

March 15, 2021

North Carolina Utilities Commission
430 North Salisbury Street
Dobbs Building – 5th Floor
Raleigh, NC 27603-5918

**Subject: North Carolina Utilities Commission (“NCUC”)
Rule R7-41(c); Utility Valuation Expert (“UVE”)**

Ms. Charlotte A. Mitchell, Chair,

Raftelis Financial Consultants (“Raftelis”) requests consideration as a UVE pursuant to NCUC Rule R7-41(c). This letter, along with several attachments, provides the requisite details and statements to support the consideration of Raftelis as a UVE for matters that may come before the NCUC.

Raftelis was established in 1993 to provide financial, rate, and management consulting services of the highest quality to water and wastewater utilities. Since that time, Raftelis has grown to have the largest water and wastewater utility rate and financial consulting practice in the country, with 120 consultants. Our staff has provided rate and/or financial planning assistance to over 1,000 utilities across the United States and have conducted thousands of studies. Our mission has always been focused on assisting our clients in meeting their goals of financial viability. In addition to becoming a leader in financial, rate, and management consulting services for the water and wastewater industry, Raftelis also specializes in providing valuation services, we are registered with the Pennsylvania Public Utility Commission (“PAPUC”) as a UVE, and have provided valuation services in many states across the country.

In support of the request to be included as a UVE for the NCUC, we are providing the following:

(1) Education and experience specific to providing valuations and appraisals of utility plant

Utility systems are special purpose properties. A credible conclusion of value for these types of systems requires specialized appraisal training, industry financial, operational, and technical knowledge, an understanding of public and private utility transactions, markets and regulations, and specific expertise in valuation services applied to utility systems. At Raftelis, the Valuation Services practice area is managed by two trained and experienced appraisers that specialize in utility systems – **Mr. John Mastracchio, ASA, CFA, PE** and **Mr. Steven McDonald, CVA** (individual resumes are attached). With valuation professionals accredited by the National Association of Valuators and Analysts (“NACVA”) and the American Society of Appraisers (“ASA”), Raftelis leverages an unparalleled network of water and wastewater industry experts and valuation professionals to provide the highest quality valuation services for utility systems across the country.

(2) Fiduciary duty to provide a thorough, objective, and fair valuation

Raftelis considers the fiduciary duty to provide a thorough, objective, and fair valuation as an essential and uncompromised mission of its Valuation Services practice. In addition, Mr. Mastracchio and Mr. McDonald, as credentialed appraisers and valuation experts, are required to perform valuation services that meet the requirements of their organizations’ professional standards and the Uniform Standards of Professional Appraisal Practice (“USPAP”).

(3) Financial and technical fitness

Raftelis is also committed to maintaining the expertise of its Valuation Services practice through training, certification, and continued education. Mr. Mastracchio and Mr. McDonald actively participate in their respective organizations and Raftelis supports the financial commitment to maintain their credentials and required training.

(4) Utility valuation and appraisal experience

Valuation services have been provided for purposes of purchase and sale transactions (M&A), financing, property taxes, and litigation, generally resulting in a detailed, summary, or oral appraisal or value report. A Business Valuation, as defined by USPAP Standard 9, provides a specific value based on purpose and use of the appraisal or calculation. Recent professional experience with providing valuation services has included the following:

Union County, NC (Water & Wastewater) – Valuation for Utility Pricing	Florida IOU (Electric) – Tangible Property Tax
City of Charlotte, NC (Water & Wastewater) – Valuation to Support Utility Pricing	Florida IOU (Electric) – Acquisition
California Water Credits (Potable Water) – Acquisition	Florida Commercial (Real Estate) – Litigation
Pennsylvania Public Utility (Sewer) – IOU Acquisition	Florida Corporate Stock (Private Equity) – Litigation
Florida Public Utility (Water) – Asset Transaction	Monterey Water Management District (Water) Condemnation
Florida Public Utility (Water) – Foreclosure	Pittsburgh Water and Sewer Authority (Water) – Acquisition
Florida Public Golf Course – Acquisition	Bull Head City, AZ (Water) – Condemnation
Florida Public Utility (Water and Wastewater) – Business Damages	Appomattox River Water Authority, VA (Water) – Asset Valuation
Florida Public Utility (Water and Wastewater) – Acquisition	New Jersey Board of Public Utilities (Water) – Valuation
Florida Public Utility (Chilled Water) – Acquisition	Metropolitan District Commission, CT (Water) – Acquisition
California Private Discharge Capacity (Wastewater) – Acquisition	City of Fort Wayne, IN (Water & Wastewater) – Condemnation
Tennessee Public Utility (Electric) – Acquisition	Macquarie Capital (Water) – Private Equity Due Diligence
Florida IOU (Water-Sewer) – Acquisition	Macomb County, MI (Wastewater) – Acquisition
Florida IOU (Electric) – Tangible Property Tax	City of Miamisburg, OH (Water) – Asset Valuation
Ohio IOU (Water) – Financing	Regional Supply Project, TX (Water) – Private Equity Due Diligence
Florida Public Utility (Water Storage) – Acquisition	Ohio Public Utility (Water-Sewer) – Acquisition
South Carolina Public Utility (Water) – Acquisition	Mississippi Certificate of Public Conveyance and Necessity (Water) – Acquisition

(5) Use of Professional Engineer

The production of a valuation/appraisal of a utility system generally relies on assessments, inputs, and opinions of other professionals, specifically a Professional Engineer. USPAP requires that all approaches to value be considered (Cost, Income, Market) when providing valuation services and Raftelis is accustomed to relying on reports and inputs from Professional Engineers relating to an assessment of tangible assets, as required.

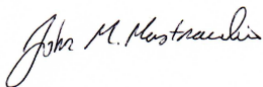
Raftelis will make use of an assessment of the tangible assets of a utility system to be acquired, provided by a Professional Engineer, and will make use of the Water and Wastewater Fair Value Engineering Assessment Form.

(6) Professional Standards

In providing valuation services, Raftelis will comply with the requirements of G.S. 62-133.1A in conducting an appraisal. In addition, the provision of valuation services will meet the requirements of USPAP.

If you have any specific questions, please do not hesitate to contact us at 518-391-8944. Again, we sincerely appreciate the opportunity to be considered as a Utility Valuation Expert by the North Carolina Utilities Commission pursuant to NCUC Rule R7-41(c) .

Very truly yours,



John Mastracchio, ASA, CFA, PE
Vice President



Steven McDonald, CVA
Chief Economist / Valuation Services

Attachments