

EXHIBIT V

(Updated)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

AQUA PENNSYLVANIA WASTEWATER, INC.

DOCKET NO. A-2023-3041695

BOROUGH OF GREENVILLE STATEMENT NO. 2

**DIRECT TESTIMONY OF
DYLAN W. D'ASCENDIS**

November 2023

Updated April 2024

BOROUGH OF GREENVILLE
DIRECT TESTIMONY OF DYLAN W. D’ASCENDIS

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1 **I. INTRODUCTION**

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

3 A. My name is Dylan W. D'Ascendis. My business address is 3000 Atrium Way, Suite 200,
4 Mount Laurel, NJ 08054.

5

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

7 A. I am employed by ScottMadden, Inc. ("ScottMadden") as Partner.

8

9 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EDUCATION AND EXPERIENCE.**

10 A. I offer expert testimony on behalf of investor-owned utilities on rate of return issues and
11 class cost of service issues. I am a Utility Valuation Expert ("UVE") (Utility Code
12 9919278) in the Commonwealth of Pennsylvania approved by the Pennsylvania Public
13 Utility Commission (the "Commission" or "PUC"). I also assist in preparing rate filings,
14 including, but not limited to, revenue requirements and original cost and lead/lag studies.
15 I am a graduate of the University of Pennsylvania, where I received a Bachelor of Arts
16 degree in Economic History. I also hold a Master of Business Administration from Rutgers
17 University with a concentration in Finance and International Business, which was
18 conferred with high honors. I am a Certified Rate of Return Analyst ("CRRA") and a
19 Certified Valuation Analyst ("CVA"). My full professional qualifications, including my
20 expert witness appearances, are provided in Attachment A.

21

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1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?**

2 A. Yes. I have testified before the Commission on several occasions as shown on Attachment
3 A.

4 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**
5 **PROCEEDING?**

6 A. The purpose of my Direct Testimony is to describe the fair market value appraisal of the
7 wastewater system (the "System") owned by the Greenville Sanitary Authority ("GSA")
8 that I performed at the request of the Town of Greenville (the "Town" or "Greenville").
9 The GSA is selling the System to Aqua Pennsylvania Wastewater, Inc. ("Aqua"), a
10 subsidiary of Essential Utilities, Inc. ScottMadden's Valuation Report is entitled
11 "Valuation Report for the Town of Greenville, updated as of October 6, 2023." The
12 appraisal and its report were developed to meet the criteria established in Section 1329 of
13 the Pennsylvania Public Utility Code ("Code"), 66 Pa. C.S. § 1329 ("Determination of the
14 fair market value of water and wastewater assets").

15 In its 2015-2016 legislative session, the Pennsylvania Legislature passed Act 12 of
16 2016 and Governor Wolf signed into law Section 1329 of the Code establishing the
17 legislative guidelines facilitating the acquisition of municipal water and wastewater
18 systems by private investor-owned utilities and other entities which are rate-regulated by
19 the PUC.

20

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1 **II. QUALIFICATION AS UTILITY VALUATION EXPERT**

2 **Q. ARE YOU ON THE COMMISSION'S REGISTRY OF UTILITY VALUATION**
3 **EXPERTS?**

4 A. Yes. I am an UVE in the Commonwealth of Pennsylvania approved by the PUC (Utility
5 Code 9919278).

6
7 **Q. PLEASE DESCRIBE THE PROCESS BY WHICH SCOTTMADDEN WAS**
8 **PLACED ON THE COMMISSION'S REGISTRY OF UTILITY VALUATION**
9 **EXPERTS.**

10 A. After passage of Section 1329 of the Code, the Commission established an application
11 process by which the Commission would approve and designate firms to be placed on the
12 Commission's "Registry of Utility Valuation Experts." ScottMadden submitted its
13 application and the required proof of experience on October 13, 2016 and received
14 confirmation and approval from the Commission of ScottMadden's placement on the
15 Commission's UVE Registry on December 7, 2016. ScottMadden has met the
16 requirements to remain on the Commission's registry ever since.

17
18 **Q. HAVE YOU EVER HAD YOUR PROFESSIONAL CREDENTIALS REVOKED**
19 **OR SUSPENDED?**

20 A. No.

21

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1 **Q. DO YOU HAVE SPECIFIC EXPERIENCE WITH THE VALUATION AND**
2 **APPRAISAL OF UTILITY ASSETS?**

3 A. Yes. Please see Attachment A for the details of my valuation assignments.
4

5 **Q. HAVE YOU, SCOTTMADDEN, OR ANY OF ITS STAFF DERIVED ANY**
6 **MATERIAL FINANCIAL BENEFIT FROM THE SALE OF THE SYSTEM'S**
7 **ASSETS OTHER THAN FEES FOR YOUR SERVICES RENDERED?**

8 A. No.
9

10 **Q. ARE YOU, SCOTTMADDEN, OR ANY OF ITS STAFF AN IMMEDIATE**
11 **FAMILY MEMBER OF A DIRECTOR, OFFICER, OR EMPLOYEE OF AQUA,**
12 **KLH ENGINEERS, INC. OR GREENVILLE?**

13 A. No.
14

15 **Q. IS SCOTTMADDEN IN COMPLIANCE WITH APPLICABLE PENNSYLVANIA**
16 **LAWS?**

17 A. Yes.
18

19 **Q. DOES SCOTTMADDEN HAVE THE FINANCIAL AND TECHNICAL FITNESS,**
20 **INCLUDING PROFESSIONAL LICENSES AND TECHNICAL**
21 **CERTIFICATIONS, TO PERFORM A FAIR MARKET VALUATION OF THE**
22 **SYSTEM'S ASSETS?**

23 A. Yes.

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1 **Q. ARE YOU AWARE OF ANY FACT, INCLUDING BUT NOT LIMITED TO ANY**
2 **POTENTIAL CONFLICT OF INTEREST, WHICH WOULD CAST DOUBT UPON**
3 **YOUR ABILITY TO PROVIDE A THOROUGH, OBJECTIVE, UNBIASED, AND**
4 **FAIR VALUATION IN THIS PROCEEDING?**

5 A. No.

6

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

8 A. No.

9

10 **Q. DID YOU MAKE ANY UPDATES TO YOUR APPRAISAL AFTER IT WAS**
11 **SUBMITTED TO GREENVILLE, AND IF SO, WHAT WAS THE UPDATE,**
12 **WHEN WAS IT MADE, AND WHY WAS IT NECESSARY?**

13 A. Yes. I originally submitted my appraisal on September 22, 2023, but identified a
14 discrepancy in the return on equity data, which was corrected and the appraisal updated on
15 October 6, 2023. The correction eliminated a size adjustment to the recommended cost of
16 common equity cost rate used in the income approach. I also revised the original appraisal
17 updated on October 6, 2023 to incorporate the February 2024 inventory revision in the
18 Engineers Assessment. This revised version is reflected in Aqua's Exhibit R to the
19 Application.

20

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1 **III. FEES PAID FOR UTILITY VALUATION EXPERT SERVICES**

2 **Q. HOW IS SCOTTMADDEN BEING COMPENSATED FOR ITS SERVICES IN**
3 **THIS MATTER?**

4 A. ScottMadden is being compensated on a fee basis, which includes a fixed fee upon delivery
5 of the initial valuation report, and hourly rates for any services rendered thereafter. True,
6 correct, and complete copies of ScottMadden's invoices to Greenville for this matter, as of
7 the date of Application filing, are attached to Aqua's Application as Appendix S2 and I
8 incorporate those invoices in my Direct Testimony as if set forth in their entirety.

9

10 **Q. WILL SCOTTMADDEN RECEIVE FEES FOR ITS SERVICES REGARDLESS**
11 **OF WHETHER THE COMMISSION APPROVES THE PROPOSED**
12 **TRANSACTION OR WHETHER IT CLOSES?**

13 A. Yes.

14

15 **Q. ARE THESE FEES CONSISTENT WITH COMPENSATION RECEIVED FOR**
16 **SIMILAR SERVICES PROVIDED TO OTHER CLIENTS?**

17 A. Yes.

18

19 **IV. FAIR MARKET VALUATION OF THE SYSTEM'S ASSETS**

20 **Q. PLEASE IDENTIFY APPENDIX R TO THE APPLICATION IN THIS**
21 **PROCEEDING?**

22 A. Appendix R of Aqua's Application includes my appraisal report dated October 6, 2023,
23 which I prepared for Greenville to be filed in this proceeding.

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Q. HOW DO YOU RECOGNIZE IT?

A. I personally prepared and supervised ScottMadden personnel in preparing the report and recognize it as ScottMadden's work product.

Q. IS APPLICATION APPENDIX R A TRUE, COMPLETE, AND ACCURATE COPY OF YOUR VALUATION REPORT?

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

Q. PLEASE DESCRIBE THE PROCESS BY WHICH YOU PREPARED THE VALUATION REPORT.

A. In accordance with Section 1329 of the Code, Greenville and Aqua engaged KLH Engineers, Inc. ("KLH") as the licensed engineer to conduct an assessment of the System's tangible assets. Greenville engaged ScottMadden to prepare the fair market valuation report for the System. Greenville provided financial statements regarding their operations and also provided a copy of the KLH Greenville Facilities Engineering Assessment (the "Engineering Assessment"), developed by KLH as required by Section 1329(a)(4). After those activities and data gathering, we developed the appraisal.

The appraisal contains a letter of transmittal; a narrative report explaining our methodology and conclusions; a statement of assumptions and limiting conditions; a statement of the Valuation Analyst's Representations; a statement of the professional qualifications of Dylan W. D'Ascendis, CVA, CRRA and Paul Scarinci; and various schedules and appendices.

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1 The intent of the valuation report is to provide the appraisal results, as well as the
2 entire appraisal work file, in sufficient detail to satisfy the parties' and Commission's
3 review requirements of Section 1329 and the Commission's Final Implementation Order,
4 *In re: Implementation of Section 1329 of the Public Utility Code*, Docket No. M-2016-
5 2543193 (Order entered October 27, 2016). In addition to a copy of my appraisal report, I
6 have provided supporting workpapers for the appraisal report. The relevant workpapers
7 have been submitted to the Commission with the Application and provided to the Public
8 Advocates in live electronic format. ScottMadden considers the live electronic files, which
9 are in Excel format, to be CONFIDENTIAL.

10
11 **Q. IS THERE ANYTHING THAT YOU WOULD CHANGE IN THE VALUATION**
12 **REPORT SINCE ITS PREPARATION AND UPDATE?**

13 A. No.

14
15 **Q. WAS THE FAIR MARKET VALUATION OF THE SYSTEM'S ASSETS**
16 **DETERMINED IN COMPLIANCE WITH THE UNIFORM STANDARDS OF**
17 **PROFESSIONAL APPRAISAL PRACTICE ("USPAP")?**

18 A. Yes. Included in ScottMadden's cover letter is a statement of our valuation report's
19 compliance with USPAP.

20
21 **Q. DID YOU EMPLOY THE COST, MARKET AND INCOME APPROACHES IN**
22 **PREPARING YOUR VALUATION?**

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1 A. Yes. We developed our appraisal utilizing the cost, market, and income approaches as
2 required by USPAP and Section 1329 of the Code. These approaches are summarized
3 below.

4 **Table 1: Summary of Indicated Values**

| Valuation Approach | Indicated Value |
|---------------------------|------------------------|
| Cost Approach | \$18,460,465 |
| Market Approach | \$18,136,695 |
| Income Approach | \$19,372,669 |

5

6 **Q. DID YOU RELY UPON A LICENSED ENGINEERING ASSESSMENT OF THE**
7 **TANGIBLE ASSETS OF THE SYSTEM IN PERFORMING YOUR VALUATION?**

8 A. Yes. As stated above, Greenville and Aqua engaged KLH as the licensed engineer to
9 conduct an assessment of the System's tangible assets. Greenville provided a copy of the
10 Engineering Assessment developed by KLH as required by Section 1329(a)(4). A copy of
11 the Engineering Assessment is included as Appendix D to the Application.

12

13 **Q. DID THE ENGINEERING ASSESSMENT INCLUDE AN INVENTORY OF THE**
14 **USED AND USEFUL UTILITY PLANT ASSETS TO BE TRANSFERRED**
15 **COMPILED BY YEAR AND ACCOUNT?**

16 A. Yes.

17

18 **Q. DID THE ENGINEERING ASSESSMENT LIST ALL NON-DEPRECIABLE**
19 **PROPERTY SUCH AS LAND AND RIGHTS-OF-WAY?**

20 A. Yes.

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1 **Q. TO THE BEST OF YOUR KNOWLEDGE, WAS THE ENGINEERING**
2 **ASSESSMENT DEVELOPED FROM AVAILABLE RECORDS, MAPS, WORK**
3 **ORDERS, DEBT ISSUE CLOSING DOCUMENTS FUNDING CONSTRUCTION**
4 **PROJECTS, AND OTHER SOURCES TO ENSURE AN ACCURATE LISTING OF**
5 **UTILITY PLANT INVENTORY BY UTILITY ACCOUNT?**

6 A. Yes.

7

8 **Q. DO YOU HAVE ANY REASON TO DOUBT THE ACCURACY OF THE**
9 **ENGINEERING ASSESSMENT INVENTORY OF THE ASSETS?**

10 A. No.

11

12 **Q. DID YOU INCORPORATE THE ENGINEERING ASSESSMENT INTO YOUR**
13 **COST APPROACH IN DEVELOPING YOUR VALUATION?**

14 A. Yes.

15

16 **Q. DID YOU HAVE TO EXERCISE PROFESSIONAL DISCRETION IN**
17 **DEVELOPING ANY ASPECT OF YOUR VALUATION?**

18 A. Yes. The use of professional discretion is detailed throughout Application Appendix R,
19 where applicable.

20

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1 **Q. PLEASE DESCRIBE ANY ASSUMPTIONS, EXTRAORDINARY**
2 **ASSUMPTIONS, HYPOTHETICAL CONDITIONS, AND/OR LIMITING**
3 **CONDITIONS THAT YOU APPLIED TO THE VALUATION.**

4 A. The Statement of Assumptions and Limiting Conditions and the Valuation Analyst's
5 Representations are provided in Appendices A and B to Appendix R of the Application.

6 Three examples of the limiting conditions for this valuation are:

- 7 • Original costs were not available for all assets, and as such, ScottMadden relied
8 on estimated replacement costs as outlined in the KLH Greenville Facilities
9 Engineering Assessment as the basis for estimating original costs in certain
10 instances;
- 11 • Consumption data and equivalent domestic unit ("EDU") calculations by
12 different sources were inconsistent; and
- 13 • Detailed breakdowns of revenues and expenses were not available in the income
14 approach.

15

16 **Q. HOW DID YOU DEVELOP THE WEIGHTING APPLIED TO EACH APPROACH**
17 **IN YOUR APPRAISAL AND WHY ARE THE INDIVIDUAL WEIGHTS YOU**
18 **CHOSE APPROPRIATE FOR THE PROPOSED TRANSACTION?**

19 A. No method of valuation will produce the exact value of a business. A valuation study
20 cannot incorporate market conditions at the time of sale or predict a potential investor's
21 desire, or lack thereof, to acquire the business. Greenville's desire to sell additional assets
22 to the potential acquirer may increase the desire of some investors, and as a result, increase
23 the value of both sets of assets. Our valuation and report cannot incorporate these
24 considerations.

25 I have determined the range of values of System assets based on the relative
26 weighting of the three valuation methods. The weightings indicate the value placed on

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1 each appraisal method from the valuation expert. In my opinion, the Income and Market
2 Approaches should each receive 40% weight and the Cost Approach 20% weight. The
3 reason for this is the Cost Approach does not accurately represent the System's value as it
4 cannot reflect the revenues from outside of the boundaries of the Town, and more
5 specifically, from West Salem and Hempfield. In this instance, the value of the System is
6 not only reflected in its physical assets, but its flow volumes from outside the Town. The
7 indicated result based on the Cost Approach would remain the same regardless of whether
8 Greenville's assets continue to serve outside the boundaries or not. In lieu of valuing
9 Greenville's contracts with a customer base outside of Greenville as intangible assets,
10 ScottMadden has simply assigned less weight to the results of the Cost Approach. The
11 ranges of values and relative weightings of the valuation approaches for each scenario are
12 set forth in Table 2, below:

Table 2: Conclusion of Value for the System

| Valuation Approach | Indicated Value | Weight | Weighted Value |
|---------------------------|------------------------|---------------|-----------------------|
| Cost | \$18,460,465 | 1/5 | \$3,692,093 |
| Market | \$18,136,695 | 2/5 | \$7,254,678 |
| Income | \$19,372,669 | 2/5 | \$7,749,068 |
| Indicated Value | | 100% | \$18,695,839 |

15
16 A. Cost Approach

17 **Q. REGARDING YOUR APPLICATION OF THE COST APPROACH, WHAT**
18 **METHOD DID YOU USE TO DETERMINE THE COST APPROACH RESULT?**

19 A. I used a trended original cost method to determine the original cost new, less depreciation
20 ("RCNLD") of the System's assets. In order to arrive at the Reproduction Cost New for

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1 the System's assets, I began with the original cost of the assets provided by the Engineering
2 Assessment and used the Handy-Whitman Index ("HW Index") to determine the current
3 reproduction value. The HW Index is prepared specifically for electric, gas, and water
4 utilities, and is the only publication of its kind available to the public. The HW Index has
5 been published continuously since 1924. The HW Index is comprised of historical index
6 values for various accounts prescribed by the NARUC Uniform System of Accounts, as
7 well as for construction, material, and labor, by geographic region of the United States.
8 For assets not included in the HW Index (specifically computer servers, electrical
9 equipment, office equipment, and utility vehicles), ScottMadden used the Producer Pricing
10 Index.

11 The trended original cost method consists of the development of adjustment factors
12 from the time when the asset was put into service to the current date. For example, an
13 average main (NARUC account 331) placed into service in 1985 with an original cost of
14 \$100,000 would be trended forward by the ratio of the HW Index value at the current date
15 divided by the HW Index value at the time of installation. The HW Index value of NARUC
16 account 331 in January 2023 is 1080.00, and the HW Index value in 1985 when the assets
17 were installed was 254.00, which means the ratio applied to the original cost of the main
18 would be 4.25.¹ This would translate into a current cost for that main of \$425,000.²

19 The next step in deriving the RCNLD for the System's assets is to quantify the
20 amount of physical deterioration, functional obsolescence, and economic obsolescence of
21 the assets. Physical deterioration is caused by use, wear and tear, and the aging process.

¹ 1080.00 / 254.00 = 4.25.

² (1080.00 / 254.00) x \$100,000 = \$425,000.

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1 Functional obsolescence is caused by changes in design or construction to create
2 efficiencies not present in the current asset. Economic obsolescence is a loss in value due
3 to external factors not in the control of Greenville, such as economic conditions. The most
4 common measure of physical deterioration is the reserve held for depreciation, which is
5 based on the asset's remaining life versus its average useful life. Functional obsolescence
6 is measured by comparing the subject asset to a replacement asset with current technology.
7 The Engineering Assessment found no significant functional obsolescence for System
8 assets. Economic obsolescence is usually measured by market conditions, which have been
9 supportive towards the water and wastewater industries in the recent past, as well as
10 prospectively, so I do not believe there is significant economic obsolescence present in the
11 System's assets. Since the only applicable measure of loss of value is physical
12 deterioration, the useful lives for each asset were determined, and reserves for depreciation
13 were calculated for each System asset.

14
15 **Q. HOW DID YOU CALCULATE THE DEPRECIATION RESERVE FOR EACH**
16 **ASSET?**

17 A. First, I determined the useful life for each asset,³ then I reduced the original cost of each
18 asset each year by 1/useful life until the asset was fully depreciated or through July 2023,
19 whichever one came first, and put that value into the depreciation reserve.

20

³ Useful lives are based on the System of Accounts for Water and Wastewater Utilities – with 200 or more connections from the Public Utility Commission of Texas with three exceptions. I used a 75-year useful life for mains as determined by the PUC in Docket No. A-2019-3008491, a 50-year useful life for structures, and a 10-year useful life for transportation equipment. My use of both 50 and 10-year useful lives for structures and transportation equipment was not challenged by PUC Staff in Docket No. A-2019-3015173.

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1 **Q. WHAT IS THE INDICATED VALUE OF THE SYSTEM'S ASSETS BASED ON**
2 **THE COST APPROACH?**

3 A. Using the HW Index, and the Producers and Consumers Pricing Indices to trend the original
4 cost, less depreciation of the System's assets forward, I derived a Reproduction Cost New
5 minus depreciation of \$18,460,465, as shown on Schedule 1 of Appendix R.

6 As stated above, the value derived from the cost approach is based solely on the
7 System's underlying assets, which means it does not take into account the expected cash
8 flows of these assets. For the System, this difference is significant. The System derives
9 approximately 29% and 14% of its historical and expected revenues from Hempfield
10 Township and West Salem Township, respectively. Additionally, even though the HW
11 Index takes into account the changes in the cost of various factors over time in different
12 regions throughout the country, it cannot take into account intricacies such as terrain (e.g.,
13 mountains in Appalachia versus farmland in Pennsylvania) or changes in development and
14 zoning since original installation. All else remaining equal, different terrains or changes
15 in laws will translate into different timeframes to complete the project, which will directly
16 affect costs.

17
18 B. Market Approach

19 **Q. REGARDING YOUR APPLICATION OF THE MARKET APPROACH, WHAT**
20 **METHODS DID YOU USE TO DETERMINE THE MARKET APPROACH**
21 **RESULT?**

22 A. I used the market value of invested capital to net plant multiple and comparable sales
23 methods.

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1 **Q. PLEASE DISCUSS THE MARKET VALUE OF INVESTED CAPITAL TO NET**
2 **PLANT METHOD.**

3 A. The market value of invested capital to net plant method applies a market value of invested
4 capital to net plant ratio of a comparable risk group to the original cost less depreciation
5 (“OCLD”) of the subject company to derive an indicated market value. As shown on page
6 2 of Schedule 2 of Appendix R, market value of invested capital to net plant ratios of the
7 water utility proxy group used to derive the weighted average cost of capital (“WACC”) in
8 the income approach range from 1.4063x to 2.1924x. Using the System’s OCLD of
9 \$4,534,638,⁴ indicated values range from \$6,377,159 and \$9,941,548 with an average
10 value of \$7,640,914 as shown on page 3 of Schedule 2 of Appendix R.

11

12 **Q. PLEASE DESCRIBE THE COMPARABLE SALES METHOD.**

13 A. I also researched transactions involving companies who acquired 100% of a water or sewer
14 interest since 2016. That research returned 135 results from around the country, 35 of
15 which were acquisitions in Pennsylvania, which are contained on pages 4-6 of Schedule 2
16 of Appendix R. A common ratio which can be used to determine the System’s market
17 value is transaction value per equivalent domestic unit (“EDU”). The purchase price per
18 EDU ratios for the relevant transactions are shown on page 6 of Schedule 2 of Appendix
19 R. As shown on page 6 of Schedule 2 of Appendix R, the nationwide average purchase
20 price to EDU is 4.41x, while the Pennsylvania average purchase price to EDU is 6.31x.
21 Given the 4,037 EDUs served by the System,⁵ indicated values using this approach are

⁴ As shown on Column [2] of page 1 of Schedule 1.

⁵ As noted above, consumption data and EDU calculations for Greenville were inconsistent between sources (KLH engineers provided data, as did Greenville, Hempfield Township, and West Salem Township). As such, ScottMadden relied on the data provided by KLH Engineers, who have a long-time institutional

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1 \$17,803,395 using the nationwide multiple and \$25,467,183, using the Pennsylvania
2 multiple, with an average of \$21,635,289 for the comparable sales method.

3
4 **Q. WHAT WERE THE RESULTS OF EACH ANALYSIS YOU PERFORMED?**

5 A. The market value of invested capital to net plant analysis produced an indicated value of
6 \$7,640,914. The comparable sales method produced a result of \$21,635,289.

7
8 **Q. WHICH RESULTS WERE USED TO DETERMINE YOUR MARKET**
9 **APPROACH RESULT? PLEASE EXPLAIN WHY THESE RESULTS WERE**
10 **USED.**

11 A. As noted above, the System's underlying assets do not reflect the cash flows generated
12 from outside of the boundaries of the Town. As such, the market value of invested capital
13 to net plant multiple method does not represent the total value of the System because the
14 net plant figure for Greenville does not factor in customers in West Salem or Hempfield,
15 which both meaningfully contribute to Greenville revenues. On the other hand, the
16 comparable sales method better reflects the true value of the System because customers
17 and revenues from West Salem and Hempfield are represented in its calculation. I therefore
18 applied a weight of 25% to the market value of invested capital to net plant approach, and
19 a weight of 75% to the comparable sales approach. Applying those weights results in an
20 indicated value of \$18,136,695 for the System as shown on page 1 of Schedule 2 of
21 Appendix R.

22
knowledge of the System. The EDU count provided by KLH includes 2,343 from Greenville; 1,167 from
Hempfield; and 527 from West Salem, for a total of 4,037 EDUs.

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1 C. Income Approach

2 **Q. WHAT ASSUMPTIONS DID YOU EMPLOY TO DEVELOP YOUR INCOME**
3 **APPROACH RESULT?**

4 A. In determining the indicated value using the income approach, I made assumptions
5 regarding the System's operating revenue, operating expenses, and capital requirements.

6 The vast majority of the System's revenues are tied to fees for wastewater service.
7 As such, revenues are dependent on two factors: population growth and rate increases.
8 Upon review of U.S. census data, I conclude that the population served by the System will
9 be decreasing going forward at a rate of 0.56% per year. Based on this, I did not apply a
10 population growth factor in the income approach.

11 In regard to rate increases, ScottMadden applied rate increases of 20% for each of
12 the years from 2024-2029. These rate increases are based on the need to recover significant
13 capital improvement outlays from 2024-2043 as relayed to me by Greenville management
14 and as reported in the Greenville Sanitary Sewer Capital Improvements Plan 2023-2043
15 ("Capital Improvement Plan").⁶ Beginning in 2030, I assumed rate increases will occur at
16 a rate of 6% every year, in perpetuity.

17 General operating expenses for the System are comprised of collection & disposal
18 and administrative & general expenses. All expenses are assumed to increase at the
19 projected level of the Consumer Price Index⁷ ("CPI").

20 The projected capital improvements for the System for the period 2024 through
21 2043 are based on those identified by Greenville, as noted in the Capital Improvement Plan,

⁶ See Appendix E of the ScottMadden Valuation Report.

⁷ I employed a CPI projection of 2.20% per year, based on the long-term CPI projection published by *Blue Chip Financial Forecasts*. See, *Blue Chip Financial Forecasts*, Vol. 42, No. 6, June 1, 2023 at 14; Appendix G, at 19.

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1 and are based on projected cost estimates from KLH, adjusted for inflation. Over the 2024-
2 2043 horizon, the total capital expenditures are \$51,415,000. Specifically, the capital plan
3 indicates a need for a major plant upgrade with an estimated cost of \$45,600,000 to
4 construct and rehabilitate the plant. The project is expected to begin in 2024, with a
5 completion date in 2026. The sanitary collection system, which includes main lines,
6 maintenance holes, and pump stations, needs significant upgrades that will cost
7 approximately \$6,840,000 between 2023 and 2042. The Town also expects to replace a
8 Ford F550, a Ford F150, and a Sewer Jet Truck by 2042, which will cost a total of
9 \$475,000. This resulted in a 2042 capital spend of \$295,750, which I continued to grow
10 by the projected CPI into perpetuity.

11
12 **Q. WHAT DISCOUNT RATE DID YOU USE TO CALCULATE YOUR INCOME**
13 **APPROACH?**

14 A. The discount rate is the investor-required expected rate of return on the assets. An investor
15 in any company needs to be compensated for the risk of that investment, and a higher level
16 of risk equates to a higher required rate of return. The overall rate of return in this instance
17 is defined by the WACC. I have calculated a discount rate which relates to the traditional
18 method of financing for publicly-traded water companies, which uses an equal mix
19 between debt and equity capital.

20 For the common equity cost rate, I applied the Discounted Cash Flow, Risk
21 Premium and Capital Asset Pricing Models to a proxy group of publicly traded water
22 companies. Application of these cost of common equity models to these groups resulted

BOROUGH OF GREENVILLE
DIRECT TESTIMONY OF DYLAN W. D'ASCENDIS

1 in an indicated cost of common equity of 9.96%, which is presented in Appendix G of the
2 ScottMadden Valuation Report.

3 The representative capital structure is a hypothetical capital structure based on the
4 range of capital structures for fiscal year 2022 of the publicly traded proxy group
5 companies used to derive the cost of common equity.⁸ For the debt cost rate used in the
6 WACC calculation, I used a 30-day average Moody's A2 public utility bond rate of 5.40%.⁹
7 Table 3 below illustrates the assumed WACC of an investor-owned water utility.

8 **Table 3: Assumed WACC for Water Utility Company**
9

| Type of Capital | Cost Rate | Ratio | Weighted Cost |
|-----------------|-----------|----------------|---------------|
| Long-Term Debt | 5.40% | 50.00% | 2.70% |
| Common Equity | 9.96% | <u>50.00%</u> | <u>4.98%</u> |
| Total | | 100.00% | 7.68% |

10
11 **Q. IF YOU USED A TERMINAL VALUE IN YOUR DISCOUNTED CASH FLOW**
12 **ANALYSIS, WHAT IS THE NUMBER OF YEARS OVER WHICH THE CASH**
13 **FLOWS ARE CONSIDERED?**

14 **A.** I considered those cash flows over 27 years (2023 – 2050).
15

⁸ The range of equity ratios of the proxy group companies were from 40.70% to 61.35% at 2022 fiscal year end.

⁹ ScottMadden Valuation Report, Appendix G, at 2.

BOROUGH OF GREENVILLE
DIRECT TESTIMONY OF DYLAN W. D'ASCENDIS

1 **Q. WHAT IS THE INDICATED VALUE OF THE SYSTEM USING THE INCOME**
2 **APPROACH?**

3 A. Inputting the estimated revenue, expense, and capital expenditure data into the model
4 resulted in an indicated value of \$19,372,669.

5
6 **V. CONCLUSION**

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

9 A. The fair market value of the System's assets is \$18,757,633 as of October 6, 2023. The
10 results of my appraisal and conclusions are summarized in the following table:

11 **Table 4: Conclusion of Value for the System**

12

| Valuation Approach | Indicated Value | Weight | Weighted Value |
|---------------------------|------------------------|---------------|-----------------------|
| Cost | \$18,460,465 | 1/5 | \$3,692,093 |
| Market | \$18,136,695 | 2/5 | \$7,254,678 |
| Income | \$19,372,669 | 2/5 | \$7,749,068 |
| Indicated Value | | 100% | \$18,695,839 |

13

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

15 A. Yes, it does; however, I reserve the right to supplement my Direct Testimony as additional
16 issues and facts arise during the course of the proceeding.

Summary

Dylan is an experienced consultant and a Certified Rate of Return Analyst (CRRA) and Certified Valuation Analyst (CVA). Dylan joined ScottMadden in 2016 and has become a leading expert witness with respect to cost of capital and capital structure. He has served as a consultant for investor-owned and municipal utilities and authorities for 15 years. Dylan has testified as an expert witness on over 150 occasions regarding rate of return, cost of service, rate design, and valuation before more than 35 regulatory jurisdictions in the United States and Canada, an American Arbitration Association panel, and the Superior Court of Rhode Island. He also maintains the benchmark index against which the Hennessy Gas Utility Mutual Fund performance is measured. Dylan holds a B.A. in economic history from the University of Pennsylvania and an M.B.A. with concentrations in finance and international business from Rutgers University.

Areas of Specialization

- Regulation and Rates
- Rate of Return
- Valuation
- Mutual Fund Benchmarking
- Capital Market Risk
- Regulatory Strategy
- Cost of Service

Recent Expert Testimony Submission/Appearance

- Regulatory Commission of Alaska – Capital Structure
- Federal Energy Regulatory Commission – Rate of Return
- Public Utility Commission of Texas – Return on Equity
- Hawaii Public Utilities Commission – Cost of Service / Rate Design
- Pennsylvania Public Utility Commission - Valuation

Recent Assignments

- Provided expert testimony on the cost of capital for ratemaking purposes before numerous state utility regulatory agencies
- Sponsored valuation testimony for a large municipal water company in front of an American Arbitration Association Board to justify the reasonability of their lease payments to the City
- Co-authored a valuation report on behalf of a large investor-owned utility company in response to a new state regulation which allowed the appraised value of acquired assets into rate base

Recent Articles and Speeches

- Co-Author of: “Decoupling, Risk Impacts and the Cost of Capital”, co-authored with Richard A. Michelfelder, Ph.D., Rutgers University and Pauline M. Ahern. The Electricity Journal, March, 2020
- Co-Author of: “Decoupling Impact and Public Utility Conservation Investment”, co-authored with Richard A. Michelfelder, Ph.D., Rutgers University and Pauline M. Ahern. Energy Policy Journal, 130 (2019), 311-319
- “Establishing Alternative Proxy Groups”, before the Society of Utility and Regulatory Financial Analysts: 51st Financial Forum, April 4, 2019, New Orleans, LA
- “Past is Prologue: Future Test Year”, Presentation before the National Association of Water Companies 2017 Southeast Water Infrastructure Summit, May 2, 2017, Savannah, GA.
- Co-author of: “Comparative Evaluation of the Predictive Risk Premium Model™, the Discounted Cash Flow Model and the Capital Asset Pricing Model”, co-authored with Richard A. Michelfelder, Ph.D., Rutgers University, Pauline M. Ahern, and Frank J. Hanley, The Electricity Journal, May, 2013

- “Decoupling: Impact on the Risk and Cost of Common Equity of Public Utility Stocks”, before the Society of Utility and Regulatory Financial Analysts: 45th Financial Forum, April 17-18, 2013, Indianapolis, IN

| Sponsor | Date | Case/Applicant | Docket No. | Subject |
|--|-------|--|--|---|
| Regulatory Commission of Alaska | | | | |
| ENSTAR Natural Gas Company | 08/22 | ENSTAR Natural Gas Company | Docket No. TA334-4 | Rate of Return |
| Cook Inlet Natural Gas Storage Alaska, LLC | 07/21 | Cook Inlet Natural Gas Storage Alaska, LLC | Docket No. TA45-733 | Capital Structure |
| Alaska Power Company | 09/20 | Alaska Power Company; Goat Lake Hydro, Inc.; BBL Hydro, Inc. | Tariff Nos. TA886-2; TA6-521; TA4-573 | Capital Structure |
| Alaska Power Company | 07/16 | Alaska Power Company | Docket No. TA857-2 | Rate of Return |
| Alberta Utilities Commission | | | | |
| AltaLink, L.P., and EPCOR Distribution & Transmission, Inc. | 02/23 | AltaLink, L.P., and EPCOR Distribution & Transmission, Inc. | Proceeding ID. 27084 | Determination of Cost-of-Capital Parameters |
| AltaLink, L.P., and EPCOR Distribution & Transmission, Inc. | 01/20 | AltaLink, L.P., and EPCOR Distribution & Transmission, Inc. | 2021 Generic Cost of Capital, Proceeding ID. 24110 | Rate of Return |
| Arizona Corporation Commission | | | | |
| Arizona Water Company | 12/22 | Arizona Water Company – Eastern Group | Docket No. W-01445A-22-0286 | Rate of Return |
| EPCOR Water Arizona, Inc. | 08/22 | EPCOR Water Arizona, Inc. | Docket No. WS-01303A-22-0236 | Rate of Return |
| EPCOR Water Arizona, Inc. | 06/20 | EPCOR Water Arizona, Inc. | Docket No. WS-01303A-20-0177 | Rate of Return |
| Arizona Water Company | 12/19 | Arizona Water Company – Western Group | Docket No. W-01445A-19-0278 | Rate of Return |
| Arizona Water Company | 08/18 | Arizona Water Company – Northern Group | Docket No. W-01445A-18-0164 | Rate of Return |
| Arkansas Public Service Commission | | | | |
| Southwestern Electric Power Co. | 07/21 | Southwestern Electric Power Co. | Docket No. 21-070-U | Return on Equity |
| CenterPoint Energy Resources Corp. | 05/21 | CenterPoint Arkansas Gas | Docket No. 21-004-U | Return on Equity |
| California Public Utilities Commission | | | | |
| San Gabriel Valley Water Company | 05/23 | San Gabriel Valley Water Company | Docket No. A23-05-001 | Return on Equity |
| Colorado Public Utilities Commission | | | | |
| Atmos Energy Corporation | 08/22 | Atmos Energy Corporation | Docket No. 22AL-0348G | Rate of Return |
| Summit Utilities, Inc. | 04/18 | Colorado Natural Gas Company | Docket No. 18AL-0305G | Rate of Return |
| Atmos Energy Corporation | 06/17 | Atmos Energy Corporation | Docket No. 17AL-0429G | Rate of Return |
| Commission of the Canada Energy Regulator | | | | |
| Trans-Northern Pipelines Inc. | 11/22 | Trans-Northern Pipelines Inc. | Docket No. C-22197 | Cost of Capital |
| Delaware Public Service Commission | | | | |
| Artesian Water Company, Inc. | 04/23 | Artesian Water Company, Inc. | Docket No. 23-0601 | Rate of Return |
| Delmarva Power & Light Co. | 12/22 | Delmarva Power & Light Co. | Docket No. 22-0897 (Electric) | Return on Equity |
| Delmarva Power & Light Co. | 01/22 | Delmarva Power & Light Co. | Docket No. 22-002 (Gas) | Return on Equity |
| Delmarva Power & Light Co. | 11/20 | Delmarva Power & Light Co. | Docket No. 20-0149 (Electric) | Return on Equity |
| Delmarva Power & Light Co. | 10/20 | Delmarva Power & Light Co. | Docket No. 20-0150 (Gas) | Return on Equity |
| Tidewater Utilities, Inc. | 11/13 | Tidewater Utilities, Inc. | Docket No. 13-466 | Capital Structure |
| Public Service Commission of the District of Columbia | | | | |

| Sponsor | Date | Case/Applicant | Docket No. | Subject |
|--|-------|--|--|----------------------------------|
| Washington Gas Light Company | 04/22 | Washington Gas Light Company | Formal Case No. 1169 | Rate of Return |
| Washington Gas Light Company | 09/20 | Washington Gas Light Company | Formal Case No. 1162 | Rate of Return |
| Federal Energy Regulatory Commission | | | | |
| LS Power Grid California, LLC | 10/20 | LS Power Grid California, LLC | Docket No. ER21-195-000 | Rate of Return |
| Florida Public Service Commission | | | | |
| Peoples Gas System, Inc. | 04/23 | Peoples Gas System, Inc. | Docket No. 20230023-GU | Rate of Return |
| Tampa Electric Company | 04/21 | Tampa Electric Company | Docket No. 20210034-EI | Return on Equity |
| Peoples Gas System, Inc. | 09/20 | Peoples Gas System, Inc. | Docket No. 20200051-GU | Rate of Return |
| Utilities, Inc. of Florida | 06/20 | Utilities, Inc. of Florida | Docket No. 20200139-WS | Rate of Return |
| Hawaii Public Utilities Commission | | | | |
| Launiupoko Irrigation Company, Inc. | 12/20 | Launiupoko Irrigation Company, Inc. | Docket No. 2020-0217 / Transferred to 2020-0089 | Capital Structure |
| Lanai Water Company, Inc. | 12/19 | Lanai Water Company, Inc. | Docket No. 2019-0386 | Cost of Service / Rate Design |
| Manele Water Resources, LLC | 08/19 | Manele Water Resources, LLC | Docket No. 2019-0311 | Cost of Service / Rate Design |
| Kaupulehu Water Company | 02/18 | Kaupulehu Water Company | Docket No. 2016-0363 | Rate of Return |
| Aqua Engineers, LLC | 05/17 | Puhi Sewer & Water Company | Docket No. 2017-0118 | Cost of Service / Rate Design |
| Hawaii Resources, Inc. | 09/16 | Laie Water Company | Docket No. 2016-0229 | Cost of Service / Rate Design |
| Illinois Commerce Commission | | | | |
| Ameren Illinois Company d/b/a Ameren Illinois | 01/23 | Ameren Illinois Company d/b/a Ameren Illinois | Docket No. 23-0082 (Electric) | Return on Equity |
| Ameren Illinois Company d/b/a Ameren Illinois | 01/23 | Ameren Illinois Company d/b/a Ameren Illinois | Docket No. 23-0067 (Gas) | Return on Equity |
| Utility Services of Illinois, Inc. | 02/21 | Utility Services of Illinois, Inc. | Docket No. 21-0198 | Rate of Return |
| Ameren Illinois Company d/b/a Ameren Illinois | 07/20 | Ameren Illinois Company d/b/a Ameren Illinois | Docket No. 20-0308 | Return on Equity |
| Utility Services of Illinois, Inc. | 11/17 | Utility Services of Illinois, Inc. | Docket No. 17-1106 | Cost of Service / Rate Design |
| Aqua Illinois, Inc. | 04/17 | Aqua Illinois, Inc. | Docket No. 17-0259 | Rate of Return |
| Utility Services of Illinois, Inc. | 04/15 | Utility Services of Illinois, Inc. | Docket No. 14-0741 | Rate of Return |
| Indiana Utility Regulatory Commission | | | | |
| Aqua Indiana, Inc. | 03/16 | Aqua Indiana, Inc. Aboite Wastewater Division | Docket No. 44752 | Rate of Return |
| Twin Lakes, Utilities, Inc. | 08/13 | Twin Lakes, Utilities, Inc. | Docket No. 44388 | Rate of Return |
| Kansas Corporation Commission | | | | |
| Atmos Energy Corporation | 07/19 | Atmos Energy Corporation | 19-ATMG-525-RTS | Rate of Return |
| Kentucky Public Service Commission | | | | |
| Bluegrass Water Utility Operating Company | 02/23 | Bluegrass Water Utility Operating Company | 2022-00432 | Return on Equity |
| Atmos Energy Corporation | 07/22 | Atmos Energy Corporation | 2022-00222 | PRP Rider Rate |
| Water Service Corporation of KY | 06/22 | Water Service Corporation of KY | 2022-00147 | Rate of Return |

| Sponsor | Date | Case/Applicant | Docket No. | Subject |
|---|-------|---|------------------------------------|-------------------|
| Atmos Energy Corporation | 07/21 | Atmos Energy Corporation | 2021-00304 | PRP Rider Rate |
| Atmos Energy Corporation | 06/21 | Atmos Energy Corporation | 2021-00214 | Rate of Return |
| Duke Energy Kentucky, Inc. | 06/21 | Duke Energy Kentucky, Inc. | 2021-00190 | Return on Equity |
| Bluegrass Water Utility Operating Company | 10/20 | Bluegrass Water Utility Operating Company | 2020-00290 | Return on Equity |
| Louisiana Public Service Commission | | | | |
| Utilities, Inc. of Louisiana | 05/21 | Utilities, Inc. of Louisiana | Docket No. U-36003 | Rate of Return |
| Southwestern Electric Power Company | 12/20 | Southwestern Electric Power Company | Docket No. U-35441 | Return on Equity |
| Atmos Energy | 04/20 | Atmos Energy | Docket No. U-35535 | Rate of Return |
| Louisiana Water Service, Inc. | 06/13 | Louisiana Water Service, Inc. | Docket No. U-32848 | Rate of Return |
| Maine Public Utilities Commission | | | | |
| Northern Utilities, Inc. d/b/a Unitil | 05/23 | Northern Utilities, Inc. d/b/a Unitil | Docket No. 2023-00051 | Return on Equity |
| Summit Natural Gas of Maine, Inc. | 03/22 | Summit Natural Gas of Maine, Inc. | Docket No. 2022-00025 | Rate of Return |
| The Maine Water Company | 09/21 | The Maine Water Company | Docket No. 2021-00053 | Rate of Return |
| Maryland Public Service Commission | | | | |
| Washington Gas Light Company | 05/23 | Washington Gas Light Company | Case No. 9704 | Rate of Return |
| FirstEnergy Corporation | 03/23 | Potomac Edison Company | Case No. 9695 | Rate of Return |
| Washington Gas Light Company | 08/20 | Washington Gas Light Company | Case No. 9651 | Rate of Return |
| FirstEnergy Corporation | 08/18 | Potomac Edison Company | Case No. 9490 | Rate of Return |
| Massachusetts Department of Public Utilities | | | | |
| Unitil Corporation | 12/19 | Fitchburg Gas & Electric Co. (Elec.) | D.P.U. 19-130 | Rate of Return |
| Unitil Corporation | 12/19 | Fitchburg Gas & Electric Co. (Gas) | D.P.U. 19-131 | Rate of Return |
| Liberty Utilities | 07/15 | Liberty Utilities d/b/a New England Natural Gas Company | D.P.U. 15-75 | Rate of Return |
| Minnesota Public Utilities Commission | | | | |
| Northern States Power Company | 11/01 | Northern States Power Company | Docket No. G002/GR-21-678 | Return on Equity |
| Northern States Power Company | 10/21 | Northern States Power Company | Docket No. E002/GR-21-630 | Return on Equity |
| Northern States Power Company | 11/20 | Northern States Power Company | Docket No. E002/GR-20-723 | Return on Equity |
| Mississippi Public Service Commission | | | | |
| Great River Utility Operating Co. | 07/22 | Great River Utility Operating Co. | Docket No. 2022-UN-86 | Rate of Return |
| Atmos Energy | 03/19 | Atmos Energy | Docket No. 2015-UN-049 | Capital Structure |
| Atmos Energy | 07/18 | Atmos Energy | Docket No. 2015-UN-049 | Capital Structure |
| Missouri Public Service Commission | | | | |
| Confluence Rivers Utility Operating Company, Inc. | 01/23 | Confluence Rivers Utility Operating Company, Inc. | Case No. WR-2023-0006/SR-2023-0007 | Rate of Return |
| Spire Missouri, Inc. | 12/20 | Spire Missouri, Inc. | Case No. GR-2021-0108 | Return on Equity |
| Indian Hills Utility Operating Company, Inc. | 10/17 | Indian Hills Utility Operating Company, Inc. | Case No. SR-2017-0259 | Rate of Return |
| Raccoon Creek Utility Operating Company, Inc. | 09/16 | Raccoon Creek Utility Operating Company, Inc. | Case No. SR-2016-0202 | Rate of Return |
| Public Utilities Commission of Nevada | | | | |
| Southwest Gas Corporation | 09/23 | Southwest Gas Corporation | Docket No. 23-09012 | Return on Equity |

| Sponsor | Date | Case/Applicant | Docket No. | Subject |
|--|-------|---|---------------------------|-------------------------------|
| Southwest Gas Corporation | 09/21 | Southwest Gas Corporation | Docket No. 21-09001 | Return on Equity |
| Southwest Gas Corporation | 08/20 | Southwest Gas Corporation | Docket No. 20-02023 | Return on Equity |
| New Hampshire Public Utilities Commission | | | | |
| Aquarion Water Company of New Hampshire, Inc. | 12/20 | Aquarion Water Company of New Hampshire, Inc. | Docket No. DW 20-184 | Rate of Return |
| New Jersey Board of Public Utilities | | | | |
| Middlesex Water Company | 05/23 | Middlesex Water Company | Docket No. WR23050292 | Rate of Return |
| FirstEnergy Corporation | 03/23 | Jersey Central Power & Light Co. | Docket No. ER23030144 | Rate of Return |
| Atlantic City Electric Company | 02/23 | Atlantic City Electric Company | Docket No. ER20120746 | Return on Equity |
| Middlesex Water Company | 05/21 | Middlesex Water Company | Docket No. WR21050813 | Rate of Return |
| Atlantic City Electric Company | 12/20 | Atlantic City Electric Company | Docket No. ER20120746 | Return on Equity |
| FirstEnergy Corporation | 02/20 | Jersey Central Power & Light Co. | Docket No. ER20020146 | Rate of Return |
| Aqua New Jersey, Inc. | 12/18 | Aqua New Jersey, Inc. | Docket No. WR18121351 | Rate of Return |
| Middlesex Water Company | 10/17 | Middlesex Water Company | Docket No. WR17101049 | Rate of Return |
| Middlesex Water Company | 03/15 | Middlesex Water Company | Docket No. WR15030391 | Rate of Return |
| The Atlantic City Sewerage Company | 10/14 | The Atlantic City Sewerage Company | Docket No. WR14101263 | Cost of Service / Rate Design |
| Middlesex Water Company | 11/13 | Middlesex Water Company | Docket No. WR1311059 | Capital Structure |
| New Mexico Public Regulation Commission | | | | |
| Southwestern Public Service Co. | 11/22 | Southwestern Public Service Co. | Case No. 22-00286-UT | Return on Equity |
| Southwestern Public Service Co. | 01/21 | Southwestern Public Service Co. | Case No. 20-00238-UT | Return on Equity |
| North Carolina Utilities Commission | | | | |
| Carolina Water Service, Inc. | 07/22 | Carolina Water Service, Inc. | Docket No. W-354 Sub 400 | Rate of Return |
| Aqua North Carolina, Inc. | 06/22 | Aqua North Carolina, Inc. | Docket No. W-218 Sub 573 | Rate of Return |
| Carolina Water Service, Inc. | 07/21 | Carolina Water Service, Inc. | Docket No. W-354 Sub 384 | Rate of Return |
| Piedmont Natural Gas Co., Inc. | 03/21 | Piedmont Natural Gas Co., Inc. | Docket No. G-9, Sub 781 | Return on Equity |
| Duke Energy Carolinas, LLC | 07/20 | Duke Energy Carolinas, LLC | Docket No. E-7, Sub 1214 | Return on Equity |
| Duke Energy Progress, LLC | 07/20 | Duke Energy Progress, LLC | Docket No. E-2, Sub 1219 | Return on Equity |
| Aqua North Carolina, Inc. | 12/19 | Aqua North Carolina, Inc. | Docket No. W-218 Sub 526 | Rate of Return |
| Carolina Water Service, Inc. | 06/19 | Carolina Water Service, Inc. | Docket No. W-354 Sub 364 | Rate of Return |
| Carolina Water Service, Inc. | 09/18 | Carolina Water Service, Inc. | Docket No. W-354 Sub 360 | Rate of Return |
| Aqua North Carolina, Inc. | 07/18 | Aqua North Carolina, Inc. | Docket No. W-218 Sub 497 | Rate of Return |
| North Dakota Public Service Commission | | | | |
| Northern States Power Company | 09/21 | Northern States Power Company | Case No. PU-21-381 | Rate of Return |
| Northern States Power Company | 11/20 | Northern States Power Company | Case No. PU-20-441 | Rate of Return |
| Public Utilities Commission of Ohio | | | | |
| Aqua Ohio, Inc. | 11/22 | Aqua Ohio, Inc. | Case No. 22-1094-WW-AIR | Rate of Return |
| Duke Energy Ohio, Inc. | 10/21 | Duke Energy Ohio, Inc. | Case No. 21-887-EL-AIR | Return on Equity |
| Aqua Ohio, Inc. | 07/21 | Aqua Ohio, Inc. | Case No. 21-0595-WW-AIR | Rate of Return |
| Aqua Ohio, Inc. | 05/16 | Aqua Ohio, Inc. | Case No. 16-0907-WW-AIR | Rate of Return |
| Pennsylvania Public Utility Commission | | | | |
| Columbia Water Company | 05/23 | Columbia Water Company | Docket No. R-2023-3040258 | Rate of Return |

| Sponsor | Date | Case/Applicant | Docket No. | Subject |
|--|-------|--|---------------------------|--|
| Borough of Ambler | 06/22 | Borough of Ambler – Bureau of Water | Docket No. R-2022-3031704 | Rate of Return |
| Citizens' Electric Company of Lewisburg | 05/22 | C&T Enterprises | Docket No. R-2022-3032369 | Rate of Return |
| Valley Energy Company | 05/22 | C&T Enterprises | Docket No. R-2022-3032300 | Rate of Return |
| Community Utilities of Pennsylvania, Inc. | 04/21 | Community Utilities of Pennsylvania, Inc. | Docket No. R-2021-3025207 | Rate of Return |
| Vicinity Energy Philadelphia, Inc. | 04/21 | Vicinity Energy Philadelphia, Inc. | Docket No. R-2021-3024060 | Rate of Return |
| Delaware County Regional Water Control Authority | 02/20 | Delaware County Regional Water Control Authority | Docket No. A-2019-3015173 | Valuation |
| Valley Energy, Inc. | 07/19 | C&T Enterprises | Docket No. R-2019-3008209 | Rate of Return |
| Wellsboro Electric Company | 07/19 | C&T Enterprises | Docket No. R-2019-3008208 | Rate of Return |
| Citizens' Electric Company of Lewisburg | 07/19 | C&T Enterprises | Docket No. R-2019-3008212 | Rate of Return |
| Steelton Borough Authority | 01/19 | Steelton Borough Authority | Docket No. A-2019-3006880 | Valuation |
| Mahoning Township, PA | 08/18 | Mahoning Township, PA | Docket No. A-2018-3003519 | Valuation |
| SUEZ Water Pennsylvania Inc. | 04/18 | SUEZ Water Pennsylvania Inc. | Docket No. R-2018-000834 | Rate of Return |
| Columbia Water Company | 09/17 | Columbia Water Company | Docket No. R-2017-2598203 | Rate of Return |
| Veolia Energy Philadelphia, Inc. | 06/17 | Veolia Energy Philadelphia, Inc. | Docket No. R-2017-2593142 | Rate of Return |
| Emporium Water Company | 07/14 | Emporium Water Company | Docket No. R-2014-2402324 | Rate of Return |
| Columbia Water Company | 07/13 | Columbia Water Company | Docket No. R-2013-2360798 | Rate of Return |
| Penn Estates Utilities, Inc. | 12/11 | Penn Estates, Utilities, Inc. | Docket No. R-2011-2255159 | Capital Structure / Long-Term Debt Cost Rate |
| South Carolina Public Service Commission | | | | |
| Blue Granite Water Co. | 12/19 | Blue Granite Water Company | Docket No. 2019-292-WS | Rate of Return |
| Carolina Water Service, Inc. | 02/18 | Carolina Water Service, Inc. | Docket No. 2017-292-WS | Rate of Return |
| Carolina Water Service, Inc. | 06/15 | Carolina Water Service, Inc. | Docket No. 2015-199-WS | Rate of Return |
| Carolina Water Service, Inc. | 11/13 | Carolina Water Service, Inc. | Docket No. 2013-275-WS | Rate of Return |
| United Utility Companies, Inc. | 09/13 | United Utility Companies, Inc. | Docket No. 2013-199-WS | Rate of Return |
| Utility Services of South Carolina, Inc. | 09/13 | Utility Services of South Carolina, Inc. | Docket No. 2013-201-WS | Rate of Return |
| Tega Cay Water Services, Inc. | 11/12 | Tega Cay Water Services, Inc. | Docket No. 2012-177-WS | Capital Structure |
| South Dakota Public Service Commission | | | | |
| Northern States Power Company | 06/22 | Northern States Power Company | Docket No. EL22-017 | Rate of Return |
| Tennessee Public Utility Commission | | | | |
| Piedmont Natural Gas Company | 07/20 | Piedmont Natural Gas Company | Docket No. 20-00086 | Return on Equity |
| Public Utility Commission of Texas | | | | |
| Southwestern Public Service Co. | 02/23 | Southwestern Public Service Co. | Docket No. 54634 | Return on Equity |
| CSWR – Texas Utility Operating Company, LLC | 02/23 | CSWR – Texas Utility Operating Company, LLC | Docket No. 54565 | Rate of Return |
| Oncor Electric Delivery Co. LLC | 05/22 | Oncor Electric Delivery Co. LLC | Docket No. 53601 | Return on Equity |
| Southwestern Public Service Co. | 02/21 | Southwestern Public Service Co. | Docket No. 51802 | Return on Equity |
| Southwestern Electric Power Co. | 10/20 | Southwestern Electric Power Co. | Docket No. 51415 | Rate of Return |

| Sponsor | Date | Case/Applicant | Docket No. | Subject |
|--|-------|--|------------------------------|------------------------------|
| Texas Railroad Commission | | | | |
| Atmos Pipeline – Texas, a Division of Atmos Energy Corporation | 05/23 | Atmos Pipeline – Texas, a Division of Atmos Energy Corporation | Docket No. OS-23-00013758 | Return on Equity |
| Virginia State Corporation Commission | | | | |
| Washington Gas Light Company | 06/22 | Washington Gas Light Company | PUR-2022-00054 | Return on Equity |
| Virginia Natural Gas, Inc. | 04/21 | Virginia Natural Gas, Inc. | PUR-2020-00095 | Return on Equity |
| Massanutten Public Service Corporation | 12/20 | Massanutten Public Service Corporation | PUE-2020-00039 | Return on Equity |
| Aqua Virginia, Inc. | 07/20 | Aqua Virginia, Inc. | PUR-2020-00106 | Rate of Return |
| WGL Holdings, Inc. | 07/18 | Washington Gas Light Company | PUR-2018-00080 | Rate of Return |
| Atmos Energy Corporation | 05/18 | Atmos Energy Corporation | PUR-2018-00014 | Rate of Return |
| Aqua Virginia, Inc. | 07/17 | Aqua Virginia, Inc. | PUR-2017-00082 | Rate of Return |
| Massanutten Public Service Corp. | 08/14 | Massanutten Public Service Corp. | PUE-2014-00035 | Rate of Return / Rate Design |
| Public Service Commission of West Virginia | | | | |
| FirstEnergy Corporation | 05/23 | Monongahela Power Company and The Potomac Edison Company | Case No. 23-0460-E-42T | Return on Equity |
| FirstEnergy Corporation | 12/21 | Monongahela Power Company and The Potomac Edison Company | Case No. 21-0857-E-CN (ELG) | Return on Equity |
| FirstEnergy Corporation | 11/21 | Monongahela Power Company and The Potomac Edison Company | Case No. 21-0813-E-P (Solar) | Return on Equity |

Valuation Engagements

| Sponsor | Date | Assets Valued | Description |
|--------------------------|---------|----------------------------------|--|
| Artesian Water Resources | 12/2022 | Water Operations | Authored Valuation Report for internal purposes |
| Confidential | 11/2022 | Electric Transmission Operations | Authored Valuation Report for internal purposes |
| Aqua Pennsylvania, Inc. | 09/2022 | Wastewater Operations | Authored Valuation Report, which will be a part of an Act 12 Filing |
| Towamencin Township | 09/2022 | Wastewater Operations | Authored valuation report for inclusion in a fair market value filing |
| Borough of Shenandoah | 08/2022 | Water Operations | Authored valuation report for inclusion in a fair market value filing |
| Southwest Water Company | 08/2022 | Water Operations | Authored valuation report for inclusion in a fair market value filing |
| Confidential | 02/2022 | Electric Distribution System | Co-authored valuation report for Internal purposes |
| Confidential | 10/2021 | Water Operations | Co-authored valuation report for Internal purposes |
| Confidential | 10/2021 | Water & Wastewater Operations | Co-authored valuation report for Internal purposes |
| City of York, PA | 06/2021 | Wastewater Operations | Co-authored Valuation Report, which will be a part of an Act 12 Filing |

| Sponsor | Date | Assets Valued | Description |
|---|---------|--|---|
| Aqua New Jersey, Inc. | 05/2021 | Confidential Water and Wastewater Operations in NJ | Authored Valuation Report for internal purposes |
| Aqua New Jersey, Inc. | 05/2021 | Confidential Water and Wastewater Operations in NJ | Authored Valuation Report for internal purposes |
| Aqua Ohio, Inc. | 05/2021 | Confidential Water Operations in OH | Authored Valuation Report for internal purposes |
| Aqua Pennsylvania, Inc. | 04/2021 | Confidential Wastewater Operations in PA | Authored Valuation Report for internal purposes |
| Aqua New Jersey, Inc. | 04/2021 | Confidential Wastewater Operations in NJ | Authored Valuation Report for internal purposes |
| Aqua Pennsylvania, Inc. | 02/2021 | Confidential Wastewater Operations in PA | Authored Valuation Report for internal purposes |
| Artesian Water Company, Inc. | 01/2021 | Wastewater Operations for Delaware City, DE | Authored valuation report for internal purposes |
| EPCOR Distribution and Transmission, Inc., Alberta Canada | 12/2020 | Fiber Optic Cable Assets | Fiber optic cable available for lease for Internal purposes |
| EPCOR Distribution and Transmission, Inc., Alberta Canada | 12/2020 | Duct Bank Assets | Duct banks available for lease for Internal purposes |
| Borough of Lewistown, PA | 08/2020 | Water Operations | Authored valuation report for internal purposes |
| Artesian Water Company, Inc. | 06/2020 | Wastewater Operations for Town of Frankford, DE | Authored valuation report for internal purposes |
| Foster Township, PA | 04/2020 | Water Operations | Authored valuation report for internal purposes |
| City of Erie, PA | 04/2020 | Water Operations | Authored valuation report for internal purposes |
| Delaware County Regional Water Quality Control Authority | 02/2020 | Wastewater Operations | Authored Valuation Report, which is part of an Act 12 Filing |
| Aqua North Carolina, Inc. | 02/2020 | Confidential Water Operations in NC | Authored Valuation Report for internal purposes |
| Aqua New Jersey, Inc. | 02/2020 | Confidential Water Operations in NJ | Authored Valuation Report for internal purposes |
| Aqua Ohio, Inc. | 11/2019 | Confidential Wastewater Operations in OH | Authored Valuation Report for internal purposes |
| Steelton Water Authority | 06/2018 | Water Operations | Authored Valuation Report, which is part of an Act 12 Filing |
| Sara Golvinveaux McGinnes Trust | 04/2018 | Electric Operations of Block Island Power Company | Authored Valuation Report for Superior Court Trial |
| Mahoning Township, PA | 09/2017 | Water and Sewer Assets | Authored Valuation Report, which is part of an Act 12 Filing |
| Atmos Energy Corporation | 09/2016 | Intrastate Natural Gas Pipeline | Authored Valuation for internal purposes. |
| Springfield Township, PA | 08/2014 | Water and Sewer Assets | Co-Authored Valuation Report, which was part of House Bill 1379 Filing (similar to PA Act 12) |
| Aqua Illinois, Inc. | 07/2014 | Village of Glenview, IL (North Maine Utilities) Sewer Assets | Co-Authored Valuation report for internal purposes |



Attachment A: Professional Qualifications of
Dylan W. D'Ascendis, CRRA, CVA
Partner

| Sponsor | Date | Assets Valued | Description |
|-------------------------------------|-------------|------------------------|--|
| Erie City Water Authority, Erie, PA | 12/2013 | Water Assets | Sponsored Valuation Testimony in Arbitration Hearing |
| City of Allentown, PA | 12/2012 | Water and Sewer Assets | Assisted in the generation of Valuation Report |