

Exhibit No.: **KCPL-2**  
Issue: ERPP; Talent Assessment  
Amortization  
Witness: Jimmy D. Alberts  
Type of Exhibit: Rebuttal Testimony  
Sponsoring Party: Kansas City Power & Light Company  
Case No.: ER-2010-0355  
Date Testimony Prepared: December 8, 2010

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ER-2010-0355**

**REBUTTAL TESTIMONY**

**OF**

**JIMMY D. ALBERTS**

**ON BEHALF OF**

**KANSAS CITY POWER & LIGHT COMPANY**

**Kansas City, Missouri  
December 2010**

KCPL Exhibit No. KCPL-2  
Date 1/28/11 Reporter LMB  
File No. ER-2010-0355

**REBUTTAL TESTIMONY**

**OF**

**JIMMY D. ALBERTS**

**Case No. ER-2010-0355**

1 **Q: Please state your name and business address.**

2 A: My name is Jimmy D. Alberts. My business address is 1200 Main Street, Kansas City,  
3 Missouri 64105.

4 **Q: Are you the same Jimmy D. Alberts who submitted Direct Testimony in this case on**  
5 **behalf of KCP&L on or about June 1, 2010?**

6 A: Yes, I am.

7 **Q: What is the purpose of your Rebuttal Testimony?**

8 A: The purpose of my Rebuttal Testimony is to rebut issues raised by Staff of the Missouri  
9 Public Service Commission in their Cost of Service Report in this case concerning the  
10 Economic Relief Pilot Program ("ERPP") and Talent Assessment Program ("TAP").

11 **Q: What specific testimony are you rebutting?**

12 A: I am rebutting Staff's proposed recommendation that the Company retain an independent  
13 third-party evaluator prior to the end of the ERPP and be assessed a penalty of  
14 disallowing the fifty percent reimbursement of the cost of the program until such an  
15 evaluator is established. The purpose of an evaluation at the end of the program is to  
16 assess future direction, and should not be used as a mechanism to disallow costs. Also, I  
17 will update information regarding the ERPP and address Staff's recommendations to  
18 work more extensively with the Salvation Army; improve ERPP education and public

1 awareness; allow the Salvation Army access to AgencyLink; and the promotion of future  
2 Connections campaigns.

3 Furthermore, I will rebut Staff's proposition that the remaining amortized costs of  
4 the TAP not be allowed and reduce the cost of service.

5 **The Economic Relief Pilot Program**

6 **Q: Please provide a brief update as to the status of the ERPP.**

7 A: Since the filing of my direct testimony, the number of ERPP enrolled participants has  
8 increased from four hundred and sixty-one customers to, for all intents and purposes,  
9 fully subscribed at 1,000 customers.

10 **Q: What do you mean by, "for all intents and purposes" that the program is fully  
11 subscribed?**

12 A: The statement, "for all intents and purposes", seeks to capture the dynamic nature of the  
13 program. On any given day there are likely a few spaces that become available to  
14 customers as participants leave the program, creating a brief circumstance where there  
15 are openings in the program until other eligible customers enroll in the program.

16 **Q: Do you take exception at Staff's testimony proposed recommendation that the  
17 Company retain an independent third-party evaluator of the ERPP and be assessed  
18 a penalty of disallowing the fifty percent reimbursement of the cost of the program  
19 until such an evaluator is established?**

20 A: Yes. The Company would be amenable to a third-party evaluator if the ERPP program  
21 was shrouded in complexity, but the ERPP is far from complex, highly transparent, and  
22 simple to gauge if it is fully subscribed—which is its current status. In light of that  
23 transparency, a third-party evaluator would provide little or no greater insight to the

1 management of the program and add unnecessary costs. The third party-evaluator would  
2 provide value at the end of the three year pilot program as we assess the future direction  
3 of the program. It seems at cross-purposes to disallow recovery of the costs for a  
4 program designed to help low income customers.

5 **Q: Should the Company be penalized absent an independent third-party evaluator?**

6 A: No. This is a pilot program and, as a matter of policy, a threat of penalties as companies  
7 explore potentially beneficial customer programs would have a chilling effect on those  
8 companies wishing to engage in future pilot programs. In other words, although the  
9 suggested penalty seeks to incent the Company to engage a third-party evaluator, in the  
10 long term, such a penalty—or threat of a penalty—will actually remove the incentive for  
11 the Company to engage in future pilot programs.

12 **Q: Does KCP&L's ERPP tariff address the issue of evaluation?**

13 A: Yes. Specifically, the tariff states, "The pilot program may be evaluated in any Company  
14 rate or complaint case. The evaluation shall be conducted by an independent third party  
15 evaluator under contract with the Company, that is acceptable to the Company,  
16 Commission Staff and the Public Counsel. The costs of the evaluator shall be paid from  
17 the program funds."

18 **Q: So if a third-party evaluator is contracted, wouldn't that reduce funds available to  
19 help customers?**

20 A: Absolutely. A conservative estimate of the cost for such an evaluation is \$10,000.  
21 Presuming customers who enter the program stay on the program for 12 months, the  
22 reduction in available funds would mean about sixteen customers would not be funded  
23 and turned away.

1 **Q: Does the Company routinely provide program status information to the Staff?**

2 A: Yes, statistics by month that include the number of customers enrolled; the number of  
3 customers dropped, ERPP credits and other information.

4 **Q: Has the Staff expressed any concerns about the program in light of the reports?**

5 A: No, not to my knowledge.

6 **Q: Would you care to comment on Staff's other recommendations for the ERPP?**

7 A: Yes. Staff recommends (1) the Company work more extensively with the Salvation  
8 Army; (2) improve education and public awareness; (3) allow the Salvation Army access  
9 to AgencyLink; and (4) continue to conduct Connections-style campaigns as feasible. I  
10 am confident that each recommendation has been addressed.

11 As stated in my Direct testimony, the Salvation Army is responsive to  
12 communication issues. Also, KCP&L's Customer Relations and Collections personnel  
13 have regular contact with Salvation Army's ERPP manager to offer support and respond  
14 to questions. In addition, the Salvation Army already subscribes to AgencyLink.

15 **Q: How is education and public awareness being addressed?**

16 A: Although the Salvation Army acts as a gatekeeper, marketing of the ERPP is inclusive of  
17 other Community Action Agencies and organizations that, in turn, refer potentially  
18 eligible customers to the Salvation Army. The Salvation Army has an arsenal of  
19 assistance programs—beyond the ERPP—that draw individuals with an unrelated need  
20 that may be eligible for the ERPP, in which case they proactively pursue ERPP on behalf  
21 of the customer. Also, with the program fully subscribed, when there is a vacancy, it is  
22 quickly filled suggesting good awareness of the ERPP option by the Salvation Army and  
23 other agencies.

1 Q: **What are the Company's plans for additional Connections-style campaigns?**

2 A: The Company feels the Connections campaign is effective at informing customers of  
3 available services and has scheduled Energy Resource Fairs in November and December  
4 alone and is currently identifying dates and locations throughout the service territory for  
5 additional fairs.

6 KCP&L, working with Staff, Office of Public Counsel, and the Customer  
7 Program Advisory Group (CPAG)—a representative group of Missouri stakeholders that  
8 hold regular meetings to discuss customer related issues—continues to look at ways to  
9 effectively inform its customers of available services. I would underscore the Company's  
10 commitment to help align internal and external resources with those in need.

11 **Talent Assessment Program**

12 Q: **What is your overall view of Staff's belief the Talent Assessment Program did not  
13 result in a customer benefit?**

14 A: I disagree. The success of the Talent Assessment Program ("TAP") is not easily  
15 measured since the value is rooted in principles of basic organizational health for  
16 organizations like businesses and, yes, even government agencies, to retain the best  
17 employees, to maintain a vibrant organizational culture, and spur innovating thinking by  
18 managers and employees alike.

19 Q: **It is your view that the TAP's success is not easily measured. Staff points to the JD  
20 Power metrics and the number of customer complaints as measurable and  
21 supportive of Staff's gauge of the TAP's success. How do you reconcile the two  
22 points of view?**

1 The data, on closer review, does not support Staff's view—that the program did not  
2 provide customer benefit. Staff characterizes JD Power and customer complaint pools of  
3 data as the exclusive determinants and indicators of success of the TAP initiative, which  
4 they are not, nor should they be.

5 Also, Staff's analysis does not take into account the extraordinary economic  
6 period experienced during the past two-and-half years locally, nationally, and globally—  
7 some of the highest levels of unemployment in decades, mortgage failures, declining real  
8 estate values, businesses closing, businesses reducing shifts, and on and on. Furthermore,  
9 Staff's calculations and interpretations of the data are flawed and should not be used for  
10 purposes of analyzing the success of the TAP.

11 **Q: Why does the data used by Staff need to be considered in the framework of the**  
12 **turbulent economic conditions?**

13 **A:** From year to year, the general trend regarding commission complaints stays fairly  
14 constant in terms of the types of complaints filed. Categories that tend to represent a  
15 majority of complaints are associated with collection activities, such as disconnections  
16 and denied payment arrangements. Poor economic conditions affect a marginally greater  
17 percentage of customers and, in turn, drive a greater number of customers to file with the  
18 MPSC over disagreements with the Company's application of its Rules and Regulations.

19 KCP&L is not unique in the impact of the economy on customers filing with the  
20 MPSC. During informal discussions with the MPSC Consumer Services Staff, they  
21 indicate all regulated utilities are seeing an increase in customer filings with the  
22 Commission as their customers seek resolution to disagreements with the companies'  
23 application of their tariffs, rules and regulations.

1 **Q: Should the number of customers filing with the Commission be a determinant in the**  
2 **analysis of the success of the TAP and the Company's amortized recovery for the**  
3 **cost of the program?**

4 A: No. The number of customers filing with the MPSC is not indicative of all customers'  
5 experience and represents less than one-tenth of one percent of total customers. The  
6 Company works hard to resolve customer matters before they are filed with the  
7 Commission and the few that are filed are not truly reflective how well the Company  
8 provides service and should not be considered in determining the TAP's success.

9 **Q: Based on the number of customer complaints filed with the Commission, how often**  
10 **is it determined the Company appropriately applied the tariffs, rules and**  
11 **regulations?**

12 A: From 2007 through 2009, it was determined KCP&L appropriately applied its tariffs, rules  
13 and regulations in approximately 95% of customer filings with the Commission. This  
14 means that for 10-12 customer per year, KCP&L was found to have misapplied its tariffs.

15 **Q: So are customers just trying to be difficult by filing complaints with the**  
16 **Commission?**

17 A: Not at all. Filings are made for many different reasons and we always work to resolve  
18 disagreements before a customer files, but, as a customer focused organization, we even  
19 see value in such filings—as an opportunity to educate the Company, customers, Staff,  
20 and the Commission on customer issues.

21 **Q: How should Staff's interpretation of the number of complaints filed—considering**  
22 **that in approximately 95% of customer filings, it was determined KCP&L**



1           **appropriately applied its tariffs, rules and regulations—be considered in terms of**  
2           **the TAP's success?**

3    A:    The relevance of Staff's customer complaint numbers are clearly called into question as  
4           they seek to characterize the whole of the customer experience with very few instances of  
5           disagreement between the customer and the Company represented in customer filings  
6           with the MPSC. Even if the customer complaint metric was valid in judging the TAP's  
7           success, clearly, the number of customer complaints filed with the MPSC would seem to  
8           indicate the Company's high level of customer care to ensure appropriate application of  
9           the tariffs, rules and regulations.

10   **Q:    Would you like to address Staff's statement that complaints greatly increased from**  
11       **2007 to 2008? (Staff Report, p. 93, l. 23).**

12    A:    Yes. Staff's analysis has a data error, using only KCP&L-MO's service territory number  
13           from 2007—215—and comparing it with a 2008 number inclusive of both KCP&L-MO  
14           and KCP&L-GMO service territories number—320. The analysis with the incorrect data  
15           greatly increased Staff's total of the change in customer filings from 2007 to 2008,  
16           suggesting an increase, as calculated by Staff, of 47%.

17           The correct data of customer filings with the MPSC is:

18	2007 KCP&L-MO	215	2008 KCP&L-MO	248	Change	15%
19	2007 KCP&L-GMO	221	2008 KCP&L-GMO	199	Change	(10%)
20	Total	436		447	Change	2.5%

21   **Q:    KCP&L shows a slight increase from 2007 and 2008. Isn't Staff's point—that there**  
22       **was an increase in customer filings with the Commission?**

1 A: Staff was suggesting a 47% increase for the combined operations while the corrected  
2 numbers indicate only a slight, 2.5% increase in filings. When the slight increase in  
3 filings is placed inside the framework of economic upheaval, to me, it indicates a high-  
4 level of sensitivity to the customer and the active participation of KCP&L to resolve  
5 disagreements before they arise to the level of a filing with the Commission.

6 **Q: Staff suggests the JD Power metrics are a determinant of the success of the TAP. Do**  
7 **you agree?**

8 A: No. Furthermore, Staff's analysis of the JD Power data is flawed or mischaracterized.

9 **Q: Please discuss flaws in Staff's analysis of the JD Power data?**

10 A: First, Staff chooses to focus attention on the JD Power Business study that is not  
11 representative of KCP&L's whole customer base, rather than look at the residential  
12 results. Staff's use of this parameter of the JD Power Business study is inclusive of  
13 business customers with an average monthly electric bill between \$50,000 and \$500,000  
14 — a subset of all KCP&L's business customers, and should not be used as a basis for  
15 determining overall customer satisfaction.

16 Additionally, JD Power's pre-acquisition Aquila customer satisfaction scores are  
17 inclusive of Aquila's Kansas operations, diminishing their value when compared with  
18 post-acquisition operations.

19 **Q: Looking beyond the errors in Staff's interpretation of the business studies, do you**  
20 **have concerns regarding Staff's interpretation of the JD Power residential data?**

21 A: Yes. Staff makes reference to our good performance in the 2010 JD Power Residential  
22 study but fails to mention KCP&L's residential satisfaction scores rank among the best in  
23 the Midwest Large utilities categories in previous years.

1            Even beyond the scores, I believe it is important to look at the ranking of the  
2            Company among its peers. For example, just prior to the Aquila acquisition, the 2008 JD  
3            Power Residential study was completed. KCP&L was ranked among the top four  
4            Midwest utilities and Aquila was ranked as one of the bottom four utilities. Since the  
5            acquisition, the combined company results are consistently ranked among the top four  
6            Midwest Large utilities. This would seem to indicate a grand improvement for  
7            Aquila/GMO customers and a continuing excellent customer experience for KCP&L  
8            customers.

9    **Q:    What events outside of the Company's control may impact customer satisfaction**  
10   **scores?**

11   A:    Within any industry, there are multiple factors that regularly impact the Overall Customer  
12   Satisfaction Index. Some factors that can impact utility index scores include, but are not  
13   limited to: Temperature differences from year to year; significant disruption to  
14   operations, like storms; upheaval and uncertainty in economic security, like that  
15   experienced during the past two-and-a-half years; rate cases; media coverage; and, public  
16   communication channels, like blogs.

17   **Q:    How does a change in the JD Power study methodology impact customer service**  
18   **scores?**

19   A:    JD Power is always evaluating the methodology of the study. In the event a change is  
20   made, over a period of time, a material impact on the index scores can find its way in  
21   comparisons of annual results. The methodology impacts may include: converting the  
22   survey from telephone interviews to online surveys; the period in the calendar year the

1 survey is completed; mergers and acquisitions, like, as previously discussed, Aquila  
2 scores prior to 2009 Residential study were inclusive of Kansas customers.

3 **Q: Do you agree with Staff's assessment that the JD Power's sample size is not**  
4 **representative when considered against the total number of customers?**

5 A: No, nor does Staff express confidence in their assessment considering Staff has not  
6 completed a statistical analysis to determine if the sample size is appropriate. (Staff  
7 Report, p. 95, ll. 9-10).

8 **Q: What is an appropriate sample size?**

9 A: A typical survey can have a margin of error of  $\pm 3\%$  at a 95% level of confidence. These  
10 terms mean that if the survey were conducted 100 times, the data would be within a  
11 certain number of percentage points above or below the percentage reported in 95 of the  
12 100 surveys.

13 As represented in Schedule JDA2010-1, a sample size of 1,917 has a margin of  
14 error between 2% and 3%. The margin of error decreases as the sample size increases,  
15 but only to a point.

16 A very small sample, such as fifty respondents, has about a 14% margin of error  
17 while a sample of 1,000 has a margin of error of 3%. The size of the population—the  
18 group being surveyed—does not matter, assuming the population is larger than the  
19 sample.

20 Schedule JA2010-1 also illustrates there are diminishing returns as the sample  
21 size increases. If you increase the sample to 2,393, the margin of error decreases only a  
22 single percentage point—from of  $\pm 3\%$  to of  $\pm 2\%$  at a 95% level of confidence, which I  
23 understand is an industry accepted standard. A sample size of 1,066—much like the

1 1,917 used by JD Power in the KCP&L customer service studies—achieves a  $\pm$  3%  
2 margin of error.

3 **Q: Should Staff's analysis of the JD Power data be a determinant of the TAP's success**  
4 **and whether to continue the amortization of its cost?**

5 A: No. As discussed, Staff's analysis is flawed and should not be considered in determining  
6 the TAP's success or used to indicate the level of customer benefit.

7 **Q: Is there a disconnect between Staff's view of the JD Power sample size and the**  
8 **customer complaint sample size?**

9 Yes. Staff calls into question the size of the JD Power sample and then is quick to  
10 embrace and expand the significance of even a smaller sample size—298, representing  
11 the number of customer filings in 2009 with the MPSC. The customer complaint sample  
12 size equates to six times smaller than the JD Power sample and yet, Staff seeks to make  
13 this data prominent in evaluating the TAP's success.

14 **Q: That is a very small number of customer complaints filed with the MPSC**  
15 **considering the both KCP&L and KCP&L Greater Missouri Operations Company**  
16 **serve over 823,000 customers and KCP&L represents approximately 271,000**  
17 **customers. How would you characterize the few customer matters filed with the**  
18 **MPSC?**

19 A: A MPSC filing by a customer is not indicative of poor customer service but generally a  
20 disagreement with how the Company applied the Commission approved tariffs, rules and  
21 regulations. When a customer raises a matter with the MPSC, Staff works with the  
22 Company, which investigates and provides Staff information on what is learned with a

1 recommendation for resolution. It is the Company's experience that matters are often  
2 resolved prior to the start or in the course of this evaluation process.

3 **Q: Should the number customers making bringing an issue to the Commission be**  
4 **included in the analysis of the Talent Assessment amortization recovery?**

5 A: No. The number is not representative of all customer interactions and—as previously  
6 stated—represents a very small number of total customers. The Company works hard to  
7 resolve customer matters before they are filed with the Commission. We do respect the  
8 complaint process, and believe it is valuable for customers to know they can escalate  
9 their issues should they choose.

10 **Q: Based on your review of Staff's analysis of the customer complaint data and the JD**  
11 **Power data, should this data be used to determine the customer benefit from the**  
12 **TAP?**

13 A: No. As previously outlined, Staff's interpretation and analysis of the customer complaint  
14 and JD Power data does not provide a sufficient nexus to determine customer benefit  
15 from the TAP, or the success of the program, or provide any relevant or material support  
16 of Staff's proposition, that the TAP did not provide a customer benefit and, therefore, the  
17 continuation of the amortization of its cost should end.

18 **Q: Does that conclude your testimony?**

19 A: Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Application of Kansas City )  
Power & Light Company to Modify Its Tariffs to ) Docket No. ER-2010-0355  
Continue the Implementation of Its Regulatory Plan )

**AFFIDAVIT OF JIMMY D. ALBERTS**

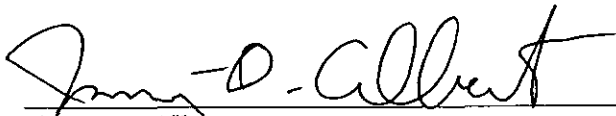
STATE OF MISSOURI )  
 ) ss  
COUNTY OF JACKSON )

Jimmy D. Alberts, being first duly sworn on his oath, states:

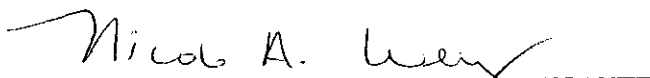
1. My name is Jimmy D. Alberts. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Vice President, Customer Services.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Kansas City Power & Light Company consisting of thirteen (13) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

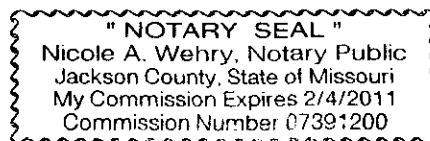
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

  
Jimmy D. Alberts

Subscribed and sworn before me this 8<sup>th</sup> day of December, 2010.

  
Notary Public

My commission expires: Feb. 4, 2011



## Sample Size Calculator

Enter a population size to determine the sample sizes required to achieve various theoretical margins of error, plus or minus, 95% of the time, for questions where opinion is evenly split.

Population size.....	<input type="text" value="719000"/>	<input type="button" value="Reset"/>	
Plus or minus:			
1 percentage point.....	<input type="text" value="9477"/>	6 percentage points.....	<input type="text" value="267"/>
2 percentage points.....	<input type="text" value="2393"/>	7 percentage points.....	<input type="text" value="196"/>
3 percentage points.....	<input type="text" value="1066"/>	8 percentage points.....	<input type="text" value="150"/>
4 percentage points.....	<input type="text" value="600"/>	9 percentage points.....	<input type="text" value="119"/>
5 percentage points.....	<input type="text" value="384"/>	10 percentage points.....	<input type="text" value="96"/>

American Research Group, Inc.

<http://americanresearchgroup.com/sams.html>, accessed December 6, 2010.