

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Public Meeting held January 18, 2024

Docket Number: M-2023-3044811

**BUREAU OF TECHNICAL UTILITY SERVICES**

**REPORT ON THE QUARTERLY EARNINGS**

**OF JURISDICTIONAL UTILITIES**

**FOR THE YEAR ENDED**

**September 30, 2023**

Stephen M. DeFrank, Chairman  
Kimberly Barrow, Vice Chair, Abstaining  
Ralph V. Yanora  
Kathryn L. Zerfuss  
John F. Coleman, Jr.

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## **Introduction:**

On September 20, 1991, the Commission initiated a rulemaking at L-00910061 pertaining to earnings disclosures by the public utilities subject to its jurisdiction. At that docket, the Commission stated that the submission of accurate, reliable, and complete earnings disclosure reports, at regular intervals, is essential to the fulfillment of the broad regulatory oversight responsibilities entrusted to the Commission by the Legislature in the Public Utility Code. The earnings disclosure regulations promulgated by the Commission were adopted October 1, 1992, and published January 23, 1993, at 23 Pa.B. 463. Based upon those regulations, codified at 52 Pa. Code, Chapter 71, a reporting format was developed and distributed to the jurisdictional fixed utilities of Pennsylvania.

All fixed utilities having jurisdictional revenues of \$1,000,000 or more, for a calendar year, are required to file the report by March 31 of each year. Such reports are to be based upon the results of operations for the 12-month period ending December 31 of the prior year. Utilities having more than \$10,000,000 in jurisdictional revenues are also required to file reports for the 12 months ending on March 31, June 30, and September 30 of each year.<sup>1</sup> On November 30, 2004, however, the Pennsylvania General Assembly signed into law Act 183 concerning alternative telecommunications regulation and broadband deployment. As a result of Act 183, the reporting requirements for the PUC jurisdictional telecommunications companies of Pennsylvania have been streamlined at section 3015(e) of the Public Utility Code. A quarterly earnings report is not listed among those reports now required of PUC jurisdictional telecommunications utilities in Pennsylvania and, therefore, this report does not address telephone company earnings.

The reports have been filed for the period ended September 30, 2023.<sup>2</sup> The Finance Staff of the Bureau of Technical Utility Services has reviewed the reports and has prepared this summary report for public release. This report sets forth the achieved return on equity for each company, the last allowed return for that utility, a market return as determined through the analysis of the barometer group data and the most recent returns allowed, per industry, by the Pennsylvania Public Utility Commission and by other regulatory bodies. Where a utility has not filed a report, the reasons for not filing are indicated.

Questions pertaining to the preparation and contents of this Report should be directed to Ms. Erin Laudenslager, Manager - Finance, Bureau of Technical Utility Services, at (717) 705-4364.

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<sup>1</sup> Per Commission regulations at 52 Pa. Code § 71.3(a)(1), the major electric utilities are specifically identified by name rather than utilizing the \$10,000,000 revenue threshold utilized by gas and water utilities.

<sup>2</sup> UGI Utilities, Inc. – Electric Division has a rate filing at Docket No. R-2022-3037368 and has filed a letter with the Secretary in place of a report in accordance with 52 Pa. Code § 71.4.

The equity return summaries that follow in Attachment A are, for each quarter;

ACTUAL

1. Based on actual results of operations

and

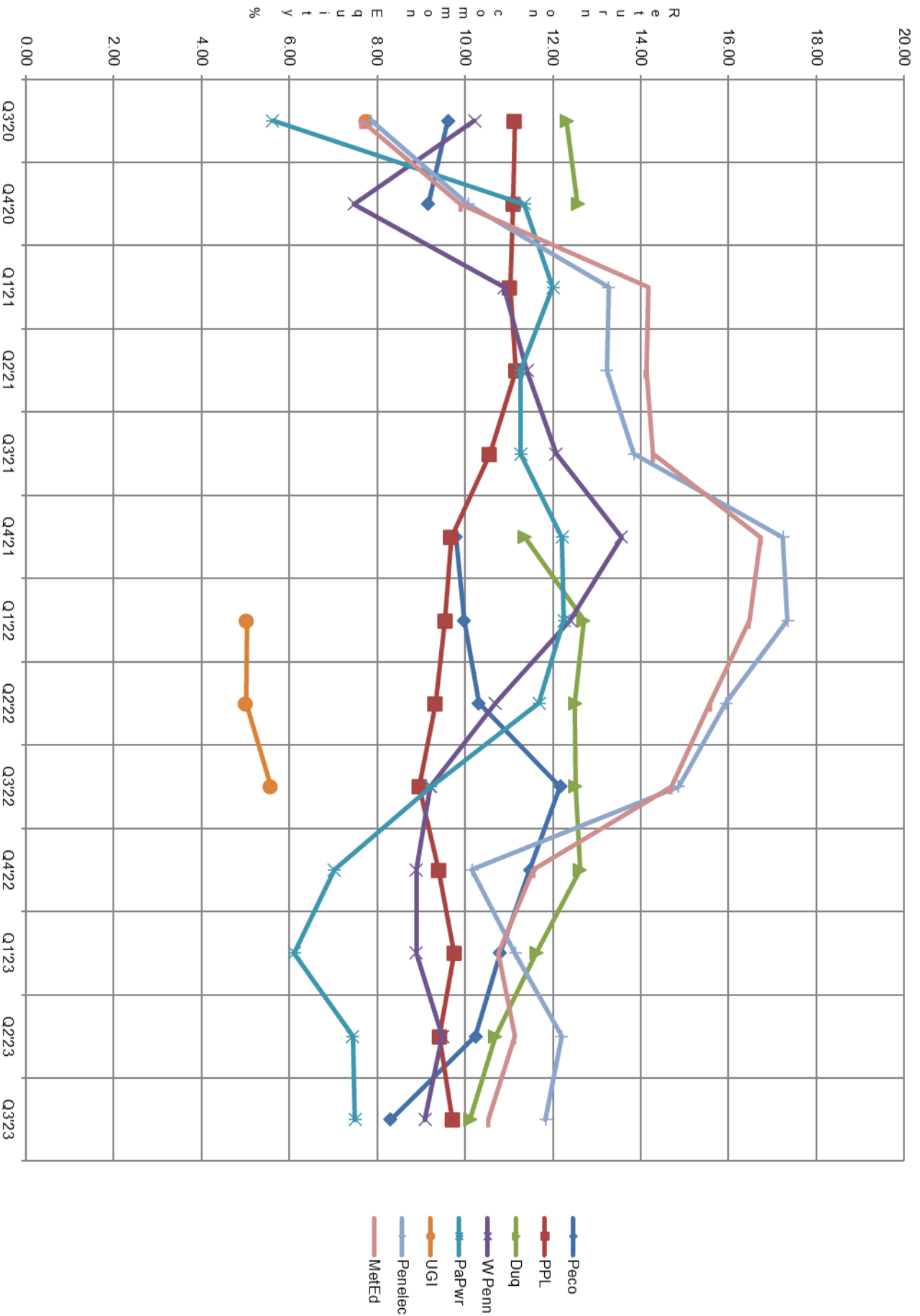
ADJUSTED

2. Based on company proposed pro forma and ratemaking adjustments

**ELECTRIC UTILITIES  
EQUITY RETURNS BY QUARTER**

QTR <u>END</u>		Peco		PPL		Duq		W Penn		PaPwr		UGI		Penelec		MetEd	
		<u>ACT</u>	<u>ADJ</u>	<u>ACT</u>	<u>ADJ</u>	<u>ACT</u>	<u>ADJ</u>	<u>ACT</u>	<u>ADJ</u>	<u>ACT</u>	<u>ADJ</u>	<u>ACT</u>	<u>ADJ</u>	<u>ACT</u>	<u>ADJ</u>	<u>ACT</u>	<u>ADJ</u>
2017	4	12.07	9.11	11.07	10.63			9.47	9.12	8.46	8.19			11.70	10.93	12.58	11.67
2018	1			12.53	11.36			10.35	9.08	9.03	8.08			11.84	9.93	12.77	11.38
	2			11.05	9.49			9.92	8.52	8.79	7.57			11.56	9.39	11.90	10.26
	3			11.19	9.83			11.41	6.74	10.30	5.80			13.97	8.44	14.46	9.62
	4	10.88	7.61	11.10	10.15	12.06	9.39	9.92	6.78	10.64	7.43			13.27	9.31	13.05	7.40
2019	1	12.65	7.93	10.10	8.96	12.58	9.73	9.08	6.62	9.14	7.61	7.05	5.22	12.03	8.07	12.54	7.66
	2	12.34	7.94	10.51	8.95	12.38	9.34	8.02	5.99	8.29	7.10	5.77	3.22	11.42	8.16	11.72	7.21
	3	12.49	7.96	10.61	8.99	13.88	9.33	9.90	7.87	9.28	7.76	6.20	2.04	11.26	8.78	12.25	7.77
	4	12.21	8.50	10.53	10.40	13.92	9.08	14.13	7.07	8.08	6.90	7.20	2.38	10.02	8.54	10.96	9.27
2020	1	11.31	8.35	10.84	11.20	12.66	8.31	9.82	5.54	5.06	6.71	5.43	2.26	7.24	8.74	7.20	8.31
	2	9.38	8.17	11.20	10.81	12.73	8.56	10.41	5.53	5.56	6.55	6.06	2.01	6.68	7.94	7.34	8.04
	3	9.62	8.56	11.14	11.20	12.32	8.08	10.22	5.42	5.62	6.74	7.76	0.41	7.87	8.75	7.64	8.37
	4	9.16	7.64	11.10	11.48	12.57	8.15	7.48	5.65	11.36	7.34			10.08	8.62	9.91	8.64
2021	1			11.03	11.76			10.89	6.64	12.01	7.01			13.27	8.96	14.19	9.44
	2			11.17	11.73			11.42	7.07	11.27	5.94			13.23	8.15	14.13	9.06
	3			10.57	10.65			12.08	7.91	11.27	5.91			13.85	8.67	14.29	9.38
	4	9.79	7.59	9.69	10.57	11.37	11.23	13.57	7.85	12.21	5.42			17.25	8.04	16.74	9.40
2022	1	9.98	6.99	9.55	9.49	12.71	10.91	12.40	6.99	12.26	5.30	5.03	4.93	17.35	7.83	16.48	9.40
	2	10.32	7.19	9.33	9.54	12.51	10.22	10.70	5.78	11.69	5.04	5.01	3.89	15.95	6.93	15.59	8.72
	3	12.17	7.42	8.97	9.14	12.52	9.74	9.21	4.43	9.23	4.35	5.58	0.65	14.87	5.88	14.70	7.57
	4	11.48	6.59	9.41	9.18	12.62	9.54	8.89	4.19	7.03	3.44			10.16	5.07	11.56	7.55
2023	1	10.80	6.47	9.76	9.36	11.63	9.53	8.89	5.32	6.11	4.01			11.15	6.88	10.77	8.25
	2	10.24	6.19	9.43	8.67	10.69	9.39	9.49	6.03	7.45	5.58			12.20	7.90	11.14	8.81
	3	8.30	5.48	9.72	8.12	10.12	8.89	9.09	5.96	7.50	5.76			11.84	7.79	10.54	8.60

Major Pennsylvania Electric Utilities - Actual Equity Returns by Quarter

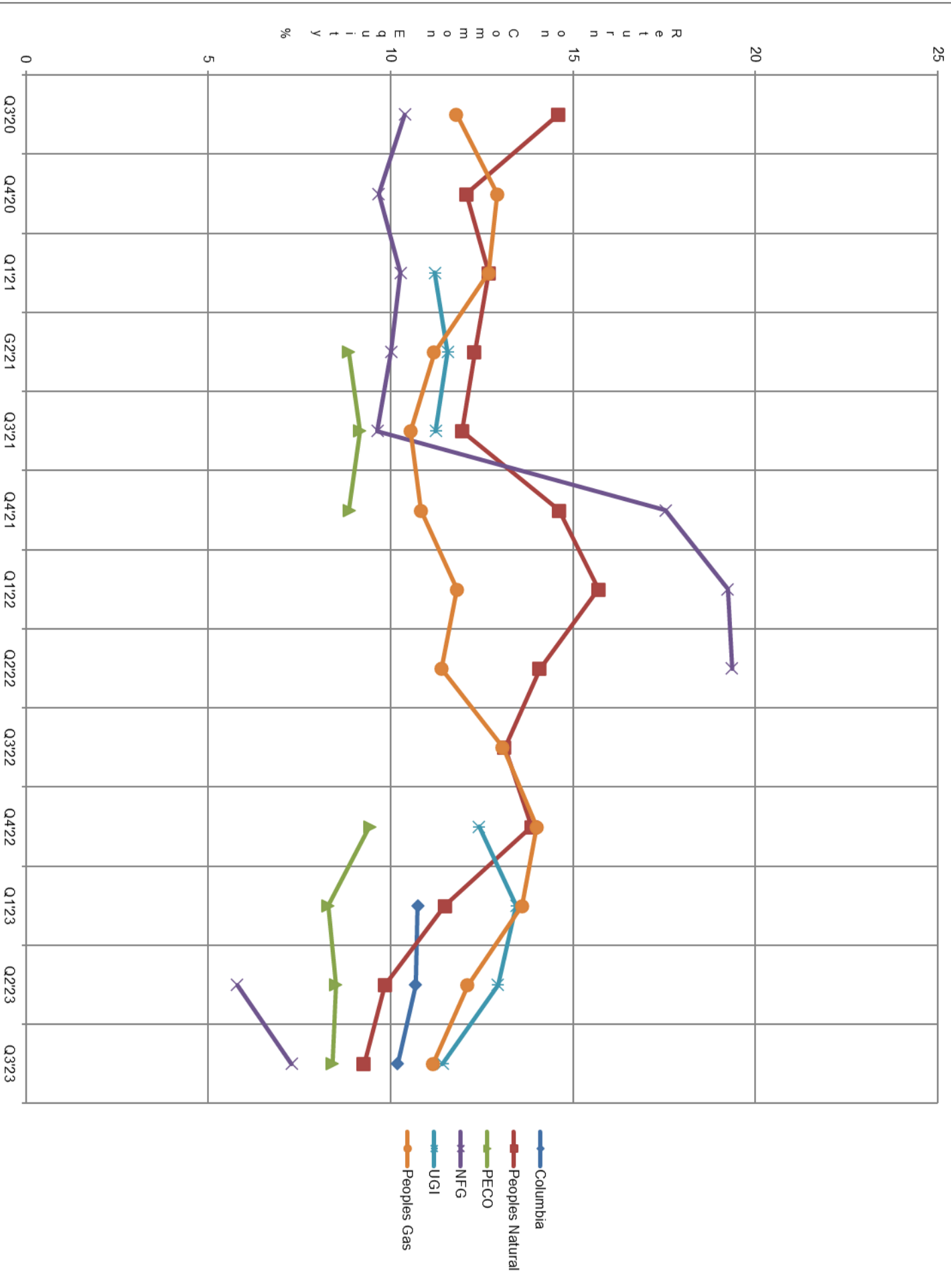


**GAS UTILITIES  
EQUITY RETURNS BY QUARTER**

QTR	Columbia		Peoples Natural		PECO		NFG		UGI		Peoples Gas		
	<u>END</u>	<u>ACT</u>	<u>ADJ</u>	<u>ACT</u>	<u>ADJ</u>	<u>ACT</u>	<u>ADJ</u>	<u>ACT</u>	<u>ADJ</u>	<u>ACT</u>	<u>ADJ</u>	<u>ACT</u>	<u>ADJ</u>
2017	4	7.76	8.48	9.66	7.27	11.48	9.83	11.58	10.56	11.06	8.62	12.65	11.79
2018	1			11.42	7.00	12.65	9.77	14.40	10.20	12.82	7.90	14.02	10.17
	2			11.03	6.80	12.66	9.05	12.06	9.89	16.75	6.80	12.78	10.15
	3			10.21	7.43	12.54	8.36	12.52	10.12	18.69	8.04	13.03	10.20
	4	11.39	9.81			12.86	8.68	12.24	10.21			13.92	11.13
2019	1	12.76	10.22			13.68	9.06	11.83	10.93			14.10	10.71
	2	12.04	9.92			12.62	8.41	14.56	9.99			13.80	11.66
	3	11.77	9.85			12.40	8.31	14.17	9.75			14.02	11.63
	4	9.21	9.09	10.74	12.26	11.75	6.99	14.20	9.77			12.76	11.20
2020	1	8.42	9.11	12.34	12.34	10.84	7.68	11.82	9.92			11.40	11.07
	2			13.81	12.38	11.26	7.25	11.28	9.05			11.89	11.10
	3			14.60	12.77			10.39	8.25			11.82	11.50
	4			12.09	10.37			9.68	8.12			12.93	12.11
2021	1			12.69	10.43			10.27	8.47	11.22	7.70	12.69	11.76
	2			12.31	10.23	8.85	5.13	10.02	8.47	11.57	8.04	11.20	11.61
	3			11.97	10.27	9.16	5.27	9.64	8.45	11.24	6.97	10.56	11.38
	4			14.62	10.52	8.86	5.79	17.54	8.02			10.84	10.28
2022	1			15.71	10.93			19.24	7.88			11.83	12.09
	2			14.09	11.67			19.36	6.87			11.40	12.19
	3			13.13	10.30							13.08	11.31
	4			13.87	10.56	9.43	5.93			12.42	7.62	14.01	14.19
2023	1	10.75	10.30	11.50	9.02	8.29	6.05			13.45	8.33	13.61	12.68
	2	10.68	10.33	9.85	9.50	8.50	6.20	5.80	9.98	12.94	8.97	12.12	13.84
	3	10.19	10.72	9.28	8.17	8.41	6.01	7.29	9.58	11.43	8.27	11.17	14.22



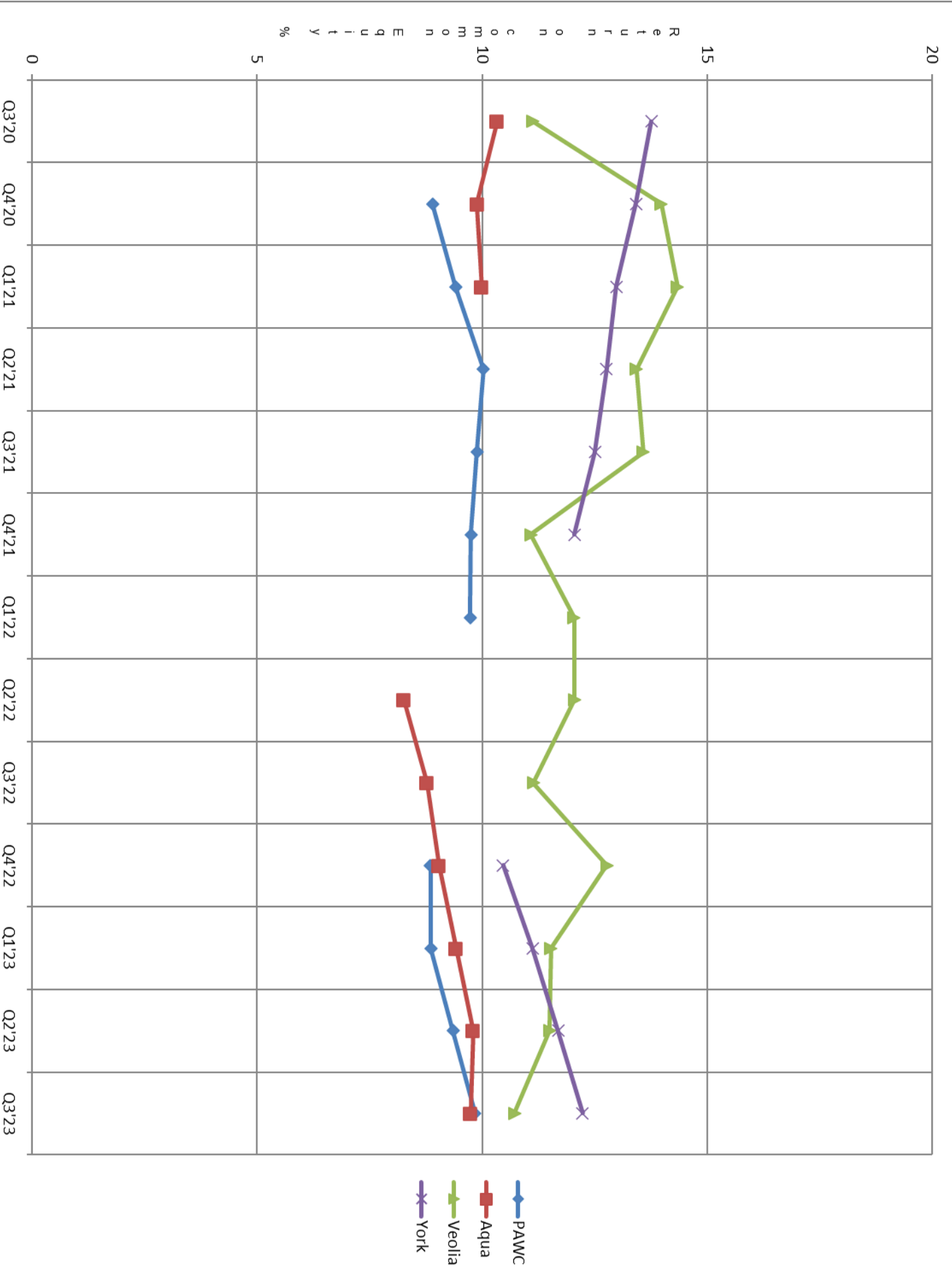
Major Pennsylvania Gas Utilities - Actual Equity Returns by Quarter



**WATER UTILITIES  
EQUITY RETURNS BY QUARTER**

<b>QTR</b>	<b>END</b>	<b>PAWC</b>		<b>Aqua</b>		<b>Veolia</b>		<b>York</b>	
		<b><u>ACT</u></b>	<b><u>ADJ</u></b>	<b><u>ACT</u></b>	<b><u>ADJ</u></b>	<b><u>ACT</u></b>	<b><u>ADJ</u></b>	<b><u>ACT</u></b>	<b><u>ADJ</u></b>
2017	4			11.05	8.63	8.75	8.73	11.30	8.40
2018	1	9.55	8.97	10.94	8.41				
	2	10.27	9.65						
	3	11.03	9.48						
	4	10.08	9.03					10.70	10.30
2019	1	9.82	8.87					11.60	11.60
	2	9.72	8.90	9.84	9.04	10.78	10.36	11.80	11.80
	3	9.13	8.41	10.69	8.84	11.55	11.75	12.00	12.00
	4	8.71	8.09	10.33	8.24	11.80	12.15	12.00	9.80
2020	1	8.74	7.56	10.47	8.31	11.30	11.30	12.39	12.39
	2			10.81	8.57	10.72	10.69	12.51	12.51
	3			10.33	8.55	11.13	10.69	13.76	13.76
	4	8.90	8.15	9.89	8.30	13.98	10.17	13.42	9.94
2021	1	9.41	8.90	9.99	8.38	14.34	10.48	12.98	9.74
	2	10.03	9.28			13.43	9.83	12.76	9.66
	3	9.89	8.65			13.58	9.07	12.51	9.32
	4	9.75	8.05			11.08	9.75	12.05	8.86
2022	1	9.73	7.82			12.04	9.68		
	2			8.26	8.91	12.05	9.79		
	3			8.78	8.85	11.14	9.30		
	4	8.85	8.97	9.04	8.88	12.77	9.49	10.47	10.57
2023	1	8.86	8.90	9.42	8.48	11.53	8.98	11.12	11.12
	2	9.35	8.89	9.80	8.52	11.50	8.91	11.69	11.69
	3	9.84	8.93	9.74	8.39	10.72	8.42	12.23	12.23

Major Pennsylvania Water Companies - Actual Equity Returns by Quarter



Attachment B includes:

A. Overall Returns on rate base

1. Actual
2. Company proposed pro forma and ratemaking adjustments

and

B. Equity Returns

1. Actual
2. Company proposed pro forma and ratemaking adjustments

Summary of Returns  
For the Year Ended September 30, 2023

COMPANY NAME	<u>OVERALL RETURN</u>		<u>EQUITY RETURN</u>		ROE	YEAR
	ACTUAL	ADJ	ACTUAL	ADJ	AUTH	AUTH
<b>ELECTRIC</b>						
<b><u>\$10,000,000 Revenues</u></b>						
PECO Energy - Electric Operations	6.33	4.73	8.30	5.48	Settled	2021
PPL Electric Utilities Corp.	7.51	6.57	9.72	8.12	Settled	2015
Duquesne Light Company	7.60	6.90	10.12	8.89	Settled	2021
West Penn Power Company	6.86	5.23	9.09	5.96	Settled	2017
Pennsylvania Power Company	5.95	4.97	7.50	5.76	Settled	2017
UGI Utilities, Inc. - Electric Division*					Settled	2023
Pennsylvania Electric Company	7.94	6.00	11.84	7.79	Settled	2017
Metropolitan Edison Company	7.77	6.70	10.54	8.60	Settled	2017
<b><u>Over \$1,000,000 Revenues</u></b>						
Pike County Light & Power Co.	7.60	7.60	9.16	9.16	Settled	2021
<b>GAS</b>						
<b><u>\$10,000,000 Revenues</u></b>						
Columbia Gas of PA, Inc.	7.63	7.99	10.19	10.72	Settled	2022
Peoples Natural Gas Company LLC	6.70	6.22	9.28	8.17	Settled	2019
PECO Energy - Gas Operations	6.34	4.99	8.41	6.01	Settled	2022
National Fuel Gas Distribution Co.	6.20	7.64	7.29	9.58	Settled	2023
UGI Utilities, Inc. – Gas Division	8.25	6.59	11.43	8.27	Settled	2022
Peoples Gas Company, LLC	8.26	9.50	11.17	14.22	Settled	2013
<b><u>\$1,000,000 to \$10,000,000 Revenues</u></b>						
Pike County Light & Power Co.	2.50	2.50	-7.69	-7.69	Settled	2021
<b>WATER</b>						
<b><u>\$10,000,000 Revenues</u></b>						
PA American Water Company	7.56	6.98	9.84	8.93	Settled	2022
Aqua Pennsylvania	7.09	6.33	9.74	8.39	10.00	2022
York Water Company	9.08	9.08	12.23	12.23	Settled	2023
Veolia Water Pennsylvania, Inc.	7.75	6.50	10.72	8.42	Settled	2018
<b><u>\$1,000,000 to \$10,000,000 Revenues</u></b>						
Newtown Artesian Water Co.	9.81	6.55	12.77	7.13	Settled	2019
Columbia Water Company	2.43	2.43	1.64	1.64	Settled	2018

\* UGI Utilities, Inc. – Electric Division has a rate filing at Docket No. R-2022-3037368 and has filed a letter with the Secretary in place of a report in accordance with 52 Pa. Code § 71.4.

**ALLOWED RATES OF RETURN ON COMMON EQUITY**

This is a historical chart that shows the most recent rate cases for select companies in electric, gas, and water. A docket number followed by their final return on equity and year is also given.

**ELECTRIC**

**Docket Number**      **ROE (%)**      **Year**

Recent PA PUC Allowed

UGI Utilities, Inc. – Electric	R-2022-3037368	Settled	2023
Duquesne Light Company	R-2021-3024750	Settled	2021
PECO Energy – Electric Operations	R-2021-3024601	Settled	2021
Pennsylvania Electric Company	R-2016-2537352	Settled	2017
Metropolitan Edison Company	R-2016-2537349	Settled	2017
Pennsylvania Power Company	R-2016-2537355	Settled	2017
West Penn Power Company	R-2016-2537359	Settled	2017

Current Market Indicated ROE as calculated by the Bureau of Technical Utility Services. **8.72-10.66**

**GAS**

Recent PA PUC Allowed

National Fuel Gas Distribution Corp.	R-2022-3035730	Settled	2023
Columbia Gas of Pennsylvania, Inc.	R-2022-3031211	Settled	2022
PECO Energy – Gas Operations	R-2022-3031113	Settled	2022
UGI Utilities, Inc. – Gas Division	R-2021-3030218	Settled	2022
Peoples Natural Gas Company	R-2018-3006818	Settled	2019
Peoples Gas Company	R-2013-2355886	Settled	2013

Current Market Indicated ROE as calculated by the Bureau of Technical Utility Services. **8.60-11.20**

**WATER**

Recent PA PUC Allowed

PA American Water	R-2022-3031672	Settled	2022
York Water	R-2022-3031340	Settled	2023
Aqua Pennsylvania	R-2021-3027385	10.00	2022
Veolia Water f/k/a Suez Water	R-2018-3000834	Settled	2018
Columbia Water	R-2017-2598203	Settled	2018

Current Market Indicated ROE as calculated by the Bureau of Technical Utility Services. **6.83-9.28**

**Distribution System Improvement Charge (DSIC) Eligible Utilities**  
**Return on Equity (ROE) Summary**

	Utility Adjusted ROE <sup>3</sup> (%)	Commission Approved ROE <sup>4</sup> (%)
<b>ELECTRIC</b>		
PECO Energy – Electric Operations	5.48	9.75
PPL Electric Utilities Corp.	8.12	9.75
Duquesne Light Company	8.89	9.75
West Penn Power Company	5.96	9.75
Pennsylvania Power Company	5.76	9.75
Pennsylvania Electric Company	7.79	9.75
Metropolitan Edison Company	8.60	9.75
UGI Utilities, Inc.- Electric Division*		9.75
Pike County Light & Power Co.	9.16	9.75
<b>GAS</b>		
Columbia Gas of PA, Inc.	10.72	10.15
Peoples Natural Gas Company LLC	8.17	10.15
PECO Energy – Gas Operations	6.01	10.15
Peoples Gas Company, LLC	14.22	10.15
UGI Utilities, Inc. – Gas Division	8.27	10.15
Pike County Light & Power Co.	-7.69	10.15
<b>WATER</b>		
PA American Water Company	8.93	9.65
PA American – Wastewater	8.93	9.65
AQUA Pennsylvania <sup>5</sup>	8.39	10.00
AQUA Pennsylvania – Wastewater <sup>6</sup>	8.39	10.00
York Water Company	12.23	9.65
Veolia Water Pennsylvania, Inc.	8.42	9.65
Columbia Water Company	1.64	9.65
Newtown Artesian Water	7.13	9.65

\* UGI Utilities, Inc. – Electric Division has a rate filing at Docket No. R-2022-3037368 and filed a letter with the Secretary in place of a report in accordance with 52 Pa. Code § 71.4.

3 Each utility lists adjustments on Schedule B of their quarterly financial report.

4 The ROE is approved in a utility's most recent fully litigated base rate proceeding for which a final order was entered not more than two years prior to the effective date of the DSIC. If more than two years have elapsed between the entry of a final order and the DSIC effective date, the ROE is from this report. If the base rate proceeding is settled, without a stipulated ROE, the ROE is from this report.

5 The Commission approved ROE of Aqua Pennsylvania, Inc. includes an additional adjustment of 0.25% for management effectiveness.

6 The Commission approved ROE of Aqua Pennsylvania Wastewater, Inc. includes an additional adjustment of 0.25% for management effectiveness.

## Explanation of Discounted Cash Flow (DCF) and Capital Asset Pricing Model (CAPM)

### Barometer Group Criteria

The criteria used for determining the industry barometer groups used to calculate ROEs in this report are as follows:

- 50% or more of the company's assets must be related to the jurisdictional utility industry;
- The company's stock must be publicly traded and must have at least three years of earnings history;
- Companies targeted by merger and acquisition (M&A) activity will be excluded; companies involved in M&A activity may be excluded;
- Investment information for the company must be available to the Commission from more than one source;
- The barometer group companies must have an investment grade credit rating (S&P BBB- or better, Moody's Baa3 or better); and
- Geographic Regions:
  - EDCs: *Value Line* Investment Survey's East, Central, and West Group Electric Utility companies;
  - NGDCs: *Value Line* Investment Survey's Natural Gas Utility industry group companies;
  - Water/Wastewater: *Value Line* Investment Survey's Water Utility industry group companies.

The barometer group companies are reviewed by staff on a quarterly basis and make any changes to these companies based upon the criteria above.

### ROE Calculations

The Commission consistently uses the DCF model to determine the appropriate cost of equity for utilities. In this report, the DSIC ROE is calculated using two DCF models.

TUS uses the following formula to calculate the current dividend DCF:  $K = D_1/P_0 + G$

TUS uses the following formula to calculate the 52-week average dividend DCF:  $K = D_0/P_a + G$

Definitions:

K	=	Cost of equity
D <sub>1</sub>	=	Dividend expected during the year
	=	$D_0 + \frac{1}{2}g$
D <sub>0</sub>	=	Latest indicated dividend, obtained from Yahoo! Finance
g	=	Expected 5-year dividend growth rate of barometer group obtained from Value Line Investment Survey.
P <sub>0</sub>	=	Current price of the stock, obtained from Yahoo! Finance
P <sub>a</sub>	=	Average of high and low stock price over the latest 52-week period, obtained from Yahoo! Finance
G	=	Average of 5-year expected earnings growth rate forecasts obtained from Value Line, Zacks Investment Survey, and Yahoo! Finance.



The CAPM uses the yield of a risk-free interest-bearing obligation plus a rate of return premium that is proportional to the systematic risk of an investment.

TUS uses the following formula to calculate CAPM:  $K = \beta(R_m - R_f)$

Three components are necessary to calculate the CAPM cost of equity:

- $\beta$  = Beta, a measure of systematic risk for each stock
- $R_f$  = The risk-free rate of return, 10-year U.S. Treasury yields are used for  $R_f$ .  
Yields are taken from the previous two quarters and forecasted next four quarters.
- $R_m$  = Total return of the equity market as determined by the SBBI Yearbook

*The Commission determines the ROE used for DSIC purposes based on the range of reasonableness from the DCF barometer group data, CAPM data, recent ROEs adjudicated by the Commission, and informed judgment.*

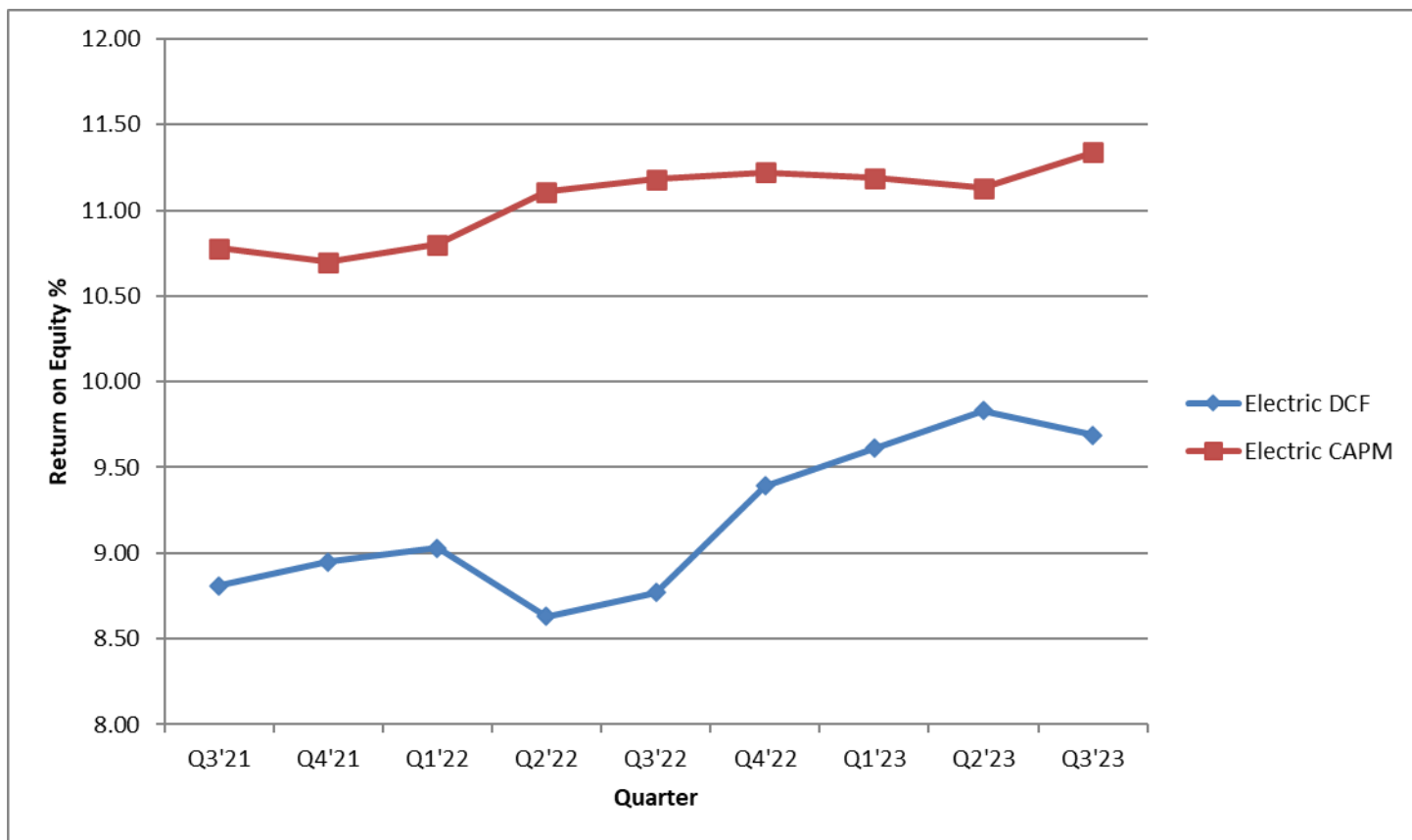
The market indicated common equity cost rate range consists of data used from the barometer groups and is based on a series of calculations to average the DCF methods.

<b>Market Based Returns on Common Equity<sup>1</sup></b>			
December 8, 2023			
<b><u>Electric Company Barometer Group</u></b>			
			Cost Rates
			<u>%</u>
(1)	Current DCF:		9.80
(2)	52-Week Average DCF:		<u>9.59</u>
(3)	Overall DCF ((1) + (2)) / 2 :		<u>9.69</u>
(4)	Market Indicated Common Equity Cost Rate Range: @ 1 standard deviation around the mean. <sup>2</sup>		<u>8.72-10.66</u>
(5)	CAPM Check of DCF Reasonableness:		11.34
(6)	Recent Commission Approved ROEs <sup>3</sup> : *None within the last two years		*
(7)	Distribution System Improvement Charge (DSIC) Return <sup>4</sup> :		<u>9.75%</u>
<sup>1</sup> As calculated by the Bureau of Technical Utility Services			
<sup>2</sup> Standard Deviation of 56 DCF observations			
<sup>3</sup> Base rate case ROEs within last two years, fully litigated or stipulated for DSIC purposes			
<sup>4</sup> Commission authorized Return on Equity (ROE) for DSIC purposes			
Any questions concerning DSIC should be directed to Marc Hoffer of the Bureau of Technical Utility Services at (717) 787-1869.			

### Historic Electric Industry Barometer Group DCF and CAPM Average ROEs

Electric		
	DCF	CAPM
Q3'21	8.81	10.78
Q4'21	8.95	10.70
Q1'22	9.03	10.80
Q2'22	8.63	11.11
Q3'22	8.77	11.18
Q4'22	9.39	11.22
Q1'23	9.61	11.19
Q2'23	9.83	11.13
Q3'23	9.69	11.34

Chart of Historic Electric Industry DCF and CAPM Average ROEs



Barometer electric companies are used to calculate a current DCF in the first chart. The second chart demonstrates the companies 52-week average DCF. A final average of the two calculations is also shown at the bottom.

Electric Company Barometer Group					
Calculation of a Current Dividend Yield					
	Closing	Latest	Ind. Div.		
	Market	Indicated	Plus 1/2	Current	
	Price (Po)	Dividend	Div. Growth	Dividend	
	<u>12/8/2023</u>	<u>(Do)</u>	<u>Rate (D1)</u>	<u>Yield(D1/Po)</u>	<u>DCF</u>
	(\$)	(\$)	(\$)	(%)	(%)
Allete, Inc.	61.35	2.71	2.76	4.49	11.89
Alliant Energy Corp	51.38	1.81	1.86	3.63	10.11
Ameren Corp	78.02	2.52	2.60	3.33	9.77
American Electric Power	79.64	3.52	3.62	4.54	9.54
AVANGRID, Inc.	32.07	1.76	1.77	5.52	9.82
Avista Corp	35.14	1.84	1.88	5.35	11.29
CMS Energy Corp	58.15	1.95	2.00	3.44	10.34
Consolidated Edison	91.55	3.24	3.30	3.60	8.15
Dominion Energy	47.49	2.67	2.66	5.59	9.84
DTE Energy Company	108.61	3.88	3.94	3.63	8.83
Duke Energy Company	94.39	4.06	4.10	4.34	10.11
Edison International	67.45	2.95	3.02	4.48	8.98
Entergy Corp.	102.01	4.52	4.61	4.52	10.49
Evergy Inc	51.56	2.57	2.66	5.16	9.93
Eversource Energy	59.65	2.70	2.78	4.66	9.66
Exelon Corporation	39.21	1.44	1.44	3.67	9.97
FirstEnergy Corp	37.08	1.64	1.68	4.52	10.04
IDACORP, Inc..	99.66	3.32	3.42	3.43	7.70
NextEra Energy, Inc.	59.70	1.87	1.96	3.28	11.90
NorthWestern Corp	51.87	2.56	2.59	4.98	9.24
OGE Energy Corp	35.20	1.67	1.70	4.82	9.92
Otter Tail Corp	75.96	1.75	1.81	2.38	9.13
PPL Corporation	26.06	0.96	0.95	3.66	11.36
Pinnacle West Capital Corp	75.30	3.52	3.56	4.72	9.49
Portland General Electric Co.	42.54	1.90	1.95	4.59	9.79
Public Service Enterprise Group	62.57	2.28	2.34	3.74	8.44
Southern Company	71.50	2.78	2.83	3.96	9.82
Xcel Energy Inc.	60.91	2.08	2.15	3.53	9.83
Group Average	62.72	2.52	2.57	4.20	9.83
Group Average G				5.60	
<b>DCF</b>				<b>9.80</b>	

<b>Electric Company Barometer Group</b>						
<b>52-week Average Dividend Yield Calculation</b>						
				Latest Indicated	Average Dividend	
	<u>High</u>	<u>Low</u>	<u>Average (Pa)</u>	<u>Dividend (Do)</u>	<u>Yield (Do/Pa)</u>	<u>DCF</u>
	(\$)	(\$)	(\$)	(\$)	(%)	(%)
Allete, Inc.	66.93	49.29	58.11	2.71	4.66	12.06
Alliant Energy Corp	57.52	45.15	51.34	1.81	3.53	10.01
Ameren Corp	92.44	69.71	81.08	2.52	3.11	9.54
American Electric Power	100.32	69.38	84.85	3.52	4.15	9.15
AVANGRID, Inc.	44.77	27.46	36.12	1.76	4.87	9.17
Avista Corp	45.29	30.53	37.91	1.84	4.85	10.79
CMS Energy Corp	65.72	49.87	57.80	1.95	3.37	10.27
Consolidated Edison	100.92	80.46	90.69	3.24	3.57	8.13
Dominion Energy	63.94	39.18	51.56	2.67	5.18	9.43
DTE Energy Company	122.41	90.14	106.28	3.88	3.65	8.85
Duke Energy Company	106.43	83.06	94.75	4.06	4.29	10.05
Edison International	74.92	58.82	66.87	2.95	4.41	8.91
Entergy Corp.	120.78	87.10	103.94	4.52	4.35	10.32
Evergy Inc	65.39	46.92	56.16	2.57	4.58	9.34
Eversource Energy	87.71	52.03	69.87	2.70	3.86	8.86
Exelon Corporation	44.37	35.71	40.04	1.44	3.60	9.90
FirstEnergy Corp	43.31	32.18	37.75	1.64	4.34	9.86
IDACORP, Inc..	112.96	88.10	100.53	3.32	3.30	7.57
NextEra Energy, Inc.	88.61	47.15	67.88	1.87	2.75	11.37
NorthWestern Corp	61.24	45.97	53.61	2.56	4.78	9.04
OGE Energy Corp	41.00	31.25	36.13	1.67	4.62	9.72
Otter Tail Corp	92.74	56.56	74.65	1.75	2.34	9.09
PPL Corporation	31.74	22.20	26.97	0.96	3.56	11.26
Pinnacle West Capital Corp	86.03	68.55	77.29	3.52	4.55	9.32
Portland General Electric Co.	51.58	38.01	44.80	1.90	4.24	9.44
Public Service Enterprise Group	65.46	53.71	59.59	2.28	3.83	8.53
Southern Company	75.80	61.56	68.68	2.78	4.05	9.91
Xcel Energy Inc.	72.99	53.73	63.36	2.08	3.28	9.58
Group Average	74.40	54.06	64.23	2.52	3.99	9.62
Group Average G					5.60	
<b>DCF</b>					<b>9.59</b>	
			Average of Current and 52-Week		<b>9.69</b>	

Multiple sources of the Barometer companies projected 5-year Earnings Per Share are used to calculate the Group Average Dividend Growth Estimate.

Development of a Representative Dividend Growth Rate for the Barometer Group of Electric Companies						
	5 Year Forecast				Average Earnings	Growth Estimate
	Value Line	Value Line	Zack's	Yahoo		
	DPS (%)	EPS (%)	EPS (%)	EPS (%)	Growth (%)	
Allete, Inc.	3.50	6.00	8.10	8.10	7.40	7.40
Alliant Energy Corp	6.00	6.50	6.30	6.65	6.48	6.48
Ameren Corp	6.50	6.50	6.60	6.20	6.43	6.43
American Electric Power	5.50	6.50	4.80	3.70	5.00	5.00
AVANGRID, Inc.	1.00	4.50	4.10	-1.40	2.40	4.30
Avista Corp	4.50	6.00	5.90	5.90	5.93	5.93
CMS Energy Corp	5.00	5.50	7.50	7.70	6.90	6.90
Consolidated Edison	3.50	6.00	2.00	5.66	4.55	4.55
Dominion Energy	-1.00	0.50	8.00	-5.12	1.13	4.25
DTE Energy Company	3.00	4.50	6.00	5.10	5.20	5.20
Duke Energy Company	2.00	5.00	6.10	6.20	5.77	5.77
Edison International	5.00	4.50	3.70	5.30	4.50	4.50
Entergy Corp.	4.00	0.50	6.40	11.00	5.97	5.97
Evergy Inc	7.00	7.50	4.30	2.50	4.77	4.77
Eversource Energy	6.00	6.00	5.00	4.00	5.00	5.00
Exelon Corporation	NA	NA	6.30	6.30	6.30	6.30
FirstEnergy Corp	4.50	4.50	NA	6.53	5.52	5.52
IDACORP, Inc..	6.00	5.00	4.10	3.70	4.27	4.27
NextEra Energy, Inc.	9.50	9.50	8.20	8.15	8.62	8.62
NorthWestern Corp	2.00	3.50	5.20	4.08	4.26	4.26
OGE Energy Corp	3.00	6.50	3.70	-12.34	-0.71	5.10
Otter Tail Corp	7.00	4.50	NA	9.00	6.75	6.75
PPL Corporation	-1.50	8.00	7.40	17.21	10.87	7.70
Pinnacle West Capital Corp	2.00	2.50	5.90	5.90	4.77	4.77
Portland General Electric Co.	5.50	5.00	6.00	4.60	5.20	5.20
Public Service Enterprise Group	5.50	4.00	4.90	5.20	4.70	4.70
Southern Company	3.50	6.50	4.00	7.10	5.87	5.87
Xcel Energy Inc.	6.50	6.00	6.10	6.80	6.30	6.30
Group Average	4.26	5.24	5.64	5.13	5.36	5.64
USE						<b>5.60</b>
Sources:	Value Line Investment Survey, December 11, 2023					
	Zacks, December 11, 2023 (www.zacks.com)					
	Yahoo!, December 11, 2023 (http://finance.yahoo.com/)					
	* NA signifies that a forecast was not available					

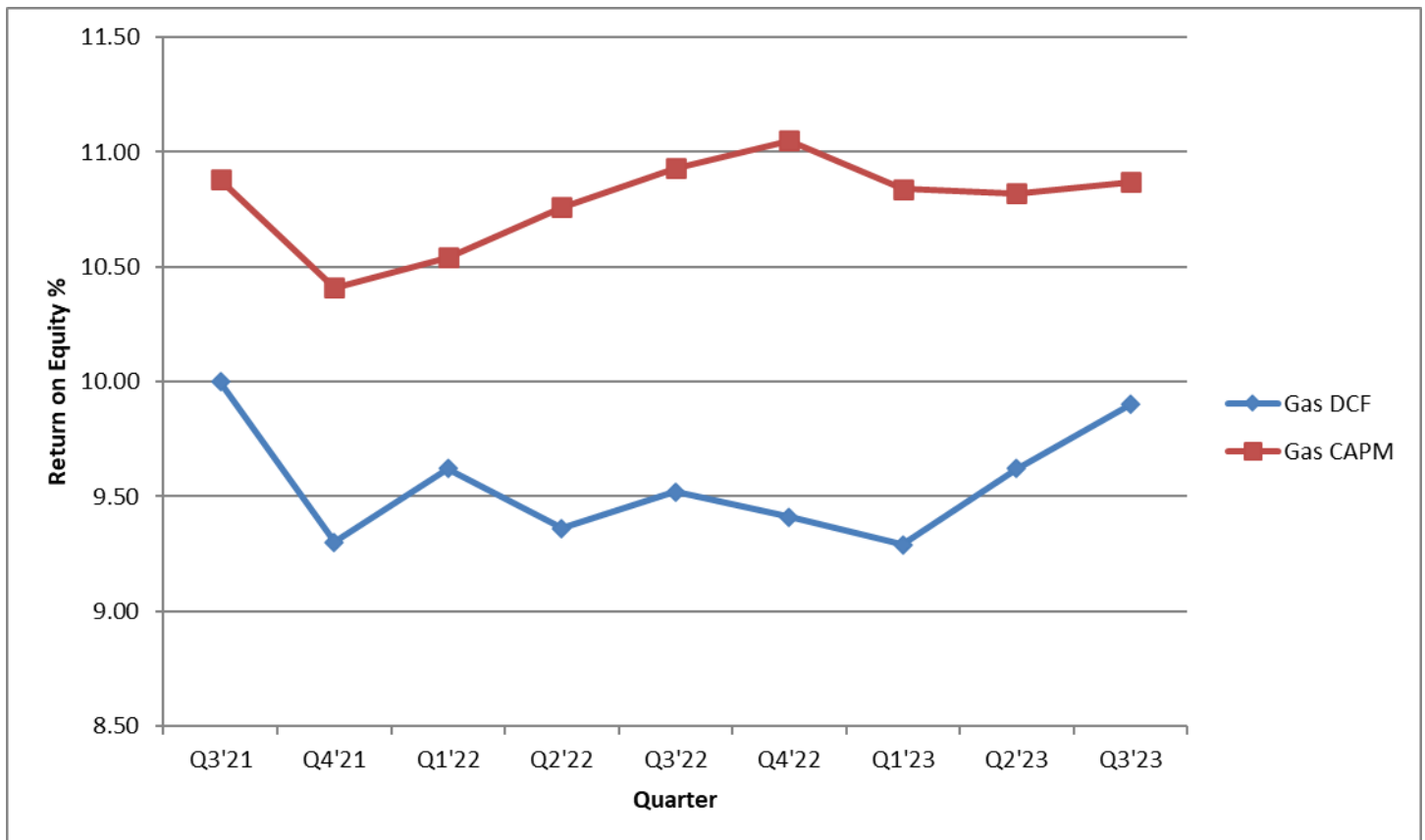
The market indicated common equity cost rate range consists of data used from the barometer groups and is based on a series of calculations to average the DCF methods.

<b>Market Based Returns on Common Equity<sup>1</sup></b>				
December 8, 2023				
<b><u>Gas Distribution Company Barometer Group</u></b>				
				Cost Rates
				<u>%</u>
(1)	Current DCF:			10.06
(2)	52-Week Average DCF:			<u>9.74</u>
(3)	Overall DCF ((1) + (2)) / 2 :			<u>9.90</u>
(4)	Market Indicated Common Equity Cost Rate Range: @ 1 standard deviation around the mean. <sup>2</sup>			<u>8.60-11.20</u>
(5)	CAPM Check of DCF Reasonableness:			10.87
(6)	Recent Commission Approved ROEs <sup>3</sup> : *None within the last two years			*
(7)	Distribution System Improvement Charge (DSIC) Return <sup>4</sup> :			<b><u>10.15%</u></b>
<sup>1</sup> As calculated by the Bureau of Technical Utility Services				
<sup>2</sup> Standard Deviation of 16 DCF observations				
<sup>3</sup> Base rate case ROEs within last two years, fully litigated or stipulated for DSIC purposes				
<sup>4</sup> Commission authorized Return on Equity (ROE) for DSIC purposes				
Any questions concerning DSIC should be directed to Marc Hoffer of the Bureau of Technical Utility Services at (717) 787-1869.				

### Historic Gas Industry DCF and CAPM Average ROEs

	Gas	
	DCF	CAPM
Q3'21	10.00	10.88
Q4'21	9.30	10.41
Q1'22	9.62	10.54
Q2'22	9.36	10.76
Q3'22	9.52	10.93
Q4'22	9.41	11.05
Q1'23	9.29	10.84
Q2'23	9.62	10.82
Q3'23	9.90	10.87

Graph of Historic Gas Industry DCF and CAPM Average ROEs





Barometer gas companies are used to calculate a current DCF in the first chart. The second chart demonstrates the companies 52-week average DCF. A final average of the two calculations is also shown at the bottom.

Gas Company Barometer Group					
Calculation of a Current Dividend Yield					
	Closing Market Price (Po)	Latest Indicated Dividend (Do)	Ind. Div. Plus 1/2 Div. Growth Rate (D1)	Current Dividend Yield(D1/Po)	DCF
	<u>12/8/2023</u>	<u>(Do)</u>	<u>Rate (D1)</u>	<u>Yield(D1/Po)</u>	<u>DCF</u>
	(\$)	(\$)	(\$)	(%)	(%)
Atmos Energy	113.46	3.22	3.34	2.94	10.21
Chesapeake Utilities Corporation	100.26	2.36	2.46	2.45	8.95
New Jersey Resources	44.14	1.68	1.72	3.90	9.57
NiSource Inc.	26.30	1.00	1.02	3.89	12.22
Northwest Natural Gas	38.63	1.95	1.95	5.06	9.39
ONE Gas, Inc.	61.55	2.60	2.67	4.34	9.84
Southwest Gas	61.03	2.48	2.55	4.18	8.68
Spire Inc.	62.88	3.02	3.10	4.92	11.72
Group Average	63.53	2.29	2.35	3.96	10.07
Group Average G				6.10	
<b>DCF</b>				<b>10.06</b>	

Gas Company Barometer Group						
52-week Average Dividend Yield Calculation						
	High	Low	Average (Pa)	Latest Indicated Dividend (Do)	Average Dividend Yield (Do/Pa)	DCF
	<u>(Po)</u>	<u>(Po)</u>	<u>(Pa)</u>	<u>(Do)</u>	<u>(Do/Pa)</u>	<u>(%)</u>
	(\$)	(\$)	(\$)	(\$)	(%)	(%)
Atmos Energy	125.28	101.00	113.14	3.22	2.85	10.11
Chesapeake Utilities Corporation	132.91	83.80	108.36	2.36	2.18	8.68
New Jersey Resources	55.84	38.92	47.38	1.68	3.55	9.21
NiSource Inc.	28.95	22.86	25.91	1.00	3.86	12.19
Northwest Natural Gas	52.39	35.72	44.06	1.95	4.43	8.76
ONE Gas, Inc.	84.26	55.50	69.88	2.60	3.72	9.22
Southwest Gas	73.40	53.79	63.60	2.48	3.90	8.40
Spire Inc.	75.83	53.77	64.80	3.02	4.66	11.46
Group Average	78.61	55.67	67.14	2.29	3.64	9.75
Group Average G					6.10	
<b>DCF</b>					<b>9.74</b>	
Average of Current and 52-Week					<b>9.90</b>	

Multiple sources of the Barometer companies projected 5-year Earnings Per Share are used to calculate the Group Average Dividend Growth Estimate.

<b>Development of a Representative Dividend Growth Rate for the Barometer Group of Gas Companies</b>						
<u>5 Yr Forecast</u>						
	Value Line	Value Line	Zack's	Yahoo	Average	Growth
	<u>DPS</u>	<u>EPS</u>	<u>EPS</u>	<u>EPS</u>	<u>Growth</u>	<u>Estimate</u>
	(%)	(%)	(%)	(%)	(%)	(%)
Atmos Energy	7.50	7.00	7.30	7.50	7.27	7.27
Chesapeake Utilities Corporation	8.50	6.00	NA	7.00	6.50	6.50
New Jersey Resources	5.00	5.00	6.00	6.00	5.67	5.67
NiSource Inc.	4.50	9.50	7.20	8.30	8.33	8.33
Northwest Natural Gas	0.50	6.50	3.70	2.80	4.33	4.33
ONE Gas, Inc.	5.50	6.50	5.00	5.00	5.50	5.50
Southwest Gas	5.50	10.00	5.00	4.00	6.33	4.50
Spire Inc.	5.00	8.00	5.60	NA	6.80	6.80
Group Average	5.25	7.31	5.69	5.80	6.34	6.11
USE						<b>6.10</b>
Sources:	Value Line Investment Survey, December 11, 2023					
	Zacks, December 11, 2023 (www.zacks.com)					
	Yahoo!, December 11, 2023 (http://finance.yahoo.com/)					
	* NA signifies that a forecast was not available					

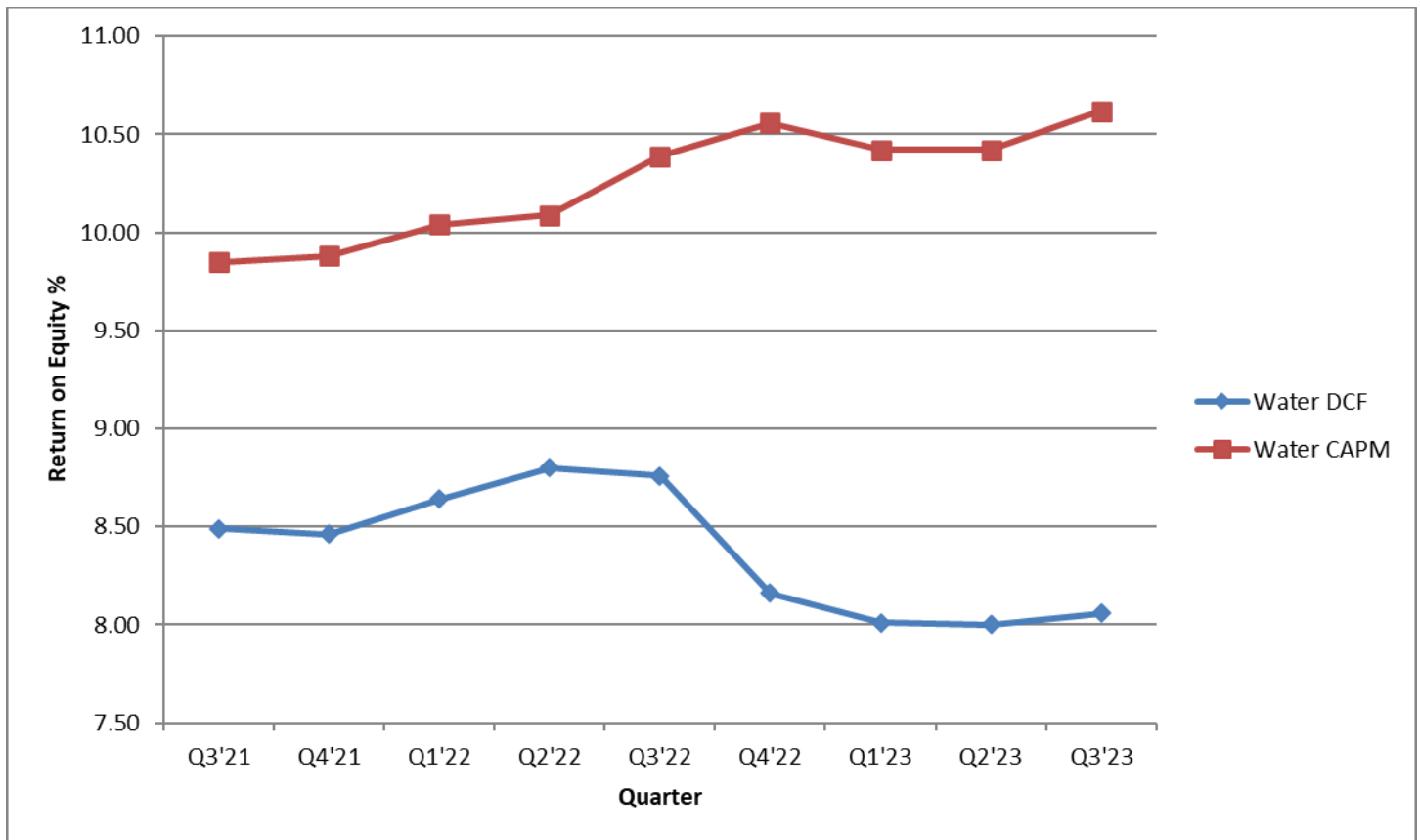
The market indicated common equity cost rate range consists of data used from the barometer groups and is based on a series of calculations to average the DCF methods.

<b>Market Based Returns on Common Equity <sup>1</sup></b>				
December 8, 2023				
<b><u>Water Company Barometer Group</u></b>				
				Cost Rates
				<u>%</u>
(1)	Current DCF			8.19
(2)	52-Week Average DCF			7.92
(3)	Average DCF			<u>8.06</u>
(4)	Market Indicated Common Equity Cost Rate Range @ 1 standard deviation around the mean. <sup>2</sup>			<u>6.83-9.28</u>
(5)	CAPM Check of DCF Reasonableness			10.62
(6)	Recent Commission Approved ROEs <sup>3</sup> : *Aqua Pennsylvania, Inc., R-2021-3027385, includes a 0.25% management effectiveness adjustment			10.00*
(7)	Distribution System Improvement Charge (DSIC) Return <sup>4</sup> :			<u>9.65%</u>
<sup>1</sup> As calculated by the Bureau of Technical Utility Services				
<sup>2</sup> Standard Deviation of 12 DCF observations				
<sup>3</sup> ROEs from base rate cases within last two years, fully litigated or stipulated for DSIC purposes				
<sup>4</sup> Commission authorized Return on Equity (ROE) for DSIC purposes				
Any questions concerning DSIC should be directed to Marc Hoffer of the Bureau of Technical Utility Services at (717) 787-1869.				

### Historic Water Industry DCF and CAPM Average ROEs

Water		
	DCF	CAPM
Q3'21	8.49	9.85
Q4'21	8.46	9.88
Q1'22	8.64	10.04
Q2'22	8.80	10.09
Q3'22	8.76	10.39
Q4'22	8.16	10.56
Q1'23	8.01	10.42
Q2'23	8.00	10.42
Q3'23	8.06	10.62

Chart of Historic Water Industry DCF and CAPM Average ROEs



Barometer water companies are used to calculate a current DCF in the first chart. The second chart demonstrates the companies 52-week average DCF. A final average of the two calculations is also shown at the bottom.

Water Company Barometer Group Calculation of a Current Dividend Yield						
	Closing Market Price (Po) <u>12/8/2023</u> (\$)	Latest Indicated Dividend (Do) (\$)	Ind. Div. Plus 1/2 Div. Growth Rate (D1) (\$)	Current Dividend Yield(D1/Po) (%)	Growth (%)	DCF (%)
American States Water Company	81.58	1.72	1.79	2.20	5.73	7.93
American Water Works Co., Inc.	131.35	2.83	2.95	2.25	6.42	8.67
California Water Service Group	52.33	1.04	1.07	2.05	6.50	8.55
Essential Utilities, Inc.	36.00	1.23	1.28	3.55	6.10	9.65
Middlesex Water Company	67.59	1.30	1.34	1.99	3.85	5.84
SJW Group	67.56	1.52	1.56	2.31	6.30	8.61
Group Average	72.74	1.61	1.67	2.39	5.82	8.21
Group Average G				5.80		
<b>DCF</b>				<b>8.19</b>		

52-week High-Low Dividend Yield Calculation							
	High	Low	Average (Pa)	Latest Indicated Dividend (Do)	Average Dividend Yield (Do/Pa)	Growth	DCF
	(\$)	(\$)	(\$)	(\$)	(%)	(%)	(%)
American States Water Company	99.70	75.20	87.45	1.72	1.97	5.73	7.70
American Water Works Co., Inc.	162.59	114.25	138.42	2.83	2.04	6.42	8.47
California Water Service Group	65.44	45.44	55.44	1.04	1.88	6.50	8.38
Essential Utilities, Inc.	49.89	32.07	40.98	1.23	3.00	6.10	9.10
Middlesex Water Company	93.68	61.34	77.51	1.30	1.68	3.85	5.53
SJW Group	83.88	56.96	70.42	1.52	2.16	6.30	8.46
Group Average	92.53	64.21	78.37	1.61	2.12	5.82	7.94
Group Average G					5.80		
<b>DCF</b>					<b>7.92</b>		
				Average of Current and 52-Week	<b>8.06</b>		

Multiple sources of the Barometer companies projected 5-year Earnings Per Share are used to calculate the Group Average Dividend Growth Estimate.

<b>Development of a Representative Dividend Growth Rate for the Barometer Group of Water Companies</b>						
	<u>5 Yr Forecast</u>				Average	
	Value Line	Value Line	Zacks	Yahoo	Earnings	Growth
	<u>DPS</u>	<u>EPS</u>	<u>EPS</u>	<u>EPS</u>	<u>Growth</u>	<u>Estimate</u>
	(%)	(%)	(%)	(%)	(%)	(%)
American States Water Company	8.50	6.50	6.30	4.40	5.73	5.73
American Water Works Co., Inc.	8.50	3.00	8.20	8.07	6.42	6.42
California Water Service Group	6.50	6.50	NA	10.80	8.65	6.50
Essential Utilities, Inc.	8.00	7.50	5.60	5.20	6.10	6.10
Middlesex Water Company	6.50	5.00	NA	2.70	3.85	3.85
SJW Group	5.00	6.50	NA	6.10	6.30	6.30
Group Average	7.17	5.83	6.70	6.21	6.18	5.82
USE						<b>5.80</b>
Sources:	Value Line Investment Survey, December 11, 2023					
	Zacks, December 11, 2023 (www.zacks.com)					
	Yahoo!, December 11, 2023 (http://finance.yahoo.com/)					
	* NA signifies that a forecast was not available					