

BACKGROUND & EXPERIENCE PROFILE

GLENN A. WATKINS
VICE PRESIDENT/SENIOR ECONOMIST
TECHNICAL ASSOCIATES, INC.

EDUCATION

1982 - 1988	M.B.A., Virginia Commonwealth University, Richmond, Virginia
1980 - 1982	B.S., Economics; Virginia Commonwealth University
1976 - 1980	A.A., Economics; Richard Bland College of The College of William and Mary, Petersburg, Virginia

POSITIONS

Mar. 1993-Present	Vice President/Senior Economist, Technical Associates, Inc. (Mar. 1993-June 1995 Traded as C. W. Amos of Virginia)
Apr. 1990-Mar. 1993	Principal/Senior Economist, Technical Associates, Inc.
Aug. 1987-Apr. 1990	Staff Economist, Technical Associates, Inc., Richmond, Virginia
Feb. 1987-Aug. 1987	Economist, Old Dominion Electric Cooperative, Richmond, Virginia
May 1984-Jan. 1987	Staff Economist, Technical Associates, Inc.
May 1982-May 1984	Economic Analyst, Technical Associates, Inc.
Sep. 1980-May 1982	Research Assistant, Technical Associates, Inc.

EXPERIENCE

I. Public Utility Regulation

- A. Costing Studies -- Conducted, and presented as expert testimony, numerous embedded and marginal cost of service studies. Cost studies have been conducted for electric, gas, telecommunications, water, and wastewater utilities. Analyses and issues have included the evaluation and development of alternative cost allocation methods with particular emphasis on ratemaking implications of distribution plant classification and capacity cost allocation methodologies. Distribution plant classifications have been conducted using the minimum system and zero-intercept methods. Capacity cost allocations have been evaluated using virtually every recognized method of allocating demand related costs (e.g., single and multiple coincident peaks, non-coincident peaks, probability of loss of load, average and excess, and peak and average).

Embedded and marginal cost studies have been analyzed with respect to the seasonal and diurnal distribution of system energy and demand costs, as well as cost effective approaches to incorporating energy and demand losses for rate design purposes. Economic dispatch models have been evaluated to determine long range capacity requirements as well as system marginal energy costs for ratemaking purposes.

- B. Rate Design Studies -- Analyzed, designed and provided expert testimony relating to rate structures for all retail rate classes, employing embedded and marginal cost studies. These rate structures have included flat rates, declining block rates, inverted block rates, hours use of demand blocking, lighting rates, and interruptible rates. Economic development and special industrial rates have been developed in recognition of the competitive environment for specific customers. Assessed alternative time differentiated rates with diurnal and seasonal pricing structures. Applied Ramsey (Inverse Elasticity) Pricing to marginal costs in order to adjust for embedded revenue requirement constraints.

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- C. Forecasting and System Profile Studies -- Development of long range energy (Kwh or Mcf) and demand forecasts for rural electric cooperatives and investor owned utilities. Analysis of electric plant operating characteristics for the determination of the most efficient dispatch of generating units on a system-wide basis. Factors analyzed include system load requirements, unit generating capacities, planned and unplanned outages, marginal energy costs, long term purchased capacity and energy costs, and short term power interchange agreements.
- D. Cost of Capital Studies -- Analyzed and provided expert testimony on the costs of capital and proper capital structures for ratemaking purposes, for electric, gas, telephone, water, and wastewater utilities. Costs of capital have been applied to both actual and hypothetical capital structures. Cost of equity studies have employed comparable earnings, DCF, and CAPM analyses. Econometric analyses of adjustments required to electric utilities cost of equity due to the reduced risks of completing and placing new nuclear generating units into service.
- E. Accounting Studies -- Performed and provided expert testimony for numerous accounting studies relating to revenue requirements and cost of service. Assignments have included original cost studies, cost of reproduction new studies, depreciation studies, lead-lag studies, Weather normalization studies, merger and acquisition issues and other rate base and operating income adjustments.

II. Transportation Regulation

- A. Oil and Products Pipelines -- Conducted cost of service studies utilizing embedded costs, I.C.C. Valuation, and trended original cost. Development of computer models for cost of service studies utilizing the "Williams" (FERC 154-B) methodology. Performed alternative tariff designs, and dismantlement and restoration studies.
- B. Railroads -- Analyses of costing studies using both embedded and marginal cost methodologies. Analyses of market dominance and cross-subsidization, including the implementation of differential pricing and inverse elasticity for various railroad commodities. Analyses of capital and operation costs required to operate "stand alone" railroads. Conducted cost of capital and revenue adequacy studies of railroads.

III. Insurance Studies

Conducted and presented expert testimony relating to market structure, performance, and profitability by line and sub-line of business within specific geographic areas, e.g. by state. These studies have included the determination of rates of return on Statutory Surplus and GAAP Equity by line - by state using the NAIC methodology, and comparison of individual insurance company performance vis a vis industry Country-Wide performance.

Conducted and presented expert testimony relating to rate regulation of workers compensation, automobile, and professional malpractice insurance. These studies have included the determination of a proper profit and contingency factor utilizing an internal rate of return methodology, the development of a fair investment income rate, capital structure, cost of capital.

Other insurance studies have included testimony before the Virginia Legislature regarding proper regulatory structure of Credit Life and P&C insurance; the effects on competition and prices resulting from proposed insurance company mergers, maximum and minimum expense multiplier limits, determination of specific class code rate increase limits (swing limits); and investigation of the reasonableness of NCCI's administrative assigned risk plan and pool expenses.

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IV. Anti-Trust and Commercial Business Damage Litigation

Analyses of alleged claims of attempts to monopolize, predatory pricing, unfair trade practices and economic losses. Assignments have involved definitions of relevant market areas(geographic and product) and performance of that market, the pricing and cost allocation practices of manufacturers, and the economic performance of manufacturers' distributors.

Performed and provided expert testimony relating to market impacts involving automobile and truck dealerships, incremental profitability, the present value of damages, diminution in value of business, market and dealer performance, future sales potential, optimal inventory levels, fair allocation of products, financial performance; and business valuations.

MEMBERSHIPS AND CERTIFICATIONS

Member, Association of Energy Engineers (1998)
Certified Rate of Return Analyst, Society of Utility and Regulatory Financial Analysts (1992)
Member, American Water Works Association
National Association of Business Economists
Richmond Association of Business Economists
National Economics Honor Society

Schedule GAW-2

TIDEWATER UTILITIES, INC.
OCA Total Cost of Capital

	Percent	Cost Rate	Weighted Cost
Long Term Debt	49.04%	6.01%	2.95%
Equity	50.96%	9.10%	4.64%
Total	100.00%		7.59%

**TIDEWATER UTILITIES, INC.
COMPARISON COMPANIES
DIVIDEND YIELD**

(1)	(2)	(3)	(4)
COMPANY	DPS	Feb-Apr Average Daily Closing Prices	Yield
Value Line Water Group			
American States Water Co.	\$0.81	\$30.40	2.7%
American Water Works	\$1.12	\$44.61	2.5%
Aqua America, Inc.	\$0.61	\$24.81	2.5%
Artesian Resources, Corp.	\$0.84	\$22.22	3.8%
California Water Service Group	\$0.65	\$23.12	2.8%
Connecticut Water Service, Inc.	\$0.99	\$33.29	3.0%
Middlesex Water	\$0.76	\$20.65	3.7%
SJW Corporation	\$0.75	\$28.85	2.6%
York Water Company	\$0.57	\$20.25	2.8%
Mean			2.9%

Source: Yahoo! Finance, May 1, 2014.

**TIDEWATER UTILITIES, INC.
COMPARISON COMPANIES
RETENTION GROWTH RATES**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
COMPANY	Historic					Prospective				
	2009	2010	2011	2012	2013	Average Cols (2)..(6)	2014	2015	2017-19	Average Cols (8)..(10)
Value Line Water Group										
American States Water Co.	3.2%	5.8%	5.3%	6.6%	6.7%	5.5%	6.0%	5.0%	5.5%	5.5%
American Water Works	1.8%	2.8%	3.5%	3.6%	3.8%	3.1%	4.0%	4.5%	5.5%	4.7%
Aqua America, Inc.	2.7%	3.7%	4.6%	4.3%	6.7%	4.4%	6.5%	7.0%	6.0%	6.5%
Artesian Resources, Corp.	2.1%	2.0%	0.5%	2.5%	0.9%	1.6%				
California Water Service Group	3.8%	3.0%	2.3%	3.4%	3.4%	3.2%	4.0%	5.0%	4.0%	4.3%
Connecticut Water Service, Inc.	2.3%	1.6%	1.4%	2.8%	3.8%	2.4%	4.0%	3.5%	3.5%	3.7%
Middlesex Water	0.1%	2.1%	1.0%	1.4%	2.5%	1.4%	2.5%	2.5%	3.0%	2.7%
SJW Corporation	1.2%	1.2%	3.1%	3.3%	3.3%	2.4%	4.0%	4.0%	3.5%	3.8%
York Water Company	1.9%	2.7%	2.5%	2.4%	2.5%	2.4%	4.0%	4.5%	4.0%	4.2%
Mean	2.1%	2.8%	2.7%	3.4%	3.7%	2.9%	4.4%	4.5%	4.4%	4.4%

Source: Value Line Investment Survey, April 18, 2014 issue.

**TIDEWATER UTILITIES, INC.
COMPARISON COMPANIES
PER SHARE GROWTH RATES**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
COMPANY	5-Year Historic Per Share Growth Rates				Est'd '10-'12 to '17-'19 Growth Rates			
	EPS	DPS	BVPS	Average	EPS	DPS	BVPS	Average
Value Line Water Group								
American States Water Co.	11.5%	4.5%	5.5%	7.2%	7.0%	10.0%	5.0%	7.3%
American Water Works			Neg		8.0%	7.5%	2.5%	6.0%
Aqua America, Inc.	7.5%	7.5%	6.0%	7.0%	10.0%	8.5%	6.0%	8.2%
Artesian Resources, Corp.	1.0%	3.5%	4.0%	2.8%				
California Water Service Group	5.5%	1.5%	4.5%	3.8%	7.0%	6.5%	5.0%	6.2%
Connecticut Water Service, Inc.	6.5%	2.0%	4.5%	4.3%	6.5%	3.0%	6.0%	5.2%
Middlesex Water	2.5%	1.5%	4.0%	2.7%	4.0%	2.0%	2.5%	2.8%
SJW Corporation	Neg	4.0%	3.5%	3.8%	6.5%	4.0%	4.5%	5.0%
York Water Company	4.5%	3.0%	6.0%	4.5%	6.5%	5.0%	4.5%	5.3%
Mean	5.6%	3.4%	4.8%	4.6%	6.9%	5.8%	4.5%	5.8%

Source: Value Line Investment Survey, April 18, 2014 issue.

Note: Negative growth rates not included.

**TIDEWATER UTILITIES, INC.
COMPARISON COMPANIES
DCF COST RATES**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
COMPANY	Actual Yield	DCF Adjusted Yield [D x (1+.5G)]/P ^{1/}	Historical Growth			Prospective Growth				Average of Historic and Prospective Growth (4), (5), (7), (8), (9)	DCF Rates Col(3) + Col(11)
			Retention Growth 2/	Per Share Growth 3/	Average	Retention Growth 2/	Per Share Growth 4/	Thomson/First Call Analysts Est EPS Growth 5/	Average		
Value Line Water Group											
American States Water Co.	2.67%	2.8%	5.5%	7.2%	6.3%	5.5%	7.3%	1.0%	4.6%	5.3%	8.1%
American Water Works	2.51%	2.5%	3.1%		3.1%	4.7%	6.0%	8.3%	6.3%	5.5%	8.0%
Aqua America, Inc.	2.45%	2.5%	4.4%	7.0%	5.7%	6.5%	8.2%	4.9%	6.5%	6.2%	8.7%
Artesian Resources, Corp.	3.76%	3.8%	1.6%	2.8%	2.2%			4.0%	4.0%	2.8%	6.6%
California Water Service Group	2.82%	2.9%	3.2%	3.8%	3.5%	4.3%	6.2%	6.0%	5.5%	4.7%	7.6%
Connecticut Water Service, Inc.	2.98%	3.0%	2.4%	4.3%	3.4%	3.7%	5.2%	5.0%	4.6%	4.1%	7.2%
Middlesex Water	3.68%	3.7%	1.4%	2.7%	2.0%	2.7%	2.8%	2.7%	2.7%	2.5%	6.2%
SJW Corporation	2.61%	2.7%	2.4%	3.8%	3.1%	3.8%	5.0%	14.0%	7.6%	5.8%	8.5%
York Water Company	2.82%	2.9%	2.4%	4.5%	3.5%	4.2%	5.3%	4.9%	4.8%	4.3%	7.1%
Mean		3.0%	2.9%	4.5%	3.6%	4.4%	5.8%	5.6%	5.2%	4.6%	7.6%
Composite DCF											
Mean			5.9%	7.5%	6.6%	7.4%	8.7%	8.6%	8.2%	7.6%	

1/ [Schedule GAW-3 Page 1 Col (2) x (1+.5(Schedule GAW-3 Page 3 Col (5)))] / Schedule GAW-3 Page 1 Col (3).

2/ Schedule GAW-3 Page 2 Cols (7) and (11).

3/ Schedule GAW-3 Page 3 Col (5).

4/ Schedule GAW-3 Page 3 Col (9).

5/ Finance.Yahoo.com as of 5/1/14.

**TIDEWATER UTILITIES, INC.
COMPARISON COMPANIES
CAPM COST RATES**

(1)	(2)	(3)	(4)	(5)
COMPANY	RISK-FREE RATE ^{1/}	BETA ^{2/}	RISK PREMIUM ^{3/}	CAPM RATES
Value Line Water Group				
American States Water Co.	3.33%	0.65	5.47%	6.89%
American Water Works	3.33%	0.65	5.47%	6.89%
Aqua America, Inc.	3.33%	0.60	5.47%	6.61%
Artesian Resources, Corp.	3.33%	0.60	5.47%	6.61%
California Water Service Group	3.33%	0.60	5.47%	6.61%
Connecticut Water Service, Inc.	3.33%	0.75	5.47%	7.43%
Middlesex Water	3.33%	0.75	5.47%	7.43%
SJW Corporation	3.33%	0.85	5.47%	7.98%
York Water Company	3.33%	0.70	5.47%	7.16%
Mean				7.1%
Median				6.9%

1/ Risk-Free Rate is the average of three months 20-yr T-bonds:

Feb 2014	3.38%
Mar 2014	3.35%
<u>Apr 2014</u>	<u>3.27%</u>
Average	3.33%

2/ Beta: Value Line Investment Survey, April 18, 2014.

3/ The Risk Premium is calculated as the average of:

From Schedule GAW-5			<u>Risk Premium</u>
			6.60%
From Morningstar (Ibbotson)	1926 - 2012 S&P 500	Long Term Gov't Bonds	
Arithmetic Mean	11.80%	6.10%	5.70%
Geometric Mean	9.80%	5.70%	4.10%
Average			5.47%

**STANDARD & POOR'S 500 COMPOSITE
20-YEAR U.S. TREASURY BOND YIELDS
RISK PREMIUMS**

Year	EPS	BVPS	ROE	20-YEAR T-BOND	RISK PREMIUM
1977		\$79.07			
1978	\$12.33	\$85.35	15.00%	7.90%	7.10%
1979	\$14.86	\$94.27	16.55%	8.86%	7.69%
1980	\$14.82	\$102.48	15.06%	9.97%	5.09%
1981	\$15.36	\$109.43	14.50%	11.55%	2.95%
1982	\$12.64	\$112.46	11.39%	13.50%	-2.11%
1983	\$14.03	\$116.93	12.23%	10.38%	1.85%
1984	\$16.64	\$122.47	13.90%	11.74%	2.16%
1985	\$14.61	\$125.20	11.80%	11.25%	0.55%
1986	\$14.48	\$126.82	11.49%	8.98%	2.51%
1987	\$17.50	\$134.04	13.42%	7.92%	5.50%
1988	\$23.75	\$141.32	17.25%	8.97%	8.28%
1989	\$22.87	\$147.26	15.85%	8.81%	7.04%
1990	\$21.73	\$153.01	14.47%	8.19%	6.28%
1991	\$16.29	\$158.85	10.45%	8.22%	2.23%
1992	\$18.86	\$149.74	12.22%	7.26%	4.96%
1993	\$21.89	\$180.88	13.24%	7.17%	6.07%
1994	\$30.60	\$193.06	16.37%	6.59%	9.78%
1995	\$33.96	\$215.51	16.62%	7.60%	9.02%
1996	\$38.73	\$237.08	17.11%	6.18%	10.93%
1997	\$39.72	\$249.52	16.33%	6.64%	9.69%
1998	\$37.71	\$266.40	14.62%	5.83%	8.79%
1999	\$48.17	\$290.68	17.29%	5.57%	11.72%
2000	\$50.00	\$325.80	16.22%	6.50%	9.72%
2001	\$24.70	\$338.37	7.44%	5.53%	1.91%
2002	\$27.59	\$321.72	8.36%	5.59%	2.77%
2003	\$48.73	\$367.17	14.15%	4.80%	9.35%
2004	\$58.55	\$414.75	14.98%	5.02%	9.96%
2005	\$69.93	\$453.06	16.12%	4.69%	11.43%
2006	\$81.51	\$504.39	17.03%	4.68%	12.35%
2007	\$66.17	\$529.59	12.80%	4.86%	7.94%
2008	\$14.88	\$451.37	3.03%	4.45%	-1.42%
2009	\$50.97	\$513.58	10.56%	3.47%	7.09%
2010	\$77.35	\$579.14	14.16%	4.25%	9.91%
2011	\$86.85	\$613.14	14.57%	3.81%	10.76%
2012	\$86.51	\$666.97	13.52%	2.40%	11.12%
Average			13.72%	7.12%	6.60%

Sources: Standard & Poor's Analysts' Handbook, Morningstar Yearbook.

**TIDEWATER UTILITIES, INC.
COMPARISON COMPANIES
RATES OF RETURN ON AVERAGE COMMON EQUITY**

COMPANY	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	1992-2001 Average	2002-2008 Average	2009-2013 Average	2014	2015	2017- 2019
Value Line Water Group																												
American States Water Co.	14.0%	11.7%	9.5%	10.0%	10.0%	9.4%	9.5%	10.2%	9.6%	10.5%	9.6%	5.6%	8.0%	10.4%	8.2%	9.3%	7.2%	8.8%	9.0%	11.7%	11.8%	13.2%	10.4%	8.3%	10.9%	12.5%	12.0%	12.5%
American Water Works	10.9%	11.3%	10.8%	11.3%	10.4%	10.5%	10.7%	9.5%	9.5%	9.7%									9.6%	15.8%	9.9%	8.1%	10.5%		10.9%	9.0%	9.5%	10.5%
Aqua America, Inc.	11.0%	11.4%	11.2%	12.0%	11.8%	12.5%	14.2%	13.8%	13.0%	14.0%	13.9%	12.3%	11.4%	11.5%	11.0%	10.0%	9.6%	9.6%	10.9%	11.8%	13.0%	15.2%	12.5%	11.4%	12.1%	13.5%	14.5%	14.0%
Artesian Resources, Corp.							9.8%	9.7%	8.1%	9.4%	9.6%	7.4%	7.6%	8.9%	10.2%	8.5%	7.4%	8.1%	8.2%	6.5%	8.7%	6.9%	9.3%	8.5%	7.7%			
California Water Service Group	10.4%	12.6%	10.6%	10.0%	12.6%	14.5%	11.0%	11.4%	10.3%	7.5%	9.6%	8.7%	9.8%	9.3%	7.6%	4.9%	10.1%	7.4%	8.8%	8.5%	9.8%	8.8%	11.1%	8.6%	8.7%	9.0%	9.5%	10.0%
Connecticut Water Service, Inc.	12.1%	12.5%	12.6%	12.7%	12.4%	12.3%	12.2%	12.4%	11.8%	13.3%	11.6%	11.2%	11.4%	12.0%	7.5%	8.9%	9.2%	9.7%	8.8%	9.7%	11.2%	9.7%	12.4%	10.3%	9.8%	10.0%	9.0%	8.5%
Middlesex Water	11.7%	12.6%	12.1%	12.0%	10.3%	11.2%	10.7%	10.2%	6.5%	9.0%	9.8%	8.2%	8.3%	8.4%	8.6%	8.8%	8.8%	7.0%	9.0%	7.6%	7.5%	8.9%	9.4%	8.7%	8.0%	8.5%	8.5%	9.0%
SJW Corporation	11.8%	11.8%	9.6%	10.8%	16.2%	12.0%	11.6%	11.1%	9.6%	9.5%	9.4%	9.8%	11.3%	11.5%	18.2%	8.3%	11.2%	6.0%	9.6%	8.0%	8.6%	7.5%	11.4%	11.4%	7.9%	8.5%	8.0%	8.0%
York Water Company	11.9%	12.6%	11.7%	10.7%	11.1%	10.9%	10.3%	10.3%	11.9%	11.5%	16.7%	11.7%	12.2%	11.8%	10.5%	9.7%	9.4%	9.6%	10.0%	9.7%	9.1%	9.5%	11.3%	11.7%	9.6%	11.5%	12.0%	12.0%
Average	11.7%	12.1%	11.0%	11.2%	11.9%	11.7%	11.1%	11.0%	10.0%	10.5%	11.3%	9.4%	10.0%	10.5%	10.2%	8.6%	9.1%	8.3%	9.3%	9.9%	10.0%	9.8%	10.9%	9.9%	9.5%	10.3%	10.4%	10.6%

Sources: Historic: AUS Utility Reports and Projected: ValueLine Investment Survey April 18, 2014.

**TIDEWATER UTILITIES, INC.
COMPARISON COMPANIES
MARKET TO BOOK RATIOS**

COMPANY	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	1992-2001 Average	2002-2008 Average
Value Line Water Group																								
American States Water Co.	142%	156%	124%	120%	134%	137%	148%	177%	168%	182%	176%	178%	181%	230%	205%	219%	210%	189%	167%	162%	202%	244%	149%	200%
American Water Works	129%	140%	132%	142%	156%	178%	199%	172%	143%	248%								90%	117%	138%	151%	172%	164%	
Aqua America, Inc.	140%	158%	151%	124%	189%	237%	313%	287%	302%	365%	304%	280%	321%	436%	332%	259%	238%	221%	264%	243%	266%	292%	227%	310%
Artesian Resources, Corp.							156%	168%	149%	183%	159%	207%	214%	215%	198%	150%	117%	150%	154%	131%	145%	147%	164%	180%
California Water Service Group	147%	172%	157%	140%	160%	191%	207%	202%	186%	201%	199%	189%	218%	264%	223%	219%	222%	190%	172%	163%	161%	182%	176%	219%
Connecticut Water Service, Inc.	162%	180%	154%	149%	156%	168%	193%	218%	226%	304%	275%	266%	233%	216%	211%	199%	173%	185%	194%	204%	205%	182%	191%	225%
Middlesex Water	111%	184%	169%	150%	150%	164%	176%	218%	222%	248%	225%	265%	214%	214%	178%	184%	141%	174%	162%	160%	164%	175%	184%	203%
SJW Corporation	147%	172%	157%	140%	160%	191%	207%	202%	186%	201%	199%	189%	218%	264%	307%	236%	175%	203%	167%	166%	172%	180%	176%	227%
York Water Company	169%	174%	87%	197%	195%	226%	198%	174%	154%	184%	277%	335%	275%	367%	309%	266%	190%	203%	235%	234%	229%	260%	176%	288%
Average	143%	167%	141%	145%	163%	187%	200%	202%	193%	235%	227%	239%	234%	276%	245%	217%	183%	178%	181%	178%	188%	204%	179%	232%

Source: AUS Utility Reports.

TIDEWATER UTILITIES, INC.
STANDARD & POOR'S 500 COMPOSITE
RETURNS AND MARKET-TO-BOOK RATIOS
1992 - 2012

YEAR	RETURN ON AVERAGE EQUITY	MARKET-TO BOOK RATIO
1992	12.2%	271%
1993	13.2%	272%
1994	16.4%	246%
1995	16.6%	264%
1996	17.1%	299%
1997	16.3%	354%
1998	14.6%	421%
1999	17.3%	481%
2000	16.2%	453%
2001	7.5%	353%
2002	8.4%	296%
2003	14.2%	278%
2004	15.0%	291%
2005	16.1%	278%
2006	17.0%	277%
2007	12.8%	284%
2008	3.3%	224%
2009	10.6%	187%
2010	14.2%	208%
2011	14.6%	208%
2012	13.5%	214%
<hr/> Averages:		
1992-2001	14.7%	341%
2002-2008	12.4%	275%
2009-2012	13.2%	204%

Source: Standard & Poor's Analyst's Handbook, 2013 edition, page 1.

**TIDEWATER UTILITIES, INC.
RISK INDICATORS**

	Value Line			S&P		
	Safety	Beta	Financial Strength	Stock Rank		
Value Line Water Group						
American States Water Co.	2	0.70	A	4.00	A	4.00
American Water Works	3	0.70	B+	3.33	NR	
Aqua America, Inc.	2	0.65	B++	3.67	A	4.00
Artesian Resources, Corp.	3	0.60	B	3.00	A-	3.67
California Water Service Group	3	0.65	B++	3.67	A-	3.67
Connecticut Water Service, Inc.	3	0.75	B+	3.33	B+	3.33
Middlesex Water	2	0.70	B++	3.67	A-	3.67
SJW Corporation	3	0.85	B+	3.33	B	3.00
York Water Company	2	0.75	B+	3.33	A	4.00
Average	2.6	0.71	B+ to B++	3.48	A-	3.67

Sources: Standard & Poor's Stock Guide and Value Line Investment Survey dated April 18, 2014.

TIDEWATER UTILITIES, INC. RISK INDICATORS

GROUP	VALUE LINE SAFETY	VALUE LINE BETA	VALUE LINE FIN STR	S & P STK RANK
S & P's 500 Composite	2.6	1.05	B++	B+
Value Line Water Group	2.6	0.71	B+ to B++	A-

Sources: Value Line Investment Survey, Standard & Poor's Stock Guide.

Definitions:

Safety rankings are in a range of 1 to 5, with 1 representing the highest safety or lowest risk.

Beta reflects the variability of a particular stock, relative to the market as a whole. A stock with a beta of 1.0 moves in concert with the market. A stock with a beta below 1.0 is less variable than the market, and a stock with a beta above 1.0 is more variable than the market.

Financial strengths range from C to A++, with the latter representing the highest level.

Common stock rankings range from D to A+, with the latter representing the highest level.

Schedule GAW-10

TIDEWATER UTILITIES, INC.
Determination of General Metered Customer Costs

Gross Plant:

Services (Excludes Private Fire)	\$16,265,682
Meters	\$4,553,934
Meter Installations	\$440,680
Total Gross Plant	\$21,260,296

Depreciation Reserve:

Services (Excl. Private Fire)	-\$2,587,886
Meters	-\$1,597,501
Meter Installations	-\$172,014
Total Depreciation Reserve	-\$4,357,401

CIAC	-\$228,479
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Total Rate Base	\$16,674,416
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Operation & Maintenance Expenses:

Meter Labor	\$9,534
Meter Expenses	\$27,447
Maint Services (Excl. Private Fire)	\$169,003
Meter Reading	\$326,526
Records & Collections (Excl. Sp. Contracts)	\$487,997
Total O & M Expenses (Excl. ERP)	\$1,020,507

Depreciation Expense:

Services (Excl. Private Fire)	\$339,873
Meters	\$210,847
Meter Installations	\$15,380
Total Depreciation Expense	\$566,100

Revenue Requirement:

Interest	\$491,446
Equity return	\$773,253
Federal Tax @ 34%	\$398,342
State Tax @ 8.7%	\$111,642
O & M Expenses	\$1,020,507
Depreciation Expense	\$566,100

Subtotal Revenue Requirement	\$3,361,289
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Total Revenue Requirement (Excl. ERP)	\$3,361,289
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Equivalent Meters	43,464.5
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Annual Customer Cost (Excl. ERP)	\$77.33
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Quarterly Customer Cost (Excl. ERP)	\$19.33
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ERP Expenses	\$778,690
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Total Revenue Requirement (Incl. ERP)	\$4,139,979
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Annual Customer Cost (Incl. ERP)	\$95.25
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Quarterly Customer Cost (Incl. ERP)	\$23.81
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**COMPARISON OF TIDEWATER AND DPA
DISTRIBUTION OF TIDEWATER REQUESTED
INCREASE IN REVENUE
(\$000)**

Customer Class	Current	Tidewater Proposed <u>1/</u>		DPA Proposed	
	Revenue <u>1/</u>	Amt.	%	Amt.	%
General Metered Service (GMS)					
Facilities Charges	\$8,323.4	\$1,306.8	15.70%	\$0.0	0.00%
Usage Charges					
Residential	11,418.6	1,857.3	16.27%	3,204.4	28.06%
Apt & Commercial	<u>1,344.4</u>	<u>201.0</u>	14.95%	<u>377.3</u>	28.06%
Subtotal	12,763.0	2,058.3	16.13%	3,581.7	28.06%
GMS Total	21,086.4	3,365.1	15.96%	3,581.7	16.99%
Private Fire	976.3	-220.5	-22.59%	-97.6	-10.00%
Public Fire	1,863.7	339.7	18.25%	0.0	0.00%
Contract Sales	1,261.1	188.9	14.95%	188.9	14.95%
Connection Fees	1,541.1	230.4	14.95%	230.4	14.95%
Other Revenue	<u>347.0</u>	<u>0.0</u>	<u>0.00%</u>	<u>2/</u>	<u>2/</u>
TOTAL	\$27,075.6	\$3,903.4	14.42%	\$3,903.4	14.60% <u>3/</u>

1/ Per Mr. Shambaugh, Exhibit No. T-8, Schedule 11.

2/ DPA witness Howard Woods addresses recommendations regarding Other Revenues.

3/ Percentage increase relates to current revenues excluding Other Revenues.