

1 that, in fact, happen on this project?

2 A. It did.

3 Q. All right. Now, the next paragraph talks  
4 about project controls reporting. Do you see where  
5 that is?

6 A. I do.

7 Q. And I'm not going to walk through it all,  
8 but are you familiar with that paragraph?

9 A. I am.

10 Q. Did you assist in writing that paragraph?

11 A. I did.

12 Q. Was that paragraph, in fact, implemented  
13 on the Iatan project?

14 A. It was.

15 Q. And read me the last sentence, please, of  
16 that project.

17 A. "The projects will maintain for review by  
18 appropriate parties, including the applicable state  
19 regulatory authorities, all necessary documents  
20 indicating progress, decision-making, expenditures and  
21 variances as they occur."

22 Q. Did the projects, the Iatan projects, in  
23 fact, maintain all necessary documents indicating  
24 progress, decision-making, expenditures, and variances  
25 and make them available to the appropriate parties,

1 including state regulatory authorities?

2 A. I believe the project did.

3 Q. All right. Now, if you'll go with me to  
4 Page 5, where we end the overview section, I believe,  
5 the last paragraph there in the overview section says,  
6 "These tools comprise the foundation for project  
7 reporting at all levels and serve to reinforce KCP&L's  
8 commitment to the public to maintain a high level of  
9 transparency concerning these critical projects."

10 Do you see that sentence?

11 A. I do.

12 Q. Let me ask you two questions about that.  
13 Number one, in your experience on these projects, did  
14 KCP&L, in fact, have a high level of commitment to  
15 maintain a high level of transparency?

16 A. I believe we did.

17 Q. Next sentence, "The project represents a  
18 major undertaking, and KCP&L is acutely aware that  
19 their success requires the trust of the public, its  
20 partners, and state regulatory agencies throughout the  
21 construction process."

22 Do you agree that that was the philosophy  
23 of KCP&L in approaching these projects?

24 A. I believe it was.

25 Q. And then it says, "The following

1 describes the controls that KCP&L will place around  
2 the CEP projects to ensure fidelity to KCP&L  
3 stewardship of that trust."

4 Do you see that?

5 A. I do.

6 Q. And does this document, in fact, describe  
7 the controls that were put in place to ensure fidelity  
8 to the stewardship of the public trust?

9 A. I believe it does.

10 Q. All right. Now, on -- we talked a little  
11 bit about reforecasting.

12 MR. DOTTHEIM: Judge, I think I'm going  
13 to object. I think this is beyond the scope of -- of  
14 any of the cross. If Mr. Hatfield wants to take  
15 Mr. Jones through his direct testimony and have him  
16 recite it back into the record of the Commission, I do  
17 believe that's -- that's beyond the scope. I guess  
18 we're fortunate that Mr. Jones only has direct  
19 testimony and not rebuttal and surrebuttal or else we  
20 might be here all night.

21 MR. HATFIELD: Won't be my fault.

22 MR. DOTTHEIM: I do believe -- I think it  
23 would be -- I do believe that Mr. -- Mr. Hatfield  
24 is -- is going beyond the scope of -- of the cross  
25 that has occurred.

1 JUDGE PRIDGIN: Mr. Hatfield?

2 MR. HATFIELD: I actually haven't asked a  
3 question yet, Judge. He was finishing answering my  
4 last one and I was preparing to ask one when the  
5 objection was lodged.

6 JUDGE PRIDGIN: Okay. I'll sustain and  
7 certainly just expect that you'll try to limit your  
8 redirect to anything raised on cross.

9 MR. HATFIELD: Of course. Thank you.

10 BY MR. HATFIELD:

11 Q. Now, Commissioner Jarrett asked you about  
12 reforecasts. Did you, in fact, on the project  
13 periodically prepare forecasted costs?

14 A. Yes.

15 Q. All right. And Commissioner Jarrett  
16 asked you about quarterly reports and whether those  
17 quarterly reports were, in fact, provided. Do you  
18 remember that?

19 A. I do.

20 MR. HATFIELD: May I approach, Judge?

21 JUDGE PRIDGIN: You may.

22 BY MR. HATFIELD:

23 Q. Previously in another cross, KCP&L  
24 Exhibit 69 HC was marked. Let me show you that  
25 document.

1                   And if you know, can you tell me, is that  
2 an example of the quarterly reports that were prepared  
3 and provided?

4           A.     It is.

5           Q.     Okay. Thank you. Now, in addition to  
6 quarterly reports, were there monthly reports, do you  
7 know?

8           A.     There were.

9           Q.     And were those also provided to Staff?

10          A.     I do not know. I believe they were, but  
11 I'm not a hundred percent positive.

12          Q.     Who should the Commission ask about that  
13 if they want to know about monthly reports?

14          A.     Mr. Giles.

15          Q.     All right. Now, on cross-examination  
16 from various counsel, let's start -- let's do it in  
17 order, I guess.

18                   Mr. Schwarz asked you about exhibit, I  
19 think it was 2603 is what I have. Do you still have  
20 that in front of you?

21          A.     Is that this notification letter?

22          Q.     Yes, sir.

23          A.     I do.

24          Q.     And this was in July of 2007; is that  
25 right?

1 A. It is.

2 Q. And just generally, can you give us some  
3 context of what was going on when this letter was  
4 written?

5 A. This is a typical notice or notification  
6 that we would send to a supplier that is letting them  
7 know that we believe that we have a problem with that  
8 supplier. In this particular case, we were working  
9 with Burns & McDonnell as our owner's engineer, and we  
10 were simply trying to get a list of engineered  
11 drawings that they would need to create over the  
12 project's lifecycle. And we were letting them know  
13 that we were trying to get metrics associated with how  
14 they were doing in performance on getting the hours  
15 and the drawings complete.

16 It became a bit of an issue for us  
17 because Burns & McDonnell works in what's called a  
18 virtual model or a 3-D model. In working in that  
19 model, they have engineers spending time developing  
20 drawings, and out of that model will come a drawing at  
21 the end of the day. And so this was just a simple  
22 letter that said, you know, we're trying to get  
23 metrics to manage you, to understand that the manhours  
24 associated with the work is going towards the  
25 appropriate engineering that needs to be done on the

1 project, and that's what the use of the letter was  
2 for.

3 Q. So is the -- was the failure to provide  
4 drawings, in your experience, did it provide any  
5 significant delays or problems with the project?

6 MR. SCHWARZ: I'm going to object. I  
7 don't think I inquired at all about the nature of the  
8 problems. I had him identify the letter.

9 MR. HATFIELD: He admitted it into  
10 evidence.

11 JUDGE PRIDGIN: And that was 2603?

12 MR. HATFIELD: Yes, sir.

13 JUDGE PRIDGIN: All right. I'll  
14 overrule.

15 THE WITNESS: Could you repeat, please?  
16 I'm sorry.

17 BY MR. HATFIELD:

18 Q. Did the issues addressed here cause any  
19 significant problems with the management of the  
20 project?

21 A. No. Once again, this was literally meant  
22 to understand how we could better manage using data,  
23 the work Burns & Mc was doing in their home office and  
24 at the work site.

25 Q. All right. Have you ever met somebody

1 named Walter Drabinski?

2 A. I have.

3 Q. Did he ever ask you about this letter?

4 A. Not that I recall.

5 Q. All right. Now, Mr. Dottheim showed you  
6 the project execution plan. I have forgotten my  
7 exhibit number on that.

8 MR. DOTTHEIM: 251.

9 MR. HATFIELD: I'm being advised 251, 251  
10 HC.

11 BY MR. HATFIELD:

12 Q. Let's get to one thing to make sure we  
13 get it cleared up. Can you go to page 1 down there?  
14 See, there are numbers at the bottom?

15 A. The page 1 on the logo?

16 Q. Yes, sir.

17 A. Yep.

18 Q. Now, there's a drawing in the middle of  
19 page 1, isn't there?

20 A. There is.

21 Q. How many chimneys?

22 A. There's two.

23 Q. And there are two chimneys there today,  
24 right?

25 A. There are.



1 Q. Now, on the PEP, is there a section of  
2 the PEP that discussed cost controls?

3 A. Let me look at the index. Page 37 has a  
4 12.1 under project controls.

5 Q. All right. So when Mr. Dottheim was  
6 asking you about the PEP, I think you -- let me get  
7 time frame again.

8 PEP was issued in June of 2007; is that  
9 right?

10 A. That's correct.

11 Q. So how -- chronologically, how does the  
12 document we've looked at earlier, you talked about  
13 with Commissioner Jarrett, SJ 2010-1, relate to the  
14 PEP? which came first?

15 A. The cost control system -- the  
16 comprehensive energy plan, cost control system came  
17 first.

18 Q. All right. And why? why was it  
19 developed first?

20 A. It was developed because of our  
21 commitment to the Missouri Commission Staff on the  
22 stipulation and agreement.

23 Q. All right. And does exhibit -- is SJ  
24 2010-1, is that cost control system the same as the  
25 cost control system in the PEP?

1           A.     I'm sure there are tenets of it that are  
2 the same and some things that Forrest does in his  
3 day-to-day are different, but in general, I'm sure  
4 it's very much the same. I mean, these are more of  
5 the work -- again, this is the guardrails document.  
6 This is what cost control will do based on the work  
7 that they have to do in their -- in their area on the  
8 project.

9           Q.     All right. Mr. Dottheim asked you a  
10 little bit about -- he talked to you in your  
11 deposition about some discussion of reforecasting. I  
12 think you said, in your experience, there would be  
13 three reforecasts.

14                     How many reforecasts were there on this  
15 project?

16           A.     There was the 2008 reforecast, and then I  
17 know that there was another one after that, at least  
18 one other one after that, maybe two, or the last one  
19 would be at this point, I would guess, would be the  
20 estimate to complete.

21           Q.     Okay. And let me -- just to make sure we  
22 understand what you were discussing with Commissioner  
23 Jarrett there and with Mr. Dottheim, let me show  
24 you -- and this is Schedule FAC for Forrest Archibald,  
25 2010-2.

1 It's just the cover page, but generally,  
2 have you seen a document like that?

3 A. I have. It was produced monthly for the  
4 executives.

5 Q. Now -- well, now, let's back up.

6 A. I'm sorry, that was a cost report. I was  
7 reading the title at the bottom.

8 Q. So let's clarify, then, again. What is  
9 this?

10 A. This is the Unit 1 and Unit 2 cost  
11 reforecast of 2008.

12 Q. Okay. And what was -- do you know what  
13 was done with this document?

14 A. It was a document that went to the  
15 executive oversight committee for review and approval.

16 Q. And generally in this reforecasting  
17 process, what was included in a reforecast?

18 A. As far as the work of the -- the actual  
19 work of the reforecast or the development of the  
20 reforecast?

21 Q. Well, what -- let me just show you here  
22 what's labeled as an introduction and ask you to  
23 review that. This is FAC 22-2, cost summary, Iatan 2  
24 cost per kilowatt, process, reforecast components,  
25 assumption, estimated changes by category, contingency

1 analysis, risks, communication plan.

2 Is this the standard list of items that  
3 are discussed in a reforecast?

4 A. For the executives, this is essentially  
5 the agenda for that day.

6 Q. All right. So when it says estimate  
7 changes by category, what does that mean?

8 A. We had categorized the different  
9 procurements that had been done on the project and the  
10 new estimates that we would be doing would be in this  
11 area.

12 Q. Okay. So now in this -- let me make sure  
13 I'm on the right -- not on pages we need to worry  
14 about. So in this particular one, still on  
15 FAC 2010-2, we have here estimated changes by  
16 category.

17 And does something like that appear in  
18 each reforecast that was done?

19 A. It does.

20 Q. So here we have estimated changes by  
21 category, price, design maturation, scope, design  
22 maturation, schedule, and then we have optimization,  
23 operation, and construction, we have  
24 regulatory/external permit. Looks like that's it.

25 So what was generally described in these

1 estimated changes by category?

2 A. This was part of the analysis that was  
3 done where on each one of the changes orders, these  
4 categories show as a check box for the person that's  
5 generating the change order to check and determine  
6 what was the cause of the change order. And so what  
7 we try to do is mirror the change orders to say on the  
8 reforecast, here's the work that we believe is going  
9 to come down and here's the categories that it fits  
10 in.

11 Q. So are we saying that this captures from  
12 the change orders the reasons for the changes?

13 A. It does.

14 Q. And when we say "changes," we mean  
15 changes against the original control budget estimate?

16 A. Contracts.

17 Q. Against the contracts?

18 A. Correct.

19 Q. Okay. And then I see here on this  
20 particular one, there's a pie chart, estimated  
21 changes, and it assigns percentages; is that right?

22 A. That's correct.

23 Q. And is that -- is a document like that,  
24 that assigns percentages to each category of changes  
25 to the contracts, does that type of pie chart appear

1 in each and every reforecast that was done?

2 A. I know it did in this one. I didn't see  
3 the 2010, so I'm not sure.

4 Q. Okay. In the '08 one, it was there?

5 A. Yes.

6 Q. And do you know, were the reforecasts  
7 provided to staff?

8 A. I believe they were.

9 Q. Staff --

10 A. Mr. Giles can confirm it.

11 Q. -- of the Missouri Public Service  
12 Commission?

13 All right. Now, you talked about the  
14 change orders, checking a box, and I know Mr. Dottheim  
15 went through some change order questions with you.

16 Is there a change order as one of your  
17 schedules? I don't think so.

18 A. In the comprehensive energy plan, cost  
19 control schedule, SJ 2010, there's a sample change  
20 order on Page 26.

21 Q. Page 26 of SJ 2010-1, right? All right.  
22 So we're talking about -- is that what we're talking  
23 about, change order documentation form?

24 A. Yes. The form that's actually being used  
25 is much more detailed than this one, but this was a

1 sample that we used in 2006.

2 Q. Okay. So, yeah, this is -- well, you  
3 just explained it.

4 Okay. So tell me what you were just  
5 talking about in terms of where on the change order we  
6 would identify the reasons.

7 A. Well, this one -- again, this was an  
8 early one from 2006.

9 Q. Right.

10 A. This one doesn't show the reason code  
11 box.

12 Q. Okay.

13 A. But under where it says product type and  
14 it says director service labor, on the form that's  
15 currently there, it will say reason code, and then  
16 you've got to check the box of the reason, whatever  
17 reason code you need to use.

18 Q. And do you know generally, can you recite  
19 some of the reason codes that you would use?

20 A. Some of the ones you went through just a  
21 minute ago, price, schedule optimization, design  
22 maturity, those kind of things.

23 Q. And by the way, we use this term, maybe  
24 everybody else knows what it means, but design  
25 maturity, can we take that down to layman's terms?

1 A. The example I gave earlier, which was in  
2 December when you specify a job, you buy a pump and  
3 you want a ten-gallon pump --

4 Q. Right.

5 A. -- and it's going to pump ten gallons an  
6 hour. And in June or July, conditions change and you  
7 realize you need a 20-gallon per hour pump. Well,  
8 that's a change.

9 Q. So you have to change the design?

10 A. Yes. So the design matured that says we  
11 need more water than we needed back in December for  
12 some reason. There's a reason you need more water.

13 Q. So we've changed -- when we're saying  
14 design, we're referring to the design of the project,  
15 then?

16 A. Yes, of that particular system within the  
17 project.

18 Q. All right. Let me just ask real quickly  
19 on the -- you went through an example of change orders  
20 with Mr. Dottheim, and I think you discussed the  
21 estimator's involvement?

22 A. That's correct.

23 Q. Were those the only people that were  
24 involved in reviewing change orders?

25 A. Oh, no, quite to the contrary. It's a



1 robust and yet very thorough process. Many people  
2 review a change order. When a change order gets  
3 created on the Iatan project, a form similar to this  
4 form that you're looking at here is filled out by the  
5 engineer or whoever identifies the change. And they  
6 say what is the issue, what's the modifications, what  
7 changed, the analysis, what happened, why was there a  
8 change? And then what's their recommendation?

9           with that, it gets put into a system that  
10 then starts the routing process, including it goes  
11 through engineering, it goes through construction  
12 management, so the whole project leadership team sees  
13 it at the end of the day. So the engineering manager  
14 sees it and needs to review it and authorize it, it  
15 goes through the construction manager has  
16 to -- receives it, reviews it, you know, agrees or  
17 disagrees with it, you know, may have a conversation  
18 with that engineer or that construction person.

19           It goes through the procurement director,  
20 it goes through cost control, Forrest's group sees it.  
21 It goes through the scheduling department. It goes to  
22 the estimating -- if at that point it's been sort of  
23 approved, because it's not approved yet, the  
24 estimators will then review it for accuracy when it  
25 comes to, is it valid, is it worth the dollars, is it

1 too high or too low? The estimators then review it.

2           And then it goes through a final set  
3 of -- of Staff, including Brent mentioned that he  
4 signs many of them, Bob Bell signs many of them now.  
5 But there's two KCP&L signatures and a vendor  
6 signature at the end of the day. So it goes through  
7 many hands over the course of not many -- not many  
8 hours, but days before you can approve a change order  
9 sometimes.

10           Q. All right. And then finally,  
11 Mr. Dottheim, I think, asked you about whether you had  
12 been interviewed by Pegasus. Do you recall that?

13           A. I do.

14           Q. Were you ever interviewed by Mr. Hyneman  
15 of the PSC Staff?

16           A. You know, I don't know specifically if it  
17 was Mr. Hyneman. I did sit in one meeting with PSC  
18 Staff with Brent back in early 2007, but I'm not  
19 exactly sure of the names of the folks.

20           Q. Well, that might speed it up a little  
21 bit. Have you ever been interviewed by anybody on the  
22 PSC Staff?

23           A. Interview? We gave a presentation on  
24 change management to the lead engineer at the time and  
25 another person, I think Wood or Ward and those -- Dave

1 Elliott and either a gentleman by the name of Ward or  
2 Wood, and we went through all the processes that we  
3 had in place in April of 2007 or May of 2007 to lay  
4 out, this is how we're going to be managing the  
5 project based on what had been submitted as the cost  
6 control system. And we were going to go through -- we  
7 went through change management, how we were going to  
8 document every change on the project, the due  
9 diligence we were going to put into it.

10 In fact, we even came up with the  
11 justification -- the support documentation for change  
12 orders to even make more crystal clear the change  
13 orders over \$50,000, I believe, at Dave's request, Mr.  
14 Elliott's request at some point. So we -- that's the  
15 one I remember. It was early on, on the project.

16 MR. HATFIELD: Thank you. No further  
17 questions, Judge.

18 JUDGE PRIDGIN: Mr. Hatfield, thank you.  
19 Mr. Jones, you may step down. Thank you very much.

20 All right. I would like to adjourn for  
21 the evening, and before I do, I guess, probably give  
22 parties sort of a report or fair warning, too. In my  
23 view, we're sliding behind schedule quite a bit  
24 already. And I have no intent of keeping people late  
25 tomorrow night with it being a Friday and a lot of