

- 1 A. Right up front we were talking about things you
2 would traditionally see in merger cases,
3 synergies, the need to be financially strong
4 through this. Those kind of things. But by and
5 large those meetings were very high level, very --
6 just simply there to talk more about the fact that
7 we were going to do this.
- 8 Q. You used the word traditional things that are
9 involved in mergers such as synergies. Are there
10 aspects of this merger that you would call I guess
11 non-traditional?
- 12 A. I didn't mean to imply that. I mean, every case
13 is a specific case and there are unique things
14 that are going on. Every merger -- this one --
15 the fact that it was a three-way was particularly
16 challenging to have occur successfully.
- 17 Q. Did you tell the commissioners that there was
18 going to be a regulatory amortization in
19 connection with the proposed merger?
- 20 A. You know, I don't recall that, that we did it that
21 day. I don't remember when we initially put that
22 on the table.
- 23 Q. Did you tell each commissioner the same thing or
24 were the presentations different to different
25 commissioners?

- 1 A. No, it was the same.
- 2 Q. Did you get any feedback from the commissioners,
3 any commissioners?
- 4 A. Acknowledgment, appreciation for us coming in and
5 briefing them ahead of time. No commitments of
6 anything. We didn't ask for anything, so we
7 wouldn't have gotten a commitment.
- 8 Q. Did you meet with anyone other than commissioners?
- 9 A. I did not.
- 10 Q. Do you know if anyone else did?
- 11 A. I think that Mike Chesser met with the governor.
12 No, actually I was there, too. I was there as
13 well.
- 14 Q. Which governor are you referring to?
- 15 A. Governor Blunt.
- 16 Q. What did you tell Governor Blunt?
- 17 A. We went through the same sort of presentation.
18 Talked about the importance that we saw. We
19 thought this was good for the western part of the
20 state for the metropolitan region. Having a good,
21 strong successor company that was focused here,
22 that is interested here, had local management.
23 Good for economic development for the region.
24 Would bring stability to the region. Those kinds
25 of things.

1 Q. What response did Governor Blunt provide?

2 A. He acknowledged it at a high level. The typical
3 thing that you would expect from a policy maker.
4 But again, we didn't get into the details. The
5 approval of this clearly rests and the details
6 rests with the Commission.

7 Q. Did you relay to the Great Plains Energy's board
8 what response you received whenever you had
9 received from the commissioners regarding your
10 communications about the proposed merger of -- I
11 should say acquisition of Aquila by Great Plains
12 Energy?

13 A. As I said before, what we were looking for is some
14 shouting of oh, God, no, was there something we
15 overlooked. We certainly came back and talked
16 about the briefings that we did. The fact that we
17 didn't find anything particularly unusual or
18 objectionable. But the devil would be in the
19 details as we moved forward with specific state by
20 state approvals.

21 Q. Was that response that you received from
22 commissioners documented in any form?

23 A. No. I think, as I said, in the meetings they
24 acknowledged what we were doing. We didn't hear
25 any major objections to the overall concept and

1 that's what we came back and reported.

2 Q. Were there any documents provided to commissioners
3 during any of those meetings?

4 A. I don't believe so.

5 Q. Do you know if anyone took any notes of those
6 meetings?

7 A. Not that I am aware of.

8 Q. I am going to hand you what has been marked as
9 Exhibit Number 27 and ask that you turn to the
10 second page. I believe it is under Item Number 5.
11 Let me have that for just a moment. I will direct
12 you to something more specific. The last
13 paragraph. Before we get there, would you please
14 identify what Exhibit Number 27 is?

15 A. It is a letter apparently written from Mike
16 Chesser to Lehman Brothers and the Blackstone
17 Group. It is the submittal of a final non-binding
18 indication of interest letter.

19 Q. Turning back to, I think it was Page 3, Item 5.
20 Or is it Page 2?

21 A. Page 2.

22 Q. Is there an indication there that Great Plains
23 Energy would seek input from regulators before it
24 would finalize an agreement with Aquila?

25 A. I see that.

1 Q. Do you know why Mr. Chesser would have put that in
2 that correspondence?

3 A. I think he wanted to do what I said we just did,
4 which was to make sure that we had apprised the
5 regulators of where we were going and see if we
6 got any hell, no objections or any significant
7 objections.

8 Q. What was the date of that correspondence from Mr.
9 Chesser?

10 A. November 15, 2006.

11 Q. When did Great Plains Energy ultimately submit its
12 final bid?

13 A. I don't recall the date.

14 Q. When did you report to your Board of Directors the
15 responses that were received from regulators?

16 A. I don't recall.

17 Q. Based on your regulatory experience, have you ever
18 seen a condition that the buyer will seek informal
19 indications from the State Commission that they
20 will retain a significant portion of merger
21 synergies as well as an extension of existing
22 regulatory compact before that buyer will enter
23 into a definitive agreement to acquire that
24 company?

25 A. Could you repeat that.

1 (The pending question was read.)

2 A. I think as I said, this is the first of these that
3 I am engaged in. So my regulatory experience on
4 conditions and terms on these is limited.

5 Q. (By Mr. Williams) Do you know if Great Plains
6 Energy represented to Aquila that Great Plains
7 Energy had the capability to obtain the most
8 favorable regulatory treatment possible in the
9 merger transaction?

10 A. That we represented that to Aquila?

11 Q. Yes.

12 A. I don't know.

13 Q. Did Great Plains Energy's estimate of the merger
14 synergies influence the price that Great Plains
15 Energy offered to acquire Aquila?

16 A. As I said, there were a number of factors that
17 were involved in ultimately the price. I don't
18 know that that is one of the principal factors. I
19 don't think it is.

20 Q. If Great Plains Energy shareholders retained more
21 merger savings, what impact would that have on
22 customer rates?

23 A. I think it depends on the ultimate nature of the
24 total deal.

25 Q. Assuming everything else is equal, if shareholders

1 retain more merger savings, what impact, if any,
2 will that have on that utility's customer rates?

3 A. Again, it depends on the specifics of the
4 transaction and what is agreed to. I don't know
5 that I want to speculate.

6 Q. What is the probability that Kansas City Power &
7 Light Company will meet or exceed the synergy
8 estimates within or earlier than the time frames
9 provided in the testimony filed in Case Number
10 EM-2007-0374 by the applicants?

11 A. I think we have a high degree of confidence
12 because of the way that we have gone about this.
13 I think we have been -- we have put pretty
14 detailed themes together. The people that I talk
15 to say that we have gone to great lengths to do
16 that. We have worked back and forth with the
17 Aquila teams and vetted the savings estimates. Up
18 until the shareholder votes they were representing
19 their shareholders and we were representing ours.
20 We have been working back and forth with joint
21 teams. We started from the bottom up. We did
22 some top down looking. We have had people vetted.
23 I have personally asked our officers to take
24 accountability for the savings in their areas.

25 You have a number of sets of testimony

1 from various functional areas. And as we move
2 toward 2008 business plans, I asked for that
3 accountability by officer on the savings
4 estimates, because we will in our business
5 planning move to capture those savings and to
6 execute on the things that they have identified.
7 So we are working very hard to have as high a
8 level of confidence as we can with regard to that.
9 Obviously when you build business plans there are
10 all sorts of issues that arise that you didn't
11 foresee, but we have worked very hard to have a
12 high level of confidence that we can implement
13 those and make them work. They go hand in hand
14 with doing things well.

15 The cost savings will come if we get the
16 right processes in place, the right people in
17 place and we are working very hard to do that, to
18 make sure that we get that. Because in addition
19 to cost, I mean, we have over the past four or
20 five years moved up the chain of success with
21 regard to customer satisfaction, with regard to
22 cost for our customers, but with regard to
23 delivering the things that we are supposed to
24 deliver. It is easy to cut cost and not deliver
25 services. We have tried to do all three together.

1 We are going to try to do that in this merger as
2 well as we go forward. That's what we are
3 attempting to instill in our people. That's how
4 we think we succeed long run. If we do all those
5 things well, we believe that we will get treated
6 appropriately by a variety of people that have to
7 deal with us. That's our game plan and that's how
8 we do it.

9 Q. You stated that you have high confidence or a high
10 level of confidence. Can you quantify what that
11 high level of confidence is?

12 A. I would say it is high. I could give you a
13 statistic that would be non-statistical. I mean,
14 I could throw a number out. I don't have a
15 probability estimate that I have calculated. I am
16 just telling you the processes that we have gone
17 through. I am expecting that we will achieve
18 those synergies.

19 Q. You have a confidence that it will happen better
20 than 50/50?

21 A. I think it is better than that.

22 Q. Can you quantify it more than that?

23 A. I am working very hard to give you as high level
24 of confidence as I can without putting a number on
25 it. I don't have a statistical probability on it.

1 But I would say it would be very high.

2 Q. Can you even give me a range?

3 MR. ZOBRIST: Well, you are being
4 argumentative now. He has told you that he
5 has no statistical analysis or quantifiable
6 analysis beyond a high confidence of levels.
7 I think it is becoming argumentative. You
8 can give him a number if you want to.

9 A. I don't intend to give him a number. I am working
10 very hard. This is one of my major
11 responsibilities is to see this implemented. So I
12 can tell you that every officer in this
13 organization is going to be focused on those
14 things, assuming we have a successful completion
15 of this merger and that the implementations all
16 are key things for the organization to be
17 successful going forward. And we are doing, I
18 think, an enormous amount right now to make sure
19 that those things happen.

20 Q. (By Mr. Williams) The regulatory plan that Great
21 Plains Energy has proposed in connection with the
22 acquisition of Aquila, who bears the risk if the
23 merger synergies are lower than those predicted?

24 A. Our shareholders, our customers, us. We all are a
25 part of that. That's why execution is important.

1 We have a comprehensive energy plan with lots of
2 risks, too, and we are in the implementation phase
3 of that. We have successfully implemented the
4 first project, which was a wind project. We
5 successfully implemented the first environmental
6 assessment. Implementation is key on all of these
7 things and there is huge risk attached to all of
8 those. Hopefully we succeed by the processes we
9 put in place and the way we hold people
10 accountable for doing what they are doing.

11 Q. How are regulatory customers at risk if the merger
12 synergies are lower than those that are expected?

13 A. I think we are expecting benefit to all sides of
14 the engagement area. We have got customers, we
15 have got shareholders. We have got a region. We
16 want to have a strong, healthy, financially
17 healthy, top performing organization as we come
18 through this. To the extent that we don't achieve
19 those kinds of things, shareholders suffer, our
20 customer base suffers, our own internal work force
21 suffers.

22 Q. Again turning to Page 2 under Number 5 of Exhibit
23 27. Did Great Plains Energy represent to Aquila
24 that Great Plains Energy anticipated at that time
25 receiving approval to retain a significant portion

1 of the synergies generated by combining Kansas
2 City Power & Light Company and Aquila?

3 A. Not that I am aware of.

4 Q. What experience, if any, do you have relative to
5 the practices in Missouri regarding the retention
6 of synergies through mergers? Shareholder
7 retention?

8 A. This is the first case that I have been involved
9 in.

10 Q. When did you first become acquainted with Mr. Rick
11 Green?

12 A. I don't recall a specific time. I first came here
13 in 2000. I may have met him sometime after that.
14 I don't recall a specific date.

15 Q. You didn't know him before 2000 at least?

16 A. No.

17 Q. Did you have any business dealings with Mr. Green
18 before you became involved in this transaction to
19 acquire Aquila?

20 A. No. The company has -- we operate units jointly.
21 But I have not had any personal direct dealings.

22 Q. When you say that you are operating units jointly
23 --

24 A. We own the Iatan plant jointly. I mean, the
25 organizations have a number of interactions.

1 Q. If you would let me finish the question before you
2 provide the answer. I was just going to ask if
3 you are referring to generating units that are
4 jointly owned by more than one utility --

5 A. Yes.

6 Q. -- is that what you are referring to?

7 A. Yes.

8 Q. I am going to hand you Exhibit Number 28. What is
9 that exhibit?

10 A. It is a data request from Bob Schallenberg.

11 Q. Does it not also have a response?

12 A. Yes, it does.

13 Q. Does it have an indication of what date the
14 employees of Kansas City Power & Light Company met
15 with commissioners in Missouri?

16 A. Right. February 6, 2007. No. We met on January
17 17, 2007.

18 Q. That is at least what the data request says,
19 correct?

20 A. Yes.

21 Q. I am going to hand you what has been marked as
22 Exhibit Number 9. Ask you to identify what that
23 is. And to turn to what I believe is Page 6,
24 although it doesn't have a page number on it. It
25 is portions of a presentation. What is Exhibit

1 Number 29?

2 A. It says "Board of Directors, February 1, 2007,
3 Project Asteroid Management Presentation."

4 Q. Would you have been involved in that presentation?

5 A. I would have been in the board meeting. I would
6 not have made the presentation.

7 Q. What is Project Asteroid?

8 A. That was the code name at the time for the Aquila
9 project.

10 Q. Turning to the page that is labeled at the top,
11 "Process Update." Is there a bullet on that page
12 that indicates whenever -- it says, "Giant
13 management met with regulators in Jefferson City,
14 Missouri on January 24th"?

15 A. That is what it says.

16 Q. And who is giant management?

17 A. That would be Great Plains.

18 Q. Would you have been involved in those meetings?

19 A. Well, I know that Mike and I went to see the
20 commissioners and I know that we went to see the
21 governor. I don't know which date is correct. I
22 don't remember.

23 Q. There weren't two meetings, though?

24 A. No. We went once.

25 Q. So one or both of those documents is inaccurate?

1 MR. ZOBRIST: Or one or both of them is
2 correct. I guess that's right. They both
3 can't be right, can they.

4 A. I can't count on my memory to tell you which.

5 Q. (By Mr. Williams) You testified earlier you
6 didn't recall.

7 A. Right. I was even in the wrong year, so. Time
8 flies when you are having fun. It is making me
9 worry.

10 Q. I am going to hand you what has been marked as
11 Exhibit 30. On the first page of that -- well,
12 first of all, what is Exhibit 30?

13 A. It is a set of minutes about a telephonic Board of
14 Directors meeting on January 8th, 2007.

15 Q. Did you participate in that meeting?

16 A. Yes, I did.

17 Q. Under Mr. -- statements attributed to Mr. Chesser,
18 is there a statement about, something about "an
19 opportunity from the Great Plains Energy
20 acquisition of Aquila to functionally integrate
21 Aquila into the company's existing operations"?

22 A. Is it on the first page?

23 Q. I believe so.

24 A. That's what it says.

25 Q. Is the company whose existing operations that is

1 being referred to Kansas City Power & Light
2 Company?

3 A. It is Great Plains. I think probably the way this
4 was written, I don't think the subtleties of how
5 this might all come together was probably even
6 contemplated here.

7 Q. Well, what is your understanding of what Mr.
8 Chesser meant by that statement?

9 MR. ZOBRIST: Let me just object to the
10 extent that you are asking this witness to
11 speculate what another witness was intending.

12 Q. (By Mr. Williams) I am just asking him what his
13 understanding is.

14 A. I think what we saw was the potential to, in the
15 operations, to integrate the things we do in this
16 combined service area for the betterment of the
17 customers, betterment of our financial position.
18 The service areas are contiguous. So we are
19 talking and thinking about integrating operations,
20 consolidating buildings, how many call centers and
21 that kind. The functional integration with regard
22 to the business processes.

23 Q. So which entities would you be functionally
24 integrating the business operations of?

25 A. The utility operations, the regulated operations.

1 Q. So that would be Kansas City Power & Light Company
2 and Aquila?

3 A. That is correct.

4 Q. Whose Board of Directors meeting minutes is
5 Exhibit Number 30?

6 A. This is the Great Plains minutes.

7 Q. Are you familiar with Aquila's litigation
8 regarding South Harbor?

9 A. Somewhat.

10 Q. Are you aware of any litigation claim against
11 Aquila regarding ARISA?

12 A. Only vaguely. I mean -- I am not intimately
13 involved in that.

14 Q. Are you aware of any claims against Aquila
15 alleging market manipulation with regard to
16 commodity trading?

17 A. Similarly I know of it, but I am not involved in
18 the details of it.

19 Q. Do you know if Great Plains Energy plans to seek
20 recovery of the costs related to any of that
21 litigation from Missouri rate payers?

22 A. I doubt that anything outside of the utility in
23 Missouri properties, we would be contemplating
24 that. And I don't know that we have made a
25 decision on anything else that might be inside.

1 Q. Do you know whether Great Plains Energy plans to
2 include or exclude any of the costs associated
3 with that litigation with regard to determining
4 the amount of the regulatory amortization it is
5 seeking in this case?

6 A. Which -- what were you referring to?

7 Q. The South Harbor litigation. Aquila's South
8 Harbor litigation, ARISA litigation and
9 allegations of market manipulation.

10 A. Again, I don't think anything outside of the
11 Missouri property we would be -- I can't imagine
12 we would be doing that. And I don't believe we
13 have come to grips with the other, with anything
14 inside. South Harbor being probably the
15 particular one. I think there is a lot of
16 uncertainty there. I don't know what we would
17 ultimately do. I don't think we have tackled that
18 decision.

19 Q. What is your understanding of the South Harbor
20 litigation, what that is regarding?

21 A. Whether that asset stays there in place or has to
22 be moved, has to be torn down and moved.

23 Q. What is that asset?

24 A. It is a generating facility, gas turbines.

25 Q. I am going to hand you what has been marked as

1 Exhibit Number 31. What is that exhibit?

2 A. It says, "Project Asteroid Management
3 Presentation, Board of Directors, January 8,
4 2007."

5 Q. And Project Asteroid, what is that referring to
6 again?

7 A. The Aquila acquisition.

8 Q. Did you attend that Board of Directors meeting?

9 A. Yes.

10 Q. Do you know who presented that material to the
11 Board?

12 A. I don't recall. It could have been Terry Basham
13 or it could have been -- it probably would have
14 been Terry Basham. He would have been the most
15 likely presenter.

16 Q. Could you hand that to me for just a moment. I
17 want to bring your attention to Slide 11, which is
18 titled, "Visit with Regulators." Does that slide
19 indicate that Great Plains Energy's management
20 believed that conversations with regulators were
21 necessary before consummating the acquisition
22 of -- consummating the acquisition of Aquila for
23 the reasons shown on that slide?

24 A. Would you ask that question again.

25 MR. WILLIAMS: I will have the court

1 reporter read it back.

2 (The pending question was read.)

3 A. Well, I didn't prepare the slide. I'm not sure
4 that I can interpret what they meant. I think
5 what this slide was attempting to do was to
6 highlight some important issues that we were
7 considering at the time.

8 Q. (By Mr. Williams) I turn your attention to Slide
9 13. It should be two pages down. Does that slide
10 indicate that Great Plains Energy had considered
11 an alternative approaches to its regulatory plan
12 which it could have discussed with the parties in
13 this Case Number EM-2007-0374 in an effort to
14 reach an agreement?

15 A. It is, one of the things we try to do is identify
16 the risks as well as the opportunities. And this
17 clearly is identifying possible things that might
18 occur. I think we talked before, we certainly
19 wanted to get into discussion. I think our teams
20 did attempt to engage in some discussions and
21 those discussions didn't go very far.

22 Q. Take a look at the next slide, Number 14. Are you
23 familiar with Great Plains Energy's strategic
24 intent?

25 A. I am.

1 Q. Where do utility customers -- where do the rates
2 that utility customers pay for their service fit
3 into Great Plains Energy's strategic intent?

4 A. Well, I think they fit into various of these
5 things. One of the underpinnings of the company
6 has been our relatively low cost. I talked
7 earlier in response to one of your questions about
8 how we look at customer satisfaction, how we look
9 at our operating metrics and how we look at our
10 relative cost position and having all three of
11 those meshed together to derive a successful
12 organization. To have a successful organization
13 and to have satisfied customers and therefore
14 responsive regulatory environment, you have got to
15 do all those things well.

16 Q. There are certain categories that are laid out in
17 connection with the strategic intent that are set
18 out on Slide Number 14. Are you familiar with
19 those categories?

20 A. I am.

21 Q. Which of those categories would you put the rates
22 that customers pay for utility service?

23 A. Well, I think they fit into the three that talk
24 about community political and regulatory,
25 operational excellence, comprehensive energy plan.

1 I think they fit into all those.

2 Q. Thank you. Are rates charged to customers a lower
3 priority in Great Plains Energy's strategic intent
4 than increasing shareholder value?

5 A. No. Not at all. We are constantly having to
6 balance both of those.

7 Q. I believe it is the last slide in that
8 presentation. Number 29. Does that slide
9 indicate that Great Plains Energy anticipates
10 spending more capital than Aquila would otherwise
11 if Great Plains Energy acquires Aquila?

12 A. Well, I think -- yes, what this suggests is that
13 as we looked at the Aquila service area and as we
14 thought about what would be necessary to do the
15 three things that I talked about, in your last
16 question, that we felt that these additions would
17 be necessary to enhance reliability on the
18 distribution system, to improve performance and
19 their generating fleet, to meet the environmental
20 requirements we saw coming. There are a whole
21 host of things that we saw as part of that
22 equation. So yes, there is additional investment
23 in the customers on that system.

24 Q. Does that additional investment put pressure on
25 increasing rates that Aquila customers would pay?

1 A. Yes, it does. But we also perceive customer
2 concerns and issues that make these investments
3 appropriate and responsive to what we think would
4 be a high performing utility in terms of service
5 and reliability. The things that the customers
6 expect. And environmental issues.

7 Q. Whenever you met with commissioners regarding the
8 proposed acquisition of Aquila. I am not going to
9 try to tie you down to a date, because I know you
10 don't recall.

11 A. Even a year.

12 Q. You met with Chairman Davis in that process here
13 in Missouri?

14 A. Yes.

15 Q. Did Chairman Davis indicate to you that he would
16 approve the merger regardless of what evidence was
17 presented in this case?

18 A. I don't believe he ever said anything like that.

19 Q. Did you relay to anyone else your impressions of
20 the meeting that was held with Chairman Davis,
21 aside from the Great Plains Energy Board of
22 Directors?

23 A. No.

24 Q. Did anyone from Aquila relay to you any
25 impressions of any meeting they may have had with

1 Missouri commissioners?

2 A. No.

3 Q. Do you know if Great Plains Energy or Aquila made
4 any commitment to Kansas regulators to process
5 their application for the merger later than the
6 applications processed in Missouri?

7 A. No.

8 Q. Have Kansas City Power & Light Company and Aquila
9 requested regulatory authority to engage in joint
10 dispatch after Great Plains Energy acquires
11 Aquila?

12 A. I don't believe so.

13 Q. Why not?

14 A. I think there are a number of regulatory issues
15 and I think we have chosen not to do that.

16 Q. What are the regulatory issues you are referring
17 to?

18 A. That is not an area that I am expert on. I know
19 that we have decided not to do it. I am trying to
20 recall the issues, but I think market power might
21 be one of them. There were a whole set of issues
22 and concerns there that led us to decide not to.

23 Q. Do you know who would know what those issues are?

24 A. I think they were addressed in testimony, I want
25 to say Richard Spring might have been the witness.

1 Q. Do you know if the short-term debt ratings of
2 Great Plains Energy or Kansas City Power & Light
3 Company will be downgraded if the merger as
4 proposed closes?

5 A. I don't know that. I know that Michael Cline and
6 Terry Basham have provided testimony on those
7 issues.

8 Q. What impact would it have on Aquila -- I'm sorry.
9 What impact would it have on Great Plains Energy
10 and Kansas City Power & Light Company if their
11 short-term debt ratings are downgraded?

12 A. Would you repeat that.

13 Q. What impact would it have on Kansas City Power &
14 Light Company and Great Plains Energy if their
15 short-term debt ratings are downgraded?

16 A. It could result in higher cost of debt.

17 Q. If that occurs, would Great Plains Energy and
18 Kansas City Power & Light Company pass that higher
19 debt cost on to their customers?

20 MR. ZOBRIST: Just object, lack of
21 foundation. You may answer.

22 A. There might be a number of possible reactions to
23 that. I don't know what -- I don't want to
24 speculate what would happen.

25 MR. ZOBRIST: Is this a good time for a

1 break?

2 MR. WILLIAMS: Sure.

3 (A short recess was taken.)

4 Q. (By Mr. Williams) Back to the topic of
5 possibility of higher short-term debt costs. Do
6 you know whether any witness in this case has
7 filed testimony addressing whether Aquila or
8 Kansas City Power & Light Company will seek to
9 recover higher short-term debt costs from rate
10 payers?

11 A. I don't recall specifically. It would be either
12 Cline or Basham's testimony would be relevant to
13 that.

14 Q. Do you know if any of the witnesses have
15 quantified the costs of short-term borrowing?

16 A. Again that is not my area of strength. It would
17 be either Cline or Basham.

18 Q. Do you know if any of the witnesses has quantified
19 the costs of short-term debt in any analysis of
20 the net benefits of Great Plains Energy, Inc.'s
21 acquisition of Aquila?

22 A. The same answer.

23 Q. Do you know if Aquila has any non-utility
24 operations?

25 A. I believe they do.

1 Q. Do you know if Kansas City Power & Light Company
2 is planning to improve the productivity of its
3 Missouri Electric operations even if Great Plains
4 Energy does not acquire Aquila?

5 A. I think there is a constant effort to do that.

6 Q. Are there any planned productivity enhancements to
7 Kansas City Power & Light Company's Missouri
8 Electric operations that would take place post
9 merger, regardless of whether or not the merger is
10 accomplished?

11 A. I can't think of any specifically, but we are on a
12 continuous journey for improvement. So we would
13 always be striving to do that.

14 Q. Has Kansas City Power & Light Company improved
15 productivity in its Missouri Electric operations
16 in the past?

17 A. Yes.

18 Q. Does Great Plains Energy operate utility property?

19 MR. ZOBRIST: I just object. I don't
20 know if that is meant to be a legal question
21 or not. The witness can certainly answer.
22 Let me just object to the extent it calls for
23 a legal conclusion.

24 A. I am not sure what you are asking.

25 Q. (By Mr. Williams) Who operates -- what employees

1 actually operate Kansas City Power & Light
2 Company's Missouri Electric operations?

3 A. Kansas City Power & Light employees.

4 Q. Does Kansas City Power & Light Company operate
5 utility property better than Aquila?

6 A. I think you could probably go function by
7 function. I think we in our own testimony have
8 identified the fact that we have tried to look at
9 all of the different operations in both
10 organizations and to take the best from each. And
11 we could identify areas of strength at Aquila and
12 areas of strength at KCPL. I am hoping that we
13 are doing that and I am hoping that we are
14 adopting the strongest elements of each. I know,
15 for example, we have testified with regard to
16 their operation of their combustion turbines and
17 things we like. I know that we have testified to
18 the fact that we like what they do in their call
19 center and some of the things that they have done
20 in credit and collection. We have in fact sought
21 out and obtained the services of Jim Alberts who I
22 think has done an outstanding job on their end.
23 On the other hand, I think our fleet operations
24 will benefit theirs. So I mean, I think you could
25 go back and forth. What we are trying to do is to

1 take the best of both as we consolidate the
2 operations or integrate the operations.

3 Q. Does Kansas City Power & Light Company provide
4 better customer service than Aquila?

5 A. I think that is a relative conclusion. We have
6 achieved some outstanding results. Can you look
7 at various metrics. Our overall customer
8 satisfaction with the service we are providing
9 seems to be improving. We happen to use the J.D.
10 Power's benchmarking survey work. We have moved
11 into the top tier in the midwest region. There
12 are things that Aquila does well at its call
13 center. It is a collection of a lot of things.
14 The ultimate test is our customer satisfied. We
15 seem to think we are doing a reasonably good job
16 there.

17 Q. Does Kansas City Power & Light Company have fewer
18 on-the-job employee fatalities than Aquila?

19 A. Not necessarily. We have had two very unfortunate
20 accidents this year within our plant. We have
21 been working very aggressively since that accident
22 to make sure we understand the causes. Make sure
23 it doesn't happen again. I'm not sure that I know
24 their injury record specifically. We have had two
25 fatalities this year. I think it has been a few

1 years since we did have someone, early when I
2 arrived here, on the delivery side of the
3 business.

4 Q. Does Kansas City Power & Light Company have better
5 generation plant availability than Aquila?

6 A. I suspect we do.

7 Q. In what areas does Kansas City Power & Light
8 Company perform better than Aquila?

9 A. I think I just identified a number of areas of
10 focus. I think our T & D organizations are
11 strong. I think our generation operations happen
12 to be larger and I think are bringing more to
13 bear. As I said, I thought their customer service
14 operation was quite strong.

15 Q. "Their" being?

16 A. Aquila's.

17 Q. Did you mean transmission and distribution when
18 you said T & D?

19 A. Yes, I did.

20 Q. Are there any other areas that you would mention?

21 A. Those come to mind.

22 Q. You mentioned Aquila performing better than Kansas
23 City Power & Light Company in customer service, I
24 believe. Are there any other areas that you would
25 identify as being stronger by Aquila than Kansas

1 City Power & Light Company?

2 A. I believe I mentioned that we were quite impressed
3 with their combustion turbine operations.

4 Q. Anything else?

5 A. Those are the ones that come to mind.

6 Q. Do you know if the employee compensation of Kansas
7 City Power & Light Company employees is more or
8 less or equal to the employee compensation of
9 Aquila's employees for comparable positions in the
10 two companies?

11 A. I don't recall exactly. There are pluses and
12 minuses in many areas. There are differences. I
13 don't know in total relatively what it looks like.

14 Q. If I understand your testimony correctly, are you
15 saying that depending on the position it could be
16 more or less or the same?

17 A. Yes. That is correct.

18 Q. How do you view Kansas City Power & Light
19 Company's regulatory relationships in Missouri
20 compared to those of Aquila?

21 A. Well, they have certainly been different, because
22 we have been on different trajectories and had
23 different issues. It is like a marriage. It is
24 up and down and all over the place.

25 Q. What did you mean when you used the word

1 "trajectories" in your last answer?

2 A. Well, Aquila has been through a different set of
3 issues than we have. And so you are going to have
4 different pressures at different times depending
5 on the situation you are in, the issues that you
6 are wrestling with. They have had some challenges
7 that we haven't had.

8 Q. At this point in time how do you view Aquila's
9 regulatory relationships in Missouri compared to
10 those of Kansas City Power & Light Company?

11 A. I think we are probably in a similar situation
12 since we are trying to consolidate both of these
13 companies. And we are both before the Commission
14 on the same issue, so I would say that we are
15 probably in a similar situation.

16 Q. Has Aquila management worked constructively with
17 Great Plains Energy and Kansas City Power & Light
18 Company to achieve an arrangement that would be
19 beneficial to shareholders and customers of Aquila
20 and Kansas City Power & Light Company?

21 A. Would you say that again..

22 Q. Has Aquila management worked constructively with
23 Great Plains Energy and Kansas City Power & Light
24 Company to achieve an arrangement that would be
25 beneficial to shareholders and customers of Aquila

1 and Kansas City Power & Light Company?

2 A. You know, I think the -- clearly the entire
3 regulatory structure and process around which you
4 go about these things requires that each company
5 separately represent its own constituents to begin
6 with. All the way up until you get shareholder
7 approval, each company has to operate
8 independently and separately and protect the
9 interests of that organization. Given that, with
10 that being said, I think we have tried to work
11 constructively through this. But the value we
12 pay, acceptance of that offer, those are
13 independent processes from independent companies.
14 We are now working toward integration I think in a
15 very cooperative way. And I think that we have
16 worked through the challenges cooperatively to the
17 extent that we can under law and under the rules
18 of engagement on these kinds of processes.

19 Q. Will the acquisition of Aquila by Great Plains
20 Energy as proposed in the application be
21 beneficial to Aquila customers if the synergy
22 levels predicted are not achieved within the
23 proposed timetable?

24 A. Overall our view is that these synergies can be
25 achieved. They can be achieved within the

1 timetable that we have got and that the benefit is
2 ongoing for a long period of time. So I think the
3 short run time tables are certainly important to
4 us as we think about the business and we think
5 about the value of the firm. But the benefits to
6 the customer I think will be there and will
7 continue to accrue over a much longer period of
8 time. So yeah, I think it is a net positive for
9 the customers.

10 Q. I believe you have testified earlier that you have
11 not been involved in a merger of utilities in the
12 past?

13 A. That is correct. I have been involved, though, in
14 significantly larger organizations and
15 restructuring and process improvement and process
16 redesign. In fact we grew significantly larger
17 than both of these two companies combined. That
18 is largely what we are up to here. This is not
19 like we are merging one technology with another in
20 two separate worlds. This is a set of operations
21 in very close proximity to ours that are very
22 similar to ours. And this is about process
23 redesign and structuring of organizations with
24 which we are highly familiar -- which is why I
25 also said that we have I think a high probability

1 of implementation success here on these things.

2 Q. If a utility loses a number of experienced
3 employees at one time, will that have an impact on
4 the utility's operations?

5 A. It could and it is something that a utility that
6 plans well has to deal with. We are all dealing
7 with that today, even in the context of
8 retirement. Baby boomers retiring. We and
9 everybody else in the United States are facing
10 that brain drain issue and what do you do and how
11 do you institutionalize things. And I think it is
12 something that we are getting used to. It is
13 something that we have moved on aggressively. I
14 think it is something that actually we are going
15 to benefit from in this consolidation and this
16 integration. We are going to get people from both
17 organizations. I think we will be successful in
18 doing that. And yes, we will lose people to
19 retirement. We fully expect that. But we think
20 that the surviving team will be strong and will
21 have more depth, as opposed to the two
22 institutions independently. It is one of the real
23 opportunities we think in this merger.

24 Q. Does Aquila currently employ a significant number
25 of employees that can be eliminated without

1 impacting Aquila's operations?

2 A. Well, I believe we have testified to where the
3 needs are and what we are going to do and how many
4 positions would be eliminated. We have already
5 indicated a commitment on our part to retain the
6 workers, people who do the day-to-day work. Build
7 the lines that keep power flowing, to answer
8 customer's calls, to do meters. The workers are
9 coming over in total.

10 Where the reductions are occurring is
11 where there is duplication. Now, we may enhance
12 single staffs with people from the Aquila
13 organization. That is part of the strengthening
14 that I talked about. But by and large, the
15 reductions are going to come, and positions are
16 going to come where there is duplication in staff.
17 And then with the number of retirements we expect
18 in both organizations, while the positions go
19 down, we may be able to retain a larger number of
20 the skilled workers or managers or supervisors
21 because of retirements.

22 So in terms of the people, I think there
23 is even less impact than the position impact,
24 because we will be losing people out for
25 retirement and other issues.

1 Q. Is your prior answer based upon an assumption that
2 Aquila is acquired by Great Plains Energy?

3 A. My prior answer?

4 Q. You are talking about, I believe your discussion
5 was about how the merger would -- there would be
6 an elimination of duplication?

7 A. Right, correct.

8 Q. So your answer is, was based on that merger taking
9 place?

10 MR. ZOBRIST: I thought that's what your
11 question was based on.

12 Q. (By Mr. Williams) My question didn't have that as
13 a predicate. That's why I am asking.

14 A. Then I made -- maybe I made an incorrect
15 assumption. I was assuming that's what you were
16 talking about.

17 Q. As point of clarification, if the merger does not
18 take place, is it your opinion that Aquila is
19 currently employing a significant number of
20 employees that can be eliminated without impacting
21 Aquila's operation?

22 A. No, that wouldn't be my assumption. I think that
23 is one of the significant challenges that they
24 would face standing alone.

25 Q. If current employees are taking on additional

1 responsibilities, is there a time period that is
2 required to train those employees to take on those
3 additional responsibilities?

4 A. I don't know that I agree with your assumption
5 that people are taking on additional
6 responsibilities.

7 Q. I am just asking if people do take on additional
8 responsibilities, is there a time period required
9 for them to be trained?

10 A. If it is a hypothetical, whenever somebody takes
11 on new responsibilities they have to be trained.
12 That is a fact of life, whether we are involved in
13 this merger or not.

14 Q. Do you have an opinion as to how long it will take
15 to replace institutional knowledge that will be
16 lost with employees that will be eliminated if
17 this merger closes?

18 A. We are doing lots of things to transfer
19 institutional knowledge, to retain institutional
20 knowledge. We will have permanent employees, we
21 will have transitional employees. I know that it
22 will be a busy 2008 as we move toward those
23 changes. A third of our new work force will be
24 Aquila people. So we will have a significant
25 number of people from that institution.

1 Q. You indicated that a significant or a large number
2 of Aquila employees will be retained post the
3 merger. You are anticipating retaining them.

4 What, if anything, else have you done to transfer
5 retained institutional knowledge, or will you do?

6 A. Well, clearly in every functional area we have
7 joint teams working, building plans, identifying
8 key people. We have already identified a senior
9 vice president level person. We have identified a
10 corporate vice president level person who will
11 join our organization. They are actively working
12 on all that, helping us identify key people. We
13 are working with all the departments. We have met
14 in detail with all the departments. Some people
15 will go to Black Hills, some will stay here.
16 People have had choice.

17 We think we have a good, positive
18 attitude developing. Some of these mergers can be
19 brutal on people. We have worked very hard to
20 make it not brutal. In fact we have done
21 everything in our power to welcome their employees
22 on board. I think that is getting a positive
23 reaction from everything I hear and see. We want
24 them to feel good about being a part of our
25 institution, because they are a reflection of our