

Exhibit No.:

Issues: 20 West 9th

Witness: Jon R. Empson

Sponsoring Party: Aquila Networks-MPS
And L&P

Case No.: ER-2005-0436

Before the Public Service Commission
of the State of Missouri

Rebuttal Testimony

of

Jon R. Empson

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
REBUTTAL TESTIMONY OF JON R. EMPSON
ON BEHALF OF AQUILA, INC.
D/B/A AQUILA NETWORKS-MPS AND AQUILA NETWORKS-L&P
CASE NO. ER-2005-0436**

1 Q. What is your name and position within Aquila, Inc. (“Aquila” or “Company”)?

2 A. My name is Jon R. Empson, Senior Vice President of Regulated Operations.

3 Q. Are you the same Jon R. Empson that filed direct testimony in this case before the
4 Missouri Public Service Commission (“Commission”)?

5 A. Yes, I am.

6 Q. What is the purpose of your rebuttal testimony in this case?

7 A. I will be addressing portions of the direct testimony of the Office of Public Counsel
8 (“OPC”) witness Ted Robertson as it relates to the 20 West 9th Headquarters/Annex
9 adjustment (pages 5-11).

10 **20 West 9th Headquarters**

11 Q. What position did OPC Witness Ted Robertson take related to Aquila’s headquarters
12 building costs at 20 West 9th?

13 A. Mr. Robertson based his adjustment on the original planned capacity for the 20 West 9th
14 headquarters complex and his determination of underutilized office space.

15 Q. Is the original planned capacity the appropriate starting point to determine the current
16 occupancy rate of Aquila’s 20 West 9th complex?

17 A. No.

18 Q. Please explain.

19 A. When Aquila renovated the headquarters building at 20 West 9th, it had to accommodate
20 a growing number of headquarter’s personnel. In order to design a building floor plan
21 to accommodate these personnel, Aquila adopted a very aggressive configuration that

1 used a “bullpen” environment. It was later determined, however, that this aggressive
2 space utilization plan was creating a negative work environment for the employee
3 population. Therefore, as Aquila began its restructuring effort, as described by Mr.
4 Robertson, the number of people that were required to be housed in the headquarters
5 declined and Aquila had the opportunity to correct the work environment. I have
6 included as Rebuttal Schedule JRE-1 a sample floor plan from the original space design.
7 As this plan indicates, the design consistently created situations where four employees
8 shared a “bullpen” area that totaled 282 square feet as shown on Schedule JRE-2.

9 Q. Why do you characterize Aquila’s space planning as “aggressive”?

10 A. The 20 West 9th headquarters complex has 153,966 square feet of useable space. The
11 original planned capacity for initial occupancy in 1997 was 847 work stations or 182
12 square feet per occupant. According to the 1997 IFMA Research Report #18 provided
13 to Mr. Robertson in ORC Data Request No. 1039, the mean square footage per occupant
14 in office buildings was 333 and the 50th percentile was 284. The Aquila standard was
15 close to the 10th percentile of 166 square feet per occupant. Clearly, this was a very
16 aggressive space plan given that about 90 percent of the surveyed office facilities
17 exceeded Aquila’s 182 square foot per occupant and the average square footage per
18 occupant was 83% higher than Aquila’s initial designed capacity..

19 Q. Did IFMA offer any comments concerning the adoption of an aggressive space plan?

20 A. Yes. Again, the IFMA Research Report #18 stated the following:

21 “Best-in-class for facility operations is a difficult concept. For example, allocating
22 the least amount of space for offices may be “best-in-class” in terms of the
23 efficient use of space, but it may have a detrimental effect on employee morale and
24 productivity.”

25 The 2002 IFMA Research Report #23 also provided to Mr. Robertson in OPC Data
26 Request No. 1039 added further comments about space planning:

27 “Best-in-class for facility operations is a difficult concept. For example, allocating

1 the least amount of space per person may be “best-in-class” in terms of the
2 efficient use of space, but it may have a detrimental effect on employee morale and
3 productivity. Research done by BOSTI Associates suggests that workspace size, by
4 itself, does not affect job performance or satisfaction, but the loss in size in
5 individual workspace due to relocation or redesign affects job satisfaction and
6 retention. Working toward the 5th or 10th percentile in square feet per person can be
7 counter-productive; however, some companies believe this should be the standard,
8 when it is not.”
9

10 Aquila had fallen into this trap of moving employee into a constrained space work
11 environment to achieve an efficient use of space and did not anticipate the potential
12 impact on employee morale and productivity as noted by IFMA.
13
14

15 Q. What steps were taken to reevaluate the space utilization plan?

16 A. First, the size of the workstation was reviewed. The average size of a workstation in
17 1997 was 58.5 square feet and was configured in a “bullpen” environment. The
18 average workstation size was increased to 73.9 square feet . Second, the “bullpen”
19 environment was changed to reduce the noise, traffic, and distractions and provide a
20 greater degree of privacy.

21 Q. What do you mean by “bullpen” environment?

22 A. The original concept was to create intra-departmental and in some cases, cross
23 functional teams that would share a common workspace environment. As shown on
24 Rebuttal Schedule JRE-1, the “bullpen” was essentially a 282 square foot area, with
25 four workstations and a common aisle. While the concept of “teaming” was a sound
26 organizational theory, the practical impact on noise levels and productivity was
27 underestimated. The new space design, while still encouraging the benefits of team
28 interaction, provides more privacy and a more productive environment for individual
29 employees. Rebuttal Schedule JRE-3 shows the revised space design for the same floor
30 as shown on Rebuttal Schedule JRE-1 as it exists today.

31 Q. What is Aquila’s current space utilization plan at 20 West 9th?

1 A. Aquila has set a space utilization goal of about 280 useable square feet per occupant,
2 which is essentially at the 50th percentile of both the 1997 and 2002 IFMA studies.
3 This reconfiguration results in 477 potential workstations or cubes in the 20 West 9th
4 complex consisting of 12%, 8'x6' ; 68% ,8'x8' ; 6% 8'x10'; and 14%, 8'x12'. All
5 employees from CEO to entry level clerk occupy a cube workstation. This revised
6 configuration is a very reasonable use of the office space based upon the 50th percentile
7 of the IFMA studies.

8 Q. Are all of the 477 workstations occupied?

9 A. No. Our facilities management team in OPC Data Requests 1040 through 1047 has
10 indicated that 47 of the 477 workstations are vacant.

11 Q. Are these numbers consistent with Mr. Robertson's testimony?

12 A. No

13 Q. Please explain.

14 A. Mr. Robertson has stated in his testimony that per OPC Data Request No. 1016, the 20
15 West 9th complex currently has 457 workstations, but that as of August 2005, only 332
16 employees were working in the complex. The number of workstations in the building
17 complex changes frequently as the space is reconfigured to meet changing
18 requirements. This need for flexibility is one of the reasons that Aquila has adopted an
19 open office or cube environment for all employees because the cost to reconfigure is
20 minimal. The most current and comprehensive information was provided in OPC Data
21 Requests No. 1040 through 1047 which is what I have reflected in my testimony.

22 Q. Why is there such a discrepancy in the unoccupied workstations between the number
23 used by Mr. Robertson and the number you have used?

24 A. When Mr. Robertson issued Data Request No. 1016 requesting the number of
25 employees currently working in the 20 West 9th complex as their sole or primary office

1 residence. Per the request, the 332 count did not include full-time consultants, contract
2 employees, or employees like myself that consistently spend some work time at several
3 of Aquila's office locations including 20 West 9th. Therefore the actual number of
4 occupied workstations was understated. Mr. Robertson was provided the details by
5 floor that identified all the occupied workstations in OPC Data Request No. 1041 and
6 1045. The confusion appears to be in the definition of what should be considered an
7 occupant. Is it only primary office employees or all personnel that work in the building
8 for Aquila whether employees, contractors, consultants, or "part-time" employees. Part-
9 time refers to those of us that are frequently in Kansas City but have a primary office in
10 a different location.

11 Q. What is the current workstation utilization rate in the 20 West 9th complex based upon
12 the information provided to OPC in Data Requests No. 1041 and 1045?

13 A. Of the 477 workstations available, 430 are occupied and 47 are not currently occupied
14 or 9.9%.

15 Q. Is this vacancy rate normal for a headquarters' building?

16 A. According to the IFMA Research Report #23, the average workstation utilization rate
17 for headquarters facilities is 87% or a 13% vacancy. Therefore, the 9.9% vacancy rate
18 that Aquila current has appears reasonable.

19 Q. Is it common for a company to have space dedicated to employees that would have a
20 periodic need for a workstation while traveling to the headquarters location?

21 A. Yes. Again, referring to the IFMA Research Report #23, 45% of the surveyed
22 companies provided workstations for periodic users, often referred to as "hotel cubes"
23 and the average size of the workstation was 91 square feet. Aquila has an average size
24 "hotel" workstation of 63 square feet.

25 Q. Should the Commission adopt Mr. Robertson's recommended adjustment?

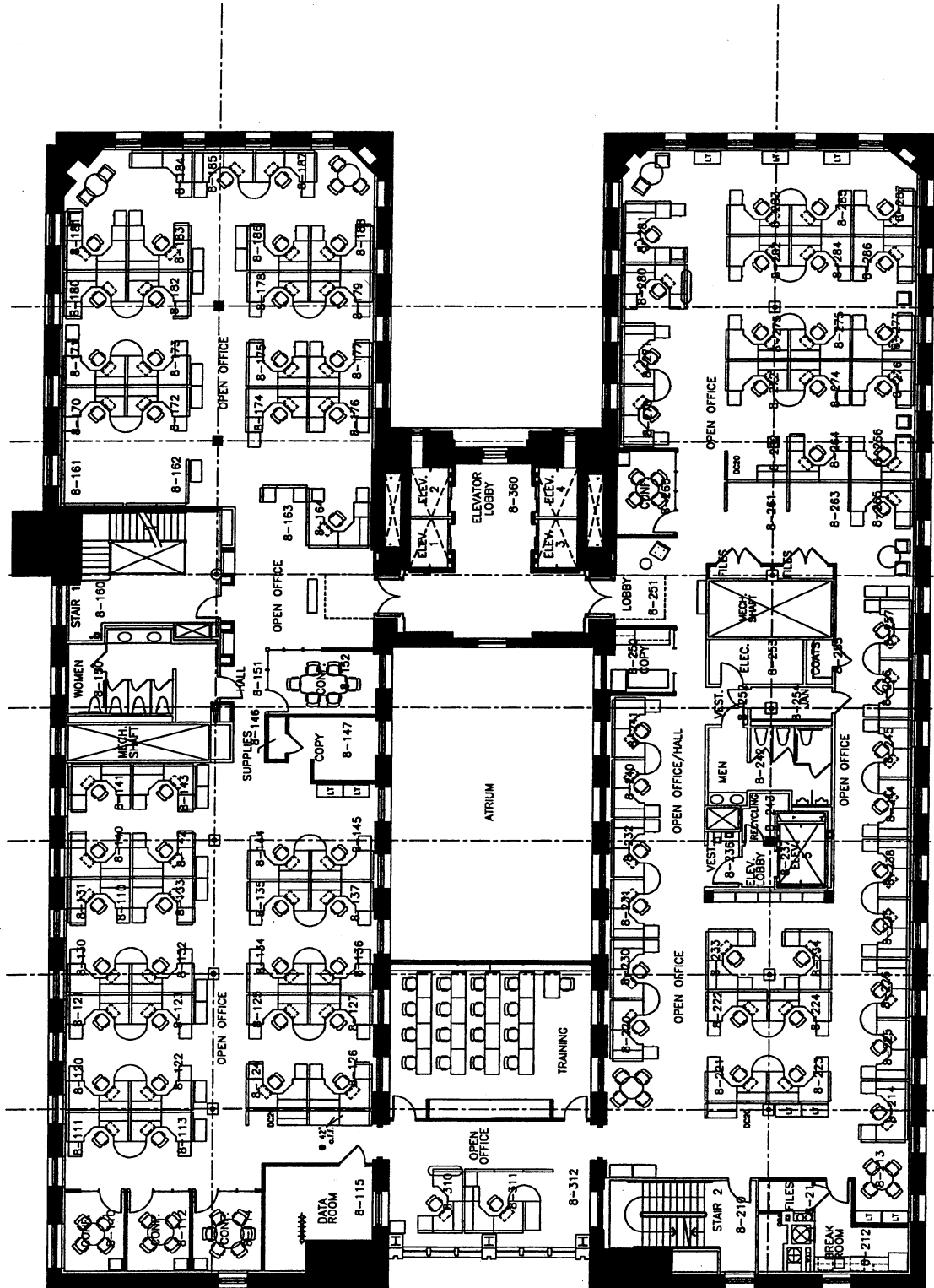
1 A. No. Aquila has reconfigured its office space in a manner that is consistent with the
2 office occupancy norms as presented by IFMA. It is unreasonable to hold Aquila to a
3 standard for occupancy that is in the 10th percentile especially given Aquila's own past
4 experience with this compact office setting and the IFMA reference to potential adverse
5 consequences for employee morale and productivity. Mr. Robertson recommends that
6 the Commission hold Aquila to a space utilization standard that inconsistent with
7 industry norms and is clearly not sustainable if a productive work environment is going
8 to be maintained.

9 Q. Has the Company and Commission Staff ("Staff") reached an agreement on this issue?

10 A. Yes. For settlement purposes only Company and Staff have agreed to reduce the cost of
11 the 20 West 9th complex included in this case by 13%.

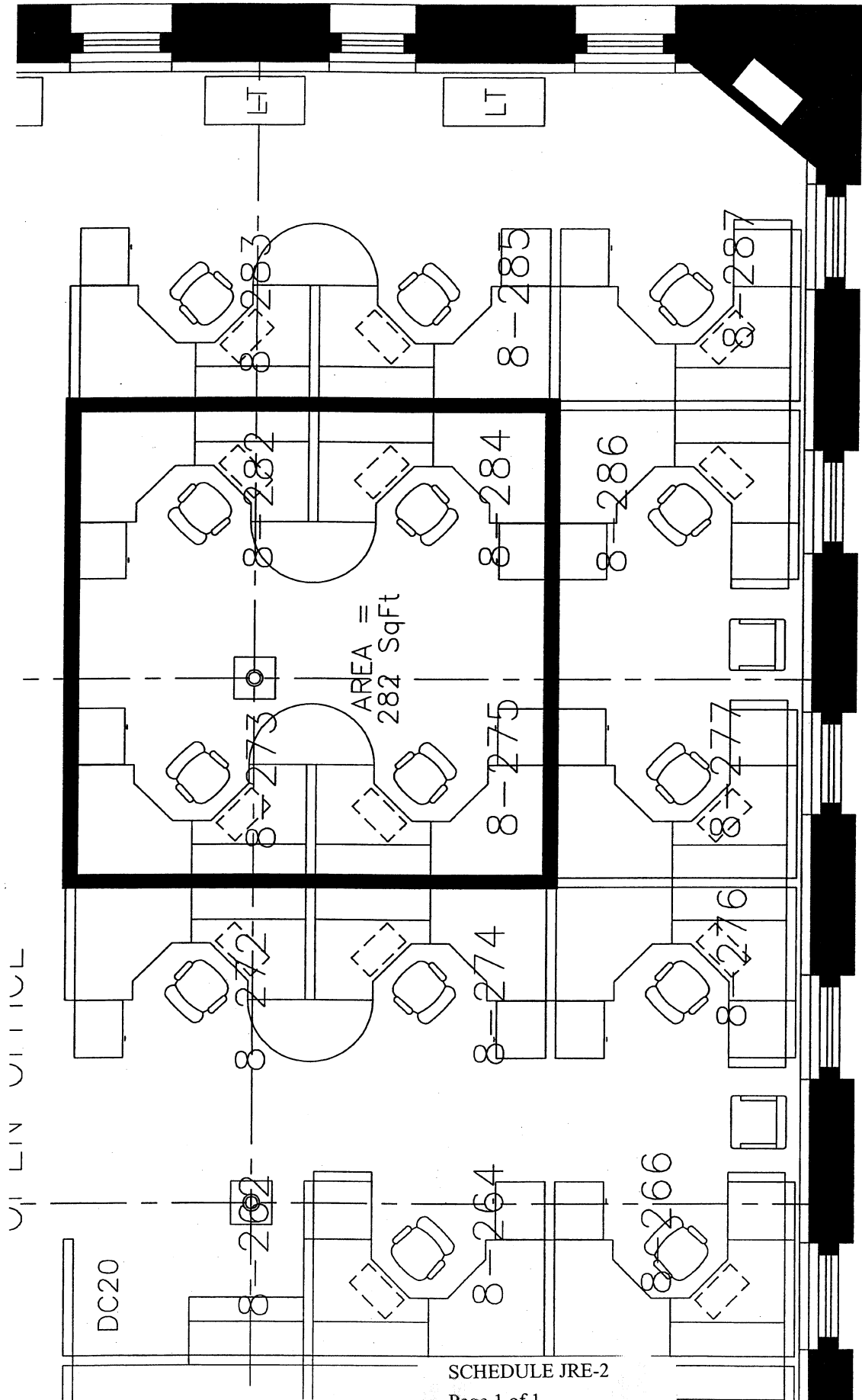
12 Q. Does this conclude your rebuttal testimony?

13 A. Yes it does.



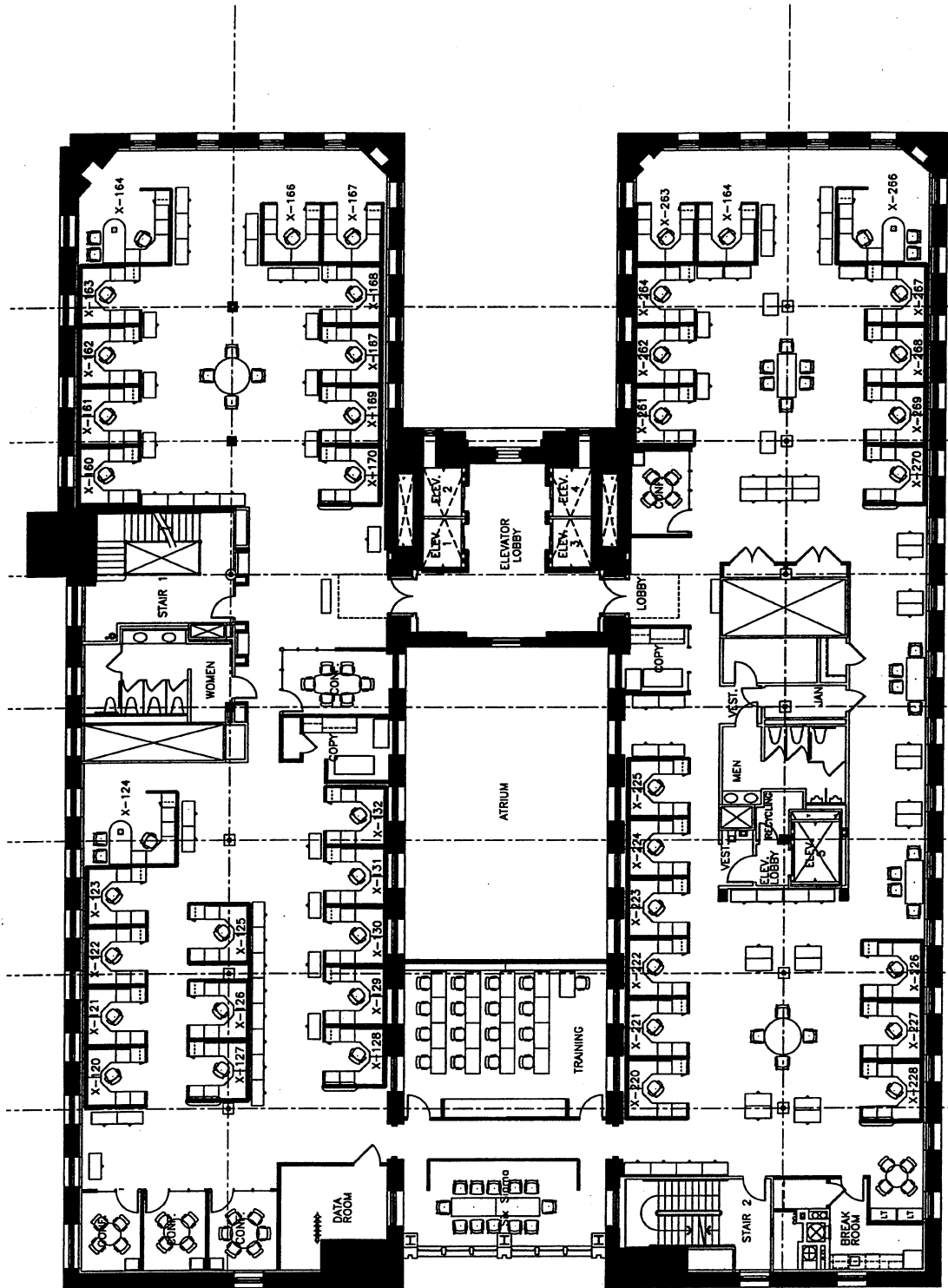
SCHEDULE JRE-1

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SCHEDULE JRE-2

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

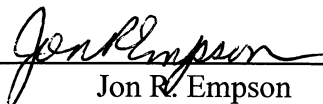
In the matter of Aquila, Inc. d/b/a Aquila)
Networks-MPS and Aquila Networks-L&P,)
for authority to file tariffs increasing electric)
rates for the service provided to customers in)
the Aquila Networks-MPS and Aquila)
Networks-L&P area)

Case No. ER-2005-0436

County of Jackson)
)
State of Missouri) ss

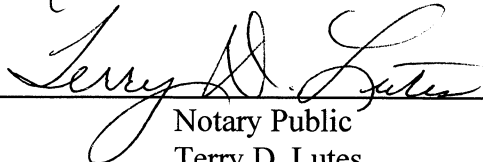
AFFIDAVIT OF JON R. EMPSON

Jon R. Empson, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Rebuttal Testimony of Jon R. Empson;" that said testimony was prepared by him and under his direction and supervision; that if inquiries were made as to the facts in said testimony and schedules, he would respond as therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of his knowledge, information, and belief.



Jon R. Empson

Subscribed and sworn to before me this 18th day of November, 2005.



Notary Public
Terry D. Lutes

My Commission expires:

8-20-2008



TERRY D. LUTES
Jackson County
My Commission Expires
August 20, 2008