COMMONWEALTH OF PENNSYLVANIA

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October 15, 2025

Via Electronic Filing
Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Section 1329 Application of Aqua Pennsylvania, Inc. for the Acquisition of the Water System Assets of the Municipal Authority of the Borough of Greenville situated within the Borough of Greenville, Hempfield Township, Sugar Grove Township, and West Salem Township, Mercer County, Pennsylvania, Docket No. A-2024-3049015

Dear Secretary Homsher:

Enclosed for filing please find the Admitted PreServed Testimony, Exhibits, and Verifications, on behalf of the Office of Consumer Advocate ("OCA"), pursuant to the Third Interim Order, that was issued on October 10, 2025. They include:

- Verified Direct Testimony of David J. Garrett (OCA Statement No. 1) with Exhibits DJG-1 through DJG-14

- Verified Surrebuttal Testimony of David J. Garrett (OCA Statement No. 1-SR)

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Harrison W. Breitman
Harrison W. Breitman, Esq.
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PA Attorney I.D. # 320580
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Enclosures

cc: Administrative Law Judge Katrina L. Dunderdale
(Email: kdunderdal@pa.gov, kaloukas@pa.gov)
Certificate of Service

CERTIFICATE OF SERVICE

Section 1329 Application of Aqua Pennsylvania, Inc. for the Acquisition of the Water System Assets of the Municipal Authority of the Borough of Greenville situated within the Borough of Greenville, Hempfield Township, Sugar Grove Township, and West Salem Township, Mercer County, Pennsylvania	:	Docket No. A-2024-3049015

I hereby certify that I have this day filed electronically on the Commission's electronic filing system and served a true copy of the following document, the Office of Consumer Advocate's Admitted PreServed Testimony, Exhibits, and Verifications, as follows:

- Verified Direct Testimony of David J. Garrett (OCA Statement No. 1) with Exhibits DJG-1 through DJG-14
- Verified Surrebuttal Testimony of David J. Garrett (OCA Statement No. 1-SR)

upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 15th day of October 2025.

SERVICE BY E-MAIL ONLY

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Dated: October 15, 2025

/s/ Harrison W. Breitman
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Aqua Pennsylvania, Inc., pursuant to Sections 1102 and 1329 of the Public Utility Code for: (1) Approval of its Acquisition of the Water System Assets of the Greenville Municipal Water Authority Situated within the Borough of Greenville, Hempfield Township, and West Salem Township, Mercer County, Pennsylvania; (2) Approval of the Right to Begin to Offer, Render, Furnish and Supply Water Service to the Public in the Borough Of Greenville, Hempfield Township, and West Salem Township, Mercer County, Pennsylvania; And (3) an Order Approving the Acquisition that Includes the Ratemaking Rate Base of the Water System Assets pursuant to Section 1329(c)(2) of the Public Utility Code.	:	A-2024-3049015
Request for Approval of Contracts, including Assignments of Contracts, between Aqua Pennsylvania, Inc., and the Municipal Authority of The Borough of Greenville, pursuant to Section 507 Of the Public Utility Code.	:	

THIRD INTERIM ORDER
Granting Joint Stipulation
for Admission of Evidence

On May 14, 2024, Aqua Pennsylvania, Inc. (Aqua PA) filed with the Pennsylvania Public Utility Commission (the Commission) its Notice of Licensed Engineer and Utility Valuation Expert Engagement Concerning Acquisition of the Greenville Water Authority, Water Treatment and Distribution System.

On April 25, 2025, Aqua Pennsylvania, Inc. (Aqua PA) filed with the Commission an Application requesting approval of its acquisition of the water system assets of the Municipal Authority of the Borough of Greenville (GWA) pursuant to Sections 1102 and

1329 of the Public Utility Code (the Code). The Application included a request the Commission approve certain municipal contracts, between Aqua PA and GWA, pursuant to Section 507 of the Code.

On June 30, 2025, the Commission issued a Secretarial Letter which, *inter alia*, conditionally accepted the Application for filing. On August 11, 2025, the Commission issued a Secretarial Letter by which the Commission informed Aqua PA that the Commission had accepted the Application for filing.

On September 10, 2025, the presiding officer conducted the prehearing conference at which the following parties participated: Aqua PA, the Borough of Greenville, GWA, BIE, OCA, and OSBA.

On September 22, 2025, the Prehearing Order was issued in the above cited case, which commemorated discussions between the parties and the presiding officer at the Prehearing Conference. A litigation schedule was established, and evidentiary hearings were scheduled to be held on October 9, 2025, and October 10, 2025, in Harrisburg, Pennsylvania.

On October 7, 2025, the parties filed a Joint Motion for Cancellation of Evidentiary Hearings (Cancellation Motion) and, additionally, joined in the Joint Stipulation for the Admission of Evidence (Joint Stipulation). The parties to the Cancellation Motion and the Joint Stipulation were Aqua Pennsylvania, Inc., the Office of Consumer Advocate, the Office of Small Business Advocate, the Bureau of Investigation and Enforcement, the Borough of Greenville and the Municipal Authority of the Borough of Greenville.

On October 7, 2025, the presiding officer issued the Second Interim Order which cancelled the evidentiary hearings because: (1) the parties agreed to waive cross-examination questions of all witnesses who filed testimony; (2) the parties stipulated to the admission of the written statements and exhibits served during this proceeding; and (3) the request was unanimous.

The parties appended the Joint Stipulation to the Joint Motion, marked as Appendix A. In Appendix A, the parties specified the documentation to be admitted into the hearing record in this proceeding, pursuant to the parties' agreement in the Joint Stipulation.

THEREFORE,

IT IS ORDERED:

1. That the documentation submitted by the parties is marked as listed in Appendix A, attached hereto, and is hereby admitted into evidence, pursuant to 52 Pa.Code § 5.403(a)(1) and § 5.404;

2. That the Joint Stipulation for Admission of Evidence, filed on October 7, 2025, and the filings, statements, and exhibits listed therein are admitted into the record of this proceeding on the terms and conditions set forth in the Joint Stipulation for Admission of Evidence; and

3. That each party with a filing, statement and/or exhibit, listed in Appendix A of the Joint Stipulation and attached hereto as Appendix A, shall cause to be filed the party's filing, statement and/or exhibit with the Secretary's Bureau of the Commission, with this Interim Order attached.

4. That each party is separately responsible to ensure each filing, statement and exhibit is properly labeled, pursuant to the Protective Order issued on September 23, 2025, and filed appropriately with the Secretary's Bureau.

Date: October 10, 2025

/s/
Katrina L. Dunderdale
Administrative Law Judge

Appendix A

Exhibit No.	Party	Exhibit Description
1.	Aqua	Application with Exhibits A – II filed on April 25, 2025[1]
2.	Aqua	Letter to Sec. Homsher encl. Aqua's Responses, Supplemental Information, and Updates to Application Exhibits to TUS Information Request Nos. 1-10, filed on June 13, 2025[2]
3.	Aqua	Letter to Sec. Chiavetta encl. Aqua's Responses, Supplemental Information, and Updates to Application Exhibits to TUS Information Request No. 3 filed on June 23, 2025
4.	Aqua	Letter to Sec. Chiavetta encl. Aqua's Responses, Supplemental Information, and Updates to Application Exhibits to TUS Information Request No. 9 filed on June 25, 2025
5.	Aqua	Application Ex. Y – Verified Updated Direct Testimony of William C. Packer, including Appendices A and B (Aqua Statement No. 1) [3]
6.	Aqua	Application Ex. Z – Verified Updated Direct Testimony of Zach Martin (Aqua Statement No. 2) (adopted by Todd M. Duerr) (Public) [4]
7.	Aqua	Application Ex. Z –Verified Updated Direct Testimony of Zach Martin (Aqua Statement No. 2) (adopted by Todd M. Duerr) (Highly Confidential) [5]
8.	Aqua	Application Ex. AA – Verified Direct Testimony of Scott Steffy, including Appendix A (Aqua Statement No. 3)
9.	Aqua	Application Ex. BB – Verified Direct Testimony of Sumit Nair (Aqua Statement No. 4) (Public)
10.	Aqua	Application Ex. BB – Verified Direct Testimony of Sumit Nair (Aqua Statement No. 4) (Highly Confidential)
11.	Aqua	Application Ex. CC – Verified Direct Testimony of Rita Black (Aqua Statement No. 5)
12.	Aqua	Application Ex. DD – Verified Updated Direct Testimony of Harold Walker, III, including Appendix HW-1 (Aqua Statement No. 6)[6]
13.	Aqua	Verified Rebuttal Testimony of William C. Packer, including WCP-1-R (Aqua Statement No. 1-R)
14.	Aqua	Verified Rebuttal Testimony of Todd Duerr (Aqua Statement No. 2-R)
15.	Aqua	Verified Rebuttal Testimony of Rita Black (Aqua Statement No. 5-R)

[1] Includes public and confidential versions of Exhibits and Supporting Workpapers filed confidentially with the Commission on April 25, 2025.

[2] Includes public and confidential versions of information filed confidentially with the Commission on June 13, 2025.

[3] Exhibit Y is the version as updated on June 13, 2025.

[4] Exhibit Z is the version as updated on June 13, 2025.

[5] Exhibit Z is the version as updated on June 13, 2025.

[6] Exhibit DD is the version as updated on June 13, 2025.

Exhibit No.	Party	Exhibit Description
16.	Aqua	Verified Rebuttal Testimony of Harold Walker, III (Aqua Statement No. 6-R)
17.	Aqua	Verified Rejoinder Testimony of William C. Packer (Aqua Statement No. 1-RJ)
18.	GWA	Application Ex. V – Verified Direct Testimony of Thomas Strahler, (Greenville Statement No. 1)
19.	GWA	Application Ex. W – Verified Direct Testimony of Jasson W. Urey, including Appendix A (Greenville Statement No. 2)
20.	GWA	Application Ex. X – Verified Updated Direct Testimony of Dylan D'Ascendis, including Attachment A (Greenville Statement No. 3)[7]
21.	GWA	Verified Rebuttal Testimony of Thomas Strahler (Greenville Statement No. 1-R)
22.	GWA	Verified Rebuttal Testimony of Jasson Urey (Greenville Statement No. 2-R)
23.	GWA	Verified Rebuttal Testimony of Dylan D'Ascendis (Greenville Statement No. 3-R)
24.	OCA	Verified Direct Testimony of David J. Garrett (OCA Statement No. 1) with Exhibits DJG-1 through DJG-14.
25.	OCA	Verified Surrebuttal Testimony of David J. Garrett (OCA Statement No. 1-SR)
26.	I&E	Verified Direct Testimony of Esyan A. Sakaya including Appendix A (I&E Statement No. 1)
27.	I&E	Verified Direct Testimony of Vanessa Okum including Appendix A (I&E Statement No. 2)
28.	I&E	Verified Surrebuttal Testimony of Esyan A. Sakaya (I&E Statement No. 1-SR)
29.	I&E	Verified Surrebuttal Testimony of Vanessa Okum (I&E Statement No. 2-SR)
30.	OSBA	Verified Direct Testimony of Jason Hails with associated Exhibit JH-1 (OSBA Statement No. 1)
31.	OSBA	Verified Surrebuttal Testimony of Jason Hails (OSBA Statement No. 1-SR)

[7] Exhibit X is the version as updated on June 13, 2025.

A-2024-3049015 - APPLICATION OF AQUA PENNSYLVANIA, INC., PURSUANT TO SECTIONS 1102 AND 1329 OF THE PUBLIC UTILITY CODE FOR: (1) APPROVAL OF ITS ACQUISITION OF THE WATER SYSTEM ASSETS OF THE GREENVILLE MUNICIPAL WATER AUTHORITY SITUATED WITHIN THE BOROUGH OF GREENVILLE, HEMPFIELD TOWNSHIP, AND WEST SALEM TOWNSHIP, MERCER COUNTY, PENNSYLVANIA; (2) APPROVAL OF THE RIGHT TO BEGIN TO OFFER, RENDER, FURNISH AND SUPPLY WATER SERVICE TO THE PUBLIC IN THE BOROUGH OF GREENVILLE, HEMPFIELD TOWNSHIP, AND WEST SALEM TOWNSHIP, MERCER COUNTY, PENNSYLVANIA; AND (3) AN ORDER APPROVING THE ACQUISITION THAT INCLUDES THE RATEMAKING RATE BASE OF THE WATER SYSTEM ASSETS PURSUANT TO SECTION 1329(C)(2) OF THE PUBLIC UTILITY CODE.
REQUEST FOR APPROVAL OF CONTRACTS, INCLUDING ASSIGNMENTS OF CONTRACTS, BETWEEN AQUA PENNSYLVANIA, INC., AND THE MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE, PURSUANT TO SECTION 507 OF THE PUBLIC UTILITY CODE.

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COMMONWEALTH OF PENNSYLVANIA

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September 19, 2025

Via Electronic Mail Only
Administrative Law Judge Katrina L. Dunderdale (Email: kdunderdal@pa.gov, kaloukas@pa.gov)
Pennsylvania Public Utility Commission
301 Fifth Avenue
Suite 220
Pittsburgh, PA 15222

Re: Section 1329 Application of Aqua Pennsylvania, Inc. for the Acquisition of the Water System Assets of the Municipal Authority of the Borough of Greenville situated within the Borough of Greenville, Hempfield Township, Sugar Grove Township, and West Salem Township, Mercer County, Pennsylvania,
Docket No. A-2024-3049015

Dear Honorable Judge Dunderdale:

Please find enclosed a copy of the Direct Testimony being submitted on behalf of the Office of Consumer Advocate in this proceeding, as follows:

- OCA Statement 1: Direct Testimony of David J. Garrett
- Exhibits DJG-1 through DJG-14
- Verification of David J. Garrett

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Katie Kennedy
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Assistant Consumer Advocate
PA Attorney I.D. # 317237
Email: KKennedy@paoca.org

Enclosures
cc: Secretary Matthew L. Homsher (Cover Letter and Certificate of Service Only)
Certificate of Service

CERTIFICATE OF SERVICE

Section 1329 Application of Aqua Pennsylvania, Inc. for the Acquisition of the Water System Assets of the Municipal Authority of the Borough of Greenville situated within the Borough of Greenville, Hempfield Township, Sugar Grove Township, and West Salem Township, Mercer County, Pennsylvania	:	Docket No. A-2024-3049015

I hereby certify that I have this day filed electronically on the Commission's electronic filing system and served a true copy of the following document, the Office of Consumer Advocate's Direct Testimony, as follows:

- OCA Statement 1: Direct Testimony of David J. Garrett
- Exhibits DJG-1 through DJG-14
- Verification of David J. Garrett

upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 19th day of September 2025.

SERVICE BY E-MAIL ONLY

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Dated: September 19, 2025

/s/ Katie Kennedy
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Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Harrisburg, PA 17105-3265
EFILING - FILING DETAIL

Date Created	Filing Number
9/19/2025	2856494

Your filing has been electronically received. Upon review of the filing for conformity with the Commission's filing requirements, a notice will be issued acknowledging acceptance or rejection (with reason) of the filing. The matter will receive the attention of the Commission and you will be advised if any further action is required on your part.

The date filed on will be the current day if the filing occurs on a business day before or at 4:30 p.m. (EST). It will be the next business day if the filing occurs after 4:30 p.m. (EST) or on weekends or holidays.

Docket Number: A-2024-3059015
Case Description:
Transmission Date: 9/19/2025 11:14 AM
Filed On: 9/19/2025 11:14 AM
eFiling Confirmation Number: 2856494

File Name	Document Type	Upload Date
OCA COS - Direct Testimony.pdf	Certificate of Service	9/19/2025 11:14:31 AM

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No paper submission is necessary for filings under 250 pages.

You can view a record of this filing and previous filings you have submitted to the PUC by using the links in the Filings menu at the top of the page. Filings that have been submitted within the last 30 days can be viewed by using the Recent Filings link. Older filings can be viewed by using the search options available in the Filing History link.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Aqua Pennsylvania, Inc. pursuant to Sections 1102 and 1329 of the Public Utility Code for: (1) approval of the acquisition by Aqua of the water system assets of the Municipal Authority of the Borough of Greenville ("GWA") situated within the Borough of Greenville, Hempfield Township, Sugar Grove Township, and West Salem Township, Mercer County, Pennsylvania; (2) approval of the right of Aqua to begin to offer, render, furnish and supply water service to the public in the Borough of Greenville, Hempfield Township, Sugar Grove Township, and West Salem Township, Mercer County, Pennsylvania; and(3) an order approving the acquisition that includes the ratemaking rate base of the GWA water system assets pursuant to Section 1329(c)(2) of the Public Utility Code. Request for Approval of Contracts, including Assignments of Contracts, between Aqua and the GWA, Pursuant to Section 507 of the Public Utility Code	:	Docket No. A-2024-3049015

DIRECT TESTIMONY
OF
DAVID J. GARRETT

ON BEHALF OF
THE PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

September 19, 2025

TABLE OF CONTENTS

LIST OF EXHIBITS

I. INTRODUCTION

Q. State your name and occupation.

A. My name is David J. Garrett. I am a consultant specializing in public utility regulation. I am the managing member of Resolve Utility Consulting, PLLC.

Q. Summarize your educational background and professional experience.

A. I received a B.B.A. with a major in Finance, an M.B.A. and a Juris Doctor from the University of Oklahoma. I worked in private legal practice for several years before accepting a position as assistant general counsel at the Oklahoma Corporation Commission in 2011. At the Oklahoma Commission, I worked in the Office of General Counsel in regulatory proceedings. In 2012, I began working for the Public Utility Division as a regulatory analyst providing testimony in regulatory proceedings. After leaving the Oklahoma Commission, I formed Resolve Utility Consulting, PLLC, where I have represented various consumer groups, state agencies, and municipalities in utility regulatory proceedings, primarily in the areas of cost of capital and depreciation. I am a Certified Depreciation Professional with the Society of Depreciation Professionals. I am also a Certified Rate of Return Analyst with the Society of Utility and Regulatory Financial Analysts. A more complete description of my qualifications and regulatory experience is included in my curriculum vitae.[1]

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

A. I am testifying on behalf of the Pennsylvania Office of Consumer Advocate ("OCA").

[1] Exhibit DJG-1.

Q. Describe the scope and organization of your testimony.

A. My testimony addresses the application filed by Aqua Pennsylvania Wastewater, Inc. ("Aqua" or the "Company") for the acquisition of the water system assets (the "System") owned by the Municipal Authority of the Borough of Greenville ("GWA"). My testimony responds to the fair market value ("FMV") approaches addressed in the testimony of Harold Walker, III of Gannett Fleming, who sponsors the FMV appraisal commissioned by Aqua, and the testimony of Dylan W. D'Ascendis, of ScottMadden, who sponsors the appraisal commissioned by GWA.

II. EXECUTIVE SUMMARY

A. Overview

Q. Please summarize Aqua's application in this proceeding.

A. In its application, Aqua proposes to acquire GWA's water assets under Sections 507, 1102, 1329 and 2102 of the Public Utility Code (the "Code"). According to Section 1329(c)(2) of the Code, the ratemaking rate base is the lesser of the negotiated purchase price or the average of two FMV appraisals. The FMV estimated by Gannett Fleming and ScottMadden is $33.5 million and $20.5 million, respectively, which equate to an average valuation of $27.0 million.[2] The purchase price negotiated by Aqua and GWA is $18,000,000. This is also the amount of proposed rate base in the application.[3]

[2] Application, p. 16, ¶ 57.

[3] *Id*.

Q. Please summarize the FMV appraisals commissioned by the Company and GWA.

A. Gannett Fleming and ScottMadden provided appraisals using the cost, income, and market approaches, as set forth in Section 1329(a)(3) of the Code. The following table outlines the results of Gannett Fleming's appraisal.[4]

Figure 1:
Gannett Fleming Appraisal Results

Approach	Base Value	Weight	Weighted Value
Market	$ 28,200,815	33.3%	$ 9,400,272
Cost	46,212,970	33.3%	15,404,323
Income	26,079,251	33.3%	8,693,084
Total		100.0%	$ 33,497,679

As shown in the table, the weighted average FMV estimated by Gannett Fleming is $33.5 million. The table below shows the results of ScottMadden's appraisal.[5]

Figure 2:
ScottMadden Appraisal Results

Approach	Base Value	Weight	Weighted Value
Market	$ 20,185,657	33.3%	$ 6,728,552
Cost	25,565,699	33.3%	8,521,900
Income	15,853,361	33.3%	5,284,454
Total		100.0%	$ 20,534,906

[4] Aqua Statement No. 6, Direct Testimony of Harold Walker, III (hereinafter "Walker Direct"), p. 13, lines 6-9; *see also* Exhibit DJG-2.

[5] GWA Statement No. 3, Direct Testimony of Dylan W. D'Ascendis (hereinafter "D'Ascendis Direct"), p. 14, Table 2; *see also* Exhibit DJG-2.

The weighted average FMV estimated by ScottMadden is $20.5 million. As discussed further in my testimony, the estimates provided by both Utility Valuation Experts (UVEs) under all three approaches are influenced by several unreasonable and upwardly biased assumptions.

Q. Please summarize your adjustments to the FMV appraisals.

A. The table below outlines my proposed adjusted valuations to Gannett Fleming's appraisal under all three approaches.[6]

Figure 3:
Adjustments to Gannett Fleming Appraisal

Approach	OCA Adjustment	Adjusted Value	OCA Weight	OCA Weighted Value
Market	$ (11,597,270)	$ 16,603,545	33.3%	$ 5,534,515
Cost	(29,098,794)	17,114,176	33.3%	5,704,725
Income	(9,521,037)	16,558,214	33.3%	5,519,405
Total				$ 16,758,645

Applying reasonable adjustments to Gannett Fleming's appraisal results in a weighted average FMV of $16.8 million. The table below outlines my adjustments to ScottMadden's appraisal.[7]

[6] Exhibit DJG-2.

[7] *Id*.

Figure 4:
Adjustments to ScottMadden Appraisal

Approach	OCA Adjustment	Adjusted Value	OCA Weight	OCA Weighted Value
Market	$ (3,582,112)	$ 16,603,545	33.3%	$ 5,534,515
Cost	(8,451,523)	17,114,176	33.3%	5,704,725
Income	704,853	16,558,214	33.3%	5,519,405
Total				$ 16,758,645

In this case, I accepted the results of Mr. D'Ascendis's cost approach valuation. Applying reasonable adjustments to ScottMadden' appraisal results in a weighted average FMV of $16.8 million. As shown in these tables, I applied equal weightings to all three approaches. The detailed technical aspects of my adjustments to these appraisals are discussed below.

B. Recommendation

Q. Please summarize your recommendation to the Commission.

A. As stated above, according to Section 1329(c)(2) of the Code, the ratemaking rate base is the lesser of the negotiated purchase price and the average of the two FMV appraisals. In this case, both UVEs' FMV estimates were higher than the purchase price of $18 million. However, when reasonable adjustments are applied to the appraisals, and those adjusted results are averaged, the indicated FMV estimate is $16.8 million, which is less than the negotiated purchase price. The results are summarized in the table below.[8]

[8] *See* Exhibit DJG-2.

Figure 5:
OCA's Recommended Rate Base

	Appraiser Results	OCA Adjusted
Gannett Fleming	$ 33,497,679	$ 16,758,645
WADS Consultants	20,534,906	16,758,645
Average	$ 27,016,292	$ 16,758,645
Purchase Price	$ 18,000,000	$ 18,000,000
Proposed Ratebase	**$ 18,000,000**	**$ 16,758,645**

If the transaction is approved, I recommend the Commission authorize a ratemaking rate base in the amount of $16,758,645 pursuant to Section 1329(c)(2) of the Code.

III. MARKET APPROACH

Q. Please summarize the UVEs' valuations under the market approach.

A. Gannett Fleming estimates a market approach valuation of $28.2 million, and ScottMadden estimates a market approach valuation of $20.2 million.[9] The details of these estimates as well as my proposed adjustments are discussed further below.

Q. Please describe Gannett Fleming's market approach valuation.

A. In his appraisal, Mr. Walker used the market multiples method and selected transactions method.

[9] *See* Exhibit DJG-2.

Q. Please describe Mr. Walker's "selected transactions" and "market multiples" methods used in his market approach valuation.

A. In Mr. Walker's selected transactions method, he estimates the valuation of GWA System using ratios based on financial and demographic statistics from other acquired systems under Section 1329 proceedings. Mr. Walker's selected transactions method indicates a valuation of $31.6 million.[10] Under his Market Multiples method, Mr. Walker indicates a valuation of $24.8 million.[11] I will address each of these methods below.

Q. Did you find any problems or unreasonable assumptions in Mr. Walker's application of these methods?

A. Yes. In the market multiples method, Mr. Walker applies a "growth and risk" adjustment to each one of his market multiple categories. These adjustments range from 85% to 96% and appear to be somewhat arbitrary. While I would generally agree with Mr. Walker that, by comparison, GWA is less risky than the proxy group of publicly traded utilities used for this analysis (which is what these adjustments indicate), it is unclear how Mr. Walker precisely developed these risk adjustment factors. In addition, Mr. Walker applied a 50% weighting to the indicated valuation from demographic factors and applied a 50% weighting to the six capital factors. Although these weightings are "equal" in that they are 50/50, Mr. Walker is effectively giving more weight to the two non-capital factors (customers and population) instead of the six capital factors. However, the biggest problem with Mr. Walker's approach is that he simply excluded several of the lower indicated valuations from his final calculation. Simply averaging all of the indicated valuations from

[10] Aqua Exhibit Q, Gannett Fleming Fair Market Value Appraisal, Exhibit 19.

[11] *Id*. at Exhibit 18.

each of the eight market multiple factors indicates a valuation of $20.2 million – notably less than his final result of $24.8 million.[12]

Q. Did you find any problems or unreasonable assumptions in Mr. Walker's application of the selected transactions method?

A. Yes. In his selected transaction method, Mr. Walker incorporates many indicated valuations that are significantly higher than any reasonable estimate for the GWA System. For example, he shows maximum valuations of $107 million, $80 million, and $88 million for the capital, net PP&E, and EBITDA categories.[13] Incorporating a wide range and high maximum figures such as these skew the final results and do not provide a confident indication of value for the system. In addition, there is a wide range of indicated valuations for non-capital items, such as customers and population. The range of indicated values for non-capital items is $3.6 million to $50.4 million.[14] Again, this does not provide a confident indication of value for the GWA System, particularly considering the fact that these are non-capital metrics.

Q. Please summarize Mr. D'Ascendis's market value approach.

A. Mr. D'Ascendis used the market value of invested capital to net plant multiple and comparable sales methods.[15]

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[12] *Id*.

[13] *Id*. at Exhibit 19.

[14] *Id*.

[15] D'Ascendis Direct, p. 18, lines 1-6.

Q. Did you find any problems or unreasonable assumptions with Mr. D'Ascendis's approach that focuses on the net plant ratio?

A. Yes. Mr. D'Ascendis uses the future value of long-term debt, rather than the current amount of book debt to estimate the market value of the companies in the proxy group. Using the future value of long-term debt results in inflated indicated valuations. A more accurate indication of enterprise value considers the amount of book debt in addition to market capitalization. This is the approach I used in developing my adjustments to the market approach valuations.

Q. Please describe your market approach adjustment.

A. In developing my adjustments to the UVEs' market approach valuations, I used an approach similar to the market value approach used by Mr. D'Ascendis, but one that focuses on enterprise value and the current values of market capitalization and debt. Enterprise value can be estimated by adding market capitalization to total debt (and subtracting cash equivalents, which is often insignificant). Once the enterprise value is estimated for each proxy company, it can be divided by net plant to develop an enterprise value-to-net plant (EV/NP) ratio. For the proxy group, the average NV/NP ratio based on current market data is 1.2.[16] When this ratio is applied to the net plant of GWA System ($13.9 million), it indicates an enterprise value of $16.6 million.[17] The EV/NP ratio of 1.2 developed through my approach is less than the average ratio of 1.4 used by Mr. D'Ascendis primarily due to the fact that he used the future value of debt rather than the

[16] Exhibit DJG-3.

[17] *Id*.

present book value. In addition, the proxy group I used is the same group used by Mr. Walker, which has two more companies than the proxy group used by Mr. D'Ascendis.

IV. COST APPROACH

Q. What is the Cost Approach?

A. The Cost Approach is a procedure to estimate the current costs to reproduce or create a property with another of comparable use and marketability.[18]

Q. Please summarize the UVEs' valuations under the cost approach.

A. Gannett Fleming's appraisal utilized the original cost new ("OCN") to calculate the trended original cost.[19] The ScottMadden appraisal also used a trended original cost method to determine the reproduction cost new, less depreciation ("RCNLD").[20] Both UVEs estimated accumulated depreciation, or the depreciation "reserve", as a reduction to their respective cost estimates.

Q. Did either UVE incorporate the original cost less depreciation into their valuations?

A. No. The Gannett Fleming appraisal shows an OCN amount of $27.4 million and an accumulated depreciation amount of $7.0 million, which results in an OCN less depreciation ("OCNLD") amount of $20.4 million.[21] The ScottMadden appraisal shows a OCNLD estimate of $13.9 million.

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[18] https://www.appraisers.org/docs/default-source/5---standards/bv-standards-feb-2022.pdf?sfvrsn=5c9e5ac0_3

[19] Walker Direct, p. 17.

[20] D'Ascendis Direct, p. 15.

[21] Aqua Exhibit Q, Gannett Fleming Fair Market Value Appraisal, p. 27.

Q. Would it be reasonable to consider the OCN less depreciation amount into the valuation under the cost approach?

A. Yes. The OCN less depreciation is effectively the "rate base" for GWA. If the acquisition is approved, Aqua's ratemaking rate base will be based on the purchase price. In that regard, GWA's "rate base" (as estimated by OCN less depreciation) could be argued to be the most important single metric of the valuation estimate. In other words, if the Commission were tasked with determining the ratemaking rate base for the acquired system without utilizing any independent appraisal and the three valuation approaches, arguably the most reasonable and accurate metric to consider would be the OCNLD amount. In this case, the average amount of the UVEs' OCNLD estimates is $17.1 million.[22]

Q. Do the results of your adjusted valuations under the other two approaches increase your confidence in the cost approach result?

A. Yes. The adjusted cost approach valuation of $17.1 million is similar, and slightly higher than my adjusted market approach valuation of $16.6 million and my adjusted income approach valuation of $16.5 million, which is further discussed below.

V. INCOME APPROACH

Q. Please summarize the income approach valuations estimated in the UVEs' appraisals.

A. Mr. Walker and Mr. D'Ascendis estimate income approach valuations of $15.8 million and $26.1 million, respectively.[23]

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[22] Exhibit DJG-4.

[23] Exhibit DJG-2.

Q. Are you proposing any adjustments to the UVEs' valuations under the income approach?

A. Yes. I propose adjustments reducing Mr. Walker's and Mr. D'Ascendis's income approach valuations by $29.1 million and $8.5 million, respectively.[24] I am proposing several adjustments to the income approaches of each UVE, including the amount of projected annual cash flow, the discount rate, and the growth rate used in their discounted cash flow models. Adjustments to the discount rate involve using a fundamental approach to estimating the cost of equity of GWA through the use of financial modeling of a proxy group of utilities, which is further discussed below.

Q. Please summarize your income approach adjustment.

A. My income approach adjustment is based on the theory that assets that are expected to generate cash flows over time can be valued with various discounted cash flow models. While this basic premise also underlies the approach taken by the UVEs in their income approach valuations, I believe several reasonable adjustments are warranted, as further discussed in this section. Under this valuation method, the value of an asset (GWA's water system assets in this case), is equal to the present value of its future cash flows. This model also requires estimates for a growth rate and discount rate. For publicly traded assets, we can use the dividend discount model. A derivation of this model that solves for the discount rate is called the Discounted Cash Flow ("DCF") model in regulatory proceedings. However, since GWA is not publicly traded and does not issue dividends, we must consider its estimated free cash flow from operations, rather than dividends, as part of the valuation

[24] *Id*.

model.[25] I also proposed adjustments to the UVEs' long-term growth rate and discount rate, which are both key inputs to the DCF Model. Under the DCF Model used for the valuation adjustment in this case, the discount rate is the asset's estimated cost of capital.[26] My adjustment is the result of applying these reasonable estimates to the UVE income approaches.

A. Free Cash Flow From Operations

Q. Please summarize how you adjusted GWA's free cash flows from operations.

A. First, I considered the average amount of operating revenues, earnings before interest and taxes ("EBIT"), depreciation, and capital expenditures for year 2024 (which is referred to as "Year 0" in Mr. Walker's income approach modeling) to calculate free cash flow from operations as the basis for discounted cash flow analysis.[27] This amount of annual projected cash flows will be grown at a constant growth rate and discounted back to present value using the estimate weighted average cost of capital as the discount rate. This present value amount is the indicated valuation under the income approach.

[25] Exhibit DJG-5.

[26] The discount rate in DCF Model applied to publicly traded firms is the cost of equity, since the cash flows under that model are cash flows to equity (i.e., post debt dividend payments). In the discounted cash flow valuation model applied to GWA, the discount rate is the cost of capital, since we are assuming cash flows to the firm (i.e., pre-debt cash flows).

[27] Exhibit Q, Gannett Fleming Fair Market Value Appraisal, Exhibit 14, p. 1.

B. Discount Rate – Cost of Capital

Q. Please summarize how you adjusted GWA's cost of capital.

A. The weighted cost of capital essentially involves several key components, including the cost of debt, the cost of equity, and the capital structure. In terms of estimation, the most critical of these components is the cost of equity. To arrive at my adjusted cost of equity, I used proxy group of water utilities comprised of the same water companies used in Mr. Walker's proxy group. There are several benefits of using a proxy group when estimating the cost of equity for a regulated utility company. Frequently, the most apparent reason, as is the case here, is that the target asset is often not publicly traded. Publicly traded assets have readily obtainable data regarding some of the key components to cost of equity estimation, including stock prices, dividends, and beta estimates. Because I used the proxy group of utilities for the cost of equity adjustment, I used the same group for the cost of debt and capital structure estimates. This is because these elements of the cost of capital are related. Higher debt ratios can have an increasing effect on the cost of debt and equity (though sometimes a decreasing effect on the overall cost of capital to a certain point). I will discuss my adjustments regarding the individual components of the cost of capital in the following sections.

Q. What is your adjusted cost of capital for GWA?

A. The following table summarizes my cost of capital adjustment for GWA.[28]

[28] Exhibit DJG-6.

Figure 6:
Cost of Capital Adjustment

Capital Component	Proposed Ratio	Cost Rate	After-Tax Rate	Weighted Cost
Long Term Debt	48%	3.9%	3.1%	1.47%
Equity	52%	8.8%	8.8%	4.55%
Total	100%			6.02%

The capital composition and rates contemplated in this calculation produce a cost of capital estimate of 6.02%. This is the figure I used in the discount rate of my discounted cash flow adjustment for GWA.[29]

Q. How does your cost of capital adjustment compare to the UVEs' cost of capital estimates?

A. Mr. Walker estimates a range for the cost of capital of 8.25% – 11.00%.[30] Mr. D'Ascendis estimates a cost of capital of 7.70%.[31] Thus, my adjusted cost of capital is less than the estimate of both UVEs. All else held constant, a lower discount rate produces a higher indicated valuation under the income approach. The differences in our cost of capital estimates stem from the differences between the various components of the cost of capital – primarily the cost of equity and capital structure, which are further discussed below.

[29] Exhibit DJG-5.

[30] Walker Direct, p. 21.

[31] D'Ascendis Direct, p. 24, Table 3.

C. Cost of Equity

Q. Describe the cost of equity.

A. The cost of equity refers to the required return on equity expected from a company's equity investor based on the risk inherent in that investment. The required return from the investors' perspective is synonymous with the *cost* from the company's perspective. Unlike the known, contractual and embedded cost of debt, there is not any explicitly quantifiable "cost" of equity. Instead, the cost of equity must be estimated through various financial models. The two most widely used financial models to estimate the cost of equity (particularly in regulatory proceedings) are the DCF Model and the Capital Asset Pricing Model (the "CAPM"). I applied each of these models to the same proxy group in order to calculate my adjustment to GWA's cost of equity.

1. DCF Analysis

Q. Describe the inputs to the DCF Model.

A. There are three primary inputs in the DCF Model: (1) stock price; (2) dividend; and (3) the long-term growth rate. The stock prices and dividends are known inputs based on recorded data, while the growth rate projection must be estimated. Further details regarding the theories of the DCF Model are discussed in Appendix B.

Q. How did you determine the stock price input of the DCF Model?

A. For the stock price (P_0), I used a 30-day average of stock prices for each company in the proxy group.[32] Analysts sometimes rely on average stock prices for longer periods (*e.g.*, 60, 90, or 180 days). According to the efficient market hypothesis, however, markets reflect all relevant information available at a particular time, and prices adjust instantaneously to the arrival of new information.[33] Past stock prices, in essence, reflect outdated information. The DCF Model used in utility rate cases is a derivation of the dividend discount model, which is used to determine the current value of an asset. Thus, according to the dividend discount model and the efficient market hypothesis, the value for the "P_0" term in the DCF Model should technically be the current stock price, rather than an average.

Q. Why did you use a 30-day average for the current stock price input?

A. Using a short-term average of stock prices for the current stock price input adheres to market efficiency principles while avoiding any irregularities that may arise from using a single current stock price. In the context of a utility rate proceeding, there is a significant length of time from when an application is filed, and testimony is filed. It is worth noting that my market and financial analyses are based on much more recent and relevant information than those of Mr. Walker and Mr. D'Ascendis due to the significant difference in time during which the analysis was conducted. Mr. D'Ascendis and Mr. Walker filed

[32] Exhibit OCA DJG-8.

[33] *See* Eugene F. Fama, *Efficient Capital Markets: A Review of Theory and Empirical Work*, Vol. 25, No. 2 The Journal of Finance 383 (1970); *see also* John R. Graham, Scott B. Smart & William L. Megginson, *Corporate Finance: Linking Theory to What Companies Do* 357 (3rd ed., South Western Cengage Learning 2010). The efficient market hypothesis was formally presented by Eugene Fama in 1970 and is a cornerstone of modern financial theory and practice.

their respective testimonies on February 23, 2023. However, this application was not formally accepted by the Commission until December 31, 2024. Neither Mr. D'Ascendis nor Mr. Walker updated their direct testimony to reflect current market conditions. Moreover, choosing a current stock price for one particular day could raise a separate issue concerning which day was chosen to be used in the analysis. In addition, a single stock price on a particular day may be unusually high or low. It is arguably ill-advised to use a single stock price in a model that is ultimately used to set rates for several years, especially if a stock is experiencing some volatility. Thus, it is preferable to use a short-term average of stock prices, which represents a good balance between adhering to well-established principles of market efficiency while avoiding any unnecessary contentions that may arise from using a single stock price on a given day. The stock prices I used in my DCF analysis are based on 30-day averages of adjusted closing stock prices for each company in the proxy group.[34]

Q. Describe how you determined the dividend input of the DCF Model.

A. The dividend term in the DCF Model represents dividends per share (d_0). I used forward-looking annualized dividends published by Yahoo! Finance for the dividend input to my constant growth DCF Model.[35] Dividing these dividends by the stock prices for each proxy company results in the dividend yield for each company.[36]

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[34] Exhibit DJG-4. Adjusted closing prices, rather than actual closing prices, are appropriate and reasonable for analyzing historical stock prices. The adjusted price provides an accurate representation of the firm's equity value beyond the mere market price because it accounts for stock splits and dividends.

[35] Exhibit DJG-5.

[36] *Id*.

Q. Please summarize the growth rate input in the DCF Model.

A. The most critical input in the DCF Model is the growth rate. Unlike the stock price and dividend inputs, the growth rate input (g) must be estimated. As a result, the growth rate is often the most contentious DCF input in utility rate cases. The DCF model used in this case is based on the constant growth valuation model. Under this model, a stock is valued by the present value of its future cash flows in the form of dividends. Before future cash flows are discounted by the cost of equity, however, they must be "grown" into the future by a long-term growth rate. As stated above, one of the inherent assumptions of this model is that these cash flows in the form of dividends grow at a constant rate forever. Thus, the growth rate term in the constant growth DCF model is often called the "constant" or "stable" growth rate. For young, high-growth firms, estimating the growth rate to be used in the model can be especially difficult, and may require the use of multi-stage growth models. For mature, low-growth firms such as utilities, however, estimating the constant growth rate is more transparent.

Q. Should the annual sustainable growth rate used in the DCF Model exceed the annual growth rate of the aggregate economy?

A. No. A fundamental concept in finance is that no firm can grow forever at a rate higher than the growth rate of the economy in which it operates.[37] Thus, the sustainable growth rate used in the DCF Model should not exceed the aggregate economic growth rate. This is especially true when the DCF Model is conducted on public utilities because these firms have defined service territories. As stated by Dr. Damodaran: "[i]f a firm is a purely

[37] *See Id.* at p. 306.

domestic company, either because of internal constraints . . . or external constraints (such as those imposed by a government), the growth rate in the domestic economy will be the limiting value."[38]

In fact, it is reasonable to assume that a regulated utility would grow at a rate that is less than the U.S. economic growth rate. Unlike competitive firms, which might increase their growth by launching a new product line, franchising, or expanding into new and developing markets, utility operating companies with defined service territories cannot do any of these things to grow. Gross Domestic Product ("GDP") is one of the most widely used measures of economic production and is used to measure aggregate economic growth. According to the Congressional Budget Office's 2022 Long-Term Budget Outlook, the long-term forecast for nominal U.S. GDP growth is 3.9%.[39] In contrast, the UVEs used various growth rates over different periods of time, as further discussed below.

Q. How do your adjustments to the DCF Model in this case compare with the approach used by the UVEs?

A. One of the primary differences between the UVEs' DCF Models and my adjustments relate to the time period over which we are discounting the assumed cash flows. In the vast majority of utility rate cases, expert witnesses who apply the DCF Model to estimate the utility's cost of capital use the constant growth form of the DCF Model. That is, annual cash flows are assumed to be consistent, and one growth rate is applied to those cash flows. Very rarely do I see cost of capital witnesses use multi-stage DCF Models, as the UVEs

[38] *Id.*

[39] Congressional Budget Office, The 2022 Long-Term Budget Outlook, https://www.cbo.gov/system/files/2022-07/57971-LTBO.pdf.

did in this case. In this case, the UVEs have considered cash flows for over 20 years. Again, my application of the DCF Model in this case to arrive at my adjustments to the UVEs' income approach valuations is consistent with my approach to the DCF Model in other cases.

Q. Please describe the final results of your DCF Model.

A. My DCF Model cost of equity estimate for GWA is 6.7%.[40] This is based on the average DCF result for each company in the proxy group.

2. CAPM Analysis

Q. Describe the CAPM.

A. The CAPM is a market-based model founded on the principle that investors expect higher returns for incurring additional risk.[41] The CAPM estimates this expected return. The various assumptions, theories, and equations involved in the CAPM are discussed further in Appendix C. The CAPM is a useful model because it directly considers the amount of risk inherent in a business.

Q. Describe the inputs for the CAPM.

A. The basic CAPM equation requires only three inputs to estimate the cost of equity: (1) the risk-free rate; (2) the beta coefficient; and (3) the equity risk premium. Here is the CAPM formula:

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[40] *See* Exhibit DJG-7.

[41] William F. Sharpe, *A Simplified Model for Portfolio Analysis* 277–93 (Management Science IX 1963).

Equation 1:
Basic CAPM

Cost of Equity = Risk-free Rate + (Beta × Equity Risk Premium)

Each input is discussed separately below.

D. The Risk-Free Rate

Q. Explain the risk-free rate.

A. The first term in the CAPM is the risk-free rate (R_F). The risk-free rate is simply the level of return investors can achieve without assuming any risk. The risk-free rate represents the bare minimum return that any investor would require on a risky asset. Even though no investment is technically void of risk, investors often use U.S. Treasury securities to represent the risk-free rate because they accept that those securities essentially contain no default risk. The Treasury issues securities with different maturities, including short-term Treasury Bills, intermediate-term Treasury Notes, and long-term Treasury Bonds.

Q. Is it preferable to use the yield on long-term Treasury bonds for the risk-free rate in the CAPM?

A. Yes. In valuing an asset, investors estimate cash flows over long periods of time. Common stock is viewed as a long-term investment, and the cash flows from dividends are assumed to last indefinitely. Thus, short-term Treasury Bill yields are rarely used in the CAPM to represent the risk-free rate. Short-term rates are subject to greater volatility and thus can lead to unreliable estimates. Instead, long-term Treasury bonds are usually used to represent the risk-free rate in the CAPM. I considered a 30-day average of daily Treasury

yield curve rates on 30-year Treasury Bonds in my risk-free rate estimate, which resulted in a risk-free rate of 4.64%.[42]

Q. How is the beta coefficient used in this model?

A. As discussed above, beta represents the sensitivity of a given security to movements in the overall market. The CAPM states that in efficient capital markets, the expected risk premium on each investment is proportional to its beta. Recall that a security with a beta greater (or less) than one is more (or less) risky than the market portfolio. An index such as the S&P 500 Index is used as a proxy for the market portfolio. The historical betas for publicly traded firms are published by various institutional analysts. Beta may also be calculated through a linear regression analysis, which provides additional statistical information about the relationship between a single stock and the market portfolio. As discussed above, beta also represents the sensitivity of a given security to the market as a whole. The market portfolio of all stocks has a beta equal to one. Stocks with betas greater than 1.0 are relatively more sensitive to market risk than the average stock. For example, if the market increases (or decreases) by 1.0%, a stock with a beta of 1.5 will, on average, increase (or decrease) by 1.5%. In contrast, stocks with betas of less than 1.0 are less sensitive to market risk. For example, if the market increases (or decreases) by 1.0%, a stock with a beta of 0.5 will, on average, only increase (or decrease) by 0.5%.

[42] Exhibit DJG-10.

Q. Describe the source for the betas you used in your CAPM analysis.

A. I used betas recently published by Value Line Investment Survey. The beta for each proxy company is less than 1.0.[43] Thus, we have an objective measure to prove the well-known concept that utility stocks are less risky than the average stock in the market.

Q. Describe the equity risk premium.

A. The final term of the CAPM is the equity risk premium ("ERP"), which is the required return on the market portfolio less the risk-free rate ($R_M - R_F$). In other words, the ERP is the level of return investors expect above the risk-free rate in exchange for investing in risky securities. To estimate the ERP, I considered expert surveys, an implied ERP calculation, and the ERP published by a third-party financial advising firm.

Q. Describe the expert survey approach to estimating the ERP.

A. As its name implies, the expert survey approach to estimating the ERP involves conducting a survey of experts including professors, analysts, chief financial officers, and other executives around the country and asking them what they think the ERP is. The IESE Business School conducts a periodic survey that asks experts around the country about their opinions on the ERP. Their 2024 expert survey reported an average ERP of 5.5%.[44]

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[43] *See* Exhibit DJG-7.

[44] Pablo Fernandez, et al., *Survey: market Risk Premium and Risk-Free Rate used for 80 countries in 2023* (IESE Business School 2020), copy available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4407839 IESE Business School is the graduate business school of the University of Navarra. IESE offers Master of Business Administration (MBA), Executive MBA and Executive Education programs. IESE is consistently ranked among the leading business schools in the world.

Q. Describe the implied ERP approach.

A. The third method of estimating the ERP is arguably the best. The implied ERP relies on the stable growth model proposed by Gordon, often called the "Gordon Growth Model," which is a basic stock valuation model widely used in finance for many years.[45] This model is a mathematical derivation of the DCF Model. In fact, the underlying concept in both models is the same: the current value of an asset is equal to the present value of its future cash flows. Instead of using this model to determine the discount rate of one company, we can use it to determine the discount rate for the entire market by substituting the inputs of the model. Specifically, instead of using the current stock price (P_0), we will use the current value of the S&P 500 (V_{500}). Similarly, instead of using the dividends of a single firm, we will consider the dividends paid by the entire market. Additionally, we should consider potential dividends. In other words, stock buybacks should be considered in addition to paid dividends, as stock buybacks represent another way for the firm to transfer free cash flow to shareholders. Focusing on dividends alone without considering stock buybacks could understate the cash flow component of the model, and ultimately understate the implied ERP. The market dividend yield plus the market buyback yield gives us the gross cash yield to use as our cash flow in the numerator of the discount model. This gross cash yield is increased each year over the next five years by the growth rate. These cash flows must be discounted to determine their present value. The discount rate in each denominator is the risk-free rate (R_F) plus the discount rate (K). The following formula shows how the

[45] Myron J. Gordon and Eli Shapiro, *Capital Equipment Analysis: The Required Rate of Profit* 102–10 (Management Science Vol. 3, No. 1 Oct. 1956).

implied return is calculated. Since the current value of the S&P is known, we can solve for K: the implied market return.[46]

Equation 2:
Implied Market Return

$$V_{500} = \frac{CY_1(1+g)^1}{(1+R_F+K)^1} + \frac{CY_2(1+g)^2}{(1+R_F+K)^2} + \cdots + \frac{CY_5(1+g)^5 + TV}{(1+R_F+K)^5}$$

where:
- V_{500} = *current value of index (S&P 500)*
- $CY_{1\text{-}5}$ = *average cash yield over last five years (includes dividends and buybacks)*
- g = *compound growth rate in earnings over last five years*
- R_F = *risk-free rate*
- K = *implied market return (this is what we are solving for)*
- TV = *terminal value* $= CY_5 (1+R_F) / K$

The discount rate is called the "implied" return here because it is based on the current value of the index as well as the value of free cash flow to investors projected over the next five years. Thus, based on these inputs, the market is "implying" the expected return; or in other words, based on the current value of all stocks (the index price), and the projected value of future cash flows, the market is telling us the return expected by investors for investing in the market portfolio. After solving for the implied market return (K), we simply subtract the risk-free rate from it to arrive at the implied ERP.

Equation 3:
Implied Equity Risk Premium

$$Implied\ Expected\ Market\ Return - R_F = Implied\ ERP$$

Q. Discuss the results of your implied ERP calculation.

A. After collecting data for the index value, operating earnings, dividends, and buybacks for the S&P 500 over the past six years, I calculated the dividend yield, buyback yield, and

[46] *See* Exhibit DJG-9 for detailed calculation.

gross cash yield for each year. I also calculated the compound annual growth rate (g) from operating earnings. I used these inputs, along with the risk-free rate and current value of the index to calculate a current expected return on the entire market of 9.7%. I subtracted the risk-free rate to arrive at the implied equity risk premium of 5.1%.[47] Dr. Damodaran, one of the world's leading experts on the ERP, promotes the implied ERP method discussed above. He calculates monthly and annual implied ERPs with this method and publishes his results. Dr. Damodaran's average ERP estimate for January 2025 using several implied ERP variations was 4.5%.[48]

Q. What are the results of your final ERP estimate?

A. For the final ERP estimate I used in my CAPM analysis, I considered the results of the ERP surveys along with the implied ERP calculations and the ERP reported by Kroll (formerly Duff & Phelps).[49] The results are presented in the following figure:

[47] Exhibit DJG-11.

[48] Aswath Damodaran, *Implied Equity Risk Premium Update*, DAMODARAN ONLINE (last visited Nov. 2, 2020) http://pages.stern.nyu.edu/~adamodar/.

[49] Exhibit DJG-12.

Figure 7:
Equity Risk Premium Results

IESE Business School Survey	5.5%
Kroll (Duff & Phelps) Report	5.5%
Damodaran (highest)	4.0%
Garrett	5.0%
Average	**5.0%**

I selected the average ERP estimate of 5.0% to use in my CAPM analysis.

Q. Please explain the final results of your CAPM analysis.

A. Using the inputs for the risk-free rate, beta coefficient, and ERP discussed above, I estimate that the CAPM cost of equity is 8.8%.[50]

Q. Given the results of your DCF and CAPM analyses, what is your estimated cost of equity for GWA?

A. To arrive at my cost of equity estimate, I used the CAPM result of 8.8%. While I believe the DCF Model can be a useful approach in estimating cost of equity, in this particular case, I believe the DCF result of 6.8% is lower than a reasonable estimate for GWA's cost of equity, and it is significantly lower than the ROEs typically authorized in utility rate proceedings.

[50] Exhibit DJG-8.

Q. Please summarize your adjustment to Gannett Fleming's and ScottMadden' income approach valuations.

A. Based on my cost of equity and the other cost of capital components discussed above, my adjustments to the UVEs' appraisals result in an adjusted income approach valuation of $16.6 million, which is $29.1 million less than Mr. Walker's valuation of $46.2 million, and it is $704,853 greater than Mr. D'Ascendis's valuation of $15.8 million.[51] Thus, although Mr. D'Ascendis I relied on several different assumptions in our income approach, the final results were relatively similar.

E. Cost of Debt and Capital Structure

Q. Please describe your adjustments to the cost of debt and capital structure.

A. As discussed above, the cost of debt and capital structure are also components that comprise the overall cost of capital. Since I used the utility proxy group to estimate the cost of equity, I used the same group to estimate the cost of debt and capital structure. In addition, I relied on the same source for the information – Value Line Investment Survey. To estimate the cost of debt, I considered the interest expense and long-term debt reported for each of the proxy companies. To estimate the capital structure, I considered the long-term debt ratios for each proxy company. Again, I considered substantially the same proxy group of companies as both UVEs as well as their consideration of Value Line as a source for some of the pertinent financial data used in their analyses, including the debt ratios. My

[51] Exhibit DJG-2.

average, adjusted cost of debt (pre-tax) and debt ratio for the proxy group is 3.9% and 48%, respectively.[52]

Q. How does your capital structure adjustment compare with the capital structures used by the UVEs?

A. Mr. Walker utilized a debt ratio of only 30.4%,[53] which is significantly less than the average debt ratio of the proxy group. Assuming an unreasonably low level of debt will have an increasing effect on the estimated cost of capital. This is because the cost of debt is significantly less than the cost of equity, so having less debt (and thus more equity) in the capital structure will increase the cost of capital.

Q. Please summarize and illustrate the final results of your proposed adjustments under the income approach.

A. First, I used a Year 0 annual cash flow of $371,185. I then applied an annual, constant growth rate of 3.7%, which is equal to projected long-term GDP growth. I then discounted the projected future cash flows back to present value using GWA's estimated weighted average cost of capital of 5.48%. The following figure presents the final results:[54]

[52] Exhibit DJG-7.

[53] Walker Direct, p. 21.

[54] *See also* Exhibit DJG-4.

Figure 8:
Adjusted Income Approach Results

Annual Cash Flow	$	371,185
Constant Growth Rate		3.70%
Discount Rate		6.02%
Adjusted Value	**$**	**16,558,214**

Under these assumptions, GWA's indicated valuation under the income approach is $16.6 million, which is nearly equal to the indicated valuation under the market approach.

VI. REASONABLE REVIEW RATIO

Q. What is your understanding of the reasonable review ration ("RRR") and how it is established?

A. The Commission created the RRR to determine the ratio of FMV to depreciated original cost of similarly situated water utility companies. The Commission's Final Supplemental Implementation Order states:

> "To evaluate the FMV, we will utilize the EV of the investor-owned utilities (IOUs) as a relevant proxy. As noted in the 2024 TSIO, the EV is a comprehensive valuation of the IOUs and is readily available to the public for each of these IOUs given their publicly traded status. To determine the DOC of these IOUs, we will utilize the Net PP&E included on each of the company's balance sheets. We reiterate that Net PP&E is an appropriate proxy for DOC since it represents the total value of the physical assets of the company less depreciation. The RRR is the ratio of these two numbers, with EV being the numerator and Net PP&E being the denominator, such that Reasonableness Review Ratio = Enterprise Value / Net Property, Plant & Equipment."[55]

[55] *Valuation of Acquired Municipal Water & Wastewater Systems – Act 12 of 2016 Implementation*, Docket No. M-2016-2543193 (*Final Supplemental Implementation Order* entered June 13, 2024) (*2024 FSIO*), *2024 FSIO* at103.

Q. Is the RRR a presumption of reasonableness?

A. No. The RRR is not a presumption of reasonableness or a determination that an acquisition is in the public interest. Instead, it is a factor to be considered among many factors.

Q. Has the Commission issued a report establishing the current RRR?

A. Yes. The current RRR is 1.63.[56]

Q. What is the average depreciated original cost estimated by the UVEs?

A. The average depreciated original cost estimated by the UVEs is $17.1 million.[57]

Q. What is the resulting value of applying the RRR to the average, estimated depreciated original cost?

A. Multiplying the 1.63 RRR to the depreciated original cost amount of $17.1 million produces a result of $27.9 million.

Q. Is the RRR result produce a reasonable valuation of the GWA system assets, in your opinion?

A. No. In my opinion, the RRR result of $27.9 million does not produce a reasonable valuation of the GWA water system assets because it is greater than the average of the two FMV appraisals of $27.0 million, greater than the negotiated purchase price of $18 million, and greater than my recommended FMV of $16.8 million.

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[56] See Bureau of Technical Utility Services Report on the Reasonable Review Ration for the Year Ended 12.31.2023 to Approximate Market Value in Section 1329 Proceedings, Docket No. M-2024-3050303.

[57] Exhibit Y, Updated Direct Testimony of William C. Packer, p. 27, Table 3; see also Exhibit DJG-4.

Q. What is the Market Value Ratio (MVR)?

A. The MVR is a ratio for the transaction that can be compared to RRR. To calculate the MVR, the rate base addition is divided by the DOC of the system.

Q. What is MVR proposed by the applicant in this case?

A. The Joint Applicant's MVR is 1.05, which is less than the Commission's 1.63 RRR.

Q. What is the ration of the recommended FMV to the depreciated original costs after applying your adjustments?

A. As explained above, my adjustments result in a recommended FMV of $16.8 million, which is less than the negotiated purchase price of $18 million. My recommended FMV results in a 0.98 MVR.

VII. RATE IMPACT AND FINANCIAL HEALTH

Q. Please discuss the estimated rate impact on Aqua's residential customers if the proposed transaction is approved.

A. The estimated incremental rate effect of the proposed transaction on Aquas existing residential water customers is a $0.19 monthly increase (or 0.21% increase).[58]

Q. Please discuss the estimated rate impact on GWA's customers if the proposed transaction is approved.

A. If no costs are shared with other Aqua customers, the estimated monthly increase for residential customers would be $34.04 (or 64.66%).[59]

[58] Application Exhibit I1, Notice of Proposed Acquisition and Rate Base Addition

[59] Application Exhibit I2, Notice of Proposed Acquisition and Rate Base Addition

Q. Have you reviewed GWA's financial statements provided in the application?

A. Yes.

Q. Based on your review of GWA's financial statements, do you believe GWA is financially sound?

A. Yes.

Q. Does GWA have any loan or grant application in process?

A. According to GWA, no. See GWA's response to OCA-I-3, attached to my testimony as Exhibit DJG-14.

Q. Does GWA need to pay taxes similar to how Aqua needs to pay taxes?

A. No. As a municipally owned Entity, GWA is not required to pay taxes.

Q, Does GWA need to pay a return on equity to shareholders similar to how Aqua needs to pay a return on equity to shareholders?

A. No. As a municipally owned utility, GWA does not have to charge customers for a return on equity to shareholders.

Q. Does GWA have any plans to change rates?

A. According to GWA, no. Currently, GWA indicated that they have no plans to raise rates in the future in excess of the cost of inflation. See GWA's response to OCA-I-11, attached to my testimony as Exhibit DJG-14.

Q. When was the last time GWA increased its rates?

A. January 1, 2025. See GWA's response to OCA-I-12, attached to my testimony as Exhibit DJG-14.

Q. At any time within the last five years, has GWA been unable to replace water utility infrastructure or make needed upgrades?

A. No. See GWA's response to OCA-I-21, attached to my testimony as Exhibit DJG-14.

Q. At any time within the last five years, has GWA been unable to obtain necessary financing?

A. No. See GWA's response to OCA-I-37, attached to my testimony as Exhibit DJG-14.

Q. Has GWA completed any projects necessary to upgrade or maintain the system since the negotiation of the sale of the system to Aqua?

A. Yes, GWA indicated that it continued to maintain its system, which included a number of small projects. GWA indicated that "[a] project was recently awarded." (OCA-I-38). GWA further indicated that a portion of the water conveyance system needed repair and that the bid amount for the project is $288,000. GWA further stated that this project is expected to be completed prior to the sale of the system. See GWA's response to OCA-I-38, attached to my testimony as Exhibit DJG-14.

Q. Is GWA able to provide water service in compliance with state and federal regulatory requirements?

A. According to GWA, yes. GWA's response to OCA-I-40 is attached my testimony as Exhibit DJG-14.

Q. Is GWA under any Corrective Action Plans or Consent orders under the United States Environmental Protection Agency, Pennsylvania Department of Environmental Protection, or other state or local regulatory body?

A. According to GWA, no. See GWA's response to OCA-I-40, attached to my testimony as Exhibit DJG-14.

Q. Does GWA have any PENNVEST grants or loans?

A. Yes, GWA stated that PENNVEST issued a grant/loan in 2018 for a project to replace a line and to paint a tank. The grant/loan was for $3,414,509 (loan of $1,971,087 and grant of $1,443,442). GWA stated that it will satisfy its obligation to PENNVEST at the time of closing. See GWA's response to OCA I-7, attached to my testimony as Exhibit DJG-14.

VIII. CONCLUSION AND RECOMMENDATION

Q. Please summarize the key points of your testimony.

A. I reviewed the market, cost, and income valuations proposed by each appraisal. Certain assumptions made by each UVE caused the results of their valuations under each approach to be unreasonably high. Applying reasonable adjustments to their models, I estimated a reasonable fair market value for acquisition of the GWA system.

Q. What is your recommendation to the Commission?

A. If the Commission approves the acquisition, the Commission should adopt my proposed adjustments to the appraisals. Also, if the Commission approves the acquisition, I recommend a ratemaking rate base value of $16,758,645 for GWA's system, as explained above and shown in Exhibit DJG-2.

Q. Does this conclude your testimony?

A. Yes.

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EDUCATION

University of Oklahoma — Norman, OK
Master of Business Administration — 2014
Areas of Concentration: Finance, Energy

University of Oklahoma College of Law — Norman, OK
Juris Doctor — 2007
Member, American Indian Law Review

University of Oklahoma — Norman, OK
Bachelor of Business Administration — 2003
Major: Finance

PROFESSIONAL DESIGNATIONS

Society of Depreciation Professionals
Certified Depreciation Professional (CDP)

Society of Utility and Regulatory Financial Analysts
Certified Rate of Return Analyst (CRRA)

WORK EXPERIENCE

Resolve Utility Consulting PLLC — Oklahoma City, OK
Managing Member — 2016 – Present
Provide expert analysis and testimony specializing in depreciation and cost of capital issues for clients in utility regulatory proceedings.

Oklahoma Corporation Commission — Oklahoma City, OK
Public Utility Regulatory Analyst — 2012 – 2016
Assistant General Counsel — 2011 – 2012
Represented commission staff in utility regulatory proceedings and provided legal opinions to commissioners. Provided expert analysis and testimony in depreciation, cost of capital, incentive compensation, payroll and other issues.

Perebus Counsel, PLLC — Oklahoma City, OK
Managing Member — 2009 – 2011
Represented clients in the areas of family law, estate planning, debt negotiations, business organization, and utility regulation.

Moricoli & Schovanec, P.C. — Oklahoma City, OK
Associate Attorney — 2007 – 2009
Represented clients in the areas of contracts, oil and gas, business structures and estate administration.

TEACHING EXPERIENCE

University of Oklahoma — Norman, OK
Adjunct Instructor – "Conflict Resolution" — 2014 – 2021
Adjunct Instructor – "Ethics in Leadership"

Rose State College — Midwest City, OK
Adjunct Instructor – "Legal Research" — 2013 – 2015
Adjunct Instructor – "Oil & Gas Law"

PROFESSIONAL ASSOCIATIONS

Oklahoma Bar Association — 2007 – Present

Society of Depreciation Professionals — 2014 – Present
Board Member – President — 2017
Participate in management of operations, attend meetings, review performance, organize presentation agenda.

Society of Utility Regulatory Financial Analysts — 2014 – Present

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Pennsylvania Public Utility Commission	The York Water Company, et al	R-2025-3053442 R-2025-3053573	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Pennsylvania Public Utility Commission	UGI Utilities, Inc.	R-2024-3052716	Cost of capital, depreciation rates, net salvage	Pennsylvania Office of Consumer Advocate
Wyoming Public Service Commission	Rocky Mountain Power	20000-671-ER-24	Cost of capital and authorized rate of return	Wyoming Industrial Energy Consumers
Oklahoma Corporation Commission	Public Service Company of Oklahoma	PUD 2023-000086	Cost of capital, depreciation rates, net salvage	Oklahoma Industrial Energy Consumers
Public Service Commission of South Carolina	Piedmont Natural Gas Company	2022-89-G 2024-179-G	Depreciation rates, service lives, net salvage	South Carolina Office of Regulatory Staff
Florida Public Service Commission	Peoples Gas System	20250029-GU	Cost of capital, awarded rate of return, capital structure	Florida Office of Public Counsel
Public Service Commission of the State of Montana	NorthWestern Energy	2024.05.053	Cost of capital, depreciation rates, net salvage	Montana Consumer Counsel and Montana Large Customer Group
New York State Public Service Commission	Niagara Mohawk Power Corporation	24-E-0322 24-G-0323	Depreciation rates, service lives, net salvage, depreciation reserve	Utility Intervention Unit of the New York State Department of State's Division of Consumer Protection
Public Utilities Commission of Ohio	Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company	24-468-EL-AIR, *et seq* .	Depreciation rates, service lives, net salvage	Office of the Ohio Consumers' Counsel
Public Utility Commission of Texas	El Paso Electric Company	PUC 57568	Depreciation rates, service lives, net salvage	The City of El Paso
Public Service Commission of Utah	Enbridge Gas Utah	25-057-06	Cost of capital, depreciation rates, net salvage	Office of Consumer Services
Pennsylvania Public Utility Commission	Pennsylvania-American Water Company	A-2025-3052983	Fair market value review (Elizabeth Borough)	Pennsylvania Office of Consumer Advocate
Commonwealth of Virginia State Corporation Commission	Virginia Electric and Power Company	PUR-2025-00058	Cost of capital, awarded rate of return, capital structure	Data Center Coalition
Delaware Public Service Commission	Delmarva Power & Light Company	24-1044	Cost of capital, depreciation rates, net salvage	Division of the Public Advocate

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
New York State Public Service Commission	Consolidated Edison Company of New York, Inc.	25-E-0072 25-G-0073	Depreciation rates, service lives, net salvage, depreciation reserve	Utility Intervention Unit of the New York State Department of State's Division of Consumer Protection
Pennsylvania Public Utility Commission	Columbia Gas of Pennsylvania	R-2025-3053499	Cost of capital, depreciation rates, net salvage	Pennsylvania Office of Consumer Advocate
Public Utility Commission of Texas	CenterPoint Energy Houston Electric	PUC 58028	System restoration costs	Texas Coast Utilities Coalition
Mississippi Public Service Commission	Atmos Energy Corporation	2025-UN-59	Depreciation rates, service lives, net salvage	Mississippi Public Utilities Staff
Public Service Commission of West Virginia	Appalachian Power Company and Wheeling Power Company	24-0854-E-42T	Cost of capital, awarded rate of return, capital structure	Consumer Advocate Division of the Public Service Commission of West Virginia
Public Service Commission of West Virginia	Appalachian Power Company and Wheeling Power Company	24-0670-E-D	Depreciation rates, service lives, net salvage	Consumer Advocate Division of the Public Service Commission of West Virginia
New Jersey Board of Public Utilities	Atlantic City Electric Company	ER24110854	Cost of capital, awarded rate of return, capital structure	Staff of the New Jersey Board of Public Utilities
Pennsylvania Public Utility Commission	Aqua Pennsylvania, Inc.	A-2022-3033138	Fair market value review (Beaver Falls)	Pennsylvania Office of Consumer Advocate
Mississippi Public Service Commission	Mississippi Power Company	2024-UN-117	Depreciation rates, service lives, net salvage	Mississippi Public Utilities Staff
Public Service Commission of the State of Montana	Montana-Dakota Utilities Company	2024.05.061	Cost of capital, depreciation rates, net salvage	Montana Consumer Counsel
Maryland Public Service Commission	Columbia Gas of Maryland	9754	Cost of capital, depreciation rates, net salvage	Maryland Office of People's Counsel
Railroad Commission of Texas	Atmos Energy, Mid-Tex Division	OS-24-00019196	Depreciation rates, service lives, net salvage	Atmos Texas Municipalities
Wyoming Public Service Commission	Montana-Dakota Utilities Co.	30013-415-GR-24	Depreciation rates, service lives, net salvage	Wyoming Office of Consumer Advocate
Indiana Utility Regulatory Commission	Duke Energy Indiana	46038	Cost of capital, depreciation rates, net salvage	Indiana Office of Utility Consumer Counselor

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Railroad Commission of Texas	Atmos Energy, West Texas Division	OS-24-00018879	Depreciation rates, service lives, net salvage	The Cities of Amarillo, Lubbock, Dalhart, and Channing
Washington Utilities & Transportation Commission	Cascadia Water, LLC	UW-240151	Cost of capital, awarded rate of return, capital structure	Washington Office of Attorney General
Railroad Commission of Texas	West Texas Gas Utility	OS-24-00017816	Cost of capital, depreciation rates, net salvage	Alliance of WTG Municipalities
Maryland Public Service Commission	Washington Gas Light Company	9737	Cost of capital, awarded rate of return, capital structure	Maryland Office of People's Counsel
Railroad Commission of Texas	Texas Gas Services Company	OS-24-00017471	Depreciation rates, service lives, net salvage	The Steering Committee of Cities
Pennsylvania Public Utility Commission	Veolia Water Pennsylvania, Inc.	R-2024-3045192 R-2024-3045193	Cost of capital, depreciation rates, net salvage	Pennsylvania Office of Consumer Advocate
Pennsylvania Public Utility Commission	PECO Energy Company - Gas Division	R-2024-3046932	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Pennsylvania Public Utility Commission	PECO Energy Company - Electric Division	R-2024-3046931	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Oklahoma Corporation Commission	Oklahoma Gas & Electric Company	PUD 2023-000087	Cost of capital, depreciation rates, net salvage	Oklahoma Industrial Energy Consumers
Maryland Public Service Commission	Maryland Water Service, Inc.	9729	Cost of capital, awarded rate of return, capital structure	Maryland Office of People's Counsel
Kansas Corporation Commission	Kansas Gas Service	24-KGSG-610-RTS	Depreciation rates, service lives, net salvage	The Citizens' Utility Ratepayer Board
Pennsylvania Public Utility Commission	FirstEnergy Pennsylvania Electric Company	R-2024-3047068	Depreciation rates, service lives, net salvage	Pennsylvania Office of Consumer Advocate
Maryland Public Service Commission	Chesapeake Utilities Corporation Sandpiper Energy, Inc. Elkton Gas Company	9721	Depreciation rates, service lives, net salvage	Maryland Office of People's Counsel
Pennsylvania Public Utility Commission	Duquesne Light Company	R-2024-3046523	Cost of capital, depreciation rates, net salvage	Pennsylvania Office of Consumer Advocate

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Public Utility Commission of Texas	CenterPoint Energy Houston Electric	PUC 56211	Depreciation rates, service lives, net salvage	Texas Coast Utilities Coalition
Washington Utilities & Transportation Commission	Avista Corporation	UE-240006 UG-240007	Cost of capital, awarded rate of return, capital structure	Washington Office of Attorney General
Public Utility Commission of Texas	AEP Texas Inc.	PUC 56165	Depreciation rates, service lives, net salvage	Cities Served by AEP Texas
Public Utilities Commission of Nevada	Southwest Gas Corporation	23-09012	Depreciation rates, service lives, net salvage	Bureau of Consumer Protection
Public Utilities Commission of the State of California	Southern California Edison	A.23-05-010	Depreciation rates, service lives, net salvage	The Utility Reform Network
Pennsylvania Public Utility Commission	Pennsylvania-American Water Company	R-2023-3043189 R-2023-3043190	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Indiana Utility Regulatory Commission	Northern Indiana Public Service Company	45967	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Massachusetts Department of Public Utilities	Massachusetts Electric Company and Nantucket Electric Company D/B/A National Grid	D.P.U. 23-150	Depreciation rates, service lives, net salvage	Massachusetts Office of the Attorney General, Office of Ratepayer Advocacy
Iowa Utilities Board	Interstate Power and Light Company	RPU-2023-0002	Depreciation rates, service lives, net salvage	Office of Consumer Advocate
Public Service Commission of South Carolina	Duke Energy Carolinas	2023-388-E 2023-403-E	Depreciation rates, service lives, net salvage	South Carolina Office of Regulatory Staff
Indiana Utility Regulatory Commission	Citizens Energy Group	45988	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Railroad Commission of Texas	CenterPoint Energy Resources Corp.	OS-23-00015513	Depreciation rates, service lives, net salvage	Alliance of CenterPoint Municipalities
Indiana Utility Regulatory Commission	CenterPoint Energy Indiana South	45990	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Delaware Public Service Commission	Artesian Water Company, Inc.	23-0601	Cost of capital, depreciation rates, net salvage	Division of the Public Advocate

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Maryland Public Service Commission	Washington Gas Light Company	9704	Cost of capital, awarded rate of return, capital structure	Maryland Office of People's Counsel
Delaware Public Service Commission	Veolia Water Delaware Inc.	23-0598	Cost of capital, awarded rate of return, capital structure	Division of the Public Advocate
Connecticut Public Utilities Regulatory Authority	United Illuminating Company	22-08-08	Depreciation rates, service lives, net salvage	PURA Staff
Public Utility Commission of Texas	Southwestern Public Service Company	PUC 54634	Depreciation rates, service lives, net salvage	Alliance of Xcel Municipalities
Railroad Commission of Texas	SiEnergy, LP	OS-23-00013504	Depreciation rates, service lives, net salvage	Texas municipal intervenor group
Pennsylvania Public Utility Commission	Aqua Pennsylvania, Inc.	A-2022-3034143	Fair market value review	Pennsylvania Office of Consumer Advocate
Wyoming Public Service Commission	Rocky Mountain Power	20000-633-ER-23	Cost of capital and authorized rate of return	Wyoming Industrial Energy Consumers
Maryland Public Service Commission	Potomac Electric Power Company	9702	Depreciation rates, service lives, net salvage	Maryland Office of People's Counsel
Public Utilities Commission of Nevada	Nevada Power Company d/b/a NV Energy	23-06007 23-06008	Depreciation rates, service lives, net salvage	Bureau of Consumer Protection
Public Utilities Commission of Ohio	Northeast Ohio Natural Gas Corp.	23-0154-GA-AIR	Cost of capital, awarded rate of return, capital structure	Office of the Ohio Consumers' Counsel
New York State Public Service Commission	The Brooklyn Union Gas Company and Keyspan Gas East Corporation d/b/a Nation Grid	23-G-0225 23-G-0226	Depreciation rates, service lives, net salvage, depreciation reserve	The City of New York
Idaho Public Utilities Commission	Idaho Power Company	IPC-E-23-11	Cost of capital, awarded rate of return, capital structure	Micron Technology, Inc.
Indiana Utility Regulatory Commission	Indiana Michigan Power Company	45933	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Massachusetts Department of Public Utilities	Fitchburg Gas and Electric Company d/b/a Unitil	D.P.U. 23-80; D.P.U. 23-81	Depreciation rates, service lives, net salvage	Massachusetts Office of the Attorney General, Office of Ratepayer Advocacy

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Kansas Corporation Commission	Evergy Kansas Central, Evergy Kansas South, and Evergy Metro	23-EKCE-775-RTS	Depreciation rates, service lives, net salvage	The Citizens' Utility Ratepayer Board
Delaware Public Service Commission	Delmarva Power & Light Company	22-0897	Cost of capital, awarded rate of return, capital structure	Division of the Public Advocate
Connecticut Public Utilities Regulatory Authority	Connecticut Water Company	23-08-32	Depreciation rates, service lives, net salvage	PURA Staff
Connecticut Public Utilities Regulatory Authority	Connecticut Natural Gas Corporation and The Southern Connecticut Gas Company	23-11-02	Depreciation rates, service lives, net salvage	PURA Staff
Railroad Commission of Texas	Atmos Pipeline – Texas	OS-23-00013758	Depreciation rates, service lives, net salvage	Atmos Texas Municipalities
Wyoming Public Service Commission	Black Hills Wyoming Gas	30026-78-GR-23	Depreciation rates, service lives, net salvage	Wyoming Office of Consumer Advocate
Indiana Utility Regulatory Commission	Indianapolis Power & Light Company d/b/a AES Indiana	45911	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
New Mexico Public Regulation Commission	Southwestern Public Service Company	22-00286-UT	Cost of capital, depreciation rates, net salvage	The New Mexico Large Customer Group; Occidental Permian
Public Utilities Commission of the State of California	Southern California Gas Company San Diego Gas & Electric Company	A.22-05-015 A.22-05-016	Depreciation rates, service lives, net salvage	The Utility Reform Network
Public Utilties Commission of the State of Colorado	Public Service Company of Colorado	22AL-0530E 22AL-0478E	Cost of capital, awarded rate of return, capital structure	Colorado Energy Consumers
New Mexico Public Regulatory Commission	Public Service Company of New Mexico	22-00270-UT	Cost of capital, depreciation rates, net salvage	The Albuquerque Bernalillo County Water Utility Authority
Florida Public Service Commission	Peoples Gas System	20230023-GU 20220219-GU 20220212-GU	Cost of capital, depreciation rates, net salvage	Florida Office of Public Counsel
Maryland Public Service Commission	Potomac Edison Company	9695	Cost of capital, depreciation rates, net salvage	Maryland Office of People's Counsel
Public Service Commission of the State of Montana	Montana-Dakota Utilities Company	2022.11.099	Depreciation rates, service lives, net salvage	Montana Consumer Counsel and Denbury Onshore

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Indiana Utility Regulatory Commission	Indiana-American Water Company	45870	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Public Service Commission of South Carolina	Dominion Energy South Carolina	2023-70-G	Depreciation rates, service lives, net salvage	South Carolina Office of Regulatory Staff
Maryland Public Service Commission	Columbia Gas of Maryland	9701	Cost of capital, awarded rate of return, capital structure	Maryland Office of People's Counsel
Pennsylvania Public Utility Commission	Columbia Water Company	R-2023-3040258	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Maryland Public Service Commission	Baltimore Gas and Electric Company	9692	Depreciation rates, service lives, net salvage	Maryland Office of People's Counsel
Arizona Corporation Commission	Arizona Public Service Company	E-01345A-22-0144	Cost of capital, awarded rate of return, capital structure	Residential Utility Consumer Office
Oklahoma Corporation Commission	Public Service Company of Oklahoma	PUD 2022-000093	Cost of capital, depreciation rates, net salvage	Oklahoma Industrial Energy Consumers
Public Service Commission of the State of Montana	NorthWestern Energy	2022.07.078	Cost of capital, depreciation rates, net salvage	Montana Consumer Counsel and Montana Large Customer Group
Indiana Utility Regulatory Commission	Northern Indiana Public Service Company	45772	Cost of capital, depreciation rates, net salvage	Indiana Office of Utility Consumer Counselor
Public Service Commission of South Carolina	Duke Energy Progress	2022-254-E	Depreciation rates, service lives, net salvage	South Carolina Office of Regulatory Staff
Wyoming Public Service Commission	Cheyenne Light, Fuel and Power Company D/B/A Black Hills Energy	20003-214-ER-22	Depreciation rates, service lives, net salvage	Wyoming Office of Consumer Advocate
Railroad Commission of Texas	Texas Gas Services Company	OS-22-00009896	Depreciation rates, service lives, net salvage	The City of El Paso
Public Utilities Commission of Nevada	Sierra Pacific Power Company	22-06014	Depreciation rates, service lives, net salvage	Bureau of Consumer Protection
Washington Utilities & Transportation Commission	Puget Sound Energy	UE-220066 UG-220067 UG-210918	Depreciation rates, service lives, net salvage	Washington Office of Attorney General

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Public Utility Commission of Texas	Oncor Electric Delivery Company LLC	PUC 53601	Depreciation rates, service lives, net salvage	Alliance of Oncor Cities
Florida Public Service Commission	Florida Public Utilities Company	20220067-GU	Cost of capital, depreciation rates	Florida Office of Public Counsel
Public Utility Commission of Texas	Entergy Texas, Inc.	PUC 53719	Depreciation rates, decommissioning costs	Texas Municipal Group
Florida Public Service Commission	Florida City Gas	2020069-GU	Cost of capital, depreciation rates	Florida Office of Public Counsel
Connecticut Public Utilities Regulatory Authority	Aquarion Water Company of Connecticut	22-07-01	Depreciation rates, service lives, net salvage	PURA Staff
Washington Utilities & Transportation Commission	Avista Corporation	UE-220053 UG-220054 UE-210854	Cost of capital, awarded rate of return, capital structure	Washington Office of Attorney General
Federal Energy Regulatory Commission	ANR Pipeline Company	RP22-501-000	Depreciation rates, service lives, net salvage	Ascent Resources - Utica, LLC
Pennsylvania Public Utility Commission	Columbia Gas of Pennsylvania, Inc.	R-2022-3031211	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Public Service Commission of South Carolina	Piedmont Natural Gas Company	2022-89-G	Depreciation rates, service lives, net salvage	South Carolina Office of Regulatory Staff
Pennsylvania Public Utility Commission	UGI Utilities, Inc. - Gas Division	R-2021-3030218	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Public Utilities Commission of the State of California	Pacific Gas & Electric Company	A.21-06-021	Depreciation rates, service lives, net salvage	The Utility Reform Network
Pennsylvania Public Utility Commission	PECO Energy Company - Gas Division	R-2022-3031113	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Oklahoma Corporation Commission	Oklahoma Gas & Electric Company	PUD 202100164	Cost of capital, depreciation rates, net salvage	Oklahoma Industrial Energy Consumers
Massachusetts Department of Public Utilities	NSTAR Electric Company D/B/A Eversource Energy	D.P.U. 22-22	Depreciation rates, service lives, net salvage	Massachusetts Office of the Attorney General, Office of Ratepayer Advocacy

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Michigan Public Service Company	DTE Electric Company	U-20836	Cost of capital, awarded rate of return, capital structure	Michigan Environmental Council and Citizens Utility Board of Michigan
New York State Public Service Commission	Consolidated Edison Company of New York, Inc.	22-E-0064 22-G-0065	Depreciation rates, service lives, net salvage, depreciation reserve	The City of New York
Pennsylvania Public Utility Commission	Aqua Pennsylvania Wastewater / East Whiteland Township	A-2021-3026132	Fair market value estimates for wastewater assets	Pennsylvania Office of Consumer Advocate
Public Service Commission of South Carolina	Kiawah Island Utility, Inc.	2021-324-WS	Cost of capital, awarded rate of return, capital structure	South Carolina Office of Regulatory Staff
Pennsylvania Public Utility Commission	Aqua Pennsylvania Wastewater / Willistown Township	A-2021-3027268	Fair market value estimates for wastewater assets	Pennsylvania Office of Consumer Advocate
Indiana Utility Regulatory Commission	Northern Indiana Public Service Company	45621	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Arkansas Public Service Commission	Southwestern Electric Power Company	21-070-U	Cost of capital, depreciation rates, net salvage	Western Arkansas Large Energy Consumers
Federal Energy Regulatory Commission	Southern Star Central Gas Pipeline	RP21-778-002	Depreciation rates, service lives, net salvage	Consumer-Owned Shippers
Railroad Commission of Texas	Participating Texas gas utilities in consolidated proceeding	OS-21-00007061	Securitization of extraordinary gas costs arising from winter storms	The City of El Paso
Public Service Commission of South Carolina	Palmetto Wastewater Reclamation, Inc.	2021-153-S	Cost of capital, awarded rate of return, capital structure, ring-fencing	South Carolina Office of Regulatory Staff
Public Utilties Commission of the State of Colorado	Public Service Company of Colorado	21AL-0317E	Cost of capital, depreciation rates, net salvage	Colorado Energy Consumers
Pennsylvania Public Utility Commission	City of Lancaster - Water Department	R-2021-3026682	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Public Utility Commission of Texas	Southwestern Public Service Company	PUC 51802	Depreciation rates, service lives, net salvage	The Alliance of Xcel Municipalities
Pennsylvania Public Utility Commission	The Borough of Hanover - Hanover Municipal Waterworks	R-2021-3026116	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Maryland Public Service Commission	Delmarva Power & Light Company	9670	Cost of capital and authorized rate of return	Maryland Office of People's Counsel
Oklahoma Corporation Commission	Oklahoma Natural Gas Company	PUD 202100063	Cost of capital, awarded rate of return, capital structure	Oklahoma Industrial Energy Consumers
Indiana Utility Regulatory Commission	Indiana Michigan Power Company	45576	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Public Utility Commission of Texas	El Paso Electric Company	PUC 52195	Depreciation rates, service lives, net salvage	The City of El Paso
Pennsylvania Public Utility Commission	Aqua Pennsylvania	R-2021-3027385	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Public Service Commission of the State of Montana	NorthWestern Energy	D2021.02.022	Cost of capital, awarded rate of return, capital structure	Montana Consumer Counsel
Pennsylvania Public Utility Commission	PECO Energy Company	R-2021-3024601	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
New Mexico Public Regulation Commission	Southwestern Public Service Company	20-00238-UT	Cost of capital and authorized rate of return	The New Mexico Large Customer Group; Occidental Permian
Oklahoma Corporation Commission	Public Service Company of Oklahoma	PUD 202100055	Cost of capital, depreciation rates, net salvage	Oklahoma Industrial Energy Consumers
Pennsylvania Public Utility Commission	Duquesne Light Company	R-2021-3024750	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Maryland Public Service Commission	Columbia Gas of Maryland	9664	Cost of capital and authorized rate of return	Maryland Office of People's Counsel
Indiana Utility Regulatory Commission	Southern Indiana Gas Company, d/b/a Vectren Energy Delivery of Indiana, Inc.	45447	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Public Utility Commission of Texas	Southwestern Electric Power Company	PUC 51415	Depreciation rates, service lives, net salvage	Cities Advocating Reasonable Deregulation
New Mexico Public Regulatory Commission	Avangrid, Inc., Avangrid Networks, Inc., NM Green Holdings, Inc., PNM, and PNM Resources	20-00222-UT	Ring fencing and capital structure	The Albuquerque Bernalillo County Water Utility Authority

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Indiana Utility Regulatory Commission	Indiana Gas Company, d/b/a Vectren Energy Delivery of Indiana, Inc.	45468	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Public Utilities Commission of Nevada	Nevada Power Company and Sierra Pacific Power Company, d/b/a NV Energy	20-07023	Construction work in progress	MGM Resorts International, Caesars Enterprise Services, LLC, and the Southern Nevada Water Authority
Massachusetts Department of Public Utilities	Boston Gas Company, d/b/a National Grid	D.P.U. 20-120	Depreciation rates, service lives, net salvage	Massachusetts Office of the Attorney General, Office of Ratepayer Advocacy
Public Service Commission of the State of Montana	ABACO Energy Services, LLC	D2020.07.082	Cost of capital and authorized rate of return	Montana Consumer Counsel
Maryland Public Service Commission	Washington Gas Light Company	9651	Cost of capital and authorized rate of return	Maryland Office of People's Counsel
Florida Public Service Commission	Utilities, Inc. of Florida	20200139-WS	Cost of capital and authorized rate of return	Florida Office of Public Counsel
New Mexico Public Regulatory Commission	El Paso Electric Company	20-00104-UT	Cost of capital, depreciation rates, net salvage	City of Las Cruces and Doña Ana County
Public Utilities Commission of Nevada	Nevada Power Company	20-06003	Cost of capital, awarded rate of return, capital structure, earnings sharing	MGM Resorts International, Caesars Enterprise Services, LLC, Wynn Las Vegas, LLC, Smart Energy Alliance, and Circus Circus Las Vegas, LLC
Wyoming Public Service Commission	Rocky Mountain Power	20000-578-ER-20	Cost of capital and authorized rate of return	Wyoming Industrial Energy Consumers
Florida Public Service Commission	Peoples Gas System	20200051-GU 20200166-GU	Cost of capital, depreciation rates, net salvage	Florida Office of Public Counsel
Wyoming Public Service Commission	Rocky Mountain Power	20000-539-EA-18	Depreciation rates, service lives, net salvage	Wyoming Industrial Energy Consumers
Public Service Commission of South Carolina	Dominion Energy South Carolina	2020-125-E	Depreciation rates, service lives, net salvage	South Carolina Office of Regulatory Staff
Pennsylvania Public Utility Commission	The City of Bethlehem	2020-3020256	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Railroad Commission of Texas	Texas Gas Services Company	GUD 10928	Depreciation rates, service lives, net salvage	Gulf Coast Service Area Steering Committee

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Public Utilities Commission of the State of California	Southern California Edison	A.19-08-013	Depreciation rates, service lives, net salvage	The Utility Reform Network
Massachusetts Department of Public Utilities	NSTAR Gas Company	D.P.U. 19-120	Depreciation rates, service lives, net salvage	Massachusetts Office of the Attorney General, Office of Ratepayer Advocacy
Georgia Public Service Commission	Liberty Utilities (Peach State Natural Gas)	42959	Depreciation rates, service lives, net salvage	Public Interest Advocacy Staff
Florida Public Service Commission	Florida Public Utilities Company	20190155-El 20190156-El 20190174-El	Depreciation rates, service lives, net salvage	Florida Office of Public Counsel
Illinois Commerce Commission	Commonwealth Edison Company	20-0393	Depreciation rates, service lives, net salvage	The Office of the Illinois Attorney General
Public Utility Commission of Texas	Southwestern Public Service Company	PUC 49831	Depreciation rates, service lives, net salvage	Alliance of Xcel Municipalities
Public Service Commission of South Carolina	Blue Granite Water Company	2019-290-WS	Depreciation rates, service lives, net salvage	South Carolina Office of Regulatory Staff
Railroad Commission of Texas	CenterPoint Energy Resources	GUD 10920	Depreciation rates and grouping procedure	Alliance of CenterPoint Municipalities
Pennsylvania Public Utility Commission	Aqua Pennsylvania Wastewater / East Norriton Township	A-2019-3009052	Fair market value estimates for wastewater assets	Pennsylvania Office of Consumer Advocate
New Mexico Public Regulation Commission	Southwestern Public Service Company	19-00170-UT	Cost of capital and authorized rate of return	The New Mexico Large Customer Group; Occidental Permian
Indiana Utility Regulatory Commission	Duke Energy Indiana	45253	Cost of capital, depreciation rates, net salvage	Indiana Office of Utility Consumer Counselor
Maryland Public Service Commission	Columbia Gas of Maryland	9609	Depreciation rates, service lives, net salvage	Maryland Office of People's Counsel
Washington Utilities & Transportation Commission	Avista Corporation	UE-190334	Cost of capital, awarded rate of return, capital structure	Washington Office of Attorney General
Indiana Utility Regulatory Commission	Indiana Michigan Power Company	45235	Cost of capital, depreciation rates, net salvage	Indiana Office of Utility Consumer Counselor

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Public Utilities Commission of the State of California	Pacific Gas & Electric Company	18-12-009	Depreciation rates, service lives, net salvage	The Utility Reform Network
Oklahoma Corporation Commission	The Empire District Electric Company	PUD 201800133	Cost of capital, authorized ROE, depreciation rates	Oklahoma Industrial Energy Consumers and Oklahoma Energy Results
Arkansas Public Service Commission	Southwestern Electric Power Company	19-008-U	Cost of capital, depreciation rates, net salvage	Western Arkansas Large Energy Consumers
Public Utility Commission of Texas	CenterPoint Energy Houston Electric	PUC 49421	Depreciation rates, service lives, net salvage	Texas Coast Utilities Coalition
Massachusetts Department of Public Utilities	Massachusetts Electric Company and Nantucket Electric Company	D.P.U. 18-150	Depreciation rates, service lives, net salvage	Massachusetts Office of the Attorney General, Office of Ratepayer Advocacy
Oklahoma Corporation Commission	Oklahoma Gas & Electric Company	PUD 201800140	Cost of capital, authorized ROE, depreciation rates	Oklahoma Industrial Energy Consumers and Oklahoma Energy Results
Public Service Commission of the State of Montana	Montana-Dakota Utilities Company	D2018.9.60	Depreciation rates, service lives, net salvage	Montana Consumer Counsel and Denbury Onshore
Indiana Utility Regulatory Commission	Northern Indiana Public Service Company	45159	Depreciation rates, grouping procedure, demolition costs	Indiana Office of Utility Consumer Counselor
Public Service Commission of the State of Montana	NorthWestern Energy	D2018.2.12	Depreciation rates, service lives, net salvage	Montana Consumer Counsel
Oklahoma Corporation Commission	Public Service Company of Oklahoma	PUD 201800097	Depreciation rates, service lives, net salvage	Oklahoma Industrial Energy Consumers and Wal-Mart
Nevada Public Utilities Commission	Southwest Gas Corporation	18-05031	Depreciation rates, service lives, net salvage	Nevada Bureau of Consumer Protection
Public Utility Commission of Texas	Texas-New Mexico Power Company	PUC 48401	Depreciation rates, service lives, net salvage	Alliance of Texas-New Mexico Power Municipalities
Oklahoma Corporation Commission	Oklahoma Gas & Electric Company	PUD 201700496	Depreciation rates, service lives, net salvage	Oklahoma Industrial Energy Consumers and Oklahoma Energy Results
Maryland Public Service Commission	Washington Gas Light Company	9481	Depreciation rates, service lives, net salvage	Maryland Office of People's Counsel

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Indiana Utility Regulatory Commission	Citizens Energy Group	45039	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Public Utility Commission of Texas	Entergy Texas, Inc.	PUC 48371	Depreciation rates, decommissioning costs	Texas Municipal Group
Washington Utilities & Transportation Commission	Avista Corporation	UE-180167	Depreciation rates, service lives, net salvage	Washington Office of Attorney General
New Mexico Public Regulation Commission	Southwestern Public Service Company	17-00255-UT	Cost of capital and authorized rate of return	HollyFrontier Navajo Refining; Occidental Permian
Public Utility Commission of Texas	Southwestern Public Service Company	PUC 47527	Depreciation rates, plant service lives	Alliance of Xcel Municipalities
Public Service Commission of the State of Montana	Montana-Dakota Utilities Company	D2017.9.79	Depreciation rates, service lives, net salvage	Montana Consumer Counsel
Florida Public Service Commission	Florida City Gas	20170179-GU	Cost of capital, depreciation rates	Florida Office of Public Counsel
Washington Utilities & Transportation Commission	Avista Corporation	UE-170485	Cost of capital and authorized rate of return	Washington Office of Attorney General
Wyoming Public Service Commission	Powder River Energy Corporation	10014-182-CA-17	Credit analysis, cost of capital	Private customer
Oklahoma Corporation Commission	Public Service Co. of Oklahoma	PUD 201700151	Depreciation, terminal salvage, risk analysis	Oklahoma Industrial Energy Consumers
Public Utility Commission of Texas	Oncor Electric Delivery Company	PUC 46957	Depreciation rates, simulated analysis	Alliance of Oncor Cities
Nevada Public Utilities Commission	Nevada Power Company	17-06004	Depreciation rates, service lives, net salvage	Nevada Bureau of Consumer Protection
Public Utility Commission of Texas	El Paso Electric Company	PUC 46831	Depreciation rates, interim retirements	City of El Paso
Idaho Public Utilities Commission	Idaho Power Company	IPC-E-16-24	Accelerated depreciation of North Valmy plant	Micron Technology, Inc.

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Idaho Public Utilities Commission	Idaho Power Company	IPC-E-16-23	Depreciation rates, service lives, net salvage	Micron Technology, Inc.
Public Utility Commission of Texas	Southwestern Electric Power Company	PUC 46449	Depreciation rates, decommissioning costs	Cities Advocating Reasonable Deregulation
Massachusetts Department of Public Utilities	Eversource Energy	D.P.U. 17-05	Cost of capital, capital structure, and rate of return	Sunrun Inc.; Energy Freedom Coalition of America
Railroad Commission of Texas	Atmos Pipeline - Texas	GUD 10580	Depreciation rates, grouping procedure	City of Dallas
Public Utility Commission of Texas	Sharyland Utility Company	PUC 45414	Depreciation rates, simulated analysis	City of Mission
Oklahoma Corporation Commission	Empire District Electric Company	PUD 201600468	Cost of capital, depreciation rates	Oklahoma Industrial Energy Consumers
Railroad Commission of Texas	CenterPoint Energy Texas Gas	GUD 10567	Depreciation rates, simulated plant analysis	Texas Coast Utilities Coalition
Arkansas Public Service Commission	Oklahoma Gas & Electric Company	160-159-GU	Cost of capital, depreciation rates, terminal salvage	Arkansas River Valley Energy Consumers; Wal-Mart
Florida Public Service Commission	Peoples Gas	160-159-GU	Depreciation rates, service lives, net salvage	Florida Office of Public Counsel
Arizona Corporation Commission	Arizona Public Service Company	E-01345A-16-0036	Cost of capital, depreciation rates, terminal salvage	Energy Freedom Coalition of America
Nevada Public Utilities Commission	Sierra Pacific Power Company	16-06008	Depreciation rates, net salvage, theoretical reserve	Northern Nevada Utility Customers
Oklahoma Corporation Commission	Oklahoma Gas & Electric Co.	PUD 201500273	Cost of capital, depreciation rates, terminal salvage	Public Utility Division
Oklahoma Corporation Commission	Public Service Co. of Oklahoma	PUD 201500208	Cost of capital, depreciation rates, terminal salvage	Public Utility Division
Oklahoma Corporation Commission	Oklahoma Natural Gas Company	PUD 201500213	Cost of capital, depreciation rates, net salvage	Public Utility Division

FMV Adjustment Summary

[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]

Gannett Fleming Results and Adjustments

Approach	Base Value	Weight	Weighted Value	OCA Adjustment	Adjusted Value	OCA Weight	OCA Weighted Value
Market	$ 28,200,815	33.3%	$ 9,400,272	$ (11,597,270)	$ 16,603,545	33.3%	$ 5,534,515
Cost	46,212,970	33.3%	15,404,323	(29,098,794)	17,114,176	33.3%	5,704,725
Income	26,079,251	33.3%	8,693,084	(9,521,037)	16,558,214	33.3%	5,519,405
Total		100.0%	$ 33,497,679	**Total**		100.0%	$ 16,758,645

ScottMadden Results and Adjustments

Approach	Base Value	Weight	Weighted Value	OCA Adjustment	Adjusted Value	OCA Weight	OCA Weighted Value
Market	$ 20,185,657	33.3%	$ 6,728,552	$ (3,582,112)	$ 16,603,545	33.3%	$ 5,534,515
Cost	25,565,699	33.3%	8,521,900	(8,451,523)	17,114,176	33.3%	5,704,725
Income	15,853,361	33.3%	5,284,454	704,853	16,558,214	33.3%	5,519,405
Total		100.0%	$ 20,534,906	**Total**		100.0%	$ 16,758,645

Results Summary

	Appraiser Weighted Value	OCA Adjusted Value
Gannett Fleming	$ 33,497,679	$ 16,758,645
WADS Consultants	20,534,906	16,758,645
Average	$ 27,016,292	$ 16,758,645
Purchase Price	$ 18,000,000	$ 18,000,000
Lesser of Purchase Price and Market Value	**$ 18,000,000**	**$ 16,758,645**

[1] Valuation apprach
[2] Appraised value
[3] Applied weighting
[4] = [2] * [3];
[5] = [6] - [2]
[6] OCA adjusted value
[7] Applied weighting
[8] = [6] * [7]

Market Approach Valuation Adjustment

Exhibit DJG-3

Company	Ticker	Market Capitalization	Long-Term Debt	Cash Equivalents	Enterprise Value	Net Plant	EV / NP Ratio
American States Water Co	AWR	$ 3,100	$ 805	$ 21	$ 3,884	$ 2,100	1.8
American Water Works Co Inc	AWK	28,100	13,321	132	41,289	28,038	1.5
Artesian Resources -CL A	ARTNA	341	177	4	514	751	0.7
California Water Service Gp	CWT	2,800	1,104	45	3,860	4,135	0.9
Essential Utilities, Inc.	WTRG	10,700	7,572	21	18,251	13,143	1.4
Middlesex Water Co	MSEX	1,000	351	3	1,349	1,067	1.3
SJW Corp	SJW	1,800	1,692	24	3,468	4,474	0.8
York Water Co	YORW	442	206	-	648	533	1.2
Average		$ 6,035	$ 3,153	$ 31	$ 9,158	$ 6,780	1.2
GWA Net Plant		$ 13,859,389					
GWA Indicated Value		**$ 16,603,545**					

All dollar figures in millions from Value Line for latest reporting period available

Enterprise value = market capitalization + long-term debt - cash equivalents

Indicated system valuation = net plant x average EV / NP ratio

Cost Approach Adjustment Summary

Exhibit DJG-4

Gannett Flemming OCNLD Estimate			ScottMadden OCLD Estimate		
Description	Original Cost		Description	Original Cost	
Original Cost New	$	27,382,498	Original Cost	$	24,440,122
Accumulated Depreciation	$	7,013,534	Accumulated Depreciation	$	10,580,733
OCNLD	**$**	**20,368,964**	**OCNLD**	**$**	**13,859,389**
AVERAGE RESULT	**$**	**17,114,176**			

Income Approach Adjustment Summary

Annual Cash Flow	$	371,185	[1]
Constant Growth Rate		3.70%	[2]
Discount Rate		6.02%	[3]
Adjusted Value	**$**	**16,558,214**	[4]

[1] From OCA Exhibit DJG-6
[2] From OCA Exhibit DJG-8
[3] From OCA Exhibit DJG-7
[4] = [1] * (1+[2]) / ([3] - [2])

Annual Free Cash Flow Calculation

	Year 0
Operating Revenues	$ 2,181,171
EBIT	879,919
Tax (21%)	184,783
EBIT (1-t)	695,136
Depreciation	-
Capital Expenditures	323,951
Free Cash Flow from Operations	**$ 371,185**

Exhibit Q, Gannett Fleming Appraisal, Exh. 14, p. 1.

Weighted Cost of Capital Calculation

Capital Component	Proposed Ratio	Cost Rate	After-Tax Rate	Weighted Cost
Long Term Debt	48%	3.9%	3.1%	1.47%
Equity	52%	8.8%	8.8%	4.55%
Total	100%			6.02%

Cost of Equity Estimate

Company	Ticker	[1] Stock Price ($)	[2] Dividend ($)	[3] Beta	[4] Debt Ratio	[5] Interest Exp. ($mill)	[6] Long-Term Debt ($mill)	[7] Debt Cost	[8] DCF Result	[9] CAPM Result
American States Water Co	AWR	74.41	2.02	0.75	47%	40.0	805.0	5.0%	6.5%	8.6%
American Water Works Co Inc	AWK	142.92	3.31	0.80	55%	530.0	13,321.0	4.0%	6.1%	8.9%
Artesian Resources -CL A	ARTNA	32.98	1.23	0.70	42%	8.8	176.5	5.0%	7.6%	8.4%
California Water Service Gp	CWT	46.36	1.20	0.85	40%	40.0	1,104.4	3.6%	6.4%	9.1%
Essential Utilities, Inc.	WTRG	38.53	1.37	0.85	54%	300.0	7,571.8	4.0%	7.4%	9.1%
Middlesex Water Co	MSEX	52.85	1.36	0.75	44%	7.5	351.3	2.1%	6.4%	8.6%
SJW Corp	SJW	49.64	1.68	0.80	56%	50.0	1,691.5	3.0%	7.2%	8.9%
York Water Co	YORW	30.85	0.88	0.75	47%	8.9	205.6	4.3%	6.7%	8.6%
Average		58.57	1.63	0.78	48%	123.1	3,153.4	3.9%	6.8%	8.8%

Terminal Growth Rate (DCF)	**3.7%**	[10]
Risk-Free Rate (CAPM)	**4.9%**	[11]
Equity Risk Premium (CAPM)	**5.0%**	[12]
Cost of Equity Estimate	**8.8%**	[13]

[1] Average stock prices from OCA Exhibit DJG-9
[2] Yahoo! Finance
[3], [4], [5], [6] Value Line Investment Survey
[7] = [5] / [6]
[8] Constant annaul growth DCF model = [2] * (1 + [10]) / [1] + [10]
[9] = [11] + [3] * [12]
[10] Growth rate from OCA Exhibit DJG-10
[11] Risk-free rate from OCA Exhibit DJG-11
[12] Equity risk premium from OCA Exhibit DJG-13
[13] Cost of equity estimate based on modeling results and judgment

DCF Stock and Index Prices

Exhibit DJG-9

Ticker	^GSPC	AWR	AWK	ARTNA	CWT	WTRG	MSEX	SJW	YORW
30-day Average	6413	74.41	142.92	32.98	46.36	38.53	52.85	49.64	30.85
Standard Deviation	66.0	0.98	2.27	0.42	0.79	0.97	0.88	0.85	0.41
09/08/25	6495	73.47	140.02	32.60	46.33	38.37	53.10	49.79	30.43
09/05/25	6482	74.66	143.60	33.24	47.09	39.35	54.17	50.47	31.01
09/04/25	6502	74.21	141.57	32.91	46.69	39.00	53.25	49.94	30.74
09/03/25	6448	73.52	140.70	32.68	46.46	38.64	53.05	49.61	30.42
09/02/25	6416	73.49	141.41	32.87	46.04	38.83	52.40	48.90	30.35
08/29/25	6460	74.53	143.51	33.15	46.93	39.51	53.54	50.37	31.07
08/28/25	6502	74.35	142.93	33.46	46.87	39.66	53.82	49.91	31.03
08/27/25	6481	75.11	144.75	33.19	47.15	39.83	53.98	50.92	31.27
08/26/25	6466	74.40	143.95	33.10	46.76	39.03	53.22	49.87	31.02
08/25/25	6439	74.74	144.40	33.40	46.76	39.09	53.52	50.09	31.20
08/22/25	6467	75.66	146.20	33.84	47.59	39.62	54.56	50.98	31.74
08/21/25	6370	74.58	145.87	32.96	46.77	39.22	52.81	50.06	31.06
08/20/25	6396	75.26	145.62	33.05	46.69	39.27	53.11	50.13	31.05
08/19/25	6411	75.06	145.21	33.21	47.10	39.20	53.22	50.43	31.23
08/18/25	6449	73.96	142.66	32.81	46.05	38.66	52.23	49.73	30.71
08/15/25	6450	74.94	143.92	32.78	46.51	39.18	52.98	50.02	30.91
08/14/25	6469	74.90	143.41	33.01	46.37	39.07	52.69	49.80	30.67
08/13/25	6467	75.70	143.73	33.55	46.85	39.17	53.68	50.34	31.24
08/12/25	6446	75.70	142.09	33.74	46.74	38.78	53.57	50.02	31.85
08/11/25	6373	75.70	144.72	33.41	46.70	38.68	53.06	49.90	30.92
08/08/25	6389	75.14	144.53	33.27	46.48	38.44	52.70	49.83	30.93
08/07/25	6340	75.54	143.60	32.89	46.58	38.09	52.93	49.80	30.88
08/06/25	6345	73.87	141.10	32.86	45.95	37.58	51.39	49.16	30.58
08/05/25	6299	74.12	140.70	32.89	46.08	37.58	51.60	49.12	30.16
08/04/25	6330	74.98	146.16	32.51	46.66	37.99	52.84	49.35	30.68
08/01/25	6238	74.24	144.89	32.52	46.20	37.84	52.05	49.08	30.45
07/31/25	6339	73.10	139.44	32.35	45.18	36.48	51.27	47.89	30.26
07/30/25	6363	73.02	138.86	32.81	44.60	36.60	51.63	48.31	30.69
07/29/25	6371	72.77	140.15	32.22	44.71	36.87	51.92	48.09	30.68
07/28/25	6390	71.70	137.92	32.06	44.04	36.41	51.19	47.38	30.15

All prices are adjusted closing prices reported by Yahoo! Finance, http://finance.yahoo.com

DCF Sustainable Growth Rate Determinants

Terminal Growth Determinants	Rate
Nominal GDP	3.7%
Real GDP	1.6%
Highest	**3.7%**

CBO, The Long-Term Budget Outlook: 2025-2055, p. 32

CAPM Risk-Free Rate

Date	Rate
07/28/25	4.96%
07/29/25	4.86%
07/30/25	4.89%
07/31/25	4.89%
08/01/25	4.81%
08/04/25	4.80%
08/05/25	4.78%
08/06/25	4.81%
08/07/25	4.81%
08/08/25	4.85%
08/11/25	4.84%
08/12/25	4.88%
08/13/25	4.83%
08/14/25	4.88%
08/15/25	4.92%
08/18/25	4.94%
08/19/25	4.90%
08/20/25	4.89%
08/21/25	4.92%
08/22/25	4.88%
08/25/25	4.89%
08/26/25	4.90%
08/27/25	4.91%
08/28/25	4.88%
08/29/25	4.92%
09/02/25	4.97%
09/03/25	4.90%
09/04/25	4.86%
09/05/25	4.78%
09/08/25	4.69%
Average	**4.87%**

*Daily Treasury Yield Curve Rates on 30-year T-bonds, http://www.treasury.gov/resources-center/data-chart-center/interest-rates/

CAPM Implied ERP Estimate

Year	[1] Market Value	[2] Operating Earnings	[3] Dividends	[4] Buybacks	[5] Earnings Yield	[6] Dividend Yield	[7] Buyback Yield	[8] Gross Cash Yield
2014	18,245	1,004	350	553	5.50%	1.92%	3.03%	4.95%
2015	17,900	885	382	572	4.95%	2.14%	3.20%	5.33%
2016	19,268	920	397	536	4.77%	2.06%	2.78%	4.85%
2017	22,821	1,066	420	519	4.67%	1.84%	2.28%	4.12%
2018	21,027	1,282	456	806	6.10%	2.17%	3.84%	6.01%
2019	26,760	1,305	485	729	4.88%	1.81%	2.72%	4.54%
2020	31,659	1,019	480	520	3.22%	1.52%	1.64%	3.16%
2021	40,356	1,739	511	882	4.31%	1.27%	2.18%	3.45%
2022	32,133	1,656	565	923	5.15%	1.76%	2.87%	4.63%
2023	36,870	1,790	588	795	4.85%	1.60%	2.16%	3.75%
2024	49,805	1,968	630	943	3.95%	1.26%	1.89%	3.16%

Cash Yield	4.36%	[9]
Growth Rate	6.96%	[10]
Risk-free Rate	4.87%	[11]
Current Index Value	6,413	[12]

Year	[13] 1	[14] 2	[15] 3	[16] 4	[17] 5
Expected Dividends	299	320	342	366	391
Expected Terminal Value					8202
Present Value	272	265	258	251	5367
Intrinsic Index Value	6413	[18]			
Required Return on Market	9.9%	[19]			
Implied Equity Risk Premium	**5.0%**	[20]			

[1-4] S&P Quarterly Press Releases, data found at https://us.spindices.com/indices/equity/sp-500 (additional info tab) (all dollar figures are in $ billions)
[1] Market value of S&P 500
[5] = [2] / [1]
[6] = [3] / [1]
[7] = [4] / [1]
[8] = [6] + [7]
[9] = Average of [8]
[10] = Compund annual growth rate of [2] = (end value / beginning value)^ $^{1/10}$-1
[11] Risk-free rate from DJG risk-free rate exhibit
[12] 30-day average of closing index prices from DJG stock price exhibit
[13-16] Expected dividends = [9]*[12]*(1+[10])^{n} ; Present value = expected dividend / (1+[11]+[19])^{n}
[17] Expected terminal value = expected dividend * (1+[11]) / [19] ; Present value = (expected dividend + expected terminal value) / (1+[11]+[19])^{n}
[18] = Sum([13-17]) present values.
[19] = [20] + [11]
[20] Internal rate of return calculation setting [18] equal to [12] and solving for the discount rate

CAPM ERP Results

IESE Business School Survey	5.5%	[1]
Kroll (Duff & Phelps) Report	5.5%	[2]
Damodaran (highest)	4.0%	[3]
Garrett	5.0%	[4]
Average	**5.0%**	

[1] IESE Business School Survey 2025
[2] Kroll (Duff & Phelps), 6-8-2024
[3] http://pages.stern.nyu.edu/~adamodar/ , 9-1-2025
[4] ERP estimation from Exhibit DJG-12

Exhibit DJG-14

Greenville Water Authority (GWA) Responses to Office of Consumer Advocate (OCA) Interrogatories:

OCA-I-3

OCA-I-7

OCA-I-11

OCA-I-12

OCA-I-21

OCA-I-37

OCA-I-38

OCA-I-40

Respondent: Thomas Strahler
Date: 08/27/2025

APPLICATION OF AQUA PENNSYLVANIA, INC.

DOCKET NO. A-2024-3049051

OFFICE OF CONSUMER ADVOCATE

SET I INTERROGATORIES TO GWA

OCA-I-3 Please provide a detailed list of any infrastructure grants or loans GWA has applied for, intends to apply for, or may apply for if the sale to Aqua Pennsylvania Inc. (hereafter Aqua) is not completed.

RESPONSE **GWA does not have any loan/grant applications in process.**

Respondent: Thomas Strahler
Date: 08/27/2025

APPLICATION OF AQUA PENNSYLVANIA, INC.

DOCKET NO. A-2024-3049051

OFFICE OF CONSUMER ADVOCATE

SET I INTERROGATORIES TO GWA

OCA-I-7 Other than the grants identified in the previous question, please state whether GWA is aware of any other grants or loans used to install, repair, replace, or otherwise fund the system in the last 10 years? If yes, state a description of the grant, the amount of the grant, and whether the GWA will repay the grant upon the sale of the water system.

RESPONSE Yes. PennVest issued a grant/loan in 2018 for a project to replace a line and to paint a tank. The grant/loan was for $3,414,509 (loan of $1,971,087 and grant of $1,443,422). GWA will satisfy its obligation to PennVest at the time of closing.

Reference is made to OCA-I-7 Attachment.

Commonwealth of Pennsylvania
Financial Accounting
Payment History & Amortization Schedule

Agency Name:	PA Infrastructure Investment	Loan Number:	P33001650-100
Project Number:	43036041605CW	Legacy Loan Number:	85156
Borrower Business Partner Number/Name:	600645 / GREENVILLE BOROUGH MUN AUTH		
Certified Provider Business Partner #/Name:			
Program Name:	DW Revolv FD (PV Drinking Water State Revolving Fund)		
LOAN DETAILS			
Loan Close Date:	05/03/2018	Amortization Date:	05/01/2019
Maturity Date:	04/01/2039	Amortization Status:	FA
Payment Interval:	Monthly	ACH Repayment Status:	ACH-Loan Repmt Tru
Loan Term:	250	Number of Remaining Payments:	215
Current Interest Rate:	1.000	Calculation Base:	360/360
Current Annuity Amount:	$9,030.44	Next Scheduled Annuity Payment Due:	06/01/2021
Bankruptcy:	No		
DISBURSEMENT DETAILS			
Loan Amount:	$1,971,087.00	Total Capitalization of Overdue Items:	$0.00
Current Contract Capital:	$1,971,086.99	Total Loan Disbursements To-Date:	$1,971,086.99
Grant Amount:	$0.00	Total Grant Disbursements To-Date:	$0.00
Principal Forgiveness Amount:	$1,443,422.00	Total Principal Forgiveness Disbursements To-Date:	$1,443,422.00
PAYMENT DETAILS			
Date Last Payment Received:	05/03/2021	Amount of Last Payment Received:	$9,064.92
Paid To Date:	05/01/2021	Total Open Items:	$0.00
		Current Outstanding Principal Balance:	$1,776,876.03

Payment History

Date Due	Date Paid	Tran Type	Total Payment	Interest	Principal	Principal Reduction	Delinquent Fees	Other Fees	Balance
	06/01/2018	L	81,367.88	0.00	81,367.88	0.00	0.00	0.00	81,367.88
	06/01/2018	P	59,577.70	0.00	59,577.70	0.00	0.00	0.00	81,367.88
07/01/2018	07/02/2018		65.55	65.55	0.00	0.00	0.00	0.00	81,367.88
08/01/2018	08/01/2018		67.81	67.81	0.00	0.00	0.00	0.00	81,367.88
09/01/2018	09/04/2018		67.81	67.81	0.00	0.00	0.00	0.00	81,367.88
	09/10/2018	L	152,480.59	0.00	152,480.59	0.00	0.00	0.00	233,848.47
	09/10/2018	P	111,646.53	0.00	111,646.53	0.00	0.00	0.00	233,848.47
10/01/2018	10/01/2018		152.52	152.52	0.00	0.00	0.00	0.00	233,848.47
	10/17/2018	L	502,749.93	0.00	502,749.93	0.00	0.00	0.00	736,598.40
	10/17/2018	P	368,114.32	0.00	368,114.32	0.00	0.00	0.00	736,598.40
11/01/2018	11/01/2018		390.38	390.38	0.00	0.00	0.00	0.00	736,598.40
	11/21/2018	L	323,996.16	0.00	323,996.16	0.00	0.00	0.00	1,060,594.56
	11/21/2018	P	237,230.52	0.00	237,230.52	0.00	0.00	0.00	1,060,594.56
12/01/2018	12/03/2018		694.83	694.83	0.00	0.00	0.00	0.00	1,060,594.56
01/01/2019	01/02/2019		883.83	883.83	0.00	0.00	0.00	0.00	1,060,594.56
	01/14/2019	L	332,196.24	0.00	332,196.24	0.00	0.00	0.00	1,392,790.80
	01/14/2019	P	243,234.62	0.00	243,234.62	0.00	0.00	0.00	1,392,790.80
02/01/2019	02/01/2019		1,031.47	1,031.47	0.00	0.00	0.00	0.00	1,392,790.80
03/01/2019	03/01/2019		1,160.66	1,160.66	0.00	0.00	0.00	0.00	1,392,790.80
04/01/2019	04/01/2019		1,160.66	1,160.66	0.00	0.00	0.00	0.00	1,392,790.80
	04/12/2019	P	43,151.56	0.00	43,151.56	0.00	0.00	0.00	1,392,790.80
	04/12/2019	L	58,933.99	0.00	58,933.99	0.00	0.00	0.00	1,451,724.79
05/01/2019	05/01/2019		9,064.93	1,190.13	7,874.80	0.00	0.00	0.00	1,443,849.99

Respondent: Thomas Strahler
Date: 08/27/2025

APPLICATION OF AQUA PENNSYLVANIA, INC.

DOCKET NO. A-2024-3049051

OFFICE OF CONSUMER ADVOCATE

SET I INTERROGATORIES TO GWA

OCA-I-11 Does the Municipality intend to increase rates in (year) or in the next five years? If so, by how much per year or per increase? If not, why?

RESPONSE The Authority adjusts its rates based on need. Evaluations of need take place periodically, with at least an annual review when the budget for the upcoming year is being prepared. Currently there are no plans to raise rates in the future in excess of the cost of inflation, although more substantial rate increases cannot be ruled out.

Respondent: Thomas Strahler
Date: 08/27/2025

APPLICATION OF AQUA PENNSYLVANIA, INC.

DOCKET NO. A-2024-3049051

OFFICE OF CONSUMER ADVOCATE

SET I INTERROGATORIES TO GWA

OCA-I-12 When was the last time that GWA increased its rates?

RESPONSE **January 1, 2025.**

Respondent: Thomas Strahler
Date: 08/27/2025

APPLICATION OF AQUA PENNSYLVANIA, INC.

DOCKET NO. A-2024-3049051

OFFICE OF CONSUMER ADVOCATE

SET I INTERROGATORIES TO GWA

OCA-I-21 At any time within the last five-year period ending September 2024, has the GWA been unable to replace water utility infrastructure or make needed upgrades? If 'yes' identify and explain each such occurrence.

RESPONSE No.

Respondent: Thomas Strahler
Date: 08/27/2025

APPLICATION OF AQUA PENNSYLVANIA, INC.

DOCKET NO. A-2024-3049051

OFFICE OF CONSUMER ADVOCATE

SET I INTERROGATORIES TO GWA

OCA-I-37 At any time within the same five-year period has GWA been unable to obtain necessary financing for the water utility? If "yes" identify and explain each such occurrence.

RESPONSE **No.**

Respondent: Thomas Strahler
Date: 08/27/2025

APPLICATION OF AQUA PENNSYLVANIA, INC.

DOCKET NO. A-2024-3049051

OFFICE OF CONSUMER ADVOCATE

SET I INTERROGATORIES TO GWA

OCA-I-38 Has GWA completed any projects necessary to upgrade or maintain the system since the negotiation of the sale of the system to Aqua? If so, please provide the cost and narrative for each project.

RESPONSE Yes. GWA continues to maintain its system which has included a number of small projects. The costs of these projects have not been calculated. In addition, A project was recently awarded. A portion of the water conveyance system needed repaired. The bid amount for the project is $288,000. The project is expected to be completed prior to sale of the system.

Respondent: Thomas Strahler
Date: 08/27/2025

APPLICATION OF AQUA PENNSYLVANIA, INC.

DOCKET NO. A-2024-3049051

OFFICE OF CONSUMER ADVOCATE

SET I INTERROGATORIES TO GWA

OCA-I-40 Currently, is the GWA able to provide water service in compliance with state and federal regulatory requirements?

RESPONSE: Yes.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Section 1329 Application of Aqua Pennsylvania, Inc. for the Acquisition of the Water System Assets of the Municipal Authority of the Borough of Greenville situated within the Borough of Greenville, Hempfield Township, Sugar Grove Township, and West Salem Township, Mercer County, Pennsylvania	:	Docket No. A-2024-3049015

VERIFICATION

I, David J. Garrett, hereby state that the facts above set forth in my Direct Testimony, OCA Statement No. 1, are true and correct to the best of my knowledge, information, and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

DATED: September 19, 2025

Signature: */s/ David J. Garrett*
David J. Garrett

Address: Resolve Utility Consulting, PLLC
101 Park Avenue
Suite 1125
Oklahoma City, OK 73102

COMMONWEALTH OF PENNSYLVANIA

DARRYL A. LAWRENCE
Consumer Advocate

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October 3, 2025

Via Electronic Mail Only
Administrative Law Judge Katrina L. Dunderdale (Email: kdunderdal@pa.gov, kaloukas@pa.gov)
Pennsylvania Public Utility Commission
301 Fifth Avenue
Suite 220
Pittsburgh, PA 15222

Re: Section 1329 Application of Aqua Pennsylvania, Inc. for the Acquisition of the Water System Assets of the Municipal Authority of the Borough of Greenville situated within the Borough of Greenville, Hempfield Township, Sugar Grove Township, and West Salem Township, Mercer County, Pennsylvania,
Docket No. A-2024-3049015

Dear Honorable Judge Dunderdale:

Please find enclosed a copy of the Surrebuttal Testimony being submitted on behalf of the Office of Consumer Advocate in this proceeding, as follows:

- OCA Statement 1SR: Surrebuttal Testimony of David J. Garrett
- Verification of David J. Garrett

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Katie Kennedy
Katie Kennedy, Esq.
Assistant Consumer Advocate
PA Attorney I.D. # 317237
Email: KKennedy@paoca.org

Enclosures
cc: Secretary Matthew L. Homsher (Cover Letter and Certificate of Service Only)
Certificate of Service

CERTIFICATE OF SERVICE

Section 1329 Application of Aqua Pennsylvania, Inc. for the Acquisition of the Water System Assets of the Municipal Authority of the Borough of Greenville situated within the Borough of Greenville, Hempfield Township, Sugar Grove Township, and West Salem Township, Mercer County, Pennsylvania	:	Docket No. A-2024-3049015

I hereby certify that I have this day filed electronically on the Commission's electronic filing system and served a true copy of the following document, the Office of Consumer Advocate's Surrebuttal Testimony, as follows:

- OCA Statement 1SR: Surrebuttal Testimony of David J. Garrett
- Verification of David J. Garrett

upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 3rd day of October 2025.

SERVICE BY E-MAIL ONLY

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Dated: October 3, 2025

/s/ Katie Kennedy
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Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Harrisburg, PA 17105-3265
EFILING - FILING DETAIL

Date Created	Filing Number
10/3/2025	2889539

Your filing has been electronically received. Upon review of the filing for conformity with the Commission's filing requirements, a notice will be issued acknowledging acceptance or rejection (with reason) of the filing. The matter will receive the attention of the Commission and you will be advised if any further action is required on your part.

The date filed on will be the current day if the filing occurs on a business day before or at 4:30 p.m. (EST). It will be the next business day if the filing occurs after 4:30 p.m. (EST) or on weekends or holidays.

Docket Number: A-2024-3049015
Case Description:
Transmission Date: 10/3/2025 2:37 PM
Filed On: 10/3/2025 2:37 PM
eFiling Confirmation Number: 2889539

File Name	Document Type	Upload Date
OCA COS - Surrebuttal Testimony.pdf	Certificate of Service	10/3/2025 2:37:13 PM

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No paper submission is necessary for filings under 250 pages.

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Aqua Pennsylvania, Inc. pursuant to Sections 1102 and 1329 of the Public Utility Code for: (1) approval of the acquisition by Aqua of the water system assets of the Municipal Authority of the Borough of Greenville ("GWA") situated within the Borough of Greenville, Hempfield Township, Sugar Grove Township, and West Salem Township, Mercer County, Pennsylvania; (2) approval of the right of Aqua to begin to offer, render, furnish and supply water service to the public in the Borough of Greenville, Hempfield Township, Sugar Grove Township, and West Salem Township, Mercer County, Pennsylvania; and(3) an order approving the acquisition that includes the ratemaking rate base of the GWA water system assets pursuant to Section 1329(c)(2) of the Public Utility Code. Request for Approval of Contracts, including Assignments of Contracts, between Aqua and the GWA, Pursuant to Section 507 of the Public Utility Code	:	Docket No. A-2024-3049015

SURREBUTTAL TESTIMONY
OF
DAVID J. GARRETT

ON BEHALF OF
THE PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

October 3, 2025

TABLE OF CONTENTS

I. INTRODUCTION

Q. State your name and occupation.

A. My name is David J. Garrett. I am a consultant specializing in public utility regulation. I am the managing member of Resolve Utility Consulting, PLLC. My business address is 5000 Carrington Pl., Oklahoma City, Oklahoma 73131.

Q. Have you previously filed testimony in this proceeding?

A. Yes. I provided direct testimony in OCA Statement 1 on September 19, 2025, on behalf of the Pennsylvania Office of Consumer Advocate (OCA). A summary of my qualifications is included in my direct testimony. My direct testimony addressed the fair market value (FMV) appraisals included in the application filed by Aqua Pennsylvania, Inc. (Aqua or the Company) for the acquisition of the water system assets of the Municipal Authority of the Borough of Greenville (GWA).

Q. What is the purpose of your surrebuttal testimony?

A. My surrebuttal testimony responds to the rebuttal testimonies of Harold Walker, III of Gannett Fleming, who sponsors the FMV appraisal commissioned by Aqua, and the testimony of Dylan W. D'Ascendis, of ScottMadden, who sponsors the appraisal commissioned by GWA.

Q. Did any of the arguments raised by Mr. Walker or Mr. D'Ascendis in their rebuttal testimonies persuade you to change your opinions as stated in your direct testimony?

A. No. In addition, to the extent I do not address a particular statement or position raised in the rebuttal testimonies does not constitute my agreement with the same.

II. MARKET APPROACH

Q. Please summarize Mr. Walker's rebuttal testimony regarding your proposed adjustments to his Market Approach valuation.

A. Mr. Walker also disagrees with my adjustments to his selected transactions method as part of his Market Approach. Mr. Walker claims I used an incorrect value for the original cost new less depreciation (OCNLD) figure in my Market Approach adjustment. He also criticizes my approach, which considers the enterprise values (EV) of the proxy group to estimate the value of the GWA system.

Q. What is your response to Mr. Walker regarding these issues?

A. First, I used the same OCNLD figure used by Mr. D'Ascendis in my Market Approach adjustment. Notably, Mr. D'Ascendis also estimated a much lower Market Approach valuation ($20.1 million) than Mr. Walker ($28.2 million). Second, my EV calculation should not be controversial; EV is equal to market capitalization plus total debt less cash equivalents. Applying this formula to the proxy group companies along with their net plant figures results in an average EV / net plant ratio of 1.2 for the proxy group. Applying that ratio to GWA's net plant (NP) indicates an enterprise value of $16.6 million for the GWA system.

Q. Do you agree with Mr. Walker's assertions that it is inappropriate for your EV/NP calculation to include "cost free capital"?

A. No. Again, I correctly applied the EV formula. This indicates valuations for each of the proxy companies, which can be applied to the GWA system using the EV/NP ratio.

Q. Please summarize Mr. D'Ascendis's rebuttal testimony regarding your proposed adjustments to his Market Approach valuation.

A. Mr. D'Ascendis disagrees with my use of the book value of debt in my EV calculations.

Q. What is your response to Mr. D'Ascendis in this issue?

A. Using the book value of debt instead of market value for the EV formula does not invalidate the approach. Book values of debt are readily available from financial reports and published by Value Line and other publicly available sources, so they are not controversial, and do not need to be estimated. This approach has several practical aspects, particularly in an evidentiary proceeding. In addition, the book value of debt is a reliable indicator of a company's total debt, particularly for debt that is not publicly traded (i.e., private debt). As stated in my rebuttal to Mr. Walker on this issue, I applied to EV formula correctly, and the derived ratio indicates a valuation of $16.6 million for the GWA system.

III. COST APPROACH

Q. Please summarize the UVEs rebuttal testimony regarding your proposed adjustments to his Cost Approach valuation.

A. Both Mr. Walker and Mr. D'Ascendis disagree with my Cost Approach adjustment, in which I considered the OCNLD estimated by the UVEs as an indication of value for the GWA system, particularly as it pertains to Aqua's ultimate rate base amount. Mr. Walker asserts that this approach is not reasonable and has been previously rejected by the Commission. Mr. D'Ascendis asserts that in a previous case I did not oppose his Cost Approach valuation, and that my adjustment in this case understates the value of the GWA system.

Q. What is your response to the UVEs regarding their Cost Approach rebuttals.

A. First, the fact that I did not oppose an approach in a prior case has no bearing on my analysis in this case. Similarly, the Commission can consider the issues presented to it on a case-by-case basis, and is not bound by any precedent that I am aware of. Regardless of the approach taken by the Commission in prior cases, the Commission should consider the OCNLD as a valid factor in assessing an overall, reasonable rate base valuation for the system. The OCNLD for the GWA system is the closest metric for estimating its "rate base." If the transaction at issue involved a completely independent, non-regulated buyer, then the UVEs' arguments on this issue would make more sense. However, it is reasonable for the Commission to consider the fact that the approved purchase price in this transaction will also be the approved ratemaking rate base for Aqua.

IV. INCOME APPROACH

Q. Please summarize Mr. Walker's rebuttal testimony regarding your Income Approach adjustments.

A. Mr. Walker claims that my proposed adjustments to his income approach estimates are "in direct violation of Section 1329."[1] He also criticizes the inputs and assumptions I used in my Discounted Cash Flow (DCF) Model and cost of equity models.

Q. Please explain, based on your experience and understanding, does your recommended adjustment under the Income Approach or any other approach violate Section 1329?

[1] Aqua St. 6R at 17, lines 17-18.

A. No. Based on my understanding of the language in Section 1329, there is no aspect of my analysis or recommendation that "violates" Section 1329. The rule outlines the process to establish the fair market value, the UVE qualifications, and the ratemaking rate base determination. The rule does not speak to intervening expert opinions regarding the UVE valuations. I have testified in many prior Section 1329 cases, and my recommendations have not been found to "violate" the code.

Q. Do you agree with Mr. Walker's criticisms of your use of a constant growth DCF Model in your income approach adjustment?

A. No. When using the DCF Model for mature, low-growth firms such as utility companies, whether in cost of equity derivations or valuation estimates, it is reasonable to assume a constant growth rate based on the cash-flow or dividends from the current period. In contrast, younger firms with high growth opportunities may require the use of varying cash flows and growth rates over different periods. The vast majority of DCF Models used to estimate cost of equity in utility rate proceedings are some variation of a constant-growth DCF Model, consistent with the DCF Model I used in this case. For example, Mr. Walker and I both used a constant-growth DCF Models before the Commission in Docket No. R-2020-3020256 (City of Bethlehem) as part of our cost of equity estimates. In that case, we are not assuming a different amount of cash flows (or dividends) in future years (other than growing each year by a constant growth rate). In contrast, Mr. Walker states in this case that he does not believe it is appropriate to use the cash flow from a single year in the DCF Model as it relates to the income approach valuation. I am not suggesting it is necessarily wrong to assume different levels of cash flow or growth rates in different periods in a DCF

Model; however, I believe it is not necessary in this case. The primary reason for this is that with each subsequent period, or "stage" in a multi-state DCF model, a separate assumption will have to be made by the analyst regarding after-tax cash flows to the firm. This allows multiple opportunities for potential biases or unreasonable assumptions to impact the accuracy of the final estimate.

Q. Mr. Walker also criticizes your approach as a "capitalization of earnings." Do you have a response?

A. Yes. Mr. Walker appears to be referring to the fact that my adjustment to his income approach valuation involves discounting projected cash flows (free cash flow from operations) based on a single period, rather than attempting to project up to 20 years of cash flow data based on new ownership, as is contemplated under Mr. Walker's approach. In my view, the value of an asset is primarily based on its present value. I am not suggesting that projecting future cash flows should entirely ignore future ownership, however, the various and numerous assumptions Mr. Walker has made in his discounted cash flow model indicate a much different (and higher) value than if the analysis is based on a reasonable projected growth (and discount) of known cash flow metrics under current ownership.

Q. Mr. Walker also makes several criticisms about the discount rate you used in your discounted cash flow analysis. Do you have a response to these criticisms?

A. Mr. Walker raises five criticisms regarding my estimated discount rate. First, Mr. Walker claims that I have calculated my discount rate in a manner similar to witnesses who provide testimony in rate proceedings and that "discount rates used in the Income Approach to

valuation under a standard of value of fair market value are not calculated in this manner".[2] Perhaps what Mr. Walker means is that *he* does not take the same approach as I have in this case with regard to estimating the cost of equity. As discussed above, Mr. Walker uses a multi-state DCF approach, which requires separate inputs, estimates and assumptions for each year into the future for the duration of the model. In contrast, I am using known data regarding cash flow and applying a reasonable, constant growth rate to those cash flows. This is a perfectly acceptable approach to valuation, despite that Mr. Walker has apparently not yet proposed it in a 1329 proceeding.

Second, Mr. Walker claims that my discount rate should be more reflective of the municipality, rather than the potential buyer.[3] I disagree. A buyer attempting to value an asset would conduct a cash flow analysis based upon the buyer's after-tax cash-flow and cost of equity, not the sellers. For example, if the buyer of a rental property were conducting an income-approach valuation, and the seller currently had in place a family member that was paying rent far below market value, the buyer would not conduct a cash flow analysis based upon the seller's unique tenant, but rather a tenant paying market value after the transaction is completed. This also applies to the cost of equity, which is especially true under these circumstances because the cost of capital for the buyer (a non-municipality) will be quite different than a municipality's cost of capital.

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[2] Rebuttal Testimony of Harold Walker, III, p. 23, lines 16-17.

[3] *Id*. at pp. 15-16.

Third, Mr. Walker criticizes my cost of debt input because it was not the municipality's cost of debt.[4] As with the cash flow, cost of equity, and capital structure issues discussed above, it is not appropriate to use the seller's metrics when conducting a valuation model, especially when the seller is a municipality. Any buyer's cost of debt is not equivalent to a municipal revenue bond.

Fourth, Mr. Walker criticizes my cost of debt input because it was not the municipality's cost of debt. As with the cash flow, cost of equity, and capital structure issues discussed above, it is not appropriate to use the seller's metrics when conducting a valuation model, especially when the seller is a municipality. Any buyer's cost of debt is not equivalent to municipal revenue bond.

Finally, Mr. Walker claims that my cost of equity was not "determined at the valuation date." Most analysts use various periods of time to develop averages for certain metrics of a cost of equity model. For example, a company will have a daily closing stock price, but most analysts take an average of closing stock prices (typically ranging from 30-90 days) to arrive at a single price to represent the "current" price, rather than relying on the input of a single day, which might be abnormally high or low depending on the circumstances.

Q. Why are Mr. Walker's criticisms unreasonable?

A. For the reasons discussed above, Mr. Walker's criticisms of my Income Approach adjustment are not warranted. It is reasonable to apply a constant growth DCF Model to a

[4] *Id*. at p. 16.

low-growth entity with a steady growth rate, to use the buyer's after-tax cash flow metrics in the analysis, and to derive an estimate cost of debt from the proxy group.

Q. **Did Mr. Walker's criticisms of your approach persuade you to change your opinion?**

A. No.

Q. Please summarize Mr. D'Ascendis's rebuttal testimony regarding your Income Approach adjustments.

A. Similar to Mr. Walker, Mr. D'Ascendis disagrees with my use of the "capitalized earnings method."[5]

Q. What is your response to Mr. D'Ascendis regarding the Income Approach?

A. Despite the various differences in theory and application between the approach Mr. D'Ascendis and I used under the Income Approach valuation, our results were quite similar, with Mr. D'Ascendis estimating a valuation of $15.8 million and my adjusted valuation equaling $16.6 million. If the Commission were to adopt Mr. D'Ascendis's income approach valuation in this case, that would be reasonable in my opinion.

Q. Did Mr. D'Ascendis' criticisms of your approach persuade you to change your opinion?

A. No.

[5] GWA St. 3R at 8.

Q. Does this conclude your surrebuttal testimony?

A. Yes. To the extent I did not specifically address a particular issue does not constitute my agreement with such issue. I reserve the right to modify or supplement my testimony if additional information is received.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Section 1329 Application of Aqua Pennsylvania, Inc. for the Acquisition of the Water System Assets of the Municipal Authority of the Borough of Greenville situated within the Borough of Greenville, Hempfield Township, Sugar Grove Township, and West Salem Township, Mercer County, Pennsylvania	:	Docket No. A-2024-3049015

VERIFICATION

I, David J. Garrett, hereby state that the facts above set forth in my Surrebuttal Testimony, OCA Statement No. 1SR, are true and correct to the best of my knowledge, information, and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

DATED: October 3, 2025

Signature: */s/ David J. Garrett*
David J. Garrett

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