



HOULIHAN LOKEY

February 28, 2022

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

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

Dear Ms. Campbell:

This letter contains Daniel B. Beaulne's ("Mr. Beaulne", "I", "my", "me") application to the North Carolina Utilities Commission (the "Commission") to be added to the list of authorized Utility Valuation Experts pursuant to Commission Rule R7-41(c) (for water utilities) and Rule R10—28(c).

I have over 25 years of appraisal, valuation, and dispute consulting experience. I am a director in the Financial and Valuation Advisory group, and a member of the Dispute Resolution Consulting practice, of Houlihan Lokey Financial Advisors, Inc. ("Houlihan Lokey"). My primary responsibilities include providing valuation and financial expert witness and consulting services and have an industry focus in the utilities and energy space, including water systems, oil and natural, gas exploration and production, mining, midstream, downstream, and energy equipment and services subsectors.

The following sections provide (a) the Commission's requested information numerically and (b) my provision of the requested information in bullets. The last section includes a notary public as required under this application.

- (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
 - Mr. Beaulne received a Bachelor of Commerce degree from the University of Toronto.
 - Over the past 25 years, Mr. Beaulne has extensive experience testifying and consulting in matters related to valuation and other complex financial issues in the Delaware Court of Chancery, United States bankruptcy courts, various federal and state courts, and international venues in Europe and Asia.
 - A list of Mr. Beaulne's valuations and appraisals of utility plants are presented under information request number 3 below.
- (2) a written attestation that a Utility Valuation Expert owes a fiduciary duty to provide a thorough, objective, and fair valuation

- I, Daniel B. Beaulne, acknowledge that the Commission, the Public Staff, the utility, and the Local Government Utility are anticipated to rely upon my valuation analysis and that this analysis will be thorough, objective, and fair.
 - I 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.
- (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
- Mr. Beaulne's "financial fitness" is sound and unbiased as he has neither personal nor business financial commitments with any Commission entities.
 - Mr. Beaulne has been providing financial consulting services for over 25 years. The following is a demonstration of his "technical fitness" as it relates to professional licenses and certifications:
 - Certified Public Accountant (CPA) with the American Institute of Certified Public Accountants (AICPA) (2019)
 - Texas State Board of Public Accountancy – member
 - Chartered Accountant (CA) with the Chartered Professional Accountants of Canada (1991)
 - Chartered Business Valuator (CBV) with the Canadian Institute of Chartered Business Valuators (1998)
 - CBV Institute – member
 - Chartered Financial Analyst (CFA) with the CFA Institute (2006)
 - CFA Institute – member
 - Due to non-disclosure and confidentiality agreements, Mr. Beaulne is unable to provide specific names of companies he has worked with.
 - Mr. Beaulne considers his greatest demonstration of "technical fitness" is in providing expert witness testimony and defending his analysis against cross-examination. The following is a short list of some of his valuation experiences and testifying experiences relating to the utilities industry, including the type of company which engaged him and a brief description of the nature of the services provided:
 - **Breach of Non-Solicitation Agreement – Power Trading Company.** Retained as a testifying expert for a power company for lost profits suffered as a result of an alleged breach of a non-solicitation agreement. Analysis included the preparation of forecasted profits with and without the traders who left the company in violation of the non-solicitation agreement.
 - **Fraudulent Conveyance Analysis – Independent Power Producer.** Retained as a consulting expert in a fraudulent conveyance matter involving an independent power producer with an energy trading business, power plants and power plant development opportunities in United States, Europe and Asia. Consulting included preparation for and attendance at expert and fact

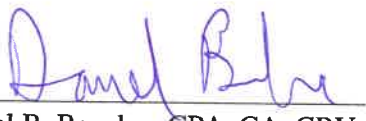
witness depositions. Analysis included the preparation of opening and rebuttal reports outlining the solvency of the company at various measurement dates.

- **Bankruptcy Valuation Analysis – Power Plants.** Retained as a testifying expert for the valuation of two natural gas power plants in New York for bankruptcy purposes. Analysis included the preparation of a valuation analysis of the power plants.
 - **Bankruptcy Valuation Analysis – Power Plants.** Retained as a consulting expert for bankruptcy purposes for a company with waste-to-energy power plants in the United States, Europe and Asia. Analysis included the valuation of the various power plants and forecasts on the ability to pay debts.
 - **Property Tax Valuation Analysis – Power Plant.** Retained as a testifying expert for a biomass power plant in Georgia. Analysis included an opening report segregating the value between the physical assets and the power purchase agreement.
 - **Bankruptcy Valuation Analysis – Power Plants.** Consulting expert for the valuation of a diversified fossil fuel and hydroelectric power generation company including a complex sale/leaseback transaction for purposes of determining whether a party to the sale/leaseback transaction could be treated as a creditor.
 - **Bankruptcy Valuation Analysis – Power Plants.** Retained as a testifying expert for the determination of the value of hydro-electric facilities in Upstate New York. Analysis included the preparation of an opening report opining on the valuation of the power plants.
 - **Breach of Contract – Mining and Power Plant.** Retained as a testifying expert in a matter involving the development of lignite coal mine and power plant in an Asian country with plans to sell the power into Thailand before the Ad Hoc Arbitrational Tribunal in Malaysia pursuant to UNCITRAL arbitration rules. Analysis included a rebuttal report and testimony at the arbitration hearing related to the claimed lost profits.
 - **Property Tax Valuation Analysis – Power Plant.** Retained as a testifying expert for a natural gas power plant in Arizona. Analysis included an opening report, deposition testimony, and trial testimony regarding the segregation of the value between the physical assets and the power purchase agreement.
 - **Bankruptcy Dispute – Solar.** Retained as a testifying expert for the determination of the value of a concentrating solar power facility. Analysis included the preparation of an opening report opining on the valuation of the facility.
 - **Breach of Contract – Hydro.** Retained as a testifying expert in a matter involving the construction of a hydro-electric power plant in Africa. Analysis included the preparation of a rebuttal report on the lost profits suffered from the termination of the partnership and testimony at the arbitration.
- The analyses Mr. Beaulne has performed have been prepared in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) and any analyses provided to the Commission in the future will also be in adherence to USPAP including relating to the valuation of any utility plant.
- (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

- Mr. Beaulne has extensive experience testifying and consulting in matters related to valuation and other complex financial issues in many venues as identified in information request number 1 above. The majority of these matters relate to utilities and involve dispute support analyses related to retrospective solvency, shareholder disputes, patent, income and estate tax, property tax, business interruption claims, lost profits, fraud investigations, breach of contract, and product liability.
 - Mr. Beaulne has expertise in financial reporting and income tax valuations including purchase price allocations, goodwill impairment, stock option valuation, intellectual property valuation, and valuations for estate gift tax reporting and ad valorem tax valuations. He has conducted merger and acquisition due diligence, performed financial audits, and prepared numerous fairness and solvency opinions.
 - More broadly, Mr. Beaulne can bring to bear the deep resources and multidisciplinary capabilities of Houlihan Lokey, a global investment bank.
 - As a global firm with approximately 2,100 professionals in 36 offices around the globe, Houlihan Lokey assembles multidisciplinary experts with deep experience working with clients on a wide range of engagements involving valuation and economic damages. Our approach to financial advisory assignments in general, and expert valuation opinions in particular, is to assemble the most appropriate specialists within the firm. We are selective in both the assignments we are willing to engage in, as well as determining the most appropriate Houlihan Lokey professionals for the engagement team based on the relevant subject matter. The firm's dedicated industry investment banking model allows us to draw from a pool of deeply experienced industry experts and professionals with experience working in specific analytical frameworks.
 - Houlihan Lokey's Dispute Resolution Consulting services are unique amongst its peers. As one of the only firms offering dispute consulting and expert witness testimony services from an otherwise investment banking focused platform, Houlihan Lokey's advice and analyses are decidedly practical — with supportable conclusions based on theoretical models as much as on real-time market intelligence.
 - Houlihan Lokey (NYSE:HLI) is a global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, valuation, and strategic consulting. The firm serves corporations, institutions, and governments worldwide with offices in the United States, Europe, the Middle East, and the Asia-Pacific region. Independent advice and intellectual rigor are hallmarks of the firm's commitment to client success across its advisory services. Houlihan Lokey is ranked as the No. 1 M&A advisor for all U.S. transactions, the No. 1 global restructuring advisor, and the No. 1 global M&A fairness opinion advisor over the past 20 years, according to Thomson Reuters. For more information, please visit www.HL.com.
- (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, Daniel B. Beaulne, 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, Daniel B. Beaulne, 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
- Should the Commission require any further information, in addition to what is provided herein, please do not hesitate to contact me by phone at 214.665.8631 or by email at dbeaulne@hl.com.

Sincerely,

By: 
Daniel B. Beaulne, CPA, CA, CBV, CFA
Director
Houlihan Lokey Financial Advisors, Inc.

DOCKET NO. W-100, SUB 60A

VERIFICATION FORM

STATE OF Texas COUNTY OF Dallas

Dan Beaulne, 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.

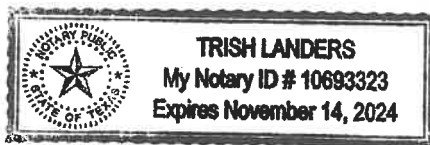
WITNESS my hand and notarial seal, this 1st day of March, 2022

My Commission Expires: 11-14-24

Trish Landers

Signature of Notary Public

Trish Landers
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.