

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

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**REBUTTAL TESTIMONY OF**

**PAUL VAN DYNE**

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

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**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 Paul Van Dyne. My business address is 1201 Walnut, Kansas City,  
3 Missouri 64106.

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

5 A: I am employed by Kansas City Power & Light Company (“KCPL” or the  
6 “Company”) as Director of Compensation and Benefits. KCPL is a direct, wholly-  
7 owned subsidiary of Great Plains Energy Incorporated.

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

9 A: My responsibilities include supervision of the compensation, benefits and Human  
10 Resources Services groups of the Company.

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

12 A: I have a BA from Penn State and a MA from the University of Kansas. I am a  
13 Certified Compensation Professional and a Certified Employee Benefits Specialist. I  
14 have 30 years experience in the human resources, compensation and benefits field. I

1 became an employee of KCPL on August 15, 2006. Most immediately prior to my  
2 current position, I was the Vice President of Compensation and Benefits for Mutual  
3 of Omaha (3 years). Prior to that, I was Director of Compensation for FBD  
4 Consulting, Inc (6 years). Prior to that, I was Senior Vice President of Personnel for  
5 NationsBank/Bank of America (2 years). Prior to that, I was Director of  
6 Compensation and Benefits for American General Finance (1 year). Prior to that, I  
7 have held various human resources positions with Payless Cashways, Inc., Realex  
8 Corporation and St. Joseph Medical Center in Wichita, Kansas.

9 **Q: Have you previously testified in a proceeding at the Kansas Corporation**  
10 **Commission (“KCC”) or before any other utility regulatory agency?**

11 A: I submitted written testimony in the merger-related proceedings of KCPL that are  
12 pending before the KCC and Missouri Public Service Commission.

13 **Q: What is the purpose of your testimony?**

14 A: The purpose of my testimony is to explain how the KCPL medical benefits are  
15 expensed and funded.

16 **Q: Do you agree with the testimony of Andrea C. Crane with respect to Medical**  
17 **Benefits Expense commencing on page 50, line 1 of her testimony?**

18 A: No, I do not agree with her conclusion that the Company’s contribution to its medical  
19 plans is not known and measurable.

20 **Q: How can a self-insured benefit plan have a known and measurable cost to the**  
21 **Company?**

22 A: Known and measurable cash contributions for the Company’s medical benefits are  
23 required to be made by the Company to two trusts that provide benefits to active

1 employees. The Company contributions are fixed for a year and are contributed to an  
2 irrevocable trust.

3 **Q: How are the medical benefits for employees structured that require these known  
4 and measurable contributions?**

5 A: There are two medical plans for employees. One of the plans covers the employees  
6 of the bargaining unit and the other plan covers the management employees.

7 **Q: What is the plan for the bargaining unit employees?**

8 A: The plan for the bargaining unit employees is the Great Plains Energy Incorporated  
9 Joint Trusteed Health and Welfare Plan.

10 **Q: Who controls this plan?**

11 A: This plan has six trustees that control the plan. The three bargaining unit locals each  
12 have a representative as a trustee. In addition, the management of the Company has  
13 three trustees.

14 **Q: What is the authority of the trustees of this plan?**

15 A: The trustees have full control over this plan. They determine the premiums to be  
16 charged for coverage and determine the benefits to be provided under the plan.

17 **Q: How are the Company contributions for this plan established?**

18 A: The collective bargaining agreements with the three locals specify an amount that is  
19 to be paid to the Joint Trusteed Health and Welfare plan as the Company's  
20 contribution to the plan. In addition, payroll deductions for participating employees  
21 are deducted from employees' paychecks and are contributed to the trust.

1 **Q: Is the Company required to make a contribution to the Joint Trusteed Health**  
2 **and Welfare plan each month for each employee in the various collective**  
3 **bargaining agreements?**

4 A: Yes, the amount of the Company's monthly contribution is fixed in the contracts.  
5 The Company is required to make this contribution to the plan each month.

6 **Q: How is this amount in each collective bargaining agreement determined?**

7 A: During the negotiation of each agreement an amount of Company contribution is  
8 fixed and agreed to. Once agreed to, this contribution is a required contribution to the  
9 trust.

10 **Q: Can the Company ever receive a refund from the Joint Trusteed Health and**  
11 **Welfare Plan?**

12 A: No, once funds are contributed to this trust, they are irrevocably contributed to the  
13 trust. The trust is a Voluntary Employees Beneficiary Association ("VEBA") trust  
14 set up in accordance with Internal Revenue Service guidelines. One of the  
15 requirements of this type of trust is that contributions made to the trust are irrevocable  
16 and must not revert to the employer.

17 **Q: This means that the amount of the Company contribution to the Joint Trusteed**  
18 **Health and Welfare plan is fixed and determinable?**

19 A: Yes, the amount of the Company contribution is fixed and determinable. A set dollar  
20 amount is contributed to the trust for the plan for each employee covered under the  
21 bargaining agreement. This is a required contribution that the Company must make.

22 **Q: Does the actual claims level of the plan determine the Company contribution?**

1 A: No, the Company's contribution is a fixed amount per employee that is agreed to in  
2 the collective bargaining agreement?

3 **Q: Is the Company required to make a contribution to this plan for all employees**  
4 **covered under the agreement, or is it determined by the number of employees**  
5 **who elect to enroll in benefits?**

6 A: The Company's contribution is based on the number of employees covered under the  
7 bargaining agreement. The actual enrollment in the plan has no effect on the  
8 Company's contribution to the plan.

9 **Q: Is the management plan similar in that it has a trust and a determined Company**  
10 **contribution is made to a trust?**

11 A: Yes, the Great Plains Energy Incorporated Management Health and Welfare Plan has  
12 a trust into which the Company contributions for a plan year are made.

13 **Q: Who controls the management plan?**

14 A: This plan has two groups who control the plan. There is an administrative committee  
15 of the plan. This committee sets the premium rates for the Company and employees,  
16 determines the benefits to be covered under the plan and hears appeals. In addition,  
17 M&I Bank is Trustee of the plan. All contributions are remitted to M&I Bank and all  
18 benefits are paid from the trust.

19 **Q: How are Company contributions to this plan established?**

20 A: The administrative committee of the plan engages an actuary to determine the total  
21 premiums for the plan. The administrative committee then determines the Company  
22 premiums and the employee premiums for the plan.

1 **Q: Is the Company required to make a contribution to the Management Health and**  
2 **Welfare Trust each month?**

3 A: Yes, the Company premium is required to be made for each employee who  
4 participates in the plan.

5 **Q: Is this contribution a cash contribution made to the trust each month?**

6 A: Yes, the Company makes its contribution to the management plan trust on a monthly  
7 basis.

8 **Q: Can the Company ever receive a refund from the Management Health and**  
9 **Welfare Plan?**

10 A: No, once funds are contributed to this trust, they are irrevocably contributed to the  
11 trust. The trust is also a VEBA trust set up in accordance with Internal Revenue  
12 Service guidelines. One of the requirements of this type of trust is that contributions  
13 made to the trust are irrevocable and must not revert to the employer.

14 **Q: This means that the amount of the Company contribution to the Management**  
15 **Health and Welfare Plan is fixed and determinable?**

16 A: Yes, each employee participating in the plan receives a Company contribution that is  
17 set for the year from the Company.

18 **Q: Does the actual claims level of the plan determine the Company contributions**  
19 **for that year?**

20 A: No, once the Company premium is set by the administrative committee, the Company  
21 makes that contribution to the trust for all employees covered by the plan.

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

23 A: Yes, it does.

