

**APPENDIX A
QUALIFICATIONS OF
KATHLEEN C. McSHANE**

Kathleen McShane is a Senior Vice President and senior consultant with Foster Associates, Inc., where she has been employed since 1981. She holds an M.B.A. degree in Finance from the University of Florida, and M.A. and B.A. degrees from the University of Rhode Island. She has been a CFA charterholder (since 1989).

Ms. McShane worked for the University of Florida and its Public Utility Research Center, functioning as a research and teaching assistant, before joining Foster Associates. She taught both undergraduate and graduate classes in financial management and assisted in the preparation of a financial management textbook.

At Foster Associates, Ms. McShane has worked in the areas of financial analysis, energy economics and cost allocation. Ms. McShane has presented testimony in more than 125 proceedings on rate of return and capital structure before federal, state, provincial and territorial regulatory boards, on behalf of U.S. and Canadian telephone companies, gas pipelines and distributors, and electric utilities. These testimonies include the assessment of the impact of business risk factors (e.g., competition, rate design, contractual arrangements) on capital structure and equity return requirements. She has also testified on various ratemaking issues, including deferral accounts, rate stabilization mechanisms, excess earnings accounts, cash working capital, and rate base issues. Ms. McShane has provided consulting services for numerous U.S. and Canadian companies on financial and regulatory issues, including financing, dividend policy, corporate structure, cost of capital, automatic adjustments for return on equity, form of regulation (including performance-based regulation), unbundling, corporate separations, regulatory climate, income tax allowance for partnerships, change in fiscal year end, treatment of inter-corporate financial transactions, and the impact of weather normalization on risk.

Ms. McShane was principal author of a study on the applicability of alternative incentive regulation proposals to Canadian gas pipelines. She was instrumental in the design and preparation of a study of the profitability of 25 major U.S. gas pipelines, in which she developed

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estimates of rate base, capital structure, profit margins, unit costs of providing services, and various measures of return on investment. Other studies performed by Ms. McShane include a comparison of municipal and privately owned gas utilities, an analysis of the appropriate capitalization and financing for a new gas pipeline, risk/return analyses of proposed water and gas distribution companies and an independent power project, pros and cons of performance-based regulation, and a study on pricing of a competitive product for the U.S. Postal Service. She has also conducted seminars on cost of capital for regulated utilities, with focus on the Canadian regulatory arena.

Publications, Papers and Presentations

- “Utility Cost of Capital Canada vs. U.S.”, presented at the CAMPUT Conference, May 2003.
- “The Effects of Unbundling on a Utility’s Risk Profile and Rate of Return”, (co-authored with Owen Edmondson, Vice President of ATCO Electric), presented at the Unbundling Rates Conference, New Orleans, Louisiana sponsored by Infocast, January 2000.
- Atlanta Gas Light’s Unbundling Proposal: More Unbundling Required?” presented at the 24th Annual Rate Symposium, Kansas City, Missouri, sponsored by several Commissions and Universities, April 1998.
- “Incentive Regulation: An Alternative to Assessing LDC Performance”, (co-authored with Dr. William G. Foster), presented at the Natural Gas Conference, Chicago, Illinois sponsored by the Center for Regulatory Studies, May 1993.
- “Alternative Regulatory Incentive Mechanisms”, (co-authored with Stephen F. Sherwin), prepared for the National Energy Board, Incentive Regulation Workshop, October 1992.
- “Market-Oriented Sales Rates and Transportation Services of U.S. Natural Gas Distribution Companies”, (co-authored with Dr. William G. Foster), published by the IAEE in *Papers and Proceedings of the Eighth Annual North American Conference*, May 1987.
- “Canadian Gas Exports: Impact of Competitive Pricing on Demand”, (co-authored with Dr. William G. Foster), presented to A.G.A.’s Gas Price Elasticity Seminar, February 1986.
- “Marketing Canadian Natural Gas in the U.S.”, (co-authored with Dr. William G. Foster), published by the IAEE in *Proceedings: Fifth Annual North American Meeting*, 1983.

Expert Testimony/Opinions
on
Rate of Return & Capital Structure

Alberta Natural Gas	1994
Alberta Power/ATCO Electric	1989, 1991, 1993, 1995, 1998, 1999, 2000, 2003
AltaGas Utilities	2000
Ameren (CIPS and & Union Electric)	2000 (3 cases), 2002 (3 cases) 2003
ATCO Gas	2000, 2003
ATCO Pipelines	2000, 2003
BC Gas	1992, 1994
Bell Canada	1987, 1993
Benchmark Utility Cost of Equity (British Columbia)	1999
Canadian Western Natural Gas	1989, 1998, 1999
Centra Gas B.C.	1992, 1995, 1996, 2002
Centra Gas Ontario	1990, 1991, 1993, 1994, 1996
Dow Pool A Joint Venture	1992
Edmonton Water/EPCOR Water Services	1994, 2000
Enbridge Gas Distribution	1988, 1989, 1991-1997, 2001, 2002
Enbridge Gas New Brunswick	2000
Gas Company of Hawaii	2000
Gaz Metropolitain	1988
Gazifère	1993, 1994, 1995, 1996, 1997, 1998
Generic ROE Proceeding in Alberta (ATCO Utilities and AltaGas)	2003
Heritage Gas	2002
HydroOne/Ontario Hydro Services Corp.	1999, 2000
Illinois Power	2004

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Laclede Gas Company	1998, 1999, 2001, 2002
Maritimes NRG (Nova Scotia) and (New Brunswick)	1999
Multi-Pipeline Cost of Capital Hearing (National Energy Board)	1994
Natural Resource Gas	1994, 1997
Newfoundland & Labrador Hydro	2001, 2003
Newfoundland Power	1998, 2002
Newfoundland Telephone	1992
Northwestel, Inc.	2000
Northwestern Utilities	1987, 1990
Northwest Territories Power Corp.	1990, 1992, 1993, 1995, 2001
Nova Scotia Power Inc.	2001, 2002
Ozark Gas Transmission	2000
Pacific Northern Gas	1990, 1991, 1994, 1997, 1999, 2001
Platte Pipeline Co.	2002
St. Lawrence Gas	1997, 2002
Southern Union Gas	1990, 1991, 1993
Stentor	1997
Tecumseh Gas Storage	1989, 1990
Telus Québec	2001
TransCanada PipeLines	1988, 1989, 1991 (2 cases), 1992, 1993
TransGas and SaskEnergy LDC	1995
Trans Québec & Maritimes Pipeline	1987
Union Gas	1988, 1989, 1990, 1992, 1994, 1996, 1998, 2001
Westcoast Energy	1989, 1990, 1992 (2 cases), 1993
West Kootenay Power/Utilicorp United Networks (B.C.)	1995, 1999, 2001
Yukon Electric Co. Ltd./Yukon Energy	1991, 1993

Expert Testimony/Opinions
on
Ratemaking Issues

<u>Client</u>	<u>Issue</u>	<u>Date</u>
Enbridge Gas New Brunswick	AFUDC	2004
Heritage Gas	Deferral Accounts	2004
ATCO Electric	Carrying Costs on Deferral Account	2001
Newfoundland & Labrador Hydro	Rate Base, Cash Working Capital	2001
Gazifère Inc.	Cash Working Capital	2000
Maritime Electric	Rate Subsidies	2000
Enbridge Consumers Gas	Principles of Cost Allocation	1998
Enbridge Consumers Gas	Unbundling/Regulatory Compact	1998
Maritime Electric	Form of Regulation	1995
Northwest Territories Power	Rate Stabilization Fund	1995
Canadian Western Natural Gas	Cash Working Capital/ Compounding Effect	1989
Gaz Metro/ Province of Québec	Cost Allocation/ Incremental vs. Rolled-In Tolling	1984