Exhibit No.:	
Issue:	Employee Meal Expense Policy
Witness:	Steven P. Busser
Type of Exhibit:	Rebuttal Testimony
Sponsoring Party:	Kansas City Power & Light Company
Case No.:	ER-2016-0285
Date Testimony Prepared:	December 30, 2016

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2016-0285

REBUTTAL TESTIMONY

OF

STEVEN P. BUSSER

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

Kansas City, Missouri
December 2016

REBUTTAL TESTIMONY

OF

STEVEN P. BUSSER

Case No. ER-2016-0285

Q: Please state your name and business address.

A: My name is Steven P. Busser. My business address is 1200 Main Street, Kansas City, MO 64105.

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

A: I am employed by Kansas City Power & Light Company ("KCP&L") and currently serve as the Vice President-Risk Management and Controller.

Q: What are your responsibilities?

A: I have executive responsibility for corporate accounting, energy accounting, Securities and Exchange Commission (SEC) reporting, income taxes, accounting systems and risk management for Great Plains Energy Incorporated ("GPE") and its subsidiaries, which include the utility operations of KCP&L and KCP&L Greater Missouri Operations Company ("GMO").

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

A: My educational background includes a B.B.A., Accounting cum laude from the University of Texas at El Paso. I have also taken several graduate level classes with a focus in finance and am a Certified Public Accountant.

I have over 20 years of experience focusing on accounting and finance matters for companies in the electric utility industry. I joined the Company in September 2014. Prior to joining KCP&L, I served as Vice President – Treasurer of El Paso Electric Company in Texas. During my almost 12-year tenure at El Paso Electric, I held various executive positions including Assistant Chief Financial Officer, Vice President – Regulatory Affairs and Chief Risk Officer. At El Paso Electric, I had executive responsibility for the treasury, risk management, facility services, fleet management and supply chain management functions. My responsibilities included the development and presentation of testimony before various regulatory bodies with respect to the company's public and private financing, and other securities transactions and various other regulatory proceedings. Prior to El Paso Electric, I served as Vice President - International Controller for Affiliated Computer Services and National Processing Company. I started my professional career at KPMG LLP where I held several positions, including Manager – Assurance serving clients in the electric utility industry.

Q: Have you previously testified in a proceeding at the Missouri Public Service Commission ("Commission" or "MPSC") or before any other utility regulatory agency?

A: I filed rebuttal testimony in Case No. ER-2016-0156. I have testified as an expert witness or prepared expert witness testimony before the Federal Energy Regulatory Commission and state regulatory agencies in Kansas, Texas and New Mexico.

Q: What is the purpose of your testimony?

A: On behalf of KCP&L, I will respond to certain portions of the direct testimony of Office of the Public Counsel ("OPC") witness Charles Hyneman regarding expense report policies and practices in place for KCP&L. I will address Mr. Hyneman's five recommendations found on p. 9 of his testimony.

Q: Mr. Hyneman asserts, on page 12 of his direct testimony (lines 4-5), that because certain KCP&L contracts with vendors limit meal expense charges by outside consultants to $50 per day, that KCP&L has adopted an $50 per diem as an internal control for vendors. Is this accurate?

A: No. Policy KCP&L-E200 provides that reimbursement of third party contractor expenses can be incorporated into the negotiation of a contract, and is subject to the reviews and approvals of the appropriate level of KCP&L management including vice presidents. No daily limit is set or prescribed for contractor meal expense charged to KCP&L.

Q: Nevertheless, Mr. Hyneman continues, on page 12 of his direct testimony (lines 5-7), by suggesting that KCP&L should adopt a policy limiting the cost of meals charged to KCP&L on employee expense reports to $50 per day. Do you agree with this recommendation?

A: No. This suggestion by Mr. Hyneman erroneously presumes that a "one-size fits all" policy makes sense in this area. In addition to unduly restricting appropriate flexibility, Mr. Hyneman's suggestion would also entail additional administrative burdens that are unwarranted.

Q: Why do you believe that a $50 per day limit on employee meal expense erroneously presumes that a "one size fits all" approach makes sense?

A: The employee meal expense report policy applicable to KCP&L recognizes that employees at all levels of the organization will need to incur employment-related meal expenses in a variety of settings and in a variety of locations. For example, the cost of lunch in St. Joseph, Missouri will likely vary considerably from the cost of lunch in downtown New York City. The meal expense report policy in place for KCP&L

provides reasonable flexibility without layering on excessive administrative burden by recognizing that these kinds of differences exist, and appropriately places responsibility on the employee and the employee's supervisor to charge KCP&L only for reasonable, legitimate, and properly documented meal expense.

Q: Why do you believe the $50 per day limit on employee meal expense would entail additional unwarranted administrative burdens?

A: Consistent with the example above, the reasonable cost of a meal can vary substantially based on location. Because employees who charge meal expense to KCP&L need to incur employment-related meal expense in many different parts of the country, use of a per diem approach for meal expense would require tracking of meal cost indices by region and ensuring proper application of the per diem rates, something that is not necessary under the current meal expense policy applicable to KCP&L.

In assessing the appropriateness of any policy or business practice, including a policy regarding employee meal expense, it is important to understand the resource allocation consequences of the alternative policy choices. The meal expense policy applicable to KCP&L recognizes that employment-related meal expense can vary considerably based on location, among other factors, and places primary responsibility on the employee and the employee's supervisor. Replacing the employee meal expense policy currently applicable to KCP&L with a per diem approach as suggested by Mr. Hyneman would necessarily involve more centralized administrative activity, likely within the corporate accounting group, with resulting higher costs. The increased cost of this centralized employee meal expense activity would not have the benefit of knowledge of what the employee was doing or what the setting was, because that knowledge rests with the employee and the employee's supervisor.

In addition, employees are currently required to use a Wells Fargo corporate card (a form of credit card) when incurring employment-related expenses. The use of the corporate card allows employee expenses, including meal expenses, to be captured in a single system and provides data that is used to make the necessary accounting related entries in an efficient manner. Furthermore, use of the corporate card captures the data related to this spending that can then be used to negotiate more favorable pricing with vendors. Establishing a separate process outside of the corporate card, such as setting up per-diem requirements for employee meal expenses as Mr. Hyneman suggests, would create a separate data stream that would be needed to make the necessary accounting entries and, given the manual nature of the per-diem process, would also eliminate any advantages GMO, KCP&L and GPE may be able to garner by having that information in one single source as is now the case with the corporate card.

In my opinion, therefore, the $50 per day employee meal expense limit suggested by Mr. Hyneman would likely be counter-productive and is unwarranted.

Q: Please describe the employee meal expense policy currently in place for KCP&L.

A: Per policy KCP&L E-201, Reimbursement of Employee-Incurred Business Expenses, Employees will be reimbursed for all reasonable, legitimate, and properly documented business expenses. Furthermore, under the heading Valid Business Expenses contained within that policy, entertainment expenses will be deemed reimbursable if they are "Food, beverages and entertainment for employees and non-employee business guests where the business purposes of the Company can be advanced immediately before, during or after the occasion. In terms of reimbursement for meals for travel out of town, such expenses will be reimbursed if they are “Meals for employee and non-employee business guests where the business purposes of the Company can be advanced immediately before, during or after the meals.” Nowhere in the policy does it limit amounts that employees can be reimbursed up to a set ($50) amount. The policy does identify that the following employee expenses for meals will not be reimbursed:

- Excess over reasonable cost.
- Employees may not make expenditures prohibited by statute or regulations for food, beverages, or entertainment to personnel of state or federal revenue agencies or regulatory bodies having jurisdiction over Company services and rates.
- Alcoholic beverages consumed in violation of the Code of Ethical Business Conduct.

Based on my professional opinion, this policy adequately protects the interests of the company (and its customers) as within the policy it states “Failure to comply with Company Policies and Procedures, including failure to report the noncompliance of others where required, may subject an individual employee to disciplinary action, including termination.”

Q: Are there any other reasons why you believe the employee meal expense policy currently in place for KCP&L is reasonable and appropriate?

A: Yes. The meal expense policy in place for KCP&L is customary in the industry. It is similar to the employee meal expense policy that was used by El Paso Electric when I worked there. In fact, El Paso Electric’s policy specifically prohibited employees from obtaining a per diem. I have also recently reviewed the employee meal expense policy in place for Westar, Inc. and Ameren, neither of which included a daily cap similar to Mr. Hyneman's recommendation. In addition, we used an Edison Electric Institute ("EEI") electronic message board to inquire about the expense report policies in place at other electric utilities. I consider this EEI source a reliable means of becoming informed of practices used by other electric utilities. Although we received only one response, the policy in place for that company was similar to the one used for KCP&L in that it allows for "payment/reimbursement of reasonable, necessary customer business expenses that employees may incur in the performance of their duties."

Q: Mr. Hyneman recommends at p. 9 of his direct testimony that the Commission order KCP&L to "adopt, employ, and comply with basic internal control over reimbursement of management expenses." Do you agree that the Company does not utilize its existing KCP&L controls regarding the reimbursement of expenses?

A: No, the Company already has expense management controls. Besides the Company policies previously mentioned, the Wells Fargo Commercial Card Expense Reporting ("CCER") system requires employees to review and validate their corporate card transactions within 15 days of the statement end date and approval by an approver with the appropriate level of approval authority in accordance with the Company's approval levels (generally, the cardholders supervisor) no later than 24 days after the statement end date. The cardholder receives two automatic notifications from CCER reminding them of the need to review transactions. The approver is automatically notified when the cardholder has completed their review and submitted transactions for approval if the cardholder selected the "statement reviewed" prior to the end of the review period ending after the 15th day. The corporate card administrator (a KCP&L employee) also sends escalation notifications to non-compliant employees, and their approver, as a reminder to complete validation and approvals prior to closing. A copy of these escalation emails are attached as Schedule SPB-1.

A new cardholder is set up in CCER typically with their direct supervisor as the primary approver. If authorized by the primary approver, a secondary approver may be assigned to the cardholder.

Training is provided to new cardholders. The training informs the employee that not reviewing and validating transactions may result in card suspension and/or disciplinary action. Corporate policy KCP&L E201 provides that failure to validate or approve expenses in accordance with the monthly schedule will be considered a performance issue.

Q: Are approvers always the cardholder's supervisor?

A: The supervisor is typically the primary approver. A secondary approver may be added via written authorization from the primary approver to the corporate card administrator. The secondary approver must have the same approval level, based on the corporate approval system, as the primary approver. Secondary approvers may be necessary if a supervisor is out of the office for medical or other reasons. Someone other than the direct supervisor is assigned so that reports continue to be reviewed and approved even though the supervisor is unable to do so.

Q: Can administrative personnel approve expense statements for an officer as alleged by Mr. Hyneman on p. 10 of his direct testimony?

A: At one time, certain administrative personnel were authorized to be secondary approvers for certain officer expense reports. As of December 6, 2016, administrative personnel cannot approve officer expense statements.

Q: Is there another control in place regarding officer expenses?

A: Yes. In addition, the general ledger default account for all Company officers is set to below-the-line utility accounts. In order for an officer expense to be recorded to an operating utility account, a change must be made in the system to enter an operating utility account code to override this default coding.

Q: Does the Company believe that its current procedures are working well?

A: Yes. There is significantly less administrative burden to enter and approve employee expense reports while at the same time increasing the accuracy of the accounting for employee expenses as the reviews and approvals are more timely.

Q: Mr. Hyneman alleges at p. 9 of his direct testimony that many expense reports were paid and closed without any approval. What is your response?

A: Mr. Hyneman support for his statement is the response to Staff Data Request 275. This data request response includes data from 2015 which was before the Company's new process began. KCP&L began its CCER process in September of 2015. The Company believes that its new CCER process has positively impacted the approval process. The CCER process requires corporate card transactions be validated and approved during the statement closing period. The July 2016 Corporate Expense Report prepared by KCP&L Audit Services indicates that the CCER process is a significant improvement from previous reimbursement processes. In addition, the fact that a transaction was not approved before it was paid does not indicate in any way that the expenses are not legitimate. Rather it indicates that the approval step within the CCER system was not completed timely. Reminders are sent out frequently to make employees and supervisors aware of the timelines and if it was deemed necessary, additional training is provided to ensure employees understood how to approve expenses in the CCER system.

Q: At p. 11 of his direct testimony, witness Hyneman discusses his expectation that management employees are responsible for paying for their own meals while in the local area. How do you respond?

A: When no business is conducted at meals in the local area, employees are expected to and do pay for those meals. If, however, an employee conducts legitimate business over a meal, regardless of the location of the meal, it may be a proper business expense to be paid by the Company, after approval by the cardholder's approver. Nowhere in any of the KCP&L policies are employees precluded from incurring legitimate, reimbursable business expenses simply because of the location in which the meal was consumed.

Q: Mr. Hyneman also alleges at p. 13 that KCP&L has a policy for the preapproval of alcohol purchases for employees on KCP&L business and that KCP&L does not enforce this policy. How do you respond?

A: Mr. Hyneman does not understand the policy. The Company's policy is very clear and it does not mean that an employee that purchases alcohol with a business dinner would need preapproval. KCP&L-E201 provides that alcoholic beverages consumed in violation of the Company's Code of Ethical Business Conduct are not reimbursable. The Code of Ethical Business Conduct provides, among other things, that disciplinary action will be taken if an employee possesses or uses alcohol during working hours (including lunch or break periods) on company or customer property. Exceptions for use of possession of alcohol in connection with authorized events will be approved in advance by the chief compliance officer. For example, if there is an employee appreciation event at a Company facility and alcohol will be served, approval by the Chief Compliance Officer is required. These events do not occur often and thus few preapprovals are needed. If an employee is at a dinner conducting legitimate Company business and alcohol is purchased, this is not viewed as an "authorized event" which requires pre-approval. Rather, it may be viewed as a legitimate business expense, incurred during the performance of the employee's responsibilities that will require approval by the employees approver (in most cases, the employee's supervisor).

Q: Mr. Hyneman states at p. 12 of his testimony that KCP&L's lack of internal controls over its expense report approval and management expense report process is "tolerated and ignored" by KCP&L's internal audit department. How do you respond?

A: I disagree that the Company lacks internal controls over its approval of expense reports. I also believe that KCP&L's internal audit department has audited the expense reporting process regularly. Audit work conducted each time has noted both effective internal controls as well as improvement opportunities or weaknesses requiring remediation by management. The Company has had four different expense reporting processes in the past eight years, implementing automation and improving internal controls at each stage, increasingly taking into consideration internal audit recommendations or additional control activity when designing these processes. For example, as discussed above the general ledger default account for all Company officers is set to below-the-line utility accounts. Results of all work completed is reported to both management and the Audit Committee (AC) of the Board of Directors, including any management action items. Internal audit updates the AC each quarter as to the status of management actions to ensure proper and timely remediation by management. Mr. Hyneman states in his testimony that he has reviewed all the audit department reports. Given that, the comments made by Mr. Hyneman regarding lack of control by the Company and disregard by the internal audit department are surprising to me as this is a high volume of deliverables, and each audit report notes strengths (including existing internal controls that are working effectively) and improvement needed (with action items as necessary).

Q: Mr. Hyneman notes a concern that "basic internal controls over expense reimbursements and other management expense report processes are not a priority for KCP&L's Internal Audit Department." Do you agree?

A: I do not. The Company spends time every year auditing expense transactions and internal controls as previously noted because it is a priority.

Q: Mr. Hyneman also indicates that internal audit should be "empowered to action to fix these longstanding…problems" and there is a lack of action. How do you respond?

A: An independent internal audit function may not own business processes and internal controls. These activities are owned by company management, and as such, management is responsible for fixing any issues associated with them. It would comprise the independence and objectivity for an internal audit function to own and/or "fix" these activities. As previously noted, audit results are reported to the AC every quarter and all management action items are tracked and "rolled forward" to ensure accountability to remediate and fix internal control issues identified through the work of internal audit.

Q: Please respond to Mr. Hyneman's final recommendation (p. 13 of his direct testimony) that the Commission order KCP&L to institute a policy that no employee will be reimbursed for the purchase of alcoholic beverages.

A: Mr. Hyneman's recommendation is unnecessary and results in the micro-management of the Company. As explained above, the Company already has a policy of only reimbursing expenses which can further the Company's business interests. There are some corporate events and activities where alcohol is served and the Company believes that reimbursement of employees for legitimate expenses is in keeping with good business practices.

Q: Please summarize the Company's position on OPC's expense reimbursement recommendations.

A: OPC's management expense policy and procedure recommendations are not needed as they are either already covered in KCP&L's existing expense reimbursement policy or audit protocols. OPC recommendations such as a per diem allowance are impractical and would add unnecessary administrative burdens. The Company's response to OPC's specific dollar adjustments for expense reimbursement is found in the Rebuttal Testimony of Company witness Ronald Klote.

Q: Does this 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	)))))	**Docket No. 16-KCPE-593-ACQ**

AFFIDAVIT OF STEVEN P. BUSSER

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Steven P. Busser, being first duly sworn on his oath, states:

1. My name is Steven P. Busser. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Vice President of Risk Management and Controller.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Great Plains Energy Incorporated and 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.

Steven P. Busser

Subscribed and sworn before me this 30th day of December, 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

From: Bush Loretta
Sent: Wednesday, December 14, 2016 7:54 AM
Subject: 2nd Reminder to Review Your Wells Fargo CCER NOVEMBER Statement

Per company policy, validation of monthly credit card statements through Wells Fargo CCER is required to be completed within 15 days of the statement date. **Our records show you have a validation action that has not be completed.**

Please log into https://wellsoffice.wellsfargo.com/portal/signon and complete yoiur statement verification.

As a reminder, the following 4 steps must be completed when performing your validation:

1. Review all transactions for anything fraudulent and mark all charges that may be considered personal per company policy
2. Enter **adequate descriptions explaining what the business purpose** was for the expense. **List any attendees for meal charges** and be sure to **include to/from information on all mileage** that has been entered
3. Update account coding where needed
4. **Upload receipts for ALL charges, including Fuel Receipts and Out of Pocket expenses (except mileage)**

Loretta Bush, Program Administrator Wells Fargo/KCP&L 816-654-1631

From: Bush Loretta
Sent: Wednesday, November 23, 2016 8:25 AM
Subject: FINAL REMINDER - Please Approve your Employee's Wells Fargo CC Statement(s)

With Thanksgiving on the last day of the APPROVAL PERIOD and many taking vacations, this is just a reminder to please APPROVE your Employee's Wells Fargo CCER Statements as soon as possible. Again, the last business working day to approve is Wednesday, November 23, 2016.

Per company policy, approval of credit card statement thru Wells Fargo CCER is required to be completed **no later than the 24th day** after the statement date.

Our records show you have an approval action that has not yet been completed. Please log in to Wells Fargo CCER and approve the current open statements**.**

PLEASE NOTE: If you are the approver for FLEET statements, those DO NOT have to be approved. Please verify there are no Out of Pocket charges entered onto the FLEET statement that DO need your approval. If there are none, you can ignore this reminder.

As a reminder the following 4 steps must be completed when performing your approval.

1. Review all transactions for any noncompliant items per company policy and ensure employee has marked charges that may be considered personal per company policy
2. Review for adequate description including: the business purpose for the expense, list of attendees for meal charges and/or to/from information for all mileage that has been entered
3. Review account coding has been updated where needed
4. Receipts are attached for ALL charges and Out of Pocket expenses (except mileage)

If your statements are not approved within the required timeframe, your supervisor will be notified and repeated offenses may be considered an employee performance issue.

Loretta Bush, Program Administrator Wells Fargo/KCP&L 816-654-1631