Income Capitalization Approach
(Continued)

(2) Operational efficiencies impact income and expenses of the tariff

IOUs generate revenues for services provided by the IOU that are directly impacted by management and operational efficiencies. For example, it is reasonable to expect certain line item expenses to be generally lower for a tariff consisting of multiple utility systems as compared to the sum of the line item expenses for each system if operated and managed independently. The ability of the IOU to spread certain costs among all customers in a tariff and to benefit from economies of scale generally results in a lower expense unit cost (cost per customer) for the individual systems; and, the extent of the benefit tends to be greater for the smaller systems due to the economies of scale.

(3) Changes to the rate base and customer rates are impacted by mergers, acquisitions, and consolidations; revenue streams typically do not remain constant or demonstrate level/patterned increases

The rate base of a tariff is also subject to change if the IOU acquires additional systems that are incorporated into the tariff or by consolidation of two or more tariffs. In the latter, it is reasonable to expect some of the customers may experience increases in rates while others may experience decreases in rates. Also significant is the fact that rate changes often occur within the first few years of the service area's acquisition, demonstrated by the March 2021 consolidation of service areas in Missouri into the Elm Hills tariff.[8] I have researched this issue in public filings and dockets in several states where IOUs have acquired public utility systems.

million and amended the original cost of the plant for the sewer division of more than $76 million.

[8] Four Missouri service areas -- Missouri Utilities, Rainbow Acres, State Park Village, and Twin Oaks -- were acquired between May 2018 and December 2018. In each case, the rate change and consolidation occurred within 3 years of the acquisitions. Substantial rate increases were also realized for the service areas that comprise the Elm Hills tariff. The four service areas had monthly rates from $3.18 (applies to Twin Oaks/Preserve and is estimated as the customers were not previously individually billed for sewer service) to $45 per month (State Park Village), and all customer rates were set at $99.88 per month as a result of the consolidation.

Income Capitalization Approach
(Continued)

Some of the additional relevant recent examples include a Missouri rate case from 2020[9], a pending case in Missouri for establishing a new service area[10], and a Missouri consolidation including recent (2021) acquisitions by the consolidated district[11].

(4) Changes to the rate base impacted by capital improvements

Qualifying capital investments can impact the rate base of a tariff that consequently could impact all of the customers within the tariff. For instance, a substantial capital investment program to replace, repair, or add infrastructure to a particular system's assets can, subject to regulatory approval, have a direct influence on all of the customers in the tariff, including those customers from different systems that are not the subject of the capital investment project. Consequently, customer rates for one service area in a tariff are subject to change over time based upon qualifying capital projects necessary for the maintenance and/or improvements to other service areas in the tariff.

[9] On April 7, 2021, the State of Missouri Public Service Commission issued an ORDER APPROVING STIPULATION AND AGREEMENT for the matter of Missouri American Water's 2020 application to implement a general rate increase for water and sewer services in its Missouri service areas. (Case No. WR-2020-0344.) The stipulation, filed on March 5, 2021, provides for an increase in Missouri American Water's revenue requirement of $30 million over revenues authorized in its last general rate case. The $30 million increase results in Missouri American Water's annual revenue requirement being increased to $348 million. The Commission's Order became effective May 7, 2021.

[10] An example of a possible change in customer rates is evident in the docket filing by Missouri American Water of its PROPOSAL OFFER TO CITY OF HALLSVILLE dated July 18, 2019. (File No. SA-2021-0017.) On July 20, 2020, Missouri American Water filed its application for a certificate of convenience and necessity (CCN) to essentially operate a wastewater system in and near Hallsville, Missouri. In its offer to Hallsville, Missouri American Water proposed placing the City of Hallsville system in its existing tariff that would result in a 3% reduction in the Hallsville customer rates.

[11] 12 utility service areas located in Missouri that were consolidated in a July 2020 rate case into a tariff known as Confluence Rivers. All 12 service areas that comprise the Confluence Rivers tariff were purchased between April 2019 and June 2019. In each case, consolidation and rate change occurred less than 16 months after the system's acquisition date. The 12 service areas (systems) include the Auburn Lake Service Area, the Calvey Brook Service Area, the City of Eugene Service Area, the Evergreen Lake Subdivision Service Area, the Whispering Pines Subdivision Service Area (formerly Gladlo), the Lake Virginia Service Area, the Majestic Lakes Service Area, the Mill Creek Service Area, the Roy-L Service Area, the Bon-Gor Lake Estates Subdivision Service Area (formerly Smithview H2O), the Villa Ridge Service Area, and Chalet City West Subdivision/Alpine Village Community Service Area (formerly The Willows Utility Company). The rate changes for the service areas that comprise the Confluence Rivers Service Area ranged from increases of approximately 127% (Roy-L) to 807% (The Willows Utility System). Examples of customer rate increases for systems in Confluence Rivers include the Evergreen Lake Subdivision Service Area (water system) in which rates were increased from $7.71 per month to $42.20 per month and The Willows Utility Company (water system) in which rates were $5.23 per month and increased to $42.20 per month as a result of the consolidation and rate case. On May 11, 2021, the Missouri Public Service Commission approved the acquisition of five additional systems by the Company (Branson Cedars Resort Utility Company, DeGuire Subdivision, Freeman Hills Subdivision, Prairie Heights Water Company, and Terre du Lac.

Income Capitalization Approach
(Continued)

Capital Improvement Projects (CIPs) often can add substantially to the total investment of an IOU in an acquired service area or utility system. In the case of the proposal by Missouri American Water to acquire the City of Hallsville wastewater system, the proposal offer included a $2 million cash purchase price payable at closing with an additional $3.3 million committed to a five-year CIP. In this case, the CIP represented 62% of the total anticipated investment.

Another important consideration relating to CIPs and their impact on potential revenue streams over an investment period is that very often the actual investments by the IOU can be considerably higher or lower than the anticipated or projected investments prior to acquisition. For instance, a CIP might require less than anticipated based solely on more efficient management and operations due to IOU ownership after acquisition; or, the CIP might include substantially more investment than projected based upon an acquired system operating at levels that exceed capacity -- which might require substantial upgrades and improvements not contemplated at the time the Asset Purchase Agreement was executed.

(5) Investment Value v. Market Value

Implicit in the definition of market value is the concept that the value conclusion pertains to "typical" purchasers under "typical" circumstances based upon "typical" market forces and influences. Investment value, by contrast, is an opinion of value developed based upon particular investment criteria, returns, or requirements that are unique and/or specific to an investor and not necessarily representative of the market in general. If the objective of the valuation assignment is to develop a market value opinion, discounted cash flow analysis and other yield capitalization models must, by definition, incorporate and be based upon *market* inputs: market income levels, market expense ratios, market returns for the investors, etc.

Utilizing a system's projected income for a specific purchaser, based upon that purchaser's anticipated income resulting from that purchaser's tariff, and using that investor's projected increases and/or decreases in income and expenses, respectively, during the investment period, and based upon that investor's allowed rate of return for the investment period, may or may not be consistent with market levels for the same inputs (income, expenses, periodic rates of change, rate of return, etc.). If the investor's particular income and expense projections are not consistent with or based upon market levels, the resultant value opinion would be *investment* value.

Income Capitalization Approach
(Continued)

(6) Sensitivity inherent in DCF analysis

Discounted cash flow analysis (DCF) is a method of yield capitalization in which anticipated/projected future cash flows, identified for a particular investment period, are discounted to a present value, often referred to as a net present value. The process requires a number of investment assumptions, all of which impact the level of periodic cash flows and the net present value of the investment as a whole.

Seemingly insignificant changes in one input can have a significant impact on the final calculation/opinion; and, changes in multiple assumptions can compound the effect of the change on the conclusions.

Conclusion of DCF analysis

DCF analysis is sensitive to subtle changes in the assumptions. Valuation experts need to exercise caution in selecting inputs (assumptions) as what seemingly are small/insignificant changes in the inputs can have a significant impact on the final conclusion. Credible assignment results for a market value opinion using DCF requires careful analysis of comparable market data to assist in determining appropriate assumptions that are market-driven as opposed to being investor-specific criteria.

Income Capitalization Approach
(Continued)

Application of the DCF methodology for the subject property

For the subject property case, I am including a discounted cash flow analysis based upon the projections provided by the client based upon a fixed rate for the services for the next five years. This annual revenue would be consistent with a slightly lower first-year rate for services if the service cost was to increase annually at a market rate of approximately 3%.

The Texas PUC publishes the data in the exhibit to the right pertaining to annual rate increases for water and wastewater services (customer rates). For the last two published years (2018 and 2019), the increases have been 3.5% and 3.2%, respectively (see exhibit at right).

Historical Record of Annual Rate Adjustment Set By the Public Utility Commission of Texas	
Calendar Year	Annual Rate Adjustment for Class C Water and Sewer Utilities under Texas Water Code § 13.1872.
2019	3.20%
2018	3.50%
2017	1.57%
2016	1.57%
2015	1.57%

This analysis is developed using a discounting of net operating income that reflects revenues received less operating expenses excluding interest, taxes, depreciation, and amortization. This approach uses a measure of income, often referred to as EBITDA, that removes the non-operating expenses from the analysis as they tend to be expenses that are controlled by the business (depreciation methods, for example). In addition, taxes and debt structures are factors of the business and can skew market income and expense levels.

The EBITDA (Earnings Before Interest Taxes Depreciation and Amortization) is equivalent to the operating profit + noncash charges (expenses). The significance of the appraiser's selection of the level of income to be discounted in the DCF analysis is that it impacts the yield rate to be used in the discounting process. This issue will be addressed in more detail in a later section of this report.

With respect to the applicable operating expenses to be deducted from the subject property's projected income, I have reviewed the subject property's projected expenses for the last several years. I also have reviewed the data contained in the Dun & Bradstreet First Research Industry Profile (Water & Sewer Utilities, dated February 2021); and, I have reviewed income and expense data for similar water systems I have appraised in recent years.

A detailed report of the subject property's projected five year cash flow that was provided by the client is on the following page and is concluded to be with market ranges. Therefore, this information is used as the basis for the five year discounted cash flow analysis.

Income Capitalization Approach
(Continued)

GBRA (Regulated)
Zero Growth & No Rate Increases
Annual Projected Financial Statements

	YR 1 YE 12/31/2023	YR 2 YE 12/31/2024	YR 3 YE 12/31/2025	YR 4 YE 12/31/2026	YR 5 YE 12/31/2027
Customers (ERCs)					
Water	1,585	1,585	1,585	1,585	1,585
Wastewater	65	65	65	65	65
Total Customers (ERCs)	**1,650**	**1,650**	**1,650**	**1,650**	**1,650**
Income Statement					
Revenue					
Service Revenue					
Water	$ 1,630,387	$ 1,630,387	$ 1,630,387	$ 1,630,387	$ 1,844,633
Wastewater	59,300	59,300	59,300	59,300	67,092
Total Service Revenue	$ 1,689,687	$ 1,689,687	$ 1,689,687	$ 1,689,687	$ 1,911,725
Fee Revenue					
Tap Fee Revenue	$ -	$ -	$ -	$ -	$ -
Late Fees	$ -	$ -	$ -	$ -	$ -
Other Fees	23,161	23,161	23,161	23,161	26,205
Total Fees and Other Revenue	$ 23,161	$ 23,161	$ 23,161	$ 23,161	$ 26,205
Other Revenue	-	-	-	-	-
Total Revenue	$ 1,712,848	$ 1,712,848	$ 1,712,848	$ 1,712,848	$ 1,937,930
Operating Expenses					
O&M					
Payroll/Taxes - Ops	$ -	$ -	$ -	$ -	$ -
Payroll/Taxes - Billing	-	-	-	-	-
Contract Operations	$ 367,676	$ 371,366	$ 375,094	$ 378,859	$ 382,662
Contract Billing & Collections	-	-	-	-	-
Postage & Mailing	14,376	14,520	14,666	14,813	14,962
Rental of Building/Equipment	-	-	-	-	-
Insurance - Workman's Comp	-	-	-	-	-
Insurance - Other	-	-	-	-	-
Vehicle/Equipment Costs	-	-	-	-	-
Contract Services - Accounting	-	-	-	-	-
Contract Services - Legal	-	-	-	-	-
Office Expense	-	-	-	-	-
Telephone	-	-	-	-	-
Other O&M	-	-	-	-	-
Total O&M	$ 382,052	$ 385,887	$ 389,760	$ 393,672	$ 397,624
Variable					
Purchased Wastewater Treatment	$ -	$ -	$ -	$ -	$ -
Purchased Water	615,107	674,238	734,838	775,352	780,939
Bad Debt Expense	$ 16,896	$ 16,896	$ 16,896	$ 16,896	$ 19,117
Conservation District Pumpage Fee	-	-	-	-	-
Utility Regulatory Assessment Fees	-	-	-	-	-
Fixed					
Sludge Removal Expense	10,038	10,138	10,240	10,343	10,447
Purchased Power	10,038	10,138	10,240	10,343	10,447
Chemicals	4,818	4,866	4,915	4,965	5,014
Repairs & Maintenance	60,225	60,830	61,440	62,057	62,680
Materials & Supplies	6,023	6,083	6,144	6,206	6,268
Testing	14,856	15,005	15,155	15,307	15,461
Bank Fees	20,577	20,784	20,992	21,203	21,416
Insurance - General Liab	19,674	19,871	20,071	20,272	20,475
Property Taxes	34,429	34,774	35,123	35,476	35,832
Mission Unit Monitoring	803	811	819	827	836
Permitting & Other Regulatory	-	-	-	-	-
Other Operating Expenses	12,292	12,539	12,792	13,050	13,313
Overhead	-	-	-	-	-
Total Operating Expenses	$ 1,207,826	$ 1,272,861	$ 1,339,426	$ 1,385,969	$ 1,399,868
Utility EBITDA	$ 505,022	$ 439,988	$ 373,422	$ 326,879	$ 538,062

Income Capitalization Approach
(Continued)

The last component of the DCF analysis is the selection of a yield rate (discount rate). Sources of appropriate yield rates include built-up methods, investor surveys, and market extractions.

The Texas PUC publishes an annual report – Rate of Return Report – that includes data pertaining to Orders issued by the PUC for investor owned utility systems (water and sewer). In its July 1, 2022 Rate of Return Report, the PUC included the following three relevant cases. In each case, the PUC report includes a summary of the debt structure and the components' rates along with the weighted rates that result in the overall rates. Additional rate cases noted in the Rate of Return Report are summarized in the exhibit on the following page.

Rate Case Example One
Cypress Gardens Mobile Home Subdivision
PUC Interchange Control Number 46747-66

COMPONENT	RATIO OF WHOLE	COST RATE	WEIGHTED COST
Debt	50%	5.04%	2.52%
Equity	50%	9.07%	4.54%
Overall			**7.06%**

Rate Case Example Two
Double Diamond Utility Company
PUC Interchange Control Number 46245-737

COMPONENT	RATIO OF WHOLE	COST RATE	WEIGHTED COST
Debt	47.27%	4.91%	2.32%
Equity	52.73%	8.48%	4.63%
Overall			**6.95%**

Rate Case Example Three
Rio Concho Aviation
PUC Interchange Control Number 45720-177

COMPONENT	RATIO OF WHOLE	COST RATE	WEIGHTED COST
Debt	50%	5.03%	2.52%
Equity	50%	8.48%	4.24%
Overall			**6.76%**

Rate of Return Report – Texas as of July 1, 2022

This report contains historical PUC Docket references for investor owned water/sewer utilities with rate of return-related testimony. The documents may be located at: http://interchange.puc.texas.gov/

48819 Northtown Acres Water Supply

- Applicant ROR, Direct, item number 210 (5/17/2021)
- Staff ROR, item number 218 (7/16/2021)
- Test year end 12/31/2019 (case was settled; the signatories agreed that Northtown Acres' rate of return is 6.51%; capital structure and return on equity were not stated)
- **Final Order, item number 250 (4/4/22)**

50944 Monarch Utilities I, LP

- Applicant ROR
  - Direct, item number 2 (bates pages 522-661; 7/15/2020)
  - Rebuttal, item number 575 (11/19/2020)
- Staff ROR, item number 553 (10/27/2020)
- Test year end 12/31/2019 (case was settled; the signatories agreed that Monarch's rate of return is 7.73% based on a 6.17% cost of debt, a 9.0% return on equity, and a regulatory capital structure of 45% debt and 55% equity)
- **Final Order, item number 647 (2/23/22)**

50557 Corix Utilities (Texas), Inc.

- Applicant ROR
  - Direct, item number 2 (bates pages 402-476; 3/16/2020)
  - Rebuttal, item number 929 (3/5/2021)
- Staff ROR, item number 912 (1/29/2021)
- Test year end 9/30/2019 (case was settled; the signatories agreed that Corix's rate of return is 7.2% based on a 5.49% cost of debt and a regulatory capital structure of 50.9% long-term debt and 49.1% equity)
- **Final Order, item number 958 (9/29/21)**

50200 Undine Texas, LLC and Undine Texas Environmental, LLC

- Applicant ROR, Direct, item number 2 (bates pages 121-122; 12/20/2019)
- Staff ROR, item number 2047 (6/1/2020)
- Test year end 9/30/2019 (case was settled; the signatories agreed that Undine Texas's rate of return is 6.7%; capital structure and return on equity were not stated)
- **Final Order, item number 2086 (11/5/20)**

49887 Kendall West Utility, LLC

- Applicant ROR
  - Direct item number 445 (2/7/2020)
  - Rebuttal, item number 495 (4/1/2020)
- Staff ROR, item number 478 (3/20/2020)
- Test year end 5/31/2019 (case was settled; the signatories agreed that Kendall West Utility's rate of return is 7.15%; capital structure and return on equity were not stated)
- **Final Order, item number 583 (7/1/21)**

Page 1

Income Capitalization Approach
(Continued)

Another example of rates from the market is found in the PUC interchange at Control Number 51720-129 in the 2020 annual report filed by Nitsch & Sons Utility Company. Based upon the company's reported capital structure, its estimated rate of return is calculated to be 9.17%. The three examples from the Commission's report indicate rates of return of approximately 7%. However, the commission's published rates pertain to the respective utility's qualifying after-tax cash flows. A higher rate would be applicable to the EBITDA; and, for that purpose, I have adjusted the 7% rate supported by commission Orders to 10% to reflect the income utilized in the subject property DCF.

The last component for the DCF analysis is the selection of a terminal capitalization rate for developing the value opinion of the reversion at the end of the 5-year investment period. The value of the reversion is arrived at by applying a terminal capitalization rate to the next year's (6th year) income. Current market capitalization rates are in the range of 6.5% to 7.5%. Terminal rates typically are adjusted upwards by 1.5 to 2 basis points to reflect the added risk component due to the reversion occurring 5 years into the future. The terminal rate for my DCF application is 8.75%. Based upon the income, expense, and rate analysis provided above, the exhibit below summarizes the DCF application for the subject property water and wastewater systems combined.

SUMMARY OF DISCOUNTED CASH FLOW ANALYSIS FOR WATER AND WASTEWATER SERVICES

YEAR	1	2	3	4	5	6
WATER CONNECTIONS	1585	1585	1585	1585	1585	1585
WATER REVENUE	$1,630,387	$1,630,387	$1,630,387	$1,630,387	$1,844,633	$1,844,633
WASTEWATER CONNECTIONS	65	65	65	65	65	65
WASTEWATER REVENUE	$59,300	$59,300	$59,300	$59,300	$67,092	$67,092
OTHER FEES/INCOME	$23,161	$23,161	$23,161	$23,161	$26,205	$26,205
TOTAL REVENUES	$1,712,848	$1,712,848	$1,712,848	$1,712,848	$1,937,930	$1,937,930
OPERATING EXPENSES	$1,207,826	$1,272,861	$1,339,426	$1,385,969	$1,399,868	$1,469,861
RESERVE ALLOWANCE	$24,157	$25,457	$26,789	$27,719	$27,997	$29,397
TOTAL EXPENSES	$1,231,983	$1,298,318	$1,366,215	$1,413,688	$1,427,865	$1,499,258
NET OPERATING INCOME (EBITDA)	$480,865	$414,530	$346,633	$299,160	$510,065	$438,672
REVERSION VALUE					$5,013,392	
PV OF CASH FLOWS	$437,150	$342,587	$260,431	$204,330	$3,429,632	
SUM OF CASH FLOWS:	**$4,674,130**					
ROUNDED TO:	**$4,675,000**					

ASSUMPTIONS
Terminal capitalization rate = .0875
Reserve for replacement allowance estimated at 2% of income

Summary of Income Approach
The income capitalization approach was applied in compliance with the applicable Texas statute. Taking into account the indicated value from the DCF analysis, my opinion of value for the subject property as indicated by the income capitalization approach is concluded to be $4,675,000.

Final Reconciliation

The purpose of this appraisal report was to arrive at an estimate of market value for the GBRA Rural Water (water distribution) and Crestview (wastewater collection and treatment) systems as of January 27, 2023. I inspected the subject property, reviewed numerous reports and documents provided by the client, conducted market research, and reviewed a report prepared by MRB.

The cost approach was developed (utilizing the services of MRB) which resulted in a value conclusion of $11,500,000 for the subject property. The sales comparison approach was developed and resulted in a value conclusion of $5,000,000 for the subject property water system. For each of the comparable sales, I physically inspected every component and location of the system, interviewed the operator, interviewed the buyer and the seller, reviewed system documents and reports, and reviewed a detailed asset inventory list. The subject property's condition and market conditions support the high range of value as indicated by the comparable sales. Finally, I applied the income capitalization approach which resulted in a valuation of $4,675,000. The income approach was applied using a discounted cash flow analysis which included a five-year projection of net income based upon market factors (market income, market expense ratios, and market return rates) which were compared to the projections and historic income and expense ratios of the subject property.

In my opinion, most emphasis should be placed in the values indicated by the sales comparison approach and the cost approach. For reasons previously explained herein, the income capitalization approach is given the lease weight in the final reconciliation.

Based upon my application of the three approaches to value, it is my opinion the market value of the subject property system as of January 27, 2023, was:

$8,250,000

EIGHT MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS

The opinion of market value is based upon the subject property water and wastewater systems as a whole, as if owned in fee simple title, free and clear of all liens and encumbrances, and subject to the assumptions set forth in this report.

Statement of Certification

I certify that, to the best of my knowledge and belief:

- -- The statements of fact contained in this report are true and correct.
- -- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- -- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- -- I have not completed a real estate appraisal of the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- -- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- -- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- -- My compensation for completing this assignment is not contingent upon the developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- -- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and in conformity with the requirements of the *Code of Professional Ethics* and the *Standards of Professional Appraisal Practice* of the Appraisal Institute.
- -- I have made a personal inspection of the property that is the subject of this report.
- -- Unless otherwise noted herein, no one provided significant real property professional assistance to the person signing this certification (with the exception of the reliance on the MRB report).

As of the date of this report, Joseph E. Batis has completed the requirements of the continuing education program of the Appraisal Institute. Furthermore, I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Joseph E. Batis, MAI, AI-GRS, R/W-AC — June 16, 2023
Date

General Certification Lic. #553.000493 (IL; Expires 09/23)
General Certification Lic. #2016044083 (MO; Expires 06/24)
General Certification Lic. #5660 (TN; Expires 06/23)
General Certification Lic. #4001017857 (VA; Expires 06/23)
General Certification Lic. #TX 131049 G (TX; Expires 11/24)
General Certification Lic. #CGA-1027103 (AZ; Expires 07/23)
General Certification Lic. #NHCG-1081 (NH; Expires 04/25)
General Certification Lic. #GA004696 (PA; Expires 06/23)
General Certification Lic. #34627 (MD; Expires 04/25)

ADDENDA

Statement of Assumptions and Limiting Conditions

Qualifications of the Appraiser

Affidavit of Joseph Batis

MRB Group Report

STATEMENT OF ASSUMPTION AND LIMITING CONDITIONS

The value herein estimated and/or other opinions presented are predicated on the following:

1. No responsibility is assumed for matters of a legal nature concerning the appraised property -- especially those affecting title. It is considered that the title is marketable for purposes of this report. The legal description as used herein is assumed to be correct.

2. The improvement is considered to be within the lot lines (unless otherwise stated); and, except as herein noted, is presumed to be in accordance with local zoning and building ordinances. Any plots, diagrams, and drawings found herein are to facilitate and aid the reader in picturing the subject property and are not meant to be used as references in matters of survey.

3. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil or structure which would render it more or less valuable than otherwise comparable properties. The appraiser assumes no responsibility for such conditions or for engineering which might be required to discover such things.

4. Any description herein of the physical condition of improvements including, but not limited to, the heating, plumbing, and electrical systems, is based on visual inspection only, with no demonstration performed, and they are thus assumed to be in normal working condition. No liability is assumed for same, nor for the soundness of structural members for which no engineering tests were made.

5. The appraiser shall not be required to give testimony or appear in court by reason of this appraisal with reference to the property herein described unless prior arrangements have been made.

6. The distribution of total valuation in this report between land and improvements applies only under the existing program of utilization under the conditions stated. This appraisal and the allocations of land and building values should not be used as a reference for any other purpose and are invalid if used so.

7. That this report is to be used in its entirety and only for the purpose for which it was rendered.

8. Information, estimates, and opinions furnished to us and considered in this report were obtained from sources considered reliable and believed to be true and correct; however, no responsibility for guaranteed accuracy can be assumed by the appraiser.

9. The property is appraised as though under responsible ownership and competent management.

10. The report rendered herein is based upon the premise that the property is free and clear of all encumbrances, all mortgage indebtedness, special assessments, and liens--unless specifically set forth in the description of property rights appraised.

11. No part of this report is to be reproduced or published without the consent of its author.

12. The appraisal covers only the property described herein. Neither the figures therein, nor any analysis thereof, nor any unit values thereof derived, are to be construed as applicable to any other property, however similar it may be.

13. Neither all, nor any part, of the contents of this report, or copy thereof, shall be used for any purpose by any but the client without the previous written consent of the appraiser and/or the client; nor shall it be conveyed by any including the client to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the author--particularly as to value conclusions, the identity of the appraiser or a firm with which he is connected, or any reference to any professional society or institute or any initialed designations conferred upon the appraiser, as stated in his qualifications attached hereto.

14. Any cash flow calculations included in this report are developed from but one of a few alternatives of a possible series and are presented in that context only. Specific tax counsel should be sought from a C.P.A., or attorney, for confirmation that this data is the best alternative. This is advised since a change in value allocation, method or rate of depreciation or financing will have consequences in the taxable income.

15. This appraisal has been made in accordance with the Code of Ethics of the Appraisal Institute.

16. This report has not taken into consideration the possibility of the existence of asbestos, PCB transformers, or other toxic, hazardous or contaminated substances, and/or underground storage tanks (hazardous materials), or the cost of encapsulation or removal thereof. Should client have concern over the existence of such substances on the property, the appraiser considers it imperative for the client to retain the services of a qualified, independent engineer or contractor to determine the existence and extent of any hazardous materials, as well as the cost associated with any required or desirable treatment or removal thereof. The valuation stated herein would therefore be void, and would require further analysis to arrive at a market estimate of value.

UTILITY VALUATION EXPERTS

April 2023
Phone: 1-888-416-3797
Email: joe@utilityvaluationexperts.com

Professional Profile

Joseph E. Batis, MAI, AI-GRS

EMPLOYMENT HISTORY

Owner and President of Utility Valuation Experts, Inc.

Real Estate Appraiser and Consultant since 1983

PROFESSIONAL AFFILIATIONS, MEMBERSHIPS, AND CERTIFICATIONS

Member of the Appraisal Institute
MAI designation, AI-GRS designation (Member #63637)

Approved Instructor
Appraisal Institute - multiple continuing education and qualifying education courses

DEVELOPMENT OF STATE-ACCREDITED CONTINUING EDUCATION SEMINARS

- *The Valuation of Water of Wastewater Systems (2020)*
- *Pipeline and Corridor Easements – Aren't They All the Same? (2020)*
- *Understanding Easements – What is Being Acquired? (2003)*
- *Pipelines and Easements – Can They Co-Exist? (2003)*

STATE – GENERAL CERTIFICATION APPRAISAL LICENSES

Illinois - Missouri - Tennessee - Virginia - Texas –
Arizona – Maryland – New Hampshire – Pennsylvania

PRIVATE AND PUBLIC UTILITY ASSET VALUATION (2013-PRESENT)

Valuation and consulting services of public water treatment and distribution assets, public wastewater collection and treatment assets, shared assets (treatment plants), natural gas delivery systems, and other public infrastructure and assets for acquisition, disposition, allocation, or resolution of value disputes for more than 75 assignments during the last 7 years.

SPECIALIZED VALUATION SERVICES AND EXPERIENCE

- Right of Way / Energy Transmission Lines / Fiber Optic Corridors / Railroad Corridors
- Power Transmission Line Corridors / Solar Energy Fields / Underground Gas Storage Fields
- Public and Investor-Owned Utility Systems (water distribution and wastewater collection)
- Valuation of Permanent and Temporary Easements
- Market Impact Studies for Corridors (Power Transmission Lines, Underground Pipelines)
    - Remainder Properties / Proposed Projects / Expansion of Infrastructure Systems

LITIGATION, ARBITRATION, AND CONSULTING SERVICES

- Expert Testimony (Federal and Circuit Courts, Commerce Commission Hearings)
- Value Dispute Resolution Services - Review and Rebuttal Services
- Litigation Consultation and Support Services

IMPACT STUDIES – SOLAR FIELD PROJECTS (2018)

Market impact studies pertaining to the proposed development of solar energy fields in several counties in the Chicago metropolitan area. Each market study included a site analysis and "before and after" analysis to determine the impact from the proposed solar projects to properties in the immediate and general market areas of the proposed facilities.

IMPACT STUDIES – PROPERTY VALUES AFFECTED BY INTERMODAL FACILITIES (2020)

Market impact studies pertaining to 15 warehouse, industrial, and intermodal facilities developed from 1988-2020 and their impact on more than 6,000 residences. Analysis included a review of traffic reports, proposed infrastructure developments, and independent study of proximity impacts. Scope of work included multiple appearances in front of multiple village and city committees to provide testimony.

MARKET STUDY AND APPRAISAL REVIEW - CONTAMINATION (2018)

Appraisal review services and market data research pertaining to the impact to the market values of numerous properties resulting from the contamination of underground water sources. Scope of work included technical reviews of multiple appraisals, independent market research, and consultation with clients to assist with settlement strategy.

MARKET IMPACT STUDY – CONTAMINATION FROM UNDERGROUND LEAK AT NUCLEAR POWER GENERATING STATION (2007)

Coordinated the market research, analysis, and valuation services pertaining to the impact of more than 500 properties affected by an underground leak of tritium from the Braidwood Nuclear Power Plant. Market Study included a before and after statistical analysis including market development patterns and value trends in 20 communities during a five-year time frame.

ANALYSIS AND ALLOCATION OF THE CONTRIBUTORY VALUES OF MULTIPLE PERMANENT EASEMENTS CO-LOCATED IN A TRANSMISSION CORRIDOR (2019-2020)

An analysis and valuation of the easement values for multiple contiguous and overlapping permanent easements within a right-of-way corridor, including gas pipeline easements, power transmission lines, public utility (water line) easements, and recreational easements. Scope of work included preliminary valuation, consultation, and technical reviews of multiple appraisal reports to assist client is settlement strategy.

MANAGEMENT AND SUPERVISION OF VALUATION SERVICES FOR SIMULTANEOUS ACQUISITION OF EASEMENTS FOR MULTIPLE OIL PIPELINES (2012-2020)

Valuation and consulting services including the coordination and management of preliminary land value studies, market impact studies to support "good-faith" offers, appraisal services for acquisition and condemnation hearings, appearance and testimony at Illinois Commerce Commission hearings, expert testimony at trial, appraisal review services, preparation of rebuttal reports and appearance for rebuttal testimony, and preparation for settlement conferences. Project involved acquisition of permanent and temporary easements for the simultaneous construction of three interstate oil transmission lines. Market research included an analysis of statistical data pertaining to 18 residential subdivisions impacted by underground pipelines. Responsible for management of the projects' valuation services pertaining to more than 2,000 properties in 22 counties including the managing, training, and supervising of 35 appraisers, consultants, and researchers that participated in the acquisition projects.

INTERSTATE NATURAL GAS PIPELINE PROJECT (2000-2003)

Valuation and consulting services including the coordination and management of appraisal services for acquisition and condemnation hearings in federal court, appraisal review services, rebuttal report/testimony, and settlement conferences. Project involved acquisition of permanent and temporary easements for the construction of a natural gas transmission line. Responsible for management of the project's valuation services including more than 600 properties in 4 counties.

VALUATION REVIEW SERVICES AND EXPERT TESTIMONY FOR 1,000+ MILE RAILROAD CORRIDOR

In 2019, provided valuation and consulting services including the review of appraisals and consulting reports pertaining to the valuation of a 1,000+ mile fiber optic corridor within a railroad corridor extending through Virginia, North Carolina, South Carolina, Tennessee and Illinois.

RECENT AND PENDING PRESENTATIONS, DISCUSSION PANEL APPEARANCES, AND OFFERINGS OF SELF-DEVELOPED SEMINARS

Illinois Property Assessment Institute - 2023 Annual Conference
Highest and Best Use Analysis - Bloomington, IL; 2023
Why Hire An Appraiser? – Bloomington, IL; 2023

Appraisal Institute - Chicago Chapter
Midwest Easements - Aren't They All the Same?
Chicago, IL (2020); additional offerings: Springfield, IL (March 2021); Tennessee (April 2021); Louisiana (July 2021); Rockford, IL (May 2022)

Illinois Municipal League Association - 2019 Annual Conference
What's the Value of Your Public Utility System?
Chicago, IL; 2019

Appraisal Institute - Chicago Chapter
The Valuation of Water and Wastewater Systems
Chicago, IL; 2021; additional offerings: Louisiana (July 2021)

Will County Estate Planning Council
Valuation and Regulatory Issues - Updates
Lockport, IL; 2018

Appraisal Institute - 2019 National Conference
Valuation of Easements - Litigation Issues
Denver, CO; 2019

International Right of Way Association - Chapter 12
Valuation of Easements for Pipelines
Aurora, IL; 2020

Southwest Suburban Water Coalition
Valuation of Easements within Easements in Right-of-Way Corridors
Orland Park, IL; 2019

Illinois Property Assessment Institute - 2021 Annual Conference
Highest and Best Use Analysis
Bloomington, IL; 2021

Illinois Property Assessment Institute - 2021 Annual Conference
The Valuation of Privately-Owned Water and Wastewater Utility Systems
Bloomington, IL; 2021

UTILITY
VALUATION EXPERTS

MOST RECENT APPRAISAL INSTITUTE EDUCATIONAL AND INSTRUCTOR EXPERIENCE

ADVANCED INCOME CAPITALIZATION (INSTRUCTOR)
FEBRUARY 2023, CHICAGO, IL

GENERAL APPRAISAL INCOME PART II (INSTRUCTOR)
APRIL 2022, CHICAGO, IL

GENERAL APPRAISAL SITE VALUE AND COST APPROACH
MARCH 2022, CHICAGO, IL ***(CO-INSTRUCTOR)***

APPRAISAL REVIEW THEORY-GENERAL (AUDIT)
OCTOBER 2020, PITTSBURGH, PA

THE APPRAISER AS AN EXPERT WITNESS (AUDIT)
SEPTEMBER 2020, PITTSBURGH, PA

MIDWEST PIPELINE AND CORRIDOR EASEMENTS (DEVELOPER & PRESENTER)
SEPTEMBER 2020, CHICAGO, IL

VALUATION OF CONSERVATION EASEMENTS
March 2020, Ft. Lauderdale, FL

GENERAL APPRAISAL INCOME PART II (AUDIT)
October 2019, Chicago, IL

BASIC APPRAISAL PRINCIPLES (INSTRUCTOR)
March 2019, Chicago, IL

GENERAL INCOME APPROACH (CO-INSTRUCTOR)
February 2019, Chicago, IL

GENERAL SALES COMPARISON APPROACH (INSTRUCTOR AUDIT)
February 2019, Chicago, IL

GENERAL APPRAISER INCOME APPROACH PART I (INSTRUCTOR AUDIT)
November 2018, Nashville, TN

GENERAL APPRAISER PROCEDURES (CO-INSTRUCTOR)
October 2018, Chicago, IL

INSTRUCTOR QUALIFYING CONFERENCE
September 2018, Chicago, IL

ADULT LEARNING – EFFECTIVE CLASSROOM LEARNING
September 2018, Online Webinar

LITIGATION APPRAISING: SPECIALIZED TOPICS AND APPLICATIONS
QUANTITATIVE ANALYSIS
March 2018, Chicago, IL

NATIONAL USPAP UPDATE COURSE
February 2018, Chicago, IL

EMINENT DOMAIN AND CONDEMNATION
September 2017, Online Seminar

RATES AND RATIOS: MAKING SENSE OF GIMS, OARS, AND DCF
September 2017, Online Seminar

NATIONAL USPAP UPDATE COURSE
May 2016, Chicago, IL

NATIONAL USPAP UPDATE COURSE
July 2015, Columbus, OH

INSTRUCTOR WEBINAR
May 2015, Online Webinar

BUSINESS PRACTICE AND ETHICS
March 2015, Online Seminar

INSTRUCTOR WEBINAR
May and October 2014, Online Webinar

GENERAL APPRAISER MARKET ANALYSIS AND HIGHEST AND BEST USE
January 2014, Chicago, IL

INSTRUCTOR WEBINAR
April and October 2013, Online Webinar

KNOWLEDGE CENTER FOR INSTRUCTORS
October 2012, Online Webinar

CANDIDATE FOR DESIGNATION PROGRAM
July 2012, Online Webinar

NATIONAL USPAP UPDATE COURSE
June 2012, Chicago, IL

GENERAL APPRAISER INCOME APPROACH PART I
October 2011, Chicago, IL

NATIONAL USPAP UPDATE COURSE
September 2011, Chicago, IL

AFFIDAVIT OF JOSEPH E. BATIS, MAI, AI-GRS, R/W-AC

ON THIS DAY, before me, the undersigned personally appeared, Joseph E. Batis, who under oath stated as follows:

1. My name is Joseph E. Batis. I am employed by Utility Valuation Experts, Inc.

2. I am qualified to determine the fair market value of the water and wastewater systems currently owned by **Guadalupe-Blanco River Authority** (Selling Utility) and to be sold to **Undine Texas, LLC ("Undine Texas") and Undine Texas Environmental, LLC ("Undine Environmental") (collectively "Undine")** (Acquiring Utility), as described in the Selling Utility's and Acquiring Utility's filing on December 20, 2022, in Public Utility Commission of Texas Project No. 49859, Notice of Intent to Determine Fair Market Value. I am qualified to make this determination according to 16 Texas Administrative Code § 24.238, including using the cost, market, and income approaches in accordance with subsections (g) through (i) of 16 Texas Administrative Code § 24.238 and in compliance with Uniform Standards of Professional Appraisal Practice.

3. I will ensure that all actions taken to determine the fair market value are done in accordance with the law, including without limitation, ensuring any real estate appraisals required are done in accordance with the Texas Appraiser Licensing and Certification Act, Texas Occupations Code Chapter 1103. I understand that it is my sole responsibility to ensure my compliance with the law.

4. As required by 16 Texas Administrative Code § 24.238(e)(2), I understand that I may not:

    a. derive any material financial benefit from the sale other than fees for services rendered;
    b. be or have been within the year preceding the date the service contract is executed a director, officer, or employee of the Acquiring Utility or the Selling Utilities or an immediate family member of a director, officer, or employee of the Acquiring Utility or the Selling Utilities; or
    c. have received compensation under a contract for consulting or other services with the Acquiring Utility or Selling Utilities or executed a contract for consulting or other services with the Acquiring Utility or Selling Utilities, within the year preceding the date I am selected.

5. ☑ I work for Utility Valuation Experts, Inc., and my firm has not provided consulting or other services to either the Acquiring Utility or the Selling Utility within the preceding year.

☐ I work for Utility Valuation Experts, Inc., and my firm has provided consulting or other services to (***Selling Utility or Acquiring Utility or both***) within the preceding year or expects to provide services to ***(Selling Utility or Acquiring Utility or both)*** unrelated to selection by the Public Utility Commission of Texas to determine fair market value according to 16 Texas Administrative Code § 24.238 (Other Services). I did not perform

N/A

Other Services. No member or employee of the firm who performed or will perform Other Services will perform work related to the determination of the fair market value of the water system described above in numbered paragraph 2. In addition, I will not discuss any information related to the determination of the fair market value of that water system with any member or employee of the firm that performed or will perform Other Services.

6. I am capable of submitting a completed report to the Acquiring Utility and the Selling Utilities no later than 120 days after being selected by the Public Utility Commission of Texas.

Affiant

SUBSCRIBED AND SWORN TO before me, on this the 4th day of January of 2023.

NOTARY PUBLIC in and for the State of Illinois.

SANDRA J. BATIS
OFFICIAL SEAL
Notary Public, State of Illinois
My Commission Expires
September 22, 2023

May 8, 2023

Mr. Lee Dorf
Cushman & Wakefield of Pennsylvania, Inc.
One Liberty Place, 1650 Market Street, 48th Floor
Philadelphia, PA 19103

Mr. Robinson Wilson
Appraisal Analytics Incorporated
1301 Midway Road, Suite 102-210
Dallas, TX 75244

Mr. Joseph Batis
Utility Valuation Experts, Inc.
313 N. Chicago Street
Joliet, IL 60432

RE: SYSTEM APPRAISAL – GUADALUPE-BLANCO RIVER AUTHORITY (GBRA)
CALHOUN COUNTY RURAL WATER SYSTEM AND CRESTVIEW SUBDIVISION WASTEWATER SYSTEM
MRB GROUP PROJECT NO. 2774.23001.000

Dear Mr. Dorf, Mr. Wilson, and Mr. Batis (Appraisers):

GBRA owns and operates a water and sewer system in Calhoun County, Texas. GBRA is in the process of selling its Calhoun County Rural Water System and Crestview Subdivision wastewater system. The potential buyer has been identified as Undine Texas and Undine Environmental. As part of the determination of fair market value, the utility elected to have its system reviewed by independent appraisers who prepare a total system evaluation of the assets. MRB Group has prepared this report to support the appraisal process and provide a professional engineering opinion of the operational condition of the system. The process is outlined in statutes of the Texas Water Code §13.305(c)(4).

MRB Group (MRB) appreciates the opportunity to work with you as the Appraisers on this project.

Introduction

MRB attended a site meeting on March 22, 2023. Present at the meeting were representatives from two of the three appraisers. One appraiser conducted a site visit independent of MRB's visit. Mr. Doug Hearn of Hearn Engineering, Inc., representing Undine, conducted the site visit. MRB's purpose at the meetings was to complete a condition assessment and develop an asset list at each facility. The site visit included observations at Six-Mile Booster Pump Station and the Crestview Subdivision Wastewater Treatment Plant.

Data Collection

Evaluation of the system includes on-site observation and review of available records. The following documents were reviewed as part of the evaluation:

- Available Water and Sewer System maps provided by Hearn Engineering.
- TPDES Permit WQ0013954001 for GBRA Crestview Subdivision Wastewater Treatment Facility issued February 10, 2020.
- TCEQ Water System Summary Sheet for GBRA Calhoun County Rural Water System (TX0290007).
- TCEQ Water System Detail Information for GBRA Calhoun County Rural Water System (TX0290007).
- TCEQ Central Registry listing of Notice of Violations for GBRA Calhoun County Rural Water System.
- TCEQ Central Registry listing of Notice of Violations for Crestview Subdivision Wastewater Treatment Plant.

Condition Assessment

GBRA Calhoun County Rural Water System and Crestview Subdivision Wastewater Treatment Plant predominately serve single-family homes with a few commercial establishments. As reported on TCEQ's website on May 4, 2023, the GBRA Calhoun County Rural water system has 1,494 metered water connections.

The following is a brief summary of the major components of each system:

Crestview Subdivision Wastewater Treatment Plant and Collection System

The wastewater treatment plant consists of a lift station, plant headworks, one aeration basin, one mechanical clarifier, one aerobic digester/sludge holding basin, and one chlorine contact basin for final disinfection. The blowers for the aeration basin and digester are located inside small sound reducing enclosures adjacent to the treatment structure. A sodium hypochlorite drum is located inside a wood structure adjacent to the chlorine contact basin. An emergency generator, powered by propane, is also located on the site. The wastewater treatment plant is constructed on land owned by GBRA, according to information on the Calhoun County Appraisal District website.

The collection system consists of unknown size of gravity sewers.

GBRA Calhoun County Rural Water System

Six-Mile Booster Pump Station and Distribution System

The booster pump station consists of one (1) hydropneumatic storage tank and one (1) above-ground storage tank. The hydropneumatic tank has a capacity of 5,000 gallons. The site has a welded steel 34,000-gallon ground storage tank. The two (2) distribution system pumps, reportedly rated at 225 gallons per minute each, are located within a building on the site. Sodium hypochlorite is stored in a 30-gallon drum in the pump building. Treated surface water is received from GBRA Port Lavaca Surface Water Treatment Plant and direct pressure from Port Lavaca. According to the Calhoun County Appraisal District website, the water plant is constructed on land owned by the GBRA.

The distribution system consists of various sizes of pipe and is constructed of various pipe materials. There are approximately fifty (50) isolation valves and fifteen (15) flush valves indicated on the available plans for the system.

Assessment Methodology

MRB Group utilized TCEQ's guidance for asset management: Managing Small Domestic Wastewater Systems: Asset Management (RG-530a) dated September 2017 and Managing Small Public Water Systems: Asset Management (RG-501a) dated October 2016. The following was used in order to establish a priority and condition rating for system assets:

Table 1: Prioritization Rating	
Description	**Priority**
Effective life exceeded and/or excessive maintenance cost incurred. A high risk of breakdown or imminent failure with serious impact on performance. No additional life expectancy; immediate replacement or rehabilitation needed. Asset is highly critical to infrastructure of system and in providing adequate treatment and maintaining compliance.	1
Very near end of physical life. Substantial ongoing maintenance with short, recurrent maintenance levels is required to keep the asset operational. Unplanned corrective maintenance is common. Renewal (refurbishment or replacement) is expected within the next year or two.	2
Asset functions but requires a sustained high level of maintenance to remain operational. Shows substantial wear and performance is likely to deteriorate significantly. Renewal (refurbishment or replacement) is expected within the next two to three years.	3
Asset is sound and well-maintained but may be showing some signs of wear. Delivers full efficiency with little or no performance deterioration. Virtually all maintenance is planned and preventative. At worst, only minor repair might be needed at this time.	4
Asset is like new, fully operable, well maintained, and performs consistently at or above current standards. Little wear shown and no further action required.	5

A detailed list of system assets is included as Attachment A. The condition of the asset, including the prioritization rating, is included within the table along with the estimated remaining useful life. The approximate year of installation of the asset is included in the Attachment A table. If no year was known, MRB estimated the approximate asset age. The National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts for Class C Water and Wastewater Utilities account code has been added to the table.

Regulatory Compliance

MRB Group reviewed publicly available documentation on compliance history for both the water and wastewater systems for GBRA.

Wastewater Treatment Plant

TCEQ's website lists one (1) active Notice of Violations for failure to provide a secondary flow measurement device. Previously resolved issues of non-compliance included failure to properly analyze effluent samples. Both of these violations occurred in July 2022.

Water Plant

According to the TCEQ website, the water plants have three (3) resolved violations which date back to 2018. These resolved violations included failure to have tank capacity of 200 gallons per connection, failure to keep up-to date records on plant operations and failure to collect chlorine, free ammonia and monochloramine samples weekly.

Summary Analysis

Based on our site visit, MRB Group made the following observations at the various facilities. Photographic documentation taken during the site visit is included in Appendix B, and the specific photo illustrating the observation is referenced below.

The following deficiencies, non-standard practices, safety concerns, or TCEQ non-compliant standards were observed. Items in **bold** font are considered critical deficiencies or safety concerns that should be addressed immediately to ensure safe operation of the facilities.

Crestview Subdivision Wastewater Treatment Plant (Photo #1)

- Headworks Lift Station (Photo #2)
  - Lift station pump data was not available to confirm capacity of station.
- Rags and other fibrous materials tend to accumulate on static wedge wire screen, which requires frequent maintenance. If not maintained, it can overflow onto the surrounding ground. (Photo #3 and #4)
- The electrical outlet nearby the drum holding solids from the screen does not appear to be ground fault circuit interrupter (GFCI) protected. (Photo #5)
- Water is not being used to spray down the clarifier on a regular basis, and organic buildup is occurring in the clarifier (Photo #6).
- The wastewater treatment plant equipment was previously located elsewhere and relocated to the site. Holes in the walls for former piping have been patched and should be monitored. (Photos #7 and #8)
- Grating was reused at this location. Bent bars or holes exist in the grating which may cause a tripping hazard. (Photos #9 and #10)
- It couldn't be confirmed that the generator is operational and wired to the system. No automatic transfer switch is located in one of the wooden sheds. (Photo #11)
- Small (2"x3") holes have been cut in the steel supports of the chlorine contact tank which are being used to route the sodium hypochlorite tubing. Tubing could be easily snagged and/or broken. (Photo #12)
- There is only one flow measuring device on the outfall of the wastewater treatment plant. TCEQ regulations require two measuring devices. (Photo #13)

Six-Mile Booster Pump Station, Lake Placedo Road (Photo #14)

- The 34,000-gallon welded steel ground storage tank is exhibiting signs of coating failure. The tank and associated piping should be inspected, and areas of rust addressed. (Photos #15)
- No exterior level gauge or board was present on the exterior of the 34,000-gallon tank to indicate the height of the water inside the tank.
- The ladder guard on the 34,000-gallon ground storage tank has become bent and no longer is securely attached to the ladder. This should be

corrected to prevent unauthorized climbing of the ground storage tank. (Photo #16).

- There is no OSHA safety cage on the ladder of the 34,000-gallon ground storage tank. (Photo #16)
- The overflow pipe on the 34,000-gallon ground storage tank discharges approximately 4-feet above grade level but the pipe support is in conflict with the tank drain. (Photo #17)
- The 34,000-gallon ground storage tank does not have a name plate. (Photo #18).
- The piping and valves on the booster pump are a combination of various metals which have not been separated, causing rust to form. Installing dielectric flange isolation kits between the dissimilar metals should be considered. (Photo #19).
- The electrical outlets inside the booster pump station do not appear to be GFCI protected. (Photo #20)
- Multiple cracks and step cracks were observed on the booster pump station building which should be evaluated by a structural engineer. (Photo #21 and Photo #22).
- **30 TAC 290.42 requires that safety equipment per OSHA standards is present at the facility, which would include an emergency eye wash and personal protective equipment for the sodium hypochlorite chemical stored on-site. No safety equipment was observed during the site visit.**
- The exterior coating on the 5,000-gallon hydropneumatic tank is exhibiting signs of failure and the tank is beginning to rust. The exterior of the tank is in need of recoating. (Photo #23).
- The 5,000-gallon hydropneumatic tank does not have a name plate or an ASME certification. (Photo #24).

TCEQ regulation TAC §290.45 outlines capacity requirements for wells, total storage, distribution pumps, storage tanks (elevated and pressure), and emergency power requirements for each connection to community water systems. The following table summarizes the allowable number of connections based on individual components of the water system and the limiting component determining the maximum number of connections.

System Component	Possible Number of Connections
Total Storage Capacity (200 gallons/connection)	170
Booster Pump Capacity (2 gpm/connection)	225
Pressure Tank Capacity (20 gallons/connection)	250
Emergency Power*	-
Limiting System Component: Storage Tank Capacity	**170**
Current Number of Connections	(1)

*Emergency power is required for systems with more than 250 connections. Currently a generator connection is at the site.
(1)The exact number of connections served by the Six-Mile Booster Pump Station is unknown.

TCEQ regulation TAC §217.32 (a)(3) Table B.1 outlines design-organic loadings and flows for new wastewater treatment systems. Current influent sampling data is not available, and the analysis below is based on the organic loadings outlined in Table B.1. The following table summarizes the allowable number of connections based on flow and organic loadings of the wastewater system and the limiting component determining the maximum number of connections. For organic loadings, we calculated the theoretical number of connections based on the approximate size of the aeration basins and clarifiers. For the aeration basin, we assumed an organic loading rate of 35 pounds per 1,000 cubic feet of basin, and in the clarifiers, we assumed a surface loading rate of 600 gallons per day per square foot at average flow.

System Component	Possible Number of Connections
Flow (current permit limit 30,000 gal/day)	120
Organic Loading – Aeration Basins	290
Organic Loading - Clarifier	482
Limiting System Component: Flow:	**120**
Current Number of Connections	61*

*Assumed based on the approximate number of houses on the street.

Engineer's Opinion of Probable Construction Cost

MRB Group has prepared a preliminary Engineer's Opinion of Probable Construction Cost (EOPCC) for the existing infrastructure. The cost considers efficiencies in replacement with readily available materials, equipment, and labor. The cost considers replacement in kind with similar processes and technology. We have assumed that competitive bidding by a qualified contractor will be utilized.

Within our opinion of construction costs, the following assumptions were made:

- At the wastewater treatment plant, ductile iron piping will be utilized for treatment system piping.
- The blowers for aeration units will be housed within a structure to protect from the elements.
- The water system distribution piping will be PVC, and the gravity sewer piping will be SDR-35. Forcemain piping will be ductile iron.

Our EOPCC for each of the systems is included within the asset table in Attachment A. A summary of complete replacement costs is as follows:

Description	**Cost**
Crestview Wastewater Treatment Plant	$ 1,032,430
Wastewater Collection System	$ 649,200
Six-Mile Booster Pump Station	$ 301,480
Water Distribution System	$ 33,642,815
Total:	**$ 35,625,925**

Conclusion

The information contained in this report is the opinion of MRB Group based on information available to us. Our opinion is based on observations made during the site visit, information provided by the Client and Owner, publicly available information, reference literature, and standard industry practices.

Please contact us with questions or concerns.

Sincerely,

5/8/23

Trey Taylor, P.E.
Central Texas Operations Manager

Sah/sah

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Attachment A: Asset Summary
Attachment B: Photos

Guadalupe-Blanco River Authority (GBRA)

Asset	Year Installed (if known)*	Condition	TCEQ Expected Useful Life (years)	Remaining Useful Life (years)	Quantity Square Foot (SF) Linear Foot (LF) Dimensions	Replacement Cost	NARUC Uniform Codes of Accounts
Crestview Subdivision Wastewater Treatment Plant - 636 Bayou Drive, Calhoun County, TX							
Land	N/A	N/A	N/A	N/A	0.3568 Acres	$ 10,280	353
6' High Chain-link Perimeter Fence with Gates and Barbed Wire	2000	3	20	<5	410 LF	$ 26,650	354
Access Drive	2000	3	20	<5		$ 10,000	354
Lift Station at Plant Headworks with 2 submersible pumps and valves	2000	4	30	7	4' diameter x unknown depth wet well	$ 100,000	370
Static Wedge Wire Screen	2021*	4	15	13		$ 75,000	380
Aeration Basin #1 - Structure	2021*	4	30	28	4320 CF	$ 150,000	380
Aeration Basin #1 - Equipment	2021*	3	12	10		$ 50,000	380
7.5 HP Blower #1 with Sound Enclosure	2021*	2	15	<5		$ 15,000	380
7.5 HP Blower #2 with Sound Enclosure	2021*	2	15	<5		$ 15,000	380
7.5 HP Blower #3 with Sound Enclosure	2021*	2	15	<5		$ 15,000	380
Mechanical Clarifier #1	2021*	3	30	20	16' diameter	$ 100,000	380
Chlorine Contact Tank #1 with "V" notch weir	2021*	4	30	28	300 CF	$ 30,000	380
Hypochlorite Storage Building	2021	3	10	8		$ 1,500	354
Sodium Hypochlorite Tank	2021	4	20	18	30 gal drum	$ 1,000	389
Chlorine Metering System	2021	4	7	5		$ 2,000	380
Flow Meter	2021	4	15	13		$ 6,000	364
Outfall Pipe - Approx. 250 LF	2000	4	50	27	12" C-900 PVC Pipe	$ 25,000	382
Aerobic Digester/Sludge Holding Basin #1 - Structure	2021*	4	30	28	1320 CF	$ 100,000	380
Aerobic Digester/Sludge Holding Basin #1 - Equipment	2021*	3	15	13		$ 30,000	380

*Equipment was relocated to this site from an unknown site. Exact age of equipment is unknown.

Guadalupe-Blanco River Authority (GBRA)

Asset	Year Installed (if known)*	Condition	TCEQ Expected Useful Life (years)	Remaining Useful Life (years)	Quantity Square Foot (SF) Linear Foot (LF) Dimensions	Replacement Cost	NARUC Uniform Codes of Accounts
Shed Building #1 - Wood Siding	2000	2	20	<2	10'x15'	$ 10,000	354
Shed Building #2 - Metal Siding	2010	2	20	<2	8'x12'	$ 5,000	354
85 kW Emergency Generator (Propane), and Site Electrical	2021*	1	20	<2		$ 250,000	355
Propane Above Ground Storage Tank	2021	4	25	23	250 gallon	$ 5,000	355
					EOPCC:	**$ 1,032,430**	
Sewer Collection System							
Sanitary Sewer - 8" Gravity	2000-2015	4	75	52	6065	$ 485,200	361
Manholes	2000-2015	4	75	52	7	$ 42,000	363
Sanitary Sewer Service Laterals	2000-2015	4	50	52	61	$ 122,000	363
					EOPCC:	**$ 649,200**	

*Equipment was relocated to this site from an unknown site. Exact age of equipment is unknown.

Guadalupe-Blanco River Authority (GBRA)

Asset	Year Installed (if known)*	Condition	TCEQ Expected Useful Life (years)	Remaining Useful Life (years)	Quantity Square Foot (SF) Linear Foot (LF) Dimensions	Replacement Cost	NARUC Uniform Codes of Accounts
Six-Mile Booster Pump Station - Lake Placedo Road							
Land	N/A	N/A	N/A	N/A	0.057 acres	$ 1,430	303
6' High Chain-link Perimeter Fence with Gates and Barbed Wire	1972	1	20	<2	170 LF	$ 11,050	304
Access Drive	1972	1		<2		$ 4,000	304
5,000 gal Hydropneumatic Tank #1	1972	1	25	<2		$ 40,000	330
34,000 gal Ground Storage Tank #1 with Concrete Ring Beam	1972	1	40	<2	~15' diameter x 25'	$ 170,000	330
Chlorine Metering System	2020	4	7	4	30-gallon single wall tank	$ 10,000	320
Distribution System Pumps (2), piping and electric	2014	3	10	<2	10 HP each; 225 GPM each	$ 20,000	311
Emergency Generator Connection	2014	4	20	11		$ 5,000	311
Pump Building	1972	1	30	<2	10'x15'x8'	$ 40,000	304
					EOPCC:	**$ 301,480**	
Water Distribution System							
1.5" Watermain	1969-2006	3	75	21	11,360	$ 624,800	331
2" Watermain	1969-2006	3	75	21	100,986	$ 6,059,160	331
2.5" Watermain	1969-2006	3	75	21	19,317	$ 1,255,605	331
3" Watermain	1969-2006	3	75	21	96,431	$ 6,750,170	331
4" Watermain	1969-2006	3	75	21	29,568	$ 2,217,600	331
6" Watermain	1969-2006	3	75	21	135,416	$ 10,833,280	331
Isolation Valves	1969-2006	3	35	15	50 Each	$ 150,000	331

*Equipment was relocated to this site from an unknown site. Exact age of equipment is unknown.

Guadalupe-Blanco River Authority (GBRA)

Asset	Year Installed (if known)*	Condition	TCEQ Expected Useful Life (years)	Remaining Useful Life (years)	Quantity Square Foot (SF) Linear Foot (LF) Dimensions	Replacement Cost	NARUC Uniform Codes of Accounts
Flush Valves	1969-2006	3	35	15	15 Each	$ 75,000	331
Water Connections	1969-2006	3	50	15	1,494	$ 4,482,000	333
Water Meters	1969-2006	3	10	10	1,494	$ 1,195,200	334
					EOPCC:	**$ 33,642,815**	

*Equipment was relocated to this site from an unknown site. Exact age of equipment is unknown.

Photo #1 Crestview Wastewater Treatment Facility

Photo #2 Plant Lift Station

Photo #3 Discharge from Screen

Photo #4 Static Wedge Wire Screen

Photo #5 Electrical Outlet ad acent to screen discharge

Photo #6 Clarifier

Photo #7 Clarifier wall repair

Photo #8 Aeration Basin Wall Repair

Photo #9 Bent Sections of Grating

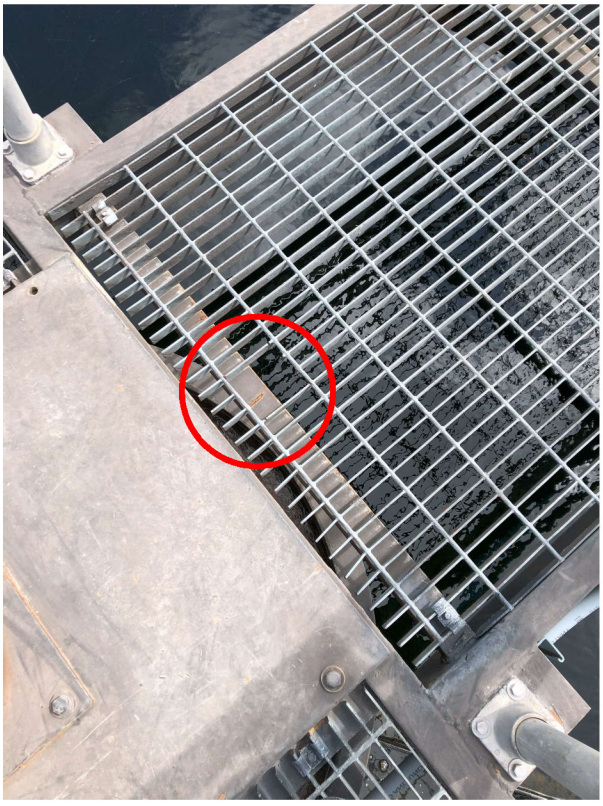

Photo #10 Hole in Grating

Photo #11 Emergency Generator

Photo #12 Holes in Structural Support of Chlorine Contact Tank

Photo #13 Effluent Flow Measuring Device

Photo #14 Six-Mile Booster Pump Station

Photo #15 34,000-gallon Ground Storage Tank

Photo #16 Ladder Guard and No Safety Cage on 34,000-gallon Ground Storage Tank

Photo #17 Tank Overflow Discharge Pipe Support Blocking Tank Drain

Photo #18 Missing Tank Label on 34,000-gallon Ground Storage Tank

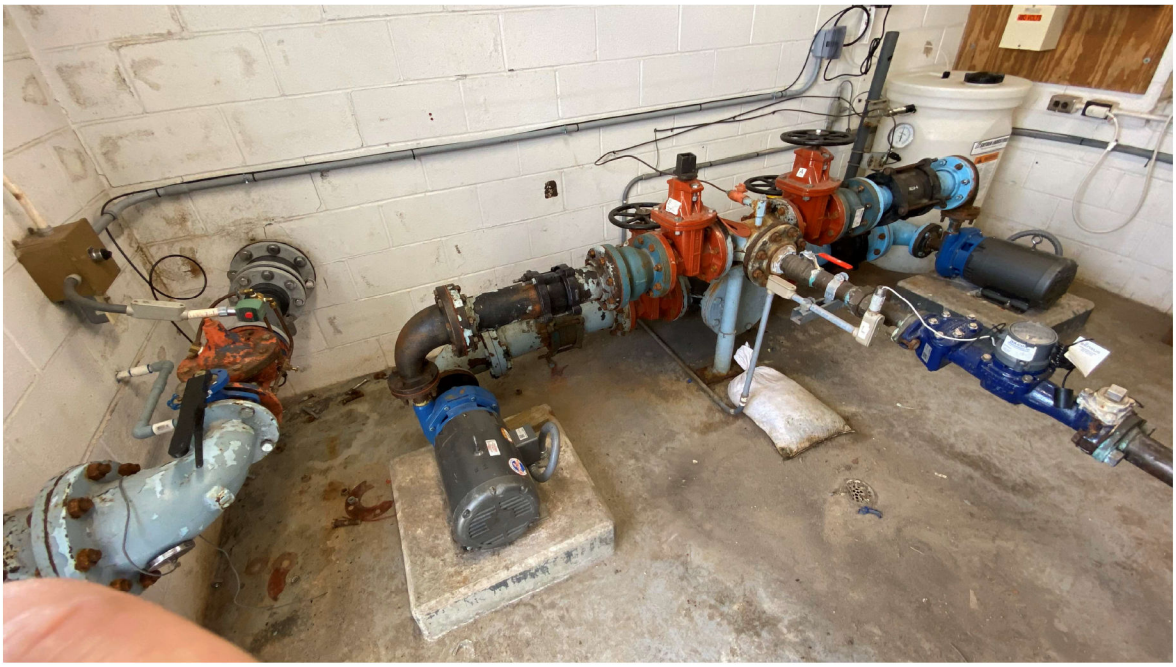

Photo #19 Corrosion on piping and bolts due to contact between dissimilar metals

Photo #20 Electrical outlets inside Booster Pump Station

Photo #21 Step Crack in Booster Pump Station Wall

Photo #22 Cracks in block wall of Booster Pump Station

Photo #23 Coating conditions on 5,000-gallon Hydropneumatic Tank

Photo #24 Missing Label on 5,000-gallon Hydropneumatic tank

Rural Water Assets of Guadalupe-Blanco River Authority

Fair Market Value

IN AN APPRAISAL REPORT

As of December 20, 2022

Prepared For:

Undine Texas, LLC
17681 Telge Road
Cypress, Texas 77429

Prepared By:

Cushman & Wakefield
Valuation & Advisory Practice

CONFIDENTIAL

CUSHMAN & WAKEFIELD

Carey A. Thomas
Senior Vice President
Undine Texas, LLC
17681 Telge Road
Cypress, Texas 77429

May 24, 2023

Dear Ms. Thomas:

In fulfillment of our engagement letter dated February 28, 2023, Cushman & Wakefield is pleased to present the following Appraisal Report to assist (Undine Texas, LLC ("Undine Texas") and Undine Texas Environmental, LLC ("Undine Environmental (hereinafter called "Acquiring Utility," "Client," or, alternatively, "Undine") with the valuation of certain acquired personal property (the "Subject Assets") of the Calhoun County Rural Water System ("CCRWS") of Guadalupe-Blanco River Authority ("GBRA" or the "Selling Utility") as of December 20, 2022 (the "Valuation Date").

The purpose of this analysis is to determine the Fair Market Value of the CCRWS pursuant to Texas Water Code §13.305 and 16 Tex. Admin. Code §24.238, Public Utility Commission of Texas Docket No. 49859. No other use is intended or should be inferred.

Based on the agreed-to Scope of Work and our analysis presented in this report, the following opinion of value of the personal property was developed as of the Valuation Date.

Conclusion of Value - Assets of CCRWS

Approach to Value	Indicated Value	Weighting Applied	Contribution to Value
Income Approach	$ 6,471,000	35.0%	$ 2,264,850
Market Approach - M&A Method	6,188,000	10.0%	618,800
Market Approach - GPC Method	6,718,000	20.0%	1,343,600
Cost Approach	6,457,000	35.0%	2,259,950
Concluded Fair Market Value			**$ 6,487,000**

Based upon the conclusions of each approach, we weighted the results of the Cost Approach by 35%, the Income Approach by 35%, the Market Approach by 30%. This weighting was determined based upon our reliance of, and comfort with, the quantitative data provided to develop the three approaches that could be confirmed via third-party / published information about the Subject Assets.

Section VI of our report provides a narrative overview of the appraisal process and Section VII provides supporting schedules detailing the inputs and calculations made to arrive at the final conclusions of value.

This Appraisal Report has been prepared in accordance with our interpretation of the *Uniform Standards of Professional Appraisal Practice* ("USPAP").

Our analysis is subject to the assumptions and limiting conditions, certifications, extraordinary and hypothetical conditions, if any, and definitions outlined in our report. This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

Lee T. Dorf
Director, Valuation & Advisory
Lee.dorf@cushwake.com

James A. Cook
Senior Director, Valuation & Advisory
Jimmy.cook@cushwake.com

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Table of Contents

I. Introduction and General Information

Description of Assignment & Scope of Work

Cushman & Wakefield, Inc. was engaged by Undine Texas, LLC ("Undine" or the "Client") to complete an appraisal report to assist the Client with the valuation of certain acquired personal property assets (the "Subject Assets") of the Calhoun County Rural Water of Guadalupe-Blanco River Authority System ("CCRWS" or the "Company"). The purpose of this analysis is to determine the Fair Market Value of the Subject Assets pursuant to Texas Water Code §13.305 and 16 Tex. Admin. Code §24.238, Public Utility Commission of Texas Docket No. 49859, as of December 20, 2022 ("Valuation Date" or "Appraisal Date").

USPAP identifies two written report options: Appraisal Report and Restricted Appraisal Report. This document is prepared as an Appraisal Report in accordance with USPAP guidelines. The terms "describe," summarize," and "state" connote different levels of detail, with "describe" as the most comprehensive approach and "state" as the least detailed. As such, the following provides specific descriptions about the level of detail and explanation included within the report:

- Describes the Subject Assets, including physical, economic, and other characteristics that are relevant
- States the type and definition of value, and its source
- Describes the Scope of Work used to develop the appraisal
- Describes the information analyzed, the appraisal methods used, and the reasoning supporting the analyses and opinions; explains the exclusion of any valuation approaches
- States the use of the Subject Assets as of the Valuation Date

Scope of Work

The scope of work describes the extent of the research and analysis required to complete the valuation. In developing the scope of work, we considered the intended use, the needs of the intended user, and the characteristics of the subject company. The scope of this analysis required the collection of primary and secondary data relevant to the Company.

The following is a summary of our scope of work:

- Interviewed Client management ("Management") to understand the rationale of the transaction and the historical and prospective operations of the Company
- Assessed the nature and operations of CCRWS, considering applicable economic, industry, and competitive environments.
- Obtained a fixed asset record of CCRWS' personal property
- Performed a site inspection to gain additional insight and information regarding the Subject Assets, as well as verifying the accuracy of the data provided by Management.
- Performed a valuation analysis and provided recommendations of Fair Market Value of the Subject Assets as of the Valuation Date.
- In order to estimate the fair market value of the Subject Assets, we considered three approaches to value: the cost, market (or sales comparison), and income approaches. Based on the nature of the assets and information available, we concluded on the approaches that were the most appropriate to value the Subject Assets. Please refer to the Glossary of Terms & Definitions for the definition of valuation approaches and methods.

Purpose, Client & Intended Use

To develop an opinion of the Fair Market Value of the Subject Assets for use in connection with Undine's acquisition of the Subject Assets pursuant to Texas Water Code §13.305 and 16 Tex. Admin. Code §24.238, Public Utility Commission of Texas Docket No. 49859, as of the Appraisal Date.

We understand the analysis will be used solely for financial reporting purposes and will not be used for any other purpose, nor will it be distributed to other parties without the prior written consent of Cushman & Wakefield, Inc.

Identification of Assets

The Subject Assets represent the assets of CCRWS that are used by the utility to support its function in delivering water and removing wastewater. These assets are primarily comprised of a wastewater treatment plant, wastewater collection system, a booster pump station, and water distribution system (collectively, the "Subject Assets").

Standards of Compliance

This Appraisal Report has been prepared in accordance with our interpretation of the Uniform Standards of Professional Appraisal Practice ("USPAP").

General Assumptions

This report presents information from third parties and bases its conclusions on analysis of that information. Information has been obtained from sources deemed to be reliable, but it is an assumption of this report that the information is accurate. We issue no warranty or other form of assurance regarding its accuracy.

No information has been audited or verified for accuracy by the appraiser, and no forensic accounting has been performed. It is assumed that the Client's management has accurately disclosed all assets, liabilities and income streams that pertain to the subject, and its underlying assets and liabilities.

Nothing in the report is intended to express a legal opinion, or to address any matter that requires legal or other specialized knowledge, expertise or investigation beyond that customarily employed by appraisers.

Sources of Information

The sources of information relied on in this valuation were:

- Management prepared income statements for the historical years ending December 31, 2019 through 2021, and the budgeted year December 31, 2022
- Projected income statements, balance sheets, and statements of cash flow for the five year period 2023 through 2027
- CCRWS Water Master Plan (2020)
- Industry information as detailed by IBISWorld and the Value Line Investment Survey
- Industry transaction information from SEC filings and press releases
- Engineer's Report on the Company, MRB Group, dated May 8, 2023

Extraordinary Assumptions

An extraordinary assumption is defined by USPAP as an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's pinions or conclusions. Extraordinary assumptions assume as fact otherwise uncertain information about physical, legal, or economic characteristics of the property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in the analysis.

We relied on the replacement cost new of the Subject Assets provided in a report developed by MRB Engineering. We have not tested or confirmed all of the calculations or approaches utilized by MRB Engineering applied to arrive at the replacement cost new. As a result, any changes made to their analysis could affect the replacement cost new and would have an immediate impact on our value conclusion of the Subject Assets.

Hypothetical Conditions

A hypothetical condition is defined by USPAP as a condition which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

This analysis does not employ any hypothetical conditions.

Quality Control Review

Cushman & Wakefield of Illinois, Inc. has an internal Quality Control Oversight Program. This Program mandates a "second read" of all appraisals. Assignments prepared and signed solely by designated members ("ASAs") are read by another ASA who is not participating in the assignment. Assignments prepared, in whole or in part, by non-designated appraisers require ASA participation, Quality Control Oversight, and signature.

For this assignment, Quality Control Oversight was provided by Fernando Sosa, ASA, MRICS.

Sales History

To our knowledge, there have been no sales or listings involving the Subject Assets during the three years prior to the Valuation Date.

Global Pandemic

The financial market is driven by investor demand and strong liquidity. We are monitoring the impacts on both factors from the Federal Reserve's recent and forecasted interest rate hikes, inflation, and other macroeconomic factors, which have increased uncertainty in the financial markets. Since its onset in March 2020, the COVID-19 pandemic has also had a dramatic effect on both investor demand and liquidity as the market navigated COVID's actual and perceived impacts. The market perceives that we are near the end of the pandemic. As we have throughout the pandemic, Cushman & Wakefield is closely monitoring the latest developments resulting from the COVID-19 pandemic and recovery, as well as its effects on the subject and its market.

Standard and Definition of Value

The standard of value used was Fair Market Value ("FMV") as defined by the American Society of Appraisers as:

> *"An opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, considering market conditions for the asset being valued, as of a specific date."*

II. Company Overview

Business Description

Acquiring Utility – Undine Texas, LLC[1]

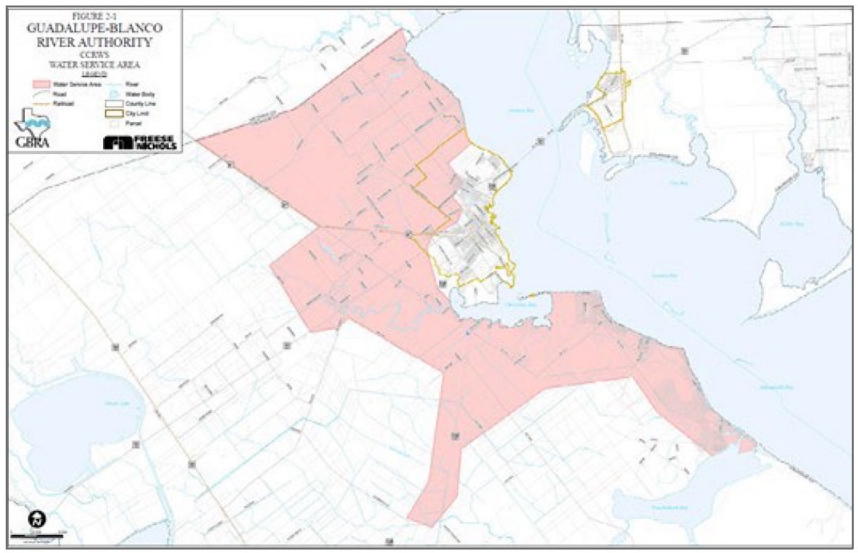
Undine Texas, LLC was founded in 2016 to acquire and renovate privately-owned water and wastewater utilities. Undine has taken on the challenging and rewarding role of bringing desperately needed improvements to utilities across Texas. Undine's dedicated management team has provided proven experience and expertise in the acquisition of and the management and operation of utilities, along with bringing regulatory compliance to privately-owned water and wastewater utilities for over 20 years.

Selling Utility – Guadalupe-Blanco River Authority[2]

Guadalupe-Blanco River Authority ("GBRA") engages in the development and management of water supply projects and water resources. The company protects, conserves, reclaims, and stewards the resources of the ten-county District, Texas. Its activities include raw and treated water supply, water treatment, waste water treatment and disposal, water resources and recreations, hydroelectric generation, water quality monitoring, cooling reservoir operation, and parks and recreational opportunities. The company's research laboratories provide support services for water and wastewater plants; offers chemical and bacteriological testing for cities, water districts, industries, and consulting firms and private individuals; and conducts environmental monitoring within the river basin. GBRA also provides consulting and management services in business development and resource management, communications, education, engineering, finance, project development, and project engineering to help support community resources. In addition, it offers technical assistance and support to municipalities, water districts, industries, engineering firms, and other organizations for protecting water quality. The company, formerly known as Guadalupe River Authority, was founded in 1933 and is based in Seguin, Texas.

Acquired Business

The acquired business relates to the Calhoun County Rural Water System ("CCRWS"), operated by GBRA prior to the transaction. The CCRWS serves customers in the rural areas surrounding the City of Port Lavaca. As of the transaction date, the water system services approximately 1,650 customers (1,585 water and 65 wastewater). Below is an aerial of the service area of CCRWS.



Historical Financials

The valuation process includes an analysis of a company's historical financial performance to assess the financial condition of the business as of the Valuation Date. When reviewing historical financial information, trends are analyzed and various financial ratios and margins are compared to the subject company's peers and industry. The historical financial results can also serve as a basis for developing an opinion of the risk and achievability of the company's forecast.

Balance Sheets

We requested but were not provided with historical balance sheet information for CCRWS. We understand that CCRWS historically operated as part of a larger water system (along with the water assets of Port Lavaca), and thus may not be available on a comparable basis. Management provided an estimated balance sheet as of January 1, 2023, which implies that no current assets or current liabilities were transferred as part of the acquisition. Further, the Management provided balance sheet indicates a purchase price of $1.5 million, attributable

[1] Company website: www.undinellc.com/about

[2] Source: S&P Capital IQ

solely to property, plant, and equipment ("PP&E"). We understand that the $1.5 million estimate is a placeholder, to be determined in part by this appraisal.

Income Statements

We reviewed the historical income statements for the Company for the years ended December 31, 2019 through 2021, and the budgeted income statement for the year ended December 31, 2022. The following includes some observations made based on our review.

- Revenue increased at a compound annual growth rate ("CAGR") of 12.1% from 2019 to 2021, from $1.3 million to $1.7 million. Revenue is budgeted to increase further in 2022 to $1.9 million, an increase of 11.4% for the year.
- Water purchases for delivery averaged 18.5% of revenue during 2019 through 2021, indicating an average gross profit margin of 81.5%. Gross profit margin is budgeted to be 80.0% in 2022, approximately in line with 2021 (80.2%).
- Operating expenses totaled 79.3% of revenue in 2019 and decreased to 66.2% of revenue in 2021 as revenue increased, but are expected to increase to 75.1% of revenue in 2022, or $1.4 million. The primary component of operating expenses was salaries and benefits, which is expected to total $648k in 2022, or 34.9% of revenue. Other significant operating expenses include repairs and maintenance (17.8% of 2022 revenues) and general and administrative (10.8% of 2022 revenues).
- The Company historically had little or no interest expense or interest income.
- Historical depreciation expense averaged $74k during 2019 to 2021.

III. Economic Outlook

Economic Analysis

Before determining the appropriate risk rate(s) to apply to the subject, a review of recent market conditions, particularly in the financial markets, is warranted. The following subsection provides review of these trends, ending with a summary of the investment considerations impacting the subject. The trends are based upon our market research and discussions with participants in the market.

The Commercial Real Estate ("CRE") market is driven by investor demand and strong liquidity. Since its onset in March 2020, the COVID-19 pandemic has had a dramatic effect on both factors as the market navigated actual and perceived impact. We observed asset classes experiencing various impacts, both positive and negative. We observed that asset values can fall significantly in short periods of time if either demand or liquidity, often in conjunction with many other factors, change significantly. In spite of the threat of new variants, the uncertainty of the early months of the pandemic has been replaced with clearer expectations and forecasts of asset class and individual property performance. Of course, some uncertainty exists in most property types in terms of forecast demand, to varying degrees. As we have throughout the pandemic, Cushman & Wakefield is closely monitoring the latest developments resulting from the COVID-19 pandemic and recovery and its effect on the subject and its market.

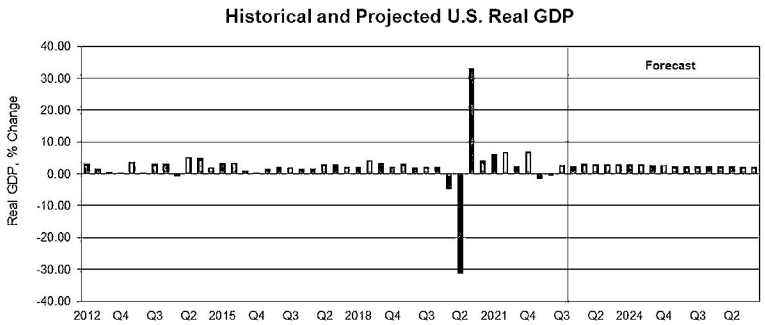
Current Trends and Economic Conditions

The U.S. economy is wrestling with high inflation and rising interest rates. In response, the Federal Reserve is working aggressively to subdue wage and price pressures as rates surge higher and financial conditions tighten. In addition to this, we are in the throes of a bear market, mortgage rates have more than doubled, credit spreads continue to widen, and value of the dollar continues to strengthen against most currencies. That being said, the economy continues to display impressive job numbers and unemployment remains low. Further, third quarter advanced estimates by the Bureau of Economic Analysis, show that gross domestic product ("GDP") increased 0.6% in third quarter of 2022, following two consecutive quarters of decline, and increased 2.6% on an annual rate.

Despite the first half of the year showing declines in GDP and growth in the second half of the year starting off slow, we are not in a recession. A recession is officially determined by the Business Cycle Dating Committee of the National Bureau of Economics ("NBER"), and GDP is only one of several variables used to determine whether the economy is in a downturn. Nevertheless, stresses are mounting, and the financial system is vulnerable to anything that may not go as anticipated. There have been several recent threats, such as the British pound's collapse, the financial crisis in the U.K., and the quickly falling housing prices in the U.S., however, so far none of these have been serious enough to precipitate a financial crisis or recession.

Provided the war in Ukraine or the COVID-19 pandemic do not suddenly take a sudden and dark turn, or another unforeseen or unpredictable event rattles the markets, a recession is avoidable. While it is true that the economy is struggling, and that growth is weak, unemployment remains low and payroll employment gains exceeded 250,000 in September 2022, more than double what is needed to keep unemployment stable. Additionally, the Federal Reserve, albeit arguably late to the game, is taking strong measures to tamp down inflation by cooling the job market and raising interest rates.

The following graph displays historical and projected U.S. real GDP percentage change (annualized on a quarterly basis) from first quarter 2012 through fourth quarter 2025:



Source: Historical Data Courtesy of the Bureau of Economic Analysis, Forecast Data Courtesy of Moody's Analytics, and Cushman & Wakefield Valuation & Advisory

The current wave of inflation began in 2021, immediately following pandemic in 2020. Its rise has been largely attributed to various causes, including pandemic-related fiscal and monetary stimulus, shortages in the global supply chain, price gouging, and as of 2022, the Russian invasion of Ukraine. Currently, the Bureau of Labor Statistics (BLS) states that consumer prices rose 0.4% in September 2022 and was up 8.2% from the same time last year. The core CPI (minus food and energy) saw an acceleration of 0.6% over August 2022, and 6.6% from September 2021; the highest yearly gain for the core since August 1982.

In early 2022, the Federal Reserve was holding the federal funds rate at around zero. They were buying billions of dollars of bonds every month to stimulate the economy, but various measures of inflation kept inching up and reaching 40-year highs. To combat inflation, the Federal Reserve has employed multiple increases to the effective federal funds rate in 2022. The most recent increase of 0.75% of November 2, 2022, follows increases at each of the previous five 2022 Federal Reserve meetings. The last four consecutive Federal Reserve meetings, including the November 2022 meeting, have each concluded with an increase to the federal funds rate of 0.75%. Currently, the effective federal funds rate is up to a range of 3.75-4.00%; its highest since January 2008.

The following table displays when the Federal Open Market Committee met, Federal Reserve rate hikes, and the effective federal funds rates:

Federal Reserve Rate Hike History

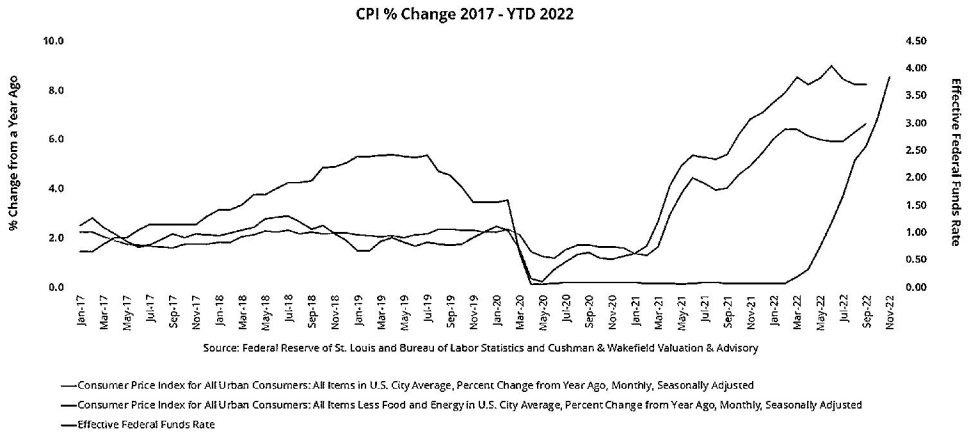
FOMC Meeting Date	% Change	Federal Funds Rate
March 17, 2022	+25	0.25% to 0.50%
May 5, 2022	+50	0.75% to 1.00%
June 16, 2022	+75	1.50% to 1.75%
July 27, 2022	+75	2.25% to 2.50%
September 21, 2022	+75	3.00% to 3.25%
November 2, 2022	+75	3.75% to 4.00%

Source: Federal Reserve and Cushman & Wakefield Valuation & Advisory

The Effective Federal Funds Rate is an interest rate that calculates the effective median interest rate of overnight federal funds transactions from the previous day and is published daily by the Federal Reserve Bank of New York. The current effective federal funds rate is now targeted between 3.75% and 4.00%. This rate, and all interest rates, tend to move in the same direction as inflation, however they typically lag because they are also the primary tool used by central banks to manage inflation. Conversely, when inflation is falling and economic growth is slowing, central banks may lower interest rates to stimulate the economy.

The Federal Reserve generally shoots for the dual objective of maximum employment and stable inflation near 2%. Currently, the former objective has been satisfied, the unemployment rate was at a 50-year low of 3.5% in September—while the latter is the chief concern. In other words, the Federal Reserve's focus will be squarely on raising interest rates until it is clear inflation is heading back toward target. There are signs inflation is moderating, but there will be a bit of a wait before we should expect interest rates to pause or reverse course. The downside of this is that GDP growth and employment are likely to experience below-average growth rates in the interim.

The following graph compares CPI, Core CPI with the Federal Funds Rate from January 2017 through November 2022:



Conclusion

While we are not in a recession and can still avoid one, economic growth is slowing. Right now, the Federal Reserve is in a difficult position where they must raise interest rates high and fast enough to curb inflation – but not so high or fast that it will push the economy into a recession. Any misstep could be economically disastrous. Further, as interest rates climb, deal volume is slowing; however, volume remains elevated and is at pre-pandemic levels. In a similar vein, cap rates are expected to move up, but increases are expected to be moderate.

IV. Industry Outlook

Industry Analysis – Water Supply & Irrigation Systems in the U.S.[3]

Companies in the Water Supply and Irrigation Systems industry sell water as a public utility to households, businesses and public entities throughout the country. Suppliers maintain water treatment plants and supply systems, including pumping stations, aqueducts and distribution mains. While water has been used more efficiently throughout the period, industry revenue is set to grow at a CAGR of 0.5% to $97.0 billion through 2023, including a 0.4% increase in 2023 alone. An increasing US population and the reopening of businesses and industrial facilities have led to growth. Profit has also benefited during the period.

The domestic public water supply system has exhibited privatization throughout the period. Private companies have continued to purchase the rights to operate public water utilities, stepping in to upgrade rapidly aging infrastructure. These establishments filed rate increase applications with their respective public utility commissions ("PUCs") and the rates continued to be granted because of ongoing upgrades. Water suppliers are also under constant consolidation, with larger public utility companies growing by acquiring smaller and less-efficient distribution systems.

Through 2028, water supply companies are set to grow as commercial and industrial clients return and households continue to expand. Private companies are set to continue taking over public companies. Public sentiment has pushed for more water conservation, leading to a fall in consumption over the outlook period. Public utility commissions are looking to address this by approving an increase in the rate charged to their downstream customers to offset this shift in consumer behavior. Overall, revenue is set to grow at a CAGR of 0.7% to $99.5 billion through 2028.

[3] IBISWorld – Water Supply & Irrigation Systems in the U.S. – March 2023

Key Trends

- Water demand from both households and businesses has largely grown over the five years
- Demand from the industry's major markets shuffled in 2020 amid nationwide business shutdowns
- The vast majority of water supply systems are still operated by local public entities
- If household demand remains elevated due to sustained work-from-home arrangements, the industry will continue to benefit
- Per capita water consumption is expected to decrease as a result of water conservation measures
- Companies that participate in industry consolidation have the potential to improve operating efficiencies
- The industry is expected to grow as demand from commercial and industrial clients fully recovers

Industry Outlook

Water supply and irrigation systems will grow at a CAGR of 0.5% to $99.5 billion over the next five years, with profit remaining at 13.3% of revenue in 2028.

Government policies spell a brighter future:

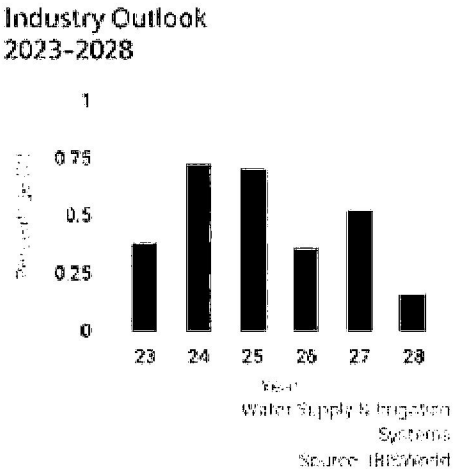
- The recently passed Bipartisan Infrastructure Law is set to invest $55.0 billion to expand cleaner drinking water for households, businesses and public entities across the country.
- Investments will go toward improving water infrastructure and eliminating lead service pipes.

The industry landscape continues to shift:

- Private companies are set to expand their market share.
- Consolidation is set to continue among public and private companies.
- Companies that merge benefit from improved operating efficiencies, lower unit costs and better service.
- Smaller consolidated companies now have access to a more extensive customer base, more capital and opportunities for technological advancements.

Water conservation efforts continue to be in play:

- Water consumption is set to fall as more initiatives to conserve water become popular.
- Newer appliances like toilets and washing machines now provide high efficiency while using less water.
- Water utility commissions are set to offset this decline by raising water rates charged to customers to retain profit.



Industry Analysis – Sewage Treatment Facilities in the U.S.[4]

Sewage treatment facilities suffered as waste volumes decreased because of falling consumer confidence and business sentiment. Rising trade tensions with China and the outbreak of COVID-19 dampened consumer confidence in 2019 and 2020, leading to declines. Still, as the sewage treatment facilities provide

[4] IBISWorld – Sewage Treatment Facilities in the U.S. – February 2023

essential services, they only faced modest declines amid the crisis. Overall, industry-wide revenue fell at a CAGR of 0.3% to $23.7 billion over the past five years, including 1.2% recovery growth in 2023.

While local governments and small municipalities dominate, significant consolidation has occurred among sewage treatment facilities in recent years. Inconsistent local and state government investment activity has provided new opportunities for private sector companies. Private entry has spurred acquisition activity, as struggling local governments short on tax revenue have outsourced facilities and operations to meet the public's needs. These companies have bought facilities to stake their claim and turn aging assets into efficient wastewater operations. The entry of private companies has provided an opportunity for increased technological innovation and operational efficiencies, which will boost profitability over the coming years. Nonetheless, these investments take time to translate into improved performance, given the highly capital-intensive nature of sewage treatment facilities.

Through the end of 2028, private companies will continue to begin operating, acquiring aging assets to expand their presence. Also, adopting biotechnology, including genetically engineered microorganisms, will continue to combat industrial wastewater pollution. These promising trends will promote growth for sewage treatment facilities. Industry revenue will grow at a CAGR of 1.0% to $25.0 billion over the next five years.

Key Trends

- Facilities must apply to local public utility commissions for rate increases to cover additional costs
- Shortfalls in government funding have driven local governments to seek private buyers to operate wastewater facilities
- Volatility in purchase costs increased operational costs and hindered profit
- Consumers earning higher incomes and businesses expanding will create more waste as consumption rises
- Many municipalities will partner with private companies in search of capital to upgrade aging infrastructure
- Rising capital expenditures will hinder profit growth
- Private entry has spurred acquisition activity

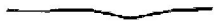
Key Statistics

$23.7bn
Revenue

Annual Growth 2018–2023	Annual Growth 2023–2028	Annual Growth 2018–2028
-0.3%	1.0%	

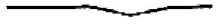
$1.8bn
Profit

Annual Growth 2018–2023	Annual Growth 2018–2023
-10.6%	



7.7%
Profit Margin

Annual Growth 2018–2023	Annual Growth 2018–2023
-5.6pp	



2,663
Businesses

Annual Growth 2018–2023	Annual Growth 2023–2028	Annual Growth 2018–2028
-0.1%	0.6%	

59,194
Employment

Annual Growth 2018–2023	Annual Growth 2023–2028	Annual Growth 2018–2028
0.0%	0.8%	

$4.8bn
Wages

Annual Growth 2018–2023	Annual Growth 2023–2028	Annual Growth 2018–2028
0.5%	0.8%	

Industry Outlook

Sewage treatment facilities to enjoy growth as rates continue to rise:

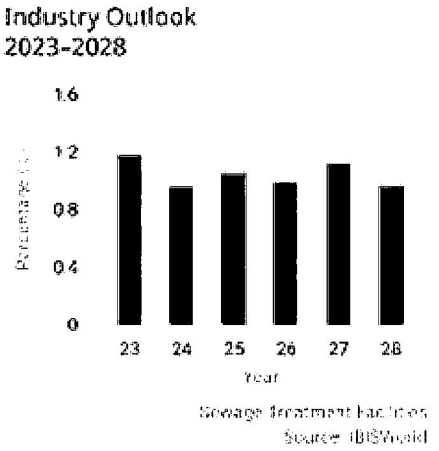
- Consumers earning higher incomes and businesses expanding will create more waste as consumption rises, increasing the need for wastewater treatment services.
- Sewage treatment facilities will handle more waste, so as their costs rise, they'll apply to their local public utility commissions ("PUCs") for rate increases to cover the extra costs.
- As more companies invest in capital plans and efficiency upgrades, there will be a push for more rate increases in the future.

Aging infrastructure will require private capital:

- The Environmental Protection Agency ("EPA") estimates that through the end of 2028, public wastewater facilities will require $202.5 billion in funding.
- The fragmented nature of the industry and the existence of small, cash-strapped municipal service providers will provide opportunities for private sector companies to enter the industry.
- Many municipalities will partner with private companies in search of capital to upgrade aging infrastructure.
- These arrangements will involve the long-term lease and operation of facilities or the provision of new infrastructure.

Profit will expand despite capital expenditures:

- As private companies enter into arrangements with municipalities, they will spend large amounts of capital on upgrading the aging infrastructure.
- Rising capital expenditures will hinder profit growth, but normalizing steel prices, following significant COVID-19-induced volatility, will offset some losses from the previous period.



V. Valuation Methodology

General Valuation Methodology

In general, the theory that surrounds the value of an asset or business is based on two principles: "the principle of substitution" and "the principle of future benefits." The principle of substitution states that the value of an asset is determined by the cost of acquiring an equally desirable substitute. In other words, an investor would not purchase a particular asset if an equally desirable asset could be purchased at a lower price. The principle of future benefits states that the economic value of an asset reflects anticipated future benefits.

There are three fundamental approaches to valuing an asset; specifically, the cost, market, and income approaches. In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

We have considered each approach in developing our opinion of the fair market value of the Subject Assets acquired. We discuss each approach below and conclude with a summary of its applicability.

Cost Approach

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. In the Cost Approach, the appraiser starts with the current replacement cost new of the property being appraised and then deducts for the loss in value caused by physical deterioration, functional obsolescence, and economic obsolescence.

Market (Sales Comparison) Approach

The Market (Sales Comparison) Approach uses sales of comparable assets, adjusted for differences, to estimate a value for the subject property. This approach involves the comparison of comparable recent sales (or offerings) of similar assets to the subject. If the comparable sales are not exactly like the subject, adjustments must be made to the price of the comparable sales (or offerings) to make the comparables reflect the subject property.

Income Approach

The income approach involves valuation methods that convert future anticipated economic benefits (e.g., cash flow, earnings, or dividends) into a single present dollar amount by discounting them for time and the inherent investment risks associated with owning the underlying asset. The income approach can generally be broken down into two broad subsets: capitalization of cash flow and discounted cash flow methodologies. The capitalization of cash flow methodology involves identifying the normalized earning power or cash flow capacity of an asset or business entity, and capitalizing that figure by a market-based capitalization rate, which captures the investment attributes in the case at hand. The discounted cash flow method involves estimating the future cash flows of an asset or business entity and determining the present value of those cash flows by applying an appropriate discount rate.

Methods Selected

In this appraisal we have utilized all three of the approaches to value.

- The income approach was used, specifically the discounted cash flow ("DCF") method, based on an analysis of the Company's historical financial statement data and projections provided by Management.
- Under the market approach, we used both the Guideline Public Company ("GPC") method and the Guideline Transaction method (also known as the Merged and Acquired ("M&A") method).
  - The GPC method involves analyzing publicly traded companies that operate in the same industry as the subject and are sufficiently comparable. After an analysis of market data and company fundamentals, valuation multiples are extracted to apply against the subject company.
  - The M&A method is based on an analysis of transactions in the market involving companies acquired that provide similar service offerings to those of the subject company. Because we were able to identify a sufficient number of comparable transactions, we used the M&A method in our analysis.
- The cost approach was developed based on an analysis of the Company's fixed asset listing, as well as replacement cost estimates developed by a third-party engineering firm.

VI. Valuation Analysis

Business Enterprise Valuation

To estimate the enterprise value ("EV") of CCRWS, we considered the various valuation methods available within the three generally accepted approaches to value: the cost, market, and income approaches. As part of our analysis, we considered various factors, including those cited in IRS Revenue Ruling 59-60:

- The nature of the business and the history of the enterprise from its inception
- The economic outlook in general and the condition and outlook of the specific industry in particular
- The book value of the stock and the financial condition of the business
- The earning capacity of the company
- The dividend paying capacity of the company
- Whether the enterprise has goodwill or other intangible value
- Sales of the stock and the size of the block to be valued
- The market price of the stock of corporations engaged in the same or similar line of business having their stocks actively traded in a free and open market, either on an exchange or over-the-counter

In the case of the Company, we considered the EV to be equivalent to the fair market value of the Subject Assets. The selected approaches to value, as previously described, are further explained in the following sections.

Discount Cash Flow Method

There is consensus within the business valuation profession that earnings and cash flows are the primary sources of future benefits to an entity and its owners and are therefore the most important factors affecting the going-concern value of many operating entities. Theoretically, indicated value is the present value of future benefits (usually earnings, cash flows, or dividends) that will accrue to the owners. Income approach-based methods calculate value using this premise directly.

One of the most comprehensive methods of the income approach is the DCF method. The DCF method is a well recognized technique used to value income-producing assets on a going-concern basis. It has intuitive appeal because it incorporates the risk / return perspective, which is critical to the investment decision process. The DCF method estimates the value of a company by forecasting the company's expected future cash flows and calculating the present value of those cash flows using a risk-adjusted present value discount rate.

Projections

The first step in the DCF method is to develop reasonable projections of income and cash flow for the Company.

- Management provided income statement projections for the five years ending December 31, 2023 through 2027 (see Schedule BV-3).
- We analyzed these projections and, based on our analysis of historical results, review of the Company's business outlook, and research of prospective market data, believe the financial forecasts do not provide a reasonable return to the acquiring utility. Specifically, we note:
  - Management's projections include no future customer growth, whereas the Calhoun County Rural Water System Master Plan conducted in 2020 assumes 25 connections of infill growth per year.
  - No expectation of a future rate increase is included in the projections.
  - The forecast includes an aggregate of $3.2 million in capital expenditures while only generating $2.2 million of earnings before interest, taxes, depreciation and amortization ("EBITDA").
  - Year 5 (2027) of the projection period indicates an after-tax return on equity ("ROE") of 7.4%, which is below the rate of return a market participant would expect (refer to cost of equity in the discount rate section of this report). We calculated the 7.4% based on tax affecting the pre-tax income projected by Management, and assuming 50.0% debt in the capital structure.
- Based on discussions with Management, there are no expected rate increases in the near term, at least through 2025.

Therefore, we adjusted the projected financial statements using the following assumptions:

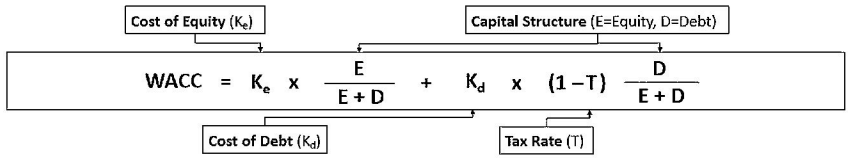
- Volume growth (25 connections per year) based on the Calhoun County Rural Water System Master Plan.
- Rate increase assumed in 2027. We selected 2026 as a test year, based on the significant capital expenditures projected for 2023 through 2025. Key assumptions in the rate adjustment calculation include:

- Acquisition adjustment of $5.0 million, based on our review of the estimated fair market value adjustment to the transaction, amortized over a 30 year life.
- Return on Equity target of 12.0%, based on the concluded cost of equity for the Company, excluding company specific adjustments (see Schedule BV-10).
- A capital structure of 50.0% debt and 50.0% equity.
- Pre-tax cost of debt (i.e., interest expense) of 5.25% (see Schedule BV-10).
- Refer to Schedule BV-8 for detailed calculations of the projected rate increase.

○ Following the adjustment taking effect in 2027, we assumed no further rate increases in the foreseeable future for the Company.

Discount Rate

The estimate of cash flow developed in this analysis is presented on an unleveraged, debt-free basis with no deductions for interest or debt principal. This measure presents the cash flow available to both debt and equity investors. The capitalization rate applied to the cash flows is, therefore, based on a market-derived weighted average cost of capital ("WACC"), which takes into account the required rate of return for both debt and equity investors. The formula for the WACC is as follows:



Cost of Debt

The cost of debt is the interest rate that the Company would pay to finance its debt. We estimated the pre-tax cost of debt for the Company to be 5.25%, based on our review of A-rated corporate debt (5.2%) as of the Valuation Date. We tax affected the cost of debt to derive an after-tax rate of 4.0%, based on the estimated blended federal and state corporate tax rate for the Company of 24.0%.

Cost of Equity

The cost of equity represents the rate of return on equity capital necessary for the Company to provide an adequate return to its investors. In this analysis, we have used the capital asset pricing model ("CAPM") in determining the Company's cost of equity.

The CAPM is a market-based method that incorporates both the time value of money and the required rate of return due to the riskiness of an investment. The CAPM formula is as follows:

$$K_e = R_f + \beta * (R_m - R_f) + R_{size} + R_{cs}$$

where:

- R_f = Risk-free rate of return = 3.9%
  - Based on U.S. Treasury bonds maturing 20 years from the Valuation Date. A long-term government bond was selected because the operations of the Company are assumed to continue indefinitely, and U.S. government bonds maturing in approximately 20 years are commonly used as a benchmark in analyzing equity returns.
- β = Beta (a measure of risk or volatility) = 0.97x
  - Based on an analysis of the GPCs, we estimated an asset beta of 0.55x, and relevered it based on the Company's target capital structure.
- R_m = Expected return on the market = 6.0%
  - Based on Kroll's Cost of Capital Navigator, a cost of capital database, often used by valuation professionals, which analyzes total annual returns realized on a long-term basis (since 1926) on large publicly traded company common stocks. We utilized Kroll's recommended equity risk premium, which represents the additional return realized by investors over the long run from an investment exposing the investors' capital to equity risk, as opposed to a risk-free investment.

- R_{size} = Size risk premium = 2.4%
    - The Cost of Capital Navigator analyzes return data since 1963 on companies traded on the New York Stock Exchange, American Stock Exchange, and NASDAQ. The size premium is computed as the excess return on small company stocks that cannot be explained by an equity market risk premium. The companies are divided into 10 deciles based on equity market capitalization. Companies were eliminated from the core data set if they were losing money, had high leverage, or were in bankruptcy. The Company is most similar to the companies listed in the 10th group (i.e., the smallest companies based on size criteria). Given the Company operates in a regulated environment, we discounted the indicated size premium by 50%.
- R_{cs} = Company specific risk premium = 1.0%
    - An adjustment must also be made for so-called "company specific risk." We believe an investor would require an additional return above the equity and small company risk premiums described above in order to invest in the Company relative to an investment in a portfolio of small public company stocks given the level of risk associated with such an investment. We considered all relevant factors, including operating history, project backlog and pipeline outlook, historical profitability, and other forecast risk associated with the projections provided by Management. We conclude that the appropriate company-specific risk premium to be used in the cost of capital determination for the Company is 1.0%, which we present in our determination of the WACC.

Capital Structure

To estimate the Company's long-term capital structure, we analyzed the capital structures of the GPCs, as well as other industry data. Based on our analysis of the information outlined herein and our experience with similar businesses, we selected a market capital structure with a 50.0% debt-to-capital ratio.

Concluded Weighted Average Cost of Capital

Based on the preceding analyses and conclusions, the WACC appropriate for this valuation equaled 8.5% (see Schedule BV-10).

Concluded Capitalization Rate

A capitalization rate is derived from the discount rate, and like the discount rate, reflects the rate of return required by a willing buyer/creditor for an investment in a specific company. Whereas a discount rate is used with streams of future cash flows over a discrete time period, a capitalization rate is used with a single stream of cash flow and includes an assumption of constant growth. Based on discussions with Management and our analysis of industry and economic conditions, we estimated long-term cash flow growth of 2.0%. Adjusting the discount rate for this estimated growth rate resulted in a capitalization rate of 6.5%.

Discounted Cash Flow Method

To estimate value under the DCF method, we must calculate the Company's projected free cash flows. As an economic earnings measure, free cash flow represents the maximum amount of cash that could be distributed to a company's shareholders and creditors without depleting normal operational cash requirements. For purposes of our analysis, we define free cash flow as:

Calculation of Free Cash Flow
Adjusted EBITDA
- Depreciation
- Amortization of Acquisition Adjustment
= Adjusted EBIT
- Income Taxes
= Net Operating Profit After Tax
+ Depreciation
+ Amortization of Acquisition Adjustment
+ Decreases (Increases) in Cash-Free Working Capital
- Capital Expenditures
= Free Cash Flow

Schedule BV-9 presents the calculation of the Company's free cash flows for the years ending December 31, 2023 through 2028. Key assumptions include:

- Income tax rate for a comparable C-Corporation estimated at 24.0%, based on a blended federal and state of Texas effective tax rate. Since the discount rate derived herein is based on returns generated by publicly traded C-corporations, we estimated income taxes for the Company based on C-corporation tax rates to determine net income.
- Normalized cash-free working capital of negative 1.0% of revenues, refer to Schedule BV-11 for details.

- Capital expenditures provided by Management for the projection period, and assumed to converge with depreciation and amortization ("D&A") in the terminal year, with capital expenditures slightly outpacing D&A into perpetuity.

As shown in Schedule BV-9, applying the discount rate to the Company's discrete cash flows for the five years following the Valuation Date results in a present value of the discrete cash flows of negative $569k.

We must also determine a terminal value for the Company, as it will continue to operate past the projection period. We estimated the Company's terminal value by capitalizing the projected Year 6 free cash flow at the concluded capitalization rate that reflects the Company's cost of capital, less its estimated long-term growth rate (as described previously). Dividing the terminal year free cash flow by the capitalization rate, produces a terminal value of $10.2 million, which we discounted to a present value of $7.0 million as of the Valuation Date.

Summing the discounted free cash flows from the Valuation Date through the projection period and the present value of the terminal value results in an **indicated EV of $6.5 million (rounded) as of the Valuation Date (see Schedule BV-9).**

Guideline Public Company Method

We were able to identify a number of guideline publicly traded companies that are generally influenced by similar business and economic conditions to the Company, and are considered to offer alternative investment opportunities even though they are larger and more diversified. In selecting the guideline companies, we searched for companies that provide facility or security services in the United States (although some companies have international operations) and have been publicly traded for a reasonable period of time (i.e., not a recent offering, which could give rise to increased trading volatility).

- Size: The median market capitalization of the GPCs was $2.0 billion, while the Company is less than $10.0 million.
- Revenue Growth: The Company is expected to grow 2.5% per year for the next two fiscal years, while the GPC median is 5.4%.
- EBITDA Margin: For the last twelve month ("LTM") period and next two projected years, the Company is expected to have an average EBITDA margin of 20.5%. During the same period, the average of the median GPC indication is 44.1%.

In our GPC method analysis, we included and applied revenue and EBITDA multiples to the LTM and next two projected year periods. However, we did not apply an EBITDA multiple to the LTM period, as the Company's financial result for that period appears temporarily depressed compared to both historical and projected years.

Due to the Company's smaller size, narrower market focus, and lower profitability and growth prospects relative to the GPCs, we selected EV-to-Revenue and EV-to-EBITDA multiples below the low end of the indicated range. We gave equal weighting to the revenue and EBITDA multiples, and weighted the indications of value derived from LTM and FY+1 multiples slightly higher than the FY+2 multiples, as the FY+2 multiples are based on projections farther into the future and therefore inherently hold more risk.

Under the GPC Method, the **indicated EV of the Company is $6.7 million (rounded) as of the Valuation Date (Refer to Schedule BV-13 for additional details).**

Guideline Transaction (M&A) Method

The M&A method is based on the prices at which entire companies or units of companies have been bought or sold. Market transactions can provide an additional indication of the value the market places on similar companies.

We reviewed databases and other publicly available information to identify relevant transactions to examine under the M&A method. Our transaction search included the following screening criteria:

- Sources: CapitalIQ and public utility filings
- Time Period: 2022
- Geography: U.S.
- Industries: Water Utilities (S&P Categorization)
- Filtering Criteria:
  - Lack of reported financial information
  - Company revenue < $1.0 million
  - Business description inconsistent with the Company

Based on our search process described herein, 12 transactions were identified involving companies providing water and wastewater utility services, which we deemed similar to the Company.

Summary information and implied valuation multiples of these transactions are summarized on Schedule BV-12.

We analyzed the comparable transactions on the basis of customer connections. While the Company had 1,650 connections as of the Valuation Date, the comparable acquired companies ranged from 634 to 224,000. Considering the Company's size, measured by number of connections, the Company aligned closely with the median and third quartile of the M&A data. We also considered the relatively low profit margins of the Company, compared to the industry (see GPC analysis), and determined that a multiple below the median was appropriate. Therefore, we applied a valuation multiple slightly below the median and above the third quartile of the M&A data, **or $3,750 per connection, indicating an EV for the Company of $6.2 million (rounded) as of the Valuation Date.**

Cost Approach - Personal Property Valuation

The valuation of the Subject Assets included, but was not necessarily limited to, the following:

- Data collection
- Identification of asset classifications
- Site inspections
- Appraisal methodology selection
- Estimating the Fair Market Value of the Subject Assets

Data Collection

We relied on information provided by the Client and have assumed it to be true and correct. We have not performed independent auditing procedures and provide no assurances, expressed or implied, regarding the accuracy of the information provided by others. Information provided by the Client and obtained through due diligence include, but are not limited to the following:

- MRB Engineering report, dated May 8th, 2023
- Available Water and Sewer System maps
- Calhoun Asset List
- Rural Water and Crestview Capital Assets
- Operating Statistics
- Calhoun County Regional Wastewater Facility Study

When the date of the information provided differs from the effective date of reported value, the appraiser has assumed no material change in the condition of the personal property.

Asset Classifications

Based on the personal property identified, we categorized the line items within MRB Engineering Study to arrive at asset classes that have similar economic service lives, functionality and market characteristics. We grouped the personal property of the Selling Utility into asset categories, as follows:

- Wastewater Treatment Plant ("WWTP") including the one lift station onsite at the WWTP, aeration basins, blowers, clarifier, holding basins, piping, electricals, generator and support equipment.
- Sewer Collection System including approximately 6,000 linear feet of 8-inch sewer lines, manholes and service laterals.
- Six-Mile Booster Pump Station including storage tanks, pressure tanks, metering system, pumps and pump building.
- Water distribution assets including various sizes of pipe water distribution mains, various valves, connections and meters.

Site Inspections

We performed a site visit on March 22, 2023 to verify the existence, operational status, and condition of the Subject Assets. During our site visits, we reviewed the asset information with onsite personnel to understand the nature, condition, and operations of the equipment on site. Information collected during these site visits typically involves data related to actual and effective age, general condition, maintenance, utility, anticipated future use, and other factors that might impact the functional use or economic viability of the assets.

Application of the Cost Approach

In applying the Cost Approach, we first identified current replacement cost estimates for the applicable assets using the direct method.
The Cost Approach includes the following steps:

- Estimate the replacement cost new
- Estimate depreciation
- Conclude on the Fair Market Value of the assets

Calculation of the replacement cost new under the direct method

In our analysis, the replacement cost new was developed by the engineering firm of MRB Group that considered the total installed cost of the water sourcing locations and the wastewater treatment plant and system based on the current configuration and replacement technology available. The direct method of the Cost Approach thus relies less on historical data but focuses on current pricing of equipment. Further information on MRB Group's development of the replacement cost of the Subject Assets is maintained in their report, which is included as Exhibit IV to this Report.

In addition to relying on MRB Group's figures, Cushman & Wakefield developed its own replacement cost analysis on several components of the Subject Assets to test and assess the reasonableness of MRB Group's work. Through our separate, discreet analysis on a sampling of assets, it was determined that the results of the MRB Group study seemed reasonable in all material respects. Thus, we relied upon for the remainder of the Cost Approach study.

The total replacement cost new of the Subject Assets, utilizing direct methods of the Cost Approach, was determined to be $35,625,925.

Depreciation

Depreciation is the estimated loss in value caused by a combination of physical deterioration, functional obsolescence, and economic obsolescence in order to reflect the change in value of the assets from replacement cost new.

Physical deterioration was estimated utilizing an age/life calculation based on the relationship between the estimated economic useful life and estimated effective age of the Subject Assets. In order to develop estimates of physical deterioration, we considered the chronological ages, effective ages, normal economic useful lives, and remaining useful lives of the Subject Assets.

- Chronological Age ("CA") – the age of the asset between the date an asset was placed into service and the Valuation Date.
- Effective age ("EA") - the age of the asset indicated by its actual condition.
- Normal Useful Life ("NUL") - the life, usually in terms of years, that an asset will be used before it deteriorates to an unusable condition or is retired from service.
- Remaining useful life ("RUL") - the estimated period during which an asset of a certain effective age is expected to actually be used before it is retired from service.

Normal useful life by appraisal class was based on discussions with Management, industry research, our experience valuing similar assets and data provided in published guidelines such as Marshall Valuation Service ("MVS") and the American Society of Appraiser's Estimated Normal Useful Life Study. The assumptions used in the analysis to determine the NUL are listed below.

Asset Class Description	Normal Useful Life (years)
Crestview Subdivision WWTP	15 - 50
Sewer Collection System	50 - 75
Six-Mile Booster Pump Station	10 - 30
Water Distribution System	20 - 50

When an asset has exceeded its estimated NUL, we utilized a minimum depreciation hold factor when estimating physical deterioration so that all the assets that are in-use are included in the appraisal with at least a minimal contributory value. These assumptions are primarily based on guidelines published by MVS.

Functional obsolescence is an internal measurement of an asset's loss in value based on inefficiencies or inadequacies when compared to a more efficient or less costly replacement. New technology, improvements in production methods, changes in construction costs, capacity improvements, and excess operating costs may affect the value of an asset. An investigation of the functional obsolescence of the Subject Assets was performed. We did not find evidence of any excess capital costs and the assets are expected to continue to be used in an operating capacity. Therefore, no adjustments for functional obsolescence were necessary.

Economic obsolescence is an external measurement of an asset's loss in value caused by legislative change, industry economics, supply and demand of the end product, and increased cost of raw materials may affect the value of an asset. An investigation of the economic obsolescence of the personal property was performed. Based on discussions with management and a review of the current water connections, we found the wastewater treatment were not fully utilized and therefore, affected by operational-based economic obsolescence known as inutility. Management provided us with facility utilization statistics

based on the rated versus actual capacities/connections. Based on the information provided we calculated and applied economic obsolescence penalties to the affected assets utilizing the following inutility penalty equation:

$$\text{Inutility}(\%) = \left[1 - \left(\frac{Actual\ Production}{Rated Capacity}\right)^{Scale\ Factor}\right]$$

Summary of Conclusions

Based on the data presented in this report, the opinion of the Subject Assets under analysis presented herein, as of Valuation Date, is as shown in the table below and presented in greater detail in the Addenda of this report.

Personal Property	Fair Market Value	
Crestview Subdivision WWTP	$	302,600
Sewer Collection System	$	450,000
Six-Mile Booster Pump Station	$	40,900
Water Distribution System	$	5,663,500
Total Personal Property	**$**	**6,457,000**

VII. Supporting Exhibits

Supporting Analysis & Exhibits

Exhibit I	Summary of Values
Exhibit II	Business Enterprise Valuation - Income & Market Approaches
Exhibit III	Cost Approach Fixed Asset Listing
Exhibit IV	MRB Group Engineering Report
Exhibit V	Notarized Affidavit
Exhibit VI	Engagement Letter

EXHIBIT I – Summary of Values

Rural Water Assets Acquired from Guadalupe-Blanco River Authority

Valuation Method	Reference	Indicated Value	Weighting	Value Contribution
Income Approach - Discounted Cash Flow	Schedule BV - 9	$ 6,471,000	35.0%	$ 2,264,850
Market Approach - M&A Method	Schedule BV - 12	6,188,000	10.0%	618,800
Market Approach - Guideline Public Company Method	Schedule BV - 13	6,718,000	20.0%	1,343,600
Asset Approach	Fixed Asset Schedules	6,457,000	35.0%	2,259,950
Indicated Enterprise Value				**$ 6,487,200**
[1] = **Fair Market Value of Business Enterprise, 100% Basis, Controlling (rounded)**				**$ 6,487,000**

Notes:

Based on information provided by Management, including the unadjusted opening balance sheet (see Schedule BV - 2), we understand that no cash or working capital was acquired as part of the Transaction.

EXHIBIT II – Business Enterprise Valuation - Income & Market Approaches

Valuation of Rural Water Assets Acquired from Guadalupe-Blanco River Authority

Valuation as of December 20, 2022

Historical and Projected Balance Sheets - Unadjusted

Schedule BV - 2

($USD)

	[1] Acquisition (per Mgmt) Jan-1 2023	Projected Dec-31 2023	Dec-31 2024	Dec-31 2025	Dec-31 2026	Dec-31 2027
Cash and Equivalents	$ -	$ 32,536	$ 71,087	$ 122,181	$ 179,845	$ 365,885
Accounts Receivable	-	123,911	107,015	90,119	73,223	84,451
Other Assets	-	-	-	-	-	-
Current Assets	**-**	**156,447**	**178,102**	**212,300**	**253,068**	**450,336**
Land	51,396	51,396	51,396	51,396	51,396	51,396
Plant and Equipment, net	1,549,170	2,045,894	2,897,898	3,779,803	3,835,760	3,889,428
Goodwill	(100,565)	(100,565)	(100,565)	(100,565)	(100,565)	(100,565)
Noncurrent Assets	**1,500,000**	**1,996,724**	**2,848,729**	**3,730,634**	**3,786,590**	**3,840,258**
Total Assets	**1,500,000**	**2,153,171**	**3,026,831**	**3,942,934**	**4,039,658**	**4,290,594**
Accounts Payable	-	153,923	192,294	202,388	138,750	140,610
Other Liabilities	-	-	-	-	-	-
Current Liabilities	**-**	**153,923**	**192,294**	**202,388**	**138,750**	**140,610**
Long-Term Debt	750,000	712,500	675,000	637,500	600,000	562,500
Noncurrent Liabilities	**750,000**	**712,500**	**675,000**	**637,500**	**600,000**	**562,500**
Total Liabilities	**750,000**	**866,423**	**867,294**	**839,888**	**738,750**	**703,110**
Equity	750,000	1,286,748	2,159,537	3,103,046	3,300,908	3,587,484
Total Liabilities and Equity	**$ 1,500,000**	**$ 2,153,171**	**$ 3,026,831**	**$ 3,942,934**	**$ 4,039,658**	**$ 4,290,594**

Notes:

[1] Historical balance sheets were requested but not provided. It is our understanding that a stand-alone balance sheet was not available prior to the Transaction as the subject assets were part of a larger operating division.

Source: Financial information provided by Management.

Valuation of Rural Water Assets Acquired from Guadalupe-Blanco River Authority — Valuation as of December 20, 2022

Historical and Projected Balance Sheets - Unadjusted - Common Size — Schedule BV - 2b

($USD)

	Acquisition (per Mgmt)	Projected				
	Jan-1 2023	Dec-31 2023	Dec-31 2024	Dec-31 2025	Dec-31 2026	Dec-31 2027
Cash and Equivalents	0.0%	1.5%	2.3%	3.1%	4.5%	8.5%
Accounts Receivable	0.0%	5.8%	3.5%	2.3%	1.8%	2.0%
Prepaid Expenses and Other Assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Assets	**0.0%**	**7.3%**	**5.9%**	**5.4%**	**6.3%**	**10.5%**
Land	3.4%	2.4%	1.7%	1.3%	1.3%	1.2%
Plant and Equipment, net	103.3%	95.0%	95.7%	95.9%	95.0%	90.7%
Goodwill	-6.7%	-4.7%	-3.3%	-2.6%	-2.5%	-2.3%
Noncurrent Assets	**100.0%**	**92.7%**	**94.1%**	**94.6%**	**93.7%**	**89.5%**
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Accounts Payable	0.0%	7.1%	6.4%	5.1%	3.4%	3.3%
Other Current Liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Liabilities	**0.0%**	**7.1%**	**6.4%**	**5.1%**	**3.4%**	**3.3%**
Long-Term Debt	50.0%	33.1%	22.3%	16.2%	14.9%	13.1%
Noncurrent Liabilities	**50.0%**	**33.1%**	**22.3%**	**16.2%**	**14.9%**	**13.1%**
Total Liabilities	**50.0%**	**40.2%**	**28.7%**	**21.3%**	**18.3%**	**16.4%**
Members' Equity	50.0%	59.8%	71.3%	78.7%	81.7%	83.6%
Total Liabilities and Equity	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Notes:

Source: Financial information provided by Management.

Historical and Projected Income Statements - Unadjusted

($USD)

	Historical			Budget [1]	Projected [2]				
	Dec-31 2019	Dec-31 2020	Dec-31 2021	Dec-31 2022	Dec-31 2023	Dec-31 2024	Dec-31 2025	Dec-31 2026	Dec-31 2027
Connections									
Water	n/a	n/a	n/a	n/a	1,585	1,585	1,585	1,585	1,585
Wastewater	n/a	n/a	n/a	n/a	65	65	65	65	65
Total	n/a	n/a	n/a	n/a	1,650	1,650	1,650	1,650	1,650
$/Connection	n/a	n/a	n/a	n/a	$ 1,038	$ 1,038	$ 1,038	$ 1,038	$ 1,175
Revenue:									
Water	$ 1,254,230	$ 1,487,790	$ 1,583,906	$ 1,777,756	$ 1,630,387	$ 1,630,387	$ 1,630,387	$ 1,630,387	$ 1,844,633
Wastewater	56,850	59,125	59,433	63,500	59,300	59,300	59,300	59,300	67,092
Other	16,592	15,350	25,837	18,000	23,161	23,161	23,161	23,161	26,205
Total Revenue	**1,327,672**	**1,562,264**	**1,669,175**	**1,859,256**	**1,712,848**	**1,712,848**	**1,712,848**	**1,712,848**	**1,937,930**
Revenue Growth %	n/a	17.7%	6.8%	11.4%	(7.9%)	0.0%	0.0%	0.0%	13.1%
Water Purchase	231,920	284,880	330,310	372,287	632,003	691,134	751,734	792,248	800,056
Gross Profit	**1,095,752**	**1,277,384**	**1,338,866**	**1,486,969**	**1,080,845**	**1,021,714**	**961,115**	**920,600**	**1,137,874**
Gross Profit %	*82.5%*	*81.8%*	*80.2%*	*80.0%*	*63.1%*	*59.7%*	*56.1%*	*53.7%*	*58.7%*
Operating Expenses:									
Salaries and Benefits	481,640	550,680	599,438	647,970	367,676	371,366	375,094	378,859	382,662
Operating Supplies & Services	131,630	109,865	120,199	130,410	-	-	-	-	-
Professional Services and Fees	54,693	15,816	30,246	54,000	-	-	-	-	-
Other Operating Expenses	31,028	34,120	33,041	32,726	-	-	-	-	-
Repairs and Maintenance	140,762	117,745	68,315	331,060	60,225	60,830	61,440	62,057	62,680
General and Administrative	135,515	157,591	176,589	200,242	147,921	149,530	151,158	152,805	154,471
Depreciation	77,998	68,170	77,294	-	130,368	155,981	190,381	216,173	225,329
Total Operating Expenses	**1,053,266**	**1,053,986**	**1,105,122**	**1,396,408**	**706,191**	**737,708**	**778,074**	**809,894**	**825,142**
Operating Income	**42,486**	**223,398**	**233,743**	**90,561**	**374,654**	**284,007**	**183,041**	**110,706**	**312,733**
Total Operating Income %	3.2%	14.3%	14.0%	4.9%	21.9%	16.6%	10.7%	6.5%	16.1%
Other Income (Expenses):									
Interest Income	7,644	6,020	3,582	550	-	-	-	-	-
Interest Expense	-	-	-	-	(32,906)	(31,218)	(29,532)	(27,844)	(26,156)
Gain (Loss) on Sale	6,671	-	-	-	-	-	-	-	-
EBT	**56,801**	**229,419**	**237,325**	**91,111**	**341,748**	**252,789**	**153,509**	**82,862**	**286,577**
EBT %	4.3%	14.7%	14.2%	4.9%	20.0%	14.8%	9.0%	4.8%	14.8%
Addback: Depreciation	77,998	68,170	77,294	-	130,368	155,981	190,381	216,173	225,329
Addback: Interest Expense	-	-	-	-	32,906	31,218	29,532	27,844	26,156
EBITDA	**134,799**	**297,589**	**314,619**	**91,111**	**505,022**	**439,988**	**373,422**	**326,879**	**538,062**
EBITDA %	10.2%	19.0%	18.8%	4.9%	29.5%	25.7%	21.8%	19.1%	27.8%
Capital Expenditures	119,975	10,149	74,337	10,000	627,092	1,007,986	1,072,286	272,130	278,997
Capital Expenditures %	9.0%	0.6%	4.5%	0.5%	36.6%	58.8%	62.6%	15.9%	14.4%

Notes:

[1] The budget was prepared with information through May 2022.

[2] Income statement forecasts provided by Management assume no customer growth and no rate increases.

Source: Financial information provided by Management.

Valuation of Rural Water Assets Acquired from Guadalupe-Blanco River Authority

Valuation as of December 20, 2022

Historical and Projected Income Statements - Unadjusted - Common Size

Schedule BV - 3b

($USD)

	Historical			Budget	Projected				
	Dec-31 2019	Dec-31 2020	Dec-31 2021	Dec-31 2022	Dec-31 2023	Dec-31 2024	Dec-31 2025	Dec-31 2026	Dec-31 2027
Revenue:									
Water	94.5%	95.2%	94.9%	95.6%	95.2%	95.2%	95.2%	95.2%	95.2%
Wastewater	4.3%	3.8%	3.6%	3.4%	3.5%	3.5%	3.5%	3.5%	3.5%
Other	1.2%	1.0%	1.5%	1.0%	1.4%	1.4%	1.4%	1.4%	1.4%
Total Revenue	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Water Purchase	17.5%	18.2%	19.8%	20.0%	36.9%	40.3%	43.9%	46.3%	41.3%
Gross Profit	**82.5%**	**81.8%**	**80.2%**	**80.0%**	**63.1%**	**59.7%**	**56.1%**	**53.7%**	**58.7%**
Operating Expenses:									
Salaries and Benefits	36.3%	35.2%	35.9%	34.9%	21.5%	21.7%	21.9%	22.1%	19.7%
Operating Supplies & Services	9.9%	7.0%	7.2%	7.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Professional Services and Fees	4.1%	1.0%	1.8%	2.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Operating Expenses	2.3%	2.2%	2.0%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Repairs and Maintenance	10.6%	7.5%	4.1%	17.8%	3.5%	3.6%	3.6%	3.6%	3.2%
General and Administrative	10.2%	10.1%	10.6%	10.8%	8.6%	8.7%	8.8%	8.9%	8.0%
Depreciation	5.9%	4.4%	4.6%	0.0%	7.6%	9.1%	11.1%	12.6%	11.6%
Total Operating Expenses	**79.3%**	**67.5%**	**66.2%**	**75.1%**	**41.2%**	**43.1%**	**45.4%**	**47.3%**	**42.6%**
Operating Income	**3.2%**	**14.3%**	**14.0%**	**4.9%**	**21.9%**	**16.6%**	**10.7%**	**6.5%**	**16.1%**
Other Income (Expenses):									
Interest Income	0.6%	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest Expense	0.0%	0.0%	0.0%	0.0%	-1.9%	-1.8%	-1.7%	-1.6%	-1.3%
Gain (Loss) on Sale	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBT	**4.3%**	**14.7%**	**14.2%**	**4.9%**	**20.0%**	**14.8%**	**9.0%**	**4.8%**	**14.8%**
Addback: Depreciation	5.9%	4.4%	4.6%	0.0%	7.6%	9.1%	11.1%	12.6%	11.6%
Addback: Interest Expense	0.0%	0.0%	0.0%	0.0%	1.9%	1.8%	1.7%	1.6%	1.3%
EBITDA	**10.2%**	**19.0%**	**18.8%**	**4.9%**	**29.5%**	**25.7%**	**21.8%**	**19.1%**	**27.8%**
Capital Expenditures	9.0%	0.6%	4.5%	0.5%	36.6%	58.8%	62.6%	15.9%	14.4%

Notes:

Source: Financial information provided by Management.

Valuation of Rural Water Assets Acquired from Guadalupe-Blanco River Authority

Valuation as of December 20, 2022

Projected Statement of Cash Flow - Unadjusted

Schedule BV - 4

($USD)

	Projected				
	Dec-31 2023	**Dec-31 2024**	**Dec-31 2025**	**Dec-31 2026**	**Dec-31 2027**
Cash Flow from Operating Activities:					
Net Income	$ 341,748	$ 252,789	$ 153,509	$ 82,862	$ 286,577
Depreciation	130,368	155,981	190,381	216,173	225,329
Changes in Working Capital, net	30,012	55,267	26,990	(46,742)	(9,368)
Total Operating Cash Flow	**502,128**	**464,037**	**370,880**	**252,293**	**502,538**
Cash Flow from Investing Activities:					
Capital Expenditures	$ (627,092)	$ (1,007,986)	$ (1,072,286)	$ (272,130)	$ (278,997)
Asset Acquisition	(1,500,000)	-	-	-	-
Total Investing Cash Flow	**(2,127,092)**	**(1,007,986)**	**(1,072,286)**	**(272,130)**	**(278,997)**
Cash Flow from Financing Activities:					
Debt	$ 712,500	$ (37,500)	$ (37,500)	$ (37,500)	$ (37,500)
Initial Paid-In Capital	750,000	-	-	-	-
Additional Paid-In Capital	195,000	620,000	790,000	115,000	-
Total Financing Cash Flow	**1,657,500**	**582,500**	**752,500**	**77,500**	**(37,500)**
Cash Balance					
Beginning	-	32,536	71,087	122,181	179,845
Change	32,536	38,551	51,094	57,663	186,041
Ending	32,536	71,087	122,181	179,845	365,885

Notes:

Source: Financial information provided by Management.

Valuation of Rural Water Assets Acquired from Guadalupe-Blanco River Authority — Valuation as of December 20, 2022

Adjusted - Projected Balance Sheets — Schedule BV - 5

($USD)

	Acquisition (per Mgmt) Jan-1 2023	C&W Adjustments Jan-1 2023	Adjusted Acquisition Jan-1 2023	Projected Dec-31 2023	Dec-31 2024	Dec-31 2025	Dec-31 2026	Dec-31 2027
Cash and Equivalents	$ -	$ -	$ -	$ 34,776	$ 35,295	$ 35,814	$ 36,333	$ 572,865
Accounts Receivable	-	-	-	123,911	107,015	90,119	73,223	84,451
Other Assets	-	-	-	-	-	-	-	-
Current Assets	**-**	**-**	**-**	**158,687**	**142,310**	**125,933**	**109,556**	**657,316**
Land	51,396	-	51,396	51,396	51,396	51,396	51,396	51,396
Plant and Equipment, net	1,549,170	-	1,549,170	2,045,894	2,897,898	3,779,803	3,835,760	3,889,428
Goodwill / Acquisition Adjustment	(100,565)	5,000,000	4,899,435	4,732,768	4,566,101	4,399,435	4,232,768	4,066,101
Noncurrent Assets	**1,500,000**	**5,000,000**	**6,500,000**	**6,830,057**	**7,515,395**	**8,230,634**	**8,119,924**	**8,006,925**
Total Assets	**1,500,000**	**5,000,000**	**6,500,000**	**6,988,744**	**7,657,705**	**8,356,567**	**8,229,480**	**8,664,240**
Accounts Payable	-	-	-	141,299	124,663	108,026	91,390	111,562
Other Liabilities	-	-	-	-	-	-	-	-
Current Liabilities	**-**	**-**	**-**	**141,299**	**124,663**	**108,026**	**91,390**	**111,562**
Long-Term Debt	750,000	2,500,000	3,250,000	3,087,500	2,933,125	2,786,469	2,647,145	2,514,788
Noncurrent Liabilities	**750,000**	**2,500,000**	**3,250,000**	**3,087,500**	**2,933,125**	**2,786,469**	**2,647,145**	**2,514,788**
Total Liabilities	**750,000**	**2,500,000**	**3,250,000**	**3,228,799**	**3,057,788**	**2,894,495**	**2,738,535**	**2,626,350**
Equity	750,000	2,500,000	3,250,000	3,759,945	4,599,918	5,462,072	5,490,945	6,037,890
Total Liabilities and Equity	**$ 1,500,000**	**$ 5,000,000**	**$ 6,500,000**	**$ 6,988,744**	**$ 7,657,705**	**$ 8,356,567**	**$ 8,229,480**	**$ 8,664,240**

Notes:

($USD)

	Unadjusted Year 1	Projected				
	Dec-31 2023	Dec-31 2023	Dec-31 2024	Dec-31 2025	Dec-31 2026	Dec-31 2027
[1] **Connections**	1,650	1,675	1,700	1,725	1,750	1,775
[2] $/Connection	$ 1,038	$ 1,038	$ 1,038	$ 1,038	$ 1,038	$ 1,527
Total Revenue	**1,712,848**	**1,738,800**	**1,764,753**	**1,790,705**	**1,816,657**	**2,711,114**
Revenue Growth %	n/a	n/a	1.5%	1.5%	1.4%	49.2%
[4] Water Purchase	632,003	641,579	712,077	785,903	840,263	860,666
Gross Profit	**1,080,845**	**1,097,221**	**1,052,675**	**1,004,802**	**976,394**	**1,850,448**
Gross Profit %	*63.1%*	*63.1%*	*59.7%*	*56.1%*	*53.7%*	*68.3%*
[5] Operating Expenses	706,191	706,191	737,708	778,074	809,894	825,142
[6] Acquisition Adjustment Amortization	-	166,667	166,667	166,667	166,667	166,667
Operating Income	**374,654**	**224,364**	**148,301**	**60,061**	**(167)**	**858,640**
Total Operating Income %	21.9%	12.9%	8.4%	3.4%	(0.0%)	31.7%
Other Income (Expenses):						
Interest Income	-	-	-	-	-	-
[7] Interest Expense	(32,906)	(170,625)	(162,094)	(153,989)	(146,290)	(138,975)
EBT	341,748	53,739	(13,793)	(93,928)	(146,456)	719,665
[8] Income Taxes	82,020	12,897	(3,310)	(22,543)	(35,150)	172,720
Net Income	**259,729**	**40,842**	**(10,483)**	**(71,385)**	**(111,307)**	**546,945**
EBITDA	**505,022**	**521,399**	**470,949**	**417,109**	**382,673**	**1,250,636**
EBITDA %	29.5%	30.0%	26.7%	23.3%	21.1%	46.1%
Capital Expenditures	627,092	627,092	1,007,986	1,072,286	272,130	278,997
Capital Expenditures %	36.6%	36.1%	57.1%	59.9%	15.0%	10.3%

Supplemental

Capital Structure	Dec 31, 2023	Jan 1, 2023	Dec 31, 2023	Dec 31, 2024	Dec 31, 2025	Dec 31, 2026	Dec 31, 2027
Debt	712,500	3,250,000	3,087,500	2,933,125	2,786,469	2,647,145	2,514,788
Equity	1,286,748	3,250,000	3,759,945	4,599,918	5,462,072	5,490,945	6,037,890
Total Invested Capital	1,999,248	6,500,000	6,847,445	7,533,043	8,248,541	8,138,090	8,552,678
Acquisition Adjustment		5,000,000					
Return on Equity (50/50 cap structure)	24.5%		1.0%	-1.0%	-2.9%	-4.0%	11.3%
Return on Projected Equity	20.2%		1.1%	-0.2%	-1.3%	-2.0%	9.1%
Return on Total Invested Capital	13.0%		0.6%	-0.1%	-0.9%	-1.4%	6.4%

Notes:

[1] Based on infill growth projections provided by the Calhoun County Rural Water System Master Plan (2020), by Freese and Nichols, Inc.
[2] Assumed a successful rate change application based on a 2026 test year, to take effect in the following year .
[3] Refer to Schedule BV - 8 for rate adjustment calculations.
[4] Based on Management's water cost projection and adjusted upward based on volume growth.
[5] Based on fixed operating expenses forecast by Management.
[6] Based on the estimated adjustment between fair market value of the acquired PP&A and book value, amortized over 30 years.
[7] Based on the fair market value of the Company, and the assumption that the transaction was 50.0 percent financed with a 20-year loan and an interest rate equal to the overall cost of debt for the Company (see Schedule BV - 10).
[8] Tax rate based on blended federal corporate income tax rate and estimated Texas franchise tax rate as of the Valuation Date.

		Projected				
		Dec-31 2023	Dec-31 2024	Dec-31 2025	Dec-31 2026	Dec-31 2027
	Cash Flow from Operating Activities:					
	Net Income	$ 40,842	$ (10,483)	$ (71,385)	$ (111,307)	$ 546,945
	Depreciation	130,368	155,981	190,381	216,173	225,329
	Amortization	166,667	166,667	166,667	166,667	166,667
	Changes in Working Capital, net	17,388	260	260	260	8,945
	Total Operating Cash Flow	**355,264**	**312,425**	**285,922**	**271,792**	**947,886**
	Cash Flow from Investing Activities:					
	Capital Expenditures	$ (627,092)	$ (1,007,986)	$ (1,072,286)	$ (272,130)	$ (278,997)
	Asset Acquisition	(6,500,000)	-	-	-	-
	Total Investing Cash Flow	**(7,127,092)**	**(1,007,986)**	**(1,072,286)**	**(272,130)**	**(278,997)**
	Cash Flow from Financing Activities:					
	Debt	$ 3,087,500	$ (154,375)	$ (146,656)	$ (139,323)	$ (132,357)
	Initial Paid-In Capital	3,250,000	-	-	-	-
	Additional Paid-In Capital (As Planned)	195,000	620,000	790,000	115,000	-
[1]	Contributions / (Distributions)	274,104	230,455	143,539	25,180	-
	Total Financing Cash Flow	**6,806,604**	**696,080**	**786,883**	**857**	**(132,357)**
[1]	**Cash Balance**					
	Beginning	-	34,776	35,295	35,814	36,333
	Change	34,776	519	519	519	536,532
	Ending	34,776	35,295	35,814	36,333	572,865

Notes:

[1] Prior to our forecast rate increase, we assumed cash contributions / (distributions) necessary to maintain an ending operating cash balance of 2.0% of revenue. The appropriate level of operating cash was determined based on a review of cash as a percent of revenue at the guideline companies.

($USD)

	Unadjusted Test Year Dec-31 2026	Rate Adjusted Test Year Dec-31 2026	First Year Post Rate Increase Dec-31 2027
[1] **Connections**	1,750	1,750	1,775
[2] $/Connection	$ 1,038	$ 1,527	$ 1,527
Total Revenue	**1,816,657**	**2,672,930**	**2,711,114**
Revenue Growth %	1.4%	47.1%	1.4%
[1] Water Purchase	840,263	840,263	860,666
Gross Profit	**976,394**	**1,832,666**	**1,850,448**
Gross Profit %	*53.7%*	*68.6%*	*68.3%*
[1] Operating Expenses	809,894	809,894	825,142
[1] Acquisition Adjustment Amortization	166,667	166,667	166,667
Operating Income	**(167)**	**856,106**	**858,640**
Total Operating Income %	(0.0%)	32.0%	31.7%
Other Income (Expenses):			
Interest Income	-	-	-
[3] Interest Expense	(146,290)	(213,625)	(138,975)
EBT	(146,456)	642,481	719,665
[4] Income Taxes	(35,150)	154,195	172,720
Net Income	**(111,307)**	**488,285**	**546,945**
EBITDA	**382,673**	**1,238,945**	**1,250,636**
EBITDA %	21.1%	46.4%	46.1%
Capital Expenditures	272,130	272,130	278,997
Capital Expenditures %	15.0%	10.2%	10.3%

Supplemental

Capital Structure	Dec 31, 2026		Dec 31, 2026	Dec 31, 2027
Debt	2,647,145	50/50 Cap Structure>>	4,069,045	2,514,788
Equity	5,490,945	50/50 Cap Structure>>	4,069,045	6,037,890
Total Invested Capital	8,138,090		8,138,090	8,552,678
Acquisition Adjustment				
Return on Equity (50/50 cap structure)	-4.0%		12.0%	11.3%
Return on Projected Equity	-2.0%		12.0%	9.1%
Return on Total Invested Capital	-1.4%		6.0%	6.4%

Notes:
[1] Refer to Schedule BV - 6.
[2] Calculated based on target return on equity.
[3] Based on the fair market value of the Company, and the assumption that the transaction was 50.0 percent financed with a 20-year loan and an interest rate equal to the overall cost of debt for the Company (see Schedule BV - 10). For the rate adjusted test year, we assumed that the Company was refinanced to a 50.0 percent debt structure.
[4] Tax rate based on blended federal corporate income tax rate and estimated Texas franchise tax rate as of the Valuation Date.

($USD)

		Forecast [1]					Terminal
		Year 1	Year 2	Year 3	Year 4	Year 5	Year [2]
	EBITDA	**$ 521,399**	**$ 470,949**	**$ 417,109**	**$ 382,673**	**$ 1,250,636**	**$ 1,275,649**
	Less: Depreciation	(130,368)	(155,981)	(190,381)	(216,173)	(225,329)	(229,836)
	Less: Amortization of Acquisition Adjustment	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)
	EBIT	224,364	148,301	60,061	(167)	858,640	879,146
[3]	*Income Tax Rate %*	*24.0%*	*24.0%*	*24.0%*	*24.0%*	*24.0%*	*24.0%*
	Income Taxes	**(53,847)**	**(35,592)**	**(14,415)**	**40**	**(206,074)**	**(210,995)**
	Net Operating Profit After Tax (NOPAT)	**170,517**	**112,709**	**45,647**	**(127)**	**652,567**	**668,151**
[4]	Plus: Depreciation & Amortization Expense	297,035	322,648	357,048	382,840	391,996	396,502
[5]	(Increase) / Decrease in Cash-Free Working Capital	17,388	260	260	260	8,945	388
	Less: Capital Expenditures	(627,092)	(1,007,986)	(1,072,286)	(272,130)	(278,997)	(404,432)
	Free Cash Flow	**(142,153)**	**(572,370)**	**(669,332)**	**110,843**	**774,510**	**660,609**
[6]	**Terminal Value**						**10,163,211**
	Partial Period Factor	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
[7]	Present Value Period	0.5000	1.5000	2.5000	3.5000	4.5000	4.5000
[8]	Present Value Factor @ 8.5% Discount Rate	0.9600	0.8848	0.8155	0.7516	0.6927	0.6927
	Discounted Cash Flow	**(136,471)**	**(506,445)**	**(545,842)**	**83,311**	**536,529**	**7,040,397**
	PV of Discrete Period Cash Flows	(568,918)					
	PV of Terminal Value	7,040,397					
	Sum of Discounted Cash Flows	**6,471,479**					
	Enterprise Value (rounded)	**$ 6,471,000**					

	Key Assumptions	
[9]	Long-Term Growth Rate	2.0%
[3]	Normalized Tax Rate	24.0%
[5]	Normalized Net Working Capital	-1.0%
[8]	Discount Rate %	8.5%

Sensitivity Analysis

Growth Rate	Discount Rate 7.5%	8.0%	8.5%	9.0%	9.5%
1.5%	7,364,000	6,600,000	5,949,000	5,387,000	4,899,000
2.0%	8,111,000	7,221,000	**6,471,000**	5,832,000	5,282,000
2.5%	9,007,000	7,954,000	7,081,000	6,346,000	5,719,000

Notes:

[1] See Schedule BV - 6.
[2] Terminal year projections were estimated based on a long-term growth rate of 2.0%.
[3] Tax rate based on blended federal corporate income tax rate and estimated Texas franchise tax rate as of the Valuation Date.
[4] Tax depreciation provided by Management. Acquisition adjustment amortization expense estimated by C&W. During the terminal year, depreciation and amortization expense was assumed to closely follow capital expenditures, with capital expenditures outpacing depreciation expense by 1.02x.
[5] See Schedule BV - 11.
[6] Calculated using the Gordon growth model with a perpetual growth rate of 2.0% applied to the last projection year's financials.
[7] Assumed mid-period cash flow receipts.
[8] See Schedule BV - 10.
[9] Estimated with consideration to forecast company growth (including new 25 connections annually), industry expectations, and general economic inflationary expectations.

							CAPM Method	
	Input					**Selected**	**Calculation**	**Weight**
[1]	Risk free rate (U.S. - 20 Year)					3.9%	3.9%	
		Minimum	**Average**	**Median**	**Maximum**			
[2]	Observed Beta - 2-year, weekly	0.40	0.68	0.66	1.05			
	Unlevered beta	0.31	0.55	0.54	1.04	0.55		
[3]	Debt / mkt value of equity	2%	34%	35%	69%			
[3]	Debt / total invested cap.	2%	24%	26%	41%	50.0%		
[4]	Relevered beta	0.55	0.97	0.95	1.83	0.97	0.97	
[5]	Market risk premium					6.0%	6.0%	
	Equity Risk Premium						5.8%	
[5]	Size premium					2.4%	2.4%	
[6]	Company specific premium					1.0%	1.0%	
	Total cost of equity						**13.1%**	**50.0%**
[7]	Income tax rate					24.0%		
[8]	Pretax cost of debt					5.25%		
	After-tax cost of debt						4.0%	
	Total cost of debt						**4.0%**	**50.0%**
	Indications of weighted average cost of capital						**8.6%**	
	Concluded (rounded)						**8.5%**	

Notes:
[1] Estimated yield on Treasury bonds maturing approximately 20 years from December 20, 2022, per Federal Reserve (www.federalreserve.gov).
[2] Based on observed betas over the indicated timeframe immediately prior to the Valuation Date versus the local benchmark index.
[3] Debt ratio determined based on analysis of guideline company data and consideration of the Company's current level of debt in its capital structure.
[4] Relevered beta based on selected capital structure and selected effective tax rate.
[5] Based on data provided by Kroll Cost of Capital Navigator. Size premium based on Decile 10 of the size premium study conducted by Kroll (4.8 percent), which we discounted to reflect the regulated nature of the subject..
[6] Company-specific premium based on additional risk inherent in the subject relative to expectations for the guideline public companies.
[7] Tax rate based on blended federal corporate income tax rate and estimated Texas franchise tax rate as of the Valuation Date.
[8] We selected our estimated pre-tax cost of debt based on S&P A-rated debt yields as of the Valuation Date (5.2%), plus a spread appropriate for the Company (if any).
n/a=not available; n/m=not meaningful

Key Assumptions	
Long-Term Growth Rate	*2.0%*
Normalized Cash-Free Working Capital %	*-1.0%*

Working Capital Surplus/(Deficit)	
Working Capital (Required for Operations):	
Normalized Cash-Free Working Capital %	*-1.0%*
Estimated TTM Revenues	$ 1,859,256
Normalized Cash-Free Working Capital (As of the Valuation Date)	(18,593)
Book Value of Cash-Free Working Capital	-
Excess Cash-Free Working Capital	**18,593**

		Cash-Free Working Capital	Projected Year 1	Year 2	Year 3	Year 4	Year 5	Terminal Year
[1]	Projected Revenues		$ 1,738,800	$ 1,764,753	$ 1,790,705	$ 1,816,657	$ 2,711,114	$ 2,765,337
[2]	*Cash-Free Working Capital %*		*-1.0%*	*-1.0%*	*-1.0%*	*-1.0%*	*-1.0%*	*-1.0%*
	Ending Cash-Free Working Capital	$ -	(17,388)	(17,648)	(17,907)	(18,167)	(27,111)	(27,653)
	(Increases) / Decreases in Cash-Free Working Capital		$ 17,388	$ 260	$ 260	$ 260	$ 8,945	$ 542

Guideline Public Company	Ticker	Cash-Free Working Capital % 2019	2020	2021	LTM	3-Yr Average
American Water Works Company, Inc.	NYSE:AWK	(0.4%)	2.1%	(2.0%)	(8.2%)	(2.7%)
Essential Utilities, Inc.	NYSE:WTRG	(3.9%)	(1.0%)	2.1%	2.4%	1.2%
California Water Service Group	NYSE:CWT	(2.6%)	1.2%	(1.0%)	0.2%	0.2%
SJW Group	NYSE:SJW	3.3%	4.0%	3.8%	5.0%	4.3%
American States Water Company	NYSE:AWR	2.6%	0.9%	2.2%	0.9%	1.3%
Middlesex Water Company	NasdaqGS:M	(8.1%)	(12.7%)	(4.2%)	(3.6%)	(6.8%)
Artesian Resources Corporation	NasdaqGS:A	(3.3%)	2.9%	(0.3%)	1.5%	1.4%
The York Water Company	NasdaqGS:Y	1.4%	8.0%	(2.4%)	(8.4%)	(0.9%)
Global Water Resources, Inc.	NasdaqGM:G	(14.7%)	(12.8%)	(15.8%)	(18.0%)	(15.5%)
Pure Cycle Corporation	NasdaqCM:P	(5.7%)	(6.4%)	58.1%	(39.4%)	4.1%
Subject		***n/a***	***n/a***	***n/a***	***0.0%***	***0.0%***
Maximum		3.3%	8.0%	58.1%	5.0%	4.3%
Upper Quartile		1.0%	2.7%	2.2%	1.4%	1.3%
Average		(3.1%)	(1.4%)	4.0%	(6.8%)	(1.4%)
Median		(2.9%)	1.0%	(0.7%)	(1.7%)	0.7%
Lower Quartile		(5.2%)	(5.0%)	(2.3%)	(8.3%)	(2.3%)
Minimum		(14.7%)	(12.8%)	(15.8%)	(39.4%)	(15.5%)

Notes:
[1] Based on information provided by Management.
[2] Selected based on discussions with Management. Selection is within the cash-free net working capital levels of the guideline companies.
[3] Information directly sourced from, or calculated based on information provided by, S&P Capital IQ.

($USD)

Closing Date	Target	Buyer	Target Description	Implied Enterprise Value	Target Characteristics			Implied Multiples		
					Revenue	EBITDA	Customers	Revenue	EBITDA	Customer
11/1/2022	Municipal Water System of Bellflower California	California-American Water Company	Approximately 1,800 homes and businesses who are customers of the Bellflower municipal water system will now be served by California American Water's Los Angeles County District. Today, the $17 million transfer of the system was completed in accordance with the California Public Utilities Commission's recent decision approving the sale. The Bellflower municipal water system is located approximately 20 miles from California American Water's Los Angeles County operations located in Rosemead.	$17.0	n/a	n/a	1,700	n/a	n/a	$10,000
10/5/2022	Water and Wastewater Utilities in Arizona of Far West Water and Sewer Company	NW Natural Water Company, LLC	NW Natural has joined EPCOR, Global Water Resources and Liberty Utilities as a player in the regulated water market in Arizona, after agreeing to buy Far West Water & Sewer's utility assets, which serve 25,000 connections in Yuma.	$51.3	$11.9	$2.8	25,000	4.3x	18.5x	$2,052
9/22/2022	City of Villa Grove Water and Wastewater Systems	Illinois American Water Company	Illinois American Water, a subsidiary of American Water, announced today, the acquisition of the City of Villa Grove water and wastewater systems for $11 million. The newly acquired systems add approximately 1,489 water and 1,069 wastewater customers to the Company's eastern Illinois service area. Illinois American Water is planning to invest approximately $21 million in the first seven years of ownership to upgrade the City of Villa Grove water and wastewater systems. Work will include replacing water meters, water mains, fire hydrants and wastewater main. Improvements to lift stations, including replacing pumps, will improve system reliability. Safety and security systems will also be upgraded. Illinois American Water also plans to design and construct a new wastewater treatment plant to support system reliability and community growth.	$11.0	n/a	n/a	2,558	n/a	n/a	$4,300
9/16/2022	Operating Assets of Warring Water Service, Inc.	California-American Water Company	California American Water today announced the acquisition of Warring Water Services, Inc., a privately owned water utility in Piru, California for $4.6 million. Approximately 634 homes and businesses served by Warring Water Services will now be served by California American Water's Ventura County District. The California Public Utilities Commission recently approved the sale and the transaction was completed today. The Warring Water Service system is near California American Water's Ventura County operations center located in Newbury Park.	$4.6	n/a	n/a	634	n/a	n/a	$7,256
8/12/2022	Municipal Wastewater Assets of East Whiteland Township	Aqua Pennsylvania, Inc.	East Whiteland Township's wastewater system serves approximately 8,200 customer-equivalents including residential and commercial connections. The system is comprised of 57 miles of collection mains and 12 pump stations. The collection system accepts waste from the neighboring municipalities of Malvern Borough and Charlestown Township. Its waste passes through Aqua's Valley Creek Trunk Sewer system to the Valley Forge Sewer Authority for treatment. Essential's unregulated subsidiary, Aqua Resources, purchased the 9-mile Valley Creek trunk system in December 2018, which consists of gravity sewers, force mains and two pump stations, from the Tredyffrin Municipal Township Authority.	$55.0	n/a	n/a	8,200	n/a	n/a	$6,707

($USD)

Closing Date	Target	Buyer	Target Description	Implied Enterprise Value	Target Characteristics			Implied Multiples		
					Revenue	EBITDA	Customers	Revenue	EBITDA	Customer
8/4/2022	City of Eureka Water and Wastewater Systems	Missouri American Water Corporation	Missouri American Water President Rich Svindland today announced the completion of the company's acquisition of the City of Eureka water and wastewater systems, which serve approximately 4,000 water customers and 4,000 wastewater customers. This winter the company will begin construction of a new water pipeline to supply Eureka with water from its St. Louis County system. Missouri American Water has committed to invest more than $37 million in the city's water and wastewater systems over the next ten years to improve the city's water quality, upgrade aging infrastructure, and maintain regulatory compliance.	$28.0	n/a	n/a	8,000	n/a	n/a	$3,500
7/13/2022	Wastewater Collection System of Bound Brook New Jersey	New Jersey-American Water Company, Inc.	New Jersey American Water today completed its acquisition of the wastewater collection system of the Borough of Bound Brook, N.J. for $5 million. This municipally owned system serves approximately 2,900 customers, most of whom already receive water service from New Jersey American Water. On July 13, 2022, the New Jersey Board of Public Utilities approved the municipal consent allowing New Jersey American Water to provide sewer service to the Bound Brook customers as of the closing of the transaction. As part of the acquisition agreement, New Jersey American Water committed to invest more than $11 million in critical sewer system improvements in the next ten years.	$5.0	n/a	n/a	2,900	n/a	n/a	$1,724
6/7/2022	Village of Hardin Water and Wastewater Systems	Illinois American Water Company	Illinois American Water, a subsidiary of American Water, announced today that it has completed the acquisition of the Village of Hardin water and wastewater systems. The newly acquired system adds approximately 435 water and 405 wastewater customers to the company's southern Illinois service area. The Village of Hardin is located near Illinois American Water's Jerseyville operations. Illinois American Water plans to invest approximately $3 million in the first five years of ownership to upgrade the Village of Hardin water and wastewater systems.	$3.3	n/a	n/a	840	n/a	n/a	$3,929
5/27/2022	Wastewater system assets of York City Sewer Authority, Pennsylvania	Pennsylvania-American Water Company, Inc.	Pennsylvania American Water, a subsidiary of American Water, announced that it has completed a deal with the City of York to acquire the city's wastewater system assets, making it Pennsylvania American Water's largest wastewater system acquisition to date. The newly acquired wastewater system in York County serves more than 45,000 customer connections, including approximately 14,000 direct customers in the city and bulk service to indirect customers in the neighboring Townships of Spring Garden, Manchester, West Manchester, York and Springettsbury and the Boroughs of North York and West York.	$235.0	n/a	n/a	45,000	n/a	n/a	$5,222
5/26/2022	Substantially All of the Operating Assets of Clayton Town Delaware's Water System	Artesian Water Company, Inc.	Artesian Water Company, Inc., a subsidiary of Artesian Resources Corporation (NASDAQ: ARTNA), entered into an agreement on February 16, 2022 for the acquisition of the water system of the Town of Clayton, Delaware. Clayton's water system serves approximately 1,500 customers through 23 miles of main, with three wells and two elevated water storage tanks. The system will be integrated with Artesian's existing regional water system in northern Kent County, Delaware. Closing on the acquisition is expected to occur in the second quarter of 2022 after due diligence and Delaware Public Service Commission approval.	$5.0	n/a	n/a	1,500	n/a	n/a	$3,333

($USD)

Closing Date	Target	Buyer	Target Description	Implied Enterprise Value	Target Characteristics			Implied Multiples		
					Revenue	EBITDA	Customers	Revenue	EBITDA	Customer
3/4/2022	Wastewater System of Lower Makefield Township	Aqua Pennsylvania, Inc.	Essential Utilities Inc. (NYSE: WTRG) today announced that its Aqua Pennsylvania subsidiary has acquired the wastewater system of Lower Makefield Township, which serves approximately 11,000 customer connections in Lower Makefield, Falls and Middletown townships, and Yardley Borough, Bucks County Pa., for $53 million. The acquisition brings Aqua Pennsylvania's total number of customer connections to more than 500,000. Our plans include investing $10 million in infrastructure improvements to the wastewater system in the first 10 years, which will improve services and avoid the environment impact from sanitary sewer overflows.	$53.0	n/a	n/a	11,000	n/a	n/a	$4,818
Announced 3/4/2022	7 Signed Purchase Agreements	Aqua Pennsylvania, Inc.	The company currently has seven additional signed purchase agreements for water and wastewater systems, which have a total purchase price of more than $418 million and represent approximately 224,000 equivalent retail customers or equivalent dwelling units.	$418.0	n/a	n/a	224,000	n/a	n/a	$1,866

Reconciliation of M&A Data

	Implied EV	Target Characteristics			Implied Multiples		
		Revenue	EBITDA	Customers	Revenue	EBITDA	Customer
# of Observations	12	1	1	12	1	1	12
Max	$418.0	nmf	nmf	224,000	nmf	nmf	$10,000
Upper Quartile	$53.5	nmf	nmf	14,500	nmf	nmf	$5,593
Median	$22.5	nmf	nmf	5,450	nmf	nmf	$4,114
Mean	$73.9	nmf	nmf	27,611	nmf	nmf	$4,559
Lower Quartile	$5.0	nmf	nmf	1,650	nmf	nmf	$3,013
Low	$3.3	nmf	nmf	634	nmf	nmf	$1,724

Subject Company Fundamental	1,650
Selected Multiple	$3,750
Indicated Enterprise Value (rounded)	**$6,188,000**

Notes:
n/a = not applicable
nmf = not meaningful
Sources: S&P Capital IQ and public filings

($USD)

	Subject Fundamental	Indicated Multiples				Selected Multiple	Indicated Value	Weighting	Contribution
		Low	Mean	Median	High				
Enterprise Value to Revenue									
LTM	$ 1,859,256	5.30x	9.15x	9.03x	13.02x	**3.80x**	**$ 7,065,173**	20.0%	$ 1,413,035
FY+1	1,738,800	5.18x	8.86x	8.94x	12.95x	**3.70x**	**6,433,562**	20.0%	1,286,712
FY+2	1,764,753	4.94x	8.34x	8.23x	12.52x	**3.60x**	**6,353,110**	10.0%	635,311
Enterprise Value to EBITDA									
LTM	91,111	16.29x	20.98x	21.31x	25.30x	**nmf**	**n/a**	0.0%	-
FY+1	521,399	16.65x	18.57x	18.34x	21.67x	**13.50x**	**7,038,884**	30.0%	2,111,665
FY+2	470,949	14.63x	17.04x	16.94x	20.04x	**13.50x**	**6,357,806**	20.0%	1,271,561
Indicated Enterprise Value - GPC Method (rounded)									**$ 6,718,000**

Notes:
LTM = Latest twelve months
n/a = not applicable
nmf = not meaningful

	Select Comparable Metrics								
	($USD, millions) Size	Revenue Growth		EBITDA Margin			Enterprise Value / Revenue Multiples		
Guideline Companies	Enterprise Value	Historical (FY-2 to FY)	Projected (FY to FY+2)	LTM	FY+1	FY+2	**LTM**	**FY+1**	**FY+2**
American Water Works Company, Inc.	$ 38,819.5	4.3%	1.8%	51.3%	53.2%	55.4%	10.18x	10.30x	9.54x
Essential Utilities, Inc.	18,622.5	45.3%	7.6%	45.4%	48.8%	51.5%	8.79x	8.94x	8.57x
California Water Service Group	4,337.3	5.2%	5.4%	30.2%	31.1%	33.8%	5.30x	5.18x	4.94x
SJW Group	4,044.7	16.8%	4.8%	35.5%	39.2%	40.2%	6.87x	6.68x	6.42x
American States Water Company	4,058.2	2.6%	2.8%	36.9%	36.6%	38.4%	8.41x	7.94x	7.70x
Middlesex Water Company	1,869.2	3.1%	12.8%	46.9%	n/a	n/a	11.86x	11.31x	10.27x
Artesian Resources Corporation	697.9	4.3%	5.4%	44.4%	n/a	n/a	7.22x	7.27x	6.91x
The York Water Company	763.9	3.4%	5.2%	55.8%	n/a	n/a	13.02x	12.95x	12.52x
Global Water Resources, Inc.	407.6	8.7%	8.7%	40.0%	50.0%	46.5%	9.28x	9.18x	8.23x
Pure Cycle Corporation	212.8	-5.7%	n/a	46.4%	n/a	n/a	10.60x	n/a	n/a
Guideline Company Statistics									
Maximum	38,819.5	45.3%	12.8%	55.8%	53.2%	55.4%	13.02x	12.95x	12.52x
Upper Quartile	4,267.5	7.8%	7.6%	46.7%	49.7%	50.2%	10.50x	10.30x	9.54x
Median	2,957.0	4.3%	5.4%	44.9%	44.0%	43.3%	9.03x	8.94x	8.23x
Average	7,383.4	8.8%	6.0%	43.3%	43.2%	44.3%	9.15x	8.86x	8.34x
Lower Quartile	714.4	3.2%	4.8%	37.7%	37.3%	38.8%	7.52x	7.27x	6.91x
Minimum	212.8	-5.7%	1.8%	30.2%	31.1%	33.8%	5.30x	5.18x	4.94x
Subject		**12.1%**	**2.8%**	**4.9%**	**30.0%**	**26.7%**			
Selected Multiple							**3.80x**	**3.70x**	**3.60x**
Subject Company Fundamental							$ 1,859,256	$ 1,738,800	$ 1,764,753
Implied Enterprise Value (rounded)							**$ 7,065,000**	**$ 6,434,000**	**$ 6,353,000**

Notes:
LTM = Latest twelve months; FY = Fiscal Year
n/a = not applicable
nmf = not meaningful
Sources: Data provided by S&P Capital IQ

($USD)

	Select Comparable Metrics								
	($USD, millions) Size	Revenue Growth		EBITDA Margin			Enterprise Value / EBITDA Multiples		
Guideline Companies	Enterprise Value	Historical (FY-2 to FY)	Projected (FY to FY+2)	LTM	FY+1	FY+2	**LTM**	**FY+1**	**FY+2**
American Water Works Company, Inc.	$ 38,819.5	4.3%	1.8%	51.3%	53.2%	55.4%	19.87x	19.36x	17.22x
Essential Utilities, Inc.	18,622.5	45.3%	7.6%	45.4%	48.8%	51.5%	19.35x	18.32x	16.65x
California Water Service Group	4,337.3	5.2%	5.4%	30.2%	31.1%	33.8%	17.56x	16.65x	14.63x
SJW Group	4,044.7	16.8%	4.8%	35.5%	39.2%	40.2%	19.35x	17.02x	15.96x
American States Water Company	4,058.2	2.6%	2.8%	36.9%	36.6%	38.4%	22.76x	21.67x	20.04x
Middlesex Water Company	1,869.2	3.1%	12.8%	46.9%	n/a	n/a	25.30x	n/a	n/a
Artesian Resources Corporation	697.9	4.3%	5.4%	44.4%	n/a	n/a	16.29x	n/a	n/a
The York Water Company	763.9	3.4%	5.2%	55.8%	n/a	n/a	23.34x	n/a	n/a
Global Water Resources, Inc.	407.6	8.7%	8.7%	40.0%	50.0%	46.5%	23.17x	18.36x	17.72x
Pure Cycle Corporation	212.8	-5.7%	n/a	46.4%	n/a	n/a	22.87x	n/a	n/a
Guideline Company Statistics									
Maximum	38,819.5	45.3%	12.8%	55.8%	53.2%	55.4%	25.30x	21.67x	20.04x
Upper Quartile	4,267.5	7.8%	7.6%	46.7%	49.7%	50.2%	23.09x	19.11x	17.60x
Median	2,957.0	4.3%	5.4%	44.9%	44.0%	43.3%	21.31x	18.34x	16.94x
Average	7,383.4	8.8%	6.0%	43.3%	43.2%	44.3%	20.98x	18.57x	17.04x
Lower Quartile	714.4	3.2%	4.8%	37.7%	37.3%	38.8%	19.35x	17.35x	16.14x
Minimum	212.8	-5.7%	1.8%	30.2%	31.1%	33.8%	16.29x	16.65x	14.63x
Subject		**12.1%**	**2.8%**	**4.9%**	**30.0%**	**26.7%**			

Selected Multiple	**nmf**	**13.50x**	**13.50x**
Subject Company Fundamental	$ 91,111	$ 521,399	$ 470,949
Implied Enterprise Value (rounded)	**n/a**	**$ 7,039,000**	**$ 6,358,000**

Notes:
LTM = Latest twelve months
n/a = not applicable
nmf = not meaningful
Sources: Data provided by S&P Capital IQ

Name	Exchange:Ticker	Description
American Water Works Company, Inc.	NYSE:AWK	American Water Works Company, Inc., through its subsidiaries, provides water and wastewater services in the United States. It offers water and wastewater services to approximately 1,600 communities in 14 states serving approximately 3.4 million active customers. The company serves residential customers; commercial customers, including food and beverage providers, commercial property developers and proprietors, and energy suppliers; fire service and private fire customers; industrial customers, such as large-scale manufacturers, mining, and production operations; public authorities comprising government buildings and other public sector facilities, such as schools and universities; and other utilities and community water and wastewater systems. It also provides water and wastewater services on various military installations; and undertakes contracts with municipal customers, primarily to operate and manage water and wastewater facilities, as well as offers other related services. In addition, the company operates approximately 80 surface water treatment plants; 490 groundwater treatment plants; 175 wastewater treatment plants; 53,500 miles of transmission, distribution, and collection mains and pipes; 1,100 groundwater wells; 1,700 water and wastewater pumping stations; 1,100 treated water storage facilities; and 73 dams. It serves approximately 14 million people with drinking water, wastewater, and other related services in 24 states. The company was founded in 1886 and is headquartered in Camden, New Jersey.
Essential Utilities, Inc.	NYSE:WTRG	Essential Utilities, Inc., through its subsidiaries, operates regulated utilities that provide water, wastewater, or natural gas services in the United States. The company operates through Regulated Water and Regulated Natural Gas segments. It offers water services through operating and maintenance contract with municipal authorities and other parties. The company also provides non-utility raw water supply services for firms in the natural gas drilling industry; and water and sewer line protection solutions, and repair services to households. It serves approximately 8.8 million residential water, commercial water, fire protection, industrial water, wastewater, and other water and utility customers in Pennsylvania, Ohio, Texas, Illinois, North Carolina, New Jersey, Indiana, Virginia, West Virginia, and Kentucky under the Aqua and Peoples brands. The company was formerly known as Aqua America, Inc. and changed its name to Essential Utilities, Inc. in February 2020. Essential Utilities, Inc. was founded in 1886 and is headquartered in Bryn Mawr, Pennsylvania.
California Water Service Group	NYSE:CWT	California Water Service Group, through its subsidiaries, provides water utility and other related services in California, Washington, New Mexico, Hawaii, and Texas. The company is involved in the production, purchase, storage, treatment, testing, distribution, and sale of water for domestic, industrial, public, and irrigation uses, as well as for fire protection services. It offers its services to approximately 496,400 customer connections in 100 California communities; approximately 6,200 water and wastewater customer connections on the islands of Maui, Oahu, and Hawaii; approximately 37,500 customer connections in the Tacoma, Olympia, Graham, Spanaway, Puyallup, Rainier, Yelm, and Gig Harbor areas; and approximately 10,700 water and wastewater customer connections in the Belen, Los Lunas, Indian Hills, and Elephant Butte areas in New Mexico. The company also engages in the provision of non-regulated water-related services, including operating of municipally owned water systems, privately owned water, and recycled water distribution systems; water system operation, meter reading, and billing services to private companies and municipalities; leasing of communication antenna sites on its properties to telecommunication companies; and billing of optional third-party insurance programs to its residential customers. In addition, it provides lab, wastewater collection, and treatment services. California Water Service Group was founded in 1926 and is headquartered in San Jose, California.
SJW Group	NYSE:SJW	SJW Group, through its subsidiaries, provides water utility services in the United States. It operates in two segments, Water Utility Services and Real Estate Services. It engages in the production, purchase, storage, purification, distribution, wholesale, and retail sale of water and wastewater services. The company also provides non-tariffed services, including water system operations, maintenance agreements, and antenna site leases; contracted services and sewer operations to water utilities; and a Linebacker protection plan for public drinking water customers in Connecticut and Maine. Its water supply consists of groundwater from wells, surface water from watershed run-off and diversion, reclaimed water, and imported water purchased from the Santa Clara Valley Water District. The company offers water service to approximately 232,000 connections that serve approximately one million people residing in portions of the cities of San Jose and Cupertino, as well as in the cities of Campbell, Monte Sereno, Saratoga, and the Town of Los Gatos; and adjacent unincorporated territories in the County of Santa Clara in the State of California. In addition, it provides water service to approximately 141,000 service connections, which serve approximately 459,000 people in 81 municipalities with a service area of approximately 270 square miles throughout Connecticut and Maine, as well as approximately 26,000 service connections that serve approximately 77,000 people in a service area comprising approximately 268 square miles in the region between San Antonio and Austin, Texas; and approximately 3,000 wastewater connections in Southbury, Connecticut. Further, the company owns undeveloped land in California and Tennessee; and owns and operates commercial buildings and warehouse properties in Tennessee. The company was formerly known as SJW Corp. and changed its name to SJW Group in November 2016. SJW Group was incorporated in 1985 and is headquartered in San Jose, California.
American States Water Company	NYSE:AWR	American States Water Company, through its subsidiaries, provides water and electric services to residential, commercial, industrial, and other customers in the United States. It operates through three segments: Water, Electric, and Contracted Services. The company purchases, produces, distributes, and sells water, as well as distributes electricity. As of December 31, 2022, American States Water Company provided water service to 263,265 customers located throughout 10 counties in the State of California; and distributed electricity to 24,705 customers in San Bernardino County mountain communities in California. The company also provides water and/or wastewater services, including the operation, maintenance, and construction of facilities at the water and/or wastewater systems at various military installations. American States Water Company was incorporated in 1929 and is headquartered in San Dimas, California.

Name	Exchange:Ticker	Description
Middlesex Water Company	NasdaqGS:MSEX	Middlesex Water Company owns and operates regulated water utility and wastewater systems. It operates in two segments, Regulated and Non-Regulated. The Regulated segment collects, treats, and distributes water on a retail and wholesale basis to residential, commercial, industrial, and fire protection customers, as well as provides regulated wastewater systems in New Jersey and Delaware. The Non-Regulated segment provides non-regulated contract services for the operation and maintenance of municipal and private water and wastewater systems in New Jersey and Delaware. Middlesex Water Company was incorporated in 1896 and is headquartered in Iselin, New Jersey.
Artesian Resources Corporation	NasdaqGS:ARTN.A	Artesian Resources Corporation, through its subsidiaries, provides water, wastewater, and other services in Delaware, Maryland, and Pennsylvania. The company distributes and sells water to residential, commercial, industrial, governmental, municipal, and utility customers, as well as for public and private fire protection in the states of Delaware, Maryland, and Pennsylvania; and offers wastewater collection, treatment infrastructure, and wastewater services to customers in Delaware. It also provides contract water and wastewater services; water, sewer, and internal service line protection plans; and wastewater management services, as well as design, construction, and engineering services. In addition, the company offers services to other water utilities, including operations and billing functions; owns real estate properties, including land for office buildings, a water treatment plant, and wastewater facility; and provides design, installation, maintenance, and repair services related to existing or proposed storm water management systems. As of December 31, 2022, it served approximately 94,600 customers in Delaware; 2,600 customers in Maryland; and 40 customers in Pennsylvania through 1,442 miles of transmission and distribution mains. Artesian Resources Corporation was founded in 1905 and is headquartered in Newark, Delaware.
The York Water Company	NasdaqGS:YORW	The York Water Company impounds, purifies, and distributes drinking water. It owns and operates three wastewater collection systems; eight wastewater collection and treatment systems; and two reservoirs, including Lake Williams and Lake Redman, which hold approximately 2.2 billion gallons of water. The company also operates a 15-mile pipeline from the Susquehanna River to Lake Redman; and owns groundwater wells that supply water to customers in the York and Adams Counties. It serves customers in the fixtures and furniture, electrical machinery, food products, paper, ordnance units, textile products, air conditioning systems, laundry detergents, barbells, and motorcycle industries in 54 municipalities within three counties in south-central Pennsylvania. The company was incorporated in 1816 and is based in York, Pennsylvania.
Global Water Resources, Inc.	NasdaqGM:GWRS	Global Water Resources, Inc., a water resource management company, owns, operates, and manages regulated water, wastewater, and recycled water systems primarily in metropolitan Phoenix and Tucson, Arizona. It served approximately 74,000 people in approximately 29,000 homes. The company was founded in 2003 and is based in Phoenix, Arizona.
Pure Cycle Corporation	NasdaqCM:PCYO	Pure Cycle Corporation designs, constructs, operates, and maintains water and wastewater systems in the Denver metropolitan area and Colorado Front Range in the United States. It operates in two segments, Wholesale Water and Wastewater Services, and Land Development. The company engages in the wholesale water production, storage, treatment, and distribution systems; wastewater collection and treatment systems; development of a 930-acre master-planned community; oil and gas leasing business; and construction and leasing of single-family homes. It serves domestic, commercial, and industrial customers in the Eastern Denver metropolitan region. Pure Cycle Corporation was founded in 1976 and is based in Watkins, Colorado.

($USD, millions)

	LTM Data			LTM Data									
	Subject Company	GPC Mean	GPC Median	American Water Works Company, Inc.	Essential Utilities, Inc.	California Water Service Group	SJW Group	American States Water Company	Middlesex Water Company	Artesian Resources Corporation	The York Water Company	Global Water Resources, Inc.	Pure Cycle Corporation
Comparative Size													
Total Revenues	$ 1.9	$ 820	$ 320	$ 3,812	$ 2,118	$ 819	$ 589	$ 483	$ 158	$ 97	$ 59	$ 44	$ 20
Total Assets	1.5	5,451	1,524	27,126	15,280	3,806	3,605	1,983	1,065	703	494	325	128
Total Market Capitalization	6.5	5,197	1,978	27,321	12,249	3,322	2,424	3,401	1,533	517	645	315	241
Revenue Growth	*11.4%*	*6.7%*	*6.7%*	*-2.3%*	*16.6%*	*1.5%*	*3.4%*	*-4.7%*	*9.7%*	*7.6%*	*7.1%*	*6.2%*	*21.4%*
Asset Management Ratios													
Cash-Free Working Capital Turnover	0.0x	60.4x	8.7x	-12.3x	42.0x	419.9x	20.0x	116.5x	-28.0x	65.6x	-11.9x	-5.6x	-2.5x
Cash-Free Working Capital (% Revenue)	0.0%	-6.8%	-1.7%	-8.2%	2.4%	0.2%	5.0%	0.9%	-3.6%	1.5%	-8.4%	-18.0%	-39.4%
Asset Turnover	1.2x	0.2x	0.2x	0.1x	0.2x	0.2x	0.2x	0.2x	0.1x	0.2x	0.1x	0.1x	0.1x
Liquidity Ratios													
Debt-free Current Ratio	0.0x	1.4x	1.1x	0.8x	1.2x	1.4x	1.4x	1.0x	0.9x	1.1x	0.7x	1.5x	3.5x
Debt-free Quick Ratio	0.0x	1.2x	1.0x	0.8x	0.7x	1.3x	1.4x	0.9x	0.8x	1.0x	0.6x	1.5x	3.5x
Leverage Ratios													
Debt to Equity (book)	100.0%	112.6%	99.0%	153.7%	123.4%	88.7%	157.9%	99.0%	88.9%	99.0%	61.1%	251.0%	3.6%
Debt to Capital (book)	50.0%	48.4%	49.7%	60.6%	55.2%	47.0%	61.2%	49.7%	47.1%	49.8%	37.9%	71.5%	3.5%
Times Interest Earned	n/a	8.5x	3.4x	3.1x	2.9x	2.8x	1.9x	5.7x	5.0x	3.8x	4.6x	1.7x	53.6x
Profitability													
Net Profit Margin	4.9%	22.3%	20.7%	34.6%	22.0%	9.8%	9.9%	16.6%	27.0%	19.4%	31.6%	11.4%	41.2%
EBIT Margin	*4.9%*	27.9%	29.4%	34.3%	30.5%	16.0%	17.8%	28.4%	28.0%	31.6%	39.1%	18.0%	35.5%
EBITDA Margin	4.9%	43.3%	44.9%	51.3%	45.4%	30.2%	35.5%	36.9%	46.9%	44.4%	55.8%	40.0%	46.4%
Return on Assets	6.1%	3.4%	3.4%	4.9%	3.1%	2.1%	1.6%	4.0%	4.0%	2.7%	3.8%	1.5%	6.5%
Return on Common Equity (book)	12.1%	9.7%	9.5%	17.0%	8.7%	6.3%	5.6%	11.4%	10.7%	10.0%	9.1%	11.2%	7.3%

Notes:
LTM = Latest twelve months
n/a = not applicable
nmf = not meaningful
Sources: Data provided by S&P Capital IQ

($USD, millions)

GPC Name	American Water Works Company, Inc.	Essential Utilities, Inc.	California Water Service Group	SJW Group	American States Water Company	Middlesex Water Company	Artesian Resources Corporation	The York Water Company	Global Water Resources, Inc.	Pure Cycle Corporation		Min	Avg	Median	Max
Ticker	AWK	WTRG	CWT	SJW	AWR	MSEX	ARTN.A	YORW	GWRS	PCYO					
Exchange	NYSE	NYSE	NYSE	NYSE	NYSE	NasdaqGS	NasdaqGS	NasdaqGS	NasdaqGM	NasdaqCM					
Latest financial data	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022	11/30/2022					
Latest fiscal year end	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021	8/31/2022					
Local currency	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD					
Enterprise Valuation															
Total invested capital	38,919.5	18,645.8	4,427.8	4,057.9	4,060.5	1,872.1	698.0	763.9	423.2	244.8		244.8	7,411.4	2,965.0	38,919.5
Less: Cash	100.0	23.4	90.5	13.2	2.3	2.9	0.1	0.0	15.6	32.0		0.0	28.0	14.4	100.0
Business enterprise value	38,819.5	18,622.5	4,337.3	4,044.7	4,058.2	1,869.2	697.9	763.9	407.6	212.8		212.8	7,383.4	2,957.0	38,819.5
Enterprise Value Multiples															
Revenue (LTM)	10.18x	8.79x	5.30x	6.87x	8.41x	11.86x	7.22x	13.02x	9.28x	10.60x		5.30x	9.15x	9.03x	13.02x
Revenue (FY+1)	10.30x	8.94x	5.18x	6.68x	7.94x	11.31x	7.27x	12.95x	9.18x	n/a		5.18x	8.86x	8.94x	12.95x
Revenue (FY+2)	9.54x	8.57x	4.94x	6.42x	7.70x	10.27x	6.91x	12.52x	8.23x	n/a		4.94x	8.34x	8.23x	12.52x
EBITDA (LTM)	19.9x	19.4x	17.6x	19.3x	22.8x	25.3x	16.3x	23.3x	23.2x	22.9x		16.3x	21.0x	21.3x	25.3x
EBITDA (FY+1)	19.4x	18.3x	16.7x	17.0x	21.7x	n/a	n/a	n/a	18.4x	n/a		16.7x	18.6x	18.3x	21.7x
EBITDA (FY+2)	17.2x	16.7x	14.6x	16.0x	20.0x	n/a	n/a	n/a	17.7x	n/a		14.6x	17.0x	16.9x	20.0x
Revenue											Subject				
FY-2	3,610.0	889.7	714.6	420.5	473.9	134.6	83.6	51.6	35.5	25.9	1.3	25.9	644.0	277.5	3,610.0
FY-1	3,777.0	1,462.7	794.3	564.5	488.2	141.6	88.1	53.9	38.6	17.1	1.6	17.1	742.6	314.9	3,777.0
FY	3,930.0	1,878.1	790.9	573.7	498.9	143.1	90.9	55.1	41.9	23.0	1.7	23.0	802.6	321.0	3,930.0
LTM	3,812.0	2,118.3	818.8	589.1	482.8	157.6	96.6	58.7	43.9	20.1	1.9	20.1	819.8	320.2	3,812.0
FY+1	3,767.8	2,082.8	836.5	605.8	511.0	165.3	96.0	59.0	44.4	n/a	1.7	44.4	907.6	511.0	3,767.8
FY+2	4,069.7	2,173.1	878.0	630.4	527.3	182.1	101.0	61.0	49.5	n/a	1.8	49.5	963.6	527.3	4,069.7
Revenue Growth											Subject				
FY-1	4.6%	64.4%	11.2%	34.3%	3.0%	5.2%	5.4%	4.4%	8.9%	(33.8%)	17.7%	(33.8%)	10.8%	5.3%	64.4%
FY	4.1%	28.4%	(0.4%)	1.6%	2.2%	1.1%	3.1%	2.4%	8.5%	34.3%	6.8%	(0.4%)	8.5%	2.7%	34.3%
FY+1	(4.1%)	10.9%	5.8%	5.6%	2.4%	15.4%	5.7%	7.0%	5.9%	n/a	4.2%	(4.1%)	6.1%	5.8%	15.4%
FY+2	8.0%	4.3%	5.0%	4.1%	3.2%	10.2%	5.2%	3.4%	11.5%	n/a	1.5%	3.2%	6.1%	5.0%	11.5%
Historical CAGR (FY-2 to FY)	4.3%	45.3%	5.2%	16.8%	2.6%	3.1%	4.3%	3.4%	8.7%	(5.7%)	12.1%	(5.7%)	8.8%	4.3%	45.3%
Forward CAGR (FY to FY+2)	1.8%	7.6%	5.4%	4.8%	2.8%	12.8%	5.4%	5.2%	8.7%	n/a	2.8%	1.8%	6.0%	5.4%	12.8%
EBITDA											Subject				
FY-2	1,812.0	513.7	201.2	138.6	164.1	51.6	35.9	30.0	15.3	4.7	0.1	4.7	296.7	95.1	1,812.0
FY-1	1,901.0	716.4	244.0	208.9	171.0	58.5	39.1	31.2	16.4	7.0	0.3	7.0	339.4	114.8	1,901.0
FY	1,910.0	913.0	250.8	203.7	185.1	62.0	39.9	31.0	16.5	12.2	0.3	12.2	362.4	123.6	1,910.0
LTM	1,954.0	962.2	247.0	209.1	178.3	73.9	42.9	32.7	17.6	9.3	0.1	9.3	372.7	126.1	1,954.0
FY+1	2,004.8	1,016.6	260.4	237.6	187.2	n/a	n/a	n/a	22.2	n/a	0.5	22.2	621.5	249.0	2,004.8
FY+2	2,254.6	1,118.2	296.5	253.4	202.5	n/a	n/a	n/a	23.0	n/a	0.5	23.0	691.4	274.9	2,254.6
EBITDA Margin											Subject				
FY-2	50.2%	57.7%	28.2%	33.0%	34.6%	38.3%	43.0%	58.2%	43.2%	18.0%	10.2%	18.0%	40.4%	40.6%	58.2%
FY-1	50.3%	49.0%	30.7%	37.0%	35.0%	41.3%	44.4%	58.0%	42.4%	41.1%	19.0%	30.7%	42.9%	41.9%	58.0%
FY	48.6%	48.6%	31.7%	35.5%	37.1%	43.3%	43.9%	56.3%	39.3%	53.1%	18.8%	31.7%	43.8%	43.6%	56.3%
LTM	51.3%	45.4%	30.2%	35.5%	36.9%	46.9%	44.4%	55.8%	40.0%	46.4%	4.9%	30.2%	43.3%	44.9%	55.8%
FY+1	53.2%	48.8%	31.1%	39.2%	36.6%	n/a	n/a	n/a	50.0%	n/a	30.0%	31.1%	43.2%	44.0%	53.2%
FY+2	55.4%	51.5%	33.8%	40.2%	38.4%	n/a	n/a	n/a	46.5%	n/a	26.7%	33.8%	44.3%	43.3%	55.4%
EBITDA Growth											Subject				
Historical CAGR (FY-2 to FY)	2.7%	33.3%	11.7%	21.2%	6.2%	9.7%	5.4%	1.7%	3.7%	61.9%	52.8%	1.7%	15.8%	8.0%	61.9%
Forward CAGR (FY to FY+2)	8.6%	10.7%	8.7%	11.5%	4.6%	n/a	n/a	n/a	18.2%	n/a	22.3%	4.6%	10.4%	9.7%	18.2%

Notes:
Source: Market data provided by S&P Capital IQ
LTM=latest twelve months; FY=latest fiscal year; CAGR = compound annual growth rate; n/a=not available; n/m=not meaningful

GPC Name	American Water Works Company, Inc.	Essential Utilities, Inc.	California Water Service Group	SJW Group	American States Water Company	Middlesex Water Company	Artesian Resources Corporation	The York Water Company	Global Water Resources, Inc.	Pure Cycle Corporation					
Ticker	AWK	WTRG	CWT	SJW	AWR	MSEX	ARTN.A	YORW	GWRS	PCYO					
Exchange	NYSE	NYSE	NYSE	NYSE	NYSE	NasdaqGS	NasdaqGS	NasdaqGS	NasdaqGM	NasdaqCM					
Latest financial data	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022	11/30/2022					
Latest fiscal year end	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021	8/31/2022					
Local currency	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD		Min	Avg	Median	Max
EBIT											Subject				
FY-2	1,230.0	357.2	109.9	70.1	128.4	34.3	25.1	22.3	7.0	2.9	0.1	2.9	198.7	52.2	1,230.0
FY-1	1,297.0	459.3	143.1	117.3	133.8	37.7	28.0	23.1	7.3	5.3	0.2	5.3	225.2	77.5	1,297.0
FY	1,274.0	615.1	139.2	107.2	145.1	35.2	28.0	22.2	7.0	10.1	0.2	7.0	238.3	71.2	1,274.0
LTM	1,309.0	645.7	130.7	104.6	137.1	44.2	30.6	22.9	7.9	7.1	0.1	7.1	244.0	74.4	1,309.0
FY+1	1,337.6	701.1	144.4	134.1	145.2	n/a	n/a	n/a	7.7	n/a	0.2	7.7	411.7	144.8	1,337.6
FY+2	1,515.7	768.1	171.2	145.9	157.1	n/a	n/a	n/a	9.9	n/a	0.1	9.9	461.3	164.1	1,515.7
EBIT Margin											Subject				
FY-2	34.1%	40.2%	15.4%	16.7%	27.1%	25.5%	30.0%	43.3%	19.6%	11.4%	4.3%	11.4%	26.3%	26.3%	43.3%
FY-1	34.3%	31.4%	18.0%	20.8%	27.4%	26.6%	31.7%	42.8%	19.0%	30.8%	14.7%	18.0%	28.3%	29.1%	42.8%
FY	32.4%	32.8%	17.6%	18.7%	29.1%	24.6%	30.9%	40.2%	16.7%	43.9%	14.2%	16.7%	28.7%	30.0%	43.9%
LTM	34.3%	30.5%	16.0%	17.8%	28.4%	28.0%	31.6%	39.1%	18.0%	35.5%	4.9%	16.0%	27.9%	29.4%	39.1%
FY+1	35.5%	33.7%	17.3%	22.1%	28.4%	n/a	n/a	n/a	17.2%	n/a	12.9%	17.2%	25.7%	25.3%	35.5%
FY+2	37.2%	35.3%	19.5%	23.1%	29.8%	n/a	n/a	n/a	20.0%	n/a	8.4%	19.5%	27.5%	26.5%	37.2%
Capital Expenditures / Revenue											Subject				
FY-2	59.7%	119.6%	43.9%	53.6%	33.7%	62.5%	56.3%	108.3%	89.6%	25.7%	9.0%	25.7%	65.3%	58.0%	119.6%
FY-1	57.1%	72.8%	39.5%	39.9%	32.7%	59.4%	53.4%	103.7%	82.3%	38.9%	0.6%	32.7%	58.0%	55.3%	103.7%
FY	54.9%	56.7%	39.7%	39.3%	32.0%	58.7%	51.8%	101.3%	75.8%	28.9%	4.5%	28.9%	53.9%	53.3%	101.3%
LTM	56.6%	50.2%	38.3%	38.2%	33.1%	53.3%	48.8%	95.2%	72.3%	33.2%	0.5%	33.1%	51.9%	49.5%	95.2%
FY+1	57.8%	51.9%	40.3%	36.8%	30.1%	n/a	n/a	n/a	46.6%	n/a	36.1%	30.1%	43.9%	43.5%	57.8%
FY+2	67.0%	59.0%	37.7%	40.9%	28.5%	n/a	n/a	n/a	41.8%	n/a	57.1%	28.5%	45.8%	41.4%	67.0%

Notes:
Source: Market data provided by S&P Capital IQ
LTM=latest twelve months; FY=latest fiscal year; CAGR = compound annual growth rate; n/a=not available; n/m=not meaningful

GPC name	American Water Works Company, Inc.	Essential Utilities, Inc.	California Water Service Group	SJW Group	American States Water Company	Middlesex Water Company	Artesian Resources Corporation	The York Water Company	Global Water Resources, Inc.	Pure Cycle Corporation	Min	Avg	Median	Max	Selected
Ticker	AWK	WTRG	CWT	SJW	AWR	MSEX	ARTN.A	YORW	GWRS	PCYO					
Exchange	NYSE	NYSE	NYSE	NYSE	NYSE	NasdaqGS	NasdaqGS	NasdaqGS	NasdaqGM	NasdaqCM					
Latest financial data	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022	11/30/2022					
Latest fiscal year end	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021	8/31/2022					
IPO date	4/23/2008	1/2/1969	1/2/1969	2/22/1972	1/2/1969	1/2/1969	6/30/1993	1/6/1975	4/28/2016	11/27/1978					
Currency	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD					
52 week maximum	$162.59	$52.43	$66.12	$83.88	$100.51	$96.19	$63.00	$47.23	$15.00	$11.73					
52 week minimum	$122.77	$38.50	$48.46	$55.74	$71.22	$66.51	$44.08	$36.85	$10.44	$7.77					
Years of trading history available	14.7	54.0	54.0	50.9	54.0	54.0	29.5	48.0	6.6	44.1					
[1] Observed Beta - 2-year, weekly	0.90	0.78	0.68	0.54	0.64	0.56	0.40	0.54	0.71	1.05	0.40	0.68	0.66	1.05	
[2] Unlevered beta	0.67	0.55	0.52	0.34	0.56	0.48	0.31	0.46	0.57	1.04	0.31	0.55	0.54	1.04	
Stock price as of December 20, 2022	148.92	46.10	60.07	79.18	91.23	86.22	53.99	44.76	13.05	10.10					
x Shares outstanding	181.8	262.3	54.8	30.3	37.0	17.6	9.5	14.3	23.9	23.8					
= Market value of common equity	27,077.5	12,091.6	3,293.2	2,400.6	3,371.8	1,520.7	512.4	638.9	311.5	240.8					
Plus: Preferred stock (book value)	0.0	0.0	0.0	0.0	0.0	2.1	0.0	0.0	0.0	0.0					
Plus: Minority interest	0.0	0.0	4.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Plus: Total debt	11,923.0	6,593.8	1,129.7	1,657.3	698.3	353.9	186.0	125.0	113.0	4.1					
Less: Operating Leases	(81.0)	(39.7)	0.0	0.0	(9.6)	(4.6)	(0.4)	0.0	(1.3)	(0.1)					
= Total invested capital	38,919.5	18,645.8	4,427.8	4,057.9	4,060.5	1,872.1	698.0	763.9	423.2	244.8					
Less: Cash	100.0	23.4	90.5	13.2	2.3	2.9	0.1	0.0	15.6	32.0					
=Business enterprise value	38,819.5	18,622.5	4,337.3	4,044.7	4,058.2	1,869.2	697.9	763.9	407.6	212.8					
Debt / Market value of equity	44%	54%	34%	69%	20%	23%	36%	20%	36%	2%	2%	34%	35%	69%	100%
Debt / Total invested capital	30%	35%	26%	41%	17%	19%	27%	16%	26%	2%	2%	24%	26%	41%	50%
[3] Re-levered beta	1.19	0.97	0.92	0.60	0.98	0.84	0.55	0.81	1.00	1.83	0.55	0.97	0.95	1.83	0.97
[4] Income tax rate	24%	24%	12%	17%	24%	24%	25%	10%	33%	24%	10%	22%	24%	33%	24.0%

Notes:
[1] Observed beta calculated from weekly prices over the two-year period preceding the Valuation Date.
[2] Unlevered beta derived from guideline company capital structure.
[3] Re-levered beta derived from selected capital structure.
[4] Based on analysis of historical effective tax rates.
n/a=not available; n/m=not meaningful
Source: Market data provided by S&P Capital IQ

EXHIBIT III – Cost Approach Asset Listing

CWID	Location/Category	Asset Description	Quantity, Square Feet, Linear Feet, Dimensions	Placed in Service Date	Concluded FMV
1	Crestview Subdivision WWTP	Land	0.3568 Acres		$ 10,300
2	Crestview Subdivision WWTP	6' High Chain-link Perimeter Fence	410 LF	7/1/2000	$ 1,300
3	Crestview Subdivision WWTP	Access Drive		7/1/2000	$ 600
4	Crestview Subdivision WWTP	Lift Station at Plant Headworks with 2 submersible pumps and valves	4' diameter x unknown depth wet well	7/1/2000	$ 19,000
5	Crestview Subdivision WWTP	Static Wedge Wire Screen		7/1/2021	$ 16,000
6	Crestview Subdivision WWTP	Aeration Basin #1 - Structure	4320 CF	7/1/2021	$ 66,000
7	Crestview Subdivision WWTP	Aeration Basin #1 - Equipment		7/1/2021	$ 20,000
8	Crestview Subdivision WWTP	7.5 HP Blower #1 with Sound		7/1/2021	$ 5,900
9	Crestview Subdivision WWTP	7.5 HP Blower #2 with Sound		7/1/2021	$ 5,900
10	Crestview Subdivision WWTP	7.5 HP Blower #3 with Sound		7/1/2021	$ 5,900
11	Crestview Subdivision WWTP	Mechanical Clarifier #1	16' diameter	7/1/2021	$ 44,000
12	Crestview Subdivision WWTP	Chlorine Contact Tank #1 with "V"	300 CF	7/1/2021	$ 13,000
13	Crestview Subdivision WWTP	Hypochlorite Storage Building		7/1/2021	$ 700
14	Crestview Subdivision WWTP	Sodium Hypochlorite Tank	30 gal drum	7/1/2021	$ 400
15	Crestview Subdivision WWTP	Chlorine Metering System		7/1/2021	$ 600
16	Crestview Subdivision WWTP	Flow Meter		7/1/2021	$ 1,200
17	Crestview Subdivision WWTP	Outfall Pipe - Approx. 250 LF	12" C-900 PVC Pipe	7/1/2000	$ 9,500
18	Crestview Subdivision WWTP	Aerobic Digester/Sludge Holding Basin #1 - Structure	1320 CF	7/1/2021	$ 44,000
19	Crestview Subdivision WWTP	Aerobic Digester/Sludge Holding Basin #1 - Equipment		7/1/2021	$ 10,000
22	Crestview Subdivision WWTP	Shed Building #1 - Wood Siding	10'x15'	7/1/2000	$ 600
23	Crestview Subdivision WWTP	Shed Building #2 - Metal Siding	8'x12'	7/1/2010	$ 500
24	Crestview Subdivision WWTP	85 kW Emergency Generator (Propane), and Site Electrical		7/1/2021	$ 25,000
25	Crestview Subdivision WWTP	Propane Above Ground Storage Tank	250 gallon	7/1/2021	$ 2,200
	Crestview Subdivision WWTP Total				**$ 302,600**
28	Sewer Collection System	Sanitary Sewer - 8" Gravity	6,065	7/1/2000-2015	$ 350,000
29	Sewer Collection System	Manholes	7	7/1/2000-2015	$ 30,000
30	Sewer Collection System	Sanitary Sewer Service Laterals	61	7/1/2000-2015	$ 70,000
	Sewer Collection System Total				**$ 450,000**

CWID	Location/Category	Asset Description	Quantity, Square Feet, Linear Feet, Dimensions	Placed in Service Date	Concluded FMV
33	Six-Mile Booster Pump Station	Land	.057 acres		$ 1,400
34	Six-Mile Booster Pump Station	6' High Chain-link Perimeter Fence with Gates and Barbed Wire	170 LF	7/1/1972	$ 600
35	Six-Mile Booster Pump Station	Access Drive		7/1/1972	$ 200
36	Six-Mile Booster Pump Station	5,000 gal Hydropneumatic Tank #1		7/1/1972	$ 4,000
37	Six-Mile Booster Pump Station	34,000 gal Ground Storage Tank #1 with Concrete Ring Beam	~15' diameter x 25'	7/1/1972	$ 17,000
38	Six-Mile Booster Pump Station	Chlorine Metering System	30-gallon single wall tank	7/1/2020	$ 8,700
39	Six-Mile Booster Pump Station	Distribution System Pumps (2), piping and electric	10 HP each; 225 GPM each	7/1/2014	$ 3,600
40	Six-Mile Booster Pump Station	Emergency Generator Connection		7/1/2014	$ 3,000
41	Six-Mile Booster Pump Station	Pump Building	10'x15'x8'	7/1/1972	$ 2,400
	Six-Mile Booster Pump Station Total				**$ 40,900**
44	Water Distribution System	1.5" Watermain	11,360	7/1/1969-2006	$ 110,000
45	Water Distribution System	2" Watermain	100,986	7/1/1969-2006	$ 1,000,000
46	Water Distribution System	2.5" Watermain	19,317	7/1/1969-2006	$ 220,000
47	Water Distribution System	3" Watermain	96,431	7/1/1969-2006	$ 1,200,000
48	Water Distribution System	4" Watermain	29,568	7/1/1969-2006	$ 380,000
49	Water Distribution System	6" Watermain	135,416	7/1/1969-2006	$ 1,900,000
50	Water Distribution System	Isolation Valves	50 each	7/1/1969-2006	$ 9,000
51	Water Distribution System	Flush Valves	15 each	7/1/1969-2006	$ 4,500
52	Water Distribution System	Water Connections	1,494	7/1/1969-2006	$ 770,000
53	Water Distribution System	Water Meters	1,494	7/1/1969-2006	$ 70,000
	Water Distribution System Total				**$ 5,663,500**
	Totals				**$ 6,457,000**

EXHIBIT IV – MRB Engineering Group Study