

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

IN RE: Chapter 11
Case No. 18-12378 (LSS)
WELDED CONSTRUCTION, L.P.,
et al., (Jointly Administered)
Debtors.
WELDED CONSTRUCTION, L.P., Adversary Proceeding
No. 19-50194 (LSS)
Plaintiff,
v.
THE WILLIAMS COMPANIES, INC.,
WILLIAMS PARTNERS OPERATING Courtroom 2
LLC, and TRANSCONTINENTAL GAS 824 Market Street
PIPE LINE COMPANY, LLC, Wilmington, Delaware 19801
Defendants. Thursday, August 24, 2023
9:29 a.m.

TRANSCRIPT OF TRIAL - DAY III
BEFORE THE HONORABLE LAURIE SELBER SILVERSTEIN
CHIEF UNITED STATES BANKRUPTCY JUDGE

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1 (Proceedings commenced at 9:33 a.m.)

2 (Call to Order of the Court)

3 THE COURT: Good morning. Please be seated.

4 MR. GUERKE: Good morning. Kevin Guerke, for the
5 record, for Welded Construction.

6 I have a question about the schedule today.

7 THE COURT: Okay.

8 MR. GUERKE: We've discussed with opposing counsel
9 and the schedule that, generically, we will propose for today
10 is going with Mr. Hood until around noon-ish, breaking for an
11 hour for lunch, coming back 1:00-ish, and then going for an
12 hour and a half until you have to break at 2:30; take that
13 hour break or whatever is needed and then come back and
14 finish in the afternoon.

15 Is that acceptable?

16 THE COURT: Yes, that's fine.

17 MR. GUERKE: Unless there's something else, I can
18 call Mr. Hood.

19 THE COURT: Let me ask: Did y'all resolve the
20 invoice binder issue?

21 MR. GUERKE: I think we did.

22 THE COURT: Okay. So, are we in agreement that
23 those documents come in or what's the agreement?

24 MR. GUERKE: My understanding of the agreement is
25 the 16 documents that I discussed with Mr. Hood yesterday,

1 that I read into the record are coming into evidence, after
2 discussion and agreement with opposing counsel. I can read
3 that list to you now, or we can let the record reflect what
4 we said yesterday.

5 THE COURT: Why don't we read them now. Let's
6 make sure we're all in agreement.

7 MR. GUERKE: So, for the 16 invoices that were
8 identified yesterday, we have PX124, PX151, PX140, PX150,
9 JX34, PX182, PX192, PX207, JX060, JX67, JX68, JX71, PX329,
10 JX85, PX394, and JX102.

11 THE COURT: Thank you.

12 MS. EWALD: No objection, Your Honor.

13 THE COURT: Thank you. They're all admitted.

14 (Exhibits received into evidence)

15 MR. GUERKE: Thank you, Your Honor. There's a
16 second part that came up with Mr. Hood yesterday where he was
17 discussing the voluminous backup information that went along
18 with the invoices. And I believe we have an agreement on
19 admitting a string of the backup documentation that's been
20 identified separately in all the binders. And I would
21 propose I read that into the record. And then we have an
22 agreement that those are also admitted, so I don't have to
23 take the time with Mr. Hood --

24 THE COURT: Okay.

25 MR. GUERKE: -- if that's acceptable to counsel.

1 MS. EWALD: Certainly.

2 THE COURT: Okay.

3 MR. GUERKE: This list is longer, so I'll start at
4 the top. JX37, JX38, JX39, JX40, JX51, PX139, JX21, JX44,
5 JX45, JX46, JX30, JX47, JX50, JX52, JX62, JX63, JX124, JX56,
6 JX57, JX58, PX112, JX64, JX65, JX66, JX70, PX284, JX74, JX75,
7 JX76, JX77, JX86, JX87, JX88, JX89, JX90, JX96, JX97, JX98,
8 and PX303.

9 MS. EWALD: No objection, Your Honor.

10 THE COURT: Thank you. Those are all admitted.

11 (Exhibits received into evidence)

12 MR. GUERKE: Thank you, Your Honor. With that,
13 Your Honor, I'm ready to call back Mr. Hood.

14 THE COURT: Mr. Hood, can you please take the
15 stand. And, Mr. Hood, you're still under oath.

16 DIRECT EXAMINATION

17 BY MR. GUERKE:

18 Q. Good morning, Mr. Hood.

19 A. Good morning.

20 Q. To reorient you to the witness box, you should still
21 have three sets of binders and then a big binder with the
22 contract. Do you have those?

23 A. Yes.

24 Q. And we will be using both the screen, but you'll have
25 the binders available. So please feel free to use whatever

1 one you're most comfortable with.

2 MR. GUERKE: Could you pull up JX1, page 486,
3 please. Could you zoom in on "labor costs," about an inch
4 down on the top.

5 BY MR. GUERKE:

6 Q. Mr. Hood, how did Welded determine wages and benefits
7 paid to union personnel?

8 A. The union personnel wages and benefits were dictated by
9 the NPLA union agreements.

10 Q. How did Welded determine the salaries, wages, and
11 benefits for its nonunion personnel?

12 A. Nonunion personnel were developed from the Perrysburg
13 payroll administration from each individual's contracted
14 rate.

15 Q. And how were the pay scales, the benefits and fringes
16 allowances, determined for those nonunion personnel?

17 A. For the nonunion personnel?

18 Q. Yes.

19 A. Yeah. It was in each individual's pay scale, including
20 their payroll taxes, benefits, per diems, and so forth.

21 Q. How about agency personnel like PTAG and Bechtel? How
22 were those handled? How did Welded determine the wages,
23 benefits, or salaries paid to those folks?

24 A. Yeah. Agency personnel were handled through those
25 agency agreements. We had -- at Bechtel, we had PTAG, and

1 there were a couple of others provided some services. Those
2 were used at the invoice amount from the third-party
3 companies.

4 Q. Did Welded mark up those invoice amounts after it
5 received them from the third parties?

6 A. No.

7 Q. I would imagine you have a fair amount of data on each
8 individual person working on the ASR. Is that fair?

9 A. That's fair. You know, there's individual payroll data
10 from the unions, plus there's individual banking instructions
11 and personal data. That sort of thing.

12 Q. How did Welded track internally all those different
13 wages, benefits, and salaries?

14 A. Welded used an accounting software -- payroll software
15 called Paylocity.

16 Q. And what's included in the Paylocity software database
17 that you were describing?

18 A. It's populated with, like I said, all the personal
19 information, you know, social security numbers, payroll,
20 banking instructions, you know, for each individual. And
21 then it's got his individual labor union pay scale and then
22 benefits and each component of cost that goes into that --
23 that person's paycheck.

24 Q. Did you use or did Welded use the Paylocity data to
25 calculate the labor costs that were billed to Transco on ASR?

1 A. Yeah. Paylocity was the accounting system -- payroll
2 system that was used.

3 Q. What was Welded's primary source of labor on the
4 project?

5 A. The union halls, the NPLA labor.

6 Q. Roughly how many union members worked for Welded on ASR?

7 A. Approximately 1,500 at any one time.

8 Q. How many unions were involved?

9 A. There are four labor unions involved.

10 Q. What are those four labor unions?

11 A. They are the Laborers' Union, the Operating Engineers,
12 the welders -- or United Association is welders and helpers.
13 And then the fourth would be the Teamsters.

14 Q. I want to ask you what role each played generally in the
15 job. So, let's start with the first one you mentioned,
16 Laborers'. Could you tell us what role Laborers' played?

17 A. Yeah, Laborers' provide any number of tasks. They're
18 interspersed throughout all the crews: environmental crews,
19 coating crews, flagging crews. They provide most of the, you
20 know, manual labor work that's not associated with the
21 welding and driving, that sort of thing.

22 Q. Next one you mentioned were operators. Can you explain
23 to us what the operators do?

24 A. Yeah. Operators are just that. They're the operators
25 of the equipment.

1 Q. Welders, I have a good idea what they do, but could you
2 describe please what the union welders do?

3 A. Yeah. Primarily the pipe-related activities. So,
4 leveling, welding, cutting of pipe.

5 Q. The last one you mentioned were the Teamsters. Could
6 you tell us what the Teamsters do?

7 A. Teamsters are drivers. So, bus drivers, heavy truck
8 drivers, lowboy drivers. Those types of work.

9 MR. GUERKE: Could you pull up PX109, please.

10 BY MR. GUERKE:

11 Q. Mr. Hood, I'm going to ask to go to the second page of
12 PX109. Could you tell us what union agreement is PX109?

13 A. 109 is the International Union of Operating Engineers,
14 which is the operators, as we talked about.

15 MR. GUERKE: Could you go to PX110, please. And
16 second page.

17 BY MR. GUERKE:

18 Q. Could you tell us what union agreement is PX110?

19 A. 110 is Laborers' International Union North America,
20 which is the laborers' union.

21 Q. The next is PX554. Go to PX554, please. Mr. Hood, could
22 you take a look at PX554 and tell us what union agreement
23 that is.

24 A. Yeah. 554 is the United Association of Journeymen and
25 Apprentices of the Plumbing and Pipefitting Industry. These

1 are the welders and helpers and journeymen.

2 Q. The next one is PX3. Could you tell us what union
3 agreement PX3 is?

4 A. International Brotherhood of Teamsters is the Teamsters,
5 who were the drivers.

6 Q. Were these four union agreements for the union members
7 working on ASR?

8 A. Yes.

9 Q. Do these agreements dictate the wages and benefits
10 Welded must pay to union members that worked on the ASR?

11 A. They do. Each has a table of rates and benefits
12 attached.

13 Q. Typically, how long do these agreements last?

14 A. The collective bargaining agreements are generally --
15 have a three-year term.

16 Q. Was there -- did the -- the PLAs -- the four PLAs that
17 were in place at the time the contract was signed expire
18 before the notice to proceed was issued?

19 A. Yes. They had all expired in, I believe, summer of '17.

20 Q. And what happened after they expired?

21 A. Well, the Pipeline Contractors Association and the four
22 labor unions negotiated new agreements that started in '17
23 and would continue to '20.

24 Q. Is it your understanding the new agreements replaced the
25 expired ones?

1 A. Yes. The new ones take effect.

2 Q. And which NPLAs did Welded use to pay wages and benefits
3 to union members on ASR, the ones that were in place at the
4 time the contract was signed or the ones that were in place
5 when the work was performed?

6 A. No, the most current. So, the ones that started in '17.

7 Q. So, does that mean Welded used in 2017 and 2018 the
8 then-existing NPLAs for the four unions?

9 A. The current ones -- the ones that went into effect in
10 '17 were for the four unions, the ones that we used.

11 Q. If there were any changes or updates to the four NPLAs,
12 would Welded use the updates to determine the wages and
13 benefits it paid to union members on ASR?

14 A. Yeah. Updates come out from the Pipeline Contractors
15 Association. When something changes, PLCA sends them out to
16 all of the member contractors.

17 Q. The four union agreements that we just talked about
18 specifically, are those the union agreements and any updates
19 to those union agreements what Welded used to pay union
20 members and bill Transco on the ASR job?

21 A. Yes. These are the governing agreements.

22 MR. GUERKE: Your Honor, I move PX109, PX110,
23 PX554, and PX3 into evidence.

24 MS. EWALD: No objection.

25 THE COURT: They're admitted.

1 (Exhibits received into evidence)

2 BY MR. GUERKE:

3 Q. Mr. Hood, next I want to talk to you about pre-job
4 agreements. What are union pre-job agreements?

5 A. Pre-jobs are the -- it's an agreement between the local
6 union rep and each spread. So, it takes the applicable parts
7 of the labor agreement -- you know, it specifies which county
8 -- which state, what county we're working in, where the
9 warehouse is, the length of the job. It's just a datasheet
10 of particulars for the work at hand.

11 Q. I think you already said this, but am I right that pre-
12 job agreements are specific to a project?

13 A. Specific to each spread on a project, yes.

14 Q. Do pre-job agreements become part of the NPLA union
15 agreements?

16 A. Yes. They're read together. They're considered as the
17 agreement.

18 Q. In this case, on the ASR project, were there pre-job
19 agreements for each of the four unions you mentioned
20 previously?

21 A. Yes, indeed.

22 MR. GUERKE: Could you pull up PX126, please.

23 BY MR. GUERKE:

24 Q. Mr. Hood, PX126 is a cover email, and then it looks like
25 there are some pre-job agreements attached. Could you

1 identify what the -- who sent and received and the date of
2 the cover email and then describe the three -- I guess it's
3 six union pre-job agreements attached?

4 A. Yes. This is -- well, it's an email from myself to Rita
5 Cotton, our document control person. It's forwarding an
6 email from Lori Thompson who was the field office manager
7 for Spread 7. And attached is the six of the three jobs.
8 There's one for each spread for the operators' union, one for
9 each spread for the laborers' union.

10 Q. And let's just flip through these. This is page 1.
11 Next is page -- actually, that's page 2. This is page 3. Go
12 to page 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18.
13 16, is that the last one? Yeah, okay.

14 Do these pre-job agreements that are PX126, do these
15 agreements include additional components of wages, benefits,
16 and fringes owed to operators and laborers on the ASR?

17 A. These would have the specifics for those two unions,
18 laborers' and operators.

19 MR. GUERKE: Could we go to JX18, please. I'm
20 sorry. Could we go to -- could we go to PX138.

21 BY MR. GUERKE:

22 Q. Mr. Hood, like the last set in Exhibit 126, PX138 has an
23 email and then some pre-job agreements attached. Could you
24 first identify the cover email, who sent it, who received it,
25 and the date, and then describe for us the attachments?

1 A. Yes. The email at the top is from Lori Thompson, our
2 field office manager, to Holly Peters, who was HR payroll
3 manager in Perrysburg. And attached appears to be the three
4 pre-jobs for Teamsters, Spreads 5, 6, and 7.

5 Q. Do the three pre-job agreements attached for Spreads 5,
6 6, and 7 include additional components of wages, benefits,
7 and fringes Welded had to pay Teamsters on ASR?

8 A. Yeah. These documents would have the specifics for the
9 Teamsters union.

10 Q. The next one is -- the exhibit I'd like to look at is
11 JX18. Like the last ones, Mr. Hood, this collection of pre-
12 job agreements includes a cover email and then pre-job
13 agreements attached. Could you first describe the cover
14 email, who it was sent to and from, and then the attached
15 agreements, please.

16 A. Yes. This one, again, is from Lori Thompson to Ms.
17 Holly Peters in Perrysburg. And attached are the UA, which
18 is the welders and helpers, the pre-jobs for Spreads 5, 6,
19 and 7.

20 Q. Could you go to page 1 of JX18. Mr. Hood, I think in
21 this email, and tell me if you agree, this pre-job agreement
22 was not for ASR, it was on a different job in West Virginia;
23 is that correct?

24 A. This page here is, yes. This is a Triadelphia, West
25 Virginia project.

1 MR. GUERKE: Just for the record, the page is
2 JX18, page 2.

3 BY MR. GUERKE:

4 Q. So, my question: Other than that one, does this
5 agreement include additional components of wages, benefits,
6 and fringes Welded paid welders and helpers on the ASR job?

7 A. Yes. These are the specific agreements.

8 MR. GUERKE: Could you go to the next page, which
9 is page 3, please. And could you zero in and pull up the
10 remarks at the bottom. And highlight the entire first row
11 after the word "Remarks." Thank you.

12 BY MR. GUERKE:

13 Q. Mr. Hood, are welders, helpers, journeymen covered by
14 this pre-job agreement entitled to be paid per diem?

15 A. Yes.

16 Q. And how is that per diem described and broken down here?

17 A. Yeah. In the "Remarks" box, it specifies the amount for
18 each category of worker. So, journeymen have a rate.
19 Helpers have a rate. Welders have a rate for per diem.

20 MR. GUERKE: And if we could go down and highlight
21 the fourth line, about 70 percent to the right, starting with
22 the word "rig pay." Could you highlight that part.

23 BY MR. GUERKE:

24 Q. Mr. Hood, what is rig pay?

25 A. Rig pay is the payment to the welder for his truck and

1 welding machine mounted on the back.

2 Q. Who owns the rig in this situation?

3 A. That individual welder.

4 Q. What does the word "wet" mean in that part that's
5 highlighted?

6 A. "Wet" means that they get fuel. It's either wet or dry.
7 In this case, it specifies wet. So, they would receive fuel
8 from the warehouse.

9 Q. Could you just briefly describe how it works where
10 Welded is paying an individual union member for his or her
11 welding rig and vehicle?

12 A. Yeah. In this case, the welder would be -- you know, is
13 obligated -- we're obligated to pay \$17 per hour, it says.
14 So that would be part of that Paylocity payroll calculation.
15 So, every week, in his payroll, he receives, you know, that
16 rig pay benefit.

17 Q. So, when that welder or the helpers -- well, I should
18 say "welder." When the welders are working on the pipe
19 making welds, is he or her using his own welding rig?

20 A. He could be. It just depends on the type of weld being
21 made and where it's located.

22 Q. Is that a union pay or a union benefit according to the
23 union agreements?

24 A. Yes. It's spelled out in the union agreement.

25 Q. And just a point of clarification. Is that paid

1 directly to the union welder in his or her weekly check?

2 A. Yes.

3 Q. Are benefits and fringes like truck pay, cell phone pay,
4 per diem benefits paid to union members under the various
5 agreements on a weekly basis?

6 A. Yes. The union guys are all paid weekly.

7 MR. GUERKE: Your Honor, I move into evidence
8 PX126, PX138, and JX18.

9 MS. EWALD: No objection, Your Honor.

10 THE COURT: They're admitted.

11 (Exhibits received into evidence)

12 MR. GUERKE: Mr. Hood, next I would like to talk
13 about an individual invoice. Could you pull up --

14 THE COURT: I'm sorry. "An individual" what?

15 THE WITNESS: Invoice.

16 THE COURT: Invoice. Thank you.

17 MR. GUERKE: Could you pull up JX67.

18 BY MR. GUERKE:

19 Q. Is JX67 the June 2018 cash call and the March
20 reconciliation invoice that Welded submitted to Transco?

21 A. Yes. It's the June 2018 cash call, which includes the
22 March reconciliation invoice.

23 Q. And before we get to the first couple pages of the
24 invoice, could you identify who sent this email, the date,
25 and the recipient?

1 A. This is from Mary Lynn Murphy, the lead cost engineer,
2 to Mr. Sztroin, Ms. Malone, and Mr. Card with Williams, dated
3 5th of May, 2018.

4 MR. GUERKE: And let's go to the page -- page 2.

5 BY MR. GUERKE:

6 Q. Briefly, Mr. Hood, what's this -- this part, page 2 of
7 JX67?

8 A. So, the first page here, this is the cash call with the
9 true-up from March included. So, it's the net of the cash
10 call.

11 MR. GUERKE: Could we turn to page 3 of the
12 exhibit.

13 BY MR. GUERKE:

14 Q. Mr. Hood, is this the reconciliation summary part of
15 this invoice?

16 A. Yes. This is for all three spreads, the summary of the
17 cash call and then the details of the reconciliation and then
18 the prior period data.

19 MR. GUERKE: And just to orient you to the part
20 I'm looking at, could you highlight the word "summary" and
21 then the part right below it in the center of the page.

22 BY MR. GUERKE:

23 Q. Mr. Hood, does this identify that this exhibit is the
24 summary with the variance from the March cash call?

25 A. That's right. The second column there is the true-up

1 from March.

2 Q. So, is that second column where Welded compared the
3 amount that it estimated in its cash calls to the actuals?

4 A. That's correct.

5 Q. And the balance, whether it's a plus or minus, is in the
6 bottom part of that column. Is that fair?

7 A. That's correct.

8 Q. Generally, could you describe the categories, the cost
9 categories -- the ten cost categories that Welded used and
10 described and identified in each one of its reconciliation
11 invoices.

12 A. Yeah. As listed over there on the left-hand column, it
13 starts out with number 1, the direct laborer. Number 2, the
14 field management supervision laborer. Then that's summed up
15 to total labor cost. Number 3, equipment fee, is a straight
16 calculation. That's 50 percent of that above subtotal. Then
17 number 4 is the specialty equipment billings. Number 5 is
18 any materials. Number 6 would be the mats. Number 7 would
19 be subcontracted services. Number 8 was the equipment that
20 was carried over from that pre-NTP delay period.

21 The 8.1 is the bond cost, a specific line item. And
22 the last item there is fixed fee, which was calculated as
23 that \$15.5 million, but we divided it equally into 11
24 payments. So that's where the 459 comes from. And then
25 there was a 10 percent retainage on that fixed fee each

1 month.

2 Q. Do these cost components that you just described do they
3 align with the cost components included in the training
4 presentation that you prepared and we discussed yesterday
5 during your testimony?

6 A. That's correct. They're in the same categories.

7 MR. GUERKE: Could you go to page 11, please.

8 And could you pull that up. Yes. Thank you.

9 BY MR. GUERKE:

10 Q. Mr. Hood, is page 11 the part of the invoice for direct
11 labor recap?

12 A. Yes. This is for one particular spread, Spread Number
13 5. This is the weekly summary out of that Paylocity system.

14 Q. What's the -- I see various categories or columns of
15 wages and benefits. What's the source of the wages and
16 benefits and fringes that build up to the figures that are
17 included in the direct labor recap for this Spread 5?

18 A. Well, the source is each individual's union agreement
19 specifics, right. So, benefits or what he's obligated to
20 receive. The benefit category is gross pays. It's his daily
21 or hourly wage times the numbers of hours, his vehicle
22 allowance, his per diem allowance.

23 In this case, there's welding rigs for those that are
24 obligated to receive that. And then the second-to-last
25 column over there is employer taxes. So, payroll taxes,

1 insurance, et cetera, that are added. And then it's
2 subtotaled in the final column.

3 MR. GUERKE: Your Honor, I have a demonstrative
4 I'd like to show. And it will be on the screen, but I also
5 have hard copies if you'd like a hard copy.

6 THE COURT: Yes, please.

7 MR. GUERKE: Would you like a hard copy?

8 MS. EWALD: Sure.

9 THE COURT: Do you happen to have an extra one for
10 my clerk if he wants one?

11 MR. GUERKE: Yes.

12 THE COURT: He may not.

13 MR. GUERKE: I'll take it back, Your Honor, if he
14 doesn't want it.

15 Could you put up Demonstrative 1.

16 BY MR. GUERKE:

17 Q. Mr. Hood, did you help put together a demonstrative to
18 show an example of what went into Welded's labor recap for
19 union personnel that we just walked through a moment ago?

20 A. Yes.

21 Q. Mr. Hood, what is this -- what is this first page, and
22 which reconciliation invoice are we showing here?

23 A. Okay. This is the reconciliation for March of 2018.

24 Q. Is this the June cash call and March reconciliation part
25 of that package that we just looked at a moment ago?

1 A. That's right. This is the overall for all three spreads
2 combined.

3 Q. And what's the -- what's the time period covered by this
4 reconciliation?

5 A. The reconciliation is for the weekly periods, the first
6 one beginning the 26th of February and then the last one
7 ending 1st of April.

8 Q. Mr. Hood, what part of Welded's reconciliation invoice
9 is shown here for the labor cost being charged?

10 A. So, this is the -- there are five weeks in this
11 reconciliation period shown over on the left-hand side, 4th
12 of March and so forth. And this shows -- for each week, it
13 breaks down the number of hours extended. It breaks down the
14 benefits, obligations for each employee, gross pay, again the
15 vehicle allowances, the per diem allowances, the welding rig
16 and mechanic rig allowances, and the payroll taxes. Those
17 are the columns highlighted in yellow are what we're talking
18 about.

19 Q. Mr. Hood, what's identified at the top of this slide?

20 A. At the top of the slide is the labor cost definition out
21 of Section 8 of the contract.

22 Q. Is the bottom part what you just described?

23 A. Correct. The bottom part then is the Paylocity weekly
24 payroll summary recap.

25 Q. And why is it that you're connecting the definition of

1 "labor cost" to this labor recap?

2 A. Here we're showing how they tie together, how benefits
3 are specified and how pay is specified and vehicles and so
4 forth, per diems and welding rigs and insurance and taxes.

5 Q. Are you able to trace the different components of
6 Welded's labor recap to the definition of "labor cost"?

7 A. Yes. Each column of pay ties back to an item specified
8 in the "labor cost" definition.

9 Q. And I'll run through these quickly, Mr. Hood. Could you
10 -- do you see the arrows on the screen?

11 A. Yes. So, benefits includes those welding mechanic rigs.
12 That's the arrow we're looking at here.

13 Q. Would those also be connected to employee vehicle rental
14 pay?

15 A. Yeah, I mean, they could. If they were -- like, the
16 operators will generally show up under the vehicle column.
17 The welding rig, the mechanic rig, those are specific to the
18 welders and mechanics, so...

19 Q. On this next frame, what costs are you tracing back to
20 labor costs?

21 A. Yeah. So, vehicle pay. For example, like we just said,
22 the operators' vehicle allowances traces back to the employee
23 vehicle rental item in that contract.

24 Q. The next one is per diem. Could you -- can you trace
25 per diem in Welded's labor recap to "labor cost" definition?

1 A. Yes. Per diem is an identified item in the payroll
2 recap, and it traces back to that definition as well.

3 Q. How about ER taxes? First can you tell us what ER taxes
4 are?

5 A. Those are the employer taxes. So, the deductions and
6 payments that are made for social security and that sort of
7 thing, insurance requirements.

8 Q. Can you trace that charge back to the definition of
9 "labor cost"?

10 A. Yes. The ER taxes there relate back to the payroll
11 taxes and insurance category.

12 Q. Mr. Hood, this next slide, I believe, is the -- this is
13 one of the union agreements, is that correct?

14 A. Yeah. This is the United Association. So, these are
15 the welders and helpers.

16 Q. For this presentation, did you use the 2017 United
17 Association union agreement or the one that expired?

18 A. No. This is the most current. There's an effective
19 date there, June 5, 2017.

20 Q. Can you tell us what -- whether or not this union
21 agreement covers, for example, per diem?

22 A. Yeah. This is the United Association agreement. We're
23 looking at page 40 here, which calls out the per diem. It
24 says "all states" and then two categories at the end there, a
25 welder journeyman category and then a non-welder journeyman

1 category.

2 Q. How about rig pay in addition to per diem? According to
3 this agreement, do the welders get rig pay?

4 A. Yes. This is page 218 of that same agreement, and this
5 is where the per diem and rig pay for days worked is
6 specified.

7 Q. Which agreement is this in the slide deck, Mr. Hood?

8 A. This is the Laborers' International Union, so this is
9 for the laborers.

10 Q. Do laborers, according to this union agreement, also get
11 per diem?

12 A. Yes. It's specified here in item 18 of their agreement.

13 Q. What is this slide showing, Mr. Hood?

14 A. This is the same agreement. This is the -- specifies a
15 truck pay for the steward.

16 Q. Who is the steward?

17 A. The steward is the liaison between the local union hall
18 and the project. So, he's the -- he's the person that is
19 responsible for recruiting from the union hall and providing
20 labor and ensuring that the positions are staffed.

21 Q. Where is the truck pay welders are paid -- Welded paid
22 union laborers reflected on the labor recap in the
23 reconciliation invoice? What part of those columns?

24 A. Can we go back to the recap page. There's a couple of
25 places here. So, vehicles are the operators and stewards,

1 you know, and whoever else is obligated to receive vehicle
2 pay. And then two columns to the right are the welding rigs
3 and mechanic rigs for those who are obligated to receive that
4 pay.

5 Q. We talked about the union agreements -- the main union
6 agreements. Did Welded also pay union members wages and
7 benefits outlined in pre-job agreements? And is that what
8 you were showing in this part of your presentation?

9 A. Yes. This highlights -- this is the pre-job for Spread
10 5 for the laborers.

11 Q. Are certain members of this union entitled to truck pay,
12 according to this pre-job?

13 A. Yes. This page specifies the name of the steward, his
14 rate, and then his truck pay allowance.

15 Q. Which union members typically receive truck pay or
16 vehicle allowance?

17 A. The most common truck allowances are with the operators
18 union. All the operators receive a daily allowance.

19 Q. What about nonunion personnel working for Welded? Are
20 some of them also entitled to vehicle pay for vehicle
21 rentals?

22 A. So, the Welded direct hire folks, they are covered under
23 Welded's vehicle policy, which -- there's a couple of options
24 there. They can either receive an allowance and they provide
25 their own vehicle on the project, or they can receive a

1 rented vehicle.

2 Q. And are those rented vehicles obtained through
3 subcontractors?

4 A. They're obtained through third-party lease companies,
5 yes.

6 Q. Which pre-job agreement are we looking at now on PX126,
7 page 7?

8 A. This is the Operating Engineers for Spread -- if you
9 blow it up, I can see the spread number. This is Spread 6,
10 it looks like.

11 Q. What benefits for operators -- what benefits are
12 operators entitled to that you're highlighting here?

13 A. Yeah. Down towards the bottom of the page there,
14 highlighted in yellow, is the per diems for each category of
15 operator. So, there's -- operators are categorized in Group
16 1, Group 2, or Group 3. Here it specifies, first of all,
17 their daily per diem allowance, and then their truck pay is -
18 - for Groups 1 and 2, it's so much per day, and then Group 3
19 is so much per day. And then the lead hand and steward, so
20 much per day.

21 Q. Are these different categories of benefits that would be
22 tracked in the Paylocity system that you described earlier?

23 A. Yeah. This is one of those, you know, person-specific
24 benefits. So, each -- depending on, you know, what category
25 that individual is, it's tagged within Paylocity. And then

1 he gets either the Group 1 allowance or the Group 2 allowance
2 or Group 3 allowance, whatever he's obligated to receive.

3 Q. Which pre-job is this, Mr. Hood?

4 A. The International Brotherhood of Teamsters. So, this is
5 Teamsters, the drivers on the job.

6 Q. What union benefits are highlighted on the Teamsters
7 slide for these pre-job agreements?

8 A. Yeah, here in written -- handwritten, highlighted yellow
9 there's a cell phone allowance for the steward and a truck
10 pay for the steward.

11 Q. This is the last one, Mr. Hood. I believe these are the
12 welders. Can you identify for us which pre-job agreement
13 this part of your demonstration represents?

14 A. Yes. This is the United Association. So, this is,
15 indeed, the welders and helpers. This is Spread Number 5.

16 Q. We talked about this part a little bit earlier today.
17 Can you just describe what parts of this pre-job that you're
18 calling out and highlighting?

19 A. Yeah. In the "remarks" box, again, highlighted yellow,
20 depending on the categorization of the individual.
21 Journeyman category, so much per day. Helpers, so much per
22 day. And welders, so much per day. And then fourth line
23 reflects the rig pay.

24 Q. To summarize this demonstrative, what are the sources
25 Welded used to pay union members on ASR?

1 A. The NPLA agreements with the specifics from the pre-job.

2 Q. Once those wages and benefits are paid, how is that
3 reflected in Welded's reconciliation invoice?

4 A. So, they're calculated and paid through Paylocity, which
5 is the system that's used. And then weekly, that's recapped
6 and then provided to the cost (indiscernible) to prepare the
7 invoice.

8 Q. Did Welded consider those reimbursable labor costs under
9 the contract?

10 A. Yes, indeed.

11 Q. Before October 4th, 2018, the day of withholding, did
12 Transco dispute that wages and benefits paid to union members
13 were reimbursable labor costs?

14 A. No, sir. The invoices were always prepared per this
15 process. They were not disputed. They were paid up until
16 the withholding.

17 Q. Before that October 4th withholding, did Transco dispute
18 Welded's application of the 50 percent equipment fee to those
19 labor costs?

20 A. No. Again, that was -- that was a calculation that was
21 made on each and every invoice, always paid and not disputed
22 until the withholding period.

23 Q. I want to shift gears a little bit. We're still staying
24 in the labor category, but we're going to get off the union
25 members for a second. Let's talk about field personnel,

1 nonunion personnel. What were some of the categories of
2 nonunion workers on this job? And what I'm asking is --
3 first let's identify the source. What are the three sources
4 of nonunion personnel that worked on ASR for Welded?

5 A. Well, they had -- we had a number of sources. There
6 were quite a few Welded permanent hires on the job. We had a
7 number from some agencies, like the PTAG agencies we
8 discussed earlier. And then Bechtel provided some of the
9 non-manuals. Those were the sources primarily, those three
10 outlets.

11 Q. Are those folks a separate workforce from the home
12 office people who are described in the contract as home
13 office personnel?

14 A. The home office -- yeah, well, there's -- the home
15 office personnel described in the contract specifies a couple
16 categories of managers and -- I don't know what they're
17 specifically called, but I think it's executive management
18 and department heads, whatever. Those guys were not billed.
19 There were some guys in the Perrysburg office that were
20 billed, the payroll clerks, and accounting clerks, and that
21 sort of thing.

22 Q. So, the -- not the office personnel you just described,
23 the executives and the executive management, but the other
24 nonunion people, could you tell us where they worked
25 generally?

1 A. Yeah. They were primarily in those three spread offices
2 that we had. We had an office on Spread 5. We had an office
3 on Spread 6, an office on Spread 7, plus the Mount Joy office
4 and then, like I said, a handful of guys back in Perrysburg
5 running the payrolls.

6 Q. For those handful of people that you had doing payroll
7 and similar work back in Perrysburg, why would you -- why
8 would you have some field personnel on the project in
9 Pennsylvania and then some back in Perrysburg?

10 A. The work was going on in Pennsylvania, so the majority
11 of everybody was in the field. They were at the -- at the
12 spread office like, you know, the superintendent, the -- each
13 project manager was at the field office. We had a field
14 office manager. We had safety guys. We had quality guys.
15 They all worked out of that spread office. And then at the
16 Mount Joy office, we had a management team that assembled
17 work product from those three offices. We had a team of
18 project controls engineers. Like, the safety manager worked
19 out of that office. I had the office -- my office was in
20 that facility.

21 So that was -- they're the ones that collected all the
22 time sheets, you know, the field office manager would. And
23 then she would send the time sheets back to Perrysburg for
24 data entry. And that went back to those handful of folks
25 that were back at Perrysburg.

1 Q. So, those handful of folks that were back in Perrysburg
2 that you just testified about, were they billed to Transco in
3 the invoices?

4 A. They were billed based on the number of hours that they
5 spent on the job.

6 Q. And why would you have some in the field in Pennsylvania
7 and then some back in Perrysburg?

8 A. The ones in Perrysburg, we had -- it was easier for them
9 to work where the system was located, right. So, they had
10 better connectivity to use Paylocity. They had their manager
11 doing the payroll. And the HR manager was in Perrysburg.
12 Plus, we didn't have to pay them, you know, the per diem, and
13 the living balance, and the vehicles, and travel, and that
14 sort of thing if they were in the field. So, it was better
15 to keep those guys in Perrysburg because they may have also
16 been -- you know, had some duties on some other projects.
17 They would have been distributed, you know, as their duties
18 required.

19 Q. Was that a conscious decision?

20 A. Yeah. It was -- that was -- basically, that was to save
21 money and then save that space in the field from having ten
22 more guys that all they're doing is, you know, data entry and
23 payroll accounting.

24 Q. Who benefited from that decision?

25 A. The project benefited from it. Williams benefits from

1 it.

2 Q. How so?

3 A. Because there was a cost avoidance, right. You didn't
4 have per diems for those guys. You didn't have -- you know,
5 they only needed to work a 40-hour week versus a 60-hour week
6 that the field provided.

7 MR. GUERKE: Could you pull up JX1, please, and go
8 to page 487. And at the top, could you highlight the first
9 definition, "agency personnel."

10 BY MR. GUERKE:

11 Q. Do you see -- I pulled up JX1, which is the contract,
12 Mr. Hood. And we're on page 487. Who did Welded consider
13 agency personnel under the contract?

14 A. As it's defined here, it's those that are not hired into
15 Welded directly. They were provided through a third-party
16 agency service.

17 Q. And was one of those PTAG and another Bechtel?

18 A. That's correct.

19 Q. Were you a seconded Bechtel employee?

20 A. Yes.

21 Q. Who else from Welded was a seconded from Bechtel?

22 A. From Bechtel, we had -- we had a few. We had a project
23 engineer on -- or the project manager on Spread 6 was
24 Bechtel. And then the engineer there was Bechtel. Our
25 project controls manager was a Bechtel guy. Environmental

1 manager was a Bechtel guy. The engineer down on Spread 7 was
2 a Bechtel guy.

3 Q. How did you become a seconded employee for Welded?

4 A. I joined Welded, you know, when -- before the project
5 started, I received a call from Mr. Hawkins. And he asked me
6 to come support him on the Welded work.

7 MR. GUERKE: Could you pull up JX7, please.

8 BY MR. GUERKE:

9 Q. Did you receive an assignment from Bechtel to be
10 seconded into Welded?

11 A. Yes.

12 Q. Could you describe what JX7 is, which is on the screen?

13 A. Yeah. JX7 is titled "Loan Personnel Conditions."
14 So, it sets out, you know, my obligations and then basically
15 says who I'm taking direction from and then -- and how I'm
16 continuing to get paid from Bechtel but my services are under
17 the direction of Welded.

18 Q. Who at Welded did you take your direction from?

19 A. Mr. Hawkins.

20 Q. Did you sign this agreement?

21 A. I did. I signed it on the second page.

22 MR. GUERKE: Your Honor, I move into evidence JX7.

23 MS. EWALD: No objection.

24 THE COURT: It's admitted.

25 (JX7 received into evidence)

1 BY MR. GUERKE:

2 Q. How did Bechtel bill for the loaned seconded employees
3 provided to Welded?

4 A. So, Bechtel and Welded had an agreement -- a services
5 agreement that specified the terms.

6 Q. And do you recall how often Bechtel was invoicing Welded
7 on the job?

8 A. I believe it had billed monthly.

9 Q. Let's shift a little bit to PTAG. What is PTAG, first?

10 A. PTAG is an agency -- a service agency that provided
11 technical engineers, project managers, safety guys, quality
12 reps. They were a known entity in the pipeline world.

13 Q. Just generally, who were the PTAG personnel who worked
14 on this project?

15 A. We had -- so we had some project managers -- the project
16 manager on Spread 5 was a PTAG employee. A lot of the
17 quality reps were PTAG. Some of the project control and
18 cost engineers came over from PTAG. We had a scheduler from
19 PTAG. Safety reps, I think I mentioned.

20 Q. Are you aware that Transco is challenging the agency fee
21 part of money paid to PTAG for the PTAG personnel?

22 A. I understand that.

23 Q. What's your response to that position that -- what's
24 your response to that position?

25 A. I don't understand it. I mean, the terms of the

1 contract stipulate how we were to bill, you know, the agency.
2 And we billed it at a straight passthrough with no markup on
3 our end. So that's -- that was our understanding.

4 Q. Would you have any agency personnel if you didn't pay
5 the agency for its people?

6 A. Well, the agency's -- the agency's got to make
7 something. They're not going to be in business without
8 receiving some monetary amount, for sure.

9 Q. Mr. Hood, switching gears again. I want to talk about
10 the cost estimates that you and your team prepared -- or
11 Welded prepared for the ASR project. And let's start back in
12 2016. What was the target completion cost identified in the
13 contract back in 2016?

14 A. I believe it was 335, in that neighborhood.

15 Q. In the late summer, early fall of 2017, did Welded
16 update its cost estimate for the project?

17 A. Yes. Through the summer of '17, the team prepared a new
18 estimate.

19 Q. And if the contract was signed in 2016, why was the cost
20 estimate updated in 2017?

21 A. That was due to the -- there was a delay in the NTP
22 date. So, the date shifted several months to the right.
23 It moved the work into the wintertime. And then there was a
24 change in the strategy from two spreads that the original
25 estimate was built on over to three spreads to be able to

1 work through the winter and get the project done.

2 Q. Can I direct your attention to JX8, please. There are
3 two exhibits I'm going to ask you about, and I'll just tell
4 you the sequence so you're aware. The first one is JX8, and
5 that is an August 8 -- I'm sorry, August 4, 2017,
6 presentation. And the next one is PX121, which looks like an
7 August 17th, 2017, presentation.

8 Let's start with JX8. Could you identify for us,
9 please, this cover email and what's attached, who the
10 recipient is, who the sender is, and the date?

11 A. For JX8?

12 Q. Yes, sir.

13 A. JX8 is from myself to Mr. Sztroin. It attaches the ASR.
14 It says "ASR cost reconciliation" and then the control
15 estimate and the the list of materials, contracts, and man-
16 hours for that updated estimate.

17 Q. Who is David Sztroin?

18 A. David Sztroin was the project director for ASR.

19 Q. Let's turn to the presentation, it's the next page,
20 please, that's attached. At the bottom left, it says.
21 "April 2017"; is that correct?

22 A. I believe the wrong "A" is used there. It's August 2017
23 instead of April.

24 Q. And is the August date reflected on the next page?

25 A. That's correct.

1 Q. I lost my train of thought here. If you haven't
2 described already what this presentation is, could you
3 briefly describe what it is?

4 A. Yeah. This is a -- it's a summary of that new estimate.
5 So, it goes through and describes, you know, what was
6 changed. It describes, on the next page, a basis of the
7 updated estimates, so what inputs went into the change. It
8 describes how some of the execution was changed. And there's
9 a cost summary on the next page.

10 Q. What's the total --

11 A. And then --

12 Q. Let me pause you there. What's the total cost, at this
13 point, for the estimate?

14 A. This estimate was 410, and then there were -- there was
15 some exclusions a couple pages later. But 410 was the number
16 presented.

17 Q. And then I want to take the next step to PX121, which
18 was about a little less than two weeks later. And I'll note
19 that the presentation in PX121 is significantly longer than
20 the one we just went through. Can you tell us what happened
21 between the August 4th presentation and the more detailed
22 August 17th presentation?

23 A. Yes. So, when we presented the information to Mr.
24 Sztroin and his team, then the feedback was to include some
25 of those exclusions that we had made. So, we went back and

1 priced in those items. And those were --

2 Q. Can we go to PX, I think it's, 34.

3 A. Yeah. This -- we're on 121, right?

4 Q. Yes, sir. PX121.

5 A. Yeah. So, this was -- this is the presentation package
6 that we made in Houston with Mr. Sztroin and his team.

7 Q. So, is this -- is this 121 the full presentation?

8 A. It looks like the execution strategy. It looks like the
9 -- it looks like a PowerPoint presentation that was made at
10 the time.

11 Q. Could you go to page 35, please. Page 35, at the top,
12 says "Basis of estimate." Do you see that part, Mr. Hood?

13 A. Yes.

14 Q. And the first bullet point says [as read]: "Bottoms-up
15 crew buildup by spread." Do you see that part?

16 A. Yes.

17 Q. Could you please describe what's included in that
18 section of this presentation?

19 A. Okay. Yeah, this is -- this is describing how the crew
20 basis was built up. So, when we say "bottom-up crew buildup
21 by spread," we take each spread, break it down into the
22 individual crews, break that down into the individual types
23 of labor that's required from the categories we talked about
24 earlier. Then we apply the durations based on the schedule.
25 We apply the rates based on the agreements. And that's how -

1 - that's how an estimate is built.

2 Q. And what -- is this for the union people, this part?

3 A. Yeah. The first bullet is talking about a crew buildup.
4 And then the second bullet is the supervision and project
5 management. So, yeah, the first set of bullets is the union
6 guys, the spread labor.

7 Q. So, for the first set of bullets, what benefits, wages -
8 - strike that.

9 What was the source of the benefits and wages you paid -
10 - you were planning to pay union personnel that are included
11 in this estimate?

12 A. Yeah. These are the -- these are those new updated
13 rates that we just looked at, the ones that went into effect
14 in '17. So, they're the ones that apply to the jobs. So
15 that's -- the new rates were included here.

16 Q. And let's go to the second bullet under "Construction
17 Supervision and Project Management." What's being described
18 there?

19 A. This is the nonmanual categories, again, from the
20 superintendents, the project managers, the safety reps,
21 quality reps, project controls. You know, all those
22 nonmanual types. So, this -- the second main bullet is
23 describing how that estimate was built up.

24 Q. And when you built up this estimate and presented it to
25 Transco, what was the basis for the salaries and the benefits

1 and wages paid to this group?

2 A. These were, as it says here [as read]: "Price based on
3 current salary." So, the current wages, if they were Welded,
4 would have been their payroll information. If they were
5 PTAG, would have been -- you know, the PTAG agreement was
6 Bechtel agreement. So, it was the current level of pay that
7 were being made.

8 Q. Is that stated expressly in the middle bullet point
9 there under "Construction Supervision and Project
10 Management"?

11 A. Yes, sir.

12 Q. And if we go back up to the first set of bullets did you
13 describe or did you explain that Welded's new updated cost
14 estimate utilized the current union labor agreements for
15 rates and benefits?

16 A. That's correct. That was -- the purpose of updating
17 this estimate was to get to new execution, get the new
18 timing, get the new rates, get it updated for what's
19 actually going to happen.

20 Q. Is that expressly stated in the third bullet point down?

21 A. Yes. It says we utilized current labor agreements.
22 They're the ones currently in effect.

23 Q. So, let's go back a little bit to your testimony from a
24 couple minutes ago. Was this updated cost estimate with this
25 information presented to Transco?

1 A. Yes. It was -- like I said, we emailed it a few days
2 prior to this or a week prior. Then this was the
3 presentation package that we made down in Houston with the
4 Williams team.

5 Q. And, roughly, when was that presentation?

6 A. The presentation is dated August 17th. I don't recall
7 the exact date we had the meeting. In that time frame.

8 Q. Who from Transco was there?

9 A. Mr. Sztroin and his team. I don't recall all the
10 members, but there were members from the Houston office and
11 some members of the team in Pennsylvania who were in
12 attendance.

13 Q. In this August 17 presentation, what was the total cost
14 estimate? Was it still 410? I'm trying to find the page
15 here.

16 A. Page 36 shows it as 14.

17 Q. Okay. What was Transco's response after Welded provided
18 the details in this presentation and then presented this
19 information to Transco in that August meeting?

20 A. So, what they had asked us to do, subsequent to the
21 meeting, was to include a list of exclusions. So, a couple
22 of pages later, there's a list of exclusions that were not
23 part of the 410. So, they came back to us and said, okay,
24 let's price these in so we can get, you know, an idea of the
25 total cost of the job. So, we made some -- went back and did

1 some estimating and then priced these, you know, 10 or 12
2 items here.

3 Q. Did you, in fact, increase the amount of that 410
4 estimate?

5 A. Yeah. The next provision, I believe, was 454, in that
6 range.

7 Q. Can we go to JX13, please. Mr. Hood, could you tell me
8 what is JX13? There's an email with a long list of
9 attachments. Let's start with the email. Can you identify
10 the email, the sender, recipient, and date, please?

11 A. Yes. So JX13 is an email from James Grindinger, our
12 project controls manager, to Priya with Williams and copying
13 several other team members. The attachments were the updated
14 estimate with the price and those exclusions we just talked
15 about. And it's with some other documents, project controls
16 plan and some schedule information. Basically, the result of
17 that final estimate revision.

18 Q. So, Mr. Hood, you mentioned that number 2 on this list
19 here is the attached final cost estimate?

20 Can we turn to page 4, please. Could you zoom in on the
21 summary on the left side, that block.

22 So, what is the final -- or the updated figure for this
23 final cost estimate that was presented in this exhibit?

24 A. Okay. So, the bottom right-hand corner shows us the
25 total. It's the 454 million.

1 Q. What union wages and benefits did Welded use to build up
2 this estimate?

3 A. The most current. The new labor agreements that were -
4 that took effect in '17.

5 Q. What salaries and benefits did Welded use for the
6 nonunion personnel to build up this estimate?

7 A. The ones currently in effect of being paid from either
8 the agencies or from the Welded permanent hires.

9 Q. Did Transco know the wages and benefits and salaries
10 were updated since 2016?

11 A. Yes. That's one of the -- the basis estimate we looked
12 at earlier.

13 Q. And did you and your team tell Transco that directly in
14 your meetings?

15 A. Yes. That's part of the presentation, part of the
16 assumptions of the estimate, and part of the --

17 Q. Did Transco push back or ask any questions about using
18 the most current and up-to-date salaries, wages, and
19 benefits?

20 A. No, sir. Like I said earlier, that was -- that was the
21 point of the estimate was to get it -- get it current and to
22 what was -- what was going to be the -- the details of the
23 job.

24 MR. GUERKE: Your Honor, I move into evidence JX8,
25 PX121, and JX13.

1 MS. EWALD: No objection.

2 THE COURT: Thank you. They're each admitted.

3 (Exhibits received into evidence)

4 BY MR. GUERKE:

5 Q. Did Transco approve the current and updated salaries,
6 wages, and benefits that were presented in conjunction with
7 this \$454 million cost estimate?

8 A. Yes. The wages, benefits, and the entire cost plan --
9 estimate was approved and admitted into the contract.

10 Q. Did that become part of Amendment 1?

11 A. That's correct.

12 MR. GUERKE: Could you pull up JX1, page 528,
13 please. And could you go to the next page, please.

14 BY MR. GUERKE:

15 Q. Mr. Hood, is JX1, page 529, that Amendment 1 that you
16 just testified about?

17 MR. GUERKE: Could you show the next page on the
18 same screen.

19 THE WITNESS: Okay. What was the question, Mr.
20 Guerke?

21 BY MR. GUERKE:

22 Q. Is this Amendment 1 that you were just testifying about?

23 A. Yes. This is the document -- the resulting document.

24 Q. Who signed this Amendment 1 on behalf of Welded?

25 A. Mr. Hawkins.

1 Q. Who signed it on behalf of Transco?

2 A. Mr. Armstrong.

3 Q. What's the address that Transco used in this -- above
4 Mr. Armstrong's signature?

5 A. The address is Transcontinental Gas Pipeline Company
6 LLC, 2800 Post Oak Boulevard, Houston, Texas 77056.

7 Q. What is the date of Mr. Armstrong's signature?

8 A. 18th of May 2018.

9 MR. GUERKE: Could you go to page 825 of the same
10 exhibit.

11 BY MR. GUERKE:

12 Q. We were talking about earlier today Section 8, the
13 compensation part of the contract. Was Section 8,
14 compensation, amended as part of this Amendment 1?

15 A. Yes, it was.

16 MR. GUERKE: Could you go to 845, please.

17 BY MR. GUERKE:

18 Q. This is on page 845 of Exhibit 1, and it's part of
19 Amendment 1. Did -- was the \$454 million number that we
20 talked about earlier today, was it included in Amendment 1?

21 A. Yes. Yeah, this is the new estimated value.

22 MR. GUERKE: I think this is identified as Exhibit
23 8 to Amendment 1 for the record.

24 BY MR. GUERKE:

25 Q. Is this essentially the cost estimate that you presented

1 to Transco in August and September in the fall of 2017?

2 A. That's correct.

3 Q. Was this \$454 million number used to re-baseline the
4 contract?

5 A. Yes. It was rolled into all the reporting tools and
6 then became the -- became the baseline.

7 Q. Did that change the target number for the cost incentive
8 program?

9 A. Yes. That incentive structure was changed to reflect
10 the new number.

11 MR. GUERKE: Could you highlight item 8 on the
12 left there.

13 BY MR. GUERKE:

14 Q. Mr. Hood, what is included as item 8 that's been
15 highlighted?

16 A. Item 8 is the set of equipment that was committed to the
17 project prior to the notice to proceed.

18 Q. And was that \$6-plus million dollars separately invoiced
19 to Transco before this Amendment 1?

20 A. Yes. It was invoiced in the summer of '17.

21 Q. Are you aware that Transco was trying to recoup that \$6-
22 plus million dollars for pre-NTP equipment as part of this
23 lawsuit?

24 A. I'm aware of that.

25 Q. What's your reaction to that position?

1 A. Surprised, quite frankly, because, I mean, we had
2 specific instructions to include this, to go back and
3 calculate the amount, for that NTP delay, you know, the
4 amount that was committed. There was a set of tractors, and
5 Excavators, and, you know, other equipment that was -- it was
6 basically -- you know, Welded had committed to the project
7 and wasn't using them on other jobs. And that was the basis
8 of the clause in the contract. I can remember, you know,
9 specific conversations that we needed to address that and get
10 the invoice buttoned up for this amount. And that's what we
11 did.

12 Q. Was it your understanding that that invoice cost was --
13 Transco paid?

14 A. It was invoiced and paid, yes, sir.

15 Q. Is this line item included in Amendment 1 signed by
16 Transco's CEO Alan Armstrong?

17 A. That's correct.

18 MR. GUERKE: Your Honor, would this be a good time
19 to take five?

20 THE COURT: Certainly. We're in recess.

21 MR. GUERKE: Thank you.

22 (Recess taken at 10:59 a.m.)

23 (Proceedings resume at 11:09 a.m.)

24 (Call to Order of the Court)

25 THE COURT: Please be seated.

1 MR. GUERKE: Your Honor, we just need a couple
2 minutes.

3 THE COURT: Okay. We will let Ms. Johnson --
4 Brandon, can you let Lori know when we're ready to start.

5 MR. GUERKE: Thank you, Your Honor. Sorry about
6 that.

7 THE COURT: Not a problem.

8 (Pause)

9 MR. GUERKE: Thank you, Your Honor.

10 DIRECT EXAMINATION (CONTINUES)

11 BY MR. GUERKE:

12 Q. Mr. Hood, I'd like to draw your attention to JX1, page
13 499. Are you familiar with page 499 of the contract which is
14 titled Exhibit 1?

15 A. Yes.

16 Q. And what's your understanding of what Exhibit 1 is?

17 A. Yeah. Exhibit 1 was a list of personnel that was part
18 of that original contract.

19 Q. I'll draw your attention to the second sentence of the -
20 - of Exhibit 1, this page 499. I'll read the first sentence
21 first [as read]: "Company shall compensate contractor for
22 work performed by field personnel in accordance with the rate
23 ranges and benefits set forth in this exhibit."

24 And then the highlighted part is [as read]: "Contractor
25 shall issue notification to company before submitting an

1 invoice for work performed by any field personnel which
2 exceed the rates or rate ranges herein."

3 Did I read that correctly?

4 A. Yes.

5 Q. Did Welded notify Transco that Welded updated the rates
6 and rate ranges for the indicative wages and benefits in
7 connection with Exhibit 1?

8 A. Yes. That was part of that notification that we just
9 talked about, the re-estimate and the recalculation of wages
10 based on the most current information.

11 Q. And was that also what was included in Amendment 1?

12 A. Yes. The resultant estimate and then all the numbers
13 therein were part of Amendment 1, yes, sir.

14 Q. The next sentence here states [as read]: "Contractor
15 must seek approval from company before implementing any
16 changes to wages and benefits for any field personnel member
17 in excess of 7.5 percent above the value shown herein for any
18 individual labor classification."

19 Did I read that part correctly?

20 A. Yes.

21 Q. Did Welded seek approval to pay wages and benefits that
22 exceeded the chart that's attached to Exhibit 1?

23 A. Yeah, anytime we did a reforecast, we would have
24 adjusted the rates based on the most current. So those were
25 all, you know, included in the estimate presentation and then

1 rolled into the -- not the baseline but the new forecast of
2 the estimate.

3 Q. Is that what was included in Amendment 1 also?

4 A. Yeah. For the 454 baseline estimate, yes. They were
5 all part of that number.

6 MR. GUERKE: Could you go to two pages down. So,
7 I think it would be - sorry, could you square that up,
8 please. This is page 501, for the record. Could you blow up
9 that section.

10 BY MR. GUERKE:

11 Q. Mr. Hood, this is two pages later in Exhibit 1. Could
12 you please describe what this is?

13 A. Yeah. This is the attachment from the original Exhibit
14 1. It lists, you know, a list of Welded field nonmanual
15 categories over on the left-hand side and their ranges and
16 benefit obligations.

17 Q. Is the top section for nonunion personnel?

18 A. Yeah. These are the nonmanual types, the Welded hires,
19 superintendents, assistant superintendents, and so forth.

20 Q. Is the lower part union members?

21 A. The lower part is, yes.

22 MR. GUERKE: Could you highlight the top part,
23 please, that top section, including the top of the page.

24 BY MR. GUERKE:

25 Q. What's your understanding of the effect that the updated

1 cost estimate and inclusion in Amendment 1 had on these
2 indicative wages and benefits by labor classification?

3 A. They were replaced by the new staffing plan and new
4 wages, just like the union agreements replaced the old
5 noneffective group rates or the ones that went out of effect.
6 The new staffing plan replaced this staffing.

7 Q. The title of this part of the contract is called
8 "Indicative wages and benefits by labor classification."
9 Then there's Note 1. What's your understanding of what
10 "indicative wages and benefits" means?

11 A. It's -- well, "indicative" means -- I mean, it was --
12 it's a guide for wages at that time. So, I think this was --
13 back in '16, this was, you know, a baseline wage. I mean, it
14 could have been more, it could have been less depending on
15 the individual. But this was -- it gave an outline of what
16 his wages were to be.

17 Q. I want to focus your attention to the left, far left
18 column where it says "labor classification." What are these
19 general labor classification categories here?

20 A. These are how Welded classified their field non-manuals.
21 So "superintendents," this is superintendent. "PM," this is
22 project manager. Then they had assistant project manager
23 with different categories: APM 1, 2, 3, 4. And safety, they
24 had those categorized: Safety 1, 2, 3. So just a list of
25 titles, basically.

1 Q. Did you consider Welded restricted from adding any labor
2 classifications that are not listed on this part of the
3 Exhibit 1?

4 A. No. There was no restriction on these categories.

5 MR. GUERKE: Could you go down to Note 1, please,
6 at the bottom of this page. Note 1. I'm sorry, it says
7 "additional clarification." It's blurry, and I couldn't read
8 it. I'm sorry.

9 BY MR. GUERKE:

10 Q. What does Note 1 at the bottom of this exhibit say, Mr.
11 Hood, that first sentence?

12 A. It says [as read]: "Wages and benefits shown above are
13 indicative as of February 1, 2016, and are subject to change
14 without notice to the company."

15 Q. Do you know that in this case Transco is challenging the
16 salaries, wages, and benefits for labor classifications of
17 Welded workers that are not listed exactly in this exhibit?

18 A. I understand that to be the case.

19 Q. What's your reaction to that?

20 A. Again, surprised. I mean, that was -- the whole point
21 of updating that estimate was to get it current with the
22 current wages and not using things from back in 2016.

23 Q. Did Transco ever raise that as an issue during the
24 project?

25 A. No. No, sir. It was -- the wages were invoiced per the

1 current wage.

2 Q. Did Transco ever dispute an invoice on that ground?

3 A. No, sir.

4 Q. Were there field personnel added to the project for the
5 first time in 2017?

6 A. 2017 is when field personnel became -- were added to the
7 project, yes.

8 Q. And would you know in 2016, when this was prepared, who
9 those 2017 employees would be -- or field personnel would be?

10 A. No. I mean, we knew, you know, a list of some personnel
11 that may be available. But depending on Welded's work and
12 where they were placed at the time, no, we didn't know
13 exactly who all the boxes were going to be filled by, no.

14 Q. When you had a new hire in, say, 2017 or 2018, did you
15 use salaries and benefits on the 2017 or '18 pay scale or did
16 you go back to 2016?

17 A. We used what the Perrysburg payroll -- you know, the
18 Perrysburg pay schedule that was in effect at the time. And
19 each individual was hired in at his own rate.

20 Q. Shifting gears a little bit, Mr. Hood. I want to ask
21 you about the mechanical completion date in the summer of
22 2018. What was the mechanical completion date used in the
23 contract to calculate the schedule incentive program?

24 A. I believe it was June 15th of '18.

25 Q. I have June 14th but --

1 A. June 14th, 15th, yeah, middle of June '18.

2 Q. Was it possible for Welded to meet that June 14th or
3 15th mechanical completion date?

4 A. Not as it turned out, no.

5 Q. Why is that?

6 A. Well, there were a number of things, a number of delays
7 had occurred that impacted the work and a number of
8 permitting items that were not in hand by -- even by June
9 14th, we didn't have in hand. So due to those delays and due
10 to those permitting items, June 14th became non-achievable.

11 Q. Briefly, what were some of the permitting issues?

12 A. Most significantly, there at the end was the Amtrak
13 railroad crossing. We had a couple of creek crossings down
14 on Spread 7 that were very late with permits. We had an
15 interstate -- I think it was Interstate 76 crossing permit
16 that was late, you know, beyond -- even beyond that June
17 date. So...

18 Q. Mr. Hood, who was responsible for obtaining those
19 permits?

20 A. Williams was. The company, Transco.

21 Q. How did Welded keep track of information about what was
22 happening on the job on a weekly basis or daily basis?

23 A. As far as progress reporting, we had -- we had a
24 progress reporting system. We used a TILOS scheduling
25 system. We used Primavera scheduling system. We had, you

1 know, copious Excel spreadsheets tracking, you know, all the
2 various work activities. And then that was -- you know,
3 became part of a weekly progress report that was submitted
4 every week. So that's how it was summarized every week.

5 Q. Did you also meet with Transco on a regular basis?

6 A. We had regular meetings every week with the Transco
7 team.

8 Q. Where was the Transco team located?

9 A. Where were they located?

10 Q. Yes, sir.

11 A. Various places. They had offices in each spread. There
12 was a Spread 5 and 6 office up in Pine Grove. There was a
13 Spread 7 office down around Mount Joy. And David and his
14 team, a lot of times, were in Houston. But that was the
15 locations that we communicated with.

16 Q. On the project, were there backfill and fine sand
17 requirements for the work?

18 A. Yes.

19 Q. Did Welded comply with those requirements?

20 A. Yes.

21 Q. Was there a Transco team or a Transco person that
22 oversaw that work -- that specific work?

23 A. There was Transco's inspectors on each crew that oversaw
24 the work, yes.

25 Q. How many inspectors oversaw, if you know, roughly, the

1 three spreads that Welded worked on?

2 A. There's probably, I'm just guessing, say, 20 per spread,
3 so 60 guys. Just a rough ballpark.

4 Q. Mr. Hood, we were talking about permits. I want to ask
5 you about a few of those in particular. Was one of the
6 permit problems that you described and encountered in
7 relation to your testimony about not being able to meet the
8 mechanical completion date, was one of those permits related
9 to I-76?

10 A. That's correct, yes.

11 Q. What is I-76?

12 A. I-76 was Interstate 76. So, it was a significant road
13 crossing.

14 Q. Could you describe what the problem was with the -- with
15 I-76?

16 A. Well, we didn't have -- I-76 was -- there was a wetland
17 area, as I recall, a wetland or stream area next to I-76
18 which precluded us from digging a bore pit in that location
19 to drill and bore the road directly. So, there was an
20 engineering change that moved that bore pit location so we
21 could bore both the stream and the road at one time.
22 That's what I recall that the permitting was about.

23 Q. Were permit issues or variance issues reflected in
24 Welded's weekly progress reports?

25 A. Yeah. There was -- they were reflected in a couple of

1 places. They reflected in the weekly coordination meeting
2 that we had, and they were also reflected in the progress
3 report that we had.

4 MR. GUERKE: Could you pull up PX601, please.

5 BY MR. GUERKE:

6 Q. Mr. Hood, what is PX601?

7 A. Yeah. This is a -- one particular week's report for
8 15th of July. This is the Spread 5 report.

9 Q. Is this for July 15, 2018?

10 A. July 15 of 2018, yes.

11 MR. GUERKE: Do these reports -- and could we
12 scroll through them, please. Do these reports --

13 THE COURT: Give me a moment, please. I want to
14 catch up with you.

15 MR. GUERKE: I'm sorry, Your Honor.

16 THE COURT: That's okay. I got it, it's in Volume
17 3.

18 BY MR. GUERKE:

19 Q. Mr. Hood, I want to go to page 36. But as we get there,
20 could you tell us generally what the type of information that
21 is provided to Transco for Welded's three spreads each week
22 in each progress report?

23 A. Yeah. So, each spread prepared a report in the same
24 format. First page is safety statistics and job hours and
25 any incidents or -- we're showing some top five safe

1 behaviors. So, this is from a behavioral-based safety
2 program that we had. It shows, you know, observations in
3 these categories. And it shows address behaviors. So,
4 again, observations of a behavior that could use improvement.
5 JSAs are listed up at the top. So, JSA is job safety
6 analysis, which is done at the beginning of each crew
7 operation.

8 Q. Do these reports include critical issues that Welded was
9 encountering on the project?

10 A. Yes. If we can page through the report here. This is -
11 -

12 Q. Could you go to page 36, please.

13 A. Next page, there's a list of critical issues.

14 Q. You were talking a moment ago about this I-76 issue.
15 Is that identified as a critical issue in this part of your
16 weekly report?

17 A. Yeah. This is the report -- we've moved ahead into
18 Spread 7 in the report. This is the list of critical issues
19 for that week that the team on Spread 7 identified.

20 Q. And what's being identified in the middle part there?

21 A. Well, the second item there is welding -- Welded is
22 waiting information closure of the blasting procedure near I-
23 76. So, it says rock expected on the south side of the
24 turnpike, (indiscernible). So, areas of hard rock that we
25 needed to blast, there was, you know, a permit required for

1 that activity.

2 Q. I want to go to one of the other permit issues that you
3 raised related to Amtrak railroad permits. Was one of the
4 permit problems related to Amtrak railroad permits?

5 A. Yes. Amtrak was on Spread 7. That was another very
6 late permit receipt.

7 Q. Could you describe the issue -- what Amtrak crossing or
8 issue came up and what permit was needed?

9 A. Yes. So, it's basically in the occupancy end of their
10 right-of-way. So, on the Amtrak line, we needed to dig a
11 bore pit on either side of the railroad and then use a boring
12 machine to -- to install a casing in this case. The railroad
13 required a casing to be installed and then a
14 carrier pipeline put inside. So -- but you needed permission
15 from Amtrak to be able to encroach upon their right-of-way.

16 Q. Who was responsible for getting that permission?

17 A. Williams was -- received all the permits. They applied
18 for the application -- or did the application, applied for
19 the permit, and then would present it to us when it was all
20 done.

21 MR. GUERKE: Would you go to PX223, please.

22 BY MR. GUERKE:

23 Q. Mr. Hood, is the cover page on PX223 an email from Mary
24 Lynn Murphy to David Sztroin dated April 12th, 2018?

25 A. Yes.

1 Q. Attached to that email -- is attached to that email the
2 progress report for the week ending April 8th?

3 A. That's correct.

4 MR. GUERKE: Could you go to page 25 of this
5 exhibit, please.

6 BY MR. GUERKE:

7 Q. Mr. Hood, there's a -- the third critical issue here on
8 Spread 6 identifies Transco crack with stick rod welding.
9 Was that part of the issues that you were discussing -- I
10 think it was yesterday -- actually, I'm on the wrong page, I
11 think.

12 MR. GUERKE: Can you strike that, please. And can
13 we move to page 37.

14 BY MR. GUERKE:

15 Q. Are you with us on page 37, Mr. Hood?

16 A. Yes.

17 Q. What -- is part of the Amtrak issue that you were just
18 describing included as Part 3 under "Critical Issues"?

19 A. Yeah, that's -- number 3 on the list here is Amtrak we
20 were just talking about.

21 Q. And what's being described here in this report from
22 Welded to Transco?

23 A. So, this one says [as read]: "Amtrak railroad bore
24 permits not ready. Could take 30 to 60 days for approval
25 after submittal. Approval of the first submittal is not

1 guaranteed and any revision subject to the same review
2 period."

3 So, what's that saying is that once a -- the application
4 is submitted, that it may come back. So, they may take 30 to
5 60 days to return any questions, at which time Williams would
6 have to answer those questions and get that permit back -- or
7 submit it back to Amtrak.

8 And then over here on the right-hand side, you know,
9 under "mitigation," we're saying, well, that, you know, if
10 there's any information that we can help provide, not just
11 statements of, you know, whatever, you know, we want to be
12 involved in that and expedite the process as much as we can.
13 Again, that was a critical cost that we needed.

14 Q. The fourth critical issue -- what's identified as the
15 fourth critical issue in this April 8th weekly progress
16 report Welded sent to Transco?

17 A. Yeah. This is that interstate crossing that we talked
18 about earlier. It says [as read]: "Bore extension variance
19 is not yet approved."

20 That was moving the bore pit from one location to
21 another to be able to allow a bore of the full length.

22 MR. GUERKE: Could you pull up PX257, please. And
23 can you go to the next page.

24 BY MR. GUERKE:

25 Q. Just for identification purposes, Mr. Hood, what is

1 PX257?

2 A. This is a summary report for a different time period.
3 This is the week of May 27th.

4 MR. GUERKE: Can you go to page 37, please?

5 BY MR. GUERKE:

6 Q. So, I want to ask you: Is critical issue -- the second
7 critical issue the Amtrak issue that you were just testifying
8 about?

9 A. Yeah, this is the same item. We talked about it earlier
10 in April. And here, a month later, it's still on the list.
11 And then you see a reapplication. This seems to be going out
12 on 5/31. So, you know, it's -- this shows there could be
13 another 30 to 60 days after that time frame before it's
14 received, so...

15 Q. In relation to the Amtrak railroad bore permit that's
16 described here, what's the mechanical completion date in
17 comparison to the reapplication date?

18 A. Well, the MC date was June 14th. So, we're, you know,
19 only 15 days after the application date of the permit.

20 Q. What does that mean, "mechanical completion date"?

21 A. It means it's in serious jeopardy. Basically, it's
22 unattainable. We don't have the permit yet. So then after
23 you get the permit, then you got to do the work. And then
24 after the bore is done, there's subsequent activities that
25 have to happen before you even reach MC. Tie-ins have to be

1 made. It's got to be hydro tested. There's a lot of work
2 still remaining.

3 Q. The fourth critical issue, is that the I-76 bore that
4 you were describing earlier?

5 A. Yes, sir.

6 Q. I want to focus your attention on the fourth now. The
7 fourth one, under "critical issues" on the left side, it says
8 "Pequea Creek variance." Do you see that part?

9 A. Yes, I see item 4 on the list.

10 Q. Was there a problem with the permit or variances related
11 to Pequea Creek?

12 A. Yes. Again, just reading the mitigation here, it says
13 we were awaiting approval to be able to blast, if necessary.
14 So, it's just one of those items where, if you start a
15 crossing, you need to finish it. So, we needed -- we needed
16 to be able to blast in case we encountered rock. I mean, if
17 there was no rock, fine. Once we started crossing, we dig it
18 out. But, you know, in the case of rock, you have to have
19 that approval to be able to use explosives, if necessary.

20 Q. Could Welded have achieved mechanical completion on June
21 14, 2018, without the I-76, without the Amtrak, or the Pequea
22 Creek permits that you were describing?

23 A. No. Like I said, we're already -- we're here at the end
24 of May and 14 days away from scheduled MC. There's no
25 possible way with these restrictions.

1 Q. Was Transco required under the contract to obtain the
2 permits we just discussed?

3 A. The permits were all provided through Williams, yes.

4 Q. Before the bankruptcy, was Welded planning to extend or
5 seek to extend the mechanical completion date to account for
6 Transco not getting these permits?

7 A. Well, the mechanical completion date played into that
8 incentive structure on the contract, the cost incentive and
9 the schedule incentive. So, yeah, the intention was to
10 take all these delays, take all these, you know, out-of-scope
11 items and calculate what the new incentive date should have
12 been. I mean, they were overcome by events of the filing by
13 that point.

14 Q. When would something like that normally happen on the
15 project?

16 A. It was -- once we knew what the completion date was
17 going to be. So, once you receive all these permits, then
18 you can schedule your work, and then you can meet the
19 mechanical completion date. But at this point, it's an open-
20 ended delay. We had no idea.

21 Q. So, when you eventually get the permits and plan the
22 work and then perform the work, in relation to the
23 performance of the work, when would you then seek to extend
24 the mechanical completion date?

25 A. Once we knew what -- once we hit the MC date and we knew

1 what it was, then we would know, you know, what that
2 timeframe was.

3 Q. Is that an end-of-the-job issue?

4 A. Yes. Like I said, the only thing it impacted was that
5 schedule calculation for the incentive. And, you know, at
6 this point in time, we were -- that's a sideline concern. We
7 were trying to finish the job here and focused on meeting the
8 MC or completing the MC.

9 Q. What's the -- the contract mechanism that you're
10 describing at the end of the job where you would change or
11 move the mechanical completion date or adjust the schedule?

12 A. Well, changes are -- there's a number of ways changes
13 were handled. They all start with trends. And then trends,
14 you know, once they're approved, they're roll into the EWR
15 process, which is extra work request. And then, you know,
16 there could be a request for services, another way to change.
17 But that's -- the change order process is through EWR.

18 Q. You mentioned trends, and you mentioned EWRs. Let's
19 start with trends. What's trend?

20 A. A trend is just a notice of change for any activity or
21 any cost category.

22 Q. And what's an EWR?

23 A. An EWR is an extra work request.

24 Q. How does a trend work with an EWR? What's the process
25 or sequence?

1 A. Yeah. So once -- trends were submitted when we received
2 approval back from Williams. Then they would indicate on the
3 trend that it was either a forecast trend or it was to
4 proceed with EWR. And then those that proceed with EWR were
5 then resubmitted as an EWR document.

6 Q. Can the schedule or the mechanical completion date
7 change through that trend and EWR process?

8 A. Yes.

9 Q. Did Welded submit an EWR from Transco -- for Transco's
10 permit delays at the end of the job as planned?

11 A. No. Like I said earlier, that activity was overcome by
12 the events of the filing.

13 MR. GUERKE: Could we go -- I want to shift gears
14 a little bit again, Mr. Hood, and talk about equipment.
15 Could you pull up JX1, please. But before I get there, Your
16 Honor, I'd like to move into evidence PX601, PX223, PX257.

17 MS. EWALD: No objection, Your Honor.

18 THE COURT: Thank you. Those are admitted.

19 (Exhibits received into evidence)

20 MR. GUERKE: Can you go to page 487, please.

21 THE COURT: We're back in the contract?

22 MR. GUERKE: Yes, Your Honor.

23 Can you put this page and the next page side by
24 side, please.

25 BY MR. GUERKE:

1 Q. I want to ask you about included equipment and specialty
2 equipment under the contract. Could you briefly explain
3 what's included as included equipment under the contract?

4 A. Yes. So, there's a definition here. And then there's a
5 reference to an Exhibit 2, which would even -- explains it
6 further. So as defined, it says [as read]: "Includes
7 materials, equipment, supplies, tools, vehicles, machines,
8 offices, office equipment, furnishings, communications, so
9 forth. It's typically only provided by contractors
10 performing work similar to this, such as those shown in
11 Exhibit 2 as well as the following."

12 So, Exhibit 2 was a list of the types of tractors and
13 equipment that was included in "included equipment."

14 Q. And how is Welded paid for its included equipment?

15 A. Included equipment was paid via that 50 percent
16 equipment fee based on the labor cost.

17 Q. You mentioned the list -- I think you said Exhibit 2?

18 MR. GUERKE: Could we go to 504, please.

19 BY MR. GUERKE:

20 Q. Is this the Exhibit 2 you were just describing Mr. Hood?

21 A. This is the cover page.

22 MR. GUERKE: Can we go to the next page, please.

23 BY MR. GUERKE:

24 Q. And, Mr. Hood, what is generally shown on Exhibit 2?

25 A. Okay. So, yeah, this is -- the list starts -- it starts

1 out with heavy equipment. Then over on the left-hand
2 column, it calls out each type of equipment. The right-hand
3 column gives a more definition of what's included and what
4 may be excluded based on its size category, for example.
5 Those -- anything -- a small dozer up to a D8 is included.
6 If it was a D9 or larger, it would be in the other category.

7 Q. Mr. Hood, about 75 percent down the page there are
8 pickup trucks identified on Exhibit 2.

9 A. Yeah. Down -- yeah, they're highlighted in yellow.

10 Q. Are certain pickup trucks included equipment and other
11 type of pickup trucks are included as part of labor cost?

12 A. That's correct.

13 Q. Could you explain the difference, please?

14 A. Yeah. So, pickups -- you know, pickups that are used
15 for the work, used in the yard, driven by the straws and that
16 sort of thing are classified as included. Pickup trucks that
17 are handled under the conditions or the benefit allowance,
18 those are the ones that are categorized as labor costs. So,
19 it depends on who's driving the truck as to whether it's
20 included or excluded.

21 Q. Is that expressly stated here on this exhibit?

22 A. Yeah. That's the -- in the parenthetical here, it
23 excludes those that appear on the labor cost, so...

24 Q. Do you remember yesterday, Mr. Hood, we looked at the
25 video, and we saw that piece of equipment that was blowing

1 straw? Do you recall that?

2 A. Yes.

3 MR. GUERKE: Could you go up to the part of this
4 exhibit that says "Marookas," please. "Marooka" is right in
5 the middle.

6 THE WITNESS: Right in the middle of the page.

7 BY MR. GUERKE:

8 Q. We hit on this a little bit yesterday, but what is a
9 Marooka or Marooka-type piece of equipment?

10 A. Yeah. So, if you remember, on the video yesterday, it
11 had that straw blower on it. That's a typical Marooka --
12 Marooka is a brand name. There are other types of equipment
13 that -- they're all called Marookas, kind of like you call a
14 -- well, Coke is "Coke," right. So Marooka is a brand name
15 but it's that track type of equipment that's a material
16 mover. It has a flatbed on the back, and it's used to -- in
17 off-road environments like right-of-way and muddy terrain.
18 They work pretty well in that.

19 MR. GUERKE: Could you go to page 487, please.

20 BY MR. GUERKE:

21 Q. We talked about included equipment, the definition. We
22 saw this list. Is there a separate definition for what's
23 called in the contract "specialty equipment"?

24 A. Yeah. That's -- the third item on the page here is
25 specialty.

1 Q. And what is included as specialty equipment compared to
2 included equipment?

3 A. Per the definition here, it means [as read]: "Equipment
4 not typically owned by contractors performing work similar to
5 this work." And then it calls out some samples like rock-
6 cutting bore heads, which we use a lot of on the job.
7 Trenchers, we use on the job. Drying units, we use. HDD
8 boring rigs. Screening equipment, we used. Sheet pile
9 drivers. Modular trench-shoring systems is another example
10 of items that we used. The coating equipment, the mechanized
11 welding equipment, pipe-facing and counter-boring equipment.
12 All these specialty things that -- you know, a pipeline
13 contractor doesn't generally own this stuff. It's usually
14 the subcontractors that are provided by a third party to do
15 that work.

16 Q. Were you responsible for determining in the invoices
17 whether to bill certain pieces of equipment as specialty
18 equipment?

19 A. I was responsible for providing the training. So, the
20 cost engineers and superintendents were the ones that made
21 the call. You know, the cost engineer would prepare the
22 invoice. If they had a question, they'd take it to the
23 superintendent. If the superintendent -- between that person
24 and the superintendent, if they couldn't figure out which way
25 it went, then they would come to me for advice and guidance.

1 Q. Are you aware that Transco is trying to recoup money for
2 payments made under the invoices for specialty equipment?

3 A. I'm aware of that, yes.

4 Q. Are you aware that the two main categories are Marooka-
5 type vehicles with attachments and the trench boxes -- or the
6 nonconventional trench boxes?

7 A. Yes. I'm aware of that, yes.

8 Q. When Welded billed specialty equipment to Transco, in
9 its invoices in the spreadsheets, did it identify all the
10 specialty equipment that's being invoiced?

11 A. Yes, it's all identified -- actually, each invoice is
12 identified. So, each and every invoice from a third party
13 would be identified.

14 Q. And what level of information is included?

15 A. On the summary, there would be an invoice number, a
16 description, and a vendor name and an amount. Within the
17 backup calculation would be that -- the actual index from XYZ
18 supplier with the provided type of equipment and cost
19 information.

20 MR. GUERKE: Could you go to -- I think it's JX67.
21 The page I'd like -- I don't have the exact page. On the
22 bottom right, the Bates ends with 3641.

23 BY MR. GUERKE:

24 Q. Mr. Hood, I've pulled up Exhibit JX67, which is one of
25 the invoices that you and I discussed earlier. It is the

1 June 2018 cash call of the March 2018 reconciliation. Is
2 this the level of detail that Welded provided in its monthly
3 reconciliation invoices related to specialty equipment?

4 A. Yes. This is the summary of invoices. And then, like I
5 said, behind this would be the detail.

6 MR. GUERKE: Could you go down the page, maybe 60
7 or 70 percent.

8 BY MR. GUERKE:

9 Q. There is a charge from Newman Tractor. The PO is 60947,
10 and it is described as a Marooka with fin blower. Are you
11 with me at that part of the specialty equipment spreadsheet
12 attached to this part of the reconciliation invoice, Mr.
13 Hood?

14 A. I see that, yes.

15 Q. Is this similar to the vehicle we saw on the video the
16 other day?

17 A. I would say yes. It's a straw blower mounted on a
18 Marooka tractor.

19 Q. Did -- the Marooka-type tractors, did Welded bill as
20 specialty equipment certain Marooka-type tractors with
21 specialty attachments?

22 A. Only if they had these attachments. Only -- we're using
23 this as a straw blower. So yes. In this case, yes.

24 Q. And for the standard Marooka or similar vehicle, was
25 that not billed separately and part of included equipment?

1 A. That's correct.

2 Q. And who -- how did you make that call on what to bill as
3 specialty equipment to Transco for these type of vehicles and
4 what not to?

5 A. Again, based on the -- based on the definition of
6 "specialty" versus "included," the cost engineer made those
7 decisions, consulting with the superintendent if she needed
8 guidance.

9 Q. And for this type of specialty equipment, I see the --
10 the information that's listed here. Is there also backup
11 information, backup invoices, documentation provided with
12 these reconciliation invoices?

13 A. Yes. So, in the voluminous documentation that backs up
14 this summary, there would be an invoice page with the Invoice
15 Number 60947A from Newman Tractor, and it would have all the
16 details of the monthly rate and the period it was rented for
17 and the costs that went into accounts payable.

18 MR. GUERKE: I want to go down a little further
19 down the screen. There are some specialty equipment charges
20 for trench boxes from United Rental. The first one I see is
21 PO Number 76261. Right there, yeah.

22 BY MR. GUERKE:

23 Q. So, on the issue of trench boxes, did Welded bill
24 certain types of trench boxes of specialty equipment and then
25 not charge separately for other types of trench boxes?

1 A. That's correct. Again, depending on what type of trench
2 box it was. If it was a standard, everyday trench box, no,
3 those were to be not billed. They were to be included. If
4 there was one of these engineered systems, a slide rail-type,
5 they call it, that we used for some of the larger exit and
6 entry bore pits, then, yes, those were called out as
7 specialty.

8 Q. In that process that you're describing, where you are
9 identifying specialty equipment to be separately paid in an
10 invoice, whether it's for trench boxes or Marooka type of
11 vehicles with a specialty attachment, what's the process that
12 you and your team went through?

13 A. So, when we started off -- it all started with that --
14 remember that -- we talked yesterday about that commercial
15 awareness training that identified what's included, what's
16 excluded, what the different components of cost were. So
17 that's -- that was kind of the guiding document. And then
18 the cost engineer had the responsibility to look at every
19 invoice, determine, you know, which category it belonged
20 in, and categorize it accordingly.

21 If guidance was needed, the cost engineer sat next to
22 the superintendent in the spread office and received guidance
23 from him. And if it needed further guidance, they would come
24 to my office. And either the lead cost engineer would figure
25 it out and give guidance or, last resort, they'd come to me

1 with it.

2 Q. And you're the one that would review and approve and
3 sign the invoices with the specialty equipment. Is that
4 fair?

5 A. I signed the cover sheet of every invoice. This is the
6 one page of the backup, yes.

7 Q. We talked about certain pieces of equipment. We saw
8 pictures. I have an idea of what that is. Trench boxes.
9 What's a trench box? How is it used on this job?

10 A. So, a number of ways. Trench boxes are ensuring
11 protection, basically. They allow you to work in a ditch
12 where you've got a potential of cave-ins from the soil. So,
13 we had -- there are a couple of different types of trench
14 boxes. Like I said, there's the basic, everyday trench box
15 that's just two steel panels with pipes in between that you
16 drop down in a ditch and go make a tie-in weld in. Those are
17 included.

18 The larger ones that are like engineered systems that
19 are -- they're actually called slide rail trench box systems.
20 They're massive. They have -- you drive in the supports, and
21 then you slide down the walls on three or four sides,
22 depending on what you're working on. And so those are called
23 out as specialty. So that's -- you've got to know
24 which one is which to know which category it belongs in.

25 MR. NEIBURG: I'd like to stop for lunch,

1 Your Honor, if that's acceptable to you.

2 THE COURT: Yes, it's acceptable.

3 MR. GUERKE: Thank you.

4 THE COURT: Thank you. We're in recess.

5 (Recess taken 12:02 p.m.)

6 (Proceedings resumed at 1:00 p.m.)

7 (Call to Order of the Court)

8 THE COURT: Please be seated.

9 MR. GUERKE: Thank you, Your Honor. Again, Kevin
10 Guerke, for the record.

11 DIRECT EXAMINATION (CONTINUES)

12 BY MR. GUERKE:

13 Q. Mr. Hood, I want to move into the area of -- the period
14 of time before the notice to proceed was issued, so the pre-
15 notice to proceed period of time. How was -- what were the
16 general activities that Welded performed on the ASR before
17 the notice to proceed was issued?

18 A. Before the notice to proceed?

19 Q. Yes.

20 A. So, the activities there were a lot of reconnaissance, a
21 lot of just gathering of information to be able to prepare
22 the new estimate -- the new execution plan and new schedule.
23 Those were the primary goals, was collecting of knowledge to
24 accurately prepare the estimate.

25 Q. Were you putting together your team at that point?

1 A. Yes.

2 Q. And were you planning to work?

3 A. Yes. Yes, we were planning three spreads, planning, you
4 know, execution plans, planning organization charts, all that
5 -- all of that.

6 Q. And is one of the results of that pre-notice to proceed
7 work the updated cost estimate and that evolution to the -
8 what became Amendment 1?

9 A. Yes.

10 Q. How was Welded compensated for the pre-notice to proceed
11 period?

12 A. That was on a straight reimbursable. There were no --
13 the equipment fee wasn't in effect during that time.

14 Q. Did Welded invoice monthly or periodically for pre-
15 notice to proceed work?

16 A. I believe it was monthly, yes.

17 Q. What was your role in that pre-notice to proceed
18 invoicing process?

19 A. Again, like with all invoices, I reviewed them -- the
20 generation of them, reviewed the final numbers, and signed
21 them. And then they got sent in.

22 MR. GUERKE: Could you pull up PX171, please. And
23 go to page 2 of this exhibit, please.

24 BY MR. GUERKE:

25 Q. Mr. Hood, did Welded reserve equipment specifically for

1 the ASR project pre-notice to proceed?

2 A. Yes. There was set equipment committed for the project.

3 Q. And what is on the screen here, Exhibit PX171?

4 A. This is the -- referred to as the pre-NTP equipment list
5 and generation of the value.

6 Q. What was the purpose of this invoice and this list?

7 A. Again, this was to satisfy that portion of the contract
8 where the committed equipment, during that delayed NTP
9 period, was to be reimbursed.

10 Q. What was the source of the information contained in this
11 invoice?

12 A. The source was -- the data came from our Perrysburg
13 equipment group. So, they provided the equipment that they
14 had committed to. They provided the -- the rates that they
15 were paying to the vendors. They provided the starting and
16 end dates for the equipment. So, they -- yeah, that all came
17 from the Perrysburg equipment group.

18 Q. And in this invoice, are there descriptions of each
19 piece of equipment that is -- that Welded reserved and was
20 billing Transco?

21 A. By category of equipment, yeah. They're described by
22 the type of equipment and the size.

23 Q. Does this invoice describe whether Welded owned the
24 equipment or whether the equipment was leased?

25 A. Yes. In the notes in the description column on the

1 left-hand side, it will be designated whether it's a Welded-
2 owned or a lease/finance piece or a straight lease.

3 Q. Does it describe the amount or the number of pieces of
4 equipment?

5 A. Yes, it does, over in the second column, number of
6 units.

7 Q. So how about the rate, whether it's a day rate or a
8 monthly rate, is that also included?

9 A. That's in the third and fourth column.

10 Q. What about the amount of time or the dates or date
11 ranges for these various pieces of equipment? Is that
12 description included?

13 A. Yes. That's shown in the month columns starting
14 February over to September.

15 Q. And the total amount, is that included?

16 A. Total amount, in the far-right column, yes.

17 Q. Where was this equipment generally located?

18 A. In one of many yards. We had -- Welded had equipment
19 yards in Red Lion, Pennsylvania. They had an equipment yard
20 over in -- at their main office over in Perrysburg. There
21 could have been on other -- there are other yards from
22 previous jobsites that they worked on. So, it's scattered
23 about the Northeast.

24 Q. Was some of the equipment modified for the ASR
25 specifically?

1 A. Yes, it was.

2 Q. In what way?

3 A. Well, in particular, the 594s, they were -- I believe we
4 added, you know, hydraulics to them. Some of them were down
5 in Maryland at a -- Bill Miller is the name of the
6 refurbishing shop. So those were all rigged up and ready to
7 roll for the project. They needed a bit of refurbishment.

8 Q. Yesterday Mr. Hawkins testified about rollover cages.
9 Do you recall rollover cages being part of the modifications
10 being made to this part of the equipment?

11 A. They could have been on some, not all of them, they had.
12 But it's possible that some of those pieces had -- it's
13 called a rocks rollover protection system, yes, added safety.

14 Q. Was the equipment on this list located on the right-of-
15 way -- the ASR right-of-way?

16 A. No. We had no access to the ASR right-of-way at this
17 point in time.

18 Q. And what -- was this equipment used on other jobs during
19 the periods identified?

20 A. Not during this period, no. The months shown are when
21 it was idle and available for the ASR.

22 Q. Did Welded submit this invoice or this invoice -- a very
23 similar version of this invoice in a package of invoices to
24 Transco?

25 A. Yes. I believe there were either two or three invoices

1 that made up the total.

2 Q. After Welded submitted the pre-notice to proceed
3 invoices for this reserve standby equipment, did Transco
4 dispute the invoices in any way?

5 A. No. They were paid and not disputed.

6 Q. Did Transco ever question the invoices?

7 A. No, these were not questioned in any way.

8 Q. At any point after the invoice was submitted, did
9 Transco ask for additional documentation or additional
10 substantiation?

11 A. No, not outside the list here that has the quantity and
12 piece count.

13 Q. If they had done that, what would you have done in
14 response?

15 A. Well, we would have provided any number of information.
16 We could have provided the invoice from the lease company.
17 We could have sent photographs of them. We could have sent
18 whatever was requested.

19 MR. GUERKE: Could you pull up Exhibit JX9,
20 please.

21 BY MR. GUERKE:

22 Q. Mr. Hood, could you -- this is an email. Could you
23 identify the -- the sender -- let's start at the bottom -- the
24 sender and recipient of -- and the date of this bottom email?

25 A. The bottom email, Andy Mack -- so that's our Perrysburg

1 equipment rep or equipment manager -- to myself, copied to
2 Scott Shaner our general superintendent.

3 Q. I want to ask you a question about this part of the
4 email. It states [as read]: "Please reach out to David
5 Sztroin at Williams and confirm the commitment to cover the
6 cost of the additional 30 pipe layers for the project
7 estimated to begin October 1. Need this as quick as possible
8 to secure the equipment."

9 Did I read that correctly?

10 A. That's correct.

11 Q. Are the 30 pieces of equipment -- the 30 pipelayers
12 described in this email to you different than the pre-notice
13 to proceed equipment that we just talked about?

14 A. Yes. This is a completely different set of equipment.

15 Q. And the email above, is that one dated August 9th and
16 it's from you to Andy Mack in response to his email, the
17 middle email?

18 A. The middle email is from me to Andy concerning a
19 conversation that Mr. Sztroin and I had.

20 Q. And that statement in that part of the email says [as
21 read]: "Confirmed with David Sztroin today via phone. His
22 comment was 'Whatever commitments you need to make, make
23 them.'"

24 Did I read that correctly?

25 A. That's correct.

1 Q. Did you have a conversation with Mr. Sztroin about the -
2 - these pipelayers?

3 A. Yes. We had a phone conversation. This was going on,
4 you know, a month before expected NTP. So, Andy needed a
5 confirmation. You know, it takes some lead time to get this
6 equipment there. Mr. Sztroin was confident that the NTP was
7 on its way, so he advised us to go and move forward.

8 Q. Is the quote there what he told you?

9 A. I put it in quotes as best as I remembered the
10 conversation, yes.

11 MR. GUERKE: Your Honor, I move Exhibit JX9 into
12 evidence.

13 MS. EWALD: No objection, Your Honor.

14 THE COURT: It's admitted.

15 (JX9 received into evidence)

16 BY MR. GUERKE:

17 Q. This email we just talked about is August 2017. I want
18 to go forward in time about a year, in the summer of 2018,
19 specifically the June time period, June 2018. Earlier we
20 talked about the June cash call. It was the invoice that was
21 JX67 that was discussed. And you showed us different parts
22 of that invoice. Do you recall that testimony?

23 A. Yes.

24 Q. During that time period, specifically that invoice, did
25 Transco pay the June invoice in full and on time?

1 A. That one was partially paid.

2 Q. Did Transco give you an explanation why that invoice was
3 partially paid?

4 A. Yes, they did. They explained that they had hit an
5 internal funding cap, if you will, and that they were going
6 through the process of documentation and requesting funds to
7 be able to pay the remainder of that invoice.

8 Q. Did you -- so what happened or how was that June 2018
9 invoice ultimately paid?

10 A. It was paid the same time as the following, the July
11 invoice. They paid -- the balance of June and the July cash
12 call were paid together.

13 Q. Does that mean that Transco paid less than the full
14 amount that was due in June and then made up the difference
15 in July?

16 A. June was partially paid on its due date, and then the
17 balance of it paid a month later with the July invoice.

18 Q. Did you discuss Transco running out of funding or
19 authority specifically with someone from Transco?

20 A. We had -- between myself and Sean Singleton, our project
21 controls manager, we were talking to Mr. Sztroin, we were
22 talking to Scott Card, we were talking to the folks at
23 Williams trying to understand what the time frame was and,
24 you know, if there was any information that we needed to
25 provide to help that justification. You know, they indicated

1 they wrote a memorandum or, you know, whatever their internal
2 procedure was to request addition to that cap.

3 MR. GUERKE: Could we pull up PX282, please. I
4 believe this one is already in evidence. We talked about it
5 yesterday with Mr. Hawkins.

6 BY MR. GUERKE:

7 Q. I want to direct your attention to the bottom part, Mr.
8 Hood. Is this an email that you initiated -- or is this an
9 email string that you initiated on July 2nd?

10 A. Yes. The bottom email is from myself to Mr. Sztroin and
11 others.

12 Q. And what are you saying to Mr. Sztroin in this email?

13 A. We were asking -- you know, because we had -- the
14 subject would be discussed in our weekly progress meetings,
15 and we knew that the mechanism for funding was in process.
16 So, I'm trying to get a date of when we can expect payment.

17 Q. So, when was the June payment due? Are they normally
18 due on the 5th of each month?

19 A. Right. We submit it, and then they were due on the 5th.
20 So, it would have been due June 5th.

21 Q. And at this point, July 2nd, are you approaching the
22 invoice date for the July cash call?

23 A. That's right. We're days away from the July payment
24 date.

25 Q. And if we slide up to the next section of this email.

1 How does Transco respond to you?

2 A. So, this is the next day, July 3rd. Mr. Card responds
3 with an email stating that the balance of June -- that's
4 20170120B with the B designator being the second half of that
5 payment and then 20170121, meaning the July payment. So,
6 he's saying both of those are queued for payment, he says, in
7 our AP system, anticipate funds being wired on July 5th, the
8 next day. Holiday in the middle there, July 4th. So, July
9 5th he's anticipating funds wired.

10 Q. Is it your understanding that those funds were paid on
11 or about July 5th?

12 A. That's my understanding, yes.

13 MR. GUERKE: Can we slide up to the top email,
14 please.

15 BY MR. GUERKE:

16 Q. Mr. Hood, this -- is this top email a letter from or an
17 email from, it looks like, Chris Springer to Mr. Hawkins
18 dated July 3rd, 2018?

19 A. Yes. It's coming -- I'm not sure who from. It says on
20 behalf of Chris, so it's coming from Mr. Springer and his
21 team.

22 MR. GUERKE: Could you go to the next page,
23 please.

24 BY MR. GUERKE:

25 Q. Attached to this exhibit, this email is Mr. Springer's

1 July 3rd, 2018, letter to Welded. Are you familiar with the
2 content of this letter?

3 A. Yes, I am.

4 Q. This is -- what was your reaction when you reviewed this
5 July 3rd letter from Chris Springer at Transco sent to
6 Welded?

7 A. I think we were all surprised. I mean, we were all
8 surprised to read in the second paragraph there about failure
9 to meet expectations and questions concerned about actual
10 billing because we knew the costs were increasing, but we
11 knew that there were reasons for that, right. So, to then
12 have this letter come -- especially, you know, the part about
13 accuracy of billing, because nothing up to this point had
14 ever been challenged. So surprised is a good descriptor.

15 Q. Did -- was the mechanical completion date important to
16 Transco?

17 A. Yes.

18 Q. Did Transco request that Welded increase resources on
19 the project?

20 A. We were asked to add tie-in crews. We were asked to,
21 you know, work extra hours on certain activities to try to
22 accelerate, yes.

23 Q. Were you also asked to add manpower?

24 A. Yes. Like I said, to add tie-in crews would mean, you
25 know, adding equipment, adding labor to operate that

1 equipment.

2 Q. Did that increase the cost of the project?

3 A. That would also have a cost increase, yes, sir.

4 Q. How did Welded respond to Transco's request?

5 A. Well, we started looking for tie-in crews. We started,
6 you know, trying to move crews around from other projects
7 that were finishing up. We tried to lease more equipment
8 from other providers. We had tapped out our source of
9 equipment from Welded-owned stocks. So, our equipment team
10 started talking to other contractors, other leasing companies
11 trying to meet the request as best we could.

12 MR. GUERKE: Could you turn to the next -- I'm
13 sorry, could you pull up PX294, please. Can you go to the
14 second page of this email. Perhaps, could you put it on both
15 sides.

16 BY MR. GUERKE:

17 Q. Mr. Hood, I want to direct your attention to the right
18 side of the screen, the first email in this -- in this
19 string. It's from -- is it from Chris Springer to Mr.
20 Hawkins, Jeffry Goebel, Phil Burke, and yourself and some
21 other people?

22 A. Yes.

23 Q. And what's the date?

24 A. 16th of July.

25 Q. In or about this time in July 2018, did you learn that

1 Transco wanted to conduct an audit with a company called
2 OGCS.

3 A. Yeah. This email was noticed to us that OGCS would --
4 wanted to audit -- or Williams wanted OGCS to come in and
5 audit.

6 Q. Is this how you first learned about the audit?

7 A. Yes. I mean, there were references, you know, in the
8 previous letter. But this is the first notice that OGCS is
9 involved.

10 Q. Did you participate in this call that looks like is
11 being scheduled around July -- on July 16th, 2018?

12 A. I'm sure I did. I don't recall the date or the -- the
13 conversation on the call. But I know we were -- at that
14 call, we were -- a meeting was scheduled with OGCS for them
15 to come to Mount Joy, and so we were -- that call was kind of
16 an introduction.

17 Q. Were those meetings, in fact, set up in your Mount Joy
18 office July 24th and July 25th, 2018?

19 A. That's correct.

20 Q. Who attended those meetings?

21 A. The OGCS fellows, Phil Burke, Neil Anderson. There was
22 one other individual, Adrian Green, I believe. Then from the
23 Welded side, we had -- all of our cost engineers were there.
24 We had -- Holly Peters, our payroll manager from Perrysburg,
25 she came down for the meeting. We had some of our

1 subcontractor administrators and cost engineers, myself.

2 Sean Singleton, our project controls manager, was there.

3 Q. Generally, can you describe those meetings, what you
4 did, what was accomplished?

5 A. Yeah. Well, actually, there was an agenda prepared for
6 the meeting and items that OGCS wanted to discuss. So, we --
7 you know, we gathered information, showed them, you know, the
8 process of how we did billing, how payroll was calculated.
9 That was one of the big items. You know, they wanted to look
10 at Paylocity, look and see how the -- how, you know,
11 everything was tracked and make sure there wasn't duplicate
12 items and that sort of thing. So, yeah, it was just
13 basically a fact-gathering and understanding meeting for them
14 to understand our process.

15 Q. What was your intent and your team's intent going into
16 these meetings?

17 A. To answer any question they may have. That's why we
18 brought down -- we had everybody there that was involved in
19 the process so that, you know, we wouldn't have to go out
20 and, you know, wait on a question. We had all the key people
21 there that were involved in billing, involved in payroll.

22 Q. Did you explain the invoice process that Welded went
23 through to compile and submit its invoices?

24 A. Yes. I mean, I'm fairly certain that we probably went
25 through that same PowerPoint presentation that we talked

1 about earlier. Showed how we took the various components of
2 Section 8 of the contract and then how we bucketized cost and
3 then how we, you know, billed for all the different
4 components of labor.

5 Q. Those meetings, July 24th, July 25th, did OGCS indicate
6 Welded was billing incorrectly?

7 A. No. At this point, they were gathering information.
8 There were some requests made for samples of the details of
9 the payroll. I think they wanted one month, you know, or
10 several weeks of a month back in April. So, they were going
11 to go back and then do a detailed analysis on our payroll
12 run.

13 Q. After this meeting, did you and your team have contact
14 with OGCS from the end of July through -- through and into
15 August or September?

16 A. Yes. There was a lot of data exchanged from --
17 especially the payroll group. These were very large data
18 files, so the folks in Perrysburg arranged to transmit all
19 that data through OGCS. And, you know, whatever - they would
20 come up with questions, you know, on how things were
21 structured within the system, how the coding was structured,
22 that sort of thing. Yeah, so it was ongoing back and forth.

23 Q. In that period after the July 24th and 25th meetings that
24 you just described, did Transco or OGCS indicate in any way
25 that Welded was billing improperly?

1 A. No. No. They were -- like I said, they were just
2 collecting information. And we never got any output from it
3 at that point.

4 Q. When did Welded breach mechanical completion?

5 A. September 19th, I believe.

6 Q. And when was FERC approval to put the pipeline into
7 service?

8 A. That was early October.

9 MR. GUERKE: Could you pull up JX94, please. Mr.
10 Hood, JX94, which, I believe, was admitted into evidence, is
11 an email from Dean McDowell on October 5th, 2018, at the
12 bottom. And then there is an email at the top from Steve
13 Hawkins dated October 5th. Could you go to the attached
14 letter, please. Could you put these two pages side by side.
15 BY MR. GUERKE:

16 Q. Mr. Hood, how did you learn that Transco was withholding
17 money from Welded?

18 A. How they were withholding?

19 Q. How did you learn that Transco was withholding money
20 from Welded?

21 A. This letter was -- let me read the text here to make
22 sure this is the letter. Yeah, this is the letter. The
23 first paragraph there is the notice of withholding. So, this
24 was the first -- first notice of any withholding.

25 Q. What was your reaction when you read this letter and

1 learned about the withholding?

2 A. Well, again, surprised. We were -- you know, we had
3 been working with OGCS since July now. So, we were four
4 months' working with them and, you know, hadn't received any
5 information about questions back and forth or why this, why
6 that. You know, they were just -- when they came to Mount
7 Joy and we sent them all the information, and then it was
8 radio silence from then on out until the letter was received.
9 And that was our first indication.

10 Q. In this letter, there's a -- line items for withholding,
11 and the withholdings are based in part on the application of
12 the equipment fee to labor costs. Are you familiar with that
13 part of the letter?

14 A. Yes.

15 Q. Had anyone on the Transco side indicated that was how
16 they were interpreting the contract at this point?

17 A. No, not until we received the letter.

18 Q. At the time Transco made the withholding, had Transco
19 provided any audit findings for its audit work?

20 A. No. There was no nothing. Nothing was submitted to us.

21 Q. As you can see on the right side of your screen, the
22 first paragraph, Transco is also withholding a little more
23 than \$1.9 million related to the schedule incentive --
24 schedule disincentive program. Are you familiar with that
25 part of the letter?

1 A. Yes.

2 Q. Did Transco, at this point, October 4th, 2018, ever
3 discuss the schedule penalty issue before this \$1.9 million
4 withholding was made?

5 A. No. This was the first notice of the withholding.

6 Q. Did you consider that this type of withholding on the
7 schedule was premature?

8 A. Well, in light of the -- you discussed earlier, you
9 know, the permit delays and the -- you know, the work or the
10 events out of our control. We certainly didn't expect to be
11 measured against June 14th, 2018, any longer.

12 Q. Were you aware that OGCS had already been creating audit
13 findings even before your meetings with them on July 24th and
14 July 25th, 2018?

15 A. No. That was -- our first meeting with them was there
16 in Mount Joy on the 24th, 25th.

17 Q. After this October 4th withholding, was there an
18 executive-level-type meeting with the people from Welded and
19 executives from Transco?

20 A. We met -- yes, there was a meeting in Houston at some
21 point. I forget the exact date. There was a meeting between
22 Mr. Hawkins and Mr. Wall, myself. I believe Mr. Singleton
23 was there and Welded.

24 Q. Who was there on the Transco side that you remember?

25 A. I believe Mr. Sztroin was there. I know Mr. Kirchen was

1 there. Others, I don't -- Mr. Springer may have been there.
2 I'm not certain of who all else was there.

3 Q. Describe that meeting. Who spoke for Transco?

4 A. Mr. Kirchen spoke for Transco, and Mr. Wall spoke
5 primarily for Bechtel.

6 Q. And what was the message from Mr. Kirchen in that
7 meeting?

8 A. That they were going to continue the audit effort. They
9 were going to stand by the withholding. You know, we were --
10 we were requesting payment to be made. And until we could,
11 you know, go through the audit process, that was our request
12 to Williams. But according to Mr. Kirchen, they were -- they
13 were sticking to the letter and going to make the withholding
14 anyway.

15 Q. What was your reaction to that position?

16 A. Well, again, it was a surprise at the time, a little bit
17 of shock that, you know, we had -- we had complied with the
18 request to add crews to get mechanical completion, you know,
19 in a timely manner, as timely as we could, which we all knew
20 was adding cost to the project. So, you know, on one hand,
21 we're spending more money. On the other hand, they're
22 saying, you know, that the costs are overrunning and we're
23 not going to pay you anymore. So that was a rock between a
24 hard place we were between.

25 Q. You're aware, aren't you, that Welded filed for

1 bankruptcy October 22nd, 2018?

2 A. Yes, I am.

3 Q. Were you involved in the work Welded performed after it
4 filed bankruptcy?

5 A. I was -- at that point -- when we filed bankruptcy, I
6 was -- had been transferred over to a job in West Virginia at
7 the time.

8 Q. At the time of this October 4th, 2018, withholding, had
9 Welded substantially completed its work?

10 A. At the time of -- say that again.

11 Q. At the time of the October 4th, 2018, withholding, the
12 letter that we're looking at, had Welded substantially
13 completed its work on the project?

14 A. Mechanical completion had been achieved. And then, you
15 know, operation acceptance was imminent. So, you know, the
16 only work left at this point would be the final cleanup, the
17 restoration, seeding, and removal of mats and that sort of
18 thing.

19 Q. Did Welded complete that final cleanup and restoration
20 work?

21 A. No. We completed a portion of it. And then on a
22 certain date, Welded was descope of the remainder of that
23 work.

24 Q. What does that mean, "descope"?

25 A. It was taken out of our contract. It was a -- following

1 the filing, there were a series of commitment letters that
2 identified what work we were to complete. One of those
3 commitment letters included a final date that said, you know,
4 any work following that date was no longer part of our
5 contract.

6 MR. GUERKE: Could you pull up JX103, please.

7 BY MR. GUERKE:

8 Q. Mr. Hood, is JX103 an email from you to David Sztroin
9 dated March 4th, 2019?

10 A. That's correct, yes.

11 Q. What is being conveyed in this email, and what is
12 attached?

13 A. These are the remaining reconciliation invoices for the
14 September and October monthly periods.

15 MR. GUERKE: If you could go to the next page,
16 please.

17 BY MR. GUERKE:

18 Q. Did you approve and sign these invoices?

19 A. Yes, I did.

20 Q. Are these invoices set up in the same way and compiled
21 in the same way as all the other reconciliation invoices?

22 A. Yes, that's correct. It's the same process, same
23 procedure.

24 Q. Did Welded follow the same process and procedure in
25 compiling, you know, generally each one of the reconciliation

1 invoices that it submitted to Transco?

2 A. Yes, that's correct.

3 Q. Did Transco pay you any of these invoices?

4 A. Neither of those invoices were paid.

5 Q. Did Transco dispute any part of these two invoices?

6 A. No. There was never -- never a notice of dispute on the
7 items.

8 Q. Did you receive any response at all from Transco after
9 these were submitted?

10 A. This email, I don't believe there was a response
11 received.

12 Q. You sent this email and these invoices to Mr. Sztroin.
13 Did he respond?

14 A. I don't believe we received a response.

15 MR. GUERKE: Could you pull up PX497, please.

16 BY MR. GUERKE:

17 Q. Mr. Hood, is PX497 --

18 MR. GUERKE: Actually, before I get into PX497,
19 Your Honor, I'd like to move into evidence JX103, which is
20 the March 4th, 2019, email and attached invoices that I just
21 discussed.

22 MS. EWALD: No objection, Your Honor. I think
23 it's already in.

24 THE COURT: Thank you. It's admitted, if it
25 wasn't already.

1 (JX103 received into evidence)

2 MR. GUERKE: Back to Exhibit 497.

3 BY MR. GUERKE:

4 Q. Mr. Hood, is Exhibit PX497 an email from you dated
5 October 30th, 2019, to David Sztroin and a few other people?

6 A. Yes, that's correct.

7 Q. What is it that you are saying in this email, and what's
8 attached?

9 A. Okay. Attached to this email is the final retention
10 invoices. So, we discussed earlier the fixed-fee amount was
11 -- a 10 percent withholding was made each month from that
12 fixed-fee billing. So, this is the billing for that 10
13 percent amount.

14 Q. Did you approve and sign the attached invoice?

15 A. I believe I did, yes.

16 MR. GUERKE: Could you go to the next page,
17 please.

18 BY MR. GUERKE:

19 Q. Does this final invoice reflect your signature and also
20 the invoice amount of \$5,050,000?

21 A. Yes, that's correct.

22 Q. Was Welded's work completed under the commitment letter
23 before you sent this invoice?

24 A. Yes. The work was completed back in 2018.

25 MR. GUERKE: Your Honor, I move into evidence

1 PX497.

2 MS. EWALD: No objection.

3 THE COURT: Thank you. It's admitted.

4 (PX497 received into evidence)

5 BY MR. GUERKE:

6 Q. Mr. Hood, a few years have passed now. You're in
7 Delaware in 2023. Looking back, how do you feel about how
8 this played out and what happened?

9 A. I guess disappointment is a good adjective. I mean, I
10 think when you look back at the commitment that we made, you
11 know, with 1,500 people-plus out there on the right-of-way
12 working in the conditions we worked in and the changes that
13 we endured and to have finished the job to -- you know, put
14 the job in service in the time we did, I think every one of
15 those pipeliners performed a great effort. Our safety record
16 was three times better than the target. I think pipeliners
17 are hard-working people. Pipeliners are very proud people.

18 And I know they're proud of the work they did. I know
19 -- you know, pipelining is hard work. It takes people away
20 from their home for months at a time. And then, you know, to
21 see what happened to the company that those 1,500-plus people
22 worked for, you know, reduced to a stack of binders on a
23 cart, you know, and the company not paying the way they did.
24 It's just a little bit of, in my mind, betrayal.

25 MR. GUERKE: Thank you, Mr. Hood.

1 THE COURT: Thank you. Cross.

2 MS. EWALD: May I please the Court. May I
3 proceed?

4 THE COURT: You may.

5 MS. EWALD: Thank you, Your Honor.

6 CROSS-EXAMINATION

7 BY MS. EWALD:

8 Q. Good afternoon, Mr. Hood. My name is Shelley Ewald. I
9 am the lawyer representing Transcontinental Gas Pipeline
10 Company. I believe we have met previously over Zoom --

11 A. Yes.

12 Q. -- but this is the first time in person. It's nice to
13 meet you. Mr. Hood, I think I'll pick up where your counsel
14 left off. Before we begin, I'm going back to the beginning
15 of this project. Mr. Guerke asked you with regard to the --
16 whether Welded had substantially completed its work on the
17 project. The term "substantial completion" was not a term in
18 the Transco-Welded contract, correct?

19 A. I don't recall that being a defined term.

20 Q. There was a mechanical completion date, correct?

21 A. Yes, there was.

22 Q. And there was a final completion date, correct?

23 A. I believe that's -- can we look at it?

24 Q. Certainly. And I'll draw your attention -- well, first
25 of all, Mr. Hood, do you understand that final completion

1 included the restoration and cleanup of the right-of-way?

2 MR. GUERKE: Objection, Your Honor. The witness
3 has asked to see the provision specifically that he's being
4 asked about.

5 THE COURT: Well, we can see if he knows.
6 Overruled.

7 THE WITNESS: There should be a definition in the
8 contract. So, if we could take a look at the final
9 completion, then it will have, you know, a set of events or a
10 trigger for what meets final completion.

11 BY MS. EWALD:

12 Q. And do you recall that "final acceptance" was a
13 provision of the contract? Do you recall that term?

14 A. That's what I'm asking. Let's look at it in the
15 contract and see what the term is.

16 MS. EWALD: Let's turn to the -- the document in
17 the binder that Mr. Guerke did not show you. And it's
18 Exhibit JX118. It's the next document.

19 THE COURT: In the third binder?

20 MS. EWALD: Yes, Your Honor. It was the next
21 exhibit.

22 THE COURT: Thank you.

23 BY MS. EWALD:

24 Q. Mr. Hood, it's in -- I believe it's in Binder 3 of 3,
25 and it's the very last document. Mr. Hood, do you recall

1 receiving this November 25, 2019, letter from Mr. Springer
2 addressed to you in response to the Welded invoice?

3 A. Yes, I recall receiving it.

4 Q. And in the response to your letter, Mr. Springer
5 indicated in the second line [as read]: "Pursuant to the
6 contract, including Appendix G, Welded has not met the
7 conditions required for final payment of retainage."

8 Do you see that?

9 A. I see the paragraph, yes.

10 Q. And in this contract, Mr. Hood, the retainage was
11 actually a portion of the profit and overhead in the fixed
12 fee, correct?

13 A. The retainage was of the fixed-fee amount.

14 Q. And that fixed fee was for the purpose of covering
15 Welded's overhead and profit, correct?

16 A. Yeah. The fixed fee is -- what makes up fixed fee is
17 listed in Section 8. So whatever Section -- however Section
18 8 defines it.

19 Q. And according to Mr. Springer's letter, the second page
20 -- and I'll draw your attention to the paragraph beginning
21 [as read]: "Pursuant to the contract, payment of Welded's
22 invoice is subject to final acceptance of the work, which has
23 not occurred."

24 Do you see that?

25 A. I see that paragraph, yes.

1 Q. And that is a reference to the contract that provides
2 [as read]: "A final acceptance and final payment to
3 contractor shall be made when authorized company
4 representative has determined to his or her complete
5 satisfaction that all work is of good quality and
6 workmanship."

7 And it goes on to indicate all of the information that
8 is required, including that all work has been accomplished
9 according to the terms of the contract. Do you see that?

10 A. I see that, yes.

11 Q. And the work that was to be accomplished according to
12 the terms of the contract included the final cleanup and
13 restoration of the right-of-way, correct?

14 A. Cleanup and restoration that was part of our scope, yes.

15 Q. And I believe, as you testified, that Welded did not
16 complete all of the restoration and cleanup of the 97 miles
17 of right-of-way, correct?

18 A. We did not complete the 97 miles because we were
19 descoped from a portion of that.

20 Q. And at that time that the descoping occurred was in
21 November 2018; is that correct, Mr. Hood?

22 A. It's terms of the -- the third commitment letter, so
23 whatever - November sounds about right.

24 Q. And at the time that Welded stopped work on the project
25 and -- the cleanup and restoration work could not be

1 completed based in part on the season of the year, correct?

2 A. We finished everything that was in our scope up to that
3 point, and then the rest was descoped from us. So, we didn't
4 - we didn't anticipate completing it after that date.

5 Q. And at the time that the descoping, as you characterize
6 it, occurred, the restoration work to complete the entirety
7 of Welded's scope of work under the contract couldn't be
8 performed due to the time of the year and the work that was
9 required; is that right?

10 A. I don't know. We weren't performing. It's not -- I
11 don't know when the replacement -- whoever was going to
12 complete it, I don't know what their schedule was, what their
13 obligations were.

14 MS. EWALD: Your Honor, I'd like to move for the
15 admission of JX118.

16 MR. GUERKE: No objection.

17 THE COURT: It's admitted.

18 (JX118 received into evidence)

19 BY MS. EWALD:

20 Q. And now I'd like to turn to the contract, Mr. Hood,
21 which, hopefully, you have in front of you, JX1. Mr. Hood,
22 do you have the contract in front of you?

23 A. I do, yes.

24 Q. Thank you. On that note, I'd like you to turn to JX1,
25 page 495, which is the -- Section 8 of the contract. And

1 I'll direct your attention to Section I at the bottom of the
2 page going over to the top of page 496. And I'm going to
3 direct your attention to that very final paragraph and ask
4 you: Mr. Hood, Welded was aware under the contract that this
5 final construction cost, which included the total
6 compensation payable to the contractor, including the fixed
7 fee, this final construction cost includes compensation
8 payable in connection with work scope items performed up
9 through final completion as opposed to compensation payable
10 to achieve mechanical completion only. Do you see that
11 language?

12 A. I see that, yes.

13 Q. And so you understood that the compensation, including
14 the entirety of the fixed fee, was payable not just for work
15 accomplished through mechanical completion but through final
16 completion, correct?

17 A. Say again. The payment of?

18 Q. The final fixed fee.

19 A. This is -- this is not talking about fixed fee. This is
20 talking about the -- the cost of the work in general.

21 Q. And it includes the fixed fee, correct, in the first
22 sentence? Do you see that, Mr. Hood, the total compensation
23 payable under the contract, a contractor for all time and
24 material work, reimbursable work, unit rate work, and fixed
25 fees collectively was identified as \$335 million? And that

1 final construction cost was compensation that was payable not
2 just through mechanical completion but through final
3 completion, correct?

4 A. That is correct. The 335 was the estimate for all the
5 work up to the final. I agree.

6 Q. I'd like to talk a little bit about the things that you
7 looked at in your role of determining what was billable work
8 under this contract. And I believe you testified about some
9 of those items on direct examination. And, in fact, one of
10 the things that you looked at, in addition to the contract,
11 was also the letter of intent, correct, the letter of intent
12 between Mr. Pace and Mr. Wall?

13 A. We had a copy of it. That wasn't the basis of our
14 training or the basis of our procedure for billing, but it
15 was -- we knew about it.

16 Q. And it was something that you considered, correct?

17 A. That I considered?

18 Q. In determining -- I'm sorry. That you considered in
19 determining what was billing, correct -- what was billable,
20 correct?

21 A. Well, I mean, the same terms in that letter were rolled
22 into Section 8 of the contract, so...

23 Q. And you personally referred to the letter of intent
24 between Mr. Wall and Mr. Pace when you were determining what
25 was billable, correct?

1 A. No. I used Section 8 of the contract.

2 Q. Mr. Hood, do you recall that I took your deposition in
3 December of 2020?

4 A. I recall, yes.

5 MS. EWALD: And, Your Honor, may I approach Mr.
6 Hood with his deposition? I can provide a copy of his
7 deposition to the Court as well.

8 THE COURT: Yes, you may.

9 MS. EWALD: Your Honor, may I approach?

10 THE COURT: You may.

11 BY MS. EWALD:

12 Q. Mr. Hood, I'd like to direct your attention to page 114
13 and 115 in the deposition conducted on December 14th, 2020.
14 And you recall being deposed on that day, correct?

15 A. Yes, I do.

16 Q. And do you see at page 114, I asked: "QUESTION: Was the
17 ASR contract dated August 10th, 2016, the document Welded
18 referred to when making determinations regarding what would
19 be billable to Transco?" And you answered: "ANSWER: That
20 was one of the documents we referred to." Do you see that?
21 And this is at the very bottom of page 114, Mr. Hood.

22 A. I see that, yes.

23 Q. I went on to ask:

24 "And what other documents were referred to?"

25 And you testified:

1 "We referred to a letter from Mr. Fred Pace to Mr. Rich
2 Wall."

3 Was that your testimony in December of 2020?

4 A. That's the testimony. I mean, I recall the letter, yes.

5 Q. And that was one of the -- that was one of the pieces of
6 information that you referred to when you were making
7 determinations with regard to what was billable to Transco,
8 correct?

9 A. I believe that everything that's in the letter was --
10 was rolled over into Section 8 of the contract. So, I don't
11 think there was any need to go back to that letter. I mean,
12 it may have provided some definition, but I don't think it
13 provided any differences from what's in Section 8 of the
14 contract.

15 Q. But it was a letter you referred to, correct?

16 A. It's -- yes.

17 Q. And there were differences between the letter between
18 Mr. Wall and Mr. Pace and the contract, correct?

19 A. Without seeing them side by side, I can't tell you what
20 the differences are, if any.

21 Q. Do you see on page 115, Mr. Hood, I asked you if there -
22 - within those two documents, if there were inconsistencies,
23 which you would rely upon. Do you recall me asking you that?

24 A. I recall you asked me, yes.

25 Q. And you indicate: "ANSWER: I don't believe there were

1 inconsistencies. There's just differences." Correct?

2 A. That's what I'm talking about. I think there were
3 language indifferences. But I don't think they were
4 inconsistent with one another. There may have been some
5 different wording or terminology.

6 Q. All right. Let's talk about what's in the August 10,
7 2016, contract. And I'd like to draw your attention to the -
8 - Exhibit 1 to Section 8. First of all, I'd like to draw
9 your attention to the cover page for Exhibit 1 to JX499. Do
10 you recall this language in the contract, the Exhibit 1, the
11 rates and benefits for field personnel?

12 A. Yes.

13 Q. And then the -- Exhibit 1, which is at page JX1501.
14 And, Mr. Hood, I have a larger version of that -- a paper
15 version of that if you'd like to see it.

16 A. Sure, if you have one handy.

17 Q. Certainly.

18 MS. EWALD: May I approach the witness, Your
19 Honor?

20 THE COURT: You may.

21 MS. EWALD: And would you like it larger?

22 THE COURT: I still have mine. Thank you.

23 BY MS. EWALD:

24 Q. Now, in the things that you looked at, Mr. Hood, to
25 determine how to appropriately bill Transco pursuant to the

1 contract, you did not look at Exhibit 1, correct?

2 A. Exhibit 1 rates were not used, no.

3 Q. And this was not a key document for you, correct?

4 A. What do you mean by "key document"?

5 Q. If these rates were not used, it would not be a key
6 document that Welded utilized in billing Transco, correct?

7 A. It wasn't a key document because it had been replaced
8 through the new re-estimates. We had a new list and new
9 rates for the actual implementation.

10 Q. And so is it your testimony that there was a revised
11 list of labor classifications in the new estimate?

12 A. The new estimate did have a new list. The new estimate
13 had all of the new staffing to meet the requirements, yes.

14 Q. And the new estimate that you're describing is the one
15 that was incorporated into the amendment in the contract; is
16 that right?

17 A. That's right, the 454, yeah.

18 Q. And so during the contract performance period, you never
19 requested any additional labor classifications be added to
20 the list that's set forth here outside of the amendment to --
21 the amendment process, correct?

22 A. Can you say that again?

23 Q. Yes. You never submitted a request to Transco to
24 identify additional labor classifications outside of what
25 you're describing as the re-estimating process, correct?

1 A. I believe the re-estimating included all of the -- all
2 of the -- all of the -- the new positions that were added, I
3 believe, all got incorporated into that new estimate.

4 Q. And did you individually seek approval from Transco
5 before implementing any change to the wages and benefits for
6 field personnel in excess of 7.5 percent above the values
7 shown in Exhibit 1?

8 A. Anytime there was any change in our -- in our
9 forecasting within that -- all those -- those rates would be
10 amended. Those rates -- as people may have gotten raises or
11 what have you, all that was rolled into the reforecasting.
12 So every time we had a reforecast, we had a presentation and
13 a review of the list. And that happened once every few
14 months.

15 Q. And with regard to the list of field personnel that we
16 see here at Exhibit 1, the -- for the most part, under
17 "vehicle rental," all of the field personnel were identified
18 as "NA." That refers to "not applicable," correct?

19 A. On this sheet, you're talking about?

20 Q. Yes.

21 A. Yes.

22 Q. And so under "field personnel," the only labor
23 classification where vehicle rental was not NA was the
24 assistant superintendent, correct?

25 A. On this list, that's correct.

1 Q. And all of the field personnel that Welded utilized on
2 the project were provided with a rental vehicle, correct?

3 A. They were -- again, they were provided a vehicle per the
4 terms of their vehicle policy. So, it could have been a per
5 diem-type or a vehicle allowance. It could have been a
6 vehicle provided through a lease company.

7 Q. And the policy that you just described, Mr. Hood, is a
8 Welded policy, correct?

9 A. Yes.

10 Q. And it's a Welded internal policy, correct?

11 A. Yeah. It's a Welded personnel policy.

12 Q. And with regard to the statement under the notes that
13 the weekly rate was based on a 60-hour workweek, no
14 adjustment for more than 60 hours in a week, that indicated
15 that field personnel would not be compensated for working
16 over 60 hours a week, correct?

17 A. Well, the -- Welded guys were paid on a different scale
18 on Sunday. So, their employment conditions included -- if
19 they worked that seventh day, they didn't get their hourly
20 rate but they got a -- they got a -- I don't know whether it
21 was 5 -- 500 here back in '16. But they got a stipend for
22 that seventh day of work.

23 Q. And you did not submit a request for approval in advance
24 of billing that to Transco as provided -- or as required by
25 Note 1, correct?

1 A. Well, I guess, as I said before, this entire list was
2 subsequently changed by the new list people, the new rates
3 that would have went into the amendment. So, there's a new
4 list and new rates.

5 Q. So, the information set forth on Exhibit 1 was not
6 utilized in any way by Welded in its billing to Transco,
7 correct?

8 A. Not in this format, no. This Exhibit 1 was from past
9 history. It was revised in the new estimate.

10 Q. Well, let's turn to that new estimate. You're speaking
11 of the new estimate that was incorporated into the contract
12 via Amendment 1, correct?

13 A. Yes, the 454 estimate.

14 Q. And I believe you looked at that on direct examination.
15 I believe it is at JX1845, correct? Mr. Hood, I'm drawing
16 your attention to JX1845. That's the new estimate that was
17 incorporated into the contract via Amendment 1, correct?

18 A. This is the -- this is the estimate summary, yes.

19 Q. And this estimate summary doesn't have a list of labor
20 classifications, correct?

21 A. Well, this is just a summary page. The details of the
22 estimate would have all the stabbing plan with the rates for
23 the people and their names that signed. They had -- all the
24 details would be behind -- for example, this 41 million
25 number in field management supervision is built up on a

1 stabbing plan of months worked and names or positions.

2 Q. And that detailed estimate that you just described was
3 not incorporated into the contract in Amendment 1, correct?

4 A. It's the backup to this. I mean, by association, I
5 guess, that's how you get to the 41 number is through the
6 backup.

7 Q. And that detailed estimate was never provided to
8 Transco, correct?

9 A. Oh, yes, it was.

10 Q. The detailed estimate?

11 A. I'm sure it was. It was provided back in -- in August
12 of '17.

13 Q. Was it provided through the presentation that you
14 testified about in your direct testimony? Is that what
15 you're saying?

16 A. It was provided through -- you know, from our project
17 controls guys. All the details were provided to -- to Priya
18 and her team to roll into the baseline of the project. So,
19 all of that information was available.

20 Q. And in the contract amendment that you referenced in
21 your direct testimony, the JX845, we don't see any labor
22 classifications or rates for field personnel, correct?

23 A. I don't believe the document got carried into the actual
24 amendment document, but it was certainly a part of the
25 number.

1 Q. And with regard to your testimony with respect to the
2 labor union agreements -- do you recall that testimony, Mr.
3 Hood?

4 A. Yes.

5 Q. And the -- the pre-job conferences that you spoke about
6 in your direct testimony, Transco was not invited to those
7 pre-job conferences, correct?

8 A. I don't know that they were or not.

9 Q. And at least with regard to the exhibits that we looked
10 at this morning, those pre-job conferences in those emails
11 were not provided to Transco, correct?

12 A. The pre-job conferences?

13 Q. Yes. We did not see any emails in your direct testimony
14 where those pre-job conferences had been provided to anyone
15 at Transco, correct?

16 A. The pre-job -- the emails with the pre-job notes, I
17 know, were provided to Transco.

18 Q. And how do you know that, sir?

19 A. Well, I remember a discussion with -- with -- I know it
20 was a Colby (ph) early in the job, requested those. So, I'm
21 sure they were sent over.

22 Q. And with regard to those pre-job conference notes, they
23 were not incorporated into the Amendment 1 to the contract,
24 correct?

25 A. Not -- the document itself wasn't, no.

1 Q. And, in fact, the Amendment 1 of the contract included
2 the -- references to the previous NPLAs, correct?

3 A. I don't recall what's -- can I look at Amendment 1?

4 Q. Yes. If you turn to JX840. And we're looking at -- now
5 we're looking at the Exhibit 3 that was included in Amendment
6 1. Do you see that?

7 A. Yes, I see it.

8 Q. And Exhibit 3 lists the various NPLA agreements through
9 June of 2017, correct?

10 A. Yes. These are the expired agreements.

11 Q. And so these were not the NPLA agreements that you
12 testify about in your direct testimony, correct?

13 A. No. These are always old and expired.

14 Q. And Amendment 1 to the contract was executed by Welded
15 in March of 2018, correct?

16 A. That's correct.

17 Q. And it was ultimately signed by Transco, I believe, in
18 May of 2018; is that correct?

19 A. I believe that was the date on the signature.

20 Q. And -- but at that time in 2018, the NPLA that you
21 testified about this morning were not incorporated into
22 Exhibit 3, correct?

23 A. It appears that they didn't include the new ones here.

24 Q. And looking at the language of the amended Section 8 to
25 the contract -- and I'll turn your attention, Mr. Hood, to

1 JX826 to the definition of "labor cost." Do you see that?

2 A. Yes, I see it.

3 Q. And in Amendment 1 to the contract, the definition of
4 "labor cost" still references expressly the actual wages and
5 benefits in accordance with Exhibit 1, correct?

6 A. Yes, it does.

7 Q. And it still references expressly the
8 fringe benefits, employee vehicle rental pay, et cetera, in
9 accordance with Exhibit 1 actually paid to NPLA and field
10 personnel in connection with payment for actual work. Do you
11 see that?

12 A. I see that.

13 Q. And the Exhibit 1 that is being referenced in Section 8
14 to Amendment 1 is that same oversized Exhibit 1 document that
15 can be found at -- and I'll get the record reference --
16 that's the Exhibit 1 that is at JX503 that I handed you,
17 correct?

18 A. Yes. I have a copy of that.

19 Q. All right. I'd like to speak a little bit about the rig
20 rental pay that you discussed with Mr. Guerke on direct
21 examination. And let's take a look at the rig rental pay, as
22 it's described in the NPLAs attached to the contract, if you
23 would. And I'll draw your attention in JX01, Mr. Hood, to
24 page 907 and 908. Are you there, Mr. Hood?

25 A. I see it, yes.

1 Q. Okay. Thank you. First of all, let's talk about what a
2 welding rig is. A welding rig is a -- it's a truck; is that
3 right?

4 A. That's correct.

5 Q. And it's a truck that includes mechanical and electrical
6 equipment, correct?

7 A. Generally -- usually include a welding machine, yes.

8 Q. And it also includes a generator, a power source,
9 correct?

10 A. As part of a welding machine, yes.

11 Q. And it also includes an air compressor, correct?

12 A. It could, yes.

13 Q. And it includes a welder -- a welding machine, right?

14 A. Yes.

15 Q. And it is a piece of equipment. You would agree with
16 me, correct?

17 A. It's equipment, yes.

18 Q. And according to the pipelayers -- pipeliners' NPLA, the
19 rig rental is covered in Section XIX at JX907 to 908,
20 correct?

21 A. Say that again, please.

22 Q. Yes. Under Section XIX, welding rigs are addressed in
23 the NPLA related to the pipelayers, called the United
24 Association of Journeymen and Apprentices of the Plumbing and
25 Pipefitting Industry of the United States and Canada,

1 correct?

2 A. Yes.

3 Q. And under this agreement, if a Welded journeyman -- a
4 Welded journeyman was dispatched to the project, they'd be
5 required to provide a usable welding rig, correct?

6 A. Which paragraph?

7 Q. It's at the bottom of page 907, top of 908. [As read]:
8 "It is understood and agreed, however, that a welder
9 journeyman who is dispatched to a project as a rig welder
10 will be required to provide a usable rig as a condition of
11 the dispatch." Do you see that?

12 A. I see that.

13 Q. And [as read]: "If the union is unable to fill the
14 dispatch request, the employer may obtain rig welders from
15 any source in accordance with Article VG4 of the agreement."
16 Correct?

17 A. I see that, yes.

18 Q. So, if a welder journeyman was unable to provide a
19 welding rig, the employer -- and that is Welded, correct?

20 A. The employer is Welded, yes.

21 Q. And so Welded could go out and get this piece of
22 equipment from another third party, correct?

23 A. No. This is talking about if the welder cannot -- if
24 he's dispatched to the project and he can't provide
25 equipment, his rig, then the employer has the right to go

1 find a welder elsewhere.

2 Q. Understood. Thank you for that.

3 A. A welder, not a welding machine.

4 Q. Understood. Thank you for that clarification. I
5 appreciate that, Mr. Hood.

6 Under Section C, the last sentence in that paragraph
7 states [as read]: "Payment for the rig rental shall be
8 separate from the check or other payment for regular
9 payroll."

10 Correct?

11 A. I see that, yes.

12 Q. So, the welder's check for wages and benefits was
13 separate from the check they got for their rig rental,
14 correct?

15 A. I can't verify they've got two checks or two deposits.
16 How the actual banking worked, that -- I don't know the
17 details of that.

18 Q. But the payment was to be - the payment for the rental
19 of the equipment was to be separate from payment for regular
20 payroll, correct?

21 A. Yeah. I mean, they may have - I don't know what that's
22 referring to, if it's referring to two different deposits. I
23 don't know.

24 Q. I'd like to --

25 THE COURT: Are you moving to another topic?

1 MS. EWALD: I am going to move to another topic,
2 Your Honor. I know you have a break at 2:30.

3 THE COURT: I do. So, let's take that break now.

4 MR. GUERKE: Your Honor, what would you like us to
5 do with the tapes?

6 THE COURT: Can you ask Lori to come in here. Let
7 me find out if anybody is going to be here in person or if
8 it's going to be Zoom. Can you, at least, move it down. I
9 don't think we will have a tremendous number of people. So,
10 yes, if you could move it off the table. Thank you.

11 Mr. Hood, again, don't talk about your testimony
12 with anybody.

13 (Recess taken at 2:24 p.m.)

14 (Proceedings resumed at 3:39 p.m.)

15 (Call to Order of the Court)

16 THE COURT: Please be seated.

17 MS. EWALD: Your Honor, may I proceed?

18 THE COURT: You may.

19 MS. EWALD: Thank you.

20 CROSS-EXAMINATION (CONTINUES)

21 BY MS. EWALD:

22 Q Mr. Hood, I wanted to ask you a few questions about your
23 testimony regarding the permit issues on Spread 6 and 7. Do
24 you recall that testimony?

25 A Our testimony here?

1 Q Yes.

2 A Yes.

3 Q And with regard to your testimony about the crossing at
4 I-76, do you recall that you discussed that on your direct?

5 A Yes.

6 Q And the original permit that was issued prior to notice
7 to proceed had a crossing methodology for I-76, correct?

8 A Do we have the permit available? I don't know what the
9 methodology was permitted to be.

10 Q That was not my question, Mr. Hood. My question was:
11 The permit included the methodology for crossing I-76,
12 correct?

13 A There would have been a methodology on the permit, yes.

14 Q And so sitting here today, do you recall that the
15 methodology for crossing I-76 was a road bore crossing?

16 A It was a road bore crossing, yes.

17 Q The water, body, or stream that you were discussing in
18 your direct was going to be an open cut methodology, correct?

19 A I don't recall the permit, but if that's how it was
20 permitted.

21 Q Well, Welded asked to increase both the length of the
22 bore and to do the entirety of the crossing of both the
23 streams and I-76 using a bore, right?

24 A That's correct.

25 Q And Transco had to get a variance to the permit for that,

1 correct?

2 A That's correct.

3 Q And Transco went about getting that variance for Welded,
4 correct?

5 A Did we receive the permit that way? I don't recall how
6 the permit came back.

7 Q Well, do you recall that Transco did get the variance
8 that Welded requested?

9 A I don't recall specifics of the permit, no.

10 Q Well, do you recall, then, that Welded was unable to use
11 a bore crossing for the stream and I-76 and had to revert
12 back to the original plan?

13 A If that's what the facts were, then that's how I was
14 instructed.

15 Q And do you know how long that took?

16 A I don't recall the exact dates, no.

17 Q And with regard to Pequea Creek, the crossing for Pequea
18 Creek and the methodology was included in the original
19 permit, correct?

20 A Pequea Creek should have been a dam and pump methodology.

21 Q And Welded asked for a variance at Pequea Creek too,
22 correct?

23 A Pequea Creek was crossing, as I recall.

24 Q And do you recall that Welded also requested variances
25 for the Pequea Creek crossing?

1 A Not for the -- I think there were variances for a cross -
2 - you know, end-stream crossing of a flume crossing, I
3 believe, is what was added.

4 Q And that was a variance that Transco had to obtain based
5 on Welded's request, correct?

6 A It was based on the necessity to perform the crossing as
7 designed, yes.

8 Q Well, the permit had an original methodology for
9 crossing, correct?

10 A It did.

11 Q And with regard to the - your testimony about the impact
12 of these permit variances that Welded requested, they were
13 all on Spread 6 and 7, correct?

14 A No. I believe there were some up on Spread 5 as well.

15 Q Which one?

16 A There were several rows, as I recall, that were on Spread
17 5 that needed variances.

18 Q I appreciate that, but I'm just asking about the ones you
19 spoke about in direct. I-76 was not Spread 5, correct?

20 A 76 was in Spread 6. Pequea Creek was in Spread 7.

21 Q Amtrak, Spread 7?

22 A Amtrak was in Spread 7.

23 Q And I-81, you didn't speak about I-81 in your direct,
24 correct?

25 A I did not.

1 Q And I-81 was another road crossing that delayed Welded,
2 correct?

3 A That's correct.

4 Q And what spread was that on?

5 A 6.

6 Q And the planned critical path of the project was Spread
7 5, correct?

8 A If that's what the schedule shows.

9 Q In fact, the as-built critical path of the job was Spread
10 5 as well?

11 A Spread 5 was the last to meet mechanical completion
12 requirements, yes.

13 Q And I'd like to turn to Welded's Marcus Hood binder, 1 of
14 3, and turn to the JX14, Mr. Hood.

15 THE COURT: I'm sorry. Which exhibit?

16 MS. EWALD: It's JX14, Your Honor. It's about six
17 back -- it's five documents into the binder.

18 THE COURT: Thank you.

19 BY MS. EWALD:

20 Q And, Mr. Hood, JX14 is an email from Mr. Grindinger to
21 Andrea Gelley. Do you see that?

22 A Yes.

23 Q And Mr. Grindinger was the first project controls
24 manager?

25 A That's correct.

1 Q And Mr. Grindinger was a PTAG temp hire; is that right?

2 A I believe he was PTAG.

3 Q And Mr. Grindinger prepared this kickoff meeting project
4 controls presentation, correct?

5 A Yeah, Mr. Grindinger and his team, yes.

6 Q And were you present at this kickoff meeting?

7 A Yes.

8 Q And did you have any role in preparing this presentation?

9 A I did not prepare it. I probably reviewed it with the
10 team.

11 Q So turning to page 13 of JX14, there's a section entitled
12 "Labor" at the top. Do you see that?

13 A Yes.

14 Q And there's components of labor listed here. These --
15 under "Labor," are these the reimbursable labor costs? Is
16 that how it was presented at the meeting?

17 A The components of labor that make up the labor cost,
18 that's what the first bullet represents.

19 Q And I believe you testified that all of the labor
20 components were reimbursable, correct, under "Components"?

21 A Yes. All of those costs are reimbursable under the
22 definition.

23 Q Now, the list doesn't include the PTAG agency fees, is
24 that right?

25 A It's not spelled out in the presentation, no.

1 Q But Welded billed Transco for the PTAG agency fees;
2 that's correct?

3 A They were billed, yes.

4 Q And the list doesn't include the Bechtel multiplier, but
5 Transco was billed for the Bechtel multiplier, correct?

6 A The billing included that, yes.

7 Q And under "Non-reimbursable," I believe you testified
8 that the only non-reimbursable home office people were the
9 executive management team and corporate managers, correct?

10 A That is correct.

11 Q And so Welded billed to Transco all home office personnel
12 other than the executive management and corporate managers
13 that provided services on the job, correct?

14 A Outside of the executive management and corporate
15 managers, the home office personnel were billed as they
16 worked and charged to the project.

17 Q And they were working in Perrysburg Ohio, correct?

18 A Indeed, they were.

19 Q And they were not working in the field, correct?

20 A They were working in Perrysburg.

21 Q And some of those people that were charged were the
22 accounting and payroll personnel, correct?

23 A That is correct.

24 Q And some of the people that were charged were HR, human
25 resources personnel, correct?

1 A Yes, they were.

2 Q And you would agree with me that those are a home office,
3 overhead, and management functions?

4 A No.

5 Q Are they typically home office, overhead and management
6 functions, accounting, payroll, human resources?

7 A Well, I wouldn't call them overhead. I would call them -
8 - in this case, they were a cost to the project, not
9 overhead. That's not the right term.

10 Q A cost to the project being billed to Transco for people
11 working in Perrysburg in the home office, correct?

12 A For those people that were -- had work attributed to the
13 project, yes.

14 Q And that's because you didn't view the location of where
15 the people were working as determinative with regard to
16 whether they were billable, correct?

17 A In the case of those payroll and HR guys, they were
18 working in Perrysburg with direct tasks to the project, so
19 that's why they were billed.

20 Q And there were also seconded engineers from Bechtel that
21 worked in the Houston office, correct?

22 A We had an engineer during the pre-NTP phase that did some
23 calcs for us and some data collection, but I don't believe he
24 followed up later during execution. The ones during
25 execution were assigned to the project and working in Mount

1 Joy, as I recall, or at one of the spreads.

2 Q But if there were people in Houston that were working on
3 -- that were providing engineering services to the project,
4 they would be charged to Transco, correct?

5 A We did not perform engineering services. We performed,
6 you know, the pre-NTP services in developing that estimate
7 and execution plan. So, they were performing those services,
8 not engineering services.

9 Q And were there Bechtel invoices for -- who was the field
10 engineer?

11 A I recall a Jack Blazejewski that worked for us in
12 Houston.

13 Q Was Mr. Timothy Miller one of the field -- one of the --
14 I shouldn't say "field engineers" -- one of the engineers in
15 Houston?

16 A Tim was assigned to the job. Tim was mobilized to Mount
17 Joy for the pre-mob, and then he continued on the job during
18 execution on Spread 7.

19 Q And continued on the job in Mount Joy?

20 A No. He was at the Spread 7 facility.

21 Q And Mr. Blazejewski, did he perform engineering services
22 from Houston?

23 A Not engineering services. He performed some takeoffs and
24 things from Houston.

25 Q And he was charged to Transco?

1 A Yes.

2 Q And Mr. Gary Gavlock was also charged to the project,
3 correct?

4 A Gary Gavlock was charged to the project, and he performed
5 the role of general superintendent.

6 Q And general superintendents at Welded are assigned to
7 more than one project, correct?

8 A Well, they can be. I mean, they don't have to be, no.

9 Q But we saw in one of the pre-jobs this morning that Mr.
10 Gavlock was associated with the Triadelphia project over in
11 West Virginia, correct?

12 A Well, his son -- I forget his name now. But his son was
13 superintendent on the West Virginia job.

14 Q And Mr. Scott Schoenherr was also a general
15 superintendent that worked on several projects, correct?

16 A When Scott joined, he had responsibility for multiple
17 projects.

18 MS. EWALD: I'd like to hand out a demonstrative,
19 Your Honor. It's one that I've previously provided to the
20 opposing counsel. And if I may approach, I'll provide one to
21 yourself as well.

22 THE COURT: Yes. Thank you.

23 BY MS. EWALD:

24 Q Mr. Hood, you spoke about the Paylocity database in your
25 direct examination. Do you recall that?

1 A Yes.

2 Q And as I understand it, that Paylocity database operates
3 as a sort of electronic time sheet repository, is that right?

4 A Yes.

5 Q And that Paylocity database was not made available to
6 Transco during the project, correct?

7 A It was made -- the data was made available to OGCS in the
8 project.

9 Q But it was not -- that's a good point, Mr. Hood. It was
10 not provided to Transco with the reconciliation invoices,
11 correct?

12 A That I do not recall if those details of personnel were
13 part of that reconciliation invoice backup.

14 Q And so I'll just draw your attention to the Demonstrative
15 Exhibit 1. There is -- and this is for the week of June
16 18th, 2018. And we see, Mr. Hood, there's a group of admin
17 people that are identified with the classification
18 "Perrysburg use only." Would that indicate that they are
19 people in the Perrysburg office?

20 A That list of folks was stationed in Perrysburg.

21 Q And the Demonstrative Exhibit 1 shows that Mr. Scott
22 Schoenherr was billed 20 hours per week -- or per this week
23 to each one of the spreads, Spreads 5, 6, and 7. Do you
24 recall that Mr. Schoenherr's time was billed 60 hours a
25 week to the project divided by the three spreads?

1 A Is this a breakout by spread, or is this for the entire
2 project?

3 Q This is a one-week excerpt from Paylocity --

4 A Okay.

5 Q -- for the week June 18th, 2018. And it's per spread.
6 So, we see the first page of demonstrative -- the first
7 demonstrative exhibit has Mr. Schoenherr, it shows 20 hours.
8 Do you see that?

9 A I see that, yes.

10 Q And on the next Demonstrative Exhibit 2, it shows 20
11 hours for Mr. Schoenherr?

12 A I see that, yes.

13 Q And on Demonstrative Exhibit 3, it shows 20 hours for Mr.
14 Schoenherr, correct?

15 A That is correct.

16 Q And there's a designation under "crew." It has the
17 letter Z in it. Do you know what the letter Z denotes in the
18 Paylocity database?

19 A Z was the designator for the Welded permanent hires to
20 designate them from the NPLA invoice. So, it was all the --
21 all the nonmanual types fell into category Z. So, it was
22 field management supervision on the -- in the labor category.

23 Q And so if you see a Z associated with a particular crew,
24 that would denote a direct employee of Welded?

25 A I believe that's the case, yes.

1 Q And now if we could go back to JX14 and take a look at
2 the next page, which is page 14. Now, we see here is -- we
3 see the list of items, the labor costs that are subject to
4 the equipment fee. Do you see that, Mr. Hood?

5 A Yes, I do.

6 Q And, again, we don't see the PTAG fees included on that
7 list, correct?

8 A They're not specified in this report, no.

9 Q But Welded charged an equipment fee on the PTAG agency
10 fees to Transco, correct?

11 A The PTAG -- the bottom-line number from the invoice was
12 carried over as labor costs, yes.

13 Q And in those invoices from PTAG, the agency fee was not
14 broken out in the documents provided to Transco, correct?

15 A I don't recall if they were -- if they were built into
16 the rate or if it was a separate line item. That, I don't
17 recall.

18 Q So you don't recall what percentage of the rate they were
19 or if they were a percentage?

20 A No. No. No, I don't.

21 Q And the Bechtel multiplier is not listed here, but it was
22 subjected to a 50 percent equipment fee too, correct?

23 A That is correct.

24 Q And the welding rig equipment that we just spoke about,
25 it's not listed here, but it was subjected to a 50 percent

1 equipment fee as well, correct?

2 A The welding rigs and mechanic rigs were designated as
3 part of labor costs, yes.

4 Q And my question was: The welding rigs are not listed
5 here, but they were subjected to a 50 percent equipment fee,
6 correct?

7 A That is correct.

8 Q And the mechanics rig, that you just mentioned, is not
9 listed here, but it was subjected to a 50 percent equipment
10 fee, correct?

11 A On this list, I would consider them as fringes. It's the
12 employees' obligation to get paid. But yes. Specifically
13 called out here on this list, no, it's not called out.

14 Q And if Welded is renting a piece of equipment from a
15 craft labor -- union labor person, that's not a fringe
16 benefit, correct?

17 A They did not rent equipment from -- from a -- a union
18 labor, not that I recall.

19 Q Well, we looked at the union agreement that's in the
20 contract before the break and that discussed rig rental pay
21 to the union laborer, correct?

22 A The rig -- there was a payment made for his rig, for him
23 providing his rig, his truck, and welding machine.

24 Q It was a rental payment, correct?

25 A It's a cost. I don't know how you want to categorize it.

1 Q Well, the labor agreement categorized it as rig rental
2 pay, correct?

3 A It's a fringe benefit is what it is. It's a benefit that
4 gets paid to the welder.

5 Q And turning to page 15 of JX15, I believe this is a
6 portion of the equipment fee list in Exhibit 2 to Section 8,
7 is that right?

8 A This is an excerpt of that complete list, yes.

9 Q And at page -- JX14 at page 16, there is also an excerpt
10 from the contract with regard to -- that lists the included
11 equipment, correct?

12 A Yeah. It lists things other than equipment that's part
13 of the equipment fee.

14 Q And it doesn't include the prefatory language that we
15 looked at, correct?

16 A Which language is that?

17 Q If you could turn to JX1 at 487. That's back in the
18 contract, Mr. Hood. I apologize for taking you back there.

19 A It's okay. Which page again?

20 Q 487, sir.

21 A Okay. Yeah, it's on the term.

22 Q And the included equipment - the list that's provided in
23 the presentation are examples of things that can be included
24 equipment; it's not an exhaustive list, correct?

25 A Yes. It says [as read]: "such as those in Exhibit 2 as

1 well as the following." So, it's a list of items that --
2 these types of items that would be part of the included
3 equipment fee.

4 Q And included equipment was not just equipment; it was
5 materials, correct?

6 A Yeah. There are items here that you could consider
7 materials. Like, you know, PPE is hardhats and --

8 Q Well, the contract provides that [as read]: "Included
9 equipment means materials, equipment, supplies, tools,
10 vehicles, machines..." It goes on. A long list. Things in
11 addition to equipment, correct?

12 A Yes. And the list is spelled out below there.

13 Q And whether or not this list, these items were owned by
14 Welded was not the determinative factor in whether they were
15 included equipment, correct?

16 A Yeah -- well, ownership of equipment -- there could have
17 been Welded-owned equipment that's included equipment. There
18 could have been leased equipment that's included equipment.

19 Q There could have been rented equipment that's included
20 equipment, correct?

21 A Yeah. Leased from third-party suppliers, yes.

22 Q And the language that you're looking at describes [as
23 read]: "The included equipment typically owned, leased,
24 and/or provided by contractors performing work similar to
25 this work." Correct?

1 A That's what it says, yes.

2 Q And that language wasn't included in Mr. Grindinger's
3 presentation, correct?

4 A No. The presentation was meant to fit on a slide deck,
5 so we didn't include all the -- all the words. We were more
6 interested in what the items were.

7 Q Mr. Grindinger was emphasizing what he considered
8 important, correct? Or do you believe that was his purpose?

9 A Well, he's emphasizing what he wanted to present in that
10 kickoff session so that, you know, the audience would
11 understand what is -- what makes up included equipment.

12 Q And turning to the next page, with regards to
13 subcontractors, page 18, the bullet points indicate company
14 approval required for subcontracts greater than 1 million,
15 correct?

16 A Yes, "greater than 1 million" is the second bullet there.

17 Q And it subcontracts for greater than 3 million required
18 not just approval by Transco but competitive bids to be
19 solicited by Welded, correct?

20 A Yes.

21 Q And turning to JX1420, page 20, there's a discussion of
22 mats and other. And I'd like to point your attention to the
23 other. The "other" is identified as "Mob/Demob Equipment
24 Costs." Do you see that?

25 A Yes.

1 Q And with respect to included equipment, did Welded charge
2 Transco for mobilization of the included equipment?

3 A I believe all mob and demob of equipment was a billable
4 item under this category, yes.

5 Q And do you know if, in fact, Welded did charge for mob
6 and demob of included equipment to Transco?

7 A I believe we did.

8 Q I'm going to move ahead to two more documents at the end
9 of your Binder Number 1, Mr. Hood. And, Mr. Hood, I will
10 tell you I'm taking some of these subjects just a little bit
11 out of order. And I anticipate trying to move more
12 chronologically through your testimony, but I don't want to
13 have to jump back to this binder.

14 So, I'd like to turn to PX121. And PX121, Mr. Hood, I
15 believe you testified, was the presentation that Welded
16 provided to Transco in Houston on August 17th, 2017, to
17 present the revised cost estimate, correct?

18 A That's correct.

19 Q And in this -- this revised cost estimate was 410
20 million, right?

21 A Correct.

22 Q And this revised cost estimate included the explanation
23 of the schedule basis, right?

24 A I believe it did.

25 Q And I'll turn you to page 11 of PX121, please. And this

1 is the schedule basis for the tie-in crews, correct?

2 A Yes.

3 Q And the tie-in crews were the critical path, according to
4 Welded's schedule, correct?

5 A They would have been on the critical path, I would
6 assume.

7 Q And here, under the little table, there is a description
8 of the weather days that Welded communicated to Transco with
9 regard to the weather days included in the schedule. Do you
10 recall that?

11 A I see it in the table there, yes.

12 Q And so under -- we see [as read]: "Tie-in crews, 86-day
13 schedule, 68 working, 18 weather." We see that, right?

14 A Yes.

15 Q And that's a 20 percent weather factor, correct?

16 A Approximately 20 percent.

17 Q And a 35 percent weather factor on the tie-in crews would
18 be 30 days, correct?

19 A Nearly 30.

20 Q And if we turn to the next page, at page 12 of PX121, we
21 see, similarly, at Spread 6, there's a discussion of the
22 weather days associated with the tie-in crews. Again,
23 Welded's communicating that there were 20 percent factor for
24 weather included, correct?

25 A That's what it says, yes.

1 Q Not 35 percent, correct? And 35 percent of the six-day
2 working week for Welded would have been two and a half days,
3 correct?

4 A Yeah, I believe this is a 20 percent.

5 Q Thank you. Now, I'd like to turn to -- I'd like to turn
6 to the next document, JX13 at page 6. Now, here is where Mr.
7 Grindinger sent those details regarding the control estimate,
8 correct?

9 A Yeah. This is the email from Grindinger to Priya with
10 the backup of that estimate.

11 Q And so it's an email dated September 19th, 2017, from Mr.
12 Grindinger to Priya Doraiswamy, and it includes the
13 information with the backup for the estimate, for 454,
14 correct?

15 A It includes -- well, it includes some of the assumptions
16 that went into it, yes. It looks like it included a
17 schedule. A couple of documents attached to the email there.

18 Q And it included -- at page 6 at the bottom, it included
19 the list of specialty equipment that Welded had included in
20 the estimate, correct?

21 A (No verbal response)

22 Q And we see at the bottom of page 8 -- or 6 -- sorry -- we
23 see a list of eight items that Welded included in the
24 estimate for specialty equipment, correct?

25

1 A Yeah. This is the type of things that would be billed as
2 specialty, yes.

3 Q And we don't see any Marookas on that list, right?

4 A No.

5 Q We don't see any straw blowers on that list?

6 A (No verbal response)

7 Q We don't see any dump trucks on that list?

8 A No. They're not on -- they're not on this list.

9 MS. EWALD: All right. Mr. Hood, I'm going to
10 hand you out another binder now. And I'll hand one to the
11 Court as well. May I approach, Your Honor?

12 THE COURT: You may.

13 BY MS. EWALD:

14 Q Mr. Hood, I'm going to apologize in advance. Some of the
15 documents that I included in this binder have been introduced
16 with other witnesses, so I will have some documents that I
17 will skip. And I will do my best to help locate -- orient
18 you within the binder. Let me get there.

19 First, I'm just going to ask you a little background
20 about your experience as a project manager with Welded.
21 Prior to the ASR project, you worked on the Mariner East
22 project for Welded, is that right?

23 A Yes, that's correct.

24 Q And that was during 2017, correct?

25 A 2017, correct.

1 Q And during the planning stages for the ASR project, you
2 only worked about 5 percent of your time on ASR, correct?

3 A Depending on the time of the year. I started out on ASR,
4 and then I went to Ohio. Then I went to Pennsylvania. So,
5 it depends on which period you're talking about.

6 Q Understood. So, from May to September of 2017, you only
7 worked about 5 percent of your time on ASR, correct?

8 A I worked a percentage. I don't know that it was exactly
9 5 percent.

10 Q You just can't recall at this time?

11 A No. I don't recall the exact percentage, no.

12 Q And you have your deposition there in front of you, Mr.
13 Hood, from December 14th. And I'll just direct your
14 attention to page 15 of your deposition. And I'll direct
15 your attention to lines 4 through 9.

16 A Which page number?

17 Q Yes. It's page 15, Mr. Hood, and it's the question
18 beginning at line 4 and the answer through line 9.

19 A I'm sorry. Is it page 15 of the document or page 15 of
20 the deposition?

21 Q It's page 15 of the deposition. And it's a condensed
22 version, so it's at page 4 of the document, I believe.

23 A Okay. Got you.

24 Q So you see I asked you:

25 "And during the May 2017 timeframe to September 2017,

1 approximately what percentage of your time would you say you
2 worked on ASR?"

3 And your answer was:

4 "Approximately 5 percent, I guess. Very small
5 percentage."

6 Does that refresh your recollection that you worked about
7 5 percent of the time?

8 A That was my estimate at the time we discussed it, yes.

9 Q And as the project manager for Welded, you were the
10 person that was responsible for reviewing and approving this
11 final cost estimate, correct?

12 A I reviewed and -- yeah. I reviewed, along with the
13 entire Welded team, reviewed before it got submitted.

14 Q And it was prepared by Mr. Grindinger, correct?

15 A It was prepared -- it was compiled by Mr. Grindinger. It
16 was prepared by a lot of people, you know, superintendent
17 input and estimator input. It was compiled by Jim
18 Grindinger's team.

19 Q And Mr. Grindinger also prepared the project execution
20 plan as a contract deliverable during 2017, correct?

21 A That's correct.

22 Q And you were responsible for reviewing and approving that
23 plan on behalf of Welded, correct?

24 A I would have reviewed it after he completed it.

25 Q And with regard to the schedule, someone else prepared

1 it, but you were responsible -- responsible for reviewing and
2 approving it, correct?

3 A The schedule would have been reviewed by the same team
4 that reviewed the estimate.

5 Q And you were the person, though, who had the final
6 approval for it on behalf of Welded?

7 A No. The final approval comes from the corporate
8 Perrysburg with the team. But I approved it -- for the
9 project team, I approved it.

10 Q And so who at corporate Perrysburg approved it?

11 A Well, I know we had -- we had a review meeting with --
12 you know, our operations manager would have been Alex and his
13 team and then the superintendent leads, Gary Gavlock, and
14 Alex and Andy Mack, the equipment lead. So, you know, all
15 those corporate managers would have reviewed the estimate.

16 Q Mr. Hood, I'd like to turn to Exhibit D180. And it's
17 about four exhibits back in your binder. And Exhibit 180 is
18 an email from Mr. Grindinger to Mr. Hawkins. You're copied.
19 The subject is "ASR estimate review meeting." Do you recall
20 receiving this email?

21 A Let me read it real quick. Yeah, I was copied on the
22 email. It's from Mr. Grindinger.

23 Q And the project execution plan is not only a contract
24 deliverable but it's automatically incorporated into the
25 contract, correct?

1 A When you say "automatically incorporated into the
2 contract," what do you mean by that?

3 Q Do you recall that there's a provision in the contract
4 that specifically addresses the status of the project
5 execution plan?

6 A It was one of the deliverables of our -- you know, our
7 pre-NTP activities.

8 Q And turning to the project execution plan, we see, at
9 page 3, that's the cover of the project execution plan. And
10 the ASR management at this time is -- the project manager is
11 Sandy Williams, correct?

12 A He was one of the project managers. He was a project
13 manager that we had during that pre-NTP phase that was
14 stationed in Mount Joy.

15 Q And if we turn to page 4 of the project execution plan,
16 we see a list of revisions, the originator all being Sandy
17 Williams, correct?

18 A That's correct.

19 Q And Mr. Williams was a PTAG temporary hire, correct?

20 A Mr. Williams was a PTAG employee. Yes, he was.

21 Q And according to this document, Mr. Williams has been
22 working on this project execution plan from 24 April to 19
23 June, correct?

24 A Yes. Sandy was involved with the project from the --
25 beginning in April, yes.

1 Q And he left weeks before the NTP, is that correct?

2 A He left, I want to say, in the August time frame.

3 Q And if we turn to page 8 of the project execution plan,
4 we see that Mr. Williams is slated to be the project manager
5 for Spread 6 and 7, correct?

6 A Which page are we talking about?

7 Q It's page 8, sir.

8 A This looks -- in this version, that's what it says. But
9 this is not how we ended up executing the project. This is -
10 - this shows still the combined Spreads 5-6 and then 6-7.

11 Q And in this project execution plan, you're listed as the
12 project director. That was not a labor classification on
13 Exhibit 1, correct?

14 A No. It's not a labor classification on Exhibit 1, but it
15 wasn't the title that I had anyway. This was -- like I said,
16 in this draft of the contract, it's -- or draft of the
17 execution plan, the titles here are not correct.

18 Q And that's because Mr. Williams left the project before
19 NTP, correct -- left Welded's -- left Welded as an -- his
20 tenure as an agency employee ended, right?

21 A No, that's not why the list is not correct. The list is
22 not correct because it doesn't have the execution breakdown
23 correctly. We executed it as three spreads, not two.
24 Originally, the -- there were two spreads, and then the new
25 plan changed it to three spreads.

1 Q And what's also incorrect is that Mr. Williams did not
2 act as a project manager at all on the ASR project?

3 A Neither did Mr. Carroll.

4 Q And so Mr. Carroll -- was Mr. Carroll a PTAG employee as
5 well?

6 A I don't recall if he was -- he may have been a Welded
7 employee.

8 Q And so Mr. Carroll, Mr. Williams, Mr. McHendry was also
9 gone before NTP, correct?

10 A Mr. McHendry was not part of the execution team, no.

11 Q And Mr. McHendry was a PTAG employee -- PTAG agency hire
12 as well, correct?

13 A I believe that's correct.

14 Q And on page 9 of the project execution plan, we see Doug
15 Sutton is the environmental manager that's slotted for the
16 project, correct?

17 A (No verbal response)

18 Q And Mr. Sutton was the corporate manager for
19 environmental safety and health in Perrysburg, correct?

20 A What was the question about Doug?

21 Q Mr. Sutton is identified as the environmental manager in
22 this plan, correct?

23 A In this list, he's identified, yes.

24 Q And Mr. Sutton is the corporate manager of environmental
25 safety and health in the Perrysburg office, correct?

1 A That's correct. And Mr. Sutton did not participate in
2 the execution phase of the project either.

3 Q He was not stationed in the field, correct?

4 A He was not part of the -- he was on a different project
5 during the execution of this. He was involved during some of
6 the pre-NTP work with plans, but he did not participate in
7 the execution.

8 Q And if we turn to page 13 of this project execution plan,
9 there's a description of the project director. At that time,
10 it was -- that was your position, correct, Mr. Hood?

11 A Well, my position was senior project manager. The title
12 would probably need to change.

13 Q Understood. But at least at this time in June, late June
14 of 2017, there's a project director identified in the project
15 execution plan that's going to be splitting his time
16 between Houston, Perrysburg, and the field, correct?

17 A That's what -- that's the way the document reads. That's
18 not how it ended up in execution.

19 Q And that's because you became the project manager,
20 correct?

21 A I was the senior project manager stationed in Mount Joy
22 starting in September, yes.

23 Q And Mr. Williams was gone, correct?

24 A Mr. Williams had left before NTP.

25 Q And so had Mr. McHendry, correct?

1 A Mr. McHendry left before NTP.

2 Q And turning to page 31 of this project execution, there's
3 a discussion about progress, measurement, and controls. I'd
4 like to draw your attention to the first full paragraph at
5 page D180/31. And, Mr. Hood, I'm looking at the page numbers
6 at the bottom of the document. Do you see that?

7 A Okay. I've got it in front of me here.

8 Q And in that first full paragraph, it indicates [as read]:
9 "Should any linked activity be delayed and this delay is
10 forecasted to affect the critical path, then this activity
11 line becomes the critical path, and corrective action should
12 be applied to bring it into line with the fixed end date."
13 Do you see that?

14 A Oh, at the top of the page?

15 Q Yes. That was a corrective action that was planned by
16 Welded to take in their project execution plan in the event
17 of a delay to the critical path, correct?

18 A Yes. That's the way it reads.

19 Q And the project execution plan also addressed the issue
20 of the procurement of awards greater than a million dollars
21 and procurement of awards of subcontracts greater than 3
22 million, correct?

23 A Which page?

24 Q I apologize, Mr. Hood. Page 36 and 37. We see, at the
25 second from the top, there is a discussion of the procurement

1 of materials required for the project and that [as read]:
2 "For purchase orders with a value greater than \$1 million,
3 Welded will obtain express approval from Transco prior to
4 awarding." Correct?

5 A Page --

6 Q It's page 36, sir, yes. It's the second full paragraph,
7 the last sentence, sir. It says [as read]: "For purchase
8 orders with the value greater than \$1 million, Welded will
9 obtain express approval from Transco prior to awarding."
10 Do you see that?

11 A I see that, yes.

12 Q And that was a requirement of the contract, correct?

13 A It was a requirement for subcontracts. I'm not sure
14 about materials. If we can take a look at the contract, we
15 can confirm what it says.

16 Q Certainly. JX1, page 487, has the -- the definition of
17 "subcontractor." And I'll draw your attention to that, Mr.
18 Hood. You can -- perhaps looking on the screen might be the
19 fastest way to do it. Do you see that definition in the
20 contract of "subcontractor"?

21 A I see the definition, yes.

22 Q And it includes [as read]: "Any third party contracted to
23 provide work, services and/or equipment, materials, supplies,
24 or consumables to the project." Correct?

25 A That's the way it reads. I see it, yes.

1 Q It goes on to say [as read]: "For the avoidance of doubt,
2 the term 'subcontractor' includes third parties with whom
3 contractor has entered into leases or rental agreements for
4 equipment, machinery, and other project construction
5 items." Correct?

6 A That's the second sentence, yes.

7 Q Yes. And so that would include third parties such as
8 United Rentals, correct?

9 A United Rentals was not a subcontractor as, you know,
10 providing labor -- labor services. They were an equipment --
11 they were a leasing company. So, we procured lots of
12 material, lots of items, materials, trench boxes, equipment,
13 things from United Rentals.

14 Q You procured from United Rentals rented equipment,
15 material services, correct?

16 A Not all of those items were from United. United was more
17 of a third-party leasing company. So, they leased equipment.
18 They leased trench boxes. They did not provide, you know,
19 material items, as I recall.

20 Q And, ultimately, United Rentals -- ultimately Welded
21 charged United -- or charged Transco for about \$6.5 million
22 of items from United Rentals, correct?

23 MR. GUERKE: We noticed in the opening statement
24 that Transco made that they've identified new claims, new
25 arguments that have never been presented before. We learned

1 about it the morning of the first day of the trial. I
2 believe this is the first item on page 82 of the PowerPoint
3 that was presented that day, United Rentals \$6.5 million. If
4 I understand what's happening here, they're going to assert
5 some type of breach of contract or claim for Welded not
6 seeking competitive bids or express approval for
7 subcontracts.

8 But that's the first we've heard of that issue.
9 And it wasn't part of the -- it wasn't part of the
10 counterclaim, the proof of claim. As far as we can tell,
11 it's not part of the pretrial order for the issues that are
12 being presented, and it wasn't in the pretrial brief. So,
13 our objection is this line of questions, this part of the
14 opening statement is not -- is not part of this case. It's
15 not linked to any particular damages. We're not exactly sure
16 what they're doing, but we have a pretty good idea.

17 MS. EWALD: Your Honor, this is part of the breach
18 of contract action that we've had in the counterclaim that --
19 in the pretrial order. It's addressed in our brief with
20 respect to the breach of the contractual safeguards, and this
21 is one of them. And Mr. Hood has testified to that.

22 THE COURT: Is there an actual claim for this
23 amount that's been asserted specifically?

24 MS. EWALD: There is a defense to having to pay
25 Welded with regard to any of the subcontracts that were not -

1 - that no express approval was obtained in advance.

2 THE COURT: Okay. So, you're not requesting this
3 amount? This is a defense --

4 MS. EWALD: It's a defense to payment, yes.

5 MR. GUERKE: Again, Your Honor, we haven't heard
6 that defense.

7 MS. EWALD: I would submit our counterclaim, our
8 statement of affirmative defenses, our pretrial order,
9 and our brief addressed those defenses.

10 MR. GUERKE: The defense being competitive bids
11 and express approvals of subcontractors? I don't believe
12 that's correct.

13 MS. EWALD: Your Honor, the -- Welded has the
14 burden of proof that they met the contract requirements for
15 billing Transco, including billing subcontractors over \$3
16 million and \$1 million. It is their burden of proof to
17 demonstrate that they properly followed the terms of the
18 contract. It is our defense that they did not.

19 THE COURT: Okay. But if this issue wasn't
20 identified before, then -- and I don't know if it was or not.
21 Quite frankly, I don't remember what the counterclaim says or
22 what the defense says or whatever. But if this issue hasn't
23 been identified before, then isn't it a little late?

24 MS. EWALD: It was raised during discovery, Your
25 Honor. I asked Mr. Hood about -- Mr. Hood testified that

1 some of the most important safeguards in this contract are
2 these competitive bidding requirements. I'm entitled to
3 examine him with regard to whether or not they met their
4 contract requirements. This is a breach of contract.

5 THE COURT: It clearly is a breach of contract
6 action, but I've gotten a lot of briefing on very specific
7 issues. I don't know if I've gotten briefing on this
8 particular issue because I don't remember. If I haven't, why
9 should it be raised now?

10 MS. EWALD: It is raised in the -- in the
11 prehearing brief with regard to -- it identifies safeguards
12 in the contract that were ignored by Welded throughout the
13 project. This is one of them. It's not the only one. We're
14 entitled to put on evidence that this is a safeguard in the
15 contract that was breached by Welded.

16 THE COURT: Okay. I'm going to let you put on the
17 evidence, but I'm going to take this -- this issue under
18 advisement. I'm going to take the objection under
19 advisement. And I'll decide later whether or not I will
20 strike the evidence from the record, but I'll let you ask the
21 questions.

22 MR. GUERKE: I'm sorry, Your Honor. Do we need to
23 formally move or should we take it under advisement that we
24 have now issued a motion to strike and, if you agree with us,
25 you will strike it?

1 THE COURT: I am taking the objection under
2 advisement, and I'll decide on it later. I'll consider it a
3 motion to strike. But, yeah, it's under advisement.

4 MR. GUERKE: Thank you.

5 BY MS. EWALD:

6 Q Mr. Hood, you believe, as the project manager, that this
7 competitive bidding requirement was one -- was actually the
8 single-most important one for controlling costs under this
9 cost-reimbursable contract, correct?

10 A It was a method to -- to get the lowest cost for a
11 particular item that we bid. There were a few subcontractors
12 that met that criteria that we -- that we held bids for.

13 Q And, Mr. Hood, your testimony is that there were several
14 requirements under the contract that would assist in the
15 effort to control cost, correct?

16 A Bidding subcontracts being one of them.

17 Q And, in fact, it's -- probably the single-most important
18 one is bidding those large subcontracts, correct?

19 A I don't know that that's more or less important than any
20 of them. It is a factor.

21 Q And I'll turn -- I'd ask you to pick up your deposition
22 transcript, Mr. Hood, and turn to page 173. It's at the top.
23 It's the -- of the condensed version, it's page 44. And at
24 the top of page -- I'm sorry -- the middle of page 173, Mr.
25 Hood, at lines 12 to 25. Excuse me. It's lines 21 to 25. I

1 asked: "QUESTION: And what efforts -- just generally, what
2 efforts did Welded take to achieve the lowest capital cost of
3 construction on the project?" Do you see that?

4 A I see the question, yes.

5 Q And after Mr. Guerke's objection, you answered: "ANSWER:
6 Well, there were several requirements under the contract. I
7 mean, there were requirements to bid certain items. There
8 were requirements when the -- that's -- probably the single-
9 most important one is the bidding of those larger
10 subcontracts." Do you see that?

11 A Yes, I see that.

12 Q And so sitting here today, Mr. Hood, you don't recall any
13 competitive bids that resulted in an award to United Rentals,
14 correct?

15 A No. We competitively bid the large subcontractors, the
16 HDD, the clearing -- there were a couple other -- blasting
17 that were competitively bid. Not the -- the smaller service
18 providers, they were released on a purchase order or a daily
19 PO and not -- those were not competitively bid like the
20 bigger ones.

21 Q Mr. Hood, I'd like to draw your attention within this
22 Exhibit 180 to the detailed -- sorry. It's not detailed.
23 It's called the estimate plan, and it's at page 56 of Exhibit
24 D180. Could you please turn to that document.

25 A Give me the exhibit number again, please.

1 Q Yes. It's D180, page 56. This is the estimate plan that
2 Welded prepared for the ASR project, correct? Mr. Hood, can
3 I assist you in finding the page?

4 A No. It's been a while since I've seen the document. So,
5 I was just seeing what it was. Yeah, this looks like an
6 estimate plan developed in May of '17.

7 Q And I'll draw your attention to the top of page 59.
8 There's a discussion with regard to the weather. Do you see
9 that?

10 A (No verbal response)

11 Q And do you see, Mr. Hood, that the assumption for weather
12 delay factor on tie-in welding is 35 percent or 2.5 days per
13 week? Correct?

14 A Yeah. I see the sentence there, yes.

15 Q Thank you, Mr. Hood.

16 MS. EWALD: Your Honor, I'd move the admission of
17 Exhibit D180.

18 MR. GUERKE: No objection.

19 THE COURT: It's admitted.

20 (Debtor Exhibit 180 received into evidence)

21 BY MS. EWALD:

22 Q And, Mr. Hood, I'd like for you to turn to the next
23 exhibit, D187. And there's an exchange between you and Mr.
24 Williams in this email dated June 26th, 2017, correct?

25 A I'm sorry. Can you repeat.

1 Q Certainly. It's an email between Mr. Williams and
2 yourself dated June 26th, 2017, correct?

3 A June 2017, yes, from Sandy to myself. So, the last one.

4 Q And Mr. Williams indicates that there are people asking
5 questions that haven't been involved with the -- that they
6 should listen to folks who have been involved with the job
7 from day one to understand what's going on, correct? Do you
8 see that in the third sentence, Mr. Hood?

9 A Which sentence are we talking about?

10 Q Mr. Williams says [as read]: "This is the kind of
11 counterproductive stuff that must stop. If they don't
12 understand the project, then maybe they need to listen to
13 folks who have been involved with the job from day one to
14 understand what's going on." Do you see that?

15 A I see that, yes.

16 Q And Mr. Williams had been involved with the job from day
17 one, correct?

18 A Sandy was involved early on in the pre-NTP work, yes.

19 MS. EWALD: And I'd like to move for the admission
20 of Exhibit D187, Your Honor.

21 MR. GUERKE: No objection.

22 THE COURT: It's admitted.

23 (Debtor Exhibit 187 received into evidence)

24 BY MS. EWALD:

25 Q And, Mr. Hood, I'd like you to turn to the -- Exhibit

1 Number 202, which is an email between yourself and Mr.
2 Grindinger on July 12, 2017. And in the second email on the
3 bottom of the page that is at 12:23 p.m., you advise Mr. Hill
4 [as read]: "Gerald, you and I have 30 minutes to discuss ASR
5 on Friday." Do you see that?

6 A I see that.

7 Q And Mr. Hill -- Mr. Hill was a PTAG temporary hire too,
8 correct?

9 A No.

10 Q Was Mr. Hill a Welded employee?

11 A Yes.

12 Q And did Mr. Hill -- what was his position in the ASR
13 planning?

14 A He was one of our superintendents.

15 Q And did Mr. Hill leave Welded prior to notice to proceed?

16 A I do not recall when he left the company.

17 Q And Mr. Hill did not act as a superintendent in the
18 execution phase of ASR, correct?

19 A He did not.

20 Q And I'd just like to turn to page 9 of Exhibit 202. And
21 this is a presentation that was given to you in July of 2017,
22 correct, Mr. Hood?

23 A Did you say a presentation that was given to me?

24 Q Yes. That's my understanding. This presentation was
25 provided by Mr. Grindinger to you and others. Do you recall

1 that?

2 A Yes. It appears to be a slide deck from Mr. Grindinger.

3 Q And at page 9 of the slide deck, there is a discussion of
4 how the tie-in crew weld production rate has decreased by
5 35 percent. Do you see that? It's in the slide under the --
6 about the middle bullet point. Do you see that?

7 A I see that, yes.

8 Q And that indicates that Welded had decreased the tie-in
9 crew weld production date -- production rate for weather by a
10 35 percent reduction, correct?

11 A I don't know that it was from weather specifically.

12 Q The tie-in crew weld rate was reduced by 35 percent,
13 correct, according to this presentation?

14 A Well, this presentation is not the final -- it's not the
15 final estimate. This is a work in progress of the estimate.
16 So, at this point in time, it increased from whatever it was,
17 you know, in the previous revision, another interim revision.
18 So, it's not necessarily the final number; it's a work in
19 progress.

20 Q You would agree with me that at this time in July of 2017
21 the total tie-in welds have increased 65 percent and the
22 production rate has decreased 35 percent based on this
23 presentation?

24 A Based on this presentation, that's the numbers that were
25 taken off.

1 MS. EWALD: And, Your Honor, I'd like to move for
2 the admission of Exhibit Number D202.

3 MR. GUERKE: No objection, Your Honor.

4 THE COURT: It's admitted.

5 (Debtor Exhibit 202 received into evidence)

6 BY MS. EWALD:

7 Q Mr. Hood, if you would turn to Exhibit D226, which is the
8 next document. And it's an email from yourself dated July
9 25, 2017, to Mr. Sztroin at Transco. And at this time, Mr.
10 Sztroin has reached out to you asking for the names and
11 resumes of people who are going to be leading the project,
12 right?

13 A I don't recall a request, but this is the names and org
14 chart that we had been developing.

15 Q And at this time, you provided an org chart to Mr.
16 Sztroin along with resumes, correct?

17 A Yes. There are resumes attached. This is an email from
18 myself to David attaching the current list and current
19 resumes of some folks.

20 Q And some of these folks were PTAG temporary hires,
21 correct?

22 A There's some people in the org chart here that are PTAG.

23 Q And the resumes that were provided, for the most part,
24 don't identify them as PTAG, correct? For example, if we
25 turn to page 22, we see Mr. Grindinger's resume as the

1 project controls manager. Do you see that?

2 A I see his resume on the screen, yes.

3 Q And Mr. Grindinger's resume does not indicate anywhere
4 that he is a PTAG temporary hire, correct?

5 A It does not indicate that he's PTAG.

6 Q And, in fact, from my review, the only person that I can
7 -- resume that I see was -- that did identify herself as a
8 PTAG person was Ms. Row at page 27. Do you see Ms. Row's
9 resume indicates that she's PTAG/Welded Construction?

10 A Yes, I see that.

11 Q And do you know why Mr. Grindinger took off his PTAG
12 affiliation from this resume?

13 A I don't know that he took it off. I didn't see any
14 company affiliation on his resume.

15 MS. EWALD: Your Honor, I'd like to move for the
16 admission of D226.

17 MR. GUERKE: No objection.

18 THE COURT: It's admitted.

19 (Debtor Exhibit 226 received into evidence)

20 BY MS. EWALD:

21 Q Mr. Hood, do you recall the testimony today during direct
22 examination about the request to Mr. Sztroin to reach out to
23 -- with regard to 30 pipelayers for the project in
24 August of 2017 that were estimated to begin October 1, 2017?

25 A Yes.

1 Q And pipelayers that were brought to the job as of October
2 1, 2017, would be part of included equipment, correct?

3 A Correct.

4 Q So they wouldn't be separately charged to Transco,
5 correct?

6 A No, they would not be.

7 Q And in August of 2017, Welded was beginning to prepare to
8 mobilize to perform work, correct?

9 A There were activities beginning for mobilization. We
10 were starting to source equipment.

11 Q I'll turn your attention, Mr. Hood, to Document Number
12 285, which is -- I'm skipping one -- at least one. And in --
13 on August 10th of 2017, you're asking Ms. Krumm to draft a
14 letter to Transco, correct?

15 A Yes.

16 Q And you indicated it would be [as read]: "Something along
17 the lines of 'We are less than two months away from the
18 expected NTP date of October 1, 2017.'" And then going on to
19 request authority to mobilize. Do you recall requesting
20 authority to mobilize at this time?

21 A No, I do not.

22 Q And once mobilization started, the equipment would be
23 moved to the ASR area in order to perform work rather than be
24 on standby, correct?

25 A No. The work -- the change from standby to working at

1 NTP, that's the date for the standby to stop for that list of
2 pre-NTP equipment we're talking about.

3 Q Because Welded charged Transco standby equipment through
4 September 2017, correct?

5 A Through September, correct.

6 Q And that was primarily for those 594 pipelayers, correct?

7 A No. It was a long list. There were 10 or 12 items on
8 that list.

9 Q I apologize, Mr. Hood. I was speaking in terms of
10 monetary value. The 594 pipelayers represented \$4.7 million
11 of the \$6 million NTP standby equipment, correct?

12 A If that's what they have on the list, I assume.

13 Q And the list is admitted, so we can refer to that. And
14 at this time you -- in the email below, you have sent out --
15 on August 9, 2017, you sent Section 8, the compensation
16 section of the contract, to a group of people at Welded,
17 correct? You say [as read]: "This document explains how to
18 get paid on ASR. Read it several times."

19 A Yes.

20 Q And the Section 7 that is attached here does not include
21 Exhibit 1, correct?

22 A I don't think the exhibits were included. I think it was
23 just -- the text from Section 8 was what was attached.

24 Q And what role -- and let me step back, Mr. Hood. The
25 people that you sent the Section 8 of the contract to

1 included the field superintendents, correct?

2 A Sandy Williams was a field superintendent. Landon Duncan
3 was a field superintendent. Danny Wolford was nominated to a
4 superintendent. He ended up not performing that role. But
5 that's superintendents and a couple of the project managers
6 and a couple subcontract administrators and the general
7 superintendent, Scott.

8 Q And what role did those individuals play, the
9 superintendents? Did they identify specialty versus included
10 equipment?

11 A They were involved in the process, yes. They definitely
12 had a role in the process.

13 Q And did they -- did they perform any other tasks with
14 regard to determining the billable or nonbillable nature of
15 the cost?

16 A They provided guidance to the field -- or the -- the
17 project controls person that was on each spread, if they had
18 any questions, you know, they sought guidance from the
19 superintendent on-site.

20 MS. EWALD: Your Honor, I'd like to move for the
21 admission of D285.

22 MR. GUERKE: No objection, Your Honor.

23 THE COURT: It's admitted.

24 (Debtor Exhibit 285 received into evidence)

25 BY MS. EWALD:

1 Q And, Mr. Hood, I'd like to move to the next document,
2 D312 in my binder. And we see this is the first time Mr.
3 Grindinger is providing Mr. Sztroin with the updated cost
4 estimate for the \$454 million.

5 A I'm sorry. Was there a question there?

6 Q Yes. Is this the first time Mr. Grindinger is providing
7 Mr. Sztroin with the updated cost estimate for the \$454
8 million estimate?

9 A This is -- it's a transmittal. So, we had the 410 that
10 we made the presentation on in Houston. And then this is the
11 final estimate that had all of those exclusions rolled into
12 it. So, this was the transmittal to Mr. Sztroin, yes.

13 MS. EWALD: And I'd like to move for the admission
14 of D312, Your Honor.

15 MR. GUERKE: No objection.

16 THE COURT: Its admitted.

17 (D312 received into evidence)

18 BY MS. EWALD:

19 Q And do you know if this was the first time that the NTP
20 delay number was shown in the estimate, Mr. Hood? We can
21 turn to page 4 of Exhibit D312.

22 A No, I don't believe it's the first time.

23 Q Mr. Hood, if you could please turn to Exhibit D314. And
24 this is an email that -- it's a chain of emails where Mr.
25 Grindinger provides the project execution plan to Transco on

1 August 24, 2017. And I'll draw your attention to page 6 of
2 Exhibit D314. Does that identify the project execution plan
3 that was submitted to Transco for approval? At page 6, is
4 that the project execution plan that was submitted to Transco
5 by Welded?

6 A It appears to be, yes.

7 Q And that indicates that it was issued for approval by
8 Welded; is that right?

9 A That's correct. This is the company approval.

10 Q And to your knowledge, is this the final project
11 execution plan that was issued for approval by Welded?

12 A I cannot confirm that it's final. There could have been
13 several revisions. I do not recall.

14 Q Do you recall any revisions to the project execution plan
15 once it was submitted to Transco?

16 A I don't recall yes or no. I don't recall if there were
17 revisions or not.

18 Q And at page 12 and 13, there is a description of a risk
19 management plan. Do you see that at page 12 and 13?

20 A I see that.

21 Q And Section 4.3 identifies that there would be a risk
22 register maintained for the project. Do you see that?

23 A Yes.

24 Q And you're familiar with the use of a risk register in
25 the construction industry?

1 A Yes, I am.

2 Q And it's a typical tool that's used by a contractor to
3 identify risks and prepare mitigation plans; is that right?

4 A That's the use of the tool, yes.

5 Q And at page 13, it describes -- the project execution
6 plan describes the steps that Welded is going to take to
7 analyze risk, to assess risk, to respond to risks, and to
8 address them, correct?

9 A That's what the plan says. But I recall, at one point,
10 we proposed to do a risk analysis, and then that was -- we
11 ended up not doing it, and Williams personnel then did a risk
12 review is how I recall it being executed.

13 Q And Welded did not maintain a risk register during the
14 project, correct?

15 A No. The risk -- that risk program, at one point, we
16 proposed to do it and then we didn't. It was actually
17 handled by Williams very early in the job.

18 Q But the risk analysis that you're speaking of was a risk
19 analysis of schedule and cost overall, not a risk register
20 that would be maintained and updated through the project,
21 correct?

22 A Well, it would have been -- I think they go hand in hand,
23 the risk register and -- you know, identifies all risk for
24 projects -- or all risk, whether because of schedule,
25 environmental, community, you know, whatever the item is.

1 Q And so the risk register discussion at page 13 states the
2 risk register will be updated based on outcome of meetings,
3 discussions, and information. That risk register was not
4 prepared by Welded and updated as described herein?

5 A That is fair. We did not have that responsibility.

6 Q Let me understand that, Mr. Hood. When you said you did
7 not -- when you say "We did not have that responsibility," is
8 it your testimony that Welded was not responsible for
9 identifying and mitigating risks that were identified on the
10 project?

11 A Identifying risk is different from maintaining a risk
12 program. We identified risk, but managing a program like
13 this was not executed by Welded at all.

14 MS. EWALD: Your Honor, I'd like to move for the
15 admission of D314.

16 MR. GUERKE: No objection, Your Honor.

17 THE COURT: It's admitted.

18 (Debtor Exhibit 314 received into evidence)

19 BY MS. EWALD:

20 Q Mr. Hood, I'd like to turn to my next document, D119.
21 And this -- behind this tab -- it may be a homemade tab, Mr.
22 Hood -- there's two documents. It is D119 and D120. At this
23 time, in April of 2017, Mr. Grindinger was seeking to get a
24 list of what he describes as ownership cost numbers for
25 the Welded owned and leased equipment for ASR. Do you see

1 that?

2 A Yes, I do.

3 Q And he's asking Mr. McDowell for that information. He
4 was the CFO of Welded?

5 A That's correct.

6 Q And Mr. McDowell provides to him a rate sheet for Welded
7 owned and leased equipment for ASR. Do you see that?

8 A I see the text, yes.

9 Q Mr. McDowell says [as read]: "I don't know what equipment
10 rates have been shared with Williams up to this point, but
11 these rates are the new rates we calculated in
12 December 2016." As the billing manager or the person
13 responsible for billing under the ASR project, were you aware
14 of these company equipment rates?

15 A I was not copied on this email, so I didn't -- I did not
16 receive this correspondence.

17 Q But the Welded company equipment rates would have been
18 available for your use in 2017, correct?

19 A They would have been available because they would have
20 gone into the estimate calculations.

21 Q And so attached to this is D -- Exhibit D120, and it is a
22 list of equipment and rental rates. Do you see that, Mr.
23 Hood?

24 A Yes, I see that.

25 Q And if we turn to page 2 of Exhibit D120, we see a rental

1 rate for a Cat 594 side boom of \$478. Do you see that?

2 A Which --

3 Q So it's page 2 of Exhibit D120, and it is -- I think it's
4 six lines from the top where it says "Cat 594 side boom." Do
5 you see that?

6 A I see that, yes.

7 Q And that indicates that Welded's equipment rental rates
8 for 2017 for Caterpillar 594 side booms is \$478, correct?

9 A I don't know that that's our rental rate. I mean, that's
10 --

11 Q Well, these are the equipment rates that Mr. McDowell
12 provided to Mr. Grindinger for use on the ASR project,
13 correct?

14 A Well, I mean, they're a list of rates. And the
15 discussion here is what are the rates that are to be applied
16 to Williams. So, this -- I don't know that this was the --
17 the Williams rental rates. It's a list of rates.

18 Q Understood. I'll rephrase my question, Mr. Hood. This
19 is a list of equipment rates that Mr. Grindinger received
20 from Mr. McDowell, the CFO, when he asked for "ownership cost
21 numbers for all Welded owned and leased equipment we'll be
22 using," correct?

23 A And this is a response from me, this list of rates.

24 Q And these rates, Mr. McDowell identified as new rates
25 recalculated in December of 2016, correct?

1 A (No audible response.)

2 Q So as of April of 2017, we see the Caterpillar side booms
3 are -- have a daily rate of \$478, correct?

4 A That's what the list indicates, yes.

5 Q And if we turn to page 4 of D120, we also see some rates
6 associated with Marookas, correct? In fact, we see -- we see
7 rates associated with a Marooka with a straw blower. Do you
8 see that?

9 A I see that.

10 Q And we see rates associated with Marookas with various
11 attachments, correct?

12 A I see that, yes.

13 Q And Marookas with straw blowers are -- first of all,
14 Marooka -- a Marooka is a included piece of equipment
15 specifically identified on Exhibit 2, correct, to Section 8?

16 A A standard Marooka is on -- included on the list, yes.

17 Q And the straw blower is an attachment; is that correct?

18 A It's a piece of equipment that -- that rides on the bed
19 of the Marooka tractor.

20 Q And a straw blower is used to apply straw to the right-
21 of-way; is that right?

22 A That's correct.

23 Q And straw is used on -- as a protection measure on the
24 right-of-way during a pipeline construction job, correct?

25 A It's an erosion-control method.

1 Q And straw is typically applied by using a straw blower,
2 correct?

3 A It can be. It's one method of installing it.

4 Q And so Marooka with the straw blower was listed as an --
5 either an owned or leased piece of equipment that Welded
6 anticipated using on ASR as of April of 2017, correct?

7 A I wouldn't say we can draw a conclusion from looking at
8 this list, no.

9 Q It was a piece of equipment with an attached straw blower
10 that Welded had developed a rate for in connection with its
11 business. We can say that, right?

12 A That's right, along with the other longer list of
13 equipment. There are many other things that are on here that
14 are either included or specialty equipment. It's a full list
15 of many types of equipment.

16 Q And do you know if Welded owned some straw blowers?

17 A They may have owned some. They may have owned some
18 smaller-type straw blower. I don't know what -- from looking
19 at this, I can't tell what they own and what they don't own.

20 MS. EWALD: Your Honor, I'd like to move for the
21 admission of Exhibit D119 and 120, please.

22 MR. GUERKE: No objection, Your Honor.

23 THE COURT: They're admitted.

24 (Debtor Exhibits 119 and 120 received into evidence)

25 BY MS. EWALD:

1 Q And, Mr. Hood, if you could turn to my next exhibit,
2 which is D329. Do you recognize D329 as a document that Ms.
3 Krumm sent to you with an EWR for standby equipment for July
4 and August?

5 A Yes. That's the email from -- that's an email from Donna
6 to myself and copied to others.

7 Q And this is an EWR that was going to be submitted to
8 Transco, correct?

9 A It's a draft document going out for review. That's what
10 it is.

11 Q And at page 2, the EWR description is "idle stored
12 equipment." And the attachments are the 2016 equipment rate
13 schedule and equipment depreciation and cost. Do you see
14 that?

15 A Where --

16 Q Certainly. Mr. Hood, the -- it's under "description of
17 work," "idle stored equipment." And we see the equipment
18 rate schedule, the equipment description and cost. Do you
19 see that?

20 A I see that, yes.

21 Q And attached at page 4 and 5 is the 2016 equipment rate
22 schedule. Do you see that?

23 A I see that, yes.

24 Q And here we see now that the Caterpillar 594 pipelayers,
25 the daily rate is 1,887. Do you see that? That's at the top

1 of page 4, top third of page 4.

2 A What's the column headings, please?

3 Q It says "hourly or daily rate, single ten-hour shift" for
4 the column that says "1,887."

5 A Thank you.

6 Q Do you know? Was the purpose -- the document goes on to
7 say that the rate for standby is going to be 50 percent of
8 the daily rate shown. Do you see that at page 5? It's under
9 the table at page 5. It says [as read]: "Rate for standby
10 would be 50 percent of the daily rate shown." And my question
11 to you is: Is this the rate schedule that was utilized by
12 Welded to arrive at the \$978 per day for the Caterpillar 594
13 pipelayers?

14 A I do not believe that's the case, no.

15 Q And the -- I probably can't do the math in my head, Mr.
16 Hood, but the 1,887, is 50 percent of that \$948.50, I think?

17 A Okay. What was the rate that was used on the delayed NTP
18 equipment?

19 Q \$948.50, I believe.

20 A And is that exactly half of this rate?

21 Q I haven't done the math. So, what I'm trying to find
22 out, Mr. Hood: Is this the genesis of the daily rate? Do
23 you know if this is the genesis of the daily rate for the NTP
24 standby cost?

25 A I do not know. We can do the math on some of the items

1 here and try to determine that, but I do not know that to be
2 the case.

3 Q And below the rate for standby, it indicates it would be
4 50 percent of the daily rate shown. Often standby equipment
5 is charged at a rate of 50 percent, right?

6 A Well, it just depends on the negotiated agreement. It
7 can vary, but that's -- in some cases, it could be.

8 Q And the document goes on to say [as read]: "Special
9 equipment not on list would be charged at an agreed-upon
10 rate." Do you understand that special equipment was not
11 listed on this schedule?

12 A Special -- say that again.

13 Q Yes. The document indicates [as read]: "Special
14 equipment not on list would be charged at an agreed-upon rate
15 based on outside rental cost."

16 And it goes on. Do you see that?

17 A I see that.

18 Q And it states that in this EWR the equipment schedule
19 does not reflect special equipment, correct?

20 A This EWR and this calculation is reflective of this
21 invoice for -- you know, it totals up to 3.1 million.

22 Q And that's for only the months of August and September;
23 is that right?

24 A That's through August. So, it starts in -- it looks like
25 it starts in February and runs through August for this set of

1 equipment.

2 Q Thank you, Mr. Hood.

3 MS. EWALD: Your Honor I move to admit Exhibit
4 D329.

5 MR. GUERKE: No objection, Your Honor.

6 THE COURT: It's admitted.

7 (Debtor Exhibit 329 received into evidence)

8 BY MS. EWALD:

9 Q And, Mr. Hood, I'd like you to turn to the next document,
10 D344. And, Mr. Hood, D44 -- 344 is an email from Ms. Peters
11 to yourself and Mr. McDowell sending along the project cost
12 analysis. Do you recognize the attached project cost
13 analysis as the internal -- what I'd refer to as a general
14 ledger report for Welded?

15 A Yes. This is a report from Perrysburg County.

16 Q And the purpose of this report is to capture Welded's
17 costs relative to the ASR project as of August 2017, correct?

18 A I'm sorry. I'm trying to familiarize myself with what
19 this is and how it's -- there's three reports here. There's
20 Spread 7, Spread 6, and Spread 5. What was the question
21 again?

22 Q Do you recognize Exhibit D344 as the Welded report of its
23 costs incurred in connection with the ASR project as of
24 August of 2017?

25 A Yes. It appears to be the cost for those three spreads.

1 Q And if we turn to page 2 and 3, we see that there's no
2 equipment cost -- no company equipment charges that have been
3 charged to ASR for rental equipment, correct?

4 A Which page number?

5 Q It's page 2 and 3 of Exhibit D344. We see that there are
6 -- for company equipment charges on page 2 and page 3, there
7 are zero dollars for company equipment charges. Do you see
8 that?

9 A Right. This is the pre-NTP phase, so there were -- the
10 charges were primarily labor for those persons working the
11 pre-NTP work. So, equipment -- the equipment costs wouldn't
12 start until later.

13 Q And there was no standby equipment cost charged to
14 Welded's -- to the ASR job by Welded in its internal cost
15 report at that time?

16 A Not at this time. I believe a ledger adjustment was made
17 later on to capture on. But early on, I don't believe,
18 in this time frame, that had occurred yet.

19 Q And turning to the last page, page 4, we do see rental
20 equipment costs of \$141,000, correct -- as of August, 2017,
21 correct?

22 A That's correct.

23 Q And do you recall what amount was -- first of all, are
24 the items listed the same items that Welded has charged
25 Transco for in the standby equipment?

1 THE COURT: I'm sorry. Can you ask that question
2 again.

3 MS. EWALD: Yes. I apologize, Your Honor.

4 THE COURT: I didn't follow that.

5 BY MS. EWALD:

6 Q Mr. Hood, the -- you recall that Welded -- Welded
7 submitted an invoice to Transco for delayed standby equipment
8 in 2017, correct?

9 A Yes.

10 Q And some of that equipment was rented, according to that
11 spreadsheet. Do you recall that?

12 A Some of it was, yes.

13 Q And do you recall approximately the amount of rented
14 equipment that was invoiced to Transco at this time?

15 A It would be on that invoice. No, I don't recall what it
16 would be.

17 Q Understood. And here, as of August of 2017, the total
18 equipment rental that is identified in Welded's job cost
19 report is \$141,903.88, right?

20 A That's right. That's the number on page 4.

21 Q And, obviously, the standby equipment invoice is -- is an
22 exhibit. Sitting here today, do you recall whether it
23 includes any welding rig rental or truck or vehicle rental?

24 A Did the standby list include that?

25 Q Yes.

1 A No. The standby list was for the excavators, side booms.
2 And there may have been some dozers on there. But primarily
3 excavators and side booms. This is other equipment here that
4 has been charged to the job.

5 Q And so as of August 2017, Welded's internal job cost
6 report is showing \$141,903 total for equipment rental at that
7 time, correct?

8 A Yes. Like I said, with the exception of that -- I
9 believe there was a ledger adjustment made to move that pre-
10 NTP over at a later date. It was actualized during --
11 earlier in the year, but it didn't show up until later.

12 MS. EWALD: Your Honor, I'd like to move for the
13 admission of D344.

14 MR. GUERKE: No objection.

15 THE COURT: It's admitted.

16 (Debtor Exhibit 344 received into evidence)

17 BY MS. EWALD:

18 Q Mr. Hood, if we could move to Exhibit D395.

19 A 395, you said?

20 Q I think so, but let me just check. Yes, D395. It's an
21 email from Mr. Grindinger to Mr. John Todd. I'll turn your
22 attention to page 6 of this document. It's a long email
23 chain between Mr. Todd and Mr. Rudy Pangemanan at Welded and
24 Mr. Grindinger. And I'm going to draw your attention to the
25 email at 9:30 Am. from Mr. Todd. Do you see that Mr. Todd is

1 requesting the backup for the equipment NTP delay that is
2 listed for \$6.25 million? Mr. Todd was requesting the
3 backup, correct?

4 A I see that, yes.

5 Q In response, Mr. Grindinger, I believe, sent him the
6 Excel spreadsheet; is that right?

7 A (No audible response.)

8 Q Do you know if any additional backup was ever provided at
9 this time or any other time, Mr. Hood, for the equipment NTP
10 delay?

11 A His email is at the top of page 5. It says he's attached
12 that list -- the detailed list of the NTP equipment cost. It
13 would have been the same list we looked at earlier today.

14 Q And, Mr. Hood, as the person responsible for billing
15 Transco under the contract, have you ever seen any additional
16 backup other than that Excel spreadsheet for the NTP delay
17 equipment?

18 A Have I seen the backup?

19 Q Yes. Have any -- no further backup was provided to
20 Transco, correct?

21 A Not that I'm aware of.

22 MS. EWALD: Your Honor, I'd like to move for the
23 admission of D395.

24 MR. GUERKE: We do object on this one, Your Honor.
25 Mr. Hood is not copied, and we need a proper foundation.

1 MS. EWALD: Your Honor, I believe there's many
2 documents that have been admitted that the recipient is not
3 sitting in the witness chair. As the -- is not necessarily
4 on the document. Mr. Hood is responsible for
5 the -- you know, he signed all the invoices. He reviewed all
6 of the backup, I believe.

7 THE COURT: I'm going to sustain the objection.
8 You objected on that same ground yesterday to a document that
9 I think Mr. Sztroin was on but the witness wasn't on, and I
10 sustained the objection. I'm going to be consistent.

11 MS. EWALD: I appreciate that, Your Honor. That
12 document was between Mr. Sztroin and Mr. Springer. I would
13 submit that this document has several Welded personnel
14 associated with the --

15 THE COURT: But not this one. Sustained.

16 BY MS. EWALD:

17 Q Mr. Hood, I'd like to turn to Document Number D351. This
18 is an email that you were cc'd on. Do you see that? It's a
19 September 12, 2017, document.

20 A I see that, yes.

21 Q And in this email from Mr. Grindinger to Mr. McDowell,
22 he's speaking of the -- the delta between the 50 percent
23 equipment fee charged to the client versus Welded's
24 forecasted cost. Do you see that? And he's describing that
25 delta as \$5.9 million, roughly.

1 A Is there a question?

2 Q I guess my question, Mr. Hood, was: Do you see that Mr.
3 Grindinger is identifying a delta on the 50 percent equipment
4 fee as of this time in September of 2017?

5 A I see that in the email, yes.

6 Q And that delta would be the difference between the cost -
7 - the forecasted cost and the anticipated revenue, correct?

8 A Yeah. Based on his -- his estimate of cost going into
9 that category versus the equipment fee, that is his
10 estimation at the time.

11 Q And so that would indicate a margin or profit of \$5.9
12 million anticipated on the equipment fee, correct?

13 A I wouldn't say it's anticipated. I'd say based on his
14 estimate of what's -- of cost to go -- you know, cost of the
15 project versus equipment fee, that's -- at that time, there's
16 -- he's suggesting a \$5.9 million difference.

17 MS. EWALD: Your Honor, I'd move to admit Exhibit
18 D351.

19 MR. GUERKE: No objection, Your Honor.

20 THE COURT: It's admitted.

21 (Debtor Exhibit 351 received into evidence)

22 BY MS. EWALD:

23 Q And, Mr. Hood, if you would move to the next exhibit,
24 D374, please.

25 MR. GUERKE: Just a housekeeping question.

1 Would now or soon be a good time to break?

2 THE COURT: Well, I was going to ask whether
3 counsel is close to a point that makes sense.

4 MS. EWALD: Yes, Your Honor. I certainly can
5 break now or I can finish -- I can ask the witness about this
6 particular document. I think it should be quick.

7 THE COURT: Okay. Let's do this document.

8 BY MS. EWALD:

9 Q Mr. Hood, I'm showing you what's been identified as
10 Exhibit D374. And it is a -- an email from Mr. Dubreuil,
11 Patrick Dubreuil, at Welded. Was Mr. Dubreuil -- was he a
12 PTAG temporary hire?

13 A He was a PTAG agency-hired person, yes.

14 Q And you see you're copied on this email, Mr. Hood?

15 A Yes.

16 Q And these are the weekly time charges year to date for
17 PTAG, correct?

18 A Yes. It appears to be for all Welded's projects.

19 Q And if we turn to page 8 of Exhibit D374, we see that
20 this is the list of PTAG hires for the Atlantic Sunrise
21 project as of September of 2017, correct?

22 A Page number 8?

23 Q Yes. Page number 8 at the bottom, Mr. Hood.

24 A Okay. What's the question again, please?

25 Q This is the list of the PTAG agency hires for the

1 Atlantic Sunrise project as of September 20th, 2017, correct?

2 A It's a list of people who had charged hours to the effort
3 as of September '17. It's not necessarily who was
4 projected on the job for execution, but it shows to date --
5 it's a -- it shows what occurred during the week, the number
6 of hours, and then total hours to date.

7 Q And those hours have been charged to Transco for the
8 purpose of planning the ASR project, correct?

9 A Yes. This was -- would have been up to -- whatever the
10 period cutoff date is.

11 Q This is September 20th, 2017. That's one week before NTP
12 was issued; is that right?

13 A Yes, that's correct.

14 Q And we see on this list that there are seven PTAG
15 individuals who are described as ended. Does that mean that
16 they are no longer with Welded for execution of the project?

17 A Does it mean they're no longer with Welded?

18 Q Yes.

19 A I don't know that. Some of them, I know, left. Others,
20 I don't know if they moved elsewhere or what "ended"
21 indicates here.

22 Q It indicates that Mr. Williams, the intended project
23 manager, had billed over 1,000 hours for the ASR planning,
24 correct?

25 A Yeah, he charged 1,002 hours up to this point.

1 Q Mr. McHendry had billed in about the same neighborhood,
2 1,040 hours?

3 A That's correct.

4 Q And both of those gentlemen left the ASR project before
5 execution, correct?

6 A That's correct.

7 MS. EWALD: Your Honor, I'd like to move for the
8 admission of Exhibit D374.

9 MR. GUERKE: No objection.

10 THE COURT: It's admitted.

11 (Debtor Exhibit 374 received into evidence)

12 MS. EWALD: Thank you, Your Honor. This is a good
13 stopping point.

14 THE COURT: Okay.

15 MR. NEIBURG: Your Honor, may I just discuss some
16 table setting and maybe just setting expectations for
17 tomorrow. Prior to an earlier break, I had a chance to talk
18 with Transco's counsel. After Mr. Hood is done at some point
19 tomorrow, the debtors will then put on two expert witnesses,
20 one is Scott Gray from Ankura, the next Dennis Kakol from
21 contact. We have one remaining witness, Mr. Frank Pometti
22 from AlixPartners. I think he's the trick, Your Honor. I
23 suspect there's a remote, if any, chance that he will see the
24 stand tomorrow. So, what I'd like to be able to tell him is
25 we'll see him Monday. And that way, whenever we break

1 tomorrow, he'll be fresh on Monday.

2 THE COURT: Sounds good to me.

3 MS. EWALD: That's what I have told Mr. Neiburg as
4 well.

5 MR. NEIBURG: Great. Thank you, Your Honor.

6 THE COURT: Okay. Also, for planning purposes for
7 tomorrow, I have a 12:30 lunch meeting, so we'll take lunch
8 at 12:30.

9 MS. EWALD: Thank you.

10 THE COURT: Okay. Anything else logistics or
11 otherwise?

12 MR. NEIBURG: No, Your Honor.

13 THE COURT: Okay. Thank you. We're adjourned for
14 the evening.

15 And, again, Mr. Hood, don't speak to anyone about
16 your testimony.

17 (Proceedings concluded at 5:44 p.m.)

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CERTIFICATION

We certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter to the best of our knowledge and ability.

/s/ William J. Garling

September 5, 2023

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Certified Court Transcriptionist
For Reliable

/s/ Tracey J. Williams

September 5, 2023

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September 5, 2023

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