

Exhibit No.:
Issue: Integration of Employee Benefits
Witness: Paul Van Dyne
Type of Exhibit: Supplemental Direct Testimony
Sponsoring Party: Great Plains Energy Incorporated and
Kansas City Power & Light Company
Case No.: EM-2007-0374
Date Testimony Prepared: August 8, 2007

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EM-2007-0374

**SUPPLEMENTAL DIRECT TESTIMONY
PURSUANT TO THE SCHEDULING ORDER**

OF

PAUL VAN DYNE

ON BEHALF OF

GREAT PLAINS ENERGY INCORPORATED

AND

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
August 2007**

SUPPLEMENTAL DIRECT TESTIMONY
PURSUANT TO THE SCHEDULING ORDER
OF
PAUL VAN DYNE
CASE NO. EM-2007-0374

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

2 A: My name is Paul Van Dyne. My business address is 1201 Walnut, Kansas City, Missouri
3 64106.

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

5 A: I am employed by Kansas City Power & Light Company ("KCPL") as Director of
6 Compensation and Benefits. KCPL is a direct, wholly-owned subsidiary of Great Plains
7 Energy Incorporated ("Great Plains Energy").

8 **Q: What are your responsibilities?**

9 A: My responsibilities include supervision of the compensation, benefits and Human
10 Resources Services groups of the company.

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

12 A: I have a BA from Penn State and a MA from the University of Kansas. I am a Certified
13 Compensation Professional and a Certified Employee Benefits Specialist. I have 30
14 years experience in the human resources, compensation and benefits field. I became an
15 employee of KCPL on August 15, 2006. Most immediately prior to this I was the Vice
16 President of Compensation and Benefits for Mutual of Omaha (3 years). Prior to that, I

1 was Director of Compensation for FBD Consulting, Inc (6 years). Prior to that, I was
2 Senior Vice President of Personnel for NationsBank/Bank of America (2 years). Prior to
3 that, I was Director of Compensation and Benefits for American General Finance (1
4 year). Prior to that, I have held various human resources positions with Payless
5 Cashways, Inc., Realex Corporation and St. Joseph Medical Center in Wichita, Kansas.

6 **Q: Have you previously testified in a proceeding at the Missouri Public Service**
7 **Commission or before any other utility regulatory agency?**

8 A: No, I have not.

9 **Q: What is the purpose of your testimony?**

10 A: The purpose of my testimony is to explain the overall benefits plan for the merged
11 organization.

12 **Q: What is the general strategy for integrating the Aquila benefits with the KCPL**
13 **benefits?**

14 A: The general strategy will be to provide benefits to existing Aquila employees through the
15 KCPL benefit plans. The implementation of this strategy with respect to the bargaining
16 unit participants in the various benefit plans is contingent upon successful completion of
17 negotiations with those units.

18 **Q: What is the structure of the KCPL benefit plans into which the Aquila employees**
19 **will be integrated?**

20 A: There are a variety of benefit plans for KCPL employees. Generally, these programs can
21 be grouped into programs that affect only the management employees, those that affect
22 only the bargaining unit employees, and those plans that affect both bargaining unit and
23 management employees. It is anticipated that an Aquila employee will be placed into the

appropriate plans based on the employee's status, *i.e.*, management or bargaining unit, following the closing.

Q: What are the key management benefit programs that are to be integrated?

A: These plans are primarily retirement programs; medical and dental programs; other insurance programs; and paid time off programs.

Q: What is anticipated effect on the management retirement programs?

A: There are three primary types of retirement programs for both Aquila and KCPL employees. These plans include a defined benefit pension plan, a 401k program and a retiree medical program. For those employees covered by the management plans, Aquila employees will become participants in each of these plans as of the closing date for prospective benefits.

Q: What is the anticipated effect on the management medical and dental programs?

A: It is anticipated that these plans will be merged with the KCPL management medical and dental plans. However, for the calendar year of the closing, KCPL intends to maintain the exact coverage options and premium costs for the Aquila employees. This, of course, is dependent on reaching an appropriate agreement with the providers of these benefits.

Q: What is the anticipated effect on the other management insurance programs?

A: It is anticipated that the Aquila employees will become participants in the KCPL benefit plans. There are certain insurance programs that Aquila offers, such as group automobile and group homeowners insurance, that are voluntary and have low participation. It is anticipated that these plans will be terminated in accordance with the provisions of the insurance contracts for these plans.

Q: What is the anticipated effect on the management paid time off programs?

1 A: It is anticipated that the Aquila employees will become participants in the KCPL paid
2 time off programs as of the date of the closing. All service currently credited to Aquila
3 employees for the determination of paid time off will be aggregated with service time at
4 KCPL following the closing date for the determination of service-related time off
5 benefits.

6 **Q: What is the anticipated effect on Aquila retirees who are currently receiving**
7 **benefits from Aquila plans?**

8 A: It is anticipated that minimal changes will be made to these benefits. A KCPL qualified
9 pension plan will make the pension payments to all current pensioners and to all deferred
10 vested terminated participants of the Aquila pension plan.

11 Retirees who are participating in the Aquila retiree medical, dental and life
12 insurance programs will be provided benefits. Where it is appropriate to integrate these
13 plans with KCPL plans they will be integrated. However, certain Aquila plans contain
14 specific commitments that have been made by Aquila, of which KCPL intends to honor.

15 **Q: What are the key union programs that are to be integrated?**

16 A: Generally, KCPL maintains separate benefit plans for union employees. The company
17 has two jointly trustee plans, one for health and welfare benefits and one for pension
18 benefits. In addition, each collective bargaining agreement provides for certain benefits
19 specifically for the employees covered by that bargaining agreement. Generally, Aquila
20 has one plan of benefits for all of the union and non-union employees.

21 KCPL intends to pursue negotiations that will result in the integration of the
22 Aquila employees currently represented by IBEW 695 and 814 into KCPL's three
23 existing bargaining units. As announced from the outset, KCPL recognizes and is

1 committed to working with the IBEW as the representing organization for the currently
2 covered Aquila employees, and looks forward to working collaboratively with them, as
3 well as with the existing KCPL bargaining units, towards a positive negotiated outcome.

4 **Q: What other benefit programs are to be integrated?**

5 A: There are certain informal benefit programs that exist at both Aquila and KCPL that are
6 generally available to all employees. These include such programs as service awards,
7 discounts on local events and services, mass transit programs and the like. Generally, the
8 Aquila employees will begin to participate in these KCPL programs at closing. Certain
9 programs that Aquila offers may be added to the programs KCPL offers if appropriate
10 agreements can be reached with the providers of these services.

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

12 A: Yes, it does.


In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Aquila, Inc. for Approval of the Merger of Aquila, Inc. with a Subsidiary of Great Plains Energy Incorporated and for Other Requester Relief)
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) **Case No. EM-2007-0374**
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)

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

1. My name is Paul Van Dyne. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Director of Compensation and Benefits.

2. Attached hereto and made a part hereof for all purposes is my Supplemental Direct Testimony on behalf of Great Plains Energy Incorporated and Kansas City Power & Light Company consisting of five (5) 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.


Paul Van Dyne

Subscribed and sworn before me this 8th day of August 2007.

Nicol A. Wang
Notary Public

My commission expires: Feb. 4 2011

