1 Now, why did Mr. Murphy leave the Q. project? 3 I don't know. Did he voluntarily leave, or was he asked 4 Q. to leave the project? 6 It's -- my understanding is he Α. 7 voluntarily left. 8 Are you aware of a Mr. Grimwade? Q. 9 Α. Yes. 10 How would you describe Mr. Grimwade and Q. Mr. Murphy's relationship? 11 They had difference of opinions, but I 12 13 mean, it was cordial and professional. was their differences of opinion a reason 14 Ο. 15 why Mr. Murphy left the project? 16 I have no idea why he left the project. Α. 17 Q. Did Mr. Murphy provide management oversight? 18 He was working in the trailers in the 19 Α. 20 initial stages of the project. I would think he in 21 some form did, yes. 22 Did Schiff provide management oversight 0. for the project? 23 24 Α. No. 25 Do you know for the purposes of the Q.

Alstom 1 Unit contract, was the original contract 1 2 provisional acceptance date roughly December 16, 2008? 3 The provisional acceptance for Unit 1 Α. 4 Alstom was approximately 12/16, if that was your 5 question. And then that was amended at some point? 6 Q. 7 The provisional acceptance, pursuant to Α. the settlement agreement, was pushed back, that's 8 9 correct. And when -- what's that date? 10 Q. 11 It would have been initially pushed back Α. 12 until early 2009. 13 Do you have an exact date? Q. Not as I sit here. 14 Α. 15 Does February 1st, 2009, sound right? Q. That's approximately correct, yes. 16 Α. 17 what was the amount of liquidated damages Q. 18 that Alstom was to pay KCP&L for each day in delay for the provisional acceptance date? 19 In the -- in the Alstom 1 contract? 20 Α. 21 MS. OTT: This might be highly 22 confidential. 23 Just a moment, please. JUDGE PRIDGIN: 24 We'll go HC, in-camera. 25 (REPORTER'S NOTE: At this point, an

1 JUDGE PRIDGIN: We're back in public session. Thank you. 2 l KENNETH ROBERTS testified as follows: 3 4 BY MS. OTT: 5 Okay. I'm going to move on, and I think Q. Mr. Schwarz talked about this famous memo that's gone 6 7 around several times, but I'll hand you a copy just in case you don't still have one up there. 8 9 I don't. He took it back. 10 And, obviously, you looked over it a Q. 11 couple hours ago and you started to talk about who 12 TickTacks, I think, is and I thought the name you said 13 was? 14 Volkar Ruminaf. Α. 15 And who is --Q. 16 Don't ask me to spell it, please. Α. 17 Who is he, I quess? Q. He's -- I consider him one of the 18 Α. 19 industry experts on SER designs and highly -- I think 20 highly revered in the industry expert on -- on back-end 21 work. Ticktack was the name of his company that he was 22 operating at that time period. 23 Is that -- I quess tell me about 0. 24 Ticktack's. Was he just an independent contractor that

worked under that name, or was it a business with

several employees?

- A. Ticktack was his corporation that he worked under.
- Q. And do you know if he had employees that worked under him?
- A. The person that I dealt with primarily was Volkar. I do believe he had others in the company. Whether they would have been working in this, I don't know.
- Q. So is their primarily work only related to back-end work on power plants, SER designs?
- A. Yes, that's exactly right.
 - Q. Now, in this budget in this 11 pages, is it all for project oversight?
 - A. It would -- I mean, it's difficult sitting here right now and that's not the full description. I'm going off of memory. It broke down the scope of services very similar to our project roles and capability statement that would have been delivered to KCP&L in August of 2005. It would have gone into contract, contract administration. It would have gone into project control, tools and monitoring. It would have gone into issues like that, just to name a few.
 - Q. Is project controls and legal services the same thing to you?

- A. It is, yes.
- Q. Is that the same with project oversight and legal services, the same to you?
 - A. Yes.

- Q. And is management oversight the same thing as legal services to you?
- A. No, and we didn't provide management oversight.
- Q. So what would be your -- the difference between management oversight and legal services, in your opinion?
- A. What we call oversight would have been giving KCP&L senior management team our perspective, which we would call independent, as to the status of the project, as to both budget and schedule, as well as key issues that could impact the overall cost or schedule of the project.
- Q. Now, Schiff Hardin is a significant cost overrun on the Iatan 2 project, correct?
- A. The initial -- if I remember it correctly, the initial number in the control budget estimate was exceeded, but I'm not -- this goes back to a point that Mr. Drabinski made. I'm not sure that that would be viewed as a -- an overcost because it could be, and I think it was handled by contingency.

Let me try to answer it. I don't believe it was viewed as a variance from the cost control budget.

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- Q. And what was the initial proposed budget for Schiff Hardin services that the board approved?
- A. As I sit here today, I believe that for Unit 1 -- Unit 2, it was approximately 7 million, 7.5 million.
- Q. And that's the amount that the board approved?
- A. I don't know. My answer was what was the amount that as I sit here that was in the control budget estimate. I'm not sure I know the amount the board approved.
- Q. So it's your understanding that Schiff
 Hardin's costs were treated in a contingency budget and
 not a cost overrun; that's your understanding?
- A. Yes, based on the fact that I think that there was an R&O on Schiff, and in the 2008 reforecast, I believe the numbers were -- were increased.
- Q. And how much was that increased by in 21 2008 reforecast?
 - A. As I sit here, I can't give you a precise number. I believe it would have been in the range of 17 to 20 million. The person that can answer that is Forrest Archibald, who will be up.

1	Q. Now, you've worked on several large
2	construction projects before. When you enter into
3	those attorney-client relationships, do you normally
4	submit a budget to approximately how much you think
5	your legal services would be worth on those projects?
6	A. Yes.
7	Q. And do you generally have a contract for
8	your services when you're engaged in construction
9	projects?
10	A. The majority of our work, I would I
11	believe is actually done under an engagement letter,
12	not under a formal contract.
13	Q. Now, did those engagement letters
14	generally is that where the budget would be laid
15	out?
16	A. No.
17	Q. So when you're proposing a budget to a
18	client for construction project, how where is that
19	done?
20	A. I'm not sure I understand your question.
21	I think that the I think that the scope of services
22	is laid out in our roles and responsibilities that we
23	provided KCP&L early in the fall of 2005, as well as
24	the engagement letter that lists the hourly billing
25	rate and then the document that that you handed me,

1	which is budget for not only this project but the
2	others. Those three documents are very typical of
3	of what would be explaining to the owner what our
4	services and scope would be.
5	Q. And I'm talking more in general in all
6	construction projects in which Schiff Hardin enters
7	into, into like an attorney-client relationship?
8	A. Well, all of the projects that I enter
9	into has the attorney-client.
10	Q. Yeah, and I'm asking if you propose
11	budgets when you enter into those agreements.
12	A. For projects of this size, duration, yes.
13	Q. So how often does Schiff propose a budget
14	in which its services are far exceeded on a
15	construction project?
16	MR. HATFIELD: Services?
17	THE WITNESS: I'm not
18	BY MS. OTT:
19	Q. When you propose a budget, how often do
20	you incur costs above that budgeted amount?
21	A. Well, I don't want to be argumentative,
22	but I would contend that the what we identified for
23	KCP&L in December of 2005 using 2006 rates, that we're
24	right at that number. I'm not sure that was exceeded.

25 If your question was related to what KCP&L put in their

CBE, there's a number of times where we've laid out 1 2 portfolio of services to a client, and although they 3 use the items identified in that portfolio services, 4 they don't initially intend to use them as extensively 5 as we laid out. And so from the client's perspective, 6 although our scope hasn't changed, the level of 7 services has increased. Does that answer your 8 question? 9 10 I'm not quite sure. Maybe I'm not 0. following. Maybe I'm just not being clear enough. I'm 11 12 trying to figure out, how often do you miss the budget 13 by \$16 million? And I don't think we missed the budget. 14 Α. Schiff didn't miss the budget. 15 16 MR. HATFIELD: Object that it assumes 17 facts not in evidence. THE WITNESS: We gave KCP&L a budget in 18 19 2005 for a five-year duration project using 2006 rates, 20 and our numbers are very close to what was projected in 21 that document. 22 BY MS. OTT: 23 And what was your proposed budget in 2005 0. based on 2006 rates? 24

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Α.

That's been redacted. You can laugh, but

- it's not my -- it's not my privilege to waive, sir.
- Q. So is your budget not the same as what's contained within the budget, the CBE?
 - A. Would you repeat that again?
- Q. So is your budget that you proposed in '05 not the same number that is contained in the CBE?
 - A. That's correct.

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- Q. Now, Mr. Roberts, did you purchase any gifts and send them to senior members of the construction project team?
- A. If you're referencing the line of questions that was asked in my deposition, it was in regards to a steak -- steaks that I sent to David Price.
- Q. Is he the only member at KCP&L that you would have sent some steaks to?
- A. I would imagine that there were others.

 There was a specific e-mail that I was questioned about where my assistant was seeking an address from Price where he could refrigerate the steaks.
- Q. But my question was, did you send it to any other members of the Iatan project?
- A. I would -- it was my -- it is my custom
 and practice with all my clients, team members, et
 cetera, that I send gifts of nominal value, a couple of

strip steaks. As I sit here today, I can't tell you 1 who I sent it to. It's an extensive list way beyond 2 3 KCP&L. The question was related to Price in 2007. 4 And I was just asking in general, but if 0. 5 vou have exact names --I mean, I probably send out to 50 to 70 6 Α. people Omaha steaks. Not to get a plug in, but --Are you aware of the Federal Acquisition 8 Q. Regulation? 10 The FARS? Α. 11 Q. The FARS, yes. 12 Α. Am I aware? Yes, I am aware of the FARS. 13 Have you ever worked on a federal Q. 14 government project which required the use of the FARS? 15 Α. Yes. 16 Do you know what their rule is for giving Q. 17 gifts and gratuity to government officials are? 18 As I sit here right now, I'm not sure you Α. 19 can give a gift to a federal official. I can go on 20 record because my executive committee is watching me. 21 I don't believe I've ever given a gift to a federal 22 official. 23 So why would you treat utility officials Q. different? 24 Than a government official? 25 Α.

Q. Well, why wouldn't you -- yes.

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Because they're -- because I've probably 2 Α. 3 -- they are -- they are -- they're hugely different than a federal official. They're not governed by the 4 5 FARS, and I have -- I've looked at, at least 60 code of ethics from various businesses, I sit on a board of a 6 7 major company, I teach corporate governance ethics on behalf of the ABA, I'm intimately familiar with what 8 code of ethics are. And I can tell you from 60-plus 9 reviews of various documents, they all encourage the 10 11 occasional modest gifts, and they all refer to it as an 12 accepted practice.

So I'm very, very comfortable in sending two strip steaks that are somewhere between \$30 and \$40 to people that I've worked with, and I'm very comfortable from probably 30 or 40 clients that I deal with that that practice is explicitly accepted.

- Q. Now, if you only sent them -- did you send them every year or only in 2007?
- A. I have a practice of sending, somewhere between Christmas and New Year's, a couple of strip steaks to a bevy of people that I work with. And I would tell you that that's been uniformly reviewed as being the occasional giving of modest gifts.
 - Q. Has anyone at KCP&L ever contacted you to

tell you not to send them strip steaks or a modest gift?

A. As I sit here right now, I can't recall. I can tell you before I would have sent the steaks, it's my customary practice that I would have reviewed with Lora Cheatum, the head of procurement at the time, was that gift acceptable under their policy, and I probably would have reviewed it with Riggins, too, just as a normal course. I don't -- I don't willy-nilly just send out the gifts, especially to corporate clients. I pretty much have a practice of making sure I understand their code of ethics and that, in fact, sending those gifts as a goodwill gesture will not get anybody in trouble and will not be perceived as being wrong.

Q. Now, you said you probably would have had a conversation with Ms. Cheatum or Mr. Riggins.

Do you know if you had that conversation with either of them?

A. I've got to believe. As I sit here today, I can't recall it. But I can tell you on all of my clients, before we send that out, my assistant and I, who is getting the addresses, that's part of our practice to make sure, do we have their code of ethics and have we checked with somebody to make sure that,

indeed, it's viewed as an occasional modest gift.

- Q. Now, what would be your definition of a nominal gift? I know you've been sitting in the audience and heard some people discuss nominal gifts. I haven't heard modest yet, so I'm kind of curious on your definition of nominal.
- A. I think that the reason why, if you look at ABA material, if you look at corporate governance material, that rarely will you see a policy defined that a dollar amount is because it changes given the level of the employee. So it's -- I think that a couple of strip steaks, a baseball ticket is viewed by everybody as a modest or nominal gift. If I gave you a brand new Mercedes, that would not be nominal. That would be substantial.
- Q. Well, I think some baseball tickets might not be viewed as nominal. They've kind of gone up in price lately. Maybe the Royals are still nominal, but I've been to some expensive seats in St. Louis.
- A. I'm not going to answer that question.

 If I understand it, we got the border wars from Kansas
 City and St. Louis.
- Q. Going back to Burns & Mc, do you recall
 if Schiff had any problems getting budget data from
 Burns & McDonnell?

1	A. As I sit here right now, I couldn't
2	specifically tell you whether we did or didn't. Our
3	earlier reports that we made identified a number of
4	issues in terms of getting material from Burns &
5	McDonnell.
6	Q. How do you define definitive estimate?
7	A. For the purposes of this hearing, it's
8	the CBE that was created in '06, the 1.685 number.
9	Q. How do you use that term not related to
10	this proceeding? Could you use it differently?
11	A. Could you repeat that again?
12	Q. You said for purposes of this proceeding,
13	you use it towards the CBE.
14	A. The one
15	Q. Do you treat it differently?
16	A. The 1.685 number, correct.
17	Q. But in other proceedings or other
18	instances, do you use that definition differently?
19	A. I don't use that definition.
20	Q. So did you ever recommend to KCP&L not to
21	use the term "definitive estimate?"
22	A. I believe
23	MR. HATFIELD: That question calls for
24	attorney-client privilege as it's phrased.
25	MS. OTT: I'm asking how he why he did

not --1 MR. HATFIELD: I bet she can ask a better 2 3 one, but I'm objecting to that specific one. 4 JUDGE PRIDGIN: I'll sustain. 5 BY MS. OTT: Did you ever approve the term "definitive 6 0. estimate" used by KCP&L? 7 8 MR. HATFIELD: Judge, I think we have the 9 same problem. MS. OTT: He's a witness in the case. 10 11 mean, he's here testifying. If he's here as an 12 attorney, I think he's allowed to answer the question. 13 He's a witness. 14 JUDGE PRIDGIN: He is a witness, but I'm 15 concerned we're getting into privileged information, especially when I've got an attorney on the stand 16 17 balking and we've had, you know, a master appointed to deal with privileged matters. And so that's why I'm 18 19 hesitant to overrule. 20 MS. OTT: I'll try to rephrase. 21 JUDGE PRIDGIN: Thank you. 22 BY MS. OTT: 23 What would you use instead of the word 0. "definitive estimate" and how it's being used in this 24 proceeding? 25

1 Α. The CBE, 1.685. 2 But outside of this proceeding, what Q. 3 would you -- what term would you use to be that same 4 number? 5 CBE, 1.685. Α. Do you know when the control budget 6 7 estimate was supposed to be completed and presented to the board of directors? 8 9 I believe August 2006. Do you know when it was completed and 10 0. 11 approved? 12 Α. When you say "approved," I think it was 13 completed in December of 2006. 14 Do you know when it was approved by the 0. board of directors? 15 16 Somewhere around that time period. Α. 17 Do you know what the delay between when 0. 18 it was supposed to be done in August and when it was completed in December was for? 19 I believe so. 20 Α. 21 Q. And what was that delay? 22 It was my understanding that Schallenberg Α. 23 of your Staff on or about August had taken until December and get it with more data. 24

So the initial -- there was an initial

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Q.

one drafted in August of '06? 1 Not that I'm aware of. We were -- I 2 3 thought you were asking me the date that it was due. 4 Q. It was due in August, correct? 5 Α. Yes. But then it wasn't completed until 6 Q. December. And what did Mr. Schallenberg see, then, to 7 your knowledge, that he was unsatisfactory to him that 8 he wanted more detail? 9 Well, that's you saying he saw it as 10 11 unsatisfactory. Chris Giles would have been the 12 witness or Curtis would have been the witness to go 13 through the dialogue with Schallenberg. As it was 14 related to me and the Schiff team, we were told that it wouldn't be due in August but, rather, in December, and 15 16 that was by mutual agreement with Schallenberg of the 17 Staff. That's my understanding, obviously hearsay, but 18 19 So, then, is it your opinion that Q. Mr. Schallenberg was the only reason for this delay? 20 l 21 Α. I think that that was -- that -- the 22 reason why it was in December was because there was an 23 agreement with the Staff.

Did this delay have any impact on the

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Q.

project?

- A. Not to my knowledge, it did not.
- Q. Did it have any impact on the contracting approach?
 - A. No.

- Q. It didn't affect whether you -- they went with an EPC or multiprime method?
 - A. No.
- Q. Now, are you ever aware of an instance where Schiff billed KCP&L for its independent contractor's work that was Meyer Consulting, Jim Wilson and Tom Maiman and Steve Jones, that KCP&L ever declined to pay that amount in the invoice?
- A. There was extensive review of Schiff's bills with Reynolds and Riggins. It was our practice it is my practice to aggressively scrub those numbers. I can go into detail how we do it.

As I sit here today, there were some items where I know we would have done a write-off at the request of Riggins and Reynolds. I cannot — those were very, very minor. I can go into that process. I don't recall specifically requests from Riggins or Reynolds as it related to an independent contractor, either Wilson or Meyer, for a specific rate down, but there was a heavy, heavy review process between Riggins and Reynolds and our team as it related to Schiff

invoices.

- Q. Was there ever a write-off related to a Schiff employee on an invoice?
- A. I, Ken Roberts, as the lead partner, wrote off over a five-year period \$1.7 million worth of services and with adding -- that's write-offs office. Write-downs, it would have well been above ten percent of the contract value.
- Q. Okay. Now, of these 1.7 million in write-offs, is any of that related to the travel that you state you write off and don't charge to the project?
- A. Part of that would have been travel and part of it would have been non-travel.
 - Q. Do you know what percentage would have been for non-travel?
 - A. It was significant.
 - Q. Now, were any of these write-offs ever related to a dispute in which KCP&L brought to Schiff, or were these write-offs, did they occur before the invoice ever went to KCP&L?
 - A. The vast majority -- and when I say vast majority, I mean 99 percent -- were write-offs that I initiated and explained to KCP&L in a very intensive review of our bills and a pre-review of our bills.

bills usually are contested by clients?

- A. I am very proud to tell you that having worked for federal government, both in the United States, outside the United States, having worked for cities, having worked for municipalities as well as governments, the percentage of fees that Schiff has contested is unbelievably low. And by that, I mean literally in hundreds and hundreds of submissions, maybe, maybe one or two. I make my money off the word-of-mouth of Heather Humphreys, Bill Downey, Bob Bell saying not only they get a good bang for their buck, those guys scrub their bills, they aggressively look at their bills harder than anybody that we've ever seen.
- Q. And is that a Schiff Hardin practice or is that a Kenneth Roberts practice?
- A. I'm on the executive committee at Schiff. I would say that the percentage of our bills as a major law firm that have pushback or under scrutiny is one of the best in the business. But I am particular with my team, what we do. I am very, very, very proud of how aggressive we look at our bills and the effort we put into it so that they're not pushed back, so that

they're not contested.

where a general counsel is saying, you know, you need a big rate down, this is — this is not right, I'm in trouble. I'm in big trouble because that's not how I make my money. I make my money by having those general counsels, those executives, not only talking about the level of service, but saying, man, these guys are just out of the world in terms of how aggressive they review it and the review process we have with their bills. It's the best we've had. That's — that's what we shoot for, and I will tell you that's what we get every time out of the gate.

- Q. So have you ever had a client contest a bill?
- A. I've had a client have a write-down of an entry or two. My standing offer to a client is any bill we submit, they have 100 percent carte blanche to write off everything. And that can be a bill on a month that could be several hundred thousand. They don't have to pay it. The only thing I say is that I want to be treated fairly. And we have work that we turn down on a regular basis, and if I ever felt somebody wasn't treating me fairly, I wouldn't continue to work for them.

1 So have I in the last two years had a 2 client say I really don't like this entry? Sure, we'll 3 write that down. But I am telling you, that is a de minimus number. 4 5 Do you know who Mr. Carl Churchman is? 0. I do. 6 Α. 7 Did you work closely with Mr. Churchman 0. on the Iatan project? 8 I did. 9 Α. And what was Mr. Churchman's role on the 10 Q. 11 Iatan 2 construction project? 12 Α. without having his exact title, he was 13 the man out in the trailer running the Iatan project for KCP&L. 14 15 And did you report to Mr. Churchman? Q. I didn't report to him in the sense that 16 Α. 17 on our oversight role. It was to the executive 18 committee. We worked very closely with Carl Churchman 19 l on a day-to-day basis reporting what we saw, what the information was showing on a daily basis at the site. 20 21 Ο. So who would you say that you reported to 22 at KCP&L? 23 We worked closely with Brent Davis, Bob Α. Bell, Carl Churchman, Price, all of those individuals 24

day-in and day-out. We were telling them what we were

- seeing in the construction trailers. I was reporting
 to the oversight committee what we were seeing,
 providing reports, and I was reporting on our budget
 and our schedule and our scope to Bill Riggins, to
 Reynolds, and to Cheatum.
 - Q. Did Mr. Churchman have any influence on your work on the Iatan project?

A. He -- when you say "influence," he didn't influence reports that we made to the oversight team on the status of the project or issues. Did he influence what we were seeing? We had extensive discussions with him on a daily basis. So I guess that's how do you use the word influence.

we listened to his views. We had extensive discussions as to how he saw strategy and issues on the site. But he did not influence, he never altered or changed a report that we would give to the oversight committee as to the status of this project on budget or schedule.

- Q. Now, did you ever invite Mr. Churchman to come to Chicago to your offices?
- A. I invited him to Chicago, but actually not to my office.
- Q. Did you invite him to play in a golf tournament?

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1	A. I did. I'm a member of Medinah Country
2	Club in Chicago, and Carl Churchman played in a
3	member-guest tournament at Medinah with me. We did not
4	shoot well.
5	Q. Who paid for Mr. Churchman's green fees
6	for that tournament?
7	A. I would have.
8	Q. Why did you invite Mr. Churchman to play
9	in the golf tournament?
10	A. Several reasons. One, we were working
11	very closely together during that time period; two, he
12	was an avid golfer; and three, you know, we had
13	somewhat of a personal relationship that made it
14	appropriate to spend some time on the golf course with
15	him.
16	Q. Now, did you charge hours for work to
17	KCP&L on the days you played in the golf tournament
18	with Mr. Churchman?
19	A. I believe there's a the golf
20	tournament was June 25th, 26th, and 27th. It was a
21	Thursday, Friday, Saturday. The only time that I can
22	recall that I charged was, I think it was on Thursday,
23	the 25th, where I did substantial work around the time
24	we were playing golf.

Now, is any of the time while playing

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Q.