

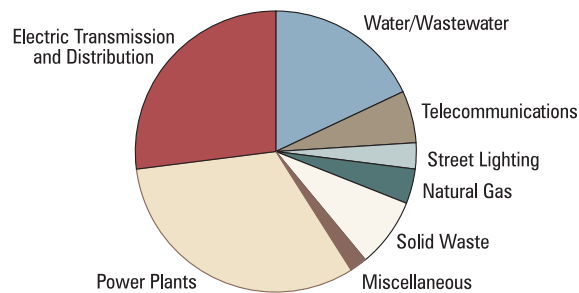


Appraisal and Valuation Services

New participants and players in the utility industry have sparked an increase in appraisals and valuations of utilities and their assets. Drivers behind this increased activity include reaction to competition, mergers and acquisitions, asset divestiture, stranded costs, project financings, municipal utility formation, new accounting rules, and property tax matters, among others.

The fact that investor-owned utilities, municipal utilities, and public agencies alike select R. W. Beck to perform appraisal and valuation studies is a testament to the quality and objectivity of our work.

R. W. Beck, Inc., has been involved in the valuation of utility properties since our founding over 60 years ago. Our staff of certified utility appraisers, professional engineers, economists, financial analysts, and rates and regulatory experts support appraisals in the following areas:



R. W. Beck's staff combines expertise in evaluation, design, construction, and operation of industry technologies and facilities, which provides you with a team that works together on a day-to-day basis to prepare appraisal reports and provide other related technical services—through one firm. Most other appraisers need to seek outside sources to support their analyses.

Our appraisals, especially when combined with our independent engineering reviews, enhance the decision-making process for comprehensive analyses. The independent engineering review evaluates a project's pro forma financial statements, feasibility of financing, and ability to perform under various current and projected scenarios. The appraisal provides the interested parties with the basis of an opinion as to the estimated market value of the property without regard to a single investor or financing structure.



Approaches to Value

The primary purpose of the appraisal is to determine the fair market value of the property. The appraisal generally involves evaluating the property from three approaches to value: cost, income, and market. The three approaches are used in combination to develop an opinion of fair market value. All of our appraisals are performed in compliance with the Uniform Standards of Professional Appraisal Practice.

- **The Cost Approach** is based on the premise that an informed buyer would pay no more than the cost of producing a substitute property with the same utility (function) as the subject property.
- **The Income Approach** estimates the value of the property by capitalizing or determining the present worth of anticipated economic benefits from the property.
- **The Market Approach** assesses value based on comparisons to guideline public companies of recent fair market sales of similar property under similar circumstances.

Services

R. W. Beck staff often serves as expert witnesses in litigation before taxing authorities, regulatory agencies, and courts of law throughout the United States. Our services are often used in:

- Sale and acquisition of property
- Condemnation proceedings
- Stranded cost determination
- Utility rate cases
- Leasing
- Financings
- Property tax issues
- Asset valuation—GASB 34

Regardless of your appraisal and valuation needs, you can feel confident relying on the accuracy and integrity of the certified experts at R. W. Beck.

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