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Issue: Information Technology Integration
and Synergies
Witness: Charles H. Tickle
Type of Exhibit: Supplemental Direct Testimony
Sponsoring Party: Great Plains Energy Incorporated and
Kansas City Power & Light Company
Case No.: EM-2007-0374
Date Testimony Prepared: August 8, 2007

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EM-2007-0374

**SUPPLEMENTAL DIRECT TESTIMONY
PURSUANT TO THE SCHEDULING ORDER**

OF

CHARLES H. TICKLES

ON BEHALF OF

GREAT PLAINS ENERGY INCORPORATED

AND

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
August 2007**

KCP&L Exhibit No. 27
Case No(s). EM-2007-0374
Date 4-22-08 Rptr KF

**SUPPLEMENTAL DIRECT TESTIMONY
PURSUANT TO THE SCHEDULING ORDER**

OF

CHARLES H. TICKLES

Case No. EM-2007-0374

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

2 A: My name is Charles H. Tickles. My business address is 1201 Walnut, Kansas City,
3 Missouri 64106.

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

5 A: I am employed by Kansas City Power & Light Company ("KCPL") as Senior Director,
6 Information Technology. KCPL is a direct, wholly-owned subsidiary of Great Plains
7 Energy Incorporated ("Great Plains Energy").

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

9 A: My responsibilities include management and coordination of all corporate information
10 technology business applications, corporate Information Technology ("IT") architecture
11 and infrastructure including telecommunications.

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

13 A: I graduated from the University of Kansas in 1980 with a Bachelor of Science degree in
14 Mechanical Engineering. In 1993, I completed the Edison Electric Institute Senior
15 Middle Management Program and in 2001 I graduated from the Rockhurst University
16 Executive Fellows Program with a Master of Business Administration degree. I began

1 employment at KCPL 1980 as a Grade I Engineer and was promoted to a Grade II
2 Engineer in 1984. Subsequently, I served as Superintendent of Computer Applications
3 from 1984-1988, Manager of Computer Applications from 1988-1994, Manager of
4 System Applications from 1994-1996 and Director of Information Systems from 1996-
5 2000. In 2000, I became Senior Director of Information Technology, the title I hold
6 today.

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

9 A: No, I have not.

10 **Q. What is the purpose of your testimony?**

11 A. The purpose of my testimony is to provide an overview of the impact of the merger on
12 the IT infrastructure of Great Plains Energy and its public utility subsidiaries, including
13 confirmation that Great Plains Energy is taking steps to ensure that there will be no
14 adverse impact on customers as the IT systems are integrated.

15 **Q. What is the overall IT strategy for the merger integration?**

16 A. KCPL has adopted an overall IT Strategy based on the current KCPL business
17 application portfolio and technology platforms. KCPL will also adopt a few of the
18 Aquila best-of-breed applications that provide some additional business value where
19 KCPL does not currently have an equivalent business application. This approach reduces
20 the business risk associated with the implementation of new business applications.
21 KCPL will also combine the network and telecommunications infrastructures of the two
22 companies based on KCPL's security and network management policies.

1 Aquila's current IT infrastructure and business application portfolio is very closely
2 aligned with KCPL's, making the support of this environment less risky, especially with
3 the addition of some of Aquila's manpower to KCPL's IT division.

4 After the initial Day 1 transaction, the combined KCPL / Aquila IT team will continue to
5 work with the business units to migrate and/or integrate the two sets of applications and
6 infrastructure systems together in the most logical approach for the benefit of our
7 customers. Prior to the transaction date, teams of business unit and IT employees from
8 the participating companies are meeting to define these plans for the Day 1, transition and
9 long range optimal implementation states.

10 **Q. What will change following the transaction for the Aquila customers?**

11 A. After the initial Day 1 of the transaction, the integration will be transparent to the external
12 customer and will have minimal impact on the internal users of IT services. The Aquila
13 customers will have a different set of phone numbers to contact the call center with and
14 their bill format will be changed to the KCPL design, but there will be no changes in the
15 rate, revenue or customer services policies for them. As the integration of systems
16 progresses, services to both Aquila and KCPL customers should improve with new
17 expanded services and options that include the best both companies have to offer. This
18 expanded set of services is included in Kevin Bryant's Testimony on customers programs
19 that will be offered to Aquila's customers.

20 **Q. What impact will the Black Hills IT integration activities have on KCPL and the**
21 **Aquila Missouri customers?**

22 A. In order to minimize the risk associated with an IT integration effort where the two
23 companies, KCPL and Black Hills, are both involved in integration activities, the

1 decision was made that Black Hills will "clone" the Aquila systems in a new Black Hills
2 data center at a site yet to be determined. This should enable Black Hills to operate
3 totally separate from the combined Aquila / KCPL environment on Day 1. This means
4 that at Day 1, Black Hills will be operating on a separate set of applications and platforms
5 that will mirror the existing Aquila systems and infrastructures for those areas of Aquila's
6 business that they are acquiring.

7 **Q. Please provide an overview of the timing of the IT integration activities.**

8 A. On day 1, KCPL's plan is to integrate the Aquila Financial and Customer data into the
9 existing KCPL systems. This integration will be designed to provide a seamless /
10 transparent customer experience for the combined KCPL / Aquila customers, but will
11 support the separate tracking and reporting of customer financial and operational support
12 data for the various utility companies. This will provide the combined company
13 customers with the same look and feel while maintaining separate cost and revenue
14 structures for the multiple utility companies. Over the next 2 years, KCPL will continue
15 to combine the field and plant maintenance support systems into a single set of business
16 applications while maintaining detailed financial and work history as separate utility
17 entities.

18 **Q. What synergy savings or other benefits are attributable to having an integrated IT**
19 **system?**

20 A The synergy savings from IT will come from five specific areas. (1) The IT application
21 portfolio rationalization will reduce the duplicated IT software maintenance and ongoing
22 support costs while placing the combined company on a common set of business
23 applications. The expected O&M savings associated with reduced software maintenance

1 costs will be a cumulative \$4.3 million over the next five years. (2) The consolidation of
2 the telecom and data networks and moving to KCPL's privately owned network model
3 will reduce Aquila's telecom and network service costs while improving both the security
4 and performance to the combined facilities. This transition is possible given the
5 geographical relationships between KCPL and the Aquila facilities and the upgrade that
6 Aquila is making in their microwave and radio systems. The expected O&M savings
7 from the telecom and data network consolidation is expected to be a cumulative \$1.6
8 million over the next five years. (3) The third project is based on the consolidation of the
9 production and disaster recovery Data Center facilities of the combined companies,
10 including server, disk storage and core networking infrastructure. The expected O&M
11 savings from the Data Center and infrastructure consolidation is expected to be a
12 cumulative \$3.8 million over the next five years. (4) The fourth project is the
13 combination of the Aquila and KCPL Energy Management Systems ("EMS") into the
14 new KCPL EMS that will be implemented in 2008. The expected O&M savings from the
15 consolidation into one EMS is expected to be a cumulative \$2.8 million over the next five
16 years and includes savings from duplicated hardware, software and system migration
17 costs from a combination of Aquila IT and Transmission Services Costs. And (5), the
18 combination of the Aquila and KCPL IT organizations will result in a manpower
19 reduction based on the separate organizations. The expected labor savings from
20 combining the KCPL and Aquila IT staff has been accounted for in the non-fuel O&M
21 savings outlined in the testimony of Robert Zabors. In addition to these direct savings,
22 the combined IT capital investment costs between the two companies will be reduced by
23 avoiding some of KCPL's and Aquila's duplicated long range IT capital expenditures.

1 Other indirect synergies will be accomplished by allowing KCPL to enhance the skills
2 and capabilities of the IT organization, improving the resource talent pool available to
3 support the business and some economies of scale within the IT marketplace.

4 **Q: Does that conclude your testimony?**


5 **A:** Yes, it does.

In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Aquila, Inc. for Approval of the Merger of Aquila, Inc. with a Subsidiary of Great Plains Energy Incorporated and for Other Requester Relief

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

1. My name is Charles H. Tickles. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Senior Director, Information Technology.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.


Charles H. Tickle

Nicol D. Wang
Notary Public

My commission expires: Feb. 4 2011

