

Exhibit No:
Issues: *Memorandum of Understanding*
Witness: *W. Bill Dias*
Sponsoring
Party: *Dias Capital Growth Corporation, Inc*
Type of Exhibit: *Surrebuttal and Cross*
Surrebuttal Testimony
Case No: *ER-2006-0314*
Date Testimony Prepared: *October 10, 2006*

KANSAS CITY POWER & LIGHT COMPANY ELECTRIC RATE CASE

SURREBUTTAL TESIMONY

OF

W. BILL DIAS

FILED

NOV 13 2006

Missouri Public
Service Commission

DIAS CAPITAL GROWTH CORPORATION, INC

October 12, 2006

**BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE
OF MISSOURI**

**SURREBUTTAL TESIMONY OF
W. BILL DIAS**

DIAS CAPITAL GROWTH CORPORATION, INC.

Dias Exhibit No. *1301*
Case No(s) *ER-2006-0314*
Date *10-16-06* Rptr *xf* 1

SURREBUTTAL TESTIMONY OF

W. BILL DIAS

Q. Please state your name and business address?

A. My name is W. Bill Dias. My Business address is 410 SE 3rd St., Suite 101 Lee Summit, Missouri 64063

Q. Are you the same W. Bill Dias who provided direct testimony in the Public Hearing held in Kansas City, Missouri on August 24, 2006?

A. Yes.

Q. What is your educational background?

A. I have a Bachelor of Science Degree in Mechanical Engineering from the Finley School of Engineering. I have an Associate Degree in Industrial Engineering from the General Motors Institute of Technology in Motion and Time Study and several certificates in Computer Aided Drafting and Machine design From the Business and Technology College.

Q. What is your business relationship with KCPL?

A. I have an executed Memorandum of Understanding with KCPL

Q. Is this the same document that the Public Service Commission asked you to submit during the August 24, hearing?

A, Yes.

Q. Could you summarize that document?

A. Yes. KCPL and I executed this agreement to provide the customers of KCPL an ATM/debit card to which they could store funds on the card for electronic payment of their KCPL bill. This was to be accomplished and develop jointly between the parties with Dias establishing a front-end IVR System that was capable of handling 196 calls per minute. This IVR system can handle 10 layers of customers while directing a customer's payment to a server in front of the Fire Wall of KCPL giving them the ability to pull and post the payments on a real time bases.

Q. How many IVR Servers do you have?

A. The company has two (2).

Q. What is the cost of each IVR Server?

A. With programming and hardware \$500,000 each.

Q. Is this the only equipment that you have to purchase?

A. No. We still have to purchase a PBX Phone system with a dealer to handle outbound and inbound calls, email and web site servers and other office equipment.

Q. Have you shared the confidential proprietary information, software and hardware with KCPL personnel?

A. Yes.

Q. Why did you share this proprietary information with KCPL without having a "Reciprocal Nondisclosure and Non-Circumvention Agreement in place?"

A. I did not believe I needed it because KCPL had signed the Memorandum of Understanding and I believed they were operating in good faith.

Q. How much was KCPL going to pay your company per transaction?

A. They were going to pay \$.75 per transaction with each customer having the ability to make up to four (4) transactions each month.

Q. You executed the Memorandum of Understanding on February 12, 2001. Why did you wait until the spring of 2004 to start working with KCPL on this Memorandum of Understanding?

A. This program called for a Pilot which was included in KCPL's Regulatory Plan which had to be approved by the Public Service Commission which was not to start until 2005.

Q. Did the Pilot get included in the "Implementation of KCPL's Regulatory Plan?"

A. Yes.

Q. Did KCPL ask you to submit an updated proposal which would include a more detailed Memorandum of Understanding and if so is this the same Document that was provided to Public Service Commission on August 24, 2006?

A. Yes to all.

Q. When did you submit the Proposal to KCPL and whom was it addressed to?

A. The proposal was prepared for Michael Chesser, Chairman and CEO of KCPL who sent senior level representatives to meet with the Executive Commit of the Baptist Ministers Union of Greater Kansas City. It was presented 2/09/06 in a meeting that lasted from 9:00 AM to 12:00PM.

Q. Did this Executive Commit request anything of Michael Chesser through these senior level representatives of KCPL?

A. Yes they did. They requested that Michael Chesser through his senior level representatives take all necessary steps to identify and include the needs of the Urban Community detailed in the proposal and later evidenced in the June 5, 2006, Memorandum of Understanding which was to be executed ASAP.

Q. Is this the same Document that was submitted to the Public Service Commission at the public hearing on August 24, 2006?

A. Yes it is.

Q. During the development stage of this project were you the only person to meet with KCPL's development team?

A. No. I brought the owners of the debit card company we were going to used, the owners of the bill payment engine that we were going to use and the marketing people came to Kansas City for these meetings. We had several meetings with senior level representatives appointed by Michael Chesser.

Q. During these meeting was there confidential and proprietary information not in the public domain shared with the KCPL's development team?

A. Yes.

Q. Could you summarize the confidential information that was shared by your team?

A. Yes I can. The confidential and proprietary information shared included, without limitation speech recognition technology that is designed to manage communication and financial transaction via credit/debit card or banking account

enabling the transaction to by-pass the interchange fees charged by Visa and MasterCard, the proprietary concept of a voice-activated debit card that would integrate with debit card technology provided by the debit card provider that would allow consumers to use standard communication features and/or pay bills, transfer money to other debit card holders or find the nearest check cashing location-all by voice command and the proprietary concept of bundling the debit card with a prepaid cellular phone. In general, confidential information related to all proprietary and financial results, and statements, market, projected activities, customers and results of my teams operations, their methods of processing and providing services, copyrights, patents, trademarks, trade sestets and financial information.

Q. Do you have knowledge of the value of this information to KCPL?

A. Yes I do. If KCPL had to go out on the open market to obtain the proprietary information on their own it would cost them tens (10, s) of millions of dollars.

Q. Do you have knowledge that KCPL is using or plans to use this proprietary information?

A. Yes I do. On July 20, 2006, I attended a meeting hosted by KCPL for the Executive Committee of the Baptist Ministers Union of Kansas City, Missouri. At this meeting KCPL gave us a "PowerPoint Presentation entitled Baptist Ministers Union of Kansas City, Missouri".

Q. Can you summarize the KCPL PowerPoint Presentation?

A. Yes I can. This presentation deals with what KCPL is currently doing to have an outreach to the Urban Community. The topics covered in this presentation are as follows: The first topic "Customer Relation" announced the establishment of a new department within their Customer Services Department in May 2006.

Q. Do you know what this new Customer Services Department was going to do?

A. Yes I do. The Next page in the PowerPoint Presentation entitled "What are we doing currently" dealt with new Hot Weather Procedures for the KCPL Call Center i.e. proactive outbound calling to medical customers, gatekeeper process, and a dedicated phone line for medical customers and hospice organizations.

The next page in the PowerPoint Presentation entitled "What else will we do" dealt with identifying of low-income and elderly customers and target solutions that suit their needs, help identify qualifying customers for home weatherization, payment plans and methods, payment extensions/payment plans, Electronic check, automatic bank transfer, online payment capabilities, credit card options (working on) that will not cost the customer, Unbaked customer options, pay agents, investigate adding more pay agents to increase accessibility for customers,

research kiosk station (where, how many, cost, maintenance and solicit feedback from low-income community leaders.

Q. Are any of the items in this PowerPoint Presentation contained in the executed Memorandum of Understanding executed February 12, 2001?

A. Yes. most of the ideas are contained in this document.

Q. Did KCPL pay you any money for the use of these ideas?

A. No.

Q. Can you summarize the unexecuted Memorandum of Understanding dated June 5, 2006?

A. Yes I can. This document provides for an agreement between Kansas City Power & Light Company and Dias for the appointment as an authorized third-party collection agent offering its bill payment services to the general bill paying public, operating under the terms and condition to be agreed to.

Q. Are you and your joint venture/partners currently forwarding unauthorized utility bill payments to KCPL and how long have you and your joint venture/partners been forwarding these unauthorized payments?

A. Yes. We have been forwarding unauthorized utility bill payments for KCPL customers since 2003 through a network of pay stations in the Greater Kansas City Area.

Q. How did you get paid?

A. From the customers.

Q. Was KCPL aware of these unauthorized payments?

A. Yes they are. Together with joint venture partners Dias presented to KCPL a Proposal Document that was agreed to by the Executive Committee of the Baptist Ministers Union of Kansas City Missouri and verbally agreed to by Michael Chesser, Chairman and CEO of KCPL, so I understand. The joint venture team met several times at the offices of KCPL with senior management to address any and all questions related to the appointment of Dias as an "Authorized Third-Party Collection Agent" under the terms and conditions as contained in the Memorandum of Understanding document were resolved.

Q. Are you and your joint venture partners ready to launch the bill payment program?

A. No not at this time.

Q. One of the issues in Case No. ER-2006-0314 is to get KCPL's Call Center involved in the enrollment of their customers in the "Energy Conservation and On-Time Bill Payment Programs through a modified "AccountLink Form that the Call Center would complete. Is that contained in your Memorandum of Understanding?

A. Yes.

Q. Did you or your joint venture partners use confidential and proprietary technology to propose a modification of KCPL's existing "AccountLink Form" in such a way that would allow speech recognition technology designed in your IVR processors to manage communication with the KCPL Call Center and when will it be complete?

A. Yes we did. The interface with the modified "AccountLink Form" will be complete January 2007.

Q. What roll was the Baptist Ministers Union of Kansas City Missouri and its member churches were going to play?

A. They committed to enroll 200,000 houses into the "Energy Conservation and On-Time Bill Payment Program" giving each home the Energy Optimizer Thermostat and the option to contract for weatherization through a third-party weatherization company, the cost of which was to be underwritten by KCPL and charged back to the customer. The repayment would be on an income qualified bases and be independent of the customers' utility bill.

Q. Could you explain the repayment process as well as the income qualifying plans?

A. Yes I can. First let me say that this "Energy Conservation and On-Time Bill Payment Programs" would be open to any KCPL customer. If the income of the customer dictated that they could repay 100% of the cost to weatherize their home or apartment they would be set up to do so. However, if the income of the customer dictated that they could only repay 25% of the cost to weatherize their home or apartment that is what they would be charged.

Q. You proposed a plan to forgive the cost of weatherization; could you explain that program In the June 5, 2006 draft of the Memorandum of Understanding?

A. Yes I can. If a KCPL customer enrolled into the "Energy Conservation and On-Time Bill Payment Programs" KCPL would reward those customers with the

forgiveness of the cost of weatherization and installation under the following conditions:

- If customer reduces their current energy usage over a 12-month period by 10% and stays current on their utility bill for that 12-month period; KCPL agrees to forgive 25% of their cost to weatherize their home and/or apartment for that 12-month period.
- If the customer's energy consumption remains at the reduced level of 10% and customer remains current on their utility bill for that 24-month period; KCPL agrees to forgive another 25% of their cost to weatherize their home and/or apartment for that 24-month period.
- If the customer's energy consumption remains at the reduced level of 10% and customer remains current on their utility bill for that 36-month period; KCPL agrees to forgive another 25% of their cost to weatherize their home and/or apartment for that 36-month period.
- If the customer's energy consumption remains at the reduced level of 10% and customer remains current on their utility bill for that 48-month period; KCPL agrees to forgive the final 25% of their cost to weatherize their home and/or apartment for that 48-month period.

Q. Can you summarize the "On-Time Bill Payment part of your program and why it will be important to KCPL customers?"

A. Yes I can. The major banks and mortgage companies have realized that a major part of the American Public pay their bills with either money orders or with cash which can not be reported to the four (4) major credit reporting agencies. These major financial intuitions are now accepting On-time Bill Payment as an alternative credit score.

Q. What effect does alternative credit have on your credit score?

A. Alternative credit can add up to 50 points to your credit score and can mean the difference between getting a loan and/or purchase an item on credit at an interest rate of 5.875% or 10.875%. The difference in the monthly payment could be as much as 44% between the two interest rates.

Q. What does a person have to do to get the benefit of this alternative credit score with your On-time bill payment program as proposed to KCPL?

A. In order for a person to take full advantage of alternative credit score, they must pay all their bills On-Time using technology that delivers payments to KCPL in such a fashion so that payments can be reported as **PAID AS AGREED** to the credit reporting agencies.

Q. Is there a cost for this service?

A. Yes.

Q. How much could a person expect to pay for this service?

A. Cost is based on the number of bills that the person has each month. For example if a person had a KCPL bill and four (4) other bills to be reported to the four (4) major credit reporting agencies, it would cost them \$4.95 each month.

Q. How does this compare with current charge to pay by debit/credit card?

A. Currently it cost a KCPL customer \$3.95 per transaction to pay by debit/credit card. If we use the example described above it would total \$19.75 to make those payments by debit/credit card.

Q. In your example, why should a KCPL customer pay your fee when they can write a check for a lot less?

A. That is true, however, in Kansas City, as well as nationally there is a trend to steal checks from the mail boxes of the customer; call the customer's bank to find out how much money is in the account; then wash that check; change the amount; take the check to the customers bank and cash it; taking all the money out of that account. Paying by debit/credit card is just safer.

Q. Have you read the Surrebuttal Testimony of "Anita C. Randolph"?

A. Yes I have.

Q. Will the Energy Conservation and Weatherization Program that you have outlined above conflict with the exesting Department of Natural Resources' interest in weatherization services, and can you explain your answer?

A. No it does not. The program that Anita Randolph overseas through the Energy Center contracts with third-parties such as the City of Kansas City Missouri to provide weatherization services and the administration of the federal funded weatherization program for low-income persons. On the other hand the weatherization program that is outlined in the Memorandum of Understanding above is for those people that narrowly miss the income qualification and for those other customers of KCPL who can not get outside financing because of their bad credit scores.

Q. Will the "Energy Conservation and Weatherization program outlined in the Memorandum of Understanding above conflict with KCPL's commitment to Customer Programs, including low-income weatherization.

A. No it will not. Once again KCPL's commitment is to low-income customers that qualify for weatherization not the customers outlined above.

Q. In her testimony Anita Randolph agrees with Bob Jackson's recommendation regarding the use of KCPL's Call Center to refer potential applicants to seek weatherization services. She further states that "this appears to be a reasonable way to improve coordination, levels of participation in the program and delivery of weatherization services. Will the "Energy Conservation and Weatherization program outlined in the Memorandum of Understanding above conflict in anyway with this plan?

A. No. The technology required to modify KCPL's existing AccountLink From so that KCPL's Call Center can forward the application to the City of Kansas City Missouri using a Web base format will be completed in early December 2006 by the joint venture partners of Dias and will enable the deliver of the applicants information to the City of Kansas City Missouri.

For Anita Randolph and Bob Jackson to simply say have KCPL's Call Center Forward these low-income applications without knowing anything about the technology required to make it happen is a common mistake.
Dias will make this technology available to the parties at no charge.

Q. Can you explain the misunderstandings of Anita Randolph and Bob Jackson about your program?

A. No, however, in Anita Randolph's surrebuttal testimony she states "Mr. Dias does not offer additional explanation or description of the energy efficiency components of the program". Ms. Randolph admits that from the proposed recommendation of Bob Jackson to have KCPL's Call Center refer applicants to the City of Kansas City, which only deals with low-income persons, there will be a large fallout of applicants that do not meet the income guidelines. These persons would be able to apply directly to KCPL through the energy conservation and weatherization program outlined above. Ms. Randolph and Mr. Jackson should keep in mine that no Federal Funds are assistance will be used in the energy conservation and weatherization as outlined above.

Q. What would you like the Public Service Commission to do about this unauthorized use of your material without compensation?

A. I would like the Public Service Commission to direct KCPL to revise the existing Tariffs in Case No. ER-2006-0314 to include the proposed changes as outlined in this document. Then require KCPL to come to agreement with Dias on the implementation of the programs.

Q. Do you have any other comments on Ms. Randolph or Mr. Jackson's questions on weatherization and energy conservation?

A. Not at this time.

Q. Does this conclude your testimony?

A. Yes