



20014 SE 19th Street
Sammamish, WA 98075
Phone: (425) 605-5332

March 15, 2021

Ms. Kimberly A. Campbell
Chief Clerk
North Carolina Utilities Commission
430 North Salisbury Street, 5th Floor
Raleigh, NC 27603-5918

Subject: Docket No. W-100, Sub 60A - Utility Valuation Expert Application

Dear Ms. Campbell:

Enclosed is my application to be added to the Utility Valuation Experts list in Docket No. W-100, Sub 60A. I am an Accredited Senior Appraiser (ASA) of public utility property certified by the American Society of Appraisers with over 25 years of experience performing appraisal studies of water, wastewater, electric, natural gas, telecommunications, and solid waste property.

I look forward to the Commission's consideration of my application and having my name added to the list of authorized Utility Valuation Experts. Should you have any questions regarding the contents provided, please do not hesitate to contact me on my direct line at 425-605-5332, or by e-mail nhughes@newgenstrategies.net.

Sincerely,

NewGen Strategies and Solutions, LLC

A handwritten signature in blue ink that reads 'Nancy Heller Hughes'.

Nancy Heller Hughes, ASA, CDP
Executive Consultant

UTILITY VALUATION EXPERT APPLICATION OF NANCY HELLER HUGHES, ASA, CDP

Please find below the application information required by North Carolina Utilities Commission Rule R7-41(c) for water utilities and Rule R10-28(c) for wastewater utilities to be added to the list of authorized Utility Valuation Experts.

(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 appraisal, such as for real estate.

Ms. Nancy Hughes specializes in utility rates and regulation, depreciation, and valuation. She has testified as an expert witness on these issues before federal and state regulatory commissions, city councils and courts of law and has worked in the public utility industry since 1977.

Ms. Hughes is an Accredited Senior Appraiser (ASA) of utility property and has performed appraisal studies to determine the value of a wide range of utility assets including water, wastewater, electric, natural gas, telecommunications, and solid waste property. These studies have been performed in connection with the sale and acquisition of property, eminent domain cases, property tax issues, fixed asset inventory development and utility rate cases.

In addition, Ms. Hughes is a recognized expert on depreciation issues and has performed and critically evaluated depreciation studies for utilities across the U.S. She has also evaluated the appropriateness of decommissioning cost estimates and funding methodologies for nuclear and non-nuclear generating units. Ms. Hughes is a Certified Depreciation Professional (CDP) designated by the Society of Depreciation Professionals.

In 2012, Ms. Hughes became a founding member of NewGen Strategies and Solutions, LLC (NewGen). NewGen is a management and economic consulting firm specializing in serving the utility industry and market. NewGen provides financial, cost of service, due diligence, valuation, strategy, expert witness, stakeholder, and sustainability consulting services to utility clients across the country.

Prior to joining NewGen, Ms. Hughes worked for R. W. Beck and its successor firm, SAIC, for 30 years.

EDUCATION

- Master of Business Administration in Finance and Accounting, University of Chicago (06/1978)
- Bachelor of Arts in Business and Statistics, University of Chicago (06/1977)

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

I, Nancy Heller Hughes, in accordance with NCUC Docket No. W-100, Sub 60A, acknowledge that the Commission, the Public Staff, the utility, and the Local Government Utility are anticipated to rely upon the valuation analysis conducted by her as a Utility Valuation Expert and that her analysis will be thorough, objective, and fair.

I also understand that the Commission will look to the law of this state, including the North Carolina Appraisers Act (N.C.G.S. Ch. 93E) and the Uniform Standards of Professional Appraisal Practice and relevant judicial decisions for more detailed guidance on these issues.

Ms. Hughes' notarized Verification Form is provided in Attachment A.

(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.

PROFESSIONAL REGISTRATIONS / CERTIFICATIONS

- Accredited Senior Appraiser (ASA), Public Utility Discipline, American Society of Appraisers (08/1993, current through 08/2024)
- Certified Depreciation Professional (CDP), Society of Depreciation Professionals (03/2007, current through 01/23)

PERSONAL/BUSINESS FINANCIAL COMMITMENT

Ms. Hughes does not hold any personal or business commitments to any individuals, companies, facilities, or properties that would call in to question her ability to provide a thorough, objective, and fair valuation.

In accordance with the Uniform Standards of Professional Appraisal Practice, prior to accepting an appraisal assignment, and/or if discovered during an assignment, Ms. Hughes must disclose to the client, if she has any current or prospective interest in the subject property or parties involved, that would call in to question her ability to provide a thorough, objective, and fair valuation.

ADHERENCE TO STANDARDS COMMITMENT

All appraisal assignments performed by Ms. Hughes are performed in compliance with the Uniform Standards of Professional Appraisal Practice. Ms. Hughes will continue to adhere to the standards set forth by the Uniform Standards of Professional Appraisal Practice in the future as it relates to the valuation of utility plant.

QUALIFIED UTILITY VALUATION EXPERT

Ms. Hughes is on the list of qualified Utility Valuation Experts for the Public Utility Commission of Texas to determine the fair market value of water utility assets, including using the cost, market, and income approaches to valuation and in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

(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.

UTILITY APPRAISALS AND VALUATIONS

Ms. Hughes is an Accredited Senior Appraiser of utility property and has performed appraisal studies to determine the value of a wide range of utility assets including electric, natural gas, water, wastewater, telecommunications, and solid waste property. She performs field reviews to identify and assess the age and condition of the assets appraised, and develops indicators of value using the cost, income, and market approaches to valuation to determine the fair market value of the assets. Ms. Hughes' appraisals are performed in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). Ms. Hughes appraisal clients include:

Electric Generation, Transmission and Distribution System Assets

- International Transmission Company, ITC Midwest and Michigan Electric Transmission Company, MI
- City of Boulder, CO
- Exelon Corporation, IL
- Southern California Public Power Authority
- Lafayette Utilities System, LA
- Access Leasing Corporation and Cypress Leasing Corporation (Appraisal of Martins Creek and Sunbury Power Blocks)
- Kanab City, UT
- Eugene Water and Electric Board, OR
- Emerald People's Utility District, OR
- Dayton Power & Light Company, OH
- City of Hermiston, OR
- City and County of San Francisco, CA
- South San Joaquin Irrigation District, CA
- Public Service Company of New Mexico, NM
- City of San Diego, CA
- City of Chicago, IL
- Cambridge Electric Light Company, MA
- Duquesne Light Company, PA
- Potomac Electric Power Company, Washington, D.C.
- Trinity Public Utilities District, CA
- City of Lakewood, WA
- Clatskanie People's Utility District, OR
- City of Azusa, CA
- Truckee-Donner Public Utility District, CA

Water, Wastewater, and Solid Waste Assets

- Aqua Texas, Inc., TX
- City of Claremont, CA
- City of Visalia, CA
- City of Bend, OR
- Cascade Water Alliance, WA
- St. Tammany Parish, LA
- Arkansas State Highway Department (solid waste landfill)

Oil Pipeline Assets

- North Slope Borough, Fairbanks North Star Borough, and City of Valdez, AK (Trans Alaska Pipeline System)

DEPRECIATION STUDIES

Ms. Hughes is a Certified Depreciation Professional, an expert on depreciation issues and is responsible for leading and performing depreciation studies. The typical scope of work for these studies includes performing a site visit and interviewing utility staff familiar with plant operations about factors affecting

service lives; working closely with plant accountants to develop the depreciation database used in the study; performing statistical life and net salvage analyses; recommending depreciation parameters (average service lives, survivor curves and net salvage rates); preparing detailed account narratives summarizing the basis for her recommendations; developing recommended annual depreciation accrual rates; and preparing the final report. Frequently her depreciation analyses and resultant reports are filed at state regulatory commissions and the depreciation rates have been approved by commissions with no or only minor changes.

Ms. Hughes is also retained by clients to review depreciation studies filed in utility rate cases. Ms. Hughes has testified as an expert witness on depreciation before the Federal Energy Regulatory Commission and state public utility commissions. She has also evaluated the appropriateness of decommissioning cost estimates and funding methodologies for nuclear and non-nuclear generating units. Ms. Hughes depreciation clients include:

- Fort Worth Water Department, TX
- Los Angeles Department of Water & Power, CA
- Kaua'i Island Utility Cooperative, HI
- Independence Power & Light, MO
- Homer Electric Association, AK
- Garland Power & Light, TX
- Salem Electric, OR
- CPS Energy, TX
- Tri-State Generation and Transmission Association, Inc., CO
- Austin Energy, TX
- Keys Energy Services, FL
- Freeport Electric, NY
- Kaua'i Department of Water, HI

EXPERT WITNESS AND LITIGATION SUPPORT

Ms. Hughes provides expert witness and litigation support related to a variety of issues including appraisal and valuation, depreciation, and utility rates before state and local regulatory bodies and courts. Ms. Hughes expert witness and litigation clients include:

- Lloyd, Gosselink, Rochelle & Townsend, P.C. representing Texas Cities
- Northwest Iowa Power Cooperative, Iowa
- Lafayette Utilities System, Louisiana
- Colorado Local Government Intervenor Group/Kissinger & Fellman, P.C., Colorado
- Tri-State Generation & Transmission Association, Inc., Colorado
- North Carolina Municipal Power Agency No. 1 and Piedmont Municipal Power Agency
- City Council of New Orleans, Louisiana
- City of Austin, Texas
- Schiff Hardin LLP
- Dentons US LLP
- Best Best & Krieger, LLP
- Matteoni, O'Laughlin & Hechtman
- Alaska Electric Generation and Transmission Cooperative, Inc.
- Confederated Salish and Kootenai Tribes, Montana
- Florida Municipal Power Agency
- Kaye Scholer, L.L.P., representing Connecticut Department of Public Utility Control
- Mayer Brown LLP
- Thompson Coburn LLP, representing Cities of Anaheim, Azusa, Banning, Colton, Pasadena and Riverside, California
- City of Fayetteville, North Carolina
- New England States Committee on Electricity (NESCOE)

(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, Nancy Heller Hughes, 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, Nancy Heller Hughes, 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 there is any other information the Commission requires in order to make their decision, please let me know.

Thank you for considering my application. If you have any questions, please contact me at nhughes@newgenstrategies.net or 425-605-5332.

Sincerely,

NewGen Strategies and Solutions, LLC



Nancy Heller Hughes, ASA, CDP
Executive Consultant

ATTACHMENT A
VERIFICATION FORM

STATE OF

WASHINGTON

COUNTY OF

KING

Nancy Heller Hughes 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 day of 5TH day of MARCH, 2021.

My Commission Expires: 10-24-22

[Signature]
Signature of Notary Public

SHARON LE ROUX
Name of Notary Public - Typed or Printed



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.