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STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION  
  
TRANSCRIPT OF PROCEEDINGS  
  
Hearing  
  
April 17, 2000  
Jefferson City, Missouri  
Volume 5

GS Technology Operating Company, )  
Inc., doing business as GST Steel )  
Company, )  
Complainant, )  
vs. ) Case No. EC-99-553  
Kansas City Power & Light Company, )  
Respondent. )

KEVIN THOMPSON, Presiding,  
DEPUTY CHIEF REGULATORY LAW JUDGE.  
  
SHEILA LUMPE, Chair,  
CONNIE MURRAY,  
ROBERT G. SCHEMENAUER,  
M. DIANNE DRAINER, Vice-Chair  
COMMISSIONERS.

REPORTED BY:  
  
KELLENE K. FEDDERSEN, CSR, RPR  
ASSOCIATED COURT REPORTERS, INC.

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FOR: Staff of the Missouri Public  
Service Commission.

1 P R O C E E D I N G S

2 JUDGE THOMPSON: Let's go ahead and go on  
3 the record.

4 Good morning. My name is Kevin Thompson.  
5 We're here in the matter of GS Technology Operating  
6 Company, Incorporated, doing business as GST Steel  
7 Company vs. Kansas City Power & Light Company, Case  
8 No. EC-99-553.

9 Now I have entries of appearance, please.  
10 We can begin with you, Mr. Coffman.

11 MR. COFFMAN: Thank you. John Coffman  
12 appearing on behalf of the Office of the Public  
13 Counsel, P.O. Box 7800, Jefferson City, Missouri  
14 65102.

15 MR. DeFORD: Paul S. DeFord with the law  
16 firm of Lathrop & Gage, 2345 Grand Boulevard, Kansas  
17 City, Missouri 64108, appearing on behalf of GST.

18 MR. BREW: James W. Brew for GST Steel from  
19 the law firm of Brickfield, Burchette,  
20 B-u-r-c-h-e-t-t-e and Ritts, 1025 Thomas Jefferson  
21 Street N.W., Washington, D.C. 20007.

22 JUDGE THOMPSON: Thank you.

23 MS. SHEMWELL: Lera Shemwell on behalf of  
24 the Staff of the Missouri Public Service Commission,  
25 Post Office Box 360, Jefferson City, Missouri 65102.

1 JUDGE THOMPSON: Thank you.

2 MR. FISCHER: James M. Fischer and Larry W.  
3 Dority with the law firm of Fischer & Dority, PC, 101  
4 West McCarty Street, Suite 215, Jefferson City,  
5 Missouri, appearing on behalf of Kansas City Power &  
6 Light Company; and Gerald Reynolds, in-house counsel  
7 with Kansas City Power & Light Company. His address  
8 is 1301 Walnut -- I'm sorry --- 1201 Walnut, Kansas  
9 City, Missouri.

10 JUDGE THOMPSON: Thank you, sir. Let's go  
11 ahead and mark the exhibits at this time.

12 (Discussion off the record.)

13 (EXHIBIT NOS. 1 THROUGH 15 WERE MARKED FOR  
14 IDENTIFICATION.)

15 JUDGE THOMPSON: Now, with respect to  
16 pending matters, I have Kansas City Power & Light's  
17 motion to strike portions of the direct testimony of  
18 Jerry Ward filed on behalf of GST Steel Company, and I  
19 believe that motion is pending; is that correct?

20 MR. FISCHER: Yes, your Honor. We can take  
21 that up if you'd like whenever Mr. Ward takes the  
22 stand or whatever your preference is.

23 JUDGE THOMPSON: I would prefer to take it  
24 up when Mr. Ward takes the stand. How does GST feel  
25 about that?

1 MR. DeFORD: That would be fine, your Honor.

2 JUDGE THOMPSON: Okay. Very good. Then I  
3 believe there was an Order directing filing on  
4 April 5th with respect to a privilege log.

5 MR. REYNOLDS: That's been filed.

6 JUDGE THOMPSON: It has been filed. Great.  
7 Thank you. So that should take care of all the  
8 pending trifles; is that correct? Sir?

9 MR. DeFORD: We have one other matter, I  
10 think, that we've discussed. I don't believe we  
11 talked with Staff and Public Counsel yet about this.

12 When we agreed to the issues list and the  
13 order of witnesses, we had not yet filed surrebuttal  
14 testimony. Since then we have added a witness,  
15 Mr. Norwood. I think what we had at least between the  
16 company and GST agreed is that we would try to slip  
17 Mr. Norwood in after the last GST witness now, which  
18 would be Mr. Ward.

19 JUDGE THOMPSON: I see. KCPL, any comment  
20 or response?

21 MR. FISCHER: That's fine with us, your  
22 Honor. That makes sense.

23 JUDGE THOMPSON: Fine with you. Okay.  
24 Staff?

25 MS. SHEMWELL: That's fine with us.

1 JUDGE THOMPSON: Public Counsel?

2 MR. COFFMAN: No problem.

3 JUDGE THOMPSON: Very good. That's what we  
4 will do, then.

5 MR. DeFORD: And the only other thing that  
6 we had discussed is that this is a rather unique case,  
7 and most of the highly confidential if not all of the  
8 highly confidential material is common to both  
9 parties.

10 So when we clear the room, we would  
11 typically, I think, ask the non-consultant type to  
12 leave as well, and I think we could agree to leave all  
13 of the company employees for both sides in when we go  
14 in-camera.

15 JUDGE THOMPSON: That's fine with me. What  
16 you'll need to do is let me know when you're going to  
17 start dealing with the confidential material, make a  
18 motion that we go in-camera for that. When we clear  
19 the room, I'll leave it up to the parties. You know  
20 who you want in and who you want out. I don't know  
21 that.

22 So you guys can be in charge of that, and  
23 let me know very clearly when we have ended the  
24 confidential portion so we can go back into public  
25 portion. Would that be acceptable?

1           MR. FISCHER: Your Honor, there are a couple  
2 of witnesses that probably most of the cross would be  
3 much more expedient to just do it in-camera because  
4 they deal with provisions of the contract itself, and  
5 we can notify you when we think we're headed into that  
6 direction if you'd like.

7           JUDGE THOMPSON: That's fine. You know, as  
8 much of the hearing as is necessary can be in-camera.  
9 It's just that I think the Commission has an  
10 obligation to maintain open proceedings where that's  
11 possible. So if we could just know clearly when we  
12 need to go in-camera and when we're done and can go  
13 into public session in case there is anyone from the  
14 public here who would like to see the proceedings.

15           Any other preliminary matters at this time?  
16 Mr.Coffman.

17           MR. COFFMAN: Your Honor, because of  
18 impressive other matters, including a very prehearing  
19 going on at the same time, I may be out of -- out of  
20 the hearing room for substantial periods today and  
21 perhaps later in the week. So to the extent it's  
22 necessary, I just ask permission to be excused.

23           We had hoped to ask some cross-examination  
24 questions, but we don't have a witness and nothing  
25 that I would ask would be essential, and we'd waive

1 any opportunity I'm not here to take advantage of.

2 JUDGE THOMPSON: Okay. Anyone have a  
3 response, comment? Mr. Coffman, you may come and go  
4 as you choose.

5 MR. COFFMAN: Thank you.

6 JUDGE THOMPSON: In fact, I think the  
7 statute gives the Public Counsel that freedom.

8 MR. FISCHER: Your Honor, along that same  
9 light, like yourself, we also need to make an  
10 appearance in that prehearing conference. I was  
11 curious whether you were intending to reconvene the  
12 prehearing conference at some point between opening  
13 statements here or what your plan was so that we could  
14 just make a formal entry and then come back into this  
15 room.

16 JUDGE THOMPSON: Well, fortunately, I am  
17 able to be in two places at once, and I'm able to do  
18 that by having coerced my fellow Deputy Administrative  
19 Law Judge, Mr. Mills, into covering the prehearing  
20 conference. So he will be there pretending to be me.

21 However, in case you're not able to be in  
22 two places at once, we can recess to allow you to, or  
23 you can come and go like Mr. Coffman.

24 MR. FISCHER: Okay. We'll do the latter,  
25 your Honor. We don't want to hold anything up. Thank



1       you.

2               JUDGE THOMPSON:  Very good.  Anything else?

3               MS. SHEMWELL:  I wanted to be out of the  
4       courtroom this afternoon, but Mr. Dottheim will be in  
5       here in my place.  So I will also be two places at  
6       once.  Thank you.

7               JUDGE THOMPSON:  Thank you.  Why don't we go  
8       ahead, then, Mr. Dottheim, and enter your appearance  
9       at this time?

10              MR. DOTTHEIM:  Steven Dottheim, Post Office  
11       Box 360, Jefferson City, Missouri 65102, appearing on  
12       behalf of the Staff of the Missouri Public Service  
13       Commission.

14              JUDGE THOMPSON:  Thank you, sir.  Any other  
15       preliminary matters?  We've had some fun preliminary  
16       matters this morning.  I hope we will keep the  
17       remainder of the hearing just as enjoyable.

18              At this time we will recess and I will get  
19       the Commissioners and we will have opening statements.  
20       I believe you-all have agreed that the opening  
21       statements will be in the following order:  GST,  
22       Staff, Public Counsel, Kansas City Power & Light; is  
23       that correct?  Very good.  Thank you

24              (Discussion off the record.)

25              JUDGE THOMPSON:  Good morning, ladies and

1 gentlemen again. Are we ready for opening statements?

2 Mr. Brew.

3 MR. BREW: Thank you, your Honor. Good  
4 morning. May it please the Commission?

5 As you consider the record introduced in  
6 this hearing, there are a couple of basic points that  
7 we'd like you to keep in mind. The first is that GST  
8 is seeking the benefit of its bargain under the  
9 special contract that the Commission approved in 1994.  
10 It is not seeking a Commission ruling modifying that  
11 agreement. We're not asking you to change the  
12 contract that's been previously approved.

13 Second, under the special contract, GST  
14 assumed the risk that changes in various factors could  
15 lead to increases or decreases in incremental costs of  
16 KCPL. GST did not assume the risk that GST -- that  
17 KCPL would operate its facilities in an unreasonable  
18 and imprudent fashion. It did not assume that risk  
19 because KCPL owes to GST the same standard of  
20 performance and care that it owes to all other  
21 ratepayers.

22 By statute, KCPL cannot impose unjust,  
23 excessive or unreasonable charges, nor can it evade  
24 that obligation, and there's nothing in the special  
25 contract that waives it. In practical terms, this

1 means that KCPL cannot include imprudently incurred  
2 costs in the inputs used to establish hourly prices  
3 for GST.

4 The record in this case establishes that  
5 this is precisely what KCPL has done. The Commission  
6 has the authority and the responsibility to assess  
7 whether KCPL has acted in an unreasonable and  
8 imprudent fashion and to calculate the extent of any  
9 imprudently applied charges in GST's bills.

10 Now, the nature of KCPL's imprudence is  
11 twofold. On a plant-specific level, KCPL blew up one  
12 of its lower-cost baseload units, blew it to absolute  
13 rubble. Before KCPL could collect a dime of higher  
14 replacement costs from ratepayers as a whole  
15 associated with the Hawthorn explosion it would have  
16 to come to the Commission and request rate relief and  
17 establish that the costs that it incurred were  
18 reasonable and prudent. It's required by law to  
19 establish that. The Commission cannot allow excessive  
20 charges to be passed through in rates.

21 This obligation applies exactly in the same  
22 fashion to GST and the pricing for GST under the  
23 special contract. KCPL's prices are based on -- GST's  
24 prices are based on KCPL's costs. Consequently, the  
25 costs included in those prices have to be just and

1 reasonable, and the only costs that can be included in  
2 those prices are those that are just and reasonable.

3 Now, the central piece in this debate, of  
4 course, is the February 1999 Hawthorn boiler  
5 explosion, and KCPL has acknowledged from the very  
6 beginning that the destruction of the Hawthorn unit  
7 resulted in higher charges to GST.

8 Now, the Commission has consistently and  
9 properly determined in at least three rulings in this  
10 case that the Hawthorn incident is directly relevant  
11 to the prices that KCPL charges GST.

12 And as Staff has correctly stated in its  
13 Position Statement filed recently, to the extent that  
14 KCPL acted imprudently with respect to the Hawthorn  
15 boiler explosion, the rates and charges to GST under  
16 the special contract are unjust and unreasonable.

17 Now, as to the -- good morning,  
18 Commissioner.

19 COMMISSIONER SCHEMENAUER: Good morning.

20 MR. BREW: As to the Hawthorn incident  
21 itself, KCPL's imprudence is as plain as the fireball  
22 that its employees saw when they stumbled out of the  
23 building on the evening of February 17th. They knew  
24 immediately that they had failed to take proper safety  
25 precautions. They knew immediately they were still in

1 danger and they knew what was wrong. They had left  
2 gas valves open to the plant and they ran to close it.

3 Now, a year or so later there's nothing  
4 that's been changed with respect to the company's  
5 imprudence. The company's actions were unsafe and  
6 unreasonable and imprudent. GST's testimony in this  
7 docket reconstructs those events and details in a very  
8 thorough fashion, using the company's own documents,  
9 the extent to which the company failed to follow its  
10 own procedures.

11 Now, the boiler explosion was the product of  
12 a chain of unsafe and imprudent KCPL actions and  
13 omissions to act over at least a 12-hour period.

14 It was not the case of a single mistake or  
15 glitch resulting in an explosion. They had ample time  
16 to take basic precautions that were required under  
17 their own procedures to make sure that the plant  
18 remained in a safe condition, and they failed to do so  
19 consistently over a period of time even though all  
20 kinds of circumstances were developing that called for  
21 such action.

22 Now, we can be thankful through uncommon  
23 good luck and timing that no one was killed or  
24 seriously injured in the explosion, but this no more  
25 excuses the company's imprudence than a drunk walking

1 away unscathed from a high-speed wreck can be excused  
2 from his actions.

3 Now, in this case, Jerry Ward's testimony  
4 goes through the specifics of what happened, and I  
5 just wanted to spend a few minutes on that. Based on  
6 its own established procedures, KCPL had tagged out  
7 the main gas valves to the plant during the forced  
8 outage that month in February. It released those  
9 holds early in the beginning of the 17th in  
10 preparation for restarting the plant, again consistent  
11 with its own procedures.

12 Around noontime they aborted the restart  
13 because they hadn't finished some work on a reheater,  
14 and they were told it was going to be some hours, 8 to  
15 12 hours before that work would be finished. Shortly  
16 after -- at that same time, they experienced a major  
17 flood in the control room.

18 What had happened was they'd had a clogged  
19 sewer pipe for several days, or at least from the  
20 prior day. They had brought someone in to repair or  
21 to clear the clog. They had dismantled the toilet in  
22 the control room men's room, but no one had remembered  
23 to put a hold on their wastewater sump pumps. Those  
24 cycled. The water and sewage couldn't go out through  
25 the clogged sewer line, so it backed up through the

1 control room, filling the control room with several  
2 inches of water and raw sewage.

3 Now, from this might be -- apart from being  
4 unsanitary, this might be considered somewhat comical  
5 in other circumstances.

6 Well, what happened from there was, within a  
7 few minutes alarms started going all over the place  
8 because the water had trickled down three floors down  
9 to KCPL's computer rooms and caused considerable  
10 damage to the computer components there, and it does  
11 not take an expert to recognize that water and  
12 electronic components don't mix.

13 Now, in this case, the water damage had  
14 specifically affected the burner management system and  
15 the fuel safety subsystem at the plant. Now, these  
16 are the computer eyes and ears of the control room  
17 operators, particularly with respect to the fuel  
18 safety system, and KCPL spent the rest of the day  
19 trying to fix it. In fact, they called in an  
20 electrician to work the graveyard shift to fix some  
21 relays.

22 Throughout this entire period they couldn't  
23 tell which systems were functioning, which weren't,  
24 which alarms were real ones, which alarms were phony  
25 ones, what additional glitches might come up, simply

1       because they had wet electrical equipment.

2               Now, the proper procedure in this  
3       circumstance would be to make sure, since they  
4       couldn't rely on the burner management system, that  
5       they had made the plant safe, that they had closed the  
6       main valve as they would in their normal process when  
7       they shut down the plant. They would have closed the  
8       main release valve and tagged it closed so that no one  
9       could touch it until the control room operator said it  
10      was safe. They never did that, and this will be laid  
11      out in detail in the testimony that you'll see.

12              And each of the facts that I mentioned that  
13      you'll see are documented in the record and they're  
14      not disputed.

15              Now, at one point KCPL had asked that the  
16      Hawthorn matters be held in abeyance because of the  
17      Commission's pending docket, related docket related to  
18      Hawthorn. KCPL now agrees with GST that the  
19      Commission needs to decide these prudence-related  
20      issues based on the record here, and we're quite  
21      confident that you'll find that the record's not only  
22      persuasive but compelling on the matter of prudence.

23              KCPL, rather than specifically responding  
24      substantively to GST's case, has adopted basically an  
25      ostrich with its head in the sand approach. According



1 to KCPL, it doesn't matter whether they were imprudent  
2 or not. It doesn't matter under the special contract  
3 or at all because GST could simply opt out of the  
4 contract and move to a tariff rate.

5 That's not the point at all. That's not the  
6 issue at all. The issue is not whether or not GST  
7 would have been better or worse under some other rate.  
8 The issue is whether GST was charged appropriate  
9 prices, prudent prices under the agreement that's in  
10 place.

11 GST, as I mentioned at the outset, is not  
12 looking to get out of the contract or to have the  
13 Commission change the agreement. It's simply asking  
14 that the Commission apply basic meat and potatoes  
15 regulatory authority to review whether or not the  
16 company has incurred imprudent costs that it's  
17 attempting to pass on to a customer.

18 Next, one of the basic aspects of the  
19 unfairness of and inconsistency of KCPL's position  
20 throughout this has been that ratepayers have paid  
21 premiums for insurance related to Hawthorn, including  
22 replacement energy costs. Replacement energy costs  
23 amount to \$5 million that KCPL at this point has  
24 pocketed.

25 Now, those insurance premiums are paid for

1 by all consumers, and GST under its special contract  
2 makes a very substantial contribution to fixed costs,  
3 and KCPL's shareholders have also been responsible for  
4 those premiums. At this point there's no basis for  
5 KCPL to keep those insurance proceeds, to fail to  
6 offset them against the increased costs that they have  
7 incurred, the replacement energy costs that they're  
8 charging to GST.

9 They can't charge the full increased cost to  
10 the customer, be reimbursed by the insurance company  
11 and not pass those benefits back to a customer that's  
12 affected. Other tariff customers are not affected,  
13 because KCPL has said from the outset that it would  
14 not seek a rate increase to pass those replacement  
15 costs on to anyone else, only GST.

16 Finally, as we go through the hearing, I  
17 expect that GST will have relatively little  
18 cross-examination. We feel that in almost all  
19 important respects that the direct prefiled testimony  
20 covers the issues. To the extent that KCPL has joined  
21 issue with us, for example with the benchmarking study  
22 associated with KCPL's overall performance, that the  
23 GST surrebuttal testimony fully addresses that.

24 And if I could just step back for a minute,  
25 the second piece of the imprudence puzzle is that

1 KCPL's system performance for the plants that it runs  
2 has been declining for some time. Essentially, while  
3 KCPL's been occupied with other concerns, it has  
4 stopped putting the capital and the maintenance  
5 dollars into its plants that it needed to, and  
6 performance has declined along with that.

7 While other utilities to prepare for  
8 competition are making their power plants more  
9 productive, KCPL has put less money into its plants,  
10 and the availability and reliable has gone down  
11 significantly.

12 The company has introduced -- KCPL has  
13 introduced testimony intending to show that, in fact,  
14 their performance has been on par with others, and the  
15 surrebuttal of Mr. Norwood plainly shows that even  
16 using the company's data after correcting for some  
17 very obvious mistakes, such as including in the KCPL  
18 side of the equation a nuclear plant that KCPL doesn't  
19 operate, doesn't control, doesn't manage, that the  
20 data used by KCPL actually supports GST's assertions  
21 that performance has deteriorated.

22 Finally, GST realizes that Staff feels  
23 somewhat betwixt and between on the Hawthorn issues  
24 because of the pending parallel docket, and we  
25 understand that Staff has been reluctant to take a

1 position on the Hawthorn prudence matters for that  
2 reason alone and that the Staff's testimony does not  
3 attempt to form a conclusion with respect to GST's  
4 case on the Hawthorn matters, although its testimony  
5 appears otherwise.

6 And the short answer to Staff is that there  
7 is a sufficient record, in fact there's a compelling  
8 record on the prudence issues, and there is a clearly  
9 identified need for the Commission to decide those  
10 issues now, that you have a record in front of you  
11 that provides the facts upon which you make that  
12 decision.

13 GST continues to pay higher prices in  
14 virtually every hour of every day that includes  
15 replacement energy costs, and to the extent that any  
16 decision particularly on those prudence matters is  
17 delayed, it significantly and adversely affects GST.

18 We believe you will find the record  
19 compelling, and we ask that you provide the relief  
20 that GST requests. Thank you very much.

21 JUDGE THOMPSON: Thank you, Mr. Brew.  
22 Ms. Shemwell.

23 MS. SHEMWELL: Thank you, your Honor.  
24 Good morning. May it please the Commission? My name  
25 is Lera Shemwell. I represent the Staff of the

1 Missouri Public Service Commission.

2 This case comes before the Commission by  
3 filing of a petition by GST asking the Commission to  
4 investigate whether Kansas City Power & Light has been  
5 operating its facilities prudently so that GST is  
6 paying only a just and reasonable rate under its  
7 special contract. GST has been operating under its  
8 current special contract since 1994.

9 GST alleges that Kansas City Power & Light  
10 has been reducing its operation and maintenance costs  
11 and that that reduction in costs has resulted in  
12 decreased availability of Kansas City Power & Light's  
13 units resulting in higher and unjust costs to GST.  
14 GST blames the Hawthorn explosion on this reduction in  
15 costs, among other things.

16 Staff believes that GST's allegations are  
17 serious, but Staff's analysis of the information and  
18 evidence submitted in the case has led Staff to the  
19 conclusion that while KCPL is spending less on O&M,  
20 and particularly on its steam units, the overall  
21 availability of KCPL's units is currently at an  
22 acceptable rate.

23 As Mr. Brew mentioned, Staff is conducting  
24 its own independent investigation into the Hawthorn  
25 explosion and has not yet reached any conclusions as

1 to the cause of the incident.

2 KCP&L has denied all of GST's allegations  
3 concerning the prudent operation of its facilities.  
4 In this complaint case, GST has the burden to make its  
5 case and KCPL has the responsibility to defend.

6 Staff has seen its role as providing  
7 assistance to the Commission where possible. We have  
8 two Staff witnesses who have filed testimony in the  
9 case. Dr. Eve Lissik will address the availability  
10 and reliability of KCP&L's investigating units.  
11 Dr. Mike Proctor will address provisions of the  
12 special contract.

13 Thank you.

14 JUDGE THOMPSON: Thank you. Mr. Coffman.

15 MR. COFFMAN: Thank you. May it please the  
16 Commission?

17 We have not taken any position on the issues  
18 in this matter. It is a very interesting and  
19 significant case, however, and we do reserve the right  
20 to conduct some cross-examination and take positions  
21 on these issues in Briefs.

22 It is our belief that prudence is most  
23 appropriately addressed in a rate case, but these  
24 matters are again very significant and we do plan to  
25 conduct some cross-examination. Otherwise, that's --

1 we aren't taking any position at this time.

2 Thank you.

3 JUDGE THOMPSON: Thank you, Mr. Coffman.  
4 Mr. Fischer.

5 MR. FISCHER: Good morning, your Honor. My  
6 name is Jim Fischer, and I represent Kansas City  
7 Power & Light in this proceeding. I'd also like to  
8 introduce to you two attorneys that will be assisting  
9 in this effort, and that is Jerry Reynolds, in-house  
10 counsel at Kansas City Power & Light and my partner,  
11 Larry Dority.

12 From Kansas City Power & Light's  
13 perspective, the issue in this case is relatively  
14 simple and straightforward. This whole case is about  
15 price. GST wants to pay the lowest possible price for  
16 its electric service. This would help GST to compete  
17 in the international and domestic steel markets, and I  
18 certainly can't blame them for having that goal.

19 Most of the other -- most of Kansas City  
20 Power & Light's other customers also want to pay the  
21 lowest possible price for their electric service.

22 We believe, though, that the evidence will  
23 show that the contract rates that have been used in  
24 this case are just and reasonable and continue to be  
25 just and reasonable. In addition, we believe that the

1 evidence will show that Kansas City Power & Light has  
2 properly applied those rates to GST's electric usage.

3 The Commission approved the contract in 1994  
4 in Case No. EO-95-67, and the parties have been  
5 operating under that contract ever since. We believe  
6 that the rates in that contract are just and  
7 reasonable and continue to be appropriate for GST  
8 Steel.

9 However, we recognize that this Commission  
10 could take a different view and could decide that the  
11 contract is no longer appropriate. For example, we  
12 believe that the Commission could decide after hearing  
13 the evidence in this case that the rates that GST is  
14 receiving under the contract are too low, especially  
15 when you hear the confidential testimony of Chris  
16 Giles regarding the millions and millions of dollars  
17 that GST has saved over the first six years of its  
18 contract compared to the company's approved tariffs.

19 Under the terms of the contract, GST itself  
20 has a contractual right to choose to take service  
21 under those tariffs. At any time that GST believes  
22 that the prices under the contract are too high, it  
23 may exercise its option to go to the tariffs. This is  
24 a safety net that GST's attorneys negotiated into the  
25 contract. It ensures that if the provisions of the



1 contract ever get to be too high or ever work to GST's  
2 disadvantage, GST can always go to the Commission  
3 approved tariffs for service.

4 To date, GST has not exercised that safety  
5 net, and I think the reason is quite simple. The  
6 prices under the contract continue to be lower than  
7 the tariffed rates. As the Commission knows, the  
8 tariffs approved by this Commission, according to  
9 Section 386.270, are presumed by law to be just and  
10 reasonable, and this is a very fundamental part of the  
11 Public Service Commission law.

12 GST's contract rates still continue to be  
13 less than if they had exercised their contractual  
14 option to take service under the tariffs even though  
15 Kansas City Power & Light has purchased power to  
16 replace the power that was lost due to the explosion  
17 at the Hawthorn unit.

18 Now, in order to understand why the purchase  
19 of power on the open market might affect the rates  
20 that GST is obligated to pay under that contract, it's  
21 necessary to understand a little bit about how the GST  
22 contract works.

23 As Dr. Proctor in the Staff testimony has  
24 explained, there are basically two major components to  
25 the GST contract rate. First, there is a fixed

1 component. The company and GST have agreed to a rate  
2 that will be fixed for the life of the ten-year  
3 contract. This fixed component is designed to cover a  
4 portion of Kansas City Power & Light's fixed cost of  
5 production. That would include the cost of power  
6 plants.

7 If KCP&L adds a new power plant to its  
8 system, GST would not be required to pay any  
9 additional amount to cover that fixed or what I call  
10 nonvariable cost. Similarly, if the insurance  
11 premiums on insurance policies related to those power  
12 plants would go up, GST would not be required to pay  
13 any additional amount to cover that fixed cost.

14 On the other hand, if Kansas City Power &  
15 Light loses a power plant due to retirement, an outage  
16 or an explosion, the fixed component of GST's rate  
17 does not change either.

18 As the term implies, this component is fixed  
19 over the ten-year life of the contract no matter what  
20 happens to Kansas City Power & Light's nonvariable  
21 cost of production. The fixed component is recovered  
22 through a fixed demand charge and a fixed delivery or  
23 customer charge.

24 The second major component of the contract  
25 rate is a variable component. It's designed to

1 recover the variable cost of production. This  
2 component of the rate changes depending on what  
3 happens to Kansas City Power & Light's variable costs  
4 of production.

5 Now, the contract defines those variable  
6 costs of production as fuel plus variable operations  
7 and maintenance expense including purchased power. If  
8 Kansas City Power & Light's fuel costs go down, as  
9 they have over the life of the contract, then GST's  
10 rates will reflect those reduced variable costs; or if  
11 Kansas City Power & Light is able to purchase less  
12 expensive power on the open market, GST's rates will  
13 go down to reflect those lower variable costs.

14 On the other hand, if Kansas City Power &  
15 Light's variable costs of production, its fuel or its  
16 purchased power go up, then GST is obligated under the  
17 contract to pay a higher rate for that component of  
18 its service.

19 Essentially, GST has entered into a bargain  
20 with Kansas City Power & Light that in return for the  
21 possibility that its rates will be lower than the  
22 rates approved by this Commission under the tariffs,  
23 GST will accept part of the risk related to KCP&L's  
24 variable cost of production. In addition, Kansas City  
25 Power & Light has the right to curtail GST's use of

1 electricity during certain periods.

2 This was a freely negotiated contract that  
3 has continued to produce on an annual basis rates for  
4 GST that are substantially less than the tariffed  
5 rates that GST would pay otherwise.

6 Now, if you have questions regarding the  
7 operation of the contract, I would encourage you to  
8 ask those questions to either Kansas City Power &  
9 Light's witness Chris Giles or to Dr. Mike Proctor.  
10 Both of these gentlemen were involved in the original  
11 case in which the Commission approved the contract,  
12 and I'm confident that Dr. Proctor and Mr. Giles can  
13 answer your questions.

14 So you may be thinking, if the GST contract  
15 has been so beneficial to GST, why are we here? Well,  
16 Kansas City Power & Light believes that part of the  
17 answer may be foreign competition in the international  
18 steel markets.

19 Unfortunately, our domestic steel industry  
20 is facing difficult economic times as a result of  
21 foreign competition. However, this is not -- this is  
22 not a new problem. As Dr. Proctor discusses in his  
23 testimony, GST's competitive situation was one of the  
24 primary justifications for giving GST the discounts  
25 that are part of this contract.

1           KCP&L took GST's competitive situation into  
2       account when it determined the appropriate adder that  
3       was added to ensure that there would be at least some  
4       contribution to joint and common costs under this  
5       contract. In fact, GST and it's predecessor Armco  
6       Steel have received various forms of discounts from  
7       normal tariffed rates dating back to at least 1978 to  
8       take into account the competitive situation in the  
9       steel markets.

10           From Kansas City Power & Light's  
11       perspective, GST's price has always been the real  
12       issue in this case.

13           The Commission may recall that GST attempted  
14       to raise its concerns about its rates in KCPL's last  
15       earnings review case, ER-99-313. In that case, all  
16       customers that were not under a special contract  
17       received a \$15 million rate reduction. Since GST was  
18       under a special contract that was not tied in any way  
19       to the tariffs, GST did not receive any rate  
20       reduction, and that was fair and that was reasonable  
21       since GST would not have received a rate increase if  
22       the tariff rates had gone up.

23           Nevertheless, GST attempted to intervene in  
24       the case to challenge the approval of the stipulation  
25       that lowered the rates to other customers. The

1 Commission properly denied that intervention.

2 However, GST has now sued the Commission in circuit  
3 court to overturn the Commission's decision in that  
4 case.

5 In fact, GST has been raising concerns about  
6 prices even before the last rate case. As our witness  
7 Hank Koegel testifies, in various meetings with Kansas  
8 City Power & Light, GST has been advocating that what  
9 it really wanted KCP&L to do was supply energy to GST  
10 at a substantially discounted fixed average annual  
11 rate per KWH.

12 In seeking this result, GST has continually  
13 changed its rationale for altering the contract. In  
14 September of 1998, GST asserted the reason for  
15 modifying the contract was to avoid possible adverse  
16 price changes due to the pending merger of Kansas City  
17 Power & Light and Western Resources. Later, GST's  
18 reason for seeking to change the contract was Kansas  
19 City Power & Light's alleged lack of response -- lack  
20 of reliability related to the distribution system.

21 Now, after we've spent a million dollars to  
22 improve those reliability issues, now the reason  
23 that's being advanced by GST to change the pricing  
24 mechanism in the contract is the Hawthorn explosion.

25 As I've already explained, the loss of a

1 power plant does not affect the fixed component of the  
2 rates under the GST contract. However, since Kansas  
3 City Power & Light found it necessary to purchase  
4 power on the open market following the Hawthorn  
5 incident, KCP&L's variable costs of production were  
6 affected.

7 In this proceeding, GST has not suggested  
8 that Kansas City Power & Light has improperly  
9 calculated the actual variable cost of production on  
10 its bill. Instead, they've made basically two  
11 arguments.

12 First, in their direct case GST suggested  
13 that KCP&L had improperly accounted for certain  
14 insurance proceeds that were received by the company  
15 after the Hawthorn incident. However, in their  
16 surrebuttal Mr. Steve Carver has admitted that they  
17 were in error on that point, and as a result there's  
18 no longer an issue related to whether insurance  
19 proceeds were improperly accounted for under the  
20 Commission's uniform system of accounts. I think  
21 GST's Position Statement will note that agreement.

22 However, GST continues to argue in this case  
23 that somehow it's entitled to receive a portion of the  
24 insurance proceeds that the company received for its  
25 replacement power following the Hawthorn incident.

1 Both the Commission Staff and the company disagree  
2 with GST on this point.

3 Dr. Proctor is the Staff person that  
4 explains in his testimony why GST is wrong on this  
5 issue. Chris Giles on behalf of the company also  
6 filed testimony that explained that GST is not  
7 entitled to receive such insurance proceeds. Simply  
8 put, the insurance proceeds are designed to cover a  
9 small portion of the cost of replacement power, and  
10 Kansas City Power & Light is the beneficiary of that  
11 policy and not any individual customer.

12 But more importantly, the GST contract  
13 itself does not even address or entitle GST to any  
14 portion of insurance proceeds, and I think that's a  
15 key point. There's nothing in the contract that  
16 entitles GST to have a chunk of any insurance  
17 proceeds.

18 Second, GST has argued that Kansas City  
19 Power & Light should be required to recalculate its  
20 bills pretending or assuming that Kansas City Power &  
21 Light's variable costs of production have not changed  
22 and that Hawthorn is still on line. GST essentially  
23 is requesting that the Commission order Kansas City  
24 Power & Light to use hypothetical variable costs of  
25 production when it bills GST. According to GST, the



1 Commission should order this equitable relief on a  
2 retroactive basis.

3 Neither of these requests are appropriate  
4 under the contract. Nowhere in the contract is there  
5 any authority that would support GST's argument that  
6 it's entitled to insurance proceeds or to use  
7 hypothetical cost of production in calculating its  
8 bill.

9 And to reiterate this critical point, the  
10 contract does not contain any provision for the  
11 adjustment of incremental price for generation unit  
12 outages. In addition, there is no provision that  
13 would permit a change of rates on a retroactive basis.

14 What GST is asking the Commission to do in  
15 this proceeding is to lower its bill retroactively by  
16 \$3 million. Throughout the proceedings GST has filed  
17 pleadings which have indicated that it is this type of  
18 equitable relief that it's requesting.

19 Kansas City Power & Light, however, does not  
20 agree that it would be fair or equitable to the  
21 company or to the company's other ratepayers to give  
22 GST a \$3 million retroactive reduction in its bill  
23 after GST and Kansas City Power & Light have entered  
24 into a contract that was approved by this Commission.

25 In the words of my grandfather, who was a

1 central Missouri farmer that did business simply with  
2 a handshake, an agreement is an agreement.

3 But even if some equitable relief was  
4 appropriate, which it's not, the Commission has  
5 already recognized in this case that it is beyond the  
6 authority of this Commission to give equitable relief.  
7 Therefore, GST has simply chosen the wrong place to  
8 come to seek equitable relief.

9 The Commission has already recognized that  
10 it does not have the power to award GST monetary  
11 damages even if GST had been damaged, which it has  
12 not. Again, GST has simply chosen the wrong forum to  
13 request an award of monetary damages.

14 There's another important matter still  
15 pending in this proceeding, and that's the question  
16 raised by this Commission itself on whether GST's rate  
17 complaint has been perfected since it was not signed  
18 by the Public Counsel, a mayor or 24 other customers  
19 of Kansas City Power & Light pursuant to  
20 Section 386.390.1.

21 Now, in an effort to find another theory  
22 that might result in a lower price for GST and avoid  
23 legal problems of a rate complaint, GST has made  
24 unfounded allegations that Kansas City Power & Light  
25 has not operated and maintained its generation units

1 or its transition and distribution facilities in a  
2 reasonable and prudent manner.

3 Even these prudence allegations, your Honor,  
4 are simply designed to give GST rate relief. Kansas  
5 City Power & Light, however, has taken these  
6 allegations very, very seriously.

7 Our first witness in this proceeding will be  
8 Monika Eldridge, an independent outside consultant and  
9 professional engineer, who has compared the  
10 performance of each of Kansas City Power & Light's  
11 plants to a peer group of units that are of similar  
12 design, vintage and size.

13 Her background includes numerous consulting  
14 projects where she has independently evaluated the  
15 performance of various utilities against their peer  
16 group in the industry, and she's also analyzed the  
17 overall trends of the industry. You might find that  
18 part very interesting as well.

19 Based on her study of Kansas City Power &  
20 Light's performance, she has concluded that KCP&L has  
21 met or exceeded industry standards when considering  
22 these accepted performance criteria: equivalent  
23 availability factors, forced outage rates, operating  
24 and maintenance cost standards, fuel costs and  
25 significant outage incidents.

1           More specifically, Ms. Eldridge has  
2       concluded when considering equivalent availability  
3       factors and forced outage rates, Kansas City units  
4       have performed above the industry average in the early  
5       1990s and trended toward the industry average as  
6       expected in recent years.

7           When considering operating and maintenance  
8       costs, including fuel, KCP&L's costs are quite low and  
9       trending downward, as is the industry average. In  
10      fact, Iatan was the recipient of the Electric Utility  
11      Cost Group's 1999 top five lowest Busbar award for the  
12      five-year period '93 through '97.

13          Now, with regard to forced outage rates,  
14      Ms. Eldridge has found that the number of outages  
15      experienced by the company is no different than the  
16      number of significant outages experienced by Kansas  
17      City Power & Light's peer group.

18          Overall, Ms. Eldridge found no performance  
19      criteria where Kansas City Power & Light fell short  
20      when compared to the industry standards.

21          The Commission Staff has also reviewed this  
22      information and other information related to Kansas  
23      City Power & Light's performance. Staff witness  
24      Dr. Eve Lissik has concluded that Kansas City Power &  
25      Light's generating units have been operating at an

1 equivalent availability rate of around 80 percent.

2 According to Dr. Lissik, and I'm quoting,  
3 This information coupled with the relatively high  
4 capacity factors of its baseload units leads me to  
5 believe that, as a whole, Kansas City Power & Light's  
6 generation units are operating within acceptable  
7 limits.

8 Now, if you have any questions at all  
9 regarding Kansas City Power & Light's performance, I  
10 urge you to ask our witnesses or to ask your Staff  
11 witness. This is a critical issue that's been raised  
12 and we want to put this to rest. Please ask your  
13 questions.

14 Kansas City Power & Light will also present  
15 the testimony of Michael Bier to address GST's  
16 allegations regarding the distribution and  
17 transmission system. Mr. Bier is the manager of  
18 transmission and substations for the company. He  
19 explains what steps have been taken by Kansas City  
20 Power & Light to improve the reliability of its  
21 service at GST's Kansas City steel plant.

22 Kansas City Power & Light has invested more  
23 than a million dollars in efforts to improve the  
24 electric service at GST's plant. Most, if not all, of  
25 the reliability issues that were discussed in GST's

1 testimony in this case were resolved prior to the time  
2 they ever filed a complaint in this forum.

3 In closing, I should note that Kansas City  
4 Power & Light, its insurance carriers and the  
5 Commission Staff are continuing to thoroughly  
6 investigate the accident that occurred at the Hawthorn  
7 unit in February of 1999. Hundreds of man hours are  
8 being devoted to finding the causes of that accident.  
9 The Commission has opened a docket in which all  
10 aspects of this accident will be reviewed. KCP&L will  
11 present the results of its investigation to the  
12 Commission at the appropriate time.

13 In this proceeding, as you've heard from  
14 Mr. Brew, GST is presenting a witness, Mr. Jerry Ward,  
15 who purports to have conducted an investigation into  
16 the events that led to the explosion of the Hawthorn  
17 power plant on February 17, 1999.

18 Unfortunately, Mr. Ward's investigation has  
19 consisted principally of reviewing documents and not  
20 conducting a complete investigation like the ones that  
21 are being done by the company, the insurance carriers  
22 and the Commission Staff.

23 Based upon Mr. Ward's incomplete  
24 investigation, Kansas City Power & Light believes that  
25 he's reached some incomplete and erroneous

1 conclusions. But even if Mr. Ward's allegations were  
2 true, which they're not, but even if they were true,  
3 it would not affect the equitable relief that the  
4 Commission could grant in this proceeding.

5 As I've already explained, GST has chosen  
6 the wrong place to seek equitable relief or monetary  
7 damages. There was no billing error since Kansas City  
8 Power & Light has calculated the bills exactly as it's  
9 determined to be appropriate under the contract, and  
10 the Commission has indicated that it cannot alter the  
11 contract.

12 Unfortunately, beyond insuring that GST  
13 receives just and reasonable rates, there is nothing  
14 that Kansas City Power & Light Company or this  
15 Commission can do to guarantee that GST can meet its  
16 competition in the international and domestic steel  
17 markets. If this is the real issue for which GST is  
18 seeking a remedy in this proceeding, then once again  
19 it's chosen the wrong place to come for a solution.

20 There is one thing, as Mr. Brew mentioned,  
21 that we do agree on, and that is that the Commission  
22 should not delay its decision in this case to wait for  
23 further information.

24 Under the Public Service Commission's law,  
25 GST has the burden of proof, as Ms. Shemwell has

1 pointed out, and we believe that at the end of this  
2 hearing the Commission will conclude two things;  
3 first, GST has failed to meet it's burden of proof,  
4 and second, that the Commission cannot lawfully give  
5 the relief that GST is requesting anyway.

6 Therefore, there's no reason to delay a  
7 decision, delay your decision in this case awaiting  
8 further information on the Hawthorn explosion.

9 Thank you for your interest, and we look  
10 forward very much to your questions.

11 JUDGE THOMPSON: Thank you, Mr. Fischer.  
12 GST, I believe your first witness is Mr. Carver.

13 MR. DeFORD: That's correct, your Honor.

14 (Witness sworn.)

15 JUDGE THOMPSON: Spell your name for the  
16 record, if you would.

17 THE WITNESS: Steven C. Carver, C-a-r-v-e-r.

18 JUDGE THOMPSON: Steven, is that with a V or  
19 P-H?

20 THE WITNESS: That's with a V.

21 JUDGE THOMPSON: Thank you, sir. Proceed.

22 MR. DeFORD: Thank you, your Honor.

23 STEVEN C. CARVER testified as follows:

24 DIRECT EXAMINATION BY MR. DeFORD:

25 Q. Please state your name and business address.



1           A.     Steven C. Carver, 740 North Blue Parkway,  
2     Suite 204, Lee's Summit, Missouri 64086.

3           Q.     Mr. Carver, by whom are you employed and in  
4     what capacity?

5           A.     I am employed by Utilitech, Inc. I'm a  
6     principal in the firm.

7           Q.     Mr. Carver, have you filed testimony in this  
8     docket which you caused to be prepared which has been,  
9     I believe, marked for identification as Exhibits 1, 2  
10    and 2HC?

11          A.     Yes, that's correct.

12          Q.     And do you have any corrections to that  
13    testimony that you would like to make at this time?

14          A.     No, I do not.

15          Q.     Mr. Carver, if I were to ask you the  
16    questions set forth in those documents, would your  
17    answers be substantially the same here today?

18          A.     Yes, they would.

19          Q.     And are those answers true and correct to  
20    the best of your information and belief?

21          A.     Yes, they are.

22                 MR. DeFORD: With that, I would offer  
23    Exhibits 1, 2 and 2HC and tender Mr. Carver for  
24    cross-examination.

25                 JUDGE THOMPSON: Thank you. Any objections

1 to the receipt of Exhibits 1 and 2?

2 MR. FISCHER: No objection, your Honor.

3 MS. SHEMWELL: No, your Honor.

4 JUDGE THOMPSON: Exhibits No. 1 and 2,  
5 No. 2 in both its HC and NP forms, are received and  
6 made a part of the record in this matter.

7 (EXHIBIT NOS. 1, 2 AND 2HC WERE RECEIVED  
8 INTO EVIDENCE.)

9 JUDGE THOMPSON: Cross-examination. I  
10 believe, Ms. Shemwell, you were up first.

11 MS. SHEMWELL: Thank you, your Honor. No  
12 questions for this witness.

13 JUDGE THOMPSON: Thank you. Mr. Coffman is  
14 not here. Mr. Fischer?

15 MR. FISCHER: Mr. Reynolds will handle the  
16 cross of Mr. Carver.

17 JUDGE THOMPSON: Thank you. Mr. Reynolds?

18 CROSS-EXAMINATION BY MR. REYNOLDS:

19 Q. Good morning, Mr. Carver.

20 A. Good morning.

21 Q. My name is Jerry Reynolds, and I represent  
22 Kansas City Power & Light Company. I have some  
23 questions for you regarding your testimony.

24 I'd like to start off by discussing some  
25 information contained in GST's Position Statement. On

1 page 2, GST addresses its position on the question,  
2 quote, has KCPL properly accounted for the insurance  
3 proceeds that it has received as a result of the  
4 Hawthorn incident? And GST's answer is yes; is that  
5 correct?

6 A. Yes, it is, and I addressed that in my  
7 surrebuttal testimony.

8 Q. I understand. On the last page of your  
9 surrebuttal testimony you corrected your direct  
10 testimony and stated on line 16 that, The reference  
11 portion of my direct testimony reached an incorrect  
12 conclusion; is that correct?

13 A. Yes, it is. Based upon the information I  
14 had available at the time my direct testimony was  
15 prepared, it was my belief that that direct testimony  
16 was accurate.

17 Based upon subsequently received data  
18 request responses as well as the rebuttal testimony of  
19 a company witness Davidson, it was necessary for me to  
20 correct the statements made in my direct testimony in  
21 that regard.

22 Q. So you're saying you received some data  
23 requests? In part your change in position resulted  
24 from subsequent data requests?

25 A. Subsequent responses to data requests as

1 well as Ms. Davidson's rebuttal testimony.

2 Q. Okay. Thank you. Okay. So you're  
3 acknowledging that that portion of your surrebuttal  
4 concerning the accounting issues, the insurance  
5 proceeds that KCP&L received as a result of the  
6 Hawthorn incident reached an incorrect conclusion,  
7 correct?

8 A. My surrebuttal corrected the representations  
9 in my direct testimony.

10 Q. Okay. So we -- GST and KCPL now agree that  
11 KCPL has properly accounted for the insurance proceeds  
12 under the uniform system of accounts?

13 A. I am no longer taking issue with the  
14 company's accounting for those insurance proceeds.

15 Q. Okay. On the first page of GST's Position  
16 Statement, GST answers the following question: Does  
17 the Commission have the authority to order KCPL to pay  
18 GST insurance proceeds received by KCPL as a result of  
19 explosion of the Hawthorn plant; is that correct?

20 A. Yes. That's Item B.

21 Q. Yes. And GST answered by stating yes?

22 A. Yes, that's what it says.

23 Q. Okay. The Commission -- excuse me.

24 GST's Position Statement does not state that  
25 the Commission possesses authority under the terms of

1 the contract to order KCPL to pay a portion of the  
2 insurance proceeds to GST; is that correct?

3 A. Well, the statement is what it is, but it  
4 makes specific reference to the Commission's authority  
5 pursuant to general ratemaking powers.

6 Q. That's correct. So --

7 A. It does not make reference to the contract  
8 as I see it in scanning through that portion of GST's  
9 Position Statement.

10 Q. So GST's request for -- request to receive a  
11 portion of the insurance contract is not based on the  
12 special contract?

13 A. It does not point to a provision in the  
14 special contract, that's correct.

15 MR. REYNOLDS: Okay. I just want to --  
16 your Honor, I just want to put you on notice that  
17 right now we're about to discuss some information that  
18 is highly confidential.

19 JUDGE THOMPSON: Okay. Are you moving that  
20 we go in-camera?

21 MR. REYNOLDS: Yeah, I am.

22 JUDGE THOMPSON: All right. There is a  
23 motion that the Commission go in-camera at this time.  
24 Any response, opposition, objection? There is none.  
25 Therefore, the Commission will proceed in-camera.

1 Each of the parties shall clear the room of those  
2 persons in their entourage that should not be in here  
3 at this point.

4 Any members of the public, you will need to  
5 leave at this time. The Commission is going  
6 in-camera. There will be testimony concerning highly  
7 confidential or proprietary matters. I believe that  
8 Commission employees do not need to go because there  
9 is a statute prohibiting Commission employees from  
10 revealing information.

11 Are the parties satisfied that the room is  
12 in condition that they may proceed?

13 MR. FISCHER: Yes, your Honor.

14 JUDGE THOMPSON: Very well.

15 (REPORTER'S NOTE: At this time, an  
16 in-camera session was held, which is contained in  
17 Volume No. 6, Pages 166 through 217 of the  
18 transcript.)

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1 JUDGE THOMPSON: The next witness is  
2 Mr. Ward. Mr. DeFord, before we go to Mr. Ward, I  
3 should mention that I have just today received, among  
4 other things, Schedule 1 to Mr. Carver's surrebuttal  
5 testimony, which is evidently not attached to that.  
6 Perhaps it would be best if that was separately marked  
7 and offered. And I see that Mr. Carver is still here,  
8 so we can do that without any particular delay.

9 MR. DeFORD: We can take care of that on a  
10 break if that would be okay.

11 JUDGE THOMPSON: That would be fine. Let's  
12 go ahead with Mr. Ward, then. We will use Exhibit  
13 No. 18 for that when we get to it.

14 (Witness sworn.)

15 JUDGE THOMPSON: Please be seated. If you  
16 would spell your name for the reporter.

17 THE WITNESS: Jerry, with a J., middle  
18 initial N., last name Ward, W-a-r-d.

19 JUDGE THOMPSON: Thank you. And who is  
20 going to be taking direct? Mr. Brew. Please proceed.

21 MR. BREW: Thank you, your Honor.

22 JERRY N. WARD testified as follows:

23 DIRECT EXAMINATION BY MR. BREW:

24 Q. Mr. Ward, would you please state your full  
25 name and address for the record, please.

1           A.     Jerry N. Ward, and in this case I'm here on  
2     behalf of GST Steel working through GDS Associates,  
3     Inc., 1850 Parkway Place, Suite 720, Marietta, Georgia  
4     30067.

5           Q.     And Mr. Ward, did you prepare direct and  
6     surrebuttal testimony in this proceeding?

7           A.     I did.

8           Q.     And if I were to ask you the questions  
9     contained in those testimonies, would your answers be  
10    the same today?

11          A.     They would.

12          Q.     Do you have any corrections to either the  
13    direct or surrebuttal testimony?

14          A.     In the surrebuttal testimony, page 10,  
15    line 6, at least on my copy, the word safe is in the  
16    middle of that sentence, and if you read the sentence  
17    it clearly should read unsafe.

18                 MS. SHEMWELL: I'm sorry. What line was  
19    that?

20                 THE WITNESS: Line 6, page 10.

21                 MS. SHEMWELL: Thank you.

22    BY MR. BREW:

23          Q.     Are there any other corrections to your  
24    testimony?

25          A.     Not that I'm aware of.

1           MR. BREW: Your Honor, I ask that the  
2 exhibits previously numbered as 5 and 6 related to  
3 Mr. Ward's direct and surrebuttal testimony be  
4 admitted into the record.

5           JUDGE THOMPSON: Thank you. Any objections?

6           MR. FISCHER: Yes, your Honor. Kansas City  
7 Power & Light filed on April 11th, 2000 a motion to  
8 strike a portion of Mr. Ward's direct testimony, and I  
9 would renew that objection at this time.

10           He has included in his testimony references,  
11 direct references to an affidavit of a Mr. Lewonski  
12 which is improper under the Commission's previous  
13 rulings concerning the adoption of an affidavit which  
14 is not subject to cross-examination.

15           JUDGE THOMPSON: Response?

16           MR. DeFORD: Yes, your Honor. We don't want  
17 to do a tag team, but I think Mr. Brew has been  
18 traveling and hasn't had an opportunity to review the  
19 Motion to Strike, so if I could address that.

20           JUDGE THOMPSON: By all means.

21           MR. DeFORD: I think first we question the  
22 timeliness of the motion. I point out that Mr. Ward's  
23 direct testimony was filed nearly five months ago and  
24 that this request was literally made at the eve of the  
25 hearing.

1           That aside, there are numerous flaws with  
2     the request itself. Mr. Lewonski's sworn statement  
3     that's referenced in the motion was, in fact, already  
4     a part of this record. It was submitted with the  
5     initial filing in this case. So KCPL was fully aware  
6     of Mr. Lewonski's assertions, has actually addressed  
7     some of Mr. Lewonski's assertions in rebuttal  
8     testimony and has had ample opportunity to depose  
9     either Mr. Lewonski or Mr. Ward on this issue.

10           Beyond that, the law in Missouri is that an  
11    expert is allowed to rely on hearsay to support his  
12    opinion where that type of evidence or fact is  
13    normally relied upon by experts in the field, and I'll  
14    be pleased to provide the Commission with citations to  
15    appropriate cases.

16           That's exactly what we're talking about  
17    here. Mr. Lewonski is the fact witness, the ultimate  
18    fact witness. He's the central maintenance man. He's  
19    the person on site who has direct knowledge of these  
20    reliability issues that he addresses in his affidavit.  
21    I'd also note that the appropriate remedy would be to  
22    consider the weight of the evidence, not to strike the  
23    testimony.

24           Finally, I guess ultimately, we would be  
25    more than pleased to make Mr. Lewonski available for

1 cross-examination. On three hours' notice we can have  
2 him here.

3 JUDGE THOMPSON: Thank you, Mr. DeFord.  
4 Before you respond, Mr. Fischer, we're with a new  
5 witness now. I believe we're not in-camera with this  
6 witness. We don't have any highly confidential or  
7 proprietary exhibits. I apologize, Kellene, but all  
8 of the proceedings involving this witness are no  
9 longer in-camera. That's a housekeeping note, a  
10 little belated.

11 Mr. Fischer?

12 MR. FISCHER: Yes, your Honor. Just in  
13 brief response, regarding the timeliness issue, I  
14 think just a few moments ago was the first time that  
15 any of this evidence has been offered into the record.

16 As you know, the fact that someone attaches  
17 an affidavit to a pleading does not constitute any  
18 kind of evidence the Commission can take into account.  
19 They have not included any of this affidavit except  
20 through Mr. Ward as evidence in this proceeding.

21 The Commission's rules 2 CSR 240-2.130  
22 subsection 8 states, No party shall be permitted to  
23 supplement prefiled prepared direct, rebuttal or  
24 surrebuttal testimony or schedules unless ordered by  
25 the presiding officer of the Commission.

1           I think what is happening here, your Honor,  
2       is they don't want to put the witness on subject to  
3       cross-examination, so they've asked Mr. Ward to adopt  
4       his facts. This is not an expert relying on facts.  
5       This is an expert that's trying to put facts into the  
6       record for the first time that would not be subject to  
7       his personal knowledge.

8           JUDGE THOMPSON: Okay. Any response to  
9       that, Mr. DeFord?

10          MR. DeFORD: Yes, your Honor. That's simply  
11       not the case. Mr. Lewonski, as I previously  
12       indicated, is the person who was on site and had  
13       direct knowledge of this.

14          We retained an expert to do an analysis of  
15       the reliability. Mr. Ward is that expert. He needed  
16       and was required essentially to rely on the facts  
17       provided to him by the personnel on site. And again,  
18       I would reiterate we would be more than pleased to  
19       make Mr. Lewonski available for cross-examination on  
20       the statements he has made.

21          JUDGE THOMPSON: Can you direct me to where  
22       the affidavit is you indicated has previously been  
23       filed? It's part of the original petition?

24          MR. DeFORD: It was part of the original  
25       petition.



1           MR. FISCHER: Your Honor, there are two  
2 affidavits like that. They haven't attempted to put  
3 the other one into evidence at all.

4           JUDGE THOMPSON: Okay. I have here the  
5 highly confidential version of your petition. Which  
6 exhibit?

7           MR. DeFORD: I'm not sure which appendix it  
8 is. I think it's G.

9           JUDGE THOMPSON: Appendix G. Very well.  
10 Affidavit of Ronald F. Lewonski. Okay. Now, is the  
11 gravamen of your objection that the affidavit is  
12 essentially hearsay as being offered by Mr. Ward?

13          MR. FISCHER: Yes, your Honor. It's being  
14 offered for the facts that are contained in that  
15 affidavit, and we consider that pure hearsay. That  
16 witness is an employee of GST Steel. If they had  
17 wanted him to participate in this proceeding, they  
18 could have filed it either as direct or surrebuttal.

19          They chose not to do so, and they've waived  
20 their opportunity now to bring that man on and try to  
21 justify the facts that are contained in that  
22 affidavit.

23          JUDGE THOMPSON: Response?

24          MR. DeFORD: Yes, your Honor. It is simply  
25 a case where we retained an expert on utility

1 reliability. Mr. Lewonski provided facts that he  
2 bases his opinion on. An expert is clearly in  
3 Missouri allowed to rely upon facts supplied to him by  
4 those individuals with knowledge of those facts in  
5 forming and presenting an opinion. Again, I'd be more  
6 than pleased --

7 JUDGE THOMPSON: I believe that's true,  
8 Mr. DeFord, but I think those facts have to find their  
9 way into the record, do they not?

10 MR. DeFORD: I don't believe that's the  
11 case, your Honor. He literally could have talked to  
12 hundreds of employees. I mean, there's, I suppose, an  
13 opportunity for him to have talked with Kansas City  
14 Power & Light employees.

15 JUDGE THOMPSON: Well, I think we will cut  
16 the baby in this fashion on this point. The testimony  
17 in question will not be stricken. However, it will be  
18 understood that that testimony is not present as fact  
19 but that it is simply the basis of the opinion offered  
20 by Mr. Ward.

21 To the extent that those facts are important  
22 to your case, they need to be in testimony presented  
23 by a witness who's going to be here. To the extent  
24 that they simply are the basis of Mr. Ward's opinion,  
25 I believe that they're not subject to being struck.

1       Consequently, the motion to strike is denied. Let's  
2       proceed.

3               I think we have tendered; is that correct?

4               MR. BREW: That's correct, your Honor.

5               JUDGE THOMPSON: We have approximately 13  
6       minutes before the lunch hour. Ms. Shemwell, you are  
7       the first one up. Do you have any cross-examination?

8               MS. SHEMWELL: I have just one question,  
9       your Honor.

10              JUDGE THOMPSON: Do you believe you'll  
11      dispose of that within 13 minutes?

12              MS. SHEMWELL: I suspect so, your Honor.

13              JUDGE THOMPSON: Please proceed.

14      CROSS-EXAMINATION BY MS. SHEMWELL:

15              Q.     Mr. Ward, my name is Lera Shemwell. I  
16      represent the Staff of the Missouri Commission. Still  
17      good morning.

18              A.     Good morning.

19              Q.     Mr. Ward, is your theory concerning the  
20      Hawthorn incident or your testimony and conclusion  
21      regarding Kansas City Power & Light's responsibility  
22      for the Hawthorn incident dependent on the water that  
23      you mentioned or the overflow from the toilet, is it  
24      dependent on having that water causing the burner  
25      management system to malfunction?

1           A.     I'm not quite sure I understand where  
2     you're -- where you're going, but it's clear that the  
3     water -- based on the statements of the employees at  
4     the plant, it's clear that the water inundated the  
5     burner management system and caused it to -- caused it  
6     to need to be cleaned and dried out and so on, and  
7     they worked on it through the day from the  
8     mid-afternoon of the 16th clear up to the time of the  
9     explosion early on the 17th.

10          Q.     So is your conclusion as to KCPL's  
11     responsibility again dependent on the idea that the  
12     water caused the damage to the burner management  
13     system or caused some damage to the burner management  
14     system?

15          A.     Something caused the gas valves to open and  
16     to allow gas to enter that boiler, and the ability of  
17     that gas to get there should have been precluded by  
18     prudent action of the operators once they realized  
19     their safety system had been inundated.

20          Q.     Okay. So let me try one more time. Does  
21     your assignment of responsibility depend on the water  
22     getting into the burner management system?

23          A.     Without the water getting into the burner  
24     management system, I think it's clear there would have  
25     been nothing else that I'm aware of from their

1 information presented that would have caused it.

2 MS. SHEMWELL: Thank you very much, sir.

3 That's all I have. Thank you.

4 JUDGE THOMPSON: Thank you, Ms. Shemwell.

5 Mr. Coffman is still not here, and we will break for  
6 lunch before we go on to cross-examination by Kansas  
7 City Power & Light. The lunch recess will last until  
8 1:30. I will see you at that time, I hope. I  
9 congratulate the parties on presenting an interesting  
10 case so far.

11 (A lunch recess was taken.)

12 (EXHIBIT NO. 18 WAS MARKED FOR  
13 IDENTIFICATION.)

14 JUDGE THOMPSON: Exhibits No. 5 and 6 will  
15 be received and made a part of this proceeding.

16 (EXHIBIT NOS. 5 AND 6 WERE RECEIVED INTO  
17 EVIDENCE.)

18 JUDGE THOMPSON: And we have marked Exhibit  
19 No. 18. Do you want to go ahead and -- when do you  
20 want to deal with that?

21 MR. DeFORD: Any time, your Honor.

22 JUDGE THOMPSON: I see Mr. Carver's here, so  
23 we can do it after we're done with Mr. Ward.

24 MR. DeFORD: Sure.

25 JUDGE THOMPSON: Very well. And we had --

1 we were about to start with cross-examination from  
2 KCPL, and who's going to be taking that?

3 MR. FISCHER: I'll do that, your Honor.

4 JUDGE THOMPSON: Please proceed.

5 MR. FISCHER: Thank you very much.

6 CROSS-EXAMINATION BY MR. FISCHER:

7 Q. Good afternoon, Mr. Ward. My name is Jim  
8 Fischer, and as you know I represent Kansas City  
9 Power & Light in this case.

10 I've got just a few questions I'd like to  
11 address to you regarding your direct testimony first  
12 and then some in your surrebuttal. Would you turn to  
13 page 6 of your direct testimony and take a look at  
14 line 14. There you're referencing an October 19, 1999  
15 article, Electric Light and Power; is that right?

16 A. Yes, sir.

17 Q. And I think you've attached two tables from  
18 that article in your Exhibit 6; is that right?

19 A. That's right.

20 Q. Were there other tables and information in  
21 that article that weren't provided in your testimony?

22 A. There were several, but I don't recall what  
23 they were.

24 Q. Okay. You were not the author of that  
25 article; is that correct?

1           A.     That's correct.

2           Q.     Did you have any input into the development  
3 of the data contained in the article?

4           A.     No, sir.

5           Q.     Do you know whether the author of this  
6 article used peer groups based upon size, vintage and  
7 design of participating utilities in evaluating the  
8 utilities?

9           A.     I don't think he did.

10          Q.     Okay. Have you discussed the assumptions  
11 and methodologies used by the author in this article  
12 at all with him?

13          A.     No. With the author, no, sir.

14          Q.     Do you know, then, if the assumptions and  
15 methodologies would vary from utility to utility?

16          A.     In how they calculate the costs that they  
17 reported?

18          Q.     Yes, and how they made those comparisons?

19          A.     I'm not certain. My understanding is that  
20 these are -- that these costs are taken from documents  
21 that are submitted by each individual utility and he  
22 simply compiles the statistics.

23          Q.     Okay. Mr. Ward, have you personally ever  
24 published a study that compared the relative  
25 performance of public utilities regarding production

1 costs and distribution costs?

2 A. No, sir.

3 Q. Would it be more appropriate for me to  
4 address questions regarding the relative performance  
5 of Kansas City Power & Light compared to other  
6 utilities to Mr. Norwood?

7 A. As he has performed some additional work  
8 since this, yes, it would.

9 Q. Do you personally consider yourself as an  
10 expert in evaluating or otherwise benchmarking the  
11 performance of public utilities compared to other peer  
12 groups in the industry?

13 A. I wouldn't consider myself so, no.

14 Q. Okay. I noticed in your resume that in your  
15 current consulting practice you assist companies in  
16 reducing costs; is that right?

17 A. Uh-huh.

18 Q. Are those companies principally large  
19 industrial customers?

20 A. For the most part, but not solely, no.

21 Q. Okay. Would your efforts be principally  
22 involved in how to assist large industrial customers  
23 in reducing their energy costs?

24 A. In terms of more efficient use, yes. In  
25 terms of contract negotiations, perhaps.



1 Q. Would you consider yourself an expert in  
2 lowering electric bills for your clients?

3 A. That's a strange field, but I've certainly  
4 been involved with it for many, many years.

5 Q. Okay. Is that your goal in this proceeding,  
6 to lower the electric bill to GST?

7 A. No, not directly.

8 Q. Okay. In those projects where you are  
9 involved in lowering electric bills to your clients,  
10 are you normally compensated based upon a percentage  
11 of the savings in your efforts or that your efforts  
12 generate or on an hourly basis for your time?

13 A. I've been paid in many ways, but in general  
14 it's by the hour.

15 Q. I know some tariff consultants are paid by  
16 the percentage of savings.

17 A. That's not my principal practice.

18 Q. Okay. Do you ever consult with public  
19 utilities regarding assisting them in reducing their  
20 costs?

21 A. Your definition of public utilities, sir?

22 Q. I would say either investor-owned or  
23 cooperatives or anyone --

24 A. Yes.

25 Q. -- that supplies electricity to the market.

1           A.     Yes.

2           Q.     Okay.  Let's turn to page 5 of your direct  
3     testimony.  There on line 9 you indicate that,  
4     according to the plant manager James Teaney, the  
5     staff -- and I think you're talking about at Hawthorn  
6     5 -- has been reduced from 115 people to 102 people  
7     from 1995 to 1999, an 11 percent reduction; is that  
8     right?

9           A.     Yes, sir.

10          Q.     Are you suggesting that KCP&L's level of  
11     staffing should be different from what KCP&L has used  
12     in the past?

13          A.     I'm simply pointing out that there has been  
14     a reduction in staff.

15          Q.     Okay.  Did you personally interview or  
16     discuss with Mr. Teaney KCP&L's level of staff at  
17     Hawthorn?

18          A.     No, sir.  His deposition was made available  
19     to me.

20          Q.     On page 5, you reference Mr. Frank Branca,  
21     KCPL's Vice President of Generation Services, in your  
22     testimony.  Did you discuss the level of staff at  
23     KCP&L's production plants with Mr. Branca by chance?

24          A.     No, sir.

25          Q.     Did you discuss personally KCP&L's level of

1 staffing at its production plants with any other KCP&L  
2 personnel?

3 A. No, sir.

4 Q. Okay. Did you by chance investigate the  
5 level of outside contract labor at Hawthorn during the  
6 years you're talking about?

7 A. No, sir. That information was not available  
8 to me.

9 Q. Okay. Would it make any difference in your  
10 conclusions regarding the level of Hawthorn's staffing  
11 if outside contract labor increased while the in-house  
12 Hawthorn staffing decreased?

13 A. Perhaps, although they also have been  
14 reducing the dollars spent there, too. So it would be  
15 unusual to think they could replace their own staff  
16 with outside staff and still reduce dollars. Most of  
17 the time outside staff costs more.

18 Q. Are you suggesting, though, sir, in your  
19 testimony that any reduction in personnel costs at  
20 power plants is inappropriate?

21 A. Oh, no, sir.

22 Q. Wouldn't you agree that public utilities  
23 like your clients need to be as efficient as possible  
24 as they conduct their businesses?

25 A. In fact, I said that in there. Everyone's

1 goal is to reduce costs.

2 Q. Mr. Ward, have you had any interviews or  
3 other discussions with Mr. Branca or Mr. Teaney  
4 regarding any subject contained in your testimony?

5 A. No, I have not.

6 Q. Okay. Let's turn to a subject that we  
7 addressed earlier in the hearing, the Lewonski  
8 affidavit. Is that how he says that, do you know?

9 A. Lewonski, I believe is how he says it, but  
10 I've never met the gentleman.

11 Q. You've never met the gentleman?

12 A. No.

13 Q. Okay. On page 8 of your testimony, you  
14 indicate that you reviewed the affidavit of Ronald F.  
15 Lewonski filed on behalf of GTE in the original filing  
16 with the Missouri Public Service Commission; is that  
17 right?

18 A. That's correct.

19 Q. When were you first retained by GST in this  
20 matter?

21 A. Oh, sometime in October, I believe.

22 Q. October of '99?

23 A. Yes, sir.

24 Q. So you were not employed by or representing  
25 GTE -- GST, excuse me -- that's another client -- GST

1 in 1998; is that correct?

2 A. I was not.

3 Q. Since you weren't employed by GST during  
4 1998, you wouldn't have had any firsthand knowledge of  
5 any of the incidents that were relayed in  
6 Mr. Lewonski's affidavit that you summarized on page 9  
7 and 10 of your testimony?

8 A. That's correct. I relied on his affidavit.

9 Q. And Mr. Lewonski is not a witness in this  
10 proceeding; is that correct?

11 A. Not to my knowledge, but today he was made  
12 available. The offer to make him available was made  
13 this morning.

14 Q. Have you reviewed the testimony of KCP&L  
15 witness Michael Bier in this proceeding?

16 A. I have not.

17 Q. You have not?

18 A. I have not.

19 Q. Has anyone made you aware that Mr. Bier  
20 testified that most of the reliability issues raised  
21 by Mr. Lewonski were resolved prior to the filing of  
22 the GST complaint in this matter?

23 A. No.

24 Q. I can show you a copy of his testimony.  
25 Would you like to look at that, or would you accept

1 subject to check that he makes that statement?

2 MR. BREW: Your Honor, the witness has said  
3 that he's not familiar with the testimony.

4 MR. FISCHER: Let me withdraw that, your  
5 Honor.

6 BY MR. FISCHER:

7 Q. Mr. Ward, isn't it true that your  
8 surrebuttal -- in your surrebuttal testimony, you did  
9 not attempt to rebut any of Mr. Bier's testimony; is  
10 that correct?

11 A. That's correct.

12 Q. To your knowledge, did anyone else that has  
13 filed testimony in this proceeding attempt to rebut  
14 Mr. Bier's testimony?

15 A. I'm not certain.

16 Q. Okay. Let's turn to the Hawthorn explosion  
17 for a minute.

18 A. Surely.

19 Q. Mr. Ward, do you consider yourself to be an  
20 expert in the formal methods of investigation of power  
21 plant explosions?

22 A. I don't -- I've never been involved with an  
23 explosion like this before.

24 Q. So you wouldn't consider yourself an expert  
25 in the formal methods of investigating power plant

1 explosions?

2 A. Accidents and incidents at power plants,  
3 yes, I would.

4 JUDGE THOMPSON: If I could interject for  
5 just a moment, sir, I think you need to answer  
6 questions yes or no, and your explanation can be  
7 elicited on redirect if necessary.

8 THE WITNESS: Thank you, sir.

9 JUDGE THOMPSON: Thank you.

10 BY MR. FISCHER:

11 Q. I'm not sure I understood your answer. Did  
12 you say you consider yourself to be an expert in the  
13 formal methods of investigating power plant  
14 explosions?

15 A. In explosions per se, I said no, I've not  
16 investigated an explosion.

17 Q. Okay. I noticed that you have not included  
18 in your resume any references to prior investigations  
19 of power plant explosions or other incidents; is that  
20 correct?

21 A. There are many details of my career that are  
22 not in there.

23 Q. Prior to your efforts in this case, is it  
24 correct that you had not conducted a formal  
25 investigation into the cause of a power plant

1 explosion?

2 A. That is correct.

3 MR. BREW: Excuse me. Can I ask what you  
4 mean by formal?

5 BY MR. FISCHER:

6 Q. Let me withdrew it and just ask you more  
7 informally.

8 Have you conducted any investigation into  
9 the cause of any power plant explosion?

10 A. An explosion aboard a ship. Didn't happen  
11 to be directly related to a power plant, but it was an  
12 explosion nonetheless.

13 Q. While you were at Iowa State University, did  
14 you take any courses in the methods of investigating  
15 power plant explosions?

16 A. No, sir.

17 Q. By the way, what was your major there? I  
18 didn't see that.

19 A. Distributed studies.

20 Q. Distributed studies. Is that a general?

21 A. General science.

22 Q. General science degree. Okay. That's not  
23 an engineering degree?

24 A. It's not an engineering degree.

25 Q. You also served in the Navy; is that right?



1           A.     Yes, sir.

2           Q.     Did you receive any formal training in the  
3 methods of investigating power plant explosions while  
4 you were in the Navy?

5           A.     Again, explosions, not directly related to  
6 explosions; but incidents, yes.

7           Q.     Okay. So you did receive some formal  
8 training in methods of investigating power plant  
9 explosions while you were in the Navy?

10          A.     Power plant incidents. Incidents of --  
11 events that happened at power plants, yes.

12          Q.     And this is -- does the Navy have power  
13 plants?

14          A.     Yes, sir.

15          Q.     Okay. Or would this be on board some of the  
16 nuclear ships?

17          A.     That would be, yes, sir.

18          Q.     What types of incidents did you investigate?

19          A.     All sorts of events that occurred at the  
20 time in terms of failure to follow procedures, for  
21 example.

22          Q.     Okay. And those weren't included in your  
23 resume; is that right?

24          A.     Those details were not.

25          Q.     Since leaving the Navy, have you ever taken

1 a formal course in the method -- in the methods used  
2 for investigation of power plant explosions?

3 A. No, sir.

4 Q. Mr. Ward, let's see, are you a licensed  
5 engineer in the State of Missouri?

6 A. No, sir.

7 Q. Are you a licensed professional engineer in  
8 any state?

9 A. I am not.

10 Q. Have you ever worked as a claims  
11 investigator for an insurer of power plants?

12 A. No, sir.

13 Q. Let's turn to page 16, line 12 of your  
14 testimony. There you state, I do not know if KCP&L or  
15 the Crawford investigators have pinpointed the exact  
16 chain of events; is that correct?

17 A. That's correct.

18 Q. The Crawford investigators that you're  
19 referring to in your testimony are the investigators  
20 which represent Kansas City Power & Light's insurance  
21 carriers that are investigating that Hawthorn  
22 incident; is that correct?

23 A. That's the same Crawford Company. I'm not  
24 sure who's paying them or for what reason, but it's  
25 the same Crawford.

1 Q. And the exact chain of events that you're  
2 referring to there is the chain of events that  
3 preceded the Hawthorn incident or explosion on  
4 February 17 of 1999?

5 A. That's correct.

6 Q. Have you personally interviewed any KCP&L  
7 personnel concerning the chain of events that preceded  
8 the Hawthorn incident?

9 A. Personally interviewed, no, sir.

10 Q. Okay. Have you interviewed personally any  
11 of the KCP&L personnel whose statements you've  
12 attached in your direct or surrebuttal testimony?

13 A. I have not.

14 Q. So would it be correct, then, that you have  
15 not interviewed Mike Lunsford?

16 A. That's correct.

17 Q. Melvin H. McLin?

18 A. That's correct.

19 Q. Ray Boylan?

20 A. That's correct.

21 Q. Don Stack?

22 A. That's correct.

23 Q. Mike Irvin?

24 A. That's correct.

25 Q. Ron Fishback?

1           A.     That's correct.

2           Q.     Johnny Pender?

3           A.     That's correct.

4           Q.     Daniel Hensley?

5           A.     That's correct.

6           Q.     Allen Kirkwood?

7           A.     That's correct.

8           Q.     Jim Martin?

9           A.     That's correct.

10          Q.     Or Roger Bollinger?

11          A.     That's correct.

12          Q.     Is it your understanding that these

13 statements that you've attached to your testimony were

14 drafted within hours of the Hawthorn explosion?

15          A.     I believe they were. Most of them are dated

16 and dated within that very few days within the -- very

17 few days of the events.

18          Q.     Did you take any steps to determine if the

19 information you're relying on is still valid?

20          A.     I read the statements. That's the extent of

21 my discussions about it with these people.

22          Q.     Isn't it true that GST's attorneys -- or

23 perhaps you don't know.

24                 Do you know if GST's attorneys have deposed

25 any of the gentlemen whose statements you've attached

1 to your testimony regarding the events that preceded  
2 the Hawthorn incident?

3 A. They deposed Mr. Teaney, but I don't know  
4 about all the others.

5 Q. And Mr. Teaney doesn't have a statement that  
6 you attached?

7 A. Not that was attached to the material that  
8 was made available to me.

9 Q. To your knowledge, have the GST attorneys  
10 deposed any of the gentlemen who --

11 A. I don't know.

12 Q. -- you included in your testimony?

13 A. I don't know. I'd have to look and see. I  
14 don't remember that they have.

15 Q. Have you interviewed any of the Crawford  
16 investigation personnel?

17 A. No, sir.

18 Q. Do you know if the Commission Staff is  
19 investigating the Hawthorn incident?

20 A. Only what has been indicated in their  
21 previous testimony.

22 Q. Do you know or could you tell the Commission  
23 which of the Commission Staff is working on the case?

24 A. Well, Ms. Lissik has filed some testimony,  
25 and I don't recall the other names.

1 Q. You don't know any of the engineers that are  
2 investigating --

3 A. No, sir.

4 Q. -- the cause of the incident?

5 A. I do not.

6 Q. Do you know if the Commission Staff has  
7 completed its investigation at this time?

8 A. Not to my knowledge.

9 Q. Have you personally interviewed any of the  
10 investigators regarding their investigation of the  
11 Hawthorn incident?

12 A. No, sir.

13 Q. Do you know if the GST attorneys have  
14 deposed any of the Commission staff investigators in  
15 this proceeding?

16 A. I don't know for sure.

17 Q. Sir, prior to preparing your direct  
18 testimony, did you have the occasion to go to the  
19 Hawthorn site?

20 A. Yes, I did.

21 Q. And prior to filing your direct testimony,  
22 on what date or dates did you go to the Hawthorn site?

23 A. About November 5th, I believe.

24 Q. Okay. Did you return to the Hawthorn site  
25 prior to filing your surrebuttal testimony?

1           A.     Yes, I did.

2           Q.     On what date or dates did you return to the  
3 Hawthorn site after you filed your surrebuttal?

4           A.     Sometime in March. I'd have to check some  
5 expense accounts to be sure. I don't remember the  
6 exact date.

7           Q.     March 7?

8           A.     Could have been. I don't remember exactly.

9           Q.     Is it correct you spent a portion of two  
10 separate days at the Hawthorn site?

11          A.     That's correct.

12          Q.     One day before filing your direct testimony  
13 and a second day before filing your surrebuttal  
14 testimony?

15          A.     That's correct.

16          Q.     How many hours were you on the site at the  
17 Hawthorn plant on each of those days?

18          A.     Probably the first time, probably six hours,  
19 I would estimate, and perhaps five the second time.

20          Q.     Okay. What did you do while you were at the  
21 Hawthorn plant site?

22          A.     Reviewed the documents that were made  
23 available to me in the room.

24          Q.     Okay. It's correct, then, that you spent  
25 your time at the Hawthorn plant principally reviewing

1 the documents that KCP&L had assembled in what we call  
2 the master file index?

3 A. Yes, sir. The first time it really wasn't  
4 called that, to my knowledge. By the time I got that  
5 there were some pretty signs there that indicated  
6 that's what it was.

7 Q. Isn't it true that the master file index  
8 contains the documents which have been gathered during  
9 the ongoing investigation of the Hawthorn explosion?

10 A. I believe that's correct.

11 Q. And it also includes reference materials  
12 like maps and records of the plant; is that right?

13 A. Yes, it does.

14 Q. How many documents would you estimate were  
15 available to you in that master file index?

16 A. I have no idea.

17 Q. Thousands of pages?

18 A. Well, there's a few thousand probably if you  
19 count each drawing as a page, for example, yeah.

20 Q. Okay. And how many hours did you spend  
21 reviewing the documents at the Hawthorn site the first  
22 day you were there?

23 A. I think I answered that already.

24 Q. That's the full time that first five hours?

25 A. About six, I think, the first time.



1 Q. And about five the second time?

2 A. Yes, sir, that would be my estimate.

3 Q. Did you attempt to familiarize yourself with  
4 the master file index provided to GST and the  
5 Commission Staff?

6 A. The first time there was no file index  
7 available to me. I simply went through the documents.  
8 By the time I got back there had been an index  
9 assembled and it was there.

10 Q. Would a drawing or a map that depicted the  
11 design of the sanitary sewer system at Hawthorn have  
12 been helpful to you in drawing your conclusions about  
13 the causes of water in the Hawthorn control room?

14 A. I relied mostly on the statements of the  
15 operators. I believe there was some sort of a drawing  
16 the second time I went back that I did look at  
17 briefly.

18 Q. Okay. Did you spend any time at all going  
19 through the rubble of the Hawthorn site?

20 A. No, sir.

21 Q. Okay. Did you spend any time at the  
22 Hawthorn site formally interviewing eyewitnesses to  
23 the explosion?

24 A. No, sir.

25 Q. Mr. Ward, would it be correct, then, that

1 your various statements in your direct and surrebuttal  
2 testimony concerning the Hawthorn incident are based  
3 principally upon your understanding of the documents  
4 that you were reviewing concerning the incident rather  
5 than any personal interviews with eyewitnesses or any  
6 forensic or physical investigation of the plant site?

7 A. Yes, sir.

8 Q. Let's turn to your surrebuttal testimony for  
9 a minute and page 17. At line 16 you say, and I think  
10 you're testifying under oath here, there are really no  
11 facts in dispute; is that correct?

12 A. Yes, sir.

13 Q. Are you telling the Commission here that  
14 everyone who's investigating the Hawthorn incident  
15 agrees on the exact chain of events that led to the  
16 Hawthorn explosion?

17 A. No. What I'm saying is that the facts that  
18 I have observed and chronicled in this testimony and  
19 in the exhibits to that testimony are all facts based  
20 on documents provided by the company.

21 Q. And you haven't interviewed any of the other  
22 investigators of the accident?

23 A. I have not. However, -- well, no, I have  
24 not.

25 Q. Let's go to page 17 of your surrebuttal.

1 The last question you asked yourself, What can be  
2 determined conclusively from this information? Do you  
3 see that question?

4 A. Yes, sir.

5 Q. On paragraph 1 of page 17, line 17, you say,  
6 The cycling of a wastewater sump while a clogged sewer  
7 line was under repair caused the wastewater flood in  
8 the Hawthorn control room on February 16, 1999 --

9 A. Yes, sir.

10 Q. -- is that correct?

11 A. Uh-huh.

12 Q. Mr. Ward, I understand you're not a  
13 professional engineer, but with your background, are  
14 you familiar with a piece of equipment known as a  
15 check valve?

16 A. Yes, sir.

17 Q. Would you describe for the Commission what a  
18 check valve does?

19 A. A check valve is supposed to prevent flow of  
20 a fluid in one direction only and allow flow of that  
21 fluid in the other direction.

22 Q. Do you know what a check valve is used for  
23 in a piping system which is designed for transporting  
24 fluids?

25 A. Yes, sir.

1 Q. Would it be the same as you've just  
2 testified?

3 A. Yes.

4 Q. Would you agree that a check valve is placed  
5 in a piping system so that the flow of water or steam,  
6 if it happens to be a steam pipe, goes only in one  
7 direction?

8 A. That's what I said, if it's operating  
9 properly.

10 Q. And more specifically, isn't it true that a  
11 check valve is designed to close and prevent a  
12 backflow of water or steam in the piping system?

13 A. That's correct.

14 Q. The check valve only lets the water or steam  
15 flow in the right direction; is that right?

16 A. If it's operating properly.

17 Q. Please assume for me that there's a sanitary  
18 sewer system that was designed with a check valve  
19 between the wastewater sump pumps in a restroom.  
20 Would you agree that with a check valve in that sewer  
21 line, there should not be any water backup from the  
22 sewer line into the restroom even if the sump pumps  
23 came on and pumped water in the wrong direction?

24 A. If it were operating properly.

25 Q. Mr. Ward, you've attached to your

1 surrebuttal testimony, I think, Exhibit 17, which is a  
2 number of piping and instrument drawings related to  
3 the fuel gas system --

4 A. Yes, sir.

5 Q. -- is that right?

6 And did you obtain a copy of those from  
7 KCP&L personnel at the Hawthorn site?

8 A. This PNID was available in the file room on  
9 my first visit.

10 MR. FISCHER: Your Honor, at this time I'd  
11 like have an exhibit marked.

12 JUDGE THOMPSON: We are up to No. 19.

13 (EXHIBIT NO. 19 WAS MARKED FOR  
14 IDENTIFICATION.)

15 BY MR. FISCHER:

16 Q. Mr. Ward, I've had marked a copy of an  
17 exhibit which was No. 19, which is entitled Hawthorn  
18 Sewer System. Do you see that?

19 A. Yes, sir.

20 Q. And it has a KCP&L Item No. 57 on it. Do  
21 you see that reference?

22 A. Yes.

23 Q. Is this the kind of document that would have  
24 been found in the master file list at the Hawthorn  
25 unit?

1           A.     I believe so.

2           Q.     Did you review the description of the  
3 Hawthorn system while you were there?

4           A.     I have seen this before, yes, sir.

5           Q.     Okay. I'd like to refer you to the system  
6 description paragraph beginning at the very first part  
7 of that which says, Beginning with the H5 restroom,  
8 which I think is Hawthorn 5 restroom, drains gravity  
9 feed into a four-inch cast iron pipe. Drains from the  
10 support building complex north of H5 consisting of the  
11 technician shop, electrician shop, painter/insulator's  
12 slash and the storeroom are pumped into a four-foot  
13 inch cast iron pipe at a location close to the  
14 entrance of the air compressor building north of H5  
15 through the pump storage discharge line shown on  
16 prints KC/200/60/E0159. Do you see that?

17          A.     Yes, sir.

18          Q.     Is that describing the sewer system that  
19 you're talking about in your testimony?

20          A.     I'm not certain at all that it is. I'm  
21 certain that sewage was pumped into the control room,  
22 and I'm certain Mr. McLin indicated it was from the  
23 wastewater sump. I believe it was Mr. McLin.

24          Q.     But based on your review of this document, I  
25 think you indicated you had, you can't tell us whether

1     this is the same Hawthorn sewer system that you  
2     reviewed?

3           A.     I can't tell you that this description  
4     matches what's there. I can't tell you at all because  
5     I didn't go out in the plant. I didn't trace it down.  
6     I didn't look at the piping system to compare them.  
7     I'm simply stating -- I simply state in my testimony  
8     that the sewage got to the control room, and it got  
9     there based on operator statements and I relied upon  
10    those.

11          Q.     And you said in your testimony, too, it was  
12    the cycling of the wastewater sump while the clogged  
13    sewer line was under repair that caused the wastewater  
14    flood in the Hawthorn unit; is that correct?

15          A.     Yes, sir, I did, and I indicated, I believe,  
16    where that came from.

17          Q.     And now you're saying you haven't  
18    reviewed -- you're not sure what the Hawthorn sewer  
19    system really looks like because you weren't there to  
20    look at it?

21          A.     I'm saying that I don't know that this  
22    document is at all related to how the system is built.  
23    I don't think it's germane.

24          Q.     Sir, would you read the very next sentence  
25    on the first paragraph into the record?

1           A.     Yes.  It says, quote, a check valve was  
2     installed upstream of the point of intersection to  
3     prevent backflow into the H5 control room restroom.

4           Q.     Okay.  There's a reference in this document  
5     to a printed map, the HC/200/60/EO159.  Sir, I know  
6     you reviewed some of the maps out there.  Did you  
7     happen to review that particular map?

8           A.     I don't believe so.  I didn't -- I didn't  
9     copy it.

10          Q.     Okay.  I'd like to show you that map and see  
11     if perhaps you did review that.

12                 MR. FISCHER:  Your Honor, I'd like to have  
13     another exhibit marked.

14                 JUDGE THOMPSON:  Very well.

15                 MR. FISCHER:  I have taken the actual  
16     drawing from the master index, but I reduced it down  
17     so that it could be put in the record if we chose to  
18     do that.

19                 JUDGE THOMPSON:  Kellene, could you mark  
20     that as Exhibit No. 20?

21                 (EXHIBIT NO. 20 WAS MARKED FOR  
22     IDENTIFICATION.)

23                 JUDGE THOMPSON:  This will be Exhibit  
24     No. 20.  How shall we describe this document,  
25     Mr. Fischer?



1           MR. FISCHER: I would say you should  
2 describe it as it's described in the master file list  
3 as KC/200/60/EO159.

4           JUDGE THOMPSON: Thank you, sir. Please  
5 proceed. I think we're back on the record now. Did  
6 you want to voir dire, sir?

7           MR. BREW: Yes. Mr. Ward, have you ever  
8 seen this? Do you recall seeing this document before?

9           THE WITNESS: I don't recall seeing it, but  
10 it may have been there, but I don't recall it.

11          MR. BREW: Your Honor, I don't see where  
12 there's a foundation for asking questions of the  
13 witness of a document he hasn't seen or relied upon in  
14 his testimony.

15          MR. FISCHER: Your Honor, this gentleman has  
16 purported to make an investigation of the power plant  
17 explosion. This document was available to him, and he  
18 could have reviewed it had he chose to do so, and the  
19 fact that he chose not to do that should not keep us  
20 from asking him the questions about the -- about his  
21 theory about how the sumps have caused the flooding in  
22 the control room.

23          JUDGE THOMPSON: Anything further?

24          MR. BREW: He still hasn't established a  
25 foundation that the witness is familiar with this

1 particular document.

2 MR. FISCHER: Your Honor, I'm not asking  
3 that the exhibit be admitted at this time. I'm asking  
4 to have the opportunity to cross-examine this witness  
5 based upon it.

6 JUDGE THOMPSON: I understand. I will  
7 overrule the objection. Please proceed.

8 BY MR. FISCHER:

9 Q. Mr. Ward, I know it's kind of hard to see,  
10 and it's hard to see on the one that I've given the  
11 Commission, but there are some highlighted portions  
12 that I have highlighted. At one side there's a  
13 highlighted reference to the grinder pump and pit. Do  
14 you see that at the right-hand side here?

15 A. You're asking me?

16 Q. Yes. Do you see it?

17 A. Yes, I do.

18 Q. Would the grinder pump and pit be another  
19 way of saying the sump pump that you refer to in your  
20 testimony?

21 A. I have no way of knowing that.

22 Q. Okay.

23 A. As I indicated earlier, I was referring to  
24 Mr. McLin's statement that the wastewater sump  
25 operated.

1 Q. Over here on the far left-hand side there's  
2 a reference to HR control room restroom; is that  
3 correct?

4 A. Uh-huh.

5 Q. And --

6 A. H5 instead of HR.

7 Q. I'm sorry. H5, that's correct. And there  
8 is a drawing of a sewage pump discharge line in  
9 between those two references; is that correct?

10 A. It says pumped discharge, yes.

11 Q. Sir, in your testimony, are you suggesting  
12 that the sump pump, which would be the grinder pump,  
13 came on and that caused there to be a flood in the  
14 control room restroom of Hawthorn 5?

15 A. I'm only suggesting what Mr. McLin said in  
16 his statement.

17 Q. So if Mr. McLin's statement is wrong, then  
18 you would be wrong; is that right?

19 A. I would be wrong to the extent that that's  
20 where it came from. I don't think there's a dispute  
21 that there was sewage in the control room.

22 Q. Okay. Let's look at this detail of this  
23 area right here, which is blown up on this map over  
24 here on the left-hand side. Does that indicate to you  
25 as an engineer or a person that's familiar with

1       engineering that there is a four-inch check valve  
2       between the point where the discharge comes in and the  
3       Hawthorn restroom?

4           A.     The control room restroom, yes, it does.

5           Q.     And if we assume that that's the case, based  
6       upon your earlier explanation of what a check valve  
7       does, isn't it true that a check valve at that point  
8       would keep water from backing up into the restroom if  
9       that sump pump came on?

10          A.     If, as I said earlier, the check valve was  
11       operating properly, it would certainly do that.

12          Q.     Do you know whether that check valve was  
13       operating properly on February 16?

14          A.     Of course not.

15          Q.     But yet you say in your testimony that  
16       that's the reason why conclusively there was a flood  
17       in the control room; is that correct?

18                 MR. BREW:  Where in his testimony are you  
19       referring to?

20                 MR. FISCHER:  I'm referring to page 17,  
21       line 17 where he says, The cycling of a waste sump  
22       while a clogged sewer line was under repair caused the  
23       wastewater flood in the Hawthorn room on February 16,  
24       1999.

25                 THE WITNESS:  And it's very clear if you

1 look at other spots in the testimony that I was  
2 referring to Mr. McLin's statement.

3 BY MR. FISCHER:

4 Q. That's one of the facts that are not in  
5 dispute; is that correct?

6 A. I would say so, yes, sir.

7 Q. Okay. Sir, is it correct that you frankly  
8 don't know if you reviewed this document before?

9 A. As I said before, I don't recall doing that.  
10 I recall having seen the exhibit that you entered  
11 while I was there.

12 Q. Okay. So you saw the -- you saw the  
13 Hawthorn sewer system exhibit?

14 A. Yes.

15 Q. The one that says that a check valve was  
16 installed upstream of the point of intersection to  
17 prevent backflow into the H5 control room restroom?

18 A. Yes, sir.

19 Q. But you don't recall thinking that statement  
20 was significant?

21 A. The fact that there was a check valve  
22 installed is not particularly significant since either  
23 it was not working or the piping system that's  
24 installed there is installed differently from the  
25 description of the drawing. I have no way of knowing.

1 Q. Is there any other explanation in your mind?

2 A. As to how the sewage got in the control  
3 room?

4 Q. Yes.

5 A. A pump pumped it there. Pressure coming  
6 from something pumped that sewage there. Could have  
7 been air pressure.

8 Q. Is it possible that that wastewater did not  
9 come from that line at all but instead came from an  
10 entirely different source?

11 A. I suppose it's possible, but it doesn't  
12 concur with the statements of the plant operators.

13 Q. But that's one of the facts you claim are  
14 not in dispute?

15 A. Uh-huh. Based on their statements, yes,  
16 sir.

17 Q. Would it be correct to conclude that your  
18 investigation has not conclusively determined the  
19 source of the water in the control room?

20 A. I think it's very clear it was sewage. Are  
21 there other spots -- if there are other sources of  
22 sewage other than from the control room restroom, I'm  
23 not aware of them. Nor was it ever indicated so in  
24 any of the documents that I've seen.

25 Q. Would it be correct to conclude that your

1 investigation has not conclusively determined that the  
2 cycling of a wastewater sump while a clogged sewer  
3 line was under repair caused the wastewater flood in  
4 the Hawthorn control unit on February 16, 1999?

5 A. Based on the documents I read, that's the  
6 conclusion you come to.

7 Q. Based upon those documents only, but not on  
8 the -- okay. Let's leave it at that.

9 Let's turn to page 3, line 10 of your  
10 surrebuttal testimony. There on line 10 of your  
11 surrebuttal you state, KCP&L employees caused the  
12 flood by failing to place a hold on the operation of  
13 wastewater sump pumps while a clogged sewer line was  
14 being cleared; is that correct?

15 A. That's what it says, yes, sir.

16 Q. Do you know if there were any other  
17 personnel besides KCP&L employees on the premises of  
18 Hawthorn on February 16 and 17?

19 A. Yes, there were.

20 Q. Do you know what they were doing on that  
21 day?

22 A. Some of them were trying to weld a pipe, and  
23 some of them were trying to clear a clogged sewer  
24 line.

25 Q. Isn't it true that there were outside

1 maintenance contractors working on the sewer line on  
2 February 16?

3 A. I believe so, yes, sir.

4 Q. And that's reflected, isn't it, in the McLin  
5 and Smith statements which you've attached to your  
6 testimony?

7 A. Yes, sir.

8 Q. Do you know if those outside maintenance  
9 contractors had anything to do with the water that  
10 came into the control room on February 16?

11 A. They had to do with it to the extent that  
12 they had removed from the toilet from the control room  
13 restroom. That was indicated in the statements.  
14 Beyond that, I'm not certain.

15 Q. You're not certain if they may have caused  
16 the flood that resulted in water in the control room?

17 A. I'm not certain. I'm just relying on your  
18 operators' statements.

19 Q. You're not certain whether it was KCP&L  
20 employees or someone else, then, that may have caused  
21 the water to come into the control room on that day?

22 A. In any power plant I've been in, outside  
23 contractors are under the control of the plant staff  
24 and controlled by their plant staff's administrative  
25 procedures and should have -- would have been under



1 KCP&L's supervision even if they were doing it.

2 Q. Notwithstanding their right to supervise  
3 folks, you don't know who caused that water to go into  
4 the control room, whether it was KCP&L employees like  
5 you say on page 3 or someone else?

6 A. If it's the wastewater sumps as Mr. McLin  
7 had indicated, then that could have been precluded by  
8 securing the power and control signals to those pumps.

9 Q. You just simply don't know, do you, who it  
10 was that caused that water to come in?

11 A. I'm basing my conclusions on your statements  
12 from your personnel.

13 Q. Did someone in our personnel say KCP&L  
14 employees caused the flood?

15 A. They said the pumps operated, and those  
16 pumps are under the control of KCP&L operators.

17 Q. That's your conclusion?

18 A. That's right.

19 Q. Let's go to page 17 of your surrebuttal at  
20 line 19 where you state in answer in paragraph 2 --

21 A. 19?

22 Q. I'm sorry. Page 17.

23 A. Line 19, is this what you're --

24 Q. Yes.

25 A. Okay.

1           Q.     This is the second, I think, fact that's not  
2     in dispute. You say, KCP&L failed to place a  
3     necessary hold on the sump pump while the plumbing  
4     repairs were under way; is that correct?

5           A.     Yes, sir.

6           Q.     Mr. Ward, as I understand your testimony,  
7     this criticism that KCP&L failed to place a hold on  
8     the sump pump while the plumbing repairs were under  
9     way was one of the omissions that you suggest that  
10    KCP&L was directly responsible for that caused the  
11    Hawthorn explosion; is that right?

12          A.     Yes, sir.

13          Q.     You've attached to your surrebuttal  
14    testimony Exhibit 12, which is a KCP&L safety manual;  
15    is that right?

16          A.     Yes, sir.

17          Q.     Would you turn to that document?

18          A.     We attached portions of it.

19          Q.     Okay.

20          A.     Maybe the whole thing. No, just portions of  
21    it.

22          Q.     Let's turn to page 4.1, 4-1. Are you there?

23          A.     Yes, sir.

24          Q.     In the middle of that page -- in the middle  
25    of that page, there is a paragraph entitled,

1 Conditions under which a hold is required; is that  
2 correct?

3 A. Yes.

4 Q. That paragraph indicates that a hold must be  
5 obtained for worker protection whenever dead work is  
6 to be performed on a completed circuit or equipment or  
7 on those portions of circuits and equipment under  
8 construction which can be made alive through normal  
9 sources by the operation of a switch or a valve; is  
10 that right?

11 A. Yes, sir.

12 Q. Would you agree with me that a hold  
13 procedure is designed for worker protection?

14 A. That's one of its -- one of the reasons you  
15 do it. It's also -- it's also to protect equipment.  
16 You wouldn't want to have a pump energized if they  
17 weren't working, for example.

18 Q. It's designed to keep workers from being  
19 injured, placed in a zone of danger or electrocuted  
20 accidentally while they're working on a live  
21 electrical circuit or a system piece of equipment that  
22 could cause injury if it became accidentally  
23 activated?

24 A. That's right.

25 Q. That's your understanding of the whole

1 procedure.

2           Okay. I'd like to refer you, then, to the  
3 next paragraph, paragraph 4.06, where it states,  
4 Circuits and equipment under construction or those  
5 portions thereof which cannot be made alive through a  
6 normal -- through normal sources do not require a  
7 hold. However, if such circuit or equipment can  
8 become alive accidentally by fallen wires or induced  
9 voltages, protection shall be provided as set forth in  
10 Section 7 which is the grounding guidelines hereof  
11 before dead work is started; is that right?

12       A.     That's what it says.

13       Q.     Mr. Ward, isn't it clear that, according to  
14 KCP&L's safety manual, a hold procedure is to be used  
15 if a worker potentially may be harmed while working on  
16 a circuit or a piece of equipment if a circuit or  
17 equipment can become alive accidentally and result in  
18 putting the worker in danger?

19       A.     I would suggest that a possibility of  
20 putting sewage into a control room is something that  
21 not only would be -- should have been precluded for  
22 worker protection but also for equipment protection.

23       Q.     So it's not clear to you that KCP&L's safety  
24 procedures relate to worker protection?

25       A.     It's to worker protection and equipment

1 protection. That's why you have them.

2 Q. Did you find anything in the KCP&L safety  
3 manual that suggested it's for equipment protection?

4 A. I don't recall.

5 Q. So that's your conclusion?

6 A. Uh-huh.

7 Q. Okay. Did you review any documents that  
8 indicated that on February 16 or 17 there were any  
9 workers working on the wastewater sump pumps?

10 A. I do not believe there's any indication that  
11 they were working on the sump pumps themselves.

12 Q. Did you review any documents that indicated  
13 that on February 16 or 17 there were any workers  
14 working inside the facility where the wastewater sump  
15 pumps were located?

16 A. They were working on the sewage piping  
17 system.

18 Q. But not where the -- did you review anything  
19 that indicated they were near the sump pumps?

20 A. I'm not familiar with the physical layout of  
21 those pumps and pipes.

22 Q. Did you ask anyone at Kansas City Power &  
23 Light whether or not there were any workers working on  
24 the sump pumps or in the facility where the sump pumps  
25 were located?

1           A.     I did not.

2           Q.     Isn't it true that, according to KCP&L's  
3     safety manual, paragraph 4.06, circuits and equipment  
4     under construction or repair which cannot be made  
5     alive through normal sources do not require a hold?

6           A.     In this case, it was alive and was made  
7     alive.

8           Q.     Did you ever discuss -- did you ever discuss  
9     with any KCP&L personnel why a hold was not placed on  
10    the sumps on February 16?

11          A.     No, sir.

12          Q.     So you don't know why KCP&L did not place a  
13    hold on the sump pumps; is that right?

14          A.     That's correct.

15          Q.     But you've concluded that a hold was  
16    required by KCP&L's safety procedures to be placed on  
17    those sump pumps; is that right?

18          A.     Prudent management of that situation would  
19    have realized that potential and would have precluded  
20    it.

21          Q.     No. I've asked you whether you've concluded  
22    that a hold was required by KCP&L's safety procedures,  
23    sir?

24          A.     I think it was.

25          Q.     Based on your interpretation of the manual?

1           A.     Yes, sir.

2           Q.     But not on any conversations with any KCP&L  
3 personnel about that manual?

4           A.     That's correct.

5           Q.     Sir, have you ever had a toilet stopped up  
6 at your home?

7           A.     Of course.

8           Q.     When that toilet became stopped up, did you  
9 call the water department to turn off your water at  
10 the street cutoff before you worked on that toilet?

11          A.     You don't have to do that. You can cut the  
12 water off yourself.

13          Q.     Yeah. That's a lot more efficient way to do  
14 it, isn't it? You didn't put a hold on the whole  
15 water system for your house before you worked on it,  
16 did you?

17          A.     That's not -- that's not required. Water  
18 systems are such that that's not required.

19          Q.     Have you ever tried to replace any of the  
20 parts in the tank of your toilets?

21          A.     Certainly.

22          Q.     If you replace parts in the tank of your  
23 toilet, did you turn off the water for the whole house  
24 or did you perhaps just turn off the water valve near  
25 the tank that you were working on?

1           A.     Near the tank that I was working on.

2           Q.     It isn't necessary to put a hold on the  
3 whole water system in your house just to fix those  
4 parts in the tank?

5           A.     Nobody's suggesting that they should have  
6 put a hold on the whole water system. They should  
7 have realized that if -- that this sump if it operated  
8 and it had nowhere to go could discharge into places  
9 it shouldn't.

10          Q.     Sir, aren't you suggesting that, according  
11 to your interpretation of the KCP&L safety manual,  
12 that a hold should have been put on that sump pump  
13 even though there was no one working on that sump?

14          A.     There was no -- they were aware the  
15 discharge line was clogged. They were so aware they  
16 had a contractor trying to fix it, and yet they didn't  
17 appreciate the fact that pumps that operated  
18 automatically could, in fact, try to pump into that  
19 clogged sewer line.

20          Q.     And that assumes that there's no check valve  
21 there; isn't that correct?

22          A.     In that instance, it doesn't assume that  
23 that check valve was there or not there or operating  
24 or not operating. They just should have done it. It  
25 would have been prudent practice.



1 Q. If there was a check valve between that sump  
2 pump and the restroom in the Hawthorn unit, isn't it  
3 true that there could not have been a back flow from  
4 that sump pump?

5 A. Had it been operating properly.

6 Q. And that's something you don't know; is that  
7 correct?

8 A. We know that it probably wasn't because we  
9 do know the stuff got to the floor.

10 Q. Okay. If you were -- if you were having a  
11 septic tank in your house -- or let's strike that.

12 If there were a septic tank in your home,  
13 could you turn off the switch to the sump pump in your  
14 basement before you worked on your toilet? Let's  
15 assume you have a septic tank, I'm sorry, sir, and you  
16 do have a sump pump down in your basement.

17 A. Okay. Septic tanks are typically outside.  
18 Sump pumps are typically inside.

19 Q. Right. And let's assume that you want to  
20 work on that toilet again.

21 A. Okay.

22 Q. Would you go down and turn off the switch on  
23 your sump pump?

24 A. Depends on the relative position of the  
25 stool. If it was -- if it was a stool in the

1 basement, yeah, I would.

2 Q. You would?

3 A. Yeah.

4 Q. Would you also call the electric company out  
5 to put a hold on the whole electrical system?

6 A. That's -- no, obviously, but I might do it  
7 myself. We don't normally use red tags around the  
8 house because I'm the only one that does the work.

9 Q. Would it be necessary normally to turn off  
10 the switch on the sump pump in your basement if you  
11 were going to fix your toilet?

12 A. If it were -- if the toilet were located in  
13 the basement, I would shut it off, assuming that they  
14 shared a common discharge line.

15 Q. What if it's located on the main floor?

16 A. Depending on the height of the out-flow  
17 line, and if I knew the out-flow line was plugged, I  
18 would.

19 Q. And what if you knew there was a check valve  
20 in there?

21 A. Same thing. Most of us who've operated  
22 don't trust check valves.

23 Q. Since you didn't ask anyone at KCP&L whether  
24 a hold was required under KCP&L's safety procedures,  
25 isn't it correct that it's your testimony that KCP&L

1 violated its own procedures by failing to put a hold  
2 on the sump pumps was based upon your interpretation  
3 of what KCP&L's safety procedures require?

4 A. Yes, it is.

5 Q. Let's turn to page 18 of your surrebuttal,  
6 line 4. I guess it's line 3. It's paragraph 4, where  
7 you testify that KCP&L violated safe operating  
8 procedures and its own procedures in that it failed to  
9 reestablish holds on the main gas line to the boiler  
10 after the restart of the Hawthorn unit was aborted in  
11 the afternoon of February 16, 1999 or after the damage  
12 to the BMS was discovered. This failure was  
13 unreasonable, imprudent and dangerous. Is that your  
14 testimony?

15 A. Yes, sir.

16 Q. Did you review any documents or personally  
17 have any interviews with KCP&L personnel that  
18 indicated to you that there were workers working on  
19 the gas line on February 16 and 17?

20 A. It's clear that the BMS system had been  
21 inundated, in their words, with water from the sewage  
22 overflow. The BMS system controls certain of the  
23 automatic valves in the fuel gas system, and as a  
24 result they had no way of knowing whether the fuel gas  
25 system was operating properly or not. And, therefore,

1       it's clear that the manual valves in the fuel gas  
2       system should have been shut.

3           Q.     Sir, my question to you was whether you'd  
4       interviewed anyone at Kansas City Power & Light that  
5       indicated to you that there were workers working on  
6       the gas line that day?

7           A.     I didn't interview anyone.

8           Q.     Aren't you assuming in your testimony that  
9       the hold procedure is designed to take whole systems  
10      out of service while repairs are going on somewhere  
11      else on the premises even though there's no one  
12      working on that particular system?

13          A.     But they were working on that particular  
14      system. The BMS controls valves in the fuel gas  
15      system.

16          Q.     But that's what you're assuming, isn't it,  
17      that the hold procedure is designed to take out whole  
18      systems and not just the --

19          A.     You take out whatever you need to do to  
20      establish safe working conditions.

21          Q.     Even when no one is working on those  
22      systems?

23          A.     But someone was working on the fuel gas  
24      system and the BMS system.

25          Q.     You were told that someone was working on

1 the gas lines?

2 A. On the system that controls valves in the  
3 gas line.

4 Q. And you were talking there about the BMS  
5 system, not the gas lines?

6 A. The BMS controls valves in the fuel gas  
7 system.

8 Q. On page 19 of your testimony there, on  
9 lines 5 and 6, you testify, The company failed to  
10 follow its own hold procedures and accordingly took a  
11 foolish and imprudent risk that an unsafe fuel  
12 condition could develop undetected; is that right?

13 A. Yes.

14 Q. When you say that the company failed to  
15 follow its own hold procedures, is that again one of  
16 these facts that you consider not to be in dispute?

17 A. Yes, sir, in my opinion, it is.

18 Q. Is it possible that you may have had a  
19 misunderstanding of KCP&L's hold procedures?

20 A. The fact that they were working on --

21 Q. Sir, I'm asking you, could you have  
22 misunderstood those hold procedures?

23 A. I certainly don't think I misunderstood the  
24 intent of those procedures.

25 Q. You didn't have any conversations with

1 anyone about those, though; is that correct?

2 A. That's correct.

3 Q. Is it your understanding -- or is your  
4 understanding of KCP&L's hold procedures based  
5 principally upon your own interpretation of Exhibit 12  
6 which is attached to your surrebuttal?

7 A. Yes.

8 Q. Is it based on anything else?

9 A. My knowledge and experience in operating  
10 power plants.

11 Q. When you change a light bulb in your house,  
12 would you normally call the electric company out to  
13 disconnect your electric service before you change the  
14 light bulb?

15 A. That's irrelevant. In a power house, if you  
16 have to work on something electrical, you tag it out.

17 Q. You take out the whole system?

18 A. You take out what you need to do to ensure  
19 that the equipment and personnel involved in that  
20 operation are safe.

21 Q. And that's what you understand this hold  
22 procedure is about?

23 A. Yes, sir.

24 Q. Take out the whole system whether any worker  
25 is involved or not?

1           A.     Your words are whole system. My words are  
2     you take out enough to insure the personnel and  
3     equipment that are operating and being worked on are  
4     placed in a safe condition.

5           Q.     Well, if you were working on your lamp with  
6     a lightbulb at home, wouldn't you merely unplug the  
7     light or unplug the lamp before you changed the  
8     lightbulb?

9           A.     That's sufficient in that case.

10          Q.     You wouldn't go down and throw the main  
11     circuit breaker to your house before you changed that  
12     lightbulb, would you?

13          A.     No, sir, I would not.

14          Q.     It isn't necessary to put a hold on the  
15     whole electrical system to change that lightbulb; is  
16     that correct?

17          A.     That's correct.

18          Q.     Lights can be used safely in other rooms of  
19     your house while you change the lightbulb in a lamp in  
20     your living room?

21          A.     That's right.

22          Q.     And that's a less intrusive approach than  
23     disconnecting the whole house, and it would still  
24     ensure your safety, correct?

25          A.     Yes.

1 MR. FISCHER: Your Honor, that's all I have.

2 JUDGE THOMPSON: Thank you, Mr. Fischer.

3 Questions from the Bench, Chair Lumpe?

4 CHAIR LUMPE: I don't have any questions.

5 JUDGE THOMPSON: Thank you. Vice Chair

6 Drainer?

7 COMMISSIONER DRAINER: I just have a couple

8 questions.

9 QUESTIONS BY COMMISSIONER DRAINER:

10 Q. I wanted to ask, what was your bachelor's  
11 degree in from Iowa State?

12 A. Bachelor's degree was in distributed  
13 studies.

14 Q. What is that?

15 A. It was in the science college, and instead  
16 of a major field of study and two minors, distributed  
17 studies allows you to have four and, in my case, five  
18 minors.

19 Q. In sciences?

20 A. Yes, math, physics, government, English and  
21 Naval science.

22 Q. And now, did you receive a master's of  
23 science in --

24 A. The U.S. Navy nuclear power program and its  
25 schools in those days gave you the equivalent of a



1 master's degree in nuclear engineering.

2 Q. So was it a credit at the university, so you  
3 would be able to take that back to the university and  
4 it was comparable?

5 A. The only time that was ever challenged was  
6 at Argyle National Laboratory when I worked there, and  
7 they did accept it as a master's degree in nuclear  
8 engineering, and that was important in their pay  
9 schedules.

10 Q. But it has to be considered an equivalent,  
11 is that what you said?

12 A. Yes.

13 Q. And then in your experiences in the electric  
14 industry, was it mostly in marketing or was it in the  
15 day-to-day operations, the actual functionality of  
16 operating a power plant?

17 A. Some of the assignments were actual  
18 day-to-day responsibility for operation. Some were in  
19 the more engineering or technical related fields.  
20 Some were in construction.

21 Q. Now --

22 A. Some were in project development.

23 Q. But can you tell me about the practical  
24 application, which companies did you have?

25 A. In the Navy, I was responsible for operating

1     for several years and then teaching of operations for  
2     another couple. And then at Central Iowa Power  
3     Cooperative, I was manager of power supply, so the  
4     plants came under my supervision. And at Bechtel, for  
5     example, I was managing director of a joint venture  
6     that built the plant and hired the staff to operate  
7     it, trained them, and put them in and started up the  
8     plant.

9             And then at TVA, while manager of  
10    engineering and modifications at Sequoia, my people  
11    were involved in making modifications and all the  
12    engineering work associated with those at that nuclear  
13    station.

14        Q.     Okay. Then I was looking at your exhibits  
15    that gave KCP&L's initial statements after the  
16    Hawthorn explosion.

17        A.     Yes, ma'am.

18        Q.     And I was wondering, did you at any time  
19    attempt to talk to all those individuals that you have  
20    their initial statements about what happened the day  
21    of --

22        A.     I did not talk to them. It was my  
23    understanding they weren't available. I did not talk  
24    to them.

25        Q.     Why was that your understanding, that they

1       were not available?

2           A.     It just was.

3           Q.     From who?  Who told you that you couldn't  
4       talk to them or they weren't available?

5           A.     I was just -- I guess I can't tell you  
6       because I don't really remember.  It was just my  
7       understanding.  I was escorted into the plant and out  
8       of the plant by members of the legal staff.

9           Q.     But did you recall anybody from KCP&L saying  
10      they couldn't talk to you?

11          A.     I guess it was perhaps more implied than  
12      others, than otherwise, but I'm -- I was just relying  
13      on their statements.

14          Q.     Who is their statements?

15          A.     The statements of the operators themselves.

16          Q.     Just the initial statements?

17          A.     Yes, ma'am.

18          Q.     Did you try to call or make contact with any  
19      of the Missouri Public Service Commission staff that  
20      was working on this case?

21          A.     No, ma'am.

22                 COMMISSIONER DRAINER:  Thank you.  I have no  
23      other questions.

24                 JUDGE THOMPSON:  Commissioner Murray?

25                 COMMISSIONER MURRAY:  No questions.  Thank

1       you.

2               JUDGE THOMPSON: Commissioner Schemenauer?

3               COMMISSIONER SCHEMENAUER: No questions.

4               JUDGE THOMPSON: Recross based on questions  
5       from the Bench, Mr. Dottheim?

6               MR. DOTTHEIM: No questions.

7               JUDGE THOMPSON: Mr. Coffman is still not  
8       here. Mr. Fischer?

9               MR. FISCHER: No questions, your Honor.

10              JUDGE THOMPSON: Any redirect?

11              MR. BREW: Just a few questions, your Honor.

12       REDIRECT EXAMINATION BY MR. BREW:

13              Q.     Mr. Ward, Mr. Fischer asked you about the  
14       company's hold procedures and asked you if the hold  
15       procedures were designed to provide for worker safety,  
16       and I believe you mentioned one point that their hold  
17       procedure should address worker protection and  
18       equipment protection?

19              A.     That's correct.

20              Q.     If the company's hold procedures were  
21       designed to provide for worker protection but not  
22       equipment protection, would you consider that in and  
23       of itself to be imprudent?

24              A.     I would.

25              Q.     Secondly, Mr. Fischer asked you of your

1 understanding of the hold procedures followed by KCPL  
2 based on your review of the Section 4 procedures. Did  
3 you have the opportunity to review actual hold  
4 documents that the company employed during the week of  
5 February 15th through 17th?

6 A. Yes. There were some that were available in  
7 the file room.

8 Q. And so you had the opportunity to review  
9 documents as to the holds actually applied and  
10 released by the company over that time?

11 A. Yes, sir.

12 Q. Did the company employ red tag holds for the  
13 Williams main gas valve?

14 A. They did during the initial phase of that  
15 outage that started maybe on February 12th, something  
16 like that.

17 Q. And that valve would have been released  
18 pursuant to the company's procedures. It was  
19 released, according to their documents, at shortly  
20 after midnight on the 16th and prior to them beginning  
21 the initial heat-up during the early morning hours of  
22 that day.

23 Q. And if they were to reestablish that hold on  
24 the main gas valve, would they have documented that?

25 A. Yes, sir.

1 Q. Did you find any evidence that they did  
2 document that?

3 A. No. In fact, those same operator statements  
4 indicated they didn't close the Williams gas valve  
5 until after the explosion occurred, and one of the  
6 rather brave gentlemen went to the Williams gas valve  
7 to close it.

8 Q. With respect to the sewage overflow in the  
9 control room restroom that Mr. Fischer asked you  
10 about, were there any notations in the control room  
11 computer logs, control room logs, operator logs, about  
12 not using the toilet?

13 A. Yes.

14 Q. And was that -- was that directive in place  
15 on February 16th?

16 A. I believe it was.

17 Q. So the control room operator should have  
18 been aware that the toilet was not to be used?

19 A. They were aware. The shift supervisor was  
20 aware. They had discussed it at a morning meeting.

21 MR. BREW: Thank you. That's all I have.

22 JUDGE THOMPSON: Thank you, Mr. Brew.

23 MR. FISCHER: Your Honor, I would move for  
24 the admission of 19 and 20.

25 JUDGE THOMPSON: 19 and 20. Any objections?

1           MR. BREW: The same objection that I had  
2 before to 20 that a foundation wasn't established for  
3 the introduction of this exhibit based on the fact  
4 that the witness had not seen it and wasn't familiar  
5 with it.

6           JUDGE THOMPSON: Before we rule on that, we  
7 have a question from the Bench.

8 FURTHER QUESTIONS BY COMMISSIONER DRAINER:

9           Q. I'm sorry, but Mr. Ward --

10          A. Yes, ma'am.

11          Q. -- you just made a statement about one of  
12 the brave individuals that tried to shut off the  
13 Williams valve?

14          A. Yes, ma'am.

15          Q. And I first have to say that's very kind of  
16 you to say that about the employee.

17                 Then I want to ask, you reviewed the  
18 documents up to the time of the explosion. In your  
19 review, then, of how the staff responded, could you  
20 tell me, since you made that statement, how you  
21 believe that KCP&L staff responded at the explosion?  
22 How would you judge their response?

23          A. I would say that once the explosion  
24 occurred, that several of them acted quite well in not  
25 only first going to shut off the hydrogen -- the gas

1 valve, the Williams gas valve, then they realized they  
2 had hydrogen in the generator that should be secured  
3 because that's an obviously highly explosive  
4 potential, and they did that and vented it.

5 And then later when they were informed by  
6 the fire department that they could still -- the fire  
7 department could still smell gas, they realized they  
8 needed to secure the gas valve to the auxiliary boiler  
9 and they did that. So in that regard, they were --  
10 they did fairly well, those individuals.

11 Q. And did you see anything in their statements  
12 and their response that gave you concern after the  
13 explosion?

14 A. After the explosion?

15 Q. Yes, sir.

16 A. No, ma'am. Certainly a lot before, but not  
17 after.

18 COMMISSIONER DRAINER: Okay. Thank you very  
19 much. I appreciate your response.

20 JUDGE THOMPSON: Any further questions from  
21 the Bench?

22 Any additional recross based on questions  
23 from the Bench, Mr. Dottheim?

24 MR. DOTTHEIM: No questions.

25 JUDGE THOMPSON: Mr. Fischer?



1 MR. FISCHER: No, your Honor.

2 JUDGE THOMPSON: Any additional redirect?

3 MR. BREW: No, your Honor.

4 JUDGE THOMPSON: Okay. With respect to  
5 Exhibit No. 19, hearing no objections, Exhibit No. 19  
6 is received and made a part of the record of this  
7 proceeding.

8 (EXHIBIT NO. 19 WAS RECEIVED INTO EVIDENCE.)

9 JUDGE THOMPSON: With respect to Exhibit  
10 No. 20, I will sustain the objection. There is  
11 insufficient foundation.

12 May this witness be excused?

13 MR. BREW: Yes, your Honor.

14 JUDGE THOMPSON: Thank you, sir.

15 (Witness excused.)

16 JUDGE THOMPSON: I believe we have  
17 Mr. Norwood coming at this time; is that correct?

18 MR. BREW: Mr. Norwood is still in route,  
19 your Honor. We had talked about bringing him tomorrow  
20 morning if possible in order to allow him to get here.

21 JUDGE THOMPSON: Have you discussed this  
22 with the other parties?

23 MR. FISCHER: I have no objection, your  
24 Honor, to certainly waiting. We can go on with the  
25 Staff witnesses if you'd like to make some more

1 progress.

2 JUDGE THOMPSON: We certainly would like to  
3 make some more progress. Mr. Dottheim?

4 MR. DOTTHEIM: It wasn't anticipated, based  
5 upon the schedule, that the Staff witnesses would take  
6 the stand, and Ms. Shemwell is up in Circuit Court.

7 JUDGE THOMPSON: I see. We're at an  
8 impasse.

9 MR. DeFORD: Your Honor, if it's of any  
10 help, we think that even beginning with Mr. Norwood in  
11 the morning, that we're comfortable that we can finish  
12 tomorrow.

13 JUDGE THOMPSON: Okay. I guess we can have  
14 an early out.

15 MR. DOTTHEIM: She'll be back whenever she's  
16 completed her oral argument and whatever else might  
17 occur in Circuit Court this afternoon, but she is up  
18 there orally arguing an appeal of a Commission case.

19 JUDGE THOMPSON: Let's go off the record.

20 (Discussion off the record.)

21 JUDGE THOMPSON: We will recess until  
22 tomorrow morning at 8:30. Any other matters at this  
23 time?

24 MR. DeFORD: Would you like Mr. Carver to  
25 identify Schedule 1?

1 JUDGE THOMPSON: Let's do that. We can  
2 certainly do that now. Mr. Carver, would you come  
3 back up to the stand. You're still under oath, sir.

4 Go ahead, Mr. DeFord.

5 MR. DeFORD: Thank you, your Honor.

6 STEVEN C. CARVER testified as follows:

7 FURTHER REDIRECT EXAMINATION BY MR. DeFORD:

8 Q. Mr. Carver, I believe you have before you a  
9 document that's been marked for identification as  
10 Exhibit 18, do you not?

11 A. Yes, I do.

12 Q. Could you identify that document for the  
13 record, please?

14 A. Yes. This is KCPL's response to Data  
15 Request No. GST-11.6, which I reference on page 11 of  
16 my direct testimony as Surrebuttal Schedule 1.

17 Q. And that document was intended to have been  
18 attached to your surrebuttal testimony; is that  
19 correct?

20 A. Yes, it was.

21 Q. We have arranged for that document to now be  
22 filed where it belongs?

23 A. I understand it's Exhibit 18.

24 MR. DeFORD: I'd move the admission of  
25 Exhibit 18.

1 JUDGE THOMPSON: Any objections?

2 (No response.)

3 Hearing no objections, Exhibit No. 18 is  
4 received and made a part of the record of this  
5 proceeding.

6 (EXHIBIT NO. 18 WAS RECEIVED INTO EVIDENCE.)

7 JUDGE THOMPSON: Thank you.

8 Do you have any cross-examination with  
9 respect to this exhibit?

10 MR. FISCHER: No, your Honor. I would like  
11 to get a copy of it. I don't think I've got a copy.

12 JUDGE THOMPSON: Please, Mr. DeFord, provide  
13 a copy of that to all of the parties.

14 Mr. Dottheim, any cross-examination with  
15 respect to this?

16 MR. DOTTHEIM: No.

17 JUDGE THOMPSON: Very good. I don't think  
18 we have any questions from the Bench with respect to  
19 this exhibit.

20 You may step down, sir. Thank you.

21 (Witness excused.)

22 JUDGE THOMPSON: As I said, we will adjourn  
23 until tomorrow at 8:30 in the morning. Let's have all  
24 of our witnesses corralled so that we can make full  
25 use of our time tomorrow.

1                   Thank you. We're adjourned.

2                   WHEREUPON, the hearing of this case was  
3 adjourned until 8:30 a.m., April 18, 2000.

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