

# Exhibit No. 10

Evergy Missouri West – Exhibit 10  
Larry Kennedy  
Surrebuttal Testimony  
File No. EF-2022-0155

Exhibit No.: \_\_\_\_\_  
Issue(s): Prudence of Sibley Retirement  
Witness: Larry Kennedy  
Type of Exhibit: Surrebuttal Testimony  
Sponsoring Party: Evergy Missouri West, Inc. d/b/a  
Evergy Missouri West  
Case No.: EF-2022-0155  
Date Testimony Prepared: July 2022

**Before the Public Service Commission  
of the State of Missouri**

**Surrebuttal Testimony**

**of**

**Larry Kennedy**

**on behalf of**

**Evergy Missouri West, Inc. d/b/a Evergy Missouri West**

**July 2022**

**SURREBUTTAL TESTIMONY  
OF  
LARRY KENNEDY  
CASE NO. EF-2022-0155**

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**SURREBUTTAL TESTIMONY  
OF  
LARRY KENNEDY  
CASE NOS. EF-2022-0155**

1

**I. INTRODUCTION**

2 **Q. Please state your name, business address, by whom you are employed and in what**  
3 **capacity.**

4 A. My name is Larry Kennedy. My business address is 200 Rivercrest Drive SE, Suite  
5 277, Calgary, Alberta, T2C 2X5. I am employed by Concentric Energy Advisors as a  
6 Senior Vice President. A brief description of my employer may be found in the  
7 Surrebuttal Testimony of John J. Reed.

8 **Q. On whose behalf are you testifying in this proceeding?**

9 A. I am testifying on behalf of Evergy Missouri West, Inc. d/b/a Evergy Missouri West  
10 (“EMW” or the “Company”).

11 **Q. Mr. Kennedy, please briefly describe your educational and professional**  
12 **background.**

13 A. I have been employed in the public utility sector in the specialized fields of regulated  
14 plant accounting, capital recovery and development of depreciation and capital  
15 recovery strategies for over 40 years. I have spent the last 22 years in a consulting role  
16 and have provided testimony in over 100 proceedings on the topics of depreciation,  
17 regulatory plant accounting, GAAP accounting related to regulated entities, and  
18 stranded cost issues, including testimony before the Missouri Public Service  
19 Commission (the “Commission”) on behalf of EMW and Missouri-American Water

1 Company. Additionally, I am a Certified Depreciation Professional and a member of  
2 the teaching faculty of the Society of Depreciation Professionals. I have presented  
3 extensively on the topics of depreciation, utility asset valuation and stranded cost, and  
4 have provided expert testimony in dozens of utility rate proceedings. A copy of my  
5 résumé and a listing of the testimony I have sponsored in the past is included as  
6 **Surrebuttal Schedule LK-1.**

7 **Q. Have you previously provided testimony related to early retirement transactions?**

8 A. Yes. Over the past several years I have testified on early retirement transactions in  
9 the following proceedings:

10 EPCOR Distribution and Transmission Inc. – Alberta Utilities Commission  
11 Proceeding 20407 – related to the early retirement of analog meters within an AMI  
12 project.

13 Newfoundland and Labrador Hydro (“NALCOR”) – Newfoundland and  
14 Labrador Board of Commissioners of Public Utilities in a 2015 – related to the early  
15 retirement of electric transmission substation equipment caused by a catastrophic  
16 event.

17 ATCO Gas – Alberta Utilities Commission Proceeding 2738 – related to the  
18 return of and return on the undepreciated investment caused by a large flooding event.

19 ATCO Electric – Alberta Utilities Commission Proceeding 22742 – related to  
20 the return of and return on the undepreciated investment caused by a large forest fire.

1 **Q. Are you the same Mr. Kennedy who is testifying on behalf of EMW in its pending**  
2 **rate proceeding Cas No. ER-2022-0129/0130?**

3 A. Yes, I am. In that proceeding, I testify to the prudence of the Company's decision to  
4 retire Sibley Unit 3 ("Sibley") and the appropriate ratemaking treatment related to  
5 Sibley.

6 **II. PURPOSE OF SURREBUTTAL TESTIMONY AND KEY CONCLUSIONS**

7 **Q. What is the purpose of your surrebuttal testimony in this proceeding?**

8 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony filed  
9 by the Office of the Public Counsel ("OPC") witness Lena Mantle regarding her  
10 implicit argument that the Company's decision to retire Sibley was imprudent. My  
11 colleague, Mr. Reed, addresses Ms. Mantle's flawed view of what constitutes prudent  
12 resource planning more broadly as well as the Company's specific response to Storm  
13 Uri. Our testimonies address these issues from a regulatory policy perspective. Please  
14 also see the testimonies of EMW witnesses Darrin Ives and Kayla Messamore for  
15 additional responsive testimony on this issue.

16 **Q. Is the prudence of the Company's decision to retire Sibley directly at issue in this**  
17 **case?**

18 A. That is not entirely clear. This case deals with the securitization of fuel and PPA costs  
19 caused by Storm Uri. However, OPC has raised the Sibley retirement in its testimony.  
20 Accordingly, I and other Company witnesses respond to OPC's baseless accusations to  
21 ensure a clear and accurate record.

1 **Q. What key conclusions do you reach responding to OPC?**

2 A. Ms. Mantle completely ignores the well-established standard for performing a  
3 prudence review. She does not consider whether the Company’s decision to retire  
4 Sibley was within the range of what a reasonable utility would have done based on  
5 information that was known or reasonably knowable at the time the decision to retire  
6 Sibley was reached. She does not consider whether the retirement could be anticipated  
7 and the economic and social factors which contributed to it. The evidence is compelling  
8 that the Company’s decision to retire Sibley was reasonable, prudent, well-within  
9 industry norms and consistent with nationwide trends. Ms. Mantle’s testimony that  
10 retiring Sibley was imprudent has no basis in either the reasonable application of the  
11 prudence standard or fact and should be given no weight.

12 **III. THE PRUDENCE STANDARD AND RESPONSE TO OPC**

13 **Q. Please generally describe your understanding of the Commission’s prudence**  
14 **standard.**

15 A. For the past 35 years, the Commission has applied the following prudence standard:

16 “[T]he company’s conduct should be judged by asking whether the  
17 conduct was reasonable at the time, under all the circumstances,  
18 considering that the company had to solve its problem prospectively  
19 rather than in reliance on hindsight. In effect, our responsibility is  
20 to determine how reasonable people would have performed the tasks  
21 that confronted the company.”<sup>1</sup>

22 It is important to recognize that prudence relates to actions and decisions. Hindsight,  
23 information that was not known or reasonably knowable at the time of the decision

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<sup>1</sup> Report and Order, In re Union Elec. Co., No. EO-85-17, 1985 Mo. PSC LEXIS 54, \*24-26, 27 Mo. P.S.C. (N.S.) 183, 192-9 (Mar. 29, 2985).

1 being made, including later information about “how things turned out”, are not relevant  
2 to evaluating the prudence of a decision. This standard recognizes that reasonable  
3 parties can differ. There is a range of reasonable actions and decisions that are prudent,  
4 and a decision can only be labelled as imprudent if it can be shown that it was outside  
5 the bounds of what a reasonable person would have done.

6 **Q. Is the Commission’s prudence standard consistent with national precedent?**

7 A. Yes. As discussed by Mr. Reed, the Commission’s prudence standard is consistent  
8 with the standard articulated by the Supreme Court,<sup>2</sup> the Federal Energy Regulatory  
9 Commission (“FERC”)<sup>3</sup> and the guidelines proffered by the National Regulatory  
10 Research Institute (“NRRI”), the research arm of the National Association of  
11 Regulatory Utility Commissioners (“NARUC”) namely:

- 12 • “... a presumption that the investment decisions of the utilities are prudent ...”
- 13 • “... the standard of reasonableness under the circumstances ...”
- 14 • “... a proscription against the use of hindsight in determining prudence ...”
- 15 • “... determine prudence in a retrospective, factual inquiry. Testimony must  
16 present facts, not merely opinion, about the elements that did or could have  
17 entered into the decision at the time.”<sup>4</sup>

18 None of this was considered by Ms. Mantle. She simply asserts that  
19 retiring Sibley was imprudent, pointing to Storm Uri costs as an example, without any  
20 regard for the prudence standard.

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<sup>2</sup> Concurring opinion of Justice Louis Brandeis, *State ex. rel. Southwestern Bell Telephone Co. v. Public Service Commission*, 262 U.S. 276, 289 n.1, 306-07 (1923); *West Ohio Gas Co. v. Public Utilities Commission of Ohio*, 294 U.S. 62, 72 (1935), Opinion of Justice Benjamin Cardozo.

<sup>3</sup> *New England Power Co.*, 31 FERC ¶ 61,047 (1985)

<sup>4</sup> National Regulatory Research Institute, *The Prudent Investment Test in the 1980s* (April 1985).



1 **Q. Are there additional considerations with regard to the decision to retire a**  
2 **generating plant that are important to establishing the prudence of such a**  
3 **decision?**

4 A. Yes. FERC discusses the topic of whether a retirement was planned or anticipated in  
5 Part 101 of the Uniform System of Accounts (“USoA”). Section 182.1 addresses  
6 whether an event could have been reasonably anticipated and is the relevant USoA  
7 section related to the prudence of retirement decisions. Section 182.1 states:

8 182.1 Extraordinary property losses. A. When authorized or directed  
9 by the Commission, this account shall include extraordinary losses,  
10 which could not reasonably have been anticipated and which are not  
11 covered by insurance or other provisions, such as unforeseen  
12 damages to property. [emphasis added]

13 The key component of this provision is that an extraordinary retirement  
14 is one that could not have been anticipated. As I discuss more later in my testimony  
15 and is discussed in the testimony of Darrin Ives and Kayla Messamore, the Sibley  
16 retirement was clearly anticipated.

17 **Q. What guidance has been issued by NARUC regarding plant retirements?**

18 A. As it pertains to the recovery of the original cost of a retired plant, NARUC states  
19 “Ordinary retirements are caused by such factors as wear and tear, decay, action of the  
20 elements, inadequacy, obsolescence, changes in the art, and changes in demand.”<sup>5</sup> The  
21 learning from the NARUC Depreciation Manual is that early retirements caused by

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<sup>5</sup> NARUC Public Utility Depreciation Practices at iii-v, National Assoc. of Regulatory Utility Commissioners (1996) (“NARUC Depreciation Manual”), at 30. David M. Birnbaum of Missouri is listed as a co-author of the Manual. EMW advises me that he served as the Manager of the Commission’s Depreciation Department at this time.

1 technological and social changes, such as the renewable energy and decarbonization  
2 movement which I discuss more later in my testimony, are considered as “ordinary.”

3 **Q. Was the Company’s decision to retire Sibley unusual or unique, given recent and**  
4 **current trends in the electricity industry?**

5 A. No. The Company’s decision to retire Sibley was consistent with nationwide trends.  
6 As shown in the figure below, approximately 119 GW of coal fired capacity is expected  
7 to be retired over the 2010 to 2025 time period. In Missouri alone, at least six more  
8 coal plants, in addition to Sibley, are expected to be retired by 2028.<sup>6</sup>

9 **Figure 1: Total Summer Capacity of Retired and Retiring Coal Units 2010-2025<sup>7</sup>**



10  
11  
12

Clean energy policies, with a growing focus on overall decarbonization of the  
13 electric power sector, have contributed to many regulated utilities across the nation  
14 determining that the continued use of coal fired generation is no longer economic and,

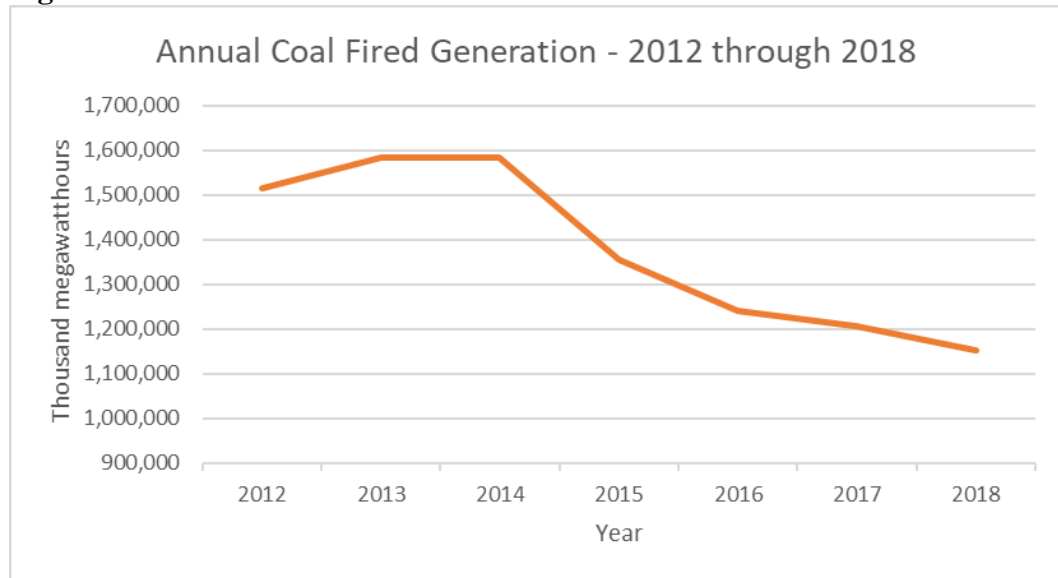
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<sup>6</sup> The four units of Meramec and the two Sioux units have been identified for retirement with the recent IRP filings. Most recently, Ameren Missouri announced on December 14, 2021, that it will pursue plans to facilitate the accelerated retirement of the coal-fired Rush Island Energy Center. See Form 8-K, Ameren Corp., and Union Elec. Co. (Dec. 14, 2021).

<sup>7</sup> Source: U.S. Energy Information Administration, Annual Electric Generator Report and Preliminary Monthly Electric Generator Inventory (July 2019).

1 as a result, retiring plants early. These decisions have resulted in the dramatic decrease  
2 in coal-fired generation as shown in Figure 2, below. I have only presented this chart  
3 through 2018, the retirement date of the last Sibley generating unit, but the trend  
4 forward has definitely maintained a similar trajectory.

5 **Figure 2: U.S. Annual Coal Fired Generation**



6  
7 Data Source: Electric Power Weekly – Published by the EIA – March 2022 – Table 1.1  
[https://www.eia.gov/electricity/monthly/epm\\_table\\_grapher.php?t=table\\_1\\_01](https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=table_1_01)

8 **Q. Was the decision to retire Sibley imprudent as suggested by Ms. Mantle?**

9 A. No, it was not. The decision was part of a larger local and nationwide trend. At the  
10 time of the decision to retire Sibley, a dramatic drop in coal-fired generation was  
11 continuing and was expected to continue.<sup>8</sup> As discussed by Company witness Kayla  
12 Messamore, the Company’s integrated resource planning (“IRP”) process clearly  
13 demonstrated that retiring Sibley was the least cost option for Evergy Missouri West’s  
14 customers. The decision to retire Sibley was prudent based on the facts and information  
15 available to management at the time the decision was made.

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<sup>8</sup> Case No. ER-2022-0130, Kennedy Direct Testimony, at 8 – 10.

1 **Q. Did Ms. Mantle apply the longstanding prudence standard in testimony regarding**  
2 **Sibley?**

3 A. No. She does not address, utilize or satisfy the prudence standard of review. She does  
4 not discuss the Company's decision-making process. She does not consider the  
5 Company's decision to retire Sibley in comparison to the range of what a reasonable  
6 utility would have done based on what was known or reasonably knowable at the time  
7 the decision was made. Instead, she makes a series of baseless accusations which are  
8 responded to by Ms. Messamore and Mr. Reed and attempts to use pure hindsight to  
9 justify her assertion that the Sibley retirement was imprudent. As discussed by Mr.  
10 Reed, the Company's decision to retire Sibley cannot be judged to be imprudent based  
11 on Ms. Mantle's "review".

12 The evidence presented by the Company is compelling that the  
13 retirement of Sibley was reasonable, well within industry norms and prudent.

14 **Q. Does this conclude your testimony at this time?**

15 A. Yes, it does.


**DECLARATION OF LARRY KENNEDY**

County of Canada )  
  )     ss  
Province of Alberta    )

Larry Kennedy, being duly sworn, deposes and says that the information accompanying the attached *Surrebuttal Testimony* was prepared on behalf of Evergy Missouri West by his or under his direction and supervision.

Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.<sup>1</sup>

Concentric Energy Advisors, Inc.

  
\_\_\_\_\_  
Larry Kennedy, Declarant  
Senior Vice President

<sup>1</sup> See Letter from the Commission, dated March 24, 2020: “[A]ny person may file an affidavit in any matter before the Commission without being notarized so long as the affidavit contains the following declaration: [‘]Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.[’] \_\_\_\_\_ Signature of Declarant[.] This guidance applies both to pleadings filed in cases before the Commission and to required annual reports and statements of income.”

**LARRY E. KENNEDY, CDP**

Senior Vice President

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Mr. Kennedy has been in the pipeline, electric, gas utility and municipal infrastructure business for 40 years. As Senior Vice President, Concentric Advisors, ULC, Mr. Kennedy has provided professional consulting services to gas and electric utilities including generation facilities (including nuclear facilities), and high voltage transmission lines, large diameter transmission pipelines, railway systems and municipally owned utility systems. Previously, Mr. Kennedy was with Gannett Fleming Canada ULC, for over 17 years, where he was responsible for completing depreciation studies and provided advice related to large capital program spending and controls for many regulated North American utilities. Mr. Kennedy was also employed by Interprovincial Pipelines Limited (now Enbridge Pipelines) for 15 years in several plant accounting and regulatory positions and with Nova Gas Transmission Pipelines (now TC Energy) for three years as a Depreciation Specialist.

Mr. Kennedy has provided expert witness testimony related to depreciation, stranded costs, capital accounting issues, utility valuation, and property tax issues before several North American regulatory bodies. Mr. Kennedy has completed numerous seminars and all courses offered by Depreciation Programs, Inc. Mr. Kennedy is a member of the teaching faculty of the Society of Depreciation Professionals ("SDP") and has presented depreciation, stranded cost, and capital accounting related topics to the SDP, Canadian Electric Association, Canadian Gas Association, Canadian Property Taxpayers Association, Alberta Utilities Commission, British Columbia Utilities Commission and the Canadian Energy Pipeline Association. Mr. Kennedy is a past Society of Depreciation Professionals President.

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**PERSONAL INFORMATION**

- Diploma, Applied Arts - Business Administration, Northern Alberta Institute of Technology, 1978
- Member, Society of Depreciation Professionals
- Certified Depreciation Professional

**EXPERIENCE**

## Representative Project Experience

- Consolidated Edison Company of New York, Inc.: Mr. Kennedy co-authored a study and report which presented the results of research focusing on prior periods of transformative change and more recent discussions of policy tools that could address the impacts of climate change on the Company's electric, steam, and natural gas businesses.
- Montana-Dakota Utilities Co.: A study was developed to determine the appropriate depreciation parameters for all electric generation, transmission and distribution assets. The study and associated expert testimony were submitted to the Montana Public Service Commission in 2018. 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 the retirement of generation facilities due to environmental legislation and estimation of net salvage requirements.

- Commonwealth Edison Company: Mr. Kennedy sponsored extensive Rebuttal Testimony related to the average service life, net salvage estimations, and appropriate depreciation practices in a 2020 rate proceeding.
- Great Plains Natural Gas Co.: Annual updates of depreciation rates and net salvage requirements were calculated and submitted to the Minnesota Department of Commerce annually since 2017.
- Midwestern Gas Transmission Company: The assignment included development of a detailed depreciation study and Testimony 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 Federal Energy and Regulatory Commission, incorporated the concepts of time-based depreciation for gas transmission accounts and development of Economic Planning Horizons. The Direct Testimony included significant discussion related to the topics of Decarbonization and changing political climate towards removal of fossil fuel demand forecasts.
- National Grid USA Service Company Limited: A depreciation study was completed in 2020 for the National Grid High Voltage Direct Current (HVDC) electric interstate transmission line. The study included consideration of the average service life of the system components, the level of components of the system and the compliance of the recommended componentization to the FERC Uniform System of Accounts. The resultant study was used by the company in filings with the Federal Energy and Regulatory Commission (FERC)
- Viking Gas Transmission Company - 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 Federal Energy and Regulatory Commission, incorporated the concepts of time-based depreciation for gas transmission accounts and development of Economic Planning Horizons, including discussion related to the long demand of natural gas.
- Society of Depreciation Professionals (SDP): Mr. Kennedy has presented at the annual conferences on the topic of the erosion of the regulatory compact throughout North America, the Future of Energy transition and its impacts on recovery of investment. Additionally, Mr. Kennedy is a member of the SDP teaching faculty and has lead a number of workshops on various aspects of decarbonization and has co-instructed on the topic of the future of energy.

#### Other Representative Project Experience

- Alberta Departments of Energy and Forestry and Agriculture: Detailed toll comparison and valuation models were developed to provide a comparison of the toll fairness of each of the Provinces Rural Electrification Associations (“REA”) to the comparable Investor Owned Utilities (“IOU”) for the 32 REA’s currently operating in Alberta. In addition to providing a toll comparison of the REA and IOU, a fair market valuation for each of the REA’s was also prepared. The final report of the toll compatibility and specific valuations



were submitted to the Alberta Department of Energy and the Alberta Department of Forestry and Agriculture. Mr. Kennedy was the Responsible Officer on this project.

- Alliance Pipeline L.P. A number of depreciation studies have been completed by Mr. Kennedy for both the Canadian and US assets of Alliance Pipelines. The most recent studies completed in 2012 for Submission to the National Energy Board of Canada and to the Federal Energy Regulatory included operational discussions related to the gas transmission plant, the service life analysis for all accounts using the retirement rate analysis, discussion with management regarding outlook, and the inclusion of an Economic Planning Horizon.
- 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 ("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, 2016 and 2018. The 2010, 2012, 2016 and 2018 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. These studies also specifically analyzed the pace of technical change in the Alberta Electric system, and recently have specifically considered the impacts of early retirements caused by storms and forest fires.
- 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 Inc. (NWT) and the distribution assets of Northland Utilities (Yellowknife) Inc. The ATCO Electric studies were submitted to the AUC for review, while the NWT and Northland Utilities (Yellowknife) Inc. studies were submitted to the Northwest Territories Utilities Board and Yukon Electric Company Limited (YECL) was submitted to the Yukon Public Utilities Board. These studies also specifically analyzed the pace of technical and recently have specifically considered the impacts of early retirements caused by storms and forest fires.
- ATCO Gas: Studies were prepared in 2010 and 2018 which 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. These studies also specifically analyzed the





pace of technical change in the Alberta Gas system, and recently have specifically considered the impacts of early retirements caused by storms and forest fires.

- 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, 2011, and 2015. The 2011 and 2015 studies were the subject of a review by the Manitoba Public Utilities Board in 2012 and 2016. Mr. Kennedy has also consulted on issues regarding International Financial Reporting Standards (“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 Group of Companies: 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 British Columbia Utilities Commission (“BCUC”) in 2005, 2010, 2011 and 2018 encompassing both the FortisBC electric and natural gas companies. FortisAlberta Inc. 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. The most recent studies also specifically analyzed the pace of technical change in the Electric systems, and specifically considered the impacts of retirements, system modernization and technical enhancements to the assets.

- 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 BCUC 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 (“NEB”).
- 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.
- New Brunswick Power: Mr. Kennedy completed a comprehensive depreciation review of the electric generation (including the nuclear facilities), transmission, distribution and general plant assets. The review, which was prepared for submission to the New Brunswick Public Utilities Board, 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.

- Newfoundland and Labrador Hydro (NALCOR): Mr. Kennedy developed comprehensive depreciation studies that included the development of depreciation policy and rates for NALCOR. The studies 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 and 2017 studies were the subject of Regulatory Review in 2012 and 2019.
- 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 of the regulated assets of the company's electric generation hydro and nuclear plants 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, 2015, and 2018.
- TransCanada Pipelines Limited - Mainline Facilities: The study prepared for submission to the 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, and



2017. The 2011 study was fully supported through an appearance before the NEB in 2012.

#### Designations and Professional Affiliations

- Society of Depreciation Professionals -Certified Depreciation Professional
- Society of Depreciation Professionals (former President)



**EVIDENCE ENTERED INTO PROCEEDINGS IN THE UNITED STATES**

<b>YEAR</b>	<b>CLIENT</b>	<b>APPLICANT</b>	<b>REGULATORY BOARD</b>	<b>PROCEEDING NUMBER</b>
2015	Alliance Pipeline LP	Alliance Pipeline LP	Federal Energy and Regulatory Commission	Docket No. RP15-1022
2019	Viking Gas Transmission Company	Viking Gas Transmission Company	Federal Energy Regulatory Commission	RP19-1340
2020	National Grid USA Service Company Limited	National Grid USA Service Company Limited	Federal Energy Regulatory Commission	Settled through Negotiation
2018	Great Plains Natural Gas Co.	Great Plains Natural Gas Co.	Minnesota Department of Commerce	Annual Depreciation Filing
2018	Montana-Dakota Utilities	Montana-Dakota Utilities	Montana Public Service Commission	Docket D2019.9
2019	Great Plains Natural Gas Co	Great Plains Natural Gas Co	Minnesota Department of Commerce	Annual Depreciation Filing
2020	Cascade Natural Gas Corporation	Cascade Natural Gas Corporation	Oregon Public Utility Commission	UM - 2073
2020	Missouri-American Water Company	Missouri-American Water Company	Missouri Public Service Commission	WR-2020-0344
2020	Great Plains Natural Gas Co	Great Plains Natural Gas Co	Minnesota Department of Commerce	Annual Depreciation Filing
2020	Commonwealth Edison Company	Commonwealth Edison Company	State of Illinois – Illinois Commerce Commission	Docket 20-0393
2021	Intermountain Gas Company	Intermountain Gas Company	Idaho Public Utilities Commission	Case No. INT-21-01
2021	Midwestern Gas Transmission Company	Midwestern Gas Transmission Company	Federal Energy Regulatory Commission	RP21-525-000
2021	Consolidated Edison of New York	Consolidated Edison of New York	New York State Public Service Commission	19-G-0066



**EVIDENCE ENTERED INTO PROCEEDINGS IN CANADA**

<b>YEAR</b>	<b>CLIENT</b>	<b>APPLICANT</b>	<b>REGULATORY BOARD</b>	<b>PROCEEDING NUMBER</b>
1999	ENMAX Power Corporation	Edmonton Power Corporation	Alberta Energy and Utilities Board	980550
2000	AltaGas Utilities Inc.	AltaGas Utilities Inc.	Alberta Energy and Utilities Board	Decision 2002-43
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
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	AltaLink LP	AltaLink LP	Alberta Energy and Utilities Board	1279345
2003	Centra Gas Manitoba	Centra Gas Manitoba	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
2003	City of Calgary	ATCO Gas	Alberta Energy and Utilities Board	1275466
2003	City of Calgary	ATCO Electric	Alberta Energy and Utilities Board	1275494
2003	Manitoba Hydro	Manitoba Hydro	Manitoba Public Utilities Board	N/A
2003	TransCanada Pipelines Limited	TransCanada Pipelines Limited	National Energy Board of Canada	RH-1-2002
2004	AltaGas Utilities Inc.	AltaGas Utilities Inc.	Alberta Energy and Utilities Board	1305995
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
2004	Central Alberta Midstream	Central Alberta Midstream	Municipal Government Board of Alberta	N/A
2004	ENMAX Power Corporation	ENMAX Power Corporation	Alberta Energy and Utilities Board	1306819



<b>YEAR</b>	<b>CLIENT</b>	<b>APPLICANT</b>	<b>REGULATORY BOARD</b>	<b>PROCEEDING NUMBER</b>
2004	Heritage Gas Ltd.	Heritage Gas Ltd.	Nova Scotia Utility and Review Board	N/A
2004	NOVA Gas Transmission Limited	NOVA Gas Transmission Limited	Alberta Energy and Utilities Board	1315423
2004	Westridge Utilities Inc.	Westridge Utilities Inc.	Alberta Energy and Utilities Board	1279926
2005	AltaGas Utilities Inc.	AltaGas Utilities Inc.	Alberta Energy and Utilities Board	1378000
2005	ATCO Electric	ATCO Electric	Alberta Energy and Utilities Board	1399997
2005	ATCO Power	ATCO Power	Municipal Government Board of Alberta	N/A
2005	British Columbia Transmission Corporation	British Columbia Transmission Corporation	British Columbia Utilities Commission	N/A
2005	Centra Gas Manitoba	Centra Gas Manitoba	Manitoba Public Utilities Board	N/A
2005	ENMAX Power Corporation	ENMAX Power Corporation – Transmission	Alberta Energy and Utilities Board	N/A
2005	ENMAX Power Corporation	ENMAX Power Corporation – Distribution Assets	Alberta Energy and Utilities Board	1380613
2005	FortisAlberta Inc.	FortisAlberta Inc.	Alberta Energy and Utilities Board	1371998
2005	FortisAlberta Inc.	FortisAlberta Inc.	Alberta Energy and Utilities Board	N/A
2005	FortisBC, Inc.	FortisBC, Inc.	British Columbia Utilities Commission	N/A
2005	Manitoba Hydro	Manitoba Hydro	Manitoba Public Utilities Board	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	Northland Utilities (NWT) Inc.	Northland Utilities (NWT) Inc.	Northwest Territories Utilities Board	N/A
2005	Northland Utilities (Yellowknife) Inc.	Northland Utilities (Yellowknife) Inc.	Northwest Territories Utilities Board	N/A
2005	NOVA Gas Transmission Ltd.	NOVA Gas Transmission Ltd.	Alberta Energy and Utilities Board	1375375
2005	City of Red Deer	City of Red Deer Electric System	Alberta Energy and Utilities Board	1402729
2005	Yukon Energy Corporation	Yukon Energy Corporation	Yukon Utilities Board	N/A



<b>YEAR</b>	<b>CLIENT</b>	<b>APPLICANT</b>	<b>REGULATORY BOARD</b>	<b>PROCEEDING NUMBER</b>
2006	AltaLink LP	AltaLink LP	Alberta Energy and Utilities Board	1456797
2006	BC Hydro	BC Hydro	British Columbia Utilities Commission	N/A
2006	Imperial Oil Resources Ventures Limited	McKenzie Valley Pipeline Project	National Energy Board of Canada	GH-1-2004
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 Electric	Yukon Electrical Company Limited	Yukon Utilities Board	N/A
2008	ATCO Gas	ATCO Gas	Alberta Utilities Commission	1553052
2008	City of Lethbridge Electric System	City of Lethbridge	Alberta Utilities Commission	N/A
2008	ENMAX Power Corporation	ENMAX Power Corporation	Alberta Utilities Commission	1512089
2008	Heritage Gas Ltd.	Heritage Gas Ltd.	Nova Scotia Utility and Review Board	N/A
2009	AltaGas Utilities Inc.	AltaGas Utilities Inc.	Alberta Utilities Commission	N/A
2009	Fortis Alberta Inc.	Fortis Alberta, Inc.	Alberta Utilities Commission	1605170
2010	ATCO Electric	ATCO Electric	Alberta Utilities Commission	1606228
2010	Enbridge Pipelines Limited - Line 9	Enbridge Pipelines Limited - Line 9	National Energy Board of Canada	N/A
2010	Gazifere	Gazifere	La Regie de L'Energie	R-3724-2010
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	AltaGas Utilities Inc.	AltaGas Utilities Inc.	Alberta Utilities Commission	1606694
2011	AltaLink LP	AltaLink LP	Alberta Utilities Commission	1606895
2011	ATCO Electric	Northland Utilities (NWT) Inc.	Northwest Territories Utility Board	N/A
2011	ATCO Gas	ATCO Gas	Alberta Utilities Commission	1606822
2011	FortisAlberta Inc.	Fortis Alberta Inc.	Alberta Utilities Commission	1607159
2011	FortisBC Energy, Inc.	FortisBC Energy, Inc.	British Columbia Utilities Commission	3698627





<b>YEAR</b>	<b>CLIENT</b>	<b>APPLICANT</b>	<b>REGULATORY BOARD</b>	<b>PROCEEDING NUMBER</b>
2011	GazMetro	GazMetro	La Regie de L'Energie	R-3752-2011
2011	Heritage Gas Ltd.	Heritage Gas Ltd.	Nova Scotia Utility and Review Board	N/A
2011	Qulliq	Qulliq	Utilities Rates Review Council	N/A
2011	SaskPower	SaskPower	Internal Review Committee	N/A
2011	TransAlta Utilities Corporation	TransAlta Utilities Corporation	Municipal Government Board of Alberta	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	FortisBC, Inc.	FortisBC, Inc.	British Columbia Utilities Commission	3698620
2012	Manitoba Hydro	Manitoba Hydro	Manitoba Public Utilities Board	2013/2013 GRA
2012	Newfoundland and Labrador Hydro	Newfoundland and Labrador Hydro	Newfoundland and Labrador Board of Commissioners of Public Utilities	N/A
2012	Northwest Territories Power Corporation	Northwest Territories Power Corporation	Northwest Territories Public Utilities Board	N/A
2012	TransCanada Pipelines Limited	TransCanada Pipelines Limited	National Energy Board of Canada	RH-003 -2011
2013	AltaLink LP	AltaLink LP	Alberta Utilities Commission	1608711
2013	IntraGaz Incorporated	IntraGaz Incorporated	La Regie de L'Energie	R-3807-2012
2013	Yukon Electrical Company Limited (YECL)	Yukon Electrical Company Limited (YECL)	Yukon Utilities Board	2013-2015 GRA
2014	Enbridge Gas Distribution	Enbridge Gas Distribution	Ontario Energy Board	EB-2012-0459
2014	ENMAX Power Corporation	ENMAX Power Corporation	Alberta Utilities Commission	1609674
2015	AltaLink LP	AltaLink LP	Alberta Utilities Commission	Proceeding 3524
2015	EPCOR Distribution & Transmission	EPCOR Distribution & Transmission	Alberta Utilities Commission	Proceeding 20407
2015	FortisBC Energy, Inc.	FortisBC Energy, Inc.	British Columbia Utilities Commission	N/A
2015	FortisBC, Inc.	FortisBC, Inc.	British Columbia Utilities Commission	N/A
2015	GazMetro	GazMetro	La Regie de L'Energie	N/A



<b>YEAR</b>	<b>CLIENT</b>	<b>APPLICANT</b>	<b>REGULATORY BOARD</b>	<b>PROCEEDING NUMBER</b>
2015	Manitoba Hydro	Manitoba Hydro	Manitoba Public Utilities Board	2014/15 & 2015/16 GRA
2015	Newfoundland and Labrador Hydro	Newfoundland and Labrador Hydro	Newfoundland and Labrador Board of Commissioners of Public Utilities	N/A
2016	ATCO Electric	ATCO Electric	Alberta Utilities Commission	Proceeding 20272
2017	NALCOR	NALCOR	Newfoundland Public Utilities Board	Settled
2017	TransCanada Pipelines Limited – Mainline Facilities	TransCanada Pipelines Limited – Mainline Facilities	National Energy Board of Canada	RH-1-2018
2017	TransCanada Pipelines Limited – NGTL Facilities	TransCanada Pipelines Limited – NGTL Facilities	National Energy Board of Canada	RH-001-2019
2018	WestCoast Transmission System	WestCoast Transmission System	National Energy Board of Canada	Settled
2018	ATCO Electric	ATCO Electric	Alberta Utilities Commission	Proceeding 24195
2018	ATCO Gas	ATCO Gas	Alberta Utilities Commission	Proceeding 24188
2018	SaskEnergy Inc.	SaskEnergy Inc.	Saskatchewan Review Board	N/A
2018	SaskPower	SaskPower	Saskatchewan Review Board	N/A
2018	AltaGas Utilities Inc.	AltaGas Utilities Inc.	Alberta Utilities Commission	Proceeding 24161
2018	AltaLink LP	AltaLink LP	Alberta Utilities Commission	Proceeding 23848
2018	FortisBC Energy Inc.	FortisBC Energy Inc.	British Columbia Utilities Commission	N/A
2018	FortisBC Inc.	FortisBC Inc.	British Columbia Utilities Commission	N/A
2019	Capital Power Corporation	Capital Power Corporation	Municipal Government Board of Alberta	N/A
2019	TransAlta Corporation	TransAlta Corporation	Municipal Government Board of Alberta	N/A
2019	Trans Mountain Pipeline ULC	Trans Mountain Pipeline ULC	Canadian Energy Regulator	T260-2019-04-01
2019	NB Power	NB Power	New Brunswick Energy Utility Regulator	Pending
2019	ATCO Electric	ATCO Electric Transmission	Alberta Utilities Commission	Proceeding 24964



<b>YEAR</b>	<b>CLIENT</b>	<b>APPLICANT</b>	<b>REGULATORY BOARD</b>	<b>PROCEEDING NUMBER</b>
2020	Enbridge Pipelines Inc.	Enbridge Pipelines Inc.	Canada Energy Regulator (CER)	RH-001-2020
2020	Commonwealth Edison Company	Commonwealth Edison Company	State of Illinois – Illinois Commerce Commission	Docket 20-0393
2021	Ontario Power Generation	Ontario Power Generation	Ontario Energy Board	N/A
2021	AltaLink L.P	AltaLink L.P	Alberta Utilities Commission	Proceeding 26059