

PRELIMINARY KITSAP PUBLIC UTILITY DISTRICT ELECTRIC SYSTEM VALUATION BRIEFING

PREPARED FOR:
PUGET SOUND ENERGY (PSE)
SEPTEMBER 22, 2026



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PRELIMINARY MUNICIPALIZATION ANALYSIS BRIEFING

1 Overview

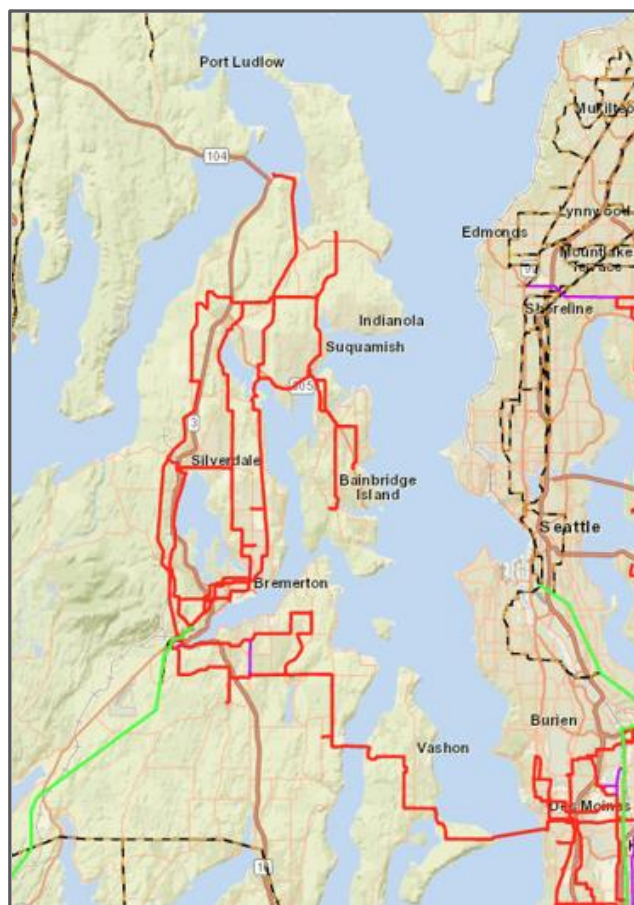
Concentric Energy Advisors (Concentric) understands that Kitsap Public Utility District (Kitsap PUD) has proposed to municipalize the electric transmission and distribution assets of Puget Sound Energy (PSE) within Kitsap County, Washington, and create a publicly owned or “municipal” utility.¹ Concentric developed a high-level valuation of the electric transmission and distribution assets that PSE owns in Kitsap County. The valuation date is assumed on December 31, 2030. That date is prospective and assumes a transaction closing at the end of 2030 and a municipal utility beginning operations on January 1, 2031. Figure 1 below shows PSE’s electric system assets in and around Kitsap County.

Based on Concentric’s experience in other jurisdictions, any municipal takeover would be unlikely to be completed for at least several years due to legal proceedings to value the assets, including the need for detailed engineering assessments. As a result, Concentric’s initial analysis is based on PSE’s financial forecasts through end of year 2030. Valuations are as of end of year 2030, with an assumption that the municipal utility would begin operation January 1, 2031.

Kitsap County Service Territory

The Kitsap valuation area includes the electric transmission and distribution facilities used to serve nearly 130,000 customers on the Kitsap Peninsula and Bainbridge Island. The area is predominantly residential, with residential customers accounting for approximately 88 percent of electric load, and has a winter peak demand of approximately 550 megawatts (MW). The local electric system includes interconnected transmission and distribution infrastructure used to receive power from the regional grid and deliver it to customers

Figure 1: PSE Kitsap County Transmission System



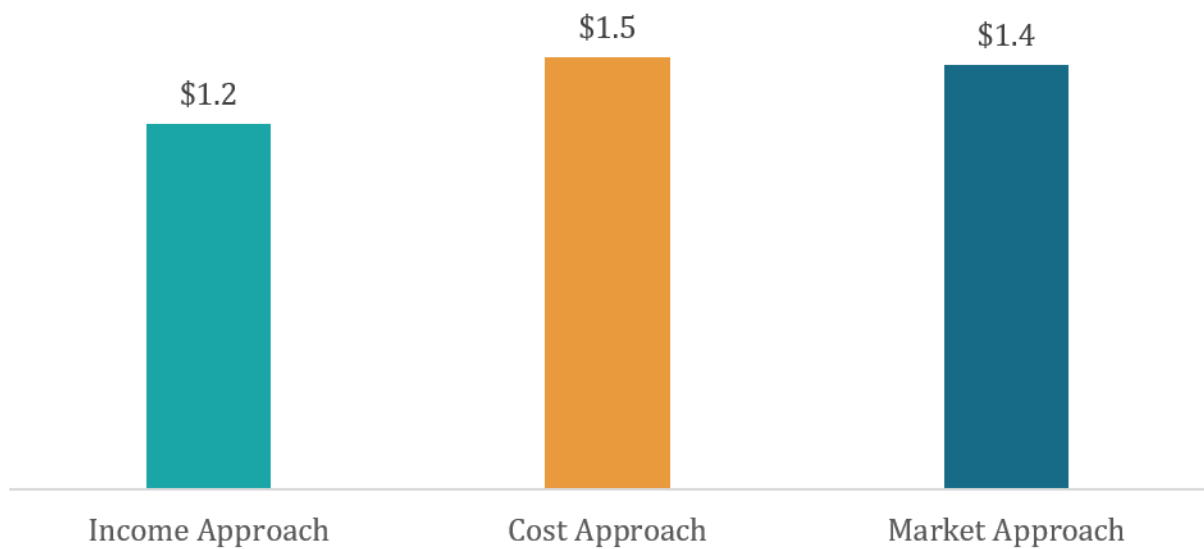
1 This analysis provides a high-level valuation estimate of PSE’s electric transmission and distribution assets within Kitsap County. It covers electric transmission and distribution (T&D) plant, as well as associated general, common, and intangible plant. Electric generation, natural gas assets, and construction work in progress (CWIP) are excluded, as well as land, land rights, and easements.

throughout the service area. The system includes transmission lines and substations, overhead and underground distribution networks, transformers, poles, cables, service and metering equipment, protective and control devices, communications systems, and other supporting utility infrastructure. It also includes the operational, technology, and administrative assets required to monitor, maintain, and manage the electric delivery system.

Asset Valuation Summary

Concentric applied three valuation approaches: an income approach, a cost approach, and a market approach. Figure 2 shows the fair market value estimate by approach.

Figure 2: PSE Kitsap Asset Value by Approach



2 Asset Valuation

The valuation analysis is derived from a combination of Company data, publicly available or subscription data on market values, and forecasts. The cost estimates are preliminary and provide a range to address some, but not all, of the uncertainty around the estimate. The estimated range does not include several cost components yet to be considered, discussed in more detail below.

Three asset valuation approaches are in common use for utility assets. Each is a different route to fair market value, and each rests on different evidence.

- The **income approach** asks what the system is worth to an owner who earns a regulated return on it. It projects the cash the system generates and discounts that cash back to the valuation date.
- The **cost approach** asks what it would cost to build the system again today, then deducts for the age and condition of what is actually in the ground. It is anchored in physical plant.

- The **market approach** asks what buyers have actually paid for comparable utility assets, and what investors pay today for shares in comparable utilities. It converts those observed prices into multiples and applies the multiples to the Kitsap County service territory.

Income Approach

The income approach values a utility by what it earns. Concentric projects the cash that PSE's electric transmission and distribution system generates within Kitsap County, discounts those cash flows to present value, and adds the discounted value of the system at the end of the projection period. A regulated utility earns a return on its rate base, so rate base drives the projection: it sets the revenue the utility may collect, and it grows as the utility invests.

The discount rate is an after-tax weighted average cost of capital of 7.07% based on the approved by the Washington Utilities and Transportation Commission (WUTC) in PSE's most recent general rate case.² In that order the Commission approved a return on equity of 9.90% and a hypothetical capital structure with 50.00% common equity for rate year two. The federal income tax rate is 21.00%. Washington levies no corporate income tax, so the state rate is zero. The explicit forecast runs fifty years, from 2031 through 2080. Beyond 2080 a terminal value applies, set at 12x earnings before interest, tax, depreciation, and amortization (EBITDA). Concentric derived an income approach asset valuation of **\$1.2 billion in 2030**.³

Cost Approach

Concentric applied reproduction cost less depreciation or "RCLD."⁴ The method estimates the cost of building a replica of the existing system with the same design and materials, then deducts depreciation measured from the accumulated depreciation recorded on PSE's books. Because both the cost and the reserve belong to the same ledger record, the calculation reduces to net book value escalated to current cost, which is also described as the trended net book value approach. It has three steps.

- The first step restates original cost in current dollars. Each ledger record carries a Federal Energy Regulatory Commission (FERC) plant account and an in-service year. Concentric trended each record from its vintage year using the Handy-Whitman Index of Public Utility Construction Costs for the Pacific region, matched to the plant account.⁵ The Handy Whitman

2 Washington Utilities and Transportation Commission v. Puget Sound Energy, Dockets UE-240004 and UG-240005 (consolidated), and In the Matter of the Petition of Puget Sound Energy, Docket UE-230810. Order 09/07, Final Order. Service date January 15, 2025. Olympia, Washington. <https://www.utc.wa.gov/casedocket/2024/240004>

3 A regulated return under conditions like those the Commission has set. A municipal owner is not rate-regulated in the same way and does not earn a return on equity. The income approach, therefore, measures what the assets are worth in regulated ownership. It does not measure what they would produce for a public owner.

4 In Docket U-101217, PSE applied both a reproduction cost less depreciation (RCLD) method, as well as the replacement cost new less depreciation (RCNLD) method in the valuation assessment. See e.g., Docket U-101217, In the Matter of the Petition of Puget Sound Energy, Inc., For a Declaratory Order Regarding the Transfer of Assets to Jefferson County Public Utility District, Order 03, at 8.

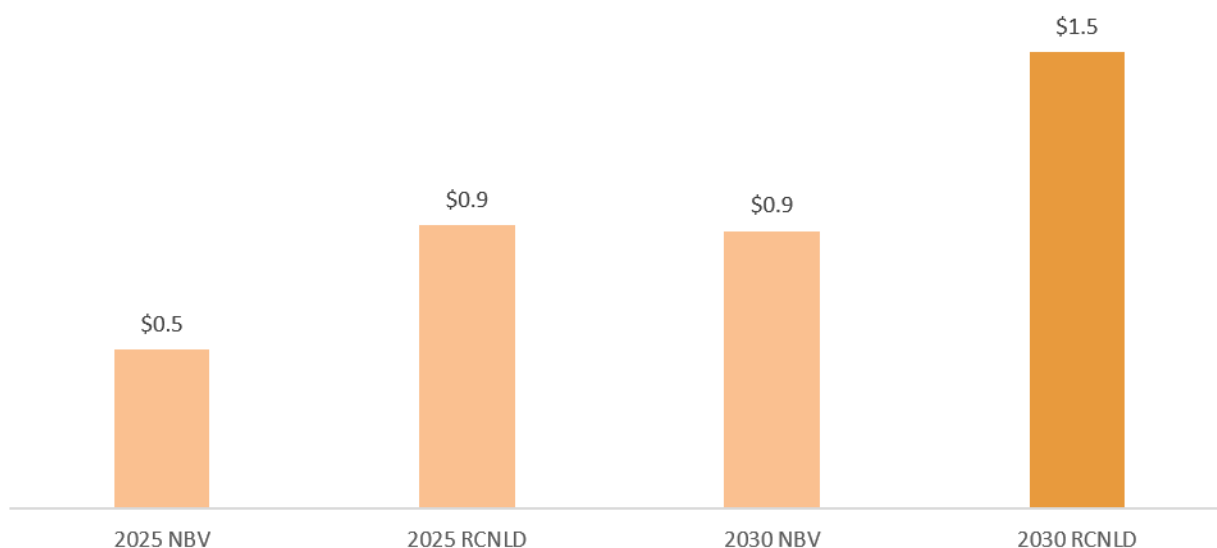
5 Whitman, Requardt and Associates, LLP. The Handy Whitman Index of Public Utility Construction Costs, Pacific Region. Baltimore, Maryland. Bulletins issued semi-annually, covering 1912 to date, base year 1973 equals 100.

Index tracks utility costs by asset type and by region, and it is the standard index for reproduction cost studies. The trend factor for a record is the current index divided by the index for that record's vintage year.

- The second step deducts depreciation. Concentric measured the remaining service value of each asset from PSE's own books.⁶
- The third step carries the result to the valuation date. Concentric split the 2030 fleet by vintage. Plant in service at the end of 2025 is carried forward at its 2025 reproduction cost and percent good. Plant built between 2026 and 2030 is valued at cost, with no trending applied and a percent good of 92%.

Figure 3 sets out the build-up.

Figure 3: PSE Kitsap Asset Value: Cost Approach Components



Reproduction cost before depreciation is \$2.25 billion against a 2025 net book value of \$522 million. This gap reflects the accumulated effect of construction cost inflation on assets installed over many decades, some of them before 1940. On the 2025 fleet, RCLD is 1.8 times net book value. The 2030 indication carries a lower blended ratio of 1.7 times, because 41.1% of the 2030 fleet will be newly built and will not have accumulated that escalation. The approach also assumes the system could be rebuilt as it stands. In practice it could not. Some existing routes would not be permitted today. Others would face siting constraints or local objection. Each of those factors raises cost, so a strict reproduction estimate may understate the cost of rebuilding than to overstate it.

⁶ Depreciation in the cost approach is measured by the reserve ratio in PSE's plant ledger, not by service lives or net salvage rates from a depreciation study. Percent good is floored at zero where the reserve exceeds original cost.

Market Approach

The Market Approach estimates the value of the Kitsap electric transmission and distribution assets based on pricing evidence observed in the market for regulated utility assets. This approach is designed to reflect the value that a market participant buyer may be willing to pay for comparable assets in an arm's-length transaction. Specifically, the Market Approach examines how investors and acquirers have valued similar regulated utility businesses and assets.

Concentric developed valuation indications using both ***transaction multiples*** derived from 11 announced or completed acquisitions of regulated electric utilities and ***trading multiples*** of 44 publicly traded regulated utility companies over the past decade. These market-based valuation metrics measure the relationship between enterprise value and key financial or regulatory metrics, including rate base, net plant, and trailing twelve-month EBITDA. The resulting multiples reflect how market participants value regulated utility assets under prevailing market conditions. Specifically, Concentric analyzed five market multiples:

- ***Transaction Value to Net Plant (1.47x)***, based on selected announced or completed acquisitions of regulated electric utilities;
- ***Transaction Value to Rate Base (1.77x)***, based on selected announced or completed acquisitions of regulated electric utilities;
- ***Transaction Value to EBITDA (12.23x)***, based on EBITDA multiples implied by the selected regulated utility acquisitions;
- ***Trading Enterprise Value to Net Plant (1.33x)***, based on 44 publicly traded regulated utilities; and
- ***Trading Enterprise Value to EBITDA (11.68x)***, based on 44 publicly traded regulated utilities.

The figures below show the transaction analysis, as well as the historical trading multiples for the 44 publicly traded regulated utilities.

Figure 4: Transaction Value (TV) Multiples⁷

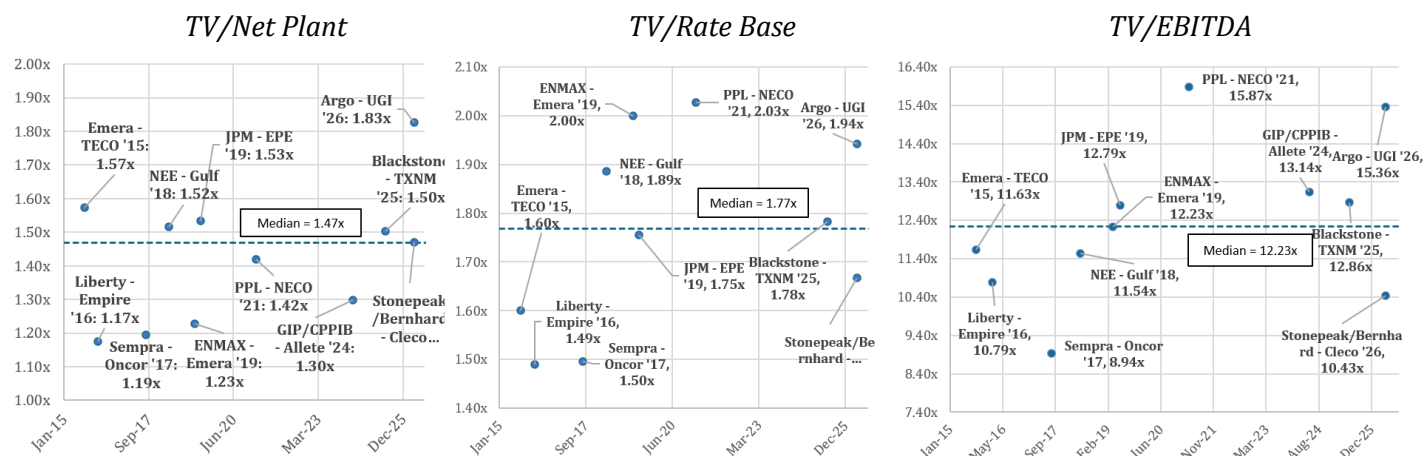
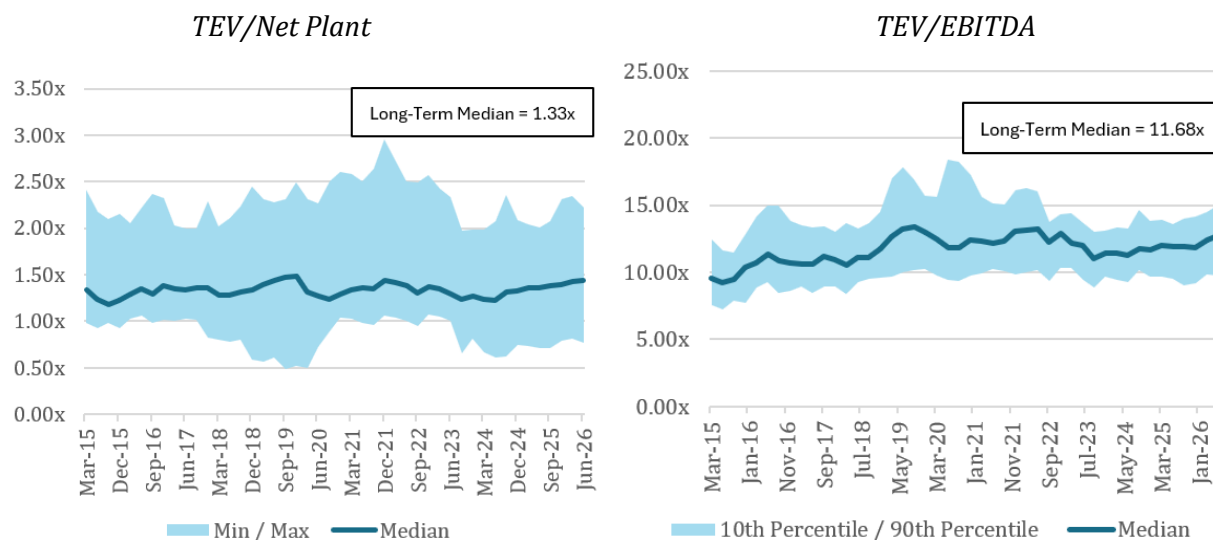


Figure 5: Public Company Trading Enterprise Value (TEV) Multiples⁸



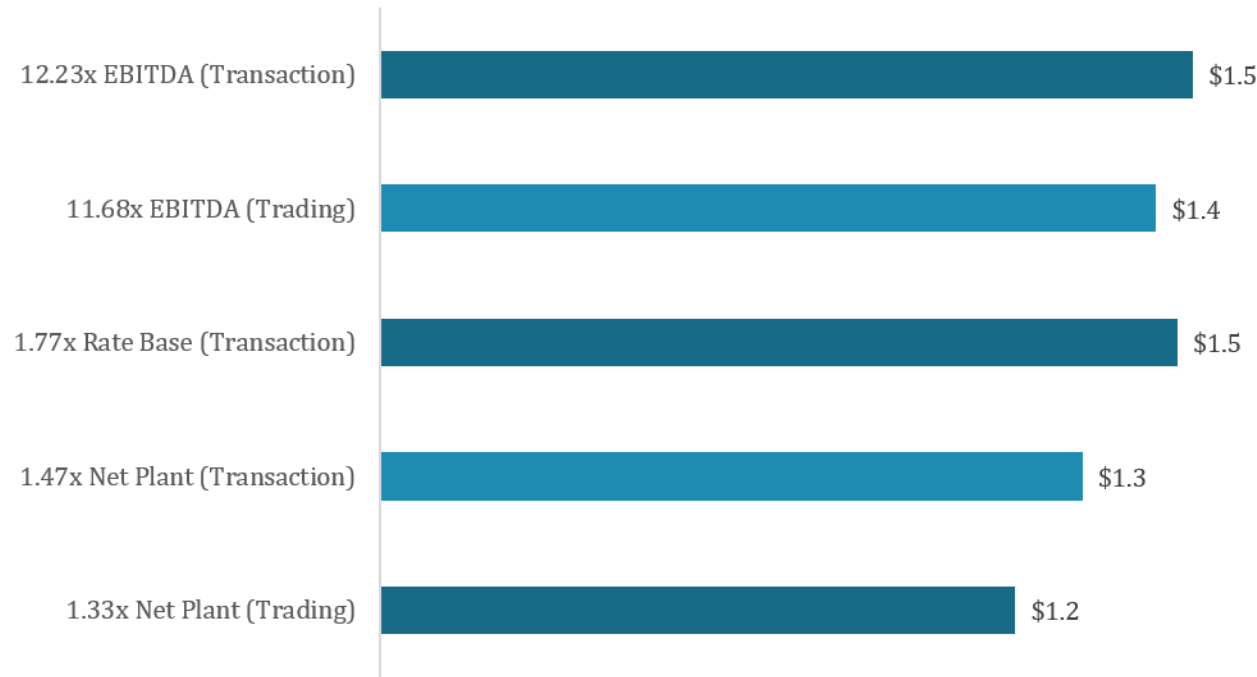
Each multiple was applied to the corresponding Kitsap 2030 financial or regulatory metric. Rate-base multiples were applied to forecast 2030 rate base, net-plant multiples were applied to forecast net plant, and EBITDA multiples were applied to forecast EBITDA. This process produced five separate indications of enterprise value. Applying each multiples to the matching Kitsap 2030 metric produces a separate enterprise-value indication. The five indications range from **\$1.2 billion to 1.5 billion**. Of note, the transactions represent negotiated sales of whole regulated businesses. A municipal acquisition of part of a utility's service territory is not the same transaction. The multiples provide market evidence on the potential value of regulated utility businesses and assets to buyers. Figure 6

⁷ Source: S&P Capital IQ Pro as of August 26, 2026 and public research.

⁸ Source: S&P Capital IQ Pro as of August 26, 2026 and public research.

shows the five enterprise value indications produced by the Market Approach. Concentric selected the median of the five indications.

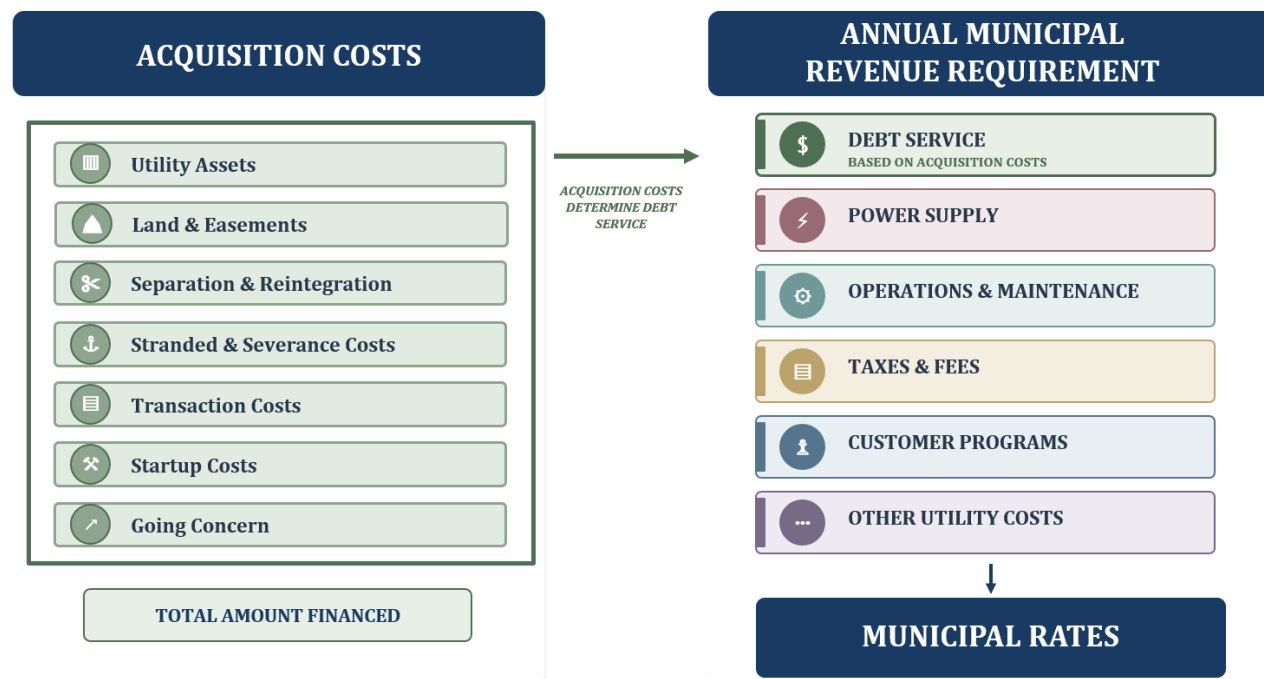
Figure 6: PSE Kitsap Asset Value: Market Approach



3 Other Considerations

The asset value estimate discussed earlier is not the full price of municipalization. It is one line in a longer list. A buyer pays for the assets, pays to separate them from the seller's remaining system, compensates the seller for what the sale strands, pays its own transaction and start-up costs, and then operates the utility for as long as it owns it. Figure 7 depicts other acquisition costs on the left and on the right, the ongoing costs that make up a municipal utility's typical revenue requirement. The acquisition costs, of which utility assets are just one factor, determine the debt service component of the revenue requirement, which informs the municipal rates.

Figure 7: Acquisition Cost and Municipal Rate Components



Other Acquisition Costs

The cost of acquiring and establishing a municipal utility is not limited to the value of the physical utility assets. The municipality may also incur costs to separate the acquired facilities from the incumbent utility's remaining system, compensate the incumbent utility for stranded investments or damages to the retained business, complete the transaction, and establish the systems, facilities, and organization necessary to begin utility operations. Concentric's prior municipalization analyses have treated the value of the assets, separation and reintegration costs, stranded or severance costs, going-concern value, startup costs, and transaction costs as distinct components of the total acquisition and formation cost.

The costs included in each category will depend on the final asset scope, the configuration of the existing system, the terms of any negotiated transaction, the applicable legal and regulatory standards, and the operating model selected for the municipal utility. Accordingly, the value assigned to the physical assets should not be presented as the total amount that the municipality would need to finance.

Land & Easements: Land, land rights, and easements are excluded from all three approaches, and no value is added for them. The concluded asset value herein is based on the three approaches discussed above and carries no land component. However, establishing fair market value for land, land rights, and easements requires a more extensive analysis and would increase the valuation herein. This exclusion should not be interpreted as indicating that land, land rights, or easements have no value. Indeed, utility easements are often critical property interests that were acquired together with, or to support the development and operation of, the electric transmission and distribution system. These

interests provide rights necessary to construct, access, operate, maintain, repair, replace, and upgrade utility facilities and therefore may have independent value separate from the physical assets they support. Accordingly, any fair market value attributed to land, land rights, or easements through a separate parcel-level appraisal process would be additive to the values presented herein and would increase the overall valuation conclusion.

Separation & Reintegration Costs: Separation and reintegration costs arise because the facilities proposed for acquisition currently operate as part of a larger, integrated utility system. Municipalization requires the acquired system and the incumbent utility's retained system to be reconfigured so that each can continue to operate safely and reliably after the transfer. Separation and reintegration may require planning, engineering, and implementation, with complexity informed by the size and type of the system, safety considerations, existing interconnections, and the required functionality of the resulting systems. The required work may include reconfiguring feeders and substations, establishing new points of delivery, modifying protection and control systems, replacing or duplicating communications and operational technology, installing meters, separating shared facilities, and making corresponding changes to the incumbent utility's retained system. The precise scope and cost normally cannot be established solely from an asset valuation and require engineering analysis based on a defined separation plan. For example, in Concentric's preliminary San Diego assessment, separation and reintegration represented approximately 43%-45% of the estimated total direct municipalization cost, while the value of the assets represented approximately 47% to 53%.⁹ This illustrates that the cost of creating independently operable municipal and incumbent-utility systems can result in considerable costs.

Stranded & Severance Costs: Stranded and severance costs may arise when the incumbent utility retains assets, contracts, investments, or other business interests that are adversely affected by the municipal acquisition. Stranded costs generally relate to assets or obligations undertaken to serve the municipalizing customers that the municipal utility would not acquire or that the incumbent utility may no longer be able to recover. These costs may include contract obligations and the remaining undepreciated value of generation, transmission, distribution, communications, technology, or other facilities associated with the departing customers. Business severance damages may be broader. They may address a reduction in the value of the incumbent utility's remaining property or business resulting from the partial acquisition, including effects that are not limited to an individually identifiable stranded asset or contract. Whether stranded costs, business-severance damages, or both are applicable will depend on the final scope of the acquisition, the property and obligations retained by the incumbent utility, the governing legal standard, and project-specific evidence.

9 Concentric Energy Advisors, *City of San Diego Preliminary Municipalization Assessment, Executive Summary 1-2* (Feb. 16, 2024). The study estimated total direct municipalization costs of approximately \$7.4 billion in the low case and \$9.3 billion in the high case, including asset values of approximately \$3.95 billion to \$4.37 billion, separation and reintegration costs of approximately \$3.16 billion to \$4.16 billion, and startup costs of approximately \$0.30 billion to \$0.80 billion. Percentages are calculated from the reported amounts; differences may result from rounding.

Transaction Costs: Transaction costs are the professional, regulatory, legal, engineering, consulting, and financing costs incurred to pursue and complete the municipalization. These costs are separate from the value of the acquired assets and may be incurred over the course of valuation, negotiation, regulatory, condemnation, financing, and closing activities. Some costs may be incurred even if the proposed acquisition is not completed because the municipality may need to undertake due diligence, engineering, valuation, legal, and financing work before a final decision or determination of value.

Startup Costs: Startup costs are the expenditures necessary to prepare the municipality to operate the acquired utility as a stand-alone business. Potential startup costs may include utility facilities, a customer service center, a control center, equipment and materials inventory, fleet vehicles, staffing, billing and other information technology systems, other operating systems, initial capital funding, working capital, reserves, and insurance.

Going Concern: Going concern value reflects the incremental value attributable to acquiring a complete and functioning utility business rather than a collection of individual physical assets.¹⁰

Other Ongoing Costs

There are a number of other ongoing costs that a municipal utility must recover through its rates, as well.

Debt Service: Debt service consists of the principal and interest payments associated with the debt issued to finance the acquisition and establishment of the municipal utility, which is derived from the acquisition costs above.

Power Supply: Power supply costs include the cost of obtaining the energy and capacity needed to serve customers and the transmission services required to deliver that power to the municipal system. Depending on the supply portfolio and market structure, the municipal utility may also incur costs for scheduling, balancing, ancillary services, resource adequacy, renewable requirements, and transmission arrangements. Power supply is an annual operating cost, not part of the acquisition financing or debt-service calculation. Concentric's Bainbridge analysis separately identified purchased power and transmission expense within the municipal utility's annual revenue requirement and treated power supply and delivery as distinct from debt service.

Operations and Maintenance Costs: Operations and maintenance costs are the recurring costs of operating and maintaining the utility system, which may include field operations, system control, substations, transmission and distribution facilities, inspections, preventive and corrective maintenance, vegetation management, storm response, customer accounts, billing, administrative support, and the personnel, contractors, vehicles, materials, and technology needed to perform those functions.

¹⁰ Julius L. Sackman et al., Nichols on Eminent Domain notes that, "...in the 'fair-value' era [courts] regularly valued the going concern element as an added percentage of the cost of reproduction of the physical assets (between 7.5% and 25%)."

Taxes and Fees: The municipal utility's ongoing costs would likely include taxes, assessments, governmental charges, and payments applicable to the selected ownership and operating structure. Public ownership may change the tax profile relative to investor ownership, but it does not necessarily eliminate all taxes or governmental charges. Municipalization could also eliminate or reduce property tax and franchise fee revenues that Kitsap County currently receives from PSE.

Customer Programs: Customer program costs may include energy efficiency, conservation, low-income assistance, distributed-energy-resource programs, customer education, and other services offered through the incumbent utility. A municipal utility would need to determine which programs currently provided by the incumbent utility would be continued, replaced, expanded, modified, or discontinued.

Other Utility Costs: Other recurring utility costs could include customer service, billing and collection, administrative and general expenses, insurance, working capital, operating reserves, debt reserves, governance and compliance, meter and technology support, replacement capital, system expansion, reliability improvements, and continuing capital investment. The municipality's obligation does not end with the acquisition of the existing system. The municipal utility must continue replacing assets that fail or reach the end of their useful lives, connecting customers, upgrading technology, expanding capacity, and maintaining reliability.

Additional Issues

Jurisdictional Issues: An important consideration for Kitsap PUD is that the proposed municipalization may involve the acquisition of both electric distribution and transmission assets, which are subject to different regulatory jurisdictions. Distribution facilities and retail electric service generally fall under state regulatory authority, while transmission facilities and service are subject to the jurisdiction of FERC. As a result, municipalization could require proceedings, approvals, or other actions before both the WUTC and FERC, rather than a single regulatory process. The need to navigate multiple regulatory jurisdictions could increase transaction complexity, implementation costs, execution risk, and schedule uncertainty. Moreover, if Kitsap PUD acquires transmission assets, it could assume not only ownership of those facilities, but also certain ongoing regulatory and compliance obligations associated with operating assets that are part of the broader transmission network.

Labor Force Issues: Workforce capability is a material consideration in any municipalization effort because operating an electric utility requires highly specialized personnel, including line workers, engineers, system operators, planners, customer-service personnel, and utility management. A municipal utility would need to recruit, retain, and train qualified employees while establishing the organizational capabilities necessary to safely operate and maintain the acquired system. Municipalization would also require consideration of workforce transition issues, including labor agreements, collective bargaining arrangements, employee benefits, pension obligations, retention strategies, and staffing levels, as well as determining which functions would be performed internally versus through service agreements. The ability to attract and retain qualified personnel on an

ongoing basis is therefore an important consideration in assessing the long-term feasibility and operational risks associated with municipalization.

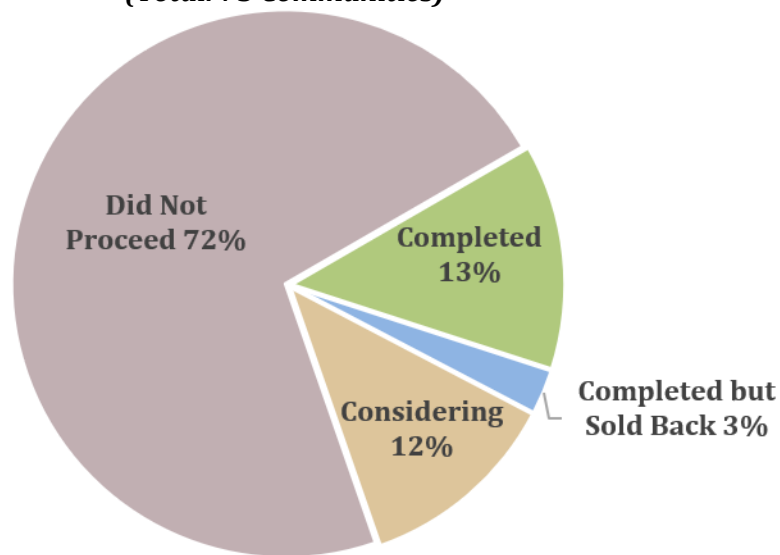
Oversight and Governance: Municipalization would involve not only a change in ownership of the electric system, but also a change in the framework through which utility decisions are made and reviewed. PSE is subject to ongoing oversight by the WUTC, including review of rates, service quality, capital investments, and other matters affecting customers. By contrast, municipal electric utilities in Washington are generally not subject to the same form of economic rate regulation. As a result, decisions regarding rates, financing, capital investments, reliability initiatives, customer programs, and other utility matters would be made through the municipal utility's governing structure rather than through proceedings before the WUTC.

Economies of Scale and Access to Capital: Differences in scale can affect the cost of providing electric service and maintaining utility operations. Large investor-owned utilities—such as PSE—are able to spread costs across a broader customer base, including customer-service functions, system operations, engineering support, technology investments, cybersecurity programs, storm response capabilities, and other utility activities. Larger utilities may also have greater access to financial markets and capital resources to support infrastructure replacement, system modernization, and reliability improvements. A newly formed municipal utility may not realize the same economies of scale and would be responsible for managing operational, financial, and reliability risks within a smaller service territory. As a result, the costs and benefits of municipalization may differ from those experienced by long-established municipal utilities that have operated for decades and have already absorbed their initial acquisition and startup costs.

4 Municipalization Trends

Communities pursue municipalization driven by the will to gain local control, a cleaner power supply, lower rates, or improved service. Recent experience shows that forming a municipal electric utility by acquiring an incumbent investor-owned system is difficult, costly, and rare. Concentric's municipalization database identifies 75 communities that have pursued or are pursuing municipalization since 2000 (multiple communities pursued municipalization more than once). Approximately 72% of communities abandoned or rejected initiatives. Note that some communities evaluated municipalization multiple times. The municipal utility in Hercules, California was established in 2002 and sold back to Pacific Gas and Electric Company in 2014. Similarly, a municipal utility in Elk City, Oklahoma was established in 2004 (also not through condemnation) and sold back to American Electric Power in 2010.

Figure 8: U.S Municipalization Outcome Statistics (2000-2026)
(Total: 75 Communities)



The majority of the municipal electric utilities were established decades ago, often for the purpose of electrifying a new region, and were expanded over time. These legacy utilities can have lower overall cost structures than what is achieved through the acquisition of an established investor-owned electric distribution system through condemnation.

The lengthy process of municipalization can result in escalating acquisition and transaction costs, with the length of some efforts exceeding a decade. In addition, the actual costs of municipalization often exceed initial estimates, as acquisition costs for the system are refined throughout the municipalization process. For example, the City of Boulder, Colorado evaluated acquisition of Xcel Energy's distribution system within the city for a decade and a half, before halting the effort, after the City spent millions in legal and consulting fees to municipalize.¹¹

5 Summary and Conclusions

Concentric estimates the value of PSE's electric transmission and distribution assets in Kitsap County at approximately \$1.2-\$1.5 billion as of December 31, 2030. This estimate is a high-level asset-only value. Crucially, the value excludes additional potential costs including land, separation and reintegration costs, stranded and severance costs, going concern value, the seller's legal and consulting costs, the buyer's transaction, and startup costs, and every cost of operating the utility thereafter. Those components have not been estimated for Kitsap County. The total cost of municipalization would likely exceed the asset value.

¹¹ Meltzer, Erica. "Boulder's spending on municipal utility tops \$10 million." March 5, 2016. Available at: <https://www.dailycamera.com/2016/03/05/boulders-spending-on-municipal-utility-tops-10-million/>

Figure 9: PSE Kitsap Asset Value by Approach



Disclaimer

This preliminary valuation estimate is not an audit and was not conducted for the purpose of providing a legal opinion or providing investment advice.

This preliminary asset valuation was developed on behalf of PSE. Neither Concentric's engagement by PSE nor Concentric's compensation are in any way contingent upon the value estimates contained in the analysis. The analysis is intended to be read and used as a whole document and not in isolated sections.

All statements, assumptions, opinions, positions, and conclusions set forth in this acquisition cost analysis are solely attributed to Concentric and not to any other party. Concentric is solely responsible for the content of this analysis. Nothing in this analysis shall be interpreted as information, admissions, statements, assumptions, opinions, positions, or conclusions made or provided by or on behalf of PSE.

There are no third-party beneficiaries with respect to the preliminary valuation analysis, and Concentric does not accept liability to any third party regarding the content of the analysis or any actions taken or decisions made based on the information set forth herein. This preliminary valuation analysis was paid for by PSE.

APPENDIX: KEY ASSUMPTIONS

- The valuation date is December 31, 2030, with municipal operations assumed to begin on January 1, 2031.
- The valuation basis is electric transmission, distribution, general, common, and intangible plant. Electric generation, natural gas, and land, land rights, and easements are excluded from all three approaches. Valuing land and easements requires a more extensive analysis, which would be undertaken in a proceeding and would be incremental to the preliminary estimates.
- Trending in the cost approach uses the Handy Whitman Index for the Pacific region, applied by FERC plant account and vintage year.
- The income approach discounts at an after-tax weighted average cost of capital of 7.07%, built on a 50.00% equity ratio, a 9.90% return on equity and the cost of debt approved by the Commission, with federal income tax at 21.00% and no Washington corporate income tax. The income approach forecasts 2031 through 2080 explicitly, with capital expenditure tapering over 10 years from the 2026-2030 forecast growth rate to a terminal rate of customer growth plus inflation.
- Perspective of the buyer. The income approach values the system to a regulated, taxable owner at that owner's authorized cost of capital. A municipal acquirer is tax-exempt and would finance at tax-exempt rates, which on the same cash flows would support a higher figure. The regulated perspective is used deliberately, and the difference should be expected to arise in any negotiation.

ABOUT CONCENTRIC

Concentric Energy Advisors was founded in 2002 by a small group of executive-level consultants committed to establishing a mid-sized energy consulting firm with capabilities and a reputation unsurpassed by any firm in North America. Concentric has approximately seventy employees and is headquartered in Marlborough, Massachusetts with an office in Washington, DC. Our wholly owned Canadian subsidiary, **Concentric Advisors, ULC** is headquartered in Calgary, Alberta, Canada. Our energy industry experts have held positions with utility companies, regulatory agencies, integrated energy companies, regional transmission organizations, retail marketing companies, and utility management consulting firms.

Concentric provides a comprehensive and integrated suite of services to every segment of the energy sector including strategic, financial, regulatory, planning, and ratemaking services. We have evolved with the industry and are actively supporting utilities and other stakeholders as they navigate the energy transition in response to clean energy policies that are being implemented throughout North America.

Our experts stay abreast of the latest developments in regulatory policy and routinely testify before Canadian and U.S. regulators on the above topics. We have 30 experts who have appeared in regulatory proceedings across North America addressing policy and challenging analytical topics, backed up by a team of consultants who are experienced in all aspects of developing the financial, economic, and technical data filed as part of regulatory proceedings. Many of our assignments contain valuation and economic assessments and conclude with expert reports or written testimony supporting our findings.