

Exhibit No.:
Issues: Supply Chain Synergies
Witness: Lora Cheatum
Type of Exhibit: Supplemental Direct Testimony
Sponsoring Party: 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

LORA CHEATUM

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
August 2007**

SUPPLEMENTAL DIRECT TESTIMONY
PURSUANT TO THE SCHEDULING ORDER
OF
LORA CHEATUM
CASE NO. EM-2007-0374

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

2 A: My name is Lora Cheatum. 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” or the “Company”) as
6 Vice President, Administrative Services.

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

8 A: My general responsibilities include Human Resources, Purchasing and Facilities for
9 KCPL.

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

11 A: I have an undergraduate degree from Washburn University in Topeka and an MBA from
12 the University of Kansas. I have held numerous Human Resources positions with both
13 PepsiCo and Wal-Mart since 1986. I joined KCPL on September 11, 2001 as the
14 Director of Human Resources for the Delivery Division and was promoted to Vice
15 President of Administrative Services in March of 2005.

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

18 A: Yes, I have.

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

2 A: The purpose of my testimony is to provide an outline of the process and team structure
3 that was used in guiding the Integration Supply Chain Team as we identified synergies
4 and Cost to Achieve associated with the acquisition of Aquila.

5 **Q: What does the Supply Chain function include?**

6 A: The Supply Chain Integration team is comprised of cross-functional teams to include
7 Generation, Transmission, Distribution and Corporate/Shared from the two companies
8 (Aquila and KCPL). These Teams are comprised of subject matter experts from the
9 individual disciplines and are supported by our outside consultants, including Wallace
10 Buran, from Bridge Strategy, who is also providing testimony on the same subject matter
11 in this proceeding. Additionally, executive oversight was provided by myself as the
12 Sponsoring Executive and supported by William Herdegen, Vice President of Customer
13 Operations; Dana Crawford, Vice President of Plant Operations; and Richard Spring,
14 Vice President of Transmission Services.

15 **Q: Please explain Mr. Buran's role?**

16 A: Mr. Buran's role is to provide insight into and an independent assessment of the proposed
17 synergy estimates, cost to achieve these synergies and supply chain processes for the
18 Supply Chain areas of the proposed merged company.

19 **Q: What does the Supply Chain of the merged companies include?**

20 A: The Supply Chain includes Purchasing, Inbound logistics, Inventory Management, Fleet
21 Management, and Materials Recovery/Reclamation in Generation, Distribution,
22 Transmission and the Corporate Office.

1 **Q: Can you provide specific examples that are the major contributors to the synergies**
2 **within the Supply Chain areas?**

3 A: As you will see in detail Mr. Buran's testimony, the expected merger synergy savings of
4 \$130.9 million over the first five (5) years after the merger closes are in four major areas.
5 Those specific areas are: 1) Strategic Sourcing; 2) Improved Fleet Management;
6 3) Reducing Supply Chain Inventory; and 4) Enhanced Reclamation and Asset Recovery.
7 Mr. Buran will explain each of these areas in detail.

8 **Q: Do you agree with the numbers presented in the synergies for the Supply Chain**
9 **area?**

10 A. Yes. I participated in the development and I think they are reasonable to achieve.

11 **Q: How will the synergies be achieved?**

12 A. I am the guiding officer responsible for ensuring that the supply chain synergies are
13 achieved and I have the commitment and support of the executives responsible for
14 Distribution, Transmission and Generation in delivering the projected supply chain
15 synergies. Other officers are responsible for achieving the synergies in there respective
16 areas. In the testimony of Mr. Buran, he provides the plan and assumptions used to
17 develop these synergies and an explanation as to how they will be accomplished.

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

AFFIDAVIT OF LORA CHEATUM

**STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)**

Lora Cheatum, being first duly sworn on her oath, states:

1. My name is Lora Cheatum. I am the Vice President of Administrative Services for Kansas City Power & Light.
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 Three (3) 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.


Lora Cheatum

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


Notary Public

My commission expires: Feb. 4, 2011

