

UTILICORP UNITED INC.

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

FILED²

OCT 19 1999

Missouri Public
Service Commission

In the matter of the Joint Application of)
UtiliCorp United Inc. and St. Joseph Light)
& Power Company for authority to merge)
St. Joseph Light & Power Company with)
and into UtiliCorp United Inc. and, in)
connection therewith, certain other related)
transactions)

Case No. EM-2000-292

UtiliCorp United Inc. and St. Joseph Light & Power Company Merger

Direct Testimony

October 19, 1999

Exhibit No.:
Issue: Distribution Operations
Witness: Stephen L. Pella
Type of Exhibit: Direct Testimony
Sponsoring Party: UtiliCorp United Inc.
Case No.:

Before the Public Service Commission
of the State of Missouri

Direct Testimony

of

Stephen L. Pella

October 19, 1999

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
DIRECT TESTIMONY OF STEPHEN L. PELLA
ON BEHALF OF UTILICORP UNITED INC.**

CASE NO.

1 Q. Please state your name and business address.

2 A. My name is Stephen L. Pella and my business address is 20 W. 9th St., Kansas City, MO
3 64105.

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

5 A. I am employed by UtiliCorp United Inc. ("UtiliCorp") as Vice President of Energy
6 Delivery.

7 Q. Would you briefly describe your educational background and employment history?

8 A. I received a Bachelor of Science degree, with a major in mathematics and minors in
9 computer science and sociology, from the University of Nebraska at Lincoln in 1973. After
10 graduation I worked in the computer services area for the Boeing Company as a systems
11 analyst. In 1977 I began employment with Enron, then known as Northern Natural Gas, as
12 a systems analyst and project manager. In 1983, I was transferred to Enron's Peoples
13 Natural Gas division, which was acquired by UtiliCorp in 1985. During my tenure at
14 Peoples and UtiliCorp, I served in a number of capacities including Director of Information
15 Systems, General Manager of Information and Technical Services, Vice President of
16 Integrated Services, Vice President of Administration and Vice President of Energy
17 Delivery Services prior to being named to my present position in 1997.

18 Q. What are your current duties and responsibilities with UtiliCorp?

1 A. I am responsible for UtiliCorp's electric and gas distribution services. This includes
2 oversight of network operations, asset management, customer services, marketing and sales,
3 and purchasing and materials management. My role includes the recent assignment as co-
4 lead of the distribution transition teams, responsible for the integration of St. Joseph Light
5 & Power Company ("SJLP") with UtiliCorp.

6 Q. What is the purpose of your testimony in this proceeding?

7 A. I will briefly describe the electric and gas distribution facilities of the two companies and
8 discuss how the combined company will operate the electric and gas distribution systems.

9 Q. Please provide a general description of UtiliCorp's existing distribution systems.

10 A. UtiliCorp owns and operates gas distribution systems in eight states and electric
11 distribution facilities in four states. We serve approximately 828,000 gas and 365,000
12 electric customers in the U.S. Our service territory is largely rural and suburban and is
13 comprised of 22,879 miles of gas distribution pipes and 15,200 miles of electric
14 distribution line.

15 Our Missouri Public Service ("MPS") operations serve almost 202,000 electric and 48,000
16 gas customers in Missouri. These customers are served by 1,029 miles of gas distribution
17 main and by 6,344 pole miles of electric distribution line. The Missouri gas and electric
18 distribution properties are serviced by 326 customer and network field employees.

19 Q. How do the Missouri gas and electric distribution facilities compare to those of SJLP?

20 A. In many respects both distribution systems are quite similar. All are well maintained and
21 geographically dispersed. All have a history of low cost, customer focused service, and
22 are therefore complementary in their operational approach. The merger will provide a

1 good fit with UtiliCorp's existing operations and are consistent with our strategy of
2 acquiring electric and gas utility operations where synergies and economies of scale can
3 be realized.

4 UtiliCorp's Missouri operations cover a territory that is larger and slightly more densely
5 populated than St. Joseph Light and Power. SJLP has a central urban core area
6 surrounded by a large rural service territory. It serves 24 customers per pole mile
7 compared to 32 customers per pole mile for MPS. Both companies have high customer
8 satisfaction ratings and good reliability. A more comprehensive comparison of
9 distribution service statistics is presented in Schedule SLP-1.

10 Q. Will the fact that the systems are similar in nature make it easier to obtain synergies in the
11 *operation of the distribution facilities?*

12 A. Yes. Over the years, UtiliCorp has refined the methods used in operating its distribution
13 system and for transitioning those methods to newly acquired properties. There are, of
14 course, a number of factors that impact our ability to enhance the new properties. The
15 fact that SJLP is in close proximity to our own service territory certainly makes it easier
16 to share services and apply our distribution model.

17 Further, the extent to which an acquired company already resembles UtiliCorp's model
18 impacts our ability to bring added value. For example, SJLP, over the past few years, has
19 done an excellent job in reducing costs without impacting service and reliability. Their
20 utilization of district offices corresponds very closely to our own model. That means
21 some cost saving programs that have been successfully implemented in other acquisitions
22 already exist at SJLP. Therefore, the greatest opportunities for adding value to the

1 distribution operations of these two companies is through economies of scale and value
2 added services that can economically be added because of a larger mass.

3 UtiliCorp understands very well how to operate in a geographically dispersed territory.
4 And we understand the important differences between a metropolitan model of operation
5 and a rural model where multiple skillsets and centralized dispatching are critical to
6 success.

7 Q. What benefits will SJLP customers see from application of the UtiliCorp model?

8 A. UtiliCorp believes that in order to be successful, we must concentrate on the needs of our
9 customers. We have established a Customer Care program that focuses on the core
10 customer values of access, image, performance and results. Definition of these core
11 values and our written commitment to our customers is detailed in Schedule SLP-2. In
12 order to meet this commitment, it has been necessary to identify and develop a number of
13 enabling systems.

14 UtiliCorp began this development process in 1995 and since that time has made
15 significant investments to improve the reliability and responsiveness of our assets. A
16 good portion of this investment was through our Project BTU ("Building Tomorrow's
17 UtiliCorp") re-engineering effort. Through Project BTU, UtiliCorp has been upgrading
18 its customer service capability across its service territories. Features include 24-hour per
19 day and 7-day per week customer service center availability; billing and information
20 systems designed and implemented to provide greater account detail and address Year
21 2000 computer issues; new materials management systems; computer-aided dispatching
22 that allows service technicians to operate more remotely and efficiently; a facilities

1 management and mapping enabler ("FAME") that provides automated mapping
2 technology directly interfaced with systems operations; and additional technology
3 advancements to improve communications and service to customers. Conversion of the
4 newly merged properties to these systems will begin upon approval of this transaction
5 and will enable more responsive customer service and efficient operations.

6 Q. Can you provide more details of the re-engineering projects?

7 A. All the re-engineered systems have either been implemented or are in their final stage of
8 implementation. I will briefly summarize some of the major systems that will benefit our
9 new customers.

10 **Customer Service Centers** - UtiliCorp receives almost 3 million inquiries each year
11 from its customers. Creation of three customer service centers that have standardized
12 processes, consistent technology and uniform training will make it easier for our
13 customers to contact us and receive consistent service. One of these centers is located in
14 Missouri, one in Nebraska and one in Michigan, thereby providing immediate back-up in
15 the event of a system failure. These centers offer "first touch" solutions, with the
16 objective of providing appropriate assistance on the first try to customers seeking
17 information or assistance. Centers utilize standardized equipment and procedures with
18 skills based routing of calls, thereby matching the call type with the employee's greatest
19 skill, and are monitored for performance through specific measures.

20 **Computer Aided Dispatching** - enables UtiliCorp to centralize and automate the
21 scheduling and dispatching of field work and streamline the order fulfillment process.

22 Customer service representatives can access the work schedules and skillset of our field

1 crews and thereby make accurate scheduling commitments that fit the customers'
2 schedule. Errors in scheduling are reduced substantially through automation and over
3 500 field technicians' vehicles are equipped with mobile data terminals so they can
4 receive work orders with account detail and changes without returning to a field office.
5 UtiliCorp plans to use mobile computing to transmit and complete over 1.3 million
6 customer service order per year while eliminating paper processing. This is particularly
7 beneficial in the rural territories we serve where company personnel have to cover a wide
8 geographical territory.

9 **Customer Information System** - enables the automation and integration of virtually
10 every aspect of customer account management into a single system across the company.
11 This system increases the efficiency and accuracy of gathering meter data, calculating
12 bills, provision of billing data, detailed revenue analysis and performance of credit and
13 collection processes. Resolution of customer billing inquiries is enhanced through
14 readily available information and greater account detail.

15 **Facilities Management and Mapping** - allows engineering, operations and other
16 personnel to electronically view the existing systems, optimize design of system
17 extensions, and model and analyze the system. The computer mapping interfaces with
18 various systems which enables system analysis, outage reporting, and eventual project
19 estimating and work scheduling.

20 **Financial Systems** - redesign of a standardized general ledger system integrated with
21 other systems for on-line information uses the same platform as SJLP. This consistency

1 should ease the transition, maintain consistent information and enable us to implement
2 uniform customer service oriented processes more rapidly.

3 Q. By standardizing work processes and systems among the companies, are you also
4 indicating that operation of the distribution systems will be combined?

5 A. Yes. As indicated in the testimony of a number of other witnesses, generation will be
6 jointly dispatched, the transmission assets will be operated as a single system, and
7 enterprise support functions will be combined. Likewise, in order to take advantage of all
8 synergies to the extent possible, distribution operations will be combined under my
9 direction.

10 Q. Will system reliability be impacted by any of these changes?

11 A. No. The UtiliCorp and SJLP systems have all operated well above the norm in terms of
12 service reliability. As a combined entity, UtiliCorp will strive to provide the quality and
13 reliable service. We understand that our customers expect safe and reliable service and
14 we are committed to meeting their expectations. To that end, we have established
15 reliability performance metrics that are monitored and reported monthly to senior
16 management.

17 Q. How do you plan to implement the changes necessary to combine these entities?

18 A. Transition teams have been formed to confirm synergies identified during our original
19 due diligence reviews, identify additional opportunities and develop an implementation
20 plan.

21 Q. As co-lead of the distribution transition teams, what are your responsibilities?

1 A. I have joint responsibility for all facets of the respective distribution transition teams. To
2 help carry out that responsibility, we have created five sub-teams that are focusing on
3 Network, Customer, Marketing and Sales, Supply Chain Management (purchasing,
4 materials, fleet and facilities), and Community and Economic Development. Each of
5 those groups, under the supervision of the co-leaders, will create a detailed work plan to
6 create and implement a new process design and integrated operations. Their work
7 includes development of work process flows, organization structure development,
8 position identification, work force integration, identification of additional value added
9 opportunities, and establishment of performance metrics. In her testimony in this
10 proceeding, UtiliCorp witness Vicki Heider discusses more fully the transition planning
11 process.

12 Q. What will be the impact on employees by the implementation of the recommendations of
13 the transition team?

14 A. The greatest impact on employees will likely occur as a result of the combination of
15 corporate and administrative activities with UtiliCorp's existing operations. As I
16 indicated earlier, we anticipate that distribution operations will also be combined into one
17 business unit with consistent processes. Some operational efficiencies are likely to be
18 realized by improving work processes and eliminating duplicate activities.. However, we
19 will still need the services of the vast majority of our field employees in order to deliver
20 the level of safety, reliability and customer service that is expected. Moreover, while
21 some positions may ultimately be eliminated, that does not equate to termination of
22 employees. Impacted employees will be offered the opportunity and encouraged to apply

1 for other openings within UtiliCorp. Those unable to find employment within UtiliCorp
2 or who choose not to relocate will be offered severance and out-placement assistance.

3 Q. Will employee benefits be reduced?

4 A. No. By terms of the agreement with SJLP, existing benefit plans will remain in place for
5 a year. Then SJLP employees will be integrated into UtiliCorp's existing benefit plans.
6 The benefits information is discussed in detail in Mr. Brownings direct testimony.

7 Q. What will be the impact on St. Joseph and other communities currently served by SJLP?

8 A. There should be no adverse impact. Community and civic involvement along with
9 economic development have long been important to UtiliCorp. We recognize the
10 significant economic development and community support activities being provided by
11 SJLP and are committed to continuing support for economic development and
12 community activities in the future. In fact, our merger agreement with SJLP specifically
13 states that UtiliCorp will maintain charitable contributions and economic development
14 spending at no less than the current levels. A nine-member community advisory board
15 will be appointed for the SJLP service territory. The board will meet quarterly with
16 UtiliCorp representatives to guide our community support efforts in the SJLP service
17 area.

18 Q. Do you have any final comments?

19 A. Yes. I truly believe this transaction is a win-win proposition. The merger will bring
20 additional career opportunities and enhanced benefits for employees. And customers will
21 receive the safe, reliable service they expect. As new processes are implemented, we
22 should see stable or improved customer service. Since it is my understanding that

1 separate rate areas will be maintained, customers in the SJLP service territory will retain
2 their relatively low rates and through synergies gained from the merger with UtiliCorp
3 will realize lower rates in comparison to what they otherwise would have experienced
4 without the merger.

5 Q. Does this conclude your direct testimony?

6 A. Yes, it does.

Comparison of Distribution Operations

<u>Category</u>	<u>UtiliCorp - Total</u>	<u>UtiliCorp - Missouri</u>	<u>SJLP</u>
Electric customers	365,000	201,745	62,000
Gas Customers	828,000	48,379	6,200
Dist. Pole miles	15,200	6,344	2,641
Dist. Gas main	22,879	1,029	189
Employees	2,900	546	348
Elec. Distribution O&M per customer	\$105.86	\$106.85	\$116.73

CUSTOMER CARE

CUSTOMER VALUES

Access	Convenient, simple, quick
Image	Pleasant, professional, consistent
Performance	Accurate, single contact point
Results	Commitments met, done right the first time

OUR COMMITMENT TO CUSTOMERS

- We will be convenient and easy to do business with.
- We will be pleasant and professional in conducting ourselves.
- We will offer consistent solutions; simple and easy to understand.
- We will strive to complete activities right the first time and to the best of our ability.
- We believe in and will offer you flexible choices.
- We will make you part of the solution.
- We will provide service at the best possible cost.
- We will continually value our relationship with you.
- We will respect your privacy.
- We will provide you the opportunity to be heard.

CUSTOMER CARE EXAMPLES

- 95% of calls answered on the first attempt
- Customer menu options for bill due dates and payments
- Direct customer access to meter and billing information
- Flexible payment arrangements
- Schedule appointments to meet customer needs
- Provide timely and valuable information

Exhibit No.:
Issue: Transition Process
Witness: Vicki M. Heider
Type of Exhibit: Direct Testimony
Sponsoring Party: UtiliCorp United Inc.
Case No.:

Before the Public Service Commission
of the State of Missouri

Direct Testimony

of

Vicki M. Heider

October 19, 1999

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
DIRECT TESTIMONY OF VICKI M. HEIDER
ON BEHALF OF UTILICORP UNITED INC.**

CASE NO.

1 Q. Please state your name and business address.

2 A. My name is Vicki M. Heider and my business address is 20 W. 9th St., Kansas City, MO
3 64105.

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

5 A. I am employed by UtiliCorp United Inc. ("UtiliCorp") and am currently serving as the
6 Transition Team Lead for the integration with St. Joseph Light & Power Company
7 ("SJLP") . Prior to this assignment, I was Director - Employee and Labor Relations for
8 UtiliCorp.

9 Q. Would you briefly describe your educational background and employment history?

10 A. I received a bachelor's degree in human resources and psychology from Ottawa
11 University and have twenty-six years of experience in the human resources field. I
12 initially worked as a compensation analyst and labor relations representative for The Lee
13 Company, where I was ultimately promoted to Supervisor of Industrial Relations. In
14 1981 I joined United Missouri Bank as a Human Resources officer, moved to W.W.
15 Grainger, Inc. in 1984 where I served as the Director of Human Resources, and in 1987
16 joined Time Warner, Inc. as Vice President of Human Resources, Midwest. I joined
17 UtiliCorp in 1991 where I served as the Director of Human Resources for it's Missouri
18 Public Service ("MPS") operating division until 1994 when I was promoted to my current
19 position.

1 Q. Do you hold any certifications in your area of expertise?

2 A. I have received the Human Resources Management Association Certificate of
3 Achievement, Stone and Webster's Executive Utility Certificate, Quality Control Institute
4 Facilitator Certification, the Edison Electric Institute Testing Executive Certificate, and
5 an Examiner's Certificate for the Excellence in Missouri Quality Program.

6 Q. What are your current duties and responsibilities?

7 A. I am the Transition Team Leader for the UtiliCorp-SJLP transaction.

8 Q. What is the Transition Team?

9 A. Seven transition teams have been formed. (see Schedule VMH-2) The Transition Teams
10 will assist me and the Steering Committee in making an orderly transition of SJLP into
11 UCU. The teams will develop transition plans for the assigned functional area.

12 Q. What are your responsibilities as Team Leader?

13 A. In this position I am responsible for serving as a resource to the transition teams,
14 maintaining the integrity of the transition, coordinating efforts and keeping the project on
15 target. I establish milestones and the project framework, review and maintain work
16 plans, provide consolidated status reports to the Steering Committee, facilitate Steering
17 Committee meetings, and assist in decision resolution.

18 Q. What is the Steering Committee?

19 A. The Steering Committee is composed of an operational and human resources expert from
20 both UtiliCorp and SJLP. UtiliCorp representatives are James Miller, UtiliCorp's Senior
21 Vice President of UtiliCorp Eneergy Delivery, Bob Browning, Vice President of Human
22 Resources and Bob Holzwarth, Vice President and General Manager of Regulated Power.
23 The SJLP representatives are Gary Myers, Vice President, General Counsel and

1 Secretary and Larry Stoll, Vice President of Finance, Treasurer and Assistant Secretary.

2 The Steering Committee's role is to oversee and advise the integration teams, review
3 policy requests, and approve or modify team recommendations.

4 Q. What is the purpose of your testimony in this proceeding?

5 A. I will discuss the process, timetable and goals of the Transition Team in integrating the
6 operations and activities of SJLP with UtiliCorp.

7 Q. Why was the Transition Team formed?

8 A. As part of its strategy, UtiliCorp has identified the need to grow through the acquisition
9 of other utility operations. Over time UtiliCorp has been involved in a number of
10 transactions and has learned that it is to all stakeholders' benefit to transition to an end
11 state as quickly and efficiently as possible. Change brings with it a level of uncertainty
12 and insecurity so employees benefit by quick resolution of transition issues. At the same
13 time, customers and shareholders are advantaged by achieving synergistic benefits on a
14 timely basis. Through experience we have learned that a dedicated transition team
15 provides the greatest opportunity for successfully integrating activities with the least
16 amount of disruption to the respective entities.

17 Q. Has the Transition Team set any specific goals?

18 A. Yes. A number of project goals for the Transition Team which were approved by the
19 Steering Committee have been established including:
20 Validate due diligence synergies
21 Develop timeline and completion dates
22 Analyze operations and identify additional synergies

1 Recommend course of action

2 Implement transition plans

3 Q. What measures have been established to determine if these goals have been successfully
4 achieved?

5 A. The SJLP timeline is complete and attached hereto as Schedule VMH-1. . The timetable
6 reflects our desire to be in a position to begin integration of SJLP upon receiving
7 regulatory approval of the transaction. Other goals will be measured using as a baseline
8 target the initial synergies as discussed in the testimony of UtiliCorp witness Vern
9 Siemek.

10 Q. Who is responsible for achievement of these goals?

11 A. As project manager, I am ultimately responsible for insuring that these goals are
12 achieved. However, all team members share accountability for those areas for which they
13 are responsible.

14 Q. Who are the members of the Transition Team?

15 A. The make-up of the Transition Team is attached as Schedule VMH-2.

16 Q. Please describe the process you will follow to achieve the Transition Team goals.

17 A. The process is already well underway. It is our experience that to be successful a project
18 of this magnitude must have the attention of senior management and a full-time focus.
19 Accordingly, our initial step was to staff the Transition Team with senior management
20 personnel. I was named as full-time leader of the SJLP initiative. A Steering
21 Committee was appointed. Finally seven functional focus teams were identified under
22 the joint supervision of a UtiliCorp and a SJLP senior managers. UtiliCorp's

1 representative on each functional team is a vice-president who has daily oversight of that
2 function.

3 Q. What is the role of these teams?

4 A. The role of these functional teams is to develop work plans; engage appropriate resources
5 to accomplish those plans; identify, analyze and evaluate functional similarities,
6 differences and opportunities; validate and summarize synergy findings and recommend a
7 course of action to implement the integration.

8 Q. What happened after the teams were set up?

9 A. Following creation of the teams, broad areas requiring review were identified and
10 assigned to the functional teams. These areas included fleet maintenance, purchasing,
11 materials and inventory, power plant, building services, customer service, accounting,
12 marketing, systems operations, natural gas supply, risk management, printing, internal
13 audit, shareholder/investor relations, environmental, record retention, community affairs,
14 legal, communications and subsidiaries. That represents virtually every major component
15 of our business.

16 Currently, the teams are breaking these broad areas into further detail, defining their
17 scope, identifying areas of potential overlap with other teams, and developing objectives
18 and targets. In essence, they are preparing detailed work plans.

19 Q. In developing these work plans, are the teams focusing on anything in particular?

20 A. Yes. The teams will be attempting to validate initial assumptions and then looking
21 deeper for other areas of savings, functional improvements, market opportunities,
22 opportunities for enhanced service and other value creation ideas. From past experience
23 and our initial work, we expect to be able to enhance customer service while achieving

1 cost savings. At this time the most substantive savings will likely be realized in the
2 supply area and in administrative/centralized services.

3 Q. Do the anticipated savings contemplate significant employee layoffs or terminations?

4 A. No. It is clear that areas of overlap and duplication will exist. It would not be prudent
5 nor reasonable business practice not to address redundancies. However, there are other
6 ways to achieve the objective of eliminating duplicative services which we would
7 implement before resorting to the actions you describe.

8 Q. Please explain.

9 A. There are a number of options to consider when focusing on human resource issues. For
10 example, our teams will be evaluating the natural attrition that can be expected in the
11 various functional areas. To the extent that attrition eliminates duplicative positions, no
12 further action is necessary. If attrition occurs in a position that is not considered
13 duplicative, an opportunity may be created to transfer into that area - often as a direct
14 promotion or career enhancement. Retraining may be a viable option. Existing early
15 retirement provisions for SJLP for retirement at age 55, with ten years of service is
16 82.5% of the accrued benefit. We would anticipate that a number of employees would
17 take advantage of an early retirement opportunity. Finally, if job elimination is necessary
18 as a last resort, change of control provisions in the sale contract contain severance
19 package benefits.

20 Q. Have you considered the impact these transactions will have on the customers and
21 communities which are currently served by SJLP?

22 A. Yes. One of the reasons we are investing a large amount of time in planning this
23 transition is that we intend for the integration of the companies to be transparent to our

1 external customers. The integration process will, of course, take place over a number of
2 weeks, but our customers should notice no difference in their electric, gas or steam
3 service the day after integration begins from the day before. Mr. Steve Pella will
4 comment further on customer service benefits that will accrue over time.

5 From a community standpoint there should also be no noticeable difference. We have
6 already embarked on a program to meet with community leaders and gain their input into
7 what is important to their cities and what expectations they have of their utility company.
8 More importantly, UtiliCorp has historically demonstrated its commitment to the
9 communities it serves through a number of programs and we intend to continue those
10 programs. Communities are benefited to an even greater extent, however, through the
11 involvement of our employees in the local governments and organizations of the towns in
12 which they live and work. UtiliCorp has actively enabled and encouraged its employees
13 to take advantage of opportunities to become involved. We are committed to this policy
14 of enabling employee involvement and intend to fully extend it to our employees serving
15 communities in newly acquired service territories.

16 Q. How do you intend to communicate your progress to other parties?

17 A. Before we communicate our progress, we must first be able to track it. This will be
18 accomplished through standard project management templates that have been used
19 successfully by UtiliCorp in the past. Each of the major tasks identified by the functional
20 teams will be assigned specific individual responsibility, start and completion dates will
21 be established, key activities and current status noted, and overview of actions to be
22 completed summarized. Within the Transition Team, this project status summary will be
23 updated twice monthly(e.g. Status Report, Schedule 4 VMH) and serve as the formal

1 communication tool to me as the project manager. Formal Steering Committee sessions
2 will be held monthly to insure continued progress. Of course, ongoing informal
3 discussions will be necessary among the functional groups and team members. One of
4 my roles is to see that all necessary communication takes place and that progress is being
5 made in accordance with the planned timeline.

6 Q. Are other communication issues being addressed outside the Transition Team?

7 A. Yes. It is important that all stakeholders, especially employees, be kept aware of progress
8 and decisions which may impact them. A cooperative effort between both parties to this
9 transaction is ongoing to develop a communication plan. Responsibility has been
10 assigned and the communication effort has been divided into two phases. The first phase
11 involves meeting with each and every employee of SJLP to discuss the integration effort,
12 to explain the process we are following and to answer all questions that they may have.
13 This phase is essentially complete for SJLP. The second phase will include development
14 of communication pieces to convey both the Transition Team's progress and provide
15 more detailed information of how specific components of the integration will take place.
16 The format and conveyance method of these communications will vary depending upon
17 the information and the audience impacted.

18 Q. You indicated that UtiliCorp has considerable experience in developing transition plans
19 and integrating newly acquired operations. Would you say that you have developed a
20 template for transition and integration that can be applied in all transactions?

21 A. Only a foundation or starting point. There are not two situations that are identical.
22 Many differences can arise based upon location, type of utility or type of transaction. For
23 example, purchase of gas utility assets might raise an environmental issue associated with

1 manufactured gas sites whereas a strictly electric utility would have no such issue.

2 Likewise, a merger of equals can create issues of lines of authority or location of
3 corporate offices - issues which do not exist in this instance. Still, the process for
4 identifying issues, validating assumptions, and defining the best means for capturing
5 synergies is largely the same. While I would stop short of calling it a template, UtiliCorp
6 has gained significant experience in transition and integration of utility assets and has
7 developed a basic philosophy and process that can be applied in similar situations.
8 Through this experience, we are able to more confidently predict available synergies and
9 more efficiently obtain them.

10 Q. Does this conclude your direct testimony?

11 A. Yes.

UtiliCorp United/St. Joseph Light and Power

Transition Team Timeline

Key Dates

Steps	Action	Responsibility	Deadline
1	Shareholder Meeting	SJLP	6/16/99
2	Transition Steering Committee & Transition Team selections	SJLP & UCU	7/1/99
3	Transition Team/Steering Committee kick-off meeting	SJLP & UCU	7/20/99
4	Employee & external communications	SJLP & UCU	7/23 & ongoing
5	Transition team work begins	Teams	7/23 & ongoing
6	Regulatory filings	SJLP & UCU Regulatory	10/99
7	Define integration recommendation process /procedures	Project Mgr./Steering Committee	10/1/99
8	Transition team recommendations	Teams, Project Mgr & Steering Committee	10/15/99
9	Transition team refinements	Teams, Project Mgr. & Steering Committee	11/2/99
10	Final transition team recommendations	Teams, Project Mgr. & Steering Committee	11/3/99
11	Define integration implementation plan and schedule	Project Mgr. & Steering Committee	4/1/00
12	Integrate organizations	Teams, Project Mgr. & Steering Committee	Closing Summer 2000
13	Operations integrated	Teams, Project Mgr. & Steering Committee	12/31/00 & ongoing

**St. Joseph Light and Power/UtiliCorp United
Transition Organization**

<u>Steering Committee</u>	
Lead - Jim Miller	
<u>SJLP</u>	<u>UtiliCorp</u>
Gary Myers	Bob Browning
Larry Stoll	Bob Holzwarth

Project Manager
Vicki Heider

<u>Distribution</u>	<u>Transmission</u>	<u>Supply</u>	<u>I. T.</u>	<u>H.R.</u>	<u>Financial</u>	<u>Regulatory</u>
<u>SJLP</u>	<u>SJLP</u>	<u>SJLP</u>	<u>SJLP</u>	<u>SJLP</u>	<u>SJLP</u>	<u>SJLP</u>
John Stuart	Steve Ferry	Steve Ferry	Don Ellis	Gary Myers	Larry Stoll	Tim Rush
<u>UtiliCorp</u>	<u>UtiliCorp</u>	<u>UtiliCorp</u>	<u>UtiliCorp</u>	<u>UtiliCorp</u>	<u>UtiliCorp</u>	<u>UtiliCorp</u>
Steve Pella	Rick Kreul	Bob Holzwarth	Kris Paper	Bob Browning	Peter Lowe	Jon Empson