

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,
Complainant,

DOCKET UG-170929

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

CASCADE NATURAL GAS CORPORATION

EXHIBIT JSG-4

J. STEPHEN GASKE

Constant Growth DCF Analysis

March 23, 2018

**PROXY COMPANIES
UPDATED DIVIDEND YIELDS**

| COMPANY | Qtr DPS | January 2018 - February 2018 | | | YIELD | |
|-------------------------------|------------|------------------------------|---------|---------|---------|--------------|
| | | DPS | HIGH | LOW | | AVERAGE |
| Atmos Energy Corp. | \$0.485 | \$1.94 | \$85.04 | \$78.03 | \$81.54 | 2.38% |
| New Jersey Resources Corp. | \$0.273 | \$1.09 | \$40.20 | \$36.25 | \$38.23 | 2.86% |
| NiSource Inc. | \$0.195 | \$0.78 | \$25.36 | \$22.51 | \$23.94 | 3.26% |
| Northwest Natural Gas Co. | \$0.473 | \$1.89 | \$58.80 | \$52.15 | \$55.48 | 3.41% |
| South Jersey Industries, Inc. | \$0.280 | \$1.12 | \$31.16 | \$26.11 | \$28.64 | 3.91% |
| Southwest Gas Holdings, Inc. | \$0.495 | \$1.98 | \$79.74 | \$65.88 | \$72.81 | 2.72% |
| Spire Inc. | \$0.563 | \$2.25 | \$74.10 | \$61.30 | \$67.70 | 3.32% |
| Average | | | | | | 3.12% |

Source: Yahoo! Finance.

**UPDATED DCF COST RATES USING RETENTION GROWTH
AND ANALYSTS' EPS GROWTH FORECASTS**

| | [1] | [2] | [3] | [4] | [5] | [6] |
|-------------------------------|----------------|------------------------------|-----------------------|-----------------------|----------------|-------------------|
| | | 2021-23 | | | | |
| COMPANY | ADJUSTED YIELD | PROSPECTIVE RETENTION GROWTH | VALUE LINE EPS GROWTH | FIRST CALL EPS GROWTH | AVERAGE GROWTH | BLENDED DCF RATES |
| Atmos Energy Corp. | 2.46% | 5.5% | 7.5% | 7.2% | 6.72% | 9.18% |
| New Jersey Resources Corp. | 2.97% | 7.5% | 9.5% | 6.0% | 7.67% | 10.63% |
| NiSource Inc. | 3.41% | 4.0% | 18.0% | 5.7% | 9.22% | 12.63% |
| Northwest Natural Gas Co. | 3.50% | 4.0% | 7.0% | 4.0% | 5.00% | 8.50% |
| South Jersey Industries, Inc. | 4.02% | 4.5% | 6.5% | 6.0% | 5.67% | 9.69% |
| Southwest Gas Holdings, Inc. | 2.79% | 4.5% | 7.5% | 4.0% | 5.33% | 8.13% |
| Spire Inc. | 3.42% | 4.5% | 9.0% | 4.4% | 5.98% | 9.40% |
| Mean | 3.22% | | | | 6.51% | 9.74% |
| Median | | | | | | 9.40% |

Sources:

[1]: Schedule 1, page 1.

[2] and [3]: Value Line Investment Survey, March 2, 2018.

[4] Yahoo! Finance

**UPDATED DCF COST RATES
USING ANALYSTS' EPS GROWTH FORECASTS**

| | [1] | [2] | [3] | [4] | [5] |
|-------------------------------|-------------------|-----------------------------|-----------------------------|-------------------|-------------------------|
| | | 2021-23 | | | |
| COMPANY | ADJUSTED YIELD | VALUE LINE EPS GROWTH | FIRST CALL EPS GROWTH | AVERAGE GROWTH | BLENDED DCF RATES |
| Atmos Energy Corp. | 2.47% | 7.5% | 7.2% | 7.33% | 9.79% |
| New Jersey Resources Corp. | 2.97% | 9.5% | 6.0% | 7.75% | 10.72% |
| NiSource Inc. | 3.45% | 18.0% | 5.7% | 11.84% | 15.29% |
| Northwest Natural Gas Co. | 3.50% | 7.0% | 4.0% | 5.50% | 9.00% |
| South Jersey Industries, Inc. | 4.03% | 6.5% | 6.0% | 6.25% | 10.28% |
| Southwest Gas Holdings, Inc. | 2.80% | 7.5% | 4.0% | 5.75% | 8.55% |
| Spire Inc. | 3.44% | 9.0% | 4.4% | 6.72% | 10.15% |
| Mean | 3.24% | | | 7.30% | 10.54% |
| Median | | | | | 10.15% |

Sources:

[1]: Schedule 1, page 1.

[2]: Value Line Investment Survey, March 2, 2018.

[3] Yahoo! Finance