BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2025-_____
	:	
Valley, Energy, Inc.	:	

STATEMENT OF REASONS

Valley Energy, Inc. ("Valley" or "Company") hereby files with the Pennsylvania Public Utility Commission ("PUC" or "Commission") proposed Supplement No. 69 to Tariff Gas Pa. P.U.C. No. 2 ("Supplement No. 69"), with a proposed effective date of June 29, 2025. Supplement No. 69 reflects an overall increase in Valley's distribution rates and other tariff changes. This Statement of Reasons provides a background of the filing, an explanation of the reasons necessitating the proposed overall distribution rate increase, and an explanation of the proposed changes to the tariff language, terms and conditions reflected in the proposed Supplement No. 69.

In addition, attached to this Statement of Reasons are the following documents in support of the proposed changes:

Volume I:

Tab A	Affidavit of Edward E. Rogers
Tab B	Customer Notice
Tab C	Press Release
Tab D	Supplement No. 69
Tab E	52 Pa. Code Section 53.52 and 53.53 Responses

Volume II:

Tab F	Valley Statement No. 1—Direct Testimony and Exhibits of Howard S Gorman
Tab G	Joint Statement No. 2—Direct Testimony and Exhibit of Dylan W. D'Ascendis and Ryan M. Kucan
Tab H	Joint Statement No. 3—Direct Testimony and Exhibit of Melissa Sullivan

Tab I Valley Statement No. 4—Direct Testimony and Exhibits of Edward E. Rogers
Tab J Valley Statement No. 5—Direct Testimony and Exhibits of Jamie Beale
Tab J-2 Valley Statement No. 6—Direct Testimony and Exhibits of Cody Chapman

Volume III:
Tab K Joint Confidential Exhibits
Tab L Valley Confidential Exhibits

I. DESCRIPTION OF COMPANY

Valley is a Pennsylvania corporation with its principal office located in Sayre, Bradford County, Pennsylvania. Valley is an investor-owned, for-profit gas utility, wholly owned by C&T Enterprises, Inc. ("C&T"). C&T is a holding and management services company that currently also owns Wellsboro Electric Company ("Wellsboro") and Citizens' Electric Company of Lewisburg, PA ("Citizens'").

Valley serves twelve communities in Bradford County, Pennsylvania, and Tioga and Chemung Counties in New York. This filing impacts only Valley's Pennsylvania customers; it does not change rates for Valley's New York customers. Valley supplies natural gas to more than 7,420 residential, commercial and industrial customers in Pennsylvania. *See* Tab F, Exhibit__(HSG-1), Schedule B3. The Company's Pennsylvania natural gas distribution system includes over 170 miles of mains. Valley operates the Pennsylvania and New York systems as an integrated system, with all natural gas injected into the system at points in Pennsylvania. Valley received its authorization to operate as a public utility in the Commonwealth of Pennsylvania in Docket No. A-125100.

II. AMOUNT AND REASONS FOR PROPOSED DISTRIBUTION RATE INCREASE

Valley conducted an analysis of whether its present rates for its unbundled distribution service are sufficient to recover the costs that it incurs to provide gas distribution service and to earn a fair return on capital. As part of this analysis, Valley segregated its revenues received from

distribution service by deducting from total revenues the portion received for natural gas supply purchases. As a result of that study, the Company determined that an overall distribution rate increase of $1.6 million per year is necessary to recover its costs and to earn a fair return on capital. This analysis was conducted using 2026 as a Fully Projected Future Test Year ("FPFTY"), as authorized by the Public Utility Code.

The proposed increase is approximately 19% of Valley's annual total revenues under current rates, including natural gas supply and distribution. *See* Tab F, Exhibit__(HSG-1), Schedule C1. The testimony, exhibits and other documents supporting the Company's analysis are referenced in Tabs A through L of this filing.

If the full request is granted, the Company will be able to earn a return on rate base of approximately 8.27%. *See id.* Schedule C1. Without rate relief, the Company projects that it will earn a return on rate base of only 3.72% in 2026.

Valley's last distribution rate adjustment in Pennsylvania took effect in February 2023. Since that time, Valley has continued to provide high quality reliable service to customers while at the same time the costs of providing that service have continued to grow. Valley has been systematically replacing its aging infrastructure. To reduce the risk of over-pressurization, the Company is installing additional relief stations in the portions of the territory that are served by low-pressure systems. The Company has completely eliminated cast iron and bare steel mains from its system, which increases safety and reliability, and decreases the amount of gas that is emitted into the atmosphere. This benefits customers through lower gas supply purchases and is better for the environment. At the same time, the Company is undertaking normal operations, maintenance and repair actions on the system to ensure that its customers receive safe and reliable service. Valley's efforts are discussed in more detail in the prepared testimonies of Edward Rogers,

President and CEO, and Cody Chapman, Vice President of Operations. *See* Tabs I and J-2. By the end of 2026, Valley will have invested over $5 million in new utility facilities and replacements in comparison to the investment that is reflected in the current rates. *See* Tab F, Exhibit__(HSG-1), Schedule C1-6.

In addition, Valley's Operations and Maintenance ("O&M") costs are increasing due to inflation. Valley's O&M costs are over $455,828 higher for the FPFTY when compared to the last rate case. *See id.* Valley has experienced cost increases for most major components that are required to operate and maintain its distribution system. The Company has taken steps to offset those increases; however, a distribution rate increase is also needed. Mr. Rogers and Jamie Beale, Valley's Vice President of Finance and Treasurer, address the cost increases in more detail. *See* Tabs I and J.

Above all, the proposed distribution rates will promote the continued provision of safe and reliable service by ensuring that Valley will earn a fair and reasonable return on the resources invested in the distribution system. Valley will be able to continue its capital investment in system improvements, as well as the current maintenance and replacement policies that have resulted in very safe, adequate and reliable service for its customers. The new rates will also enhance Valley's ability to obtain capital, when necessary, to fund major system improvement projects that may be necessary in the future.

III. RATES FOR SPECIFIC CUSTOMER CLASSES

The new rates for each Schedule are summarized in Tab F, Exhibit__(HSG-1), Schedule B5. Valley proposes to allocate the distribution increase proportionately across the rate classes.[1]

[1] Valley's two largest transportation customers are on negotiated contracts that will not be changed by this filing.

Exhibit__(HSG-1), Schedule B4 shows the increase that is allocated to each customer class. Schedules B5-1 and B5-2 show the proposed bill increases for customers at various usages, for distribution only (Schedule B5-2) and on a total bill basis considering the currently-effective Gas Cost Recovery rate (Schedule B5-1).

For all rate schedules, Valley proposes to increase the monthly customer charge. *See* Exhibit__(HSG-1), Schedule B5. A very large portion of the revenues for most utilities are collected through variable charges (demand-based or volumetric-based), while the actual cost-to-serve for most customers is largely fixed. Valley's revenues and costs have these same characteristics. To better align rates with the cost of providing service, Valley proposes to recover more costs through fixed charges.

In addition, as required by the Commission's regulations, Valley will reflect its anticipated obligations for various state taxes in the new distribution rates and reset its State Tax Adjustment Surcharge ("STAS") to 0.00%.

IV. TARIFF CHANGES

The Company is proposing several modifications to its tariff provisions. Mr. Roger's testimony at Tab I summarizes the changes. *See* Tab I.

V. NOTICE PROCEDURES AND EFFECTIVENESS OF PROPOSED RATE CHANGES

On April 30, 2025, Valley mailed the Customer Notice in Tab B to its customers. Valley also issued the Press Release contained in Tab C on April 30, 2025. Valley also will post the notice in its office, as required by Section 53.45(b) of the Commission regulations, and will post the filing on its website at www.valley-energy.com.

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VI. APPEARANCE OF COUNSEL

Valley will be represented regarding this filing by the following attorneys:

Adeolu A. Bakare (PA I.D. No. 208541)
Matthew L. Garber (Pa. I.D. No. 322855)
Rebecca Kimmel (Pa. I.D. No. 335097)
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ppolacek@ctenterprises.org

All inquiries or pleadings regarding this filing should be directed to Mr. Bakare. The Company encourages interested parties to informally contact its attorneys to discuss any questions or concerns related to the filing. All counsel consent to electronic service of filings and other documents.

VII. CONCLUSION

WHEREFORE, Valley Energy, Inc., requests that the Pennsylvania Public Utility Commission review and approve its proposed Supplement No. 69 and proposed Supplier Tariff Supplement No. 2 effective on June 29, 2025.

Respectfully submitted,

By

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Counsel to Valley Energy, Inc.

Dated: April 30, 2025

BEFORE
THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**	
	:	
v.	**:**	**Docket No. R-2025-_____**
	:	
Valley, Energy, Inc.	**:**	

VOLUME I
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ON BEHALF OF

VALLEY ENERGY, INC.

APRIL 30, 2025

VOLUME I INDEX---VALLEY

Tab A	Verification of Edward E. Rogers
Tab B	Customer Notice
Tab C	Press Release
Tab D	Supplement No. 69
Tab E	52 Pa. Code Section 53.52 and 53.53 Responses

A

VERIFICATION

I, Ed Rogers, hereby state that the facts set forth in the foregoing document are true and correct to the best of my information, knowledge 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 in 18 Pa.C.S. §4904 (relating to unsworn falsification to authorities).

Name: Ed Rogers

Company: Valley Energy, Inc.

Title: President & CEO

Date: April 28, 2025

B

VALLEY ENERGY, INC.
NOTICE OF PROPOSED RATE INCREASE AND TARIFF CHANGES

To Our Customers:

Valley Energy, Inc. (Valley or the Company) has filed a request with the Pennsylvania Public Utility Commission (PUC or Commission) to increase your natural gas rates and change some terms and conditions as of June 29, 2025. It is likely that the Commission will suspend the effective date for this filing to investigate our costs, which will result in the new rates taking effect in late 2025 or early 2026. This notice describes the Company's rate request, the PUC's role, and what actions you can take.

Rate Request

Valley Energy, Inc. has requested an overall rate increase of $1.6 million per year. This is approximately 19% of the Company's total annual revenues from natural gas sales and distribution services. If this filing is approved, it will also reset the State Tax Surcharge to 0.00%. Because the taxes addressed in the surcharge will be reflected in the new base rates, this will not impact your bill.

If the Company's entire request to increase rates by $1.6 million is approved by the PUC, the total bill for a residential customer purchasing gas supply from Valley and using 76 Ccf per month would increase by $12.03 per month, from $66.81 to $78.84. This is approximately an 18% increase.

The total bill for a commercial class customer purchasing gas supply from Valley and using 258 Ccf per month would increase by $27.10 per month, from $183.19 to $210.29. This is approximately an 14.8% increase.

Bills for other types of customers, including customers purchasing only transportation service from Valley, will also increase. Any residential, commercial, or other type of customer can contact Valley for an estimate of the impact of the proposed rate increase on your annual payments to the Company.

Tariff Changes

The Company is also proposing to make changes to the terms and conditions of service under its tariff. A detailed description of these changes can be found in the Company's filing.

More Information Available

To find out your customer class, how the requested increase may affect your natural gas bill, or if you are interested in reviewing the material filed with the PUC, contact Valley Energy, Inc. at (800) 998-4427 or (570) 888-9664. The rates requested by the Company may be found in Tariff Supplement No. 69 to Gas-Pa. P.U.C. No. 2. You may examine the material filed with the PUC which explains the requested increase and the reasons for it. A copy of this material is kept at the Valley's office. Valley is open from 7:00 am to 4:00 pm Monday through Friday. Valley's office is located at 523 South Keystone Avenue, Sayre, Pennsylvania. A copy will also be posted on Valley's website at http://www.valley-energy.com. Upon request, the Company will send you the Statement of Reasons explaining why the rate increase has been requested.

PUC Role

The state agency that approves rates for public utilities is the PUC. The PUC will examine the requested rate increase and can prevent existing rates from changing until it investigates and/or holds hearings on the request. The Company must prove that the requested rates are reasonable. After examining the evidence, the PUC may grant all, some, or none of the request or may reduce existing rates.

The PUC may change the amount of the rate increase requested by the utility for each customer class. As a result, the rate charged to you may be different than the rate requested by the Company and shown above.

Actions You Can Take

There are three ways to challenge a company's request to change its rate:

1. You can file a formal complaint. If you want a hearing before a judge, you must file a formal complaint. By filing a formal complaint, you assure yourself the opportunity to take part in hearings about the rate increase request. All complaints should be filed with the PUC as soon as possible. If no formal complaints are filed, the Commission may grant all, some or none of the request without holding a hearing before a judge. The PUC has a form called the Formal Complaint to a Proposed Rate increase that is available on the PUC's website at www.puc.pa.gov/complaints/formal-complaints/ or upon request to the PUC. The PUC can be contacted at 1-800-692-7380 or at the following address: Pennsylvania Public Utility Commission, 400 North Street, Commonwealth Keystone Building, 2nd Floor, Harrisburg PA 17120. Your complaint can be filed electronically with the PUC. Information regarding electronic filing is available at https://efiling.puc.pa.gov/.

2. You can send the PUC a comment telling them why you object to the requested rate increase. Sometimes there is information in these comments that makes the PUC aware of problems with the Company's service or management. This information can be helpful when the PUC investigates the rate request. The PUC has a form called Comment to a Proposed Rate Increase that is available on the Commission's website at www.puc.pa.gov/complaints/formal-complaints/ or upon request to the PUC. Send your comment form or letter to the Pennsylvania Public Utility Commission, 400 North Street, Commonwealth Keystone Building, 2nd Floor, Harrisburg PA 17120. Your comment form or letter can be filed electronically with the PUC. Information regarding electronic filing is available at https://efiling.puc.pa.gov/.

3. You can be a witness at a public input hearing. Public input hearings may be held if the Commission opens an investigation of the Company's rate increase request and if there is a large number of customers interested in the case. At these hearings you have the opportunity to present your views to the PUC judge hearing the case and the Company representatives. All testimony given "under oath" becomes part of the official rate case record. These hearings may be held in the service area of the Company in person, telephonically or virtually.

VALLEY ENERGY, INC.

C

PRESS RELEASE

FOR IMMEDIATE RELEASE

April 30, 2025

VALLEY ENERGY COMPANY FILES FOR BASE RATE INCREASE

Sayre, PA—Valley Energy Company (Valley) has filed a base rate increase proposal with the Pennsylvania Public Utility Commission (PUC), effective today, April 30, 2025.

The proposed increase is $1.6 million per year, or about 19% of the company's total annual revenues from natural gas sales and distribution services. The proposed effective date for the increase is June 29, 2025. Company officials expect the PUC will suspend the effective date for this filing to review Valley's costs, which will likely result in the new rates taking effect in late 2025 or early 2026, if approved.

If the PUC approves the Company's request to increase rates by $1.6 million, the total bill for a residential customer purchasing natural gas supply from Valley and using 76 Ccf per month would increase by $12.03 per month, from $66.81 to $78.84. This is about an 18% increase in total charges.

The total bill for commercial class customers purchasing natural gas supply from Valley and using 258 Ccf per month would increase by $27.10 per month, from $183.19 to $210.29. This represents about a 14.8% increase.

Bills for other customers, including those purchasing only natural gas transportation service from Valley, will also increase. Any customer can contact Valley for an estimate of the impact of the proposed rate changes on their annual payments to the Company.

The proposed rate change does not impact Valley Energy's natural gas customers in New York.

"Like most businesses, Valley has seen expenses increase over the last three years and also has been impacted by the continued rise in the cost of labor, materials, fuel, and equipment over the past year due to inflation," said President & CEO Ed Rogers. "The proposed rate adjustment will enable us to adequately invest in our system and ensure we can continue providing our customers with the safe and reliable natural gas service they have come to expect from Valley Energy."

The last rate increase granted to Valley Energy Company by the PUC was filed in April 2022 and became effective in early 2023.

Any questions concerning the base rate increase proposal or its effect on customers' bills can be directed to Valley at 800-998-4427 or (570) 888-9664. A copy of the filing is posted on Valley's website at valley-energy.com.

About Valley Energy Company:
Valley Energy is a natural gas distribution company serving nine communities in Bradford County, Pennsylvania, and three communities in Chemung and Tioga Counties, New York. Valley Energy supplies natural gas to approximately 9,000 residential, commercial, and industrial customers.

Valley Energy is wholly owned by C&T Enterprises, Inc., an unregulated holding company with its principal office located in Lewisburg, PA. C&T Enterprises is a jointly owned subsidiary of Claverack Rural Electric Cooperative, based in Wysox, PA, and Tri-County Rural Electric Cooperative, headquartered in Mansfield, PA.

For more information about Valley Energy, please visit valley-energy.com.

Contact:

Casey Wood
Vice President of Communications
C&T Enterprises, Inc.
caseyw@ctenterprises.org

C&T Enterprises, Inc. is a jointly owned subsidiary of Claverack (Wysox, PA) and Tri-County (Mansfield, PA) Rural Electric Cooperatives. C&T provides shared management and support services for the two parent electric cooperatives, the cooperatives' telecom affiliates of Revolution Broadband and Tri-Co Connections, and C&T's subsidiary utilities of Wellsboro Electric Co. (Wellsboro, Pa), Citizens' Electric Co. (Lewisburg, Pa), and Valley Energy (Sayre, Pa), a natural gas distribution company.

C&T ENTERPRISES, INC.

D

Supplement No. 69 to
Gas–Pa. P.U.C. No. 2
Forty-Eighth Revised Title Page
Canceling Forty-Seventh Revised Title Page

VALLEY ENERGY, INC. -
PENNSYLVANIA DIVISION

Rates and Rules
Governing and Furnishing of
Gas Service
in the

Boroughs of Athens, Monroe, Sayre, South Waverly
and Towanda; and the Townships of Asylum, Athens,
Monroe, North Towanda, Towanda, Ulster and Wysox
all in the County of Bradford

THIS TARIFF MAKES {{CHANGES}} TO EXISTING RATES,
RULES AND REGULATIONS
See Page No. 2

Issued: April 30, 2025 Effective: June 29, 2025

By: Edward E. Rogers, President & Chief Executive Officer
523 S. Keystone Ave.
Sayre, PA 18840-0340
(570) 888-9664

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Supplement No. 69 implements a distribution rate increase. Specifically, Supplement No. 69:

Page 27A: For “Rule 4 – Equipment and Facilities,” adds a new section “J. Excess Flow Valves.”

Page 32: For “Rule 6 – Meters and Measurement of Service,” updates section “D. Interference with Company’s Property” to include reimbursement costs.

Page 36: For "Rate "C" – Commercial Rate," increases the “Monthly Distribution Rate.”

Page 38: For "Rate "I" – Large Industrial Service-Firm," increases the “Distribution Rate Per Service Per Month” and adds a monthly Customer Charge.

Page 39: For "Rate "I" – Large Industrial Service-Firm," increases the “Monthly Minimum Charge.”

Page 44: For "Rate "IS" – Industrial Interruptible Service," increases the “Distribution Rate Per Month” and the “Monthly Minimum Charge.”

Page 49: For "Rate "SI" – Small Industrial," increases the “Monthly Distribution Rate” and Monthly Minimum Charge.”

Page 50: For "Rate "R" – Residential Rate," increases the “Monthly Distribution Rate.”

Page 81: For "Rider "B" – State Tax Surcharge," sets the surcharge to 0.0000% as of June 29, 2025.

By: Edward E. Rogers, President & Chief Executive Officer
523 S. Keystone Ave.
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(570) 888-9664

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(C) Indicates Change

By: Edward E. Rogers, President & Chief Executive Officer
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(C) Indicates Change

By: Edward E. Rogers, President & Chief Executive Officer
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(C) Indicates Change

By: Edward E. Rogers, President & Chief Executive Officer
523 S. Keystone Ave.
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RULE 4—EQUIPMENT AND FACILITIES (Continued) (C)

3. Customer Investment. The Customer shall make a payment for costs exceeding the investment allowance in Company Investment, Section 2 above. Upon receipt of a written request by a Customer or developer made no earlier than the end of the third year following the date of an agreement for new gas service, the Company will: (a) review its records to determine if a refund is due to the Customer or the developer for additional customers beyond those used to calculate the Company and Customer Investment, as determined above that attached to the facilities paid for by the customer or the developer within three (3) years after the execution date of the agreement for new gas service, and (b) within sixty (60) days of receipt of such request, (i) make payment to the customer or developer of any refund due and (ii) provide the Customer or developer with documentation substantiating the refund calculations and identifying the attached loads for which the developer was credited. Customer or developer contributions may be refunded if, within three years of the date of the service agreement, new loads are added to facilities paid for by the contributing Customer or developer. Revenue and cost computations shall simulate that the original and new loads were installed at the same time. Refunds will be paid only to the contributing Customer or developer, and the original contribution shall be the maximum refund.

4. Tax Accounting of CIAC. Any contribution in aid of construction (CIAC), Customer advance or other like amounts received from the Customer which shall constitute taxable income as defined by the Internal Revenue Service will have the income taxes segregated in a deferred account for inclusion in rate base in a future rate case proceeding. Such income taxes associated with a CIAC or Customer advance will not be charged to the specific contributor of the capital.

J. EXCESS FLOW VALVES (C)

For new and replaced service line installations, the Company will install an Excess Flow Valve ("EFV") at its own expense pursuant to 49 C.F.R. § 192.383 (defined in § 192.383(a), as required in (b), with exceptions listed in (c)). Eligible customers who request installation of an EFV on an existing service line must pay for the installation costs before any work begins, in accordance with § 192.383(d). (C)

(C) Indicates Change

By: Edward E. Rogers, President & Chief Executive Officer
523 S. Keystone Ave.
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RULE 6—METERS AND MEASUREMENT OF SERVICE

A. POINT AND METHOD OF MEASUREMENT

Gas supplied shall be measured by meters installed and maintained by Company at its expense and located at the point where the service extension enters the building or at the nearest suitable and available point designated by Company.

B. SEPARATE METER FOR EACH SERVICE

1. Unless it is specified to the contrary in the schedule, each schedule applies to service supplied through one meter to one Customer at one premise. Where Company is unable to provide a satisfactory single meter for large installations requiring a meter capacity in excess of 3400 cubic feet per hour the combination of meters installed by Company shall be considered as one meter.

2. When two or more meters are to be installed on one premise, such as an office building or an apartment house, they shall be grouped at one common place accessible for reading and testing. In cases where it is not possible to group meters at one convenient and accessible place, they shall be located as directed by Company's proper representative. In such an installation each riser shall bear a tag showing the apartment or suite to be served thereby.

C. GRAPHIC METERS

In all cases where the character of service rendered requires graphic meters, Customers shall, when requested by Company, provide attendants to care for and change, as required, Company's meter charts.

D. INTERFERENCE WITH COMPANY'S PROPERTY

Customers shall not interfere with or alter or permit interference with or alteration of Company's meters or other property, except by Company's representatives. In the event of any loss or damage to the property of Company caused by or arising from carelessness, neglect or misuse by Customer or other unauthorized parties. Customers shall reimburse the Company for all aspects of the resulting loss or damages. The reimbursement shall include costs related to: labor, materials, transportation, and tools. “Labor” shall include benefit and administrative overheads based on the Company’s current standard schedule, including third-party contract repairs or modification costs. “Materials” may include added inventory and inventory management expenses. (C)

E. METER TESTING

The testing and adjustment of meters, the charges therefore, and all allowances due to any inaccuracy thereof shall be determined in accordance with the provisions of the Public Utility Law, any amendments thereto and any rules or regulations of the Pennsylvania Public Utility Commission there under.

(C) Indicates Change

By: Edward E. Rogers, President & Chief Executive Officer (C)
523 S. Keystone Ave.
Sayre, PA 18840-0340
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RATE "C" - COMMERCIAL RATE

AVAILABILITY

This rate is applicable to natural and manufactured gas service for all commercial purposes. Service will be supplied only where the Company's facilities and available quantity of gas are suitable to the service desired.

MONTHLY DISTRIBUTION RATE

Customer charge per month	$25.00	(I)
All gas purchased per month	$0.37250 per Ccf	(I)

GAS SUPPLY SERVICE

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff.

OTHER RATE PROVISIONS

This schedule is subject to adjustment application of a State Tax Surcharge, Rider "B".

MONTHLY MINIMUM CHARGE

Customer Charge as set forth above.

MINIMUM BILL PROVISIONS

If service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premises within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of twelve months of the intervening period.

The minimum charge provision in this Rate will be waived only in the event the premises have been completely vacated, and only so long as the same are unoccupied and not usd.

NET PAYMENT PERIOD

Customer's bills will be computed at the net rates shown above, and this amount will be due twenty-one (21) days from the date of this bill and after twenty-six (26) days, 1-1/4% will be added per month to a maximum of 15% per annum.

(I) Indicates Increase

By: Edward E. Rogers, President & Chief Executive Officer
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RATE "I" - LARGE INDUSTRIAL SERVICE - FIRM

AVAILABILITY

This Industrial Gas Service Rate is an optional rate, covering the furnishing of "Firm" gas service. Available to any Industrial customer located immediately adjacent to Company's existing distribution lines, and where Company's facilities and the available quantity of gas are adequate and suitable for Customer's requirements. Service under this rate shall be furnished only under a special negotiated contract. Available to any Industrial Customer using 10,000 Ccf or more per day.

CHARACTER OF SERVICE

The service furnished by Company shall be natural gas having a heat content of approximately 1,000 Btu per cu. ft. The gas service pressure shall be adequate to operate the various commercial and industrial appliances, space heating and other equipment whose capacity and operating characteristics conform to Company standards.

DISTRIBUTION RATE PER SERVICE PER MONTH

The total maximum monthly base distribution rate shall be the sum of the following demand (1) commodity (2) and customer (3) charges applied to the monthly billing demand and the total quantity of gas used in Ccf (100 cu. ft.), and as referred to elsewhere in this rate: (C)

(1) Demand Charges Per Month		
First 1,000 Mcf of billing demand	@ $2.01379 per Mcf	(I)
Each additional Mcf of billing demand	@ $1.04504per Mcf	(I)
(2) Commodity Charges per Month		
First 80,000 Ccf of gas used per month	@ $0.18343 per Ccf	(I)
Additional Ccf of gas used per month	@ $0.09734 per Ccf	(C)(I)
* * *		(C)
(3) Customer Charge per Month	@ $300.00	(C)

GAS SUPPLY SERVICE

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service at a rate negotiated between Company and Customer, which shall not be less than the cost for Company to obtain such supplies and transportation of the same to the Company's system.

(C) Indicates Change (I) Indicates Increase

By: Edward E. Rogers, President & Chief Executive Officer
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RATE I - LARGE INDUSTRIAL SERVICE — FIRM (Continued)

OTHER RATE PROVISIONS

This schedule is subject to adjustment application of a State Tax Surcharge, Rider "B".

AUTOMATIC METER READING EQUIPMENT

In order to utilize this service, automatic meter reading equipment is required. Customer shall pay for all costs incurred by the Company to install automatic meter reading equipment as required by the Company and provide access for such equipment. The cost of installing automatic meter reading equipment plus all costs associated with dedicated telephone lines, ethernet connections and/or wireless communication devices and associated plans, and telemetering equipment shall be at the expense of the Customer. The equipment and labor cost may be paid by Customer over a two (2) year or some lesser period by means of a monthly surcharge designed to recover the cost of the equipment plus interest equal to the Company's overall rate of return as authorized from time to time by the Pennsylvania Public Utility Commission. All maintenance performed by the Company at the request of the Customer on automatic meter reading equipment will be paid by the Customer. Such charges shall also include battery costs, when a battery must be replaced and wireless communication subscription plans. The meter and associated telemetering equipment shall be the property of the Company.

MONTHLY MINIMUM CHARGE

Unless another methodology or charge is specified in the Customer's contract, the monthly minimum charge under this rate shall be the highest demand charge established during the twelve month period ending with the billing month under consideration, but not less than $3,925.93. (I)

(I) Indicates Increase

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RATE "IS" - INDUSTRIAL INTERRUPTIBLE SERVICE (Continued)

DISTRIBUTION RATE PER MONTH

Customer charge per month	$100.00	(I)
Per 100 cu. ft. (Ccf) for all gas billed	$0.11244 per Ccf	(I)

GAS SUPPLY SERVICE

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff.

OTHER RATE PROVISIONS

This schedule is subject to adjustment application of a State Tax Surcharge, Rider "B".

AUTOMATIC METER READING EQUIPMENT

In order to utilize this service, automatic meter reading equipment is required. Customer shall pay for all costs incurred by the Company to install automatic meter reading equipment as required by the Company and provide access for such equipment. The cost of installing automatic meter reading equipment plus all costs associated with dedicated telephone lines, ethernet connections and/or wireless communication devices and associated plans, and telemetering equipment shall be at the expense of the Customer. The equipment and labor cost may be paid by Customer over a two (2) year or some lesser period by means of a monthly surcharge designed to recover the cost of the equipment plus interest equal to the Company's overall rate of return as authorized from time to time by the Pennsylvania Public Utility Commission. All maintenance performed by the Company at the request of the Customer on automatic meter reading equipment will be paid by the Customer. Such charges shall also include battery costs, when a battery must be replaced and wireless communication subscription plans. The meter and associated telemetering equipment shall be the property of the Company.

MONTHLY MINIMUM CHARGE

The monthly minimum charge under this rate shall be $100.00. (I)

The monthly minimum charge for any month that the Company requires that service be interrupted shall be prorated in proportion to the number of days in which service was interrupted, as related to thirty (30) days.

(I) Indicates Increase

By: Edward E. Rogers, President & Chief Executive Officer
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RATE "SI" – SMALL INDUSTRIAL

AVAILABILITY

Available to any Industrial customer using less than 1,000 Mcf per day.

CHARACTER OF SERVICE

Continuous natural gas of 1,000 or more Btu per cubic foot. Normal pressure not more than 9" nor less than 4" water column.

MONTHLY DISTRIBUTION RATE

Customer charge per month	$100.00	(I)
All gas purchased per month	$0.2427 per Ccf	(I)

GAS SUPPLY SERVICE

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff.

OTHER RATE PROVISIONS

This Schedule is subject to adjustment application of State Tax Surcharge, Rider "B".

MONTHLY MINIMUM CHARGE

The net minimum monthly charge is $100.00. (I)

If service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same premises within twelve months unless it shall receive an amount equal to the minimum charge for each month of the intervening period.

The minimum charge provision in this rate will be waived only in the event the premises have been completely vacated, and only so long as the same are unoccupied and not used.

(I) Indicates Increase

RATE "R" - RESIDENTIAL RATE

AVAILABILITY

This rate applies to all Residential Customers in the entire gas service territory of the Company and available at one location, for the total requirements of any Residential Customer. Residential Customers are customers receiving the Company's gas service to a single-family dwelling or building, or through one meter to four or fewer units in a multi-family dwelling or premises used as a single family.

CHARACTER OF SERVICE

Continuous natural gas 1,000 or more Btu per cubic foot. Normal pressure not more than 9" nor less than 4" water column.

MONTHLY DISTRIBUTION RATE

Customer charge per month	$14.00	(I)
All gas purchased per month	$0.50747 per Ccf	(I)

GAS SUPPLY SERVICE

Any Customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff. The total gas cost rate is $0.34569 per Ccf.

OTHER RATE PROVISIONS

This schedule is subject to adjustment application of State Tax Surcharge, Rider "B".

MONTHLY MINIMUM CHARGE

Customer Charge as set forth above.

If service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premises within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of 12 months of the intervening period.

The minimum charge provision in this rate will be waived only in the event the premises have been completely vacated, and only so long as the same are unoccupied and not used.

NET PAYMENT PERIOD

Customer's bills will be computed at the net rates shown above, and this amount will be due twenty-one (21) days from the date of the bill and after twenty-six (26) days, 1-1/4% will be added per month to a maximum of 15% per annum.

(I) Indicates Increase

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RIDER "B" - STATE TAX SURCHARGE

In addition to the charges provided in this tariff, a surcharge of 0.0000% will apply to all bills for sales service rendered on or after June 29, 2025. (D) (C)

The above surcharge will be recomputed, using the elements prescribed by the Commission:

1. Whenever any of the tax rates used in calculation of the surcharge are changed.

2. Whenever the utility makes effective increased or decreased rates.

3. And on March 31,1992, and each year thereafter.

The above recalculation will be submitted to the Commission within ten days after the occurrence of the event or date which occasions such recomputation. If the recomputed surcharge is less than the one in effect the utility will, and if the recomputed surcharge is more than the one then in effect the utility may submit with such recomputation a tariff or supplement to reflect.

(D) Indicates Decrease (C) Indicates Change

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Supplement No. ~~68~~ 69 to
Gas–Pa. P.U.C. No. 2
Forty-Eighth Revised Title Page
Canceling Forty-Seventh Revised Title Page
~~Canceling Forty-Sixth Revised Title Page~~

VALLEY ENERGY, INC. -
PENNSYLVANIA DIVISION

Rates and Rules
Governing and Furnishing of
Gas Service
in the

Boroughs of Athens, Monroe, Sayre, South Waverly
and Towanda; and the Townships of Asylum, Athens,
Monroe, North Towanda, Towanda, Ulster and Wysox
all in the County of Bradford

THIS TARIFF MAKES {{CHANGES}} TO EXISTING RATES,
RULES AND REGULATIONS
See Page No. 2

By: Edward E. Rogers, President & Chief Executive Officer
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LIST OF CHANGES MADE BY THIS SUPPLEMENT

Supplement No. 69 implements a distribution rate increase. Specifically, Supplement No. 69:

Page 27A:	For “Rule 4 – Equipment and Facilities,” adds a new section “J. Excess Flow Valves.”
Page 32:	For “Rule 6 – Meters and Measurement of Service,” updates section “D. Interference with Company’s Property” to include reimbursement costs.
Page 36:	For "Rate "C" – Commercial Rate," increases the “Monthly Distribution Rate.”
Page 38:	For "Rate "I" – Large Industrial Service-Firm," increases the “Distribution Rate Per Service Per Month” and adds a monthly Customer Charge.
Page 39:	For "Rate "I" – Large Industrial Service-Firm," increases the “Monthly Minimum Charge.”
Page 44:	For "Rate "IS" – Industrial Interruptible Service," increases the “Distribution Rate Per Month” and the “Monthly Minimum Charge.”
Page 49:	For "Rate "SI" – Small Industrial," increases the “Monthly Distribution Rate” and Monthly Minimum Charge.”
Page 50:	For "Rate "R" – Residential Rate," increases the “Monthly Distribution Rate.”
Page 81:	For "Rider "B" – State Tax Surcharge," sets the surcharge to 0.0000% as of June 29, 2025.

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(C) Indicates Change

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(C) Indicates Change

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(C) Indicates Change

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RULE 4—EQUIPMENT AND FACILITIES (Continued) (C)

3. Customer Investment. The Customer shall make a payment for costs exceeding the investment allowance in Company Investment, Section 2 above. Upon receipt of a written request by a Customer or developer made no earlier than the end of the third year following the date of an agreement for new gas service, the Company will: (a) review its records to determine if a refund is due to the Customer or the developer for additional customers beyond those used to calculate the Company and Customer Investment, as determined above that attached to the facilities paid for by the customer or the developer within three (3) years after the execution date of the agreement for new gas service, and (b) within sixty (60) days of receipt of such request, (i) make payment to the customer or developer of any refund due and (ii) provide the Customer or developer with documentation substantiating the refund calculations and identifying the attached loads for which the developer was credited. Customer or developer contributions may be refunded if, within three years of the date of the service agreement, new loads are added to facilities paid for by the contributing Customer or developer. Revenue and cost computations shall simulate that the original and new loads were installed at the same time. Refunds will be paid only to the contributing Customer or developer, and the original contribution shall be the maximum refund.

4. Tax Accounting of CIAC. Any contribution in aid of construction (CIAC), Customer advance or other like amounts received from the Customer which shall constitute taxable income as defined by the Internal Revenue Service will have the income taxes segregated in a deferred account for inclusion in rate base in a future rate case proceeding. Such income taxes associated with a CIAC or Customer advance will not be charged to the specific contributor of the capital.

J. EXCESS FLOW VALVES (C)

For new and replaced service line installations, the Company will install an Excess Flow Valve ("EFV") at its own expense pursuant to 49 C.F.R. § 192.383 (defined in § 192.383(a), as required in (b), with exceptions listed in (c)). Eligible customers who request installation of an EFV on an existing service line must pay for the installation costs before any work begins, in accordance with § 192.383(d). (C)

(C) Indicates Change

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RULE 6—METERS AND MEASUREMENT OF SERVICE

A. POINT AND METHOD OF MEASUREMENT

Gas supplied shall be measured by meters installed and maintained by Company at its expense and located at the point where the service extension enters the building or at the nearest suitable and available point designated by Company.

B. SEPARATE METER FOR EACH SERVICE

1. Unless it is specified to the contrary in the schedule, each schedule applies to service supplied through one meter to one Customer at one premise. Where Company is unable to provide a satisfactory single meter for large installations requiring a meter capacity in excess of 3400 cubic feet per hour the combination of meters installed by Company shall be considered as one meter.

2. When two or more meters are to be installed on one premise, such as an office building or an apartment house, they shall be grouped at one common place accessible for reading and testing. In cases where it is not possible to group meters at one convenient and accessible place, they shall be located as directed by Company's proper representative. In such an installation each riser shall bear a tag showing the apartment or suite to be served thereby.

C. GRAPHIC METERS

In all cases where the character of service rendered requires graphic meters, Customers shall, when requested by Company, provide attendants to care for and change, as required, Company's meter charts.

D. INTERFERENCE WITH COMPANY'S PROPERTY

Customers shall not interfere with or alter or permit interference with or alteration of Company's meters or other property, except by Company's representatives. In the event of any loss or damage to the property of Company caused by or arising from carelessness, neglect or misuse by Customer or other unauthorized parties. Customers shall reimburse the Company for all aspects of the resulting loss or damages. The reimbursement shall include costs related to: labor, materials, transportation, ~~the cost of the necessary replacement or repair shall be paid by Customer~~ and tools. "Labor" shall include benefit and administrative overheads based on the Company's current standard schedule, including third-party contract repairs or modification costs. "Materials" may include added inventory and inventory management expenses. (C)

(C)

E. METER TESTING

The testing and adjustment of meters, the charges therefore, and all allowances due to any inaccuracy thereof shall be determined in accordance with the provisions of the Public Utility Law, any amendments thereto and any rules or regulations of the Pennsylvania Public Utility Commission there under.

(C) Indicates Change

RATE "C" - COMMERCIAL RATE

AVAILABILITY

This rate is applicable to natural and manufactured gas service for all commercial purposes. Service will be supplied only where the Company's facilities and available quantity of gas are suitable to the service desired.

MONTHLY DISTRIBUTION RATE

Customer charge per month	$25.00	(I)
All gas purchased per month	$0.37250 per Ccf	(I)

GAS SUPPLY SERVICE

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff.

OTHER RATE PROVISIONS

This schedule is subject to adjustment application of a State Tax Surcharge, Rider "B".

MONTHLY MINIMUM CHARGE

Customer Charge as set forth above.

MINIMUM BILL PROVISIONS

If service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premises within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of twelve months of the intervening period.

The minimum charge provision in this Rate will be waived only in the event the premises have been completely vacated, and only so long as the same are unoccupied and not usd.

NET PAYMENT PERIOD

Customer's bills will be computed at the net rates shown above, and this amount will be due twenty-one (21) days from the date of this bill and after twenty-six (26) days, 1-1/4% will be added per month to a maximum of 15% per annum.

(I) Indicates Increase~~(C) Indicates Change~~

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RATE "I" - LARGE INDUSTRIAL SERVICE - FIRM

AVAILABILITY

This Industrial Gas Service Rate is an optional rate, covering the furnishing of "Firm" gas service. Available to any Industrial customer located immediately adjacent to Company's existing distribution lines, and where Company's facilities and the available quantity of gas are adequate and suitable for Customer's requirements. Service under this rate shall be furnished only under a special negotiated contract. Available to any Industrial Customer using 10,000 Ccf or more per day.

CHARACTER OF SERVICE

The service furnished by Company shall be natural gas having a heat content of approximately 1,000 Btu per cu. ft. The gas service pressure shall be adequate to operate the various commercial and industrial appliances, space heating and other equipment whose capacity and operating characteristics conform to Company standards.

DISTRIBUTION RATE PER SERVICE PER MONTH

The total maximum monthly base distribution rate shall be the sum of the following demand (1) commodity (2) and customer (3) charges applied to the monthly billing demand and the total quantity of gas used in Ccf (100 cu. ft.), and as referred to elsewhere in this rate: (C)

(1) Demand Charges Per Month

First 1,000 Mcf of billing demand	@ ~~$1.55432~~ $2.01379 per Mcf	(I)
Each additional Mcf of billing demand	@ ~~$0.80660~~$1.04504per Mcf	(I)

(2) Commodity Charges per Month

First 80,000 Ccf of gas used per month	@ ~~$0.14158~~ $0.18343 per Ccf	(I)
Additional ~~140,000~~ Ccf of gas used per month	@ ~~$0.08696~~ $0.09734 per Ccf	(C)(I)
~~Over 220,000 Ccf of gas used per month~~	~~@ $0.05697 per Ccf~~	(C)

* * *

(C)

(3) Customer Charge per Month @ $300.00

GAS SUPPLY SERVICE

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service at a rate negotiated between Company and Customer, which shall not be less than the cost for Company to obtain such supplies and transportation of the same to the Company's system.

(C) Indicates Change (I) Indicates Increase

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RATE I - LARGE INDUSTRIAL SERVICE — FIRM (Continued)

OTHER RATE PROVISIONS

This schedule is subject to adjustment application of a State Tax Surcharge, Rider "B".

AUTOMATIC METER READING EQUIPMENT

In order to utilize this service, automatic meter reading equipment is required. Customer shall pay for all costs incurred by the Company to install automatic meter reading equipment as required by the Company and provide access for such equipment. The cost of installing automatic meter reading equipment plus all costs associated with dedicated telephone lines, ethernet connections and/or wireless communication devices and associated plans, and telemetering equipment shall be at the expense of the Customer. The equipment and labor cost may be paid by Customer over a two (2) year or some lesser period by means of a monthly surcharge designed to recover the cost of the equipment plus interest equal to the Company's overall rate of return as authorized from time to time by the Pennsylvania Public Utility Commission. All maintenance performed by the Company at the request of the Customer on automatic meter reading equipment will be paid by the Customer. Such charges shall also include battery costs, when a battery must be replaced and wireless communication subscription plans. The meter and associated telemetering equipment shall be the property of the Company.

MONTHLY MINIMUM CHARGE

Unless another methodology or charge is specified in the Customer's contract, the monthly minimum charge under this rate shall be the highest demand charge established during the twelve month period ending with the billing month under consideration, but not less than $~~3,030.202~~3,925.93. (I)

(I) Indicates Increase

By: Edward E. Rogers, President & Chief Executive Officer
523 S. Keystone Ave.
Sayre, PA 18840-0340
(570) 888-9664

RATE "IS" - INDUSTRIAL INTERRUPTIBLE SERVICE (Continued)

DISTRIBUTION RATE PER MONTH

Customer charge per month	$~~82.00~~100.00	~~(C)~~
Per 100 cu. ft. (Ccf) for all gas billed	$~~0.08672~~ 0.11244 per Ccf	(I)

GAS SUPPLY SERVICE (I)

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff.

OTHER RATE PROVISIONS

This schedule is subject to adjustment application of a State Tax Surcharge, Rider "B".

AUTOMATIC METER READING EQUIPMENT ~~(C)~~

In order to utilize this service, automatic meter reading equipment is required. Customer shall pay for all costs incurred by the Company to install automatic meter reading equipment as required by the Company and provide access for such equipment. The cost of installing automatic meter reading equipment plus all costs associated with dedicated telephone lines, ethernet connections and/or wireless communication devices and associated plans, and telemetering equipment shall be at the expense of the Customer. The equipment and labor cost may be paid by Customer over a two (2) year or some lesser period by means of a monthly surcharge designed to recover the cost of the equipment plus interest equal to the Company's overall rate of return as authorized from time to time by the Pennsylvania Public Utility Commission. All maintenance performed by the Company at the request of the Customer on automatic meter reading equipment will be paid by the Customer. Such charges shall also include battery costs, when a battery must be replaced and wireless communication subscription plans. The meter and associated telemetering equipment shall be the property of the Company.

MONTHLY MINIMUM CHARGE

The monthly minimum charge under this rate shall be $~~82.00~~100.00. (I)

The monthly minimum charge for any month that the Company requires that service be interrupted shall be prorated in proportion to the number of days in which service was interrupted, as related to thirty (30) days.

RATE "SI" – SMALL INDUSTRIAL

AVAILABILITY

Available to any Industrial customer using less than 1,000 Mcf per day.

CHARACTER OF SERVICE

Continuous natural gas of 1,000 or more Btu per cubic foot. Normal pressure not more than 9" nor less than 4" water column.

MONTHLY DISTRIBUTION RATE

Customer charge per month	~~$82.00~~ $100.00	(I)
All gas purchased per month	$~~0.1869~~ $0.2427 per Ccf	(I)

GAS SUPPLY SERVICE

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff.

OTHER RATE PROVISIONS

This Schedule is subject to adjustment application of State Tax Surcharge, Rider "B".

MONTHLY MINIMUM CHARGE

The net minimum monthly charge is ~~$82.00~~ $100.00. (I)

If service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same premises within twelve months unless it shall receive an amount equal to the minimum charge for each month of the intervening period.

The minimum charge provision in this rate will be waived only in the event the premises have been completely vacated, and only so long as the same are unoccupied and not used.

(I) Indicates Increase

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Sayre, PA 18840-0340
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RATE "R" - RESIDENTIAL RATE

AVAILABILITY

This rate applies to all Residential Customers in the entire gas service territory of the Company and available at one location, for the total requirements of any Residential Customer. Residential Customers are customers receiving the Company's gas service to a single-family dwelling or building, or through one meter to four or fewer units in a multi-family dwelling or premises used as a single family.

CHARACTER OF SERVICE

Continuous natural gas 1,000 or more Btu per cubic foot. Normal pressure not more than 9" nor less than 4" water column.

MONTHLY DISTRIBUTION RATE

Customer charge per month	$~~12.35~~14.00	
All gas purchased per month	$~~0.37095~~ 0.50747 per Ccf	(I)
		(I)

GAS SUPPLY SERVICE

Any Customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff. The total gas cost rate is $0.34569 per Ccf.

OTHER RATE PROVISIONS

This schedule is subject to adjustment application of State Tax Surcharge, Rider "B".

MONTHLY MINIMUM CHARGE

Customer Charge as set forth above.

If service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premises within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of 12 months of the intervening period.

The minimum charge provision in this rate will be waived only in the event the premises have been completely vacated, and only so long as the same are unoccupied and not used.

NET PAYMENT PERIOD

Customer's bills will be computed at the net rates shown above, and this amount will be due twenty-one (21) days from the date of the bill and after twenty-six (26) days, 1-1/4% will be added per month to a maximum of 15% per annum.

(I) Indicates Increase

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RIDER "B" - STATE TAX SURCHARGE

In addition to the charges provided in this tariff, a surcharge of ~~0.0095~~0.0000% will apply to all bills for sales service rendered on or after ~~January 1~~June 29, 2025. (D) (C)~~(I)~~ ~~(C)~~

The above surcharge will be recomputed, using the elements prescribed by the Commission:

1. Whenever any of the tax rates used in calculation of the surcharge are changed.

2. Whenever the utility makes effective increased or decreased rates.

3. And on March 31,1992, and each year thereafter.

The above recalculation will be submitted to the Commission within ten days after the occurrence of the event or date which occasions such recomputation. If the recomputed surcharge is less than the one in effect the utility will, and if the recomputed surcharge is more than the one then in effect the utility may submit with such recomputation a tariff or supplement to reflect.

By: Edward E. Rogers, President & Chief Executive Officer
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Summary Report	
Title	**compareDocs Comparison Results**
Date & Time	4/30/2025 3:18:13 PM
Comparison Time	6.30 seconds
compareDocs version	v4.4.0.84

Sources	
Original Document	Current Valley Tariff Pages.docx
Modified Document	Valley Supplement No. 69 (BRC Proposed) - CLEAN.docx

Comparison Statistics	
Insertions	132
Deletions	43
Changes	103
Moves	0
Font Changes	0
Paragraph Style Changes	0
Character Style Changes	0
TOTAL CHANGES	278

Word Rendering Set Markup Options	
Name	
Insertions	
~~Deletions~~	
Moves / ~~Moves~~	
Font Changes	
Paragraph Style Changes	
Character Style Changes	
Inserted cells	
Deleted cells	
Merged cells	
Changed lines	Mark outside border.
Comments color	By Author.
Balloons	True

compareDocs Settings Used	Category	Option Selected
Open Comparison Report after saving	General	Always
Report Type	Word	TrackChanges
Character Level	Word	False
Include Headers / Footers	Word	True
Include Footnotes / Endnotes	Word	True
Include List Numbers	Word	True
Include Tables	Word	True
Include Field Codes	Word	True
Include Moves	Word	True
Flatten Field Codes	Word	False
Show Track Changes Toolbar	Word	True
Show Reviewing Pane	Word	True
Update Automatic Links at Open	Word	[Yes / No]
Summary Report	Word	End
Detail Report	Word	Separate (View Only)
Document View	Word	Print

Remove Personal Information	Word	False

E

RESPONSES TO 52 PA CODE § 53.52(a)

52 Pa. Code § 53.52(a)(1) The specific reasons for filing this change.

A full explanation of the reasons for filing this change is set forth in the Statement of Reasons and the Company's prepared direct testimony accompanying the filing. In general, Valley's current rates are not sufficient to cover costs and provide an adequate return on its rate base. Valley's financial health is necessary to ensure safe and reliable service, and to enable investments in system replacements and improvements.

52 Pa. Code § 53.52(a)(2) The total number of customers served by the utility.

As of December 31, 2024, Valley served 7,421 customers in Pennsylvania.

52 Pa. Code § 53.52(a)(3) A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.

All customers on tariffed rates will be impacted by the rate change.

52 Pa. Code § 53.52(a)(4) The effect of the change on the utility's customers.

See Exhibit__(HSG-1), Schedules B5, B5-1 and B5-2.

52 Pa. Code § 53.52(a)(5) The direct or indirect effect of the proposed change on the utility's revenue and expenses.

See Exhibit__(HSG-1) for detailed information and schedules showing the impact of the proposed change on Valley's revenue and expenses.

52 Pa. Code § 53.52(a)(6) The effect of the change on the service rendered by the utility.

Service levels will not change, but Valley will be better positioned to continue the activities and investments to provide safe and reliable service.

52 Pa. Code § 53.52(a)(7) A list of factors considered by the utility in its determination to make the change.

Valley examined its historic and projected costs, capital project plans and system needs in determining whether to make the proposed change. Valley also considered the impact on customers.

52 Pa. Code § 53.52(a)(8) Studies undertaken by the utility in order to draft its proposed change.

Valley undertook the studies discussed in Joint Statement No. 1, Direct Testimony of Howard S. Gorman, Joint Statement No. 2, Direct Testimony of Dylan W. D'Ascendis and Ryan M. Kucan, and the other company witnesses.

52 Pa. Code § 53.52(a)(9) Customer polls taken and other documents which indicate customer acceptance and desire for the proposed change. If the poll or other documents reveal discernible public opposition, an explanation of why the change is in the public interest shall be provided.

The Company has taken no customer polls relative to the proposed changes.

52 Pa. Code § 53.52(a)(10) Plans the utility has for introducing or implementing the changes with respect to its ratepayers.

Valley will mail the notice attached as Exhibit to its customers. Valley also will post a copy of the filing on its website and make a copy available as described in the notice. Valley will issue a press release.

52 Pa. Code § 53.52(a)(11) F.C.C., F.E.R.C. or Commission orders or rulings applicable to the filing.

Not applicable.

RESPONSES TO 52 PA CODE § 53.52(b)

52 Pa. Code § 53.52(b)(1) The specific reasons for each increase or decrease.

Valley's current rates are not sufficient to cover costs and provide an adequate return on its rate base. Valley's financial health is necessary to ensure safe and reliable service, and to enable investments in system replacements and improvements. Valley is facing increased costs to operate its system, as detailed in the Company's testimony. The Company also invests in system replacements and improvements to enhance service, as detailed in the Company's testimony.

52 Pa. Code § 53.52(b)(2) The operating income statement of the utility for a 12-month period, the end of which may not be more than 120 days prior to the filing. Water and wastewater utilities with annual revenues under $100,000 and municipal corporations subject to Commission jurisdiction may provide operating income statements for a 12-month period, the end of which may not be more than 180 days prior to the filing.

See Valley's Audited Financial Statements for the years ending December 31, 2023 and 2024, which are included as Exhibit__(JB-1).

52 Pa. Code § 53.52(b)(3) A calculation of the number of customers, by tariff subdivision, whose bills will be increased.

See Exhibit__(HSG-1), Schedule B3.

52 Pa. Code § 53.52(b)(4) A calculation of the total increases, in dollars, by tariff subdivision, projected to an annual basis

See Exhibit__(HSG-1), Schedule B4.

52 Pa. Code § 53.52(b)(5) A calculation of the number of customers, by tariff subdivision, whose bills will be decreased.

None.

52 Pa. Code § 53.52(b)(6) A calculation of the total decreases, in dollars, by tariff subdivision, projected to an annual basis.

None.

52 Pa. Code § 53.52(c)(1) A statement showing the utility's calculation of the rate of return or operating ratio (if the utility qualifies to use an operating ratio under § 53.54 (relating to small water and wastewater utilities)) earned in the 12-month period referred to in subsection (b)(2), and the anticipated rate of return or operating ratio to be earned when the tariff revision or supplement becomes effective. The rate base used in this calculation shall be supported by summaries of original cost for the rate of return calculation, it shall be supported by studies of margin above operation and maintenance expense plus depreciation as referred to in § 53.54(b)(2)(B).

See Exhibit__(HSG-1), Schedule C1.

52 Pa. Code § 53.52(c)(2) A detailed balance sheet of the utility as of the close of the period referred to in subsection (b)(2).

See Exhibit__(HSG-1), Schedule C2 and Exhibit__(JB-1).

52 Pa. Code § 53.52(c)(3) A summary, by detailed plant accounts, of the book value of the property of the utility at the date of the balance sheet required by paragraph (2).

See Exhibit__(HSG-1), Schedule C3 and Exhibit__(JB-1).

52 Pa. Code § 53.52(c)(4) A statement showing the amount of depreciation reserve, at the date of the balance sheet required by paragraph (2), applicable to the property, summarized as required by paragraph (3).

See Exhibit__(HSG-1), Schedule C3.

52 Pa. Code § 53.52(c)(5) A statement of operating income, setting forth the operating revenues and expenses by detailed accounts for the 12-month period ending on the date of the balance sheet required by paragraph (2).

See Exhibit__(HSG-1), Schedule C1-1.

52 Pa. Code § 53.52(c)(6) A brief description of a major change in the operating or financial condition of the utility occurring between the date of the balance sheet required by paragraph (2) and the date of transmittal of the tariff, revision or supplement. As used in this paragraph, a major change is one which materially alters the operating or financial condition of the utility from that reflected in paragraphs (1)-(5).

None.

52 Pa. Code § 53.52(d) If a utility renders more than one type of public service, such as electric and gas, information required by § § 53.51—53.53 (relating to information furnished with the filing of rate changes), except subsection (c)(2), relates solely to the kind of service to which the tariff or tariff supplement is applicable. In subsection (c)(2), the book value of property used in furnishing each type of public service, as well as the depreciation reserve applicable to the property, shall be shown separately.

Not applicable.

RESPONSES TO 52 PA CODE § 53.53

EXHIBIT A

I. VALUATION

A. ALL UTILITIES

1. **Provide a corporate history (including the dates of original incorporation, subsequent mergers and/or acquisitions). Indicate all counties and cities and other major governmental subdivisions to which service is provided (including service areas outside of the state), and the total population in the area served.**

   Valley Statement No. 4, pp. 2-3 addresses Valley's corporate history and service territory

2. **Provide a schedule showing the measures of value and the rates of return at the original cost and trended original cost measures of value at the spot, three-year and five-year average price levels. All claims made on this exhibit should be cross-referenced to appropriate exhibits. Provide a schedule similar to the one listed above, reflecting the respondent's final claim in its previous rate case.**

   Exhibit__(HSG-1), Schedule C3 sets forth the original cost of utility plant in service for the HTY, FTY and FPFTY. Valley does not maintain the other information requested in this question and compiling it would constitute an undue burden on the Company given the amount of the rate relief requested.

3. **Provide a description of the depreciation methods utilized in calculating annual depreciation amounts and depreciation reserves, together with a discussion of all factors which were considered in arriving at estimates of service life and dispersion by account. Provide dates of all field inspections and facilities visited.**

   Valley continues to follow the depreciation methods used in its prior rate cases. Valley has not conducted a depreciation study for this filing.

4. **Set forth, in exhibit form, charts depicting the original and estimated survivor curves and a tabular presentation of the original life table plotted on the chart for each account where the retirement rate method of analysis in utilized.**
   a. If any utility plant was excluded from the measures of value because it was deemed not be "used and useful" in the public service, supply a detailed description of each item of property.
   b. Provide the surviving original cost at test year end by vintage by accounts and include applicable depreciation reserves and annuities.
      i. These calculations should be provided for plant in service as well as other categories of plant, including, but not limited to contributions in aid of construction, customers' advances for construction, and anticipated retirements associated with any construction work in progress claims (if available).

   Valley continues to follow the depreciation methods used in its prior rate cases. Valley has not conducted a depreciation study for this filing.

5. **Provide a comparison of respondent's calculated depreciation reserve v. book reserve by account at the end of the test year.**

   Exhibit__(HSG-1), Schedule C3 sets forth the original cost of utility plant in service and accumulated depreciation for the HTY, FTY and FPFTY.

6. **Supply a schedule by account and depreciable group showing the survivor curve and annual accrual rate estimated to be appropriate:**
   a. For purposes of this filing.
   b. For purposes of the most recent rate increase filing prior to the current proceedings.
      i. Supply a comprehensive statement of any changes made in method of depreciation and in the selection of average service lives and dispersion.

   Valley continues to follow the depreciation methods used in its prior rate cases. Valley has not conducted a depreciation study for this filing.

7. **Provide a table, showing the cumulative depreciated original cost by year of installation for utility plant in service at the end of the test year (depreciable plant only) as claimed in the measures of value, in the following form:**
   a. Year installed.
   b. Original cost—the total surviving cost associated with each installation year from all plant accounts.
   c. Calculated depreciation reserve—the calculated depreciation reserve associated with each installation year from all plant accounts.
   d. Depreciated original cost.
   e. Total—cumulation year by year of the figures from Column D.
   f. Column E divided by the total of the future in Column D.

   Valley's Exhibit__(HSG-1), Schedule C3 contains the detailed information compiled by Valley in support of the rate relief request.

8. **Provide a description of the trending methodology which was utilized. Identify all indexes which were used (include all backup papers) and the reasons particular indexes were chosen. If indexes were spliced, indicate which years were utilized in any splices. If indexes were composited, show all supporting calculations. Include any analysis made to "test" the applicability of any indexes.**
   a. Supply a comprehensive statement of any changes made in the selection of trend factors or in the methodology used in the current rate filing compared to the most recent previous rate filing.

   Valley continues to follow the depreciation methods used in its prior rate cases. Valley has not conducted a depreciation study for this filing.

9. **Provide an exhibit indicating the spot trended original cost at test year end by vintage by account and include applicable depreciation reserves. Include totals by account for all other trended measures of value.**

   Valley continues to follow the depreciation methods used in its prior rate cases. Valley has not conducted a depreciation study for this filing.

10. **Supply an exhibit indicating the percentage of undepreciated original cost which were trended with the following indexes:**
    a. Boeckh
    b. Handy-Whitman
    c. Indexes developed from suppliers' prices
    d. Indexes developed from company records and company price histories
    e. Construction equipment
    f. Government statistical releases

    Valley continues to follow the depreciation methods used in its prior rate cases. Valley has not conducted a depreciation study for this filing.

11. **Provide a table, showing the cumulative trended depreciated original cost (at the spot price level) by year of installation for utility plant in service at the end of the test year (depreciable plant only) as claimed in the measures of value, in the following form:**
    a. Year installed
    b. Trended original cost (at the spot price level) –the total surviving cost associated with each installation year from all plant accounts.
    c. Trended calculated depreciation reserve—the calculated depreciation reserve associated with each installation year from all plant accounts.
    d. Depreciated trended original cost
    e. Total—cumulation year by year of the figures from Column D
    f. Colum E divided by the total of the figures in Column D.

    Valley's Exhibit__(HSG-1), Schedule C3 contains the detailed information compiled by Valley in support of the rate relief request.

12. **If a claim is made for construction work in progress, include, in the form of an exhibit, the summary page from all work orders, amount expended at the end of the test year and anticipated in service dates. Indicate if any of the construction work in progress will result in insurance recoveries, reimbursements, or retirements of existing facilities. Describe in exact detail the necessity of each project claimed if not detailed on the summary page from the work order. Include final completion date and estimated total amounts to be spent on each project.**

    Valley is not making a claim for construction work in progress at the end of the FPFTY.

13. **If a claim is made for non-revenue producing construction work in progress, include, in the form of an exhibit, the summary page from all work orders, amount expended at the end of the test year and anticipated in-service dates. Indicate if any of the construction work in progress will result in insurance recoveries, reimbursements, or retirements of existing facilities. Describe in exact detail the necessity of each project claimed if not detailed on the summary page from the work order. Include final completion date and estimated total amounts to be spend on each project.**

    Valley is not making a claim for construction work in progress at the end of the FPFTY.

14. **If a claim is made for plant held for future use, supply the following:**

    [subsections a through e omitted]

    Valley is not making a claim for plant held for future use.

15. **If materials and supplies comprise part of the cash working capital claim, attach an exhibit showing the actual book balances for materials and supplies by month for the thirteen months prior to the end of the test year. Explain any abrupt changes in monthly balances.**

    Valley uses the 1/8 method and 12 months to calculate its cash working capital claim.

16. **If fuel stocks comprise part of the cash working capital claim, provide an exhibit showing the actual book balances (quantity and price) for the fuel inventories by type of fuel for the thirteen months prior to the end of the test year by location, station, etc.**

    Gas inventory balances by month are set forth in Exhibit__(HSG-1), Schedule WP4.

17. **Regardless of whether a claim for net negative or positive salvage is made, attach an exhibit showing gross salvage, cost of removal, and net salvage for the test year and four previous years by account.**

    Valley has included salvage in its "Other Revenues, net" on Exhibit__(HSG-1), Schedule C1. As set forth in Schedule C1, Citizens' does not project an increase in this item in the FPFTY. The historic total of $23,575 is extremely small in comparison to Valley's overall revenues and expenses. The Company will respond to reasonable and necessary discovery from parties regarding this item.

18. **Explain in detail by statement or exhibit the appropriateness of claiming any additional items, not previously mentioned, in the measures of value.**

    Valley's testimony by Mr. Gorman, Mr. Rogers, Ms. Beale, Ms. Sullivan and Mr. Chapman supports the claims in the measures of value.

B. RESERVED

C. GAS UTILITIES ONLY, IN ADDITION TO THE INFORMATION REQUESTED IN A

1. **Provide, with respect to the scope of operations of the utility, a description of all property, Including an explanation of the system's operations, an all plans for any significant future expansion, modification or other alternation of the facilities. This description should include, but not be limited to:**

   a. If respondent has various gas service areas, indicate if they are integrated, such that the gas supply is available to all customers.

   b. Provide all pertinent data regarding company policy related to the addition of new consumers in the company's service area.

   c. Explain how respondent obtains its gas supply, as follows:

      i. Explain how respondent stores or manufactures gas, if applicable;

      ii. State whether the company has peak shaving facilities;

      iii. Provide details of coal-gasification programs, if any;

      iv. Describe the potential for emergency purchases of gas;

      v. Provide the amount of gas in MCF supplied by various suppliers in the test year (including copies of all contracts) during the test year;

      vii. Provide the amount of gas in MCF supplied from company-owned wells during the test year.

   d. Provide plans for future gas supply, as follows:

      i. Supply details of anticipated gas supply from respondent's near-term development of gas wells, if any;

      ii. Provide gas supply agreements and well development ventures and identify the parties thereto.

   e. Indicate any anticipated curtailments and explain the reasons for the curtailments.

   f. Provide current data on any Federal Power Commission action or programs that may affect or tend to affect, the natural gas supply to the gas utility.

Valley Statement No. 4, pp. 2-3 addresses the company's system and gas supply practices. Valley owns no gas wells, manufactured gas facilities or on-system storage facilities. All of Valley's gas supply is obtained through the interstate pipeline system through bi-lateral contracts. Valley is working with a potential Renewable Natural Gas producer in New York to interconnect to the New York portion of Valley's system. If this project comes to fruition, this could result in an additional gas source to serve Valley's customers.

Valley connects new customers to its system based on the rules set forth in the Company's tariff. Valley has not instituted any curtailments since 2013, and does not anticipate the need to do so in the FTY or FPFTY.

2. Provide an overall system map, including labeling all measuring and regulating stations, storage facilities, production facilities, transmission and distribution mains, by size, and all interconnections with other utilities and pipelines.

An overall system map is available for review at the Company's office to parties that execute an appropriate Confidentiality Agreement. Due to the sensitive security nature of the information, Valley does not distribute system maps to parties.

D. RESERVED

E. RESERVED

II. RATE OF RETURN

A. ALL UTILITIES

1. Provide capitalization and capitalization ratios for the last five-year period and projected through the next two years. (With short-term debt and without short-term debt.)(Company, Parent and System)

a. Provide year-end interest coverage before and after taxes for the last three years and at latest date. (Indenture and SEC bases.) (Company, Parent and System)

b. Provide year-end preferred stock dividend coverages for the last three years and at latest date (Charter and SEC bases).

See Exhibit__(MS-2).

2. Provide latest quarterly financial report (Company and Parent).

Neither Valley nor C&T prepare quarterly financial reports. Valley's most recent annual financial report is provided as Exhibit__(JB-1) and C&T's most recent audited financial report is provided as Joint Confidential Exhibit 1.

3. Provide latest Stockholder's Report (Company and Parent)

Neither Valley nor its parent produce a Stockholder Report.

4. Provide latest Prospectus (Company and Parent)

Not applicable.

5. Supply projected capital requirements and sources of Company, Parent and system for each of the future three years

See Joint Confidential Exhibit 1 and Valley Confidential Exhibit 2.

6. Provide a schedule of capital requirements and sources of Company, Parent and System as of test year-end and latest date, detailing for each issue (if applicable):

a. Date of issue

b. Date of maturity

c. Amount issued

d. Amount outstanding

e. Amount retired

f. Amount reacquired
g. Gain on reacquisition
h. Coupon rate
i. Discount or premium at issuance
j. Issuance expense
k. Net proceeds
l. Sinking Fund requirements
m. Effective interest rate
n. Dividend rate
o. Effective cost rate
p. Total average weighted effective Cost Rate

Ms. Sullivan's Direct Testimony discusses the Company's outstanding long-term debt, including Exhibit__(MS-7) that details each issuance.

7. Supply financial data of Company and/or Parent for the last five years.
a. Earnings-price ratio
b. Earnings-book value ratio (per share basis)(avg. book value)
c. Dividend yield
d. Earnings per share
e. Dividends per share
f. Average book value per share yearly
g. Pre-tax funded debt interest coverage
h. Post-tax funded debt interest coverage
i. Market price-book value ratio

Both the Company and its parent corporation are small, privately-held corporations that are not rated by a credit rating agency. As such, compiling this information in support of this filing would require an unreasonable and excessive burden on the Company's resources that is not commensurate with the amount of the rate increase requested. The Company and its parent have provided extensive alternative financial information upon which the requested rate relief can be judged.

8. State amount of debt interest utilized for income tax calculations, and details of the debt interest computations, under each of the following rate case bases:
a. Actual test year
b. Annualized test year-end
c. Proposed test year-end

The Company's Federal and State Tax Returns are provided as Joint Confidential Exhibit 4 and Valley Confidential Exhibit 3. The test year income tax calculations are set forth in Exhibit__(HSG-1), Schedule C1-4.

9. State amount of debt interest utilized for income tax calculations, which has been allocated from the debt interest of an affiliate, and details of the allocation, under each of the following rate case bases:

a. Actual test year

b. Annualized test year-end

c. Proposed test year-end

The Company's Federal and State Tax Returns are provided as Joint Confidential Exhibit 4 and Valley Confidential Exhibit 3. The test year income tax calculations are set forth in Exhibit__(HSG-1), Schedule C1-4.

10. Under Section 1552 of the Internal Revenue Code and Regulations 1.1552-1 thereunder, if applicable, Parent Company, in filing a consolidated income tax return for the group, must choose one of four options by which it must allocate total income tax liability of the group to the participating members to determine each member's tax liability to the federal government.

a. State what option has been chosen by the group.

b. Provide, in summary form, the amount of tax liability that has been allocated to each of the participating members in the consolidated income tax return.

c. Provide a schedule, in summary form, of contributions, which were determined on the basis of separate tax return calculations, made by each of the participating members to the tax liability indicated in the consolidated group tax return. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members.

d. Provide annual income tax return for group, and if income tax return shows net operating loss, provide details of the amount of net operating loss allocated to the income tax returns of each of the members of the consolidated group.

The consolidated C&T Enterprises, Inc., 2023 Federal Income Tax return, which includes Citizens', Wellsboro and Valley, is included as Joint Confidential Exhibit 4. Valley's 2023 Pennsylvania Income Tax return is included as Valley Confidential Exhibit 3. Within the C&T family, debt interest is directly allocated per the approved affiliated interest agreements, including those that were submitted in conjunction with the Securities Certificate submissions specified in Ms. Sullivan's Exhibit__(MS-7).

11. Provide AFUDC charged by company at test year-end and latest date, and explain method by which rate was calculated.

Not applicable.

12. Set forth provisions of Company's and Parent's charter and indentures (if applicable) which describe coverage requirements, limits on proportionate types of capital outstanding, and restrictions on dividend payments.

Ms. Sullivan's Direct Testimony, Joint Statement No. 3, pp. 12-13, discusses the financial covenants for the Company's debt.

13. Attach copies of the summaries of the projected 2 years Company budgets (revenue, expense and capital).

See Valley Confidential Exhibit 2.

14. Describe long-term debt reacquisitions by Company and Parent as follows:
- **a. Reacquisitions by issue by year**
- **b. Total gain on reacquisition by issue by year**
- c. **Accounting of gain for income tax and book purposes.**

The Company does not anticipate any long-term debt reacquisitions; however, the Company is working to retire existing debt in accordance with the terms of the outstanding loans.

15. Set forth amount of compensating bank balances required under each of the following rate bases:
- **a. Annualized test year operations**
- **b. Operations under proposed rates**

The Company's filing does not include compensating balances.

16. Provide the following information concerning compensating bank balance requirements for the actual test year:

[subsections a through h omitted]

The Company's filing does not include compensating balances.

17. Provide the following information concerning bank notes payable for the actual test year:
- **a. Line of Credit at each bank**
- **b. Average daily balances of notes payable to each bank, by name of bank;**
- **c. Interest rate charged on each bank note (Prime rate, formula rat or other)**
- **d. Purpose of each bank note (e.g., construction, fuel storage, working capital, debt retirement)**
- **e. Prospective future need for this type of financing**

Ms. Sullivan's Direct Testimony discusses the Company's long-term and short-term borrowing through C&T Enterprises. Compiling the information requested in b in support of this filing would require an unreasonable and excessive burden on the Company's resources that is not commensurate with the amount of the rate increase requested.

18. Set forth amount of total cash (all cash accounts) on hand from balance sheets for the last 24 calendar months preceding test year-end.

The Company's year end and year beginning cash on hand is included in the pro forma Statement of Cash Flows in Valley Confidential Exhibit 2.

19. Submit details on the Company or Parent's common stock offerings (past 5 years to present) as follows:

[subsections a through o omitted]

Neither the Company nor its Parent have issued stock within the last 5 years.

20. Provide latest available balance sheet and income statement for Company, Parent and System.

See Exhibit__(JB-1) and Joint Confidential Exhibit 1.

21. Provide Original Cost, Trended Original Cot and Fair Value rate base claims.

See Exhibit__(HSG-1), Schedule C3.

22. Provide Operating Income claims under:

- **a. Present Rates**
- **b. Pro forma present rates (annualized and normalized)**
- **c. Proposed rates**
- **d. Provide Rate of Return on Original Cost and Fair Value claims under**
  - **i. Present rates**
  - **ii. Pro forma present rates**
  - **iii. Proposed rates**

See Exhibit__(HSG-1), Schedule C1.

23. List details and sources of "Other Property and Investment," "Temporary Cash Investments" and "Working Funds" on test year-end balance sheet.

Not applicable.

24. Attach chart explaining Company's corporate relationship to its affiliates.

See Exhibit__(MS-1).

25. If the utility plans to make a formal claim for a specific allowable rate of return, provide the following data in statement or exhibit form:

a. Claimed capitalization and capitalization ratios with supporting data;
b. Claimed cost of long-term debt with supporting data
c. Claimed cost of short-term debt with supporting data
d. Claimed cost of total debt with supporting data;
e. Claimed cost of preferred stock with supporting data;
f. Claimed cost of common equity with supporting data.

See Joint Statement No. 2, Direct Testimony and Exhibits of Dylan A. D'Ascendis and Ryan M. Kucan.

26. Provide the following income tax data:

a. Consolidated income tax adjustments, if applicable.

b. Interest for tax purposes (basis).

See Joint Confidential Exhibit 4 (Federal and NY) and Valley Confidential Exhibit 3 (PA).

B. NOT APPLICABLE

C. GAS UTILITIES ONLY, IN ADDITION TO THE INFORMATION REQUESTED IN A

1. Provide test year monthly balances for "Current Gas Storage" and notes financing such storage.

See Exhibit__(HSG-1), Schedule WP4_C.

III. BALANCE SHEET AND OPERATING STATEMENT

BALANCE SHEET

1. Provide a comparative balance sheet for the test year and the preceding year which corresponds with the test year date.

See Exhibit__(HSG-1), Schedule C2.

2. Set forth the major items of Other Physical Property, Investments in Affiliated Companies and Other Investments.

See Exhibit__(HSG-1), Schedule C2. The Regulatory Asset is the remaining 2022 PA Rate Case Expense to be amortized through December 2025.

3. Supply the amounts and purpose of Special Cash Accounts of all types, such as:

a. Interest and Dividend Special Deposits

b. Working Funds other than general operating cash accounts.

c. Other special case accounts and amounts (Temporary cash investments)

Not applicable.

4. Describe the nature and/or origin and amounts of notes receivable, accounts receivable from associated companies, and any other significant receivables, other than customer accounts, which appear on the balance sheet.

See Exhibit__(HSG-1), Schedule C2. The "Advances to Affiliates" is a prepayment of payroll that is specified in the PUC approved Contract for Services between Valley and C&T, which is included in Exhibit__(MS-6).

5. Provide the amount of accumulated reserve for uncollectible accounts, method and rate of accrual, amounts accrued, and amounts written-off in each of the last three years.

The reserve is accrued monthly based on 0.5% of gas revenues plus late charges.

Prepayment Description	12/31/2022	12/31/2023	12/31/2024
Accumulated Reserve	115,185.25	116,808.92	91,860.83
Amount	52,761.48	61,173.55	(20,260.01)
Write-off Amount	32,643.25	85,782.10	49,184.87
Collected Amount	9,481.29	26,232.22	44,496.79

6. Provide a list of prepayments and give an explanation of special prepayments.

Prepayment Description	Account	12/31/2023	12/31/2024
Prover Recertification	165.02	2,850.59	5,961.09
Public Awareness Effectiveness Study	165.03	3,050.31	1,307.31
IT Licenses	165.05	1,819.13	10,161.60
Insurance	165.00	54,644.72	64,646.71

7. Explain in detail any other significant (in amount) current assets listed on the balance sheet.

Not applicable.

8. Explain in detail, including the amount and purpose, the deferred asset accounts that currently operate to effect or will at a later date effect the operating account supplying:

- **a. Origin of these accounts**
- **b. Probable changes to this account in the near future**
- **c. Amortization of these accounts currently charged to operations or to be charged in the near future.**
- **d. Method of determining yearly amortization for the following accounts: temporary facilities; miscellaneous deferred debits; research and development; property losses; and any other deferred account that effect operating results.**

See Exhibit__(HSG-1), Schedule C2 and Valley's audited financial statements, Exhibit__(JB-1).

9. Explain the nature of accounts payable to associated companies, and note amount of significant items.

Joint Statement No. 3, pp. 8-11 discusses the inter-affiliate charges.

10. **Provide details of other deferred credits as to their origin and disposition policy (e.g., amortization).**

    See Exhibit__(HSG-1), Schedule C2 and Valley's audited financial statements, Exhibit__(JB-1).

11. **Supply basis for Injury and Damages reserve and amortization thereof.**

    Not applicable.

12. **Provide details of any significant reserves, other than depreciation, bad debt, injury and damages, appearing on the balance sheet.**

    None.

13. **Provide an analysis of unappropriated retain earnings for the test year and three preceding calendar years.**

    See Valley's Audited Financial Statements, Exhibit__(JB-1).

14. **Provide schedules and data in support of the following working capital items:**
    a. **Prepayments—list and identify all items**
    b. **Federal Excise Tax accrued or prepaid**
    c. **Federal Income Tax accrued or prepaid**
    d. **Pa. State Income Tax accrued or prepaid**
    e. **Pa. Gross Receipts Tax accrued or prepaid**
    f. **Pa. Capital Stock Tax accrued or prepaid**
    g. **Pa. Public Utility Realty Tax accrued or prepaid**
    h. **State sales tax accrued or prepaid**
    i. **Payroll taxes accrued or prepaid**

    See Exhibit__(HSG-1), Schedules C1-3, C1-4 and C1-5.

15. **Supply an exhibit supporting the claim for working capital requirement based on the lead-lag method.**
    a. **Pro forma expenses and revenues are to be used in lieu of book data for computing lead-lag days.**
    b. **Respondents must either include sales for resale and related expenses in revenues and in expenses or exclude from revenues and expenses. Explain procedures followed.**

    See Exhibit__(HSG-1), Schedule C1-5. Valley uses the 1/8 method.

16. **Provide detailed calculations showing the derivation of the tax liability offset against gross cash working capital requirements.**
    See Exhibit__(HSG-1), Schedule C1-5.

INCOME STATEMENT

17. Prepare a Statement of Income for the various time frames of the rate proceeding, including:

[detailed descriptions of columns omitted]

See Exhibit__(HSG-1), Schedule C1.

18. Provide comparative operating statements for the test year and the immediately preceding 12 months showing increases and decreases between the two periods. These statements should supply detailed explanations of the causes of the major variances between the test year and the preceding year by detailed account number.

See Exhibit__(HSG-1), Schedule C1.

OPERATING EXPENSES

19. List extraordinary property losses as a separate item, not included in operating expenses or depreciation and amortization. Sufficient supporting data must be provided.

Not applicable.

20. Supply detailed calculations of amortization of rate case expense, including supporting data for outside services rendered. Provide items comprising the rate case expense claim (include the actual billings or invoices in support of each kind of rate case expense), the items comprising the actual expenses of prior rate cases and the unamortized balances.

See Exhibit__(HSG-1), Schedule C1-3.

21. Submit detailed computation of adjustments to operating expenses for salary, wage and fringe benefit increases (union and non-union merit, progression, promotion and general) granted during the test year and six months subsequent to the test year. Supply data showing for the test year.

[subsections a through h omitted]

The Company's operating expenses for salaries and benefits are set forth in Exhibit__(HSG-1), Schedule C1-1, Valley Statement No. 4, pp. 12-13, Exhibit__(JB-5).

22. **Supply an exhibit showing an analysis, but functional accounts, of the charges by affiliates for services rendered included in the operating expenses of the filing company for the test year and for the 12-month period ended prior to the test year.**
    a. **Supply a copy of contracts, if applicable.**
    b. **Explain the nature of the services provided.**
    c. **Explain basis on which charges are made.**
    d. **If charges are allocated, identify allocation factors used.**
    e. **Supply the components and amounts comprising the expense in this account.**
    f. **Provide details of initial source of charge and reasons thereof.**

    Joint Statement No. 3, Direct and Exhibits Testimony of Melissa Sullivan, addresses affiliate charges.

23. **Describe costs relative to leasing equipment, computer rentals, and office space, including terms and conditions of the lease. State method for calculating monthly or annual payments.**

    Valley Energy has leases for some vehicles, equipment, and copiers. Monthly payments are made based on invoices received from the leasing companies.

24. **Submit detailed calculations (or best estimates) of the cost resulting from major storm damages.**

    Valley is not claiming costs of any extraordinary storms.

25. Submit details of expenditures for advertising. Provide a schedule of advertising expenses by major media categories for the test year and the prior two comparable years with respect to: [subsections a through f omitted].

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TRANSACTION DETAIL

JAN 2022 To DEC 2022

Date	Journal	Description	Actv	BU Project	Mod	Jrnl Code	Reference	Debit	Credit	Balance
Account: 0 913.45 ADVERTISING EXPENSES					Department:	20			Beginning Balance:	0.00
01/10/22	62174	Invoice	0		AP	4	SAYRE LITTLE LEAGUE	75.00		75.00
		Net Amount For JAN 2022:			75.00			75.00	0.00	
02/01/22	62560	Invoice	0		AP	4	SAYRENADE	55.00		130.00
02/01/22	62560	Invoice	0		AP	4	NORTHERN TIER STEAM (RE:R.MCCI	84.39		214.39
02/28/22	62853	Invoice	0		AP	4	TOWANDA ROTARY	100.00		314.39
		Net Amount For FEB 2022:			239.39			239.39	0.00	
03/07/22	62853	Invoice	0		AP	4	CBCC	50.00		364.39
		Net Amount For MAR 2022:			50.00			50.00	0.00	
04/01/22	63311	Invoice	0		AP	4	ENDLESS MOUNTAINS PREGNANCY	50.00		414.39
04/01/22	63311	Invoice	0		AP	4	ENDLESS MOUNTAINS PREGNANCY	50.00		464.39
		Net Amount For APR 2022:			100.00			100.00	0.00	
05/01/22	63674	Invoice	0		AP	4	VALLEY KIWANIS	41.37		505.76
05/01/22	63782	Invoice	0		AP	4	SPALDING MEMORIAL LIBRARY	103.41		609.17
05/01/22	63782	Invoice	0		AP	4	TOWANDA RIVERFEST	250.00		859.17
05/18/22	64146	Invoice	0		AP	4	VALLEY YOUTH SOCCER	165.46		1,024.63
		Net Amount For MAY 2022:			560.24			560.24	0.00	
06/01/22	64374	Invoice	0		AP	4	BIG BROTHERS BIG SISTERS	62.05		1,086.68
06/01/22	64506	Invoice	0		AP	4	KEYSTONE WARDENS	100.00		1,186.68
		Net Amount For JUN 2022:			162.05			162.05	0.00	
07/06/22	64964	Invoice	0		AP	4	(BCRAC) PARENTING COMEDY SHO	206.83		1,393.51
07/12/22	64852	Invoice	0		AP	4	CHEMUNG VALLEY- WAVERLY LOD	82.73		1,476.24
		Net Amount For JUL 2022:			289.56			289.56	0.00	
08/27/22	65857	Invoice	0		AP	4	THE DAILY REVIEW	721.47		2,197.71
08/27/22	65857	Invoice	0		AP	4	THE MORNING TIMES	517.50		2,715.21
		Net Amount For AUG 2022:			1,238.97			1,238.97	0.00	
09/01/22	66001	Invoice	0		AP	4	THE VALLEY CHORUS	41.37		2,756.58
		Net Amount For SEP 2022:			41.37			41.37	0.00	
10/01/22	66316	Invoice	0		AP	4	ATHENIAN	65.00		2,821.58
10/01/22	66731	Invoice	0		AP	4	GREATER VALLEY CHAMBER OF CC	165.46		2,987.04
10/14/22	66319	TRANSFER TO CORRECT A	0		GL	5	TRANSFER TO CORRECT ACCT (ATH		65.00	2,922.04
10/19/22	66610	Invoice	0		AP	4	ROYAL PUBLISHING	50.00		2,972.04
10/22/22	66913	Invoice	0		AP	4	MORNING TIMES	471.56		3,443.60
10/25/22	66913	Invoice	0		AP	4	DAILY REVIEW	451.75		3,895.35
		Net Amount For OCT 2022:			1,138.77			1,203.77	65.00	
Subtotal For Account: 0 913.45				**Department:** 20				3,960.35	65.00	3,895.35
Grand Total Beginning Balances:								0.00	0.00	
Grand Total Transactions: 24								3,960.35	65.00	
Grand Total:								3,960.35	65.00	3,895.35

GENERAL LEDGER

TRANSACTION DETAIL

JAN 2023 To DEC 2023

Date	Journal	Description	Actv	BU Project	Mod	Jrnl Code	Reference	Debit	Credit	Balance
Account: 0 913.45 ADVERTISING EXPENSES					Department:	20			Beginning Balance:	0.00
02/01/23	68316	Invoice	0		AP	4	TOWANDA ROTARY CLUB	100.00		100.00
02/01/23	68316	Invoice	0		AP	4	ST AGNES SCHOOL	50.00		150.00
02/10/23	68543	Invoice	0		AP	4	SAYRE LITTLE LEAGUE	75.00		225.00
02/17/23	68438	Invoice	0		AP	4	ROYAL PUBLISHING	50.00		275.00
				Net Amount For FEB 2023:	275.00			275.00	0.00	
03/01/23	68894	Invoice	0		AP	4	TOWANDA RIVERFEST	250.00		525.00
03/06/23	68677	Invoice	0		AP	4	KEYSTONE WARDENS	115.00		640.00
				Net Amount For MAR 2023:	365.00			365.00	0.00	
04/01/23	69073	Invoice	0		AP	4	ENDLESS MOUNTAINS PREGNANCY	50.00		690.00
04/01/23	69073	Invoice	0		AP	4	SPALDING MEMORIAL LIBRARY	103.69		793.69
04/01/23	69073	Invoice	0		AP	4	CBCC	100.00		893.69
04/12/23	69181	Invoice	0		AP	4	ENDLESS MOUNTAINS PREGNANCY	50.00		943.69
				Net Amount For APR 2023:	303.69			303.69	0.00	
05/01/23	69672	Invoice	0		AP	4	VALLEY YOUTH SOCCER ASSOCIAT	165.90		1,109.59
05/18/23	69926	Invoice	0		AP	4	KEYSTONE WARDENS	115.00		1,224.59
				Net Amount For MAY 2023:	280.90			280.90	0.00	
06/06/23	70116	Invoice	0		AP	4	GREATER VALLEY CHAMBER OF CC	82.95		1,307.54
06/10/23	70228	Invoice	0		AP	4	BCRAC	207.38		1,514.92
06/14/23	70228	Invoice	0		AP	4	(VALLEY LODGE NO 153) GOLF TOU	82.95		1,597.87
				Net Amount For JUN 2023:	373.28			373.28	0.00	
07/01/23	70937	Invoice	0		AP	4	BRADFORD COUNTY HISTORICAL S	207.38		1,805.25
07/05/23	70590	Invoice	0		AP	4	BRADFORD-SULLIVAN OYW	50.00		1,855.25
07/05/23	70590	Invoice	0		AP	4	BIG BROTHERS BIG SISTERS	165.90		2,021.15
07/29/23	71188	Invoice	0		AP	4	DAILY REVIEW	41.48		2,062.63
				Net Amount For JUL 2023:	464.76			464.76	0.00	
09/19/23	71955	Invoice	0		AP	4	THE VALLEY CHORUS	49.77		2,112.40
				Net Amount For SEP 2023:	49.77			49.77	0.00	
10/16/23	72323	Invoice	0		AP	4	GREATER VALLEY CHAMBER OF CC	165.90		2,278.30
				Net Amount For OCT 2023:	165.90			165.90	0.00	
Subtotal For Account: 0 913.45				**Department:** 20				2,278.30	0.00	2,278.30
Grand Total Beginning Balances:								0.00	0.00	
Grand Total Transactions: 21								2,278.30	0.00	
Grand Total:								2,278.30	0.00	2,278.30

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TRANSACTION DETAIL

JAN 2024 To DEC 2024

Date	Journal	Description	Actv	BU Project	Mod	Jrnl Code	Reference	Debit	Credit	Balance
Account: 0 913.45 ADVERTISING EXPENSES					Department:	20		Beginning Balance:		0.00
01/05/24	73676	Invoice	0		AP	4	GREATER VALLEY CHAMBER OF CO	124.43		124.43
		Net Amount For JAN 2024:			124.43			124.43	0.00	
02/13/24	74330	Invoice	0		AP	4	ROYAL PUBLISHING	50.00		174.43
02/14/24	74330	Invoice	0		AP	4	TOWANDA ROTARY CLUB	100.00		274.43
02/15/24	74213	Invoice	0		AP	4	COPA KEYSTONE WARDENS	115.00		389.43
02/16/24	74330	Invoice	0		AP	4	SAYRE LITTLE LEAGUE	75.00		464.43
02/22/24	74436	Invoice	0		AP	4	TOWANDA RIVERFEST	250.00		714.43
		Net Amount For FEB 2024:			590.00			590.00	0.00	
03/12/24	74749	Invoice	0		AP	4	ST AGNES SCHOOL	50.00		764.43
03/15/24	74878	Invoice	0		AP	4	SPALDING MEMORIAL LIBRARY	103.69		868.12
03/22/24	74969	Invoice	0		AP	4	LADY REDSKINS SOFTBALL	82.95		951.07
		Net Amount For MAR 2024:			236.64			236.64	0.00	
04/02/24	75102	Invoice	0		AP	4	ENDLESS MOUNTAINS PREGNANY C	50.00		1,001.07
		Net Amount For APR 2024:			50.00			50.00	0.00	
05/06/24	75679	Invoice	0		AP	4	KEYSTONE WARDENS	115.00		1,116.07
05/21/24	75931	Invoice	0		AP	4	VALLEY YOUTH SOCCER ASSOCIAT	163.67		1,279.74
		Net Amount For MAY 2024:			278.67			278.67	0.00	
07/02/24	76605	Invoice	0		AP	4	VALLEY LODGE NO. 153	81.83		1,361.57
07/08/24	76733	Invoice	0		AP	4	BRADFORD-SULLIVAN COUNTIES O	50.00		1,411.57
07/29/24	77078	Invoice	0		AP	4	(BBBS OF NEPA) GOLF TOURNAMEN	245.50		1,657.07
07/31/24	77220	Invoice	0		AP	4	DAILY REVIEW	40.92		1,697.99
		Net Amount For JUL 2024:			418.25			418.25	0.00	
09/11/24	77772	Invoice	0		AP	4	THE VALLEY CHORUS	49.10		1,747.09
		Net Amount For SEP 2024:			49.10			49.10	0.00	
10/25/24	78574	Invoice	0		AP	4	ROYAL PUBLISHING	75.00		1,822.09
		Net Amount For OCT 2024:			75.00			75.00	0.00	
11/21/24	79003	Invoice	0		AP	4	GREATER VALLEY CHAMBER OF CO	175.94		1,998.03
		Net Amount For NOV 2024:			175.94			175.94	0.00	
Subtotal For Account: 0 913.45				**Department:**	20			1,998.03	0.00	1,998.03
Grand Total Beginning Balances:								0.00	0.00	
Grand Total Transactions: 19								1,998.03	0.00	
Grand Total:								1,998.03	0.00	1,998.03

26. Provide a list of reports, data or statements requested by and submitted to the Commission during and subsequent to the test year.

Valley has submitted all required PUC reports. In addition, Valley provided data regarding plastic pipe on its system.

27. Prepare a detailed schedule for the test year showing the types of social and service organization memberships paid for by the Company and the cost thereof.

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TRANSACTION DETAIL

JAN 2022 To DEC 2022

Date	Journal	Description	Actv	BU Project	Mod	Jrnl Code	Reference	Debit	Credit	Balance
Account: 0 930.22 DUES/COMPANY MEMBERSHIPS					Department:	20		Beginning Balance:		0.00
01/26/22	62296	Invoice	0		AP	4	BRADFORD CTY CONSERVATION	25.00		25.00
		Net Amount For JAN 2022:			25.00			25.00	0.00	
02/07/22	62358	Invoice	0		AP	4	NORTHEAST GAS ASSOCIATION	5,485.55		5,510.55
		Net Amount For FEB 2022:			5,485.55			5,485.55	0.00	
03/28/22	63115	Invoice	0		AP	4	SAYRE ROTARY CLUB	125.00		5,635.55
		Net Amount For MAR 2022:			125.00			125.00	0.00	
06/27/22	64744	Invoice	0		AP	4	SAYRE ROTARY CLUB	125.00		5,760.55
		Net Amount For JUN 2022:			125.00			125.00	0.00	
09/27/22	66222	Invoice	0		AP	4	SAYRE ROTARY	125.00		5,885.55
09/28/22	66111	Invoice	0		AP	4	NFPA	144.78		6,030.33
		Net Amount For SEP 2022:			269.78			269.78	0.00	
10/10/22	66610	Invoice	0		AP	4	(QUILL) SAPPHIRE RENEWAL	69.99		6,100.32
		Net Amount For OCT 2022:			69.99			69.99	0.00	
11/01/22	66913	Invoice	0		AP	4	GREATER VALLEY CHAMBER OF CC	206.83		6,307.15
11/01/22	66913	Invoice	0		AP	4	AMERICAN GAS ASSOCIATION	7,046.11		13,353.26
		Net Amount For NOV 2022:			7,252.94			7,252.94	0.00	
12/07/22	67357	Invoice	0		AP	4	CBCCC	265.00		13,618.26
12/13/22	67645	Invoice	0		AP	4	ENERGY ASSOCIATION OF PA	1,793.00		15,411.26
12/27/22	67545	Invoice	0		AP	4	SAYRE ROTARY CLUB	125.00		15,536.26
12/31/22	67750	Invoice	0		AP	4	C & T ENTERPRISES	344.71		15,880.97
		Net Amount For DEC 2022:			2,527.71			2,527.71	0.00	
Subtotal For Account: 0 930.22				**Department:**	20			15,880.97	0.00	15,880.97
Grand Total Beginning Balances:								0.00	0.00	
Grand Total Transactions: 13								15,880.97	0.00	
Grand Total:								15,880.97	0.00	15,880.97

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TRANSACTION DETAIL

JAN 2023 To DEC 2023

Date	Journal	Description	Actv	BU Project	Mod	Jrnl Code	Reference	Debit	Credit	Balance
Account: 0 930.22 DUES/COMPANY MEMBERSHIPS					Department:	20		Beginning Balance:		0.00
01/30/23	68098	Invoice	0		AP	4	NORTHEAST GAS ASSOCIATION	5,377.45		5,377.45
		Net Amount For JAN 2023:			5,377.45			5,377.45	0.00	
03/28/23	69073	Invoice	0		AP	4	SAYRE ROTARY CLUB	125.00		5,502.45
		Net Amount For MAR 2023:			125.00			125.00	0.00	
06/27/23	70700	Invoice	0		AP	4	SAYRE ROTARY CLUB	125.00		5,627.45
		Net Amount For JUN 2023:			125.00			125.00	0.00	
09/04/23	71955	Invoice	0		AP	4	NFPA	145.16		5,772.61
09/28/23	72068	Invoice	0		AP	4	SAYRE ROTARY CLUB	125.00		5,897.61
		Net Amount For SEP 2023:			270.16			270.16	0.00	
11/21/23	72883	Invoice	0		AP	4	GREATER VALLEY CHAMBER OF CC	406.46		6,304.07
		Net Amount For NOV 2023:			406.46			406.46	0.00	
12/08/23	73338	Invoice	0		AP	4	CBCC	265.00		6,569.07
12/21/23	73542	Invoice	0		AP	4	ENERGY ASSOCIATION OF PA	1,938.00		8,507.07
12/26/23	73676	Invoice	0		AP	4	SAYRE ROTARY CLUB	125.00		8,632.07
12/31/23	73665	Invoice	0		AP	4	C & T ENTERPRISES	345.63		8,977.70
		Net Amount For DEC 2023:			2,673.63			2,673.63	0.00	
Subtotal For Account: 0 930.22				**Department:**	20			8,977.70	0.00	8,977.70
Grand Total Beginning Balances:								0.00	0.00	
Grand Total Transactions: 10								8,977.70	0.00	
Grand Total:								8,977.70	0.00	8,977.70

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TRANSACTION DETAIL

JAN 2024 To DEC 2024

Date	Journal	Description	Actv	BU Project	Mod	Jrnl Code	Reference	Debit	Credit	Balance
Account: 0 930.22 DUES/COMPANY MEMBERSHIPS					Department:	20			Beginning Balance:	0.00
01/23/24	74008	Invoice	0		AP	4	AMERICAN GAS ASSOCIATION	7,134.53		7,134.53
01/29/24	74108	Invoice	0		AP	4	NORTHEAST GAS ASSOCIATION	5,661.34		12,795.87
		Net Amount For JAN 2024:			12,795.87			12,795.87	0.00	
03/26/24	74969	Invoice	0		AP	4	SAYRE ROTARY CLUB	125.00		12,920.87
		Net Amount For MAR 2024:			125.00			125.00	0.00	
06/21/24	76532	Invoice	0		AP	4	SAYRE ROTARY CLUB	125.00		13,045.87
		Net Amount For JUN 2024:			125.00			125.00	0.00	
09/17/24	77913	Invoice	0		AP	4	SAYRE ROTARY CLUB	162.00		13,207.87
		Net Amount For SEP 2024:			162.00			162.00	0.00	
10/04/24	78352	Invoice	0		AP	4	NFPA	184.12		13,391.99
		Net Amount For OCT 2024:			184.12			184.12	0.00	
12/16/24	79519	Invoice	0		AP	4	ENERGY ASSOCIATION OF PA	2,106.00		15,497.99
12/23/24	79380	Invoice	0		AP	4	SAYRE ROTARY CLUB	164.00		15,661.99
12/30/24	79769	Invoice	0		AP	4	CBCC	375.00		16,036.99
12/31/24	79761	Invoice	0		AP	4	C & T ENTERPRISES	340.97		16,377.96
		Net Amount For DEC 2024:			2,985.97			2,985.97	0.00	
Subtotal For Account:	0 930.22			**Department:**	20			16,377.96	0.00	16,377.96
Grand Total Beginning Balances:								0.00	0.00	
Grand Total Transactions:	10							16,377.96	0.00	
Grand Total:								16,377.96	0.00	16,377.96

28. Submit a schedule showing, by major components, the expenditures associated with Outside Services Employed, Regulatory Commission Expenses and Miscellaneous General expenses, for the test year and prior two comparable years.

See PA Code Responses Attachment III 28.

29. Submit details of information covering research and development expenditures, including major projects within the company and forecasted company programs.

Not applicable.

30. Provide a detailed schedule of all charitable and civic contributions by recipient and amount for the test year.

Not applicable.

31. Provide a detailed analysis of Special Services—Account No. 795.

Not applicable.

32. Provide a detailed analysis of Misc. General Expense—Account No. 801.

Not applicable.

33. Provide a labor productivity schedule.

Valley has not conducted a labor productivity analysis for this filing.

34. List and explain all non-recurring and abnormal or extraordinary expenses incurred in the test year which will not be present in future years.

Valley's purchase and renovation of the new warehouse and training center is non-occuring. Valley has not identified other items.

35. List and explain all expenses included in the test year which do not occur yearly but are of a nature that they do occur over an extended period of years. (e.g.,--non-yearly maintenance programs, etc.)

Valley has not identified any expenses at this time.

36. Using the adjusted year's expenses under present rates as a base, give detail necessary for the clarification of all expense adjustments. Give clarifying detail for any such adjustments that occur due to changes in accounting procedures, such as charging a particular expense to a different account than was used previously. Explain any extraordinary declines in expense due to such change of account use.

See Exhibit__(HSG-1), Schedule C1-1.

37. Indicate the expenses that are recorded in the test year, which are due to the placement in operating service of major plant additions or the removal of major plant from operating service, and estimate the expenses that will be incurred on a full years operation.

Not applicable.

38. Submit a statement of past and anticipated changes, since the previous rate case, in major accounting procedures.

None.

39. Identify the specific witness statements and schedules of revenues, expenses, taxes, property, valuation, etc.

Valley Statement No. 1, Direct Testimony and Exhibits of Howard S. Gorman
Joint Statement No. 2, Direct Testimony and Exhibits of Dylan W. D'Ascendis and Ryan M. Kucan
Joint Statement No. 3, Direct Testimony and Exhibits of Melissa Sullivan
Valley Statement No. 4, Direct Testimony and Exhibits of Edward Rogers
Valley Statement No. 5, Direct Testimony and Exhibits of Jamie Beale
Valley Statement No. 6, Direct Testimony and Exhibits of Cody Chapman

40. Adjustments which are estimated shall be fully supported by basic information reasonably necessary.

Valley's adjustments are fully supported by its testimony and exhibits.

41. **Submit a statement explaining the derivation of the amounts used for projecting future test year level of operations and submit appropriate schedules supporting the projected test year level of operations.**

    See Exhibit__(HSG-1), Schedule C1 and Valley Statement Nos. 4, 5 and 6.

42. **If a company has separate operating divisions, an income statement must be shown for each division, plus an income statement for company as a whole.**

    Valley has submitted information for the jurisdictional services. See Valley's audited financial statements in Exhibit__(JB-1).

43. **If a company's business extends into different states or jurisdictions, then statements but be shown listing Pennsylvania jurisdictional data, other state data and federal data separately and jointly (balance sheets and operating accounts).**

    Valley has submitted information for the jurisdictional services. See Valley's audited financial statements in Exhibit__(JB-1).

44. **Ratios, percentages, allocations and averages used in adjustments must be fully supported and identified as to source.**

    Valley's allocations are fully supported by its testimony and exhibits.

45. **Provide an explanation of any differences between the basis or procedure used in allocations of revenues, expenses, depreciation, and taxes in the current rate case and that used in the prior rate case.**

    Not applicable.

46. **Supply a copy of internal and independent audit reports of the test year and prior calendar year, noting any exceptions and recommendations and disposition thereof.**

    See Exhibit__(JB-1).

47. **Submit a schedule showing rate of return on facilities allocated to serve wholesale customers.**

    Not applicable.

TAXES, OTHER THAN INCOME

48. **Provide a copy of the latest capital stock tax report and the latest capital stock tax settlement.**

    See Exhibit__(JB-2) (Company's most recent STAS filing).

49. Submit details of calculations for Taxes, other than Income, where a company is assessed taxes for doing business in another state, or on its property located in another state.

Valley's Pennsylvania and New York state tax returns are included as Joint Confidential Exhibit 4 and Valley Confidential Exhibit 3.

50. Provide a schedule of federal and Pennsylvania taxes, other than income taxes, calculated on the basis of test year per books, pro forma at present rates, and pro forma at proposed rates, to include the following categories: a. social security; b. unemployment; c. capital stock; d. public utility realty; e. PUC assessment; f. other property; g. any other appropriate categories.

See Exhibit__(HSG-1), Schedule C1-3.

INCOME TAXES

[Questions 51 through 71 omitted]

Valley is submitting its most recent consolidated Federal income tax filing as Joint Confidential Exhibit 4, and its most recent state income tax filings as Valley Confidential Exhibit 3. The taxes claimed by the Company in its rate increase are supported in Exhibit__(HSG-1), Schedule C1-4. The Company will respond to relevant requests through the discovery process for additional information regarding income taxes. Compiling the information requested in Questions 51 through 71 would constitute an undue burden on the Company given the amount of the rate relief requested.

B.RESERVED

C.RESERVED

D.RESERVED

E.GAS UTILITIES, IN ADDITION TO PROVIDING THE INFORMATION REQUESTED IN A

BALANCE SHEET

1. **If Unrecovered Fuel Cost policy is implemented, provide the following:**
    a. **State manner in which amount of unrecovered fuel cost on balance sheet at the end of the test year was determined, and the month in the test year in which such fuel expense was actually incurred. Provide amount of adjustment made on the rate case operating account for test year-end unrecovered fuel cost.**
    b. **Provide amount of Unrecovered Fuel Cost that appeared on the balance sheet at the opening date of the test year, and the manner in which it was determined. State whether this amount is in the test year operating account.**

Not applicable.

2. **Provide details of items an amounts comprising the accounting entries for Deferred Fuel Cost at the beginning and end of the test year.**

   Not applicable.

REVENUES

OPERATING REVENUES

3. **Submit a schedule showing a reconciliation of test year MCF sales and line losses. List all amounts of gas purchased, manufactured and transported.**

   See Exhibit__(HSG-1), Schedule B.

4. **Provide detailed calculations substantiating the adjustment to revenue for annualization of changes in number of customers and annualization of changes in volume sold for all customers for the test year.**
   a. **Break down changes in number of customers by rate schedule.**
   b. **If an annualization adjustment for changes in customers and changes in volume sold is not submitted, please explain.**

   See Exhibit__(HSG-1), Schedule B and associated Work Papers.

5. **Submit a schedule showing the sources of gas supply associated with annualized MCF sales.**

   All gas is purchased from wholesale suppliers.

6. **Supply, by classification, *Operating Revenues—Miscellaneous* for test year.**

   See Exhibit__(HSG-1), Schedule C1.

7. **Provide details of respondent's attempts to recover uncollectible and delinquent accounts.**

   Valley undertakes routine efforts to monitor and collect delinquent accounts, including through past due notices, telephone calls and other activities.

8. **Describe how the *net* billing and *gross* billing is determined. For example, if the *net* billing is based on the rate blocks plus FCA and STA, and the *gross* billing is determined by a percentage increase, then state whether the percentage increase is being applied to all three items of revenue—rate blocks plus STA and FCA.**

   Valley Statement No. 1, Direct Testimony and Exhibits of Howard S. Gorman, describes the Company's proposed implementation of the revenue increase.

9. **Describe the procedures involved in determining whether forfeited discounts or penalties are applied to customer billing.**

   Valley imposes penalties on transport customers or suppliers consistent with its tariff provisions.

10. Provide annualization of revenue as a result of rate changes occurring during the test year, at the level of operations as of end of the test year.

See Exhibit__(HSG-1), Schedule B.

11. Provide a detailed billing analysis supporting present and proposed rates by customer classification and/or tariff rate schedule.

See Exhibit__(HSG-1), Schedule B and supporting schedules.

12. Provide a schedule showing residential and commercial heating sales by unit (MCF) per month and degree days for the test year and three preceding twelve month periods.

The Company has not compiled this information for the rate analysis presented in this proceeding.

13. Provide a schedule of present and proposed tariff rates showing dollar change and percent of change by block. Also, provide an explanation of any change in block structure and the reasons therefor.

See Exhibit__(HSG-1), Schedule B5.

14. Provide the following statements and schedules. The schedules and statements for the test year portion should be reconciled with the summary operating statement.

a. An operating revenues summary for the test year and the year preceding the test year showing:

[subsections i through iii omitted]

b. Provide details of sales for resale, based on periods of five years before and projections for five years after the test year, and for the test year. [detailed list of data omitted]

See Exhibit__(HSG-1), Schedule B.

15. State manner in which revenues are being presented for ratemaking purposes and provide details of the method followed:

a. Accrued revenues
b. Billed Revenues
c. Cash Revenues

Accrued.

16. If revenue accruing entries are made on the books at the end of each fiscal period, give entries made accordingly at the end of the test year and at the beginning of the year. State whether they are reversed for ratemaking purposes.

Journal Entries — **December-24**

PA FJE 42

ACCOUNT	DEPT.	DESCRIPTION		DEBIT		CREDIT
441.00	20	Unbilled Revenue - Residential	$	-	$	104,925.00
442.00	20	Unbilled Revenue - Commercial	$	-	$	34,975.00
173.00	20	Accrued Utility Revenues	**$**	**139,900.00**	**$**	**-**
		Totals	$	139,900.00	$	139,900.00

To accrual unbilled revenue for Valley - PA for year end based on 75% Residential and 25% Commercial

17. State whether any adjustments have been made to expenses in order to present such expenses on a basis comparable to the manner in which revenues are presented in this proceeding (i.e., accrued, billed or case).

None.

18. If the utility has a Fuel Adjustment Clause:
[subsections a through f omitted]

Valley's Gas Supply Rate is a full passthrough of actual costs. No gas or fuel costs are included in delivery rates. Mr. Gorman's Exhibit__(HSG-1) details how revenues and expenses for gas supply are removed in establishing the proposed rates.

19. Provide growth patterns of usage and customer numbers per rate class, using historical and projected data.

See Exhibit__(HSG-1), Schedule B3, Workpaper WP1_B and WP2_B.

20. Provide, for test year only, a schedule by tariff rates and by service classifications showing proposed increase and percent of increase.

See Exhibit__(HSG-1), Schedule B4.

21. **If a gas company is affiliated with another utility segment, such as a water or electric segment, explain the effects, if any, upon allocation factors used in the gas rate filing of current or recent rate increases allowed to the other utility segment (or segments) of the company.**

    Not applicable.

22. **Provide supporting data detailing curtailment adjustments, procedures and policies.**
    Not applicable.

OPERATING EXPENSES

23. **Submit a schedule showing fuel cost in excess of base compared to fuel cost recovery for the period two months prior to test year and the test year.**

    Not applicable.

24. **Supply a detailed analysis of Purchased Gas for the test year and the twelve month period prior to the test year.**

    Gas costs are not included in the rate analysis for this proceeding.

25. **Submit calculations supporting energy cost per MCF and operating ratio used to determine increase in costs other than production to serve additional load.**

    Not applicable.

26. **Submit detailed calculations for bulk gas transmission service costs under supply and/or interconnection agreements.**

    Gas costs are not included in the rate analysis for this proceeding.

27. **Submit a schedule for gas producing units retired or schedule for retirement subsequent to the test year showing station, units, MCF capacity, hours of operation during test year, net output produced and cent/MCF of maintenance and fuel expenses.**

    Not applicable.

28. **Provide a statement explaining the details of firm gas purchase (long-term) contracts with affiliated and nonaffiliated utilities, including determination of costs, terms of contract, and other pertinent information.**

    Gas costs are not included in the rate analysis for this proceeding. Valley does not purchase from affiliated utilities.

29. **Provide intrastate operations percentages by expense categories for two years prior to the test year.**

Details regarding the Company's expenses are included in Exhibit__(HSG-1), Schedule C1 and associated schedules.

30. Provide a schedule showing suppliers, MCF purchased, cost; emergency purchases, listing same information; curtailments during the year; gas put into and taken out of storage; line loss; and any other gas input or output not in the ordinary course of business.

Gas costs are not included in the rate analysis for this proceeding.

31. Provide a schedule showing the determination of the fuel costs included in the base cost of fuel.

Gas costs are not included in the rate analysis for this proceeding.

32. Provide a schedule showing the calculation of any deferred fuel costs shown in Account 174. Also, explain the accounting, with supporting detail, for any associated income taxes.

Not applicable.

33. Submit a schedule showing maintenance expenses, gross plant and the relation of maintenance expenses thereto as follows:

- **a. Gas Production Maintenance Expenses per MCF production, per $1,000 MCF production, and per $1,000 of Gross Production Plant;**
- **b. Transmission Maintenance expense per MMCF mile and per $1,000 of Gross Transmission Plant;**
- **c. Distribution Maintenance expense per customer and per $1,000 of Gross Distribution Plant;**
- **d. Storage Maintenance Expenses per MMCF of Storage Capacity and per $1,000 of Gross Storage Plant.**

a, b and d are not applicable. C can be calculated using Exhibit__(HSG-1), Schedule C1 and Schedule B3.

34. Provide a schedule of expenses, by account, for the test year and the previous two years [detailed list of expense accounts omitted]

See Exhibit__(HSG-1), Schedule C1-1.

TAXES, OTHER THAN INCOME TAXES

35. Submit a schedule showing the Gross Receipts Tax Base used in computing Pennsylvania Gross Receipts Tax Adjustment.

See Exhibit__(JB-XX) (STAS filing).

REVENUE AND EXPENSE

GENERAL ITEMS

36. State the amount of gas, in mcf, obtained through various suppliers in past years.

Gas costs are not included in the rate analysis for this filing.

37. In determining pro forma expense, exclude cost of gas adjustments applicable to fuel adjustment clause and exclude fuel adjustment clause revenues, so that the operating statement is on the basis of base rates only.

Gas costs have been excluded.

38. Identify company's policy with respect to replacing customers lost through attrition.

The Company has no policy for replacing customers lost through attrition.

39. Identify procedures developed to govern relationship between the company and potential customers—i.e., basically expansion, alternate energy requirements, availability of supply, availability of distribution facilities, ownership of metering and related facilities.

The Company's procedures are set forth in the applicable tariff rules and Commission regulations.

IV. RATE STRUCTURE

A. RESERVED

B. GAS UTILITIES

Each gas utility shall submit the following simultaneously with any rate increase filing:

1. Provide a Cost of Service Study showing the rate of return under present and proposed tariffs for all customer classifications. The study should include a summary of the allocated measures of value, operating revenues, operating expenses and net return for each of the customer classifications at original cost and at the 5-year trended original cost.

The Company has not conducted a cost of service study for this proceeding. The Company is proposing an across the board increase.

2. Provide a statement of testimony describing the complete methodology for the cost of service study.

The Company has not conducted a cost of service study for this proceeding. The Company is proposing an across the board increase.

3. **Provide a complete description and back-up calculation for all allocation factors.**

   The Company has not conducted a cost of service study for this proceeding. The Company is proposing an across the board increase.

4. **Provide an exhibit for each customer classification showing the following data for the test year and the four previous years:**
   a. **The maximum coincident peak day demand**
   b. **The maximum coincident 3-day peak day demand**
   c. **The average monthly consumption in MCF during the Primary Heating Season (November through March)**
   d. **The average monthly consumption in MCF during the Non-heating season (April through October)**
   e. **The average daily consumption in MCF for each 12-month period**

   The Company has not conducted a cost of service study for this proceeding. The Company is proposing an across the board increase.

5. **Submit a Bill Frequency Analysis for each rate. The analysis should include the rate schedule and block interval, the number of bills at each interval, the cumulative number of bills at each interval, the MCF or therms at each interval, and the revenue at each interval for both the present rate and the proposed rates. The analysis should include only those revenues collected from the basic tariff.**

   The Company has not conducted a bill frequency analysis for this proceeding. The Company provides Bill Comparisons in Exhibit__(HSG-1), Schedules B5-1 and B5-2.

6. **Supply copies of all present and proposed Gas Tariffs.**

   The Company's gas tariff is on file with the PUC and available on the Company's website. The changes to the tariff are explained in Supplement No. 69.

7. **Supply a graph of present and proposed base rates on hyperbolic cross section paper.**

   The Company has not prepared graphs for this filing.

8. **Supply a map showing the Gas System Facilities and Gas Service Areas. The map should inlcude transmission lines, distribution lines, other companies lines interconnecting with the interconnecting points clearly designated, major compressor stations, gas storage areas and gas storage lines. The normal direction of gas flow within the transmission system should be indicated by arrows. Separate service areas within the system should be clearly designated.**

   An overall system map is available for review at the Company's office to parties that execute an appropriate Confidentiality Agreement. Due to the sensitive security nature of the information, Valley does not distribute system maps to parties.

9. Supply a cost analysis supporting minimum charges for all rate schedules.

Mr. Gorman's testimony supports the proposed minimum charges.

10. Supply a cost analysis supporting demand charges for all tariffs which contain demand charges.

Mr. Gorman's testimony supports the proposed demand charges.

11. Supply the net fuel clause adjustment by month for the test year.

Not applicable.

12. Supply a tabulation of base rate bills for each rate schedule comparing the existing rates to proposed rates. The tabulation should show the dollar difference and the percent increase or decrease.

See Exhibit__(HSG-1), Schedule B5.

13. Submit the projected demands for all customer classes for both purchased and produced gas for the three years following the test year.

See Exhibit__(HSG-2), Schedule WP1_B and WP2_B.

14. Supply an exhibit showing the gas deliveries to each customer class for the most recent 24 month period. The exhibit should identify the source of the gas, such as "purchased", "production" "storage withdrawal", "propane" and "unaccounted for".

See Exhibit__(HSG-1), Schedule B1-1.

Valley Energy Inc

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GENERAL LEDGER

TRANSACTION DETAIL

JAN 2022 To DEC 2022

Date	Journal	Description	Actv	BU	Project	Mod	Jrnl Code	Reference	Debit	Credit	Balance
Account: 0 923.0 OUTSIDE SERVICES EMPLOYED						Department: 20			Beginning Balance:		0.00
01/14/22	62174	Invoice	0			AP	4	NORTH CENTRAL SIGHT SERVICES	30.38		30.38
01/19/22	62296	Invoice	0			AP	4	AMERICAN DRUG & ALCOHOL	104.65		135.03
01/20/22	62174	Invoice	0			AP	4	NORTHER TIER SOLID WASTE	101.27		236.30
01/27/22	62296	Invoice	0			AP	4	J'S CLEAN SWEEP	1,564.00		1,800.30
01/31/22	62609	Amortize Effectiveness Study	0			GL	5	Public Awareness Effectiveness Study	145.25		1,945.55
		Net Amount For JAN 2022:	1,945.55						1,945.55	0.00	
02/14/22	62560	Invoice	0			AP	4	NORTH CENTRAL SIGHT SERVICES	30.38		1,975.93
02/18/22	62676	Invoice	0			AP	4	NORTHERN TIER SOLID WASTE	101.27		2,077.20
02/24/22	62676	Invoice	0			AP	4	J'S CLEAN SWEEP	1,519.28		3,596.48
02/28/22	62989	Amortize Effectiveness Study	0			GL	5	Public Awareness Effectiveness Study	145.25		3,741.73
		Net Amount For FEB 2022:	1,796.18						1,796.18	0.00	
03/17/22	63115	Invoice	0			AP	4	NORTH CENTRAL SIGHT SERVICES	60.76		3,802.49
03/18/22	62998	Invoice	0			AP	4	AMERICAN DRUG AND ALCOHOL	243.05		4,045.54
03/30/22	63225	Invoice	0			AP	4	J'S CLEAN SWEEP	1,792.94		5,838.48
03/31/22	63225	Invoice	0			AP	4	HSG GROUP, INC	4,136.50		9,974.98
03/31/22	63496	Amortize Effectiveness Study	0			GL	5	Public Awareness Effectiveness Study	145.25		10,120.23
		Net Amount For MAR 2022:	6,378.50						6,378.50	0.00	
04/07/22	63311	Invoice	0			AP	4	NORTH CENTRAL SIGHT SERVICES	59.57		10,179.80
04/26/22	63571	Invoice	0			AP	4	CARDMEMBER SERVICE	409.51		10,589.31
04/29/22	63674	Invoice	0			AP	4	J'S CLEAN SWEEP	1,416.55		12,005.86
04/30/22	63876	Amortize Effectiveness Study	0			GL	5	Public Awareness Effectiveness Study	145.25		12,151.11
		Net Amount For APR 2022:	2,030.88						2,030.88	0.00	
05/02/22	63674	Invoice	0			AP	4	DDS WEB DESIGN	41.36		12,192.47
05/18/22	64146	Invoice	0			AP	4	AMERICAN DRUG & ALCOHOL	297.83		12,490.30
05/27/22	64146	Invoice	0			AP	4	J'S CLEAN SWEEP	1,811.66		14,301.96
05/31/22	64526	Amortize Effectiveness Study	0			GL	5	Public Awareness Effectiveness Study	145.25		14,447.21
		Net Amount For MAY 2022:	2,296.10						2,296.10	0.00	
06/17/22	64646	Invoice	0			AP	4	AMERICAN DRUG & ALCOHOL	59.57		14,506.78
06/30/22	64744	Invoice	0			AP	4	J'S CLEAN SWEEP	1,606.48		16,113.26
06/30/22	64852	Invoice	0			AP	4	NORTH CENTRAL SIGHT SERVICES	59.57		16,172.83
06/30/22	65067	Amortize Effectiveness Study	0			GL	5	Public Awareness Effectiveness Study	145.25		16,318.08
		Net Amount For JUN 2022:	1,870.87						1,870.87	0.00	
07/01/22	64964	Invoice	0			AP	4	DDS WEB DESIGN	61.01		16,379.09
07/28/22	65183	Invoice	0			AP	4	J'S CLEAN SWEEP	1,476.76		17,855.85
07/31/22	65466	Amortize Effectiveness Study	0			GL	5	Public Awareness Effectiveness Study	145.25		18,001.10
		Net Amount For JUL 2022:	1,683.02						1,683.02	0.00	
08/01/22	65286	Invoice	0			AP	4	DDS WEB DESIGN	61.01		18,062.11
08/08/22	65405	Invoice	0			AP	4	EHRLICH PEST CONTROL	258.69		18,320.80
08/18/22	65502	Invoice	0			AP	4	AMERICAN DRUG & ALCOHOL	357.39		18,678.19
08/25/22	65626	Invoice	0			AP	4	J'S CLEAN SWEEP	1,875.01		20,553.20
08/29/22	65626	Invoice	0			AP	4	CARDMEMBER SERVICE	823.16		21,376.36
08/31/22	65980	Amortize Effectiveness Study	0			GL	5	Public Awareness Effectiveness Study	145.25		21,521.61

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		Net Amount For AUG 2022:	3,520.51			3,520.51	0.00	
09/01/22	65735 Invoice	0	AP	4	DDS WEB DESIGN, LLC	41.36		21,562.97
09/09/22	65857 Invoice	0	AP	4	DUNCAN WEINBERG GENZER PEMBR	1,521.40		23,084.37
09/20/22	66481 Invoice	0	AP	4	TRI-COUNTY	4,136.50		27,220.87
09/23/22	66111 Invoice	0	AP	4	J'S CLEAN SWEEP	1,494.14		28,715.01
09/23/22	66222 Invoice	0	AP	4	NORTH CENTRAL SIGHT SERVICES	59.57		28,774.58
09/30/22	66400 Amortize Effectiveness Study	0	GL	5	Public Awareness Effectiveness Study	145.25		28,919.83
		Net Amount For SEP 2022:	7,398.22			7,398.22	0.00	
10/01/22	66222 Invoice	0	AP	4	DDS WEB DESIGN	41.36		28,961.19
10/17/22	66610 Invoice	0	AP	4	AMERICAN DRUG & ALCOHOL	238.26		29,199.45
10/21/22	66731 Invoice	0	AP	4	J'S CLEAN SWEEP	1,501.24		30,700.69
10/31/22	66409 Amortize Effectiveness Study	0	GL	5	Public Awareness Effectiveness Study	145.25		30,845.94
10/31/22	66796 Invoice	0	AP	4	DDS WEB DESIGN	41.36		30,887.30
		Net Amount For OCT 2022:	1,967.47			1,967.47	0.00	
11/25/22	67118 Invoice	0	AP	4	J'S CLEAN SWEEP	1,476.76		32,364.06
11/30/22	66418 Amortize Effectiveness Study	0	GL	5	Public Awareness Effectiveness Study	145.25		32,509.31
		Net Amount For NOV 2022:	1,622.01			1,622.01	0.00	
12/01/22	67118 Invoice	0	AP	4	DDS WEB DESIGN	61.01		32,570.32
12/01/22	67545 Invoice	0	AP	4	J'S CLEAN SWEEP	1,509.00		34,079.32
12/13/22	67466 Invoice	0	AP	4	NORTH CENTRAL SIGHT SERVICES	62.87		34,142.19
12/16/22	67645 Invoice	0	AP	4	AMERICAN DRUG & ALCOHOL	357.39		34,499.58
12/22/22	67645 Invoice	0	AP	4	JHA COMPANIES	3,382.29		37,881.87
12/31/22	67992 Amortize Effectiveness Study	0	GL	5	Public Awareness Effectiveness Study	145.25		38,027.12
		Net Amount For DEC 2022:	5,517.81			5,517.81	0.00	
Subtotal For Account:	0 923.0	**Department:** 20				38,027.12	0.00	38,027.12
Account: 0 923.0	OUTSIDE SERVICES EMPLOYED	Department:	30			Beginning Balance:		0.00
01/14/22	62174 Invoice	0	AP	4	NORTH CENTRAL SIGHT SERVICES	5.62		5.62
01/19/22	62296 Invoice	0	AP	4	AMERICAN DRUG & ALCOHOL	19.35		24.97
01/20/22	62174 Invoice	0	AP	4	NORTHER TIER SOLID WASTE	18.73		43.70
01/27/22	62296 Invoice	0	AP	4	J'S CLEAN SWEEP	289.24		332.94
01/31/22	62628 Transfer NY Expenses from PA	0	GL	5	Transfer NY Expenses from PA		332.94	0.00
		Net Amount For JAN 2022:	0.00			332.94	332.94	
02/14/22	62560 Invoice	0	AP	4	NORTH CENTRAL SIGHT SERVICES	5.62		5.62
02/18/22	62676 Invoice	0	AP	4	NORTHERN TIER SOLID WASTE	18.73		24.35
02/24/22	62676 Invoice	0	AP	4	J'S CLEAN SWEEP	280.96		305.31
02/28/22	63097 Transfer NY Expenses from PA	0	GL	5	Transfer NY Expenses from PA		305.31	0.00
		Net Amount For FEB 2022:	0.00			305.31	305.31	
03/17/22	63115 Invoice	0	AP	4	NORTH CENTRAL SIGHT SERVICES	11.24		11.24
03/18/22	62998 Invoice	0	AP	4	AMERICAN DRUG AND ALCOHOL	44.95		56.19
03/30/22	63225 Invoice	0	AP	4	J'S CLEAN SWEEP	374.28		430.47
03/31/22	63225 Invoice	0	AP	4	HSG GROUP, INC	863.50		1,293.97
03/31/22	63533 Transfer NY Expenses from PA	0	GL	5	Transfer NY Expenses from PA		1,293.97	0.00
		Net Amount For MAR 2022:	0.00			1,293.97	1,293.97	
04/07/22	63311 Invoice	0	AP	4	NORTH CENTRAL SIGHT SERVICES	12.43		12.43
04/26/22	63571 Invoice	0	AP	4	CARDMEMBER SERVICE	85.49		97.92
04/29/22	63674 Invoice	0	AP	4	J'S CLEAN SWEEP	295.71		393.63
04/30/22	64005 Transfer NY Expenses from PA	0	GL	5	Transfer NY Expenses from PA		393.63	0.00
		Net Amount For APR 2022:	0.00			393.63	393.63	
05/02/22	63674 Invoice	0	AP	4	DDS WEB DESIGN	8.63		8.63
05/18/22	64146 Invoice	0	AP	4	AMERICAN DRUG & ALCOHOL	62.17		70.80
05/27/22	64146 Invoice	0	AP	4	J'S CLEAN SWEEP	378.18		448.98
05/31/22	64604 Transfer NY Expenses from PA	0	GL	5	Transfer NY Expenses from PA		448.98	0.00

			Net Amount For MAY 2022:	0.00				448.98	448.98	
06/17/22	64646	Invoice	0	AP	4	AMERICAN DRUG & ALCOHOL		12.43		12.43
06/30/22	64744	Invoice	0	AP	4	J'S CLEAN SWEEP		335.36		347.79
06/30/22	64852	Invoice	0	AP	4	NORTH CENTRAL SIGHT SERVICES		12.43		360.22
06/30/22	65084	Transfer NY Expenses from PA	0	GL	5	Transfer NY Expenses from PA			360.22	0.00
			Net Amount For JUN 2022:	0.00				360.22	360.22	
07/01/22	64964	Invoice	0	AP	4	DDS WEB DESIGN		12.73		12.73
07/28/22	65183	Invoice	0	AP	4	J'S CLEAN SWEEP		308.28		321.01
07/31/22	65581	Transfer NY Expenses from PA	0	GL	5	Transfer NY Expenses from PA			321.01	0.00
			Net Amount For JUL 2022:	0.00				321.01	321.01	
Subtotal For Account:	0 923.0		**Department:**	30				3,456.06	3,456.06	0.00
Account: 0 923.25 AUDITOR FEES EXPENSE			Department:	20				Beginning Balance:		0.00
01/31/22	62407	Invoice	0	AP	4	C & T ENTERPRISES		2,992.91		2,992.91
			Net Amount For JAN 2022:	2,992.91				2,992.91	0.00	
02/28/22	62855	Invoice	0	AP	4	C & T ENTERPRISES		13,126.05		16,118.96
			Net Amount For FEB 2022:	13,126.05				13,126.05	0.00	
03/31/22	63316	Invoice	0	AP	4	C & T ENTERPRISES		7,832.08		23,951.04
			Net Amount For MAR 2022:	7,832.08				7,832.08	0.00	
05/31/22	64340	Invoice	0	AP	4	C & T ENTERPRISES		2,015.44		25,966.48
			Net Amount For MAY 2022:	2,015.44				2,015.44	0.00	
07/31/22	65354	Invoice	0	AP	4	C & T ENTERPRISES		551.53		26,518.01
			Net Amount For JUL 2022:	551.53				551.53	0.00	
09/30/22	66477	Invoice	0	AP	4	C & T ENTERPRISES		2,082.03		28,600.04
			Net Amount For SEP 2022:	2,082.03				2,082.03	0.00	
10/31/22	66915	Invoice	0	AP	4	C & T ENTERPRISES		68.93		28,668.97
			Net Amount For OCT 2022:	68.93				68.93	0.00	
12/31/22	67750	Invoice	0	AP	4	C & T ENTERPRISES		165.46		28,834.43
			Net Amount For DEC 2022:	165.46				165.46	0.00	
Subtotal For Account:	0 923.25		**Department:**	20				28,834.43	0.00	28,834.43
Account: 0 923.25 AUDITOR FEES EXPENSE			Department:	30				Beginning Balance:		0.00
01/31/22	62407	Invoice	0	AP	4	C & T ENTERPRISES		553.49		553.49
01/31/22	62628	Transfer NY Expenses from PA	0	GL	5	Transfer NY Expenses from PA			553.49	0.00
			Net Amount For JAN 2022:	0.00				553.49	553.49	
02/28/22	62855	Invoice	0	AP	4	C & T ENTERPRISES		2,427.43		2,427.43
02/28/22	63097	Transfer NY Expenses from PA	0	GL	5	Transfer NY Expenses from PA			2,427.43	0.00
			Net Amount For FEB 2022:	0.00				2,427.43	2,427.43	
03/31/22	63316	Invoice	0	AP	4	C & T ENTERPRISES		1,448.40		1,448.40
03/31/22	63533	Transfer NY Expenses from PA	0	GL	5	Transfer NY Expenses from PA			1,448.40	0.00
			Net Amount For MAR 2022:	0.00				1,448.40	1,448.40	
05/31/22	64340	Invoice	0	AP	4	C & T ENTERPRISES		420.72		420.72
05/31/22	64604	Transfer NY Expenses from PA	0	GL	5	Transfer NY Expenses from PA			420.72	0.00
			Net Amount For MAY 2022:	0.00				420.72	420.72	
07/31/22	65354	Invoice	0	AP	4	C & T ENTERPRISES		115.13		115.13
07/31/22	65581	Transfer NY Expenses from PA	0	GL	5	Transfer NY Expenses from PA			115.13	0.00
			Net Amount For JUL 2022:	0.00				115.13	115.13	
Subtotal For Account:	0 923.25		**Department:**	30				4,965.17	4,965.17	0.00
Account: 0 923.45 ATTORNEY FEES EXPENSE			Department:	20				Beginning Balance:		0.00
01/24/22	62174	Invoice	0	AP	4	MCNEES WALLACE & NURICK		634.50		634.50
01/31/22	62407	Invoice	0	AP	4	C & T ENTERPRISES		626.62		1,261.12
			Net Amount For JAN 2022:	1,261.12				1,261.12	0.00	
02/17/22	62449	Invoice	0	AP	4	LAW OFFICE OF ROBERT W CHAPPEL		3,672.07		4,933.19
02/18/22	62560	Invoice	0	AP	4	MCNEES WALLACE & NURICK		77.00		5,010.19

02/28/22	62855	Invoice	0		AP	4	C & T ENTERPRISES	505.94		5,516.13
			Net Amount For FEB 2022:		4,255.01			4,255.01	0.00	
12/15/22	67466	Invoice	0		AP	4	LAW OFFICE OF ROBERT CHAPPELL	3,550.82		9,066.95
12/31/22	67745	Invoice	0		AP	4	MCNEES WALLACE & NURICK	185.32		9,252.27
12/31/22	67745	Invoice	0		AP	4	MCNEES WALLACE & NURICK	347.88		9,600.15
			Net Amount For DEC 2022:		4,084.02			4,084.02	0.00	
Subtotal For Account:	0 923.45			**Department:**	20			9,600.15	0.00	9,600.15
Account: 0 923.45	ATTORNEY FEES EXPENSE			Department:	30			Beginning Balance:		0.00
01/31/22	62407	Invoice	0		AP	4	C & T ENTERPRISES	115.88		115.88
01/31/22	62628	Transfer NY Expenses from PA	0		GL	5	Transfer NY Expenses from PA		115.88	0.00
			Net Amount For JAN 2022:		0.00			115.88	115.88	
02/16/22	62449	Invoice	0		AP	4	DUNCAN WEINBERG GENZER PEMBR	417.50		417.50
02/17/22	62449	Invoice	0		AP	4	LAW OFFICE OF ROBERT W CHAPPEL	679.09		1,096.59
02/28/22	62855	Invoice	0		AP	4	C & T ENTERPRISES	93.56		1,190.15
02/28/22	63097	Transfer NY Expenses from PA	0		GL	5	Transfer NY Expenses from PA		1,190.15	0.00
			Net Amount For FEB 2022:		0.00			1,190.15	1,190.15	
03/09/22	62998	Invoice	0		AP	4	DUNCAN WEINBERG GENZER PEMBR	987.50		987.50
03/31/22	63533	Transfer NY Expenses from PA	0		GL	5	Transfer NY Expenses from PA		987.50	0.00
			Net Amount For MAR 2022:		0.00			987.50	987.50	
04/12/22	63311	Invoice	0		AP	4	DUNCAN WEINBERG GENZER PEMBR	290.50		290.50
04/30/22	64005	Transfer NY Expenses from PA	0		GL	5	Transfer NY Expenses from PA		290.50	0.00
			Net Amount For APR 2022:		0.00			290.50	290.50	
Subtotal For Account:	0 923.45			**Department:**	30			2,584.03	2,584.03	0.00
Account: 0 928.0	REGULATORY COMMISSION EXPENSES			Department:	20			Beginning Balance:		0.00
01/31/22	62611	AMORTIZE PA RATE CASE I	0		GL	5	Amortize PA Rate Case Expense	7,527.78		7,527.78
01/31/22	62631	Record monthly accrued taxes	0		GL	5	ACCRUED TAXES	3,024.17		10,551.95
			Net Amount For JAN 2022:		10,551.95			10,551.95	0.00	
02/28/22	62886	CRJ	0		GL	3	NYS Refund		596.08	9,955.87
02/28/22	62991	AMORTIZE PA RATE CASE I	0		GL	5	Amortize PA Rate Case Expense	7,527.78		17,483.65
02/28/22	63099	Record monthly accrued taxes	0		GL	5	ACCRUED TAXES	3,024.17		20,507.82
			Net Amount For FEB 2022:		9,955.87			10,551.95	596.08	
03/31/22	63499	AMORTIZE PA RATE CASE I	0		GL	5	Amortize PA Rate Case Expense	7,527.78		28,035.60
03/31/22	63536	Record monthly accrued taxes	0		GL	5	ACCRUED TAXES	3,024.17		31,059.77
			Net Amount For MAR 2022:		10,551.95			10,551.95	0.00	
04/30/22	63878	AMORTIZE PA RATE CASE I	0		GL	5	Amortize PA Rate Case Expense	7,527.78		38,587.55
04/30/22	64011	Record monthly accrued taxes	0		GL	5	ACCRUED TAXES	3,024.17		41,611.72
			Net Amount For APR 2022:		10,551.95			10,551.95	0.00	
05/31/22	64528	AMORTIZE PA RATE CASE I	0		GL	5	Amortize PA Rate Case Expense	7,527.78		49,139.50
05/31/22	64625	Record monthly accrued taxes	0		GL	5	ACCRUED TAXES	3,024.17		52,163.67
			Net Amount For MAY 2022:		10,551.95			10,551.95	0.00	
06/30/22	65069	AMORTIZE PA RATE CASE I	0		GL	5	Amortize PA Rate Case Expense	7,527.78		59,691.45
06/30/22	65096	Record monthly accrued taxes	0		GL	5	ACCRUED TAXES	3,024.17		62,715.62
			Net Amount For JUN 2022:		10,551.95			10,551.95	0.00	
07/31/22	65468	AMORTIZE PA RATE CASE I	0		GL	5	Amortize PA Rate Case Expense	7,527.78		70,243.40
07/31/22	65583	Record monthly accrued taxes	0		GL	5	ACCRUED TAXES	3,024.17		73,267.57
			Net Amount For JUL 2022:		10,551.95			10,551.95	0.00	
08/31/22	65982	AMORTIZE PA RATE CASE I	0		GL	5	Amortize PA Rate Case Expense	7,527.78		80,795.35
08/31/22	66151	Record monthly accrued taxes	0		GL	5	ACCRUED TAXES	3,024.17		83,819.52
			Net Amount For AUG 2022:		10,551.95			10,551.95	0.00	
09/30/22	66402	AMORTIZE PA RATE CASE I	0		GL	5	Amortize PA Rate Case Expense	7,527.78		91,347.30
09/30/22	66554	Record monthly accrued taxes	0		GL	5	ACCRUED TAXES	3,024.17		94,371.47
			Net Amount For SEP 2022:		10,551.95			10,551.95	0.00	

10/31/22	66411	AMORTIZE PA RATE CASE I	0		GL	5	Amortize PA Rate Case Expense	7,527.78		101,899.25
10/31/22	66993	Record monthly accrued taxes	0		GL	3		3,024.17		104,923.42
			Net Amount For OCT 2022:		10,551.95			10,551.95	0.00	
11/30/22	66420	AMORTIZE PA RATE CASE I	0		GL	5	Amortize PA Rate Case Expense	7,527.78		112,451.20
11/30/22	67756	Record monthly accrued taxes	0		GL	3		3,024.17		115,475.37
			Net Amount For NOV 2022:		10,551.95			10,551.95	0.00	
12/31/22	67994	AMORTIZE PA RATE CASE I	0		GL	5	Amortize PA Rate Case Expense	7,527.78		123,003.15
12/31/22	68174	Record monthly accrued taxes	0		GL	3		1,561.17		124,564.32
			Net Amount For DEC 2022:		9,088.95			9,088.95	0.00	
Subtotal For Account:	0 928.0			**Department:**	20			125,160.40	596.08	124,564.32
Account: 0 928.0	REGULATORY COMMISSION EXPENSES			Department:	30				Beginning Balance:	0.00
Account: 0 930.2	MISCELLANEOUS GENERAL EXPENSE			Department:	20				Beginning Balance:	0.00
01/01/22	61912	Invoice	0		AP	4	SAYRE BOROUGH	118.99		118.99
01/05/22	61823	Invoice	0		AP	4	AQUA PA	45.13		164.12
01/08/22	61931	Invoice	0		AP	4	DE LAGE LANDEN	269.58		433.70
01/20/22	62071	Invoice	0		AP	4	PENELEC	762.21		1,195.91
			Net Amount For JAN 2022:		1,195.91			1,195.91	0.00	
02/02/22	62358	Invoice	0		AP	4	AQUA PA	49.80		1,245.71
02/06/22	62449	Invoice	0		AP	4	DE LAGE LANDEN	269.58		1,515.29
02/08/22	62449	Invoice	0		AP	4	ESRI	2,191.69		3,706.98
02/18/22	62449	Invoice	0		AP	4	PENELEC	780.37		4,487.35
02/23/22	62530	GL to GL Expenses Transfer	0		GL	5	GL to GL Expenses Transfer		4,487.35	0.00
			Net Amount For FEB 2022:		-1,195.91			3,291.44	4,487.35	
Subtotal For Account:	0 930.2			**Department:**	20			4,487.35	4,487.35	0.00
Account: 0 930.2	MISCELLANEOUS GENERAL EXPENSE			Department:	30				Beginning Balance:	0.00
01/01/22	61912	Invoice	0		AP	4	SAYRE BOROUGH	22.01		22.01
01/05/22	61823	Invoice	0		AP	4	AQUA PA	8.35		30.36
01/08/22	61931	Invoice	0		AP	4	DE LAGE LANDEN	49.86		80.22
01/20/22	62071	Invoice	0		AP	4	PENELEC	140.96		221.18
01/31/22	62628	Transfer NY Expenses from PA	0		GL	5	Transfer NY Expenses from PA		221.18	0.00
			Net Amount For JAN 2022:		0.00			221.18	221.18	
02/02/22	62358	Invoice	0		AP	4	AQUA PA	9.21		9.21
02/06/22	62449	Invoice	0		AP	4	DE LAGE LANDEN	49.86		59.07
02/08/22	62449	Invoice	0		AP	4	ESRI	405.31		464.38
02/18/22	62449	Invoice	0		AP	4	PENELEC	144.31		608.69
02/23/22	62530	GL to GL Expenses Transfer	0		GL	5	GL to GL Expenses Transfer		829.87	-221.18
02/28/22	63097	Transfer NY Expenses from PA	0		GL	5	Transfer NY Expenses from PA	221.18		0.00
			Net Amount For FEB 2022:		0.00			829.87	829.87	
Subtotal For Account:	0 930.2			**Department:**	30			1,051.05	1,051.05	0.00
Grand Total Beginning Balances:								0.00	0.00	
Grand Total Transactions:	164							218,165.76	17,139.74	
Grand Total:								218,165.76	17,139.74	201,026.02

PARAMETERS ENTERED:

Divsion: All
Accounts: 0 923.0, 0 923.25, 0 923.45, 0 928.0, 0 930.2
Department: All
Activity: All
Sort By: Div/Acct
Date Selection: Period
Period: JAN 2022 To DEC 2022

PA CODE RESPONSE III-28

Module: All
Journal Activity: All
Accounts With No Transactions: Yes
Extended Reference: No
Interface Detail: No
Group by Department: Yes

Valley Energy Inc

Rev: 202401261217

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GENERAL LEDGER

TRANSACTION DETAIL

JAN 2023 To DEC 2023

Date	Journal	Description	Actv BU Project	Mod	Jrnl Code	Reference	Debit	Credit	Balance
Account: 0 923.0 OUTSIDE SERVICES EMPLOYED			Department: 20				Beginning Balance:		0.00
01/02/23	67645	Invoice	0	AP	4	DDS WEB DESIGN	41.36		41.36
01/19/23	68098	Invoice	0	AP	4	MCGEE AND FAMILY	1,661.36		1,702.72
01/26/23	68098	Invoice	0	AP	4	AMERICAN DRUG & ALCOHOL	178.70		1,881.42
01/31/23	68098	Invoice	0	AP	4	DDS WEB DESIGN	190.27		2,071.69
01/31/23	68616	Amortize Effectiveness Study	0	GL	5	Public Awareness Effectiveness Study	145.25		2,216.94
		Net Amount For JAN 2023:	2,216.94				2,216.94	0.00	
02/06/23	68316	Invoice	0	AP	4	NORTH CENTRAL SIGHT SERVICES	31.44		2,248.38
02/20/23	68543	Invoice	0	AP	4	MCGEE AND FAMILY (J'S CLEAN SWE	1,485.49		3,733.87
02/23/23	68543	Invoice	0	AP	4	AMERICAN DRUG & ALCOHOL	254.81		3,988.68
02/28/23	69378	Amortize Effectiveness Study	0	GL	5	Public Awareness Effectiveness Study	145.25		4,133.93
		Net Amount For FEB 2023:	1,916.99				1,916.99	0.00	
03/01/23	68543	Invoice	0	AP	4	DDS WEB DESIGN	61.01		4,194.94
03/15/23	68968	Invoice	0	AP	4	KEYSTONE COMMUNICATIONS	477.77		4,672.71
03/24/23	68968	Invoice	0	AP	4	MCGEE AND FAMILY (J'S CLEAN SWE	1,661.36		6,334.07
03/31/23	69181	Invoice	0	AP	4	NORTH CENTRAL SIGHT SERVICES	62.87		6,396.94
03/31/23	69422	Amortize Effectiveness Study	0	GL	5	Public Awareness Effectiveness Study	145.25		6,542.19
		Net Amount For MAR 2023:	2,408.26				2,408.26	0.00	
04/03/23	69073	Invoice	0	AP	4	DDS WEB DESIGN	263.36		6,805.55
04/23/23	69576	Invoice	0	AP	4	MCGEE AND FAMILY	1,487.29		8,292.84
04/30/23	69896	Amortize Effectiveness Study	0	GL	5	Public Awareness Effectiveness Study	145.25		8,438.09
		Net Amount For APR 2023:	1,895.90				1,895.90	0.00	
05/01/23	69576	Invoice	0	AP	4	DDS WEB DESIGN	41.47		8,479.56
05/26/23	70014	Invoice	0	AP	4	MCGEE AND FAMILY	1,665.78		10,145.34
05/31/23	70479	Amortize Effectiveness Study	0	GL	5	Public Awareness Effectiveness Study	145.25		10,290.59
		Net Amount For MAY 2023:	1,852.50				1,852.50	0.00	
06/01/23	70014	Invoice	0	AP	4	DDS WEB DESIGN	93.31		10,383.90
06/13/23	70343	Invoice	0	AP	4	AMERICAN DRUG & ALCOHOL	319.36		10,703.26
06/23/23	70590	Invoice	0	AP	4	MCGEE AND FAMILY (J'S CLEAN SWE	1,665.78		12,369.04
06/30/23	70514	Invoice	0	AP	4	DDS WEB DESIGN	41.47		12,410.51
06/30/23	70700	Invoice	0	AP	4	NORTH CENTRAL SIGHT SERVICES	63.04		12,473.55
06/30/23	70972	Amortize Effectiveness Study	0	GL	5	Public Awareness Effectiveness Study	145.25		12,618.80
		Net Amount For JUN 2023:	2,328.21				2,328.21	0.00	
07/24/23	71097	Invoice	0	AP	4	MCGEE AND FAMILY	1,665.78		14,284.58
07/31/23	71283	Amortize Effectiveness Study	0	GL	5	Public Awareness Effectiveness Study	145.25		14,429.83
		Net Amount For JUL 2023:	1,811.03				1,811.03	0.00	
08/01/23	71097	Invoice	0	AP	4	DDS WEB DESIGN	41.47		14,471.30
08/15/23	71328	Invoice	0	AP	4	AMERICAN DRUG & ALCOHOL	255.49		14,726.79
08/18/23	71535	Invoice	0	AP	4	CARDMEMBER SERVICE	825.35		15,552.14
08/24/23	71535	Invoice	0	AP	4	NORTH CENTRAL SIGHT SERVICES	66.36		15,618.50
08/28/23	71535	Invoice	0	AP	4	MCGEE AND FAMILY	1,665.78		17,284.28
08/31/23	71284	Amortize Effectiveness Study	0	GL	5	Public Awareness Effectiveness Study	145.25		17,429.53
		Net Amount For AUG 2023:	2,999.70				2,999.70	0.00	

09/01/23	71622	Invoice	0		AP	4	DDS WEB DESIGN	41.47		17,471.00
09/18/23	71955	Invoice	0		AP	4	AMERICAN DRUG & ALCOHOL	63.87		17,534.87
09/25/23	72068	Invoice	0		AP	4	MCGEE AND FAMILY	1,530.97		19,065.84
09/30/23	71285	Amortize Effectiveness Study	0		GL	5	Public Awareness Effectiveness Study	145.25		19,211.09
			Net Amount For SEP 2023:	1,781.56				1,781.56	0.00	
10/02/23	72068	Invoice	0		AP	4	DDS WEB DESIGN	41.47		19,252.56
10/17/23	72418	Invoice	0		AP	4	NORTH CENTRAL SIGHT SERVICES	66.36		19,318.92
10/24/23	72543	Invoice	0		AP	4	MCGEE AND FAMILY	1,665.78		20,984.70
10/31/23	71286	Amortize Effectiveness Study	0		GL	5	Public Awareness Effectiveness Study	145.25		21,129.95
			Net Amount For OCT 2023:	1,918.86				1,918.86	0.00	
11/01/23	72543	Invoice	0		AP	4	DDS WEB DESIGN	41.47		21,171.42
11/14/23	72883	Invoice	0		AP	4	AMERICAN DRUG & ALCOHOL	360.83		21,532.25
11/21/23	72988	Invoice	0		AP	4	MCGEE AND FAMILY (J'S CLEAN SWE	1,665.78		23,198.03
11/30/23	72988	Invoice	0		AP	4	DDS WEB DESIGN	41.47		23,239.50
11/30/23	73406	Amortize Effectiveness Study	0		GL	5	Public Awareness Effectiveness Study	145.25		23,384.75
			Net Amount For NOV 2023:	2,254.80				2,254.80	0.00	
12/11/23	73542	Invoice	0		AP	4	NORTH CENTRAL SIGHT SERVICES	66.36		23,451.11
12/12/23	73392	Invoice	0		AP	4	(MCGEE AND FAMILY)J'S CLEAN SWE	1,480.69		24,931.80
12/31/23	73549	Amortize Effectiveness Study	0		GL	5	Public Awareness Effectiveness Study	145.25		25,077.05
			Net Amount For DEC 2023:	1,692.30				1,692.30	0.00	
Subtotal For Account:	0 923.0		**Department:** 20					25,077.05	0.00	25,077.05
Account: 0 923.0 OUTSIDE SERVICES EMPLOYED			Department: 30					Beginning Balance:		0.00
Account: 0 923.25 AUDITOR FEES EXPENSE			Department: 20					Beginning Balance:		0.00
01/31/23	68372	Invoice	0		AP	4	C & T ENTERPRISES	3,770.01		3,770.01
			Net Amount For JAN 2023:	3,770.01				3,770.01	0.00	
02/28/23	68810	Invoice	0		AP	4	C & T ENTERPRISES	3,770.01		7,540.02
			Net Amount For FEB 2023:	3,770.01				3,770.01	0.00	
03/31/23	69233	Invoice	0		AP	4	C & T ENTERPRISES	15,289.62		22,829.64
			Net Amount For MAR 2023:	15,289.62				15,289.62	0.00	
04/30/23	69741	Invoice	0		AP	4	C & T ENTERPRISES	12,415.13		35,244.77
			Net Amount For APR 2023:	12,415.13				12,415.13	0.00	
05/31/23	70219	Invoice	0		AP	4	C & T ENTERPRISES	1,202.78		36,447.55
			Net Amount For MAY 2023:	1,202.78				1,202.78	0.00	
06/30/23	70759	Invoice	0		AP	4	C & T ENTERPRISES	110.59		36,558.14
			Net Amount For JUN 2023:	110.59				110.59	0.00	
07/31/23	71316	Invoice	0		AP	4	C & T ENTERPRISES	483.86		37,042.00
			Net Amount For JUL 2023:	483.86				483.86	0.00	
09/30/23	72177	Invoice	0		AP	4	C & T ENTERPRISES	504.60		37,546.60
			Net Amount For SEP 2023:	504.60				504.60	0.00	
10/31/23	72719	Invoice	0		AP	4	C & T ENTERPRISES	833.65		38,380.25
			Net Amount For OCT 2023:	833.65				833.65	0.00	
12/31/23	73665	Invoice	0		AP	4	C & T ENTERPRISES	5,830.12		44,210.37
			Net Amount For DEC 2023:	5,830.12				5,830.12	0.00	
Subtotal For Account:	0 923.25		**Department:** 20					44,210.37	0.00	44,210.37
Account: 0 923.25 AUDITOR FEES EXPENSE			Department: 30					Beginning Balance:		0.00
Account: 0 923.45 ATTORNEY FEES EXPENSE			Department: 20					Beginning Balance:		0.00
02/01/23	68438	Invoice	0		AP	4	MCNEES WALLACE & NURICK	1,965.66		1,965.66
02/24/23	68779	Invoice	0		AP	4	MCNEES WALLACE & NURICK	224.00		2,189.66
			Net Amount For FEB 2023:	2,189.66				2,189.66	0.00	
04/25/23	69672	Invoice	0		AP	4	MCNEES WALLACE & NURICK	595.00		2,784.66
			Net Amount For APR 2023:	595.00				595.00	0.00	
Subtotal For Account:	0 923.45		**Department:** 20					2,784.66	0.00	2,784.66

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Account: 0 923.45 ATTORNEY FEES EXPENSE				Department: 30					Beginning Balance:	0.00
Account: 0 928.0 REGULATORY COMMISSION EXPENSES				Department: 20					Beginning Balance:	0.00
01/31/23	68618	AMORTIZE PA RATE CASE I	0	GL	5	Amortize PA Rate Case Expense	7,527.78			7,527.78
01/31/23	68620	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,318.28			11,846.06
01/31/23	68679	Record monthly accrued taxes	0	GL	3		2,658.42			14,504.48
			Net Amount For JAN 2023:	14,504.48			14,504.48	0.00		
02/28/23	69379	AMORTIZE PA RATE CASE I	0	GL	5	Amortize PA Rate Case Expense	7,527.78			22,032.26
02/28/23	69380	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,380.96			26,413.22
02/28/23	69416	Record monthly accrued taxes	0	GL	3		2,658.42			29,071.64
			Net Amount For FEB 2023:	14,567.16			14,567.16	0.00		
03/31/23	69423	AMORTIZE PA RATE CASE I	0	GL	5	Amortize PA Rate Case Expense	7,527.78			36,599.42
03/31/23	69424	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			40,949.04
03/31/23	69460	Record monthly accrued taxes	0	GL	3		2,658.42			43,607.46
			Net Amount For MAR 2023:	14,535.82			14,535.82	0.00		
04/30/23	69898	AMORTIZE PA RATE CASE I	0	GL	5	Amortize PA Rate Case Expense	7,527.70			51,135.16
04/30/23	69899	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			55,484.78
04/30/23	69915	Record monthly accrued taxes	0	GL	3		2,658.42			58,143.20
			Net Amount For APR 2023:	14,535.74			14,535.74	0.00		
05/31/23	70481	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			62,492.82
05/31/23	70549	Record monthly accrued taxes	0	GL	3		2,658.42			65,151.24
			Net Amount For MAY 2023:	7,008.04			7,008.04	0.00		
06/30/23	70975	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			69,500.86
06/30/23	71057	Record monthly accrued taxes	0	GL	3		2,658.42			72,159.28
			Net Amount For JUN 2023:	7,008.04			7,008.04	0.00		
07/31/23	71295	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			76,508.90
07/31/23	71410	Record monthly accrued taxes	0	GL	3		2,658.42			79,167.32
			Net Amount For JUL 2023:	7,008.04			7,008.04	0.00		
08/31/23	71296	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			83,516.94
08/31/23	71828	Record monthly accrued taxes	0	GL	3		2,658.42			86,175.36
			Net Amount For AUG 2023:	7,008.04			7,008.04	0.00		
09/30/23	71297	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			90,524.98
09/30/23	72304	Record monthly accrued taxes	0	GL	3	FJE 50	2,656.34			93,181.32
			Net Amount For SEP 2023:	7,005.96			7,005.96	0.00		
10/31/23	71298	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			97,530.94
10/31/23	72798	Record monthly accrued taxes	0	GL	3	FJE 50	2,656.33			100,187.27
			Net Amount For OCT 2023:	7,005.95			7,005.95	0.00		
11/30/23	73409	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			104,536.89
11/30/23	73441	Record monthly accrued taxes	0	GL	3	FJE 50	2,656.33			107,193.22
			Net Amount For NOV 2023:	7,005.95			7,005.95	0.00		
12/31/23	73553	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			111,542.84
12/31/23	73554	Journal Entry	0	GL	3	Reclass invoice amount over allowed rate	1,214.00			112,756.84
12/31/23	73916	Record monthly accrued taxes	0	GL	3	FJE 50	2,656.33			115,413.17
			Net Amount For DEC 2023:	8,219.95			8,219.95	0.00		
Subtotal For Account: 0 928.0				**Department:** 20			115,413.17	0.00		115,413.17
Account: 0 928.0 REGULATORY COMMISSION EXPENSES				Department: 30					Beginning Balance:	0.00
Account: 0 930.2 MISCELLANEOUS GENERAL EXPENSE				Department: 20					Beginning Balance:	0.00
12/31/23	73770	Journal Entry	0	GL	3	Reclass misc receivables	15.89			15.89
			Net Amount For DEC 2023:	15.89			15.89	0.00		
Subtotal For Account: 0 930.2				**Department:** 20			15.89	0.00		15.89
Account: 0 930.2 MISCELLANEOUS GENERAL EXPENSE				Department: 30					Beginning Balance:	0.00
Grand Total Beginning Balances:							0.00	0.00		

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Grand Total Transactions:	93	187,501.14	0.00	
Grand Total:		187,501.14	0.00	187,501.14

PARAMETERS ENTERED:

Divsion: All
Accounts: 0 923.0, 0 923.25, 0 923.45, 0 928.0, 0 930.2
Department: All
Activity: All
Sort By: Div/Acct
Date Selection: Period
Period: JAN 2023 To DEC 2023
Module: All
Journal Activity: All
Accounts With No Transactions: Yes
Extended Reference: No
Interface Detail: No
Group by Department: Yes

Valley Energy Inc

Rev: 202401261217

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GENERAL LEDGER

TRANSACTION DETAIL

JAN 2024 To DEC 2024

Date	Journal	Description	Actv	BU	Project	Mod	Jrnl Code	Reference	Debit	Credit	Balance
Account: 0 923.0 OUTSIDE SERVICES EMPLOYED						Department: 20			Beginning Balance:		0.00
01/01/24	73542	Invoice	0			AP	4	DDS WEB DESIGN	41.47		41.47
01/15/24	73907	Invoice	0			AP	4	AMERICAN DRUG & ALCOHOL	63.87		105.34
01/22/24	74008	Invoice	0			AP	4	MCGEE AND FAMILY	1,665.78		1,771.12
01/31/24	74653	Amortize Effectiveness Study	0			GL	5	Public Awareness Effectiveness Study	145.25		1,916.37
		Net Amount For JAN 2024:				1,916.37			1,916.37	0.00	
02/01/24	74008	Invoice	0			AP	4	DDS WEB DESIGN	41.47		1,957.84
02/12/24	74330	Invoice	0			AP	4	NORTH CENTRAL SIGHT SERVICES	66.36		2,024.20
02/15/24	74330	Invoice	0			AP	4	AMERICAN DRUG & ALCOHOL	255.49		2,279.69
02/23/24	74436	Invoice	0			AP	4	MCGEE AND FAMILY	1,665.78		3,945.47
02/29/24	74878	Invoice	0			AP	4	NORTH CENTRAL SIGHT SERVICES	73.00		4,018.47
02/29/24	75045	Amortize Effectiveness Study	0			GL	5	Public Awareness Effectiveness Study	145.25		4,163.72
		Net Amount For FEB 2024:				2,247.35			2,247.35	0.00	
03/01/24	74585	Invoice	0			AP	4	DDS WEB DESIGN	41.47		4,205.19
03/15/24	74969	Invoice	0			AP	4	AMERICAN DRUG & ALCOHOL	63.87		4,269.06
03/23/24	75102	Invoice	0			AP	4	MCGEE AND FAMILY	1,501.98		5,771.04
03/31/24	75426	Amortize Effectiveness Study	0			GL	5	Public Awareness Effectiveness Study	145.25		5,916.29
		Net Amount For MAR 2024:				1,752.57			1,752.57	0.00	
04/01/24	75102	Invoice	0			AP	4	DDS WEB DESIGN	80.87		5,997.16
04/08/24	75326	Invoice	0			AP	4	NORTH CENTRAL SIGHT SERVICES	72.01		6,069.17
04/15/24	75326	Invoice	0			AP	4	AMERICAN DRUG & ALCOHOL	63.01		6,132.18
04/17/24	75471	Invoice	0			AP	4	CARDMEMBER SERVICE	515.54		6,647.72
04/23/24	75579	Invoice	0			AP	4	MCGEE AND FAMILY	1,652.34		8,300.06
04/30/24	76005	Amortize Effectiveness Study	0			GL	5	Public Awareness Effectiveness Study	145.25		8,445.31
		Net Amount For APR 2024:				2,529.02			2,529.02	0.00	
05/01/24	75579	Invoice	0			AP	4	DDS WEB DESIGN	40.91		8,486.22
05/15/24	75931	Invoice	0			AP	4	AMERICAN DRUG & ALCOHOL	378.07		8,864.29
05/23/24	76038	Invoice	0			AP	4	MCGEE AND FAMILY (APEX CLEANI	1,643.34		10,507.63
05/29/24	76278	Invoice	0			AP	4	NORTH CENTRAL SIGHT SERVICES	72.01		10,579.64
05/31/24	76446	Amortize Effectiveness Study	0			GL	5	Public Awareness Effectiveness Study	145.25		10,724.89
		Net Amount For MAY 2024:				2,279.58			2,279.58	0.00	
06/03/24	76159	Invoice	0			AP	4	DDS WEB DESIGN	40.91		10,765.80
06/23/24	76532	Invoice	0			AP	4	(MCGEE AND FAMILY) APEX CLEANI	1,460.74		12,226.54
06/30/24	76893	Amortize Effectiveness Study	0			GL	5	Public Awareness Effectiveness Study	145.25		12,371.79
		Net Amount For JUN 2024:				1,646.90			1,646.90	0.00	
07/01/24	76605	Invoice	0			AP	4	DDS WEB DESIGN	60.34		12,432.13
07/19/24	77220	Invoice	0			AP	4	NORTH CENTRAL SIGHT SERVICES	39.28		12,471.41
07/24/24	77078	Invoice	0			AP	4	MCGEE AND FAMILY	1,643.34		14,114.75
07/25/24	76982	Invoice	0			AP	4	AMERICAN DRUG & ALCOHOL	63.01		14,177.76
07/31/24	77448	Amortize Effectiveness Study	0			GL	5	Public Awareness Effectiveness Study	145.25		14,323.01
		Net Amount For JUL 2024:				1,951.22			1,951.22	0.00	
08/01/24	77220	Invoice	0			AP	4	DDS WEB DESIGN	40.91		14,363.92
08/01/24	77670	Invoice	0			AP	4	DDS WEB DESIGN	40.91		14,404.83

08/25/24	77670	Invoice	0	AP	4	MCGEE AND FAMILY	1,657.25		16,062.08
08/31/24	77622	Payment Void	0	BR	2	VOID & REISSUE		40.91	16,021.17
08/31/24	77867	Amortize Effectiveness Study	0	GL	5	Public Awareness Effectiveness Study	145.25		16,166.42
			Net Amount For AUG 2024:	1,843.41			1,884.32	40.91	
09/03/24	77670	Invoice	0	AP	4	DDS WEB DESIGN	40.91		16,207.33
09/16/24	78021	Invoice	0	AP	4	AMERICAN DRUG & ALCOHOL	504.09		16,711.42
09/20/24	78204	Invoice	0	AP	4	NORTH CENTRAL SIGHT SERVICES	72.01		16,783.43
09/23/24	78114	Invoice	0	AP	4	MCGEE AND FAMILY	1,643.34		18,426.77
09/30/24	78363	Amortize Effectiveness Study	0	GL	5	Public Awareness Effectiveness Study	145.25		18,572.02
			Net Amount For SEP 2024:	2,405.60			2,405.60	0.00	
10/01/24	78114	Invoice	0	AP	4	DDS WEB DESIGN	79.78		18,651.80
10/23/24	78574	Invoice	0	AP	4	AMERICAN DRUG & ALCOHOL	126.02		18,777.82
10/24/24	78574	Invoice	0	AP	4	MCGEE AND FAMILY	1,643.34		20,421.16
10/31/24	78905	Amortize Effectiveness Study	0	GL	5	Public Awareness Effectiveness Study	145.25		20,566.41
10/31/24	78910	AMORTIZE AGA SURVEY RI	0	GL	5	Amortize AGA Survey Report	1,022.91		21,589.32
			Net Amount For OCT 2024:	3,017.30			3,017.30	0.00	
11/01/24	78679	Invoice	0	AP	4	DDS WEB DESIGN	298.68		21,888.00
11/13/24	79003	Invoice	0	AP	4	NORTH CENTRAL SIGHT SERVICE	72.01		21,960.01
11/21/24	79003	Invoice	0	AP	4	AMERICAN DRUG & ALCOHOL	292.96		22,252.97
11/25/24	79129	Invoice	0	AP	4	(APEX CLEANING PROS)	1,468.92		23,721.89
11/30/24	79390	Amortize Effectiveness Study	0	GL	5	Public Awareness Effectiveness Study	145.25		23,867.14
11/30/24	79395	AMORTIZE AGA SURVEY RI	0	GL	5	Amortize AGA Survey Report	102.29		23,969.43
			Net Amount For NOV 2024:	2,380.11			2,380.11	0.00	
12/03/24	79129	Invoice	0	AP	4	(DDS WEB DESIGN)	40.91		24,010.34
12/09/24	79224	Invoice	0	AP	4	AMERICAN DRUG & ALCOHOL	63.01		24,073.35
12/31/24	79661	To record non utility billing sale	0	GL	3	Outside Services		441.08	23,632.27
12/31/24	79748	Amortize Effectiveness Study	0	GL	5	Public Awareness Effectiveness Study	145.25		23,777.52
12/31/24	79750	AMORTIZE AGA SURVEY RI	0	GL	5	Amortize AGA Survey Report	102.29		23,879.81
			Net Amount For DEC 2024:	-89.62			351.46	441.08	
Subtotal For Account:	0 923.0		**Department:** 20				24,361.80	481.99	23,879.81
Account: 0 923.0 OUTSIDE SERVICES EMPLOYED			Department: 30				Beginning Balance:		0.00
Account: 0 923.25 AUDITOR FEES EXPENSE			Department: 20				Beginning Balance:		0.00
02/29/24	74756	Invoice	0	AP	4	C & T ENTERPRISES	22,145.33		22,145.33
			Net Amount For FEB 2024:	22,145.33			22,145.33	0.00	
03/31/24	75279	Invoice	0	AP	4	C & T ENTERPRISES	1,659.00		23,804.33
			Net Amount For MAR 2024:	1,659.00			1,659.00	0.00	
04/30/24	75777	Invoice	0	AP	4	C & T ENTERPRISES	8,312.10		32,116.43
			Net Amount For APR 2024:	8,312.10			8,312.10	0.00	
05/31/24	76314	Invoice	0	AP	4	C & T ENTERPRISES	1,268.40		33,384.83
			Net Amount For MAY 2024:	1,268.40			1,268.40	0.00	
06/30/24	76865	Invoice	0	AP	4	C & T ENTERPRISES	272.76		33,657.59
			Net Amount For JUN 2024:	272.76			272.76	0.00	
08/31/24	77803	Invoice	0	AP	4	C & T ENTERPRISES	1,357.04		35,014.63
			Net Amount For AUG 2024:	1,357.04			1,357.04	0.00	
09/30/24	78249	Invoice	0	AP	4	C & T ENTERPRISES	1,098.60		36,113.23
			Net Amount For SEP 2024:	1,098.60			1,098.60	0.00	
11/30/24	79273	Invoice	0	AP	4	C & T ENTERPRISES	120.02		36,233.25
			Net Amount For NOV 2024:	120.02			120.02	0.00	
12/31/24	79761	Invoice	0	AP	4	C & T ENTERPRISES	4,261.84		40,495.09
			Net Amount For DEC 2024:	4,261.84			4,261.84	0.00	
Subtotal For Account:	0 923.25		**Department:** 20				40,495.09	0.00	40,495.09
Account: 0 923.25 AUDITOR FEES EXPENSE			Department: 30				Beginning Balance:		0.00

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Account: 0 923.45 ATTORNEY FEES EXPENSE				Department:	20			Beginning Balance:		0.00
01/17/24	74008	Invoice	0	AP	4	MCNEES WALLACE & NURICK	6,246.32			6,246.32
		Net Amount For JAN 2024:	6,246.32				6,246.32	0.00		
02/22/24	74330	Invoice	0	AP	4	LAW OFFICE OF ROBERT W. CHAPPEI	3,578.53			9,824.85
02/23/24	74436	Invoice	0	AP	4	MCNEES WALLACE & NURICK	45.00			9,869.85
02/29/24	74756	Invoice	0	AP	4	C & T ENTERPRISES	131.06			10,000.91
		Net Amount For FEB 2024:	3,754.59				3,754.59	0.00		
04/18/24	75579	Invoice	0	AP	4	MCNEES WALLACE & NURICK	522.00			10,522.91
		Net Amount For APR 2024:	522.00				522.00	0.00		
11/29/24	79129	Invoice	0	AP	4	LAW OFFICE OF ROBERT W. CHAPPEI	6,496.60			17,019.51
		Net Amount For NOV 2024:	6,496.60				6,496.60	0.00		
Subtotal For Account: 0 923.45			**Department:** 20				17,019.51	0.00		17,019.51
Account: 0 923.45 ATTORNEY FEES EXPENSE				Department:	30			Beginning Balance:		0.00
Account: 0 928.0 REGULATORY COMMISSION EXPENSES				Department:	20			Beginning Balance:		0.00
01/31/24	74655	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			4,349.62
01/31/24	74727	Record monthly accrued taxes	0	GL	3	FJE 50	2,656.33			7,005.95
		Net Amount For JAN 2024:	7,005.95				7,005.95	0.00		
02/29/24	75049	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			11,355.57
02/29/24	75138	Record monthly accrued taxes	0	GL	3	FJE 50	2,656.33			14,011.90
		Net Amount For FEB 2024:	7,005.95				7,005.95	0.00		
03/31/24	75429	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			18,361.52
03/31/24	75460	Record monthly accrued taxes	0	GL	3	FJE 50	2,656.33			21,017.85
		Net Amount For MAR 2024:	7,005.95				7,005.95	0.00		
04/30/24	76007	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			25,367.47
04/30/24	76096	Record monthly accrued taxes	0	GL	3	FJE 50	2,656.33			28,023.80
		Net Amount For APR 2024:	7,005.95				7,005.95	0.00		
05/31/24	76450	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			32,373.42
05/31/24	76499	Record monthly accrued taxes	0	GL	3	FJE 50	2,656.33			35,029.75
		Net Amount For MAY 2024:	7,005.95				7,005.95	0.00		
06/30/24	76897	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			39,379.37
06/30/24	77021	Record monthly accrued taxes	0	GL	3	FJE 50	2,656.33			42,035.70
		Net Amount For JUN 2024:	7,005.95				7,005.95	0.00		
07/31/24	77455	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			46,385.32
07/31/24	77482	Record monthly accrued taxes	0	GL	3	FJE 50	2,656.33			49,041.65
		Net Amount For JUL 2024:	7,005.95				7,005.95	0.00		
08/31/24	77871	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			53,391.27
08/31/24	77968	Record monthly accrued taxes	0	GL	3	FJE 50	2,656.33			56,047.60
		Net Amount For AUG 2024:	7,005.95				7,005.95	0.00		
09/30/24	78367	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			60,397.22
09/30/24	78465	Record monthly accrued taxes	0	GL	3	FJE 50	3,943.08			64,340.30
		Net Amount For SEP 2024:	8,292.70				8,292.70	0.00		
10/31/24	78907	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			68,689.92
10/31/24	78978	Record monthly accrued taxes	0	GL	3	FJE 50	3,943.08			72,633.00
		Net Amount For OCT 2024:	8,292.70				8,292.70	0.00		
11/30/24	79394	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			76,982.62
11/30/24	79431	Record monthly accrued taxes	0	GL	3	FJE 50	3,943.08			80,925.70
		Net Amount For NOV 2024:	8,292.70				8,292.70	0.00		
12/31/24	79753	AMORTIZE 2022 PA RATE C.	0	GL	5	Amortize 2022 PA Rate Case Expense	4,349.62			85,275.32
12/31/24	79948	Record monthly accrued taxes	0	GL	3	FJE 50	3,943.08			89,218.40
12/31/24	79951	Record monthly accrued taxes	0	GL	3	FJE 50		3,943.08		85,275.32
12/31/24	79952	Record monthly accrued taxes	0	GL	3	FJE 50	3,943.08			89,218.40
		Net Amount For DEC 2024:	8,292.70				12,235.78	3,943.08		

Subtotal For Account:	0 928.0			**Department:**	20		93,161.48	3,943.08	89,218.40
Account: 0 928.0	REGULATORY COMMISSION EXPENSES			Department:	30			Beginning Balance:	0.00
Account: 0 930.2	MISCELLANEOUS GENERAL EXPENSE			Department:	20			Beginning Balance:	0.00
11/18/24	79273 Invoice	0		AP	4	US BANK	61.18		61.18
11/19/24	79129 Invoice	0		AP	4	CARDMEMBER SERVICE	19.95		81.13
		Net Amount For NOV 2024:		81.13			81.13	0.00	
12/16/24	79761 Invoice	0		AP	4	US BANK	82.38		163.51
12/18/24	79642 Invoice	0		AP	4	CARDMEMBER SERVICE	50.64		214.15
		Net Amount For DEC 2024:		133.02			133.02	0.00	
Subtotal For Account:	0 930.2			**Department:**	20		214.15	0.00	214.15
Account: 0 930.2	MISCELLANEOUS GENERAL EXPENSE			Department:	30			Beginning Balance:	0.00
Grand Total Beginning Balances:							0.00	0.00	
Grand Total Transactions:	104						175,252.03	4,425.07	
Grand Total:							175,252.03	4,425.07	170,826.96

PARAMETERS ENTERED:

Divsion: All
Accounts: 0 923.0, 0 923.25, 0 923.45, 0 928.0, 0 930.2
Department: All
Activity: All
Sort By: Div/Acct
Date Selection: Period
Period: JAN 2024 To DEC 2024
Module: All
Journal Activity: All
Accounts With No Transactions: Yes
Extended Reference: No
Interface Detail: No
Group by Department: Yes

BEFORE
THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**	
	:	
v.	**:**	**Docket No. R-2025-_____**
	:	
Valley, Energy, Inc.	**:**	

VOLUME II
INDEX

ON BEHALF OF

VALLEY ENERGY, INC.

APRIL 30, 2025

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BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**	
	:	
v.	**:**	**Docket No. R-2025-_____**
	:	
Valley Energy, Inc.:		

DIRECT TESTIMONY

AND EXHIBITS

OF

HOWARD S. GORMAN

ON BEHALF OF

VALLEY ENERGY, INC.

APRIL 30, 2025

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**	
	:	
v.	**:**	**Docket No. R-2025-_____**
	:	
Valley Energy, Inc.	**:**	

DIRECT TESTIMONY OF HOWARD S. GORMAN
ON BEHALF OF VALLEY ENERGY, INC.

Q. Please state your name, occupation and business address.

A. My name is Howard Gorman. I am the President of HSG Group, Inc., a consulting firm specializing in utility rate and regulatory matters, located in Great Neck, NY.

Q. Please summarize your educational background and professional experience.

A. My educational background, professional experience and summary of testimony are outlined in Attachment A.

Q. Please state on whose behalf you are testifying and describe the purposes of your testimony.

A. I am testifying on behalf of the petitioner, Valley Energy, Inc. ("Valley" or "Company"). The purposes of my testimony are:

- To develop the Fully Projected Future Test Year ("FPFTY") Revenue Requirement and Rate Base, and Future Test Year ("FTY") net income, based on Historic Test Year ("HTY") data and appropriate adjustments; and

- To present the Company's proposed Rates and Charges that produce the overall revenue requirement, as well as the proof of revenue and bill comparisons at the proposed rates.

The rates proposed in this filing are for the FPFTY; the FPFTY Revenue Requirement and Rate Base were determined for Distribution only. Revenue and costs related to Valley's obligation as a Supplier of Last Resort have been excluded from the analysis.

In my testimony, dollar amounts (excluding rates and charges) are rounded to the nearest thousand dollars; in computing revenue requirements and rates, whole dollars are used.

Q. What FPFTY, FTY and HTY were used?

A. The HTY is Valley's actual results for calendar year 2024. The FTY is Valley's forecast for 2025 and the FPFTY is Valley forecast for 2026. Valley uses a calendar year for financial reporting. The supporting calculations and data for the filing are in Exhibit__(HSG-1). Throughout my testimony, I will reference the various schedules within Exhibit__(HSG-1) that explain the calculations and results. References in my testimony are to *Exhibit __ (HSG-1)*; for example, *Schedule C1* refers to *Exhibit __ (HSG-1), Schedule C1*.

Q. When will the new rates take effect?

A. If the Commission suspends the filing for the statutory period, then the rates will take effect on January 30, 2026; however, the rate changes could be effective sooner if the Commission doesn't suspend the filing or if the parties reach a settlement that includes an accelerated effective date and that settlement is approved by the Commission.

Q. Is the presented FPFTY consistent with the Commission's revised regulations for rate cases using a FPFTY?

A. Yes. Earlier this year, the Commission adopted revised regulations for Sections 53.51-53.56 that are pending before the Independent Regulatory Review Commission, with final action expected soon after the Company submits this filing. The revised regulations contain the following definition of FPFTY:

> A 12-consecutive-month period beginning with the first month that the new rates will be in effect after application of the full suspension period permitted under section 1308(d) of the Public Utility Code, 66 Pa.C.S. § 1308 (relating to voluntary changes in rates) and reflecting estimated results of operations of the public utility.

Q. Please summarize the results of your testimony regarding Valley's revenue requirement.

A. Under its present rates, Valley is forecast to have net operating income of approximately $937,000 in FPFTY 2026, representing a return on rate base of 3.72%. To produce the return of 8.27% that Company witnesses Mr. D'Ascendis and Mr. Kucan recommend would require an increase in revenue of $1,626,000, an increase of 25.1% over Distribution revenue at present rates. This equals an increase in total revenue (distribution and supply) of 19% of Valley's 2024 total revenue.

The revenue produced by the proposed rates, $8,109,000 (plus $24,000 Other revenue, for total revenue of $8,133,000) would recover the costs forecast to be incurred by Valley in the FPFTY, including a return on rate base of 8.27%. To produce the total revenue requirement, the Company proposes to increase the revenue from each class, excluding customers taking service under negotiated contracts, by 29.6%. (Schedule C1).

Valley is proposing that the rates and charges subject to the Tariff be increased as shown on Schedule B5.

Q. Please describe the approach used to develop the revenue requirement and the proposed rates.

A. *First*, a forecast of Valley's sales and distribution revenue for the FTY and FPFTY was developed. A summary of Valley's sales and revenues for the HTY, FTY and FPFTY is presented in Schedule B.

For HTY 2024, sales and revenue information was obtained from Valley's accounting and financial records. This information is presented on Schedule B1, with computations on Schedule B1-1. Schedule B1-2 reconciles the revenue computed using HTY 2024 billing units and current rates, to revenue to Valley 2024 financial statements.

For FTY 2025, sales and revenue information is presented on Schedule B2, with supporting computations on Schedule B2-1. For FPFTY 2026, sales and revenue information is presented on Schedule B4. FPFTY revenue at present rates is computed on Schedule B4-1, and FPFTY revenue at proposed rates is computed on Schedule B4-2. The development of the forecasts for the number of customers and the sales volumes for the FTY and FPFTY is based on regression analyses, which are discussed below.

Second, costs were obtained for the HTY, and forecasted costs were obtained for the FTY and FPFTY. These costs, detailed by account, are presented on Schedule C1-1.

Third, the Rate Base for the HTY, FTY and FPFTY was developed, using information from Valley's HTY financial statements and projected capital expenditures for the FTY and FPFTY. The rate base adjusts the Company's financial statements to remove an acquisition adjustment, contributions from customers and assets not subject to regulation, as discussed below. As of December 31, 2024, these amounts totaled $6,127,000 in Plant cost and $4,030,000 in Accumulated depreciation. In addition, accumulated deferred income taxes,

cash working capital allowance and other rate base components were computed. The computation of the rate base is presented on Schedule C1-5.

Fourth, the required Net Utility Operating Income was developed using the FPFTY costs and rate base. To produce the required to return of 8.27%, Valley is proposing FPFTY revenue of $8,109,000 (plus $24,000 Other revenue, for total revenue of $8,133,000) (excluding Other revenue), an increase of $1,626,000. This amount is an increase of 25.1% in total Distribution revenue and an increase of 29.6% excluding customers being served under long-term contracts (and not subject to these increases).

Finally, proposed rates were developed that produce the required FPFTY revenue for each rate class. The Company is proposing a uniform percentage increase in revenue for classes whose rates are subject to change (*i.e.* all non-contract customers). Schedule B4-2 shows that the proposed rates produce the revenue target for each class. Schedule B5 summarizes current rates and proposed rates; the amounts that ratepayers with different usage levels will pay under the current and proposed rates are presented on Schedule B5-1 (including the Gas Cost Rate ("GCR")) and Schedule B5-2 (excluding the GCR).

Q. What are the reasons that Valley needs an increase in rates at this time?

A. Schedule C1-6 presents the financial drivers for the requested rate increase by comparing the FPFTY to the final results of Valley's prior rate case, Docket R-2022-3032300. As the Schedule shows, Valley's requested rate increase is driven primarily by cost increases and new utility plant. The Company's corporate witnesses explain the cost increases and utility plant investments that are included in the proposed rates, as well as cost mitigation efforts.

Q. What service classifications does Valley use to report sales and revenue?

A. Valley reports sales and revenue using the following service classifications:

Customer Type	Rate Schedule
Residential	• Rate R- Residential
Commercial and Industrial Sales	• Rate C- Commercial • Rate IS- Interruptible Service • Rate SI- Small Industrial
Transportation	• Transport Firm • Transport- Contract • Transport Firm- DDQ • Rate I- Large Industrial Firm • Transport- Interruptible

Q. Are any changes being proposed to these service classifications?

A. No.

Q. What types of charges are in the Tariff?

A. Rate R is a firm sales class that includes a monthly customer charge and a volumetric charge for distribution, and the volumetric "GCR".

Rate C is a firm sales class for commercial customers that includes a monthly customer charge and a volumetric charge for distribution, and the GCR. Transport Firm- DDQ has the same monthly customer charge and volumetric charge for distribution as Rate C, and no GCR.

Rate I is a firm sales class for industrial customers that includes a blocked volumetric charge for distribution, a blocked charge for demand and the GCR. Rate I is available when and where the Company's facilities are adequate and suitable for the customer's requirements. As explained below, the Company is proposing to revise the rate design for this offering.

Rate IS is an interruptible class that includes a monthly customer charge and a volumetric charge for distribution, and the GCR. Transport- Interruptible has the same monthly customer charge and volumetric charge for distribution as Rate IS, and no GCR.

Rate SI is a firm sales class that includes a monthly customer charge and a volumetric charge for distribution, and the GCR. Transport- Firm has the same monthly customer charge and volumetric charge for distribution as Rate SI, and no GCR.

Transport- Contract customers are served under their applicable contract terms, which can include a flat monthly charge and/or blocked volumetric distribution rates. All customers are billed monthly.

Q. Why is the Company proposing a uniform percentage increase in revenue for non-contract classes?

A. A uniform increase in revenue is appropriate because:

- The composition of ccf sales is stable. In the HTY, FTY and FPFTY, residential deliveries are 15%-17% of the total deliveries, commercial and industrial classes are 7%-9%, and transportation classes are 74%-77%.
- A uniform rate increase is the simplest to implement, and Valley management believes it would be the most acceptable to ratepayers.
- A class cost of service study would be expensive and time-consuming.

Q. Is the Company proposing any rate design changes?

A. Yes, the Company is proposing changes for Rate I, which are discussed in more detail later in my testimony.

HTY SALES AND REVENUE AND HTY COSTS

Q. Please identify and describe the exhibits that show HTY sales and revenue.

A. Schedule B shows Valley's total rate revenue for HTY 2024, and distribution-only revenue for HTY 2024, FTY 2025 and FPFTY 2026.

HTY total operating revenue is $10,005,000 based on Valley's financial statements (Schedule B1-2, line 18). Total rate case revenue is $8,531,000 (Schedule B1-2, lines 10 and 18), which *excludes* timing differences for GCR over / undercollection and Unbilled revenue, rounding differences in computation, the State Tax Adjustment (STAS) and a cost recovery item which is excluded from regulated rates. The HTY Distribution-only amounts are from Schedule B1, which is supported by the detailed computations on Schedule B1-1, using present rates and HTY deliveries in ccf, and number of customer bills.

Pursuant to Rate Schedule T, Valley is providing transportation contract service to a customer referenced here as "Customer A" using assets constructed and operated at the request of the customer. The amount included in HTY distribution revenue in this rate case is the contract revenue applicable to providing transportation service only, exclusive of reimbursements for construction of the assets serving Customer A. In addition, the capital costs related to the assets used to serve Customer A, and the related accumulated depreciation are not included in the rate base;furthermore, the related depreciation expense is not included in the revenue requirement.

Q. Please describe the HTY information regarding costs.

A. Schedule C1-1 shows operating costs by account for the HTY. This exhibit is described in detail later in my testimony. The costs are carried forward to Schedule C1.

Q. Please describe the HTY information regarding rate base and Rate of Return.

A. Schedule C1-5 computes the rate base for the HTY. Schedule C1 shows the return on rate base for the HTY was 4.30% for Distribution-only.

FTY AND FPFTY SALES AND REVENUE

Q. Please identify and describe the exhibits that show FTY and FPFTY sales and revenue at present rates.

A. Information on sales and revenue is presented in Schedule B. Information for HTY is on Schedule B1, with computations on Schedule B1-1. Deliveries in HTY totaled approximately 32.9 million ccf.

The FTY and FPFTY forecasts of delivery volumes were developed as discussed below.

Rate R - This class consists of full-service (sales plus transportation) customers taking service under Rate R. The monthly use per customer was developed based on a regression analysis using number of customers and sales data for 2016-2024, and Heating Degree Days ("HDD"). The R-square was 94.7%, indicating that HDDs explain 94.7% of the variation in monthly usage per customer. The regression results were applied to the weather-normal monthly HDD, and to the forecast number of customers (including 50 new customers in 2025 and 50 additional new customers in 2026), to forecast deliveries for FTY and FPFTY. The "weather-normal monthly HDD" are the monthly averages for July 2015 through December 2024.

Rate C - This class consists of full-service customers taking service under Rate C. The monthly use per customer was developed based on a regression analysis, using sales data for 2016-2024. The R-square was 94.0%. The regression results were applied to the weather-normal monthly HDD, and to the forecast number of customers, to determine forecast deliveries for the FTY and FPFTY.

Rate IS - This class consists of full-service customers taking interruptible service under Rate IS. The monthly use per customer was developed based on a regression analysis, using sales data for 2019-2024. This period was chosen because the R-squares for longer periods were not as good as for this period (*i.e.* correlation was lower). The R-square was 65.5%. The relationship between HDD and usage per customer is not as strong as for Rate R and Rate C, which is expected for an Interruptible class. The regression results were applied to the weather-normal monthly HDD, and to the forecast number of customers, to determine forecast deliveries for the FTY and FPFTY.

Rate SI - This class consists of full-service customers taking interruptible service under Rate SI. The monthly use per customer was developed based on a regression analysis, using data for 2016-2024. The R-square was 72.8%. The regression results were applied to the weather-normal monthly HDD, and to the forecast number of customers, to determine forecast deliveries for the FTY and FPFTY.

Transport Firm - This class consists of transportation-only customers, with two customer types:

- *Customers taking transportation-only service under Rate SI*. The monthly use was developed based on a regression analysis, using data for 2018-2024. In addition, Customer Z's customer's data was removed from the analysis (see below regarding Rate I). The R-square was 4.8%. The regression results were applied to weather-normal monthly HDD, to determine forecast deliveries for the FTY and FPFTY. While the R-square correlation is very weak, it results in almost the same forecast ccf for FTY and FPFTY as using a simple average, therefore the regression results were deemed acceptable.

- *Customers taking transportation-only service pursuant to contracts*. These are two such customers in the Company' service territory. The monthly use for each customer was developed based on a regression analysis, using data for 2018-2024. The regression determined the R-squares were 54.1% and 68.7%. While HDD explains a meaningful portion of the variation, other factors also affect usage, therefore the regressions were accepted as reasonable. The regression results were applied to the weather-normal monthly HDD, to determine forecast deliveries for each customer for FTY and FPFTY.

Transport DDQ - This class includes transportation-only customers taking service under Rate C. The monthly use per customer was developed based on a regression analysis, using data for same period as for Rate R. The R-square was 92.0%. The regression results were applied to the weather-normal monthly HDD and to the forecast number of customers to determine forecast deliveries for the FTY and FPFTY.

Transport Interruptible - This class includes transportation-only customers taking service under Rate IS. The monthly use per customer was developed based on a regression analysis, using data for 2016-2024. In addition, Customer Z's customer's data was removed from the analysis (see below regarding Rate I). The R-square was 44.3%. The relationship between HDD and usage per customer is not as strong as for Rate R and Rate C, which is expected for an Interruptible class. The regression results were applied to the weather-normal monthly HDD, and to the forecast number of customers, to determine forecast deliveries for the FTY and FPFTY.

Rate I - This class includes transportation-only customers taking service under Rate I, Large Industrial Firm. This class had no customers in the recent past, however a customer

("Customer Z") that had been taking service under two other rates is migrating to Rate I in 2025. Customer Z's monthly usage was removed from the other two classes, and included in Rate I. for this purpose. The monthly use was developed based on a regression analysis, using data for 2019-2024. The R-square was 59.3%. The regression results were applied to the weather-normal monthly HDD, and to the forecast number of customers, to determine forecast deliveries for the FTY and FPFTY.

The table below summarizes the results of the sales forecast.

Rate Class/ Level of Service	Customers FPFTY 2026	CCF FPFTY 2026	Customers HTY 2024	CCF HTY 2024	R-squared
R- Full service	6,586	5,886,309	6,486	5,020,399	94.7%
C- Full service	851	2,566,623	854	2,258,909	94.0%
IS- Full service	1	222,000	1	251,560	65.5%
SI- Full service	4	59,459	4	57,691	72.8%
Trans Firm	13	17,528,029	13	16,709,307	4.8%/ 54.1% 68.7%/
Trans DDQ(C)	56	947,972	56	975,293	92.0%
Rate I	1	3,581,019	1	3,643,460	59.3%
Trans Interr(IS)	4	4,139,558	5	4,031,939	44.3%
Total	**7,516**	**34,930,969**	**7,420**	**32,948,558**	
HDD		6,393		5,643	

FTY AND FPFTY COSTS

Q. Please identify the schedules that present Valley's costs.

A. Schedule C1 presents a summary of all costs for the HTY, Distribution-only costs for the HTY and Distribution-only costs for the FTY and FPFTY. Schedule C1-1 presents operating costs, detailed by account. Schedule C3 presents the computation of depreciation expense. Schedule C1-3 presents the computation of Taxes other than income. Rate case expense and Income tax expense, and adjustments to reflect costs to be unbundled from distribution rates and recovered in the GCR rate, are discussed below.

Q. How did you develop the FTY and FPFTY operating costs?

A. Schedule C1-1 presents operating costs for HTY 2024, FTY 2025 and FPFTY 2026, detailed by account. Total operating costs for the HTY 2024, excluding Purchased Gas, were $3,654,000 (line 48).

The totals for Distribution O&M, Customer accounting and Administrative and General ("A&G") are carried forward to Schedule C1, lines 11, 12 and 14 respectively. Costs are also summarized by type- Labor, Transportation, Material, Overhead and Other (Schedule C1-1, lines 50-55).

Q. How did you compute Depreciation expense for FTY and FPFTY?

A. Schedule C3, pages 1-3, shows the asset values at original cost in PAPUC/FERC account detail as of December 31, 2024, and planned additions and removals for the FTY and FPFTY. Schedule C3, page 2, shows the depreciation rate applicable to each account, and depreciation expense for HTY, FTY and FPFTY. Depreciation expense for each account for the FTY and the FPFTY was computed by multiplying X), the depreciation rate for the account, times Y), original cost at the prior year end, plus one-half of additions for the year. The total FPFTY depreciation expense, less amounts charged to operating costs (and included on Schedule C1-1), is $1,543,000 (line 39); this amount is carried forward to Schedule C1, line 17.

Q. What adjustments were made to plant amounts in Valley's financial statements?

A. Two adjustments were made. First, Gas Plant Acquisition costs, shown on Schedule C3, line 2, were removed from plant costs (line 36). Second, costs incurred to serve Customer A were removed from lines 3-5, in accordance with the Commission's approval of the service arrangement for this customer at Docket No. A-2012-2335954, which states that

all such costs would be paid by Customer A. In both cases, the corresponding accumulated depreciation was also removed. This is consistent with how these costs were addressed, without objection from any party, in Valley's last rate case.

Q. How did you compute Taxes other than income for FTY 2025 and FPFTY 2026?

A. Schedule C1-3 shows Taxes other than income, which comprises the Pennsylvania Use Tax and the Public Utility Realty Tax and the PUC Assessment. The Utility Realty Tax is assumed to change in relation to Net plant. Pennsylvania Use Tax is assumed to remain the same as for the HTY. The total is carried forward to Schedule C1, line 18.

Q. How did you compute the FPFTY Rate case expense amortization?

A. The Rate case expense amortization reflects the normalized rate case expense. Expenses for the pending rate case, if fully litigated, are estimated at $277,000 and a three-year normalization period was determined to be reasonable, starting January 1, 2026 (the start of the FPFTY). The elements of Valley's rate case expense are shown on Schedule C1-3, lines 10-18 and the result is carried forward to Schedule C1, line 13.

Q. How did you compute the FTY and FPFTY Income tax expense?

A. Income tax expense for the FTY and FPFTY is computed on Schedule C1-4.

Operating Income (Loss) before Income Tax (line 1), is from Schedule C1, line 22.

Synchronized interest expense (lines 4-9) is computed by multiplying rate base (Schedule C1, line 27) multiplying by weighted cost of debt (Schedule C1-2).

Taxable income before depreciation tax adjustments (line 10) is equal to Operating Income (Loss) Income Tax (line 1) less Synchronized interest expense (line 9).

Regulatory Pennsylvania taxable income and Regulatory Pennsylvania tax expense are computed using the Full flow through method; that is, tax depreciation is used in the

computation. The Pennsylvania depreciation adjustment (lines 12-15) reflects the depreciation expense on Valley's Pennsylvania tax return and is computed using the double declining balance method applied to tax basis and tax life (just as on the tax return). Regulatory Pennsylvania taxable income (line 16) is equal to Taxable income before depreciation tax adjustments as adjusted by the Pennsylvania depreciation adjustment. Regulatory Pennsylvania income tax expense (line 17) is equal to Regulatory Pennsylvania taxable income times the statutory 9.99% rate.

Regulatory Federal taxable income and Regulatory Federal tax expense are computed using a modified Full flow through method; that is, a modified tax depreciation amount is used in the computation. The Federal depreciation adjustment (lines 19-22), reflects straight line depreciation applied to tax basis and tax life. Federal taxable income (line 27) is equal to Taxable income before depreciation tax adjustments as adjusted by the Federal depreciation adjustment and less Regulatory Pennsylvania tax expense. Regulatory Federal income tax (line 28) is equal to Regulatory Federal taxable income times the statutory 21% rate.

Regulatory total income tax expense (line 29) is equal to Regulatory Pennsylvania income tax expense plus Regulatory Federal income tax expense, and is carried forward to Schedule C1, line 24.

Q. Does the computation of income tax expense included in the revenue requirement comply with Act No. 40 of 2016, which amends the Public Utility Code regarding the treatment of income tax expense for ratemaking purposes?

A. Yes. The computation of income tax expense for ratemaking purposes, presented on Schedule C1-4 (i.e., in the revenue requirement), reflects a tax deduction for each item of

expense (e.g., depreciation expense) in the revenue requirement. In addition, there are no items that reduce the income tax expense for ratemaking purposes, or increase the deferred tax liability, other than those reflected in the revenue requirement.

Q. Did you compute the Net Utility Operating Income and Return on Rate Base at present rates?

A. Yes. Schedule C1, line 25 shows Net Utility Operating Income at Present Rates for the HTY, FTY and FPFTY. Schedule C1, line 28 shows Return on Rate Base for Distribution-only at present rates of 4.30% for HTY, 5.29% for FTY and 3.72% for FPFTY.

RATE BASE FOR THE FTY AND FPFTY

Q. How did you develop the Rate Base?

A. The Rate Base at the end of the HTY, FTY and FPFTY is presented in Schedule C1-5. Assets at original cost and accumulated depreciation are carried forward from Schedule C3. Schedule C3 shows assets at original cost at the end of the HTY (December 31, 2024) and adds forecast capital expenditures to compute assets at the end of the FTY (December 31, 2025) and the FPFTY (December 31, 2026). As described above, annual depreciation expense for each account is computed by multiplying X) the depreciation rate for the account times Y) original cost at the prior year end plus one-half of additions for the year. Accumulated depreciation at each year-end is computed by adding annual depreciation expense, and subtracting retirements, to the previous year-end balance.

The amounts for Customer deposits and Materials and supplies, are the amounts on Valley's Balance Sheets at December 31, 2024, presented in Schedule C2. Each of these items was estimated to be the same for the FTY and the FPFTY as for the HTY.

Natural Gas Inventories (Schedule C1-5, line 8) is the average monthly volume over the period 2014-2024, times the currently effective GCR rate. This amount is unbundled from distribution rates and recovered in the GCR, and therefore not included in rate base.

The rate base includes a reduction for Accumulated Deferred Income Taxes ("ADIT"), equal to the difference between Accumulated depreciation based on X) Federal tax expense borne by ratepayers (i.e., based on straight line method discussed above) and Y) Valley's actual Federal tax expense (i.e., based on double declining balance method), times the current Federal income tax rate. The ADIT is computed on Schedule C1-5, lines 26-31 and carried up line 6.

The rate base includes a reduction for Accrued Pension / OPEB liability, reflecting the excess of amounts charged to expense over amounts paid in case (Schedule C1-5, lines 34-32, carried up to line 10).

Cash Working Capital was determined by using the widely-accepted formula of 1/8 of non-fuel cash operating costs (Schedule C1-5, lines 16-24, carried up to line 13).

The total Rate Base, Schedule C1-5, line 14, is carried forward to Schedule C1, line 27.

NET UTILITY OPERATING INCOME

Q. What is the distribution revenue requirement for the FPFTY?

A. FPFTY forecast revenue at present rates (including Other revenue) is $6,507,000. The FPFTY revenue required to produce Mr. D'Ascendis and Mr. Kucan's recommended rate of return of 8.27% is $8,133,000. Valley is requesting a revenue increase of $1,626,000 (Schedule C1, line 7).

Q. What revenue is included in the Distribution revenue requirement?

A. The total revenue requirement includes:

- Gas delivery revenue: Revenue from delivery of gas, for both sales and transportation customers, including contract and non-contract customers.
- Other revenue: Primarily Forfeited Discounts (late payment charges).

Unbilled Revenue is not included because FPFTY sales are normalized.

Q. What rate of return on rate base do Mr. D'Ascendis and Mr. Kucan recommend?

A. Mr. D'Ascendis and Mr. Kucan recommend a return on rate base of 8.27%.

Q. What rate of return on rate base do the proposed rates produce?

A. Valley's proposed rates produce FPFTY Distribution revenue of $8,109,000 (excluding Other revenue), Net Operating Income of $2,083,000 and rate of return of 8.27%, on rate base (Schedule C1).

PROPOSED RATES

Q. How were the proposed rates developed?

A. A revenue target was established for each class (other than contract transportation customers) by increasing revenue at present rates by 29.56%. The proposed fixed monthly charges are based on comparisons to those charged by other Pennsylvania utilities, and represent increases of approximately 14% for Residential and small Commercial customers, and approximately 22% for most other customers (Schedule B4-2, lines 27-28). For each class, the balance of the revenue target was recovered by changing volumetric or demand rates. The current rates and proposed rates are shown in Schedule B5.

Q. Is the Company proposing any rate design changes?

A. Valley is proposing to revise the rate design for Rate I to promote conservation, to better reflect cost of service and to simplify the rate. Specifically, Valley is proposing to add a monthly customer charge and to combine the 2nd and 3rd blocks of the volumetric commodity charge per Ccf.

Q. Did you compare the amounts that customers in each rate class would pay under the present and proposed rates?

A. Yes. Schedule B5-1 compares the amounts that customers in each rate class with a range of usage levels would pay in the FPFTY, both at present rates and the proposed rates, including the GCR. Schedule B5-2 shows the comparison excluding the GCR and is therefore applicable to transportation customers.

Q. Did you prepare a schedule showing the number of customers whose bills would increase under the proposed rates?

A. Yes. Schedule B3 presents that information.

Q. Do the proposed rates produce the required revenue?

A. Yes. Schedule B4-2 computes the distribution revenue that would be produced by the proposed rates. Line 22 shows that the revenue produced by the proposed rates is $8,109,000, representing an increase of $1,626,000, producing a return of 8.27%.

Q. Does this conclude your Direct Testimony?

A. Yes.

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**	
	:	
v.	**:**	**Docket No. R-2022-_____**
	:	
Valley Energy, Inc.:	**:**	

EXHIBITS

OF

HOWARD S. GORMAN

ON BEHALF OF

VALLEY ENERGY, INC.

APRIL 30, 2025

RESUME OF
HOWARD S. GORMAN

SUMMARY

Mr. Gorman has more than 35 years of experience in the energy industry, including 25 years in rate and regulatory proceedings. His areas of expertise include embedded class cost of service studies, marginal cost studies, revenue allocation, rate design and revenue requirements, for both electric and gas utilities. He has testified as an expert witness before the Massachusetts Department of Public Utilities, New Hampshire Public Utilities Commission, New Jersey Board of Public Utilities, New York State Public Service Commission, Ontario Energy Board, Pennsylvania Public Utility Commission and Rhode Island Public Utilities Commission. Mr. Gorman also has experience in financial modeling, financial analysis and forecasting and treasury and financial management.

PROFESSIONAL EMPLOYMENT

2010 - Present	HSG Group, Inc. • *President*
1997 - 2010	Black & Veatch Corporation (R.J. Rudden Associates, Inc. before 2005) • *Principal Consultant*
1995 - 1997	Independent Consultant
1987 – 1995	Trigen Energy Corporation • 1987-1993- *Corporate Controller; Trigen was formed in 1987* • 1993-1995- *Treasurer; Trigen had IPO with NYSE listing in 1994*
1982 - 1987	Coleco Industries, Inc. • *Director, Treasury*
1976 - 1979	Touche Ross & Co. • *Staff Accountant*

PROFESSIONAL EXPERIENCE

Utility Accounting and Costing

Mr. Gorman has performed numerous class cost of service studies, and has developed and supported revenue requirements, revenue allocation, rate designs and marginal cost studies, in rate cases before regulatory commissions in several jurisdictions, for electric and gas utilities. These assignments included developing test year data and rate year forecasts, establishing cost causality, selecting and developing allocators and analyzing customer impacts and policy considerations

Energy Project Analysis and Financing

Mr. Gorman has negotiated and completed transactions including construction and term loans, tax-exempt bonds, taxable bonds, subordinated debt and asset-backed (receivables and inventory) revolving credit facilities. He has worked successfully with lenders and borrowers to source and structure transactions, and was instrumental in negotiating loan documents and in designing power sale and supply procurement contracts to be financed. Mr. Gorman has performed financial analyses of energy-related assets, including electric and gas distribution companies, power plants and transmission operators. These analyses included development of cash flows and financial statements based on both regulatory and accounting presentations, and included review of assumptions, analysis of data, modeling and forecasting, sensitivity testing and stress testing.

Accounting and Financial Management

As controller of Trigen Energy Corporation, Mr. Gorman built the finance and accounting function; developed reports, procedures and management tools; and managed subsidiary controllers across North America, including an IPO with NYSE listing. He managed the corporate insurance portfolios and the benefit plans for Trigen Energy Corporation and for Coleco Industries, and has managed interest rate and currency forward contracts for the purpose of managing risk.

Publications And Presentations

"What Wall Street Needs From FERC," published in R. J. Rudden Financial, LLC's *Energy Capital Markets Report*, September 2002

"A Balanced Look at Balance Sheets," published in R.J. Rudden Financial, LLC's *Energy Capital Markets Report,* June 2002

"Assessment of Retail Choice Programs," presented at the American Gas Association Rate and Strategic Issues Committee Conference, March 2002

"The Remarkable Story on Enron," published in Scudder's *Annual End of Year Issue*, 2001

Education

New York University, B.S., Accounting, 1976
Harvard Business School, MBA, 1981

Relevant Projects			
Jurisdiction	**Docket**	**Client**	**Subject Matter**
Federal Energy Regulatory Commission 2024	ER24-2795-000, ER24-2796-000	Massachusetts / Nantucket Electric	Electric revenue requirement and rate design for Energy Storage Systems
New York 2024	24-E-0322	Niagara Mohawk (Gas)	Gas class cost of service; revenue allocation; rate design; marginal cost
New York 2024	24-G-0323	Niagara Mohawk (Electric)	Electric class cost of service; revenue allocation; rate design; marginal cost
Pennsylvania 2024	R-2024-3046523	Duquesne Light	Electric class cost of service; revenue allocation; rate design; special study
Massachusetts 2023	DPU 23-150	Massachusetts / Nantucket Electric	Electric class cost of service; revenue allocation; rate design
New Jersey 2024	GR24020158	Elizabethtown Gas.	Gas class cost of service; revenue allocation; rate design
Massachusetts 2023	DPU 23-150	Massachusetts / Nantucket Electric	Electric class cost of service; revenue allocation; rate design
New York 2023	23-G-0227	Valley Energy, Inc.	Gas revenue requirements, rate design
New York 2023	23-G-0225 /02260	Brooklyn Union Gas / KeySpan Gas East	Gas class cost of service; revenue allocation; rate design; marginal cost
Pennsylvania 2022	R-2022-3032369	Citizens' Electric of Lewisburg, PA	Electric revenue requirements, class cost of service, revenue allocation, rate design
Pennsylvania 2022	R-2022-3032300	Valley Energy, Inc.	Gas revenue requirements, rate design
Pennsylvania 2021	R-2021-3024060	Vicinity Energy Philadelphia	Steam system revenue requirements; sales forecast (formerly Veolia)
Pennsylvania 2021	R-2021-3024750	Duquesne Light	Electric class cost of service; revenue allocation; rate design
New York 2020	20-G-0381	Niagara Mohawk (Gas)	Gas class cost of service; revenue allocation; rate design; marginal cost
New York 2020	20-E-0380	Niagara Mohawk (Electric)	Electric class cost of service; revenue allocation; rate design; marginal cost
Pennsylvania 2019	R-2019-3008212	Citizens' Electric of Lewisburg, PA	Electric revenue requirements, class cost of service, revenue allocation, rate design
Pennsylvania 2019	R-2019-3008208	Wellsboro Electric Company	Electric revenue requirements, class cost of service, revenue allocation, rate design
Pennsylvania 2019	R-2019-3008209	Valley Energy, Inc.	Gas revenue requirements, rate design
New York 2019	19-G-0309 /0310	Brooklyn Union Gas / KeySpan Gas East	Gas class cost of service; revenue allocation; rate design; marginal cost
Massachusetts 2018	DPU 18-150	Massachusetts / Nantucket Electric	Electric class cost of service; revenue allocation; rate design; marginal cost Monthly Minimum Reliability Contribution
Pennsylvania 2018	R-2018-30000124	Duquesne Light	Electric class cost of service; revenue allocation; rate design

Relevant Projects			
Rhode Island 2017	RIPUC 4770	Narragansett Electric	Electric class cost of service; revenue allocation; rate design
Pennsylvania 2017	R-2017-2593142	Veolia Energy Philadelphia	Steam system revenue requirements; sales forecast
New York 2017	17-G-0239	Niagara Mohawk (Gas)	Gas class cost of service; revenue allocation; rate design; marginal cost
New York 2017	17-E-0238	Niagara Mohawk (Electric)	Electric class cost of service; revenue allocation; rate design; marginal cost
Pennsylvania 2016	R-2016-2531550	Citizens' Electric of Lewisburg, PA	Electric revenue requirements, class cost of service, revenue allocation, rate design
Pennsylvania 2016	R-2016-2531551	Wellsboro Electric Company	Electric revenue requirements, class cost of service, revenue allocation, rate design
New Hampshire 2016	DE 16-383	Granite State Electric	Electric revenue requirement
New York 2016	16-G-0058 /0059	Brooklyn Union Gas / KeySpan Gas East	Gas class cost of service; revenue allocation; rate design; marginal cost
Massachusetts 2015	DPU 15-155	Massachusetts / Nantucket Electric	Marginal cost
New York 2015	15-E-0184	Jamestown Board of Public Utilities	Electric revenue requirements
New Hampshire 2015	DE14-180	Energy North Natural Gas	Gas revenue requirements
New York 2014	14-E-0035	Village of Freeport	Electric revenue requirements; sales forecast; rate design
Pennsylvania 2014	R-2013-2386293	Veolia Energy Philadelphia	Steam system revenue requirements and sales forecast
Pennsylvania 2014	R-2013-2372129	Duquesne Light	Electric class cost of service; revenue allocation; rate design
New Hampshire 2013	DE13-063	Granite State Electric	Electric class cost of service (marginal cost); revenue allocation; rate design
Ontario 2013, 2012, 2010, 2009, 2008, 2006, 2005	EB-2005-0378 et al	Hydro One Networks Inc.	Electric Transmission and Distribution cost allocation; OH capitalization rates
Ontario 2006-2013	EB-2007-0905 et al	Ontario Power Generation	Electric cost allocation methodology (2013, 2010, 2006)
New York 2012	12-E-0201	Niagara Mohawk (Electric)	Electric class cost of service; revenue allocation
Rhode Island 2012	RIPUC 4323	Narragansett Electric	Electric class cost of service
New York 2011	11-E-0590	Village of Rockville Centre	Electric revenue requirements; rate design; sales forecast
New York 2011	11-G-0142	Chautauqua Utilities, Inc.	Gas revenue requirements, rate design
Pennsylvania 2010	R-2010-2179522	Duquesne Light	Electric class cost of service; revenue allocation; rate design

Relevant Projects			
Pennsylvania 2010	R-2010-2172662	Wellsboro Electric	Electric revenue requirements, class cost of service, revenue allocation, rate design
Pennsylvania 2010	R-2010-2172665	Citizens' Electric of Lewisburg, PA	Electric revenue requirements, class cost of service, revenue allocation, rate design
Pennsylvania 2010	R-2010-2174470	Valley Energy, Inc.	Gas revenue requirements, rate design
Pennsylvania 2010	R-2010-2161592	PECO Energy (Gas)	Gas class cost of service; revenue allocation; rate design
Pennsylvania 2010	R-2010-2161575	PECO Energy (Electric)	Electric class cost of service; revenue allocation; rate design
New York 2010	10-E-0050	Niagara Mohawk (Electric)	Electric class cost of service
New York 2009	09-E-0862	Jamestown Board of Public Utilities	Electric revenue requirements
Pennsylvania 2009, 2006, 2002, 2001	R-2139884 R-00061931 M-00021612 R- 00017034 R- 00006042	Philadelphia Gas Works	Gas class cost of service; revenue allocation; rate design; unbundling; fixed costs recovery
Rhode Island 2009	RIPUC 4065	Narragansett Electric	Electric class cost of service; revenue allocation; rate design
Massachusetts 2009	DPU 09-39	Massachusetts / Nantucket Electric	Electric revenue requirements; class cost of service; revenue allocation; rate design
Pennsylvania 2008	R-2008-2028394	PECO Energy (Gas)	Gas class cost of service; revenue allocation; rate design
Pennsylvania 2007	R-00072350	Wellsboro Electric	Electric revenue requirements; rate design
Pennsylvania 2007	R-00072348	Citizens' Electric of Lewisburg, PA	Electric revenue requirements; rate design
Pennsylvania 2007	R-00072349	Valley Energy, Inc.	Gas revenue requirements; rate design
New York 2006	06-E-0911	Village of Freeport	Electric revenue requirements; rate design
Pennsylvania 2006	R-00061346	Duquesne Light	Electric class cost of service; revenue allocation; rate design
New York 2003	03-E-1568	Village of Rockville Centre	Electric revenue requirements; rate design; sales forecast
New Jersey 2002	ER02080506, ER02050303 et al	AmeriSteel (intervenor)	Electric cost allocation and rate design; industrial rates

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
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25	C1-4	Support Sheet No. 4- Income Tax Calculations	Years Ended 12/31/2024, 12/31/2025 and 12/31/2026
26	C1-5	Support Sheet No. 5- Computation of Rate Base	Years Ended 12/31/2024, 12/31/2025 and 12/31/2026
27	C1-8	Comparison to Prior Rate Case	Prior Rate Case and Fully Projected Future Test Year December 31, 2026
28	C2	Balance Sheets	Years Ended 12/31/2024, 12/31/2025 and 12/31/2026
29	C3	Original Cost of Utility Plant in Service	Years Ended 12/31/2024, 12/31/2025 and 12/31/2026
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B

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Operating Revenue Under Present Rates and Proposed Rates
Years Ended 12/31/2024, 12/31/2025 and 12/31/2026
Answer to 52 Pa. Code 53.52 b[4]

Line	Operating Revenues	Historic Year December 31, 2024		PRESENT RATES Future Test Year December 31, 2025	PRESENT RATES Fully Projected Future Test Year December 31, 2026	PROPOSED RATES Fully Projected Future Test Year December 31, 2026
		Per Books	Distribution Only	Distribution Only	Distribution Only	Distribution Only
1	Residential sales	$4,526,671	$2,823,518	$3,135,633	3,159,547	4,093,545
2	Commercial and Industrial sales	1,764,263	893,396	976,270	976,270	1,256,761
3	Transportation	2,217,436	2,217,436	2,321,925	2,347,099	2,758,721
4	Subtotal	8,508,370	5,934,349	6,433,828	6,482,916	8,109,028
5						
6	Forfeited Discounts	15,894	15,894	15,894	15,894	15,894
7	Other operating revenue	3,360	3,360	3,360	3,360	3,360
8	Non-operating revenue	1,950	1,950	4,321	4,321	4,321
9	Total Operating Revenues	$8,529,574	$5,955,553	$6,457,402	$6,506,491	$8,132,602

B1

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Summary Of Sales, Customers And Revenue At Present Rates
Historic Year December 31, 2024

Line	Rate Class	Volumes (ccf)	Customers	Revenue - Present Rates		
				Fixed Customer Charge	Variable Distribution-Commodity	Distribution Total
1	Residential Sales Customers					
2	Rate R- Residential	5,020,399	6,486	$961,201	$1,862,317	2,823,518
3						
4	Commercial and Industrial Sales Customers					
5	Rate C- Commercial	2,258,909	854	224,988	630,891	855,878
6	Rate IS- Interruptible Service	251,560	1	984	21,815	22,799
7	Rate SI- Small Industrial	57,691	4	3,936	10,782	14,718
8		2,568,160	859	229,908	663,488	893,396
9						
10	Transportation Customers					
11	Transport. Firm	2,581,397	12	11,808	482,463	494,271
12	Transport. Firm- Fixed	8,382,960	1	497,874		497,874
13	Transport. Firm- Volumetric	6,355,340	1		320,553	320,553
14	Transport. Firm- DDQ	975,293	56	14,750	272,390	287,140
15	Rate I - Large Industrial					
16	Transport. Interruptible	7,065,009	5	4,920	612,678	617,598
17		25,359,999	75	529,352	1,688,083	2,217,436
18						
19	TOTAL	32,948,558	7,420	$1,720,460	$4,213,889	$5,934,349

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Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Billing Units, Rates And Revenue At Present Rates
Historic Year December 31, 2024

Line	Description	Rate R- Residential	Rate C- Commercial	Rate IS- Interruptible Service	Rate SI- Small Industrial	Rate ST- Transport Firm	Rate I Large Industrial Firm	Transport Firm- Contract	Transport. Firm- DDQ	Transport. Interruptible	Total
1						**BILLING UNITS**					
2	ccf Sales	5,020,399	2,258,909	251,560	57,691	2,581,397		14,738,300	975,293	7,065,009	32,948,558
3											
4	Number of Bills	77,830	10,250	12	48	144		24	672	60	89,040
5	Average Monthly Bills	6,486	854	1	4	12		2	56	5	7,420
6											
7						**RATES AND CHARGES**					
8						**Tariff Rates**					
9	Customer Charge	$12.35	$21.95	$82.00	$82.00	$82.00		$0.00	$21.95	$82.00	
10								Contract-2			
11	Commodity Block 1	$0.37095	$0.279290	$0.086720	$0.186900	$0.186900		$0.0503	$0.279290	$0.086720	
12	Commodity Block 2							$0.0516			
13	Commodity Block 3										
14											
15	Demand Block 1										
16	Demand Block 2							Contract-1			
17	Fixed Monthly, Oct-Dec							$41,028	Thru 10/2024		
18	Fixed Monthly, Jan-Sep							$42,874	10/2024-09/2025		
19						**COMPUTATION OF REVENUE**					
20	Fixed Charge Revenue	961,201	224,988	984	3,936	11,808		497,874	14,750	4,920	1,720,460
21	Volumetric Revenue	1,862,317	630,891	21,815	10,782	482,463		320,553	272,390	612,678	4,213,889
22	**Total Distribution Revenue**	$2,823,518	$855,878	$22,799	$14,718	$494,271		$818,427	$287,140	$617,598	$5,934,349
23	*Check WP1_B*	*2,823,518*	*855,878*	*22,799*	*14,718*	*494,271*		*818,427*	*287,140*	*617,598*	*617,598*
24						**BILLING UNITS- DETAIL**					
25	ccf Sales	5,020,399	2,258,909	251,560	57,691	2,581,397	0	14,738,300	975,293	7,065,009	32,948,558
26											
27											

B1-2

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Bill Analysis- Revenues Under Present Rates
Historic Year December 31, 2024

Line	Customer Type	Rate Case Amounts: Computed Delivery	Rate Case Amounts: Computed GCR	Rate Case Amounts: Other Revenue	Rate Case Amounts: Total for Rate Case	Unbilled, Reconciling Items and Other	Total Per Financials
1	Residential sales	$2,823,518	$1,703,154		$4,526,671		$4,526,671
2	Commercial and Industrial sales	893,396	870,867		1,764,263		1,764,263
3	Transportation	2,217,436			2,217,436		2,217,436
4	**Distribution Revenue**	5,934,349	2,574,021	0	8,508,370	0	8,508,370
5							
6	Forfeited Discounts			15,894	15,894		15,894
7	Other operating			3,360	3,360		3,360
8	Patronage Capital						
9	ISF Fees			1,950	1,950		1,950
10	**Total Revenue for Rate case**	**$5,934,349**	**$2,574,021**	**$21,204**	**$8,529,574**	**0**	**8,529,574**
11							
12	Prior Year E Factor Allocation					993,373	993,373
13	Over (Under) Gas					(174,685)	(174,685)
14	Residential Unbilled					104,925	104,925
15	Commercial Unbilled					34,975	34,975
16	Other Revenue					517,200	517,200
17	Rounding					(626)	(626)
18	**Total Operating Revenue per Financials**				**$8,529,574**	**$1,475,162**	**$10,004,736**
19						10,004,736	10,004,736

B2

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Summary Of Sales, Customers And Revenue At Present Rates
Future Test Year December 31, 2025

Line	Rate Class	Volumes (ccf)	Customers	Revenue - Present Rates		
				Fixed Customer Charge	Variable Distribution-Commodity	Distribution Total
1	Residential Sales Customers					
2	Rate R- Residential	5,841,818	6,536	$968,611	$2,167,022	3,135,633
3						
4	Commercial and Industrial Sales Customers					
5	Rate C- Commercial	2,566,623	851	224,153	716,832	940,986
6	Rate IS- Interruptible Service	222,000	1	984	19,252	20,236
7	Rate SI- Small Industrial	59,459	4	3,936	11,113	15,049
8		2,848,082	856	229,073	747,197	976,270
9						
10	Transportation Customers					
11	Transport. Firm	1,881,944	11	10,824	351,735	362,559
12	Transport. Firm- Fixed	8,470,343	1	518,991		518,991
13	Transport. Firm- Volumetric	7,175,742	1		437,868	437,868
14	Transport. Firm- DDQ	947,972	56	14,750	264,759	279,509
15	Rate I - Large Industrial	3,581,019	1	0	360,079	360,079
16	Transport. Interruptible	4,139,559	4	3,936	358,983	362,919
17		26,196,578	74	548,501	1,773,423	2,321,925
18						
19	TOTAL	34,886,478	7,466	$1,746,185	$4,687,643	$6,433,828

B2-1

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Billing Units, Rates And Revenue At Present Rates
Future Test Year December 31, 2025

Line	Description	Rate R- Residential	Rate C- Commercial	Rate IS- Interruptible Service	Rate SI- Small Industrial	Rate ST- Transport Firm	Rate I Large Industrial Firm	Transport Firm- Contract	Transport. Firm- DDQ	Transport. Interruptible	Total
1						**BILLING UNITS**					
2	ccf Sales- annualized	5,841,818	2,566,623	222,000	59,459	1,881,944	3,581,019	15,646,085	947,972	4,139,559	34,886,478
3											
4	Number of Bills	78,430	10,212	12	48	132	12	24	672	48	89,590
5	Number of Customers	6,536	851	1	4	11	1	2	56	4	7,466
6											
7						**RATES AND CHARGES**					
8						**Tariff Rates**					
9	Customer Charge	$12.35	$21.95	$82.00	$82.00	$82.00	$0.00	$0.00	$21.95	$82.00	
10								Contract-2			
11	Commodity Block 1	$0.37095	$0.27929	$0.08672	$0.18690	$0.18690	$0.14158	$0.0516	$0.279290	$0.08672	
12	Commodity Block 2						$0.08696	$0.0526			
13	Commodity Block 3						$0.05697				
14											
15	Demand Block 1						$1.55432				
16	Demand Block 2						$0.80660	Contract-1			
17	Fixed Monthly, Oct-Dec							$42,874	10/2024-09/2025		
18	Fixed Monthly, Jan-Sep							$44,375	10/2025-09/2026		
19						**COMPUTATION OF REVENUE**					
20	Fixed Charge Revenue	968,611	224,153	984	3,936	10,824		518,991	14,750	3,936	1,746,185
21	Volumetric Revenue	2,167,022	716,832	19,252	11,113	351,735	360,079	437,868	264,759	358,983	4,687,643
22	**Total Distribution Revenue**	$3,135,633	$940,986	$20,236	$15,049	$362,559	$360,079	$956,859	$279,509	$362,919	$6,433,828
23											
24						**BILLING UNITS- DETAIL**					
25	ccf Sales	5,841,818	2,566,623	222,000	59,459	1,881,944	3,581,019	15,646,085	947,972	4,139,559	34,886,478
26	Customers	6,536	851	1	4	11	1	2	56	4	7,466
27											
28											

B3

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Number of Customers Served Whose Bills Will be Increased
Years Ended 12/31/2024, 12/31/2025 and 12/31/2026
Answer to 52 Pa. Code 53.52 b[3]

Line	Customer Type	Average Number of Customers During the Year		
		12/31/2024	12/31/2025	12/31/2026
1	Residential sales	6,486	6,536	6,586
2	Commercial and Industrial sales	859	856	856
3	Transportation	73	72	72
4	Customers with rates changing	7,418	7,464	7,514
5	Rates not changing	2	2	2
6	Total Customers Served	7,420	7,466	7,516
7				
8				
9				

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Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Summary Of Sales, Customers And Revenue At Present and Proposed Rates
Fully Projected Future Test Year December 31, 2026

				Revenue - Present Rates			Revenue - Proposed Rates					
Line	Rate Class	Sales (ccf)	Customers	Fixed Charge	Volumetric	Distribution Total	Fixed Charge	Volumetric	Distribution Total	Target Revenue	Proposed Increase	Proposed Increase %
1	Residential Sales Customers											
2	Rate R- Residential	5,886,309	6,586	$976,021	$2,183,526	3,159,547	$1,106,420	$2,987,125	4,093,545	4,093,531	933,998	29.56%
3												
4	Commercial and Industrial Sales Customers											
5	Rate C- Commercial	2,566,623	851	224,153	716,832	940,986	255,300	956,067	1,211,367	1,219,148	270,382	28.73%
6	Rate IS- Interruptible Service	222,000	1	984	19,252	20,236	1,200	24,962	26,162	26,218	5,926	29.28%
7	Rate SI- Small Industrial	59,459	4	3,936	11,113	15,049	4,800	14,432	19,232	19,497	4,184	27.80%
8		2,848,082	856	229,073	747,197	976,270	261,300	995,461	1,256,761	1,264,863	280,491	28.73%
9												
10	Transportation Customers											
11	Transport. Firm	1,881,944	11	10,824	351,735	362,559	13,200	456,804	470,004	469,734	107,445	29.64%
12	Transport. Firm- Fixed	8,470,343	1	536,493		536,493	536,493		536,493	536,493	0	0.00%
13	Transport. Firm- Volumetric	7,175,742	1		445,540	445,540		445,540	445,540	445,540		0.00%
14	Transport. Firm- DDQ	947,972	56	14,750	264,759	279,509	16,800	353,119	369,919	362,134	90,410	32.35%
15	Rate I - Large Industrial	3,581,019	1	0	360,079	360,079	3,600	462,913	466,513	466,521	106,434	29.56%
16	Transport. Interruptible	4,139,559	4	3,936	358,983	362,919	4,800	465,452	470,252	470,200	107,333	29.58%
17		26,196,578	74	566,003	1,781,096	2,347,099	574,893	2,183,828	2,758,721	2,750,622	411,622	17.54%
18												
19	TOTAL	34,930,969	7,516	$1,771,097	$4,711,819	$6,482,916	$1,942,613	$6,166,415	$8,109,028	$8,109,016	$1,626,112	25.08%
20												
21	Overall Distribution Increase										25.08%	

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Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Billing Units, Rates And Revenue At PRESENT Rates
Fully Projected Future Test Year December 31, 2026

Line	Description	Rate R- Residential	Rate C- Commercial	Rate IS- Interruptible Service	Rate SI- Small Industrial	Rate ST- Transport Firm	Rate I Large Industrial Firm	Transport Firm- Contract	Transport. Firm- DDQ	Transport. Interruptible	Total
1					**BILLING UNITS**						
2	ccf Sales	5,886,309	2,566,623	222,000	59,459	1,881,944	3,581,019	15,646,085	947,972	4,139,559	34,930,969
3											
4	Number of Bills	79,030	10,212	12	48	132	12	24	672	48	90,190
5	Average Monthly Bills	6,586	851	1	4	11	1	2	56	4	7,516
6											
7					**RATES AND CHARGES**						
8					**Tariff Rates**						
9	Customer Charge	$12.35	$21.95	$82.00	$82.00	$82.00		$0.00	$21.95	$82.00	
10								Contract-2			
11	Commodity Block 1	$0.370950	$0.279290	$0.086720	$0.186900	$0.186900	$0.141580	$0.0526	$0.279290	$0.086720	
12	Commodity Block 2						$0.086960	$0.0526			
13	Commodity Block 3						$0.056970				
14											
15	Demand Block 1						$1.554320				
16	Demand Block 2						$0.806600	Contract-1			
17	Fixed Monthly, Oct-Dec							$44,375	10/2025-09/2026		
18	Fixed Monthly, Jan-Sep							$45,706	10/2026-		
19					**COMPUTATION OF REVENUE**						
20	Fixed Charge Revenue	976,021	224,153	984	3,936	10,824		536,493	14,750	3,936	1,771,097
21	Volumetric Revenue	2,183,526	716,832	19,252	11,113	351,735	360,079	445,540	264,759	358,983	4,711,819
22	**Total Distribution Revenue**	$3,159,547	$940,986	$20,236	$15,049	$362,559	$360,079	$982,033	$279,509	$362,919	$6,482,916
23											
24					**BILLING UNITS- DETAIL**						
25	ccf Sales	5,886,309	2,566,623	222,000	59,459	1,881,944	3,581,019	15,646,085	947,972	4,139,559	34,930,969
26	Customers	6,586	851	1	4	11	1	2	56	4	7,516
27											

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Billing Units, Rates And Revenue At PROPOSED Rates
Fully Projected Future Test Year December 31, 2026

Line	Description	Rate R- Residential	Rate C- Commercial	Rate IS- Interruptible Service	Rate SI- Small Industrial	Rate ST- Transport Firm	Rate I Large Industrial Firm	Transport Firm- Contract	Transport. Firm- DDQ	Transport. Interruptible	Total
1		**BILLING UNITS**									
2	ccf Sales	5,886,309	2,566,623	222,000	59,459	1,881,944	3,581,019	15,646,085	947,972	4,139,559	34,930,969
3											
4	Number of Bills	79,030	10,212	12	48	132	12	24	672	48	90,190
5	Average Monthly Bills	6,586	851	1	4	11	1	2	56	4	7,516
6											
7		**RATES AND CHARGES**									
8		**Tariff Rates**									
9	Customer Charge	$14.00	$25.00	$100.00	$100.00	$100.00	$300.00	$0.00	$25.00	$100.00	
10								Contract-2			
11	Commodity Block 1	$0.50747	$0.37250	$0.11244	$0.24273	$0.24273	$0.18343	$0.0526	$0.37250	$0.11244	
12	Commodity Block 2						$0.09734	$0.0526			
13	Commodity Block 3										
14											
15	Demand Block 1						$2.01379				
16	Demand Block 2						$1.04504	Contract-1			
17	Fixed Monthly, Oct-Dec							44,375	Thru Sep		
18	Fixed Monthly, Jan-Sep							45,706	Oct-Dec		
19		**COMPUTATION OF REVENUE**									
20	Fixed Charge Revenue	1,106,420	255,300	1,200	4,800	13,200	3,600	536,493	16,800	4,800	1,942,613
21	Volumetric Revenue	2,987,125	956,067	24,962	14,432	456,804	462,913	445,540	353,119	465,452	6,166,415
22	**Total Distribution Revenue**	$4,093,545	$1,211,367	$26,162	$19,232	$470,004	$466,513	$982,033	$369,919	$470,252	**$8,109,028**
23	Target	4,093,531	1,219,148	26,218	19,497	469,734	466,521	982,033	362,134	470,200	8,109,016
24		**BILLING UNITS- DETAIL**									
25	Block 1 ccf Sales	5,886,309	2,566,623	222,000	59,459	1,881,944	3,581,019	15,646,085	947,972	4,139,559	34,930,969
26										*Check*	*34,930,969*
27	Proposed Customer charges	$14.00	$25.00	$100.00	$100.00	$100.00	$300.00		$25.00	$100.00	
28	Increase in Customer charges	13.36%	13.90%	21.95%	21.95%	21.95%			13.90%	21.95%	

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Summary Of Present And Proposed Tariff Rates
Historic Year December 31, 2024 and Fully Projected Future Test Year December 31, 2026

Line		Present Rates (excluding GCR)	GCR Current	Present Rates (including GCR prsesent rate)	Proposed Rates (excluding GCR)	GCR Current	Proposed Rates (including GCR present rate)	Proposed Increase (excluding GCR)	Proposed Increase (including GCR present rate)
1	**Rate R- Residential**								
2	Customer Charge per Bill	$12.35		$12.35	$14.00		$14.00	13.36%	13.36%
3									
4	Commodity charge per ccf								
5	All usage	$0.37095	$0.34569	$0.71664	$0.50747	$0.34569	$0.85316	36.80%	19.05%
6	**Rate C- Commercial**								
7	Customer Charge per Bill	$21.95		$21.95	$25.00		$25.00	13.90%	13.90%
8									
9	Commodity charge per ccf								
10	All usage	$0.27929	$0.34569	$0.62498	$0.37250	$0.34569	$0.71819	33.37%	14.91%
11	**Rate I- Large Industrial Firm**								
12	Customer Charge per Bill			$0.00	$300.00		$300.00		
13									
14	Commodity charge per ccf								
15	Block 1	$0.14158	$0.34569	$0.48727	$0.18343	$0.34569	$0.52912	29.56%	8.59%
16	Block 2	$0.08696	$0.34569	$0.43265	$0.09734	$0.34569	$0.44303	11.94%	2.40%
17	Block 3	$0.05697	$0.34569	$0.40266					
18									
19	Demand charge per mcf								
20	Block 1	$1.554320		$1.55432	$2.01379		$2.01379	29.56%	29.56%
21	Block 2	$0.806600		$0.80660	$1.04504		$1.04504	29.56%	29.56%
22	**Rate IS- Interruptible Service**								
23	Customer Charge per Bill	$82.00		$82.00	$100.00		$100.00	21.95%	21.95%
24									
25	Transport charge per ccf								
26	All usage	$0.08672		$0.0867	$0.11244		$0.1124	29.66%	29.66%

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Summary Of Present And Proposed Tariff Rates
Historic Year December 31, 2024 and Fully Projected Future Test Year December 31, 2026

Line		Present Rates (excluding GCR)	GCR Current	Present Rates (including GCR prsesent rate)	Proposed Rates (excluding GCR)	GCR Current	Proposed Rates (including GCR present rate)	Proposed Increase (excluding GCR)	Proposed Increase (including GCR present rate)
27	**Rate SI- Small Industrial**								
28	Customer Charge per Bill	$82.00		$82.00	$100.00		$100.00	21.95%	21.95%
29									
30	Demand charge per mcf								
31	All usage	$0.1869	$0.3457	$0.5326	$0.2427	$0.3457	$0.5884	29.87%	10.48%
32	**Rate ST- Transport Firm**								
33	Customer Charge per Bill	$82.00		$82.00	$100.00		$100.00	21.95%	
34									
35	Transport charge per ccf								
36	All usage	$0.1869		$0.1869	$0.2427		$0.2427	29.87%	29.87%
37	**Transport. Firm- DDQ**								
38	Customer Charge per Bill	$21.95		$21.95	$25.00		$25.00	13.90%	13.90%
39									
40	Transport charge per ccf								
41	All usage	$0.2793		$0.2793	$0.3725		$0.3725	33.37%	33.37%
42	**Transport. Interruptible**								
43	Customer Charge per Bill	$82.00		$82.00	$100.00		$100.00	21.95%	
44									
45	Transport charge per ccf								
46	All usage	$0.0867		$0.0867	$0.1124		$0.1124	29.66%	29.66%

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Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Bill Comparisons (including GCR present rate)
Fully Projected Future Test Year December 31, 2026
Rate R- Residential

Line	Average	Sales (ccf)	Present Rates		Proposed Rates		Increase	
			Monthly Bill	Cost per ccf	Monthly Bill	Cost per ccf	$ per Monthly	%
1		Minimum	$12.35		$14.00		$1.65	13.36%
2		10	19.52	$1.95164	22.53	$2.25316	3.02	15.45%
3		20	26.68	1.33414	31.06	1.55316	4.38	16.42%
4	All Residential, Apr-Sep	36	38.15	1.05970	44.71	1.24205	6.56	17.21%
5		50	48.18	0.96364	56.66	1.13316	8.48	17.59%
6	All Residential, Annual	76	66.81	0.87914	78.84	1.03737	12.03	18.00%
7	All Residential, Oct-Mar	117	96.20	0.82220	113.82	0.97282	17.62	18.32%
8		150	119.85	0.79897	141.97	0.94649	22.13	18.46%
9		200	155.68	0.77839	184.63	0.92316	28.95	18.60%
10		250	191.51	0.76604	227.29	0.90916	35.78	18.68%
11								

Rate C- Commercial

13								
14			Present Rates		Proposed Rates		Increase	
15	Average	Sales (ccf)	Monthly Bill	Cost per ccf	Monthly Bill	Cost per ccf	$ per Monthly	%
16		Minimum	$21.95		$25.00		$3.05	13.90%
17		25	37.57	$1.50298	42.95	$1.71819	5.38	14.32%
18		50	53.20	1.06398	60.91	1.21819	7.71	14.49%
19		100	84.45	0.84448	96.82	0.96819	12.37	14.65%
20		200	146.95	0.73473	168.64	0.84319	21.69	14.76%
21	All Commercial, Annual	258	183.19	0.71006	210.29	0.81509	27.10	14.79%
22		300	209.44	0.69815	240.46	0.80152	31.01	14.81%
23		400	271.94	0.67986	312.28	0.78069	40.33	14.83%
24		500	334.44	0.66888	384.10	0.76819	49.65	14.85%
25		750	490.69	0.65425	563.64	0.75152	72.96	14.87%
26		1,000	646.93	0.64693	743.19	0.74319	96.26	14.88%
27								

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Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Bill Comparisons (including GCR present rate)
Fully Projected Future Test Year December 31, 2026
Rate SI- Small Industrial

			Present Rates		Proposed Rates		Increase	
Average	**Sales (ccf)**	**Monthly Bill**	**Cost per ccf**	**Monthly Bill**	**Cost per ccf**	**$ per Monthly**	**%**
	Minimum	$82.00		$100.00		$18.00	21.95%
	2,000	1,147.18	$0.57359	1,276.84	$0.63842	129.66	11.30%
	4,000	2,212.36	0.55309	2,453.68	0.61342	241.32	10.91%
	6,000	3,277.54	0.54626	3,630.52	0.60509	352.98	10.77%
	8,000	4,342.72	0.54284	4,807.36	0.60092	464.64	10.70%
	10,000	5,407.90	0.54079	5,984.20	0.59842	576.30	10.66%
	12,000	6,473.08	0.53942	7,161.04	0.59675	687.96	10.63%
	14,000	7,538.26	0.53845	8,337.88	0.59556	799.62	10.61%
	16,000	8,603.44	0.53772	9,514.72	0.59467	911.28	10.59%
	18,000	9,668.62	0.53715	10,691.56	0.59398	1,022.94	10.58%
	20,000	10,733.80	0.53669	11,868.40	0.59342	1,134.60	10.57%

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Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Bill Comparisons (excluding GCR)
Fully Projected Future Test Year December 31, 2026
Rate R- Residential

Line	Average	Sales (ccf)	Present Rates		Proposed Rates		Increase	
			Monthly Bill	Cost per ccf	Monthly Bill	Cost per ccf	$ per Monthly	%
1		Minimum	$12.35		$14.00		$1.65	13.36%
2		10	16.06	$1.60595	19.07	$1.90747	3.02	18.78%
3		20	19.77	0.98845	24.15	1.20747	4.38	22.16%
4	All Residential, Apr-Sep	36	25.70	0.71401	32.27	0.89636	6.56	25.54%
5		50	30.90	0.61795	39.37	0.78747	8.48	27.43%
6	All Residential, Annual	76	40.54	0.53345	52.57	0.69168	12.03	29.66%
7	All Residential, Oct-Mar	117	55.75	0.47651	73.37	0.62713	17.62	31.61%
8		150	67.99	0.45328	90.12	0.60080	22.13	32.54%
9		200	86.54	0.43270	115.49	0.57747	28.95	33.46%
10		250	105.09	0.42035	140.87	0.56347	35.78	34.05%
11								

Rate C- Commercial

12								
13								
14			Present Rates		Proposed Rates		Increase	
15	Average	Sales (ccf)	Monthly Bill	Cost per ccf	Monthly Bill	Cost per ccf	$ per Monthly	%
16		Minimum	$21.95		$25.00		$3.05	13.90%
17		25	28.93	$1.15729	34.31	$1.37250	5.38	18.60%
18		50	35.91	0.71829	43.63	0.87250	7.71	21.47%
19		100	49.88	0.49879	62.25	0.62250	12.37	24.80%
20		200	77.81	0.38904	99.50	0.49750	21.69	27.88%
21	All Commercial, Annual	258	94.01	0.36437	121.11	0.46940	27.10	28.83%
22		300	105.74	0.35246	136.75	0.45583	31.01	29.33%
23		400	133.67	0.33417	174.00	0.43500	40.33	30.18%
24		500	161.60	0.32319	211.25	0.42250	49.66	30.73%
25		750	231.42	0.30856	304.38	0.40583	72.96	31.53%
26		1,000	301.24	0.30124	397.50	0.39750	96.26	31.95%
27								

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Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Bill Comparisons (excluding GCR)
Fully Projected Future Test Year December 31, 2026
Rate SI- Small Industrial

			Present Rates		Proposed Rates		Increase	
Average	Sales (ccf)	Monthly Bill	Cost per ccf	Monthly Bill	Cost per ccf	$ per Monthly	%
	Minimum	$82.00		$100.00		$18.00	21.95%
	2,000	455.80	$0.22790	585.46	$0.29273	129.66	28.45%
	4,000	829.60	0.20740	1,070.92	0.26773	241.32	29.09%
	6,000	1,203.40	0.20057	1,556.38	0.25940	352.98	29.33%
	8,000	1,577.20	0.19715	2,041.84	0.25523	464.64	29.46%
	10,000	1,951.00	0.19510	2,527.30	0.25273	576.30	29.54%
	12,000	2,324.80	0.19373	3,012.76	0.25106	687.96	29.59%
	14,000	2,698.60	0.19276	3,498.22	0.24987	799.62	29.63%
	16,000	3,072.40	0.19203	3,983.68	0.24898	911.28	29.66%
	18,000	3,446.20	0.19146	4,469.14	0.24829	1,022.94	29.68%
	20,000	3,820.00	0.19100	4,954.60	0.24773	1,134.60	29.70%

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
Net Operating Income And Rates of Return
Years Ended 12/31/2024, 12/31/2025 and 12/31/2026
Answer to 52 Pa. Code 53.52 c[1]

Line	Description	Historic Year December 31, 2024		Future Test Year December 31, 2025	Present Rates Fully Projected Future Test Year December 31, 2026	Revenue Requirement Fully Projected Future Test Year December 31, 2026	Proposed Rates Fully Projected Future Test Year December 31, 2026
		Per Books	Distribution Only	Distribution Only	Distribution Only	Distribution Only	Distribution Only
1	REVENUE						
2	Residential	$4,526,671	$2,823,518	$3,135,633	$3,159,547		4,093,545
3	Commercial and industrial	1,764,263	893,396	976,270	976,270		1,256,761
4	Transportation	2,217,436	2,217,436	2,321,925	2,347,099		2,758,721
5	Operating revenue	8,508,370	5,934,349	6,433,828	6,482,916	8,109,016	8,109,028
6	Other revenue, net	21,204	21,204	23,575	23,575	23,575	23,575
7	Total Revenue	8,529,574	5,955,553	6,457,402	6,506,491	8,132,590	8,132,602
8	*ccf*	*32,948,558*		*34,886,478*	*34,930,969*	*34,930,969*	*34,930,969*
9	EXPENSES				Increase	1,626,099	
10	Purchased gas (in revenue)	3,650,808					
11	Distribution	1,885,489	1,885,489	1,725,247	1,939,388	1,939,388	1,939,388
12	Customer accounting & collection	649,422	649,422	742,899	769,686	784,578	784,578
13	Rate case expense normalization				92,222	92,222	92,222
14	Administrative & general expenses	1,119,082	1,119,082	1,194,040	1,278,704	1,278,704	1,278,704
15	Total Operating expenses	7,304,802	3,653,994	3,662,186	4,080,000	4,094,892	4,094,892
16							
17	Depreciation expense	1,307,234	1,307,234	1,425,492	1,542,548	1,542,548	1,542,548
18	Taxes other than income	29,354	29,354	31,385	33,587	33,587	33,587
19							
20	Total Expenses	8,641,390	4,990,582	5,119,063	5,656,136	5,671,028	5,671,028
21							
22	Oper Inc (Loss) before Income Tax	(111,816)	964,972	1,338,339	850,355	2,461,562	2,461,574
23							
24	Income tax expense	(353,801)	28,530	91,834	(86,953)	378,559	378,562
25	NET UTILITY OPERATING INCOME (LOSS) (A)	$241,986	$936,442	$1,246,505	$937,308	$2,083,003	$2,083,012
26							
27	RATE BASE (B)	$21,798,301	$21,798,301	$23,553,480	$25,187,466	$25,187,466	$25,187,466
28	RATE OF RETURN ON RATE BASE (	1.11%	4.30%	5.29%	3.72%	8.27%	8.27%
29							

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Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
Net Operating Income And Rates of Return
Years Ended 12/31/2024, 12/31/2025 and 12/31/2026
Answer to 52 Pa. Code 53.52 c[1] - Support Sheet No. 1
Support Sheet No. 1- Operating Expense and Going-Level Adjustments

Line	Acct	Account Description	Historic Year December 31, 2024	Adjust HTY to FTY	Future Test Year December 31, 2025	Adjust FTY to FPFTY	Fully Projected Future Test Year December 31, 2026	LABOR Historic Year December 31, 2024	LABOR Future Test Year December 31, 2025	LABOR Fully Projected Future Test Year December 31, 2026
1		Distribution Expenses								
2	842	Fuel	21,175	(45)	21,130	(783)	20,347	0	0	0
3	870	Labor Supv /Eng.	212,953	26,077	239,030	21,517	260,547	91,173	103,788	113,359
4	871	Distrib Load Disp	6,180	583	6,763	338	7,101	0	0	0
5	874	Mains & Services	454,825	(4,337)	450,488	129,994	580,482	167,959	136,278	193,236
6	875	Meas & Reg- Gen	102,219	(3,931)	98,288	8,432	106,720	39,962	35,758	40,056
7	876	Ind / Com Meters, Reg	102,463	(19,945)	82,517	11,884	94,402	8,437	31,539	36,372
8	877	Meas & Reg- City gate	34,460	(4,213)	30,247	1,882	32,129	67,681	6,288	7,065
9	878	Meters & House Reg	165,846	(21,594)	144,252	15,370	159,622	82,768	60,218	67,498
10	879	Cust installations	197,343	(24,159)	173,184	16,860	190,044	41,265	72,453	80,239
11	880	Other operating exp	114,706	(60,271)	54,435	16,249	70,684	0	20,603	27,982
12	881	Rents	5,803	419	6,222	447	6,669	0	0	0
13		*Total Operation*	1,417,971	(111,416)	1,306,556	222,190	1,528,746	499,245	466,925	565,807
14										
15	885	Super and eng	35,008	2,730	37,738	1,884	39,622	14,259	15,514	16,318
16	886	Structures & improve	38,923	(12,458)	26,465	(6,247)	20,218	7,393	7,488	6,038
17	887	Mains	107,656	10,252	117,909	15,556	133,465	31,237	36,769	43,282
18	889	Meas & Reg- Gen	76,337	(10,683)	65,654	(13,051)	52,603	34,739	20,343	18,035
19	890	Meas & Reg- Ind	23,623	(60)	23,563	2,726	26,289	0	8,837	10,141
20	891	Meas & Reg- City gate	6,926	963	7,889	4,902	12,791	1,736	1,715	1,979
21	892	Services	54,019	4,578	58,597	12,684	71,281	19,182	20,480	26,012
22	893	Meters & House Reg	125,026	(44,149)	80,876	(26,505)	54,372	44,570	29,166	23,748
23		*Total Maintenance*	467,518	(48,827)	418,691	(8,050)	410,641	153,117	140,312	145,553
24		*Total Distribution*	1,885,489	(160,242)	1,725,247	214,141	1,939,388	652,362	607,237	711,360

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Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
Net Operating Income And Rates of Return
Years Ended 12/31/2024, 12/31/2025 and 12/31/2026
Answer to 52 Pa. Code 53.52 c[1] - Support Sheet No. 1
Support Sheet No. 1- Operating Expense and Going-Level Adjustments

Line	Acct	Account Description	Historic Year December 31, 2024	Adjust HTY to FTY	Future Test Year December 31, 2025	Adjust FTY to FPFTY	Fully Projected Future Test Year December 31, 2026	LABOR Historic Year December 31, 2024	LABOR Future Test Year December 31, 2025	LABOR Fully Projected Future Test Year December 31, 2026
25										
26		Customer Accounting & Collection Expenses:								
27	902	Meter Reading Exp	25,595	2,510	28,106	(11,118)	16,988	8,187	9,734	6,193
28	903	Cust Rec & Coll Exp	610,473	17,502	627,975	33,628	661,603	194,876	214,654	229,723
29	904	Uncollect Acct (Dist)	(20,260)	70,755	50,495	3,853	54,348	0	0	0
30	905	Miscellaneous cust	19,214	2,278	21,492	0	21,492	0	0	0
31	909	Info & Inst Advert	12,402	372	12,774	383	13,157	0	0	0
32	913	Advertising	1,998	59	2,057	41	2,098	0	0	0
33		*Total Cust Acct & Coll*	649,422	93,477	742,899	26,787	769,686	203,063	224,388	235,916
34										
35		Administrative & General Expenses:								
36	920	A&G Salaries	655,639	(20,739)	634,899	48,775	683,674	276,347	276,347	298,043
37	921	Office Supp & Exp	56,476	22,894	79,370	2,020	81,390	0	0	0
38	923	Outside Services	84,557	(3,897)	80,660	4,835	85,495	0	0	0
39	924	Property Insurance	23,202	13,055	36,257	5,442	41,699	0	0	0
40	925	Injuries and damage	93,900	14,757	108,657	16,224	124,881	0	0	0
41	926	Empl Pens & Bene	6,502	3,396	9,898	296	10,194	0	0	0
42	928	Reg Comm Exp	89,218	10,296	99,514	6,000	105,514	0	0	0
43	930	General advertising	72,246	31,734	103,980	2,638	106,618	0	0	0
44	930CV	COVID-related	0	0	0	0	0	0	0	0
45	932	Maint Gen plant	37,342	3,463	40,805	(1,565)	39,240	8,168	8,168	8,203
46		*Total A&G*	1,119,082	74,958	1,194,040	84,664	1,278,704	284,515	284,515	306,246
47										
48		**Total Oper & Maint**	**3,653,994**	**8,192**	**3,662,186**	**325,592**	**3,987,778**	**1,139,940**	**1,116,140**	**1,253,522**
49										
50		Labor	1,140,934	(24,794)	1,116,140	137,382	1,253,522			
51		Transportation	122,958	311	123,269	3,698	126,967			
52		Material	315,608	(37,959)	277,649	12,228	289,877			
53		OH	1,451,655	(88,097)	1,363,558	128,036	1,491,594			
54		Other	622,839	158,731	781,570	44,248	825,818			
55			3,653,994	8,192	3,662,186	325,592	3,987,778			

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Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Support Sheet No. 2- Summary of Cost of Capital and Fair Rate of Return Based upon a Hypothetical Ratemaking Capital Structure
12/31/2026

Line	Type of Capital	Ratios (1)	Cost Rate	Weighted Cost Rate
1	Long-Term Debt	51.06%	5.03%	2.57%
2	Common Equity	48.94%	11.65%	5.70%
3	Total	100.00%		8.27%
4	TargetROR			8.27%
5				
6	[1] Recommended hypothetical capital structure ratios as discussed in direct testimony.			

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Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
Net Operating Income And Rates of Return
Years Ended 12/31/2024, 12/31/2025 and 12/31/2026
Answer to 52 Pa. Code 53.52 c[1]
Support Sheet No. 3- Taxes Other Than Income

Line	Description	Historic Year December 31, 2024		Future Test Year December 31, 2025	PRESENT RATES Fully Projected Future Test Year December 31, 2026	PROPOSED RATES Fully Projected Future Test Year December 31, 2026
		Per Books	Distribution Only	Distribution Onl	Distribution Only	Distribution Only
1	Taxes other than income:					
2	Pennsylvania Use Tax	478	478	478	478	478
3	Public Utility Realty Tax	28,876	28,876	30,907	33,109	33,109
4						
5		$29,354	$29,354	$31,385	$33,587	$33,587
6						
7	Plant assets		43,575,245	46,639,469	49,963,792	49,963,792
8	Tax rate		0.06627%			
9						
10	**Rate case expense amortization**					
11	McNees (fully litigated)				180,000	
12	HSG Group (fully litigated(				48,000	
13	ScottMadden (fully litigated)				36,667	
14	BKD				2,000	
15	Printing, other				10,000	
16	Estimated expenses				$276,667	
17	Amortization period (years)				3	
18	Annual amortization expense				$92,222	
19						

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
Net Operating Income And Rates of Return
Years Ended 12/31/2024, 12/31/2025 and 12/31/2026
Answer to 52 Pa. Code 53.52 c[1]
Support Sheet No. 4- Income Tax Calculations

Line	Ddescription		Historic Year December 31, 2024		Future Test Year December 31, 2025	PRESENT RATES Fully Projected Future Test Year December 31, 2026	FULL REVENUE REQUIREMENT Fully Projected Future Test Year December 31, 2026	PROPOSED RATES Fully Projected Future Test Year December 31, 2026
			Per Books	Distribution Only	Distribution Only	Distribution Only	Distribution Only	Distribution Only
1	Net Operating Income Excluding Income Taxes		($111,816)	$964,972	$1,338,339	$850,355	$2,553,785	$2,553,797
2								
3	Non-Operating Expenses:							
4	Synchronized interest expense:							
5	Rate base		21,798,301	21,798,301	23,553,480	25,187,466	25,187,466	25,187,466
6								
7	Rate base for interest compuation		21,798,301	21,798,301	23,553,480	25,187,466	25,187,466	25,187,466
8	Weighted Cost of debt		2.570%	2.570%	2.570%	2.570%	2.570%	2.570%
9	Synchronized interest expense		560,216	560,216	605,324	647,318	647,318	647,318
10	Taxable income before depreciation tax adjustments		(672,032)	404,755	733,015	203,037	1,906,467	1,906,479
11								
12	Pennsylvania depreciation adjustment:							
13	Tax depreciation (using DDB method)		(2,115,013)	(2,115,013)	(2,528,871)	(2,227,569)	(2,227,569)	(2,227,569)
14	Book depreciation		1,307,234	1,307,234	1,425,492	1,542,548	1,542,548	1,542,548
15	Pennsylvania depreciation adjustment		(807,779)	(807,779)	(1,103,379)	(685,021)	(685,021)	(685,021)
16	Pennsylvania taxable income		(1,479,811)	499,455	322,114	(481,983)	1,221,446	1,221,458
17	Regulatory Pennsylvania income tax expense	9.99%	(147,833)	49,896	32,179	(48,150)	122,022	122,024
18								
19	Federal depreciation adjustment:		9.99%	9.99%	9.99%	9.99%	9.99%	9.99%
20	Tax depreciation (using SL method)		(1,763,836)	(1,763,836)	(1,842,256)	(1,978,510)	(1,978,510)	(1,978,510)
21	Book depreciation		1,307,234	1,307,234	1,425,492	1,542,548	1,542,548	1,542,548
22	Federal depreciation adjustment		(456,603)	(456,603)	(416,763)	(435,961)	(435,961)	(435,961)
23								
24	Taxable income before depreciation tax adjustments		(672,032)	404,755	733,015	203,037	1,906,467	1,906,479
25	Federal depreciation adjustment		(456,603)	(456,603)	(416,763)	(435,961)	(435,961)	(435,961)
26	Pennsylvania income tax expense		147,833	(49,896)	(32,179)	48,150	(122,022)	(122,024)
27	Federal taxable income		(980,801)	(101,743)	284,072	(184,774)	1,348,483	1,348,494
28	Regulatory Federal income tax expense	21.00%	(205,968)	(21,366)	59,655	(38,803)	283,181	283,184
29	Regulatory Total income tax expense		($353,801)	$28,530	$91,834	($86,953)	$405,204	$405,207
30								
31	Deferred Federal Income Tax expense (included in above):							
32	Tax depreciation (using SL method)		1,763,836	1,763,836	1,842,256	1,978,510	1,978,510	1,978,510
33	Tax depreciation (using DDB method)		2,115,013	2,115,013	2,528,871	2,227,569	2,227,569	2,227,569
34			351,176	351,176	686,615	249,059	249,059	249,059
35	Federal tax rate		21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
36	Deferred Federal income tax (credit)		$73,747	$73,747	$144,189	$52,302	$52,302	$52,302
37	Combined statutory tax rate	28.89%	28.89%	28.89%	28.89%	28.89%	28.89%	28.89%

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
Net Operating Income And Rates of Return
Years Ended 12/31/2024, 12/31/2025 and 12/31/2026
Answer to 52 Pa. Code 53.52 c[1]
Support Sheet No. 5- Computation of Rate Base

Line	Description	Source	Historic Year December 31, 2024	Future Test Year December 31, 2025	Fully Projected Future Test Year December 31, 2026
1	Utility Plant in Service				
2	Assets	Schedule C3	$ 43,575,245	$ 46,639,469	$ 49,963,792
3	Less: Accumulated Depreciation	Schedule C3	(20,753,495)	(22,356,239)	(24,061,709)
4			22,821,750	24,283,230	25,902,083
5					
6	Less: Accumulated deferred income taxes	Line 31	(484,177)	(459,323)	(438,298)
7	Less: Customer deposits	Schedule C2	(394,763)	(394,763)	(394,763)
8	Natural gas inventories- avg balance for year	Workpaper 5 to Sch C	1,198,570	1,198,570	1,198,570
9	Unbundled, to be Recovered in GCR	To Schedule C4	(1,198,570)	(1,198,570)	(1,198,570)
10	Accrued OPEB Liability / OPEB Asset, net	Line 38	(848,035)	(571,368)	(617,479)
11	Materials & Supplies	Schedule C2	244,244	244,244	244,244
12			21,339,019	23,102,019	24,695,787
13	Cash Working Capital Allowance	Line 24	459,282	451,461	491,679
14	RATE BASE		$ 21,798,301	$ 23,553,480	$ 25,187,466
15					

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
Net Operating Income And Rates of Return
Years Ended 12/31/2024, 12/31/2025 and 12/31/2026
Answer to 52 Pa. Code 53.52 c[1]
Support Sheet No. 5- Computation of Rate Base

Line	Description	Source	Historic Year December 31, 2024	Future Test Year December 31, 2025	Fully Projected Future Test Year December 31, 2026
16	Cash Working Capital Allowance:				
17	Operating Expenses	Schedule C1	$ 8,641,390	$ 5,119,063	$ 5,656,136
18	Deductions:				
19	Purchased Gas	Schedule C1	3,650,808	0	0
20	Depreciation Expense, Uncollectible, TOTI	Schedule C1	1,316,328	1,507,372	1,722,706
21	Total Deductions		4,967,136	1,507,372	1,722,706
22	Cash Operating Expenses		3,674,254	3,611,691	3,933,430
23	Cash Operating Expenses Ratio		1/8	1/8	1/8
24	Cash Working Capital Allowance		$ 459,282	$ 451,461	$ 491,679
25					
26	Regulatory Accumluated deferred income tax:				
27	Accumulated depreciation based on tax expense borne by ratepayers		37,481,985	39,313,415	41,266,769
28	Accumulated depreciation based on taxes paid by company		39,787,591	41,500,668	43,353,900
29	(Excess) depreciation taken by company		(2,305,606)	(2,187,253)	(2,087,132)
30	Federal tax rate		21.00%	21.00%	21.00%
31	Regulatory Accumluated deferred income tax (liability)		$ (484,177)	$ (459,323)	$ (438,298)
32					
33	Accrued OPEB Liability / OPEB Asset, net				
34	Accrued postretirement cost (Liability)		(816,705)	(816,705)	(816,705)
35	Regulatory (Liability)		(375,898)	(375,898)	(375,898)
36	Regulatory Assets			276,667	230,556
37	Deferred tax asset related to Regulatory Liabilities		344,568	344,568	344,568
38			(848,035)	(571,368)	(617,479)
39					

C1-6

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Comparison to Prior Rate Case
Prior Rate Case and Fully Projected Future Test Year December 31, 2026

Line	Description	R-2022-3032300, Order	Fully Projected Future Test Year December 31, 2026	Difference-Needs Higher (Lower) Revenue
1	Revenue	6,478,861	6,506,491	(27,629)
2	*ccf*	*35,049,281*	*34,930,969*	
3				
4				
5	O&M	3,624,172	4,080,000	455,828
6	Taxes other than income, Rate Case	34,169	33,587	(581)
7	Depreciation	1,178,428	1,542,548	364,120
8	Income tax	254,071	405,204	151,132
9				
10	Rate Base	$19,756,771	$25,187,466	
11	Required Return	7.03%	8.27%	
12	Target Return	1,388,012	2,083,003	694,991
13				1,637,861
14	Uncollectibles		0.924%	15,139
15				
16	Rounding			(26,900)
17	Revenue Increase Required at Recommended Return			1,626,099
18	Per Schedule C1			1,626,099
19				

C2

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Balance Sheets
Years Ended 12/31/2024, 12/31/2025 and 12/31/2026
Answer to 52 Pa. Code 53.52 c[2]

Line	Account Title	Per Books 12/31/2024	Pro Forma 12/31/2025	Pro Forma 12/31/2026
1	**Assets and Other Debits**			
2	Utility Plant			
12	Gas plant in service for ratemaking	$43,575,245	$46,639,469	$49,963,792
13				
14	Construction work in progress	174,722	174,722	174,722
15	Accumulated depreciation for ratemaking	(20,753,495)	(22,356,239)	(24,061,709)
16	*Total utility plant*	22,996,472	24,457,952	26,076,805
17	Non-Jurisdictional Plant, net	2,097,165	2,097,165	2,097,165
18	Other Property and Investments:			
19	RS Plan Prepayment		0	0
20	Regulatory asset	52,196	52,196	52,196
21	*Total other property and investments*	52,196	52,196	52,196
22				
23	Current Assets:			
24	Cash	802,679	802,679	802,679
25	Customer accounts receivable	624,279	624,279	624,279
26	Unbilled revenues	478,620		
27	Other receivables	255,292		
28	Advances to affiliates	1,340,221	1,340,221	1,340,221
29	Natural gas inventories	722,281	722,281	722,281
30	Materials and supplies	244,244	244,244	244,244
31	Prepayments	331,357	331,357	331,357
32	*Total current assets*	4,798,973	4,065,061	4,065,061
33				
34	**Total Assets and Other Debits**	**$29,944,806**	**$30,672,374**	**$32,291,227**
35				

C2

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026

Balance Sheets
Years Ended 12/31/2024, 12/31/2025 and 12/31/2026
Answer to 52 Pa. Code 53.52 c[2]

Line	Account Title	Per Books 12/31/2024	Pro Forma 12/31/2025	Pro Forma 12/31/2026
36	**Liabilities and Other Credits**			
37	Proprietary Capital:			
38	Common stock Issued	$768,293	$768,293	$768,293
39	Retained earnings	14,404,719	15,651,224	16,588,532
40	*Total proprietary capital*	15,173,012	16,419,517	17,356,825
41				
42	Long-Term Debt:			
43	Long Term Debt incl Cap Leases	5,838,390	5,201,042	4,514,401
44	*Total long-term debt*	5,838,390	5,201,042	4,514,401
45				
46	Current and Accrued Liabilities:			
47	Cash (over) under	2,650,000	2,719,118	4,047,928
48	Current maturities of Long Term Debt	637,348	686,641	726,017
49	Accounts payable and accruals	924,199	924,199	924,199
50	Due for purchased gas	495,267	495,267	495,267
51	Customer deposits	394,763	394,763	394,763
52	Over collected gas costs	287,624	287,624	287,624
53	*Total current and accrued liabilities*	5,389,201	5,507,612	6,875,798
54				
55	Deferred Credits and Other Liabilities:			
56	Deferred taxes	2,351,600	2,351,600	2,351,600
57	Accrued postretirement cost	816,705	816,705	816,705
58	Regulatory liability	375,898	375,898	375,898
59	*Total deferred credits*	3,544,203	3,544,203	3,544,203
60				
61	**Total Liabilities and Other Credits**	**$29,944,806**	**$30,672,374**	**$32,291,227**

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
Original Cost of Utility Plant in Service
Years Ended 12/31/2024, 12/31/2025 and 12/31/2026
Answer to 52 Pa. Code 53.52 c[3]

					Original Cost			Original Cost		
				12/31/2024	Year 2025	Year 2025	12/31/2025	Year 2026	Year 2026	12/31/2026
Line	Acct No.	Account Title		Balance	Additions	Removals	Balance	Additions	Removals	Balance
1	*Distribution Plant.*									
2	114	Gas Plant Acquisition Adjustment		3,361,289			3,361,289			3,361,289
3	366	Trans. Structures and improvements	(A)	117,592	0		117,592	0		117,592
4	367	Trans. Mains	(A)	1,917,201	0		1,917,201	0		1,917,201
5	369	Trans. Meas / Reg Sta Equp	(A)	402,427	0		402,427	0		402,427
6	374	Land & Land Rights		15,652	0		15,652	0		15,652
7	375	Structures and improvements		204,060	1,218,878		1,422,938	457,937		1,880,875
8	376S	Mains- Steel		3,820,156	43,909		3,864,065	44,080		3,908,144
9	376P	Mains- Plastic		11,410,116	223,134	(434)	11,632,816	1,188,320	(404)	12,820,732
10	378	Meas / Reg Sta Equp		1,590,567	406,925		1,997,492	244,879		2,242,371
11	380S	Services- Steel		581,198	0	(9,027)	572,171	0	(10,385)	561,786
12	380P	Services- Plastic		9,843,941	767,950	(1,364)	10,610,526	1,055,387	(14,366)	11,651,547
13	381	Meters		1,945,136	47,842		1,992,978	61,305		2,054,284
14	381RC	Transponders- Res/Comm		1,010,228			1,010,228			1,010,228
15	381AMR	Meters-AMR		282,510	2,009		284,519	9,121		293,640
16	381Prot	Meters-Protection		61,435	10,611		72,046	0		72,046
17	383	House regulators		335,586	4,500		340,086	4,500		344,586
18	385	Indu Meas / Reg Sta Equp		1,260,536	26,400		1,286,936	13,200		1,300,136
19	387	Other equipment		9,978	0		9,978	0		9,978
20	Total Distribution Plant			38,169,608	2,752,157	(10,826)	40,910,940	3,078,729	(25,156)	43,964,513
21										
22	*General Plant*									
23	390	Structures & Improvements		4,055,042	0		4,055,042	0		4,055,042
24	391	Office Furniture & Equipment		1,230,002	6,200		1,236,202	0		1,236,202
25	391C	Computer equipment		147,442	147,442		294,884	125,750		420,634
26	392	Transportation Equipment		1,214,676	80,000		1,294,676	100,000		1,394,676
27	393	Stores Equipment		48,547	20,000		68,547	0		68,547
28	394	Tools, Shop & Garage Equipment		717,363	68,750		786,113	45,000		831,113
29	396	Power Operated		499,528	0		499,528	0		499,528
30	397	Communication Equipment		245,077	500		245,577	0		245,577
31	398	Miscellaneous Equipment		14,718			14,718			14,718
32	301	Intangible plant, organization		22,107			22,107			22,107
33	389	Land & Land Rights		572,424			572,424			572,424
34		Total General Plant		8,766,926	322,892	0	9,089,818	270,750	0	9,360,568
35										
36		Less: Acquisition		(3,361,289)	0	0	(3,361,289)	0	0	(3,361,289)
37		Total Plant in Service		$43,575,245	$3,075,049	($10,826)	$46,639,469	$3,349,479	($25,156)	$49,963,792
38		Less: Clearing, Charged to NY		$46,936,534			$50,000,758			$53,325,081
39				$46,936,534			$50,000,758			$53,325,081

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 20
Original Cost of Utility Plant in Service
Years Ended 12/31/2024, 12/31/2025 and 12/31/202
Answer to 52 Pa. Code 53.52 c[3]

Line	Acct No.	Account Title	Depr. Rate	Year 2024 Depr Exp	Accumulated Depreciation 12/31/2024 Balance	Year 2025 Depr Exp	Year 2025 Removals	Accumulated Depreciation 12/31/2025 Balance	Year 2026 Depr Exp	Year 2026 Removals	Accumulated Depreciation 12/31/2026 Balance	Net Book Value 12/31/2026 Balance
1	*Distribution Plant.*											
2	114	Gas Plant Acquisition Adjustment	3.47%	88,183	2,847,221	116,637		2,963,858	116,637		3,080,494	280,795
3	366	Trans. Structures and improvements	0.62%	730	7,146	729		7,875	729		8,604	108,988
4	367	Trans. Mains	1.79%	34,311	1,225,993	34,318		1,260,311	34,318		1,294,629	622,572
5	369	Trans. Meas / Reg Sta Equp	4.40%	17,723	296,228	17,707		313,935	17,707		331,642	70,785
6	374	Land & Land Rights	4.40%		0	689		689	689		1,377	14,275
7	375	Structures and improvements	2.63%	5,363	105,540	21,395		126,935	43,445		170,380	1,710,495
8	376S	Mains- Steel	3.15%	120,867	2,769,349	121,026		2,890,375	122,412		3,012,788	895,357
9	376P	Mains- Plastic	2.02%	226,954	3,788,947	232,738	(434)	4,021,251	246,985	(404)	4,267,832	8,552,900
10	378	Meas / Reg Sta Equp	6.72%	100,343	1,221,758	120,559		1,342,317	142,459		1,484,776	757,594
11	380S	Services- Steel	3.04%	18,399	218,783	17,668	(9,027)	227,424	17,394	(10,385)	234,433	327,353
12	380P	Services- Plastic	3.41%	318,053	4,396,438	348,772	(1,364)	4,743,846	379,813	(14,366)	5,109,292	6,542,255
13	381	Meters	2.74%	62,737	1,135,963	53,952		1,189,915	55,447		1,245,363	808,921
14	381RC	Transponders- Res/Comm	2.74%	22,968	312,762	27,680		340,442	27,680		368,122	642,106
15	381AMR	Meters-AMR	2.74%	3,870	8,670	7,768		16,438	7,921		24,359	269,281
16	381Prot	Meters-Protection	2.74%	842	1,356	1,829		3,185	1,974		5,159	66,887
17	383	House regulators	3.22%	10,792	260,864	10,878		271,742	11,023		282,766	61,820
18	385	Indu Meas / Reg Sta Equp	4.11%	40,510	856,743	52,351		909,094	53,164		962,258	337,878
19	387	Other equipment	3.66%	364	7,651	365		8,016	365		8,381	1,597
20	Total Distribution Plant			1,073,009	19,461,412	1,187,061	(10,826)	20,637,648	1,280,163	(25,156)	21,892,656	22,071,857
21												
22	*General Plant*											
23	390	Structures & Improvements	2.43%	74,191	870,711	98,538		969,249	98,538		1,067,786	2,987,256
24	391	Office Furniture & Equipment	13.10%	267,559	1,115,240	161,536		1,276,776	161,942		1,438,719	(202,517)
25	391C	Computer equipment	6.75%	9,552	9,952	14,928		24,880	24,149		49,029	371,605
26	392	Transportation Equipment	12.00%	68,719	1,030,813	150,561		1,181,374	161,361		1,342,735	51,941
27	393	Stores Equipment	6.67%	2,804	25,535	3,905		29,440	4,572		34,012	34,535
28	394	Tools, Shop & Garage Equipment	5.00%	27,591	523,999	37,587		561,586	40,431		602,017	229,096
29	396	Power Operated	11.76%	48,647	382,238	58,744		440,982	58,744		499,727	(199)
30	397	Communication Equipment	6.67%	10,527	179,026	16,363		195,389	16,380		211,769	33,808
31	398	Miscellaneous Equipment	6.67%	895	1,790	982		2,772	982		3,753	10,965
32	301	Intangible plant, organization	0.00%			0		0	0		0	22,107
33	389	Land & Land Rights	0.00%			0		0	0		0	572,424
34		Total General Plant		510,485	4,139,304	543,145	0	4,682,449	567,099	0	5,249,548	4,111,020
35												
36		Less: Acquisition		(88,183)	(2,847,221)	(116,637)	0	(2,963,858)	(116,637)	0	(3,080,494)	(295,069)
37		Total Plant in Service		$1,495,311	$20,753,495	$1,613,569	($10,826)	$22,356,239	$1,730,625	($25,156)	$24,061,709	$25,887,808
38		Less: Clearing, Charged to NY		(188,077)	$23,600,716	(188,077)			(188,077)			
39				$1,307,234	$23,600,716	$1,425,492			$1,542,548			25,902,083

WP

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
INDEX TO WORKPAPERS

Line	SCHEDULE	DESCRIPTION	PERIOD
1	Index To Workpapers		
2	Workpaper 1 to Schedule B	Monthly Billing Units, Rates And Revenue	Historic Year December 31, 2024- Present Rates
3	Workpaper 2 to Schedule B	Sales Forecast Summary	Years Ended 12/31/2024, 12/31/2025 and 12/31/2026
3	Workpaper 2 to Schedule C	Historic O&M	Historic Year December 31, 2024
4	Workpaper 2 to Schedule C	Future O&M	Years 2025 and 2026
5	Workpaper 3 to Schedule C	Accumulated Deferred Income Taxes	Years 2017 through 2023
6	Workpaper 4 to Schedule C	Gas Inventory Balances	Years 2014 through 2024
7			

WP1_B

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
Workpaper 1 to Schedule B
Monthly Billing Units, Rates And Revenue
Historic Year December 31, 2024- Present Rates

Line			Rate R- Residential	Rate C- Commercial	Rate IS- Interruptible Service	Rate SI- Small Industrial	Rate ST- Transport Firm	Rate I Large Industrial Firm	Transport Firm- Contract	Transport. Firm- DDQ	Transport. Interruptible	Total
1							**BILLING UNITS**					
2							**ccf Sales Historic Year December 31, 2024**					
3	Jan-24		811,551	365,787	0	10,435	256,364		1,600,550	144,148	655,932	3,844,767
4	Feb-24		956,056	420,272	510	12,377	204,405		1,379,780	164,362	629,965	3,767,727
5	Mar-24		795,563	345,934	0	10,426	236,787		1,377,870	139,518	634,790	3,540,888
6	Apr-24		649,473	280,142	2,700	6,951	219,126		1,235,070	117,770	615,093	3,126,325
7	May-24		333,846	141,424	26,540	3,133	189,425		1,138,760	72,268	573,425	2,478,821
8	Jun-24		120,653	64,439	46,880	1,115	183,697		1,059,180	40,318	573,002	2,089,284
9	Jul-24		70,730	44,655	20,260	502	218,200		1,041,970	24,564	564,501	1,985,382
10	Aug-24		65,838	45,964	49,050	577	185,912		898,800	28,001	547,490	1,821,632
11	Sep-24		80,481	51,895	41,620	706	176,139		951,280	27,701	516,647	1,846,469
12	Oct-24		104,465	61,978	29,410	669	194,142		1,273,900	30,767	542,916	2,238,247
13	Nov-24		337,301	142,315	21,160	3,182	232,477		1,284,340	63,653	558,810	2,643,238
14	Dec-24		694,442	294,104	13,430	7,618	284,723		1,496,800	122,223	652,438	3,565,778
15			5,020,399	2,258,909	251,560	57,691	2,581,397	0	14,738,300	975,293	7,065,009	32,948,558
16	*Check to Forecast file*		*5,020,399*	*2,258,909*	*251,560*	*57,691*	*1,971,007*		*14,738,300*	*975,293*	*7,675,399*	*32,948,558*
17							**Customers Historic Year December 31, 2024**					
18	Jan-24		6,517	861	1	4	12		2	56	5	7,458
19	Feb-24		6,524	860	1	4	12		2	56	5	7,464
20	Mar-24		6,529	860	1	4	12		2	56	5	7,469
21	Apr-24		6,494	855	1	4	12		2	56	5	7,429
22	May-24		6,466	852	1	4	12		2	56	5	7,398
23	Jun-24		6,451	850	1	4	12		2	56	5	7,381
24	Jul-24		6,423	849	1	4	12		2	56	5	7,352
25	Aug-24		6,416	850	1	4	12		2	56	5	7,346
26	Sep-24		6,437	850	1	4	12		2	56	5	7,367
27	Oct-24		6,504	853	1	4	12		2	56	5	7,437
28	Nov-24		6,504	853	1	4	12		2	56	5	7,437
29	Dec-24		6,565	857	1	4	12		2	56	5	7,502
30	Annual Bills		77,830	10,250	12	48	144	0	24	672	60	89,040
31	Average Monthly Bills		6,486	854	1	4	12	0	2	56	5	7,420
32							**RATES AND CHARGES**					
33							**Tariff Rates**					
34	Customer Charge	Tariff	$12.35	$21.95	$82.00	$82.00	$82.00			$21.95	$82.00	
35												
36	Commodity Block 1		$0.37095	$0.27929	$0.086720	$0.186900	$0.186900	#######		$0.279290	$0.086720	
42	GCR Jan-Oct	$0.33758	$0.33758	$0.33758	$0.33758	$0.33758						
43	GCR Nov-Dec	$0.34569	$0.34569	$0.34569	$0.34569	$0.34569						

WP1_B

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
Workpaper 1 to Schedule B
Monthly Billing Units, Rates And Revenue
Historic Year December 31, 2024- Present Rates

Line		Rate R- Residential	Rate C- Commercial	Rate IS- Interruptible Service	Rate SI- Small Industrial	Rate ST- Transport Firm	Rate I Large Industrial Firm	Transport Firm- Contract	Transport. Firm- DDQ	Transport. Interruptible	Total
44		**COMPUTATION OF REVENUE**									
45		**Customer Charge Revenue**									
46	Jan-24	$80,485	$18,899	$82	$328	$984			$1,229	$410	$102,007
47	Feb-24	80,571	18,877	82	328	984			1,229	410	$102,072
48	Mar-24	80,633	18,877	82	328	984			1,229	410	$102,133
49	Apr-24	80,201	18,767	82	328	984			1,229	410	$101,591
50	May-24	79,855	18,701	82	328	984			1,229	410	$101,180
51	Jun-24	79,670	18,658	82	328	984			1,229	410	$100,951
52	Jul-24	79,324	18,636	82	328	984			1,229	410	$100,583
53	Aug-24	79,238	18,658	82	328	984			1,229	410	$100,518
54	Sep-24	79,497	18,658	82	328	984			1,229	410	$100,778
55	Oct-24	80,324	18,723	82	328	984			1,229	410	$101,671
56	Nov-24	80,324	18,723	82	328	984			1,229	410	$101,671
57	Dec-24	81,078	18,811	82	328	984			1,229	410	$102,512
58		$961,201	$224,988	$984	$3,936	$11,808	$0	$0	$14,750	$4,920	$1,217,666
59											
60		**Distribution ccf Revenue**									
61	Jan-24	$301,045	$102,161	$0	$1,950	$47,914		$76,270	$40,259	$56,882	$569,600
62	Feb-24	$354,649	$117,378	$44	$2,313	$38,203		$72,085	$45,905	$54,631	$630,577
63	Mar-24	$295,114	$96,616	$0	$1,949	$44,255		$70,384	$38,966	$55,049	$547,284
64	Apr-24	$240,922	$78,241	$234	$1,299	$40,955		$68,491	$32,892	$53,341	$463,034
65	May-24	$123,840	$39,498	$2,302	$586	$35,404		$65,517	$20,184	$49,727	$287,329
66	Jun-24	$44,756	$17,997	$4,065	$208	$34,333		$65,035	$11,260	$49,691	$177,656
67	Jul-24	$26,237	$12,472	$1,757	$94	$40,782		$62,614	$6,860	$48,954	$150,816
68	Aug-24	$24,423	$12,837	$4,254	$108	$34,747		$53,080	$7,820	$47,478	$137,269
69	Sep-24	$29,854	$14,494	$3,609	$132	$32,920		$64,033	$7,737	$44,804	$152,780
70	Oct-24	$38,751	$17,310	$2,550	$125	$36,285		$70,301	$8,593	$47,082	$173,916
71	Nov-24	$125,122	$39,747	$1,835	$595	$43,450		$72,832	$17,778	$48,460	$301,358
72	Dec-24	$257,603	$82,140	$1,165	$1,424	$53,215		$77,784	$34,136	$56,579	$507,467
73		$1,862,317	$630,891	$21,815	$10,782	$482,463	$0	$818,427	$272,390	$612,678	$4,099,085
74											

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Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
Workpaper 1 to Schedule B
Monthly Billing Units, Rates And Revenue
Historic Year December 31, 2024- Present Rates

Line		Rate R- Residential	Rate C- Commercial	Rate IS- Interruptible Service	Rate SI- Small Industrial	Rate ST- Transport Firm	Rate I Large Industrial Firm	Transport Firm- Contract	Transport. Firm- DDQ	Transport. Interruptible	Total
75						**GCR Revenue**					
76	Jan-24	$273,963	$123,482	$0	$3,523						$400,968
77	Feb-24	322,745	141,875	172	4,178						$468,971
78	Mar-24	268,566	116,780	0	3,520						$388,866
79	Apr-24	219,249	94,570	911	2,347						$317,077
80	May-24	112,700	47,742	8,959	1,058						$170,459
81	Jun-24	40,730	21,753	15,826	376						$78,686
82	Jul-24	23,877	15,075	6,839	169						$45,961
83	Aug-24	22,226	15,517	16,558	195						$54,495
84	Sep-24	27,169	17,519	14,050	238						$58,976
85	Oct-24	35,265	20,923	9,928	226						$66,342
86	Nov-24	116,602	49,197	7,315	1,100						$174,213
87	Dec-24	240,062	101,669	4,643	2,633						$349,007
88		$1,703,154	$766,102	$85,202	$19,563	$0	$0	$0	$0	$0	$2,574,021
89											
90						**Total Revenue**					
91	Jan-24	$655,493	$244,542	$82	$5,801	$48,898	$0	$76,270	$41,488	$57,292	$1,129,867
92	Feb-24	757,966	278,130	298	6,819	39,187	0	72,085	47,134	55,041	$1,256,661
93	Mar-24	644,313	232,273	82	5,796	45,239	0	70,384	40,195	55,459	$1,093,743
94	Apr-24	540,372	191,578	1,228	3,974	41,939	0	68,491	34,121	53,751	$935,454
95	May-24	316,395	105,942	11,343	1,971	36,388	0	65,517	21,413	50,137	$609,105
96	Jun-24	165,156	58,408	19,973	913	35,317	0	65,035	12,490	50,101	$407,393
97	Jul-24	129,438	46,182	8,678	591	41,766	0	62,614	8,090	49,364	$346,722
98	Aug-24	125,886	47,011	20,894	631	35,731	0	53,080	9,050	47,888	$340,170
99	Sep-24	136,520	50,670	17,741	698	33,904	0	64,033	8,966	45,214	$357,747
100	Oct-24	154,341	56,956	12,561	679	37,269	0	70,301	9,822	47,492	$389,420
101	Nov-24	322,048	107,667	9,232	2,023	44,434	0	72,832	19,007	48,870	$626,113
102	Dec-24	578,743	202,620	5,889	4,385	54,199	0	77,784	35,365	56,989	$1,015,975
103		$4,526,671	$1,621,980	$108,001	$34,281	$494,271	$0	$818,427	$287,140	$617,598	$8,508,370

Valley Energy, Inc. (PA)
Workpaper 2 to Schedule B
Sales Forecast Summary
Years Ended 12/31/2024, 12/31/2025 and 12/31/2026

	WP	Forecast YE2026 Avg # Cust	Forecast YE2026 Projected CCF 2026	Forecast YE2025 Avg # Cust	Forecast YE2025 Projected CCF 2025	Average Cust 2024	Actual CCF 2024	Actual CCF 2023	Actual CCF 2022	Actual CCF 2021	Actual CCF 2020	Actual CCF 2019	Actual CCF 2018	RSQ
Residential	2A	6,586	5,886,309	6,536	5,841,818	6,486	5,020,399	5,364,814	5,764,257	5,598,048	5,499,225	5,750,866	6,046,406	94.7%
Commercial	2B	851	2,566,623	851	2,566,623	854	2,258,909	2,434,724	2,628,745	2,495,606	2,372,356	2,618,051	2,704,420	94.0%
Industrial	2C	4	59,459	4	59,459	4	57,691	67,349	75,248	72,875	71,389	72,617	76,117	72.8%
Interruptible	2D	1	222,000	1	222,000	1	251,560	626,560	661,580	700,210	454,420	723,530	564,410	65.5%
DDQ-Transport	2E	56	947,972	56	947,972	56	975,293	1,017,689	947,227	947,195	897,448	904,564	927,322	92.0%
Transport-Firm	2F	13	17,528,029	13	17,528,029	13	16,709,307	17,188,282	17,270,061	17,776,902	15,904,382	17,787,714	19,254,897	See below
Transport-Intr	2G	4	4,139,559	4	4,139,559	5	4,031,939	3,509,306	3,333,192	3,451,487	3,776,522	3,573,215	3,535,110	44.3%
Rate I		1	3,581,019	1	3,581,019	1	3,643,460	3,635,090	3,559,650	3,450,210	3,504,100	3,573,070	3,626,630	59.3%
Total		7,516	34,930,969	7,466	34,886,478	7,420	32,948,558	33,843,814	34,239,960	34,492,533	32,479,842	35,003,627	36,735,312	
Volumes File							*32,948,558*	*33,843,814*	*34,239,960*	*34,492,533*	*32,479,842*	*35,003,627*	*37,358,316*	
Transport Firm														
Tariff		11	1,881,944	11	1,881,944	11	1,971,007	2,415,402	1,282,801	1,941,252	1,683,412	2,121,574	1,720,187	4.8%
Contract 1		1	8,470,343	1	8,470,343	1	8,382,960	8,412,330	8,808,220	8,670,950	7,495,560	8,487,030	8,686,820	54.1%
Contract 2		1	7,175,742	1	7,175,742	1	6,355,340	6,360,550	7,179,040	7,164,700	6,725,410	7,179,110	8,847,890	68.7%
			17,528,029		17,528,029		16,709,307	17,188,282	17,270,061	17,776,902	15,904,382	17,787,714	19,254,897	
HDD			6,393		6,393		5,643	5,575	6,385	5,827	5,916	6,825	7,207	

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Valley Energy, Inc. (PA)

Rate Case with Fully Projected Future Test Year 2026

Workpaper 2 to Schedule C

Historic O&M

Historic Year December 31, 2024

Line	Co.	Account		*rType24*	*rAcct24* Account	12 Month *rHTY24* Total
1	**PAYROLL - DIRECT LABOR**					
2	20	870.01	Labor Oper Supr & Eng	Labor	870	67,985
3	20	874.01	Labor Mains & Serv Exp	Labor	874	124,674
4	20	874.11	Emergency Labor Mains And Service Exp.	Labor	874	-3,566
5	20	875.01	Labor Meas & Reg Stat Exp	Labor	875	26,756
6	20	876.01	Labor Ind/Cm Mtr/Reg Mnt	Labor	876	31,469
7	20	877.01	Labor Meas & Reg City Gate	Labor	877	5,788
8	20	878.01	Labor Mtr/Hse Reg Exp	Labor	878	51,099
9	20	879.01	Labor Cust Install Exp	Labor	879	52,124
10	20	885.01	Labor Maint Supv & Eng	Labor	885	12,590
11	20	886.01	Labor Sturctures & Impr	Labor	886	8,422
12	20	887.01	Labor Maint Of Main	Labor	887	25,494
13	20	889.01	Labor Meas & Reg Stat Equip	Labor	889	31,185
14	20	890.01	Labor Maint. Indust. M&R Station	Labor	889	15,046
15	20	891.01	Labor Maint City Gate Stat	Labor	891	5,133
16	20	892.01	Labor Maint Of Service	Labor	892	14,017
17	20	893.01	Labor Maint Mtr & Hse Reg	Labor	893	19,753
18	20	902.01	Labor Meter Reading Exp	Labor	902	16,611
19	20	903.01	Labor Cust Rec/Collections	Labor	903	167,453
20	20	920.01	Labor Administration	Labor	920	236,771
21	20	932.01	Labor General Plt Maintenance	Labor	932	12,903
22	**Total Direct Labor**					**921,705**
23						

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Valley Energy, Inc. (PA)

Rate Case with Fully Projected Future Test Year 2026
Workpaper 2 to Schedule C
Historic O&M
Historic Year December 31, 2024

Line	Co.	Account		*rType24*	*rAcct24* Account	12 Month *rHTY24* Total
24	**TRANSPORTATION EXPENSES**					
25	20	870.02	Transp Oper Supr & Eng	Trans	870	2,517
26	20	874.02	Transp Mains & Service Exp	Trans	874	33,646
27	20	875.02	Trnsp Meas & Reg Stat Exp	Trans	875	8,105
28	20	876.02	Trans Ind/Cm/Mtr/Reg/Mnt	Trans	876	4,871
29	20	877.02	Transp Meas & Reg City Gate	Trans	877	1,717
30	20	878.02	Transp Mtr/Hse Reg Exp	Trans	878	12,497
31	20	879.02	Transp Cust Install Exp	Trans	879	7,771
32	20	885.02	Transp Maint Supv & Eng	Trans	885	1,188
33	20	886.02	Transp Maint Structures & Impr	Trans	886	1,306
34	20	887.02	Transp Maint Of Main	Trans	887	7,589
35	20	889.02	Transp Maint Meas/Reg Stat Eq	Trans	889	2,166
36	20	890.02	Transp Maint Indus M&R Stat	Trans	890	993
37	20	891.02	Transp Maint City Gate Stat	Trans	891	1,112
38	20	892.02	Transp Maint Of Service	Trans	892	6,441
39	20	893.02	Transp Maint Mtr Hse Reg	Trans	893	2,331
40	20	902.02	Trans Meter Reading Exp	Trans	902	2,679
41	20	903.02	Transp Cust Rec/Collections	Trans	903	2,980
42	20	920.02	Transp Adminstration	Trans	920	20,240
43	20	932.02	Trans Maint General Plant	Trans	932	7,822
44	**Total Trans. Exp**					**127,971**
45						

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Valley Energy, Inc. (PA)

Rate Case with Fully Projected Future Test Year 2026
Workpaper 2 to Schedule C
Historic O&M
Historic Year December 31, 2024

Line	Co.	Account		rType24	rAcct24 Account	12 Month rHTY24 Total
46	**C&T OVERHEAD**					
47	20	602.03	C&T OH Pto - Covid-19	OH	930CV	2,735
48	20	870.03	C&T OH Oper Supr & Eng	OH	870	15,833
49	20	874.03	C&T OH Mains & Service Exp	OH	874	28,987
50	20	875.03	C&T OH Meas & Reg Stat Exp	OH	875	6,197
51	20	876.03	C&T OH Ind/Cm Mtr/Reg Mnt	OH	876	7,292
52	20	877.03	C&T OH City Gate Meas/Reg Stat	OH	877	1,362
53	20	878.03	C&T OH Mtr/Hse Reg Exp	OH	878	11,989
54	20	879.03	C&T OH Cust Install Exp	OH	879	12,189
55	20	885.03	C&T OH Maint Supv & Eng	OH	885	2,941
56	20	886.03	C&T OH Maint Structures & Impr	OH	886	1,961
57	20	887.03	C&T OH Maint Of Main	OH	887	5,958
58	20	889.03	C&T OH Maint M&R Stat Equip	OH	889	7,143
59	20	890.03	C&T OH Maint Indust M&R Station Exp.	OH	889	3,521
60	20	891.03	C&T OH Maint City Gate Stat	OH	891	1,204
61	20	892.03	C&T OH Maint Services Exp	OH	892	3,670
62	20	893.03	C&T OH Maint Mtr & Hse Reg	OH	893	4,693
63	20	902.03	C&T OH Meter Reading Exp	OH	902	3,908
64	20	903.03	C&T OH Cust Rec/Collections	OH	903	39,035
65	20	920.03	C&T OH Adminstration	OH	920	54,972
66	20	932.03	C&T Ovhd General Plant	OH	932	2,959
67	**Total C&T OH**					**218,548**
68						

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Valley Energy, Inc. (PA)

Rate Case with Fully Projected Future Test Year 2026
Workpaper 2 to Schedule C
Historic O&M
Historic Year December 31, 2024

Line	Co.	Account		*rType24*	*rAcct24* Account	12 Month *rHTY24* Total
69	**VE LABOR OVERHEAD**					
70	20	602.05	VE OH Pto - Covid-19	OH	930CV	7,721
71	20	870.05	VE OH Oper Supr & Eng	OH	870	68,761
72	20	874.05	VE OH Mains & Service Exp	OH	874	131,510
73	20	875.05	VE OH Meas & Reg Stat Exp	OH	875	26,838
74	20	876.05	VE OH Ind/Cm/Mtr/Reg Mnt Exp	OH	876	33,626
75	20	877.05	VE OH City Gate Meas & Reg	OH	877	5,727
76	20	878.05	VE OH Mtr/Hse Reg Exp	OH	878	55,772
77	20	879.05	VE OH Cust Install Exp	OH	879	53,690
78	20	885.05	VE OH Maint Supv & Eng	OH	885	13,110
79	20	886.05	VE OH Maint Structures & Impr	OH	886	8,651
80	20	887.05	VE OH Maint Of Main	OH	887	26,482
81	20	889.05	VE OH Maint M&R Stat Equip	OH	889	29,440
82	20	890.05	VE OH Maint. Industr. M&R Station Exp.	OH	889	16,468
83	20	891.05	VE OH Maint City Gate Stat	OH	891	5,994
84	20	892.05	VE OH Maint Of Service	OH	892	16,917
85	20	893.05	Labor OH Maint Mtr & Hse Reg	OH	893	22,093
86	20	902.05	VE OH Meter Reading Exp	OH	902	17,267
87	20	903.05	VE OH Cust Rec/Collections	OH	903	172,384
88	20	920.05	VE OH Administration	OH	920	245,317
89	20	932.05	OH Maint Plant	OH	932	10,500
90	**Total VE Labor OH**					**968,267**
91						

WP1_C **Valley Energy, Inc. (PA)**

Rate Case with Fully Projected Future Test Year 2026
Workpaper 2 to Schedule C
Historic O&M
Historic Year December 31, 2024

Line	Co.	Account		*rType24*	*rAcct24* Account	12 Month *rHTY24* Total
92	**DIRECT O&M EXPENSES**					
93	20	602.0	Pto - Covid-19	Other	930CV	12,186
94	20	602.45	Mat/Sup Pto - Covid-19	Mat	930CV	2,979
95	20	842.1	Fuel (Company Use)	Other	842	26,245
96	20	871.45	Distrib Load Dispatching	Mat	871	1,063
97	20	874.45	Mat & Sup Mains & Serv Exp	Mat	874	34,996
98	20	874.5	Call Center Expense	Other	874	48,835
99	20	874.55	Mains & Serv Exp Emerg Acct	Other	874	(779)
100	20	875.45	Mat/Sup Meas & Reg Stat Exp	Mat	875	9,425
101	20	876.45	Mat & Sup Ind/Cm/Mtr/Reg/Mnt	Mat	876	4,795
102	20	877.45	Mat/Sup Citygate Meas/Reg Sta	Mat	877	29,048
103	20	878.45	Mat & Sup Mtr/Hse Reg Exp	Mat	878	4,024
104	20	879.45	Mat/Sup Cust Install Exp	Mat	879	1,800
105	20	880.45	Mat/Sup Other Distribution Exp	Mat	880	4,393
106	20	881.45	Rents - Distribution Expense	Other	881	4,773
107	20	886.45	Mat/Sup Maint Structure/Impr	Mat	886	1,602
108	20	887.45	Mat/Supp Maint Of Main	Mat	887	20,015
109	20	887.99	Maint Main Material Written Off	Other	887	(19)
110	20	889.45	Mat/Sup Maint M&R Stat Equip	Mat	889	9,896
111	20	890.45	Mat/Sup Maint M&R Indust Equip	Mat	890	10,406
112	20	891.45	Mat/Sup Maint City Gate Stat	Mat	891	1,827
113	20	892.0	Maint Of Services	Other	892	10
114	20	892.45	Mat/Sup Maint Of Services	Mat	892	18,480
115	20	893.45	Mat/Supp Maint Mtr & Hse Reg	Mat	893	13,564
116	20	893.99	Maint Mtr Material Written Off	Other	893	346
117	20	902.45	Mat/Supp Meter Reading Exp	Mat	902	2,483
118	20	903.25	NISC Billing	Other	903	107,070
119	20	903.45	Mat/Sup Cust Rec/Collections	Other	903	50,321

WP1_C

Valley Energy, Inc. (PA)

Rate Case with Fully Projected Future Test Year 2026
Workpaper 2 to Schedule C
Historic O&M
Historic Year December 31, 2024

Line	Co.	Account		*rType24*	*rAcct24* Account	12 Month *rHTY24* Total
120	20	903.55	Dollar Energy Fund Expenses	Other	903	5,618
121	20	904.0	Bad Debt Expense	Other	904	(19,622)
122	20	905.45	Mat/Sup Misc Cust Acct Exp	Mat	905	22,877
123	20	909.45	Information/Instructional Exp	Other	909	7,633
124	20	913.45	Advertising Expenses	Other	913	4,409
125	20	920.45	Mat/Sup Administrative	Mat	920	644
126	20	921.0	General Office Supplies & Exp	Other	921	12,122
127	20	921.4	Meal Expenses	Other	921	2,511
128	20	921.45	Travel And Training	Mat	921	18,552
129	20	921.5	Communication Equip	Other	921	11,714
130	20	923.0	Outside Services Employed	Other	923	19,142
131	20	923.25	Auditor Fees Expense	Other	923	29,692
132	20	923.4	Gcr Expense	Other	923	3,059
133	20	923.45	Attorney Fees Expense	Other	923	7,433
134	20	924.0	Property Insurance Expense	Other	924	16,358
135	20	925.0	Injuries And Damages	Other	925	85,979
136	20	925.1	Insurance St Opening Bonds	Other	925	1,160
137	20	926.45	Employee Benefits-Direct Exp.	Other	926	11,387
138	20	928.0	Regulatory Commission Expenses	Other	928	122,392
139	20	930.2	Miscellaneous General Expense	Other	930	1,325
140	20	930.22	Dues/Company Memberships	Other	930	17,490
141	20	930.25	Director Expense	Other	930	48,980
142	20	932.45	Maint General Plant	Other	932	4,289
143	**Total Direct Expenses**					**854,928**
144						3,091,419
				Other		642,059
				Mat		212,869
						854,928

WP2_C

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
Workpaper 2 to Schedule C
Future O&M
Years 2025 and 2026

Line	Dept.	Account	rType22	rAcct25	rFTY25 Total 2025	rFPFTY26 Total 2026
1	**PAYROLL - DIRECT LABOR**					
2	LABOR OPER SUPR & ENG	870.01	Labor	870	103,788	113,359
3	LABOR MAINS & SERV EXP	874.01	Labor	874	136,278	193,236
4	LABOR MEAS & REG STAT EXP	875.01	Labor	875	35,758	40,056
5	LABOR IND/CM MTR/REG MNT	876.01	Labor	876	31,539	36,372
6	LABOR MEAS & REG CITY GATE	877.01	Labor	877	6,288	7,065
7	LABOR MTR/HSE REG EXP	878.01	Labor	878	60,218	67,498
8	LABOR CUST INSTALL EXP	879.01	Labor	879	72,453	80,239
9	LABOR OQ TRAINING	880.01	Labor	880	20,603	27,982
10	LABOR MAINT SUPV & ENG	885.01	Labor	885	15,514	16,318
11	LABOR STURCTURES & IMPR	886.01	Labor	886	7,488	6,038
12	LABOR MAINT OF MAIN	887.01	Labor	887	36,769	43,282
13	LABOR MEAS & REG STAT EQUIP	889.01	Labor	889	20,343	18,035
14	LABOR MAINT. INDUST. M&R STATION	890.01	Labor	890	8,837	10,141
15	LABOR MAINT CITY GATE STAT	891.01	Labor	891	1,715	1,979
16	LABOR MAINT OF SERVICE	892.01	Labor	892	20,480	26,012
17	LABOR MAINT MTR & HSE REG	893.01	Labor	893	29,166	23,748
18	LABOR METER READING EXP	902.01	Labor	902	9,734	6,193
19	LABOR CUST REC/COLLECTIONS	903.01	Labor	903	214,654	229,723
20	LABOR ADMINISTRATION	920.01	Labor	920	276,347	298,043
21	LABOR GENERAL PLT MAINTENANCE	932.01	Labor	932	8,168	8,203
22	**Total Direct Labor**				**1,116,140**	**1,253,522**
23						
24	TRANSP OPER SUPR & ENG	870.02	Trans	870	8,447	8,700
25	TRANSP MAINS & SERVICE EXP	874.02	Trans	874	30,734	31,656
26	TRNSP MEAS & REG STAT EXP	875.02	Trans	875	8,638	8,897
27	TRANS IND/CM/MTR/REG/MNT	876.02	Trans	876	4,480	4,614
28	TRANSP MEAS & REG CITY GATE	877.02	Trans	877	2,640	2,719
29	TRANSP MTR/HSE REG EXP	878.02	Trans	878	8,833	9,098
30	TRANSP CUST INSTALL EXP	879.02	Trans	879	11,297	11,636
31	TRANSP OQ TRAINING	880.02	Trans	880	136	140
32	TRANSP MAINT SUPV & ENG	885.02	Trans	885	3,271	3,369
33	TRANSP MAINT STRUCTURES & IMPR	886.02	Trans	886	653	673
34	TRANSP MAINT OF MAIN	887.02	Trans	887	5,210	5,366
35	TRANSP MAINT MEAS/REG STAT EQ	889.02	Trans	889	1,461	1,505
36	TRANSP MAINT INDUS M&R STAT	890.02	Trans	890	212	218
37	TRANSP MAINT CITY GATE STAT	891.02	Trans	891	756	779
38	TRANSP MAINT OF SERVICE	892.02	Trans	892	7,657	7,887
39	TRANSP MAINT MTR HSE REG	893.02	Trans	893	2,134	2,198
40	TRANS METER READING EXP	902.02	Trans	902	2,499	2,574
41	TRANSP CUST REC/COLLECTIONS	903.02	Trans	903	3,923	4,041
42	TRANSP ADMINSTRATION	920.02	Trans	920	18,770	19,333
43	TRANS MAINT GENERAL PLANT	932.02	Trans	932	1,518	1,564
44	**Total Trans. Exp**				**123,269**	**126,967**
45						

WP2_C

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
Workpaper 2 to Schedule C
Future O&M
Years 2025 and 2026

			rType22	*rAcct25*	*rFTY25*	*rFPFTY26*
Line	**Dept.**	**Account**			**Total 2025**	**Total 2026**
46	C&T OH OPER SUPR & ENG	870.03	OH	870	26,794	29,264
47	C&T OH MAINS & SERVICE EXP	874.03	OH	874	35,181	49,885
48	C&T OH MEAS & REG STAT EXP	875.03	OH	875	9,231	10,341
49	C&T OH IND/CM MTR/REG MNT	876.03	OH	876	8,142	9,390
50	C&T OH CITY GATE MEAS/REG STAT	877.03	OH	877	1,623	1,824
51	C&T OH MTR/HSE REG EXP	878.03	OH	878	15,546	17,425
52	C&T OH CUST INSTALL EXP	879.03	OH	879	18,704	20,714
53	C&T OH OQ TRAINING	880.03	OH	880	5,319	7,224
54	C&T OH MAINT SUPV & ENG	885.03	OH	885	4,005	4,213
55	C&T OH MAINT STRUCTURES & IMPR	886.03	OH	886	1,933	1,559
56	C&T OH MAINT OF MAIN	887.03	OH	887	9,492	11,174
57	C&T OH MAINT M&R STAT EQUIP	889.03	OH	889	5,252	4,656
58	C&T OH MAINT INDUST M&R STATION E	890.03	OH	890	2,281	2,618
59	C&T OH MAINT CITY GATE STAT	891.03	OH	891	443	511
60	C&T OH MAINT SERVICES EXP	892.03	OH	892	5,287	6,715
61	C&T OH MAINT MTR & HSE REG	893.03	OH	893	7,529	6,131
62	C&T OH METER READING EXP	902.03	OH	902	2,513	1,599
63	C&T OH CUST REC/COLLECTIONS	903.03	OH	903	55,414	59,305
64	C&T OH ADMINSTRATION	920.03	OH	920	71,341	76,942
65	C&T OVHD GENERAL PLANT	923.03	OH	920	2,109	2,118
66	**Total C&T OH**				**288,139**	**323,605**
67						
68	VE OH OPER SUPR & ENG	870.05	OH	870	100,001	109,223
69	VE OH MAINS & SERVICE EXP	874.05	OH	874	131,306	186,186
70	VE OH MEAS & REG STAT EXP	875.05	OH	875	34,453	36,913
71	VE OH IND/CM/MTR/REG MNT EXP	876.05	OH	876	30,388	34,862
72	VE OH CITY GATE MEAS & REG	877.05	OH	877	6,059	6,475
73	VE OH MTR/HSE REG EXP	878.05	OH	878	58,021	63,918
74	VE OH CUST INSTALL EXP	879.05	OH	879	69,810	76,507
75	VE OH OQ TRAINING	880.03	OH	880	19,851	26,556
76	VE OH MAINT SUPV & ENG	885.05	OH	885	14,948	15,723
77	VE OH MAINT STRUCTURES & IMPR	886.05	OH	886	7,215	2,498
78	VE OH MAINT OF MAIN	887.05	OH	887	35,428	41,703
79	VE OH MAINT M&R STAT EQUIP	889.05	OH	889	19,601	8,839
80	VE OH MAINT. INDUSTR. M&R STATION	890.05	OH	890	8,515	9,482
81	VE OH MAINT CITY GATE STAT	891.05	OH	891	1,652	1,907
82	VE OH MAINT OF SERVICE	892.05	OH	892	19,733	25,063
83	LABOR OH MAINT MTR & HSE REG	893.05	OH	893	28,102	7,931
84	VE OH METER READING EXP	902.05	OH	902	9,379	2,522
85	VE OH CUST REC/COLLECTIONS	903.05	OH	903	206,823	218,985
86	VE OH ADMINISTRATION	920.05	OH	920	266,265	287,169
87	OH MAINT PLANT	932.05	OH	932	7,870	5,527
88	**Total VE Labor OH**				**1,075,419**	**1,167,988**
89						
90						

WP2_C

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
Workpaper 2 to Schedule C
Future O&M
Years 2025 and 2026

Line	Dept.	Account	*rType22*	*rAcct25*	*rFTY25* Total 2025	*rFPFTY26* Total 2026
91	FUEL (COMPANY USE)	842.10	Other	842	21,130	20,347
92	DISTRIB LOAD DISPATCHING	871.45	Mat	871	6,763	7,101
93	MAT & SUP MAINS & SERV EXP	874.45	Mat	874	32,675	32,675
94	CALL CENTER EXPENSE	874.50	Other	874	74,285	76,514
95	TOOLS, EQUIPMENT & MAINTENANCE	874.99	Mat	874	10,029	10,330
96	MAT/SUP MEAS & REG STAT EXP	875.45	Mat	875	10,207	10,513
97	MAT & SUP IND/CM/MTR/REG/MNT	876.45	Mat	876	7,968	9,164
98	MAT/SUP CITYGATE MEAS/REG STA	877.45	Mat	877	13,637	14,046
99	MAT & SUP MTR/HSE REG EXP	878.45	Mat	878	1,634	1,683
100	MAT/SUP CUST INSTALL EXP	879.45	Mat	879	920	947
101	MAT/SUP OQ TRAINING	880.45	Mat	880	8,526	8,782
102	RENTS - DISTRIBUTION EXPENSE	881.45	Mat	881	6,222	6,669
103	MAT/SUP MAINT STRUCTURE/IMPR	886.45	Mat	886	9,176	9,451
104	MAT/SUPP MAINT OF MAIN	887.45	Mat	887	31,010	31,940
105	MAT/SUP MAINT M&R STAT EQUIP	889.45	Mat	889	18,998	19,568
106	MAT/SUP MAINT M&R INDUST EQUIP	890.45	Mat	890	3,718	3,830
107	MAT/SUP MAINT CITY GATE STAT	891.45	Mat	891	3,323	7,616
108	MAT/SUP MAINT OF SERVICES	892.45	Mat	892	5,440	5,604
109	MAT/SUPP MAINT MTR & HSE REG	893.45	Mat	893	13,945	14,364
110						
111	MAT/SUPP METER READING EXP	902.45	Mat	902	3,981	4,100
112	NISC BILLING	903.25	Other	903	111,397	112,891
113	MAT/SUP CUST REC/COLLECTIONS	903.45	Mat	903	29,837	30,732
114	DOLLAR ENERGY FUND EXPENSES	903.55	Other	903	5,927	5,927
115	BAD DEBT EXPENSE	904.00	Other	904	50,495	54,348
116	MAT/SUP MISC CUST ACCT EXP	905.45	Mat	905	21,492	21,492
117	INFORMATION/INSTRUCTIONAL EXP	909.45	Mat	909	12,774	13,157
118	ADVERTISING EXPENSES	913.45	Mat	913	2,057	2,098
119						
120	MAT/SUP ADMINISTRATIVE	920.45	Mat	920	68	69
121	GENERAL OFFICE SUPPLIES & EXP	921.00	Other	921	12,054	12,054
122	MEAL EXPENSES	921.40	Other	921	9,132	9,406

WP2_C

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
Workpaper 2 to Schedule C
Future O&M
Years 2025 and 2026

Line	Dept.	Account	rType22	rAcct25		rFTY25 Total 2025	rFPFTY26 Total 2026
123	TRAVEL AND TRAINING	921.45	Other		921	40,834	42,059
124	COMMUNICATION EQUIP	921.50	Other		921	17,350	17,871
125	OUTSIDE SERVICES EMPLOYED	923.00	Other		923	25,452	26,215
126	AUDITOR FEES EXPENSE	923.25	Other		923	43,735	47,233
127	GCR EXPENSE	923.40	Other		923	3,321	3,487
128	ATTORNEY FEES EXPENSE	923.45	Other		923	8,152	8,560
129	INSURANCE ST OPENING BONDS	925.10	Other		925	500	500
130	PROPERTY INSURANCE EXPENSE	924.00	Other		924	36,257	41,699
131	INJURIES AND DAMAGES	925.00	Other		925	108,157	124,381
132	EMPLOYEE BENEFITS-DIRECT EXP.	926.45	Other		926	9,898	10,194
133	REGULATORY COMMISSION EXPENSES	928.00	Other		928	99,514	105,514
134	MISCELLANEOUS GENERAL EXPENSE	930.20	Other		930	28,363	30,751
135	LABOR - VOLUNTEER	930.21	Other		930	187	216
136	DUES/COMPANY MEMBERSHIPS	930.22	Other		930	16,791	17,295
137	COVID-Related	930CV	Other	930CV		-	-
138	DIRECTOR EXPENSE	930.25	Other		930	58,639	57,047
139	DIRECTOR EXP. - TRAVEL/TRAINING	930.45	Other		930	-	1,309
140	MAINT GENERAL PLANT	932.45	Mat		932	23,249	23,946
141	**Total Direct Expenses**					**1,059,219**	**1,115,695**
142						3,662,186	3,987,778
143						3,662,186	3,987,778
144						3,662,186	3,987,778
145							
146							
147			Other			781,570	825,818
148			Mat			277,649	289,877
149						1,059,219	1,115,695

WP3_C

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
Workpaper 3 to Schedule C
Accumulated Deferred Income Taxes
Years 2017 through 2023

Line	Valley PA	2024	2025	2026
1				
2				
3	Book	20,753,495	22,356,239	24,061,709
4				
5	Federal Tax - MACRS	39,787,591	41,500,668	43,353,900
6				
7	Federal Tax - SL	37,481,985	39,313,415	41,266,769
8				
9	PA Tax	31,804,320	33,607,026	36,524,778
10				
11	Federal Tax Depr Exp - MACRS	1,515,837	1,723,903	1,878,388
12				
13	Federal Tax Depr Exp - SL	1,763,836	1,842,256	1,978,510
14				
15	PA Tax Depr Exp	2,115,013	2,528,871	2,227,569

WP4_C

Valley Energy, Inc. (PA)
Rate Case with Fully Projected Future Test Year 2026
Workpaper 4 to Schedule C
Gas Inventory Balances
Years 2014 through 2024

Line	Volumes dth	Average	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1	January	308,104	239,316	316,185	324,010	303,966	288,448	262,049	348,294	345,770	303,388	361,839	295,881
2	February	211,139	137,330	205,138	216,106	205,227	199,441	162,488	235,743	230,927	215,472	295,748	218,910
3	March	136,269	73,110	87,111	123,140	104,509	90,857	82,198	221,307	180,789	130,668	238,899	166,375
4	April	174,267	102,115	134,840	161,039	158,026	140,091	133,872	249,101	222,236	151,635	265,765	198,220
5	May	239,064	164,566	199,779	229,451	219,484	208,626	200,548	315,055	284,125	223,061	319,327	265,678
6	June	307,529	235,210	272,102	296,747	299,653	270,023	269,114	374,779	352,519	292,226	383,864	336,583
7	July	373,837	310,689	343,498	369,243	377,771	348,425	343,384	416,525	428,834	359,138	436,959	377,736
8	August	436,884	380,552	415,982	440,488	447,551	409,464	415,442	469,372	485,143	428,867	484,617	428,250
9	September	501,109	458,095	480,148	510,136	509,996	490,264	479,213	549,092	530,928	504,539	509,438	490,348
10	October	534,969	533,294	529,372	533,064	538,540	522,002	540,177	554,292	560,526	548,887	521,062	503,443
11	November	508,017	517,763	507,262	509,242	500,821	476,879	509,961	553,870	536,555	523,727	489,542	462,568
12	December	429,430	446,279	436,961	421,771	410,292	394,290	429,939	459,074	470,770	446,356	443,121	364,873
13													
14													
15	**Average volu**	**346,718**	dth										
16	GCR at Preser	$3.45690	per dth										
17	**Inventory Va**	**1,198,570**											
18													

G

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**		
	:		
v.	**:**	**Docket Nos.**	**R-2025-**
	:		**R-2025-**
Citizens' Electric Company of Lewisburg, PA,	**:**		
Valley Energy Company, and Wellsboro	**:**		
Electric Company	**:**		

DIRECT TESTIMONY

AND EXHIBIT

OF

DYLAN W. D'ASCENDIS

AND

RYAN M. KUCAN

ON BEHALF OF

CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA,
VALLEY ENERGY, INC., AND
WELLSBORO ELECTRIC COMPANY

APRIL 30, 2025

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I. INTRODUCTION

A. Witness Identification

Q. MR. D'ASCENDIS, WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Dylan W. D'Ascendis. My business address is 1820 Chapel Ave., W., Suite 300, Cherry Hill, N.J. 08003.

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

A. I am a Partner at ScottMadden, Inc.

Q. MR. KUCAN, WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?

A. My name is Ryan M. Kucan. My business address is 3 Speen St., Suite 150, Framingham, MA 01701.

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

A. I am a Manager at ScottMadden, Inc.

B. Background and Qualifications

Q. MR D'ASCENDIS, PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE AND EDUCATIONAL BACKGROUND.

A. I have offered expert testimony on behalf of investor-owned utilities before over 40 state regulatory commissions in the United States, the Federal Energy Regulatory Commission, the Alberta Utility Commission, the Canadian Energy Regulator, an American Arbitration Association panel, and the Superior Court of Rhode Island on issues including, but not limited to, common equity cost rate, rate of return, valuation, capital structure, class cost of service, and rate design.

On behalf of the American Gas Association ("AGA"), I calculate the AGA Gas Index, which serves as the benchmark against which the performance of the American Gas Index Fund ("AGIF") is measured on a monthly basis. The AGA Gas Index and AGIF are a market capitalization weighted index and mutual fund, respectively, comprised of the common stocks of the publicly traded corporate members of the AGA.

I am a member of the Society of Utility and Regulatory Financial Analysts ("SURFA"). In 2011, I was awarded the professional designation "Certified Rate of Return Analyst" by SURFA, which is based on education, experience, and the successful completion of a comprehensive written examination.

I am also a member of the National Association of Certified Valuation Analysts ("NACVA") and was awarded the professional designation "Certified Valuation Analyst" by the NACVA in 2015.

I am a graduate of the University of Pennsylvania, where I received a Bachelor of Arts degree in Economic History. I have also received a Master of Business Administration with high honors and concentrations in Finance and International Business from Rutgers University.

The details of my educational background and expert witness appearances are included in Appendix A.

Q. MR KUCAN, PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE AND EDUCATIONAL BACKGROUND.

A. I have worked in the regulated utilities industry since 2016 and have been employed by ScottMadden as a consultant for more than six years. At ScottMadden, I have

provided support to over 100 utility regulatory proceedings covering topics such as common equity cost rate, rate of return, capital structure, and valuation. I also help calculate the AGA Gas Index.

I am also a member of SURFA and was awarded the professional designation "Certified Rate of Return Analyst" by SURFA in 2023.

I received a Bachelor of Science in Business Administration with concentrations in Finance and Accounting from Northeastern University prior to a Master of Business Administration from the Rotman School of Management at the University of Toronto.

The details of my educational background and professional experience are shown in Appendix B.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of our testimony is to present evidence on behalf of Valley Energy, Inc. ("Valley"), Citizens' Electric Company of Lewisburg, PA ("Citizens'"), and Wellsboro Electric Company ("Wellsboro") (collectively, "the Companies") and recommend allowed weighted average costs of capital ("WACC") for each company's jurisdictional rate base.

Q. HAVE YOU PREPARED AN EXHIBIT IN SUPPORT OF YOUR RECOMMENDATION?

A. Yes. We have prepared Exhibit __ (ROR-1), which consists of Schedules ROR-1 through ROR-8.

III. SUMMARY

Q. WHAT ARE YOUR RECOMMENDED WACCS FOR THE COMPANIES?

A. We recommend that the Pennsylvania Public Utility Commission (the "Commission") authorize Valley, Citizens', and Wellsboro opportunities to earn WACCs of 8.27%, 8.49% and 8.18%, respectively, on their jurisdictional rate bases. Our recommended capital structure for the Companies is based on the capital structure of their parent company, C&T Enterprises, as will be discussed below. The recommended capital structure consists of 51.06% long-term debt and 48.94% common equity. The costs of long-term debt for the Companies are their expected costs of debt at the end of the projected test year. The cost of common equity for each of the Companies is 11.65%, as will be discussed in detail below. The summary of the Companies' requested WACCs are shown on page 1 of Schedule ROR-1, and on Tables 1, 2, and 3 below.

Table 1: Summary of Recommended Weighted Average Cost of Capital for Valley

Type of Capital	Ratios	Cost Rate	Weighted Cost Rate
Long-Term Debt	51.06%	5.03%	2.57%
Common Equity	48.94%	11.65%	5.70%
Total	100.00%		8.27%

Table 2: Summary of Recommended Weighted Average Cost of Capital for Citizens'

Type of Capital	Ratios	Cost Rate	Weighted Cost Rate
Long-Term Debt	51.06%	5.47%	2.79%
Common Equity	48.94%	11.65%	5.70%
Total	100.00%		8.49%

Table 3: Summary of Recommended Weighted Average Cost of Capital for Wellsboro

Type of Capital	Ratios	Cost Rate	Weighted Cost Rate
Long-Term Debt	51.06%	4.85%	2.48%
Common Equity	48.94%	11.65%	5.70%
Total	100.00%		8.18%

Q. PLEASE SUMMARIZE YOUR RECOMMENDED COMMON EQUITY COST RATES.

A. Our recommended common equity cost rates of 11.65% applicable to Valley, Citizens', and Wellsboro are summarized on page 2 of Schedule ROR-1. We have assessed the market-based common equity cost rates of companies of relatively similar, but not necessarily identical, risk to the Companies. Using companies of

relatively comparable risk as proxies is consistent with the principles of fair rate of return established in the *Hope*[1] and *Bluefield*[2] decisions. No proxy group can be identical in risk to any single company. Consequently, there must be an evaluation of relative risk between the company and the proxy group to determine if it is appropriate to adjust the proxy group's indicated rate of return.

Our recommendation results from applying several cost of common equity models, specifically the Discounted Cash Flow ("DCF") model, the Risk Premium Model ("RPM"), and the Capital Asset Pricing Model ("CAPM"), to the market data of the Gas Utility Proxy Group and Electric Utility Proxy Group whose selection criteria will be discussed below. In addition, we applied the DCF model, RPM, and CAPM to proxy groups of domestic, non-price regulated companies comparable in total risk to the Gas and Electric Utility Proxy Groups ("Non-Price Regulated Proxy Groups"). The results derived from each are as follows:

[1] *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944*)("Hope").*
[2] *Bluefield Water Works Improvement Co. v. Public Serv. Comm'n*, 262 U.S. 679 (1922).

Table 4: Summary of Common Equity Cost Rates

	Gas Proxy Group	Electric Proxy Group
Discounted Cash Flow Model	10.29%	10.32%
Risk Premium Model	10.86%	10.79%
Capital Asset Pricing Model	11.12%	10.75%
Cost of Equity Models Applied to Comparable Risk, Non-Price Regulated Companies	11.92%	11.84%
Indicated Range of Common Equity Cost Rates Before Adjustments	10.29% - 11.92%	10.32% - 11.84%
Size Adjustment	1.00%	0.85%
Performance Factor Adjustment	0.05%	0.05%
Indicated Range of Common Equity Cost Rates After Adjustments	11.34% - 12.97%	11.22% - 12.74%
Recommended Cost of Common Equity After Adjustments	11.65%	11.65%

The indicated ranges of common equity cost rates were 10.29% to 11.92% and 10.32% to 11.84% for the Gas and Electric Utility Proxy Groups, respectively, before any company-specific adjustments. We then adjusted the indicated ranges of common equity cost rates upward by 1.00% to reflect Valley's smaller relative size, as compared to the Gas Utility Proxy Group, and by 0.85% to reflect Citizens' and Wellsboro's smaller relative size, as compared to the Electric Utility Proxy Group. We also adjusted the Companies' indicated ranges of common equity cost rates upward by 0.05% to reflect a performance factor adjustment, based on guidance from Section 523 of the Pennsylvania Public Utility Code, 66 Pa.C.S. § 523, and the Commission Order in the Companies' last litigated rate case.[3] These

[3] Docket No. R-2019-3008209 (Valley), at 118-120 and R-2019-3008212 (Citizens'), at 108-110.

adjustments resulted in company-specific ranges of common equity cost rates of 11.34% to 12.97% for Valley and 11.22% to 12.74% for Citizens' and Wellsboro. Given the indicated ranges of common equity cost rates for the Companies, we recommend the Commission to approve a common equity cost rate of 11.65% for Valley, Citizens', and Wellsboro.

IV. GENERAL PRINCIPLES

Q. WHAT GENERAL PRINCIPLES HAVE YOU CONSIDERED IN ARRIVING AT YOUR RECOMMENDED COMMON EQUITY COST RATES?

A. In unregulated industries, marketplace competition is the principal determinant of the price of products or services. For regulated public utilities, regulation must act as a substitute for marketplace competition. Assuring that the utility can fulfill its obligations to the public, while providing safe and reliable service at all times, requires a level of earnings sufficient to maintain the integrity of presently invested capital. Sufficient earnings also permit the attraction of needed new capital at a reasonable cost, for which the utility must compete with other firms of comparable risk, consistent with the fair rate of return standards established by the U.S. Supreme Court in the previously cited *Hope* and *Bluefield* cases. The U.S. Supreme Court affirmed the fair rate of return standards in *Hope,* when it stated:

> The rate-making process under the Act, *i.e.,* the fixing of 'just and reasonable' rates, involves a balancing of the investor and the consumer interests. Thus we stated in the Natural Gas Pipeline Co. case that 'regulation does not insure that the business shall produce net revenues.' 315 U.S. at page 590, 62 S.Ct. at page 745. But such considerations aside, the investor interest has a legitimate concern with the financial integrity of the company whose rates are being regulated. From the investor or company point of view it is important that there be enough

> revenue not only for operating expenses but also for the capital costs of the business. These include service on the debt and dividends on the stock. Cf. Chicago & Grand Trunk R. Co. v. Wellman, 143 U.S. 339, 345, 346 12 S.Ct. 400,402. By that standard the return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital.[4]

In summary, the U.S. Supreme Court has found a return that is adequate to attract capital at reasonable terms enables the utility to provide service while maintaining its financial integrity. As discussed above, and in keeping with established regulatory standards, that return should be commensurate with the returns expected elsewhere for investments of equivalent risk. Therefore, the Commission's decision in this proceeding should provide the Company with the opportunity to earn a return that is: (1) adequate to attract capital at reasonable cost and terms; (2) sufficient to ensure their financial integrity; and (3) commensurate with returns on investments in enterprises having corresponding risks.

Lastly, the required return for a regulated public utility is established on a stand-alone basis, *i.e.*, for the utility operating company at issue in a rate case. Parent entities, like other investors, have capital constraints and must look at the attractiveness of the expected risk-adjusted return of each investment alternative in their capital budgeting process. That is, utility holding companies that own many utility operating companies have choices as to where they will invest their capital within the holding company family. Therefore, the opportunity cost concept applies

[4] *Hope*, 320 U.S. 591 (1944), at 603.

regardless of the source of the funding, whether it be public funding or corporate funding.

When funding is provided by a parent entity, the return still must be sufficient to provide an incentive to allocate equity capital to the subsidiary or business unit rather than other internal or external investment opportunities. That is, the regulated subsidiary must compete for capital with all the parent company's affiliates, and with other, similarly situated companies. In that regard, investors value corporate entities on a sum-of-the-parts basis and expect each division within the parent company to provide an appropriate risk-adjusted return.

It therefore is important that the authorized ROE reflects the risks and prospects of the utility's operations and supports the utility's financial integrity from a stand-alone perspective, as measured by its combined business and financial risks. Consequently, the ROE authorized in this proceeding should be sufficient to support the operational (*i.e.*, business risk) and financing (*i.e.*, financial risk) of the Companies on a stand-alone basis.

Q. WITHIN THAT BROAD FRAMEWORK, HOW IS THE COST OF CAPITAL ESTIMATED IN REGULATORY PROCEEDINGS?

A. Regulated utilities primarily use common stock and long-term debt to finance their permanent property, plant, and equipment (*i.e.*, rate base). The fair rate of return for a regulated utility is based on its weighted average cost of capital, in which, as noted earlier, the costs of the individual sources of capital are weighted by their respective book values with appropriate adjustments.

The cost of capital is the return investors require to make an investment in a firm. Investors will provide funds to a firm only if the return that they *expect* is equal to, or greater than, the return that they *require* to accept the risk of providing funds to the firm.

The cost of capital (that is, the combination of the costs of debt and equity) is based on the economic principle of "opportunity costs." Investing in any asset (whether debt or equity securities) represents a forgone opportunity to invest in alternative assets. For any investment to be sensible, its expected return must be at least equal to the return expected on alternative, comparable risk investment opportunities. Because investments with like risks should offer similar returns, the opportunity cost of an investment should equal the return available on an investment of comparable risk.

Whereas the cost of debt is contractually defined and can be directly observed as the interest rate or yield on debt securities, the cost of common equity must be estimated based on market data and various financial models. Because the cost of common equity is premised on opportunity costs, the models used to determine it are typically applied to a group of "comparable" or "proxy" companies. In the end, the estimated cost of capital should reflect the return that investors require in light of the subject company's business and financial risks, and the returns available on comparable investments.

Q. IS THE AUTHORIZED RETURN SET IN REGULATORY PROCEEDINGS GUARANTEED?

A. No, it is not. Consistent with the *Hope* and *Bluefield* standards, the ratemaking process should provide the utility a reasonable opportunity to recover its return of, and return on, its reasonably incurred investments, but it does not guarantee that return. While a utility may have control over some factors that affect the ability to earn its authorized return (*e.g.*, management performance, operating and maintenance expenses, *etc*.), there are several factors beyond a utility's control that affect its ability to earn its authorized return. Those may include factors such as weather, the economy, and the prevalence and magnitude of regulatory lag.

A. <u>Business Risk</u>

Q. PLEASE DEFINE BUSINESS RISK AND EXPLAIN WHY IT IS IMPORTANT FOR DETERMINING A FAIR RATE OF RETURN.

A. The investor-required return on common equity reflects investors' assessment of the total investment risk of the subject firm. Total investment risk is often discussed in the context of business and financial risk.

Business risk reflects the uncertainty associated with owning a company's common stock without the company's use of debt and/or preferred stock financing. One way of considering the distinction between business and financial risk is to view the former as the uncertainty of the expected earned return on common equity, assuming the firm is financed with no debt.

Examples of business risks <u>generally</u> faced by utilities include, but are not limited to, the regulatory environment, mandatory environmental compliance

requirements, customer mix and concentration of customers, service territory economic conditions, market demand, risks and uncertainties of supply, operations, capital intensity, size, the degree of operating leverage, emerging technologies including distributed energy resources, and the vagaries of weather.

Although analysts, including rating agencies, may categorize business risks individually, as a practical matter, such risks are interrelated and not wholly distinct from one another. When determining an appropriate return on common equity, the relevant issue is where investors see the subject company in relation to other similarly situated utility companies (*i.e.,* the Utility Proxy Group). To the extent investors view a company as being exposed to higher risk, the required return will increase, and vice versa.

For regulated utilities, business risks are both long-term and near-term in nature. Whereas near-term business risks are reflected in year-to-year variability in earnings and cash flow brought about by economic or regulatory factors, long-term business risks reflect the prospect of an impaired ability of investors to obtain both a fair rate of return on, and return of, their capital. Moreover, because utilities accept the obligation to provide safe, adequate and reliable service at all times (in exchange for the opportunity to earn a fair return on their investment), they generally do not have the option to delay, defer, or reject capital investments. Because those investments are capital-intensive, utilities generally do not have the option to avoid raising external funds during periods of capital market distress, if necessary.

Because utilities invest in long-lived assets, long-term business risks are of paramount concern to equity investors. That is, the risk of not recovering the return on their investment extends far into the future. The timing and nature of events that may lead to losses, however, also are uncertain and, consequently, those risks and their implications for the required return on equity tend to be difficult to quantify. Regulatory commissions (like investors who commit their capital) must review a variety of quantitative and qualitative data and apply their reasoned judgment to determine how long-term risks weigh in their assessment of the market-required return on common equity.

B. Financial Risk

Q. PLEASE DEFINE FINANCIAL RISK AND EXPLAIN WHY IT IS IMPORTANT IN DETERMINING A FAIR RATE OF RETURN.

A. Financial risk is the additional risk created by the introduction of debt and preferred stock into the capital structure. The higher the proportion of debt and preferred stock in the capital structure, the higher the financial risk to common equity owners (*i.e.,* failure to receive dividends due to default or other covenants). Therefore, consistent with the basic financial principle of risk and return, common equity investors demand higher returns as compensation for bearing higher financial risk.

Q. CAN BOND AND CREDIT RATINGS BE A PROXY FOR A FIRM'S COMBINED BUSINESS AND FINANCIAL RISKS TO EQUITY OWNERS (*I.E.*, INVESTMENT RISK)?

A. Yes, similar bond ratings/issuer credit ratings reflect, and are representative of, similar combined business and financial risks (*i.e.*, total risk) faced by bond

investors.[5] Although specific business or financial risks may differ between companies, the same bond/credit rating indicates that the combined risks are roughly similar from a debtholder perspective. The caveat is that these debtholder risk measures do not translate directly to risks for common equity.

V. VALLEY, CITIZENS', WELLSBORO, AND THE UTILITY PROXY GROUPS

Q. PLEASE SUMMARIZE YOUR KNOWLEDGE OF THE COMPANIES.

A. Valley is an investor-owned natural gas distribution utility that provides natural gas service to customers in Sayre and surrounding communities in Bradford County, which is in the northern tier of Pennsylvania and is predominantly rural. Valley's Pennsylvania operations serve approximately 7,500 customers.

Citizens' is a Pennsylvania corporation with its principal office located in Lewisburg, Union County, Pennsylvania. Citizens' is an investor-owned, for-profit electric distribution utility. Citizens' service territory is a 55-square-mile territory in and around Lewisburg, Pennsylvania. As of February 16, 2023, Citizens' served 7,118 customers, of which 5,913 were residential and 1,205 were commercial, industrial or lighting.[6]

Wellsboro is a small investor-owned electric distribution utility providing service in the Borough of Wellsboro, Pennsylvania and surrounding areas in Tioga County. Wellsboro's approximate 200-square-mile service territory is

[5] Risk distinctions within S&P's bond rating categories are recognized by a plus or minus, e.g., within the A category, an S&P rating can by at A+, A, or A-. Similarly, risk distinction for Moody's ratings are distinguished by numerical rating gradations, e.g., within the A category, a Moody's rating can be A1, A2 and A3.

[6] Source: https://citizenselectric.com/about-us/

predominantly rural. Wellsboro serves 6,381 customers, of which 5,125 were residential and 1,256 were commercial and industrial.[7]

The Companies are wholly-owned by C&T Enterprises, Inc., and are not publicly-traded.

Q. PLEASE EXPLAIN HOW YOU CHOSE THE COMPANIES IN THE GAS UTILITY PROXY GROUP.

A. The companies selected for the Gas Utility Proxy Group met the following criteria:

(i) They were included in the Natural Gas Utility Group of *Value Line's Standard Edition* ("*Value Line*") (February 21, 2025);

(ii) They have 60% or greater of fiscal year 2023 total operating income derived from, or 60% or greater of fiscal year 2023 total assets attributable to, regulated gas distribution operations;

(iii) At the time of preparation of this testimony, they had not publicly announced that they were involved in any major merger or acquisition activity (*i.e.*, one publicly-traded utility merging with or acquiring another) or any other major development;

(iv) They have not cut or omitted their common dividends during the five years ended 2023 or through the time of preparation of this testimony;

(v) They have *Value Line* and Bloomberg Professional Services ("Bloomberg") adjusted beta coefficients ("beta");

(vi) They have positive *Value Line* five-year dividends per share ("DPS") growth rate projections; and

[7] Source: https://wellsboroelectric.com/about-us/

(vii) They have *Value Line*, Zacks, or S&P Capital IQ consensus five-year earnings per share ("EPS") growth rate projections.

The following seven companies met these criteria: Atmos Energy Corporation, New Jersey Resources Corporation, NiSource Inc., Northwest Natural Holding Company, ONE Gas, Inc., Southwest Gas Holdings, Inc., and Spire Inc.

Q. PLEASE EXPLAIN HOW YOU CHOSE THE COMPANIES IN THE ELECTRIC UTILITY PROXY GROUP.

A. The companies selected for the Electric Utility Proxy Group met the following criteria:

(i) They were included in the Eastern, Central, or Western Electric Utility Group of *Value Line*;

(ii) They have 70% or greater of fiscal year 2023 total operating income derived from, and 70% or greater of fiscal year 2023 total assets attributable to, regulated electric operations;

(iii) At the time of preparation of this testimony, they had not publicly announced that they were involved in any major merger or acquisition activity (*i.e.*, one publicly-traded utility merging with or acquiring another) or any other major development;

(iv) They have not cut or omitted their common dividends during the five years ended 2023 or through the time of preparation of this testimony;

(v) They have *Value Line* and Bloomberg adjusted betas;

(vi) They have positive *Value Line* five-year DPS growth rate projections; and

(vii) They have *Value Line*, Zacks, or S&P Capital IQ consensus five-year EPS growth rate projections.

The following 15 companies met these criteria: Alliant Energy Corporation, Ameren Corporation, American Electric Power Company, Inc., Duke Energy Corporation, Edison International, Entergy Corporation, Evergy, Inc., Energy, IDACORP, Inc., NorthWestern Corporation, OGE Energy Corporation, Pinnacle West Capital Corporation, Portland General Electric Company, The Southern Company, TXNM Energy Inc., and Xcel Energy Inc.

Q. PLEASE DESCRIBE PAGES 1 AND 2 OF SCHEDULE ROR-2.

A. Pages 1 and 2 of Schedule ROR-2 contain comparative capitalization and financial statistics for the Gas and Electric Utility Proxy Groups identified above for the years 2019 to 2023.

During the five-year period ending 2023, the historically achieved average earnings rate on book common equity for the Gas and Electric Utility Proxy Groups averaged 8.41% and 9.29%, respectively. Total debt to earnings before interest, taxes, depreciation, and amortization for the years 2019 to 2023 ranged between 4.81 and 5.72, with an average of 5.34 for the Gas Utility Proxy Group, and ranged between 4.73 and 5.98, with an average of 5.41 for the Electric Utility Proxy Group. Funds from operations to total debt ranged from 9.24% to 27.32%, with an average of 15.50% for the Gas Utility Proxy Group, and 6.06% to 13.34% with an average of 10.99% for the Electric Utility Proxy Group.

VI. CAPITAL STRUCTURE AND ASSOCIATED COST RATES

Q. WHAT CAPITAL STRUCTURE RATIOS DO YOU RECOMMEND BE EMPLOYED IN DEVELOPING AN OVERALL FAIR RATE OF RETURN APPROPRIATE FOR THE COMPANIES?

A. For Valley, Citizens', and Wellsboro, we recommend the use of the capital structure maintained by the Companies' parent organization, C&T Enterprises, which consists of 51.06% long-term debt and 48.94% common equity.

Q. WHY ARE YOU RECOMMENDING A HYPOTHETICAL CAPITAL STRUCTURE IN THIS PROCEEDING?

A. Valley's, Citizens', and Wellsboro's capital structures at December 31, 2024 contain 69.90%, 86.62%, and 20.46% common equity, respectively.[8] Although these capital structures finance the Companies' rate bases, equity ratios of 69.90%, 86.62%, and 20.46% are inappropriate at this time for ratemaking purposes because they are not consistent with equity ratios of comparable utilities.

Q. HOW DOES YOUR PROPOSED HYPOTHETICAL CAPITAL STRUCTURE COMPARE WITH THE CAPITAL STRUCTURES MAINTAINED BY THE COMPANIES IN YOUR GAS AND ELECTRIC UTILITY PROXY GROUPS?

A. Our proposed hypothetical capital structure is reasonable to use and is consistent with the range of capital structures maintained by our Gas and Electric Utility Proxy Groups, as shown on pages 3 through 5 of Schedule ROR-2.

[8] Companies' December 31, 2024 Return on Equity Report to the Commission.

Q. WHAT ARE YOUR RECOMMENDED EMBEDDED LONG-TERM DEBT COST RATES FOR THE COMPANIES?

A. We recommend the expected long-term debt cost rates of the Companies at the end of the projected test year, which are 5.03% (Valley), 5.47% (Citizens'), and 4.85% (Wellsboro).

VII. COMMON EQUITY COST RATE MODELS

Q. IS IT IMPORTANT THAT COST OF COMMON EQUITY MODELS BE MARKET-BASED?

A. Yes. As discussed previously, regulated public utilities, like the Companies, must compete for equity in capital markets along with all other companies with commensurate risk, including non-utilities. The cost of common equity is thus determined based on equity market expectations for the returns of those companies. If an individual investor is choosing to invest their capital among companies with comparable risk, they will choose the company providing a higher return over a company providing a lower return.

Q. ARE YOUR COST OF COMMON EQUITY MODELS MARKET-BASED?

A. Yes. The DCF model uses market prices in developing the model's dividend yield component. The RPM uses bond ratings and expected bond yields that reflect the market's assessment of bond/credit risk. In addition, betas (β), which reflect the market/systematic risk component of equity risk premium, are derived from regression analyses of market prices. The CAPM is market-based for many of the same reasons that the RPM is market-based (i.e., the use of expected bond yields and betas). Selection criteria for comparable risk non-price regulated companies

are based on regression analyses of market prices and reflect the market's assessment of total risk.

Q. WHAT ANALYTICAL APPROACHES DID YOU USE TO DETERMINE THE COMPANIES' ROE?

A. As discussed earlier, we have relied on the DCF model, the RPM, and the CAPM, which we apply to the Utility Proxy Group described above. We also applied these same models to a Non-Price Regulated Proxy Group described later in this section.

We rely on these models because reasonable investors use a variety of tools and do not rely exclusively on a single source of information or single model. Moreover, the models on which we rely focus on different aspects of return requirements and provide different insights to investors' views of risk and return. The DCF model, for example, estimates the investor-required return assuming a constant expected dividend yield and growth rate in perpetuity, while risk premium-based methods (*i.e.,* the RPM and CAPM approaches) provide the ability to reflect investors' views of risk, future market returns, and the relationship between interest rates and the cost of common equity. Just as the use of market data for the Utility Proxy Group adds the reliability necessary to inform expert judgment in arriving at a recommended common equity cost rate, the use of multiple generally accepted common equity cost rate models also adds reliability and accuracy when arriving at a recommended common equity cost rate.

The use of multiple models also makes intuitive sense when we consider that market prices are set by the buying and selling behavior of multiple investors, whose circumstances, objectives, and constraints vary over time and across market

conditions. We cannot assume a single method is the best measure of the factors motivating those decisions for all investors at all times. Giving undue weight to a single method runs the very real risk of ignoring important information provided by other methods.

In other words, no single model is more reliable than all others under all market conditions. Intuition suggests it is more appropriate to use as many methods as we reasonably can and to reflect the many factors motivating investment decisions as best we can. In this instance, intuition, financial theory,[9] and financial practice reach a common conclusion: we should apply and reasonably consider multiple methods when estimating the ROE.

A. Discounted Cash Flow Model

Q. WHAT IS THE THEORETICAL BASIS OF THE DCF MODEL?

A. The theory underlying the DCF model is that the present value of an expected future stream of net cash flows during the investment holding period can be determined by discounting those cash flows at the cost of capital, or the investors' capitalization rate. DCF theory indicates that an investor buys a stock for an expected total return rate, which is derived from the cash flows received from dividends and market price appreciation. Mathematically, the dividend yield on market price plus a growth rate

[9] As Brigham explains: "Whereas debt and preferred stocks are contractual obligations which have easily determined costs, it is not at all easy to estimate [the ROE]. However, three methods can be used: (1) the Capital Asset Pricing Model (CAPM), (2) the discounted cash flow (DCF) model, and (3) the bond-yield-plus-risk-premium approach. These methods should not be regarded as mutually exclusive – no one dominates the others, and all are subject to error when used in practice. Therefore, when faced with the task of estimating a company's cost of equity, we generally use all three methods and then choose among them on the basis of our confidence in the data used for each in the specific case at hand." Eugene F. Brigham, Louis C. Gapenski, Financial Management, Theory and Practice, 7th ed., The Dryden Press, 1994, at 341.

equals the capitalization rate; *i.e.*, the total common equity return rate expected by investors.

Q. WHICH VERSION OF THE DCF MODEL DID YOU USE?

A. We used the single-stage constant growth DCF model in our analyses.

Q. PLEASE DESCRIBE THE DIVIDEND YIELD YOU USED IN APPLYING THE CONSTANT GROWTH DCF MODEL.

A. The unadjusted dividend yields are based on the proxy companies' dividends as of February 28, 2025, divided by the average closing market price for the 60 trading days ended February 28, 2025.[10]

Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO THE DIVIDEND YIELD.

A. Because dividends are paid periodically (*e.g.* quarterly), as opposed to continuously (daily), an adjustment must be made to the dividend yield. This is often referred to as the discrete, or the "Gordon Periodic," version of the DCF model.

DCF theory calls for using the full growth rate, or D_1, in calculating the model's dividend yield component. Because the companies in the Gas and Electric Utility Proxy Groups increase their quarterly dividends at various times during the year, a reasonable assumption is to reflect one-half the annual dividend growth rate in the dividend yield component, or $D_{1/2}$. Because the dividend should be representative of the next 12-month period, this adjustment is a conservative approach that does not overstate the dividend yield. Therefore, the actual average dividend yields in Column 1, page 1 of Schedule ROR-3 have been adjusted upward to reflect one-half the average projected growth rate shown in Column 5.

[10] *See*, Column 1, page 1 of Schedule ROR-3.

Q. PLEASE EXPLAIN THE BASIS FOR THE GROWTH RATES YOU APPLIED TO THE UTILITY PROXY GROUPS IN YOUR CONSTANT GROWTH DCF MODEL.

A. Investors with more limited resources than institutional investors are likely to rely on widely available financial information services, such as *Value Line*, Zacks, and S&P Capital IQ. Investors realize that analysts have significant insight into the dynamics of the industries and individual companies they analyze, as well as companies' abilities to effectively manage the effects of changing laws and regulations, and ever-changing economic and market conditions. For these reasons, we used analysts' five-year forecasts of EPS growth in our DCF analysis.

Over the long run, there can be no growth in DPS without growth in EPS. Security analysts' earnings expectations have a more significant influence on market prices than dividend expectations. Thus, using earnings growth rates in a DCF analysis provides a better match between investors' market price appreciation expectations and the growth rate component of the DCF.

Q. PLEASE SUMMARIZE THE CONSTANT GROWTH DCF MODEL RESULTS.

A. As shown on page 1 of Schedule ROR-3, for the Gas Utility Proxy Group, the mean result of applying the single-stage DCF model is 10.27%, the median result is 10.31%, and the average of the two is 10.29%. For the Electric Utility Proxy Group, the mean DCF result is 10.33%, the median result is 10.30%, and the average of the two is 10.32%. In arriving at a conclusion for the constant growth DCF-indicated common equity cost rate for the Gas and Electric Utility Proxy Groups,

we relied on an average of the mean and the median results of the DCF, or 10.29% (gas) and 10.32% (electric). This approach considers all the proxy utilities' results, while mitigating the high and low outliers of those individual results.

B. The Risk Premium Model

Q. PLEASE DESCRIBE THE THEORETICAL BASIS OF THE RPM.

A. The RPM is based on the fundamental financial principle of risk and return; namely, that investors require greater returns for bearing greater risk. The RPM recognizes that common equity capital has greater investment risk than debt capital, as common equity shareholders are behind debt holders in any claim on a company's assets and earnings. As a result, investors require higher returns from common stocks than from bonds to compensate them for bearing the additional risk.

While it is possible to directly observe bond returns and yields, investors' required common equity returns cannot be directly determined or observed. According to RPM theory, one can estimate a common equity risk premium over bonds (either historically or prospectively) and use that premium to derive a cost rate of common equity. The cost of common equity equals the expected cost rate for long-term debt capital, plus a risk premium over that cost rate, to compensate common shareholders for the added risk of being unsecured and last-in-line for any claim on the corporation's assets and earnings upon liquidation.

Q. PLEASE EXPLAIN THE TOTAL MARKET APPROACH RPM.

A. The total market approach RPM adds a prospective public utility bond yield to an average of: 1) an equity risk premium that is derived from a beta-adjusted total market equity risk premium, 2) an equity risk premium based on the S&P Utilities

Index, and 3) an equity risk premium based on authorized ROEs for gas and electric utilities, respectively.

Q. PLEASE EXPLAIN THE BASIS OF THE EXPECTED BOND YIELD OF 5.80% APPLICABLE TO THE GAS UTILITY PROXY GROUP AND THE 5.86% EXPECTED BOND YIELD APPLICABLE TO THE ELECTRIC UTILITY PROXY GROUP.

A. The first step in the total market approach RPM analysis is to determine the expected bond yield. Because both ratemaking and the cost of capital, including common equity cost rate, are prospective in nature, a prospective yield on similarly-rated long-term debt is essential. We relied on a consensus forecast of about 50 economists of the expected yield on Aaa-rated corporate bonds for the six calendar quarters ending with the second quarter of 2026, and *Blue Chip's* long-term projections for 2026 to 2030, and 2031 to 2035. As shown on line 1, page 1 of Schedule ROR-4, the average expected yield on Moody's Aaa-rated corporate bonds is 5.35%. To derive an expected yield on Moody's A2-rated public utility bonds, we made an upward adjustment of 0.38%, which represents a recent spread between Aaa-rated corporate bonds and A2-rated public utility bonds, in order to adjust the expected Aaa-rated corporate bond yield to an equivalent A2-rated public utility bond yield.[11] Adding that recent 0.38% spread to the expected Aaa-rated corporate bond yield of 5.35% results in an expected A2-rated public utility bond yield of 5.73%.

[11] As shown on line 2 and explained in note 2, page 1 of Schedule ROR-4.

We then reviewed the average credit rating for the Utility Proxy Group from Moody's to determine if an adjustment to the estimated A2-rated public utility bond was necessary. Since the Gas Utility Proxy Group's average Moody's long-term issuer rating is A3, and the Electric Utility Proxy Group's average Moody's long-term issuer rating is Baa1, additional adjustments to the expected Moody's A2 public utility bond yields are needed to reflect the difference in bond ratings for each group. Upward adjustments of 0.07% and 0.13%, which are one-third and two-thirds the recent spread between A2 and Baa2 public utility bond yields, respectively, result in 5.80% and 5.86% expected bond yields for the Gas Utility Proxy Group and Electric Utility Proxy Group, respectively.

Table 5: Summary of the Calculation of the Gas and Electric Utility Proxy Group Projected Bond Yields[12]

	Gas	**Electric**
Prospective Yield on Moody's Aaa-Rated Corporate Bonds (*Blue Chip)*	5.35%	5.35%
Adjustment to Reflect Yield Spread Between Moody's Aaa-Rated Corporate Bonds and Moody's A2-Rated Utility Bonds	0.38%	0.38%
Adjustment to Reflect the Gas Utility Proxy Group's Average Moody's Bond Rating of A3	0.07%	
Adjustment to Reflect the Electric Utility Proxy Group's Average Moody's Bond Rating of Baa1		0.13%
Prospective Bond Yield Applicable to the Utility Proxy Group	5.80%	5.86%

[12] As shown on page 1 of Schedule ROR-4.

Q. PLEASE EXPLAIN HOW THE BETA-DERIVED EQUITY RISK PREMIUM IS DETERMINED.

A. The components of the beta-derived risk premium model are: 1) an expected market equity risk premium over corporate bonds, and 2) the beta. The derivation of the beta-derived equity risk premium that we applied to the Gas and Electric Utility Proxy Groups are shown on lines 1 through 8, page 6 of Schedule ROR-4. The total beta-derived equity risk premium we applied is based on an average of three historical market data-based equity risk premiums, a *Value Line*-based equity risk premiums, and a combined *Value Line,* Bloomberg, and S&P Capital IQ-based equity risk premium. Each of these is described below.

Q. HOW DID YOU DERIVE A MARKET EQUITY RISK PREMIUM BASED ON LONG-TERM HISTORICAL DATA?

A. To derive a historical market equity risk premium, we used the most recent holding period returns for the large company common stocks less the average historical yield on Moody's Aaa/Aa2-rated corporate bonds for the period 1928 to 2024. Using holding period returns over a very long time is appropriate because it is consistent with the long-term investment horizon presumed by investing in a going concern, *i.e.*, a company expected to operate in perpetuity.

The long-term arithmetic mean monthly total return rate on large company common stocks was 12.05% and the long-term arithmetic mean monthly yield on Moody's Aaa/Aa2-rated corporate bonds was 5.95% from 1928-2024. As shown on line 1, page 6 of Schedule ROR-4, subtracting the mean monthly bond yield from

the total return on large company stocks results in a long-term historical equity risk premium of 6.10%.

We used the arithmetic mean monthly total return rates for the large company stocks and yields (income returns) for the Moody's Aaa/Aa-rated corporate bonds, because they are appropriate for the purpose of estimating the cost of capital as noted in Kroll's Stocks, Bonds, Bills, and Inflation ("SBBI") Yearbook 2023 ("SBBI – 2023").[13] Using the arithmetic mean return rates and yields is appropriate because historical total returns and equity risk premiums provide insight into the variance and standard deviation of returns needed by investors in estimating future risk when making a current investment. If investors relied on the geometric mean of historical equity risk premiums, they would have no insight into the potential variance of future returns, because the geometric mean relates the change over many periods to a constant rate of change, thereby obviating the year-to-year fluctuations, or variance, which is critical to risk analysis.

Q. PLEASE EXPLAIN THE DERIVATION OF THE REGRESSION-BASED MARKET EQUITY RISK PREMIUM.

A. To derive the regression-based market equity risk premium of 6.82% shown on line 2, page 6 of Schedule ROR-4, we used the same monthly annualized total returns on large company common stocks relative to the monthly annualized yields on Moody's Aaa/Aa-rated corporate bonds as mentioned above. We modeled the relationship between interest rates and the market equity risk premium using the observed monthly market equity risk premium as the dependent variable, and the

[13] *See,* SBBI - 2023, at 194.

monthly yield on Moody's Aaa/Aa-rated corporate bonds as the independent variable. We then used a linear Ordinary Least Squares ("OLS") regression, in which the market equity risk premium is expressed as a function of the Moody's Aaa/Aa-rated corporate bonds yield:

$$RP = \alpha + \beta (R_{Aaa/Aa})$$

Q. PLEASE EXPLAIN THE DERIVATION OF THE PRPM EQUITY RISK PREMIUM.

A. The PRPM, published in the *Journal of Regulatory Economics* and *The Electricity Journal,*[14] was developed from the work of Robert F. Engle, who shared the Nobel Prize in Economics in 2003 "for methods of analyzing economic time series with time-varying volatility ("ARCH")".[15] Engle found that volatility changes over time and is related from one period to the next, especially in financial markets. Engle discovered that the volatility in prices and returns clusters over time, and is therefore highly predictable, and can be used to predict future levels of risk and risk premiums.

The PRPM estimates the risk / return relationship directly, as the predicted equity risk premium is generated by the prediction of volatility or risk. The PRPM is not based on an estimate of investor behavior, but rather on the evaluation of the results of that behavior (i.e., the variance of historical equity risk premiums).

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[14] Autoregressive conditional heteroscedasticity. *See*, "A New Approach for Estimating the Equity Risk Premium for Public Utilities", Pauline M. Ahern, Frank J. Hanley and Richard A. Michelfelder, *The Journal of Regulatory Economics* (December 2011), 40:261-278 and "Comparative Evaluation of the Predictive Risk Premium Model, the Discounted Cash Flow Model and the Capital Asset Pricing Model for Estimating the Cost of Common Equity", Richard A. Michelfelder, Pauline M. Ahern, Dylan W. D'Ascendis, and Frank J. Hanley, *The Electricity Journal* (May 2013), 84-89.

[15] www.nobelprize.org.

The inputs to the model are the historical returns on large company stocks minus the historical monthly yield on Moody's Aaa/Aa-rated corporate bonds from January 1928 through February 2025. Using a generalized form of ARCH, known as GARCH, we calculated each Utility Proxy Group company's projected equity risk premium using Eviews© statistical software. When the GARCH model is applied to the historical return data, it produces a predicted GARCH variance series and a GARCH coefficient. Multiplying the predicted monthly variance by the GARCH coefficient and then annualizing, it produces the predicted annual equity risk premium. The resulting PRPM predicted a market equity risk premium of 7.32%.[16]

Q. PLEASE EXPLAIN THE DERIVATION OF A PROJECTED EQUITY RISK PREMIUM BASED ON *VALUE LINE* DATA FOR YOUR RPM ANALYSIS.

A. As noted above, because both ratemaking and the cost of capital are prospective, a prospective market equity risk premium is needed. The derivation of the forecasted or prospective market equity risk premium can be found in note 4, page 6 of Schedule ROR-4. Consistent with our calculation of the dividend yield component in our DCF analysis, this prospective market equity risk premium is derived from an average of the three- to five-year median market price appreciation potential by *Value Line* for the 13 weeks ended February 28, 2025, plus an average of the median estimated dividend yield for the common stocks of the 1,700 firms covered in *Value Line*'s Standard Edition.[17]

[16] Shown on line 3, page 6 of Schedule ROR-4.
[17] As explained in detail in note 1, page 2 of Schedule ROR-5.

The average median expected price appreciation is 42%, which translates to a 9.16% annual appreciation, and, when added to the average of *Value Line's* median expected dividend yields of 2.04%, equates to a forecasted annual total return rate on the market of 11.20%. The forecasted Moody's Aaa-rated corporate bond yield of 5.35% is deducted from the total market return of 11.20%, resulting in an equity risk premium of 5.85%, as shown on line 4, page 6 of Schedule ROR-4.

Q. PLEASE EXPLAIN THE DERIVATION OF AN EQUITY RISK PREMIUM BASED ON BLOOMBERG DATA.

Using data from *Value Line*, Bloomberg, and S&P Capital IQ, we calculated an expected total return on the S&P 500 companies using expected dividend yields and long-term growth estimates as a proxy for capital appreciation. The expected total return for the S&P 500 is 15.23%. Subtracting the prospective yield on Moody's Aaa-rated corporate bonds of 5.35% results in an 9.88% projected equity risk premium as shown on page 6, line 5 of Schedule ROR-4.

Q. WHAT WAS YOUR CONCLUSION OF A BETA-DERIVED EQUITY RISK PREMIUM FOR USE IN YOUR RPM ANALYSIS?

A. We gave equal weight to all five equity risk premiums based on each source - historical, *Value Line*, and combined *Value Line*, Bloomberg, and S&P Capital IQ - in arriving at an 7.19% equity risk premium.

Table 6: Summary of the Calculation of the Equity Risk Premium

Using Total Market Returns[18]

Historical Spread Between Total Returns of Large Stocks and Aaa and Aa2-Rated Corporate Bond Yields (1928 – 2024)	6.10%
Regression Analysis on Historical Data	6.82%
PRPM Analysis on Historical Data	7.32%
Prospective Equity Risk Premium using Total Market Returns from *Value Line* Summary & Index less Projected Aaa Corporate Bond Yields	5.85%
Prospective Equity Risk Premium using Measures of Capital Appreciation and Income Returns for the S&P 500 less Projected Aaa Corporate Bond Yields	9.88%
Average	7.19%

After calculating the average market equity risk premium of 7.19%, we adjusted it by beta to account for the risk of the Gas and Electric Utility Proxy Groups. As discussed below, beta is a meaningful measure of prospective relative risk to the market as a whole, and is a logical way to allocate a company's, or proxy group's, share of the market's total equity risk premium relative to corporate bond yields. As shown on page 1 of Schedule ROR-5, the average of the mean and median betas for the Gas and Electric Utility Proxy Groups are 0.79 and 0.73, respectively. Multiplying the average betas for each group by the market equity risk premium of 7.19% results in beta-adjusted equity risk premiums for the Gas and Electric Utility Proxy Groups of 5.68% and 5.25%, respectively.

[18] As shown on page 6 of Schedule ROR-4.

Q. HOW DID YOU DERIVE THE EQUITY RISK PREMIUM BASED ON THE S&P UTILITY INDEX AND MOODY'S A-RATED PUBLIC UTILITY BONDS?

A. We estimated three equity risk premiums based on S&P Utility Index holding period returns and one equity risk premium based on the expected returns of the S&P Utilities Index, using *Value Line,* Bloomberg, and S&P Capital IQ data. Turning first to the S&P Utility Index holding period returns, we derived a long-term monthly arithmetic mean equity risk premium between the S&P Utility Index total returns of 10.59% and monthly Moody's A2-rated public utility bond yields of 6.42% from 1928 to 2024 to arrive at an equity risk premium of 4.16%.[19] We then used the same historical data to derive an equity risk premium of 4.80% based on a regression of the monthly equity risk premiums. The final S&P Utility Index holding period equity risk premium involved applying the PRPM using the historical monthly equity risk premiums from January 1928 to February 2025 to arrive at a PRPM-derived equity risk premium of 5.07% for the S&P Utility Index.

We then derived expected total returns on the S&P Utilities Index of 10.73% using data from *Value Line,* Bloomberg, and S&P Capital IQ and subtracted the prospective Moody's A2-rated public utility bond yield of 5.73%[20], which resulted in an equity risk premium of 5.00%. As with the market equity risk premiums, we averaged the four risk premiums to arrive at our utility-specific equity risk premium of 4.76%.

[19] As shown on line 1, page 9 of Schedule ROR-4.
[20] Derived on line 3, page 1 of Schedule ROR-4.

Table 7: Summary of the Calculation of the Equity Risk Premium Using S&P Utility Index Holding Returns[21]

Historical Spread Between Total Returns of the S&P Utilities Index and A2-Rated Utility Bond Yields (1928 – 2024)	4.16%
Regression Analysis on Historical Data	4.80%
PRPM Analysis on Historical Data	5.07%
Prospective Equity Risk Premium using Measures of Capital Appreciation and Income Returns for the S&P Utilities Index less Projected A2 Utility Bond Yields	5.00%
Average	4.76%

Q. HOW DID YOU DERIVE AN EQUITY RISK PREMIUM OF 4.73% BASED ON AUTHORIZED ROES FOR GAS DISTRIBUTION UTILITIES?

A. The equity risk premium of 4.73% shown on line 3, page 5 of Schedule ROR-4 is the result of a regression analysis based on regulatory awarded gas distribution ROEs related to the yields on Moody's A2-rated public utility bonds. That analysis is shown on page 10 of Schedule ROR-4. Page 10 of Schedule ROR-4 contains the graphical results of a regression analysis of 848 rate cases for gas distribution utilities which were fully litigated during the period from January 1, 1980 through February 28, 2025. It shows the implicit equity risk premium relative to the yields on A2-rated public utility bonds immediately prior to the issuance of each regulatory decision. It is readily discernible that there is an inverse relationship between the yield on A2-rated public utility bonds and equity risk premiums. In other words, as interest rates decline, the equity risk premium rises and vice versa,

[21] As shown on page 9 of Schedule ROR-4.

a result consistent with financial literature on the subject.[22] We used the regression results to estimate the equity risk premium applicable to the projected yield on Moody's A2-rated public utility bonds of 5.73%. Given the expected A2-rated utility bond yield of 5.73%, it can be calculated that the indicated equity risk premium applicable to that bond yield is 4.73%, which is shown on line 3, page 5 of Schedule ROR-4.

Q. HOW DID YOU DERIVE AN EQUITY RISK PREMIUM OF 4.77% BASED ON AUTHORIZED ROES FOR ELECTRIC UTILITIES?

A. The equity risk premium of 4.77% shown on line 4, page 7 of Schedule ROR-4 is the result of a regression analysis based on regulatory awarded electric utility ROEs related to the yields on Moody's A2-rated public utility bonds. That analysis is shown on page 11 of Schedule ROR-4. Page 11 of Schedule ROR-4 contains the graphical results of a regression analysis of 1,257 rate cases for electric utilities which were fully litigated during the period from January 1, 1980 through February 28, 2025. It shows the implicit equity risk premium relative to the yields on A2-rated public utility bonds immediately prior to the issuance of each regulatory decision. Similar to the analysis using gas distribution utilities, it is readily discernible that there is also an inverse relationship between the yield on A2-rated public utility bonds and equity risk premiums for electric utilities. We therefore used the regression results to estimate the equity risk premium applicable to the projected yield on Moody's A2-rated public utility bonds of 5.73%. Given the

[22] *See*, *e.g.*, Robert S. Harris and Felicia C. Marston, *The Market Risk Premium: Expectational Estimates Using Analysts' Forecasts*, Journal of Applied Finance, Vol. 11, No. 1, 2001, at 11-12; Eugene F. Brigham, Dilip K. Shome, and Steve R. Vinson, *The Risk Premium Approach to Measuring a Utility's Cost of Equity*, Financial Management, Spring 1985, at pp. 33-45.

expected A2-rated utility bond yield of 5.73%, it can be calculated that the indicated equity risk premium applicable to that bond yield is 4.77%, which is shown on line 4, page 5 of Schedule ROR-4.

Q. WHAT IS YOUR CONCLUSION OF AN EQUITY RISK PREMIUM FOR USE IN YOUR TOTAL MARKET APPROACH RPM ANALYSIS?

A. The equity risk premiums we applied to the Gas and Electric Utility Proxy Groups were 5.06% and 4.93%, respectively, which gave equal weight to the beta-adjusted equity risk premium for the Gas and Electric Utility Proxy Groups, the S&P Utilities Index, and the authorized return utility equity risk premiums as shown on page 5 of Schedule ROR-4.

Table 8: Summary of Conclusions for the Equity Risk Premium for Use in the Total Market Approach for the Utility Proxy Groups[23]

	Gas Proxy Group	Electric Proxy Group
Beta-Adjusted Equity Risk Premium	5.68%	5.25%
S&P Utilities Index Equity Risk Premium	4.76%	4.76%
Authorized ROE Equity Risk Premium	4.73%	4.77%
Average	5.06%	4.93%

Q. WHAT IS THE INDICATED RPM COMMON EQUITY COST RATE BASED ON THE TOTAL MARKET APPROACH?

A. As shown on line 7, page 1 of Schedule ROR-4, we calculated common equity cost rates of 10.86% and 10.79% for the Gas and Electric Utility Proxy Groups, respectively, based on the total market approach RPM.

[23] As shown on page 5 of Schedule ROR-4.

Table 9: Summary of the Total Market Return Risk Premium Model[24]

	Gas Proxy Group	Electric Proxy Group
Prospective Moody's Utility Bond Yield Applicable to the Utility Proxy Group	5.80%	5.86%
Prospective Equity Risk Premium	5.06%	4.93%
Indicated Cost of Common Equity	10.86%	10.79%

C. The Capital Asset Pricing Model

Q. PLEASE EXPLAIN THE THEORETICAL BASIS OF THE CAPM.

A. CAPM theory defines risk as the co-variability of a security's returns with the market's returns as measured by the beta (β). A beta less than 1.0 indicates lower variability than the market as a whole, while a beta greater than 1.0 indicates greater variability than the market.

The CAPM assumes that all non-market or unsystematic risk can be eliminated through diversification. The risk that cannot be eliminated through diversification is called market, or systematic, risk. In addition, the CAPM presumes that investors only require compensation for systematic risk, which is the result of macroeconomic and other events that affect the returns on all assets. The model is applied by adding a risk-free rate of return to a market risk premium, which is adjusted proportionately to reflect the systematic risk of the individual security relative to the total market as measured by beta. The traditional CAPM model is expressed as:

$$R_s = R_f + \beta (R_m - R_f)$$

Where: R_s = Return rate on the common stock

[24] As shown on page 1 of Schedule ROR-4.

R_f	=	Risk-free rate of return
R_m	=	Return rate on the market as a whole
β	=	Adjusted beta (volatility of the security relative to the market as a whole)

Numerous tests of the CAPM have measured the extent to which security returns and beta are related as predicted by the CAPM, confirming its validity. The empirical CAPM ("ECAPM") reflects the reality that while the results of these tests support the notion that the beta is related to security returns, the empirical Security Market Line ("SML") described by the CAPM formula is not as steeply sloped as the predicted SML.[25]

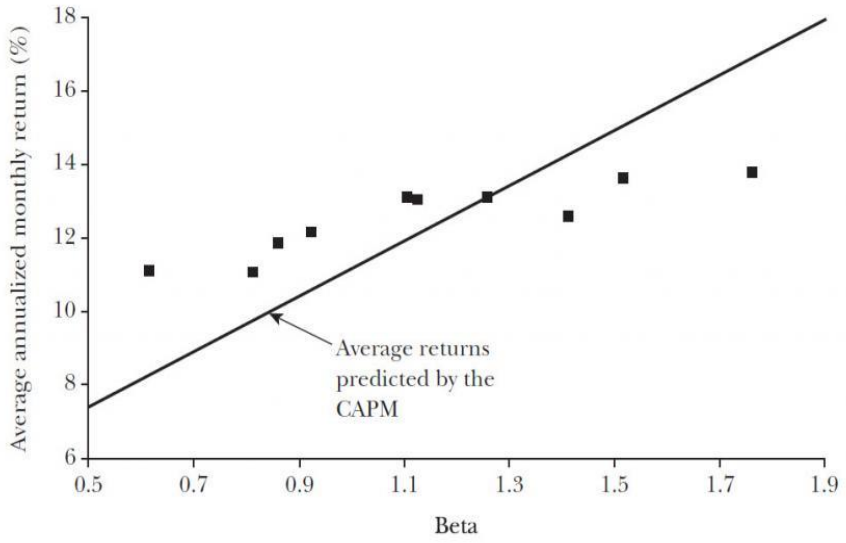
The ECAPM reflects this empirical reality. Fama and French clearly state regarding their Figure 2, below, that "[t]he returns on the low beta portfolios are too high, and the returns on the high beta portfolios are too low."[26]

[25] Roger A. Morin, Modern Regulatory Finance (Public Utility Reports, Inc., 2021), at 223. ("Morin")

[26] Eugene F. Fama and Kenneth R. French, *The Capital Asset Pricing Model: Theory and Evidence,* Journal of Economic Perspectives, Vol. 18, No. 3, Summer 2004 at p. 33 ("Fama & French").

Figure 2 http://pubs.aeaweb.org/doi/pdfplus/10.1257/0895330042162430

Average Annualized Monthly Return versus Beta for Value Weight Portfolios Formed on Prior Beta, 1928–2003



Morin also states that:

> With few exceptions, the empirical studies agree that … low-beta securities earn returns somewhat higher than the CAPM would predict, and high-beta securities earn less than predicted.[27]

* * *

Therefore, the empirical evidence suggests that the expected return on a security is related to its risk by the following approximation:

$$K = R_F + x\,(R_M - R_F) + (1-x)\;\beta(R_M - R_F)$$

where x is a fraction to be determined empirically. The value of x that best explains the observed relationship [is] Return = 0.0829 + 0.0520 β is between 0.25 and 0.30. If x = 0.25, the equation becomes:

$$K = R_F + 0.25(R_M - R_F) + 0.75\;\beta(R_M - R_F)$$[28]

Fama and French provide similar support for the ECAPM when they state:

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[27] Morin, at 207.

[28] Morin, at 221.

> The early tests firmly reject the Sharpe-Lintner version of the CAPM. There is a positive relation between beta and average return, but it is too "flat."… The regressions consistently find that the intercept is greater than the average risk-free rate… and the coefficient on beta is less than the average excess market return… This is true in the early tests… as well as in more recent cross-section regressions tests, like Fama and French (1992).[29]

Finally, Fama and French further note:

> Confirming earlier evidence, the relation between beta and average return for the ten portfolios is much flatter than the Sharpe-Linter CAPM predicts. The returns on low beta portfolios are too high, and the returns on the high beta portfolios are too low. For example, the predicted return on the portfolio with the lowest beta is 8.3 percent per year; the actual return as 11.1 percent. The predicted return on the portfolio with the t beta is 16.8 percent per year; the actual is 13.7 percent.[30]

Clearly, the justification from Morin, and Fama and French, along with their reviews of other academic research on the CAPM, validate the use of the ECAPM. In view of theory and practical research, we have applied both the traditional CAPM and the ECAPM to the companies in the Gas and Electric Utility Proxy Groups and averaged the results.

Q. WHAT BETA DID YOU USE IN YOUR CAPM ANALYSIS?

A. For the beta in our CAPM analysis, we considered two sources: *Value Line* and Bloomberg Professional Services. While both of those services adjust their calculated (or "raw") betas to reflect the tendency of beta to regress to the market mean of 1.00, *Value Line* calculates beta over a five-year period, while Bloomberg calculates it over a two-year period.

[29] Fama & French, at 32.
[30] Fama & French, at 33.

Q. PLEASE DESCRIBE YOUR SELECTION OF A RISK-FREE RATE OF RETURN.

A. As shown in Column 5, page 1 of Schedule ROR-5, the risk-free rate adopted for applications of the CAPM is 4.55%. This risk-free rate is based on the average of the Blue Chip consensus forecast of the expected yields on 30-year U.S. Treasury bonds for the six quarters ending with the second calendar quarter of 2026, and long-term projections for the years 2026 to 2030 and 2031 to 2035.

Q. WHY DO YOU USE THE PROJECTED 30-YEAR TREASURY YIELD IN YOUR ANALYSES?

A. The yield on long-term U.S. Treasury bonds is almost risk-free and its term is consistent with the long-term cost of capital to public utilities measured by the yields on Moody's A2-rated public utility bonds; the long-term investment horizon inherent in utilities' common stocks; and the long-term life of the jurisdictional rate base to which the allowed fair rate of return (i.e., cost of capital) will be applied. In contrast, short-term U.S. Treasury yields are more volatile and largely a function of Federal Reserve monetary policy.

Q. PLEASE EXPLAIN THE ESTIMATION OF THE EXPECTED RISK PREMIUM FOR THE MARKET USED IN YOUR CAPM ANALYSES.

A. The basis of the market risk premium is explained in detail in note 1 on Schedule ROR-5. As discussed above, the market risk premium is derived from an average of three historical data-based market risk premiums, one *Value Line* data-based market risk premiums, and one *Value Line*, Bloomberg, and S&P Capital IQ data-based market risk premium.

The long-term income return on U.S. Government securities of 4.99% was deducted from the monthly historical total market return of 12.29%, which results in a historical market equity risk premium of 7.31%. A linear OLS regression was applied to the monthly annualized historical returns on the S&P 500 relative to historical yields on long-term U.S. Government securities, which yielded a market equity risk premium of 7.94%. The PRPM market equity risk premium is 8.18% and is derived using the PRPM relative to the yields on long-term U.S. Treasury securities from January 1926 through February 2025.

The *Value Line*-derived forecasted total market equity risk premium is derived by deducting the forecasted risk-free rate of 4.55%, discussed above, from the *Value Line* projected total annual market return of 11.20%, resulting in a forecasted total market equity risk premium of 6.65%.

The S&P 500 projected market equity risk premium using *Value Line,* Bloomberg and S&P Capital IQ data is derived by subtracting the projected risk-free rate of 4.55% from the projected total return of the S&P 500 of 15.23%. The resulting market equity risk premium is 10.68%.

These five measures, when averaged, result in an average total market equity risk premium of 8.15%

Table 10: Summary of the Calculation of the Market Risk Premium for Use in the CAPM[31]

Historical Spread Between Total Returns of Large Stocks and Long-Term Government Bond Yields (1926 – 2024)	7.31%
Regression Analysis on Historical Data	7.94%
PRPM Analysis on Historical Data	8.18%
Prospective Equity Risk Premium using Total Market Returns from *Value Line* Summary & Index less Projected 30-Year Treasury Bond Yields	6.65%
Prospective Equity Risk Premium using Measures of Capital Appreciation and Income Returns for the S&P 500 less Projected 30-Year Treasury Bond Yields	10.68%
Average	8.15%

Q. WHAT ARE THE RESULTS OF YOUR APPLICATION OF THE TRADITIONAL AND EMPIRICAL CAPM TO THE GAS AND ELECTRIC UTILITY PROXY GROUPS?

A. As shown on page 1 of Schedule ROR-5, the mean result of our CAPM/ECAPM analyses for the Gas Utility Proxy Group is 11.10%, the median is 11.13%, and the average of the two is 11.12%. For the Electric Utility Proxy Group, the mean CAPM/ECAPM result is 10.79%, the median is 10.70%, and the average of the two is 10.75%. Consistent with our reliance on the average of mean and median DCF results discussed above, the indicated common equity cost rates for the Gas and Electric Utility Proxy Group using the CAPM/ECAPM are 11.12% and 10.75%, respectively.

[31] As shown on page 2 of Schedule ROR-5.

D. Common Equity Cost Rates for Proxy Group of Domestic, Non-Price Regulated Companies Based on the DCF, RPM, and CAPM

Q. WHY DID YOU ALSO CONSIDER PROXY GROUPS OF DOMESTIC, NON-PRICE REGULATED COMPANIES?

A. In the *Hope* and *Bluefield* cases, the U.S. Supreme Court did not specify that comparable risk companies had to be utilities. Because the purpose of rate regulation is to be a substitute for marketplace competition, non-price regulated firms operating in the competitive marketplace make an excellent proxy if they are comparable in total risk to the Gas and Electric Utility Proxy Groups being used to estimate the cost of common equity. The selection of such domestic, non-price regulated competitive firms theoretically and empirically results in a proxy group that is comparable in total risk to the Gas and Electric Utility Proxy Groups, because all of these companies compete for capital in the exact same markets.

Q. HOW DID YOU SELECT NON-PRICE REGULATED COMPANIES THAT ARE COMPARABLE IN TOTAL RISK TO THE REGULATED GAS AND ELECTRIC UTILITY PROXY GROUPS?

A. In order to select proxy groups of domestic, non-price regulated companies similar in total risk to the Gas and Electric Utility Proxy Groups, we relied on beta and related statistics derived from *Value Line* regression analyses of weekly market prices over the most recent 260 weeks (*i.e.*, five years) for each group. These selection criteria resulted in a proxy group of 49 domestic, non-price regulated firms comparable in total risk to the Gas Utility Proxy Group and 47 non-price regulated firms comparable in total risk to the Electric Utility Proxy Group. Total

risk is the sum of non-diversifiable market risk and diversifiable company-specific risk. The criteria used in selecting the domestic, non-price regulated firms were:

(i) They must be covered by *Value Line Investment Survey* (Standard Edition);

(ii) They must be domestic, non-price regulated companies, *i.e.*, not utilities;

(iii) Their betas must lie within plus or minus two standard deviations of the average unadjusted betas of the Gas and Electric Utility Proxy Groups, respectively; and

(iv) The residual standard errors of the *Value Line* regressions which gave rise to the unadjusted betas must lie within plus or minus two standard deviations of the average residual standard errors of the Gas and Electric Utility Proxy Groups, respectively.

Betas measure market, or systematic, risk, which is not diversifiable. The residual standard errors of the regressions measure each firm's company-specific, diversifiable risk. Companies that have similar betas and similar residual standard errors resulting from the same regression analyses have similar total investment risk.

Q. HAVE YOU PREPARED A SCHEDULE WHICH SHOWS THE DATA FROM WHICH YOU SELECTED THE DOMESTIC, NON-PRICE REGULATED COMPANIES THAT ARE COMPARABLE IN TOTAL RISK TO THE GAS AND ELECTRIC UTILITY PROXY GROUPS?

A. Yes, the basis of our selection and both proxy groups' regression statistics are shown in Schedule ROR-6.

Q. DID YOU CALCULATE COMMON EQUITY COST RATES USING THE DCF MODEL, RPM, AND CAPM FOR THE NON-PRICE REGULATED PROXY GROUPS?

A. Yes. Because the DCF model, RPM, and CAPM have been applied in an identical manner as described above, we will not repeat the details of the rationale and application of each model. One exception is in the application of the RPM, where we did not use public utility-specific equity risk premiums.

Pages 2 and 3 of Schedule ROR-7 derives the constant growth DCF model common equity cost rate. As shown, the indicated common equity cost rate, using the constant growth DCF for the Non-Price Regulated Proxy Groups comparable in total risk to the Gas and Electric Utility Proxy Group, are 11.87% and 11.17%, respectively.

Pages 4 through 7 of Schedule ROR-7 contain the data and calculations that support the 12.27% and 12.29% RPM common equity cost rates applicable to the Non-Price Regulated Proxy Groups comparable in total risk to the Gas and Electric Utility Proxy Groups, respectively. As shown on line 1, page 4 of Schedule ROR-7, the consensus prospective yield on Moody's Baa2-rated corporate bonds for the six quarters ending in the second quarter of 2026, and for the years 2026 to 2030 and 2031 to 2035, is 6.14%.[32] Since the Non-Price Regulated Proxy Group relative to the Gas Utility Proxy Group has an average Moody's long-term issuer rating of A3/Baa1, a downward adjustment of 0.14% to the projected Baa2-rated corporate bond yield is necessary to reflect the difference in ratings.[33] Similarly, as the Non-

[32] *Blue Chip Financial Forecasts*, February 28, 2025, at 2 and November 27, 2024 at 14.
[33] As demonstrated in line 2 and described in note 2, page 4 of Schedule ROR-7.

Price Regulated Proxy Group relative to the Electric Utility Proxy Group has an average Moody's long-term issuer rating of A3, a downward adjustment of 0.18% to the projected Baa2-rated corporate bond yield is necessary to reflect the difference in ratings.[34]

This results in a projected A3/Baa1-rated corporate bond yields of 6.01% applicable to the Non-Price Regulated Proxy Group comparable in total risk to the Gas Utility Proxy Group, and a projected A3-rated corporate bond yields of 5.96% applicable to the Non-Price Regulated Proxy Group comparable in total risk to the Electric Utility Proxy Group

When the beta-adjusted risk premiums of 6.26% and 6.33%[35] relative to the Non-Price Regulated Proxy Groups comparable in total risk to the Gas and Electric Utility Proxy Groups, respectively, are added to the prospective A3/Baa1-rated and A3-rated corporate bond yields of 6.01% and 5.96%, the indicated RPM common equity cost rates are 12.27% and 12.29%, respectively.

Pages 8 and 9 of Schedule ROR-7 contains the inputs and calculations that support our indicated CAPM/ECAPM common equity cost rates of 11.75% and 11.89% for the Non-Price Regulated Proxy Groups comparable in total risk to the Gas and Electric Utility Proxy Groups, respectively.

[34] As demonstrated in line 2 and described in note 2, page 4 of Schedule ROR-7.
[35] Derived on page 7 of Schedule ROR-7.

Q. WHAT IS THE COST RATE OF COMMON EQUITY BASED ON THE NON-PRICE REGULATED PROXY GROUPS COMPARABLE IN TOTAL RISK TO THE GAS AND ELECTRIC UTILITY PROXY GROUPS?

A. As shown on page 1 of Schedule ROR-7, the results of the common equity models applied to the Non-Price Regulated Proxy Groups that are comparable in total risk to the Gas and Electric Utility Proxy Groups are as follows:

Table 11: Summary of Common Equity Cost Rates for the Non-Price Regulated Proxy Groups

	Non-Utility Group Based on Gas Utility Group	Non-Utility Group Based on Electric Utility Group
Discounted Cash Flow Model	11.87%	11.17%
Risk Premium Model	12.27%	12.29%
Capital Asset Pricing Model	11.75%	11.89%
Mean	11.96%	11.78%
Median	11.87%	11.89%
Average of Mean and Median	11.92%	11.84%

The average of the mean and median of these models for the Non-Price Regulated Proxy Groups comparable in total risk to the Gas and Electric Utility Proxy Groups are 11.92% and 11.84%, respectively, which we used as the indicated common equity cost rates for the Non-Price Regulated Proxy Groups.

VIII. CONCLUSION OF COMMON EQUITY COST RATES BEFORE ADJUSTMENTS

Q. WHAT ARE THE INDICATED COMMON EQUITY COST RATES FOR THE GAS AND ELECTRIC UTILITY PROXY GROUPS BEFORE ADJUSTMENTS?

A. By applying multiple cost of common equity models to the Gas and Electric Utility Proxy Groups and the Non-Price Regulated Proxy Group, the indicated cost of common equity before any relative risk adjustments is 10.29% - 11.92% for the Gas Proxy Group and 10.32% - 11.84% for the Electric Proxy Group. We used multiple cost of common equity models as primary tools in arriving at our recommended range of common equity cost rates, because no single model is so inherently precise that it can be relied on to the exclusion of other theoretically sound models. Using multiple models adds reliability to the estimated common equity cost rate, with the prudence of using multiple cost of common equity models supported in both the financial literature and regulatory precedent.

As will be discussed below, the Companies have greater risk than their respective Utility Proxy Groups. Because of this, the indicated range of model results based on the Utility Proxy Groups must be adjusted to reflect the Companies' greater relative risk.

IX. ADJUSTMENTS TO THE COMMON EQUITY COST RATES

A. Size Adjustment

Q. DOES THE COMPANIES' SMALLER SIZE RELATIVE TO THE GAS AND ELECTRIC UTILITY PROXY GROUPS INCREASE THEIR BUSINESS RISK?

A. Yes. The Companies' smaller size relative to the Gas and Electric Utility Proxy Groups indicates greater relative business risk for the Companies because, all else being equal, size has a material bearing on risk.

Size affects business risk because smaller companies generally are less able to cope with significant events that affect sales, revenues and earnings. For example, smaller companies face more risk exposure to business cycles and economic conditions, both nationally and locally. Additionally, the loss of revenues from a few larger customers would have a greater effect on a small company than on a bigger company with a larger, more diverse, customer base.

As further evidence that smaller firms are riskier, investors generally demand greater returns from smaller firms to compensate for less marketability and liquidity of their securities. Kroll's Cost of Capital Navigator: U.S. Cost of Capital Module ("Kroll") discusses the nature of the small-size phenomenon, providing an indication of the magnitude of the size premium based on several measures of size. In discussing "Size as a Predictor of Equity Premiums," Kroll states:

> The size effect is based on the empirical observation that companies of smaller size are associated with greater risk and, therefore, have greater cost of capital [sic]. The "size" of a company is one of the most important risk elements to consider when developing cost of equity capital estimates for use in valuing a business simply because size has been shown to be a *predictor* of equity returns. In other

> words, there is a significant (negative) relationship between size and historical equity returns - as size *decreases*, returns tend to *increase*, and vice versa. (footnote omitted) (emphasis in original)[36]

Furthermore, in "The Capital Asset Pricing Model: Theory and Evidence," Fama and French note size is indeed a risk factor which must be reflected when estimating the cost of common equity. On page 38, they note:

> . . . the higher average returns on small stocks and high book-to-market stocks reflect unidentified state variables that produce undiversifiable risks (covariances) in returns not captured in the market return and are priced separately from market betas.[37]

Based on this evidence, Fama and French proposed their three-factor model which includes a size variable in recognition of the effect size has on the cost of common equity.

Also, it is a basic financial principle that the use of funds invested, and not the source of funds, is what gives rise to the risk of any investment.[38] Eugene Brigham, a well-known authority, states:

> A number of researchers have observed that portfolios of small-firms (sic) have earned consistently higher average returns than those of large-firm stocks; this is called the "small-firm effect." On the surface, it would seem to be advantageous to the small firms to provide average returns in a stock market that are higher than those of larger firms. In reality, it is bad news for the small firm; **what the small-firm effect means is that the capital market demands higher returns on stocks of small firms than on otherwise similar stocks of the large firms**. (emphasis added)[39]

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36 Kroll, Cost of Capital Navigator: U.S. Cost of Capital Module, Size as a Predictor of Equity Returns, at 1.

37 Fama & French, at 25-43.

38 Richard A. Brealey and Stewart C. Myers, Principles of Corporate Finance (McGraw-Hill Book Company, 1996), at 204-205, 229.

39 Eugene F. Brigham, Fundamentals of Financial Management, Fifth Edition (The Dryden Press, 1989), at 623.

Consistent with the financial principle of risk and return discussed above, increased relative risk due to small size must be considered in the allowed rate of return on common equity. Therefore, the Commission's authorization of a cost rate of common equity in this proceeding must appropriately reflect the Companies' unique risks, including their small size, which is justified and supported above by evidence in the financial literature.

Q. IS THERE A WAY TO QUANTIFY A RELATIVE RISK ADJUSTMENT DUE TO THE COMPANIES' SMALL SIZE RELATIVE TO THE GAS AND ELECTRIC UTILITY PROXY GROUPS?

A. Yes. The Companies have greater relative risk than the average utility in the Gas and Electric Utility Proxy Groups because of their smaller size compared with the utilities in those groups, as measured by an estimated market capitalization of common equity for the jurisdictional operations of each company.

Table 12: Size as Measured by Market Capitalization for Valley, Citizens', and the Gas and Electric Utility Proxy Groups

	Market Capitalization* ($ Millions)	Times Greater than The Company
Valley Energy, Inc.	$18.603	
Gas Utility Proxy Group	$4,721.136	253.8x
Citizens' Electric Company	$18.097	
Electric Utility Proxy Group	$16,525.930	913.2x
Wellsboro Electric Company	$24.787	
Electric Utility Proxy Group	$16,525.930	666.7x

*From page 1 of Schedule ROR-8.

Valley's, Citizens', and Wellsboro's estimated market capitalizations were $18.603 million, $18.097 million, and $24.787 million respectively, as of February 28, 2025, compared with the market capitalization of the average company in the Gas and Electric Utility Proxy Groups of $4.721 billion and $16.526 billion, respectively, as of February 28, 2025. The average companies in the Gas and Electric Utility Proxy Groups have a market capitalization 253.8 times, 913.2 times and 666.7 times Valley, Citizens', and Wellsboro, respectively.

As a result, it is necessary to upwardly adjust the indicated common equity cost rates attributable to the Gas and Electric Utility Proxy Groups to reflect the Companies' greater risk due to their smaller relative size. The determination is based on the size premiums for portfolios of New York Stock Exchange, American Stock Exchange, and NASDAQ listed companies ranked by deciles for the 1926 to

2024 period. The average size premium for the Gas and Electric Utility Proxy Groups with market capitalizations of $4.721 and $16.526 billion fall in the 5th and 3rd deciles, respectively, while Valley's, Citizens', and Wellsboro's estimated market capitalizations of $18.603 million, $18.097 million, and $24.787 million respectively, place them in the 10th decile. The size premium spread between the 5th decile and the 10th decile is 3.73%, while the size premium between the 3rd decile and the 10th decile is 3.98%.

Q. HAS THIS COMMISSION CONSIDERED SIZE IN DETERMINING THE AUTHORIZED ROE?

A. Yes, it has. In Docket No. R-2019-3008212, the Commission stated:

> Based on the evidence of record, we agree with the recommendation of the ALJs that the Company be awarded a DCF cost of common equity which is one standard deviation about the average of the mean and median proxy group ROE from the Company's DCF analysis. In so doing, we recognize that the Company's size is a factor in assessing its ability to attract capital. Accordingly, we shall reject Citizens' Exception No. 10, I&E's Exception No. 4, and the OCA's Exception No. 7, consistent with the following discussion.
>
> We are not convinced by the arguments of I&E and the OCA that the ALJs erred in awarding a size adjustment to Citizens'. Rather, we are of the same position as the ALJs that the Company's witness Mr. D'Ascendis offered persuasive record evidence that there is a general inverse relationship between size and risk, such that smaller utilities like Citizens' face greater risk.[40]

Q. WHAT WOULD BE THE ROE RESULT USING THE COMMISSION'S METHOD IN THIS CASE?

A. The average of the mean and median DCF model results are 10.29% and 10.32% for the Gas and Electric Utility Proxy Groups, respectively, as shown on page 1 of

[40] Pennsylvania Public Utility Commission, Docket No. R-2019-3008212, Opinion and Order, at 103.

Schedule ROR-3. The standard deviation of those results is 1.53% and 0.85%, respectively. In view of the indicated size premiums of 3.73% and 3.98% and DCF model size premiums of 1.53% and 0.85%, we recommend size premiums of 1.00% for Valley and 0.85% for Citizens' and Wellsboro.

B. <u>Performance Factor Adjustment</u>

Q. HAVE YOU REFLECTED THE COMPANIES' REQUESTED RATE OF RETURN PREMIUM BASED ON CODE 66 Pa.C.S. § 523 REGARDING PERFORMANCE FACTOR?

A. Yes. The adjustment is shown on line 7 of page 2 of Schedule ROR-1. The testimonies for including the performance factor adjustment in the ROE for the Companies are sponsored by Valley's Witness Mr. Rogers, Citizens' Witness Mr. Johnson, and Wellsboro's Witness Farnsworth. The rate of return premium associated with the performance factor is 0.05%.

Q. HAS THE COMMISSION AWARDED THE COMPANIES A PERFORMANCE FACTOR ADJUSTMENT?

A. Yes, it has. In Docket Nos. R-2019-3008209 (Valley) and R-2019-3008212 (Citizens'), the Commission awarded the Companies performance factor adjustments of 0.05%.[41] As discussed by Valley's Witness Mr. Rogers, Citizens' Witness Mr. Johnson, and Wellsboro's Witness Farnsworth, it is their belief that the performance factor adjustment still applies.

[41] Docket No. R-2019-3008209 (Valley), at 118-120, and Docket No. R-2019-3008212 (Citizens'), at 108-110.

Q. WHAT IS THE INDICATED COST OF COMMON EQUITY AFTER YOUR COMPANY-SPECIFIC ADJUSTMENTS?

A. Applying the 1.00% and 0.85% size adjustments, and the 0.05% performance factor adjustment to the indicated costs of common equity of 10.29% - 11.92% and 10.32% - 11.84%, applicable to the Gas and Electric Utility Proxy Groups, respectively, results in a range of common equity cost rates of 11.34% - 12.97% for Valley, and 11.22% - 12.74% for Citizens' and Wellsboro. Based on those ranges, we recommend a cost of common equity rate of 11.65% for the Companies, which is reasonable and conservative.

X. CONCLUSION

Q. WHAT ARE YOUR RECOMMENDED OVERALL WACCS FOR THE COMPANIES?

A. Given the Companies' ratemaking capital structures and long-term debt cost rates expected at the end of the projected test year, as discussed above, in combination with our recommended cost of common equity of 11.65% for Valley, Citizens', and Wellsboro, we recommend that WACCs of 8.27%, 8.49%, and 8.18%, for Valley, Citizens', and Wellsboro, respectively, are allowed.

Q. IN YOUR OPINION, ARE YOUR PROPOSED WACCS FAIR AND REASONABLE TO THE COMPANIES AND THEIR CUSTOMERS?

A. Yes, they are.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

Summary

Dylan is an experienced consultant and a Certified Rate of Return Analyst (CRRA) and Certified Valuation Analyst (CVA). Dylan joined ScottMadden in 2016 and is a leading expert witness with respect to cost of capital, capital structure, and valuation. He has served as a consultant for investor-owned and municipal utilities and authorities for 16 years. Dylan has testified as an expert witness on over 150 occasions regarding rate of return, cost of service, rate design, and valuation before more than 40 regulatory jurisdictions in the United States and Canada, an American Arbitration Association panel, and the Superior Court of Rhode Island. He also maintains the benchmark index against which the Hennessy Gas Utility Mutual Fund performance is measured. Dylan holds a B.A. in economic history from the University of Pennsylvania and an M.B.A. with concentrations in finance and international business from Rutgers University.

Areas of Specialization

- Expert Witness Testimony
- Rates and Regulation
- Return on Equity
- Valuation
- Utility Regulations
- Rate Case Planning, Management, and Support
- Utility Benchmarking

Recent Articles and Speeches

- "Decoupling, Risk Impacts, and the Cost of Capital." Co-authored with Richard A. Michelfelder, Ph.D., Rutgers University and Pauline M. Ahern. The Electricity Journal. March 2020
- "Decoupling Impact and Public Utility Conservation Investment." Co-authored with Richard A. Michelfelder, Ph.D., Rutgers University and Pauline M. Ahern. Energy Policy Journal. 130 (2019), 311-319
- "Establishing Alternative Proxy Groups." Presentation before the Society of Utility and Regulatory Financial Analysts: 51st Financial Forum. April 4, 2019. New Orleans, LA
- "Past Is Prologue: Future Test Year." Presentation before the National Association of Water Companies 2017 Southeast Water Infrastructure Summit. May 2, 2017. Savannah, GA
- "Comparative Evaluation of the Predictive Risk Premium Model^{TM}, the Discounted Cash Flow Model and the Capital Asset Pricing Model." Co-authored with Richard A. Michelfelder, Ph.D., Rutgers University, Pauline M. Ahern, and Frank J. Hanley. The Electricity Journal. May 2013
- "Decoupling: Impact on the Risk and Cost of Common Equity of Public Utility Stocks." Presentation before the Society of Utility and Regulatory Financial Analysts: 45th Financial Forum. April 17-18, 2013. Indianapolis, IN

Recent Assignments

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

Sponsor	Date	Case/Applicant	Docket No.	Subject
Regulatory Commission of Alaska				
Goat Lake Hydro, Inc.	12/24	Goat Lake Hydro, Inc.	Docket No. TA7-521	Rate of Return
Alaska Power Company	08/23	Alaska Power Company	Docket No. TA 909-2 / U-23-054	Capital Structure
ENSTAR Natural Gas Company	08/22	ENSTAR Natural Gas Company	Docket No. TA334-4	Rate of Return
Cook Inlet Natural Gas Storage Alaska, LLC	07/21	Cook Inlet Natural Gas Storage Alaska, LLC	Docket No. TA45-733	Capital Structure
Alaska Power Company	09/20	Alaska Power Company; Goat Lake Hydro, Inc.; BBL Hydro, Inc.	Tariff Nos. TA886-2; TA6-521; TA4-573	Capital Structure
Alaska Power Company	07/16	Alaska Power Company	Docket No. TA857-2	Rate of Return
Alberta Utilities Commission				
AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.	02/23	AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.	Proceeding ID. 27084	Determination of Cost-of-Capital Parameters
AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.	01/20	AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.	2021 Generic Cost of Capital, Proceeding ID. 24110	Rate of Return
Arizona Corporation Commission				
EPCOR Water Arizona, Inc.	06/24	EPCOR Water Arizona, Inc.	Docket No. WS-01303A-24-0130	Rate of Return
Arizona Water Company	05/24	Arizona Water Company – Northern Group	Docket No. W-01445A-24-0117	Rate of Return
Foothills Water & Sewer, LLC	10/23	Foothills Water & Sewer, LLC	Docket No. WS-21182A-23-0292	Rate of Return and Fair Value Rate Base
Arizona Water Company	12/22	Arizona Water Company – Eastern Group	Docket No. W-01445A-22-0286	Rate of Return
EPCOR Water Arizona, Inc.	08/22	EPCOR Water Arizona, Inc.	Docket No. WS-01303A-22-0236	Rate of Return
EPCOR Water Arizona, Inc.	06/20	EPCOR Water Arizona, Inc.	Docket No. WS-01303A-20-0177	Rate of Return
Arizona Water Company	12/19	Arizona Water Company – Western Group	Docket No. W-01445A-19-0278	Rate of Return
Arizona Water Company	08/18	Arizona Water Company – Northern Group	Docket No. W-01445A-18-0164	Rate of Return
Arkansas Public Service Commission				
Summit Utilities Arkansas, Inc.	01/24	Summit Utilities Arkansas, Inc.	Docket No. 23-079-U	Rate of Return
Southwestern Electric Power Co.	07/21	Southwestern Electric Power Co.	Docket No. 21-070-U	Return on Equity
CenterPoint Energy Resources Corp.	05/21	CenterPoint Arkansas Gas	Docket No. 21-004-U	Return on Equity
California Public Utilities Commission				
Southwest Gas Corporation	07/24	Southwest Gas Corporation	Docket No. A24-09-001	Return on Equity
San Gabriel Valley Water Company	05/23	San Gabriel Valley Water Company	Docket No. A23-05-001	Return on Equity
City of Edmonton, Canada				
EPCOR Water Services, Inc.	05/24	EPCOR Water Services, Inc.	Performance Based Regulation Application	Cost of Capital
Colorado Public Utilities Commission				
Atmos Energy Corporation	08/22	Atmos Energy Corporation	Docket No. 22AL-0348G	Rate of Return
Summit Utilities, Inc.	04/18	Colorado Natural Gas Company	Docket No. 18AL-0305G	Rate of Return
Atmos Energy Corporation	06/17	Atmos Energy Corporation	Docket No. 17AL-0429G	Rate of Return

Sponsor	Date	Case/Applicant	Docket No.	Subject
Commission of the Canada Energy Regulator				
Trans-Northern Pipelines Inc.	11/22	Trans-Northern Pipelines Inc.	Docket No. C-22197	Cost of Capital
Delaware Public Service Commission				
Delmarva Power & Light Co.	09/24	Delmarva Power & Light Co.	Docket No. 24-1044 (Gas)	Return on Equity
Tidewater Utilities, Inc.	08/24	Tidewater Utilities, Inc.	Docket No. 24-0991	Rate of Return
Delmarva Power & Light Co.	07/24	Delmarva Power & Light Co.	Docket No. 24-0868	Alternative Forms of Rate Regulation
Artesian Water Company, Inc.	04/23	Artesian Water Company, Inc.	Docket No. 23-0601	Rate of Return
Delmarva Power & Light Co.	12/22	Delmarva Power & Light Co.	Docket No. 22-0897 (Electric)	Return on Equity
Delmarva Power & Light Co.	01/22	Delmarva Power & Light Co.	Docket No. 22-002 (Gas)	Return on Equity
Delmarva Power & Light Co.	11/20	Delmarva Power & Light Co.	Docket No. 20-0149 (Electric)	Return on Equity
Delmarva Power & Light Co.	10/20	Delmarva Power & Light Co.	Docket No. 20-0150 (Gas)	Return on Equity
Tidewater Utilities, Inc.	11/13	Tidewater Utilities, Inc.	Docket No. 13-466	Capital Structure
Public Service Commission of the District of Columbia				
Washington Gas Light Company	08/24	Washington Gas Light Company	Formal Case No. 1180	Rate of Return
Washington Gas Light Company	04/22	Washington Gas Light Company	Formal Case No. 1169	Rate of Return
Washington Gas Light Company	09/20	Washington Gas Light Company	Formal Case No. 1162	Rate of Return
Federal Energy Regulatory Commission				
LS Power Grid California, LLC	10/20	LS Power Grid California, LLC	Docket No. ER21-195-000	Rate of Return
Florida Public Service Commission				
Tampa Electric Company	04/24	Tampa Electric Company	Docket No. 20240025-EI	Return on Equity
Peoples Gas System, Inc.	04/23	Peoples Gas System, Inc.	Docket No. 20230023-GU	Rate of Return
Tampa Electric Company	04/21	Tampa Electric Company	Docket No. 20210034-EI	Return on Equity
Peoples Gas System, Inc.	09/20	Peoples Gas System, Inc.	Docket No. 20200051-GU	Rate of Return
Utilities, Inc. of Florida	06/20	Utilities, Inc. of Florida	Docket No. 20200139-WS	Rate of Return
Hawaii Public Utilities Commission				
Launiupoko Irrigation Company, Inc.	12/20	Launiupoko Irrigation Company, Inc.	Docket No. 2020-0217 / Transferred to 2020-0089	Capital Structure
Lanai Water Company, Inc.	12/19	Lanai Water Company, Inc.	Docket No. 2019-0386	Cost of Service / Rate Design
Manele Water Resources, LLC	08/19	Manele Water Resources, LLC	Docket No. 2019-0311	Cost of Service / Rate Design
Kaupulehu Water Company	02/18	Kaupulehu Water Company	Docket No. 2016-0363	Rate of Return
Aqua Engineers, LLC	05/17	Puhi Sewer & Water Company	Docket No. 2017-0118	Cost of Service / Rate Design
Hawaii Resources, Inc.	09/16	Laie Water Company	Docket No. 2016-0229	Cost of Service / Rate Design
Illinois Commerce Commission				
Ameren Illinois Company d/b/a Ameren Illinois	01/25	Ameren Illinois Company d/b/a Ameren Illinois	Docket No. 25-0084 (Gas)	Return on Equity
Aqua Illinois, Inc.	01/24	Aqua Illinois, Inc.	Docket No. 24-0044	Rate of Return
Ameren Illinois Company d/b/a Ameren Illinois	01/23	Ameren Illinois Company d/b/a Ameren Illinois	Docket No. 23-0082 (Electric)	Return on Equity
Ameren Illinois Company d/b/a Ameren Illinois	01/23	Ameren Illinois Company d/b/a Ameren Illinois	Docket No. 23-0067 (Gas)	Return on Equity
Utility Services of Illinois, Inc.	02/21	Utility Services of Illinois, Inc.	Docket No. 21-0198	Rate of Return
Ameren Illinois Company d/b/a Ameren Illinois	07/20	Ameren Illinois Company d/b/a Ameren Illinois	Docket No. 20-0308	Return on Equity

scottmadden
MANAGEMENT CONSULTANTS

Appendix A - Resume and Testimony Listing of:
Dylan W. D'Ascendis, CRRA, CVA
Partner

Sponsor	Date	Case/Applicant	Docket No.	Subject
Utility Services of Illinois, Inc.	11/17	Utility Services of Illinois, Inc.	Docket No. 17-1106	Cost of Service / Rate Design
Aqua Illinois, Inc.	04/17	Aqua Illinois, Inc.	Docket No. 17-0259	Rate of Return
Utility Services of Illinois, Inc.	04/15	Utility Services of Illinois, Inc.	Docket No. 14-0741	Rate of Return
Indiana Utility Regulatory Commission				
Aqua Indiana, Inc.	03/16	Aqua Indiana, Inc. Aboite Wastewater Division	Docket No. 44752	Rate of Return
Twin Lakes, Utilities, Inc.	08/13	Twin Lakes, Utilities, Inc.	Docket No. 44388	Rate of Return
Kansas Corporation Commission				
Atmos Energy Corporation	07/19	Atmos Energy Corporation	19-ATMG-525-RTS	Rate of Return
Kentucky Public Service Commission				
Atmos Energy Corporation	09/24	Atmos Energy Corporation	2024-00276	Rate of Return
Bluegrass Water Utility Operating Company	02/23	Bluegrass Water Utility Operating Company	2022-00432	Return on Equity
Atmos Energy Corporation	07/22	Atmos Energy Corporation	2022-00222	PRP Rider Rate
Water Service Corporation of KY	06/22	Water Service Corporation of KY	2022-00147	Rate of Return
Atmos Energy Corporation	07/21	Atmos Energy Corporation	2021-00304	PRP Rider Rate
Atmos Energy Corporation	06/21	Atmos Energy Corporation	2021-00214	Rate of Return
Duke Energy Kentucky, Inc.	06/21	Duke Energy Kentucky, Inc.	2021-00190	Return on Equity
Bluegrass Water Utility Operating Company	10/20	Bluegrass Water Utility Operating Company	2020-00290	Return on Equity
Louisiana Public Service Commission				
Utilities, Inc. of Louisiana	05/21	Utilities, Inc. of Louisiana	Docket No. U-36003	Rate of Return
Southwestern Electric Power Company	12/20	Southwestern Electric Power Company	Docket No. U-35441	Return on Equity
Atmos Energy Corporation	04/20	Atmos Energy Corporation	Docket No. U-35535	Rate of Return
Louisiana Water Service, Inc.	06/13	Louisiana Water Service, Inc.	Docket No. U-32848	Rate of Return
Maine Public Utilities Commission				
Northern Utilities, Inc. d/b/a Unitil	05/23	Northern Utilities, Inc. d/b/a Unitil	Docket No. 2023-00051	Return on Equity
Summit Natural Gas of Maine, Inc.	03/22	Summit Natural Gas of Maine, Inc.	Docket No. 2022-00025	Rate of Return
The Maine Water Company	09/21	The Maine Water Company	Docket No. 2021-00053	Rate of Return
Maryland Public Service Commission				
Washington Gas Light Company	05/23	Washington Gas Light Company	Case No. 9704	Rate of Return
FirstEnergy Service Company	03/23	Potomac Edison Company	Case No. 9695	Rate of Return
Washington Gas Light Company	08/20	Washington Gas Light Company	Case No. 9651	Rate of Return
FirstEnergy Corporation	08/18	Potomac Edison Company	Case No. 9490	Rate of Return
Massachusetts Department of Public Utilities				
Unitil Corporation	09/23	Fitchburg Gas & Electric Co. (Elec.)	D.P.U. 23-80	Rate of Return
Unitil Corporation	09/23	Fitchburg Gas & Electric Co. (Gas)	D.P.U. 23-81	Rate of Return
Unitil Corporation	12/19	Fitchburg Gas & Electric Co. (Elec.)	D.P.U. 19-130	Rate of Return
Unitil Corporation	12/19	Fitchburg Gas & Electric Co. (Gas)	D.P.U. 19-131	Rate of Return
Liberty Utilities	07/15	Liberty Utilities d/b/a New England Natural Gas Company	D.P.U. 15-75	Rate of Return
Minnesota Public Utilities Commission				
Northern States Power Company	11/01	Northern States Power Company	Docket No. G002/GR-21-678	Return on Equity
Northern States Power Company	10/21	Northern States Power Company	Docket No. E002/GR-21-630	Return on Equity
Northern States Power Company	11/20	Northern States Power Company	Docket No. E002/GR-20-723	Return on Equity

scottmadden
MANAGEMENT CONSULTANTS

Appendix A - Resume and Testimony Listing of:
Dylan W. D'Ascendis, CRRA, CVA
Partner

Sponsor	Date	Case/Applicant	Docket No.	Subject
Mississippi Public Service Commission				
Great River Utility Operating Co.	07/22	Great River Utility Operating Co.	Docket No. 2022-UN-86	Rate of Return
Atmos Energy Corporation	03/19	Atmos Energy Corporation	Docket No. 2015-UN-049	Capital Structure
Atmos Energy Corporation	07/18	Atmos Energy Corporation	Docket No. 2015-UN-049	Capital Structure
Missouri Public Service Commission				
Confluence Rivers Utility Operating Company, Inc.	01/23	Confluence Rivers Utility Operating Company, Inc.	Case No. WR-2023-0006/SR-2023-0007	Rate of Return
Spire Missouri, Inc.	12/20	Spire Missouri, Inc.	Case No. GR-2021-0108	Return on Equity
Indian Hills Utility Operating Company, Inc.	10/17	Indian Hills Utility Operating Company, Inc.	Case No. SR-2017-0259	Rate of Return
Raccoon Creek Utility Operating Company, Inc.	09/16	Raccoon Creek Utility Operating Company, Inc.	Case No. SR-2016-0202	Rate of Return
Public Utilities Commission of Nevada				
Southwest Gas Corporation	09/23	Southwest Gas Corporation	Docket No. 23-09012	Return on Equity
Southwest Gas Corporation	09/21	Southwest Gas Corporation	Docket No. 21-09001	Return on Equity
Southwest Gas Corporation	08/20	Southwest Gas Corporation	Docket No. 20-02023	Return on Equity
New Hampshire Public Utilities Commission				
Aquarion Water Company of New Hampshire, Inc.	12/20	Aquarion Water Company of New Hampshire, Inc.	Docket No. DW 20-184	Rate of Return
New Jersey Board of Public Utilities				
Atlantic City Electric Company	11/24	Atlantic City Electric Company	Docket No. ER24110854	Rate of Return
New Jersey Natural Gas Company	01/24	New Jersey Natural Gas Company	Docket No. GR24010071	Rate of Return
Middlesex Water Company	05/23	Middlesex Water Company	Docket No. WR23050292	Rate of Return
FirstEnergy Service Company	03/23	Jersey Central Power & Light Co.	Docket No. ER23030144	Rate of Return
Atlantic City Electric Company	02/23	Atlantic City Electric Company	Docket No. ER23020091	Return on Equity
Middlesex Water Company	05/21	Middlesex Water Company	Docket No. WR21050813	Rate of Return
Atlantic City Electric Company	12/20	Atlantic City Electric Company	Docket No. ER20120746	Return on Equity
FirstEnergy Service Company	02/20	Jersey Central Power & Light Co.	Docket No. ER20020146	Rate of Return
Aqua New Jersey, Inc.	12/18	Aqua New Jersey, Inc.	Docket No. WR18121351	Rate of Return
Middlesex Water Company	10/17	Middlesex Water Company	Docket No. WR17101049	Rate of Return
Middlesex Water Company	03/15	Middlesex Water Company	Docket No. WR15030391	Rate of Return
The Atlantic City Sewerage Company	10/14	The Atlantic City Sewerage Company	Docket No. WR14101263	Cost of Service / Rate Design
Middlesex Water Company	11/13	Middlesex Water Company	Docket No. WR1311059	Capital Structure
New Mexico Public Regulation Commission				
New Mexico Gas Company	09/23	New Mexico Gas Company	Case No. 23-00255-UT	Return on Equity
Southwestern Public Service Co.	11/22	Southwestern Public Service Co.	Case No. 22-00286-UT	Return on Equity
Southwestern Public Service Co.	01/21	Southwestern Public Service Co.	Case No. 20-00238-UT	Return on Equity
North Carolina Utilities Commission				
Pluris Hampstead, LLC	09/24	Pluris Hampstead, LLC	Docket No. W-1305, Sub 38	Rate of Return
Old North State Water Co., Inc.	06/24	Old North State Water Co., Inc.	Docket No. W-1300, Sub 100	Rate of Return
Carolina Water Service, Inc.	07/22	Carolina Water Service, Inc.	Docket No. W-354 Sub 400	Rate of Return
Aqua North Carolina, Inc.	06/22	Aqua North Carolina, Inc.	Docket No. W-218 Sub 573	Rate of Return
Carolina Water Service, Inc.	07/21	Carolina Water Service, Inc.	Docket No. W-354 Sub 384	Rate of Return
Piedmont Natural Gas Co., Inc.	03/21	Piedmont Natural Gas Co., Inc.	Docket No. G-9, Sub 781	Return on Equity
Duke Energy Carolinas, LLC	07/20	Duke Energy Carolinas, LLC	Docket No. E-7, Sub 1214	Return on Equity
Duke Energy Progress, LLC	07/20	Duke Energy Progress, LLC	Docket No. E-2, Sub 1219	Return on Equity

Sponsor	Date	Case/Applicant	Docket No.	Subject
Aqua North Carolina, Inc.	12/19	Aqua North Carolina, Inc.	Docket No. W-218 Sub 526	Rate of Return
Carolina Water Service, Inc.	06/19	Carolina Water Service, Inc.	Docket No. W-354 Sub 364	Rate of Return
Carolina Water Service, Inc.	09/18	Carolina Water Service, Inc.	Docket No. W-354 Sub 360	Rate of Return
Aqua North Carolina, Inc.	07/18	Aqua North Carolina, Inc.	Docket No. W-218 Sub 497	Rate of Return
North Dakota Public Service Commission				
Northern States Power Company	09/21	Northern States Power Company	Case No. PU-21-381	Rate of Return
Northern States Power Company	11/20	Northern States Power Company	Case No. PU-20-441	Rate of Return
Public Utilities Commission of Ohio				
FirstEnergy	06/24	Ohio Edison Co., Cleveland Electric Illuminating Co., Toledo Edison Co.	Case No. 24-0468-EL-AIR	Rate of Return
Aqua Ohio, Inc.	11/22	Aqua Ohio, Inc.	Case No. 22-1094-WW-AIR	Rate of Return
Duke Energy Ohio, Inc.	10/21	Duke Energy Ohio, Inc.	Case No. 21-887-EL-AIR	Return on Equity
Aqua Ohio, Inc.	07/21	Aqua Ohio, Inc.	Case No. 21-0595-WW-AIR	Rate of Return
Aqua Ohio, Inc.	05/16	Aqua Ohio, Inc.	Case No. 16-0907-WW-AIR	Rate of Return
Pennsylvania Public Utility Commission				
FirstEnergy	04/24	Pennsylvania Electric Company	Docket No. R-2024-3047068	Rate of Return
Columbia Water Company	05/23	Columbia Water Company	Docket No. R-2023-3040258	Rate of Return
Borough of Ambler	06/22	Borough of Ambler – Bureau of Water	Docket No. R-2022-3031704	Rate of Return
Citizens' Electric Company of Lewisburg	05/22	C&T Enterprises	Docket No. R-2022-3032369	Rate of Return
Valley Energy Company	05/22	C&T Enterprises	Docket No. R-2022-3032300	Rate of Return
Community Utilities of Pennsylvania, Inc.	04/21	Community Utilities of Pennsylvania, Inc.	Docket No. R-2021-3025207	Rate of Return
Vicinity Energy Philadelphia, Inc.	04/21	Vicinity Energy Philadelphia, Inc.	Docket No. R-2021-3024060	Rate of Return
Delaware County Regional Water Control Authority	02/20	Delaware County Regional Water Control Authority	Docket No. A-2019-3015173	Valuation
Valley Energy, Inc.	07/19	C&T Enterprises	Docket No. R-2019-3008209	Rate of Return
Wellsboro Electric Company	07/19	C&T Enterprises	Docket No. R-2019-3008208	Rate of Return
Citizens' Electric Company of Lewisburg	07/19	C&T Enterprises	Docket No. R-2019-3008212	Rate of Return
Steelton Borough Authority	01/19	Steelton Borough Authority	Docket No. A-2019-3006880	Valuation
Mahoning Township, PA	08/18	Mahoning Township, PA	Docket No. A-2018-3003519	Valuation
SUEZ Water Pennsylvania Inc.	04/18	SUEZ Water Pennsylvania Inc.	Docket No. R-2018-000834	Rate of Return
Columbia Water Company	09/17	Columbia Water Company	Docket No. R-2017-2598203	Rate of Return
Veolia Energy Philadelphia, Inc.	06/17	Veolia Energy Philadelphia, Inc.	Docket No. R-2017-2593142	Rate of Return
Emporium Water Company	07/14	Emporium Water Company	Docket No. R-2014-2402324	Rate of Return
Columbia Water Company	07/13	Columbia Water Company	Docket No. R-2013-2360798	Rate of Return
Penn Estates Utilities, Inc.	12/11	Penn Estates, Utilities, Inc.	Docket No. R-2011-2255159	Capital Structure / Long-Term Debt Cost Rate
South Carolina Public Service Commission				
Blue Granite Water Co.	12/19	Blue Granite Water Company	Docket No. 2019-292-WS	Rate of Return
Carolina Water Service, Inc.	02/18	Carolina Water Service, Inc.	Docket No. 2017-292-WS	Rate of Return
Carolina Water Service, Inc.	06/15	Carolina Water Service, Inc.	Docket No. 2015-199-WS	Rate of Return
Carolina Water Service, Inc.	11/13	Carolina Water Service, Inc.	Docket No. 2013-275-WS	Rate of Return

Sponsor	Date	Case/Applicant	Docket No.	Subject
United Utility Companies, Inc.	09/13	United Utility Companies, Inc.	Docket No. 2013-199-WS	Rate of Return
Utility Services of South Carolina, Inc.	09/13	Utility Services of South Carolina, Inc.	Docket No. 2013-201-WS	Rate of Return
Tega Cay Water Services, Inc.	11/12	Tega Cay Water Services, Inc.	Docket No. 2012-177-WS	Capital Structure
South Dakota Public Service Commission				
Northern States Power Company	06/22	Northern States Power Company	Docket No. EL22-017	Rate of Return
Tennessee Public Utility Commission				
CSWR – Limestone Water Utility Operating Company	07/24	CSWR – Limestone Water Utility Operating Company	Docket No. 24-00044	Capital Structure, Cost of Debt, Return on Equity
Piedmont Natural Gas Company	07/20	Piedmont Natural Gas Company	Docket No. 20-00086	Return on Equity
Public Utility Commission of Texas				
CSWR TX Utility Operating Co, LLC	12/24	CSWR TX Utility Operating Co, LLC	Docket No. 57386	Rate of Return
BVRT Utility Holding Co., LLC	07/24	Texas Water Utilities, LP	Docket No. 56664	Rate of Return
Texas Water Utilities, LP	06/24	Texas Water Utilities, LP	Docket No. 56665	Rate of Return
Southwestern Public Service Co.	02/23	Southwestern Public Service Co.	Docket No. 54634	Return on Equity
CSWR – Texas Utility Operating Company, LLC	02/23	CSWR – Texas Utility Operating Company, LLC	Docket No. 54565	Rate of Return
Oncor Electric Delivery Co. LLC	05/22	Oncor Electric Delivery Co. LLC	Docket No. 53601	Return on Equity
Southwestern Public Service Co.	02/21	Southwestern Public Service Co.	Docket No. 51802	Return on Equity
Southwestern Electric Power Co.	10/20	Southwestern Electric Power Co.	Docket No. 51415	Rate of Return
Texas Railroad Commission				
Atmos Energy Corporation – Mid-Texas Division	11/24	Atmos Energy Corporation – Mid-Texas Division	Docket No. OS-24-00019196	Return on Equity
Atmos Energy Corporation – West Texas Division	10/24	Atmos Energy Corporation – West Texas Division	Docket No. OS-24-00018879	Return on Equity
Atmos Pipeline – Texas, a Division of Atmos Energy Corporation	05/23	Atmos Pipeline – Texas, a Division of Atmos Energy Corporation	Docket No. OS-23-00013758	Return on Equity
Virginia State Corporation Commission				
Aqua Virginia, Inc.	07/23	Aqua Virginia, Inc.	PUR-2023-00073	Rate of Return
Washington Gas Light Company	06/22	Washington Gas Light Company	PUR-2022-00054	Return on Equity
Virginia Natural Gas, Inc.	04/21	Virginia Natural Gas, Inc.	PUR-2020-00095	Return on Equity
Massanutten Public Service Corporation	12/20	Massanutten Public Service Corporation	PUE-2020-00039	Return on Equity
Aqua Virginia, Inc.	07/20	Aqua Virginia, Inc.	PUR-2020-00106	Rate of Return
WGL Holdings, Inc.	07/18	Washington Gas Light Company	PUR-2018-00080	Rate of Return
Atmos Energy Corporation	05/18	Atmos Energy Corporation	PUR-2018-00014	Rate of Return
Aqua Virginia, Inc.	07/17	Aqua Virginia, Inc.	PUR-2017-00082	Rate of Return
Massanutten Public Service Corp.	08/14	Massanutten Public Service Corp.	PUE-2014-00035	Rate of Return / Rate Design
Public Service Commission of West Virginia				
FirstEnergy Service Company	05/23	Monongahela Power Company and The Potomac Edison Company	Case No. 23-0460-E-42T	Return on Equity
FirstEnergy Service Company	12/21	Monongahela Power Company and The Potomac Edison Company	Case No. 21-0857-E-CN (ELG)	Return on Equity
FirstEnergy Service Company	11/21	Monongahela Power Company and The Potomac Edison Company	Case No. 21-0813-E-P (Solar)	Return on Equity

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MANAGEMENT CONSULTANTS

Appendix B - Resume of:
Ryan M. Kucan, CRRA
Manager

Summary

Ryan Kucan first joined ScottMadden in 2016 as an analyst and rejoined in 2021 as an associate. The majority of his experience has been providing primary support for the preparation of cost-of-capital expert witness testimony to support utility rate case filings before multiple jurisdictions in the United States and Canada. Ryan earned a B.S. in business administration, with a double concentration in accounting and finance, at the D'Amore-McKim School of Business at Northeastern University and an M.B.A. at the University of Toronto's Rotman School of Management. Ryan also earned his Certified Rate of Return Analyst designation in 2023.

Areas of Specialization

- Rates and regulation
- Capital market assessment
- Valuation
- Regulatory strategy and analysis
- Rate-of-return analysis
- Financial modeling

Recent Assignments

- Performed a net-financing-benefits analysis to support utility procurement contracts of offshore wind generation
- Reviewed financial models and state regulatory conditions to assist a potential private equity acquisition of a utility
- Assisted with a market-based valuation of natural gas pipeline assets for a transaction between utilities
- Conducted an analysis to calculate the historical return on equity based on a new model outlined in FERC Opinion No. 531
- Supported expert testimony on the cost of capital for ratemaking purposes before numerous state utility regulatory agencies for electric, natural gas, and water utilities

PRIMARY TESTIMONY SUPPORT EXPERIENCE

Sponsor	Date	Case/Applicant	Docket No.	Subject
Alberta Utilities Commission				
AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.	02/23	AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.	Proceeding ID. 27804	Determination of Cost-of-Capital Parameters
Arizona Corporation Commission				
EPCOR Water Arizona, Inc.	06/24	EPCOR Water Arizona, Inc.	Docket No. WS-01303A-24-0130	Rate of Return
Arizona Water Company	05/24	Arizona Water Company – Northern Group	Docket No. W-01445A-24-0117	Rate of Return
Foothills Water & Sewer, LLC	10/23	Foothills Water & Sewer, LLC	Docket No. WS-21182A-23-0292	Rate of Return
Arizona Water Company	12/22	Arizona Water Company – Eastern Group	Docket No. W-01445A-22-0286	Rate of Return
EPCOR Water Arizona, Inc.	08/22	EPCOR Water Arizona, Inc.	Docket No. WS-01303A-22-0236	Rate of Return
Arkansas Public Service Commission				
Summit Utilities Arkansas, Inc.	01/24	Summit Utilities Arkansas, Inc.	Docket No. 23-079-U	Rate of Return
Southwestern Electric Power Co.	07/21	Southwestern Electric Power Co.	Docket No. 21-070-U	Return on Equity
CenterPoint Energy Resources Corp.	05/21	CenterPoint Arkansas Gas	Docket No. 21-004-U	Return on Equity

California Public Utilities Commission				
Southwest Gas Corporation	07/24	Southwest Gas Corporation	Docket No. A24-09-001	Return on Equity
San Gabriel Valley Water Company	05/23	San Gabriel Valley Water Company	Docket No. A23-05-001	Return on Equity
City of Edmonton, Canada				
EPCOR Water Services, Inc.	05/24	EPCOR Water Services, Inc.	Performance Based Regulation Application	Cost of Capital
Commission of the Canada Energy Regulator				
Trans-Northern Pipelines Inc.	11/22	Trans-Northern Pipelines Inc.	Docket No. C-22197	Cost of Capital
Public Service Commission of the District of Columbia				
Washington Gas Light Company	08/24	Washington Gas Light Company	Formal Case No. 1180	Rate of Return
Washington Gas Light Company	04/22	Washington Gas Light Company	Formal Case No. 1169	Rate of Return
Florida Public Service Commission				
Tampa Electric Company	04/21	Tampa Electric Company	Docket No. 20210034-EI	Return on Equity
Illinois Commerce Commission				
Aqua Illinois, Inc.	01/24	Aqua Illinois, Inc.	Docket No. 24-0044	Rate of Return
Kentucky Public Service Commission				
Atmos Energy Corporation	07/22	Atmos Energy Corporation	2022-00222	PRP Rider Rate
Water Service Corporation of KY	06/22	Water Service Corporation of KY	2022-00147	Rate of Return
Atmos Energy Corporation	07/21	Atmos Energy Corporation	2021-00304	PRP Rider Rate
Atmos Energy Corporation	06/21	Atmos Energy Corporation	2021-00214	Rate of Return
Duke Energy Kentucky, Inc.	06/21	Duke Energy Kentucky, Inc.	2021-00190	Return on Equity
Louisiana Public Service Commission				
Utilities, Inc. of Louisiana	05/21	Utilities, Inc. of Louisiana	Docket No. U-36003	Rate of Return
Southwestern Electric Power Company	12/20	Southwestern Electric Power Company	Docket No. U-35441	Return on Equity
Maine Public Utilities Commission				
Northern Utilities, Inc. d/b/a Unitil	05/23	Northern Utilities, Inc. d/b/a Unitil	Docket No. 2023-00051	Return on Equity
Summit Natural Gas of Maine, Inc.	03/22	Summit Natural Gas of Maine, Inc.	Docket No. 2022-00025	Rate of Return
The Maine Water Company	09/21	The Maine Water Company	Docket No. 2021-00053	Rate of Return
Massachusetts Department of Public Utilities				
Unitil Corporation	08/23	Fitchburg Gas & Electric Co. (Elec.)	D.P.U. 23-80	Rate of Return
Unitil Corporation	08/23	Fitchburg Gas & Electric Co. (Gas)	D.P.U. 23-81	Rate of Return
Unitil Corporation	05/22	Fitchburg Gas & Electric Co.	D.P.U. 22-72	Remuneration Rate for Wind project
Maryland Public Service Commission				
Washington Gas Light Company	05/23	Washington Gas Light Company	Case No. 9704	Rate of Return
FirstEnergy Corporation	03/23	Potomac Edison Company	Case No. 9695	Rate of Return
Washington Gas Light Company	08/20	Washington Gas Light Company	Case No. 9651	Rate of Return
Mississippi Public Service Commission				
Great River Utility Operating Co.	07/22	Great River Utility Operating Co.	Docket No. 2022-UN-86	Rate of Return
Missouri Public Service Commission				
Spire Missouri, Inc.	12/20	Spire Missouri, Inc.	Case No. GR-2021-0108	Return on Equity
Public Utilities Commission of Nevada				
Southwest Gas Corporation	09/23	Southwest Gas Corporation	Docket No. 23-09012	Return on Equity
Southwest Gas Corporation	09/21	Southwest Gas Corporation	Docket No. 21-09001	Return on Equity
New Hampshire Public Utilities Commission				
Northern Utilities, Inc. d/b/a Unitil	08/21	Northern Utilities, Inc. d/b/a Unitil	D-DG-21-104	Rate of Return

New Jersey Board of Public Utilities				
FirstEnergy Service Company	03/23	Jersey Central Power & Light Co.	Docket No. ER23030144	Rate of Return
Middlesex Water Company	05/21	Middlesex Water Company	Docket No. WR21050813	Rate of Return
New Mexico Public Regulation Commission				
Southwestern Public Service Co.	01/21	Southwestern Public Service Co.	Case No. 20-00238-UT	Return on Equity
North Carolina Utilities Commission				
Pluris Hampstead, LLC	09/24	Pluris Hampstead, LLC	Docket No. W-1305, Sub 38	Rate of Return
Carolina Water Service, Inc.	07/22	Carolina Water Service, Inc.	Docket No. W-354 Sub 400	Rate of Return
Aqua North Carolina, Inc.	06/22	Aqua North Carolina, Inc.	Docket No. W-218 Sub 573	Rate of Return
Carolina Water Service, Inc.	07/21	Carolina Water Service, Inc.	Docket No. W-354 Sub 384	Rate of Return
Piedmont Natural Gas Co., Inc.	03/21	Piedmont Natural Gas Co., Inc.	Docket No. G-9, Sub 781	Return on Equity
Public Utilities Commission of Ohio				
FirstEnergy	06/24	Ohio Edison Co., Cleveland Electric Illuminating Co., Toledo Edison Co.	Case No. 24-0468-EL-AIR	Rate of Return
Aqua Ohio, Inc.	11/22	Aqua Ohio, Inc.	Case No. 22-1094-WW-AIR	Rate of Return
Duke Energy Ohio, Inc.	10/21	Duke Energy Ohio, Inc.	Case No. 21-887-EL-AIR	Return on Equity
Aqua Ohio, Inc.	07/21	Aqua Ohio, Inc.	Case No. 21-0595-WW-AIR	Rate of Return
Pennsylvania Public Utility Commission				
FirstEnergy	04/24	Pennsylvania Electric Company	Docket No. R-2024-3047068	Rate of Return
Borough of Ambler	06/22	Borough of Ambler – Bureau of Water	Docket No. R-2022-3031704	Rate of Return
Citizens' Electric Company of Lewisburg	05/22	C&T Enterprises	Docket No. R-2022-3032369	Rate of Return
Valley Energy Company	05/22	C&T Enterprises	Docket No. R-2022-3032300	Rate of Return
Community Utilities of Pennsylvania, Inc.	04/21	Community Utilities of Pennsylvania, Inc.	Docket No. R-2021-3025207	Rate of Return
Vicinity Energy Philadelphia, Inc.	04/21	Vicinity Energy Philadelphia, Inc.	Docket No. R-2021-3024060	Rate of Return
Public Utility Commission of Texas				
BVRT Utility Holding Co., LLC	07/24	Texas Water Utilities, LP	Docket No. 56664	Rate of Return
Texas Water Utilities, LP	06/24	Texas Water Utilities, LP	Docket No. 56665	Rate of Return
Southwestern Public Service Co.	02/23	Southwestern Public Service Co.	Docket No. 54634	Return on Equity
Oncor Electric Delivery Co. LLC	05/22	Oncor Electric Delivery Co. LLC	Docket No. 53601	Return on Equity
Southwestern Public Service Co.	02/21	Southwestern Public Service Co.	Docket No. 51802	Return on Equity
Virginia State Corporation Commission				
Washington Gas Light Company	06/22	Washington Gas Light Company	PUR-2022-00054	Return on Equity
Virginia Natural Gas, Inc.	04/21	Virginia Natural Gas, Inc.	PUR-2020-00095	Return on Equity
Public Service Commission of West Virginia				
FirstEnergy Corporation	05/23	Monongahela Power Company and The Potomac Edison Company	Case No. 23-0460-E-42T	Return on Equity
FirstEnergy Corporation	12/21	Monongahela Power Company and The Potomac Edison Company	Case No. 21-0857-E-CN (ELG)	Return on Equity
FirstEnergy Corporation	11/21	Monongahela Power Company and The Potomac Edison Company	Case No. 21-0813-E-P (Solar)	Return on Equity

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company

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of Dylan W. D'Ascendis and Ryan M. Kucan

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Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Recommended Capital Structure and Cost Rates
for Ratemaking Purposes

Valley Energy, Inc.

Type of Capital	Ratios(1)	Cost Rate		Weighted Cost Rate
Long-Term Debt	51.06%	5.03%	(2)	2.57%
Common Equity	48.94%	11.65%	(3)	5.70%
Total	100.00%			8.27%

Citizens' Electric Company of Lewisburg, PA

Type of Capital	Ratios(1)	Cost Rate		Weighted Cost Rate
Long-Term Debt	51.06%	5.47%	(2)	2.79%
Common Equity	48.94%	11.65%	(3)	5.70%
Total	100.00%			8.49%

Wellsboro Electric Company

Type of Capital	Ratios(1)	Cost Rate		Weighted Cost Rate
Long-Term Debt	51.06%	4.85%	(2)	2.48%
Common Equity	48.94%	11.65%	(3)	5.70%
Total	100.00%			8.18%

Notes:
(1) Capital structure based on 2024 capital structure maintained by the Companies' Parent, C&T Enterprises.
(2) Company-provided
(3) From page 2 of this Schedule.

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Brief Summary of Common Equity Cost Rate

Line No.	Principal Methods	Proxy Group of Seven Natural Gas Distribution Companies	Proxy Group of Fifteen Electric Companies
1.	Discounted Cash Flow Model (DCF) (1)	10.29%	10.32%
2.	Risk Premium Model (RPM) (2)	10.86%	10.79%
3.	Capital Asset Pricing Model (CAPM) (3)	11.12%	10.75%
4.	Market Models Applied to Comparable Risk, Non-Price Regulated Companies (4)	11.92%	11.84%
5.	Indicated Common Equity Cost Rate before Adjustment for Unique Risk	10.29% - 11.92%	10.32% - 11.84%
6.	Size Risk Adjustment (5)	1.00%	0.85%
7.	Performance Factor Adjustment (6)	0.05%	0.05%
8.	Indicated Common Equity Cost Rate after Adjustment	11.34% - 12.97%	11.22% - 12.74%
9.	Recommended Common Equity Cost Rate	11.65%	11.65%

Notes:
(1) From page 1 of Schedule ROR-3.
(2) From page 1 of Schedule ROR-4.
(3) From page 1 of Schedule ROR-5.
(4) From page 1 of Schedule ROR-7.
(5) Adjustment to reflect Valley Energy, Inc.'s, Citizens' Electric Company, and Wellsboro Electric Company's greater business risk due to their smaller sizes relative to the Utility Proxy Groups as detailed in the Direct Testimony of Messrs. D'Ascendis and Kucan.
(6) Performance factor adjustment as explained in the Companies' Direct Testimony.

Proxy Group of Seven Natural Gas Distribution Companies
Capitalization and Financial Statistics (1)
2019 - 2023, Inclusive

	2023	2022	2021	2020	2019	5 YEAR AVERAGE
			(MILLIONS OF DOLLARS)			
Capitalization Statistics						
Amount of Capital Employed						
Total Permanent Capital	$9,183.685	$8,210.117	$7,442.590	$6,654.657	$5,863.473	
Short-Term Debt	$745.215	$823.046	$628.829	$300.871	$554.766	
Total Capital Employed	$9,928.900	$9,033.163	$8,071.419	$6,955.528	$6,418.239	
Indicated Average Capital Cost Rates (2)						
Total Debt	4.10 %	3.17 %	2.90 %	3.39 %	3.74 %	
Preferred Stock	5.22 %	4.84 %	5.33 %	6.19 %	4.60 %	
Capital Structure Ratios						
Based on Total Permanent Capital:						
Long-Term Debt	52.23 %	51.17 %	51.57 %	50.16 %	46.87 %	50.40 %
Preferred Stock	0.87	1.84	1.98	1.53	1.65	1.57
Common Equity	46.90	46.99	46.45	48.31	51.48	48.03
Total	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Based on Total Capital:						
Total Debt, Including Short-Term Debt	54.91 %	55.90 %	56.24 %	53.27 %	51.14 %	54.24 %
Preferred Stock	0.75	1.64	1.87	1.43	1.45	1.42
Common Equity	44.34	42.46	41.89	45.30	47.41	44.34
Total	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Financial Statistics						
Financial Ratios - Market Based						
Earnings / Price Ratio	5.42 %	4.18 %	5.24 %	3.85 %	3.97 %	4.53 %
Market / Average Book Ratio	156.78	180.83	170.62	184.68	219.63	182.51
Dividend Yield	3.79	3.29	3.46	3.14	2.60	3.26
Dividend Payout Ratio	70.31	58.56	61.19	78.10	67.01	67.03
Rate of Return on Average Book Common Equity	8.63 %	8.06 %	9.49 %	7.11 %	8.74 %	8.41 %
Total Debt / EBITDA (3)	5.18 x	5.39 x	5.59 x	5.72 x	4.81 x	5.34 x
Funds from Operations / Total Debt (4)	27.32 %	11.51 %	9.24 %	14.20 %	15.23 %	15.50 %
Total Debt / Total Capital	54.91 %	55.90 %	56.24 %	53.27 %	51.14 %	54.29 %

Notes:

(1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group, and are based upon financial statements as originally reported in each year.

(2) Computed by relating actual total debt interest or preferred stock dividends booked to average of beginning and ending total debt or preferred stock reported to be outstanding.

(3) Total debt relative to EBITDA (Earnings before Interest, Income Taxes, Depreciation and Amortization).

(4) Funds from operations (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFUDC) plus interest charges as a percentage of total debt.

Source of Information: Company Annual Forms 10-K.

Proxy Group of Fifteen Electric Companies
Capitalization and Financial Statistics (1)
2019 - 2023, Inclusive

	2023	2022	2021	2020	2019	5 YEAR AVERAGE
			(MILLIONS OF DOLLARS)			
Capitalization Statistics						
Amount of Capital Employed						
Total Permanent Capital	$35,135.635	$33,005.151	$30,958.714	$28,756.784	$26,766.057	
Short-Term Debt	$1,060.785	$1,196.389	$998.605	$820.719	$880.673	
Total Capital Employed	$36,196.420	$34,201.540	$31,957.319	$29,577.503	$27,646.730	
Indicated Average Capital Cost Rates (2)						
Total Debt	4.33 %	3.78 %	3.65 %	4.09 %	4.13 %	
Preferred Stock	5.13 %	5.86 %	7.09 %	5.58 %	5.34 %	
Capital Structure Ratios						
Based on Total Permanent Capital:						
Long-Term Debt	58.19 %	57.43 %	56.89 %	55.65 %	54.09 %	56.45 %
Preferred Stock	0.53	0.49	0.54	0.71	0.83	0.62
Common Equity	41.28	42.08	42.57	43.64	45.08	42.93
Total	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Based on Total Capital:						
Total Debt, Including Short-Term Debt	59.30 %	58.56 %	58.04 %	56.67 %	55.17 %	57.55 %
Preferred Stock	0.53	0.47	0.51	0.68	0.81	0.60
Common Equity	40.17	40.97	41.45	42.65	44.02	41.85
Total	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Financial Statistics						
Financial Ratios - Market Based						
Earnings / Price Ratio	5.41 %	4.95 %	5.43 %	4.30 %	5.31 %	5.08 %
Market / Average Book Ratio	177.32	194.85	194.85	184.99	193.03	189.01
Dividend Yield	3.93	3.79	3.77	3.68	3.40	3.71
Dividend Payout Ratio	79.39	79.13	69.93	64.92	66.11	71.89
Rate of Return on Average Book Common Equity	9.19 %	9.21 %	10.12 %	8.03 %	9.91 %	9.29 %
Total Debt / EBITDA (3)	5.53 x	5.51 x	5.31 x	5.98 x	4.73 x	5.41 x
Funds from Operations / Total Debt (4)	12.87 %	10.48 %	6.06 %	12.20 %	13.34 %	10.99 %
Total Debt / Total Capital	59.30 %	58.56 %	58.04 %	56.67 %	55.17 %	57.55 %

Notes:

(1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group, and are based upon financial statements as originally reported in each year.

(2) Computed by relating actual total debt interest or preferred stock dividends booked to average of beginning and ending total debt or preferred stock reported to be outstanding.

(3) Total debt relative to EBITDA (Earnings before Interest, Income Taxes, Depreciation and Amortization).

(4) Funds from operations (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFUDC) plus interest charges as a percentage of total debt.

Source of Information: Company Annual Forms 10-K.

Capital Structure Based upon Total Permanent Capital for the
Proxy Group of Seven Natural Gas Distribution Companies
2019 - 2023, Inclusive

	2023	2022	2021	2020	2019	5 YEAR AVERAGE
Atmos Energy Corporation						
Long-Term Debt	37.62 %	37.96 %	39.35 %	40.02 %	38.03 %	38.60 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	62.38	62.04	60.65	59.98	61.97	61.40
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
New Jersey Resources Corporation						
Long-Term Debt	59.16 %	58.49 %	57.81 %	55.35 %	50.11 %	56.18 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	40.84	41.51	42.19	44.65	49.89	43.82
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
NiSource Inc.						
Long-Term Debt	57.26 %	55.77 %	57.09 %	61.64 %	56.79 %	57.71 %
Preferred Stock	2.51	9.03	9.55	5.87	6.35	6.66
Common Equity	40.23	35.20	33.36	32.49	36.86	35.63
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Northwest Natural Holding Company						
Long-Term Debt	55.11 %	53.21 %	52.12 %	51.81 %	50.43 %	52.54 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	44.89	46.79	47.88	48.19	49.57	47.46
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
ONE Gas, Inc.						
Long-Term Debt	44.05 %	42.10 %	41.74 %	41.76 %	37.65 %	41.46 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	55.95	57.90	58.26	58.24	62.35	58.54
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Southwest Gas Holdings, Inc.						
Long-Term Debt	58.43 %	59.25 %	59.90 %	50.90 %	49.58 %	55.61 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	41.57	40.75	40.10	49.10	50.42	44.39
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Spire Inc.						
Long-Term Debt	54.01 %	51.42 %	52.98 %	49.62 %	45.49 %	50.70 %
Preferred Stock	3.53	3.84	4.28	4.83	5.19	4.34
Common Equity	42.46	44.74	42.74	45.55	49.32	44.96
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Proxy Group of Seven Natural Gas Distribution Companies						
Long-Term Debt	52.23 %	51.17 %	51.57 %	50.16 %	46.87 %	50.40 %
Preferred Stock	0.87	1.84	1.98	1.53	1.65	1.57
Common Equity	46.90	46.99	46.45	48.31	51.48	48.03
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

Source of Information
Annual Forms 10-K

Capital Structure Based upon Total Permanent Capital for the
Proxy Group of Fifteen Electric Companies
2019 - 2023, Inclusive

	2023	2022	2021	2020	2019	5 YEAR AVERAGE
Alliant Energy Corporation						
Long-Term Debt	57.14 %	56.27 %	55.16 %	53.51 %	53.39 %	55.09 %
Preferred Stock	0.00	0.00	0.00	1.58	1.72	0.66
Common Equity	42.86	43.73	44.84	44.91	44.89	44.25
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Ameren Corporation						
Long-Term Debt	58.18 %	56.87 %	57.07 %	54.97 %	53.29 %	56.08 %
Preferred Stock	0.47	0.52	0.56	0.70	0.81	0.61
Common Equity	41.35	42.61	42.37	44.33	45.90	43.31
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
American Electric Power Corporation						
Long-Term Debt	61.39 %	59.85 %	59.86 %	60.19 %	57.30 %	59.72 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	38.61	40.15	40.14	39.81	42.70	40.28
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Duke Energy Corporation						
Long-Term Debt	60.51 %	59.08 %	56.43 %	55.52 %	55.39 %	57.38 %
Preferred Stock	1.58	1.63	1.73	1.82	1.87	1.73
Common Equity	37.91	39.29	41.84	42.66	42.74	40.89
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Edison International						
Long-Term Debt	66.99 %	65.60 %	61.49 %	56.44 %	54.21 %	60.95 %
Preferred Stock	4.95	4.21	4.63	5.19	6.48	5.09
Common Equity	28.06	30.19	33.88	38.37	39.31	33.96
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Entergy Corporation						
Long-Term Debt	62.66 %	66.13 %	68.58 %	66.68 %	63.04 %	65.42 %
Preferred Stock	0.85	0.81	0.58	0.76	0.90	0.78
Common Equity	36.49	33.06	30.84	32.56	36.06	33.80
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Evergy, Inc.						
Long-Term Debt	55.09 %	52.17 %	51.17 %	52.48 %	51.77 %	52.54 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	44.91	47.83	48.83	47.52	48.23	47.46
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
IDACORP, Inc.						
Long-Term Debt	49.29 %	43.87 %	42.85 %	43.86 %	42.70 %	44.51 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	50.71	56.13	57.15	56.14	57.30	55.49
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

Capital Structure Based upon Total Permanent Capital for the
Proxy Group of Fifteen Electric Companies
2019 - 2023, Inclusive

	2023	2022	2021	2020	2019	5 YEAR AVERAGE
North Western Corporation						
Long-Term Debt	49.99 %	49.56 %	52.09 %	52.72 %	52.27 %	51.33 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	50.01	50.44	47.91	47.28	47.73	48.67
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
OGE Energy Corporation						
Long-Term Debt	49.03 %	50.75 %	52.57 %	49.04 %	43.56 %	48.99 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	50.97	49.25	47.43	50.96	56.44	51.01
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Pinnacle West Capital Corporation						
Long-Term Debt	57.67 %	56.30 %	54.46 %	52.85 %	50.91 %	54.44 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	42.33	43.70	45.54	47.15	49.09	45.56
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Portland General Electric Company						
Long-Term Debt	54.56 %	56.75 %	54.82 %	53.83 %	50.06 %	54.00 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	45.44	43.25	45.18	46.17	49.94	46.00
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Southern Company						
Long-Term Debt	65.50 %	64.37 %	64.99 %	63.22 %	61.70 %	63.96 %
Preferred Stock	0.00	0.00	0.36	0.38	0.40	0.23
Common Equity	34.50	35.63	34.65	36.40	37.90	35.81
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
TXNM Energy, Inc.						
Long-Term Debt	65.72 %	64.92 %	62.92 %	61.52 %	64.02 %	63.82 %
Preferred Stock	0.17	0.18	0.20	0.22	0.25	0.20
Common Equity	34.11	34.90	36.88	38.26	35.73	35.98
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Xcel Energy Inc.						
Long-Term Debt	59.11 %	58.97 %	58.91 %	57.93 %	57.77 %	58.54 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	40.89	41.03	41.09	42.07	42.23	41.46
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Proxy Group of Fifteen Electric Companies						
Long-Term Debt	58.19 %	57.43 %	56.89 %	55.65 %	54.09 %	56.45 %
Preferred Stock	0.53	0.49	0.54	0.71	0.83	0.62
Common Equity	41.28	42.08	42.57	43.64	45.08	42.93
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

Source of Information
Annual Forms 10-K

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Indicated Common Equity Cost Rate Using the Discounted Cash Flow Model for the
Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Fifteen Electric Companies

Proxy Group of Seven Natural Gas Distribution Companies	[1] Average Dividend Yield (1)	[2] Value Line Projected Five Year Growth in EPS (2)	[3] Zack's Five Year Projected Growth Rate in EPS	[4] S&P Capital IQ Projected Five Year Growth in EPS	[5] Average Projected Five Year Growth in EPS (3)	[6] Adjusted Dividend Yield (4)	[7] Indicated Common Equity Cost Rate (5)
Atmos Energy Corporation	2.44 %	6.00 %	7.10 %	7.44 %	6.85 %	2.52 %	9.37 %
New Jersey Resources Corporation	3.82	5.00	NA	5.90	5.45	3.92	9.37
NiSource Inc.	2.98	9.50	8.20	7.93	8.54	3.11	11.65
Northwest Natural Holding Company	4.84	6.50	NA	5.50	6.00	4.99	10.99
ONE Gas, Inc.	3.77	4.00	4.70	2.63	3.78	3.84	7.62
Southwest Gas Holdings, Inc.	3.37	10.00	6.60	10.55	9.05	3.52	12.57
Spire Inc.	4.47	4.50	5.80	6.82	5.71	4.60	10.31
						Average	10.27 %
		NA= Not Available				Median	10.31 %
						Average of Mean and Median	10.29 %

Proxy Group of Fifteen Electric Companies	[1] Average Dividend Yield (1)	[2] Value Line Projected Five Year Growth in EPS (2)	[3] Zack's Five Year Projected Growth Rate in EPS	[4] S&P Capital IQ Projected Five Year Growth in EPS	[5] Average Projected Five Year Growth in EPS (3)	[6] Adjusted Dividend Yield (4)	[7] Indicated Common Equity Cost Rate (5)
Alliant Energy Corporation	3.38 %	6.00 %	6.40 %	6.73 %	6.38 %	3.49 %	9.87 %
Ameren Corporation	3.05	6.50	6.70	6.79	6.66	3.15	9.81
American Electric Power Corporation	3.82	6.50	6.00	6.59	6.36	3.94	10.30
Duke Energy Corporation	3.77	6.00	6.30	6.33	6.21	3.89	10.10
Edison International	5.01	6.50	8.50	8.25	7.75	5.20	12.95
Entergy Corporation	3.03	0.50	9.50	8.40	6.13	3.12	9.25
Evergy, Inc.	4.19	7.50	5.90	5.68	6.36	4.32	10.68
IDACORP, Inc.	3.09	6.00	8.40	7.00	7.13	3.20	10.33
North Western Corporation	4.95	4.50	6.10	5.73	5.44	5.08	10.52
OGE Energy Corporation	3.97	6.50	6.10	6.09	6.23	4.09	10.32
Pinnacle West Capital Corporation	4.09	4.00	5.60	6.38	5.33	4.20	9.53
Portland General Electric Company	4.64	5.50	12.30	7.83	8.54	4.84	13.38 (6)
Southern Company	3.41	6.50	6.80	6.62	6.64	3.52	10.16
TXNM Energy, Inc.	3.33	4.00	3.00	5.68	4.23	3.40	7.63 (6)
Xcel Energy Inc.	3.36	6.50	6.90	7.35	6.92	3.48	10.40
						Average	10.33 %
		NA= Not Available				Median	10.30 %
						Average of Mean and Median	10.32 %

Notes:

(1) Indicated dividend at 02/28/2025 divided by the average closing price of the last 60 trading days ending 02/28/2025 for each company.
(2) From pages 2 through 23 of this Schedule.
(3) Average of columns 2 through 4 excluding negative growth rates.
(4) This reflects a growth rate component equal to one-half the conclusion of growth rate (from column 5) x column 1 to reflect the periodic payment of dividends (Gordon Model) as opposed to the continuous payment. Thus, for Atmos Energy Corporation, 2.44% x (1+(1/2 x 6.85%)) = 2.52%.
(5) Column 5 + Column 6.
(6) Results were excluded from the final average and median as they were more than two standard deviations from the proxy group's mean.

Source of Information:
Value Line Investment Survey
www.zacks.com Downloaded on 02/28/2025
S&P Capital IQ

ATMOS ENERGY CORP. NYSE-ATO

RECENT PRICE 142.28 | P/E RATIO 19.8 (Trailing: 20.3 Median: 20.0) | RELATIVE P/E RATIO 1.08 | DIV'D YLD 2.5% | VALUE LINE

TIMELINESS 3 Raised 1/17/25
SAFETY 1 Raised 6/6/14
TECHNICAL 3 Lowered 1/24/25
BETA .90 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$124-$185	$155 (10%)

2028-30 PROJECTIONS

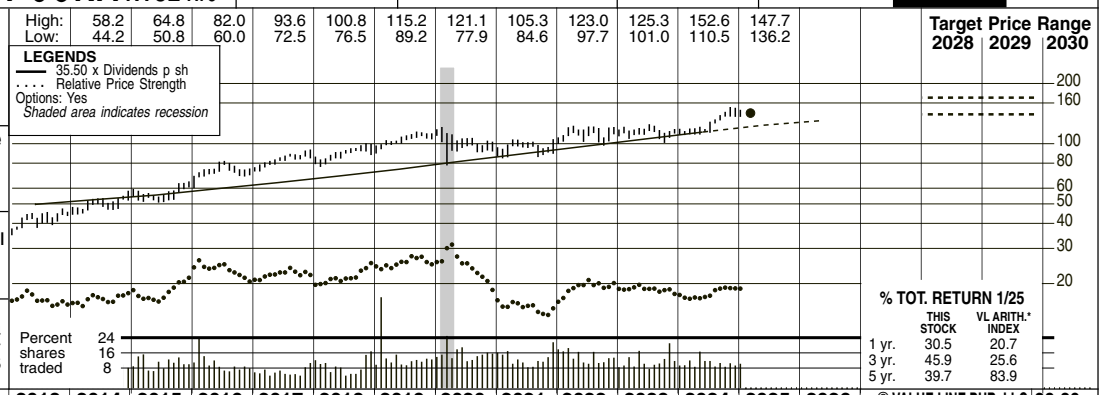
	Price	Gain	Ann'l Total Return
High	170	(+20%)	*7%*
Low	140	(Nil)	*3%*

Institutional Decisions

	1Q2024	2Q2024	3Q2024
to Buy	367	342	357
to Sell	292	311	315
Hld's(000)	137412	144146	162641

	2028	2029	2030
Target Price Range			

	2025	2026
High:	147.7	
Low:	136.2	



% TOT. RETURN 1/25

	THIS STOCK	VL ARITH.* INDEX
1 yr.	30.5	20.7
3 yr.	45.9	25.6
5 yr.	39.7	83.9

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	© VALUE LINE PUB. LLC	28-30
53.69	53.12	48.15	38.10	42.88	49.22	40.82	32.23	26.01	28.00	24.32	22.41	25.73	29.82	28.79	26.83	***26.30***	***26.20***	Revenues per sh [A]	***32.45***
4.29	4.64	4.72	4.76	5.14	5.42	5.81	6.19	6.62	7.24	7.57	8.03	8.64	9.30	10.04	11.03	***11.55***	***12.25***	"Cash Flow" per sh	***13.90***
1.97	2.16	2.26	2.10	2.50	2.96	3.09	3.38	3.60	4.00	4.35	4.72	5.12	5.60	6.10	6.83	***7.20***	***7.60***	Earnings per sh [AB]	***8.65***
1.32	1.34	1.36	1.38	1.40	1.48	1.56	1.68	1.80	1.94	2.10	2.30	2.50	2.72	2.96	3.22	***3.48***	***3.68***	Div'ds Decl'd per sh [C]■	***4.45***
5.51	6.02	6.90	8.12	9.32	8.32	9.61	10.46	10.72	13.19	14.19	15.38	14.87	17.35	18.90	18.92	***22.70***	***22.60***	Cap'l Spending per sh	***21.60***
23.52	24.16	24.98	26.14	28.47	30.74	31.48	33.32	36.74	42.87	48.18	53.95	59.71	66.85	73.20	78.31	***83.50***	***85.70***	Book Value per sh	***97.30***
92.55	90.16	90.30	90.24	90.64	100.39	101.48	103.93	106.10	111.27	119.34	125.88	132.42	140.90	148.49	155.26	***163.00***	***168.00***	Common Shs Outst'g [D]	***185.00***
12.5	13.2	14.4	15.9	15.9	16.1	17.5	20.8	22.0	21.7	23.2	22.3	18.8	19.3	18.7	17.3	***Bold figures are Value Line estimates***		Avg Ann'l P/E Ratio	***18.0***
.83	.84	.90	1.01	.89	.85	.88	1.09	1.11	1.17	1.24	1.15	1.02	1.12	1.08	.90			Relative P/E Ratio	***1.00***
5.3%	4.7%	4.2%	4.1%	3.5%	3.1%	2.9%	2.4%	2.3%	2.2%	2.1%	2.2%	2.6%	2.5%	2.6%	2.7%			Avg Ann'l Div'd Yield	***2.9%***
4142.1	3349.9	2759.7	3115.5	2901.8	2821.1	3407.5	4201.7	4275.4	4165.2	***4290***	***4400***	Revenues ($mill) [A]	***6000***
315.1	350.1	382.7	444.3	511.4	580.5	665.6	774.4	885.9	1042.9	***1150***	***1255***	Net Profit ($mill)	***1575***
38.3%	36.4%	36.6%	27.0%	21.4%	19.5%	18.8%	9.1%	11.4%	15.6%	***18.5%***	***19.0%***	Income Tax Rate	***25.0%***
7.6%	10.5%	13.9%	14.3%	17.6%	20.6%	19.5%	18.4%	20.7%	25.0%	***26.8%***	***28.5%***	Net Profit Margin	***26.3%***
43.5%	38.7%	44.0%	34.3%	38.0%	40.0%	38.4%	37.9%	37.9%	39.3%	***40.0%***	***40.0%***	Long-Term Debt Ratio	***40.0%***
56.5%	61.3%	56.0%	65.7%	62.0%	60.0%	61.6%	62.1%	62.1%	60.7%	***60.0%***	***60.0%***	Common Equity Ratio	***60.0%***
5650.2	5651.8	6965.7	7263.6	9279.7	11323	12837	15180	17509	20018	***22750***	***24000***	Total Capital ($mill)	***30000***
7430.6	8280.5	9259.2	10371	11788	13355	15064	17240	19607	22204	***24600***	***26000***	Net Plant ($mill)	***32000***
6.6%	7.2%	6.4%	6.9%	6.1%	5.5%	5.5%	5.4%	5.5%	5.7%	***6.5%***	***6.5%***	Return on Total Cap'l	***6.5%***
9.9%	10.1%	9.8%	9.3%	8.9%	8.5%	8.4%	8.2%	8.1%	8.6%	***8.5%***	***8.5%***	Return on Shr. Equity	***9.0%***
9.9%	10.1%	9.8%	9.3%	8.9%	8.5%	8.4%	8.2%	8.1%	8.6%	***8.5%***	***8.5%***	Return on Com Equity	***9.0%***
4.9%	5.1%	4.9%	4.8%	4.6%	4.4%	4.3%	4.2%	4.2%	4.5%	***4.5%***	***4.5%***	Retained to Com Eq	***4.0%***
51%	50%	50%	48%	48%	49%	49%	49%	49%	47%	***49%***	***49%***	All Div'ds to Net Prof	***52%***

CAPITAL STRUCTURE as of 12/31/24
Total Debt $8510.1 mill. **Due in 5 Yrs** $1170.0 mill.
LT Debt $8490.2 mill. **LT Interest** $190.0 mill.
(LT interest earned: 7.5x; total interest coverage: 7.5x)
Leases, Uncapitalized Annual rentals $43.2 mill.

Pfd Stock None

Pension Assets-9/24 $595.2 mill.
Oblig. $470.9 mill.
Common Stock 158,728,197 shs.
as of 1/31/25

MARKET CAP: $22.6 billion (Large Cap)

CURRENT POSITION ($MILL.)	2023	2024	12/31/24
Cash Assets	15.4	307.3	584.5
Other	870.4	825.0	1243.6
Current Assets	885.8	1132.3	1828.1
Accts Payable	336.1	445.4	453.0
Debt Due	253.4	9.9	19.9
Other	763.1	750.6	701.9
Current Liab.	1352.6	1205.9	1174.8
Fix. Chg. Cov.	1059%	914%	930%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '22-'24 to '28-'30
Revenues	-4.0%	2.0%	*2.0%*
"Cash Flow"	7.0%	7.0%	*5.5%*
Earnings	9.5%	9.0%	*6.0%*
Dividends	7.5%	9.0%	*7.0%*
Book Value	10.0%	11.5%	*5.0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) [A] Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2022	1012.8	1649.8	816.4	722.7	4201.7
2023	1484.0	1541.0	662.7	587.7	4275.4
2024	1158.5	1647.2	701.5	658.0	4165.2
2025	1176.0	***1700***	***740***	***674***	***4290***
2026	***1210***	***1730***	***760***	***700***	***4400***

Fiscal Year Ends	EARNINGS PER SHARE [A B E] Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2022	1.86	2.37	.92	.51	5.60
2023	1.91	2.48	.94	.80	6.10
2024	2.08	2.85	1.08	.86	6.83
2025	2.23	***2.92***	***1.15***	***.90***	***7.20***
2026	***2.34***	***3.01***	***1.25***	***1.00***	***7.60***

Calendar	QUARTERLY DIVIDENDS PAID [C]■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.625	.625	.625	.68	2.56
2022	.68	.68	.68	.74	2.78
2023	.74	.74	.74	.805	3.03
2024	.805	.805	.805	.87	3.29
2025	.87				

BUSINESS: Atmos Energy Corporation is engaged primarily in the distribution and sale of natural gas to over 3.3 million customers through six regulated natural gas utility operations: Louisiana Division, West Texas Division, Mid-Tex Division, Mississippi Division, Colorado-Kansas Division, and Kentucky/Mid-States Division. Gas sales breakdown for fiscal 2024: 68.8%, residential; 27.1%, commercial; 2.7%, industrial; and 1.4% other. The company sold Atmos Energy Marketing, 1/17. Officers and directors own approximately .5% of common stock (12/24 Proxy). President and Chief Executive Officer: Kevin Akers. Incorporated: Texas. Address: Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240. Telephone: 972-934-9227. Internet: www.atmosenergy.com.

Atmos Energy Corporation got off to a decent start in fiscal 2025. (The year concludes on September 30th.) Indeed, for the first quarter, the bottom line advanced 7.2%, to $2.23 per share, which matched our target, compared to fiscal 2024's tally of $2.08. One contributor was the distribution segment, supported partly by rate adjustments and benefits of residential customer growth (both occurring primarily in the Mid-Tex Division). Furthermore, the pipeline and storage unit was aided, among other factors, by the Gas Reliability Infrastructure Program filing approved in May 2024 and the System Safety and Integrity Rider filing approved in November 2024. But the company's results were weighed down, to a certain extent, by increases in bad-debt expense, depreciation, and property taxes, as well as higher interest expense. Nevertheless, we believe that full-year profits will finish in the vicinity of $7.20 a share (unchanged from the estimate in our last report three months ago). That would mark a 5% increase from fiscal 2024's $6.83 figure. Regarding the next fiscal year, earnings per share may grow at a similar percentage rate, to $7.60, assuming additional expansion of operating margins.

The Financial Strength rating is solid, at A. When the December period ended, cash and equivalents were $584.5 million. Moreover, long-term borrowings seemed reasonable (40% of total capital) and short-term debt was only $19.9 million. Too, $6.3 billion in common stock and/or debt securities remained available for issuance (out of $8.0 billion) under a shelf registration statement expiring in December, 2027. Finally, the company had four undrawn revolving credit facilities aggregating $3.1 billion plus a $1.5 billion commercial paper program.

These top-quality shares offer unspectacular long-term total return potential. The dividend yield does not stand out when measured against the average of *Value Line's* Natural Gas Utility group. Also, capital gains potential for the pull to 2028-2030 is nothing to write home about. That's because the stock is already trading within our Target Price Range. Meanwhile, the Timeliness rank resides at just 3 (Average).

Frederick L. Harris, III February 21, 2025

(A) Fiscal year ends Sept. 30th. **(B)** Diluted shrs. Excl. nonrec. gains (loss): '10, 5¢; '11, (1¢); '18, $1.43; '20, 17¢. Excludes discontinued operations: '11, 10¢; '12, 27¢; '13, 14¢; '17, 13¢. Next earnings report due early May. **(C)** Dividends historically paid in early March, June, Sept., and Dec. ■ Div. reinvestment plan. Direct stock purchase plan avail. **(D)** In millions. **(E)** Qtrs may not add due to change in shrs outstanding.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	60
Earnings Predictability	100

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NEW JERSEY RES. NYSE-NJR

RECENT PRICE **45.81** | P/E RATIO **14.8** (Trailing: 13.8 Median: 17.0) | RELATIVE P/E RATIO **0.80** | DIV'D YLD **3.9%** | **VALUE LINE**

TIMELINESS 4 Raised 3/29/24
SAFETY 2 Lowered 4/17/20
TECHNICAL 2 Raised 1/3/25
BETA 1.00 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$39-$63	$51 (10%)

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	75	(+65%)	*16%*
Low	55	(+20%)	*8%*

Institutional Decisions

	1Q2024	2Q2024	3Q2024
to Buy	167	167	196
to Sell	140	139	134
Hld's(000)	70181	71950	88596

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
High:	32.1	34.1	38.9	45.4	51.8	51.2	44.7	44.4	51.4	55.8	51.9	48.3						
Low:	21.9	26.8	30.5	33.7	35.6	40.3	21.1	33.3	37.8	38.9	39.4	44.9						

LEGENDS
0.40 x Dividends p sh divided by Interest Rate
Relative Price Strength
2-for-1 split 3/15
Options: Yes
Shaded area indicates recession

Target Price Range 2028 | 2029 | 2030

% TOT. RETURN 1/25

	THIS STOCK	VL ARITH.* INDEX
1 yr.	27.8	20.7
3 yr.	39.0	25.6
5 yr.	46.2	83.9

Percent shares traded

© VALUE LINE PUB. LLC	28-30
Revenues per sh [A]	*21.45*
"Cash Flow" per sh	*6.05*
Earnings per sh [B]	*3.90*
Div'ds Decl'd per sh [C]■	*2.20*
Cap'l Spending per sh	*6.50*
Book Value per sh [D]	*27.00*
Common Shs Outst'g [E]	*105.00*
Avg Ann'l P/E Ratio	*17.0*
Relative P/E Ratio	*.95*
Avg Ann'l Div'd Yield	*3.4%*
Revenues ($mill) [A]	*2250*
Net Profit ($mill)	*410*
Income Tax Rate	*22.0%*
Net Profit Margin	*18.2%*
Long-Term Debt Ratio	*55.0%*
Common Equity Ratio	*45.0%*
Total Capital ($mill)	*6300*
Net Plant ($mill)	*6800*
Return on Total Cap'l	*6.5%*
Return on Shr. Equity	*14.5%*
Return on Com Equity	*14.5%*
Retained to Com Eq	*6.5%*
All Div'ds to Net Prof	*56%*

Bold figures are Value Line estimates

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	31.17	32.05	36.30	27.08	38.38	44.40	32.09	21.90	26.28	33.24	29.01	20.39	22.71	30.19	20.12	18.06	*18.30*	*18.80*
	1.58	1.63	1.70	1.86	1.93	2.73	2.52	2.46	2.68	3.72	2.99	3.30	3.36	3.84	4.28	4.59	*4.90*	*5.10*
	1.20	1.23	1.29	1.36	1.37	2.08	1.78	1.61	1.73	2.72	1.96	2.07	2.16	2.50	2.71	2.95	*3.10*	*3.20*
	.62	.68	.72	.77	.81	.86	.93	.98	1.04	1.11	1.19	1.27	1.36	1.45	1.56	1.71	*1.80*	*1.95*
	.90	1.05	1.13	1.26	1.33	1.52	3.76	4.15	3.80	4.39	5.83	4.65	5.42	5.81	5.13	5.26	*5.50*	*5.75*
	8.29	8.81	9.36	9.80	10.65	11.48	12.99	13.58	14.33	16.18	17.37	19.26	17.18	18.88	20.40	22.12	*23.05*	*23.80*
	83.17	82.35	82.89	83.05	83.32	84.20	85.19	85.88	86.32	87.69	89.34	95.80	94.95	96.25	97.58	99.46	*101.00*	*102.50*
	14.9	15.0	16.8	16.8	16.0	11.7	16.6	21.3	22.4	15.6	24.3	17.7	17.5	17.0	17.6	14.9		
	.99	.95	1.05	1.07	.90	.62	.84	1.12	1.13	.84	1.29	.91	.95	.98	.98	.77		
	3.5%	3.7%	3.3%	3.4%	3.7%	3.5%	3.1%	2.9%	2.7%	2.6%	2.5%	3.5%	3.6%	3.4%	3.3%	3.9%		
	2734.0	1880.9	2268.6	2915.1	2592.0	1953.7	2156.6	2906.0	1963.0	1796.5	*1850*	*1925*						
	153.7	138.1	149.4	240.5	175.0	196.2	207.7	240.3	264.7	290.8	*315*	*330*						
	26.3%	15.5%	17.2%	--	--	--	10.3%	22.0%	15.9%	23.0%	*21.5%*	*22.0%*						
	5.6%	7.3%	6.6%	8.2%	6.7%	10.0%	9.6%	8.3%	13.5%	16.2%	*16.9%*	*17.0%*						
	43.2%	47.7%	44.6%	45.4%	49.8%	55.1%	57.0%	57.8%	58.2%	56.7%	*56.5%*	*56.0%*						
	56.8%	52.3%	55.4%	54.6%	50.2%	44.9%	43.0%	42.2%	41.8%	43.3%	*43.5%*	*44.0%*						
	1950.6	2230.1	2233.7	2599.6	3088.9	4104.2	3793.0	4302.6	4758.8	5079.9	*5350*	*5550*						
	2128.3	2407.7	2609.7	2651.0	3041.2	3983.0	4213.5	4649.9	5022.1	5403.2	*5750*	*6000*						
	8.6%	6.9%	7.7%	10.1%	6.4%	5.6%	6.5%	6.8%	5.5%	5.7%	*6.0%*	*6.0%*						
	13.9%	11.8%	12.1%	16.9%	11.3%	10.6%	12.7%	13.2%	13.3%	13.2%	*13.5%*	*13.5%*						
	13.9%	11.8%	12.1%	16.9%	11.3%	10.6%	12.7%	13.2%	13.3%	13.2%	*13.5%*	*13.5%*						
	7.0%	4.8%	5.0%	10.2%	4.6%	4.3%	5.6%	6.2%	5.7%	5.7%	*5.5%*	*5.0%*						
	50%	60%	59%	40%	59%	60%	56%	53%	58%	58%	*58%*	*61%*						

CAPITAL STRUCTURE as of 12/31/24
Total Debt $3418.1 mill. **Due in 5 Yrs** $660 mill.
LT Debt $2989.5 mill. **LT Interest** $130 mill.
Incl. $8.4 mill. capitalized leases.

Pension Assets-9/24 $641 mill.
Oblig. $624 mill.

Pfd Stock None

Common Stock 100,289,422 shs.
as of 1/31/25

MARKET CAP: $4.6 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2023	2024	12/31/24
Cash Assets	1.0	1.0	1.9
Other	531.1	553.6	728.8
Current Assets	532.1	554.6	730.7
Accts Payable	203.1	169.2	112.5
Debt Due	368.3	480.8	428.6
Other	235.2	237.8	277.6
Current Liab.	806.6	887.8	818.7
Fix. Chg. Cov.	331%	480%	695%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '22-'24 to '28-'30
Revenues	-4.5%	-5.0%	*2.5%*
"Cash Flow"	7.0%	6.5%	*5.0%*
Earnings	5.5%	5.0%	*5.0%*
Dividends	7.0%	7.0%	*5.0%*
Book Value	7.0%	5.0%	*4.5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) [A] Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2022	675.9	912.3	552.3	765.5	2906.0
2023	723.6	644.0	264.1	331.3	1963.0
2024	467.2	657.9	275.6	395.8	1796.5
2025	488.4	*675*	*285*	*401.6*	*1850*
2026	*510*	*700*	*295*	*420*	*1925*

Fiscal Year Ends	EARNINGS PER SHARE [A B] Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2022	.69	1.36	d.04	.49	2.50
2023	1.14	1.16	.10	.31	2.71
2024	.74	1.41	d.09	.89	2.95
2025	1.28	*1.50*	*.Nil*	*.32*	*3.10*
2026	*1.00*	*1.70*	*.10*	*.40*	*3.20*

Calendar	QUARTERLY DIVIDENDS PAID [C]■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.3325	.3325	.3325	.3625	1.36
2022	.3625	.3625	.3625	.3625	1.45
2023	.39	.39	.39	.39	1.56
2024	.42	.42	.42	.45	1.71
2025	.45				

BUSINESS: New Jersey Resources Corp. is a holding company providing retail/wholesale energy svcs. to customers in NJ, and in states from the Gulf Coast to New England, and Canada. New Jersey Natural Gas had 583,000 cust. at 9/30/24. Fiscal 2024 volume: 158 bill. cu. ft. (16% interruptible, 41% residential, commercial & firm transportation, 43% other). N.J. Natural Energy subsidiary provides unregulated retail/wholesale natural gas and related energy svcs. 2024 dep. rate: 3.2%. Has 1,370 empls. Off./dir. own less than 1% of common; BlackRock, 17.3%; Vanguard, 11.9% (12/24 Proxy). CEO, President & Director: Steven D. Westhoven. Incorporated: New Jersey. Address: 1415 Wyckoff Road, Wall, NJ 07719. Telephone: 732-938-1480. Web: www.njresources.com.

New Jersey Resources finished fiscal 2024 in good shape. (Year ended September 30th.) The company closed out the year with a better-than-expected bottom-line result in the fiscal fourth quarter. Full year earnings per share advanced a solid 9%, to $2.95. September's significant year-over-year increase came from wider fuel margins and lower operations and maintenance expense, offset somewhat by an uptick in depreciation. The company invested more than $500 million over the year, with over 40% of capital expenditures providing immediate returns. Operations at Clean Energy Ventures accelerated throughout the year, with its residential solar portfolio selling out, generating $135 million that will be reinvested, and over 70 megawatts of solar projects either completed or under construction (of 1 gigawatt in the pipeline). The Storage and Transportation business also showed strengths, highlighted by a recent rate case filed for the recovery of investments in the Adelphia Gateway project. The company did well setting up good growth opportunities.

The first quarter of fiscal 2025 was also a standout. The bottom line advanced to $1.28 from $0.74 in the year before. A $157 million annual revenue increase from the natural gas utility rate case settlement, effective November 21st, was a contributing factor. Favorable winter conditions also contributed to the strong operating performance.

We have raised out earnings targets. Notably, we've lifted our fiscal 2025 bottom-line estimate by $0.20, to $3.10 per share. This is in line with management's predictions. We have also initiated targets for 2026 and upped our 3- to 5-year calls. The company is set to invest roughly $1.5 billion over the next two years, targeting infrastructure improvements, clean energy expansion, and storage and transportation efficiency. We also look for the Adelphia rate case to conclude in the current year.

The stock may appeal to conservative long-term accounts. NJR's earnings growth, rooted in a strong regional energy economy, is a solid foundation for returns. Too, the company's steady dividend growth trajectory adds to its overall value. The issue is untimely, however.

Earl B. Humes *February 21, 2025*

(A) Fiscal year ends Sept. 30th.
(B) Diluted earnings. Qtly. revenues and egs. may not sum to total due to rounding and change in shares outstanding. Next earnings report due early May.
(C) Dividends historically paid in early Jan., April, July, and October. ■ Dividend reinvestment plan available.
(D) Includes regulatory assets in 2024: $612.6 million, $6.16/share.
(E) In millions, adjusted for 3/15 split.

Company's Financial Strength	A
Stock's Price Stability	85
Price Growth Persistence	40
Earnings Predictability	65

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NISOURCE INC. NYSE-NI

RECENT PRICE **38.11** | P/E RATIO **21.3** (Trailing: 21.3 Median: 21.0) | RELATIVE P/E RATIO **1.16** | DIV'D YLD **2.9%** | **VALUE LINE**

TIMELINESS 4 Lowered 9/6/24
SAFETY 2 Raised 2/23/24
TECHNICAL 2 Lowered 2/21/25
BETA .95 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$26-$44	$35 (-10%)

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	55	(+45%)	*12%*
Low	40	(+5%)	*5%*

Institutional Decisions

	1Q2024	2Q2024	3Q2024
to Buy	331	328	334
to Sell	236	249	286
Hld's(000)	425705	439719	484273

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
High:	44.9	49.2	26.9	27.8	28.1	30.7	30.5	27.8	32.6	29.0	38.6	38.8						
Low:	32.1	16.0	19.0	21.7	22.4	24.7	19.6	21.1	23.8	22.9	24.8	35.5						
Revenues per sh	24.02	22.99	21.33	16.31	18.04	20.47	14.58	13.90	14.46	13.74	13.63	11.95	12.09	14.20	12.31	*12.45*	*13.00*	*13.50*
"Cash Flow" per sh	2.96	3.19	2.98	3.13	3.41	3.60	2.27	2.71	2.07	2.86	3.17	3.15	3.26	3.56	3.63	*3.90*	*4.00*	*4.15*
Earnings per sh A	.84	1.06	1.05	1.37	1.57	1.67	.63	1.00	.39	1.30	1.31	1.32	1.37	1.47	1.60	*1.75*	*1.85*	*2.00*
Div'd Decl'd per sh B ■	.92	.92	.92	.94	.98	1.02	.83	.64	.70	.78	.80	.84	.88	.94	1.00	1.06	*1.12*	*1.20*
Cap'l Spending per sh	2.81	2.88	3.99	4.83	5.99	6.42	4.26	4.57	5.03	4.88	4.72	4.49	4.53	5.35	5.91	*5.25*	*5.50*	*6.00*
Book Value per sh C	17.54	17.63	17.71	17.90	18.77	19.54	12.04	12.60	12.82	13.08	13.36	12.44	13.33	14.63	17.40	*22.35*	*23.20*	*23.50*
Common Shs Outst'g D	276.79	279.30	282.18	310.28	313.68	316.04	319.11	323.16	337.02	372.36	382.14	391.76	405.30	412.14	447.38	*470.00*	*485.00*	*500.00*
Avg Ann'l P/E Ratio	14.3	15.3	19.4	17.9	18.9	22.7	37.3	23.2	64.4	19.3	21.3	18.7	18.0	19.6	16.8	*17.5*	*Bold figures are Value Line estimates*	
Relative P/E Ratio	.95	.97	1.22	1.14	1.06	1.19	1.88	1.22	3.24	1.04	1.13	.96	.97	1.13	.93	*.97*		
Avg Ann'l Div'd Yield	7.6%	5.7%	4.5%	3.8%	3.3%	2.7%	3.5%	2.8%	2.8%	3.1%	2.9%	3.4%	3.6%	3.3%	3.7%	3.5%		
Revenues ($mill)							4651.8	4492.5	4874.6	5114.5	5208.9	4681.7	4899.6	5850.6	5505.4	*5850*	*6300*	*6750*
Net Profit ($mill)							198.6	328.1	128.6	478.3	549.8	562.6	626.3	703.3	759.1	*825*	*895*	*1000*
Income Tax Rate							41.6%	35.7%	71.0%	19.7%	17.0%	18.3%	15.7%	16.5%	17.8%	*19.0%*	*19.0%*	*19.0%*
AFUDC % to Net Profit							--	--	--	--	--	--	--	--	2.3%	*3.0%*	*2.5%*	*2.5%*
Long-Term Debt Ratio							60.7%	59.8%	63.5%	55.3%	56.8%	61.6%	56.9%	55.7%	57.2%	*54.0%*	*54.0%*	*55.0%*
Common Equity Ratio							39.3%	40.2%	36.5%	37.9%	36.9%	32.5%	33.5%	35.3%	40.3%	*46.0%*	*46.0%*	*45.0%*
Total Capital ($mill)							9792.0	10129	11832	12856	13843	14972	16131	17099	19325	*22800*	*24450*	*26100*
Net Plant ($mill)							12112	13068	14360	15543	16912	16620	17882	19843	22275	*25750*	*27350*	*29300*
Return on Total Cap'l							4.0%	5.0%	2.6%	5.1%	5.3%	5.0%	4.9%	5.1%	5.0%	*3.5%*	*3.5%*	*4.0%*
Return on Shr. Equity							5.2%	8.1%	3.0%	8.3%	9.2%	9.8%	9.0%	9.3%	9.2%	*8.0%*	*8.0%*	*8.5%*
Return on Com Equity							5.2%	8.1%	3.0%	9.6%	9.7%	10.4%	10.6%	10.8%	9.2%	*8.0%*	*8.0%*	*8.5%*
Retained to Com Eq							NMF	3.0%	NMF	4.0%	3.8%	3.8%	4.2%	4.4%	3.9%	*3.0%*	*3.0%*	*3.5%*
All Div'ds to Net Prof							NMF	63%	NMF	60%	64%	67%	64%	62%	60%	*61%*	*61%*	*60%*

% TOT. RETURN 1/25

	THIS STOCK	VL ARITH.* INDEX
1 yr.	51.3	20.7
3 yr.	44.3	25.6
5 yr.	52.8	83.9

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CAPITAL STRUCTURE as of 9/30/24
Total Debt $13614.5 mill. **Due in 5 Yrs** $4536 mill.
LT Debt $12086.3 mill. **LT Interest** $505 mill.
(Interest cov. earned: 5.5x) (54% of Cap'l)

Leases, Uncapitalized Annual rentals $9.6 mill.
Pension Assets-12/23 $1.4 bill. **Oblig.** $1.4 bill.

Common Stock 466,778,943 shs.
as of 10/22/24

MARKET CAP: $17.8 billion (Large Cap)

CURRENT POSITION ($MILL.)	2022	2023	9/30/24
Cash Assets	40.8	2245.4	126.2
Other	2543.5	2254.0	1489.8
Current Assets	2584.3	4499.4	1616.0
Accts Payable	899.5	749.4	614.6
Debt Due	1791.9	3072.4	1528.2
Other	1969.1	1443.3	1342.7
Current Liab.	4660.5	5265.1	3485.5
Fix. Chg. Cov.	255%	225%	445%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '27-'29
Revenues	-3.5%	-1.5%	*5.5%*
"Cash Flow"	1.0%	6.5%	*5.5%*
Earnings	1.0%	10.5%	*9.5%*
Dividends	--	6.0%	*4.5%*
Book Value	-2.0%	3.5%	*5.0%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	1873	1183	1089	1704	5850.6
2023	1966	1090	1027	1422	5505.4
2024	1706	1085	1076	*1983*	*5850*
2025	*1840*	*1170*	*1160*	*2130*	*6300*
2026	*1970*	*1255*	*1245*	*2280*	*6750*

Calendar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	.75	.12	.10	.50	1.47
2023	.77	.11	.19	.53	1.60
2024	.85	.21	.20	*.49*	*1.75*
2025	*.85*	*.25*	*.20*	*.55*	*1.85*
2026	*.85*	*.30*	*.20*	*.65*	*2.00*

Calendar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.22	.22	.22	.22	.88
2022	.235	.235	.235	.235	.94
2023	.25	.25	.25	.25	1.00
2024	.265	.265	.265	.265	1.06
2025	.28				

BUSINESS: NiSource Inc. is a holding company for Northern Indiana Public Service Company (NIPSCO), which supplies electricity and gas to the northern third of Indiana. Customers: 488,833 electric in Indiana, 3,200,000 gas in Indiana, Ohio, Pennsylvania, Kentucky, Virginia, Maryland, through its Columbia subsidiaries. Revenue breakdown, 2023: electrical, 32%; gas, 67%; other, less than 1%. Generating capacity, coal, 69.4%; purchased & other, 30.6%. 2023 reported depreciation rates: 3.5% electric, 2.4% gas. Has 7,364 employees. Chairman: Richard L. Thompson. President & Chief Executive Officer: Lloyd Yates. Incorporated: Indiana. Address: 801 East 86th Avenue, Merrillville, Indiana 46410. Telephone: 877-647-5990. Internet: www.nisource.com.

NiSource likely posted good results in 2024. (Note: the company was scheduled to report its fourth-quarter numbers as we went to press with this Issue.) Earnings per share probably advanced upwards of 9% in the year. This follows a cycle of heavy capital investments over the past few years, that the company is now earning returns on. NiSource is positioned across the mid-Atlantic and mid-West regions of the United States, and much of its operating areas have experienced strong growth, particularly from new data centers and industrial hubs. The utility may have invested as much as $2.5 billion in 2024 on projects including infrastructure hardening and clean energy programs. In addition to some regulatory success with rate cases, the utility is also enjoying wider fuel margins, bolstering profits, although higher depreciation and interest expenses have offset this to a degree. The company's good performance and strong positioning have led to a roughly 50% increase in its stock price over the past year, as investors see the utility as an increasingly attractive safe haven for funds.

The year ahead may see growth slow slightly. We've raised our 2025 earnings target by $0.05 per share, to $1.85, owing to good fundamental conditions and ongoing net-plant expansion. However, an uptick in volatility from new economic policies could bring about some near-term headwinds as businesses readjust to the emerging regulatory environment. We expect the utility will remain fairly aggressive through the current capital investment cycle while growing its rate base.

Over the long run we expect fairly steady growth. Rate-base growth is likely to follow a high-single-digit trajectory, in line with other associated metrics, including net plant and earnings per share. The company's transition away from coal and investment in clean energy and infrastructure hardening should provide a substantial growth ramp to late decade.

The shares have much of the gains we foresee already baked into the price. The stock offers below-average 3- to 5-year appreciation potential. We think there are more appealing selections out there, though the issue may interest conservative accounts.

Earl B. Humes *February 21, 2025*

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	25
Earnings Predictability	70

(A) Dil. EPS. Excl. gains (losses) on disc. ops.: '08, ($1.14); '15, (30¢); '18, ($1.48). Next egs. report due early May. Qtl'y egs. may not sum to total due to rounding.
(B) Div'ds historically paid in mid-Feb., May, Aug., Nov. ■ Div'd reinv. avail.
(C) Incl. intang in '23: $1485.9 million, $3.33/sh.
(D) In mill.
(E) Spun off Columbia Pipeline Group (7/15)

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N.W. NATURAL NYSE-NWN

RECENT PRICE **40.00** | P/E RATIO **14.1** (Trailing: 18.9 Median: 24.0) | RELATIVE P/E RATIO **0.77** | DIV'D YLD **4.9%** | **VALUE LINE**

TIMELINESS 4 Lowered 11/29/24
SAFETY 2 Raised 2/23/24
TECHNICAL 2 Raised 1/3/25
BETA .90 (1.00 = Market)

18-Month Target Price Range

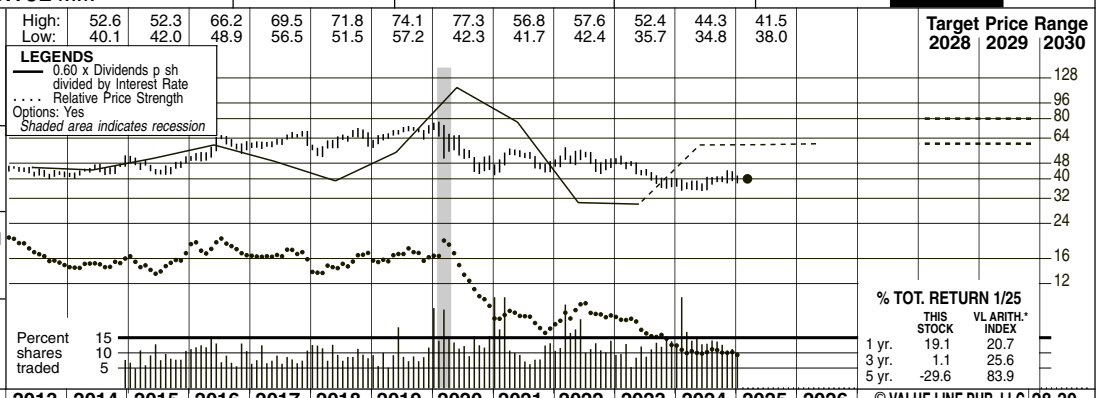
Low-High	Midpoint (% to Mid)
$27-$47	$37 (-10%)

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	80	(+100%)	*22%*
Low	60	(+50%)	*14%*

Institutional Decisions

	1Q2024	2Q2024	3Q2024
to Buy	131	132	119
to Sell	105	104	118
Hld's(000)	28777	29331	37328



% TOT. RETURN 1/25

	THIS STOCK	VL ARITH.* INDEX
1 yr.	19.1	20.7
3 yr.	1.1	25.6
5 yr.	-29.6	83.9

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	© VALUE LINE PUB. LLC	28-30
High:	52.6	52.3	66.2	69.5	71.8	74.1	77.3	56.8	57.6	52.4	44.3	41.5								
Low:	40.1	42.0	48.9	56.5	51.5	57.2	42.3	41.7	42.4	35.7	34.8	38.0								
	38.17	30.56	31.72	27.14	28.02	27.64	26.39	23.61	26.52	24.45	24.49	25.29	27.64	29.20	31.82	*28.05*	*29.20*	*30.20*	Revenues per sh	*30.00*
	5.20	5.18	5.00	4.94	5.04	5.05	4.91	4.93	1.04	5.28	5.15	5.69	6.17	5.71	5.83	*5.45*	*6.50*	*6.65*	"Cash Flow" per sh	*7.45*
	2.83	2.73	2.39	2.22	2.24	2.16	1.96	2.12	d1.94	2.33	2.19	2.30	2.56	2.54	2.59	*2.30*	*3.00*	*3.10*	Earnings per sh [A]	*3.45*
	1.60	1.68	1.75	1.79	1.83	1.85	1.86	1.87	1.88	1.89	1.90	1.91	1.92	1.93	1.94	1.95	*1.96*	*1.97*	Div'ds Decl'd per sh [B]■	*2.00*
	5.09	9.35	3.76	4.91	5.13	4.40	4.37	4.87	7.43	7.43	7.95	9.18	9.49	9.53	8.70	*9.75*	*9.50*	*10.00*	Cap'l Spending per sh	*11.50*
	24.88	26.08	26.70	27.23	27.77	28.12	28.47	29.71	25.85	26.41	28.42	29.05	30.04	33.09	34.12	*36.50*	*37.60*	*40.30*	Book Value per sh [D]	*44.20*
	26.53	26.58	26.76	26.92	27.08	27.28	27.43	28.63	28.74	28.88	30.47	30.59	31.13	35.53	37.63	*41.00*	*43.00*	*45.00*	Common Shs Outst'g [C]	*50.00*
	15.2	17.0	19.0	21.1	19.4	20.7	23.7	26.9	- -	26.6	30.9	25.0	19.5	19.6	16.6	*16.8*	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*20.0*
	1.01	1.08	1.19	1.34	1.09	1.09	1.19	1.41	- -	1.44	1.65	1.28	1.05	1.13	.92	*.93*			Relative P/E Ratio	*1.10*
	3.7%	3.6%	3.9%	3.8%	4.2%	4.1%	4.0%	3.3%	3.0%	3.0%	2.8%	3.3%	3.8%	3.9%	4.5%	5.1%			Avg Ann'l Div'd Yield	*2.9%*
							723.8	676.0	762.2	706.1	746.4	773.7	860.4	1037.4	1197.5	*1150*	*1255*	*1360*	Revenues ($mill)	*1500*
							53.7	58.9	d55.6	67.3	65.3	70.3	78.7	86.3	93.9	*95.0*	*130*	*140*	Net Profit ($mill)	*175*
							40.0%	40.9%	- -	26.4%	16.2%	23.1%	25.8%	25.2%	25.6%	*25.0%*	*25.0%*	*25.0%*	Income Tax Rate	*25.0%*
							7.4%	8.7%	NMF	9.5%	8.8%	9.1%	9.1%	8.3%	7.8%	*8.2%*	*10.3%*	*10.3%*	Net Profit Margin	*11.5%*
							42.5%	44.4%	47.9%	48.1%	48.2%	49.2%	52.8%	51.5%	52.6%	*52.5%*	*55.0%*	*55.0%*	Long-Term Debt Ratio	*55.0%*
							57.5%	55.6%	52.1%	51.9%	51.8%	50.8%	47.2%	48.5%	47.4%	*47.5%*	*45.0%*	*45.0%*	Common Equity Ratio	*45.0%*
							1357.7	1529.8	1426.0	1468.9	1672.0	1748.8	1979.7	2421.6	2709.3	*3150*	*3600*	*4030*	Total Capital ($mill)	*4915*
							2182.7	2260.9	2255.0	2421.4	2438.9	2654.8	2871.4	3114.4	3358.1	*3750*	*4150*	*4535*	Net Plant ($mill)	*5320*
							5.5%	5.1%	NMF	5.8%	5.2%	5.2%	5.1%	4.7%	4.9%	*3.0%*	*3.5%*	*3.5%*	Return on Total Cap'l	*3.5%*
							6.9%	6.9%	NMF	8.8%	7.5%	7.9%	8.4%	7.3%	7.3%	*6.5%*	*8.0%*	*7.5%*	Return on Shr. Equity	*8.0%*
							6.9%	6.9%	NMF	8.8%	7.5%	7.9%	8.4%	7.3%	7.3%	*6.5%*	*8.0%*	*7.5%*	Return on Com Equity	*8.0%*
							.6%	.9%	NMF	2.1%	1.4%	1.7%	2.4%	2.0%	2.1%	*1.0%*	*2.5%*	*2.5%*	Retained to Com Eq	*2.5%*
							92%	87%	NMF	76%	82%	79%	71%	73%	72%	*85%*	*65%*	*64%*	All Div'ds to Net Prof	*58%%*

CAPITAL STRUCTURE as of 9/30/24
Total Debt $1736 mill. **Due in 5 Yrs** $1395 mill.
LT Debt $1555 mill. **LT Interest** $80 mill.

(Total interest coverage: 5.0x)

Pension Assets-12/23 $283.0 mill.
Oblig. $425.5 mill.

Pfd Stock None

Common Stock 40,132,048 shares
as of 10/31/24

MARKET CAP $1.6 billion (Small Cap)

CURRENT POSITION ($MILL.)	**2022**	**2023**	**9/30/24**
Cash Assets	29.3	32.9	35.0
Other	714.9	568.5	373.9
Current Assets	744.2	601.4	408.9
Accts Payable	180.7	145.4	96.3
Debt Due	348.9	240.7	180.6
Other	369.1	310.8	290.5
Current Liab.	898.7	696.9	567.4
Fix. Chg. Cov.	320%	240%	350%

ANNUAL RATES of change (per sh)	**Past 10 Yrs.**	**Past 5 Yrs.**	**Est'd '21-'23 to '28-'30**
Revenues	- -	3.5%	*4.5%*
"Cash Flow"	1.5%	9.5%	*5.0%*
Earnings	1.0%	25.0%	*6.5%*
Dividends	1.0%	.5%	*.5%*
Book Value	2.0%	3.5%	*4.0%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	350.3	195.0	116.8	375.3	1037.4
2023	462.4	237.9	141.5	355.7	1197.5
2024	433.5	211.7	136.9	*367.9*	*1150*
2025	*475*	*230*	*150*	*400*	*1255*
2026	*515*	*250*	*165*	*430*	*1360*

Calendar	EARNINGS PER SHARE [A] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	1.80	.05	d.56	1.36	2.54
2023	2.01	.03	d.65	1.21	2.59
2024	1.69	d.07	d.71	*1.39*	*2.30*
2025	*2.10*	*.05*	*d.60*	*1.45*	*3.00*
2026	*2.15*	*.05*	*d.65*	*1.55*	*3.10*

Calendar	QUARTERLY DIVIDENDS PAID [B] ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.48	.48	.48	.483	1.92
2022	.483	.483	.483	.485	1.93
2023	.485	.485	.485	.488	1.94
2024	.488	.488	.488	.49	1.95
2025	.49				

BUSINESS: Northwest Natural Holding Co. distributes natural gas to 1,000 communities, 795,000 customers, in Oregon (88% of customers) and in southwest Washington state. Principal cities served: Portland and Eugene, OR; Vancouver, WA. Service area population: 3.7 mill. (77% in OR). Company buys gas supply from Canadian and U.S. producers; has transportation rights on Northwest Pipeline system. Owns local underground storage. Rev. breakdown: residential, 38%; commercial, 23%; industrial, gas transportation, 39%. Employs 1,380. BlackRock Inc. owns 17.6% of shares; Vanguard, 12.4%; Off./Dir., .84% (4/24 proxy). CEO: David H. Anderson. Inc.: Oregon. Address: 220 NW 2nd Ave., Portland, OR 97209. Tel.: 503-226-4211. Internet: www.nwnatural.com.

Northwest Natural probably had a weak performance in 2024. (Note: The company was scheduled to release its full-year results as we went to press with this Issue.) Fourth-quarter earnings probably compared favorably versus years past, driven by the resolution of an Oregon gas utility rate case in October. The company's revenue requirement increased $93 million as a result. Unfortunately, regulators did not approve recovery for $14 million of investments in line extensions, which were previously allowed, and will result in a noncash disallowance charge in the quarter. A new rate case was filed for about half as much, expected to take effect in late 2025. Customer expansion and various auxilliary water and waste-water business additions completed this year probably contributed to some growth. However, earnings for the full year likely decreased to around $2.30 per share, after having plataued at roughly $2.55 for the past three years. This is in large part due to regulatory lag that was partially resolved in the recent rate case, as well as specific non-recurring other income and taxes.

We expect earnings to rebound in the year ahead. The bottom line should find support from a mix of factors. The company has diversified market exposure to various geographies across natural gas, water, and renewables, which improves its ability to capitalize on several growth opportunities. Furthermore, its positioning in strong geographies adds to this expansion potential with single-family housing permits in the Portland area up 13% and relatively low unemployment lending strong underlying economic trends. We think the company could achieve earnings of $3.00 per share in 2025.

Long-term growth will likely be in the high-single digits. The company has room for further expansion through system buildouts, maintenance and innovation associated with an increasing focus on climate resiliency, which should help to drive investment out to late decade.

The stock offers solid recovery potential out three to five years, and boasts a high dividend yield. However, recent weakness makes this a below-average pick for year-ahead performance (Timeliness 4).

Earl B. Humes *February 21, 2025*

(A) Diluted earnings per share. Excludes nonrecurring items: '08, ($0.03); '09, $0.06; May not sum due to rounding. Next earnings report due in early May.
(B) Dividends historically paid in mid-February, May, August, and November.
■ Dividend reinvestment plan available.
(C) In millions.
(D) Includes intangibles. In 2023: $163 million, $4.33/share.

Company's Financial Strength	A
Stock's Price Stability	85
Price Growth Persistence	20
Earnings Predictability	20

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ONE GAS, INC. NYSE-OGS

RECENT PRICE 70.20 | P/E RATIO 16.9 (Trailing: 18.3 Median: 21.0) | RELATIVE P/E RATIO 0.92 | DIV'D YLD 3.8% | VALUE LINE

TIMELINESS 4 Lowered 11/22/24
SAFETY 2 New 6/2/17
TECHNICAL 3 Lowered 2/21/25
BETA .85 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$44-$83	$64 (-10%)

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	110	(+55%)	*15%*
Low	80	(+15%)	*7%*

Institutional Decisions

	1Q2024	2Q2024	3Q2024
to Buy	170	143	152
to Sell	147	160	146
Hld's(000)	51905	53086	62020

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
High:	44.3	51.8	67.4	79.5	87.8	96.7	97.0	81.9	92.3	84.3	78.9	73.9
Low:	31.9	38.9	48.0	61.4	62.2	75.8	63.7	62.5	68.9	55.5	57.7	66.4

LEGENDS
35.00 x Dividends p sh
Relative Price Strength
Options: Yes
Shaded area indicates recession

Target Price Range 2028 2029 2030

Percent shares traded 21 14 7

% TOT. RETURN 1/25

	THIS STOCK	VL ARITH.* INDEX
1 yr.	21.9	20.7
3 yr.	2.6	25.6
5 yr.	-10.8	83.9

The shares of ONE Gas, Inc. began trading "regular-way" on the New York Stock Exchange on February 3, 2014. That happened as a result of the separation of ONEOK's natural gas distribution operation. Regarding the details of the spinoff, on January 31, 2014, ONEOK distributed one share of OGS common stock for every four shares of ONEOK common stock held by ONEOK shareholders of record as of the close of business on January 21. It should be mentioned that ONEOK did not retain any ownership interest in the new company.

CAPITAL STRUCTURE as of 9/30/24
Total Debt $3365.3 mill. **Due in 5 Yrs** $890.0 mill.
LT Debt $2384.9 mill. **LT Interest** $120.0 mill.
(LT interest earned: 3.4x; total interest coverage: 3.4x)
Leases, Uncapitalized Annual rentals $6.7 mill.
Pfd Stock None
Pension Assets-12/23 $977.0 mill. **Oblig.** $962.1 mill.
Common Stock 56,655,256 shs.
as of 10/28/24
MARKET CAP: $4.0 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2022	2023	9/30/24
Cash Assets	9.7	18.8	18.8
Other	1207.9	746.4	671.7
Current Assets	1217.6	765.2	690.5
Accts Payable	360.5	278.1	146.8
Debt Due	572.7	888.9	980.4
Other	256.2	310.2	260.4
Current Liab.	1189.4	1477.2	1387.6
Fix. Chg. Cov.	540%	390%	405%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '28-'30
Revenues	- -	7.0%	*7.5%*
"Cash Flow"	- -	7.0%	*9.5%*
Earnings	- -	6.0%	*4.0%*
Dividends	- -	8.5%	*2.5%*
Book Value	- -	4.5%	*6.0%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	971.5	428.9	359.4	818.2	2578.0
2023	1032.1	398.1	335.8	606.0	2372.0
2024	758.3	354.1	340.4	*617.2*	*2070*
2025	*800*	*375*	*350*	*675*	*2200*
2026	*825*	*400*	*380*	*725*	*2330*

Calendar	EARNINGS PER SHARE [A] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	1.83	.59	.44	1.23	4.08
2023	1.84	.58	.45	1.27	4.14
2024	1.75	.48	.34	*1.28*	*3.85*
2025	*1.85*	*.58*	*.44*	*1.38*	*4.25*
2026	*1.94*	*.63*	*.48*	*1.45*	*4.50*

Calendar	QUARTERLY DIVIDENDS PAID [B] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.58	.58	.58	.58	2.32
2022	.62	.62	.62	.62	2.48
2023	.65	.65	.65	.65	2.60
2024	.66	.66	.66	.66	2.64
2025	.67				

© VALUE LINE PUB. LLC	28-30
Revenues per sh	*67.55*
"Cash Flow" per sh	*15.55*
Earnings per sh [A]	*5.25*
Div'ds Decl'd per sh [B] ■	*2.90*
Cap'l Spending per sh	*12.75*
Book Value per sh	*69.45*
Common Shs Outst'g [C]	*57.00*
Avg Ann'l P/E Ratio	*18.0*
Relative P/E Ratio	*1.00*
Avg Ann'l Div'd Yield	*3.1%*
Revenues ($mill)	*3850*
Net Profit ($mill)	*300*
Income Tax Rate	*20.0%*
Net Profit Margin	*7.8%*
Long-Term Debt Ratio	*45.0%*
Common Equity Ratio	*55.0%*
Total Capital ($mill)	*7200*
Net Plant ($mill)	*8500*
Return on Total Cap'l	*5.5%*
Return on Shr. Equity	*7.5%*
Return on Com Equity	*7.5%*
Retained to Com Eq	*3.5%*
All Div'ds to Net Prof	*55%*

Bold figures are Value Line estimates

BUSINESS: ONE Gas, Inc. provides natural gas distribution services to more than two million customers. There are three divisions: Oklahoma Natural Gas, Kansas Gas Service, and Texas Gas Service. The company purchased 160 Bcf of natural gas supply in 2023, compared to 165 Bcf in 2022. Total volumes delivered by customer (fiscal 2023): transportation, 59.3%; residential, 29.7%; commercial & industrial, 10.6%; other, .4%. ONE Gas has around 3,900 employees. BlackRock owns 14.5% of common stock; The Vanguard Group, 11.6%; American Century Investment, 7.5%; officers and directors, 1.5% (4/24 Proxy). CEO: Robert S. McAnnally. Incorporated: Oklahoma. Address: 15 East Fifth Street, Tulsa, Oklahoma 74103. Tel.: 918-947-7000. Internet: www.onegas.com.

Earnings for ONE Gas likely took a turn for the worse in 2024. (Please be aware that fourth-quarter results were not released to the public when this report went to press.) Recall that during the first nine months, the bottom line retreated 10.5%, to $2.57 per share, relative to the $2.87 tally that was posted for the same period in 2023. This stemmed partially from higher employee-related costs, given planned investments in the company's workforce and ongoing in-sourcing efforts. Depreciation & amortization expense climbed, too, reflecting additional capital investments. Furthermore, sales volumes decreased and interest charges rose. So, it appears that earnings per share finished in the vicinity of $3.85 for the full year. That would mark a 7% decline from 2023's $4.14 total.

We believe that a recovery is possible in 2025, however. New rates should be one contributing factor. Benefits arising from additional expansion of the customer base ought to lift results, as well. Operating expenses (including those already mentioned) stand to continue to mount, but that is to be expected as the company grows. Consequently, profits might advance around 10%, to $4.25 a share. Regarding 2026, we look for the bottom line to increase another 6% or so, to $4.50 per share, assuming that business conditions cooperate.

The quarterly dividend was raised by one cent, to $0.67 a share. ONE Gas states that it intends to keep the average annual dividend growth rate between 1% and 2% through fiscal 2029. We think that significantly slower increase, compared to previous years, is partially because of climbing operating costs. In any case, the payout ratio out to the beginning of the next decade should be reasonable, in the neighborhood of 55%.

What about OGS shares? The dividend yield is decent when measured against those of other stocks in *Value Line's* Natural Gas Utility category. But, at the recent quotation, capital appreciation potential over the 3- to 5-year horizon is nothing to write home about. Meanwhile, the equity is pegged to trail the market for the next six to 12 months (Timeliness rank 4: Below Average).

Frederick L. Harris, III February 21, 2025

(A) Diluted EPS. Excludes nonrecurring gain: 2017, $0.06. Next earnings report due early May. Quarterly EPS figures for 2022 don't equal total due to rounding.
(B) Dividends historically paid in early March, June, Sept., and Dec. ■ Dividend reinvestment plan. Direct stock purchase plan.
(C) In millions.

Company's Financial Strength	B++
Stock's Price Stability	85
Price Growth Persistence	40
Earnings Predictability	100

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SOUTHWEST GAS NYSE-SWX

RECENT PRICE 76.38 | P/E RATIO 19.7 (Trailing: 30.7 Median: 21.0) | RELATIVE P/E RATIO 1.07 | DIV'D YLD 3.2% | VALUE LINE

TIMELINESS — Suspended 11/17/23
SAFETY 2 Raised 2/23/24
TECHNICAL — Suspended 11/17/23
BETA .95 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$50-$90	$70 (-10%)

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	100	(+30%)	*10%*
Low	75	(Nil)	*3%*

Institutional Decisions

	1Q2024	2Q2024	3Q2024
to Buy	122	141	144
to Sell	149	131	138
Hld's(000)	65977	66812	73232

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	© VALUE LINE PUB. LLC	28-30
High:	64.2	63.7	79.6	86.9	86.0	92.9	81.6	73.5	95.6	68.0	80.3	76.9								
Low:	47.2	50.5	53.5	72.3	62.5	73.3	45.7	57.0	59.5	53.8	57.6	67.9								
Revenues per sh	42.00	40.18	41.07	41.77	42.08	45.61	52.00	51.82	53.00	54.31	56.72	57.68	60.91	73.90	75.93	*71.55*	*73.95*	*78.75*	Revenues per sh	*84.00*
"Cash Flow" per sh	6.16	6.46	6.81	7.73	8.24	8.47	8.62	9.29	8.83	8.14	9.40	9.87	9.46	3.98	8.27	*8.75*	*9.85*	*10.51*	"Cash Flow" per sh	*11.85*
Earnings per sh A	1.94	2.27	2.43	2.86	3.11	3.01	2.92	3.18	3.62	3.68	3.94	4.14	3.39	d3.10	2.13	*2.80*	*3.60*	*4.00*	Earnings per sh A	*4.85*
Div'ds Decl'd per sh B■†	.95	1.00	1.06	1.18	1.32	1.46	1.62	1.80	1.98	2.08	2.18	2.28	2.38	2.46	2.48	2.48	*2.48*	*2.48*	Div'ds Decl'd per sh B■†	*3.00*
Cap'l Spending per sh	4.81	4.73	8.29	8.57	7.86	8.53	10.30	11.15	12.97	14.44	17.06	14.43	11.84	12.80	12.19	*11.80*	*12.50*	*13.50*	Cap'l Spending per sh	*14.50*
Book Value per sh	24.44	25.62	26.66	28.35	30.47	31.95	33.61	35.03	37.74	42.47	45.56	46.77	48.89	45.57	46.25	*51.70*	*54.25*	*55.50*	Book Value per sh	*58.65*
Common Shs Outst'g C	45.09	45.56	45.96	46.15	46.36	46.52	47.38	47.48	48.09	53.03	55.01	57.19	60.42	67.12	71.56	*72.00*	*73.00*	*73.00*	Common Shs Outst'g C	*75.00*
Avg Ann'l P/E Ratio	12.2	14.0	15.7	15.0	15.8	17.9	19.4	21.6	22.2	20.6	21.3	16.8	19.9	- -	29.0	*25.5*	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*18.0*
Relative P/E Ratio	.81	.89	.98	.95	.89	.94	.98	1.13	1.12	1.11	1.13	.86	1.08	- -	1.61	*1.42*			Relative P/E Ratio	*1.00*
Avg Ann'l Div'd Yield	4.0%	3.2%	2.8%	2.8%	2.7%	2.7%	2.9%	2.6%	2.5%	2.7%	2.6%	3.3%	3.5%	3.2%	4.0%	3.5%			Avg Ann'l Div'd Yield	*3.4%*
Revenues ($mill)	2463.6	2460.5	2548.8	2880.0	3119.9	3298.9	3680.5	4960.0	5434.0	*5150*	*5400*	*5750*	Revenues ($mill)	*6300*
Net Profit ($mill)	138.3	152.0	173.8	182.3	213.9	232.3	200.8	d203.3	150.9	*200*	*265*	*290*	Net Profit ($mill)	*365*
Income Tax Rate	36.4%	33.9%	32.8%	25.3%	20.5%	21.6%	16.1%	- -	21.2%	*21.0%*	*21.0%*	*21.0%*	Income Tax Rate	*21.0%*
Net Profit Margin	5.6%	6.2%	6.8%	6.3%	6.9%	7.0%	5.5%	NMF	2.8%	*3.9%*	*4.9%*	*5.1%*	Net Profit Margin	*5.8%*
Long-Term Debt Ratio	49.3%	48.2%	49.8%	48.3%	47.9%	50.5%	58.2%	59.0%	58.2%	*55.0%*	*55.0%*	*55.0%*	Long-Term Debt Ratio	*56.0%*
Common Equity Ratio	50.7%	51.8%	50.2%	51.7%	52.1%	49.5%	41.8%	41.0%	41.8%	*45.0%*	*45.0%*	*45.0%*	Common Equity Ratio	*44.0%*
Total Capital ($mill)	3143.5	3213.5	3613.3	4359.3	4806.4	5407.2	7069.5	7462.1	7919.9	*8200*	*8800*	*9000*	Total Capital ($mill)	*10000*
Net Plant ($mill)	3891.1	4132.0	4523.7	5093.2	5685.2	6176.1	7594.0	7024.5	7518.2	*8100*	*8700*	*9275*	Net Plant ($mill)	*10450*
Return on Total Cap'l	5.5%	5.8%	5.8%	5.2%	5.4%	5.3%	3.4%	NMF	3.8%	*2.5%*	*3.0%*	*3.0%*	Return on Total Cap'l	*3.5%*
Return on Shr. Equity	8.7%	9.1%	9.6%	8.1%	8.5%	8.7%	6.8%	NMF	4.6%	*5.5%*	*6.5%*	*7.0%*	Return on Shr. Equity	*8.5%*
Return on Com Equity	8.7%	9.1%	9.6%	8.1%	8.5%	8.7%	6.8%	NMF	4.6%	*5.5%*	*6.5%*	*7.0%*	Return on Com Equity	*8.5%*
Retained to Com Eq	4.0%	4.1%	4.5%	3.6%	3.9%	4.0%	2.1%	NMF	NMF	*.5%*	*2.0%*	*2.5%*	Retained to Com Eq	*3.0%*
All Div'ds to Net Prof	54%	55%	53%	55%	54%	54%	69%	NMF	116%	*89%*	*70%*	*62%*	All Div'ds to Net Prof	*62%*

Target Price Range 2028 | 2029 | 2030: 200, 160, 100, 80, 60, 50, 40, 30, 20

LEGENDS
0.80 x Dividends p sh divided by Interest Rate
Relative Price Strength
Options: Yes
Shaded area indicates recession

Percent shares traded: 15, 10, 5

% TOT. RETURN 1/25

	THIS STOCK	VL ARITH.* INDEX
1 yr.	29.2	20.7
3 yr.	18.6	25.6
5 yr.	13.6	83.9

CAPITAL STRUCTURE as of 9/30/24
Total Debt $5045.1 mill. **Due in 5 Yrs** $1008 mill.
LT Debt $4382.1 mill. **LT Interest** $300 mill.
(Total interest coverage: 2.6x) (55% of Cap'l)

Leases, Uncapitalized Annual rentals $24.9 mill.
Pension Assets-12/23 $1202.0 mill.
Oblig. $1352.2 mill.

Pfd Stock None

Common Stock 71,743,666 shs.
as of 10/25/24

MARKET CAP: $5.5 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2022	2023	9/30/24
Cash Assets	123.1	106.5	456.6
Other	3584.6	1774.6	998.8
Current Assets	3707.7	1881.1	1455.4
Accts Payable	662.1	346.9	227.0
Debt Due	1587.4	671.1	663.0
Other	1173.5	666.8	812.7
Current Liab.	1173.5	1684.8	1702.7
Fix. Chg. Cov.	265%	145%	225%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '28-'30
Revenues	5.5%	6.5%	*6.0%*
"Cash Flow"	-3.0%	-7.0%	*8.5%*
Earnings	- -	- -	*10.0%*
Dividends	6.5%	3.5%	*5.5%*
Book Value	4.5%	2.0%	*7.5%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	1267.4	1146.1	1125.6	1420.9	4960.0
2023	1603.3	1293.6	1169.5	1387.6	5454.0
2024	1581.0	1182.2	1079.2	*1307.6*	*5150*
2025	*1660*	*1240*	*1225*	*1275*	*5400*
2026	*1770*	*1320*	*1305*	*1355*	*5750*

Calendar	EARNINGS PER SHARE A D Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	1.58	d.10	d.18	d4.18	d3.10
2023	.67	.40	.04	1.02	2.13
2024	1.22	.25	- -	*1.33*	*2.80*
2025	*1.75*	*.65*	*.15*	*1.05*	*3.60*
2026	*1.95*	*.70*	*.15*	*1.20*	*4.00*

Calendar	QUARTERLY DIVIDENDS PAID B■† Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.570	.595	.595	.595	2.36
2022	.595	.62	.62	.62	2.46
2023	.62	.62	.62	.62	2.48
2024	.62	.62	.62	.62	2.48
2025	.62				

BUSINESS: Southwest Gas Holdings, Inc. is the parent holding company of Southwest Gas. Centuri Group spun-off 4/22/24. Southwest Gas is a regulated gas distributor serving 2.2 million customers in Arizona, Nevada, and California. 2023 margin mix: residential 68%; small commercial, 20%; large commercial and industrial, 8%; transportation, 4%. Total throughput: 2.2 billion therms. Southwest has 2,371 employees; Centuri 12,572. Off. & dir. own .4% of common stock; Carl C. Icahn, 15.4%; BlackRock, 13.0%; The Vanguard Group, 10.1%; (3/24 Proxy). Chairman: Michael J. Melarkey. Pres. & CEO: Karen S. Haller. Inc.: DE. Addr.: 8360 S. Durango Drive, P.O. Box 98510 Las Vegas, Nevada 89193. Telephone: 702-876-7237. Internet: www.swgas.com.

Southwest Gas Holdings' performance has been affected by significant corporate restructuring over the past two years. In early 2023 the company sold its MountainWest Pipeline business, then spun off Centuri Group's infrastructure services operation in an early 2024 initial public offering, although it still retains a significant portion of the newly issued stock. These changes have contributed to many unique charges and uneven results over the past few years. All of this is in the aim of transitioning into a fully regulated natural gas utility. We think this strategy will likely enhance operating efficiency and maximize shareholder value over the long run. The sale of these auxiliary businesses has also helped to provide capital to invest and optimize the capital structure.

The pure-play utility likely had a good showing for 2024. We expect the company reported net income of at least $200 million, though management's more optimistic guidance range calls for this figure in the range of roughly $235 million to $245 million. Capital expenditures likely totaled $850 million.

Southwest has a fairly bright outlook for the years ahead. One key strength is in the company's strong geographic positioning. Southwest's operating footprint includes some of the fastest growing regions in the country in Arizona and Nevada. These areas also offer good potential for semiconductor manufacturing and data centers. To help meet new and existing demand, management has a robust pipeline of capital investments and projects rate base growth of 10% per year. The company also operates in a more favorable regulatory environment with respect to rate case executions.

The stock appears to price in many of these good qualities. The equity has increased roughly 30% over the past year, significantly diminishing long-term upside potential at the recent quotation. The stock's dividend yield is above average, but many industry peers offer more appeal. Too, there is still significant uncertainties regarding the company's future performance as a stand-alone utility group. Ultimately, we think most investors will want to turn the page.

Earl B. Humes *February 21, 2025*

(A) Diluted earnings. Excl. nonrec. gains (losses): '22, 10¢. Next egs. report due early May. **(B)** Dividends historically paid early March, June, September, and December. ■† Div'd reinvestment and stock purchase plan avail. **(C)** In millions. **(D)** Totals may not sum due to rounding. **(E)** Rank suspended 11/17/2023 for spin-off of the Centuri Group.

Company's Financial Strength	A
Stock's Price Stability	80
Price Growth Persistence	25
Earnings Predictability	5

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SPIRE INC. NYSE-SR

RECENT PRICE **71.88** | P/E RATIO **18.2** (Trailing: 17.4 Median: 18.0) | RELATIVE P/E RATIO **0.99** | DIV'D YLD **4.4%** | **VALUE LINE**

TIMELINESS 3 Raised 2/14/25
SAFETY 2 Raised 6/20/03
TECHNICAL 3 Lowered 1/24/25
BETA .90 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$53-$83	$68 (-5%)

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	105	(+45%)	*13%*
Low	80	(+10%)	*7%*

Institutional Decisions

	1Q2024	2Q2024	3Q2024
to Buy	135	160	159
to Sell	134	108	130
Hld's(000)	48507	49797	57334

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
High:	55.2	61.0	71.2	82.9	81.1	88.0	88.0	77.9	79.2	75.8	73.6	73.5						
Low:	44.0	49.1	57.1	62.3	60.1	71.7	50.6	59.3	61.5	53.8	56.4	65.1						
Revenues per sh [A]	85.49	77.83	71.48	49.90	31.10	37.68	45.59	33.68	36.07	38.78	38.30	35.96	43.24	41.88	50.12	44.94	*41.75*	*41.95*
"Cash Flow" per sh	4.56	4.11	4.62	4.58	3.12	3.87	6.15	6.16	6.54	7.55	7.12	5.25	9.09	8.44	8.60	8.92	*8.90*	*9.35*
Earnings per sh [A B]	2.92	2.43	2.86	2.79	2.02	2.35	3.16	3.24	3.43	4.33	3.52	1.44	4.96	3.95	3.85	4.19	*3.95*	*4.15*
Div'ds Decl'd per sh [C ■]	1.53	1.57	1.61	1.66	1.70	1.76	1.84	1.96	2.10	2.25	2.37	2.49	2.60	2.74	2.88	3.02	*3.14*	*3.26*
Cap'l Spending per sh	2.36	2.56	3.02	4.83	4.00	3.96	6.68	6.42	9.08	9.86	16.15	12.37	12.09	10.52	12.45	14.93	*13.15*	*13.25*
Book Value per sh [D]	23.32	24.02	25.56	26.67	32.00	34.93	36.30	38.73	41.26	44.51	45.14	44.19	46.74	49.08	50.29	51.83	*53.05*	*54.55*
Common Shs Outst'g [E]	22.17	22.29	22.43	22.55	32.70	43.18	43.36	45.65	48.26	50.67	50.97	51.60	51.70	52.50	53.20	57.70	*60.00*	*62.00*
Avg Ann'l P/E Ratio	13.4	13.7	13.0	14.5	21.3	19.8	16.5	19.6	19.8	16.7	22.8	51.1	13.6	17.5	17.3	14.6		
Relative P/E Ratio	.89	.87	.82	.92	1.20	1.04	.83	1.03	1.00	.90	1.21	2.62	.73	1.01	1.00	.76		
Avg Ann'l Div'd Yield	3.9%	4.7%	4.3%	4.1%	4.0%	3.8%	3.5%	3.1%	3.1%	3.1%	3.0%	3.4%	3.8%	4.0%	4.3%	4.9%		
Revenues ($mill) [A]	1976.4	1537.3	1740.7	1965.0	1952.4	1855.4	2235.5	2198.5	2666.3	2593.0	*2505*	*2600*						
Net Profit ($mill)	136.9	144.2	161.6	214.2	184.6	88.6	271.7	220.8	217.5	250.9	*235*	*255*						
Income Tax Rate	31.2%	32.5%	32.4%	--	15.7%	12.3%	20.1%	21.1%	15.1%	19.0%	*19.0%*	*19.5%*						
Net Profit Margin	6.9%	9.4%	9.3%	10.9%	9.5%	4.8%	12.2%	10.0%	8.2%	9.7%	*9.4%*	*9.8%*						
Long-Term Debt Ratio	53.0%	50.9%	50.0%	45.7%	45.0%	49.0%	52.5%	51.2%	54.9%	53.4%	*53.0%*	*53.0%*						
Common Equity Ratio	47.0%	49.1%	50.0%	54.3%	49.7%	46.1%	43.2%	44.6%	41.3%	43.1%	*43.0%*	*43.0%*						
Total Capital ($mill)	3345.1	3601.9	3986.3	4155.5	4625.6	4946.0	5597.3	5777.0	6471.3	6937.1	*7400*	*7865*						
Net Plant ($mill)	2941.2	3300.9	3665.2	3970.5	4352.0	4680.1	5055.7	5370.4	5778.9	6243.3	*6550*	*6860*						
Return on Total Cap'l	5.1%	4.9%	5.0%	6.3%	5.1%	2.9%	5.8%	4.9%	4.8%	5.1%	*5.0%*	*5.0%*						
Return on Shr. Equity	8.7%	8.2%	8.1%	9.5%	7.3%	3.5%	10.2%	7.8%	7.5%	7.8%	*7.5%*	*7.5%*						
Return on Com Equity	8.7%	8.2%	8.1%	9.5%	7.9%	3.2%	10.6%	8.0%	7.6%	7.9%	*7.5%*	*7.5%*						
Retained to Com Eq	3.7%	3.3%	3.3%	4.7%	2.7%	NMF	5.1%	2.5%	1.9%	2.3%	*1.0%*	*1.0%*						
All Div'ds to Net Prof	58%	59%	60%	51%	66%	NMF	54%	71%	76%	72%	*86%*	*85%*						

Bold figures are Value Line estimates

Target Price Range 2028 | 2029 | 2030

% TOT. RETURN 1/25

	THIS STOCK	VL ARITH.* INDEX
1 yr.	40.1	20.7
3 yr.	31.3	25.6
5 yr.	10.8	83.9

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CAPITAL STRUCTURE as of 12/31/24
Total Debt $4898.2 mill. **Due in 5 Yrs**$1766.0 mill.
LT Debt $3697.7 mill. **LT Interest** $185.0 mill.
(Total interest coverage: 2.5x)

Leases, Uncapitalized Annual rentals $9.8 mill.
Pension Assets-9/24 $704.5 mill.
Oblig. $887.3 mill.
Pfd Stock $242.0 mill. **Pfd Div'd** $14.8 mill.
Common Stock 58,345,839 shs.
as of 1/31/25

MARKET CAP: $4.2 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2023	2024	12/31/24
Cash Assets	5.6	4.5	11.5
Other	1071.3	766.8	976.5
Current Assets	1076.9	771.3	988.0
Accts Payable	253.1	237.2	292.3
Debt Due	1112.1	989.0	1200.5
Other	390.2	477.7	498.4
Current Liab.	1755.4	1703.9	1991.2
Fix. Chg. Cov.	294%	305%	310%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '22-'24 to '28-'30
Revenues	1.5%	4.0%	*1.0%*
"Cash Flow"	8.5%	4.0%	*4.0%*
Earnings	5.5%	1.0%	*4.5%*
Dividends	5.5%	5.0%	*4.0%*
Book Value	5.0%	3.0%	*2.5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.)[A] Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2022	555.4	880.9	448.0	314.2	2198.5
2023	814.0	1123.4	418.5	310.4	2666.3
2024	756.6	1128.5	414.1	293.8	2593.0
2025	669.1	*1120.9*	*415*	*300*	*2505*
2026	*715*	*1135*	*430*	*320*	*2600*

Fiscal Year Ends	EARNINGS PER SHARE [A B F] Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2022	1.01	3.27	d.10	d.20	3.95
2023	1.66	3.33	d.48	d.66	3.85
2024	1.52	3.58	d.28	d.51	4.19
2025	1.34	*3.40*	*d.30*	*d.49*	*3.95*
2026	*1.43*	*3.47*	*d.27*	*d.48*	*4.15*

Calendar	QUARTERLY DIVIDENDS PAID [C ■] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.65	.65	.65	.65	2.60
2022	.685	.685	.685	.685	2.74
2023	.72	.72	.72	.72	2.88
2024	.755	.755	.755	.755	3.02
2025	.785				

BUSINESS: Spire Inc., formerly known as the Laclede Group, Inc., is a holding company for natural gas utilities, which distributes natural gas across Missouri, including the cities of St. Louis and Kansas City, Alabama, and Mississippi. Has roughly 1.7 million customers. Acquired Missouri Gas 9/13, Alabama Gas Co 9/14. Utility therms sold and transported in fiscal 2024: 3.1 bill. Revenue mix for regulated operations: residential, 66%; commercial and industrial, 24%; transportation, 5%; other, 5%. Officers and directors own 2.3% of common shares; BlackRock, 11.9%; The Vanguard Group, 9.6% (12/24 proxy). Chairman: Edward Glotzbach; CEO: Steve Lindsey. Inc.: Missouri. Address: 700 Market Street, St. Louis, Missouri 63101. Tel.: 314-342-0500. Internet: www.spireenergy.com.

Spire got off to a rather uninspiring start in fiscal 2025 (ends September 30th). First-quarter earnings per share slipped 11.8%, to $1.34, versus the prior year's $1.52 result. That stemmed partially from diminished profits in the Gas Marketing division, given less favorable market conditions coupled with increased transportation and storage fees. There was a greater number of diluted shares outstanding, too. But the Gas Utility unit and Midstream segment had better showings during the period. Still, for the full year, we think the company's bottom line will retreat about 6%, to $3.95 per share, relative to fiscal 2024's $4.19 figure. Concerning fiscal 2026, however, earnings stand to recover around 5%, to $4.15 a share. That is based, to a certain degree, on our assumption that the business climate brightens. Improvements in operating efficiencies should lend further support.

Capital expenditures for this year are anticipated to be $790 million. (That's 8.3% lower than the fiscal 2024 level of $861.3 million.) The bulk of the funds are being deployed to infrastructure upgrades, the installation of advanced meters, plus new business development initiatives at the utilities. Management adds that it expects total capital spending from fiscal 2025 through fiscal 2034 to be $7.4 billion. If the balance sheet remains in sound condition, we believe that Spire will have minimal difficulty accomplishing these objectives.

The quarterly common stock dividend was raised about 4%, to $0.785 per share. That was made possible, no doubt, by the company's solid capital position. What's more, we anticipate additional steady hikes in the distribution out to 2028-2030. The payout ratio over that span should be manageable, in the neighborhood of 74%. It is worth mentioning that the dividend yield looks attractive when compared to the average of all Natural Gas Utility equities within the *Value Line* universe.

Besides the generous income component, there's not much else here, right now. At the recent quotation, 3- to 5-year capital appreciation possibilities are limited. Meanwhile, SR shares are ranked just 3 (Average) for Timeliness.

Frederick L. Harris, III February 21, 2025

(A) Fiscal year ends Sept. 30th.
(B) Based on diluted shares outstanding. Next earnings report due late April.
(C) Dividends paid in early January, April, July, and October. ■ Dividend reinvestment plan available.
(D) Includes deferred charges. In '24: $1,171.6 mill., $20.31/sh.
(E) In millions.
(F) Quarterly earnings may not sum due to rounding or change in shares outstanding.

Company's Financial Strength	B++
Stock's Price Stability	90
Price Growth Persistence	25
Earnings Predictability	50

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ALLIANT ENERGY NDQ-LNT

RECENT PRICE **63.63** | P/E RATIO **19.9** (Trailing: 22.6 Median: 21.0) | RELATIVE P/E RATIO **1.04** | DIV'D YLD **3.0%** | **VALUE LINE**

TIMELINESS 3 Raised 5/3/24
SAFETY 1 Raised 9/6/24
TECHNICAL 3 Lowered 11/29/24
BETA .90 (1.00 = Market)

18-Month Target Price Range

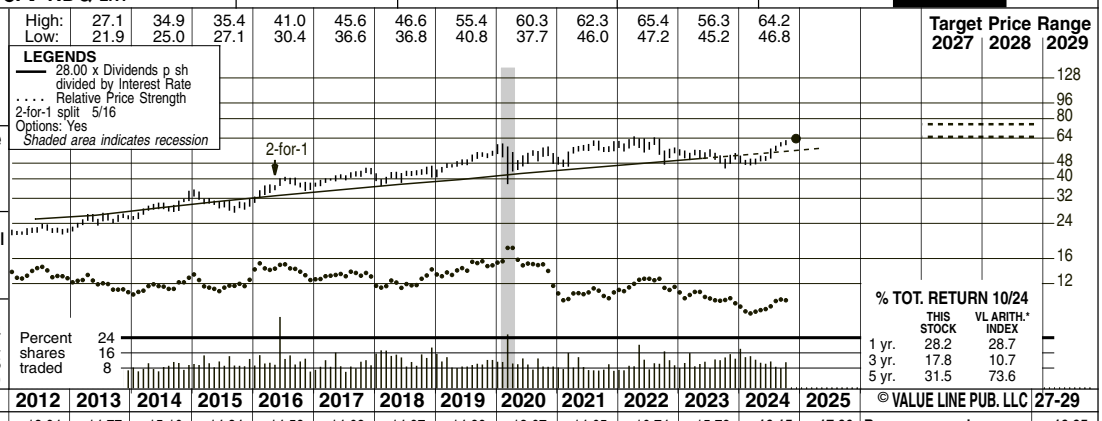
Low-High	Midpoint (% to Mid)
$46-$73	$60 (-5%)

2027-29 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	75	(+20%)	7%
Low	65	(Nil)	4%

Institutional Decisions

	4Q2023	1Q2024	2Q2024
to Buy	312	290	314
to Sell	279	311	265
Hld's(000)	209105	208018	205430



2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
16.67	15.51	15.40	16.51	13.94	14.77	15.10	14.34	14.58	14.62	14.97	14.89	13.67	14.65	16.74	15.72	*16.15*	*17.30*	Revenues per sh	*18.35*
2.28	2.10	2.60	2.75	2.95	3.34	3.49	3.45	3.43	3.97	4.32	4.59	4.92	5.25	5.40	5.38	*5.55*	*5.85*	"Cash Flow" per sh	*6.50*
1.27	.95	1.38	1.38	1.53	1.65	1.74	1.69	1.65	1.99	2.19	2.33	2.47	2.63	2.73	2.78	*2.95*	*3.25*	Earnings per sh A	*3.90*
.70	.75	.79	.85	.90	.94	1.02	1.10	1.18	1.26	1.34	1.42	1.52	1.61	1.71	1.81	*1.92*	*2.04*	Div'd Decl'd per sh B ■ †	*2.43*
3.98	5.43	3.91	3.03	5.22	3.32	3.78	4.25	5.26	6.34	6.92	6.69	5.47	4.67	5.91	7.24	*5.80*	*5.60*	Cap'l Spending per sh	*5.40*
12.78	12.54	13.05	13.57	14.12	14.79	15.54	16.41	16.96	18.08	19.43	21.24	22.76	23.91	24.99	26.46	*27.65*	*28.85*	Book Value per sh C	*31.90*
220.90	221.31	221.79	222.04	221.97	221.89	221.87	226.92	227.67	231.35	236.06	245.02	249.87	250.47	251.14	256.10	*256.70*	*256.70*	Common Shs Outst'g D	*257.00*
13.4	13.9	12.5	14.5	14.5	15.3	16.6	18.1	22.3	20.6	19.1	21.2	21.2	21.2	21.4	18.8	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*18.0*
.81	.93	.80	.91	.92	.86	.87	.91	1.17	1.04	1.03	1.13	1.09	1.15	1.24	1.05			Relative P/E Ratio	*1.00*
4.1%	5.7%	4.6%	4.3%	4.1%	3.7%	3.5%	3.6%	3.2%	3.1%	3.2%	2.9%	2.9%	2.9%	2.9%	3.5%			Avg Ann'l Div'd Yield	*3.7%*
3350.3	3253.6	3320.0	3382.2	3534.5	3647.7	3416.0	3669.0	4205.0	4027.0	*4150*	*4440*	Revenues ($mill)	*4720*
395.7	390.9	384.0	466.1	522.3	567.4	624.0	674.0	686.0	703.0	*755*	*835*	Net Profit ($mill)	*975*
10.1%	15.3%	13.4%	12.5%	8.4%	10.8%	- -	- -	3.1%	.6%	*2.0%*	*2.0%*	Income Tax Rate	*2.0%*
8.8%	9.4%	16.3%	10.7%	14.5%	16.3%	8.8%	3.7%	8.7%	14.2%	*6.0%*	*6.0%*	AFUDC % to Net Profit	*4.0%*
49.7%	47.3%	51.5%	47.8%	52.3%	50.6%	53.5%	52.9%	55.0%	54.8%	*56.5%*	*55.0%*	Long-Term Debt Ratio	*52.0%*
47.5%	50.0%	46.1%	49.8%	45.7%	47.6%	44.9%	47.1%	45.0%	45.2%	*43.5%*	*45.0%*	Common Equity Ratio	*48.0%*
7257.2	7446.3	8377.6	8392.8	10032	10938	12657	12725	13944	15002	*16220*	*16530*	Total Capital ($mill)	*17070*
6442.0	8970.2	9809.9	10798	12462	13527	14336	14987	16247	17157	*18300*	*18600*	Net Plant ($mill)	*19180*
6.5%	6.3%	5.6%	6.7%	6.3%	6.3%	5.9%	6.3%	6.1%	6.0%	*6.0%*	*6.5%*	Return on Total Cap'l	*7.0%*
10.8%	10.0%	9.5%	10.6%	10.9%	10.5%	10.6%	11.3%	10.9%	10.4%	*11.0%*	*11.5%*	Return on Shr. Equity	*12.0%*
11.2%	10.2%	9.7%	10.9%	11.2%	10.7%	10.8%	11.0%	10.9%	10.4%	*11.0%*	*11.5%*	Return on Com Equity E	*12.0%*
4.6%	3.6%	2.8%	4.0%	4.4%	4.2%	4.2%	4.3%	4.1%	3.6%	*4.0%*	*4.0%*	Retained to Com Eq	*4.5%*
60%	66%	72%	64%	62%	61%	62%	62%	62%	65%	*63%*	*63%*	All Div'ds to Net Prof	*62%*

CAPITAL STRUCTURE as of 9/30/24
Total Debt $10679 mill. **Due in 5 Yrs** $2984 mill.
LT Debt $9245 mill. **LT Interest** $370 mill.
(LT interest earned: 2.8x)

Leases, Uncapitalized Annual rentals $3 mill.

Pension Assets-12/23 $732 mill.
Oblig $876 mill.

Pfd Stock None

Common Stock 256,599,202 shs.

MARKET CAP: $16.3 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2021	2022	2023
% Change Retail Sales (KWH)	+3.7	-.7	
Avg. Indust. Use (MWH)	11696	11494	11435
Avg. Indust. Revs. per KWH (¢)	7.64	8.39	8.47
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	5486	5629	5856
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+.8	+.7	+.7
Fixed Charge Cov. (%)	259	NA	NA

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '27-'29
Revenues	.5%	1.5%	*2.5%*
"Cash Flow"	6.0%	6.5%	*2.0%*
Earnings	6.0%	7.0%	*6.0%*
Dividends	6.5%	6.5%	*6.0%*
Book Value	6.0%	6.5%	*4.0%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	901	817	1024	927	3669
2022	1068	943	1135	1059	4205
2023	1077	912	1077	961	4027
2024	1031	894	1081	*1144*	*4150*
2025	*1065*	*1005*	*1185*	*1185*	*4440*

EARNINGS PER SHARE A

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.68	.57	1.02	.35	2.63
2022	.77	.63	.90	.43	2.73
2023	.65	.64	1.02	.47	2.78
2024	.62	.57	1.15	*.61*	*2.95*
2025	*.74*	*.69*	*1.14*	*.68*	*3.25*

QUARTERLY DIVIDENDS PAID B ■ †

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2020	.38	.38	.38	.38	1.52
2021	.4025	.4025	.4025	.4025	1.61
2022	.4275	.4275	.4275	.4275	1.71
2023	.4525	.4525	.4525	.4525	1.81
2024	.48	.48	.48	.48	

BUSINESS: Alliant Energy Corporation is the parent company of Interstate Power and Light Company (IPL) and Wisconsin Power and Light Company (WPL). Together, the utility subsidiaries serve approximately one million electric and 425,000 natural gas customers in Wisconsin and Iowa. Electric revenue: residential, 36%; commercial, 25%; industrial, 29%; wholesale, 8%; other, 2%. Generating sources: coal, 32%; gas, 32%; wind, 16%; other, 1%; purchased, 19%. Fuel costs: 25% of revenues. '23 reported depreciation rates: 2.9%-6.1%. Has 3,300 employees. Chairman, President & CEO: John O. Larsen. Incorporated: Wisconsin. Address: 4902 N. Biltmore Lane, Madison, WI 53718-2148. Telephone: 608-458-3311. Internet: www.alliantenergy.com.

Alliant Energy could very well enjoy a strong boost in power demand, beginning in 2028. To that point, management recently announced that the electric utility was preparing to bring two "prestigious" data-center (DC) customers on board, both of which would operate out of Alliant's Big Cedar Industrial Center in Cedar Rapids, Iowa. As we understand it, the first phase of the Big Cedar DC opportunity is likely to increase peak demand by 1.1 gigawatts and go live sometime in late 2028. What's more, assuming Alliant continues to have success attracting commercial customers to the Hawkeye State, a second phase could be launched, potentially by decade's end.

Alliant remains focused on reducing its reliance on fossil fuels. To wit, its Interstate Power & Light subsidiary continues to target 400 megawatts of solar power generation by the end of 2024. Meantime, Wisconsin Power & Light was recently expected to complete the last of several projects that will increase the utility's overall solar-power capacity in the Badger State to 1.1 gigawatts. Importantly, these solar projects have zero fuel costs, thus reducing Alliant's susceptibility to swings in natural-gas prices and the like. Its investments in "green" power also yield significant tax credits that can be sold to regional manufacturers and other third parties looking to maintain compliance with restrictions on harmful carbon emissions. In 2025 alone, Alliant could realize as much as $400 million from the sale of tax credits.

The power company is likely to get a bit leaner. Indeed, in the December quarter, Alliant initiated a voluntary employee separation program that may very well result in a 5% reduction in its overall workforce. More than 160 workers could be impacted.

Alliant Energy shares remain neutrally ranked for relative year-ahead price performance. And with the stock up 23% in price year to date, long-term appreciation potential no longer stands out. Still, the utility company boasts an attractive, well-covered dividend that could hold some appeal for income-oriented accounts (current yield: 3.0% versus 1.9% for the *Value Line* universe as a whole).

Nils C. Van Liew *December 6, 2024*

(A) Diluted EPS. Excl. nonrecurring losses: '11, 1¢; '12, 8¢. '20 & '21 EPS don't sum due to rounding. Next earnings report due late Feb. **(B)** Dividends historically paid in mid-Feb., May, Aug., and Nov. ■ Dividend reinvestment plan avail. † Shareholder investment plan avail. **(C)** Incl. deferred charges. In '21: $1,980 mill., $7.91/sh. **(D)** In millions, adj. for split. **(E)** Rate base: Orig. cost. Rates all'd on com. eq. in IA in '20: various; in WI in '22: 10%; earned on avg. com. eq., '21: 11.3%. Regulatory Climate: Wisconsin, Above Average; Iowa, Average.

Company's Financial Strength	A+
Stock's Price Stability	90
Price Growth Persistence	55
Earnings Predictability	100

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AMEREN NYSE-AEE

RECENT PRICE **82.57** | P/E RATIO **17.1** (Trailing: 18.7 Median: 20.0) | RELATIVE P/E RATIO **0.93** | DIV'D YLD **3.2%** | **VALUE LINE**

TIMELINESS 4 Lowered 12/29/23
SAFETY 1 Raised 9/10/21
TECHNICAL 5 Lowered 8/2/24
BETA .90 (1.00 = Market)

18-Month Target Price Range

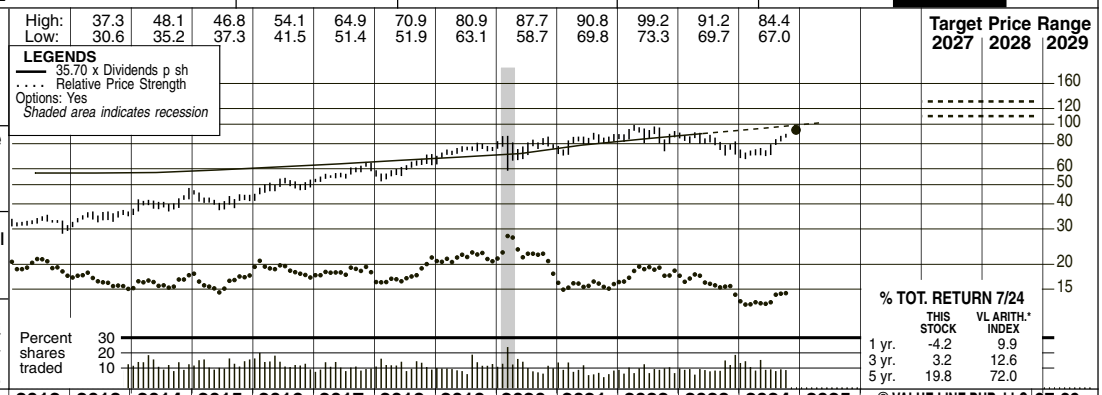
Low-High	Midpoint (% to Mid)
$61-$95	$78 (-5%)

2027-29 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	130	(+55%)	*14%*
Low	110	(+35%)	*9%*

Institutional Decisions

	3Q2023	4Q2023	1Q2024
to Buy	280	283	274
to Sell	314	321	321
Hld's(000)	210352	215268	218776



2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
36.92	29.87	31.77	31.04	28.14	24.06	24.95	25.13	25.04	25.46	25.73	24.00	22.87	24.81	30.37	28.10	*28.45*	*29.80*	Revenues per sh	*33.35*
6.44	6.06	6.33	5.87	5.87	5.25	5.77	6.08	6.59	6.80	7.64	7.83	8.08	8.89	9.59	9.99	*10.50*	*11.15*	"Cash Flow" per sh	*12.35*
2.88	2.78	2.77	2.47	2.41	2.10	2.40	2.38	2.68	2.77	3.32	3.35	3.50	3.84	4.14	4.37	*4.60*	*4.90*	Earnings per sh [A]	*6.00*
2.54	1.54	1.54	1.56	1.60	1.60	1.61	1.66	1.72	1.78	1.85	1.92	2.00	2.20	2.36	2.52	*2.68*	*2.86*	Div'd Decl'd per sh [B] ■	*3.30*
9.75	7.51	4.66	4.50	5.49	5.87	7.66	8.12	8.78	9.05	9.56	9.92	13.02	13.67	12.79	12.87	*12.55*	*12.80*	Cap'l Spending per sh	*13.00*
32.80	33.08	32.15	32.64	27.27	26.97	27.67	28.63	29.27	29.61	31.21	32.73	35.29	37.64	40.11	40.26	*42.90*	*45.95*	Book Value per sh [C]	*52.65*
212.30	237.40	240.40	242.60	242.63	242.63	242.63	242.63	242.63	242.63	244.50	246.20	253.30	257.70	262.00	267.00	*267.00*	*272.00*	Common Shs Outst'g [D]	*285.00*
14.2	9.3	9.7	11.9	13.4	16.5	16.7	17.5	18.3	20.6	18.3	22.1	22.2	21.4	21.5	18.8	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*20.0*
.85	.62	.62	.75	.85	.93	.88	.88	.96	1.04	.99	1.18	1.14	1.16	1.24	1.07			Relative P/E Ratio	*1.10*
6.2%	6.0%	5.8%	5.3%	5.0%	4.6%	4.0%	4.0%	3.5%	3.1%	3.0%	2.6%	2.6%	2.7%	2.7%	3.3%			Avg Ann'l Div'd Yield	*3.0%*
6053.0	6098.0	6076.0	6177.0	6291.0	5910.0	5794.0	6394.0	7957.0	7500.0	*7600*	*8100*	Revenues ($mill)	*9500*
593.0	585.0	659.0	683.0	821.0	834.0	877.0	995.0	1074.0	1152.0	*1230*	*1335*	Net Profit ($mill)	*1710*
38.9%	38.3%	36.7%	38.2%	22.4%	17.9%	15.0%	13.6%	14.0%	12.0%	*12.0%*	*12.0%*	Income Tax Rate	*12.0%*
5.7%	5.1%	4.1%	5.6%	6.9%	5.8%	5.5%	6.0%	5.0%	6.0%	*5.0%*	*5.0%*	AFUDC % to Net Profit	*4.0%*
47.2%	49.3%	47.7%	49.2%	50.3%	52.1%	55.0%	56.1%	56.6%	55.7%	*53.5%*	*52.5%*	Long-Term Debt Ratio	*51.0%*
51.7%	49.7%	51.3%	49.8%	48.8%	47.1%	44.3%	43.3%	43.4%	43.8%	*46.0%*	*47.0%*	Common Equity Ratio	*48.5%*
12975	13968	13840	14420	15632	17116	20158	22391	24193	24847	*25750*	*26450*	Total Capital ($mill)	*29500*
17424	18799	20113	21466	22810	24376	26807	29261	31262	33776	*35000*	*36300*	Net Plant ($mill)	*38400*
5.8%	5.3%	6.0%	6.0%	6.4%	6.0%	5.3%	5.3%	5.4%	5.5%	*5.0%*	*5.0%*	Return on Total Cap'l	*6.0%*
8.7%	8.3%	9.1%	9.3%	10.6%	10.2%	9.7%	10.1%	10.2%	11.0%	*11.0%*	*11.0%*	Return on Shr. Equity	*10.0%*
8.7%	8.3%	9.2%	9.4%	10.7%	10.3%	9.7%	10.2%	10.2%	11.0%	*11.0%*	*11.0%*	Return on Com Equity [E]	*10.0%*
2.9%	2.5%	3.3%	3.4%	4.8%	4.4%	4.2%	4.4%	4.4%	5.0%	*5.0%*	*5.0%*	Retained to Com Eq	*4.0%*
67%	70%	64%	64%	56%	57%	57%	57%	57%	57%	*56%*	*56%*	All Div'ds to Net Prof	*60%*

CAPITAL STRUCTURE as of 9/30/24
Total Debt $16722 mill. **Due in 5 Yrs** $2789 mill.
LT Debt $16422 mill. **LT Interest** $450 mill.
(LT interest earned: 3.8x)
Pension Assets-12/23 $5745 mill.
Oblig $5457 mill.
Pfd Stock $129 mill. **Pfd Div'd** $5 mill.
807,595 sh. $3.50 to $5.50 cum. (no par), $100 stated val., redeem. $102.176-$110/sh.; 487,508 sh. 4.00% to 5.16%, $100 par, redeem. $100-$104.30/sh.
Common Stock 266,927,767 shs.
as of 10/31/24
MARKET CAP: $22.0 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2021	2022	2023
% Change Retail Sales (KWH)	-5.6	+2.1	+3.2
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	NA	NA	NA
Fixed Charge Cov. (%)	291	325	334

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '27-'29
Revenues	-1.5%	.5%	*4.0%*
"Cash Flow"	4.0%	6.5%	*5.5%*
Earnings	4.0%	8.0%	*6.5%*
Dividends	3.5%	5.0%	*6.5%*
Book Value	2.0%	5.5%	*6.5%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	1566	1472	1811	1545	6394
2022	1879	1726	2306	2046	7957
2023	2062	1760	2060	1618	7500
2024	1816	1693	2173	*1918*	*7600*
2025	*1950*	*1800*	*2250*	*2100*	*8100*

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.91	.80	1.65	.48	3.84
2022	.97	.80	1.74	.63	4.14
2023	1.00	.90	1.87	.60	4.37
2024	.98	.97	1.87	*.78*	*4.60*
2025	*1.10*	*1.00*	*1.95*	*.85*	*4.90*

QUARTERLY DIVIDENDS PAID [B] ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2020	.495	.495	.495	.515	2.00
2021	.55	.55	.55	.55	2.20
2022	.59	.59	.59	.59	2.36
2023	.63	.63	.63	.63	2.52
2024	.67	.67	.67	.67	

BUSINESS: Ameren Corporation is a holding company formed through the merger of Union Electric and CIPSCO. Has 1.2 million electric and 127,000 gas customers in Missouri; 1.2 million electric and 813,000 gas customers in Illinois. Discontinued nonregulated power-generation operation in '13. Electric revenue breakdown: residential, 49%; commercial, 34%; industrial, 8%; other, 9%. Generating sources: coal, 73%; nuclear, 11%; hydro & other, 9%; purchased, 7%. Fuel costs: 25% of revenues. Has approximately 9,250 employees. Chairman: Warner L. Baxter. President & CEO: Martin J. Lyons, Jr. Inc.: Missouri. Address: One Ameren Plaza, 1901 Chouteau Ave., P.O. Box 66149, St. Louis, MO 63166-6149. Tel.: 314-621-3222. Internet: www.ameren.com.

Ameren is poised to report solid results in 2024. The utility is benefiting from elevated power demand, strategic infrastructure investments, and disciplined cost management. Our profit estimate remains at $4.60 per share, which is right near the midpoint of management's updated target range of $4.55-$4.69. Ameren looks to close out the year with significant year-over-year operations and maintenance cost reductions from several savings initiatives. Meanwhile, these shares have jumped nicely in value as of late. Indeed, the stock is up nearly 15% over the past three months and has risen more than 30% in 2024, thanks to solid financial results and a strong outlook in the coming years.

We look for sharper top- and bottom-line growth next year. The utility is well positioned to benefit from clean energy advancements and its three solar facilities, as well as additional rate relief from its transmission and Illinois Electric operations over that interim. Indeed, Ameren recently received approval to build an 800 megawatt (mw) natural gas energy center, which is expected to be operational in 2027. The utility also acquired the Huck Finn renewable energy center, a 200 mw solar facility in Missouri. Ameren is also well positioned over that interim to benefit from increased demand for power from data centers and artificial intelligence innovations. Accordingly, we look for 2025 earnings of $4.90 per share, indicating an increase of 7% from our 2024 estimate. We also raised our top-line target by $100 million to reflect clean energy and regulatory advancements.

We think that the quarterly disbursement will be boosted by $0.04 a share (6%) in 2025. Ameren's goals for the dividend include hikes in line with profit growth and a payout ratio of 55%-70%.

These shares are suitable for conservative, income-oriented investors. Both short- and long-term capital gains prospects are below average at this juncture. But, the 1 (Highest) Safety rank and top (100) Earnings Predictability score should appeal to risk-averse accounts. The stock's dividend is perhaps its most notable feature, though it is about average by utility standards.

Zachary J. Hodgkinson *December 6, 2024*

(A) Diluted EPS. Excl. nonrec. gain (losses): '10, ($2.19); '11, (32¢); '12, ($6.42); '17, (63¢); gain (loss) from discontinued ops.: '13, (92¢); '15, 21¢. Next earnings report due early Feb.

(B) Div'ds paid late Mar., June, Sept., & Dec. ■ Div'd reinvest. plan avail. **(C)** Incl. intang. In '23: $6.60/sh. **(D)** In mill. **(E)** Rate base: Orig. cost depr. Rate allowed on com. eq. in MO in '23: elec. & gas, none specified; in IL: electric, varies; in '23: gas, 9.68%; earned on avg. com. eq., '23: 10.5%.

Company's Financial Strength	A+
Stock's Price Stability	95
Price Growth Persistence	85
Earnings Predictability	100

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AMERICAN ELEC. PWR. NDQ-AEP

RECENT PRICE **99.02** | P/E RATIO **16.8** (Trailing: 17.9 Median: 18.0) | RELATIVE P/E RATIO **0.92** | DIV'D YLD **3.6%** | **VALUE LINE**

TIMELINESS 4 Lowered 6/14/24
SAFETY 1 Raised 3/17/17
TECHNICAL 3 Lowered 8/2/24
BETA .85 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$71-$114	$93 (-5%)

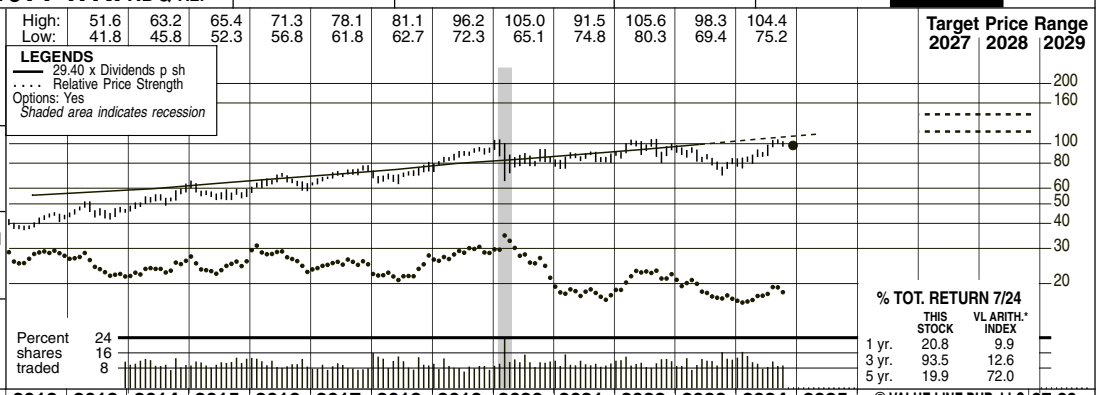
2027-29 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	140	(+40%)	*12%*
Low	115	(+15%)	*7%*

Institutional Decisions

	3Q2023	4Q2023	1Q2024
to Buy	599	628	661
to Sell	557	609	572
Hld's(000)	391405	398265	402930

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
High:	51.6	63.2	65.4	71.3	78.1	81.1	96.2	105.0	91.5	105.6	98.3	104.4								
Low:	41.8	45.8	52.3	56.8	61.8	62.7	72.3	65.1	74.8	80.3	69.4	75.2								
	35.56	28.22	30.01	31.27	30.77	31.48	34.78	33.51	33.31	31.35	32.84	31.49	30.04	33.30	38.20	36.08	***37.70***	***40.20***	Revenues per sh	***41.80***
	6.84	6.32	6.29	6.83	6.92	7.02	7.57	7.98	8.47	7.95	8.77	9.35	10.28	10.98	10.72	10.92	***11.75***	***12.20***	"Cash Flow" per sh	***15.05***
	2.99	2.97	2.60	3.13	2.98	3.18	3.34	3.59	4.23	3.62	3.90	4.08	4.42	4.96	5.09	5.24	***5.65***	***5.85***	Earnings per sh A	***7.05***
	1.64	1.64	1.71	1.85	1.88	1.95	2.03	2.15	2.27	2.39	2.53	2.71	2.84	3.00	3.17	3.37	***3.60***	***3.81***	Div'd Decl'd per sh B ■ †	***4.16***
	9.83	6.19	5.07	5.74	6.45	7.75	8.68	9.37	9.98	11.79	12.89	12.43	12.72	11.43	13.18	13.89	***14.15***	***14.10***	Cap'l Spending per sh	***14.00***
	26.33	27.49	28.33	30.33	31.37	32.98	34.37	36.44	35.38	37.17	38.58	39.73	41.38	44.49	46.60	48.46	***55.05***	***58.90***	Book Value per sh C	***62.55***
	406.07	478.05	480.81	483.42	485.67	487.78	489.40	491.05	491.71	492.01	493.25	494.17	496.60	504.21	513.87	526.18	***533.00***	***535.00***	Common Shs Outst'g D	***550.00***
	13.1	10.0	13.4	11.9	13.8	14.5	15.9	15.8	15.2	19.3	18.0	21.4	19.6	17.1	21.1	16.2	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	***18.0***
	.79	.67	.85	.75	.88	.81	.84	.80	.80	.97	.97	1.14	1.01	.92	1.23	.93			Relative P/E Ratio	***1.00***
	4.2%	5.5%	4.9%	5.0%	4.6%	4.2%	3.8%	3.8%	3.5%	3.4%	3.6%	3.1%	3.3%	3.5%	3.3%	4.5%			Avg Ann'l Div'd Yield	***3.3%***
	17020	16453	16380	15425	16196	15561	14919	16792	19640	18982	***20100***	***21500***	Revenues ($mill)	***23000***
	1634.0	1763.4	2073.6	1783.2	1923.8	2019.0	2200.1	2448.1	2307.2	2208.1	***3010***	***3130***	Net Profit ($mill)	***3880***
	37.8%	35.1%	26.8%	33.7%	5.8%	.7%	1.9%	4.6%	NMF	NMF	***21.0%***	***21.0%***	Income Tax Rate	***21.0%***
	9.0%	11.0%	8.0%	8.0%	10.7%	12.7%	9.7%	7.8%	7.0%	7.0%	***7.0%***	***6.5%***	AFUDC % to Net Profit	***5.0%***
	49.0%	49.8%	50.0%	51.5%	53.2%	56.1%	58.5%	58.3%	58.5%	58.2%	***58.0%***	***58.0%***	Long-Term Debt Ratio	***57.5%***
	51.0%	50.2%	50.0%	48.5%	46.8%	43.9%	41.5%	41.7%	42.0%	42.0%	***42.0%***	***42.0%***	Common Equity Ratio	***42.5%***
	33001	35633	34775	37707	40677	44759	49537	53734	57520	62837	***68900***	***70730***	Total Capital ($mill)	***75900***
	44117	46133	45639	50262	55099	60138	63902	66001	71283	76693	***78000***	***81250***	Net Plant ($mill)	***87300***
	6.3%	6.1%	7.2%	5.9%	5.9%	5.6%	5.6%	5.6%	4.0%	3.6%	***4.5%***	***4.5%***	Return on Total Cap'l	***5.0%***
	9.7%	9.9%	11.9%	9.8%	10.1%	10.3%	10.7%	11.1%	9.7%	8.7%	***10.0%***	***10.0%***	Return on Shr. Equity	***11.0%***
	9.7%	9.9%	11.9%	9.8%	10.1%	10.3%	10.7%	11.1%	9.7%	8.7%	***10.0%***	***10.0%***	Return on Com Equity	***11.0%***
	3.8%	3.9%	5.5%	3.2%	3.5%	3.4%	3.8%	4.3%	2.9%	2.4%	***4.0%***	***4.0%***	Retained to Com Eq	***4.5%***
	61%	60%	54%	67%	65%	67%	65%	61%	70%	63%	***63%***	***63%***	All Div'ds to Net Prof	***61%***



CAPITAL STRUCTURE as of 9/30/24
Total Debt $41974 mill. **Due in 5 Yrs** $12886 mill.
LT Debt $39148 mill. **LT Interest** $1400 mill.

Leases, Uncapitalized Annual rentals $119.6 mill.

Pfd Stock None

Common Stock 532,565,335 shs.

MARKET CAP: $52.7 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2020	2021	2022
% Change Retail Sales (KWH)	- -	+3.0	- -
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+1.0	NA	NA
Fixed Charge Cov. (%)	243	272	285

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '27-'29
Revenues	.5%	-.5%	*3.0%*
"Cash Flow"	5.0%	5.5%	*5.5%*
Earnings	5.0%	4.0%	*6.5%*
Dividends	5.0%	5.0%	*5.5%*
Book Value	3.5%	3.5%	*6.0%*

QUARTERLY REVENUES ($ mill.) E

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	4281	3826	4623	4061	16792
2022	4593	4640	5526	4881	19640
2023	4690	4373	5342	4577	18982
2024	5026	4579	5420	***5075***	***20100***
2025	***5250***	***4850***	***5800***	***5600***	***21500***

EARNINGS PER SHARE A

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	1.15	1.15	1.59	1.07	4.96
2022	1.22	1.20	1.62	1.05	5.09
2023	1.11	1.13	1.77	1.23	5.24
2024	1.27	1.25	1.85	***1.28***	***5.65***
2025	***1.30***	***1.40***	***1.85***	***1.30***	***5.85***

QUARTERLY DIVIDENDS PAID B ■ †

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2020	.70	.70	.70	.74	2.84
2021	.74	.74	.74	.78	3.00
2022	.78	.78	.78	.83	3.17
2023	.83	.83	.83	.88	3.37
2024	.88	.88	.88	.93	

BUSINESS: American Electric Power Company Inc. (AEP), through 10 operating utilities, serves 5.5 million customers in Arkansas, Kentucky, Indiana, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia, & West Virginia. Has a transmission subsidiary. Electric revenue breakdown: residential, 43%; commercial, 23%; industrial, 18%; wholesale, 10%; other, 6%. Sold commercial barge operation in '15. Generating sources not available. Fuel costs: 33% of revenues. '23 reported depreciation rates (utility): 2.6%-12.5%. Has approximately 16,700 employees. Interim Chief Executive Officer: Benjamin G.S. Fowke III. Incorporated: New York. Address: 1 Riverside Plaza, Columbus, Ohio 43215-2373. Telephone: 614-716-1000. Internet: www.aep.com.

American Electric Power is on track to post a strong profit increase this year. Increased investments in its transmission business, elevated volume and power demand, along with a number of pending rate cases, should continue to benefit performance through the end of 2024. Third-quarter earnings of $1.85 per share outperformed our and Wall Street's call of $1.80 due to the aforementioned tailwinds. And, management narrowed its 2024 target range to $5.58-$5.68 a share, right near our unchanged midpoint.

Earnings growth will likely slow down in 2025, though. Despite anticipated growth in the regulated utilities and a significant boost in power demand, lower contributions from the generation and marketing segments due to reduced activities and lower retail and wholesale margins should negatively impact results. Accordingly, we have lowered our 2025 earnings estimate by $0.15 a share, which is at the midpoint of management's updated target range of $5.75-$5.95 a share. We have also slightly pared our 2027-2029 projections by $0.05 a share, and now look for profits of $7.05 a share over that interim. Meanwhile, AEP unveiled a new long-term growth rate of 6%-8% based off its 2025 profit outlook range.

The board of directors raised the dividend, effective with the December payment. This is the typical timing for increases for AEP. The hike was $0.05 a share (6%), in line with the company's 6%-7% long-term earnings growth range and within AEP's target for a payout ratio of 60%-70%.

This issue is best suited for risk-averse investors seeking income. These shares are ranked 4 (Below Average) for Timeliness, making them a weak selection for the year ahead. What's more, intermediate- and long-term capital appreciation potential is nothing to write home about. Indeed, the recent quotation is already above the midpoint of our 18-month Target Price Range. And, over the 2027-2029 period, return prospects are also limited as we look for the stock to trade between $115-$140 over that interim. But, the dividend yield of 3.6% stands above the industrywide average and remains AEP's most notable feature.

Zachary J. Hodgkinson *December 6, 2024*

(A) Diluted EPS. Excl. nonrec. gains (losses): '08, 40¢; '10, (7¢); '11, 89¢; '12, (38¢); '13, (14¢); '16, ($2.99); '17, 26¢; '19, (20¢); gains (loss) from disc. ops.: '08, 3¢; '15, 58¢; '16, (1¢); '22, (58¢); '23, (34¢). Next earnings report due late February. **(B)** Div'ds paid early Mar., June, Sept., & Dec. ■ Div'd reinvestment plan avail. † Shareholder invest. plan avail. **(C)** Incl. intang. In '23: $52.5 million **(D)** In mill. **(E)** Rev. may not sum due to rounding.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	70
Earnings Predictability	90

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DUKE ENERGY NYSE-DUK

RECENT PRICE 112.62 | P/E RATIO 17.8 (Trailing: 19.6 Median: 18.0) | RELATIVE P/E RATIO 0.97 | DIV'D YLD 3.7% | VALUE LINE

TIMELINESS 4 Lowered 10/4/24
SAFETY 2 New 6/1/07
TECHNICAL 2 Lowered 1/24/25
BETA .90 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$85-$127	$106 (-5%)

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	155	(+40%)	*11%*
Low	115	(Nil)	*4%*

Institutional Decisions

	1Q2024	2Q2024	3Q2024
to Buy	893	923	984
to Sell	830	811	849
Hld's(000)	503341	507258	578742

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
High:	87.3	90.0	87.8	91.8	91.4	97.4	103.8	108.4	116.3	106.4	121.3	112.8						
Low:	67.1	65.5	70.2	76.1	72.0	82.5	62.1	85.6	83.8	83.1	90.1	105.2						

LEGENDS
27.0 x Dividends p sh
Relative Price Strength
1-for-3 Rev split 7/12
Options: Yes
Shaded area indicates recession

Target Price Range 2028 | 2029 | 2030

% TOT. RETURN 12/24

	THIS STOCK	VL ARITH.* INDEX
1 yr.	16.6	13.6
3 yr.	17.1	14.7
5 yr.	44.7	70.9

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	© VALUE LINE PUB. LLC	28-30
	29.18	32.22	32.63	27.88	34.84	33.84	34.10	32.49	33.66	33.73	34.21	31.04	32.64	37.36	37.69	*39.60*	*41.00*	*42.50*	Revenues per sh	*47.25*
	7.58	8.49	8.68	6.80	8.56	9.11	9.40	9.20	10.01	11.05	12.12	12.04	12.60	12.86	13.45	*14.15*	*15.05*	*15.75*	"Cash Flow" per sh	*18.50*
	3.39	4.02	4.14	3.71	3.98	4.13	4.10	3.71	4.22	4.72	5.06	5.12	5.24	5.27	5.56	*5.90*	*6.35*	*6.70*	Earnings per sh [A]	*8.00*
	2.82	2.91	2.97	3.03	3.09	3.15	3.24	3.36	3.49	3.64	3.75	3.82	3.90	3.98	4.06	4.14	*4.22*	*4.30*	Div'd Decl'd per sh [B] ■	*5.00*
	9.85	10.84	9.80	7.81	7.83	7.62	9.83	11.29	11.50	12.91	15.17	12.88	12.63	14.76	16.35	*17.50*	*17.75*	*18.00*	Cap'l Spending per sh	*18.75*
	49.85	50.84	51.14	58.04	58.54	57.81	57.74	58.62	59.63	60.27	61.20	59.82	61.55	61.51	61.15	*63.00*	*65.15*	*67.75*	Book Value per sh [C]	*76.25*
	436.29	442.96	445.29	704.00	706.00	707.00	688.00	700.00	700.00	727.00	733.00	769.00	769.00	770.00	771.00	*772.50*	*773.00*	*774.00*	Common Shs Outst'g [D]	*777.00*
	13.3	12.7	13.8	17.5	17.4	17.9	18.2	21.3	19.9	17.0	17.7	17.1	18.9	19.8	16.9	*17.8*	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*17.0*
	.89	.81	.87	1.11	.98	.94	.92	1.12	1.00	.92	.94	.88	1.02	1.14	.94	*.99*			Relative P/E Ratio	*.95*
	6.2%	5.7%	5.2%	4.7%	4.4%	4.3%	4.3%	4.3%	4.2%	4.5%	4.2%	4.4%	3.9%	3.8%	4.3%	4.0%			Avg Ann'l Div'd Yield	*3.7%*
							23459	22743	23565	24521	25079	23868	25097	28768	29060	*30610*	*31700*	*32900*	Revenues ($mill)	*36800*
							2854.0	2560.0	2963.0	3339.0	3747.0	3878.0	4133.0	4166.0	4391.0	*4655*	*5010*	*5290*	Net Profit ($mill)	*6320*
							32.2%	31.0%	30.4%	14.1%	12.7%	.3%	5.1%	7.4%	9.2%	*9.0%*	*9.0%*	*9.0%*	Income Tax Rate	*9.0%*
							9.2%	11.7%	12.3%	11.4%	8.0%	6.9%	5.9%	7.6%	9.1%	*9.0%*	*9.0%*	*9.0%*	AFUDC % to Net Profit	*8.0%*
							48.6%	52.6%	54.0%	53.8%	54.0%	53.7%	55.1%	57.6%	59.6%	*61.0%*	*62.0%*	*62.5%*	Long-Term Debt Ratio	*62.5%*
							51.4%	47.4%	46.0%	46.2%	44.1%	44.4%	43.1%	40.7%	38.8%	*38.0%*	*37.5%*	*37.0%*	Common Equity Ratio	*37.0%*
							77222	86609	90774	94940	101807	103589	109744	116383	121564	*127650*	*134525*	*141400*	Total Capital ($mill)	*160500*
							75709	82520	86391	91694	102127	106782	111408	111748	115315	*122425*	*129400*	*136300*	Net Plant ($mill)	*156000*
							4.8%	4.0%	4.3%	4.6%	4.7%	4.8%	4.8%	4.6%	4.9%	*5.0%*	*5.0%*	*5.0%*	Return on Total Cap'l	*5.0%*
							7.2%	6.2%	7.1%	7.6%	8.0%	8.1%	8.4%	8.4%	8.9%	*9.5%*	*10.0%*	*10.0%*	Return on Shr. Equity	*10.5%*
							7.2%	6.2%	7.1%	7.6%	8.3%	8.2%	8.5%	8.6%	9.1%	*9.5%*	*9.5%*	*10.0%*	Return on Com Equity [E]	*10.5%*
							1.5%	.6%	1.2%	2.0%	2.4%	2.3%	1.9%	2.1%	2.4%	*3.0%*	*3.5%*	*3.5%*	Retained to Com Eq	*4.0%*
							79%	91%	83%	74%	71%	73%	78%	76%	74%	*71%*	*67%*	*65%*	All Div'ds to Net Prof	*63%*

CAPITAL STRUCTURE as of 9/30/24
Total Debt $84068 mill. **Due in 5 Yrs** $18322 mill.
LT Debt $76524 mill. **LT Interest** $3020 mill.
Incl. $639 mill. finance leases.
(Total Interest Coverage: 2.5x)
Leases, Uncapitalized Annual rentals $268 mill.
Pension Assets-12/23 $7162 mill.
Oblig. $6299 mill.
Pfd Stock $973 mill. **Pfd Div'd** $106 mill.

Common Stock 772,482,405 shs.
as of 10/31/24

MARKET CAP: $87.0 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2021	2022	2023
% Change Retail Sales (GWH)	+2.5	+4.5%	-4.8%
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (avg.)	+1.6%	+1.8%	+1.7
Fixed Charge Cov. (%)	210	229	209

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '28-'30
Revenues	1.5%	2.0%	*4.0%*
"Cash Flow"	5.0%	3.5%	*5.0%*
Earnings	3.0%	3.0%	*6.0%*
Dividends	2.5%	2.0%	*3.5%*
Book Value	.5%	.5%	*3.0%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	7132	6685	7968	6983	28768
2023	7276	6578	7994	7212	29060
2024	7671	7172	8154	*7613*	*30610*
2025	*7950*	*7425*	*8450*	*7875*	*31700*
2026	*8250*	*7700*	*8775*	*8175*	*32900*

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	1.29	1.09	1.78	1.11	5.27
2023	1.20	.91	1.94	1.51	5.56
2024	1.44	1.18	1.62	*1.66*	*5.90*
2025	*1.50*	*1.25*	*1.90*	*1.70*	*6.35*
2026	*1.57*	*1.33*	*2.00*	*1.80*	*6.70*

QUARTERLY DIVIDENDS PAID [B] ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.965	.965	.985	.985	3.90
2022	.985	.985	1.005	1.005	3.98
2023	1.005	1.005	1.025	1.025	4.06
2024	1.025	1.025	1.045	1.045	4.14
2025					

BUSINESS: Duke Energy Corporation is a holding company for utilities with 7.6 mill. elec. customers in NC, FL, IN, SC, OH, and KY, and 1.6 mill. gas customers in OH, KY, NC, SC, and TN. Owns independent power plants & has 25% stake in National Methanol in Saudi Arabia. Acq'd Progress Energy 7/12; Piedmont Natural Gas 10/16; discontinued most int'l ops. in '16. Elec. rev. breakdown: residential, 45%; commercial, 28%; industrial, 13%; other, 14%. Generating sources: gas, 32%; nuclear, 30%; coal, 18%; other, 1%; purchased, 19%. Fuel costs: 28% of revs. '22 reported deprec. rate: 3.6%. Has 27,600 employees. Chairman, President & CEO: Lynn J. Good. Inc.: DE. Address: 550 South Tryon St., Charlotte, NC 28202-1803. Tel.: 704-382-3853. Internet: www.duke-energy.com.

For 2025 and 2026, we expect Duke Energy will continue to build on its solid track record of consecutive annual earnings gains. This assumes that the final tally for 2024, which will be reported on February 13th, is near our $5.90 estimate. The utility is apt to continue to take advantage of strong weather-adjusted electric volume growth and constructive regulatory outcomes over the intermediate term. Solid population growth in its service territories, at three to four times the national average of 0.5%, is a key part of the story. This is largely being driven by strong migration trends in the Carolinas and Florida. The company is also likely to keep benefiting from rate relief (higher regulated price adjustments) as outlined below. Leadership continues to affirm its earnings growth rate of 5%-7% per annum through 2028. As such, we're comfortable with our respective 2025 and 2026 share-earnings projections of $6.35 and $6.70.

Duke Energy has been making steady progress in a number of recent and pending general rate cases (GRC). In the Sunshine State, the Florida Public Service Commission approved a settlement which will increase Duke Energy Florida's base electric rates and assist in the building of solar-energy facilities. The decision will increase rates by $203 million in 2025 and another $59 million in 2026. It also included up to $141 million for a dozen new solar plants as they are completed. The settlement dictates that Duke uses roughly $50 million in federal tax credits to offset the need for a base-rate hike in 2027. Meanwhile, the final order in Duke's South Carolina GRC became effective in August of last year and will increase rates by 13% over a two-year period. The GRC includes $215 million of new investments in highly efficient natural gas, solar, nuclear, and hydroelectric units over a seven-year period. In addition, delivery rates in North Carolina recently increased by 2.9%. Duke also has pending GRCs in Ohio and Indiana with decisions due in the next few quarters.

This equity is untimely. The 3.7% dividend yield is right on the peer-group average. Annual total return prospects are not favorable from the recent valuation.

Anthony J. Glennon *February 7, 2025*

(A) Dil. EPS. Excl. net nonrec. losses: '12, 64¢; '13, 22¢; '14, 59¢; '15, 5¢; '16, 60¢; '18, 96; '20, $3.40; '21, 30¢; '22, $2.10; '23, $2.02; net nonrec. gain: '17, 14¢. Qtly. EPS may not sum to annual figure due to rounding. Next egs. due Feb 13th. **(B)** Div'ds paid mid-Mar., June, Sept., & Dec. ■ Div'd reinv. plan avail. **(C)** Incl. intang. In '23: $42.70/sh. **(D)** In mill., **(E)** Rate base: Net orig. cost. Rate all'd on com. eq. in '21 in NC: 9.6%; 9.5%; in '20 in FL: 9.5%-11.5%; in '20 in IN: 9.7%. in '19 in SC:9.5%; Reg. Clim.: NC, SC Avg.; OH, IN Above Avg.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	45
Earnings Predictability	100

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EDISON INTERNAT'L NYSE-EIX

RECENT PRICE **78.44** | P/E RATIO **15.0** (Trailing: 15.2 Median: 14.0) | RELATIVE P/E RATIO **0.83** | DIV'D YLD **4.3%** | **VALUE LINE**

TIMELINESS 4 Lowered 10/18/24
SAFETY 2 Raised 10/18/24
TECHNICAL 2 Raised 1/3/25
BETA 1.05 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$63-$97	$80 (-5%)

2027-29 PROJECTIONS

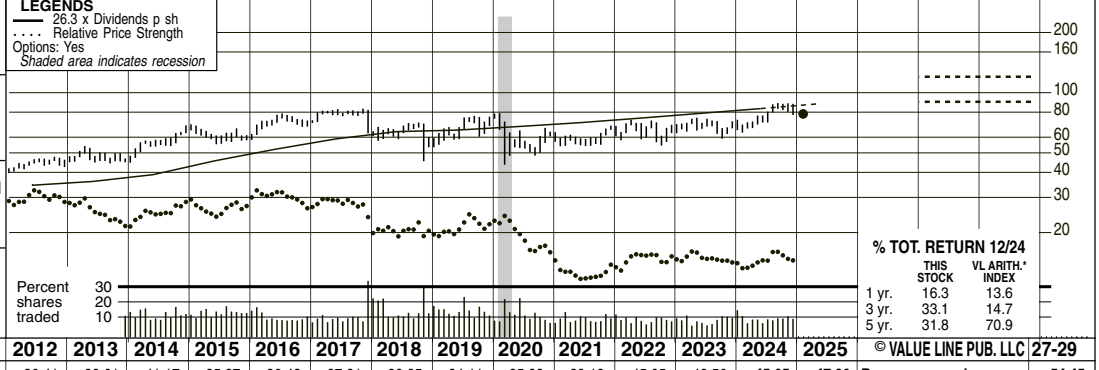
	Price	Gain	Ann'l Total Return
High	120	(+55%)	*15%*
Low	90	(+15%)	*8%*

Institutional Decisions

	1Q2024	2Q2024	3Q2024
to Buy	368	403	454
to Sell	329	300	325
Hld's(000)	344659	343961	379213

High:	54.2	68.7	69.6	78.7	83.4	71.0	76.4	78.9	68.6	73.3	74.9	88.8
Low:	44.3	44.7	55.2	58.0	62.7	45.5	53.4	43.6	53.9	54.4	58.8	63.2

LEGENDS
26.3 x Dividends p sh
Relative Price Strength
Options: Yes
Shaded area indicates recession



% TOT. RETURN 12/24

	THIS STOCK	VL ARITH.* INDEX
1 yr.	16.3	13.6
3 yr.	33.1	14.7
5 yr.	31.8	70.9

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
43.31	37.98	38.09	39.16	36.41	38.61	41.17	35.37	36.43	37.81	38.85	34.11	35.83	39.18	45.05	42.56	*45.05*	*47.30*	Revenues per sh	*54.45*
8.08	7.96	8.41	9.03	9.63	8.80	9.95	10.35	10.43	11.03	4.69	9.39	9.80	10.59	11.51	11.80	*12.80*	*13.60*	"Cash Flow" per sh	*15.10*
3.68	3.24	3.35	3.23	4.55	3.78	4.33	4.15	3.94	4.51	d1.26	4.70	4.52	4.59	4.63	4.76	*4.95*	*5.50*	Earnings per sh [A]	*6.75*
1.23	1.25	1.27	1.29	1.31	1.37	1.48	1.73	1.98	2.23	2.43	2.48	2.58	2.69	2.84	2.99	3.17	*3.36*	Div'd Decl'd per sh [B] ■	*4.00*
8.67	10.07	13.94	14.76	12.73	11.05	11.99	12.97	11.46	11.75	13.84	13.47	14.47	14.47	15.12	14.19	*15.70*	*16.20*	Cap'l Spending per sh	*16.75*
29.21	30.20	32.44	30.86	28.95	30.50	33.64	34.89	36.82	35.82	32.10	36.75	37.08	36.57	35.70	36.02	*38.05*	*40.35*	Book Value per sh [C]	*48.60*
325.81	325.81	325.81	325.81	325.81	325.81	325.81	325.81	325.81	325.81	325.81	361.99	378.91	380.38	382.21	383.93	*387.20*	*389.00*	Common Shs Outst'g [D]	*395.00*
12.4	9.7	10.3	11.8	9.7	12.7	13.0	14.8	17.9	17.2	- -	14.1	13.3	12.9	14.0	14.4	*15.4*		Avg Ann'l P/E Ratio	*15.5*
.75	.65	.66	.74	.62	.71	.68	.75	.94	.87	- -	.75	.68	.70	.81	.80	*.85*		Relative P/E Ratio	*.85*
2.7%	4.0%	3.7%	3.4%	3.0%	2.8%	2.6%	2.8%	2.8%	2.9%	3.8%	3.7%	4.3%	4.5%	4.4%	4.4%	4.1%		Avg Ann'l Div'd Yield	*3.8%*
13413	11524	11869	12320	12657	12347	13578	14905	17220	16338	*17440*	*18400*	Revenues ($mill)	*21500*
1539.0	1480.0	1422.0	1603.0	d290.0	1716.0	1818.0	1907.0	1977.0	2035.0	*2120*	*2345*	Net Profit ($mill)	*2880*
22.4%	6.6%	11.1%	5.0%	- -	1.2%	5.0%	18.0%	12.5%	14.9%	*13.0%*	*13.0%*	Income Tax Rate	*13.0%*
5.8%	8.0%	6.8%	7.2%	- -	9.6%	9.6%	8.8%	9.6%	11.4%	*11.0%*	*10.0%*	AFUDC % to Net Profit	*10.0%*
44.1%	45.0%	41.8%	45.6%	53.6%	53.5%	55.2%	57.6%	60.7%	62.8%	*64.0%*	*64.0%*	Long-Term Debt Ratio	*63.5%*
47.2%	46.7%	49.2%	45.8%	38.3%	39.9%	39.5%	33.2%	30.6%	28.7%	*28.0%*	*28.5%*	Common Equity Ratio	*30.0%*
23216	24352	24362	25506	27284	33360	35581	41959	44547	48260	*52225*	*55375*	Total Capital ($mill)	*66000*
32981	35085	37000	39050	41348	44285	47839	50700	53486	56084	*59100*	*62250*	Net Plant ($mill)	*72200*
7.7%	7.1%	6.9%	7.3%	.1%	6.4%	6.3%	5.6%	5.7%	5.8%	*5.0%*	*5.5%*	Return on Total Cap'l	*5.5%*
11.9%	11.1%	10.0%	11.6%	NMF	11.1%	11.4%	10.7%	11.3%	11.3%	*11.0%*	*12.0%*	Return on Shr. Equity	*12.5%*
13.0%	12.0%	10.8%	12.7%	NMF	12.0%	12.0%	12.5%	12.9%	13.1%	*13.0%*	*13.5%*	Return on Com Equity [E]	*14.0%*
8.8%	7.2%	5.6%	6.6%	NMF	5.9%	5.4%	5.4%	5.2%	5.0%	*4.5%*	*5.5%*	Retained to Com Eq	*5.5%*
37%	44%	53%	52%	NMF	54%	58%	61%	64%	66%	*68%*	*65%*	All Div'ds to Net Prof	*62%*

CAPITAL STRUCTURE as of 9/30/24
Total Debt $35419 mill. **Due in 5 Yrs** $10489 mill.
LT Debt $32303 mill. **LT Interest** $1710 mill.
(Total Interest Coverage: 2.7x)
Leases, Uncapitalized Annual rentals $166 mill.

Pension Assets-12/23 $3609 mill.
Oblig. $3647 mill.

Pfd Stock $4116 mill. **Pfd Div'd** $225 mill.

Common Stock 387,150,269 shs.
as of 10/22/24
MARKET CAP: $30.4 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2021	2022	2023
% Change Retail Sales (KWH)	-3.9	+.9	-6.3
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	21190	24345	21254
Annual Load Factor (%)	52.7	45.8	49.7
% Change Customers (yr-end)	+.3	+.8	+.7
Fixed Charge Cov. (%)	113	135	166

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '27-'29
Revenues	1.0%	2.5%	*4.5%*
"Cash Flow"	2.0%	5.5%	*5.0%*
Earnings	2.0%	14.0%	*6.5%*
Dividends	8.0%	5.0%	*6.0%*
Book Value	2.0%	.5%	*5.0%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	2960	3315	5299	3331	14905
2022	3968	4008	5228	4016	17220
2023	3966	3964	4702	3706	16338
2024	4078	4336	5201	***3825***	***17440***
2025	***4400***	***4500***	***5450***	***4050***	***18400***

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.79	.94	1.69	1.16	4.59
2022	1.07	.94	1.48	1.15	4.63
2023	1.09	1.01	1.38	1.28	4.76
2024	1.13	1.23	1.51	***1.08***	***4.95***
2025	***1.30***	***1.35***	***1.65***	***1.20***	***5.50***

QUARTERLY DIVIDENDS PAID [B] ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.6625	.6625	.6625	.6625	2.65
2022	.70	.70	.70	.70	2.80
2023	.7375	.7375	.7375	.7375	2.95
2024	.78	.78	.78	.78	3.12
2025	.8275				

BUSINESS: Edison International is a holding company for Southern California Edison Company (SoCal Edison), which supplies electricity to 5.28 mill. customers in a 50,000-sq.-mi. area in central, coastal, & southern CA (excl. Los Angeles & San Diego). Edison Energy is an energy svcs. co. Disc. Edison Mission Energy (independent power producer) in '12. Elec. rev. breakdown: residential, 40%; commercial, 43%; industrial, 3%; other, 14%. Generating sources: nuclear, 9%; gas, 5%; hydroelectric, 6%; purchased, 80%. Power costs: 34% of revs. '23 reported depr. rate: 4.1%. Employs 14,316. Board Chair: Peter J. Taylor. President & CEO: Pedro J. Pizzaro. Inc.: CA. Address: 2244 Walnut Grove Ave., P.O. Box 976, Rosemead, CA 91770. Tel.: 626-302-2222. Internet: www.edison.com.

As this report went to press, shares of Edison International were under significant pressure, as wild fires swept through portions of Los Angeles County. Until very recently, this stock was holding up well in terms of the overall utility group's latest correction. That performance may have been an indication that institutional investors had been warming up to Edison Int'l. As described in the Electric Utility West Industry report, bankruptcy risk is much lower today than it had been a number of years ago. However, if the company's equipment is at fault of causing a major fire or suffers damages from wildfires, the company can still suffer material adverse losses. Having said that, finances have been improving and major legacy wildfire settlements are nearly paid off. Moreover, the company will be allowed to recoup $1.65 billion (60% of the $2.7 billion filed for) related to TKM disaster legacy payouts. It has also filed for a $5.4 billion rate recovery related to the 2018 Woolsey fire.

For a utility, growth prospects are solid. Rising long-term demand for electricity in California is approaching 3% due to trends in electrification for vehicles and heavy equipment, as well as high tech usage. This is well above the national average and leads to transmission and distribution work that pays off rapidly in terms of return on investment for regulated utilities in the state. Fire mitigation also keeps the rate base growing. Edison's current authorized return on equity (ROE) is 10.3%, but may see an improvement by the middle of this year when a general rate case decision is due. State peer PG&E received an authorized ROE of 10.7% from regulators in 2024. Odds are EIX will receive an increase, too. If so, it may be able to grow earnings by 11% in 2025 and 7% per annum for 2025 to 2028.

This equity is untimely. And even though EIX's annual total return prospects through 2027-2029 look good relative to the group, investors must still weigh the wildfire risks involved here. Mitigation has reduced the odds of the company's equipment being at fault for fires, and the California Wildfire Fund has vastly reduced bankruptcy risk, but the company can still suffer material wildfire losses.

Anthony J. Glennon *January 17, 2025*

(A) Adjusted (non-GAAP) EPS from 2019 on. Excl. gains/(losses): nonrecur's ; '10, 54¢; '11, ($3.33); '13, ($1.12); '15, ($1.18); '17, ($1.37); '18, (14¢); '19, (92¢); '20, ($2.54); '21, ($2.59); '22, ($3.02); '23, ($1.34); disc. ops.: '13, 11¢; '14, 57¢; '15, 11¢; '18, 10¢. Qtly. EPS may not sum to full yr. due to rounding. Next egs. report due mid-Feb. **(B)** Div'ds paid late Jan., Apr., July, & Oct. ■ Div'd reinv. plan avail. **(C)** Incl. def'd chgs. In '23: $4.36/sh. **(D)** In mill. **(E)** Rate base: net orig. cost. Rate all'd on com. eq. in '20: 10.3%; Regulatory Climate: Avg.

Company's Financial Strength	A
Stock's Price Stability	90
Price Growth Persistence	20
Earnings Predictability	15

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ENTERGY CORP. NYSE-ETR

RECENT PRICE 152.50 | P/E RATIO 22.9 (Trailing: 18.5 Median: 14.0) | RELATIVE P/E RATIO 1.19 | DIV'D YLD 3.1% | VALUE LINE

TIMELINESS 3 Raised 8/16/24
SAFETY 1 Raised 9/6/24
TECHNICAL 3 Raised 10/25/24
BETA 1.00 (1.00 = Market)

18-Month Target Price Range

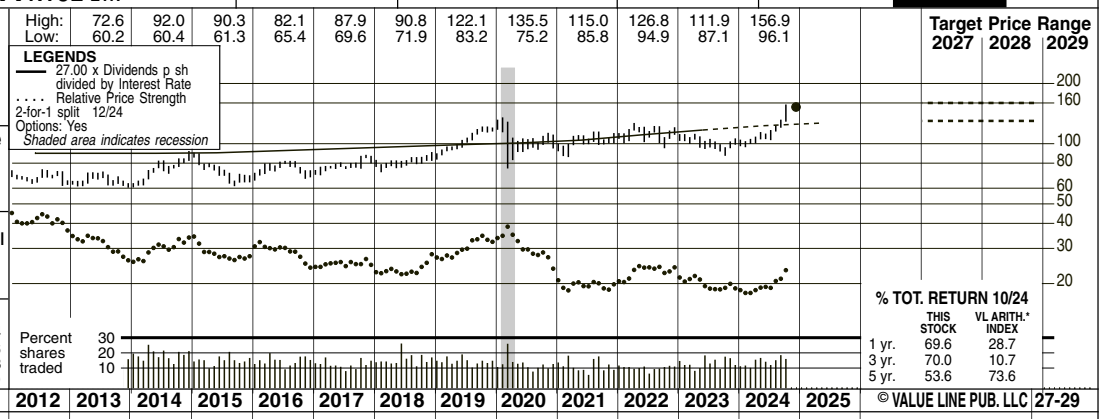
Low-High	Midpoint (% to Mid)
$94-$172	$133 (-15%)

2027-29 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	160	(+5%)	*4%*
Low	130	(-15%)	*Nil*

Institutional Decisions

	4Q2023	1Q2024	2Q2024
to Buy	429	464	496
to Sell	319	343	333
Hld's(000)	191523	189657	195739



2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
69.15	56.82	64.27	63.67	57.94	63.86	69.71	64.54	60.55	61.35	58.23	54.63	50.51	57.95	65.18	57.07	*56.40*	*59.00*	Revenues per sh	*69.90*
12.89	13.29	16.54	17.53	15.98	16.25	17.68	17.71	18.72	16.70	16.50	17.19	18.21	17.90	15.51	21.53	*16.20*	*18.05*	"Cash Flow" per sh	*21.35*
6.20	6.30	6.66	7.55	6.02	4.96	5.77	5.81	6.88	5.19	5.88	6.30	6.90	6.87	5.37	11.10	*4.50*	*6.85*	Earnings per sh A	*8.05*
3.00	3.00	3.24	3.32	3.32	3.32	3.32	3.34	3.42	3.50	3.58	3.66	3.74	3.86	4.10	4.34	*4.59*	*4.82*	Div'd Decl'd per sh B ■ †	*5.20*
13.92	12.99	13.33	15.21	18.18	15.73	14.82	16.79	17.28	22.07	22.45	21.72	24.52	30.86	25.04	20.86	*21.00*	*22.00*	Cap'l Spending per sh	*19.75*
42.07	45.54	47.53	50.81	51.73	54.00	55.83	51.89	45.12	44.28	46.78	51.34	54.56	57.42	61.40	68.70	*70.50*	*73.45*	Book Value per sh C	*84.65*
189.36	189.12	178.75	176.36	177.81	178.37	179.24	178.39	179.13	180.52	189.06	199.15	200.24	202.65	211.18	212.85	*218.00*	*222.00*	Common Shs Outst'g D	*230.00*
16.6	12.0	11.6	9.1	11.2	13.2	12.9	12.5	10.9	15.0	13.8	16.5	15.3	15.0	21.1	9.1	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*18.0*
1.00	.80	.74	.57	.71	.74	.68	.63	.57	.75	.75	.88	.79	.81	1.22	.51			Relative P/E Ratio	*1.00*
2.9%	4.0%	4.2%	4.9%	4.9%	5.1%	4.5%	4.6%	4.6%	4.5%	4.4%	3.5%	3.6%	3.7%	3.6%	4.3%			Avg Ann'l Div'd Yield	*3.7%*
12495	11513	10846	11074	11009	10879	10114	11743	13764	12147	*12300*	*13100*	Revenues ($mill)	*16070*
1060.0	1061.2	1249.8	950.7	1092.1	1258.2	1406.7	1402.8	1103.2	2356.5	*980*	*1520*	Net Profit ($mill)	*1850*
37.8%	2.2%	11.3%	1.8%	- -	- -	- -	16.1%	16.1%	16.1%	*20.0%*	*23.0%*	Income Tax Rate	*23.0%*
9.3%	7.4%	8.1%	14.7%	17.5%	16.7%	12.2%	7.1%	2.5%	1.7%	*2.0%*	*2.0%*	AFUDC % to Net Profit	*2.0%*
54.9%	57.8%	63.6%	63.6%	63.2%	62.0%	65.5%	67.6%	64.2%	60.8%	*61.0%*	*61.0%*	Long-Term Debt Ratio	*61.0%*
43.8%	40.8%	35.5%	35.5%	35.9%	37.1%	33.7%	31.7%	35.2%	38.6%	*39.0%*	*39.0%*	Common Equity Ratio	*39.0%*
22842	22714	22777	22528	24602	27557	32386	36733	36810	37851	*39995*	*42400*	Total Capital ($mill)	*50555*
28723	27824	27921	29664	31974	35183	38853	42244	42477	43834	*46465*	*49255*	Net Plant ($mill)	*58660*
6.0%	6.0%	6.9%	5.7%	5.8%	5.9%	5.6%	4.9%	4.3%	7.6%	*3.5%*	*4.5%*	Return on Total Cap'l	*5.0%*
10.3%	11.1%	15.1%	11.6%	12.0%	12.0%	12.6%	11.8%	8.4%	15.9%	*6.5%*	*9.0%*	Return on Shr. Equity	*9.5%*
10.4%	11.2%	15.2%	11.7%	12.2%	12.1%	12.7%	11.9%	8.4%	16.0%	*6.5%*	*9.0%*	Return on Com Equity E	*9.5%*
4.4%	4.8%	7.7%	3.9%	4.9%	5.2%	5.9%	5.2%	1.9%	9.7%	*NMF*	*3.0%*	Retained to Com Eq	*3.5%*
58%	58%	50%	68%	61%	58%	55%	57%	78%	40%	*102%*	*70%*	All Div'ds to Net Prof	*65%*

CAPITAL STRUCTURE as of 9/30/24
Total Debt $29002 mill. **Due in 5 Yrs** $11117 mill.
LT Debt $26563 mill. **LT Interest** $1046.0 mill.
Incl. $54.7 mill. of securitization bonds.
(LT interest earned: 2.5x)
Leases, Uncapitalized Annual rentals $67.4 mill.
Pension Assets-12/23 $5469.6 mill.
Oblig $5915.4 mill.
Pfd Stock $219.4 mill. **Pfd Div'd** $18.3 mill.
200,000 shs. 6.25%-7.5%, $100 par; 250,000 shs. 8.75%, 1.4 mill. shs. 5.375%; all cum., without sinking fund.
Common Stock 214,408,014 shs. **as of 9/30/24**
MARKET CAP: $32.7 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2021	2022	2023
% Change Retail Sales (KWH)	+3.2	+1.1	+4.5
Total Indust. Use (GWH)	49819	52501	52807
Avg. Indust. Revs. per KWH(¢)	5.91	7.08	6.00
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+1.0	+1.0	+.4
Fixed Charge Cov. (%)	243	209	250

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '27-'29
Revenues	-.5%	- -	*2.5%*
"Cash Flow"	1.0%	1.0%	*2.5%*
Earnings	2.5%	5.5%	*.5%*
Dividends	2.0%	3.0%	*3.5%*
Book Value	2.0%	6.5%	*5.0%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	2845	2822	3353	2723	11743
2022	2878	3395	4219	3273	13764
2023	2981	2846	3596	2725	12147
2024	2795	2954	3389	*3162*	*12300*
2025	*3000*	*3500*	*3400*	*3200*	*13100*

Calendar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	1.66	1.30	2.63	1.28	6.87
2022	1.36	.78	2.74	.51	5.37
2023	1.47	1.84	3.14	4.66	11.10
2024	.35	.23	2.99	*.93*	*4.50*
2025	*1.60*	*1.15*	*3.05*	*1.05*	*6.85*

Calendar	QUARTERLY DIVIDENDS PAID B ■ † Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2020	.93	.93	.93	.95	3.74
2021	.95	.95	.95	1.01	3.86
2022	1.01	1.01	1.01	1.07	4.10
2023	1.07	1.07	1.07	1.13	4.34
2024	1.13	1.13	1.13	1.20	

BUSINESS: Entergy Corporation supplies electricity to 3 million customers through subsidiaries in Arkansas, Louisiana, Mississippi, Texas, and New Orleans (regulated separately from Louisiana). Distributes gas to 206,000 customers in Louisiana. Is selling its last nonutility nuclear unit (shut down 5/22). Electric revenue breakdown: residential, 37%; commercial, 24%; industrial, 27%; other, 12%. Generating sources: gas, 68%; nuclear, 22%; coal, 9%; hydro and solar, 1%. Fuel costs: 32% of revenues. '23 reported depreciation rate: 2.7%. Has 11,707 employees. Chairman & CEO: Leo P. Denault. Incorporated: Delaware. Address: 639 Loyola Avenue, P.O. Box 61000, New Orleans, Louisiana 70161. Telephone: 504-576-4000. Internet: www.entergy.com.

Entergy recorded lackluster 2024 third-quarter results. Revenues fell below $3.4 billion as the company faced some downtime due to a few hurricanes in its service area in the period. This halted operations at several industrial customers, while Entergy faced higher costs related to fixing damaged infrastructure. Absent these problems, better retail sales occurred, and industrial usage continued to grow during the quarter. Additionally, the power generator benefited from lower fuel costs and fewer asset write-downs. Even so, greater interest expenses are due to an expansion of debt, and depreciation increased as the company has continued to build out its supply operations. Overall, these factors netted earnings of $2.99 per share during the quarter.

The company ought to have weaker fourth-quarter results. However, revenues should grow thanks to better usage of its industrial power sources, including the Entergy Arkansas Walnut Bend Solar project, adding around 100-megawatt generation capacity into service. Still, we think that interest costs will rise. These factors will likely cause a decline in profits to $0.93 per share.

We expect positive results over the long haul. The service coverage area has benefited from more demand for power, including amongst its industrial base, as more customers are brought on board. This includes a new deal for a large customer in Louisiana, while the company has $7.0 billion in capital expansion projects, including renewables in its pipeline. Greater industrial activity across Texas and Louisiana should also drive population growth, allowing for greater retail usage. Still, costs will likely rise, and we think an expanding share count should dilute share profits a bit. Even so, we project earnings will rebound to $6.85 in 2025 and $8.05 by 2027-2029.

Shares of Entergy are neutrally ranked for Timeliness. Also, this stock holds lackluster 3- to 5-year appreciation potential, having moved up considerably since our September report. Meanwhile, the company hiked the dividend by 6% to $4.80 annually. Note that the board approved a 2-for-1 stock split on December 13th, not yet reflected in our presentation.

John E. Seibert III *December 6, 2024*

(A) Diluted EPS. GAAP starting in 2022. Excl. nonrec. losses: '12, $1.26; '13, $1.14; '14, 56¢; '15, $6.99; '16, $10.14; '17, $2.91; '18, $1.25; '21, $1.33. Next earnings report due early February. **(B)** Div'ds historically paid in early Mar., June, Sept., & Dec. ■ Div'd reinvestment plan avail. † Shareholder investment plan avail. **(C)** Incl. deferred charges. In '23: $26.66/sh. **(D)** In mill. **(E)** Rate base: Net original cost. Allowed ROE (blended): 9.71%; earned on avg. com. eq., '23: 16.0%. Regulatory Climate: Average.

Company's Financial Strength	A+
Stock's Price Stability	90
Price Growth Persistence	45
Earnings Predictability	70

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EVERGY, INC. NYSE-EVRG

RECENT PRICE 64.49 | P/E RATIO 14.9 (Trailing: 18.5 Median: NMF) | RELATIVE P/E RATIO 0.81 | DIV'D YLD 4.4% | VALUE LINE

TIMELINESS 3 Raised 8/23/24
SAFETY 2 New 9/14/18
TECHNICAL 4 Raised 8/30/24
BETA .95 (1.00 = Market)

18-Month Target Price Range

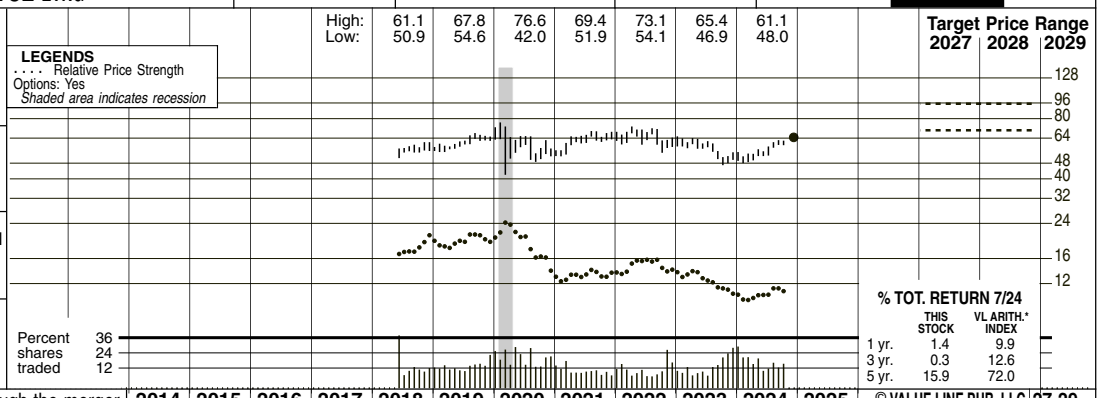
Low-High	Midpoint (% to Mid)
$45-$74	$60 (-10%)

2027-29 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	95	(+60%)	*16%*
Low	70	(+20%)	*9%*

Institutional Decisions

	3Q2023	4Q2023	1Q2024
to Buy	320	357	308
to Sell	273	292	320
Hld's(000)	196134	203440	198283



Evergy, Inc. was formed through the merger of Great Plains Energy and Westar Energy in June of 2018. Great Plains Energy holders received .5981 of a share of Evergy for each of their shares, and Westar Energy holders received one share of Evergy for each of their shares. The merger was completed on June 4, 2018. Shares of Evergy began trading on the New York Stock Exchange one day later.

CAPITAL STRUCTURE as of 9/30/24
Total Debt $11976 mill. **Due in 5 Yrs** $4388 mill.
LT Debt $11571 mill. **LT Interest** $306 mill.
Incl. $40.9 mill. finance leases.
(LT interest earned: 3.8x)

Leases, Uncapitalized Annual rentals $18.8 mill.

Pension Assets-12/22 $1714.7 mill.
Oblig $2561.7 mill.

Pfd Stock None

Common Stock 229,976,171 shs.
MARKET CAP: $13.6 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2020	2021	2022
% Change Retail Sales (KWH)	-3.9	+3.1	+6.7
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	7.14	6.94	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	NA	NA	NA
Fixed Charge Cov. (%)	286	350	382

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '20-'22 to '27-'29
Revenues	--	--	*2.5%*
"Cash Flow"	--	--	*5.0%*
Earnings	--	--	*7.5%*
Dividends	--	--	*7.0%*
Book Value	--	--	*3.5%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	1611.4	1236.7	1616.5	1122.1	5586.7
2022	1223.9	1446.5	1909.1	1279.6	5859.1
2023	1296.8	1354.2	1669.3	1187.9	5508.2
2024	1331.0	1447.5	1811.4	*1210.1*	*5800*
2025	*1350*	*1450*	*1850*	*1350*	*6000*

Calendar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.84	.81	1.95	.23	3.83
2022	.53	.84	1.86	.03	3.26
2023	.62	.78	1.53	.24	3.17
2024	.53	.90	2.02	*.40*	*3.85*
2025	*.65*	*.95*	*1.95*	*.50*	*4.05*

Calendar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2020	.505	.505	.505	.535	2.05
2021	.535	.535	.535	.5725	2.18
2022	.5725	.5725	.5725	.6125	2.33
2023	.6125	.6125	.6125	.6425	2.48
2024	.6425	.6425	.6425	.6675	

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
Revenues per sh	--	--	--	--	16.75	22.71	21.66	24.36	25.49	23.98	*25.20*	*26.10*		*29.55*
"Cash Flow" per sh	--	--	--	--	4.89	7.18	7.06	8.18	7.34	8.33	*8.20*	*8.55*		*9.35*
Earnings per sh A	--	--	--	--	2.50	2.79	2.72	3.83	3.26	3.17	*3.85*	*4.05*		*4.75*
Div'd Decl'd per sh B ■	--	--	--	--	1.74	1.93	2.05	2.18	2.33	2.48	*2.61*	*2.74*		*3.05*
Cap'l Spending per sh	--	--	--	--	4.19	5.34	6.88	8.60	9.41	9.23	*9.25*	*9.30*		*9.50*
Book Value per sh C	--	--	--	--	39.28	37.82	38.50	40.32	41.86	42.06	*44.10*	*45.65*		*47.50*
Common Shs Outst'g D	--	--	--	--	255.33	226.64	226.84	229.30	229.90	229.73	*230.00*	*230.00*		*230.00*
Avg Ann'l P/E Ratio	--	--	--	--	22.7	21.8	21.7	16.2	19.9	18.0	*Bold figures are Value Line estimates*			*17.5*
Relative P/E Ratio	--	--	--	--	1.23	1.16	1.11	.88	1.15	1.01				*.95*
Avg Ann'l Div'd Yield	--	--	--	--	3.1%	3.2%	3.5%	3.5%	4.0%	5.1%				*3.7%*
Revenues ($mill)	--	--	--	--	4275.9	5147.8	4913.4	5586.7	5859.1	5508.2	*5800*	*6000*		*6800*
Net Profit ($mill)	--	--	--	--	535.8	669.9	618.3	879.7	752.7	731.3	*885*	*930*		*1090*
Income Tax Rate	--	--	--	--	9.8%	12.6%	14.1%	11.7%	5.8%	2.1%	*4.5%*	*6.5%*		*9.0%*
AFUDC % to Net Profit	--	--	--	--	2.5%	2.5%	5.5%	5.0%	5.1%	5.4%	*6.0%*	*6.0%*		*5.0%*
Long-Term Debt Ratio	--	--	--	--	40.0%	50.6%	51.3%	50.1%	50.0%	51.5%	*51.5%*	*52.0%*		*53.5%*
Common Equity Ratio	--	--	--	--	60.0%	49.4%	48.7%	49.9%	48.0%	48.0%	*48.5%*	*48.0%*		*46.5%*
Total Capital ($mill)	--	--	--	--	16716	17337	17924	18542	19668	20019	*21250*	*22500*		*23400*
Net Plant ($mill)	--	--	--	--	18952	19346	20106	21150	22277	23729	*24200*	*25300*		*26300*
Return on Total Cap'l	--	--	--	--	4.0%	4.8%	4.5%	5.7%	6.9%	6.4%	*5.5%*	*5.5%*		*6.0%*
Return on Shr. Equity	--	--	--	--	5.3%	7.8%	7.1%	9.5%	8.1%	7.6%	*9.0%*	*9.0%*		*10.0%*
Return on Com Equity E	--	--	--	--	5.3%	7.8%	7.1%	9.5%	8.1%	7.6%	*9.0%*	*9.0%*		*10.0%*
Retained to Com Eq	--	--	--	--	.6%	2.4%	1.8%	4.1%	3.1%	2.5%	*3.0%*	*3.0%*		*3.5%*
All Div'ds to Net Prof	--	--	--	--	89%	69%	75%	57%	73%	69%	*68%*	*68%*		*63%*

BUSINESS: Evergy, Inc. was formed through the merger of Great Plains Energy and Westar Energy in June of 2018. Through its subsidiaries (now doing business under the Evergy name), provides electric service to 1.6 million customers in Kansas and Missouri, including the greater Kansas City area. Electric revenue breakdown: residential, 32%; commercial, 27%; industrial, 15%; wholesale, 13%; other, 13%. Generating sources: coal, 54%; nuclear, 17%; purchased, 29%. Fuel costs: 28% of revenues. '23 reported deprec. rate: 3%. Has 4,900 employees. Chairman: Mark A. Ruelle. President & CEO: David A. Campbell. COO: Kevin E. Bryant. Inc.: Missouri. Address: 1200 Main Street, Kansas City, Missouri 64105. Tel.: 816-556-2200. Internet: www.evergy.com.

Evergy looks set to post significantly higher profits in 2024. Indeed, the utility recorded better-than-expected third-quarter results. Revenues of $1.81 billion and earnings of $2.02 a share both surpassed our estimates and improved substantially from the year-prior period. An increased number of cooling days, along with new retail rates and transmission investments were the primary drivers of the strong showing. Management reaffirmed its 2024 bottom-line target range of $3.73-$3.93 per share. Our unchanged estimate sits near the middle of this range. And, the stock price has risen nicely over the past three months. Indeed, these shares are up more than 10% in value over that interim, and have jumped nearly 30% in the past year.

Our full-year 2025 earnings estimate is staying put at $4.05 a share. We expect slower growth compared to 2024, but our estimates are still within Evergy's long-term annual adjusted share-earnings growth target. Indeed, we look for a 5% increase from our 2024 estimate, which is right in the middle of management's updated 4%-6% yearly profit growth target. The company will likely take advantage of elevated power demand due to data centers and AI innovations, along with regulatory and rate improvements.

The board of directors raised the quarterly dividend, effective with the December payout. The increase was $0.025 a share (4%). The utility's target for the payout ratio is a range of 60%-70%. The yield of 4.4% stands comfortably above the utility average, which is one of the highest dividend-paying industries in the market.

These shares are best suited for conservative, income-oriented accounts. The aforementioned recently raised yield is Evergy's most notable feature. Long-term total return potential remains decent, on a risk-adjusted basis, in comparison to most of its peers, despite the recent stock price increase. We continue to look for the stock to trade around $70-$95 by 2027-2029, and think the company will earn $4.75 a share by then, which has been raised by $0.05 a share. Meanwhile, the stock is ranked to mirror the broader market averages in the year ahead.

Zachary J. Hodgkinson December 6, 2024

(A) Diluted earnings. Next earnings report due late Feb. **(B)** Dividends paid in mid-March, June, September, and December. ■ Dividend reinvestment plan available. **(C)** Incl. intangibles. **(D)** In millions. **(E)** Rate base: Original cost depreciated. Rate allowed on common equity in Missouri in '18: none specified; in Kansas in '18: 9.3%; earned on average common equity, '22: 9.8%. Regulatory Climate: Average.

Company's Financial Strength	B++
Stock's Price Stability	90
Price Growth Persistence	25
Earnings Predictability	85

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IDACORP, INC. NYSE-IDA

RECENT PRICE **107.52** | P/E RATIO **19.1** (Trailing: 19.9 Median: 20.0) | RELATIVE P/E RATIO **1.06** | DIV'D YLD **3.2%** | **VALUE LINE**

TIMELINESS 4 Raised 8/16/24
SAFETY 1 Raised 4/19/24
TECHNICAL 1 Raised 1/3/25
BETA .85 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$89-$128	$109 (5%)

2027-29 PROJECTIONS

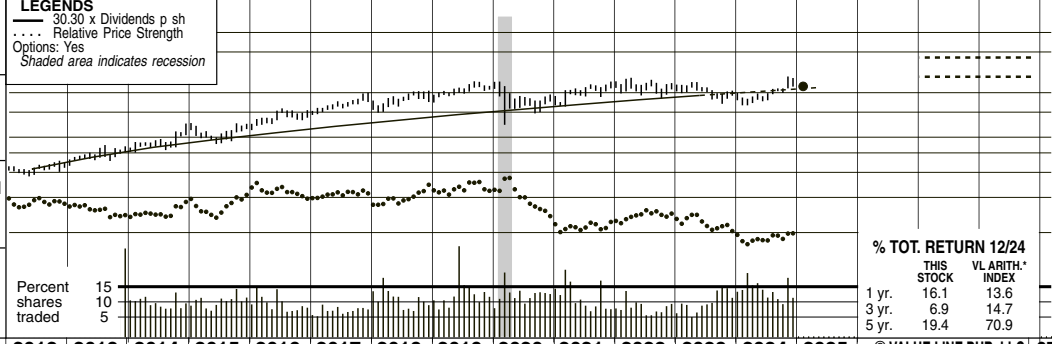
	Price	Gain	Ann'l Total Return
High	150	(+40%)	*11%*
Low	120	(+10%)	*6%*

Institutional Decisions

	1Q2024	2Q2024	3Q2024
to Buy	165	191	226
to Sell	200	170	166
Hld's(000)	46315	46039	51027

	54.7	70.1	70.5	83.4	100.0	102.4	114.0	113.6	113.8	118.9	113.0	120.4
High:	43.1	50.2	55.4	65.0	77.5	79.6	89.3	69.1	85.3	93.5	88.1	86.4
Low:												

LEGENDS
30.30 x Dividends p sh
Relative Price Strength
Options: Yes
Shaded area indicates recession



% TOT. RETURN 12/24

	THIS STOCK	VL ARITH.* INDEX
1 yr.	16.1	13.6
3 yr.	6.9	14.7
5 yr.	19.4	70.9

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
	20.47	21.92	20.97	20.55	21.55	24.81	25.51	25.23	25.04	26.76	27.19	26.70	26.77	28.86	32.51	34.90	***35.05***	***36.75***	Revenues per sh	***39.90***
	4.27	5.07	5.35	5.84	5.93	6.29	6.58	6.70	6.86	7.50	7.85	8.07	8.19	8.41	8.55	9.11	***9.50***	***10.20***	"Cash Flow" per sh	***12.25***
	2.18	2.64	2.95	3.36	3.37	3.64	3.85	3.87	3.94	4.21	4.49	4.61	4.69	4.85	5.11	5.14	***5.45***	***5.80***	Earnings per sh [A]	***7.10***
	1.20	1.20	1.20	1.20	1.37	1.57	1.76	1.92	2.08	2.24	2.40	2.56	2.72	2.88	3.04	3.20	3.35	***3.52***	Div'd Decl'd per sh [B] ■ †	***4.20***
	5.19	5.26	6.85	6.76	4.78	4.68	5.45	5.84	5.89	5.66	5.51	5.53	6.16	5.94	8.56	12.07	***17.75***	***16.60***	Cap'l Spending per sh	***13.40***
	27.76	29.17	31.01	33.19	35.07	36.84	38.85	40.88	42.74	44.65	47.01	48.88	50.73	52.82	55.52	57.44	***63.55***	***66.60***	Book Value per sh [C]	***71.50***
	46.92	47.90	49.41	49.95	50.16	50.23	50.27	50.34	50.40	50.42	50.42	50.42	50.46	50.52	50.56	50.62	***53.50***	***54.00***	Common Shs Outst'g [D]	***56.00***
	13.9	10.2	11.8	11.5	12.4	13.4	14.7	16.2	19.1	20.6	20.5	22.3	19.9	20.8	21.0	19.9	***18.0***		Avg Ann'l P/E Ratio	***19.0***
	.84	.68	.75	.72	.79	.75	.77	.82	1.00	1.04	1.11	1.19	1.02	1.12	1.21	1.11	***.65***		Relative P/E Ratio	***1.05***
	4.0%	4.5%	3.4%	3.1%	3.3%	3.2%	3.1%	3.1%	2.8%	2.6%	2.6%	2.5%	2.9%	2.9%	2.8%	3.1%	3.4%		Avg Ann'l Div'd Yield	***3.1%***
							1282.5	1270.3	1262.0	1349.5	1370.8	1346.4	1350.7	1458.1	1644.0	1766.4	***1875***	***1985***	Revenues ($mill)	***2235***
							193.5	194.7	198.3	212.4	226.8	232.9	237.4	245.6	259.0	261.2	***290***	***315***	Net Profit ($mill)	***400***
							8.0%	19.0%	15.5%	18.6%	7.1%	9.5%	10.8%	13.1%	12.7%	9.4%	***13.0%***	***13.0%***	Income Tax Rate	***13.0%***
							13.6%	16.3%	16.3%	13.9%	15.2%	16.2%	17.3%	17.7%	19.8%	8.8%	***15.0%***	***15.0%***	AFUDC % to Net Profit	***16.0%***
							45.3%	45.6%	44.8%	43.7%	43.6%	41.3%	43.9%	42.8%	43.9%	48.8%	***48.5%***	***49.0%***	Long-Term Debt Ratio	***49.5%***
							54.7%	54.4%	55.2%	56.3%	56.4%	58.7%	56.1%	57.2%	56.1%	51.2%	***51.5%***	***51.0%***	Common Equity Ratio	***50.5%***
							3567.6	3783.3	3898.5	3997.5	4205.1	4201.3	4560.4	4669.1	5001.4	5683.4	***6200***	***6625***	Total Capital ($mill)	***7500***
							3833.5	3992.4	4172.0	4283.9	4395.7	4531.5	4709.5	4901.8	5173.0	5745.2	***6350***	***6775***	Net Plant ($mill)	***7600***
							6.6%	6.2%	6.1%	6.3%	6.4%	6.5%	6.1%	6.2%	6.1%	5.4%	***5.5%***	***6.0%***	Return on Total Cap'l	***6.0%***
							9.9%	9.5%	9.2%	9.4%	9.6%	9.4%	9.3%	9.2%	9.2%	9.0%	***9.0%***	***9.0%***	Return on Shr. Equity	***9.0%***
							9.9%	9.5%	9.2%	9.4%	9.6%	9.4%	9.3%	9.2%	9.2%	9.0%	***9.0%***	***9.0%***	Return on Com Equity [E]	***9.0%***
							5.4%	4.8%	4.3%	4.4%	4.4%	4.2%	3.9%	3.7%	3.7%	3.4%	***3.5%***	***3.5%***	Retained to Com Eq	***3.5%***
							46%	50%	53%	53%	54%	56%	58%	60%	60%	63%	***62%***	***61%***	All Div'ds to Net Prof	***59%***

CAPITAL STRUCTURE as of 9/30/24
Total Debt $3123.7 mill. **Due in 5 Yrs** $200.0 mill.
LT Debt $3054.0 mill. **LT Interest** $140.0 mill.
(Total Interest Coverage: 2.5x)

Pension Assets-12/23 $917.5 mill.
Oblig $1028.0 mill.

Pfd Stock None

Common Stock 53,269,814 shs.
as of 10/25/24

MARKET CAP: $5.7 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2021	2022	2023
% Change Retail Sales (KWH)	+3.9	+9.6	+7.3
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	3751	3568	3615
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+2.8	+2.4	+2.4
Fixed Charge Cov. (%)	390	395	315

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '27-'29
Revenues	3.5%	4.0%	*3.5%*
"Cash Flow"	3.5%	3.5%	*6.0%*
Earnings	4.0%	3.5%	*6.0%*
Dividends	8.0%	6.5%	*5.5%*
Book Value	4.5%	4.5%	*4.5%*

QUARTERLY REVENUES($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	316.1	360.1	446.9	335.0	1458.1
2022	344.3	358.7	518.0	422.9	1644.0
2023	429.7	413.8	510.9	412.0	1766.4
2024	448.1	451.0	528.5	***447.4***	***1875***
2025	***475***	***475***	***585***	***450***	***1985***

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.89	1.38	1.93	.65	4.85
2022	.91	1.27	2.10	.83	5.11
2023	1.11	1.35	2.07	.61	5.14
2024	.95	1.71	2.12	***.67***	***5.45***
2025	***1.05***	***1.80***	***2.25***	***.70***	***5.80***

QUARTERLY DIVIDENDS PAID [B] ■ †

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.71	.71	.71	.75	2.88
2022	.75	.75	.75	.79	3.04
2023	.79	.79	.79	.83	3.20
2024	.83	.83	.83	.86	3.35
2025					

BUSINESS: IDACORP, Inc. is a holding company for Idaho Power Company, a regulated electric utility that serves 633,000 customers throughout a 24,000-square-mile area in southern Idaho and eastern Oregon (population: 1.4 million). Most of the company's revenues are derived from the Idaho portion of its service area. Revenue breakdown: residential, 39%; commercial, 21%; industrial, 14%; irrigation, 10%; other, 16%. Generating sources: hydro, 35%; coal, 13%; gas, 15%; purchased, 37%. Fuel costs: 40% of revenues. '23 reported depreciation rate: 3.1%. Has 2,112 employees. Chairman: Dennis L. Johnson. President & CEO: Lisa Grow. Incorporated: Idaho. Address: 1221 W. Idaho St., Boise, Idaho 83702. Telephone: 208-388-2200. Internet: www.idacorpinc.com.

IDACORP has performed well over the first nine months of 2024. The utility company saw a 5% year-over-year increase in its top line and approximately 6% growth in the bottom line. A rise in Idaho base rates, significant customer growth, and higher customer usage due to warmer weather partially offset the impact of increased depreciation and interest expenses. Some of these costs were tied to IDACORP's ongoing infrastructure expansion efforts (more below).

The near-term profit picture appears healthy. Given the utility's recent performance, management has raised the lower end of its anticipated share earnings to the $5.35-$5.45 range, up from the previous $5.30-$5.45 forecast. Key assumptions in this projection include Idaho Power, its subsidiary, expecting additional tax credits of $25 million to $35 million, as well as normal weather trends. Additionally, rate increases requested by the company took effect on January 1, 2025. We believe the utility has strong prospects for both top- and bottom-line growth in the near term, despite the elevated costs related to infrastructure. Therefore, we estimate IDACORP to have ended 2024 with a 6% increase in full-year share profit, to $5.45. In 2025, the bottom line will likely continue to grow at a similar pace, reaching $5.80 per share.

IDACORP has a long-term capital expenditure plan in place. The company intends to invest $1 billion to $1.1 billion in 2025, $3.5 billion to $4.0 billion in 2026, and $3.5 billion to $4.0 billion from 2027 to 2028. This plan will help IDACORP meet demand and maintain affordable prices for its customers. Utility companies have incentives to pursue capital projects, which can support future rate-base negotiations.

The board raised the fourth-quarter dividend. The new payment of $0.86 per share, made in December, represents a 3.6% increase over the previous-year tally.

Shares of IDACORP are ranked to underperform the broader market averages in the year ahead (Timeliness: 4). Plus, the stock has a subpar dividend yield for a utility. Also, these shares do not stand out for 18-month capital gains potential.

Emma Jalees *January 17, 2025*

(A) Diluted EPS. Earnings may not sum due to rounding. Next earnings report due early February. **(B)** Dividends historically paid in late February, May, August, and November. ■ Dividend reinvestment plan available. † Shareholder investment plan available. **(C)** Incl. intangibles. In '23: $882.7 mill., $17.44/sh. **(D)** In millions. **(E)** Rate base: Net original cost. Rate allowed on common equity in '12: 10% (imputed); Regulatory Climate: Above Average.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	45
Earnings Predictability	100

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NORTHWESTERN NDQ-NWE

RECENT PRICE **51.68** | P/E RATIO **14.7** (Trailing: 14.0 Median: 17.0) | RELATIVE P/E RATIO **0.81** | DIV'D YLD **5.1%** | **VALUE LINE**

TIMELINESS 3 Lowered 5/24/24
SAFETY 2 Raised 10/18/24
TECHNICAL 2 Raised 12/27/24
BETA 1.00 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$41-$63	$52 (-5%)

2027-29 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	75	(+45%)	*13%*
Low	55	(+5%)	*6%*

Institutional Decisions

	1Q2024	2Q2024	3Q2024
to Buy	168	158	160
to Sell	128	134	139
Hld's(000)	58166	58903	67655

High:	47.2	58.7	59.7	63.8	64.5	65.7	76.7	80.5	70.8	63.1	61.2	57.5						
Low:	35.1	42.6	48.4	52.2	55.7	50.0	57.3	45.1	53.2	48.7	46.0	46.2						

LEGENDS
23.8 x Dividends p sh
Relative Price Strength
Options: Yes
Shaded area indicates recession

Target Price Range 2027 2028 2029

128 96 80 64 48 40 32 24 16 12

Percent shares traded 30 20 10

% TOT. RETURN 12/24

	THIS STOCK	VL ARITH.* INDEX
1 yr.	12.7	13.6
3 yr.	9.9	14.7
5 yr.	-4.7	70.9

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
35.09	31.72	30.66	30.80	28.76	29.80	25.68	25.21	26.01	26.45	23.81	24.93	23.70	25.38	24.74	23.22	*24.55*	*25.80*	Revenues per sh	*28.90*
4.40	4.62	4.76	5.42	5.18	5.45	5.39	5.92	6.74	6.76	6.96	7.07	6.86	6.92	6.46	6.69	*7.00*	*7.45*	"Cash Flow" per sh	*8.55*
1.77	2.02	2.14	2.53	2.26	2.46	2.99	2.90	3.39	3.34	3.40	3.53	3.21	3.50	3.29	3.22	*3.40*	*3.70*	Earnings per sh A	*4.25*
1.32	1.34	1.36	1.44	1.48	1.52	1.60	1.92	2.00	2.10	2.20	2.30	2.40	2.48	2.52	2.56	2.60	*2.64*	Div'd Decl'd per sh B ■ †	*2.76*
3.47	5.26	6.30	5.20	5.89	5.95	5.76	5.89	5.96	5.60	5.64	6.26	8.02	8.03	8.62	9.26	*8.15*	*8.15*	Cap'l Spending per sh	*8.25*
21.25	21.86	22.64	23.68	25.09	26.60	31.50	33.22	34.68	36.44	38.60	40.42	41.10	43.28	44.61	45.48	*46.35*	*47.50*	Book Value per sh C	*51.85*
35.93	36.00	36.23	36.28	37.22	38.75	46.91	48.17	48.33	49.37	50.32	50.45	50.59	54.06	59.74	61.25	*61.50*	*62.00*	Common Shs Outst'g D	*64.00*
13.9	11.5	12.9	12.6	15.7	16.9	16.2	18.4	17.2	17.8	16.8	19.9	18.6	17.4	17.3	17.0	*15.2*		Avg Ann'l P/E Ratio	*15.5*
.84	.77	.82	.79	1.00	.95	.85	.93	.90	.90	.91	1.06	.96	.94	1.00	.95	*.84*		Relative P/E Ratio	*.85*
5.4%	5.7%	4.9%	4.5%	4.2%	3.7%	3.3%	3.6%	3.4%	3.5%	3.9%	3.3%	4.0%	4.1%	4.4%	4.7%	5.0%		Avg Ann'l Div'd Yield	*4.2%*
1204.9	1214.3	1257.2	1305.7	1198.1	1257.9	1198.7	1372.3	1477.8	1422.1	*1510*	*1600*	Revenues ($mill)	*1850*
120.7	138.4	164.2	162.7	171.1	179.3	162.6	181.6	185.5	194.1	*210*	*230*	Net Profit ($mill)	*270*
- -	13.7%	- -	7.6%	- -	1.6%	- -	.9%	.9%	3.7%	*6.0%*	*9.0%*	Income Tax Rate	*12.0%*
8.9%	9.8%	4.3%	5.2%	3.4%	4.6%	6.0%	14.9%	18.5%	21.6%	*20.5%*	*20.0%*	AFUDC % to Net Profit	*20.0%*
53.4%	53.1%	52.0%	50.2%	52.2%	52.5%	52.8%	52.2%	48.2%	49.1%	*50.0%*	*51.0%*	Long-Term Debt Ratio	*50.5%*
46.6%	46.9%	48.0%	49.8%	47.8%	47.5%	47.2%	47.8%	51.8%	50.9%	*50.0%*	*49.0%*	Common Equity Ratio	*49.5%*
3168.0	3408.6	3493.9	3614.5	4064.6	4289.8	4409.1	4893.1	5148.3	5475.4	*5725*	*5975*	Total Capital ($mill)	*6700*
3758.0	4059.5	4214.9	4358.3	4521.3	4700.9	4952.9	5247.2	5657.5	6039.8	*6300*	*6600*	Net Plant ($mill)	*7300*
4.8%	5.2%	5.9%	5.6%	5.2%	5.2%	4.6%	4.6%	4.5%	4.5%	*4.5%*	*5.0%*	Return on Total Cap'l	*5.0%*
8.2%	8.6%	9.8%	9.0%	8.8%	8.8%	7.8%	7.8%	7.0%	7.0%	*7.5%*	*8.0%*	Return on Shr. Equity	*8.0%*
8.2%	8.6%	9.8%	9.0%	8.8%	8.8%	7.8%	7.8%	7.0%	7.0%	*7.5%*	*8.0%*	Return on Com Equity E	*8.0%*
3.8%	3.0%	4.1%	3.4%	3.2%	3.1%	2.0%	2.3%	1.7%	1.4%	*2.0%*	*2.5%*	Retained to Com Eq	*3.0%*
54%	65%	58%	62%	64%	64%	74%	71%	76%	79%	*76%*	*71%*	All Div'ds to Net Prof	*65%*

CAPITAL STRUCTURE as of 9/30/24
Total Debt $2974.1 mill. **Due in 5 Yrs** $1011.5 mill.
LT Debt $2570.7 mill. **LT Interest** $115.0 mill.
Incl. $2.8 mill. finance leases.
(Total Interest Coverage: 2.6x)

Pension Assets-12/23 $402.7 mill.
Oblig $477.0 mill.

Pfd Stock None

Common Stock 61,314,217 shs.
as of 10/25/24

MARKET CAP: $3.4 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2021	2022	2023
% Change Retail Sales (KWH)	+.7	+3.7	-.3
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Winter (Mw)	2000	2073	1992
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+1.6	+1.5	+1.6
Fixed Charge Cov. (%)	245	219	216

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '27-'29
Revenues	-2.0%	-1.0%	*2.5%*
"Cash Flow"	2.5%	-.5%	*3.5%*
Earnings	3.5%	- -	*4.5%*
Dividends	5.5%	3.5%	*1.5%*
Book Value	6.0%	4.0%	*3.0%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	400.8	298.2	326.0	347.3	1372.3
2022	394.5	323.0	335.1	425.2	1477.8
2023	454.5	290.5	321.1	356.0	1422.1
2024	475.3	319.9	345.2	*369.6*	*1510*
2025	*490*	*330*	*375*	*405*	*1600*

EARNINGS PER SHARE A

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	1.24	.59	.70	.97	3.50
2022	1.08	.58	.47	1.16	3.29
2023	1.10	.32	.48	1.32	3.22
2024	1.08	.52	.64	*1.16*	*3.40*
2025	*1.18*	*.54*	*.69*	*1.29*	*3.70*

QUARTERLY DIVIDENDS PAID B ■ †

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.62	.62	.62	.62	2.48
2022	.63	.63	.63	.63	2.52
2023	.64	.64	.64	.64	2.56
2024	.65	.65	.65	.65	2.60
2025					

BUSINESS: NorthWestern Energy Group, Inc. supplies electricity & gas in the Upper Midwest and Northwest, serving 467,700 electric customers in Montana and South Dakota and 307,600 gas customers in Montana, South Dakota, and Nebraska. Electric revenue breakdown for 2023: residential, 44%; commercial, 50%; industrial, 4%; and other, 2%. Generating sources: coal, 18%; hydro, 37%; wind, 4%; natural gas, 12%; purchased power, 29%. Fuel costs: 30% of revenues. 2023 reported depreciation rate: 2.8%. Had 1,573 employees as of 12/31/23. Chair of the board of directors: Dana J. Dykhouse. President and CEO: Brian B. Bird. Incorporated: DE. Address: 3010 West 69th Street, Sioux Falls, SD 57108. Telephone: 605-978-2900. Internet: www.northwesternenergy.com.

NorthWestern Energy's 2024 earnings per share were likely lower than we previously expected. While rate relief from the October 2023 general rate case (GRC) decision in Montana was a major plus last year, milder-than-typical weather crimped electricity and natural gas demand in the company's service territory. NorthWestern had also counted on receiving higher interim rates ahead of its next Montana GRC as it had in the last major state regulatory decision. Interim rate relief was delayed and as a result, management revised its share-earnings target range lower to $3.32-$3.47 from the initial $3.42-$3.62 outlook. The company is due to report year-end results after the market closes on February 14th.

NorthWestern is once again due for major rate relief. The public hearing for the GRC, which was filed last year, is scheduled to begin on April 22nd, with a final decision projected to conclude by year's end. It's unclear if interim rates will be forthcoming. In the utility's application to the Montana Public Service Commission, it requested a more than one percentage point hike to its authorized return on equity (ROE), to 10.8% for both natural gas and electric investments. The company is also seeking a $164 million annual revenue increase from electricity customers and $29 million from gas customers. A significant portion of the hike is associated with infrastructure the company has paid for, but not yet billed for. This includes utility poles, pipelines, and a 175-megawatt natural gas generation plant that was delayed and over budget, in part due to it being contested by environmentalist groups. The company said the final cost on the project was about $315 million, up from the budgeted $275 million. Our expectation is that NWE will get much of, but certainly not all of, what it's asking for. We'd be surprised if the ROE is significantly raised.

Income-oriented accounts might find these shares of interest. The 5.1% yield is well above the median 3.7% for electric utilities. We don't see much appreciation potential. And, it will likely take years for the dividend payout ratio to drop enough to allow for growth in the annual payout to match share-earnings gains.

Anthony J. Glennon *January 17, 2025*

(A) Diluted egs. Excl. nonrec. gains/(losses): '12, 40¢; '15, 27¢; '18, 52¢; '19, 45¢; '20, (15¢); '21, 10¢; '22, (4¢). Qtly EPS may not sum to full yr. due to rounding. Next egs. report due February 14th. **(B)** Div'ds paid late Mar., June, Sept. & Dec. ■ Div'd reinvest. plan avail. † Shrhldr. invest. plan avail. **(C)** Incl. def'd charges and intag. '23: $17.90/sh. **(D)** In mill. **(E)** Rate base: Net orig. cost. Rate allowed on com. eq. in MT in '23 (elec.): 9.65%; in '23 (gas): 9.55%; in SD in '24: 6.81%; in NE in '07: 10.4%. Reg. Climate: Below Avg.

Company's Financial Strength	B++
Stock's Price Stability	90
Price Growth Persistence	15
Earnings Predictability	95

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OGE ENERGY CORP. NYSE-OGE

RECENT PRICE **39.64** | P/E RATIO **16.1** (Trailing: 19.4 Median: 18.0) | RELATIVE P/E RATIO **0.88** | DIV'D YLD **4.3%** | **VALUE LINE**

TIMELINESS 4 Raised 8/23/24
SAFETY 3 Lowered 3/8/24
TECHNICAL 3 Raised 8/30/24
BETA 1.05 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$28-$45	$37 (-10%)

2027-29 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	45	(+15%)	*7%*
Low	30	(-25%)	*-2%*

Institutional Decisions

	3Q2023	4Q2023	1Q2024
to Buy	197	210	215
to Sell	199	206	218
Hld's(000)	138173	144477	139254

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
High:	40.0	39.3	36.5	34.2	37.4	41.8	45.8	46.4	38.6	42.9	40.4	40.4								
Low:	27.7	32.8	24.2	23.4	32.6	29.6	38.0	23.0	29.2	33.3	31.3	32.1								
	21.77	14.79	19.04	19.96	18.58	14.45	12.30	11.00	11.31	11.32	11.37	11.15	10.61	18.26	16.86	13.36	***14.50***	***15.00***	Revenues per sh	***17.50***
	2.40	2.69	3.01	3.31	3.69	3.46	3.40	3.23	3.31	3.34	3.74	4.02	4.03	4.44	5.63	4.61	***4.75***	***5.05***	"Cash Flow" per sh	***5.85***
	1.25	1.33	1.50	1.73	1.79	1.94	1.98	1.69	1.69	1.92	2.12	2.24	2.08	2.36	2.25	2.07	***2.15***	***2.30***	Earnings per sh [A]	***2.70***
	.70	.71	.73	.76	.80	.85	.95	1.05	1.16	1.27	1.40	1.51	1.58	1.63	1.64	1.66	***1.69***	***1.73***	Div'd Decl'd per sh [B] ■	***1.85***
	4.01	4.37	4.36	6.48	5.85	4.99	2.86	2.74	3.31	4.13	2.87	3.18	3.25	3.89	5.25	4.49	***4.75***	***4.75***	Cap'l Spending per sh	***4.75***
	10.14	10.52	11.73	13.06	14.00	15.30	16.27	16.66	17.24	19.28	20.06	20.69	18.15	20.27	22.52	22.17	***23.10***	***23.75***	Book Value per sh [C]	***26.25***
	187.00	194.00	195.20	196.20	197.60	198.50	199.40	199.70	199.70	199.70	199.70	200.10	200.10	200.10	200.20	200.30	***200.20***	***200.20***	Common Shs Outst'g [D]	***200.20***
	12.4	10.8	13.3	14.4	15.2	17.7	18.3	17.7	17.7	18.3	16.5	19.0	16.2	14.3	17.2	17.4	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	***14.0***
	.75	.72	.85	.90	.97	.99	.96	.89	.93	.92	.89	1.01	.83	.77	1.00	.96			Relative P/E Ratio	***.80***
	4.5%	5.0%	3.7%	3.1%	2.9%	2.5%	2.6%	3.5%	3.9%	3.6%	4.0%	3.5%	4.7%	4.8%	4.5%	5.1%			Avg Ann'l Div'd Yield	***4.4%***
							2453.1	2196.9	2259.2	2261.1	2270.3	2231.6	2122.3	3653.7	3375.7	2674.3	***2900***	***3000***	Revenues ($mill)	***3500***
							395.8	337.6	338.2	384.3	425.5	449.6	415.9	472.5	665.7	416.8	***430***	***460***	Net Profit ($mill)	***540***
							30.4%	29.2%	30.5%	32.5%	14.5%	7.4%	13.2%	11.5%	12.0%	12.0%	***12.0%***	***12.0%***	Income Tax Rate	***12.0%***
							1.7%	3.7%	6.4%	15.0%	8.3%	1.6%	1.6%	2.2%	2.0%	2.0%	***2.0%***	***2.0%***	AFUDC % to Net Profit	***2.0%***
							45.9%	44.3%	41.1%	41.7%	42.0%	43.6%	49.0%	52.6%	49.8%	51.2%	***52.0%***	***51.5%***	Long-Term Debt Ratio	***50.0%***
							54.1%	55.7%	58.9%	58.3%	58.0%	56.4%	51.0%	47.4%	52.4%	49.6%	***48.0%***	***48.5%***	Common Equity Ratio	***50.0%***
							5999.7	5971.6	5849.6	6600.7	6902.0	7334.7	7126.2	8552.7	8962.0	9238.2	***9750***	***9935***	Total Capital ($mill)	***10400***
							6979.9	7322.4	7696.2	8339.9	8643.8	9044.6	9374.6	9832.9	10546.8	11301.0	***11000***	***11250***	Net Plant ($mill)	***12075***
							7.8%	6.9%	7.0%	7.0%	7.3%	7.1%	6.9%	6.4%	5.9%	6.3%	***7.0%***	***7.0%***	Return on Total Cap'l	***7.5%***
							12.2%	10.2%	9.8%	10.0%	10.6%	10.9%	11.5%	11.6%	11.0%	12.0%	***12.5%***	***12.5%***	Return on Shr. Equity	***13.0%***
							12.2%	10.2%	9.8%	10.0%	10.6%	10.9%	11.5%	11.6%	11.0%	12.0%	***12.5%***	***12.5%***	Return on Com Equity [E]	***13.0%***
							6.5%	4.0%	3.3%	3.5%	3.8%	3.6%	2.8%	3.6%	3.0%	3.5%	***4.5%***	***4.5%***	Retained to Com Eq	***5.5%***
							47%	61%	67%	64%	64%	67%	76%	69%	73%	81%	***75%***	***75%***	All Div'ds to Net Prof	***57%***

CAPITAL STRUCTURE as of 9/30/24
Total Debt $5053.2 mill. **Due in 5 Yrs** $1731.5 mill.
LT Debt $5020.8 mill. **LT Interest** $158.7 mill.
(LT interest earned: 4.3x)

Leases, Uncapitalized Annual rentals $5.7 mill.

Pension Assets-12/22 $486.0 mill.
Oblig $502.9 mill.

Pfd Stock None

Common Stock 200,947,879 shs.

MARKET CAP: $8.0 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2020	2021	2022
% Change Retail Sales (KWH)	-4.9	+2.6	+8.3
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	4.40	7.68	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	6437	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+1.1	+1.4	NA
Fixed Charge Cov. (%)	326	336	335

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '27-'29
Revenues	-3.0%	5.0%	*5.5%*
"Cash Flow"	2.5%	5.0%	*7.0%*
Earnings	3.0%	4.5%	*6.5%*
Dividends	7.5%	6.5%	*3.0%*
Book Value	4.0%	1.5%	*5.5%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	1630.0	577.4	864.4	581.3	3653.7
2022	589.3	803.7	1270.0	711.9	3375.7
2023	557.2	605.0	945.4	566.7	2674.3
2024	596.8	662.6	965.4	***675.2***	***2900***
2025	***620***	***780***	***950***	***650***	***3000***

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.26	.56	1.26	.28	2.36
2022	.33	.36	1.31	.25	2.25
2023	.19	.44	1.20	.24	2.07
2024	.09	.51	1.09	***.46***	***2.15***
2025	***.40***	***.35***	***1.30***	***.25***	***2.30***

QUARTERLY DIVIDENDS PAID [B] ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2020	.3875	.3875	.3875	.4025	1.57
2021	.4025	.4025	.4025	.41	1.62
2022	.41	.41	.41	.4141	1.64
2023	.4141	.4141	.4141	.4182	1.66
2024	.4182	.4182	.4182	.4213	

% TOT. RETURN 7/24

	THIS STOCK	VL ARITH.* INDEX
1 yr.	12.6	9.9
3 yr.	31.8	12.6
5 yr.	12.5	72.0

Target Price Range 2027 2028 2029

BUSINESS: OGE Energy Corp. is a holding company for Oklahoma Gas and Electric Company (OG&E), which supplies electricity to 879,000 customers in Oklahoma (84% of electric revenues) and western Arkansas (8%); wholesale is (8%). Owns 3% of Energy Transfer's limited partnership units. Electric revenue breakdown: residential, 44%; commercial, 25%; industrial, 11%; oilfield, 10%; other, 10%. Generating sources: gas, 25%; coal, 21%; wind, 6%; purchased, 48%. Fuel costs: 58% of revenues. '23 reported depreciation rate (utility): 2.6%. Has 2,200 employees. Chairman, President and Chief Executive Officer: Sean Trauschke. Incorporated: Oklahoma. Address: 321 North Harvey, P.O. Box 321, Oklahoma City, OK 73101-0321. Tel.: 405-553-3000. Internet: www.oge.com.

OGE Energy's utility subsidiary is progressing on the regulatory front. Remember that in Oklahoma, a $126.6 million rate increase took effect in July, subject to a final order to approve the hike. The Oklahoma Corporation Commission recently delayed the vote due to differences of opinions between commission chairs. The utility initially proposed a $322 million (13.85%) hike or a $19.02 average monthly rise per residential customer. The increase will likely help OGE recover essential capital investments to strengthen and improve the reliability of the electric grid. An order is expected by the end of this year or the beginning of 2025.

Our 2024 profit estimate is staying put at $2.15 a share. Management looks for earnings to come in at the high end of its range of $2.06-$2.18 due to strong load growth and warmer than normal weather. This assumes approval of the Oklahoma rate review, among other things. We look for sharper growth next year compared to 2024 levels. Indeed, our 2025 bottom-line estimate represents 7% growth from our 2024 projections. OGE looks to be increasingly well positioned over the next few years, and should take advantage of increased power demand and the clean energy transition, as a pure play electric utility.

The board of directors has raised the dividend, effective with the October payment. The increase was modest, at $0.003 a share quarterly (1% higher). This issue offers a very attractive dividend, and the yield of 4.3% stands comfortably above the utility average, which is one of the best dividend-paying industries in the market.

This issue is best suited for income-oriented investors. The aforementioned recently raised dividend distribution remains the most notable feature at this juncture. But, intermediate- and long-term risk-adjusted capital appreciation potential is unattractive. Indeed, the current quotation is well within both our 18-month and 3- to 5-year Target Price Ranges. Too, the Timeliness rank has been lowered one notch to 4 (Below Average), which means OGE is slated to trail the broader market averages in the year ahead.

Zachary J. Hodgkinson *December 6, 2024*

Company's Financial Strength	B++
Stock's Price Stability	80
Price Growth Persistence	30
Earnings Predictability	95

(A) Diluted EPS. Excl. nonrecurring gains (losses): '15, (33¢); '17, $1.18; '19, (8¢); '20, ($2.95); '21, $1.32; '22, $1.06; gain on discont. ops.: '19 & '21 EPS don't sum due to rounding. Next earnings report due mid Feb. **(B)** Div'ds historically paid in late Jan., Apr., July, & Oct. ■ Div'd reinvestment plan avail. **(C)** Incl. deferred charges. In '22: $6.15/sh. **(D)** In mill., adj. for split. **(E)** Rate base: Net original cost. Rate allowed on com. eq. in OK in '19: 9.5%; in AR in '18: 9.5%; earned on avg. com. eq., '21: 12.7%. Regulatory Climate: Average.

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PINNACLE WEST NYSE-PNW

RECENT PRICE **83.09** | P/E RATIO **17.0** (Trailing: 15.7 Median: 17.0) | RELATIVE P/E RATIO **0.94** | DIV'D YLD **4.3%** | **VALUE LINE**

TIMELINESS 3 Raised 12/13/24
SAFETY 2 Raised 10/18/24
TECHNICAL 1 Raised 1/3/25
BETA .95 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$62-$99	$81 (-10%)

2027-29 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	125	(+50%)	*14%*
Low	90	(+10%)	*6%*

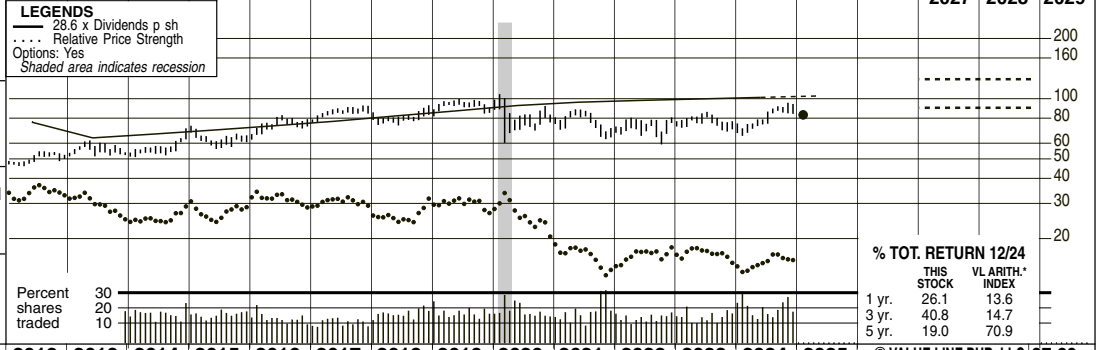
Institutional Decisions

	1Q2024	2Q2024	3Q2024
to Buy	234	245	274
to Sell	268	225	226
Hld's(000)	110427	114098	123296

High:	61.9	71.1	73.3	82.8	92.5	92.6	99.8	105.5	88.5	80.6	86.0	95.4
Low:	51.5	51.2	56.0	62.5	75.8	73.4	81.6	60.1	62.8	59.0	68.6	65.2

LEGENDS
28.6 x Dividends p sh
Relative Price Strength
Options: Yes
Shaded area indicates recession

Target Price Range 2027 2028 2029



% TOT. RETURN 12/24

	THIS STOCK	VL ARITH.* INDEX
1 yr.	26.1	13.6
3 yr.	40.8	14.7
5 yr.	19.0	70.9

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
33.37	32.50	30.01	29.67	30.09	31.35	31.58	31.50	31.42	31.90	32.93	30.87	31.81	33.66	38.21	41.40	***44.50***	***43.20***	Revenues per sh	***50.00***
8.13	8.08	6.85	7.52	7.92	8.15	8.09	9.09	9.39	9.92	10.37	10.69	10.97	11.84	11.50	11.95	***13.10***	***12.95***	"Cash Flow" per sh	***15.35***
2.12	2.26	3.08	2.99	3.50	3.66	3.58	3.92	3.95	4.43	4.54	4.77	4.87	5.47	4.26	4.41	***5.10***	***4.80***	Earnings per sh [A]	***6.00***
2.10	2.10	2.10	2.10	2.67	2.23	2.33	2.44	2.56	2.70	2.87	3.04	3.23	3.36	3.43	3.49	3.55	***3.61***	Div'd Decl'd per sh [B] ■	***3.80***
9.46	7.64	7.03	8.26	8.24	9.36	8.38	9.84	11.64	12.80	10.73	10.76	11.93	13.04	15.09	16.28	***17.00***	***17.00***	Cap'l Spending per sh	***17.20***
34.16	32.69	33.86	34.98	36.20	38.07	39.50	41.30	43.15	44.80	46.59	48.30	49.96	52.26	53.45	54.47	***61.30***	***61.20***	Book Value per sh [C]	***69.95***
100.89	101.43	108.77	109.25	109.74	110.18	110.57	110.98	111.34	111.75	112.10	112.44	112.76	113.01	113.17	113.42	***114.00***	***118.00***	Common Shs Outst'g [D]	***125.00***
16.1	13.7	12.6	14.6	14.3	15.3	15.9	16.0	18.7	19.3	17.8	19.4	16.7	14.1	17.1	17.4	***15.7***		Avg Ann'l P/E Ratio	***18.0***
.97	.91	.80	.92	.91	.86	.84	.81	.98	.97	.96	1.03	.86	.76	.99	.97	***.87***		Relative P/E Ratio	***1.00***
6.2%	6.8%	5.4%	4.8%	5.3%	4.0%	4.1%	3.9%	3.5%	3.2%	3.5%	3.3%	4.0%	4.3%	4.7%	4.5%	4.4%		Avg Ann'l Div'd Yield	***3.5%***
3491.6	3495.4	3498.7	3565.3	3691.2	3471.2	3587.0	3803.8	4324.4	4696.0	***5075***	***5100***	Revenues ($mill)	***6250***
397.6	437.3	442.0	497.8	511.0	538.3	550.6	618.7	483.6	501.6	***580***	***560***	Net Profit ($mill)	***750***
34.2%	34.3%	33.9%	32.5%	20.2%	- -	12.1%	14.8%	13.0%	12.9%	***14.0%***	***14.0%***	Income Tax Rate	***14.0%***
11.6%	11.8%	14.1%	13.9%	15.2%	9.3%	9.5%	10.1%	15.2%	19.3%	***19.5%***	***20.5%***	AFUDC % to Net Profit	***22.0%***
41.0%	43.0%	45.6%	48.9%	47.0%	47.1%	52.8%	53.9%	56.1%	55.0%	***52.5%***	***54.0%***	Long-Term Debt Ratio	***52.0%***
59.0%	57.0%	54.4%	51.1%	53.0%	52.9%	47.2%	46.1%	43.9%	45.0%	***47.5%***	***46.0%***	Common Equity Ratio	***48.0%***
7398.7	8046.3	8825.4	9796.4	9861.1	10263	11948	12820	13790	13718	***14650***	***15650***	Total Capital ($mill)	***18300***
11194	11809	12714	13445	14030	14523	15159	15987	16854	17980	***19025***	***20050***	Net Plant ($mill)	***23050***
6.4%	6.4%	6.0%	6.1%	6.2%	6.3%	5.5%	5.8%	4.5%	5.0%	***5.0%***	***5.0%***	Return on Total Cap'l	***5.5%***
9.1%	9.5%	9.2%	9.9%	9.8%	9.9%	9.8%	10.5%	8.0%	8.1%	***8.5%***	***7.5%***	Return on Shr. Equity	***8.5%***
9.1%	9.5%	9.2%	9.9%	9.8%	9.9%	9.8%	10.5%	8.0%	8.1%	***8.5%***	***7.5%***	Return on Com Equity [E]	***8.5%***
3.5%	3.9%	3.5%	4.2%	3.9%	3.8%	3.5%	4.2%	1.7%	1.9%	***2.5%***	***2.0%***	Retained to Com Eq	***3.0%***
62%	59%	62%	58%	60%	61%	64%	60%	78%	77%	***69%***	***75%***	All Div'ds to Net Prof	***63%***

CAPITAL STRUCTURE as of 9/30/24
Total Debt $9679.7 mill. **Due in 5 Yrs** $2225.0 mill.
LT Debt $8056.2 mill. **LT Interest** $355.0 mill.
(Total Interest Coverage: 2.8x)

Leases, Uncapitalized Annual rentals $19.2 mill.

Pension Assets-12/23 $2835.5 mill.
Oblig. $2908.1 mill.

Pfd Stock None

Common Stock 113,699,820 shs.
as of 10/30/24
MARKET CAP: $9.4 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2021	2022	2023
% Change Retail Sales (KWH)	-.1	+4.4	+2.8
Avg. Indust. Use (MWH)	808	849	874
Avg. Indust. Revs. per KWH (¢)	8.11	9.20	10.38
Capacity at Peak (Mw)	8726	8612	9629
Peak Load, Summer (Mw)	7580	7587	8159
Annual Load Factor (%)	45.1	48.1	45.7
% Change Customers (yr-end)	+2.2	+2.1	+1.8
Fixed Charge Cov. (%)	317	226	220

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '27-'29
Revenues	2.0%	3.5%	*5.0%*
"Cash Flow"	4.0%	3.5%	*4.5%*
Earnings	3.5%	2.0%	*4.0%*
Dividends	4.0%	5.0%	*1.5%*
Book Value	4.0%	3.5%	*4.5%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	696.5	1000.2	1308.2	798.9	3803.8
2022	783.5	1061.7	1469.9	1009.3	4324.4
2023	945.0	1121.7	1637.8	991.5	4696.0
2024	951.7	1309.0	1768.8	***1045.5***	***5075***
2025	***1000***	***1260***	***1750***	***1090***	***5100***

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.32	1.91	3.00	.24	5.47
2022	.15	1.45	2.88	d.21	4.26
2023	d.03	.94	3.50	Nil	4.41
2024	.15	1.76	3.37	***d.18***	***5.10***
2025	***.20***	***1.50***	***3.25***	***d.15***	***4.80***

QUARTERLY DIVIDENDS PAID [B] ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.83	.83	.83	.85	3.34
2022	.85	.85	.85	.865	3.42
2023	.865	.865	.865	.88	3.48
2024	.88	.88	.88	.895	3.54
2025					

BUSINESS: Pinnacle West Capital Corporation is a holding company for Arizona Public Service Company (APS), which supplies electricity to 1.4 million customers in most of Arizona, except about half of the Phoenix metro area, the Tucson metro area, and Mohave County in northwestern Arizona. Discontinued SunCor real estate subsidiary in '10. Electric revenue breakdown: residential, 49%; commercial/industrial, 44%; other, 7%. Generating sources: gas, 25%; nuclear, 25%; coal, 18%; renewables, 2%; purchased, 30%. Fuel costs: 38% of revenues. '23 reported deprec. rate: 2.98%. Has 6,133 employees. Chairman, President & CEO: Jeffrey B. Guldner. Inc.: AZ. Address: 400 North Fifth St., P.O. Box 53999, Phoenix, AZ 85072-3999. Tel.: 602-250-1000. Internet: www.pinnaclewest.com.

Pinnacle West Capital will likely report a very strong earnings gain for 2024. Constructive progress on the regulatory front last March helped. A revamped Arizona Corporate Commission raised the utility's authorized return on equity (ROE) to 9.55%, with upside to 9.85% if certain conditions are met, from a miserly 8.7% previously. The restoration of a more reasonable regulated ROE boosted Pinnacle West's earnings power by about $1.00 per share. In addition, the company benefited from a record-setting heat wave in its Arizona service area, as customers used more electricity to cool their homes and businesses. There was a stretch of 113 consecutive days when temperatures rose above 100 degrees in the Phoenix area. There were also 70 days when temperatures rose above 110 degrees, which was up from the previous record of 55 days above 110, set in 2023.

Management expects the company's overheated bottom line to cool off some this year. It has provided a preliminary 2025 weather-normalized earnings projection of $4.40 to $4.60 per share. We suspect the company will be proven to be too conservative in its forecast. Sweltering heat in 2023 followed by an even more oppressive stretch in 2024 doesn't seem like a trend that will pivot back to management's idea of average temperatures, which are based on several decades of data. In addition, Pinnacle West's service area benefits from strong migration, as Arizona's 2.5% flat income tax rate helps draw in out-of-state retirees. A business friendly government also keeps the regional economy headed in the right direction. Customer growth was likely up 2% last year and will probably be up by a similar amount going forward.

These shares are neutrally ranked for year-ahead relative performance. Longer term, we like this electric utility a lot, as it's the beneficiary of a premium service area in terms of rising energy demand from population growth and a thriving economy. Even so, utility investors need to be disciplined buyers and wait for a bit more of a drawdown before committing here. A 5%-7% dip would translate to a worthwhile risk-adjusted annual total return expectation.

Anthony J. Glennon *January 17, 2025*

(A) Diluted EPS. Excl. nonrec. gain/(loss): '09, ($1.45); '17, 8¢; gains/(losses) from discont. ops.: '08, 28¢; '09, (13¢); '10, 18¢; '11, 10¢; '12, (5¢). Qtly. EPS may not sum to full year due to rounding. Next egs. report due late Feb. **(B)** Div'ds historically paid in early Mar., June, Sept., & Dec. There were 5 declarations in '12. ■ Div'd reinvestment plan avail. **(C)** Incl. deferred charges/other intangibles. In '23: $27.22/sh. **(D)** In mill. **(E)** Rate base: Fair value. Rate allowed on common equity in '24: 9.55%-9.85%. Regulatory Climate: Average.

Company's Financial Strength	A
Stock's Price Stability	85
Price Growth Persistence	30
Earnings Predictability	85

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PORTLAND GENERAL NYSE-POR

RECENT PRICE **42.33** | P/E RATIO **13.8** (Trailing: 12.2 Median: 18.0) | RELATIVE P/E RATIO **0.76** | DIV'D YLD **4.9%** | **VALUE LINE**

TIMELINESS 3 Raised 11/15/24
SAFETY 2 Raised 7/19/24
TECHNICAL 1 Raised 1/10/25
BETA .95 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$39-$60	$50 (5%)

2027-29 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	75	(+75%)	*19%*
Low	55	(+30%)	*11%*

Institutional Decisions

	1Q2024	2Q2024	3Q2024
to Buy	186	240	241
to Sell	188	144	166
Hld's(000)	102071	106708	118198

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
High:	33.3	40.3	41.0	45.2	50.1	50.4	58.4	63.1	53.1	57.0	51.6	49.8								
Low:	27.4	29.0	33.0	35.3	42.4	39.0	44.0	32.0	40.8	41.6	38.0	39.1								
	27.89	23.99	23.67	24.06	23.89	23.18	24.29	21.38	21.62	22.54	22.30	23.75	23.96	26.80	29.65	28.90	*31.40*	*32.75*	Revenues per sh	*35.40*
	4.71	4.07	4.82	4.96	5.15	4.93	6.08	5.37	5.78	6.16	6.65	6.97	7.83	7.25	7.41	6.83	*7.75*	*8.10*	"Cash Flow" per sh	*9.45*
	1.39	1.31	1.66	1.95	1.87	1.77	2.18	2.04	2.16	2.29	2.37	2.39	2.75	2.72	2.74	2.38	*3.10*	*3.25*	Earnings per sh A	*3.85*
	.97	1.01	1.04	1.06	1.08	1.10	1.12	1.18	1.26	1.34	1.43	1.52	1.59	1.70	1.79	1.88	1.98	*2.08*	Div'd Decl'd per sh B ■ †	*2.46*
	6.12	9.25	5.97	3.98	4.01	8.40	12.87	6.73	6.57	5.77	6.67	6.78	8.76	7.11	8.58	13.42	*12.35*	*11.00*	Cap'l Spending per sh	*11.25*
	21.64	20.50	21.14	22.07	22.87	23.30	24.43	25.43	26.35	27.11	28.07	28.99	29.18	30.28	31.13	32.81	*34.35*	*35.90*	Book Value per sh C	*41.00*
	62.58	75.21	75.32	75.36	75.56	78.09	78.23	88.79	88.95	89.11	89.27	89.39	89.54	89.41	89.28	101.16	*106.00*	*110.00*	Common Shs Outst'g D	*120.00*
	16.3	14.4	12.0	12.4	14.0	16.9	15.3	17.7	19.1	20.0	18.4	22.3	16.6	17.7	18.2	19.3	*14.3*		Avg Ann'l P/E Ratio	*16.5*
	.98	.96	.76	.78	.89	.95	.81	.89	1.00	1.01	.99	1.19	.85	.96	1.05	1.08	*.79*		Relative P/E Ratio	*.90*
	4.3%	5.4%	5.2%	4.4%	4.1%	3.7%	3.3%	3.3%	3.1%	2.9%	3.3%	2.8%	3.5%	3.5%	3.6%	4.1%	4.4%		Avg Ann'l Div'd Yield	*3.9%*
							1900.0	1898.0	1923.0	2009.0	1991.0	2123.0	2145.0	2396.0	2647.0	2923.0	*3330*	*3600*	Revenues ($mill)	*4250*
							175.0	172.0	193.0	204.0	212.0	214.0	247.0	244.0	245.0	233.0	*320*	*350*	Net Profit ($mill)	*455*
							26.0%	20.7%	20.6%	25.3%	7.4%	11.2%	12.4%	8.6%	15.2%	16.8%	*17.5%*	*17.5%*	Income Tax Rate	*17.5%*
							33.7%	19.8%	16.6%	8.8%	8.0%	7.0%	9.7%	10.2%	8.6%	13.7%	*11.0%*	*11.0%*	AFUDC % to Net Profit	*11.0%*
							52.7%	47.8%	48.4%	50.1%	46.5%	51.3%	53.6%	56.8%	57.0%	55.8%	*56.0%*	*55.5%*	Long-Term Debt Ratio	*54.0%*
							47.3%	52.2%	51.6%	49.9%	53.5%	48.7%	46.4%	43.2%	43.0%	44.2%	*44.0%*	*44.5%*	Common Equity Ratio	*46.0%*
							4037.0	4329.0	4544.0	4842.0	4684.0	5323.0	5628.0	6265.0	6459.0	7513.0	*8300*	*8900*	Total Capital ($mill)	*10750*
							5679.0	6012.0	6434.0	6741.0	6887.0	7161.0	7539.0	8005.0	8465.0	9546.0	*10350*	*11000*	Net Plant ($mill)	*12900*
							5.8%	5.4%	5.6%	5.5%	5.8%	5.1%	5.6%	4.9%	4.9%	4.2%	*5.0%*	*5.0%*	Return on Total Cap'l	*5.5%*
							9.2%	7.6%	8.2%	8.4%	8.5%	8.3%	9.5%	9.0%	8.8%	7.0%	*9.0%*	*9.0%*	Return on Shr. Equity	*9.5%*
							9.2%	7.6%	8.2%	8.4%	8.5%	8.3%	9.5%	9.0%	8.8%	7.0%	*9.0%*	*9.0%*	Return on Com Equity E	*9.5%*
							4.6%	3.3%	3.5%	3.6%	3.5%	3.1%	4.1%	3.5%	3.1%	1.6%	*3.0%*	*3.0%*	Retained to Com Eq	*3.5%*
							50%	56%	57%	58%	59%	63%	57%	61%	64%	77%	*64%*	*64%*	All Div'ds to Net Prof	*64%*

LEGENDS
25.6 x Dividends p sh
Relative Price Strength
Options: Yes
Shaded area indicates recession

Target Price Range 2027 2028 2029: 128, 96, 80, 64, 48, 40, 32, 24, 16, 12

Percent shares traded: 21, 14, 7

% TOT. RETURN 12/24

	THIS STOCK	VL ARITH.* INDEX
1 yr.	6.8	13.6
3 yr.	-5.5	14.7
5 yr.	-3.4	70.9

CAPITAL STRUCTURE as of 9/30/24
Total Debt $4739 mill. **Due in 5 Yrs** $570 mill.
LT Debt $4633 mill. **LT Interest** $205 mill.
Incl. $279 mill. finance leases.
(Total Interest Coverage: 2.8x)
Leases, Uncapitalized Annual rentals $3 mill.
Pension Assets-12/23 $530 mill.
Oblig. $690 mill.
Pfd Stock None

Common Stock 105,455,590 shs.
as of 10/18/24

MARKET CAP: $4.5 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2021	2022	2023
% Change Retail Sales (KWH)	+5.1	+3.4	+.9
Avg. Indust. Use (MWH)	20002	22097	23052
Avg. Indust. Revs. per KWH (¢)	5.22	5.23	5.85
Capacity at Peak (MW)	NA	NA	NA
Peak Load, Summer (MW)	4453	4255	4498
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+.6	+1.1	+.7
Fixed Charge Cov. (%)	261	254	217

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '27-'29
Revenues	2.0%	5.0%	*3.5%*
"Cash Flow"	3.5%	3.0%	*5.0%*
Earnings	3.5%	3.0%	*5.5%*
Dividends	5.0%	6.0%	*5.5%*
Book Value	3.5%	3.0%	*4.0%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	609	537	642	608	2396
2022	626	591	743	687	2647
2023	748	648	802	725	2923
2024	929	758	929	*714*	*3330*
2025	*975*	*800*	*1000*	*825*	*3600*

EARNINGS PER SHARE A

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	1.07	.36	.56	.73	2.72
2022	.67	.72	.65	.70	2.74
2023	.80	.44	.46	.67	2.38
2024	1.21	.69	.90	*.30*	*3.10*
2025	*1.17*	*.70*	*.93*	*.45*	*3.25*

QUARTERLY DIVIDENDS PAID B ■ †

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.4075	.4075	.43	.43	1.68
2022	.43	.43	.4525	.4525	1.77
2023	.4525	.4525	.475	.475	1.86
2024	.475	.475	.50	.50	1.95
2025	.50				

BUSINESS: Portland General Electric Company provides electricity to 934,000 customers in 51 cities in a 4,000-square-mile area of Oregon, including Portland and Salem (population: 1.9 million). The company is in the process of decommissioning the Trojan nuclear plant, which was closed in 1993. Electric revenue breakdown: residential, 52%; commercial, 33%; industrial, 15%; other, less than 1%. Generating sources: gas, 40%; wind, 7%; coal, 8%; hydro, 4%; purchased, 41%. Fuel costs: 40% of revenues. '23 reported depreciation rate: 3.4%. Has 2,842 full-time employees. Chair: James P. Torgerson. President and CEO: Maria M. Pope. Incorporated: Oregon. Address: 121 S.W. Salmon Street, Portland, OR 97204. Tel.: 503-464-8000. Internet: www.portlandgeneral.com.

Portland General Electric should report a strong bottom-line increase for 2024. Admittedly, 2023 comparisons were easy to improve upon, as demand suffered from mild weather. At the same time, purchased-power costs were exceptionally high in 2023. The weather situation improved last year, and volumes rose due to strong demand growth from the semiconductor industry and data centers. It was also a plus that Portland General has become less reliant on volatile at-the-market purchased power. The utility brought its Clearwater Wind development project on line early in 2024. Portland General will continue to bring on new renewable capacity additions under the formula of half company owned and half long-term stable purchased power agreements from a strategic partner.

Higher electric rates are likely to lift earnings further in 2025. In December, the utility received its general rate case decision from Oregon regulators. Effective from January 1st of this year, residential rates are set to rise by 5.5%. Commercial and industrial rates will be up as much as 7.7%. The company was seeking an 8.6% across-the-board hike in rates for recoupment of investments made, plus timely recovery mechanisms via customer billing pass-throughs. The new rates are based on an authorized return on equity of 9.35%, which suffered a 15 basis point trim from the previous 9.5% level.

Longer-term prospects are favorable. Portland General ought to benefit from 2%-3% annual load growth, supported by a healthy high-tech industrial segment in its service area. Profitability will likely be on the rise, as the utility continues to reduce its reliance on open-market power purchases, which are vulnerable to price spikes during periods of high demand or constrained supply. Portland General has the green light from regulators to add more nonemitting annual power generation, plus significant battery storage capacity. Over the stretch to 2027-2029, 5%-6% annual earnings gains looks feasible.

Utility investors focused on the longer term should find this equity of interest. POR's dividend yield is 120 basis points above the peer-group average. And, total return prospects look worthwhile.

Anthony J. Glennon *January 17, 2025*

(A) Diluted earnings. Excl. nonrecurring gains/(losses): '13, (42¢); '17, (19¢); '20, ($1.03); '22, (14¢); '23, (5¢); Q1-Q3 '24, (13¢). Quarterly EPS many not sum to full year due to rounding. Next earnings report due mid-Feb. **(B)** Dividends paid mid-Jan., Apr., July, and Oct. ■ Dividend reinvestment plan available. † Shareholder investment plan available. **(C)** Incl. deferred charges. In '23: $492 mill., $4.86/sh. **(D)** In mill. **(E)** Rate base: Net original cost. Rate allowed on common equity in '25: 9.34%. Regulatory Climate: Average.

Company's Financial Strength	A
Stock's Price Stability	90
Price Growth Persistence	30
Earnings Predictability	90

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SOUTHERN COMPANY NYSE-SO

RECENT PRICE **86.50** | P/E RATIO **20.6** (Trailing: 20.6 Median: 17.0) | RELATIVE P/E RATIO **1.13** | DIV'D YLD **3.4%** | **VALUE LINE**

TIMELINESS 4 Lowered 11/29/24
SAFETY 2 Lowered 2/21/14
TECHNICAL 2 Raised 2/7/25
BETA .95 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$64-$98	$81 (-5%)

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	105	(+20%)	*8%*
Low	75	(-15%)	*Nil*

Institutional Decisions

	1Q2024	2Q2024	3Q2024
to Buy	822	895	980
to Sell	786	732	765
Hld's(000)	707349	735543	829101

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	© VALUE LINE PUB. LLC	28-30
High:	51.3	53.2	54.6	53.5	49.4	64.3	71.1	68.9	80.6	75.8	94.4	86.6								
Low:	40.3	41.4	46.0	46.7	42.4	43.3	42.0	56.7	60.7	58.8	65.8	80.5								
	19.21	20.70	20.41	19.06	19.26	20.34	19.18	20.09	22.86	22.73	20.34	19.29	21.80	26.89	23.15	*24.15*	*24.85*	*25.80*	Revenues per sh	*28.30*
	4.43	4.51	4.91	5.18	5.27	5.28	5.47	5.69	6.64	6.41	6.33	6.98	7.20	7.34	7.79	*8.25*	*8.50*	*8.80*	"Cash Flow" per sh	*9.70*
	2.32	2.36	2.55	2.67	2.70	2.77	2.84	2.83	3.21	3.00	3.17	3.25	3.42	3.61	3.64	*4.05*	*4.30*	*4.60*	Earnings per sh A	*5.50*
	1.73	1.80	1.87	1.94	2.01	2.08	2.15	2.22	2.30	2.38	2.46	2.54	2.62	2.70	2.78	2.86	*2.96*	*3.05*	Div'd Decl'd per sh B ■	*3.10*
	5.70	4.85	5.23	5.54	6.16	6.58	6.22	7.38	7.37	7.74	7.17	7.04	6.83	7.87	8.88	*8.85*	*8.75*	*8.70*	Cap'l Spending per sh	*8.50*
	18.15	19.21	20.32	21.09	21.43	21.98	22.59	25.00	23.98	23.92	26.11	26.48	26.30	27.93	28.82	*29.90*	*31.75*	*31.90*	Book Value per sh C	*32.25*
	819.65	843.34	865.13	867.77	887.09	907.78	911.72	990.39	1007.6	1033.8	1053.3	1056.5	1060.0	1089.0	1091.0	*1095.0*	*1095.0*	*1095.0*	Common Shs Outst'g D	*1095.0*
	13.5	14.9	15.8	17.0	16.2	16.0	15.8	17.8	15.5	15.1	17.6	17.9	18.4	19.6	19.1	*19.6*	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*16.5*
	.90	.95	.99	1.08	.91	.84	.80	.93	.78	.82	.94	.92	1.00	1.14	1.06	*1.09*			Relative P/E Ratio	*.90*
	5.5%	5.1%	4.6%	4.3%	4.6%	4.7%	4.8%	4.4%	4.6%	5.3%	4.4%	4.4%	4.2%	4.1%	4.1%	3.4%			Avg Ann'l Div'd Yield	*3.6%*
	17489	19896	23031	23495	21419	20375	23113	29279	25253	*26450*	*27200*	*28250*	Revenues ($mill)	*31000*
	2647.0	2757.0	3269.0	3096.0	3354.0	3481.0	3670.0	3931.3	3976.0	*4435*	*4710*	*5035*	Net Profit ($mill)	*6025*
	33.4%	28.5%	25.2%	21.3%	15.9%	14.3%	16.3%	18.9%	11.4%	*15.0%*	*15.0%*	*15.0%*	Income Tax Rate	*15.0%*
	13.2%	11.9%	7.6%	6.8%	6.0%	6.6%	7.7%	8.0%	7.9%	*8.0%*	*8.0%*	*8.0%*	AFUDC % to Net Profit	*6.0%*
	52.8%	61.5%	64.5%	62.0%	60.1%	61.5%	64.0%	63.0%	65.6%	*64.0%*	*64.0%*	*64.0%*	Long-Term Debt Ratio	*63.0%*
	44.0%	35.7%	35.0%	37.6%	39.5%	38.1%	35.6%	36.5%	37.6%	*36.0%*	*36.0%*	*36.0%*	Common Equity Ratio	*37.0%*
	46788	69359	68953	65750	69594	73336	78285	80558	83654	*85000*	*87500*	*90000*	Total Capital ($mill)	*93500*
	61114	78446	79872	80797	83080	87634	91108	94570	99844	*100000*	*100500*	*100800*	Net Plant ($mill)	*110000*
	6.6%	4.9%	5.9%	5.9%	6.0%	5.9%	5.8%	5.5%	4.6%	*5.5%*	*5.5%*	*5.5%*	Return on Total Cap'l	*6.5%*
	12.0%	10.3%	13.3%	12.4%	12.1%	12.3%	13.0%	12.5%	12.6%	*13.0%*	*13.0%*	*13.0%*	Return on Shr. Equity	*14.5%*
	12.6%	11.0%	13.4%	12.5%	12.1%	12.4%	13.1%	12.5%	12.6%	*13.0%*	*13.0%*	*13.0%*	Return on Com Equity E	*14.5%*
	3.1%	2.5%	3.9%	2.6%	2.8%	2.8%	3.1%	3.0%	3.2%	*3.5%*	*3.5%*	*3.5%*	Retained to Com Eq	*5.0%*
	76%	78%	72%	79%	77%	78%	76%	78%	77%	*77%*	*77%*	*77%*	All Div'ds to Net Prof	*67%*

% TOT. RETURN 12/24

	THIS STOCK	VL ARITH.* INDEX
1 yr.	20.7	13.6
3 yr.	33.5	14.7
5 yr.	55.0	70.9

CAPITAL STRUCTURE as of 9/30/24
Total Debt $62896 mill. **Due in 5 Yrs** $15427 mill.
LT Debt $61254 mill. **LT Interest** $1754 mill.
Incl. $215 mill. finance leases.
(LT interest earned: 3.3x)
Leases, Uncapitalized Annual rentals $307 mill.
Pension Assets-12/23 $14218 mill.
Oblig $16382 mill.
Pfd Stock $242 mill. **Pfd Div'd** $15 mill.
Incl. 10 mill. shs. 5.83% cum. pfd. ($25 stated value); 475,115 shs. 4.2%-5.44% cum. pfd. ($100 par).
Common Stock 1,095,684,180 shs.
MARKET CAP: $94.8 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2021	2022	2023
% Change Retail Sales (KWH)	-5.3	+2.0	NA
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Yearend (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+1.3	+1.5	NA
Fixed Charge Cov. (%)	270	275	NA

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '28-'30
Revenues	- -	.5%	*6.0%*
"Cash Flow"	4.0%	4.5%	*5.0%*
Earnings	3.0%	3.0%	*6.5%*
Dividends	3.5%	3.5%	*3.5%*
Book Value	3.0%	2.5%	*3.5%*

QUARTERLY REVENUES (mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	6648	7206	8378	7047	29279
2023	6480	5748	6980	6045	25253
2024	6646	6463	7274	*6067*	*26450*
2025	*7000*	*6500*	*7300*	*6400*	*27200*
2026	*7250*	*6700*	*7500*	*6800*	*28250*

EARNINGS PER SHARE A

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	.97	1.07	1.31	.26	3.61
2023	.79	.79	1.42	.64	3.64
2024	1.03	1.10	1.43	*.49*	*4.05*
2025	*1.10*	*1.10*	*1.50*	*.60*	*4.30*
2026	*1.15*	*1.20*	*1.55*	*.70*	*4.60*

QUARTERLY DIVIDENDS PAID B ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.64	.66	.66	.66	2.62
2022	.66	.68	.68	.68	2.70
2023	.68	.70	.70	.70	2.78
2024	.70	.72	.72	.72	2.86
2025					

BUSINESS: The Southern Company, through its subsidiaries, supplies electricity to 4.4 mill. customers in GA, AL, and MS. Also has a competitive generation business. Acq'd AGL Resources (renamed Southern Company Gas, 4.4 mill. customers in GA, NJ, IL, VA, & TN) 7/16. Sold Gulf Power 1/19. Electric revenue breakdown: residential, 43%; commercial, 35%; industrial, 21%; other, 1%. Generating sources: gas, 51%; coal, 19%; nuclear, 10%; other, 11%; purchased, 9%. Fuel costs: 26% of revenues. '23 reported deprec. rates (utility): 2.7%-3.4%. Has 27,300 employees. President and CEO: Chris Womack. Incorporated.: Delaware. Address: 30 Ivan Allen Jr. Blvd., N.W., Atlanta, Georgia 30308. Telephone: 404-506-0747. Internet: www.southerncompany.com.

We look for Southern Company's earnings to advance moderately in 2025. Our profit estimate this year remains unchanged at $4.30 per share, implying 6% growth, which is in line with the utility's long-term 5%-7% target. The recent completion of the Vogtle Nuclear Construction Project should start to benefit results in 2025 and beyond. The Vogtle plant stands to deliver 2,200 megawatts of reliable, carbon free energy for decades, and is the largest generator of clean energy in the U.S. In turn, Southern is increasingly well positioned to take advantage of the clean energy transition and elevated power demand due to technological advancements.

We have introduced our top- and bottom-line estimates for 2026. We think the company will post similar growth in 2026, within management's long-term targets. The demand for nuclear power expansion and electricity should remain elevated for the foreseeable future. And, Southern continues to expect that the U.S. will need to install more than 10 gigawatts of nuclear power to meet increased electricity demand in the coming years. Accordingly, we look for earnings of $4.60 per share and revenues of $28.25 billion.

These shares have fallen a bit in value since our early November report. The stock is down more than 5% over that interim, partly due to weak projected year over year earnings comparisons as well as increased energy transition costs. Still, Southern shares are up more than 25% over the past year, along with the sharp rise in demand for nuclear power expansion and electricity.

This issue is best suited for conservative, income-oriented investors. Indeed, the utility pays a solid dividend, which remains its most notable feature, and is ranked Above Average (2) for Safety. But, many of its peers pay even higher dividends. What's more, intermediate- and long-term capital appreciation potential is weak at this juncture. After rolling out our estimates to 2028-2030, the recent quotation is already well within our new range of $75-$105. The recent price also stands above the midpoint of our 18-month Target Price Range.

Zachary Hodgkinson *February 7, 2025*

(A) Diluted EPS. Excl. nonrec. gain (losses): '09, (25¢); '13, (83¢); '14, (59¢); '15, (25¢); '16, (28¢); '17, ($2.37); '18, (78¢); '19, $1.30; '20, (17¢); '21, (54¢). Next earnings report due in May. **(B)** Div'ds paid in early Mar., June, Sept., and Dec. ■ Div'd reinvestment plan avail. **(C)** Incl. def'd charges. In '23: $17.35/sh. **(D)** In mill. **(E)** Rate base: AL, MS, fair value; FL, GA, orig. cost. Allowed return on common eq. (blended): 12.5%; earned on avg. com. eq., '21: 12.8%. Regulatory Climate: GA, AL Above Average; MS, FL Average.

Company's Financial Strength	A
Stock's Price Stability	90
Price Growth Persistence	65
Earnings Predictability	90

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TXNM ENERGY NYSE-TXNM

RECENT PRICE **47.18** | P/E RATIO **17.1** (Trailing: 18.0 Median: 19.0) | RELATIVE P/E RATIO **0.94** | DIV'D YLD **3.5%** | **VALUE LINE**

TIMELINESS 3 Raised 11/29/24
SAFETY 2 Raised 1/17/25
TECHNICAL 3 Lowered 11/29/24
BETA .90 (1.00 = Market)

18-Month Target Price Range

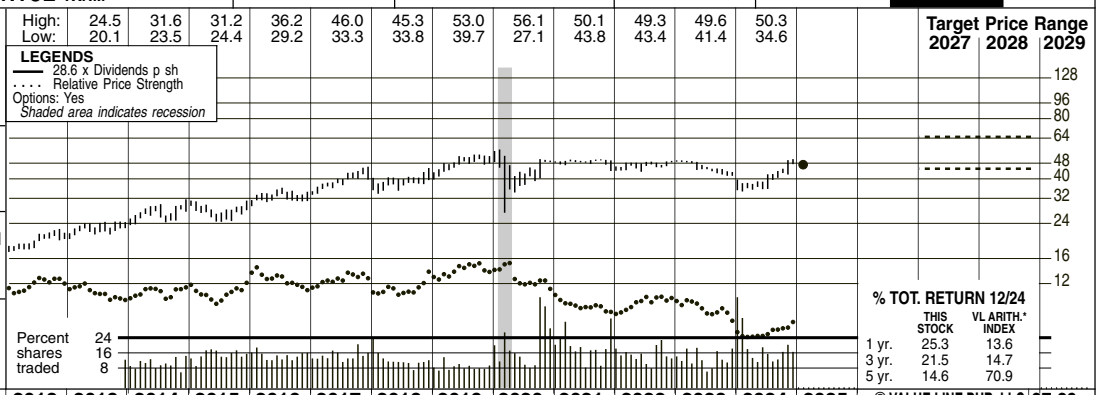
Low-High	Midpoint (% to Mid)
$33-$49	$41 (-5%)

2027-29 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	65	(+40%)	*11%*
Low	45	(-5%)	*3%*

Institutional Decisions

	1Q2024	2Q2024	3Q2024
to Buy	152	156	153
to Sell	163	127	141
Hld's(000)	84833	87863	101664



% TOT. RETURN 12/24

	THIS STOCK	VL ARITH.* INDEX
1 yr.	25.3	13.6
3 yr.	21.5	14.7
5 yr.	14.6	70.9

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
22.65	19.01	19.31	21.35	16.85	17.42	18.03	18.07	17.11	18.14	18.04	18.30	17.74	20.74	26.21	21.50	*21.85*	*22.85*	Revenues per sh	*27.35*
1.76	2.32	2.67	3.18	3.39	3.52	4.09	4.28	4.51	5.30	5.47	5.95	5.80	6.19	6.67	6.62	*6.85*	*7.25*	"Cash Flow" per sh	*8.65*
.11	.58	.87	1.08	1.31	1.41	1.45	1.48	1.46	1.92	2.00	2.16	2.28	2.45	2.69	2.82	*2.75*	*2.85*	Earnings per sh [A]	*3.35*
.61	.50	.50	.50	.58	.68	.76	.82	.90	.99	1.09	1.18	1.25	1.33	1.41	1.49	1.57	*1.65*	Div'd Decl'd per sh [B] ■	*1.94*
3.99	3.32	3.25	4.10	3.88	4.37	5.78	7.01	7.53	6.28	6.29	7.74	7.91	10.89	10.63	11.93	*12.90*	*13.85*	Cap'l Spending per sh	*13.50*
18.89	18.90	17.60	19.62	20.05	20.87	22.39	20.78	21.04	21.28	21.20	21.08	23.88	25.25	25.54	26.04	*27.40*	*28.80*	Book Value per sh [C]	*33.50*
86.53	86.67	86.67	79.65	79.65	79.65	79.65	79.65	79.65	79.65	79.65	79.65	85.83	85.83	85.83	90.20	*91.00*	*92.00*	Common Shs Outst'g [D]	*95.00*
NMF	18.1	14.0	14.5	15.0	16.1	18.7	18.7	22.4	20.4	19.4	22.2	19.6	19.9	17.4	16.3	*14.7*		Avg Ann'l P/E Ratio	*16.5*
NMF	1.21	.89	.91	.95	.90	.98	.94	1.18	1.03	1.05	1.18	1.01	1.08	1.01	.91	*.81*		Relative P/E Ratio	*.90*
4.9%	4.8%	4.1%	3.2%	3.0%	3.0%	2.8%	3.0%	2.8%	2.5%	2.8%	2.5%	2.8%	2.7%	3.0%	3.2%	3.9%		Avg Ann'l Div'd Yield	*3.5%*
1435.9	1439.1	1363.0	1445.0	1436.6	1457.6	1523.0	1779.9	2249.6	1939.2	*1990*	*2100*	Revenues ($mill)	*2600*
116.8	118.8	117.4	154.4	160.6	173.1	183.4	211.6	232.0	244.1	*250*	*265*	Net Profit ($mill)	*320*
34.8%	36.9%	32.4%	33.0%	12.9%	8.1%	9.5%	13.4%	14.6%	13.6%	*14.5%*	*15.0%*	Income Tax Rate	*16.0%*
10.7%	17.0%	11.0%	11.9%	12.1%	9.8%	8.9%	8.6%	9.0%	12.3%	*12.0%*	*13.0%*	AFUDC % to Net Profit	*13.0%*
47.8%	54.1%	55.7%	56.1%	61.1%	59.8%	56.9%	61.8%	63.9%	64.2%	*66.0%*	*67.5%*	Long-Term Debt Ratio	*69.0%*
51.9%	45.5%	44.0%	43.6%	38.6%	39.9%	42.9%	38.0%	36.0%	35.6%	*33.5%*	*32.0%*	Common Equity Ratio	*30.5%*
3437.1	3633.3	3806.8	3887.5	4370.0	4207.7	4780.6	5698.6	6096.1	6602.3	*7400*	*8250*	Total Capital ($mill)	*10400*
4270.0	4535.4	4904.7	4980.2	5234.6	5466.0	5965.1	6752.9	6972.8	7609.9	*8400*	*9300*	Net Plant ($mill)	*11500*
5.1%	4.8%	4.7%	5.3%	5.0%	5.5%	4.9%	4.6%	4.9%	5.0%	*4.5%*	*4.5%*	Return on Total Cap'l	*4.5%*
6.5%	7.1%	7.0%	9.0%	9.4%	10.2%	8.9%	9.7%	10.5%	10.3%	*10.0%*	*10.0%*	Return on Shr. Equity	*10.0%*
6.5%	7.1%	7.0%	9.1%	9.5%	10.3%	8.9%	9.7%	10.6%	10.4%	*10.0%*	*10.0%*	Return on Com Equity [E]	*10.0%*
3.2%	3.3%	2.8%	4.5%	4.5%	4.8%	4.1%	4.6%	5.1%	5.0%	*4.0%*	*4.0%*	Retained to Com Eq	*4.5%*
51%	54%	61%	51%	53%	54%	54%	53%	52%	52%	*57%*	*58%*	All Div'ds to Net Prof	*58%*

CAPITAL STRUCTURE as of 9/30/24
Total Debt $5381.7 mill. **Due in 5 Yrs** $2177.6 mill.
LT Debt $4511.2 mill. **LT Interest** $195.0 mill.
(Total Interest Coverage: 2.3x)

Leases, Uncapitalized Annual rentals $12.3 mill.

Pension Assets-12/23 $448.6 mill.
Oblig. $461.2 mill.
Pfd Stock $11.5 mill. **Pfd Div'd** $.5 mill.

Common Stock 90,200,384 shs.
as of 10/25/24
MARKET CAP: $4.3 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2021	2022	2023
% Change Retail Sales (KWH)	1.0	5.2	1.0
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	1968	2139	2162
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	1.2	1.0	1.0
Fixed Charge Cov. (%)	317	289	230

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '27-'29
Revenues	2.0%	5.0%	*3.0%*
"Cash Flow"	7.0%	5.0%	*5.0%*
Earnings	7.5%	8.0%	*4.0%*
Dividends	9.0%	7.0%	*5.5%*
Book Value	2.5%	4.0%	*4.5%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	364.7	426.5	554.6	434.1	1779.9
2022	444.1	499.7	729.9	575.9	2249.6
2023	544.1	477.2	505.9	412.0	1939.2
2024	436.9	488.1	569.3	*495.7*	*1990*
2025	*475*	*510*	*590*	*525*	*2100*

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.32	.55	1.37	.21	2.45
2022	.50	.57	1.46	.15	2.69
2023	.55	.55	1.54	.18	2.82
2024	.41	.60	1.43	*.31*	*2.75*
2025	*.42*	*.60*	*1.50*	*.33*	*2.85*

QUARTERLY DIVIDENDS PAID [B] ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.3275	.3275	.3275	.3275	1.31
2022	.3475	.3475	.3475	.3475	1.39
2023	.3675	.3675	.3675	.3675	1.47
2024	.3875	.3875	.3875	.3875	1.55
2025	.4075				

BUSINESS: TXNM Energy, Inc. (formerly PNM Resources) is a holding company with two regulated electric utilities. Public Service Company of New Mexico (PNM) serves about 550,000 customers in north central New Mexico, including Albuquerque and Santa Fe. Texas-New Mexico Power Company (TNMP) transmits and distributes power to more than 270,000 homes and businesses in Texas. Electric revenue: residential, 32%; commercial, 28%; indust'l, 7%; other, 33%. Fuel costs: 46% of revenues in 2023; reported depreciation rates: 2.67%-7.64%. Has about 1,600 employees. Chairman and CEO: Patricia K. Collawn. Incorporated: New Mexico. Address: 414 Silver Ave. SW, Albuquerque, New Mexico 87102-3289. Telephone: 505-241-2700. Internet: www.txnmenergy.com.

Last year was an interesting period of transition for TXNM Energy. From the start of 2024 through mid-year, this issue badly underperformed its peer group, with the share price dropping nearly 15% in the wake of the failed merger with Avangrid, which pulled the plug on its $50.30-per-share cash offer. That situation had dragged on since October of 2020, before Avangrid's parent company, the Spanish multinational Iberdrola, lost patience with the process. Oddly enough, it was Avangrid that ended up going private, as Iberdrola recently bought out the minority shareholders. Perhaps to put that saga in the rearview mirror, PNM Resources was rebranded as TXNM Energy. As management explains it, the shift was made to better reflect the changing dynamics of the company, where the Lewisville-Texas based TNMP subsidiary now makes up 40% of the holding company's rate base, and is its engine of growth. It's fair to ask, "what's in a name?" Yet, the tactic has seemingly worked. From its June low, the issue rallied 38% through the close of 2024 and has been one of the best performing utility stocks of late.

Longer-term prospects here appear decent relative to the electric utility peer group. The Public Service Company of New Mexico (PNM) subsidiary is suffering from a poor outcome in the latest general rate case decision, which was handed down about a year ago. On the positive side, PNM's state regulators did green light the utility's intermediate-term resources plan, which should get the New Mexico rate base growing again. Meanwhile, TNMP is expected to see nearly 13% annual rate-base growth for the 2024-2028 stretch, driven by above-average demographic trends and a vibrant Texas economy. For its part, leadership says that it is targeting 6%-7% earning growth over the 2024 to 2028 stretch, using the midpoint of its 2024 initial profit outlook of $2.70 per share as the starting point. We think that's a little aggressive and would be content if the company met our 5.5% annual share-earnings projection.

This equity is not timely. Annual total return prospects don't stand out either at the recent valuation. Moreover, its yield is 20 basis points below the peer median.

Anthony J. Glennon *January 17, 2025*

(A) Dil. EPS. Excl. nonrec. gain/(loss): '08, ($3.77); '10, ($1.36); '11, 88¢; '13, (16¢); '15, ($1.28); '17, (92¢); '18, (93¢); '19, ($1.19); '20, (13¢); '21, (18¢); '22, (72¢); '23, ($1.80). Excl. disc. op. gains: '08, 42¢; '09, 78¢. Next egs. report due early Feb. **(B)** Div'ds paid mid-Feb., May, Aug., & Nov. ■ Div'd reinv. plan avail. **(C)** Incl. def. charges/other intang. In '23: $15.45/sh. **(D)** In mill. **(E)** Rate base: net orig. cost. Rate allowed on com. eq. in NM in '23: 9.26%; in TX in '18: 9.65%; Regulatory Climate: NM, Below Average.; TX, Average.

Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	45
Earnings Predictability	100

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XCEL ENERGY NDQ-XEL

RECENT PRICE **65.14** | P/E RATIO **17.7** (Trailing: 18.8 Median: 20.0) | RELATIVE P/E RATIO **0.98** | DIV'D YLD **3.5%** | **VALUE LINE**

TIMELINESS 4 Lowered 10/11/24
SAFETY 2 Lowered 1/19/24
TECHNICAL 1 Raised 1/17/25
BETA .85 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$54-$84	$69 (10%)

2027-29 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	90	(+40%)	*11%*
Low	70	(+5%)	*6%*

Institutional Decisions

	1Q2024	2Q2024	3Q2024
to Buy	433	467	518
to Sell	502	414	408
Hld's(000)	437447	437414	503378

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
High:	31.8	37.6	38.3	45.4	52.2	54.1	66.1	76.4	72.9	77.7	73.0	73.4						
Low:	26.8	27.3	31.8	35.2	40.0	41.5	47.7	46.6	57.2	56.9	53.7	46.8						
Revenues per sh	24.69	21.08	21.38	21.90	20.76	21.92	23.11	21.72	21.90	22.46	22.44	21.98	21.45	24.69	27.86	25.60	*24.55*	*27.05*
"Cash Flow" per sh	3.50	3.48	3.51	3.79	4.00	4.10	4.28	4.56	5.04	5.47	5.92	6.25	6.61	7.08	7.81	7.96	*8.40*	*9.10*
Earnings per sh A	1.46	1.49	1.56	1.72	1.85	1.91	2.03	2.10	2.21	2.30	2.47	2.64	2.79	2.96	3.17	3.35	*3.55*	*3.80*
Div'd Decl'd per sh B ■ †	.94	.97	1.00	1.03	1.07	1.11	1.20	1.28	1.36	1.44	1.52	1.62	1.72	1.83	1.95	2.08	2.19	*2.30*
Cap'l Spending per sh	4.66	3.91	4.60	4.53	5.27	6.82	6.33	7.26	6.42	6.54	7.70	8.05	9.99	7.80	8.44	10.55	*13.00*	*15.00*
Book Value per sh C	15.35	15.92	16.76	17.44	18.19	19.21	20.20	20.89	21.73	22.56	23.78	25.24	27.12	28.70	30.34	31.74	*34.20*	*36.00*
Common Shs Outst'g D	453.79	457.51	482.33	486.49	487.96	497.97	505.73	507.54	507.22	507.76	514.04	524.54	537.44	544.03	549.58	554.94	*575.00*	*580.00*
Avg Ann'l P/E Ratio	13.7	12.7	14.1	14.2	14.8	15.0	15.4	16.5	18.5	20.2	18.9	22.3	23.9	22.5	22.2	19.0	*16.8*	
Relative P/E Ratio	.82	.85	.90	.89	.94	.84	.81	.83	.97	1.02	1.02	1.19	1.23	1.22	1.28	1.06	*.93*	
Avg Ann'l Div'd Yield	4.7%	5.1%	4.5%	4.2%	3.9%	3.9%	3.8%	3.7%	3.3%	3.1%	3.3%	2.7%	2.6%	2.8%	2.8%	3.3%	3.7%	
Revenues ($mill)	11686	11024	11107	11404	11537	11529	11526	13431	15310	14206	*14120*	*15700*						
Net Profit ($mill)	1021.3	1063.6	1123.4	1171.0	1261.0	1372.0	1473.0	1597.0	1736.0	1851.0	*1995*	*2200*						
Income Tax Rate	33.9%	35.8%	34.1%	30.7%	12.6%	8.5%	--	--	--	--	*NMF*	*NMF*						
AFUDC % to Net Profit	12.5%	7.7%	7.8%	9.4%	12.4%	8.3%	10.7%	6.2%	5.9%	7.7%	*10.0%*	*9.0%*						
Long-Term Debt Ratio	53.0%	54.1%	56.3%	55.9%	56.4%	56.8%	57.4%	58.2%	57.8%	58.6%	*58.0%*	*61.0%*						
Common Equity Ratio	47.0%	45.9%	43.7%	44.1%	43.6%	43.2%	42.6%	41.8%	42.2%	41.4%	*42.0%*	*39.0%*						
Total Capital ($mill)	21714	23092	25216	25975	28025	30646	34220	37391	39488	42529	*47100*	*53200*						
Net Plant ($mill)	28757	31206	32842	34329	36944	39483	42950	45457	48253	51642	*56225*	*62450*						
Return on Total Cap'l	6.0%	5.8%	5.7%	5.8%	5.7%	5.6%	5.4%	5.3%	5.5%	5.4%	*5.5%*	*5.0%*						
Return on Shr. Equity	10.0%	10.0%	10.2%	10.2%	10.3%	10.4%	10.1%	10.2%	10.4%	10.5%	*10.0%*	*10.5%*						
Return on Com Equity E	10.0%	10.0%	10.2%	10.2%	10.3%	10.4%	10.1%	10.2%	10.4%	10.5%	*10.0%*	*10.5%*						
Retained to Com Eq	4.5%	4.3%	4.0%	3.9%	4.3%	4.4%	4.2%	4.2%	4.3%	4.3%	*4.0%*	*4.0%*						
All Div'ds to Net Prof	55%	57%	61%	62%	58%	58%	58%	59%	58%	59%	*62%*	*60%*						

	Target Price Range 2027	2028	2029
	160	120	100
	80	60	50
	40	30	20
			15

% TOT. RETURN 12/24

	THIS STOCK	VL ARITH.* INDEX
1 yr.	15.2	13.6
3 yr.	12.0	14.7
5 yr.	26.0	70.9

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CAPITAL STRUCTURE as of 9/30/24
Total Debt $28670 mill. **Due in 5 Yrs** $3790 mill.
LT Debt $27471 mill. **LT Interest** $1150 mill.
Incl. $218 mill. finance leases.
(Total Interest Coverage: 2.7x)

Leases, Uncapitalized Annual rentals $277 mill.
Pension Assets-12/23 $2690 mill.
Oblig. $2943 mill.

Pfd Stock None

Common Stock 574,241,745 shs.
as of 10/28/24
MARKET CAP: $37.4 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2021	2022	2023
% Change Retail Sales (KWH)	+1.4	+1.2	-1.6
Resid'l Revs. per KWH (¢)	12.94	13.41	13.80
C & I Revs. per KWH (¢)	8.73	9.02	8.82
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	19849	20346	20512
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	NA	NA	NA
Fixed Charge Cov. (%)	262	255	245

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '27-'29
Revenues	2.0%	3.0%	*3.0%*
"Cash Flow"	7.0%	7.0%	*6.0%*
Earnings	5.5%	6.5%	*6.5%*
Dividends	6.0%	6.5%	*6.0%*
Book Value	5.0%	6.0%	*5.5%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	3541	3068	3467	3355	13431
2022	3751	3424	4082	4053	15310
2023	4080	3022	3662	3442	14206
2024	3649	3028	3644	*3799*	*14120*
2025	*4100*	*3400*	*4125*	*4075*	*15700*

Calendar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.67	.58	1.13	.58	2.96
2022	.70	.60	1.18	.69	3.17
2023	.76	.52	1.23	.83	3.35
2024	.88	.54	1.25	*.88*	*3.55*
2025	*.90*	*.65*	*1.35*	*.90*	*3.80*

Calendar	QUARTERLY DIVIDENDS PAID B ■ † Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.43	.4575	.4575	.4575	1.80
2022	.4575	.4875	.4875	.4875	1.92
2023	.4875	.52	.52	.52	2.05
2024	.52	.5475	.5475	.5475	2.16
2025	.5475				

BUSINESS: Xcel Energy Inc. is the parent of Northern States Power Company (NSP), which supplies electricity to MN, WI, ND, SD & MI & gas to MN, WI, ND & MI; Public Service Company of Colorado (PSCo), which supplies electricity & gas to CO; & Southwestern Public Service Company (SPS), which supplies electricity to TX and NM. Customers: 3.8 mill. electric, 2.2 mill. gas. Electric revenues: resid'l, 31%; comm'l & ind'l, 50%; other, 19%. Purchases 34% of power, owns 66%. Total electric mix: wind, 29%; gas, 23%; coal, 13%, nuclear, 24%, solar/other, 11%. Fuel cost: 40% of revenues. '23 deprec. rate: 3.6%. Employs 11,311. Chrmn., President, and CEO: Robert Frenzel. Inc.: MN. Addr.: 414 Nicollet Mall, Minneapolis, MN 55401. Tel.: 612-330-5500. Int.: www.xcelenergy.com.

Xcel Energy stock has recovered nicely from the sharp sell-off of March, 2024, which coincided with Texas wildfires caused by downed wires. Even with the most recent industry correction, the share price is up nearly 40% from its 2024 nadir. The overreaction came at a time when the complete damages could not yet be assessed and the fires were still raging. It also came when the company was already mired in an ongoing investigation into the causes of the late 2021 Marshall fire in Colorado, with estimated damages of $2 billion. Subsequently, it has been found that physical damages in the Texas panhandle are likely to be around half of the company's $500 million of insurance per incident. The company has already settled nearly 50% of the cases and Texas law typically doesn't support major punitive damages.

Meanwhile, hundreds of Colorado wildfire claims have been combined into one case regarding liability, tentatively schedule for September of this year. Colorado law caps punitive damages at three times actual damages, so there is the potential for billions in payouts. But, there is also a fairly high hurdle for proving negligence in Colorado, which differs markedly from California law, for instance. Net of insurance, we'd be surprised if Xcel was liable for more than $1.5 billion, which is a manageable amount.

The company shored up its balance sheet with a substantial equity offering late last year. About 18 million shares were priced at $65.50 each, raising $1.2 billion. That the company was able to fetch a valuation of 18.5 times expected 2024 adjusted earnings of $3.55 per share is a testament to the Street's confidence in Xcel's ongoing business prospects. The company's diversification across several major service areas affords it financial resources few in the electric utility industry can match. Xcel always seems to have its ducks in a row in its rate cases and resource plans. It will likely find increased avenues of investment via mitigation work in response to these wildfire tragedies.

This stock is untimely. We'd want to see about a 10% pullback in the share price before comfortably recommending XEL to long-term utility investors.

Anthony J. Glennon *January 17, 2025*

(A) Diluted EPS. Excl. nonrec. gain/(losses): '10, 5¢; '15, (16¢); '17, (5¢); '23, (14¢); gain/(loss) on discontinued ops.: '09, (1¢); '10, 1¢. Qtly. EPS may not sum to full yr. due to rounding. Next egs. report due Feb. 6th.
(B) Div'ds typically paid mid-Jan., Apr., July, and Oct. ■ Div'd reinvestment plan available. † Shareholder investment plan available.
(C) Incl. intangibles. In '23: $2798 mill., $5.04/sh. **(D)** In mill. **(E)** Rate base: Varies. Rate allowed on common equity (blended): 9.6%. Regulatory Climate: Average.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	55
Earnings Predictability	100

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Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Indicated Common Equity Cost Rate
Through Use of a Risk Premium Model
Using an Adjusted Total Market Approach

Line No.		Proxy Group of Seven Natural Gas Distribution Companies	Proxy Group of Fifteen Electric Companies
1.	Prospective Yield on Aaa Rated Corporate Bonds (1)	5.35 %	5.35 %
2.	Adjustment to Reflect Yield Spread Between Aaa Rated Corporate Bonds and A2 Rated Public Utility Bonds (2)	0.38	0.38
3.	Adjusted Prospective Yield on A2 Rated Public Utility Bonds	5.73 %	5.73 %
4.	Adjustment to Reflect Bond Rating Difference of Proxy Group	0.07 (3)	0.13 (4)
5.	Adjusted Bond Yield	5.80 %	5.86 %
6.	Equity Risk Premium (5)	5.06	4.93
7.	Risk Premium Derived Common Equity Cost Rate	10.86 %	10.79 %

Notes: (1) Consensus forecast of Moody's Aaa Rated Corporate bonds from Blue Chip Financial Forecasts (see pages 7 and 8 of this Schedule).
(2) The average yield spread of A2 rated public utility bonds over Aaa rated corporate bonds of 0.38% from page 2 of this Schedule.
(3) Adjustment to reflect the A3 Moody's LT issuer rating of the Proxy Group of Seven Natural Gas Distribution Companies as shown on page 3 of this Schedule. The 0.07% upward adjustment is derived by taking 1/3 of the spread between A2 and Baa2 Public Utility Bonds (1/3 * 0.20% = 0.07%) as derived from page 2 of this Schedule.
(4) Adjustment to reflect the Baa1 Moody's LT issuer rating of the Proxy Group of Fifteen Electric Companies as shown on page 3 of this Schedule. The 0.13% upward adjustment is derived by taking 2/3 of the spread between A2 and Baa2 Public Utility Bonds (2/3 * 0.20% = 0.13%) as derived from page 2 of this Schedule.
(5) From page 5 of this Schedule.

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Interest Rates and Bond Spreads for
Moody's Corporate and Public Utility Bonds

Selected Bond Yields

	[1] Aaa Rated Corporate Bond	[2] A2 Rated Public Utility Bond	[3] Baa2 Rated Public Utility Bond
Feb-2025	5.32 %	5.73 %	5.90 %
Jan-2025	5.46	5.81	6.05
Dec-2024	5.20	5.58	5.77
Average	5.33 %	5.71 %	5.91 %

Selected Bond Spreads

A2 Rated Public Utility Bonds Over Aaa Rated Corporate Bonds: 0.38 % (1)

Baa2 Rated Public Utility Bonds Over A2 Rated Public Utility Bonds: 0.20 % (2)

Notes:
(1) Column [2] - Column [1].
(2) Column [3] - Column [2].

Source of Information:
Bloomberg Professional Services

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Comparison of Long-Term Issuer Ratings for the
Proxy Group of Forty-Nine Non-Price Regulated Companies

	Moody's Long-Term Issuer Rating February 2025		Standard & Poor's Long-Term Issuer Rating February 2025	
Proxy Group of Seven Natural Gas Distribution Companies	Long-Term Issuer Rating (1)	Numerical Weighting (2)	Long-Term Issuer Rating (1)	Numerical Weighting (2)
Atmos Energy Corporation	A1	5.0	A-	7.0
New Jersey Resources Corporation	A1	5.0	NR	- -
NiSource Inc.	Baa1	8.0	BBB+	8.0
Northwest Natural Holding Company	Baa1	8.0	A+	5.0
ONE Gas, Inc.	A3	7.0	A-	7.0
Southwest Gas Holdings, Inc.	Baa1	8.0	BBB	9.0
Spire Inc.	A1/A2	5.5	BBB+	8.0
Average	A3	6.6	A-	7.3

Proxy Group of Fifteen Electric Companies	Long-Term Issuer Rating (1)	Numerical Weighting (2)	Long-Term Issuer Rating (1)	Numerical Weighting (2)
Alliant Energy Corporation	Baa1	8.0	A/A-	6.5
Ameren Corporation	A3	7.0	BBB+	8.0
American Electric Power Corporation	Baa1	8.0	BBB+	8.0
Duke Energy Corporation	A3	7.0	BBB+	8.0
Edison International	Baa1	8.0	BBB	9.0
Entergy Corporation	Baa1	8.0	BBB+	8.0
Evergy, Inc.	Baa1	8.0	BBB+	8.0
IDACORP, Inc.	Baa1	8.0	BBB	9.0
North Western Corporation	Baa2	9.0	BBB	9.0
OGE Energy Corporation	A3	7.0	A-	7.0
Pinnacle West Capital Corporation	Baa1	8.0	BBB+	8.0
Portland General Electric Company	A3	7.0	BBB+	8.0
Southern Company	A2/A3	6.5	A-	7.0
TXNM Energy, Inc.	Baa1/Baa2	8.5	BBB+/BBB	8.5
Xcel Energy Inc.	A3	7.0	BBB+	8.0
Average	Baa1	7.7	BBB+	8.0

Notes:
(1) Ratings are that of the average of each company's utility operating subsidiaries.
(2) From page 4 of this Schedule.

Source Information: Moody's Investors Service
Standard & Poor's Global Utilities Rating Service

Numerical Assignment for Moody's and Standard & Poor's Bond Ratings

Moody's Bond Rating	Numerical Bond Weighting	Standard & Poor's Bond Rating
Aaa	1	AAA
Aa1	2	AA+
Aa2	3	AA
Aa3	4	AA-
A1	5	A+
A2	6	A
A3	7	A-
Baa1	8	BBB+
Baa2	9	BBB
Baa3	10	BBB-
Ba1	11	BB+
Ba2	12	BB
Ba3	13	BB-
B1	14	B+
B2	15	B
B3	16	B-

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Judgment of Equity Risk Premium for the
Proxy Group of Forty-Nine Non-Price Regulated Companies

Line No.		Proxy Group of Seven Natural Gas Distribution Companies	Proxy Group of Fifteen Electric Companies
1.	Calculated equity risk premium based on the total market using the beta approach (1)	5.68 %	5.25 %
2.	Mean equity risk premium based on a study using the holding period returns of public utilities with A2 rated bonds (2)	4.76	4.76
3.	Predicted Equity Risk Premium Based on Regression Analysis of 848 Fully-Litigated Natural Gas Rate Cases (3)	4.73	NA
4.	Predicted Equity Risk Premium Based on Regression Analysis of 1,257 Fully-Litigated Electric Rate Cases (4)	NA	4.77
5.	Average equity risk premium	5.06 %	4.93 %

Notes: (1) From page 6 of this Schedule.
(2) From page 9 of this Schedule.
(3) From page 10 of this Schedule.
(3) From page 11 of this Schedule.

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Derivation of Equity Risk Premium Based on the Total Market Approach
Using the Beta for the
Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Fifteen Electric Companies

Line No.	Equity Risk Premium Measure	Proxy Group of Seven Natural Gas Distribution Companies	Proxy Group of Fifteen Electric Companies
1.	Kroll Equity Risk Premium (1)	6.10 %	6.10 %
2.	Regression on Kroll Risk Premium Data (2)	6.82	6.82
3.	Kroll Equity Risk Premium based on PRPM (3)	7.32	7.32
4	Equity Risk Premium Based on Value Line Summary and Index (4)	5.85	5.85
5.	Equity Risk Premium Based on Bloomberg, Value Line, and S&P Global Market Intelligence S&P 500 Companies (5)	9.88	9.88
6.	Conclusion of Equity Risk Premium	7.19 %	7.19 %
7.	Adjusted Beta (6)	0.79	0.73
8.	Forecasted Equity Risk Premium	5.68 %	5.25 %

Notes:

(1) Based on the arithmetic mean historical monthly returns on large company common stocks from Kroll Cost of Capital Navigator and Bloomberg Professional Services minus the arithmetic mean monthly yield of Moody's average Aaa and Aa2 corporate bonds from 1928-2024.

(2) This equity risk premium is based on a regression of the monthly equity risk premiums of large company common stocks relative to Moody's average Aaa and Aa2 rated corporate bond yields from 1928-2024 referenced in Note 1 above. Using the equation generated from the regression, an expected equity risk premium is calculated using the average consensus forecast of Aaa corporate bonds of 5.35% (from page 1 of this Schedule).

(3) The Predictive Risk Premium Model (PRPM) is discussed in the accompanying direct testimony. The Ibbotson equity risk premium based on the PRPM is derived by applying the PRPM to the monthly risk premiums between Ibbotson large company common stock monthly returns and average Aaa and Aa corporate monthly bond yields, from January 1928 through February 2025.

(4) The equity risk premium based on the Value Line Summary and Index is derived by subtracting the average consensus forecast of Aaa corporate bonds of 5.35% (from page 1 of this Schedule) from the projected 3-5 year total annual market return of 11.20% (described fully in note 1 on page 2 of Schedule (ROR)-5).

(5) Using data from the Bloomberg Professional Services, Value Line, and S&P Global Market Intelligence for the S&P 500 for the S&P 500, an expected total return of 15.23% was derived based upon expected dividend yields as a proxy for income returns and long-term earnings growth estimates as a proxy for capital appreciation. Subtracting the average consensus forecast of Aaa corporate bonds of 5.35% results in an expected equity risk premium of 9.88%.

(6) Average of mean and median beta for each proxy group from page 1 of Schedule (ROR)-5.

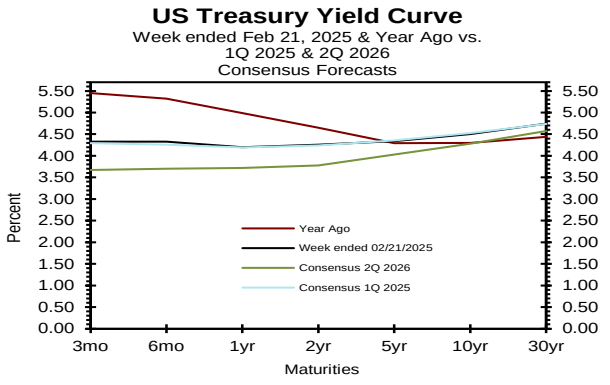
Sources of Information:

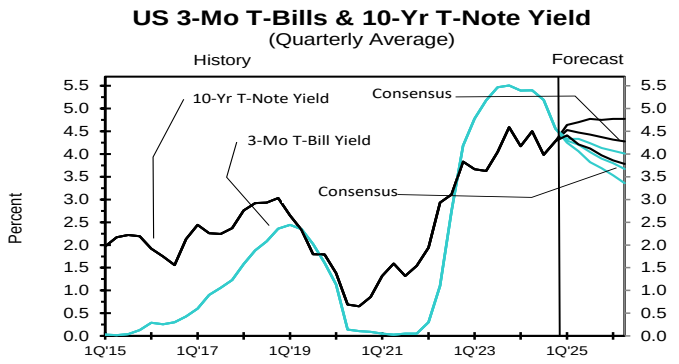
Kroll Cost of Capital Navigator
Industrial Manual and Mergent Bond Record Monthly Update.
Value Line Summary and Index
Blue Chip Financial Forecasts, November 27, 2024 and February 28, 2025
S&P Capital IQ
Bloomberg Professional Services

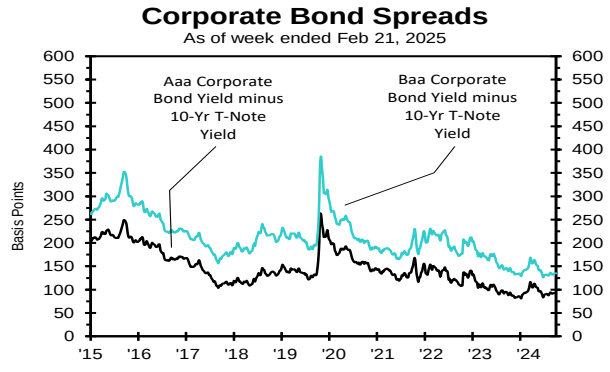
Consensus Forecasts of U.S. Interest Rates and Key Assumptions

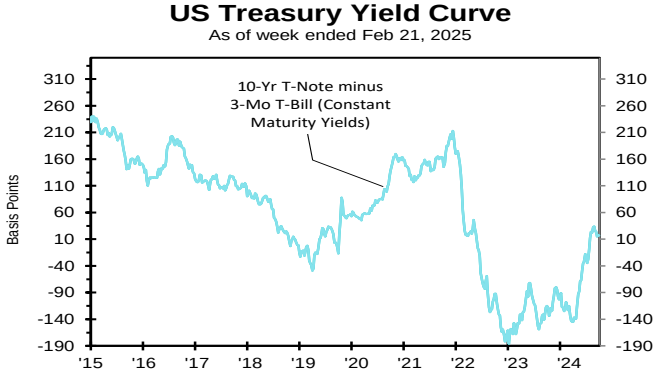
	History								Consensus Forecasts-Quarterly Avg.					
	Average For Week Ending				Average For Month			*Latest Qtr*	1Q	2Q	3Q	4Q	1Q	2Q
Interest Rates	Feb 21	Feb 14	Feb 7	Jan 31	Jan	Dec	Nov	4Q 2024	2025	2025	2025	2025	2026	2026
Federal Funds Rate	4.33	4.33	4.33	4.33	4.33	4.48	4.64	4.65	**4.4**	**4.3**	**4.1**	**4.0**	**3.9**	**3.8**
Prime Rate	7.50	7.50	7.50	7.50	7.50	7.65	7.81	7.82	**7.5**	**7.4**	**7.3**	**7.1**	**7.0**	**6.9**
SOFR	4.34	4.33	4.34	4.36	4.32	4.53	4.64	4.67	**4.3**	**4.3**	**4.1**	**4.0**	**3.9**	**3.7**
Commercial Paper, 1-mo.	4.32	4.31	4.30	4.30	4.32	4.50	4.62	4.63	**4.3**	**4.3**	**4.1**	**4.0**	**3.9**	**3.7**
Treasury bill, 3-mo.	4.33	4.35	4.34	4.31	4.34	4.39	4.62	4.58	**4.3**	**4.2**	**4.0**	**3.9**	**3.8**	**3.7**
Treasury bill, 6-mo.	4.33	4.32	4.28	4.27	4.26	4.32	4.43	4.40	**4.3**	**4.1**	**4.0**	**3.9**	**3.8**	**3.7**
Treasury bill, 1 yr.	4.20	4.26	4.20	4.15	4.18	4.23	4.33	4.25	**4.2**	**4.1**	**4.0**	**3.9**	**3.8**	**3.7**
Treasury note, 2 yr.	4.26	4.30	4.23	4.19	4.27	4.23	4.26	4.15	**4.2**	**4.1**	**4.0**	**3.9**	**3.9**	**3.8**
Treasury note, 5 yr.	4.34	4.38	4.30	4.33	4.43	4.25	4.23	4.13	**4.4**	**4.3**	**4.2**	**4.1**	**4.1**	**4.0**
Treasury note, 10 yr.	4.50	4.53	4.49	4.55	4.63	4.39	4.36	4.28	**4.5**	**4.5**	**4.4**	**4.4**	**4.3**	**4.3**
Treasury note, 30 yr.	4.74	4.74	4.70	4.78	4.85	4.58	4.54	4.50	**4.7**	**4.7**	**4.7**	**4.6**	**4.6**	**4.6**
Corporate Aaa bond	5.43	5.45	5.41	5.47	5.55	5.29	5.23	5.20	**5.5**	**5.4**	**5.4**	**5.4**	**5.4**	**5.4**
Corporate Baa bond	5.85	5.88	5.84	5.88	5.97	5.71	5.66	5.63	**6.2**	**6.2**	**6.2**	**6.2**	**6.2**	**6.2**
State & Local bonds	4.18	4.19	4.16	4.14	4.18	4.10	4.08	4.08	**4.4**	**4.4**	**4.4**	**4.4**	**4.4**	**4.4**
Home mortgage rate	6.85	6.87	6.89	6.95	6.96	6.72	6.81	6.65	**6.9**	**6.8**	**6.7**	**6.6**	**6.5**	**6.5**
	History								Consensus Forecasts-Quarterly					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Key Assumptions	2023	2023	2023	2023	2024	2024	2024	2024	2025	2025	2025	2025	2026	2026
Fed's AFE $ Index	115.5	114.6	115.0	116.6	115.5	117.3	114.9	117.9	**119.9**	**120.0**	**119.3**	**118.5**	**118.0**	**117.5**
Real GDP	2.8	2.4	4.4	3.2	1.6	3.0	3.1	2.3	**2.3**	**2.0**	**1.9**	**1.9**	**2.0**	**2.0**
GDP Price Index	3.6	1.9	3.2	1.5	3.0	2.5	1.9	2.4	**2.7**	**2.5**	**2.5**	**2.5**	**2.5**	**2.2**
Consumer Price Index	3.7	3.0	3.5	2.8	3.7	2.8	1.4	3.0	**3.5**	**2.7**	**2.6**	**2.6**	**2.6**	**2.5**
PCE Price Index	3.9	2.9	2.7	1.7	3.4	2.5	1.5	2.4	**2.8**	**2.6**	**2.5**	**2.5**	**2.5**	**2.3**

Forecasts for interest rates and the Federal Reserve's Advanced Foreign Economies Index represent averages for the quarter. Forecasts for Real GDP, GDP Price Index, CPI and PCE Price Index are seasonally adjusted annual rates of change (saar). Individual panel members' forecasts are on pages 4 through 9. Historical data: Treasury rates from the Federal Reserve Board's H.15; AAA-AA and A-BBB corporate bond yields from Bank of America-Merrill Lynch and are 15+ years, yield to maturity; State and local bond yields from Bank of America-Merrill Lynch, A-rated, yield to maturity; Mortgage rates from Freddie Mac, 30-year, fixed; SOFR from the New York Fed. All interest rate data are sourced from Haver Analytics. Historical data for Fed's Major Currency Index are from FRSR H.10. Historical data for Real GDP, GDP Price Index and PCE Price Index are from the Bureau of Economic Analysis (BEA). Consumer Price Index history is from the Department of Labor's Bureau of Labor Statistics (BLS).









Long-Range Survey:

The table below contains the results of our twice-annual long-range CONSENSUS survey. There are also Top 10 and Bottom 10 averages for each variable. Shown are consensus estimates for the years 2026 through 2030 and averages for the five-year periods 2026-2030 and 2031-2035. Apply these projections cautiously. Few if any economic, demographic and political forces can be evaluated accurately over such long time spans.

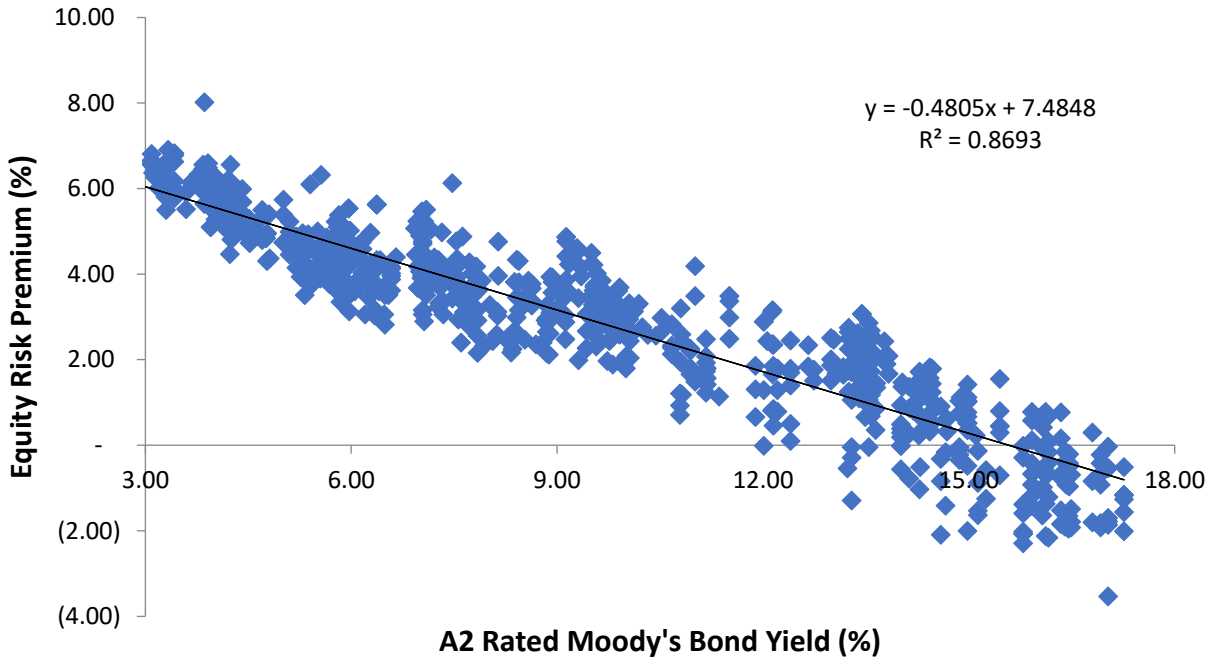
		Average For The Year					Five-Year Averages	
		2026	2027	2028	2029	2030	2026-2030	2031-2035
1. Federal Funds Rate	**CONSENSUS**	**3.4**	**3.3**	**3.3**	**3.2**	**3.2**	**3.3**	**3.2**
	Top 10 Average	3.7	3.7	3.6	3.7	3.7	3.7	3.6
	Bottom 10 Average	3.0	2.9	2.9	2.9	2.8	2.9	2.9
2. Prime Rate	**CONSENSUS**	**6.5**	**6.4**	**6.4**	**6.4**	**6.3**	**6.4**	**6.3**
	Top 10 Average	6.8	6.8	6.7	6.8	6.7	6.7	6.7
	Bottom 10 Average	6.2	6.1	6.1	6.0	5.9	6.1	5.9
3. SOFR	**CONSENSUS**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**
	Top 10 Average	3.6	3.6	3.6	3.6	3.6	3.6	3.6
	Bottom 10 Average	3.1	3.0	3.0	2.9	2.9	3.0	2.9
4. Commercial Paper, 1-Mo	**CONSENSUS**	**3.4**	**3.4**	**3.4**	**3.4**	**3.3**	**3.4**	**3.3**
	Top 10 Average	3.6	3.6	3.6	3.6	3.6	3.6	3.6
	Bottom 10 Average	3.2	3.1	3.1	3.0	3.0	3.1	3.0
5. Treasury Bill Yield, 3-Mo	**CONSENSUS**	**3.3**	**3.3**	**3.2**	**3.2**	**3.2**	**3.3**	**3.2**
	Top 10 Average	3.6	3.6	3.5	3.6	3.6	3.6	3.5
	Bottom 10 Average	3.1	3.0	2.9	2.9	2.8	2.9	2.8
6. Treasury Bill Yield, 6-Mo	**CONSENSUS**	**3.4**	**3.3**	**3.3**	**3.2**	**3.2**	**3.3**	**3.2**
	Top 10 Average	3.6	3.6	3.6	3.6	3.6	3.6	3.6
	Bottom 10 Average	3.1	3.0	3.0	2.9	2.8	3.0	2.9
7. Treasury Bill Yield, 1-Yr	**CONSENSUS**	**3.4**	**3.4**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**
	Top 10 Average	3.7	3.7	3.6	3.6	3.6	3.6	3.6
	Bottom 10 Average	3.2	3.1	3.0	3.0	2.9	3.0	2.9
8. Treasury Note Yield, 2-Yr	**CONSENSUS**	**3.6**	**3.6**	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**
	Top 10 Average	3.9	3.9	3.9	3.9	3.9	3.9	3.9
	Bottom 10 Average	3.3	3.2	3.1	3.1	3.0	3.1	3.0
9. Treasury Note Yield, 5-Yr	**CONSENSUS**	**3.8**	**3.8**	**3.8**	**3.8**	**3.7**	**3.8**	**3.8**
	Top 10 Average	4.2	4.3	4.3	4.3	4.3	4.3	4.3
	Bottom 10 Average	3.4	3.4	3.3	3.3	3.2	3.3	3.2
10. Treasury Note Yield, 10-Yr	**CONSENSUS**	**4.0**	**4.1**	**4.0**	**4.0**	**3.9**	**4.0**	**4.0**
	Top 10 Average	4.5	4.6	4.5	4.5	4.5	4.5	4.5
	Bottom 10 Average	3.6	3.5	3.4	3.4	3.3	3.5	3.4
11. Treasury Bond Yield, 30-Yr	**CONSENSUS**	**4.3**	**4.4**	**4.3**	**4.3**	**4.2**	**4.3**	**4.2**
	Top 10 Average	4.7	4.8	4.8	4.8	4.8	4.8	4.7
	Bottom 10 Average	3.9	3.9	3.8	3.8	3.7	3.8	3.8
12. Corporate Aaa Bond Yield	**CONSENSUS**	**5.1**	**5.2**	**5.2**	**5.1**	**5.1**	**5.2**	**5.1**
	Top 10 Average	5.5	5.7	5.6	5.6	5.6	5.6	5.5
	Bottom 10 Average	4.8	4.8	4.7	4.7	4.6	4.7	4.6
13. Corporate Baa Bond Yield	**CONSENSUS**	**6.0**	**6.1**	**6.0**	**6.0**	**6.0**	**6.0**	**5.9**
	Top 10 Average	6.4	6.6	6.5	6.5	6.4	6.5	6.4
	Bottom 10 Average	5.7	5.7	5.6	5.6	5.5	5.6	5.5
14. State & Local Bonds Yield	**CONSENSUS**	**4.1**	**4.3**	**4.2**	**4.2**	**4.3**	**4.2**	**4.1**
	Top 10 Average	4.5	4.6	4.6	4.6	4.6	4.6	4.6
	Bottom 10 Average	3.8	3.9	3.9	3.9	3.9	3.9	3.6
15. Home Mortgage Rate	**CONSENSUS**	**6.2**	**6.1**	**6.0**	**6.0**	**5.9**	**6.0**	**5.9**
	Top 10 Average	6.6	6.6	6.5	6.4	6.4	6.5	6.4
	Bottom 10 Average	5.7	5.7	5.6	5.5	5.4	5.6	5.4
A. Fed's AFE Nominal $ Index	**CONSENSUS**	**115.5**	**115.0**	**114.5**	**113.9**	**113.2**	**114.4**	**112.6**
	Top 10 Average	117.0	116.3	115.8	115.3	114.8	115.8	114.6
	Bottom 10 Average	113.9	113.6	113.1	112.5	111.8	113.0	110.9
		Year-Over-Year, % Change					Five-Year Averages	
		2026	2027	2028	2029	2030	2026-2030	2031-2035
B. Real GDP	**CONSENSUS**	**1.9**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**1.9**
	Top 10 Average	2.2	2.3	2.3	2.2	2.2	2.2	2.2
	Bottom 10 Average	1.7	1.7	1.8	1.7	1.7	1.7	1.7
C. GDP Chained Price Index	**CONSENSUS**	**2.2**	**2.2**	**2.2**	**2.2**	**2.2**	**2.2**	**2.1**
	Top 10 Average	2.4	2.3	2.3	2.3	2.3	2.3	2.3
	Bottom 10 Average	2.1	2.0	2.0	2.0	2.0	2.0	2.0
D. Consumer Price Index	**CONSENSUS**	**2.4**	**2.3**	**2.2**	**2.2**	**2.2**	**2.2**	**2.2**
	Top 10 Average	2.6	2.5	2.4	2.5	2.4	2.5	2.4
	Bottom 10 Average	2.1	2.0	2.0	2.0	2.0	2.0	2.0
E. PCE Price Index	**CONSENSUS**	**2.2**	**2.2**	**2.1**	**2.1**	**2.1**	**2.2**	**2.1**
	Top 10 Average	2.5	2.3	2.3	2.3	2.3	2.3	2.3
	Bottom 10 Average	2.0	2.0	1.9	2.0	2.0	2.0	2.0

Projected Market Appreciation of the S&P Utility Index
Derivation of Mean Equity Risk Premium Based Studies
Using Holding Period Returns and
Projected Market Appreciation of the S&P Utility Index

Line No.		Implied Equity Risk Premium
1.	Historical Equity Risk Premium (1)	4.16 %
2.	Regression of Historical Equity Risk Premium (2)	4.80
3	Forecasted Equity Risk Premium Based on PRPM (3)	5.07
4.	Forecasted Equity Risk Premium based on Projected Total Return on the S&P Utilities Index (Bloomberg, Value Line, and S&P Capital IQ Data) (4)	5.00
5.	Average Equity Risk Premium (5)	4.76 %

Notes:
(1) Based on S&P Public Utility Index monthly total returns and Moody's Public Utility Bond average monthly yields from 1928-2024. Holding period returns are calculated based upon income received (dividends and interest) plus the relative change in the market value of a security over a one-year holding period.
(2) This equity risk premium is based on a regression of the monthly equity risk premiums of the S&P Utility Index relative to Moody's A2 rated public utility bond yields from 1928 - 2024 referenced in note 1 above. Using the equation generated from the regression, an expected equity risk premium is calculated using the prospective A2 rated public utility bond yield of 5.73% (from line 3, page 1 of this Schedule).
(3) The Predictive Risk Premium Model (PRPM) is applied to the risk premium of the monthly total returns of the S&P Utility Index and the monthly yields on Moody's A2 rated public utility bonds from January 1928 - February 2025.
(4) Using data from Bloomberg, Value Line, and S&P Capital IQ for the S&P Utilities Index, an expected return of 10.73% was derived based on expected dividend yields as a proxy for income returns and long-term growth estimates as a proxy for market appreciation. Subtracting the expected A2 rated public utility bond yield of 5.73%, calculated on line 3 of page 1 of this Schedule results in an equity risk premium of 5.00%. (10.73% - 5.73% = 5.00%).
(5) Average of lines 1 through 4.

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Prediction of Equity Risk Premiums Relative to
Moody's A2 Rated Utility Bond Yields - Natural Gas Utilities



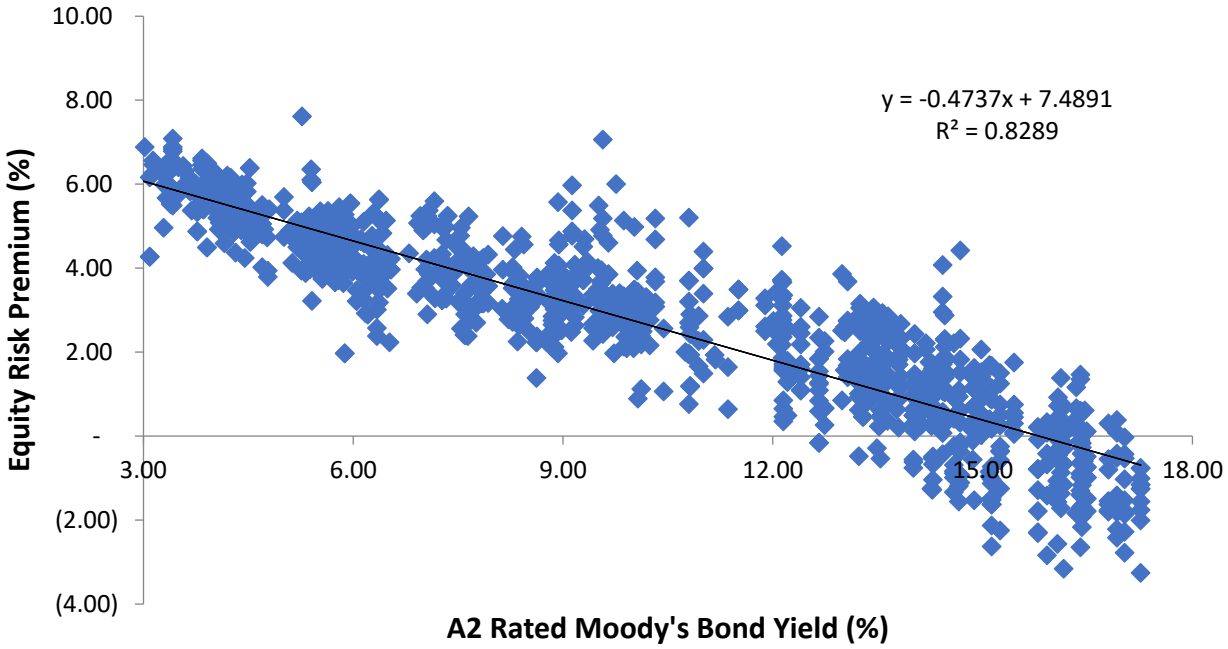
Constant	Slope	Prospective A2 Rated Utility Bond (1)	Equity Risk Premium
7.4848 %	-0.480	5.73 %	4.73 %

Notes:

(1) From line 3 of page 1 of this Schedule.

Source of Information: Regulatory Research Associates.

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Prediction of Equity Risk Premiums Relative to
Moody's A2 Rated Utility Bond Yields - Electric Utilities



Constant	Slope	Prospective A2 Rated Utility Bond (1)	Equity Risk Premium
7.4891 %	-0.4737	5.73 %	4.77 %

Notes:

(1) From line 3 of page 1 of this Schedule.

Source of Information: Regulatory Research Associates.

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Indicated Common Equity Cost Rate Through Use
of the Traditional Capital Asset Pricing Model (CAPM) and Empirical Capital Asset Pricing Model (ECAPM)

Proxy Group of Seven Natural Gas Distribution Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Proxy Group of Seven Natural Gas Distribution Companies	Value Line Adjusted Beta	Bloomberg Adjusted Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
Atmos Energy Corporation	0.90	0.60	0.75	8.15 %	4.55 %	10.66 %	11.17 %	10.92 %
New Jersey Resources Corporation	1.00	0.60	0.80	8.15	4.55	11.07	11.48	11.27
NiSource Inc.	0.95	0.61	0.78	8.15	4.55	10.91	11.36	11.13
Northwest Natural Holding Company	0.90	0.69	0.80	8.15	4.55	11.07	11.48	11.27
ONE Gas, Inc.	0.85	0.62	0.74	8.15	4.55	10.58	11.11	10.85
Southwest Gas Holdings, Inc.	0.95	0.85	0.90	8.15	4.55	11.89	12.09	11.99 (4)
Spire Inc.	0.90	0.65	0.78	8.15	4.55	10.91	11.36	11.13
Mean			0.79			11.01 %	11.44 %	11.10 %
Median			0.78			10.91 %	11.36 %	11.13 %
Average of Mean and Median			0.79			10.96 %	11.40 %	11.12 %

Notes on page 2 of this Schedule.

Proxy Group of Fifteen Electric Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Proxy Group of Fifteen Electric Companies	Value Line Adjusted Beta	Bloomberg Adjusted Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
Alliant Energy Corporation	0.90	0.54	0.72	8.15 %	4.55 %	10.42 %	10.99 %	10.70 %
Ameren Corporation	0.90	0.52	0.71	8.15	4.55	10.34	10.93	10.63
American Electric Power Corporation	0.85	0.45	0.65	8.15	4.55	9.85	10.56	10.21
Duke Energy Corporation	0.90	0.43	0.66	8.15	4.55	9.93	10.62	10.28
Edison International	1.05	0.66	0.86	8.15	4.55	11.56	11.85	11.70
Entergy Corporation	1.00	0.56	0.78	8.15	4.55	10.91	11.36	11.13
Evergy, Inc.	0.95	0.54	0.75	8.15	4.55	10.66	11.17	10.92
IDACORP, Inc.	0.85	0.51	0.68	8.15	4.55	10.09	10.75	10.42
North Western Corporation	1.00	0.69	0.84	8.15	4.55	11.40	11.72	11.56
OGE Energy Corporation	1.05	0.65	0.85	8.15	4.55	11.48	11.78	11.63
Pinnacle West Capital Corporation	0.95	0.51	0.73	8.15	4.55	10.50	11.05	10.78
Portland General Electric Company	0.95	0.61	0.78	8.15	4.55	10.91	11.36	11.13
Southern Company	0.95	0.45	0.70	8.15	4.55	10.26	10.87	10.56
TXNM Energy, Inc.	0.90	0.42	0.66	8.15	4.55	9.93	10.62	10.28
Xcel Energy Inc.	0.85	0.40	0.62	8.15	4.55	9.60	10.38	9.99
Mean			0.73			10.52 %	11.07 %	10.79 %
Median			0.72			10.42 %	10.99 %	10.70 %
Average of Mean and Median			0.73			10.47 %	11.03 %	10.75 %

Notes on page 2 of this Schedule.

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Notes to Accompany the Application of the CAPM and ECAPM

Notes:

(1) The market risk premium (MRP) is derived by using five different measures from four sources: Kroll, Value Line, Bloomberg, and S&P Capital IQ as illustrated below:

Measure 1: Kroll Arithmetic Mean MRP (1926-2024)

Arithmetic Mean Monthly Returns for Large Stocks 1926-2024:	12.29 %
Arithmetic Mean Income Returns on Long-Term Government Bonds:	4.99
MRP based on Kroll Historical Data:	7.31 %

Measure 2: Application of a Regression Analysis to Kroll Historical Data
(1926-2024) 7.94 %

Measure 3: Application of the PRPM to Kroll Historical Data
(January 1926 - February 2025) 8.18 %

Measure 4: Value Line Projected MRP (Thirteen weeks ending February 28, 2025)

Total projected return on the market 3-5 years hence*:	11.20 %
Risk-Free Rate (see notes 2 and 3):	4.55
MRP based on Value Line Summary & Index:	6.65 %

*Forcasted 3-5 year capital appreciation plus expected dividend yield

Measure 5: Bloomberg, Value Line, and S&P Capital IQ Projected Return on the Market based on the S&P 500

Total return on the Market based on the S&P 500:	15.23 %
Risk-Free Rate (see notes 2 and 3):	4.55
MRP based on Bloomberg, Value Line, and S&P Capital IQ data	10.68 %

Average of all MRP Measures: 8.15 %

(2) For reasons explained in the Direct Testimony, the appropriate risk-free rate for cost of capital purposes is the average forecast of 30 year Treasury Bonds per the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts. (See pages 7 and 8 of Schedule (ROR)-4.) The projection of the risk-free rate is illustrated below:

First Quarter 2025	4.70 %
Second Quarter 2025	4.70
Third Quarter 2025	4.70
Fourth Quarter 2025	4.60
First Quarter 2026	4.60
Second Quarter 2026	4.60
2026-2030	4.30
2031-2035	4.20
	4.55 %

(3) Average of Column 6 and Column 7.

Sources of Information:
Value Line Summary and Index
Blue Chip Financial Forecasts, November 27, 2024 and February 28, 2025
Kroll Cost of Capital Navigator
S&P Capital IQ
Bloomberg Professional Services

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Basis of Selection of the Group of Non-Price Regulated Companies
Comparable in Total Risk to the Proxy Group of Seven Natural Gas Distribution Companies

The criteria for selection of the proxy group of non-price regulated companies comparable in total risk to the proxy group of seven natural gas distribution companies was that the non-price regulated companies be domestic and reported in Value Line Investment Survey (Standard Edition).

The proxy group of non-price regulated companies was selected based on the unadjusted beta range of 0.64 - 0.92 and residual standard error of the regression range of 2.8368 - 3.3832 of the proxy group of seven natural gas distribution companies.

These ranges are based upon plus or minus two standard deviations of the unadjusted beta and standard error of the regression. Plus or minus three standard deviations captures 95.50% of the distribution of unadjusted betas and residual standard errors of the regression.

The standard deviation of the proxy group of seven natural gas distribution companies' residual standard error of the regression is 0.1366. The standard deviation of the standard error of the

$$\text{Standard Deviation of the Std. Err. of the Regr.} = \frac{\text{Standard Error of the Regression}}{\sqrt{2N}}$$

where: N = number of observations. Since Value Line betas are derived from weekly price change observations over a period of five years, N = 259

$$\text{Thus,} \quad 0.1366 = \frac{3.1100}{\sqrt{518}} = \frac{3.1100}{22.7596}$$

Source of Information: Value Line Proprietary Database, December 2024.
Value Line Investment Survey (Standard Edition).

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Basis of Selection of the Group of Non-Price Regulated Companies
Comparable in Total Risk to the Proxy Group of Fifteen Electric Companies

The criteria for selection of the proxy group of non-price regulated companies comparable in total risk to the proxy group of fifteen electric companies was that the non-price regulated companies be domestic and reported in Value Line Investment Survey (Standard Edition).

The proxy group of non-price regulated companies was selected based on the unadjusted beta range of 0.71 - 0.97 and residual standard error of the regression range of 2.6065 - 3.1089 of the proxy group of fifteen electric companies.

These ranges are based upon plus or minus two standard deviations of the unadjusted beta and standard error of the regression. Plus or minus three standard deviations captures 95.50% of the distribution of unadjusted betas and residual standard errors of the regression.

The standard deviation of the proxy group of fifteen electric companies' residual standard error of the regression is 0.1256. The standard deviation of the standard error of the regression is

$$\text{Standard Deviation of the Std. Err. of the Regr.} = \frac{\text{Standard Error of the Regression}}{\sqrt{2N}}$$

where: N = number of observations. Since Value Line betas are derived from weekly price change observations over a period of five years, N = 259

$$\text{Thus,} \quad 0.1256 = \frac{2.8577}{\sqrt{518}} = \frac{2.8577}{22.7596}$$

Source of Information: Value Line Proprietary Database, December 2024.
Value Line Investment Survey (Standard Edition).

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Basis of Selection of Comparable Risk
Domestic Non-Price Regulated Companies

Proxy Group of Seven Natural Gas Distribution Companies	[1] Value Line Adjusted Beta	[2] Unadjusted Beta	[3] Residual Standard Error of the Regression	[4] Standard Deviation of Beta
Atmos Energy Corporation	0.85	0.75	2.8989	0.0647
New Jersey Resources Corporation	0.95	0.91	3.0464	0.0680
NiSource Inc.	0.90	0.83	2.6470	0.0591
Northwest Natural Holding Company	0.85	0.71	3.3761	0.0754
ONE Gas, Inc.	0.85	0.71	3.2540	0.0726
Southwest Gas Holdings, Inc.	0.90	0.80	3.4852	0.0778
Spire Inc.	0.85	0.74	3.0953	0.0691
Average	0.88	0.78	3.1100	0.0700
Beta Range (+/- 2 std. Devs. of Beta)	0.64	0.92		
2 std. Devs. of Beta	0.14			
Residual Std. Err. Range (+/- 2 std. Devs. of the Residual Std. Err.)	2.8368	3.3832		
Std. dev. of the Res. Std. Err.	0.1366			
2 std. devs. of the Res. Std. Err.	0.2732			

Proxy Group of Fifteen Electric Companies	[1] Value Line Adjusted Beta	[2] Unadjusted Beta	[3] Residual Standard Error of the Regression	[4] Standard Deviation of Beta
Alliant Energy Corporation	0.90	0.79	2.8682	0.0640
Ameren Corporation	0.90	0.78	2.7253	0.0608
American Electric Power Corporation	0.80	0.68	2.8069	0.0627
Duke Energy Corporation	0.90	0.80	2.8177	0.0629
Edison International	1.00	0.96	3.0475	0.0680
Entergy Corporation	0.95	0.91	2.8593	0.0638
Evergy, Inc.	0.95	0.88	2.9738	0.0664
IDACORP, Inc.	0.85	0.71	2.7358	0.0611
North Western Corporation	0.95	0.89	2.8815	0.0643
OGE Energy Corporation	1.05	1.05	2.8365	0.0633
Pinnacle West Capital Corporation	0.95	0.88	3.0813	0.0688
Portland General Electric Company	0.90	0.83	2.9422	0.0657
Southern Company	0.95	0.87	2.7873	0.0622
TXNM Energy, Inc.	0.90	0.78	2.6718	0.0596
Xcel Energy Inc.	0.85	0.73	2.8298	0.0632
Average	0.92	0.84	2.8577	0.0638
Beta Range (+/- 2 std. Devs. of Beta)	0.71	0.97		
2 std. Devs. of Beta	0.13			
Residual Std. Err. Range (+/- 2 std. Devs. of the Residual Std. Err.)	2.6065	3.1089		
Std. dev. of the Res. Std. Err.	0.1256			
2 std. devs. of the Res. Std. Err.	0.2512			

Source of Information: Value Line Proprietary Database, December 2024.

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Proxy Group of Non-Price Regulated Companies
Comparable in Total Risk to the
Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Fifteen Electric Companies

	[1]	[2]	[3]	[4]
Proxy Group of Forty-Nine Non-Price Regulated Companies	Value Line Adjusted Beta	Unadjusted Beta	Residual Standard Error of the Regression	Standard Deviation of Beta
Abbott Labs.	0.90	0.79	2.9573	0.0660
AbbVie Inc.	0.85	0.70	3.1365	0.0700
Air Products & Chem.	0.90	0.83	3.0324	0.0677
Alphabet Inc.	0.90	0.81	3.1907	0.0712
Altria Group	0.85	0.76	2.8948	0.0646
Apple Inc.	0.95	0.91	3.2127	0.0717
Assurant Inc.	0.90	0.79	3.0394	0.0679
AutoZone Inc.	0.95	0.88	3.2399	0.0723
Booz Allen Hamilton	0.85	0.74	3.2930	0.0735
Brady Corp.	0.95	0.90	2.8860	0.0644
BWX Technologies	0.80	0.68	3.2662	0.0729
CACI Int'l	0.90	0.80	3.0359	0.0678
Casey's Gen'l Stores	0.90	0.79	3.1661	0.0707
Cencora	0.80	0.66	2.9646	0.0662
CSW Industrials	0.90	0.77	3.2779	0.0732
CVS Health	0.90	0.79	3.3646	0.0751
Danaher Corp.	0.90	0.81	3.0286	0.0676
Dolby Labs.	0.95	0.87	2.9508	0.0659
Exponent, Inc.	0.95	0.88	3.3456	0.0747
Fastenal Co.	0.90	0.80	2.9253	0.0653
Franklin Electric	0.90	0.82	2.9333	0.0655
GATX Corp.	0.95	0.90	2.9875	0.0667
Henry (Jack) & Assoc	0.85	0.74	3.1928	0.0713
Hunt (J.B.)	0.95	0.91	3.2647	0.0729
Huntington Ingalls	0.95	0.89	3.3736	0.0753
L3Harris Technologie	0.90	0.83	3.1556	0.0711
Landstar System	0.80	0.65	2.8665	0.0640
Lockheed Martin	0.85	0.75	2.8741	0.0642
McKesson Corp.	0.85	0.70	3.1485	0.0703
Microsoft Corp.	0.90	0.78	2.8520	0.0637
MSC Industrial Direc	0.90	0.84	2.9545	0.0660
Oracle Corp.	0.85	0.70	3.0995	0.0692
O'Reilly Automotive	0.90	0.84	3.0259	0.0676
OSI Systems	0.90	0.81	3.2160	0.0718
Packaging Corp.	0.95	0.85	2.8607	0.0639
Pfizer, Inc.	0.80	0.67	3.1709	0.0708
Philip Morris Int'l	0.95	0.87	2.8750	0.0642
Prestige Consumer	0.85	0.75	3.3470	0.0747
Selective Ins. Group	0.85	0.74	2.9941	0.0668
Service Corp. Int'l	0.90	0.84	3.1842	0.0711
Sherwin-Williams	0.95	0.90	2.9254	0.0653
Smith (A.O.)	0.90	0.79	3.0828	0.0688
Thermo Fisher Sci.	0.85	0.77	2.8565	0.0638
UniFirst Corp.	0.90	0.81	3.0115	0.0672
UnitedHealth Group	0.95	0.90	3.1445	0.0702
Universal Corp.	0.80	0.68	3.2233	0.0720
VeriSign Inc.	0.90	0.80	2.8857	0.0644
Waters Corp.	0.95	0.86	3.2280	0.0721
Watsco, Inc.	0.85	0.76	3.1218	0.0697
Average	0.89	0.80	3.0829	0.0688
Proxy Group of Seven Natural Gas Distribution Companies	0.88	0.78	3.1100	0.0700

Source of Information: Value Line Proprietary Database, December 2024.

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Proxy Group of Non-Price Regulated Companies
Comparable in Total Risk to the
Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Fifteen Electric Companies

	[1]	[2]	[3]	[4]
Proxy Group of Forty-Seven Non-Price Regulated Companies	Value Line Adjusted Beta	Unadjusted Beta	Residual Standard Error of the Regression	Standard Deviation of Beta
3M Company	0.95	0.90	2.8096	0.0627
Abbott Laboratories	0.90	0.79	2.9573	0.0660
Agilent Technologies, Inc.	0.95	0.86	2.8368	0.0633
Air Products and Chemicals, Inc.	0.90	0.83	3.0324	0.0677
Allstate Corporation	1.00	0.94	2.7930	0.0624
Altria Group, Inc.	0.85	0.76	2.8948	0.0646
Analog Devices, Inc.	1.00	0.95	2.8971	0.0647
Archer-Daniels-Midland Company	0.95	0.89	2.7243	0.0608
Assurant, Inc.	0.90	0.79	3.0394	0.0679
Brady Corporation	0.95	0.90	2.8860	0.0644
Broadridge Financial Solutions, Inc.	0.90	0.82	2.7633	0.0617
Brown & Brown, Inc.	0.95	0.91	2.6119	0.0583
Brown-Forman Corporation 'B'	0.90	0.80	2.7338	0.0610
CACI International Inc	0.90	0.80	3.0359	0.0678
Cisco Systems, Inc.	0.85	0.75	2.8343	0.0633
Danaher Corporation	0.90	0.81	3.0286	0.0676
Dolby Laboratories, Inc.	0.95	0.87	2.9508	0.0659
Expeditors International	0.95	0.91	2.6741	0.0597
FactSet Research Systems Inc.	1.00	0.95	2.7486	0.0614
Fastenal Company	0.90	0.80	2.9253	0.0653
Federal Signal Corporation	0.95	0.91	2.7333	0.0610
Franklin Electric Co., Inc.	0.90	0.82	2.9333	0.0655
GATX Corporation	0.95	0.90	2.9875	0.0667
Gentex Corporation	1.00	0.93	2.6082	0.0582
Home Depot, Inc.	0.95	0.90	2.6215	0.0585
Ingredion, Inc.	0.90	0.79	2.6281	0.0587
Innospec Inc.	1.00	0.94	3.0243	0.0675
International Business Machines Corporation	0.90	0.85	2.6691	0.0596
Juniper Networks, Inc.	1.00	0.93	2.8368	0.0633
Lockheed Martin Corporation	0.85	0.75	2.8741	0.0642
Microsoft Corporation	0.90	0.78	2.8520	0.0637
Motorola Solutions, Inc.	0.95	0.85	2.7315	0.0610
MSA Safety, Inc.	0.95	0.92	3.0893	0.0690
MSC Industrial Direct Co., Inc.	0.90	0.84	2.9545	0.0660
O'Reilly Automotive, Inc.	0.90	0.84	3.0259	0.0676
Packaging Corporation of America	0.95	0.85	2.8607	0.0639
Philip Morris International Inc.	0.95	0.87	2.8750	0.0642
Selective Insurance Group, Inc.	0.85	0.74	2.9941	0.0668
Sensient Technologies Corporation	0.90	0.85	2.8202	0.0630
Sherwin-Williams Company	0.95	0.90	2.9254	0.0653
Smith Corporation (A.O.)	0.90	0.79	3.0828	0.0688
Texas Instruments Incorporated	0.85	0.77	2.7711	0.0619
Thermo Fisher Scientific Inc.	0.85	0.77	2.8565	0.0638
UniFirst Corporation	0.90	0.81	3.0115	0.0672
VeriSign, Inc.	0.90	0.80	2.8857	0.0644
Verisk Analytics, Inc.	0.90	0.78	2.7553	0.0615
Zoetis, Inc.	1.00	0.96	2.8162	0.0629
Average	0.92	0.85	2.8596	0.0638
Proxy Group of Fifteen Electric Companies	0.92	0.84	2.8577	0.0638

Source of Information: Value Line Proprietary Database, December 2024.

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Summary of Cost of Equity Models Applied to
Proxy Group of Non-Price Regulated Companies
Comparable in Total Risk to the
Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Fifteen Electric Companies

Principal Methods	Proxy Group of Forty-Nine Non-Price Regulated Companies	Proxy Group of Forty-Seven Non-Price Regulated Companies
Discounted Cash Flow Model (DCF) (1)	11.87 %	11.17 %
Risk Premium Model (RPM) (2)	12.27	12.29
Capital Asset Pricing Model (CAPM) (3)	11.75	11.89
Mean	11.96 %	11.78 %
Median	11.87 %	11.89 %
Average of Mean and Median	11.92 %	11.84 %

Notes:
(1) From pages 2-3 of this Schedule
(2) From page 4 of this Schedule
(3) From pages 8-9 of this Schedule

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
DCF Results for the Proxy Group of Non-Price-Regulated Companies Comparable in Total Risk to the
Proxy Group of Seven Natural Gas Distribution CompaniesProxy Group of Forty-Nine Non-Price Regulated Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Proxy Group of Forty-Nine Non-Price Regulated Companies	Average Dividend Yield	Value Line Projected Five Year Growth in EPS	Zack's Five Year Projected Growth Rate in EPS	S&P Capital IQ Projected Five Year Growth in EPS	Average Projected Five Year Growth Rate in EPS	Adjusted Dividend Yield	Indicated Common Equity Cost Rate (1)
Abbott Labs.	1.94 %	4.50 %	10.40 %	9.57 %	8.16 %	2.02 %	10.18 %
AbbVie Inc.	3.59	4.00	10.20	11.68	8.63	3.74	12.37
Air Products & Chem.	2.30	10.50	7.90	10.34	9.58	2.41	11.99
Alphabet Inc.	0.42	13.50	15.60	16.59	15.23	0.45	15.68
Altria Group	7.64	6.00	3.50	4.31	4.60	7.82	12.42
Apple Inc.	0.41	9.00	13.80	9.53	10.78	0.43	11.21
Assurant Inc.	1.51	9.50	NA	NA	9.50	1.58	11.08
AutoZone Inc.	-	11.50	11.80	12.73	12.01	-	NA
Booz Allen Hamilton	1.69	10.50	14.00	13.50	12.67	1.80	14.47
Brady Corp.	1.29	15.50	NA	11.00	13.25	1.38	14.63
BWX Technologies	0.87	9.00	10.10	10.92	10.01	0.91	10.92
CACI Int'l	-	4.50	14.10	14.08	10.89	-	NA
Casey's Gen'l Stores	0.48	12.00	12.60	12.53	12.38	0.51	12.89
Cencora	0.91	6.50	12.10	11.70	10.10	0.96	11.06
CSW Industrials	0.27	13.50	NA	12.50	13.00	0.29	13.29
CVS Health	4.93	0.50	11.30	23.31	11.70	5.22	16.92
Danaher Corp.	0.57	2.00	10.20	9.43	7.21	0.59	7.80
Dolby Labs.	1.64	9.50	NA	NA	9.50	1.72	11.22
Exponent, Inc.	1.32	7.50	NA	NA	7.50	1.37	8.87
Fastenal Co.	2.28	9.00	9.80	9.26	9.35	2.39	11.74
Franklin Electric	1.05	7.50	12.00	12.00	10.50	1.11	11.61
GATX Corp.	1.52	10.50	NA	NA	10.50	1.60	12.10
Henry (Jack) & Assoc	1.33	6.50	8.60	8.63	7.91	1.38	9.29
Hunt (J.B.)	1.02	6.00	16.40	12.48	11.63	1.08	12.71
Huntington Ingalls	2.88	10.00	11.10	11.08	10.73	3.03	13.76
L3Harris Technologie	2.25	9.00	7.30	7.88	8.06	2.34	10.40
Landstar System	0.84	6.00	NA	11.00	8.50	0.88	9.38
Lockheed Martin	2.78	12.00	7.80	6.45	8.75	2.90	11.65
McKesson Corp.	0.48	10.00	14.30	14.04	12.78	0.51	13.29
Microsoft Corp.	0.78	14.50	14.40	12.97	13.96	0.83	14.79
MSC Industrial Direc	4.21	0.50	NA	NA	0.50	4.22	4.72 (2)
Oracle Corp.	0.93	10.00	10.20	11.22	10.47	0.98	11.45
O'Reilly Automotive	-	10.50	12.80	12.12	11.81	-	NA
OSI Systems	-	10.50	12.90	14.05	12.48	-	NA
Packaging Corp.	2.21	9.00	8.30	11.31	9.54	2.32	11.86
Pfizer, Inc.	6.57	2.50	13.80	2.56	6.29	6.78	13.07
Philip Morris Int'l	4.09	5.00	8.20	9.87	7.69	4.25	11.94
Prestige Consumer	-	5.50	7.00	7.67	6.72	-	NA
Selective Ins. Group	1.68	10.50	NA	16.40	13.45	1.79	15.24
Service Corp. Int'l	1.59	4.50	10.80	10.77	8.69	1.66	10.35
Sherwin-Williams	0.89	12.00	9.80	9.56	10.45	0.94	11.39
Smith (A.O.)	1.97	9.00	12.00	12.00	11.00	2.08	13.08
Thermo Fisher Sci.	0.32	6.00	7.70	9.55	7.75	0.33	8.08
UniFirst Corp.	0.68	8.50	NA	NA	8.50	0.71	9.21
UnitedHealth Group	1.61	11.00	12.40	15.03	12.81	1.71	14.52
Universal Corp.	6.04	13.50	NA	NA	13.50	6.45	19.95 (2)
VeriSign Inc.	-	12.00	NA	NA	12.00	-	NA
Waters Corp.	-	6.50	7.80	8.29	7.53	-	NA
Watsco, Inc.	2.19	7.00	NA	NA	7.00	2.27	9.27
	NA = Not Available					Mean	11.93 %
						Median	11.80 %
						Average of Mean and Median	11.87 %

Notes:

(1) The application of the DCF model to the domestic, non-price regulated comparable risk companies is identical to the application of the DCF to the Utility Proxy Groups. The dividend yield is derived by using the 60 day average price and the spot indicated dividend as of 02/28/2025. The dividend yield is then adjusted by 1/2 the average projected growth rate in EPS, which is calculated by averaging the 5 year projected growth in EPS provided by Value Line, www.zacks.com, and S&P Capital IQ (excluding any negative growth rates) and then adding that growth rate to the adjusted dividend yield.

(2) Results were excluded from the final average and median as they were more than two standard deviations from the proxy group's mean.

Source of Information:

Value Line Investment Survey.
www.zacks.com, Downloaded on 02/28/2025
S&P Capital IQ

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
DCF Results for the Proxy Group of Non-Price-Regulated Companies Comparable in Total Risk to the
Proxy Group of Seven Natural Gas Distribution CompaniesProxy Group of Forty-Nine Non-Price Regulated Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Proxy Group of Forty-Seven Non-Price Regulated Companies	Average Dividend Yield	Value Line Projected Five Year Growth in EPS	Zack's Five Year Projected Growth Rate in EPS	S&P Capital IQ Projected Five Year Growth in EPS	Average Projected Five Year Growth Rate in EPS	Adjusted Dividend Yield	Indicated Common Equity Cost Rate (1)
3M Company	2.08 %	31.00 %	5.80 %	(6.19) %	18.40 %	2.27 %	20.67 % (2)
Abbott Laboratories	1.94	4.50	10.40	9.57	8.16	2.02	10.18
Agilent Technologies, Inc.	0.71	6.50	6.60	7.56	6.89	0.73	7.62
Air Products and Chemicals, Inc.	2.30	10.50	7.90	10.34	9.58	2.41	11.99
Allstate Corporation	2.08	29.00	9.80	NMF	19.40	2.28	21.68 (2)
Altria Group, Inc.	7.64	6.00	3.50	4.31	4.60	7.82	12.42
Analog Devices, Inc.	1.82	9.00	12.00	16.87	12.62	1.93	14.55
Archer-Daniels-Midland Company	4.10	3.00	7.30	7.27	5.86	4.22	10.08
Assurant, Inc.	1.51	9.50	NA	NA	9.50	1.58	11.08
Brady Corporation	1.29	15.50	NA	11.00	13.25	1.38	14.63
Broadridge Financial Solutions, Inc.	1.51	9.50	NA	NA	9.50	1.58	11.08
Brown & Brown, Inc.	0.56	12.50	9.10	10.06	10.55	0.59	11.14
Brown-Forman Corporation 'B'	2.50	14.00	3.20	0.17	5.79	2.57	8.36
CACI International Inc	-	4.50	14.10	14.08	10.89	-	NA
Cisco Systems, Inc.	2.70	3.50	5.10	4.47	4.36	2.76	7.12
Danaher Corporation	0.57	2.00	10.20	9.43	7.21	0.59	7.80
Dolby Laboratories, Inc.	1.64	9.50	NA	NA	9.50	1.72	11.22
Expeditors International	1.28	(0.50)	4.30	10.18	7.24	1.33	8.57
FactSet Research Systems Inc.	0.88	9.00	9.20	9.86	9.35	0.92	10.27
Fastenal Company	2.28	9.00	9.80	9.26	9.35	2.39	11.74
Federal Signal Corporation	0.59	13.50	14.00	12.00	13.17	0.63	13.80
Franklin Electric Co., Inc.	1.05	7.50	12.00	12.00	10.50	1.11	11.61
GATX Corporation	1.52	10.50	NA	NA	10.50	1.60	12.10
Gentex Corporation	1.75	12.50	14.30	14.33	13.71	1.87	15.58
Home Depot, Inc.	2.27	6.50	7.10	4.04	5.88	2.34	8.22
Ingredion, Inc.	2.36	9.50	11.00	11.00	10.50	2.48	12.98
Innospec Inc.	1.42	7.50	NA	7.50	7.50	1.47	8.97
International Business Machines Corporation	2.82	3.00	4.20	7.49	4.90	2.89	7.79
Juniper Networks, Inc.	2.38	6.50	12.40	16.12	11.67	2.52	14.19
Lockheed Martin Corporation	2.78	12.00	7.80	6.45	8.75	2.90	11.65
Microsoft Corporation	0.78	14.50	14.40	12.97	13.96	0.83	14.79
Motorola Solutions, Inc.	0.94	10.00	8.40	7.39	8.60	0.98	9.58
MSA Safety, Inc.	1.23	8.00	NA	NA	8.00	1.28	9.28
MSC Industrial Direct Co., Inc.	4.21	0.50	NA	NA	0.50	4.22	4.72 (2)
O'Reilly Automotive, Inc.	-	10.50	12.80	12.12	11.81	-	NA
Packaging Corporation of America	2.21	9.00	8.30	11.31	9.54	2.32	11.86
Philip Morris International Inc.	4.09	5.00	8.20	9.87	7.69	4.25	11.94
Selective Insurance Group, Inc.	1.68	10.50	NA	16.40	13.45	1.79	15.24
Sensient Technologies Corporation	2.22	2.50	NA	14.00	8.25	2.31	10.56
Sherwin-Williams Company	0.89	12.00	9.80	9.56	10.45	0.94	11.39
Smith Corporation (A.O.)	1.97	9.00	12.00	12.00	11.00	2.08	13.08
Texas Instruments Incorporated	2.86	3.00	11.60	10.95	8.52	2.98	11.50
Thermo Fisher Scientific Inc.	0.32	6.00	7.70	9.55	7.75	0.33	8.08
UniFirst Corporation	0.68	8.50	NA	NA	8.50	0.71	9.21
VeriSign, Inc.	-	12.00	NA	NA	12.00	-	NA
Verisk Analytics, Inc.	0.63	11.00	12.00	11.98	11.66	0.67	12.33
Zoetis, Inc.	1.19	7.50	9.30	9.24	8.68	1.24	9.92
	NA = Not Available					Mean	11.11 %
						Median	11.22 %
						Average of Mean and Median	11.17 %

Notes:

(1) The application of the DCF model to the domestic, non-price regulated comparable risk companies is identical to the application of the DCF to the Utility Proxy Groups. The dividend yield is derived by using the 60 day average price and the spot indicated dividend as of 02/28/2025. The dividend yield is then adjusted by 1/2 the average projected growth rate in EPS, which is calculated by averaging the 5 year projected growth in EPS provided by Value Line, www.zacks.com, and S&P Capital IQ (excluding any negative growth rates) and then adding that growth rate to the adjusted dividend yield.

(2) Results were excluded from the final average and median as they were more than two standard deviations from the proxy group's mean.

Source of Information:

Value Line Investment Survey.
www.zacks.com, Downloaded on 02/28/2025
S&P Capital IQ

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Indicated Common Equity Cost Rate
Through Use of a Risk Premium Model
Using an Adjusted Total Market Approach

Line No.		Proxy Group of Forty-Nine Non-Price Regulated Companies	Proxy Group of Forty-Seven Non-Price Regulated Companies
1.	Prospective Yield on Baa2 Rated Corporate Bonds (1)	6.14 %	6.14
2.	Adjustment to Reflect Bond rating Difference of Non-Price Regulated Companies (2)	(0.14)	(0.18)
3.	Adjusted Bond Yield	6.01	5.96
4.	Equity Risk Premium (3)	6.26	6.33
5.	Risk Premium Derived Common Equity Cost Rate	12.27 %	12.29

Notes: (1) Average forecast of Baa corporate bonds based upon the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts dated November 27, 2024 and February 28, 2025 (see pages 7 and 8 of Schedule (ROR)-4). The estimates are detailed below.

First Quarter 2025	6.20 %
Second Quarter 2025	6.20
Third Quarter 2025	6.20
Fourth Quarter 2025	6.20
First Quarter 2026	6.20
Second Quarter 2026	6.20
2026-2030	6.00
2031-2035	5.90
Average	6.14 %

(2) The average yield spread of Baa2 rated corporate bonds over A2 corporate bonds for the three months ending February 2025. To reflect the A3/Baa1 average rating of the Proxy Group of Forty-Nine Non-Price Regulated Companies, the yield on the Baa corporate bond must be adjusted by one-half the spread between A2 and Baa2 corporate bond yields. Further, to reflect the A3 average rating of the Proxy Group of Forty-Seven Non-Price Regulated Companies, the yield on the Baa corporate bond must be adjusted by two-thirds the spread between A2 and Baa2 corporate bond yields, both shown below:

	A2 Corp. Bond Yield	Baa2 Corp. Bond Yield	Spread
Feb-25	5.66 %	5.92 %	0.26 %
Jan-25	5.80	6.08	0.28
Dec-24	5.53	5.80	0.27
		Average yield spread	0.27
		1/2 of spread	0.14
		2/3 of spread	0.18

(3) From page 7 of this Schedule.

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Comparison of Long-Term Issuer Ratings for the
Proxy Group of Forty-Nine Non-Price Regulated Companies and Proxy Group of Forty-Seven Non-Price Regulated Companies

Proxy Group of Forty-Nine Non-Price Regulated Companies	Moody's Long-Term Issuer Rating February 2025		Standard & Poor's Long-Term Issuer Rating February 2025	
	Long-Term Issuer Rating	Numerical Weighting (1)	Long-Term Issuer Rating	Numerical Weighting (1)
Abbott Labs.	Aa3	4.0	AA-	4.0
AbbVie Inc.	A3	7.0	A-	7.0
Air Products & Chem.	A2	6.0	A	6.0
Alphabet Inc.	Aa2	3.0	AA+	2.0
Altria Group	A3	7.0	BBB	9.0
Apple Inc.	Aaa	1.0	AA+	2.0
Assurant Inc.	Baa2	9.0	BBB	9.0
AutoZone Inc.	Baa1	8.0	BBB	9.0
Booz Allen Hamilton	NA	--	NA	--
Brady Corp.	NA	--	NA	--
BWX Technologies	Ba2	12.0	BB	12.0
CACI Int'l	NA	--	BB+	11.0
Casey's Gen'l Stores	NA	--	NA	--
Cencora	Baa2	9.0	BBB+	8.0
CSW Industrials	NA	--	NA	--
CVS Health	Baa3	10.0	BBB	9.0
Danaher Corp.	A3	7.0	A-	7.0
Dolby Labs.	NA	--	NA	--
Exponent, Inc.	NA	--	NA	--
Fastenal Co.	NA	--	NA	--
Franklin Electric	NA	--	NA	--
GATX Corp.	Baa2	9.0	BBB	9.0
Henry (Jack) & Assoc	NA	--	NA	--
Hunt (J.B.)	Baa1	8.0	BBB+	8.0
Huntington Ingalls	Baa3	10.0	BBB-	10.0
L3Harris Technologie	Baa2	9.0	BBB	9.0
Landstar System	NA	--	NA	--
Lockheed Martin	A2	6.0	A-	7.0
McKesson Corp.	A3	7.0	BBB+	8.0
Microsoft Corp.	Aaa	1.0	AAA	1.0
MSC Industrial Direc	NA	--	NA	--
Oracle Corp.	Baa2	9.0	BBB	9.0
O'Reilly Automotive	Baa1	8.0	BBB	9.0
OSI Systems	NA	--	NA	--
Packaging Corp.	Baa2	9.0	BBB	9.0
Pfizer, Inc.	A2	6.0	A	6.0
Philip Morris Int'l	A2	6.0	A-	7.0
Prestige Consumer	NA	--	BB	12.0
Selective Ins. Group	Baa2	9.0	BBB	9.0
Service Corp. Int'l	Ba3	13.0	BB+	11.0
Sherwin-Williams	Baa2	9.0	BBB	9.0
Smith (A.O.)	NA	--	NA	--
Thermo Fisher Sci.	A3	7.0	A-	7.0
UniFirst Corp.	NA	--	NA	--
UnitedHealth Group	A2	6.0	A+	5.0
Universal Corp.	WR	--	BBB-	10.0
VeriSign Inc.	Baa3	10.0	BBB	9.0
Waters Corp.	NA	--	NA	--
Watsco, Inc.	NA	--	NA	--
Natural Gas CEM Proxy Group Averag	A3/Baa1	7.5	BBB+	7.8

Notes:
(1) From page 4 of Schedule (ROR)-4.

Source of Information:
Bloomberg Professional Services.

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Comparison of Long-Term Issuer Ratings for the
Proxy Group of Forty-Nine Non-Price Regulated Companies and Proxy Group of Forty-Seven Non-Price Regulated Companies

Proxy Group of Forty-Seven Non-Price Regulated Companies	Moody's Long-Term Issuer Rating February 2025		Standard & Poor's Long-Term Issuer Rating February 2025	
	Long-Term Issuer Rating	Numerical Weighting (1)	Long-Term Issuer Rating	Numerical Weighting (1)
3M Company	A3	7.0	BBB+	8.0
Abbott Laboratories	Aa3	4.0	AA-	4.0
Agilent Technologies, Inc.	Baa1	8.0	BBB+	8.0
Air Products and Chemicals, Inc.	A2	6.0	A	6.0
Allstate Corporation	A3	7.0	BBB+	8.0
Altria Group, Inc.	A3	7.0	BBB	9.0
Analog Devices, Inc.	A2	6.0	A-	7.0
Archer-Daniels-Midland Company	A2	6.0	A	6.0
Assurant, Inc.	Baa2	9.0	BBB	9.0
Brady Corporation	NA	--	NA	--
Broadridge Financial Solutions, Inc.	Baa2	9.0	BBB	9.0
Brown & Brown, Inc.	Baa3	10.0	BBB-	10.0
Brown-Forman Corporation 'B'	A1	5.0	A-	7.0
CACI International Inc	NA	--	BB+	11.0
Cisco Systems, Inc.	A1	5.0	AA-	4.0
Danaher Corporation	A3	7.0	A-	7.0
Dolby Laboratories, Inc.	NA	--	NA	--
Expeditors International	NA	--	NA	--
FactSet Research Systems Inc.	Baa3	10.0	NA	--
Fastenal Company	NA	--	NA	--
Federal Signal Corporation	NA	--	NA	--
Franklin Electric Co., Inc.	NA	--	NA	--
GATX Corporation	Baa2	9.0	BBB	9.0
Gentex Corporation	NA	--	NA	--
Home Depot, Inc.	A2	6.0	A	6.0
Ingredion, Inc.	Baa1	8.0	BBB	9.0
Innospec Inc.	NA	--	NR	--
International Business Machines Corporation	A3	7.0	A-	7.0
Juniper Networks, Inc.	Baa2	9.0	BBB	9.0
Lockheed Martin Corporation	A2	6.0	A-	7.0
Microsoft Corporation	Aaa	1.0	AAA	1.0
Motorola Solutions, Inc.	Baa2	9.0	BBB	9.0
MSA Safety, Inc.	NA	--	NA	--
MSC Industrial Direct Co., Inc.	NA	--	NA	--
O'Reilly Automotive, Inc.	Baa1	8.0	BBB	9.0
Packaging Corporation of America	Baa2	9.0	BBB	9.0
Philip Morris International Inc.	A2	6.0	A-	7.0
Selective Insurance Group, Inc.	Baa2	9.0	BBB	9.0
Sensient Technologies Corporation	WR	--	NR	--
Sherwin-Williams Company	Baa2	9.0	BBB	9.0
Smith Corporation (A.O.)	NA	--	NA	--
Texas Instruments Incorporated	Aa3	4.0	A+	5.0
Thermo Fisher Scientific Inc.	A3	7.0	A-	7.0
UniFirst Corporation	NA	--	NA	--
VeriSign, Inc.	Baa3	10.0	BBB	9.0
Verisk Analytics, Inc.	Baa1	8.0	BBB	9.0
Zoetis, Inc.	A3	7.0	BBB	9.0
Electric CEM Proxy Group Average	A3	7.2	BBB+	7.6

Notes:
(1) From page 4 of Schedule (ROR)-4.

Source of Information:
Bloomberg Professional Services.

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Derivation of Equity Risk Premium Based on the Total Market Approach
Using the Beta for
Non-Price Regulated Companies of Comparable risk to the
Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Fifteen Electric Companies

Line No.	Equity Risk Premium Measure	Proxy Group of Forty-Nine Non-Price Regulated Companies	Proxy Group of Forty-Seven Non-Price Regulated Companies
1.	Kroll Equity Risk Premium (1)	6.10 %	6.10 %
2.	Regression on Kroll Risk Premium Data (2)	6.82	6.82
3.	Kroll Equity Risk Premium based on PRPM (3)	7.32	7.32
4.	Equity Risk Premium Based on Value Line Summary and Index (4)	5.85	5.85
5.	Equity Risk Premium Based on Bloomberg, Value Line, and S&P Global Market Intelligence S&P 500 Companies (5)	9.88	9.88
6.	Conclusion of Equity Risk Premium	7.19 %	7.19 %
7.	Adjusted Beta (6)	0.87	0.88
8.	Forecasted Equity Risk Premium	6.26 %	6.33 %

Notes:
(1) From note 1 of page 6 of Schedule (ROR)-4.
(2) From note 2 of page 6 of Schedule (ROR)-4.
(3) From note 3 of page 6 of Schedule (ROR)-4.
(4) From note 4 of page 6 of Schedule (ROR)-4.
(5) From note 5 of page 6 of Schedule (ROR)-4.
(6) Average of mean and median beta from pages 8-9 of this Schedule.

Sources of Information:
Kroll Cost of Capital Navigator
Value Line Summary and Index.
Blue Chip Financial Forecasts, November 27, 2024 and February 28, 2025
Bloomberg Professional Services.

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Traditional CAPM and ECAPM Results for the Proxy Groups of Non-Price-Regulated Companies Comparable in Total Risk to the
Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Fifteen Electric Companies

Proxy Group of Forty-Nine Non-Price Regulated Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Proxy Group of Forty-Nine Non-Price Regulated Companies	Value Line Adjusted Beta	Bloomberg Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
Abbott Labs.	0.85	0.62	0.73	8.15 %	4.55 %	10.50 %	11.05 %	10.78 %
AbbVie Inc.	0.80	0.49	0.65	8.15	4.55	9.85	10.56	10.21
Air Products & Chem.	0.90	0.89	0.89	8.15	4.55	11.80	12.03	11.92
Alphabet Inc.	0.90	0.98	0.94	8.15	4.55	12.21	12.33	12.27
Altria Group	0.85	0.46	0.66	8.15	4.55	9.93	10.62	10.28
Apple Inc.	0.95	0.93	0.94	8.15	4.55	12.21	12.33	12.27
Assurant Inc.	0.90	0.79	0.84	8.15	4.55	11.40	11.72	11.56
AutoZone Inc.	0.90	0.69	0.80	8.15	4.55	11.07	11.48	11.27
Booz Allen Hamilton	0.90	0.97	0.94	8.15	4.55	12.21	12.33	12.27
Brady Corp.	0.95	0.72	0.83	8.15	4.55	11.32	11.66	11.49
BWX Technologies	0.85	0.87	0.86	8.15	4.55	11.56	11.85	11.70
CACI Int'l	0.90	0.82	0.86	8.15	4.55	11.56	11.85	11.70
Casey's Gen'l Stores	0.90	0.66	0.78	8.15	4.55	10.91	11.36	11.13
Cencora	0.75	0.56	0.65	8.15	4.55	9.85	10.56	10.21
CSW Industrials	0.90	1.26	1.08	8.15	4.55	13.35	13.19	13.27
CVS Health	0.90	0.76	0.83	8.15	4.55	11.32	11.66	11.49
Danaher Corp.	0.90	0.90	0.90	8.15	4.55	11.89	12.09	11.99
Dolby Labs.	0.95	0.89	0.92	8.15	4.55	12.05	12.21	12.13
Exponent, Inc.	1.00	1.14	1.07	8.15	4.55	13.27	13.13	13.20
Fastenal Co.	0.85	0.93	0.89	8.15	4.55	11.80	12.03	11.92
Franklin Electric	0.90	1.01	0.96	8.15	4.55	12.38	12.46	12.42
GATX Corp.	0.95	1.04	1.00	8.15	4.55	12.70	12.70	12.70
Henry (Jack) & Assoc	0.85	0.69	0.77	8.15	4.55	10.83	11.30	11.06
Hunt (J.B.)	0.95	1.07	1.01	8.15	4.55	12.78	12.76	12.77
Huntington Ingalls	0.95	1.04	1.00	8.15	4.55	12.70	12.70	12.70
L3Harris Technologie	0.90	0.85	0.88	8.15	4.55	11.72	11.97	11.85
Landstar System	0.80	0.99	0.90	8.15	4.55	11.89	12.09	11.99
Lockheed Martin	0.85	0.47	0.66	8.15	4.55	9.93	10.62	10.28
McKesson Corp.	0.80	0.66	0.73	8.15	4.55	10.50	11.05	10.78
Microsoft Corp.	0.90	1.03	0.97	8.15	4.55	12.46	12.52	12.49
MSC Industrial Direc	0.90	0.88	0.89	8.15	4.55	11.80	12.03	11.92
Oracle Corp.	0.85	1.36	1.11	8.15	4.55	13.60	13.37	13.49
O'Reilly Automotive	0.90	0.59	0.75	8.15	4.55	10.66	11.17	10.92
OSI Systems	0.95	1.25	1.10	8.15	4.55	13.52	13.31	13.41
Packaging Corp.	0.95	0.79	0.87	8.15	4.55	11.64	11.91	11.77
Pfizer, Inc.	0.80	0.47	0.64	8.15	4.55	9.77	10.50	10.13
Philip Morris Int'l	0.90	0.45	0.67	8.15	4.55	10.01	10.68	10.35
Prestige Consumer	0.90	0.67	0.78	8.15	4.55	10.91	11.36	11.13
Selective Ins. Group	0.90	0.66	0.78	8.15	4.55	10.91	11.36	11.13
Service Corp. Int'l	0.95	0.90	0.92	8.15	4.55	12.05	12.21	12.13
Sherwin-Williams	0.95	1.16	1.05	8.15	4.55	13.11	13.01	13.06
Smith (A.O.)	0.90	0.96	0.93	8.15	4.55	12.13	12.27	12.20
Thermo Fisher Sci.	0.85	0.83	0.84	8.15	4.55	11.40	11.72	11.56
UniFirst Corp.	0.90	0.62	0.76	8.15	4.55	10.75	11.23	10.99
UnitedHealth Group	0.95	0.36	0.65	8.15	4.55	9.85	10.56	10.21
Universal Corp.	0.85	0.68	0.77	8.15	4.55	10.83	11.30	11.06
VeriSign Inc.	0.90	0.67	0.78	8.15	4.55	10.91	11.36	11.13
Waters Corp.	0.90	0.94	0.92	8.15	4.55	12.05	12.21	12.13
Watsco, Inc.	0.90	1.34	1.12	8.15	4.55	13.68	13.44	13.56
		Mean	0.86			11.58 %	11.86 %	11.72 %
		Median	0.87			11.64 %	11.91 %	11.77 %
		Average of Mean and Median	0.87			11.61 %	11.89 %	11.75 %

Notes on page 9 of this Schedule

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Traditional CAPM and ECAPM Results for the Proxy Groups of Non-Price-Regulated Companies Comparable in Total Risk to the
Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Fifteen Electric Companies

Proxy Group of Forty-Seven Non-Price Regulated Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Proxy Group of Forty-Seven Non-Price Regulated Companies	Value Line Adjusted Beta	Bloomberg Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
3M Company	NMF	0.95	0.95	8.15 %	4.55 %	12.29 %	12.40 %	12.34 %
Abbott Laboratories	0.85	0.62	0.73	8.15	4.55	10.50	11.05	10.78
Agilent Technologies, Inc.	0.90	1.02	0.96	8.15	4.55	12.38	12.46	12.42
Air Products and Chemicals, Inc.	0.90	0.89	0.89	8.15	4.55	11.80	12.03	11.92
Allstate Corporation	1.00	0.63	0.81	8.15	4.55	11.15	11.54	11.35
Altria Group, Inc.	0.85	0.46	0.66	8.15	4.55	9.93	10.62	10.28 (4)
Analog Devices, Inc.	1.00	1.19	1.09	8.15	4.55	13.44	13.25	13.34
Archer-Daniels-Midland Company	0.95	0.59	0.77	8.15	4.55	10.83	11.30	11.06
Assurant, Inc.	0.90	0.79	0.84	8.15	4.55	11.40	11.72	11.56
Brady Corporation	0.95	0.72	0.83	8.15	4.55	11.32	11.66	11.49
Broadridge Financial Solutions, Inc.	0.90	0.86	0.88	8.15	4.55	11.72	11.97	11.85
Brown & Brown, Inc.	1.00	0.72	0.86	8.15	4.55	11.56	11.85	11.70
Brown-Forman Corporation 'B'	0.90	0.82	0.86	8.15	4.55	11.56	11.85	11.70
CACI International Inc	0.90	0.82	0.86	8.15	4.55	11.56	11.85	11.70
Cisco Systems, Inc.	0.85	0.81	0.83	8.15	4.55	11.32	11.66	11.49
Danaher Corporation	0.90	0.90	0.90	8.15	4.55	11.89	12.09	11.99
Dolby Laboratories, Inc.	0.95	0.89	0.92	8.15	4.55	12.05	12.21	12.13
Expeditors International	0.90	0.77	0.84	8.15	4.55	11.40	11.72	11.56
FactSet Research Systems Inc.	1.00	0.84	0.92	8.15	4.55	12.05	12.21	12.13
Fastenal Company	0.85	0.93	0.89	8.15	4.55	11.80	12.03	11.92
Federal Signal Corporation	1.00	1.25	1.13	8.15	4.55	13.76	13.50	13.63 (4)
Franklin Electric Co., Inc.	0.90	1.01	0.96	8.15	4.55	12.38	12.46	12.42
GATX Corporation	0.95	1.04	1.00	8.15	4.55	12.70	12.70	12.70
Gentex Corporation	1.00	0.95	0.98	8.15	4.55	12.54	12.58	12.56
Home Depot, Inc.	0.95	1.08	1.01	8.15	4.55	12.78	12.76	12.77
Ingredion, Inc.	0.90	0.71	0.80	8.15	4.55	11.07	11.48	11.27
Innospec Inc.	0.95	1.15	1.05	8.15	4.55	13.11	13.01	13.06
International Business Machines Corporation	0.95	0.77	0.86	8.15	4.55	11.56	11.85	11.70
Juniper Networks, Inc.	0.95	0.62	0.79	8.15	4.55	10.99	11.42	11.20
Lockheed Martin Corporation	0.85	0.47	0.66	8.15	4.55	9.93	10.62	10.28 (4)
Microsoft Corporation	0.90	1.03	0.97	8.15	4.55	12.46	12.52	12.49
Motorola Solutions, Inc.	0.95	0.94	0.94	8.15	4.55	12.21	12.33	12.27
MSA Safety, Inc.	1.00	0.90	0.95	8.15	4.55	12.29	12.40	12.34
MSC Industrial Direct Co., Inc.	0.90	0.88	0.89	8.15	4.55	11.80	12.03	11.92
O'Reilly Automotive, Inc.	0.90	0.59	0.75	8.15	4.55	10.66	11.17	10.92
Packaging Corporation of America	0.95	0.79	0.87	8.15	4.55	11.64	11.91	11.77
Philip Morris International Inc.	0.90	0.45	0.67	8.15	4.55	10.01	10.68	10.35
Selective Insurance Group, Inc.	0.90	0.66	0.78	8.15	4.55	10.91	11.36	11.13
Sensient Technologies Corporation	0.95	0.97	0.96	8.15	4.55	12.38	12.46	12.42
Sherwin-Williams Company	0.95	1.16	1.05	8.15	4.55	13.11	13.01	13.06
Smith Corporation (A.O.)	0.90	0.96	0.93	8.15	4.55	12.13	12.27	12.20
Texas Instruments Incorporated	0.90	1.09	0.99	8.15	4.55	12.62	12.64	12.63
Thermo Fisher Scientific Inc.	0.85	0.83	0.84	8.15	4.55	11.40	11.72	11.56
UniFirst Corporation	0.90	0.62	0.76	8.15	4.55	10.75	11.23	10.99
VeriSign, Inc.	0.90	0.67	0.78	8.15	4.55	10.91	11.36	11.13
Verisk Analytics, Inc.	0.90	0.72	0.81	8.15	4.55	11.15	11.54	11.35
Zoetis, Inc.	1.00	0.86	0.93	8.15	4.55	12.13	12.27	12.20
		Mean	0.88			11.73 %	11.97 %	11.88 %
		Median	0.88			11.72 %	11.97 %	11.89 %
		Average of Mean and Media	0.88			11.73 %	11.97 %	11.89 %

Notes:
(1) From note 1 of page 2 of Schedule (ROR)-5.
(2) From note 2 of page 2 of Schedule (ROR)-5.
(3) Average of CAPM and ECAPM cost rates.
(4) Results were excluded from the final average and median as they were more than two standard deviations from the proxy group's mean.

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Derivation of Investment Risk Adjustment Based upon
Ibbotson Associates' Size Premia for the Decile Portfolios of the NYSE/AMEX/NASDAQ

Line No.			[1] Market Capitalization on February 28, 2025 (1) (millions)			[2] Applicable Decile of the NYSE/AMEX/ NASDAQ (2)	[3] Applicable Size Premium (3)	[4] Spread from Applicable Size Premium (4)
1.	a.	Valley Energy, Inc.	$ 18.603			10	4.47%	
	b.	Citizens' Electric Company of Lewisburg, PA	$ 18.097			10	4.47%	
	c.	Wellsboro Electric Company	$ 24.787			10	4.47%	
2.	a.	Proxy Group of Seven Natural Gas Distribution Companies	$ 4,721.136	253.8	x	5	0.74%	3.73%
	b.	Proxy Group of Fifteen Electric Companies	$ 16,525.930	913.2	x	3	0.49%	3.98%
	c.	Proxy Group of Fifteen Electric Companies	$ 16,525.930	666.7	x	3	0.49%	3.98%
				[A]		[B]	[C]	[D]

	Decile	Market Capitalization of Smallest Company (millions)	Market Capitalization of Largest Company (millions)	Size Premium (Return in Excess of CAPM)*
Largest	1	$ 47,156.530	$ 3,522,211.140	-0.01%
	2	20,191.220	46,949.060	0.33%
	3	9,937.940	20,178.360	0.49%
	4	6,196.710	9,937.350	0.50%
	5	3,948.050	6,181.270	0.74%
	6	2,481.780	3,946.150	1.00%
	7	1,422.890	2,464.500	1.19%
	8	731.190	1,417.450	0.88%
	9	304.620	729.920	1.73%
Smallest	10	1.110	304.480	4.47%

*From 2025 Kroll Cost of Capital Navigator

Notes:

(1) From page 2 of this Exhibit.
(2) Gleaned from Columns [B] and [C] on the bottom of this page. The appropriate decile (Column [A]) corresponds to the market capitalization of the proxy group, which is found in Column [1].
(3) Corresponding risk premium to the decile is provided in Column [D] on the bottom of this page.
(4) Line No. 1 Column [3] – Line No. 2 Column [3]. For example, the 3.73% in Column [4], Line No. 2 is derived as follows 3.73% = 4.47% - 0.74%.

Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company
Market Capitalization of Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company and the
Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Fifteen Electric Companies

Company	Exchange	[1] Common Stock Shares Outstanding at Fiscal Year End 2024 (millions)	[2] Book Value per Share at Fiscal Year End 2023 (1)	[3] Total Common Equity at Fiscal Year End 2024 (millions)	[4] Closing Stock Market Price on February 28, 2025	[5] Market-to-Book Ratio on February 28, 2025 (2)	[6] Market Capitalization on February 28, 2025 (3) (millions)
Valley Energy, Inc.		NA	NA	$ 11.462 (4)	NA		
Citizens' Electric Company of Lewisburg, PA		NA	NA	$ 9.022 (4)	NA		
Wellsboro Electric Company		NA	NA	$ 12.356 (4)	NA		
Based upon Proxy Group of Seven Natural Gas Distribution Companies						162.3 (5)	$ 18.603 (6)
Based upon Proxy Group of Fifteen Electric Companies						200.6 (5)	$ 18.097 (6)
Based upon Proxy Group of Fifteen Electric Companies						200.6 (5)	$ 24.787 (6)
Proxy Group of Seven Natural Gas Distribution Companies							
Atmos Energy Corporation	NYSE	148.49	$ 73.203	$ 10,870.06	$ 152.13	207.8 %	$ 22,590.207
New Jersey Resources Corporation	NYSE	97.58	20.40	1,990.74	48.38	237.20	4,721.14
NiSource Inc.	NYSE	447.38	17.40	7,783.50	40.81	234.60	18,257.65
Northwest Natural Holding Company	NYSE	37.63	34.12	1,283.84	40.88	119.80	1,538.36
ONE Gas, Inc.	NYSE	56.55	48.91	2,765.88	75.15	153.60	4,249.43
Southwest Gas Holdings, Inc.	NYSE	71.56	46.25	3,310.04	75.05	162.30	5,370.86
Spire Inc.	NYSE	53.17	54.87	2,917.30	76.86	140.10	4,086.66
Median		71.564	$ 46.253	$ 2,917.300	$ 75.050	162.3 %	$ 4,721.136
Proxy Group of Fifteen Electric Companies							
Alliant Energy Corporation	NASDAQ	256.10	$ 26.463	$ 6,777.00	$ 64.53	243.8 %	$ 16,525.930
Ameren Corporation	NYSE	266.30	42.62	11,349.00	101.56	238.30	27,045.43
American Electric Power Corporation	NASDAQ	526.18	47.98	25,246.70	106.05	221.00	55,801.88
Duke Energy Corporation	NYSE	771.00	61.15	47,150.00	117.49	192.10	90,584.79
Edison International	NYSE	383.92	36.02	13,828.00	54.44	151.20	20,900.87
Entergy Corporation	NYSE	212.85	68.70	14,622.65	87.31	127.10	18,583.81
Evergy, Inc.	NASDAQ	229.73	42.06	9,663.10	68.91	163.80	15,830.65
IDACORP, Inc.	NYSE	50.62	57.45	2,907.57	117.91	205.30	5,968.04
North Western Corporation	NASDAQ	64.76	43.01	2,785.31	55.93	130.00	3,622.13
OGE Energy Corporation	NYSE	200.30	22.52	4,511.60	46.28	205.50	9,269.88
Pinnacle West Capital Corporation	NYSE	113.54	54.41	6,177.66	92.54	170.10	10,506.78
Portland General Electric Company	NYSE	101.16	32.81	3,319.00	44.83	136.60	4,534.99
Southern Company	NYSE	1,092.00	28.80	31,444.00	89.79	311.80	98,050.68
TXNM Energy, Inc.	NYSE	90.20	26.04	2,349.09	52.25	200.60	4,712.97
Xcel Energy Inc.	NASDAQ	554.94	31.75	17,617.00	72.10	227.10	40,011.30
Median		229.729	$ 42.063	$ 9,663.100	$ 72.100	200.6 %	$ 16,525.930

NA= Not Available

Notes: (1) Column 3 / Column 1.
(2) Column 4 / Column 2.
(3) Column 1 * Column 4.
(4) Requested rate base multiplied by the requested common equity ratio
(5) The market-to-book ratio of Valley Energy, Inc. / Citizens' Electric Company of Lewisburg, PA / Wellsboro Electric Company on February 28, 2025 is assumed to be equal to the market-to-book ratio of Proxy Group of Seven Natural Gas Distribution Companies and Proxy Group of Fifteen Electri
(6) Column [3] multiplied by Column [5].

Source of Information: 2024 Annual Forms 10K
Bloomberg Professional

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Citizens' Statement No. 3
Wellsboro Statement No. 3
Valley Statement No. 3

BEFORE
THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**		
	:		
v.	**:**	**Docket Nos.**	**R-2025-_____**
	:		**R-2025-_____**
Citizens' Electric Company of Lewisburg, PA	**:**		**R-2025-_____**
Wellsboro Electric Company	**:**		
and Valley Energy, Inc.	**:**		

DIRECT TESTIMONY

AND EXHIBITS

OF

MELISSA SULLIVAN

ON BEHALF OF

CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA
WELLSBORO ELECTRIC COMPANY
AND
VALLEY ENERGY, INC.

APRIL 30, 2025

BEFORE
THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**		
	:		
v.	**:**	**Docket Nos.**	**R-2025**
	:		**R-2025**
Citizens' Electric Company of Lewisburg, PA	**:**		**R-2025**
Wellsboro Electric Company	**:**		
and Valley Energy, Inc.	**:**		

DIRECT TESTIMONY OF MELISSA SULLIVAN
ON BEHALF OF CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA,
WELLSBORO ELECTRIC COMPANY, AND VALLEY ENERGY, INC.

Q. Please state your name and business address.

A. My name is Melissa Sullivan and my business address is 33 Austin Street, Wellsboro, Pennsylvania.

Q. By whom are you employed?

A. I am employed by C&T Enterprises, Inc. ("C&T"), as the Chief Financial Officer ("CFO").

Q. What are your duties in that capacity?

A. As CFO, I have a number of duties, including: administering C&T's financial activities; reporting to C&T's Chief Executive Officers and Board of Directors regarding C&T's financial condition and making recommendations when required; providing accounting support to the affiliated companies; arranging long-term and short-term financing for C&T's affiliates; reviewing the operating companies' monthly financial statements and consolidating the financial statements quarterly for C&T's officers, directors and lending institutions review; assisting each accounting department with preliminary and year-end audits; reviewing and consolidating annual budgets and supplying the operating companies with projections for shared services and long-term and short-term debt service projections;

and attending at least one Board of Directors meeting for each operating company to review audited financials and provide an update on C&T. In addition, I have responsibility for the oversight of regulatory activities of C&T's affiliates: Citizens' Electric Company of Lewisburg, PA ("Citizens'"); Wellsboro Electric Company ("Wellsboro"); and Valley Energy, Inc. ("Valley") (collectively, "Companies"). Regulatory activities include annual Pennsylvania Public Utility Commission ("PUC" or "Commission") reporting, securities certificate filings, rate filings, Public Utility Realty Tax Act ("PURTA") filings, State Tax Adjustment Surcharge ("STAS") filings and Generation Supply Service Rate ("GSSR")/Gas Cost Rate ("GCR") filings and GSSR/GCR audits.

Q. Please describe your employment and educational background.

A. I have a Bachelor of Science degree in Business Administration and Industrial Relations (Human Resources) from Clarion University of Pennsylvania as well as a Master of Science degree in Business Leadership from Wilkes University. I began my career as Business Manager at Galeton Area School District in 2007 and remained there until 2013. In 2013, I accepted a position at Mansfield University of Pennsylvania as Human Resources Manager working directly with the Director of Human Resources and other top officers. In 2014, due to cutbacks at the University, I began serving as Director of Human Resources at SMC Powder Metallurgy, where I remained until taking the position as Chief Financial Officer at C&T Enterprises, Inc. in 2018.

Q. What are your responsibilities with respect to this filing?

A. I am responsible for coordinating the internal and external resources for this case, including legal, consulting, auditing and company support.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to explain C&T's roles and procedures as the management services company, and to discuss the history and circumstances surrounding C&T's acquisition of the three operating companies that are seeking rate relief (Citizens', Wellsboro, and Valley). I will also discuss affiliate transactions, financing and tax issues.

Q. Did you provide information to other witnesses to prepare their testimony for this proceeding?

A. Yes. Mr. Gorman, Mr. D'Ascendis and the Citizens', Wellsboro and Valley witnesses rely upon certain information that I provided.

HISTORY OF C&T AND ACQUISITIONS

Q. Please explain the relationship between C&T and the affiliates.

A. C&T is a for-profit subsidiary of Claverack Rural Electric Cooperative ("Claverack") and Tri-Country Rural Electric Cooperative ("Tri-County"). C&T was formed in 1998 to facilitate the purchase of Citizens'. C&T now owns all of the stock of Citizens', Wellsboro and Valley. Charts showing the current corporate family structures are attached as Exhibit __ (MS-1). Also included in Exhibit __ (MS-1) is a description of each entity within the C&T family.

Q. Could you please provide a brief history of each of the affiliate acquisitions by C&T?

A. As noted above, C&T was originally formed by Tri-County and Claverack in 1998 to acquire Citizens'. On February 8, 1999, C&T completed a stock purchase acquiring approximately 99% of Citizens' stock. Subsequently, C&T acquired the remaining shares. On March 10, 1994, Tri-County formed Wilderness Area Utilities, Inc. ("Wilderness"), to acquire Wellsboro. On January 4, 1995, Wilderness completed a stock purchase acquiring

100% of Wellsboro. On January 1, 2005, Tri-County transferred 100% ownership of its common stock in Wilderness to C&T. Wilderness then transferred 100% of its stock in Wellsboro to C&T and Wilderness was subsequently inactivated.

C&T formed Valley on October 17, 2000, to facilitate the purchase of the assets of Valley Cities Gas and Waverly Gas Service from NUI Corporation. On November 7, 2002, the transaction was completed and Valley assumed ownership of the assets and began operation. C&T's most recent consolidated financial statements for the years ending 2023 and 2024 are included in Volume III as Joint Confidential Exhibit 1.

Q. Do you have any comments on the capital structures that exist for each operating company?

A. Yes. Attached as Exhibit__(MS-2) is a comparison of the capital structures for Citizens', Wellsboro, Valley and C&T (consolidated) for the HTY, FTY and FPFTY. C&T's three PUC-regulated subsidiaries have different capital structures, due to the historic financial practices of each particular subsidiary prior to C&T's acquisition, the amount of debt that has been incurred since acquisition to fund system improvements, and/or the deal structure for the acquisition. All three C&T subsidiaries have rate cases pending before the Commission. As the shareholder for all three utilities, C&T believes that it is fair and appropriate to adopt a reasonable hypothetical capital structure in each case to ensure that the interests of shareholders and ratepayers are balanced with respect to all three of its PUC-regulated subsidiaries. Mr. D'Ascendis' and Mr. Kucan's testimony explains the hypothetical capital structure that is appropriate for Citizens', Wellsboro, and Valley.

C&T SERVICES PROVIDED TO CITIZENS', WELLSBORO, AND VALLEY

Q. Please describe the services that C&T provides the affiliates.

A. In addition to being the parent holding company, C&T currently provides various management services to its affiliates. These services include shared services such as legal/regulatory; human resources and payroll; communications; call center; information technology; cyber-security; and safety oversight.

Q. Are there Affiliated Interest Agreements that address the services provided among the C&T entities?

A. Yes. There is an Affiliated Interest Agreement ("AIA") that was executed by all of the C&T entities (including the cooperatives) in 2022. A copy of the AIA is attached as Exhibit__(MS-3). C&T has a more detailed Contract for Services with each subsidiary that implements the AIA. The Contracts for Services for Citizens', Wellsboro and Valley are attached as Exhibits__(MS-4) (Citizens'), __(MS-5) (Wellsboro) and __(MS-6) (Valley). Please note that the schedule containing confidential salary and overhead information for specific positions has been redacted from each of these exhibits; however, the schedules are included in Volume III of the filings as Citizens' Confidential Exhibit 1, Wellsboro Confidential Exhibit 1 and Valley Confidential Exhibit 1

Q. How does C&T determine the wages and benefits that are billed to each of the affiliates for these assigned employees?

A. The affiliates choose their employees, but the official "employer" for all non-union employees is C&T. The wages and benefits billed to Citizens', Wellsboro and Valley for the C&T employees are a direct assignment of the salaries and benefits provided to the

particular employees by C&T. This applies only to non-union positions. Wellsboro's linemen are union employees that are employed directly by Wellsboro.

With the exception of the salaries for the CEOs of Claverack, Tri-County and the three subsidiaries, which are established by the respective Boards of Directors, C&T applies its recently-updated Wage & Salary Study to determine the salaries for each of its employees. The Companies' witnesses discuss the development of the study and how it impacted their FTY and FPFTY expenses.

Each year, our human resources department monitors general wage and salary trends. After consideration of these factors, C&T's Board of Directors, upon the recommendation of the human resources department and C&T's management oversight committee, determines the annual base salary plan maintenance adjustment to be applied to the pay rates of each employee. The CEOs of Citizens', Wellsboro and Valley are part of the oversight committee.

Based on performance, an employee may be awarded a merit increase or bonus. The CEO of the individual operating companies approve merit increases and bonuses when appropriate for their employees. Finally, a third-party consultant will be providing annual updates to the Wage & Salary Study that may result in targeted adjustments for certain positions based on the labor market for the particular position.

Q. Did you provide the Companies with an estimate of the base salary increase for the FPFTY?

A. Yes. Based on the historical increases approved by the Board of Directors, a 3% increase is a reasonable projection. The historic annual base salary plan maintenance increases for

the last five years are set forth in Joint Confidential Exhibit 2, which has been submitted with other confidential exhibits as Volume III of this filing.

Q. Please discuss the benefits costs for employees.

A. All full-time C&T employees assigned to the Companies are eligible for the benefits provided by C&T regardless of the operating company to which they are assigned. C&T negotiates with the providers for bulk benefit packages and premiums. The benefits for the C&T employees at Citizens', Wellsboro and Valley include: medical, vision, dental, short-term disability, long-term disability, pension and a 401(k) match.

Our pension plan, 401k, short-term disability insurance, and long-term disability insurance are provided through the National Rural Electric Cooperative Association ("NRECA"). We annually evaluate the options for health, dental and vision insurance with the assistance of an insurance broker. We also pursue negotiations regarding any insurance premium adjustments to request credits for longevity and other factors. C&T passes through the actual benefit costs of each employee.

Q. How did you forecast benefit costs for the FPFTY?

A. For the C&T Shared Services employees, we included a 3% increase.

Q. How has C&T historically billed the operating companies for the various employees and services provided?

A. When possible, C&T attempts to directly assign costs to the operating companies. If direct assignment is not administratively feasible, then we develop another reasonable allocation methodology consistent with the approved affiliated-interest agreements.

Wages are billed monthly based on weekly time sheets submitted by each operating company. The operating companies are billed for the direct and indirect labor expenses

for their employees. All employee benefits are arranged for and paid by C&T. The premiums for medical, prescription, vision, dental, life insurance, and contributions to the pension fund are directly assigned to the companies based on which company the employee is assigned. All other benefits are allocated monthly based on percentage of payroll.

C&T SHARED SERVICES

Q. Please provide a more detailed description of the "shared services" that the affiliates have access to from C&T.

A. The shared services provided by C&T are described in Exhibit__(MS-1) and include the following: human resources and payroll, information technology, communications, call center, controller, safety compliance, and legal/regulatory. These departments perform numerous services for the operating companies.

Human resources and payroll are responsible for employee wages and benefits. They complete bi-weekly payrolls, maintain employee personnel files, process insurance claims, counsel employees on benefits, handle job vacancies, administer evaluations and complete all payroll tax returns and other reports.

The information technology department lends support for the software and hardware used by the affiliates. They also purchase required software and hardware. They are the liaison between the operating companies and tech support of the third-party billing and accounting software companies. We also recently created an internal position for a Director of Cybersecurity, which oversees cybersecurity and network integrity. The costs for this function are allocated as a subset of the IT function costs.

Communications assists with public relations, preparing customer newsletters and other communications and coordinating press inquiries.

Customers of all entities in the C&T family can contact the Call Center after normal working hours to report outages and emergencies.

The legal/regulatory department provides corporate legal and regulatory support for C&T and its subsidiaries. This includes regulatory filings, PUC comments and working groups, assistance with various contracts (vendor and customer), regulatory and business strategy and other matters.

I have already detailed the activities of the controller's department. My assistance in these rate filings and on other regulatory and financial issues is part of the shared services that C&T provides.

Q. What are the advantages of providing the C&T affiliates with the shared services?

A. There are several advantages. First, the shared services are functions that any single entity within the C&T family may not be able to support on a stand-alone basis. For example, Citizens', Wellsboro, and Valley likely would not be able to justify having a person dedicated to human resources when viewed separately; however, when the needs of the entire C&T family are assessed, the six companies clearly can justify a person dedicated to human resources. The people filling our shared services functions have specialized knowledge on highly technical issues due, largely, to their ability to devote their entire attention to the particular topic.

Second, the personnel at C&T who provide this advice have the experience of working with three PUC-regulated entities and two non-PUC-regulated entities with a combined workforce in excess of 200 employees, more than 61,000 combined customers and combined 2021 revenues exceeding $106.5 million. These shared resources enable C&T

and its affiliates to implement more standardized solutions reflecting the "best practices" of all of the affiliated companies.

Q. How has C&T historically billed the operating companies for the shared services?

A. Salaries and benefits for shared services (except the Controller Department) are billed monthly based on a pro-rata comparison of the number of active meters and the revenues for each operating company during the previous year, as follows: 60% active meters and 40% revenue. Under the implementation plan approved by the Bureau of Audits in 2007, the expenses for the shared services and other C&T administrative expenses (other than salaries and benefits) are being allocated based on the same formula as above and billed monthly. The Controller's Department is allocated one-third to each regulated operating company. No allocation is made to Tri-County or Claverack because none of the controller's activities are performed for them.

Call Center charges are billed monthly based on a flat charge plus a nominal amount for incoming and outgoing calls attributed to the particular operating company.

Q. How do the companies allocate the costs for the Legal/Regulatory function?

A. The cost allocation for the legal/regulatory function reflects the anticipated activities for this department. Specifically, 10% of the costs of this function are classified as relating to the operation of the C&T corporation. That 10% is allocated among the member organizations using the meters/revenue allocation that is used for the other C&T Shared Support Services (except Treasury/Corporate Finance and Call Center). The remaining 90% of the Legal/Regulatory department costs are allocated 1/3, 1/3, 1/3 to Citizens', Valley and Wellsboro, like the allocation of the Treasury/Corporate Finance department costs. To appropriately account for any projects or activities done for Claverack and Tri-

County, the Legal/Regulatory department tracks the hours on those projects. Claverack and Tri-County compensate C&T for the tracked Legal/Regulatory hours, and those payments are used to offset the costs allocated to Citizens', Valley and Wellsboro.

Q. Did you compile an exhibit with historic affiliate charges between C&T and Citizens', Wellsboro and Valley?

A. Yes. Volume III includes Joint Confidential Exhibit 3 with the inter-affiliate charges by month for the last three years.

FINANCING AND OTHER BENEFITS OF C&T STRUCTURE

Q. How does the C&T relationship enhance financing options for Citizens', Wellsboro and Valley?

A. C&T's relationship with Tri-County and Claverack provides C&T access to reasonable cost financing with better terms. C&T offers this financing to the operating companies. Also, C&T has obtained reasonable premiums for Directors & Officers ("D&O"), liability, and property insurance for its electric affiliates through Federated Rural Electric Cooperative Insurance Company.[1] The parent companies (C&T, Claverack and Tri-County) also provide parental guarantees when necessary for various contracts such as Citizens' and Wellsboro's wholesale electricity supply agreements, thus reducing the operating companies' need to access independent or third-party financing for these arrangements. Citizens', Wellsboro, and Valley each have access from C&T to a $14 million short-term line of credit.

[1] Federated does not provide certain types of insurance for natural gas companies.

Q. Please describe the financing arrangements that C&T has in place for Citizens', Wellsboro, and Valley.

A. Due to its affiliation with Tri-County and Claverack, C&T is able to borrow funds for Citizens', Wellsboro's and Valley's use from the National Cooperative Services Corporation ("NCSC"). NCSC is a lending institution formed by the Cooperative Finance Corporation to address the financing needs of for-profit affiliates of rural electric cooperatives. C&T borrows funds from NCSC on behalf of Citizens', Wellsboro, and Valley. Currently, C&T has approximately $35.2 million in outstanding debt with NCSC on behalf of its subsidiaries. Citizens', Wellsboro, and Valley guarantee this debt with their assets and stock.

Q. Have you compiled a list of all outstanding loans between C&T and Citizens', Wellsboro and Valley?

A. Yes. Attached as Exhibit__(MS-7) is a table with the outstanding debt, original value, current outstanding, issuance date, maturity date and interest rate for all three affiliates.

Q. What requirements or covenants does NCSC place on C&T?

A. In addition to the standard Affirmative and Negative Covenants, NCSC requires C&T to meet certain financial ratios, such as an annual Debt Service Coverage ("DSC") ratio on a consolidated basis of not less than l.15, and an Equity Ratio. NCSC also requires quarterly financial reporting on a consolidated basis and an audited annual report for each subsidiary. By January 31 of each calendar year each subsidiary must provide an updated five-year financial plan.

Other covenants include that C&T shall not declare or make any dividend payments without the written consent of NCSC. Without the prior written consent of NCSC, C&T

shall not cause or permit any subsidiary to: (i) consolidate with, merge, or sell all or substantially all of its business or assets, to another entity or person, or (ii) acquire the assets of another business or entity. Finally, C&T must notify NCSC of any changes in its management agreements with any of its affiliates and shall submit copies of such revised agreements to NCSC.

Q. Will the requested rate relief be viewed positively by C&T's lender?

A. Yes. As discussed above, NCSC actively monitors the financial condition of C&T and its subsidiaries. Improving Citizens', Wellsboro's, and Valley's financial conditions through the requested rate relief will contribute to C&T's ability to continue meeting its loan covenants and also influence the amount of financing that NCSC may be willing to provide C&T and its subsidiaries in the future for various purposes. Finally, by ensuring that the Companies' rates provide the Companies with the opportunity to earn a fair return, the companies may be able to fund some capital improvements without incurring additional debt.

TAX MATTERS

Q. Does C&T submit a consolidated federal tax filing?

A. Yes. We submit a federal filing that consolidates C&T, Citizens', Wellsboro and Valley for tax purposes. A copy of our most recent tax filing is included in Volume III as Joint Confidential Exhibit 4. Each of the companies files a separate state income tax return.

Q. Does this complete your Direct Testimony?

A. Yes.

Citizens' Statement No. 3
Wellsboro Statement No. 3
Valley Statement No. 3

BEFORE
THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**		
	:		
v.	**:**	**Docket Nos.**	**R-2025-_____**
	:		**R-2025-_____**
Citizens' Electric Company of Lewisburg, PA	**:**		**R-2025-_____**
Wellsboro Electric Company	**:**		
and Valley Energy, Inc.	**:**		

EXHIBITS

OF

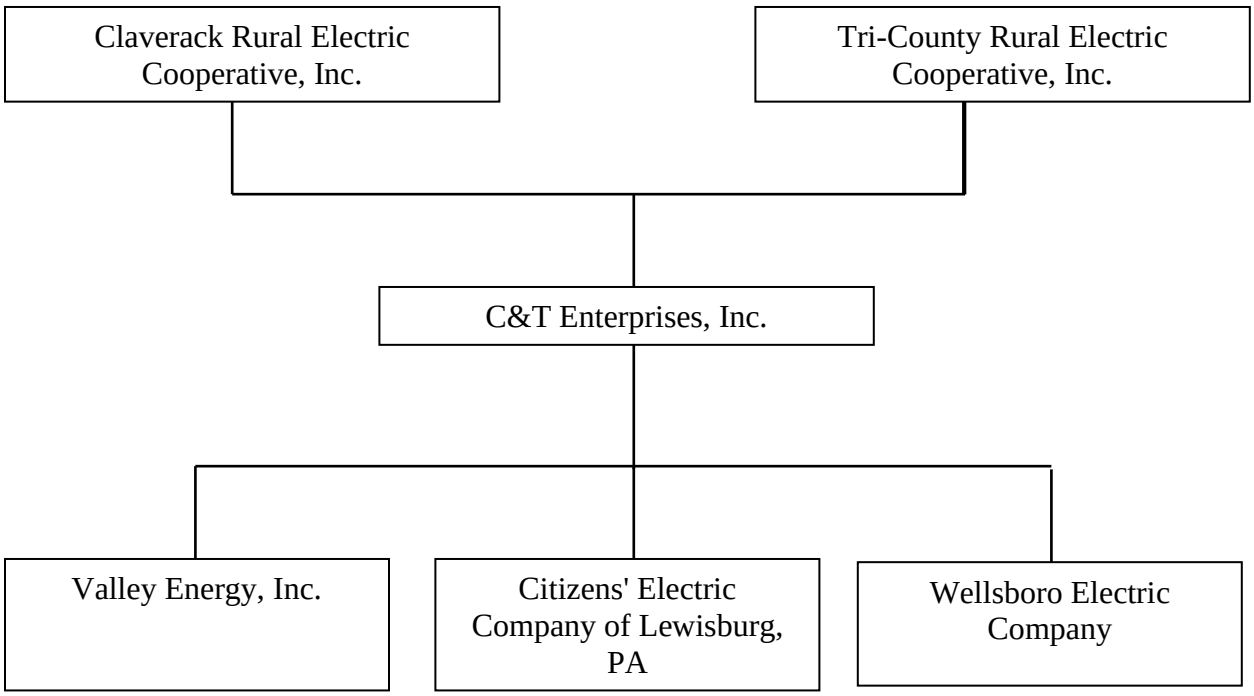
MELISSA SULLIVAN

ON BEHALF OF

DIRECT TESTIMONY OF MELISSA SULLIVAN
ON BEHALF OF CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA,
WELLSBORO ELECTRIC COMPANY, AND VALLEY ENERGY, INC.

APRIL 30, 2025

C&T ENTERPRISES, INC.
CORPORATE CHART



DESCRIPTION OF
C&T ENTERPRISES CORPORATE CHART

Citizens' Electric Company of Lewisburg, Inc.

Citizens' is an investor-owned, for-profit electric utility incorporated under the laws of Pennsylvania. Citizens' serves approximately 7,150 customers in and around Lewisburg, Pennsylvania, in a 55 square mile territory in Northumberland and Union Counties. Approximately eighty-three percent (83%) of Citizens' customers are residential, with the remaining seventeen percent (17%) of customers being commercial, small industrial, or lighting customers. Citizens' is subject to regulation by the Pennsylvania Public Utility Commission ("PUC" or "Commission").

Claverack Rural Electric Cooperative, Inc.

Claverack is a member-owned rural electric cooperative incorporated under the Pennsylvania Electric Cooperative Corporation Act of 1937 providing service to approximately 19,100 meters in an eight-county region in northeastern Pennsylvania. Its service area is approximately 1,820 square miles in area. Claverack's service area includes all or parts of the following counties: Bradford, Lackawanna, Luzerne, Lycoming, Sullivan, Susquehanna, Tioga and Wyoming. Approximately ninety (90%) of Claverack's customers are residential or seasonal customers.

C&T Enterprises, Inc.

C&T is a Pennsylvania business corporation originally established for the acquisition of Citizens' stock and generally for the management of Citizens' electric utility operations. C&T currently functions as a public utility holding company and a management services company for the Group Members.

Tri-County Rural Electric Cooperative, Inc.

Tri-County is a member-owned rural electric cooperative incorporated under the Pennsylvania Electric Cooperative Corporation Act of 1937. Tri-County provides electric service to approximately 19,600 meters in the following counties in northcentral Pennsylvania: Bradford, Cameron, Clinton, Lycoming, McKeon, Potter and Tioga. Tri-County's service territory is

approximately 4,484 square miles in area. The Rural Utility Service, Office of the United States Department of Agriculture, provides administrative oversight of Tri-County's operations.

Valley Energy, Inc.

Valley is a for-profit, investor-owned public utility incorporated under the laws of Pennsylvania. Valley has two operating divisions: VE-PA and VE-NY. VE-PA is engaged in the business of supplying and distributing natural gas to approximately 6,500 residential customers, 850 commercial and industrial customers, and 73 transportation customers. VE-PA's service territory is in and around Sayre, Pennsylvania, in northcentral Pennsylvania. VE-PA is subject to regulation by the Commission.

VE-NY is a for-profit, investor-owned public utility incorporated under the laws of Pennsylvania. VE-NY is engaged in the business of supplying and distributing natural gas to approximately 1,800 residential and 200 commercial and industrial customers. VE-NY's service area is in and around Waverly, New York. VE-NY is subject to regulation by the New York Public Service Commission.

Wellsboro Electric Company

Wellsboro is a for-profit, investor owned utility rendering electric utility service in the Borough of Wellsboro, Pennsylvania and surrounding communities. Wellsboro serves approximately 6,400 customers, of which approximately eighty percent (80%) are residential and nineteen percent (20%) are commercial or industrial. Wellsboro is regulated by the PUC.

C&T ENTERPRISES CONSOLIDATED COMPANIES
CALCULATION OF CAPITAL STRUCTURE AND RELATED RATIOS
2022 - 2026

2022	CITIZENS ELECTRIC CO.		WELLSBORO ELECTRIC CO.		VALLEY ENERGY (PA)		C&T CONSOLIDATED (Elimination Entries Reflected)	
	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios
Total Debt	$ 2,359	14.90%	$ 14,294	74.93%	$ 6,477	32.51%	$ 31,932	50.64%
Total Preferred / Preference Stock	$ -	0.00%	$ 130	0.68%	$ -	0.00%	$ -	0.00%
Total Common Equity	$ 13,461	85.10%	$ 4,654	24.39%	$ 14,907	67.49%	$ 31,124	49.36%
Total Capital	$ 15,820	100.00%	$ 19,078	100.00%	$ 21,384	100.00%	$ 63,056	100.00%

2023	CITIZENS ELECTRIC CO.		WELLSBORO ELECTRIC CO.		VALLEY ENERGY (PA)		C&T CONSOLIDATED (Elimination Entries Reflected)	
	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios
Total Debt	$ 2,108	13.34%	$ 16,543	75.35%	$ 5,709	28.77%	$ 32,835	50.26%
Total Preferred / Preference Stock	$ -	0.00%	$ 126	0.59%	$ -	0.00%	$ -	0.00%
Total Common Equity	$ 13,697	86.66%	$ 5,282	24.06%	$ 15,655	71.23%	$ 32,489	49.74%
Total Capital	$ 15,805	100.00%	$ 21,951	100.00%	$ 21,364	100.00%	$ 65,324	100.00%

2024	CITIZENS ELECTRIC CO.		WELLSBORO ELECTRIC CO.		VALLEY ENERGY (PA)		C&T CONSOLIDATED (Elimination Entries Reflected)	
	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios
Total Debt	$ 5,160	26.96%	$ 20,822	79.84%	$ 7,785	33.91%	$ 41,624	55.21%
Total Preferred / Preference Stock	$ -	0.00%	$ 126	0.48%	$ -	0.00%	$ -	0.00%
Total Common Equity	$ 13,983	73.04%	$ 5,132	19.68%	$ 16,483	66.09%	$ 33,763	44.79%
Total Capital	$ 19,143	100.00%	$ 26,080	100.00%	$ 24,268	100.00%	$ 75,387	100.00%

2025	CITIZENS ELECTRIC CO.		WELLSBORO ELECTRIC CO.		VALLEY ENERGY (PA)		C&T CONSOLIDATED (Elimination Entries Reflected)	
	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios
Total Debt	$ 4,897	26.05%	$ 19,351	80.51%	$ 7,522	33.39%	$ 39,009	54.98%
Total Preferred / Preference Stock	$ -	0.00%	$ 126	0.52%	$ -	0.00%	$ -	0.00%
Total Common Equity	$ 13,903	73.95%	$ 4,558	18.96%	$ 15,009	66.61%	$ 31,944	45.02%
Total Capital	$ 18,800	100.00%	$ 24,035	100.00%	$ 22,531	100.00%	$ 70,953	100.00%

2026	CITIZENS ELECTRIC CO.		WELLSBORO ELECTRIC CO.		VALLEY ENERGY (PA)		C&T CONSOLIDATED (Elimination Entries Reflected)	
	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios	Total Company Actual Amount Outstanding (Thousands of Dollars)	Ratios
Total Debt	$ 4,634	24.34%	$ 18,915	77.33%	$ 9,230	36.35%	$ 35,570	51.92%
Total Preferred / Preference Stock	$ -	0.00%	$ 126	0.52%	$ -	0.00%	$ -	0.00%
Total Common Equity	$ 14,401	75.66%	$ 5,420	22.16%	$ 16,162	63.65%	$ 32,943	48.08%
Total Capital	$ 19,035	100.00%	$ 24,461	100.00%	$ 25,392	100.00%	$ 68,513	100.00%

AFFILIATED INTEREST AGREEMENT

Agreement dated as of this 31st day of May, 2022, between Citizens' Electric Company of Lewisburg, PA ("Citizens'), Wellsboro Electric Company ("WECO"), Valley Energy, Inc. – Pennsylvania Division ("VE-PA"), Valley Energy, Inc. – New York Division ("VE-NY"), C&T Enterprises, Inc. ("C&T"), Tri-County Rural Electric Cooperative, Inc. ("Tri-County"), and Claverack Rural Electric Cooperative, Inc. ("Claverack"), which are collectively referred to herein as the "Group" or individually as "Member".

Citizens', WECO and VE-PA are public utilities regulated by the Pennsylvania Public Utility Commission ("PUC-regulated Members"). VE-NY is a public utility regulated by the New York Public Service Commission. The other Members noted above do not provide public utility services that are subject to the jurisdiction of a state regulatory agency. A description of each Member is included as Attachment A. A corporate organization chart is included as Attachment B.

From time to time, Citizens', WECO, VE-PA, VE-NY, C&T, Claverack, and Tri-County may provide equipment for use by other Members and/or furnish services consistent with the categories specified herein and have agreed to the amounts to be paid.

Now, therefore, in consideration of the mutual covenants herein, the parties hereto agree as follows:

ARTICLE I

SERVICES PROVIDED AMONG GROUP MEMBERS ON TEMPORARY BASIS

Members of the Group may furnish personnel, equipment, and other resources on temporary basis to other Members of the Group. These services include C&T Shared Support

Services: Treasury/Corporate Finance, Human Resources, Information Technology, , Corporate Communication, Safety and Compliance, Call Center, Legal/Regulatory; and Group Member Services: Management, Construction, and Engineering. The rates and charges for such services shall be the lower of market or actual cost.

ARTICLE II

PAYMENT OF CHARGES FOR GROUP MEMBER SERVICES

A. Services. A Member of the Group receiving services hereunder shall pay to the Member providing said services the actual cost thereof or a market rate, whichever is less. Payment for services rendered by personnel for another Member or in common with another Member shall be based on actual time spent by such personnel as reflected in their daily time sheets or other reasonable means of determination, and will include the actual wages, fringe benefits and overheads applicable to such personnel, including the employee's wage and salary (including base pay, overtime, vacation, holiday, sick, personal days and bereavement), benefits (life insurance, pension, medical, prescription, vision, and dental) and overhead (FICA/Medicare, FUTA/SUTA, matching 401(k) contributions, and workers compensation). Attachment C sets forth the elements of Benefits and Overhead, and the source of the charges for each. Costs incurred in connection with services rendered which can be readily identified and related exclusively to a Member shall be charged directly to that Member. Costs incurred by C&T in rendering services in shared support services that cannot be identified to a specific Member shall be allocated among the appropriate Members using allocation methods specified in Article III.

B. Equipment. A Member of the Group using equipment hereunder shall pay to the Member providing the equipment all readily identifiable costs related to use of that equipment. Costs related to jointly-used equipment shall be allocated to Members based on the relative proportionate use of the equipment and/or other allocation methods generally accepted for ratemaking and financial reporting purposes.

ARTICLE III

C&T SHARED SUPPORT SERVICES

A. C&T shall provide to the Members of the Group certain shared support services, including:

1. Treasury/Corporate Finance - advice and assistance on accounting, financial, regulatory support, management of long-term and short-term financing arrangements.

2. Human Resources - responsibility for employee wages and benefits, completing bi-weekly payrolls, maintaining employee personnel files, processing insurance claims, counseling employees on benefits, handling job vacancies, administering evaluations and completing all payroll tax returns and other reports.

3. Information Technology - support for the network infrastructure, cybersecurity, software and hardware used by the Members, including the purchase of required networking equipment, security appliances, software and hardware, and acting as the liaison between the Members and third-party technology companies.

4. Corporate Communications - provides public relations support and assists with press inquiries.

5. Safety and Compliance - assists Members with understanding and fulfilling safety and compliance issues, including compliance with state and federal workplace safety regulations and requirements.

6. Call Center - after hours call center to handle inquiries from Members' customers.

7. Legal/Regulatory – advice and assistance on legal and regulatory issues, including contracts, rates, ratemaking, tariffs, commission proceedings, legislative proposals, regulatory business strategy and similar issues.

B. To the extent a cost incurred by C&T to perform the shared support services can be directly allocated to a particular Member of the Group, it will be billed in accordance with the procedures set forth in Article V below.

C. The labor, overhead, benefits, expenses, administrative expenses and other costs of C&T's provision shared support services that cannot be directly assigned shall be allocated as follows:

1. Treasury/Corporate Finance: The costs of the Corporate Finance function shall be allocated equally among Citizens', WECO and VE-PA/VE-NY (i.e., 1/3 to each). For purposes of this allocation, VE-PA/VE-NY will be classified as a single Member.

2. Call Center: The costs of the Call Center will be allocated to the Members based on a combination of a fixed monthly base fee and usage of the Call Center services during the month. On a calendar year basis, C&T will

compare the revenues collected for the Call Center and the expenses of the Call Center. If the revenues exceed the expenses, C&T will refund the excess amount to the Members pro rata based on the percentage of calls handled for each Member in comparison to the total calls handled for the group. If the expenses exceed the revenues, C&T will collect the excess amount from the Members pro rata based on the percentage of calls handled for each Member in comparison to the total calls handled for the group.

3. Legal/Regulatory: The costs of the Legal/Regulatory function shall be allocated: (A) 10% to C&T to reflect corporate administration activities (which shall then be subject to the apportionment as reflected in Section III(C)(4) below); and (B) 90% to the regulated utilities (Citizens', WECO and VE-PA/VE-NY), to be shared 1/3, 1/3 and 1/3. For purposes of this allocation, VE-PA/VE-NY will be classified as a single Member. The Legal/Regulatory department shall track and report hours that are spent on projects for Tri-County or Claverack, which shall be billed for such work by C&T as set forth in Article II(a). Citizens', WECO and VE-PA/VE-NY shall receive credits for any hours spent by the Legal/Regulatory department on projects for Tri-County or Claverack.

4. Other Shared Support Services: The costs for the other shared support services will be allocated based on each Member's pro-rata share of the total meters and total revenues. Specifically, 60% of the costs will be allocated based on active meters and 40% of the costs will be allocated based on

annual revenues. The results of this allocation shall be updated each calendar year.

5. Other Expenses: Any expenses of C&T that are not addressed through the allocations discussed in sections 1, 2, 3 and 4 above shall be billed to the Group Members based on the allocation formula specified in section 4 above.

ARTICLE IV

GROUP MEMBER SERVICES PROVIDED ON AS NEEDED BASIS

Members of the Group may provide the following services to other Members on an as needed basis:

A. Management - advice and guidance on business operations and projects such as additions or improvement to property, plant or equipment.

B. Construction - personnel to assist in construction or service restoration activities.

C. Engineering - advice on the design and implementation of utility system extensions and enhancements, including the connection of customer generation.

ARTICLE V

BILLING PRACTICES

As soon as practical after the 15th of each month, or such other period as may be agreed upon by the respective Members of the Group, a billing or accounting shall be rendered for all amounts due for services and expenses for such period, computed pursuant to this Agreement. These bills shall be in sufficient detail to show separately the charge for each class of service

rendered and any intercompany allocations hereunder. Each Member shall keep its books and records available at all times for inspection by regulatory bodies having jurisdiction over them and shall furnish, upon request, any and all information required with respect to services rendered, the costs thereof and the allocation of such costs among the parties to this Agreement.

ARTICLE VI

FINANCING

A Member may, from time to time, loan funds to another Member(s) of the Group. Short-term loans will be evidenced by promissory notes bearing interest at applicable market rates. Long-term loans will be evidenced by promissory notes bearing interest at applicable market rates or the equivalent cost of financing by the lending Member and containing repayment terms consistent with reasonable market terms or those assumed by the lending Member. All long term loans to PUC-regulated Members made pursuant to this Article shall be subject to the applicable provisions of the Public Utility Code, including but not limited to, Chapter 19 Securities and Obligations.

ARTICLE VII

CONTROLLING AGREEMENT

Until this Agreement takes effect, Citizens', C&T, Claverack, Tri-County, VE-PA/VE-NY and WECO will continue to operate pursuant to the Affiliated Interest Agreement dated October 9, 2019, that was approved at Pennsylvania Public Utility Commission Docket Nos. G-2008-2020732, G-2008-2020733 and G-2008-2021399. This Agreement shall be in full force and effect as of the date approved by the Pennsylvania Public Utility Commission, and shall continue in effect through December 31, 2022 (the "initial term"). Thereafter, the Agreement shall automatically

renew for successive one-year terms unless terminated by any party hereto by giving the others sixty days written notice of termination prior to the end of the initial or renewal terms; provided, however, this Agreement shall terminate immediately with regard to any party as of the date such Member ceases to be an affiliated Member of the Group (except to the extent that compensation is still to be paid for services rendered by, or to, any Member prior to the date of such cessation of affiliation). The terms of this Agreement shall be automatically extended to the successors and assignees of the parties. This Agreement may be executed in multiple counterparts.

IN WITNESS WHEREOF, the parties have hereunto executed this Agreement as of the day and year first above written.

C&T ENTERPRISES, INC.

Date 5/19/22

By _____
Name STEVEN ALLABAUGH
Title PRESIDENT & CEO

CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA.

Date 5/31/22

By _____
Name John Kelchner
Title President & CEO

CLAVERACK RURAL ELECTRIC COOPERATIVE

Date 5/19/22

By _____
Name STEVEN ALLABAUGH
Title PRESIDENT & CEO

TRI-COUNTY RURAL ELECTRIC COOPERATIVE, INC.

Date 5/25/22

By Aaron S. Young
Name Aaron S. Young
Title President/CEO

WELLSBORO ELECTRIC COMPANY

Date 5/24/22

By Byron Farnsworth Jr
Name Byron Farnsworth Jr
Title President/CEO

VALLEY ENERGY INC., New York Division

Date 5/26/22

By E E Rogers
Name EDWARD J ROGERS
Title PRESIDENT & CEO

VALLEY ENERGY, INC., Pennsylvania Division

Date 5/26/22

By E E Rogers
Name EDWARD J ROGERS
Title PRESIDENT & CEO

Attachment "A"

AFFILIATED INTEREST AGREEMENT
OF
CITIZENS' ELECTRIC COMPANY, WELLSBORO ELECTRIC COMPANY,
VALLEY ENERGY, INC. – PENNSYLVANIA DIVISION, ET AL.

DOCKET NO. _____

DESCRIPTION OF GROUP MEMBERS

Citizens' Electric Company of Lewisburg, PA

Citizens' is an investor-owned, for-profit electric utility incorporated under the laws of Pennsylvania. Citizens' serves approximately 7,200 customers in and around Lewisburg, Pennsylvania, in a 55 square mile territory in Northumberland and Union Counties. Approximately eighty percent (80%) of Citizens' customers are residential, with the remaining twenty percent (20%) of customers being commercial and small industrial users. Citizens' is subject to regulation by the Pennsylvania Public Utility Commission.

Claverack Rural Electric Cooperative, Inc.

Claverack is a rural electric cooperative incorporated under the Pennsylvania Electric Cooperative Corporation Act of 1937 providing service to approximately 18,000 members in an eight-county region in Northeastern Pennsylvania. It's service area is approximately 1,820 square miles in area. Claverack's service area includes all or parts of the following counties: Bradford, Lackawanna, Luzerne, Lycoming, Sullivan, Susquehanna, Tioga, and Wyoming. Approximately ninety-four percent (94%) of Claverack's customers are residential or seasonal customers. The remaining six percent (6%) are commercial or small industrial customers. The Rural Utility Service, Office of the United States Department of Agriculture, provides oversight of Claverack's operations.

C&T Enterprises, Inc.

C&T is a Pennsylvania business corporation that functions as a public utility holding company, which owns all of the stock of Valley Energy, WECO, and Citizens'. C&T acts as a management services company for the Group Members.

Tri-County Rural Electric Cooperative, Inc.

Tri-County is a member-owned rural electric cooperative incorporated under the Pennsylvania Electric Cooperative Corporation Act of 1937. Tri-County provides electric service to approximately 19.500 members in the following counties in Northcentral, Pennsylvania: Bradford, Cameron, Clinton, Lycoming, McKeon, Potter, and Tioga. Tri-County's service territory is approximately 4,484 square miles in area. The Rural Utility Service, Office of the United States Department of Agriculture, provides administrative oversight of Tri-County's operations.

Valley Energy, Inc. – Pennsylvania Division

VE-PA is a for-profit, investor-owned public utility incorporated under the laws of Pennsylvania. VE-PA is engaged in the business of supplying and distributing natural gas to approximately 6,450 residential customers and 950 commercial and industrial customers. VE-PA's service territory is in and around Sayre, Pennsylvania, in Northcentral Pennsylvania. VE-PA is subject to regulation by the Pennsylvania Public Utility Commission.

Valley Energy, Inc. – New York Division

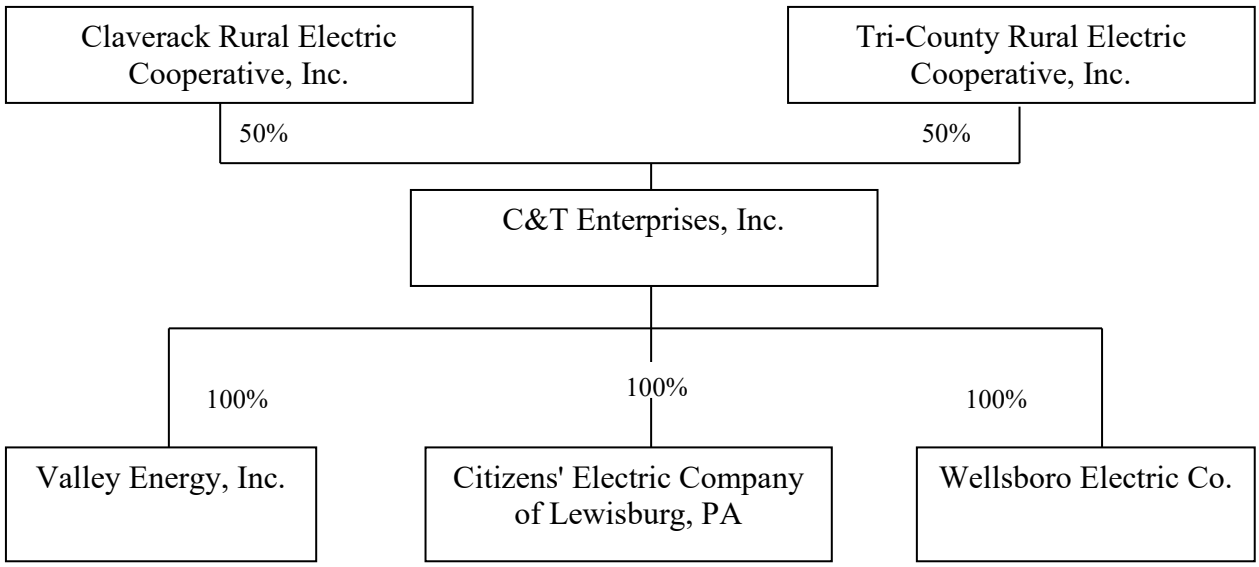
VE-NY is a for-profit, investor-owned public utility incorporated under the laws of Pennsylvania. VE-NY is engaged in the business of supplying and distributing natural gas to approximately 1,800 residential and 225 commercial and industrial customers. VE-NY's service area is in and around Waverly, New York. VE-NY is subject to regulation by the New York Public Service Commission.

Wellsboro Electric Company

WECO is a for-profit, investor-owned utility rendering electric utility service in the Borough of Wellsboro, Pennsylvania and surrounding communities. WECO serves approximately 6,400 customers, over eighty percent (80%) of which are residential and twenty percent (20%) of which are commercial or industrial. WECO is regulated by the Pennsylvania Public Utility Commission.

Attachment "B"

C & T ENTERPRISES, INC., CORPORATE CHART



Attachment "C"
Overhead and Benefits

Overhead and Benefits for C&T Employees Assigned to a Member or Providing Shared Services

Workers comp is allocated based on % of total payroll and the rate is based on the rated charged by Federated.

$$\frac{?}{\text{Total Payroll}} \times \text{Federated?} = \text{Workers Compensation}$$

NRECA R&S, medical (e.g., Blue Cross Blue Shield), dental (e.g., Delta Dental), NRECA group insurance - are all charged as billed by the provider and charged by employee to the company they are assigned to.

401k - allocated based on companies % of total payroll and the options elected by the employee under the available plan (e.g., contribution level selected by employee, current matching policy, etc.)

FICA, Medicare, FUTA, SUTA allocated based on payroll and calculated using Federal and state rates.

Overhead and Benefits—Temporary Use of Member Employees by other Members

When an assigned employee is temporarily used by another Member, the Member receiving the temporary services is billed the employee's wages plus an overhead rate of 10%.

REVISED CONTRACT FOR SERVICES

THIS CONTRACT, made and executed in duplicate this 24th day of October, 2019, by and between **C&T ENTERPRISES, INC.**, a Pennsylvania corporation, with offices at 33 Austin Street, Wellsboro, Pennsylvania, (hereinafter referred to as "C&T") and **CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA**, a Pennsylvania public utility corporation, with offices at 1775 Industrial Boulevard, Lewisburg, Pennsylvania (hereinafter referred to as "Operating Company") (each, individually, "Party" or collectively, "Parties").

WHEREAS, C&T is a public utility holding company organized for the purpose of providing management, communication, financial, technical, operational and other business-related services to its public utilities and others; and

WHEREAS, Operating Company is a for-profit, investor-owned public utility that desires to purchase services from C&T and C&T desires to sell services to Operating Company; and

WHEREAS, Operating Company and C&T are also parties to a general Affiliated Interest Agreement that is filed with the Pennsylvania Public Utility Commission among Operating Company, C&T and other entities that are classified as affiliates of Operating Company under the relevant state statutes (the "AIA")[1]; and

WHEREAS, the Parties wish to reduce their agreement to writing.

NOW THEREFORE, in consideration of the foregoing recitals of fact and the mutual benefits and obligations set forth herein, the Parties agree as follows:

1. DESCRIPTION OF SERVICES. The Parties agree to provide to each other the specific services described herein and set forth in the Addenda attached hereto, which Addenda shall be dated, signed by both C&T and Operating Company, marked alphabetically, e.g., Addendum "A," and so forth, and are incorporated by reference herein.

   1.1 PROVISION OF EMPLOYEES. C&T shall provide service to Operating Company through the assignment of individual C&T Employees to perform specific work and other activities for, and as directed by, the Operating Company. Services will be provided by the specific C&T Employees as identified in Addendum B. Such employees will be considered to be assigned to the Operating Company for purposes of the specific work and other activities.

   1.2 PROVISION AND USE OF VEHICLES, SPACE, MATERIALS AND OTHER EQUIPMENT. In addition to the services described in Paragraph 1.1 of this Contract, the Parties may provide to each other certain vehicles, space, materials and other equipment for use. The rates and charges for such vehicles, materials

[1] The Docket Number and date of approval of the most recent AIA will be set forth in Addendum A of this Contract, which will be updated as necessary.

and other equipment provided will be set forth in Addendum C to this Contract. The rates and charges for space will be set forth in Addendum D to this Contract.

1.3 OTHER SERVICES. In addition to the services described in Paragraphs 1.1 and 1.2 of this Contract, the Parties may provide other services of a nature mutually agreed on by C&T and Operating Company. C&T and Operating Company will execute additional Addenda to this Contract describing such services and specifying the rates and charges for the services. Alternatively, C&T and Operating Company may enter into additional contracts or agreements for such services.

2. RATES AND CHARGES. The rates and charges to be paid by each Party for the services provided shall be set forth on the Addenda attached hereto as provided for in Paragraph 1 of this Contract. These rates and charges shall reflect the lower of actual cost or market. Throughout the course and term of this Contract such rates and charges may be adjusted and revised for any calendar quarter period commencing on the first day of each calendar quarter, upon written notice from C&T to Operating Company not less than thirty (30) days in advance of the calendar quarter for which rates are to be changed. Operating Company's failure to notify C&T in writing of objection to the proposed rates and charges revision within thirty (30) days after receipt of proposed price revision shall be considered acceptance of such revision. In the absence of written notice from C&T to Operating Company regarding any revision of charges and rates, the rates and charges then in effect shall continue until notice is given in accordance with the foregoing schedule.

2.1 LABOR & OVERHEAD CHARGES. C&T shall calculate and bill, on a periodic basis, labor and overhead for all Employees assigned to Operating Company. Overhead charges include, but are not limited to, payroll taxes, pension, workers compensation and health insurance contributions. C&T reserves the right to estimate the monthly cost of certain benefits, subject to subsequent reconciliation. As soon as practical, any benefit adjustments will be charged or credited to the Operating Company.

2.2 SHARED SUPPORT SERVICE ALLOCATION. Consistent with the AIA, C&T will calculate and bill Operating Company for shared support services provided by C&T employees that are not assigned to Operating Company. Shared support services will include, but not be limited to, Human Resources, Payroll, Information Technology, Corporate Communications, Call, Center and Key Accounts.

3. BILLING AND PAYMENT. All rates and charges to be paid by Operating Company to C&T for services rendered to Operating Company shall be billed by C&T by invoice with sufficient detail to document and support the rates and charges set forth therein and submitted to Operating Company on or before the 15th day of each month for services rendered by C&T during the preceding month. Any amounts due from C&T to Operating Company shall be netted against the C&T charges on the monthly invoice. Payment of

such invoice shall be made in full by Operating Company to C&T on or before twenty (20) days from the date of receipt of such invoice, and in the event such invoice is not paid in full, the unpaid portion thereof shall, at C&T's option, accrue interest at the rate of one percent (1%) of the unpaid amount per month, with a partial month being counted as a full month.

3.1 ADVANCED PAYMENT. To enable C&T to meet its obligations due during the initial month of this Contract, C&T may continue to retain any Advanced Payment provided pursuant to the prior Contract for Services between the Parties. C&T may refund the Advanced Payment to the Operating Company, at any time before the termination of the Contract. To the extent not previously refunded, Operating Company shall be entitled to return of the Advanced Payment upon termination of this Contract. The amount of any Advanced Payment that remains in C&T's possession shall be set forth in Addendum E to this Contract.

3.2 ACCOUNTING LIABILITIES. In addition to any rates and charges due hereunder, Operating Company may set up a payable to C&T for amounts necessary under generally accepted accounting principles to book liabilities for future payments due, including for FAS 106 and accrued vacation obligations. C&T shall provide to Operating Company a separate invoice once per year indicating the amount of such liabilities for the year based on an actuarial estimate. Any variance between actual amounts paid by C&T during the year and the actuarial estimate provided to Operating Company shall be subject to reconciliation at the end of the year.

4. TERM. The initial term of this Contract for Services shall commence on the date of this Contract and shall continue for three years. This Contract will thereafter automatically renew for successive one-year terms unless terminated by either party by written notice provided at least sixty (60) days prior to the end of any initial or renewal term. Any such termination shall not affect any obligations undertaken or liabilities incurred by either party prior to the date of termination.

5. DESIGNATION OF OPERATING COMPANY OFFICERS. The Board of Directors of Operating Company retains full authority, power and discretion to designate the Officers for the Operating Company. To the extent the Board of the Operating Company designates a C&T Employee as an Officer of the Operating Company, the Parties shall enter into or revise Addendum B and appropriate schedules to assign the employee to the Operating Company.

6. TEMPORARY ASSIGNMENT OF C&T EMPLOYEES. Notwithstanding the categorization of the C&T Employees designated in Addendum B Schedule 1 to this Contract as being assigned to the Operating Company, C&T may, from time to time, request to use such employees to provide services to other entities. Operating Company's monthly compensation to C&T for such employee's services shall be reduced by the applicable percentage of employee's total working hours allocable to work outside Operating Company. Whenever employees assigned to Operating Company are

temporarily assigned to another operating company, their labor, overhead and expenses will be billed based the provisions of Article II, Section A and/or Article III of the AIA.

7. MANAGEMENT OF ASSIGNED C&T EMPLOYEES. Operating Company will have management authority over C&T Employees assigned to Operating Company under this Contract.

8. REQUEST FOR ADDITIONAL SERVICES. Operating Company may request, from time to time, that C&T provide additional services on a temporary or a permanent basis by C&T employees that are not permanently assigned to Operating Company. By way of example, Operating Company may request the placement of full-time staff members with IT experience on-site during a computer system conversion. Any request for additional services must be conveyed to C&T in a timely manner. To the extent such service is desired on a permanent basis, C&T and Operating Company shall mutually agree on addition of or modification to an Addendum to this Contract. If the permanently-assigned or temporarily-assigned C&T Employee is currently assigned to another entity, the Operating Company will pay a percentage of the compensation for said C&T Employee otherwise recoverable from the other entity based on the portion of total monthly working hours allocable to Operating Company or a written agreement between the two Operating Companies. To the extent such assignment is temporary and such C&T Employee is not currently assigned to another entity, C&T and Operating Company will mutually agree on appropriate compensation.

9. OVERSIGHT COMMITTEE. C&T shall form and convene an Oversight Committee to address complaints, problems or grievances that arise under this Contract or similar agreements entered into with other entities. Each such entity, including Operating Company, shall have the opportunity to designate a member of the Oversight Committee. The Oversight Committee will attempt to resolve all complaints, problems and grievances raised by the Operating Company and other represented entities. To the extent the Oversight Committee cannot resolve such issues, the issues will be submitted to a neutral arbitrator, mutually agreed to by Operating Company and C&T, for binding resolution. Such arbitration will be conducted according to the rules of the American Arbitration Association.

10. RELATIONSHIP OF THE PARTIES. The parties hereto understand and agree that C&T is to provide services under this Contract as an independent contractor to the Operating Company and not as an agent, employee, representative, or in any other manner or relationship whatsoever. At all times throughout the term hereof, C&T shall be free to and intends to contract to provide services to others. Except as stated herein nothing in this Contract shall in any way be construed to constitute C&T or any of C&T's agents or employees as the agent, employee or representative of the Operating Company.

11. CONFIDENTIALITY. All information furnished under and pursuant to this Contract shall be held by C&T and Operating Company in strict confidence and shall never be reproduced, revealed or made accessible in whole or in part, in any manner whatsoever, to any other persons unless required by law, applicable regulatory agencies (including the

Pennsylvania Public Utility Commission) or unless the Party first obtains the other Party's express and written consent; provided, however, the Party may reveal to the subject of the information that the other Party is a source of information about the subject and refer same to the Other Party for the purpose of obtaining such information and reviewing it. Any information specifically designated as "Confidential" may be viewed only by the Officers of the Party and only to the extent necessary to perform their designated duties. Each Party shall take reasonable steps to limit the public disclosure of confidential information provided hereunder.

12. INDEMNIFICATION. Operating Company shall hold C&T harmless against all liability or loss and against all claims or actions based on or arising out of damage or injury (including death) to persons or property caused by or sustained in connection with the performance of this contract or by conditions created thereby, or based on any violation of statue or regulation and the defense of any such claims or actions.

13. INSURANCE. C&T shall, at its sole cost and expense, be covered by comprehensive general liability insurance including contractual liability insurance with combined single limits of not less than One Million Dollars ($1,000,000.00), which insurance coverage and limits shall be evidenced by certificates of insurance as requested by the Operating Company and which insurance policies shall name the Operating Company as additional insured thereon.

14. WORKERS COMPENSATION. Any employees assigned to Operating Company hereunder shall at all times remain C&T Employees for workers compensation purposes. C&T will take reasonable actions with respect to such employees, including, but not limited to, retaining an appropriate amount of Workers Compensation Insurance. C&T agrees to indemnify, defend and hold harmless Operating Company for any workers compensation claim asserted by a C&T Employee.

15. HEADINGS. The description headings of the various paragraphs of this Contract are inserted for reference purposes only and do not form a part of this Contract and shall in no way affect meaning or interpretation thereof.

16. ENTIRE AGREEMENT. This Agreement constitutes and contains the entire understanding and agreement of the parties hereto and supersedes any and all prior understandings and agreements, oral or written, by, between and among the parties regarding the subject matter hereof.

17. AMENDMENTS. This Contract and the Addenda incorporated herein shall be modified and/or amended only by writing signed by both parties hereto, and shall not be effective until filed with and approved by any applicable regulatory agencies, including the Pennsylvania Public Utility Commission. The requirement for approval prior to effectiveness shall not apply to periodic changes to Addenda to update information such as the information regarding the AIA set forth in Addendum A and the employees and related costs assigned to Operating Company under Addendum B.

18. AUTHORITY. C&T and Operating Company hereby covenant and agree, each to the other, that their respective signatories have the authority to execute and bind each pursuant to the appropriate actions of the governing bodies of each. C&T also warrants that it has the authority to provide the services contemplated hereunder.

19. NOTICES. Any notices to be delivered under the terms of this Contract shall be sent by U.S. Mail certified, return receipt requested, addressed as follows;

To C&T:

C&T Enterprises, Inc.
33 Austin Street
Wellsboro, PA 16901

To Operating Company:

Citizens' Electric Company of Lewisburg, PA
1775 Industrial Boulevard
Lewisburg, PA 17837

20. FORCE MAJEURE. C&T shall use diligence to perform its obligations under this Contact, however, in the event that C&T is delayed in or prevented from performing or carrying out its obligations under this Contract by reason of an unforeseeable event or occurrence beyond reasonable control of and without the fault and negligence of C&T, including, but not limited to, acts of God, strike, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance, sabotage, acts of public enemy, explosion, change in law or applicable regulation subsequent to the date hereof and action or inaction by any federal, state or local legislative, executive, administrative, or judicial agency or body which, in any of the foregoing cases, by exercise of due foresight C&T could not reasonably have been expected to avoid, C&T shall not be liable to the Operating Company for or on account of any loss, damage, injury or expense resulting from or arising out of such delay or prevention, provided, however, that C&T shall use due diligence to remove the cause or causes thereof. The settlement of strikes and labor disturbances shall be wholly within the discretion of C&T. Economic hardship shall not constitute a Force Majeure under this Contract.

21. REGULATORY OVERSIGHT/APPROVAL. This Contract constitutes a component of the Affiliated Interest Agreement and relationship between C&T and Operating Company that is subject to oversight by the Pennsylvania Public Utility Commission ("PUC"). To the extent the PUC invalidates and/or modifies any portion of this Contract or the Affiliated Interest Agreement, either during an independent review of the agreement or in a proceeding before the Commission, and such action impacts the terms of this Contract, the parties agree to mutually negotiate in good faith modifications to this Contract consistent with the Commission's decision.

22. PRIOR AGREEMENTS. This Contract shall supersede and replace in its entirety the Contract for Services dated November 18, 1999 (as amended), between the Parties; provided, however, that the Parties shall remain liable for any obligations incurred under the prior Contract for Services.

23. SEVERABILITY. All agreements and covenants contained in this Contract are severable, and in the event any of them are held to be invalid by any competent court, this Contract will be interpreted as if the invalid agreements or covenants were not contained in this Contract.

24. ASSIGNMENT. This Contract may not be assigned, transferred or conveyed in whole or part by either party without the express written permission of the other.

25. CONSTRUCTION. This Contract shall be governed by the laws of the Commonwealth of Pennsylvania.

26. BINDING EFFECTS. The parties hereto covenant and agree that the terms, conditions and provisions of this Contract shall be binding upon themselves, their respective successors, and assigns.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed and delivered as of the day and year first above written.

ATTEST:

Secretary

C&T ENTERPRISES, INC.

BY: Bobbi G Kilmer

TITLE: Co. President & CEO

ATTEST:

Secretary

CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA

BY: John A Kohler

TITLE: President/CEO

INDEX OF ADDENDA AND SCHEDULES
DATED THE 24TH DAY OF OCTOBER, 2019

Addendum A: Information regarding currently-effective Affiliated Interest Agreement among C&T companies

Addendum B: C&T Employees Assigned to Operating Company

Schedule B-1: Specific C&T Employees and Charges

Addendum C: Vehicles, Materials and Other Equipment

Schedule C-1: Specific Covered Items

Addendum D: Space

Schedule D-1: Summary of Leased Space

Addendum E: Outstanding Advanced Payment

CITIZENS' ELECTRIC COMPANY
CONTRACT FOR SERVICES
DATED THE 24th DAY OF OCTOBER, 2019
ADDENDUM A
(INFORMATION ON CURRENT AFFILIATED INTEREST AGREEMENT AMONG C&T COMPANIES)

The Pennsylvania Public Utility Commission approved the currently effective Affiliated Interest Agreement among the C&T companies on July 15, 2019, at Docket No. G-2008-2020733.

C&T ENTERPRISES, INC.

10/21/2019
Date

by: Bobby G Kilmer
President & CEO

CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA

10/24/2019
Date

by: John A Kahler
President & CEO

CITIZENS' ELECTRIC COMPANY
CONTRACT FOR SERVICES
DATED THE 24TH DAY OF OCTOBER, 2019
ADDENDUM B
(EMPLOYEES)

1. DESCRIPTION OF SERVICES.

C&T shall provide to Operating Company the services of the C&T Employees set forth on the attached listing, marked Schedule B-1. For the period during which this Addendum remains effective, the persons listed on Schedule B-1 shall be considered to be assigned to Operating Company. Schedule B-1 may be modified by mutual consent of C&T and Operating Company.

2. RATES AND CHARGES FOR SERVICES.

The rate and charge for services provided by C&T Employees to Operating Company shall be calculated monthly based on C&T's direct monthly costs related to each such employee, including salary, payroll taxes and benefits. The annual charge for each employee will be listed on Schedule B-1, which shall consequently be designated as highly confidential and handled in accordance with the confidentiality provisions in Paragraph 11 of the Contract.

3. EMPLOYEE BONUSES.

The C&T Employees listed on Schedule B-1 may, from time to time, be provided certain bonuses or other performance-based incentives. To the extent such bonuses or incentives are proposed or instituted by C&T, Operating Company shall have the right to refuse, for reasonable reasons and grounds, to compensate C&T for such bonuses or incentives. Operating Company may also request that C&T provide a bonus or other incentive to specific C&T Employees listed on Schedule B-1. Bonuses or incentives shall be passed through to and paid by Operating Company.

C&T ENTERPRISES, INC.

10/21/2019
Date

by: Bobby Kime
President & CEO

CITIZENS' ELECTRIC COMPANY

10/24/2019
Date

by: John A Kelly
President & CEO

SCHEDULE 1 TO ADDENDUM A

[redacted]

Title	Annual Charge
PRESIDENT & CEO	$ [redacted]
SENIOR DIRECTOR OF ENG & OPERATIONS	$ [redacted]
TREASURER	$ [redacted]
CREW CHIEF	$ [redacted]
CREW CHIEF	$ [redacted]
JOURNEYMAN LINE TECHNICIAN	$ [redacted]
JOURNEYMAN LINE TECHNICIAN	$ [redacted]
MANAGER OF CUSTOMER SERVICE	$ [redacted]
JOURNEYMAN LINE TECHNICIAN	$ [redacted]
JOURNEYMAN LINE TECHNICIAN	$ [redacted]
ENGINEERING TECHNICIAN	$ [redacted]
JOURNEYMAN LINE TECHNICIAN	$ [redacted]
2ND CLASS LINE TECHNICIAN	$ [redacted]
ACCOUNTING ASSISTANT	$ [redacted]
CUSTOMER SERVICE REPRESENTATIVE	$ [redacted]
APPRENTICE LINE TECHNICIAN	$ [redacted]
CUSTOMER SERVICE REPRESENTATIVE	$ [redacted]
APPRENTICE LINE TECHNICIAN	$ [redacted]
Total	$ 3,046,764

Rachel R. Hauser
President & CEO
C&T Enterprses, Inc.

Date: 2/12/2025

President & CEO
Citizens' Electric Company

Date: 2/12/25

CITIZENS' ELECTRIC COMPANY
CONTRACT FOR SERVICES
DATED THE 24th DAY OF OCTOBER, 2019
ADDENDUM C
(VEHICLES, MATERIALS AND EQUIPMENT)

4. DESCRIPTION OF SERVICES.

C&T shall provide to Operating Company (or Operating Company shall provide to C&T) the vehicles, materials and other equipment more particularly detailed and set forth on the attached listing, marked Schedule C-1 , which schedule is incorporated herein as though set forth at length. Schedule C-1 may be changed from time to time by mutual agreement of C&T and Operating Company.

2. RATES AND CHARGES FOR SERVICES.

The rates and charges for services set forth in Paragraph 1 hereof shall be calculated monthly based on the monthly fixed and variable costs related to such vehicles, material or equipment.

C&T ENTERPRISES, INC.

10/19/2019
Date

by: Bobby Kemmer
President & CEO

CITIZENS' ELECTRIC COMPANY

10/24/19
Date

by: John A Kuhlmann
President & CEO

SCHEDULE C-1 TO ADDENDUM C

1. Currently there are no vehicles, material or other equipment being provided by the affiliated companies.

C&T ENTERPRISES, INC.

10/21/2019
Date

by: Bobby J Kennedy
President & CEO

CITIZENS' ELECTRIC COMPANY

10/24/19
Date

by: John A Kehler
President & CEO

CITIZENS' ELECTRIC COMPANY
CONTRACT FOR SERVICES
DATED THE 24th DAY OF OCTOBER, 2019
ADDENDUM D
(SPACE)

1. DESCRIPTION OF SERVICES.

C&T shall provide to Operating Company (or Operating Company shall provide to C&T) the space more particularly detailed and set forth on the attached Schedules marked as D-1, D-2, D-3, etc. To the extent a formal lease agreement exists related to certain space, that agreement will also be included as a Schedule to this Addendum.

2. RATES AND CHARGES FOR SERVICES.

The rates and charges for services for space will be negotiated between the Parties.

C&T ENTERPRISES, INC.

10/21/2019
Date

by: Bobby Kelly
President & CEO

CITIZENS' ELECTRIC COMPANY

10/24/19
Date

by: John A Kelly
President & CEO

SCHEDULE D-1 TO ADDENDUM D
SUMMARY OF SPACE LEASED BETWEEN PARTIES

1. Currently there is no space leased between the parties.

C&T ENTERPRISES, INC.

10/21/2019
Date

by: _____
President & CEO

CITIZENS' ELECTRIC COMPANY

10/24/19
Date

by: _____
President & CEO

CITIZENS' ELECTRIC COMPANY
CONTRACT FOR SERVICES
DATED THE 24th DAY OF OCTOBER, 2019
ADDENDUM E
(ADVANCED PAYMENT)

Pursuant to Paragraph 3.1 of the Contract, C&T currently holds an Advanced Payment from Operating Company of $90,700.

C&T ENTERPRISES, INC.

10/21/2019
Date

by: Bobbi A Kilmer
President & CEO

CITIZENS' ELECTRIC COMPANY

10/24/19
Date

by: Joh A Kell
President & CEO

REVISED CONTRACT FOR SERVICES

THIS CONTRACT, made and executed in duplicate this 6th day of October, 2010, by and between **C&T ENTERPRISES, INC.**, a Pennsylvania corporation, with offices at 33 Austin Street, Wellsboro, Pennsylvania, (hereinafter referred to as "C&T") and **WELLSBORO ELECTRIC COMPANY** a Pennsylvania public utility corporation, with offices at 33 Austin Street, Wellsboro, Pennsylvania (hereinafter referred to as "Operating Company") (each, individually, "Party" or collectively, "Parties").

WHEREAS, C&T is a public utility holding company organized for the purpose of providing management, communication, financial, technical, operational and other business-related services to its public utilities and others; and

WHEREAS, Operating Company is a for-profit, investor-owned public utility that desires to purchase services from C&T and C&T desires to sell services to Operating Company; and

WHEREAS, Operating Company and C&T are also parties to a general Affiliated Interest Agreement that is filed with the Pennsylvania Public Utility Commission among Operating Company, C&T and other entities that are classified as affiliates of Operating Company under the relevant state statutes (the "AIA")[1]; and

WHEREAS, the Parties wish to reduce their agreement to writing.

NOW THEREFORE, in consideration of the foregoing recitals of fact and the mutual benefits and obligations set forth herein, the Parties agree as follows:

1. DESCRIPTION OF SERVICES. The Parties agree to provide to each other the specific services described herein and set forth in the Addenda attached hereto, which Addenda shall be dated, signed by both C&T and Operating Company, marked alphabetically, e.g., Addendum "A," and so forth, and are incorporated by reference herein.

   1.1 PROVISION OF EMPLOYEES. C&T shall provide service to Operating Company through the assignment of individual C&T Employees to perform specific work and other activities for, and as directed by, the Operating Company. Services will be provided by the specific C&T Employees as identified in Addendum B. Such employees will be considered to be assigned to the Operating Company for purposes of the specific work and other activities.

   1.2 PROVISION AND USE OF VEHICLES, SPACE, MATERIALS AND OTHER EQUIPMENT. In addition to the services described in Paragraph 1.1 of this Contract, the Parties may provide to each other certain vehicles, space, materials and other equipment for use. The rates and charges for such vehicles, materials

[1] The Docket Number and date of approval of the most recent AIA will be set forth in Addendum A of this Contract, which will be updated as necessary.

and other equipment provided will be set forth in Addendum C to this Contract. The rates and charges for space will be set forth in Addendum D to this Contract.

1.3 OTHER SERVICES. In addition to the services described in Paragraphs 1.1 and 1.2 of this Contract, the Parties may provide other services of a nature mutually agreed on by C&T and Operating Company. C&T and Operating Company will execute additional Addenda to this Contract describing such services and specifying the rates and charges for the services. Alternatively, C&T and Operating Company may enter into additional contracts or agreements for such services.

2. RATES AND CHARGES. The rates and charges to be paid by each Party for the services provided shall be set forth on the Addenda attached hereto as provided for in Paragraph 1 of this Contract. These rates and charges shall reflect the lower of actual cost or market. Throughout the course and term of this Contract such rates and charges may be adjusted and revised for any calendar quarter period commencing on the first day of each calendar quarter, upon written notice from C&T to Operating Company not less than thirty (30) days in advance of the calendar quarter for which rates are to be changed. Operating Company's failure to notify C&T in writing of objection to the proposed rates and charges revision within thirty (30) days after receipt of proposed price revision shall be considered acceptance of such revision. In the absence of written notice from C&T to Operating Company regarding any revision of charges and rates, the rates and charges then in effect shall continue until notice is given in accordance with the foregoing schedule.

2.1 LABOR & OVERHEAD CHARGES. C&T shall calculate and bill, on a periodic basis, labor and overhead for all Employees assigned to Operating Company. Overhead charges include, but are not limited to, payroll taxes, pension, workers compensation and health insurance contributions. C&T reserves the right to estimate the monthly cost of certain benefits, subject to subsequent reconciliation. As soon as practical, any benefit adjustments will be charged or credited to the Operating Company.

2.2 SHARED SUPPORT SERVICE ALLOCATION. Consistent with the AIA, C&T will calculate and bill Operating Company for shared support services provided by C&T employees that are not assigned to Operating Company. Shared support services will include, but not be limited to, Human Resources, Payroll, Information Technology, Corporate Communications, Call, Center and Key Accounts.

3. BILLING AND PAYMENT. All rates and charges to be paid by Operating Company to C&T for services rendered to Operating Company shall be billed by C&T by invoice with sufficient detail to document and support the rates and charges set forth therein and submitted to Operating Company on or before the 15th day of each month for services rendered by C&T during the preceding month. Any amounts due from C&T to Operating Company shall be netted against the C&T charges on the monthly invoice. Payment of

such invoice shall be made in full by Operating Company to C&T on or before twenty (20) days from the date of receipt of such invoice, and in the event such invoice is not paid in full, the unpaid portion thereof shall, at C&T's option, accrue interest at the rate of one percent (1%) of the unpaid amount per month, with a partial month being counted as a full month.

3.1 ADVANCED PAYMENT. To enable C&T to meet its obligations due during the initial month of this Contract, C&T may continue to retain any Advanced Payment provided pursuant to the prior Contract for Services between the Parties. C&T may refund the Advanced Payment to the Operating Company, at any time before the termination of the Contract. To the extent not previously refunded, Operating Company shall be entitled to return of the Advanced Payment upon termination of this Contract. The amount of any Advanced Payment that remains in C&T's possession shall be set forth in Addendum E to this Contract.

3.2 ACCOUNTING LIABILITIES. In addition to any rates and charges due hereunder, Operating Company may set up a payable to C&T for amounts necessary under generally accepted accounting principles to book liabilities for future payments due, including for FAS 106 and accrued vacation obligations. C&T shall provide to Operating Company a separate invoice once per year indicating the amount of such liabilities for the year based on an actuarial estimate. Any variance between actual amounts paid by C&T during the year and the actuarial estimate provided to Operating Company shall be subject to reconciliation at the end of the year.

4. TERM. The initial term of this Contract for Services shall commence on the date of this Contract and shall continue for three years. This Contract will thereafter automatically renew for successive one-year terms unless terminated by either party by written notice provided at least sixty (60) days prior to the end of any initial or renewal term. Any such termination shall not affect any obligations undertaken or liabilities incurred by either party prior to the date of termination.

5. DESIGNATION OF OPERATING COMPANY OFFICERS. The Board of Directors of Operating Company retains full authority, power and discretion to designate the Officers for the Operating Company. To the extent the Board of the Operating Company designates a C&T Employee as an Officer of the Operating Company, the Parties shall enter into or revise Addendum B and appropriate schedules to assign the employee to the Operating Company.

6. TEMPORARY ASSIGNMENT OF C&T EMPLOYEES. Notwithstanding the categorization of the C&T Employees designated in Addendum B Schedule 1 to this Contract as being assigned to the Operating Company, C&T may, from time to time, request to use such employees to provide services to other entities. Operating Company's monthly compensation to C&T for such employee's services shall be reduced by the applicable percentage of employee's total working hours allocable to work outside Operating Company. Whenever employees assigned to Operating Company are

temporarily assigned to another operating company, their labor, overhead and expenses will be billed based the provisions of Article II, Section A and/or Article III of the AIA.

7. MANAGEMENT OF ASSIGNED C&T EMPLOYEES. Operating Company will have management authority over C&T Employees assigned to Operating Company under this Contract.

8. REQUEST FOR ADDITIONAL SERVICES. Operating Company may request, from time to time, that C&T provide additional services on a temporary or a permanent basis by C&T employees that are not permanently assigned to Operating Company. By way of example, Operating Company may request the placement of full-time staff members with IT experience on-site during a computer system conversion. Any request for additional services must be conveyed to C&T in a timely manner. To the extent such service is desired on a permanent basis, C&T and Operating Company shall mutually agree on addition of or modification to an Addendum to this Contract. If the permanently-assigned or temporarily-assigned C&T Employee is currently assigned to another entity, the Operating Company will pay a percentage of the compensation for said C&T Employee otherwise recoverable from the other entity based on the portion of total monthly working hours allocable to Operating Company or a written agreement between the two Operating Companies. To the extent such assignment is temporary and such C&T Employee is not currently assigned to another entity, C&T and Operating Company will mutually agree on appropriate compensation.

9. OVERSIGHT COMMITTEE. C&T shall form and convene an Oversight Committee to address complaints, problems or grievances that arise under this Contract or similar agreements entered into with other entities. Each such entity, including Operating Company, shall have the opportunity to designate a member of the Oversight Committee. The Oversight Committee will attempt to resolve all complaints, problems and grievances raised by the Operating Company and other represented entities. To the extent the Oversight Committee cannot resolve such issues, the issues will be submitted to a neutral arbitrator, mutually agreed to by Operating Company and C&T, for binding resolution. Such arbitration will be conducted according to the rules of the American Arbitration Association.

10. RELATIONSHIP OF THE PARTIES. The parties hereto understand and agree that C&T is to provide services under this Contract as an independent contractor to the Operating Company and not as an agent, employee, representative, or in any other manner or relationship whatsoever. At all times throughout the term hereof, C&T shall be free to and intends to contract to provide services to others. Except as stated herein nothing in this Contract shall in any way be construed to constitute C&T or any of C&T's agents or employees as the agent, employee or representative of the Operating Company.

11. CONFIDENTIALITY. All information furnished under and pursuant to this Contract shall be held by C&T and Operating Company in strict confidence and shall never be reproduced, revealed or made accessible in whole or in part, in any manner whatsoever, to any other persons unless required by law, applicable regulatory agencies (including the

Pennsylvania Public Utility Commission) or unless the Party first obtains the other Party's express and written consent; provided, however, the Party may reveal to the subject of the information that the other Party is a source of information about the subject and refer same to the Other Party for the purpose of obtaining such information and reviewing it. Any information specifically designated as "Confidential" may be viewed only by the Officers of the Party and only to the extent necessary to perform their designated duties. Each Party shall take reasonable steps to limit the public disclosure of confidential information provided hereunder.

12. INDEMNIFICATION. Operating Company shall hold C&T harmless against all liability or loss and against all claims or actions based on or arising out of damage or injury (including death) to persons or property caused by or sustained in connection with the performance of this contract or by conditions created thereby, or based on any violation of statue or regulation and the defense of any such claims or actions.

13. INSURANCE. C&T shall, at its sole cost and expense, be covered by comprehensive general liability insurance including contractual liability insurance with combined single limits of not less than One Million Dollars ($1,000,000.00), which insurance coverage and limits shall be evidenced by certificates of insurance as requested by the Operating Company and which insurance policies shall name the Operating Company as additional insured thereon.

14. WORKERS COMPENSATION. Any employees assigned to Operating Company hereunder shall at all times remain C&T Employees for workers compensation purposes. C&T will take reasonable actions with respect to such employees, including, but not limited to, retaining an appropriate amount of Workers Compensation Insurance. C&T agrees to indemnify, defend and hold harmless Operating Company for any workers compensation claim asserted by a C&T Employee.

15. HEADINGS. The description headings of the various paragraphs of this Contract are inserted for reference purposes only and do not form a part of this Contract and shall in no way affect meaning or interpretation thereof.

16. ENTIRE AGREEMENT. This Agreement constitutes and contains the entire understanding and agreement of the parties hereto and supersedes any and all prior understandings and agreements, oral or written, by, between and among the parties regarding the subject matter hereof.

17. AMENDMENTS. This Contract and the Addenda incorporated herein shall be modified and/or amended only by writing signed by both parties hereto, and shall not be effective until filed with and approved by any applicable regulatory agencies, including the Pennsylvania Public Utility Commission. The requirement for approval prior to effectiveness shall not apply to periodic changes to Addenda to update information such as the information regarding the AIA set forth in Addendum A and the employees and related costs assigned to Operating Company under Addendum B.

18. AUTHORITY. C&T and Operating Company hereby covenant and agree, each to the other, that their respective signatories have the authority to execute and bind each pursuant to the appropriate actions of the governing bodies of each. C&T also warrants that it has the authority to provide the services contemplated hereunder.

19. NOTICES. Any notices to be delivered under the terms of this Contract shall be sent by U.S. Mail certified, return receipt requested, addressed as follows;

To C&T:

C&T Enterprises, Inc.
33 Austin Street
Wellsboro, PA 16901

To Operating Company:

Wellsboro Electric Company
33 Austin Street
Wellsboro, PA 16901

20. FORCE MAJEURE. C&T shall use diligence to perform its obligations under this Contact, however, in the event that C&T is delayed in or prevented from performing or carrying out its obligations under this Contract by reason of an unforeseeable event or occurrence beyond reasonable control of and without the fault and negligence of C&T, including, but not limited to, acts of God, strike, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance, sabotage, acts of public enemy, explosion, change in law or applicable regulation subsequent to the date hereof and action or inaction by any federal, state or local legislative, executive, administrative, or judicial agency or body which, in any of the foregoing cases, by exercise of due foresight C&T could not reasonably have been expected to avoid, C&T shall not be liable to the Operating Company for or on account of any loss, damage, injury or expense resulting from or arising out of such delay or prevention, provided, however, that C&T shall use due diligence to remove the cause or causes thereof. The settlement of strikes and labor disturbances shall be wholly within the discretion of C&T. Economic hardship shall not constitute a Force Majeure under this Contract.

21. REGULATORY OVERSIGHT/APPROVAL. This Contract constitutes a component of the Affiliated Interest Agreement and relationship between C&T and Operating Company that is subject to oversight by the Pennsylvania Public Utility Commission ("PUC"). To the extent the PUC invalidates and/or modifies any portion of this Contract or the Affiliated Interest Agreement, either during an independent review of the agreement or in a proceeding before the Commission, and such action impacts the terms of this Contract, the parties agree to mutually negotiate in good faith modifications to this Contract consistent with the Commission's decision.

22. PRIOR AGREEMENTS. This Contract shall supersede and replace in its entirety the Contract for Services dated March 29, 2002, between the Parties; provided, however, that the Parties shall remain liable for any obligations incurred under the prior Contract for Services.

23. SEVERABILITY. All agreements and covenants contained in this Contract are severable, and in the event any of them are held to be invalid by any competent court, this Contract will be interpreted as if the invalid agreements or covenants were not contained in this Contract.

24. ASSIGNMENT. This Contract may not be assigned, transferred or conveyed in whole or part by either party without the express written permission of the other.

25. CONSTRUCTION. This Contract shall be governed by the laws of the Commonwealth of Pennsylvania.

26. BINDING EFFECTS. The parties hereto covenant and agree that the terms, conditions and provisions of this Contract shall be binding upon themselves, their respective successors, and assigns.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed and delivered as of the day and year first above written.

C&T ENTERPRISES, INC.

BY: Bobby Kilmer

TITLE: Co. Pres. & CEO

WELLSBORO ELECTRIC COMPANY

BY: [signature]

TITLE: President & CEO

INDEX OF ADDENDA AND SCHEDULES
DATED THE 29th DAY OF SEPTEMBER 2023

Addendum A: Information regarding currently-effective Affiliated Interest Agreement among C&T companies

Addendum B: C&T Employees Assigned to Operating Company

Schedule B-1: Specific C&T Employees and Charges

Addendum C: Vehicles, Materials and Other Equipment

Schedule C-1: Specific Covered Items

Addendum D: Space

Schedule D-1: Summary of Leased Space
Schedule D-2: Lease for C&T Office

Addendum E: Outstanding Advanced Payment

WELLSBORO ELECTRIC COMPANY
CONTRACT FOR SERVICES
DATED THE 6TH DAY OF OCTOBER, 2010
ADDENDUM A
(INFORMATION ON CURRENT AFFILIATED INTEREST AGREEMENT AMONG C&T COMPANIES)

The Pennsylvania Public Utility Commission approved the currently effective Affiliated Interest Agreement among the C&T companies on March 29, 2002, at Docket No. G-00020948.

C&T ENTERPRISES, INC.

1/5/12
Date

by: _____
President & CEO

WELLSBORO ELECTRIC COMPANY

1/5/12
Date

by: _____
President & CEO

WELLSBORO ELECTRIC COMPANY
CONTRACT FOR SERVICES
DATED THE 6TH DAY OF OCTOBER, 2010
ADDENDUM B
(EMPLOYEES)

1. DESCRIPTION OF SERVICES.

C&T shall provide to Operating Company the services of the C&T Employees set forth on the attached listing, marked Schedule B-1. For the period during which this Addendum remains effective, the persons listed on Schedule B-1 shall be considered to be assigned to Operating Company. Schedule B-1 may be modified by mutual consent of C&T and Operating Company.

2. RATES AND CHARGES FOR SERVICES.

The rate and charge for services provided by C&T Employees to Operating Company shall be calculated monthly based on C&T's direct monthly costs related to each such employee, including salary, payroll taxes and benefits. The annual charge for each employee will be listed on Schedule B-1, which shall consequently be designated as highly confidential and handled in accordance with the confidentiality provisions in Paragraph 11 of the Contract.

3. EMPLOYEE BONUSES.

The C&T Employees listed on Schedule B-1 may, from time to time, be provided certain bonuses or other performance-based incentives. To the extent such bonuses or incentives are proposed or instituted by C&T, Operating Company shall have the right to refuse, for reasonable reasons and grounds, to compensate C&T for such bonuses or incentives. Operating Company may also request that C&T provide a bonus or other incentive to specific C&T Employees listed on Schedule B-1. Bonuses or incentives shall be passed through to and paid by Operating Company.

C&T ENTERPRISES, INC.

1/5/12
Date

by: _____
President & CEO

WELLSBORO ELECTRIC COMPANY

1/6/12
Date

by: _____
President & CEO

SCHEDULE B-1 TO ADDENDUM B

CONFIDENTIAL

Title	Annual Charge
PRESIDENT & CEO	$ [redacted]
DIRECTOR OF ENGINEERING & OPERATIONS	$ [redacted]
MANAGER OF CUSTOMER SERVICE	$ [redacted]
VP & TREASURER	$ [redacted]
TECHNICAL ASSISTANT	$ [redacted]
EXECUTIVE ASSISTANT/STAFF SPECIALIST	$ [redacted]
CUSTOMER SERVICE REPRESENTATIVE	$ [redacted]
CUSTOMER SERVICE REPRESENTATIVE	$ [redacted]
ACCOUNTING ASSISTANT	$ [redacted]
Total	$ 1,466,651

Rachel R. Hauser

President & CEO
C&T Enterprses, Inc.

Date: 2/12/2025

President & CEO
Wellsboro Electric Company

Date: 2/4/2025

WELLSBORO ELECTRIC COMPANY
CONTRACT FOR SERVICES
DATED THE 6TH DAY OF OCTOBER, 2010
ADDENDUM C
(VEHICLES, MATERIALS AND EQUIPMENT)

4. DESCRIPTION OF SERVICES.

C&T shall provide to Operating Company (or Operating Company shall provide to C&T) the vehicles, materials and other equipment more particularly detailed and set forth on the attached listing, marked Schedule C-1 , which schedule is incorporated herein as though set forth at length. Schedule C-1 may be changed from time to time by mutual agreement of C&T and Operating Company.

2. RATES AND CHARGES FOR SERVICES.

The rates and charges for services set forth in Paragraph 1 hereof shall be calculated monthly based on the monthly fixed and variable costs related to such vehicles, material or equipment.

C&T ENTERPRISES, INC.

1/5/12
Date

by: _____
President & CEO

WELLSBORO ELECTRIC COMPANY

1/5/12
Date

by: _____
President & CEO

SCHEDULE D-1 TO ADDENDUM D
SUMMARY OF SPACE LEASED BETWEEN PARTIES
UPDATED SEPTEMBER 2023

1. **C&T Office Lease:** Wellsboro ("Lessors") shall lease to C&T ("Lessee") approximately 860 square feet of space on the 3rd floor of Wellsboro's primary office building located at 33 Austin Street, Wellsboro, Pennsylvania. The lease is for a term of one (1) year commencing on January 1, 2022, and will renew automatically for successive monthly terms thereafter unless terminated by either party. The monthly rent is Two Hundred Fifty and 00/100 ($250.00) DOLLARS in advance on the first (1st) day of each month for that month's rental. This lease is attached as Schedule D-2.

2. RESERVED.

C&T ENTERPRISES, INC.

9/28/2023
Date

by: _____
President & CEO

WELLSBORO ELECTRIC COMPANY

9/28/2023
Date

by: _____
President & CEO

COMMERCIAL PROPERTY LEASE

This lease is made between **WELLSBORO ELECTRIC COMPANY**, of 33 Austin Street, Wellsboro, Tioga County, Pennsylvania, 16901, herein called "Lessors", and **C&T ENTERPRISES, INC.**, of P.O. Box 551, Lewisburg, Pennsylvania, 17838, herein called the "Lessee".

Lessors hereby offer to lease to Lessee the premises situate in the Borough of Wellsboro, County of Tioga, Commonwealth of Pennsylvania, 33 Austin Street, 3rd Floor, Wellsboro, Tioga County, 16901, upon the following TERMS and CONDITIONS:

SGA 3/25/22 BMF 3/25/2022

1. **USE:** Lessee agrees that he will use and occupy the demised premises as a ~~communication center~~ office space only and for no other purpose without the written consent of the Lessors first had and obtained; nor shall Lessee obstruct or interfere with the rights of other Lessees, or in any other way injure or annoy them nor will the Lessee allow the leased premises, or any part of it, to be occupied by any other person, business or entity, other than the Lessee or Lessee's employees without the written consent of the Lessors endorsed on this Agreement.

2. **TERM:** Lessors demise the office space at 33 Austin Street, 3rd Floor, Wellsboro, Tioga County, Pennsylvania 16901, for a term of one (1) year commencing on January 1, 2022, and terminating on December 31, 2022. After the initial term, this lease shall automatically renew on a month to month basis. Either party may terminate the lease with thirty (30) days' written notice provided to the other party.

3. **RENT:** Monthly rent for the lease term shall be at of $250.00 per month payable in advance on the first (1st) day of each month for that month's rental. All rental payments shall be made to Lessors at the address specified above. Any payment made ten (10) days or later after the due date shall be assessed a ten (10%) percent late fee which will be added to the monthly payment.

4. **ALTERATIONS:** Lessee shall not, without first obtaining the written consent of Lessors, make any alterations, additions, or improvements, in, to or about the premises. Lessors will pay only for materials that they deem necessary. Any alterations, additions or improvements, in, to or about the leased premises shall be made solely at the Lessee's expense, except for repairs to the roof. Further, any alterations, additions, or improvements in, to or about the premises, except movable or attachable office equipment shall be the property of the Lessors, and shall remain upon and be surrendered with the premises, as a part of it, at the termination of this lease, without molestation or injury.

5. **ORDINANCES AND STATUTES:** Lessee shall comply with all statutes, ordinances and requirements of a municipal, state, and federal authorities now in force, or which may hereafter be in force, pertaining to the premises, occasioned by or affecting the use thereof by Lessee.

6. **ASSIGNMENT AND SUBLETTING:** Lessee shall not assign this Lease or sublet any portion of the premises without prior written consent of the Lessors. Any such assignment or

subletting without consent shall be void and, at the option of the Lessors, may terminate this Lease.

7. **UTILITIES:** Lessors agree to provide and be responsible for the payment of the following: electric, gas, water, sewer, and removal of garbage. Lessee shall be solely liable for telephone/FAX/TV and/or cable bills, as they become due.

8. **ENTRY AND INSPECTION:** Lessee shall permit Lessors or Lessors' agents to enter upon the premises at reasonable times and upon reasonable notice, for the purpose of inspecting the same, and will permit Lessors anytime within sixty (60) days prior to the expiration of this Lease, to place upon the premises any usual "To Let" or "For Lease" signs, and permit persons desiring to lease the same to inspect the premises thereafter. It is understood that the Lessors shall have the option and right to enter the leased premises at any time upon activation of the fire alarm system.

9. **INDEMNIFICATION OF LESSORS:** Lessors shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the demised premises or any part thereof, and Lessee agrees to hold Lessors harmless from any/and all claims for damages, no matter how caused. Further, Lessee agrees to carry liability insurance in the minimum of $1,000000.00 on the demised premises listing the Lessors as a named insured.

10. **EMINENT DOMAIN:** If the premises or any part thereof or any estate therein, or any other part of the building materially affecting Lessee's use of the premises, shall be taken by eminent domain, this lease shall terminate on the date when title vests pursuant to such taking. The rent, and any additional rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by Lessee, and for moving expenses.

11. **DESTRUCTION OF PREMISES:** In the event of partial destruction of the premises during the term hereof, from any cause, Lessors shall forthwith repair the same, provided that such repairs can be made within sixty (60) days under the existing governmental laws and regulations, but such destruction shall not terminate this lease except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Lessee on the premises. If such repairs cannot be made within the said sixty (60) days, Lessors, at their option, may take the same within a reasonable time, this lease continuing in effect, with the rent proportionately abated as aforementioned, and in the event that Lessors shall not elect to make such repairs which cannot be made within sixty (60) days, this lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third (1/3) of the replacement costs thereof, Lessors may elect to terminate this lease whether the demised premises be injured or not. A total destruction of the building in which the premises may be situated shall terminate this lease.

12. **LESSORS' REMEDIES ON DEFAULT:** If Lessee defaults in the payment of rent, or any additional rent, or default in the performance of any of the other covenants or conditions hereof, Lessors may give Lessee notice of such default, and if Lessee does not cure any such

default, and if Lessee does not cure any such default within fifteen (15) days, after the giving of such notice [or if such default is of such a nature that it cannot be completely cured within reasonable diligence and in good faith to cure such default], then Lessors may terminate this lease on not less than ten (10) days' notice to Lessees. On the date specified in such notice the tenn of this lease shall terminate, and Lessees shall then quit and surrender premises to Lessors, but Lessee shall remain liable as hereinafter provided. If this lease shall have been so terminated by Lessors, Lessors may at any time thereafter resume possession of the premises by any lawful means and remove Lessee or other occupants and their effects.

13. **NO WAIVER OF DEFAULT:** No failure to enforce any term shall be deemed a waiver. This agreement shall remain in full force and effect unless and until terminated under and pursuant to the terms of this agreement. The failure of either party to insist upon strict performance of any of the provisions of this agreement shall in no way affect the right of such party thereafter to enforce that provision. The waiver of any breach of any provision hereof shall not be construed as a waiver of any subsequent breach of the same or similar nature, and shall not be construed as a waiver of strict performance of any other obligations.

14. **ATTORNEY'S FEES:** In case suit should be brought for recovery of the premises, or for any sum due hereunder, or because of any act which may arise out of the possession of the premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including reasonable attorney's fees.

15. **NOTICES:** Any notice which either party may be or is required to give, shall be given by mailing the same, postage prepaid, to the addresses shown below:

LESSEES: 1775 Industrial Blvd.
Lewisburg, Pennsylvania 17837

LESSORS: 33 Austin Street
Wellsboro, Pennsylvania 16901

Or at such other places as may be designated by the parties from time to time.

16. **NOTICE OF DEFECTS:** Lessee shall give to Lessors prompt written notice of any accident to, or any defects in, to, or on the demised premises that may come to its attention.

17. **ASSIGNS AND SUCCESSORS:** This Lease is binding upon and inures to the benefit of the assigns and successors in interest to the parties.

18. **SUBORDINATION:** This Lease is and shall be subordinated to all existing and future liens and encumbrances against the property.

19. **JURISDICTION, VENUE AND CHOICE OF LAW:** This Agreement shall be construed in accordance with the laws of the Commonwealth of Pennsylvania. Furthermore, the parties agree to utilize and submit to the Jurisdiction and Venue of the Court of Common Pleas of Tioga County, Pennsylvania.

20. **ENTIRE AGREEMENT:** The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties. The following Exhibits, if any, have been made a part of this lease before the parties' execution hereof:

Signed this 17th day of December 2021

WELLSBORO ELECTRIC COMPANY:

Attest: Melissa D Sullivan

By: Byron Smith Jr (SEAL)

Signed this 17th day of December 2021

C&T ENTERPRISES, INC:

Attest: Annette L Koder

By: [signature] (SEAL)
STEVEN ALLABAUGH CO-CEO

WELLSBORO ELECTRIC COMPANY
CONTRACT FOR SERVICES
DATED THE 6TH DAY OF OCTOBER, 2010
ADDENDUM E
(ADVANCED PAYMENT)

Pursuant to Paragraph 3.1 of the Contract, C&T currently holds an Advanced Payment from Operating Company of $49,000.

C&T ENTERPRISES, INC.

1/5/12
Date

by: _____
President & CEO

WELLSBORO ELECTRIC COMPANY

1/5/12
Date

by: _____
President & CEO

REVISED CONTRACT FOR SERVICES

THIS CONTRACT, made and executed in duplicate this 28th day of October, 2019, by and between **C&T ENTERPRISES, INC.**, a Pennsylvania corporation, with offices at 33 Austin Street, Wellsboro, Pennsylvania, (hereinafter referred to as "C&T") and **VALLEY ENERGY, INC.** a Pennsylvania public utility corporation, with offices at 523 South Keystone Avenue, Sayre, Pennsylvania (hereinafter referred to as "Operating Company") (each, individually, "Party" or collectively, "Parties").

WHEREAS, C&T is a public utility holding company organized for the purpose of providing management, communication, financial, technical, operational and other business-related services to its public utilities and others; and

WHEREAS, Operating Company is a for-profit, investor-owned public utility that desires to purchase services from C&T and C&T desires to sell services to Operating Company; and

WHEREAS, Operating Company and C&T are also parties to a general Affiliated Interest Agreement that is filed with the Pennsylvania Public Utility Commission among Operating Company, C&T and other entities that are classified as affiliates of Operating Company under the relevant state statutes (the "AIA")[1]; and

WHEREAS, the Parties wish to reduce their agreement to writing.

NOW THEREFORE, in consideration of the foregoing recitals of fact and the mutual benefits and obligations set forth herein, the Parties agree as follows:

1. DESCRIPTION OF SERVICES. The Parties agree to provide to each other the specific services described herein and set forth in the Addenda attached hereto, which Addenda shall be dated, signed by both C&T and Operating Company, marked alphabetically, e.g., Addendum "A," and so forth, and are incorporated by reference herein.

   1.1 PROVISION OF EMPLOYEES. C&T shall provide service to Operating Company through the assignment of individual C&T Employees to perform specific work and other activities for, and as directed by, the Operating Company. Services will be provided by the specific C&T Employees as identified in Addendum B. Such employees will be considered to be assigned to the Operating Company for purposes of the specific work and other activities.

   1.2 PROVISION AND USE OF VEHICLES, SPACE, MATERIALS AND OTHER EQUIPMENT. In addition to the services described in Paragraph 1.1 of this Contract, the Parties may provide to each other certain vehicles, space, materials and other equipment for use. The rates and charges for such vehicles, materials

[1] The Docket Number and date of approval of the most recent AIA will be set forth in Addendum A of this Contract, which will be updated as necessary.

and other equipment provided will be set forth in Addendum C to this Contract. The rates and charges for space will be set forth in Addendum D to this Contract.

1.3 OTHER SERVICES. In addition to the services described in Paragraphs 1.1 and 1.2 of this Contract, the Parties may provide other services of a nature mutually agreed on by C&T and Operating Company. C&T and Operating Company will execute additional Addenda to this Contract describing such services and specifying the rates and charges for the services. Alternatively, C&T and Operating Company may enter into additional contracts or agreements for such services.

2. RATES AND CHARGES. The rates and charges to be paid by each Party for the services provided shall be set forth on the Addenda attached hereto as provided for in Paragraph 1 of this Contract. These rates and charges shall reflect the lower of actual cost or market. Throughout the course and term of this Contract such rates and charges may be adjusted and revised for any calendar quarter period commencing on the first day of each calendar quarter, upon written notice from C&T to Operating Company not less than thirty (30) days in advance of the calendar quarter for which rates are to be changed. Operating Company's failure to notify C&T in writing of objection to the proposed rates and charges revision within thirty (30) days after receipt of proposed price revision shall be considered acceptance of such revision. In the absence of written notice from C&T to Operating Company regarding any revision of charges and rates, the rates and charges then in effect shall continue until notice is given in accordance with the foregoing schedule.

2.1 LABOR & OVERHEAD CHARGES. C&T shall calculate and bill, on a periodic basis, labor and overhead for all Employees assigned to Operating Company. Overhead charges include, but are not limited to, payroll taxes, pension, workers compensation and health insurance contributions. C&T reserves the right to estimate the monthly cost of certain benefits, subject to subsequent reconciliation. As soon as practical, any benefit adjustments will be charged or credited to the Operating Company.

2.2 SHARED SUPPORT SERVICE ALLOCATION. Consistent with the AIA, C&T will calculate and bill Operating Company for shared support services provided by C&T employees that are not assigned to Operating Company. Shared support services will include, but not be limited to, Human Resources, Payroll, Information Technology, Corporate Communications, Call, Center and Key Accounts.

3. BILLING AND PAYMENT. All rates and charges to be paid by Operating Company to C&T for services rendered to Operating Company shall be billed by C&T by invoice with sufficient detail to document and support the rates and charges set forth therein and submitted to Operating Company on or before the 15th day of each month for services rendered by C&T during the preceding month. Any amounts due from C&T to Operating Company shall be netted against the C&T charges on the monthly invoice. Payment of

such invoice shall be made in full by Operating Company to C&T on or before twenty (20) days from the date of receipt of such invoice, and in the event such invoice is not paid in full, the unpaid portion thereof shall, at C&T's option, accrue interest at the rate of one percent (1%) of the unpaid amount per month, with a partial month being counted as a full month.

3.1 ADVANCED PAYMENT. To enable C&T to meet its obligations due during the initial month of this Contract, C&T may continue to retain any Advanced Payment provided pursuant to the prior Contract for Services between the Parties. C&T may refund the Advanced Payment to the Operating Company, at any time before the termination of the Contract. To the extent not previously refunded, Operating Company shall be entitled to return of the Advanced Payment upon termination of this Contract. The amount of any Advanced Payment that remains in C&T's possession shall be set forth in Addendum E to this Contract.

3.2 ACCOUNTING LIABILITIES. In addition to any rates and charges due hereunder, Operating Company may set up a payable to C&T for amounts necessary under generally accepted accounting principles to book liabilities for future payments due, including for FAS 106 and accrued vacation obligations. C&T shall provide to Operating Company a separate invoice once per year indicating the amount of such liabilities for the year based on an actuarial estimate. Any variance between actual amounts paid by C&T during the year and the actuarial estimate provided to Operating Company shall be subject to reconciliation at the end of the year.

4. TERM. The initial term of this Contract for Services shall commence on the date of this Contract and shall continue for three years. This Contract will thereafter automatically renew for successive one-year terms unless terminated by either party by written notice provided at least sixty (60) days prior to the end of any initial or renewal term. Any such termination shall not affect any obligations undertaken or liabilities incurred by either party prior to the date of termination.

5. DESIGNATION OF OPERATING COMPANY OFFICERS. The Board of Directors of Operating Company retains full authority, power and discretion to designate the Officers for the Operating Company. To the extent the Board of the Operating Company designates a C&T Employee as an Officer of the Operating Company, the Parties shall enter into or revise Addendum B and appropriate schedules to assign the employee to the Operating Company.

6. TEMPORARY ASSIGNMENT OF C&T EMPLOYEES. Notwithstanding the categorization of the C&T Employees designated in Addendum B Schedule 1 to this Contract as being assigned to the Operating Company, C&T may, from time to time, request to use such employees to provide services to other entities. Operating Company's monthly compensation to C&T for such employee's services shall be reduced by the applicable percentage of employee's total working hours allocable to work outside Operating Company. Whenever employees assigned to Operating Company are

temporarily assigned to another operating company, their labor, overhead and expenses will be billed based the provisions of Article II, Section A and/or Article III of the AIA.

7. MANAGEMENT OF ASSIGNED C&T EMPLOYEES. Operating Company will have management authority over C&T Employees assigned to Operating Company under this Contract.

8. REQUEST FOR ADDITIONAL SERVICES. Operating Company may request, from time to time, that C&T provide additional services on a temporary or a permanent basis by C&T employees that are not permanently assigned to Operating Company. By way of example, Operating Company may request the placement of full-time staff members with IT experience on-site during a computer system conversion. Any request for additional services must be conveyed to C&T in a timely manner. To the extent such service is desired on a permanent basis, C&T and Operating Company shall mutually agree on addition of or modification to an Addendum to this Contract. If the permanently-assigned or temporarily-assigned C&T Employee is currently assigned to another entity, the Operating Company will pay a percentage of the compensation for said C&T Employee otherwise recoverable from the other entity based on the portion of total monthly working hours allocable to Operating Company or a written agreement between the two Operating Companies. To the extent such assignment is temporary and such C&T Employee is not currently assigned to another entity, C&T and Operating Company will mutually agree on appropriate compensation.

9. OVERSIGHT COMMITTEE. C&T shall form and convene an Oversight Committee to address complaints, problems or grievances that arise under this Contract or similar agreements entered into with other entities. Each such entity, including Operating Company, shall have the opportunity to designate a member of the Oversight Committee. The Oversight Committee will attempt to resolve all complaints, problems and grievances raised by the Operating Company and other represented entities. To the extent the Oversight Committee cannot resolve such issues, the issues will be submitted to a neutral arbitrator, mutually agreed to by Operating Company and C&T, for binding resolution. Such arbitration will be conducted according to the rules of the American Arbitration Association.

10. RELATIONSHIP OF THE PARTIES. The parties hereto understand and agree that C&T is to provide services under this Contract as an independent contractor to the Operating Company and not as an agent, employee, representative, or in any other manner or relationship whatsoever. At all times throughout the term hereof, C&T shall be free to and intends to contract to provide services to others. Except as stated herein nothing in this Contract shall in any way be construed to constitute C&T or any of C&T's agents or employees as the agent, employee or representative of the Operating Company.

11. CONFIDENTIALITY. All information furnished under and pursuant to this Contract shall be held by C&T and Operating Company in strict confidence and shall never be reproduced, revealed or made accessible in whole or in part, in any manner whatsoever, to any other persons unless required by law, applicable regulatory agencies (including the

Pennsylvania Public Utility Commission and the New York Public Service Commission) or unless the Party first obtains the other Party's express and written consent; provided, however, the Party may reveal to the subject of the information that the other Party is a source of information about the subject and refer same to the Other Party for the purpose of obtaining such information and reviewing it. Any information specifically designated as "Confidential" may be viewed only by the Officers of the Party and only to the extent necessary to perform their designated duties. Each Party shall take reasonable steps to limit the public disclosure of confidential information provided hereunder.

12. INDEMNIFICATION. Operating Company shall hold C&T harmless against all liability or loss and against all claims or actions based on or arising out of damage or injury (including death) to persons or property caused by or sustained in connection with the performance of this contract or by conditions created thereby, or based on any violation of statue or regulation and the defense of any such claims or actions.

13. INSURANCE. C&T shall, at its sole cost and expense, be covered by comprehensive general liability insurance including contractual liability insurance with combined single limits of not less than One Million Dollars ($1,000,000.00), which insurance coverage and limits shall be evidenced by certificates of insurance as requested by the Operating Company and which insurance policies shall name the Operating Company as additional insured thereon.

14. WORKERS COMPENSATION. Any employees assigned to Operating Company hereunder shall at all times remain C&T Employees for workers compensation purposes. C&T will take reasonable actions with respect to such employees, including, but not limited to, retaining an appropriate amount of Workers Compensation Insurance. C&T agrees to indemnify, defend and hold harmless Operating Company for any workers compensation claim asserted by a C&T Employee.

15. HEADINGS. The description headings of the various paragraphs of this Contract are inserted for reference purposes only and do not form a part of this Contract and shall in no way affect meaning or interpretation thereof.

16. ENTIRE AGREEMENT. This Agreement constitutes and contains the entire understanding and agreement of the parties hereto and supersedes any and all prior understandings and agreements, oral or written, by, between and among the parties regarding the subject matter hereof.

17. AMENDMENTS. This Contract and the Addenda incorporated herein shall be modified and/or amended only by writing signed by both parties hereto, and shall not be effective until filed with and approved by any applicable regulatory agencies, including the Pennsylvania Public Utility Commission. The requirement for approval prior to effectiveness shall not apply to periodic changes to Addenda to update information such as the information regarding the AIA set forth in Addendum A and the employees and related costs assigned to Operating Company under Addendum B.

18. AUTHORITY. C&T and Operating Company hereby covenant and agree, each to the other, that their respective signatories have the authority to execute and bind each pursuant to the appropriate actions of the governing bodies of each. C&T also warrants that it has the authority to provide the services contemplated hereunder.

19. NOTICES. Any notices to be delivered under the terms of this Contract shall be sent by U.S. Mail certified, return receipt requested, addressed as follows;

To C&T:

C&T Enterprises, Inc.
33 Austin Street
Wellsboro, PA 16901

To Operating Company:

Valley Energy, Inc.
523 South Keystone Avenue
Sayre, PA 18840

20. FORCE MAJEURE. C&T shall use diligence to perform its obligations under this Contact, however, in the event that C&T is delayed in or prevented from performing or carrying out its obligations under this Contract by reason of an unforeseeable event or occurrence beyond reasonable control of and without the fault and negligence of C&T, including, but not limited to, acts of God, strike, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance, sabotage, acts of public enemy, explosion, change in law or applicable regulation subsequent to the date hereof and action or inaction by any federal, state or local legislative, executive, administrative, or judicial agency or body which, in any of the foregoing cases, by exercise of due foresight C&T could not reasonably have been expected to avoid, C&T shall not be liable to the Operating Company for or on account of any loss, damage, injury or expense resulting from or arising out of such delay or prevention, provided, however, that C&T shall use due diligence to remove the cause or causes thereof. The settlement of strikes and labor disturbances shall be wholly within the discretion of C&T. Economic hardship shall not constitute a Force Majeure under this Contract.

21. REGULATORY OVERSIGHT/APPROVAL. This Contract constitutes a component of the Affiliated Interest Agreement and relationship between C&T and Operating Company that is subject to oversight by the Pennsylvania Public Utility Commission ("PUC") and the New York Public Service Commission ("PSC"). To the extent the PUC or PSC invalidates and/or modifies any portion of this Contract or the Affiliated Interest Agreement, either during an independent review of the agreement or in a proceeding before the Commission, and such action impacts the terms of this Contract, the parties agree to mutually negotiate in good faith modifications to this Contract consistent with the Commission's decision.

22. PRIOR AGREEMENTS. This Contract shall supersede and replace in its entirety the Contract for Services dated March 29, 2002, between the Parties; provided, however, that the Parties shall remain liable for any obligations incurred under the prior Contract for Services.

23. SEVERABILITY. All agreements and covenants contained in this Contract are severable, and in the event any of them are held to be invalid by any competent court, this Contract will be interpreted as if the invalid agreements or covenants were not contained in this Contract.

24. ASSIGNMENT. This Contract may not be assigned, transferred or conveyed in whole or part by either party without the express written permission of the other.

25. CONSTRUCTION. This Contract shall be governed by the laws of the Commonwealth of Pennsylvania.

26. BINDING EFFECTS. The parties hereto covenant and agree that the terms, conditions and provisions of this Contract shall be binding upon themselves, their respective successors, and assigns.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed and delivered as of the day and year first above written.

ATTEST:

Secretary

C&T ENTERPRISES, INC.

BY:

TITLE: Co Pres. & CEO

ATTEST:

Secretary

VALLEY ENERGY, INC.

BY:

TITLE: PRESIDENT & CEO

INDEX OF ADDENDA AND SCHEDULES
DATED THE 28th DAY OF OCTOBER, 2019

Addendum A: Information regarding currently-effective Affiliated Interest Agreement among C&T companies

Addendum B: C&T Employees Assigned to Operating Company

Schedule B-1: Specific C&T Employees and Charges

Addendum C: Vehicles, Materials and Other Equipment

Schedule C-1: Specific Covered Items

Addendum D: Space

Schedule D-1: Summary of Leased Space

Addendum E: Outstanding Advanced Payment

VALLEY ENERGY, INC.
CONTRACT FOR SERVICES
DATED THE 28TH DAY OF OCTOBER, 2019
ADDENDUM A
(INFORMATION ON CURRENT AFFILIATED INTEREST AGREEMENT AMONG C&T COMPANIES)

The Pennsylvania Public Utility Commission approved the currently effective Affiliated Interest Agreement among the C&T companies on July 15, 2019, at Docket No. G-2008-2020732.

C&T ENTERPRISES, INC.

10/21/2019
Date

by: Bobbi J Kilmer
President & CEO

VALLEY ENERGY, INC.

10/28/19
Date

by: S E Rogers
President & CEO

VALLEY ENERGY, INC.
CONTRACT FOR SERVICES
DATED THE 23rd DAY OF OCTOBER, 2019
ADDENDUM B
(EMPLOYEES)

1. DESCRIPTION OF SERVICES.

C&T shall provide to Operating Company the services of the C&T Employees set forth on the attached listing, marked Schedule B-1. For the period during which this Addendum remains effective, the persons listed on Schedule B-1 shall be considered to be assigned to Operating Company. Schedule B-1 may be modified by mutual consent of C&T and Operating Company.

2. RATES AND CHARGES FOR SERVICES.

The rate and charge for services provided by C&T Employees to Operating Company shall be calculated monthly based on C&T's direct monthly costs related to each such employee, including salary, payroll taxes and benefits. The annual charge for each employee will be listed on Schedule B-1, which shall consequently be designated as highly confidential and handled in accordance with the confidentiality provisions in Paragraph 11 of the Contract.

3. EMPLOYEE BONUSES.

The C&T Employees listed on Schedule B-1 may, from time to time, be provided certain bonuses or other performance-based incentives. To the extent such bonuses or incentives are proposed or instituted by C&T, Operating Company shall have the right to refuse, for reasonable reasons and grounds, to compensate C&T for such bonuses or incentives. Operating Company may also request that C&T provide a bonus or other incentive to specific C&T Employees listed on Schedule B-1. Bonuses or incentives shall be passed through to and paid by Operating Company.

C&T ENTERPRISES, INC.

10/21/2019
Date

by: Bobby Akers
President & CEO

VALLEY ENERGY, INC.

10/23/19
Date

by: E. E. Rogers
President & CEO

SCHEDULE 1 TO ADDENDUM A

[redacted]

Title	Annual Charge
PRESIDENT & CEO	$ [redacted]
VP & TREASURER	$ [redacted]
VP OPERATIONS	$ [redacted]
OPERATIONS MANAGER	$ [redacted]
CUSTOMER SERVICE MANAGER	$ [redacted]
GIS ANALYST	$ [redacted]
CORROSION/MEASUREMENT TECHNICIAN	$ [redacted]
SURVEILLANCE TECHNICIAN	$ [redacted]
FIELD SERVICE TECHNICIAN	$ [redacted]
REGULATOR SHOP TECHNICIAN	$ [redacted]
EXECUTIVE ASSISTANT	$ [redacted]
GAS FITTER 2	$ [redacted]
CONSTRUCTION MANAGER	$ [redacted]
TRAINING & COMPLIANCE COORDINATOR	$ [redacted]
OPERATIONS ASSISTANT	$ [redacted]
REGULATOR TECHNICIAN	$ [redacted]
CORROSION/MEASUREMENT TECHNICIAN	$ [redacted]
FIELD SERVICE TECHNICIAN	$ [redacted]
CUSTOMER REPRESENTATIVE	$ [redacted]
FIELD SERVICE TECHNICIAN	$ [redacted]
SURVEILLANCE TECHNICIAN	$ [redacted]
OPERATIONS TECHNICIAN	$ [redacted]
INVENTORY PURCHASING AGENT	$ [redacted]
METER READER/TESTER	$ [redacted]
GAS FITTER 2	$ [redacted]
ACCOUNTING ASSISTANT	$ [redacted]
CUSTOMER REPRESENTATIVE	$ [redacted]
FIELD SERVICE TECHNICIAN	$ [redacted]
CUSTOMER REPRESENTATIVE	$ [redacted]
GAS FITTER 1	$ [redacted]
GAS FITTER 1	$ [redacted]
Total	$ 4,136,934

Rachel R. Hauser
President & CEO
C&T Enterprses, Inc.

Date: 2/12/2025

E E Rogers
President & CEO
Valley Energy, Inc.

Date: 2/12/25

VALLEY ENERGY, INC.
CONTRACT FOR SERVICES
DATED THE 28th DAY OF OCTOBER, 2019
ADDENDUM C
(VEHICLES, MATERIALS AND EQUIPMENT)

1. DESCRIPTION OF SERVICES.

C&T shall provide to Operating Company (or Operating Company shall provide to C&T) the vehicles, materials and other equipment more particularly detailed and set forth on the attached listing, marked Schedule C-1 , which schedule is incorporated herein as though set forth at length. Schedule C-1 may be changed from time to time by mutual agreement of C&T and Operating Company.

2. RATES AND CHARGES FOR SERVICES.

The rates and charges for services set forth in Paragraph 1 hereof shall be calculated monthly based on the monthly fixed and variable costs related to such vehicles, material or equipment.

C&T ENTERPRISES, INC.

10/21/2019
Date

by: Bobby G Kinney
President & CEO

VALLEY ENERGY, INC.

10/28/19
Date

by: E E Boggess
President & CEO

SCHEDULE C-1 TO ADDENDUM C

1. Currently there are no vehicles, material or other equipment being provided by the affiliated companies.

C&T ENTERPRISES, INC.

10/21/2019
Date

by: Bobby Akers
President & CEO

VALLEY ENERGY, INC.

10/28/19
Date

by: E E Rogers
President & CEO

VALLEY ENERGY, INC.
CONTRACT FOR SERVICES
DATED THE 28th DAY OF OCTOBER, 2019
ADDENDUM D
(SPACE)

1. DESCRIPTION OF SERVICES.

C&T shall provide to Operating Company (or Operating Company shall provide to C&T) the space more particularly detailed and set forth on the attached Schedules marked as D-1, D-2, D-3, etc. To the extent a formal lease agreement exists related to certain space, that agreement will also be included as a Schedule to this Addendum.

2. RATES AND CHARGES FOR SERVICES.

The rates and charges for services for space will be negotiated between the Parties.

C&T ENTERPRISES, INC.

10/21/2019
Date

by: Bobby Kilmer
President & CEO

VALLEY ENERGY, INC.

10/28/19
Date

by: E E Rogers
President & CEO

SCHEDULE D-1 TO ADDENDUM D
SUMMARY OF SPACE LEASED BETWEEN PARTIES

1. There currently is no space leased between the Parties.

C&T ENTERPRISES, INC.

10/21/2019
Date

by: Bobby J Kilmer
President & CEO

VALLEY ENERGY, INC.

10/28/19
Date

by: E E Reagan
President & CEO

VALLEY ENERGY, INC.
CONTRACT FOR SERVICES
DATED THE 28th DAY OF OCTOBER, 2019
ADDENDUM E
(ADVANCED PAYMENT)

Pursuant to Paragraph 3.1 of the Contract, C&T currently holds an Advanced Payment from Operating Company of $100,398.47.

C&T ENTERPRISES, INC.

10/21/2019
Date

by: Bobby Gilmore
President & CEO

VALLEY ENERGY, INC.

10/28/19
Date

by: E E Rogers
President & CEO

Wellsboro Electric, Citizens Electric & Valley Energy
Long-Term Debt and Letter of Credit Certificates
As of 12/31/2024

Wellsboro Electric, Inc

Docket No.	Facility No.	Original Amount	12/31/2024 Balance	Issuance Type	Advance Date	Maturity Date
S-00030942	9005001		$ 618,446	LT Fixed Rate	11/26/2003	09/30/2038
S-00030942	9005002		$ 1,902,152	LT Fixed Rate	11/26/2003	09/30/2038
S-00030942	9005003		$ 1,908,479	LT Fixed Rate	11/26/2003	09/30/2038
S-00030942	9005004		$ 979,869	LT Fixed Rate	11/26/2003	09/30/2038
S-00030942	9005006		$ 1,289,656	LT Fixed Rate	11/26/2003	09/30/2038
S-00030942	9005007		$ 321,085	LT Fixed Rate	11/26/2003	09/30/2038
		$ 12,155,017	$ 7,019,687			

Docket No.	Facility No.	Original Amount	12/31/2024 Balance	Issuance Type	Advance Date	Maturity Date
S-00051045	9006002	$ 1,000,000	$ 280,213	LT Fixed Rate	11/01/2006	12/31/2028

Docket No.	Facility No.	Original Amount	12/31/2024 Balance	Issuance Type	Advance Date	Maturity Date
S-00061153	9012001	$ 500,000	$ 207,911	LT Fixed Rate	12/27/2006	09/30/2031
S-00061153	9012002	$ 500,000	$ 210,428	LT Fixed Rate	08/31/2007	09/30/2031
S-00061153	9012003	$ 500,000	$ 197,364	LT Fixed Rate	02/06/2008	09/30/2031
		$ 1,500,000	$ 615,703			

Docket No.	Facility No.	Original Amount	12/31/2024 Balance	Issuance Type	Advance Date	Maturity Date
S-2010-2162071	9015001	$ 1,200,000	$ 675,020	LT Fixed Rate	02/25/2011	12/31/2034

Docket No.	Facility No.	Original Amount	12/31/2024 Balance	Issuance Type	Advance Date	Maturity Date
S-2011-2240234	9016001	$ 1,000,000	$ 587,972	LT Fixed Rate	03/01/2012	06/30/2035
S-2011-2240234	9016002	$ 1,000,000	$ 616,625	LT Fixed Rate	12/29/2014	06/30/2035
		$ 2,000,000	$ 1,204,597			

Docket No.	Facility No.	Original Amount	12/31/2024 Balance	Issuance Type	Advance Date	Maturity Date
S-2016-2581844	9018001	$ 1,000,000	$ 787,765	LT Fixed Rate	5/8/2017	3/31/2042
S-2016-2581844	9018002	$ 1,000,000	$ 828,462	LT Fixed Rate	6/30/2019	12/31/2041
		$ 2,000,000	$ 1,616,228			

Docket No.	Facility No.	Original Amount	12/31/2024 Balance	Issuance Type	Advance Date	Maturity Date
S-2020-3019803	9022001	$ 2,000,000	$ 1,818,139	LT Fixed Rate	9/30/2020	6/30/2050

Wellsboro Electric, Citizens Electric & Valley Energy
Long-Term Debt and Letter of Credit Certificates
As of 12/31/2024

Docket No.	Facility No.	Original Amount	12/31/2024 Balance	Issuance Type	Advance Date	Maturity Date
S-2022-3033413	9023001	$ 3,000,000	$ 2,920,865	LT Fixed Rate	10/31/2022	9/30/2052
S-2022-3033413	9023002	$ 2,000,000	$ 1,961,712	LT Fixed Rate	6/15/2023	3/31/2053
S-2022-3033413	9023003	$ 1,000,000	$ 980,386	LT Fixed Rate	6/30/2023	3/31/2053
		$ 6,000,000	$ 5,862,962			

Docket No.	Facility No.	Original Amount	12/31/2024 Balance	Issuance Type	Advance Date	Maturity Date
S-2024-3050970	9025001	$ 4,000,000	$ 4,000,000	LT Fixed Rate	10/15/2024	12/31/1954

Docket No. S-00030942 not to exceed $12,200,000. The balance outstanding at December 31, 2024 was $7,019,687.
Docket No. S-00051045 not to exceed $1,000,000. The balance outstanding at December 31, 2024 was $280,213.
Docket No. S-00061153 not to exceed $1,500,000. The balance outstanding at December 31, 2024 was $615,703.
Docket No. S-2010-2162071 not to exceed $1,200,000. The balance outstanding at December 31, 2024 was $675,020.
Docket No. S-2011-2240234 not to exceed $2,000,000. The balance outstanding at December 31, 2024 was $1,204,597.
Docket No. S-2016-2581844 not to exceed $2,000,000. The balance outstanding at December 31, 2024 was $1,616,228.
Docket No. S-2020-3019803 not to exceed $2,000,000. The balance outstanding at December 31, 2024 was $1,818,139.
Docket No. S-2022-3033413 not to exceed $6,000,000. The balance outstanding at December 31, 2024 was $5,862,962.
Docket No. S-2024-3050970 not to exceed $5,000,000. The balance oustanding at December 31, 2024 was $4,000,000.

Citizens Electric Company

Docket No.	Facility No.	Original Amount	12/31/2024 Balance	Issuance Type	Advance Date	Maturity Date
S-00990736	9001001		$ 970,459	LT Fixed Rate	02/08/1999	12/31/2033
S-00990736	9001002		$ 980,452	LT Fixed Rate	02/08/1999	12/31/2033
S-00990736	9001003		$ 999,097	LT Fixed Rate	02/08/1999	12/31/2033
S-00990736	9001004		$ 237,284	LT Fixed Rate	02/08/1999	12/31/2033
S-00990736	9001005		$ 967,396	LT Fixed Rate	02/08/1999	12/31/2033
		$ 8,814,700	$ 4,154,687			

Docket No.	Facility No.	Original Amount	12/31/2024 Balance	Issuance Type	Advance Date	Maturity Date
S-00051064	9007001	$ 450,000	$ 18,457	LT Fixed Rate	10/14/2005	06/30/2025
S-00051064	9007002	$ 550,000	$ 22,559	LT Fixed Rate	10/14/2005	06/30/2025
		$ 1,000,000	$ 41,016			

Docket No.	Facility No.	Original Amount	12/31/2024 Balance	Issuance Type	Advance Date	Maturity Date
S-2016-2581804	9020001	$ 1,200,000	$ 945,319	LT Fixed Rate	5/8/2017	3/31/2042
S-2016-2581804	9020002	$ 800,000	$ 662,770	LT Fixed Rate	6/30/2019	12/31/2041
		$ 2,000,000	$ 1,608,089			

Docket No. S-000990736 not to exceed $9,315,200. The balance outstanding at December 31, 2024 was $4,154,687.
Docket No. S-00051064 not to exceed 1,000,000. The balance outstanding at December 31,2024 was $41,0169.
Docket No. S-2016-2581804 not to exceed 2,000,000. The balance outstanding at December 31,2024 was $1,608,089.

Wellsboro Electric, Citizens Electric & Valley Energy
Long-Term Debt and Letter of Credit Certificates
As of 12/31/2024

Valley Energy, Inc.

Docket No.	Facility No.	Original Amount	12/31/2024 Balance	Issuance Type	Advance Date	Maturity Date
S-00020894	9003001		$ 1,211,122	LT Fixed Rate	11/07/2002	03/31/2032
S-00020894	9003002		$ 1,219,567	LT Fixed Rate	11/07/2002	03/31/2032
S-00020894	9003003		$ 1,225,399	LT Fixed Rate	11/07/2002	03/31/2032
S-00020894	9003004		$ 329,782	LT Fixed Rate	11/07/2002	03/31/2032
S-00020894	9003005		$ 847,535	LT Fixed Rate	11/07/2002	03/31/2032
		$ 12,000,000	$ 4,833,404			

Docket No.	Facility No.	Original Amount	12/31/2024 Balance	Issuance Type	Advance Date	Maturity Date
S-2024-3046097	9024001	$ 1,500,000	$ 1,500,000	LT Fixed Rate	12/19/2024	12/31/1954

Docket No. S-00020894 not to exceed $13,000,000. The balance outstanding at December 31, 2024 was $4,833,404.
Docket No. S-2024-3046097 not to exceed $1,500,000. The Balance outstanding at December 31, 2024 was $1,500,000.

Master Letter of Credit Security Certificates

Docket No.	Company	Original Amount	Balance	Issuance Type	Advance Date	Maturity Date
S-00071217	Citizens'	$ 2,333,333.33	Varies	Letter	09/26/2007	10/06/2012
S-00071218	Wellsboro	$ 2,333,333.33	Varies	Letter	09/26/2007	10/06/2012
S-00071219	Valley	$ 2,333,333.34	Varies	Letter	09/26/2007	10/06/2012
		$ 7,000,000.00				

Docket No.	Company	Original Amount	Balance	Issuance Type	Advance Date	Maturity Date
S-2008-2079859	Citizens'	$ 5,000,000.00	Varies	Letter	11/13/2008	10/06/2012
S-2008-2079943	Wellsboro	$ 5,000,000.00	Varies	Letter	11/13/2008	10/06/2012
S-2008-2079949	Valley	$ 5,000,000.00	Varies	Letter	11/13/2008	10/06/2012
		$ 15,000,000.00				

Docket No.	Company	Original Amount	Balance	Issuance Type	Advance Date	Maturity Date
S-2012-2317822	Citizens'	$ 5,000,000.00	Varies	Letter	10/06/2012	10/06/2015
S-2012-2318247	Wellsboro	$ 5,000,000.00	Varies	Letter	10/06/2012	10/06/2015
S-2012-2318254	Valley	$ 5,000,000.00	Varies	Letter	10/06/2012	10/06/2015
		$ 15,000,000.00				

Wellsboro Electric, Citizens Electric & Valley Energy
Long-Term Debt and Letter of Credit Certificates
As of 12/31/2024

Docket No.	Company	Original Amount	Balance	Issuance Type	Advance Date	Maturity Date
	Citizens'	$ 5,000,000.00	Varies	Letter	10/6/2015	10/06/2018
	Wellsboro	$ 5,000,000.00	Varies	Letter	10/6/2015	10/06/2018
	Valley	$ 5,000,000.00	Varies	Letter	10/6/2015	10/06/2018
		$ 15,000,000.00				

Docket No.	Company	Original Amount	Balance	Issuance Type	Advance Date	Maturity Date
	Citizens'	$ 2,333,333.33	Varies	Letter	10/6/2018	10/5/2021
	Wellsboro	$ 2,333,333.33	Varies	Letter	10/6/2018	10/5/2021
	Valley	$ 2,333,333.34	Varies	Letter	10/6/2018	10/5/2021
		$ 7,000,000.00				

Docket No.	Company	Original Amount	Balance	Issuance Type	Advance Date	Maturity Date
	Citizens'	$ 2,333,333.33	Varies	Letter	10/6/2021	10/5/2024
	Wellsboro	$ 2,333,333.33	Varies	Letter	10/6/2021	10/5/2024
	Valley	$ 2,333,333.34	Varies	Letter	10/6/2021	10/5/2024
		$ 7,000,000.00				

Docket No.	Company	Original Amount	Balance	Issuance Type	Advance Date	Maturity Date
	Citizens'	$ 2,333,333.33	Varies	Letter	10/6/2024	10/5/2029
	Wellsboro	$ 2,333,333.33	Varies	Letter	10/6/2024	10/5/2029
	Valley	$ 2,333,333.34	Varies	Letter	10/6/2024	10/5/2029
		$ 7,000,000.00				

Valley Statement No. 4

BEFORE
THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**	
	:	
v.	**:**	**Docket No. R-2025-_____**
	:	
Valley Energy, Inc.	**:**	

DIRECT TESTIMONY
AND EXHIBIT

OF

EDWARD E. ROGERS

ON BEHALF OF

VALLEY ENERGY, INC.

APRIL 30, 2025

BEFORE
THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**	
	:	
v.	**:**	**Docket No. R-2025-_____**
	:	
Valley Energy, Inc.	**:**	

DIRECT TESTIMONY OF EDWARD E. ROGERS
ON BEHALF OF VALLEY ENERGY, INC.

Q. Please state your name and business address.

A. My name is Edward E. Rogers. My business address is 523 Keystone Avenue, Sayre, Pennsylvania.

Q. By whom are you employed and what position do you hold with Valley Energy, Inc.?

A. I am employed by C&T Enterprises, Inc., and assigned to Valley Energy, Inc. ("Valley" or "Company"), as the President and Chief Executive Officer.

Q. What are your duties in that capacity?

A. My duties include the management of all administrative, engineering, operations, safety, compliance, and customer service activities of Valley.

Q. Please describe your educational and professional background.

A. I attended Marquette University as a computational mathematics major from 1980 to 1982 and enrolled in Pennsylvania State University's Mechanical Engineering Technology Program from 1989 to 1991. I worked for various construction firms prior to joining Valley.

Q. Please describe the purpose of your testimony.

A. My testimony provides a general overview of Valley, its operations, service territory, and customer base. I will discuss the major factors that necessitate the rate relief that we are requesting. I also discuss proposed changes to the tariff.

Q. Please provide a brief corporate history of Valley.

A. Valley was formed by C&T Enterprises in 2000 to purchase from NUI Corporation ("NUI") the assets of Valley Cities Gas Service and Waverly Gas Service. Ownership and operational control of the assets was transferred to Valley on November 7, 2002.

In 1944, Pennsylvania & Southern Gas Company formed Valley Cities by acquiring the following companies: The Athens and Sayre Gas Company (originally formed in 1899); The Athens, Sayre and South Waverly Heat and Power Company (originally formed in 1899); and The South Waverly Gas Light Company (originally formed in 1885). Pennsylvania & Southern added the Towanda portion of the service territory from Towanda Gas and Water Company (originally formed in 1859) in 1945. Finally, The Waverly Gas Light Company (1883) was acquired in 1959. Pennsylvania & Southern operated the combined assets (known as Valley Cities Gas in Pennsylvania and Waverly Gas in New York) through 1994. In 1994, NUI acquired Pennsylvania & Southern.

Q. Please describe the current service territory for Valley.

A. Valley serves twelve communities in Bradford County, Pennsylvania, and Tioga and Chemung Counties in New York. Valley supplies natural gas to more than 7,349 residential, commercial and industrial customers in Pennsylvania. Our

Pennsylvania natural gas distribution system includes over 167 miles of mains. We operate the Pennsylvania and New York systems as an integrated system, with all natural gas injected into the system at points in Pennsylvania.

Q. How does Valley arrange the gas supplies for its system?

A. Valley has two interconnection gate stations with the Tennessee Gas pipeline system. One point currently serves the Hamilton (previously Panda) electric generation station that is located south of Towanda. The other interconnection serves the remainder of our system, including Valley's customers in New York. We hold firm capacity contracts on Tennessee and also have various storage contracts.

Q. In what year was the last filing to adjust the base rates for customers on the Valley system?

A. The last base rate proceeding adjusting rates for Valley customers was in 2022, with new rates taking effect on February 1, 2023. In that case, Valley settled with the other parties to obtain an annual revenue increase of $958,000.

Q. Why is Valley requesting to increase its rates?

A. The primary reason that we are submitting this filing is to ensure the continued financial viability of the company. We must continue to earn an appropriate return on our rate base investments and cover our expenses. Operating costs continue to increase throughout the economy. We also continue to replace equipment, mains, pipelines and services, which increases our rate base. Mr. Chapman will address the past and future enhancements to utility plant in more detail.

We also are experiencing other material and supply increases for everything from office supplies to vehicle fuels. Ms. Beale will address our current and future expenses in her testimony.

As the analysis conducted by Mr. Gorman indicates, Valley's pro forma return on rate base for historic year 2024 was 4.3%. *See* Exhibit__(HSG-1), Schedule C1. Without a rate increase, the Company projects a return on rate base of only 3.72% for 2025. *Id.* Using an appropriate market-reflective return on equity ("ROE") as Mr. D'Ascendis and Mr. Kucan recommend in their testimony would establish rates that provide Valley with the opportunity to earn a return on rate base of 8.27% and result in a proposed rate increase of $1.6 million.

Q. Is Valley seeking the full rate increase to which it is entitled?

A. Yes. The Commission recently adopted changes to its regulations to allow smaller companies to proceed with non-major rate cases for amounts up to $5 million. Although the revised regulations have not been published in the *Pennsylvania Bulletin*, we are asking for the full amount pending that publication.

We have added to our filing information requested under the existing regulations for rate increase requests that exceed $1 million, as specified in Section 53.53 of the regulations.

Q. Has Valley been pursuing a systemic improvement of the distribution system over the last ten years?

A. Yes. Valley has continued to make significant improvements to the distribution system to enhance service, safety and reliability. As Mr. Chapman addresses in more detail, we prepare periodic Distribution Management Integrity Plans

("DIMPs"), which provide a systematic approach for maintaining the reliability of our system. Our annual capital plans then include projects to address the risks identified in the DIMP, as well as known major replacement/improvement projects by PennDOT and other utilities in our area, and other necessary capital improvements.

Valley has been proactive in addressing reliability throughout the years. For example, Valley completed the replacement of all cast iron and bare steel pipe on its system 8 years ago. We now are working through the replacement of troubled Aldyl-A vintage plastic pipelines and service lines, which we project to have fully replaced within 3 to 5 years.

Over the last ten years, the Company has also performed upgrades to its City Gate facility; upgraded transmission mains; added, replaced or upgraded 14 district regulator stations; installed over 26 miles of new or replacement plastic gas mains; installed 2,383 new or replacement services; relocated over 107 meters from indoors to outdoors; added remote pressure monitoring devices; installed additional over-pressure protection equipment on low-pressure systems and added or replaced 36 large commercial metering facilities.

Valley's prudent management and attention to its distribution system has resulted in an excellent safety record. We also have one of the lowest lost and unaccounted for gas percentages in Pennsylvania, which saves our ratepayers money on their supply service. Attached as Exhibit__(EER-1) is a table showing our historic lost and unaccounted gas performance.

Q. Does Valley anticipate any major capital projects to enhance its building and facilities?

A. Yes. In late 2024, Valley purchased a property that will be used for warehousing construction equipment, as work space for construction crews, to locate a pressure regulation shop, and as a training center. We are in the process of making upgrades to that facility, which will be completed in 2026.

Q. Why is Valley adding a training center?

A. The Office of Pipeline Safety of the U.S. DOT, requires operators to develop and maintain a qualification program for individuals performing tasks identified in the regulation (i.e., investigating leak or odor complaints). To comply with the requirements of this regulation, Valley Energy implemented an Operator Qualification (OQ) Program. The intent of the OQ regulation is to minimize human error by establishing a verifiable qualified workforce. The training component of the OQ Program continues to increase and evolve, resulting in increased training and testing hours. To meet the OQ program training requirements, increased instructor led, scenario-based training is required as the number of tasks that require a hands-on component to fully qualify for a task continues to increase. Employees are required to train in specific tasks and demonstrate their proficiency in those tasks through the successful completion of a written and/or performance-based evaluation. The continued evolution of the requirements pertaining to OQ rules and the increase in performance-based tasks continue to highlight the need for augmented training facilities which would enable scenario-based training for gas pipe installation and repair functions.

While on-the-job training is still occurring and will occur into the future, the Company will have the ability to enhance on-the-job training with the addition of live, scenario-based hands-on training that will be utilized in the new training center. This will provide us with the ability to train our employees on equipment and in conditions that mimic the real-world environment, but in a safe, controlled manner.

Investing in employee development through dedicated training resources and formal standardized training programs will, as discussed earlier, provide greater depth, consistency and frequency to employee training. Additionally, the new programs will enable the Company to adequately respond to emerging trends in the rapidly changing utility industry while simultaneously managing continuous changes in the workforce as experienced employees retire. Training and development has never been more important or critical to keep pace with the changes in our business.

Q. Does this property also enhance Valley's ability to serve its customers?

A. Yes. The property is strategically located in the northern portion of our territory and provides ready access to our service territory for our construction crews and the regulator technician.

SMALL UTILITY ISSUES AND COMPANY PERFORMANCE

Q. Mr. Rogers, is it accurate to categorize Valley as a small utility?

A. Yes. I already mentioned that Valley serves less than 7,500 customers in Pennsylvania. Similarly, the market capitalization analysis in the Direct Testimony

of Company witnesses Dylan D'Ascendis and Ryan Kucan of ScottMadden, Inc., shows Valley to be a small public utility relative to his comparison group.

Q. As a small privately held utility, does Valley face any unique financial challenges?

A. Yes, it does. As Mr. D'Ascendis and Mr. Kucan explain, small utilities face increased financial and business risks.

Q. Mr. Rogers, can you provide an example of a risk faced by smaller utilities that larger utilities may not face?

A. Yes. As discussed by Mr. D'Ascendis and Mr. Kucan, smaller utilities are at greater risk to experience adverse financial impacts from a single customer leaving the system (either by plant closure or by switching to alternate fuel). Currently, Valley's three largest customers represent nearly 30% of distribution revenues per year. In addition, our five largest customers represent approximately 32% of our annual distribution margins, and three of the five have dual-fuel capabilities.

Q. Is Valley at risk to lose other customers?

A. Yes. In addition to the largest customers, many of our other customers have access to potential alternatives to natural gas service, including propane, fuel oil, wood and electric.

Q. How do you think the Commission should address the additional risks faced by small utilities?

A. I believe the Commission should address this risk through an appropriate overall return on distribution rates, including a size adjustment. Additionally, the

Commission should adopt the recommendations of Mr. D'Ascendis and Mr. Kucan for a market-reflective return on equity and a management performance adjustment.

Q What are the bases for the performance adjustments proposed by Mr. D'Ascendis and Mr. Kucan?

A. Mr. D'Ascendis' and Mr. Kucan's testimony cites to Section 523 of the Public Utility Code, 52 Pa. Code § 523, which sets forth the Commission's guidelines for performance adjustments. I am advised by counsel that the Public Utility Code identifies several criteria to be considered in assessing the performance of a fixed utility for purposes of a performance factor adjustment, including consideration of any relevant and material evidence of efficiency, effectiveness, and adequacy of service. The Commission should consider Valley's operations as supportive of the proposed performance adjustment, including the following.

- **Main replacements.** Valley has replaced all cast iron, bare-steel and the majority of vintage plastic mains without assessing a Distribution System Improvement Charge on its customers.
- **Low customer complaints.** Valley has also demonstrated exceptional customer service, as evidenced by the Company's record of no formal or informal complaints filed with the PUC over the prior 3 years.
- **Emergency Response**. For the period 2022 – 2024, Valley has responded to 98.77% of emergency calls in 60 minutes or less.
- **Favorable customer feedback.** Over the same three-year period from 2022-2024, over 97% of customers surveyed as part of Valley's annual Customer Contact Survey responded that they are "Very Satisfied" with

Valley's overall quality of service. The "Very Satisfied" election is the highest ranking on the survey, which is conducted by Valley, consistent using a form developed by the Commission's Bureau of Consumer Services, and provided annually to the Commission pursuant to 52 Pa. Code § 62.35.

- **Technology adoption: Smarthub use.** Valley has adopted Smarthub as an option for customers to manage bills electronically, analyze consumption, and conduct other business with the Company using their smartphone or other device. To date, 2,440 of Valley's customers use Smarthub and benefit from the convenience of this resource.
- **PIPE Grant for East Athens Expansion.** To reduce customer costs for a significant main extension project, the Company applied for grant funding from the Pennsylvania Department of Community and Economic Development's ("DCED") Pipeline Investment Program ("PIPE"). DCED approved the application and awarded an $850,000 PIPE grant for the project. The PUC Chairman noted the impact of this grant in a public statement, commending the Company on its "practical commitment to extending natural gas service" and specifically stating "I am pleased to see Valley utilize PIPE grant funds."
- **Low Lost and Unaccounted For Gas.** Valley's maintenance and replacement of gas infrastructure initiatives have resulted in an extremely low lost and unaccounted for percentage of -0.17%. There are two primary causes of lost gas — (1) leaks on mains and equipment that leak gas into the atmosphere.; and (2) meter inaccuracies. As explained by Mr.

Chapman, Valley proactively addresses both issues. At a $4 per Mcf gas cost, each 0.5% improvement in the lost and unaccounted for percentage saves our supplier of last resort customers $17,774 per year.

VALLEY STAFFING

Q. You previously mentioned that you are a C&T employee assigned to Valley. Can you please describe the employment structure at Valley?

A. C&T is both a holding company and a management services firm. Based on Valley's indications of need and preferred person to serve in each position, C&T provides the employees to fill all of Valley's employee positions. This includes management, administrative, customer support, and operational employees. In addition, C&T provides support services for activities that may not justify Valley employing its own full or part-time employee. Melissa Sullivan, Chief Financial Officer of C&T, will provide additional details regarding these shared services and how Valley compensates C&T for access to the services.

In total, Valley has 29 employees with two open positions that are in the process of being filled. This represents a significant increase from 2010, when Valley had 24 employees.

Q. Has Valley taken steps to determine whether the current workforce is appropriate for the current expectations in the gas industry?

A. Yes. We recently identified two full-time positions that will be changing to seasonal in late 2025. We have also added a leak survey technician position in 2025. This will enable us to increase the frequency of leak surveys, moving to a 3-year cycle rather than our historic 5-year cycle for residential areas, and leak

surveying Aldyl-A vintage plastic pipelines and steel tubing services on an annual basis. Mr. Gorman has made appropriate adjustments to the FPFTY to incorporate these changes.

Q. Has Valley examined the competitiveness of its wage and salary plan?

A. Yes. In 2024, we undertook a comprehensive review of our salaries in conjunction with the other operating companies in the C&T Enterprises corporate family. We compared the responsibilities, work experience, educational requirements and leadership responsibility for over 105 positions across the operating companies and the C&T Shared Services functions. We engaged a consultant to review salary data from various sources to develop salary ranges for various employee grades, keeping similar functions within the same grade, where feasible.

Q. Did Valley adjust salaries as a result of that review?

A. We identified a handful of positions that needed to be adjusted upward to reflect the current employment conditions. We began making those adjustments in early 2025, with a two-year phase-in (2025 and 2026). Ms. Beale provides an exhibit that calculates the net expense impacts of the Wage & Salary study and other anticipated staffing changes.

Our employees will also continue to receive annual salary adjustments as approved by the C&T Board of Directors, as well as any merit-based adjustments. Finally, the consultant will update the survey annually to confirm that our salary ranges for each grade in the plan remain appropriate. If necessary, we may adjust individual (or groups of) employees based on that annual update. Ms. Sullivan discusses the projected annual base salary adjustments and benefits costs.

Q. Why is it important to maintain competitive salary and benefits offerings?

A. Natural gas utility workers must possess specialized knowledge and skills. We need to attract quality applicants and then often must provide training for the individual to become fully competent in their job. Some of the positions require qualification tests and other certifications. Once Valley attracts the candidate, we invest our time and resources to help that worker enhance their skills. This benefits our customers through excellent customer service and through reliable maintenance and operation of the natural gas system. Competitive salary and benefits offerings help us to attract and retain our workforce, and to meet the customers' needs.

CUSTOMER SERVICE SCHEDULE CHANGES

Q. Does Valley anticipate any significant changes in service schedule for any customers?

A. Yes. One of our larger customers has requested to move to Rate Schedule I, as a transportation customer. In 2024 and the beginning of 2025, they were served on Rate Schedule IS-Interruptible Service and SI-Small Industrial. Mr. Gorman has reflected this change in his analysis by increasing the volume delivered under Rate Schedule I and decreasing the volumes under the two rate schedules. We also are proposing some changes to the rate design for Rate Schedule I.

Q. Please explain the changes to Rate Schedule I.

A. We are proposing to add a monthly customer charge to make the rate design consistent with other classes. Also, we are proposing to simplify the rate design by

decreasing the number of rate blocks for the commodity-based portion of the rate from the current three blocks to two blocks for the new rate.

TARIFF CHANGES

Q. Please explain Valley's proposed tariff rule changes.

A. We propose to modify Tariff Rules 4 and 6.

In Tariff Rule 4, we are adding a new section to address Excess Flow Valves (EFVs). This section requires the Company to include EFVs in new or replacement installations at our cost, consistent with Federal safety regulations. Those standards allow limited exceptions that would apply to the new rule. In addition, a customer with an existing installation can request and pay for an EVF.

In Tariff Rule 6, we are clarifying the customer's responsibility to pay for any costs or damages if they (or a third party on their behalf) tamper with our equipment.

Q. Does this complete your testimony?

A. Yes.

Valley Statement No. 4

BEFORE
THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**	
	:	
v.	**:**	**Docket No. R-2025-_____**
	:	
Valley Energy, Inc.	**:**	

EXHIBIT

OF

EDWARD E. ROGERS

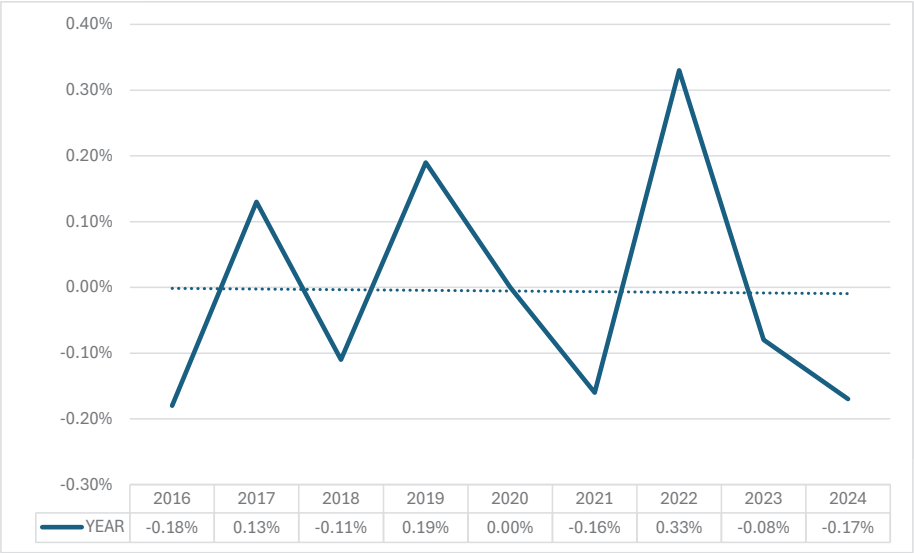
ON BEHALF OF

VALLEY ENERGY, INC.

APRIL 30, 2025

VALLEY ENERGY HISTORIC LOST AND UNACCOUNTED FOR GAS

YEAR	%	Average
2016	-0.18%	-0.01%
2017	0.13%	-0.01%
2018	-0.11%	-0.01%
2019	0.19%	-0.01%
2020	0.00%	-0.01%
2021	-0.16%	-0.01%
2022	0.33%	-0.01%
2023	-0.08%	-0.01%
2024	-0.17%	-0.01%
average	-0.01%	



J

Valley Statement No. 5

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**	
	:	
v.	**:**	**Docket No. R-2025-_____**
	:	
Valley, Energy, Inc.	**:**	

DIRECT TESTIMONY

AND EXHIBITS

OF

JAMIE BEALE

ON BEHALF OF

VALLEY ENERGY, INC.

APRIL 30, 2025

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**	
	:	
v.	**:**	**Docket No. R-2025-_____**
	:	
Valley Energy, Inc.	**:**	

DIRECT TESTIMONY OF JAMIE BEALE
ON BEHALF OF VALLEY ENERGY, INC.

Q. Please state your name and business address.

A. My name is Jamie Beale and my business address is 523 Keystone Avenue, Sayre, Pennsylvania.

Q. By whom are you employed and in what capacity do you serve at Valley Energy, Inc. ("Valley")?

A. I am employed by C&T Enterprises, Inc. ("C&T"), and assigned to Valley as the Vice President of Finance and Treasurer.

Q. Please describe your duties in this capacity.

A. My duties are to organize, direct, and coordinate the financial department. I provide administrative direction for billing for gas service to consumers. I also advise the President & CEO of the financial aspects of the company, manage the financial record keeping, coordinate the budget, coordinate with computer services, and coordinate with consumer services. I am also responsible for coordinating credit discussions with Valley's wholesale natural gas suppliers.

Q. Please describe your educational and employment background.

A. I attended Mansfield University from 2005 to 2008 and graduated with a BS in Business Management. I worked for Guthrie Healthcare Systems and Evangelical Community Hospital prior to joining Valley Energy.

Q. What were your responsibilities with respect to this filing?

A. As the Vice President of Finance and Treasurer, I was responsible for coordinating with our auditors and Company witness Mr. Gorman to ensure that historic and test year expenses, taxes, revenues, sales and rate base were appropriately reflected. I was responsible for ensuring that the expense, plant and sales information provided to Mr. Gorman that is reflected in Exhibit __ (HSG-1) was correct.

Q. Have you previously testified before the Pennsylvania Public Utility Commission?

A. Yes. I provided Direct, Rebuttal and Oral Rejoinder testimony in Valley's 2019 rate case at Docket No. R-2019-3008209 and Direct and Rebuttal testimony in Valley's 2022 rate case at Docket No. R-2022-3032300.

VALLEY FINANCIAL INFORMATION

Q. Are Valley and its records regularly audited by a licensed accounting firm?

A. Yes. The accounting firm of FORVIS MAZARS, LLC audits the Company's financial records. They prepare an annual report of the Company operations and assist Company personnel on specific Pennsylvania Public Utility Commission ("PUC" or "Commission") filings, such as our State Tax Adjustment Surcharge filings. They also prepare our tax returns. A copy of our Annual Report for the year ended December 31, 2024, is attached as Exhibit__(JB-1). A copy of our most

recent STAS filing is attached as Exhibit__(JB-2). Copies of our most recent state income tax filings for Pennsylvania are included in Volume III of the filing as Valley Confidential Exhibit 3. Valley's New York filing is included in the C&T Consolidated Federal tax file that is included as Joint Confidential Exhibit 3.

Q. How did the Company develop the financial data provided to HSG Group?

A. The Historic Test Year ("HTY") data is based on actual experiences during the HTY ending December 31, 2024. The Future Test Year ("FTY") data is based largely on our operating budget for the year ending December 31, 2025, with updates for any known and measurable changes that we have identified between the date that budget was approved by our Board of Directors and April 2025 when we are submitting this filing. The Fully-Projected Future Test Year ("FPFTY") data is based on our projections for the year ending December 31, 2026.

Q. Please discuss the major expense categories for Valley.

A. Valley's expenses are budgeted and tracked in the following categories: (1) Labor & Overheads, including C&T Shared Services; (2) Transportation; (3) Materials & Supplies (4) Administrative & General; (5) Outside Services; (6) Uncollectibles; (7) Depreciation & Amortization; (8) Regulatory Fees; and (9) Taxes. Valley also reports by account, corresponding to the FERC chart of accounts. Each Operating and Maintenance account includes (as appropriate) costs for Labor, Overhead, Material and Transportation. The information provided to Mr. Gorman is by FERC account, with subaccounts for Labor, Overhead, Material and Transportation.

Q. What is the largest expense category?

A. Labor & Overheads constitute the largest expense item. This category includes our employees and the various benefits that we provide (health, dental, vision, retirement, etc.). To develop the projected 2026 costs for Labor & Overheads, we examined the wages and benefits for our employees. We also accounted for the position changes discussed in Mr. Rogers' testimony.

Q. Have you prepared an exhibit showing the impact of the salary changes and the position changes for the FTY and FPFTY?

A. Yes. Attached as Exhibit__(JB-3) is an analysis that supports that impact. The impact of these changes are distributed among the various FERC accounts that Mr. Gorman reflects in his analysis according to where the employee's time is booked (based on activities performed).

Ms. Sullivan's testimony discusses the 2025 and projected 2026 C&T base compensation adjustments and our projections for personnel insurance benefits cost changes. Ms. Sullivan also discusses the C&T Shared Services that are included in our Labor & Overheads for 2024, 2025 and 2026.

Q. Please discuss the Transportation projections.

A. This item reflects the costs of our vehicles and other equipment, including fuel and maintenance expenses. For 2025, we are projecting to add one vehicle and replace one with no new additions or replacements in 2026. Our expenses for Transportation also reflect our expected fuel purchases for vehicles and equipment.

Q. Is Valley projecting increased Materials and Supplies costs?

A. Yes. The costs of various materials and supplies for our business have continued to increase, consistent with general inflation of many items. Each expense account

was reviewed and projected known increases were included. Mr. Chapman will address the increases in our system materials.

Q. Please discuss the costs incurred by Valley for Administrative and General.

A. The items in this category include the general costs to heat, furnish and maintain our office space and warehouses. For 2025, we made an adjustment to the HTY expenses to include expenses that were previously allocated to Account 880.45 and for a new recuring expense for Environmental System Research Institute (ESRI) cloud services that will work with the Company's Geographic Information System (GIS).

Q. What costs are included in Outside Services?

A. Outside Services includes the charges by various vendors for their service. This includes attorneys, accountants, auditors, consultants, cleaning vendors and contractors.

Q. Could costs in the categories that you addressed above be capitalized rather than being expensed?

A. Yes. As part of this filing, we have made assumptions regarding the portion of Labor & Overheads, Transportation, Materials & Supplies and Administrative & General that will be capitalized rather than expensed. We have done this based on both historic experience and projected 2025 and 2026 capital projects.

Q. How does Valley apportion costs between the Pennsylvania and New York jurisdictions?

A. Valley Energy uses a four-factor allocation method to apportion costs between Pennsylvania and New York jurisdictions. The four factors are: operating expense

ratio, investment in plant ratio, average customer ratio, and payroll ratio. The 2024 allocation, which was used by Mr. Gorman, is attached to my testimony as Exhibit__(JB-6).

Q. How did Valley develop the Uncollectibles expenses?

A. Uncollectibles expense is based on historic experience.

Q. Please discuss the Depreciation and Amortization expense reflected in the filing.

A. Depreciation expense is developed by Mr. Gorman, Exhibit__(HSG-1), Schedule C3 and explained in his testimony.

Q. Finally, what Regulatory Fees and Taxes are reflected in the filing?

A. These are developed by Mr. Gorman, Exhibit__(HSG-1), Schedule C1-3, and explained in his testimony.

Q. Do you have any information regarding Valley's actual expenses during the FTY?

A. Yes. Attached as Exhibit__(JB-4) is a table showing the operating expenses for the HTY as contained in the filing in Schedule C1-1 of Exhibit__(HSG-1), as well as actual expenses booked as of March 31, 2025. Although there is some variation within particular categories and expenses, on the whole, our actual year 2025 expenses are tracking as we would expect at this point of the FTY. We will continue to update this Exhibit during the FTY to confirm that our projected expenses are accurate.

Q. Is it unusual for Valley's expenses by Account to vary from quarter to quarter during the year?

A. No. For many of our Accounts, our actual expenses vary quarter-to-quarter based on the activities that our workers and contractors are doing. Over the entire year, there can be some overall variation if more of our work is done on projects that are expensed rather than projects that are capitalized. Mr. Chapman will explain how the types of projects and focus of our workers may vary during the various quarters of the year. The expenses can also vary due to unexpected weather or other circumstances.

Q. Did the Company assist Mr. Gorman in the compilation of the plant account information included in Valley Exhibit HSG-1?

A. Yes. We provided detailed information to Mr. Gorman regarding the original cost, book depreciation reserve, depreciation rates and depreciation expenses on the Company's books. With the exception of minor prospective changes to depreciation assumptions that were justified in Valley's 2010 base rate filing and as explained below for this filing, the original cost and depreciation reserve reflect the amounts on NUI's books when C&T acquired the system on November 7, 2002, without any reflection of an "acquisition premium" or adjustment. We also provided data regarding the additions to utility plant that we anticipate will occur through 2026. Mr. Gorman's Exhibit__(HSG-1), Schedule C3 shows the net increase in the original cost of our utility plant in service from the HTY to the FPFTY.

Q. What depreciation changes is the Company proposing for this filing?

A. We are proposing to reduce the useful life of our computer equipment and software from 5 years to 3 years. This is consistent with the replacement cycle for IT

equipment that we follow, and is also consistent with the warranty period on new equipment. We are asking for this change to apply prospectively after this case; Mr. Gorman has not included the adjusted depreciation assumption in his calculations.

Q. Do you have any information regarding Valley's actual plant during the FTY?

A. Yes. Attached as Exhibit__(JB-5) is a table showing the original cost of our plant in service for the HTY as contained in the filing, as well as the costs booked as of March 31, 2025. Although there is some variation within particular categories, again, on the whole our actual year 2025 capital additions are consistent with our expectations for this time of the year. As previously discussed and addressed in more detail by Mr. Chapman, some variation can be expected because we undertake capital improvement projects primarily during the warmer months of the year (when the ground has thawed). We also will update this Exhibit during the course of this proceeding.

VALLEY ENERGY FINANCING ACTIVITIES

Q. Please explain the Company's financing arrangements.

A. Valley's primary source of financing is its parent company, C&T Enterprises, Inc., which obtains long-term loans, lines of credit and letters of credit on Valley's behalf through the National Cooperative Servicing Corporation ("NCSC"). Each long-term loan is supported by a Securities Certificate approved by the Commission. Ms. Sullivan provides an exhibit with details of each loan. We also

have access to a short-term line of credit through C&T, as described by Ms. Sullivan.

Finally, we maintain a local banking relationship with C&N Bank.

AFFILIATE CHARGES

Q. Does Valley have any affiliate charges in the HTY, FTY or FPFTY in addition to the ones with C&T that are discussed by Ms. Sullivan?

A. No.

Q. Does this conclude your testimony at this time?

A. Yes.

Valley Statement No. 5

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**	
	:	
v.	**:**	**Docket No. R-2025-_____**
	:	
Valley, Energy, Inc.	**:**	

EXHIBITS

OF

JAMIE BEALE

ON BEHALF OF

VALLEY ENERGY, INC.

APRIL 30, 2025

Valley Energy, Inc.

Independent Auditor's Report, Financial Statements and Supplementary Information

December 31, 2024 and 2023

Valley Energy, Inc.
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December 31, 2024 and 2023

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Independent Auditor's Report

Board of Directors
Valley Energy, Inc.
Sayre, Pennsylvania

Opinion

We have audited the financial statements of Valley Energy, Inc. (Company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Company's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Forvis Mazars, LLP

St. Louis, Missouri
March 12, 2025

Valley Energy, Inc.
Balance Sheets
December 31, 2024 and 2023

	2024	2023
ASSETS		
Utility Plant, at Cost		
Gas plant in service	$ 56,695,793	$ 53,390,499
Accumulated depreciation	(29,002,827)	(27,581,623)
	27,692,966	25,808,876
Construction work in progress	277,959	101,383
Net utility plant	27,970,925	25,910,259
Regulatory asset	80,613	148,308
Current Assets		
Cash and cash equivalents	802,679	933,205
Accounts receivable		
Customers, net of allowance;		
2024 - $121,040, 2023 - $144,789	936,044	935,592
Unbilled revenues	530,469	360,508
Other	289,273	968,780
Advances, affiliates	99,680	100,317
Inventories		
Natural gas	722,281	1,470,838
Materials and supplies	244,244	247,032
Prepaid taxes, net	315,247	150,651
Prepaid expenses and other	143,613	121,986
Total Current Assets	4,083,530	5,288,909
Total Assets	$ 32,135,068	$ 31,347,476

See Notes to Financial Statements

	2024	2023
LIABILITIES AND STOCKHOLDER'S EQUTIY		
Stockholder's Equity		
Common stock, no par or stated value, 1,000 shares authorized, issued and outstanding	$ 3,000,000	$ 3,000,000
Paid-in capital	94,885	94,885
Retained earnings	13,388,090	12,560,514
Total Stockholder's Equity	16,482,975	15,655,399
Long-Term Debt	5,736,464	4,833,386
Finance Lease Liabilities	101,926	63,708
Current Liabilities		
Line of credit	2,650,000	2,150,000
Current maturities of long-term debt	596,923	770,686
Current maturities of finance lease liabilities	40,425	41,073
Accounts payable	597,486	319,793
Due for purchased gas	495,267	952,840
Accrued expenses	326,713	502,350
Customer deposits	543,376	564,111
Over collected gas costs	676,841	1,335,592
Total Current Liabilities	5,927,031	6,636,445
Deferred Charges and Other Liabilities		
Deferred income taxes	2,694,069	2,964,000
Accrued postretirement cost	816,705	787,623
Regulatory liability	375,898	406,915
	3,886,672	4,158,538
Total Liabilities and Stockholder's Equity	$ 32,135,068	$ 31,347,476

Valley Energy, Inc.
Statements of Income
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues	$ 12,080,198	$ 12,476,673
Operating Expenses		
Gas	3,814,843	4,654,484
Distribution expenses		
Operation	1,933,271	1,679,763
Maintenance	611,071	566,764
Customer accounts	802,221	887,329
General and administrative	1,363,272	1,325,601
Depreciation	1,788,143	1,669,785
Taxes, other than income	194,168	147,810
	10,506,989	10,931,536
Operating Income Before Interest and Other Expenses	1,573,209	1,545,137
Other Income (Expenses)		
Interest expense	(428,818)	(642,291)
Other income	62,917	76,447
Other expense	(19,063)	(1,954)
	(384,964)	(567,798)
Income Before Income Taxes	1,188,245	977,339
Provision for Income Taxes	276,668	124,598
Net Income	$ 911,577	$ 852,741

Valley Energy, Inc.
Statements of Stockholder's Equity
Years Ended December 31, 2024 and 2023

	Common Stock	Paid-in Capital	Retained Earnings	Total
January 1, 2023	$ 3,000,000	$ 94,885	$ 11,811,937	$ 14,906,822
Dividends	-	-	(104,164)	(104,164)
Net income	-	-	852,741	852,741
December 31, 2023	$ 3,000,000	$ 94,885	$ 12,560,514	$ 15,655,399
Dividends	-	-	(84,001)	(84,001)
Net income	-	-	911,577	911,577
December 31, 2024	$ 3,000,000	$ 94,885	$ 13,388,090	$ 16,482,975

Valley Energy, Inc.
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Activities		
Net income	$ 911,577	$ 852,741
Items not requiring (providing) cash		
Depreciation and amortization	1,855,838	1,750,963
Deferred income taxes	(269,931)	(443,200)
Provision for credit losses on accounts receivable	(23,749)	(12,787)
Changes in		
Accounts receivable	532,843	(177,789)
Inventories	751,345	1,087,175
Prepaid expenses and other	(21,627)	(3,875)
Prepaid taxes, net	(164,596)	(95,381)
Regulatory assets/liabilities	(31,017)	(161,920)
Over/under recovered gas costs	(658,751)	2,936,320
Accounts payable and accrued expenses	74,195	191,060
Due for purchased gas	(457,573)	18,617
Customer deposits	(20,735)	120,125
Advances to affiliates	637	81
Accrued postretirement costs	56,943	114,070
Net Cash Provided by Operating Activities	2,535,399	6,176,200
Investing Activities		
Additions to utility plant, net	(3,751,019)	(1,975,933)
Net Cash Used in Investing Activities	(3,751,019)	(1,975,933)
Financing Activities		
Principal payments on finance lease liabilities	(60,220)	(63,367)
Borrowings under line of credit agreement	1,500,000	-
Repayments under line of credit agreement	(1,000,000)	(3,100,000)
Proceeds from issuance of long-term debt	1,500,000	-
Principal payments on long-term debt	(770,685)	(774,164)
Dividends paid	(84,001)	(104,164)
Net Cash Provided by (Used in) Financing Activities	1,085,094	(4,041,695)
Increase (Decrease) in Cash and Cash Equivalents	(130,526)	158,572
Cash and Cash Equivalents, Beginning of Year	933,205	774,633
Cash and Cash Equivalents, End of Year	$ 802,679	$ 933,205
Supplemental Cash Flows Information		
Interest paid	$ 428,818	$ 502,152
Income taxes paid	$ 702,607	$ 112,560
Right-of-use assets obtained in exchange for new finance lease liabilities	$ 97,790	$ 69,021

Valley Energy, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Valley Energy, Inc. ("Company"), a wholly-owned subsidiary of C & T Enterprises, Inc. ("C&T"), is a regulated public utility distributing natural gas to customers in the Sayre, Pennsylvania area, including Athens, Towanda, Wysox, and Waverly, New York. The Company's operations in Pennsylvania are regulated by the Pennsylvania Public Utility Commission ("PUC") and its operations in New York are regulated by the State of New York Public Service Commission ("NYPSC"). The Company extends unsecured credit to its customers.

Basis of Accounting

The Company maintains its accounting records in accordance with the Federal Energy Regulatory Commission's ("FERC") uniform system of accounts for public utilities as modified and adopted by the PUC and NYPSC. The accompanying financial statements and the related notes have been prepared on the basis of U.S. generally accepted accounting principles ("GAAP").

In accordance with FERC guidelines, the Company also maintains its accounts in accordance with Codification Topic 980, *Regulated Operations.* On a regular basis, the Company reevaluates its application of accounting for regulated operations. The Company has determined that regulatory assets and liabilities should continue to be accounted for under provisions of Codification Topic 980 because it is reasonable to assume that the Company will continue to be able to charge and collect its cost of service-based rates.

Purchased Gas

The Company obtains all of its natural gas from an agreement with an energy broker that expires in March 2027. Gas costs can be different than what is recovered in base charges, resulting in over or under collected gas costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include unbilled revenues, depreciation and postretirement benefits.

Cash and Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2024 and 2023, cash equivalents consisted of a daily investment fund account.

At December 31, 2024, the Company's cash accounts exceeded federally insured limits by approximately $250,000.

Accounts Receivable

Accounts receivable include billed and unbilled amounts for services provided to customers for which the Company has an unconditional right to payment. The Company provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions adjusted for current conditions and reasonable and supportable factors.

Accounts receivable are ordinarily due 21 days after the issuance of the invoice. Accounts that are unpaid after the due date bear interest at 1.25% per month. Accounts past due more than 30 days are considered delinquent. Interest continues to accrue on delinquent accounts until the account is no longer classified as delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

During the years ended December 31, 2024 and 2023, credit loss expense (recoveries) related to doubtful accounts receivable, where collectability is not reasonably assured, was approximately $(12,000) and $66,000, respectively.

Inventories

Inventories consist of natural gas and materials and supplies and are stated at the lower of cost or net realizable value. Cost is determined based on average cost.

Utility Plant

Utility plant is carried at cost. Additions to utility plant and replacements of property are capitalized at cost. Retirements of utility plant or replacements are removed from utility plant accounts at cost and these costs plus cost of removal less salvage are charged to accumulated depreciation. Assets under finance lease obligations are amortized over the shorter of the lease term or respective estimated useful lives. Depreciation of utility plant is provided over the estimated useful life of the respective assets on a straight line basis, as follows:

Utility Plant	Years
Gas plant acquisition	8 - 41
Transmission plant	25 - 50
Distribution plant	33 - 50
General plant	10 - 15
Vehicles	5

Maintenance and repairs of property and replacements are charged to expense.

Impairment of Long-Lived Assets

The Company reviews the carrying amount of an asset for possible impairment whenever events or changes in circumstances indicate that such amounts may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2024 and 2023.

Income Taxes

The Company is included in the consolidated federal and State of New York income tax returns filed by C&T. The Company files its own tax return in Pennsylvania. The Company's federal income tax expense is computed using the separate return method for intercorporate tax allocation.

The Company accounts for income taxes in accordance with income tax accounting guidance (Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more likely than not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more likely than not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to the management's judgment.

The Company recognizes interest and penalties on income taxes as a component of income tax expense.

Regulatory Matters

The Company is subject to the authoritative accounting guidance applicable to rate-regulated organizations. The Pennsylvania PUC and NYPSC approve natural gas rates for each state respectively. Certain items collected in rates have been recorded as regulatory liabilities. These amounts will be recognized as revenue in future periods as costs for which the amounts have been collected are incurred, or when authorized by the Pennsylvania PUC and NYPSC. Certain expenses have been recorded as regulatory assets, and management believes these amounts are probable of future rate recovery.

Revenue Recognition

Revenue from the sale of natural gas is recognized as gas is delivered to customers. Revenues also include amounts receivable from or payable to customers through gas recovery clauses, which are adjusted annually.

Costs that are recoverable or refundable in future periods through the gas recovery clauses are deferred. Costs that are refundable or recoverable in future periods through gas cost recovery rates are subject to audit and approval by the appropriate regulatory body. Changes to the related asset or liability amounts that result from these audits are recorded as a charge to current operations.

The amount and timing of revenue recognition varies based on the nature of the goods or services provided and the terms and conditions of the customer contract. Unbilled revenues of $530,469 and $360,508 at December 31, 2024 and 2023, respectively, represent amounts delivered through December 31 and not billed to the customers until the following month. Customer deposits of $543,379 and $564,111 at December 31, 2024 and 2023, respectively, represent amounts received in advance of services provided. See Note 12 for additional information about the Company's revenue.

For significant financing components, the Company elected a practical expedient, which allows an entity to recognize the promised amount of consideration without adjusting for the time value of money if the contract has a duration of one year or less, or if the reason the contract extended beyond one year is because the timing of delivery of the product is at the customer's discretion. As the Company's contracts are typically less than one year in length and do not have significant financing components, the Company does not present revenue on a present value basis.

Leases

The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date. The ROU asset for finance leases are included in utility plant in our balance sheets.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Company has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Company has elected not to record leases with an initial term of 12 months or less on the balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Taxes Collected from Customers and Remitted to Governmental Authorities

Sales and gross receipts taxes collected from customers and remitted to governmental authorities are presented in the accompanying statements of income on a net basis.

Note 2. Leases

Nature of Leases

The Company has the following lease arrangements:

Finance Leases

These leases mainly consist of vehicles for the use of the Company. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

All Leases

The Company has no material related party leases. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2024 and 2023 are:

	2024	2023
Lease cost		
Finance lease cost		
Amortization of right-of-use asset	$ 56,627	$ 65,227
Interest on lease liabilities	7,767	9,196
Total lease cost	$ 64,394	$ 74,423

	2024	2023
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Financing cash flows from finance leases	$ 60,220	$ 63,367
Weighted-average remaining lease term		
Finance leases	3.5 years	3.6 years
Weighted-average discount rate		
Finance leases	1.65%	1.65%

See Note 6 for future minimum lease payments and reconciliation to the balance sheet at December 31, 2024.

Note 3. Utility Plant

Utility plant consists of the following at December 31, 2024 and 2023:

	2024	2023
Gas plant in service		
Gas plant acquisition	$ 4,621,318	$ 4,621,318
Distribution plant	38,070,873	36,457,686
General plant	8,758,243	7,137,584
Transmission plant	5,245,359	5,173,911
	56,695,793	53,390,499
Construction work-in-progress	277,959	101,383
	56,973,752	53,491,882
Accumulated depreciation	(29,002,827)	(27,581,623)
	$ 27,970,925	$ 25,910,259

Note 4. Regulatory Assets and Liability

Regulatory assets consist of the following at December 31, 2024 and 2023:

	2024	2023	Amortization Period
Rate case - 2022	$ 52,196	$ 104,391	3 years
Rate case - 2023	28,417	43,917	3 years
	$ 80,613	$ 148,308	

Regulatory liability of $375,898 and $406,915 at December 31, 2024 and 2023, respectively, consists of other postretirement benefits that resulted from unrecognized gains. The Company expects to recover the deferred other postretirement benefits consistent with the anticipated income recognition of other postretirement income.

Amortization expense was $67,695 and $81,178 for the years ended December 31, 2024 and 2023, respectively.

Note 5. Line of Credit

The Company has a $7,000,000 revolving line of credit with C&T payable on demand. At December 31, 2024 and 2023, there was $2,650,000 and $2,150,000 borrowed against this line, respectively. Interest varies based on the CoBank quoted variable rate. The rate was 6.39% and 7.41% on December 31, 2024 and 2023, respectively, and is payable monthly.

While the line of credit above is due on demand, the Company utilizes the financing for long-term operating purposes and does not have liquid funds available to repay the balance. The borrowings are available as a result of a line of credit agreement that C&T has with a third party, which is due in July 2026. C&T has no intentions of calling the debt before July 2026.

Note 6. Long-Term Debt and Finance Lease Liabilities

	2024	2023
Notes payable, C&T, quarterly principal and interest payments ranging from $12,530 to $50,284, interest ranging from 2.635% to 4.800%; collateralized by substantially all Company assets; due March 2032	$ 4,833,387	$ 5,387,593
Note payable, C&T, quarterly principal and interest payments ranging from $5,697 to $29,326, interest ranging from 2.41% to 3.22%; collateralized by substantially all Company assets; paid in full December 2024; available borrowings up to $1,125,000	-	216,479
Note payable, C&T, quarterly principal and interest payments of approximately $27,895, interest at 6.27%; collateralized by substantially all Company assets; due December 2054	1,500,000	-
Finance lease liability for transportation equipment, requiring monthly principal and interest payments ranging from $335 to $1,190; collateralized by leased equipment; payments due in varying amounts through October 2029	142,351	104,781
	6,475,738	5,708,853
Less current maturities	637,348	811,759
	$ 5,838,390	$ 4,897,094

Aggregate annual maturities of long-term debt and payments on finance lease liabilities at December 31, 2024, are:

	Long-Term Debt	Finance Lease Liabilities
2025	$ 596,923	$ 50,096
2026	641,918	44,723
2027	689,318	36,699
2028	739,255	21,725
2029	791,870	15,439
Thereafter	2,874,103	-
	$ 6,333,387	168,682
Less amount representing interest		26,331
Present value of future minimum lease payments		$ 142,351

Transportation equipment under finance lease liabilities is as follows:

	2024	2023
Transportation equipment	$ 376,912	$ 279,122
Accumulated depreciation	(282,668)	(180,464)
	$ 94,244	$ 98,658

C&T has a Master Letter of Credit agreement with National Cooperative Services Corporation. This Letter of Credit is for $7,000,000 and expires October 2029. The Company has the ability to post letters of credit with wholesale gas suppliers under the terms of this agreement. As of December 31, 2024 and 2023, the Company had $500,000 in outstanding letters of credit.

C&T holds a first lien secured interest in the assets of the Company that are located in Pennsylvania. C&T has pledged substantially all of the Company's assets as collateral for its borrowing arrangements.

Note 7. Income Taxes

The provision for income taxes includes these components:

	2024	2023
Taxes currently payable	$ 546,599	$ 567,798
Deferred income taxes	(269,931)	(443,200)
Income tax expense	$ 276,668	$ 124,598

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense is shown below:

	2024	2023
Computed at the statutory rate (21%)	$ 249,500	$ 205,200
Increase (decrease) resulting from		
State income taxes	58,058	20,510
Other	(30,890)	(101,112)
Actual tax expense	$ 276,668	$ 124,598

The tax effects of temporary differences related to deferred taxes shown on the balance sheets were:

	2024	2023
Deferred tax assets		
Allowance for credit losses	$ 32,900	$ 39,900
Postretirement benefits	349,000	346,800
Other	204,700	47,400
	586,600	434,100
Deferred tax liabilities		
Depreciation	(3,236,500)	(3,340,200)
Other	(44,169)	(57,900)
	(3,280,669)	(3,398,100)
Net deferred tax liability	$ (2,694,069)	$ (2,964,000)

At December 31, 2024 and 2023, the Company had no allocation of C&T consolidated unused federal operating loss carryforwards.

Note 8. Pension and Postretirement Plans

Multiemployer Pension Plans

C&T is a member of the National Rural Electric Cooperative Association ("NRECA") Retirement Security Plan ("RS Plan"), a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

C&T contributions to the RS Plan in 2024 and 2023 represented less than 5% of the total contributions made to the plan by all participating employers. C&T made contributions to the plan of $3,497,266 and $3,441,415 for the years ended December 31, 2024 and 2023, respectively. The Company reimbursed C&T $613,429 and $610,861 for its share of the contributions for the years ended December 31, 2024 and 2023, respectively. There have been no significant changes affecting the comparability of the 2024 and 2023 contributions.

In the RS Plan, a "zone status" determination is not required, and therefore not determined, under the *Pension Protection Act* ("PPA") of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80% funded on January 1, 2024 and 2023, based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as a part of the actuarial valuation of the plan and may change as a result of plan experience.

C&T is also a member of the NRECA SelectRE Pension Plan. C&T makes a matching contribution of 200% of the employees' contributions up to 2.5% of compensation. The Company reimbursed C&T $113,043 and $101,551 for its share of contributions for the years ended December 31, 2024 and 2023, respectively.

Other Postretirement Benefit Plan

C&T has a postretirement health care plan covering substantially all employees. The plan is unfunded. The estimated costs that will be paid after retirement are generally being accrued over the employees' active service periods to the dates they are fully eligible for benefits. The Company expects to contribute $82,000 to the plan in 2025. The following table sets forth the plan's funded status and the amounts of accrued benefit cost of the C&T plan and the Company's allocation based on an actuarial valuation as of December 31, 2024 and 2023.

	2024	2023
C&T's benefit obligation	$ 5,587,931	$ 5,725,208
Company's allocation of benefit obligation	$ 901,940	$ 844,997
C&T's accrued benefit cost	$ 5,587,931	$ 5,725,208
Company's allocation of accrued benefit cost	$ 901,940	$ 844,997
Amounts recognized in the Company's balance sheets:		
Current liability, included in accrued expenses	$ 85,235	$ 57,374
Non-current liability	816,705	787,623
	$ 901,940	$ 844,997
C&T's benefit expense	$ 472,065	$ 480,148
Company's allocation of benefit expense	$ 83,317	$ 80,892

The Company uses a December 31 measurement date for the plans. For measurement purposes, a 6.5% annual rate of increase in the per capita cost of covered health care benefits was assumed in 2024. The rate was assumed to decrease gradually to 4.75% in 2030 and remain at that level thereafter.

The benefit obligation was calculated assuming a weighted average discount rate of 5.15% and 5.10% in 2024 and 2023, respectively.

The amount of net gain and net prior service cost expected to be recognized by the Company during 2025 is $24,559 and $26,257, respectively.

Benefits expected to be paid by the Company in each of the next five years and in the aggregate for the five years thereafter are as follows:

2025	$	85,235
2026	$	87,392
2027	$	97,256
2028	$	50,966
2029	$	44,230
2030-2033	$	472,561

Because the Company is subject to regulation in the states in which it operates, it is required to maintain its accounts in accordance with the regulatory authority's rules and regulations, which may differ from other authoritative accounting pronouncements. In those instances, the Company follows the guidance of accounting for regulated operations. Based on prior regulatory practice, and in accordance with the related guidance, the Company recorded an unfunded postretirement obligation, which otherwise would be recognized as other comprehensive income, as a regulatory asset, and expects to recover those costs in rates charged to customers.

Note 9. Related Party Transactions

The Company has a contract for service with C&T to purchase all employee services. The contract automatically renews annually unless terminated by either party.

In the ordinary course of business, the Company's activities involve significant transactions with C&T. The activity between the Company and C&T for the years ended December 31, 2024 and 2023 and the effected account balances at December 31, 2024 and 2023, are as follows:

	2024	2023
Allocation of overhead recorded as operating expense	$ 151,581	$ 462,600
Other costs included in accounts receivable - other	$ 287,548	$ 269,069
Payroll related costs included in accrued expenses	$ 276,700	$ 237,033
Accrued vacation liability included in accrued expenses	$ 203,127	$ 171,127
Payroll costs paid in advance and included in advances, affiliates	$ 100,398	$ 100,398
Interest expense	$ 421,052	$ 632,935

The Company paid C&T $2,690,807 and $2,506,461 for payroll and $1,222,197 and $1,150,104 for benefits in 2024 and 2023, respectively.

Note 10. Significant Concentration

Accounting principles generally accepted in the United States of America require disclosure of certain vulnerabilities due to certain concentrations.

Major Suppliers

The Company obtains all of its natural gas from an agreement with an energy broker that expires on March 31, 2027. The Company obtained approximately 95% and 94% of its natural gas and distribution from three suppliers during 2024 and 2023.

Note 11. Commitments and Contingencies

The Company has guaranteed payments on note payables that are the obligation of C&T. At December 31, 2024, the amounts outstanding on these obligations are $6,333,387, which is fully recorded by the Company, see Note 6. This obligation is being repaid in quarterly payments of principal and interest through 2054. The Company would be required to perform under this guarantee if C&T were to default under the note payable and the bank were to demand the Company's performance.

Note 12. Revenue from Contracts with Customers

Performance Obligations

The Company's revenues are derived primarily from the sale of natural gas to customers. Customers consist of commercial, industrial and residential accounts within dedicated territories in the Sayre, Pennsylvania and Waverly, New York areas.

Rates charged for natural gas sales to customers are established by the Pennsylvania PUC and NYPSC for each state, respectively. The Company provides gas to customers as one stand-ready performance obligation. Sale of natural gas is recognized by the Company upon transfer of control of promised services to customers in an amount that reflects the consideration expected to be received in exchange for those services.

The Company transfers control of the natural gas to customers at each customer's meter point and the customers simultaneously receive and consume the benefits of the natural gas provided. Natural gas provided to customers is accounted for as a series of performance obligations. Progress towards completion is measured using the output method [hundreds of cubic feet (CCF) received by the customer], meter readings are taken at the end of each month for billing purposes, the quantity of energy transferred is determined after the meter readings. Payments from customers are received in accordance with each member's contract, which is ordinarily 21 days from the invoice date.

Revenue associated with the natural gas performance obligation to customers are recorded as sales of natural gas and capacity to customers in our accompanying statements of income.

The Company has determined that the nature, amount, timing and uncertainty of revenue and cash flows are primarily affected by factors that impact demand.

Contract Balances

The following table provides information about the Company's accounts receivable and customer deposits from contracts with customers:

	2024	2023
Accounts receivable - customers, beginning of year	$ 935,592	$ 1,290,993
Accounts receivable - customers, end of year	$ 936,044	$ 935,592
Unbilled revenues, beginning of year	$ 360,508	$ 386,906
Unbilled revenues, end of year	$ 530,469	$ 360,508
Customer deposits, beginning of year	$ 564,111	$ 443,986
Customer deposits, end of year	$ 543,376	$ 564,111

Note 13. Subsequent Events

Subsequent events have been evaluated through March 12, 2025, which is the date the financial statements were available to be issued.

Supplementary Information

Valley Energy, Inc.
Prepaid Taxes, Net
December 31, 2024 and 2023

	2024	2023
State gross receipts tax	$ (47,166)	$ (34,928)
State sales tax	(24,982)	(24,586)
State capital tax	14,074	14,074
Federal income tax	220,236	62,799
State income tax	(3,923)	(2,494)
PUC assessment	31,545	21,251
Local and county taxes	19,090	8,760
PURTA	71,757	73,316
State assessment surcharges	30,993	30,993
State use tax	3,623	1,466
	$ 315,247	$ 150,651

Valley Energy, Inc.
Operating Revenues and Taxes, Other Than Income
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues		
Residential sales	$ 6,664,399	$ 7,766,968
Commercial and industrial sales	2,710,690	3,250,473
Interruptible sales	140,340	491,605
Customers' forfeited discounts	21,703	33,946
Transportation sales	2,967,349	2,926,393
Under collected gas costs	(429,917)	(1,997,390)
Miscellaneous	5,634	4,678
	$ 12,080,198	$ 12,476,673
Taxes, Other Than Income		
Local and county taxes	$ 164,814	$ 118,300
PURTA	28,876	28,876
State use tax	478	634
	$ 194,168	$ 147,810

Valley Energy, Inc.
Distribution, Operation; Distribution, Maintenance;
Customer Accounts and General and Administrative Expenses
Years Ended December 31, 2024 and 2023

	2024	2023
Distribution, Operation Expenses		
Mains and services	$ 617,994	$ 653,629
Measuring and regulating station - general	131,889	129,147
Measuring and regulating station - city gate	58,400	51,713
Industrial/commercial meters and regulators	120,832	111,698
Meters and house regulators	201,104	168,279
Customer installations	217,960	201,884
Distribution load dispatching	371,874	344,474
Other operating expense	213,218	18,939
	$ 1,933,271	$ 1,679,763
Distribution, Maintenance Expenses		
Structures and improvements	$ 46,983	$ 27,173
Mains	165,561	189,498
Measuring and regulating station - general	118,236	111,033
Measuring and regulating station - industrial	4,473	5,866
Measuring and regulating station - city gate	6,926	21,404
Services	62,285	49,055
Meters and house regulators	163,705	120,015
Supervision and engineering	42,902	42,720
	$ 611,071	$ 566,764
Customer Accounts Expenses		
Meter reading	$ 32,540	$ 32,722
Customer records and collections	758,359	759,567
Uncollectible accounts (recoveries), net	(12,127)	65,661
Miscellaneous customer	23,449	29,379
	$ 802,221	$ 887,329
General and Administrative Expenses		
Salaries and benefits	$ 778,139	$ 714,291
Pensions and benefits	7,934	12,117
Office supplies and expense	38,485	34,086
Outside services	100,986	97,936
Property insurance	28,235	24,598
Injuries and damage	114,441	100,186
General advertising	17,140	17,619
Miscellaneous general	22,865	11,573
Directors' committee	63,995	63,504
Travel and training	30,316	56,272
Regulatory commission, net	113,345	143,125
Maintenance, general plant	47,391	50,294
	$ 1,363,272	$ 1,325,601

Valley Energy, Inc.
Balance Sheet, by Division
December 31, 2024

	Valley Energy of PA	Valley Energy of NY	Eliminations	Total
Assets				
Utility Plant, at Cost				
Gas plant in service	$ 49,702,507	$ 6,993,286	$ -	$ 56,695,793
Accumulated depreciation	(24,783,592)	(4,219,235)	-	(29,002,827)
	24,918,915	2,774,051	-	27,692,966
Construction work in progress	174,722	103,237	-	277,959
Net utility plant	25,093,637	2,877,288	-	27,970,925
Regulatory Asset	52,196	28,417	-	80,613
Current Assets				
Cash and cash equivalents	802,679	-	-	802,679
Accounts receivable				
Customers, net	624,279	311,765	-	936,044
Unbilled revenues	478,620	51,849	-	530,469
Other	255,292	33,981	-	289,273
Advances, affiliates	1,340,221	-	(1,240,541)	99,680
Inventories				
Natural gas	722,281	-	-	722,281
Materials and supplies	244,244	-	-	244,244
Prepaid taxes, net	188,263	126,984	-	315,247
Prepaid expenses and other	143,094	519	-	143,613
Total current assets	4,798,973	525,098	(1,240,541)	4,083,530
Other Assets				
Total assets	$ 29,944,806	$ 3,430,803	$ (1,240,541)	$ 32,135,068

See Independent Auditor's Report

	Valley Energy of PA	Valley Energy of NY	Eliminations	Total
Liabilities and Stockholder's Equity				
Stockholder's Equity				
Common stock, no par or stated value, 1,000 shares authorized, issued and outstanding	$ 673,408	$ 2,326,592	$ -	$ 3,000,000
Paid-in capital	94,885	-	-	94,885
Retained earnings (deficit)	14,404,719	(1,016,629)	-	13,388,090
Total Stockholder's Equity	15,173,012	1,309,963	-	16,482,975
Long-Term Debt	5,736,464	-	-	5,736,464
Finance Lease Liabilities	101,926	-	-	101,926
Current Liabilities				
Line of credit	2,650,000	-	-	2,650,000
Current maturities of long-term debt	596,923	-	-	596,923
Current maturities of finance lease labilities	40,425	-	-	40,425
Advances, due to affiliates	-	1,240,541	(1,240,541)	-
Accounts payable	597,486	-	-	597,486
Due for purchased gas	495,267	-	-	495,267
Accrued expenses	326,713	-	-	326,713
Customer deposits	394,763	148,613	-	543,376
Over collected gas costs	287,624	389,217	-	676,841
Total Current Liabilities	5,389,201	1,778,371	(1,240,541)	5,927,031
Deferred Charges and Other Liabilities				
Deferred income taxes	2,351,600	342,469	-	2,694,069
Accrued postretirement cost	816,705	-	-	816,705
Regulatory liability	375,898	-	-	375,898
Total Deferred Charges and Other Liabilities	3,544,203	342,469	-	3,886,672
Total Liabilities and Stockholder's Equity	$ 29,944,806	$ 3,430,803	$ (1,240,541)	$ 32,135,068

Valley Energy, Inc.
Schedule of Income, by Division
Year Ended December 31, 2024

	Valley Energy of PA	Valley Energy of NY	Eliminations	Total
Operating Revenues	$ 10,004,736	$ 2,075,462	$ -	$ 12,080,198
Operating Expenses				
Gas	3,075,692	739,151	-	3,814,843
Distribution expenses:				
Operation	1,434,232	499,039	-	1,933,271
Maintenance	493,659	117,412	-	611,071
Customer accounts	635,024	167,197	-	802,221
General and administrative	1,133,461	229,811	-	1,363,272
Depreciation	1,515,965	272,178	-	1,788,143
Taxes, other than income	29,354	164,814	-	194,168
	8,317,387	2,189,602	-	10,506,989
Operating Income (Loss) Before Interest and Other Expenses	1,687,349	(114,140)	-	1,573,209
Other Income (Expenses)				
Interest expense	(360,147)	(68,671)	-	(428,818)
Other income	62,917	-	-	62,917
Other expense	-	(19,063)	-	(19,063)
	(297,230)	(87,734)	-	(384,964)
Income (Loss) Before Income Taxes	1,390,119	(201,874)	-	1,188,245
Provision for Income Taxes	273,731	2,937	-	276,668
Net Income (Loss)	$ 1,116,388	$ (204,811)	$ -	$ 911,577

Valley Energy, Inc.
Utility Plant and Accumulated Depreciation - Pennsylvania
Year Ended December 31, 2024

Acct. No.	Account	Utility Plant: Cost January 1, 2024	Additions	Retirements	Cost December 31, 2024	Accumulated Depreciation: Balance January 1, 2024	Retirements	Cost of Removals	Salvage Received	Depreciation Rate	Depreciation Amount	Balance December 31, 2024
114	Gas Plan Acquisition Account	$ 3,361,289	$ -	$ -	$ 3,361,289	$ 2,759,038	$ -	$ -	$ -	4.21 %	$ 88,183	$ 2,847,221
366	Structures & Improvements	135,700	-	-	135,700	7,203	-	-	-	0.62	842	8,045
367	Mains	1,941,132	-	1,773	1,939,359	1,196,980	1,773	1,118	-	1.79	34,707	1,228,796
369	Meas. & Reg. Station Equipment	3,054,913	73,221	-	3,128,134	1,337,638	-	-	-	4.4	137,763	1,475,401
375	Structures & Improvements	204,061	-	-	204,061	100,177	-	-	-	2.63	5,363	105,540
376	Mains	15,077,654	153,348	691	15,230,311	6,212,375	691	1,208	-	2.02-3.15	347,821	6,558,297
378	Meas. & Reg Station Equipment	1,547,651	42,913	-	1,590,564	1,121,443	-	-	-	6.72	100,343	1,221,786
380	Services	9,818,071	626,092	19,024	10,425,139	4,307,717	19,024	9,922	-	3.04 - 3.41	336,452	4,615,223
381	Meters & Meter Installations	3,271,291	28,020	-	3,299,311	1,367,257	-	-	-	2.74	90,417	1,457,674
383	House Reg & House Reg & Installations	335,586	-	-	335,586	250,073	-	-	-	3.22	10,792	260,865
385	Ind. Meas. & Reg. Station Equipment	979,986	296,261	15,711	1,260,536	832,198	15,711	-	-	4.11	40,510	856,997
387	Other Equipment	9,978	-	-	9,978	7,287	-	-	-	3.66	364	7,651
390	Structures & Improvements	2,775,536	1,279,506	-	4,055,042	796,519	-	-	-	2.43	74,191	870,710
391	Office Furniture & Equipment	1,625,299	104,680	352,572	1,377,407	1,200,653	352,572	-	-	8.00 - 20.00	277,111	1,125,192
392	Transportation Equipment	1,110,179	146,971	42,480	1,214,670	1,004,675	42,480	-	-	10.82 - 3.33	68,719	1,030,914
393	Stores Equipment	48,547	-	-	48,547	22,732	-	-	-	6.67	2,804	25,536
394	Tools, Shop & Garage Equipment	697,136	21,566	1,338	717,364	497,746	1,338	-	-	5.00	27,591	523,999
396	Power Operated Equipment	470,863	28,666	-	499,529	333,593	-	-	-	11.76	48,647	382,240
397	Communication Equipment	234,555	10,523	-	245,078	169,188	-	-	-	6.67	10,527	179,715
398	Miscellaneous Equipment	14,718	-	-	14,718	895	-	-	-	6.67	895	1,790
301	Organization	18,666	-	-	18,666	-	-	-	-	-	-	-
304	Land & Land Rights	3,442	-	-	3,442	-	-	-	-	-	-	-
365.2	Rights of Way	42,166	-	-	42,166	-	-	-	-	-	-	-
374	Land & Land Rights	15,652	-	-	15,652	-	-	-	-	-	-	-
389	Land & Land Rights	105,121	425,137	-	530,258	-	-	-	-	-	-	-
		46,899,192	3,236,904	433,589	49,702,507	$ 23,525,387	$ 433,589	$ 12,248	$ -		1,704,042	$ 24,783,592
										Less charged to clearing	(117,364)	
	Construction work-in-process	66,574	108,148 (N)	-	174,722					Less depreciation expense allocated to New York operations	(70,713)	
		$ 46,965,766	$ 3,345,052	$ 433,589	$ 49,877,229					Total Depreciation	$ 1,515,965	

(N) Net Increase

Valley Energy, Inc.
Utility Plant and Accumulated Depreciation – New York
Year Ended December 31, 2024

Acct. No.	Account	Utility Plant: Cost January 1, 2024	Additions	Retirements	Cost December 31, 2024	Accumulated Depreciation: Balance January 1, 2024	Retirements	Cost of Removals	Salvage Received	Depreciation Rate	Depreciation Amount	Balance December 31, 2024
114	Gas Plant Acquisition Account	$ 1,260,029	$ -	$ -	$ 1,260,029	$ 866,388	$ -	$ -	$ -	3.00 %	$ 32,885	$ 899,273
375	Structures & Improvements	1,774	-	-	1,774	1,629	-	-	-	3.00	53	1,682
376	Mains	1,963,609	145,127	7,803	2,100,933	1,726,944	7,803	4,826	-	3.00	53,693	1,768,008
378	Meas. & Reg Station Equipment	263,628	8,157	-	271,785	39,327		-	-	3.00	8,133	47,460
380	Services	1,748,118	319,874	15,664	2,052,328	858,889	15,664	10,173	-	3.00	55,245	888,297
381	Meters & Meter Installations	1,023,151	52,228	-	1,075,379	431,444	-	-	-	3.00	45,664	477,108
383	House Reg & House Reg & Installations	30,840	-	-	30,840	41,607	-	-	-	3.00	925	42,532
385	Ind. Meas. & Reg. Station Equipment	162,879	-	-	162,879	90,348	-	-	-	3.00	4,867	95,215
301	Organization	6,084	-	-	6,084	-	-	-	-	3.00	-	-
302	Franchises/Consents	30,842	-	-	30,842	-	-	-	-	3.00	-	-
374	Land & Land Rights	353	-	-	353	(340)	-	-	-	3.00	-	(340)
		6,491,307	525,386	23,467	6,993,226	$ 4,056,236	$ 23,467	$ 14,999	$ -		201,465	$ 4,219,235
	Construction work-in-process	34,809	68,488 (N)	-	103,297							
							Add depreciation expense allocated to New York operations				70,713	
		$ 6,526,116	$ 593,874	$ 23,467	$ 7,096,523				Total Depreciation		$ 272,178	

(N) Net Increase

Valley Energy, Inc.
Prepaid Taxes, Net, by Division
December 31, 2024

	Valley Energy of PA	Valley Energy of NY	Total
State gross receipts tax	$ -	$ (47,166)	$ (47,166)
State sales tax	(11,104)	(13,878)	(24,982)
State capital tax	14,074	-	14,074
Federal income tax	88,381	131,855	220,236
State income tax	(8,210)	4,287	(3,923)
PUC assessment	31,545	-	31,545
Local and county taxes	-	19,090	19,090
PURTA	71,757	-	71,757
State assessment surcharges	-	30,993	30,993
State use tax	1,820	1,803	3,623
	$ 188,263	$ 126,984	$ 315,247

Valley Energy, Inc.
Operating Revenues and Taxes, Other Than Income, by Division
Year Ended December 31, 2024

	Valley Energy of PA	Valley Energy of NY	Total
Operating Revenues			
Residential sales	$ 5,287,284	$ 1,377,115	$ 6,664,399
Commercial and industrial sales	1,995,152	715,538	2,710,690
Interruptible sales	140,340	-	140,340
Customers' forfeited discounts	15,894	5,809	21,703
Transportation sales	2,735,441	231,908	2,967,349
Under collected gas costs	(174,685)	(255,232)	(429,917)
Miscellaneous	5,310	324	5,634
	$ 10,004,736	$ 2,075,462	$ 12,080,198
Taxes, Other Than Income			
Local and county taxes	$ -	$ 164,814	$ 164,814
PURTA	28,876	-	28,876
State use tax	478	-	478
	$ 29,354	$ 164,814	$ 194,168

Valley Energy, Inc.
Distribution, Operation; Distribution, Maintenance; Customer Accounts and General and Administrative Expenses, by Division
Year Ended December 31, 2024

	Valley Energy of PA	Valley Energy of NY	Total
Distribution, Operation Expenses			
Mains and services	$ 476,317	$ 141,677	$ 617,994
Measuring and regulating station - general	102,219	29,670	131,889
Measuring and regulating station - city gate	50,406	7,994	58,400
Industrial/commercial meters and regulators	102,462	18,370	120,832
Meters and house regulators	165,845	35,259	201,104
Customer installations	197,342	20,618	217,960
Distribution load dispatching	219,133	152,741	371,874
Other operating expense	120,508	92,710	213,218
	$ 1,434,232	$ 499,039	$ 1,933,271
Distribution, Maintenance Expenses			
Structures and improvements	$ 38,924	$ 8,059	$ 46,983
Mains	133,778	31,783	165,561
Measuring and regulating station - general	96,052	22,184	118,236
Measuring and regulating station - industrial	3,907	566	4,473
Measuring and regulating station - city gate	6,926	-	6,926
Services	54,019	8,266	62,285
Meters and house regulators	125,046	38,659	163,705
Supervision and engineering	35,007	7,895	42,902
	$ 493,659	$ 117,412	$ 611,071
Customer Accounts Expenses			
Meter reading	$ 25,596	$ 6,944	$ 32,540
Customer records and collections	610,474	147,885	758,359
Uncollectible accounts (recoveries), net	(20,260)	8,133	(12,127)
Miscellaneous customer	19,214	4,235	23,449
	$ 635,024	$ 167,197	$ 802,221
General and Administrative Expenses			
Salaries and benefits	$ 653,723	$ 124,416	$ 778,139
Pensions and benefits	6,502	1,432	7,934
Office supplies and expense	31,320	7,165	38,485
Outside services	84,558	16,428	100,986
Property insurance	23,202	5,033	28,235
Injuries and damage	93,900	20,541	114,441
General advertising	14,400	2,740	17,140
Miscellaneous general	19,683	3,182	22,865
Directors' committee	52,543	11,452	63,995
Travel and training	25,156	5,160	30,316
Regulatory commission, net	89,218	24,127	113,345
Maintenance, general plant	39,256	8,135	47,391
	$ 1,133,461	$ 229,811	$ 1,363,272

McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166

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abakare@mcneeslaw.com

December 19, 2024

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

RE: Valley Energy, Inc., Supplement No. 68 to Tariff Gas – Pa. P.U.C. No. 2 (State Tax Adjustment Surcharge Recalculation); Docket No._____

Dear Secretary Chiavetta:

Attached for filing with the Commission is Valley Energy, Inc.'s ("Valley" or the "Company") Supplement No. 68 to Tariff Gas-Pa. P.U.C. No. 2 ("Supplement No. 68"). Supplement No. 68 reflects a recalculation of the State Tax Adjustment Surcharge ("STAS"). Supplement No. 68 contains an issued date of December 19, 2024, and an effective date of January 1, 2025. This complies with the ten (10) day notice period for STAS modifications specified on page 81 of Valley's tariff.

This filing adjusts Valley's STAS to collect a prior period undercollection and to reflect changes in the Company's Corporate Net Income Tax and Utility Realty Tax. The documents supporting the Company's recalculation are set forth in Tab A, Attachments A, B, C, D, E, and F (computation of STAS for period January 1, 2025, through December 31, 2025). For completeness, a copy of proposed Supplement No. 68 is attached at Tab B. The supporting documents at Tab A demonstrate that Valley's STAS rate will increase from a surcredit of -0.0128% to a surcharge of 0.0095%, effective January 1, 2025. See Tab A.

If you have any questions regarding the documents, please feel free to contact the undersigned. Thank you.

Very truly yours,

Adeolu A. Bakare
MCNEES WALLACE & NURICK LLC

Counsel to Valley Energy, Inc.

AAB/leh
Enclosures
c: Certificate of Service
Erin Laudenslager, Bureau of Technical Utility Services (via E-mail)
Lori Burger, Bureau of Audits (via E-mail)

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

VIA E-MAIL

NazAarah Sabree
Small Business Advocate
Commonwealth of Pennsylvania
Office of Small Business Advocate
Forum Place
555 Walnut Street, 1st Floor
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ra-oca@paoca.org

Adeolu A. Bakare

Counsel to Valley Energy, Inc.

Dated this 19th day of December, 2024, in Harrisburg, Pennsylvania.

Supplement No. 68 to
Gas–Pa. P.U.C. No. 2
Forty-Seventh Revised Title Page
Canceling Forty-Sixth Revised Title Page

VALLEY ENERGY, INC. -
PENNSYLVANIA DIVISION

Rates and Rules
Governing and Furnishing of
Gas Service
in the

Boroughs of Athens, Monroe, Sayre, South Waverly
and Towanda; and the Townships of Asylum, Athens,
Monroe, North Towanda, Towanda, Ulster and Wysox
all in the County of Bradford

**THIS TARIFF MAKES {{CHANGES}} TO EXISTING RATES,
RULES AND REGULATIONS**
See Page No. 2

Issued: December 19, 2024 Effective: January 1, 2025

By: Edward E. Rogers, President & Chief Executive Officer
523 S. Keystone Ave.
Sayre, PA 18840-0340
(570) 888-9664

Valley Energy, Inc. – Pennsylvania Division

Supplement No. 68 to
Gas–Pa. P.U.C. No. 2
Sixtieth Revised Page No. 2
Canceling Fifty-Ninth Revised Page No. 2

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Page 81:

Supplement No. 68 sets the Company's State Tax Adjustment Surcharge ("STAS") to 0.0095% effective on January 1, 2025. This recalculation is necessary to collect a prior period undercollection and to reflect changes in the Company's Corporate Net Income Tax and Utility Realty Tax.

By: Edward E. Rogers, President & Chief Executive Officer
523 S. Keystone Ave.
Sayre, PA 18840-0340
(570) 888-9664

Valley Energy, Inc. – Pennsylvania Division

Supplement No. 68 to
Gas–Pa. P.U.C. No. 2
Sixtieth Revised Page No. 7
Canceling Fifty-Ninth Revised Page No. 7

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(C) Indicates Change

Issued: December 19, 2024

Effective: January 1, 2025

By: Edward E. Rogers, President & Chief Executive Officer
523 S. Keystone Ave.
Sayre, PA 18840-0340
(570) 888-9664

Valley Energy, Inc. – Pennsylvania Division

Supplement No. 68 to
Gas–Pa. P.U.C. No. 2
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(C) Indicates Change

Issued: December 19, 2024

Effective: January 1, 2025

By: Edward E. Rogers, President & Chief Executive Officer
523 S. Keystone Ave.
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Valley Energy, Inc. – Pennsylvania Division

Supplement No. 68 to
Gas–Pa. P.U.C. No. 2
Twenty-Ninth Revised Page No. 81
Canceling Twenty-Eighth Revised Page No. 81

RIDER "B" - STATE TAX SURCHARGE

In addition to the charges provided in this tariff, a surcharge of 0.0095% will apply to all bills for sales service rendered on or after January 1, 2025. (C) (I) (C)

The above surcharge will be recomputed, using the elements prescribed by the Commission:

1. Whenever any of the tax rates used in calculation of the surcharge are changed.

2. Whenever the utility makes effective increased or decreased rates.

3. And on March 31,1992, and each year thereafter.

The above recalculation will be submitted to the Commission within ten days after the occurrence of the event or date which occasions such recomputation. If the recomputed surcharge is less than the one in effect the utility will, and if the recomputed surcharge is more than the one then in effect the utility may submit with such recomputation a tariff or supplement to reflect.

(C) Indicates Change (I) Indicates Increase

Issued: December 19, 2024

Effective: January 1, 2025

By: Edward E. Rogers, President & Chief Executive Officer
523 S. Keystone Ave.
Sayre, PA 18840-0340
(570) 888-9664

VALLEY ENERGY, INC.

Computation of State Tax Adjustment Surcharge
for the Period January 1, 2025 through December 31, 2025

			Amount	Attachment Number
1	Capital Stock Tax	$	-	**A**
2	Corporate Net Income Tax	$	(4,661)	**F**
3	Utility Realty Tax	$	1,957	**B**
4	Gross Receipts Tax	$	-	
5	Total of Lines 1, 2, 3, and 4	$	(2,703)	
6	PURTA Surcharge Rate Adjustment	$	-	**C**
7	STAS reconciliation for period January 1, 2024 through December 31, 2024	$	3,059	**D**
8	Total of Lines 5, 6 and 7	$	356	
9	Gross Intrastate Operating Revenues derived from service under rates subject to the jurisdiction of the Pa. Public Utility Commission for the period January 1, 2023 through December 31, 2023 (Page 10)	$	3,741,828	**E**
10	Surcharge rate to be applied for the period January 1, 2025 through December 31, 2025 (Line 8 divided by Line 9)		0.0095%	

VALLEY ENERGY, INC.

ATTACHMENT A

Calculation of Surcharge Rate 1/1/23 - 12/31/23

Corporate Stock Tax Phased out 2016
Capital Stock Tax @ .00 mills effective 1/1/19

1	Tax Base -- year 2016 (see attached page 2 of 2016 PA Corporate Tax Report	$ -	
2	Jurisdictional Apportionment Proportion	0.000000	
3	Tax Base Valley Energy - PA (Line 1 X Line 2)		$ -
4	Tax Millage in basic rates (2011)	0.000000	
5	Tax Millage effective 1/1/18	0.000000	
6	Effective Rate Increase (Decrease) (Line 4 minus Line 5)		0.000000
7	Total Capital Stock/Franchise Tax Increase (Decrease) (Line 3 X Line 6)		$ -

VALLEY ENERGY, INC.

ATTACHMENT B

Public Utility Realty Tax Assessment (PURTA)

Calculation of Surcharge Rate 1/1/25 - 12/31/25

1	7/31/2024 Notice of Determination Adjustments: State Tax Property Value at December 31, 2023	$ 1,512,392	
2	Pa. Public Utility Realty Tax (Based on applied rate of 23.7970 mills x Line 1)		$ 35,990
3	8/1/2023 Notice of Determination Adjustments: State Tax Property Value at December 31, 2022	$ 1,370,012	
4	Pa. Public Utility Realty Tax (Based on applied rate of 24.8531 mills x Line 1)		$ 34,049
5	2025 PURTA Adjustment (Line 2 minus Line 4)		$ 1,941

continued on page 3A

VALLEY ENERGY, INC.

ATTACHMENT B

Public Utility Realty Tax Assessment (PURTA)

Calculation of Surcharge Rate 1/1/25 - 12/31/25

1	Continued from page 3 (Line 5)		$ 1,941
	7/31/2024 Notice of Determination Adjustments:		
2	2019 PURTA		
	Liability Adjustment	$ 2	$ 2
3	2020 PURTA		
	Liability Adjustment	$ 1	$ 1
4	2021 PURTA		
	Liability Adjustment	$ 2	$ 2
5	2022 PURTA		
	Liability Adjustment	$ 11	$ 11
7	Total 2025 PURTA Adjustment (Lines 1 through 19)		$ 1,957

VALLEY ENERGY, INC.

ATTACHMENT C

Calculation of Surcharge Rate 1/1/25 - 12/31/25

Public Utility Realty Tax Assessment Surcharge

Tax Year Ending 2025

Projected taxable revenues for Pa. gross receipts tax for period January 1, 2025 to December 31, 2025 (Page 11)	$	5,581,890
PURTA surcharge rate as established by the Department of Revenue and published in the Pennsylvania Bulletin on September 21, 2024		0.0000
2025 PURTA Surcharge	$	-

VALLEY ENERGY, INC.

ATTACHMENT D

Reconciliation of State Tax Adjustment Surcharge
for the Period ending December 31, 2024

			Amount	Schedule Number
1	Capital Stock Tax	$	-	**1**
2	Corporate Net Income Tax	$	-	
3	Utility Realty Tax	$	762	**2**
4	Gross Receipts Tax	$	-	
5	Total of Items 1, 2, 3, and 4	$	762	
6	PURTA Surcharge Rate Adjustment	$	-	**3**
7	Total of Lines 5 and 6	$	762	
8	STAS reconciliation for period Jan. 1, 2023 through December 31, 2023	$	1,129	
9	Total of Lines 7 and 8	$	1,891	
10	STAS Revenue Collections (Page 9)	$	(1,169)	**4**
11	Balance to be (refunded) / collected (Line 9 minus Line 10)	$	3,059	

VALLEY ENERGY, INC.

ATTACHMENT D

Schedule 1

Reconciliation of State Tax Adjustment Surcredit
for the Period ending December 31, 2017

Calculation of Surcharge Rate 1/1/23 - 12/31/23

Corporate Stock Tax Phased out 2016
Capital Stock Tax @ .00 mills effective 1/1/17

1	Tax Base -- year 2016 (see attached page 2 of 2015 PA Corporate Tax Report)	$ -	
2	Jurisdictional Apportionment Proportion	0.000000	
3	Tax Base Valley Energy - PA (Line 1 X Line 2)		$ -
4	Tax Millage in basic rates (2011)	0.002890	
5	Tax Millage effective 1/1/18	0.000000	
6	Effective Rate Increase (Decrease) (Line 4 minus Line 5)		(0.002890)
7	Total Capital Stock/Franchise Tax Increase (Decrease) (Line 3 X Line 6)		$ -

VALLEY ENERGY, INC.

ATTACHMENT D

Reconciliation of State Tax Adjustment Surcharge
for the Period ending December 31, 2024

Schedule 2

Public Utility Realty Tax Assessment (PURTA)

Calculation of Surcredit Rate 1/1/24 - 12/31/24

1	8/1/2023 Notice of Determination Adjustments: State Tax Property Value at December 31, 2022	$ 1,370,012	
2	Pa. Public Utility Realty Tax (Based on applied rate of 24.8531 mills x Line 1)		$ 34,049
3	8/01/2022 Notice of Determination Adjustments: State Tax Property Value at December 31, 2021	$ 1,202,320	
4	Pa. Public Utility Realty Tax (Based on applied rate of 27.1851 mills x Line 1)		$ 32,685
5	2024 PURTA Adjustment (Lines 2 minus Line 4)		$ 1,364

Public Utility Realty Tax Assessment (PURTA)

8/01/2023 Notice of Determination Adjustments:

19	2018 PURTA Liability Adjustment	$ (74)
20	2019 PURTA Liability Adjustment	$ (67)
21	2020 PURTA Liability Adjustment	$ (88)
22	2021 PURTA Liability Adjustment	$ (373)
24	Total 2025 PURTA Adjustment (Lines 5 through 22)	$ 762

VALLEY ENERGY, INC.

ATTACHMENT D

Schedule 3

Reconciliation of State Tax Adjustment Surcredit
for the Period ending December 31, 2023

Public Utility Realty Tax Assessment Surcharge

Tax Year Ending 2024

Projected taxable revenues for Pa. gross receipts tax for period January 1, 2024 to December 31, 2024 (Page 12)	$	4,862,876
PURTA surcharge rate as established by the Department of Revenue and published in the Pennsylvania Bulletin on September 30, 2023		0.0000
2024 PURTA Surcharge	$	-

VALLEY ENERGY, INC.

For the Period January 1, 2024 through December 31, 2024

ATTACHMENT D

Schedule 4

STAS Revenue Collected / (Refunded) for period January 1, 2024 through December 31, 2024

Month	Gas Revenue Billed	Amount Tax Surcharge
January	$ 590,726	$ (439)
February	$ 715,455	$ (96)
March	$ 634,421	$ (86)
April	$ 550,524	$ (74)
May	$ 374,029	$ (35)
June	$ 264,098	$ (17)
July	$ 238,530	$ (15)
August	$ 232,789	$ (15)
September	$ 234,560	$ (15)
October	$ 251,869	$ (16)
November (estimated)	$ 359,052	$ (157)
December (estimated)	$ 400,549	$ (204)
Total STAS (Refunded) / Collected	$ 4,846,602	$ (1,169)

VALLEY ENERGY, INC.

ATTACHMENT E

OPERATING REVENUES

Revenue billed for 12 month audited period ending December 31, 2023

Residential Sales	$ 2,781,751		
Commercial & Industrial Sales	$ 871,911		
Interrruptible Sales	$ 56,709		
Transportation Sales	$ 2,209,091		
Customer' Forfeited Discounts	$ 26,929		
Total Gross Gas Revenue including Tax Surcharge		$	5,946,391
Less: Tax Surcharge collected / (refunded)		$	(4,528)
Less: Transportation Sales		$	2,209,091
Total Gas Revenue projected for application period January 1, 2025 through December 31, 2025		$	3,741,828

VALLEY ENERGY, INC.

Projected Revenues from Service Under Rates
for the Application Period January 1, 2025 to December 31, 2025

Month	MCF's	Base Rate Revenue	Forfeited Discounts	Projected Revenues
January	238,849	$ 703,739	$ 1,774	$ 705,513
February	257,978	$ 780,836	$ 2,588	$ 783,424
March	236,195	$ 702,148	$ 2,411	$ 704,559
April	197,925	$ 580,204	$ 2,467	$ 582,671
May	153,265	$ 438,971	$ 1,638	$ 440,609
June	107,464	$ 279,243	$ 1,107	$ 280,350
July	94,468	$ 239,368	$ 635	$ 240,003
August	91,435	$ 230,793	$ 557	$ 231,350
September	91,118	$ 241,068	$ 1,102	$ 242,170
October	115,076	$ 295,904	$ 986	$ 296,890
November	148,663	$ 412,334	$ 1,009	$ 413,343
December	222,692	$ 659,312	$ 1,696	$ 661,008
Totals	1,955,128	$ 5,563,920	$ 17,970	$ 5,581,890

VALLEY ENERGY, INC.

Revenues from Service Under Rates
for the Application Period January 1, 2024 to December 31, 2024

Month	MCF's	Base Rate Revenue	Forfeited Discounts	Total Revenues
January	148,242	$ 590,726	$ 1,774	$ 592,500
February	238,796	$ 715,455	$ 2,588	$ 718,043
March	216,303	$ 634,421	$ 2,411	$ 636,832
April	189,125	$ 550,524	$ 2,467	$ 552,991
May	134,008	$ 374,029	$ 1,638	$ 375,667
June	103,011	$ 264,098	$ 1,107	$ 265,205
July	94,341	$ 238,530	$ 635	$ 239,165
August	92,283	$ 232,789	$ 557	$ 233,346
September	89,519	$ 234,560	$ 594	$ 235,154
October	96,435	$ 251,869	$ 484	$ 252,353
November (estimated)	111,399	$ 359,052	$ 951	$ 360,002
December (estimated)	118,692	$ 400,549	$ 1,070	$ 401,618
Totals	1,632,154	$ 4,846,602	$ 16,274	$ 4,862,876

ATTACHMENT F

VALLEY ENERGY, INC

Pursuant to the Pennsylvania Utility Commission's State Tax Adjustment Surcharge (STAS) Procedures.

			Distribution Only
1	Net Operating Income Excluding Income Taxes		$1,438,331
2			
3	Synchronized interest expense:		
4	Rate base		1,715,915
5	Less: CWIP		0
6	Rate base for interest compuation		17,159,915
7	Weighted Cost of debt		2.154%
8	Synchronized interest expense		369,664
9	Taxable income before depreciation tax adjustments		1,068,667
10			
11	Pennsylvania depreciation adjustment:		
12	Tax depreciation (using DDB method)		(1,573,006)
13	Book depreciation		970,394
14	Pennsylvania depreciation adjustment		(602,612)
15	Pennsylvania taxable income		466,055
16	Regulatory Pennsylvania income tax expense	8.99%	41,898
		7.99%	37,238
17	Regulatory Pennsylvania Income Tax Expense Credit		(4,661)
	Monthly CNIT Credit		(388)

FTY & FPTY Wage & Salary Increase Detail

Valley Energy, Inc.

	Actual 2024	Budgeted 2025*	Budgeted 2026*
Total Wages	$ 2,393,835	$ 2,411,348	$ 2,529,390
Total Wage Increase		$ 17,513	$ 118,042
Annual Base Comp Adj		$ 65,756	$ 70,715
Market		$ 95,337	$ 56,077
Merit		$ 6,284	$ 15,527

* Note: Two full time positions have been re-classified from full-time to seasonal (May 1 thru - September 30). Working January 1, 2025 to September 30, 2025 and continue going forward, working May 1, 2026 to September 30, 2026.

JB-4

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2026

Line	Acct	Account Description	Historic Year Actual Ended 12/31/2024	Future Test Year Ended 12/31/2025	Actual Ended 3/31/2025	Fully Projected Future Test Year Ended 12/31/2026
1		Distribution Expenses				
2	842	Fuel	21,175	21,130	10,613	20,347
3	870	Labor Supv /Eng.	212,953	239,030	59,115	260,547
4	871	Distrib Load Disp	6,180	6,763	5,791	7,101
5	874	Mains & Services	454,825	450,488	143,435	580,482
6	875	Meas & Reg- Gen	102,219	98,288	14,123	106,720
7	876	Ind / Com Meters, Reg	102,463	82,517	28,844	94,402
8	877	Meas & Reg- City gate	34,460	30,247	3,839	32,129
9	878	Meters & House Reg	165,846	144,252	31,208	159,622
10	879	Cust installations	197,343	173,184	53,571	190,044
11	880	Other operating exp	114,706	54,435	27,680	70,684
12	881	Rents	5,803	6,222	684	6,669
13		*Total Operating Expense*	1,417,971	1,306,556	378,904	1,528,746
14						
15	885	Supv and eng	35,008	37,738	9,598	39,622
16	886	Structures & improve	38,923	26,465	6,906	20,218
17	887	Mains	107,656	117,909	18,427	133,465
18	889	Meas & Reg- Gen	76,337	65,654	15,977	52,603
19	890	Meas & Reg- Ind	23,623	23,563	13,113	26,289
20	891	Meas & Reg- City gate	6,926	7,889	1,157	12,791
21	892	Services	54,019	58,597	8,431	71,281
22	893	Meters & House Reg	125,026	80,876	28,005	54,372
23		*Total Maintenance Expense*	467,518	418,691	101,615	410,641
24		*Total Operating & Maintenance Exp.*	1,885,489	1,725,247	480,519	1,939,388
25						
26		Customer Accounting & Collection Expenses:				
27	902	Meter Reading Exp	25,595	28,106	6,381	16,988
28	903	Cust Rec & Coll Exp	610,473	627,975	157,645	661,603
29	904	Uncollect Acct (Dist)	(20,260)	50,495	21,961	54,348
30	905	Miscellaneous cust	19,214	21,492	3,240	21,492
31	909	Info & Inst Advert	12,402	12,774	1,833	13,157
32	913	Advertising	1,998	2,057	665	2,098
33		*Total Cust Acct & Coll Expense*	649,422	742,899	191,725	769,686
34						
35		Administrative & General Expenses:				
36	920	A&G Salaries	655,639	634,899	166,445	683,674
37	921	Office Supp & Exp	56,476	79,370	21,710	81,390
38	923	Outside Services	84,557	80,660	44,272	85,495
39	924	Property Insurance	23,202	36,257	6,012	41,699
40	925	Injuries and damage	93,900	108,657	19,627	124,881
41	926	Empl Pens & Bene	6,502	9,898	1,086	10,194
42	928	Reg Comm Exp	89,218	99,514	24,878	105,514
43	930	General advertising	72,246	103,980	28,050	106,618
44	602	COVID-related	0	0	0	0
45	932	Maint Gen plant	37,342	40,805	7,698	39,240
46		*Total A&G Expense*	1,119,082	1,194,040	319,779	1,278,704
47						
48		**Total Oper & Maint Expense**	**3,653,994**	**3,662,186**	**992,023**	**3,987,778**
49						

JB-5

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2026
Original Cost of Utility Plant in Service

Line	Acct No.	Account Title	Historic Actual 12/31/2024 Balance	Future Test Year 12/31/2025 Forecast	Actual 3/31/2025	Fully Projected Future Test Year 12/31/2026 Forecast
1	*Distribution Plant.*					
2	114	Gas Plant Acquisition Adjustment	3,361,289	3,361,289	3,361,289	3,361,289
3	366	Trans. Structures and improvements	117,592	117,592	117,593	117,592
4	367	Trans. Mains	1,917,201	1,917,201	1,917,200	1,917,201
5	369	Trans. Meas / Reg Sta Equp	402,427	402,427	402,428	402,427
6	374	Land & Land Rights	15,652	15,652	15,652	15,652
7	375	Structures and improvements	204,060	1,422,938	204,060	1,880,875
8	376S	Mains- Steel	3,820,156	3,864,065	3,820,158	3,908,144
9	376P	Mains- Plastic	11,410,116	11,632,816	11,506,081	12,820,732
10	378	Meas / Reg Sta Equp	1,590,567	1,997,492	1,590,566	2,242,371
11	380S	Services- Steel	581,198	572,171	581,200	561,786
12	380P	Services- Plastic	9,843,941	10,610,526	9,908,846	11,651,547
13	381	Meters	1,945,136	1,992,978	1,948,565	2,054,284
14	381RC	Transponders- Old	1,010,228	1,010,228	1,010,228	1,010,228
16	381AMR	Meters-AMR	282,510	284,519	282,511	293,640
17		Meters-Protection	61,435	72,046	61,435	72,046
18	383	House regulators	335,586	340,086	335,585	344,586
19	385	Indu Meas / Reg Sta Equp	1,260,536	1,286,936	1,296,880	1,300,136
20	387	Other equipment	9,978	9,978	9,978	9,978
21	Total Distribution Plant		38,169,608	40,910,940	38,370,255	43,964,513
23	*General Plant*					
24	390	Structures & Improvements	4,055,042	4,055,042	4,068,773	4,055,042
26	391	Office Furniture & Equipment	1,230,002	1,236,202	1,249,297	1,236,202
27	391C	Computer equipment	147,442	294,884	140,679	420,634
28	392	Transportation Equipment	1,214,676	1,294,676	1,236,634	1,394,676
29	393	Stores Equipment	48,547	68,547	48,547	68,547
30	394	Tools, Shop & Garage Equipment	717,363	786,113	739,051	831,113
31	396	Power Operated / Communication	499,528	499,528	499,527	499,528
32	397	Communication Equipment	245,077	245,577	245,077	245,577
33	398	Miscellaneous Equipment	14,718	14,718	14,718	14,718
34	301	Intangible plant, organization	22,107	22,107	22,108	22,107
34	389	Land & Land Rights	572,424	572,424	572,424	572,424
36		Total General Plant	8,766,926	9,089,818	8,836,835	9,360,568
38		Less: Acquisition, CIAC	(3,361,289)	(3,361,289)	(3,361,289)	(3,361,289)
39		Total Plant in Service	$43,575,245	$46,639,469	$43,845,801	$49,963,792

Valley Energy, Inc.
Allocating Percentages
Based on 12 Months Ended
December 31, 2023

EFFECTIVE DATE - April 1, 2024

	PENNSYLVANIA UTILITY	NEW YORK UTILITY	TOTAL
Operating Expense Ratio			
Total Operating and Maintenance Expense	3,571,030	888,427	4,459,457
Minus: Allocations from C&T payroll charged to expense	294,281	61,963	356,244
Net O & M Expense	3,276,749	826,464	4,103,213
O&M Ratio	0.79858	0.20142	1.00000
Investment in Plant Ratio (12month average)			
Gross Plant	30,231,971	4,905,421	35,137,392
Less: Reserve for Depreciation	13,815,569	3,134,763	16,950,332
Net Plant	16,416,402	1,770,658	18,187,060
Net Plant Ratio	0.90264	0.09736	1.00000
Average Customer Ratio			
Customer (12 Month Average)	7384	2017	9,401
Customer Ratio	0.78543	0.21457	1.00000
Payroll Ratio			
Payroll Charged to Expense	1,025,293	278,082	1,303,376
Payroll Ratio	0.78664	0.21336	1.00000
AVERAGE FACTOR	**0.818325**	**0.181675**	**1.00000**

Prepared by: _____

Reviewed by: _____

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J-2

Valley Statement No. 6

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**	
	:	
v.	**:**	**Docket No. R-2025-_____**
	:	
Valley, Energy, Inc.	**:**	

DIRECT TESTIMONY
AND EXHIBITS

OF

CODY CHAPMAN

ON BEHALF OF

VALLEY ENERGY, INC.

APRIL 30, 2025

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**	
	:	
v.	**:**	**Docket No. R-2025-_____**
	:	
Valley Energy, Inc.	**:**	

DIRECT TESTIMONY OF CODY CHAPMAN
ON BEHALF OF VALLEY ENERGY, INC.

Q. Please state your name and business address.

A. My name is Cody E. Chapman, PE, and my business address is 523 Keystone Avenue, Sayre, Pennsylvania.

Q. By whom are you employed and in what capacity do you serve at Valley Energy, Inc. ("Valley")?

A. I am employed by C&T Enterprises, Inc. ("C&T"), and assigned to Valley as the Vice President of Operations.

Q. Please describe your duties in this capacity.

A. My duties are to organize, direct, and coordinate the operations and engineering functions at Valley, including, but not limited to designing and coordinating all capital projects and managing all pipeline and facility maintenance activities. These duties include technical services functions in accordance with the objectives and policies of the Company, the Pennsylvania Public Utility Commission, the Federal Pipeline Hazardous Materials and Safety Administration's Office of Pipeline Safety, the Federal Occupational Safety and

Health Administration, and other related regulatory procedures. I also advise the President and CEO of the operational aspects of the company.

Q. Please describe your educational and employment background.

A. I attended Pennsylvania State University from 2003 to 2007 and graduated with a Bachelor of Science degree in Civil Engineering. From 2022 to 2024, I attended Youngstown State University and graduated with a Master of Business Administration degree. In 2013, I received licensure as a Professional Engineer from the Pennsylvania State Board of Professional Engineers, Land Surveyors, and Geologists. I worked for Hawk Engineering, PC and JHA Companies prior to joining Valley Energy.

Q. What were your responsibilities with respect to this filing?

A. As the Vice President of Operations, I was responsible for coordinating with Company witness Mr. Gorman and our other witnesses to address the anticipated capital projects and other operational expenses that we will undertake during the Future Test Year and the Fully-Projected Future Test Year. This includes development of the capital budgets and assessing other operational needs such as vehicles.

Q. Have you previously testified before the Pennsylvania Public Utility Commission?

A. Yes. I provided testimony during Valley's 2022 rate case at Docket No. 2022-3032300.

CAPITAL IMPROVEMENTS AND PROJECTS

Q. Please explain the Company's capital and system improvement activities reflected in the historic, future, and fully-projected future test years.

A. Each year, Valley adopts a capital budget and work plan that sets forth our projected capital and system improvements for the next five years. Our capital and system improvements are a combination of activities to extend service to new customers and to replace existing

facilities. Our capital budget projects annual amounts to be devoted to Mains, Services, Meters/Regulators, District Regulator Stations, Gate Stations/Transmission Mains, Structure/Improvements, IT/Office Equipment and Transportation. The 2025 itemized capital budget is attached as Exhibit__(CC-1), while the five-year capital budget projection from our most recent plan is attached as Exhibit__(CC-2). Our planned work on many of these categories takes into account the results of our Triennial Distribution Integrity Management Plan ("DIMP"), which is attached as Exhibit__(CC-3).

Q. Please explain how the DIMP impacts the Company's capital projects.

A. A good example of the impact of the DIMP is our focus on pressurization. To reduce the risk of over-pressurization of low-pressure distribution systems, the Company is installing redundant relief stations to each of our low-pressure systems. In 2025, we are continuing our multi-year plan to address pressurization, with additional projects identified for 2026. In addition, in 2025 we also plan to replace Aldyl-A vintage plastic equipment on Railroad Street. We hope to have all of the troubled Aldyl-A facilities removed from our system in the next 3 to 5 years.

Q. Valley's 2026 projected capital additions include a substantial increase in activity for Mains and Services. Please explain this increase.

A. Valley's 2026 projected capital additions will include an increase in activity due to several planned projects.

- PennDOT has a scheduled road project that will require Valley to relocate our facilities near a major intersection in Wysox, Pennsylvania.

- Valley will replace approximately two thousand seven hundred fifty feet of Aldyl-A vintage plastic mains and fifty-one Aldyl-A vintage plastic services in a project in Athens Township, Pennsylvania.
- In an effort to reinforce the two systems in Athens Township, Pennsylvania, Valley will extend a main to connect the systems together. This effort will involve crossing Murray Creek with the new main.
- Valley will replace steel mains and seventy-four Aldyl-A vintage plastic and steel tubing services in the east portion of Sayre, Pennsylvania. Due to the large number of services to be replaced on the eight streets and the municipal required paving involved, the project would consist of replacing and relocating the existing steel mains with newer plastic mains.

Q. What steps has Valley undertaken to mitigate Lost and Unaccounted For Gas?

A. The Company performs accelerated leak surveys on leak prone pipe materials, as outlined in the Company's DIMP, such as steel tubing services and vintage plastic (Aldyl-A) mains. In addition, the Company has eliminated all cast iron and bare steel mains, which are susceptible to joint leakage and cracking due to the severe frost conditions experienced in our area. Mitigating these leaks to atmosphere reduces our lost gas.

Another area of influence to Lost and Unaccounted for Gas is meter inaccuracies. To minimize meter inaccuracies, the Company tests large industrial meters at an advanced rate depending on usage. The Company purposely works to maintain a cushion ahead of the

regulated meter testing scheduled to maintain compliance, but also to test meter accuracies to ensure gas is accounted for and billed for in a manner to minimize inaccuracies.

Q. Are the improvements in the historic, future, and fully-projected future test years unique in comparison to Valley's historic practice?

A. We have one unique project in 2025, which is the renovation of the newly-acquired building to serve as a warehousing of construction equipment, work space for construction crews, pressure regulation shop, and training center. Otherwise, our practice and criteria for replacement of pipelines and equipment as they become obsolete or to ensure compliance with safety regulations has not changed in many years; however, we are focusing more closely on pipeline safety improvements as a result of federal requirements and the Company's DIMP.

Q. Please explain how the current inflation and supply chain interruptions are impacting Valley?

A. In 2024 and 2025, we have seen an increase in material costs, inclusion of fuel or tariff surcharges, increase in order minimums, and a decrease in material availability. A sampling of reoccurring purchases from 2023, 2024, and 2025, has shown prices have increased an average of 5.4%, with outliers (not included in our analysis) increasing as much as 28.7%. Some suppliers are instituting minimum order amounts, while others are increasing their existing minimum order requirements. Material lead times have continued to increase. Lead time increases and minimum order requirements necessitate that Valley orders additional material and keeps more material on hand.

Q. Are there any notable types of equipment where Valley is projecting cost increases in excess of normal?

A. Yes. The C&T Information Technology Department has informed us that equipment quotations for computers and other electronic devices are increasing due to the potential tariffs announced by the Federal Government. We are closely monitoring this situation. Valley has been starting to see quotations for products contain a tariff surcharge added in or a notation that invoices may add a tariff surcharge if the manufacturer receives an impact from the tariffs at the time of shipment.

Q. Does the information that you provided to Mr. Gorman reflect the current expected costs for materials and supplies?

A. The information that we provided reflects our current assessment as of March 31, 2025. We conservatively increased most material and supply costs by 3%, with the exception of costs that have a larger historic increase or known projected increases. The costs could change based on general economic conditions and other factors.

Q. Can you address how Valley's capital projects can vary from quarter to quarter?

A. Our service territory is on the New York-Pennsylvania border and can experience cold weather and freezing. Ground frost depth can be a large factor as to capital project constructability. There are certain capital projects that we try to schedule for the months when we expect to have warmer weather. Another factor in scheduling capital projects is varying start dates due to municipal or Pennsylvania Department of Transportation seasonal start and/or stop guidelines. When our employees are not working on capital projects, they undertake other necessary activities that are reflected in O&M expenses.

In addition, there are quarters when Valley's planned capital projects are modified due to third-party requests and activities, such as projects by the local or state road departments

to relocate or repave streets, or projects by other utilities to replace underground facilities within common rights of way. In those situations, we may accelerate or vary our planned projects for the quarter to replace our underground facilities simultaneously. This serves to reduce the inconvenience to the public and to avoid redundant excavation and repaving activities.

Q. Does this conclude your Direct Testimony?

A. Yes.

Valley Statement No. 6

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	**:**	
	:	
v.	**:**	**Docket No. R-2025-_____**
	:	
Valley, Energy, Inc.	**:**	

DIRECT TESTIMONY
AND EXHIBITS

OF

CODY CHAPMAN

ON BEHALF OF

VALLEY ENERGY, INC.

APRIL 30, 2025

Table 1 – Account Breakdown

366.00	**Gate Station - Structures & Improvements**	$	-
367.00	**Transmission Main**		
369.00	**Gate Station - Meas. & Reg. Station Equip**	$	-
374.00	**Land & Land Rights**	$	-
375.00	**Distribution - Structures & Improvements**		
	Building Renovations - Ferrario Property	$	1,218,878
376.10	**New Mains - Steel**		
	Greens Landing Bridge Attachment - Engineering	$	20,000
	Cathodic Protection	$	23,909
376.20	**New Mains - Plastic**		
	Sheshequin Rd Restoration, Loder St Apts. and Misc.	$	43,599
376.21	**Replacement Mains - Plastic**		
	Railroad St (Aldyl-A)	$	148,151
	Route 220 - Ulster PennDOT Project	$	31,384
378.00	**Distribution - Meas. & Reg. Station Equip**		
	Third & Elizabeth St Station Replacement	$	87,785
	Low Pressure Over Pressure Protection Devices	$	240,708
	Pressure Recorder, Transducers, RTU and Regulators	$	13,373
	Wolcott Hollow Station Heater	$	65,058
380.10	**New Services - Steel**	$	-
380.20	**New Services - Plastic**	$	381,883
	Replacement Services	$	606,637
381.00	**Meters & Meter Installations**	$	96,896
381.20	**AMR - Residential & Commercial**	$	25,899
381.30	**Meter Protection**	$	15,153
383.00	**House Regulator & Installation**	$	6,750
385.00	**Ind. Meas. & Reg. Station Equipment**	$	35,200
385.20	**AMR - Industrial**	$	-
387.00	**Other Equipment**	$	-
390.00	**Structures & Improvements**	$	-
391.10	**Office Furniture & Equipment**	$	6,200
391.30	**Computer Equipment**		
	IT	$	78,050
	GIS	$	69,392
392.10	**Transportation Equipment**	$	80,000
393.00	**Stores Equipment**	$	20,000
394.00	**Tools, Shop & Garage Equipment**		
	Construction Equip.	$	29,250
	Leak Detection Equip.	$	15,200
	Corrosion Equip.	$	14,800
	Line Locating Equip	$	4,000
	Meter Reading Equip	$	5,500
396.00	**Power Operated Equipment**	$	-
397.00	**Communication Equipment**	$	500
108.00	**Retirements**	$	17,686
		TOTAL	**$ 3,401,841**

VALLEY ENERGY CAPITAL BUDGET
FIVE YEAR PROJECTION

	2025	2026	2027	2028	2029
MAINS	$ 267,042	$ 1,232,400	$ 354,074	$ 213,102	$ 597,353
SERVICES	$ 988,520	$ 1,340,432	$ 1,004,272	$ 1,177,104	$ 698,711
METERS/ REGULATORS	$ 179,898	$ 169,723	$ 210,845	$ 200,173	$ 221,034
DISTRICT REGULATOR STATIONS	$ 406,925	$ 244,879	$ 399,937	$ 159,910	$ 158,967
GATE STATIONS/TRANSMISSION MAINS	$ -	$ -	$ -	$ -	$ -
STRUCTURE/ IMPROVEMENTS	$ 1,218,878	$ 457,937	$ -	$ 133,539	$ 103,461
EQUIPMENT &TOOLS	$ 68,750	$ 45,000	$ 45,000	$ 115,000	$ 100,000
IT / OFFICE EQUIPMENT	$ 154,142	$ 125,750	$ 126,485	$ 143,958	$ 132,864
TRANSPORTATION	$ 20,000	$ -	$ -	$ -	$ -
CONTRIBUTION IN AID TO CONSTRUCT	0	0	0	0	0
TOTAL	**$ 3,304,155**	**$ 3,616,121**	**$ 2,140,613**	**$ 2,142,786**	**$ 2,012,390**
MAIN/SERV. RETIREMENT COSTS	$ 17,686	$ 34,287	$ 19,859	$ 21,392	$ 25,265
TOTAL	**$ 3,321,841**	**$ 3,650,408**	**$ 2,160,472**	**$ 2,164,178**	**$ 2,037,655**
CAPITAL LEASE	**$ 80,000**	**$ 100,000**	**$ 50,000**	**$ 175,000**	**$ 280,000**
GRAND TOTAL	**$ 3,401,841**	**$ 3,750,408**	**$ 2,210,472**	**$ 2,339,178**	**$ 2,317,655**

FUTURE YEARS NOTES

2026

Specific costs include:
$458,000 for renovations for training center and storage building
$198,000 for a PennDOY relocation project
$864,000 for replacement of vintage services
$765,000 for vintage main replacement

2027

Specific costs include:
$107,000 for main system reinforcement project
$400,000 for additional over-pressure protection devices and station upgrades
$308,000 for replacement of vintage services
$120,000 for vintage main replacement

2028

Specific costs include:
$164,000 for viontage main replacments
$160,000 for district regulating station upgrades
$766,000 for replacement of vintage services

2029 Specific costs include:
$541,000 for vintage main replacments
$217,000 for replacement of vintage services