

1 MR. WILLIAMS: I believe that issue is present
2 in the Kansas City Power & Light Company case as well because
3 the Staff has done a reduction of the tax credit in
4 proportion to the ownership interest of KCP&L Greater
5 Missouri Operations Company.

6 MR. HATFIELD: I have no objection to the
7 questioning, Judge.

8 JUDGE PRIDGIN: Since we have no objections,
9 we can continue.

10 BY MR. WILLIAMS:

11 Q. Well, was it your decision as to whether or
12 not -- I'm going ask again: Why didn't KCP&L Greater
13 Missouri Operations Company also seek for a portion of the
14 coal tax credit for Iatan 2 be allocated to it based on its
15 ownership interest in Iatan 2?

16 A. As I said, that's a tax question. I'm not the
17 tax expert and Melissa Hardesty, who will be a witness in the
18 GMO case, is an appropriate person to ask that question on.

19 Q. Do you know?

20 A. I don't.

21 Q. Do Kansas City Power & Light Company and KCP&L
22 Greater Missouri Operations Company make strategic decisions
23 separately?

24 A. There are decisions that we have to make
25 keeping those legal entities in mind. There are decisions we

1 make in common, there are decisions we have to make
2 separately because of the separate legal entities.

3 Q. Well, is seeking the advance coal tax credit
4 something that would be done on a separate basis?

5 A. Again, I refer you to Melissa Hardesty.

6 Q. You don't know if that would be something that
7 would be done separately or jointly?

8 A. I'm not the tax expert on these issues.

9 Q. Is your answer you don't know?

10 A. I'm not the tax expert.

11 MR. WILLIAMS: Judge, would you direct the
12 witness to respond to the question? I believe he's being
13 non-responsive to his answer.

14 JUDGE PRIDGIN: I will sustain it. I think
15 Mr. Williams was asking you --

16 THE WITNESS: I don't know.

17 MR. HATFIELD: Judge, we agreed to do this
18 issue by issue, and you know, I'm being advised, maybe
19 arguably in this case, but we agreed to do this issue by
20 issue. I don't want him back, but I don't know how long
21 we're going to want to spend on this when the witness has
22 told us there's another witness on this and we have a
23 schedule. So I mean, if you want to direct him to answer
24 this question now at this time, obviously you're the judge.

25 JUDGE PRIDGIN: I guess I'll wait to see if we

1 have an objection to the question. So far what we're getting
2 is questions to which Mr. Downey says he doesn't know the
3 answer and --

4 MR. HATFIELD: I'm sorry, I thought you were
5 directing him to answer the question.

6 JUDGE PRIDGIN: And I did, and Mr. Downey said
7 he didn't know.

8 MR. WILLIAMS: I believe it was answered and
9 as to agreement to try these issues by issue, my recollection
10 is that the company chose the order in which this case is
11 being tried.

12 BY MR. WILLIAMS:

13 Q. Do you know if Great Plains Energy, Kansas
14 City Power & Light Company, and/or KCP&L Greater Missouri
15 Operations Company have any plans for the merger of Kansas
16 City Power & Light Company and KCP&L Greater Missouri
17 Operations Company? And when I say "merge," I'm talking
18 about a legal merger.

19 A. We certainly have talked about it and I
20 believe we've even talked to the staff about it.

21 Q. Well, the question is whether you have any
22 plans, not whether you've talked about it. Do you have any
23 plans?

24 A. I believe we're talking about it and the idea
25 that we would ultimately merge the two organizations, we are

1 thinking about it.

2 Q. Do you have any date in mind by which the
3 merger might be accomplished or -- or when you would like to
4 effectuate the merger?

5 A. Not specifically at this time.

6 Q. Within the next ten years?

7 A. That would seem reasonable.

8 Q. Within the next five years?

9 MR. HATFIELD: I believe it's been asked and
10 answered, Judge.

11 JUDGE PRIDGIN: Overruled. I think he's
12 trying to pin him down on a certain date.

13 THE WITNESS: I don't have a certain date.

14 BY MR. WILLIAMS:

15 Q. I am just trying to find the best date I can
16 get. Within the next five years?

17 A. Well, I know that we came into the Staff to
18 talk about recently context of when we might do that. And so
19 we're certainly interested in entertaining discussions about
20 it.

21 Q. I'm just asking whether or not the companies
22 would like to effectuate a merger within the next five years.

23 MR. HATFIELD: Judge, before we continue on
24 merger, I think I'm going to have to ask that we go into HC,
25 talking about combining operations and when that might

1 happen.

2 JUDGE PRIDGIN: All right. We'll go

3 in-camera. Just a moment.

4 (REPORTER'S NOTE: At this point, an in-camera
5 session was held, which is contained in volume 20, pages 1224
6 to 1225 of the transcript.)

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1 JUDGE PRIDGIN: We're back in public forum.

2 BY MR. WILLIAMS:

3 Q. Do you know how many hours you charged to
4 Iatan 2 construction project in 2005?

5 A. I don't.

6 Q. Would it be 0 hours?

7 A. No. It would have probably been fairly low,
8 though, in 2005.

9 Q. How low is fairly low?

10 A. I have no idea the number.

11 Q. A hundred hours?

12 A. I have no idea.

13 Q. Did you charge 21.5 hours to the Iatan 2
14 construction project in 2006?

15 A. I have no idea.

16 Q. Did you charge 64.6 hours to the Iatan 2
17 construction project in 2007?

18 A. I have no idea.

19 Q. Did you charge 178.7 hours to the Iatan 2
20 construction project in 2008?

21 A. I have no idea.

22 Q. Did you charge 343.3 hours to the Iatan 2
23 construction project in 2009?

24 A. I have no idea.

25 Q. Did you charge 252 hours to the Iatan 2

1 construction project in 2010?

2 A. I have no idea.

3 Q. Do those hours that I've asked you about in
4 the different years correlate or do you believe they
5 correlate with how much time you've put in on the Iatan 2
6 construction project in those years? And I don't mean
7 precisely, but generally, did you work, you know, roughly
8 three times as much in 2007 as you did in 2006 and roughly
9 three times as much in 2008 as in 2007 and roughly twice as
10 much in 2009 as 2008?

11 A. I suspect what they correlate to are meetings
12 on my calendar. My secretary keeps my calendar. She records
13 the time. What I'm sure it doesn't account for is hours that
14 I might work in the evening or on the weekends or whenever if
15 it's not on the calendar, it's probably not recorded there.
16 So it would reflect meetings of the oversight committee, it
17 would reflect my weekly trips out to the plant site. It
18 would reflect what's on the calendar as opposed to the time I
19 put into the project that's not on the calendar.

20 Q. So by your answer, are you saying that what
21 you've charged to the Iatan 2 construction project or what's
22 been charged to the Iatan 2 construction project for your
23 time has been what's reflected on your calendar and not
24 necessarily all of the time you've spent on the project?

25 A. If I spend four hours on a Saturday reading

1 material, that's not reflected on the -- in there. I
2 don't -- I don't work a 40-hour week. I work almost all the
3 time and that's not recorded in the company's book of
4 records.

5 Q. Who prepares your time sheets?

6 A. My assistant.

7 Q. And do you review them?

8 A. I do.

9 Q. And before you sign off on them, you ensure
10 they're correct and accurate?

11 A. Between her and I, we review them and look at
12 it and she goes over it with me when I sign it. And as I
13 said, it reflects what's on the calendar.

14 Q. What calendar are you referring?

15 A. She keeps my calendar.

16 Q. So it's a work calendar?

17 A. Yes.

18 Q. And what kind of information is kept in that
19 calendar? You mentioned meetings.

20 A. It's the schedule of my time, meetings that
21 I'm in, where I am.

22 Q. And when you say your time, are you talking about
23 a 40-hour workweek, 8:00 to 5:00?

24 A. If I have meetings that extend beyond that,
25 they'll be in that calendar.

1 Q. So it will be the normal workday plus if there
2 was time that went beyond the end of the normal workday?

3 A. I haven't worked a normal workday in any time
4 since I can remember.

5 Q. But you also said you worked on weekends and
6 that time I gather is not reflected in your calendar, so I'm
7 trying to get an understanding.

8 A. If I go home at nights and I spend two hours
9 sitting in a chair at home doing work, I don't put it on my
10 calendar.

11 Q. So is what's put on your calendar when you're
12 spending time on work at work? And when I say that, I'm
13 talking physically at your workplace.

14 A. It could be at my workplace, could not be at
15 my workplace. I could be in meetings -- I could be in
16 meetings anywhere in the country.

17 Q. But it wouldn't be while you're at home?

18 A. I don't try to record the hours I work when
19 I'm at home.

20 Q. Who built Wolf Creek?

21 A. I'm not sure I understand your question.

22 Q. The Wolf Creek nuclear reactor that's part of
23 the Kansas City Power & Light Company portfolio of generation
24 assets, you're familiar with that?

25 A. Yes.

1 Q. Do you know who built it?

2 A. Well, it was a joint venture of Westar and
3 Kansas City Power & Light and Kansas Electric Power
4 Cooperative.

5 Q. Who managed the construction of the generating
6 facility?

7 A. I was not here at the time. I have no idea.

8 Q. Would you -- in your direct testimony on
9 page 3 at lines 8 to 9, I'll give you a moment to find it.

10 A. I'm there.

11 Q. You mention there, do you not, that Kansas
12 City Power & Light Company had engaged in a building of a
13 number of smaller construction projects and rebuilt
14 Hawthorn 5, do you not?

15 A. Yes.

16 Q. What are the smaller construction projects
17 that you're referring to there?

18 A. Probably larger retrofits on existing
19 coal-fired units. We have an annual capital budget and some
20 of those projects can be very significant. We have one under
21 way right now at La Cygne, at our La Cygne power plant that's
22 very large. Those kind of projects. They'd be in the
23 multi-million dollars in terms of scope and cost.

24 Q. You said probably retrofit to larger coal
25 plants. Did you prepare your direct testimony?

1 A. Yes, I did. I meant -- that's what I meant.
2 I meant retrofit work.

3 Q. So it's not probably, that is what you meant?

4 A. Yes.

5 Q. So it doesn't include the construction of
6 combined cycle and combustion turbine generators?

7 A. Yes, we've built multiple of those stations
8 even in the last ten years since I've been here, West Gardner
9 facility would be one that comes to mind.

10 Q. And what retrofits of larger coal plants were
11 you referring to?

12 A. We've done work at Hawthorn, we've done work
13 at La Cygne, we've done projects at Montrose, more recently
14 in the acquired organizations at Sibley.

15 Q. What type of work are you referring to that
16 you're characterizing as retrofits?

17 A. Environmental equipment, boiler tube
18 replacement, various components at the plant, turbine
19 generators.

20 Q. And when you -- when you reference various
21 components, you also said boiler tubes and turbine
22 generators. Are those some of the components you're
23 referring to or does components mean something else?

24 A. Yes, these plants -- we have a fleet that's
25 aging and there are significant components to those plants

1 that we -- and we schedule maintenance and refurbishment
2 outages, even with regard to Iatan 1 when we -- we install
3 the -- the new environmental control equipment in the 2008
4 time frame, we probably did 50 to 70 million dollars worth of
5 non-CEP work inside Iatan 1 that included an entirely new
6 digital control system and included additional equipment in
7 the boiler and in other parts of the plant.

8 Q. And since you've mentioned a cost of some of
9 those projects, what type of costs are you talking about for
10 a total value of the project? Are we talking about a hundred
11 million dollar projects to a million dollar projects?

12 A. Well, the current one at La Cygne is in the
13 hundred million dollar neighborhood.

14 Q. And what is the current project at La Cygne?

15 A. There's a major amount of -- of work being
16 done, a variety of items, complete gutting of much of the
17 boiler support equipment.

18 Q. And the others you mentioned, Hawthorn,
19 Montrose, Sibley, what kind of order of magnitude are the
20 dollars on those projects?

21 A. Sibley, I think it's in the 70 million dollar
22 range.

23 Q. Montrose?

24 A. Montrose, over the last decade, we've probably
25 done 25, 30 million dollars worth of work on collective

1 projects.

2 Q. Well, is 70 million you're referencing on
3 Sibley, over what time frame is that project?

4 A. Probably two years.

5 Q. And the La Cygne project you mentioned?

6 A. That's currently underway.

7 Q. How far along are you on that project?

8 A. I was actually supposed to be down there this
9 past week and didn't get there, probably about halfway
10 through that outage right now.

11 Q. And how long is this outage you're referring
12 to?

13 A. About four months.

14 Q. And the Hawthorn project you referenced, how
15 many dollars were involved in that?

16 A. I don't recall specific dollars.

17 Q. Do you recall a time frame?

18 A. It goes back a couple years.

19 Q. And rather than just specific dollars, can you
20 ballpark it?

21 A. I don't have a number on Hawthorn.

22 Q. Did not Kansas City Power & Light Company hire
23 an engineering firm to prepare the definitive estimate of the
24 Iatan construction project?

25 A. Are you referring to Burns & McDonnell?

1 Q. Well, that could be the engineering firm,
2 sure. It would be.

3 A. We hired Burns & McDonnell as the owners
4 engineer and they prepared an estimate, yes.

5 Q. Is that the definitive estimate that they
6 prepared?

7 A. They prepared it but ultimately it was KCP&L's
8 control budget estimate, which they prepared and had
9 commented and was critiqued, but ultimately we own the
10 estimate.

11 Q. If I understand your answer correctly, you're
12 saying Burns & McDonnell prepared the definitive estimate for
13 the Iatan construction project, but it was Kansas City Power
14 & Light Company that adopted that estimate as the definitive
15 estimate?

16 A. Yes.

17 Q. Why was a law firm, in this case Schiff
18 Hardin, needed to review the definitive estimate prepared by
19 Burns & McDonnell for the Iatan construction project?

20 A. Mr. Dan Meyer in particular, and he will be
21 testifying later, is a cost-control, cost-estimating expert
22 in the construction industry and we wanted his input and
23 review of it and found it very valuable.

24 Q. So you retained the law firm specifically for
25 Mr. Meyer -- Meyer's services?

1 A. No, Mr. Meyer was one of an array of services
2 that came together and was part of the unique skill set of
3 that Schiff Hardin organization. It was one of a number of
4 things that they brought to the table that we found very
5 valuable and Mr. Meyer has, from the original control budget
6 estimate, through every reforecast, has been a constant in
7 terms of critiquing and evaluating and giving us an
8 independent view of the numbers.

9 Q. Is Mr. Meyer an attorney?

10 A. Not that I'm aware of.

11 Q. On page 3 of your direct testimony, at line 17
12 you used the term internal resources. Do you see that?

13 A. Yes.

14 Q. where you use that term "internal resources"
15 there, what do you mean?

16 A. Direct employees.

17 Q. what do you mean by "direct employees"?

18 A. An actual employee of KCP&L as opposed to a
19 contractor or consultant.

20 Q. And when you say KCP&L, do you mean Kansas
21 City Power & Light Company?

22 A. Yes.

23 Q. Do you accept responsibility for the Iatan
24 construction project?

25 A. I am the responsible executive for the

1 project.

2 Q. Are you accountable for the Iatan construction
3 project?

4 A. I believe so.

5 Q. Are you a member of the executive oversight
6 committee?

7 A. I'm the chairman of it, and I have been since
8 it was founded.

9 Q. When was the executive oversight committee
10 founded?

11 A. Well, informally, we assembled as early as
12 2005. We formalized that in early 2006, February of 2006.

13 Q. Would you please identify the members of the
14 executive oversight committee when it was created and any
15 changes in that membership of that committee since it was
16 created?

17 A. I'm not sure that I have that in my head, but
18 I believe it was -- I don't have the original -- maybe it's
19 in my testimony, I can't recall. I know that Mr. Bassham was
20 on the committee, Mr. Easley was on the committee, Mr.
21 Riggins was on the committee, Barbara Curry was on the
22 committee. I believe Mr. Giles was on the committee. There
23 could have been others. Those are the names that I recall
24 right now.

25 Q. And those names are -- you're referring to in

1 2005 when it was an informal committee?

2 A. 2006 when it was formalized.

3 Q. And you testified earlier you were also a
4 member when it was formally designated in 2006?

5 A. Yes.

6 Q. Is Mr. Bassham still a member of the executive
7 oversight committee?

8 A. Yes.

9 Q. Is Mr. Easley still a member of the executive
10 oversight committee?

11 A. No.

12 Q. Do you know whenever he no longer -- became no
13 longer a member of the executive oversight committee?

14 A. When he left the company, which would have
15 been sometime in -- I can't recall the date he left.

16 Q. Do you know which year it was even?

17 A. 2009.

18 Q. Is Mr. Riggins still a member of the executive
19 oversight committee?

20 A. No.

21 Q. Do you know when he became no longer a member
22 of the executive oversight committee?

23 A. He left the company just recently.

24 Q. Was that in this last year?

25 A. Last quarter of last year.

1 Q. It's Ms. Curry, is it not?

2 A. No, it's Mrs. Curry.

3 Q. Mrs. Curry. Do you know is Mrs. Curry still a
4 member of the executive oversight committee?

5 A. She retired last year.

6 Q. Do you know when last year?

7 A. Not exactly, but middle of the year.

8 Q. Is Mr. Giles still a member of the executive
9 oversight committee?

10 A. No, he's not. Not officially. He's not a --
11 he's a consultant to the company.

12 Q. Do you know when his membership in the
13 executive oversight committee ended?

14 A. When he retired.

15 Q. Do you know when he retired?

16 A. From the company?

17 Q. Do you remember when retired from the company?

18 A. You're really testing my memory. It would
19 have been -- I think it could have been 2008.

20 Q. So to the best of your recollection, it would
21 have been 2008?

22 A. Somewhere in 2008, I think.

23 Q. Were Mr. Easley, Mr. Riggins, Mrs. Curry or
24 Mr. Giles replaced as members of the executive oversight
25 committee?

1 A. Yes, Mr. Hydebrink (phonetic), who's the
2 senior vice-president of our supply group, which is
3 generation that's replaced Mr. Easley on that committee.

4 Q. And would that have been about the time
5 Mr. Easley retired?

6 A. Yes.

7 Q. Or left KCP&L?

8 A. Yes.

9 Q. I shouldn't say retired.

10 A. Yes.

11 Q. And Mr. Hydebrink is still a member of the
12 committee?

13 A. Yes, he is.

14 Q. Did anyone else become a member of the
15 committee?

16 A. Mr. Blanc, he's head of regulatory. Our
17 vice-president of purchasing, Maria Jenks, is now on the
18 committee. I'm sure I'm forgetting somebody.

19 Q. Well, Mr. Giles, I believe, was regulatory and
20 I believe Mr. Blanc is currently.

21 A. Yes, right.

22 Q. Did Mr. Blanc become a member of the executive
23 oversight committee about the time Mr. Giles left?

24 A. Yes.

25 Q. And Mr. Riggins, I believe, was in legal. Did

1 someone else replace him?

2 A. I don't believe we have at this point. And
3 we're beginning to transition down as the project winds down.
4 We haven't yet closed out the EOC, but much of the work is
5 obviously done on that and ultimately, at some point this
6 year, we will officially close that out for the Iatan project
7 and the CEP projects.

8 Q. Mr. Downey, for making essential decisions,
9 does the executive oversight committee receive all necessary
10 information it needed on a timely basis?

11 A. The oversight committee was not necessarily
12 the decision-making body. It was an oversight body. It was
13 not the decision-making body. It would have been involved in
14 hearing about decisions to be made and listening to them.
15 But there's a line organization that is decision-making
16 authority and responsibility. The oversight committee did
17 not run the project, the line organization ran the project.

18 Q. But you also testified, I believe, that the
19 executive oversight committee made recommendations?

20 A. Yes, it's part of good governance to have that
21 group and their input and ideas. But ultimately, the line
22 organization had decision-making responsibility.

23 Q. And did the line organization rely on the
24 executive oversight committee's recommendations?

25 A. I would -- I would describe it as a discussion

1 and a questioning and a challenging and it clearly would
2 listen to -- very strongly -- the input and advice of that
3 group. But ultimately, the line organization had to make the
4 decisions.

5 Q. Well, do you know of any instance where the
6 executive oversight committee made some recommendation that
7 the line organization declined to adopt?

8 A. No.

9 Q. And in making its recommend -- or for making
10 its recommendations, did the executive oversight committee
11 receive all the information it needed to make those
12 recommendations on a timely basis?

13 A. I believe they did.

14 Q. And what type of -- what types of information
15 did the executive oversight committee receive for making its
16 recommendations?

17 A. Well, I think there was a standard set of
18 reports each month. Early on, the oversight committee was
19 meeting even as frequently as weekly. As time progressed, we
20 moved to a monthly format in which they received regular
21 updates on status of all sorts of issues. Early on, it was
22 the engineering status and then the key purchasing decisions
23 that were made.

24 As we moved to construction, it would have
25 been construction status, they would have learned about the

1 development of the organization, they would have seen and
2 heard about our cost control system, they would have been
3 immersed in our earned value system and every month they
4 would have seen the output of those -- that system. They
5 would have seen the financial reports from the cost control
6 system.

7 Anytime there was a major issue with a site,
8 they would have had detailed briefings on that. When we had
9 the crane collapse and fatality there, they would have had
10 very detailed briefings on that. When we uncovered the
11 metallurgical issues around T-23, we would have briefed the
12 committee and we would have brought the independent experts
13 in to allow the committee to question and understand those
14 issues. So anything of significance during the project would
15 have very timely been brought forward to the oversight
16 committee for their awareness.

17 Q. And you mentioned the committee's meetings
18 gather -- I think it was meetings -- started out weekly and
19 changed to monthly. Do you know about the time frame when
20 that change occurred and the frequency?

21 A. I don't recall exactly. I would say that
22 early on in the project, as we were getting started up -- I
23 don't recall the exact date.

24 Q. 2005, 2007?

25 A. I'd say 2000 --

1 Q. 2007?

2 A. I would say early or late 2006.

3 Q. And you mentioned standard reports. What do
4 those include?

5 A. The financial reporting, the earned value
6 reporting, the schedules. You know, progress on schedule and
7 cost. The progress on purchasing, in 2006, we committed a
8 billion dollars of spend on the projects so they would have
9 been hearing about that all the way through 2006, progress on
10 engineering, progress with contractors, disputes with
11 contractors, they would have heard all of that.

12 Q. Now whenever I asked you about the executive
13 oversight committee making decisions, you said no, they make
14 recommendations. You referenced line organization. What's
15 the line organization you're talking about?

16 A. The project team, the head of construction,
17 first Mr. Grimwade followed by Mr. Murphy, our
18 vice-presidents of construction, Mr. Price, then Mr.
19 Churchman. Those would have been the -- the line
20 organization reporting first to Mr. Easley and then
21 ultimately to me.

22 Q. Would that have -- Mr. Easley is not with the
23 company now, is he?

24 A. That's correct.

25 Q. So whenever you're talking about those

1 individuals and those positions, are we talking about
2 whenever the committee was first established?

3 A. No. Those were the individuals over time,
4 over the five-year period.

5 Q. The individuals who made the decisions, is
6 that what you're saying?

7 A. The individuals responsible for the line
8 organization, yes. Mr. Grimwade was the first one.

9 Q. It's my ignorance, I'm still not understanding
10 what you're meaning by line organization. Are you saying
11 these are the individuals over what you're describing as a
12 line organization?

13 A. Yes, so in the beginning, Mr. Easily had
14 responsibility for -- let's just stick with the Iatan
15 projects.

16 Q. That's fine.

17 A. And so as senior vice-president of generation
18 and then construction as well, he was the head of the line
19 organization. Mr. Grimwade was -- reported directly to him
20 and then the project manager, the initial one was Terry
21 Murphy and -- and Terry Murphy's whole organization. That's
22 the line organization. They were responsible for the
23 execution of the project.

24 Q. And that's the Iatan project, correct?

25 A. Yes.

1 Q. Were Mr. Easley, Mr. Grimwade and Mr. Murphy
2 all employees of Kansas City Power & Light Company?

3 A. Yes.

4 Q. Were they all employees of Kansas City Power &
5 Light Company before the Iatan project team started to be put
6 together?

7 A. Mr. Easley and Mr. Grimwade were; Mr. Murphy
8 was not.

9 Q. Why was Mr. Murphy hired?

10 A. We were seeking an experienced large
11 construction project executive.

12 Q. What was it about Mr. Murphy's qualifications
13 that caused Kansas City Power & Light Company to hire him?

14 A. I think the year that we hired him, he was
15 named one of the hundred top large project managers by
16 Engineering News Record, so I mean, that was one of many. He
17 was recommended, he had worked on many other projects and was
18 recommended to us and had that kind of background.

19 Q. Do you know of any specific projects that he
20 worked on before you hired him?

21 A. I believe he -- the Ontario project. I can't
22 remember the specific name of the organization, but he had
23 just come off of a large project. Not unusual for these
24 individuals.

25 Q. Do you know if he had been -- was ever

1 characterized -- and I'm going to use some words that if
2 they're inaccurate, tell me and how you would characterize
3 Mr. Murphy in terms of what you understood about his
4 activities at the -- I think it was a project for Ontario
5 Power Generation. But had he been described as pushing
6 management changes on the site and overhauling
7 problem-plagued culture?

8 MR. HATFIELD: I'm going to object, it's a
9 compound or ambiguous question. I'm not sure I understand
10 what he wants the question to answer.

11 JUDGE PRIDGIN: I'm going to overrule. I
12 mean, I think I understood the question.

13 THE WITNESS: Would you repeat the question?

14 BY MR. WILLIAMS:

15 Q. Do you know if in terms of his activities at
16 the Ontario project, Mr. Murphy had been characterized as
17 having overhauled a problem-plagued culture at the committee
18 and pushed management changes onsite?

19 A. I don't recall that specific, I don't know.

20 Q. Did you have any understanding about what
21 Mr. Murphy had done at the Ontario power site?

22 A. My understanding was that he was successful.
23 You know, I did not -- as I said, Mr. Easley at the time was
24 in charge of this and was a part of the -- he was a lead as a
25 part of this hiring. What I know is Mr. Murphy came highly

1 recommended and had a long background. I don't remember the
2 specifics.

3 Q. So are you saying that Mr. Easley made the
4 hiring decision for hiring Mr. Murphy?

5 A. He would have been the lead on that. Other
6 people would have been involved. Our human resource people
7 would have been involved. I think I probably interviewed
8 Mr. Murphy myself and there were other people who would have
9 interviewed. When we hire the key people, we try to have
10 multiple inputs. That's -- hiring is one of the more
11 challenging decisions that any organization makes and it's
12 not an exact science, so we try to get multiple inputs.

13 Q. So you're -- basically you're saying you
14 relied on his general reputation and other people in your
15 organization for the hiring of Mr. Murphy?

16 A. Yes.

17 Q. Do I understand correctly that the executive
18 oversight committee didn't have any control over the
19 financing or authorization of expenditures on the Iatan
20 project?

21 A. That's correct.

22 Q. Could the Iatan project manager approve
23 expenditures on the Iatan project without the approval of the
24 vice-president of construction?

25 A. Yes.

1 Q. Mr. Downey, you approved some settlements with
2 Kiewit and Alstom; is that correct?

3 A. Yes.

4 Q. Did you obtain approval from the board of
5 directors of Kansas City Power & Light Company before you
6 approved those settlements?

7 A. If they required such approval. In some
8 cases, they did not, depending on the level of those
9 settlements, the dollar level.

10 Q. Would the dollar level where board of director
11 approval be highly confidential?

12 A. Yes, I think.

13 MR. HATFIELD: Okay.

14 MR. WILLIAMS: I guess go in-camera for the
15 question.

16 JUDGE PRIDGIN: Okay. We'll go in-camera for
17 just a moment, please.

18 BY MR. WILLIAMS:

19 Q. At what dollar level would the settlement need
20 to be before it required board of director approval whenever
21 you were the one approving the settlement?

22 A. I should have the specific number in my head,
23 I don't. But I don't believe that there were any settlement
24 agreements that reached that level. In fact, I'm certain
25 there weren't.

1 JUDGE PRIDGIN: Is that all we need for in
2 camera?

3 MR. WILLIAMS: Probably more than we needed as
4 it turns out.

5 JUDGE PRIDGIN: Can we go back into public
6 then?

7 MR. HATFIELD: I don't think that needs to be
8 HC.

9 JUDGE PRIDGIN: We're going back to public.
10 We are in public forum.

11 MR. MILLS: And Judge, while we were
12 in-camera, I think counsel for KCP&L decided that that
13 portion did not need to be HC, so can we instruct that the
14 transcript be prepared accordingly?

15 JUDGE PRIDGIN: Any objections?

16 MR. HATFIELD: No objection, Your Honor.

17 JUDGE PRIDGIN: Okay. If I can order then
18 that immediately proceeding in-camera session be made public.
19 Thank you.

20 BY MR. WILLIAMS:

21 Q. And am I correct in understanding that your
22 approving settlements with Kiewit and Alstom didn't require
23 any approval by the executive oversight committee; is that
24 correct?

25 A. I would have shared that -- those settlement

1 processes and outcomes with the oversight committee, but I
2 had the authority to do it.

3 Q. You didn't have to share it with them, did
4 you?

5 A. I did.

6 Q. I understand, but you weren't required to,
7 were you?

8 A. I believe our culture and our informal policy
9 would have said that, yes, I did.

10 Q. Did the executive oversight committee make
11 recommendations regarding the settlement with Kiewit and
12 Alstom that you approved?

13 A. I'm sorry, would you repeat that?

14 Q. Did the executive oversight committee make
15 recommendations regarding the settlements with Kiewit and
16 Alstom that you approved?

17 A. No, I don't believe they did.

18 Q. Why don't we do it this way: For approving
19 the settlements in Kiewit and Alstom, what role did the
20 executive oversight committee play?

21 A. I think the confusion, the executive oversight
22 committee is not an unusual kind of structure in large
23 organizations. And it's an input and advice -- they were not
24 the line authority. They -- we wanted to make sure that our
25 executives from across the organization understood what was

1 going on, was involved, could question and challenge. But
2 they were not in the line of approval. Now, did we listen to
3 them, yes, because it's important. But this is not an
4 unusual structure in big corporations, but they are not the
5 line authority for this.

6 There is a line organization that's very
7 clear. The signature authorities are very clear and approval
8 lines are very clear. The oversight committee is not in that
9 approval line, but we consult with them and we ask for their
10 input and we want them to be aware of all that's going on in
11 this. We had three to 4,000 people working on this one
12 project. We don't have -- we have about 3,000 people in the
13 entire rest of the company.

14 This was our way of engaging our entire senior
15 leadership team in what was going on on a very focused
16 project. But they were -- there was not a sign-off sheet or
17 an approval authority within the oversight committee. Their
18 functions was very different than the line organizations
19 function.

20 Q. I think I'm hearing your quibbling with my use
21 of the word "recommendation." Did the oversight committee
22 provide its input in written format?

23 A. No.

24 Q. Or did it --

25 A. No, it was in the discussion in the monthly

1 meetings.

2 Q. Mr. Downey, did Alstom provide you and your
3 wife a trip to Pebble Beach with all expenses paid by Alstom
4 except airfare?

5 A. I did go to Pebble Beach with the Alstom
6 senior leadership after we successfully completed the
7 negotiation of the contract, and I did pay for -- our company
8 paid for the airfare. I was their guest at the -- at Pebble
9 Beach.

10 Q. And when you said their "guest," whose guest
11 were you?

12 A. Alstom's.

13 Q. So Alstom paid for your accommodations and
14 whatever you did in Pebble Beach is that what you're saying?

15 A. Yes.

16 Q. And likewise, Mr. Downey, did Alstom provide
17 you and your wife a trip to Newport, Rhode Island with all
18 expenses paid by Alstom except for airfare?

19 A. We did go to that event and I know I paid our
20 own airfare. I'm not sure about the hotel, whether we paid
21 it or not, I can't recall.

22 Q. What is Pebble Beach?

23 A. Well, we stayed at a hotel there and it is a
24 resort area.

25 Q. What kind of activities do they have at that

1 resort?

2 A. A variety of different ones, including golf.

3 Q. Is it known for any particular activity?

4 A. Golf.

5 Q. Are you a golfer?

6 A. I play golf, badly.

7 Q. I hope Alstom didn't take too much advantage
8 of you on the golf course then.

9 when you signed the settlement agreement with
10 Alstom for the JLG and soil stabilization settlements, did
11 Kansas City Power & Light Company have any basis for
12 believing that it was at fault?

13 A. The JLG settlement was part of a broader set
14 of initiatives and strategy we had with -- with Alstom.
15 First of all, the JLG incident raised safety issues, so --

16 MR. WILLIAMS: Judge, I think he's going
17 beyond the scope of the question in his answer. I ask that
18 you direct him to answer the question as posed.

19 JUDGE PRIDGIN: Okay. Just to be clear,
20 Mr. Williams, will you ask the question again, please?

21 BY MR. WILLIAMS:

22 Q. When you signed the agreement with Alstom for
23 the JLG and soil stabilization settlements, did Kansas City
24 Power & Light Company have any basis for believing it was at
25 fault?

1 MR. HATFIELD: Judge, I think we may need to
2 be HC here.

3 MR. WILLIAMS: I'm fine with going HC.

4 JUDGE PRIDGIN: All right. Just a moment, HC.
5 we'll go in camera for just a moment.

6 (REPORTER'S NOTE: At this point, an in-camera
7 session was held, which is contained in Volume 20, pages 1255
8 to 1257 of the transcript.)

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1 JUDGE PRIDGIN: Because of the hour and
2 because of the weather, I'm just inquiring how much more
3 cross-examination do you think you have.

4 MR. WILLIAMS: A lot.

5 JUDGE PRIDGIN: All right. And Mr. Fischer, I
6 thought I saw you grabbing a microphone, did you have
7 somebody --

8 MR. FISCHER: Well, I was going to inquire the
9 same thing. It looked like if Mr. Downey was going to need
10 to come back, we probably ought to talk about scheduling of
11 next week and I know the folks from Kansas City want to stay
12 and get -- get as much done as we can, but if it's going to
13 be next week, we might as well take a break.

14 JUDGE PRIDGIN: All right. I'm inclined to --
15 to call it a night. Is there -- is there anything before
16 counsel or any objection or anything from counsel before we
17 go off the record?

18 MR. WILLIAMS: I'm certainly not going to
19 stand in your way.

20 JUDGE PRIDGIN: Thank you. All right. If
21 there's nothing further, we will readjourn at 8:30 Monday
22 morning. Thank you. We are off the record.

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