
SURPRISINGLY COST EFFICIENT SERVICES

You will likely be surprised at the cost effectiveness of bringing **TFC** to your case at hand compared to a fully-loaded salary. More importantly, you will be even more surprised at the high quality of service and excellent results you will get with an experienced and well placed consultant who is concerned about value and your satisfaction.

JOHN THORNTON, M.Sc., Grad. Dip., C.R.R.A.

John Thornton is a graduate of **The London School of Economics and Political Science** where he specialized in corporate finance. He has testified on utility finance for over sixteen years and has successfully prosecuted cases ranging from utility rates to the first foreign purchase of a U.S. utility.

CALL (602) 717-0730
for a
no-obligation consultation



Modern capital markets determine the cost of capital to a utility. Therefore, modern capital market theory must be used to estimate that cost of capital.

Thornton Financial Consulting

Serving utility consumers, regulators & utilities in rate cases, mediations, and a variety of regulatory dockets



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John Thornton, M.Sc., Grad. Dip., C.R.R.A.
7929 E. Joshua Tree Lane
Scottsdale, AZ 85250-7967
Tel: (602) 717-0730
email: john@thorntonfinancial.org

Financial Consulting for the Utility Industry

Expert Witness Testimony



Tel: 602.717.0730

www.thorntonfinancial.org

[John Thornton's] analysis was detailed, concise, thorough, and very helpful in the decision making process on rate cases.

**Marc Spitzer Esq., Chairman,
Arizona Corporation Commission,
2004**

UTILITY FINANCE

Utility finance is a complicated enough matter for a commission staff or intervenor to tackle, but even more so when understaffed or overworked. **TFC** offers a wide variety of individually tailored solutions to the specific finance issues facing your utility industry. Cost of capital testimony, utility merger ring fencing solutions, utility finance application assistance, and affiliate transaction pricing are but a few key solutions **TFC** offers.

EXPERIENCED EXPERT WITNESS TESTIMONY

TFC can bring the value of extensive industry experience to bear on your next utility finance problem. You will benefit from increased but temporary staff. **TFC** can improve your own staff's skills in the area of utility finance including cost of equity estimation and multiple discriminant analysis.

COST OF CAPITAL TESTIMONY

1. Cost of equity analysis has become an increasingly complex field. **TFC** offers the very best in analytical techniques that are defensible and can more accurately estimate the cost of equity to a utility. The field has become multi-disciplinary, including skills in finance, accounting, economics, statistics, econometrics, and mathematics. **TFC** can augment your staff in these critical skills to prosecute a case successfully. **TFC** has multiple files, data sources, and experience in the witness box.

The cost of equity has fallen with the decline of interest rates. Commission staffs and intervenors should be seeking lower ROEs in utility rates.

2. Cost of debt analysis also brings its own complications. The RBOCs had attempted to use the net-book-balance method to set their cost of debt. An expert witness trained in finance and mathematics could explain the problems inherent in the method which lead to higher rates than were appropriate.

3. Capital structure requires an increasing degree of experience and analysis. A historical test period capital structure can actually harm a utility and can be inconsistent with financial health going forward. Debt at the holding company level can also affect an appropriate rate of return.

The \$10 million mistake: Not harnessing uniquely specialized experience in cost of equity analysis.

MERGER & ACQUISITION ASSISTANCE

Mergers and acquisitions are complex and subject to increasing scrutiny. **TFC** has experience in ring fencing procedures, including those that protected PGE from the Enron bankruptcy. **TFC** also has experience with mergers between domestic utilities and foreign purchases of domestic utilities. Mergers and acquisitions are becoming increasingly complex and require increased scrutiny. Bring some experienced consultation to bear on your next merger case to generate a better outcome for all parties.

EXPERT WITNESS TESTIMONY AND TRAINING

TFC has logged many hours on the witness stand and has the training and experience needed to make your case successful. **TFC also offers seminars in expert witness testimony for your staff so that you can develop or improve internal skills to present cases independently.**