



1 and corporate reporting areas. These positions have included Manager of Public  
2 Reports (Corporate), Manager of Gas Accounting and Revenue Billing (Midwest  
3 Pipelines), and Director of Accounting (Northeast Pipelines). I was the controller  
4 for DEGT's pipelines in the U.S. immediately prior to my current position as Vice  
5 President and Controller of DEGT.

6 **Q. 3 On whose behalf are you testifying in this proceeding?**

7 A. I am testifying on behalf of Maritimes.

8 **Q. 4 Have you previously testified before the Federal Energy Regulatory**  
9 **Commission?**

10 A. Yes. I have previously sponsored testimony for DEGT pipeline companies in  
11 proceedings before the Commission.

12 **Q. 5 What is the purpose of your testimony in this proceeding?**

13 A. The purpose of my testimony is to verify that the base period data submitted in  
14 this proceeding by Maritimes reflects Maritimes' books and records, and to  
15 identify Maritimes' current capital structure and cost of debt.

16 **BOOKS AND RECORDS**

17 **Q. 6 Were Maritimes' books and records for the base period in this proceeding**  
18 **prepared under your supervision and direction?**

19 A. Yes.

20 **Q. 7 Can you please verify for the record that the cost statements, supporting**  
21 **data, and workpapers in the statements and schedules filed in this**  
22 **proceeding that purport to reflect the books of Maritimes do, in fact, set**  
23 **forth the results shown by such books?**

24 A. The cost statements, supporting data, and workpapers set forth in the statements  
25 and schedules filed in this proceeding do in fact reflect and set forth the results

1 shown by the books of Maritimes as of February 29, 2004, adjusted as described  
2 therein.

3 **CAPITAL STRUCTURE AND COST OF DEBT**

4 **Q. 8 How did you determine the capital structure of Maritimes?**

5 A. Since Maritimes has long-term debt that carries its own bond rating and is not  
6 guaranteed by its parents, I used the capital structure of Maritimes, as it is  
7 projected to be on its books as of November 30, 2004, as opposed to the capital  
8 structure of its parent companies. The appropriateness of using Maritimes'  
9 projected capital structure under such circumstances is confirmed by Professor J.  
10 Peter Williamson in the testimony he has filed on behalf of Maritimes in this  
11 proceeding.

12 **Q. 9 What is the projected capital structure of Maritimes?**

13 A. Maritimes' projected total capitalization, as adjusted, of \$697,909,756 is  
14 comprised of \$392,607,284 of long-term debt, and \$305,302,472 of equity. The  
15 resulting debt to equity ratio of Maritimes' projected capitalization is 56.25  
16 percent debt to 43.75 percent equity.

17 **Q. 10 How did you calculate Maritimes' projected total capitalization as of**  
18 **November 30, 2004?**

19 A. As shown on Statement F-2, I started with the actual base period capitalization for  
20 Maritimes on its books as of February 29, 2004, which was \$718,432,666,  
21 \$413,130,194 of which was long-term debt and \$305,302,472 of which was  
22 equity. I then adjusted the base period debt amount by the amount of principal  
23 that Maritimes is scheduled to repay to its long-term debt-holders between March  
24 1, 2004 and November 30, 2004, the end of the test period for this proceeding.

1           Once this adjustment is factored in, the projected total capitalization amount, as of  
2           November 30, 2004, is \$697,909,756.

3   **Q. 11 What is Maritimes' cost of long-term debt projected to be as of November 30,**  
4   **2004?**

5   A.    The projected cost of Maritimes' long-term debt is 6.98 percent.

6   **Q. 12 How did you calculate Maritimes' projected cost of long-term debt?**

7   A.    I calculated the cost of long-term debt by determining the weighted average of  
8           (i) the actual interest rate that Maritimes is paying on its outstanding long-term  
9           bonds, which is 7.7 percent plus annual amortization of \$300,208 of issuance  
10          costs, (ii) the actual interest rate on the Overrun Tranche (Statement F-3, Part 1,  
11          Line 3) of Maritimes' long-term bank debt, which is 4.595 percent, and (iii) the  
12          effective interest rate on the Bank Tranche (Statement F-3, Part 1, Line 2) of  
13          Maritimes' long-term bank debt, which I project will be 4.713 percent at the end  
14          of the test period. This calculation is shown in Statement F-3, Part 1.

15   **Q. 13 Does this conclude your prepared direct testimony?**

16   A.    Yes, it does.

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UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

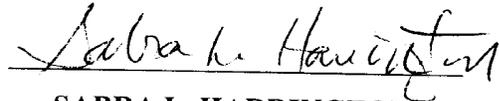
Maritimes & Northeast Pipeline, L.L.C.

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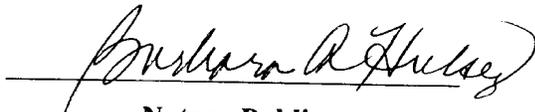
Docket No. RP04-

**AFFIDAVIT OF SABRA L. HARRINGTON**

**SABRA L. HARRINGTON**, being first duly sworn, on oath states that she is the witness whose Prepared Direct Testimony is filed herein; that, if asked the questions which appear in the text of aforesaid Prepared Direct Testimony, affiant would give the answers that are herein set forth; and that affiant adopts the aforesaid Prepared Direct Testimony as her sworn, direct testimony in this proceeding.

  
**SABRA L. HARRINGTON**

**SUBSCRIBED AND SWORN TO** before me, a Notary Public in and for the State of Texas, County of Harris, this 22nd day of June, 2004.

  
**Notary Public**

My commission expires: 10-2-04

