

Exhibit No.:
Issue: Employee Meal Expense Policy
Witness: Steven P. Busser
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: KCP&L Greater Missouri Operations Company
Case No.: ER-2016-0156
Date Testimony Prepared: August 15, 2016

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2016-0156

REBUTTAL TESTIMONY

OF

STEVEN P. BUSSER

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

**Kansas City, Missouri
August 2016**

REBUTTAL TESTIMONY

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STEVEN P. BUSSER

Case No. ER-2016-0156

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

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

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

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

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

8 A: I have executive responsibility for corporate accounting, energy accounting, Securities
9 and Exchange Commission (SEC) reporting, income taxes, accounting systems and risk
10 management for Great Plains Energy Incorporated (“GPE”) and its subsidiaries, which
11 include the utility operations of KCP&L and KCP&L Greater Missouri Operations
12 Company (“GMO”). My responsibilities also include the development and presentation
13 of testimony before various regulatory bodies with respect to the integration planning
14 framework the Company will utilize to integrate GPE and Westar, Inc. (“Westar”) in
15 connection with GPE’s acquisition of Westar.

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

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

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

15 **Q: Have you previously testified in a proceeding at the Missouri Public Service**
16 **Commission (“Commission” or “MPSC”) or before any other utility regulatory**
17 **agency?**

18 A: I have not testified previously before the MPSC. I have, however, testified as an expert
19 witness or prepared expert witness testimony before the Federal Energy Regulatory
20 Commission and state regulatory agencies in Kansas, Texas and New Mexico.

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

2 A: On behalf of GMO, I will respond to certain portions of the direct testimony of Office of
3 the Public Counsel (“OPC”) witness Charles Hyneman regarding expense report policies
4 and practices in place for GMO.

5 **Q: Mr. Hyneman asserts, on page 48 of his direct testimony (lines 6-7), that GMO has a**
6 **policy in place which limits meal expense charges by outside consultants to \$50 per**
7 **day. Is this accurate?**

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

12 **Q: Nevertheless, Mr. Hyneman continues, on page 49 of his direct testimony (lines 12-**
13 **15), by suggesting that GMO should adopt a policy limiting the cost of meals**
14 **charged to GMO on employee expense reports to \$50 per day. Do you agree with**
15 **this recommendation?**

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

20 **Q: Why do you believe that a \$50 per day limit on employee meal expense erroneously**
21 **presumes that a “one size fits all” approach makes sense?**

22 A: The employee meal expense report policy applicable to GMO recognizes that employees
23 at all levels of the organization will need to incur employment-related meal expenses in a

1 variety of settings and in a variety of locations. For example, the cost of lunch in St.
2 Joseph, Missouri will likely vary considerably from the cost of lunch in downtown New
3 York City. The meal expense report policy in place for GMO provides reasonable
4 flexibility by recognizing that these kinds of differences exist, and appropriately places
5 responsibility on the employee and the employee's supervisor to charge GMO only for
6 reasonable, legitimate, and properly documented meal expense.

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

9 A: Consistent with the example above, the reasonable cost of a meal can vary substantially
10 based on location. Because employees who charge meal expense to GMO need to incur
11 employment-related meal expense in many different parts of the country, use of a per
12 diem approach for meal expense would require tracking of meal cost indices by region,
13 something that is not necessary under the current meal expense policy applicable to
14 GMO.

15 In assessing the appropriateness of any policy or business practice, including a
16 policy regarding employee meal expense, it is important to understand the resource
17 allocation consequences of the alternative policy choices. The meal expense policy
18 applicable to GMO recognizes that employment-related meal expense can vary
19 considerably based on location, among other factors, and places primary responsibility on
20 the employee and the employee's supervisor. Replacing the employee meal expense
21 policy currently applicable to GMO with a per diem approach as suggested by
22 Mr. Hyneman would necessarily involve more centralized administrative activity, likely
23 within the corporate accounting group, with resulting higher costs. The increased cost of

1 this centralized employee meal expense activity would not have the benefit of knowledge
2 of what the employee was doing or what the setting was, because that knowledge rests
3 with the employee and the employee's supervisor.

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

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

18 **Q: Please describe the employee meal expense policy currently in place for GMO.**

19 A: Per policy KCP&L E-201, Reimbursement of Employee-Incurred Business Expenses,
20 Employees will be reimbursed for all reasonable, legitimate, and properly documented
21 business expenses. Furthermore, under the heading Valid Business Expenses contained
22 within that policy, entertainment expenses will be deemed reimbursable if they are
23 "Food, beverages and entertainment for employees and non-employee business guests

1 where the business purposes of the Company can be advanced immediately before,
2 during or after the occasion. In terms of reimbursement for meals for travel out of town,
3 such expenses will be reimbursed if they are “Meals for employee and non-employee
4 business guests where the business purposes of the Company can be advanced
5 immediately before, during or after the meals.” Nowhere in the policy does it limit
6 amounts that employees can be reimbursed up to a set (\$50) amount. The policy does
7 identify that the following employee expenses for meals will not be reimbursed:

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

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

20 **Q: Are there any other reasons why you believe the employee meal expense policy**
21 **currently in place for GMO is reasonable and appropriate?**

22 A: Yes. The meal expense policy in place for GMO is customary in the industry. It is
23 similar to the employee meal expense policy that was used by El Paso Electric when I

1 worked there. In fact, El Paso Electric’s policy specifically prohibited employees from
2 obtaining a per diem. I have also recently reviewed the employee meal expense policy in
3 place for Westar, Inc. and Ameren, neither of which included a daily cap similar to Mr.
4 Hyneman’s recommendation. In addition, we used an Edison Electric Institute (“EEI”)
5 electronic message board to inquire about the expense report policies in place at other
6 electric utilities. I consider this EEI source a reliable means of becoming informed of
7 practices used by other electric utilities. Although we received only one response, the
8 policy in place for that company was similar to the one used for GMO in that it allows for
9 “payment/reimbursement of reasonable, necessary customer business expenses that
10 employees may incur in the performance of their duties.”

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

12 A: Yes, it does.

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

In the Matter of KCP&L Greater Missouri Operations)
Company's Request for Authority to Implement)
A General Rate Increase for Electric Service) Case No. ER-2016-0156

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.

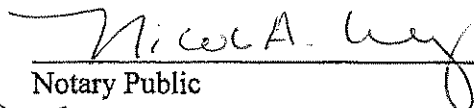
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of KCP&L Greater Missouri Operations Company consisting of seven (7) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

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 15th day of August, 2016.



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
