comfort that you could execute this financing plan?

A: Part of the process leading to the GPE Board's approval was conducting significant diligence on GPE's ability to complete the level of financing contemplated. We leveraged the market expertise of our financial advisor, Goldman Sachs, to understand the depth and breadth of the debt and equity markets to which GPE has access and to understand the anticipated cost and capacity for the financing. We also evaluated a range of alternatives that could be utilized to minimize the market risk of the financing plan. As a result of our diligence and evaluation, GPE is comfortable with its financing plan.

Q: What have you done to manage the financial risk associated with the Transaction?

A: As to the equity issuances, we have taken or anticipate taking a number of steps to manage financing risk. First, as I mentioned earlier, Westar accepted 15%, or $1.3 billion, of the consideration for Westar's common stock to be paid with GPE common stock. Second, we were able to secure an up-front commitment from OMERS for $750 million of Mandatory Convertible Preferred Equity. Therefore, at signing of the

Agreement, we had eliminated just over $2 billion of market risk from the required equity financing of the Transaction.

We have our choice of several execution strategies for the remaining expected $2.35 billion of market equity issuances. We will evaluate and respond to market conditions as they unfold and, therefore, have not constrained ourselves by any specific equity financing plan. However, we are considering issuing the remaining equity in one or two separate tranches, carefully evaluating the trade-offs between those options. A single issuance minimizes market access and timing risk while a two stage issuance provides protection from possible pricing risk as a result of having too large of an equity issuance in the market at one time. If we decide a two tranche equity issuance strategy is appropriate, we would likely complete the first stage sometime in 2016 with the second stage completed in the first quarter of 2017. We will continue to evaluate market conditions with our financial advisors and will refine this strategy as conditions evolve. Second, in consultation with Goldman Sachs, we are comfortable accessing the common equity public market and/or the Mandatory Convertible Preferred Equity public market. Raising capital in both markets broadens the investor base that will be accessible to GPE in completing the remaining equity financing.

Regarding debt issuance, we anticipate offering the debt to the public nearer to the close of the Transaction, likely in one market offering. That said, we anticipate offering debt in multiple tenors of three- to ten-year maturities. This use of multiple tenor offerings provides flexibility in pricing, a broader debt investor base, and flexibility for future retirement of debt with free cash flow from operations as well as staggered re-financing options should the need present itself. To manage interest rate risk of the debt component of the financing plan, we have available to us certain tools to mitigate exposure to future interest rate changes.

Q: Has GPE employed such tools to lock-in rates on any of the $4.4 billion in debt it expects to incur in financing the Transaction?

A: Yes. GPE executed four interest rate swap transactions on June 6, 2016. The swap transactions are forward-starting, floating-to-fixed interest rate swaps intended to manage interest rate risk associated with such debt. The swap transactions minimize GPE's exposure to interest rate changes in the period before the debt is issued. The swap transactions cover the entire notional amount of debt GPE expects to issue in conjunction with the Transaction.

Q: Please explain how a forward-starting, floating-to-fixed interest rate swap (swap rate lock) protects GPE from interest rate risk.

A: A swap rate lock is used to "lock in" interest rates in the context of current market conditions. In these transactions, the Company enters into an agreement to pay a fixed interest rate payment and receive a floating interest rate payment beginning at a future start date aligned with the anticipated debt offering date and for a duration that matches the tenor of the anticipated debt offering. When the debt is issued, the Company unwinds the swap. If interest rates increase, the settlement from unwinding the swap results in the Company receiving a payment equal to the present value of the change in the fixed swap payments resulting from the change in interest rates. This payment offsets the increase in the interest payments on the debt that will be issued at higher interest rates. However, if interest rates decrease, the settlement from unwinding the swap results in the Company making a payment equivalent to the present value of the change in the fixed swap payments resulting from the change in interest rates. This payment offsets the decrease in interest payments resulting from the debt being issued at lower interest rates. The forward-starting floating-to-fixed interest rate swap results in the Company "locking in" the Treasury interest rate component of a future debt offering by commiting to those fixed rate payment obligations in advance at current interest rates

Q: Even with the activities you describe, GPE will have a much more significant need for cash to service debt and pay shareholder dividends as a result of the Transaction. How will GPE fund these cash obligations?

A: GPE's primary source of funds are cash flows from its operating utility subsidiaries and the tax benefits of net operating losses. The operating utility subsidiaries currently have strong and improving cash flow profiles even before the Transaction closes. As previously mentioned and supported in the Direct Testimony of Mr. Kemp, we expect the Transaction to unlock significant savings that are projected to increase to nearly $200 million annually by the third full year after close. As described in the Direct Testimony of Mr. Ives, the effect of the Transaction-related savings and benefits between general rate cases will improve the already strong cash positions of the utilities. Utility customers will benefit from these savings over time as the savings and efficiencies flow back to customers.

Q: What is the estimated amount of incremental interest costs and dividends as a result of the Transaction?

A: Based on our current financing plan, we expect total incremental annual interest on Transaction-related debt to be approximately $170 million on a pre-tax basis and approximately $100 million on an after-tax basis.

Annual dividends to common shareholders, as paid by GPE, will increase by approximately $110 million due to the increase in GPE shares outstanding immediately following the closing of the Transaction. However, it is important to note that since Westar will no longer be a publicly owned utility with its own shareholders, Westar will cease to pay out approximately $225 million of dividends to its common shareholders. Therefore, on a combined basis, we will pay out approximately $115 million less in common dividends annually.

We also plan to finance the transaction with mandatory convertible preferred stock, which will pay a preferred dividend and then convert into common equity after three years. Immediately following the closing of the Transaction, based on our current financing plan, the mandatory convertible preferred stock will pay out approximately $115 million annually in preferred dividends. Therefore, for the first three years after closing the Transaction, the combined company will pay approximately the same amount of common and preferred dividends as the two stand-alone companies would have paid separately in total. After three years, when the mandatory convertible preferred stock converts into common shares, we will pay more common dividends but will cease payment of the preferred dividend. As a result, the combined company will pay approximately $50 million less in common and preferred dividends at that point than the two stand-alone companies would have paid in total.

Q: How will the cash needed to meet these annual obligations be obtained at the GPE level?

A: We expect approximately $65 - $200 million of cash flow from operations related to savings from the Transaction in addition to the substantial free cash flow from each of our three utility operating companies. While the Transaction savings will flow to customers upon each future rate review, the retention of these savings between the rate reviews will allow us to service and repay debt and fund the incremental dividends. This is true even though we have not asked customers to pay for the acquisition premium or transaction costs related to the Transaction by including those costs in revenue requirement and rates.

Q: Does GPE have any significant source of funds other than its utility operating subsidiaries?

A: Yes. GPE has approximately $400 million in non-regulated net operating loss carry-forwards ("NOLs") that provide a source of cash GPE plans to use to service debt and pay dividends. As a result of these NOLs, GPE does not expect to pay cash income taxes until approximately 2022.

Q: Doesn't GPE have restrictions on the level of retained earnings that must be maintained at GPE?

A: Yes. GPE agreed in its holding company stipulation and agreement approved by the Commission in Docket No. 01-KCPE-708-MIS ("01-708 S&A"), to maintain equity no lower than 30% of total capitalization. As previously mentioned, the operating utilities have improving cash flows and the benefits of the Transaction savings will provide increasing cash flexibility. As a result, the Transaction will have little, if any, impact on the capital structure of the operating companies.

Q: What factors will GPE use in determining the level of dividends to be funded up to GPE by its utility operating companies?

A: GPE will factor into its dividend decisions the amount of equity capital that needs to be retained at each of the utility operating companies in order to maintain a capital structure that is approximately 50% equity and 50% debt; levels the Commission and its Staff are accustomed to seeing for both KCP&L and Westar. Consistent with current practices, equity capital beyond that needed to support the balanced financing of capital investments at each utility will be distributed to GPE through dividends to be used where needed, such as for payment of GPE dividends, interest and refunding of GPE debt. GPE will also factor in its commitment in the 01-708 S&A to maintain a minimum 35% equity ratio at the utility operating companies and the limitations imposed on dividend payments by the amount of retained earnings at the utility operating companies.

Q: What effect will the Transaction have on the capital structure of Great Plains Energy?

A: Great Plains Energy's capital structure will become more leveraged. GPE's capital structure today is approximately 50% equity. After completion of the permanent financing, GPE expects its capital structure to be about 41% equity. While this capital structure is more leveraged, it remains well above the floor of 30% equity that GPE agreed to in the 01-708 S&A approved by the Commission in 2001. As I previously stated, GPE also intends to issue debt in support of the Transaction in multiple tenors of three- to ten-year maturities to provide substantial flexibility for repayment or refinancing after the Transaction is closed.

Q: What effect will the Transaction have on the capital structure of the utility operating companies, specifically KCP&L and Westar?

A: The Transaction will have little, if any, effect on the utility operating companies' respective capital structures. Following the Transaction, KCP&L and Westar will each maintain a capital structure consistent with past experience, targeted to be in the range of 49%-54% equity dependent upon capital requirements, financing needs and timing.

Q: What effect will the Transaction have on the ability of KCP&L and Westar to obtain access on reasonable terms to the capital necessary to continue providing safe, adequate and reliable service to their respective customers?

A: This Transaction will preserve the ability of GPE's utility subsidiaries to obtain access to capital on reasonable terms as GPE and its utility subsidiaries will maintain separate capital structures to finance the activities and operations of each entity. Additionally, each company (GPE and all of its utility subsidiaries) will maintain separate debt so that each will be responsible for its own obligations and none will be responsible for the debts of any other entity.

Q: What effect will the Transaction have on Great Plains Energy's shareholders?

A: Under the proposed process for providing customers with the benefit of Transaction-related savings described in the Direct Testimony of Mr. Ives, I expect the Transaction will be neutral to GPE's forecasted earnings per share on a stand-alone basis in the first full calendar year after the Transaction closes (2018) increasing to approximately ten percent accretive by 2020, as compared to GPE's forecasted stand-alone plan.

Q: Are there additional expectations for shareholders from the Transaction that GPE has articulated?

A: Yes. We have affirmed to GPE shareholders we intend to maintain the same common stock dividend plan we had previously provided in the GPE stand-alone plan. We expect dividend growth at a compound annual growth rate over the same period to be 5% to 7% on a payout ratio of 60% to 70% of earnings. Additionally, we have indicated to GPE shareholders we expect higher long-term earnings per share ("EPS") growth versus what was previously communicated as GPE's 2016 – 2020 EPS target range. Based on the ability of the combined company to generate efficiencies, we expect the compound annual growth rate over this period to be in the range of 6% to 8%, increased from the GPE stand-alone expectation of 4% to 5%.

Q: Does the Agreement contain termination provisions?

A: Yes. The Agreement contains certain termination rights for both Westar and Great Plains Energy, including the right by either company to terminate the agreement if: (i) the Transaction has not closed by May 31, 2017 (subject to extension of six months); (ii) shareholder approval of the Transaction is not obtained by Westar; or (iii) shareholder approval of the Transaction is not obtained by GPE. Westar and Great Plains Energy also each have the right to terminate the Agreement in order to enter into a superior transaction or in case of breach of the Agreement by a counterparty. If the Agreement is terminated, termination fees ranging from $180 million – $380 million must be paid depending on which counter-party is terminating the Agreement and the basis for such termination.

III. POST-TRANSACTION CREDIT RATINGS

Q: Will the Transaction have an effect on the credit ratings of the Joint Applicants?

A: Great Plains Energy, KCP&L and Westar all have Standard and Poor's ("S&P") corporate credit ratings of BBB+, which is an investment grade rating. Upon the public announcement of the execution of the Agreement, S&P affirmed these ratings, which are two notches above the investment grade threshold, and placed Great Plains Energy, KCP&L and Westar on negative outlook. This is a common practice by S&P when a transaction of this nature is announced. KCP&L and Westar each have Moody's Investors Service ("Moody's") issuer credit ratings of Baa1, again two notches above the investment grade threshold, and Great Plains Energy has a Moody's rating for Senior Unsecured Debt of Baa2; all of these are investment grade ratings. Upon the public announcement of the execution of the Agreement, Moody's affirmed the ratings for KCP&L and Westar with their outlook remaining stable, but placed Great Plains Energy on review for downgrade. Based on the level of holding company debt, Moody's is expected to increase the credit rating differential between the holding company and the utilities from one notch to two notches by downgrading the holding company Senior Unsecured Debt rating from Baa2 to Baa3, which remains an investment-grade credit rating at the holding company level.

Q: What analysis and support do you have for the maintenance of investment grade credit rating following the Transaction?

A: S&P and Moody's are very transparent with regard to the principal means they assess credit quality. The results of our financial modeling, and also analyses performed independently by our financial advisors, produced projected credit metrics that will support an investment grade credit rating based upon the rating agencies' published criteria. The GPE ratio of cash from operations to total debt is projected to be in the range of 13-14% for the first year of combined operations and increases to 15.5-16.5% by the third year of combined operations. The interest coverage ratio for GPE is projected to be in the range of 4.0-4.5 times in the first year of combined operations and increases to 4.5-5.0 times by the third year of combined operations. The credit rating agencies have indicated that an investment grade rating can be maintained with these projected credit metrics.

IV. SUMMARY OF FINANCE-RELATED TESTIMONY AND RELIEF REQUESTED

Q: Please summarize your testimony regarding the financing of the Transaction.

A: This Transaction is sizeable for Great Plains Energy. It will require considerable financing, but the operational execution on combined efficiencies will unlock the significant benefits of the Transaction, value that is shared by both customers and shareholders in the early years, and benefits customers in the longer term. We have a solid, well-evaluated financing plan, will benefit from an improving credit profile with the ability to reduce leverage moving forward and have a management team well experienced to deliver the efficiencies contemplated through a strategic combination. For these reasons, this combination presents a unique and timely opportunity to significantly increase the operating scale and scope of both Westar and Great Plains Energy and better position the utility subsidiaries to realize both near- and long-term efficiencies for the benefit of customers and to secure the energy needs of the region.

Q: Please describe the finance-related relief requested by Great Plains Energy and Westar in this proceeding.

A: The Joint Applicants request that the KCC authorize Great Plains Energy to acquire Westar consistent with the terms and conditions contained in the Agreement and related documents presented in the Joint Application.

Q: Does that conclude your testimony?

A: Yes, it does.

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	)))))	**16-KCPE-__________**

AFFIDAVIT OF KEVIN E. BRYANT

STATE OF MISSOURI)
) **ss**
COUNTY OF JACKSON)

Kevin E. Bryant, being first duly sworn on his oath, states:

1. My name is Kevin E. Bryant. I work in Kansas City, Missouri, and Kansas City Power & Light Company as Senior Vice President – Finance and Strategy and Chief Financial Officer of Great Plains Energy, KCP&L and KCP&L Greater Missouri Operations.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Great Plains Energy Incorporated and Kansas City Power & Light Company consisting of twenty-three (23) 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.

____
Kevin E. Bryant

Subscribed and sworn before me this 28th day of June 2016.

Nicole A. Wehry
____
Notary Public

My commission expires: Feb. 4, 2019

NICOLE A. WEHRY
Notary Public - Notary Seal
State of Missouri
Commissioned for Jackson County
My Commission Expires: February 04, 2019
Commission Number: 14391200