

Exhibit No.:  
Issue: Incentive Compensation;  
Executive Compensation  
Witness: David Cross  
Type of Exhibit: Rebuttal Testimony  
Sponsoring Party: Kansas City Power & Light Company  
Case No.: ER-2006-0314  
Date Testimony Prepared: September 8, 2006

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ER-2006-0314**

**REBUTTAL TESTIMONY**

**OF**

**DAVID CROSS**

**ON BEHALF OF**

**KANSAS CITY POWER & LIGHT COMPANY**

**Kansas City, Missouri  
September 2006**

**\*\*\*[REDACTED]\*\*\* Designates that "Highly Confidential"  
Information has been Removed.  
"Highly Confidential" Information has been Removed from Certain Schedules  
Attached to this Testimony Designated ("HC")  
Pursuant To The Standard Protective Order.**

**REBUTTAL TESTIMONY**

**OF**

**DAVID CROSS**

**Case No. ER-2006-0314**

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

2   A.    My name is David Cross. My business address is 1717 Arch St. 27th Floor, Philadelphia,  
3        Pennsylvania 19103.

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

5   A.    I am employed by Mercer Human Resource Consulting in the Human Capital Advisory  
6        Services business. Within that business I am a Principal and senior consultant.

7   **Q.    What are your responsibilities?**

8   A.    I am the senior consultant working with Mercer clients in the area of executive  
9        compensation. Specifically, I provide consulting services to senior executives and  
10       Boards of Directors regarding issues related to the level and character of executive  
11       compensation programs. To be even more specific, I specialize in providing such  
12       services to the utility industry where I have worked with over 50 companies in that  
13       industry. This includes utilities in electric and gas operations in both the regulated and  
14       non-regulated environments.

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

16   A.    I earned my B.A. in Political Science from Cleveland State University in 1983. I have  
17       also completed all coursework towards a Ph. D. in Political Science from the University  
18       of Maryland. I began my career in Human Resources when I was hired as the Manager

1 of Human Resource Information at the Edison Electric Institute (“EEI”) in 1987. In that  
2 capacity I was responsible for the development and administration of all compensation  
3 and benefit surveys for the investor-owned utility industry. Subsequent to my work at  
4 EEI, I was hired in 1993 by Towers Perrin in Washington, DC and then transferred to  
5 their office in Philadelphia. My role at Towers Perrin was as an Associate with  
6 responsibility for project management on executive compensation related consulting  
7 assignments. In 1998 I left Towers Perrin and joined Mercer Human Resource  
8 Consulting (then known as William M. Mercer) as a Senior Associate. In 1999 I was  
9 promoted to Principal which meant I was the primary or most senior consultant on  
10 Mercer engagements. As a senior consultant at Mercer I am the firm’s senior and most  
11 experienced consultant on issues related to executive compensation within the utility  
12 industry.

13 **Q. Have you previously testified in a proceeding at the Missouri Public Service**  
14 **Commission (“MPSC”) or before any other utility regulatory agency?**

15 A. I have never testified before the MPSC, but I have testified before the Illinois Public  
16 Utility Commission.

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

18 A. I am providing rebuttal testimony to MPSC Staff’s proposed disallowance of short-term  
19 and long-term incentive compensation in the rate structure of Kansas City Power & Light  
20 Company (“KCPL” or “Company”). In my professional opinion, the use of incentives  
21 for both executives and broad base employee populations is a tremendously powerful tool  
22 to ensure operational efficiency, which clearly serves the interests of utility customers.  
23 The use of financial measures is a very effective way to reflect performance on a broad

1 range of customer service measures and is why financial metrics such as earnings, Return  
2 on Equity and Total Shareholder Return are the most common measures used in incentive  
3 plans across the utility industry.

4 **Q. Please describe the Incentive Compensation issue.**

5 A. In short, I disagree with Staff witness Harris' assertion that the measures in KCPL's  
6 incentive plans do not support customer interests. In my professional opinion and in  
7 support of KCPL, I disagree with the Staff's disallowance of performance-based  
8 incentive compensation that is awarded on the basis of achieving financial goals tied to  
9 earnings per share ("EPS") or in the use of equity as part of the Long-Term Incentive  
10 component. Staff witness Harris appears to believe that achieving financial objectives  
11 does not significantly benefit customers and does not improve utility operations as a  
12 whole.

13 **Q. Why do you disagree with the Staff's proposed disallowance of incentive**  
14 **compensation that is based on financial goals tied to earnings per share?**

15 A. I disagree with the Staff's proposed disallowance of incentive compensation that is based  
16 on the financial goals tied to EPS because a financially sound and stable company  
17 provides a direct benefit to all stakeholders including, employees, customers,  
18 shareholders and the community in which the company operates.

19 **Q. Please explain how customers benefit from KCPL achieving financial objectives.**

20 A. Customers benefit in a number of ways by KCPL achieving its financial objectives:

21 1) KCPL must provide a market competitive compensation plan to attract and retain  
22 highly qualified and experienced employees. It is to the benefit of the customers to  
23 provide a competitive salary package, including incentives, to build a strong management

1 team and a team of highly qualified employees who are driven to provide high levels of  
2 customer service and who deliver safe and reliable electric service. If KCPL fails to hire  
3 highly qualified people, the Company's operations would most certainly suffer which  
4 would have a direct impact on customers.

5 2) Because of KCPL's solid financial performance from an earnings perspective, it is  
6 in a position to undertake the Comprehensive Energy Plan, directly benefiting the  
7 customers and the community. The Plan will supply predictable, low-cost, clean and  
8 efficient energy to meet the needs of the growing Kansas City area for years to come, and  
9 maintain the region's ability to retain and create jobs through continued economic  
10 growth. The Plan also reduces the potential that KCPL will have to rely on the volatile  
11 wholesale energy market to meet future demand.

12 3) Customers benefit when the Company is strong financially as the Company is  
13 able to raise the capital needed to fund the ongoing construction projects associated with  
14 the Comprehensive Energy Plan. A solid financial foundation means that the Company  
15 receives more favorable rates on capital, reducing the overall costs that ultimately get  
16 charged to customers.

17 4) In my view, a utility can only deliver strong financial success through strong  
18 operational performance. In effect, by measuring financial performance you are  
19 measuring operational performance. I have worked with many utilities that have built  
20 their incentive plans to be based on financial performance because there is the explicit  
21 recognition that such measures reflect the performance of a wide range of operations.  
22 One common set of financial measures provides a simple incentive structure while  
23 reflecting the kind of operational performance that KCPL customers want.

1 KCPL takes a balanced approach in their incentive plan goals. The Company  
2 strives to be strong both financially and operationally, therefore the Company uses a mix  
3 of scorecard goals to focus results on these two areas. It is to the benefit of KCPL's  
4 customers for the Company to provide solid financial results to help maintain a high level  
5 of performance in key operational measures such as customer satisfaction, system  
6 reliability, plant availability and safety.

7 **Q. What incentive compensation plans does KCPL offer to its employees?**

8 A. KCPL and its parent company, Great Plains Energy ("GPE"), provided the following  
9 annual or short-term incentive compensation plans to its employees in 2005: (i) GPE /  
10 KCPL Annual Incentive Plan – Company Executives ("Officer Plan"); (ii) ValueLink  
11 Incentive Plan – management (non-union) employees ("ValueLink"); (iii) PMG Incentive  
12 Plan – management (non-union) employees in the Power Sales & Services department  
13 ("PMG"); and (iv) Rewards Incentive Plan – bargaining unit (union) employees  
14 ("Rewards"). The Company also provides a long-term incentive plan ("LTIP") for  
15 Company executives.

16 **Q. Why does the Company offer incentive compensation?**

17 A. GPE / KCPL is a performance driven company. As such, it strives to have a  
18 compensation system that rewards high levels of performance. The Company's  
19 compensation philosophy is designed to recognize and reward outstanding performance,  
20 support the Company's goals for employees, customers and shareholders and to support  
21 the Company's strategic intent to demonstrate leadership in supplying and delivering  
22 electricity and energy solutions to meet customer needs.

1 In order to support and fulfill its strategic intent, the Company must attract and  
2 retain highly qualified and experienced employees and align pay with performance. To  
3 do this, the Company offers a market competitive total compensation package that  
4 includes base pay, short-term incentives and employee benefits. For officers, the  
5 Company includes a long-term incentive plan as well.

6 Incentive compensation is 'at-risk,' which means that it is not guaranteed. The  
7 Company requires employees to achieve strong financial and operations results in order  
8 to earn this portion of their overall compensation. If employees do not meet these goals,  
9 no incentive compensation is paid. The absence of these incentive plans would put GPE /  
10 KCPL at a competitive disadvantage in the marketplace in which it competes for talent.  
11 The Company believes that in the absence of these incentive plans, it would have to  
12 increase base wages to remain competitive, which would add to fixed costs and would  
13 decrease the emphasis on key business objectives.

14 **Q. How common is the use of incentive compensation?**

15 A. The use of incentive compensation is a common practice in the utility industry and in  
16 general industry. As noted before, I specialize in the utility industry and am not currently  
17 aware of any public investor-owned utility that does not offer base salary, annual  
18 incentives, and some type of long-term (multi-year) incentive plan as part of its standard  
19 executive package. Furthermore, it is common for utilities to offer annual incentive plans  
20 to non-executive employees. Based on our surveys of incentive practices, for employees  
21 below the officer level, we find that over 90% of all utilities provide annual incentives for  
22 Directors and Managers and approximately 65% of technical staff have such programs.

23 **Q. How are the short-term incentive plans funded?**

1 A. The 2005 Officer, ValueLink and Rewards plans were funded based on GPE EPS.  
2 Funding was based on a sliding scale from a threshold level of \*\*[REDACTED]\*\*, target  
3 level of \*\*[REDACTED]\*\* and a maximum level of \*\*[REDACTED]\*\*. The plan would  
4 fund at 50% of target at the threshold level, 100% of target at the target level and 150%  
5 of target at the maximum level. Unless the EPS threshold level of \*\*[REDACTED]\*\* was  
6 met, there would not have been a payout under the plans. The 2005 plan funded at the  
7 maximum level based on an EPS of \*\*[REDACTED]\*\*. By using EPS as the funding  
8 mechanism, the Company must be profitable in order to pay a short-term incentive.

9 **Q. On p. 7, lines 6-9, of his direct testimony, witness Harris compares KCPL's EPS and**  
10 **ROE to that of GPE. Please comment.**

11 A. I do not understand the reason for this comparison. Of course the EPS and ROE of the  
12 two companies will be different. Mr. Harris notes that had KCPL's EPS been used in the  
13 benchmark, no KCPL employee would have received incentive compensation in 2005.  
14 KCPL's EPS did not fund the plan, but was, in fact, used as a financial scorecard goal in  
15 the KCPL employees' incentive plans.

16 **Q. Once the plans were funded, how did participants earn an incentive award?**

17 A. Once the plan has been funded, participants in the Officer, ValueLink, and Rewards  
18 incentive plans earned the incentive based on their incentive target established for their  
19 position, achievement of selected key GPE and KCPL scorecard goals and their  
20 individual performance.

21 The scorecard goals are taken from a set of performance metrics, which KCPL  
22 uses to track performance. These performance metrics were not designed specifically for  
23 use in the Company incentive plans, contrary to Mr. Harris' statement of p. 9, line 22 of



his direct testimony. Rather the performance metrics are used to measure business performance in other contexts as well. Because the Company is a performance-driven company, the decision was made to use a select number of key financial and operational goals from the GPE, KCPL and Divisional scorecards in the incentive plan to motivate employees to achieve these key goals and to align the focus of the goals at all levels of the organization. By using these measures the Company proposes that strong operational performance across a wide range of measures will lead to financial success – but central to the definition of performance are sound customer-oriented measures.

**Q. What were the plan goals and weights for the 2005 incentive plans?**

**A:** Plan goals and weights for the Officer plan were:

<b>GPE Officers:</b>		<b>KCPL Officers:</b>	
GPE Scorecard Goals	80%	GPE Scorecard Goals	20%
Individual	20%	KCPL Scorecard Goals	60%
		Individual	20%

<b>GPE COO / KCPL CEO (W.H. Downey):</b>	
GPE Scorecard Goals	40%
KCPL Scorecard Goals	40%
Individual	20%

<b>Plan goals and weights for the ValueLink and Rewards plans:</b>			
<b>ValueLink:</b>		<b>Rewards:</b>	
KCPL Scorecard Goals	40%	KCPL Scorecard Goals	50%
Division Scorecard Goals	40%	Division Scorecard Goals	50%
Individual Performance	20%		

<b>Plan goals and weights for the PGM Incentive plan:</b>	
Generation Division Scorecard Goals	Either 40% Generation and 40% PMG Profit or 20% Generation and 60% PMG Profit depending on the position.
PMG Net Profit	
Individual Performance	20%

1           The scorecard goals for the GPE, KCPL and Divisional levels reflected a  
2 balanced mix of goals from each of the four scorecard driver categories: Financial,  
3 Customer, Internal and Learning & Innovation.

4           Individual performance contributed to the remaining incentive earned and was  
5 weighted at 20% for all short term plans except the Rewards plan. Individual  
6 performance was earned based on the employee's contribution to plan goals and their  
7 demonstration of core competencies (e.g., commitment to the customer, leadership,  
8 teamwork). In the case of the ValueLink and PMG incentive plans, the individual  
9 performance incentive was directly linked to the employee's overall performance rating  
10 from their yearly performance appraisal.

11 **Q. Explain what happened with funded but 'unearned' incentive dollars.**

12 A. Incentive dollars that were funded but 'unearned' were redistributed back to plan  
13 participants. The redistribution was based on scorecard goal achievement. Those  
14 individuals or divisions that had higher levels of scorecard achievement receive a higher  
15 proportion of the redistributed funds. The redistribution in the ValueLink and Rewards  
16 plans were minimal as the cumulative achievement of the KCPL scorecard goals were  
17 100% met and a majority of divisions achieved 100% of their scorecard goals.  
18 Redistribution within the Officer plan was fairly evenly distributed with the GPE officers  
19 receiving a proportionally higher share based on a slightly higher level of overall  
20 scorecard achievement.

21 **Q. One of Mr. Harris' criticisms is that "*EPS is the primary goal for all of the GPE and***  
22 ***KCPL incentive plans.*" (p. 6, line 18). How much weight did the EPS scorecard goal**  
23 **carry in the overall incentive?**

1 A. On the GPE Scorecard, the financial category included four goals equally weighted at  
2 10% for a total weight of 40%. GPE EPS was one of the four goals in the financial  
3 category. On the KCPL Scorecard, KCPL EPS was the only financial goal weighted at  
4 40%.

5 For GPE officers, the GPE EPS goal represented only 8% of the overall incentive,  
6 (80% GPE Scorecard times 10% GPE EPS goal weight). For KCPL officers, EPS (GPE  
7 and KCPL) represented 26% of the overall incentive, (20% GPE Scorecard times  
8 10% GPE EPS goal weight, plus 60% KCPL Scorecard times 40% KCPL EPS goal  
9 weight). For Mr. Downey, EPS (GPE and KCPL) represented 20% of the overall  
10 incentive, (40% GPE Scorecard times 10% GPE EPS goal weight, plus 40% KCPL  
11 Scorecard times 40% KCPL EPS goal weight).

12 In the Valuelink Plan KCPL EPS represented 16% of the overall incentive 40% times  
13 40% and in the Rewards Plan, KCPL EPS represented 20% of the overall incentive,  
14 50% times 40%.

15 While EPS was a primary goal by weight for most groups, it was not the primary  
16 goal for all of the GPE and KCPL incentive compensation plans. For example, the KCPL  
17 JD Powers Customer Satisfaction Index from the Customer category of the GPE  
18 Scorecard goal actually carried a greater weight, at 10% total (80% GPE Scorecard times  
19 12.5% goal weight), for GPE officers than did GPE EPS. In the Valuelink and Rewards  
20 plans, the Net Generation goal carried a total weight of 22% and 27.5%, respectively, for  
21 employees in the Generation Services group. Aside from the Rewards plan, individual  
22 performance carried a greater total weight than EPS.

23 Q. **Has the plan design changed for the 2006 short-term incentive plans?**

1 A. Yes, the plan design has changed for all short-term incentive plans. KCPL evaluates the  
2 incentive plans annually, making changes as appropriate to ensure that they continue to  
3 support the Company's performance and strategic goals.

4 **Q. Can you please explain the plan design changes for 2006?**

5 A. For the Officer plan, EPS will no longer fund the entire plan. EPS will still be a  
6 component of the plan to ensure the financial strength of the Company, but the incentive  
7 plan will fund independently based on achievement of plan goals. The plan design is as  
8 follows:

<b>GPE Officers:</b>	<b>KCPL Officers:</b>
50% - Financial Objectives (GPE Core EPS)	50% - Financial Objectives (KCPL Core EPS)
30% - Key Business Objectives	30% - Key Business Objectives
20% - Individual Performance	20% - Individual Performance

9  
10 The key business objectives consist of six select scorecard goals focused on operational  
11 excellence, reliability, customer satisfaction and a commitment to the Company's  
12 strategic intent. There are no EPS-specific goals included in the Key Business  
13 Objectives.

14 For the ValueLink and Rewards plans, EPS will continue to fund the plan, but  
15 EPS has been eliminated as a specific scorecard plan goal. As stated earlier, using EPS  
16 as the funding mechanism simply means that KCPL must be profitable in order to pay a  
17 short-term incentive. For 2006, KCPL EPS will fund the plan for all KCPL employees to  
18 enhance the plan by basing it on measures which people believe they can more directly  
19 impact. We typically refer to this concept as 'line of sight'.

20 The scorecard weighting will remain the same for 2006.

<b>ValueLink:</b>		<b>Rewards:</b>	
KCPL Scorecard Goals	40%	KCPL Scorecard Goals	50%
Division Scorecard Goals	40%	Division Scorecard Goals	50%
Individual Performance	20%		

The selected goals from the 2006 KCPL and Divisional scorecards are focused on operational excellence, reliability, customer satisfaction and a commitment to the Company's strategic intent.

**Q. Why does KCPL disagree with the Staff's proposed disallowance of incentive compensation that is based on individual performance?**

A. Even if the Commission were to agree with Staff's theory that an incentive plan tied to EPS does not benefit customers, the Commission should reject Staff's adjustment concerning individual performance. Individual performance is a key component of the Company's compensation philosophy. Performance pay enables the Company to recognize and reward the outstanding performance of its officers and employees. The individual performance piece of incentive compensation provides motivation for executives and employees to achieve strong short-term and long-term financial and operational goals. It helps align management interests with those of our stakeholders, including fellow employees, customers and the community at-large.

While no formal objectives were identified for the individual component of the 2005 Officer Plan, officers earned this piece of the incentive through their demonstrated commitment to achieving their division's operational goals, their commitment to creating a winning culture, their contributions to the Comprehensive Energy Plan and their community commitment. Board members made a determination, with input from the CEO, of not just what was achieved, but how it was achieved.

1           The Officers' commitment to creating a winning culture enhances employees'  
2 involvement and engagement, creating an environment where the employee is  
3 encouraged to act on behalf of the customers by providing a high level of customer  
4 service and by promoting teamwork and innovative thinking in maintaining reliable  
5 electric service.

6           A key component of the community strategy is engaging our officers in efforts  
7 that help improve the communities in our service territory. Officers are encouraged to  
8 take leadership roles with agencies that support the Community Strategy focus areas.  
9 They dedicate their time as board and committee members offering their expertise in  
10 many areas as well as assisting groups with ongoing programming needs.

11           The objectives used to pay the individual performance piece of the ValueLink  
12 plan are very well defined. An employee's year-end performance rating is directly linked  
13 to the award an employee receives for the individual performance component. An  
14 employee's performance is assessed annually against predetermined and specific  
15 individual performance goals and core Company competencies. Please see Schedule  
16 DC-1 and Schedule DC-2 for examples of actual individual performance plan goals.  
17 There is a direct link between these performance goals and a benefit to customers. These  
18 performance-based goals serve as the core of the performance pay philosophy and align  
19 with Company and division scorecard goals, reflecting a balanced mix of financial,  
20 customer, operational and developmental goals related to KCPL business objectives.

1                   There are six rating categories used to assign an overall rating for employees.

2                   The ratings from top to bottom are:

- 3                   • Distinguished
- 4                   • Successful +
- 5                   • Successful
- 6                   • Successful –
- 7                   • Needs Improvement
- 8                   • Unacceptable

9                   The plan has established a targeted incentive level based on the employee's  
10                  position and overall performance. While management has some discretion available to  
11                  them in determining individual awards, they generally must follow a set of published  
12                  guidelines that ensure that the approximate target level of individual incentive is  
13                  achieved. See Schedule DC-3 for a copy of these guidelines. These decisions are  
14                  typically made by a group of Division Managers and are approved by senior  
15                  management.

16                 The individual performance component is tied to specific performance goals that  
17                  are outlined in an annual performance plan. Because these goals are linked to key  
18                  operational and customer goals, they directly benefit customers as well as shareholders.  
19                  Therefore, the costs associated with this piece of the incentive should not be disallowed.

20   **Q.   Do you have any comments regarding Staff's testimony regarding the Long-Term**  
21   **Incentive Plan under review?**

22                  Yes, I do. The comments I wish to make relate to the importance of Long-Term  
23                  Incentives for KCPL and that these incentives should be in the regulated rate structure.

1 In our survey information, Long-Term Incentives are the most prominent element of  
2 executive compensation. Long-Term Incentives make up 40% to 60% of an executive's  
3 Total Direct Compensation (salary and short-term incentives make up the balance of  
4 Direct Compensation). If Long-Term Incentive is excluded, GPE / KCPL will clearly be  
5 at a competitive disadvantage in the Company's ability to attract and retain high caliber  
6 executive talent. Having the right talent could have an even greater impact on the  
7 Company's ability to support its customers' needs.

8 The balance of my comments are, to a great extent, similar to those made related  
9 to the Short-Term Incentive Plan and incentives in general. Long-Term Incentive plans  
10 by their nature are more complex than annual plans because they are typically  
11 denominated in stock. Because of that complexity, I believe Staff witness Harris  
12 misunderstands several aspects of the plan that need additional clarity here. First, as I  
13 testified earlier, the application of financial metrics in any incentive plan is good for a  
14 number of reasons: strong financial performance can best be achieved in a utility  
15 environment by strong, sustained operational performance – this benefits customers.  
16 Furthermore, financial measures across an entire executive population are appropriate to  
17 ensure a common performance focus. Virtually all regulated utilities recognize the need  
18 for Long-Term Incentive Plans as a necessary cost of doing business and is why our  
19 survey information suggests that over 80% of all utilities have such plans and 100% of  
20 the utilities we reviewed in our review for KCPL. Secondly, Mr. Harris testifies that  
21 since Long-Term Incentives are delivered in stock, it is not cash and thus should be  
22 disallowed. The view that this is not cash may be accurate, but there is clearly an  
23 expense to any equity grant in today's corporate environment. In short, just because a



1 plan is delivered in stock does not mean that there is no associated cost. Third,  
2 Mr. Harris states that the expense in the review year reflects a 'double' payment, which  
3 again may be accurate, but it is misleading. The 'double' payment is reflective of the fact  
4 that there was no equity payment to GPE / KCPL executives in 2004 and the double  
5 payment was for both 2004 and 2005. The reason for the missed payment year was due  
6 to the development of a new plan and to ensure that this new plan was both reasonable  
7 and appropriate for GPE / KCPL customers and shareholders alike. It was responsible to  
8 KCPL customers and shareholders that the Company not hastily put in a plan in 2004  
9 until it was clearly recognized as being right for all stakeholders. This meant waiting  
10 through 2004 and putting the plan in place in 2005, which in fairness to KCPL executives  
11 warrants a 'double' payment.

12 **Q. Does that conclude your testimony?**

13 **A.** Yes, it does.

<b>NAME:</b>	<b>TITLE:</b> Shift Foreman	<b>REVIEW PERIOD</b>	
<b>DEPT:</b>	<b>LOCATION:</b>	<b>FROM:</b>	<b>TO:</b>
<b>EVALUATOR:</b>		<b>DIVISION:</b> Generation Services	

## Performance Review

### Objectives (50%)

<b>Financial (Cost control and financial responsibility)</b>			<b>Weight:</b>		
<b>Objective</b>					
<p>Help achieve budgeted capital and O&amp;M expenditures as indicated on the station-balanced scorecard. Measures and examples of activities include:</p> <ul style="list-style-type: none"> <li>Station non-fuel O&amp;M \$/kwh and station O&amp;M actual within 5% of Gen. Services Operating Budget</li> <li>Station capital actual within 10% of Gen. Services Operating Budget</li> <li>Contribute to the development of the capital and O&amp;M budget by identifying justifiable projects and system/equipment upgrades and repairs. Specific emphasis is on the 2007/2008 budget cycle.</li> <li>Maintain an awareness of current status of station budget (O&amp;M and Capital). Use that awareness in decision-making with regards to overtime, comp-time, contractor usage and material acquisitions.</li> </ul>					
<b>Mid-Year Results</b>			<b>Year-End Results</b>		
<input type="checkbox"/> Distinguished	<input type="checkbox"/> Successful +	<input type="checkbox"/> Successful	<input type="checkbox"/> Successful –	<input type="checkbox"/> Needs Improvement	<input type="checkbox"/> Unacceptable

<b>Customer (Customer focused initiatives)</b>			<b>Weight:</b>		
<b>Objective</b>					
<p>Improve station performance through activities that are customer focused. Examples of activities are:</p> <ul style="list-style-type: none"> <li>Ensure power dispatcher is informed of load reductions/de-rates in a timely manner. Also ensure the power dispatcher is kept informed of expected return to full load.</li> <li>Ensure proper action is taken to maintain environmental compliance at all time for air, water and waste policies and regulations.</li> <li>Ensure accurate and timely NERC reporting is completed.</li> <li>Ensure accurate and time plant incident reports are completed.</li> <li>Ensure unit is ready for maintenance @ outage scheduled start time (i.e., cool-down, holds placed, boiler doors opened, etc.)</li> <li>Manage and take action to maintain EFOR within 5% of Fuel Budget</li> </ul>					
<b>Mid-Year Results</b>			<b>Year-End Results</b>		
<input type="checkbox"/> Distinguished	<input type="checkbox"/> Successful +	<input type="checkbox"/> Successful	<input type="checkbox"/> Successful –	<input type="checkbox"/> Needs Improvement	<input type="checkbox"/> Unacceptable

<b>Internal (Process improvements and efficiencies)</b>			<b>Weight:</b>		
<b>Objective</b>					
Engage in activities that provide station process improvements and performance and efficiency improvements. Examples include: <ul style="list-style-type: none"> <li>• Ensure weekly equipment changes are done.</li> <li>• Ensure timely, accurate and thorough work requests are submitted.</li> <li>• Monitor and maintain and awareness of controllable losses and take action to minimize when possible.</li> <li>• Take action to optimize station heat rate.</li> <li>• Take action to minimize EAL due BTF. (ex., control unit ramp rate, ensure sound sootblowing practices, control SH &amp; RH temps., maintain cycle chemistry limits, etc.)</li> <li>• Participate in the weekly planning process.</li> <li>• Contribute to maximizing station net gen. &amp; EAF. (ex., Identify equip. problems before they cause a de-rate, return unit to full load in a timely fashion)</li> <li>• Consistently perform and document housekeeping walk downs for your assigned area of responsibility and ensure actions are taken to maintain station cleanliness</li> </ul>					
<b>Mid-Year Results</b>			<b>Year-End Results</b>		
<input type="checkbox"/> Distinguished	<input type="checkbox"/> Successful +	<input type="checkbox"/> Successful	<input type="checkbox"/> Successful –	<input type="checkbox"/> Needs Improvement	<input type="checkbox"/> Unacceptable

<b>Learning &amp; Innovation (Employee development and involvement)</b>			<b>Weight:</b>		
<b>Objective</b>					
Contribute to learning and innovation for the station. Examples of activities include: <ul style="list-style-type: none"> <li>• Identify and complete one training objective.</li> <li>• Participate in activities that support training and safety such as DCS enhancements, PID updates, automated hold program, etc.</li> <li>• Attend fire brigade leader and confined space rescue refresher training.</li> <li>• Conduct effective shift briefings and provide other safety management actions (impromptu meetings, counseling, sponsor personal safety awareness program, etc.) that ensures an OSHA incident rate of 3.18 or less.</li> <li>• Ensure supplemental training is scheduled and completed in accordance with JATC guidelines.</li> <li>• Improve and enhance internal communications. Examples of this include communication across shifts, communication with other station departments, providing updates on status of the station, division and corporate balanced scorecard, etc.</li> <li>• Conduct and document an annual employee safety review for each employee you are assigned. Coordinate with Plant Services representatives any required training that is identified through this process</li> <li>• Submit and complete one approved safety recommendation.</li> <li>• Attend a minimum of 11 Monthly Safety Meetings and participate in other safety initiatives (PPE Audits, Accident &amp; Near Miss investigations, OSHA type inspections, and other safety training programs).</li> </ul>					
<b>Mid-Year Results</b>			<b>Year-End Results</b>		
<input type="checkbox"/> Distinguished	<input type="checkbox"/> Successful +	<input type="checkbox"/> Successful	<input type="checkbox"/> Successful –	<input type="checkbox"/> Needs Improvement	<input type="checkbox"/> Unacceptable

## Competencies (50%)

### IDEAL

<b>I Inspired Leadership</b>			<b>Weight 10%</b>		
Individuals at all levels guide with a passionate style that encourages others to succeed. This means the employee: <ul style="list-style-type: none"> <li>◆ Preserves values that demonstrate high integrity</li> <li>◆ Leads by example and obtains results through teamwork</li> <li>◆ Encourages honesty and openness</li> <li>◆ Creates an environment where trust can grow</li> <li>◆ Becomes less adverse to risk</li> <li>◆ Encourages innovation at all levels for greater personal satisfaction and company success</li> </ul>					
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<b>D Disciplined Performance Management</b>			<b>Weight 10%</b>		
Employees give their best effort, understand what needs to be done to accomplish a goal, and regularly deliver "Tier 1" performance. This means the employee: <ul style="list-style-type: none"> <li>◆ Strengthens our spirit of teamwork and collaboration across all departments</li> <li>◆ Develops long-term skills, including personal growth, necessary to improve performance through training and development</li> <li>◆ Considers the impact of individual work beyond one's own group</li> <li>◆ Has a clear understanding of job expectations and the connection between their work and organizational strategy</li> </ul>					
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<b>E Engaged</b>			<b>Weight 10%</b>		
Everyone at Great Plains Energy takes pride in their work, knows their contributions are vital to the Company, and strives for a healthy work-life balance. This means the employee: <ul style="list-style-type: none"> <li>◆ Works across departments to create customer-driven solutions</li> <li>◆ Has a "Let's try this" attitude</li> <li>◆ Creates an environment of diversity and inclusiveness</li> <li>◆ Endeavors to create an environment in which everyone can "enjoy" their work</li> </ul>					
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<b>A Accountability</b>		<b>Weight 10%</b>			
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<b>NAME:</b>	<b>TITLE:</b> Field Construction Supervisor	<b>REVIEW PERIOD</b>	
<b>DEPT:</b>	<b>LOCATION:</b>	<b>FROM:</b>	<b>TO:</b>
<b>EVALUATOR:</b>		<b>DIVISION:</b> Distribution Operations	

## Performance Review

### Objectives (50%)

<b>Financial (Cost control and financial responsibility)</b>			<b>Weight: 12.5%</b>		
<b>Objective</b>					
Implement our work plans in Field Operations to achieve the financial metrics in our Distribution Scorecard:  O&M Cost per Customer - \$19.22 Total Cost per Customer - \$81.85					
<b>Mid-Year Results</b>			<b>Year-End Results</b>		
<input type="checkbox"/> Distinguished	<input type="checkbox"/> Successful +	<input type="checkbox"/> Successful	<input type="checkbox"/> Successful –	<input type="checkbox"/> Needs Improvement	<input type="checkbox"/> Unacceptable

<b>Customer (Customer focused initiatives)</b>			<b>Weight: 12.5%</b>		
<b>Objective</b>					
Monitor project construction and track status, see that work is assigned and manage crews to achieve the following Customer Satisfaction Goals:  JD Powers Rating (Res) : 97 - 101 New Projects (STORMS) In-Service Dates Achieved - 95% CAIDI (Southland) : 81.1					
<b>Mid-Year Results</b>			<b>Year-End Results</b>		
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<b>Internal (Process improvements and efficiencies)</b>			<b>Weight: 12.5%</b>		
<b>Objective</b>					
<p>Build a positive business relationship with all internal departments and gain an understanding of how your workforce activities impact others.</p> <p>Spend 1 day/quarter in field with scheduling coordinator and planning supv to review projects and build teamwork.</p> <p>I3.1 : Create a common understanding of the performance metrics that will improve productivity of KCPL crews and contractors by creating a crew efficiency rating of 80%.</p> <p>Report crew productivity measures to all employees.</p>					
<b>Mid-Year Results</b>			<b>Year-End Results</b>		
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<b>Learning &amp; Innovation (Employee development and involvement)</b>			<b>Weight: 12.5%</b>		
<b>Objective</b>					
<p>(Build a Winning Culture within Field Operations that promotes Safety as a central value to our daily lives. Help employees to identify areas where training and learning will build personal morale and confidence to help achieve the GPE IDEAL.)</p> <p>L1.1: Ensure safety is engrained at all levels of the organization. Build upon the DuPont safety initiatives. Reinforce the value of field safety by performing at least 6 safety checks each month.</p> <p>Other Goals: Supv perform joint audits with Supt. &amp; Safety Coordinator 4 days/year; Supv/Union Safety Rep perform joint audits 2 days/year Achieve an OSHA incident rate at or below 4.0. (Division)</p> <p>L2.1 Develop leadership skills by implementing innovation project to 75% completion.</p> <p>Develop a program for our all center meeting in which we talk about all the positive things we do on a daily basis that impacts our performance. Engage our employees to talk about those positive things and tie that back to "GPE IDEAL" and the "Winning Culture" we are working towards. Along the way devising a way to measure how successful these group sessions have been.</p> <p>Participate in three classes and or seminars to strengthen my management skills.</p>					
<b>Mid-Year Results</b>			<b>Year-End Results</b>		
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## **SCHEDULE DC-3**

**THIS DOCUMENT CONTAINS  
HIGHLY CONFIDENTIAL  
INFORMATION NOT AVAILABLE  
TO THE PUBLIC**

In the Matter of the Application of Kansas City  
Power & Light Company to Modify Its Tariff to  
Begin the Implementation of Its Regulatory Plan )  
 ) Case No. ER-2006-0314  
 )

**STATE OF MISSOURI            )**  
                                       **) ss**  
**COUNTY OF JACKSON          )**

1. My name is David Cross. I work in Philadelphia, Pennsylvania, and I am employed by Mercer Human Resource Consulting and am a Principal with the firm.

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.

David Cross

Bela Jekes  
Notary Public

**BELVA FELKER** REG. No. 5075306  
NOTARY PUBLIC, STATE OF NEW YORK  
QUALIFIED IN STEUBEN COUNTY  
My Commission Expires March 31, 2007

