BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

DIRECT TESTIMONY OF

ROBERT N. BELL

ON BEHALF OF
KANSAS CITY POWER & LIGHT COMPANY

IN THE MATTER OF THE PETITION OF KANSAS CITY POWER & LIGHT COMPANY ("KCP&L") FOR DETERMINATION OF THE RATEMAKING PRINCIPLES AND TREATMENT THAT WILL APPLY TO THE RECOVERY IN RATES OF THE COST TO BE INCURRED BY KCP&L FOR CERTAIN ELECTRIC GENERATION FACILITIES UNDER K.S.A. 66-1239

DOCKET NO. 11-KCPE-581-PRE

Q: Please state your name and business address.

A: My name is Robert N. Bell. My business address is 1200 Main Street, Kansas City, Missouri 64105.

Q: By whom and in what capacity are you employed?

A: I am employed by Kansas City Power & Light Company ("KCP&L" or the "Company") as Senior Director – Construction.

Q: What are your responsibilities?

A: My responsibilities include oversight of all aspects of the Company's large construction projects.

Q: Have you previously testified in a proceeding before the Kansas Corporation Commission ("Commission" or "KCC") or any other utility regulatory commission?

A: Yes. I testified in KCP&L's Kansas rate case, Docket No. 10-KCPE-415-RTS, and Missouri rate cases ER-2010-0355 and ER-2010-0356 related to the construction and start-up of Iatan Unit 2.

Q: Please provide a general description of your career in the utility construction business.

A: I have worked in the utility industry in various capacities for over thirty years. During the course of my career, I have been involved in the construction management and start-up of approximately thirty power plants. I have been involved in all aspects of the process from the first shovel in the ground to turning the completed plant over to operations. There have been projects where I have been on board for the entire duration and other projects where my role was limited to particular assignments. For the decade prior to joining KCP&L, I was a project executive in a large international firm engaged as the lead in engineering-procure-construct ("EPC") power projects around the world. During this time, I participated in executive decision-making regarding EPC bids and participated in the executive oversight of the construction budgets of over a dozen major projects. I have attached my resume as Schedule RNB2011-1.

Q: Describe your experience at the Tennessee Valley Authority.

A: From 1978 to 1982, I worked as a co-op and field engineer and my responsibilities included operation and maintenance of a large 2,558 MW coal plant, testing and troubleshooting of nuclear, coal, and hydro power plants, transmission systems, and distribution equipment.

Q: Describe your work experience at General Electric ("GE").

A: I worked in various power plant construction and startup positions over my fifteen (15) years at GE. Between 1982 and 1988, I worked in international construction and commissioning for GE Technical Services Company. During this time, I was a construction and/or commissioning manager for two gas-fired power plants in Egypt, a combined-cycle power plant in Japan, five power plants in Saudi Arabia, and one power plant in Oman. I also worked as the operations and maintenance manager for the Nasiriyah power plant, in Riyadh, Saudi Arabia.

Between 1988 and 1994, I worked in GE's Power Generation Services on the following projects: (1) electrical construction and commissioning manager for the TVA Memphis, Tennessee Plant Allen Combustion Turbine ("CT") retrofit ("Allen Project") for an electrical and controls retrofit project of twenty combustion turbines; (2) electrical construction and commissioning manager for Public Works Commission, Fayetteville, North Carolina plant ("Fayetteville Project") conversion from simple cycle to combined cycle where we added three new Heat Recovery Steam Generators ("HRSG"), and one new Steam Turbine ("ST") and upgraded the controls systems of the existing 8 CTs; (3) electrical construction and commissioning manager for the Virginia Power, Richmond, Virginia combined cycle power plant ("Virginia Project") for the addition of one CT, one ST and one HRSG; and (4) commissioning manager for Florida Power & Light's Indiantown, Florida power plant ("FPL Project") that included the addition of four 7FA Dry Low NOx ("DLN") CTs, two HRSGs, and two STs.

From 1994 to 1997, I worked for GE International as an electrical construction and commissioning manager on the following projects: (1) Crocket, California Cogen

power plant, which was the first single shaft 7FA DLN 2 GE machine built that included a HRSG and a ST; (2) Harry Allen Las Vegas, Nevada which is a 2 - 7EA DLN 1 dual fuel CT power plant; and (3) Washington Water Power, Rathdrum, Idaho, which is a 2 - 7EA DLN 1 CT power plant. I also led the performance tuning of 8 – 9FA DLN 2 CT combustion systems in Tokyo, Japan and 4 - 9FA DLN 2 CTs in Eemshaven, Netherlands.

Q: While at GE, did you have any experience managing craft labor in the field?

A: Yes. I managed craft labor on the following projects: (1) on the Allen Project, where I managed an eighty-three (83) man crew of union electricians and engineers; (2) on the Fayetteville Project, where I directed a one hundred and fifty (150) man open shop crew of electricians and engineers; (3) the Virginia Project involved a seventy-three (73) man union crew of electricians and engineers; (4) the FPL Project involved a thirty-five (35) man start-up crew; and (5) all six Saudi Arabian and Omani projects I managed all the crafts involved in construction and start-up.

Q: Describe your work experience at Black & Veatch.

A: From 1997 to 2001, I was the Director of Strategic Initiatives in the Power Division of Black & Veatch ("B&V"). In this role, I centralized the Division's procurement operations in order to leverage vendor relationships to reduce overall costs. I also served as the Project Director for the corporate worldwide Y2K program. This project required the simultaneous management and implementation for both B&V and nine different utilities. I also implemented GE's Six Sigma program which focused on quality control improvements within utility organizations.

In 2001, B&V promoted me to Vice President of Strategic Initiatives where my responsibilities included operational control of the Construction Equipment and Fleet Services business, an internal reorganization of the Power Division and B&V's regional operation centers to support one hundred and fifty-seven (157) projects and the realignment of corporate processes including implementing an electronic payment platform.

Between 2004 and 2006, I was the Vice President of Operations in B&V's Federal Division and from 2006 to 2009; I was Vice President and Project Executive of International Programs for B&V's Special Projects Corporation. This business unit was the lead of a consortium that performed power projects. My experience in this role included accountability for the execution of multiple energy projects included in the $1.4 billion United States Agency for International Development ("USAID") Afghanistan Infrastructure and Rehabilitation Program. My duties included responsibility for the home office support and in-country EPC activities. The projects included as a part of the USAID program included a new power plant, transmission and distribution, hydro-electric dams, and establishing power purchase agreements.

In 2004, I was also the Project Manager of the U.S. Army Corp. of Engineers Transatlantic Programs Center ("CETAC 1") reconstruction contract in Iraq. My responsibilities included the fast track construction and start-up of two new CT power plants, the 650 MW Al-Quds Power Plant, and the 30 MW Al-Hilla Power Plant.

Q: Did your experience at B&V include any budgeting or finance responsibilities?

A: Yes. In my role as the Vice President and Director of Special Projects Corporation, I was the business unit representative for the Corporate Services Board, which is the group that

develops and implements all budgets, processes and procedures for B&V. My role included budgeting and managing all business-unit overhead costs as well as managing the costs from Corporate Shared Services which included finance, information technology, procurement, insurance/risk management, and human resources. Additionally, as the Director of Strategic Initiatives, I sat on the executive board that reviewed monthly progress and financial reports for all large EPC projects, and I developed the financial briefs for our external auditors and financial institutions.

Q: What were your responsibilities with respect to KCP&L's Iatan Unit 2 construction project?

A: I was hired in March 2009 as Senior Director of Construction (1) to assist the KCP&L Vice President of Construction with completing the construction activities at Iatan Unit 2 and (2) to lead the start-up effort for the plant. In 2010, I assumed overall responsibility for all aspects of the Iatan Unit 2 project.

Q: What are your current responsibilities with respect to the La Cygne environmental project?

A: I am responsible for all aspects of the construction and start-up of the Air Quality Control Systems ("AQCS") for Units 1 and 2 at the La Cygne Generating Station site (the "La Cygne Project"), including selection of the chimney vendor, the owner's engineer ("OE"), and the engineer-procure-construct ("EPC") contractor.

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to describe the process used in connection to the La Cygne Project for: (1) evaluating and selecting the chimney vendor; (2) evaluating

and selecting the OE; (3) evaluating the prospective EPC contractors' responses to the request for proposals ("RFP").

Q: Can you describe the process KCP&L used to evaluate and select the chimney vendor?

A: Yes. On December 31, 2008, KCP&L issued formal RFPs to four potential chimney vendors. KCP&L then reviewed all the proposals received in response to the RFP in detail to determine compliance with the technical and commercial requirements of the RFP specifications. Thereafter, KCP&L evaluated the vendors by analyzing various factors such as the bid price, technical compliance, willingness to accept KCP&L's commercial terms and conditions, and KCP&L's past experience with the specific vendors.

Q: Based on the criteria discussed above, which chimney vendor did KCP&L select?

A: Based upon price, technical compliance, ability to meet key schedule milestones, acceptable commercial terms and conditions, and safety, among other things, KCP&L selected Commonwealth Dynamics, Inc. ("CDI").

Q: Given that KCP&L intends to retain an EPC contractor to perform the La Cygne Project, can you please explain why KCP&L selected the chimney vendor first?

A: Chimneys, on projects of the size and type of the La Cygne Project, are almost always on the critical path. One of the fundamental reasons for this is the fact that chimney contractors, for safety reasons due to the potential for falling debris such as concrete, deploy an "exclusion zone" around the perimeter of the chimney shell. As a result, KCP&L needed to award the chimney contract as early as reasonably possible so that chimney loads could be calculated and chimney foundation design and construction could

begin. The sooner chimney shell construction is started, the sooner the exclusion zone can be released. Once released, other significant construction can start in full force. In essence, as long as the exclusion zone remains in place, delays in the chimney work can lead to a day-for-day extension in the project schedule.

Q: Has KCP&L started building the new chimney at the La Cygne Project?

A: No. KCP&L has not started construction of the new chimney. In preparation to begin the chimney construction, tentatively scheduled to start in August 2011, KCP&L has already selected the chimney vendor. KCP&L expects to assign the chimney contract to the selected EPC contractor.

Q: In order to begin construction of the chimney in August 2011, when would KCP&L have to begin engineering for the foundations?

A: To begin physical construction of the chimney in August 2011, KCP&L needs to issue a Limited Notice to Proceed ("LNTP") to the EPC contractor by May 2011 to allow the EPC contractor to complete the foundation designs for both the chimney and the absorbers.

Q: Does that mean that KCP&L will have to begin this engineering work before it receives an order from the Commission in this docket?

A: Yes. Assuming the Commission takes the full 180 days to issue its order in this docket, there will be engineering costs incurred for the chimney prior to the Commission issuing an order. However, no significant construction on the project will begin until a Commission order is received.

Q: Why does KCP&L need to begin the chimney work by August 2011?

A: Construction of the chimney must begin by August 2011 to meet an in-service date of June 15, 2015.

Q: What was the process KCP&L used to select the OE?

A: In the fall of 2009, KCP&L developed an RFP for the OE. KCP&L issued the RFP to twelve technically qualified engineering firms. Six of those engineering firms submitted proposals in response to the RFP.

Q: What factors did KCP&L use to select the OE?

A: The project team evaluated the following factors: (1) fees and projected effort by project element; (2) market awareness, contracting strategy and experience; (3) project controls; (4) staffing strategy; (5) business relationships; (6) insurance; (7) contract risk; and (8) standards and document control; (9) reference checks; (10) prior OE experience; (11) overhead control; and (12) schedule commitment.

Q: Who did KCP&L select as the OE?

A: Based on the above factors, KCP&L selected B&V as the OE for the La Cygne Project.

Q: What was the initial step in developing the RFP for the La Cygne Project?

A: B&V, with assistance from KCP&L and Westar developed the detailed specifications for the EPC contractor RFP. On February 26, 2010, KCP&L sent a Letter of Interest and Pre-Qualifications Request to about twenty different firms. The purpose of this request was to identify those firms that had the interest, financial ability, and experience to undertake a project of the complexity and scope of the AQCS to be constructed at the La Cygne site. From this list, a team representing KCP&L, Westar, and B&V identified

six firms or combinations of firms to which to send the RFP. Bidders submitted their bids on November 12, 2010. All but one of the prospective bidders submitted a bid.

Q: What type of process did KCP&L use to evaluate and review the bids?

A: KCP&L, Westar, and B&V established specialized teams to review and evaluate the bids from a technical and commercial (terms and conditions) perspective. The bid pricing was initially redacted to insure that the reviewing teams were not influenced by the pricing. KCP&L, Westar, and B&V identified certain key factors that the reviewing teams considered, including relevant project experience, compliance to the technical specifications, compliance to commercial requirements, overall price, project team experience, risk management ability (safety, insurance, bonding), schedule, alternate proposals, constructability and project controls. Our objective was to review each proposal with respect to these factors as a way to objectively identify the best value for customers.

Q: What are some of the factors that related to the technical specifications?

A: Examples would include how well the bidder met the technical requirements of the RFP, including whether technical documents were provided as required, the degree to which the bidder's proposal was based on the specified equipment, and the degree to which the bidder's offered equipment met the emission requirements. When evaluating whether a proposal was based on the specified equipment, we looked at issues such as whether or not the proposed equipment provided the necessary redundancy to provide for reliable operations. One example of this evaluation concerned the induced draft ("ID") fans. We evaluated whether the proposed ID fans had the necessary redundancy to allow the plant to continue full-load operation even if one fan was not available to run.

Q: What are some of the factors that related to the commercial terms and conditions?

A: Examples included adequate financial guarantees that the plant will perform as promised, language to limit the potential number of change orders, previous experience with installing environmental equipment on similar large coal plants that utilize Powder River Basin ("PRB") coal, risk management, constructability, liquidated damages, warranty, project/construction management, minority- and women-owned business plan, schedule analysis, safety and project controls.

Q: What was the next step in the process after evaluating the proposals based upon technical and commercial factors?

A: The next step in the process was to link the bidder's proposed cost with the technical and commercial provisions. KCP&L, Westar, and B&V had to evaluate each bid on an apples-to-apples basis. In other words, if one bidder left a component out of the bid and the component was necessary to place that bidder on the same basis as another bidder who included that component in their bid, a cost had to be assigned to that component.

Q: Can you describe how a bidder's base bid price enters into the "apples-to-apples" evaluation process you just described?

A: Yes. In order to make an apples-to-apples comparison, the evaluation team had to make certain cost adjustments to the bidder's base bid price. These cost adjustments were in the nature of additions and subtractions. The team added dollars to account for items the bidder chose not to include in its bid but that KCP&L concluded were necessary for a successful project. For example, the RFP required bidders to include a two-year warranty as part of their bid. If a bidder failed to include a two-year warranty as part of their base bid, the evaluation team added the estimated cost for such a warranty or asked the bidder

to supply a cost for the warranty. Doing it this way insured that all the bids had the same warranty and that no bidder had an unfair competitive advantage. This process is discussed in greater detail in the Direct Testimony of KCP&L witness Forrest Archibald.

Q: Did you use the same process of adding or subtracting costs to a bidder's base bid price for both commercial issues and technical issues?

A: Yes. Examples of where we adjusted for commercial issues include the warranty I just discussed but also included items such as the cost for: (1) the specified insurance coverage; (2) maintaining specified retainage; (3) performance bond; and (4) delaying commencement of construction, to name a few. During the evaluation process, we attempted to add or subtract from each of the bids as necessary to make sure all of the bidders met the requirements of the RFP including the required completion date.

Q: Did you add or subtract dollars to the bid amounts to account for technical differences in the proposals?

A: Yes, because not all the bidders submitted bids responsive to all aspects of the RFP. We made adjustments to the proposals to account for certain technical exceptions, non-disclosed exceptions, and differences in life-cycle costs.

Q: Are there other industries that utilize an apples-to-apples evaluation process?

A: Yes. A good example is the real estate industry, which uses a similar approach in appraising homes. In determining an appraised value for a particular property, appraisers find what are deemed to be comparable homes and then adjust the sales price of the comparable homes to create an apples-to-apples comparison to the property being evaluated. They do this by adding or subtracting the value of items that are different between the comparable homes and the appraisal property such as if the appraisal

property includes a three-car garage but the comparable home has only a two-car garage or if the appraisal property has only two bathrooms while the comparable home has three. This process is similar to what the evaluation team used to place the EPC contractor bids on an apples-to-apples basis.

Q: Please describe how you developed the cost estimate for the La Cygne Project contained in this request for predetermination.

A: As more fully discussed in Mr. Archibald's Direct Testimony, the cost estimate used in this request for predetermination is comprised of four major components: (1) the evaluated cost of the EPC contract as discussed above; (2) KCP&L's indirect costs (this includes the OE cost); (3) direct project costs outside the scope of the EPC contract; and (4) contingency.

Q: Would any delay beyond August 2011 to start chimney foundations impact the cost of the La Cygne Project?

A: Yes. As I stated earlier, delay of the chimney foundations will result in a day-for-day extension of the project schedule, which in turn will result in additional costs. Furthermore, based on KCP&L's conversations with the bidders, given the current lull in the construction industry, this is the opportune time to construct this project. It is the least cost alternative as described in KCP&L witness Burton Crawford's Direct Testimony. And as indicated in the Direct Testimony of Company witness Paul Ling, regardless of the current agreement with the Kansas Department of Health and Environment ("KDHE"), other regulations in place or under consideration will require this La Cygne Project to be undertaken within the next couple of years. As regulations are approved, demand for the necessary equipment and the contractors capable of

installing it will increase causing the cost of those items to increase which, in turn, will further increase the cost of the project.

Q: In the RFPs you have received for the EPC contract, have the bidders indicated to KCP&L a date by which they need a firm commitment?

A: The EPC estimate contained in Mr. Archibald's Schedule FA2011-1 is predicated on an August 2011 start date for the chimney construction. As indicated earlier in my testimony, any delay in starting construction of the chimney will result in a day-for-day delay in the schedule. It may be possible to compress the schedule to meet the June 15, 2015 date, but the cost of the project will increase. None of the components contained in the total project cost estimate shown in Mr. Archibald's Schedule FA2011-1 include any additional cost for future compression of the schedule. The EPC component of the cost definitely would increase and the other components also would likely increase. Moreover, the chimney cost and schedule is predicated on a start date by August 2011, prior to the winter season. Given all that can delay a major construction project, there is a limit to the amount of schedule compression that can be addressed with dollars. At some point, it would have to be recognized that the project would be late. Under such circumstance KCP&L would incur additional costs to purchase capacity and energy to replace the output of both La Cygne units beyond June 15, 2011, to the detriment of KCP&L, Westar, and their customers.

Q: What is the next step in the EPC contract process?

A: KCP&L, Westar, and B&V will select a bidder and begin contract negotiations. It is expected it will take up to six months to complete a contract. KCP&L will need to issue a LNTP as I indicated above to the selected bidder to maintain the project schedule.

Q: Does that conclude your testimony?

A: Yes, it does.

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Petition of Kansas City Power & Light Company ("KCP&L") for Determination of the Ratemaking Principles and Treatment that Will Apply to the Recovery in Rates of the Cost to be Incurred by KCP&L for Certain Electric Generation Facilities Under K.S.A. 2003 SUPP. 66-1239	))))))))	**Docket No. 11-KCPE-____-PRE**

AFFIDAVIT OF ROBERT N. BELL

STATE OF MISSOURI)
) **ss**
COUNTY OF JACKSON)

Robert N. Bell, being first duly sworn on his oath, states:

1. My name is Robert N. Bell. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Director of Construction for the Iatan Unit 2 Project.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Kansas City Power & Light Company consisting of fifteen (15) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereof, are true and accurate to the best of my knowledge, information and belief.

Robert N. Bell

Subscribed and sworn before me this 1st day of February 2011.

Notary Public

My commission expires: May 23, 2014

DONNA J. STOWAY
Notary Public, Notary Seal
State of Missouri
Clay County
Commission # 10889620
My Commission Expires May 23, 2014

Robert N. Bell

SUMMARY

Successfully manage the installation, startup and operation of power plants utilizing over 30 years of hands-on experience.

EXPERIENCE

03/09 to Present — Kansas City Power & Light, Kansas City, MO
Senior Director, Construction

- Project Director for the construction completion and startup of the Iatan 2 Coal Fired Supercritical 930MW Plant. Record 42 day completion from synchronization to completing in-service testing.
- Project Director for the construction and startup of the LaCygne Environmental Retrofit of two 800MW Coal Fired units. Retrofit includes SCR, Baghouse and Scrubbers.
- Project Director for the construction and startup of the Sibley Unit 3 Environmental Retrofit of a 360MW Coal Fired unit. Retrofit includes Baghouse and Scrubber.
- Department Director for all large Construction projects.

01/04 to 03/09 — Black and Veatch Special Projects Corp, Overland Park, KS
Vice President and Director of Programs

- Program Director of the energy projects for the $1.4 billion USAID Afghanistan Infrastructure and Rehabilitation Program. Responsible for all Home Office support and in-country EPC activities. Projects include Power Plants, T&D, Hydro, Power Purchase Agreements and Capacity Building.
- Project Manager of the US Army Corp of Engineers CETAC 1 reconstruction contract in Iraq with responsibility for the installation and startup of two new combustion turbine power plants.
- Responsible to budget and manage all business unit overhead costs. Interface with and manage the costs from Corporate Shared Services (Finance, CIO/IT, Procurement, Insurance/Risk Mgmt, HR). Business unit rep for the Corporate Services Board where all budgets, processes and procedures for our Corporation are developed and implemented.

01/99 to 01/04 — Black and Veatch, Corporate and Power Divisions, Overland Park, KS
Vice President, Strategic Initiatives

Strategic realignment of AP/AR processes.

- Moved from check payment platform to electronic platform.
- Used P-Card payment methodology to improve retained cash by 15 days.
- Permanent cash impact improvements to the firm of $5.5 MM.
- Collected outstanding 180+ day receivables on 127 projects.
- Achieved a 25-day DSO improvement in A/R.
- Implemented GE Six Sigma program.
- Team Leader for centralization of company's $1.3 Billion procurement.

- Renegotiated $22 MM airline spend for $1.5 MM savings.
- Implemented T&E corporate card program with annual rebate of $250,000.
- Developed and managed the corporate world-wide Y2K program.
- Reorganized Construction Equipment and Fleet Services business through consolidation of four regional operation centers into three for net savings of $1.5 MM.

09/97 to 01/99 — Black and Veatch, Power Division, Overland Park, KS
Project Manager, Year 2000 Projects

Developed and managed a Y2K Remediation program and sold to nine major utility clients.

09/82 to 09/97 — General Electric International, Schenectady, NY
Construction Manager / Startup Manager / Senior Controls Specialist

Construction / Startup Manager.

- Abu Sultan Steam Turbine Power Plant, Egypt.
- Misr Spinning and Weaving Steam Turbine Power Plant, Egypt.
- Six CT Power Plants, Saudi Arabia and Oman.
- Yokkaichi Combined Cycle Power Plant, Japan
- TEPCO Combined Cycle Power Plant, Japan
- EPON Combined Cycle Power Plant, Netherlands
- PWC Combined Cycle Power Plant, Fayetteville, NC.
- Virginia Power Combined Cycle Power Plant, Richmond, VA.
- TVA CT Power Plant, Memphis, TN.
- FPL Martin Power Plant, Indiantown, FL.
- Crockett Cogeneration Power Plant, Crockett, CA
- WWP CT Power Plant, Rathdrum, ID
- Nevada Power Harry Allen CT Power Plant, Las Vegas, NV

05/81 to 09/82 — TVA, Power System Operations, Chattanooga, TN
Field Engineer

Testing and troubleshooting Nuclear, Coal and Hydro generation, transmission and distribution equipment.

EDUCATION

University of Kentucky, Lexington, KY
Bachelor of Science Electrical Engineering, 05/81

REFERENCES

Provided Upon Request