

Exhibit No.:
Issue: Advertising
Witness: Robert E. Spielberger
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2007-0291
Date Testimony Prepared: August 30, 2007

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2007-0291

REBUTTAL TESTIMONY

OF

ROBERT E. SPIELBERGER

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
August 2007**

REBUTTAL TESTIMONY

OF

ROBERT E. SPIELBERGER

Case No. ER-2007-0291

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

2 A: My name is Robert E. Spielberger. 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” or the “Company”) as
6 Manager, Marketing Communications. KCPL is a direct, wholly-owned subsidiary of
7 Great Plains Energy Incorporated (“Great Plains Energy”).

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

9 A: My responsibilities include oversight of the Company’s customer communications and
10 marketing and promotion strategy.

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

12 A: I received my Bachelor’s degree in English/Journalism and conducted my postgraduate
13 studies in accounting and finance at Rockhurst University. I have more that thirty years
14 of experience in advertising and marketing communications. I have been employed by
15 KCPL since June of 2006. Prior to that, I was self-employed as a marketing
16 communications consultant from 2002 to 2006. Before then, I was the Advertising and

1 Creative Services Manager at Farmland Industries from 1983-2002. Prior to that, I was
2 an Account Executive at Valentine Radford Advertising Agency from 1980 to 1983.

3 **Q: Have you previously testified in a proceeding at the Missouri Public Service**
4 **Commission (“Commission”) or before any other utility regulatory agency?**

5 A: I submitted pre-filed, written Rebuttal Testimony to the Kansas Corporation Commission
6 in Docket No. 07-KCPE-905-RTS, KCPL’s companion 2007 rate case in Kansas.

7 **Q: What is the purpose of your Rebuttal Testimony?**

8 A: The purpose of my testimony is to respond to the Direct Testimony of Commission Staff
9 witness Graham Veseley, specifically as his testimony relates to advertising expense.

10 **Q: Has the Staff proposed an adjustment related to advertising expense?**

11 A: Yes, Staff has. Staff witness Graham Vesely has proposed adjustments to disallow
12 various expenses included in the Company’s filing in this rate proceeding. He has
13 proposed adjustments totaling \$779,936 (total company basis).

14 **Q: On what basis does Mr. Vesely base his proposed disallowance?**

15 A: Staff states in its Cost-of-Service Report that many of the advertising costs incurred by
16 the Company during the 2006 test year were “institutional” and therefore should be
17 disallowed. Additionally, Staff adjusted various advertising costs related to new
18 investments in plant assets required by the Regulatory Plan the Commission approved in
19 its Case No. EO-2005-0329 (“Regulatory Plan”).

20 **Q: Do you agree with Mr. Veseley’s adjustment?**

21 A: I agree with the adjustment made related to the Regulatory Plan-related costs, and a
22 couple of other minor adjustments. However, I do not agree with the adjustment made
23 related to the costs Mr. Veseley classified as “institutional,” totaling \$644,996 on a total

1 Company basis. Most of these costs were incurred for the purpose of providing customer
2 assistance, information, or instruction.

3 **Q: Why do you believe Mr. Vesely’s classification of these costs differs so significantly**
4 **from your classification?**

5 A: While I do not know exactly how Mr. Vesely made his determination, I believe much of
6 the difference can be attributed to the information the Company provided to Mr. Vesely
7 in response to Staff Data Request No. 146. In that response, the Company incorrectly
8 classified many of the test year expenses as “corporate image advertising” when in fact
9 the costs were customer-oriented.

10 **Q: Have you reviewed the invoices and other support for these costs to determine the**
11 **correct classification?**

12 A: I reviewed support for all items with a cost of \$5,000 or more, representing 90% of the
13 \$644,996 that Mr. Vesely proposes be disallowed. The items reviewed are documented
14 on Schedule RES-1.

15 **Q: What were the results of your review?**

16 A: As shown on Schedule RES-1, I found that 76% of the costs were customer assistance,
17 information or instruction-related and should be allowed, and that 24% of the items
18 should be disallowed. For each item on the schedule I have provided a description that
19 clearly indicates the reason for the cost. All references to “STIP” refer to the Regulatory
20 Plan Stipulation and Agreement.

21 **Q: Please provide an expanded discussion of the five largest items on Schedule RES-1**
22 **that you believe should be allowed.**

1 A: These items are listed in the first five rows of Schedule RES-1 and are summarized as
2 follows:

3 (i) \$109,627: This expense was for creating, producing and delivering a direct mailing to
4 all residential customers, explaining KCPL's Comprehensive Energy Plan ("CEP").
5 Specifically, the mailing covered energy efficiency programs the CEP makes available to
6 customers and how customers can take advantage of the programs.

7 (ii) \$60,000: This expense was for strategic communication planning and consulting with
8 our advertising agency to determine how to effectively communicate KCPL's CEP and
9 how the CEP will benefit customers now and well into the future. Included were plans to
10 communicate our energy efficiency programs, the technologies we are using to increase
11 generating efficiencies while substantially reducing emissions in new and existing plants,
12 and our investments in renewable energy alternatives to help meet future energy
13 demands.

14 (iii) \$38,853: This expense was for additional cost incurred in mailing and delivering the
15 customer benefits direct mailing explained in item (i) above.

16 (iv) \$36,540: This expense was for the creation and placement of outdoor bulletins
17 designed to work together with print ads that explained the Company's renewable energy
18 initiatives as part of the Regulatory Plan Stipulation and Agreement, and how these
19 initiatives are providing our region with an environmentally sound solution to meeting
20 growth in energy demand.

21 (v) \$35,079: This expense was for the print component in KCPL's wind/renewable
22 energy informational campaign mentioned in item (iv) above.

1 **Q: Based on your review, what disallowance amount do you propose?**

2 A: I recommend that Mr.Veseley's proposed disallowance of \$644,996 (total company
3 basis) be reduced to \$154,799 (24% of his proposed disallowance).

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

5 A: Yes, it does.

In the Matter of the Application of Kansas City)
Power & Light Company to Modify Its Tariff to) Case No. ER-2007-0291
Continue the Implementation of Its Regulatory Plan)

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

1. My name is Robert E. Spielberger. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Manager, Marketing Communications.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Kansas City Power & Light Company consisting of five (5) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

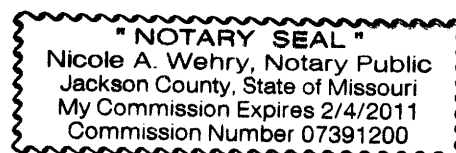
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Robert E. Spielberg

Subscribed and sworn before me this 30th day of August 2007.

Nicol A. Wray
Notary Public

My commission expires: Feb 4 2011



Disallowed by Staff	Amount that should be Disallowed	Brief Description
109,627		Printing and Postage for a Residential Customer Direct Mailer Explaining the Comprehensive Energy Plan and Energy Efficiency Programs.
60,000		Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives
38,853		Mailing Service Expense for a Residential Customer Direct Mailer Explaining the Comprehensive Energy Plan and Energy Efficiency Programs.
36,540		Outdoor Media Buy for Renewable Energy/Wind Informational Series in support of our Stipulation Agreements
35,079		KC Star Print Media Buy for Renewable Energy/Wind Informational Series in support of our Stipulation Agreements
24,601	24,601	KCTV-5 KSMO CITY CAM SPONSORSHIP
21,334	21,334	Plaza Lighting Sponsorship TV Media Buy
20,856		2006 Communication Planning - Consulting fee from Kuhn & Wittenborn Advertising Agency on how to best communicate Comprehensive Energy Plan to customers and maximize communication budgets
19,896		Safety Print Ad - Kansas City Star Media
13,642		Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives
13,617		Production, Media Planning & Printing for Outdoor Media on Renewable Energy/Wind Informational Series in Support of our Stipulation Agreements
13,545		Speakers Bureau Wind Script - Copy/Art
11,050	11,050	KCTV-5 KSMO CITY CAM SPONSORSHIP
11,050	11,050	KCTV-5 KSMO CITY CAM SPONSORSHIP
11,050	11,050	KCTV-5 KSMO CITY CAM SPONSORSHIP
11,050	11,050	KCTV-5 KSMO CITY CAM SPONSORSHIP
11,050	11,050	KCTV-5 KSMO CITY CAM SPONSORSHIP
11,050	11,050	KCTV-5 KSMO CITY CAM SPONSORSHIP
10,928		Energy Efficiency Print Ad for KCP&L's Energy Optimizer Program
10,571		Planning and Writing for a Residential Customer Direct Mailer Explaining the Comprehensive Energy Plan and Energy Efficiency Programs.
7,966		Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives
7,608	7,608	Congratulatory Ad Recognizing Dos Mundos' 25th Anniversary (Local Hispanic Weekly Newspaper)
7,545		Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives
7,026	7,026	Institutional Ad Supporting KC's Jazz Museum Gala Event
6,951		Safety Education TV concept
6,891		2006 Communication Planning - Energy Efficiency TV Concepts
6,483		2006 Communication Planning- Best Practice Media Spending Research
6,375	6,375	KCTV-5 KSMO CITY CAM SPONSORSHIP
6,290		2006 Communication Planning - Additional Consulting fee to review on how to best communicate Comprehensive Energy Plan to customers.
6,284		Planning and Writing for a Residential Customer Direct Mailer Explaining the Comprehensive Energy Plan and Energy Efficiency Programs
5,591		Speakers Bureau Wind Presentation - Copy/Planning
5,378		Home Show Exhibit Banners for a booth that showcased our customer energy efficiency programs
5,000	5,000	Dos Mundos Festival Sponsorship
580,776	138,244	
	24%	
	76%	