

EXHIBIT Z

AQUA PENNSYLVANIA, INC.
BRYN MAWR, PENNSYLVANIA

DIRECT TESTIMONY
OF
HAROLD WALKER, III

FAIR MARKET VALUE APPRAISAL
MUNICIPAL AUTHORITY OF THE BOROUGH OF SHENANDOAH
WATER SYSTEM ASSETS

October 2022

Prepared by:



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1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.**

3 **A.** My name is Harold Walker III, and my business address is 1010 Adams Avenue, Audubon,
4 Pennsylvania.

5
6 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

7 **A.** I am employed by Gannett Fleming Valuation and Rate Consultants, LLC (“Gannett
8 Fleming”) as Manager, Financial Studies.

9
10 **Q. WOULD YOU DESCRIBE BRIEFLY GANNETT FLEMING?**

11 **A.** Yes. Since 1915, Gannett Fleming and its predecessors have been helping clients in public
12 pricing policy and related financial matters for managerial purposes, before regulatory
13 commissions and courts of law. Gannett Fleming is registered as a Utility Valuation Expert
14 (“UVE”) in the Commonwealth of Pennsylvania. Gannett Fleming is also a registered
15 Municipal Advisor with the SEC and I am a licensed Municipal Advisor Representative
16 (Series 50) with the Municipal Securities Rulemaking Board (“MSRB”) and the Financial
17 Industry Regulatory Authority (“FINRA”). Gannett Fleming is a subsidiary of Gannett
18 Fleming, Inc.

1 **Q. WHAT ARE YOUR RESPONSIBILITIES AS MANAGER, FINANCIAL STUDIES**
2 **OF GANNETT FLEMING?**

3 **A.** I supervise and develop financial and economic studies on behalf of investor-owned and
4 municipally-owned water, wastewater, electric, natural gas distribution and transmission,
5 oil pipeline, and telephone utilities, as well as resource-recovery companies.

6
7 **Q. PLEASE DESCRIBE YOUR QUALIFICATIONS AND YOUR EDUCATIONAL**
8 **BACKGROUND AND EMPLOYMENT EXPERIENCE?**

9 **A.** My educational background, business experience and qualifications are provided in a
10 Curriculum Vitae included as **Appendix A.**

11
12 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PENNSYLVANIA**
13 **PUBLIC UTILITY COMMISSION?**

14 **A.** Yes. I have testified before the Pennsylvania Public Utility Commission (“Commission”
15 or “PUC”), as well as other state regulatory commissions, on many occasions, as shown on
16 **Appendix A.**

17
18 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

19 **A.** My Direct Testimony describes and explains the fair market value appraisal of the
20 Municipal Authority of the Borough of Shenandoah (“Authority”) water system assets
21 (“Water System”) that I and staff, working under my direction, performed. Gannett
22 Fleming was engaged by Aqua Pennsylvania, Inc. (“Aqua”) to perform this appraisal. Our
23 report is entitled “Municipal Authority of The Borough of Shenandoah Water System

1 Assets Fair Market Value Appraisal at July 8, 2022” (“Gannett Fleming Appraisal
2 Report”). The appraisal and its report were developed to meet the criteria established in
3 Section 1329 of the Pennsylvania Public Utility Code (“Code”), 66 Pa. C.S. § 1329
4 (“Determination of the fair market value of water and wastewater assets”).

5 In its 2015-2016 legislative session, the Pennsylvania Legislature passed Act 12 of
6 2016 and Governor Wolf signed Act 12 into law adding Section 1329 of the Code which
7 established the legislative requirements facilitating the acquisition of municipal and
8 authority water and wastewater systems by private investor-owned utilities and other
9 entities which are rate-regulated by the Commission. This legislation was intended to
10 facilitate the acquisition of water and wastewater systems in order to facilitate capital
11 improvements to the water and wastewater properties.

12
13 **QUALIFICATION AS UTILITY VALUATION EXPERT**

14 **Q. IS GANNETT FLEMING ON THE COMMISSION’S REGISTRY OF UTILITY**
15 **VALUATION EXPERTS?**

16 **A.** Yes. Gannett Fleming is a UVE in the Commonwealth of Pennsylvania approved by the
17 PUC (Utility Code 9919244).

18
19 **Q. PLEASE DESCRIBE THE PROCESS BY WHICH GANNETT FLEMING WAS**
20 **PLACED ON THE COMMISSION’S REGISTRY OF UTILITY VALUATION**
21 **EXPERTS.**

22 **A.** After passage of Section 1329 of the Code, the Commission established an application
23 process by which the Commission would approve and designate firms to be placed on the

1 Commission's "Registry of Utility Valuation Experts." To be included on the registry, the
2 UVEs must establish their qualifications. Gannett Fleming submitted its original
3 application and the required proof of experience in September of 2016 and received
4 confirmation and approval from the Commission of Gannett Fleming's placement on the
5 Commission's UVE Registry in December of 2016. Renewal of inclusion on the
6 Commission's UVE Registry must be done annually. Gannett Fleming has timely
7 submitted annual renewal applications since its initial inclusion and has been confirmed
8 for continued placement on the Commission's UVE Registry each year since 2016,
9 including most recently in March of 2022.

10
11 **Q. HAVE YOU EVER HAD YOUR PROFESSIONAL CREDENTIALS REVOKED**
12 **OR SUSPENDED?**

13 **A.** No.

14
15 **Q. DO YOU HAVE SPECIFIC EXPERIENCE WITH THE VALUATION AND**
16 **APPRAISAL OF UTILITY ASSETS?**

17 **A.** Yes. In addition to serving as an expert witness on various financial and economic matters
18 before utility regulatory commissions for over 35 years, I have also provided valuations of
19 utility asset services for more than 20 years. In that capacity I have testified on valuation
20 matters before the Commission and sponsored or adopted Gannett Fleming's UVE
21 appraisals under Section 1329 of the Code in the New Garden Township proceeding, the
22 Limerick Township proceeding, the East Bradford Township proceeding, the Mahoning
23 Township (water) proceeding, the Mahoning Township (wastewater) proceeding, the

1 Exeter Township proceeding, the Cheltenham Township proceeding, the East Norriton
2 Township proceeding, the Kane Borough proceeding, the Delaware County Regional
3 Water Quality Control Authority proceeding, the Borough of Royersford proceeding, the
4 Valley Township (water) proceeding, the Valley Township (wastewater) proceeding, the
5 Upper Pottsgrove proceeding, the Lower Makefield Township proceeding, the East
6 Whiteland Township proceeding and the Willistown Township proceeding.

7 In addition to testifying in Section 1329 proceedings, I have also testified and filed reports
8 on valuation matters in California, Illinois, New Hampshire, and Pennsylvania in courts of
9 law and regulatory commissions.¹

10
11 **Q. HAVE YOU OR GANNETT FLEMING OR ANY OF ITS STAFF DERIVED ANY**
12 **MATERIAL FINANCIAL BENEFIT FROM THE SALE OF THE WATER**
13 **SYSTEM'S ASSETS OTHER THAN FEES FOR YOUR SERVICES RENDERED?**

14 **A.** No.

15
16 **Q. ARE YOU OR GANNETT FLEMING OR ANY OF ITS STAFF AN IMMEDIATE**
17 **FAMILY MEMBER OF A DIRECTOR, OFFICER, OR EMPLOYEE OF EITHER**
18 **AQUA OR THE AUTHORITY?**

19 **A.** No.
20

¹ An electronic link to the PA PUC Dockets where I have testified in the last two years is provided in response to Section 1329 Application Standard Data Request 15-d. All other testimony relating to valuation is more than two years old and, therefore, is not provided.

1 **Q. IS GANNETT FLEMING IN COMPLIANCE WITH APPLICABLE**
2 **PENNSYLVANIA LAWS?**

3 **A.** Yes.
4

5 **Q. DOES GANNETT FLEMING HAVE THE FINANCIAL AND TECHNICAL**
6 **FITNESS, INCLUDING PROFESSIONAL LICENSES AND TECHNICAL**
7 **CERTIFICATIONS, TO PERFORM A FAIR MARKET VALUATION OF THE**
8 **WATER ASSETS OF THE AUTHORITY?**

9 **A.** Yes, to be placed on the Commission’s “Registry of Utility Valuation Experts” Gannett
10 Fleming had to establish its qualifications.
11

12 **Q. ARE YOU AWARE OF ANY FACT, INCLUDING BUT NOT LIMITED TO ANY**
13 **POTENTIAL CONFLICT OF INTEREST THAT WOULD CAST DOUBT UPON**
14 **YOUR ABILITY TO PROVIDE A THOROUGH, OBJECTIVE, UNBIASED, AND**
15 **FAIR VALUATION IN THIS PROCEEDING?**

16 **A.** No.
17

18 **Q. HAVE YOU CORRESPONDED WITH SELLER’S UVE WITH REGARD TO ITS**
19 **RESPECTIVE FAIR MARKET VALUE APPRAISAL OF THE ASSETS AT ISSUE**
20 **IN THIS CASE?**

21 **A.** No.
22

1 **Q. DO YOU HAVE ANY AFFILIATION WITH EITHER THE SELLING UTILITY**
2 **OR THE ACQUIRING PUBLIC UTILITY?**

3 **A.** No. Other than the current assignment to provide the subject appraisal, and similar
4 assignments to provide appraisals of other utility systems, I have no business or personal
5 relationships with any party to the proposed acquisition.
6

7 **FEES PAID FOR UTILITY VALUATION EXPERT SERVICES**

8 **Q. WHAT IS THE GANNETT FLEMING FEE ARRANGEMENT TO DELIVER THE**
9 **APPRAISAL?**

10 **A.** Gannett Fleming is being compensated on an hourly basis. Our fee arrangement is included
11 as Exhibit S1 to Aqua's Application. True, correct, and complete copies of Gannett
12 Fleming's invoices to Aqua for this matter, as of the date of Aqua's Application filing, are
13 also included in Exhibit S1.
14

15 **Q. WHAT IS THE ESTIMATED TOTAL COMPENSATION THAT GANNETT**
16 **FLEMING WILL RECEIVE FOR ITS SERVICES IN THIS MATTER?**

17 **A.** The estimated total compensation that Gannett Fleming will receive for its services in this
18 matter as of the date of Aqua's Application filing is \$33,000, which represents
19 approximately 0.13% of the fair market valuation. I estimate our fee will total \$75,000 if
20 this proceeding is fully litigated, which represents approximately 0.30% of the fair market
21 valuation.
22

1 **Q. PLEASE DESCRIBE THE PROCESS BY WHICH THIS COMPENSATION WAS**
2 **NEGOTIATED?**

3 **A.** Gannett Fleming submitted a proposal to provide the required services in July 2022, which
4 Aqua accepted.

5
6 **Q. ARE THESE FEES CONSISTENT WITH COMPENSATION RECEIVED FOR**
7 **SIMILAR SERVICES PROVIDED TO OTHER CLIENTS?**

8 **A.** Yes.

9
10 **Q. WILL GANNETT FLEMING RECEIVE ITS FEE REGARDLESS OF WHETHER**
11 **THE COMMISSION APPROVES THE PROPOSED TRANSACTION OR**
12 **WHETHER IT CLOSES?**

13 **A.** Yes. 66 Pa. C.S. § 1329(a)(3) mandates that I comply with the Uniform Standards of
14 Professional Appraisal Practice (“USPAP”) when developing an appraisal. Under the
15 USPAP, I cannot perform the appraisal with bias, and acceptance of a fee contingent on a
16 particular outcome, like closing or Commission approval, would violate the Ethics Rule.

17
18 **Q. ARE YOU ADVOCATING FOR ANY PARTY OR OUTCOME?**

19 **A.** No. The Ethics Rule of the USPAP, applicable here pursuant to 66 Pa. C.S. § 1329(a)(3),
20 requires that I perform the appraisal with impartiality, objectivity, and independence, and
21 without accommodation of personal interests. I have not performed this appraisal
22 assignment with bias, and I am not advocating the cause or interest of any party or issue.

1 Further, I have not accepted this or any assignment that includes the reporting of
2 predetermined opinions and conclusions.

3
4 **FAIR MARKET VALUATION OF WATER SYSTEM ASSETS**

5 **Q. PLEASE IDENTIFY EXHIBIT Q TO AQUA’S APPLICATION IN THIS**
6 **PROCEEDING?**

7 **A.** Exhibit Q of Aqua’s application includes Gannett Fleming’s appraisal report dated
8 September 6, 2022.

9
10 **Q. HOW DO YOU RECOGNIZE IT?**

11 **A.** I personally prepared, and also directed and supervised Gannett Fleming personnel in
12 preparing, the report, and recognize it as Gannett Fleming’s work product.

13
14 **Q. IS EXHIBIT Q A TRUE, COMPLETE, AND ACCURATE COPY OF THE**
15 **GANNETT FLEMING APPRAISAL REPORT?**

16 **A.** Yes, and I incorporate it into my Direct Testimony as if set forth in its entirety.

17
18 **Q. PLEASE DESCRIBE THE PROCESS BY WHICH YOU PREPARED THE**
19 **GANNETT FLEMING APPRAISAL REPORT.**

20 **A.** In accordance with Section 1329 of the Code, Aqua engaged Gannett Fleming to prepare
21 the fair market valuation report of the Water System. The Authority/Aqua provided
22 financial statements and budget statements regarding the Water System and a copy of the

1 Engineering Assessment² as required by Section 1329(a)(4). In addition, Gannett Fleming
2 reviewed the assets, reviewed additional information provided by the Authority/Aqua and
3 conducted additional research regarding the Authority and the Water System, including a
4 site visit. After those activities and data gathering, we developed the appraisal.

5 The appraisal contains a letter of transmittal; a table of contents detailing all the
6 sections of the report and work papers; and a narrative report explaining our methodology
7 and conclusions.

8 The intent of the valuation report is to provide the appraisal results, as well as the
9 entire appraisal work file, in sufficient detail to satisfy the parties' and Commission's
10 review requirements of Section 1329 and the Commission's Final Implementation Order,
11 *In re: Implementation of Section 1329 of the Public Utility Code*, Docket No. M-2016-
12 2543193 (Order Entered October 27, 2016), and Final Supplemental Implementation
13 Order, *In re: Implementation of Section 1329 of the Public Utility Code*, Docket No. M-
14 2016-2543193 (Order Entered February 28, 2019). In addition to a copy of the appraisal
15 report, I have provided supporting work papers for the appraisal report in Exhibit Q of
16 Aqua's Application. The relevant work papers have also been submitted to the
17 Commission and provided to the public advocates in **CONFIDENTIAL** live electronic
18 format.

19
20 **Q. IS THERE ANYTHING THAT YOU WOULD CHANGE IN THE GANNETT**
21 **FLEMING APPRAISAL REPORT SINCE ITS PREPARATION?**

22 **A.** No.

² "Municipal Authority of the Borough of Shenandoah Water System Engineering Assessment and Original Cost, Borough of Shenandoah, Schuylkill County, PA" and related files prepared by Pennoni Associates Inc.

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Q. WAS THE FAIR MARKET VALUATION OF THE WATER SYSTEM ASSETS DETERMINED IN COMPLIANCE WITH USPAP?

A. Yes. Our fair market valuation was determined in compliance with USPAP 2020-2021 Edition. On February 19, 2021, The Appraisal Foundation’s Appraisal Standards Board (ASB) announced that the current edition of the USPAP would be extended by one year. The 2020-2021 USPAP is now effective until December 31, 2022.

Q. DID YOU EMPLOY THE COST, MARKET, AND INCOME APPROACHES IN PREPARING YOUR VALUATION?

A. Yes.

Q. DID YOU INCLUDE ANY EXTRAORDINARY ASSUMPTIONS OR HYPOTHETICAL CONDITIONS IN DEVELOPING YOUR APPRAISAL?

A. No.

Q. DID YOU INCLUDE ANY LIMITING CONDITIONS IN DEVELOPING YOUR APPRAISAL?

A. Yes. We accepted all information and data provided by the Authority/Aqua and/or the Borough of Shenandoah as it pertains to this assignment “as is” after a limited review. That is, we neither audited nor verified any data, engineering assessment, financial record or operating data provided for this assignment. We assumed all title to all assets included in the appraisal is good and marketable and no hazardous conditions or materials exist which

1 could affect the assets. We have not made a specific compliance survey or analysis of the
2 subject property to determine whether it is subject to, or in compliance with, the American
3 Disabilities Act of 1990, and this valuation does not consider the effect, if any, of
4 noncompliance.

5 The economic and industry information and data included in our Appraisal have
6 been obtained from various printed or electronic reference sources that we believe to be
7 reliable. We have not performed any corroborating procedures to substantiate that
8 information and data.

9
10 **Q. PLEASE SUMMARIZE YOUR RESULTS OF THE APPLICATION OF THE**
11 **COST, MARKET, AND INCOME APPROACHES.**

12 **A.** Please see the below table:

13

Approach	Indicated Value	Weight	Weighted Value
Cost Approach	\$32,959,909	25.00%	\$8,239,977
Market Approach	21,419,087	37.50%	8,032,158
Income Approach	23,862,553	37.50%	8,948,457
		100%	\$25,220,592
Conclusion			\$25,221,000

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17

18 **Q. PLEASE FURTHER DESCRIBE EACH APPROACH IN THE DEVELOPMENT**
19 **OF YOUR APPRAISAL.**

20 **A.** We developed our appraisal utilizing the cost, income, and market approaches as required
21 by USPAP and Section 1329 of the Code. We used seven methods under the Cost, Market,
22 and Income Approaches to valuation: Original Cost Method, Replacement Cost Method,
23 Capitalization of Earnings Method, Market Multiple Discounted Cash Flow Method,

1 Capitalization Discounted Cash Flow Method, Market Multiples Method, and the Selected
2 Transactions Method.

3 The results from the market multiple discounted cash flow method and the
4 capitalization discounted cash flow method form the basis for our Income Approach. Our
5 Market Approach is supported by the market multiples method and selected transactions
6 method. The results from the original cost method form the basis for our replacement cost
7 method, and both methods form the basis for our Cost Approach. These approaches are
8 summarized below.

9 *Cost Approach.* The cost approach utilized the original cost method and
10 replacement cost method. The original cost method determined the original cost of the
11 assets when “new” or first constructed based on the information contained in the
12 Engineering Assessment. The original cost new inventory was then trended using the
13 Handy Whitman Index of Public Utility Construction Costs for the water industry to
14 produce the trended cost, or reproduction cost, and was converted to replacement cost new
15 after obsolescence was factored. The calculated accrued depreciation was determined for
16 the original cost new and for the replacement cost new as of July 8, 2022. The calculated
17 accrued depreciation was based on the assets’ attained ages, and the service life of the
18 assets. The cost basis of depreciable assets was reduced annually by the accumulated
19 depreciation to reflect the loss in the service value of the assets since being constructed.
20 All land and land rights were valued at original cost.

21 *Income Approach.* The income approach utilized the capitalization of earning (cash
22 flow) method and two discounted cash flow methods. The capitalization of earning method
23 converted a single base economic income number to a value by dividing it by a

1 capitalization rate. The discounted cash flow methods used estimates of future debt free
2 net cash flow and discounted them to arrive at a present value or price of the cash flows.
3 The capitalization rate and the discount rate were developed based on market debt and
4 equity rates at the appraisal date. The discounted cash flow methods reflected two types
5 of discounted cash flow analyses, the EBIT and EBITDA terminal value model (market
6 multiple discounted cash flow method) and a capitalization of terminal value model
7 (capitalization discounted cash flow method).³

8 *Market Approach.* The market approach was developed based on the market
9 multiples method and the selected transaction method. The market multiples method was
10 based on the market price data of publicly traded corporations engaged in the same or a
11 similar line of business as the Water System. The market price data of these comparable
12 publicly traded corporations was used to calculate the market multiples for the comparable
13 publicly traded corporations at the appraisal date. The selected transactions method used
14 certain public information relating to the purchase or sale of businesses involved in the
15 same or a similar business line as the Water System to calculated market multiples at the
16 time of transaction (sale/purchase). The calculated market multiples determined by the
17 market multiples method and the selected transaction method were then multiplied by the
18 corresponding Water System financial and operating statistic to produce an indicated value
19 for the Water System.

³ EBIT is earnings before interest and taxes and EBITDA is earnings before interest, tax, depreciation, and amortization.

1 **Q. PLEASE STATE THE NUMBER OF CUSTOMERS YOU USED IN DEVELOPING**
2 **YOUR APPRAISAL AND THE SOURCE OF THAT NUMBER.**

3 **A.** The number of customers I used was 2,899. This customer count number was provided by
4 the Authority/Aqua.

5
6 **Q. DID YOU MAKE ANY UPDATES TO YOUR APPRAISAL AFTER IT WAS**
7 **SUBMITTED TO THE BUYER, AND IF SO, WHAT WAS THE UPDATE, WHEN**
8 **WAS IT MADE, AND WHY WAS IT NECESSARY?**

9 **A.** No.

10

11 **Q. DID YOU PERFORM AN ON-SITE INSPECTION OF THE WATER SYSTEM?**

12 **A.** Yes. Gannett Fleming viewed the Water System assets on August 26, 2022.

13

14 **Q. DID YOU RELY UPON A LICENSED ENGINEER'S ASSESSMENT OF THE**
15 **TANGIBLE ASSETS OF THE WATER SYSTEM IN PERFORMING YOUR**
16 **VALUATION?**

17 **A.** Yes. The Authority/Aqua provided a copy of the Engineering Assessment and this
18 information was incorporated into our Cost Approach in our appraisal.

19

20

21

1 **Cost Approach**

2 **Q. DID YOU USE THE REPRODUCTION COST OR THE REPLACEMENT COST**
3 **IN YOUR COST APPROACH?**

4 **A.** We utilized the original cost new (“OCN”) to calculate the trended original cost (“TOC”) measures, or the reproduction cost of the depreciable assets by multiplying the OCN by
5 specific cost indices. We converted reproduction cost new to replacement cost new after
6 factoring in obsolescence. We used the TOC method because the mandated use of the
7 Engineering Assessment’s original cost essentially dictates the use of TOC over the
8 reproduction cost or the replacement cost methods.
9

10

11 **Q. WHAT INDEX, IF ANY, DID YOU USE FOR THAT METHOD?**

12 **A.** The original cost new inventory was trended using the Handy Whitman Index of Public
13 Utility Construction Costs for the water industry to produce the reproduction cost new.
14

14

15 **Q. UNDER YOUR APPLICATION OF THE COST APPROACH WHAT ASSETS DID**
16 **YOU VALUE OR TREND DIFFERENTLY FROM OTHER ASSETS AND WHY**
17 **WAS THAT NECESSARY?**

18 **A.** We did not trend land and land rights. That is, all land and land rights were valued at
19 original costs. Plant accounts were trended mainly using the Handy Whitman plant account
20 indices. In limited instances, when Handy Whitman plant account indices were not

1 available, we used the U.S. Bureau of Labor Statistics, Producer Price Index which best
2 matches the assets being trended.⁴

3
4 **Q. UNDER YOUR APPLICATION OF THE COST APPROACH, WHAT YEAR-END
5 DATE DID YOU USE FOR CALCULATING THE DEPRECIATION RESERVE?**

6 **A.** We used the date of July 8, 2022.

7
8 **Q. HOW DID YOU DETERMINE THE DEPRECIATION PARAMETERS OF
9 SURVIVAL/RETIREMENT CHARACTERISTICS AND SERVICE LIVES FOR
10 THE UTILITY PROPERTY UNDER THE COST APPROACH?**

11 **A.** We determined the average service lives of depreciable assets based on the materials used
12 for construction and how long the depreciable assets are likely to meet service demands.

13
14 **Q. WHY ARE THOSE PARAMETERS APPROPRIATE?**

15 **A.** We believe our average service lives of depreciable assets are appropriate based on our
16 experience of having determined average service lives for numerous other water and
17 wastewater utilities and given the fact they resemble those used by other Pennsylvania
18 water companies.

19

⁴ The plant accounts for which Handy Whitman indices were not available included: 340.10 Office Furniture and Equipment; 340.20 Office Equipment - Computers and Peripherals; 341.00 Transportation Equipment; 343.00 Tools, Shop and Garage Equipment; 346.30 Communication Equipment; and 347.00 Security Equipment.

1 **Income Approach**

2 **Q. REGARDING YOUR APPLICATION OF THE INCOME APPROACH, WHAT**
3 **METHOD DID YOU USE TO DETERMINE THE INCOME APPROACH**
4 **RESULT?**

5 **A.** We used the Market Multiple Discounted Cash Flow Method (“Market Multiple DCF”),
6 and Capitalization Discounted Cash Flow Method (“Capitalization DCF”) to determine the
7 Income Approach result. We refer to the Market Multiple DCF and the Capitalization DCF
8 collectively as the DCF method. We used the capitalization of earning method to estimate
9 value under current ownership and operations. The capitalization of earning method was
10 not used to determine the Income Approach result.

11
12 **Q. WHAT ASSUMPTIONS DID YOU EMPLOY TO DEVELOP YOUR INCOME**
13 **APPROACH RESULT?**

14 **A.** All general assumptions are listed on page 3 of Exhibit 12, and page 6 of Exhibits 13, 14,
15 15 and 16.⁵

16
17 **Q. DID YOU USE AQUA’S CAPITALIZATION RATE OR THEIR DISCOUNT RATE**
18 **IN YOUR INCOME APPROACH TO VALUATION?**

19 **A.** No. Use of Aqua’s capitalization rate or their discount rate in an income approach to
20 valuation is not consistent with the standard of value of fair market value because the
21 “buyer” under the standard of value of fair market value is not a specific entity (i.e., Aqua),
22 but rather a hypothetical buyer. Use of Aqua’s capitalization rate or their discount rate in

⁵ Exhibit references herein are to the Exhibits in the Gannett Fleming Appraisal Report.

1 an income approach to valuation is only used under the standard of value of investment
2 value.⁶ In accordance with Section 1329 of the Code, the standard of value is fair market
3 value, not investment value.

4
5 **Q. PLEASE EXPLAIN THE CAPITALIZATION RATE AND THE DISCOUNT RATE**
6 **USED IN YOUR INCOME APPROACH TO VALUATION.**

7 **A.** The capitalization rate used in the capitalization of earnings method and the discount rate
8 used in the DCF method are related. The discount rate is the opportunity cost rate related
9 to the risk of the cash flows. The capitalization rate is simply the discount rate minus the
10 expected growth rate. If no growth is assumed, the capitalization rate is equal to the
11 discount rate.

12 As explained previously, under the standard of value of fair market value the
13 “buyer” is not a specific entity (i.e., Aqua), but rather a hypothetical buyer. Accordingly,
14 the hypothetical bidder/buyer may range from large regional municipal authorities
15 (“MUNI”) to investor-owned utilities (“IOU”). For a MUNI, the appropriate discount rate
16 is the current municipal revenue bond yield on July 8, 2022 of 3.81%. The appropriate
17 IOU discount rate is the current net of tax overall cost of capital (weighted average cost of
18 capital) on July 8, 2022 and ranges from 7.54% to 10.51%.⁷

19 For a MUNI, the appropriate discount rate is the current municipal revenue bond
20 yield, 3.81%, because debt is the only major source of capital available to finance an

⁶ Pratt, Shannon P. “Defining Standards of Value.” Valuation 34, no. 2, June 1989.

<http://www.appraisers.org/docs/default-source/college-of-fellows-articles/defining-standards-of-value.pdf>.

⁷ Both the American Society of Appraisers, ASA Business Valuation Standards, 2009, and the National Association of Certified Valuation Analysts, Professional Standards, 2007, use the same definition: “Weighted Average Cost of Capital (WACC). The cost of capital (discount rate) is determined by the weighted average, at market values, of the cost of all financing sources in the business enterprise's capital structure.”

1 acquisition (developed on Exhibit 23, pages 2-5). Although a MUNI likely carries equity
2 on their books (balance sheet), all existing equity is already invested in other assets and
3 therefore, cannot be used to finance an acquisition.⁸ For valuation purposes, an embedded
4 cost of debt, or the historical cost of all debt issuances outstanding is not used because this
5 capital is already invested in assets. Whereas the marginal cost of debt, 3.81%, at the
6 valuation date is used in accordance with accepted valuation practice and used for market
7 valuation purposes.

8 As discussed previously, for an IOU, the appropriate discount rate is the net of tax
9 overall cost of capital (weighted average cost of capital), 7.54% to 10.51% (Exhibit 23,
10 pages 2-8). In this instance, the net of tax overall cost of capital (weighted average cost of
11 capital) is based on the Comparable Group's market value capital structure of 24.9% debt
12 and 75.1% equity, a market cost of debt of 4.94% and a range of market cost of equity of
13 8.87% to 12.82%.⁹ The Comparable Group's net of tax overall cost of capital (weighted
14 average cost of capital) is used as a proxy to conform to the "hypothetical buyer" or
15 "hypothetical seller" of fair market valuation. Use of the buyer's net of tax overall cost of
16 capital (weighted average cost of capital) would produce an investment valuation, not a
17 fair market valuation. The supporting documentation for the development of the MUNI
18 and IOU discount rates is shown on pages 2 to 8 of Exhibit 23.

⁸ For example, when a municipal or government entity, such as the Commonwealth of Pennsylvania, finances construction of a road or bridge, they only consider the marginal debt cost despite having "equity" reflected on their books (balance sheet).

⁹ For an example of the net of tax overall cost of capital, see <http://www.investinganswers.com/financial-dictionary/financial-statement-analysis/weighted-average-cost-capital-wacc-2905>. Also see <http://www.wallstreetmojo.com/weighted-average-cost-capital-wacc/>, or <http://accountingexplained.com/misc/corporate-finance/wacc>.

1 **Q. WHY IS THE NET OF TAX OVERALL COST OF CAPITAL APPROPRIATE TO**
2 **USE?**

3 **A.** The net of tax overall cost of capital is appropriate because the cash flows being discounted
4 are after tax, or net of tax. The income approach uses estimates of future free cash flow
5 and discounts them to arrive at a present value or price of the cash flows. Generally, this
6 analysis begins with an estimate of the Debt Free Net Cash Flow over the next five to
7 twenty years along with a terminal value. In each year, the Debt Free Net Cash Flow is
8 comprised of projected EBIT, minus income taxes, plus projected depreciation and
9 amortization, plus or minus projected changes in net cash working capital, less projected
10 capital expenditures.

11
12 **Q. WHAT IS THE BASIS FOR THE GROWTH RATE USED TO CALCULATE THE**
13 **CAPITALIZATION RATE USED IN THE INCOME APPROACH?**

14 **A.** The growth rate used to calculate the capitalization rate reflects the growth in the Debt Free
15 Net Cash Flow after the terminal value year. For the Authority, no growth was used based
16 on the demographics, current level of cash flow and rates. Under both MUNI and IOU
17 ownership no growth was used based on the demographics of the service area.

18
19 **Q. WHAT UTILITY EARNINGS REPORT WAS USED TO CREATE THE CAPITAL**
20 **STRUCTURE USED IN YOUR APPRAISAL?**

21 **A.** As documented previously in footnotes 6 and 8, book value capitalization is not used in
22 fair market valuation determination. Therefore, we did not use the 6.73% Comparable
23 Group's DSIC (distribution system improvement charge) related net of tax overall cost of

1 capital in our valuation because a “hypothetical buyer” cannot finance an acquisition at
2 such a rate and, therefore, its use would provide a meaningless result. The Comparable
3 Group’s 6.73% DSIC related cost was determined based on the Comparable Group’s book
4 value capital structure of 49.1% debt and 50.9% equity, a cost of debt of 4.94% and a DSIC
5 cost of equity of 9.80% based on the December 2021 Earnings Report (public meeting June
6 16, 2022). However, we note the 6.73% Comparable Group’s DSIC related net of tax
7 overall cost of capital falls below the 7.54% to 10.51% range of discount rates used in our
8 Income Approach.

9 If we used the 6.73% Comparable Group’s DSIC related net of tax overall cost of
10 capital in our valuation shown on Exhibit 16, the results of the Capitalization DCF would
11 show a value for Water System of \$24.0 million. Further, the results of the Market Multiple
12 DCF would show a value of \$28.8 million and collectively, the DCF method based on the
13 IOU ownership scenario and a no growth assumption indicates a value of \$26.4 million for
14 the Water System. The DCF method based on the MUNI ownership scenario indicates a
15 value of \$27.7 million and the DCF method based on the IOU ownership scenario using
16 DSIC indicates a value of \$26.4 million. Collectively, the DCF method indicates a value
17 of \$27.0 million when DSIC is considered.

18
19 **Q. IF YOU USED A TERMINAL VALUE IN YOUR DISCOUNTED CASH FLOW**
20 **ANALYSIS WHAT IS THE NUMBER OF YEARS OVER WHICH THE CASH**
21 **FLOWS ARE CONSIDERED?**

22 **A.** The use of a “terminal value” in a Discounted Cash Flow analysis is reasonable and is in
23 accordance with accepted valuation practice. Simply put, the “terminal value” is a

1 mathematical shortcut to avoid having to show and/or calculate annual Debt Free Net Cash
2 Flows for hundreds of time periods, or hundreds of years. Within the Discounted Cash
3 Flow analysis, the “terminal value” is simply a point in time in which the growth in annual
4 Debt Free Net Cash Flows changes from multiple growth rates to a constant growth rate.
5 For example, in our Discounted Cash Flow analysis, the growth rate of annual Debt Free
6 Net Cash Flows during time periods 1 through 20 changes multiple times due to the various
7 general assumptions listed in the Gannett Fleming Appraisal Report. After time period 20,
8 the growth in annual Debt Free Net Cash Flows is a constant growth rate. Accordingly,
9 period 20, or year 20, is the “terminal value” year in our DCF method.

10
11 **Market Approach**

12 **Q. REGARDING YOUR APPLICATION OF THE MARKET APPROACH, WHAT**
13 **METHODS DID YOU USE TO DETERMINE THE MARKET APPROACH**
14 **RESULT?**

15 **A.** I used the market multiples method and the selected transaction method.

16
17 **Q. WHAT ASSUMPTIONS, ANALYSES, AND/OR ADJUSTMENTS DID YOU**
18 **MAKE UNDER EACH METHOD?**

19 **A.** The general assumptions used for the market multiples method are listed on page 1 of
20 Exhibit 18. No assumptions were made under the selected transaction method.

1 **Q. REGARDING YOUR APPLICATION OF THE MARKET MULTIPLES**
2 **METHOD, DID YOU LIMIT YOUR PROXY GROUP USED FOR CALCULATING**
3 **MARKET VALUE TO ONLY COMPANIES WHICH ENGAGE IN**
4 **PENNSYLVANIA FAIR MARKET VALUE ACQUISITIONS?**

5 **A.** No.

6
7 **Q. REGARDING YOUR APPLICATION OF THE COMPARABLE SALES USED TO**
8 **ESTABLISH THE VALUATION, DID YOU LIMIT THE TRANSACTIONS**
9 **SELECTED TO THOSE THAT YOU PREVIOUSLY APPRAISED?**

10 **A.** No.

11
12 **Q. PLEASE STATE THE COMPARABLE TRANSACTIONS YOU USED IN**
13 **DEVELOPING YOUR MARKET APPROACH.**

14 **A.** Please see Aqua's Application Exhibit Q (the Gannett Fleming appraisal), Exhibit 19,
15 pages 2 and 3, which shows that we reviewed the following transactions¹⁰ in developing
16 the selected transactions method:

- 17 • Sale of the City of McKeesport Wastewater system to Pennsylvania-American
18 Water Company in 2017.
- 19 • Sale of New Garden Township Sewer Authority to Aqua Pennsylvania
20 Wastewater in 2017.
- 21 • Sale of Limerick Township Wastewater system to Aqua Pennsylvania
22 Wastewater in 2017.

¹⁰ The years listed indicate when the applicant sought approval or when the Commission approved each of the transactions.

- 1 • Sale of East Bradford Township Wastewater system to Aqua Pennsylvania
2 Wastewater in 2018.
- 3 • Sale of Mahoning Township Water system to Suez Water Pennsylvania in 2018.
- 4 • Sale of Mahoning Township Wastewater system to Suez Water Pennsylvania
5 in 2018.
- 6 • Sale of Sadsbury Township Wastewater system to Pennsylvania-American
7 Water Company in 2018.
- 8 • Sale of Exeter Township Wastewater system to Pennsylvania-American Water
9 Company in 2019.
- 10 • Sale of Steelton Borough Authority Water system to Pennsylvania-American
11 Water Company in 2019.
- 12 • Sale of Cheltenham Township Wastewater system to Aqua Pennsylvania
13 Wastewater in 2019.
- 14 • Sale of East Norriton Township Wastewater system to Aqua Pennsylvania
15 Wastewater in 2019.
- 16 • Sale of Kane Borough Authority Wastewater system to Pennsylvania-American
17 Water Company in 2020.
- 18 • Sale of Royersford Borough Authority Wastewater system to Pennsylvania-
19 American Water Company in 2021.
- 20 • Sale of Upper Pottsgrove Township Wastewater system to Pennsylvania-
21 American Water Company in 2021.
- 22 • Sale of Valley Township Wastewater system to Pennsylvania-American Water
23 Company in 2021.

- 1 • Sale of Valley Township Water system to Pennsylvania-American Water
2 Company in 2021.
- 3 • Sale of Upper Pottsgrove Township Wastewater system to Pennsylvania-
4 American Water Company in 2020.
- 5 • Sale of York City Sewer Authority Wastewater system to Pennsylvania-
6 American Water Company in 2021.
- 7 • Sale of Lower Makefield Township Wastewater system to Aqua Pennsylvania
8 Wastewater in 2021.
- 9 • Sale of Willistown Township Wastewater system to Aqua Pennsylvania
10 Wastewater in 2021.
- 11 • Sale of East Whiteland Township Wastewater system to Aqua Pennsylvania
12 Wastewater in 2021.

13 As a check on the transactions I studied, that are listed above, I also reviewed the
14 purchase of Connecticut Water Service, Inc. by SJW Group (Exhibit 20 page 2), which was
15 approved in 2019, the purchase of New England Service Company, Inc. (“NESC”) by
16 Aquarion Company, parent of Aquarion Water Company (Exhibit 20 page 3), approved in
17 2021, and the purchase of The Torrington Water Company, Inc. by Aquarion Company,
18 parent of Aquarion Water Company (Exhibit 20 page 4), announced in 2022.¹¹

¹¹ NESC was the sole stockholder of four regulated water companies operating in three separate states.

1 **Q. WHAT WERE THE RESULTS OF THE MARKET APPROACH ANALYSIS YOU**
2 **PERFORMED?**

3 **A.** The results of the market multiples method are shown on Exhibit 18, and the results of the
4 selected transactions method are shown on Exhibit 19. The conclusion regarding the
5 Market Approach analysis is explained on page 47 of our appraisal.

6
7 **CONCLUSION**

8 **Q. WHAT IS YOUR CONCLUSION REGARDING THE FAIR MARKET VALUE OF**
9 **THE WATER SYSTEM’S ASSETS TO BE PURCHASED BY AQUA?**

10 **A.** Fair market value is defined as “the price, expressed in terms of cash equivalents, at which
11 property would change hands between a hypothetical willing and able buyer and a
12 hypothetical willing and able seller, acting at arm’s length in an open and unrestricted
13 market, when neither is under compulsion to buy or sell and when both have reasonable
14 knowledge of the relevant facts.”¹²

15 Based on our analysis, as described in our appraisal report, the estimate of the fair
16 market value of the Water System as of July 8, 2022 is \$25,221,000 (rounded). The results
17 of the analyses and calculations are summarized in Table 1 for the Water System as
18 follows:

19
20
21
22

¹² The International Glossary of Business Valuation Standards.

1

<u>Valuation Approach</u>	<u>Indicated Value</u>
Cost Approach	\$32,959,909
Income Approach	23,862,553
Market Approach	21,419,087

2
3
4

Table 1

5

6

7

8

We used seven methods under the Cost, Market, and Income Approaches to valuation: Original Cost Method, Replacement Cost Method, Capitalization of Earnings Method, Market Multiple Discounted Cash Flow Method, Capitalization Discounted Cash Flow Method, Market Multiples Method, and the Selected Transactions Method.

9

10

11

12

13

The results from the market multiple discounted cash flow method and the capitalization discounted cash flow method form the basis for our Income Approach. Our Market Approach is supported by the market multiples method and selected transactions method. The results from the original cost method form the basis for our replacement cost method, and both methods form the basis for our Cost Approach.

14

15

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17

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20

We considered the results of each approach as an indicator of value individually, or as independent indicators of value. Therefore, all three approaches to valuation were given consideration in arriving at our estimate of the fair market value conclusion. We gave less weight to the Cost Approach due to the magnitude of our determination of functional and economic obsolescence, discussed on pages 29 to 31 of our appraisal. We gave equal weight to the indicated values produced by the two economic approaches, Income and Market, as we believe they best measure the Water System's value. Based on these facts,

1 our conclusion regarding the fair market value is \$25.2 million. Our conclusion regarding
2 the fair market value can be described by the weights and the specific results of the three
3 approaches to valuation that are shown on Exhibit 22. The results of our analyses, shown
4 on Exhibit 22, indicate a range of value for the Water System of \$21.4 million to \$33.0
5 million and collectively indicate a fair market value of \$25,221,000 for the Water System.
6

7 **Q. GENERALLY SPEAKING, IS IT COMMON FOR DIFFERENT APPRAISERS TO**
8 **REACH VARYING OPINIONS OF FAIR MARKET VALUE?**

9 **A.** Yes. I do not think the underlying results of the models employed for valuation purposes
10 are ever the same from one appraiser to another appraiser. Further, the conclusion of value
11 from one appraiser to another appraiser usually differs as well. I believe these are some of
12 the reasons the results of the conclusion of value from two different UVEs are averaged
13 under Section 1329, 66 Pa. C.S. § 1329.
14

15 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

16 **A.** Yes. However, I reserve the right to supplement my Direct Testimony as additional issues
17 or facts arise during the course of this proceeding.

APPENDIX A
Professional Qualifications
of
Harold Walker, III
Manager, Financial Studies
Gannett Fleming Valuation and Rate Consultants, LLC.

EDUCATION

Mr. Walker graduated from Pennsylvania State University in 1984 with a Bachelor of Science Degree in Finance. His studies concentrated on securities analysis and portfolio management with an emphasis on economics and quantitative business analysis. He has also completed the regulation and the rate-making process courses presented by the College of Business Administration and Economics Center for Public Utilities at New Mexico State University. Additionally, he has attended programs presented by The Institute of Chartered Financial Analysts (CFA).

Mr. Walker was awarded the professional designation "Certified Rate of Return Analyst" (CRRRA) by the Society of Utility and Regulatory Financial Analysts. This designation is based upon education, experience, and the successful completion of a comprehensive examination. He is also a member of the Society of Utility and Regulatory Financial Analysts (SURFA) and has attended numerous financial forums sponsored by the Society. The SURFA forums are recognized by the Association for Investment Management and Research (AIMR) and the National Association of State Boards of Accountancy for continuing education credits.

Mr. Walker is also a licensed Municipal Advisor Representative (Series 50) by Municipal Securities Rulemaking Board (MSRB) and Financial Industry Regulatory Authority (FINRA).

BUSINESS EXPERIENCE

Prior to joining Gannett Fleming Valuation and Rate Consultants, LLC., Mr. Walker was employed by AUS Consultants - Utility Services. He held various positions during his eleven years with AUS, concluding his employment there as a Vice President. His duties included providing and supervising financial and economic studies on behalf of investor owned and municipally owned water, wastewater, electric, natural gas distribution and transmission, oil pipeline and telephone utilities as well as resource recovery companies.

In 1996, Mr. Walker joined Gannett Fleming Valuation and Rate Consultants, LLC. In his capacity as Manager, Financial Studies and for the past twenty years, he has continuously studied rates of return requirements for regulated firms. In this regard, he supervised the preparation of rate of return studies in connection with his testimony and in the past, for other individuals. He also assisted and/or developed dividend policy studies, nuclear prudence studies, calculated fixed charge rates for avoided costs involving cogeneration projects, financial decision studies for capital budgeting purposes and developed financial models for determining future capital requirements and the effect of those requirements on investors and ratepayers, valued utility property and common stock for acquisition and divestiture, and assisted in the private placement of fixed capital securities for public utilities.

Head, Gannett Fleming GASB 34 Task Force responsible for developing Governmental Accounting Standards Board (GASB) 34 services and educating Gannett Fleming personnel and Gannett Fleming clients on GASB 34 and how it may affect them. The GASB 34 related services include inventory of assets, valuation of assets, salvage estimation, annual depreciation rate determination, estimation of depreciation reserve, asset service life determination, asset condition assessment, condition assessment documentation, maintenance estimate for asset preservation, establishment of condition level index, geographic information system (GIS) and data management services, management discussion and analysis (MD&A) reporting, required supplemental information (RSI) reporting, auditor interface, and GASB 34 compliance review.

In 2004, Mr. Walker was elected to serve on the Board of Directors of SURFA. Previously, he served as an ex-officio directors as an advisor to SURFA's existing President. In 2000, Mr. Walker was elected President of SURFA for the 2001-2002 term. Prior to that, he was elected to serve on the Board of Directors of SURFA during the period 1997-1998 and 1999-2000. He also previously served on the Pennsylvania Municipal Authorities Association, Electric Deregulation Committee.

EXPERT TESTIMONY

Mr. Walker has submitted testimony or been deposed on various topics before regulatory commissions and courts in 26 states including: Arizona, California, Colorado, Connecticut, Delaware, Hawaii, Idaho, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, Nevada, New Jersey, New York, North Carolina, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, and West Virginia. His testimonies covered various subjects including: fair market value, the taking of natural resources, appropriate capital structure and fixed capital cost rates, depreciation, fair rate of return, purchased water adjustments, synchronization of interest charges for income tax purposes, valuation, cash working capital, lead-lag studies, financial analyses of investment alternatives, benchmarking, and fair value. The following tabulation provides a listing of the electric power, natural gas distribution, telephone, wastewater, and water service utility cases in which he has been involved as a witness.

<u>Client</u>	<u>Docket No.</u>	
Alpena Power Company	U-10020	
Armstrong Telephone Company - Northern Division	92-0884-T-42T	
Armstrong Telephone Company - Northern Division	95-0571-T-42T	
Artesian Water Company, Inc.	90 10	
Artesian Water Company, Inc.	06 158	
Aqua Illinois Consolidated Water Divisions and Consolidated Sewer Divisions	11-0436	
Aqua Illinois Hawthorn Woods Wastewater Division	07 0620/07 0621/08 0067	
Aqua Illinois Hawthorn Woods Water Division	07 0620/07 0621/08 0067	
Aqua Illinois Kankakee Water Division	10-0194	
Aqua Illinois Kankakee Water Division	14-0419	
Aqua Illinois Vermilion Division	07 0620/07 0621/08 0067	
Aqua Illinois Willowbrook Wastewater Division	07 0620/07 0621/08 0067	
Aqua Illinois Willowbrook Water Division	07 0620/07 0621/08 0067	
Aqua Pennsylvania Wastewater Inc	A-2016-2580061	*
Aqua Pennsylvania Wastewater Inc	A-2017-2605434	*
Aqua Pennsylvania Wastewater Inc	A-2018-3001582	*
Aqua Pennsylvania Wastewater Inc	A-2019-3008491	*
Aqua Pennsylvania Wastewater Inc	A-2019-3009052	*
Aqua Pennsylvania Wastewater Inc	A-2019-3015173	*
Aqua Pennsylvania Wastewater Inc	A-2021-3024267	*
Aqua Pennsylvania Wastewater Inc	A-2021-3026132	*
Aqua Pennsylvania Wastewater Inc	A-2021-3027268	*
Aqua Virginia - Alpha Water Corporation	Pue-2009-00059	
Aqua Virginia - Blue Ridge Utility Company, Inc.	Pue-2009-00059	
Aqua Virginia - Caroline Utilities, Inc. (Wastewater)	Pue-2009-00059	
Aqua Virginia - Caroline Utilities, Inc. (Water)	Pue-2009-00059	
Aqua Virginia - Earlysville Forest Water Company	Pue-2009-00059	
Aqua Virginia - Heritage Homes of Virginia	Pue-2009-00059	
Aqua Virginia - Indian River Water Company	Pue-2009-00059	
Aqua Virginia - James River Service Corp.	Pue-2009-00059	

Aqua Virginia - Lake Holiday Utilities, Inc. (Wastewater)	Pue-2009-00059	
Aqua Virginia - Lake Holiday Utilities, Inc. (Water)	Pue-2009-00059	
Aqua Virginia - Lake Monticello Services Co. (Wastewater)	Pue-2009-00059	
Aqua Virginia - Lake Monticello Services Co. (Water)	Pue-2009-00059	
Aqua Virginia - Lake Shawnee	Pue-2009-00059	
Aqua Virginia - Land'or Utility Company (Wastewater)	Pue-2009-00059	
Aqua Virginia - Land'or Utility Company (Water)	Pue-2009-00059	
Aqua Virginia - Mountainview Water Company, Inc.	Pue-2009-00059	
Aqua Virginia - Powhatan Water Works, Inc.	Pue-2009-00059	
Aqua Virginia - Rainbow Forest Water Corporation	Pue-2009-00059	
Aqua Virginia - Shawnee Land	Pue-2009-00059	
Aqua Virginia - Sydnor Water Corporation	Pue-2009-00059	
Aqua Virginia - Water Distributors, Inc.	Pue-2009-00059	
Atlantic City Sewerage Company	WR21071006	
Berkshire Gas Company	18-40	
Berkshire Gas Company	22-20	
Borough of Hanover	R-2009-2106908	
Borough of Hanover	R-2012-2311725	
Borough of Hanover	R-2014-242830	
Borough of Hanover	R-2021-3026116	
Borough of Hanover	P-2021-3026854	
Borough of Royersford	A-2020-3019634	*
Chaparral City Water Company	W 02113a 04 0616	
California-American Water Company	CIVCV156413	*
Connecticut-American Water Company	99-08-32	
Connecticut Water Company	06 07 08	
Citizens Utilities Company Colorado Gas Division	-	
Citizens Utilities Company Vermont Electric Division	5426	
Citizens Utilities Home Water Company	R 901664	
Citizens Utilities Water Company of Pennsylvania	R 901663	
City of Bethlehem - Bureau of Water	R-00984375	

City of Bethlehem - Bureau of Water	R 00072492	
City of Bethlehem - Bureau of Water	R-2013-2390244	
City of Bethlehem - Bureau of Water	R-2020-3020256	
City of Dubois – Bureau of Water	R-2013-2350509	
City of Dubois – Bureau of Water	R-2016-2554150	
City of Lancaster Sewer Fund	R-00005109	
City of Lancaster Sewer Fund	R-00049862	
City of Lancaster Sewer Fund	R-2012-2310366	
City of Lancaster Sewer Fund	R-2019-3010955	
City of Lancaster Sewer Fund	R-2019-3010955	
City of Lancaster Water Fund	R-00984567	
City of Lancaster Water Fund	R-00016114	
City of Lancaster Water Fund	R 00051167	
City of Lancaster Water Fund	R-2010-2179103	
City of Lancaster Water Fund	R-2014-2418872	
City of Lancaster Water Fund	R-2021-3026682	
Coastland Corporation	15-cvs-216	
Consumers Pennsylvania Water Company		
Roaring Creek Division	R-00973869	
Consumers Pennsylvania Water Company		
Shenango Valley Division	R-00973972	
Country Knolls Water Works, Inc.	90 W 0458	
East Resources, Inc. - West Virginia Utility	06 0445 G 42T	
Elizabethtown Water Company	WR06030257	
Forest Park, Inc.	19-W-0168 & 19-W-0269	
Hampton Water Works Company	DW 99-057	
Hidden Valley Utility Services, LP	R-2018-3001306	
Hidden Valley Utility Services, LP	R-2018-3001307	
Illinois American Water Company	16-0093	
Illinois American Water Company	22-0210	
Indian Rock Water Company	R-911971	
Indiana Natural Gas Corporation	38891	
Jamaica Water Supply Company	-	
Kane Borough Authority	A-2019-3014248	*
Kentucky American Water Company, Inc.	2007 00134	
Middlesex Water Company	WR 89030266J	

Millcreek Township Water Authority	55 198 Y 00021 11	*
Missouri-American Water Company	WR 2000-281	
Missouri-American Water Company	SR 2000-282	
Mount Holly Water Company	WR06030257	
Nevada Power Company d/b/a NV Energy	20-06003	
New Jersey American Water Company	WR 89080702J	
New Jersey American Water Company	WR 90090950J	
New Jersey American Water Company	WR 03070511	
New Jersey American Water Company	WR-06030257	
New Jersey American Water Company	WR08010020	
New Jersey American Water Company	WR10040260	
New Jersey American Water Company	WR11070460	
New Jersey American Water Company	WR15010035	
New Jersey American Water Company	WR17090985	
New Jersey American Water Company	WR19121516	
New Jersey American Water Company	WR22010019	
New Jersey Natural Gas Company	GR19030420	
New Jersey Natural Gas Company	GR21030679	
Newtown Artesian Water Company	R-911977	
Newtown Artesian Water Company	R-00943157	
Newtown Artesian Water Company	R-2009-2117550	
Newtown Artesian Water Company	R-2011-2230259	
Newtown Artesian Water Company	R-2017-2624240	
Newtown Artesian Water Company	R-2019-3006904	
North Maine Utilities	14-0396	*
Northern Indiana Fuel & Light Company	38770	
Oklahoma Natural Gas Company	PUD-940000477	
Palmetto Utilities, Inc.	2020-281-S	
Palmetto Wastewater Reclamation, LLC	2018-82-S	
Pennichuck Water Works, Inc.	DW 04 048	*
Pennichuck Water Works, Inc.	DW 06 073	
Pennichuck Water Works, Inc.	DW 08 073	
Pennsylvania Gas & Water Company (Gas)	R-891261	
Pennsylvania Gas & Water Co. (Water)	R 901726	
Pennsylvania Gas & Water Co. (Water)	R-911966	
Pennsylvania Gas & Water Co. (Water)	R-22404	
Pennsylvania Gas & Water Co. (Water)	R-00922482	

Pennsylvania Gas & Water Co. (Water)	R-00932667	
Philadelphia Gas Works	R-2020-3017206	
Public Service Company of North Carolina, Inc.	G-5, Sub 565	
Public Service Electric and Gas Company	ER181010029	
Public Service Electric and Gas Company	GR18010030	
Presque Isle Harbor Water Company	U-9702	
Sierra Pacific Power Company d/b/a NV Energy	19-06002	
Sierra Pacific Power Company d/b/a NV Energy	22-06014	
St. Louis County Water Company	WR-2000-844	
Suez Water Delaware, Inc.	19-0615	
Suez Water Idaho, Inc.	SUZ-W-20-02	
Suez Water New Jersey, Inc.	WR18050593	
Suez Water New Jersey, Inc.	WR20110729	
Suez Water Owego-Nichols, Inc.	17-W-0528	
Suez Water Pennsylvania, Inc.	R-2018-3000834	
Suez Water Pennsylvania, Inc.	A-2018-3003519	*
Suez Water Pennsylvania, Inc.	A-2018-3003517	*
Suez Water Rhode Island, Inc.	Docket No. 4800	
Suez Water Owego-Nichols, Inc.	19-W-0168 & 19-W-0269	
Suez Water New York, Inc.	19-W-0168 & 19-W-0269	
Suez Westchester, Inc.	19-W-0168 & 19-W-0269	
Town of North East Water Fund	9190	
Township of Exeter	A-2018-3004933	*
United Water New Rochelle	W-95-W-1168	
United Water Toms River	WR-95050219	
Upper Pottsgrove Township	A-2020-3021460	*
Valley Township (water)	A-2020-3019859	*
Valley Township (wastewater)	A-2020-3020178	*
Valley Water Systems, Inc.	06 10 07	
Virginia American Water Company	PUR-2018-00175	
Virginia American Water Company	PUR-2021-00255	
West Virginia-American Water Company	15-0676-W-42T	
West Virginia-American Water Company	15-0675-S-42T	
Wilmington Suburban Water Corporation	94-149	
York Water Company	R-901813	
York Water Company	R-922168	
York Water Company	R-943053	

York Water Company	R-963619
York Water Company	R-994605
York Water Company	R-00016236
Young Brothers, LLC	2019-0117

* - Testimony related to valuation