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STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

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TRANSCRIPT OF PROCEEDINGS

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True-Up Hearing

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November 16, 2006  
Jefferson City, Missouri

8  
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Volume 15

10 In the Matter of the Application       )  
of Kansas City Power & Light       )  
11 -Company for Approval to Make       )Case No. ER-2006-0314  
Certain Changes for Electric       )  
12 Service to Begin the Implementation )  
Of Its Regulatory Plan,               )

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RONALD D. PRIDGIN, Presiding  
SENIOR REGULATORY LAW JUDGE  
16 JEFF DAVIS, Chairman,  
COMMISSIONER

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1 P R O C E E D I N G S

2 JUDGE PRIDGIN: Good morning. We're on the  
3 record. This is the true-up hearing in Case No.  
4 ER-2006-0314.

5 Because I already have oral entries of  
6 appearance from counsel, I see no reason to go through  
7 that again. I see some counsel still doing some written  
8 entries.

9 Unless counsel has anything to bring to my  
10 attention, what I'd like to do is go through the witnesses  
11 who are listed on Staff's true-up witness list and see if  
12 there are any witnesses who could be excused if counsel  
13 don't have any cross-examination for them.

14 And then once we clear that up, start going  
15 issue by issue as listed on Staff's pleading starting with  
16 employee levels, then going on to regulatory plan,  
17 amortization, et cetera, kind of like we did in the  
18 evidentiary hearing just going issue by issue.

19 So is there anything from counsel before --  
20 before we start going through and seeing if there are any  
21 witnesses who can be excused? Mr. Fischer?

22 MR. FISCHER: Judge, I would note that KCPL also  
23 filed some surrebuttal test -- or excuse me -- rebuttal  
24 testimony of Lora Cheatum under the employee levels, first  
25 issue.

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1 JUDGE PRIDGIN: Yes, sir.

2 MR. FISCHER: But as far as the other witnesses  
3 that are listed at the bottom of the page, we -- we can  
4 waive all of those witnesses. My only cross today, I  
5 believe, will be of Mr. Traxler.

6 JUDGE PRIDGIN: Thank you. It sounds like  
7 KCP&L, then, would waive cross of Mr. Barnes, Mr. Bender,  
8 Ms. Bolin, Mr. Hyneman, Mr. Lange, Ms. Maloney I,  
9 Mr. Taylor and Mr. Wells; is that correct?

10 MR. FISCHER: And I also neglected to mention  
11 that we filed rebuttal testimony of Michael Schnitzer as  
12 well.

13 JUDGE PRIDGIN: Yes, sir. On -- on the  
14 amortizations; is that correct?

15 MR. FISCHER: On the -- on the -- the off  
16 systems sales update information, it's not --

17 MR. JUDGE PRIDGIN: Okay. Excuse me.

18 MR. FISCHER: I don't think a true-up issue.

19 JUDGE PRIDGIN: Okay. Does anyone wish cross of  
20 those Staff witnesses that I just named?

21 MR. CONRAD: No.

22 JUDGE PRIDGIN: Okay. Seeing none, I --  
23 Mr. Dottheim, if you'd let them know that they're --  
24 they're relieved?

25 MR. DOTTHEIM: Will do.

1 JUDGE PRIDGIN: All right. Thank you. Anything  
2 else counsel wants to bring up before we begin  
3 cross-examination of Mr. Rush on employee levels September  
4 30th, 2006?

5 MR. CONRAD: Judge, it was mentioned, I believe,  
6 by Mr. Fischer that he expected to have some cross for  
7 Mr. Traxler. And I was just inquiring. There has been,  
8 you know, some circulation of the -- of the document with  
9 respect to that issue. And I don't know if it -- this was  
10 something that was mentioned, I believe, in your -- in  
11 your order. But I just wondered if it might be helpful to  
12 have an update of the status of that or --

13 MR. FISCHER: My comments, actually, Judge, were  
14 related only to the payroll issue. I wasn't going to  
15 cross on the amortization issue.

16 MR. CONRAD: I thought I heard someone mention,  
17 perhaps it was the Judge, about amortization.

18 JUDGE PRIDGIN: Well, I think the amorization issue  
19 was strictly on the off balance sheet risk factor, whether  
20 it was 15 versus 10 percent.

21 MR. CONRAD: I -- I apologize.

22 JUDGE PRIDGIN: That's quite all right.

23 MR. DOTTHEIM: And that -- that issue is not  
24 part of the stipulation and agreement that is being worked  
25 upon by several of the parties.

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1 JUDGE PRIDGIN: Okay.

2 MR. DOTTHEIM: And the Office of Public Counsel  
3 may -- may have some cross in that area.

4 JUDGE PRIDGIN: Okay. Thank you.

5 MR. FISCHER: Judge, did you also want to  
6 introduce our true-up exhibits? How did you want to  
7 handle that?

8 JUDGE PRIDGIN: Well, let's -- let's go ahead  
9 and -- and -- and mark those, I guess. And I -- I think  
10 it would be easier if we just continue from where we left  
11 off in the evidentiary hearing.

12 And I have KCP&L would be up to No. 54. Staff  
13 would be up to No. 153, and OPC up to No. 219. Are there  
14 any other parties that had exhibits? It looks like most  
15 of these are -- are Staff exhibits, and so I'll leave it  
16 to -- to counsel.

17 If you want to go ahead and -- and enter these,  
18 we can go off the record real quickly and we can do that,  
19 or if you just want to go through as we -- as we put the  
20 witnesses on. I mean, it sounds like nobody's going to  
21 have any cross for -- for a lot of those. So, you know,  
22 however counsel wants to proceed.

23 MR. PHILLIPS: Judge, could I ask you a  
24 question?

25 JUDGE PRIDGIN: Mr. Phillips.

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1           MR. PHILLIPS: At the bottom of the first page  
2 of the true-up witness list appears Staff accounting  
3 schedules. Is someone supporting that? Is there a  
4 witness that's supporting that?

5           MR. DOTTHEIM: Mr. Traxler is supporting the  
6 Staff accounting schedules.

7           MR. PHILLIPS: Okay. Thank you.

8           MR. DOTTHEIM: And there -- there also was  
9 another issue that was -- that was listed, and that was  
10 the Spearville Wind facility, an invoice for \$970,000  
11 approximately. Staff is not pursuing that as an issue, so  
12 that is no longer an issue. Staff is treating that  
13 invoice as being recoverable.

14          JUDGE PRIDGIN: Okay. Would any other parties,  
15 then, have any cross on -- for Mr. Elliott or for Mr. Rush  
16 on that Spearville Wind project issue?

17          MR. MILLS: No.

18          JUDGE PRIDGIN: Okay. So we can eliminate that,  
19 sounds like? Okay.

20          MR. FISCHER: Judge, given the fact there are a  
21 lot of witnesses that don't actually have to take the  
22 stand, including Mr. Schnitzer, I think maybe we could  
23 just introduce that into -- or introduce the -- mark the  
24 exhibits, introduce it -- mark the exhibits and introduce  
25 them up front like we did at the beginning of the rate

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1 case.

2 JUDGE PRIDGIN: That's fine. It might be --  
3 we'll give the court reporter a little break. Let's go  
4 off the record briefly and get the exhibits marked. And  
5 if you want to introduce those after those have all been  
6 marked and everybody's aware of the numbers, that way she  
7 can -- she can label these things without staying on the  
8 record. So let go off the record briefly.

9 (Break in proceedings.)

10 JUDGE PRIDGIN: We're back on the record. We  
11 went off simply to mark exhibits. And, Mr. Fischer,  
12 anything from you or from other counsel before Mr. Rush  
13 takes the stand on employee levels?

14 MR. FISCHER: Yes, your Honor. I'd like to make  
15 a brief opening statement on -- on the payroll issue.

16 JUDGE PRIDGIN: All right. Whenever you're  
17 ready.

18 OPENING STATEMENT

19 BY MR. FISCHER:

20 MR. FISCHER: Good morning. May it please the  
21 Commission. My name is Jim Fischer, and I'm here to  
22 represent Kansas City Power & Light in this true-up  
23 proceeding.

24 I also have with me today two witnesses on this  
25 issue, Tim Rush, who you've previously heard testify in



1 the case, as well as Mrs. Lora Cheatum, Kansas City Power  
2 & Light's Vice President for Administrative Services,  
3 which also includes Human Resources.

4 We finally arrived at the last day of the KCP&L  
5 rate case, and we're here today to talk about the  
6 remaining issues in the true-up proceeding.

7 And I'd like to focus just a minute on the  
8 payroll annualization issue that's the first issue we're  
9 going to hear this morning. KCP&L and Staff have a  
10 difference of opinion about whether 113 employees and  
11 their wages and salary should be included into the revenue  
12 requirement.

13 This issue involved the exclusion of  
14 approximately \$6.3 million from the revenue requirement on  
15 a total company basis. As Tim Rush will testify, the  
16 purpose of the true-up is to include all costs that are  
17 known and measurable.

18 The Kansas City Power & Light regulatory plan  
19 was an attempt to recognize that cash is critical to the  
20 company to meet the credit ratios during a major  
21 construction program in order to stay investment grade  
22 rated.

23 The company needs a realistic opportunity to  
24 earn its rate of return. To the extent that known and  
25 measurable changes and expenses are excluded as Staff is

1 proposing to do in its payroll annualization in its  
2 true-up proceeding, the company will fall short of its  
3 cash requirements, and it won't have a realistic  
4 opportunity to earn its return on equity.

5 For purposes of illustration, I'd like to refer  
6 to schedule TMR-4, which is attached to Mr. Rush's direct  
7 true-up testimony. And I've got a color version of that  
8 because it's a little easier to read. If -- perhaps I  
9 should mark it as a separate exhibit.

10 Also, we've got a blown-up version of this just  
11 so we can talk about it and see it from the Bench. Can  
12 everybody see that?

13 MR. MILLS: No.

14 MR. FISCHER: At the end of September 2006, the  
15 company had full-time equivalent employees of 2,110 who  
16 were at KCP&L job sites. The company also had outstanding  
17 113 employees who had offers from Kansas City Power &  
18 Light that had been accepted, but these employees had not  
19 yet reported to the job site.

20 It's these 113 employees that Staff is proposing  
21 to exclude from the revenue requirement in this case. The  
22 sum of the 2,110 employees who are working on site and the  
23 113 employees who had accepted offers from KCPL totals  
24 2,223 employees.

25 KCPL is requesting that these 2,223 employees

1 and their wages and salaries be included in the revenue  
2 requirement while Staff is proposing to only include 2,110  
3 who are working on site as of September 30, 2006.

4 Now, if we look at the schedule, TM4- -- R-4,  
5 the number of employees who were working at the job site  
6 in September is reflected in the pink bar graph on the  
7 column labeled September '06 six. That would be right  
8 here. September '06. And this pink part of the graph  
9 reflects the 200 -- 2,110 employees that were on site.

10 The blue -- the blue bar graph on that column  
11 represents the 113 KCPL employees who had accepted offers  
12 but had not started working on site as of September 2006.  
13 Some of these employees were just awaiting their  
14 agreed-upon start dates. Others were also waiting the  
15 completion of medical and background checks.

16 Mrs. Cheatum is available today to discuss the  
17 details of those various situations. She can also update  
18 the Commission on the number of employees that are on KCPL  
19 job sites today.

20 Now, if we compare the level of employees that  
21 were working on the KCPL job sites at the end of September  
22 2006 to the rest of the historic levels that are depicted  
23 on that exhibit, we'll find that September 2006, the level  
24 of 2,110 employees that Staff is recommending be included  
25 in the rates is actually the lowest level that existed

1 throughout the period with the exception of April 2006,  
2 which is right here.

3 As Mr. Traxler pointed out in his testimony,  
4 KCPL initiated a work force realignment in March of 2005  
5 which resulted in the termination of approximately 118  
6 employees as of March 31, 2006. That's the reason for the  
7 dramatic drop between March of 2006 and April of '0 -- of  
8 2006.

9 But as the Commission can also see, Kansas City  
10 Power & Light quickly rehired the folks that were replaced  
11 in that realignment in June and July. And by July, they  
12 had actually exceeded the number of employees in terms of  
13 head count that existed in March before the realignment  
14 occurred.

15 In May and June, the KCPL employee head count  
16 had climbed back up to the levels that existed prior to  
17 the work force realignment. And by July, as I mentioned,  
18 the number of employees had actually exceeded the level  
19 that had existed prior to the termination of these 118  
20 employees. They quickly reacted to replace those  
21 employees and get the work force back up to the level that  
22 they needed to operate the company.

23 Okay. Well, that explains the drop between  
24 March and April. But why is there a drop between August  
25 and September? Mrs. Cheatum explains in her testimony

1     that 50 employees decided to retire in late August and  
2     September. Why so many in August and September? Well,  
3     under KCPL's retirement plan, the interest rate paid on  
4     Treasury bills has a direct impact on the value of the  
5     lump sum option that employees receive when they retire.

6             In August of each year, this interest rate  
7     becomes known for the upcoming year, beginning on October  
8     1st. Once employees know what the next year's Treasury  
9     bill interest rate will be, they can determine whether  
10    they would be better off financially to retire by the end  
11    of September or wait until the new interest rate goes into  
12    effect the following retirement year.

13            But they have to make that decision before the  
14    beginning of the next retirement year, which is October  
15    1st. In effect, the employees have a very short window to  
16    decide whether they will retire between the time the  
17    interest rate is known in August and the end of September  
18    when the retirement year ends.

19            Once they make that decision, they inform the  
20    company of their retirement plans and their eminent  
21    departure only a week or two prior to their departure  
22    date.

23            When the interest rate was announced in August  
24    of 2006, 50 employees made the decision to leave before  
25    the end of September because it was going to be

1 financially better for them if they left during the  
2 current retirement year.

3           In addition, there's always normal turnover.  
4 For example, Mrs. Cheatum, testifies that KCPL had added  
5 176 employees between May and September of this year and  
6 had terminated or retired 120 employees. Some of those  
7 numbers would be reflected as well.

8           Now, as you can see from the bar graph for  
9 October of 2006, the company had already moved to replace  
10 many -- most of the folks that had left. The pink graph  
11 indicates that approximately 2,160 employees were working  
12 on site in October of 2006. Actually, that exceeds the  
13 number that was in September.

14           And the -- there were additional offers extended  
15 to bring the work force to a total head count of over 2200  
16 in October. Now, from KCPL's perspective, it doesn't make  
17 any sense to choose a level of employees that is  
18 artificially low due to the retirement cycle and annualize  
19 the payroll using an unusually low number, at least if the  
20 Commission is attempting to find a representative number  
21 of employees based upon test year information that will be  
22 needed by KCPL for the upcoming year in which the rates  
23 are in effect.

24           If we look back on this historic period, we'll  
25 find that the KCPL head count exceeded 2,110, which is

1 being proposed by the Staff in every single month of the  
2 2005 year. And no party has suggested that any of these  
3 employees were unnecessary or should be disallowed during  
4 that period.

5 If we also look at the update period that was  
6 used in this case, KCPL's actual head count exceeded the  
7 2,110 employees being proposed by the Staff in every month  
8 except April. And I've already explained why that April  
9 employee number is unusually low and is an anomaly. That  
10 was the month that the work force realignment became  
11 effective and occurred in the spring of 2006.

12 And no party in this case has suggested that  
13 these employee levels were inappropriate and that the  
14 wages and salaries during that update period should be  
15 disallowed in any way.

16 Now, from KCPL's perspective, it doesn't make  
17 sense to focus on one day of the year, September 30th,  
18 2006, and ignore the rest of the employee history in  
19 determining the level of payroll to be included in the  
20 case.

21 The Commission shouldn't mechanically apply the  
22 Staff's methodology for updating test year to payroll when  
23 the results are that KCPL will be short 113 people and  
24 their wages and salaries that they need to operate the  
25 company in the upcoming year.

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1           As the Commission knows, KCPL is ramping up to  
2   complete its comprehensive energy plan that includes 1.3  
3   billion dollars of investments, including the construction  
4   of IATAN II, the upgrading of environmental equipment at  
5   other power plants and numerous customer programs.

6           It's not unreasonable to expect that this  
7   massive undertaking is going to take a modest increase in  
8   the number of employees that KCPL has historically  
9   employed. It's certainly not reasonable to expect that  
10   KCPL should complete this program with fewer employees  
11   than it had throughout the test year period or the update  
12   period.

13           But that would be the implication if the  
14   Commission slices 113 people and their wages and salaries  
15   from KCPL's revenue requirement.

16           Thank you for your attention today. I look  
17   forward to your questions, and I would call Tim Rush if  
18   there aren't any other opening statements.

19           JUDGE PRIDGIN: Mr. Fischer, thank you.  
20   Anything else from counsel before Mr. Rush stands cross?  
21   Mr. Dottheim.

22                           OPENING STATEMENT

23   BY MR. DOTTHEIM:

24           MR. DOTTHEIM: I have not prepared an opening  
25   statement. The Staff, in the testimony of Mr. Traxler,



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1 both his true-up direct and true-up rebuttal, has an  
2 executive summary which I think very nicely summarizes the  
3 Staff's position on this issue.

4 What I would suggest to the Commission in light  
5 of Mr. Fischer's opening statement is that what KCPL is  
6 proposing regarding a true-up year period is unique. What  
7 KCPL is proposing is actually not a cutoff at a true-up  
8 date, but, in essence, going actually up until the  
9 operation of law day.

10 Also, I would suggest to the Commission that  
11 when it hears terms such as individuals have accepted  
12 employment that the Commission look very closely at what  
13 the definition of that term is; that is, the term accepted  
14 employment and KCPL having given an employee -- a  
15 prospective employee a salary based upon that individual  
16 taking employment does not mean that that individual  
17 actually will start work.

18 There are other items that are intervening, such  
19 as background checks performed by KCPL and medical checks.  
20 So I would suggest to the Commission that the terminology  
21 that is used on this issue and that is -- that is used in  
22 the -- in the testimony cannot just be casually reviewed.  
23 Thank you.

24 JUDGE PRIDGIN: Mr. Dottheim, thank you.  
25 Anything further from counsel before Mr. Rush stands cross

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1 on this issue? Okay. If there's nothing further,  
2 Mr. Rush, if you'll come forward to be sworn, please

3 TIMOTHY RUSH,  
4 being first duly sworn to testify the truth, the whole  
5 truth, and nothing but the truth, testified as follows:

6 DIRECT EXAMINATION

7 BY MR. FISCHER:

8 JUDGE PRIDGIN: Thank you so much. If you  
9 would, please have a seat. Mr. Fischer, any corrections  
10 or anything to clean up before he's tendered for cross?

11 MR. FISCHER: Yes, your Honor. I believe there  
12 is one correction.

13 Q (By Mr. Fischer) Is that correct, Mr. Rush?

14 A That's correct.

15 Q Would you explain on the record what that  
16 correction would be?

17 A Yes. On -- in my direct true-up testimony, on  
18 page 20 -- on page 9, line 22, where it starts out in the  
19 -- towards the end of that line, it says, Five of those  
20 113 offers were made after September 30th, the five should  
21 have been three. And that's the only correction I have.

22 MR. FISCHER: And with that, your Honor, I  
23 tender him for cross.

24 JUDGE PRIDGIN: All right. Mr. Fischer, thank  
25 you. Mr. Dottheim, do you wish cross?

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1           MR. DOTTHEIM: Yes. If you -- if I could have a  
2 moment, please.

3           JUDGE PRIDGIN: Certainly. Any other counsel  
4 wish cross of Mr. Rush? Mr. Mills? Mr. Mills, when  
5 you're ready.

6           MR. MILLS: Okay.

7                           CROSS-EXAMINATION

8 BY MR. MILLS:

9       Q     Mr. Rush, how long have you been at KCPL?

10      A     I believe it's February of 2001 I started  
11 employment.

12      Q     Okay. Do you recall any other period of time  
13 since you've been at KCPL in which KCPL had over 100 job  
14 offers out on the table?

15      A     No, I'm not.

16      Q     Now, looking at your schedule -- I believe it's  
17 TRM-4. It's the one on the easel that Mr. Fischer talked  
18 about in his opening statement.

19      A     Right.

20      Q     If you look at the period from through September  
21 of '05, you see that the -- the similar sort of decline  
22 that you see from in July as you see in September of '06;  
23 is that correct?

24      A     Yes.

25      Q     But yet for the remainder of '05, the employee

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1 levels didn't show any kind -- a piece of -- of anything  
2 even remotely resembling the boost that occurs from August  
3 to September of '06; is that not correct?

4 A Yes. I think Ms. Cheatum might be able to  
5 explain that a little better. But I -- as I understand  
6 it, in the June through August period, the '05 period that  
7 you're talking about, there are student employees and  
8 others that come on during the summer period about a  
9 level.

10 And while that happens in '06, we still were in  
11 the process of ramping up employee levels. I -- you know,  
12 as you said, I've been here six years, and I don't  
13 remember a time where we've gone through the hiring  
14 process that we have experienced. Maybe it's because of  
15 the aging employees. I'm not -- honestly, I don't know  
16 the answers to all those things.

17 Q Okay. Now, if we were to -- would there not  
18 have been in each one of these -- the bars on this entire  
19 graph from January '05 through October '06, would there  
20 not have been offers extended in -- in almost all, if not  
21 all of those periods?

22 A I'm -- I'm sure there are.

23 Q Just because of normal turnover?

24 A Yes.

25 Q But you didn't bother to show that on this

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1 chart. Why is that?

2 A I didn't -- that wasn't the issue at hand that I  
3 was trying to address. We sure -- obviously, we could  
4 have done that. And I think it would have been a much  
5 smaller quantity from what I can recollect. And maybe Ms.  
6 Cheatum could address that, too.

7 Q And -- and why do you believe that wasn't  
8 relevant in the earlier periods?

9 A Because I don't think that the company has  
10 experienced anything like it has in -- in the immediate  
11 time. I think one of the things that, you know, we've  
12 argued and addressed in the case is, quite frankly, that  
13 picking the month of September and then saying the 30th  
14 when all the occurrences have occurred, as Mr. Fischer  
15 talked about, is the concern we have.

16 You know, we need to look at the whole picture  
17 and the test period. We need to define what are the  
18 employment requirements to be able to meet both what's  
19 going on today and what's going to happen with the  
20 construction activity going on.

21 Q Okay. Now, in terms of the positions that  
22 you've made offers on, what sort of penalty will the  
23 prospective employee face if they don't -- if they later  
24 decide not to take the offer they've accepted?

25 A I -- I don't know that.

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1 Q You don't know that they face any penalty?

2 A I -- I don't know the circumstances of the  
3 offers extended. I don't -- Ms. Cheatum would probably  
4 know that.

5 MR. MILLS: Okay. That's all the questions I  
6 have.

7 JUDGE PRIDGIN: Mr. Mills, thank you.  
8 Mr. Dottheim?

9 MR. DOTTHEIM: Yes, thank you.

10 CROSS-EXAMINATION

11 BY MR. DOTTHEIM:

12 Q Good morning, Mr. Rush.

13 A Good morning.

14 Q Mr. Rush, if you could, turn to page 9 of your  
15 direct true-up testimony.

16 A Okay.

17 Q And I'd like to -- to direct you to lines 21 and  
18 22 --

19 A All right.

20 Q -- where you state, The company had outstanding  
21 113 employees who had offers extended and accepted but had  
22 not yet reported to the job site.

23 A That's correct.

24 Q You're not using as the date for that statement  
25 the end of September, are you?

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1           A     I was, with the exception of my next sentence,  
2     which says, Three of those 113 offers were made after  
3     September -- September 30th. The other 110 were made  
4     prior to October 1.

5                     There are a number -- you know, Mr. Traxler  
6     addresses -- Ms. Cheatum addresses it, too, about what's  
7     extended, what's accepted and, you know, what's contingent  
8     on certain things.

9           Q     All right. We're going to get into that.  
10    Mr. Rush. Thanks.

11          A     I'm sure we will.

12                     MR. DOTTHEIM: If I -- if I may approach  
13    Mr. Rush --

14                     JUDGE PRIDGIN: You may.

15          Q     (By Mr. Dottheim) I'm going to -- I'm going to  
16    hand Mr. Rush some work papers from the company's true-up  
17    direct testimony.

18                     MR. DOTTHEIM: And I have some copies for -- for  
19    counsel, which I'll also distribute. So if I might have a  
20    moment, please.

21                     JUDGE PRIDGIN: Certainly.

22          Q     (By Mr. Dottheim) Mr. Rush, have you had an  
23    opportunity to review the document that I've handed to  
24    you?

25          A     I'm looking at it. Yes.

1618

1 Q Do you recognize it?

2 A Yes, I do. I kind of thought -- I mean, I  
3 understand the general frame work. I thought it was in a  
4 different order. I thought it was one through 110. But I  
5 could under -- I mean, I generally understand what the  
6 document is.

7 Q Can you identify the document?

8 A Well, it looks like the -- a work paper that was  
9 provided as part of our payroll annualization associated  
10 with the true-up in this document -- in this docket.

11 Q I'd like to refer you to the -- to the column  
12 titled Offer Accepted, and I'd like to refer you to the --  
13 to the second page of that particular -- well, let me ask  
14 you, on the first -- on the first page --

15 A I'm sorry. I'm trying to find it. Okay. I'm  
16 with you. Yes. All right.

17 Q Okay. On -- on that -- this docket -- document,  
18 there is a column that is labeled Candidate, is there not?

19 A Yes.

20 Q Do you know, would that be the prospective or --  
21 employee?

22 A That's the employee that we're talking about,  
23 yes.

24 Q Okay. And on the first page where it says,  
25 Offer Accepted, on the first page, is there in every --



1619

1 for every line item for every individual a date?

2 A Yes.

3 Q Okay. And what is your understanding of what  
4 that date indicates?

5 A You mean the Offer Extended date?

6 Q Yes.

7 A Well, I -- I'm not -- I was not involved with  
8 processing it. But my assumption is that it was the date  
9 the offer was extended.

10 Q Okay. And there's a column Offer Accepted, is  
11 there not?

12 A That's correct.

13 Q And what is your understanding of the dates that  
14 appear in the Offer Accepted column?

15 A Again, I'm not -- don't know exactly, but my  
16 guess is it was the date the offer was accepted.

17 Q And on the -- the -- the first page, there is a  
18 -- there is a date in every column for an individual for  
19 Offer Accepted, is there not?

20 A That's right.

21 Q All right. I'd like to ask you to turn to page  
22 2.

23 A Okay.

24 Q Let me ask you, do you know whether Ms. Cheatum  
25 would be more familiar with this document?

1           A     My guess is she would be more familiar with the  
2 document. I can try to answer your questions.

3           Q     Okay. Let's see -- let's see how far we go, how  
4 far you're comfortable --

5           A     Okay.

6           Q     -- and maybe how far your counsel is -- is  
7 comfortable in that you've indicated that maybe Ms.  
8 Cheatum is more knowledgeable about -- about this  
9 document.

10                     But on -- on page 2, there is a -- for that  
11 page, there is an Offer Accepted column, is there not?

12           A     Right.

13           Q     And for the individuals listed on -- on that  
14 page, there -- for two individuals, there is the word  
15 Pending, is there not?

16           A     That's right.

17           Q     Okay. What is your understanding of that term,  
18 Pending, as it is used in this document or likely used in  
19 this document?

20           A     My assumption is the employee has not -- has not  
21 confirmed through a form of acceptance that they have  
22 taken the position.

23           Q     Okay. Do you know whether this document  
24 comprises the 113 individuals that are at issue in this  
25 part of the proceeding?

1621

1           A     I know a document like this was given to the  
2     Staff that contained the 113. My assumption is this is  
3     the same document, so yes.

4           Q     And I'd like you to turn to page 3.

5           A     All right.

6           Q     And in the column Offer Accepted on page 3, the  
7     word Pending appears --

8           A     Right.

9           Q     -- for -- for the line item for one individual.

10          A     On page 3, I thought there were two pendings.

11          Q     Okay. I think we just discussed that on page 2,  
12     there were two pending, are you saying? On my page 3, I  
13     see one pending.

14          A     On my page 3, I see two pending. No. 92 on the  
15     list if you look.

16          Q     Yes. I'm sorry. You're correct.

17          A     And No. 2, if you'll look on the left.

18          Q     Okay. You're correct. And then on page 4 -- if  
19     you'd turn to page 4. And could you identify -- or how  
20     many individuals in the Offer Accepted column is the word  
21     Pending?

22          A     I believe there's one. I think there's a total  
23     of six in this total package.

24          Q     Okay. And, again, your understanding of the  
25     word Pending is --

1622

1           A     As I said, I think it's people that have not  
2     accepted an offer as of 9/30/2006, but had had an offer  
3     extended to them. And the expectation was that they would  
4     accept the position.

5           Q     I'd like to refer you to another column --

6           A     Okay.

7           Q     -- in that -- that document that has the heading  
8     Start Date.

9           A     Right.

10          Q     Yeah. Can you identify what that term Start  
11     Date means?

12          A     As I understand, it's the date the employee has  
13     agreed to commence that we have passed the process that --  
14     that the employee has passed the process of both a  
15     background and a medical check, which makes them available  
16     for assignment to duty at a job site.

17          Q     Okay. And in the column Start Date, there in  
18     many instances are a date -- a date is shown?

19          A     That's correct.

20          Q     And what would be your understanding of that  
21     date that is actually shown?

22          A     That would be the date they would report to the  
23     job site, the employee will start -- report then.

24          Q     Are there in any instances something other than  
25     a date shown?

1623

1           A     Yes.

2           Q     And what -- what is shown in those other  
3 instances when a date is not shown?

4           A     There is an area called Pending M/B stated on a  
5 number of those.

6           Q     And what is your understanding of the term  
7 Pending M/B?

8           A     That represents pending a medical and background  
9 check of which the company performs and the employee goes  
10 through a process to assure they are fit for duty and  
11 passed the background check.

12          Q     Does an individual actually become employed by  
13 KCPL until they pass that background check and medical  
14 check?

15          A     There is a possibility that the person may not  
16 be brought on board to the job site if they do not pass  
17 the background and medical check. And usually, they've  
18 gone through a process that's a very -- it's not a major  
19 issue because you've gone through --

20          Q     Thank you. Thank you, Mr. --

21          A     -- a number of screenings on that.

22          Q     Thank you, Mr. Rush. You've answered my  
23 question on that. Could you add for me the number of  
24 individuals that are shown for in the Start Date, the  
25 column Pending M/B?

1           A     That's -- could I give you what now?

2           Q     Could you add for me the number of individuals  
3 for whom the designation Pending M/B is shown?

4           A     And you want me to do it for each page --

5           Q     Yes.

6           A     -- or you want me to do it in total for all of  
7 the pages?

8           Q     You can do it for all and we could sum it.

9           A     Pending M/B?

10          Q     Yes.

11          A     I counted 58, but I obviously may have  
12 incorrectly counted. But that's the number I counted. I  
13 noticed in Mr. Traxler's testimony, SMT-1, it has 55, so I  
14 don't know what the discrepancy is. I -- I don't know.

15          Q     Would I be correct that while an individual is  
16 still pending a medical check and a background check, they  
17 are not actually on the payroll of Kansas City Power &  
18 Light?

19          A     They're not in the payroll system. If you mean  
20 the Human Resources system that accounts for, you know,  
21 sending a paycheck, I mean, we're -- what we would look  
22 at, they are an employee of the company. We've extended  
23 the offer. Once pending that, they'll come on board.

24          Q     Would they -- would they be performing work for  
25 Kansas City Power & Light while the medical and/or

1 background check was pending?

2 A No. But we have other --

3 Q Thank you. Thank you, Mr. Rush.

4 A -- employees in the same situation.

5 MR. DOTTHEIM: Judge, I -- if you would instruct

6 Mr. Rush to answer the question, I think most of my

7 questions have been yes or no or -- or very limited.

8 JUDGE PRIDGIN: Yeah. And I think the answer to

9 that question was no, and I'll strike everything after

10 that.

11 MR. DOTTHEIM: If I could have a moment, please.

12 JUDGE PRIDGIN: Certainly.

13 MR. DOTTHEIM: May I approach the witness?

14 JUDGE PRIDGIN: You may.

15 Q (By Mr. Dottheim) Mr. Rush, I'm going to hand

16 you a copy of KCPL's response to Staff Data Request No.

17 556.

18 A Okay.

19 Q Mr. Rush, have you had a chance to review the

20 document that I've handed you as KCPL's response to Staff

21 Data Request No. 556?

22 A Yes.

23 Q Do you recognize that document?

24 A Yes.

25 Q I'd like to direct your attention on page 1 to

1 the Description area of the data request.

2 A All right.

3 Q And the last three lines, which is Question No.  
4 6, which states, For each employee identified on pages  
5 20-22 of WKP20-05 indicate which ones are either Pending  
6 and/or Pending M/B as of November 1, 2006.

7 A All right.

8 Q Okay? And I'd like to direct you to the last  
9 three pages --

10 A All right.

11 Q -- of the document that I've handed to you,  
12 which is on legal size paper.

13 A Uh-huh.

14 Q Can you identify whether the last three pages  
15 contain the answer to Question No. 6?

16 A I believe they did -- it does.

17 Q And in referring to those last three pages,  
18 there is a column, is there not, that has a heading Status  
19 as of 11/01/06?

20 A Yes.

21 Q Okay. Do you know whether these three pages are  
22 for the individual -- the 113 individuals that are the  
23 subject of the -- the issue being heard?

24 A I believe they are.

25 Q Okay. And I'd like to refer you again to that



1627

1 column, Status as of 11/01/06. And in some of the boxes  
2 in that column for the names, there is a date; there not?

3 A That's right.

4 Q And what is your understanding is the meaning or  
5 significance of the date appearing in that column for  
6 name?

7 A I believe that was the date that the employer  
8 reported for the -- at the job site.

9 Q Are there entries for certain individuals that  
10 are not dates?

11 A That's correct.

12 Q Are those entries either the word Declined,  
13 Pending -- Pending M/B or Rescinded?

14 A I think that's correct.

15 Q Can you identify -- do you know what the term  
16 "declined" means as used in this document?

17 A I believe after the offer had been extended to  
18 the employee, the -- going through the process of whatever  
19 it may have been, whether it was background, medical,  
20 whatever may have happened, the employee no longer -- the  
21 word "rescinded" means that something didn't happen.  
22 They're no longer considered an employee in this 113  
23 count.

24 Q Okay. Excuse me. I think I asked you about  
25 declined, and then you used the term rescinded.

1           A     I'm sorry. I'm sorry. I'm looking at the  
2     declined -- I looked at the word rescinded. Rescinded  
3     means that it was probably withdrawn.

4           Q     Withdrawn by whom?

5           A     My guess is it would be the company. Again, I  
6     did not prepare that line in this. But my understanding  
7     is that --

8           Q     Okay. Do you know whether Ms. Cheatum --

9           A     She probably would be.

10          Q     -- would be able to identify that?

11          A     She probably would understand. I think the  
12     decline for --

13          Q     And what's your understanding of decline?

14          A     Declined means that they've elected not to take  
15     the job.

16          Q     And what is your understanding of the -- the  
17     term "Pending?"

18          A     Pending means the outcome has not yet been  
19     resolved, whether it's medical or background or whatever  
20     is pending. Because there are some that say Pending with  
21     Medical and Background.

22          Q     Okay. Could you count for me the number of  
23     individuals for -- for whom the word "decline" appears?

24          A     It appears it's three.

25          Q     And could you count for me the number of

1 individuals for whom the term "rescinded" appears?

2 A I also think I came up with three.

3 Q Could you count for me the number of individuals  
4 for whom the term "pending" appears?

5 A I think I have 12.

6 Q And, finally, could you count for me the number  
7 of individuals for whom the -- the term "Pending M/B"  
8 appears?

9 A I think I have 28. Am -- am I correct? Okay.

10 Q So you have a total of 46?

11 A I didn't add those all together.

12 Q Three declined, three rescinded, twelve pending  
13 and 28 Pending M/B?

14 A Okay.

15 Q None of these individuals, at least on this  
16 document, for which one of the terms Declined, Rescinded,  
17 Pending or Pending M/B has a start date, do they?

18 A That's correct. At that point in time.

19 MR. DOTTHEIM: Could I have a moment, please?

20 JUDGE PRIDGIN: Certainly.

21 MR. DOTTHEIM: If I may approach the witness?

22 JUDGE PRIDGIN: You may.

23 Q (By Mr. Dottheim) Mr. Rush, I'm going to hand  
24 you a copy of KCPL's response to Staff Data Request No.  
25 557.

1630

1 A Okay.

2 Q Mr. Rush, you've had an opportunity to review  
3 the response -- company's response to Staff Data Request  
4 557?

5 A Yes, I have.

6 Q Do you recognize it?

7 A Yes, I do.

8 Q That Staff Data Request asks the company to  
9 identify all employees who have left Kansas City Power &  
10 Light for any reason since October 1, does it not?

11 A That's correct.

12 Q Could you tell us the number of individuals that  
13 the company has identified in its response? I'm not  
14 looking for names, just the -- the number.

15 A I believe it's seven.

16 Q Mr. Rush, did the company's true-up of payroll  
17 annualization eliminate these seven employees?

18 A Would you repeat that again?

19 Q Did the company's true-up payroll annualization  
20 eliminate these -- these seven employees?

21 A The payroll annualization reflects those  
22 positions on board.

23 Q Okay.

24 A They will have -- the employees will have to be  
25 replaced.

1631

1           Q     Thank you. Thank you. Mr. Rush, you're aware  
2     of, I think, and addressed in I think less detail than Ms.  
3     Cheatum the situation with the 30-year Treasury note  
4     interest rate that evidently resulted in employees taking  
5     retirement at Kansas City Power & Light in August and  
6     September of this year?

7           A     That's correct. I mean, there are a lot of  
8     conditions beyond just the interest rate, but -- the  
9     opportunity for retirement occurs at that point based on  
10    an interest rate change.

11                   But employees can retire at any point they want  
12    to. I should preface that based on meeting certain  
13    conditions. Sorry.

14           Q     Do you recall whether in the discussions which  
15    led to the selection of the true-up date and the Kansas  
16    City Power & Light regulatory plan for each of the  
17    company's rate cases that this item was raised by Kansas  
18    City Power & Light?

19           A     Do I remember that?

20           Q     Yes. Do you recall that?

21           A     I remember we had discussions with the parties  
22    about employment. I don't remember --

23           Q     Do you remember the specific item?

24           A     A specific discussion because -- but we did talk  
25    about in general terms the employment issues that we were

1632

1 facing.

2 Q Okay. Thank you.

3 A Effective --

4 Q Thank you, Mr. Rush. I'd like to refer you back  
5 to your true-up direct testimony, page 2, lines 2 to 4.

6 Okay. You state, do you not, that the amount of increase  
7 reflected in Kansas City Power & Light's true-up case is  
8 an earnings deficiency of 32.2 million and an additional  
9 amortization amount of 13.2 million?

10 A That's what I state.

11 Q What capital structure did KCPL use to make that  
12 calculation?

13 A I believe it was a capital structure as of  
14 September 30th, 2006.

15 Q Was that the Great Plains Energy Capital  
16 structure?

17 A I believe it was. But it had some adjustments  
18 to reflect certain things, such as OCI balances and other  
19 elements that I'm not totally familiar with. But there  
20 was GPE's capital structure with certain adjustments.

21 MR. DOTTHEIM: Thank you, Mr. Rush, for your  
22 patience.

23 MR. RUSH: All right.

24 JUDGE PRIDGIN: Mr. Dottheim, thank you.

25 Redirect?

1633

1 MR. FISCHER: Yes. Yes, your Honor, just a few.

2 REDIRECT EXAMINATION

3 BY MR. FISCHER:

4 Q Let's go backwards, Mr. Rush, while it's fresher  
5 in my mind. You used the term just a minute ago OCI  
6 balance. Can you explain for the Judge what that means or  
7 what that is or what it --

8 A Well, the term OCI stands for Other  
9 Comprehensive Income.

10 Q Okay. Mr. Dottheim asked you about the  
11 selection date in the true-up and the regulatory plan. Do  
12 you recall that discussion?

13 A Yes, I do.

14 Q Do you know if the retirement plan that KCPL has  
15 has pre-existed prior to the approval of the regulatory  
16 plan?

17 A Yes. Yes, it has.

18 Q Okay. And the -- the change in the interest  
19 rate would have been a part of that plan prior to the --  
20 the group holder regulatory plan?

21 A That's correct.

22 Q You had a discussion with Mr. Dottheim about the  
23 30-year Treasury interest rate. And I believe you  
24 indicated that employees can retire at any point that they  
25 want to if they meet certain conditions.

1634

1           A     Right.

2           Q     Do you recall that discussion?

3           A     Yes.

4           Q     Would you explain why it would be that the  
5 interest rate wouldn't be of any significance?

6           A     Well, the interest rate, the October --  
7 basically, the opportunity to retire based on the  
8 September 30th date that we've been talking about, the  
9 113, is conditioned on the fact that in August there's an  
10 interest rate set on a 30-year Treasury bill.

11                     And that has an inverse relation to the  
12 opportunity for somebody to retire with substantially more  
13 or less money in a lump sum payment. They actually have  
14 the opportunity to take a retirement with a lump sum  
15 payment.

16                     If the interest rate is going up in the next  
17 year, then it is more advantageous to take that early lump  
18 sum because when the interest rate goes up, the lump sum  
19 goes down, the value of the lump sum.

20                     It's based on a present value of future cash  
21 earnings from retirement. So people have a very large  
22 tendency to watch that interest rate. They have the  
23 opportunity if they're trying to make a decision whether  
24 they take a lump sum payment or not for retirement. And  
25 if interest rates are going up, there's more desire for



1 people to get -- to basically retire because they'll get  
2 more cash to deal with in their retirement years.

3 Q What is your understanding of when that rate  
4 calculation could be made by the employee?

5 A Well, I understand that the interest rate comes  
6 out in mid August. And they have, I believe, up until  
7 about seven days prior to the end of September to make  
8 that decision. So they have this -- while they have a  
9 pressure for a -- kind of feels like a short window, they  
10 probably have five weeks to make a decision.

11 And they can actually make a decision seven days  
12 before September 30th and they're gone. They have to be  
13 actually off the payroll October 1st. So it's kind of a  
14 crunch time for the company.

15 Q You mentioned that seven-day period. What would  
16 that refer to?

17 A I believe that is the time that they have to  
18 provide the company in order to retire in order to do all  
19 the paper crossing. Whatever else is required to get them  
20 off the books and records.

21 Q And what's your understanding of what happened  
22 if they don't make that decision until after October 1st?

23 A If they make it after October 1st, they can  
24 still retire, but they no longer have the opportunity to  
25 take the lower interest -- the higher cash amount if the

1 interest rates were going up.

2 Q And I believe you indicated it might be more  
3 financially attractive to retire under the terms of the  
4 current retirement year. Can you give the Commission an  
5 idea of how much money might be at stake for an individual  
6 if he decided to retire at the end of this year rather  
7 than going for next year?

8 A Well, I'll do it -- and Ms. Cheatum may have  
9 better information. But my understanding is somebody  
10 could have as much as 7 or 8 percent less cash if they  
11 take it -- if they wait till after October 1 in this  
12 calendar year is what I understand.

13 Q Could that be as much as 70 or \$80,000?

14 A Oh, very easily. You know, instead of an  
15 annuity, you know, where you get something every month,  
16 you're talking about -- you're able to get the cash.  
17 You're able to manage it in your own retirement portfolio.

18 And when we're talking about that kind of money,  
19 7 or 8 percent difference is a lot of money if you're  
20 looking at that kind of time frame.

21 Q Mr. Dottheim asked you about Kansas City Power &  
22 Light's response to No. 50 -- 557, DR-557?

23 A That's correct.

24 Q Do you recall that? That was the one where you  
25 identified seven employees that had left due to retirement

1 or termination.

2 A Right. Those employees will have to be --  
3 positions will have to be filled. They were not included  
4 in the 113 that were hired in anticipation of them  
5 leaving. We hire based on need. We don't know when  
6 people are going to retire. We don't want to overfill  
7 positions, so that's something we'll have to post and  
8 fill.

9 Q Would you do that quickly, or would you leave  
10 that for six months? Do you know?

11 A We would not leave it for six months. We would  
12 immediately post the job. We'd, first of all, evaluate  
13 the need for the job, how the position will fit and  
14 there's a posting that's made and we go through the  
15 process of hiring. And Ms. Cheatum addresses the time  
16 frame. It usually is 50 or 60 days or so typically to  
17 fill positions. I can't remember the exact date, but  
18 something like that.

19 Q Okay. Mr. Dottheim also took you through some  
20 documents related to those that had declined, rescinded,  
21 had offers pending and those pending medical and  
22 background checks.

23 A That's correct.

24 Q Do you recall that?

25 A Yes.

1           Q     And I believe that was as of November 1st; is  
2     that correct?

3           A     Right.

4           Q     Now, that would be a dynamic process.  Those  
5     numbers would change over time.  Is that your  
6     understanding?

7           A     Yes.  And, in fact, as of the last little bit,  
8     we've actually -- things have improved.  I mean, we had,  
9     you know -- through the 15th, I think we had --

10           MR. DOTTHEIM:  I'm going to object.  I mean, I  
11     think we're getting into areas now where Mr. Rush is  
12     supplementing his true-up rebuttal.

13                 It should have been in his true-up rebuttal.  It  
14     could have been in his true-up direct.  And I think it is  
15     truly going far beyond what I asked on cross-examination.  
16     And it is an effort to supplement refiled testimony, and  
17     that's where it should have been.

18           JUDGE PRIDGIN:  Mr. Fischer?

19           MR. FISCHER:  Your Honor, I think the point of  
20     the questions were the things that changed since September  
21     30th to November 1st.  And the question I'm -- I'm asking  
22     is do the -- does that continue to change over time?

23           MR. DOTTHEIM:  And we were getting much more  
24     than just a short answer.  We were getting a very detailed  
25     account of how things have changed, which I think, again,

1 an answer of that nature is supplementing the direct and  
2 rebuttal testimony. And that's where it should have -- it  
3 should have been for all the parties to -- to have seen as  
4 opposed to right now at this point where no one will have  
5 an opportunity to respond.

6 JUDGE PRIDGIN: All right. I'm -- I'm going to  
7 overrule it. And if you could -- Mr. Fischer, if you  
8 could ask the question again. And then, Mr. Rush, if you  
9 could try to limit your answer as briefly as you can, I'd  
10 appreciate it.

11 MR. RUSH: Uh-huh.

12 Q (By Mr. Fischer) Mr. Rush, I think the question  
13 that I last posed to you was the number of declined,  
14 rescinded, pending, pending medical/background would be  
15 changing over time; is that correct?

16 A That is correct.

17 Q So those numbers would not be correct as of  
18 today, for example?

19 A That's right.

20 Q I believe you were also asked some questions  
21 regarding the status as of November 1st, the number of  
22 employees that had reported to the job site as of that  
23 date; is that correct? Do you recall that?

24 A Yes.

25 Q If you were to provide the Commission with the

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1 information that you know today, what would that be as far  
2 as those that are reported to the job site?

3 MR. DOTTHEIM: Again -- again, I -- I object. I  
4 think the redirect is going far afield from what -- from  
5 what we -- I asked on -- on cross-examination.

6 The company had this detailed information which  
7 it could have put in direct or rebuttal testimony.

8 MR. FISCHER: Your Honor, Staff has opened up  
9 this door. They didn't need to ask about November 1st,  
10 but they have. And I think the company has the  
11 opportunity to supplement it for the last two weeks.

12 JUDGE PRIDGIN: Right. Again, I'll -- I'll  
13 overrule.

14 A I believe there were 61 in -- as of November 1st  
15 that had started work. And as of November 15th, there are  
16 now 74.

17 Q (By Mr. Fischer) You were also asked a question  
18 regarding the pending background and medical issue. Do  
19 you recall that?

20 A Yes.

21 Q And I believe you started to answer -- or give  
22 some background information about those background and  
23 medical issues or checks. what's your understanding of  
24 what those checks are about, and how important are they?

25 A Well, they're obviously important job pieces to

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1     assure that the employee meets the criteria from a medical  
2     background and -- and is physically -- you know, the  
3     background himself of the individual.

4             Quite frankly, they've already gone through a  
5     number of processes to get to that stage. So in most  
6     cases, we already know they're, you know, reasonably going  
7     to expect to pass that. There are certain obvious  
8     situations that they may not.

9             But they're -- you know, you've usually gone  
10    through enough screenings that you know, but you have to  
11    get some medical and further background information to  
12    confirm that the employees starts the duty.

13            Q     You said that in most cases they pass those  
14    background or medical checks?

15            A     That's correct.

16            Q     Can you be more specific than that?

17            A     If I'm not mistaken, I believe we may have had  
18    -- of the 113, we may have had one, two or three, I can't  
19    remember the amount, that had some failure in one of  
20    those. I believe it was no more than three that -- that  
21    did fail for some reason, either medical or background.

22            Q     Mr. Mills also asked you a question regarding  
23    the fact that you had not included in each of the months  
24    on your chart that we talked about that's portrayed on the  
25    easel with the blue line that would indicate how many

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1 offers were pending in each of those months prior to  
2 September and October of this year. Do you recall that?

3 A Yes, I do.

4 Q Had you done that -- isn't it true that the --  
5 the difference between the number of -- of employees that  
6 were on site plus the number that were -- had job offers  
7 pending would actually make the difference between the  
8 number that the Staff has suggested be included in this  
9 case, the 210, and that particular number? Is that true?

10 A No, it is not true. Let me explain why.

11 Q Okay.

12 A First of all, we are going through a -- a  
13 construction phase where we are having to go through and  
14 hire staff to be able to meet certain criteria associated  
15 particularly with the IATAN project.

16 We have built a staff up probably in the order  
17 of at least 25 individuals for that that were not  
18 previously employed by the company. So we are in kind of  
19 a ramp-up stage for those areas.

20 In other cases, though, we would, I mean, if you  
21 look at the traditional. So the number has been ramping  
22 up as we prepare for these large construction projects.  
23 And so it wouldn't be completely like a level line across  
24 that area. That's -- that's all I'm trying to represent  
25 by that.



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1 Q I think you may have misunderstood my question.

2 A Oh, I'm sorry.

3 Q I understood Mr. Mills to ask you, in all of  
4 these months over here where there's only a red line,  
5 wouldn't there also have been offers pending out there  
6 like others here with the blue line and that would make  
7 that number actually higher; is that correct?

8 A That is correct.

9 Q Yeah.

10 A Okay.

11 Q And if we -- if we added those blue lines,  
12 wouldn't the difference between the top of that blue line  
13 and this red line that Staff is suggesting is the  
14 appropriate number to be included, wouldn't that number,  
15 the difference, be greater?

16 A Yes, it would.

17 Q Okay.

18 A I'm sorry.

19 MR. FISCHER: That's all I have, your Honor.

20 Thank you.

21 JUDGE PRIDGIN: Mr. Fischer, thank you. What  
22 I'd like to do, it looks like it's about five after ten,  
23 and it looks like to be a convenient time to break.

24 And I believe Ms. Cheatum is also going to  
25 testify on this issue, is that correct, from the company?

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1 MR. FISCHER: Yes.

2 JUDGE PRIDGIN: All right. So if there's  
3 nothing further from counsel, let's take a break and be  
4 back --

5 MR. FISCHER: Judge, I probably should offer  
6 Mr. Rush's direct and rebuttal true-up testimony and  
7 perhaps that colored exhibit I had marked that was a part  
8 of his --

9 JUDGE PRIDGIN: Okay. I show that Mr. Rush's  
10 direct true-up NP and HC as 54. His rebuttal is 55, and  
11 the color chart is 58. Okay. Hearing nothing from  
12 counsel -- those have been offered, Mr. Fischer?

13 MR. FISCHER: Yes.

14 JUDGE PRIDGIN: Any objections? Hearing none,  
15 Exhibits 54, NP and HC, 55 and 58 are all admitted.  
16 Anything else from counsel before we take a break? All  
17 right. Let's resume, and we will have Ms. Cheatum on the  
18 stand on -- on the employee level issues at 10:20. We're  
19 off the record.

20 (Break in proceedings)

21 JUDGE PRIDGIN: All right. We're back on the  
22 record. Anything else from counsel before Ms. Cheatum  
23 takes the stand on the employee level issues?

24 Okay. If not, Ms. Cheatum, if you'll come  
25 forward to be sworn, please. If I'll raise your right

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1 hand to be sworn, please.

2 LORA CHEATUM,

3 being first duly sworn to testify the truth, the whole  
4 truth, and nothing but the truth, testified as follows:

5 DIRECT EXAMINATION

6 BY MR. FISCHER:

7 JUDGE PRIDGIN: All right. Thank you very much.  
8 Will you please have a seat? Mr. Fischer, anything to  
9 clean up before she's tendered for cross?

10 Q (By Mr. Fischer) Ms. Cheatum, do you have any  
11 corrections to anything in your testimony?

12 A No, I don't believe I do.

13 MR. FISCHER: I'd tender the witness, then, your  
14 Honor.

15 JUDGE PRIDGIN: Mr. Fischer, thank you.  
16 Mr. Dottheim, I assume you'll have cross?

17 MR. DOTTHEIM: No cross. Mr. Rush was willing  
18 to answer my questions, and his counsel was willing to  
19 have him answer my questions, so I have no cross for Ms.  
20 Cheatum.

21 JUDGE PRIDGIN: Any other counsel? Mr. Mills?

22 MR. MILLS: Just briefly.

23 CROSS-EXAMINATION

24 BY MR. MILLS:

25 Q Do you have a copy of this document that -- that

1 Mr. Dottheim cross-examined Mr. Rush about? Thank you.

2 A I do now.

3 Q Okay. Turning to, for example, page 3, can you  
4 tell me who Steve Easley is who was the originator of all  
5 of the jobs on that page?

6 A Steve Easley is our Senior Vice President over  
7 Supply, which is our plant.

8 Q Okay.

9 A So all the plant operations and part of the  
10 IATAN II build.

11 Q Okay. And who is Sidney Gardner who did all the  
12 employees on that page?

13 A Sidney Gardner is a recruiter that works for  
14 Human Resources.

15 Q Okay.

16 A That --

17 Q Now, if you look at the bottom of page 2, page 3  
18 and the top of page 4 of that document, were there offers  
19 made to approximately 25 plant helper positions on either  
20 September 27th or September 28th of this year?

21 A Twenty-six-ish, yeah.

22 Q Okay. And all of those positions were  
23 originated by Steve Easley and recruited by Sidney  
24 Gardner?

25 A Well, I see one in here for Robert Bradford on

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1 9/25.

2 Q The 26 that I'm talking about, there were 26 of  
3 these originated by Steve Easley?

4 A Yeah. Twenty-something.

5 Q Okay. Do you have a copy of your response to  
6 Staff Data Request 556?

7 A I do not.

8 Q Okay. Mr. Dottheim will hand you one. Thank  
9 you. How many of those 20-something positions had been  
10 filled with -- with the employees on site as of November  
11 1st?

12 A The plant helpers?

13 Q Uh-huh. Those particular plant helpers that  
14 were recruited, offered jobs on those two days right  
15 before September 30th?

16 A It doesn't look like any of them were on site  
17 prior to October 1st.

18 Q They were all either still pending, had been  
19 declined or the offer rescinded; is that correct?

20 A I believe that is correct. Yes.

21 MR. MILLS: Okay. No further questions.

22 JUDGE PRIDGIN: All right. Thank you. I  
23 believe I have a few questions.

24 CROSS-EXAMINATION

25 BY JUDGE PRIDGIN:

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1           Q     Ms. Cheatum, it looks like on pages 3 and 4 of  
2     your rebuttal, you state that 120 KCPL retired -- or 120  
3     KCPL employees retired or were terminated between May and  
4     September of this year; is that correct?

5           A     That is correct. There were 33 terminations and  
6     90 retirements posted March 31st.

7           Q     Okay. And that KCPL also hired 176 employees  
8     during that same period; is that correct?

9           A     That is correct.

10          Q     Okay.

11          A     Yes.

12          Q     How many of those 120 employees that were  
13     terminated or retired between May and September received  
14     severance packages?

15          A     The -- if you're referring to the work force  
16     alignment --

17          Q     Yes.

18          A     Okay. The work force alignment, those  
19     individuals were not in that -- in those numbers.

20          Q     Okay.

21          A     They left on or before March 31st.

22          Q     And I think that might answer my next question,  
23     which was how many of those 176 that were hired between  
24     May and September would also be included in that 113  
25     vacancy figure that's in dispute here?

1           A     Well, of the -- of the 113 that are on this  
2 list, there are only 18 positions that would have been a  
3 result of the work force realignment at the end of March  
4 of this year.

5           Q     And how many -- how many employees were  
6 terminated or retired during that work force realignment  
7 that ended in -- in March of '06?

8           A     Approximately 115.

9           Q     And what was KCP&L's employee count before that  
10 -- that realignment?

11          A     If you're asking me as of the end of March, I  
12 don't have those numbers.

13          Q     Okay.

14          A     But on average, we have 2200 employees at any  
15 given time over the last six years.

16          Q     Do you have any idea about how many employee  
17 slots would be vacant in a given month?

18          A     We have on average 28 either terminations or  
19 retirements every month.

20          Q     And I don't know if you have -- do you have  
21 Mr. Traxler's true-up rebuttal schedule, SMT-1?

22          A     I'm not certain that I do.

23          Q     If not, I can -- I can get you a copy of that if  
24 you need it.

25          A     I don't think I have that.

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1 MR. DOTTHEIM: I have an extra copy.

2 JUDGE PRIDGIN: Thank you.

3 A Okay.

4 Q (By Judge Pridgin) Okay.

5 A I have that.

6 Q I think Mr. Dottheim has handed you that -- that  
7 schedule. Have you had a chance to look at that before?

8 A I have seen this before.

9 Q Okay.

10 A Yes.

11 Q Do you agree with the figures in that schedule?

12 A There -- the numbers, I think, are directionally  
13 okay. I think that there have been, as Tim pointed out, a  
14 couple of changes from the spreadsheet for the numbers  
15 that have -- that are cited here.

16 JUDGE PRIDGIN: All right. Ms. Cheatum, thank  
17 you. I believe that's all that I have. Any recross based  
18 on Bench questions?

19 MR. MILLS: No.

20 JUDGE PRIDGIN: Redirect?

21 MR. FISCHER: Just -- just briefly, your Honor.

22 REDIRECT EXAMINATION

23 BY MR. FISCHER:

24 Q Judge Pridgin asked you a question about the  
25 level of employee head counts as of the end of March of



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1 2005; is that correct? Or 2006. I'm sorry.

2 A 2006. Yes.

3 Q I'd like to refer you to Exhibit 158.

4 MR. FISCHER: May I approach the witness?

5 JUDGE PRIDGIN: You may.

6 Q (By Mr. Fischer) Does that exhibit indicate to  
7 you that there were -- the number would be about 2150 for  
8 that month?

9 A That's -- that is correct.

10 Q And --

11 JUDGE PRIDGIN: And, and Mr. Fischer is that 158  
12 or 58? The exhibit. If you're referring to that chart,  
13 wouldn't that be Exhibit 58?

14 MR. FISCHER: I'm sorry.

15 JUDGE PRIDGIN: That's fine. I just wanted to  
16 be sure for the record.

17 MR. FISCHER: Thank you for the correction.

18 JUDGE PRIDGIN: You're welcome.

19 Q (By Mr. Fischer) And I believe in answer to his  
20 question you gave a number regarding an average for the  
21 last six years. What was -- what was that number?

22 A The average head count that we have had since  
23 2000 -- well, from 2002 through 2005 is approximately  
24 2205.

25 Q Which is more than the 2110 the Staff is

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1 recommending in this case?

2 A That is correct.

3 Q You were asked about Steve Easley. What is his  
4 role with Kansas City Power & Light?

5 A Steve Easley is the Senior Vice President of our  
6 Supply, which is, in the vernacular, the generation side  
7 of the business.

8 Q Would he be the originator for any employee  
9 involved in the construction of IATAN II?

10 A In general, yes.

11 Q Is that a fairly active area right now?

12 A It's one of the most active areas that we have.  
13 Yes.

14 Q Can you explain how you've ramped up for that  
15 area and how that's affected your job?

16 A Sure. Oh, absolutely. We have probably, since  
17 the beginning of the year, hired at least 25 additional  
18 head count to support the -- the commissioning of the  
19 IATAN II plant.

20 Our expectation is that as we continue through  
21 the construction phase of this that we're just now getting  
22 started that that will continue to increase, certainly,  
23 through this year and -- and '07 and '08.

24 MR. FISCHER: That's all I have, judge.

25 JUDGE PRIDGIN: All right. Mr. Fischer, thank

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1     you. All right, Ms. Cheatum, thank you very much for your  
2     testimony. Appreciate it.

3             MS. CHEATUM: You're welcome.

4             JUDGE PRIDGIN: If counsel is ready, if we could  
5     go to Mr. Traxler on this issue.

6             MR. FISCHER: Judge, I would move for the  
7     admission of Ms. Cheatum's rebuttal testimony. And while  
8     I'm at it, also, Michael Schnitzer's, the other KCPL  
9     witness.

10            JUDGE PRIDGIN: I show Ms. Cheatum's rebuttal  
11     testimony as Exhibit 56, Mr. Schnitzer as 57, NP and HC.  
12     Those have been offered. Any objections?

13            MR. MILLS: I have no objection to Ms.  
14     Cheatum's. I do object to the objection of  
15     Mr. Schnitzer's testimony that has been denominated for  
16     rebuttal testimony.

17            Mr. Schnitzer is not rebutting anyone in that  
18     testimony. If it were to have been filed at all in the  
19     true-up phase of this case, it should have been filed as  
20     direct.

21            If you -- if you read the -- the one or two  
22     pages of text before the testimony, it's clear that this  
23     is simply an updated study that KCPL performed and wanted  
24     to get in the record.

25            But it's -- I mean, really, there's only a page

1 and a half of text, and it's very clear that he's not  
2 rebutting anyone. So it's improper rebuttal testimony.

3 Had it been filed as direct rebuttal -- as  
4 direct true-up testimony, we would have had the  
5 opportunity to respond to it. But since -- since they  
6 saved it for rebuttal testimony, we don't.

7 JUDGE PRIDGIN: Mr. Fischer?

8 MR. FISCHER: Yes, your Honor. The -- the  
9 testimony basically authenticates the work papers that  
10 were provided as a part of the true-up process to all of  
11 the parties.

12 There was a question raised whether we needed to  
13 have an authenticated witness and not just have Mr. Rush,  
14 a testifying sponsor. So to give the -- the parties the  
15 opportunity to -- to ask questions if they wanted to, that  
16 would be provided in testimony, and we'd ask that it be  
17 offered -- or that it be admitted.

18 JUDGE PRIDGIN: All right. Thank you.

19 MR. MILLS: Well, if the whole point is to allow  
20 us to ask questions, then if it's going to be admitted,  
21 I'm going to need to cross-examine on it.

22 None of -- none of what Mr. Fischer said  
23 addressed my point of the fact that it's not rebuttal  
24 point. It doesn't rebut anyone. It's simply direct  
25 testimony that was filed at the time the rebuttal

1 testimony was filed instead of direct testimony. And  
2 there's nothing in it that indicates why it wasn't filed  
3 as direct testimony.

4 The study was dated October 25th. It was  
5 certainly prepared in time for it to have been filed with  
6 direct testimony so that we would have the opportunity to  
7 respond to it, but it was not.

8 JUDGE PRIDGIN: I assume -- and Mr. Schnitzer is  
9 not available for cross?

10 MR. FISCHER: He is not physically present. We  
11 can make him available by telephone perhaps tomorrow if we  
12 needed to schedule that.

13 MR. MILLS: Well, regardless of whether he's  
14 available for cross-examination, we have not had the  
15 chance to file rebuttal testimony to this direct testimony  
16 that is improperly titled rebuttal testimony and filed  
17 after the time that the direct testimony was to have been  
18 filed.

19 JUDGE PRIDGIN: All right. I'm -- I'm going to  
20 sustain -- keep that out. So 56 is admitted, 57 is not.  
21 Anything further before Mr. Traxler?

22 Mr. Traxler, if you'll raise your right hand to  
23 be sworn, please.

24 STEVE TRAXLER,  
25 being first duly sworn to testify the truth, the whole

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1 truth, and nothing but the truth, testified as follows:

2 DIRECT EXAMINATION

3 BY MR. DOTTHEIM:

4 JUDGE PRIDGIN: Thank you very much. Please  
5 have a seat. And KCP&L will have cross, I assume?

6 MR. DOTTHEIM: Judge --

7 JUDGE PRIDGIN: I'm sorry. Mr. Dottheim.

8 MR. DOTTHEIM: Judge, excuse me. Mr. Traxler  
9 has a correction or two.

10 JUDGE PRIDGIN: Thank you. I'm sorry.

11 MR. TRAXLER: I've got some corrections  
12 initially to my true-up direct testimony. Page 8, line  
13 19, the reference to March 1st, 2006, should reference  
14 March 31st, 2006.

15 On page 9, the changes here -- and let me  
16 explain first what the ranges are related to. In  
17 reviewing the data request which I relied on for making  
18 some of these statements, I'm aware at this point that the  
19 testimony as stated is not entirely reflective of the  
20 answer. And that's -- I'm referring to the Response Data  
21 Request 554. I'm going to make changes on this page for  
22 that reason.

23 There's one other spot in here I will indicate  
24 that are also related to the fact that I don't think I've  
25 correctly stated the response entirely for that -- for

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1     that data request response.

2             On Line No. 1, the sentence reads, Is there any  
3     benefit to KCPL opening the filling of 113 vacant  
4     positions until October/November 2006? That sentence  
5     should now read, Is there any benefit to KCPL from  
6     delaying the filling of some of the vacant positions until  
7     October/November 2006?

8             Line 7, again, I make reference to 113 specific.  
9     I want to change that. The sentence should now read,  
10    beginning on line 7, the question, Is a higher reported  
11    ORE justification for delaying the filling of some of the  
12    vacant positions?

13            Q     (By Mr. Dottheim) Mr. Traxler, not that  
14    everybody was moving along as quickly as you were, could  
15    you just repeat those?

16            A     The last one?

17            Q     The first one, too, please.

18            A     Okay. Page No. 9, line No. 1. The question  
19    should now read, Is there any benefit to KCPL from  
20    delaying the filling of some of the vacant positions until  
21    October/November 2006?

22            On line 7 of that same page, the question should  
23    read, Is a higher reported ORE justification for delaying  
24    the filling of some of the vacant positions?

25            Q     Did you make a change on line 4?

1           A     Yes. I did make a change on line 3. That  
2     answer should read, Yes, by delaying employment of some of  
3     the additional employees until October or November 2006,  
4     Kansas City Power & Light will increase its reported  
5     earnings for 2006.

6                     On page 13, Line 14, the sentence now reads,  
7     These open positions. That sentence should now read, Some  
8     of these open positions.

9                     Page 16, line 15, there's been a change in the  
10    regulatory plan amortization calculation based on  
11    additional information provided by Kansas City Power &  
12    Light through September 30th regarding the additional  
13    balance sheet adder and the calculation. And that's  
14    changed the amortization reference from 64 million to 55  
15    million on line 15.

16           Q     Okay. Again, you were on page 16?

17           A     Page 16. That's correct. On page 18, again, a  
18    change in the overall revenue requirement for the same  
19    reason because of the regulatory plan amortization change.

20                     Line 9, page 18, the reference to 35 million  
21    should read 27 million. And I think that's all my  
22    changes.

23           Q     Also, for purposes of clarification,  
24    Mr. Traxler, are you still working with the company and I  
25    would expect eventually, if not now, with the Office of



1 Public Counsel on a reconciliation for the true-up?

2 A Yes, we are. We're hoping to discuss that  
3 today. And we certainly hope to reach agreement in terms  
4 of what those values are and file something in addition to  
5 it, an updated reconcilment with the Commission.

6 MR. DOTTHEIM: I'd tender Mr. Traxler for  
7 cross-examination.

8 JUDGE PRIDGIN: All right. Mr. Dottheim, thank  
9 you. KCP&L wishes cross?

10 MR. FISCHER: Are there other counsel that would  
11 go first?

12 JUDGE PRIDGIN: Yes. I mean, Mr. Mills, any  
13 other counsel?

14 MR. MILLS: I have no other questions for this  
15 witness. Thank you.

16 JUDGE PRIDGIN: Mr. Fischer, do you need a  
17 moment?

18 MR. FISCHER: Your Honor, I could pass the  
19 witness for those changes. Thank you.

20 JUDGE PRIDGIN: Thank you. No Bench questions.  
21 If there's no cross for this witness on this issue? All  
22 right. Mr. Traxler, thank you very much.

23 And I would want to go back now to Mr. Rush on  
24 the off balance sheet obligations risk factor. If I'm not  
25 mistaken, we would have Mr. Rush back, Mr. Traxler back on

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1     that issue and Mr. Trippensee. And those would be the  
2     remaining witnesses. Mr. Mills?

3             MR. MILLS: Mr. Trippensee does testify about  
4     that issue. He also has some brief testimony about this  
5     issue as well. I don't know if -- if parties have  
6     questions for him on -- on payroll.

7             MR. FISCHER: Kansas City Power & Light would  
8     waive cross of Mr. Trippensee on that issue.

9             JUDGE PRIDGIN: Okay. Any cross of  
10    Mr. Trippensee on employee levels September 30th, 2006?

11            MR. DOTTHEIM: None from the Staff.

12            JUDGE PRIDGIN: All right. Thank you. All  
13    right. If nothing else from counsel, if we could get  
14    Mr. Rush back on the stand on the off balance sheet risk  
15    factor issue.

16            And, Mr. Rush, you are still under oath. Any  
17    corrections to -- to this or any -- any housecleaning  
18    matters before he's tendered for cross?

19            MR. FISCHER: No, your Honor.

20            JUDGE PRIDGIN: All right. Any counsel wish  
21    cross of Mr. Rush?

22            MR. MILLS: No questions.

23            MR. DOTTHEIM: No questions from the Staff.

24            JUDGE PRIDGIN: Okay. If there are no questions  
25    -- and I don't believe I have any questions.

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1 MR. FISCHER: No redirect.

2 JUDGE PRIDGIN: All right. Mr. Rush, thank you.

3 And, Mr. Traxler, and while I'm -- while I'm thinking of  
4 it, when Mr. Traxler takes the stand, I do have a couple  
5 of questions for him back on employee levels that I'd like  
6 to ask. And I'll certainly open it up for recross or  
7 redirect when I move back. And I apologize.

8 So I'm going back to employee levels with  
9 Mr. Traxler before we go back to off balance sheet.

10 CROSS-EXAMINATION OF STEVE TRAXLER

11 BY JUDGE PRIDGIN:

12 Q Mr. Traxler, did -- I think that Ms. Cheatum  
13 testified that 50 employees -- 50 KCP&L employees filed  
14 for retirement in August and September; is that -- is that  
15 your recollection?

16 A Yes, sir, it is.

17 Q Did Staff verify that, or were you able to?

18 A We were not.

19 Q Okay. Now, did Staff normalize or annualize the  
20 employee level in either its direct or its rebuttal case?

21 A Yes. As part of the -- part of the true-up, the  
22 requirement was to annualize payroll as of September 30th.  
23 The true-up date that was agreed to by the parties of this  
24 case.

25 Q If -- if the test your employee levels don't

1 represent annualized employee levels, wouldn't Staff  
2 normally make some sort of adjustment to reflect that?

3 A The historical treatment for employee levels  
4 that's being represented here -- or recommended by the  
5 Staff is consistent with the way this issue has been  
6 handled in any case in which I've been involved in with  
7 regard to a true-up report or known and measurable date.

8 And, in fact, the way it's done is you take the  
9 actual employee levels and salaries based upon whatever  
10 the date was agreed to by the parties. And that's --  
11 that's what was done in this case.

12 Q Do you know how many of the -- the 120 KCP&L  
13 employees that left between May and September, do you know  
14 how many of those received severance packages?

15 A I've only got information with regard to  
16 severance related to the employees that left by April 1st.

17 Q Okay.

18 A As a result of the -- the work force  
19 realignment. I'm not aware of anything after that fact.

20 JUDGE PRIDGIN: All right. Thank you. I think  
21 that's all that I have. And let me give counsel the  
22 chance to recross on this. And, again, I apologize and  
23 appreciate indulgence. Is there any recross for  
24 Mr. Traxler on employee levels? Hearing none --

25 MR. FISCHER: If I could just have a moment,

1 Judge.

2 JUDGE PRIDGIN: I'm sorry. Absolutely.

3 MR. FISCHER: Yes. I do have a question or two.

4 JUDGE PRIDGIN: Yes, sir.

5 RECROSS EXAMINATION

6 BY MR. FISCHER:

7 Q Mr. Traxler, the Judge asked you regarding the  
8 -- the single date of September 30 that, typically, you  
9 would true-up to that date and whatever number of  
10 employees you had at that date you would include in your  
11 annualization. Is that what you were saying?

12 A That's what I've said.

13 Q Okay. So the Staff's just concerned with the  
14 employee levels on September 30 for purposes of this  
15 adjustment; is that correct?

16 A That's a correct characterization.

17 Q Let's assume for purposes of this hypothetical  
18 that KCPL had made offers -- or let me ask it this way:  
19 That approximately 25 percent of the work force had  
20 decided to retire on August 30. And let's assume for  
21 purposes of this hypothetical that KCPL had made offers to  
22 500 people to replace those 25 percent that had decided to  
23 retire and 500 people had accepted those offers. And then  
24 my last assumption would be that the start date for these  
25 500 people was not scheduled until after September 30 --

1 2006. Let's say just, for purposes of this, November 1st.

2 Under those assumptions, using the Staff's  
3 methodology for -- for annualizing KCPL's payroll that  
4 you're using in the true-up here, isn't it correct that  
5 Staff's methodology under those assumptions would result  
6 in the exclusion of the salaries of 500 people from KCPL's  
7 revenue requirement?

8 A That would be true if you assume that the Staff  
9 wouldn't consider that kind of significant event prior to  
10 true-up testimony.

11 Q Okay.

12 A And that's not consistent with the issue here.

13 MR. FISCHER: Okay. Thank you very much for  
14 your patience. That's all that I have.

15 JUDGE PRIDGIN: Further recross?

16 MR. MILLS: No.

17 JUDGE PRIDGIN: Redirect?

18 MR. DOTTHEIM: Yes. Thank you.

19 REDIRECT EXAMINATION

20 BY MR. DOTTHEIM:

21 Q Mr. Traxler, would you provide a further  
22 explanation to Mr. Fischer's hypothetical?

23 A The -- the difference between a hypothetical and  
24 what we're actually doing within this particular issue on  
25 this case, the Staff had no -- no expectation whatsoever

1 with regard to -- to discussions with the company or  
2 anything in testimony that we were going to be dealing  
3 with budgeted employee level of 113 people. True-up  
4 testimony was filed, it was a complete surprise to us.

5 Now, with regard to -- which limited, certainly,  
6 our ability to address this issue and certainly to  
7 discovery. With regard to the example Mr. Fischer  
8 provided, something of that significance would most  
9 certainly had it been brought up by the company prior to  
10 filing tru-up testimony which would be given to all of the  
11 parties, including the Staff and the company to address  
12 that issue.

13 That's not the case on this particular issue in  
14 this case. This was a complete surprise to the Staff that  
15 we were going to be dealing with this issue.

16 MR. DOTTHEIM: Thank you, Mr. Traxler.

17 JUDGE PRIDGIN: All right. Thank you. And I  
18 would now like to go back to Mr. Traxler on off balance  
19 sheet obligations, risk factors and see what kind of  
20 cross-examination we have for him.

21 MR. MILLS: I have no questions for Mr. Traxler  
22 on that issue.

23 JUDGE MILLS: Thank you. Mr. Fischer?

24 MR. FISCHER: No thank you, Judge.

25 JUDGE PRIDGIN: All right.

1                   MR. DOTTHEIM: I have some redirect then. No.  
2 I'm teasing.

3                   JUDGE PRIDGIN: It's so hard to tell when he's  
4 -- don't ever let me play poker with you, Mr. Dottheim.  
5 Mr. Trippensee, is he -- did he step out for a second?

6                   MR. MILLS: I think he expected this to take a  
7 little longer. He expected this to take a little longer.  
8 He did step out for just a second, but he is in the  
9 building.

10                  JUDGE PRIDGIN: Let's go off the record briefly  
11 and give you a chance to get Mr. Trippensee. We'll go off  
12 the record.

13                  (Break in proceedings.)

14                  JUDGE PRIDGIN: All right. We're back on the  
15 record, and Mr. Trippensee will take the stand on off  
16 balance sheet obligations, risk factor. And unless I'm  
17 missing something, this is our final witness.

18                  MR. MILLS: Certainly my final witness. As far  
19 as I know, it's the last one.

20                  JUDGE PRIDGIN: All right.

21                  MR. MILLS: I believe -- I believe  
22 Mr. Trippensee has been sworn earlier in the proceeding,  
23 and he does have some corrections.

24                  JUDGE PRIDGIN: Okay. Mr. Trippensee, if you  
25 would, please, or, Mr. Mills, if you need to examine him



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1 on his corrections?

2 MR. MILLS: No. He can do it on his own. Go  
3 right ahead.

4 MR. TRIPPENSEE: On page 1 of my true-up direct  
5 testimony, line 11, the word rebuttal should be replaced  
6 with true-up direct.

7 And then on line -- on page 2, line 2, at the  
8 end of the sentence, the three Xs should be replaced with  
9 the number 136.

10 MR. FISCHER: I'm sorry. What -- what page and  
11 line was that?

12 MR. TRIPPENSEE: Of my true-up direct, page 2,  
13 Line 2, at the end of the sentence, it's read as Exhibit  
14 and then three Xs. The three Xs should be removed, and  
15 the number 136 should be inserted. So it is Exhibit 136.

16 MR. MILLS: Is that all?

17 MR. TRIPPENSEE: Yes, sir, that is.

18 MR. MILLS: With that, I'd tender the witness  
19 for cross examination

20 JUDGE PRIDGIN: Mr. Mills, thank you. Counsel  
21 wish cross?

22 MR. DOTTHEIM: No cross from the Staff.

23 JUDGE PRIDGIN: Mr. Fischer?

24 MR. FISCHER: No cross.

25 MR. PHILLIPS: No cross.

1 JUDGE PRIDGIN: I wish I could think of  
2 something, but I can't. Mr. Trippensee, thank you.

3 MR. TRIPPENSEE: Thank you.

4 JUDGE PRIDGIN: All right. Anything further  
5 from Counsel? And let me verify. I believe the  
6 Spearville Wind project is no longer contested? Staff, is  
7 it --

8 MR. DOTTHEIM: That is correct. Judge, at this  
9 time, I'd like to offer Mr. Traxler's true-up direct and  
10 true-up rebuttal. And I think it's --

11 JUDGE PRIDGIN: I show 163 and 164.

12 MR. DOTTHEIM: 163 and 164.

13 JUDGE PRIDGIN: Any objections? Hearing none,  
14 163 is admitted and 164, NP and HC, are admitted.

15 If we have no further witnesses, Counsel, do you  
16 want to verify that have you offered all the exhibits that  
17 you would like for the Commission to consider?

18 MR. MILLS; I would like to offer 219 and 220,  
19 Mr. Trippensee's direct and rebuttal true-up testimony.

20 JUDGE PRIDGIN: Okay.

21 MR. FISCHER: No objection.

22 JUDGE PRIDGIN: If there are no objections, 219  
23 and 220 are admitted.

24 MR. DOTTHEIM: And the -- I'm sorry, Judge. But  
25 the Staff's other true-up testimony direct and the Staff

1 accounting schedules was offered earlier and received?

2 I'm tying to --

3 JUDGE PRIDGIN: I don't show that it was.

4 MR. DOTTHEIM: Because I'm checking my list  
5 here, and I don't show that it was received. So I would  
6 like to offer it at this time. And those exhibits --

7 JUDGE PRIDGIN: And --

8 MR. DOTTHEIM: I'm sorry, Judge. 153 through  
9 162.

10 JUDGE PRIDGIN: Okay. Exhibits 153 through 162  
11 have been offered. Any objections?

12 MR. FISCHER: No objection.

13 JUDGE PRIDGIN: Hearing none, Exhibit --  
14 Exhibits 153 through 162 are all admitted. All right.  
15 Anything further from Counsel?

16 MR. FISCHER: 58 was admitted, correct?

17 JUDGE PRIDGIN: Yes, it was.

18 MR. FISCHER: That's all I have. Thank you.

19 JUDGE PRIDGIN: Okay. If there's nothing  
20 further from Counsel --

21 MR. MILLS: Did the -- did the order scheduling  
22 this hearing provide for briefs or closing statements? I  
23 don't recall.

24 JUDGE PRIDGIN: Briefs. And I double-checked  
25 during the break, and I -- I did issue the order. I think

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1 General Counsel's office had moved for an extension of  
2 time on the briefs, and I believe that the post hearing  
3 briefs are due tomorrow.

4 MR. MILLS: Yes

5 JUDGE PRIDGIN: And that the true-up and/or  
6 rebuttal or, I guess, second post hearing briefs will be  
7 due November 27th. I believe that's correct.

8 MR. MILLS: Yes.

9 MR. DOTTHEIM: Yes.

10 MR. PHILLIPS: True-up brief?

11 JUDGE PRIDGIN: True-up. Yes. Okay. Anything  
12 further from Counsel?

13 MR. FISCHER: Judge, on that true-up, are you  
14 preferring to have the -- any comments about this true-up  
15 proceeding in that reply brief? Is that the way you want  
16 it?

17 JUDGE PRIDGIN: Yes. Yes, please.

18 MR. FISCHER: Okay.

19 JUDGE PRIDGIN: Mr. Dottheim?

20 MR. DOTTHEIM: And timing on when we might  
21 expect a transcript of today's proceeding?

22 JUDGE PRIDGIN: We'll certainly remind the court  
23 reporter that time is of the essence and ask that this be  
24 expedited as much as you can.

25 MR. DOTTHEIM: Thank you.

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1                   MR. PHILLIPS: And, Judge, there's no reply  
2 true-up?

3                   JUDGE PRIDGIN: Correct. Okay. If there's  
4 nothing further from Counsel? All right. Thank you very  
5 much. We are off the record.

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## I N D E X

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## E X H I B I T S

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KCPL  
EXHIBIT

DESCRIPTION

OFFERED

ADMITTED

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54

Direct Testimony of  
Timothy Rush

1644

1644

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Rebuttal Testimony  
of Timothy Rush

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Rebuttal Testimony  
of Lora Cheatum

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Rebuttal Testimony  
of Michael Schnitzer

1653

Not Admitted

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58

Graph Chart

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1644

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STAFF  
EXHIBIT

DESCRIPTION

OFFERED

ADMITTED

12

153

Testimony of  
Matthew Barnes

1669

1669

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154

True-Up Testimony  
of Leon Bender

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Testimony of  
Kimberly Bolin

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Testimony of  
David Elliott

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Testimony of  
Charles Hyneman

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Testimony of  
Shawn Lange

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Testimony of  
Erin Maloney

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Testimony of  
Michael Taylor

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Testimony of  
Curt Wells

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E X H I B I T S (CONTINUED)

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162	True-Up Accounting Schedule	1669	1669
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163	True-Up Testimony of Steve M. Traxler	1668	1668
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164	True-Up Rebuttal Testimony of Steve Traxler, NP and HC	1668	1668
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OPC EXHIBIT	DESCRIPTION	OFFERED	ADMITTED
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219	Testimony of Russell Trippensee	1668	1668
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220	Rebuttal Testimony of Russell Trippensee	1668	1668
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