

DIVISION OF CONSUMER ADVOCACY  
Department of Commerce and  
Consumer Affairs  
335 Merchant Street, Room 326  
Honolulu, Hawaii 96813  
Telephone: (808) 586-2800

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of )  
 )  
PRINCEVILLE UTILITIES COMPANY, INC. )  
 )  
For Approval of a General Rate Increase )  
and Certain Tariff Changes. )

DOCKET NO. 2025-0172

**DIVISION OF CONSUMER ADVOCACY'S**  
**DIRECT TESTIMONIES, EXHIBITS, AND WORKPAPERS**

Pursuant to the Hawaii Public Utilities Commission's Order No. 41863 Approving the Parties' Stipulated Procedural Schedule and Statement of Issues Filed on August 1, 2025, filed on August 6, 2025, the Division of Consumer Advocacy hereby submits its **DIRECT TESTIMONIES, EXHIBITS, AND WORKPAPERS** in the above docketed matter.

DATED: Honolulu, Hawaii, October 9, 2025.

Respectfully submitted,

By /s/ Michael S. Angelo  
MICHAEL S. ANGELO  
Executive Director

DIVISION OF CONSUMER ADVOCACY

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**DIRECT TESTIMONY AND EXHIBITS**

**OF**

**MICHAEL S. ANGELO**

**THE DIVISION OF CONSUMER ADVOCACY**

**SUBJECT: POLICY**

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**DIRECT TESTIMONY OF MICHAEL ANGELO**

**I. INTRODUCTION.**

**Q. PLEASE STATE YOUR NAME, POSITION AND PLACE OF EMPLOYMENT.**

A. My name is MICHAEL S. ANGELO, and I am the EXECUTIVE DIRECTOR for the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs ("Consumer Advocate").

**Q. WHAT IS THE ROLE OF THE CONSUMER ADVOCATE IN REGULATORY MATTERS?**

A. The Consumer Advocate is the advocate for consumers of utility services in hearings before the public utilities commission ("Commission") and is charged with representing, protecting, and advancing the interests of all consumers of utility services including small businesses.<sup>1</sup> The Consumer Advocate's role in advocating for consumers is separate and distinct from that of the Commission.<sup>2</sup>

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<sup>1</sup> The role of the Consumer Advocate is given by Hawaii Revised Statutes ("HRS") §269-51 and its general powers and duties in HRS §269-54.

<sup>2</sup> Per HRS §269-51(b),

The responsibility of the consumer advocate for advocating the interests of the consumer of utility services shall be separate and distinct from the responsibilities of the public utilities commission and those assistants employed by the commission. The consumer advocate shall have full rights to participate as a party in interest in all proceedings before the public utilities commission.

1   **Q.    WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2    A.    The purpose of my testimony is to summarize and call attention to general  
3       issues and concerns raised by the public and/or customers of the utility within  
4       this proceeding<sup>3</sup> as well as those identified by the Consumer Advocate and its  
5       expert witnesses. For general awareness, the Consumer Advocate’s review and  
6       analysis of the reasonableness of the utility’s requests and the  
7       Consumer Advocate’s corresponding recommendations to the Commission  
8       pertaining to the utility’s requests, consider the impact on all customers and all  
9       relevant laws, rules, regulations, and applicable state policy in any proceeding.

10  
11   **II.   DISUCSSION.**

12   **Q.    WHAT ARE THE ISSUES CURRENTLY BEFORE THE COMMISSION IN**  
13   **THIS PROCEEDING?**

14   A.    The Commission approved the Statement of Issues provided in the stipulated  
15       procedural order jointly filed by the Consumer Advocate and Princeville Utilities  
16       Company, Inc. (“PUCI”) in Order 41863,<sup>4</sup> which are as follows:

- 17       1)    Are PUCI's proposed rate increases reasonable?  
18           a.    Are the proposed tariff, rates, and charges just and reasonable?

---

<sup>3</sup>       It is important to note that the Consumer Advocate takes note of issues identified by any customer of a regulated utility and the public in any proceeding in which the Consumer Advocate is participating.

<sup>4</sup>       The Commission issued Order No. 41863, on August 1, 2025 (“Order 41863”).

1           b.     Are the revenue forecasts for the July 1, 2025, through June 30,  
2                 2026 test year (the “Test Year”) at present rates and proposed  
3                 rates reasonable?

4           c.     Are the projected operating expenses for the Test Year  
5                 reasonable?

6           d.     Is the projected rate base for the Test Year reasonable, and are  
7                 the properties included in the rate base used and useful for public  
8                 utility purposes?

9           e.     Is the rate of return requested reasonable?

10          2)     Are PUCI’s proposed Tariff changes to PUCI’s Tariff No. 1 and applicable  
11                 revised rate schedules reasonable?

12          a.     Are the proposed revised Automatic Power Cost Adjustment  
13                 clause (“APCAC”) calculations for PUCI’s water and sewer  
14                 operations reasonable?

15          b.     Is the proposed new provision to Section V of PUCI Tariff No. 1,  
16                 which would require consumers to submit an application to PUCI  
17                 if they wish to significantly increase their water supply,  
18                 reasonable?

19

20

21

22

1   **Q.    WHAT TYPES OF UTILITY SERVICES DOES THE APPLICANT PROVIDE?**

2   A.    PUCI is a public utility that holds a certificate of public convenience and  
3       necessity (“CPCN”) to provide water and wastewater services.<sup>5</sup>

4  
5   **Q.    WHAT IS THE APPLICANT’S GENERAL SERVICE TERRITORY FOR THE**  
6       **UTILITY SERVICES THAT IT PROVIDES AND WHAT TYPES OF**  
7       **CUSTOMER CLASSES DOES THE UTILITY SERVE?**

8   A.    PUCI provides water and wastewater services in the Princeville resort and  
9       community service area on the island of Kauai to residential, commercial, and  
10      agricultural customers<sup>6</sup>

11  
12   **Q.    WHAT ARE THE UTILITY’S PROPOSED ADJUSTMENTS TO ITS REVENUE**  
13      **REQUIREMENT?**

14   A.    PUCI proposes an overall net revenue increase of \$1,388,444 for its water  
15      distribution service, which is an increase from its determination of its revenue  
16      amount at present rates and a net revenue decrease of \$451,085, in its  
17      determination of revenue at present rates for the July 1, 2025 through June 30,  
18      2026 test year (“Test Year”).<sup>7</sup>

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<sup>5</sup>   Decision and Order No. 9773, filed on May 27, 1988, in Docket No. 6137.

<sup>6</sup>   PUCI’s application to Docket No. 2025-0172, filed on May 5, 2025 (“Application”), at 3.

<sup>7</sup>   See e.g., Application, at 3-4; See also Exhibit PUCI-W-6 (for water revenues); See also Exhibit PUCI-S-6 (for wastewater revenues).



1   **Q.    WHAT ARE THE UTILITY’S REPRESENTATIONS AS TO THE REASONS**  
2       **WHY IT IS SEEKING A CHANGE IN ITS REVENUE REQUIREMENT AT THIS**  
3       **TIME FOR ITS WATER AND WASTEWATER OPERATIONS?**

4    A.   PUCI indicates that it has not filed a general rate case application since 1997  
5       and is seeking a 7.88% rate of return for both its water service and wastewater  
6       services.<sup>8</sup>

7       PUCI is proposing rate increases for its water service because it  
8       represents that at its current rates for water service, it will not recover sufficient  
9       revenues to achieve what it proposes is a fair rate of rate for the foreseeable  
10      future.<sup>9</sup> PUCI also notes that it has made capital improvements to meet the  
11      needs of its customers receiving water service, will continue to make additional  
12      capital improvements through the Test Year, and that it should be allowed the  
13      opportunity to recover the costs of those investments.<sup>10</sup>

14      For PUCI’s wastewater service, it proposes downward adjustments in its  
15      rates and revenue requirement because its current rates are over-earning  
16      based on what it proposes as its reasonable rate of return for its wastewater  
17      operation.<sup>11</sup>

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8       See e.g., Application, at 4-5.

9       See e.g., Application, at 4-5.

10      See e.g., Application, at 4-5.

11      Application, at 5.

1   **Q.    DOES THE RECORD SUPPORT THE CHANGES IN REVENUES**  
2   **PROPOSED BY PUCI FOR ITS WATER AND WASTEWATER SERVICES?**

3   A.   For PUCI's water and wastewater operations, the Consumer Advocate's  
4       witnesses provide their analysis of different aspects of PUCI's requests  
5       including the reasonable amounts of Test Year revenues (present and proposed  
6       rates), operating expenses, rate base, rate of return, proposed revised APCAC  
7       calculation (Mr. Mugrace, T-2), and return on equity (Ms. Reno, T-3), and  
8       determine that adjustments are needed in most cases. The review of PUCI's  
9       cost of service and rate design analysis was performed by Dr. Pavlovic (T-4).  
10      Dr. Pavlovic generally accepts the methodology of PUCI's analyses in those  
11      areas and applies the methodology together with the adjustments  
12      recommended by Mr. Mugrace and Ms. Reno to determine the rates for PUCI's  
13      water and wastewater customers. I note that Dr. Pavlovic provides in his  
14      analysis how rates would be phased in under the approach proposed by PUCI.  
15      However, as discussed further below, and for the purpose of clarity, the  
16      Consumer Advocate is proposing that a phase in for the wastewater rates is not  
17      necessary because PUCI's wastewater services are currently significantly over  
18      collecting on its revenues and PUCI's wastewater services would likely not be  
19      adversely impacted by implementing the full decrease in rates proposed at the  
20      end of the phase ins if the Commission approves a decrease in revenue  
21      requirement for PUCI's wastewater operations.

22

1   **Q.    ARE THERE ADDITIONAL ISSUES THAT YOU WILL DISCUSS?**

2    A.    Yes. Below I discuss public comments received in this docket at the public  
3       hearing and filed within the docket, provide my comments on the proposed tariff  
4       revision requiring a customer to seek preapproval from PUCI if seeking to  
5       significantly increase water usage, offer comments on the proposed  
6       establishment of the agricultural rate ("AG") Rate, and provide my  
7       recommendations on the proposed phase in of rates for PUCI's water and  
8       wastewater operations.

9  
10   **Q.    WAS A PUBLIC HEARING HELD ON PUCI'S PROPOSED GENERAL RATE**  
11       **INCREASE AND CERTAIN TARIFF CHANGES, WERE PUBLIC COMMENTS**  
12       **PROVIDED, AND IF SO, WHAT IS YOUR SUMMARY OF THE COMMENTS**  
13       **PROVIDED?**

14   A.    A public hearing took place on July 18, 2025, at Kilauea Elementary School  
15       Cafeteria in Kilauea, Kauai. Members of the public did not provide comment at  
16       the hearing and public comments were not filed within the docket.

17  
18   **Q.    WHAT IS THE PROPOSED CHANGE TO THE LANGUAGE IN PUCI'S**  
19       **TARIFF NO. 1 REGARDING CUSTOMERS SEEKING TO SIGNIFICANTLY**  
20       **INCREASE THEIR WATER USAGE?**

21   A.    The proposed tariff language states that,

1 A consumer seeking to significantly increase their water service shall  
2 submit an application for an increase in water service prior to  
3 approval of building permits, or in the event that the consumer's  
4 activities trigger a need for significantly increased water service  
5 without a building permit, the application shall be due 60 days before  
6 the increased water service is requested to begin. Applications for a  
7 significantly increased water service shall be approved by PUCI  
8 upon PUCI's determination that PUCI has a sufficient water supply  
9 to take on new or additional service without detriment to those  
10 already served. Significantly increased water service shall be defined  
11 as an increase in annual average water usage greater than or equal  
12 to 300 gallons per day.<sup>12</sup>  
13

14 **Q. DO YOU HAVE ANY COMMENTS ON THE PROPOSED CHANGES TO**  
15 **PUCI'S TARIFF NO. 1 REGARDING THE REQUIREMENT THAT ANY**  
16 **CUSTOMERS SEEKING TO SIGNIFICANTLY INCREASE THEIR WATER**  
17 **USAGE MUST FIRST APPLY FOR APPROVAL WITH PUCI?**

18 A. The proposed language appears intended to ensure that the utility has sufficient  
19 water supply to be able to serve customers who may be seeking to significantly  
20 increase their water usage and to protect other customers under such  
21 circumstances. As such, I do not object to adding this provision to the tariff.  
22 However, I recommend that, if there are instances where a customer's request  
23 to increase water usage is denied, PUCI provide a written explanation and  
24 justification in a letter to the customer that is also provided to the offices of the  
25 Commission and Consumer Advocate<sup>13</sup> that includes PUCI's reasons for

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<sup>12</sup> PUCI's Proposed Revised PUCI Tariff No. 1, SECTION V - APPLICATION FOR WATER SERVICE AND SERVICE CONNECTION, Subpart 6.

<sup>13</sup> The letter does not need to provide the identity of the customer.

1 denying the request to increase usage and evidence demonstrating the reasons  
2 why it was unreasonable to agree to the customer's request. Such evidence is  
3 important because it provides transparency in the utility's decision making and  
4 helps ensure that any decisions to deny requests to increase usage are  
5 supported by evidence considering the circumstances in place at the time that  
6 the decision was made. This record would help both customers and the utility.  
7

8 **Q. DO YOU HAVE ANY COMMENTS ON PUCI'S PROPOSAL TO ESTABLISH**  
9 **PREFERENTIAL WATER RATES FOR AGRICULTURAL ACTIVITIES?**

10 A. PUCI is proposing within this rate case that it may seek to establish a rate  
11 structure that provides discounted rates to potable water users that are using  
12 potable water for agricultural activities contemplated by HRS §269-26.5.  
13 ("Discounted Ag Rate").<sup>14</sup> PUCI explains that some of its customers are  
14 designated as agricultural customers because they are located within the  
15 Agricultural Subdivision ("AGSD"), but that it does not know how many, if any,  
16 of the customers located within the AGSD would meet the criteria to qualify for  
17 a discounted water use rate.<sup>15</sup>

18 HRS §269-26.5 provides that the Commission has the authority to establish  
19 preferential rates for potable water used for agricultural activities stating that,

---

<sup>14</sup> Attachment RLO-3.

<sup>15</sup> Application, at 37-38.

1 (a) It is the policy of the State to promote the long-term viability of  
2 agriculture by establishing mechanisms that provide for  
3 preferential rates for potable water for agricultural activities. The  
4 public utilities commission shall have the authority to establish  
5 preferential rates for potable water used for agricultural activities  
6 in a public utility's service area.  
7

8 (b) Upon receipt of a bona fide request for preferential rates for  
9 potable water to be used for agricultural activities, and proof that  
10 the customer engages in agricultural activities, a public utility shall  
11 provide proposed preferential rates for potable water to be used  
12 only for qualified agricultural activities to the public utilities  
13 commission for approval. All such rates approved by the public  
14 utilities commission shall be subsidized by the potable water rates  
15 charged to other customers of the public utility if required as  
16 determined by the public utilities commission. In reviewing the  
17 proposed preferential rates, the public utilities commission, in  
18 consultation with the department of agriculture, may establish  
19 additional criteria to qualify bona fide agribusinesses for water  
20 used solely for agricultural activities. For rate cases initiated  
21 pursuant to this section, the public utilities commission shall allow  
22 the recovery of any reasonable unamortized costs incurred by the  
23 public utility in its previous rate case; provided however, upon full  
24 amortization of these costs, rates shall be adjusted accordingly.  
25

26 As such, PUCI can propose a discounted rate for potable water usage for  
27 agricultural activities, and I note that agriculture is a critical component of the  
28 State's economy. I also note that it is critical that the impact of any preferential  
29 rate established be closely evaluated and monitored to consider its overall  
30 impact on all utility customers and to not inadvertently overburden other potable  
31 water customers that are not using potable water for agricultural activities, but  
32 to serve other critical needs.

33 PUCI indicates that, at the time it filed its application, it did not know how many,  
34 if any, of the customers in the AGSD would qualify for the proposed AG Rate

1 and that PUCI did not include any revenue at the discounted AG Rate in its  
2 proposed rate design.<sup>16</sup> PUCI further indicates that its intent is to complete its  
3 identification of any customers that are eligible to receive preferential rates for  
4 potable water for agricultural activities and submit supporting documentation for  
5 the revenue adjustment for any customers that are seeking and meet the criteria  
6 to receive the AG Discount.<sup>17</sup>

7 The Consumer Advocate looks forward to reviewing any full proposal put  
8 forth PUCI to formally propose an AG Rate, if PUCI ultimately determines that  
9 to be reasonable, considering that PUCI's efforts are ongoing as whether to  
10 establish an AG Rate and whether PUCI has customers that would be eligible  
11 to receive the AG Rate and given that PUCI anticipates providing an update on  
12 adjustments to revenue requirements pending within its forthcoming rebuttal  
13 testimony. The Consumer Advocate will provide its recommendation to the  
14 Commission regarding the establishment of an AG Rate pending the outcome  
15 of PUCI's efforts and the Consumer Advocate's review of PUCI's full proposal  
16 and supporting information.

---

<sup>16</sup> See generally, Application, at 37-40.

<sup>17</sup> See Application, at 40.

1   **Q.   WHAT ARE YOUR RECOMMENDATIONS REGARDING MITIGATING**  
2       **ADVERSE IMPACTS OF THE PROPOSED CHANGES TO REVENUE**  
3       **REQUIREMENT ON PUCI'S WATER AND WASTEWATER CUSTOMERS?**

4   A.   First, I note that PUCI proposes a phased-in approach for implementing  
5       increases to its rates for its water operations and decreases to its rates for its  
6       sewer operations. The Consumer Advocate has historically recommended a  
7       phased approach to increasing rates when revenue requirement increases  
8       exceed 25%. That said, I also note that these are not the only considerations  
9       when considering whether a change in rates should be phased it. Rate design  
10      seeks to avoid unanticipated changes in rates that significantly adversely impact  
11      both utility companies and customers. Thus, economic conditions in place at  
12      the time and considerations of protections for vulnerable customers are some  
13      examples of other factors that should be considered when setting rates.

14           Under the current situation, PUCI is currently over collecting on its  
15      revenues from its wastewater customers. PUCI indicates that it is proposing the  
16      phase in partially because of its concern that customer conservation efforts from  
17      increased water rates will decrease its revenues and because it plans significant  
18      investment for Well # 5.<sup>18</sup> The planned future investment for Well # 5 is not an  
19      appropriate reason to continue over collecting on revenues from wastewater

---

<sup>18</sup> Exhibit PUCI-T-200, page 90.



1 customers and the impacts on its wastewater revenues from the changes in  
2 water rates incentivizing conservation is speculative.

3 For PUCI's water customers, the rate phase in approach provided in Dr.  
4 Pavlovic's testimony is appropriate to mitigate the adverse financial impact on  
5 customers of the significant rate increase.

6  
7 **III. CONCLUSION.**

8 **Q. CAN YOU PLEASE SUMMARIZE THE RECCOMENDATIONS IN YOUR**  
9 **TESTIMONY?**

10 **A.** The Consumer Advocate:

- 11 • Does not object to the proposed changes in language in PUCI's Tariff  
12 No. 1 regarding customers needing to obtain approval from PUCI if they  
13 are seeking to significantly increase their water usage provided that if the  
14 utility denies a customer's request to increase usage, PUCI provides the  
15 customer, Commission, and Consumer Advocate with written justification  
16 and evidence of the reasons why the utility is unable to meet the  
17 customer's request;
- 18 • Will provide its review of and any relevant recommendation to the  
19 Commission on PUCI establishing an AG Rate depending on whether  
20 PUCI decides to move forward with a full proposal to establish the AG  
21 Rate and any support that PUCI can provide for its approach; and

- 1                   • Phase ins for rate increases are appropriate for PUCI's water customers  
2                   but not appropriate for rate decreases for its wastewater customers. The  
3                   full downward revenue adjustment should be reflected in rates upon  
4                   Commission approval of the revenue decrease amount.

5

6   **Q.     DOES THIS CONCLUDE YOUR TESTIMONY?**

7   **A.     Yes. It does.**

**Exh. CA-100**

MICHAEL ANGELO

Educational Background and Experience

Business Address: 335 Merchant St.  
Honolulu, HI 96813

Current Position: Executive Director

Years of Service: July 2023 – Present (current position)  
June 2016 – July 2021 (previous position)

Business Affiliations: July 2023 – Present, Executive Director, Division of  
Consumer Advocacy, Department of Commerce and  
Consumer Affairs, State of Hawaii.

February 2023 – June 2023, Technology  
Consultant/Research Engineer, Hawaiian Electric Company,  
Inc.

November 2022 – February 2023, Principal Consultant, Your  
Power Your Choices, LLC.

August 2021 – October 2022, Senior Application Engineer,  
Kevala, Inc.

June 2016 – July 2021, Research Analyst, Division of  
Consumer Advocacy, Department of Commerce and  
Consumer Affairs, State of Hawaii.

January 2014 – May 2016, Faculty, University of Hawaii at  
Manoa, Hawaii Natural Energy Institute.

September 2005 – December 2013, Research Associate,  
University of Hawaii at Manoa, Hawaii Natural Energy  
Institute.

May 2004 – August 2005, Research Assistant, University of  
Delaware, Institute of Energy Conversion.

Education:

University of Hawaii at Manoa  
Doctor of Philosophy, Mechanical Engineering, December  
2024

University of Hawaii at Manoa  
Master of Science, Mechanical Engineering, May 2013

University of Delaware  
Bachelor of Engineering, Chemical Engineering, May 2004

Previous Cases:

I have participated in several proceedings involving public utilities and testified in various cases before the Hawaii Public Utilities Commission.

**DIRECT TESTIMONY AND EXHIBITS**

**OF**

**DANTE MUGRACE**

**THE DIVISION OF CONSUMER ADVOCACY**

**SUBJECT: REVENUE REQUIREMENT, RATE BASE AND OPERATING EXPENSES**

**OCTOBER 9, 2025**

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**DIRECT TESTIMONY OF DANTE MUGRACE**

**I. INTRODUCTION**

Q. PLEASE STATE YOUR NAME, POSITION AND PLACE OF EMPLOYMENT.

A. My name is Dante Mugrace, and I am the Senior Consultant for the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs (“Consumer Advocate”). I am employed with the Management Consulting Firm of PCMG and Associates, LLC. (“PCMG”). My business address is 22 Brooks Avenue, Gaithersburg, MD 20877.

Q. PLEASE STATE YOUR PROFESSIONAL EXPERIENCE AND EDUCATIONAL BACKGROUND.

A. In my capacity as a Senior Consultant, I am responsible for evaluating and examining rate and rate- related proceedings before various governmental entities, preparing expert testimony and reviewing and recommending revenue requirement proposals, as well as offering opinions on economic policy and policy issues and methodologies used to set a value on a utility’s rate base and cost of service components of revenue requirement.

Please see my attached CV Exhibit CA-200.

1 Q. PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE.

2 A. PCMG is an association of experts in utility regulation and policy, economics,  
3 accounting and finance. PCMG's members have over 75 years of collective  
4 experience providing assistance to counsel and expert testimony regarding the  
5 regulation of electric, gas, water and wastewater utilities that operate under  
6 local, state and federal jurisdictions. PCMG brings to client engagements a  
7 consultative and collaborative approach to the identification of issues and the  
8 development of positions with strict adherence to client procedures and  
9 deadlines. PCMG focuses on areas regarding revenue requirement, cost of  
10 service, rate design, cost of capital and rate of return. Prior to my association  
11 with PCMG, I was employed as a Senior Consultant with the consulting firm of  
12 Snavelly-King Majoros and Associates ("SKM") from 2013 to 2015, in the same  
13 capacity as PCMG. Prior to SKM, I was employed by the New Jersey Board of  
14 Public Utilities ("NJBPU") from 1983 to my retirement in 2011. During my tenure  
15 at the NJBPU, I held various Accounting, Rate Analyst, Supervisory and  
16 Management Positions. My last position was Bureau Chief of Rates in the  
17 Agency's Water Division ("Bureau Chief of Rates"). I held this position for 10  
18 years.

19  
20 Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

21 A. I hold a Master of Business Administration ("MBA") degree with a concentration  
22 in Strategic Management from Pace University-Lubin School of Business in

1 New York, New York. I hold a Master of Public Administration (“MPA”) degree  
2 from Kean University in Union, New Jersey. I hold a Bachelor of Science (“BS”)  
3 degree in Accounting from Saint Peter’s University in Jersey City, New Jersey.  
4

5 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

6 A. The purpose of my testimony is to calculate and recommend a revenue  
7 requirement for water and wastewater services regarding the base rate  
8 proceeding of Princeville Utilities – Water and Sewer Divisions (“PUCI Water”  
9 and “PUCI Sewer” or the “Company”) that was filed with the Hawaii Public  
10 Utilities Commission (“HPUC” or the “Commission”) on May 5, 2025. The  
11 Company provides water and sewer services as Princeville Utilities Company  
12 Inc. I have been asked by the Consumer Advocate to determine the level of  
13 revenues that the Company should be allowed to recover based upon a test  
14 year ending June 30, 2026. I present my findings regarding the Company’s test  
15 year rate base, revenues, operating expenses and net income at present rate  
16 revenue. I am also including the recommendations of Maureen Reno with  
17 respect to the overall Rate of Return and the recommendations of  
18 Dr. Karl R. Pavlovic with respect to Depreciation Expense and Class Cost of  
19 Service adjustments. I am also incorporating any recommendations from the  
20 Consumer Advocate Executive Director Dr. Michael S. Angelo with respect to  
21 any tariff amendments that impact the revenue requirement for both the Water  
22 and Sewer services.

1 Q. WHAT ARE YOUR AREAS OF RESPONSIBILITIES IN THIS PROCEEDING?

2 A. I am responsible for the analysis of the following areas:

3 1. Revenue Requirement – Water and Sewer Divisions;

4 2. Rate Base – Water and Sewer Divisions; and

5 3. Operating Income Issues (Operating Maintenance and Expenses) –  
6 Water and Sewer Divisions.

7

8 Q. HAVE YOU EXAMINED THE COMPANY'S TESTIMONY AND EXHIBITS IN  
9 THIS PROCEEDING?

10 A. Yes, I have reviewed PUCI Water's and PUCI Sewer's testimonies, exhibits and  
11 schedules, and the Company's responses to data requests propounded by the  
12 Consumer Advocate.

13

14 Q. HAVE YOU PREPARED EXHIBITS TO ACCOMPANY YOUR TESTIMONY?

15 A. Yes. I have prepared Exhibit CA-201 for the PUCI Water Division and Exhibit  
16 CA-202 for the PUCI Sewer Division.

17

18

19

20

21

1    **II.    SUMMARY AND RECOMMENDATIONS.**

2  
3    Q.    PLEASE SUMMARIZE THE RATE RELIEF PROPOSED BY THE PUCI  
4           WATER AND SEWER DIVISIONS IN THIS PROCEEDING.

5    A.    On May 5, 2025, PUCI Water and PUCI Sewer filed for rate relief for water and  
6           sewer services, respectively as follows:<sup>1</sup>

7                 PUCI Water:   \$1,388,444 increase or 144.4% over current rates.

8                 PUCI Sewer:   \$451,085 decrease or -15.1% over current rates.

9           The overall rate of return proposed for each of these Water and Sewer divisions  
10           is 7.88% with a common equity component of 11.50%.

11           PUCI Water and PUCI Sewer are proposing to set Water and Sewer rates,  
12           respectively, based upon an average rate base with a test year period ending  
13           June 30, 2026, as follows:<sup>2</sup>

14                 PUCI Water: \$4,892,561

15                 PUCI Sewer: \$1,338,863

16  
17    Q.    HAS THE COMPANY'S AVERAGE PROPOSED TEST YEAR PERIOD BEEN  
18           ACCEPTED?

19    A.    Yes, the Company's Average test year period ending June 30, 2026, is  
20           consistent with Hawaii Administrative Rules ("HAR") §16-601-87(4).

---

1           Company Application page 3.

2           Company Exhibit PUCI-W-6 and PUCI-S-6.

1 Q. PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.

2 A. Based upon the use of the Company's Average test year ending June 30, 2026,  
3 I have the following recommendations:

4 PUCI Water System

- 5 • My average recommended Rate Base balance is \$3,702,593 which  
6 is \$1,189,968 lower than the Company's proposed Rate Base Balance  
7 of \$4,892,561.
- 8 • The Rate of Return is 6.57% I applied includes a Common Equity  
9 component of 9.11%, as recommended by Maureen Reno.
- 10 • My recommended Operating Revenues at Present Rate is computed  
11 at \$961,368, which is the same as the Company's Present Rate  
12 Revenues of \$961,368.
- 13 • My overall revenue requirement increase based upon a 6.57% Rate of  
14 Return is \$961,632<sup>3</sup> or \$426,814 lower than the Company's proposed  
15 revenue requirement increase of \$1,388,445.

16 PUCI Sewer System

- 17 • My average recommended Rate Base balance is \$1,387,178 which  
18 is \$48,315 higher than the Company's proposed Rate Base Balance  
19 of \$1,338,863.

---

<sup>3</sup> Any differences are due to rounding.

- 1       •     The Rate of Return I applied 6.57% includes a Common Equity  
2             component of 9.11%, as recommended by Maureen Reno.
- 3       •     My recommended Operating Revenues at Present Rate is computed  
4             at \$1,802,471, which is \$1,255,232 lower than the Company's Present  
5             Rate Revenues of \$3,057,703.<sup>4</sup>
- 6       •     My overall revenue requirement decrease based upon a 6.57% Rate of  
7             Return is \$665,505<sup>5</sup> or \$214,496 lower than the Company's proposed  
8             revenue requirement decrease of \$451,085.

9  
10    Q.     WHAT ARE YOUR OVERALL RECOMMENDED REVENUES AT PROPOSED  
11             RATES?

12    A.     My overall recommended operating revenues at proposed rates are as follows:

13             PUCI Water: \$1,923,000 calculated by adding PUCI Water's Present  
14             Rate Revenue of \$961,368 plus my recommended revenue requirement  
15             increase of \$961,632. This calculates to an increase of 100.03%.

16             PUCI Sewer: \$1,136,966 calculated by adding PUCI Sewer's Present  
17             Rate Revenues of \$1,802,471 plus my recommended revenue requirement  
18             decrease of \$665,505. This calculates to a decrease of 36.92%.

19  

---

<sup>4</sup>     The difference is due to the Company removing the Automatic Power Cost Adjustment Clause ("APCAC") revenues of \$1,189,716 which will be recovered through the APCAC.

<sup>5</sup>     Any differences are due to rounding.

1 Q. WHAT ARE THE RATE IMPACTS BASED UPON YOUR RECOMMENDED  
2 INCREASES FOR THE COMPANY'S WATER AND SEWER ENTITIES?

3 A. Consumer Advocate witness Dr. Karl Pavlovic has addressed and has testified  
4 to the rate impacts with respect to PUCI's Water and Sewer customers based  
5 upon my recommended overall revenue requirement increase for the PUCI  
6 Water system, and my recommended overall revenue requirement decrease for  
7 the PUCI Sewer system.  
8

9 Q. HAS THE COMPANY PROPOSED TO PHASE IN ITS RATE INCREASE FOR  
10 THE PUCI WATER SYSTEM?

11 A. Yes. Company witness Mr. O'Brien stated that PUCI Water is proposing to  
12 increase the revenue requirement in four steps.<sup>6</sup> ). Mr. O'Brien proposed each  
13 step six months after the step 1 increase or the previous approved step  
14 increase. The four-step increase will keep most of each step increases under  
15 40 percent, except for customers who have usage in the fourth and fifth block.<sup>7</sup>  
16

17 Q. HAS THE COMPANY PROPOSED TO PHASE IN ITS RATE DECREASE FOR  
18 THE PUCI SEWER SYSTEM?

19 A. Yes. The Company is proposing to phase in the decrease in four steps, each  
20 six months after the step 1 decrease or the previous approved decrease.

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<sup>6</sup> Exhibit PUCI-T-200, page 47.

<sup>7</sup> Exhibit PUC-T-200, page 48.



1 Mr. O'Brien stated that because of the likely customer conservation from the  
2 increase in water rates, and the significant investment planned for Well #5, the  
3 Company is planning to file its next rate case in three years, and the four step  
4 six month phase in for the sewer operations will match the same period as  
5 proposed for the water operations.<sup>8</sup>

6  
7 Q. ARE YOU RECOMMENDING ANY OTHER ADJUSTMENTS TO THE  
8 PROPOSED RATES?

9 A. No, I am not.

10  
11 Q. HOW IS THE REMAINDER OF YOUR TESTIMONY ORGANIZED?

12 A. The remainder of my testimony is organized by documenting and explaining  
13 adjustments to various rate base components, and net operating income  
14 components to arrive at my recommended revenue requirement adjustments  
15 for each of the Company's water and sewer operations.

16  
17 Q. WHEN WAS THE COMPANY'S LAST BASE RATE CASE PROCEEDING?

18 A. The Company's last base rate case proceeding for the water and sewer division  
19 was in 1997 in docket Nos. 95-0172 and 95-0168.<sup>9</sup>

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<sup>8</sup> Exhibit PUCI-T-200, pages 90-91.

<sup>9</sup> Application, at 4.

1 Q. WHAT DID THE COMPANY STATE AS TO WHY IT HAS NOT FILED A BASE  
2 RATE CASE PROCEEDING SINCE 1997?

3 A. The Company stated that it did not believe that the combined earnings of the  
4 water and sewer operations, with the required capital expenditures in those  
5 years, warranted the significant expenditure required to prepare and prosecute  
6 a request for rate changes.<sup>10</sup> The Company stated that since 1997, it has  
7 continued to provide safe, reliable and adequate service to customers from the  
8 rates and charges in the 1997 rate case.

9  
10 Q. WHAT ARE THE COMPANY'S REPRESENTATIONS OF THE DRIVERS OF  
11 THIS INSTANT RATE PROCEEDING?

12 A. The Company stated that it has made capital improvements and plans to make  
13 additional capital improvements through the end of the test year which are  
14 needed and necessary to meet the current needs of the Company's  
15 customers.<sup>11</sup> The Company has provided a schedule of plant additions for the  
16 Water and Sewer Divisions in Exhibit PUCI-W-8.2 and PUCI-S-8.2,  
17 respectively.

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10 Response to CA-IR-12.

11 Application, at 5.

1 Q. WHERE DOES THE COMPANY PROVIDE WATER AND SEWER SERVICES  
2 IN HAWAII?

3 A. The Company provides water service to residential, commercial and agricultural  
4 customers in the Princeville Resort and community service area on the island  
5 of Kauai. PUCI-Water provides services to 1,150 customers and PUCI-Sewer  
6 provides services to 3,160 customers. Both the water and sewer services'  
7 residential customer bases are comprised of single-family dwellings and  
8 multi-family dwellings. The commercial customers include a hotel resort, light  
9 industrial businesses, several schools and parks, a hospital and agricultural  
10 parcels.<sup>12</sup>  
11

12 **A. Automatic Power Costs Adjustment Clause ("APCAC").**

13 Q. WHAT HAS THE COMPANY STATED WITH RESPECT TO ITS APCAC?

14 A. The Company has proposed to remove the APCAC fees from base rates for its  
15 Water and Sewer divisions. The APCAC was approved for the Water division  
16 on November 4, 1997, in Decision and Order No. 16053 and for the Sewer  
17 division on April 13, 1994 in Decision and Order No. 13209.<sup>13</sup> . The Company  
18 is proposing to update these Water and Sewer APCAC using the electricity  
19 expense included in setting the proposed rates in this proceeding. Mr. O'Brien

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<sup>12</sup> Application, at 3.

<sup>13</sup> Exhibit PUCI-T-200, page 7.

1 is proposing to use the average for 2023 and 2024 to set the base for the  
2 APCAC.<sup>14</sup> The new APCAC rate will increase \$8,705 for the Water Division and  
3 \$10,863 for the Sewer Division.

4  
5 Q. WHAT IS YOUR RECOMMENDATION?

6 A. I am accepting the Company's updated APCAC rate as reflected on Attachment  
7 RLO-4 for the Water Division of \$0.40240 per kWh and \$0.36022 per kWh for  
8 the Sewer Division as reflected on Attachment RLO-6.

9  
10 **III. RATE BASE ISSUES.**<sup>15</sup>

11 **A. Water Division.**

12 **1. WATER UTILITY PLANT IN SERVICE.**

13 Q. WHAT HAS THE WATER DIVISION PROPOSED WITH RESPECT TO ITS  
14 AVERAGE TEST YEAR WATER PLANT IN SERVICE?

15 A. As shown on Company Exhibit PUCI-W-8, the Company proposed an average  
16 Water Plant in Service ("WPIS") balance of \$11,782,506.

17  
18 Q. WHAT TYPES OF WATER PROJECTS ARE INCLUDED IN THE COMPANY'S  
19 WPIS AS OF THE END OF THE TEST YEAR June 30, 2026?

---

<sup>14</sup> Exhibit PUCI-T-200 page 26; See also Exhibit PUCI-T-200 Attachment RLO-5 for the Water Division and Attachment RLO-7 for the Sewer Division.

<sup>15</sup> For those Rate Base Components not addressed in my testimony, I have accepted the Company's proposal.

1 A. The Company reflected additions of capital water projects recorded in 2024 and  
2 forecasted in 2025 and 2026 of \$572,466 (2024) and \$1,513,055 additions  
3 through 2025.<sup>16</sup> The Company proposed to include \$459,800 (2025) and  
4 \$243,189 through the test year 2026 for a total plant addition balance of  
5 \$2,437,015. The Company has included plant addition projects that are related  
6 to Water Wells, Transmission Lines, Water Equipment, Auto and Truck,  
7 Replacement of Well #4 Pump, Remediation Projects, Water Meters and Motor  
8 Control center Well #2. A breakdown of the 2025 and 2026 projects are also  
9 shown in response to CA-IR-11.

10  
11 Q. DO YOU HAVE ANY CHANGES TO THE COMPANY'S AVERAGE WATER  
12 PLANT ADDITIONS IN 2025 AND IN 2026?

13 A. Yes. The Company updated its WPIS balance on certain plant additions.<sup>17</sup> This  
14 shows total WPIS through the test year period ending June 30, 2026, as  
15 \$10,498,482. This reduces the Company's WPIS balance by \$1,284,024. My  
16 adjustments are shown in Exhibit CA-201, Schedule CA-PW-105.

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16 PUCI-W-8.2.

17 Response to CA-IR-11, Exhibit CA-IR-11a.,

**2. DEPRECIATION RESERVE.**

Q. WHAT HAS THE COMPANY PROPOSED REGARDING ITS DEPRECIATION RESERVE FOR ITS WATER PLANT?

A. As shown on Exhibit PUCI-W-8.3, the Company proposed total Accumulated Depreciation of \$6,241,747.

Q. WHAT ADJUSTMENTS DO YOU HAVE WITH RESPECT TO THE COMPANY'S AVERAGE WATER DEPRECIATION RESERVE BALANCE?

A. In response to CA-IR-11-a, the Company updated its Depreciation Reserve balance to \$6,110,467. This reduces the balance to the Depreciation Reserve by \$131,280. My adjustment is shown in Exhibit CA-201, Schedule CA-PW-106.

**3. CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC").**

Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO WATER CIAC?

A. The Company proposed an average Water balance of \$3,317,656 of CIAC as shown on Exhibit PUCI-W-8. The Company included CIAC Amortization of \$2,924,173 also shown on Exhibit PUCI-W-5. This balance represents cost free capital that was contributed by others to fund capital projects. Because these CIAC capital projects are not funded by ratepayers but rather through investors, these amounts are deducted from rate base so that customers do not pay through rates, a return of or on the assets funded by others.

1

2 Q. WHAT CHANGES DO YOU HAVE WITH RESPECT TO THE COMPANY'S  
3 PROPOSED WATER CIAC BALANCE?

4 A. I do not have any changes to the Company's Water CIAC balance. I am  
5 accepting the Company's balance related to CIAC of \$3,317,656 and the related  
6 CIAC Amortization of \$2,924,173. This is shown in Exhibit CA-201, Schedule  
7 CA-PW-103.

8

9 **4. ACCUMULATED DEFERRED INCOME TAXES**  
10 **("ADIT").**

11 Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO ITS AVERAGE  
12 WATER ACCUMULATED DEFERRED INCOME TAXES?

13 A. The Company proposed a Water ADIT of \$361,682 as shown on  
14 Exhibit PUCI-W-8.6. The Company began with the actual balance of deferred  
15 taxes as of December 31, 2023 and estimated deferred tax activity in 2024  
16 and 2025. Since the forecasted rate base is based upon a test year ending  
17 June 30, 2026, the Company is required to prorate the deferred tax activity  
18 through that date. A breakdown of this activity is shown on Exhibit PUCI-W-8.6.

19

20

21

22

1 Q. WHAT ADJUSTMENTS DO YOU HAVE RELATED TO THE COMPANY'S  
2 AVERAGE WATER ADIT BALANCE?

3 A. The only adjustment that I made related to the Company's average Water ADIT  
4 Balance is related to my adjustments to the Company's WPIS balance and the  
5 associated Depreciation Reserve as identified in response to CA-IR-11. The  
6 adjusted Depreciation Reserve balance of \$131,280 is multiplied by the Federal  
7 Income Tax Rate of 21% which results in an adjustment of \$27,569. This  
8 increases the balance to the ADIT by \$27,569 or a balance of \$389,251. This  
9 is shown in Exhibit CA-201, Schedule CA-PW-107.

11 **5. CASH WORKING CAPITAL.**

12 Q. WHAT DID THE COMPANY COMPUTE WITH RESPECT TO ITS AVERAGE  
13 CASH WORKING CAPITAL ("CWC") FOR ITS WATER DIVISION?

14 A. The Company proposed a CWC allowance of \$114,282 as shown on  
15 Exhibit PUCI-W-8.7. Mr. O'Brien stated the Company utilized the one-twelfth  
16 method of the operating expenses to calculate the CWC balance in lieu of the  
17 detailed lead-lag study. (Exhibit PUCI-T-200 page 17). Mr. O'Brien stated that  
18 the cost of a lead-lag study would add to the rate case expense in this case.  
19 Mr. O'Brien stated that the Company commits to doing a lead/lag study for  
20 working cash in the next rate case which it plans to file in three years.<sup>18</sup>

---

<sup>18</sup> Exhibit PUCI-T-200, page 17.



1 Q. HAVE YOU ACCEPTED THE COMPANY'S METHODOLOGY ON HOW IT  
2 COMPUTED ITS CWC?

3 A. Yes. My adjustments reflect my overall recommended operating expenses.  
4 This results in a balance of \$104,627 This is shown in Exhibit CA-201,  
5 Schedule CA-PW-108.

6  
7 **B. Sewer Division.**

8 **1. SEWER UTILITY PLANT IN SERVICE.**

9 Q. WHAT HAS THE SEWER DIVISION PROPOSED WITH RESPECT TO ITS  
10 AVERAGE TEST YEAR PLANT IN SERVICE?

11 A. As shown on Company Exhibit PUCI-S-8, PUCI-Sewer proposed an average  
12 Sewer Plant in Service ("SPIS") balance of \$7,701,288.

13  
14 Q. WHAT TYPES OF SEWER PROJECTS ARE INCLUDED IN THE COMPANY'S  
15 SPIS, AS OF THE END OF THE TEST YEAR JUNE 30, 2026?

16 A. The Company has included plant additions related to Equipment Sewer, Auto  
17 and Truck, Wastewater Treatment Plant, Pump Station, and Injection Wells as  
18 shown on Exhibit PUCI-S-8.2. The Company added \$45,647 of plant additions  
19 in 2024 and \$276,518 through the June 2025 period. The Company added  
20 \$234,061 of plant additions through June 30, 2026.

21

1 Q. DO YOU HAVE ANY CHANGES TO THE COMPANY'S AVERAGE SEWER  
2 PLANT ADDITIONS AS OF JUNE 30, 2026?

3 A. Yes. In response to CA-IR-31, the Company updated its balance related to  
4 certain plant additions. This balance is reflected in the Company's Sewer  
5 Operations, Plant in Service balance on Exhibit PUCI-S-8.2. This resulted in an  
6 increase of \$68,850.<sup>19</sup> (Company as filed balance of \$7,701,288 to the revised  
7 balance of \$7,770,138). My SPIS balance is calculated at \$7,770,108 and is  
8 shown in Exhibit CA-202, Schedule CA-PS-105.

9  
10 **2. DEPRECIATION RESERVE.**

11 Q. WHAT HAS THE COMPANY PROPOSED REGARDING ITS DEPRECIATION  
12 RESERVE FOR ITS SEWER PLANT?

13 A. As shown on Exhibit PUCI-S-8.3, the Company proposed total Accumulated  
14 Depreciation of \$6,237,651.

15  
16 Q. WHAT ADJUSTMENTS DO YOU HAVE WITH RESPECT TO THE  
17 COMPANY'S AVERAGE SEWER DEPRECIATION RESERVE BALANCE?

18 A. Since the Company adjusted its SPIS balance to account for certain additions  
19 in the test year ending June 30, 2026, the associated Depreciation Reserve is  
20 updated by \$7,123. My recommended balance is \$6,244,774 and is shown in  
21 Exhibit CA-202, Schedule CA-PS-106.

---

<sup>19</sup> Response to CA-IR-31a.

**3. CONTRIBUTIONS IN AID OF CONSTRUCTION (“CIAC”).**

Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO ITS SEWER CIAC?

A. The Company proposed an average Sewer CIAC balance of \$811,902 with an associated CIAC Amortization of \$811,902 of CIAC as shown on Exhibit PUCI-S-8.5.

Q. WHAT CHANGES DO YOU HAVE WITH RESPECT TO THE COMPANY’S PROPOSED SEWER CIAC BALANCE?

A. I do not have any changes to the Company’s CIAC balance. I am accepting the Company’s balance related to CIAC and CIAC Amortization totaling \$0. This is shown in Exhibit CA-202, Schedule CA-PS-103.

**4. ACCUMULATED DEFERRED INCOME TAXES (“ADIT”).**

Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO ITS AVERAGE SEWER ACCUMULATED DEFERRED INCOME TAXES?

A. The Company proposed a Sewer ADIT of \$276,194 as shown on Exhibit PUCI-S-8.6. The Company began with the actual balance of deferred taxes as of December 31, 2023 and estimated deferred tax activity in 2024 and 2025. Since the forecasted rate base is based upon a test year ending June 30, 2026, the Company is required to prorate the deferred tax activity through that date. A breakdown of this activity is shown on Exhibit PUCI-S-8.6.

1 Q. WHAT ADJUSTMENTS DO YOU HAVE RELATED TO THE COMPANY'S  
2 AVERAGE SEWER ADIT BALANCE?

3 A. The only adjustments that I made related to the Company's average ADIT  
4 Balance are related to the Company's updated SPIS plant additions and the  
5 associated Depreciation Reserve balance which results in an additional ADIT  
6 balance of \$1,496. Since the Depreciation Reserve balance is increased by  
7 \$7,123, the ADIT balance increases by \$1,496 (\$7,123 times the Federal  
8 Income Tax rate of 21%). My adjustments are shown in Exhibit CA-202,  
9 Schedule CA-PS-107.

10  
11 **5. CASH WORKING CAPITAL.**

12 Q. WHAT DID THE COMPANY COMPUTE WITH RESPECT TO ITS AVERAGE  
13 CASH WORKING CAPITAL ("CWC") FOR ITS SEWER OPERATIONS?

14 A. The Company proposed an average CWC allowance of \$164,878 as shown on  
15 Exhibit PUCI-S-8. Mr. O'Brien stated the Company utilized the one-twelfth  
16 method of the operating expenses to calculate the CWC balance in lieu of the  
17 detailed lead-lag study.<sup>20</sup> Mr. O'Brien stated that the cost of a lead-lag study  
18 would add to the rate case expense in this case. Mr. O'Brien stated that the  
19 Company commits to doing a lead/lag study for working cash in the next rate  
20 case which it plans to file in three years.<sup>21</sup>

---

<sup>20</sup> Exhibit PUCI-T-200 page 17.

<sup>21</sup> Exhibit PUCI-T-200, page 17.

Q. HAVE YOU ACCEPTED THE COMPANY'S METHODOLOGY ON HOW IT  
COMPUTED ITS CWC?

A. Yes. My adjustments reflect my overall recommended operating expenses.  
This results in a balance of \$152,992. This is shown in Exhibit CA-202,  
Schedule CA-PS-108.

**IV. RATE OF RETURN.**

Q. WHAT HAS THE COMPANY PROPOSED FOR THE RATE OF RETURN AND  
CAPITAL STRUCTURE FOR ITS WATER AND SEWER DIVISIONS?

A. The Company has proposed the following Rates of Return and Capital Structure  
for its Water and Sewer Divisions (Exhibit PUCI-W-7.1 and PUCI-S-7.1).

	<u>Capital Structure</u>	<u>Cost of Capital</u>	<u>Weighted Average</u>
Debt	50.00%	4.26%	2.13%
Equity	<u>50.00%</u>	<u>11.50%</u>	<u>5.75%</u>
Total	100.00%		7.88%

Q. WHAT ADJUSTMENTS DO YOU HAVE REGARDING THE COMPANY'S  
RATE OF RETURN?

A. As per the recommendation of Maureen Reno, the overall rate of return  
incorporated into my Exhibits to calculate the revenue requirement for the Water  
and Sewer districts is 6.57%, which includes a Return on Equity of 9.11%. This  
is shown in Exhibit CA-201, Schedule CA-PW-102 for the Water district and

Exhibit CA-202, Schedule CA-PS-102 for the Sewer district. This is also shown in Ms. Reno's testimony, CA-T-3, and below:

	<u>Capital Structure</u>	<u>Cost of Capital</u>	<u>Weighted Average</u>
Debt	50.00%	4.03%	2.015%
Equity	<u>50.00%</u>	<u>9.11%</u>	<u>4.555%</u>
Total	100.00%		6.57%

**V. OPERATING INCOME.**

**A. Water Division.**

**1. OPERATING REVENUES – Water.**

Q. WHAT HAS THE COMPANY PROPOSED AS ITS OPERATING REVENUE AT PRESENT RATES FOR ITS WATER DIVISION?

A. As shown on Company Exhibit PUCI-W-6, the Company proposed total Present Rate Revenues of \$959,689. The Present Rate Revenues are broken down by Non-AG customers (residential and commercial) and AG customers (agricultural). Residential classifications are comprised of single-family and multi-family dwellings; commercial classifications comprise a hotel resort, light industrial businesses, several schools and parks, a hospital, and agricultural parcels.<sup>22</sup> The Company also included a Penalty Charge of \$1,679 for a total Present Rate Revenue of \$961,368. According to the Company the Penalty

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<sup>22</sup> Application, page 3.

1 Charge costs are in accordance with the Company's tariffs and shown on  
2 Mr. O'Brien's Attachment RLO-8.<sup>23</sup>

3  
4 Q. HOW DOES THE COMPANY CHARGE OR BILL ITS WATER CUSTOMERS?

5 A. The Company charges or bills its residential customers (single and multi-family)  
6 based upon meter size and a monthly charge per meter size.<sup>24</sup> This is the same  
7 for the commercial customers for which usage is charged per thousand gallons  
8 based upon the consumption in a particular monthly period. The Company is  
9 proposing to change the single block usage charge to an inclining block usage  
10 charge which has a different block usage charge for each meter size.<sup>25</sup> The  
11 Company is also proposing to establish a separate discounted water usage rate  
12 for certified agricultural water users ("Ag Rate") based on the provisions of Act  
13 169 passed on June 8, 2008. Mr. Suizu explains that the Company has 105  
14 customers that are designated as agricultural customers because they reside in  
15 the Princeville Agricultural Subdivision and that the Company plans to notify  
16 each of the customers of its intent to establish the Ag Rate.<sup>26</sup> Mr. Suizu  
17 indicates that the Company will work with customers residing in the Agricultural

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23 Response to CA-IR-16.

24 PUCI Tariff No. 1, page 40.

25 Testimony of Robert L. O'Brien, Exhibit PUCI-T-200, page 8.

26 Testimony of Brad Suizu, page 5; See also *Ibid.*, page 3.

1 Division to see if they are eligible to receive the Ag Rate and the Company will  
2 provide the results of its effort in its rebuttal testimony with its proposed revenue  
3 adjustment for any customers that qualifies for the Ag Rate.<sup>27</sup>  
4

5 Q. DO YOU HAVE ANY ADJUSTMENTS WITH RESPECT TO THE COMPANY'S  
6 OPERATING REVENUES AT PRESENT RATES?

7 A. No. I am accepting the Company's Present Rate Revenues at \$961,368.  
8

9 **B. Sewer Division.**

10 **1. OPERATING REVENUES – Sewer.**

11 Q. WHAT HAS THE COMPANY PROPOSED AS ITS OPERATING REVENUE AT  
12 PRESENT RATES?

13 A. As shown on Company Exhibit PUCI-S-6, the Company proposed total Present  
14 Rate Revenues of \$2,980,664. The Present Rate Revenues are broken down  
15 by Commercial Monthly Charges/Usage, Residential Monthly Charges and  
16 Multi-family Charges. The Company reduced this balance by removing the  
17 APCAC Revenues of \$1,177,412 as shown on Exhibit PUCI-S-6. The Company  
18 has proposed to recover these APCAC revenues through its APCAC charge.<sup>28</sup>  
19  
20

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<sup>27</sup> Testimony of Brad Suizu, page 5.

<sup>28</sup> Attachment RLO-6.



1 Q. HOW DOES THE COMPANY CHARGE OR BILL ITS SEWER CUSTOMERS?

2 A. The Company charges its Sewer customers based upon the meter size and a  
3 monthly charge for its residential customers. For the Commercial customers,  
4 the Company bills based upon the monthly usage (in gallons).<sup>29</sup> The Company  
5 is proposing a change in the rate structure for its sewer operations. The  
6 Company is not proposing to change the use of a flat rate monthly charge  
7 procedure for the single-family and multi-family customers or in the monthly  
8 charge procedure per meter size for the commercial customers but is  
9 recommending a change in the single block usage per charge to an inclining  
10 block usage for the commercial customers.<sup>30</sup>

11  
12 Q. DO YOU HAVE ANY ADJUSTMENTS WITH RESPECT TO THE COMPANY'S  
13 OPERATING REVENUES AT PRESENT RATES?

14 A. No. I am accepting the Company's Present Rate Revenues with the  
15 adjustments to remove the APCAC Revenues to be recovered through the  
16 APCAC.

17  

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<sup>29</sup> PUCI Tariff No. 1, page 43.

<sup>30</sup> O'Brien Testimony Exhibit PUCI-T-200, page 54.

**C. OPERATING AND MAINTENANCE EXPENSES.**

Q. HOW DID THE COMPANY DEVELOP ITS PROJECTIONS OF EXPENSES FOR ITS WATER AND SEWER OPERATIONS?

A. According to Mr. O'Brien, the Company recorded expense data from 2021 through 2024, and estimated amounts for the years ending December 31, 2025, and pro-forma amounts for the test year ending June 30, 2026. (O'Brien Testimony Exhibit PUCI-T-200 page 18). The Company calculated a three-year historical average for 2021-2023 to set the expense for 2024. The Company adjusted to balance for inflation using the Honolulu Consumer Price Index ("HCPI") to forecast the operations and maintenance ("O&M") expenses for the estimated 2025 year and for the projected test year ending June 30, 2026. The Company then averaged out the expenses for the Proforma Year end December 31, 2026 and the Test Year ending June 30, 2026.<sup>31</sup> Mr. O'Brien stated that the use of historic expenses to establish a future expense requires a change to those expenses to reflect changes in payroll and other elements that are measured in the HCPI. By not using the HCPI to set future expenses, Mr. O'Brien contends that it would deny the Company the opportunity to recover the actual expenses to be incurred in 2026 and therefore, deny the Company

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<sup>31</sup> Testimony Exhibit PUCI-T-200 page 26-27.

1 the opportunity to achieve the overall rate of return found to be reasonable in  
2 this case.<sup>32</sup>

3  
4 Q. HAS THE COMPANY PROVIDED ANY SOURCE DOCUMENTS THAT  
5 REFELCTED THE ADJUSTMENTS TO THE HCPI THAT WAS USED TO  
6 ADJUST OPERATING EXPENSES?

7 A. In response to CA-IR-4.3, the Company provided the source document for the  
8 HCPI adjustment as shown in Exhibit CA-IR-4-kk from the State of Hawaii,  
9 Department of Business, Economic Development & Tourism, Research &  
10 Economic Analysis Outlook for the Economy, 4<sup>th</sup> Quarter Report HCPI as  
11 described in response to CA-IR-13.

12  
13 Q. WHAT IS YOUR RESPONSE?

14 A. I am accepting the Company's use of a three-year historical average 2021-2023  
15 and the average for 2024 to set rates in the test year for its O&M expenses.  
16 However, I am recommending disallowance of the Company's inclusion of HCPI  
17 indices to adjust the three-year historical average 2021-2023 of its O&M  
18 expenses for the 2025 test year. I am of the opinion that any CPI costs or  
19 escalation costs should not be used to set rates for service for ratemaking  
20 purposes. These types of escalation increases do not provide a good index of

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<sup>32</sup> Testimony Exhibit PUCI-T-200, page 27.

1 cost increases or adjustments but rather provide for overall broad blanket-type  
2 economic adjustments that are typically applied to all goods and services that  
3 may not be directly affected or related to costs incurred by the Company in its  
4 normal day-to-day activities of a regulated utility company. Escalation type  
5 adjustments do not address any particular or individual expense category or  
6 service. It is simply a forecast or prediction of cost adjustments. As costs of  
7 goods and services fluctuate over time, applying escalation factors to adjust  
8 costs prospectively is not a proper approach that should be utilized in setting  
9 rates for utility services. While such escalation costs adjustments are used to  
10 develop economic data as in changes to broad basket of consumer goods and  
11 services such as housing, clothing, food, etc., utilizing CPI indices for  
12 ratemaking purposes is not reasonable nor recommended. Expenses should  
13 be adjusted based upon known and measurable changes that provide  
14 convincing and reliable data that can be identified and verified. Throughout my  
15 testimony I will refer to this argument when making adjustments to certain of the  
16 Company's O&M expenses.

**Confidential Information  
Deleted Pursuant To  
Protective Order No. 41653**

**1. Water Division.**

**a) Salaries & Wages Company Exhibit.**

Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO ITS LABOR COST?

A. The Company proposed total Labor costs of \$316,967 as shown on Company Exhibit PUCI-W-6. The Company's Labor costs include base salaries and wages, and overtime pay.

Q. HOW MANY EMPLOYEES ARE EMPLOYED AT PUCI?

A. According to the response to CA-IR-68 (Confidential PUCI-W CWP 9.1.1) there are [REDACTED] [REDACTED]. These employees are allocated to each of the water and sewer divisions.

Q. HOW WERE THE EMPLOYEES' SALARIES CALCULATED?

A. According to Mr. O'Brien, actual employee hourly rates and salaries were calculated as of July 1, 2024. With contract increases in 2025 and the pro-forma period ending June 30, 2026, the increase for the bargaining unit employees results in a balance of [REDACTED] and the balance for union-overtime is [REDACTED]. For the non-bargaining unit employees, the balance results in [REDACTED] and [REDACTED] for overtime. The Company reflected these balances in its Exhibit PUCI-W-6 and W-9.

1

2 Q. WHAT ADJUSTMENTS DO YOU HAVE?

3 A. After a review of the discovery in this proceeding and the related testimonies, I  
4 am accepting the Company's Salary and Wages balance of \$316,967. This is  
5 shown in Exhibit CA-201, Schedule CA-PW-109.

6

7 Q. HAS THE COMPANY INCLUDED INCENTIVE COMPENSATION IN ITS  
8 SALARY AND WAGES EXPENSES?

9 A. No. In response to CA-IR-19, the Company has not included any formal  
10 compensation plans.

11

12 **b) Electricity.**

13 Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO PURCHASED  
14 POWER - ELECTRICITY?

15 A. As shown on Company Exhibit PUCI-W-9.3, the Company proposed total  
16 Electricity Charges of \$380,309. Company witness Mr. O'Brien stated that the  
17 electricity expenses were calculated using data from 2024 multiplied by the  
18 average rate per kWh for the year 2023 and 2024. Mr. O'Brien has used the  
19 most recent data (2024) to determine electricity charges since these costs will  
20 form the balance for the APCAC and recovery of future changes in electric  
21 expenses up or down.<sup>33</sup>

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<sup>33</sup> O'Brien Testimony Exhibit PUCI-T-200 page 25-26.

1 Q. WHAT ARE YOUR ADJUSTMENTS TO THE COMPANY'S ELECTRICITY  
2 CHARGES?

3 A. I am accepting the Company's basis to establish its electricity charges. The  
4 average rate per kWh along with the average monthly usage provides for a  
5 reasonable recovery of these charges which are actual charges. My  
6 recommendation is shown in Exhibit CA-201, Schedule CA-PW-110.

7  
8 Q. WHAT IS THE COMPANY PROPOSING RELATED TO PURCHASED POWER  
9 WITH RESPECT TO A CONTINUATION OF ITS APCAC?

10 A. Company witness Mr. O'Brien is recommending that is current APCAC charges  
11 be changed. The Company's APCAC was established in 1997 and does not  
12 reflect the changes in the electric expense. The APCAC set in 1997 was  
13 \$119,196 while the 2024 APCAC revenues were \$200,376 and the recorded  
14 electricity expenses were \$380,309.<sup>34</sup> This resulted in a shortfall of \$60,737.  
15 Mr. O'Brien stated that the Company is proposing to use the actual electric  
16 expense included in this proceeding in setting revenues and rates and a current  
17 calculation using the three-month average electric expense prior to the month  
18 of the APCAC billing and the actual kWh used during the prior 12 months. Mr.  
19 O'Brien has calculated an APCAC recovery of \$0.05014 as shown on  
20 PUCI-Exhibit T-200 Attachment RLO-4.

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<sup>34</sup> O'Brien Testimony Exhibit PUCI-T-200 page 44

1 Q. WHAT IS YOUR RECOMMENDATION WITH RESPECT TO THE COMPANY'S  
2 APCAC?

3 A. I am recommending the continuation of the APCAC. The Company's electricity  
4 costs are generally not within the Company's control and vary with customer  
5 water usage. Such purchased power costs may be considered unpredictable in  
6 nature because, for example, electricity rates in Kauai vary, in part, based on  
7 fuel costs, which are typically considered unpredictable and outside the utility's  
8 control. The Company's electricity expense is also a significant portion of the  
9 total O&M expenses or about 28%. The Consumer Advocate also recognizes  
10 that other utilities have established and maintained adjustment clauses to  
11 recover monthly electricity costs and reflected as a separate charge on a  
12 customer's bill. The Consumer Advocate does not object to the continuation of  
13 the Company's APCAC at this time.

14  
15 **c) Chemicals.**

16 Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO CHEMICALS  
17 EXPENSE?

18 A. As shown on Company Exhibit PUCI-W-9.5, the Company proposed a total  
19 Chemical Expense of \$24,379.

20

21



1 Q. HOW DID THE COMPANY CALCULATE THE LEVEL OF CHEMICALS FOR  
2 THE 2026 TEST YEAR PERIOD?

3 A. According to Mr. O'Brien the Company calculated actual costs for the  
4 2021-2024 years and averaged out these costs in 2025. The Company  
5 included an HCPI factor increasing these costs in 2026. The Company  
6 averaged out the costs for 2025 and 2026 to arrive at a balance of \$24,379.<sup>35</sup>

7  
8 Q. WHAT ARE YOUR ADJUSTMENTS TO THE COMPANY'S CHEMICALS  
9 EXPENSE?

10 A. I am removing or disallowing the CPI Inflation Factors of 3.150% for 2025 and  
11 2.740% in 2026. As I indicated and explained in detail above, these types of  
12 costs should be removed for ratemaking purposes. My adjustment reduces this  
13 balance by \$2,507 and provides a balance of \$21,872. This is shown in  
14 Exhibit CA-201, Schedule CA-PW-111.

15  
16 **d) Operating Materials & Supplies.**  
17 Q. WHAT HAS THE COMPANY PROPOSED REGARDING ITS OPERATIONS  
18 EXPENSE?

19 A. As shown on Company Exhibits PUCI-W-9.4, the Company proposed a total  
20 average Operating Materials & Supplies Expense of \$73,467. These costs  
21 represent contract services, small tools, gasoline, supplies and vehicles. These

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<sup>35</sup> O'Brien Testimony Exhibit PUCI-T-200 page 26-27,

1 costs also include life & safety costs, licenses, uniforms, rentals, training and  
2 seminars, and payroll management. As with prior expense adjustments, the  
3 Company has averaged these costs out for the years 2021-2024 and  
4 incorporated an HCPI factor in 2025 and in 2026 to arrive at an average balance  
5 of \$73,467.

6  
7 Q. WHAT ARE YOUR ADJUSTMENTS TO THE COMPANY'S OPERATING  
8 MATERIALS AND SUPPLIES EXPENSE?

9 A. As I removed or disallowed all HCPI inflation adjustments in prior expenses, I  
10 am disallowing them here (3.640% CPI in 2024, 3.150% in 2025 and 2.740% in  
11 2026). My arguments have been outlined and explained previously. These  
12 adjustments reduce the Company's estimate by \$6,953 and provide a balance  
13 of \$66,514. This is shown in Exhibit CA-201, Schedule CA-PW-112.

14  
15 **e) Repairs & Maintenance.**

16 Q. WHAT HAS THE COMPANY PROPOSED REGARDING ITS REPAIRS &  
17 MAINTENANCE EXPENSE?

18 A. As shown on Company Exhibit UPDATE PUCI-W-9.6, the Company proposed  
19 total Repairs & Maintenance Expense of \$100,696, and an average balance of  
20 \$99,353. The Company calculated these expenses by inflating the historical  
21 average from 2021-2024 and adjusted that balance by a CPI index factor of  
22 3.640% in 2024, 3.150% in 2025 and 2.740% in 2026. Mr. O'Brien stated that

1 the Company is proposing to recover in the test year 2025 the inflation  
2 methodology described previously by using a three-year historical average and  
3 adjusting for inflation.<sup>36</sup>

4  
5 Q. WHAT CHANGES DO YOU HAVE TO THE COMPANY'S REPAIRS &  
6 MAINTENANCE EXPENSE?

7 A. I am removing or disallowing all HCPI inflation adjustments. I averaged out  
8 costs for the periods 2021-2024 to arrive at a normalized level of costs for each  
9 category of expenses shown on Company PUCI-Exhibit W- 9-6. My reasoning  
10 for removing or disallowing HCPI Inflation adjustments are explained previously  
11 in my testimony. This reduces the balance by \$10,855 and provides a balance  
12 of \$88,497. My adjustments are shown in Exhibit CA-201,  
13 Schedule CA-PW-113.

14  
15 **f) Uncollectible Expense.**

16 Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO ITS  
17 UNCOLLECTIBLE EXPENSE?

18 A. As explained in response to CA-IR-17, the Company has not included a Bad  
19 Debt factor in its gross revenue factor. The Company experienced a minor  
20 balance of \$14 in 2024.<sup>37</sup>

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<sup>36</sup> O'Brien Testimony Exhibit PUCI-T-200 page 29.

<sup>37</sup> Exhibit PUCI-W-9.9 Updated.

1 Q. WHAT IS YOUR RECOMMENDATION?

2 A. Given that the Company has not incorporated a bad debt factor in its gross  
3 revenue factor, and that only \$14 has been incurred in 2024 related to bad debt,  
4 I do not have any adjustments. This is reflected in Exhibit CA-201, Schedule  
5 CA-PW-114.

6  
7 **g) Insurance.**

8 Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO ITS  
9 INSURANCE?

10 A. As shown on Company Exhibit PUCI-W-9.7, the Company proposed total  
11 Insurance of \$75,688. These accounts comprise of Property, General Liability,  
12 and Auto Liability. The Company's insurance expense is distributed to each of  
13 the covered companies based on components relevant to the specific  
14 coverages.<sup>38</sup> These costs were as of December 31, 2024 and adjusted in 2025  
15 and the pro-forma test year ending June 30, 2026. The Company allocated  
16 9.60% of the Property/Boiler costs to the Water Operations. The premiums for  
17 the coverages were increased by the average annual increases in the expense  
18 for the premium years ended March 2022 to March 2025 of \$69,293 and  
19 adjusted this balance to \$75,688 reflecting insurance expenses for the premium  
20 year ending March 18, 2027.

---

<sup>38</sup> O'Brien Testimony Exhibit PUCI-T-200, page 30.

1 Q. WHAT IS YOUR RECOMMENDATION?

2 A. I am recommending acceptance of the Company's Insurance Expense of  
3 \$75,688. The Company has provided insurance premiums reflecting the  
4 insurance costs for coverage for the March 2025 and March 2026 period.<sup>39</sup> My  
5 adjustments are shown in Exhibit CA-201, Schedule CA-PW-115.

6  
7 **h) Pension and Benefits.**

8 Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO PENSION  
9 AND BENEFITS?

10 A. Aa shown on Company Exhibit PUCI-W-9 and detailed on Exhibit PUCI-W-9.2,  
11 the Company proposed total Pension and Benefits of \$88,717. The Company  
12 included benefits related to Employee Insurance (\$38,104), Payroll Taxes  
13 (\$30,603), and Other Benefits (\$20,010). Company witness Mr. O'Brien  
14 provided a description of the Company's Pension and Benefits related to Other  
15 Benefits beginning on page 23 and through 25.<sup>40</sup>

16  
17  
18  
19  

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39 Response to CA-IR-27.

40 Exhibit PUCI-T-200, page 23-25.

1 Q. WHAT ADJUSTMENTS DO YOU HAVE REGARDING THE COMPANY'S  
2 PENSION AND BENEFITS?

3 A. After review of the response to CA-IR-66 and Company Exhibit PUCI-W-9.2, I  
4 am accepting the Company's Benefits and Payroll balance of \$88,717. This is  
5 shown in Exhibit CA-201, Schedule CA-PW-116.

6  
7 **i) Regulatory Expenses (Rate Case Expense).**

8 Q. WHAT HAS THE COMPANY PROPOSED REGARDING ITS REGULATORY  
9 EXPENSES?

10 A. As shown on Company Exhibit PUCI-W-9.10, the Company proposed total  
11 Regulatory Expenses of \$485,000 amortized over a three-year period or an  
12 annual expense recovery of \$161,667. Mr. O'Brien stated that a three-year  
13 period for amortizing these costs is based on the Company anticipating to file  
14 its next rate case filing.<sup>41</sup>

15  
16 Q. WHAT ADJUSTMENTS DO YOU HAVE?

17 A. In response to CA-IR-29, the Company confirmed that the rate case expenses  
18 of \$485,000 are for each water and sewer operations rate case filing (\$970,000  
19 combined) or \$161,667 annually (\$323,334 water and sewer combined). This  
20 annual balance (\$161,667) represents 11.64% of the total proposed water

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<sup>41</sup> O'Brien Testimony Exhibit PUCI-T-200, page 33-34.

1 revenue requirement of \$1,388,018. Given this small water customer base and  
2 the fact that the issues in this case mirror the sewer company operations in that  
3 rate case filing, I am recommending that only 50% of these rate case costs be  
4 recovered from ratepayers and 50% be recovered from the Company, or an  
5 annual recovery of \$80,833 for each utility operation. I believe these rate case  
6 costs are excessive in nature. As indicated below, my analysis reflects prior  
7 rate case costs in Hawaii and in the State of New Jersey:

Comparison of Rate Case Expenses				
	# of customers	Rate Case Expenses	Cost per Customer	
Princeville Water/Sewer				
Docket 2025-0172	4,310	\$ 970,000	\$ 225.06	
Hawaii American Water				
Docket 2024-0038	14,228	\$ 664,886	\$ 46.73	
Lanai Water Company				
Docket 2022-0233	11,359	\$ 229,200	\$ 20.18	
Pukalani Wastewater Company				
Docket 2022-0186	1,009	\$ 309,566	\$ 306.80	
Kalaeloa Water	2,268	\$ 325,109	\$ 143.35	
Docket 2021-0005				
Gordons' Corner Water - NJ	14,637	\$ 100,000	\$ 6.83	
WR21070979				
Shore Water Co. - NJ	1,244	\$ 63,000	\$ 50.64	
WR21091141				
Middlesex Water - NJ	62,000	\$ 468,000	\$ 7.55	
WR21050813				
Aqua NJ - NJ	53,000	\$ 335,200	\$ 6.32	
WR18121357				

My sharing policy is predicated upon the perception that rate case proceedings provide benefit to shareholders and ratepayers. A rate case proceeding is driven by the need to obtain rate relief from the Company. In addition, the rate



1 increase awarded by the Company creates a benefit to ratepayers through the  
2 continued provision of safe and reliable utility service. Accordingly, the final  
3 result of a rate case also produces benefits to the Company. Given the small  
4 customer base, the Company's level of rate case expenses in this proceeding  
5 would have a significant impact on the rate and charges for water utility  
6 customers. In addition, due to the fact that the Company has not filed a rate  
7 case petition in nearly 30 years, this extraordinary event warrants rate case  
8 sharing in this proceeding.

9  
10 Q. WHAT IS THE COST PER WATER AND PER WASTEWATER CUSTOMER IF  
11 THE COMPANY WERE ALLOWED TO RECOVER ALL OF ITS RATE CASE  
12 FEES IN THIS PROCEEDING?

13 A. The cost per customer with respect to rate case fees are \$421.74 per water  
14 customer ( $\$485,000 / 1,150$  water customers) if the Company were allowed to  
15 recover its rate case fees related to its water utility from customers. If the  
16 sharing mechanism I proposed is approved the cost would be \$210.87 per water  
17 customer. The cost per customer with respect to rate case fees are \$153.48  
18 per wastewater customer ( $\$485,000/3,160$  wastewater customers) if the  
19 Company were allowed to recover all its rate case fees related to its wastewater  
20 operations. If the sharing mechanism I proposed is approved, the cost would  
21 be \$76.74 per wastewater customer.

22

1 Q. ARE YOU RECOMMENDING ANY OTHER ADJUSTMENTS?

2 A. Yes. I noted that regulatory expense includes estimated costs for hearings and  
3 briefing of \$106,000. To the extent that the Company and the Consumer  
4 Advocate reach settlement in this proceeding prior to the evidentiary hearing  
5 dates, I recommend that the estimated costs for hearings and briefing be  
6 removed from the regulatory expense. While I am including these costs in the  
7 Company's rate case balance, I am recommending that these costs be adjusted  
8 if there is a settlement outcome. The Company should provide invoice costs  
9 related to this rate case through September 2025 and provide any updates as  
10 new invoices are filed. My adjustments are shown in Exhibit CA-201, Schedule  
11 CA-PW-119.

12  
13 **j) Legal & Professional.**

14 Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO LEGAL AND  
15 PROFESSIONAL EXPENSES?

16 A. As shown on Company Exhibit PUCI-W-9.8, the Company proposed an average  
17 total Legal and Professional Expense of \$55,858. According to Mr. O'Brien,  
18 these costs were calculated following the same procedures with respect to the  
19 use of a three-year average of expenses for 2022-2024 and increasing these  
20 balances using the HCPI factors.<sup>42</sup>

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<sup>42</sup> Exhibit PUCI-T-200, page 32.

1 Q. WHAT ADJUSTMENTS DO YOU HAVE?

2 A. After a review of the discovery<sup>43</sup> and the related documents I am disallowing the  
3 use of the HCPI increases to calculate the adjusted balance in the test year  
4 period ending June 30, 2026, which reasoning is discussed previously in my  
5 testimony. This reduces the balance by \$6,188 and provides for a balance of  
6 \$49,670. This is shown in Exhibit CA-201, Schedule CA-PW-117.

7  
8 **k) Other Administrative & General Expenses (A&G).**  
9 Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO ITS OTHER  
10 A&G EXPENSES?

11 A. As shown on Company Exhibit PUCI-W-9.9, the Company proposed an A&G  
12 expense of \$42,340. These costs include Office Supplies, IT Systems, Bank  
13 Fees, Postage and Freight, Office Electric Telephone, Dues and Subscriptions  
14 and Computer Services. Mr. O'Brien stated that these costs were calculated  
15 following the same procedures using the three-year average for these expenses  
16 for 2022-2024 and increasing these costs by using the HCPI factors.<sup>44</sup>

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43 Response to CA-IR-27.

44 Exhibit PUCI-T-200 page 32.

1 Q. WHAT ADJUSTMENTS DO YOU HAVE RELATED TO THE COMPANY'S  
2 OTHER A&G EXPENSES?

3 A. For each of the Company's Other A&G expenses I used a three-year average  
4 of costs for the (2021-2023) period. I did not include the HCPI Inflation  
5 increases of 3.640% in 2024, 3.150% in 2025 and 2.740% in the test year  
6 ending June 30, 2026, period. These adjustments result in an overall reduction  
7 in the A&G Expense from \$42,341 to \$34,935 or a reduction of \$7,406. This  
8 adjustment includes disallowance of Chambers of Commerce Costs of \$295,  
9 Charitable Contributions of \$3,000 and Donations of \$1,650. The Company  
10 allocated \$1,235 of Chamber of Commerce and Charitable Contributions to the  
11 Water Company.<sup>45</sup> I believe these expenses should not be recovered from  
12 ratepayers. These types of costs do not benefit ratepayers in the area of safe  
13 and reliable service but rather benefits the Company in being good corporate  
14 citizens. My recommended balance for the Other A&G expense is \$34,935  
15 (without HCPI Inflation) or a reduction of \$7,406 as shown in Exhibit CA-201,  
16 Schedule CA-PW-118.

17  
18  
19 I) **Lease / Common Areas.**  
20 Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO  
21 LEASE/COMMON AREAS?

---

<sup>45</sup> Response to CA-IR-15.

1 A. As shown on Company Exhibit PUCI-W-9.11, the Company proposed a balance  
2 of \$51,525. Mr. O'Brien stated that these costs represent current lease  
3 agreements for the charges in 2025 plus increases of 5% in each subsequent  
4 annual period. The lease also provides for a charge for common area  
5 management ("CAM") expenses which have been estimated to remain the same  
6 at \$11,500 experienced in 2024.<sup>46</sup> Forty-percent is charged to the water  
7 operations, and the remaining sixty-percent is charged to the sewer operations.

8  
9 Q. WHAT ADJUSTMENTS DO YOU HAVE?

10 A. After a review of the response to CA-IR-30, I am accepting the Company's  
11 balance of \$51,525. This is shown in Exhibit CA-201, Schedule CA-PW-120.

12  
13 **2. DEPRECIATION.**

14 Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO ITS  
15 DEPRECIATION EXPENSE?

16 A. As shown on Company Exhibit PUCI-W-8.4, the Company has proposed  
17 Depreciation Expenses of \$456,820 as of the test year ending June 30, 2026.

18  
19 Q. HAS THE COMPANY PERFORMED A DEPRECIATION STUDY TO  
20 DETERMINE THE DEPRECIATION EXPENSE IN THIS PROCEEDING?

21 A. Not that I am aware of.

---

<sup>46</sup> Exhibit PUCI-T-200 page 35.

1 Q. WHAT RECOMMENDATIONS DO YOU HAVE WITH RESPECT TO THE  
2 COMPANY'S DEPRECIATION EXPENSES?

3 A. As I updated the Company's Accumulated Depreciation, I am updating the  
4 related Depreciation Expense accordingly. This results in a balance of  
5 \$325,741.<sup>47</sup> This is shown in Exhibit CA-201, Schedule CA-PW-121.

6  
7 **3. TAXES OTHER THAN INCOME TAXES (Revenue Taxes).**  
8 Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO ITS REVENUE  
9 TAXES?

10 A. As shown on Company Exhibit PUCI-W-7, the Company proposed Revenue  
11 Taxes of \$150,035. This balance is comprised of (1) the Hawaii Public Utilities  
12 Commission fee of 0.5% (\$11,749) which applies to present and proposed  
13 revenues excluding uncollectible expenses; (2) the Public Utility Company  
14 Service Tax which is calculated by multiplying the current rate of 5.885% by the  
15 present and proposed revenues (\$2,349,812) and a balance of \$138,286.

16  
17 Q. WHAT ADJUSTMENTS DO YOU HAVE?

18 A. With respect to the Public Utility Company Service Tax, I utilized my  
19 recommended Operating Revenues at Present Rates of \$961,368 and  
20 multiplied that balance by the rate of 5.885% to arrive at a balance of \$56,577.  
21 For the Public Utility Fee, I utilized my recommended Operating Revenues at

---

<sup>47</sup> Difference due to rounding issues.

1 Present Rates of \$961,368 and multiplied that balance by the rate of 0.5% to  
2 arrive at a balance of \$4,807. These adjustments are shown in Exhibit CA-201,  
3 Schedule CA-PW-122. My recommended Taxes Other than Income Taxes  
4 are \$61,383 or a reduction of \$88,652. The additional revenue requirement  
5 increase that I am recommending is calculated by the revenue gross factor  
6 shown in Exhibit CA-201, Schedule CA-PW-101. The breakdown of the  
7 Company's Revenue Factor is shown on Company Exhibit PUCI-W-6.1.

8  
9 **4. INCOME TAXES.**

10 Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO ITS INCOME  
11 TAXES?

12 A. As shown on Company Exhibit PUCI-W-7.1 the Company proposes total  
13 Federal and State Income taxes of \$68,677. This is comprised of current State  
14 Income Taxes of \$15,861 and Federal Income Taxes of \$52,816. The Company  
15 utilized the current statutory corporate income tax for federal and state of  
16 21.00% and 4.40% through 6.40%, based upon income levels, respectively.

17  
18 Q. WHAT ADJUSTMENTS DO YOU HAVE WITH RESPECT TO THE  
19 COMPANY'S INCOME TAXES?

20 A. I utilized the Company's methodology to calculate the Federal and State Income  
21 Taxes as shown in Exhibit CA-201, Schedule CA-PW-123. My adjustments with  
22 respect to the Company's O&M Expenses, Ratemaking Interest and

**Confidential Information  
Deleted Pursuant To  
Protective Order No. 41653**

Depreciation flow through Exhibit CA-201, Schedule CA-PW-123. My total State and Federal Income Taxes at Present Rate Revenues are (\$47,127) and (\$148,840), respectively. The proposed Federal Income Tax calculation is computed as shown on Exhibit CA-201, Schedule CA-PW-101 where the Operating Deficiency of \$798,272 is grossed up for the Public Service Commission Tax, PUC Fees, and State and Federal Income Taxes by the Revenue Factor of 1.44131.

**5. Sewer Division.**

**a) Salaries & Wages Company Exhibit.**

Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO ITS LABOR COST?

A. The Company proposed total Labor costs of \$475,447 as shown on Company Exhibit PUCI-S-6. The Company's Labor costs include base salaries and wages, and overtime pay.

Q. HOW MANY EMPLOYEES ARE EMPLOYED AT PUCI?

A. According to the response to CA-IR-68 (Confidential PUCI-W CWP 9.1.1), there are [REDACTED]. These employees are allocated to the water and sewer divisions.



1 Q. HOW WERE THE EMPLOYEES' SALARIES CALCULATED?

2 A. According to Mr. O'Brien, actual employee hourly rates and salaries were  
3 calculated as of July 1, 2024. With contract increases in 2025 and the pro-forma  
4 period ending June 30, 2026, the increase for the bargaining unit employees  
5 results in a balance of [REDACTED], and the balance for union-overtime is [REDACTED].  
6 For the non-bargaining unit employees the balance results in [REDACTED] and  
7 [REDACTED] for overtime. The Company reflected these balances in its  
8 Exhibit PUCI-S-6 detailed in PUCI-S-9 and 9.1.

9  
10 Q. WHAT ADJUSTMENTS DO YOU HAVE?

11 A. After review of the discovery and the documents in this proceeding, I am  
12 accepting the Company's balance of \$475,447. This is shown in Exhibit CA-202,  
13 Schedule CA-PS-109.

14  
15 Q. HAS THE COMPANY INCLUDED INCENTIVE COMPENSATION IN ITS  
16 SALARY AND WAGES EXPENSES?

17 A. No. In response to CA-IR-19, the Company has not included any formal  
18 compensation plans.

19  
20

**b) Electricity.**

Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO PURCHASED  
POWER - ELECTRICITY?

A. As shown on Company Exhibit PUCI-S-9.3, the Company proposed total  
Electricity Charges of \$430,567. Company witness Mr. O'Brien stated that the  
electricity expenses were calculated using data from 2024 multiplied by the  
average rate per kWh for the year 2023 and 2024.<sup>48</sup> Mr. O'Brien has used the  
most recent data (2024) to determine electricity charges since these costs will  
form the balance for the APCAC and recovery of future changes in electric  
expenses up or down.<sup>49</sup> ).

Q. WHAT ARE YOUR ADJUSTMENTS TO THE COMPANY'S ELECTRICITY  
CHARGES?

A. I am accepting the Company's basis to establish its electricity charges. The  
average rate per kWh along with the average monthly usage provides for a  
reasonable recovery of these charges which are actual charges. My  
recommendation is shown in Exhibit CA-202, Schedule CA-PS-110.

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<sup>48</sup> Exhibit PUCI-T-200, page 71.

<sup>49</sup> Exhibit PUCI-T-200, page 71.

1 Q. WHAT IS THE COMPANY PROPOSING RELATED TO PURCHASED POWER  
2 WITH RESPECT TO A CONTINUATION OF ITS APCAC?

3 A. Company witness Mr. O'Brien is recommending that is current APCAC charges  
4 be changed. The Company's APCAC was established in 1994 and does not  
5 reflect the changes in the electric expense.<sup>50</sup> (The APCAC set in 1994 was  
6 \$0.70 per thousand gallons of treated effluent and a calculation of a current  
7 month charge based upon the prior two months of electric expenses in thousand  
8 gallons for the same period.<sup>51</sup> (Mr. O'Brien stated that the formula set in 1994  
9 provided for an over-recovery of the changes in electricity costs.)<sup>52</sup> Mr. O'Brien  
10 is proposing a mechanism similar to the proposal for a new water APCAC that  
11 provides for the use of the actual electric expenses included in setting revenues  
12 and rates in this proceeding and a current calculation using the three-months of  
13 average electric expenses prior to the month of the APCAC billing and the actual  
14 kWh used during the prior twelve months.<sup>53</sup> Mr. O'Brien prepared a schedule  
15 reflecting the overage expenses reflected in Attachment RLO-7 to the  
16 Exhibit PUCI-T-200. In Attachment RLO-6, Mr. O'Brien provided a calculation  
17 to reflect the decrease in the APCAC billing and the setting of a new APCAC  
18 rate of \$0.36022.

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<sup>50</sup> Exhibit PUCI-T-200, page 86.

<sup>51</sup> Exhibit PUCI-T-200, page 86.

<sup>52</sup> Exhibit PUCI-T-200, page 86.

<sup>53</sup> Exhibit PUCI-T-200, page 86.

1 Q. WHAT IS YOUR RECOMMENDATION WITH RESPECT TO THE COMPANY'S  
2 APCAC?

3 A. I am recommending the continuation of the APCAC. As discussed above, the  
4 Company's electricity costs are generally not within the Company's control and  
5 vary with customer water usage and the corresponding amounts of sewage  
6 treated. Such purchased power costs may also be considered unpredictable in  
7 nature because, for example, electricity rates in Kauai vary, in part, based on  
8 fuel costs, which are often considered largely unpredictable and outside the  
9 utility's control. The Company's electricity expense is also a significant portion  
10 of the total O&M expenses or about 22%. The Consumer Advocate also  
11 recognizes that other utilities have established and maintained adjustment  
12 clauses to recover monthly electricity costs and reflected as a separate charge  
13 on a customer's bill. The Consumer Advocate does not object to the  
14 continuation of the Company's APCAC at this time.

15  
16 **c) Chemicals.**

17 Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO CHEMICALS  
18 EXPENSE?

19 A. As shown on Company Exhibit PUCI-S-9.5, the Company proposed a total  
20 Chemical Expense of \$157,096.

21

1 Q. HOW DID THE COMPANY CALCULATE THE LEVEL OF CHEMICALS FOR  
2 THE 2026 TEST YEAR PERIOD?

3 A. According to Mr. O'Brien the Company calculated actual costs for the  
4 2021-2024 years and averaged out these costs in 2025. The Company  
5 included an HCPI factor increasing these costs in 2026. The Company  
6 averaged out the costs for 2025 and 2026 to arrive at a balance of \$157,096.<sup>54</sup>

7  
8 Q. WHAT ARE YOUR ADJUSTMENTS TO THE COMPANY'S CHEMICALS  
9 EXPENSE?

10 A. I am disallowing the HCPI Inflation Factors of 3.150% for 2025 and 2.740% in  
11 2026. As I indicated and explained in detail above, these types of costs should  
12 be removed for ratemaking purposes. My adjustment reduces this balance by  
13 \$8,905 and provides for a balance of \$148,191. This is shown in  
14 Exhibit CA-202, Schedule CA-PS-111.

15  
16 **d) Operating Materials & Supplies.**  
17 Q. WHAT HAS THE COMPANY PROPOSED REGARDING ITS OPERATIONS  
18 EXPENSE?

19 A. As shown on Company Updated Exhibits PUCI-S-9.4, the Company proposed  
20 a total Operating Materials & Supplies Expense of \$144,137. These costs  
21 represent contract services, small tools, gasoline, supplies and vehicles. These

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<sup>54</sup> O'Brien Testimony Exhibit PUCI-T-200 page 75.

1 costs also include life & safety costs, licenses, uniforms, rentals, training and  
2 seminars, and payroll management. As with prior expense adjustments, the  
3 Company has averaged these costs out for the years 2021-2024 and  
4 incorporated an HCPI factor in 2025 and in 2026 to arrive at an average balance  
5 of \$146,085.

6  
7 Q. WHAT ARE YOUR ADJUSTMENTS TO THE COMPANY'S OPERATING  
8 MATERIALS AND SUPPLIES EXPENSE?

9 A. As I removed or disallowed all HCPI inflation adjustments in prior expenses, I  
10 am disallowing them here (3.3649% CPI in 2024, 3.150% in 2025 and 2.740%  
11 in 2026). My arguments have been outlined and explained previously. These  
12 adjustments reduce the Company's estimate by \$14,856 and results in a  
13 balance of \$131,193. This is shown in Exhibit CA-202, Schedule CA-PS-112.

14  
15 **e) Repairs & Maintenance.**

16 Q. WHAT HAS THE COMPANY PROPOSED REGARDING ITS REPAIRS &  
17 MAINTENANCE EXPENSE?

18 A. As shown on Company Exhibit PUCI-S-9.6, the Company proposed total  
19 Repairs & Maintenance Expense of \$233,190. The Company calculated these  
20 expenses by inflating the historical average from 2021-2024 and adjusted that  
21 balance by a CPI index factor of 4.290% in 2024, 3.150% in 2025 and 2.740%  
22 in 2026. Mr. O'Brien stated that the Company is proposing to recover in the test

1 year 2025 the inflation methodology described previously by using a three-year  
2 historical average and adjusting for inflation.<sup>55</sup>

3  
4 Q. WHAT CHANGES DO YOU HAVE TO THE COMPANY'S REPAIRS &  
5 MAINTENANCE EXPENSE?

6 A. I am removing or disallowing all HCPI inflation adjustments. I averaged out  
7 costs for the periods 2021-2024 to arrive at a normalized level of costs for each  
8 category of expenses shown on Company Exhibit PUCI-S-9.6. My reasoning  
9 for removing or disallowing HCPI Inflation adjustments are explained previously  
10 in my testimony. This reduces the balance by \$26,227 and provides a balance  
11 of \$206,964. My adjustments are shown in Exhibit CA-202,  
12 Schedule CA-PS-113.

13  
14 **f) Uncollectible Expense.**

15 Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO ITS  
16 UNCOLLECTIBLE EXPENSE?

17 A. As explained in response to CA-IR-17, the Company has not included a Bad  
18 Debt factor in its gross revenue factor. The Company experienced a minor  
19 balance of \$54 in 2024.<sup>56</sup>

20  

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55 O'Brien Testimony Exhibit PUCI-T-200 page 75.

56 Exhibit PUCI-S-9.9.

1 Q. WHAT IS YOUR RECOMMENDATION?

2 A. Given that the Company has not incorporated a bad debt factor in its gross  
3 revenue factor, and that only \$54 has been incurred in 2024 related to bad debt,  
4 I do not have any adjustments. This is reflected in Exhibit CA-202,  
5 Schedule CA-PS-114.

6  
7 **g) Insurance.**

8 Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO ITS  
9 INSURANCE?

10 A. As shown on Company Exhibit PUCI-S-9.7, the Company proposed total  
11 Insurance of \$68,992. These accounts comprise of Property, General Liability,  
12 and Auto Liability. The Company's insurance expense is distributed to each of  
13 the covered companies based on components relevant to the specific  
14 coverages.<sup>57</sup> These costs were as of December 31, 2024 and adjusted in 2025  
15 and the pro-forma test year ending June 30, 2026. The Company allocated  
16 8.28% of the Property/Boiler costs to the Sewer Operations. The premiums for  
17 the coverages were increased by the average annual increases in the expense  
18 for the premium years ended March 2022 to March 2025 of \$48,464 and  
19 adjusted this balance to \$68,992 reflecting insurance expenses for the premium  
20 year ending March 18, 2027.

21  

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57 Exhibit PUCI-T-200, page 76.



1 Q. WHAT IS YOUR RECOMMENDATION?

2 A. I am recommending acceptance of the Company's Insurance balance of  
3 \$68,992. The Company has provided insurance premiums reflecting the  
4 insurance costs<sup>58</sup> for coverage for the March 2025 and March 2026 period. My  
5 recommendation is shown in Exhibit CA-202, Schedule CA-PS-115.

6

7 **h) Pension and Benefits.**

8 Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO PENSION  
9 AND BENEFITS?

10 A. Aa shown on Company Exhibit PUCI-S-9 and detailed on Exhibit PUCI-S-9.2,  
11 the Company proposed total Pension and Benefits of \$132,350. The Company  
12 included benefits related to Employee Insurance (\$57,155), Payroll Taxes  
13 (\$45,904), and Other Benefits (\$29,291). Company witness Mr. O'Brien  
14 provided a description of the Company's Pension and Benefits related to Other  
15 Benefits.<sup>59</sup>

16

17

18

19

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<sup>58</sup> Response to CA-IR-27.

<sup>59</sup> Exhibit PUCI-T-200 page 68-70.

1 Q. WHAT ADJUSTMENTS DO YOU HAVE REGARDING THE COMPANY'S  
2 PENSION AND BENEFITS?

3 A. After review of the response to CA-IR-66 and Company Exhibit PUCI-S-9.2,  
4 I am accepting the Company's Benefits and Payroll balance of \$132,350. This  
5 is shown in Exhibit CA-202, Schedule CA-PS-116.

6  
7 **i) Regulatory Expenses (Rate Case Expense).**

8 Q. WHAT HAS THE COMPANY PROPOSED REGARDING ITS REGULATORY  
9 EXPENSES?

10 A. As shown on Company Exhibit PUCI-S-9.10, the Company proposed total  
11 Regulatory Expenses of \$485,000 amortized over a three-year period or an  
12 annual expense recovery of \$161,667. Mr. O'Brien stated that a three-year  
13 period for amortizing these costs is based on the Company anticipating to file  
14 its next rate case filing.<sup>60</sup>

15  
16 Q. WHAT ADJUSTMENTS DO YOU HAVE?

17 A. In response to CA-IR-29, the Company confirmed that the rate case expenses  
18 of \$485,000 are for each water and sewer operations rate case filing (\$970,000  
19 combined) or \$161,667 annually (\$323,334 combined). This annual balance  
20 represents 6.40% of the total proposed sewer revenues of \$12,530,295. As I  
21 explained previously in my arguments under my water utility rate case expense

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<sup>60</sup> Exhibit PUCI-T-200 page 78.

1 adjustments and given this small water customer base and the fact that the  
2 issues in this case mirror the sewer company operations in that rate case filing,  
3 I am recommending that 50% of these rate case costs be recovered from  
4 ratepayers and 50% be recovered from the Company, for an annual recovery of  
5 \$80,833.

6  
7 Q. WHAT IS THE COST PER CUSTOMER IF THE COMPANY WERE ALLOWED  
8 TO RECOVER ALL OF ITS RATE CASE FEES IN THIS PROCEEDING?

9 A. The cost per customer with respect to rate case fees are \$153.48 (\$485,000/  
10 3,160 sewer customers). If a sharing mechanism is approved the cost per  
11 customer would be \$76.74 per customer.

12  
13 Q. ARE YOU RECOMMENDING ANY OTHER ADJUSTMENTS?

14 A. Yes. I noted that regulatory expense includes estimated costs for hearings and  
15 briefing of \$106,000. To the extent that the Company and the Consumer  
16 Advocate reach settlement in this proceeding prior to the evidentiary hearing  
17 dates, I recommend that the estimated costs for hearings and briefing be  
18 removed from the regulatory expense. The Company should provide invoice  
19 costs related to this rate case through September 2025 and provide as new  
20 invoices are filed. My adjustments are shown in Exhibit CA-202,  
21 Schedule CA-PS-119.

22

**j) Legal & Professional.**

Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO LEGAL AND PROFESSIONAL EXPENSES?

A. As shown on Company Exhibit PUCI-S-9.8, the Company proposed total Legal and Professional Expense of \$43,959. According to Mr. O'Brien, these costs were calculated following the same procedures with respect to the use of a three-year average of expenses for 2022-2024 and increasing these balances using the HCPI factors.<sup>61</sup>

Q. WHAT ADJUSTMENTS DO YOU HAVE?

A. After a review of the discovery <sup>62</sup> and the related documents, I am disallowing the use of the HCPI increases to calculate the adjusted balance in the test year period ending June 30, 2026, which I discussed previously in my testimony. This reduces the balance by \$4,927 and provides for a balance of \$39,033. This is shown in Exhibit CA-202, Schedule CA-PS-117.

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<sup>61</sup> Exhibit PUCI-T-200 page 79.

<sup>62</sup> Response to CA-IR-43.

**k) Other A&G Expenses.**

Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO ITS OTHER A&G EXPENSES?

A. As shown on Company Exhibit PUCI-S-9.9, the Company proposed an A&G expense of \$41,875. These costs include Office Supplies, IT Systems, Bank Fees, Postage and Freight, Office Electric Telephone, Dues and Subscriptions, and Computer Services. Mr. O'Brien stated that these costs were calculated following the same procedures using the three-year average for these expenses for 2022-2024 and increasing these costs by using the HCPI factors.<sup>63</sup>

Q. WHAT ADJUSTMENTS DO YOU HAVE RELATED TO THE COMPANY'S OTHER A&G EXPENSES?

A. For each of the Company's Other A&G expenses I used a three-year average of costs for the (2021-2023) period. I did not include the HCPI Inflation increases of 3.640% in 2024, 3.150% in 2025 and 2.740% in the test year ending June 30, 2026 period. This adjustment includes disallowance of Chambers of Commerce Costs of \$295, Charitable Contributions of \$3,000 and Donations of \$1,650. The Company allocated \$1,852 of Chamber of Commerce and Charitable Contributions to the Sewer division.<sup>64</sup> I believe these expenses should not be recovered from ratepayers. These types of costs do not benefit

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<sup>63</sup> Exhibit PUCI-T-200, page 78.

<sup>64</sup> Response to CA-IR-15.

1 ratepayers in the area of safe and reliable service but rather benefit the  
2 Company in being good corporate citizens. These adjustments calculate to an  
3 overall reduction in the A&G Expense from \$41,874 to \$34,999 or a reduction  
4 of \$6,875. This is shown in Exhibit CA-202, Schedule CA-PS-118.

5  
6 **I) Lease / Common Areas.**

7 Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO  
8 LEASE/COMMON AREAS?

9 A. As shown on Company Exhibit PUCI-S-9.11, the Company proposed a balance  
10 of \$77,287. Mr. O'Brien stated that these costs represent current lease  
11 agreements for the charges in 2025 plus increases of 5% in each subsequent  
12 annual period. The lease also provides for a charge for CAM expenses which  
13 have been estimated to remain the same at \$11,500 experienced in 2024.<sup>65</sup>  
14 Sixty-percent is charged to the sewer operations, and the remaining  
15 forty-percent is charged to the water operations.

16  
17 Q. WHAT ADJUSTMENTS DO YOU HAVE?

18 A. After a review of the response to CA-IR-45, I am accepting the Company's  
19 balance of \$77,287. This is shown in Exhibit CA-202, Schedule CA-PS-120.

20  

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65 Exhibit PUCI-T-200, page 80,

**6. DEPRECIATION.**

Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO ITS  
DEPRECIATION EXPENSE?

A. As shown on Company Exhibit PUCI-S-8.4, the Company has proposed  
Depreciation Expenses of \$330,291 as of the test year ending June 30, 2026.

Q. HAS THE COMPANY PERFORMED A DEPRECIATION STUDY TO  
DETERMINE THE DEPRECIATION EXPENSE IN THIS PROCEEDING?

A. Not that I am aware of.

Q. WHAT RECOMMENDATIONS DO YOU HAVE WITH RESPECT TO THE  
COMPANY'S DEPRECIATION EXPENSES?

A. As I updated the Company's Accumulated Depreciation, I am updating the  
related Depreciation Expense accordingly. This results in a balance of  
\$337,414.<sup>66</sup> This is shown in Exhibit CA-202, Schedule CA-PS-121.

**7. TAXES OTHER THAN INCOME TAXES (Revenue Taxes).**

Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO ITS REVENUE  
TAXES?

A. As shown on Company Exhibit PUCI-S-7, the Company proposed Revenue  
Taxes of \$166,433. This balance is comprised of (1) the Hawaii Public Utilities

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<sup>66</sup> Difference due to rounding issues.

1 Commission fee of 0.5% (\$13,033) which applies to present and proposed  
2 revenues excluding uncollectible expenses; (2) the Public Utility Company  
3 Service Tax which is calculated by multiplying the current rate of 5.885% by the  
4 present and proposed revenues (\$2,606,618) and a balance of \$153,399.

5  
6 Q. WHAT ADJUSTMENTS DO YOU HAVE?

7 A. With respect to the Public Utility Company Service Tax, I utilized my  
8 recommended Operating Revenues at Present Rates of \$1,802,471 and  
9 multiplied that balance by the rate of 5.885% to arrive at a balance of \$106,075.  
10 For the Public Utility Fee, I utilized my recommended Operating Revenues at  
11 Present Rates of \$1,802,471 and multiplied that balance by the rate of 0.5% to  
12 arrive at a balance of \$9,012. These adjustments are shown in Exhibit CA-202,  
13 Schedule CA-PS-122. My recommended Taxes Other than Income Taxes  
14 are \$115,088 or a reduction of \$51,345. The additional revenue requirement  
15 increase that I am recommending is calculated by the revenue gross factor  
16 shown in Exhibit CA-202, Schedule CA-PS-101. The breakdown of the  
17 Company's Revenue Factor is shown on Company Exhibit PUCI-S-6.1.



**8. INCOME TAXES.**

Q. WHAT HAS THE COMPANY PROPOSED WITH RESPECT TO ITS INCOME TAXES?

A. As shown on Company Exhibit PUCI-S-7.1 the Company proposes total Federal and State Income taxes of \$25,810. This is comprised of current State Income Taxes of \$5,332 and Federal Income Taxes of \$20,478. The Company utilized the current statutory corporate income tax for federal and state of 21.00% and 4.40% through 6.40%, based upon income levels, respectively.

Q. WHAT ADJUSTMENTS DO YOU HAVE WITH RESPECT TO THE COMPANY'S INCOME TAXES?

A. I utilized the Company's methodology to calculate the Federal and State Income Taxes as shown in Exhibit CA-202, Schedule CA-PS-123. My adjustments with respect to the Company's O&M Expenses, Ratemaking Interest and Depreciation flow through Exhibit CA-202, Schedule CA-PS-123. My total State and Federal Income Taxes at Present Rate Revenues are (\$25,495) and (\$90,823), respectively. The proposed Federal Income Tax calculation is computed as shown in Exhibit CA-202, Schedule CA-PS-101 where the Operating Sufficiency of \$460,758 is grossed up for the Public Service Commission Tax, PUC Fees, and State and Federal Income Taxes by the Revenue Factor of 1.444370.

1    **VI.    CONCLUSION.**

2    Q.    DOES THIS CONCLUDE YOUR TESTIMONY?

3    A.    Yes. It does.

**Exh. CA-200**

## **DANTE MUGRACE**

### ***Education***

Master Business Administration, MBA Strategic Management, Pace University, Lubin School of Business, New York, NY, 2010

Master Public Administration, MPA, Kean University, Union, NJ, 2001

Bachelor of Science, BS. Accounting, St. Peter's University, Jersey City, NJ, 1983

### ***Position***

Senior Consultant – PCMG and Associates	2014 – present
Senior Consultant – Snavelly King Majoros and Associates	2013 – 2014
Independent Consultant	2012 – 2013
Bureau Chief/Administrative Analyst/Accountant – New Jersey Board of Public Utilities	1983 – 2011

### ***Professional Experience***

Mr. Mugrace has 35 years' experience in all aspects of regulatory accounting and policy including processing, analyzing and evaluating utility rate case petitions before Public Service Commissions. Mr. Mugrace examines and evaluates rate filings, contracts, agreements and rate matters regarding utility operations and provides recommendations as to best course of action. Additionally, Mr. Mugrace analyzes and reviews utility regulatory matters and sets forth recommendations for resolution of issues, calculates total revenue requirement needed to cover operating expenses and rate of return; researches and evaluates regulatory utility matters to assess impact on various classes of customers, regarding rates, service, compliance and cost of service provisions, as well as annual true-up and tracking mechanisms.

Prior to undertaking consulting assignments, Mr. Mugrace was the Bureau Chief Utility Rate Manager for the New Jersey Board of Public Utilities, in which role he managed and assigned tasks to a staff of 12 professionals and supervisory personal in the daily administrative, financial and managerial functions of the Division. Mr. Mugrace's primary duties were to determine whether the utility had sufficient revenues to cover its operating expenses and earn a return on its plant investment and to ensure that the utility provided safe, reliable and continuing utility service to its customers. Mr. Mugrace set rates and charges for utility companies, which had revenues of up to \$500 million, and ensured that the revenue requirement provided for recovery of all operating expenses, return on investment and depreciation. Mr. Mugrace was also responsible for reviewing and verifying that the companies' property, plant and equipment (up to \$2.5 billion) were used and useful in providing service to its customers. Mr. Mugrace coordinated and met with the New Jersey State Department of Environmental Protection to

determine whether water and wastewater utilities were complying with state regulations and were adhering to any regulatory agency directives or orders. Mr. Mugrace developed ways to minimize the rising costs of water utility services by investigating alternative rate structures, analyzing engineering mechanisms and techniques, looking into the feasibility of mergers and acquisitions within the water industry and reviewing financing, and rate alternatives to minimize the impact on ratepayers. Mr. Mugrace was responsible for ensuring that the rate-case process adhered the statutory timeframe for preparing, reviewing and recommending findings to the Board Commissioners on financial operations, costs, revenues and operating expenses, prior to the litigation proceedings. Mr. Mugrace also examined alternative rate recovery mechanisms and clauses, phase-ins of revenue requirements, deferral mechanisms and pass-through of rate charges. Mr. Mugrace assumed the role of Director during transition periods and Administrative changes. Finally, Mr. Mugrace conducted the recruitment and hiring of employees for placement within the Division and the Board.

### ***Professional and Business Affiliations***

- Institute of Public Utilities (IPU) Michigan State University (MSU), National Association of Regulatory Utility Commissioners (NARUC), National Association of State Utility Consumer Advocates (NASUCA)

### ***References***

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***Regulatory Projects and Appearances***

1. In Re: Princeville Utilities Company, LLC., for an increase in rates for water and sewer services.  
(Appearance: Accounting and Policy on behalf of the Hawaii Division of Consumer Advocate)  
Hawaii Public Utilities Commission – Case No. 2025-0172
2. In Re: The York Water Company and the York Wastewater Company for an increase in rates for Water and Wastewater services.  
(Appearance: Accounting and Policy Issues on behalf of the Pennsylvania Office of Consumer Advocate)  
Pennsylvania Public Utility Commission – Docket Nos. R-2025-3053442 (Water) and R-2025-3053573 (Wastewater)
3. In Re: Middlesex Water Company for the proposed merger among Middlesex Water Company, Pinelands Water Company and Pinelands Wastewater Company.  
(Appearance: Accounting Issues on behalf of the NJ Division of Rate Counsel).  
NJ Board of Public Utilities -BPU Docket No. WM25050284
4. In Re: New Jersey American Water Company for approval to purchase the Hopewell Township Water System under the Water Infrastructure Protection Act (WIPA)  
(Appearance: Accounting and Policy Issues on behalf the NJ Division of Rate Counsel)  
NJ Board of Public Utilities – BPU Docket No. WM25040191
5. In Re: Columbia Gas of Pennsylvania – Base Rate Proceeding for Gas Utility Service.  
(Appearance: Accounting and Policy Issues on behalf of the Pennsylvania Office of Consumer Advocate)  
Pennsylvania Public Utility Commission – Docket No. R-2025-3053499
6. In Re: Northern States Power Company- Minnesota – North Dakota – Request to Change Electric Rates for Service.  
(Appearance: Accounting and Policy Issues on behalf of the North Dakota Public Service Commission Advocacy Staff)  
North Dakota Public Service Commission (Docket No. PU-24-376)
7. In Re: New Jersey-American Water for Approval to Sell a Portion of Real Property located at 185 John F. Kennedy Parkway in the Township of Millburn, County of Essex.  
(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)  
NJ Board of Public Utilities – BPU Docket No. WM24090724
8. In Re: New Jersey-American Water for Approval of its Agreement with Shrewsbury Township, NJ for the Purchase and Sale of Water System; Determination that the Purchase Price is Reasonable; Determination that the Transaction costs are Reasonable and; or Such

other Approvals as may be Necessary to Complete the Transaction (In accordance with the Water Infrastructure Protection Act (WIPA).

(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)

NJ Board of Public Utilities – BPU Docket No. WR24100783

9. In Re: Veolia Water New Jersey for Approval of the Proposed Cost Recovery Mechanism Related to the Replacement of Customer/Property Owner Side Lead Service Lines and other Related Approvals.  
(Appearance: Account Issues on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – BPU Docket No. WR24100835
10. In Re: Young Brothers, LLC. For Approval of a General Rate Increase and Certain Tariff Changes.  
(Appearance: Revenue Requirement on behalf of the Hawaii Division of Consumer Advocate)  
Hawaii Public Utilities Commission – Docket No. 2024-0255
11. In Re: Hawaii-American Water Company for Approval of Rate Increases and Revised Rate Schedules and Rules (2024 Filing).  
(Appearance: Revenue Requirement on behalf of the Hawaii Division of Consumer Advocacy)  
Hawaii Public Utilities Commission – Docket No. 2024-0038.
12. In Re: South Jersey Gas Company to Revise the level of its Basic Gas Supply Service (BGSS) and Conservation Incentive Program for the year ending September 30, 2025.  
(Appearance: Revenue Requirement on behalf of the New Jersey Division of Rate Counsel)  
NJ Board of Public Utilities – BPU Docket No. GR24060370.
13. In Re: Public Service Electric and Gas Company 2024/2025 Annual BGSS Commodity Charge filing for its Residential Gas Customers under its Periodic Pricing Mechanism for changes in its Balancing Charge.  
(Appearance: Revenue Requirement on behalf of the New Jersey Division of Rate Counsel)  
NJ Board of Public Utilities – BPU Docket No. GR24050364.
14. In Re: New Jersey Natural Gas Company for the Annual Review and Revision of its Basic Gas Supply Service and Conservation Incentive Program for Fiscal Year 2025.  
(Appearance: Revenue Requirement on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – BPU Docket No. GR24060372.
15. In Re: Public Service Electric and Gas Company for Approval of Changes in its Conservation Incentive Program Rate Filing for 2024.  
(Appearance: Revenue Requirement on behalf of the New Jersey Division of Rate Counsel).



New Jersey Board of Public Utilities – BPU Docket No. GR24060369.

16. In Re: Atlantic City Electric Company for Implementation of an Adjustment to its Conservation Incentive Program Rate Mechanism and Associated Customer Class for 2024.  
(Appearance: Revenue Requirement on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – BPU Docket No. ER24070548.
17. In Re: Rockland Electric Company – Annual Conservation Incentive Program reconciliation for the period July 1, 2023 to June 30, 2024.  
(Appearance: Revenue Requirement on behalf of the New Jersey Division of Rate Counsel).  
New Jersey Board of Public Utilities – BPU Docket No. ER24070547.
18. In Re: Public Service Electric and Gas Company for approval of Changes in its Electric and Gas Green Programs Recovery Charges 2024 cost recovery filing.  
(Appearance: Revenue Requirement on behalf of the New Jersey Division of Rate Counsel).  
New Jersey Board of Public Utilities – BPU Docket No. ER24070484 and GR24070490.
19. In Re: New Jersey American Water Company for approval to Sell a Portion of Real Property located at 185 John F. Kennedy Parkway in the Township of Millburn County of Essex.  
(Appearance: Accounting / Consulting Issues on behalf of the New Jersey Division of Rate Counsel).  
New Jersey Board of Public Utilities – BPU Docket No. WM24090724.
20. In Re: Northern States Power Company for Approval of a 2024 Natural Gas Rate Increase.  
(Appearance: Revenue Requirement on behalf of the North Dakota Public Service Commission Advocacy Staff).  
North Dakota Public Service Commission – Docket No. PU-23-367.
21. In Re: FirstEnergy Pennsylvania Electric Company for Approval of a General Base Rate Case increase for Electric Distribution rates for service.  
(Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)  
Pennsylvania Public Utility Commission – Docket No. R-2024-3047068
22. In Re: Duquesne Light Company for Approval of a General Base Rate Case to increase Electric Distribution rates for service.  
(Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)  
Pennsylvania Public Utility Commission – Docket No.- R-2024-3046523

23. In Re: Peoples Natural Gas Company, LLC for Approval of a General Base Rate Case increases in Natural Gas Service.  
(Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)  
Pennsylvania Public Utility Commission – Docket No. R-2023-3044549
24. In Re: Black Hills Energy Arkansas, Inc. (BHEA) and Summit Utilities Arkansas, Inc. (SUA) for a General Change, or Modification in its Rates, Charges and Tariffs  
(Appearance: Incentive Compensation Proposals on behalf of the Attorney General Office)  
Arkansas Public Service Commission – Docket No. (BHEA) - 23-074-U and Docket No. (SUA) - 23-079-U.
25. In Re: Montana Dakota Utilities Co. for Approval to increase Gas Rates for Natural Gas Service in North Dakota  
(Appearance- Revenue Requirement on behalf of the North Dakota Public Service Commission Advocacy Staff)  
North Dakota Public Service Commission – Docket No. PU-23-341
26. In Re: Otter Tail Power Company for Approval to increase Electric Rates in North Dakota.  
(Appearance: Revenue Requirement on behalf of the North Dakota Public Service Commission Advocacy Staff)  
North Dakota Public Service Commission – Docket No. PU-23-342
27. In Re: New Jersey-American Water Company for Approval to change the level of its Purchased Water and Purchased Wastewater Treatment Adjustment Clause for 2023.  
(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket No. WR23110791
28. In Re: Verified Petition of Jersey Central Power & Light Company to establish a Rate for Rider Lost Revenue Adjustment Mechanism for Sales Losses incurred during Program Year 2 Pursuant to the Energy Efficiency and Peak Demand Reductions Programs (PY Rider LRAM Filing).  
(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket No. ER23110865
29. In Re: Fitchburg Gas & Electric Company; The Berkshire Gas Company; Boston Gas Company d/b/a National Grid; Liberty Utilities; Eversource Gas of Massachusetts d/b/a Eversource Energy and; NSTAR Gas Company d/b/a Eversource Energy – 2023 Gas System Enhancement Program Plan Filings. (DPU GSEP-01; DPU GSEP-02; DPU GSEP-03; DPU GSEP-04; DPU GSEP-05; and DPU GSEP-06, respectively)  
(Appearance: Accounting Issues on behalf of the Commonwealth of Massachusetts Office of the Attorney General)  
MA Department of Public Utilities
30. In Re: Northern States Power Company – Advance Determination of Prudence – 345 kV Transmission Line – MN.

(Appearance: Accounting Issues and Revenue Requirement on behalf of the North Dakota Public Service Commission Advocacy Staff.

North Dakota Public Service Commission – Docket No. PU-23-142.

31. In Re: Northern States Power Company – Advance Determination of Prudence- Brookings Second Circuit Project.

(Appearance: Accounting Issues and Revenue Requirement on behalf of the North Dakota Public Service Commission Advocacy Staff.

North Dakota Public Service Commission – Docket No. PU-23-295.

32. In Re: Northern States Power Company – Advance Determination of Prudence – 345 kV Big Stone to Sherburne.

(Appearance: Accounting Issues and Revenue Requirements on behalf of the North Dakota Public Service Commission Advocacy Staff.

North Dakota Public Service Commission – Docket No. PU-23-329.

33. In Re: Rockland Electric Company – Annual Conservation Incentive Program Filing – Reconciliation for the period July 1, 2022 – June 30, 2023.

(Appearance: Accounting Issues on behalf the New Jersey Division of Rate Counsel)

New Jersey Board of Public Utilities – Docket No. ER23070471

34. In Re: Public Service Electric & Gas Company for Approval of Incremental COVID-19 Costs for Recovery through a New Special Purpose Clause and for Authorization to Recovery Uncollectible Costs for Gas Through the Societal Benefits Charge

(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)

New Jersey Board of Public Utilities – Docket No. ER23070448

35. In Re: Jersey Central Power & Light Company’s Verified Petition Seeking Review and Approval of the Net Deferred Costs Included in its COVID-19 Regulatory Asset and Establishment of a COVID-19 Recovery Charge (JCP&L CRC-Filing)

(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)

New Jersey Board of Public Utilities – Docket No. ER23070453.

36. In Re: Aqua New Jersey, Inc. Petition for 2024 PSTAC Rate and True-up for 2021 and 2022 PSTAC.

(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)

New Jersey Board of Public Utilities – Docket No. WR23080576

37. In Re: Public Service Electric & Gas Company for Approval of Changes in its Electric Tax Adjustment Credit and Gas Tax Adjustment Credit 2023 (2023 TAC Filing)

(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)

New Jersey Board of Public Utilities – Docket No. ER23090634 and GR23090635

38. In Re: New Jersey – American Water Company for Deferral Accounting Authority for the Costs of Implementing the Clean Energy Act of 2018 Benchmarking Requirements.

(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)

New Jersey Board of Public Utilities – Docket No. WF23060346

39. In Re: Public Service Electric & Gas Company – Annual BGSS (2023-2024) Commodity Charge Filing for its Residential Gas Customers under its Periodic Pricing Mechanism and for Changes in its Balancing Charge Rate.  
(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket No. GR23060331
40. In Re: Public Service Electric & Gas Company – Electric and Gas Green Programs Recovery Charges 2023. (GPRC).  
(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket No. ER23070423 and GR23070424
41. In Re: Public Service Electric & Gas Company – Electric Solar Pilot Recovery Charge (SPRC) for its Solar Loan I Program (2023).  
(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket No. ER23060412
42. In Re: Middlesex Water Company for approval of Proposed Cost Recovery of Lead Service Line Replacement Program  
(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket No. WR23050291
43. In Re: Black Hills Wyoming Gas, LLC d/b/a Black Hills Energy for Approval of a General Rate Increase of \$19,262,412 to the Retail Gas Rates.  
(Appearance: Revenue Requirement on behalf of the Wyoming Office of Consumer Advocate)  
Wyoming Public Service Commission – Docket No. 30026-78-GR-23
44. In Re: Pittsburgh Water and Sewer Authority for an Increase in Rates for Water Service, Wastewater Service and Stormwater Service  
(Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)  
Pennsylvania Public Utility Commission – Docket Nos. R-2023-3039920 (water), R-2023-3039921 (wastewater), and R-2023-3039919 (stormwater)
45. In Re: Massachusetts Electric and Nantucket Electric Companies d/b/a National Grid – Request for recovery of Incremental Storm related expenses associated with fourteen weather events between February 2020 and December 2020.  
(Appearance: Storm Cost recovery (Operating and Maintenance Expenses) on behalf of the Massachusetts Office of Attorney General.  
Massachusetts Department of Public Utilities – DPU No. 22-43.
46. In Re: Philadelphia Gas Works – for approval of an Increase in rates for Distribution Gas Service for 2023

(Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)

Pennsylvania Public Utility Commission – Docket No. R-2023-3037933

47. In Re: Lanai Water Company, Inc. for Review and Approval of Rate Increases, Revised Rate Schedules and Charges to its Tariff.  
(Appearance: Revenue Requirement on behalf of the Hawaii Division of Consumer Advocacy)  
Hawaii Public Utilities Commission – Docket No. 2022-0233
48. In Re: Hawaii Water Service Company, Inc., For Approval of a General Rate Increase for Its Pukalani Wastewater Division and Certain Tariff Changes  
(Appearance: Revenue Requirement on behalf of the Hawaii Division of Consumer Advocacy)  
Hawaii Public Utilities Commission – Docket No. 2022-0186
49. In Re: UGI Utilities – Electric Division for Review of an Electric Base Rate Case proceeding for 2023.  
(Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)  
Pennsylvania Public Utility Commission – Docket No. R-2022-3037368
50. In Re: Southern Maryland Electric Cooperative, Inc. (SMECO) for Authority to Revise its Rates and Charges for Electric Service and Certain Rate Design Changes.  
(Appearance: Revenue Requirement on behalf of the Maryland Office of People’s Counsel)  
Maryland Public Service Commission – Case No. 9688
51. In Re: Public Service Electric and Gas Company – 2022 Electric and Gas Tax Adjustment Credit (TAC)  
(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)  
NJ Board of Public Utilities – BPU Docket Nos. ER22100667 and GR22100668
52. In Re: Public Service Electric and Gas Company – 2022 Green Program Recovery Charge.  
(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)  
NJ Board of Public Utilities – BPU Docket Nos. ER22070413 and GR22070414
53. In Re: Rockland Electric Company – Annual Conservation Incentive Program Filing – Reconciliation for the Period July 1, 2021 – June 30, 2022.  
(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)  
NJ Board of Public Utilities – BPU Docket No. ER22070469.
54. In Re: Atlantic City Electric Company for Implementation to its Conservation Incentive Program Rate Mechanism and Associated Customer Class Rate (2022)  
(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)  
NJ Board of Public Utilities – BPU Docket No. ER22070463

55. In Re: Public Service Electric and Gas Company – 2022/2023 Annual BGSS Commodity Charge filing for its Residential Gas Customers under its Periodic Pricing Mechanism and for changes to its Balancing Charge.  
(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)  
NJ Board of Public Utilities – BPU Docket No. GR22060363
56. In Re: Citizens’ Electric Company of Lewisburg, PA – 2022 Base Rate Case Proceeding for an Increase in Electric Distribution Rates.  
(Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)  
Pennsylvania Public Utility Commission – Docket No. R-2022-3032369
57. In Re: Valley Energy, Inc. – 2022 Base Rate Case for an Increase in Gas Distribution Rates.  
(Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)  
Pennsylvania Public Utility Commission – Docket No. R-2022-3032300
58. In Re: Berkshire Gas Company – 2021 Gas System Enhancement Program Reconciliation Filing.  
(Appearance: Revenue Requirement on behalf of the Massachusetts Attorney General’s Office)  
Massachusetts Department of Public Utilities – D.P.U. 22-GREC-02
59. In Re: Liberty Utilities (New England Natural Gas Company) 2021 Gas System Enhancement Program Reconciliation Filing.  
(Appearance: Revenue Requirement on behalf of the Massachusetts Attorney General’s Office)  
Massachusetts Department of Public Utilities – D.P.U. 22-GREC-04
60. In Re: Eversource Gas Company (Eversource Energy) 2021 Gas System Enhancement Program Reconciliation Filing.  
(Appearance: Revenue Requirement on behalf of the Massachusetts Attorney General’s Office)  
Massachusetts Department of Public Utilities – D.P.U. 22-GREC-05
61. In Re: South Jersey Gas Company – 2022 Base Rate Case Proceeding for an Increase in rates for Distribution Gas Service.  
(Appearance: Revenue Requirement, CWC and Consolidated Income Taxes on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – BPU Docket No. GR22040253
62. In Re: Public Service Electric and Gas Company – 2022 Electric Conservation Incentive Program (CIP) for changes in its Electric CIP rate for 2022.

(Appearance: Revenue Requirement on behalf of the New Jersey Division of Rate Counsel)

New Jersey Board of Public Utilities – Docket No. ER22020035

63. In Re: PECO Energy Company-Gas Division – 2022 Base Rate Case Proceeding for an Increase in rates for Distribution Gas Service.

(Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)

Pennsylvania Public Utility Commission – Docket No. R-2022-3031113.

64. In Re: Nova Scotia Power Company- 2022-2024 General Rate Application for an Increase in Rates for Electric Service

(Appearance- Review of COSS – Subcontract with Synapse Energy Economics, Inc. on behalf of the Nova Scotia Utility Review Board)

Nova Scotia Utility and Review Board – Docket No. M10431

65. In Re: Georgia Power Company – 2022 Base Rate Case petition for an Increase in rates for Electric Distribution Service

(Appearance: Review of O&M Expenses for calendar years 2023-2025 on behalf of the Georgia Public Service Commission – Docket No. TBD)

66. In Re: UGI Utilities Inc, Gas Division – 2022 Base Rate Case petition for an Increase in Distribution Gas Service Rates

(Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)

Pennsylvania Public Utility Commission – Docket No. R-2022-3030218

67. In Re: Hawaii-American Water Company – Approval of Rate Increases and Revised Rate Schedules for Wastewater Services – 2021

(Appearances: Revenue Requirement on behalf of the Hawaii Division of Consumer Advocacy)

Hawaii Public Service Commission – Case No. 2021-0063

68. In Re: Kalaeloa Water Company – Approval of a General Rate Increase / Adjustments for Water and Wastewater Services – 2021

(Appearance: Revenue Requirement on behalf of the Hawaii Division of Consumer Advocacy)

Hawaii Public Service Commission – Case No. 2021-0005

69. In Re: Northern States Power Company – 2021 Natural Gas Rate Increase Application

(Appearance: Revenue Requirements on behalf of the Advocacy Staff of the North Dakota Public Service Commission – Case No. PU-21-381)

70. In Re: Shore Water Company – Petition for an Increase in Rates for Water Service and Other Relief

(Appearance: New Jersey Division of Rate Counsel – Accounting and Revenue Requirement)

New Jersey Board of Public Utilities – BPU Docket No. WR21091141

71. In Re: Atlantic City Sewerage Company – Petition for an Increase in Rates for Sewerage Service and other Tariff Changes  
(Appearance: New Jersey Division of Rate Counsel – Accounting and Revenue Requirement)  
New Jersey Board of Public Utilities – BPU Docket No. WR21071006
72. In Re: Gordon’s Corner Water Company – Petition for an Increase in Rates and Charges for Water Service  
(Appearance: New Jersey Division of Rate Counsel – Accounting and Revenue Requirement)  
New Jersey Board of Public Utilities – BPU Docket No. WR21070979
73. In Re: The Petition of HPBS Inc., for review and approval of Central Scheduling System (CSS) charge increase and revised CSS Schedule (2021)  
(Appearance – Accounting and Revenue Requirement on behalf of the Hawaii Division of Commerce and Consumer Affairs  
Hawaii DCCA – Docket No. PTP-2021-001
74. In Re: The Berkshire Gas Company, 2020 Gas System Enhancement Program Reconciliation Filing  
(Appearance – Massachusetts Attorney General’s Office – Accounting and Revenue Requirement)  
Massachusetts Department of Public Utilities – DPU Docket No. 21-GREC-02
75. In Re: Eversource Gas Company of Massachusetts d/b/a Eversource Energy, 2020 Gas System Enhancement Program Reconciliation Filing  
(Appearance – Massachusetts Attorney General’s Office – Account and Revenue Requirement)  
Massachusetts Department of Public Utilities – DPU Docket No. 21-GREC-05
76. In Re: NSTAR Gas Company d/b/a Eversource Energy, 2020 Gas System Enhancement Program Reconciliation Filing  
(Appearance: Massachusetts Attorney General’s Office – Accounting and Revenue Requirement)  
Massachusetts Department of Public Utilities – DPU Docket No. 21-GREC-06
77. In Re: Joint Petition of New Jersey Natural Gas Company and Public Service Electric and Gas Company for Authorization and Approval of a Waiver of Certain Accounting Treatment Pursuant to the Clean Energy Order  
(Appearance – New Jersey Division of Rate Counsel – Accounting and Revenue Requirement.  
New Jersey Board of Public Utilities – BPU Docket No. EO20030254



78. In Re: Public Service Electric and Gas Company – 2021/2022 Annual BGSS Commodity Charge Filing for its Residential Gas Customers under its Periodic Pricing Mechanism and for Changes in its Balance Charge.  
(Appearance – New Jersey Division of Rate Counsel – Accounting and Revenue Requirement)  
New Jersey Board of Public Utilities – BPU Docket No. GR21060878
79. In Re: Middlesex Water Company – Petition for Approval of an Increase in Rates for Water Service and Other Tariff Changes.  
(Appearances – New Jersey Division of Rate Counsel – Accounting and Revenue Requirement)  
New Jersey Board of Public Utilities – BPU Docket No. WR21050813
80. In Re: New Jersey Natural Gas Company – Petition for an Increase in Gas Base Rates and Changes in its Tariff for Gas Service and for a Change to Depreciation Rates for Gas Property and for Approval of a Base Rate Adjustment Pursuant to the NJ RISE and SAFE II Programs.  
(Appearances: New Jersey Division of Rate Counsel – Accounting and Revenue Requirement)  
New Jersey Board of Public Utilities – BPU Docket Nos. GR21030679 and GR21030680.
81. In Re: PECO Energy Company – a division of Exelon Corp., for a General Base Rate Case Filing for Electric Operations  
(Appearances: Accounting and Policy on behalf of the Pennsylvania Office of the Consumer Advocate)  
Pennsylvania Public Utility Commission – Docket No. R-2021-3024601
82. In Re: The Pittsburgh Water and Sewer Authority for approval of increased rates and charges for Water, Wastewater and Stormwater services  
(Appearance: Accounting and Policy, and Regulatory Policy on behalf of the Pennsylvania Office of the Consumer Advocate)  
Pennsylvania Public Utility Commission – Docket Nos. R-2021-3024773 (Water) R-2021-3024774 (Wastewater) and R-2021-3024779 (Stormwater).
83. In Re: Northern States Power Company – 2021 Electric Base Rate Case Increase  
(Appearance: Revenue Requirement on behalf of the Advocacy Staff of the North Dakota Public Service Commission)  
North Dakota Public Service Commission – Case No. PUC-20-441
84. In Re: Public Service Electric and Gas Company – Approval of a Tax Adjustment Clause (TAC).  
(Appearance; Revenue Requirement on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket Nos. ER20100685 and GR20100686.

85. In Re: Pike County Light and Power Company – Approval to increase base rates for Electric and Gas Service.  
(Appearance: Revenue Requirement in behalf of the Pennsylvania Office of Consumer Advocate)  
Pennsylvania Public Utility Commission – Docket Nos. R-2020-3022134 (Gas) and R-2020-3022135 (Electric)
86. In Re: Jersey Central Power and Light Company for Approval of JCP&L’s Energy Efficiency and Conservation Plan Including Energy Efficiency and Peak Demand Reduction Programs.  
(Appearance: Revenue Requirement on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket Nos. QO19010040 and EO20090620
87. In Re: Atlantic City Electric Company for Approval of an Energy Efficiency Program, Cost Recovery Mechanism, and Other Related Relief for Plan Years One Through Three.  
(Appearance: Revenue Requirement on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket Nos. QO19010040 and EO20090621
88. In Re: Rockland Electric Company for Approval of Its Energy Efficiency and Peak Demand Reduction Programs.  
(Appearance: Revenue Requirement on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket Nos. QO19010040 and EO20090623
89. In Re: Public Service Electric and Gas Company for Approval of Changes in its Electric Green Programs Recovery Charge and its Gas Green Programs Recovery Charge 2020 PSE&G Green Programs Cost Recovery filing  
(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket Nos. ER20060467 and GR20060468
90. In Re: Public Service Electric and Gas Company’s 2020/2021 Annual BGSS Commodity Charge filing for its Residential Gas Customers under its Pricing Mechanism and for Changes in its Balance Charge  
(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket No. GR20060379
91. In Re: Public Service Electric and Gas Company’s 2020 Annual Margin Adjustment Clause (MAC)  
(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket No. GR20060384
92. In Re: South Jersey Gas Company for Approval to Revise the Rider H Rate Associated with the Tax Cuts and Jobs Act of 2017  
(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket No. GR20060382

93. In Re: Berkshire Gas Company -2019 Gas System Enhancement Program Reconciliation Filing  
(Appearance: Revenue Requirement on behalf of the Massachusetts Office of the Attorney General)  
Commonwealth of Massachusetts -Department of Public Utilities – DPU 20-GREC-02
94. In Re: Bay States Gas Company d/b/a Columbia Gas – 2019 Gas System Enhancement Program Reconciliation Filing.  
(Appearance: Revenue Requirement on behalf of the Massachusetts Office of the Attorney General)  
Commonwealth of Massachusetts – Department of Public Utilities – DPU 20-GREC-05
95. In Re: NSTAR Gas Company – 2019 Gas System Enhancement Program Reconciliation Filing  
(Appearance: Revenue Requirement on behalf of the Massachusetts Office of the Attorney General)  
Commonwealth of Massachusetts – Department of Public Utilities – DPU 20-GREC-06
96. In Re: South Jersey Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions.  
(Appearances: Revenue Requirement and Cash Working Capital) on behalf of the New Jersey Division of Rate Counsel.  
New Jersey Board of Public Utilities – Docket No. GR20030243
97. In Re: Jersey Central Power & Light Company for Review and Approval of Increased in, and Other Adjustments to Rates and Charges for Electric Services and approval of Other Proposed Tariff Revisions (Appearance: Revenue Requirement, Cash Working Capital, Consolidated Income Taxes, LED Conversion and Reliability Roll-In) on behalf of the New Jersey Division of Rate Counsel.  
New Jersey Board of Public Utilities – Docket No. ER20020146
98. In Re: The Pittsburgh Water and Sewer Authority for approval of increased rates and charges for water and wastewater service and for approval of a multi-year rate plan.  
(Appearance: Accounting and Policy, Customer Service and Regulatory Policy) on behalf of the Pennsylvania Office of the Consumer Advocate)  
Pennsylvania Public Utility Commission – Docket Nos. R-2020-3017951 and R-2020-3017970.
99. In Re: New Jersey-American Water Company, Inc. for approval of Increased Base Tariff Rates and Charges for Water and Wastewater Services and Other Tariff Revisions.  
(Appearance: Accounting and Revenue Requirement and Cash Working Capital / Consolidated Income Taxes) on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket No. WR19121516

100. In Re: Hawaiian Electric Company, Inc., for approval of a General Rate Increase and Revised Rate Schedules and Rules.  
(Appearance: Accounting and Revenue Requirement on behalf of the Hawaiian Division of Consumer Advocacy)  
Hawaii Public Utilities Commission – Docket No. 2019-0085
101. In Re: Mount Olive Villages Water Company for approval of an Increase in Rates for Water Service and Other Tariff Changes.  
(Appearance: Accounting and Consulting Services on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket No. WR19060770
102. In Re: Mount Olive Villages Sewer Company for approval of an Increase in Rates for Sewer Service and Other Tariff Changes.  
(Appearance: Accounting and Consulting Services on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket No. WR19060769
103. In Re: Public Service Electric and Gas Company for approval of changes in its Electric Green Programs Recovery and its Gas Green Programs Recovery Charge (2019 PSE&G Green Programs Cost Recovery Filing).  
(Appearance: Accounting and Consulting Services on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket Nos. ER19070764 and GR19070765
104. In Re: Proposed Amendment to N.J.A.C. 14:9- Adoption by reference to the Uniform System of Accounts for Water Utilities and Wastewater Utilities.  
(Appearance: Consulting Services on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities- Docket Nos. WX19050612 (Water) and WX19050613 (Wastewater)
105. In Re: Public Service Electric and Gas Company's 2019/2020 Annual BGSS Commodity Charge filing for its Residential Gas Customers Under its Periodic Pricing Mechanism and for Changes in its Balancing Charge.  
(Appearance: Revenue Requirement and accounting/consulting services on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket No. GR190600699
106. In Re: Bay States Gas Company d/b/a Columbia Gas of Massachusetts for Approval of a 2018 Gas System Enhancement Program Reconciliation Filing  
(Appearance: Revenue Requirement on behalf of the Massachusetts Office of the Attorney General)  
Commonwealth of Massachusetts Department of Public Utilities – Docket No. 19-GREC-05

107. In Re: NSTAR Gas Company d/b/a Eversource Energy for Approval of a 2018 Gas System Enhancement Program Reconciliation Filing  
(Appearance: Revenue Requirement on behalf of the Massachusetts Office of the Attorney General)  
Commonwealth of Massachusetts Department of Public Utilities – Docket No. 19-GREC-06
108. In Re: Public Service Electric and Gas Company for Approval of Gas Rate Base Adjustments Pursuant to its Gas System Modernization Program (April 2019 GSMP)  
(Appearance: Revenue Requirement on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket No. GR19040522
109. In Re: Kalaeloa Water Company, LLC for Approval of General Rate Case and Revised Rules, Regulations and Rates.  
(Appearance: Revenue Requirement on behalf of the Hawaii Division of Consumer Advocacy)  
Hawaii Public Utilities Commission – Docket No. 2019-0057
110. In Re: Elizabethtown Gas Company for Approval of an Increase in Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions.  
(Appearance: Revenue Requirement and Other Accounting Issues on behalf of the New Jersey Division of Rate Counsel).  
New Jersey Board of Public Utilities – Docket No. GR19040586
111. In Re: Petition of Peoples Natural Gas Company for Approval of an Increase in Rates for Natural Gas Distribution Service.  
(Appearance: Revenue Requirement and Other Accounting Issues on behalf of the Pennsylvania Office of Consumer Advocate)  
Pennsylvania Public Utility Commission – Docket No. R-2018-3006818
112. In Re: Petition of Aqua New Jersey, Inc. for Approval of an Increase in Rates for Water Service and other Tariff Changes.  
(Appearance: Revenue Requirement and other Accounting Issues on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – BPU Docket No. WR18121351
113. In Re: Petition of Public Service Electric and Gas Company for Approval of its Clean Energy Future – Energy Efficiency (CEF-EE) Program on a Regulated Basis.  
(Appearance: Revenue Requirement and other Accounting Issues on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – BPU Docket Nos. GO18101112 and EO18101113.

114. In Re: Petition of Public Service Electric and Gas Company for Approval of its Clean Energy Future – Energy Vehicle and Energy Storage (CEF-EVES) Program on a Regulated Basis. (Appearance – Revenue Requirement and other Accounting Issues on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – BPU Docket No. EO18101111.
115. In Re: Petition of New Jersey Natural Gas Company- Request for Deferred Accounting Authority for Costs Related to New Information Technology Systems. (Appearance: Impact on Revenues, prudence of costs on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – BPU Docket No. GR18101096
116. In Re: Petition for Approval of An Indirect Change in Control of the New Jersey Public Utilities Subsidiaries of SUEZ Water Resources, Inc. and Other Related Approvals. (Appearance: Impact on Rates, Service, Employees, Positive Benefits on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – BPU Docket No. WM18090982
117. In Re: The Matter of the Merger of Roxbury Water Company into New Jersey American Water Company (Appearance: Impact on Rates, Service and Employees, Positive Benefits on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities – BPU Docket No. WM18080904
118. In Re: The Matter of the Application of Maryland-American Water Company for Authorization to Adjust its Existing Schedule of Tariffs and Rates. (Appearance: Revenue Requirement on behalf of the Maryland Office of People’s Counsel) Maryland Public Service Commission – Case No. 9487
119. In Re: The Matter of the Joint Petition for Approval of an Increase in Rates for Water and Wastewater Service and Other Tariff Changes for SUEZ Water NJ, Inc., Toms River, Inc., Arlington Hill, Inc., West Milford, Inc., Matchaponix, Inc., and Princeton Meadows, Inc. (Appearance: Revenue Requirement and the development of Consolidated Income Taxes on behalf of the NJ Division of Rate Counsel)  
New Jersey Board of Public Utilities – BPU Docket No. WR18050593
120. In Re: The Matter of the Application of Atlantic City Electric Company to Adjust the Level of its Rider RGGI Rate Associated with its Solar Renewable Energy Certificate Financing Program 2018 (Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)  
New Jersey Board of Public Utilities – BPU Docket No. ER18050543
121. In Re: The Matter of the Petition of New Jersey Natural Gas Company’s Approval of the Cost Recovery Associated with Energy Efficiency Programs (Appearance; Revenue Requirement on behalf of the NJ Division of Rate Counsel)  
New Jersey Board of Public Utilities – BPU Docket No. GR18050585

122. In Re: The Matter of Bay States Gas Company d/b/a Columbia Gas of Massachusetts, 2017 Gas System Enhancement Reconciliation Filing (Appearance: Revenue Requirement on behalf of the Massachusetts Attorney General's Office of Ratepayer Advocacy)  
Commonwealth of Massachusetts – Department of Public Utilities – Docket No. D.P.U. 18-GREC-05.
123. In Re; The Matter of NSTAR Gas Company d/b/a Eversource Energy, Gas System Enhancement Program Reconciliation Filing (Appearance: Revenue Requirement on behalf of the Massachusetts Attorney General's Office of Ratepayer Advocacy)  
Commonwealth of Massachusetts – Department of Public Utilities – Docket No. D.P.U. 18-GREC-06.
124. In Re: The Matter of the Merger of SUEZ Water NJ, SUEZ Water Toms River, SUEZ Water Arlington Hills, SUEZ Water West Milford, SUEZ Water Princeton Meadows and SUEZ Water Matchaponix (Appearance: Positive Benefits related to the Merger on behalf of the NJ Division of Rate Counsel)  
New Jersey Board of Public Utilities – BPU Docket No. WR18030266
125. In Re: The Matter of the Columbia Gas of Pennsylvania for a General Rate Increase in Distribution Gas Service (Appearance; Accounting Issues and Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)  
Pennsylvania Public Utility Commission – Docket No. R-2018-2647577
126. In Re: The Matter of the New Jersey Board of Public Utilities Consideration of the Tax Cuts and Jobs Act of 2017 – Generic Proceeding (Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)  
New Jersey Board of Public Utilities – BPU Docket No. AX18010001
127. In Re: Acquisition of Elizabethtown Gas, a Division of Pivotal Utilities Holdings, Inc. by ETG Acquisition Corp., a Division of South Jersey Industries, Inc., and Related Transactions. (Appearance: Customer Service Issues/Employee and Labor Relations on behalf of the NJ Division of Rate Counsel)  
New Jersey Board of Public Utilities – BPU Docket No. GM17121309.
128. In Re: Middlesex Water Company – Base Rate Case Proceeding for Water Service. (Appearance: revenue requirement on behalf of the NJ Division of Rate Counsel).  
New Jersey Board of Public Utilities – BPU Docket No. WR17101049.
129. In Re: Township of East Brunswick – Sewer Rate Study – (Evaluation of the existing sewer rate structure and examining and quantify costs for future expansion).
130. In Re: Montana-Dakota Utilities – Base Rate Case Proceeding for Gas Service. (Appearance: revenue requirement on behalf of the North Dakota Public Service Commission). NDPSC Docket No. PU-17-295.

131. In Re: Andover Utility Company – Base Rate Case Proceeding for Wastewater Services.  
(Appearance: revenue requirement on behalf of the New Jersey Division of Rate Counsel).  
New Jersey Board of Public Utilities – BPU Docket No. WR17070726.
132. In Re: Public Service Electric and Gas Company- Approval of Changes in its Electric and Gas Green Programs Recovery Charges “2017 Public Service Electric & Gas Green Programs Cost Recovery Filing. (Appearance: revenue requirement on behalf of the New Jersey Division of Rate Counsel).  
New Jersey Board of Public Utilities – BPU Docket Nos. ER17070724 and GR17070725.
133. In Re: Bay States Gas Company d/b/a Columbia Gas of Massachusetts, 2016 Gas System Enhancement Program Reconciliation Filing, (Appearance: revenue requirement on behalf of the Massachusetts Attorney General’s Office of Ratepayer Advocacy).  
Commonwealth of Massachusetts Department of Public Utilities – Docket No. D.P.U. 17-GREC-05.
134. In Re: NSTAR Gas Company d/b/a Eversource Energy, 2016 Gas System Enhancement Program Reconciliation Filing (Appearance: revenue requirement on behalf of the Massachusetts Attorney General’s Office of Ratepayer Advocacy).  
Commonwealth of Massachusetts Department of Public Utilities – Docket No. D.P.U. 17-GREC-06.
135. In Re: Petition of Columbia Gas of Maryland – Increase in rates for Distribution Service – (Appearance: revenue requirement on behalf of the Office of People’s Counsel) Public Service Commission of Maryland – Case No. 9447
136. In Re: Petition of South Jersey Gas Company – Increase in base rates for gas services – (Appearance: revenue requirement on behalf of the NJ Division of Rate Counsel)  
New Jersey Board of Public Utilities – Docket No. GR17010071
137. In Re: Petition of UGI Penn Natural Gas – Increase in base rates for gas services – (Appearance: revenue requirement on behalf of the Pennsylvania Office of Consumer Advocate)  
Pennsylvania Public Utilities Commission Docket No. R-2016-2580030
138. In Re: Petition of PJM Interconnection, LLC. – Mid-Atlantic Interstate Transmission, LLC. Formula Rate Filing. (Appearance on behalf of the Pennsylvania Office of Consumer Advocate).  
FERC Docket No. ER17-211-000
139. In Re: Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas Company for approval of Increased Base Tariff Rates and Charges for Gas Service and Other Tariff Revisions (Appearance: revenue requirement on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities Docket No. GR16090826



140. In Re: Petition of SUEZ Water New Jersey, et al – Approval of a Management and Services Agreement pursuant to N.J.S.A 48: 3-7.1 (Appearance on the reasonableness of contract agreements on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities Docket No. WO16080806
141. In Re: Petition of SUEZ Water Arlington Hills Inc. – Approval of an Increase in Rates for Wastewater Services and other Tariff Changes (Appearance: revenue requirement on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities Docket No. WR16050510
142. In Re: Petition of Public Service Electric and Gas Company – 2016 Marginal Adjustment Clause (MAC) (Appearance; reconciliation and rate setting on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities Docket No. GR16060484
143. In Re: Petition of Public Service Electric and Gas Company for Approval of Changes in its Electric Green Programs Recovery Charges and its Gas Green Program Recovery Charges 2016 PSEG Program Cost Recovery Filing  
(Appearance: reconciliation and rate setting on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities Docket Nos. ER16070613 and GR16070614
144. In Re: Petition of the Mount Olive Village Sewer Company, Inc., for Approval of an Increase in Rates for Service (Appearance: revenue requirement on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities Docket No. WR16050391
145. In Re: Petition of the Mount Olive Village Water Company, Inc. for Approval of an Increase in Rates for Service (Appearance; revenue requirement on behalf of the New Jersey Division of Rate Counsel)  
New Jersey Board of Public Utilities Docket No. WR16050390
146. In Re: Petition of Fitchburg Gas and Electric Light Company d/b/a Unitil for Approval of its 2015 Gas System Enhancement Plan Reconciliation Filing (2016) - (Analysis and Advice to Counsel: computation of the revenue requirement and rate impact on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 16-GREC-01
147. In Re: Petition of Bay State Gas Company d/b/a Columbia Gas of Massachusetts for Approval of its 2015 Gas System Enhancement Plan Reconciliation Filing (2016) - (Appearance: computation of the revenue requirement and rate impact on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 16-GREC-05

148. In Re: Petition for Approval of Gas Infrastructure Contract Between Public Service Company of New Hampshire d/b/a Eversource Energy and Algonquin Gas Transmission, LLC (2016) - (Analysis and Advice to Counsel: compliance with statutes and regulations, review of contract, and ratemaking on behalf of the New Hampshire Office of Consumer Advocate)  
NH Public Utilities Commission Docket No. DE 16-241
149. In Re: Central Maine Power Company, Annual Compliance Filing and Price Change (2016) - (Analysis and Advice to Counsel; tax normalization regulatory asset on behalf of the Maine Office of the Public Advocate)  
ME Public Service Commission Docket No. 2016-00035
150. In Re: Bulletin 2015-10 Generic Proceeding to Establish Parameters for the Next Generation PBR Plans (Appearance: productivity adjustments/performance-based ratemaking on behalf of the Alberta Utilities Consumer Advocate)  
Alberta Utilities Commission Proceeding 20414
151. In Re: The Matter of Request by Emera Maine for Approval of a Rate Change (2016) - (Appearance: revenue requirement on behalf of the Maine Office of the Public Advocate)  
Maine Public Utilities Commission Docket No. 15-00360)
152. In Re: the Matter of the Joint Application of the Southern Company, AGL Resources Inc., and Pivotal Holdings, Inc. d/b/a Elkton Gas (2015-2016) - (Analysis and advice to counsel: customer service impacts, employee impacts, supplier diversity on behalf of the Maryland Office of People's Counsel)  
MD PSC Case No. 9404
153. In Re: The Matter of the Merger of Southern Company and AGL Inc. (2015-2016) - (Appearance: customer service impacts and employee impacts on behalf of the NJ Division of Rate Counsel)  
New Jersey BPU Docket No. GM15101196
154. In Re: The Matter of the United Water New Jersey, Inc., for Approval of an Increase in Rates for Water Service and Other Tariff Changes (2015-2016) - (Appearance: revenue requirements, rate base issues and operating income on behalf of the NJ Division of Rate Counsel)  
New Jersey BPU Docket No. WR15101177
155. In Re: Petition of Boston Gas Company and Colonial Gas Company d/b/a National Grid for Approval of Precedent Agreements with Millennium Pipeline Company, LLC (2015) - (Analysis: review of contract and compliance of the Gas Supply Plan on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA D.P.U. 15-130

156. In Re: Petition of Boston Gas Company and Colonial Gas Company d/b/a National Grid for Approval of Agreements for LNG or Liquefaction Services with GDF Suez Gas NA, LLC; Northeast Energy Center, LLC; Metro LNG, L.P.; and National Grid LNG (2015) - (Analysis: review of contract and compliance of the Gas Supply Plan on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA D.P.U. 15-129
157. In Re: Columbia Gas of Massachusetts CY2014 Targeted Infrastructure Reinvestment Factor (TIRF) Compliance Filing (2015) - (Appearance: computation of the revenue requirement impact on the TIRF on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA D.P.U. 15-55
158. In Re: The Matter of the Bay State Gas Company d/b/a Columbia Gas of Massachusetts for Approval of its Targeted Infrastructure Reinvestment Factor (TIRF) for CY 2013 (2014) - (Appearance: computation of the revenue requirement impact on the TIRF)  
MA D.P.U. 14-83
159. In Re: The Matter of the Merger of Exelon Corporation and Pepco Holdings, Inc. (Atlantic City Electric Company) (2014-2015) - (Appearance: customer service impacts)  
New Jersey BPU Docket No. EM14060581
142. In Re: Public Utilities Commission of Ohio – In the Matter of the Application of Ohio Power Company (American Electric Power Ohio) (AEP Ohio) to Adopt a Final Implementation Plan for the Retail Stability Rider – (Appearance - Accounting Issues) (2014) on behalf of the Ohio Office of Consumer Counsel (OCC)  
PUCO Case No. 14-1186-EL-RDR
143. In Re: Public Utilities Commission of Ohio - In the Matter of the Application of Aqua Ohio, Inc. to Increase its Rates and Charges for its Waterworks Service. – Revenue and Rates (2014) - (Appearance: operating income, certain rate base issues and income taxes on behalf of the Ohio Office of Consumer Counsel)  
PUCO Case No. 13-2124-WW-AIR
144. In Re: New York Public Service Commission, as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. Revenue Requirement (2013-2014) – (Appearance: revenue requirement, rate base issues and operating income on behalf of the Intervenor, the County of Westchester)  
NYPSC Case Nos. 13-E-0030, 13-G-0031 and 13-S-0032, et al
145. In Re: North Dakota Public Service Commission, - Application of Northern States Power Company for Authority to Increase Rates for Electric Service in North Dakota, On-Going Revenue Requirement (2013) - (Appearance: revenue requirement and rate base, operating income, operating and maintenance expenses on behalf of the North Dakota Public Service Commission Staff)  
North Dakota Case No. PU-12-813

146. In the Matter of the Petition of New Jersey American Water Company for Authorization to Implement a Distribution System Improvement Charge (DSIC) Order Denying Petition and Instituting Stakeholder Process (2008) - (Case manager on policy decision and revenue requirement impact on behalf of the Staff of the NJ Board of Public Utilities)  
BPU Docket No. WO08050358
147. In the Matter of the Joint Petition of the City of Trenton, New Jersey and New Jersey-American Water Company, Inc. for Authorization of the Purchase and Sale of the Assets of the Outside Water Utility System ("OWUS") of the City of Trenton, New Jersey and for Other Relief Order Adopting Initial Decision, (2008) - (Case manager on the revenue requirement impact on behalf of the Staff of the NJ Board of Public Utilities)  
BPU Docket No. WM08010063
148. In the Matter of the Petition of United Water New Jersey, United Water Toms River, United Water Lambertville, United Water Mid-Atlantic and Gaz de France for Approval as Need for a Change in Ownership and Control (2007) - (Case manager on customer impact, employee impact and impact on rates on behalf of the Staff of the NJ Board of Public Utilities)  
BPU Docket No. WM06110767
149. In the Matter of the Petition of United Water Arlington Hills Sewerage, Inc. for an Increase in Rates for Wastewater Service and Other Tariff Changes (2009) - (Case manager on revenue requirement and overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)  
BPU Docket No. WR08100929
150. In the Matter of the Petition of United Water New Jersey Inc. for Approval of an Increase in Rates for Water Service and Other Tariff Changes, (2009) - (Case manager on revenue requirement and overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)  
BPU Docket No. WR08090710
151. In the Matter of the Petition of United Water Toms River, Inc. for Approval of an Increase in Rates for Water Service and Other Tariff Changes (2008) - (Case manager on the revenue requirement and overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)  
BPU Docket No. WR08030139
152. In the Matter of the Joint Petitioners of New Jersey-American Water Company, Inc., S.J. Services, Inc., South Jersey Water Company, Inc. and Pennsgrove Water Supply Company, Inc. for Among Other Things Approval of a Change in Control of South Jersey Water Supply Company, Inc. and Pennsgrove Water Supply Company, Inc. (2007) - (Case manager on the overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)  
BPU Docket No. WM07020076

153. In the Matter of the Petition of Aqua, New Jersey, Inc. for Approval of an Increase in Rates for Water Service and Other Tariff Changes (2008) - (Case manager on revenue requirement and the overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)  
BPU Docket No. WR0712095
154. I/M/O the Joint Petition of Thames Water, Aqua Holdings GMBH, on Behalf of Itself and Its Parent Holdings Company, RWE Aktiengesellschaft, Thames Water Aqua US Holdings, Inc., American Water works Company Inc., Thames Water Holdings Incorporated, E 'town Corporation, New Jersey-American Water Company, Inc., Elizabethtown Water Company, the Mount Holly Water Company and Applied Wastewater Management, Inc. for Confirmation that the Board of Public Utilities Does Not Have Jurisdiction Over, or, Alternatively, for Approval of a Proposed Transaction Involving, Among Other Things, the Sale by Thames Water Aqua Holdings GMBH of Up to 100% of the Shares of the Common Stock of American Waterworks Company, Inc. in One or More Public Offerings (2007) - (Case manager on revenue requirement impacts, effect on rates and effect on service on behalf of the Staff of the NJ Board of Public Utilities)  
BPU Docket No. WM06050388
155. In the Matter of the Petition of Elizabethtown Water Company for Approval of an Increase in Rates for Water Service (2007) - (Case manager on revenue requirement and overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)  
BPU Docket No. WR03070510
156. In the Matter of the Petition of New Jersey American Water Company, Inc. for Approval of Increased Tariff Rates and Charges for Water and Sewer Service; Increased Depreciation Rates and Other Tariff Revisions (2008) - (Case manager on revenue requirement and overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)  
BPU Docket No. WR08010020
157. In the Matter of Middlesex Water Company for Approval of an Increase in its Rates for Water Service and Other Tariff Changes (2007) - (Case manager on overall revenue requirement and overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)  
BPU Docket No. WR07040275
158. In the Matter of the Joint Petition of United Water New Jersey, Inc., United Water Arlington Hills, Inc., United Water Hampton, Inc., United Water Vernon Water Hills, Inc., and United Water Lambertville, Inc. for an Increase in Rates and Charges for Water Service and Other Tariff Changes and for Approval to Merge the Operations of the Joint Petitioners into and with United Water New Jersey, Inc. (2007) - (Case manager on revenue requirement and overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)  
BPU Docket No. WR07020135

**Confidential Information  
Deleted Pursuant To  
Protective Order No. 41653**

# **Exh. CA-201**

Filed separately as an Excel Worksheet

**Confidential Information  
Deleted Pursuant To  
Protective Order No. 41653**

# **Exh. CA-201**

Filed separately as an Excel Worksheet

**DIRECT TESTIMONY AND EXHIBITS**

**OF**

**MAUREEN L. RENO**

**THE DIVISION OF CONSUMER ADVOCACY**

**SUBJECT: COST OF CAPITAL AND RETURN ON EQUITY**



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**DIRECT TESTIMONY OF MAUREEN L. RENO**

**I. INTRODUCTION.**

Q. PLEASE STATE YOUR NAME, POSITION AND PLACE OF EMPLOYMENT.

A. My name is Maureen L. Reno and I am an economist with a specialization in public utility economics and finance. I am the founder and principal consultant of Reno Energy Consulting Services, L.L.C. My business address is 19 Hope Hill Road, Derry, New Hampshire 03038.

Q. PLEASE STATE YOUR PROFESSIONAL EXPERIENCE AND EDUCATIONAL BACKGROUND.

A. I have 25 years of professional experience in the regulated utilities and energy sectors. From 2001 to 2011, I served as a utility analyst and program manager with the New Hampshire Public Utilities Commission, advising the Commissioners on regulated utilities' cost of capital and return on equity ("ROE"), among other regulatory matters. From 2011 to 2012, I served as a Senior Energy Economist with the Union of Concerned Scientists, advising on the intricacies of the regulated utility industry and helping to develop alternative financing programs for renewable energy investments. Since 2012, I have served as an independent consultant to multiple firms, including Exeter Associates, Inc. and TAHOEconomics, LLC on utility cost of capital, ROE, and capital structure; Stephenson Strategic Communications, LLC on federal

1 climate and energy policy; and TrueLight Energy, LLC on regulated utility rate  
2 impacts and energy markets.

3 I received a Bachelor of Arts degree in Economics from the University of  
4 Maine at Orono, Maine in 1996. In 1998, I earned a Master of Arts degree in  
5 Economics from the University of New Hampshire in Durham, New Hampshire,  
6 where I also completed all course work and examination requirements for a  
7 Ph.D. degree in Economics, except for my dissertation. My areas of academic  
8 concentration included industrial organization and environmental economics.  
9 Please see Exhibit CA-300 for my Curriculum Vitae and Qualifications.

10  
11 Q. HAVE YOU PREVIOUSLY TESTIFIED AS AN EXPERT WITNESS BEFORE A  
12 PUBLIC UTILITIES COMMISSION?

13 A. Yes. My testimony was presented and accepted in 47 regulated utility  
14 proceedings in several states, including Alaska, Arizona, California, Delaware,  
15 Georgia, Kansas, Missouri, New Hampshire, New Mexico, North Carolina, North  
16 Dakota, Oklahoma, Pennsylvania, South Carolina, and Texas, on a wide range  
17 of issues concerning regulated utilities, retail and wholesale energy markets,  
18 and renewable energy.

1 Q. ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

2 A. I am serving as an expert witness on cost of capital, ROE, and capital structure  
3 on behalf of the Division of Consumer Advocacy, Department of Commerce and  
4 Consumer Affairs (“Consumer Advocate”).  
5

6 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

7 A. The purpose of my testimony is to recommend a rate of return (“ROR”) for  
8 ratemaking purposes.<sup>1</sup> I recommend a different ROR—to include a different  
9 return on equity (“ROE”) and cost of debt—than that proposed by Princeville  
10 Utilities Company, Inc. (“PUCI” or the “Company”). I accept PUCI’s proposed  
11 hypothetical capital structure for ratemaking purposes.  
12

13 Q. WHAT ARE YOUR AREAS OF RESPONSIBILITIES IN THIS PROCEEDING?

14 A. I am responsible for the analysis of the following areas:

- 15 1. A fair and reasonable rate of return to be applied to PUCI’s rate base;  
16 2. A fair and reasonable capital structure that balances the interests of  
17 ratepayers and shareholders;  
18 3. A cost of long-term debt that reflects current debt costs for debt under  
19 similar terms; and

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<sup>1</sup> For the purpose of my testimony, I will utilize the term “rate of return,” or ROR, which I consider to be synonymous with the terms “return on rate base” or “weighted average cost of capital.”

1           4.     A fair and reasonable return on equity for the Company that represents  
2                   investors' expected return for a similar enterprise facing similar business  
3                   and financial risk.

4  
5   Q.     HOW IS YOUR TESTIMONY ORGANIZED?

6   A.     My testimony is organized into nine sections including this one. In Section II,  
7           I discuss the purpose of my testimony, which is to compare the ROR proposed  
8           by PUCI with the ROR that I am recommending. In Section III, I review current  
9           and near-term economic and financial conditions in the United States and  
10          Hawaii. In Section IV, I evaluate PUCI's proposed capital structure, which  
11          I accept for rate making purposes. In Section V, I summarize PUCI's proposed  
12          cost of debt, which I do not accept. In Section VI, I discuss different types of  
13          risks for regulated water and wastewater utilities and evaluate whether PUCI is  
14          facing greater or lesser risks than its peers in the proxy group that I use in my  
15          ROE analysis. In Section VII, I present my ROE analysis which includes the  
16          methodologies that I applied to develop my ROE recommendation. I also  
17          evaluate PUCI's proposed ROE. In Section VIII, I summarize my  
18          recommendations concerning a fair and reasonable ROR, which includes my  
19          recommended capital structure and ROE. Finally, I conclude my testimony in  
20          Section IX.

1    **II.    PURPOSE AND SUMMARY OF RECOMMENDATIONS.**

2    Q.    WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

3    A.    The purpose of my testimony is to recommend an ROR for ratemaking  
4           purposes. I recommend a different ROR—to include a different ROE —than that  
5           proposed by PUCI. My ROE recommendation was determined in accordance  
6           with the standards identified in *Bluefield Water Works v. Public Service*  
7           *Commission*, 262 U.S. 679, 692-93 (1923) (“*Bluefield*”) and *Federal Power*  
8           *Commission v. Hope Natural Gas Co.*, 320 U.S. 591, 605 (1944) (“*Hope*”). In  
9           *Bluefield* and *Hope*, the U.S. Supreme Court established the principle that a  
10          public utility may be allowed to earn a return comparable to a return on  
11          investments in other enterprises having similar risks that allow the utility, under  
12          efficient management, to maintain financial integrity so that it can attract capital  
13          on reasonable terms and maintain its credit.

14  
15   Q.    WHAT IS THE RATE OF RETURN PUCI IS PROPOSING?

16   A.    For the test year ending June 30, 2026 (“Test Year”), PUCI proposes an ROR  
17          of 7.88%, which is composed of (1) a capital structure of 50.00% common equity  
18          and 50.00% long-term debt; (2) a cost of long-term debt of 4.26%; and (3) an  
19          ROE of 11.50%.<sup>2</sup> See Table 1 at the end of this section of my testimony for a  
20          comparison of the proposed and recommended RORs.

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<sup>2</sup>       Exhibit PUCI-T-400: Howard Direct, Table 1, at 5. Throughout this testimony, I reference the page numbers provided in the upper right-hand corner of PUCI testimony.

1 Q. HOW DOES PUCI'S PROPOSED RATE OF RETURN OF 7.88% COMPARE  
2 TO RATE OF RETURNS AUTHORIZED BY REGULATORY COMMISSIONS  
3 IN THE U.S.?

4 A. Between January 1, 2010, and June 30, 2025, there were 167 general rate  
5 cases involving water utilities in which state commissions authorized an ROR.  
6 Of these cases, the average ROR authorized for water utilities is 7.49% and a  
7 median of 7.52%, highlighting how excessive PUCI's proposed ROR of 7.88%  
8 is in the context of national regulatory precedent.<sup>3</sup> Recently, the national  
9 average shows authorized RORs for year to date ("YTD") June 30, 2025 of  
10 6.90% and calendar year ("CY") 2024 of 6.93%.<sup>4</sup> This data strongly underscores  
11 the excessive nature of PUCI's proposed ROR. The proposed ROR of 7.88% is  
12 significantly above levels typically authorized by regulators and is inconsistent  
13 with recent and historical precedent.

14  
15 Q. SHOULD THE COMMISSION ACCEPT PUCI'S PROPOSED RATE OF  
16 RETURN?

17 A. No. The Commission should reject PUCI's proposed ROR because of three  
18 main considerations. First, it is based on an overstated ROE that does not  
19 accurately reflect investors' current expected returns on utility stocks. Second,

---

<sup>3</sup> S&P Global Market Intelligence ("S&P MI"), "Water utility rate case data: Jan. 1,2020-June 30, 2025", Table 1.

<sup>4</sup> Id. at Table 2.

1 PUCI's proposed ROR of 7.88% is high and inconsistent with the RORs typically  
2 allowed for regulated water and wastewater utilities. Third, it is inconsistent with  
3 the regulatory compact in utility ratemaking.  
4

5 Q. WHAT IS THE REGULATORY COMPACT IN THE CONTEXT OF UTILITY  
6 RATEMAKING?

7 A. The regulatory compact is an implied agreement between a regulated utility and  
8 state regulators whereby the utility agrees to provide safe, adequate,  
9 nondiscriminatory service to all customers within its assigned service territory.  
10 In exchange, the state grants the utility an exclusive franchise and the  
11 opportunity to recover prudently incurred costs and earn a reasonable return on  
12 investment. This relationship has been recognized by courts and regulatory  
13 bodies as the legal and economic foundation of traditional rate-of-return  
14 regulation.  
15

16 Q. SPECIFICALLY, AS IT RELATES TO THE ROR, PLEASE EXPLAIN THE  
17 IMPORTANCE OF THE REGULATORY COMPACT.

18 A. The rate of return is a central component of a utility's revenue requirement and  
19 is fundamentally tied to the regulatory compact. It is designed to ensure that the  
20 utility remains financially sound, can attract capital on reasonable terms, and  
21 continues to invest in the infrastructure necessary to serve the public interest.



1 At the same time, the rate of return must not be excessive, so as to avoid placing  
2 an undue burden on customers.

3 The rate of return is typically calculated as the weighted average cost of  
4 capital, using the following formula:  $ROR = (Debt\ ratio \times Cost\ of\ Debt) + (Equity\ ratio \times Allowed\ ROE)$ . This formula makes clear that the utility's capital structure,  
5 i.e., the relative proportions of debt and equity financing, has a direct and  
6 material impact on the overall ROR.  
7

8 In general, equity is more expensive than debt because investors  
9 demand a higher return for assuming greater risk. Consequently, a capital  
10 structure with a higher equity component leads to a higher ROR, which in turn  
11 generally increases the utility's revenue requirement and, ultimately, customer  
12 rates. While it is important that the utility earns a return sufficient to attract capital  
13 and maintain financial health, regulators must also ensure that the resulting  
14 rates are just and reasonable. This requires a careful balance between the  
15 interests of shareholders and those of ratepayers.

16 PUCI's proposed capital structure, which includes an equity ratio of  
17 50.00%, is reasonable when compared to the capital structures of its peers and  
18 prevailing industry norms. From CY 2010 through June 30, 2025, regulatory  
19 commissions approved capital structures for 159 water utilities. Across these  
20 cases, the average authorized equity ratio for water utilities is 50.19%.<sup>5</sup>

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<sup>5</sup> S&P Global Market Intelligence ("S&P MI"), "Water utility rate case data: Jan. 1, 2020-June 30, 2025", Table 2.

1 Q. HOW DOES PUCI'S PROPOSED ROR VIOLATE THE REGULATORY  
2 COMPACT?

3 A. PUCI's excessive rate of return, which is unreasonably high due to its elevated  
4 return on equity request of 11.50%, contravenes the regulatory compact  
5 because it disrupts the fundamental balance the compact is intended to  
6 preserve between the utility's right to earn a fair return and the public's right to  
7 just and reasonable rates. When a utility earns a return that exceeds what is  
8 necessary to attract capital and maintain financial integrity—as articulated in  
9 *Hope* and *Bluefield*—it imposes unjust and unreasonable rates on captive  
10 customers, thereby breaching the public interest obligations embedded in the  
11 compact. This undermines regulatory fairness and exploits the utility's monopoly  
12 position. As discussed previously, PUCI's proposed ROR far exceeds ROR's  
13 authorized across the U.S.

14  
15 Q. SHOULD THE COMMISSION ACCEPT PUCI'S PROPOSED CAPITAL  
16 STRUCTURE?

17 A. Yes. PUCI's proposed equity ratio of 50.00% for the Test Year is consistent with  
18 regulated utility sector trends and recently observed average capital structures  
19 allowed by commissions across the U.S. It also places a balanced economic  
20 burden on ratepayers since equity is more expensive than debt.

21

1 Q. SHOULD THE COMMISSION ACCEPT PUCI'S PROPOSED COST OF  
2 LONG-TERM DEBT?

3 A. No. PUCI's proposed hypothetical long-term debt costs are based on the  
4 embedded debt costs of the water utilities in PUCI witness Matthew R. Howard's  
5 proxy group. Since I do not accept his proxy group, his cost of debt is not  
6 acceptable. I also do not accept his 15-basis point issuance cost adder.

7  
8 Q. SHOULD THE COMMISSION ACCEPT PUCI'S PROPOSED ROE?

9 A. No. The 11.50% ROE proposed by Mr. Howard does not comport with current  
10 market trends and the return on equity investors expect for a stock from a  
11 regulated water utility with similar risk.

12 Mr. Howard skews his analysis through over-reliance on inputs with an  
13 upward bias. For example, he relies almost exclusively on earnings growth  
14 estimates, which has the effect of inflating his Discounted Cash Flow ("DCF"),  
15 Capital Asset Pricing Model ("CAPM"), Empirical CAPM ("ECAPM"), and Risk  
16 Premium Model results. Relying exclusively on earnings growth estimates also  
17 inflates his estimated total market risk premium and resulting Market Equity Risk  
18 Premium ("ERP"), a key input in his DCF-based CAPM and ECAPM. By  
19 contrast, I rely on a combination of earnings growth estimates as well as  
20 dividend growth, book value growth, and sustainable growth in order to produce  
21 more accurate results.

22

1 Q. WHAT DO YOU RECOMMEND AS THE APPROPRIATE ROR FOR PUCI?

2 A. For PUCI, I recommend an overall ROR of 6.57%, which is composed of (1) a  
3 capital structure of 50.00% equity and 50.00% long-term debt; (2) a cost of  
4 long-term debt of 4.03%; and (3) an ROE of 9.11%. See Table 1 below for a  
5 comparison of the proposed and recommended RORs.

6  
7 Q. WHY SHOULD THE COMMISSION ACCEPT YOUR RECOMMENDED ROE?

8 A. My ROE recommendation of 9.11% is based on the midpoint of my DCF results  
9 and falls within my ROE range of 8.85% to 9.36%, and an average of 9.05%.  
10 I recommend a ROE based on the average of my DCF results because it  
11 represents a fair and reasonable ROE for PUCI in consideration of its risks and  
12 investors' current valuation of public utilities and equity assets in general.  
13 I discuss my methodologies and results in greater detail further in my testimony.

14  
15 Q. DID YOU EMPLOY ANY OTHER MODELS WHEN ESTIMATING YOUR ROE  
16 RESULTS?

17 A. Yes. I also use the CAPM as a check on the reasonableness of my DCF results;  
18 however, my recommended ROE is not based on the CAPM results. I use the  
19 CAPM to estimate a range of ROE results of 7.50% to 10.72%, with a midpoint  
20 of 9.11%. The average of both my DCF and my CAPM results is 9.11%. As  
21 noted, these CAPM results serve as a check on my DCF results to demonstrate

that my recommendation based on the DCF model is reasonable and should be accepted by the Commission.

Q. HAVE YOU PREPARED A TABLE THAT COMPARES PUCI'S REQUESTED ROR TO THE ROR THAT YOU RECOMMEND?

A. Yes, see Table 1.

**TABLE 1. COMPARISON OF PROPOSED & RECOMMENDED RATES OF RETURN**

PUCI WITNESS HOWARD				CA WITNESS RENO		
	Weight	Cost of Capital	Weighted Cost	Weight	Cost of Capital	Weighted Cost
Long-Term Debt	50.00%	4.26%	2.13%	50.00%	4.03%	2.01%
Common Equity	50.00%	11.50%	5.75%	50.00%	9.11%	4.56%
Total Capital Structure	100.00%		7.88%	100.00%		6.57%

Amounts may not add up due to rounding.

Source: Application Exhibit PUCI-T-400: Howard Direct, Table 1, at 5.

**III. MACROECONOMIC AND FINANCIAL MARKET CONDITIONS.**

Q. WHY IS IT IMPORTANT TO CONSIDER MACROECONOMIC CONDITIONS IN DEVELOPING A RECOMMENDED ROE, COST OF DEBT, AND ROR?

A. I present current and expected macroeconomic conditions in this section to set the context for my ROE, cost of debt, and resulting ROR recommendations to

1 the Commission. With respect to the expected ROE, investors evaluate both  
2 economic and monetary conditions when assessing the opportunity costs of  
3 their investments. Global, national, and regional economic conditions affect  
4 investor expectations regarding investment returns, as measured by stock  
5 prices, interest rates, and sustainable dividend growth — each of which serves  
6 as inputs in my DCF and CAPM analyses. Additionally, investors closely monitor  
7 market interest rates and the return on fixed-income securities, in particular U.S.  
8 Treasury bonds, as they weigh alternative investment options when making  
9 capital allocation decisions. The cost of new debt issuances is also determined  
10 according to the expectations set by bondholders.

11  
12 Q. HOW ARE INTEREST RATES ON FIXED-INCOME SECURITIES  
13 DETERMINED?

14 A. Interest rates or bond yields on long-term bonds are determined by investors'  
15 expectations on economic growth and inflation over the duration of a particular  
16 bond. Interest rates on short-term bonds are also determined by these  
17 expectations but are largely driven by the actions of the U.S. Federal Reserve  
18 Bank ("Federal Reserve"), specifically the Federal Open Markets Committee  
19 ("FOMC"), when they adjust the Federal Funds Rate (the overnight interest rate  
20 it charges commercial banks) and buy or sell U.S. Treasury securities to meet  
21 certain policy objectives.

22

1 Q. PLEASE ELABORATE ON THE FEDERAL RESERVE'S POLICY  
2 OBJECTIVES.

3 A. The Federal Reserve has two policy objectives: the first is to maintain full  
4 employment or the total amount of employment that the economy can  
5 experience without any overt inflationary pressures; and the second is to  
6 maintain a target rate of inflation of 2.0% over the long run.<sup>6</sup> Thus, the Federal  
7 Reserve monitors key economic indicators to gauge whether it is necessary to  
8 adjust the Federal Funds Rate to influence borrowing behaviors and/or to adjust  
9 its balance of securities to change the level of money supply in the economy.

10  
11 Q. HOW WOULD YOU DESCRIBE THE CURRENT STATE OF THE U.S.  
12 ECONOMY?

13 A. In general, economic signs show a slight economic rebound and continued  
14 decrease in inflation during the second quarter of 2025. Recent economic  
15 growth, as measured by real GDP, shows that the U.S. economy has stabilized  
16 at a lower rate after experiencing a post-COVID-19 pandemic rebound.  
17 However, economists are concerned that widespread tariffs may reverse this  
18 falling trend in inflation. Moreover, recent data shows increasing unemployment.  
19 Therefore, investors are certain that the Federal Reserve will resume

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<sup>6</sup> See [https://www.federalreserve.gov/faqs/economy\\_14400.htm](https://www.federalreserve.gov/faqs/economy_14400.htm).

1 decreasing interest rates after reversing course of aggressively increasing  
2 interest rates as they did in July 2023.

3  
4 Q. HOW HAS ECONOMIC GROWTH CHANGED SINCE THE COVID-19  
5 PANDEMIC?

6 A. In 2021, real GDP growth reached an annual high of 6.1%, falling to 2.5% in  
7 2022 and then rebounded slightly to 2.9% in 2023 and 2.8% in 2024. During Q2  
8 2025, however, real GDP increased by 3.3%.<sup>7</sup>

9  
10 Q. HOW HAS UNEMPLOYMENT CHANGED SINCE THE COVID-19  
11 PANDEMIC?

12 A. Unemployment decreased from 5.3% in 2021 to 3.6% in 2022 and 2023,  
13 respectively. Unemployment increased slightly to 4.0% in 2024 and 4.3% in Q2  
14 2025.<sup>8</sup>

15  
16 Q. HOW HAS INFLATION CHANGED SINCE THE COVID-19 PANDEMIC?

17 A. Inflation, as measured by the consumer price index ("CPI"), remains the primary  
18 concern to the economy, though it decreased from its peak of 8.0% in 2022 to  
19 2.9% in 2024 and 2.7% in Q2 2025.<sup>9</sup>

---

<sup>7</sup> Council of Economic Advisers, "Economic Indicators" (August 2025), at 3.

<sup>8</sup> Id, at 11.

<sup>9</sup> Council of Economic Advisers, "Economic Indicators" (August 2025), at 24.



1 Q. HOW HAS THE FEDERAL RESERVE RESPONDED TO THESE ECONOMIC  
2 TRENDS?

3 A. Since July 2023, the FOMC has paused its campaign of aggressively increasing  
4 the federal funds rate to dampen stubborn inflationary pressures, reducing the  
5 amount of money circulating through the economy, and driving down aggregate  
6 demand. Since then, the FOMC decreased the federal funds rate three  
7 consecutive times in 2024 and once so far in 2025. In a recent press release  
8 issued on September 17, 2025, the FOMC states that “[r]ecent indicators  
9 suggest that growth of economic activity has moderated in the first half of the  
10 year. Job gains have slowed, and the unemployment rate has edged up but  
11 remains low. Inflation has moved up and remains somewhat elevated.”<sup>10</sup> The  
12 FOMC continued by stating, “[t]he Committee seeks to achieve maximum  
13 employment and inflation at the rate of 2 percent over the long run. Uncertainty  
14 about the economic outlook remains elevated.” Thus, the FOMC decided to  
15 lower the target range for the federal funds rate by 1/4% to between 4.00% to  
16 4.25%.<sup>11</sup> The FOMC further stated, “[i]n assessing the appropriate stance of  
17 monetary policy, the Committee will continue to monitor the implications of  
18 incoming information for the economic outlook. The Committee’s assessments

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<sup>10</sup> Federal Open Market Committee, Federal Reserve Bank, “Press Release” (September 17, 2025), at 1.

<sup>11</sup> Federal Open Market Committee, Federal Reserve Bank, “Press Release” (September 17, 2025), at 1.

1 will take into account a wide range of information, including readings on labor  
2 market conditions, inflation pressures and inflation expectations, and financial  
3 and international developments.”<sup>12</sup>  
4

5 Q. HOW HAVE INVESTORS RESPONDED TO THESE ECONOMIC TRENDS?

6 A. Value Line Investment Survey (“Value Line”) reports that the FOMC lowered the  
7 benchmark short-term interest rate by a quarter-point and will consider  
8 additional reduction before year’s end. While policymakers are still watching  
9 inflation, they are more concerned about the softening job market and slowing  
10 pace of economic growth. The Labor Department reports that unemployment  
11 rate rose to 4.3% in August, while the labor force participation rate remains low.  
12 “The Congressional Budget Office (“CBO”) is estimating that GDP will increase  
13 to only 1.4% this year, which would be half the 2024 rate. The CBO cited  
14 reduced immigration-and its impact on the supply of labor-along with tariffs as  
15 the primary reasons for its lower GDP forecast.”<sup>13</sup> Value Line concluded that  
16 “[w]ith the Fed resuming interest-rate cuts, equities may get a boost if the  
17 inflation data cooperates.”<sup>14</sup>  
18

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12 Id.

13 The Value Line Investment Survey, “Selection & Opinion”, Issue 8, (September 26, 2025), at 2093.

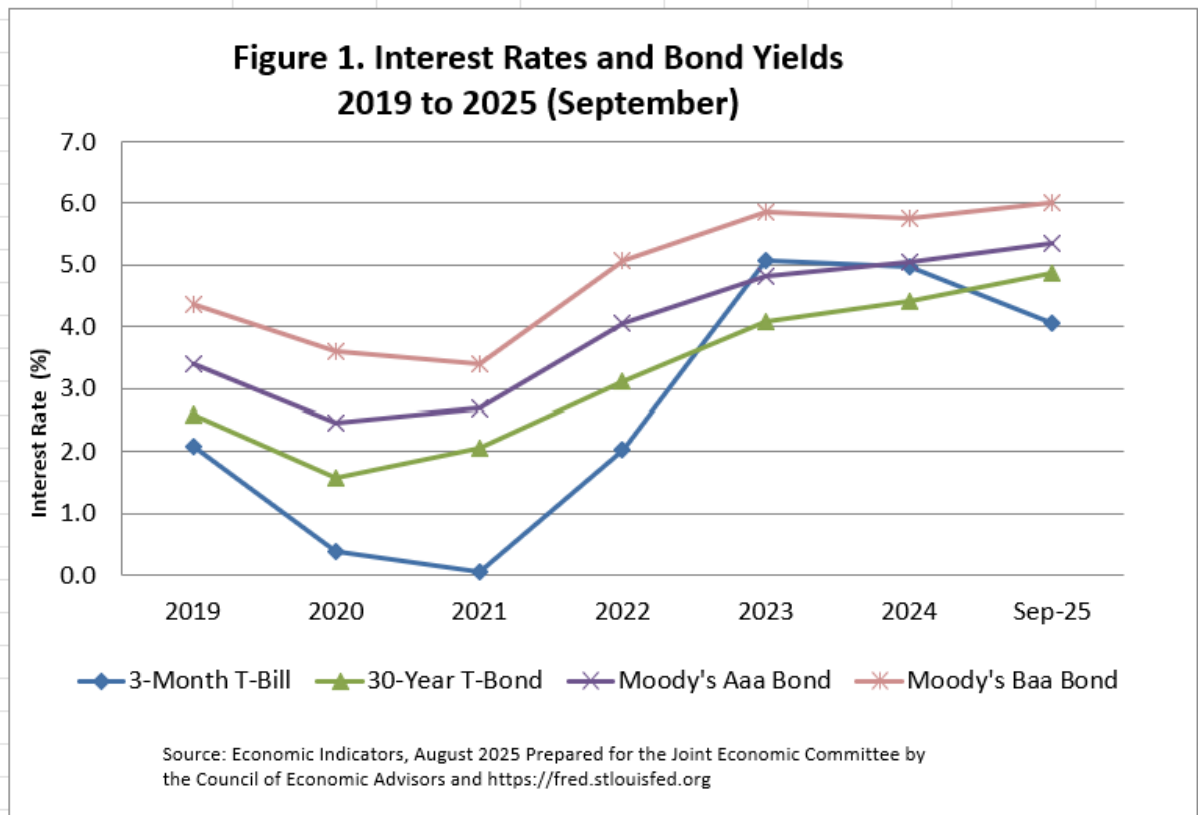
14 Id.

1 Q. HOW DO INVESTOR'S EXPECTATIONS INFLUENCE YOUR ROE  
2 RESULTS?

3 A. Investors consider actions of the Federal Reserve, and the economic conditions  
4 discussed above when estimating the opportunity cost of investing in a share of  
5 utility stock, or their expected return on equity in the long run. Thus, in addition  
6 to assessing economic growth, unemployment, and inflation, they will consider  
7 the yields or the return on fixed-income securities (e.g., interest rates on bonds),  
8 in particular interest rates on U.S. Treasury bonds.

9  
10 Q. HOW HAVE INTEREST RATES AND INVESTOR EXPECTATIONS  
11 CHANGED IN RECENT YEARS?

12 A. Figure 1 below shows how the interest rates have changed from 2019 to  
13 September 2025. Yields on short-term U.S. Treasury bonds are starting to  
14 decline from elevated levels that peaked in 2023 in anticipation of FOMC's  
15 actions to decrease short-term interest rates. However, yields on long-term U.S.  
16 Treasury bonds and corporate bonds have remained at elevated levels.



Yields on long-term bonds (reference the 30-Year Treasury Bond or “T-Bond,” shown in green in Figure 1 above) rose from 2.06% in 2021 to 4.41% in 2024 and increased to 4.88% in September 2025.<sup>15</sup> The cost of debt for Moody’s Investors Service (“Moody’s”) Baa-rated corporations peaked in 2023 at 5.87% and fell slightly to 5.76% in 2024 but rebounded to 6.00% in September 2025.<sup>16</sup> Moreover, short-term interest rates (reference the 3-Month

<sup>15</sup> Council of Economic Advisers, “Economic Indicators” (August 2025), at 30.

<sup>16</sup> Id.

1 U.S. Treasury Bill or “T-Bill,” shown in blue in Figure 1 above) rebounded from  
2 0.04% in 2021 to 4.98% in 2024 and fell to 4.05% in September 2025.<sup>17</sup>

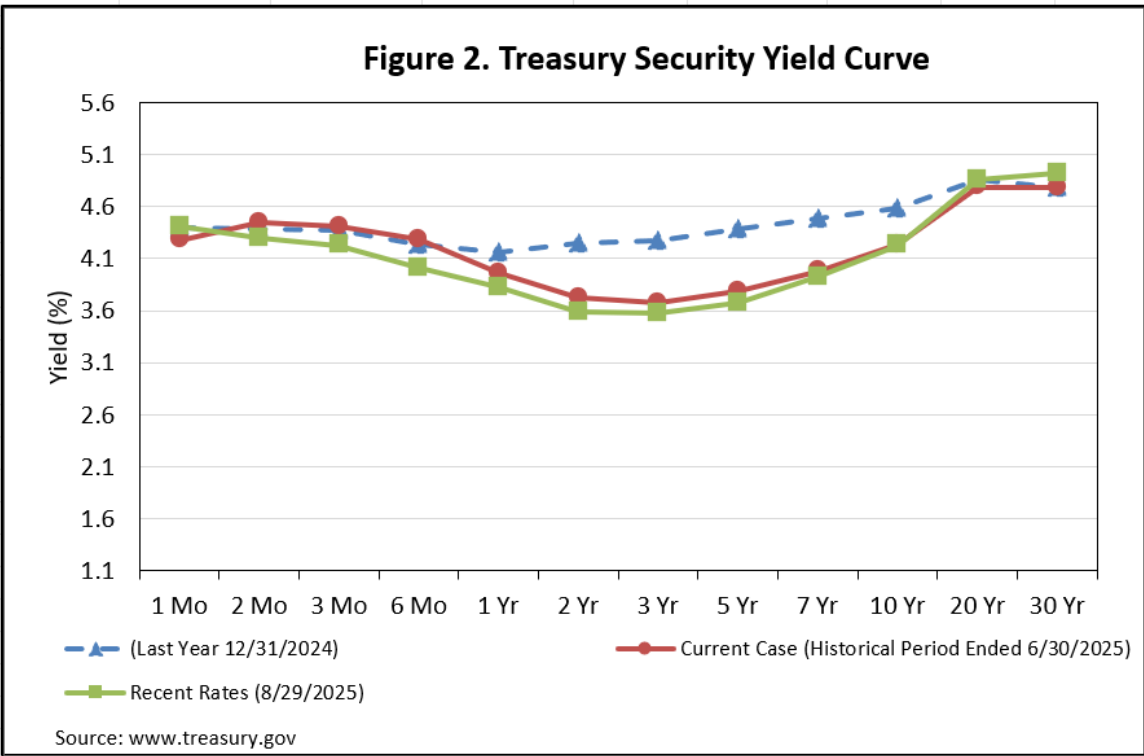
3 Short-term interest rates are primarily determined by the FOMC’s policy  
4 actions. Recent decreases in short-term interest rates followed after the FOMC  
5 decreased the Federal Funds rate and reduced its holdings of Treasury and  
6 agency mortgage-backed securities to increase money supply.<sup>18</sup> Long-term  
7 interest rates are primarily determined by market forces, including investor  
8 expectations of future levels of inflation and economic growth.

9 To demonstrate the relationship in yields on short-term and long-term  
10 Treasury securities, Figure 2 below shows the yields on the different types of  
11 T-Bills and T-Bonds, with values along the horizontal axis representing the  
12 maturity of each T-Bill or T-Bond and the vertical axis showing the  
13 corresponding yield or interest rate. Each line represents the yields associated  
14 with each type of asset on a particular date and is referred to by financial  
15 analysts as the “yield curve.” The yield curve reflects the bond market’s  
16 consensus opinion of future financial market conditions as investors decide  
17 which bill or bond to purchase in response to expected levels of inflation and  
18 interest rates.

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17 Id.

18 [Monetary Policy Report, February 2025.](#)



Q. HOW HAS THE YIELD CURVE CHANGE RECENTLY?

A. It is important to recall the evolution of the yield curve in recent years. Since 2024, the yields on short-term T-Bills have decreased while yields on long-term T-Bonds increased as shown above. Moreover, the shape of the yield curve has since changed in 2025 and is now inverted for mid-term bonds. As shown in Figure 2 above, yields on some medium to long-term T-Bonds were lower than the yields on short-term T-Bills as of June 30, 2025. However, the yield curve on August 29, 2025 shows that yields on longer-term bonds have decreased slightly while yields on short-term T-Bills decreased slightly. This shows that investors are expecting a slight economic slowdown and for the FOMC to

1 continue decreasing interest rates to avoid a more severe sustained economic  
2 slowdown.

3  
4 Q. WHAT OTHER MEASURES OF INVESTORS' EXPECTATIONS DO YOU  
5 CONSIDER?

6 A. Another metric by which to gauge investor expectations regarding long-term  
7 inflation is the Treasury Inflation-Protected Securities ("TIPS") spread, or the  
8 difference between yields on long-term nominal Treasury securities and  
9 long-term TIPS. The yield on a long-term conventional Treasury bond pays its  
10 holder a fixed nominal coupon and principal to compensate the investor for  
11 future inflation, and it includes the real rate of interest and inflation  
12 compensation. For TIPS, the coupons and principal both rise and fall with  
13 inflation, as measured by the CPI. The published yield includes only the real  
14 rate of interest. Therefore, the difference, roughly speaking, between the  
15 prevailing yields on these two types of Treasury securities reflects the inflation  
16 compensation over that maturity horizon that is expected by bond investors.

17 The 30-day average difference in the yield on the 30-year T-Bond and  
18 30-year TIPS for the period ended August 29, 2025 equals 2.27% and  
19 represents the market's most recent expectations for long-term inflation. In other  
20 words, this data confirms that investors are anticipating that the rate of inflation  
21 over the long term is expected to stabilize at a higher rate than the FOMC's goal  
22 of 2.0%.

1 Q. WHAT ARE THE EXPECTATIONS FOR THE U.S. ECONOMY IN THE NEAR  
2 FUTURE?

3 A. As the FOMC continues reducing short-term interest rates in response to  
4 weakening labor market, the economy is still expected to slow down in the near  
5 term and then rebound slightly in the longer term. Specifically, according to the  
6 Q3 2025 edition of *Survey of Professional Forecasters* published by the Federal  
7 Reserve Bank of Philadelphia, economic growth, as measured by real GDP, is  
8 expected to decrease from 1.7% during 2025 to 1.6% during 2026 and then  
9 rebound to 2.1% during 2027. Long-run economic growth beyond 2027 is  
10 expected to hover near 1.8% in 2028.<sup>19</sup>

11 Over the next year, inflation is expected to decrease but remain near  
12 moderate levels, with the CPI remaining near 2.9% in 2025 and then falling to  
13 2.5% in 2026 and 2.3% in 2027. Another inflation metric closely watched by the  
14 FOMC is the Personal Consumption Expenditures (“PCE”) index because it  
15 represents a broader measure of inflation. The PCE is expected to decrease  
16 from 2.9% in 2025 to 2.4% in 2026 and 2.1% in 2027, nearly matching the  
17 FOMC’s monetary policy goal of inflation. The data also show that analysts  
18 expect the national unemployment rate to increase from 4.2% in 2025 to 4.5%  
19 in 2026 and decrease slightly to 4.4% in 2027.<sup>20</sup>

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<sup>19</sup> Federal Reserve Bank of Philadelphia, “Survey of Professional Forecasters: Third Quarter 2025” (August 15, 2025), at 9 & 11.

<sup>20</sup> Id.



1 Q. HOW DOES THE HAWAII ECONOMY COMPARE TO THE U.S. ECONOMY?

2 A. The Hawaii economy is slightly stronger than the national economy. Hawaii's  
3 real GDP for the most recent quarter for which data is available (Q1 2025) was  
4 -0.3% compared to the national average of -0.5%.<sup>21</sup> However, personal income  
5 grew slower than the national average over the same period, with an increase  
6 of 6.2% compared to the U.S. average of 6.7%.<sup>22</sup> Hawaii's unemployment rate  
7 of 2.7% in August 2025 was lower than the national unemployment rate of  
8 4.3%.<sup>23</sup>

9 The Hawaii Department of Business, Economic Development & Tourism  
10 ("DBEDT") reports that Hawaii's economy is expecting a period of slower growth  
11 and rising prices in the near term.<sup>24</sup> For instance, DBEDT projects Hawaii's real  
12 GDP to grow slightly by 1.3% in 2025 and 1.4% in 2026 before strengthening to  
13 1.8% in 2028 as the effects of tariffs subside. Honolulu's CPI's is projected to  
14 increase to 3.0% in 2025 and then moderate to 2.2% by 2028. State  
15 employment is expected to expand steadily while the civilian unemployment rate

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21 Bureau of Economic Analysis, "Gross Domestic Product by State and Personal Income by State, 1st Quarter 2025" (June 27, 2025), available at <https://www.bea.gov/news/2025/gross-domestic-product-state-and-personal-income-state-1st-quarter-2025>.

22 Bureau of Economic Analysis, "Gross Domestic Product by State and Personal Income by State, 1st Quarter 2025" (June 27, 2025).

23 <https://www.bls.gov/news.release/pdf/laus.pdf>

24 DBET Forecasts Gradual Growth, Stronger Recovery by 2027, posted September 4, 2025: [https://dbedt.hawaii.gov/blog/2535/#:~:text=Forecast%20Summary:%20Slower%20Growth%20Followed,to%20\\$23.0%20billion%20in%202028](https://dbedt.hawaii.gov/blog/2535/#:~:text=Forecast%20Summary:%20Slower%20Growth%20Followed,to%20$23.0%20billion%20in%202028).

1 is forecast to decrease from a high of 2.9% in 2025 to 2.7% in 2028. Real  
2 personal income is expected to rise modestly as inflation eases in the long term.

3  
4 Q. ARE INVESTORS AWARE OF HAWAII'S ECONOMIC CONDITION?

5 A. Yes. Investors consider local, regional, and national economic conditions when  
6 making their investment decisions. For example, investors often compare PUCI  
7 to water utilities in other states. Investors also consider the expected returns on  
8 utility stocks in relation to the return of other stocks and securities.

9  
10 Q. HOW DO INVESTORS VIEW WATER UTILITY STOCKS?

11 A. Investors view water utility stocks as attractive for conservative, long-term  
12 investment due to their predictable earnings, healthy dividend growth, and lower  
13 risk. The demand for water is inelastic, leading to less volatile earnings, and the  
14 stocks generally have lower Beta coefficients than the market average.  
15 However, the industry has performed poorly in recent years, ranking near the  
16 bottom of sectors tracked by *Value Line*, and is not favored for short-term gains.  
17 Long-term investors may find opportunities in stocks offering average total  
18 returns and above-median dividends, especially as Wall Street interest in the  
19 sector has declined.<sup>25</sup>

20  

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<sup>25</sup> Value Line Investment Survey, "Water Utility" (July 4, 2025), at 1772.

1 Q. HOW DO INVESTORS' EXPECTATIONS OF AN ECONOMIC SLOWDOWN  
2 RELATE TO PUCI'S ROE?

3 A. Investors are expecting the Federal Reserve to continue to decrease short-term  
4 interest rates. As discussed previously in this testimony, despite a slight  
5 reprieve in inflation earlier last year, inflation has increased again, causing the  
6 Federal Reserve to delay any changes in its monetary policy until recently. The  
7 Federal Reserve is growing more concerned that these high interest rates are  
8 contributing to a weakening labor market and has resumed decreasing  
9 short-term interest rates in September of this year. Furthermore, investors are  
10 weary of the uncertainties regarding the Trump Administration's tariffs on  
11 imports across many goods from multiple countries—inducing fears of yet  
12 higher inflation and plummeting consumer confidence. Given this uncertainty,  
13 investors may choose more defensive stocks, such as water utility stocks, that  
14 typically have a lower expected return compared to higher-risk stocks. This  
15 trend is demonstrated by my cost of equity study estimates.

16  
17  
18 **IV. CAPITAL STRUCTURE.**

19 Q. WHAT IS MEANT BY THE TERM "CAPITAL STRUCTURE"?

20 A. Capital structure refers to the relative percentage of equity, preferred stock, and  
21 debt that a company uses to finance its investments.

1 Equity (or common equity) represents ownership in a company and its  
2 investments. It includes common stock, retained earnings, and additional  
3 paid-in capital. Equity financing is more expensive than debt financing for two  
4 reasons. Because companies have a legal obligation to pay debt before equity,  
5 stockholders expect a higher return to compensate for this risk. In addition,  
6 returns on equity (or dividends) are not tax deductible as a business expense  
7 like a company's interest payments on debt.

8 Preferred stock is a type of stock that offers greater benefits than  
9 common equity. Preferred stockholders receive a fixed dividend and have  
10 priority for payment over common stockholders. In Hawaii, preferred stock is not  
11 included in the capital structure for ratemaking purposes.

12 Debt consists of financial obligations that are recorded as liabilities on a  
13 company's balance sheet. These obligations must be paid before any  
14 distributions—such as dividends or liquidation proceeds—can be made to  
15 preferred or common shareholders. Corporate debt generally includes two time  
16 horizons: (1) long-term debt that matures over a period of more than one year;  
17 and (2) short-term debt that matures within one year.

18  
19 Q. HOW IS A UTILITY'S TOTAL RATE OF RETURN CALCULATED?

20 A. The total rate of return is composed of the weighted costs of long-term debt,  
21 preferred stock, and equity capital. Long-term debt costs are typically computed  
22 using the utility's actual debt costs as of a certain date, such as the last day of

1 the test year. In some jurisdictions, such as Hawaii, preferred stock is not  
2 included in the capital structure for ratemaking purposes. Unlike the debt  
3 components of the capital structure, equity cost rates must be estimated.

4 The utility's total ROR is developed by multiplying the percentage of each  
5 type of financing (common equity and long-term debt) by their specific cost rates  
6 and then totaling the results for a total after-tax ROR. This rate is then converted  
7 to pre-tax returns by grossing up the common equity and the preferred stock  
8 dividends for taxes. The final pre-tax return is then multiplied by the utility's rate  
9 base to determine the amount of money that customers must pay to the utility  
10 for the return on investment and associated tax payments.

11  
12 Q. HOW DOES THE CAPITAL STRUCTURE IMPACT THE TOTAL RATE OF  
13 RETURN?

14 A. The cost of equity is generally higher than the cost of debt, so ratepayers bear  
15 higher costs when the utility finances more of its rate base investment with  
16 common equity and preferred stock. As explained above, stockholders expect  
17 a higher return because companies are contractually obligated to repay their  
18 debt where no such obligation exists for equity. Additionally, equity is also more  
19 expensive than debt because debt financing is tax deductible while stock  
20 dividend payments are not. Thus, if a utility is allowed to use a capital structure  
21 for ratemaking purposes that has more equity than debt, ratepayers also pay a  
22 higher tax burden.

1 Q. HOW DO INVESTORS VIEW THE CAPITAL STRUCTURE?

2 A. On the one hand, investors may view a high reliance on debt as risky (referred  
3 to as financial or leverage risk) because debt has priority of payment over equity.  
4 Given that creditors must be paid before investors, a company's relatively high  
5 debt burden can lead to a higher required ROE relative to similar investment  
6 opportunities to accommodate the higher risk. On the other hand, excessive  
7 equity, while reducing financial risk for an enterprise's creditors and investors,  
8 increases the overall cost of capital (and therefore the return on rate base),  
9 which must be recovered through rates for customers (giving rise to investor  
10 concern over affordability of utility rates in the context of macroeconomic  
11 inflation conditions).

12  
13 Q. WHAT CAPITAL STRUCTURE IS PUCI REQUESTING FOR USE IN THIS  
14 CASE?

15 A. For the Test Year, PUCI is proposing a hypothetical capital structure of 50.00%  
16 common equity and 50.00% long-term debt.

17  
18 Q. WHY IS PUCI REQUESTING AUTHORIZATION TO USE A HYPOTHETICAL  
19 CAPITAL STRUCTURE FOR RATEMAKING PROPOSES?

20 A. PUCI is requesting a hypothetical capital structure of 50.00% equity and 50.00%  
21 debt for ratemaking purposes because it has no debt.

22

1 Q. SHOULD THE COMMISSION ACCEPT PUCI'S PROPOSED CAPITAL  
2 STRUCTURE?

3 A. Yes. The Commission should accept PUCI's proposed capital structure for a  
4 series of reasons that I will discuss below.  
5

6 Q. WHY SHOULD THE COMMISSION ACCEPT PUCI'S PROPOSED  
7 HYPOTHETICAL CAPITAL STRUCTURE?

8 A. PUCI's proposed hypothetical equity ratio of 50.00% falls within the range of  
9 annual average equity ratios approved by regulatory commissions for regulated  
10 water utilities since 2010, which are in the range of 47.34% to 52.53%. For  
11 example, the average equity ratio approved by regulatory commissions for  
12 water utilities was 51.69% in CY 2024 and 49.38% in year-to-date ending June  
13 30, 2025.<sup>26</sup> Furthermore, PUCI's proposed equity ratio of 50.00% is slightly  
14 lower than the proxy group average of 51.92% and is equal to the median that  
15 is expected for 2025.<sup>27</sup>  
16  
17  
18  
19

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<sup>26</sup> S&P Global Market Intelligence ("S&P MI"), "Water utility rate case data: Jan. 1, 2020-June 30, 2025", Table 2.

<sup>27</sup> Exhibit CA-302, Schedule MLR-4.

1   **V.    COST OF DEBT.**

2    Q.    WHAT DOES PUCI PROPOSE AS THE COST OF LONG-TERM DEBT?

3    A.    PUCI's proposed cost of long-term debt of 4.26% is based on the average  
4          composite long-term debt interest cost rates for Mr. Howard's proxy groups.<sup>28</sup>  
5

6    Q.    DO YOU CONSIDER THE COMPANY'S REQUESTED OVERALL COST OF  
7          LONG-TERM DEBT REASONABLE?

8    A.    No. Although I don't disagree with Mr. Howard's method of estimating the cost  
9          of debt based on embedded debt cost, I disagree with his 15-basis point  
10         issuance cost adder. I also recommend a different cost of debt that is based on  
11         my proxy group average. Mr. Howard's average cost of debt of 4.11% is  
12         reasonable when compared to the prevailing yields on equivalent long-term debt  
13         for utilities of similar risk profiles at the time of its issuances. However, I disagree  
14         with his 15-basis point adder, which he adds to his average of 4.11% for a total  
15         of 4.26%, because he provides no support. Moreover, since I eliminate a couple  
16         of companies from his proxy group for my ROE estimates I must do the same  
17         here for consistency purposes.  
18  
19

---

<sup>28</sup>         Application, Exhibit PUCI-T-400: Howard Direct, at 14; Schedule MRH-3.



1 Q. DO YOU RECOMMEND THAT THE COMMISSION ACCEPT PUCI'S  
2 REQUESTED COST OF LONG-TERM DEBT?

3 A. No. Using the same cost of debt estimates for each utility provided by  
4 Mr. Howard, I recommend a different cost of debt of 4.03%, which is the average  
5 cost of debt for my proxy group.<sup>29</sup>

6  
7 **VI. RETURN ON EQUITY.**

8 Q. HOW DO YOU DETERMINE THE ROE FOR A REGULATED UTILITY?

9 A. For ratemaking purposes, the cost of equity must be estimated because it  
10 cannot be directly observed, and it varies with changing expectations of financial  
11 market conditions. The cost of equity is the long-term annualized market return  
12 that investors (in general) expect when they purchase equity shares of a  
13 particular company. It reflects the risk factors of that investment as compared to  
14 alternative investment opportunities and investors' current opportunity cost of  
15 investing in the securities of that company (i.e., the investors' risk-adjusted  
16 alternatives).

17 I calculate an estimate of PUCI's cost of equity by deriving average  
18 expected market returns for a proxy group of water utility companies with  
19 comparable risk.

20  

---

29 Exhibit CA-302, Schedule MLR-4.

1 Q. HOW DID MR. HOWARD CHOOSE THE COMPANIES FOR HIS UTILITY  
2 PROXY GROUP?

3 A. For his utility proxy group, Mr. Howard begins with the group of U.S. utilities that  
4 Value Line classifies as "Water Utilities," then he applies a series of criteria for  
5 his proxy group of water utilities, which includes companies that have a Value  
6 Line-reported Beta coefficient; have earnings growth projections from at least  
7 one of the following sources: Zacks, Value Line, or Standard & Poor's Capital  
8 IQ; have not recently cut or suspended dividend payments; have not currently  
9 become party to a merger or significant transaction; and have at least 60% or  
10 greater of operating income or total assets attributable to regulated water utility  
11 operations in the most fiscal year. After he applies these criteria, Mr. Howard's  
12 utility proxy group contains 5 companies: American States Water Company,  
13 American Water Works Company, Inc., California Water Service Group,  
14 Middlesex Water Company, and SJW Group (recently rebranded as H2O  
15 America). He also conducted his ROE analyses using another water utility proxy  
16 group of 7 companies which include the same companies as his proxy group of  
17 5 companies but also includes Essential Utilities, Inc. and Global Water  
18 Resources, Inc.<sup>30</sup>

---

30 Application, Exhibit PUCI-T-400: Howard Direct at 10-12.

1 Q. IN YOUR ANALYSIS, DO YOU MAKE ANY CHANGES TO MR. HOWARD'S  
2 WATER UTILITY PROXY GROUP?

3 A. Yes. I exclude Global Water Resources, Inc. due to a lack of *Value Line*  
4 available data, such as forecasted earnings and dividend growth rates used in  
5 the DCF model. I also exclude SJW Group (recently rebranded as H2O  
6 America), because it recently announced plans to acquire the Texas Water  
7 Company, Inc. for \$483.6 million and Quadvest Wholesale LLC for \$56.4 million.  
8 These acquisitions comprise a significant portion of H2O America's market  
9 capitalization, which justifies exclusion from my proxy group.<sup>31</sup>

10 I use Mr. Howard's other water utility proxy group companies because  
11 they meet criteria that appear reasonable. I typically also require companies in  
12 my sample to have no ongoing involvement in a major merger or acquisition,  
13 have an investment-grade credit rating (BBB- or higher), and have no cuts in  
14 dividend payments during the past six months. I typically exclude firms involved  
15 in any significant merger or acquisition activity because the market values of  
16 such firms differ significantly from those companies not involved in such  
17 activities. This difference would be reflected in a company's stock price and  
18 dividend yields, which would distort the estimated cost of equity. I also exclude  
19 companies that have recently cut dividend payments to shareholders because

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31 <https://www.h2o-america.com/news-releases/news-release-details/h2o-america-significantly-expands-texas-footprint-texas#:~:text=Pursuant%20to%20the%20first%20agreement,subject%20to%20any%20financial%20condition>. See also Company response to CA Interrogatory CA-IR-57.

1 such a management decision is usually perceived by investors as a sign of  
2 financial distress.

3  
4 Q. PLEASE DESCRIBE PUCI AND ITS OPERATIONS.

5 A. PUCI provides water distribution and wastewater treatment and collection for  
6 customers in Princeville, Hawaii and surrounding areas on the north shore of  
7 Kaua'i, serving approximately 1,047 water customers and 3,161 wastewater  
8 customers.

9  
10 Q. PLEASE DISCUSS THE DIFFERENT TYPES OF RISK THAT A REGULATED  
11 MONOPOLY, SUCH AS UTILITY COMPANIES, MAY FACE.

12 A. An investor's expected return on an investment is composed of the risk-free rate  
13 and different types of risk, to include inflation risk, interest rate risk, business  
14 risk, financial risk, and regulatory risk.

15 The risk-free rate is the level of return investors can achieve without  
16 assuming any risk. In general, most investors agree that a Treasury bond is an  
17 asset perceived by the market as having relatively less risk than other market  
18 instruments because the federal government's access to tax proceeds to fulfill  
19 its debt obligations and strong credit rating make Treasury securities practically  
20 default-free. However, Treasury bonds are not absolutely risk-free because they  
21 incorporate a risk premium associated with interest rate risk. This is the premium

1 investors require to compensate them for the foregone opportunity cost of an  
2 alternative, higher interest rate later.

3 From an investor's perspective, inflation risk, also called purchasing  
4 power risk, is the chance that the cash flows from an investment will not be  
5 worth as much in the future because of changes in purchasing power due to  
6 inflation.

7 Interest rate risk is the risk that arises for investors from the variability in  
8 returns caused by fluctuating interest rates, which depends on how sensitive an  
9 asset's price is to interest rate changes in the market. For bonds, for example,  
10 their price sensitivity to interest rates depends on the bond's time to maturity  
11 and the coupon rate of the bond.

12 Business risk, as perceived by investors, includes all the operating  
13 factors that increase the probability that expected future cash flows accruing to  
14 investors may not be realized. Business risk would include such factors as sales  
15 volatility and operating leverage. A utility's business risk is a function of factors  
16 such as customer base diversity, necessary capital expenditures, the regional  
17 and national economy, and the regulatory environment in which the utility  
18 operates.

19 Financial risk relates to the capital structure of a company, including its  
20 fixed contractual obligations and ability to pay interest on its debt and refinance  
21 that debt when it is due. Credit-rating agencies assess the financial health of a  
22 company through the use of key financial ratios that measure the extent to which

1 a company can pay its debt, including principal and interest. Corporate rating  
2 designations that are commonly used are shown later in Table 2 of my  
3 testimony, which identifies rating categories used by Standard & Poor's ("S&P"),  
4 Fitch, and Moody's for investment-grade issuances.

5 One of the key financial ratios used by credit-rating agencies is the debt  
6 ratio. The higher the portion of the capital structure that is comprised of debt or  
7 leverage, the higher the risk of default on those debt obligations.

8 Regulatory risk is based on the investor's perceived understanding of the  
9 current regulatory environment along with possible changes to that regulatory  
10 environment. How regulators treat regulatory lag is one example of regulatory  
11 risk. To the extent that companies face a time lag between incurring expenses  
12 and cost recovery, such risk is best measured by choosing a proxy group of  
13 companies that face similar regulatory oversight and earn the majority of their  
14 revenues from regulated operations.

15  
16 A. INFLATION RISK

17 Q. IN YOUR VIEW, DOES PUCI FACE GREATER INFLATION RISK THAN  
18 OTHER REGULATED UTILITIES IN THE PROXY GROUP?

19 A. No. The risks associated with current inflation trends, which have decreased  
20 from a CPI of 8.0% in 2022 to 2.7% in Q2 2025,<sup>32</sup> are shared by all regulated

---

<sup>32</sup> Exhibit CA-301, Schedule MLR-1.

1 utilities and, as a result, are reflected in the utility proxy group's calculated costs  
2 of equity.

3  
4 B. INTEREST RATE RISK

5 Q. IN YOUR VIEW, DOES PUCI FACE GREATER INTEREST RATE RISK THAN  
6 OTHER REGULATED UTILITIES IN THE PROXY GROUP?

7 A. Since changes in interest rates affect borrowing costs, the effect of such risk  
8 depends on the company's credit rating and portion of debt to total financial  
9 capital compared to the proxy group. As I discuss in greater detail in the financial  
10 risk section below, PUCI does not have any publicly available ratings issued by  
11 Fitch, Moody's, S&P, or a comparable credit rating agency, so it is difficult to  
12 make a direct comparison to the proxy group in this regard.<sup>33</sup> This is likely the  
13 case because PUCI has no debt, which investors would view favorably. All the  
14 utilities in the proxy group have an S&P rating of A- or above.<sup>34</sup>

15  
16  
17  
18  
19  

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33 PUCI Response to CA Interrogatory CA-IR-56.

34 Exhibit CA-302, Schedule MLR-4.

1

<b>Table 2. Rating Categories (Investment Grade)</b>	
<b>S&amp;P and Fitch</b>	<b>Moody's</b>
AAA	Aaa
AA+	Aa1
AA	Aa2
AA-	Aa3
A+	A1
A	A2
A-	A3
BBB+	Baa1
BBB	Baa2
BBB-	Baa3

2

3

4 C. BUSINESS RISK

5 Q. IN YOUR VIEW, DOES PUCI FACE GREATER BUSINESS RISK THAN  
6 OTHER REGULATED UTILITIES IN THE PROXY GROUP?

7 A. No. The fundamental comparison here is to the proxy group. Every utility is  
8 different, but I do not believe that PUCI has greater business risk than its peers  
9 in the proxy group.

10

11 Q. WHAT FACTOR DOES PUCI IDENTIFY AS A CONTRIBUTOR TO ITS  
12 BUSINESS RISK?

13 A. Mr. Howard asserts that PUCI faces additional business risk not captured in his  
14 proxy groups due to its small size. Specifically, Mr. Howard argues that  
15 compared with larger, more diversified proxy companies, PUCI is less able to



1 absorb revenue/expense volatility or unexpected capital outlays and is more  
2 exposed if a few large customers are lost.<sup>35</sup>

3  
4 Q. WHAT EVIDENCE DOES MR. HOWARD CITE TO SUPPORT A  
5 SIZE-RELATED PREMIUM?

6 A. Mr. Howard cites finance literature that identifies size as a predictor of returns  
7 to justify a company-specific size premium relative to his proxy groups.  
8 Specifically, estimates an implied stand-alone market capitalization of about  
9 \$6.33 million by applying the proxy groups' 2.04× median market-to-book ratio  
10 to \$3.11 million of common equity.<sup>36</sup> By way of comparison, Mr. Howard reports  
11 that the proxy groups' median market capitalization is \$2.63 billion (mapped by  
12 Kroll to the 6th decile, 1.00% size premium), while Princeville's implied \$6.33  
13 million maps to the 10th decile, 4.47% size premium—a 3.47% spread versus  
14 the proxy group. Despite the larger decile spread, PUCI applies only a 1.00%  
15 size premium to Princeville's recommended ROE as a conservative,  
16 company-specific adjustment.<sup>37</sup>

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35 PUCI-T-400: Howard Direct, at 38-39.

36 Id., at 39.

37 Id, at 39-40.

1 Q. DO YOU AGREE THAT PUCI'S SMALL COMPANY SIZE RELATIVE TO MR.  
2 HOWARD'S PROXY GROUPS MERIT AN ROE ADDER OF 1.00%?

3 A. No, I disagree with Mr. Howard's assessment of PUCI's risk for two important  
4 reasons. First, the foundation of his calculations uses Kroll Market Capitalization  
5 and size premium data that are based on the premise that small publicly owned  
6 companies are inherently riskier than large publicly owned companies and, thus,  
7 require a larger cost of capital. It is not clear whether these differences in size  
8 premiums are due to size itself or to other factors that tend to be statistically  
9 correlated with size. In the words of the "Dean of Valuation," NYU finance  
10 professor Aswath Damodaran, the size effect is "fiction."<sup>38</sup> Furthermore, the  
11 Kroll size premiums are based on market-wide results and utilities are less risky  
12 than the market, as reflected in the average beta for his proxy groups ranging  
13 from 0.72 to 0.86. He fails to acknowledge that the smaller companies reflected  
14 in the Kroll database tend to be engaged in riskier businesses than larger  
15 companies, which is not the case for regulated monopolies, such as water and  
16 wastewater utilities.

17 Second, any costs associated with risk should be part of operating costs  
18 that PUCI is requesting. Thus, ratepayers are already paying rates that reflect  
19 any increased costs associated PUCI's size. If there is additional risk faced by

1 PUCI, ratepayers are already paying for that risk and should not be  
2 double-charged.

3  
4 Q. ARE YOU AWARE OF ANY HAWAII COMMISSION PRECEDENT  
5 REGARDING ALLOWING A SMALL-SIZE ADJUSTMENT OR ADDER TO A  
6 RECOMMENDED ROE?

7 A. No. I'm not aware of any case in which the Commission allowed such an adder  
8 to a recommended ROE. Mr. Howard also responded to CA interrogatory  
9 CA-IR-54 stating that he is not aware of any instances where the Commission  
10 has specifically cited a small-size adjustment or adder to a recommended  
11 ROE.<sup>39</sup>

12  
13 D. FINANCIAL RISK

14 Q. IN YOUR VIEW, DOES PUCI FACE GREATER FINANCIAL RISK THAN  
15 OTHER REGULATED UTILITIES IN THE PROXY GROUP?

16 A. No. Since PUCI holds no debt obligations and does not plan to execute any new  
17 loans or other instruments of debt in the near future, it faces less financial or  
18 leverage risk than the proxy group.<sup>40</sup> By way of comparison, the proxy group  
19 average debt portion of the capital structure is 47.40% and median is 48.50%.<sup>41</sup>

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<sup>39</sup> PUCI Response to CA Interrogatory CA-IR-54.

<sup>40</sup> Exhibit PUCI-T-200: O'Brien Direct, at 56.

<sup>41</sup> Exhibit CA-302, Schedule MLR-4.

1 E. REGULATORY RISK

2 Q. IN YOUR VIEW, DOES PUCI FACE GREATER REGULATORY RISK THAN  
3 OTHER REGULATED UTILITIES IN THE PROXY GROUP?

4 A. No. PUCI has similar regulatory risk as the other companies in my proxy group.  
5 Hawaii has a regulatory ranking of “Average/2” (indicating similar regulatory risk  
6 compared to average), according to S&P Global Market Intelligence.<sup>42</sup> Also,  
7 PUCI benefits from a rate mechanism and a forecasted test year that  
8 significantly reduces regulatory lag.

9  
10 Q. DOES PUCI HAVE ANY RATE MECHANISMS THAT CAN IMPROVE COST  
11 RECOVERY IN BETWEEN RATE CASES?

12 A. Yes. PUCI has an Automatic Power Cost Adjustment Clause (“APCAC”)  
13 included in its rate structure. The Commission first approved the APCAC for  
14 sewer operations in 1994 and for water operations in 1997. When approved by  
15 the Commission in 1997 for water operations PUCI had converted two well  
16 pump drives from diesel engines to electric motors to improve operating  
17 efficiency and, as a result, electricity costs accounted for approximately 30% of  
18 the total operating expenses for water operations at that time.<sup>43</sup> PUCI argued

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<sup>42</sup> S&P Global Market Intelligence, “RRA State Regulatory Evaluations – Energy” (July 2025), at 3.

<sup>43</sup> Commission Decision and Order No. 16053, Docket Nos. 95-0172 and 95-0168, filed on November 4, 1997 (water operations) and Order No. 13209, Docket No. 6859, filed April 13, 1994 (sewer operations), PUCI Response to CA Interrogatory CA-IR-53: Exhibit CA-IR-53, at 8-9.

1       that an APCAC would allow it to adjust its customer charges to account for  
2       higher energy costs, whenever they occur, without having to apply for a rate  
3       increase. The Commission found that automatic energy adjustment clauses  
4       relieve utilities of the burden of constantly filing for rate increases or decreases  
5       as fuel costs change.<sup>44</sup>

6  
7   Q.   DESCRIBE OTHER REGULATORY CONVENTIONS THAT REDUCE  
8       BUSINESS RISK FOR PUCI.

9   A.   The Commission relies on an average original cost rate base valuation and rate  
10       cases are filed using a forecasted test period. Specifically, rate requests filed  
11       between January and June are to be based on a 12-month period ending  
12       June 30 of the following year.

13  
14   Q.   DOES THE PROXY GROUP USED IN YOUR ANALYSIS HAVE THE  
15       REGULATORY MECHANISMS OR CONVENTIONS COMPARABLE TO  
16       THOSE AVAILABLE TO PUCI?

17   A.   According to S&P Global Market Intelligence, only 23% of regulated utilities  
18       across the U.S. have a fully forecasted test year.<sup>45</sup>

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44       Id.

45       S&P Global MI, "RRA State Regulatory Evaluations – Energy" (July 2025), at 8.

1 Q. FROM AN INVESTOR VIEWPOINT, HOW ARE THESE DIFFERENCES IN  
2 REGULATORY PROTECTIONS PERCEIVED?

3 A. Investors consider a fully forecasted test year to be most constructive,  
4 particularly in periods of robust capital spending.<sup>46</sup>  
5

6 Q. HOW SHOULD THE COMMISSION INCORPORATE THESE DISTINCTIONS  
7 INTO ITS ROE DETERMINATION?

8 A. When considering a fair and reasonable ROE for PUCI, the Commission should  
9 consider how the APCAC and rate making conventions (average original cost  
10 rate base valuation and forecasted test year) significantly reduce PUCI's risk  
11 relative to my proxy group.  
12  
13

14 **VII. ROE METHODOLOGIES.**

15 Q. WHAT METHODOLOGIES DO YOU USE TO DERIVE YOUR COST OF  
16 EQUITY RECOMMENDATION?

17 A. I use the Constant-Growth DCF model to form the basis of my recommendation  
18 of a 9.11% ROE, which is the midpoint of my DCF results for PUCI. My  
19 recommendation is further supported by the average of the results of my DCF

---

46 Id.

1 and CAPM analyses of 9.11%, demonstrating the reasonableness of my DCF  
2 analysis.

3  
4 Q. WHAT IS THE PREDOMINANT ROE MODEL UTILIZED BY REGULATORY  
5 BODIES IN THE UNITED STATES?

6 A. For decades, the FERC and public utility commissions across the United States  
7 have relied primarily on the DCF model to develop a range of returns earned on  
8 investments in companies with corresponding risks for purposes of determining  
9 the ROE for regulated entities.<sup>47</sup> Although I use variants of the Constant-Growth  
10 DCF model and the CAPM, I rely on my Constant-Growth DCF to form the basis  
11 of my recommendation of an 9.11% ROE for PUCI.

12  
13 A. CONSTANT-GROWTH DISCOUNTED CASH FLOW MODEL

14 Q. PLEASE DESCRIBE THE CONSTANT-GROWTH DCF MODEL.

15 A. The Constant-Growth DCF model is based on the dividend discount model first  
16 proposed by J.B. Williams in 1938.<sup>48</sup> The model is based on the premise that  
17 since cash dividends are the only income from a share of stock held to infinity,  
18 the value of that stock will be the present value of its stream of dividends, where  
19 the discount rate is the market's required return. The model can be modified to

---

<sup>47</sup> S&P MI, "RRA Regulatory Focus, FERC and Electric ROEs – 2022 Update" (September 26, 2022), at 3.

<sup>48</sup> J.B. Williams, *The Theory of Investment Value* (1938), at 45-48.

1 account for the (more common) situation whereby shares of stock are bought  
2 and sold, producing capital gains income in addition to dividend income. To  
3 simplify the mathematics of the model, expected future dividends are  
4 represented by applying a constant-growth rate to the current observable  
5 dividend. Mathematically, the present value of an asset (common stock) is  
6 expressed as:

$$P_0 = \frac{D_1}{(K - g)}$$

8 Where:

9  $D_1$  is the dividend payment in one year from today or the expected dividend;

10  $K$  is the rate of return used by investors to discount future dividends; and

11  $g$  is the growth rate of the dividend payment.

12 The estimated cost of equity,  $K$ , is specified as:

$$K = \frac{D_1}{P_0} + g ,$$

14 Where:

15  $D_1$  is the expected dividend, represented by  $D_1 = D_0(1 + g)$

16 Where:

17  $D_0$  is the current annual dividend per share.

18 Therefore, the market ROE capital is the sum of the dividend yield  
19 (anticipated dividend payments divided by the market price) and the expected  
20 growth in dividend income.

21



1 Q. PLEASE DESCRIBE HOW YOU DERIVE THE DIVIDEND YIELD  
2 COMPONENT OF YOUR DCF ANALYSIS.

3 A. The dividend yield in my DCF analysis is the annual dividend per share over the  
4 next 12 months, divided by the stock price average for different historical periods  
5 ending August 29, 2025. I first calculate the dividend yields using the  
6 30-calendar day average of closing stock prices. I also use a 90-calendar day  
7 average of closing stock prices for capturing longer market trends.

8 In general, the most recent price of a security can be used to calculate  
9 the dividend yield because it represents current valuations in equity markets,  
10 calculating an average over time to mitigate any irregularities as necessary.  
11 However, using the average over a range of dates (e.g., 30 and 90 days) helps  
12 reduce the bias that might occur from day trading-driven irregularities or  
13 short-term volatility. The average 30-calendar day stock price for the proxy  
14 group is \$71.46 per share, which is less than the 90-calendar day average stock  
15 price of \$71.35 per share.<sup>49</sup>

16 I then estimate the expected dividend yield by applying the growth rate  
17 component of my Constant-Growth DCF analysis. I use three variants for  
18 calculating the growth rate component which I will discuss later in my testimony.

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<sup>49</sup> Exhibit CA-302, Schedule MLR-5a through Schedule MLR-6f.

1        These methods produce a range of expected dividend yields from 2.79% to  
2        2.80% using the proxy group.<sup>50</sup>

3  
4    Q.    DO YOU MAKE ANY FURTHER ADJUSTMENTS TO YOUR EXPECTED  
5        DIVIDEND YIELD?

6    A.    Yes. I adjust the dividend yield by one-half the expected growth to reflect growth  
7        over the coming year. Since I use annualized dividends, I make this adjustment  
8        to account for the fact that companies tend to announce changes in dividends  
9        at different times throughout the year.

10  
11   Q.    PLEASE DESCRIBE THE GROWTH RATE COMPONENT OF YOUR DCF  
12        ANALYSIS.

13   A.    My first set of growth rates is based on published earnings per share (“EPS”)  
14        forecasts because investors typically view earnings growth as an indicator of  
15        future dividend growth. Investors also incorporate other sources of information  
16        when setting their expectations of dividend growth, which I will discuss shortly.

17        I calculate the estimated earnings growth rates by averaging analysts’  
18        forecasts (which typically cover roughly the next five years) from Value Line,  
19        S&P MI, and Zacks. The S&P MI and Zacks websites report results  
20        incorporating forward-looking surveys of securities analysts’ EPS projections.

---

50        Id.

1 Value Line, in contrast, uses an historical base period average value for  
2 2022-2024 and a forecast for 2028-2030 to calculate its growth rates that is not  
3 derived from a survey. The average expected earnings growth rate using the  
4 proxy group of companies is 6.63% [and median DCF results of 8.89% and  
5 8.96%].

6 I then refine my growth rate by averaging Value Line's dividends per  
7 share ("DPS") and book value per share ("BVPS") estimates with the previously  
8 estimated earnings growth rate projections weighted equally. I include these  
9 three components of growth in my analysis because investors are not only  
10 concerned with earnings growth but also dividend and book value growth as an  
11 assurance that dividend growth will be sustained. Moreover, dividend growth  
12 rates are more stable than expected earnings growth. These calculations  
13 produce an average growth rate of 6.04% [and median DCF results of 9.33%  
14 and 9.36%].

15  
16 Q. WHAT IS MR. HOWARD'S OVERALL DCF-DERIVED ROE RESULTS?

17 A. For his utility proxy groups, Mr. Howard shows a series of DCF-derived ROE  
18 results ranging from 9.51% to 11.16% for his proxy group of 5 water utilities and  
19 10.52% to 12.02% for his proxy group of 7 water utilities. These results are  
20 based on the median (or central tendency) and the average of his proxy group  
21 results.

22

1 Q. WHY DO YOUR RESULTS DIFFER FROM MR. HOWARD'S RESULTS?

2 A. My DCF results using only EPS growth rates are far lower than Mr. Howard's  
3 DCF results. The notable difference between his median results and my results  
4 using only EPS growth rates and 30-day stock prices is due to the different time  
5 periods used for the stock price averages, which reflect varying market trends.  
6 Specifically, the ending of my stock price average for both 30-day and 90-day  
7 averages is August 29, 2025, while the ending date for his 30-day stock price  
8 averages for his proxy groups is February 14, 2025.

9  
10 Q. WHAT EFFECT DO MR. HOWARD'S GROWTH RATES HAVE ON HIS DCF  
11 RESULTS?

12 A. Mr. Howard's growth rates are problematic because he only incorporates EPS  
13 growth rates. Although earnings growth is an important indicator of dividend  
14 growth, investors also incorporate other financial data when estimating their  
15 required returns, such as dividend growth and book value growth. Moreover,  
16 dividend growth rates are more stable than expected earnings growth because  
17 dividends are determined by the company's dividend payout policy. If  
18 Mr. Howard were to incorporate more than just earnings growth, as I have done  
19 with respect to dividend growth and book value growth, his DCF estimates  
20 would be lower.

21

22

1 B. SUSTAINABLE-GROWTH DISCOUNTED CASH FLOW MODEL

2 Q. DO YOU EMPLOY OTHER METHODS TO DERIVE GROWTH RATES IN  
3 YOUR DCF MODEL?

4 A. Yes. I also use the sustainable growth method to estimate the rate of dividend  
5 growth. The standard DCF model assumes only one source of equity financing,  
6 namely the retention of earnings, while the sustainable growth method  
7 incorporates internal and external sources of growth. Growth in earnings and  
8 dividends can also be achieved by the sale of new common equity.<sup>51</sup> The basic  
9 Constant-Growth DCF model of:

10 
$$K = \frac{D_1}{P} + g$$

11 can be rewritten to assume that external sources of financing influence investor  
12 expectations of dividend growth, and is represented as the following:

13 
$$K = \frac{D_1}{P} + br + sv$$

14 Therefore:

15 
$$G = br + sv,$$

16 Where:

17 G is the retention growth rate;

18 b is the portion of retained earnings or 1 minus payout ratio;

---

<sup>51</sup> This expanded version of the DCF model allows for the value of stocks to vary from book values. If the stock prices equal book value, then the equity held by new shareholders is equal to the funds they invest and the existing shareholders' equity is not changed. If, however, stock prices are greater than book value, a portion of the funds accrues to the existing shareholders, thereby increasing their expectations of dividend growth in the future. David Parcell, *The Cost of Capital – A Practitioner's Guide* (2010), at 144-145.

1  $r$  is the earned rate of return;  
2  $s$  represents the funds raised from the sale of stock as a fraction of existing  
3 common equity; and  
4  $v$  is the fraction of funds raised from the sale of stock that accrues to current  
5 shareholders.

6 I use *Value Line* expectations regarding retention ratios and ROEs for  
7 five years into the future to derive estimates for  $b$  and  $r$ , which in turn are used  
8 to calculate the expected internal growth component,  $br$ . To incorporate external  
9 financing growth,  $sv$ , I use *Value Line* data to derive the market-to-book ratio  
10 (which is an actual, observed figure) and expected growth in the number of  
11 outstanding shares. The average sustainable growth rate for my proxy group is  
12 5.79% and a resulting range of median ROE estimates of 8.87% to 8.85%.<sup>52</sup>

13  
14 Q. DO YOU APPLY A REASONABLENESS SCREEN TO YOUR INDIVIDUAL  
15 ROE RESULTS USING THE DCF METHOD?

16 A. Yes. After adding the growth-rate estimates and the dividend-yield estimates for  
17 each company in my proxy group to obtain the individual ROE estimates,  
18 I examined individual company ROE results for reasonableness to determine  
19 whether some results are extreme outliers. Thus, in lieu of relying on the

---

<sup>52</sup> Exhibit CA-302, Schedule MLR-6c and Schedule MLR-6f.

1 average of my proxy group results for each model, I use the median. The  
2 median is the middle value of a set of data and is not skewed by outliers.

3  
4 Q. PLEASE SUMMARIZE YOUR DCF MODEL RESULTS.

5 A. As shown in Table 4 below, I employ three different methods for deriving the  
6 growth rate in the DCF model, yielding three sets of estimates of the ROE for  
7 my proxy group. First, I use the Constant-Growth DCF model using only EPS  
8 growth rates. When I assume that investors are only concerned with earnings  
9 growth when valuing a company's stock (i.e., only using EPS growth in the DCF  
10 model), I derive ROE estimates of 8.89% (30-calendar day stock prices) and  
11 8.96% (90-calendar day stock prices).<sup>53</sup>

12 Second, I use the Constant-Growth DCF model using EPS, DPS, and  
13 BVPS growth rates. Once I allow other sources of growth, such as DPS and  
14 BVPS growth rates, to influence investors' expectations of the return on a  
15 particular equity, my analyses yield lower results. For instance, incorporating  
16 DPS and BVPS growth rates results in median ROE estimates of 9.33%  
17 (30-calendar day stock prices) and 9.36% (90-calendar day stock prices).<sup>54</sup>

18 Third, I use the Sustainable-Growth DCF model. When I allow both  
19 internal and external funding sources to drive growth in investor income, for my

---

<sup>53</sup> Exhibit CA-302, Schedule MLR-5a and Schedule MLR-5c.

<sup>54</sup> Exhibit CA-302, Schedule MLR-5b and Schedule MLR-5d.

sustainable growth rate model, I derive median ROE results of 8.87% (30-calendar day stock prices) and 8.85% (90-calendar day stock prices), after adjusting for reasonable growth rates. The overall range of these ROE estimates using my DCF is 8.85% to 9.36%, with a midpoint of 9.11% and an average of 9.05% as shown on Table 3.<sup>55</sup>

<b>TABLE 3. RENO DCF RESULTS</b>			
<b>(Median Results)</b>			
<b>Estimated Return on Equity</b>	<b>ROE</b>		
	30-Day Stock Price	90-Day Stock Price	Midpoint
DCF Methodology			
Constant-Growth DCF (EPS Growth)	8.89%	8.96%	
Constant-Growth DCF (DPS, EPS and BVPS)	9.33	9.36	
Sustainable-Growth DCF	8.87	8.85	
<b>DCF Range (Min. &amp; Max.)<sup>[1]</sup></b>	<b>8.85%</b>	<b>9.36%</b>	<b>9.11%</b>
<b>DCF Average</b>			<b>9.05%</b>

<sup>[1]</sup> ROE range (minimum and maximum values) for the 30-day and 90-day DCF results.

<sup>55</sup> Exhibit CA-302, Schedule MLR-6c and Schedule MLR-6f.



1 C. CAPITAL ASSET PRICING MODEL

2 Q. DO YOU USE ANY OTHER METHODOLOGIES TO ESTIMATE THE ROE  
3 FOR PUCI?

4 A. Yes. I also apply the CAPM to derive a total of three ROE estimates, which  
5 serves as a check on the reasonableness of my DCF results. However, my  
6 recommended ROE is not based on my CAPM results. My CAPM results range  
7 from 7.50% to 10.72% with a midpoint of 9.11%.

8

9 Q. PLEASE DESCRIBE THE CAPM.

10 A. The CAPM is a version of the “risk premium” approach that is rooted in modern  
11 portfolio theory. It recognizes that common equity capital is riskier than debt  
12 from an investor’s perspective because debt holders are typically paid before  
13 shareholders, and as such, investors require higher returns on stocks than on  
14 bonds to be compensated for the additional risk.<sup>56</sup> The cost of common equity  
15 is represented by the following equation:

16 
$$K_e = R_f + \beta_s * RP,$$

17 Where:

18  $K_e$  is the cost of equity;

19  $R_f$  is the yield on risk-free securities;

---

<sup>56</sup> The CAPM is generally superior to the simple risk premium method because the CAPM recognizes the risk of a particular company or industry through the use of betas, whereas the simple risk premium method assumes the same risk premium for all companies exhibiting similar bond ratings.

1  $\beta_s$  or Beta coefficient ("Beta") is a company-specific measure that reflects the  
2 movement in a company's stock price relative to movements in a composite  
3 group of companies representing the stock market. Beta measures the  
4 investment risk that cannot be eliminated by holding a diverse portfolio of  
5 assets; and

6  $RP$  is the equity risk premium ("ERP") demanded by shareholders to accept  
7 equity relative to debt.  
8

9 Q. PLEASE DESCRIBE THE RISK-FREE RATE YOU USE IN YOUR CAPM  
10 ANALYSIS.

11 A. The first term in the CAPM is the risk-free rate ( $R_f$ ). I use the yield on the 30-year  
12 T-bond observed over a recent 30-day period ending August 29, 2025, of  
13 4.87%, based on recent market information.<sup>57</sup> I also include in one of my CAPM  
14 analyses the Kroll (formerly Duff & Phelps) Normalized Risk-Free Rate of  
15 3.50%.<sup>58</sup>  
16  
17

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<sup>57</sup> Federal Reserve, "Selected Interest Rates" (Daily), available at <https://www.federalreserve.gov/releases/h15/>.

<sup>58</sup> Kroll, "Kroll Cost of Capital Inputs Updated to Reflect Heighted Uncertainty in Global Economy" (April 15, 2025).

1 Q. DOES YOUR RISK-FREE RATE DIFFER FROM THE RISK-FREE RATE  
2 USED BY MR. HOWARD?

3 A. Yes. Mr. Howard relies on two different estimates of the risk-free rate:  
4 1.) a current 30-day average yield on 30-year Treasury bonds (4.81%) and  
5 2.) a projected 30-year Treasury yield based on projections from Blue Chip  
6 Financial Forecasts for the six quarters ending with the second-calendar quarter  
7 of 2026, and long-term projections for the periods 2026-2030 and 2031-2025  
8 (4.56%).<sup>59</sup> By comparison, I derive a risk-free rate of 4.87%, using the 30-day  
9 average yield on the 30-year T-bond, ended August 29, 2025.

10  
11 Q. HOW DO YOU CALCULATE THE EQUITY RISK PREMIUM?

12 A. In each of my three CAPM analyses, I use different estimates of the ERP that  
13 range from 5.00% to 7.31%. For the high end of this range, I use the Kroll  
14 estimate of the historical arithmetic average of real market returns over the  
15 period 1926 to 2024, which is the total return on common stocks (S&P 500)  
16 including capital appreciation, less the income returns on T-bond investments.<sup>60</sup>

17 Kroll also provides an updated Ibbotson & Chen supply-side model,  
18 which found that the market risk premium based on the S&P 500 was influenced  
19 by an abnormal experience of price-to-earnings ("P/E") ratios relative to

---

<sup>59</sup> Exhibit PUCI-T-400: Howard Direct, at 20-21.

<sup>60</sup> Exhibit CA-302, Schedule MLR-7a and Schedule MLR-7b.

1 earnings and dividend growth over the last 30 years. Thus, Kroll adjusted this  
2 market risk premium and published a long-horizon, supply-side ERP of 6.26%.<sup>61</sup>

3 Kroll also recommends a forward-looking ERP that was derived in  
4 conjunction with a normalized risk-free rate. Thus, my final CAPM analysis uses  
5 the Kroll Recommended U.S. ERP of 5.00% and Normalized Risk-Free Rate of  
6 3.50%.<sup>62</sup> Therefore, the estimated ERP used across my three CAPM methods  
7 ranges from 5.00% to 7.31%.

8  
9 Q. DO YOU CALCULATE YOUR ERP IN THE SAME WAY AS MR. HOWARD?

10 A. No. While I rely on historical market return data from Kroll that are in line with  
11 the current expectations of market returns, Mr. Howard developed his ERP  
12 (he uses the term “market risk premium”) using estimates of expected market  
13 returns — S&P 500 implied returns from Bloomberg (15.18%), Value Line  
14 (15.52%), S&P Capital IQ (16.21%), and *Value Line*’s Summary & Index  
15 (11.61%) -- averaged to 13.62%. He then subtracts his two risk-free rates  
16 (4.81% and 4.56%) to derive market risk premiums of 8.81% and 9.06%,  
17 respectively.<sup>63</sup>

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<sup>61</sup> Exhibit CA-302, Schedule MLR-7c and Schedule MLR-7d.

<sup>62</sup> Exhibit CA-302, Schedule MLR-7e and Schedule MLR-7f; Kroll, “Kroll Cost of Capital Inputs Updated to Reflect De-Escalation of Trade Tensions and Economic Support from Monetary and Fiscal Policies” (September 3, 2025).

<sup>63</sup> Exhibit PUCI-T-400: Howard Direct, at 22-23.

1 Q. DO YOU HAVE ANY CONCERNS REGARDING MR. HOWARD'S  
2 MARKETRISK RETURNS AND RESULTING RISK PREMIUMS?

3 A. Yes. Mr. Howard's S&P 500 implied returns were all based estimated using the  
4 DCF using only EPS growth rates. As I previously discussed in my testimony,  
5 Mr. Howard relies on earnings growth projections in his DCF analysis. Applying  
6 such growth rates in his CAPM produce market returns for the S&P 500 Index  
7 that far exceed investor expected returns and inflate his average market return  
8 of 13.62%.

9  
10 Q. WHY ARE YOU CONCERNED ABOUT MR. HOWARD'S HIGH EXPECTED  
11 MARKET RISK RETURNS?

12 A. The majority of Mr. Howard's estimated market returns far exceed investors'  
13 current expectations of equity returns and only serve to inflate her average  
14 equity risk premium and resulting ROE estimates. By comparison, the Federal  
15 Reserve Bank of Philadelphia reported earlier this year that the average (mean)  
16 forecast of expected stock returns (S&P 500) over the next ten years  
17 (2025-2034) is 6.92% and the median is 7.00%.<sup>64</sup>

18  
19  
20  

---

<sup>64</sup> Federal Reserve Bank of Philadelphia, Survey of Professional Forecasters: First Quarter 2025 at 19, Table 9.

1 Q. HOW DO YOU ACCOUNT FOR THE VARIABILITY IN EQUITY MARKETS?

2 A. To capture investors' expected equity market returns, I focus on long-term  
3 trends in stock market returns from 1928 to 2024. This period shows annual  
4 stock returns over multiple business cycles, avoiding the influence of any given  
5 period.<sup>65</sup>

6  
7 Q. HOW DO YOU ADJUST THE EQUITY RISK PREMIUM TO ACCOUNT FOR  
8 COMPANY-SPECIFIC RISK?

9 A. I multiply company-specific betas by the ERPs to account for company-specific  
10 risk. I rely on *Value Line* betas because *Value Line* is widely used by the utility  
11 regulatory and investment communities in general. It is also known that *Value*  
12 *Line* adjusts its betas to account for the long-term tendencies of stocks to  
13 converge to a beta of one (1.0).<sup>66</sup> As a result, *Value Line* betas tend to have  
14 higher values than betas provided by some other sources. The average *Value*  
15 *Line* beta for the proxy group is 0.80. A beta value of 0.80 means that the stock  
16 price movement is less than the movement, in percentage terms, of the overall  
17 stock market. The price of a water utility stock is, therefore, less volatile and less  
18 risky than the overall market.

---

<sup>65</sup> A business cycle typically includes an expansion and a recession that can vary in duration.

<sup>66</sup> Marshall Blume investigated the regression tendency of betas and reached the conclusion that betas have the tendency to approach a value of one (1) over time. That is, high-beta portfolios tend to decline over time toward one (1), while low-beta portfolios tend to increase to one (1) Marshall Blume, "Betas and Their Regression Tendencies," *Journal of Finance* (1975), at 785-796.

1 Q. DO YOUR BETA COEFFICIENTS DIFFER FROM MR. HOWARD'S BETAS?

2 A. Yes. Although we both use the Value Line water utility beta coefficients, our  
3 proxy group averages differ slightly because Mr. Howard uses data from earlier  
4 in 2025. He also uses beta coefficients from *Bloomberg*.

5  
6 Q. WHAT IS THE DIFFERENCE BETWEEN THE VALUE LINE BETA  
7 COEFFICIENTS AND THE BLOOMBERG BETA COEFFICIENTS?

8 A. The primary difference between the *Value Line* and *Bloomberg* betas is that  
9 *Value Line* betas measure the relationship between company specific stock  
10 prices relative to the market over five years while the *Bloomberg* betas measure  
11 this same relationship over only two years. Betas based on only two years of  
12 market data exacerbate the increased market volatility over recent years, such  
13 as in 2023 and 2024 when market turmoil due to increased interest rates drove  
14 investors' flight to safe haven stocks such as utility stocks. Thus, Mr. Howard's  
15 average Bloomberg beta coefficients are 0.72 and 0.76, while his average Value  
16 Line beta coefficients are 0.83 and 0.86. The average of these two sources of  
17 betas equal proxy group average beta coefficients of 0.81 (seven-water utility  
18 proxy group) and 0.78 (five-water utility proxy group). In comparison, the  
19 average *Value Line* betas for my water utility proxy group is 0.80.

20

21

22

1 Q. WHAT ARE THE RESULTS OF YOUR CAPM ANALYSES?

2 A. As shown in Table 4 below, applying the same risk-free rates, market risk  
3 premium, and betas from the proxy group, I estimate expected returns ranging  
4 from 7.50% to 10.72% with a midpoint of 9.11%.

**TABLE 4. CAPM ESTIMATED ROE RESULTS**

	ERP	Beta- Adjusted ERP	Risk- Free Rate	CAPM ROE	Max	Midpoint
CAPM (Hist. L-T ERP)	7.31	5.85	4.87	10.72%		
CAPM (Supply-Side ERP)	6.26	5.01	4.87	9.88%		
CAPM (Kroll Recommended ERP)	5.00	4.00	3.50	7.50%		
CAPM Range				7.50%	10.72%	9.11%

5  
6 Q. DO YOU REACH THE SAME RESULTS AS MR. HOWARD?

7 A. No. My results for my water utility proxy group, shown in Table 4 above, are  
8 lower than Mr. Howard's CAPM results for his seven-water utility proxy group,  
9 which range from 11.83% to 11.96% and his five-water utility proxy group, which  
10 range from 11.44% to 11.66%.<sup>67</sup> My results for my utility proxy group are also  
11 lower than his results, which range from 7.50% to 10.72%, with a midpoint of  
12 9.11%. As stated previously in my testimony, his preference for inflated market  
13 returns, using EPS growth rates, and resulting high equity risk premium  
14 exaggerates both his CAPM and ECAPM estimates.

<sup>67</sup> Exhibit PUCI-T-400: Howard Direct, at 24.



1 Q. WHAT IS THE EMPIRICAL CAPITAL ASSET PRICING MODEL?

2 A. Mr. Howard also uses an ECAPM that adjusts that beta-adjusted ERP by  
3 assigning a weight of 0.75 and adds a market risk premium that is weighted by  
4 0.25, resulting in the following equation.

$$K_e = R_f + 0.25(RP) + 0.75\beta(RP)$$

5  
6 Since the ECAPM incorporates an additional market risk premium,  
7 Mr. Howard's ROE estimates are higher. The average results of his  
8 CAPM/ECAPM applied to his utility proxy groups range from 11.71% to 12.17%.

9  
10 Q. DO YOU HAVE ANY CONCERNS REGARDING THE USE OF THE ECAPM  
11 FOR ESTIMATING AN ROE?

12 A. Yes. Given the similarities between the mechanics for the CAPM and the  
13 ECAPM, coupled with Mr. Howard's erroneous inflated expected market  
14 returns, this model also yields overstated ROE results.

15  
16 Q. WHAT IS THE CORE PROBLEM WITH MR. HOWARD'S ECAPM?

17 A. He adds an empirical intercept or adder to the CAPM without estimating it from  
18 this record, which structurally lifts returns for low-beta utilities regardless of  
19 company-specific risk. He also gives the CAPM portion of the equation less  
20 weight by assigning an arbitrary 0.75 slope coefficient to the utility-adjusted  
21 market risk premium.

22

1 Q. WHAT DOES THE RECORD SHOW REGARDING THE RISK ASSOCIATED  
2 WITH WATER UTILITIES?

3 A. The record shows that water utilities are low-risk, making the ECAPM especially  
4 inflationary. Mr. Howard's own proxy groups have average beta coefficients that  
5 are well below 1.0 at 0.72–0.83 for his five-utility proxy group; 0.76–0.86 for his  
6 seven-utility proxy group. Thus, the ECAPM's arbitrary 0.25 intercept  
7 mechanically pushes their indicated ROEs above standard CAPM further  
8 inflating Mr. Howard's ROE estimates.

9  
10 Q. DOES MR. HOWARD APPLY ANY OTHER MODEL TO ESTIMATE AN ROE  
11 FOR PUCI?

12 A. Yes. Mr. Howard also applies a risk premium model ("RPM"), which is based on  
13 the theory of risk and return. The RPM assumes that investors require greater  
14 returns for investing in equity that hold greater risk in lieu of bonds since equity  
15 shareholders receive compensation after bondholders. Thus, the RPM adds an  
16 equity risk premium ("ERP") to a representative bond yield to determine an  
17 estimated ROE.

18  
19 Q. HOW DOES MR. HOWARD ESTIMATE AN ERP?

20 A. Mr. Howard estimates the ERP using two forward-looking measures: (i) S&P  
21 500 Utilities Index–derived ERPs based on DCF- and CAPM-derived index  
22 returns less Moody's utility bond yields; and (ii) a regression of 203 authorized

1 ROEs for water/wastewater utilities (2008–Dec 2024) against  
2 contemporaneous Moody’s utility bond yields to produce ERPs at current and  
3 projected yields.<sup>68</sup> From the S&P Utilities Index, he calculates ERPs of 5.07–  
4 5.15% (DCF) and 6.13–6.17% (CAPM), averaging to 5.60% (current yields) and  
5 5.66% (projected); he then applies a –0.04% adjustment for the A2/A3-rated  
6 five-company proxy group (yielding 5.56% and 5.62%), while the  
7 seven-company A3-rated group remains at 5.60% and 5.66%. His regression of  
8 authorized ROEs yields ERPs of 4.15% and 4.21% at the current and projected  
9 Moody’s A2/A3 yields, and 4.10% and 4.16% at the corresponding A3 yields.  
10 Averaging the S&P Utilities–based and regression-based ERPs produces mean  
11 ERPs of 4.85% (current) and 4.91% (projected) for both proxy groups. Adding  
12 those ERPs to current/projected utility bond yields of 5.83%/5.75% (A2/A3) and  
13 5.87%/5.79% (A3) yields RPM-derived ROEs of 10.68%/10.66% and  
14 10.72%/10.70%, which Mr. Howard summarizes as 10.67% for the  
15 five-company group and 10.71% for the seven-company group.<sup>69</sup>

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<sup>68</sup> Exhibit PUCI-T-400: Howard Direct, at 32–34; Schedule MRH-6.

<sup>69</sup> Id., at 36-37; Schedule MRH-6 p. 1.

1 Q. WHAT IS PROBLEMATIC ABOUT MR. HOWARD'S ERP USING THE S&P 500  
2 UTILITIES INDEX?

3 A. Mr. Howard applies a series of similar calculations to S&P 500 Utility Index  
4 holding companies, yielding similarly inflated results. His use of the S&P 500  
5 Utility Index group of companies is problematic because it includes companies  
6 that do not have a similar risk profile as PUCI and violates his own criteria for  
7 his proxy groups. This index is comprised of a subset of 31 S&P 500 companies  
8 in the utilities sector, but includes only one of the water utilities included in  
9 Mr. Howard's proxy groups, specifically American Water Works Company, Inc.  
10 Therefore, this index mostly includes electric and gas utilities with vastly  
11 different risk profiles.

12  
13 Q. WHAT IS PROBLEMATIC ABOUT MR. HOWARD'S ERP USING THE 203  
14 AUTHORIZED ROES FOR WATER/WASTEWATER UTILITIES?

15 A. Mr. Howard also applies a regression analysis based on regulatory awarded  
16 ROEs relative to the yields on Moody's A2/A3-rated public utility bonds to  
17 estimate equity risk premia of 4.15% (using current bond yields) and 4.21%  
18 (projected bond yields). He applies a regression analysis using Moody's  
19 A3-rated public utility bonds to estimate equity risk premia of 4.10% (current  
20 bond yields) and 4.16% (projected bond yields). His approach assumes this  
21 simplistic inverse relationship without any regard to differences in investment  
22 risk. Although bond yields or interest rates are an important factor in assessing

1 current and expected market equity risk premia, the risk premium is also  
2 determined by changes in the market's perception of investment risk of debt and  
3 equity securities. This relationship can also be influenced by interest rate  
4 volatility. Moreover, his analysis focuses on nominal interest rates, thereby  
5 ignoring the effect of inflation on risk premiums.

6  
7 **VIII. ROR AND ROE RESULTS.**

8 Q. PLEASE SUMMARIZE YOUR ROR RESULTS.

9 A. For PUCI, I recommend an overall ROR of 6.57%, which is composed of (1) a  
10 capital structure of 50.00% equity and 50.00% long-term debt; (2) a cost of  
11 long-term debt of 4.03%; and (3) an ROE of 9.11%.

12  
13 Q. HOW DOES YOUR PROPOSED ROR OF 6.57% COMPARE TO RECENT  
14 AND HISTORICAL AUTHORIZED ROR VALUES APPROVED BY  
15 REGULATORY COMMISSIONS ACROSS THE COUNTRY?

16 A. According to data published by S&P MI, as of June 30, 2025, the average  
17 allowed ROR for water utilities in the U.S. in the year-to-date ended  
18 June 30, 2025 was 6.90%. The average authorized ROR for water utilities in  
19 CY 2024 was 6.93%.

20 While I acknowledge that ROR values for different utilities are influenced  
21 by factors such as approved ROE level, capital structure, and cost of debt, it is

1       noteworthy that PUCI's proposed ROR of 7.88% is significantly above recent  
2       national trends and is not supported by historical, or current approval trends.

3               Approving an ROR that significantly deviates from historical norms risks  
4       setting a precedent that could lead to unjustified rate increases for consumers  
5       and undermine regulatory consistency.

6  
7    Q.    PLEASE SUMMARIZE YOUR ROE RESULTS.

8    A.    My ROE recommendation of 9.11% is the midpoint of my DCF results and falls  
9       within my DCF range of 8.85% to 9.36% and represents a fair and reasonable  
10       ROE for PUCI for the reasons I have previously discussed. The minimum of my  
11       range is the minimum of my DCF results, and the maximum of my range is the  
12       maximum result derived from my DCF results. Moreover, my recommendation  
13       of 9.11% should be accepted as reasonable because it is equal to the average  
14       of my DCF and CAPM results of 9.11%.

15  
16   Q.    WHY IS YOUR ROE RECOMMENDATION OF 9.11% BASED ON THE  
17       MIDPOINT OF YOUR DCF METHODOLOGIES?

18   A.    I place more emphasis on my DCF-derived results because they are widely  
19       used by both the finance community and public utility commissions across the  
20       country and yield more reliable results. It is a forward-looking model that directly  
21       incorporates investors' expectations of company dividend income through  
22       current market pricing signals, particularly in the case of utility stocks where

1 stock valuations are telling a different story than the general market. The DCF  
2 also reflects recent developments in management decisions regarding key  
3 financials reflected in expected dividend and earnings growth.

4 The CAPM results, by contrast, are largely reliant on financial market  
5 outcomes complicated by monetary policy and investors' expectations of  
6 inflation and economic growth over the long run. Specifically, the estimated  
7 risk-free rate has a direct impact on the estimated ROE and is largely influenced  
8 by the analyst's assumptions. Moreover, the CAPM lacks a direct and  
9 immediate link between stock prices to the results. Although the beta coefficient  
10 in the CAPM reflects changes in the ROE, such information is delayed.  
11 However, I do rely on my CAPM results as a reasonableness check.

12  
13 Q. HOW DOES YOUR RECOMMENDATION COMPARE TO RECENTLY  
14 ALLOWED EQUITY RETURNS?

15 A. My recommended ROE of 9.11% is in line with current allowed ROEs issued by  
16 regulatory commissions across the country. S&P MI reports that the average  
17 allowed equity return for water utilities for CY 2024 was 9.56%.  
18 My recommended ROE of 9.11% is only 45 basis-points lower than the average  
19 allowed ROE for water utilities in 2024. Moreover, my recommended ROE of

1 9.11% is more in line with recent Commission decisions such as the authorized  
2 ROEs.<sup>70</sup>

3  
4 Q. HOW DOES PUCI'S ROE RECOMMENDATION COMPARE TO RECENTLY  
5 AUTHORIZED EQUITY RETURNS?

6 A. PUCI's recommended ROE of 11.50% is 194 basis-points higher than the  
7 average authorized ROE for water utilities for 2024. Thus, if the Commission  
8 grants PUCI's recommended ROE, it would be an outlier relative to the average  
9 authorized ROE for regulated utilities throughout the U.S.

10  
11 **IX. CONCLUSION.**

12 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

13 A. Yes. It does. However, I reserve the right to supplement my testimony as new  
14 information becomes available.

15

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<sup>70</sup> The Commission issued an allowed ROE of 9.75% in both the HAWC Consolidated rate case, HPUC Docket No. 2024-0038 and HWSC Waikoloa rate case, HPUC Docket No. 2024-0224. Exhibit CA-302, Schedule MLR-8.



**Exh. CA-300**

## **Maureen L. Reno**

Principal and Economist  
Reno Energy Consulting Services, LLC  
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Derry, New Hampshire 03028  
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Email: mreno@reno-energy.com

Maureen Reno is a seasoned expert with 25 years of experience in the field of public utility regulation. After she completed her Ph.D. studies in Economics at the University of New Hampshire, Ms. Reno launched her career in public utility regulation as a utility analyst and program manager at the New Hampshire Public Utilities Commission, where she worked for the next 10 years. In this capacity, she provided expert testimony on rate of return (to include return on equity) in electricity, natural gas, and water utility rate cases. Ms. Reno also led the development and implementation of New Hampshire's Renewable Portfolio Standard program, helping both owners of distributed generation and load serving entities meet compliance requirements and maneuver the dynamic wholesale energy and renewable energy certificate markets. In addition, she managed New Hampshire's participation in the Regional Greenhouse Gas Initiative.

Subsequently, Ms. Reno served as a Senior Energy Economist with the Union of Concerned Scientists. In this capacity, she developed clean energy financing policies and advocated for electricity sector solutions to global warming.

Since 2012, Ms. Reno has served as an independent consultant, conducting rate case analysis and preparing and testifying in regulatory proceedings across the United States ("U.S."). Specifically, she has served as an expert witness on behalf of federal executive agencies, such as the U.S. Department of Energy and the U.S. Department of Defense. She has also served at the behest of state commission staff, local governments, small business utility associations, and residential customers. Her area of expertise includes rate design, rate of return (to include return on equity), mergers and acquisitions, grid modernization, and electric transportation and renewable portfolio program review. Her testimony has been presented to public utility commissions across the U.S., to include the Regulatory Commission of Alaska, Arizona Corporation Commission, California Public Utilities Commission, Delaware Public Service Commission, Georgia Public Service Commission, Kansas Corporation Commission, Missouri Public Service Commission, New Hampshire Public Utilities Commission, New Mexico Public Regulation Commission, North Carolina Utilities Commission, North Dakota Public Service Commission, Oklahoma Corporation Commission, Pennsylvania Public Utility Commission, South Carolina Public Service Commission, and Public Utility Commission of Texas.

Ms. Reno stays abreast of the latest developments in utility regulatory law and policy through her research and professional activities. Given the complexity of Federal and state regulations

that affect her clients, Ms. Reno dedicates significant time and energy to reviewing regulatory developments enacted by the U.S. Department of Energy, the Federal Energy Regulatory Commission (FERC), and the U.S. Environmental Protection Agency.

### **EDUCATION**

- Completed all course work and exam requirements towards the Doctorate of Philosophy in Economics – University of New Hampshire, Durham.  
Fields of Specialization: Industrial Organization and Environmental Economics
- Master of Arts in Economics – University of New Hampshire, Durham, 1998
- Bachelor of Arts in Economics – University of Maine, Orono, 1996

### **PROFESSIONAL EXPERIENCE**

- Independent Consultant and Principal, Reno Energy Consulting Services, LLC (2016-Present)
- Rates and Market Policy Director, New Hampshire Office of the Consumer Advocate (2021-2022)
- Independent Consultant (2012-2016)
- Senior Energy Economist, Union of Concerned Scientists (2011-2012)
- Analyst, Program Manager, Utility Analyst, and Economist, New Hampshire Public Utilities Commission (2001-2011)
- Survey Manager, New Hampshire Small Business Development Center (1999-2001)
- Adjunct Instructor, University of New Hampshire (1999-2001)

### **PROFESSIONAL WORK**

***As an independent consultant (as a prime contractor with Reno Energy Consulting Services, LLC and subcontractor under Exeter Associates, TahoeEconomics, and Nordee Enterprise LLC), Ms. Reno:***

- Reviewed, analyzed, and prepared oral and written testimony in electric, natural gas, and water utility rate cases on topics that include rate design (revenue decoupling mechanisms); rate of return (including return on equity, capital structure, and accounting adjustments); cost-benefit analysis; and mergers and acquisitions.
- Worked with solar power installer to assess return on investment and payback period for investments in energy storage that included analyzing customer load profiles, utility tariffs, tax credits, and potential revenues from wholesale markets and state programs.
- Prepared report that included assessment of electricity options and projected revenues and costs for the Army & Air Force Exchange Service's West Coast Distribution Center, which included analyzing Pacific Gas & Electric Company's tariffs and potential revenues from wholesale markets for investments in solar power and energy storage.

***As the Rates and Market Policy Director at the New Hampshire Office of the Consumer Advocate, Ms. Reno:***

- Reviewed and analyzed utility filings and prepared written recommendations in two natural gas utility proceedings pertaining to a revenue decoupling adjustment mechanism and a renewable natural gas contract.
- Reviewed and analyzed utility filings and provided oral testimony in an electric utility's electric vehicle make-ready program and proposed tariff rates.
- Reviewed, analyzed and prepared oral and written recommendations for the Consumer Advocate on utility requests for changes in energy service rate charges (electric default service and cost of gas) and other surcharges reflected in utility company tariffs.

***As an independent consultant for Stephenson Strategic Communications LLC, Ms. Reno:***

- Provided consulting services to build support in New Hampshire for strong national climate and energy policies on behalf of a nationally recognized, non-profit environmental organization.
- Mobilized experts and leaders in New Hampshire to engage elected federal, state and local officials through targeted senator visits, media interviews, public events, letters to the editor, and opinion and editorial articles.
- Communicated directly with targeted legislators and their staff to determine their positions on climate and clean air policies and address their concerns.

***As an independent consultant for TrueLight Energy LLC, Ms. Reno:***

- Acted as director of regulatory affairs to expand upon current services to provide clients with guidance on how to navigate the dynamic deregulated electricity industry.
- Developed regulatory service product for clients, to include ISO/utility tariff tracking and rate impact analysis, policy analysis, new market identification and participation in regulatory processes.
- Identified and originated new commercial opportunities in the United States to support principal product/service lines: retail supplier solutions; generation asset management; and sustainability management solutions for large energy users.
- Developed and implemented business development and business-to-business marketing strategies in coordination with senior management.

***As a senior energy economist at the Union of Concerned Scientists, Ms. Reno:***

- Promoted the development of clean energy technologies and policies in the electricity sector. Designed and evaluated energy policies at the state, regional, and national levels to maximize economic benefits and overcome market barriers to renewable energy.
- Evaluated and developed alternative financial policies to national and state renewable energy standards. Completed internal documents and research focusing on master limited partnerships and real estate investment trusts as possible sources of financing capital for renewable energy projects.

- Informed and enhanced coalition strategies by evaluating and developing appropriate responses to federal policy opportunities, including a low-carbon electricity standard, production tax credit, and other emerging opportunities.
- Evaluated the net benefits and opportunities for economic development in renewable energy manufacturing and the supply chain.

***As an analyst and program manager at the New Hampshire Public Utilities Commission, Ms. Reno:***

- Developed internal protocols for managing New Hampshire's RPS program pursuant to NHPUC's RPS program rules (N.H. Code of Administrative Rules PUC 2500), including designing resource eligibility application forms.
- Verified electricity providers' compliance with New Hampshire's RPS program and processed applications for renewable energy source eligibility.
- Prepared and submitted annual RPS compliance reports, including program evaluation and policy analysis, to the State legislature on behalf of the NHPUC.
- Monitored and forecasted renewable energy certificate market trends in New England and New Hampshire to estimate available revenues supporting rebate programs.
- Maintained an RPS program website and renewable energy sources database.
- Participated in various regional working groups, including the Regional Greenhouse Gas Initiative ("RGGI") Allowance Auction and Offset Market Groups, and the New England Power Pool Generation Information System ("NEPOOL GIS") Regulators' Caucus to help develop and maintain the NEPOOL GIS Operating Rules.
- Developed Greenhouse Gas Emissions Reduction Fund Cost Effectiveness Analysis model for request for proposal applicants.

***As a utility analyst and economist at the New Hampshire Public Utilities Commission, Ms. Reno:***

- Reviewed, analyzed, and prepared oral and written recommendations in eight electric, natural gas, and water utility rate cases in which she calculated each company's weighted average cost of capital and estimated the rate of return on equity using discounted cash flow, risk premium, and capital asset pricing models.
- Reviewed, analyzed, and prepared oral and written recommendations for the PUC on utility requests for changes in energy service rate charges and other surcharges reflected in utility company tariffs.
- Advised the Commissioners on utilities' debt financings, bond issuances, power plant retrofit, advanced/net metering, demand response, environmental disclosure, and incentives for in-state energy efficiency programs.
- Collaborated on behalf of the NHPUC with public and private entities to write New Hampshire's RPS law (HB 873), law concerning state participation in RGGI (HB 1434) and the NHPUC's RPS program rules (N.H. Code of Administrative Rules Puc 2500).
- Advised the Commissioners on the development of the RGGI carbon dioxide emission limits and the Allowance Auction Market.

- Assisted researchers at the University of New Hampshire in estimating the net benefits of New Hampshire's RPS and its participation in RGGI for the state legislature, which included environmental and economic development benefits.
- Advised the Commissioners on RGGI's impact on regional and state economies by serving on the RGGI Modeling Subgroup and helped the Northeast States for Coordinated Air Use Management develop the Northeast version of the MARKAL (MARKet Allocation) model.
- Prepared fiscal impact statements regarding proposed legislation and regulations in the State of New Hampshire using cost-benefit analysis and estimated ratepayer impacts.

***As a Survey Manager for the New Hampshire Small Business Development Center, Ms. Reno:***

- Designed and distributed a survey to collect data on the characteristics of New Hampshire manufacturers.
- Managed survey data collection, designed a database for the data collected, and oversaw data entry efforts.
- Analyzed the economic and behavioral factors that lead to the growth of New Hampshire manufacturing companies using multivariate regression, factor and cluster analysis of survey data.

***As an Adjunct Instructor for the University of New Hampshire, Ms. Reno:***

- Taught undergraduate courses in Principles of Macroeconomics and Microeconomics (to include daily lectures) and developed lesson plans and teaching materials.
- Managed teaching assistant's work correcting and grading testing materials and writing assignments.

**RESEARCH**

- Conference Paper – "The Effect of Rate and Energy Efficiency Policies on Electricity Demand: Evidence from New Hampshire" by Chris Schlegel and Maureen L. Sirois, presented at the 22<sup>nd</sup> Annual Eastern Conference of the Advanced Workshop in Regulation and Competition, Skytop, PA, May 2003.
- Dissertation for Ph.D. – "Participation in Environmental Management Systems: The Effect of Supply-Chain Relationships on Company Behavior," presented at the Eastern Economic Association meeting, New York City, NY, February 2001.
- Report under the Manufacturing Management Grant – "Report on U.S. Small Business Administration Funded Survey of New Hampshire Manufacturers in Rural Areas," by Linda G. Sprague and Maureen L. Sirois, presented at the Global Manufacturing Research Group (GMRG) Annual Meeting, University of Western Ontario, Canada, August 2000.

**TABLE 1: UTILITY LITIGATION AS AN EXPERT WITNESS**

<b>State</b>	<b>Client</b>	<b>Citation/Utility</b>	<b>Industry</b>	<b>Provided Testimony on the following Topic:</b>	<b>Type of Testimony Provided</b>
California	Small Business Utility Advocates (SBUA)	25-03-010/Pacific Gas and Electric Company	Electric	Cost of Capital and Return on Equity	Written
Delaware	Public Service Commission Staff (PSC Staff)	24-1044/Delmarva Power & Light	Gas	Cost of Capital and Return on Equity	Written
North Dakota	Public Service Commission Advocacy Staff	PU-24-376/Northern States Power Company	Electric	Cost of Capital and Return on Equity	Written
Texas	U.S. Department of Defense (DoD)	57568/El Paso Electric Co.	Electric	Cost of Capital and Return on Equity	Written & Oral
New Mexico	New Mexico Department of Justice (DOJ)	25-00027-UT/Southwestern Public Service Company	Electric	Recovery of Solar Power Generation Assets in Renewable Portfolio Standard Rider	Written & Oral
New Mexico	DOJ	24-00270-UT/Southwestern Public Service Company	Electric	Recovery of Production and Investment Tax Credits through Fuel Adjustment Clause	Written & Oral
Alaska	DoD	U-24-030/U-24-031/Golden Heart Utilities, Inc. and College Utilities Corporation	Water, Waste Water	Cost of Capital and Return on Equity	Written
Pennsylvania	Office of Consumer Advocate (PA OCA)	R-2024-3052359/Pike County Light & Power Co.	Electric	Cost of Capital and Return on Equity	Written

Pennsylvania	PA OCA	R-2024-3052357/Pike County Light & Power Co.	Gas	Cost of Capital and Return on Equity	Written
New Mexico	Bernalillo County (BC)	24-00089-UT/Public Service Co. of New Mexico	Electric	Cost of Capital and Return on Equity	Written & Oral
South Carolina	DoD	2024-34-E/Dominion Energy South Carolina, Inc.	Electric	Cost of Capital and Return on Equity	Written
New Mexico	BC	22-00058-UT/ Public Service Co. of New Mexico	Electric	Grid Modernization Cost-Benefit Analysis	Written & Oral
Delaware	PSC Staff	23-0601/Artesian Water Company, Inc.	Water	Cost of Capital and Return on Equity	Written
New Mexico	U.S. Department of Energy (DOE)	23-00255-UT/New Mexico Gas Company. Inc.	Natural Gas	Cost of Capital and Return on Equity	Written & Oral
California	SBUA	23-01-008/San Diego Gas & Electric Company	Electric	Rate Design & Cost of Service	Written
Kansas	DoD	23-EKCE-775-RTS/Evergy Kansas Central, Inc. & Evergy Kansas Metro,	Electric	Cost of Capital and Return on Equity	Written
Delaware	PSC Staff	22-0897/Delaware Power & Light	Electric	Cost of Capital and Return on Equity	Written & Oral
Texas	DOE	54634/Southwestern Public Service Company	Electric	Cost of Capital, Return on Equity, and Rate Design Impacts on Risk	Written
New Mexico	BC	22-00270-UT/ Public Service Co. of New Mexico	Electric	Cost of Capital, Return on Equity, and Rate Design Impacts on Risk	Written & Oral
North Carolina	DoD	E-2, SUB 1300/ Duke Energy Progress, LLC	Electric	Cost of Capital, Return on Equity, and Rate Design Impacts on Risk	Written
Georgia	DoD	44280/ Georgia Power Company	Electric	Cost of Capital, Return on Equity, and Rate Design Impacts on Risk	Written & Oral
Texas	DoD	53601/ Oncor Electric Delivery Company	Electric	Cost of Capital and Return on Equity	Written & Oral



New Hampshire	Office of the Consumer Advocate (NH OCA)	DE 21-078/ Eversource	Electric	Electric Vehicle Make-Ready and Demand Charge Alternative	Oral
Alaska	DoD	U-21-070/U-21-071/ Golden Heart Utilities, Inc. and College Utilities Corporation	Water, Waste Water	Cost of Capital and Return on Equity	Written
New Hampshire	NH OCA	DG 21-104/ Northern Utilities, Inc.	Natural Gas	Rate Design: Revenue Decoupling Adjustment Mechanism and Impacts on Risk	Written & Oral
New Hampshire	NH OCA	DG 21-036/ Liberty Utilities	Natural Gas	Cost-Effectiveness of a Renewable NG Supply Agreement	Written
Texas	DoD	52195/ El Paso Electric Company	Electric	Cost of Capital and Return on Equity	Written & Oral
New Mexico	BC	20-00222-UT/ Public Service Co. of New Mexico	Electric	Mergers & Acquisitions: Benefits and Risks	Written & Oral
New Mexico	BC	20-00121-UT/ Public Service Co. of New Mexico	Electric	Rate Design: Decoupling Mechanism	Written & Oral
New Mexico	Public Regulation Commission Staff	19-00170-UT/ Southwestern Public Service Company	Electric	Cost of Capital and Return on Equity	Written
Georgia	DoD	42516/ Georgia Power Company	Electric	Cost of Capital, Return on Equity, and Rate Design Impacts on Risk	Written & Oral
Arizona	DoD	E-01933A-19-0028/ Tucson Electric Power Company	Electric	Cost of Capital and Return on Equity	Written & Oral
New Mexico	City of Clovis, NM	18-00124-UT/ EPCOR Water New Mexico Inc.	Water	Cost of Capital and Return on Equity	Written & Oral
Oklahoma	DoD	PUD 201700151/ Public Service Co. of Oklahoma	Electric	Cost of Capital and Return on Equity	Written & Oral
Oklahoma	DoD	PUD 201500208/ Public Service Co. of Oklahoma	Electric	Cost of Capital, Return on Equity, and Rate Design Impacts on Risk	Written & Oral

Texas	DOE	43695/ Southwestern Public Service Company	Electric	Cost of Capital and Return on Equity	Written & Oral
Missouri	DOE	ER-2014-0370/ Kansas City Power & Light Co.	Electric	Cost of Capital and Return on Equity	Written & Oral
Texas	DOE	41791/ Entergy Texas, Inc.	Electric	Cost of Capital and Return on Equity	Written
New Hampshire	Public Utilities Commission (PUC)	DE 05-178/ Unitil Energy Systems, Inc.	Electric	Cost of Capital and Return on Equity	Written
New Hampshire	PUC	DE 04-177/ Public Service Co. of New Hampshire (generation assets)	Electric	Cost of Capital and Return on Equity	Written & Oral
New Hampshire	PUC	DW 04-056/ Pennichuck Water Works, Inc.	Water	Cost of Capital and Return on Equity	Written
New Hampshire	PUC	DE 03-200/ Public Service Co. of New Hampshire	Electric	Cost of Capital and Return on Equity	Written & Oral
New Hampshire	PUC	DE 03-166/ Public Service Co. of New Hampshire	Electric	Financial Incentives Associated with a Power Plant Retrofit from Coal to Biomass	Written & Oral
New Hampshire	PUC	DE 01-247/ Concord Electric Co. and Exeter & Hampton Electric Co.	Electric	Cost of Capital and Return on Equity	Written
New Hampshire	PUC	DE 01-168/ Public Service Co. of New Hampshire	Electric	Refinancing of Long-term Debt, Short-term Debt Limit, and Utilization of Derivative Instruments	Written & Oral
New Hampshire	PUC	DG 01-182/ Northern Utilities, Inc.	Natural Gas	Cost of Capital and Return on Equity	Written & Oral
New Hampshire	PUC	DW 01-081/ Pennichuck Water Works, Inc.	Water	Cost of Capital and Return on Equity	Written

**TABLE 2: UTILITY-RELATED MATTERS**

State	Client	Description of Tasks
New Jersey	Division of the Rate Counsel	Provided comments on Jersey Central Power & Light Co. request for authority to issue and sell up to \$1.7 billion in senior notes in Docket No. EF025030121.
New Jersey	Division of the Rate Counsel	Provided comments on Jersey Central Power & Light Co. request to participate in FirstEnergy Money Pool Docket No. EF02030185.
New Jersey	Division of the Rate Counsel	Provided cost of capital and return on equity to client for settlement purposes in Jersey City Power & Light EnergizeNJ case EO-23110793.
California	Small Business Utility Advocates	Provided comments on utility draft annual reports concerning California's RPS Rulemaking Cases No. R.18-07-003 and R.24-01-017.
New Hampshire & Massachusetts	Nordee Enterprise LLC	Worked with a solar power installer to assess return on investment and payback period for investments in energy storage that included analyzing customer load profiles, utility tariffs, tax credits, and potential revenues from wholesale markets and state programs.
New Hampshire	Office of the Consumer Advocate (NH OCA)	Negotiated settlement terms in DE 21-119 Eversource Energy's Proposed Tariff Amendment to Residential Time-of-Day Rate.
New Hampshire	NH OCA	Negotiated settlement terms in DE 20-170 Electric Distribution Utilities' Electric Vehicle Time of Use Rates.
Federal	Army & Air Force Exchange Service (AAFES)	Prepared report that included assessment of electricity options and projected revenues and costs for AAFES' West Coast Distribution Center, which included analyzing Pacific Gas & Electric Company's tariffs and potential revenues from wholesale markets for investments in solar power and energy storage.
New Hampshire	NH OCA	Evaluated utility proposal and ratepayer impacts of Liberty Utilities cost of gas proposal in DG 21-130 (EnergyNorth Natural Gas) and DG 21-132 (Liberty-Keene Division).
New Hampshire	NH OCA	Evaluated Liberty Utilities' Firm Transportation Agreement with Tennessee Gas Pipeline Company LLC in

		DG 21-008.
Maryland	Department of Natural Resources (DNR)	Prepared the financial analysis and ratepayer impacts of a long-term contract requirement under Maryland's RPS. The report titled "Final Report Concerning the Maryland Renewable Portfolio Standard as Required by Chapter 393 of the Acts of the Maryland General Assembly of 2017" was publicly released in December 2019.
Maryland	Energy Administration (EA)	Evaluated utility proposals for deployment, cost-benefit analysis, and cost recovery of Maryland's Statewide Electric Vehicle Portfolio in Case No. 9478 In the Matter of the Petition of the Electric Vehicle Work Group for Implementation of a Statewide Electric Vehicle Portfolio.
Federal	US Department of Energy (DOE)	Conducted research and drafted sections of regional energy market operations manuals for the US Department of Energy's Federal Energy Management Program. The reports focused on how federal facilities were pursuing renewable energy development under different market constructs, such as by vertically integrated electric utilities, electric utilities with the PJM footprint, and electric utilities in California.
New Hampshire	Derry Town Council	Oversaw the town energy committee's involvement in various energy cost saving projects or initiatives, such as installing a large solar array on the town's landfill, updating streetlights with LED fixtures, building a new transfer station that meets LEED certification, installing an electric vehicle charging station downtown, and hosting/managing resident participation in two Solar Up campaigns.
New Hampshire	Derry Town Council	Advised town council on establishing the Derry Net Zero Task Force and town goal of becoming Net Zero by 2025.
Massachusetts	Union of Concerned Scientists (UCS)	Evaluated and developed alternative financial policies to national and state renewable energy standards. Completed internal documents and research focusing on master limited partnerships and real estate investment trusts as possible sources of financing capital for renewable energy projects.

Massachusetts	UCS	Conducted manufacturing supply chain analysis of wind power systems
New Hampshire	Public Utilities Commission (PUC)	Developed internal protocols for managing New Hampshire's RPS program pursuant to NHPUC's RPS program rules (N.H. Code of Administrative Rules PUC 2500), including designing resource eligibility application forms.
New Hampshire	PUC	Verified electricity providers' compliance with New Hampshire's RPS program and processed applications for renewable energy source eligibility.
New Hampshire	PUC	Prepared and submitted annual RPS compliance reports to the State legislature on behalf of the NHPUC.
New Hampshire	PUC	Developed Greenhouse Gas Emissions Reduction Fund Cost Effectiveness Analysis model for grant proposals.
New Hampshire	PUC	Collaborated on behalf of the NHPUC with public and private entities to write New Hampshire's RPS law (HB 873), law concerning state participation in Regional Greenhouse Gas Initiative (RGGI) (HB 1434) and the NHPUC's RPS program rules (N.H. Code of Administrative Rules Puc 2500).
New Hampshire	PUC	Advised the Commissioners on the development of the RGGI carbon dioxide emission limits and the RGGI Allowance Auction Market.
New Hampshire	PUC	Assisted researchers at the University of New Hampshire in estimating the net benefits of New Hampshire's RPS and its participation in RGGI for the state legislature.

**Exh. CA-301**

Schedule MLR-1 - Historical Economic Trends (Percent Change from Previous Period)							
	2019	2020	2021	2022	2023	2024	Q2 2025
Real GDP	2.6	-2.2	6.1	2.5	2.9	2.8	3.3
GDP Price Index	1.7	1.3	4.5	7.1	3.6	2.4	2.0
Consumer Price Index	1.8	1.2	4.7	8.0	4.1	2.9	2.7
Personal Consumption Expenditures	1.4	1.1	4.1	6.6	3.8	2.5	2.0
Core Personal Consumption Exp.	1.6	1.3	3.6	5.4	4.1	2.8	2.5
Unemployment Rate	3.7	8.1	5.3	3.6	3.6	4.0	4.3
Employment/Population Ratio	60.8	56.8	58.4	60.0	60.3	60.1	59.6
Labor Force Participation Rate	63.1	61.7	61.7	62.2	62.6	62.6	62.3

Source: *Economic Indicators, Prepared for the Joint Economic Committee by the Council of Economic Advisors, August 2025, at 3, 11, and 24.*

*Revised data for 2025 Q2.*

Core personal consumption expenditures shows expenditures minus food and energy.

Consumer Price Index reported for July 2025.

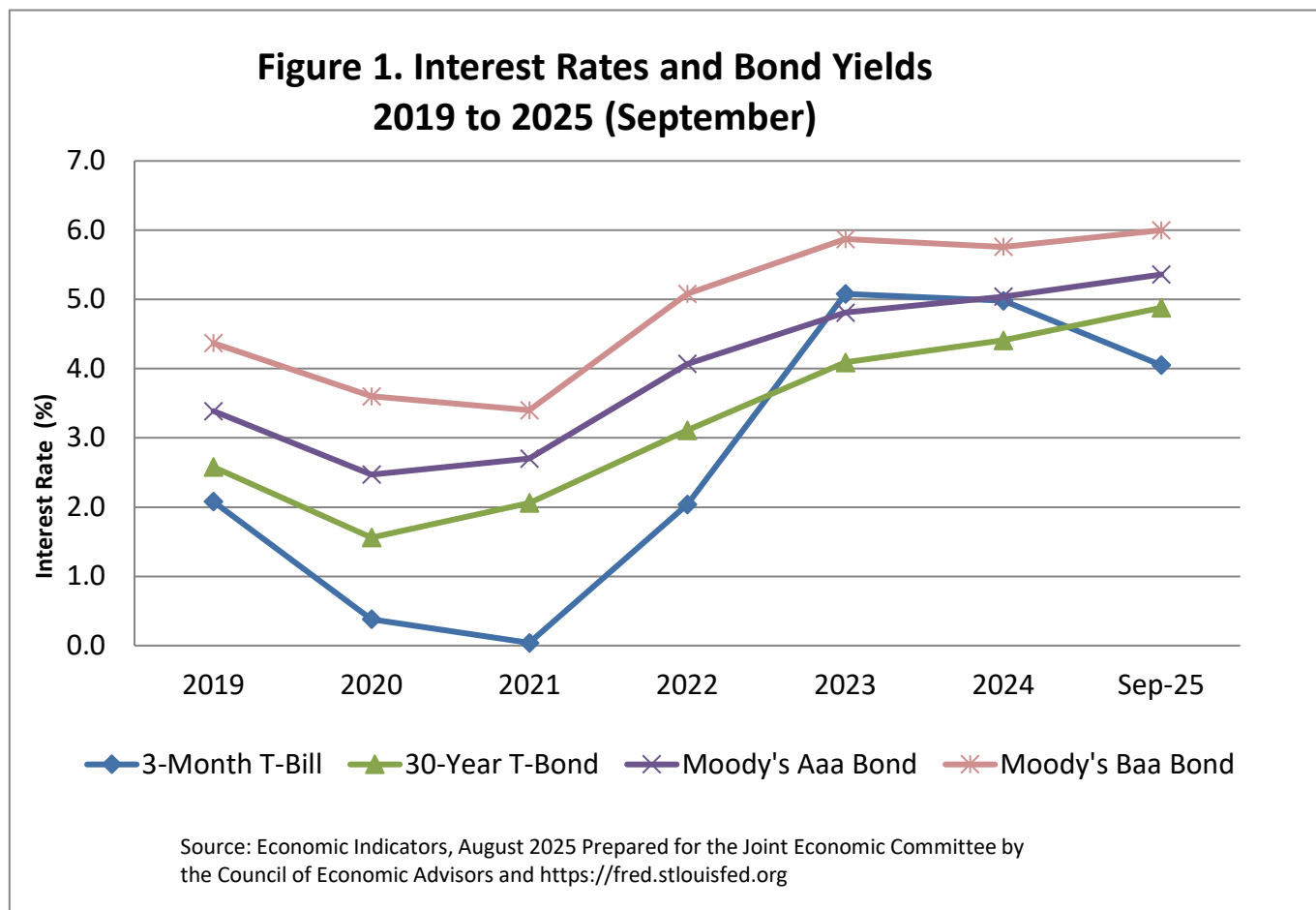
Unemployment rate, employment/population ratio, and labor force participation rate show data for August 2025.

Schedule MLR-2a - Interest Rates and Bond Yields (2019 to July 2025)							
	2019	2020	2021	2022	2023	2024	Sep-25
3-Month T-Bill	2.08	0.38	0.04	2.04	5.08	4.98	4.05
10-Year T-Bond	2.14	0.89	1.45	2.95	3.96	4.21	4.19
30-Year T-Bond	2.58	1.56	2.06	3.11	4.09	4.41	4.88
Moody's Aaa Bond	3.39	2.47	2.70	4.07	4.81	5.04	5.36
Moody's Baa Bond	4.37	3.60	3.40	5.08	5.87	5.76	6.00
Prime Interest Rate	5.28	3.54	3.25	4.86	8.20	8.31	7.50
Federal Funds Rate	2.16	0.37	0.08	1.69	5.03	5.14	4.33

Source: Economic Indicators, August 2025, Prepared for the Joint Economic Committee by the Council of Economic Advisors at 30.

Moody's Baa-rated Corporate Bond Rates Source: <https://fred.stlouisfed.org>

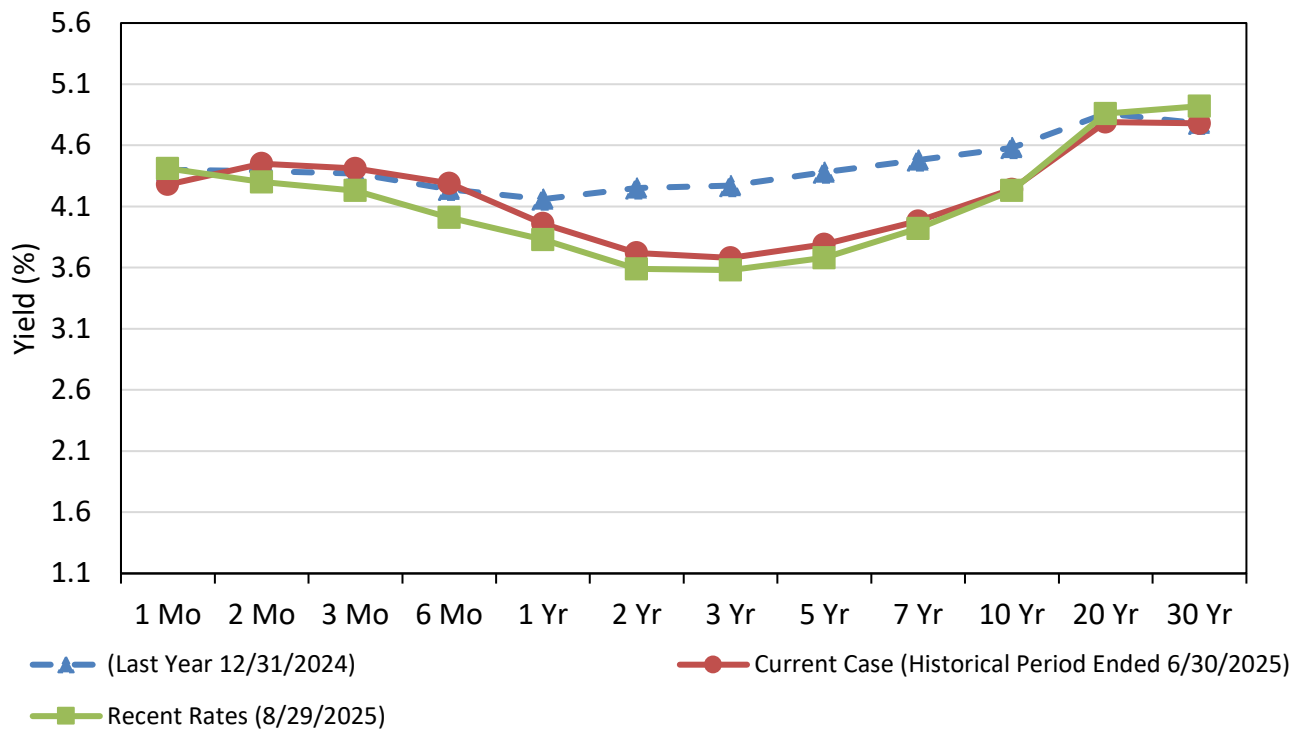
Annual data reflects averages and Sep data shows rate in effect at Wednesday for September 6, 2025.





Schedule MLR-2b - Daily Yields on Treasury Securities (%)			
	(Last Year 12/31/2024)	Current Case (Historical Period Ended 6/30/2025)	Recent Rates (8/29/2025)
1 Mo	4.4	4.28	4.41
2 Mo	4.39	4.45	4.30
3 Mo	4.37	4.41	4.23
6 Mo	4.24	4.29	4.01
1 Yr	4.16	3.96	3.83
2 Yr	4.25	3.72	3.59
3 Yr	4.27	3.68	3.58
5 Yr	4.38	3.79	3.68
7 Yr	4.48	3.98	3.92
10 Yr	4.58	4.24	4.23
20 Yr	4.86	4.79	4.86
30 Yr	4.78	4.78	4.92

**Figure 2. Treasury Security Yield Curve**



Source: [www.treasury.gov](http://www.treasury.gov)

Schedule MLR-2c - Daily Average TIPS Spread			
Date	Yield on 30-yr T-Bond		
	Yield on 30-yr T-Bond	(Inflation Indexed)	30-Day TIPS Spread
6/2/2025	4.99	2.68	2.31
6/3/2025	4.98	2.68	2.3
6/4/2025	4.89	2.6	2.29
6/5/2025	4.88	2.61	2.27
6/6/2025	4.97	2.68	2.29
6/9/2025	4.95	2.67	2.28
6/10/2025	4.93	2.66	2.27
6/11/2025	4.91	2.65	2.26
6/12/2025	4.84	2.6	2.24
6/13/2025	4.9	2.64	2.26
6/16/2025	4.96	2.67	2.29
6/17/2025	4.88	2.59	2.29
6/18/2025	4.88	2.6	2.28
6/20/2025	4.89	2.59	2.3
6/23/2025	4.87	2.59	2.28
6/24/2025	4.83	2.57	2.26
6/25/2025	4.83	2.56	2.27
6/26/2025	4.81	2.55	2.26
6/27/2025	4.85	2.57	2.28
6/30/2025	4.78	2.51	2.27
7/1/2025	4.78	2.52	2.26
7/2/2025	4.82	2.54	2.28
7/3/2025	4.86	2.57	2.29
7/7/2025	4.92	2.62	2.3
7/8/2025	4.94	2.63	2.31
7/9/2025	4.87	2.58	2.29
7/10/2025	4.86	2.57	2.29
7/11/2025	4.96	2.64	2.32
7/14/2025	4.97	2.64	2.33
7/15/2025	5.01	2.67	2.34
7/16/2025	5.01	2.66	2.35
7/17/2025	5.01	2.64	2.37
7/18/2025	5	2.65	2.35
7/21/2025	4.94	2.6	2.34
7/22/2025	4.9	2.59	2.31
7/23/2025	4.95	2.64	2.31
7/24/2025	4.96	2.62	2.34
7/25/2025	4.92	2.6	2.32
7/28/2025	4.96	2.63	2.33
7/29/2025	4.86	2.56	2.3
7/30/2025	4.89	2.6	2.29

7/31/2025	4.89	2.62	2.27
8/1/2025	4.81	2.58	2.23
8/4/2025	4.8	2.55	2.25
8/5/2025	4.78	2.54	2.24
8/6/2025	4.81	2.57	2.24
8/7/2025	4.81	2.56	2.25
8/8/2025	4.85	2.57	2.28
8/11/2025	4.84	2.57	2.27
8/12/2025	4.88	2.61	2.27
8/13/2025	4.83	2.57	2.26
8/14/2025	4.88	2.6	2.28
8/15/2025	4.92	2.65	2.27
8/18/2025	4.94	2.67	2.27
8/19/2025	4.9	2.64	2.26
8/20/2025	4.89	2.64	2.25
8/21/2025	4.92	2.65	2.27
8/22/2025	4.88	2.59	2.29
8/25/2025	4.89	2.6	2.29
8/26/2025	4.9	2.6	2.3
8/27/2025	4.91	2.61	2.3
8/28/2025	4.88	2.6	2.28
8/29/2025	4.92	2.62	2.3
<b>30-Day Average</b>	<b>4.87</b>	<b>2.60</b>	<b>2.27</b>
<b>90-Day Average</b>	<b>4.89</b>	<b>2.61</b>	<b>2.29</b>

<https://www.federalreserve.gov/releases/h15/>

Schedule MLR-3 - Survey of Professional Forecasters (U.S. Quarterly and Annual Forecasts)									
Percent (%) Growth at Annual Rates									
	Quarterly					Year-Over-Year			
	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	2025	2026	2027	2028
Real Gross Domestic Product ("GDP")	1.30	1.30	1.90	1.30	1.40	1.70	1.60	2.10	1.80
Nominal GDP	4.40	4.10	4.40	4.00	4.20	4.40	4.30	N.A.	N.A.
GDP Price Index	2.80	2.60	2.70	1.80	2.20	2.70	2.40	N.A.	N.A.
Consumer Price Index ("CPI")	3.00	3.00	2.60	2.60	2.50	2.90	2.50	2.30	N.A.
CORE CPI	3.00	3.10	2.90	2.60	2.60	2.90	2.60	2.40	N.A.
Personal Consumption Expenditure ("PCE")	2.90	3.00	2.60	2.50	2.30	2.90	2.40	2.10	N.A.
CORE PCE	3.00	3.00	2.80	2.60	2.40	3.00	2.50	2.10	N.A.
Unemployment Rate	4.30	4.40	4.40	4.50	4.50	4.20	4.50	4.40	4.30
3-Month Treasury Bill	4.20	3.90	3.70	3.50	3.30	4.10	3.40	3.10	3.00
10-Year Treasury Bond	4.30	4.30	4.20	4.10	4.10	4.40	4.10	4.10	4.10
Moody's AAA Corp. Bond	5.35	5.27	5.18	5.19	5.21	5.37	5.20	N.A.	N.A.
Moody's BAA Corp. Bond	6.05	6.06	6.02	6.00	6.04	6.09	6.01	N.A.	N.A.

Source: Research Department, Federal Reserve Bank of Philadelphia, Survey of Professional Forecasters, Third Quarter 2025, August 15, 2025, at 9 and 11.

Note: The figures above represent medians of 36 forecasters.

**Exh. CA-302**

Schedule MLR-4- Sample Characteristics						
Proxy Group	VL Beta (1.00 = Market)	S&P Credit Rating	Moody's Credit Rating	Common Equity Ratio (2025)	Long-Term Debt Ratio (2025)	Cost of Debt (2023)*
American States Water Co	0.75	A	WR	51.50	48.50	4.91
American Water Works	0.80	A	Baa1	43.00	57.00	3.89
California Water Service Group	0.85	A+	WR	62.50	37.50	4.19
Essential Utilities	0.85	A-	Baa2	46.00	54.00	3.86
Middlesex Water Co	0.75	A	NA	60.00	40.00	3.29
<b>Sample Average</b>	<b>0.80</b>			<b>52.60</b>	<b>47.40</b>	<b>4.03</b>
<b>Sample Median</b>	<b>0.80</b>			<b>51.50</b>	<b>48.50</b>	<b>3.89</b>

Source: Value Line Investment Survey, Issue 11 (Water Utility Industry), July 4, 2025.

Credit Ratings as of August 11, 2025; reported by S&P Global Market Intelligence.

\*Howard Direct, at 14-15; Schedule MRH-3.

Schedule MLR-5a - Constant Growth DCF Results, EPS Growth Method (30-Stock Price)									
Proxy Group	30-Day Stock Price Ave., P0	DPS (2025), D0	Current Div Yield, D0/P0	Expected Div Yield, D0/P0*(1+0.5g)	S&P Capital IQ Expected EPS Growth Next 5 yrs <sup>1</sup>	Zacks Expected EPS Growth Next 5 yrs <sup>2</sup>	VL Expected EPS Growth	Average Expected Earnings Growth Rate, g	1St DCF w/Earnings Growth, (D1/P0)+g
American States Water Co	74.98	1.95	2.60	2.68	5.65	5.65	7.00	6.10	8.78
American Water Works	143.90	3.25	2.26	2.33	7.00	7.40	4.50	6.30	8.63
California Water Service Group	46.61	1.20	2.57	2.69	8.78	8.78	9.50	9.02	11.71
Essential Utilities	38.76	1.35	3.48	3.58	4.76	5.18	6.00	5.31	8.89
Middlesex Water Co	53.06	1.40	2.64	2.72	5.86	5.86	7.50	6.41	9.13
<b>Sample Average</b>	<b>71.46</b>	<b>1.83</b>	<b>2.71</b>	<b>2.80</b>	<b>6.41</b>	<b>6.57</b>	<b>6.90</b>	<b>6.63</b>	<b>9.43</b>
<b>Sample Median</b>									<b>8.89</b>

Source: Value Line Investment Survey, Issue 11 (Water Utility Industry), July 4, 2025.

Schedule MLR-5b - Constant Growth DCF Results, Expected EPS, DPS and BVPS Growth Method (30-Day Stock Price)									
Proxy Group	30-Day Stock Price Ave., P0	DPS (2025), D0	Current Div Yield, D0/P0	Expected Div Yield, D0/P0*(1+0.5g)	Average Expected Earnings Growth Rate, g <sup>1</sup>	VL Expected DPS Growth	VL Expected BVPS Growth	Average Expected Growth Rate (EPS, DPS, BVPS), g	1st DCF using EPS, DPS, BV Growth Rates, (D1/P0)+g
American States Water Co	74.98	1.95	2.60	2.69	6.10	8.00	7.50	7.20	9.89
American Water Works	143.90	3.25	2.26	2.34	6.30	8.50	6.50	7.10	9.44
California Water Service Group	46.61	1.20	2.57	2.66	9.02	5.50	5.50	6.67	9.33
Essential Utilities	38.76	1.35	3.48	3.57	5.31	6.50	3.00	4.94	8.51
Middlesex Water Co	53.06	1.40	2.64	2.70	6.41	4.50	2.00	4.30	7.00
<b>Sample Average</b>	<b>71.46</b>	<b>1.83</b>	<b>2.71</b>	<b>2.79</b>	<b>6.63</b>	<b>6.60</b>	<b>4.90</b>	<b>6.04</b>	<b>8.83</b>
<b>Sample Median</b>									<b>9.33</b>

Source: Value Line Investment Survey, Issue 11 (Water Utility Industry), July 4, 2025.

1. Average Expected EPS Growth from Schedule MLR-5a.



Schedule MLR-5c - Constant Growth DCF Results, EPS Growth Method (90-Day Stock Price)									
Proxy Group	90-Day Stock Price Ave., P0	DPS (2025), D0	Current Div Yield, D0/P0	Expected Div Yield, D0/P0*(1+0.5g)	S&P Capital IQ Expected EPS Growth Next 5 yrs <sup>1</sup>	Zacks Expected EPS Growth Next 5 yrs <sup>2</sup>	VL Expected EPS Growth	Average Expected Earnings Growth Rate, g	1st DCF w/Earnings Growth, (D1/P0)+g
American States Water Co	76.06	1.95	2.56	2.64	5.65	5.65	7.00	6.10	8.74
American Water Works	142.13	3.25	2.29	2.36	7.00	7.40	4.50	6.30	8.66
California Water Service Group	46.15	1.20	2.60	2.72	8.78	8.78	9.50	9.02	11.74
Essential Utilities	37.96	1.35	3.56	3.65	4.76	5.18	6.00	5.31	8.96
Middlesex Water Co	54.43	1.40	2.57	2.65	5.86	5.86	7.50	6.41	9.06
<b>Sample Average</b>	<b>71.35</b>	<b>1.83</b>	<b>2.72</b>	<b>2.80</b>	<b>6.41</b>	<b>6.57</b>	<b>6.90</b>	<b>6.63</b>	<b>9.43</b>
<b>Sample Median</b>									<b>8.96</b>

Source: Value Line Investment Survey, Issue 11 (Water Utility Industry), July 4, 2025.

Schedule MLR-5d - Constant Growth DCF Results, Expected EPS, DPS and BVPS Growth Method (90-Day Stock Price)									
Proxy Group	90-Day Stock Price Ave., P0	DPS (2025), D0	Current Div Yield, D0/P0	Expected Div Yield, D0/P0*(1+0.5g)	Average Expected Earnings Growth Rate, g <sup>1</sup>	VL Expected DPS Growth	VL Expected BVPS Growth	Average Expected Growth Rate (EPS, DPS, BVPS), g	1st DCF using EPS, DPS, BV Growth Rates, (D1/P0)+g
American States Water Co	76.06	1.95	2.56	2.66	6.10	8.00	7.50	7.20	9.86
American Water Works	142.13	3.25	2.29	2.37	6.30	8.50	6.50	7.10	9.47
California Water Service Group	46.15	1.20	2.60	2.69	9.02	5.50	5.50	6.67	9.36
Essential Utilities	37.96	1.35	3.56	3.64	5.31	6.50	3.00	4.94	8.58
Middlesex Water Co	54.43	1.40	2.57	2.63	6.41	4.50	2.00	4.30	6.93
<b>Sample Average</b>	<b>71.35</b>	<b>1.83</b>	<b>2.72</b>	<b>2.80</b>	<b>6.63</b>	<b>6.60</b>	<b>4.90</b>	<b>6.04</b>	<b>8.84</b>
<b>Sample Median</b>									<b>9.36</b>

Source: Value Line Investment Survey, Issue 11 (Water Utility Industry), July 4, 2025.

1. Average Expected EPS Growth from Schedule MLR-5c.

**Schedule MLR-6a - Sustainable Growth DCF (Internal Growth Component)**

<b>Proxy Group</b>	<b>Expected DPS (27-29)</b>	<b>Expected EPS (27-29)</b>	<b>Expected BVPS (2025)</b>	<b>Expected BVPS (27-29)</b>	<b>Book Value Growth</b>	<b>Expected ROE = EPS/BVPS</b>	<b>Adjustment Factor</b>	<b>Adjusted ROE, r</b>	<b>Payout Ratio, DPS/EPS</b>	<b>Retention Rate, b</b>	<b>Internal Growth Rate, r*b</b>
American States Water Co	2.65	4.35	25.90	33.25	0.051	13.08	1.02	13.41	0.61	0.39	5.24
American Water Works	4.45	7.50	55.55	75.70	0.064	9.91	1.03	10.21	0.59	0.41	4.15
California Water Service Group	1.45	3.45	29.10	35.00	0.038	9.86	1.02	10.04	0.42	0.58	5.82
Essential Utilities	1.75	2.75	22.40	26.05	0.031	10.56	1.02	10.72	0.64	0.36	3.90
Middlesex Water Co	1.65	3.45	25.05	26.40	0.011	13.07	1.01	13.14	0.48	0.52	6.85
<b>Sample Average</b>	<b>2.39</b>	<b>4.30</b>	<b>31.60</b>	<b>39.28</b>	<b>0.04</b>	<b>11.29</b>	<b>1.02</b>	<b>11.50</b>	<b>0.55</b>	<b>0.45</b>	<b>5.19</b>
<b>Sample Median</b>											<b>5.24</b>

Source: Value Line Investment Survey, Issue 11 (Water Utility Industry), July 4, 2025.

Schedule MLR-6b - Sustainable Growth DCF (External Growth Component)									
Proxy Group	30-Day Stock		Market-to-Book Ratio, P0/BVPS	Comm Shares Outstanding (mil) 2024	Expected	Growth in # Shares	Expected Growth in # of shares, s	Expected Profit of stock investment, v	External Growth, s*v
	Price Ave., P0	BVPS (2025)			Comm Shares Outstanding in 5yrs				
American States Water Co	74.98	25.90	2.90	38.15	40.00	0.95	2.75	0.65	1.80
American Water Works	143.90	55.55	2.59	194.92	210.00	1.50	3.89	0.61	2.39
California Water Service Group	46.61	29.10	1.60	59.48	50.00	-3.41	-5.47	0.38	-2.05
Essential Utilities	38.76	22.40	1.73	274.82	288.00	0.94	1.63	0.42	0.69
Middlesex Water Co	53.06	25.05	2.12	17.89	18.00	0.12	0.26	0.53	0.14
Sample Average	71.46	31.60	2.19	117.05	121.20	0.02	0.61	0.52	0.59
Sample Median									0.69

Source: Value Line Investment Survey, Issue 11 (Water Utility Industry), July 4, 2025.

Schedule MLR-6c - Sustainable Growth DCF (Results) (30-Day Stock Price)						
Proxy Group	30-Day Stock Price Ave., P0	DPS (2025), D0	Currnet Div Yield, D0/P0	Expected Div Yield, D0/P0*(1+0.5g)	Sustainable Growth Rate, rb+sv <sup>1</sup>	Sustainable Growth DCF, (D1/P0)+rb+sv
American States Water Co	74.98	1.95	2.60	2.69	7.04	9.74
American Water Works	143.90	3.25	2.26	2.33	6.54	8.87
California Water Service Group	46.61	1.20	2.57	2.62	3.77	6.39
Essential Utilities	38.76	1.35	3.48	3.56	4.58	8.15
Middlesex Water Co	53.06	1.40	2.64	2.73	6.99	9.72
<b>Sample Average</b>	<b>71.46</b>	<b>1.83</b>	<b>2.71</b>	<b>2.79</b>	<b>5.79</b>	<b>8.57</b>
<b>Sample Median</b>						<b>8.87</b>

1. See Schedule MLR-6a for internal growth component, rb and Schedule MLR-6b for external growth component, sv.

Source: Value Line Investment Survey, Issue 11 (Water Utility Industry), July 4, 2025.

Schedule MLR-6d - Sustainable Growth DCF (Internal Growth Component)											
Proxy Group	Expected DPS (27-29)	Expected EPS (27- 29)	BVPS (2025)	Expected BVPS (27- 29)	Book Value Growth	Expected ROE = EPS/BVPS	Adjustment Factor	Adjusted ROE, r	Payout Ratio, DPS/EPS	Retention Rate, b	Internal Growth Rate, r*b
American States Water Co	2.65	4.35	25.90	33.25	0.051	13.08	1.02	13.41	0.61	0.39	5.24
American Water Works	4.45	7.50	55.55	75.70	0.064	9.91	1.03	10.21	0.59	0.41	4.15
California Water Service Group	1.45	3.45	29.10	35.00	0.038	9.86	1.02	10.04	0.42	0.58	5.82
Essential Utilities	1.75	2.75	22.40	26.05	0.031	10.56	1.02	10.72	0.64	0.36	3.90
Middlesex Water Co	1.65	3.45	25.05	26.40	0.011	13.07	1.01	13.14	0.48	0.52	6.85
<b>Sample Average</b>	<b>2.39</b>	<b>4.30</b>	<b>31.60</b>	<b>39.28</b>	<b>0.04</b>	<b>11.29</b>	<b>1.02</b>	<b>11.50</b>	<b>0.55</b>	<b>0.45</b>	<b>5.19</b>
<b>Sample Median</b>											<b>5.24</b>

Source: Value Line Investment Survey, Issue 11 (Water Utility Industry), July 4, 2025.

Schedule MLR-6e - Sustainable Growth DCF - External Growth Component									
Proxy Group	90-Day Stock Price		Market-to- Book Ratio, P0/BVPS	Comm Shares Outstanding (mil) 2024	Expected Comm Shares Outstanding in		Expected Growth in # of shares, s	Expected Profit of stock investment, v	External Growth, s*v
	Ave., P0	BVPS (2025)			5yrs	Growth in # Shares			
American States Water Co	76.06	25.90	2.94	38.15	40.00	0.95	2.79	0.66	1.84
American Water Works	142.13	55.55	2.56	194.92	210.00	1.50	3.84	0.61	2.34
California Water Service Group	46.15	29.10	1.59	59.48	50.00	-3.41	-5.41	0.37	-2.00
Essential Utilities	37.96	22.40	1.69	274.82	288.00	0.94	1.60	0.41	0.65
Middlesex Water Co	54.43	25.05	2.17	17.89	18.00	0.12	0.27	0.54	0.14
<b>Sample Average</b>	<b>71.35</b>	<b>31.60</b>	<b>2.19</b>	<b>117.05</b>	<b>121.20</b>	<b>0.02</b>	<b>0.62</b>	<b>0.52</b>	<b>0.60</b>
<b>Sample Median</b>									<b>0.65</b>

Source: Value Line Investment Survey, Issue 11 (Water Utility Industry), July 4, 2025.

Schedule MLR-6f - Sustainable Growth DCF (Results) (90-Day Stock Price)						
Proxy Group	90-Day Stock Price Ave., P0	DPS (2025), D0	Current Div Yield, D0/P0	Expected Div Yield, D0/P0*(1+0.5g)	Sustainable Growth Rate, rb+sv <sup>1</sup>	Sustainable Growth DCF, (D1/P0)+rb+sv
American States Water Co	76.06	1.95	2.56	2.65	7.08	9.74
American Water Works	142.13	3.25	2.29	2.36	6.49	8.85
California Water Service Group	46.15	1.20	2.60	2.65	3.82	6.47
Essential Utilities	37.96	1.35	3.56	3.64	4.55	8.19
Middlesex Water Co	54.43	1.40	2.57	2.66	7.00	9.66
<b>Sample Average</b>	<b>71.35</b>	<b>1.83</b>	<b>2.72</b>	<b>2.79</b>	<b>5.79</b>	<b>8.58</b>
<b>Sample Median</b>						<b>8.85</b>

1. See Schedule MLR-6d for internal growth component, rb and Schedule MLR-6e for external growth component, sv.

Source: Value Line Investment Survey, Issue 11 (Water Utility Industry), July 4, 2025.



Schedule MLR-7a - CAPM & ECAPM Assumptions	
(Historical Large Stock Return, 30-yr T-Bond)	%
Historical L-T Equity Risk Premium (1926-2023): Arithmetic Ave. <sup>1</sup>	7.31
Yield on T-Bond (Risk-Free Rate)	4.87
VL Sample Beta	0.80
VL Beta Adjusted Risk Premium	5.85
<b>CAPM ROE</b>	<b>10.72</b>

1. [www.costofcapital.kroll.com](http://www.costofcapital.kroll.com).

2. Risk-free Rate based on 30-day average of yield on 30-Year Treasury bonds. See Schedule MLR-7b. Source: <https://www.federalreserve.gov/releases/h15/>

Schedule MLR-7b - CAPM & ECAPM Results (Historical Large Stock, 30-yr T-Bond)				
Proxy Group	Risk-Free Rate	VL Beta (1.00 = Market)	Historical L-T	CAPM ROE
			Equity Risk Premium	
American States Water Co	4.87	0.75	7.31	10.35
American Water Works	4.87	0.80	7.31	10.72
California Water Service Group	4.87	0.85	7.31	11.08
Essential Utilities	4.87	0.85	7.31	11.08
Middlesex Water Co	4.87	0.75	7.31	10.35
<b>Sample Average</b>	<b>4.87</b>	<b>0.80</b>	<b>7.31</b>	<b>10.72</b>

Source: Value Line Investment Survey, Issue 11 (Water Utility Industry), July 4, 2025.

Schedule MLR-7c - CAPM & ECAPM Assumptions	
(Supply-Side ERP, 30-yr T-Bond)	%
Supply-Side Equity Risk Premium (1926-2023): Arithmetic Ave. <sup>1</sup>	6.26
Yield on T-Bond (Risk-Free Rate)	4.87
VL Sample Beta	0.80
VL Beta Adjusted Risk Premium	5.01
<b>CAPM ROE</b>	<b>9.88</b>

1. [www.costofcapital.kroll.com](http://www.costofcapital.kroll.com).

2. Risk-free Rate based on 30-day average of yield on 30-Year

Treasury bonds. See Schedule MLR-7d. Source:

<https://www.federalreserve.gov/releases/h15/>

Schedule MLR-7d - CAPM & ECAPM Results (Supply-Side Equity ERP, 30-yr T-Bond)				
VL Beta (1.00 = Supply-Side Risk				
Proxy Group	Risk-Free Rate	Market)	Premium	CAPM ROE
American States Water Co	4.87	0.75	6.26	9.56
American Water Works	4.87	0.80	6.26	9.88
California Water Service Group	4.87	0.85	6.26	10.19
Essential Utilities	4.87	0.85	6.26	10.19
Middlesex Water Co	4.87	0.75	6.26	9.56
<b>Sample Average</b>	<b>4.87</b>	<b>0.80</b>	<b>6.26</b>	<b>9.88</b>

Source: Value Line Investment Survey, Issue 11 (Water Utility Industry), July 4, 2025.

Schedule MLR-7e - CAPM & ECAPM Assumptions (D&P Normalized RF Rate)		%
D&P Recommended US ERP <sup>1</sup>		5.00
D&P Normalized Risk-Free Rate <sup>1</sup>		3.50
VL Sample Beta		0.80
VL Beta Adjusted Risk Premium		4.00
<b>CAPM ROE</b>		<b>7.50</b>

1. Kroll, Kroll Cost of Capital Inputs Updated to Reflect De-Escalation of Trade Tensions and Economic Support from Monetary and Fiscal Policies, September 3, 2025.

Schedule MLR-7f - CAPM & ECAPM Results (D&P Normalized RF Rate)				
Proxy Group	Normalized Risk-Free Rate <sup>1</sup>	VL Beta (1.00 = Market)	Recommended Market Risk Premium <sup>1</sup>	CAPM ROE
American States Water Co	3.50	0.75	5.00	7.25
American Water Works	3.50	0.80	5.00	7.50
California Water Service Group	3.50	0.85	5.00	7.75
Essential Utilities	3.50	0.85	5.00	7.75
Middlesex Water Co	3.50	0.75	5.00	7.25
<b>Sample Average</b>	<b>3.50</b>	<b>0.80</b>	<b>5.00</b>	<b>7.50</b>

Source: Value Line Investment Survey, Issue 11 (Water Utility Industry), July 4, 2025.

1. Kroll, Kroll Cost of Capital Inputs Updated to Reflect De-Escalation of Trade Tensions and Economic Support from Monetary and Fiscal Policies, September 3, 2025.

**Schedule MLR-8 - Recent Commission Decisions**

<b>Applicant/Docket No.</b>	<b>Approved RoR</b>	<b>Approved ROE</b>	<b>Cost of Long- Term Debt</b>	<b>Capital Structure</b>	<b>Order No. and Page Reference</b>
HWSC Pukalani 2022-0186	7.51%	9.25%	5.51%	46.6% Debt/53.4% Equity	D&O 40344, page 81-82
HWSC Kaanapali 2022-0140	7.64%	9.57%	5.42%	46.6% Debt/53.4% Equity	D&O 41641, page 47-48
HAWC Consolidated 2024-0038	6.97%	9.75%	3.96%	47.89%Debt/ 52.11% Equity	D&O 41833, page 22
Launiupoko Water Company 2023-0465	7.34%	9.35%	5.33%	50% Debt/ 50% Equity	D&O 41778, page 80-81
Kaupulehu WW Company 2023-0456	8.17%	9.35%	6.99%	50/50	Proposed D&O 41942 page 26-27; Errata Order No. 41944, Stip page 33
HWSC Waikoloa 2024-0224	7.73%	9.75%			D&O 41984 page 82-83

**DIRECT TESTIMONY AND EXHIBITS**

**OF**

**KARL RICHARD PAVLOVIC**

**THE DIVISION OF CONSUMER ADVOCACY**

**SUBJECT: ALLOCATED COST OF SERVICE AND RATE DESIGN**

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**DIRECT TESTIMONY OF KARL RICHARD PAVLOVIC**

**I. INTRODUCTION**

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Karl Richard Pavlovic. My business address is 22 Brookes Avenue,  
Gaithersburg, Maryland 20877.

Q. WHAT IS YOUR PRESENT OCCUPATION?

A. I am a senior consultant with and the managing director of PCMG and Associates, LLC. PCMG's business is primarily focused on providing analysis and expert witness testimony regarding revenue requirement, cost of capital, allocated cost of service and rate design in federal and state regulatory proceedings for electric, gas, water and wastewater utilities. My specific responsibilities encompass utility least-cost planning, integrated resource planning, service reliability, jurisdictional and class cost of service studies, rate design, accelerated infrastructure replacement, performance-based ratemaking, and regulatory policy.

Q. HAVE YOU PREPARED A SUMMARY OF YOUR QUALIFICATIONS AND EXPERIENCE FOR THIS PROCEEDING?

A. Yes. My qualifications and experience are attached as Exhibit CA-400 to my testimony.

1 Q. HAVE YOU PREVIOUSLY PARTICIPATED IN REGULATORY  
2 ENGAGEMENTS BEFORE THE HAWAII PUBLIC UTILITIES COMMISSION?

3 A. Yes. I submitted written direct testimony on behalf of the Hawaii Department of  
4 Commerce and Consumer Affairs, Division of Consumer Advocacy (“Consumer  
5 Advocate”) regarding class cost of service and rate design in Docket No. 2017-  
6 0105, Hawaii Gas Application for Approval of Rate Increases and Revised Rate  
7 Schedules and Rules. In Docket No. 2019-0085, Hawaiian Electric Company,  
8 Inc. Application for Approval of a General Rate Increase and Revised Rate  
9 Schedules and Rules, I provided analytical support to the Consumer Advocate  
10 regarding Hawaiian Electric’s cost of service and rate design models. In Docket  
11 No. 2020-0135, I submitted testimony on behalf of the Consumer Advocate  
12 regarding the Young Brothers cost of service model (“YB\_BIP COS”). In Docket  
13 No. 2019-0117 Emergency Rate Increase (“ERI”), I submitted testimony on  
14 behalf of the Consumer Advocate regarding the 2022 test year revenue  
15 requirement and refunds. In Docket No. 2024-0038, Hawaii-American Water  
16 Company, I submitted testimony on behalf of the Consumer Advocate regarding  
17 depreciation and Rate Design. In Docket No. 2024-0199 Hawaiian Electric  
18 Companies I advised the Consumer Advocate regarding depreciation rate  
19 proposals.

20  
21 Q. ON WHOSE BEHALF ARE YOU APPEARING IN THIS DOCKET?

22 A. I am testifying on behalf of the Consumer Advocate in this proceeding.



1 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

2 A. The purpose of my testimony is to respond to the direct testimony proposals of  
3 Princeville Utilities ("PUCI") in this proceeding regarding depreciation rates,  
4 class cost studies and rate design.  
5

6 Q. HOW IS YOUR TESTIMONY ORGANIZED?

7 A. Section II addresses PUCI's cost of service studies. Section III addresses  
8 PUCI's proposed rate structure and tariff rates.  
9

10 Q. PLEASE SUMMARIZE YOUR TESTIMONY RECOMMENDATIONS.

11 A. As detailed below, my testimony recommends that:

- 12 • The Commission approve PUCI's water and sewer allocated cost study  
13 results using the Consumer Advocate's recommended water and sewer  
14 revenue requirements.
- 15 • The Commission approve the Consumer Advocate's recommended  
16 water and sewer monthly meter charges and consumption charges.
- 17 • The Commission approve the four-step phase-in of the Consumer  
18 Advocate's recommended water and sewer monthly meter charges and  
19 consumption charges.  
20  
21  
22

1    **II.    COST OF SERVICE STUDIES**

2    Q.    HAVE YOU EXAMINED PUCI'S WATER AND SEWER ALLOCATED COST  
3        OF SERVICE STUDIES?

4    A.    Yes. The cost of service studies are presented in the testimony and exhibits of  
5        PUCI witness Talha Sheikh.<sup>1</sup> Both studies are modules embedded in Excel  
6        spreadsheets with combined cost of service and rate design models consisting  
7        of multiple worksheets.<sup>2</sup>

8           The water cost allocation module<sup>3</sup> is based on four functional cost  
9        categories: base costs, extra capacity (max day) costs, extra capacity (max  
10       hour) costs, and customer costs, where customer costs are defined as meter  
11       reading, billing and customer accounting costs.<sup>4</sup> The functional costs are then  
12       allocated to three customer classes: Single Family Residential, Multi-Family  
13       Residential, and Commercial.<sup>5</sup>

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1       Direct Testimony of Talha Sheikh, Exhibit PUCI-T-300, Exhibit PUCI-302 Schedule TAS-2 Report on Water Cost Allocation and Rate Design and Exhibit PUCI-303 Schedule TAS-3 Report on Sewer Cost Allocation and Rate Design.

2       Water: Exhibit CA-IR-7-a 1.xlsx; Sewer: Exhibit CA-IR-7-b 1.xlsx.

3       Exhibit CA-IR-7-a 1.xlsx, worksheets "Cost Allocation," "Unit Costs," "Demand Factors," "COSS Summary," "Func-Expenses," "Func-Rate base," "Functional Factors," "Daily Flows" and "Max Capacity."

4       Exhibit PUCI-302 Schedule TAS-2, pages 3-4; Exhibit CA-IR-7-a 1.xlsx, worksheets "COSS Summary."

5       Exhibit PUCI-302 Schedule TAS-2, pages 7-8; Exhibit CA-IR-7-a 1.xlsx, worksheet "Cost Allocation."

1           The sewer cost allocation module<sup>6</sup> is based on an adaptation of the  
2 commodity-demand methodology using three functional cost categories: flow  
3 costs, demand costs, and customer costs, where customer costs are defined as  
4 the costs associated with connecting and serving customers.<sup>7</sup> The functional  
5 costs are then allocated to three customer classes: Single Family Residential,  
6 Multi-Family Residential and Commercial.<sup>8</sup>

7  
8 Q.   HAVE YOU FOUND ANY ERRORS IN EITHER THE COST ALLOCATION  
9 METHODOLOGIES USED OR THE COST ALLOCATIONS CALCULATED?

10 A.   No.

11  
12 **III.   RATE STRUCTURE AND TARIFF RATES**

13 Q.   HAVE YOU EXAMINED PUCI'S WATER AND SEWER RATE DESIGN  
14 PROPOSALS?

15 A.   Yes. PUCI's rate design proposals are also presented in the testimony and  
16 exhibits of PUCI witness Talha Sheikh.<sup>9</sup> As with PUCI's cost studies, both water

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<sup>6</sup> Exhibit CA-IR-7-b 1.xlsx, worksheets "Cost Allocation," "Unit Costs," "COSS Summary," "Func-Expenses," "Func-Rate base," Functional Factors," and "Pump Daily Flows."

<sup>7</sup> Exhibit PUCI-303 Schedule TAS-3, pages 3-4; Exhibit CA-IR-7-b 1.xlsx, worksheets "COSS Summary."

<sup>8</sup> Exhibit PUCI-302 Schedule TAS-3, page; Exhibit CA-IR-7-b 1.xlsx, worksheet "Cost Allocation."

<sup>9</sup> Direct Testimony of Talha Sheikh, Exhibit PUCI-T-300, Exhibit PUCI-302 Schedule TAS-2 Report on Water Cost Allocation and Rate Design and Exhibit PUCI-303 Schedule TAS-3 Report on Sewer Cost Allocation and Rate Design.

1 and sewer rate design proposals are developed in modules embedded in the  
2 Excel spreadsheet, which combined cost of service and rate design models.<sup>10</sup>

3 The water rate design module<sup>11</sup> ignores the customer class allocated  
4 costs in the cost study and instead takes the customer costs and combined base  
5 and extra-capacity costs for rate design purposes.<sup>12</sup> The customer costs are  
6 taken as the basis for Monthly Meter Charges,<sup>13</sup> while the combined base and  
7 extra capacity costs are the basis for four inclining block Consumption Charges  
8 intended to incentivize conservation.<sup>14</sup> There is no water tariff charge  
9 differentiation between the residential, multi-family and commercial customer  
10 classes.

11 The sewer rate design module<sup>15</sup> combines the Residential and Multi-  
12 Family customer class allocated costs from the cost study and takes the  
13 combined Residential & Multi-Family customer class costs and the Commercial  
14 customer class costs for rate design purposes.<sup>16</sup> Next the rate design module

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10 Water: Exhibit CA-IR-7-a 1.xlsx; Sewer: Exhibit CA-IR-7-b 1.xlsx.

11 Exhibit CA-IR-7-a 1.xlsx, worksheets "Rate Design," "COSS Summary," "Number of Bills,"  
"COSS Summary," "Billing Data," "Usage Analysis," and "Block Analysis."

12 Exhibit CA-IR-7-a 1.xlsx, worksheet "COSS Summary."

13 Exhibit PUCI-302 Schedule TAS-2, page 9, Figure 6; Exhibit CA-IR-7-a 1.xlsx, worksheet "Rate  
Design."

14 Exhibit PUCI-302 Schedule TAS-2, pages 9-11, Figures 7 and 8; Exhibit CA-IR-7-a 1.xlsx,  
worksheet "Rate Design."

15 Exhibit CA-IR-7-b 1.xlsx, worksheets "Rate Design," "Revenue Targets" and "COSS Summary,"  
"Unit Costs" and "Cost Allocation."

16 Exhibit CA-IR-7-b 1.xlsx, worksheet "Cost Allocation."

1 adjusts the two customer class costs to “provide a generally uniform reduction  
2 in revenues” for the two customer classes.<sup>17</sup> Finally, the rate design module  
3 calculates (1) a single Monthly Meter Charge with no Consumption Charge for  
4 the Residential & Multi-Family class, (2) Monthly Meter Charges based on meter  
5 size for the Commercial Class and (3) four inclining block Consumption Charges  
6 intended to incentivize conservation.<sup>18</sup>

7  
8 Q. HAVE YOU FOUND ANY ERRORS IN EITHER THE RATE DESIGN  
9 METHODOLOGIES USED OR THE CALCULATION OF CHARGES?

10 A. No.

11  
12 Q. HAVE YOU CALCULATED RATES USING CONSUMER ADVOCATE  
13 WITNESS MUGRACE’S RECOMMENDED WATER AND SEWER REVENUE  
14 REQUIREMENTS?

15 A. Yes. Figures 1 and 2 show Tariff Charges calculated using Consumer Advocate  
16 witness Mugrace’s recommended water revenue requirement of \$1,923,000.<sup>19</sup>

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17 <sup>17</sup> Exhibit PUCI-303 Schedule TAS-3, pages 9-10 and Figure 6; Exhibit CA-IR-7-b 1.xlsx, worksheet “Revenue Targets.”

<sup>18</sup> Exhibit PUCI-303 Schedule TAS-3, pages 11-13 and Figures 7 and 8; Exhibit CA-IR-7-b 1.xlsx, worksheet “Revenue Targets.”

<sup>19</sup> Exhibit CA-201, Schedule CA-PW-101.

**Figure 1: Consumer Advocate Recommended Monthly Meter Charges for Water Service** <sup>20</sup>

Meter Size (inches)	Monthly Charge per Installed Meter			
	Current	Proposed	Increase (\$)	Increase (%)
5/8"	\$ 6.11	\$ 10.04	\$ 3.93	64.3%
3/4"	\$ 7.63	\$ 15.05	\$ 7.42	97.3%
1"	\$ 12.21	\$ 25.09	\$ 12.88	105.5%
1.5"	\$ 24.42	\$ 50.18	\$ 25.76	105.5%
2"	\$ 33.58	\$ 80.29	\$ 46.71	139.1%
3"	\$ 68.68	\$ 160.59	\$ 91.91	133.8%
4"	\$ 144.99	\$ 250.92	\$ 105.93	73.1%
6"	\$ 221.31	\$ 501.83	\$ 280.52	126.8%
8"	\$ 381.56	\$ 802.93	\$ 421.37	110.4%

**Figure 2: Consumer Advocate Recommended Consumption Charges for Water Service** <sup>21</sup>

Block Rates	Monthly Water Consumption Charge Rate			
	Current [1]	Proposed	Increase (\$)	Increase (%)
First Block	\$ 1.966	\$ 1.966	\$ -	0.0%
Second Block	\$ 1.966	\$ 3.129	\$ 1.163	59.2%
Third Block	\$ 1.966	\$ 5.129	\$ 3.163	160.9%
Fourth Block	\$ 1.966	\$ 8.629	\$ 6.663	338.9%
Fifth Block	\$ 1.966	\$ 9.326	\$ 7.360	374.3%

[1] Current charge includes water consumption charge of \$1.517 per thousand gallon and the Automatic Power Cost Adjustment Clause (APCAC) of \$0.449 per thousand gallon

Figures 3 and 4 show Tariff Charges calculated using Consumer Advocate witness Mugrace's recommended sewer revenue requirement of \$1,136,996.<sup>22</sup>

<sup>20</sup> Exhibit CA-401, "Testimony Figures" worksheet.

<sup>21</sup> Exhibit CA-401, "Testimony Figures" worksheet.

<sup>22</sup> Exhibit CA-202, Schedule CA-PS-101.

**Figure 3: Consumer Advocate Recommended Monthly Meter Charges for Sewer Service<sup>23</sup>**

Meter Size (inches)	Monthly Charge per Installed Meter			
	Current	Proposed	Decrease (\$)	Decrease (%)
<b>Residential</b>	\$ 60.23	\$ 21.65	\$ (38.58)	-64.06%
<b>Commercial</b>				
5/8"	\$ 48.84	\$ 14.51	\$ (34.33)	-70.29%
3/4"	\$ 61.04	\$ 20.53	\$ (40.51)	-66.37%
1"	\$ 97.67	\$ 32.56	\$ (65.11)	-66.67%
1.5"	\$ 195.34	\$ 62.63	\$ (132.71)	-67.94%
2"	\$ 268.60	\$ 98.73	\$ (169.87)	-63.24%
3"	\$ 549.40	\$ 194.97	\$ (354.43)	-64.51%
4"	\$ 1,159.84	\$ 303.24	\$ (856.60)	-73.85%
6"	\$ 1,770.29	\$ 604.00	\$ (1,166.29)	-65.88%
8"	\$ 3,052.22	\$ 964.92	\$ (2,087.30)	-68.39%

**Figure 4: Consumer Advocate Recommended Consumption Charges for Sewer Service<sup>24</sup>**

Block Rates	Monthly Sewer Consumption Charge Rate			
	Current [1]	Proposed	Decrease (\$)	Decrease (%)
0 to 18	\$ 9.551	\$ 1.482	\$ (8.069)	-84.5%
18 to 50	\$ 9.551	\$ 1.976	\$ (7.575)	-79.3%
50 to 250	\$ 9.551	\$ 2.865	\$ (6.686)	-70.0%
Over 250	\$ 9.551	\$ 3.646	\$ (5.904)	-61.8%

[1] Current charge includes water consumption charge of \$5.668 per thousand gallon and the Automatic Power Cost Adjustment Clause (APCAC) of \$3.8829 per thousand gallon

<sup>23</sup> Exhibit CA-402, "Testimony Figures" worksheet.

<sup>24</sup> Exhibit CA-402, "Testimony Figures" worksheet.

Q. HOW DO YOU PROPOSE THE CONSUMER ADVOCATE RECOMMENDED RATES BE IMPLEMENTED?

A. PUCI proposes to implement the rates approved by the Commission in four six-month steps beginning with the effective date of the Commission's decision in this proceeding. Figures 5 and 6 show the four-step implementation of the Consumer Advocate recommended rates for water service in Figures 1 and 2 above. These phase-in rates compare to the PUCI tariff rates on pages 48 to 50 of Exhibit PUCI-T-101.

**Figure 5: Phase-In of Consumer Advocate Recommended Monthly Meter Charges for Water Service<sup>25</sup>**

Meter Size	Step 1	Step 2	Step 3	Step 4
5/8"	\$5.91	\$7.02	\$8.40	\$10.04
3/4"	\$7.84	\$9.77	\$12.20	\$15.05
1"	\$12.72	\$16.04	\$20.19	\$25.09
1.5"	\$25.45	\$32.09	\$40.39	\$50.18
2"	\$37.03	\$48.64	\$63.15	\$80.29
3"	\$75.08	\$98.01	\$126.69	\$160.59
4"	\$142.63	\$171.68	\$208.00	\$250.92
6"	\$239.10	\$309.59	\$397.70	\$501.83
8"	\$401.03	\$508.86	\$643.64	\$802.93

<sup>25</sup> Exhibit CA-401, "Testimony Figures" worksheet.



**Figure 6: Phase-In of Consumer Advocate Recommended Consumption  
Charges for Water Service<sup>26</sup>**

Block				
Rates	Step 1	Step 2	Step 3	Step 4
First Block	\$1.97	\$1.97	\$1.97	\$1.97
Second Block	\$1.88	\$2.22	\$2.64	\$3.13
Third Block	\$2.34	\$3.09	\$4.03	\$5.13
Fourth Block	\$3.05	\$4.54	\$6.42	\$8.63
Fifth Block	\$3.17	\$4.82	\$6.89	\$9.33

Figures 7 and 8 show the four-step implementation of the Consumer Advocate recommended rates for sewer service in Figures 3 and 4 above. These phase-in rates compare to the PUCI tariff rates on page 51 of Exhibit PUCI-T-101.

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<sup>26</sup> Exhibit CA-401, "Testimony Figures" worksheet.

**Figure 7: Phase-In of Consumer Advocate Recommended Monthly Meter**

**Charges for Sewer Service<sup>27</sup>**

Meter				
Size	Step 1	Step 2	Step 3	Step 4
Residential	\$ 50.58	\$ 40.94	\$ 31.29	\$21.65
Commercial				
5/8"	\$ 40.26	\$ 31.68	\$ 23.09	\$14.51
3/4"	\$ 50.91	\$ 40.78	\$ 30.66	\$20.53
1"	\$ 81.39	\$ 65.11	\$ 48.84	\$32.56
1.5"	\$ 162.16	\$ 128.99	\$ 95.81	\$62.63
2"	\$ 226.13	\$ 183.66	\$ 141.19	\$98.73
3"	\$ 460.79	\$ 372.18	\$ 283.58	\$194.97
4"	\$ 945.69	\$ 731.54	\$ 517.39	\$303.24
6"	\$1,478.72	\$1,187.15	\$ 895.58	\$604.00
8"	\$2,530.39	\$2,008.57	\$1,486.74	\$964.92

**Figure 8: Phase-In of Consumer Advocate Recommended Consumption**

**Charges for Sewer Service<sup>28</sup>**

Block				
Rates	Step 1	Step 2	Step 3	Step 4
0 to 18	\$ 7.53	\$ 5.52	\$ 3.50	\$1.48
18 to 50	\$ 7.66	\$ 5.76	\$ 3.87	\$1.98
50 to 250	\$ 7.88	\$ 6.21	\$ 4.54	\$2.86
Over 250	\$ 8.07	\$ 6.60	\$ 5.12	\$3.65

<sup>27</sup> Exhibit CA-402, "Testimony Figures" worksheet.

<sup>28</sup> Exhibit CA-402, "Testimony Figures" worksheet.

1    **IV.    CONCLUSION**

2    Q.    DOES THIS CONCLUDE YOUR TESTIMONY?

3    A.    Yes. However, I reserve the right to submit further testimony should additional  
4        data and/or information be provided by PUCI.

**Exh. CA-400**

## KARL RICHARD PAVLOVIC, Ph.D.

### *Education*

Purdue University – MA and Ph.D. in Philosophy

Karl-Ruprecht Universität, Heidelberg, Germany – graduate study

Yale University – BA in Philosophy

### *Positions*

Senior Consultant – PCMG and Associates	2015-Present
Senior Consultant – Snavelly King Majoros and Associates	2010-2014
Director – FTI Consulting	2008-2010
President – DOXA, Inc	1994-2008
Partner – Snavelly King and Associates	1983-1994
Assistant Professor – University of Florida-Gainesville	1978-1983

### *Professional Experience*

Dr. Pavlovic provides clients with economic and policy analyses of commercial operations and expert testimony in support of litigation, negotiation and strategic planning. His analyses and testimony are distinguished by systematic articulation and testing of assumptions, thorough evaluation of data, innovative application of statistical tools and economic principles, and clarity and precision of presentation. Dr. Pavlovic has provided expert testimony on the operations, costs and revenues of gas and electric utilities, the impacts of restructuring wholesale and retail electric markets, effects of mergers, the operation and competitiveness of petroleum and electric markets, the market valuation of crude oil, electric and gas reliability, and the performance of energy efficiency, renewable energy, and peak reduction programs.

Major projects directed by Dr. Pavlovic have included: analytical assistance to counsel and testimony on all aspects of the restructuring of wholesale and retail electric markets in the Eastern Interconnection; technical representation of the District of Columbia People's Counsel on the DC PSC's Pepco Productivity Improvement Working Group and various PJM working groups; impact evaluation study of pilot energy efficiency and renewable energy programs in the District of Columbia; analysis of petroleum markets, expert testimony, and coordination of technical testimony in the Trans-Alaska Pipeline quality bank litigation; Independent Technical Review of the economic models used by the US Army Corps of Engineers for the Ohio River System Investment Plan; assistance to a major independent telephone company in the formulation and implementation of corporate strategic plans, applications for long-distance authority, and settlement negotiations with major domestic and foreign carriers.

By education and professional experience Dr. Pavlovic has expertise in formal and mathematical logic, statistics, economics, financial analysis, econometrics, and computer modeling. With 33 years' experience as a consultant and expert witness, Dr. Pavlovic has in-depth knowledge of

## **PCMG and Associates LLC**

commercial and industrial operations in the energy, transportation, and telecommunications industries and is familiar with a wide range of experimental and investigative methods in science and engineering.

## PCMG and Associates LLC

### *Regulatory Projects and Appearances*

1. In re: Pike County Light & Power Company 2024 General Base Rate Increase Filings – (Appearance: gas and electric cost of service and rate design on behalf of the Pennsylvania Office of Consumer Advocate)  
PA Public Utility Commission Docket Nos. R-2024-3052359 and R-2024-3052357
2. In re: Application of Young Brothers LLC for Review and Approval of 2025 Test Year Rate Increases; Revised Rate Schedules; and Changes to its Tariff (2024) – (Appearance: cost of service and rate design on behalf of the Hawaii Division of Consumer Advocacy)  
HI Public Utilities Commission Docket No. 2024-0255
3. In re: Application of Hawaii Electric Companies for Review and Approval of Depreciation Rates (2024) – (Appearance: depreciation on behalf of the Hawaii Division of Consumer Advocacy)  
HI Public Utilities Commission Docket No. 2024-0199
4. In re: Application of Hawaii American Water Company, Inc. for Review and Approval of Rate Increases; Revised Rate Schedules; and Changes to its Tariff (2024) – (Appearance: cost of service and rate design on behalf of the Hawaii Division of Consumer Advocacy)  
HI Public Utilities Commission Docket No. 2024-0038
5. In re: Application of Young Brothers LLC for an WICI Inflation Adjustment Mechanism (2024) – (Appearance: cost of service and rate design on behalf of the Hawaii Division of Consumer Advocacy)  
HI Public Utilities Commission Docket No. 2024-0092
6. In re: Petition of Elisabeth Natural Gas, Inc. for an Increase in Rates for Gas Service and Other Tariff Changes (2024) - (Appearance: cost of service and rate design on behalf of the New Jersey Rate Counsel)  
NJ BPU Docket No. GR24020158
7. In re: FirstEnergy Pennsylvania Electric Company General Base Rate Increase Filing (2024) – (Appearance: cost of service and rate design on behalf of the Pennsylvania Office of Consumer Advocate)  
PA Public Utility Commission Docket Nos. R-2024-3047068
8. In re: Petition of New Jersey Natural Gas, Inc. for an Increase in Rates for Gas Service and Other Tariff Changes (2024) - (Appearance: cost of service and rate design on behalf of the New Jersey Rate Counsel)  
NJ BPU Docket No. GR24010071

## PCMG and Associates LLC

9. In re: Petition of Aqua New Jersey, Inc. for an Increase in Rates for Water Service and Other Tariff Changes (2024) - (Appearance: cost of service and rate design on behalf of the New Jersey Rate Counsel)  
NJ BPU Docket No. WR24010057
10. In re: Petition of New Jersey American Water, Inc. for an Increase in Rates for Water Service and Other Tariff Changes (2024) - (Appearance: cost of service and rate design on behalf of the New Jersey Rate Counsel)  
NJ BPU Docket No. WR24010056
11. In re: the Application of Northern States Power Company for Authority to Increase Rates for Gas Service in North Dakota (2024) - (Appearance: cost of service and rate design on behalf of the North Dakota Public Service Commission Advocacy Staff)  
ND PSC Case No. PU-23-367
12. In re: Montana-Dakota Utilities Co., Application to Increase Natural Gas Rates (2024) - (Appearance: cost of service and rate design on behalf of the North Dakota Public Service Commission Staff)  
ND Public Service Commission Case No. PU-23-341
13. In re: the Application of Otter Tail Power Company for Authority to Increase Rates for Electric Utility Service in North Dakota (2024) - (Appearance: cost of service and rate design on behalf of the North Dakota Public Service Commission Advocacy Staff)  
ND PSC Case No. PU-23-342
14. In re: 2023 Gas System Enhancement Program Plan Filings for the Commonwealth's Natural Gas Distribution Companies (2024) - (Appearance: cost and project compliance with tariff on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket Nos. D.P.U. 23-GSEP-01 to 23-GSEP-06
15. In re: the Application of Northern States Power Company for Advance Determination of Prudence – 345kV Big Stone to Sherburne (2024) - (Appearance: need, necessity and conformance with North Dakota Statutes and Regulation on behalf of the North Dakota Public Service Commission Advocacy Staff)  
ND PSC Case No. PU-23-329
16. Pennsylvania Office of Consumer Advocate: Monitor, Review and Report on Electric and Natural Gas Filings to the FERC (2024)  
Federal Energy Regulatory Agency Dockets
17. In re: Petition of Veolia Water New Jersey, Inc. for an Increase in Rates for Water Service and Other Tariff Changes (2023) - (Appearance: cost of service and rate design on behalf of the New Jersey Rate Counsel)  
NJ BPU Docket No. WR23110790



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18. In re: the Application of Northern States Power Company for Advance Determination of Prudence – Brookings County to Lyon County and Helena to Hampton 345 kV Second Circuit (2023) - (Appearance: need, necessity and conformance with North Dakota Statutes and Regulation on behalf of the North Dakota Public Service Commission Advocacy Staff)  
ND PSC Case No. PU-23-295
19. In re: the Application of Northern States Power Company for Advance Determination of Prudence - Sherburne County 345 kV Transmission Line (2023) - (Appearance: need, necessity and conformance with North Dakota Statutes and Regulation on behalf of the North Dakota Public Service Commission Advocacy Staff)  
ND PSC Case No. PU-23-142
20. In re: Petition of Middlesex Water Company for an Increase in Rates for Water Service and Other Tariff Changes (2023) - (Appearance: cost of service and rate design on behalf of the Township of East Brunswick, New Jersey)  
NJ BPU Docket No. WR23050292
21. In re: Petition of NSTAR Gas Company d/b/a Eversource Energy for Approval of its 2022 Gas System Enhancement Plan Reconciliation Filing (2023) - (Appearance: prudence/used and useful, accounting, cost of service and rate design on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 23-GREC-06
22. In re: Petition of Eversource Gas Company of Massachusetts d/b/a Eversource Energy for Approval of its 2022 Gas System Enhancement Plan Reconciliation Filing (2023) - (Appearance: prudence/used and useful, accounting, cost of service and rate design on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 23-GREC-05
23. In re: Petition of Berkshire Gas Company for Approval of its 2022 Gas System Enhancement Plan Reconciliation Filing (2023) - (Appearance: prudence/used and useful, accounting, cost of service and rate design on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 23-GREC-02
24. In re: Pittsburgh Water and Sewer Authority General Base Rate Increase Filing (2023) – (Appearance: gas and electric cost of service and rate design on behalf of the Pennsylvania Office of Consumer Advocate)  
PA Public Utility Commission Docket Nos. R-2023-3039920 et al
25. In re: UGI Electric Company General Base Rate Increase Filing (2023) – (Appearance: electric cost of service and rate design on behalf of the Pennsylvania Office of Consumer Advocate)  
PA Public Utility Commission Docket Nos. R-2022-3037368

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26. In re: Application of Hawaii Water Service Company, Inc. for Approval of a General Rate Increase for its Pukalani Wastewater Division and Certain Tariff Changes (2023) – (Appearance: cost of service and rate design on behalf of the Hawaii Division of Consumer Advocacy)  
HI Public Utilities Commission Docket No. 2022-0186
27. In re: Application of Lanai Water Company, Inc. for Review and Approval of Rate Increases; Revised Rate Schedules; and Changes to its Tariff (2023) – (Appearance: cost of service and rate design on behalf of the Hawaii Division of Consumer Advocacy)  
HI Public Utilities Commission Docket No. 2022-0233
28. In re: Application of Southern Maryland Electric Cooperative, Inc., for Authority to Revise Its Rates and Charges for Electric Service and Certain Rate Design Changes (2023) – (Appearance: cost of service and rate design on behalf of the Maryland Office of the People’s Counsel)  
MD PSC Case No. 9688
29. In re: Application of San Diego Gas & Electric Company for Authority to Establish Its Authorized Cost of Capital for Utility Operations for 2023 (2022) – (Appearance: business risk and cost of equity on behalf of Utility Consumers’ Action Network)  
CA Public Utilities Commission Application 22-04-012
30. In re: Valley Energy, Inc. General Base Rate Increase Filing (2022) – (Appearance: gas cost of service and rate design on behalf of the Pennsylvania Office of Consumer Advocate)  
PA Public Utility Commission Docket Nos. R-2022-3032300
31. In re: Citizens’ Electric Company General Base Rate Increase Filing (2022) – (Appearance: electric cost of service and rate design on behalf of the Pennsylvania Office of Consumer Advocate)  
PA Public Utility Commission Docket Nos. R-2022-3032369
32. In re: PECO Energy Company (Gas Division) General Base Rate Increase Filing (2022) – (Appearance: gas and electric cost of service and rate design on behalf of the Pennsylvania Office of Consumer Advocate)  
PA Public Utility Commission Docket Nos. R-2022-3031113
33. In re: Petition of Eversource Gas Company of Massachusetts d/b/a Eversource Energy for Approval of its 2021 Gas System Enhancement Plan Reconciliation Filing (2022) - (Appearance: prudence/used and useful, accounting, cost of service and rate design on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 22-GREC-05

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34. In re: Petition of Liberty Utilities (New England Natural Gas Company Corp.) d/b/a Liberty for Approval of its 2021 Gas System Enhancement Plan Reconciliation Filing (2022) - (Appearance: prudence/used and useful, accounting, cost of service and rate design on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 22-GREC-04
35. In re: Petition of Berkshire Gas Company for Approval of its 2021 Gas System Enhancement Plan Reconciliation Filing (2022) - (Appearance: prudence/used and useful, accounting, cost of service and rate design on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 22-GREC-02
36. In re: Nova Scotia Power 2022-2024 General Rate Application (2022) - (Appearance: cost of service on behalf of the Nova Scotia Utility and Review Board)  
NS UARB M10431
37. In re: the Application of Northern States Power Company for Authority to Increase Rates for Natural Gas Service in North Dakota (2021) - (Appearance: cost of service and rate design on behalf of the North Dakota Public Service Commission Advocacy Staff)  
ND PSC Case No. PU-21-381
38. In re: Application of San Diego Gas & Electric Company for Authority to Establish Its Authorized Cost of Capital for Utility Operations for 2022 and to Reset the Annual Cost of Capital Mechanism (2021) – (Appearance: wildfire risk accounting and ratemaking on behalf of Utility Consumers’ Action Network)  
CA Public Utilities Commission Application 21-08-014
39. In re: Petition of HPBS, Inc. for review and approval of Central Scheduling System (CSS) charge increase and revised CSS schedule (2021) – (Appearance: rate design on behalf of the Hawaii Department of Commerce and Consumer Affairs)  
HI DCCA Docket No. PTP-2021-001
40. In re: Petition of NSTAR Gas Company d/b/a Eversource Energy for Approval of its 2020 Gas System Enhancement Plan Reconciliation Filing (2021) - (Assistance to Counsel: prudence/used and useful, accounting, cost of service and rate design on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 21-GREC-06

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41. In re: Petition of Eversource Gas Company of Massachusetts d/b/a Eversource Energy for Approval of its 2020 Gas System Enhancement Plan Reconciliation Filing (2021) - (Assistance to Counsel: prudence/used and useful, accounting, cost of service and rate design on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 21-GREC-05
42. In re: Petition of Berkshire Gas Company for Approval of its 2020 Gas System Enhancement Plan Reconciliation Filing (2021) - (Assistance to Counsel: prudence/used and useful, accounting, cost of service and rate design on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 20-GREC-02
43. In re: the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in North Dakota (2021) - (Appearance: cost of service and rate design on behalf of the North Dakota Public Service Commission Advocacy Staff)  
ND PSC Case No. PU-20-441
44. In re: Pike County Light & Power Company 2020 General Base Rate Increase Filing – (Appearance: gas and electric cost of service and rate design on behalf of the Pennsylvania Office of Consumer Advocate)  
PA Public Utility Commission Docket Nos. R-2020-3022134 and R-2020-3022135
45. In re: Young Brothers LLC’s Application for Approval of a New Cost of Service Model (2020) – (Appearance: cost of service on behalf of the Hawaii Division of Consumer Advocacy)  
HI Public Utilities Commission Docket No. 2020-0135
46. In re: Petition of NSTAR Gas Company d/b/a Eversource Energy for Approval of its 2019 Gas System Enhancement Plan Reconciliation Filing (2020) - (Assistance to Counsel: prudence/used and useful, accounting, cost of service and rate design on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 20-GREC-06
47. In re: Petition of Bay State Gas Company d/b/a Columbia Gas of Massachusetts for Approval of its 2019 Gas System Enhancement Plan Reconciliation Filing (2020) - (Assistance to Counsel: prudence/used and useful, accounting, cost of service and rate design on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 20-GREC-05

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48. In re: Petition of Berkshire Gas Company for Approval of its 2019 Gas System Enhancement Plan Reconciliation Filing (2020) - (Assistance to Counsel: prudence/used and useful, accounting, cost of service and rate design on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 20-GREC-02
49. In re: Pittsburgh Water and Sewer Authority 2020 General Base Rate Increases 2020 – (Appearance: multi-year rate plan and performance-based ratemaking on behalf of the Pennsylvania Office of Consumer Advocate)  
PA Public Utility Commission Docket Nos. R-2020-3017970 and R-2020-3017951
50. In re: Commonwealth Edison Company Petition for approval of a Revision to Integrated Distribution Company Implementation Plan Creation of Rate Residential Time of Use Pricing Pilot (“Rate RTOUP”) – On Rehearing (2020) – (Appearance: price signal and customer response on behalf of the Illinois Attorney General)  
IL Commerce Commission Docket Nos. 18-1725/18-1824
51. In re: Hawaii Electric Company, Inc. Application for Approval of a General Rate Increase and Revised Rate Schedules and Rules (2019) - (Appearance: cost of service and rate design on behalf of the Hawaii Division of Consumer Advocacy)  
HI Public Utilities Commission Docket No. 2019-0085
52. In re: Application of San Diego Gas & Electric Company for Authority to: (i) Adjust its Authorized Return on Common Equity, (ii) Adjust its Authorized Embedded Costs of Debt and Preferred Stock, (iii) Adjust its Authorized Capital Structure; (iv) Increase its Overall Rate of Return, (v) Modify its Adopted Cost of Capital Mechanism Structure, and (vi) Revise its Electric Distribution and Gas Rates Accordingly, and for Related Substantive and Procedural Relief (2019) – (Appearance: wildfire risk accounting and ratemaking on behalf of Utility Consumers’ Action Network)  
CA Public Utilities Commission Application 19-04-017
53. In re: Proposed Amendments to N.J.A.C. 14:9 Adoption of Water and Sewer Uniform System of Accounts (2019) – (Assistance to counsel: water and sewer accounting on behalf of the Division of Rate Counsel)  
NJ Board of Public Utilities Docket Nos. WX19050612 and WX19050613
54. In re: Petition of Public Service Electric and Gas Company for Approval of Gas Base Rate Adjustments Pursuant to its Gas System Modernization Program (2019) – (Assistance to Counsel: infrastructure replacement accounting)  
NJ Board of Public Utilities Docket No. GE19040522
55. In re: Petition of NSTAR Gas Company d/b/a Eversource Energy for Approval of its 2018 Gas System Enhancement Plan Reconciliation Filing (2019) - (Assistance to Counsel: prudence/used and useful, accounting, cost of service and rate design on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 19-GREC-06

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56. In re: Petition of Bay State Gas Company d/b/a Columbia Gas of Massachusetts for Approval of its 2018 Gas System Enhancement Plan Reconciliation Filing (2019) - (Assistance to Counsel: prudence/used and useful, accounting, cost of service and rate design on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 19-GREC-05
57. In re: The Application of Potomac Electric Power Company for Adjustments to Its Retail Rates for the Distribution of Electric Energy (2019) – (Appearance: cost of service and rate design on behalf of the Maryland Office of People’s Counsel)  
MD Public Service Commission Case No. 9602
58. In re: PECO Energy Company Non-Bypassable Transmission Service Charge (NBT) Semiannual Adjustment (2019) - (Appearance: accounting, cost of service and rate design on behalf of the Pennsylvania Office of Consumer Advocate)  
PA Public Utility Commission Docket No. M-2018-3005860
59. In re: PECO Energy Company Transmission Formula Rate Application (2018) - (Appearance: accounting, cost of service and rate design on behalf of the Pennsylvania Office of Consumer Advocate)  
Federal Energy Regulatory Commission Docket ER17-1519-000
60. In re: Petition of NSTAR Gas Company d/b/a Eversource Energy for Approval of its 2017 Gas System Enhancement Plan Reconciliation Filing (2018) - (Appearance: prudence/used and useful, accounting, cost of service and rate design on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 18-GREC-06
61. In re: Petition of Bay State Gas Company d/b/a Columbia Gas of Massachusetts for Approval of its 2017 Gas System Enhancement Plan Reconciliation Filing (2018) - (Appearance: prudence/used and useful, accounting, cost of service and rate design on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 18-GREC-05
62. In re: The Application of the Potomac Edison Company for Adjustments to Its Retail Rates for the Distribution of Electric Energy (2018) – (Appearance: cost of service and rate design on behalf of the Maryland Office of People’s Counsel)  
MD Public Service Commission Case No. 9490
63. In re: Rate Applications of Kansas City Power & Light – Missouri and Kansas City Power & Light – Greater Missouri Operations (2018) – (Appearance: consolidated operations, cost of service and rate design on behalf of the Missouri Office of Public Counsel)  
MO Public Service Commission Case Nos. ER-2018-0145 and ER-2018-0146



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64. In re: The Application of Potomac Electric Power Company for Adjustments to Its Retail Rates for the Distribution of Electric Energy (2018) – (Appearance: cost of service and rate design on behalf of the Maryland Office of People’s Counsel)  
MD Public Service Commission Case No. 9472
65. In re: Mid-Atlantic Interstate Transmission, L.L.C. 2018 Transmission Formula Rate Protocol Filings (2018) - (Analysis and Advice to Counsel: accounting)  
Federal Energy Regulatory Commission Docket ER17-211-000
66. In re: The Gas Company d/b/a Hawaii Gas Application for Approval of Rate Increases and Revised Rate Schedules and Rules (2017) - (Appearance: cost of service and rate design on behalf of the Hawaii Division of Consumer Advocacy)  
HI Public Utilities Commission Docket No. 2017-0105
67. In re: Montana-Dakota Utilities Co., Application to Increase Natural Gas Rates (2017) - (Appearance: cost of service and rate design on behalf of the North Dakota Public Service Commission Staff)  
ND Public Service Commission Case No. PU-17-295
68. In re: The Application of Delmarva Power and Light Company for Adjustments to Its Retail Rates for the Distribution of Electric Energy (2017) – (Appearance: cost of service and rate design on behalf of the Maryland Office of People’s Counsel)  
MD Public Service Commission Case No. 9455
69. In re: Petition of NSTAR Gas Company d/b/a Eversource Energy for Approval of its 2016 Gas System Enhancement Plan Reconciliation Filing (2017) - (Appearance: prudence/used and useful and plant accounting on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 17-GREC-06
70. In re: Petition of Bay State Gas Company d/b/a Columbia Gas of Massachusetts for Approval of its 2016 Gas System Enhancement Plan Reconciliation Filing (2017) - (Appearance: prudence/used and useful and plant accounting on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 17-GREC-05
71. In re: In the matter of the application of Columbia Gas of Maryland, Inc. for Authority to Increase Rates and Charges (2017) - (Appearance: cost of service and rate design on behalf of the Maryland Office of People’s Counsel)  
MD Public Service Commission Case No. 9447
72. In re: PJM Interconnection, L.L.C. - PECO Energy Company Transmission Formula Rate Application (2017) - (Analysis and Advice to Counsel: accounting, cost of service and rate design)  
Federal Energy Regulatory Commission Docket ER17-1519-000

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73. In re: Northern Illinois Gas Company d/b/a Nicor Gas Company Proposed General Increase in Gas Rates (2017) - (Appearance: prudence/used and useful and plant accounting re. accelerated asset replacement program on behalf of the Illinois Citizens Utility Board)  
IL Commerce Commission Docket No. 17-0124
74. In re: The Application of Potomac Electric Power Company for Adjustments to Its Retail Rates for the Distribution of Electric Energy (2017) - (Appearance: cost of service and rate design on behalf of the Maryland Office of People's Counsel)  
MD Public Service Commission Case No. 9443
75. In re: PJM Interconnection, L.L.C. - Rockland Electric Company Transmission Rate Application (2017) (Analysis and Advice to Counsel: accounting, cost of service and rate design on behalf of the New Jersey Division of Rate Counsel)  
Federal Energy Regulatory Commission Docket ER17-856-000
76. In re: PJM Interconnection, L.L.C. - Mid-Atlantic Interstate Transmission, L.L.C. Transmission Formula Rate Application (2016) - (Analysis and Advice to Counsel: accounting, cost of service and rate design on behalf of the Pennsylvania Office of Consumer Advocate)  
Federal Energy Regulatory Commission Docket ER17-211-000
77. In re: The Application of Delmarva Power and Light Company for Adjustments to Its Retail Rates for the Distribution of Electric Energy (2016) – (Appearance: cost of service and rate design on behalf of the Maryland Office of People's Counsel)  
MD Public Service Commission Case No. 9424
78. In re: The Application of Potomac Electric Power Company for Adjustments to Its Retail Rates for the Distribution of Electric Energy (2016) – (Appearance: cost of service and rate design on behalf of the Maryland Office of People's Counsel)  
MD Public Service Commission Case No. 9418
79. In re: Petition of Fitchburg Gas and Electric Light Company d/b/a Unitil for Approval of its 2015 Gas System Enhancement Plan Reconciliation Filing (2016) - (Analysis and Advice to Counsel: prudence/used and useful and plant accounting on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 16-GREC-01
80. In re: Petition of Bay State Gas Company d/b/a Columbia Gas of Massachusetts for Approval of its 2015 Gas System Enhancement Plan Reconciliation Filing (2016) - (Appearance: prudence/used and useful and plant accounting on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 16-GREC-05



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81. In re: Petition for Approval of Gas Infrastructure Contract Between Public Service Company of New Hampshire d/b/a Eversource Energy and Algonquin Gas Transmission, LLC (2016) - (Appearance: compliance with statutes and regulations, prudence, cost/benefit, and ratemaking on behalf of the New Hampshire Office of Consumer Advocate)  
NH Public Utilities Commission Docket No. DE 16-241
82. In re: Central Maine Power Company, Annual Compliance Filing and Price Change (2016) - (Analysis and Advice to Counsel: tax normalization regulatory asset on behalf of the Maine Office of the Public Advocate)  
ME Public Service Commission Docket No. 2016-00035
83. In re: Bulletin 2015-10 Generic Proceeding to Establish Parameters for the Next Generation PBR Plans (2016) - (Appearance: productivity adjustments/performance based ratemaking on behalf of the Alberta Utilities Consumer Advocate)  
Alberta Utilities Commission Proceeding 20414
84. In re: Emera Maine, Proposed Rate Increase in Rates (2016) - (Analysis and Advice to to Counsel: evaluation of management audit of implementation of Customer Information System on behalf of the Maine Office of the Public Advocate)  
ME Public Service Commission Docket No. 2015-00360
85. In re: The Merger of the Southern Company and AGL Resources Inc.- Joint Application of the Southern Company, AGL Resources Inc., and Pivotal Utility Holdings, Inc., d/b/a Elkton Gas (2015-2016) - (Appearance: earnings, synergy savings, rates, operations, supply procurement, safety, and reliability on behalf of the Maryland Office of People's Counsel)  
MD Public Service Commission Case No. 9404
86. In re: Petition of Bay State Gas Company d/b/a Columbia Gas of Massachusetts for Approval of Firm Transportation Agreements with Millennium Pipeline Company, LLC (2015-2016) - (Analysis, Advice to Counsel, and Assistance on Brief: compliance with gas supply plan, rates, and reliability on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 15-142
87. In re: Petition of Boston Gas Company and Colonial Gas Company d/b/a National Grid for Approval of Precedent Agreements with Millennium Pipeline Company, LLC (2015-2016)  
- (Analysis, Advice to Counsel, and Assistance on Brief: compliance with gas supply plan, rates, and reliability on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 15-130

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88. In re: Petition of Boston Gas Company and Colonial Gas Company d/b/a National Grid for Approval of Agreements for LNG or Liquefaction Services with GDF Suez Gas NA, LLC; Northeast Energy Center, LLC; Gaz Metro LNG, L.P.; and National Grid LNG (2015- 2016) - (Analysis and Advice to Counsel: compliance with gas supply plan, rates, and reliability on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 15-129
89. In re: Columbia Gas of Massachusetts CY2014 Targeted Infrastructure Reinvestment Factor Compliance Filing (2015) - (Appearance: PBR tracker design/rates, prudence/used and useful, plant accounting on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 15-55
90. ENMAX Energy Corporation (EEC) 2015-2016 Regulated Rate Option Non-Energy Tariff Application (2015-2016) - (Appearance: cost allocation, rate design, non-energy risk on behalf of the Alberta Utilities Consumer Advocate)  
Alberta Utilities Commission Proceeding 20480
91. In the Matter of the Merger of Exelon Corporation and Pepco Holdings, Inc. (2014) - (Advice to Counsel: impact on customers on behalf of the New Jersey Division of Rate Counsel)  
NJ Board of Public Utilities BPU Docket No. EM1406
92. In re: Application of Baltimore Gas and Electric Company For Adjustments To Its Electric and Gas Base Rates (2014) (Analysis and Advice to Counsel in Settlement: earnings, investment tracker, cost allocation and rate design on behalf of the Maryland Office of People's Counsel)  
MD Public Service Commission Case No. 9355
93. In re: Columbia Gas of Massachusetts CY2013 Targeted Infrastructure Reinvestment Factor Compliance Filing (2014) - (Appearance: PBR tracker design/rates, prudence/used and useful, plant accounting on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)  
MA Department of Public Utilities Docket No. D.P.U. 14-83
94. In re: Potential Business Combination of Entergy Louisiana, LLC and Entergy Gulf States Louisiana, L.L.C. (2014-2015) - (Analysis and Advice to Counsel: impact on rates and consolidation of rates on behalf of the Louisiana Public Service Commission Staff)  
LA Public Service Commission Docket No.U-33244
95. In the Matter of the Application of Ohio Power Company to Adopt a Final Implementation Plan for the Retail Stability Rider (2014) - (Analysis and Advice to Counsel: rate design)  
OH Public Utilities Commission Case No. 14-1186-EL-RDR

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96. In re: Examination of Long-Term Natural Gas Hedging Proposals (2014-2015 ) - (Analysis and Advice to Counsel: natural gas procurement on behalf of the Louisiana Public Service Commission Staff)  
LA Public Service Commission Docket No.R-32975-LPSC, ex parte
97. In re: 2013 Integrated Resource Planning Process for Southwestern Electric Power Company Pursuant to General Order Dated April, 20, 2012 (2014-2015 - (Analysis and Advice to Counsel: IRP design and evaluation on behalf of the Louisiana Public Service Commission Staff)  
LA Public Service Commission Docket No.I-33013 SWEPCO, ex parte
98. In the Matter of the Application of Columbia Gas of Maryland, Inc. for Authority to Adopt an Infrastructure Replacement Surcharge Mechanism (2013-2014) - (Appearance: PBR tracker design/rates, prudence/used and useful, plant accounting on behalf of the Maryland Office of People's Counsel)  
MD Public Service Commission Case No. 9332
99. In the Matter of the Application of Baltimore Gas and Electric Company for Approval of a Gas System Strategic Infrastructure Development and Enhancement Plan and Accompanying Cost Recovery Mechanism (2013-2014) - (Appearance: PBR tracker design/rates, prudence/used and useful, plant accounting on behalf of the Maryland Office of People's Counsel)  
MD Public Service Commission Case No. 9331
100. In the Matter of the Application of Delmarva Power & Light Company for an Increase in Electric Base Rates and Miscellaneous Tariff Changes (2013-2014) - (Appearance: earnings, investment tracker design/rates, cost allocation and rate design on behalf of the Delaware Public Service Commission Staff)  
DE Public Service Commission Docket No. 13-115
101. In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in North Dakota (2013) - (Appearance: cost allocation and rate design on behalf of the North Dakota Public Service Commission Staff)  
ND Public Service Commission Case No. PU-12-813
102. In the Matter of the Application of Columbia Gas of Maryland, Inc. for Authority to Increase Rates and Charges (2013) - (Appearance: expense tracker design/rates and evaluation on behalf of the Maryland Office of People's Counsel)  
MD Public Service Commission Case No. 9316

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103. In the Matter of the Application of Baltimore Gas and Electric Company for Adjustment in its Electric and Gas Base Rates (2012) - (Appearance: earnings, investment tracker design/rates, cost allocation and rate design on behalf of the Maryland Office of People's Counsel)  
MD Public Service Commission Case No. 9299
104. In the Matter of the Application of Delmarva Power & Light Company for an Increase in Electric Base Rates and Miscellaneous Tariff Changes (2012) - (Appearance: earnings, investment tracker design/rates, cost allocation and rate design on behalf of the Delaware Public Service Commission Staff)  
DE Public Service Commission Docket No. 11-528
105. ENMAX Energy Corporation (EEC) 2012-2014 Regulated Rate Option Non-Energy Tariff Application (2012-2013) - (Analysis and Advice to Counsel: rate design and non-energy risk on behalf of the Alberta Utilities Consumer Advocate)  
Alberta Utilities Commission Application #1608745 Proceeding 2069
106. In the Matter of the Petition of Atlantic City Electric Company for Approval of Amendments to Its Tariff to Provide for an Increase in Rates and Charges for Electric Service Pursuant to *N.J.S.A. 48:2-21* and *N.J.S.A. 48:2-21.1* and for Other Appropriate Relief (2011) - (Analysis and Advice to Counsel: depreciation on behalf of the New Jersey Division of Rate Counsel)  
NJ Board of Public Utilities Docket No. ER11080469
107. In the Matter of the Application of the Potomac Electric Power Company for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service (2011) - (Appearance: investment tracker design/rates, cost allocation and rate design on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 1087
108. Electric Transmission Formula Rate Annual Informational Filing of Central Maine Power Company (2011) - (Advice to Counsel: formula transmission rates, cost allocation and rate design on behalf of the Maine Attorney General)  
Federal Energy Regulatory Commission Docket No. ER09-934-000 (2011)
109. Electric Transmission Formula Rate Annual Informational Filing of Bangor Hydro Electric Company (2011) - (Analysis, Report and Advice to Counsel: formula rate on behalf of the Massachusetts Attorney General)  
Federal Energy Regulatory Commission Docket No. ER09-938-000
110. Pennsylvania Public Utility Commission Office of Consumer Advocate Office of Small Business Advocate v. City of Bethlehem – Bureau of Water (2011) - (Appearance: cost allocation and rate design on behalf of the Pennsylvania Office of Consumer Advocate)  
Pennsylvania PUC Docket Nos. R-2011-2244756, C-2011-2246910, and C-2011- 2248241

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111. Southern California Edison Company Transmission Owners Tariff (2011) - (Analysis and Advice to Counsel: depreciation on behalf of M-S-R Public Power Agency)  
Federal Energy Regulatory Commission Docket No. ER11-2061-000
112. In the Matter of the Petition of Kansas City Power & Light Company for Determination of the Ratemaking Principles and Treatment that Will Apply to the Recovery in Rates of the Cost to be Incurred by KCP&L for Certain Electric Generation Facilities under K.S.A. 66- 1239 (2011) - (Appearance: advance determination of prudence on behalf of the Kansas Citizens' Utility Ratepayer Board)  
Kansas Corporation Commission Docket No. 11-KCPE-581-PRE
113. Midwest Independent Transmission System Operator, Inc., and Ameren Illinois Company (2011) - (Analysis and Advice to Counsel: depreciation on behalf of the Wholesale Distribution Service Customer Group)  
Federal Energy Regulatory Commission Docket No. ER11-2788-000
114. Electric Generation Plant Valuation Study (2010-2012) - (Analysis: generation plant valuation)  
California Department of Water Resources
115. Tampa Electric Company Wholesale Power Tariff (2010-2011) - (Analysis and Advice to Counsel: depreciation on behalf of the Orlando Utilities Commission)  
Federal Energy Regulatory Commission Docket No. ER10-2061-000
116. Pacific Gas & Electric Company, Transmission Owner Tariff (2010-2011) - (Analysis and Advice to Counsel: depreciation on behalf of the Transmission Agency of Northern California)  
Federal Energy Regulatory Commission Docket No. ER10-2026-000
117. Natural Gas Price Forecast Model Consulting (2008-2010) - (line of business development) FTI Consulting
118. Impact Evaluation Study of the District of Columbia Department of the Environment's Two-Year Pilot Reliable Energy Trust Fund Programs (2007-2008) - (Appearance: evaluation of implementation and cost effectiveness of energy efficiency, renewable energy, and demand response pilot programs on behalf of the District of Columbia Department of the Environment)  
D.C. Public Service Commission Formal Case No. 945
119. In the Matter of the Application of the Potomac Electric Power Company for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service (2007-2008)- Appearance: cost allocation and rate design on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 1053

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120. In the Matter of the Investigation of Interconnection Standards in the District of Columbia (2006) - (Analysis and Advice to Counsel: interconnection standards and tariff design on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 1050
121. In the Matter of the Investigation into the Omnibus Utility Emergency Amendment Act of 2005, Specifically Regarding the Establishment of the Natural Gas Trust Fund Programs (2006) - (Analysis and Advice to Counsel: program design on behalf of the District of Columbia Department of the Environment)  
D.C. Public Service Commission Formal Case No. 1037
122. Emergency Application of the Potomac Electric Power Company For A Certificate of Public Convenience and Necessity To Construct Two 69kV Overhead Transmission Lines and Notice of The Proposed Construction of Two Underground 230kV Transmission Lines (2005-2006) - (Appearance: facilities need on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 1044
123. Investigation Into Potomac Electric Power Company's Distribution Service Rates (2003- 2005) - (Appearance: cost allocation and rate design on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 1032
124. Investigation of the Feasibility of Removing Pre-Existing Aboveground Utility Lines and Cables and Relocating Them Underground in the District of Columbia (2003) - (Analysis and Advice to Counsel: cost/benefit analysis on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 1026
125. Guadalupe L. Garcia v. Ann Veneman, Secretary, US Department of Agriculture (2003- 2006) - (Appearance: statistical analysis on behalf of the Plaintiff)  
U.S. District Court for the District of Columbia
126. Mirant Corporation, et al., Debtors (2003-2005) - (Analysis and Advice to Counsel: cost of service on behalf of the People's Counsel for the District of Columbia)  
U.S. District Court for the Northern District of Texas
127. Complaint: Office of the People's Counsel of the District of Columbia v. Mirant Americas Energy Marketing, L.P. (2003) - (Analysis and Advice to Counsel: cost of service on behalf of the People's Counsel for the District of Columbia)  
Federal Energy Regulatory Commission
128. Investigation into the Effect of the Bankruptcy of Mirant Corporation on Retail Electric Service in the District of Columbia (2003-2005) - (Appearance: customer and rate impact on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 1023



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129. Development and Designation of Standard Offer Service in the District of Columbia (2003- 2007) - (Appearance: cost of service allocation and rate design on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 1017
130. Independent Review Panel, Project Management Plan, Ohio River Main Stem Study (2003- 2005) - (50 year economic simulation model evaluation)  
U.S. Army Corps of Engineers
131. Investigation into Affiliated Activities, Promotional Practices, and Codes of Conduct of Regulated Gas and Electric Companies (2002-2004) - (Analysis and Advice to Counsel: cost allocation on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 1009
132. Independent Review Panel, Ohio River Main Stem Study, System Investment Plan (2001) - (50 year economic simulation model evaluation)  
U.S. Army Corps of Engineers
133. Joint Application of PEPCO and New RC, Inc. for Authorization and Approval of Merger Transaction (2001-2002) - (Appearance: cost allocation and affiliate transactions on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 1002
134. Investigation into Explosions Occurring in Underground Distribution Systems of PEPCO (2001-2006) - (Analysis and Advice to Counsel: electric systems operation and planning on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 991
135. Pennsylvania-New Jersey-Maryland Power Pool/PJM LLC (ISO/RTO) (2000-2005) - (Member Working Group technical representation on behalf of The People's Counsel for the District of Columbia)
136. Trans Alaska Pipeline System 1996 Quality Bank Complaint Remand (2000-2008) - (Appearance: crude oil valuation and tariff rate design on behalf of ExxonMobil)  
Federal Energy Regulatory Commission
137. Ohio River Main Stem Study, Independent Technical Review (1999) - (50 year economic simulation model evaluation)  
U.S. Army Corps of Engineers
138. Investigation of January 1999 Electric Service Interruption (1999-2004) - (Appearance: emergency response evaluation on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 982

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139. Trans Alaska Pipeline System 1996 Quality Bank Complaint Appeal (1998-2000) - (Analysis and Advice to Counsel: technical record below on behalf of ExxonMobil)  
U.S. Court of Appeals for the District of Columbia
140. Electric Retail Competition Investigation (1997-2006) - (Appearance: electric utility restructuring, electric energy procurement, cost allocation and rate design on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 945
141. Trans Alaska Pipeline System 1996 Quality Bank Complaint (1996-1998) - (Appearance: crude oil valuation and tariff rate design on behalf of ExxonMobil)  
Federal Energy Regulatory Commission
142. Trans Alaska Pipeline System 1989 Quality Bank Complaint Remand (1995-1998) - (Appearance: crude oil valuation and tariff rate design on behalf of ExxonMobil)  
Federal Energy Regulatory Commission
143. Prudhoe Bay Unit Operating Agreement Hearings (1995) - (Analysis and Advice to Counsel: cost of service on behalf of ExxonMobil)  
Alaska Oil and Gas Conservation Commission
144. Prudhoe Bay Unit Natural Gas Liquids Hearings (1995) - (Analysis and Advice to Counsel: liquids valuation on behalf of ExxonMobil)  
Alaska Department of Natural Resources/Department of Revenue (1995)
145. Potomac Electric Power Co. 3rd Integrated Least-Cost Plan (1995) - (Appearance: forecast operations and costs on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 917, Phase II
146. All American Pipeline Quality Bank Complaint (1994-1995) - (Appearance: crude oil valuation and tariff rate design on behalf of ExxonMobil)  
Federal Energy Regulatory Commission
147. Trans Alaska Pipeline System 1989 Quality Bank Complaint Appeal (1994-1995) - (Analysis and Advice to Counsel: technical record below on behalf of ExxonMobil)  
U.S. Court of Appeals for the District of Columbia
148. Investigation of the January 1994 Energy Crisis (1994) - (Appearance: emergency response evaluation on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 936



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149. Washington Gas Light Co. Gas Rate Case (1994) - (Appearance: cost allocation and rate design on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 934
150. Washington Gas Light Co. 3rd Integrated Least-Cost Plan (1994) - (Appearance: forecast operations and costs on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 921
151. Potomac Electric Power Co. Electric Rate Case (1993) - (Appearance: cost allocation and rate design on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 929
152. Washington Gas Light Co. Gas Rate Case (1993) - (Appearance: cost allocation and rate design on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 922
153. Trans Alaska Pipeline System Pumpability Complaint (1992) - (Analysis and Advice to Counsel: cost of service and rate design on behalf of ExxonMobil)  
Federal Energy Regulatory Commission
154. Potomac Electric Power Co. 2nd Integrated Least-Cost Plan (1992) - (Appearance: forecast operations and costs on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 917
155. Potomac Electric Power Co. Electric Rate Case (1992) - (Appearance: cost allocation and rate design on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 912
156. Potomac Electric Power Co. Fuel Clause Audit and Productivity Improvement Plan (1991- 2005) (Analysis, Participation in Technical Sessions, and Advice to Counsel; electric utility plant investment and operating costs productivity and benefit/cost analysis on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 766
157. Potomac Electric Power Co. Electric Rate Case (1991) - (Appearance: cost allocation and rate design on behalf of the People's Counsel for the District of Columbia)  
D.C. Public Service Commission Formal Case No. 905
158. Anchorage Telephone Utility (1991-1995) - (Analysis and Advice to Counsel: cost of service)  
Federal Communications Commission

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159. Trans Alaska Pipeline System 1989 Quality Bank Complaint (1990-1993) -  
(Appearance: crude oil valuation and tariff rate design on behalf of ExxonMobil)  
Federal Energy Regulatory Commission
160. Telefonica Larga Distancia de Puerto Rico International Service Tariffs (1990-1992) - (Appearance: cost of service and rate design)  
Federal Communications Commission
161. Southern Bell Intrastate Depreciation Study (1989-1990) - (Analysis and Advice to Counsel: telecommunications operation)  
Florida Public Service Commission
162. Lake Erie Iron Ore Antitrust Litigation: Erie-Western Pennsylvania Port Authority v. Penn Central et al. (1988-1989) - (Analysis and Advice to Counsel: truck operations and damages on behalf of the Norfolk and Western Railroad)  
U.S. District Court for the Eastern District of Pennsylvania
163. Unimar International Chapter 11 Reorganization (1988) - (Analysis and Advice to Counsel: cost of service on behalf of Unsecured Creditors)  
U.S. Bankruptcy Court for the Western District of Washington at Seattle
164. National Forest Road Cost Analysis System (1986) - (Analysis: cost allocation system design)  
U.S. Department of Agriculture, Forest Service
165. Puerto Rico Telephone Company Long Distance Facilities and Service Applications (1985- 1990) - (Appearance: cost of service and rate design on behalf of the Puerto Rico Telephone Company)  
Federal Communications Commission
166. All American Cable and Radio/AT&T de Puerto Rico International Rate Complaint (1985- 1990) - (Appearance: cost of service and rate design on behalf of the Puerto Rico Telephone Company)  
Federal Communications Commission
167. Caribbean Telecommunications Facilities Planning Docket (1984-1990) -  
(Appearance: operations forecast and planning on behalf of the Puerto Rico Telephone Company)  
Federal Communications Commission

# **Exh. CA-401**

Filed separately as an Excel Worksheet

# **Exh. CA-402**

Filed separately as an Excel Worksheet

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing **DIVISION OF CONSUMER ADVOCACY'S DIRECT TESTIMONY AND EXHIBITS** was duly served upon the following parties electronically to the e-mail addresses below pursuant to HAR § 16-601-21(d), as modified by Order No. 38270 Setting Forth Public Utilities Commission Electronic Filing and Service Procedures, filed on March 14, 2022.

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DATED: Honolulu, Hawaii, October 9, 2025.

/s/ S. Strack

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