

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

REBUTTAL TESTIMONY OF

ROBERT E. SPIELBERGER

**ON BEHALF OF
KANSAS CITY POWER & LIGHT COMPANY**

**IN THE MATTER OF THE APPLICATION OF
KANSAS CITY POWER & LIGHT COMPANY
TO MODIFY ITS TARIFFS TO CONTINUE THE
IMPLEMENTATION OF ITS REGULATORY PLAN**

DOCKET NO. 07-KCPE-905-RTS

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

2 A: My name is Robert E. Spielberg and my business address is 1201 Walnut, Kansas
3 City, Missouri 64106.

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

5 A: I am employed by Kansas City Power & Light Company (“KCPL” or the
6 “Company”) as Manager, Marketing Communications.

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

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

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

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

1 marketing communications consultant from 2002 to 2006. Before then, I was the
2 Advertising and Creative Services Manager at Farmland Industries from 1983-2002.
3 Prior to that, I was an Account Executive at Valentine Radford Advertising Agency
4 from 1980 to 1983.

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

6 A. The purpose of my testimony is to respond to the direct testimony of Kansas
7 Corporation Commission (“Commission”) Staff witness Laura Bowman and Citizens’
8 Utility Ratepayer Board (“CURB”) witness Andrea Crane, specifically as their
9 testimony relates to advertising expense.

10 **Staff’s Advertising Adjustment**

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

12 A: Yes, Staff has. Staff witness Laura Bowman has proposed adjustment IS-22 to
13 disallow various expenses included in the Company’s filing in this rate proceeding.
14 She has proposed a \$377,140 Kansas jurisdictional adjustment (\$805,994 on a total
15 company basis).

16 **Q: On what basis does Ms. Bowman base her proposed disallowance?**

17 A: Ms. Bowman states in her testimony that many of the costs incurred by the Company
18 during the 2006 test year were “general, institutional, promotional, and image
19 advertising” and therefore should be disallowed.

20 **Q: Do you agree with Ms. Bowman’s adjustment?**

21 A: No, I do not. Most of these costs were incurred for the purpose of providing customer
22 assistance, information or instruction.

1 **Q: Why do you believe Ms. Bowman’s classification of these costs differs so**
2 **significantly from your classification?**

3 A: While I do not know exactly how Ms. Bowman made her determination, I believe
4 much of the difference can be attributed to the information the Company provided to
5 Ms. Bowman in response to Staff Data Request No. 43. In that response the
6 Company incorrectly classified many of the test year expenses as institutional and
7 promotional advertising when in fact the costs were customer-oriented.

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

10 A: I reviewed support for all items with a cost of \$5,000 or more, representing 83% of
11 the \$805,994 that Ms. Bowman proposes be disallowed. The items reviewed are
12 documented on Schedule RES-1.

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

14 A: As shown on Schedule RES-1, I found that 79% of the costs were customer
15 assistance, information or instruction-related and should be allowed, and that 21% of
16 the items should be disallowed. For each item on the schedule I have provided a
17 description that clearly indicates the reason for the cost. All references to “STIP”
18 refer to the Regulatory Plan Stipulation and Agreement in Docket No. 04-KCPE-
19 1025-GIE (“Stipulation & Agreement”).

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

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

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

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

12 (iii) \$38,853: This expense was for additional cost incurred in mailing and delivering
13 the customer benefits direct mailing explained in item (1) above.

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

19 (v) \$35,079: This expense was for the print component in KCPL's wind/renewable
20 energy informational campaign mentioned in item (4) above.

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

22 A: I recommend that Ms. Bowman's proposed Kansas jurisdictional disallowance of
23 \$377,140 be reduced to \$79,199 (21% of her proposed disallowance).

1 **CURB’S Advertising Adjustment**

2 **Q: Has CURB proposed an adjustment related to advertising expense?**

3 A: Yes, it has. CURB witness Andrea Crane proposed adjustment ACC- 34 to disallow
4 various expenses included in the Company’s filing in this rate proceeding. She has
5 proposed a \$156,435 Kansas jurisdictional adjustment (\$337,670 on a total company
6 basis).

7 **Q: On what basis does Ms. Crane base her proposed disallowance?**

8 A: Ms. Crane states in her testimony that many of the costs incurred by the Company
9 during the 2006 test year were “corporate image advertising” and “soft lobbying”
10 costs and therefore should be disallowed.

11 **Q: Do you agree with Ms. Crane’s adjustment?**

12 A: No, most of these costs were incurred for the purpose of providing customer
13 assistance, information or instruction.

14 **Q: Why do you believe Ms. Crane’s classification of these costs differs so
15 significantly from your classification?**

16 A: Similar to the situation with the KCC Staff as discussed above, I believe much of the
17 difference can be attributed to the information the Company provided to Ms. Crane in
18 response to a data request, in this case CURB Data Request No. 51. In that response,
19 the Company incorrectly classified many of the test year expenses as institutional and
20 promotional advertising when in fact the costs were customer-oriented.

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

1 A: I reviewed support for all items with a cost of \$5,000 or more, representing 85% of
2 the \$337,670 that Ms. Crane proposes be disallowed. The items reviewed are
3 documented on Schedule RES-2.

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

5 A: As shown on Schedule RES-2, I found that 64% of the costs were customer
6 assistance, information or instruction-related and should be allowed, and that 36% of
7 the items should be disallowed.

8 **Q: Please provide an expanded discussion of the five largest items on Schedule**
9 **RES-2 that you believe should not be disallowed.**

10 A: These items are listed in the first, second, and third rows, as well as the fifth and sixth
11 rows of Schedule RES-2. They are summarized as follows:

12 (i) \$36,540: (discussed above under the Staff Advertising Adjustment section, item
13 (iv)).

14 (ii) \$35,079: (discussed above under the Staff Advertising Adjustment section, item
15 (v)).

16 (iii) \$23,608: Similar to item (ii) discussed above under the Staff Advertising
17 Adjustment section, this expense was for strategic communication planning and
18 consulting with our advertising agency to determine how to effectively communicate
19 KCPL's CEP and how the CEP will benefit customers now and well into the future.

20 Included were plans to communicate our energy efficiency programs, the
21 technologies we are using to increase generating efficiencies while substantially
22 reducing emissions in new and existing plants, and our investments in renewable
23 energy alternatives to help meet future energy demands.

1 (iv) \$21,141: This expense was for printing the Winter 2006 edition of KCPL's
2 "Wire" newsletter for residential customers. This particular issue focused on
3 information about our CEP, energy efficiency programs for customers and renewable
4 energy initiatives.

5 (v) \$13,546: This expense was for writing and creating an educational speakers
6 bureau presentation on wind energy and the benefits of renewable energy alternatives,
7 both for KCPL customers and our environment.

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

9 A: I recommend that Ms. Crane's proposed Kansas jurisdictional disallowance of
10 \$156,435 be reduced to \$56,317 (36% of her proposed disallowance).

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

12 A. Yes, it does.

KS Staff Disallowed

Date Paid	Disallowed by Staff	Amount that should be Disallowed	Payee	Brief Description
2006-08-15	109,627		KUHN & WITTENBORN ADVERTISING	Printing and Postage for a Residential Customer Direct Mailer Explaining the Comprehensive Energy Plan and Energy Efficiency Programs.
2006-03-03	60,000		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives
2006-11-08	38,853		KUHN & WITTENBORN ADVERTISING	Mailing Service Expense for a Residential Customer Direct Mailer Explaining the Comprehensive Energy Plan and Energy Efficiency Programs.
2006-10-02	36,540		KUHN & WITTENBORN ADVERTISING	Outdoor Media Buy for Renewable Energy/Wind Informational Series in support of our Stipulation Agreements
2006-02-09	35,079		KUHN & WITTENBORN ADVERTISING	KC Star Print Media Buy for Renewable Energy/Wind Informational Series in support of our Stipulation Agreements
2006-03-14	24,601	24,601	KUHN & WITTENBORN ADVERTISING	KCTV-5 KSMO CITY CAM SPONSORSHIP
2006-02-09	21,334	21,334	KUHN & WITTENBORN ADVERTISING	Plaza Lighting Sponsorship TV Media Buy
2006-04-12	21,141		SPANGLER GRAPHICS	Printing Costs for February 2006 "Wire" Residential Newsletter featuring Information on Comprehensive Energy Plan
2006-04-03	19,092		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives
2006-08-29	16,357		TWG CONSULTING	Hispanic Outreach Research and Planning for Customer Communications, Assistance Programs, etc.
2006-03-07	13,642		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives
2006-10-25	13,617		KUHN & WITTENBORN ADVERTISING	Production, Media Planning & Printing for Outdoor Media on Renewable Energy/Wind Informational Series in Support of our Stipulation Agreements
2006-10-20	11,050	11,050	KUHN & WITTENBORN ADVERTISING	KCTV-5 KSMO CITY CAM SPONSORSHIP
2006-12-07	11,050	11,050	KUHN & WITTENBORN ADVERTISING	KCTV-5 KSMO CITY CAM SPONSORSHIP
2006-08-07	11,050	11,050	KUHN & WITTENBORN ADVERTISING	KCTV-5 KSMO CITY CAM SPONSORSHIP
2006-08-29	11,050	11,050	KUHN & WITTENBORN ADVERTISING	KCTV-5 KSMO CITY CAM SPONSORSHIP
2006-08-29	11,050	11,050	KUHN & WITTENBORN ADVERTISING	KCTV-5 KSMO CITY CAM SPONSORSHIP
2006-10-02	11,050	11,050	KUHN & WITTENBORN ADVERTISING	KCTV-5 KSMO CITY CAM SPONSORSHIP
2006-10-10	10,928		KUHN & WITTENBORN ADVERTISING	Energy Efficiency Print Ad for KCP&L's Energy Optimizer Program
2006-10-02	10,571		KUHN & WITTENBORN ADVERTISING	Planning and Writing for a Residential Customer Direct Mailer Explaining the Comprehensive Energy Plan and Energy Efficiency Programs.
2006-01-04	9,980		KUHN & WITTENBORN ADVERTISING	Website Audit and Communication Planning Recommendations - Informational

KS Staff Disallowed

Date Paid	Disallowed by Staff	Amount that should be Disallowed	Payee	Brief Description
2006-06-12	8,907		KUHN & WITTENBORN ADVERTISING	An Earth Day Ad feauting KCP&L's Comprehensive Energy Plan Initiatives and the environmental benefits
2006-06-12	8,017		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives
2006-07-07	8,015		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives - Account Coordination
2006-12-07	7,999		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives - Account Coordination
2007-01-02	7,966		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives
2006-03-07	7,609		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives - Account Coordination
2006-08-29	7,608	7,608	KUHN & WITTENBORN ADVERTISING	Congratulatory Ad Recognizing Dos Mundos' 25th Anniversary (Local Hispanic Weekly Newspaper)
2006-12-07	7,545		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives
2006-06-12	7,221		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives - Account Coordination
2006-06-12	7,026	7,026	KUHN & WITTENBORN ADVERTISING	Institutional Ad Supporting KC's Jazz Museum Gala Event
2006-04-21	6,999		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives - Account Coordination
2006-10-25	6,927		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives - Account Coordination
2006-10-25	6,913		KUHN & WITTENBORN ADVERTISING	Communication and Budget Planning on Stipulation Agreement/CEP-related Initiatives
2006-10-25	6,483		KUHN & WITTENBORN ADVERTISING	2006 Communication Planning- Best Practice Media Spending Research
2006-03-14	6,375	6,375	KUHN & WITTENBORN ADVERTISING	KCTV-5 KSMO CITY CAM SPONSORSHIP
2007-01-02	6,353		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives - Account Coordination
2006-10-25	6,290		KUHN & WITTENBORN ADVERTISING	2006 Communication Planning
2006-08-29	6,284		KUHN & WITTENBORN ADVERTISING	Planning and Writing for a Residential Customer Direct Mailer Explaining the Comprehensive Energy Plan and Energy Efficiency Programs.
2006-09-14	6,065		AT&T	Yellow Page Phone Listing for Customer Contact - Non Advertising
2006-04-03	6,041		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives
2006-12-07	5,926		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives - Account Coordination

KS Staff Disallowed

Date Paid	Disallowed by Staff	Amount that should be Disallowed	Payee	Brief Description
2007-01-02	5,613		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives
2006-04-21	5,378		KUHN & WITTENBORN ADVERTISING	Home Show Exhibit Banners for a booth that showcased our customer energy efficiency programs
2006-08-04	5,000	5,000	KUHN & WITTENBORN ADVERTISING	Dos Mundos Festival Sponsorship
TOTAL	672,222	138,244		
		21%	Disallowed	
		79%	Allowed	

CURB Disallowances

Date Paid	Disallowed by CURB	Amount that should be Disallowed	Payee	Brief Description
2006-10-02	36,540		KUHN & WITTENBORN ADVERTISING	Outdoor Media Buy for Renewable Energy/Wind Informational Series in support of our Stipulation Agreements
2006-02-09	35,079		KUHN & WITTENBORN ADVERTISING	KC Star Print Media Buy for Renewable Energy/Wind Informational Series in support of our Stipulation Agreements
2006-07-11	23,608		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives
2006-02-09	21,334	21,334	KUHN & WITTENBORN ADVERTISING	Plaza Lighting Sponsorship TV Media Buy
2006-04-12	21,141		SPANGLER GRAPHICS	Printing Costs for February 2006 "Wire" Residential Newsletter featuring Information on Comprehensive Energy Pla
2006-08-29	13,546		KUHN & WITTENBORN ADVERTISING	Script Writing and Graphics for a Renewable Energy/Wind Speakers Bureau Presentation
2006-08-07	11,050	11,050	KUHN & WITTENBORN ADVERTISING	KCTV-5 KSMO CITY CAM SPONSORSHIP
2006-08-29	11,050	11,050	KUHN & WITTENBORN ADVERTISING	KCTV-5 KSMO CITY CAM SPONSORSHIP
2006-08-29	11,050	11,050	KUHN & WITTENBORN ADVERTISING	KCTV-5 KSMO CITY CAM SPONSORSHIP
2006-10-02	11,050	11,050	KUHN & WITTENBORN ADVERTISING	KCTV-5 KSMO CITY CAM SPONSORSHIP
2007-01-02	11,050	11,050	KUHN & WITTENBORN ADVERTISING	KCTV-5 KSMO CITY CAM SPONSORSHIP
2006-10-10	10,928		KUHN & WITTENBORN ADVERTISING	Energy Efficiency Print Ad for KCP&L's Energy Optimizer Program
2006-06-12	8,907		KUHN & WITTENBORN ADVERTISING	An Earth Day Ad featuing KCP&L's Comprehensive Energy Plan Initiatives and the environmental benefits
2007-01-02	7,966		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives
2006-08-29	7,608	7,608	KUHN & WITTENBORN ADVERTISING	Congratulatory Ad Recognizing Dos Mundos' 25th Anniversary (Local Hispanic Weekly Newspaper)
2006-12-07	7,545		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives
2006-06-12	7,026	7,026	KUHN & WITTENBORN ADVERTISING	Institutional Ad Supporting KC's Jazz Museum Gala Event
2007-01-02	6,891		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Energy Efficiency-related Initiatives
2006-03-14	6,375	6,375	KUHN & WITTENBORN ADVERTISING	KCTV-5 KSMO CITY CAM SPONSORSHIP
2006-10-25	6,290		KUHN & WITTENBORN ADVERTISING	Communication Planning and Consulting on Stipulation Agreement/CEP-related initiatives
2006-08-08	5,591		KUHN & WITTENBORN ADVERTISING	Script Writing and Graphics for a Renewable Energy/Wind Speakers Bureau Presentation
2006-08-04	5,000	5,000	KUHN & WITTENBORN ADVERTISING	Dos Mundos Festival Sponsorship
TOTAL	286,625	102,593		
		36%	Disallowed	
		64%	Allowed	