

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:

- **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. Mr. Kennedy has appeared before the Alberta Utilities Commission on behalf of AltaGas on a number of occasions.
- **AltaLink LP:** An initial 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. The 2010 and 2012 studies included a number of provisions in order to ensure compliance to Alberta's Minimum Filing Requirements for depreciation studies and for compliance to the International Financial Reporting Standards.

GI-18
Document 3
9 pages
Requête 3924-2015

- **ATCO:** 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. 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. ATCO Gas studies were prepared in 2010 and were the subject of a review by the AUC. Elements of all 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.
- **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 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.
- **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 and in 2011. The 2011 depreciation study was the subject of a review by the Manitoba Public Utilities Board in 2012. Mr. Kennedy has also consulted on issues regarding IFRS compliance and required componentization.
- **Enbridge Gas Distribution Inc.:** Full and Comprehensive depreciation studies have been completed in 2009 and 2011. The 2009 study also included review of the company's gas storage operations. Both studies included the development of annual and accrued depreciation rates for all depreciable natural gas distribution, transmission and general plant assets. Elements of the studies included the service life analysis for all accounts using the computed mortality

method of analysis, discussion with management regarding outlook, and the estimation of net salvage requirements. Studies were prepared for submission to the Ontario Energy Board.

Mr. Kennedy has also completed an allocation of the accumulated depreciation accounts into the amounts related to the recovery of original cost and the amounts recovered in tolls for the future removal of assets currently in service. The allocations were determined as of December 31, 2009 and were deemed by the company's external auditors to be in conformance with proper accounting standards and procedures. In 2013, a review of the reserve required for the future removal of assets currently in service was undertaken by Mr. Kennedy. The results of the review were summarized in evidence presented by Mr. Kennedy to the Ontario Energy Board.

- **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.
- **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.
- **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, the Canadian Energy Pipeline Association, and to the British Columbia Utilities Commission on this topic.

- **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.
- **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 and in 2011. The 2011 depreciation study was the subject of a review by the Manitoba Public Utilities Board in 2012. Mr. Kennedy has also consulted with Manitoba Hydro on issues regarding IFRS compliance and required componentization.
- **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 conversation 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.

- **Ontario Power Generation:** Assignments have included a review of the Depreciation Review Committee process completed in 2007. This review provided recommendations for enhanced internal processes and controls in order to ensure that the depreciation expense reflects the annual consumption of service value. Additionally, full assessments of the lives the regulated assets were completed in 2011 and 2013, and were submitted to the Ontario Energy Board for review.
- **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 performed. 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 was completed in 2011. The 2011 study was fully supported through an appearance before the NEB in 2012

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.

LARRY E. KENNEDY				
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 - Transmission	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 - Transmission	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	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

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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
2008	ATCO Gas	ATCO Gas	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	Qulliq	Qulliq	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
2015	Gaz Metro	Gaz Metro	La Regie de L'Energie	N/A

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SUMMARY OF APPEARANCES BEFORE REGULATORY BOARDS				
Year	Client	Applicant	Regulatory Board	Proceeding Number
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
2010	ATCO Electric	ATCO Electric	Alberta Utilities Commission	1606228

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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	2013/2013 GRA
2013	IntraGaz Incorporated	IntraGaz Incorporated	La Regie de L'Energie	R-3807-2012
2013	AltaLink LP	AltaLink LP	Alberta Utilities Commission	1608711
2013	Yukon Electrical Company Limited (VECL)	Yukon Electrical Company Limited (VECL)	Yukon Utilities Board	2013-2015 GRA
2014	ENMAX Power Corporation	ENMAX Power Corporation	Alberta Utilities Commission	1609674
2014	Enbridge Gas Distribution	Enbridge Gas Distribution	Ontario Energy Board	EB-2012-0459
2015	Manitoba Hydro	Manitoba Hydro	Manitoba Public Utilities Board	2014/15 & 2015/16 GRA
2016	EPCOR Distribution and Transmission Inc.	EPCOR Distribution and Transmission Inc.	Alberta Utilities Commission	Proceeding 20407
2015	Newfoundland and Labrador Hydro	Newfoundland and Labrador Hydro	Newfoundland and Labrador Board of Commissioners of Public Utilities	N/A
2015	AltaLink LP	AltaLink LP	Alberta Utilities Commission	Proceeding 3524
2016	ATCO Electric	ATCO Electric	Alberta Utilities Commission	Proceeding 20272 Appearance Pending
2016	Gazifere	Gazifere	La Regie de L'Energie	Appearance Pending
2016	Enbridge Gas New Brunswick	Enbridge Gas New Brunswick	New Brunswick Energy and Utilities Board	Appearance Pending