

1 record at about 11:15.

2 (A recess was taken.)

3 JUDGE PRIDGIN: All right. We are back
4 on the record. I believe Mr. Bell was the next
5 witness. Is there anything from counsel before he
6 takes the stand?

7 MR. FISCHER: We would call Bob Bell.

8 JUDGE PRIDGIN: All right. Come forward
9 to be sworn please. Please raise your right hand to
10 be sworn.

11 (Witness sworn.)

12 (KCP&L Exhibit Nos. 5-NP, 5-HC, 6-NP and
13 6-HC were marked for identification.)

14 JUDGE PRIDGIN: Thank you very much, sir.
15 Mr. Fischer, anything before he stands
16 cross?

17 MR. FISCHER: I have a little bit of
18 direct, your Honor.

19 ROBERT BELL, having been sworn, testified as follows:

20 DIRECT EXAMINATION MR. FISCHER:

21 Q. Please state your name and address for
22 the record.

23 A. My name is Bob Bell. I work for Kansas
24 City Power and Light.

25 Q. Are you the same Bob Bell that caused to

*Appendix
K*

1 be filed in this case direct testimony, both an HC
2 version and an NP version, and then also rebuttal
3 testimony, which for your information has been marked
4 as Exhibit 5 and 6?

5 A. Yes, I am.

6 Q. Do you have any corrections that need to
7 be made to your testimony or any of your exhibits?

8 A. No, sir.

9 Q. If I were to ask you the same questions
10 that are contained in that pre-filed testimony today,
11 would your answers be the same?

12 A. Yes, they would.

13 Q. And are they true and accurate, to the
14 best of your knowledge and belief?

15 A. Yes, sir.

16 MR. FISCHER: Your Honor, then I would
17 tender the witness for cross-examination and at the
18 end, ask that his testimony be admitted.

19 JUDGE PRIDGIN: All right. Mr. Fischer,
20 thank you. You will likely have to remind me and
21 reoffer your exhibit.

22 MR. FISCHER: Maybe I can ask if -- go
23 ahead and request admission.

24 JUDGE PRIDGIN: All right. Exhibits 5
25 and 6 have been offered. Any objections? Hearing

1 none, Exhibits 5 and 6 are admitted. They are both HC
2 and NP, if I'm correct.

3 MR. FISCHER: Yes.

4 JUDGE PRIDGIN: All right. Thank you.

5 (KCP&L Exhibit Nos. 5-NP, 5-HC, 6-NP and
6 6-HC were received into evidence.)

7 JUDGE PRIDGIN: All right.

8 Cross-examination, Mr. Dottheim, you'll have some?

9 MR. DOTTHEIM: Yes.

10 JUDGE PRIDGIN: Mr. Mills?

11 MR. MILLS: I have none

12 JUDGE PRIDGIN: Mr. Schwarz, it's to you,
13 sir.

14 MR. SCHWARTZ: I have some. Thank you.

15 CROSS-EXAMINATION BY MR. SCHWARZ:

16 Q. Morning, sir. Could you turn to page 10
17 of your rebuttal testimony, please?

18 A. Okay.

19 Q. If -- if you look on lines 12 and
20 lines 16, there are two different numbers in reference
21 to the Alstom contract. I don't want to go into
22 highly confidential so can you tell me how the
23 difference between those two numbers was -- how much
24 was unit 1 cost and how much was unit 2 costs?

25 A. No, sir, I cannot. If -- I would need to

1 look at the cost portfolio to get that detail for you.

2 Q. That's fine. Do you know if the -- that
3 difference identified was charged to the contingency
4 amount in the CBE?

5 A. Are you asking me if the difference in
6 the two numbers I'm looking at, that difference would
7 have come from contingency?

8 Q. Right. Was it charged to the
9 \$220 million contingency that was set out in the CBE?

10 A. I believe that would be where it would
11 come from, yes. It would have been accounted for in a
12 reforecast and pulled from contingency.

13 Q. Do you know that or is that --

14 A. Yes, sir.

15 Q. Okay. You have particular experience and
16 expertise in plant start-up; is that correct?

17 A. Yes, sir. That's one of the things I've
18 done quite a bit of.

19 Q. What problems to the start-up and
20 operation of a plant would be caused by the
21 impingement of weld material into the boiler tubes?
22 Is my question at all clear? No. Let me -- let me --
23 let me try it again.

24 Is it -- is it an important factor that
25 all of the welds to boiler tubes be smooth and -- and

1 complete from the perspective of -- of the operation
2 of the plant?

3 A. Yes, sir. I believe that's reasonable.

4 Q. And can you explain to the Commission
5 why?

6 A. Well, it's not really particular to the
7 boiler tube. All welds need to be done per
8 specification. And in the specification for doing any
9 weld, it tells you what type rod, for instance, to use
10 and the whole process for cleaning the weld after.
11 And you look at it and make sure there are no burs or
12 anything impeding into the pipe boiler tube or
13 whatever.

14 Q. I guess my question is, why would a bur
15 impinging on the inside of the -- of the tube wall
16 pose a problem to the operation of the plant?

17 A. Well, what I would say to that is, is a
18 boiler tube's fairly small size. And if there were
19 some weld material sticking into the boiler tube, it
20 might have some effect on the flow of the water
21 through that particular tube.

22 But we do extensive and we did do
23 extensive tests at Iatan to measure that flow through
24 the tubes and to compensate where some flows may be
25 different, not necessarily from some impingement or

1 whatever reason. We installed orifices in the lines
2 to make sure the flows were even throughout the
3 boiler.

4 Q. It -- it's an important aspect of the --
5 of the construction project?

6 A. Yes, sir. And that's why we check it to
7 make sure it's good.

8 Q. Right. And before the boiler's put in
9 operation, it's necessary to -- to clean the boiler
10 tubes after construction?

11 A. Yes, sir.

12 Q. And that's something that you'd expect
13 whenever you were installing a boiler in a generating
14 plant?

15 A. Yes, sir.

16 Q. In your opinion, would it be commercial--
17 commercially reasonable for a boiler purveyor to turn
18 over to a purchaser a boiler that had boiler tubes
19 with cracks in them?

20 A. No. I don't think any manufacturer or
21 constructor would knowingly turn a boiler over to an
22 owner or a purchaser if those problems existed.

23 Q. would an owner or a purchaser be obliged
24 to accept a boiler that had boiler tubes with cracks
25 or imperfect welds?

1 A. Well, if you knew that the boiler had
2 those issues at the time it was being turned over, no,
3 it would not be reasonable and -- for anyone. And we
4 did not experience such a situation at Iatan.

5 Q. Understood. In the marketplace what
6 would be the effect of a boiler manufacturer, a vendor
7 walking off of a major contract prior to delivery?

8 A. My -- are you asking me if during the
9 construction of a project, a contractor that was on
10 board part of the project were to just walk off the
11 site before he finished his work? Are you asking me
12 what the effect on that company be?

13 Q. On -- on the vendor, yes.

14 A. On the vendor. Well, it would be
15 detrimental to their reputation. I mean almost any
16 large company today, their reputation is of prime
17 importance to them. And so, therefore, if they
18 entered into a contract, any company would make every
19 effort whatsoever to complete the work they're
20 committed to.

21 Q. Thank you. Do you know about how many
22 supercritical coal-fired electric generating plants
23 have been built since the technology first arose?

24 A. No. I wouldn't have an exact number for
25 you, but there are quite a few.

1 Q. In the hundreds?

2 A. Yes, sir, I believe that would be
3 reasonable.

4 Q. There has been testimony in various
5 places that the market for coal -- coal-fired plants
6 has been very high worldwide in the last half dozen
7 years. Would you agree with that assessment?

8 A. Yes, sir. That's very true.

9 Q. And I -- this is your rebuttal --
10 rebuttal testimony on page 13. You suggest that
11 people of your vintage, and I suspect my vintage as
12 well, would be the only ones who have direct
13 experience from a pure construction standpoint. That
14 was your testimony. Correct?

15 A. Yes. To have extensive long-term
16 experience. Of course in this last boom, some new
17 people have now started to come up to speed on it.

18 Q. And so there are people available at --

19 A. Becoming that way again, yes, sir. This
20 last market has improved for that.

21 MR. SCHWARZ: I think that's all I have.

22 JUDGE PRIDGIN: Mr. Schwarz, thank you.

23 Mr. Dottheim?

24 MR. DOTTHEIM: Yes. Thank you.

25 CROSS-EXAMINATION BY MR. DOTTHEIM:

1 Q. Morning, Mr. Bell.

2 A. Good morning, sir.

3 Q. Mr. Bell, you have attached to your
4 rebuttal testimony a schedule, do you not, that shows
5 your educational and work experience; RNB2010-3?

6 A. That's correct.

7 Q. Okay. And to your direct testimony you
8 have on pages 2 and 3 your education and work history
9 set out, do you not?

10 A. Yes, sir, that's correct.

11 Q. Okay. Is basically the same information
12 replicated in both places?

13 A. Yes, sir. In general, it's a
14 replication. A little more detail in one area than
15 the other.

16 Q. You are not a professional engineer, are
17 you, Mr. Bell?

18 A. No, sir. I took the EIT, which is the
19 written exam for the PE, but I was overseas at the
20 time I was available to take the PE and I didn't
21 return to the states in the time before my EIT had
22 expired and so I never took the final piece of the
23 test.

24 Q. So you are not a professional engineer,
25 are you not?

1 A. No, sir.

2 Q. Okay. You don't hold yourself out as an
3 engineer, do you?

4 A. No, sir. I do not stamp drawings as a
5 PE.

6 Q. Mr. Bell, do you hold any certifications
7 or registrations as a professional?

8 A. I hold certifications from specific
9 classes I've taken in the power industry while at GE,
10 certifications for being expert in this, expert in
11 that, different types of equipment, that type of
12 stuff.

13 Q. Okay. For example, if you could give an
14 example when you say certain types of equipment?

15 A. For instance, the various control systems
16 that GE installed on steam turbines and gas turbines,
17 I'm considered an expert in probably five or six of
18 those control systems and typical things like that.

19 Q. Okay. Have you had any formal training
20 in project management?

21 A. Yes, I have. I've attended numerous
22 classes while at GE and at Black and Veatch on project
23 management.

24 Q. Okay. Have you had any formal training
25 in project cost management?

1 A. Yes, sir. I've had classes on that.

2 Q. Okay. Have you had any formal training
3 in project schedule management?

4 A. Yes, sir.

5 Q. Okay. Are you a project management
6 professional?

7 A. No, sir.

8 Q. Okay. Do you consider yourself an expert
9 on matters of accounting?

10 A. Well, I think it's subjective what an
11 expert is, but I understand accounting.

12 Q. Okay. Do you consider yourself an expert
13 on matters of accounting?

14 A. I would not personally, no.

15 Q. Okay. Do you consider yourself an expert
16 on matters of auditing?

17 A. No, I would not consider myself a
18 professional auditor.

19 Q. Okay. Do you consider yourself an expert
20 in matters of cost accounting?

21 A. No. I would not consider myself a
22 professional cost accountant.

23 Q. Okay. Do you consider yourself an expert
24 in matters of cost engineering?

25 A. No, I would not consider myself an

1 expert.

2 Q. Have you had any formal training in
3 project risk management?

4 A. Yes, sir. Extensive.

5 Q. Okay. I'd like to refer you to your
6 rebuttal testimony, the very last page, your schedule
7 where you have your experience summarized. And I'd
8 like to refer you to the second page where you have
9 9/97 to 1/99, Black and Veatch Power Division. Have
10 developed and managed a Y2K remediation program and
11 sold to nine major utility clients producing record
12 profit margins for the corporation.

13 Q. Was Black and Veatch receiving the record
14 profit margins that you were referring to?

15 A. Yes, sir.

16 Q. Okay. Was the nine utility clients that
17 you refer to paying those record profit margins to
18 Black and Veatch?

19 A. Yes, sir.

20 Q. Okay. I'd like to refer you to the next
21 section of that schedule, 9/82 to 9/97 time frame,
22 General Electric International Schenectady, New York.
23 And I'd like to ask you about those -- those projects.
24 Could you identify what was the nature of -- of your
25 involvement with each of those projects?

1 A. Well, if -- the ones next to the bullets
2 and -- I was either the construction manager, the
3 start-up manager or senior control specialist or a
4 combination of one, two or three of those on each of
5 those jobs.

6 Q. And none of those -- or are any of those
7 base load, coal-fired power plants?

8 A. I'm not sure the relevance of coal. It's
9 simply the fuel. Some of those are identical or
10 larger than Iatan.

11 Q. Okay. Could you identify which ones
12 those are?

13 A. The Abu Sultan Steam Turbine Power Plant
14 in Egypt, the first one on the list, was 600
15 megawatts. It used gas instead of coal as the fuel,
16 but all the other systems are identical. The Misr
17 Spinning Weaving, the next one on there, was also a
18 power plant, again using gas for the boiler.

19 The Yokkaichi combined cycle was what you
20 refer to as HRSG. The fuel is basically the heat
21 coming off of the combustion turbines that you're
22 feeding gas to. You take the heat, same boiler, same
23 systems exactly, you heat the water with the heat
24 coming off the exhaust of the gas turbines. That's
25 the only difference there. You have a little more

1 complexity because of the combustion turbines hooked
2 to it.

3 The TEPCO, again same arrangement, large
4 gas turbines take the heat, heat the boiler, make the
5 steam in the boiler. EPON, similar situation. The
6 PWC combined cycle. Everywhere it says combined cycle
7 from there out basically used the combustion turbines
8 as the heat source to make the steam and then the
9 process is identical to the Iatan plant.

10 Q. Were any of those -- those units
11 coal-fired power plants?

12 A. No, there were not. My coal-fire
13 experience would be in the next section on there.

14 Q. Were any of those projects multi-prime
15 contracting approach?

16 A. Yes, sir.

17 Q. Could you identify which ones?

18 A. The Yokkaichi combined cycle power plant
19 was a multi-prime. The TEPCO also, a Japanese
20 project, was multi-prime. The EPON in Holland was
21 multi-prime. FPL Martin Power Plant, huge plant in
22 Indiantown, Florida was multi-prime. Crockett
23 Cogeneration in California was multi-prime. And that
24 would be it, sir.

25 Q. Okay. The -- how large was the FPL

1 Martin Power Plant in Indiantown, Florida, do you
2 recall?

3 A. About 900 megawatts, I believe.

4 Q. Have you done any comparable studies of
5 the costs of other coal-fired units built in the
6 United States at the same time frame as Iatan 2?

7 A. I have not been directly involved in the
8 cost, but at Black and Veatch we were actively
9 involved in that last progression of builds and so I
10 saw some of the numbers of coal plants that were under
11 construction, but I did not participate in developing
12 the costs.

13 Q. The combined cycle power plants that --
14 that you have listed are just combined cycle power
15 plants. Are those plants comparable to GMO's South
16 Harper Power Plant or the Dogwood Power Plant,
17 formerly the Aries Power Plant?

18 A. I -- I wouldn't know, sir. I'm not
19 familiar with those plants.

20 Q. Would it be your testimony that building
21 a power plant outside of the United States is similar
22 to building a power plant inside the United States?

23 A. It would depend specifically on the
24 location. I would say the plants I did in Japan and
25 Holland, very similar because very similar countries,

1 economic scale, that type of thing. Majority of those
2 plants were extremely more difficult due to their
3 locations and labor issues and things of such.

4 Q. Did you have any engineering,
5 procurement, construction, that is EPC contractor
6 experience, in the 2004/2005 time frame in the United
7 States?

8 A. Yes, I did.

9 Q. What experience did you have?

10 A. In the 2004/2005 time frame, I was
11 personally involved in the CTAC projects going on in
12 Iraq with the Army Corps of Engineers for the rebuild.
13 Majority of that work we had bid in that modality to
14 do the work.

15 But I was also involved because I was
16 working at Black and Veatch with the whole -- all of
17 the large EPC projects Black and Veatch were putting
18 together because I was a corporate officer there and I
19 was part of the review of that.

20 Q. Would you say that experience in Iraq
21 was -- would be similar to the experience in the
22 United States?

23 A. I would say very similar. We did the
24 engineering procurement inside the United States.
25 It's just simply the construction was a li-- more

1 difficult than here.

2 Q. I'd like to refer you to pages 8 and 9 of
3 your rebuttal testimony. And there was a question
4 that begins at the bottom of page 8 and continues onto
5 page 9. You rely on Mr. Giles' testimony, do you not?

6 A. Yes, sir. I reference it quite often.

7 Q. Yeah. What is Mr. Giles' experience that
8 causes you to rely on Mr. Giles' testimony?

9 A. Well, Mr. Giles, as I've come to learn,
10 has been involved with the Iatan project since its
11 infancy. He was involved in the S and A and all of
12 the discussions that went into developing the
13 stipulation agreement and he was involved with all the
14 vendors and he had participated in all the senior
15 management meetings.

16 And so he's a key for me when I need to
17 look back and get answers to what was discussed with
18 staff or what might have been discussed with Alstom
19 potentially. And he can answer a lot of those
20 questions before I have to go to someone else.

21 Q. I'd like to refer you again to your --
22 your rebuttal testimony, excuse me, page 3. And you
23 refer to your experience in the years 1978 to 1982
24 where you worked as a co-op and a field engineer. And
25 you list various responsibilities that -- that -- that

1 you had. Where do you have experience in the -- in
2 the construction of any utility plant in that time
3 frame?

4 A. In that particular times frame, 1978 to
5 '82, my experience were mainly in the operations and
6 on go daily testing and maintenance of some very, very
7 large coal-fired power plants. In fact, I believe
8 unit 3 at Paradise was the -- still is the largest
9 coal-fired unit ever built in the United States.

10 Q. But your experience in that time frame
11 does not include experience in the construction of any
12 power plants, does it?

13 A. No, sir. That's when I learned how these
14 coal-fired power plants operate. I work-- learned how
15 each piece of equipment works, its importance, that
16 type of thing. It was basically my beginning. I --
17 all through school I worked during my summers and
18 times off in the plants. And then first couple of
19 years after I graduated, I continued that.

20 Q. Okay. At the bottom of page 3 and
21 continuing on to page 4, you make reference to the
22 time frame the years 1982 to 1988. In that time
23 period how many power plants did you work on during
24 that time period?

25 A. I would reference the earlier resume that

1 was attached for that time period to save people a lot
2 of time or I can compare the two for you, if you like.

3 Q. And the answer to my question is?

4 A. During the time period 1982 to 1988, I
5 was the construction manager, start-up manager or
6 senior control specialist on all of the plants listed
7 on that exhibit.

8 Q. That you've got listed back there?

9 A. Yes, sir.

10 Q. Okay. And when I say "back there," it's
11 the ones that we went through earlier. It's on the
12 second page of -- of your -- your Schedule RNB2010-3?

13 A. Yes, sir. That would be correct.

14 Q. I'd like to refer you to page 9 of your
15 rebuttal testimony. And -- and you indicate, if I
16 understand correctly, about a fixed price contract
17 basis. What -- what is the nature of your power plant
18 construction experience on a fixed price basis?

19 A. I would reference everyone again back to
20 my Schedule RNB2010-3 that was filed as part of my
21 rebuttal testimony. And if you, in particular, look
22 on the last page of that on the period 9/82 to 9/97,
23 as you walk down through there, the six plants in
24 Saudi Arabia and Oman were on an EPC basis. The PWC
25 Combined Cycle Power Plant in Fayetteville, North

1 Carolina was an EPC basis. The Virginia Power
2 Combined Cycle Plant in Richmond, Virginia was EPC.
3 The TVA CT Power Plant was EPC. The WWP, Washington
4 Water Power Plant, was EPC. And the Nevada Power
5 Harry Allen Plant out at Area 51 was also EPC.

6 Q. Regarding your -- your testimony on fast
7 track, what -- what is your experience relative to
8 fast track?

9 A. Well, sir, there's been a lot of
10 questions on this fast track. And I'll give you my
11 experience in the industry. As counsel had observed
12 earlier, I am getting quite old. Initially in the
13 business when I first joined, the -- what people
14 really wanted to do was is they wanted to actually do
15 100 percent of the engineering before they proceeded
16 with a power plant.

17 And the idea there was, is you would know
18 everything before you got started. But that was back
19 in the days when everybody had lots of money and
20 nobody was really in a hurry to get the thing
21 finished, you had all the time in the world.

22 And as this business grew, obviously the
23 economy of the world changed and all of a sudden money
24 was important and people started looking at this
25 contracting modality to determine, well, is there a

1 way we can actually reduce the cost of these power
2 plants. And so this is where this term "fast
3 tracking" first came about.

4 The idea with it is, is if you can begin
5 your large procurements early in the engineering phase
6 before you've completed your design, you have the
7 opportunity to shave at least a year off the total
8 period it takes you to build a power plant.

9 Instead of waiting that entire year to do
10 all the engineering and then get started, because you
11 have everything still to do, you get started at about
12 the -- and it varies and there's no set period of
13 time, but anywhere from 10, 15, 20, 25 percent.

14 As soon as you get the design done of
15 just the large procurement items, which are the long
16 lead items that take all the engineering to build,
17 like your AQCS system, your scrubbers, your baghouse,
18 your Toshiba steam turbines, the sooner you can get
19 those things on order, the quicker you can get them
20 there. And so the whole idea of fast tracking is I
21 can now do this project in a year quicker amount of
22 time instead of waiting on all that engineering.

23 You give up some price certainty, as
24 we've shown, and every contractor does. But in the
25 end, the idea is you've shaved an entire year off the

1 time it would have took you to build this job. And
2 the financials of that show you at the end you
3 actually save the customers money. And it is the way
4 to do it.

5 And by the time the '80s rolled around,
6 mid '80s, late 80s, '90s, everyone wanted to know how
7 can we do these the quickest and most economical. And
8 that's where this fast track method took hold and it
9 remains today. Everyone does them in this manner.

10 No one -- the federal government was the
11 last group that gave up the engineer bid -- they call
12 it complete the design, design, bid, build. The
13 federal government finally gave that up about the Iraq
14 time frame and learned, well, it's just not economical
15 to do that, we're spending way too much money, the
16 market says you can do it quicker, cheaper. And now
17 the federal government does it the same method. So
18 there's no one left doing it the old manner.

19 And I'm sorry if I took too long, but
20 that question's been out there and I wanted to explain
21 to people really where that came from and what it's
22 really about.

23 Q. Mr. Bell, do you have any articles in
24 support of your testimony on fast track?

25 A. I don't have any attached to my

1 testimony. I have read articles on it. I've been
2 involved with it. I'm sure someone could provide that
3 to you if you would like.

4 Q. Mr. Bell, I'd like to refer you to
5 page 29 -- excuse me, page 12 of your rebuttal
6 testimony where you make reference to a supercritical
7 boiler. What -- what is your own experience working
8 with supercritical boilers? I mean how many
9 supercritical boilers have you worked with?

10 A. Well, I would reference the Commission
11 back to Brent Davis's testimony. Supercritical is
12 just a terminology that means -- talks about the
13 temperature and pressure the boiler operates. It has
14 no meaning whatsoever to do with what type of
15 equipment or anything else. It's just a pressure and
16 temperature that you take the steam to. In my past,
17 this would be my first supercritical boiler I've been
18 associated with.

19 Q. I'd like to refer you to page 13 of your
20 rebuttal testimony where you mention your experience
21 with the Tennessee Valley Authority. Does your
22 experience with the Tennessee Valley Authority include
23 the construction in any -- of any coal-fired base load
24 units?

25 A. As I explained earlier, when we asked

1 this question off my attached resume, this was the
2 period of time when I co-oped during college and my
3 first two years after. This is where I learned how to
4 operate and how each of the pieces of equipment worked
5 and when I decided I actually wanted to start build
6 them rather than operate them.

7 Q. Mr. Bell, is this the -- the Iatan
8 construction project, is this the first time that
9 you've worked with Schiff Hardin?

10 A. Yes, it is.

11 Q. Mr. Bell, do you know who developed the
12 budget for the Iatan construction project?

13 A. I joined KCP&L in March 2009. That was
14 long before my time. I would reference that question
15 to Mr. Giles who earlier I testified is the person I
16 go to when I have such questions as he knows all of
17 that history.

18 Q. Okay. Have you developed the
19 construction budget for any power plants?

20 A. Yes, sir, I have.

21 Q. Okay. Have you developed the
22 construction budget for any base load coal-fired power
23 plants?

24 A. If you discard the coal piece, similar --
25 very exact similar plants I have done the budget of

1 but the fuel was gas instead of coal.

2 Q. Do you know what the budget for the Iatan
3 construction project was for construction management?

4 A. I believe it's in my testimony here
5 somewhere in the range of \$94 million, but that's
6 subject to check.

7 Q. Mr. Bell, is there a difference in the
8 consequences of cost overruns for a regulated utility
9 owner versus a non-regulated utility owner?

10 A. Could you please be a little more
11 specific what consequences you're referring to?
12 That's a very subjective --

13 Q. As far as -- as far as cost recovery,
14 bearing the cost.

15 A. I would say there's a very substantial
16 difference between how a regulated utility recovers
17 its cost and how a non-regulated utility recovers its
18 cost.

19 Q. I'd like to refer you to page 18 of your
20 rebuttal testimony starting at line 12 -- really
21 starting with a question at line 11 where you make
22 reference to oversight groups. What --

23 A. I'm sorry. Are we in my rebuttal
24 testimony?

25 Q. Yes. I'm sorry. Your rebuttal

1 testimony.

2 A. Page 12?

3 Q. I'm sorry. If I said page 12, I meant
4 page 18, line 12, really starting with the question at
5 line 11.

6 A. Yes, sir, I see the question.

7 Q. Okay. What are the oversight groups that
8 you are referring to?

9 A. While at Black and Veatch when I was
10 doing work -- specifically the Afghan program, which
11 was a \$1.4 billion program that we undertook with the
12 federal government, I hired oversight over myself out
13 of Washington, DC, a legal firm there.

14 And I did that because dealing with the
15 federal government and the FAR regulations -- FAR
16 regulations are an interesting thing to get into and
17 you have to be a very skilled, experienced attorney to
18 dissect those far regulations. And so I found it
19 necessary to hire this firm to assist me so that I
20 didn't get outside the rules of FAR.

21 Q. And what does FAR stand for?

22 A. Federal Acquisition Regulations.

23 Q. And what did FAR require?

24 A. Well, FAR basically is the government's
25 handbook about how they are required to do procurement

1 and what the contractors are required to follow in
2 that process.

3 Q. Okay. And the oversight group that you
4 acquired was who or what?

5 A. I would -- I don't recall the name of the
6 company from Washington, DC. I could get that later
7 and give that to you, but it was a -- basically a
8 Washington, DC firm that specialized in dealing with
9 the US government and FAR rules.

10 Q. Okay. Do you recall what their rates
11 were?

12 A. Yes, sir, I recall their rates. Not
13 exactly, but I remember the general range. It was a
14 significant part of my budget.

15 Q. What -- what were their rates as -- as
16 you recall them?

17 A. De-- the typical lawyers were in the
18 500 to 650 dollar range.

19 Q. An hour --

20 A. Yes, sir.

21 Q. -- is what you're saying?

22 And what was the process that you went
23 through to select the group or organization that you
24 chose?

25 A. Well, because FAR regulations are a very

1 specific specialty, I basically went to DC and talked
2 to some firms I'd worked with and asked what -- who
3 they had used and got consensus on the particular firm
4 that I finally wanted. And so I did a sole source
5 justification to the US government for this firm
6 listing the qualifications and why I was sole sourcing
7 them, submitted this. And it was accepted by the US
8 government and so I sole sourced them.

9 Q. Did you look solely within Washington,
10 DC?

11 A. Yes, sir, I did. Because the US
12 government being headquartered there, I wanted someone
13 that could reach out and touch them. If I was in
14 Afghanistan, I wanted someone could go next door and
15 knock on the door and go in and do what I needed done.

16 Q. Okay. Okay. Schiff Hardin is located in
17 Chicago, is it not?

18 A. That's correct.

19 Q. Okay. Kansas City Power & Light Company
20 is located in Kansas City, is it not?

21 A. Yes, sir. In Greater Kansas City area.

22 Q. The Iatan generating facility is in
23 Greater Kansas City area, is it not?

24 A. Yes, sir.

25 Q. Okay. For -- for -- do you know were all

1 oversight groups law firms?

2 A. That I had used --

3 Q. Yes.

4 A. -- in the past?

5 Q. Yes.

6 A. Yes, sir.

7 Q. Now, were there groups or entities that
8 you had not used in the past that were other than law
9 firms?

10 A. Yes. I believe there's -- many firms out
11 there offer themselves up as oversight of particular
12 areas. Everyone has their own specialities. Most are
13 very limited, but there's a lot of companies out
14 there.

15 Q. Do you know who controls the Schiff
16 Hardin work scope?

17 A. Yes, sir. I know who's controlled it
18 since my arrival and I don't believe that's any
19 different than before I arrived.

20 Q. And who is that or what entity is that?

21 A. Well, the entity's Kansas City Power and
22 Light controls them.

23 Q. What documentation did you review in
24 order to bring yourself up to -- to speed on the Iatan
25 construction project when you joined Kansas City Power

1 and Light?

2 A. Well, the first document I looked at,
3 which is the one I live off of every day, was the
4 schedule. And then the second document was the --
5 what we keep referring to as the K-Report, the cost
6 report. I mean I look at the schedule, I need to know
7 where I'm at and then I need to know where my money
8 is. And those are the two most important ones.

9 Q. Mr. Bell, were you recruited by Kansas
10 City Power and Light?

11 A. Yes, sir. I was recruited by a firm
12 Kansas City Power and Light I assume had engaged to
13 look for someone to fill the position.

14 Q. Mr. Bell, you know who Pegasus Global
15 Holdings, Inc. is, do you not?

16 A. I've heard their name, but I've had no
17 dealings with them.

18 Q. Okay. You were not interviewed by
19 Pegasus Global Holdings, Inc.?

20 A. No, sir.

21 Q. Okay. Do you -- have you met a Dr. Kris
22 Nielsen?

23 A. I did. I met him earlier this month at
24 the same time I had met you out in Kansas at the KCC
25 meetings that were held out there. That was my first

1 time meeting the doctor.

2 MR. DOTTHEIM: If I could have a minute,
3 please.

4 JUDGE PRIDGIN: Certainly.

5 BY MR. DOTTHEIM:

6 Q. Mr. Bell, what's the -- you talk about
7 brownfield sites in your rebuttal testimony, do you
8 not?

9 A. Yes, sir.

10 Q. Okay. What -- what's your brownfield
11 site experience?

12 A. It's significant.

13 Q. Mr. Bell, the -- the fully operational
14 and used-for-service date for Iatan 2, do you know
15 whether that met the summer peak for Kansas City Power
16 and Light in 2010?

17 A. I would not be the person to tell you if
18 that was our peak day. We met the summer that was in
19 the initial schedule. That's all I can tell you.

20 Q. Do you know what date was the fully
21 operational and used-for-service date or what is
22 sometimes referred to as the in-service date for
23 Iatan 2?

24 A. Yes, sir. I was sitting right there when
25 the last clock ticked. It was August 26th.

1 Q. Okay. Why was Kansas City Power and
2 Light in a hurry to finish Iatan 2?

3 MR. FISCHER: Objection, assumes facts
4 not in evidence.

5 MR. DOTTHEIM: I believe Mr. Bell
6 indicated that Iatan 2 was fast tracked and so I think
7 the facts are in evidence.

8 JUDGE PRIDGIN: All right. I'll
9 overrule.

10 THE WITNESS: Well, if I could rephrase
11 your question, if you're asking me why do I think
12 Kansas City Power and Light fast tracked their
13 project?

14 BY MR. DOTTHEIM:

15 Q. No. That's not what I asked.

16 A. Okay. Could you please repeat that for
17 me?

18 Q. Thank you, Mr. Bell.

19 MR. DOTTHEIM: No further questions.

20 THE WITNESS: Thank you, sir.

21 JUDGE PRIDGIN: Mr. Dottheim, thank you.

22 Let me see if we have any Bench questions.

23 Commissioner Jarrett?

24 QUESTIONS BY COMMISSIONER JARRETT:

25 Q. Good afternoon, Mr. Bell.

1 A. Good afternoon, sir.

2 Q. I promise you I won't ask you any
3 questions about the FAR. That brings bad memories
4 from my days in the Missouri Natural Guard. I was the
5 JAG attorney and I'm glad I wasn't a fiscal attorney.

6 A. God bless you.

7 Q. I did want to ask you some questions
8 about fast track. And I remember you had some
9 questions from Mr. Dottheim about that.

10 A. Yes, sir.

11 Q. Do you recall that? And I -- you may
12 have -- you may have covered this in your answer, but
13 what are the advantages of fast tracking versus the --
14 the normal -- let me ask this first: Is the
15 definition of fast tracking generally a general one
16 that you do the design and the construction as you go?

17 A. Yes, sir. That's the general concept of
18 the idea, to make the -- what you do is, is you're
19 able to complete the project on something similar to
20 Iatan, you cut about a year off the total time it
21 would have took you to build it.

22 And in the case of Iatan, there were a
23 bunch of additional costs that KCPL was able to save.
24 And I know this because I was at Black and Veatch at
25 the time. By going ahead and getting the engineering

1 up for those major pieces of equipment, the
2 scrubber -- excuse me, the baghouse and particularly
3 the -- the big steam turbine generator from Toshiba
4 and ordering those when they did, they were able to
5 lock in the prices right before the escalation of all
6 the commodities and everything took off. So they
7 actually got that stuff at a significantly lower cost
8 than had they waited until they had finished the
9 engineering and had, of course, a more definite idea
10 of the scope and total cost.

11 So in the end they saved probably a year
12 on what it would have taken them to get the plant built
13 and they greatly reduced what the cost of those major
14 pieces of equipment would have been by going ahead and
15 taking advantage of ordering them early.

16 Q. Right. And now -- in saving -- by saving
17 that time, would another advantage be say in financing
18 and construction loans? Since you're -- since you're
19 completing them early, the terms of -- of your
20 construction loans and that type would be shorter,
21 therefore, you would get advantageous terms?

22 A. Oh, absolutely. It -- it goes through
23 the whole chain. The AFUDC, everything, obviously the
24 sooner you can get that plant done, get it into
25 rate-base, the cheaper it is for the customers.

1 Q. Now, you indicated that really is the
2 norm now is the fast tracking type of construction?

3 A. Yes, sir. The federal government was the
4 last holdout. And even now because of their budget
5 cuts and whatever, they've adapted that. Everyone in
6 the industry does these contracts exactly like that.

7 Q. Now -- now, one of the disadvantages of
8 fast tracking, would it be since you're doing sort of
9 the design of -- and the construction simultaneously,
10 you really have to -- have to be a good manager to
11 make sure all of that meshes properly? would that be
12 correct?

13 A. Yes, sir. Absolutely.

14 Q. Okay. I wanted to switch to -- and thank
15 you for your answers on that.

16 I wanted to switch to your direct
17 testimony. You had attached a schedule -- schedule
18 RNB2010-1 I believe to your direct?

19 A. Yes, sir.

20 COMMISSIONER JARRETT: And that is
21 designated highly confidential, so we may have to go
22 in-camera to -- for my questions.

23 JUDGE PRIDGIN: Give me just a moment.
24 Can we have counsel verify we need to clean -- do we
25 need to clear the room of anyone or does everyone have

1 permission to be here? All right. Give me just a
2 moment, please.

3 (REPORTER'S NOTE: At this time, an
4 in-camera session was held, which is contained in
5 Volume 18, pages 840 to 848 of the transcript.)

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1 JUDGE PRIDGIN: Commissioner Kenney, when
2 you're ready, sir.

3 ROBERT BELL testified as follows:

4 QUESTIONS BY COMMISSIONER KENNEY:

5 Q. I don't have too many additional
6 questions, Mr. Bell. Thanks for your time. They knew
7 as the engineering progressed towards that 70 or
8 75 percent, the costs would grow. Who's "they"?
9 KCP&L?

10 A. KCP&L, the project team.

11 Q. All right. And you would expect that
12 they would know and anticipate that the costs would
13 progress once -- from the time that the project was
14 25 percent engineered until the time the project was
15 75 percent engineered?

16 A. Yes, sir. And I think they noted that in
17 those reports.

18 Q. In which reports?

19 A. The quarterly reports.

20 Q. To our Staff?

21 A. Yes, sir. And to -- those quarterly
22 reports are used by everyone; KCP&L, executive
23 management, they're all communicated. It's our
24 communication tool for the project.

25 Q. Are you familiar with the terms -- and

1 you've heard them discussed here during the hearing --
2 "control budget estimate" and "definitive estimate"?
3 Are you familiar with those terms?

4 A. Every -- honestly, every company in the
5 world that does this type of business has a different
6 terminology for that. Have I heard those particular
7 terms before? Yes. And some -- and they have
8 different meanings to a different company. You can't
9 just open the Webster's and find a definition for
10 that.

11 Q. Is there -- somebody made mention earlier
12 of something called an industry classification of
13 budgets, I think that was the phrase I heard. Is that
14 a -- is that a document or a book that you're familiar
15 with?

16 A. I'm vaguely familiar with it. Mr. Meyers
17 later in his testimony, that's kind of where his
18 expertise is. He talks about that kind of stuff.

19 Q. All right. So "control budget estimate"
20 and "definitive estimate" as you've heard those terms
21 used during this hearing, is it your understanding
22 that those are two -- have two distinct meanings?

23 A. I believe. And it's -- I'm not the best
24 witness. Mr. Giles, who was the beginning of that, I
25 think it went back to that section Q that you guys

1 were reading in that S and A. I would have to
2 reference you to that.

3 Q. Did you review that, the com-- the
4 settlement agreement, the comprehensive --

5 A. I have read that, but it was closer to
6 when I arrived. I didn't memorize it, but I did read
7 through that to make sure that I was doing what I was
8 supposed to be doing.

9 Q. And you reference Mister -- is it Giles
10 or Giles?

11 A. Giles is how I pronounce it.

12 Q. Giles. Okay. You've read his testimony?

13 A. Yes, sir.

14 Q. Okay. Well, putting aside whether those
15 are terms that are -- have different meanings and
16 different contexts, you -- as you've heard them used
17 here today, is it your understanding that they have
18 two distinct meanings, "control budget estimate" and
19 the "definitive estimate"?

20 A. I -- I'm a little confused by that. And
21 I assume you are from your question.

22 Q. Me too.

23 A. I believe they're the same thing. Our
24 control budget estimate was the \$1.68 billion and
25 that's what we knew at the 25 percent.

1 Q. Right.

2 A. I believe when I heard you guys read that
3 section Q, that it may -- and this is subject to
4 check. And again Mr. Giles is the better person. But
5 I think it used that term "definitive estimate."
6 That -- I'm -- I'm more familiar with control budget
7 estimate. That definitive estimate doesn't mean much
8 to me.

9 Q. What does control budget estimate mean to
10 you?

11 A. It's the estimate that you have for the
12 project of what you know that you're actually running
13 the project from. I have a control budget estimate
14 that estimates the amount of work I have in my
15 schedule and so I'm controlling the schedule to that
16 control budget.

17 Q. At what point in the engineering would
18 the control budget estimate -- as you understand it,
19 at what point in the engineering would that control
20 budget estimate be set or defined --

21 A. Well, see, that's --

22 Q. -- in your experience?

23 A. -- another one of those ambiguities. You
24 can set it anywhere you want to set it. I mean,
25 typically on a fast track project when you begin the

1 procurements for the large items, which is anywhere
2 from 15 percent, 25, 30 percent in there, you would
3 set your original budget estimate. And I would refer
4 to that as the first control budget estimate. That's
5 the first time you put a stake -- stake in the sand,
6 excuse me, and you now know the scope you know and you
7 begin ordering the major procurements. And so that's
8 your first control budget estimate at that time.

9 Q. And that's at 15 to 30 percent?

10 A. 15 to 30 percent typically.

11 Q. And the fact that you said first means
12 that you would anticipate there would be a second?

13 A. Yes, sir.

14 Q. At what point?

15 A. It would depend on the engineering and
16 the type of plant you're doing.

17 Q. Just a typical in your experience?

18 A. Somewhere around, I don't know, 50 to
19 70 percent I would take another look at the scope of
20 work, how much engineering I'd got done, what other
21 procurements were ready to be made. And if it were
22 significant and I'm ready to a schedule update and
23 everything, I'd stick a stake in the sand again and
24 re-estimate it.

25 Q. And would you anticipate having a third?

1 A. Yes.

2 Q. At what point?

3 A. And when I'm 100 percent engineering done
4 and I've had a chance to look at my schedule. It
5 doesn't mean the cost will change at that time. It
6 just means I'm going to do another detailed look at
7 this thing to see if I had missed anything from the
8 25 percent to the 100 percent range.

9 Q. And so in your experience -- what's
10 typical in your understanding is that between that
11 first and third control budget estimates, you expect
12 and anticipate that there are going to be substantial
13 increases?

14 A. Yes, sir.

15 Q. Okay. So you would never call the first
16 control budget estimate, as you're using the term in
17 our discussion now, a definitive estimate, a final
18 estimate?

19 A. I wouldn't in the industry where I've
20 been. I wouldn't call it a definitive estimate
21 because I don't know everything. How could it be
22 definitive?

23 Q. How could it be?

24 COMMISSIONER KENNEY: Okay. I have no
25 other questions. Thanks.

1 THE WITNESS: Yeah.

2 QUESTIONS BY JUDGE PRIDGIN:

3 Q. Mr. Bell, I have a few questions and
4 Commissioner Gunn sends his regards from St. Louis.
5 He was unable to make it because of the weather.

6 COMMISSIONER JARRETT: Sunny St. Louis.

7 BY JUDGE PRIDGIN:

8 Q. But he also sends these questions. And
9 if you're able to do so, please do so, but if you
10 believe another witness is more appropriate to answer
11 these questions, if you could please indicate which
12 witness you think would be better suited to answer the
13 questions.

14 Do you know if the cost control system
15 that KCP&L used for Iatan was specifically developed
16 for Iatan?

17 A. I don't know for sure, but I can tell you
18 it's very similar to ones I've used on every job. So
19 I would say it's -- wasn't developed just for Iatan.
20 I -- looks as someone's just brought it from another
21 job and tailored it to meet the needs of the reporting
22 for Iatan.

23 Q. Because you've used it or -- or seen it
24 used in other projects, do you know if other
25 regulatory bodies have accepted its use?