



Gannett Fleming

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April 21, 2021

Via email to kcampbell@ncuc.net

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4325

Dear Ms. Campbell:

N.C.G.S. § 62-133.1A
Docket No. W-100, Sub 60A
Utility Valuation Expert

I am seeking to be included in the North Carolina Utilities Commission's (Commission) list of impartial, accredited Utility Valuation Experts. Accordingly, attached is the information required by Commission Rule R7-41 and Rule R10-28, including my notarized Verification Form. It is my understanding that this submission shall be filed in Docket No. W-100, Sub 60A.

Please contact me if you have any questions regarding the attached at hwalker@gfnet.com or at 610-783-3875. I thank you for your attention to this matter.

Respectfully Submitted,

GANNETT FLEMING VALUATION
AND RATE CONSULTANTS, LLC

HAROLD WALKER, III
Manager, Financial Studies

Gannett Fleming Valuation and Rate Consultants, LLC

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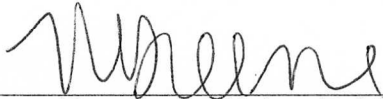
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Apr 23 2021

VERIFICATION FORM

STATE OF New Jersey COUNTY OF Gloucester

Harold Walker 3rd, personally appeared before me this day and, being first duly sworn, says that the facts stated in the foregoing filing and any exhibits, documents, and statements thereto attached are true as he or she believes.

WITNESS my hand and notarial seal, this 22 day of April, 2021.My Commission Expires: 1/23/2024

Signature of Notary Public

Nicole Greene

Name of Notary Public – Typed or Printed

NICOLE GREENE
NOTARY PUBLIC OF NEW JERSEY
Comm. # 50097502
My Commission Expires 1/23/2024



The name of the person who completes and signs this verification must be typed or printed by the notary in the space provided in the verification. The notary's name must be typed or printed below the notary's seal. This original verification must be affixed to the original filing that is submitted to the Commission.

(1) a demonstration of the person's education and experience specific to providing valuations and appraisals of utility plant, as differentiated from other types of appraisals, such as for real estate;

Name, Title, Business Contact Information, and Employment History:

Harold Walker, III
Manager, Financial Studies
Gannett Fleming Valuation and Rate Consultants, LLC
1010 Adams Avenue, Audubon, PA 19403-2402
Tel: 610-783-3875
E-mail: hwalker@gfnet.com

Education:

BS, Finance, The Pennsylvania State University, 1984
Regulation and Rate-Making Courses, College of Business Administration and Economics Center for Public Utilities at New Mexico State University
Project Management and Continuous Quality Improvement Training, Gannett Fleming, 1996
Project Manager Training, The Pennsylvania State University Outreach Program, 2000-2001

Registrations:

Certified Rate of Return Analyst (CRRRA), Society of Utility and Regulatory Financial Analysts, 1991.
Municipal Advisor Representative (Series 50), Municipal Securities Rulemaking Board (MSRB) and Financial Industry Regulatory Authority (FINRA), 2016.

Experience in Valuing Utility Plant:

Mr. Walker has performed valuation studies for public and private utility clients, as well as inventoried and valued their infrastructure and has been providing similar consulting services to the utility industries for 36 years. **He has assumed the firm's professional responsibility as the "Utility Valuation Expert" under the Pennsylvania Public Utility Commission's fair market value appraisal requirements within the context of 66 Pa. C.S. Section 1329, "Valuation of Acquired Water and Wastewater Systems," on 14 assignments for both municipal and investor-owned utility clients.** In addition to providing fair market value appraisal in Pennsylvania's Section 1329 proceedings, he has also testified and filed reports on valuation matters in Arizona, California, Illinois, New Hampshire and Pennsylvania in courts of law and before regulatory commissions.

Years Experience with Gannett Fleming: 25 years (1996 to date)

Years Experience with Other Firms: 11 years (1985 to 1996)

Prior to joining Gannett Fleming, Mr. Walker was employed by AUS Consultants - Utility Services from 1985 to 1996. He held various positions during his eleven years with AUS, concluding his employment there as a Vice President.

Mr. Walker is also a licensed Municipal Advisor Representative (Series 50) with Municipal Securities Rulemaking Board (MSRB) and the Financial Industry Regulatory Authority (FINRA). Please see Mr. Walker's response to North Carolina Utilities Commission's requirement numbers 3 and 4 for a more comprehensive listing of his experience in valuing utility plant.

Professional Affiliations:

Society of Utility and Regulatory Financial Analysts
Board of Directors, 1996-2000, 2005-2008
President, 2000-2002
Treasurer, 1996-1998
National Association of Water Companies
Pennsylvania Municipal Authorities Association

Technical Publications & Presentations:

- Walker, Harold. Panelist "Fair Market Acquisitions Debate." Presented at National Association of Regulatory Utilities Commissioners Winter Policy Summit, February 2019.
- Walker, Harold. Panelist "Fair Market Value Legislation." Presented at the National Association of Water Companies Water Summit, October 2018.
- Walker, Harold. Panelist "Leveraging Water & Sewer to Address Roads, Schools, and Pension Obligations." Presented at the Maryland Association of Counties 2018 Summer Conference, August 2018.
- Walker, Harold. Panelist "Is the Glass Half Full or Half Empty? Valuing Municipal Water Acquisitions." Presented at the Mid-Atlantic Conference of Regulatory Utilities Commissioners 23rd Annual Education Conference, June 2018.
- Walker, Harold. "Valuation and Inventory of Governmental Assets Under GASB 34." Presented at the Society of Depreciation Professionals 21st Annual Conference, September 2007.
- Walker, Harold. "The Paradox of State Regulatory Opinions and Investor Behavior." Presented at the National Association of Water Companies New England Chapter conference, November 2006.
- Walker, Harold. "Valuation and Inventory Under GASB 34." Presented at the Government Finance Officers Association South Central Pennsylvania Regional Chapter conference, August 2003.
- Walker, Harold. "What's on Tap in the Water Industry." Moderator, presented at the Society of Utility & Regulatory Financial Analysts 34th Financial Forum, April 2002.
- Walker, Harold. "Valuation and Inventory under GASB 34." Presented at the Government Finance Officers Association Southeastern Pennsylvania Regional Chapter conference, April 2002.
- Walker, Harold. "GASB 34 & Your Infrastructure." *The Authority*, August 2001, Volume XXXII, No. 4, pages 10-13.
- Walker, Harold. "Managing Risk." Conference Chairperson, presented at the Society of Utility & Regulatory Financial Analysts 33rd Financial Forum, April 2001.
- Walker, Harold. "Statement No. 34 of the Government Accounting Standards Board." Presented at the Pennsylvania Association of Township Supervisors 79th Annual State Convention, April 2001.
- Walker, Harold. "Cost of Capital Issues." Presented at the National Association of Water Companies New England Chapter conference, October 2000.

(2) a written attestation that a Utility Valuation Expert owes a fiduciary duty to provide a thorough, objective, and fair valuation;

I, Harold Walker III, and Gannett Fleming Valuation and Rate Consultants, LLC are experienced at determining fair market value in compliance with the Uniform Standards of Professional Appraisal Practice. I, Harold Walker III, and Gannett Fleming Valuation and Rate Consultants, LLC have a fiduciary duty to, and will, provide a thorough, objective, and fair market valuation using the cost, market and income approaches in accordance with the North Carolina Utility Commission's Rule R7-41 and Commission Rule R10-28 and North Carolina laws.

I, Harold Walker III, and Gannett Fleming Valuation and Rate Consultants, LLC acknowledge that the Commission, the Public Staff, the utility, and the Local Government Utility anticipates relying upon the valuation analysis conducted by myself and that this analysis will be thorough, objective, and fair. I, Harold Walker III, and Gannett Fleming Valuation and Rate Consultants, LLC reach our conclusions of fair market value based on an objective analyses of basic data, informed professional judgment, and clear presentation of the results.

Gannett Fleming Valuation and Rate Consultants, LLC's staff includes professionals specialized in public utility accounting and ratemaking, valuation, cost of capital, depreciation, cost of service and financial analysis. Gannett Fleming Valuation and Rate Consultants, LLC has been helping clients in public pricing policy and related financial matters for managerial purposes, before regulatory commissions and courts of law since 1915. Gannett Fleming Valuation and Rate Consultants, LLC's staff includes six individuals who are Certified Depreciation Professionals and one Certified Rate of Return Analyst. Our firm is a registered Municipal Advisor with the Securities and Exchange Commission (SEC) and I, Harold Walker III, am a licensed Municipal Advisor Representative (Series 50) with Municipal Securities Rulemaking Board (MSRB) and the Financial Industry Regulatory Authority (FINRA). In addition, a member of our senior staff is an MSRB 1-54 Municipal Advisor Principal.

I, Harold Walker III, and Gannett Fleming Valuation and Rate Consultants, LLC attest that we do not derive any material financial benefit from the sale of, or purchase of, a selling utility other than fees for services rendered. I, Harold Walker III, and Gannett Fleming Valuation and Rate Consultants, LLC also verify we do not have any immediate family members who are directors, officers or employees of either an acquiring public utility, entity or selling utility within a 12-month period of the date of hire to perform an appraisal. Gannett Fleming Valuation and Rate Consultants, LLC affirms it is not directly or indirectly owned, partnered or in any way affiliated with a water/wastewater distribution company.

(3) a demonstration of financial and technical fitness, such as through production of professional licenses, technical certifications, and names of current or past clients with a description of dates and types of services provided;

Harold Walker, III, Registrations:

Certified Rate of Return Analyst (CRRRA), Society of Utility and Regulatory Financial Analysts, 1991.

Licensed Municipal Advisor Representative (Series 50), Municipal Securities Rulemaking Board (MSRB) and Financial Industry Regulatory Authority (FINRA), 2016.

Gannett Fleming Valuation and Rate Consultants, LLC Registrations:

Registered Municipal Advisor with the Securities and Exchange Commission (SEC), 2016.

I, Harold Walker III, attest that I do not have personal or business financial commitments that might call into question my ability to provide a thorough, objective and fair valuation. I have never had, nor would I ever have, a contingent fee arrangements or fee that is based upon a percentage of total valuation. I have never had my professional credentials revoked or suspended. The appraisals that I have been professionally responsible for have adhered to the Uniform Standards of Professional Appraisal Practice and I provide a commitment to continue adherence to these Standards in the future as related to the valuation of utility plant.

Below is a partial list of names of current or past clients with dates and a description and types of valuation services provided by Harold Walker while employed by Gannett Fleming Valuation and Rate Consultants, LLC.

Upper Pottsgrove Township – Fair Market Valuation, Upper Pottsgrove Township, PA, *Upper Pottsgrove Township* [2020-present] Utility Valuation Expert (UVE) and provided the fair market value of Upper Pottsgrove Township's wastewater system assets ("Wastewater System"). Gannett Fleming Valuation and Rate Consultants LLC is approved by the Pennsylvania Public Utility Commission and is register as a Utility Valuation Expert in the Commonwealth of Pennsylvania. The valuation was required for the Pennsylvania Public Utility Commission to evaluate the reasonableness of the price paid for the purchase of the assets. The fair market value appraisal of the Wastewater System complied with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches accordance with 66 Pa. C.S. Section 1329.

Valley Township – Fair Market Valuation, Valley Township, PA, *Valley Township* [2020-present] Utility Valuation Expert (UVE) and provided the fair market value of Valley Township's wastewater system assets ("Wastewater System"). Gannett Fleming Valuation and Rate Consultants LLC is approved by the Pennsylvania Public Utility Commission and is register as a Utility Valuation Expert in the Commonwealth of Pennsylvania. The valuation was required for the Pennsylvania Public Utility Commission to evaluate the reasonableness of the price paid for the purchase of the assets. The fair market value appraisal of the Wastewater System complied with the Uniform Standards

of Professional Appraisal Practices, employing the cost, market and income approaches accordance with 66 Pa. C.S. Section 1329.

Valley Township – Fair Market Valuation, Valley Township, PA, Valley Township [2020-present] Utility Valuation Expert (UVE) and provided the fair market value of Valley Township’s water system assets (“Water System”). Gannett Fleming Valuation and Rate Consultants LLC is approved by the Pennsylvania Public Utility Commission and is register as a Utility Valuation Expert in the Commonwealth of Pennsylvania. The valuation was required for the Pennsylvania Public Utility Commission to evaluate the reasonableness of the price paid for the purchase of the assets. The fair market value appraisal of the Water System complied with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches accordance with 66 Pa. C.S. Section 1329.

Borough of Royersford – Fair Market Valuation, Royersford, PA, Borough of Royersford [2020-2021] Utility Valuation Expert (UVE) and provided the fair market value of Borough of Royersford’s wastewater system assets (“Wastewater System”). Gannett Fleming Valuation and Rate Consultants LLC is approved by the Pennsylvania Public Utility Commission and is register as a Utility Valuation Expert in the Commonwealth of Pennsylvania. The valuation was required for the Pennsylvania Public Utility Commission to evaluate the reasonableness of the price paid for the purchase of the assets. The fair market value appraisal of the Wastewater System complied with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches accordance with 66 Pa. C.S. Section 1329.

Delaware County Regional Water Quality Control Authority – Fair Market Valuation, Chester, PA, Aqua Pennsylvania Wastewater, Inc. [2019-2020] Utility Valuation Expert (UVE) and Project Manager responsible for determining the fair market value of Delaware County Regional Water Quality Control Authority’s sanitary wastewater system assets (“Wastewater System”). Gannett Fleming Valuation and Rate Consultants LLC is approved by the Pennsylvania Public Utility Commission and is register as a Utility Valuation Expert in the Commonwealth of Pennsylvania. The valuation was required for the Pennsylvania Public Utility Commission to evaluate the reasonableness of the price paid for the purchase of the assets. The fair market value appraisal of the Wastewater System complied with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches accordance with 66 Pa. C.S. Section 1329.

Kane Borough Authority – Fair Market Valuation, Kane, PA, Kane Borough Authority [2019] Utility Valuation Expert (UVE) and provided the fair market value of Kane Borough Authority’s wastewater system assets (“Wastewater System”). Gannett Fleming Valuation and Rate Consultants LLC is approved by the Pennsylvania Public Utility Commission and is register as a Utility Valuation Expert in the Commonwealth of Pennsylvania. The valuation was required for the Pennsylvania Public Utility Commission to evaluate the reasonableness of the price paid for the purchase of the assets. The fair market value appraisal of the Wastewater System complied with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches accordance with 66 Pa. C.S. Section 1329.

East Norriton Township – Fair Market Valuation, East Norriton, PA, Aqua Pennsylvania Wastewater, Inc. [2019] Utility Valuation Expert (UVE) and provided the fair market value of East Norriton Township's wastewater system assets ("Wastewater System"). Gannett Fleming Valuation and Rate Consultants LLC is approved by the Pennsylvania Public Utility Commission and is register as a Utility Valuation Expert in the Commonwealth of Pennsylvania. The valuation was required for the Pennsylvania Public Utility Commission to evaluate the reasonableness of the price paid for the purchase of the assets. The fair market value appraisal of the Wastewater System complied with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches accordance with 66 Pa. C.S. Section 1329.

Cheltenham Township – Fair Market Valuation, Cheltenham, PA, Aqua Pennsylvania Wastewater, Inc. [2019] Utility Valuation Expert (UVE) and provided the fair market value of Cheltenham Township's wastewater system assets ("Wastewater System"). Gannett Fleming Valuation and Rate Consultants LLC is approved by the Pennsylvania Public Utility Commission and is register as a Utility Valuation Expert in the Commonwealth of Pennsylvania. The valuation was required for the Pennsylvania Public Utility Commission to evaluate the reasonableness of the price paid for the purchase of the assets. The fair market value appraisal of the Wastewater System complied with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches accordance with 66 Pa. C.S. Section 1329.

Exeter Township – Fair Market Valuation, Exeter, PA, Exeter Township [2018] Utility Valuation Expert (UVE) and provided the fair market value of Exeter Township's wastewater system assets ("Wastewater System"). Gannett Fleming Valuation and Rate Consultants LLC is approved by the Pennsylvania Public Utility Commission and is register as a Utility Valuation Expert in the Commonwealth of Pennsylvania. The valuation was required for the Pennsylvania Public Utility Commission to evaluate the reasonableness of the price paid for the purchase of the assets. The fair market value appraisal of the Wastewater System complied with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches accordance with 66 Pa. C.S. Section 1329.

Mahoning Township – Fair Market Valuation, Mahoning, PA, SUEZ Mid-Atlantic Division [2018] Utility Valuation Expert (UVE) and provided the fair market value of Mahoning Township's sewer system assets ("Sewer System"). Gannett Fleming Valuation and Rate Consultants LLC is approved by the Pennsylvania Public Utility Commission and is register as a Utility Valuation Expert in the Commonwealth of Pennsylvania. The valuation was required for the Pennsylvania Public Utility Commission to evaluate the reasonableness of the price paid for the purchase of the assets. The fair market value appraisal of the Sewer System complied with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches accordance with 66 Pa. C.S. Section 1329.

Mahoning Township – Fair Market Valuation, Mahoning, PA, SUEZ Mid-Atlantic Division [2018] Utility Valuation Expert (UVE) and provided the fair market value of Mahoning Township's water system assets ("Water System"). Gannett Fleming Valuation

and Rate Consultants LLC is approved by the Pennsylvania Public Utility Commission and is register as a Utility Valuation Expert in the Commonwealth of Pennsylvania. The valuation was required for the Pennsylvania Public Utility Commission to evaluate the reasonableness of the price paid for the purchase of the assets. The fair market value appraisal of the Water System complied with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches accordance with 66 Pa. C.S. Section 1329.

East Bradford Township – Fair Market Valuation, East Bradford, PA, Aqua Pennsylvania Wastewater, Inc. [2018] Utility Valuation Expert (UVE) and provided the fair market value of East Bradford Township's wastewater system assets ("Wastewater System"). Gannett Fleming Valuation and Rate Consultants LLC is approved by the Pennsylvania Public Utility Commission and is register as a Utility Valuation Expert in the Commonwealth of Pennsylvania. The valuation was required for the Pennsylvania Public Utility Commission to evaluate the reasonableness of the price paid for the purchase of the assets. The fair market value appraisal of the Wastewater System complied with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches accordance with 66 Pa. C.S. Section 1329.

Limerick Township – Fair Market Valuation, Limerick, PA, Aqua Pennsylvania Wastewater, Inc. [2017] Utility Valuation Expert (UVE) and provided the fair market value of Limerick Township's sanitary wastewater collection and treatment system assets ("Wastewater System"). Gannett Fleming Valuation and Rate Consultants LLC is approved by the Pennsylvania Public Utility Commission and is register as a Utility Valuation Expert in the Commonwealth of Pennsylvania. The valuation was required for the Pennsylvania Public Utility Commission to evaluate the reasonableness of the price paid for the purchase of the assets. The fair market value appraisal of the Wastewater System complied with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches accordance with 66 Pa. C.S. Section 1329.

New Garden Township and New Garden Township Sewer Authority – Fair Market Valuation, New Garden, PA, Aqua Pennsylvania Wastewater, Inc. [2016-2017] Utility Valuation Expert (UVE) and provided fair market value of the sewage collection and treatment system assets of New Garden Township and New Garden Township Sewer Authority ("Sewer System"). Gannett Fleming Valuation and Rate Consultants LLC is approved by the Pennsylvania Public Utility Commission and is register as a Utility Valuation Expert in the Commonwealth of Pennsylvania. The valuation was required for the Pennsylvania Public Utility Commission to evaluate the reasonableness of the price paid for the purchase of the assets. The fair market value appraisal of the Sewer System complied with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches accordance with 66 Pa. C.S. Section 1329

North Maine Utilities - Valuation, Village of Glenview, IL, Aqua Illinois, Inc. [2014] Economic valuation of the water assets used/operated by North Maine Utilities for sale. The valuation of the assets was estimated through the application of the capitalization of earning method (income approach), the market multiples method, and the selected transactions method.

North Maine Utilities - Valuation, Village of Glenview, IL, Aqua Illinois, Inc. [2014] Economic valuation of the wastewater assets used/operated by North Maine Utilities for sale. The valuation of the assets was estimated through the application of the capitalization of earning method (income approach), the market multiples method, and the selected transactions method.

Appraisal of the Fair Market Value of the Jointly Used Facilities (JUF), Erie, PA, Millcreek Township Water Authority. [2014] Provided fair market value of the JUF of its water utility infrastructure assets. Due to the unique nature of the JUF, we conclude the asset-based approach was the best method of appraising the JUF assets. Our appraisal of the fair market value of the JUF was based on a total original cost less depreciation (OCLD) study of the JUF and a trended original cost or replacement cost new less depreciation (RCNLD) study of the JUF.

Replacement Cost New (RCN) Replacement Cost New Less Depreciation (RCNLD) Analysis of Tangible Assets Being Condemned, Cave Creek, AZ, Baker Donelson Bearman. [2020] RCN and RCNLD valuation of tangible water system assets on behalf of the Town of Cave Creek. The water assets of the Town of Cave Creek which are located and serve customers located within the boundaries of the Town of Carefree were being condemned by the Town of Carefree. The required RCN and RCNLD analysis were based upon a replacement cost analysis. In doing so, we provided the RCNLD analysis of Cave Creek 's tangible personal property being condemned.

Valuation of Water Utility Assets, Dover, MA, People's United Bank, N.A.. [2020] Abbreviated appraisal study for the assets of the Colonial Water Company. The valuation was required for the client to determine a fair value to support a debt financing by the client. The estimated valuation of the assets was completed using the market approach, selected transaction approach as well as the rate-base (cost) approach.

Valuation of Water Utility Assets, Plymouth, MA, Farmington Bank. [2013-2014] Abbreviated appraisal study for the assets of the Plymouth Water Company. The valuation was required for the client to determine a fair value to support a debt financing by the client. The estimated valuation of the assets was completed using the market approach, as well as the rate-base (cost) approach.

Fair and Reasonable Economic Value of Leases and Lease Extension, Erie, PA, MacDonald Illig Jones & Britton, LLP. [2013-2014] Valuation and Ratemaking Expert responsible for the review and analysis of the leases and lease extension/initial upfront rental payments made by the Erie City Water Authority to the City of Erie in 2001, 2004, and 2008. The review and analysis determine if the Erie City Water Authority provided fair and reasonable economic value for both parties in regards to the terms of the leases and the value of the assets being leased. The economic value of leases and lease extension was determined based on the leasable water system assets analyses and lease rental analyses. These analyses proved the leases were not economical for the Authority and produced monopolistic profits for the City.

Valuation of Water and Wastewater Utility Assets, Southbury, CT, Farmington Bank.

[2011] Abbreviated appraisal study for the assets of the Heritage Village Water and Wastewater Company. The valuation was required for the client to determine a fair value to support a debt financing by the client. The estimated valuation of the assets was completed using the market approach, as well as the rate-base (cost) approach.

Valuation of Water Utility Assets, Plainville, CT, Farmington Savings Bank. [2006-2007] Abbreviated appraisal study of the assets of Valley Water Systems utility. The valuation was required for the client to determine a fair value to support a debt financing. The valuation of the assets was estimated through the market approach, the income approach, and the selected-transactions approach.

Regional Wastewater System Evaluation, Stroudsburg, PA, Borough of Stroudsburg. [2005-2008] Fair and reasonable value of assets used in the formation of a joint area authority that would provide regional wastewater conveyance and treatment for Stroudsburg Borough, Stroud Township, and Pocono Township, one of the fastest growing regions in the country. Provided the requested inventory and asset valuation of Stroudsburg's sewage treatment plant assets. The asset valuation was based on the replacement cost new, less depreciation and contributions method. We also provided a study to determine the economic value of Stroudsburg's sewage treatment plant assets based on the income approach.

Reproduction or Replacement Cost New (RCN) Analysis of Tangible Assets Being Condemned, Merrimack, NH, Baker Donelson Bearman. [2005-2007] RCN valuation of tangible water system assets on behalf of the company. The assets of Pennichuck Water Works, Inc. (Pennichuck), located in Nashua and 10 surrounding New Hampshire municipalities, were being condemned by the City of Nashua. The required RCN analysis was based primarily upon a replacement cost analysis. For certain aboveground assets, the RCN analysis was based upon a reproduction cost analysis.

Replacement Cost New Analysis of Tangible Assets Being Condemned, Felton, CA, Baker Donelson Bearman. [2007-2008] RCN valuation of tangible water system assets on behalf of the company. The assets of California American Water (CAW) were being condemned by the San Lorenzo Valley Water District. The required RCN analysis was based primarily upon a replacement cost analysis. In doing so, we provided the RCNLD analysis of CAW's tangible personal property being condemned.

Economic Valuation for Use of Government-Supported Debt Refinancing, Zanesville, OH, Gasco Distribution Systems, Inc. [2004-2005] Economic valuation of a private gas system on behalf of the company. Gasco Distribution Systems, Inc., owns and operates assets in Pennsylvania, Tennessee, Kentucky, and Ohio. The valuation was required for the client to determine a fair value to support a debt refinancing. The valuation of the assets was estimated through the market approach, the income approach, and the selected-transactions approach.

Fairness Opinion, Sewer Valuation, Eagle Rock, PA, Eagle Rock Community Association, Inc. [2003-2005] Fairness opinion of sale price of sewer utility system. The analysis relied upon the selected-transactions approach to reach our conclusion.

Fairness Opinion, Water Valuation, Eagle Rock, PA, *Eagle Rock Community Association, Inc.* [2003-2005] Fairness opinion of sale price of water utility system. The analysis relied upon the selected-transactions approach to reach our conclusion.

Economic Valuation for Water System Purchase, Palmerton, PA, *Borough of Palmerton.* [2003-2004] Economic valuation of a private water system on behalf of a borough. The valuation was required for the client to determine a fair and competitive offering price to purchase the water system assets. The valuation of the assets included a physical inspection of aboveground assets and was estimated through the income approach and the selected-transactions approach.

Utility Authority Economic Valuation, Sewer System, Northampton, PA, *Northampton Township.* [1999] Economic valuation of the assets of a 20,000-customer sewer utility. The valuation was required for the client to evaluate offers to purchase the assets. The valuation of the assets was estimated through the application of the cost approach, market multiples method, the income approach, and the selected-transactions method.

Utility Authority Economic Valuation, Water System, Northampton, PA, *Northampton Township.* [1999] Economic valuation of the assets of a 20,000-customer water utility. The valuation was required for the client to evaluate offers to purchase the assets. The valuation considered market conditions, rate regulation, and future capital costs. The valuation of the assets was estimated through the application of the cost approach, market multiples method, the income approach, and the selected-transactions method.

GASB 34 Valuation and Inventory, Uwchlan, PA, *Uwchlan Township Municipal Authority (UTMA).* [2007-2021] GASB 34 Valuation Task Leader responsible for inventorying and valuing sanitary sewer system assets for GASB 34 compliance. The UTMA assets being inventoried and valued included the wastewater treatment plant and related assets. The asset inventory included the historical cost of the asset, a description of the asset, the year of construction or acquisition, the method of acquisition (purchase or donation), funding source, estimated salvage value, estimated useful life, and functional use of the asset. The UTMA used the depreciation approach for valuing and reporting its capital assets. This service of inventorying and valuing UTMA's assets was provided for the years 2007 through 2021.

GASB 34 Valuation and Inventory, York, PA, *York Township.* [2007-2008] Project Manager responsible for inventorying and valuing the Township's infrastructure assets for GASB 34 compliance. The infrastructure assets inventoried and valued included the sanitary sewer and transportation system assets. The asset inventory included the historical cost of the asset, a description of the asset, the year of construction or acquisition, the method of acquisition (purchase or donation), funding source, estimated salvage value, estimated useful life, and functional use of the asset. The Township used the depreciation approach for valuing and reporting its infrastructure assets.

GASB 34 Valuation and Inventory, New Hanover, PA, *New Hanover Township.*

[2005-2008] GASB 34 Valuation Task Leader assisting the Township in complying with the inventory and valuation requirements prescribed in GASB 34. The infrastructure assets inventoried and valued included the sanitary sewer system, stormwater sewer system, roads, sidewalks, curbs, traffic lights, street lights, parks, and recreation trails. The asset inventory included the historical cost of the asset, a description of the asset, the year of construction or acquisition, the method of acquisition (purchase or donation), funding source, estimated salvage value, estimated useful life, and functional use of the asset. New Hanover used the depreciation approach for valuing and reporting its capital. Additional GASB 34-related services will be provided after the inventory and valuation is completed.

GASB 34 Valuation and Inventory, Uwchlan, PA, *Uwchlan Township*. [2005-2021] GASB 34 Valuation Task Leader responsible for inventorying and valuing Uwchlan Township's infrastructure assets for GASB 34 compliance. The infrastructure assets being inventoried and valued included the stormwater sewer system, roads, bridges, sidewalks, curbs, traffic lights, street lights, and recreation trails. The asset inventory included the historical cost of the asset, a description of the asset, the year of construction or acquisition, the method of acquisition (purchase or donation), funding source, estimated salvage value, estimated useful life, and functional use of the asset. The Township used the depreciation approach for valuing and reporting its capital assets. This service of inventorying and valuing infrastructure assets has been provided for the years 2005 through 2021.

GASB 34 Valuation and Inventory, Uwchlan, PA, *Uwchlan Township*. [2004-2021] GASB 34 Valuation Task Leader assisting the Township in complying with the inventory and valuation requirements prescribed in GASB 34. The infrastructure assets that were inventoried and valued included the sanitary sewer system. The asset inventory included the historical cost of the asset, a description of the asset, the year of construction or acquisition, the method of acquisition (purchase or donation), funding source, estimated salvage value, estimated useful life, and functional use of the asset. The Township used the depreciation approach for valuing and reporting its capital assets. This service of inventorying and valuing the sanitary sewer system has been provided for the years 2002 through 2021.

GASB 34 Valuation and Inventory, Lebanon, PA, *City of Lebanon Authority*. [2004-2006] GASB 34 Valuation Task Leader responsible for inventorying and valuing the City's infrastructure assets for GASB 34 compliance. The infrastructure assets being inventoried and valued included the sanitary sewer system, stormwater sewer system, and water system. The asset inventory included the historical cost of the asset, a description of the asset, the year of construction or acquisition, the method of acquisition (purchase or donation), funding source, estimated salvage value, estimated useful life, and functional use of the asset. The City used the depreciation approach for valuing and reporting its infrastructure assets.

GASB 34 Valuation and Inventory, Harrisburg, PA, *City of Harrisburg*. [2003-2005] Project Manager responsible for inventorying and valuing the City's infrastructure assets for GASB 34 compliance. The infrastructure assets being inventoried and valued included the sanitary sewer system, stormwater sewer system, combined

sanitary and sewer system, water system, roads, traffic lights, and street lights. The asset inventory includes the historical cost of the asset, a description of the asset, the year of construction or acquisition, the method of acquisition (purchase or donation), funding source, estimated salvage value, estimated useful life, and functional use of the asset. The City used the depreciation approach for valuing and reporting its infrastructure assets.

GASB 34 Valuation and Inventory, Harrisburg, PA, *City of Harrisburg*. [2003] GASB 34 Valuation Task Leader assisting the City in complying with the inventory and valuation requirements prescribed in GASB 34. The required consulting services included the independent inventory and valuation of 19 bridges and 5 dam and flood-control structures. The asset inventory included the historical cost of the asset, a description of the asset, the year of construction or acquisition, the method of acquisition (purchase or donation), funding source, estimated salvage value, estimated useful life, and functional use of the asset. The City used the depreciation approach for valuing and reporting its bridges and dam and flood-control structure assets.

(4) a demonstration of adequate utility valuation and appraisal experience to support the Commission's decision to consider these persons or entities as experts in this field;

Harold Walker, III has a total of 36 years of providing specialized financial services for the utility industries; about 25 of which have been with Gannett Fleming. Mr. Walker is Manager, Financial Studies of Gannett Fleming Valuation and Rate Consultants, LLC and supervises and develops financial and economic studies on behalf of investor-owned and municipally owned utilities, as well as resource recovery companies. He has extensive valuation and ratemaking experience and has presented expert testimony or been deposed more than 125 occasions on various topics before regulatory commissions and courts of law in 25 states. His testimonies covered various subjects including: Fair market value, the taking of natural resources, appropriate capital structure and fixed capital cost rates, financial benchmarking, depreciation, fair rate of return, purchased water adjustments, synchronization of interest charges for income tax purposes, valuation, cash working capital, lead-lag studies, financial analyses of investment alternatives, and fair value. He has assumed professional responsibility for the firm as the "Utility Valuation Expert" under the Pennsylvania Public Utility Commission's fair market value appraisal requirements within the context of 66 Pa. C.S. Section 1329, "Valuation of Acquired Water and Wastewater Systems," on 14 assignments for both municipal and investor-owned utility clients. In addition to providing fair market value appraisal in Pennsylvania's Section 1329 proceedings, he has also testified and filed reports on valuation matters in Arizona, California, Illinois, New Hampshire and Pennsylvania in courts of law and before regulatory commissions.

He is responsible for the valuation of utility property, municipal property and common stock. His valuations consider market conditions, rate regulation, change of law and future capital costs. The valuations were estimated, in part, through the application of the market approach and the income approach. Mr. Walker is also responsible for having conducted hundreds of "cost of capital" studies for regulated firms. He provides clients with financial decision studies for capital budgeting purposes and develops financial models for determining future capital requirements. Mr. Walker assists in both the public and private placement of fixed capital securities.

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

(5) a statement that the Utility Valuation Expert will make use of the assessment of the tangible assets of the system to be acquired, which assessment shall be from a Professional Engineer jointly retained by the utility and the Local Government Utility and make use of the Water and Wastewater Fair Value Engineering Assessment Form included in the Appendix to this Chapter as a template for the engineer's assessment;

I, Harold Walker III, will make use of the assessment of the tangible assets of the system to be acquired, which assessment shall be from a Professional Engineer jointly retained by the utility and the Local Government Utility and make use of the Water and Wastewater Fair Value Engineering Assessment Form included in the Appendix to Chapter 7 and Chapter 10 of the Commission's Rules and Regulations.

(6) a statement that the Utility Valuation Expert will comply with the requirements of G.S. 62-133.1A in conducting their appraisal, including that the Utility Valuation Expert shall appraise the subject property in compliance with the Uniform Standards of Professional Appraisal Practice, employing cost, market, and income approaches to assessment of value;

I, Harold Walker III, will comply with the requirements of G.S. 62-133.1A in conducting appraisals as a Utility Valuation Expert, including that the Utility Valuation Expert shall appraise the subject property in compliance with the Uniform Standards of Professional Appraisal Practice, employing cost, market, and income approaches to assessment of value.

(7) any other information as required by the Commission.

If additional information is required, please contact Harold Walker at hwalker@gfnet.com or 610-783-3875.

THE COST OF CAPITAL – A PRACTITIONER’S GUIDE

BY

DAVID C. PARCELL

**PREPARED FOR THE SOCIETY OF UTILITY
AND REGULATORY FINANCIAL ANALYSTS**

1997 EDITION

Author’s Note: This manual has been prepared as an educational reference on cost of capital concepts. Its purpose is to describe a broad array of cost of capital models and techniques. No cost of equity model or other concept is recommended or emphasized, nor is any procedure for employing any model recommended. Furthermore, no opinions or preferences are expressed by either the author or the Society of Utility And Regulatory Financial Analysts.

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APPENDIX III

LIST OF CERTIFIED RATE OF RETURN ANALYSTS

Exam No. 1
May 12, 1992

Pauline Marie Ahern
AUS Consultants -
Utility Services Group

Laurent Baptiste
NYNEX Corporation

Chancy I. Bittner
Iowa Utilities Board

Mark A. Cicchetti
Cicchetti & Company

Kentton Clark Grant
Public Utility Commission
of Texas

Stephen G. Hill
Consultant

Andrew L. Maurey
Florida Pub. Service Comm.

Larry M. Prober, Ph.D.
Rider College

Merwin R. Sands
State of Connecticut
Office of Consumer Counsel

George E. Strella
Pennsylvania Pub. Utility Comm.

Glenn A. Watkins
Technical Associates, Inc.

Jerry L. Austin
GTE South,
GTE Telephone Operations

Randall S. Billingsley, Ph.D.
Virginia Polytechnic Institute
& State University

Neal Christopher Cezat
Michigan Consolidated Gas Co.

John C. Dunn
John C. Dunn & Company

David L. Hayward
Resource Management
International, Inc.

Farris M. Maddox
Va. State Corp. Comm.

Jay William Moore
Missouri Pub. Service Comm.

Thomas J. Purvenas
AUS Consultants -
Utility Services Group

Ronald L. Shackelford
Missouri Pub. Service Comm.

Harold Walker, III
AUS Consultants -
Utility Services Group

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Apr 23 2021

Walker, Harold, III

From: Municipal Securities Rulemaking Board <MSRB@public.govdelivery.com>
Sent: Sunday, June 5, 2016 9:02 AM
To: Walker, Harold, III
Subject: Municipal Securities Rulemaking Board Weekly Digest Bulletin

Follow Up Flag: Follow up
Flag Status: Flagged

Categories: Blue category, Red category, Yellow category



MSRB to Launch Permanent Series 50 Exam September 12, 2016
05/31/2016

The Municipal Securities Rulemaking Board (MSRB) will make available the permanent Municipal Advisor Representative Qualification Examination (Series 50) beginning September 12, 2016. As provided for under [MSRB Rule G-3](#), municipal advisor representatives are required to take and pass the Series 50 in order to engage in municipal advisory activities. The score required to pass the Series 50 exam is 71 percent. [Read the regulatory notice](#). [Refer to FAQs on the Municipal Advisor Representative Qualification Examination \(Series 50\)](#). [Access information about the Series 50 exam on the MSRB's website](#).

Candidate Results from the MSRB's Series 50 Pilot Examination
05/31/2016
Harold Walker III:

Thank you for participating in the Municipal Securities Rulemaking Board's (MSRB) pilot Municipal Advisor Representative Qualification Examination (Series 50).

The MSRB is pleased to inform you that you have **passed** the Series 50 exam that was administered from January 15, 2016 through February 15, 2016.

Please refer to the MSRB's [FAQs on the Municipal Advisor Representative Qualification Examination \(Series 50\)](#) for additional information regarding the Series 50 qualification.

A copy of this email has also been provided to your firm's primary regulatory contact on file with the MSRB.

MSRB Monthly Update: May 2016
05/31/2016



Municipal Securities Rulemaking Board

Monthly Update

MAY 2016

MSRB Releases Investor's Guide to 529 Plans



In recognition of national 529 College Savings Day, the Municipal Securities Rulemaking Board (MSRB) this month published an [Investor's Guide to 529 College Savings Plans](#) for anyone considering investing in a plan. Potential 529 plan investors can learn more about how 529 plans work – including possible benefits, risks and expenses – so they can make an informed investment decision. For grandparents looking to contribute to their grandchildren's college tuition, the *Investor's Guide* includes special considerations for senior investors.

Read more about [529 college savings plans in the MSRB Education Center](#). Access disclosure documents for 529 plans submitted to the MSRB on its [Electronic Municipal Market Access \(EMMA®\) website](#). Interests in 529 college savings plans are considered municipal securities under the federal securities laws, and are considered municipal fund securities under MSRB rules. MSRB rules apply to brokers, dealers and municipal securities dealers that act in the capacity of underwriters of 529 college savings plans, dealers that sell interests in 529 college savings plans, and municipal advisors to those plans.

Bank Loan Disclosure Commentary

The MSRB continued its call for improved disclosure of bank loans by municipal securities issuers with the publication of an op-ed by MSRB Executive Director Lynnette Kelly in *Governing*, a media platform that covers politics, policy and management for state and local government leaders. Ms. Kelly warned that "[a] perilous new financial risk may be hiding in the fine print of loan agreements in state capitals, county seats and city halls across the country." [Read the full op-ed.](#)

CPE Credit Available for On-Demand MSRB Webinars



Visit the MSRB's [webinar portal](#) to access a library of on-demand webinars, many of which are available for continuing professional education credit. On-demand webinars include overviews of new MSRB rules for municipal advisors and educational seminars for state and local governments.

EMMA® Tip: Economic Calendar Coming Soon to EMMA



Beginning in June 2016, EMMA users will have free, convenient access to an economic calendar with dates and descriptions of key macroeconomic developments that could have an impact on the trading and issuance of municipal securities. The calendar will highlight federal data releases, events and other indicators of the health of the overall economy, such as labor statistics and interest rate decisions. Municipal securities issuers, investors and their financial professionals may want to consult the economic calendar when assessing market activity. The MSRB is

adding the calendar to the [tools and resources currently available on EMMA](#) to help investors and issuers make decisions that are right for them. EMMA's economic calendar will be provided by Econoday.

Recent Press Releases

May 19, 2016: MSRB Names Head of Legislative Affairs

May 2, 2016: Stage Set for Shortened Trade Settlement Cycle for Municipal Securities

May 2, 2016: MSRB to Accept Additional Board Applications for Specific Category



Regulatory Round Up

May 11, 2016: Proposed Rule Change Consisting of Amendments to MSRB Rule G-12, on Uniform Practice, Regarding Close-Out Procedures for Municipal Securities

May 5, 2016: Proposed Rule Change Consisting of Amendments to the MSRB's Amended and Restated Articles of Incorporation

- SEC Approval Order (May 19, 2016)

May 2, 2016: MSRB to Amend Rules to Define Two-Day Settlement Cycle

March 1, 2016: Proposed Rule Change to Amend Rules G-12 and G-15 to Define Regular-Way Settlement for Municipal Securities Transactions as Occurring on a Two-Day Settlement Cycle

- SEC Approval Order (April 29, 2016)
- Federal Register Notice of Approval (May 4, 2016)

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