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Attorneys for Veolia Water Idaho, Inc.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. VEO-W-22-02
OF VEOLIA WATER IDAHO, INC. FOR)
AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR WATER SERVICE IN)
THE STATE OF IDAHO)
)
)
)

BEFORE THE IDAHO PUBLIC UTILITIES
COMMISSION EXHIBIT NO. 15 TO ACCOMPANY THE
REBUTTAL TESTIMONY OF HAROLD WALKER, III

P-E Multiples and Market/Book Multiples
As of 1/20/23
For Mr. Gorman's Water Proxy Group and Gas Proxy Group

	<u>PE</u> <u>Mult</u>	Market to Book <u>Mult</u>
<u>Mr. Gorman's Water Proxy Group</u>		
American States Water Co	43.0	4.87
American Water Works Co Inc	20.9	3.55
California Water Service Gp	40.9	2.61
Essential Utilities, Inc.	26.1	2.28
Middlesex Water Co	33.4	3.57
SJW Corp	39.4	2.20
	<hr/>	<hr/>
Average	34.0	3.18
	<hr/> <hr/>	<hr/> <hr/>
<u>Mr. Gorman's Gas Proxy Group</u>		
Atmos Energy Corporation	20.4	1.69
New Jersey Resources Corporation	21.7	2.62
NiSource Inc.	16.4	1.96
Northwest Natural Holding Company	20.3	1.53
ONE Gas, Inc.	19.3	1.70
Southwest Gas Holdings, Inc.	28.7	1.30
Spire Inc.	17.9	1.43
UGI Corporation	6.1	1.40
	<hr/>	<hr/>
Average	18.8	1.70
	<hr/> <hr/>	<hr/> <hr/>
Water Proxy as a Percentage of Gas Proxy	<u>180%</u>	<u>187%</u>

Source of Information: S&P Capital IQ

Comparable Earnings Method
For Mr. Terry's Proxy Group

Company	2021 ROE	2020 ROE	2019 ROE
American States Water Co	14.21%	13.90%	14.54%
American Water Works Co Inc	18.37%	11.28%	10.36%
California Water Service Gp	9.60%	11.38%	8.36%
Essential Utilities, Inc.	8.75%	6.65%	7.62%
Middlesex Water Co	10.18%	11.40%	11.74%
SJW Corp	6.20%	6.81%	2.66%
York Water Co	11.48%	11.97%	11.06%
Veolia Environnement	5.26%	2.96%	12.38%
Average	10.50%	9.54%	9.84%
Max	18.37%	13.90%	14.54%
Min	5.26%	2.96%	2.66%
Median	9.89%	11.33%	10.71%

Average (2019-2021) 9.96%

Median (2019-2021) 10.71%

Results Excluding Veolia Environnement

Average	11.25%	10.48%	9.48%
Max	18.37%	13.90%	14.54%
Min	6.20%	6.65%	2.66%
Median	10.18%	11.38%	10.36%

Average (2019-2021) 10.41%

Median (2019-2021) 11.06%

Source of Information: S&P Capital IQ

Mr. Terry's DCF After Corrections For
Next Year's Dividend Yield and Removal of Companies
Based on Mr. Terry's Proxy Group

Company	Dividend Yield	Projected Growth Est	Dividend Yield Adjusted for Growth (D _{1/2})	DCF Est Based on Projected Growth
American States Water Co	1.67%	4.40%	1.71%	6.11%
American Water Works Co Inc	1.71%	8.28%	1.78%	10.06%
California Water Service Gp	1.68%	11.70%	1.78%	13.48%
Essential Utilities, Inc.	2.44%	6.60%	2.52%	9.12%
Middlesex Water Co	1.45%	2.70%	1.47%	4.17%
SJW Corp	1.97%	9.80%	2.07%	11.87%
York Water Co	1.81%	4.90%	1.85%	6.75%
Veolia Environnement	3.37%	11.70%	3.57%	15.27%
			Average	9.60%
			Max	15.27%
			Min	4.17%
			Median	9.59%

**Result After Removal of
Highest and Lowest Result**

Average	9.57%
Max	13.48%
Min	6.11%
Median	9.59%

Source of Information: Mr. Terry's Exhibit No. 119.

Comparison of the Sales Growth for Mr. Gorman's Water Proxy Group and the US Economic Growth
1988 - 2021

Period	Year	Mr. Gorman's Water Proxy Group						Gross Domestic Product
		American States Water Company	American Water Works Company, Inc.	California Water Service Group	Essential Utilities, Inc.	Middlesex Water Company	SJW Group	
		(Millions of Dollars)						(Billions of Dollars)
33	1988	80.175	511.906	113.755	125.872	24.034	62.627	5,236.438
32	1989	85.564	527.545	117.488	133.517	23.499	56.044	5,641.580
31	1990	90.398	572.938	124.387	82.267	26.417	70.458	5,963.144
30	1991	90.660	635.979	127.176	88.648	29.853	76.281	6,158.129
29	1992	100.660	657.360	139.805	93.307	30.861	89.109	6,520.327
28	1993	108.506	717.537	151.716	101.244	35.479	95.045	6,858.559
27	1994	122.675	770.241	157.271	108.636	36.122	99.422	7,287.236
26	1995	129.813	802.820	165.086	117.044	37.847	97.385	7,639.749
25	1996	151.529	894.646	182.764	122.503	38.025	102.593	8,073.122
24	1997	153.755	1,131.374	198.347	235.852	40.294	110.084	8,577.552
23	1998	148.060	1,200.037	214.926	250.771	43.058	106.010	9,062.817
22	1999	173.421	1,260.857	234.937	256.546	53.497	117.001	9,631.172
21	2000	183.960	1,350.590	244.806	274.014	54.477	123.157	10,250.952
20	2001	197.514	1,438.887	246.820	307.280	59.638	136.083	10,581.929
19	2002	209.205	1,715.173	263.151	322.028	61.933	146.373	10,929.108
18	2003	212.669	1,890.291	277.128	367.233	64.111	150.454	11,456.450
17	2004	229.090	2,017.871	315.567	442.039	70.991	166.911	12,217.196
16	2005	238.128	2,136.746	320.728	496.779	74.613	180.105	13,039.197
15	2006	268.629	2,093.067	334.717	533.491	81.061	189.238	13,815.583
14	2007	301.370	2,214.215	367.082	602.499	86.114	206.601	14,474.228
13	2008	311.246	2,336.928	410.312	626.972	91.038	220.347	14,769.862
12	2009	353.251	2,290.446	449.372	633.292	91.243	216.097	14,478.067
11	2010	399.776	2,555.035	460.399	660.186	102.735	215.638	15,048.970
10	2011	419.913	2,666.236	501.814	687.291	102.069	238.955	15,599.731
9	2012	466.908	2,853.926	559.966	750.685	110.379	261.547	16,253.970
8	2013	472.077	2,879.000	584.103	761.893	114.846	276.869	16,843.196
7	2014	465.791	3,011.000	597.499	779.903	117.139	319.668	17,550.687
6	2015	458.641	3,159.000	588.368	814.204	126.025	305.082	18,206.023
5	2016	436.087	3,302.000	609.370	819.875	132.906	339.706	18,695.106
4	2017	440.603	3,357.000	676.113	809.525	130.775	389.225	19,477.337
3	2018	436.816	3,440.000	698.196	838.091	138.077	397.699	20,533.058
2	2019	473.869	3,610.000	714.557	889.692	134.598	420.482	21,380.976
1	2020	488.243	3,777.000	794.307	1,462.698	141.592	564.526	21,060.474
0	2021	498.853	3,930.000	790.909	1,878.144	143.141	573.686	23,315.081

								<u>Group's Average Change</u>	<u>GDP's Change</u>
Period % Change									
1988 - 2021	522%	668%	595%	1392%	496%	816%	748%	345%	
1991 - 2021	450%	518%	522%	2019%	379%	652%	757%	279%	
2001 - 2021	153%	173%	220%	511%	140%	322%	253%	120%	
2011 - 2021	19%	47%	58%	173%	40%	140%	80%	49%	

Percent Greater Than GDP

1988 - 2021	117%
1991 - 2021	172%
2001 - 2021	110%
2011 - 2021	61%

Source of Information: S&P Capital IQ, Annual Reports, and Federal Reserve Bank of St. Louis.

Recent Differences in Book Value and Market Values for
Mr. Terry's Proxy Group and Mr. Gorman's Water Proxy Group

	Recent Book Value Capitalization Ratios @ 9/30/22				Recent Market Capitalization Ratios @ 1/20/23			
	Long-Term <u>Debt</u>	Preferred <u>Stock</u>	Common <u>Equity</u>	<u>Total</u>	Long-Term <u>Debt</u>	Preferred <u>Stock</u>	Common <u>Equity</u>	<u>Total</u>
<u>Walker's Comparison Group</u>								
American States Water Co	50%	0%	50%	100%	17%	0%	83%	100%
American Water Works Co Inc	59%	0%	41%	100%	29%	0%	71%	100%
California Water Service Gp	45%	0%	55%	100%	24%	0%	76%	100%
Essential Utilities, Inc.	54%	0%	46%	100%	34%	0%	66%	100%
Middlesex Water Co	44%	0%	56%	100%	18%	0%	82%	100%
SJW Corp	58%	0%	42%	100%	39%	0%	61%	100%
York Water Co	38%	0%	62%	100%	16%	0%	84%	100%
Mr. Terry's Proxy Group Average*	50%	0%	50%		25%	0%	75%	
Mr. Gorman's Water Proxy Group Average	52%	0%	48%		27%	0%	73%	

	Recent Book Value Capitalization Ratios (1/20/23)	Recent Market Value Capitalization Ratios
Mr. Terry's Proxy Group Average*		
Long Term Debt	50%	25%
Preferred Stock	0%	0%
Common Equity	<u>50%</u>	<u>75%</u>
Total	<u>100%</u>	<u>100%</u>
Mr. Gorman's Water Proxy Group Average		
Long Term Debt	52%	27%
Preferred Stock	0%	0%
Common Equity	<u>48%</u>	<u>73%</u>
Total	<u>100%</u>	<u>100%</u>

* Excludes Veolia Environnement due to lack of information.

Source of Information: S&P Capital IQ

Capital Asset Pricing Method
For Mr. Terry's Proxy Group

	<u>Return</u>	
S&P Since 1922	12.47%	
	<u>1 Mo</u>	<u>30 Yr</u>
Avg Risk Free Rate	1.86%	3.15%
1/27/2023 Risk Free Rate	4.61%	3.64%

Company	Beta	Average Risk Free Rate		Jan 27 Risk Free Rate	
		1 Mo	30 Yr	1 Mo	30 Yr
American States Water Co	0.65	8.76%	9.21%	9.72%	9.38%
American Water Works Co Inc	0.90	11.41%	11.54%	11.68%	11.59%
California Water Service Gp	0.70	9.29%	9.67%	10.11%	9.82%
Essential Utilities, Inc.	0.95	11.94%	12.00%	12.08%	12.03%
Middlesex Water Co	0.70	9.29%	9.67%	10.11%	9.82%
SJW Corp	0.80	10.35%	10.61%	10.90%	10.70%
York Water Co	0.80	10.35%	10.61%	10.90%	10.70%
Veolia Environnement	1.06	13.11%	13.03%	12.94%	13.00%

Min	Max	Mean	Median
8.76%	13.11%	10.82%	10.66%