

**Application of Pennsylvania-American Water Company for Acquisition of
Substantially All of the Assets, Properties and Rights Related to the Wastewater
System Owned and Operated by the City of Pittston**

66 Pa. C.S. §1329

Application Filing Checklist – Water/Wastewater

Docket No. A-2025-3056419

13. Seller Testimony

- a. Provide seller direct testimony supporting the application, if any.
- b. Provide seller UVE direct testimony

- Response:**
- a. See enclosed Direct Testimony of David Allen Hines, Chief Financial Officer, City of Pittston, **City of Pittston Statement No. 1** and Direct Testimony of the Honorable Michael Lombardo, Mayor, City of Pittston, **City of Pittston Statement No. 1**.
 - b. See enclosed Direct Testimony of Harold Walker III, Manager, Financial Studies Gannett Fleming Valuation and Rate Consults, LLC on behalf of City of Pittston, **City of Pittston Statement No. 2**.

**Application of Pennsylvania-American Water Company for Acquisition of Substantially
All of the Assets, Properties and Rights Related to the Wastewater System Owned and
Operated by the City of Pittston**

66 Pa. C.S. §1329

Application Filing Checklist – Water/Wastewater

Docket No. A-2025-3056419

Appendix A-13(a)

City of Pittston Statement 1 – Direct Testimony of the Honorable Michael Lombardo

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**IN RE: APPLICATION OF THE CITY OF :
PITTSTON, PURSUANT TO 66 PA. C.S. § 1102(A), :
FOR A CERTIFICATE OF PUBLIC :
CONVENIENCE TO OFFER, FURNISH, RENDER, :
AND SUPPLY WASTEWATER SERVICE TO THE :
PUBLIC IN CERTAIN PORTIONS OF THE :
BOROUGH OF DURYEA, THE BOROUGH OF :
HUGHESTOWN, AND THE TOWNSHIP OF :
PITTSTON ALL IN LUZERNE COUNTY, :
PENNSYLVANIA :**

Docket No. A-2025-3056419, *et al.*

**IN RE: FILING OF THE CITY OF PITTSTON :
UNDER SECTION 507 OF THE PENNSYLVANIA :
PUBLIC UTILITY CODE, 66 PA. C.S. § 507, OF :
THE APPROVAL OF CERTAIN AGREEMENTS :**

**DIRECT TESTIMONY OF
HONORABLE MICHAEL LOMBARDO, ON BEHALF OF
THE CITY OF PITTSTON**

CITY OF PITTSTON, LUZERNE COUNTY
DIRECT TESTIMONY OF HON. MICHAEL LOMBARDO

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

2 **A.** My name is Michael Lombardo, and my business address is 35 Broad Street, Pittston, PA
3 18640.

4

5 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

6 **A.** I am testifying on behalf of the City of Pittston (the “City”), and in cooperation and support
7 of Pennsylvania-American Water Company’s (“PAWC”) application to purchase the
8 City’s combined stormwater and sanitary wastewater collection and conveyance system
9 (the “System”).

10

11 **Q. IN WHAT CAPACITY ARE YOU AFFILIATED WITH THE CITY OF**
12 **PITTSTON?**

13 **A.**I am currently serving as Mayor of the City, serving my fifth term which commenced
14 January of 2026. In my tenure, I have overseen many notable initiatives including
15 beautification of the Main Street, constructing a library, modernizing and expanding a fire
16 station, the redevelopment housing authority merger and bringing an investment grade
17 credit rating to the City from Moody’s, all to improve the quality of life for the residents of
18 the City.

19

20 **Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR PROFESSIONAL**
21 **EXPERIENCE.**

22 **A.** I am the Business Development Director at Quad 3 Architectural and Engineering Services.
23 After graduating with a BA in Psychology and a Master’s in Education Degree in School
24 Psychology and Clinical Counseling from Bucknell University, I worked for 20 years in

CITY OF PITTSTON, LUZERNE COUNTY
DIRECT TESTIMONY OF HON. MICHAEL LOMBARDO

1 public education serving in various capacities including school psychologist and special
2 education director. In November of 1997, I was elected as the youngest mayor in the history
3 of the City and served two terms before I was appointed to the board of the Redevelopment
4 Authority of the City of Pittston where I served until December of 2017. In mid-2005 I
5 left a career in education to serve as Chief Operational Officer of the Greater Wilkes-Barre
6 Chamber of Business and Industry and subsequently served as acting Chief Executive
7 Officer. In December of 2007, I was appointed as Director of Governor Rendell’s Northeast
8 Office, a position I held until Governor Rendell left office in 2011. In 2017, I decided to
9 run again for Mayor and was elected in November of 2017 and sworn into office in January
10 of 2018 to begin a third term as mayor. I have been elected two more times and have just
11 started my fifth nonconsecutive term. In addition to my role as Mayor, I was elected for a
12 one-year term as President of the Pennsylvania Municipal League in 2022. Also in 2022, I
13 was honored to receive the Mayor of the Year award from the Pennsylvania State Mayors’
14 Association, an independent organization that serves mayors in cities, boroughs, townships
15 and incorporated towns throughout the state.

16 This past December, I was elected to serve on the Board of Directors for the National
17 League of Cities (NLC) — a prestigious national organization that brings together
18 municipal leaders from across the country to advocate for city priorities at the federal level.

19
20 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PENNSYLVANIA PUBLIC**
21 **UTILITY COMMISSION?**

22 **A.** No, I have not previously testified before the Pennsylvania Public Utility Commission
23 (“Commission”).
24

CITY OF PITTSTON, LUZERNE COUNTY
DIRECT TESTIMONY OF HON. MICHAEL LOMBARDO

1 **Q. PLEASE DESCRIBE THE PURPOSES OF YOUR DIRECT TESTIMONY AND**
2 **SUMMARIZE THE KEY POINTS IT WILL ADDRESS.**

3 **A.** The purpose of my testimony is to provide: (1) a description of the City and the System
4 which is proposed to be sold to PAWC pursuant to an Asset Purchase Agreement (the
5 “APA”) dated as of May 30, 2025 (the “Proposed Transaction”); (2) an overview of the
6 sale process, (3) an overview of the various public benefits of the Proposed Transaction for
7 the City and its residents, and (4) a description of the City’s annual rates.

8 The key points I plan to address for the Proposed Transaction and sale of the System to
9 PAWC are the profound impact financially of the sale, the positive impact on the City’s
10 resources as well as the benefit to the customers of the System of having a professional,
11 experienced operator managing the System in a proactive manner. PAWC has a history of
12 providing stellar service to its customers, and is in a superior financial position to operate
13 and maintain the System for years to come, especially in light of increasingly stringent and
14 complicated regulatory requirements. I served as a Project Engineer for the City of Pittston
15 (the “City”) while employed at Reilly Associates from 2008 until 2018 and assisted on a
16 variety of City specific projects from 2018 to the present while working for Barry Isett
17 Associates and now Pennoni. Over the last seventeen years, I have been involved in a
18 variety of engineering projects for the City. Most recently I completed the City’s Willow
19 Lane sewer and stormwater improvement project.

20
21 **Q. PLEASE PROVIDE A GENERAL OVERVIEW OF THE CITY.**

22 **A.** The City of Pittston is a city of the Third Class located, operating under a Home Rule
23 Charter, in Luzerne County, Pennsylvania. The City is governed by the Mayor and a four-
24 member City Council (the “City Council”), each of whom serves a four-year term. The

CITY OF PITTSTON, LUZERNE COUNTY
DIRECT TESTIMONY OF HON. MICHAEL LOMBARDO

1 City covers an area of approximately 1.72 square miles, and has a population of
2 approximately 7,600 residents. The City was settled around 1770 by the Susquehanna
3 Company of Connecticut. The City gained prominence in the late 19th and early 20th
4 centuries as an active anthracite coal mining city.

5 With the end of anthracite mining in Northeastern Pennsylvania, Pittston saw one of its
6 major industries quickly disappear. Over the next few decades, Pittston also saw its
7 manufacturing and garment businesses disappear. The once lively main street was slowly
8 dying with boarded-up businesses and decrepit facades. Revitalization efforts began in
9 1996, when I helped found Downtown Tomorrow which started small by encouraging
10 businesses to improve the storefronts that may have fallen into disrepair because of
11 mounting expenses. Downtown Tomorrow started offering facade enhancement grants to
12 businesses to improve their curb appeal in the hope the small improvements would inspire
13 owners to keep the ball rolling.

14 When I assumed office, property taxes were the highest rate allowable by law and the city
15 was on the verge of financial distress. Downtown occupancy was under 25%, blight had
16 crept into the neighborhoods, infrastructure was old and failing, but most challenging was
17 citizen morale that reflected minimal expectations.

18 Since my first term as Mayor, my administration has focused on innovative economic
19 development and revitalization policies, preservation of historic buildings, and cleaning up
20 blight and beautifying the City. Once boarded-up businesses have been transformed into
21 new businesses, parks, art galleries, eateries, a new medical center and educational
22 facilities. Pittston is taking pride in its main street again and is now hosting a variety of
23 community events including the St. Patrick's Parade (brought back after nearly 100 years),

CITY OF PITTSTON, LUZERNE COUNTY
DIRECT TESTIMONY OF HON. MICHAEL LOMBARDO

1 the Second Fridays Artwalk, Farmers Market, Trick or Treat on Main Street, Christmas in
2 Pittston, the Tomato Festival and more.

3 A current central focus of our revitalization efforts is a \$40M mixed use building in the
4 heart of the City which will include a 500-600 seat performing arts theater, 6-8 story towers
5 with retail, and luxury apartments. Also, my administration aims to expand the downtown
6 footprint into the City's "junction" section. I have proposed a specialized retail district near
7 the rail lines and secured funding for a permanent stage and reconfiguration of the lower
8 "tomato lot" for the City's annual Tomato Festival. I am also pursuing a "100 Houses
9 Initiative" to create a diverse range of living spaces in the City, including but not limited
10 to the conversion of the Fort Pittston School into 13 housing units, a 40-unit housing
11 development scheduled to start construction this Spring and a program that targets first-
12 time homebuyers.

13 The citizens of Pittston support our revitalization efforts. Selling our aging system to
14 PAWC is a critical step in advancing the revitalization of our community. Pittston's citizens
15 have consistently demonstrated their support for these revitalization efforts and for the
16 responsible investments needed to secure the City's future.

17
18 **Q. PLEASE PROVIDE A DESCRIPTION OF THE CITY'S COMBINED**
19 **STORMWATER AND SANITARY WASTEWATER SYSTEM.**

20 **A.** The City owns and operates a combined stormwater and sanitary wastewater collection and
21 conveyance system (circa 1870-1920). There are approximately 4,700 customers inside
22 and outside of the City. The customers outside the City are in the Boroughs of Hughestown
23 and Duryea and the Township of Pittston, all of which border the City. The City is a
24 member of the Wyoming Valley Sanitary Authority ("WVSA"), which treats the sewage

CITY OF PITTSTON, LUZERNE COUNTY
DIRECT TESTIMONY OF HON. MICHAEL LOMBARDO

1 transmitted by the System, including the wastewater conveyed through the System from
2 Pittston customers outside the City, and bills users directly for treatment.

3 The System includes approximately 116,397 linear feet of sewage collection/conveyance
4 piping, 632 manholes and inlets, and zero linear feet of force mains. The System also
5 consists of sewer pipes constructed of various materials (plastic, terracotta, metal and
6 concrete) that range in size from 4 inches to 72 inches. The System has approximately
7 4,142 sanitary sewer laterals. The System is totally gravity-operated with no mechanical
8 pumping stations.

9 Approximately 70% of the System is combined sanitary and stormwater. PAWC is
10 purchasing the portions of the System that are combined and the portions of the System
11 that are not combined with the stormwater system. It is not purchasing the City's separate
12 stormwater system.

13
14 **Q. PLEASE DESCRIBE THE CITY'S DECISION-MAKING PROCESS IN**
15 **CONCLUDING THAT A SALE OF THE ACQUIRED ASSETS IS IN THE BEST**
16 **INTEREST OF THE CITY.**

17 **A.** The decision to pursue the sale of the System was the result of extensive deliberation with
18 elected officials in the City, our City Engineer, our City Administrator, our Director of
19 Operations, our financial advisor, and the public.

20 The decision to pursue a sale of the System was made in the Summer of 2023 by the City.
21 The City launched a very thorough due diligence process. During this process, the City
22 hired PFM Financial Advisors ("PFM"), a leading industry expert in Pennsylvania, to assist
23 and provide financial advice. The City also hired attorneys with Dilworth Paxson LLP as
24 special counsel to the City ("Special Counsel") with extensive experience in advising

CITY OF PITTSTON, LUZERNE COUNTY
DIRECT TESTIMONY OF HON. MICHAEL LOMBARDO

1 municipalities on legal matters during the due diligence phase and throughout the sale of
2 wastewater systems. Important to the City’s decision to hire PFM and Special Counsel
3 was that they had advised municipalities which have gone through the due diligence
4 process and decided *not* to sell as well as those that had decided to sell.

5 Throughout the exploration process, the City’s main goals for the City residents were to:
6 (i) receive best in class sewer service at reasonable and competitive rates, (ii) allow the
7 City to focus on core government functions, (iii) reduce known and unknown liabilities of
8 the City (including but not limited to budgetary constraints, unfunded obligations, and the
9 risk of ever increasing federal and state regulatory mandates in a heavily regulated
10 industry), (iv) provide funding for City-wide revitalization efforts, and (v) provide funds
11 necessary to make a significant debt payment due in early 2027, as discussed below.

12 Understanding the City’s goals, PFM advised the City to undergo a competitive process to
13 obtain a valuation of the System. On September 18, 2023, a Request for Qualifications
14 was sent out with responses received from PAWC, WVSA and Aqua Pennsylvania
15 Wastewater, Inc. (“Aqua”) on October 5, 2023. For several months thereafter, the City
16 negotiated with the WVSA but ultimately could not reach a deal. On July 26, 2024, the
17 City issued a Request for Bids to each of the qualified bidders. On February 14, 2025, the
18 City received two bids, one from each of PAWC and Aqua. At a public meeting on March
19 19, 2025, a summary of the bids was presented by PFM to the City Council. On April 16,
20 2025, the City Council voted to select PAWC as the preferred bidder if the City ultimately
21 chose to sell the System. On May 21, 2025, two public meetings took place and during the
22 second meeting the City Council voted unanimously to approve the sale of the System to
23 PAWC finding it was in the best interest of, and provided the greatest value to, the City
24 and its residents. Each of these public meetings were properly advertised.

CITY OF PITTSTON, LUZERNE COUNTY
DIRECT TESTIMONY OF HON. MICHAEL LOMBARDO

1 On May 30, 2025, the APA was executed by and between the City and PAWC.

2
3 **Q. DID THE CITY REQUEST PUBLIC INPUT ON THE SALE?**

4 **A.** Yes, multiple public meetings were held by the City to receive input from residents on the
5 state of the System and the pros and cons of a potential sale throughout the process. At
6 each of the meetings, the public was given the opportunity to provide feedback and ask
7 questions. In particular, the City held two final meetings on May 21, 2025 during which
8 City officials discussed the City's process and reasoning behind the decision to sell the
9 System to PAWC. Public notice of the meetings was printed in the *Times Leader* on May
10 13, 2025 and May 15, 2025 and was also posted on the doors of the library/Cosgrove Room
11 and the doors of City Hall and on the City's website at the following url:
12 [https://www.pittstoncity.gov/home-page/page/public-hearing-notice-asset-purchase-
14 agreement-sewer-system](https://www.pittstoncity.gov/home-page/page/public-hearing-notice-asset-purchase-
13 agreement-sewer-system). At the conclusion of the second meeting on May 21, 2025, an
15 ordinance authorizing the execution by the City of the APA with PAWC was unanimously
16 enacted and ordained by the City Council and approved by me, as Mayor.

16 The City received minimal public feedback about the sale during the City Council's public
17 meetings -and the feedback that was received was positive. No written comments from the
18 public were received throughout the process.

19
20 **Q. DID THE CITY COUNCIL HOLD A VOTE AT A REGULARLY SCHEDULED
21 PUBLIC MEETING ON THE SALE, FOLLOWING INPUT FROM CITY
22 RESIDENTS?**

23 **A.** Yes. During a regularly scheduled public meeting on May 21, 2025, the City Council
24 determined that a sale of the System was in the best interests of the City and the customers

CITY OF PITTSTON, LUZERNE COUNTY
DIRECT TESTIMONY OF HON. MICHAEL LOMBARDO

1 of the System, and voted to enact an Ordinance, File of Council No. 2 {2025}, authorizing
2 (1) the City to execute an asset purchase agreement with PAWC for the sale of the System;
3 (2) the assignment of the City’s rights and obligations in all related agreements to PAWC;
4 (3) the conveyance instruments to PAWC, the communication of information and
5 cooperation with PAWC, and (4) all required actions relating to the execution and
6 implementation of the APA (the “Authorizing Ordinance”).
7

8 **Q. PLEASE DESCRIBE THE CITY’S SELECTION OF A UTILITY VALUATION**
9 **EXPERT (“UVE”) FOR THE PROPOSED TRANSACTION.**

10 **A.** The Authorizing Ordinance included a provision to “take all actions necessary to facilitate
11 the Purchase Agreement,” which includes hiring a UVE as explained in Section 7.13 of the
12 APA.

13 On November 26, 2025, during Executive Session, the City Council selected Gannett
14 Fleming to be its UVE. Gannet Fleming is a UVE in the Commonwealth of Pennsylvania
15 approved by the PUC (Utility Code 9919244). Neither Gannett Fleming nor any member
16 of its staff are employees or officials of the City.
17

18 **Q. PLEASE DESCRIBE THE BENEFITS OF THE PROPOSED TRANSACTION FOR**
19 **THE CITY.**

20 **A.** The City will benefit from the Proposed Transaction in many important ways. As an initial
21 matter, the Proposed Transaction will result in the System being operated by a professional,
22 appropriately funded, public utility with a long history of providing excellent service to
23 residents throughout Pennsylvania.

CITY OF PITTSTON, LUZERNE COUNTY
DIRECT TESTIMONY OF HON. MICHAEL LOMBARDO

1 The City does not have enough resources to run the system as effectively and efficiently as
2 PAWC. Pittston is a very old city with very old infrastructure. It is only able to replace
3 about 1/10 of 1% of the aging lines per year despite best efforts, which means that it would
4 take hundreds of years to replace them all. The System is really coasting on deferred
5 maintenance at this point.

6 Some City staff are currently required to assume multiple roles diverting them from their
7 core responsibilities. For example, the City's Chief Financial Officer also serves as the
8 City's Director of Public Works and Fixed Assets, which detracts from his primary
9 financial duties. The Department of Public Works ("DPW") is currently handling System-
10 related issues as they arise and in doing so is forced to defer other critical needs of the City
11 including, for example, attention to road maintenance and tree maintenance. This in turn
12 forces the City to outsource these maintenance tasks to independent contractors who the
13 City must pay prevailing wage. It would be significantly more cost-effective for the City
14 to allow DPW to focus on road and tree maintenance while PAWC efficiently and
15 proactively operates the System.

16 Historically, the City has been exposed to time-consuming and extremely costly litigation
17 related to the System, resulting in expenditures of over a million dollars and hundreds of
18 hours of City staff time. The litigation was brought by the construction company hired to
19 work on the Broad Street sewer separation project over fees and change orders. Other
20 parties were involved including Penn Dot which disputed the construction company's
21 fees. The City spent ten years in litigation.

22 PAWC employs subject-matter experts and industry specialists, whereas DPW does not
23 have in-house wastewater expertise and must generally rely on outside contractors. PAWC
24 likely could have completed the Broad Street sewer separation project more efficiently and

CITY OF PITTSTON, LUZERNE COUNTY
DIRECT TESTIMONY OF HON. MICHAEL LOMBARDO

1 at a lower cost. The City seeks to avoid again wasting significant money and staff hours on
2 costly litigation involving the System.

3
4 Additionally, the City has a substantial and immediate need for the sale proceeds. The City
5 has reached its statutory debt limit under the Pennsylvania Local Government Unit Debt
6 Act as a result of borrowings undertaken to fund economic development initiatives that
7 have been highly beneficial to the City in addition to improving the quality of life for the
8 residents of the City. The City capitalized interest payments on its existing debt through
9 the beginning of 2027 and faces a significant increase of over \$1 million in annual debt
10 service beginning 2027. Because the City does not have the capacity to issue new debt, it
11 requires the proceeds from the sale to alleviate the financial impact of the increased budget
12 impact to the residents.

13 In addition, the City needs the proceeds to continue supporting transformative economic
14 development initiatives and other critical projects, including public housing, that I
15 described above. Moreover, professional operation and maintenance of the System could
16 further incentivize development within the City by increasing confidence in the reliability
17 and effectiveness of the System. The use of the proceeds of the sale by the City for capital
18 investments has been carefully and thoroughly considered. The City recognizes that the
19 ability to implement its Master Plan hinges on the sale of the System to PAWC.

20 Another critical benefit of the sale is that it allows the City to protect residents from
21 significant property tax increases. When I took office, our citizens were already paying the
22 maximum property taxes permitted by law. Despite constraints, my administration has held
23 property taxes flat for sixteen consecutive years. For 2026, I have proposed an increase to

CITY OF PITTSBURGH, LUZERNE COUNTY
DIRECT TESTIMONY OF HON. MICHAEL LOMBARDO

1 the homestead exemption that would deliver meaningful tax relief to approximately 94%
2 of homeowners and seniors.

3 If the PUC does not approve the sale of the System, the City will have no choice but to
4 raise property taxes substantially and reduce the homestead exemption. While customers
5 may see rate increases if PAWC owns the System, those increases would be less than the
6 combined impact of higher taxes, higher City-imposed wastewater rates, and reduced
7 homestead relief that would be required for the City to continue operating the System.

8 Approval of the sale is therefore essential to protecting residents from a greater financial
9 burden.

10 Finally, PAWC running the System will have a positive impact on the customers for a
11 myriad of reasons including: (1) many malfunctions and breakdowns will be prevented,
12 (2) responsiveness if there is an issue will be immediate any time of the day or night and
13 even on weekends, which the City is not currently providing, (3) PAWC will use
14 technology the City does not have to detect defects and proactively fix them, and (4) PAWC
15 will have improved customer service.

16
17 **Q. HOW WILL ENGAGING AN INDUSTRY EXPERT LIKE PAWC BE A BENEFIT**
18 **FOR THE RESIDENTS?**

19 **A.** As a large, long-established public utility, PAWC brings industry leading expertise and has
20 extensive technical experience in upgrading, operating and maintaining sewer systems as
21 well as has the capacity necessary to finance capital additions and improvements that will
22 benefit customers. The residents of the City will benefit from PAWC's capital
23 improvement programs and its extensive experience in enhancing and modernizing
24 wastewater systems.

CITY OF PITTSTON, LUZERNE COUNTY
DIRECT TESTIMONY OF HON. MICHAEL LOMBARDO

1 PAWC has a proven record of environmental stewardship in the operation of wastewater
2 systems and can draw upon a broader range of engineering and operational experience than
3 can the City. PAWC has deeper financial resources than are available to the City to prevent
4 and promptly address any environmental compliance issues.

5 PAWC has extensive experience in improving the ability of wastewater systems to handle
6 the increased flows from storm events and handling storm water issues as they arise which
7 is especially important to the City as its System is a combined system. PAWC provides
8 rapid response teams to handle overflows and breakages.

9 Our residents will benefit from PAWC's enhanced customer service and operational
10 functions through expanded customer service center hours, additional payment options
11 (including by phone or online), and enhanced customer information and education
12 programs available through PAWC. Our low-income residents will have access to
13 PAWC's well-established and accessible assistance programs to assist with paying their
14 bills.

15 In addition, PAWC will provide improvements to the System's defenses against
16 cyberattacks targeted at municipal-owned assets.

17
18 **Q. WAS PITTSTON A COMMISSION-REGULATED PUBLIC UTILITY PRIOR TO**
19 **PAWC FILING THIS APPLICATION?**

20 **A.** Shortly before PAWC filed the Application, Pittston filed an application nunc pro tunc to
21 become a Commission-regulated public utility to the extent that it provides service to
22 customers outside the City's boundaries. If the nunc pro tunc application is granted,
23 Pittston will become a jurisdictional public utility, with all that entails, such as the need to

CITY OF PITTSTON, LUZERNE COUNTY
DIRECT TESTIMONY OF HON. MICHAEL LOMBARDO

1 file certain reports, the need to complete a lengthy and expensive process to raise rates, and
2 other regulatory compliance costs that Pittston did not previously incur.

3 Significantly, if the nunc pro tunc application is approved, but the instant Transaction is
4 disapproved, Pittston will continue to incur these regulatory compliance costs for the long
5 term, which would not be in the best interest of the City's citizens.

6
7 **Q. WILL CITY EMPLOYEES LOSE THEIR JOBS IF THE PROPOSED**
8 **TRANSACTION IS CONSUMMATED?**

9 **A.** No. It is important to note that no City employees will lose their jobs or be transferred as a
10 part of the sale.

11
12 **Q. DO YOU BELIEVE THAT THE PROPOSED TRANSACTION IS IN THE PUBLIC**
13 **INTEREST?**

14 **A.** Yes, absolutely. PAWC's acquisition of the System will benefit public health and safety in
15 the long run as well as the immediate future, because PAWC has the expertise and financial
16 resources to ensure that the System is operated efficiently and in compliance with
17 environmental and regulatory requirements. Problems can arise when a wastewater
18 operator, like the City, is reacting to deferred maintenance issues. PAWC has hundreds of
19 professionals in-house who together can ensure that the System is well maintained and
20 always operates safely and efficiently.

21 Further, the Proposed Transaction will benefit the City by helping to stabilize the City's
22 finances and will allow City employees to focus on their core responsibilities.

CITY OF PITTSTON, LUZERNE COUNTY
DIRECT TESTIMONY OF HON. MICHAEL LOMBARDO

1 **Q. HOW DOES THE CITY SET THE RATES IT CHARGES RESIDENTS FOR**
2 **WASTEWATER COLLECTION AND CONVEYANCE?**

3 **A.** The City sets rates annually based upon the City Finance Department’s recommendations
4 to the Mayor and City Council after preparing a forecast of the System’s revenues and
5 expenditures through the City’s annual budgeting process. Current rates for residential and
6 commercial are \$82.50 for up to 15,000 gallons per quarter, with an additional usage charge
7 per 1,000 gallons over 15,000 gallons per quarter of \$3.95 (residential) and \$4.05
8 (commercial). An average annual residential bill is approximately \$330 (12,000 gallons
9 per quarter usage).

10

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 **A.** Yes. However, I reserve the right to file additional testimony at a later date as may be
13 necessary or appropriate.

**Application of Pennsylvania-American Water Company for Acquisition of Substantially
All of the Assets, Properties and Rights Related to the Wastewater System Owned and
Operated by the City of Pittston**

66 Pa. C.S. §1329

Application Filing Checklist – Water/Wastewater

Docket No. A-2025-3056419

Appendix A-13(b)

City of Pittston Statement 2 – Direct Testimony of Harold Walker (UVE)

TABLE OF CONTENTS

| | |
|---|------------|
| INTRODUCTION..... | 2 |
| QUALIFICATION AS UTILITY VALUATION EXPERT..... | 4 |
| FEES PAID FOR UTILITY VALUATION EXPERT SERVICES..... | 8 |
| FAIR MARKET VALUATION OF WASTEWATER SYSTEM ASSETS..... | 10 |
| Cost Approach..... | 17 |
| Income Approach..... | 19 |
| Market Approach..... | 24 |
| CONCLUSION | 27 |
| APPENDIX HW-1 | A-1 |

1 **INTRODUCTION**

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

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

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

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

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

11 **A.** Yes. Since 1915, Gannett Fleming and its predecessors have been helping clients in public
12 pricing policy and related financial matters for managerial purposes, before regulatory
13 commissions and courts of law. Gannett Fleming is registered as a Utility Valuation Expert
14 (“UVE”) in the Commonwealth of Pennsylvania. Gannett Fleming is a subsidiary of
15 Gannett Fleming, Inc.

16
17 **Q. WHAT ARE YOUR RESPONSIBILITIES AS MANAGER, FINANCIAL STUDIES
18 OF GANNETT FLEMING?**

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

1 **Q. PLEASE DESCRIBE YOUR QUALIFICATIONS AND YOUR EDUCATIONAL**
2 **BACKGROUND AND EMPLOYMENT EXPERIENCE?**

3 **A.** My educational background, business experience and qualifications are provided in a
4 Curriculum Vitae included as **Appendix HW-1**.

5
6 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PENNSYLVANIA**
7 **PUBLIC UTILITY COMMISSION?**

8 **A.** Yes. I have testified before the Pennsylvania Public Utility Commission (“Commission”
9 or “PUC”), as well as other state regulatory commissions, on many occasions, as shown on
10 **Appendix HW-1**.

11
12 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

13 **A.** My Direct Testimony describes and explains the fair market value appraisal of the City of
14 Pittston (“City”) wastewater system assets (“Wastewater System”) that I and staff, working
15 under my direction, performed. Gannett Fleming was engaged by the City to perform this
16 appraisal. Our report is entitled “City of Pittston Wastewater System Assets Fair Market
17 Value Appraisal at May 30, 2025” (“Appraisal Report”). The appraisal and its report were
18 developed to meet the criteria established in Section 1329 of the Pennsylvania Public
19 Utility Code (“Code”), 66 Pa. C.S. § 1329 (“Determination of the fair market value of water
20 and wastewater assets”).

21 In its 2015-2016 legislative session, the Pennsylvania Legislature passed Act 12 of
22 2016 and Governor Wolf signed Act 12 into law adding Section 1329 of the Code which
23 established the legislative requirements facilitating the acquisition of municipal and

1 authority water and wastewater systems by private investor-owned utilities and other
2 entities which are rate-regulated by the Commission. This legislation was intended to
3 facilitate the acquisition of water and wastewater systems in order to facilitate capital
4 improvements to the water and wastewater properties.

5
6 **QUALIFICATION AS UTILITY VALUATION EXPERT**

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

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

11
12 **Q. PLEASE DESCRIBE THE PROCESS BY WHICH GANNETT FLEMING WAS**
13 **PLACED ON THE COMMISSION’S REGISTRY OF UTILITY VALUATION**
14 **EXPERTS.**

15 **A.** After passage of Section 1329 of the Code, the Commission established an application
16 process by which the Commission would approve and designate firms to be placed on the
17 Commission’s “Registry of Utility Valuation Experts.” To be included on the registry, the
18 UVEs must establish their qualifications. Gannett Fleming submitted its original
19 application and the required proof of experience in September of 2016 and received
20 confirmation and approval from the Commission of Gannett Fleming’s placement on the
21 Commission’s UVE Registry in December of 2016. Renewal of inclusion on the
22 Commission’s UVE Registry must be done annually. Gannett Fleming has timely
23 submitted annual renewal applications since its initial inclusion and has been confirmed

1 for continued placement on the Commission's UVE Registry each year since 2016,
2 including most recently in February of 2025.

3
4 **Q. HAVE YOU EVER HAD YOUR PROFESSIONAL CREDENTIALS REVOKED**
5 **OR SUSPENDED?**

6 **A.** No.

7
8 **Q. DO YOU HAVE SPECIFIC EXPERIENCE WITH THE VALUATION AND**
9 **APPRAISAL OF UTILITY ASSETS?**

10 **A.** Yes. In addition to serving as an expert witness on various financial and economic matters
11 before utility regulatory commissions for over 35 years, I have also provided valuations of
12 utility asset services for more than 20 years. In that capacity I have testified on valuation
13 matters before the Commission and sponsored or adopted Gannett Fleming's UVE
14 appraisals under Section 1329 of the Code in the New Garden Township proceeding, the
15 Limerick Township proceeding, the East Bradford Township proceeding, the Mahoning
16 Township (water) proceeding, the Mahoning Township (wastewater) proceeding, the
17 Exeter Township proceeding, the Cheltenham Township proceeding, the East Norriton
18 Township proceeding, the Kane Borough proceeding, the Delaware County Regional
19 Water Quality Control Authority proceeding, the Borough of Royersford proceeding, the
20 Valley Township (water) proceeding, the Valley Township (wastewater) proceeding, the
21 Upper Pottsgrove proceeding, the Lower Makefield Township proceeding, the East
22 Whiteland Township proceeding, the Willistown Township proceeding, the Shenandoah
23 Borough proceeding, the City of Beaver Falls proceeding, the Butler Area Sewer Authority

1 proceeding, the Borough of Brentwood proceeding, the Greenville Sanitary Authority
2 proceeding, the Elizabeth Borough Municipal Authority proceeding, the Municipal
3 Authority of the Borough of Greenville proceeding, the East Coventry Township
4 proceeding, and the Indian Creek Valley Water Authority proceeding.

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

8
9 **Q. HAVE YOU OR GANNETT FLEMING OR ANY OF ITS STAFF DERIVED ANY**
10 **MATERIAL FINANCIAL BENEFIT FROM THE SALE OF THE WASTEWATER**
11 **SYSTEM’S ASSETS OTHER THAN FEES FOR YOUR SERVICES RENDERED?**

12 **A.** No.

13
14 **Q. ARE YOU OR GANNETT FLEMING OR ANY OF ITS STAFF AN IMMEDIATE**
15 **FAMILY MEMBER OF A DIRECTOR, OFFICER, OR EMPLOYEE OF EITHER**
16 **PENNSYLVANIA-AMERICAN WATER COMPANY (“PAWC”) OR THE CITY?**

17 **A.** No.

18
19 **Q. IS GANNETT FLEMING IN COMPLIANCE WITH APPLICABLE**
20 **PENNSYLVANIA LAWS?**

21 **A.** Yes.

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

1 **Q. DOES GANNETT FLEMING HAVE THE FINANCIAL AND TECHNICAL**
2 **FITNESS, INCLUDING PROFESSIONAL LICENSES AND TECHNICAL**
3 **CERTIFICATIONS, TO PERFORM A FAIR MARKET VALUATION OF THE**
4 **WASTEWATER ASSETS OF THE CITY?**

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

7
8 **Q. ARE YOU AWARE OF ANY FACT, INCLUDING BUT NOT LIMITED TO ANY**
9 **POTENTIAL CONFLICT OF INTEREST THAT WOULD CAST DOUBT UPON**
10 **YOUR ABILITY TO PROVIDE A THOROUGH, OBJECTIVE, UNBIASED, AND**
11 **FAIR VALUATION IN THIS PROCEEDING?**

12 **A.** No.

13
14 **Q. HAVE YOU CORRESPONDED WITH BUYER’S UVE WITH REGARD TO ITS**
15 **RESPECTIVE FAIR MARKET VALUE APPRAISAL OF THE ASSETS AT ISSUE**
16 **IN THIS CASE?**

17 **A.** No.

18
19 **Q. DO YOU HAVE ANY AFFILIATION WITH EITHER THE SELLING UTILITY**
20 **OR THE ACQUIRING PUBLIC UTILITY?**

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

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

2 **Q. WHAT IS THE GANNETT FLEMING FEE ARRANGEMENT TO DELIVER THE**
3 **APPRAISAL?**

4 **A.** Gannett Fleming is being compensated on an hourly basis. Our fee arrangement is included
5 as Appendix A-7 to PAWC's Application. True, correct, and complete copies of Gannett
6 Fleming's invoices to the City for this matter, as of the date of PAWC's Application filing,
7 are also included in Appendix A-7.

8
9 **Q. WHAT IS THE ESTIMATED TOTAL COMPENSATION THAT GANNETT**
10 **FLEMING WILL RECEIVE FOR ITS SERVICES IN THIS MATTER?**

11 **A.** The estimated total compensation that Gannett Fleming will receive for its services in this
12 matter as of the date of PAWC's Application filing is approximately \$30,000, which
13 represents approximately 0.10% of the fair market valuation. I estimate our fee will total
14 \$75,000 if this proceeding is fully litigated, which represents approximately 0.25% of the
15 fair market valuation.

16
17 **Q. PLEASE DESCRIBE THE PROCESS BY WHICH THIS COMPENSATION WAS**
18 **NEGOTIATED?**

19 **A.** Gannett Fleming submitted a proposal to provide the required services in June 2025, which
20 the City accepted in November 2025.

21
22 **Q. ARE THESE FEES CONSISTENT WITH COMPENSATION RECEIVED FOR**
23 **SIMILAR SERVICES PROVIDED TO OTHER CLIENTS?**

1 A. Yes.

2

3 **Q. WILL GANNETT FLEMING RECEIVE ITS FEE REGARDLESS OF WHETHER**
4 **THE COMMISSION APPROVES THE PROPOSED TRANSACTION OR**
5 **WHETHER IT CLOSES?**

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

10

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

12 A. No. The Ethics Rule of the USPAP, applicable here pursuant to 66 Pa. C.S. § 1329(a)(3),
13 requires that I perform the appraisal with impartiality, objectivity, and independence, and
14 without accommodation of personal interests. I have not performed this appraisal
15 assignment with bias, and I am not advocating the cause or interest of any party or issue.
16 Further, I have not accepted this or any assignment that includes the reporting of
17 predetermined opinions and conclusions.

1 **FAIR MARKET VALUATION OF WASTEWATER SYSTEM ASSETS**

2 **Q. PLEASE IDENTIFY APPENDIX A-5.2 TO PAWC’S APPLICATION IN THIS**
3 **PROCEEDING?**

4 **A.** Appendix A-5.2 of PAWC’s Application includes Gannett Fleming’s Appraisal Report.

6 **Q. HOW DO YOU RECOGNIZE IT?**

7 **A.** I personally prepared, and also directed and supervised Gannett Fleming personnel in
8 preparing, the Appraisal Report, and recognize it as Gannett Fleming’s work product.

10 **Q. IS APPENDIX A-5.2 A TRUE, COMPLETE, AND ACCURATE COPY OF THE**
11 **GANNETT FLEMING APPRAISAL REPORT?**

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

14 **Q. PLEASE DESCRIBE THE PROCESS BY WHICH YOU PREPARED THE**
15 **GANNETT FLEMING APPRAISAL REPORT.**

16 **A.** In accordance with Section 1329 of the Code, the City engaged Gannett Fleming to prepare
17 the Appraisal Report of the Wastewater System. The City provided financial statements
18 and budget statements regarding the Wastewater System and a copy of the Engineering
19 Assessment² as required by Section 1329(a)(4). In addition, Gannett Fleming reviewed the
20 assets, reviewed additional information provided by the City, and conducted additional

² “City of Pittston Sewage Facilities Engineering Assessment, City of Pittston, Luzerne County, PA,” dated November 2025, prepared by Pennoni Associates Inc. See Application, **Appendix A-15-a**.

1 research regarding the City and the Wastewater System, including a site visit. After those
2 activities and data gathering, we developed the Appraisal Report.

3 The Appraisal Report contains a letter of transmittal; a table of contents detailing
4 all the sections of the report and work papers; and a narrative report explaining our
5 methodology and conclusions.

6 The intent of the Appraisal Report is to provide the appraisal results, as well as the
7 entire appraisal work file, in sufficient detail to satisfy the parties' and Commission's
8 review requirements of Section 1329 and the Commission's Final Implementation Order,
9 *In re: Implementation of Section 1329 of the Public Utility Code*, Docket No. M-2016-
10 2543193 (Order Entered October 27, 2016) (*2016 FIO*); Final Supplemental
11 Implementation Order, *In re: Implementation of Section 1329 of the Public Utility Code*,
12 Docket No. M-2016-2543193 (Order Entered February 28, 2019) (*2019 FSIO*); and Final
13 Supplemental Implementation Order, *In re: Implementation of Section 1329 of the Public*
14 *Utility Code*, Docket No. M-2016-2543193 (Order Entered July 2, 2024) (*2024 FSIO*). In
15 addition to a copy of the Appraisal Report, I have provided supporting work papers for the
16 appraisal in Appendix A-4.3 of PAWC's Application, which have been submitted to the
17 Commission and provided to the public advocates in **CONFIDENTIAL** live electronic
18 format.

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

22 **A.** No.

1 **Q. WAS THE FAIR MARKET VALUATION OF THE WASTEWATER SYSTEM**
2 **ASSETS DETERMINED IN COMPLIANCE WITH USPAP?**

3 **A.** Yes. Our fair market valuation was determined in compliance with USPAP 2024 Edition.
4

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

7 **A.** Yes.
8

9 **Q. DID YOU INCLUDE ANY EXTRAORDINARY ASSUMPTIONS OR**
10 **HYPOTHETICAL CONDITIONS IN DEVELOPING YOUR VALUATION?**

11 **A.** No.
12

13 **Q. DID YOU INCLUDE ANY LIMITING CONDITIONS IN DEVELOPING YOUR**
14 **VALUATION?**

15 **A.** Yes. We accepted all information and data provided by the City as it pertains to this
16 assignment “as is” after a limited review. That is, we neither audited nor verified any data,
17 engineering assessment, financial record or operating data provided for this assignment.
18 We assumed all title to all assets included in the appraisal is good and marketable and no
19 hazardous conditions or materials exist which could affect the assets. We have not made
20 a specific compliance survey or analysis of the subject property to determine whether it is
21 subject to, or in compliance with, the American Disabilities Act of 1990, and this valuation
22 does not consider the effect, if any, of noncompliance.

1 The economic and industry information and data included in our Appraisal Report
2 have been obtained from various printed or electronic reference sources that we believe to
3 be reliable. We have not performed any corroborating procedures to substantiate that
4 information and data.

5
6 **Q. PLEASE SUMMARIZE YOUR RESULTS OF THE APPLICATION OF THE**
7 **COST, MARKET, AND INCOME APPROACHES.**

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

| Approach | Indicated Value | Weight | Weighted Value |
|-------------------|------------------------|---------------|-----------------------|
| Cost Approach | \$37,039,639 | 33.33% | \$12,346,546 |
| Market Approach | 25,152,308 | 33.33% | 8,384,103 |
| Income Approach | 26,524,279 | 33.33% | 8,841,426 |
| | | 100% | \$29,572,075 |
| | | | |
| Conclusion | | | \$29,572,075 |

9
10 **Q. DID YOU USE THE DEFAULT VALUATION WEIGHTS OF ONE-THIRD EACH**
11 **FOR COST, MARKET, AND INCOME, AS PRESCRIBED BY THE**
12 **COMMISSION IN THE 2024 FSIO?**

13 **A.** Yes.

14
15 **Q. PLEASE FURTHER DESCRIBE EACH APPROACH IN THE DEVELOPMENT**
16 **OF YOUR APPRAISAL.**

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

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

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

9 *Cost Approach.* The cost approach utilized the original cost method and
10 replacement cost method. The original cost method determined the original cost of the
11 assets when “new” or first constructed based on the information contained in the
12 Engineering Assessment. The original cost new inventory was then trended using the
13 Handy Whitman Index of Public Utility Construction Costs for the water industry to
14 produce the trended cost, or reproduction cost, and was converted to replacement cost new
15 after obsolescence was factored. The calculated accrued depreciation was determined for
16 the original cost new and for the replacement cost new as of May 30, 2025. The calculated
17 accrued depreciation was based on the assets’ attained ages, and the service life of the
18 assets. The cost basis of depreciable assets was reduced annually by the accumulated
19 depreciation to reflect the loss in the service value of the assets since being constructed.
20 All land and land rights were valued at original cost.

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

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

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

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

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

3 **A.** The number of customers I used was 4,142. This customer count number was provided in
4 the Engineering Assessment.

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

9 **A.** No.

10

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

13 **A.** Yes. Gannett Fleming viewed the Wastewater System assets on November 21, 2025.

14

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

18 **A.** Yes. The City provided a copy of the Engineering Assessment and this information was
19 incorporated into our Cost Approach in our valuation.

1 **Cost Approach**

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

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

10

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

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

14

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

18 **A.** We did not trend land and land rights. That is, all land and land rights were valued at
19 original costs. Plant accounts were trended using the Handy Whitman plant account
20 indices.
21

21

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

1 A. We used the date of May 30, 2025.

2

3 **Q. HOW DID YOU DETERMINE THE DEPRECIATION PARAMETERS OF**
4 **SURVIVAL/RETIREMENT CHARACTERISTICS AND SERVICE LIVES FOR**
5 **THE UTILITY PROPERTY UNDER THE COST APPROACH?**

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

8

9 **Q. WHY ARE THOSE PARAMETERS APPROPRIATE?**

10 A. We believe our average service lives of depreciable assets are appropriate based on our
11 experience of having determined average service lives for numerous other water and
12 wastewater utilities and given the fact they resemble those used by other Pennsylvania
13 wastewater companies.

14

15 **Q. IF YOU DID NOT USE THE ORIGINAL COST METHOD, WHAT IS THE**
16 **SYSTEM'S ORIGINAL COST AND ORIGINAL COST LESS DEPRECIATION?**

17 A. The OCN of the Wastewater System's utility plant in service as of May 30, 2025, was not
18 less than \$23.2 million (\$23,222,746 rounded). The theoretical calculated accrued
19 depreciation reserve of the utility plant in service was determined to be \$7.3 million
20 (\$7,339,112 rounded) as of May 30, 2025. After factoring in the accrued depreciation
21 reserve, the Original Cost New Less Depreciation ("OCNLD") of Wastewater System's
22 utility plant in service as of May 30, 2025, was determined to be \$15.9 million
23 (\$23,222,746 - \$7,339,112 = \$15,883,634).

1 **Income Approach**

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

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

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

14 **A.** All general assumptions are listed on page 3 of Exhibit 12, and page 6 of Exhibits 13, 14,
15 15 and 16 of the Appraisal Report.⁴

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

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

⁴ Exhibit references herein are to the Exhibits in the Appraisal Report.

1 rate in an income approach to valuation is only used under the standard of value of
2 investment value.⁵ In accordance with Section 1329 of the Code, the standard of value is
3 fair market value, not investment value.

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

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

12 As explained previously, under the standard of value of fair market value the
13 “buyer” is not a specific entity (i.e., PAWC), but rather a hypothetical buyer. Accordingly,
14 the hypothetical bidder/buyer may range from large regional municipal authorities
15 (“MUNI”) to investor-owned utilities (“IOU”). For a MUNI, the appropriate discount rate
16 is the current municipal revenue bond yield on May 30, 2025, of 4.76%. The appropriate
17 IOU discount rate is the current net of tax overall cost of capital (weighted average cost of
18 capital) on May 30, 2025, and ranges from 8.92% to 11.61%.⁶

19 For a MUNI, the appropriate discount rate is the current municipal revenue bond
20 yield, 4.76%, because debt is the only major source of capital available to finance an

⁵ Pratt, Shannon P. “Defining Standards of Value.” Valuation 34, no. 2, June 1989.

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

⁶ Both the American Society of Appraisers, ASA Business Valuation Standards, 2009, and the National Association of Certified Valuation Analysts, Professional Standards, 2007, use the same definition: “Weighted Average Cost of Capital (WACC). The cost of capital (discount rate) is determined by the weighted average, at market values, of the cost of all financing sources in the business enterprise's capital structure.”

1 acquisition (developed on Exhibit 23, pages 2-5). Although a MUNI likely carries equity
2 on their books (balance sheet), all existing equity is already invested in other assets and
3 therefore, cannot be used to finance an acquisition.⁷ For valuation purposes, an embedded
4 cost of debt, or the historical cost of all debt issuances outstanding is not used because this
5 capital is already invested in assets. Whereas the marginal cost of debt, 4.76%, at the
6 valuation date is used in accordance with accepted valuation practice and used for market
7 valuation purposes.

8 As discussed previously, for an IOU, the appropriate discount rate is the net of tax
9 overall cost of capital (weighted average cost of capital), 8.92% to 11.61% (Exhibit 23,
10 pages 2-8). In this instance, the net of tax overall cost of capital (weighted average cost of
11 capital) is based on the Comparable Group's market value capital structure of 31.9% debt
12 and 68.1% equity, a market cost of debt of 6.02% and a range of market cost of equity of
13 11.07% to 15.02%.⁸ The Comparable Group's net of tax overall cost of capital (weighted
14 average cost of capital) is used as a proxy to conform to the "hypothetical buyer" or
15 "hypothetical seller" of fair market valuation. Use of the buyer's net of tax overall cost of
16 capital (weighted average cost of capital) would produce an investment valuation, not a
17 fair market valuation. The supporting documentation for the development of the MUNI
18 and IOU discount rates is shown on pages 2 to 8 of Exhibit 23.

⁷ For example, when a municipal or government entity, such as the Commonwealth of Pennsylvania, finances construction of a road or bridge, they only consider the marginal debt cost despite having "equity" reflected on their books (balance sheet).

⁸ For an example of the net of tax overall cost of capital, see <http://www.investinganswers.com/financial-dictionary/financial-statement-analysis/weighted-average-cost-capital-wacc-2905>. Also see <http://www.wallstreetmojo.com/weighted-average-cost-capital-wacc/>, or <http://accountingexplained.com/misc/corporate-finance/wacc>.

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

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

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

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

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

21 **A.** As documented previously in footnotes 6 and 8, book value capitalization is not used in
22 fair market valuation determination. Therefore, we did not use the 7.11% Comparable
23 Group's DSIC (distribution system improvement charge) related net of tax overall cost of

1 capital in our valuation because a “hypothetical buyer” cannot finance an acquisition at
2 such a rate and therefore, its use would provide a meaningless result. The Comparable
3 Group’s 7.11% DSIC related cost was determined based on the Comparable Group’s book
4 value capital structure of 48.8% debt and 51.2% equity, a cost of debt of 6.02% and a DSIC
5 cost of equity of 9.75% based on the December 2024 Earnings Report (public meeting May
6 8, 2025). However, we note the 7.11% Comparable Group’s DSIC related net of tax overall
7 cost of capital falls below the 8.92% to 11.61% range of discount rates used in our Income
8 Approach.

9 If we used the 7.11% Comparable Group’s DSIC related net of tax overall cost of
10 capital in our valuation shown on Exhibit 16, the results of the Capitalization DCF would
11 show a value for the Wastewater System of \$36.2 million. Further, the results of the Market
12 Multiple DCF would show a value of \$41.3 million and collectively, the DCF method
13 based on the IOU ownership scenario and a no growth assumption indicates a value of
14 \$38.7 million for the Wastewater System. The DCF method based on the MUNI ownership
15 scenario indicates a value of \$27.4 million and the DCF method based on the IOU
16 ownership scenario using DSIC indicates a value of \$38.7 million. Collectively, the DCF
17 method indicates a value of \$33.1 million when DSIC is considered.

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

21 **A.** The use of a “terminal value” in a DCF analysis is reasonable and is in accordance with
22 accepted valuation practice. Simply put, the “terminal value” is a mathematical shortcut
23 to avoid having to show and/or calculate annual Debt Free Net Cash Flows for hundreds

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

9
10 **Market Approach**

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

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

15
16 **Q. WHAT ASSUMPTIONS, ANALYSES, AND/OR ADJUSTMENTS DID YOU**
17 **MAKE UNDER EACH METHOD?**

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

20
21 **Q. REGARDING YOUR APPLICATION OF THE MARKET MULTIPLES**
22 **METHOD, DID YOU LIMIT YOUR PROXY GROUP USED FOR CALCULATING**

1 **MARKET VALUE TO ONLY COMPANIES WHICH ENGAGE IN**
2 **PENNSYLVANIA FAIR MARKET VALUE ACQUISITIONS?**

3 **A.** No.

4
5 **Q.** **REGARDING YOUR APPLICATION OF THE COMPARABLE SALES USED TO**
6 **ESTABLISH THE VALUATION, DID YOU LIMIT THE TRANSACTIONS**
7 **SELECTED TO THOSE THAT YOU PREVIOUSLY APPRAISED?**

8 **A.** No.

9
10 **Q.** **PLEASE STATE THE COMPARABLE TRANSACTIONS YOU USED IN**
11 **DEVELOPING YOUR MARKET APPROACH.**

12 **A.** Please see PAWC’s Application Appendix A-5.2 (the Gannett Fleming appraisal), Exhibit
13 19, pages 2 and 3, of the Appraisal Report, which shows that we reviewed the following
14 transactions⁹ in developing the selected transactions method:

- 15 • Sale of the City of McKeesport Wastewater system to Pennsylvania-American
16 Water Company (“PAWC”) in 2017.
- 17 • Sale of New Garden Township Sewer Authority to Aqua Pennsylvania
18 Wastewater, Inc. (“APW”) in 2017.
- 19 • Sale of Limerick Township Wastewater system to APW in 2017.
- 20 • Sale of East Bradford Township Wastewater system to APW in 2018.
- 21 • Sale of Mahoning Township Water system to Suez Water Pennsylvania
22 (“Veolia”) in 2018.
- 23 • Sale of Mahoning Township Wastewater system to Veolia in 2018.

⁹ The years listed indicate when the applicant sought approval or when the Commission approved each of the transactions.

- 1 • Sale of Sadsbury Township Wastewater system to PAWC in 2018.
- 2 • Sale of Exeter Township Wastewater system to PAWC in 2019.
- 3 • Sale of Steelton Borough Authority Water system to PAWC in 2019.
- 4 • Sale of Cheltenham Township Wastewater system to APW in 2019.
- 5 • Sale of East Norriton Township Wastewater system to APW in 2019.
- 6 • Sale of Kane Borough Authority Wastewater system to PAWC in 2020.
- 7 • Sale of Royersford Borough Authority Wastewater system to PAWC in 2021.
- 8 • Sale of Valley Township Wastewater system to PAWC in 2021.
- 9 • Sale of Valley Township Water system to PAWC in 2021.
- 10 • Sale of Upper Pottsgrove Township Wastewater system to PAWC in 2020.
- 11 • Sale of York City Sewer Authority Wastewater system to PAWC in 2021.
- 12 • Sale of Lower Makefield Township Wastewater system to APW in 2021.
- 13 • Sale of Willistown Township Wastewater system to APW in 2021.
- 14 • Sale of East Whiteland Township Wastewater system to APW in 2021.
- 15 • Sale of Municipal Authority of the Borough of Shenandoah Water system to
16 Aqua Pennsylvania, Inc. (“AP”) in 2022.
- 17 • Sale of Butler Area Sewer Authority Wastewater system to PAWC in 2022.
- 18 • Sale of Greenville Sanitary Authority Wastewater system to APW in 2024.
- 19 • Sale of City of Beaver Falls Wastewater system to APW in 2025.
- 20 • Sale of Elizabeth Borough Municipal Authority Wastewater system to PAWC
21 in 2025.
- 22 • Sale of Greenville Water Authority Water system to AP in 2025.

23 As a check on the transactions I studied, that are listed above, I also reviewed the
24 purchase of Connecticut Water Service, Inc. by SJW Group (Exhibit 20 page 2), which was
25 approved in 2019; the purchase of New England Service Company, Inc. (“NESC”) by

1 Aquarion Company, parent of Aquarion Water Company (Exhibit 20 page 3), approved in
2 2021; and the purchase of The Torrington Water Company, Inc. by Aquarion Company,
3 parent of Aquarion Water Company (Exhibit 20 page 4), approved in 2022.¹⁰
4

5 **Q. WHAT WERE THE RESULTS OF THE MARKET APPROACH ANALYSIS YOU**
6 **PERFORMED?**

7 **A.** The results of the market multiples method are shown on Exhibit 18, and the results of the
8 selected transactions method are shown on Exhibit 19. The conclusion regarding the
9 Market Approach analysis is explained on page 48 of our appraisal.
10

11 **CONCLUSION**

12 **Q. WHAT IS YOUR CONCLUSION REGARDING THE FAIR MARKET VALUE OF**
13 **THE WASTEWATER SYSTEM’S ASSETS TO BE PURCHASED BY PAWC?**

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

19 Based on our analysis, as described in our Appraisal Report, we are of the opinion
20 that the fair market value of City’s Wastewater System assets is \$29.6 million (\$29,572,075

¹⁰ NESG was the sole stockholder of four regulated water companies operating in three separate states.

¹¹ National Association of Certified Valuators and Analysts, s.v. “Fair Market Value,” *The International Glossary of Business Valuation Terms*

1 rounded), as of May 30, 2025. The results of the analyses and calculations are summarized
2 in Table 1 for the Wastewater System as follows:

| <u>Valuation Approach</u> | <u>Indicated Value</u> |
|---------------------------|------------------------|
| Cost Approach | \$37,039,639 |
| Income Approach | 26,524,279 |
| Market Approach | 25,152,308 |

3
4 **Table 1**
5

6 We considered the results of each approach as an indicator of value individually, or
7 as independent indicators of value. Therefore, all three approaches to valuation were given
8 consideration, and pursuant to the 2024 FSIO, all three approaches were weighted equally
9 in our analysis in arriving at our opinion of the fair market value. Based on these facts, our
10 opinion regarding the fair market value is \$29.6 million. Our conclusion regarding the fair
11 market value can be described by the weights and the specific results of the three
12 approaches to valuation that are shown on Exhibit 22. The results of our analyses, shown
13 on Exhibit 22, show a range of value of \$25.2 million to \$37.0 million and collectively
14 support our opinion of a fair market value for the Wastewater System of \$29,572,075, as
15 of May 30, 2025.
16

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

19 **A.** Yes. I do not think the underlying results of the models employed for valuation purposes

1 are ever the same from one appraiser to another appraiser. Further, the conclusion of value
2 from one appraiser to another appraiser usually differs as well. I believe these are some of
3 the reasons the results of the conclusion of value from two different UVEs are averaged
4 under Section 1329, 66 Pa. C.S. § 1329.

5

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

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

APPENDIX HW-1
Professional Qualifications
of
Harold Walker, III
Manager, Financial Studies
Gannett Fleming Valuation and Rate Consultants, LLC.

EDUCATION

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

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

Mr. Walker obtained a license as a Municipal Advisor Representative (Series 50) by Municipal Securities Rulemaking Board (MSRB) and Financial Industry Regulatory Authority (FINRA).

BUSINESS EXPERIENCE

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

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

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

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

EXPERT TESTIMONY

Mr. Walker has submitted testimony or been deposed on various topics before regulatory commissions and courts in 30 states including: Alaska, Arizona, California, Colorado, Connecticut, Delaware, Hawaii, Idaho, Illinois, Indiana, Iowa, Kentucky, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, Nevada, New Jersey, New York, North Carolina, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Texas, Tennessee, Vermont, Virginia, and West Virginia. His testimonies covered various subjects including: fair market value, the taking of natural resources, appropriate capital structure and fixed capital cost rates, depreciation, fair rate of return, purchased water adjustments, synchronization of interest charges for income tax purposes, valuation, cash working capital, lead-lag studies, financial analyses of investment alternatives, benchmarking, and fair value. The following tabulation provides a listing of the electric power, natural gas distribution, telephone, wastewater, and water service utility cases in which he has been involved as a witness.

| <u>Client</u> | <u>Docket No.</u> | |
|--|-------------------------|---|
| Alpena Power Company | U-10020 | |
| Armstrong Telephone Company - Northern Division | 92-0884-T-42T | |
| Armstrong Telephone Company - Northern Division | 95-0571-T-42T | |
| Artesian Water Company, Inc. | 90 10 | |
| Artesian Water Company, Inc. | 06 158 | |
| Aqua Illinois Consolidated Water Divisions and Consolidated Sewer Divisions | 11-0436 | |
| Aqua Illinois Hawthorn Woods Wastewater Division | 07 0620/07 0621/08 0067 | |
| Aqua Illinois Hawthorn Woods Water Division | 07 0620/07 0621/08 0067 | |
| Aqua Illinois Kankakee Water Division | 10-0194 | |
| Aqua Illinois Kankakee Water Division | 14-0419 | |
| Aqua Illinois Vermilion Division | 07 0620/07 0621/08 0067 | |
| Aqua Illinois Willowbrook Wastewater Division | 07 0620/07 0621/08 0067 | |
| Aqua Illinois Willowbrook Water Division | 07 0620/07 0621/08 0067 | |
| Aqua Illinois, Inc. | 24-0044 | |
| Aqua Pennsylvania, Inc | A-2022-3034143 | * |
| Aqua Pennsylvania, Inc | R-2024-3047822 | |
| Aqua Pennsylvania, Inc | R-2024-3047824 | |
| Aqua Pennsylvania, Inc | A-2024-3049015 | * |
| Aqua Pennsylvania Wastewater Inc | A-2016-2580061 | * |
| Aqua Pennsylvania Wastewater Inc | A-2017-2605434 | * |
| Aqua Pennsylvania Wastewater Inc | A-2018-3001582 | * |
| Aqua Pennsylvania Wastewater Inc | A-2019-3008491 | * |
| Aqua Pennsylvania Wastewater Inc | A-2019-3009052 | * |
| Aqua Pennsylvania Wastewater Inc | A-2019-3015173 | * |
| Aqua Pennsylvania Wastewater Inc | A-2021-3024267 | * |
| Aqua Pennsylvania Wastewater Inc | A-2021-3026132 | * |
| Aqua Pennsylvania Wastewater Inc | A-2021-3027268 | * |
| Aqua Pennsylvania Wastewater Inc | A-2023-3041695 | * |
| Aqua Texas, Inc | 58124 | |
| Aqua Virginia - Alpha Water Corporation | Pue-2009-00059 | |

| | | |
|--|------------------|---|
| Aqua Virginia - Blue Ridge Utility Company, Inc. | Pue-2009-00059 | |
| Aqua Virginia - Caroline Utilities, Inc. (Wastewater) | Pue-2009-00059 | |
| Aqua Virginia - Caroline Utilities, Inc. (Water) | Pue-2009-00059 | |
| Aqua Virginia - Earlysville Forest Water Company | Pue-2009-00059 | |
| Aqua Virginia - Heritage Homes of Virginia | Pue-2009-00059 | |
| Aqua Virginia - Indian River Water Company | Pue-2009-00059 | |
| Aqua Virginia - James River Service Corp. | Pue-2009-00059 | |
| Aqua Virginia - Lake Holiday Utilities, Inc. (Wastewater) | Pue-2009-00059 | |
| Aqua Virginia - Lake Holiday Utilities, Inc. (Water) | Pue-2009-00059 | |
| Aqua Virginia - Lake Monticello Services Co. (Wastewater) | Pue-2009-00059 | |
| Aqua Virginia - Lake Monticello Services Co. (Water) | Pue-2009-00059 | |
| Aqua Virginia - Lake Shawnee | Pue-2009-00059 | |
| Aqua Virginia - Land'or Utility Company (Wastewater) | Pue-2009-00059 | |
| Aqua Virginia - Land'or Utility Company (Water) | Pue-2009-00059 | |
| Aqua Virginia - Mountainview Water Company, Inc. | Pue-2009-00059 | |
| Aqua Virginia - Powhatan Water Works, Inc. | Pue-2009-00059 | |
| Aqua Virginia - Rainbow Forest Water Corporation | Pue-2009-00059 | |
| Aqua Virginia - Shawnee Land | Pue-2009-00059 | |
| Aqua Virginia - Sydnor Water Corporation | Pue-2009-00059 | |
| Aqua Virginia - Water Distributors, Inc. | Pue-2009-00059 | |
| Atlantic City Sewerage Company | WR21071006 | |
| Berkshire Gas Company | 18-40 | |
| Berkshire Gas Company | 22-20 | |
| Bermuda Water Company, Inc | W-01812A-22-0256 | |
| Borough of Brentwood | A-2021-3024058 | * |
| Borough of Hanover | R-2009-2106908 | |
| Borough of Hanover | R-2012-2311725 | |
| Borough of Hanover | R-2014-242830 | |
| Borough of Hanover | R-2021-3026116 | |
| Borough of Hanover | P-2021-3026854 | |
| Borough of Royersford | A-2020-3019634 | * |
| Butler Area Sewer Authority | A-2020-3019634 | * |
| Chaparral City Water Company | W 02113a 04 0616 | |
| California-American Water Company | CIVCV156413 | * |

| | | |
|--|----------------|---|
| Citizens Utilities Company | | |
| Colorado Gas Division | - | |
| Citizens Utilities Company | | |
| Vermont Electric Division | 5426 | |
| Citizens Utilities Home Water Company | R 901664 | |
| Citizens Utilities Water Company | | |
| of Pennsylvania | R 901663 | |
| City of Beaver Falls | A-2022-3033138 | * |
| City of Bethlehem - Bureau of Water | R-00984375 | |
| City of Bethlehem - Bureau of Water | R 00072492 | |
| City of Bethlehem - Bureau of Water | R-2013-2390244 | |
| City of Bethlehem - Bureau of Water | R-2020-3020256 | |
| City of Dubois – Bureau of Water | R-2013-2350509 | |
| City of Dubois – Bureau of Water | R-2016-2554150 | |
| City of Lancaster Sewer Fund | R-00005109 | |
| City of Lancaster Sewer Fund | R-00049862 | |
| City of Lancaster Sewer Fund | R-2012-2310366 | |
| City of Lancaster Sewer Fund | R-2019-3010955 | |
| City of Lancaster Water Fund | R-00984567 | |
| City of Lancaster Water Fund | R-00016114 | |
| City of Lancaster Water Fund | R 00051167 | |
| City of Lancaster Water Fund | R-2010-2179103 | |
| City of Lancaster Water Fund | R-2014-2418872 | |
| City of Lancaster Water Fund | R-2021-3026682 | |
| City of Lancaster Water Fund | P-2022-3035591 | |
| Coastland Corporation | 15-cvs-216 | |
| Commonwealth Edison Company | 23-0728 | |
| Commonwealth Edison Company | 24-0087 | |
| Commonwealth Edison Company | 24-0079 | |
| Commonwealth Edison Company | 24-0795 | |
| Community Utilities of Pennsylvania-Water | R-2023-3042804 | |
| Community Utilities of Pennsylvania-Wastewater | R-2023-3042805 | |
| Connecticut-American Water Company | 99-08-32 | |
| Connecticut Water Company | 06 07 08 | |
| Consumers Pennsylvania Water Company | | |
| Roaring Creek Division | R-00973869 | |
| Consumers Pennsylvania Water Company | | |

| | | |
|--|-----------------------|---|
| Shenango Valley Division | R-00973972 | |
| Country Knolls Water Works, Inc. | 90 W 0458 | |
| Elizabeth Borough Municipal Authority | A-2025-3052983 | * |
| East Resources, Inc. - West Virginia Utility | 06 0445 G 42T | |
| East Coventry Township | A-2025-3053487 | * |
| Elizabethtown Water Company | WR06030257 | |
| ENSTAR Natural Gas Company | U-22-081 | |
| Falls Water Company, Inc. | FLS-W-23-01 | |
| Forest Park, Inc. | 19-W-0168 & 19-W-0269 | |
| Hampton Water Works Company | DW 99-057 | |
| Hidden Valley Utility Services, LP | R-2018-3001306 | |
| Hidden Valley Utility Services, LP | R-2018-3001307 | |
| Illinois American Water Company | 16-0093 | |
| Illinois American Water Company | 22-0210 | |
| Illinois American Water Company | 24-0097 | |
| Indian Creek Valley Water Authority | A-2025-3055741 | * |
| Indian Rock Water Company | R-911971 | |
| Indiana Natural Gas Corporation | 38891 | |
| Iowa American Water Company | RPU-2024-0002 | |
| Jamaica Water Supply Company | - | |
| Kane Borough Authority | A-2019-3014248 | * |
| Kentucky American Water Company, Inc. | 2007 00134 | |
| Kentucky American Water Company, Inc. | 2023-00191 | |
| Kentucky American Water Company, Inc. | 2025-00122 | |
| Middlesex Water Company | WR 89030266J | |
| Millcreek Township Water Authority | 55 198 Y 00021 11 | * |
| Missouri-American Water Company | WR 2000-281 | |
| Missouri-American Water Company | SR 2000-282 | |
| Missouri-American Water Company | WR-2022-0303 | |
| Missouri-American Water Company | SR-2022-0304 | |
| Missouri-American Water Company | WR-2024-0320 | |
| Missouri-American Water Company | SR-2024-0321 | |
| Mount Holly Water Company | WR06030257 | |
| Nevada Power Company d/b/a NV Energy | 20-06003 | |
| Nevada Power Company d/b/a NV Energy | 23-06007 | |
| Nevada Power Company d/b/a NV Energy | 25-02016 | |
| New Jersey American Water Company | WR 89080702J | |

| | | |
|--|----------------|---|
| New Jersey American Water Company | WR 90090950J | |
| New Jersey American Water Company | WR 03070511 | |
| New Jersey American Water Company | WR-06030257 | |
| New Jersey American Water Company | WR08010020 | |
| New Jersey American Water Company | WR10040260 | |
| New Jersey American Water Company | WR11070460 | |
| New Jersey American Water Company | WR15010035 | |
| New Jersey American Water Company | WR17090985 | |
| New Jersey American Water Company | WR19121516 | |
| New Jersey American Water Company | WR22010019 | |
| New Jersey American Water Company | WR24010056 | |
| New Jersey Natural Gas Company | GR19030420 | |
| New Jersey Natural Gas Company | GR21030679 | |
| New Jersey Natural Gas Company | GR24010071 | |
| Newtown Artesian Water Company | R-911977 | |
| Newtown Artesian Water Company | R-00943157 | |
| Newtown Artesian Water Company | R-2009-2117550 | |
| Newtown Artesian Water Company | R-2011-2230259 | |
| Newtown Artesian Water Company | R-2017-2624240 | |
| Newtown Artesian Water Company | R-2019-3006904 | |
| Newtown Artesian Water Company | R-2024-3050208 | |
| North Maine Utilities | 14-0396 | * |
| Northern Indiana Fuel & Light Company | 38770 | |
| Oklahoma Natural Gas Company | PUD-940000477 | |
| Palmetto Utilities, Inc. | 2020-281-S | |
| Palmetto Wastewater Reclamation, LLC | 2018-82-S | |
| Pennichuck Water Works, Inc. | DW 04 048 | * |
| Pennichuck Water Works, Inc. | DW 06 073 | |
| Pennichuck Water Works, Inc. | DW 08 073 | |
| Pennsylvania-American Water Company | A-2023-3039900 | * |
| Pennsylvania Gas & Water Company (Gas) | R-891261 | |
| Pennsylvania Gas & Water Co. (Water) | R 901726 | |
| Pennsylvania Gas & Water Co. (Water) | R-911966 | |
| Pennsylvania Gas & Water Co. (Water) | R-22404 | |
| Pennsylvania Gas & Water Co. (Water) | R-00922482 | |
| Pennsylvania Gas & Water Co. (Water) | R-00932667 | |
| Philadelphia Gas Works | R-2020-3017206 | |

| | | |
|--|-----------------------|---|
| Philadelphia Gas Works | R-2023-3037933 | |
| Philadelphia Gas Works | R-2025-3053112 | |
| Public Service Company of North Carolina, Inc. | G-5, Sub 565 | |
| Public Service Electric and Gas Company | ER181010029 | |
| Public Service Electric and Gas Company | GR18010030 | |
| Presque Isle Harbor Water Company | U-9702 | |
| Sierra Pacific Power Company d/b/a NV Energy | 19-06002 | |
| Sierra Pacific Power Company d/b/a NV Energy | 22-06014 | |
| Sierra Pacific Power Company d/b/a NV Energy | 24-02026 | |
| Sierra Pacific Power Company d/b/a NV Energy | 24-02027 | |
| St. Louis County Water Company | WR-2000-844 | |
| Suez Water Delaware, Inc. | 19-0615 | |
| Suez Water Idaho, Inc. | SUZ-W-20-02 | |
| Suez Water New Jersey, Inc. | WR18050593 | |
| Suez Water New Jersey, Inc. | WR20110729 | |
| Suez Water Owego-Nichols, Inc. | 17-W-0528 | |
| Suez Water Pennsylvania, Inc. | R-2018-3000834 | |
| Suez Water Pennsylvania, Inc. | A-2018-3003519 | * |
| Suez Water Pennsylvania, Inc. | A-2018-3003517 | * |
| Suez Water Rhode Island, Inc. | Docket No. 4800 | |
| Suez Water Owego-Nichols, Inc. | 19-W-0168 & 19-W-0269 | |
| Suez Water New York, Inc. | 19-W-0168 & 19-W-0269 | |
| Suez Westchester, Inc. | 19-W-0168 & 19-W-0269 | |
| Tennessee American Water Company | 24-00032 | |
| Town of North East Water Fund | 9190 | |
| Township of Exeter | A-2018-3004933 | * |
| United Water New Rochelle | W-95-W-1168 | |
| United Water Toms River | WR-95050219 | |
| Upper Pottsgrove Township | A-2020-3021460 | * |
| Valley Township (water) | A-2020-3019859 | * |
| Valley Township (wastewater) | A-2020-3020178 | * |
| Valley Water Systems, Inc. | 06 10 07 | |
| Veolia Water Idaho, Inc. | VEO-W-22-02 | |
| Veolia Water Idaho, Inc. | VEO-W-24-01 | |
| Veolia Water Delaware, Inc. | 23-0598 | |
| Veolia Water New Jersey, Inc. | WR23110790 | |
| Veolia Water New York, Inc. | 23-W-0111 | |

| | |
|---------------------------------------|----------------|
| Veolia Water Pennsylvania, Inc. | R-2024-3045192 |
| Veolia Water Pennsylvania, Inc. | R-2024-3045193 |
| Virginia American Water Company | PUR-2018-00175 |
| Virginia American Water Company | PUR-2021-00255 |
| Virginia American Water Company | PUR-2023-00194 |
| West Virginia-American Water Company | 15-0676-W-42T |
| West Virginia-American Water Company | 15-0675-S-42T |
| Wilmington Suburban Water Corporation | 94-149 |
| York Water Company | R-901813 |
| York Water Company | R-922168 |
| York Water Company | R-943053 |
| York Water Company | R-963619 |
| York Water Company | R-994605 |
| York Water Company | R-00016236 |
| Young Brothers, LLC | 2019-0117 |

* - Testimony related to valuation

