- **BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH** -

IN THE MATTER OF THE APPLICATION OF COMMUNITY WATER COMPANY FOR APPROVAL OF GENERAL RATE INCREASE AND SPECIAL CHARGE FOR MAJOR PLANT UPGRADE/REPAIR.	)))))))	**DOCKET NO. 17-098-01** **DPU Exhibit 3.0 DIR**

DIRECT TESTIMONY OF

CASEY J. COLEMAN

DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH

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I. IDENTIFICATION OF WITNESS

Q. PLEASE STATE YOUR NAME, EMPLOYER, AND BUSINESS ADDRESS.

A. My name is Casey J. Coleman. I am employed by the Division of Public Utilities ("Division") for the State of Utah. My business address is 160 East 300 South Salt Lake City, UT 84114.

Q. BRIEFLY OUTLINE YOUR EMPLOYMENT BACKGROUND.

A. Before working for the Division, I was employed by a telecommunications consulting firm as a Financial Analyst. Then for approximately three years I worked for the Division as a Utility Analyst and now work as a Technical Consultant for the Division.

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I received a Bachelor of Science degree from Weber State University in 1996 and a Masters of Business Administration from Utah State University in 2001.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE UTAH PUBLIC SERVICE COMMISSION?

A. Yes. I testified before the Commission as an expert witness in Docket Nos. 02-049-82, 03-049-49, 03-049-50, 05-053-01, 05-2302-01, 07-2476-01, 08-2469-01, 10-049-16, 10-2521-01, 10-2526-01, 08-046-01, 15-042-01, and 15-2302-01.

Q. WERE THESE WATER RATE CASES:

A. No. However, the ratemaking principles I apply in telephone cases and address in this testimony are applicable to water cases.

II. SUMMARY

Q. PLEASE SUMMARIZE AND DESCRIBE THE PURPOSE OF YOUR TESTIMONY.

A. On September 14, 2017 Community Water Company LLC. ("Community") filed In the Matter of the Application of Community Water Company for Approval of General Rate Increase and Special Charge for Major Plant Upgrade/Repair ("Application") in Docket No. 17-098-01 This Application requests that the Public Service Commission of Utah ("Commission") grant a general rate increase and a special charge for major plant upgrade/repair. The Application also sought an interim rate increase and a special fee. On October 30, 2017 the Commission denied the interim rates.

The purpose of my testimony is to recommend an appropriate capital structure, with an overall rate of return, and return on equity that Community should be allowed the opportunity to earn.

III. PRINCIPLES OF RATE REGULATION AND FAIR RATE OF RETURN

Q. WHAT ARE THE DIVISION'S RECOMMENDED OVERALL RATE OF RETURN, RETURN ON EQUITY, AND CAPITAL STRUCTURE FOR COMMUNITY?

A. The Division recommends Community be permitted an overall rate of return of 7.15

percent, including a 10.22 percent cost of common equity, based upon a hypothetical capital structure. The Division's recommendation reflects Community's unique risk characteristics.

Q. WHAT ARE THE PRINCIPLES GUIDING FAIR RATES OF RETURN IN THE CONTEXT OF RATE REGULATION?

A. In a market system, competition generally determines the price for goods and services. Public utilities are permitted to operate as monopolies or near monopolies because: (1) the services provided by utilities are considered necessities by society; and (2) capital-intensive and long-lived facilities are necessary to provide utility service and the construction of multiple, competitive networks of facilities would cost customers more. Generally, utilities are required to serve all customers in their service territory at reasonable rates determined by regulators. As a result, regulators act as something of a substitute for a competitive free-market system when they authorize prices for utility service.

Although utilities operate in varying degrees as regulated monopolies, they must compete with governmental bodies, non-regulated industries, and other utilities for labor, materials, and capital. Capital is provided by investors who seek the highest return commensurate with the perceived level of risk; the greater the perceived risk, the higher the required return rate. In order for utilities to attract the capital required to provide service, a fair rate of return should equal an investor required, market-determined rate of return.

Q. WHAT CONSTITUTES A FAIR RATE OF RETURN?

A. Two noted Supreme Court cases define the benchmarks of fair rate of return. In *Bluefield*[1] a fair rate of return is defined as: (1) equal to the return on investments in other business undertakings with the same level of risks (the comparable earnings standard); (2) sufficient to assure confidence in the financial soundness of a utility (the financial integrity standard); (3) adequate to permit a public utility to maintain and support its credit rating, enabling the utility to raise or attract additional capital necessary to provide reliable service (the capital attraction standard). The second case, *Hope*[2] determined a fair rate of return to be based upon guidelines found in B*luefield* as well as stating that: (1) allowed revenues must cover capital costs including service on debt and dividends on stock; and (2) the Federal Power Commission was not bound to use any single formula or combination of formulae in determining rates. Utilities are not entitled to a guaranteed return. However, the regulatory-determined price for service must allow the utility a fair opportunity to recover all costs associated with providing service, including a fair rate of return.

IV. COMPARABLE GROUP

Q. HOW DO YOU ESTIMATE THE COST OF COMMON EQUITY FOR COMMUNITY?

[1] Bluefield Water Works & Improvement Company v P.S.C. of West Virginia, 262 U.S. 679 (1923).
[2] Federal Power Commission v. Hope Natural Gas Company, 320 U.S. 591, 602-603, (1944).

A. Because Community is a privately held company with no shares of stock traded publicly, there is no specific stock information available for Community. As a result, I used a comparable group of utility companies with actively traded stock, to determine a market-required cost of common equity capital for Community. Since it is almost impossible to find publicly traded companies similar to Community, it is reasonable to determine the market-required cost rate for a comparable group of utility companies and adjust, to the extent necessary, for investment risk differences between Community and the comparable group.

Q. HOW DID YOU SELECT THE COMPARABLE GROUP USED TO DETERMINE THE COST OF COMMON EQUITY FOR COMMUNITY?

A. A comparable group of water utilities was selected to determine the cost of common equity for Community. As discussed later in my testimony, there are some differences and similarities with the companies selected. All of the companies are much larger than Community so there are some significant size differences yet because the companies are regulated water utilities there are some similar characteristics that can be used for analysis. The following items are the criteria used to filter the water companies, which includes: (i) covered by security analysts, (ii) contained in The Value Line Investment Survey, (iii) have stock that is publicly-traded, (iv) have financial information for 2017, and (v) are not currently the target of an announced merger or acquisition. I removed Consolidated Water Company, Ltd. because it is domiciled in the Cayman Islands; its operations are in the Cayman Islands, Belize, Bahamas, British

Virgin Islands and Bali; it provides desalination seawater to its customers; and it has significant non-regulated business. The companies in the proxy group are identified on Exhibit 3.1. I will refer to these companies as the "Water Group" throughout my testimony.

V. CAPITAL STRUCTURE

Q. WHAT IS REQUIRED TO DEVELOP AN OVERALL RATE OF RETURN FOR A PUBLIC UTILITY?

A. The first step in developing an overall rate of return is the selection of capital structure ratios to be employed. Next the cost rate for each capital component is determined. The overall rate of return is the product of weighting each capital component by its respective capital cost rate. This procedure results in Community's overall rate of return being weighted properly to reflect the amount of capital and cost of capital for each type of capital.

Q. WHAT CAPITAL STRUCTURE RATIO IS APPROPRIATE TO BE USED TO DEVELOP COMMUNITY'S OVERALL RATE OF RETURN?

A. The Division recommends using a hypothetical capital structure of 45 percent debt and 55 percent equity.

Q. IS THERE A SET OF REGULATORY AND FINANCIAL PRINCIPLES USED IN DECIDING THE APPROPRIATE CAPITAL STRUCTURE TO USE FOR COST OF CAPITAL PURPOSES?

A. Yes. There is a general set of regulatory and financial principles used in deciding the capital structure issue for cost of capital purposes that are consistent with both regulatory and financial theories:[3]

1. It is generally preferable to use a utility's actual capital structure in developing its rate of return. However, in deciding whether a departure from this general preference is warranted in a particular case, it is appropriate to first look to the issue of whether the utility is a financially independent entity. [4] In determining whether a utility is a financially independent entity or self-financing, it is important to look to whether the utility:

- Has its own bond rating;
- Provides its own debt financing; and
- Debt financing is not guaranteed by a parent company.

2. When a utility issues its own debt that is not guaranteed by the public or private parent and has its own bond rating, regulatory and financial principles indicate to use a utility's own capital structure, unless the utility's capital structure is not representative of the utility's risk profile or where use of the actual capital structure would create atypical results. Regulatory and financial principles involve determining whether the actual capital structure is atypical when compared with the

[3] See generally Roger A. Morin Ph.D., Utilities Cost of Capital 14-18 (1984).

[4] See generally Fundamentals of Financial Management, 7th Edition, chapter 5, 8, 9, and 12.

capital structure approved by the Commission for other utilities that operate in the same industry (i.e., water utility, gas distribution utility, telecommunications company, etc.), as well as those of proxy utility companies that operate in the same industry. [5]

3. If a utility does not provide its own financing, public utility commissions often look to another entity. Generally, public utility commissions use the actual capital structure of the entity that does the financing for the regulated utility as long as it results in just and reasonable rates. This generally means using a parent company.

Once the cost of equity for the proxy companies is determined, public utility commissions should determine where to set the utility's return based upon how the utility's risk compares with that of other utilities that operate in the same industry (i.e. water utility, gas distribution utility, etc.). The risk analysis begins with the assumption that the utility generally falls within a broad range of average risk, absent highly unusual circumstances that indicate an inconsistently high or low risk as compared to other utilities that operate in the same industry. Generally, financial risk is the function of the amount of debt in an entity's capital structure used for the cost of capital purposes. When there is more debt, there is more risk. [6]

[5] For a comprehensive overview of the regulatory process and the issues involved, see Howe, K.M. and Rasmussen, E.F. *Public Utility Economics and Finance*, Englewood Cliffs, N.J.: Prentice-Hall, Inc., (1982)

[6] See generally Kahn, Alfred E. The Economics of Regulation Principles and Institutions Volume 1 and Volume II, The MIT Press (1988).

Q. CAN YOU DISCUSS HOW COMMUNITY FITS INTO THE FINANCIAL PRINCIPLES OUTLINED ABOVE?

A. Yes. From the information we have Community is wholly owned by TCFC Finance Co LLC ("TCFC").[7] Even though Community is wholly owned by TCFC, Community is in the process of obtaining debt independent of the parent company.[8] Using these guiding principles, it would seem reasonable at first glance to use the actual capital structure of Community in this proceeding.

Unfortunately, there are other elements of the capital structure of Community that do not fit as nicely into the general financial principles. First, Community does not have a bond rating for its debt. Second, if Community is able to obtain the debt financing, its capital structure would be over 90 percent debt. As Exhibit 3.1 shows, a highly leveraged water utility with 90 percent debt is an atypical capital structure. Additionally, a 90 percent debt capital structure would be an unhealthy capital structure for any regulated utility over the long term.

VI. HYPOTHETICAL CAPITAL STRUCTURE

Q. IF GENERAL REGULATORY AND FINANCIAL PRINCIPLES FAVOR USING THE ACTUAL CAPITAL STRUCTURE OF A COMPANY, WHY IS THE DIVISION RECOMMENDING USING A HYPOTHETICAL CAPITAL STRUCTURE?

[7] Proprietary Exhibit A. 5-Ownership and Officers filed by Community Water in Docket No. 17-098-01.
[8] Supplemental Direct Testimony of Larry White for Community Water Docket No. 17-098-01.

A. Because Community does not have a bond rating, its actual capital structure is highly irregular from market norms, and its actual capital structure is not reflective of Community's risk profile, the Commission should use a hypothetical capital structure of 55 percent equity and 45 percent debt.

Q. WHY IS IT REASONABLE TO USE A HYPOTHETICAL CAPITAL STRUCTURE?

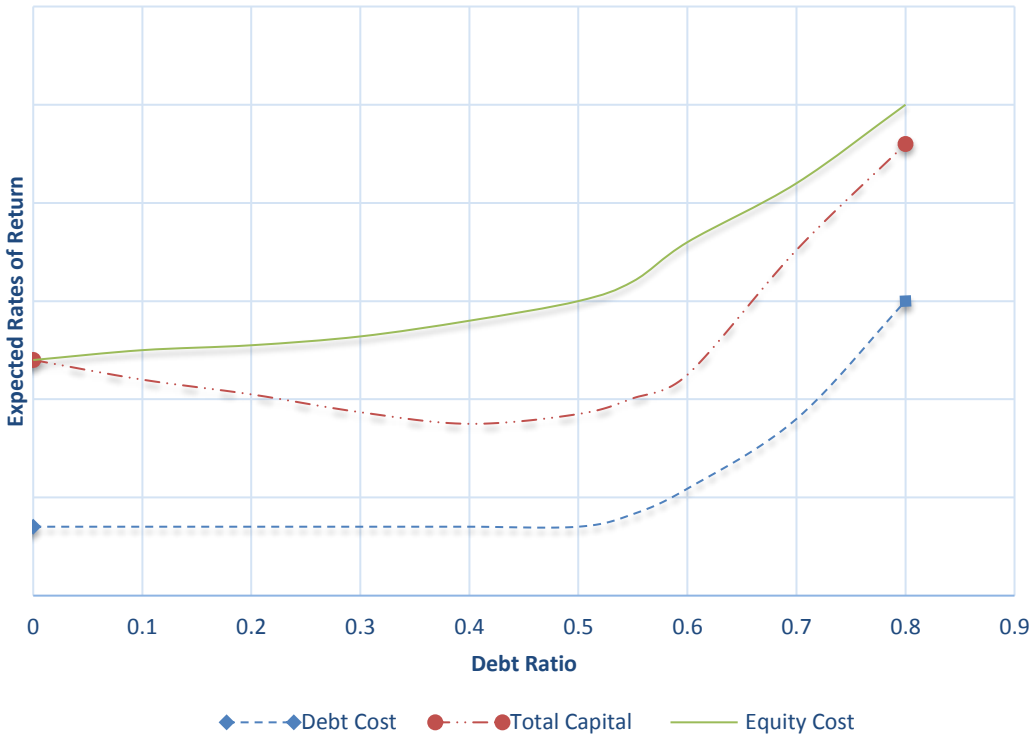
A. This question was detailed by Roger Morin [9] as follows:

> "The relationship between capital structure and the cost of capital is developed graphically in Table 1. The horizontal axis is the debt ratio, Debt/Capital assuming no other form of senior capital exists. The graph depicts the return requirements of bondholders and shareholders in response to a change in capital structure as the firm progressively substitutes debt for equity capital.
>
> The required return on debt is relatively flat from a debt ratio of zero up to a critical debt ratio value, say of 50%. Beyond that point, an increase in debt ratio has an upward influence on bond returns as debt holders perceive a significant increase in financial risk. Any reduction in debt ratio below the critical point would not yield significant reductions in interest costs. The security of the bondholders' investment is not substantially improved by additional reductions in the debt ratio. Beyond the critical point, bond returns increase in a manner consistent with the quality gradient observed for utility bond yields and debt ratios. As the bond yield curve moves upward, this upward trend reflects the relationship of increased risk for bond holders. This upward trend correlates to the actual bond yields for electric utilities rated AAA, AA, A, and BAA at a moment in time. Access to debt financing is likely to be severely curbed beyond the BAA bond rating.
>
> The curve depicting the behavior for shareholders as the debt ratio is increased is developed as follows. At a zero debt ratio, the return on equity coincides with the return on total capital since the firm is all-equity financed at that point. Beyond that point, with each successive increase in the debt ratio, equity returns

[9] Roger A. Morin Ph.D., Utilities Cost of Capital 268-269 (1984)

rise moderately at first in response to increasing financial risk to the point where bond ratings begin to deteriorate. As the debt ratio reaches dangerous levels

Table 1
The Relationship Between Capital Structure and the Cost of Capital



where the solvency of the firm is endangered, shareholders required returns rise sharply.

The relationship between the average cost of capital and capital structure emerges directly from the assumed behavior of bond returns and equity returns. This is also shown above in Table 1. At zero debt ratio, the cost of capital is coincident with the cost of equity. With each successive substitution of low-cost debt for high-cost equity, the average cost of capital declines as the weight of low-cost debt in the average increases. A low point is reached where the cost advantage of debt is exactly offset by the increased cost of equity. Beyond that point, the cost disadvantage of equity outweighs the cost advantage of debt, and the weighted cost of capital rises accordingly.

> The most salient characteristic of the graph is the U-shaped nature of the cost of capital curve, pointing to the existence of an optimal capital structure whereby the cost of capital is minimized. Despite the rise of both debt and equity costs with increases in the debt ratio, the weighted average cost of capital reaches a minimum. Beyond this point the low-cost and tax advantages of debt are outweighed by the increased equity costs. This occurs just before the point where bond ratings start deteriorating, and the cost of capital increases rapidly at higher debt ratios.
>
> Utilities should strive for a capital structure which minimizes the composite capital cost, including taxes. Hypothetical capital structures are sometimes used by regulatory commissions to determine a fair allowed return if a utility is deemed to have **deviated significantly from the optimum.** A hypothetical capital structure may lower the cost of capital, which in turn may translate into lower rates for consumers as long as by using more debt, the cost and tax benefits of debt outweigh the increased equity costs."

As outlined above, commissions have used a hypothetical capital structure to determine a fair allowed rate of return if a utility has deviated significantly from the optimum. By using a hypothetical capital structure the Commission would be approximating an optimal capital structure that lowers the total capital costs to a company while still meeting the guidelines necessary in utility rate making. Setting a capital structure as close to the optimal capital structure is balancing both the needs of rate payers and investors of the utility. A lower capital cost translates into lower water rates for customers.

Choosing to use an actual capital structure for Community would be an unreasonable decision because it would not accurately reflect the risk profile of the company and would decrease the allowed rates to a level where Community would be exposed to a high level of financial risk.

Q. HOW DID THE DIVISION DETERMINE A REASONABLE CAPITAL STRUCTURE FOR COMMUNITY?

A. The Division determined an average capital structure from the Water Group companies. As exhibit 3.1 shows, the Division compiled the debt and equity ratios for each of the eight companies. The ratios were calculated by Value Line and included information for 2017, 2018, and future years. Using the average of the Water Group, the Division calculated a ratio of 55.1 percent equity and 44.9 percent debt in 2017, 54.4 percent equity and 45.6 percent debt for 2018, and future ratios of 54.5 percent equity and 45.5 percent debt. The trend over that time period does not seem to shift significantly; therefore for simplicity the Division used whole numbers close to the 2017 averages of 55 percent equity and 45 percent debt.

Q. WHY ARE THE WATER COMPANIES AN ACCEPTABLE PROXY FOR COMMUNITY?

A. There are many characteristics of the Water Group that would be similar to Community. Most importantly, they are water companies who are in the same industry as Community. Because of this they would have some of the same business risks as Community. Additionally, because they are larger companies, they would be more likely to use both debt and equity in the financing of their utility operations. This illustrates the capital structure companies may use when financial decisions must be made with a mix of debt and equity. Finally, because each company is a regulated

utility, its rate making philosophies would generally fall under general regulatory principles.

VII. COST OF CAPITAL

Q. WHAT IS THE ALLOWED RATE OF RETURN THE DIVISION IS RECOMMENDING FOR COMMUNITY?

A. As Exhibit 3.2 illustrates, the Division recommends using an allowed rate-of-return of 7.15 percent.

Q. EXPLAIN HOW THE DIVISION CALCULATED THE ALLOWED RATE-OF-RETURN FOR COMMUNITY.

A. The Division used a weighted average cost of capital ("WACC") for Community. The debt portion of the calculation was 3.39 percent, the actual cost of the debt Community will get from the State of Utah Division of Drinking Water. The cost of equity for Community is 10.22. Using the hypothetical capital structure recommended by the Division, and the above inputs, the WACC is 7.15 percent.

Q. HOW DID THE DIVISION DETERMINE A COST OF EQUITY OF 10.22 PERCENT?

A. The Division used a Capital Asset Pricing Model ("CAPM"), which is a model based on the proposition that any stock's required rate of return is equal to the risk-free-rate of return plus a risk premium reflecting only the risk remaining after diversification. Generally, if parties know the risk premium, the risk-free-rate and beta, a rate of return can be calculated. In CAPM terminology, beta is a measure of the extent to which the

returns on a given stock move with the stock market. The ideal scenario is to calculate a beta specific to an individual stock or company based on a variety of different financial information. With small water companies, the information needed is not publicly available, making a specific beta calculation for Community or any small water company challenging. To determine an approximate beta that could apply to Community, the Division looked the Water Group of companies with financial information that could be used to calculate a beta. With this calculated beta and following the general guidelines of CAPM the Division was able to calculate, as reflected in Exhibit 3.3, the cost of equity for Community at 10.22 percent.

Q. IT APPEARS FROM THE CAPM CALCULATION THE COST OF EQUITY WOULD BE 7.22 PERCENT. WHY IS THE DIVISION RECOMMENDING AN ADJUSTMENT OF 3 PERCENT?

A. As a general financial principle the market risk and financial risk to a company increases with the smaller the size of the company. As Exhibit 3.4 illustrates, Community is drastically smaller than the Water Group. To get a sense of the actual size difference, the Division looked at number of customers an annual revenues. Community has 498 customers and annual revenues of $217,754. The average number of customers of the Water Group companies is 2.1M with average revenues of $723.4M. Using these calculations, the Division determined the Water Group is 4,333 times bigger than Community when looking at customer size and 3,322 times bigger when comparing annual revenues. Because of such a significant size difference between Community and

the Water Group the Division recommends an adjustment in the cost of capital of three percent to reflect the additional risk of a small water company as will be discussed later in my testimony. This additional adjustment recommended by the Division allows the Cost of Equity and WACC to fall within the range of rates recommended by Duff and Phelps in its Industry Cost Calculations for 2017.

Q. WHY IS THE DIVISION USING ONLY A CAPM APPROACH INSTEAD OF OTHER FINANCIAL MODELS TO DETERMINE THE COST OF CAPITAL?

A. Professor Brigham[10] discusses the three cost-estimating techniques, Discounted Cash Flow, Bond-Yield-Plus-Risk-Premium, and CAPM, when evaluating small companies and problems inherent in each method. He states:

> [E]ach have serious limitations when applied to small firms. With a constant growth model, a small, rapidly growing firm may choose to not have a dividend and will not pay one in the foreseeable future. For firms like this a constant growth model is simply not applicable.

Professor Brigham continues:

> In fact, it is difficult to imagine any dividend model that would be of practical benefit for such a firm because of the difficulty of estimating dividends and growth rates.
>
> The second method, which calls for adding a risk premium. . . to the firm's cost of debt, can be used for some small firms, but problems arise if the firm does not have a bond issue outstanding.
>
> The third approach, the CAPM, is often not usable because if the firms' stock is not publicly traded, then we cannot calculate its beta. For the privately owned firm, we might use the 'pure play' CAPM technique, which involves finding a publicly owned firm in the same line of business, estimating that firm's beta,

[10] See Fundamentals of Financial Management, 7th Edition, page 316.

and then using that beta as a replacement for the one of the small business in question.

Because Community is a small water company with no publicly traded stock, the only approach that could provide reasonable results is the CAPM approach using proxy companies. Because of this, the Division used the CAPM financial model and did not attempt to calculate a cost of capital using other methods.

VIII. ADDITIONAL COST OF CAPITAL ANALYSIS

Q. IS THE DIVISION COMFORTABLE WITH THE RESULTS?

A. Yes, with some qualifications. The CAPM model can have some inherent weaknesses that can impact the cost of equity calculation. At any given time, a particular model may understate or overstate the cost of equity. Because of this reality, the Division has considered other data points to see if the results recommended are within the range of reasonableness for a fair market return. As demonstrated with comparable water companies, investor owned utilities in Utah, and market rates calculated by Duff and Phelps, the Division's recommendations are reasonable. Because of the analysis done, the Division is comfortable recommending the Commission use 7.15 percent allowed rate-of-return for Community in this Docket.

Q. EXPLAIN HOW THE DIVISION USED DATA FROM COMPARABLE WATER COMPANIES TO ADJUST THE COST OF EQUITY FOR COMMUNITY.

A. As detailed in Exhibit 3.5, the Division examined pending water utility rate cases where the total rate increase was over $500,000. Data from this analysis was compiled from *S&P Global Market Intelligence Water Advisory: Monthly Report* dated January 4, 2018.

The figures show for the companies reviewed a cost of equity from a low of 9.25 percent to a high of 11 percent. The Division's recommendation for Community's cost of capital is within the range of other water companies, making the Division comfortable with the adjustment proposed.

Q. EXPLAIN HOW YOU USED DATA FROM INVESTOR OWNED UTILITIES IN UTAH TO ADJUST THE COST OF EQUITY FOR COMMUNITY.

A. Another set of data reviewed by the Division to see if the proposed adjustment is reasonable was considering the last general rate cases for Rocky Mountain Power ("RMP") and Dominion Energy Utah, ("DEU"), the two largest investor owned utilities in the state of Utah. In RMP's last rate case in Docket No 13-035-184 the Commission approved a 9.8 percent cost of equity for the company and a WACC of 7.585 percent. In Docket No 13-057-05 DEU had a 9.85 cost of equity and a WACC of 7.64 percent.

Looking at the size and scope of both utilities it is obvious that Community is much smaller than either company. Because of this obvious fact, the Division is comfortable suggesting less than a 50 basis point adjustment over the allowed cost of equity for both RMP and DEU. Adding this adjustment seems a reasonable approach to compensate for the size differences and market risk Community would face as a small water company.

Q. EXPLAIN HOW YOU USED DATA FROM DUFF AND PHELPS TO ADJUST THE COST OF EQUITY FOR COMMUNITY.

A. Duff and Phelps is the premier global valuation and corporate finance advisor. Each year Duff and Phelps author five books that focus on the U.S. and international valuation

theory, data, and risk premiums (e.g. equity risk premiums, risk-free rates, size premiums, industry risk premiums, betas, industry multiples, and other statistics, etc.) for use in valuation models. Exhibit 3.6 provides the calculations for the Water Supply group as calculated by Duff and Phelps. When looking at the CAPM Risk Premium Report for Water Supply, Duff and Phelps recommends a median range of 8.9 percent to 14.4 percent. The 10.22 percent the Division is recommending is well within the range suggested by Duff and Phelps.

Another interesting data point to consider from the Duff and Phelps report is the range for the WACC of Water Supply companies. On the low side of the range, Duff and Phelps suggest a WACC of 5.5 percent going to the high end of the range which is 9.9 percent. An average water company is 6.7 percent. The Division is recommending a WACC for Community of 7.15 percent which is close to the average recommended by Duff and Phelps.

IX. CONCLUSION

Q. WHAT IS THE DIVISION'S RECOMMENDATION FOR THIS PETITION?

A. The Division recommends that the Commission use a 45 percent debt and 55 percent equity hypothetical capital structure and an allowed rate-of-return of 7.15 percent and a cost of equity of 10.22 percent.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes it does.