
LARRY E. KENNEDY**TECHNICAL SPECIALTIES**

Public Utility Plant Depreciation
Public Utility Plant Accounting

PERSONAL INFORMATION

Diploma, Applied Arts - Business Administration, Northern Alberta Institute of
Technology, 1978

Member, Society of Depreciation Professionals
Certified Depreciation Professional

EXPERIENCE

Mr. Kennedy joined Gannett Fleming, Inc. in January 1999 and is a Vice President of Gannett Fleming Canada ULC. His responsibilities include the assembly of data, the preparation and review of depreciation studies, advice to clients regarding asset retirement obligation accounting, plant accounting issues, and provision of general regulatory litigation support.

Representative assignments include:

- International Financial Reporting Standards (IFRS). Mr. Kennedy has been retained by numerous clients encompassing most Canadian Provinces and Territories. The assignments included the review of company's assets and depreciation practices to provide opinion on the compliance to the IFRS. The assignments have also included the issuance of opinion to the External Auditors of Utilities to comment on the manner in which the Utilities can minimize differences in the regulatory ledgers and the accounting records used for financial disclosure purposes. Mr. Kennedy has also presented to the Canadian Electric Association, the Society of Depreciation Professionals and to the British Columbia Utilities Commission on this topic.
- Fortis Inc. Studies have included the development of annual and accrued depreciation rates for the electric distribution assets in Alberta and for the generation, transmission, and distribution assets in British Columbia. The FortisBC Inc. studies were completed and filed with the BCUC in 2005, 2010 and 2011 encompassing both the FortisBC electric and natural gas companies. FortisAlberta studies were completed in 2004 (updated in 2005), 2009 and 2010. Elements of the studies included the development of average service lives using the retirement rate method of analysis, development of net salvage estimates, compliance with IFRS, and the determination of appropriate annual accrual and accrued depreciation rates.
- BC Hydro. This assignment included the development of an average service life study for all of the BC Hydro's electric generation, transmission, distribution and general plant assets. The study, which was prepared for submission to the British Columbia Utilities Commission ("BCUC"), included development of depreciation policy for the company, development of procedures to extract data from the company databases, tours of the company facilities, interviews with operational and management representatives, and the compilation of a detailed report. The assignment has included the support of the study through the regulatory process. Mr. Kennedy has also completed a review of the cost allocation procedures and practices which was filed with the BCUC in 2010.

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- AltaLink LP. A study was developed for submission to the Alberta Utilities Commission (“AUC”) in 2002. The study included the estimation of service life characteristics, and the estimation of net salvage requirements for all electric transmission assets. A net salvage study and technical update was also filed with the Board in 2004. Since 2004 additional depreciation studies were filed in 2005, 2010 and 2012.
- Newfoundland and Labrador Hydro. Mr. Kennedy developed a comprehensive depreciation study that included the development of depreciation policy and rates for Newfoundland and Labrador Hydro. The study provided a significant review of the previous depreciation policy, which included use of a sinking fund depreciation method and provided justification for the conversion to the straight-line depreciation method. The study, which was prepared for submission to the Newfoundland and Labrador Utilities Commission, included a significant amount of discussion regarding the development of depreciation policy for the company. The study also included development of procedures to extract data from the company databases, tours of the company facilities, interviews with operational and management representatives, development of appropriate net salvage rates, development of average service life estimates, and the compilation of the report for submission in a General Tariff Application. Additional studies were also completed in 2008 and 2010. The 2010 study was the subject of Regulatory Review in 2012.
- ATCO Electric. Studies have included the development of annual and accrued depreciation rates for the electric transmission and distribution systems for the Alberta Assets of ATCO Electric, in addition to the generation, transmission, and distribution assets of Northland Utilities (NWT) Inc. and the distribution assets of Northland Utilities (Yellowknife) Inc. The ATCO Electric studies were submitted to the AUC for review, while the Northland Utilities Inc. studies were submitted to the Northwest Territories Utilities Board and Yukon Electric Company Limited (YECL) was submitted to Yukon Public Utilities Board. Elements of the studies included the service life analysis for all accounts using the retirement rate analysis, discussion with management regarding outlook, and the estimation of net salvage requirements.
- ENMAX Power Corporation. Studies have included the development of annual and accrued depreciation rates for all depreciable electric transmission assets. Elements of the studies included the service life analysis for all accounts using the retirement rate analysis, discussion with management regarding outlook, and the estimation of net salvage requirements. Studies were prepared for submission to the Alberta Department of Energy and more recently for submission to the Alberta Energy and Utilities Board. Similar studies have also been completed for submission for the ENMAX Electric Distribution assets for submission to the AUC. The ENMAX distribution asset assignments also included an extensive asset verification project where the plant accounting and operational asset records were verified to the field assets actually in service.
- Manitoba Hydro. A study was developed to determine the appropriate depreciation parameters for all electric generation, transmission and distribution assets. The study was submitted to the Manitoba Public Utilities Board. Elements of the study included a field review of electric generation and transmission plant, the service life analysis for all accounts using the retirement rate analysis, discussion with management regarding outlook, and the estimation of net salvage requirements. A similar study was also completed in 2006. Mr. Kennedy has also consulted with Manitoba Hydro on issues regarding IFRS compliance and required componentization.

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- Centra Gas Manitoba, Inc. The study included development of annual and accrued depreciation rates for all gas plant in service. Elements of the study included a field inspection of metering and compression facilities, service buildings and other gas plant; service life analysis for all accounts using the retirement rate analysis on a combined database developed from actuarial data and data developed through the computed method; discussions with management regarding outlook; and the estimation of net salvage requirements. A similar study was completed in 2006. Mr. Kennedy has also consulted on issues regarding IFRS compliance and required componentization.
- TransCanada PipeLines Limited – Alberta Facilities. The assignment included working with the company to develop the appropriate depreciation policy to align with the organization's overall goals and objectives. The resulting depreciation study, which was submitted to the Alberta Energy and Utilities Board, incorporated the concepts of time-based depreciation for gas transmission accounts and unit based depreciation for gathering facilities. The data was assembled from two different accounting systems and statistical analysis of service life and net salvage were preformed. For gathering accounts, the assignment included the oversight of the development of appropriate gas production and ultimate gas potential studies for specific areas of gas supply. Field inspections of gas compression, metering and regulating, and service operations were conducted. Studies were completed in 2002 and 2004, 2007, 2009 and 2012.
- TransCanada PipeLines Limited – Mainline Facilities. The study prepared for submission to the National Energy Board of Canada ("NEB") included the development of annual and accrued depreciation rates for gas transmission plant east of the Alberta – Saskatchewan border. Elements of the study included a field inspection of compression and metering facilities, service life and net salvage analysis for all accounts. The study was completed in 2002, and was supported through an appearance before the NEB. Study updates have been completed in 2005, 2007, 2009 and an additional full and comprehensive study has been submitted to the NEB for review in 2011.
- AltaGas Utilities Inc. A number of depreciation studies have been completed, which included the assembly of basic data from the Company's accounting systems, statistical analysis of retirements for service life and net salvage indications, discussions with management regarding the outlook for property, and the calculations of annual and accrued depreciation. The studies were prepared for submission to the Alberta Energy and Utilities Board.
- Mackenzie Valley Pipeline Project. This assignment included the review of the proposed depreciation schedule for the proposed Mackenzie Valley Pipeline. The review included a discussion of the policies used by the company and the depreciation concepts to be included in a depreciation schedule for a Greenfield pipeline. The review was supported through appearance at the oral public hearings before the National Energy Board of Canada.
- Alberta Municipal Affairs. The first assignment was conducted in two phases. The first phase involved significant consultation with the Alberta Department of Municipal Affairs and various stakeholder groups to develop a report outlining the method of depreciation that would most appropriately result in a fair market value assignment for the Province's oil and gas pipelines, and for all segments of the electric industry (generation, transmission and distribution). The second phase of the project was to develop specific depreciation schedules to implement the recommendations that were accepted by Alberta Municipal Affairs for the oil and gas pipelines, as well as for all three aspects of the Province's electric industry. A second assignment related to developing models for the determination of the fair assessment value for the Province's Telecommunication and Railway Systems was completed in 2004, and was updated in 2005 and 2006.

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- Property Tax Appeals. Mr. Kennedy has provided expert evidence regarding the fair market valuation for a number of clients before the Alberta Municipal government Board.
- The City of Calgary. These assignments consisted of providing advice and testimony for the City of Calgary on depreciation issues in various general rate applications. Elements of these assignments include the review of applicant evidence and policies, development of information requests, submission of evidence, response to information requests, and providing expert testimony.

Mr. Kennedy has successfully completed the series of week-long programs offered by Depreciation Programs, Inc. and is a past president of the Society of Depreciation Professionals.

Mr. Kennedy has appeared as an expert witness before various regulatory boards as summarized in the attached "Summary of Appearances".

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SUMMARY OF CASES WHERE EVIDENCE WAS PROVIDED BUT APPEARANCES WERE NOT REQUIRED

<u>Year</u>	<u>Client</u>	<u>Applicant</u>	<u>Regulatory Board</u>	<u>Proceeding Number</u>
2000	AltaGas Utilities Inc.	AltaGas Utilities Inc	Alberta Energy and Utilities Board	Decision 2002-43
2001	ENMAX Power Corporation	ENMAX Power Corporation – Electric Transmission Assets	Alberta Department of Energy	N/A
2002	Centra Gas British Columbia	Centra Gas British Columbia	British Columbia Utilities Commission	N/A
2002	ENMAX Power Corporation	ENMAX Power Corporation – Electric Transmission Assets	Alberta Department of Energy	N/A
2003	Centra Gas Manitoba	Centra Gas Manitoba	Manitoba Public Utilities Board	N/A
2003	Manitoba Hydro	Manitoba Hydro	Manitoba Public Utilities Board	N/A
2003	City of Calgary	ATCO Pipelines	Alberta Energy and Utilities Board	1292783
2003	City of Calgary	ATCO Electric –ISO Issues	Alberta Energy and Utilities Board	N/A
2004	AltaGas Utilities Inc.	AltaGas Utilities Inc.	Alberta Energy and Utilities Board	1305995
2005	Yukon Energy Corporation	Yukon Energy Corporation	Yukon Utilities Board	N/A
2005	NOVA Gas Transmission Ltd.	NOVA Gas Transmission Ltd.	Alberta Energy and Utilities Board	1375375
2005	FortisAlberta Inc.	FortisAlberta Inc.	Alberta Energy and Utilities Board	1371998
2005	ATCO Electric	ATCO Electric	Alberta Energy and Utilities Board	1399997
2005	The City of Red Deer	The City of Red Deer Electric System	Alberta Energy and Utilities Board	1402729
2005	Northland Utilities (Yellowknife) Inc.	Northland Utilities (Yellowknife) Inc.	Northwest Territories Utilities Board	N/A
2005	Northland Utilities (NWT) Inc.	Northland Utilities (NWT) Inc	Northwest Territories Utilities Board	N/A
2005	ENMAX Power Corporation	ENMAX Power Corporation- Transmission Assets	Alberta Energy and Utilities Board	N/A
2005	FortisBC, Inc	FortisBC, Inc	British Columbia Utilities Commission	N/A
2005	New Brunswick Board of Commissioners of Public Utilities	New Brunswick Power Distribution and Customer Service Company	New Brunswick Board of Commissioners of Public Utilities	N/A
2005	British Columbia Transmission Corporation	British Columbia Transmission Corporation	British Columbia Utilities Commission	N/A
2005	Manitoba Hydro	Manitoba Hydro	Manitoba Public Utilities Board	N/A
2005	Centra Gas Manitoba	Centra Gas Manitoba	Manitoba Public Utilities Board	N/A
2005	FortisAlberta Inc.	FortisAlberta Inc.	Alberta Energy and Utilities Board	N/A
2006	BC Hydro	BC Hydro	British Columbia Utilities Commission	N/A
2007	Enbridge Pipelines Limited	Enbridge Pipelines Limited	National Energy Board of Canada	RH-2-2007
2007	FortisAlberta Inc.	Fortis Alberta Inc.	Alberta Energy and Utilities Board	1514140
2007	Kinder Morgan	Terasen (Jet fuel) Pipeline Limited	British Columbia Utilities Commission	N/A

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2008	ATCOGas	ATCOGas	Alberta Utilities Commission	1553052
2008	Heritage Gas	Heritage Gas Ltd.	Nova Scotia Utility and Review Board	N/A
2008	ENMAX Power Corporation	ENMAX Power Corporation	Alberta Utilities Commission	1512089
2008	City of Lethbridge Electric System	City of Lethbridge	Alberta Utilities Commission	N/A
2009	AltaGas Utilities Inc.	AltaGas Utilities Inc.	Alberta Utilities Commission	N/A
2010	Enbridge Pipelines Limited - Line 9	Enbridge Pipelines Limited - Line 9	National Energy Board of Canada	N/A
2010	Kinder Morgan	Kinder Morgan	National Energy Board of Canada	N/A
2010	Pacific Northern Gas	Pacific Northern Gas	British Columbia Utilities Commission	N/A
2011	SaskPower	SaskPower	Internal Review Committee	N/A
2011	FortisAlberta Inc.	Fortis Alberta, Inc.	Alberta Utilities Commission	1607159
2011	Quilliq	Quilliq	Utilities Rates Review Council	N/A
2011	Heritage Gas Ltd.	Heritage Gas Ltd.	Nova Scotia Utility and Review Board	N/A
2011	ATCO Electric	Northland Utilities (NWT) Inc.	Northwest Territories Utility Board	N/A
2012	Newfoundland and Labrador Hydro	Newfoundland and Labrador Hydro	Newfoundland and Labrador Board of Commissioners of Public Utilities	N/A
2012	City of Red Deer	City of Red Deer	Alberta Utilities Commission	1608641
2012	Enbridge Gas Distribution Inc.	Enbridge Gas Distribution Inc.	Ontario Energy Board	EB 2011-0345
2012	Northwest Territories Power Corporation	Northwest Territories Power Corporation	Northwest Territories Public Utilities Board	N/A

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SUMMARY OF APPEARANCES BEFORE REGULATORY BOARDS				
<u>Year</u>	<u>Client</u>	<u>Applicant</u>	<u>Regulatory Board</u>	<u>Proceeding Number</u>
1999	ENMAX Corporation	Edmonton Power Corporation	Alberta Energy and Utilities Board	980550
2001	City of Calgary	ATCO Pipelines South	Alberta Energy and Utilities Board	2000-365
2001	City of Calgary	ATCO Gas South	Alberta Energy and Utilities Board	2000-350
2001	City of Calgary	ATCO Affiliate Proceeding	Alberta Energy and Utilities Board	1237673
2003	AltaLink Management Ltd	AltaLink Management Ltd	Alberta Energy and Utilities Board	1279345
2003	TransCanada PipeLines Limited	TransCanada PipeLines Limited	National Energy Board of Canada	RH-1-2002
2003	City of Calgary	ATCO Gas	Alberta Energy and Utilities Board	1275466
2003	City of Calgary	ATCO Electric	Alberta Energy and Utilities Board	1275494
2004	NOVA Gas Transmission Limited	NOVA Gas Transmission Limited	Alberta Energy and Utilities Board	1315423
2004	ENMAX Power Corporation	ENMAX Power Corporation	Alberta Energy and Utilities Board	1306819
2004	Westridge Utilities Inc	Westridge Utilities Inc.	Alberta Energy and Utilities Board	1279926
2004	Heritage Gas Ltd.	Heritage Gas Ltd.	Nova Scotia Utility and Review Board	N/A
2004	Central Alberta Midstream	Central Alberta Midstream	Municipal Government Board of Alberta	N/A
2004	AltaLink LP	AltaLink LP	Alberta Energy and Utilities Board	1336421
2004	Central Alberta Midstream	Central Alberta Midstream	Municipal Government Board of Alberta	N/A
2005	AltaGas Utilities Inc.	AltaGas Utilities Inc.	Alberta Energy and Utilities Board	1378000
2005	ATCO Power	ATCO Power	Municipal Government Board of Alberta	N/A
2005	ENMAX Power Corporation	ENMAX Power Corporation- Distribution Assets	Alberta Energy and Utilities Board	1380613
2006	AltaLink LP	AltaLink LP	Alberta Energy and Utilities Board	1456797
2006	Imperial Oil Resources Ventures Limited	McKenzie Valley Pipeline Project	National Energy Board of Canada	GH-1-2004
2008	ATCO Electric	Yukon Electrical Company Limited	Yukon Utilities Board	N/A
2009	Fortis Alberta Inc.	Fortis Alberta, Inc.	Alberta Utilities Commission	1605170
2010	Gazifere	Gazifere	La Regie de L'Energie	R-3724-2010

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2010	ATCO Electric	ATCO Electric	Alberta Utilities Commission	1606228
2011	ATCO Gas	ATCO Gas	Alberta Utilities Commission	1606822
2011	Gaz Metro	Gaz Metro	La Regie de L'Energie	R-3752-2011
2011	AltaGas Utilities Inc.	AltaGas Utilities Inc.	Alberta Utilities Commission	1606694
2011	AltaLink	AltaLink	Alberta Utilities Commission	1606895
2011	FortisBC Energy, Inc.	FortisBC Energy, Inc.	British Columbia Utilities Commission	3698627
2011	TransAlta Utilities Corporation	TransAlta Utilities Corporation	Municipal Government Board of Alberta	N/A
2012	FortisBC, Inc.	FortisBC, Inc.	British Columbia Utilities Commission	3698620
2012	TransCanada PipeLines Limited	TransCanada PipeLines Limited	National Energy Board of Canada	RH-003-2011
2012	Manitoba Hydro	Manitoba Hydro	Manitoba Public Utilities Board	Appearance Pending
2013	IntraGaz Incorporated	IntraGaz Incorporated	La Regie de L'Energie	Appearance Pending
2013	AltaLink LP	AltaLink LP	Alberta Utilities Commission	Appearance Pending