

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”)
Docket No. W-100 Sub 60A**

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. Professional experience with providing valuation services has included the following:

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

(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.

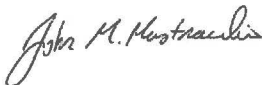
Raftelis will make use of an assessment of the tangible assets of a utility system to be acquired, provided by a Professional Engineer, and will make use of the Water and Wastewater Fair Value Engineering Assessment Form.

(6) Professional Standards

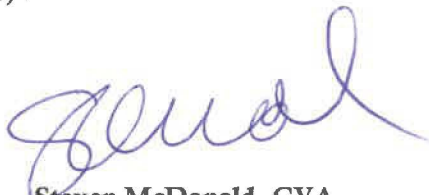
In providing valuation services, Raftelis will comply with the requirements of G.S. 62-133.1A in conducting an appraisal. In addition, the provision of valuation services will meet the requirements of USPAP.

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

John Mastracchio ASA, CFA, PE

Vice President



PROFILE

Mr. Mastracchio is a Vice President with Raftelis Financial Consultants, Inc. serving in a national role and leading the Northeast practice. He has 25 years of experience as a financial and management consultant serving the utility, governmental, and private sectors. His extensive experience includes over 250 financial projects covering technical areas including utility valuation, investment decision-making, transactional consulting, capital financing, financial planning, cost of service and rate studies, transactional consulting, alternative project delivery procurement support, capital financing, and real estate financial analysis. His experience spans several industries, including utilities (water, wastewater, electric, solid waste, stormwater), transportation, ports, and federal and municipal general government.

Mr. Mastracchio's business valuation experience includes appraisals for mergers and acquisitions, reorganizations (recapitalization and restructuring), eminent domain condemnation, real estate, tangible property valuation, cost to cure economic damages analyses, and litigation support. His valuation experience also includes providing acquisition and transactional advisory services to equity investors, business owners, and government officials on deals ranging in size from \$50 million to \$2.5 billion. He has provided other valuation-related services include due diligence investigations, development of financial projections, remaining useful life analyses, customer and supplier contracts, purchase price allocation, strategic investment decision-making, and deal structuring support.

Mr. Mastracchio is an Accredited Senior Appraiser (ASA), has earned the Chartered Financial Analyst (CFA) designation, is a Series 50 Municipal Advisor Representative, and is also a Licensed Professional Engineer. He is a member of several industry associations, including the CFA Institute, and American Water Works Association, and is the chairperson of the Finance, Accounting, and Management Controls Committee of AWWA.

He has authored manuals of practice and utility industry papers on valuation, infrastructure investment, capital financing, financial management practices, and rate-setting, including a technical paper titled "How much is it worth? An overview of valuing water utilities," an industry research report titled "New and Emerging Capital Providers for Infrastructure Funding – Addressing the Infrastructure Gap," and an industry manual of practice titled "Water Capital Financing, Manual of Practice M29."

Specialties

- Transactional due diligence support
- Valuation and appraisals
- Financial analysis & modeling
- Financial planning, cost of service, rate design
- Bond feasibility studies
- Government consolidation/regionalization
- Public-private partnerships
- Inter-municipal agreement support
- Expert witness & litigation support
- Benchmarking
- Capital financing & project planning
- Business process improvement
- Asset management/business case evaluations

Professional History

- Raftelis: Vice President (2017-present)
- Arcadis, U.S., Inc. (2003-2017)
- Arthur Andersen (2001-2002)
- Parsons Corporation (1994-2000)

Education

- Master of Business Administration, Finance - Cornell University (2001)
- Master of Science, Civil & Environmental Engineering - Clarkson University (1994)
- Bachelor of Arts - State University of New York, College at Geneseo (1993)

Certifications

- Accredited Senior Appraiser
- Chartered Financial Analyst
- Professional Engineer (PA)
- Lean Six Sigma
- Series 50 Municipal Advisor Representative

Professional Memberships

- American Society of Appraisers
- AWWA: Chair of Finance, Accounting, & Management Controls Committee
- CFA Institute
- Water Environment Federation

Steven McDonald CVA

Chief Economist/Valuation Services

PROFILE

Steven is an Economist, Researcher, and Strategist with nearly 30 years of experience, almost equally divided between consulting assignments and corporate roles. He specializes in quantitative and qualitative research and analysis to include Business Valuation and Appraisal (CVA©#20639), economic analyses and econometrics, cost-benefit analyses, and short- and long-term financial analyses. Over this time, Steven has developed a high degree of technical expertise balanced with strategic management experience from high-profile, innovative projects, both domestically and internationally, focused on economic and financial issues across a broad range of industries. Altogether, corporate roles and consulting assignments, along with managing work efforts across no less than four business cycles, have provided Steven the opportunity to develop strong expertise in the field of economics and understanding enterprise business value.

Steven strives to maintain active participation as a member of the NACVA and is currently the President of the NACVA Florida North Chapter. In addition, he has served on the NACVA Ethics Oversight Board for three years, one of those years as Chairman. Steven is also an Adjunct Instructor with Webster University's Orlando Campus in Economic Concepts and Managerial Economics.

KEY PROJECT EXPERIENCE

Business Valuation and Appraisal

Business Valuation services have been provided for purposes of insurance, litigation, and purchase and sale transactions (M&A), generally resulting in a detailed, summary, or oral appraisal or value reports. A Business Valuation, as defined by Uniform Standards of Professional Appraisal Practice (USPAP) Standard 9, provides a specific value based on purpose and use of the appraisal or calculation. All valuation services provided conform with the Professional Standards of the NACVA. Professional experience with providing Business Valuation services has included the following:

- Pennsylvania Public Utility (Sewer) - IOU Acquisition
- Florida Public Utility (Water) – Asset Transaction
- Florida Public Utility (Water) – Foreclosure
- Florida Public Golf Course – Acquisition
- Florida Public Utility (Water and Wastewater) –Business Damages
- Florida Public Utility (Water and Wastewater) –Acquisition
- Florida Public Utility (Chilled Water) – Acquisition
- California Private Discharge Capacity (Wastewater) – Acquisition
- Tennessee Public Utility (Electric) – Acquisition
- Florida IOU (Water-Sewer) – Acquisition
- Florida IOU (Electric) – Tangible Property Tax
- Ohio IOU (Water) – Financing
- Florida Public Utility (Water Storage) – Acquisition
- South Carolina Public Utility (Water) – Acquisition
- Ohio Public Utility (Water-Sewer) – Acquisition
- Mississippi Certificate of Public Conveyance and Necessity (Water) – Acquisition
- Florida IOU (Electric) – Tangible Property Tax
- Florida IOU (Electric) – Acquisition
- Florida Commercial (Real Estate) – Litigation
- Florida Corporate Stock (Private Equity) – Litigation



Specialties

- Business Valuation and Appraisal
- Economic Impact Analysis
- Cost-Benefit Analysis
- Financial Analysis

Professional History

- Raftelis: Chief Economist/Valuation Services (2021-present)
- GAI Consultants (2012-2021)
- The Disney Company (2008-2012)
- RERC (2004–2008)
- Burton & Associates (2002–2004)
- CHEP International (1999–2002)
- The Disney Company (1996–1999)
- Fishkind & Associates (1990–1996)

Education

- Bachelor of Arts in Public Policy – University of Central Florida (1988)
- Master of Arts in Applied Economics – University of Central Florida (1990)

Professional Affiliations

- National Association of Certified Valuators and Analysts (NACVA)
- Past Chairman and member of NACVA Ethics Oversight Board (EOB)
- President, NACVA Florida North Chapter
- American Society of Appraisers, Member
- Webster University, Adjunct Instructor