BEFORE THE
DELAWARE PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF
DYLAN W. D'ASCENDIS

TIDEWATER UTILITIES, INC.

EXHIBIT T-6

November 2026

EXHIBIT T-6

I. INTRODUCTION

A. WITNESS IDENTIFICATION

Q. Please state your name and business address.

A. My name is Dylan W. D'Ascendis. My business address is 1820 Chapel Avenue W, Suite 300, Cherry Hill, NJ 08003.

Q. By whom are you employed and in what capacity?

A. I am a Partner at ScottMadden, Inc.

B. BACKGROUND AND QUALIFICATIONS

Q. Please summarize your professional experience and educational background.

A. I have offered expert testimony on behalf of investor-owned utilities in over 40 state regulatory commissions in the United States, the Federal Energy Regulatory Commission, the National Energy Regulator in Canada, the Alberta Utility Commission, one American Arbitration Association panel, and the Superior Court of Rhode Island on issues including, but not limited to, common equity cost rate, rate of return, valuation, capital structure, class cost of service, and rate design.

On behalf of the American Gas Association ("AGA"), I calculate the AGA Gas Index, which serves as the benchmark against which the performance of the American Gas Index Fund ("AGIF") is measured on a monthly basis. The AGA Gas Index and AGIF are a market capitalization-weighted index and mutual fund, respectively, comprised of the common stocks of the publicly traded corporate members of the AGA.

I am a member of the Society of Utility and Regulatory Financial Analysts ("SURFA"). In 2011, I was awarded the professional designation "Certified Rate of Return Analyst" by SURFA, which is based on education, experience, and the successful completion of a comprehensive written examination.

I am also a member of the National Association of Certified Valuation Analysts ("NACVA") and was awarded the professional designation "Certified Valuation Analyst" by the NACVA in 2015.

I am a graduate of the University of Pennsylvania, where I received a Bachelor of Arts degree in Economic History. I have also received a Master of Business Administration

with high honors and concentrations in Finance and International Business from Rutgers University.

The details of my educational background and expert witness appearances are included in Appendix A.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your Direct Testimony in this proceeding?

A. The purpose of my Direct Testimony is to present evidence on behalf of Tidewater Utilities, Inc. ("Tidewater" or the "Company") about the appropriate capital structure and corresponding cost rates the Company should be awarded in order to allow it the opportunity to earn a reasonable return on its jurisdictional rate base.

Q. Have you prepared any Schedules in support of your recommendation?

A. Yes. I have prepared Exhibit T-6, which consists of Schedules DWD-1 through DWD-12, which have been prepared by me or under my direct supervision.

Q. What is your recommended cost of capital and capital structure for Tidewater to be used for ratemaking purposes?

A. I recommend the Delaware Public Service Commission (the "Commission") authorize the Company the real opportunity to earn an overall rate of return of 7.81% based on a capital structure which consists of 46.04% long-term debt at an embedded cost rate of 4.55% and 53.96% common equity at my recommended return on common equity ("ROE") of 10.60%. The overall rate of return is summarized on page 1 of Schedule DWD-1 and in Table 1 below:

Table 1: Summary of Overall Rate of Return

Type of Capital	Ratios	Cost Rate	Weighted Cost Rate
Long-Term Debt	46.04%	4.55%	2.09%
Common Equity	53.96%	10.60%	5.72%
Total	100.00%		7.81%

III. SUMMARY

Q. Please summarize your recommended common equity cost rate.

A. My recommended common equity cost rate of 10.60% is summarized on page 2 of Schedule DWD-1. I have assessed the market-based common equity cost rates of

companies of relatively similar, but not necessarily identical, risk to Tidewater. Using companies of relatively comparable risk as proxies is consistent with the principles of fair rate of return established in the *Hope*[1] and *Bluefield*[2] Supreme Court cases. No proxy group can be identical in risk to any single company, so there must be an evaluation of relative risk between the company and the proxy group to see if it is appropriate to make specific adjustments to the proxy group's indicated rate of return.

My recommendation results from the application of several cost of common equity models, specifically the Discounted Cash Flow ("DCF") model, the Risk Premium Model ("RPM"), and the Capital Asset Pricing Model ("CAPM"), to the market data of a Proxy Group of Six Water and Wastewater Companies (the "Utility Proxy Group"), whose selection criteria will be discussed below. In addition, I applied the DCF model, RPM, and CAPM to a proxy group of 35 domestic, non-price regulated companies comparable in total risk to the Utility Proxy Group (the "Non-Price Regulated Proxy Group") whose selection criteria will be discussed below. The results derived from each are as follows:

Table 2: Summary of Common Equity Cost Rate

Discounted Cash Flow Model	10.79%
Risk Premium Model	10.51% - 11.31%
Capital Asset Pricing Model	9.81% - 11.46%
Market Models Applied to Comparable Risk, Non-Price Regulated Companies	11.39% - 12.11%
Indicated Range of Common Equity Cost Rates Before Adjustments for Company-Specific Risk	9.81% - 11.02%
Size Adjustment	0.20%
Flotation Cost Adjustment	0.04%
Indicated Range of Common Equity Cost Rates after Adjustments	10.05% - 11.26%
Recommended Cost of Common Equity	10.60%

[1] *Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591 (1944).* ("Hope")
[2] *Bluefield Water Works Improvement Co. v. Public Serv. Comm'n, 262 U.S. 679 (1922). (*"Bluefield*")*

The indicated range of common equity cost rates applicable to the Utility Proxy Group is between 9.81% and 11.02%, before any Company-specific adjustments.

The indicated range of common equity cost rates was then adjusted upward by 0.20% to reflect Tidewater's greater business risk relative to the Utility Proxy Group based on its relative size. In addition, a 0.04% flotation cost adjustment was added to the indicated range of common equity cost rates applicable to the Utility Proxy Group. This results in a Company-specific range of common equity cost rates between 10.05% and 11.26% for the Utility Proxy Group. From this range of results, I recommend the Commission use a common equity cost rate of 10.60% in setting rates for the Company.

IV. GENERAL PRINCIPLES

Q. What general principles have you considered in arriving at your recommended common equity cost rate of 10.60%?

A. In unregulated industries, the competition of the marketplace is the principal determinant of the price of products or services. For regulated public utilities, regulation must act as a substitute for marketplace competition. Assuring that the utility can provide safe and reliable service at all times to its customers requires a level of earnings sufficient to maintain the integrity of presently invested capital. Sufficient earnings also permit the attraction of needed new capital at a reasonable cost, for which the utility must compete with other firms of comparable risk, consistent with the fair rate of return standards established by the U.S. Supreme Court in the previously cited *Hope* and *Bluefield* decisions. The U.S. Supreme Court affirmed the fair rate of return standards in *Hope*, when it stated:

> The rate-making process under the Act, i.e., the fixing of 'just and reasonable' rates, involves a balancing of the investor and the consumer interests. Thus we stated in the *Natural Gas Pipeline Co.* case that 'regulation does not insure [sic] that the business shall produce net revenues.' 315 U.S. at page 590, 62 S.Ct. at page 745. But such considerations aside, the investor interest has a legitimate concern with the financial integrity of the company whose rates are being regulated. From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business. These include service on the debt and dividends on the stock. *Cf. Chicago & Grand Trunk R. Co. v. Wellman*, 143 U.S. 339, 345, 346 12 S.Ct. 400, 402. By that standard the return to the equity owner should be

> commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital. [3]

In summary, the U.S. Supreme Court has found that a return that is adequate to attract capital at reasonable terms enables the utility to provide service while maintaining its financial integrity. As discussed above, and in keeping with established regulatory standards, that return should be commensurate with the returns expected elsewhere for investments of corresponding risk. The Commission's decision in this proceeding, therefore, should provide the Company with the opportunity to earn a return that is: 1) adequate to attract capital at reasonable cost and terms; 2) sufficient to ensure its financial integrity; and 3) commensurate with returns on investments in enterprises having corresponding risks.

In addition, the required return for a regulated public utility is established on a stand-alone basis, *i.e.*, for the utility operating company at issue in a rate case. Parent entities, like other investors, have capital constraints and must look at the attractiveness of the expected risk-adjusted return of each investment alternative in their capital budgeting process. That is, utility holding companies that own many utility operating companies have choices as to where they will invest their limited capital within the holding company family. Therefore, the opportunity cost concept applies regardless of whether the funding source is public or within the corporate family.

When funding is provided by a parent entity, the return still must be sufficient to provide an incentive to allocate equity capital to the subsidiary or business unit rather than other internal or external investment opportunities. That is, any one regulated subsidiary must compete for capital with all the parent company's affiliates, and with other similar risk companies, which may include non-utilities. In that regard, investors value corporate entities on a sum-of-the-parts basis and expect each division within the parent company to provide an appropriate risk-adjusted return.

It, therefore, is important that the authorized ROE for the Company reflects the risks and prospects of its operations and supports its financial integrity from a stand-alone

[3] *Hope*, 320 U.S. 591 (1944), at 603.

perspective. Consequently, the ROE authorized in this proceeding should be sufficient to support the actual operational (i.e., business risk) and financing (i.e., financial risk) of the Company's utility operations on a stand-alone basis.

Marketplace data must be relied on in assessing a common equity cost rate appropriate for ratemaking purposes. Just as the use of the market data for the proxy group adds reliability to the informed expert's judgment used in arriving at a recommended common equity cost rate, the use of multiple, generally accepted common equity cost rate models also adds reliability and accuracy when arriving at a recommended common equity cost rate.

Q. Within that broad framework, how is the cost of capital estimated in regulatory proceedings?

A. Regulated utilities primarily use common stock and long-term debt to finance their permanent property, plant, and equipment (*i.e.*, rate base). The fair rate of return for a regulated utility is based on its weighted average cost of capital, in which, as noted earlier, the costs of the individual sources of capital are weighted by their respective book values.

The cost of capital is the return investors require to make an investment in a firm. Generally, investors will provide funds to a firm only if the return that they *expect* is equal to, or greater than, the return that they *require* to accept the risk of providing funds to the firm.

The cost of capital (that is, the combination of the costs of debt and equity) is based on the economic principle of "opportunity costs." The principle of opportunity costs recognizes that investing in any asset (whether debt or equity securities) represents a forgone opportunity to invest in alternative assets. For any investment to be sensible, its expected return must be at least equal to the return expected on alternative investment opportunities with comparable risks. Because investments with like risks should offer similar returns, the opportunity cost of an investment should equal the return available on an investment of comparable risk.

The cost of debt is contractually defined and can be directly observed as the interest rate or yield on debt securities. However, the cost of equity must be estimated based on market data and various financial models. Because the cost of equity is premised on

opportunity costs, the models used to determine it are typically applied to a group of "comparable" or "proxy" companies.

In the end, the estimated cost of capital should reflect the return that investors require in light of the subject company's business and financial risks, and the returns available on comparable investments.

A. BUSINESS RISK

Q. Please define business risk and explain why it is important to the determination of a fair rate of return.

A. The investor-required return on common equity reflects investors' assessment of the total investment risk of the subject firm. Total investment risk is often discussed in the context of business and financial risk.[4]

Business risk reflects the uncertainty associated with owning a company's common stock without the use of debt and/or preferred capital. One way of considering the distinction between business and financial risk is to view the former as the uncertainty of the expected earned return on common equity, assuming the firm is financed with no debt.

Examples of such general business risks faced by all utilities (i.e., electric, natural gas distribution, and water) include size, the quality of management, the regulatory environment in which utilities operate, customer mix and concentration of customers, service territory growth, and capital intensity. All of these have a direct bearing on earnings.

Although analysts, including rating agencies, may categorize business risks individually, as a practical matter, such risks are interrelated and not wholly distinct from one another. When determining an appropriate return on common equity, the relevant issue is where investors see the subject company in relation to other similarly situated utility companies (i.e., the Utility Proxy Group). To the extent investors view a company as being exposed to higher risk, the required return will increase, and vice versa.

For regulated utilities, business risks are both long-term and near-term in nature. Whereas near-term business risks are reflected in year-to-year variability in earnings and cash flow brought about by economic or regulatory factors, long-term business risks reflect

[4] As will be discussed later in this testimony, another definition of total risk is systematic risk plus unsystematic risk.

the prospect of an impaired ability of investors to obtain both a fair rate of return on, and return of, their capital. Moreover, because utilities accept the obligation to provide safe, adequate, and reliable service (in exchange for a reasonable opportunity to earn a fair return on their investment), they generally do not have the realistic option to delay, defer, or reject necessary capital investments. Because those investments are generally capital-intensive, utilities generally do not have the option to avoid raising external funds. The obligation to serve and the corresponding need to access capital is even more acute during periods of capital market distress which could be driven by many factors.

Because utilities generally invest long term capital in long-lived assets, long-term business risks are of paramount concern to equity investors. That is, the risk of not recovering the required return on their investment extends far into the future. The timing and nature of events that may lead to losses, however, also are uncertain and, consequently, those risks and their implications for the required return on equity tend to be difficult to quantify. Regulatory commissions (like investors who commit their capital) must review a variety of quantitative and qualitative data and apply their reasoned judgment to determine how long-term risks weigh in their assessment of the market-required return on common equity.

Q. What business risks do the water and wastewater industries face in general?

A. Water and wastewater utilities have an ever-increasing responsibility to be stewards of the environment from which water supplies are drawn in order to preserve and protect essential natural resources of the United States. This increased environmental stewardship is a direct result of compliance with the Safe Drinking Water Act, as well as a response to continuous monitoring by the Environmental Protection Agency and state and local governments of the water supply for potential contaminants and their resultant regulations. This, plus aging infrastructure, necessitates additional capital investment in the distribution and treatment of water, exacerbating the pressure on free cash flows arising from increased capital expenditures for infrastructure repair and replacement. The significant amount of capital investment and, hence, high capital intensity, is a major risk factor for the water and wastewater utility industry.

Value Line Investment Survey ("*Value Line*") observes the following about the water utility industry:

> According to the ASCE, a group formed by civil engineers, investment in the U.S. water infrastructure is woefully inadequate. (It should be noted that the society is not totally neutral, as additional money spent on water projects translates into more employment for civil engineers.) Based on their estimates, about $90 billion needs to be spent annually to maintain and upgrade America's water systems, versus the $34 billion currently being disbursed. While the ASCE's estimate may be high, it is true that domestic pipelines are antiquated and need replacing. The companies in the Water Industry have large capital expenditure budgets for the purpose of gradually fixing the problem.[5]

The water and wastewater industry also experiences low depreciation rates. Depreciation rates are one of the principal sources of internal cash flows for all utilities (through a utility's depreciation expense) and are vital for a company to fund ongoing replacements and repairs of water and wastewater systems. Water/wastewater utility assets have long lives, and therefore tend to have long capital recovery periods. As such, they face greater risk due to inflation, which results in a higher replacement cost per dollar of net plant. Simply put, capital that is retiring today will need to be replaced with capital that is significantly more expensive.

Substantial capital expenditures, as noted by *Value Line*, will require significant financing. The three sources of financing typically used are debt, equity (common and preferred), and cash flow. All three are intricately linked to the real opportunity to earn a sufficient rate of return as well as the realistic ability to achieve that return. Consistent with *Hope* and *Bluefield*, the return must be sufficient to maintain credit quality as well as enable the attraction of necessary new capital, be it debt or equity capital. If unable to raise sufficient debt or equity capital, the utility must turn in a greater way to either retained earnings or free cash flow,[6] both of which are directly linked to earning a sufficient rate of return. The level of free cash flow represents a utility's ability to meet the needs of its debt and equity holders. If either retained earnings or free cash flow is inadequate, it will be nearly impossible for the utility to attract the needed capital for new infrastructure investment necessary to ensure quality service to its customers and compliance with statutory and regulatory mandates. An insufficient rate of return can be financially

[5] *Value Line Investment Survey*, July 3, 2026.
[6] Free Cash Flow = Operating Cash Flow (Funds From Operations) minus Capital Expenditures.

devastating for utilities as well as a public safety issue for their customers and the environment.

The water and wastewater utility industry's high degree of capital intensity and low depreciation rates, coupled with the need for substantial infrastructure capital spending, require regulatory support in the form of adequate and timely rate relief, as well as a sufficient authorized return on common equity, so that the industry can successfully meet the challenges it faces.

B. FINANCIAL RISK

Q. Please define financial risk and explain why it is important to the determination of a fair rate of return.

A. Financial risk is the additional risk created by the introduction of debt and preferred stock into the capital structure. Because the contracts associated with bond or usually preferred stock require that all debt service must be paid by the company before any earned dollars goes to equity investors in any form, the addition of debt or preferred creates financial risk for equity investors. That is why it is often referred to as 'senior capital'. That leads to the conclusion that the higher the proportion of debt and preferred stock in the capital structure, the higher the financial risk (*i.e.*, likelihood of default) for equity investors. Therefore, consistent with the basic financial principle of risk and return, investors demand a higher common equity return as compensation for bearing higher default risk.

Q. Can bond and credit ratings be a proxy for the combined business and financial risk (i.e., investment risk of an enterprise)?

A. Yes, similar bond ratings/issuer credit ratings reflect, and are representative of, perceived similar combined business and financial risks (*i.e.*, total risk) faced by bond investors.[7] Although specific business or financial risks may differ between companies, the same bond/credit rating indicates that the combined risks are roughly similar, albeit not necessarily equal, as the purpose of the bond/credit rating process is to assess credit quality or credit risk (i.e., the risk of the company not paying its outstanding debt), and not common

[7] Risk distinctions within S&P's bond rating categories are recognized by a plus or minus, i.e., within the A category, an S&P rating can be at A+, A, or A-. Similarly, risk distinctions for Moody's ratings are distinguished by numerical rating gradations, i.e., within the A category, a Moody's rating can be A1, A2 and A3.

equity risk (i.e., the risk of the company not paying its outstanding debt, nor appropriately compensating its equity investors).

V. TIDEWATER AND THE UTILITY PROXY GROUP

Q. Are you familiar with the operations of Tidewater?

A. Yes, generally. Tidewater provides water service to approximately 63,000 customers in New Castle, Kent, and Sussex counties in Delaware. Tidewater's operations are not a separate publicly traded entity, as it is an operating subsidiary of Middlesex Water Company ("Middlesex"), which also serves approximately 61,000 additional customers in New Jersey. Tidewater's operations are not independently rated by either Moody's Investors Services ("Moody's") or S&P Global Ratings ("S&P").

Q. Why is it necessary to develop a proxy group when estimating the ROE for Tidewater?

A. Because the Company is not publicly traded and does not have publicly traded equity securities, it is necessary to develop groups of publicly traded, comparable companies to serve as "proxies" for the Company. In addition to the analytical necessity of doing so, the use of proxy companies is consistent with the *Hope* and *Bluefield* comparable risk standards, as discussed above. I have selected a proxy group that, in my view, is fundamentally risk-comparable to the Tidewater.

Even when a proxy group is carefully selected, it is common for analytical results to vary from company to company. Despite the care taken to ensure comparability, because no two companies are identical, market expectations regarding future risks and prospects will vary within the proxy group. It therefore is common for analytical results to reflect a seemingly wide range, even for a group of similarly situated companies. At issue is how to estimate the ROE for the target company from within that range. That determination will be best informed by employing a variety of sound analyses and necessarily must consider the sort of quantitative and qualitative information discussed throughout my Direct Testimony. Additionally, a relative risk analysis between the Company and the Utility Proxy Group must be made to determine whether explicit Company-specific adjustments need to be made to the Utility Proxy Group's indicated results.

My analyses are based on the Utility Proxy Group, containing only U.S. water and wastewater utilities. As discussed earlier, utilities must compete for capital with other

companies with commensurate risk (including non-utilities) and, to do so, must be provided the opportunity to earn a comparable return to these companies having a commensurate risk. Consequently, it is appropriate to consider the Utility Proxy Group's market data in determining the Company's ROE.

Q. Please explain how you chose your Utility Proxy Group.

A. The basis of selection for the Utility Proxy Group was to select those companies which meet the following criteria:

(i) They are included in the Water Utility Group of *Value Line's Standard Edition* or *Value Line's Small and Mid-Cap Edition* (July 3, 2026);[8]

(ii) They have 60% or greater of 2025 total operating income or 60% or greater of 2025 total assets attributable to regulated water operations;

(iii) At the time of preparation of this testimony, they had not publicly announced that they were involved in any major merger or acquisition activity (i.e., one publicly traded utility merging with or acquiring another);

(iv) They have not cut or omitted their common dividends during the five years ending 2025 or through the time of the preparation of this testimony;

(v) They have *Value Line* and Bloomberg Professional Services ("Bloomberg") adjusted Beta coefficients ("beta"); and

(vi) They have *Value Line,* Zacks or S&P Capital IQ five-year earnings per share ("EPS") growth rate projections.

The following six companies met these criteria:

Table 3: Utility Proxy Group Companies

Company	Ticker
American States Water Company	AWR
California Water Service Group	CWT
Global Water Resources, Inc.	GWRS
H2O America	HTO
Middlesex Water Company	MSEX
The York Water Company	YORW

[8] While I normally exclude companies from *Value Line's Small and Mid-Cap Edition*, I expanded my criteria to ensure my proxy group is comprised of a sufficient number of companies.

Q. Please describe Schedule DWD-4, page 1.

A. Page 1 of Schedule DWD-4 contains comparative capitalization and financial statistics for the Utility Proxy Group identified above for the years 2021 to 2025. During the five-year period ending 2025, the historically achieved average earnings rate on book common equity for the group averaged 10.14%. The average common equity ratio based on total permanent capital (excluding short-term debt) was 49.56%, and the average dividend payout ratio was 75.65%.

Total debt to earnings before interest, taxes, depreciation, and amortization for the years 2021 to 2025 ranges between 4.48x and 4.97x, with an average of 4.85x. Funds from operations to total debt range from 12.52% to 16.36%, with an average of 14.74%.

VI. CAPITAL STRUCTURE

Q. What capital structure ratios do you recommend be employed in developing an overall fair rate of return appropriate for the Company?

A. I recommend the use of a ratemaking capital structure consisting of 46.04% long-term debt, and 53.96% common equity, as shown on page 1 of Schedule DWD-2. This is Tidewater's estimated capital structure at June 30, 2027.

Q. How does your proposed common equity ratio of 53.96% for Tidewater compare with the common equity ratios maintained by the companies in your Proxy Group?

A. My proposed ratemaking common equity ratio of 53.96% for Tidewater is reasonable to use and is generally consistent with the range of common equity ratios maintained by the companies in the Utility Proxy Group on which I base my recommended common equity cost rate. Based on the data shown on page 2 of Schedule DWD-4, the 2025 common equity ratio for the Utility Proxy Group ranged from 39.31% to 56.93%.

In my opinion, Tidewater's consolidated capital structure consisting of 46.04% long-term debt and 53.96% common equity is appropriate for ratemaking purposes for Tidewater in the current proceeding. It is appropriate because it is generally consistent with the capital structure ratios (based on total permanent capital) maintained by the Utility Proxy Group on whose market data I base my recommended common equity cost rate.

VII. LONG-TERM DEBT COST RATE

Q. What cost rate for long-term debt is most appropriate for use in a cost of capital determination for Tidewater?

A. A long-term debt cost rate of 4.55%, estimated at test-year end June 30, 2027, is the most appropriate and is derived from Tidewater's long-term debt, anticipated to be outstanding at June 30, 2027. On page 1 of Schedule DWD-3, I calculate the actual embedded cost rate at September 30, 2026 to be 4.82% for Tidewater. The long-term debt cost rate is determined by employing a cost rate to maturity method, i.e., yield to maturity, using as inputs the stated coupon rate and net proceeds ratio, which reflects the necessary costs of issuance, early redemption premiums, as well as any interest earned on the proceeds of applicable series held in trust, but not fully expended, and term in years. If such costs are not permitted to be recovered in the effective long-term debt cost rate, recovery would be at the expense of common shareholders and the cost rate for common equity capital would be higher than otherwise. Once the cost rate to maturity, i.e., effective cost rate, is determined for each issue, a composite cost rate can be calculated based on the total annualized long-term debt cost and total long-term debt outstanding. Thus, Tidewater's embedded long-term debt cost rate at June 30, 2027 is expected to be 4.55%, as shown on the bottom of page 1 of Schedule DWD-3. As test year end data becomes known, I will update the Company's embedded long-term debt cost rate.

Q. What is your conclusion regarding capital structure and the embedded cost rate of long-term debt?

A. It is my recommendation that the Commission adopt Tidewater's estimated capital structure at June 30, 2027 for ratemaking purposes which consists of 46.04% long-term debt, and 53.96% common equity. My recommended embedded long-term debt cost rate is 4.55%.

VIII. COMMON EQUITY COST RATE MODELS

Q. Is it important that cost of common equity models be market-based?

A. Yes. A public utility must compete for equity in capital markets along with all other companies of comparable risk, which includes non-utilities. The cost of common equity is thus determined based on equity market expectations for the returns of those comparable risk companies. If individual investors are choosing to invest their capital among

companies of comparable risk, they will choose a company providing a higher return over a company providing a lower return.

Q. Are your cost of common equity models market-based models?

A. Yes. The DCF model is market-based because market prices are used in developing the dividend yield component of the model. The RPM is market-based because the bond ratings and expected bond yields used in the application of the RPM reflect the market's assessment of bond/credit risk. In addition, the use of beta (β) to determine the equity risk premium reflects the market's assessment of market/systematic risk, since betas are derived from regression analyses of market prices. The CAPM is market-based for many of the same reasons that the RPM is market-based (*i.e.*, the use of expected bond yields and beta). Selection of the comparable risk non-price regulated companies is market-based because it is based on statistics which result from regression analyses of market prices and reflect the market's assessment of total risk.

Q. What analytical approaches did you use to determine the Company's ROE?

A. As discussed earlier, I have relied on the DCF model, the RPM, and the CAPM, which I apply to the Utility Proxy Group described above. I also applied these same models to a Non-Price Regulated Proxy Group described later in this section.

I rely on multiple models because reasonable investors use a variety of tools and do not rely exclusively on a single source of information or a single model. Moreover, the specific models on which I rely focus on different aspects of return requirements, and provide different insights into investors' views of risk and return. The DCF model, for example, estimates the investor-required return assuming a constant expected dividend yield and growth rate in perpetuity, while Risk Premium-based methods (i.e., the RPM and CAPM approaches) provide the ability to reflect investors' views of risk, future market returns, and the relationship between interest rates and the Cost of Equity. Just as the use of market data for the Utility Proxy Group adds the reliability necessary to inform expert judgment in arriving at a recommended common equity cost rate, the use of multiple generally accepted common equity cost rate models also adds reliability and accuracy when arriving at a recommended common equity cost rate.

The use of multiple models also makes intuitive sense when we consider that market prices are set by the buying and selling behavior of multiple investors, whose

circumstances, objectives, and constraints vary over time and across market conditions. We cannot assume a single method is the best measure of the factors motivating those decisions for all investors at all times. Giving undue weight to a single method runs the very real risk of ignoring important information provided by other methods.

In other words, no single model is more reliable than all others under all market conditions. Intuition suggests it is more appropriate to use as many methods as we reasonably can and to reflect the many factors motivating investment decisions as best we can. In this instance, intuition, financial theory,[9] and financial practice reach a common conclusion: we should apply and reasonably consider multiple methods when estimating the ROE.

A. DISCOUNTED CASH FLOW MODEL

Q. What is the theoretical basis of the DCF model?

A. The theory underlying the DCF model is that the present value of an expected future stream of net cash flows during the investment holding period can be determined by discounting those cash flows at the cost of capital, or the investors' capitalization rate. DCF theory indicates that an investor buys a stock for an expected total return rate, which is derived from the cash flows received from dividends and market price appreciation. Mathematically, the dividend yield on market price plus a growth rate equals the capitalization rate, i.e., the total common equity return rate expected by investors.

$$K_e = (D_0 (1+g))/P + g$$

[9] As Brigham explains: "Whereas debt and preferred stocks are contractual obligations which have easily determined costs, it is not at all easy to estimate [the ROE]. However, three methods can be used: (1) the Capital Asset Pricing Model (CAPM), (2) the discounted cash flow (DCF) model, and (3) the bond-yield-plus-risk-premium approach. These methods should not be regarded as mutually exclusive – no one dominates the others, and all are subject to error when used in practice. Therefore, when faced with the task of estimating a company's cost of equity, we generally use all three methods and then choose among them on the basis of our confidence in the data used for each in the specific case at hand." Eugene F. Brigham, Louis C. Gapenski, Financial Management, Theory and Practice, 7th ed., The Dryden Press, 1994, at 341.

where:

K_e = the required Return on Common Equity;

D_0 = the annualized Dividend Per Share;

P = the current stock price; and

g = the growth rate.

Q. Which version of the DCF model did you use?

A. I used the single-stage constant growth DCF model.

Q. Please describe the dividend yield you used in your application of the DCF model.

A. The unadjusted dividend yields are based on the proxy companies' dividends as of August 31, 2026, divided by the average of closing market prices for the 60 trading days ending August 31, 2026.[10]

Q. Please explain your adjustment to the dividend yield.

A. Because dividends are paid periodically (quarterly), as opposed to continuously (daily), an adjustment must be made to the dividend yield. This is often referred to as the discrete, or the Gordon Periodic, version of the DCF model.

DCF theory calls for the use of the full growth rate, or D_1, in calculating the dividend yield component of the model. Since the various companies in the Utility Proxy Group increase their quarterly[11] dividend at various times during the year, a reasonable assumption is to reflect one-half the annual dividend growth rate in the dividend yield component, or $D_{1/2}$. Because the dividend should be representative of expectations over the next 12-month period, my adjustment is a conservative approach that does not overstate the dividend yield. Therefore, the actual average dividend yields in Column 1 on page 1 of Schedule DWD-5 have been adjusted upward to reflect one-half the average projected growth rate shown in Column 5.

Q. Please explain the basis of the growth rates you applied to the Utility Proxy Group in your DCF model.

A. Investors with more limited resources than institutional investors are likely to rely on widely available financial information services, such as *Value Line*, Zacks, and S&P

[10] *See* Schedule DWD-5, page 1, Column 1.

[11] Global Water Resources, Inc. pays a monthly dividend.

Capital IQ. Investors realize that analysts have significant insight into the dynamics of the industries and individual companies they analyze, as well as companies' abilities to effectively manage the effects of changing laws and regulations, and ever-changing economic and market conditions. For these reasons, I used analysts' five-year forecasts of EPS growth in my DCF analysis.

Over the long run, there can be no growth in DPS without growth in EPS. Security analysts' earnings expectations have a more significant influence on market prices than dividend expectations. Thus, the use of earnings growth rates in a DCF analysis provides a better match between investors' market price appreciation expectations and the growth rate component of the DCF.

Q. Please summarize the DCF model results.

A. The results of applying the DCF model to the Utility Proxy Group are shown on page 1 of Schedule DWD-5, and in Table 4, below:

Table 4: DCF Model Results for the Utility Proxy Group

Mean	11.21%
Median	10.36%
Average of Mean and Median	10.79%

In arriving at a conclusion for the constant growth DCF-indicated common equity cost rate for the Utility Proxy Group, I relied on an average of the mean and the median results of the DCF.

B. THE RISK PREMIUM MODEL

Q. Please describe the theoretical basis of the RPM.

A. The RPM is based on the fundamental financial principle of risk and return, namely, that investors require greater returns for bearing greater risk. The RPM recognizes that common equity capital has greater investment risk than debt capital, as common equity shareholders stand behind debt holders in any claim on a company's assets and earnings. As a result, investors require higher returns from common stocks than from investment in bonds, to compensate them for bearing the additional risk.

While it is possible to directly observe bond returns and yields, investors' required common equity return cannot be directly determined or observed. According to RPM theory, one can estimate a common equity risk premium over bonds (either historically or

prospectively) and use that premium to derive a cost rate of common equity. The cost of common equity equals the expected cost rate for long-term debt capital, plus a risk premium over that cost rate, to compensate common shareholders for the added risk of being unsecured and last-in-line for any claim on the corporation's assets and earnings in the event of a liquidation.

Q. Please explain the total market approach RPM.

A. The total market approach RPM adds a representative public utility bond yield to an average of: (1) an equity risk premium that is derived from a beta-adjusted total market equity risk premium, and (2) an equity risk premium based on the S&P Utilities Index.

Q. Please explain the basis of the expected bond yield applicable to the Utility Proxy Group.

A. The first step in the total market approach RPM analysis is to determine the expected bond yield. Because both ratemaking and the cost of capital, including common equity cost rate, are prospective in nature, a prospective yield on similarly-rated long-term debt is essential. I rely on a consensus forecast of about 50 economists of the expected yield on Aaa rated corporate bonds for the six calendar quarters ending with the fourth calendar quarter of 2027, and the long-term projections for 2028 to 2032, and 2033 to 2037 from *Blue Chip*. As shown on line 1 of page 1 of Schedule DWD-6, the average expected yield on Moody's Aaa rated corporate bonds is 5.60%. In order to derive an expected yield on A2 rated public utility bonds, I make an upward adjustment of 0.24%, which represents a recent spread between Aaa rated corporate bonds and A2 rated public utility bonds, in order to adjust the expected Aaa rated corporate bond yield to an equivalent Moody's A2 rated public utility bond.[12] Adding that recent 0.24% spread to the expected Aaa rated corporate bond yield of 5.60% results in an expected A2 rated public utility bond of 5.84%.

I then reviewed the average credit rating for the Utility Proxy Group from Moody's to determine if an adjustment to the estimated A2-rated public utility bond was necessary. Though the Utility Proxy Group does not have an average long-term issue rating from Moody's, they have an A rating from S&P. As an A rating from S&P approximates an A2-rating from Moody's, no further adjustment is necessary for the Utility Proxy Group.

[12] As shown on line 2 and explained in note 2 of page 1 of Schedule DWD-6.

Table 5: Summary of the Calculation of the Utility Proxy Group's Projected Bond Yields[13]

Prospective Yield on Moody's Aaa Rated Corporate Bonds (*Blue Chip)*	5.60%
Adjustment to Reflect Yield Spread Between Moody's Aaa Rated Corporate Bonds and Moody's A2 Rated Utility Bonds	0.24%
Prospective Bond Yield Applicable to the Utility Proxy Group	5.84%

To develop the indicated ROE using the total market approach RPM, this prospective bond yield is then added to the average of the two different equity risk premiums described below.

Q. Please explain how the beta-derived equity risk premium is determined.

A. The components of the beta-derived risk premium model are: 1) an expected market equity risk premium over corporate bonds, and 2) beta. The derivation of the beta-derived equity risk premium that I applied to the Utility Proxy Group is shown on lines 1 through 8 of page 6 of Schedule DWD-6. The total beta-derived equity risk premium I applied was based on an average of three historical market data-based equity risk premiums, a *Value Line*-based equity risk premium, and combined *Value Line*, Bloomberg, and S&P Capital IQ-based equity risk premium. Each of these is described below.

Q. How did you derive a market equity risk premium based on long-term historical data?

A. To derive a historical market equity risk premium, I used the most recent holding period returns for the large company common stocks less the average historical yield on Moody's Aaa/Aa-rated corporate bonds for the period 1928 to 2025. The use of holding period returns over a very long period of time is appropriate because it is consistent with the long-term investment horizon presumed by investing in a going concern, i.e., a company expected to operate in perpetuity.

The long-term arithmetic mean monthly total return rate on large company common stocks was 12.11% and the long-term arithmetic mean monthly yield on Moody's Aaa/Aa-rated corporate bonds was 5.94% from 1928 to 2025. As shown on line 1 of page 6 of

[13] As shown on page 1 of Schedule DWD-6.

Schedule DWD-6, subtracting the mean monthly bond yield from the total return on large company stocks results in a long-term historical equity risk premium of 6.17%.

I used the arithmetic mean monthly total return rates for the large company stocks and yields (income returns) for the Moody's Aaa/Aa-rated corporate bonds, because they are appropriate for the purpose of estimating the cost of capital as noted in Kroll's Stocks, Bonds, Bills, and Inflation ("SBBI") Yearbook 2023 ("SBBI - 2023"). The use of the arithmetic mean return rates and yields is appropriate because historical total returns and equity risk premiums provide insight into the variance and standard deviation of returns needed by investors in estimating future risk when making a current investment. If investors relied on the geometric mean of historical equity risk premiums, they would have no insight into the potential variance of future returns because the geometric mean relates the change over many periods to a constant rate of change, thereby obviating the year-to-year fluctuations, or variance, which is critical to risk analysis.

Q. Please explain the derivation of the regression-based market equity risk premium.

A. To derive the regression analysis-derived market equity risk premium of 6.55%, shown on line 2 of page 6 of Schedule DWD-6, I used the same monthly annualized total returns on large company common stocks relative to the monthly annualized yields on Moody's Aaa/Aa rated corporate bonds as mentioned above. The relationship between interest rates and the market equity risk premium was modeled using the observed monthly market equity risk premium as the dependent variable, and the monthly yield on Moody's Aaa/Aa rated corporate bonds as the independent variable. I used a linear Ordinary Least Squares ("OLS") regression, in which the market equity risk premium is expressed as a function of the Moody's Aaa/Aa rated corporate bond yield:

$$RP = \alpha + \beta\ (R_{Aaa/Aa})$$

where:

RP = the market equity risk premium;

α = the regression intercept coefficient;

β = the regression slope coefficient; and

$R_{Aaa/Aa}$ = the Moody's Aaa/Aa rated corporate bond yield.

Using the equation generated by the regression, an expected equity risk premium of 6.55% is calculated using the average forecast of Aaa-rated corporate bond yield of 5.60%, as discussed above.

Q. Please explain the derivation of a PRPM equity risk premium.

A. The PRPM, published in the *Journal of Regulatory Economics*,[14] was developed from the work of Robert F. Engle, who shared the Nobel Prize in Economics in 2003 "for methods of analyzing economic time series with time-varying volatility ("ARCH")".[15] Engle found that volatility changes over time and is related from one period to the next, especially in financial markets. Engle discovered that volatility of prices and returns clusters over time and is therefore highly predictable and can be used to predict future levels of risk and risk premiums.

The PRPM estimates the risk-return relationship directly, as the predicted equity risk premium is generated by predicting volatility or risk. The PRPM is not based on an estimate of investor behavior, but rather on an evaluation of the results of that behavior (i.e., the variance of historical equity risk premiums). The inputs to the model are the historical monthly returns on large company common stocks minus the monthly yields on Moody's Aaa/Aa-rated corporate bonds during the period from January 1928 through August 2026.[16] Using a generalized form of ARCH, known as GARCH, I calculated a projected equity risk premium using Eviews© statistical software. When the GARCH model is applied to the historical return data, it produces a predicted GARCH variance series and a GARCH coefficient. Multiplying the predicted monthly variance by the GARCH coefficient and then annualizing it[17] produces the predicted annual equity risk premium. The resulting PRPM predicted a market equity risk premium of 8.47%.[18]

---

14 Autoregressive conditional heteroscedasticity. *See* "A New Approach for Estimating the Equity Risk Premium for Public Utilities", Pauline M. Ahern, Frank J. Hanley and Richard A. Michelfelder, Ph.D. *The Journal of Regulatory Economics* (December 2011), 40:261-278.

15 www.nobelprize.org.

16 Data from January 1928 to December 2022 is from SBBI - 2023. Data from January 2023 to August 2026 is from Bloomberg.

17 Annualized Return = (1 + Monthly Return) ^12 - 1.

18 Shown on line 3, page 6 of Schedule DWD-6.

Q. Please explain the derivation of a projected equity risk premium based on *Value Line* Summary and Index data for your RPM analysis.

A. As noted previously, because both ratemaking and the cost of capital are prospective, a prospective market equity risk premium is needed. The derivation of the forecasted or prospective market equity risk premium can be found in note 4 on page 6 of Schedule DWD-6. Consistent with the premise that total returns are the sum of capital appreciation and income returns, this prospective market return is derived from an average of the three- to five-year median market price appreciation potential by *Value Line* Summary and Index for the 13 weeks ending September 4, 2026, plus an average of the median estimated dividend yield for the common stocks of the 1,700 firms covered in *Value Line*'s Standard Edition.[19]

The average median expected price appreciation is 42.00%, which translates to a 9.16% annual appreciation, and when added to the average of *Value Line's* median expected dividend yields of 1.98%, equates to a forecasted annual total return rate on the market of 11.14%. The forecasted Aaa rated bond yield of 5.60% is deducted from the total market return of 11.14%, resulting in an equity risk premium of 5.54%, shown on page 6, line 4 of Schedule DWD-6.

Q. Please explain the derivation of an equity risk premium based on the S&P 500 companies.

A. Using data from *Value Line*, Bloomberg, and S&P Capital IQ, I calculated an expected total return on the S&P 500 companies using expected dividend yields and long-term growth estimates as a proxy for capital appreciation. The expected total return for the equal weighted S&P 500 is 16.61%. In my *Value Line* beta analysis, use of the equal weighted S&P 500 return is appropriate. Subtracting the prospective yield on Moody's Aaa-rated corporate bonds of 5.60% from the equal weighted market return results in a projected equity risk premium of 11.01%, as shown on line 5, page 6 of Schedule DWD-6.

[19] As explained in detail in page 3, note 1 of Schedule DWD-8.

Q. What is your conclusion of a beta-derived equity risk premium for use in your RPM analysis?

A. I gave equal weight to all five equity risk premiums based on each source – historical, *Value Line Summary & Index*, and aggregate *Value Line*, Bloomberg, and S&P Capital IQ Market DCF in arriving at a 7.55% equity risk premium.

Table 6: Summary of the Calculation of the Equity Risk Premium Using Total Market Returns[20]

Historical Spread Between Total Returns of Large Stocks and Aaa and Aa-Rated Corporate Bond Yields (1928 – 2025)	6.17%
Regression Analysis on Historical Data	6.55%
PRPM Analysis on Historical Data	8.47%
Prospective Equity Risk Premium using Total Market Returns from *Value Line Summary & Index* less Projected Aaa Corporate Bond Yields	5.54%
Prospective Equity Risk Premium using Measures of Capital Appreciation and Income Returns for the S&P 500 less Projected Aaa Corporate Bond Yields	11.01%
Average	7.55%

After calculating the average market equity risk premium of 7.55%, I adjusted it by beta to account for the risk of the Utility Proxy Group. As discussed below, beta is a meaningful measure of prospective relative risk to the market as a whole, and is a logical way to allocate a company's, or proxy group's, share of the market's total equity risk premium relative to corporate bond yields.

Q. What measures of beta do you use in determining your beta-adjusted equity risk premium?

A. I use *Value Line* and Bloomberg betas to calculate my beta-adjusted equity risk premium. As will be discussed in detail below, Bloomberg betas may not accurately reflect the risks of the Utility Proxy Group at this time and should be viewed with caution.

Q. What are the beta values you will apply to the market equity risk premium?

A. As shown on pages 1 and 2 of Schedule DWD-8, the Utility Proxy Group's average blended beta is 0.55, and its average *Value Line* beta is 0.76. Applying these betas to the market

[20] As shown on page 6 of Schedule DWD-6.

equity risk premium of 7.55% results in equity risk premiums of 4.15% and 5.74%, respectively.

Q. How did you derive the equity risk premium based on the S&P Utility Index and Moody's A rated public utility bonds?

A. I estimated three equity risk premiums based on S&P Utility Index holding period returns, and one equity risk premium based on the expected returns of the S&P Utilities Index, using *Value Line*, Bloomberg, and S&P Capital IQ data. Turning first to the S&P Utility Index holding period returns, I derived a long-term monthly arithmetic mean equity risk premium between the S&P Utility Index total returns of 10.64% and monthly Moody's A2-rated public utility bond yields of 6.42% from 1928 to 2025, to arrive at an equity risk premium of 4.23%. I then used the same historical data to derive an equity risk premium of 4.80% based on a regression of the monthly equity risk premiums. The final S&P Utility Index holding period equity risk premium involved applying the PRPM using the historical monthly equity risk premiums from January 1928 to August 2026 to arrive at a PRPM-derived equity risk premium of 4.45% for the S&P Utility Index.

I then derived expected total returns on the S&P Utilities Index of 13.10% using data from *Value Line*, Bloomberg, and S&P Capital IQ and subtracted the prospective A2 rated public utility bond yield (5.84%),[21] which resulted in a risk premium of 7.26%. As with the market equity risk premiums, I averaged each risk premium to arrive at my utility-specific equity risk premium of 5.19%.

Table 7: Summary of the Calculation of the Equity Risk Premium Using S&P Utility Index Holding Returns[22]

Historical Spread Between Total Returns of the S&P Utilities Index and A2 Rated Utility Bond Yields (1928 – 2025)	4.23%
Regression Analysis on Historical Data	4.80%
PRPM Analysis on Historical Data	4.45%
Prospective Equity Risk Premium using Measures of Capital Appreciation and Income Returns for the S&P Utilities Index less Projected A2 Utility Bond Yields	7.26%
Average	5.19%

[21] Derived on line 3 of page 1 of Schedule DWD-6.
[22] As shown on page 9 of Schedule DWD-6.

Q. What is your conclusion of an equity risk premium for use in your total market approach RPM analysis?

A. The range of equity risk premiums I applied to the Utility Proxy Group is from 4.67% to 5.47%, which is the average of the beta-derived and the S&P utility equity risk premiums.[23]

Table 8: Summary of Conclusions for the Equity Risk Premium for the Utility Proxy Group[24]

	Utility Proxy Group
Beta-Adjusted Equity Risk Premium	4.15% - 5.74%
S&P Utilities Index Equity Risk Premium	5.19%
Average	4.67% - 5.47%

Q. What is the indicated range of RPM common equity cost rates for the Utility Proxy Group?

A. As shown on line 5 of Schedule DWD-6, page 1, I calculated a range of indicated common equity cost rates from 10.51% to 11.31% for the Utility Proxy Group based on the total market approach RPM.

Table 9: Summary of the Total Market Return Risk Premium Model[25]

	Utility Proxy Group
Prospective Moody's A2 Rated Utility Bond Applicable to the Utility Proxy Group	5.84%
Prospective Equity Risk Premium	4.67% - 5.47%
Indicated Cost of Common Equity	10.51% - 11.31%

C. THE CAPITAL ASSET PRICING MODEL

Q. Please explain the theoretical basis of the CAPM.

A. CAPM theory defines risk as the co-variability of a security's returns with the market's returns as measured by beta (β). A beta of less than 1.0 indicates lower variability than the market and a beta greater than 1.0 indicates greater variability than the market.

[23] As shown on page 5 of Schedule DWD-6.
[24] As shown on page 5 of Schedule DWD-6.
[25] As shown on page 1 of Schedule DWD-6.

The CAPM assumes that all other risk (*i.e.*, all non-market or unsystematic risk) can be eliminated through diversification. The risk that cannot be eliminated through diversification is called market, or systematic, risk. In addition, the CAPM presumes that investors require compensation only for systematic risk, which is the result of macroeconomic and other events that affect the returns on all assets. The model is applied by adding a risk-free rate of return to a market risk premium, which is adjusted proportionately to reflect the systematic risk of the individual security relative to the total market, as measured by beta. The traditional CAPM model is expressed as:

$$R_s = R_f + \beta(R_m - R_f)$$

Where:
R_s = Return rate on the common stock;
R_f = Risk-free rate of return;
R_m = Return rate on the market as a whole; and
β = Adjusted beta (volatility of the security relative to the market as a whole).

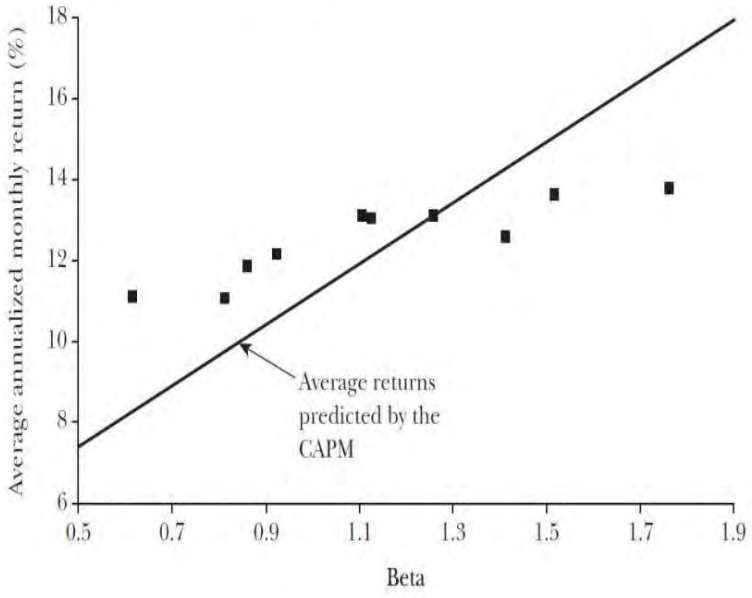
Numerous tests of the CAPM have measured the extent to which security returns and beta are related as predicted by the CAPM, confirming its validity. The empirical CAPM ("ECAPM") reflects the reality that while the results of these tests support the notion that beta is related to security returns, the empirical Security Market Line ("SML") described by the CAPM formula is not as steeply sloped as the predicted SML.[26] The ECAPM reflects this empirical reality. Fama and French clearly state regarding Figure 2, below, that "[t]he returns on the low beta portfolios are too high, and the returns on the high beta portfolios are too low." [27]

[26] Roger A. Morin, Modern Regulatory Finance, (PUR Books, 2021) at 221. ("Morin").

[27] Eugene F. Fama and Kenneth R. French, "The Capital Asset Pricing Model: Theory and Evidence", *Journal of Economic Perspectives*, Vol. 18, No. 3, Summer 2004 at 33 ("Fama & French"). http://pubs.aeaweb.org/doi/pdfplus/10.1257/0895330042162430.

Figure 2 http://pubs.aeaweb.org/doi/pdfplus/10.1257/0895330042162430

Average Annualized Monthly Return versus Beta for Value Weight Portfolios Formed on Prior Beta, 1928–2003



In addition, Morin observes that while the results of these tests support the notion that beta is related to security returns, the empirical SML described by the CAPM formula is not as steeply sloped as the predicted SML. Morin states:

> With few exceptions, the empirical studies agree that … low-beta securities earn returns somewhat higher than the CAPM would predict, and high-beta securities earn less than predicted.[28]
>
> * * *
>
> Therefore, the empirical evidence suggests that the expected return on a security is related to its risk by the following approximation:
>
> $$K = R_F + x\,\beta(R_M - R_F) + (1-x)\,\beta(R_M - R_F)$$
>
> where x is a fraction to be determined empirically. The value of x that best explains the observed relationship [is] Return = 0.0829 + 0.0520 β is between 0.25 and 0.30. If x = 0.25, the equation becomes:
>
> $$K = R_F + 0.25(R_M - R_F) + 0.75\,\beta(R_M - R_F)$$[29]

[28] Morin, at 207.
[29] Morin, at 221.

Fama and French provide similar support for the ECAPM when they state:

> The early tests firmly reject the Sharpe-Lintner version of the CAPM. There is a positive relation between beta and average return, but it is too 'flat.'… The regressions consistently find that the intercept is greater than the average risk-free rate… and the coefficient on beta is less than the average excess market return… This is true in the early tests… as well as in more recent cross-section regressions tests, like Fama and French (1992).[30]

Finally, Fama and French further note:

> Confirming earlier evidence, the relation between beta and average return for the ten portfolios is much flatter than the Sharpe-Lintner CAPM predicts. The returns on low beta portfolios are too high, and the returns on the high beta portfolios are too low. For example, the predicted return on the portfolio with the lowest beta is 8.3 percent per year; the actual return is 11.1 percent. The predicted return on the portfolio with the highest beta is 16.8 percent per year; the actual is 13.7 percent.[31]

Clearly, the justification from Morin, Fama, and French along with their reviews of other academic research on the CAPM, validate the use of the ECAPM. In view of theory and practical research, I have applied both the traditional CAPM and the ECAPM to the companies in the Utility Proxy Group and averaged the results.

Q. What betas did you use in your CAPM analysis?

A. As discussed previously, I use (1) the average of the Value Line and Bloomberg betas, which is consistent with prior testimony, and (2) Value Line betas. While both *Value Line* and Bloomberg adjust their calculated (or "raw") betas to reflect the tendency of beta to regress to the market mean of 1.00, *Value Line* calculates beta over a five-year period, while Bloomberg's calculation is based on two years of data.

Q. Why are you presenting your model results exclusively using *Value Line* betas alongside your traditional analysis?

A. I am presenting my model results in this way because recent and historical data show that Bloomberg betas may not accurately reflect the risks of the Utility Proxy Group at this time.

[30] Fama & French, at 32.
[31] Fama & French, at 33.

Q. How does Bloomberg calculate beta?

A. As discussed above, beta is the covariance of a stock relative to a market index divided by the variance of the market return. Bloomberg calculates its beta using two years of weekly return data relative to the S&P 500 Index.

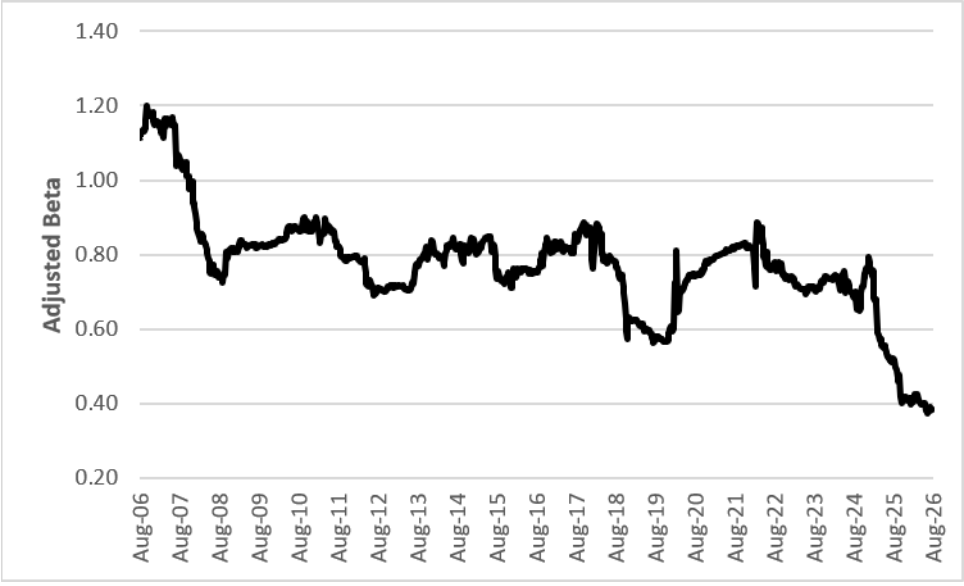
Q. What is a covariance?

A. A covariance is comprised of two measures: (1) the relative volatility of the stock, which is the standard deviation of the weekly returns of the stock divided by the standard deviation of the weekly index returns;[32] and (2) the correlation of weekly stock and market index returns.[33]

Q. What has the Bloomberg beta been for the Utility Proxy Group since 2006?

A. As shown in Chart 1, below, the Utility Proxy Group's average adjusted beta generally has ranged between 0.60 and 0.90, with some high side exceptions (2007-2008) and low side exceptions (2017-2020, second half 2024-present).

Chart 1: Bloomberg Adjusted Beta for the Combined Utility Proxy Group 2006-Present[34]



[32] A relative volatility greater than 1.0 indicates that particular security is more volatile than the market during that calculation period. A relative volatility below 1.0 indicates that the security has less volatility than the market over that calculation period.

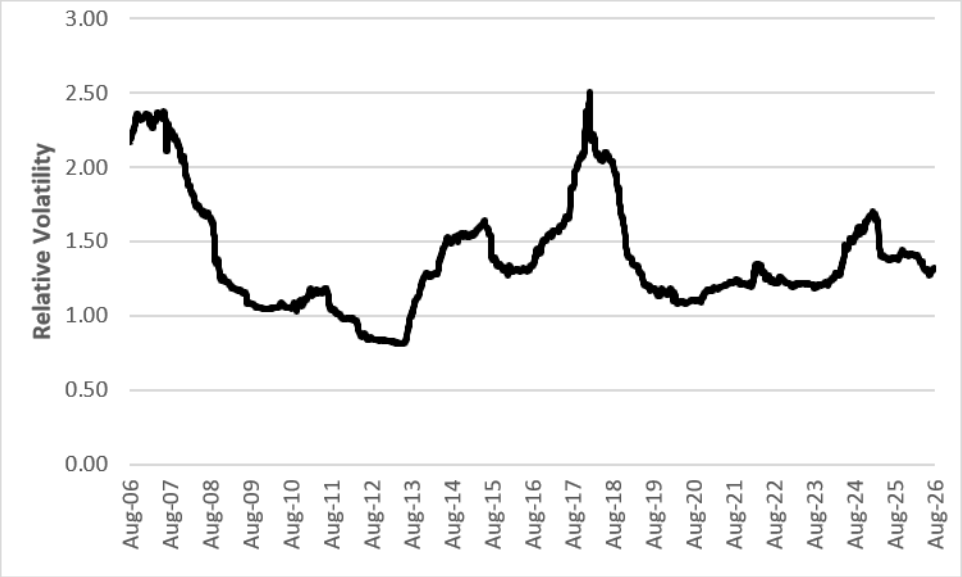
[33] Correlations range from negative one to positive one. The closer the correlation is to zero the weaker the relationship. Positive values indicate a positive correlation, where the values of both variables tend to increase together

[34] Source of Information: Bloomberg Professional Services.

Q. What have the components of beta (i.e., relative volatility and correlation) shown during that period?

A. As shown on Chart 2, the Utility Proxy Group's relative volatility was generally above 1.0, indicating higher volatility than the S&P 500.

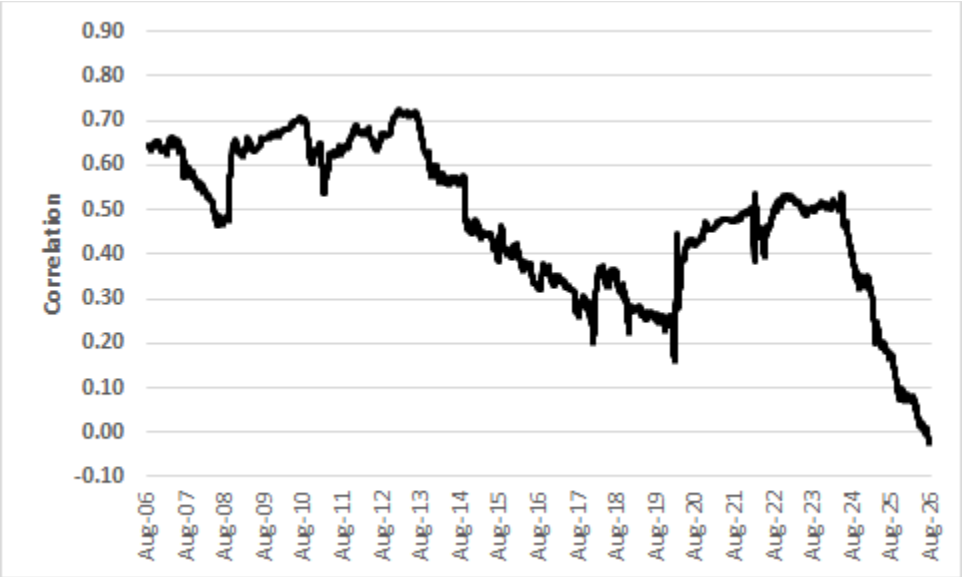
Chart 2: Relative Volatility for the Utility Proxy Group 2006-Present[35]



On Chart 3, the two-year rolling correlation between the Utility Proxy Group and the S&P 500 has varied over the period 2006-2026.

[35] Source of Information: S&P Capital IQ.

Chart 3: Correlation of the Combined Utility Proxy Group Relative to the S&P 500 Index 2006-Present[36]



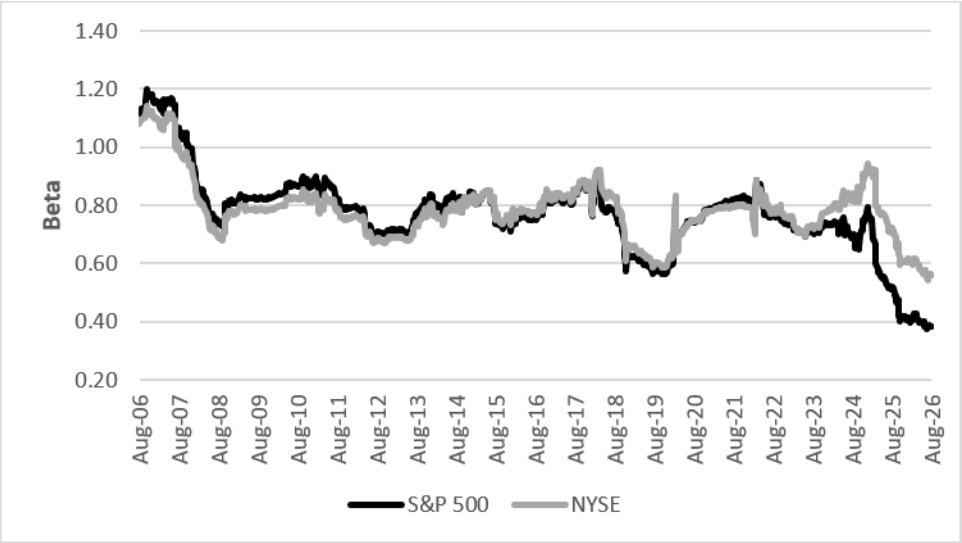
Importantly, as shown on Chart 3, during market distress (i.e., the Great Recession and the COVID-19 pandemic), the correlation of the Utility Proxy Group returns and the S&P 500 returns approached 1.0, showing that utilities, as represented by the Utility Proxy Group, do not possess defensive qualities and should not be considered defensive stocks nor are they safe harbor investments in times of market distress.

Q. Does the lower correlation of the Utility Proxy Group's returns relative to the S&P 500 returns alone necessitate the exclusion or mitigation of Bloomberg betas?

A. No. Just as the investor required return varies under different market conditions, so do the model inputs. To determine whether Bloomberg's default betas calculated relative to the S&P 500 Index are accurately reflecting the risk of the Utility Proxy Group, I compared them with betas calculated using two years of weekly returns relative to the New York Stock Exchange ("NYSE"). The comparisons between two-year S&P 500 and NYSE betas are put forth in Chart 4, below:

[36] Source of Information: S&P Capital IQ.

Chart 4: Comparison of Two-Year S&P 500 and NYSE betas for the Combined Utility Proxy Group 2006-Present[37]



As shown on Chart 4, the two-year S&P 500 and NYSE betas are generally consistent until approximately 2024, when the spread between them expanded beyond historical ranges as seen above and as further shown on Chart 5, below:

Chart 5: Spread between Two-Year S&P and NYSE betas for the Combined Utility Proxy Group 2006-Present[38]



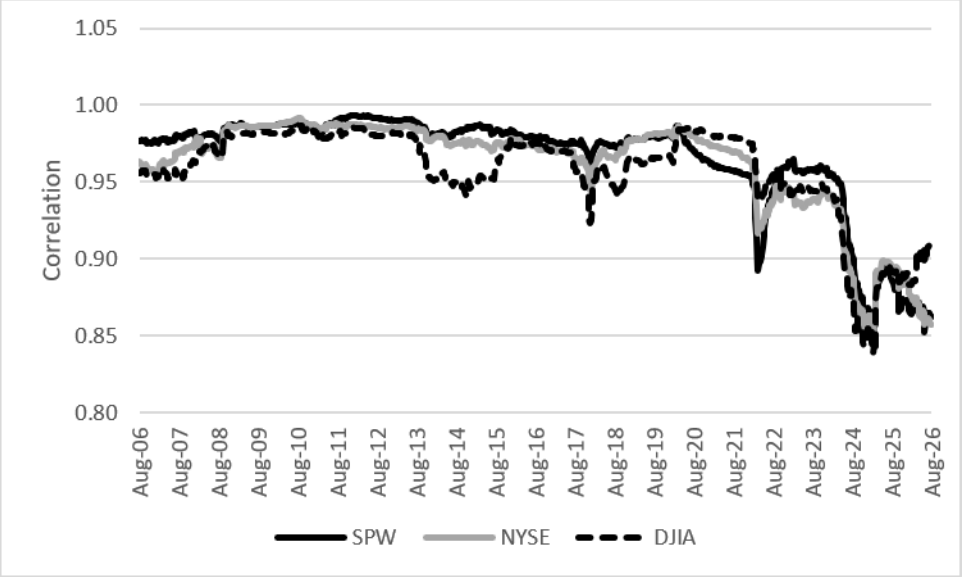
[37] Source of Information: Bloomberg Professional Services.
[38] Source of Information: Bloomberg Professional Services.

In view of Chart 5, it is clear that the relationship between the S&P 500 and NYSE is dislocated. To determine which index was distorting the risk of the Utility Proxy Group, I compared the S&P 500 returns with those of the NYSE and other market indices.

Q. Which market indices did you use in your comparison?

A. In my comparison, I ran correlations between the returns of the S&P 500 and three other market indices: (1) the NYSE; (2) the Dow Jones Industrial Average ("DJIA"); and (3) the S&P 500 Equal Weighted Index ("SPW"). I ran the correlations for the same 2006-2026 period in the prior charts, which is put forth in Schedule DWD-7 and Chart 6, below:

Chart 6: Correlation between the S&P 500 Relative to Various Market Indices 2006-Present



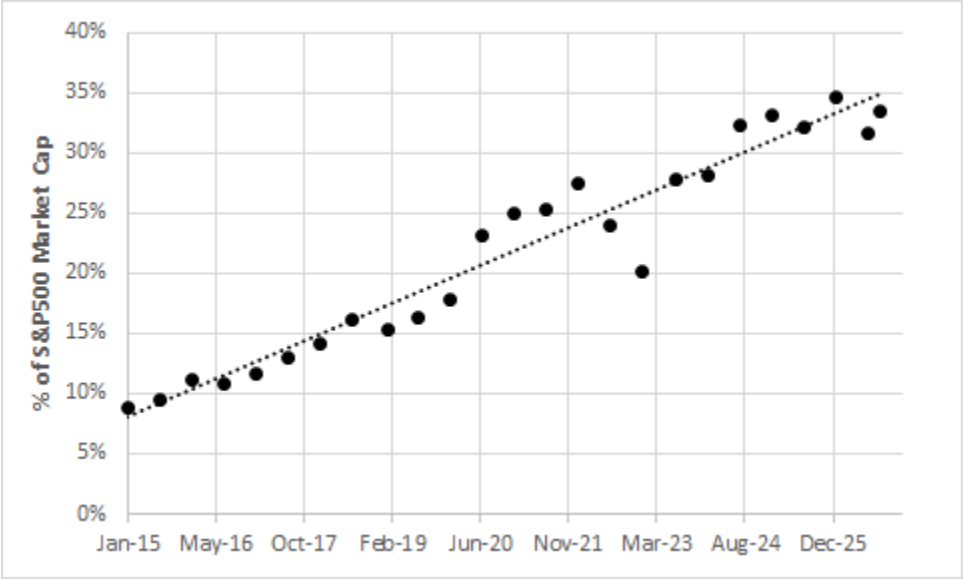
As shown in Chart 6, the two-year rolling correlation between S&P 500's returns and the other market indices' returns generally ranged between 0.95 and 1.00 for the entire period but has recently dipped below 0.85 for each of the measures, indicating that the relationships between the S&P 500 and the other market indices are strained. As shown on pages 2 through 4 of Schedule DWD-7, the two-year rolling correlations of the other market indices are within historical boundaries, whereas, as shown in Chart 6, the correlation in returns between the S&P 500 and the other three indices dropped below 0.90 for an extended period of time. Stated differently, the recent relationship between the S&P 500 Index and the other market indices is inconsistent with their historical relationships

while the other market indices have maintained their historical relationships with each other.

Q. Why is the relationship between the S&P 500 and other market indices degrading?

A. I believe that the concentration of the "Magnificent Seven"[39] ("Mag7") as a percentage of the S&P 500 market capitalization could explain why the two-year rolling correlations between the S&P 500 and the other market indices are degrading. Since 2015, the Mag7 stocks' percentage of the S&P 500 market capitalization has increased from 8.91% to 31.74% as shown on Chart 7, below:

Chart 7: Magnificent Seven Stocks Percentage of S&P 500 Market Capitalization 2015-Present[40]



Q. Does the concentration affect the calculation of beta for the Utility Proxy Group?

A. Yes, it does. I evaluated the two-year rolling correlation between the Utility Proxy Group's weekly returns and those returns for the Mag7 and the remaining 493 companies that comprise the S&P 500 index. As shown on Table 10, below, the Utility Proxy Group's returns had a **negative** 0.0835 correlation with the Mag7 returns and a **positive** 0.2019 correlation with the rest of the S&P 500, indicating opposite relationships between the Utility Proxy Group and the two subsets of the S&P 500.

[39] The "Magnificent Seven" stocks are: (1) Apple, Inc.; (2) Amazon.com, Inc.; (3) Alphabet, Inc.; (4) Meta Platforms, Inc.; (5) Microsoft Corporation; (6) NVIDIA Corporation; and (7) Tesla, Inc.

[40] Source of Information: Bloomberg Professional Services.

Table 10: Correlation between the Utility Proxy Group's Weekly Returns and those of the Magnificent Seven Stocks and the Remaining 493 Component Companies of the S&P 500 as of August 31, 2026[41]

	Correlation Coefficient	
	Mag7	Remaining 493
Combined Utility Proxy Group Weekly Returns	-0.0835	0.2019

Given the disconnection of the relationship between the Mag7 and the remaining members of the S&P 500 Index relative to the Utility Proxy Group, the concentration of the Mag7 stocks within the S&P 500 Index, and the S&P 500's degrading relationship to other market indices, Bloomberg betas do not accurately reflect the risk of the Utility Proxy Group as compared to the market, and therefore should be viewed with caution.

Q. Please summarize your reasoning as it pertains to your use of beta in your analysis.

A. While the cost of capital and the inputs to cost of capital models vary based on market conditions, these variations by themselves should not lead a sensible analyst to eliminate or mitigate a specific input. After investigating historical relationships between betas calculated relative to the S&P 500 and NYSE and the relative volatility and correlation of those betas, I discovered that these relationships are currently not within historical ranges and needed to be investigated further. I then investigated the companies that comprised the S&P 500 and found that the Mag7 stocks' return now has an outsized influence on the return on the S&P 500. Looking at the correlations of Utility Proxy Group returns related to Mag7 stocks and the remaining 493 stocks that comprise the S&P 500 Index, I discovered opposite relationships (i.e., negative correlation with Mag7 stocks and positive correlations with the remaining 493 stocks).

Given the above, I believe that using the S&P 500 Index to calculate betas may not accurately reflect the risk of the Utility Proxy Group at this time and therefore should be viewed with caution. To reflect this in my analysis, I present my analysis using my traditional application of the models as presented in prior testimonies in Delaware and elsewhere and also present my model results exclusively using *Value Line* betas, which are calculated relative to the NYSE.

[41] Source of Information: S&P Capital IQ.

Q. Please describe your selection of a risk-free rate of return.

A. As shown in Schedule DWD-8, the risk-free rate adopted for the applications of the CAPM is 4.93%. This risk-free rate is based on the average of the *Blue Chip* consensus forecast of the expected yields on 30-year U.S. Treasury bonds for the six quarters ending with the fourth calendar quarter of 2027, and long-term projections for the years 2028 to 2032 and 2033 to 2037.

Q. Why is the yield on long-term U.S. Treasury bonds appropriate for use as the risk-free rate?

A. The yield on long-term U.S. Treasury Bonds has historically been viewed as essentially risk-free, and its term is consistent with the long-term cost of capital to public utilities measured by the yields on A2-rated public utility bonds, the long-term investment horizon inherent in utilities' common stocks, and the long-term life of the jurisdictional rate base to which the allowed fair rate of return (i.e., cost of capital) will be applied. In contrast, short-term U.S. Treasury yields are more volatile and largely a function of Federal Reserve monetary policy.

Q. Please explain the estimation of the expected risk premium for the market used in your CAPM analyses.

A. The basis of the market risk premium is explained in detail in note 1 on page 2 of Schedule DWD-8. As discussed previously, the market risk premium is derived from an average of three historical data-based market risk premiums, one *Value Line* data-based market risk premium and one Bloomberg, *Value Line*, and S&P Capital IQ data-based market risk premium.

The long-term income return on U.S. Government Securities of 4.99% was deducted from the monthly historical total market return of 12.35%, which results in an historical market equity risk premium of 7.37%.[42] I applied a linear OLS regression to the monthly annualized historical returns on the S&P 500 relative to historical yields on long-term U.S. Government Securities. That regression analysis yielded a market equity risk premium of 7.57%. The PRPM market equity risk premium is 9.43% and is derived using

[42] SBBI - 2023, at Appendix A-1 (1) through A-1 (3) and Appendix A-7 (19) through A-7 (21); Bloomberg Professional.

the PRPM relative to the yields on long-term U.S. Treasury securities from January 1926 through August 2026.

The *Value Line*-derived forecasted total market equity risk premium is derived by deducting the forecasted risk-free rate of 4.93%, discussed above, from the *Value Line* Summary and Index projected total annual market return of 11.14%, resulting in a forecasted total market equity risk premium of 6.21%.

The S&P 500 projected market equity risk premium using *Value Line*, Bloomberg and S&P Capital IQ data is derived by subtracting the projected risk-free rate of 4.93% from the projected equal weighted total return of the S&P 500 of 16.61%. The resulting market equity risk premium is 11.68%.

These five market risk premium measures, when averaged, result in an average total market equity risk premium of 8.45%.

Table 11: Summary of the Calculation of the Market Risk Premium for Use in the CAPM[43]

Historical Spread Between Total Returns of Large Stocks and Long-Term Government Bond Yields (1926 – 2025)	7.37%
Regression Analysis on Historical Data	7.57%
PRPM Analysis on Historical Data	9.43%
Prospective Equity Risk Premium using Total Market Returns from *Value Line* Summary & Index less Projected 30-Year Treasury Bond Yields	6.21%
Prospective Equity Risk Premium using Measures of Capital Appreciation and Income Returns for the S&P 500 less Projected 30-Year Treasury Bond Yields	11.68%
Average	8.45%

Q. What are the results of your application of the traditional and empirical CAPM to the Utility Proxy Group?

A. As shown on page 1 of Schedule DWD-8, the average of the mean and median CAPM result using my traditional approach is 9.81%. The average of the mean and median CAPM using only Value Line betas is 11.46% as shown on page 2 of Schedule DWD-8. Given the above, a reasonable range of CAPM cost rates is from 9.81% to 11.46%.

[43] As shown on page 3 of Schedule DWD-8.

D. COMMON EQUITY COST RATES FOR THE PROXY GROUP OF DOMESTIC, NON-PRICE REGULATED COMPANIES BASED ON THE DCF, RPM, AND CAPM

Q. Why did you also consider a proxy group of domestic, non-price regulated companies?

A. In the *Hope* and *Bluefield* cases, the U.S. Supreme Court did not specify that comparable risk companies had to be utilities. Since the purpose of rate regulation is to be a substitute for the competition of the marketplace, non-price regulated firms operating in the competitive marketplace make an excellent proxy if they are comparable in total risk to the Utility Proxy Group being used to estimate the cost of common equity. The selection of such domestic, non-price regulated competitive firms theoretically and empirically results in a proxy group which is comparable in total risk to the Utility Proxy Group.

Q. How did you select non-price regulated companies that are comparable in total risk to the Utility Proxy Group?

A. In order to select a proxy group of domestic, non-price regulated companies similar in total risk to the Utility Proxy Group, I relied on the betas and related statistics derived from *Value Line* regression analyses of weekly market prices over the most recent 260 weeks (*i.e.*, five years). Using these selection criteria resulted in a proxy group of 35 domestic, non-price regulated firms comparable in total risk to the Utility Proxy Group. Total risk is the sum of non-diversifiable market risk and diversifiable company-specific risks. The following criteria were used in the selection of the domestic, non-price regulated firms:

(i) They must be covered by *Value Line Investment Survey* (Standard Edition);

(ii) They must be domestic, non-price regulated companies, *i.e.*, non-utilities;

(iii) Their betas must lie within plus or minus two standard deviations of the average unadjusted betas of the Utility Proxy Group; and

(iv) The residual standard errors of the *Value Line* regressions which gave rise to the unadjusted betas must lie within plus or minus two standard deviations of the average residual standard errors of the Utility Proxy Group.

Betas measure market or systematic risk, which is not diversifiable. The residual standard errors of the regressions measure each firm's company-specific, diversifiable risk.

Companies that have similar betas and similar residual standard errors resulting from the same regression analyses have similar total investment risk.

Q. Have you prepared a Schedule which shows the data from which you selected the domestic, non-price regulated companies that are comparable in total risk to the Utility Proxy Group?

A. Yes, the basis of my selection, and the proxy group's regression statistics, are shown in Schedule DWD-9.

Q. Did you calculate common equity cost rates using the DCF, RPM, and CAPM for the Non-Price Regulated Proxy Group?

A. Yes. Because the DCF, RPM, and CAPM have been applied in an identical manner as described above, I will not repeat the details of the rationale and application of each model. One exception is in the application of the RPM, where I did not use public utility-specific equity risk premiums.

Page 2 of Schedule DWD-10 contains the derivation of the constant growth DCF model common equity cost rate. The indicated common equity cost rate using the constant growth DCF for the Non-Price Regulated Proxy Group comparable in total risk to the Utility Proxy Group is 12.16%.

Pages 3 through 5 of Schedule DWD-10 contain the data and calculations that support an indicated RPM common equity cost rates ranging from 11.31% to 12.21% for the Non-Price Regulated Proxy Group. As shown on line 1, page 3 of Schedule DWD-10, the consensus prospective yield on Moody's Baa2-rated corporate bonds for the six quarters ending in the fourth quarter of 2027, and for the years 2028 to 2032 and 2033 to 2037, is 6.33%.[44] Since the Non-Price Regulated Proxy Group has an average Moody's long-term issuer rating of Baa1, a downward adjustment of 0.08% to the projected Baa2-rated corporate bond yield is necessary to reflect a difference in ratings which results in a projected Baa1-rated corporate bond yield of 6.25%.[45]

[44] Blue Chip Financial Forecasts, June 1, 2026, and September 1, 2026, at p. 14 and p. 9, respectively.

[45] The 0.08% downward adjustment is equal to one-third of the spread between A2 and Baa2 corporate bond yields, as illustrated in note 2 on page 3 of Schedule DWD-10.

When beta-adjusted risk premiums of 5.06% and 5.96% relative to the Non-Price Regulated Proxy Group is added to the prospective Baa1-rated corporate bond yield of 6.25%, the indicated range of RPM common equity cost rate is from 11.31% to 12.21%.

Pages 6 and 7 of Schedule DWD-10 contain the inputs and calculations that support my indicated CAPM/ECAPM common equity cost rates from 10.92% to 11.83% for the Non-Price Regulated Proxy Group.

Q. What is the cost rate of common equity based on the Non-Price Regulated Proxy Group comparable in total risk to the Utility Proxy Group?

A. As shown on page 1 of Schedule DWD-10, the results of the common equity models applied to the Non-Price Regulated Proxy Group comparable in total risk to the Utility Proxy Group are as follows:

Table 12: Summary of Model Results Applied to the Non-Price Regulated Proxy Group[46]

Discounted Cash Flow Model	12.16%
Risk Premium Model	11.31% - 12.21%
Capital Asset Pricing Model	10.92% - 11.83%
Mean	11.46% - 12.07%
Median	11.31% - 12.16%
Average of Mean and Median	11.39% - 12.11%

The average of the mean and median of these models indicates a range of 11.39% to 12.11%, which I used as the indicated common equity cost rate for the Non-Price Regulated Proxy Group.

IX. CONCLUSION OF COMMON EQUITY COST RATE BEFORE ADJUSTMENT

Q. What is the indicated range of common equity cost rates before adjustment?

A. Based on the results of the application of multiple cost of common equity models to the Utility Proxy Group, the indicated common equity cost rate is between 9.81% and 11.02% before Company-specific adjustments. I used multiple cost of common equity models as primary tools in arriving at my recommended common equity cost rate, because each of

[46] As shown on page 1 of Schedule DWD-10.

these models is theoretically sound and available to investors, and because no single model is so inherently precise that it can be relied on to the exclusion of other theoretically sound models. Using multiple models adds reliability to the estimated common equity cost rate, with the prudence of using multiple cost of common equity models supported in both the financial literature and regulatory precedent.

Based on these common equity cost rate results, I conclude that a range of common equity cost rates between 9.81% and 11.02% is reasonable and appropriate before any adjustments for relative risk differences between the Company and the Utility Proxy Group are made.

X. ADJUSTMENTS TO THE COMMON EQUITY COST RATE

A. SIZE ADJUSTMENT

Q. Does a company's size compared with the Utility Proxy Group impact its business risk?

A. Yes. A smaller size relative to the Utility Proxy Group companies indicates greater relative business risk for the Company because, all else being equal, size has a material bearing on risk.

Size affects business risk because smaller companies generally are less able to cope with significant events that affect sales, revenues and earnings. For example, smaller companies face more risk exposure to business cycles and economic conditions, both nationally and locally. Additionally, the loss of revenues from a few larger customers would have a greater effect on a small company than on a bigger company with a larger, more diverse, customer base. This is true for utilities, as well as for non-regulated companies.

As further evidence that smaller firms are riskier, investors generally demand greater returns from smaller firms to compensate for less marketability and liquidity of their securities. Kroll's Cost of Capital Navigator: U.S. Cost of Capital Module ("Kroll") discusses the nature of the small-size phenomenon, providing an indication of the magnitude of the size premium based on several measures of size. In discussing "Size as a Predictor of Equity Returns," Kroll states:

> The size effect is based on the empirical observation that companies of smaller size are associated with greater risk and, therefore, have greater cost of capital [sic]. The "size" of a company is one of the most important risk elements to consider when developing cost of equity capital estimates for use in valuing a business simply because size has been shown to be a *predictor* of equity returns. In other words, there is a significant (negative) relationship between size and historical equity returns - as size *decreases*, returns tend to *increase*, and vice versa. (footnote omitted) (emphasis in original)[47]

Furthermore, in "The Capital Asset Pricing Model: Theory and Evidence," Fama and French note size is indeed a risk factor which must be reflected when estimating the cost of common equity. On page 14, they note:

> . . . the higher average returns on small stocks and high book-to-market stocks reflect unidentified state variables that produce undiversifiable risks (covariances) in returns not captured in the market return and are priced separately from market betas.[48]

Based on this evidence, Fama and French proposed their three-factor model which includes a size variable in recognition of the effect size has on the cost of common equity.

Also, it is a basic financial principle that the use of funds invested, and not the source of those funds, is what gives rise to the risk of any investment.[49] Eugene Brigham, a well-known authority, states:

> A number of researchers have observed that portfolios of small-firms (sic) have earned consistently higher average returns than those of large-firm stocks; this is called the "small-firm effect." On the surface, it would seem to be advantageous to the small firms to provide average returns in a stock market that are higher than those of larger firms. In reality, it is bad news for the small firm; **what the small-firm effect means is that the capital market demands higher returns on stocks of small firms than on otherwise similar stocks of the large firms**. (emphasis added)[50]

---

47 Kroll, Cost of Capital Navigator: U.S. Cost of Capital Module, Size as a Predictor of Equity Returns, at 1.

48 Fama & French, at 25-43.

49 Richard A. Brealey and Stewart C. Myers, Principles of Corporate Finance (McGraw-Hill Book Company, 1996), at 204-205, 229.

50 Eugene F. Brigham, Fundamentals of Financial Management, Fifth Edition (The Dryden Press, 1989), at 623.

Consistent with the financial principle of risk and return discussed above, increased relative risk due to small size must be considered in the allowed rate of return on common equity.

Q. Is there a way to quantify a relative risk adjustment due to Tidewater's greater business risk relative to the Utility Proxy Group?

A. Yes. In the absence of other empirical methods, I compared Tidewater's and the Utility Proxy Group's relative size, as measured by an estimated market capitalization of common equity for Tidewater.

Table 13: Size as Measured by Market Capitalization for the Company and the Utility Proxy Group[51]

	Market Capitalization* ($ Millions)	Times Greater Than the Company
Tidewater	$255.417	
Utility Proxy Group – Median	$1,683.008	6.6x

The Company's estimated market capitalization was $255.417 million (based on the Utility Proxy Group) as of August 31, 2026, compared with the median market capitalization of the Utility Proxy Group of $1.683 billion as of August 31, 2026. The Utility Proxy Group's market capitalization is 6.6 times the size of Tidewater's estimated market capitalization.

As a result, it is necessary to upwardly adjust the indicated range of common equity cost rates to reflect Tidewater's greater risk due to its smaller relative size. The determination is based on the size premiums for portfolios of NYSE, American Stock Exchange, and NASDAQ listed companies ranked by deciles for the 1926 to 2025 period. The average size premium for the Utility Proxy Group with a market capitalization of $1.683 billion falls in the 7th decile, while Tidewater's market capitalization of $255.417 million places the Company in the 10th decile. The size premium spread between the 7th decile and the 10th decile is 3.32%. In view of the Company's small size, and the indicated 3.32% size adjustment, I conservatively recommend a size adjustment of 0.20% be added to the Proxy Group-specific range of ROEs to reflect Tidewater's smaller relative size to the Proxy Group.

[51] From page 1 of Schedule DWD-11.

B. FLOTATION COST ADJUSTMENT

Q. What are flotation costs?

Flotation costs are those costs associated with the sale of new issuances of common stock. They include market pressure and the essential costs of issuance, (*e.g.*, underwriting fees and out-of-pocket costs for printing, legal, registration, etc.).

Q. Why is it important to recognize flotation costs in the allowed common equity cost rate?

It is important because there is no other mechanism in the ratemaking paradigm with which such costs can be recovered. Because these costs are real and legitimate, recovery of these costs should be permitted. As noted by Morin:

> The costs of issuing these securities are just as real as operating and maintenance expenses or costs incurred to build utility plants, and fair regulatory treatment must permit recovery of these costs….
>
> The simple fact of the matter is that common equity capital is not free….[Flotation costs] must be recovered through a rate of return adjustment[52]

Q. Should flotation costs be recognized only when there was an issuance during the test year or there is an imminent post-test year issuance of additional common stock?

A. No. As noted above, there is no mechanism to recapture such costs in the ratemaking paradigm other than an adjustment to the allowed common equity cost rate. Flotation costs are charged to capital accounts and are not expensed on a utility's income statement. As such, flotation costs are analogous to capital investments reflected on the balance sheet. Recovery of capital investments relates to the expected useful lives of the investment. Since common equity has a very long and indefinite life (assumed to be infinity in the standard regulatory DCF model), flotation costs should be recovered through an adjustment to common equity cost rates even when there has not been an issuance during the test year or in the absence of an expected imminent issuance of additional shares of common stock.

Historical flotation costs are a permanent loss of investment to the utility and should be accounted for. When any company, including a utility, issues common stock, flotation costs are incurred for legal, accounting, printing fees and the like. For each dollar of issuing

[52] Morin, at 329.

market price, a small percentage is expensed and is permanently unavailable for investment in utility rate base. Since these expenses are charged to capital accounts and not expensed on the income statement, the only way to restore the full value of that dollar of issuing price with an assumed investor required return of 10% is for the net investment, $0.95, to earn more than 10% to net back to the investor a fair return on that dollar. In other words, if a company issues stock at $1.00 with 5% in flotation costs, it will net $0.95 in investment. Assuming the investor in that stock requires a 10% return on his or her invested $1.00 (*i.e.*, a return of $0.10), the company needs to earn approximately 10.50% on its invested $0.95 to receive a $0.10 return.

Q. Does the recovery of flotation costs allow the company to receive revenues that should have been recovered in past cases (i.e., retroactive ratemaking)?

A. No, it does not. As discussed above, equity is outstanding in perpetuity, so the associated costs of issuing that capital is ongoing. The authorization of flotation costs in this proceeding would not over-recover costs from prior periods but recover those costs going forward.

Q. Do the common equity cost rate models you have used already reflect investors' anticipation of flotation costs?

A. Not without an appropriate adjustment. None of these models assume transaction costs. The literature is quite clear that these costs are not reflected in market prices paid for common stocks. For example, Brigham and Daves confirm this and provide the methodology utilized to calculate the flotation adjustment.[53] In addition, Morin confirms the need for such an adjustment even when no new equity issuance is imminent.[54] Consequently, it is proper to include a proper flotation cost adjustment when using cost of common equity models to estimate the common equity cost rate.

Q. How did you calculate the flotation cost allowance?

A. I modified the DCF calculation to provide a dividend yield that would reimburse investors for issuance costs in accordance with the method cited in literature by Brigham and Daves as well as Morin. The flotation cost adjustment recognizes the costs of issuing equity that

[53] Eugene F. Brigham and Phillip R. Daves, Intermediate Financial Management, 9th Edition, Thomson/Southwestern, at 342.

[54] Morin, at 329-330.

were incurred by Middlesex Water Company since November 2019. Based upon the issuance costs shown on page 1 of Schedule DWD-12, an adjustment of 0.04% is required to reflect the flotation costs applicable to the Company.

XI. CONCLUSION

Q. Given the above, what is your recommended ROE for the Company?

A. Given the discussion above and the results of my analytical models, I recommend an ROE of 10.60% to be used in setting rates for the Company.

Q. In your opinion, is your proposed ROE of 10.60% fair and reasonable to Tidewater and its customers?

A. Yes, it is.

Q. Is the Company's proposed capital structure appropriate?

A. Yes, it is.

Q. Does this conclude your Direct Testimony?

A. Yes, it does. However, I reserve the right to supplement my Direct Testimony as needed during this proceeding.

Appendix A - Resume and Testimony Listing of:
Dylan W. D'Ascendis, CRRA, CVA
Partner

Summary

Dylan is an experienced consultant and a Certified Rate of Return Analyst (CRRA) and Certified Valuation Analyst (CVA). Dylan joined ScottMadden in 2016 and is a leading expert witness with respect to cost of capital, capital structure, and valuation. He has served as a consultant for investor-owned and municipal utilities and authorities for 18 years. Dylan has testified as an expert witness on over 200 occasions regarding rate of return, cost of service, rate design, and valuation before more than 40 regulatory jurisdictions in the United States and Canada, an American Arbitration Association panel, and the Superior Court of Rhode Island. He also maintains the benchmark index against which the Hennessy Gas Utility Mutual Fund performance is measured. Dylan holds a B.A. in economic history from the University of Pennsylvania and an M.B.A. with concentrations in finance and international business from Rutgers University.

Areas of Specialization

- Expert Witness Testimony
- Rates and Regulation
- Return on Equity
- Valuation
- Utility Regulations
- Rate Case Planning, Management, and Support
- Utility Benchmarking

Recent Articles and Speeches

- "Decoupling, Risk Impacts, and the Cost of Capital." Co-authored with Richard A. Michelfelder, Ph.D., Rutgers University and Pauline M. Ahern. The Electricity Journal. March 2020
- "Decoupling Impact and Public Utility Conservation Investment." Co-authored with Richard A. Michelfelder, Ph.D., Rutgers University and Pauline M. Ahern. Energy Policy Journal. 130 (2019), 311-319
- "Establishing Alternative Proxy Groups." Presentation before the Society of Utility and Regulatory Financial Analysts: 51st Financial Forum. April 4, 2019. New Orleans, LA
- "Past Is Prologue: Future Test Year." Presentation before the National Association of Water Companies 2017 Southeast Water Infrastructure Summit. May 2, 2017. Savannah, GA
- "Comparative Evaluation of the Predictive Risk Premium Model™, the Discounted Cash Flow Model and the Capital Asset Pricing Model." Co-authored with Richard A. Michelfelder, Ph.D., Rutgers University, Pauline M. Ahern, and Frank J. Hanley. The Electricity Journal. May 2013
- "Decoupling: Impact on the Risk and Cost of Common Equity of Public Utility Stocks." Presentation before the Society of Utility and Regulatory Financial Analysts: 45th Financial Forum. April 17-18, 2013. Indianapolis, IN

Recent Assignments

- Provided expert testimony on the cost of capital for ratemaking purposes before numerous state utility regulatory agencies
- Maintains the benchmark index against which the Hennessy Gas Utility Mutual Fund performance is measured
- Sponsored valuation testimony for a large municipal water company in front of an American Arbitration Association Board to justify the reasonability of their lease payments to the city
- Co-authored a valuation report on behalf of a large investor-owned utility in response to a new state regulation which allowed the appraised value of acquired assets into rate base

Sponsor	Date	Case/Applicant	Docket No.	Subject
Regulatory Commission of Alaska				
Goat Lake Hydro, Inc.	12/24	Goat Lake Hydro, Inc.	Docket No. TA7-521	Rate of Return
Alaska Power Company	08/23	Alaska Power Company	Docket No. TA 909-2 / U-23-054	Capital Structure
ENSTAR Natural Gas Company	08/22	ENSTAR Natural Gas Company	Docket No. TA334-4	Rate of Return
Cook Inlet Natural Gas Storage Alaska, LLC	07/21	Cook Inlet Natural Gas Storage Alaska, LLC	Docket No. TA45-733	Capital Structure
Alaska Power Company	09/20	Alaska Power Company; Goat Lake Hydro, Inc.; BBL Hydro, Inc.	Tariff Nos. TA886-2; TA6-521; TA4-573	Capital Structure
Alaska Power Company	07/16	Alaska Power Company	Docket No. TA857-2	Rate of Return
Alberta Utilities Commission				
City of Red Deer	02/26	City of Red Deer Wastewater Utility	Proceeding ID 30345	Use of Cost of Capital Formula for Rate Setting
AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.	02/23	AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.	Proceeding ID. 27084	Determination of Cost-of-Capital Parameters
AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.	01/20	AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.	2021 Generic Cost of Capital, Proceeding ID. 24110	Rate of Return
Arizona Corporation Commission				
EPCOR Water Arizona, Inc.	06/26	EPCOR Water Arizona, Inc.	Docket No. WS-01303A-26-0110	Rate of Return
Arizona Water Company	03/26	Arizona Water Company – Western & Eastern Groups	Docket No. W-01445A -26-0044	Rate of Return
EPCOR Water Arizona, Inc.	09/25	EPCOR Water Arizona, Inc.	Docket No.WS-01303A-24-0130	Annual Formula Rate Adjustment Mechanism
EPCOR Water Arizona, Inc.	06/24	EPCOR Water Arizona, Inc.	Docket No. WS-01303A-24-0130	Rate of Return
Arizona Water Company	05/24	Arizona Water Company – Northern Group	Docket No. W-01445A-24-0117	Rate of Return
Foothills Water & Sewer, LLC	10/23	Foothills Water & Sewer, LLC	Docket No. WS-21182A-23-0292	Rate of Return and Fair Value Rate Base
Arizona Water Company	12/22	Arizona Water Company – Eastern Group	Docket No. W-01445A-22-0286	Rate of Return
EPCOR Water Arizona, Inc.	08/22	EPCOR Water Arizona, Inc.	Docket No. WS-01303A-22-0236	Rate of Return
EPCOR Water Arizona, Inc.	06/20	EPCOR Water Arizona, Inc.	Docket No. WS-01303A-20-0177	Rate of Return
Arizona Water Company	12/19	Arizona Water Company – Western Group	Docket No. W-01445A-19-0278	Rate of Return
Arizona Water Company	08/18	Arizona Water Company – Northern Group	Docket No. W-01445A-18-0164	Rate of Return
Arkansas Public Service Commission				
Summit Utilities Arkansas, Inc.	01/24	Summit Utilities Arkansas, Inc.	Docket No. 23-079-U	Rate of Return
Southwestern Electric Power Co.	07/21	Southwestern Electric Power Co.	Docket No. 21-070-U	Return on Equity
CenterPoint Energy Resources Corp.	05/21	CenterPoint Arkansas Gas	Docket No. 21-004-U	Return on Equity
California Public Utilities Commission				

Sponsor	Date	Case/Applicant	Docket No.	Subject
Bear Valley Electric Service, Inc.	01/26	Bear Valley Electric Service, Inc.	Docket No. A-26-01-022	Return on Equity
Union Pacific Railroad Co – dba Keene Water System	03/25	Union Pacific Railroad Co – dba Keene Water System	Docket No. A25-03-016	Rate of Return
Southwest Gas Corporation	07/24	Southwest Gas Corporation	Docket No. A24-09-001	Return on Equity
San Gabriel Valley Water Company	05/23	San Gabriel Valley Water Company	Docket No. A23-05-001	Return on Equity
City of Edmonton, Canada				
EPCOR Water Services, Inc.	05/24	EPCOR Water Services, Inc.	Performance Based Regulation Application	Cost of Capital
Colorado Public Utilities Commission				
Atmos Energy Corporation	08/22	Atmos Energy Corporation	Docket No. 22AL-0348G	Rate of Return
Summit Utilities, Inc.	04/18	Colorado Natural Gas Company	Docket No. 18AL-0305G	Rate of Return
Atmos Energy Corporation	06/17	Atmos Energy Corporation	Docket No. 17AL-0429G	Rate of Return
Connecticut Public Utilities Regulatory Authority				
Connecticut Water Company	05/26	Connecticut Water Company	Docket No. 26-03-15	Rate of Return
Commission of the Canada Energy Regulator				
Trans-Northern Pipelines Inc.	11/22	Trans-Northern Pipelines Inc.	Docket No. C-22197	Cost of Capital
Delaware Public Service Commission				
Delmarva Power & Light Co.	12/25	Delmarva Power & Light Co.	Docket No. 25-1555	Return on Equity
Artesian Water Company, Inc.	04/25	Artesian Water Company, Inc.	Docket No. 25-0436	Rate of Return
Delmarva Power & Light Co.	09/24	Delmarva Power & Light Co.	Docket No. 24-1044 (Gas)	Return on Equity
Tidewater Utilities, Inc.	08/24	Tidewater Utilities, Inc.	Docket No. 24-0991	Rate of Return
Delmarva Power & Light Co.	07/24	Delmarva Power & Light Co.	Docket No. 24-0868	Alternative Forms of Rate Regulation
Artesian Water Company, Inc.	04/23	Artesian Water Company, Inc.	Docket No. 23-0601	Rate of Return
Delmarva Power & Light Co.	12/22	Delmarva Power & Light Co.	Docket No. 22-0897 (Electric)	Return on Equity
Delmarva Power & Light Co.	01/22	Delmarva Power & Light Co.	Docket No. 22-002 (Gas)	Return on Equity
Delmarva Power & Light Co.	11/20	Delmarva Power & Light Co.	Docket No. 20-0149 (Electric)	Return on Equity
Delmarva Power & Light Co.	10/20	Delmarva Power & Light Co.	Docket No. 20-0150 (Gas)	Return on Equity
Tidewater Utilities, Inc.	11/13	Tidewater Utilities, Inc.	Docket No. 13-466	Capital Structure
Public Service Commission of the District of Columbia				
Washington Gas Light Company	08/24	Washington Gas Light Company	Formal Case No. 1180	Rate of Return
Washington Gas Light Company	04/22	Washington Gas Light Company	Formal Case No. 1169	Rate of Return
Washington Gas Light Company	09/20	Washington Gas Light Company	Formal Case No. 1162	Rate of Return
Federal Energy Regulatory Commission				
LS Power Grid California, LLC	10/20	LS Power Grid California, LLC	Docket No. ER21-195-000	Rate of Return
Florida Public Service Commission				
Peoples Gas System, Inc.	03/25	Peoples Gas System, Inc.	Docket No. 20250029-GU	Return on Equity
Tampa Electric Company	04/24	Tampa Electric Company	Docket No. 20240025-EI	Return on Equity
Peoples Gas System, Inc.	04/23	Peoples Gas System, Inc.	Docket No. 20230023-GU	Rate of Return
Tampa Electric Company	04/21	Tampa Electric Company	Docket No. 20210034-EI	Return on Equity
Peoples Gas System, Inc.	09/20	Peoples Gas System, Inc.	Docket No. 20200051-GU	Rate of Return
Utilities, Inc. of Florida	06/20	Utilities, Inc. of Florida	Docket No. 20200139-WS	Rate of Return
Hawaii Public Utilities Commission				
Kaupulehu Waste Water Company	02/25	Kaupulehu Waste Water Company	Docket No. 2023-0456	Rate of Return
Launiupoko Irrigation Company, Inc.	12/20	Launiupoko Irrigation Company, Inc.	Docket No. 2020-0217 / Transferred to 2020-0089	Capital Structure

Sponsor	Date	Case/Applicant	Docket No.	Subject
Lanai Water Company, Inc.	12/19	Lanai Water Company, Inc.	Docket No. 2019-0386	Cost of Service / Rate Design
Manele Water Resources, LLC	08/19	Manele Water Resources, LLC	Docket No. 2019-0311	Cost of Service / Rate Design
Kaupulehu Water Company	02/18	Kaupulehu Water Company	Docket No. 2016-0363	Rate of Return
Aqua Engineers, LLC	05/17	Puhi Sewer & Water Company	Docket No. 2017-0118	Cost of Service / Rate Design
Hawaii Resources, Inc.	09/16	Laie Water Company	Docket No. 2016-0229	Cost of Service / Rate Design
Illinois Commerce Commission				
Ameren Illinois Company d/b/a Ameren Illinois	01/25	Ameren Illinois Company d/b/a Ameren Illinois	Docket No. 25-0084 (Gas)	Return on Equity
Aqua Illinois, Inc.	01/24	Aqua Illinois, Inc.	Docket No. 24-0044	Rate of Return
Ameren Illinois Company d/b/a Ameren Illinois	01/23	Ameren Illinois Company d/b/a Ameren Illinois	Docket No. 23-0082 (Electric)	Return on Equity
Ameren Illinois Company d/b/a Ameren Illinois	01/23	Ameren Illinois Company d/b/a Ameren Illinois	Docket No. 23-0067 (Gas)	Return on Equity
Utility Services of Illinois, Inc.	02/21	Utility Services of Illinois, Inc.	Docket No. 21-0198	Rate of Return
Ameren Illinois Company d/b/a Ameren Illinois	07/20	Ameren Illinois Company d/b/a Ameren Illinois	Docket No. 20-0308	Return on Equity
Utility Services of Illinois, Inc.	11/17	Utility Services of Illinois, Inc.	Docket No. 17-1106	Cost of Service / Rate Design
Aqua Illinois, Inc.	04/17	Aqua Illinois, Inc.	Docket No. 17-0259	Rate of Return
Utility Services of Illinois, Inc.	04/15	Utility Services of Illinois, Inc.	Docket No. 14-0741	Rate of Return
Indiana Utility Regulatory Commission				
Aqua Indiana, Inc.	03/16	Aqua Indiana, Inc. Aboite Wastewater Division	Docket No. 44752	Rate of Return
Twin Lakes, Utilities, Inc.	08/13	Twin Lakes, Utilities, Inc.	Docket No. 44388	Rate of Return
Kansas Corporation Commission				
Atmos Energy Corporation	07/25	Atmos Energy Corporation	26-ATMG-026-RTS	Rate of Return
Atmos Energy Corporation	07/19	Atmos Energy Corporation	19-ATMG-525-RTS	Rate of Return
Kentucky Public Service Commission				
PPL Corporation	05/25	Kentucky Utilities Company / Louisville Gas & Electric Company	2025-00113 / 00114	Rate of Return
Atmos Energy Corporation	09/24	Atmos Energy Corporation	2024-00276	Rate of Return
Bluegrass Water Utility Operating Company	02/23	Bluegrass Water Utility Operating Company	2022-00432	Return on Equity
Atmos Energy Corporation	07/22	Atmos Energy Corporation	2022-00222	PRP Rider Rate
Water Service Corporation of KY	06/22	Water Service Corporation of KY	2022-00147	Rate of Return
Atmos Energy Corporation	07/21	Atmos Energy Corporation	2021-00304	PRP Rider Rate
Atmos Energy Corporation	06/21	Atmos Energy Corporation	2021-00214	Rate of Return
Duke Energy Kentucky, Inc.	06/21	Duke Energy Kentucky, Inc.	2021-00190	Return on Equity
Bluegrass Water Utility Operating Company	10/20	Bluegrass Water Utility Operating Company	2020-00290	Return on Equity
Louisiana Public Service Commission				
Utilities, Inc. of Louisiana	05/21	Utilities, Inc. of Louisiana	Docket No. U-36003	Rate of Return
Southwestern Electric Power Company	12/20	Southwestern Electric Power Company	Docket No. U-35441	Return on Equity
Atmos Energy Corporation	04/20	Atmos Energy Corporation	Docket No. U-35535	Rate of Return

Sponsor	Date	Case/Applicant	Docket No.	Subject
Louisiana Water Service, Inc.	06/13	Louisiana Water Service, Inc.	Docket No. U-32848	Rate of Return
Maine Public Utilities Commission				
Northern Utilities, Inc. d/b/a Unitil	06/26	Northern Utilities, Inc. d/b/a Unitil	Docket No. 2026-00049	Return on Equity
Northern Utilities, Inc. d/b/a Unitil	05/23	Northern Utilities, Inc. d/b/a Unitil	Docket No. 2023-00051	Return on Equity
Summit Natural Gas of Maine, Inc.	03/22	Summit Natural Gas of Maine, Inc.	Docket No. 2022-00025	Rate of Return
The Maine Water Company	09/21	The Maine Water Company	Docket No. 2021-00053	Rate of Return
Maryland Public Service Commission				
Washington Gas Light Company	05/23	Washington Gas Light Company	Case No. 9704	Rate of Return
FirstEnergy Service Company	03/23	Potomac Edison Company	Case No. 9695	Rate of Return
Washington Gas Light Company	08/20	Washington Gas Light Company	Case No. 9651	Rate of Return
FirstEnergy Corporation	08/18	Potomac Edison Company	Case No. 9490	Rate of Return
Massachusetts Department of Public Utilities				
Unitil Corporation	09/23	Fitchburg Gas & Electric Co. (Elec.)	D.P.U. 23-80	Rate of Return
Unitil Corporation	09/23	Fitchburg Gas & Electric Co. (Gas)	D.P.U. 23-81	Rate of Return
Unitil Corporation	12/19	Fitchburg Gas & Electric Co. (Elec.)	D.P.U. 19-130	Rate of Return
Unitil Corporation	12/19	Fitchburg Gas & Electric Co. (Gas)	D.P.U. 19-131	Rate of Return
Liberty Utilities	07/15	Liberty Utilities d/b/a New England Natural Gas Company	D.P.U. 15-75	Rate of Return
Michigan Public Service Commission				
SEMCO Energy Gas Company	02/26	SEMCO Energy Gas Company	Case No. U-22002	Return on Equity
Minnesota Public Utilities Commission				
Northern States Power Company	11/01	Northern States Power Company	Docket No. G002/GR-21-678	Return on Equity
Northern States Power Company	10/21	Northern States Power Company	Docket No. E002/GR-21-630	Return on Equity
Northern States Power Company	11/20	Northern States Power Company	Docket No. E002/GR-20-723	Return on Equity
Mississippi Public Service Commission				
Atmos Energy Corporation	06/25	Atmos Energy Corporation	Docket No. 2025-UN-59	Rate of Return
Great River Utility Operating Co.	07/22	Great River Utility Operating Co.	Docket No. 2022-UN-86	Rate of Return
Atmos Energy Corporation	03/19	Atmos Energy Corporation	Docket No. 2015-UN-049	Capital Structure
Atmos Energy Corporation	07/18	Atmos Energy Corporation	Docket No. 2015-UN-049	Capital Structure
Missouri Public Service Commission				
Confluence Rivers Utility Operating Company, Inc.	01/23	Confluence Rivers Utility Operating Company, Inc.	Case No. WR-2023-0006/SR-2023-0007	Rate of Return
Spire Missouri, Inc.	12/20	Spire Missouri, Inc.	Case No. GR-2021-0108	Return on Equity
Indian Hills Utility Operating Company, Inc.	10/17	Indian Hills Utility Operating Company, Inc.	Case No. SR-2017-0259	Rate of Return
Raccoon Creek Utility Operating Company, Inc.	09/16	Raccoon Creek Utility Operating Company, Inc.	Case No. SR-2016-0202	Rate of Return
Public Utilities Commission of Nevada				
Southwest Gas Corporation	09/23	Southwest Gas Corporation	Docket No. 23-09012	Return on Equity
Southwest Gas Corporation	09/21	Southwest Gas Corporation	Docket No. 21-09001	Return on Equity
Southwest Gas Corporation	08/20	Southwest Gas Corporation	Docket No. 20-02023	Return on Equity
New Hampshire Public Utilities Commission				
Northern Utilities, Inc.	04/26	Northern Utilities, Inc.	Docket No. DG-26-008	Return on Equity
Unitil Energy Systems, Inc.	05/25	Unitil Corporation	Docket No. DE 25-025	Return on Equity
Aquarion Water Company of New Hampshire, Inc.	12/20	Aquarion Water Company of New Hampshire, Inc.	Docket No. DW 20-184	Rate of Return
New Jersey Board of Public Utilities				

Sponsor	Date	Case/Applicant	Docket No.	Subject
New Jersey Natural Gas Company	06/26	New Jersey Natural Gas Company	Docket No. GR26060278	Rate of Return
Aqua New Jersey, Inc.	01/26	Aqua New Jersey, Inc.	Docket No. WR26010017	Rate of Return
Veolia Water New Jersey, Inc.	12/25	Veolia Water New Jersey, Inc.	Docket No. WR25120633	Rate of Return
Middlesex Water Company	06/25	Middlesex Water Company	Docket No. WR25060372	Rate of Return
Atlantic City Electric Company	11/24	Atlantic City Electric Company	Docket No. ER24110854	Rate of Return
New Jersey Natural Gas Company	01/24	New Jersey Natural Gas Company	Docket No. GR24010071	Rate of Return
Middlesex Water Company	05/23	Middlesex Water Company	Docket No. WR23050292	Rate of Return
FirstEnergy Service Company	03/23	Jersey Central Power & Light Co.	Docket No. ER23030144	Rate of Return
Atlantic City Electric Company	02/23	Atlantic City Electric Company	Docket No. ER23020091	Return on Equity
Middlesex Water Company	05/21	Middlesex Water Company	Docket No. WR21050813	Rate of Return
Atlantic City Electric Company	12/20	Atlantic City Electric Company	Docket No. ER20120746	Return on Equity
FirstEnergy Service Company	02/20	Jersey Central Power & Light Co.	Docket No. ER20020146	Rate of Return
Aqua New Jersey, Inc.	12/18	Aqua New Jersey, Inc.	Docket No. WR18121351	Rate of Return
Middlesex Water Company	10/17	Middlesex Water Company	Docket No. WR17101049	Rate of Return
Middlesex Water Company	03/15	Middlesex Water Company	Docket No. WR15030391	Rate of Return
The Atlantic City Sewerage Company	10/14	The Atlantic City Sewerage Company	Docket No. WR14101263	Cost of Service / Rate Design
Middlesex Water Company	11/13	Middlesex Water Company	Docket No. WR1311059	Capital Structure
New Mexico Public Regulation Commission				
New Mexico Gas Company	09/23	New Mexico Gas Company	Case No. 23-00255-UT	Return on Equity
Southwestern Public Service Co.	11/22	Southwestern Public Service Co.	Case No. 22-00286-UT	Return on Equity
Southwestern Public Service Co.	01/21	Southwestern Public Service Co.	Case No. 20-00238-UT	Return on Equity
North Carolina Utilities Commission				
Carolina Water Service, Inc.	07/25	Carolina Water Service, Inc.	Docket No. W-354, SUB 450	Rate of Return
Aqua North Carolina Inc.	04/25	Aqua North Carolina Inc.	Docket No. W-218, Sub 629	Rate of Return
Pluris Hampstead, LLC	09/24	Pluris Hampstead, LLC	Docket No. W-1305, Sub 38	Rate of Return
Old North State Water Co., Inc.	06/24	Old North State Water Co., Inc.	Docket No. W-1300, Sub 100	Rate of Return
Carolina Water Service, Inc.	07/22	Carolina Water Service, Inc.	Docket No. W-354 Sub 400	Rate of Return
Aqua North Carolina, Inc.	06/22	Aqua North Carolina, Inc.	Docket No. W-218 Sub 573	Rate of Return
Carolina Water Service, Inc.	07/21	Carolina Water Service, Inc.	Docket No. W-354 Sub 384	Rate of Return
Piedmont Natural Gas Co., Inc.	03/21	Piedmont Natural Gas Co., Inc.	Docket No. G-9, Sub 781	Return on Equity
Duke Energy Carolinas, LLC	07/20	Duke Energy Carolinas, LLC	Docket No. E-7, Sub 1214	Return on Equity
Duke Energy Progress, LLC	07/20	Duke Energy Progress, LLC	Docket No. E-2, Sub 1219	Return on Equity
Aqua North Carolina, Inc.	12/19	Aqua North Carolina, Inc.	Docket No. W-218 Sub 526	Rate of Return
Carolina Water Service, Inc.	06/19	Carolina Water Service, Inc.	Docket No. W-354 Sub 364	Rate of Return
Carolina Water Service, Inc.	09/18	Carolina Water Service, Inc.	Docket No. W-354 Sub 360	Rate of Return
Aqua North Carolina, Inc.	07/18	Aqua North Carolina, Inc.	Docket No. W-218 Sub 497	Rate of Return
North Dakota Public Service Commission				
Northern States Power Company	09/21	Northern States Power Company	Case No. PU-21-381	Rate of Return
Northern States Power Company	11/20	Northern States Power Company	Case No. PU-20-441	Rate of Return
Public Utilities Commission of Ohio				
Aqua Ohio, Inc.	07/25	Aqua Ohio, Inc.	Case No. 25-0594-WW-AIR	Rate of Return
FirstEnergy	06/24	Ohio Edison Co., Cleveland Electric Illuminating Co., Toledo Edison Co.	Case No. 24-0468-EL-AIR	Rate of Return
Aqua Ohio, Inc.	11/22	Aqua Ohio, Inc.	Case No. 22-1094-WW-AIR	Rate of Return
Duke Energy Ohio, Inc.	10/21	Duke Energy Ohio, Inc.	Case No. 21-887-EL-AIR	Return on Equity
Aqua Ohio, Inc.	07/21	Aqua Ohio, Inc.	Case No. 21-0595-WW-AIR	Rate of Return

Sponsor	Date	Case/Applicant	Docket No.	Subject
Aqua Ohio, Inc.	05/16	Aqua Ohio, Inc.	Case No. 16-0907-WW-AIR	Rate of Return
Oklahoma Corporation Commission				
Summit Utilities Oklahoma, Inc.	6/25	Summit Utilities Oklahoma, Inc.	Docket No. PUD25-000028	Return on Equity
Pennsylvania Public Utility Commission				
UGI Utilities, Inc.	03/26	UGI Utilities, Inc. – Electric Division	Docket No. R-2025-3059430	Return on Equity
UGI Utilities, Inc.	01/26	UGI Utilities, Inc. – Gas Division	Docket No. R-2025-3059523	Return on Equity
The York Water Company	05/25	The York Water Company	Docket Nos. R-2025-3053442 & R-2025-3053573	Rate of Return
Valley Energy, Inc.	04/25	C&T Enterprises	Docket No. R-2025-3054393	Rate of Return
Wellsboro Electric Company	04/25	C&T Enterprises	Docket No. R-2025-3054392	Rate of Return
Citizens' Electric Company of Lewisburg	04/25	C&T Enterprises	Docket No. R-2025-3054394	Rate of Return
FirstEnergy	04/24	Pennsylvania Electric Company	Docket No. R-2024-3047068	Rate of Return
Columbia Water Company	05/23	Columbia Water Company	Docket No. R-2023-3040258	Rate of Return
Borough of Ambler	06/22	Borough of Ambler – Bureau of Water	Docket No. R-2022-3031704	Rate of Return
Citizens' Electric Company of Lewisburg	05/22	C&T Enterprises	Docket No. R-2022-3032369	Rate of Return
Valley Energy Company	05/22	C&T Enterprises	Docket No. R-2022-3032300	Rate of Return
Community Utilities of Pennsylvania, Inc.	04/21	Community Utilities of Pennsylvania, Inc.	Docket No. R-2021-3025207	Rate of Return
Vicinity Energy Philadelphia, Inc.	04/21	Vicinity Energy Philadelphia, Inc.	Docket No. R-2021-3024060	Rate of Return
Delaware County Regional Water Control Authority	02/20	Delaware County Regional Water Control Authority	Docket No. A-2019-3015173	Valuation
Valley Energy, Inc.	07/19	C&T Enterprises	Docket No. R-2019-3008209	Rate of Return
Wellsboro Electric Company	07/19	C&T Enterprises	Docket No. R-2019-3008208	Rate of Return
Citizens' Electric Company of Lewisburg	07/19	C&T Enterprises	Docket No. R-2019-3008212	Rate of Return
Steelton Borough Authority	01/19	Steelton Borough Authority	Docket No. A-2019-3006880	Valuation
Mahoning Township, PA	08/18	Mahoning Township, PA	Docket No. A-2018-3003519	Valuation
SUEZ Water Pennsylvania Inc.	04/18	SUEZ Water Pennsylvania Inc.	Docket No. R-2018-000834	Rate of Return
Columbia Water Company	09/17	Columbia Water Company	Docket No. R-2017-2598203	Rate of Return
Veolia Energy Philadelphia, Inc.	06/17	Veolia Energy Philadelphia, Inc.	Docket No. R-2017-2593142	Rate of Return
Emporium Water Company	07/14	Emporium Water Company	Docket No. R-2014-2402324	Rate of Return
Columbia Water Company	07/13	Columbia Water Company	Docket No. R-2013-2360798	Rate of Return
Penn Estates Utilities, Inc.	12/11	Penn Estates, Utilities, Inc.	Docket No. R-2011-2255159	Capital Structure / Long-Term Debt Cost Rate
South Carolina Public Service Commission				
Blue Granite Water Co.	12/19	Blue Granite Water Company	Docket No. 2019-292-WS	Rate of Return
Carolina Water Service, Inc.	02/18	Carolina Water Service, Inc.	Docket No. 2017-292-WS	Rate of Return
Carolina Water Service, Inc.	06/15	Carolina Water Service, Inc.	Docket No. 2015-199-WS	Rate of Return
Carolina Water Service, Inc.	11/13	Carolina Water Service, Inc.	Docket No. 2013-275-WS	Rate of Return
United Utility Companies, Inc.	09/13	United Utility Companies, Inc.	Docket No. 2013-199-WS	Rate of Return
Utility Services of South Carolina, Inc.	09/13	Utility Services of South Carolina, Inc.	Docket No. 2013-201-WS	Rate of Return
Tega Cay Water Services, Inc.	11/12	Tega Cay Water Services, Inc.	Docket No. 2012-177-WS	Capital Structure
South Dakota Public Service Commission				

Sponsor	Date	Case/Applicant	Docket No.	Subject
Northern States Power Company	06/22	Northern States Power Company	Docket No. EL22-017	Rate of Return
Tennessee Public Utility Commission				
CSWR – Limestone Water Utility Operating Company	07/24	CSWR – Limestone Water Utility Operating Company	Docket No. 24-00044	Capital Structure, Cost of Debt, Return on Equity
Piedmont Natural Gas Company	07/20	Piedmont Natural Gas Company	Docket No. 20-00086	Return on Equity
Public Utility Commission of Texas				
Lone Star Transmission, LLC	02/26	Lone Star Transmission, LLC	Docket No. 59245	Rate of Return
Oncor Electric Delivery Co. LLC	06/25	Oncor Electric Delivery Co. LLC	Docket No. 58306	Return on Equity
Aqua Texas, Inc.	06/25	Aqua Texas, Inc.	Docket No. 58124	Rate of Return
CSWR TX Utility Operating Co, LLC	12/24	CSWR TX Utility Operating Co, LLC	Docket No. 57386	Rate of Return
BVRT Utility Holding Co., LLC	07/24	Texas Water Utilities, LP	Docket No. 56664	Rate of Return
Texas Water Utilities, LP	06/24	Texas Water Utilities, LP	Docket No. 56665	Rate of Return
Southwestern Public Service Co.	02/23	Southwestern Public Service Co.	Docket No. 54634	Return on Equity
CSWR – Texas Utility Operating Company, LLC	02/23	CSWR – Texas Utility Operating Company, LLC	Docket No. 54565	Rate of Return
Oncor Electric Delivery Co. LLC	05/22	Oncor Electric Delivery Co. LLC	Docket No. 53601	Return on Equity
Southwestern Public Service Co.	02/21	Southwestern Public Service Co.	Docket No. 51802	Return on Equity
Southwestern Electric Power Co.	10/20	Southwestern Electric Power Co.	Docket No. 51415	Rate of Return
Texas Railroad Commission				
SiEnergy Gas, LLC	05/26	SiEnergy Gas LLC, Pines Gas Development, Inc. & Pines Gas, Inc.	Case No. 00031317	Rate of Return
Atmos Energy Corporation – Mid-Texas Division	11/24	Atmos Energy Corporation – Mid-Texas Division	Docket No. OS-24-00019196	Return on Equity
Atmos Energy Corporation – West Texas Division	10/24	Atmos Energy Corporation – West Texas Division	Docket No. OS-24-00018879	Return on Equity
Atmos Pipeline – Texas, a Division of Atmos Energy Corporation	05/23	Atmos Pipeline – Texas, a Division of Atmos Energy Corporation	Docket No. OS-23-00013758	Return on Equity
Virginia State Corporation Commission				
Kentucky Utilities Company d/b/a Old Dominion Power Company	04/26	Kentucky Utilities Company d/b/a Old Dominion Power Company	PUR-2026-00051	Return on Equity
Washington Gas Light Company	07/25	Washington Gas Light Company	PUR-2025-00091	Return on Equity
Aqua Virginia, Inc.	07/25	Aqua Virginia, Inc.	PUR-2025-00071	Rate of Return
Aqua Virginia, Inc.	07/23	Aqua Virginia, Inc.	PUR-2023-00073	Rate of Return
Washington Gas Light Company	06/22	Washington Gas Light Company	PUR-2022-00054	Return on Equity
Virginia Natural Gas, Inc.	04/21	Virginia Natural Gas, Inc.	PUR-2020-00095	Return on Equity
Massanutten Public Service Corp.	12/20	Massanutten Public Service Corp.	PUE-2020-00039	Return on Equity
Aqua Virginia, Inc.	07/20	Aqua Virginia, Inc.	PUR-2020-00106	Rate of Return
WGL Holdings, Inc.	07/18	Washington Gas Light Company	PUR-2018-00080	Rate of Return
Atmos Energy Corporation	05/18	Atmos Energy Corporation	PUR-2018-00014	Rate of Return
Aqua Virginia, Inc.	07/17	Aqua Virginia, Inc.	PUR-2017-00082	Rate of Return
Massanutten Public Service Corp.	08/14	Massanutten Public Service Corp.	PUE-2014-00035	Rate of Return / Rate Design
Public Service Commission of West Virginia				
FirstEnergy Service Company	05/23	Monongahela Power Company and The Potomac Edison Company	Case No. 23-0460-E-42T	Return on Equity
FirstEnergy Service Company	12/21	Monongahela Power Company and The Potomac Edison Company	Case No. 21-0857-E-CN (ELG)	Return on Equity

Sponsor	Date	Case/Applicant	Docket No.	Subject
FirstEnergy Service Company	11/21	Monongahela Power Company and The Potomac Edison Company	Case No. 21-0813-E-P (Solar)	Return on Equity

Tidewater Utilities, Inc.
Table of Contents to Exhibit No. T-6 of the
Direct Testimony of Dylan W. D'Ascendis

	Schedule
Recommended Capital Structure and Cost of of Capital Rates	DWD-1
Capitalization and Capital Structure Ratios	DWD-2
Composite Cost Rate of Long-Term Debt	DWD-3
Financial Profile of the Utility Proxy Group	DWD-4
Application of the Discounted Cash Flow Model (DCF) to the Utility Proxy Group	DWD-5
Application of the Risk Premium Model (RPM) to the Utility Proxy Group	DWD-6
Market Indices Correlation	DWD-7
Application of the Capital Asset Pricing Model (CAPM) to the Utility Proxy Group	DWD-8
Basis of Selection for the Non-Price Regulated Companies Comparable in Total Risk to the Utility Proxy Group	DWD-9
Cost of Common Equity Models Applied to the Comparable Risk Non-Price Regulated Companies	DWD-10
Estimated Market Capitalization for Tidewater Utilities, Inc. and the Utility Proxy Group	DWD-11
Derivation of Flotation Cost Adjustment	DWD-12

Tidewater Utilities, Inc.
Recommended Capital Structure and Cost Rates
for Ratemaking Purposes

Type Of Capital	Ratios (1)	Cost Rate		Weighted Cost Rate
Long-Term Debt	46.04%	4.55%	(2)	2.09%
Common Equity	53.96%	10.60%	(3)	5.72%
Total	100.00%			7.81%

Notes:
(1) From page 1 of Schedule DWD-2.
(2) From page 1 of Schedule DWD-3.
(3) From page 2 of this Schedule.

Tidewater Utilities, Inc.
Brief Summary of Common Equity Cost Rate

Line No.	Principal Methods	Proxy Group of Six Water Companies
1.	Discounted Cash Flow Model (DCF) (1)	10.79%
2.	Risk Premium Model (RPM) (2)	10.51% - 11.31%
3.	Capital Asset Pricing Model (CAPM) (3)	9.81% - 11.46%
4.	Market Models Applied to Comparable Risk, Non-Price Regulated Companies (4)	11.39% - 12.11%
5.	Indicated Common Equity Cost Rate before Adjustment for Unique Risk	9.81% - 11.02%
6.	Size Adjustment (5)	0.20%
7.	Flotation Cost Adjustment (6)	0.04%
8.	Indicated Common Equity Cost Rate after Adjustment	10.05% - 11.26%
9.	Recommended Common Equity Cost Rate	10.60%

Notes:
(1) From page 1 of Schedule DWD-5.
(2) From page 1 of Schedule DWD-6.
(3) From pages 1 and 2 of Schedule DWD-8.
(4) From page 1 of Schedule DWD-10.
(5) Business risk adjustment to reflect the Company's unique risk compared to the Utility Proxy Group as detailed in Mr. D'Ascendis' Direct Testimony.
(6) From page 1 of Schedule DWD-12.

Tidewater Utilities, Inc.
Capitalization and Capital Structure Ratios
for Tidewater Utilities, Inc.
Based Upon Investor-Provided Capital
at September 30, 2026 and Estimated at June 30, 2027

Capitalization	September 30, 2026 (Actual) Amount Outstanding (1)	Ratios	June 30, 2027 (Estimated) Amount Outstanding (1)	Ratios
Long-Term Debt				
6.44% CoBank Secured Note	$ 1,096,668		$ 886,668	
6.46% CoBank Secured Note	1,376,667		1,166,668	
6.59% CoBank Secured Note	901,068		639,468	
7.05% CoBank Secured Note	833,334		645,834	
5.69% CoBank Secured Note	1,709,400		1,324,785	
4.446% CoBank Secured Note	5,976,668		5,646,668	
4.47% CoBank Secured Note	2,217,686		2,095,237	
3.94% CoBank Secured Note	20,000,000		20,000,000	
5.71% CoBank Secured Note	20,000,000		20,000,000	
6.72% CoBank Secured Note	25,000,000		25,000,000	
6.25% CoBank Secured Note	700,000		385,000	
3.49% State Revolving Trust Note	26,167		-	
4.03% State Revolving Trust Note	36,205		-	
3.64% State Revolving Trust Note ($940K)	56,468		42,731	
3.64% State Revolving Trust Note ($140K)	14,599		9,820	
3.45% State Revolving Trust Note	397,446		360,690	
3.75% State Revolving Trust Note	891,849		809,933	
2.00% State Revolving Trust Note ($1.2M Camelot)	623,380		593,425	
2.00% State Revolving Trust Note ($1.7M Holiday Pines)	1,128,781		1,048,444	
2.00% State Revolving Trust Note ($5.1M S. Rehoboth)	4,862,646		4,745,154	
2.00% State Revolving Trust Note ($1.88M Dairy Farm Road)	1,465,016		1,394,333	
2.00% State Revolving Trust Note ($5.0M Angola Meadows)	4,582,876		4,369,036	
2.00% State Revolving Trust Note ($3.3M DelDot Love Creek)	2,396,885		2,288,506	
2.00% State Revolving Trust Note ($9.9M Bethany Bay)	-		9,900,000	
2.00% State Revolving Trust Note (DelDOT Lochmeath)	42,600		48,875	
2.00% State Revolving Trust Note (Minos Conway)	28,441		28,441	
2.00% State Revolving Trust Note (Kendale Road)	2,062,034		1,973,874	
0.00% State Revolving Trust Note (Lead Service Lines)	1,835,949		1,989,891	
Total Long-Term Debt	$ 100,262,833	45.71 %	$ 107,393,478	46.04 %
Common Equity	119,061,334	54.29	125,890,265	53.96
Total Permanent Capital	$ 219,324,167	100.00 %	$ 233,283,744	100.00 %

Notes: (1) Company-provided.

Exhibit T-6
Schedule DWD-2
Page 1 of 1

Tidewater Utilities, Inc.
Calculation of the Composite Cost Rate of Outstanding Long-Term Debt

Actual at September 30, 2026

Series	Amount Outstanding (1)	Effective Cost Rate (2)	Annualized Cost	Composite Interest Rate
6.44% CoBank Secured Note	$ 1,096,668	6.57	$ 72,091	
6.46% CoBank Secured Note	1,376,667	6.62	91,092	
6.59% CoBank Secured Note	901,068	6.68	60,233	
7.05% CoBank Secured Note	833,334	7.18	59,838	
5.69% CoBank Secured Note	1,709,400	5.75	98,334	
4.446% CoBank Secured Note	5,976,668	4.50	268,765	
4.47% CoBank Secured Note	2,217,686	4.52	100,239	
3.94% CoBank Secured Note	20,000,000	3.95	790,000	
5.71% CoBank Secured Note	20,000,000	5.72	1,144,000	
6.72% CoBank Secured Note	25,000,000	6.76	1,690,000	
6.25% CoBank Secured Note	700,000	6.43	45,010	
3.49% State Revolving Trust Note	26,167	3.94	1,032	
4.03% State Revolving Trust Note	36,205	4.32	1,563	
3.64% State Revolving Trust Note ($940K)	56,468	4.19	2,365	
3.64% State Revolving Trust Note ($140K)	14,599	4.64	677	
3.45% State Revolving Trust Note	397,446	3.48	13,818	
3.75% State Revolving Trust Note	891,849	3.83	34,167	
2.00% State Revolving Trust Note ($1.2M Camelot)	623,380	2.13	13,305	
2.00% State Revolving Trust Note ($1.7M Holiday Pines)	1,128,781	2.16	24,370	
2.00% State Revolving Trust Note ($5.1M S. Rehoboth)	4,862,646	2.03	98,694	
2.00% State Revolving Trust Note ($1.88M Dairy Farm Road)	1,465,016	2.09	30,638	
2.00% State Revolving Trust Note ($5.0M Angola Meadows)	4,582,876	2.02	92,738	
2.00% State Revolving Trust Note ($3.3M DelDot Love Creek)	2,396,885	2.04	48,860	
2.00% State Revolving Trust Note ($9.9M Bethany Bay)	-	2.03	-	
2.00% State Revolving Trust Note (DelDOT Lochmeath)	42,600	2.01	858	
2.00% State Revolving Trust Note (Minos Conway)	28,441	2.11	599	
2.00% State Revolving Trust Note (Kendale Road)	2,062,034	2.10	43,220	
0.00% State Revolving Trust Note (Lead Service Lines)	1,835,949	0.12	2,172	
Total Long-Term Debt	$ 100,262,833		$ 4,828,678	4.82 %

Estimated at June 30, 2027

Series	Amount Outstanding (1)	Effective Cost Rate (2)	Annualized Cost	Composite Interest Rate
6.44% CoBank Secured Note	$ 886,668	6.57 %	$ 58,286	
6.46% CoBank Secured Note	1,166,668	6.62	77,197	
6.59% CoBank Secured Note	639,468	6.68	42,746	
7.05% CoBank Secured Note	645,834	7.18	46,374	
5.69% CoBank Secured Note	1,324,785	5.75	76,209	
4.446% CoBank Secured Note	5,646,668	4.50	253,925	
4.47% CoBank Secured Note	2,095,237	4.52	94,704	
3.94% CoBank Secured Note	20,000,000	3.95	790,000	
5.71% CoBank Secured Note	20,000,000	5.72	1,144,000	
6.72% CoBank Secured Note	25,000,000	6.76	1,690,000	
6.25% CoBank Secured Note	385,000	6.43	24,755	
3.49% State Revolving Trust Note	-	3.94	-	
4.03% State Revolving Trust Note	-	4.32	-	
3.64% State Revolving Trust Note ($940K)	42,731	4.19	1,789	
3.64% State Revolving Trust Note ($140K)	9,820	4.64	455	
3.45% State Revolving Trust Note	360,690	3.48	12,540	
3.75% State Revolving Trust Note	809,933	3.83	31,028	
2.00% State Revolving Trust Note ($1.2M Camelot)	593,425	2.13	12,666	
2.00% State Revolving Trust Note ($1.7M Holiday Pines)	1,048,444	2.16	22,636	
2.00% State Revolving Trust Note ($5.1M S. Rehoboth)	4,745,154	2.03	96,309	
2.00% State Revolving Trust Note ($1.88M Dairy Farm Road)	1,394,333	2.09	29,159	
2.00% State Revolving Trust Note ($5.0M Angola Meadows)	4,369,036	2.02	88,410	
2.00% State Revolving Trust Note ($3.3M DelDot Love Creek)	2,288,506	2.04	46,651	
2.00% State Revolving Trust Note ($9.9M Bethany Bay)	9,900,000	2.03	200,638	
2.00% State Revolving Trust Note (DelDOT Lochmeath)	48,875	2.01	984	
2.00% State Revolving Trust Note (Minos Conway)	28,441	2.11	599	
2.00% State Revolving Trust Note (Kendale Road)	1,973,874	2.10	41,372	
0.00% State Revolving Trust Note (Lead Service Lines)	1,989,891	0.12	2,354	
Total Long-Term Debt	$ 107,393,478		$ 4,885,786	4.55 %

(1) Company-provided.
(2) As developed on page 2 of this Schedule.

Source of Information: Company-Provided.

Tidewater Utilities, Inc.
Calculation of the Effective Cost Rate of Long-Term Debt by Series for
Tidewater Utilities, Inc.

Series	Nominal Date of Issue	Date of Maturity	Average Term in Years	Principal Amount Issued	Issuance Expenses	Net Proceeds	Net Proceeds Ratio	Effective Cost Rate to Maturity (1)
6.44% CoBank Secured Note	8/31/2005	8/25/2030	- -	$ 7,000,000	$ 59,829	$ 6,940,171	99.15 %	6.57 %
6.46% CoBank Secured Note	9/30/2005	9/19/2031	- -	7,000,000	59,829	6,940,171	99.15	6.62
6.59% CoBank Secured Note	3/19/2009	4/20/2029	- -	6,976,000	44,685	6,931,315	99.36	6.68
7.05% CoBank Secured Note	6/1/2009	1/20/2030	- -	5,000,000	44,685	4,955,315	99.11	7.18
5.69% CoBank Secured Note	3/8/2010	1/20/2030	- -	10,000,000	44,685	9,955,315	99.55	5.75
4.446% CoBank Secured Note	5/1/2015	4/20/2040	- -	11,000,000	49,534	10,950,466	99.55	4.50
4.47% CoBank Secured Note	5/1/2015	4/20/2040	- -	4,000,000	18,012	3,981,988	99.55	4.52
3.94% CoBank Secured Note	9/30/2021	9/29/2046	25.0	20,000,000	20,478	19,979,522	99.90	3.95 (2)
5.71% CoBank Secured Note	5/5/2023	3/20/2033	10.0	20,000,000	16,098	19,983,902	99.92	5.72 (2)
6.72% CoBank Secured Note	6/5/2026	6/5/2048	22.0	25,000,000	99,788	24,900,213	99.60	6.76 (2)
6.25% CoBank Secured Note	5/22/2003	5/19/2028	- -	10,500,000	141,333	10,358,667	98.65	6.43
3.49% State Revolving Trust Note	11/9/2005	1/25/2027	- -	678,429	29,235	649,194	95.69	3.94
4.03% State Revolving Trust Note	10/17/2006	12/1/2026	- -	974,103	21,384	952,719	97.80	4.32
3.64% State Revolving Trust Note ($940K)	3/24/2008	1/1/2028	- -	395,036	11,862	383,174	97.00	4.19
3.64% State Revolving Trust Note ($140K)	6/2/2008	7/1/2028	- -	140,000	11,862	128,138	91.53	4.64
3.45% State Revolving Trust Note	12/29/2010	8/1/2031	- -	1,114,800	2,408	1,112,392	99.78	3.48
3.75% State Revolving Trust Note	6/2/2011	7/1/2031	- -	2,711,500	6,489	2,705,011	99.76	3.83
2.00% State Revolving Trust Note ($1.2M Camelot)	2/11/2016	2/1/2036	- -	1,114,581	14,589	1,099,992	98.69	2.13
2.00% State Revolving Trust Note ($1.7M Holiday Pines)	5/11/2018	11/1/2038	- -	1,578,667	38,982	1,539,685	97.53	2.16
2.00% State Revolving Trust Note ($5.1M S. Rehoboth)	12/16/2021	1/1/2044	- -	5,116,386	13,271	5,103,115	99.74	2.03
2.00% State Revolving Trust Note ($1.88M Dairy Farm Road)	4/5/2023	10/1/2043	- -	1,602,321	13,489	1,588,832	99.16	2.09
2.00% State Revolving Trust Note ($5.0M Angola Meadows)	4/5/2023	4/1/2044	- -	4,998,000	11,166	4,986,834	99.78	2.02
2.00% State Revolving Trust Note ($3.3M DelDot Love Creek)	3/1/2025	10/1/2044	- -	2,452,294	10,542	2,441,751	99.57	2.04
2.00% State Revolving Trust Note ($9.9M Bethany Bay)	9/1/2027	3/1/2047	- -	9,900,000	25,000	9,875,000	99.75	2.03
2.00% State Revolving Trust Note (DelDOT Lochmeath)	9/1/2027	3/1/2047	- -	48,875	489	48,386	99.00	2.01
2.00% State Revolving Trust Note (Minos Conway)	9/1/2027	3/1/2047	- -	28,441	284	28,157	99.00	2.11
2.00% State Revolving Trust Note (Kendale Road)	9/1/2027	3/1/2047	- -	2,117,223	30,714	2,086,509	98.55	2.10
0.00% State Revolving Trust Note (Lead Service Lines)	9/1/2027	3/1/2047	- -	1,989,891	25,000	1,964,891	98.74	0.12

Notes: (1) Determined by taking into account the effect of interest payments as well as principal repayments.
(2) The effective cost rate for each issue is the cost rate to maturity using as inputs the average term of issue, coupon rate, and net proceeds ratio.

Source of Information: Company-provided data

Proxy Group of Six Water Companies
Capitalization and Financial Statistics (1)
2021 - 2025, Inclusive

	2025	2024	2023	2022	2021	5 YEAR AVERAGE
			(Millions of Dollars)			
Capitalization Statistics						
Amount of Capital Employed						
Total Permanent Capital	$1,666.409	$1,477.976	$1,331.806	$1,225.309	$1,171.087	
Short-Term Debt	$66.014	$106.021	$121.292	$93.763	$47.583	
Total Capital Employed	$1,732.423	$1,583.997	$1,453.098	$1,319.072	$1,218.670	
Indicated Average Capital Cost Rates (2)						
Total Debt	4.41 %	4.61 %	4.33 %	3.62 %	3.71 %	
Preferred Stock	5.66 %	6.67 %	5.76 %	5.76 %	5.76 %	
Capital Structure Ratios						
Based on Total Permanent Capital:						
Long-Term Debt	49.54 %	50.36 %	50.11 %	49.17 %	52.84 %	50.40 %
Preferred Stock	0.03	0.03	0.04	0.05	0.05	0.04
Common Equity	50.43	49.61	49.85	50.78	47.11	49.56
Total	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Based on Total Capital:						
Total Debt, Including Short-Term Debt	51.22 %	53.09 %	53.53 %	52.51 %	54.73 %	53.02 %
Preferred Stock	0.03	0.03	0.04	0.04	0.05	0.03
Common Equity	48.75	46.88	46.43	47.45	45.22	46.95
Total	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Financial Statistics						
Financial Ratios - Market Based						
Earnings / Price Ratio	4.03 %	4.29 %	3.07 %	2.70 %	2.50 %	3.32 %
Market / Average Book Ratio	237.82	296.84	347.74	431.91	523.75	367.61
Dividend Yield	2.78	2.43	2.02	1.80	1.60	2.12
Dividend Payout Ratio	96.28	64.07	71.52	69.36	77.02	75.65
Rate of Return on Average Book Common Equity	8.28 %	10.82 %	10.63 %	10.41 %	10.55 %	10.14 %
Total Debt / EBITDA (3)	4.94 x	4.48 x	4.95 x	4.88 x	4.97 x	4.85 x
Funds from Operations / Total Debt (4)	16.36 %	15.49 %	12.52 %	15.85 %	13.46 %	14.74 %
Total Debt / Total Capital	51.22 %	53.09 %	53.53 %	52.51 %	54.73 %	53.02 %

Notes:

(1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group, and are based upon financial statements as originally reported in each year.

(2) Computed by relating actual total debt interest or preferred stock dividends booked to average of beginning and ending total debt or preferred stock reported to be outstanding.

(3) Total debt relative to EBITDA (Earnings before Interest, Income Taxes, Depreciation and Amortization).

(4) Funds from operations (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFUDC) plus interest charges as a percentage of total debt.

Source of Information: Company Annual Forms 10-K

Capital Structure Based upon Total Permanent Capital for the
Proxy Group of Six Water Companies
2021 - 2025, Inclusive

	2025	2024	2023	2022	2021	5 YEAR AVERAGE
American States Water Company						
Long-Term Debt	43.07 %	41.05 %	42.60 %	38.65 %	37.56 %	40.59 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	56.93	58.95	57.40	61.35	62.44	59.41
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
California Water Service Group						
Long-Term Debt	46.56 %	41.81 %	42.41 %	44.39 %	47.28 %	44.49 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	53.44	58.19	57.59	55.61	52.72	55.51
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Global Water Resources, Inc.						
Long-Term Debt	60.69 %	72.01 %	68.40 %	71.02 %	78.99 %	70.22 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	39.31	27.99	31.60	28.98	21.01	29.78
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
H2O America, Inc.						
Long-Term Debt	55.09 %	55.58 %	56.09 %	57.39 %	59.69 %	56.77 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	44.91	44.42	43.91	42.61	40.31	43.23
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Middlesex Water Company						
Long-Term Debt	43.84 %	44.65 %	46.26 %	43.34 %	45.85 %	44.79 %
Preferred Stock	0.15	0.20	0.26	0.29	0.31	0.24
Common Equity	56.01	55.15	53.48	56.37	53.84	54.97
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
The York Water Company						
Long-Term Debt	48.00 %	47.07 %	44.87 %	40.23 %	47.64 %	45.56 %
Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00
Common Equity	52.00	52.93	55.13	59.77	52.36	54.44
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Proxy Group of Six Water Companies						
Long-Term Debt	49.54 %	50.36 %	50.11 %	49.17 %	52.84 %	50.40 %
Preferred Stock	0.03	0.03	0.04	0.05	0.05	0.04
Common Equity	50.43	49.61	49.85	50.78	47.11	49.56
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

Source of Information
Annual Forms 10-K

Tidewater Utilities, Inc.
Indicated Common Equity Cost Rate Using the Discounted Cash Flow Model for the
Proxy Group of Six Water Companies

Proxy Group of Six Water Companies	[1] Average Dividend Yield (1)	[2] Value Line Projected Five Year Growth in EPS (2)	[3] Zack's Five Year Projected Growth Rate in EPS	[4] S&P Capital IQ Projected Five Year Growth in EPS	[5] Average Projected Five Year Growth in EPS (3)	[6] Adjusted Dividend Yield (4)	[7] Indicated Common Equity Cost Rate (5)
American States Water Company	2.58 %	7.00 %	7.20 %	7.19 %	7.13 %	2.67 %	9.80 %
California Water Service Group	2.73	9.50	11.00	10.99	10.50	2.87	13.37
Global Water Resources, Inc.	4.02	NA	NA	15.60	15.60	4.33	NMF (6)
H2O America, Inc.	2.86	5.00	3.10	7.60	5.23	2.93	8.16
Middlesex Water Company	2.56	8.00	NA	7.40	7.70	2.66	10.36
The York Water Company	2.90	NA	NA	11.30	11.30	3.06	14.36
						Average	11.21 %
						Median	10.36 %
					Average of Mean and Median		10.79 %

NA= Not Available
NMF=Not Meaningful Figure

Notes:

(1) Indicated dividend at 8/31/2026 divided by the average closing price of the last 60 trading days ending 8/31/2026 for each company.
(2) From pages 2 through 7 of this Schedule.
(3) Average of columns 2 through 4 excluding negative growth rates.
(4) This reflects a growth rate component equal to one-half the conclusion of growth rate (from column 5) x column 1 to reflect the periodic payment of dividends (Gordon Model) as opposed to the continuous payment. Thus, for American States Water Company, 2.58% x (1+(1/2 x 7.13%)) = 2.67%.
(5) Column 5 + Column 6.
(6) Results were excluded from the final average and median as they were more than two standard deviations from the proxy group's mean.

Source of Information:
Value Line Investment Survey
www.zacks.com Downloaded on 8/31/2026
S&P Capital IQ

AMER. STATES WATER NYSE-AWR

RECENT PRICE **77.66** | P/E RATIO **21.0** (Trailing: 22.6 Median: 30.0) | RELATIVE P/E RATIO **1.17** | DIV'D YLD **2.8%** | **VALUE LINE**

TIMELINESS 3 Lowered 5/22/26
SAFETY 1 Raised 4/5/24
TECHNICAL 2 Raised 6/26/26
BETA .70 (1.00 = Market)

18-Month Target Price Range
Low-High **Midpoint (% to Mid)**
$66-$101 $84 (10%)

2029-31 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	135	(+75%)	*17%*
Low	110	(+40%)	*11%*

Institutional Decisions

	3Q2025	4Q2025	1Q2026
to Buy	177	127	187
to Sell	148	119	146
Hld's(000)	31289	31564	36897

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
High:	44.1	47.2	58.4	69.6	96.0	96.6	103.8	103.4	99.2	87.5	82.9	81.2						
Low:	35.8	37.3	41.1	50.1	63.3	65.1	70.1	71.2	75.2	66.0	69.4	69.5						

LEGENDS
18.0 x "Cash Flow" p sh
Relative Price Strength
2-for-1 split 9/13
Options: Yes
Shaded area indicates recession

Target Price Range 2029 2030 2031

% TOT. RETURN 6/22/26

	THIS STOCK	VL ARITH.* INDEX
1 yr.	2.6	24.7
3 yr.	-4.4	61.3
5 yr.	5.8	44.7

© VALUE LINE PUB. LLC	29-31
Revenues per sh	*21.00*
"Cash Flow" per sh	*6.25*
Earnings per sh A	*4.55*
Div'd Decl'd per sh B■	*2.85*
Cap'l Spending per sh	*6.50*
Book Value per sh D	*33.75*
Common Shs Outst'g C	*40.00*
Avg Ann'l P/E Ratio	*26.5*
Relative P/E Ratio	*1.45*
Avg Ann'l Div'd Yield	*2.4%*
Revenues ($mill)	*840*
Net Profit ($mill)	*180.0*
Income Tax Rate	*24.0%*
AFUDC % to Net Profit	*Nil*
Long-Term Debt Ratio	*37.0%*
Common Equity Ratio	*63.0%*
Total Capital ($mill)	*2135*
Net Plant ($mill)	*3100*
Return on Total Cap'l	*9.5%*
Return on Shr. Equity	*13.5%*
Return on Com Equity	*13.5%*
Retained to Com Eq	*5.0%*
All Div'ds to Net Prof	*63%*

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	10.71	11.12	12.12	12.19	12.17	12.56	11.92	12.01	11.88	12.86	13.24	13.51	13.30	16.11	15.61	16.84	*17.60*	*18.10*
	2.11	2.13	2.48	2.65	2.67	2.81	2.70	2.96	2.84	3.26	3.34	3.64	3.25	4.55	4.29	4.59	*5.10*	*5.30*
	1.11	1.12	1.41	1.61	1.57	1.61	1.62	1.88	1.72	2.28	2.33	2.55	2.11	3.36	3.17	3.37	*3.70*	*3.75*
	.52	.55	.64	.76	.83	.87	.91	.99	1.06	1.16	1.28	1.40	1.53	1.66	1.79	1.94	*2.10*	*2.28*
	2.12	2.13	1.77	2.52	1.89	2.39	3.55	3.08	3.44	4.12	3.54	3.91	4.50	5.10	6.08	6.06	*6.20*	*6.35*
	10.13	10.84	11.80	12.72	13.24	12.77	13.52	14.45	15.19	16.33	17.39	18.57	19.20	20.99	24.12	26.76	*28.15*	*29.35*
	37.26	37.70	38.53	38.72	38.29	36.50	36.57	36.68	36.76	36.85	36.89	36.94	36.96	36.98	38.15	39.08	*39.25*	*39.50*
	15.7	15.4	14.3	17.2	20.1	24.6	25.6	25.7	34.0	34.4	34.3	33.2	41.0	25.7	24.5	22.4		
	1.00	.97	.91	.97	1.06	1.24	1.34	1.29	1.84	1.83	1.76	1.79	2.37	1.43	1.28	1.17		
	3.0%	3.2%	3.1%	2.7%	2.6%	2.2%	2.2%	2.0%	1.8%	1.5%	1.6%	1.7%	1.8%	1.9%	2.3%	2.6%		
	436.1	440.6	436.8	473.9	488.2	498.9	491.5	595.7	595.5	658.1	*700*	*725*						
	59.7	69.4	63.9	84.3	86.4	94.3	78.4	124.9	119.3	130.4	*145*	*150*						
	36.8%	36.0%	22.0%	22.6%	24.6%	24.4%	23.2%	25.0%	20.2%	23.2%	*23.0%*	*23.0%*						
	--	--	--	--	--	--	--	--	2.5%	--	*Nil*	*Nil*						
	39.4%	38.0%	40.5%	44.4%	47.2%	46.1%	39.9%	52.8%	46.7%	43.0%	*41.5%*	*40.5%*						
	60.6%	62.0%	59.5%	55.6%	52.8%	53.9%	60.1%	47.2%	53.3%	57.0%	*58.5%*	*59.5%*						
	815.3	854.9	938.4	1082.5	1216.2	1272.6	1181.5	1643.2	1725.4	1828.3	*1890*	*1945*						
	1150.9	1205.0	1296.3	1415.7	1512.0	1626.0	1753.8	1892.3	2099.6	2296.3	*2400*	*2625*						
	8.6%	9.3%	7.9%	8.9%	8.0%	8.3%	7.6%	8.8%	8.3%	8.2%	*8.5%*	*8.5%*						
	12.1%	13.1%	11.4%	14.0%	13.5%	13.8%	11.0%	16.1%	13.0%	12.5%	*13.0%*	*13.0%*						
	12.1%	13.1%	11.4%	14.0%	13.5%	13.8%	11.0%	16.1%	13.0%	12.5%	*13.0%*	*13.0%*						
	5.3%	6.2%	4.5%	6.9%	6.1%	6.2%	3.1%	8.2%	5.7%	5.2%	*5.5%*	*5.0%*						
	56%	52%	61%	51%	55%	55%	72%	49%	56%	58%	*57%*	*61%*						

Bold figures are Value Line estimates

CAPITAL STRUCTURE as of 3/31/26
Total Debt $790.9 mill.
LT Debt $782.7 mill. **LT Interest** $40.0 mill. (42% of Cap'l)

Leases, Uncapitalized: Annual rentals $2.4 mill.
Pension Assets-12/25 $243.3 mill. **Oblig.** $200.7 mill.
Pfd Stock None

Common Stock 39,192,653 shs.
as of 5/5/26

MARKET CAP: $3.0 billion (Small Cap)

CURRENT POSITION ($MILL.)	2024	2025	3/31/26
Cash Assets	26.7	18.8	22.2
Accts Receivable	37.7	38.2	39.7
Other	168.9	174.1	159.5
Current Assets	233.3	231.1	221.4
Accts Payable	88.6	86.0	79.4
Debt Due	124.4	8.2	8.2
Other	72.5	80.4	94.0
Current Liab.	285.5	174.6	181.6

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '23-'25 to '29-'31
Revenues	2.0%	4.0%	*5.0%*
"Cash Flow"	4.5%	6.0%	*6.5%*
Earnings	6.5%	8.0%	*7.0%*
Dividends	8.5%	9.0%	*8.0%*
Book Value	5.5%	7.0%	*7.5%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2023	161.4	157.4	151.7	125.2	595.7
2024	135.3	155.3	161.8	143.1	595.5
2025	148.3	163.1	182.4	164.3	658.1
2026	162.9	*175*	*187.1*	*175*	*700*
2027	*165*	*185*	*195*	*180*	*725*

Calendar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2023	.93	1.03	.85	.55	3.36
2024	.62	.85	.95	.75	3.17
2025	.70	.87	1.06	.74	3.37
2026	.76	*.94*	*1.15*	*.85*	*3.70*
2027	*.76*	*.97*	*1.22*	*.80*	*3.75*

Calendar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	.365	.365	.3975	.3975	1.53
2023	.3975	.3975	.43	.43	1.66
2024	.43	.43	.4655	.4655	1.79
2025	.4655	.4655	.504	.504	1.94
2026	.504	.504			

BUSINESS: American States Water Co. operates as a holding company. Through its principal subsidiary, Golden State Water Co., it supplies water to 265,142 customers in 11 California counties. Service areas include the metropolitan areas of Los Angeles and Orange Counties. The company also provides electricity to 24,915 customers in Big Bear Lake and San Bernardino Cnty. Provides water & wastewater services to U.S. military bases through its ASUS subsidiary. Sold Chaparral City Wtr. of AZ. (6/11). Employs 900. BlackRock, Inc. owns 16.9% of out. shares; Vanguard, 11.8%; off. & dir., 0.9% (4/26 Proxy). Chair.: Anne M. Holloway. Pres. & CEO: Robert Sprowls. Inc: CA. Addr.: 630 East Foothill Blvd., San Dimas, CA 91773. Tel.: 909-394-3600. Internet: www.aswater.com.

American States Water got off to a strong start this year. In the first quarter, earnings per share rose a healthy 9%, as the company recorded year-over-year income gains in its Water (+6%), Contracted Services (+15%), and Electric (+14%) business segments.

Earnings ought to rise by a double-digit percentage in 2026 before flattening out in 2027. The firm's Golden State Water Co. is benefiting from higher rates that were authorized to be implemented in 2025 and 2026. Based on California regulations, water utilities only file rate cases triennially. This means that higher rates needed to cover anticipated inflation can often be insufficient. Thus, the company's bottom line frequently does worse during the final year of the cycle. The process is about to begin again, as the water utility was supposed to file a case for the next cycle (2028-2030) right after this Issue went to press.

Nonregulated operations are the swing factor here. Earnings from the water and electric utility segments are relatively predictable. However, results from the private water business can fluctuate. The ASUS subsidiary is involved in running water services on U.S. military bases. ASUS has a successful track record of winning some of the available 50-year contracts to run the government facilities. In this business, returns are typically greater than those generated in the utility operations where state authorities limit the return on investment. This year, this operation could account for approximately 18% of American States' net income.

The regulatory climate has not been bad. The state of California is often criticized as being a place where it is difficult to run a business. However, the Golden State Water subsidiary has been treated constructively in the past. Nevertheless, we are closely watching events in the state to see if there is any change in the current philosophy.

These shares do not stand out for their potential near-term performance. Neither the one-year or 18-month prospects look enticing. Over the next three- to five-year period, projected total return are worthwhile for a stock with a 1 (Highest) Safety rank.

James A. Flood *July 3, 2026*

(A) Primary earnings. Excludes nonrecurring gains/(losses):; '10, (23¢); '11, 10¢. Next earnings report due early August.
(B) Dividends historically paid in early March, June, September, and December. ■ Div'd reinvestment plan available.
(C) In millions, adjusted for split.
(D) Includes intangibles. As of 12/31/25; $6.1 million/$0.16 a share.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	50
Earnings Predictability	80

© 2026 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

CALIFORNIA WATER NYSE-CWT

RECENT PRICE **45.20** | P/E RATIO **18.1** (Trailing: 22.6 Median: 29.0) | RELATIVE P/E RATIO **1.01** | DIV'D YLD **3.0%** | **VALUE LINE**

TIMELINESS 4 Lowered 5/30/25
SAFETY 2 Raised 4/5/24
TECHNICAL 3 Raised 7/3/26
BETA .75 (1.00 = Market)

18-Month Target Price Range

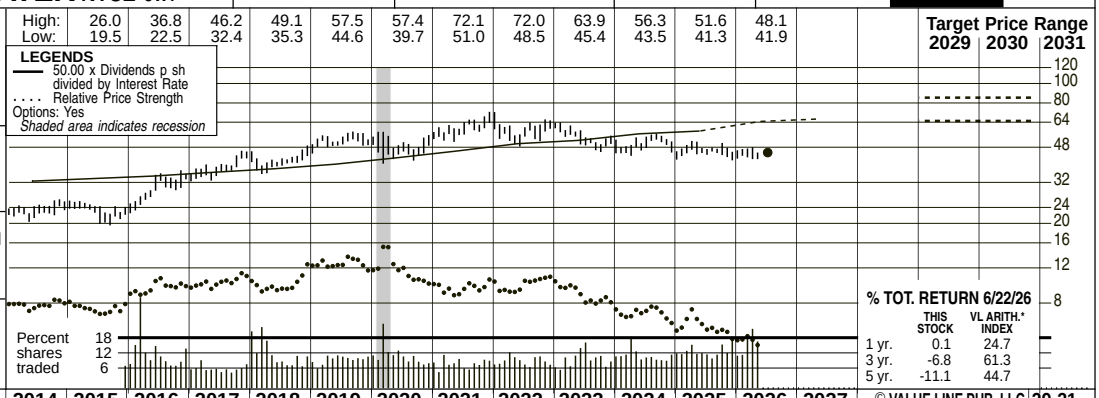
Low-High	Midpoint (% to Mid)
$38-$62	$50 (10%)

2029-31 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	85	(+90%)	*19%*
Low	65	(+45%)	*12%*

Institutional Decisions

	3Q2025	4Q2025	1Q2026
to Buy	151	96	185
to Sell	139	127	119
Hld's(000)	50460	49459	58072



2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	© VALUE LINE PUB. LLC	29-31
11.05	12.00	13.34	12.23	12.50	12.29	12.70	13.89	14.53	14.72	15.78	14.72	15.22	13.77	17.43	16.77	*18.35*	*19.15*	Revenues per sh	*22.15*
1.93	2.07	2.32	2.21	2.47	2.22	2.34	3.00	3.11	3.14	3.88	3.91	3.79	3.03	5.46	4.57	*5.10*	*5.60*	"Cash Flow" per sh	*6.25*
.91	.86	1.02	1.02	1.19	.94	1.01	1.40	1.36	1.31	1.97	1.96	1.77	.91	3.26	2.15	*2.50*	*2.75*	Earnings per sh [A]	*3.10*
.60	.62	.63	.64	.65	.67	.69	.72	.75	.79	.85	.92	1.00	1.04	1.12	1.20	*1.34*	*1.38*	Div'd Decl'd per sh [B] ■	*1.55*
2.97	2.83	3.04	2.58	2.76	3.69	4.77	5.40	5.65	5.64	5.93	5.46	5.90	6.65	7.91	8.67	*10.85*	*13.65*	Cap'l Spending per sh	*12.00*
10.45	10.76	11.28	12.54	13.11	13.41	13.75	14.44	15.19	16.07	18.30	21.92	23.70	24.72	27.49	28.35	*31.55*	*35.55*	Book Value per sh [C]	*40.35*
41.67	41.82	41.98	47.74	47.81	47.88	47.97	48.01	48.07	48.53	50.33	53.72	55.60	57.72	59.48	59.64	*60.00*	*60.00*	Common Shs Outst'g [D]	*60.00*
20.3	21.3	17.9	20.1	19.7	24.8	29.6	26.9	30.3	39.3	24.9	30.5	33.0	NMF	15.3	21.5	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*24.0*
1.29	1.34	1.14	1.13	1.04	1.25	1.55	1.35	1.64	2.09	1.28	1.65	1.91	NMF	.80	1.12			Relative P/E Ratio	*1.30*
3.2%	3.4%	3.5%	3.1%	2.8%	2.9%	2.3%	1.9%	1.8%	1.5%	1.7%	1.5%	1.7%	1.9%	2.3%	2.6%			Avg Ann'l Div'd Yield	*2.1%*
						609.4	666.9	698.2	714.6	794.3	790.9	846.4	794.6	1036.8	1000.1	*1100*	*1150*	Revenues ($mill) [E]	*1330*
						48.7	67.2	65.6	63.1	96.8	101.1	96.0	51.9	190.8	128.2	*150*	*165*	Net Profit ($mill)	*185*
						35.5%	30.1%	24.5%	19.1%	11.1%	20.1%	3.3%	- -	18.3%	13.0%	*20.0%*	*20.0%*	Income Tax Rate	*20.0%*
						6.1%	3.5%	3.1%	5.8%	3.3%	1.7%	- -	- -	1.7%	2.9%	*3.0%*	*3.0%*	AFUDC % to Net Profit	*4.0%*
						44.6%	42.7%	49.3%	50.2%	45.9%	47.3%	44.4%	42.5%	40.3%	46.5%	*46.0%*	*46.0%*	Long-Term Debt Ratio	*45.0%*
						55.4%	57.3%	50.7%	49.8%	54.1%	52.7%	55.6%	57.5%	59.7%	53.5%	*54.0%*	*54.0%*	Common Equity Ratio	*55.0%*
						1191.2	1209.3	1440.2	1566.7	1702.4	2233.4	2370.1	2479.5	2739.8	3161.3	*3500*	*3950*	Total Capital ($mill)	*4400*
						1859.3	2048.0	2232.7	2406.4	2650.6	2846.9	3058.9	3773.3	4134.6	4579.6	*5075*	*5725*	Net Plant ($mill)	*6350*
						5.5%	7.1%	5.9%	5.5%	7.0%	5.5%	5.0%	3.1%	7.9%	4.1%	*4.5%*	*4.0%*	Return on Total Cap'l	*4.0%*
						7.4%	9.7%	9.0%	8.1%	10.5%	8.6%	7.3%	3.6%	11.7%	7.6%	*8.0%*	*7.5%*	Return on Shr. Equity	*7.5%*
						7.4%	9.7%	9.0%	8.1%	10.5%	8.6%	7.3%	3.6%	11.7%	7.6%	*8.0%*	*7.5%*	Return on Com Equity	*7.5%*
						2.4%	4.7%	4.0%	3.2%	6.0%	4.6%	3.2%	NMF	7.7%	3.3%	*4.0%*	*4.0%*	Retained to Com Eq	*4.0%*
						68%	51%	55%	60%	43%	47%	56%	114%	34%	56%	*54%*	*50%*	All Div'ds to Net Prof	*50%*

CAPITAL STRUCTURE as of 3/31/26
Total Debt $1702.8 mill.
LT Debt $1472.0 mill. **LT Interest** $80.0 mill.
(Total interest coverage: 1.5x) (47% of Cap'l)

Pension Assets-12/25 $845.0 mill.
Oblig. $778.4 mill.

Pfd Stock None

Common Stock 59,853,262 shs.
as of 4/20/26

MARKET CAP: $2.7 billion (Small Cap)

CURRENT POSITION ($MILL.)	2024	2025	3/31/26
Cash Assets	50.1	51.8	58.1
Other	274.0	302.6	317.1
Current Assets	324.1	354.4	375.2
Accts Payable	167.5	175.7	164.8
Debt Due	72.4	132.3	230.8
Other	298.5	110.2	149.4
Current Liab.	538.4	418.2	545.0

BUSINESS: California Water Service Group provides regulated and nonregulated water service to 499,400 customers in 100 communities in the state of California. Accounts for about 90% of total customers. Also operates in Washington, New Mexico, and Hawaii. Main service areas: San Francisco Bay area, Sacramento Valley, Salinas Valley, San Joaquin Valley & parts of Los Angeles. Acquired Rio Grande Corp; West Hawaii Utilities (9/08). Revenue breakdown, '25: residential, 68%; business, 20%; industrial, 3%; public authorities, 6%; other 3%. Off. and dir. own 1% of common stock (4/26 proxy). Has 1,336 employees. Pres. and CEO: Martin A. Kropelnicki. Inc.: DE. Addr.: 1720 North First St., San Jose, CA 95112-4598. Tel.: 408-367-8200. Internet: www.calwatergroup.com.

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '23-'25 to '29-'31
Revenues	2.0%	1.5%	*8.5%*
"Cash Flow"	6.0%	6.0%	*3.5%*
Earnings	6.5%	8.0%	*9.5%*
Dividends	5.0%	7.0%	*5.5%*
Book Value	7.5%	10.5%	*5.5%*

Calendar	QUARTERLY REVENUES ($ mill.)[E] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2023	131.1	194.0	255.0	214.5	794.6
2024	270.7	244.3	299.6	222.2	1036.8
2025	204.0	265.0	311.2	219.9	1000.1
2026	214.6	*290*	*340*	*255.4*	*1100*
2027	*225*	*305*	*355*	*265*	*1150*

Calendar	EARNINGS PER SHARE [A] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2023	d.40	.17	.60	.52	.91
2024	1.21	.70	1.03	.33	3.26
2025	.22	.71	1.03	.19	2.15
2026	.07	*.85*	*1.20*	*.38*	*2.50*
2027	*.10*	*.95*	*1.30*	*.40*	*2.75*

Calendar	QUARTERLY DIVIDENDS PAID [B] ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	.250	.250	.250	.250	1.00
2023	.260	.260	.260	.260	1.04
2024	.280	.280	.280	.280	1.12
2025	.300	.300	.300	.300	1.20
2026	.335	.335			

California Water's first quarter results were mixed but not a cause for alarm. Reported revenue of $215 million was up from $204 million a year earlier, but came in moderately below our $225 million estimate. Too, net income was lower than our expectations, falling to $4 million, or $0.07 per share, from over $13 million, or $0.22 a share in 2025. Higher depreciation, interest expense, tax pressure, and lower consumption were to blame, while the delayed rate case decision had not yet been reflected in results. So, while the quarter did not reflect a persistent deterioration, the earnings decline serves as a reminder that the business depends heavily on timely regulatory recovery. That is particularly true as the company continues to invest substantially, with first-quarter capital spending rising 18% to $130 million, mainly for infrastructure and water-quality improvements.

This year now looks clearer. California regulators approved the 2024 rate case, which should support a stronger second-half result as new rates take effect and are applied retroactively to January 1st. However, the company must still manage a large capital plan, customer affordability pressures, and potential financing needs tied to infrastructure spending and the pending Nexus acquisition.

Nexus broadens the footprint. The acquisition would expand California Water's Nevada and Oregon operations and push about 20% of its total connections outside the Golden State. It also adds wastewater assets, supporting the company's broader move into western water and wastewater infrastructure. The deal may close by the end of the year.

Our outlook is based on continued essential infrastructure growth. Priorities over the next several years include expanding its footprint, investing in aging systems, and meeting tougher water-quality rules tied to PFAS/PFOA and potentially microplastics. Water scarcity and drought planning also support the need for long-term investment, but customer affordability, financing costs, and the regulatory backdrop remain key risks.

The stock is untimely (4), but it could offer long-term investors good upside and an above-average dividend yield.

Earl B. Humes *July 3, 2026*

(A) Next earnings report due late July.
(B) Dividends historically paid in late Feb., May, Aug., and Nov. ■ Div'd reinvestment plan available.
(C) Incl. intangible assets. In '25 : $76.9 mill., $1.29/sh.
(D) In millions.
(E) Excludes non-regulated revenues.

Company's Financial Strength	B++
Stock's Price Stability	90
Price Growth Persistence	45
Earnings Predictability	45

© 2026 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

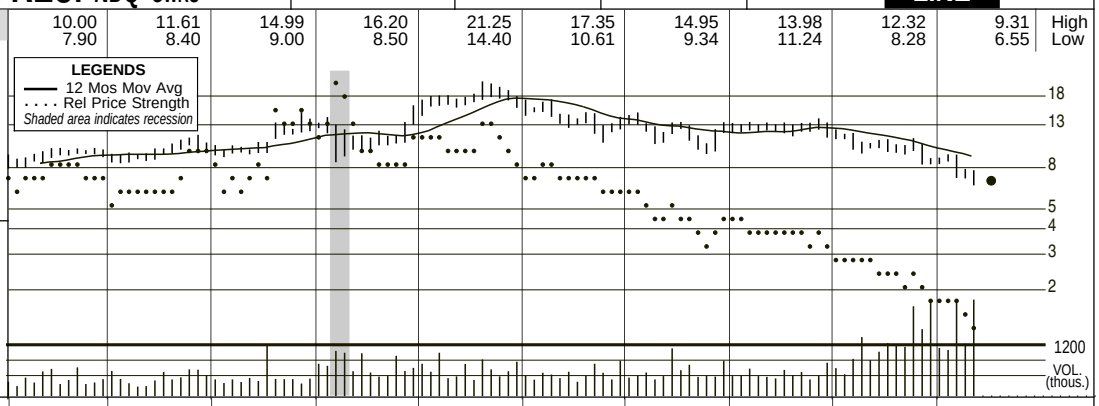
GLOBAL WATER RES. NDQ--GWRS

RECENT PRICE 6.90 | TRAILING P/E RATIO 86.3 | RELATIVE P/E RATIO 4.85 | DIV'D YLD 4.4% | VALUE LINE

RANKS

PERFORMANCE	4	Below Average
Technical	4	Below Average
SAFETY	3	Average
BETA .90	(1.00 = Market)	

Financial Strength	B
Price Stability	75
Price Growth Persistence	30
Earnings Predictability	45



© VALUE LINE PUBLISHING LLC	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026/2027
REVENUES PER SH	1.59	1.65	1.65	1.71	1.85	1.87	2.17	2.18	1.94	
"CASH FLOW" PER SH	.58	.49	.49	.45	.58	.65	.79	.76	.64	
EARNINGS PER SH	.23	.15	.10	.05	.16	.24	.33	.24	.11	***.08 A,B/.11 C***
DIV'DS DECL'D PER SH	.28	.28	.29	.29	.29	.30	.30	.30	.30	
CAP'L SPENDING PER SH	1.06	.22	.52	.40	.81	1.42	.91	1.33	2.34	
BOOK VALUE PER SH	.76	1.30	1.15	1.43	1.33	1.86	1.99	1.97	3.01	
COMMON SHS OUTST'G (MILL)	19.63	21.47	21.54	22.59	22.65	23.87	24.49	24.23	28.76	
AVG ANN'L P/E RATIO	40.1	63.9	NMF	NMF	NMF	58.9	36.7	52.2	93.1	***86.3/62.7***
RELATIVE P/E RATIO	2.01	3.61	NMF	NMF	NMF	3.90	2.26	2.96	5.26	
AVG ANN'L DIV'D YIELD	3.0%	3.0%	2.6%	2.5%	1.7%	2.1%	2.5%	2.4%	3.0%	
REVENUES ($MILL)	31.2	35.5	35.5	38.6	41.9	44.7	53.0	52.7	55.8	***Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.***
OPERATING MARGIN	45.7%	47.1%	43.2%	42.4%	39.3%	40.0%	44.7%	41.9%	40.4%	
DEPRECIATION ($MILL)	6.9	7.5	8.4	9.0	9.5	10.1	11.4	12.7	15.4	
NET PROFIT ($MILL)	4.6	3.1	2.2	1.1	3.6	5.5	8.0	5.8	3.0	
INCOME TAX RATE	--	36.5%	34.3%	41.1%	24.2%	14.5%	26.5%	26.4%	25.8%	
NET PROFIT MARGIN	14.6%	8.7%	6.3%	2.9%	8.6%	12.3%	15.1%	11.0%	5.3%	
WORKING CAP'L ($MILL)	.7	7.7	2.2	11.1	2.1	d2.1	d2.5	d2.8	d4.6	
LONG-TERM DEBT ($MILL)	114.4	114.5	114.7	112.7	108.9	104.9	103.7	118.5	133.5	
SHR. EQUITY ($MILL)	14.9	27.9	24.7	32.2	30.0	44.4	48.6	47.6	86.6	
RETURN ON TOTAL CAP'L	5.5%	4.0%	3.5%	2.6%	4.5%	5.0%	6.8%	5.3%	2.7%	
RETURN ON SHR. EQUITY	30.6%	11.1%	9.0%	3.4%	12.0%	12.4%	16.4%	12.2%	3.4%	
RETAINED TO COM EQ	NMF	11.1%	NMF	NMF	12.0%	12.4%	1.6%	NMF	NMF	
ALL DIV'DS TO NET PROF	119%	--	NMF	NMF	--	--	90%	NMF	NMF	

A No. of analysts changing earn. est. in last 22 days: 0 up, 0 down, consensus 5-year earnings growth not available. B Based upon one analyst's estimate. C Based upon one analyst's estimate.

ANNUAL RATES

of change (per share)	5 Yrs.	1 Yr.
Sales	4.5%	-11.0%
"Cash Flow"	9.0%	-16.5%
Earnings	18.0%	-54.0%
Dividends	1.0%	1.5%
Book Value	12.5%	53.5%

Fiscal Year	QUARTERLY SALES ($mill.) 1Q	2Q	3Q	4Q	Full Year
12/31/23	13.1	13.0	14.5	12.4	53.0
12/31/24	11.6	13.5	14.3	13.3	52.7
12/31/25	12.6	14.2	15.5	13.5	55.8
12/31/26	13.3				

Fiscal Year	EARNINGS PER SHARE 1Q	2Q	3Q	4Q	Full Year
12/31/22	.04	.09	.07	.04	.24
12/31/23	.10	.07	.11	.05	.33
12/31/24	.03	.07	.12	.02	.24
12/31/25	.02	.06	.06	d.03	.11
12/31/26	d.01	***.03***	***.05***	***.01***	

Cal-endar	QUARTERLY DIVIDENDS PAID 1Q	2Q	3Q	4Q	Full Year
2023	.074	.074	.074	.074	.30
2024	.075	.075	.075	.075	.30
2025	.076	.076	.076	.076	.30
2026	.076	.076			

INSTITUTIONAL DECISIONS

	3Q'25	4Q'25	1Q'26
to Buy	40	32	55
to Sell	33	36	39
Hld's(000)	8015	8098	8323

ASSETS ($mill.)	2024	2025	3/31/26
Cash Assets	9.0	4.1	1.8
Receivables	3.2	7.7	8.6
Inventory	.0	.0	.0
Other	7.3	2.8	3.0
Current Assets	19.5	14.6	13.4
Property, Plant & Equip, at cost	513.0	614.8	- -
Accum Depreciation	153.6	169.0	- -
Net Property	359.4	445.8	449.2
Other	26.2	34.9	22.5
Total Assets	405.1	495.3	485.1
LIABILITIES ($mill.)			
Accts Payable	2.1	2.3	1.4
Debt Due	3.9	4.8	4.8
Other	16.3	12.1	13.6
Current Liab	22.3	19.2	19.8

LONG-TERM DEBT AND EQUITY as of 3/31/26

Total Debt $135.5 mill. **Due in 5 Yrs.** NA
LT Debt $130.7 mill.
Including Cap. Leases NA (61% of Cap'l)

Leases, Uncapitalized Annual rentals NA

Pension Liability None in '25 vs. None in '24

Pfd Stock None **Pfd Div'd Paid** None

Common Stock 28,764,000 shares (39% of Cap'l)

INDUSTRY: Water Utility

BUSINESS: Global Water Resources, Inc. is a water resource management company that owns and operates 39 water, wastewater, and recycled water systems in strategically located communities, principally in metropolitan Phoenix and Tucson, Arizona. It seeks to deploy an integrated approach, referred to as "Total Water Management." Total Water Management is a comprehensive approach to water utility management that reduces demand on scarce non-renewable water sources and costly renewable water supplies, in a manner that ensures sustainability and greatly benefits communities both environmentally and economically. The company treats water to potable standards and also treats, cleans, and recycles wastewater for a variety of uses. Recycled water is created by taking wastewater and applying advanced tertiary treatment to create a high quality, non-potable water source. Has 129 employees. Chairman, C.E.O. & President: Ron L. Fleming Address: 21410 N. 19th Avenue #220, Phoenix, AZ 85027. Tel.: (480) 360-7775. Internet: www.gwresources.com.

J.V.

July 3, 2026

TOTAL SHAREHOLDER RETURN

Dividends plus appreciation as of 6/22/2026

3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.
-6.75%	-17.39%	-30.86%	-39.68%	-53.31%

© 2026 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

H2O AMERICA NYSE-HTO

RECENT PRICE **56.70** | P/E RATIO **17.4** (Trailing: 19.0 Median: 26.0) | RELATIVE P/E RATIO **0.97** | DIV'D YLD **3.0%** | **VALUE LINE**

TIMELINESS 4 Lowered 5/1/26
SAFETY 3 Lowered 11/21/25
TECHNICAL 2 Raised 6/26/26
BETA .75 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$36-$67	$52 (-10%)

2029-31 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	105	(+85%)	*18%*
Low	70	(+25%)	*8%*

Institutional Decisions

	3Q2025	4Q2025	1Q2026
to Buy	154	108	214
to Sell	117	92	90
Hld's(000)	29366	30225	44354

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
High:	35.7	56.9	69.3	68.4	74.5	75.0	73.7	83.9	83.7	66.2	57.2	61.9						
Low:	27.5	28.6	45.4	51.3	53.9	45.6	58.0	55.7	57.0	48.8	43.8	48.3						

Target Price Range 2029 | 2030 | 2031

% TOT. RETURN 6/22/26

	THIS STOCK	VL ARITH.* INDEX
1 yr.	12.2	24.7
3 yr.	-13.4	61.3
5 yr.	0.4	44.7

© VALUE LINE PUB. LLC 29-31

11.62	12.85	14.01	13.73	15.76	14.97	16.61	18.97	14.00	14.78	19.77	19.01	20.15	20.93	22.26	22.17	*20.60*	*21.20*	Revenues per sh	*22.40*
2.38	2.80	2.97	2.90	4.42	3.86	4.76	5.24	3.29	3.13	5.28	5.13	5.79	6.03	6.22	6.18	*4.45*	*4.65*	"Cash Flow" per sh	*5.00*
.84	1.11	1.18	1.12	2.54	1.85	2.57	2.86	1.82	.82	2.14	2.03	2.43	2.68	2.87	2.99	*3.25*	*3.45*	Earnings per sh [A]	*3.75*
.68	.69	.71	.73	.75	.78	.81	1.04	1.12	1.20	1.28	1.36	1.44	1.52	1.60	1.68	*1.75*	*1.82*	Div'd Decl'd per sh [BD]■	*1.95*
5.65	3.75	5.67	4.68	5.02	5.24	6.95	7.26	5.08	6.25	7.44	8.32	7.85	9.01	11.22	14.48	*10.50*	*9.75*	Cap'l Spending per sh	*8.75*
13.75	14.20	14.71	15.92	17.75	18.83	20.61	22.57	31.31	31.27	32.12	34.28	36.06	38.52	40.65	42.66	*38.55*	*39.00*	Book Value per sh	*42.50*
18.55	18.59	18.67	20.17	20.29	20.38	20.46	20.52	28.40	28.46	28.56	30.18	30.80	32.02	33.63	36.12	*41.50*	*41.00*	Common Shs Outst'g [C]	*40.00*
29.1	21.2	20.4	24.3	11.2	16.6	15.7	18.8	32.7	NMF	30.0	32.9	27.3	26.4	19.9	16.9	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*23.0*
1.85	1.33	1.30	1.37	.59	.84	.82	.95	1.77	NMF	1.54	1.78	1.58	1.47	1.04	.88			Relative P/E Ratio	*1.30*
2.8%	2.9%	3.0%	2.7%	2.6%	2.5%	2.0%	1.9%	1.9%	1.9%	2.0%	2.0%	2.2%	2.1%	2.8%	3.3%			Avg Ann'l Div'd Yield	*2.2%*
339.7	389.2	397.7	420.5	564.5	573.7	620.7	670.4	748.4	800.6	*855*	*870*	Revenues ($mill)	*895*
52.8	59.2	38.8	23.4	61.5	60.5	73.8	85.0	94.0	102.6	*135*	*142*	Net Profit ($mill)	*150*
38.8%	36.7%	20.6%	26.4%	12.0%	12.2%	10.3%	6.5%	8.7%	10.7%	*21.0%*	*21.0%*	Income Tax Rate	*21.0%*
--	--	--	--	--	--	6.4%	--	6.4%	7.2%	*2.5%*	*2.5%*	AFUDC % to Net Profit	*2.5%*
50.7%	48.2%	32.7%	59.1%	58.4%	59.1%	57.3%	55.3%	55.5%	54.8%	*49.0%*	*46.0%*	Long-Term Debt Ratio	*39.5%*
49.3%	51.8%	67.3%	40.9%	41.6%	40.9%	42.7%	44.7%	44.5%	45.2%	*51.0%*	*54.0%*	Common Equity Ratio	*60.5%*
855.0	894.3	1320.7	2173.6	2204.7	2527.5	2602.8	2760.1	3073.9	3407.6	*3150*	*3050*	Total Capital ($mill)	*2850*
1146.4	1239.3	1328.8	2206.5	2334.9	2497.5	2630.3	3155.6	4473.5	3923.3	*3950*	*4000*	Net Plant ($mill)	*4150*
7.4%	7.9%	3.9%	1.8%	4.0%	3.5%	4.0%	4.3%	4.2%	4.2%	*4.5%*	*5.0%*	Return on Total Cap'l	*6.0%*
12.5%	12.8%	4.4%	2.6%	6.7%	5.8%	6.6%	6.9%	6.9%	6.7%	*8.5%*	*8.5%*	Return on Shr. Equity	*9.0%*
12.5%	12.8%	4.4%	2.6%	6.7%	5.8%	6.6%	6.9%	6.9%	6.7%	*8.5%*	*8.5%*	Return on Com Equity	*9.0%*
8.6%	8.2%	1.8%	NMF	2.7%	2.0%	2.7%	3.0%	3.1%	2.9%	*4.0%*	*4.0%*	Retained to Com Eq	*4.0%*
31%	36%	60%	NMF	59%	66%	59%	56%	55%	57%	*54%*	*53%*	All Div'ds to Net Prof	*52%*

CAPITAL STRUCTURE as of 3/31/26
Total Debt $1874.1 mill.
LT Debt $1865.5 mill. **LT Interest** $50.0 mill.
(LT Interest Coverage: 7.5x)
(55% of Cap'l)

Pension Assets-12/25 $323.5 mill.
Oblig. $293.1 mill.
Pfd Stock None.
Common Stock 41,839,500 shs.

MARKET CAP: $2.4 billion (Small Cap)

CURRENT POSITION ($MILL.)	2024	2025	3/31/26
Cash Assets	11.1	20.7	153.0
Accts Receivable	68.7	141.9	140.0
Other	110.9	28.0	30.4
Current Assets	190.7	190.6	323.4
Accts Payable	56.3	75.4	62.9
Debt Due	3.6	110.3	8.6
Other	201.3	87.7	88.5
Current Liab.	261.2	273.4	160.0

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '23-'25 to '29-'31
Revenues	4.0%	6.0%	*3.0%*
"Cash Flow"	5.0%	9.5%	*-2.5%*
Earnings	4.5%	12.5%	*5.0%*
Dividends	8.0%	6.0%	*3.5%*
Book Value	9.0%	5.0%	*3.5%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2023	137.3	156.9	204.8	171.4	670.4
2024	149.4	176.2	225.1	197.7	748.4
2025	167.6	198.3	240.6	194.1	800.6
2026	183.3	*205*	*245*	*221.7*	*855*
2027	*185*	*210*	*250*	*225*	*870*

Calendar	EARNINGS PER SHARE [A] Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2023	.37	.58	1.13	.59	2.68
2024	.36	.64	1.17	.68	2.87
2025	.50	.75	1.27	.45	2.99
2026	.50	*.75*	*1.33*	*.67*	*3.25*
2027	*.60*	*.77*	*1.35*	*.73*	*3.45*

Calendar	QUARTERLY DIVIDENDS PAID [BD]■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	.36	.36	.36	.36	1.44
2023	.38	.38	.38	.38	1.52
2024	.40	.40	.40	.40	1.60
2025	.42	.42	.42	.42	1.68
2026	.44	.44			

BUSINESS: H2O America engages in the production, purchase, storage, purification, distribution, and retail sale of water. It provides water service to approximately 232,000 connections with a total population of roughly one million people in the San Jose area and 16,000 connections that reach about 90,000 residents in the region between San Antonio and Austin, Texas. The company merged with Connecticut Water (10/19) and services approx. 143,000 connections. H2O America changed its name from SJW Group in early 2025. Has 837 employees. Officers and directors own less than 1.0% of outstanding shares (4/26 proxy). C.E.O.: Andrew F. Walters. Inc.: California. Addr.: 110 West Taylor Street, San Jose, CA 95110. Tele.: (408) 279-7800. Internet: www.h2o-america.com.

H2O America's previously announced acquisition of Quadvest is expected to close within the back half of this year. To fund the $540 million purchase of the Texas-based water utility company, H2O raised roughly $550 million in capital via the issuance of common stock. At this time, applications for the transaction are still moving through the regulatory process, pending a 120-day approval process from the Public Utilities Commission of Texas. Based on Quadvest's projected rate of growth, H2O anticipates that the company's customer base in Texas, in terms of total consolidated customers for H2O, is likely to balloon from a current 8% to approximately 25% over the next three years.

The company delivered good results to start 2026. March-period revenues of $183 million surpassed our call by about 8 million, thanks primarily to customer rate increases, particularly in California, Texas, and Connecticut. Higher water usage also played a role. Meanwhile, earnings of $0.50 per share mirrored the previous-year tally, as increased water production and operating expenses kept a lid on bottom-line growth during the period. All things considered, for the full-year 2026, we are maintaining our forecast for mid-single-digit top- and bottom-line growth.

Capital investment should remain robust in the years ahead. Indeed, reinvesting back into the company's water delivery systems and wastewater operations is vital for long-term vitality. For 2026, management plans to spend roughly $485 million on infrastructure upgrades, while the total investment budget is apt to approach $2.7 billion over the pull to next decade. Notably, the company will probably recoup a good portion of this spending via increased customer water rates.

Shares of H2O America ought to appeal to income-seeking investors with a long-term bent. Supported by an above-average dividend yield, total return potential out to 2029-2031 is enticing. On the other hand, the stock has slipped one notch for Timeliness, to 4, and is now pegged to underperform the broader market averages over the coming six to 12 months.

Nicholas Patrikis *July 3, 2026*

(A) Diluted earnings. Excludes nonrecurring losses: '10, $0.46. GAAP accounting as of 2013, non-GAAP starting in 2025. Next earnings report due early August. Quarterly egs. may not add due to rounding.
(B) Dividends historically paid in early March, June, September, and December. ■ Div'd reinvestment plan available.
(C) In millions.
(D) Paid special dividend of $0.17 per share on 11/17.

Company's Financial Strength	B+
Stock's Price Stability	90
Price Growth Persistence	30
Earnings Predictability	55

© 2026 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

MIDDLESEX WATER NDQ-MSEX

RECENT PRICE **51.78** | P/E RATIO **20.7** (Trailing: 21.6 Median: 28.0) | RELATIVE P/E RATIO **1.16** | DIV'D YLD **2.8%** | **VALUE LINE**

TIMELINESS 4 Lowered 5/30/25
SAFETY 3 Lowered 7/4/25
TECHNICAL 3 Raised 6/26/26
BETA .75 (1.00 = Market)

18-Month Target Price Range

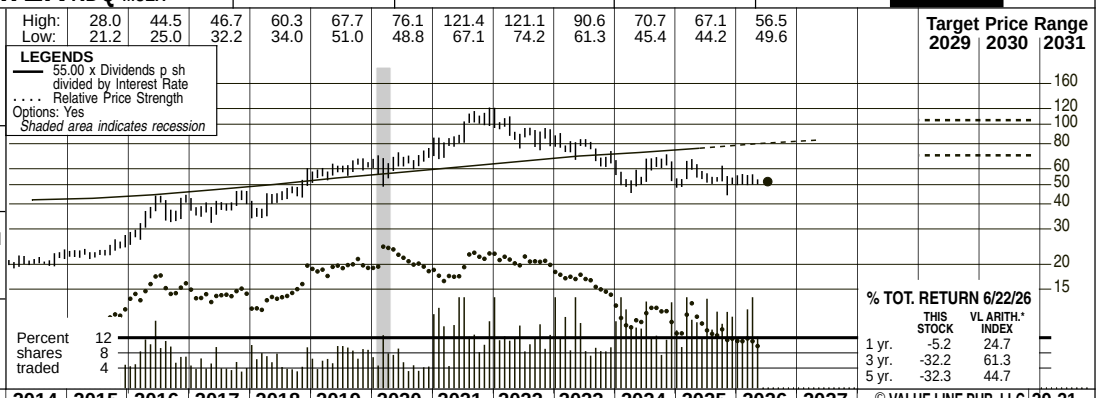
Low-High	Midpoint (% to Mid)
$40-$73	$57 (10%)

2029-31 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	105	(+105%)	*21%*
Low	70	(+35%)	*10%*

Institutional Decisions

	3Q2025	4Q2025	1Q2026
to Buy	106	62	112
to Sell	87	82	80
Hld's(000)	14363	15221	16730



2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	© VALUE LINE PUB. LLC	29-31
6.60	6.50	6.98	7.19	7.26	7.77	8.16	8.00	8.42	7.72	8.10	8.17	9.21	9.33	10.73	10.51	***10.95***	***11.60***	Revenues per sh	***12.05***
1.55	1.46	1.56	1.72	1.84	1.97	2.17	2.24	2.89	2.90	3.25	3.28	3.70	3.41	4.04	3.99	***3.55***	***3.80***	"Cash Flow" per sh	***4.30***
.96	.84	.90	1.03	1.13	1.22	1.38	1.38	1.96	2.01	2.18	2.07	2.39	1.76	2.47	2.36	***2.50***	***2.75***	Earnings per sh [A]	***3.25***
.72	.73	.74	.75	.76	.78	.81	.86	.91	.98	1.04	1.11	1.18	1.26	1.32	1.38	***1.46***	***1.52***	Div'd Decl'd per sh [B]■	***1.65***
1.90	1.50	1.36	1.26	1.40	1.59	2.91	3.08	4.40	5.11	6.04	4.53	5.18	5.06	4.17	5.20	***5.45***	***5.65***	Cap'l Spending per sh	***6.00***
11.13	11.27	11.48	11.82	12.24	12.74	13.40	14.02	15.17	18.57	19.81	20.99	22.65	23.74	24.89	26.67	***27.45***	***27.65***	Book Value per sh	***28.30***
15.57	15.70	15.82	15.96	16.12	16.23	16.30	16.35	16.40	17.43	17.47	17.52	17.64	17.82	17.89	18.52	***18.75***	***19.00***	Common Shs Outst'g [C]	***19.50***
17.8	21.7	20.8	19.7	18.5	19.1	25.6	28.4	22.2	29.7	30.1	44.3	38.6	42.8	23.6	23.4	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	***27.0***
1.13	1.36	1.32	1.11	.97	.96	1.34	1.43	1.20	1.58	1.55	2.39	2.23	2.38	1.23	1.22			Relative P/E Ratio	***1.50***
4.2%	4.0%	4.0%	3.7%	3.7%	3.3%	2.3%	2.2%	2.1%	1.6%	1.6%	1.2%	1.3%	1.7%	2.3%	2.5%			Avg Ann'l Div'd Yield	***1.9%***
						132.9	130.8	138.1	134.6	141.6	143.1	162.4	166.3	191.9	194.7	***205***	***220***	Revenues ($mill)	***235***
						22.7	22.8	32.5	33.9	38.4	36.5	42.4	31.5	44.4	42.8	***47.0***	***52.0***	Net Profit ($mill)	***64.0***
						34.0%	32.7%	2.8%	--	--	--	7.1%	3.2%	13.5%	10.1%	***21.0%***	***21.0%***	Income Tax Rate	***21.0%***
						2.7%	3.1%	1.4%	3.4%	3.9%	--	--	--	3.9%	1.5%	***2.0%***	***3.0%***	AFUDC % to Net Profit	***3.0%***
						37.9%	37.5%	37.8%	41.5%	44.0%	45.3%	41.9%	45.7%	44.1%	43.5%	***38.5%***	***37.5%***	Long-Term Debt Ratio	***34.5%***
						61.5%	61.8%	61.6%	58.2%	55.7%	54.4%	57.7%	54.0%	55.7%	56.4%	***61.0%***	***62.5%***	Common Equity Ratio	***65.5%***
						355.4	370.7	404.1	556.7	621.5	676.3	692.7	783.2	799.7	876.1	***840***	***845***	Total Capital ($mill)	***850***
						517.8	557.2	618.5	705.7	796.6	865.4	920.6	998.3	1067.1	1161.5	***1185***	***1200***	Net Plant ($mill)	***1275***
						7.1%	6.9%	8.9%	6.7%	6.8%	6.0%	6.8%	4.8%	6.3%	5.7%	***6.0%***	***6.5%***	Return on Total Cap'l	***8.0%***
						10.3%	9.8%	12.9%	10.4%	11.0%	9.9%	10.5%	7.4%	9.9%	8.6%	***9.0%***	***9.5%***	Return on Shr. Equity	***11.5%***
						10.3%	9.9%	13.0%	10.4%	11.1%	9.9%	10.6%	7.4%	9.9%	8.4%	***9.0%***	***10.0%***	Return on Com Equity	***11.5%***
						4.3%	3.8%	7.0%	5.4%	5.8%	4.6%	5.4%	2.1%	4.7%	3.3%	***4.0%***	***4.5%***	Retained to Com Eq	***5.5%***
						58%	62%	46%	48%	48%	53%	49%	72%	53%	58%	***58%***	***55%***	All Div'ds to Net Prof	***52%***

CAPITAL STRUCTURE as of 3/31/26
Total Debt $425.8 mill.
LT Debt $371.7 mill. **LT Interest** $7.5 mill.
(Total interest coverage: 8.4x)
(42% of Cap'l)

Pension Assets-12/24 $104.0 mill.
Oblig. $89.1 mill.
Pfd Stock $2.4 mill. **Pfd Div'd:** $.1 mill.

Common Stock 18,624,000 shs.
as of 4/29/26

MARKET CAP: $975 million (Small Cap)

CURRENT POSITION ($MILL.)	2024	2025	3/31/26
Cash Assets	4.2	2.8	2.0
Other	38.8	39.0	44.8
Current Assets	43.0	41.8	46.8
Accts Payable	28.1	31.3	29.5
Debt Due	7.7	36.7	54.7
Other	47.1	25.8	35.5
Current Liab.	82.9	93.8	119.7

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '23-'25 to '29-'31
Revenues	3.0%	4.5%	*3.5%*
"Cash Flow"	7.5%	5.0%	*2.5%*
Earnings	7.0%	1.5%	*8.0%*
Dividends	5.5%	6.0%	*4.0%*
Book Value	7.5%	7.0%	*2.5%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2023	38.2	42.8	46.7	38.6	166.3
2024	40.5	49.1	55.1	47.2	191.9
2025	44.3	49.3	54.1	47.0	194.7
2026	48.7	***51.0***	***55.0***	***50.3***	***205***
2027	***52.0***	***55.0***	***60.0***	***53.0***	***220***

Calendar	EARNINGS PER SHARE [A] Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2023	.33	.55	.56	.32	1.76
2024	.59	.59	.80	.49	2.47
2025	.53	.60	.77	.46	2.36
2026	.57	***.67***	***.75***	***.51***	***2.50***
2027	***.65***	***.72***	***.80***	***.58***	***2.75***

Calendar	QUARTERLY DIVIDENDS PAID [B]■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	.29	.29	.29	.3125	1.18
2023	.3125	.3125	.3125	.325	1.26
2024	.325	.325	.325	.34	1.32
2025	.34	.34	.34	.36	1.38
2026	.36	.36			

BUSINESS: Middlesex Water Company engages in the ownership and operation of regulated water utility systems in New Jersey, Delaware, and Pennsylvania. It also operates water and wastewater systems under contract on behalf of municipal and private clients in NJ and DE. Its Middlesex System provides water services to 61,000 retail customers, primarily in Middlesex County, New Jersey. In 2025, the Middlesex System accounted for 67% of operating revenues. At 12/31/25, the company had 395 employees. Incorporated: NJ. President, CEO, and Chairman: Dennis W. Doll. Officers & directors own 1.9% of the com. stock; BlackRock Inst. Trust Co., 18.0% (4/26 proxy). Add.: 485 C Route 1 South, Suite 400, Iselin, NJ 08830. Tele.: 732-634-1500. Int.: www.middlesexwater.com.

Middlesex Water shares have traded relatively rangebound for the better part of a year. Indeed, the stock price is down notably from its peak in late 2021, and there have been few catalysts to boost investor sentiment in recent periods. Moreover, financial results over the past few quarters have left something to be desired. On balance, our Timeliness Ranking System suggests that MSEX shares are poised to trail the broader market over the coming six to 12 months (4: Below Average).

We are lowering our current-year top- and bottom-line estimates at this juncture. The regulated water utility posted weaker-than-anticipated results for the March period. First-quarter 2026 revenues clocked in at $48.7 million, coming in shy of our $50.0 million call, while earnings of $0.57 per share also missed our mark. Both figures logged modest year-over-year advances, largely due to resilient customer consumption and previously implemented base rate increases. Operating costs edged up during the period owing to higher production expenses, but this was partly offset by revenue expansion. All told, we are shaving $5 million and $0.10 from our full-year 2026 revenue and earnings calls, to $205 million and $2.50 per share, respectively.

The long-term holds more promise. To start, we look for annual customer rate increases to be par for the course. On top of this, the company is widening its footprint across both the Middlesex and Tidewater Systems. Second, management is on track to spend roughly $125 million on infrastructure upgrades this year, including water main replacements, hydrant installations, and improved treatment processes. In the years ahead, we think similar investment is in the cards, which ought to be largely recouped via periodic customer rate increases.

Middlesex shares are best suited for buy-and-hold, income-oriented accounts. At the recent quotation, the stock offers attractive total return potential over the 2029-2031 horizon. The current dividend yield is roughly 100 basis points above the *Value Line* median, and the company has a stellar track record of annual increases to the quarterly payout.

Nicholas Patrikis *July 3, 2026*

(A) Diluted earnings. Represents non-GAAP earnings or loss starting in 2025. Quarterly figures may not sum due to rounding. Next earnings report due early August.
(B) Dividends historically paid in mid-Feb., May, Aug., and November.■ Div'd reinvestment plan available.
(C) In millions.

Company's Financial Strength	B++
Stock's Price Stability	65
Price Growth Persistence	50
Earnings Predictability	85

© 2026 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

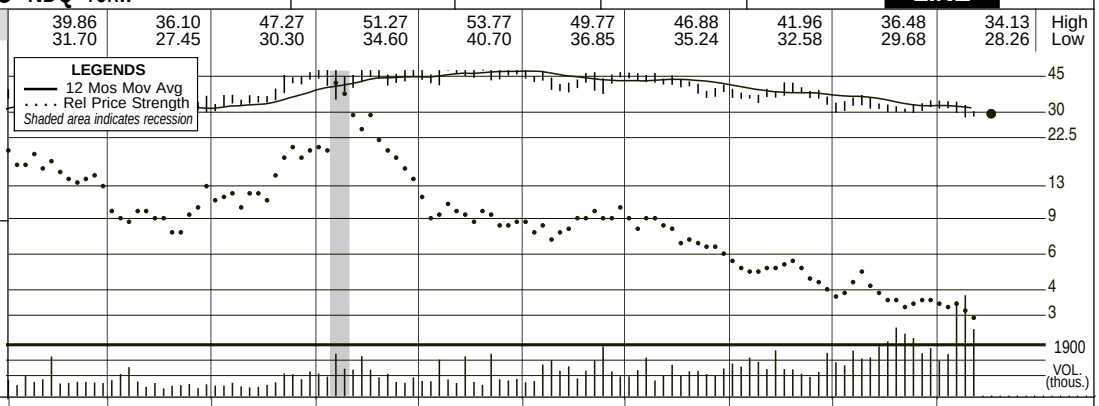
YORK WATER CO NDQ--YORW

RECENT PRICE **29.50** | TRAILING P/E RATIO **20.1** | RELATIVE P/E RATIO **1.13** | DIV'D YLD **3.1%** | **VALUE LINE**

RANKS

PERFORMANCE	4	Below Average
Technical	4	Below Average
SAFETY	2	Above Average
BETA .70	(1.00 = Market)	

Financial Strength	B+
Price Stability	95
Price Growth Persistence	35
Earnings Predictability	90



© VALUE LINE PUBLISHING LLC	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026/2027
REVENUES PER SH	3.77	3.74	3.96	4.12	4.20	4.20	4.96	5.21	5.36	
"CASH FLOW" PER SH	1.53	1.58	1.70	1.90	1.97	2.08	2.48	2.31	2.37	
EARNINGS PER SH	1.01	1.04	1.11	1.27	1.30	1.40	1.66	1.42	1.39	***NA/NA***
DIV'D DECL'D PER SH	.65	.67	.70	.73	.76	.79	.82	.85	.89	
CAP'L SPENDING PER SH	1.95	--	.16	.09	.91	.24	4.55	3.35	3.37	
BOOK VALUE PER SH	9.28	9.75	10.31	10.97	11.64	14.50	15.43	16.07	16.64	
COMMON SHS OUTST'G (MILL)	12.87	12.94	13.02	13.06	13.11	14.29	14.33	14.39	14.45	
AVG ANN'L P/E RATIO	34.6	30.3	33.8	35.7	36.7	30.7	25.1	25.8	23.2	***NA/NA***
RELATIVE P/E RATIO	1.73	1.71	1.96	2.09	2.24	2.03	1.55	1.46	1.31	
AVG ANN'L DIV'D YIELD	1.9%	2.1%	1.9%	1.6%	1.6%	1.8%	2.0%	2.3%	2.7%	
REVENUES ($MILL)	48.6	48.4	51.6	53.9	55.1	60.1	71.0	75.0	77.5	***Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.***
NET PROFIT ($MILL)	13.0	13.4	14.4	16.6	17.0	19.6	23.8	20.3	20.1	
INCOME TAX RATE	25.9%	15.7%	13.5%	10.8%	6.2%	.1%	5.1%	6.2%	--	
AFUDC % TO NET PROFIT	6.7%	1.7%	2.5%	3.2%	7.2%	--	--	--	--	
LONG-TERM DEBT RATIO	43.0%	42.5%	41.3%	46.3%	47.6%	40.2%	44.9%	47.1%	48.0%	
COMMON EQUITY RATIO	57.0%	57.5%	58.7%	53.7%	52.4%	59.8%	55.1%	52.9%	52.0%	
TOTAL CAPITAL ($MILL)	209.5	219.5	228.7	266.8	291.5	346.6	401.2	436.8	462.2	
NET PLANT ($MILL)	288.8	299.2	313.2	343.6	382.9	431.2	493.7	532.5	569.9	
RETURN ON TOTAL CAP'L	7.5%	7.3%	7.4%	7.1%	6.7%	6.4%	6.8%	5.7%	5.4%	
RETURN ON SHR. EQUITY	10.9%	10.6%	10.7%	11.6%	11.1%	9.5%	10.7%	8.8%	8.3%	
RETURN ON COM EQUITY	10.9%	10.6%	10.7%	11.6%	11.1%	9.5%	10.7%	8.8%	8.3%	
RETAINED TO COM EQ	4.0%	3.8%	4.0%	5.0%	4.7%	4.3%	5.5%	3.6%	3.1%	
ALL DIV'DS TO NET PROF	63%	64%	62%	57%	58%	55%	49%	59%	63%	

Note: No analyst estimates available.

ANNUAL RATES

of change (per share)	5 Yrs.	1 Yr.
Revenues	5.5%	3.0%
"Cash Flow"	6.5%	2.5%
Earnings	5.5%	-2.0%
Dividends	4.0%	4.0%
Book Value	9.0%	3.5%

QUARTERLY SALES ($mill.)

Fiscal Year	1Q	2Q	3Q	4Q	Full Year
12/31/23	15.4	18.7	18.8	18.1	71.0
12/31/24	17.6	18.8	19.7	18.9	75.0
12/31/25	18.4	19.2	20.4	19.5	77.5
12/31/26	20.1				

EARNINGS PER SHARE

Fiscal Year	1Q	2Q	3Q	4Q	Full Year
12/31/22	.29	.36	.40	.35	1.40
12/31/23	.26	.45	.53	.42	1.66
12/31/24	.30	.35	.41	.36	1.42
12/31/25	.25	.35	.43	.36	1.39
12/31/26	.33				

QUARTERLY DIVIDENDS PAID

Cal-endar	1Q	2Q	3Q	4Q	Full Year
2023	.203	.203	.203	.203	.81
2024	.211	.211	.211	.211	.84
2025	.219	.219	.219	.219	.88
2026	.228	.228			

INSTITUTIONAL DECISIONS

	3Q'25	4Q'25	1Q'26
to Buy	72	59	86
to Sell	68	51	66
Hld's(000)	8232	8909	9684

ASSETS ($mill.)	2024	2025	3/31/26
Cash Assets	.0	.0	.0
Receivables	6.8	13.5	12.9
Inventory	3.4	3.4	3.2
Other	6.3	1.5	2.4
Current Assets	16.5	18.4	18.5
Property, Plant & Equip, at cost	667.0	703.4	- -
Accum Depreciation	134.5	133.5	- -
Net Property	532.5	569.9	577.2
Other	84.5	107.1	94.1
Total Assets	633.5	695.4	689.8
LIABILITIES ($mill.)			
Accts Payable	9.5	8.4	7.5
Debt Due	.0	10.3	10.3
Other	8.8	8.9	7.8
Current Liab	18.3	27.6	25.6

LONG-TERM DEBT AND EQUITY as of 3/31/26

Total Debt $237.4 mill. **Due in 5 Yrs.** NA
LT Debt $227.1 mill.
Including Cap. Leases NA (48% of Cap'l)

Leases, Uncapitalized Annual rentals NA

Pension Liability None in '25 vs. None in '24

Pfd Stock None **Pfd Div'd Paid** None

Common Stock 14,458,000 shares (52% of Cap'l)

INDUSTRY: Water Utility

BUSINESS: The York Water Company is an investor-owned water utility. The company's primary business is to impound, purify to meet or exceed safe drinking water standards and distribute water. It also owns and operates three wastewater collection systems and ten wastewater collection and treatment systems. York Water operates within its franchised water and wastewater territory, which covers portions of 58 municipalities within four counties in south-central Pennsylvania. Water service is supplied through the company's own distribution system. It obtains the bulk of its water supply for its primary system for York and Adams Counties from both the South Branch and East Branch of the Codorus Creek, which together have an average daily flow of approximately 73 million gallons from a combined watershed area of about 117 square miles. As of March 31, 2026, the company's average daily availability was 41.1 million gallons, and average daily consumption was 23.1 million gallons. Has 129 employees. C.E.O. & President: Joseph T. Hand Address: 130 East Market Street, York, PA 17401. Tel.: (717) 845-3601. Internet: www.yorkwater.com. *J.V.*

July 3, 2026

TOTAL SHAREHOLDER RETURN

Dividends plus appreciation as of 6/22/2026

3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.
-1.24%	-8.93%	-4.34%	-26.91%	-29.68%

© 2026 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

Tidewater Utilities, Inc.
Indicated Common Equity Cost Rate
Through Use of a Risk Premium Model
Using an Adjusted Total Market Approach

Line No.		Proxy Group of Six Water Companies
1.	Prospective Yield on Aaa Rated Corporate Bonds (1)	5.60%
2.	Adjustment to Reflect Yield Spread Between Aaa Rated Corporate Bonds and A2 Rated Public Utility Bonds (2)	0.24%
3.	Adjusted Prospective Yield on A2 Rated Public Utility Bonds	5.84%
4.	Equity Risk Premium (3)	4.67% - 5.47%
5.	Risk Premium Derived Common Equity Cost Rate	10.51% - 11.31%

Notes: (1) Consensus forecast of Moody's Aaa Rated Corporate bonds from Blue Chip Financial Forecasts (see pages 7 and 8 of this Schedule).
(2) The average yield spread of A2 rated public utility bonds over Aaa rated corporate bonds of 0.24% from page 2 of this Schedule.
(3) From page 5 of this Schedule.

Tidewater Utilities, Inc.
Interest Rates and Bond Spreads for
Moody's Corporate and Public Utility Bonds

Selected Bond Yields

	[1] Aaa Rated Corporate Bond	[2] A2 Rated Public Utility Bond	[3] Baa2 Rated Public Utility Bond
Aug-2026	5.88 %	6.11 %	6.26 %
Jul-2026	5.76	5.97	6.13
Jun-2026	5.52	5.79	5.96
Average	5.72 %	5.96 %	6.12 %

Selected Bond Spreads

A2 Rated Public Utility Bonds Over Aaa Rated Corporate Bonds:
0.24 % (1)

Baa2 Rated Public Utility Bonds Over A2 Rated Public Utility Bonds:
0.16 % (2)

Notes:
(1) Column [2] - Column [1].
(2) Column [3] - Column [2].

Source of Information:
Bloomberg Professional Services

Tidewater Utilities, Inc.
Comparison of Long-Term Issuer Ratings for the
Proxy Group of Six Water Companies

	Moody's Long-Term Issuer Rating August 2026		Standard & Poor's Long-Term Issuer Rating August 2026	
Proxy Group of Six Water Companies	Long-Term Issuer Rating (1)	Numerical Weighting (2)	Long-Term Issuer Rating (1)	Numerical Weighting (2)
American States Water Company	NR	- -	A+	5.0
California Water Service Group	NR	- -	A+	5.0
Global Water Resources, Inc.	NR	- -	NR	- -
H2O America, Inc.	NR	- -	A-	7.0
Middlesex Water Company	NR	- -	A	6.0
The York Water Company	NR	- -	A-	7.0
Average	NR	NA	A	6.0

Notes:
(1) Ratings are that of the average of each company's utility operating subsidiaries.
(2) From page 4 of this Schedule.

Source Information: Moody's Investors Service
Standard & Poor's Global Utilities Rating Service

Numerical Assignment for Moody's and Standard & Poor's Bond Ratings

Moody's Bond Rating	Numerical Bond Weighting	Standard & Poor's Bond Rating
Aaa	1	AAA
Aa1	2	AA+
Aa2	3	AA
Aa3	4	AA-
A1	5	A+
A2	6	A
A3	7	A-
Baa1	8	BBB+
Baa2	9	BBB
Baa3	10	BBB-
Ba1	11	BB+
Ba2	12	BB
Ba3	13	BB-
B1	14	B+
B2	15	B
B3	16	B-

Tidewater Utilities, Inc.
Judgment of Equity Risk Premium for the
Proxy Group of Six Water Companies

Line No.		Proxy Group of Six Water Companies
1.	Calculated equity risk premium based on the total market using the beta approach (1)	4.15% - 5.74%
2.	Mean equity risk premium based on a study using the holding period returns of public utilities with A2 rated bonds (2)	5.19%
3.	Average equity risk premium	4.67% - 5.47%

Notes: (1) From page 6 of this Schedule.
(2) From page 9 of this Schedule.

Tidewater Utilities, Inc.
Derivation of Equity Risk Premium Based on the Total Market Approach
Using the Beta for the
Proxy Group of Six Water Companies

Line No.	Equity Risk Premium Measure	Proxy Group of Six Water Companies
1.	Kroll Equity Risk Premium (1)	6.17%
2.	Regression on Kroll Risk Premium Data (2)	6.55%
3.	Kroll Equity Risk Premium based on PRPM (3)	8.47%
4	Equity Risk Premium Based on Value Line Summary and Index (4)	5.54%
5.	Equity Risk Premium Based on Bloomberg, Value Line, and S&P Global Market Intelligence S&P 500 Companies (5)	11.01%
6.	Conclusion of Equity Risk Premium (6)	7.55%
7.	Adjusted Beta (7)	0.55 - 0.76
8.	Forecasted Equity Risk Premium	4.15% - 5.74%

Notes:

(1) Based on the arithmetic mean historical monthly returns on large company common stocks from Kroll 2023 SBBI® Yearbook and Bloomberg Professional Services minus the arithmetic mean monthly yield of Moody's average Aaa and Aa2 corporate bonds from 1928-2025.

(2) This equity risk premium is based on a regression of the monthly equity risk premiums of large company common stocks relative to Moody's average Aaa and Aa2 rated corporate bond yields from 1928-2025 referenced in Note 1 above. Using the equation generated from the regression, an expected equity risk premium is calculated using the average consensus forecast of Aaa corporate bonds of 5.60% (from page 1 of this Schedule).

(3) The Predictive Risk Premium Model (PRPM) is discussed in Mr. D'Ascendis' direct testimony. The Ibbotson equity risk premium based on the PRPM is derived by applying the PRPM to the monthly risk premiums between Ibbotson large company common stock monthly returns and average Aaa and Aa corporate monthly bond yields, from January 1928 through August 2026.

(4) The equity risk premium based on the Value Line Summary and Index is derived by subtracting the average consensus forecast of Aaa corporate bonds of 5.60% (from page 1 of this Schedule) from the projected 3-5 year total annual market return of 11.14% (described fully in note 1 on page 3 of Schedule DWD-8).

(5) Using data from Bloomberg Professional Services, Value Line, and S&P Global Market Intelligence for the equal weighted S&P 500, expected total returns of 16.61% was derived based upon expected dividend yields as a proxy for income returns and long-term earnings growth estimates as a proxy for capital appreciation. Subtracting the average consensus forecast of Aaa corporate bonds of 5.60% from the projected market return results in an expected equity risk premium of 11.01%.

(6) Average of Line Nos. 1 through 5.

(7) Average of the mean and median betas from pages 1 and 2 of Schedule DWD-8 for the Utility Proxy Group.

Sources of Information:

Kroll 2023 SBBI® Yearbook
Industrial Manual and Mergent Bond Record Monthly Update.
Value Line Summary and Index
Blue Chip Financial Forecasts, June 1, 2026 and September 1, 2026
S&P Capital IQ
Bloomberg Professional Services

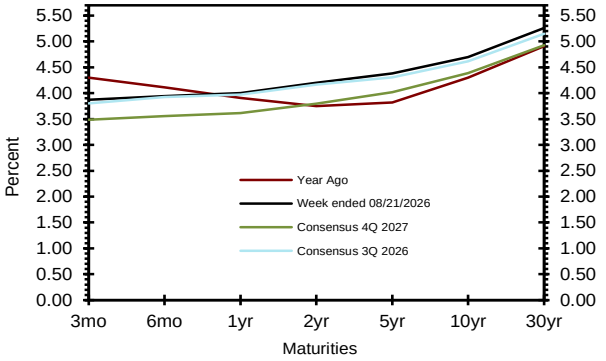
US Interest Rates and Key Assumptions

	History								Consensus Forecasts					
	Average for Week Ending				Average for the Month			Latest Qtr	3Q	4Q	1Q	2Q	3Q	4Q
Interest Rates	Aug 21	Aug 14	Aug 7	Jul 31	July	June	May	2Q 2026	2026	2026	2027	2027	2027	2027
Federal Funds Rate	3.63	3.63	3.63	3.63	3.63	3.63	3.63	3.63	*3.6*	*3.7*	*3.7*	*3.6*	*3.6*	*3.5*
Prime Rate	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	*6.8*	*6.8*	*6.8*	*6.7*	*6.7*	*6.6*
SOFR	3.64	3.63	3.64	3.65	3.62	3.63	3.58	3.62	*3.6*	*3.7*	*3.7*	*3.7*	*3.6*	*3.5*
Commercial Paper, 1-mo	3.69	3.70	3.68	3.70	3.68	3.68	3.67	3.68	*3.7*	*3.7*	*3.8*	*3.7*	*3.6*	*3.5*
Treasury Bill, 3-mo	3.87	3.88	3.89	3.87	3.87	3.81	3.69	3.73	*3.8*	*3.8*	*3.7*	*3.6*	*3.6*	*3.5*
Treasury Bill, 6-mo	3.94	3.97	3.99	4.02	4.00	3.87	3.77	3.79	*3.9*	*3.9*	*3.8*	*3.7*	*3.6*	*3.6*
Treasury Bill, 1 yr	4.00	4.00	4.04	4.08	4.05	3.91	3.79	3.80	*4.0*	*3.9*	*3.9*	*3.8*	*3.7*	*3.6*
Treasury Note, 2 yr	4.20	4.20	4.21	4.26	4.22	4.11	4.00	3.97	*4.2*	*4.1*	*4.0*	*3.9*	*3.9*	*3.8*
Treasury Note, 5 yr	4.38	4.37	4.36	4.39	4.33	4.21	4.15	4.10	*4.3*	*4.2*	*4.2*	*4.1*	*4.1*	*4.0*
Treasury Note, 10 yr	4.70	4.68	4.66	4.67	4.60	4.47	4.48	4.42	*4.6*	*4.6*	*4.5*	*4.5*	*4.4*	*4.4*
Treasury Bond, 30 yr	5.26	5.24	5.20	5.18	5.10	4.95	5.03	4.96	*5.1*	*5.1*	*5.0*	*5.0*	*5.0*	*4.9*
Corporate Aaa Bond	6.13	6.11	6.06	6.09	5.94	5.69	5.71	5.67	*5.8*	*5.7*	*5.7*	*5.7*	*5.7*	*5.6*
Corporate Baa Bond	6.28	6.26	6.21	6.23	6.11	5.90	5.98	5.93	*6.4*	*6.4*	*6.4*	*6.4*	*6.4*	*6.4*
State & Local Bonds	4.29	4.24	4.29	4.31	4.20	4.11	4.19	4.15	*4.5*	*4.5*	*4.5*	*4.5*	*4.5*	*4.5*
Home Mortgage Rate	6.65	6.67	6.69	6.66	6.54	6.49	6.44	6.42	*6.6*	*6.6*	*6.5*	*6.4*	*6.4*	*6.4*
	3Q	4Q	1Q	2Q	3Q	4Q[a]	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Key Assumptions	2024	2024	2025	2025	2025	2025	2026	2026	2026	2026	2027	2027	2027	2027
Fed AFE Index	114.7	117.7	119.6	112.7	110.9	112.2	111.0	111.9	*111.9*	*111.1*	*111.1*	*111.5*	*111.7*	*111.9*
Real GDP	3.3	1.9	-0.6	3.8	4.4	0.5	2.1	1.5	*2.4*	*1.9*	*2.0*	*2.1*	*2.1*	*2.1*
GDP Price Index	1.8	2.4	3.6	2.1	3.8	3.7	3.6	6.4	*2.4*	*2.8*	*2.5*	*2.4*	*2.3*	*2.5*
Consumer Price Index	1.3	3.2	3.7	1.7	3.1	2.4	3.7	6.1	*1.5*	*2.7*	*2.4*	*2.2*	*2.2*	*2.3*
PCE Price Index	1.7	2.5	3.4	2.1	2.8	2.9	4.6	5.3	*2.3*	*2.7*	*2.5*	*2.3*	*2.3*	*2.3*

(a) 4Q 2025 CPI uses an interpolated value for October 2025 calculated by Haver Analytics.

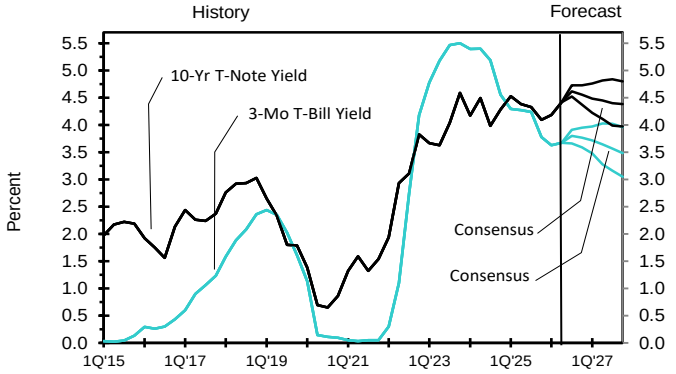
US Treasury Yield Curve

Week ended Aug 21, 2026 & Year Ago vs.
3Q 2026 & 4Q 2027
Consensus Forecasts



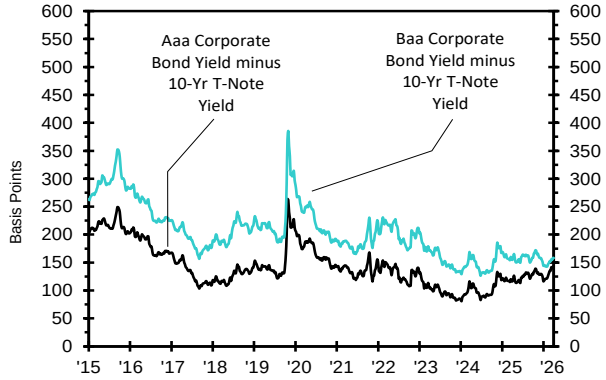
US 3-Mo T-Bills & 10-Yr T-Note Yield

(Quarterly Average)



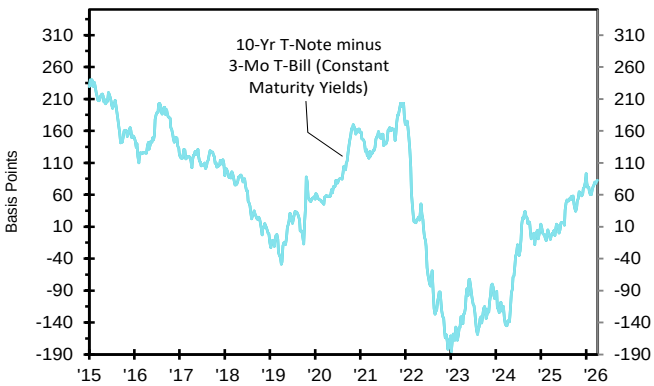
Corporate Bond Spreads

As of week ended Aug 21, 2026



US Treasury Yield Curve

As of week ended Aug 21, 2026



Long-Range Survey:

The table below contains results of our semi-annual long-range CONSENSUS survey. There are also Top 5 and Bottom 5 averages for each variable. Shown are estimates for the years 2027 through 2032 and averages for the five-year periods 2028-2032 and 2033-2037. Apply these projections cautiously. Few economic, demographic and political forces can be evaluated accurately over such long time spans.

		Average For The Year						Five-Year Averages	
		2027	2028	2029	2030	2031	2032	2028-2032	2033-2037
1. Federal Funds Rate	**CONSENSUS**	**3.2**	**3.1**	**3.2**	**3.2**	**3.2**	**3.2**	**3.2**	**3.1**
	Top 5 Average	3.6	3.6	3.7	3.7	3.6	3.6	3.6	3.6
	Bottom 5 Average	2.9	2.7	2.8	2.8	2.9	2.9	2.8	2.7
2. Prime Rate	**CONSENSUS**	**6.3**	**6.3**	**6.3**	**6.3**	**6.3**	**6.3**	**6.3**	**6.3**
	Top 5 Average	6.8	6.7	6.7	6.7	6.7	6.7	6.7	6.7
	Bottom 5 Average	6.0	5.9	5.9	5.9	6.0	6.0	5.9	5.9
3. SOFR	**CONSENSUS**	**3.2**	**3.1**	**3.1**	**3.1**	**3.1**	**3.1**	**3.1**	**3.1**
	Top 5 Average	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.4
	Bottom 5 Average	3.0	2.8	2.8	2.8	2.8	2.8	2.8	2.8
4. Commercial Paper, 1-Mo	**CONSENSUS**	**3.3**	**3.2**	**3.1**	**3.1**	**3.2**	**3.2**	**3.2**	**3.1**
	Top 5 Average	3.5	3.4	3.4	3.3	3.4	3.4	3.4	3.3
	Bottom 5 Average	3.1	3.0	2.9	2.9	2.9	2.9	2.9	2.9
5. Treasury Bill Yield, 3-Mo	**CONSENSUS**	**3.2**	**3.1**	**3.1**	**3.2**	**3.2**	**3.2**	**3.2**	**3.2**
	Top 5 Average	3.6	3.5	3.4	3.5	3.5	3.5	3.5	3.4
	Bottom 5 Average	2.9	2.8	2.9	2.9	2.9	2.9	2.9	2.9
6. Treasury Bill Yield, 6-Mo	**CONSENSUS**	**3.3**	**3.2**	**3.2**	**3.2**	**3.3**	**3.3**	**3.2**	**3.2**
	Top 5 Average	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.5
	Bottom 5 Average	3.0	2.9	3.0	3.0	3.0	3.0	3.0	3.0
7. Treasury Bill Yield, 1-Yr	**CONSENSUS**	**3.3**	**3.3**	**3.4**	**3.4**	**3.4**	**3.4**	**3.4**	**3.3**
	Top 5 Average	3.7	3.6	3.6	3.6	3.6	3.7	3.6	3.6
	Bottom 5 Average	3.0	3.0	3.1	3.1	3.1	3.1	3.1	3.1
8. Treasury Note Yield, 2-Yr	**CONSENSUS**	**3.6**	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**
	Top 5 Average	3.9	3.9	3.9	3.8	3.8	3.8	3.9	3.8
	Bottom 5 Average	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
9. Treasury Note Yield, 5-Yr	**CONSENSUS**	**3.8**	**3.8**	**3.8**	**3.8**	**3.8**	**3.8**	**3.8**	**3.8**
	Top 5 Average	4.1	4.2	4.2	4.1	4.1	4.1	4.1	4.1
	Bottom 5 Average	3.5	3.4	3.4	3.4	3.4	3.5	3.4	3.4
10. Treasury Note Yield, 10-Yr	**CONSENSUS**	**4.2**	**4.2**	**4.1**	**4.1**	**4.1**	**4.1**	**4.1**	**4.2**
	Top 5 Average	4.5	4.5	4.5	4.4	4.4	4.4	4.5	4.4
	Bottom 5 Average	3.9	3.7	3.7	3.7	3.7	3.8	3.7	3.8
11. Treasury Bond Yield, 30-Yr	**CONSENSUS**	**4.8**	**4.7**	**4.7**	**4.6**	**4.6**	**4.6**	**4.7**	**4.6**
	Top 5 Average	5.2	5.1	5.0	4.9	4.9	4.9	5.0	4.9
	Bottom 5 Average	4.4	4.3	4.4	4.3	4.3	4.3	4.3	4.3
12. Corporate Aaa Bond Yield	**CONSENSUS**	**5.3**	**5.3**	**5.4**	**5.3**	**5.3**	**5.3**	**5.3**	**5.3**
	Top 5 Average	5.8	5.9	6.0	5.8	5.8	5.8	5.9	5.8
	Bottom 5 Average	4.9	4.7	4.7	4.7	4.7	4.7	4.7	4.7
13. Corporate Baa Bond Yield	**CONSENSUS**	**6.0**	**6.1**	**6.1**	**6.1**	**6.1**	**6.1**	**6.1**	**6.1**
	Top 5 Average	6.5	6.6	6.7	6.6	6.7	6.7	6.6	6.7
	Bottom 5 Average	5.5	5.6	5.6	5.5	5.5	5.6	5.5	5.4
14. State & Local Bonds Yield	**CONSENSUS**	**4.2**	**4.3**	**4.3**	**4.3**	**4.3**	**4.3**	**4.3**	**4.2**
	Top 5 Average	4.5	4.7	4.7	4.7	4.7	4.7	4.7	4.7
	Bottom 5 Average	3.8	3.9	3.8	3.9	3.9	3.9	3.9	3.8
15. Home Mortgage Rate	**CONSENSUS**	**6.2**	**6.1**	**6.1**	**6.0**	**6.0**	**6.0**	**6.0**	**6.0**
	Top 5 Average	6.5	6.4	6.4	6.3	6.3	6.3	6.3	6.3
	Bottom 5 Average	5.8	5.7	5.7	5.7	5.7	5.7	5.7	5.7
A. Fed's AFE Nominal $ Index	**CONSENSUS**	**110.8**	**110.6**	**110.2**	**109.5**	**109.2**	**108.8**	**109.7**	**108.6**
	Top 5 Average	111.7	112.1	112.2	111.8	111.8	111.3	111.8	111.4
	Bottom 5 Average	110.0	109.1	108.1	107.1	106.7	106.3	107.5	105.7
		Year-Over-Year, % Change						Five-Year Averages	
		2027	2028	2029	2030	2031	2032	2028-2032	2033-2037
B. Real GDP	**CONSENSUS**	**2.0**	**2.0**	**2.1**	**2.0**	**2.0**	**2.0**	**2.0**	**1.9**
	Top 5 Average	2.5	2.3	2.4	2.4	2.4	2.3	2.4	2.2
	Bottom 5 Average	1.6	1.8	1.8	1.7	1.7	1.7	1.7	1.6
C. GDP Chained Price Index	**CONSENSUS**	**2.4**	**2.2**	**2.1**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**
	Top 5 Average	2.7	2.4	2.3	2.2	2.2	2.2	2.2	2.2
	Bottom 5 Average	2.0	2.0	1.8	1.8	1.7	1.7	1.8	1.8
D. Consumer Price Index	**CONSENSUS**	**2.5**	**2.2**	**2.2**	**2.2**	**2.2**	**2.2**	**2.2**	**2.2**
	Top 5 Average	3.0	2.5	2.5	2.5	2.4	2.5	2.5	2.5
	Bottom 5 Average	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
E. PCE Price Index	**CONSENSUS**	**2.4**	**2.2**	**2.1**	**2.1**	**2.0**	**2.0**	**2.1**	**2.0**
	Top 5 Average	3.0	2.5	2.3	2.3	2.3	2.3	2.3	2.3
	Bottom 5 Average	2.0	1.9	1.9	1.9	1.8	1.7	1.8	1.8

Projected Market Appreciation of the S&P Utility Index
Derivation of Mean Equity Risk Premium Based Studies
Using Holding Period Returns and
Projected Market Appreciation of the S&P Utility Index

Line No.		Implied Equity Risk Premium
1.	Historical Equity Risk Premium (1)	4.23%
2.	Regression of Historical Equity Risk Premium (2)	4.80%
3	Forecasted Equity Risk Premium Based on PRPM (3)	4.45%
4.	Forecasted Equity Risk Premium based on Projected Total Return on the S&P Utilities Index (Bloomberg, Value Line, and S&P Capital IQ Data) (4)	7.26%
5.	Average Equity Risk Premium (5)	5.19%

Notes:
(1) Based on S&P Public Utility Index monthly total returns and Moody's Public Utility Bond average monthly yields from 1928-2025. Holding period returns are calculated based upon income received (dividends and interest) plus the relative change in the market value of a security over a one-year holding period.

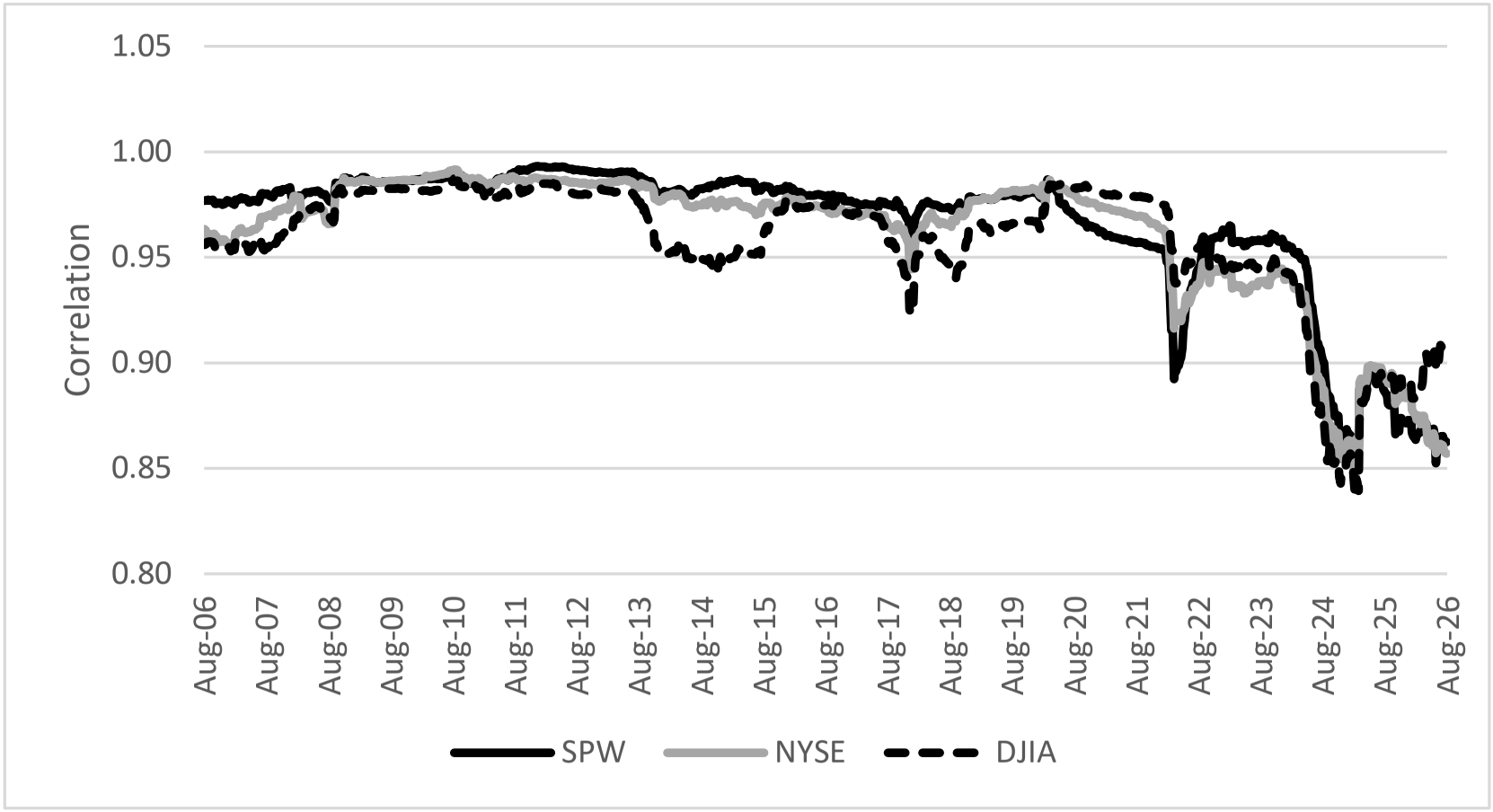
(2) This equity risk premium is based on a regression of the monthly equity risk premiums of the S&P Utility Index relative to Moody's A2 rated public utility bond yields from 1928 - 2025 referenced in note 1 above. Using the equation generated from the regression, an expected equity risk premium is calculated using the prospective A2 rated public utility bond yield of 5.84% (from line 3, page 1 of this Schedule).

(3) The Predictive Risk Premium Model (PRPM) is applied to the risk premium of the monthly total returns of the S&P Utility Index and the monthly yields on Moody's A2 rated public utility bonds from January 1928 - August 2026.

(4) Using data from Bloomberg, Value Line, and S&P Capital IQ for the S&P Utilities Index, an expected return of 13.10% was derived based on expected dividend yields as a proxy for income returns and long-term growth estimates as a proxy for market appreciation. Subtracting the expected A2 rated public utility bond yield of 5.84%, calculated on line 3 of page 1 of this Schedule results in an equity risk premium of 7.26% (13.10% - 5.84% = 7.26%).

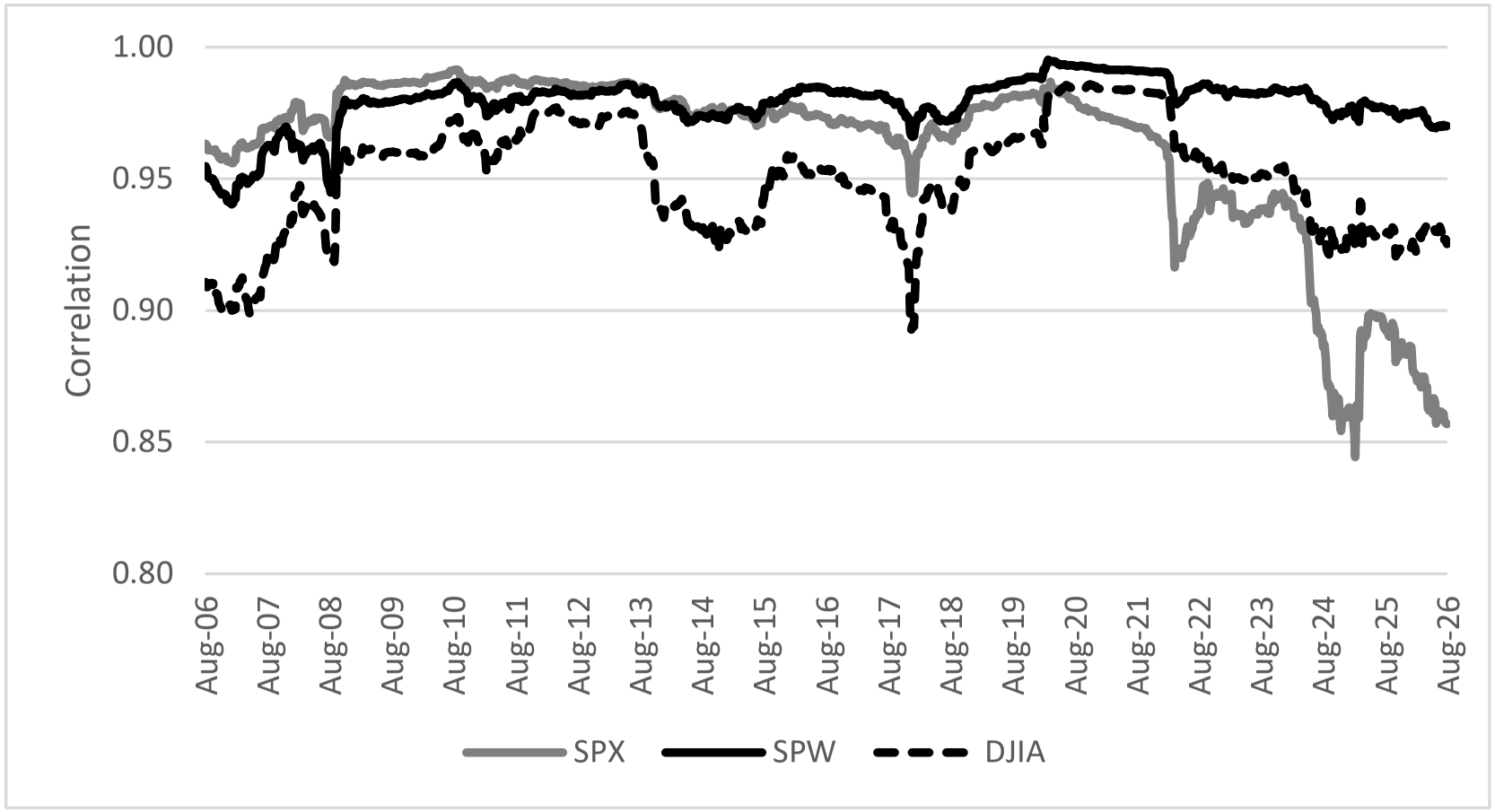
(5) Average of lines 1 through 4.

Tidewater Utilities, Inc.
S&P 500 Correlations



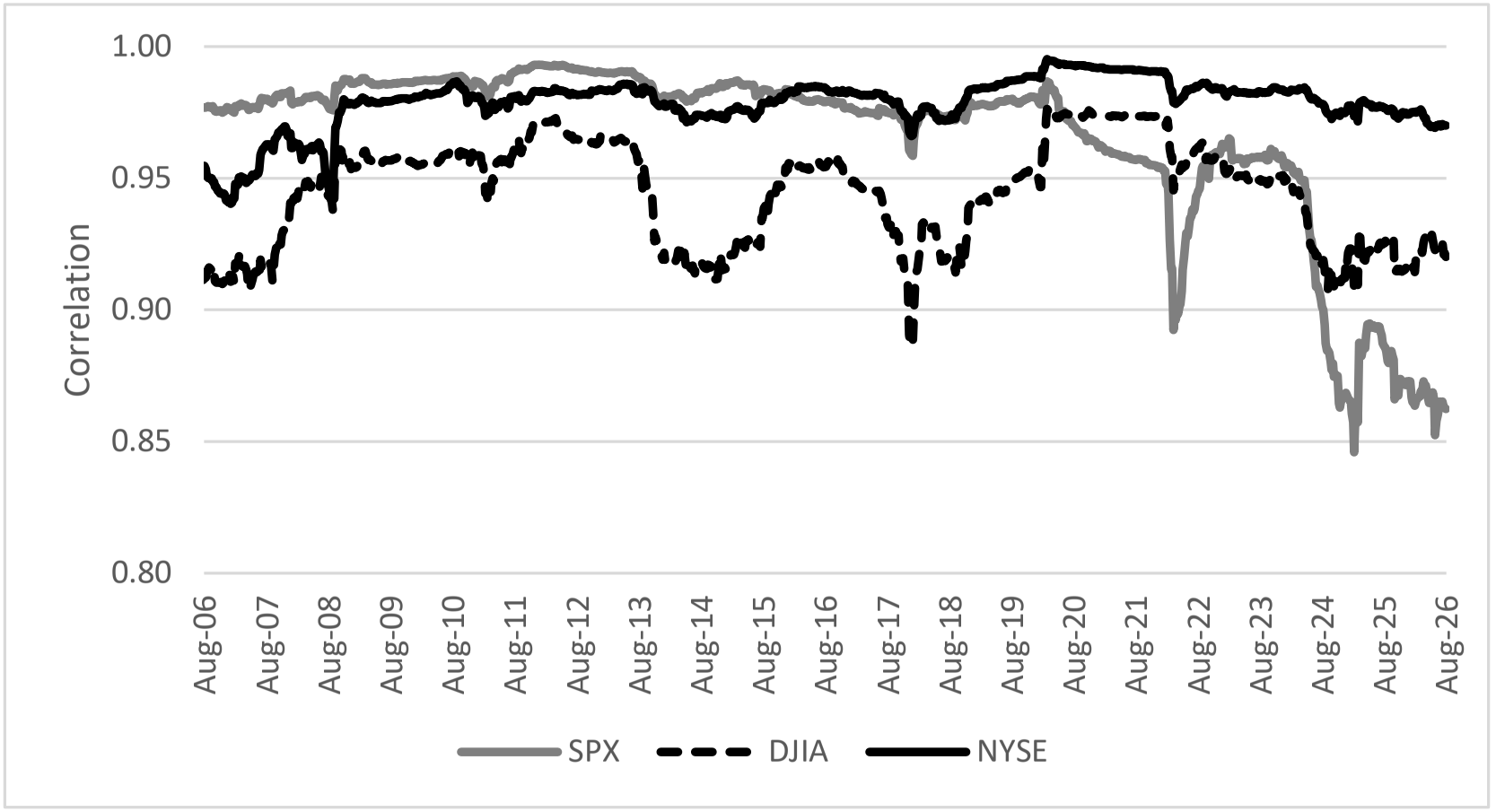
Source: Bloomberg Professional

Tidewater Utilities, Inc.
NYSE Correlations



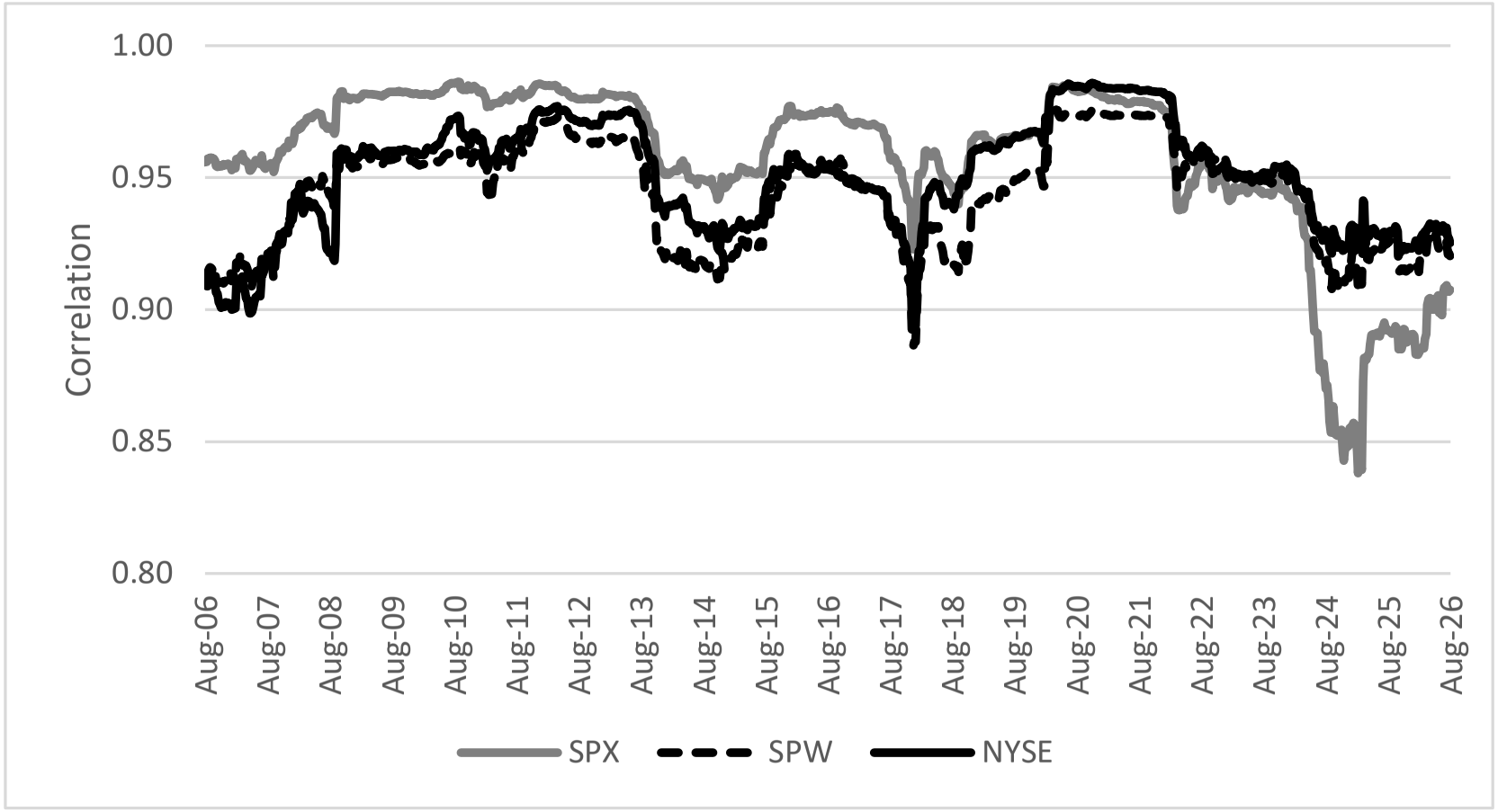
Source: Bloomberg Professional

Tidewater Utilities, Inc.
SPW Correlations



Source: Bloomberg Professional

Tidewater Utilities, Inc.
DJIA Correlations



Source: Bloomberg Professional

Tidewater Utilities, Inc.
Indicated Common Equity Cost Rate Through Use
of the Traditional Capital Asset Pricing Model (CAPM) and Empirical Capital Asset Pricing Model (ECAPM)

Proxy Group of Six Water Companies

Proxy Group of Six Water Companies	[1] Value Line Adjusted Beta	[2] Bloomberg Adjusted Beta	[3] Average Beta	[4] Market Risk Premium (1)	[5] Risk-Free Rate (2)	[6] Traditional CAPM Cost Rate	[7] ECAPM Cost Rate	[8] Indicated Common Equity Cost Rate (3)
American States Water Company	0.70	0.28	0.49	8.45 %	4.93 %	9.09 %	10.16 %	9.63 %
California Water Service Group	0.75	0.29	0.52	8.45	4.93	9.32	10.34	9.83
Global Water Resources, Inc.	0.90	0.78	0.84	8.45	4.93	12.03	12.37	12.20 (4)
H2O America, Inc.	0.75	0.32	0.53	8.45	4.93	9.45	10.43	9.94
Middlesex Water Company	0.75	0.23	0.49	8.45	4.93	9.06	10.14	9.60
The York Water Company	0.70	0.38	0.54	8.45	4.93	9.48	10.45	9.97
Mean			0.57			9.74 %	10.65 %	9.79 %
Median			0.53			9.39 %	10.39 %	9.83 %
Average of Mean and Median			0.55			9.57 %	10.52 %	9.81 %

Notes on page 3 of this Schedule.

Tidewater Utilities, Inc.
Indicated Common Equity Cost Rate Through Use
of the Traditional Capital Asset Pricing Model (CAPM) and Empirical Capital Asset Pricing Model (ECAPM)

Proxy Group of Six Water Companies

Proxy Group of Six Water Companies	[1] Value Line Adjusted Beta	[2] Market Risk Premium (1)	[3] Risk-Free Rate (2)	[4] Traditional CAPM Cost Rate	[5] ECAPM Cost Rate	[6] Indicated Common Equity Cost Rate (3)
American States Water Company	0.70	8.45 %	4.93 %	10.85 %	11.48 %	11.16 %
California Water Service Group	0.75	8.45	4.93	11.27	11.80	11.53
Global Water Resources, Inc.	0.90	8.45	4.93	12.54	12.75	12.64 (4)
H2O America, Inc.	0.75	8.45	4.93	11.27	11.80	11.53
Middlesex Water Company	0.75	8.45	4.93	11.27	11.80	11.53
The York Water Company	0.70	8.45	4.93	10.85	11.48	11.16
Mean	0.76			11.34 %	11.85 %	11.38 %
Median	0.75			11.27 %	11.80 %	11.53 %
Average of Mean and Median	0.76			11.31 %	11.83 %	11.46 %

Notes on page 3 of this Schedule.

Tidewater Utilities, Inc.
Notes to Accompany the Application of the CAPM and ECAPM

Notes:

(1) The market risk premium (MRP) is derived by using five different measures from four sources: Kroll, Value Line, Bloomberg, and S&P Capital IQ as illustrated below:

Measure 1: Kroll Arithmetic Mean MRP (1926-2025)

Arithmetic Mean Monthly Returns for Large Stocks 1926-2025:	12.35 %
Arithmetic Mean Income Returns on Long-Term Government Bonds:	4.99
MRP based on Kroll Historical Data:	7.37 %

Measure 2: Application of a Regression Analysis to Kroll Historical Data

(1926-2025)	7.57 %

Measure 3: Application of the PRPM to Kroll Historical Data

(January 1926 - August 2026)	9.43 %

Measure 4: Value Line Projected MRP (Thirteen weeks ending September 4, 2026)

Total projected return on the market 3-5 years hence*:	11.14 %
Risk-Free Rate (see note 2):	4.93
MRP based on Value Line Summary & Index:	6.21 %

*Forcasted 3-5 year capital appreciation plus expected dividend yield

Measure 5: Bloomberg, Value Line, and S&P Capital IQ Projected Return on the Market based on the S&P 500

Total return on the Market based on the S&P 500 (equal weight):	16.61 %
Risk-Free Rate (see note 2):	4.93
MRP based on Bloomberg, Value Line, and S&P Capital IQ data	11.68 %

Average of MRP Measures used for Value Line Beta CAPM (Average of Measures 1 through 5):	8.45

(2) For reasons explained in the Direct Testimony, the appropriate risk-free rate for cost of capital purposes is the average forecast of 30 year Treasury Bonds per the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts. (See pages 7 and 8 of Schedule DWD-6.) The projection of the risk-free rate is illustrated below:

Third Quarter 2026	5.10 %
Fourth Quarter 2026	5.10
First Quarter 2027	5.00
Second Quarter 2027	5.00
Third Quarter 2027	5.00
Fourth Quarter 2027	4.90
2028-2032	4.70
2033-2037	4.60
	4.93 %

(3) Average of Traditional CAPM and ECAPM cost rates.

(4) Results were excluded from the final average and median as they were more than two standard deviations from the proxy group's mean.

Sources of Information:
Value Line Summary and Index
Blue Chip Financial Forecasts, June 1, 2026 and September 1, 2026
Kroll 2023 SBBI® Yearbook
S&P Capital IQ
Bloomberg Professional Services

Tidewater Utilities, Inc.
Basis of Selection of the Group of Non-Price Regulated Companies
Comparable in Total Risk to the Proxy Group of Six Water Companies

The criteria for selection of the Proxy Group of Non-Price Regulated Companies comparable in total risk to the Proxy Group of Six Water Companies was that the non-price regulated companies be domestic and reported in Value Line Investment Survey (Standard Edition).

The proxy group of non-price regulated companies was selected based on the unadjusted beta range of 0.42 - 0.80 and residual standard error of the regression range of 2.9260 - 3.4896 of the Proxy Group of Six Water Companies.

These ranges are based upon plus or minus two standard deviations of the unadjusted beta and standard error of the regression. Plus or minus two standard deviations captures 95.50% of the distribution of unadjusted betas and residual standard errors of the regression.

The standard deviation of the Water Utility Proxy Group's residual standard error of the regression is 0.1409. The standard deviation of the standard error of the regression is calculated as follows:

$$\text{Standard Deviation of the Std. Err. of the Regr.} = \frac{\text{Standard Error of the Regression}}{\sqrt{2N}}$$

where: N = number of observations. Since Value Line betas are derived from weekly price change observations over a period of five years, N = 259

$$\text{Thus,} \quad 0.1409 = \frac{3.2078}{\sqrt{518}} = \frac{3.2078}{22.7596}$$

Source of Information: Value Line Proprietary Database, June 2026.
Value Line Investment Survey (Standard Edition).

Tidewater Utilities, Inc.
Basis of Selection of Comparable Risk
Domestic Non-Price Regulated Companies

Proxy Group of Six Water Companies	[1] Value Line Adjusted Beta	[2] Unadjusted Beta	[3] Residual Standard Error of the Regression	[4] Standard Deviation of Beta
American States Water Company	0.70	0.53	2.8247	0.0835
California Water Service Group	0.75	0.59	3.0868	0.0912
Global Water Resources, Inc.	0.90	0.83	3.3812	0.0999
H2O America, Inc.	0.75	0.58	3.0867	0.0912
Middlesex Water Company	0.75	0.61	4.0724	0.1203
The York Water Company	0.70	0.49	2.7947	0.0826
Average	0.76	0.61	3.2078	0.0948
Beta Range (+/- 2 std. Devs. of Beta)	0.42	0.80		
2 std. Devs. of Beta	0.19			
Residual Std. Err. Range (+/- 2 std. Devs. of the Residual Std. Err.)	2.9260	3.4896		
Std. dev. of the Res. Std. Err.	0.1409			
2 std. devs. of the Res. Std. Err.	0.2818			

Source of Information: Value Line Proprietary Database, June 2026.

Tidewater Utilities, Inc.
Proxy Group of Non-Price Regulated Companies
Comparable in Total Risk to the
Proxy Group of Six Water Companies

Proxy Group of Thirty-Five Non-Price Regulated Companies	[1] Value Line Adjusted Beta	[2] Unadjusted Beta	[3] Residual Standard Error of the Regression	[4] Standard Deviation of Beta
AbbVie Inc.	0.65	0.42	3.1060	0.0918
Amgen Inc.	0.70	0.51	2.9888	0.0883
AutoZone, Inc.	0.80	0.63	3.1025	0.0917
Becton, Dickinson and Company	0.80	0.63	3.0358	0.0897
Bristol-Myers Squibb Company	0.70	0.50	3.1498	0.0931
Cardinal Health, Inc.	0.85	0.73	3.2636	0.0964
Casella Waste Systems, Inc.	0.85	0.70	3.2277	0.0954
Casey's General Stores, Inc.	0.80	0.68	3.2008	0.0946
Chemed Corporation	0.70	0.47	3.1490	0.0930
Cisco Systems, Inc.	0.85	0.76	3.0369	0.0897
Gilead Sciences, Inc.	0.75	0.57	3.0484	0.0901
Henry Schein, Inc.	0.80	0.64	3.0264	0.0894
Ingles Markets, Incorporated	0.65	0.43	3.3417	0.0987
Kenvue Inc.	0.75	0.58	3.2387	0.1400
L3Harris Technologies, Inc.	0.80	0.68	3.1218	0.0922
McCormick & Company, Incorporated	0.75	0.57	3.3462	0.0989
McKesson Corporation	0.65	0.43	3.0458	0.0900
Merck & Co., Inc.	0.70	0.48	3.2939	0.0973
Molson Coors Beverage Company	0.75	0.60	3.1448	0.0929
NewMarket Corporation	0.80	0.63	3.2687	0.0966
Pfizer Inc.	0.75	0.60	3.2437	0.0958
Philip Morris International Inc.	0.75	0.59	3.1013	0.0916
Prestige Consumer Healthcare Inc.	0.75	0.62	3.2820	0.0970
PriceSmart, Inc.	0.85	0.77	2.9947	0.0885
Rollins, Inc.	0.80	0.66	3.2092	0.0948
Selective Insurance Group, Inc.	0.85	0.76	3.2671	0.0965
Service Corporation International	0.85	0.73	3.0646	0.0905
The Allstate Corporation	0.90	0.79	2.9869	0.0882
The Progressive Corporation	0.80	0.63	2.9381	0.0868
The Wendy's Company	0.85	0.72	3.3674	0.0995
Tyson Foods, Inc.	0.70	0.51	3.2386	0.0957
Universal Corporation	0.80	0.65	3.2315	0.0955
VeriSign, Inc.	0.90	0.78	3.1695	0.0936
Verisk Analytics, Inc.	0.80	0.70	3.2353	0.0956
Vertex Pharmaceuticals Incorporated	0.75	0.61	3.4650	0.1024
Proxy Group of Thirty-Five Non-Price Regulated Companies Average	0.78	0.62	3.1695	0.0949
Proxy Group of Six Water Companies	0.76	0.61	3.2078	0.0948

Source of Information: Value Line Proprietary Database, June 2026.

Tidewater Utilities, Inc.
Summary of Cost of Equity Models Applied to
Proxy Group of Non-Price Regulated Companies
Comparable in Total Risk to the
Proxy Group of Six Water Companies

Principal Methods	Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Six Water Companies
Discounted Cash Flow Model (DCF) (1)	12.16%
Risk Premium Model (RPM) (2)	11.31% - 12.21%
Capital Asset Pricing Model (CAPM) (3)	10.92% - 11.83%
Mean	11.46% - 12.07%
Median	11.31% - 12.16%
Average of Mean and Median	11.39% - 12.11%

Notes:
(1) From page 2 of this Schedule.
(2) From page 3 of this Schedule.
(3) From pages 6 and 7 of this Schedule.

Tidewater Utilities, Inc.
DCF Results for the Proxy Group of Non-Price-Regulated Companies Comparable in Total Risk to the
Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Six Water Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	
Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Six Water Companies	Average Dividend Yield	Value Line Projected Five Year Growth in EPS	Zack's Five Year Projected Growth Rate in EPS	S&P Capital IQ Projected Five Year Growth in EPS	Average Projected Five Year Growth Rate in EPS (1)	Adjusted Dividend Yield	Indicated Common Equity Cost Rate (2)	
AbbVie Inc.	2.79 %	11.50 %	21.40 %	13.47 %	15.46 %	3.01 %	18.47 %	
Amgen Inc.	2.64	5.50	6.00	5.19	5.56	2.71	8.27	
AutoZone, Inc.	-	7.50	13.10	13.11	11.24	-	NA	
Becton, Dickinson and Company	2.57	4.00	1.10	(1.67)	2.55	2.60	5.15	
Bristol-Myers Squibb Company	4.14	27.00	NMF	(1.49)	27.00	4.70	31.70	(3)
Cardinal Health, Inc.	0.89	15.00	13.30	14.89	14.40	0.95	15.35	
Casella Waste Systems, Inc.	-	20.50	NA	(3.54)	20.50	-	NA	
Casey's General Stores, Inc.	0.31	12.00	13.80	12.77	12.86	0.33	13.19	
Chemed Corporation	0.56	7.00	11.40	11.39	9.93	0.59	10.52	
Cisco Systems, Inc.	1.45	9.50	11.50	14.60	11.87	1.54	13.41	
Gilead Sciences, Inc.	2.47	15.00	5.40	6.22	8.87	2.58	11.45	
Henry Schein, Inc.	-	11.50	9.80	12.62	11.31	-	NA	
Ingles Markets, Incorporated	0.74	8.00	NA	NA	8.00	0.77	8.77	
Kenvue Inc.	4.43	NA	12.20	12.21	12.20	4.70	16.90	
L3Harris Technologies, Inc.	1.73	15.50	19.40	20.63	18.51	1.89	20.40	
McCormick & Company, Incorporated	3.72	6.00	6.40	6.19	6.20	3.84	10.04	
McKesson Corporation	0.46	12.00	11.40	12.73	12.04	0.49	12.53	
Merck & Co., Inc.	2.62	12.00	8.60	6.83	9.14	2.74	11.88	
Molson Coors Beverage Company	4.69	6.00	NA	(2.06)	6.00	4.83	10.83	
NewMarket Corporation	1.44	4.00	NA	NA	4.00	1.47	5.47	
Pfizer Inc.	6.70	9.00	NA	(4.80)	9.00	7.00	16.00	
Philip Morris International Inc.	3.16	10.00	9.90	9.89	9.93	3.32	13.25	
Prestige Consumer Healthcare Inc.	-	7.50	7.00	8.00	7.50	-	NA	
PriceSmart, Inc.	0.76	8.50	NA	10.50	9.50	0.80	10.30	
Rollins, Inc.	1.77	8.50	7.70	7.72	7.97	1.84	9.81	
Selective Insurance Group, Inc.	1.82	14.00	NA	16.10	15.05	1.96	17.01	
Service Corporation International	1.81	7.50	10.80	10.77	9.69	1.90	11.59	
The Allstate Corporation	1.74	7.50	19.00	(2.30)	13.25	1.86	15.11	
The Progressive Corporation	0.19	8.00	4.20	(1.89)	6.10	0.20	6.30	
The Wendy's Company	3.64	(2.00)	23.90	(3.86)	23.90	4.07	27.97	(3)
Tyson Foods, Inc.	3.54	15.50	7.60	7.58	10.23	3.72	13.95	
Universal Corporation	6.54	20.50	1.00	1.00	7.50	6.79	14.29	
VeriSign, Inc.	1.17	8.00	NA	NA	8.00	1.22	9.22	
Verisk Analytics, Inc.	1.06	10.50	11.60	11.57	11.22	1.12	12.34	
Vertex Pharmaceuticals Incorporated	-	17.00	13.70	13.34	14.68	-	NA	
						Mean	12.21 %	
	NA= Not Available NMF=Not Meaningful Figure							
						Median	12.11 %	
					Average of Mean and Median		12.16 %	

Notes:

(1) Average of columns 2 through 4 excluding negative growth rates.

(2) The application of the DCF model to the domestic, non-price regulated comparable risk companies is identical to the application of the DCF to the Utility Proxy Group. The dividend yield is derived by using the 60 day average price and the spot indicated dividend as of 08/31/2026. The dividend yield is then adjusted by 1/2 the average projected growth rate in EPS, which is calculated by averaging the 5 year projected growth in EPS provided by Value Line, www.zacks.com, and S&P Capital IQ (excluding any negative growth rates) and then adding that growth rate to the adjusted dividend yield.

(3) Results were excluded from the final average and median as they were more than two standard deviations from the proxy group's mean.

Source of Information:
Value Line Investment Survey
www.zacks.com, Downloaded on 08/31/2026
S&P Capital IQ

Tidewater Utilities, Inc.
Indicated Common Equity Cost Rate
Through Use of a Risk Premium Model
Using an Adjusted Total Market Approach

Line No.		Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Six Water Companies
1.	Prospective Yield on Baa2 Rated Corporate Bonds (1)	6.33%
2.	Adjustment to Reflect Bond rating Difference of Non-Price Regulated Companies (2)	-0.08%
3.	Adjusted Bond Yield	6.25%
4.	Equity Risk Premium (3)	5.06% - 5.96%
5.	Risk Premium Derived Common Equity Cost Rate	11.31% - 12.21%

Notes: (1) Average forecast of Baa corporate bonds based upon the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts dated June 1, 2026 and September 1, 2026 (see pages 7 and 8 of Schedule DWD-6). The estimates are detailed below.

Third Quarter 2026	6.40 %
Fourth Quarter 2026	6.40
First Quarter 2027	6.40
Second Quarter 2027	6.40
Third Quarter 2027	6.40
Fourth Quarter 2027	6.40
2028-2032	6.10
2033-2037	6.10
Average	6.33 %

(2) The average yield spread of Baa2 rated corporate bonds over A2 corporate bonds for the three months ending August 2026. To reflect the Baa1 average rating of the Non-Price Regulated Proxy Group comparable in total risk to the Utility Proxy Group, the yield on Baa corporate bonds must be adjusted by 1/3 of the spread between A2 and Baa2 corporate bond yields as shown below:

	A2 Corp. Bond Yield	Baa2 Corp. Bond Yield	Spread
Aug-26	6.09 %	6.32 %	0.23 %
Jul-26	5.95	6.19	0.24
Jun-26	5.76	6.00	0.24
		Average yield spread	0.24
		1/3 of spread	0.08 %

(3) From page 5 of this Schedule.

Tidewater Utilities, Inc.
Comparison of Long-Term Issuer Ratings for the
Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Six Water Companies

Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Six Water Companies	Moody's Long-Term Issuer Rating August 2026		Standard & Poor's Long-Term Issuer Rating August 2026	
	Long-Term Issuer Rating	Numerical Weighting (1)	Long-Term Issuer Rating	Numerical Weighting (1)
AbbVie Inc.	A2	6.0	A-	7.0
Amgen Inc.	Baa1	8.0	BBB+	8.0
AutoZone, Inc.	Baa1	8.0	BBB	9.0
Becton, Dickinson and Company	Baa2	9.0	BBB	9.0
Bristol-Myers Squibb Company	A2	6.0	A	6.0
Cardinal Health, Inc.	Baa2	9.0	BBB	9.0
Casella Waste Systems, Inc.	NA	--	BB	12.0
Casey's General Stores, Inc.	NA	--	NA	--
Chemed Corporation	WR	--	NR	--
Cisco Systems, Inc.	A1	5.0	AA-	4.0
Gilead Sciences, Inc.	A2	6.0	A-	7.0
Henry Schein, Inc.	NA	--	NA	--
Ingles Markets, Incorporated	Ba2	12.0	BB+	11.0
Kenvue Inc.	A2	6.0	A	6.0
L3Harris Technologies, Inc.	Baa2	9.0	BBB	9.0
McCormick & Company, Incorporated	Baa2	9.0	BBB	9.0
McKesson Corporation	A3	7.0	BBB+	8.0
Merck & Co., Inc.	Aa3	4.0	A+	5.0
Molson Coors Beverage Company	Baa1	8.0	BBB	9.0
NewMarket Corporation	Baa2	9.0	BBB+	8.0
Pfizer Inc.	A2	6.0	A	6.0
Philip Morris International Inc.	A2	6.0	A-	7.0
Prestige Consumer Healthcare Inc.	NA	--	BB	12.0
PriceSmart, Inc.	NA	--	NA	--
Rollins, Inc.	NA	--	BBB	9.0
Selective Insurance Group, Inc.	Baa2	9.0	BBB	9.0
Service Corporation International	Ba3	13.0	BB+	11.0
The Allstate Corporation	A3	7.0	BBB+	8.0
The Progressive Corporation	A2	6.0	A	6.0
The Wendy's Company	NA	--	B+	14.0
Tyson Foods, Inc.	Baa2	9.0	BBB	9.0
Universal Corporation	WR	--	BBB-	10.0
VeriSign, Inc.	Baa2	9.0	BBB	9.0
Verisk Analytics, Inc.	Baa1	8.0	BBB	9.0
Vertex Pharmaceuticals Incorporated	NA	--	NA	--
Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Six Water Companies Average	Baa1	7.8	BBB+/BBB	8.5

Notes:
(1) From page 4 of Schedule DWD-6.

Source of Information:
Bloomberg Professional Services.

Tidewater Utilities, Inc.
Derivation of the Equity Risk Premium Based on the Total Market Approach
Using Betas for the Proxy Group of Thirty-Five Non-Price Regulated Companies
Comparable in Risk to the Proxy Group of Six Water Companies

Line No.	Equity Risk Premium Measure	Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Six Water Companies
1.	Kroll Equity Risk Premium (1)	6.17%
2.	Regression on Kroll Risk Premium Data (2)	6.55%
3.	Kroll Equity Risk Premium based on PRPM (3)	8.47%
4.	Equity Risk Premium Based on Value Line Summary and Index (4)	5.54%
5.	Equity Risk Premium Based on Bloomberg, Value Line, and S&P Global Market Intelligence S&P 500 Companies (5)	11.01%
6.	Conclusion of Equity Risk Premium (6)	7.55%
7.	Adjusted Beta (7)	0.67 - 0.79
8.	Forecasted Equity Risk Premium	5.06% - 5.96%

Notes:

(1) From note 1 of page 6 of Schedule DWD-6.
(2) From note 2 of page 6 of Schedule DWD-6.
(3) From note 3 of page 6 of Schedule DWD-6.
(4) From note 4 of page 6 of Schedule DWD-6.
(5) From note 5 of page 6 of Schedule DWD-6.
(6) Average of Line Nos. 1 through 5.
(7) Average of the mean and median betas from pages 6 and 7 of this Schedule.

Sources of Information:

Stocks, Bonds, Bills, and Inflation - 2023 SBBI Yearbook, Kroll
Value Line Summary and Index
Blue Chip Financial Forecasts, June 1, 2026 and September 1, 2026
Bloomberg Professional Services

Tidewater Utilities, Inc.
Traditional CAPM and ECAPM Results for the
Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Six Water Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Six Water Companies	Value Line Adjusted Beta	Bloomberg Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
AbbVie Inc.	0.65	0.37	0.51	8.45 %	4.93 %	9.24 %	10.28 %	9.76 %
Amgen Inc.	0.75	0.55	0.65	8.45	4.93	10.42	11.16	10.79
AutoZone, Inc.	0.80	0.53	0.67	8.45	4.93	10.59	11.29	10.94
Becton, Dickinson and Company	0.80	0.57	0.68	8.45	4.93	10.68	11.35	11.02
Bristol-Myers Squibb Company	0.70	0.47	0.59	8.45	4.93	9.92	10.78	10.35
Cardinal Health, Inc.	0.85	0.54	0.70	8.45	4.93	10.85	11.48	11.16
Casella Waste Systems, Inc.	0.85	0.50	0.68	8.45	4.93	10.68	11.35	11.02
Casey's General Stores, Inc.	0.85	0.62	0.74	8.45	4.93	11.19	11.73	11.46
Chemed Corporation	0.65	0.54	0.60	8.45	4.93	10.00	10.85	10.42
Cisco Systems, Inc.	0.85	0.95	0.90	8.45	4.93	12.54	12.75	12.64 (4)
Gilead Sciences, Inc.	0.75	0.56	0.66	8.45	4.93	10.51	11.23	10.87
Henry Schein, Inc.	0.80	0.54	0.67	8.45	4.93	10.59	11.29	10.94
Ingles Markets, Incorporated	0.65	0.51	0.58	8.45	4.93	9.83	10.72	10.28
Kenvue Inc.	0.75	0.36	0.56	8.45	4.93	9.66	10.59	10.13
L3Harris Technologies, Inc.	0.80	0.63	0.72	8.45	4.93	11.02	11.61	11.31
McCormick & Company, Incorporated	0.75	0.57	0.66	8.45	4.93	10.51	11.23	10.87
McKesson Corporation	0.65	0.41	0.53	8.45	4.93	9.41	10.40	9.91
Merck & Co., Inc.	0.70	0.49	0.59	8.45	4.93	9.92	10.78	10.35
Molson Coors Beverage Company	0.75	0.48	0.61	8.45	4.93	10.09	10.91	10.50
NewMarket Corporation	0.80	0.77	0.79	8.45	4.93	11.61	12.05	11.83
Pfizer Inc.	0.75	0.64	0.69	8.45	4.93	10.76	11.42	11.09
Philip Morris International Inc.	0.75	0.30	0.52	8.45	4.93	9.33	10.34	9.83
Prestige Consumer Healthcare Inc.	0.75	0.57	0.66	8.45	4.93	10.51	11.23	10.87
PriceSmart, Inc.	0.85	0.67	0.76	8.45	4.93	11.35	11.86	11.61
Rollins, Inc.	0.80	0.62	0.71	8.45	4.93	10.93	11.54	11.24
Selective Insurance Group, Inc.	0.85	0.58	0.71	8.45	4.93	10.93	11.54	11.24
Service Corporation International	0.85	0.58	0.71	8.45	4.93	10.93	11.54	11.24
The Allstate Corporation	0.90	0.62	0.76	8.45	4.93	11.35	11.86	11.61
The Progressive Corporation	0.80	0.63	0.71	8.45	4.93	10.93	11.54	11.24
The Wendy's Company	0.85	0.76	0.80	8.45	4.93	11.69	12.12	11.90
Tyson Foods, Inc.	0.70	0.50	0.60	8.45	4.93	10.00	10.85	10.42
Universal Corporation	0.80	0.40	0.60	8.45	4.93	10.00	10.85	10.42
VeriSign, Inc.	0.90	0.68	0.79	8.45	4.93	11.61	12.05	11.83
Verisk Analytics, Inc.	0.85	0.41	0.63	8.45	4.93	10.26	11.04	10.65
Vertex Pharmaceuticals Incorporated	0.80	0.62	0.71	8.45	4.93	10.93	11.54	11.24
		Mean	0.67			10.59 %	11.29 %	10.89 %
		Median	0.67			10.59 %	11.29 %	10.94 %
		Average of Mean and Median	0.67			10.59 %	11.29 %	10.92 %

Notes:
(1) From note 1 of page 3 of Schedule DWD-8.
(2) From note 2 of page 3 of Schedule DWD-8.
(3) Average of CAPM and ECAPM cost rates.
(4) Results were excluded from the final average and median as they were more than two standard deviations from the proxy group's mean.

Tidewater Utilities, Inc.
Traditional CAPM and ECAPM Results for the
Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Six Water Companies

	[1]	[2]	[3]	[4]	[5]	[6]
Proxy Group of Thirty-Five Non-Price Regulated Companies Associated with the Proxy Group of Six Water Companies	Value Line Adjusted Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
AbbVie Inc.	0.65	8.45 %	4.93 %	10.42 %	11.16 %	10.79 %
Amgen Inc.	0.75	8.45	4.93	11.27	11.80	11.53
AutoZone, Inc.	0.80	8.45	4.93	11.69	12.12	11.90
Becton, Dickinson and Company	0.80	8.45	4.93	11.69	12.12	11.90
Bristol-Myers Squibb Company	0.70	8.45	4.93	10.85	11.48	11.16
Cardinal Health, Inc.	0.85	8.45	4.93	12.11	12.43	12.27
Casella Waste Systems, Inc.	0.85	8.45	4.93	12.11	12.43	12.27
Casey's General Stores, Inc.	0.85	8.45	4.93	12.11	12.43	12.27
Chemed Corporation	0.65	8.45	4.93	10.42	11.16	10.79
Cisco Systems, Inc.	0.85	8.45	4.93	12.11	12.43	12.27
Gilead Sciences, Inc.	0.75	8.45	4.93	11.27	11.80	11.53
Henry Schein, Inc.	0.80	8.45	4.93	11.69	12.12	11.90
Ingles Markets, Incorporated	0.65	8.45	4.93	10.42	11.16	10.79
Kenvue Inc.	0.75	8.45	4.93	11.27	11.80	11.53
L3Harris Technologies, Inc.	0.80	8.45	4.93	11.69	12.12	11.90
McCormick & Company, Incorporated	0.75	8.45	4.93	11.27	11.80	11.53
McKesson Corporation	0.65	8.45	4.93	10.42	11.16	10.79
Merck & Co., Inc.	0.70	8.45	4.93	10.85	11.48	11.16
Molson Coors Beverage Company	0.75	8.45	4.93	11.27	11.80	11.53
NewMarket Corporation	0.80	8.45	4.93	11.69	12.12	11.90
Pfizer Inc.	0.75	8.45	4.93	11.27	11.80	11.53
Philip Morris International Inc.	0.75	8.45	4.93	11.27	11.80	11.53
Prestige Consumer Healthcare Inc.	0.75	8.45	4.93	11.27	11.80	11.53
PriceSmart, Inc.	0.85	8.45	4.93	12.11	12.43	12.27
Rollins, Inc.	0.80	8.45	4.93	11.69	12.12	11.90
Selective Insurance Group, Inc.	0.85	8.45	4.93	12.11	12.43	12.27
Service Corporation International	0.85	8.45	4.93	12.11	12.43	12.27
The Allstate Corporation	0.90	8.45	4.93	12.54	12.75	12.64
The Progressive Corporation	0.80	8.45	4.93	11.69	12.12	11.90
The Wendy's Company	0.85	8.45	4.93	12.11	12.43	12.27
Tyson Foods, Inc.	0.70	8.45	4.93	10.85	11.48	11.16
Universal Corporation	0.80	8.45	4.93	11.69	12.12	11.90
VeriSign, Inc.	0.90	8.45	4.93	12.54	12.75	12.64
Verisk Analytics, Inc.	0.85	8.45	4.93	12.11	12.43	12.27
Vertex Pharmaceuticals Incorporated	0.80	8.45	4.93	11.69	12.12	11.90
Mean	0.78			11.54 %	12.00 %	11.76 %
Median	0.80			11.69 %	12.12 %	11.90 %
Average of Mean and Median	0.79			11.62 %	12.06 %	11.83 %

Notes:
(1) From note 1 of page 3 of Schedule DWD-8.
(2) From note 2 of page 3 of Schedule DWD-8.
(3) Average of CAPM and ECAPM cost rates.

Tidewater Utilities, Inc.
Derivation of Investment Risk Adjustment Based upon
Kroll Associates' Size Premia for the Decile Portfolios of the NYSE/AMEX/NASDAQ

	[1] Market Capitalization on August 31, 2026 (1) (millions)		[2] Applicable Decile of the NYSE/AMEX/ NASDAQ (2)	[3] Applicable Size Premium (3)	[4] Spread from Applicable Size Premium (4)
Tidewater Utilities, Inc.	$ 255.417		10	4.37%	
Proxy Group of Six Water Companies	$ 1,683.008	6.6 x	7	1.05%	3.32%

	[A] Decile	[B] Market Capitalization of Smallest Company (millions)	[C] Market Capitalization of Largest Company (millions)	[D] Size Premium (Return in Excess of CAPM)*
Largest	1	$ 53,677.496	$ 4,542,663.305	0.01%
	2	20,547.627	53,647.975	0.27%
	3	10,784.341	20,493.885	0.40%
	4	6,449.090	10,707.825	0.37%
	5	4,237.161	6,442.608	0.65%
	6	2,522.120	4,232.272	0.88%
	7	1,472.350	2,518.431	1.05%
	8	782.513	1,472.329	0.77%
	9	351.125	782.173	1.68%
Smallest	10	3.747	351.051	4.37%

*From 2026 Kroll Cost of Capital Navigator

Notes:

(1) From page 2 of this Schedule.
(2) Gleaned from Columns [B] and [C] on the bottom of this page. The appropriate decile (Column [A]) corresponds to the market capitalization of the proxy group, which is found in Column [1].
(3) Corresponding risk premium to the decile is provided in Column [D] on the bottom of this page.
(4) Line No. 1 Column [3] – Line No. 2 Column [3]. For example, the 3.32% in Column [4], Line No. 2 is derived as follows 3.32% = 4.37% - 1.05%.

Tidewater Utilities, Inc.
Market Capitalization of Tidewater Utilities, Inc. and the
Proxy Group of Six Water Companies

Company	Exchange	[1] Common Stock Shares Outstanding at Fiscal Year End 2025 (millions)	[2] Book Value per Share at Fiscal Year End 2025 (1)	[3] Total Common Equity at Fiscal Year End 2025 (millions)	[4] Closing Stock Market Price on August 31, 2026	[5] Market-to-Book Ratio on August 31, 2026 (2)	[6] Market Capitalization on August 31, 2026 (3) (millions)
Tidewater Utilities, Inc.		NA	NA	120.993 (4)	NA		
Based upon Proxy Group of Six Water Companies						211.1 (5)	$ 255.417 (6)
Proxy Group of Six Water Companies							
American States Water Company	NYSE	39.08	$ 26.75	$ 1,045.58	$ 89.29	333.8 %	$ 3,489.674
California Water Service Group	NYSE	59.64	28.37	1,691.98	49.97	176.1	2,980.353
Global Water Resources, Inc.	NASDAQ	28.76	3.01	86.62	9.20	305.3	264.419
H2O America, Inc.	NASDAQ	36.16	42.61	1,540.77	63.37	148.7	2,291.743
Middlesex Water Company	NASDAQ	18.52	26.67	494.03	58.00	217.4	1,074.272
The York Water Company	NASDAQ	14.45	16.64	240.35	34.08	204.8	492.339
Median		32.461	$ 26.713	$ 769.806	$ 53.99	211.1 %	$ 1,683.008

NA= Not Available

Notes:
(1) Column 3 / Column 1.
(2) Column 4 / Column 2.
(3) Column 1 * Column 4.
(4) Requested rate base multiplied by the requested common equity ratio.
(5) The market-to-book ratio of Tidewater Utilities, Inc. on August 31, 2026 is assumed to be equal to the market-to-book ratio of the Proxy Group of Six Water Companies on August 31, 2026 as appropriate.
(6) Column [3] multiplied by Column [5].

Source of Information: 2025 Annual Forms 10K
Bloomberg Professional Services

Tidewater Utilities, Inc.
Derivation of the Flotation Cost Adjustment to the Cost of Common Equity

Equity Issuances since 2011

Date of Offering	Transaction (1)	[Column 1] Shares Issued (2)	[Column 2] Market Price per Share (1)	[Column 3] Average Offering Price per Share (1)	[Column 4] Market Pressure (3)	[Column 5] Issuance Expense (1)	[Column 6] Net Proceeds per Share (4)	[Column 7] Gross Equity Issue before Costs (5)	[Column 8] Total Net Proceeds (6)	[Column 9] Total Flotation Costs (7)	[Column 10] Flotation Cost Percentage (8)
Fiscal Year 2026	At-the-Market	265,027	NA	$ 53.3900	NA	NA	$ 52.8248	$ 14,149,792	$ 14,000,000	$ 149,792	1.06%
11/20/2019	Equity Offering	760,330	$ 60.5600	$ 60.5000	$ 0.06	$ 0.8000	$ 59.7000	$ 46,045,585	$ 45,391,701	$ 653,884	1.42%
								$ 60,195,376	$ 59,391,701	$ 803,675	1.34%

Flotation Cost Adjustment

	[Column 11] Average Dividend Yield (9)	[Column 12] Average Projected EPS Growth Rate (9)	[Column 13] Adjusted Dividend Yield (9)	[Column 14] Average DCF Cost Rate Unadjusted for Flotation (10)	[Column 15] DCF Cost Rate Adjusted for Flotation (11)	[Column 16] Flotation Cost Adjustment (12)
Proxy Group of Six Water Companies	2.94 %	9.58 %	3.08 %	12.66 %	12.70 %	0.04 %

Notes:
(1) From Company SEC filings
(2) Includes an over-allotment option of 84,000 shares.
(3) Col. 2 - Col. 3
(4) Col. 2 - Col. 4 - Col. 5
(5) Col. 1 x Col. 2
(6) Col. 1 x Col. 6
(7) Col. 1 *(Col. 4 + Col. 5)
(8) (Col. 7 - Col. 8) / Col. 7
(9) From Schedule DWD-5.
(10) Col. 12 + Col. 13
(11) (Col. 13 / (1 - Col. 10)) + Col. 12
(12) Col. 15 - Col. 14

Source of Information: Company SEC filings.