

Exhibit No.:
Issue: Economic Relief Pilot Program
Witness: Jimmy D. Alberts
Type of Exhibit: Direct Testimony
Sponsoring Party: KCP&L Greater Missouri Operations Company
Case No.: ER-2012-0175
Date Testimony Prepared: February 27, 2012

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2012-0175

DIRECT TESTIMONY

OF

JIMMY D. ALBERTS

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

**Kansas City, Missouri
February 2012**

DIRECT TESTIMONY

OF

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Case No. ER-2012-0175

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

2 A: My name is Jimmy D. Alberts. My business address is 1200 Main Street, Kansas City,
3 Missouri 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”) as Vice President -
6 Customer Service.

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of KCP&L Greater Missouri Operations Company (“GMO” or
9 the “Company”) for St. Joseph Light & Power (“L&P”) and Missouri Public Service
10 (“MPS”) territories.

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

12 A: My primary responsibilities include managing the Customer Service function at KCP&L
13 and GMO. This includes the call center, meter reading and field services, billing,
14 collections, customer relations, training, revenue protection, revenue assurance, and
15 quality assurance/performance management.

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

17 A: I have a bachelor’s degree in Business Administration from Minnesota State University at
18 Mankato, and an MBA from Drake University in Des Moines, Iowa. I have 25 years
19 experience in the utility industry in various management roles. Those roles include

1 Operations Management, Quality Assurance, and Six Sigma Deployment Leader. I was
2 Vice President of Central Services at Aquila from June 23, 2005 to July 13, 2008. On
3 July 14, 2008, I moved to my current role as Vice President of Customer Service at
4 KCP&L.

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

7 A: Yes. I offered testimony in GMO's rate cases, Case Nos. ER-2009-0090 and ER-2010-
8 0356, and in KCP&L's rate cases, Case Nos. ER-2009-0089 and ER-2010-0355.

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

10 A: GMO is recommending continuation and expansion of the Economic Relief Pilot
11 Program ("ERPP" or the "program") as set forth below, with 100% rate recovery allowed
12 for all associated program costs. We recommend ending pilot status of this program and
13 have reflected this in our proposed tariffs.

14 **Q: Please provide a review of the ERPP.**

15 A: The ERPP offered by the Company provides an opportunity to relieve financial hardship
16 experienced by some of our customers. ERPP delivers up to a fifty (50) dollar per month
17 "fixed credit" to qualifying low-income customers, improving energy affordability. The
18 program has been designed so that the Company neither profits from nor incurs losses as
19 a result of offering this program. Without the recommended continuation and expansion
20 of the program, the program is expected to end September 1, 2012.

21 **Q: Was the proposal to continue the ERPP offered before?**

22 A: Yes, in Case No. ER-2010-0356 the Company proposed continuation of the program and
23 recovery of all associated program costs through our retail rates.

1 **Q: What was the position of MPSC Staff in that case?**

2 A: Staff witness Carol Gay Fred addressed the ERPP in the Staff Cost of Service Report and
3 in subsequent Rebuttal Testimony. Witness Fred offered the following recommendations
4 in the Cost of Service Report, starting on page 151, line 23:

- 5 • Acquire an independent third party evaluator for the program to track all
6 aspects of the program for weaknesses, strengths and improvement
7 opportunities.
- 8 • Work more extensively with Salvation Army to ensure capacity
9 enrollment of ERPP.
- 10 • Improve on education and providing awareness of ERPP with other
11 Energy Assistance Agencies of the availability of ERPP
- 12 • Provide [The Salvation Army] field staff availability to AgencyLink
- 13 • Continue to conduct as many as feasible Connections campaign Energy
14 Resource Fairs on an annual basis.¹

15 **Q: What was the result of that case?**

16 A: This issue was settled in the Non-Unanimous Stipulation and Agreement as to
17 Miscellaneous Issues approved by the Commission in its Report and Order issued on
18 May 4, 2011.

19 **Q: Since that time has anything been done to address the recommendations suggested
20 by Staff?**

21 A: We have acquired a third party evaluator, True North Market Insights, LLC, 1310 Wagon
22 Wheel Road, Lawrence, KS 66049, to evaluate the program. This evaluator will survey
23 200 randomly selected customers of the program to address weaknesses, strengths, and
24 any suggestions from the customers for improving the program.

25 We also are working on a daily basis with The Salvation Army, which facilitates
26 the program, to keep it informed of how many applications we have enrolled or labeled as
27 being ineligible. If we notice the program has a wide range of openings in one territory

1 or another, the Company helps facilitate enrollments through direct contact with
2 agencies, which drive awareness, and through outreach opportunities.

3 The Salvation Army has had access to Agency Link, which is a web based tool
4 designed exclusively for use by the social service agencies that assist our customers. It
5 provides 24-hour online access to GMO customer accounts. It was created to assist such
6 agencies in determining energy assistance eligibility for our customers. The agencies
7 only need the customer's GMO account number to access the information. Once in this
8 database, the agencies are able to view and print the following account detail: customer
9 account balance, bill history, payment history, payment arrangement history, and
10 disconnected notices. The Salvation Army utilizes this technology to confirm a
11 customer's eligibility for the program. If an applicant is past due, The Salvation Army
12 works with the customer to bring his or her account current or places an energy assistance
13 grant on the customer's account. The customer's application can then be submitted to the
14 Company for processing.

15 Through active participation in monthly collaborative meetings that include
16 agency representation, such as: 1) United Way of Greater Kansas City; 2) The Salvation
17 Army; 3) Catholic Charities of Kansas City-St. Joseph, Inc.; 4) United Services
18 Community Action Agency; 5) City Union Mission; 6) Bishop Sullivan Center; 7)
19 Metropolitan Lutheran Ministry; 8) Phoenix Family Housing Corporation; 9) Community
20 Assistance Council; and 10) Shepherd's Center Central, we are able to educate the
21 agencies about ERPP, as well as provide updates on available openings in the program.

¹ See Staff Report Revenue Requirement Cost of Service, p. 151, ll. 23-35, Nov. 17, 2010.

1 In addition, the District Managers of our Company are informed about the
2 program and are provided monthly status updates so they can interact on a more direct
3 level with the aforementioned agencies, as well as with additional agencies within their
4 respective territories. North Missouri district agencies include: 1) Community Services,
5 Inc.; 2) Community Action Partnership of Greater St. Joseph; and 3) Green Hills
6 Community Action Agency. East and Southeast Missouri district agencies include: 1)
7 West Central Missouri Community Action Agency; and 2) Missouri Valley Community
8 Action Agency.

9 In 2010, the Company hosted seven Connections Energy Resource Fairs. The
10 Connections Energy Resource Fairs were developed as an opportunity for GMO to
11 provide information and education to customers in face-to-face venues. It allows the
12 Company to answer questions and interact in a direct way, which includes accessing
13 customer accounts and involving other community partners, such as United Way 2-1-1
14 and other key agencies. In 2011, there were 16 Connections Energy Resource Fairs at
15 which customer education and information was distributed to low-income audiences.
16 The Company plans to continue customer outreach in 2012 via the Connections platform.

17 **Q: How many participants are enrolled in the program at this time?**

18 A: As of January 6, 2012, 1,935 KCP&L or GMO customers participate in ERPP.
19 Participants by territory are as follows:
20 987 in the KCP&L territory;
21 691 in the GMO Missouri Public Service (“MPS”) territory; and
22 257 in the GMO St. Joseph Light & Power (“L&P”) territory.

1 **Q: How many dollars were credited to customers in 2010 and 2011 under this**
2 **program?**

3 A: In 2010, the dollars credited to customers by territory are as follows:

KCP&L	\$429,719
GMO MPS	\$284,279
GMO L&P	\$105,231
2010 Total	\$819,229

4 In 2011, the dollars credited to customers by territory are as follows:

KCP&L	\$602,257
GMO MPS	\$422,924
GMO L&P	\$174,453
2011 Total	\$1,199,634

5 **Q: Has GMO conducted an evaluation of the ERPP?**

6 A: GMO's evaluation of the ERPP is currently in progress. GMO is working with True
7 North Market Insights, LLC and our program partner, The Salvation Army, to complete
8 this evaluation. Results of this evaluation are scheduled to be completed by the end of
9 2nd quarter 2012 and will be contained in a report by the Company.

10 **Q: How was the evaluation plan developed?**

11 A: GMO along with KCP&L, brought the evaluation plan before the Customer Programs
12 Advisory Group ("CPAG") for collaborative discussion. The CPAG was created at
13 KCP&L through the Stipulation and Agreement in the Comprehensive Energy Plan
14 ("CEP"). After the acquisition of Aquila by Great Plains Energy Incorporated, both
15 GMO and KCP&L worked together through CPAG. After the CEP was completed, the
16 name of the collaborative was changed to DSM Advisory Group. Members include
17 MPSC Staff, Office of Public Counsel, Missouri Department of Natural Resources, the
18 City of Kansas City, MO, Empire District Electric Company, and Praxair. In December
19 2011, proposals were vetted with the group and an initial plan developed. Considerable

1 work was completed to design the evaluation components. Later, in January 2012, when
2 the plan components were again shared with the advisory group, changes to the sampling
3 method were recommended. GMO has remained responsive to requested changes and
4 although the change will somewhat delay the completion of the evaluation, the Company
5 revised the evaluation plan to accommodate the new sampling methods.

6 **Q: Please describe the evaluation.**

7 A: The phases of the evaluation will include: 1) one-on-one interviews with The Salvation
8 Army employees who work with applicants; 2) postcard surveys mailed to 200 randomly
9 selected participants in three waves; and, 3) additional internal GMO data reports that are
10 analyzed and summarized into the findings of the evaluation. For example, some of the
11 internal data will be: 1) How many customers have participated in multiple years of the
12 program? 2) How many customers have requested to be taken off ERPP and why? 3)
13 How many customers have been removed from the program because of the ongoing
14 requirements and why? 4) In what other GMO programs are participants of the ERPP
15 enrolled and was such enrollment before or after participation in the ERPP? 5) How
16 many participants who have had a history of being in arrears or collection has this
17 program helped?

18 **Q: Is GMO asking participants their opinion of the ERPP?**

19 A: Yes. Participants' opinions will be addressed in the evaluation by True North Market
20 Insights, LLC.

21 **Q: Has the Salvation Army expressed an opinion about the ERPP?**

22 A: Cheryl A. Price, Social Services Program Director of The Salvation Army Divisional
23 Headquarters, believes that the ERPP program has been a tremendous boon to the elderly

1 and fixed income households. With the \$50 savings each month, these households can
2 purchase needed food and prescription medications they might otherwise forgo due to
3 budgetary constraints.

4 **Q: What do you plan to do after the evaluation has been completed?**

5 A: GMO will provide the complete evaluation to Staff and the other parties in the advisory
6 group. The results of the evaluation will help guide the next steps for the program.

7 **Q: If the evaluation is positive, what do you propose?**

8 A: GMO proposes that the ERPP be continued and expanded with full recovery of all
9 program costs and its name changed to reflect that it is no longer a pilot program. The
10 program would be called Economic Relief Program (ERP).

11 **Q: Please describe how the program would be expanded.**

12 A: The primary change to the program would be to expand the availability to approximately
13 5,000 customers per year on a combined company basis. We further propose that the
14 distribution of this total be adjusted to reflect the need we have experienced through the
15 pilot. Based on our data and input from The Salvation Army, we are proposing that the
16 KCP&L jurisdiction be allotted approximately 50% of the total, or about 2,500
17 participants with the GMO jurisdictions receiving approximately 50% or 2,500
18 participants. This distribution will ensure a more complete response to the requests of
19 our customers.

20 The proposed expansion would require a change to the current tariff, removing
21 the pilot designation, including terms to describe the program funding process, and
22 adding clarifying terms of the Availability section. See Schedule JDA-1 for details
23 concerning the proposed tariff changes.

1 **Q: Why does the Company propose to increase participation in the program?**

2 A: The Kansas City area shed about 12,600 jobs, or 1.3% of its payroll employment, from
3 August 2010 to August 2011. Atlanta, Georgia was the only area during that timeframe
4 that lost more jobs than did Kansas City. The Kansas City area ranked second worst
5 among the 127 of 372 major U.S. cities where employment shrank over that timeframe.
6 Tens of thousands of jobs have been lost since the recession began in December 2007.
7 Economists have noted for months that Kansas City's job market has continued
8 shrinking while recovery has begun in other areas. Frank Lenk, senior economist at the
9 Mid-America Regional Council, predicts that the Kansas City economy will not return to
10 the pre-recession employment level until 2014 – six full years after the recession began.²
11 What's more, there are a growing number of home foreclosures in Kansas City. In
12 August 2011, home foreclosures were up 18% in Jackson County, which had the most
13 foreclosure notices of any county in the state of Missouri.³

14 There are a greater number of residential customers who are delinquent in their
15 payments to the Company than there were before the recession.

16 The Company believes that expansion of the ERPP program would assist many
17 Missourians who are in great need of such assistance due to the downed economy, which,
18 as described above, has hit the Kansas City area particularly hard.

19 **Q: Has the cost of this program been included in cost of service in this rate case?**

20 A: Yes, Company witness John P. Weisensee discusses these costs in his Direct Testimony
21 (the adjustment CS-44 section and his attached Schedule JPW-4).

² Diane Stafford, KC Area Second Worst for Job Losses in Past Year, The Kansas City Star (Sept. 28, 2011, 11:15 PM), <http://www.kansascity.com/2011/09/28/3174100/kc-area-2nd-worst-for-job-losses.html>

³ Steve Everly, Utilities Feel Pinched by Growing Home Foreclosures, The Kansas City Star (Sept. 21, 2011).

1 Q: Does that conclude your testimony?

2 A: Yes, it does.

KCP&L Greater Missouri Operations Company
KANSAS CITY, MO 64106

For All Territory Served as – L&P and MPS

RULES AND REGULATIONS ELECTRIC

9.17 Economic Relief Program

A. PURPOSE:

The Economic Relief Program (ERP) offered by the Company provides an opportunity to relieve the financial hardship experienced by some of our customers, including senior citizen customers.

B. APPLICATION:

This ERP is applicable to qualified customers for residential service billed under Schedule MO910, MO920 or MO922 for the L&P territory or Schedule MO860 or MO870 for the MPS territory. The ERP will provide participants with a fixed credit on their monthly bill (ERP credit), for a period up to 12 months from the billing cycle. Billing cycle is designated by the Company as the participant's first month until the billing cycle designated as the participant's last for ERP. At the end of a 12 month period, a customer may reapply to participate further in the program.

C. DEFINITIONS:

Qualified Customer – A Customer receiving residential service under Schedule MO910, MO920 or MO922 for the L&P territory or Schedule MO860 or MO870 for the MPS territory who is classified as low-income by the Missouri Department of Social Service criteria, and whose annual household income is no greater than 185% of the federal poverty level, as established by the poverty guidelines updated periodically in the Federal Register by the U.S. Department of Health and Services under the authority of 42 U.S.C. 9902 (2).

Applicant – A Qualified Customer who submits an ERP application form for the ERP credit.

Participant – An Applicant who agrees to the terms of the ERP and is accepted by the Company.

Program Funds – The Company will establish an annual budget for this program. These funds will provide for approximately 2,500 annual participants. At full capacity annual ratepayer funding for the ERP is estimated to be approximately 1.5 million.

Agencies- The social service agencies serving the Company's service territory that qualify and assist ERP customers pursuant to written contract between the Company and the Agencies.

KCP&L Greater Missouri Operations Company
KANSAS CITY, MO 64106

For All Territory Served as – L&P and MPS

RULES AND REGULATIONS ELECTRIC

9.17 Economic Relief Program (Continued)

D. AVAILABILITY:

Service under this rate schedule shall be limited by available Program Funds and made available to up to approximately 2,500 participants in the Company's service area who satisfy the following eligibility requirements:

1. Participant must be a Customer receiving residential service under the Company's Schedule MO910, MO920 or MO922 for the L&P territory or Schedule MO860 or MO870 for the MPS territory.
2. Participant must be listed as a primary or secondary customer on the account, as recorded on the Company's account information system.
3. Participant's annual household income must be verified initially, and annually thereafter, as being no greater than 185 percent (185%) of the federal poverty level.
4. Participants who have outstanding arrearages will enter special pay agreements as mutually agreed to by both the Participant and the Company.
5. Participants must provide, via an interview or questionnaire, information related to their energy use and program participation. Any information provided in these interviews or questionnaires that are later made public will not be associated with the participant's name.
6. Any provision of the Company's rules and regulations applicable to the Company's Schedule MO910, MO920 or MO922 customers for the L&P territory or Schedule MO860 or MO870 customers for the MPS territory will also apply to ERP participants.
7. Participants will not be subject to late payment penalties while participating in the program.

The Company maintains a listing of ERP enrollments. In the event the ERP is at full capacity or the total annual budget has been expended, the Agencies will temporarily suspend receipt of applications until capacity becomes available or the Program Funds are replenished.

E. ENERGY ASSISTANCE:

1. Participants who have not previously completed an application for a LIHEAP ("Low-Income Home Energy Assistance Program") grant agree to apply for a LIHEAP grant when such grants become available. The Company, through the Agencies, shall assist ERP participants with completion of LIHEAP application forms when such assistance is requested.
2. Applicants agree to apply for any other available energy assistance programs identified by the Company.

Issued:
Issued by: Darrin R. Ives, Senior Director

Effective:

KCP&L Greater Missouri Operations Company
KANSAS CITY, MO 64106

For All Territory Served as – L&P and MPS

RULES AND REGULATIONS ELECTRIC

9.17 Economic Relief Program (Continued)

F. CREDIT AMOUNT:

Participants shall receive the available ERP credit for so long as the Participant continues to meet the ERP eligibility requirements and reapplies to the program as required.

Participants shall receive the ERPP credit in the amount of each Participant's average bill for the most recent 12 months bills, not to exceed \$50 per month. The credit amount will be determined by the Company at the time of enrollment.

G. DISCONTINUANCE AND REINSTATEMENT:

The Company will discontinue a Participant's ERP credit for any of the following reasons:

1. If the Company, through the Agencies, determines the participant no longer meets the eligibility requirements set forth in this tariff.
2. If the Participant submits a written request to the Company asking that the ERP credit be discontinued.
3. If the Participant does not conform to the Company's rules and regulations as approved by the Missouri Public Service Commission, and as a result, the participant has service discontinued for Schedule MO910, MO920 or MO922 for the L&P territory or Schedule MO860 or MO870 for the MPS territory.

Reinstatement of the ERP credit following discontinuance in the above circumstances, and after the participant again meets the eligibility requirements, will be at the discretion of the Company.

H. MISAPPLICATION OF THE ERP CREDIT:

Providing incorrect or misleading information to obtain the ERP credit shall constitute a misapplication of the ERP credit. If this occurs the Company may discontinue the ERP credit and rebill the account for the amount of all ERP credits received by the Participant. Failure to reimburse the Company for the misapplication of the ERP credits may result in termination of customer's electric service pursuant to the Company's rules and regulations. However, nothing in this tariff shall be interpreted as limiting the Company's rights under any provisions of any applicable law or tariff.

KCP&L Greater Missouri Operations Company
KANSAS CITY, MO 64106

For All Territory Served as – L&P and MPS

RULES AND REGULATIONS ELECTRIC

9.17 Economic Relief Program (Continued)

I. OTHER CONDITIONS:

The ERP program has been designed so that the Company neither profits from, nor incurs, losses as a result of offering this program.

Costs of administering the program, including those costs charged by the Agencies, shall be paid from the Program Funds.

The Company will gather and maintain Participant data on usage, arrears, payments and other relevant factors of the program.

The Company shall make non-confidential data, as well as any and all program evaluations that are conducted, available to the Commission Staff, and the Office of Public Counsel.