

**Exh. DCP-9
Docket UG-200568
Witness: David C. Parcell**

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**CASCADE NATURAL GAS
CORPORATION,**

Respondent.

DOCKET UG-200568

**EXHIBIT TO
TESTIMONY OF**

David C. Parcell

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Proxy Companies DCF Cost Rates

November 19, 2020

**PROXY COMPANIES
DIVIDEND YIELD**

COMPANY	Qtr DPS	July - September 2020			YIELD	
		DPS	HIGH	LOW		
Proxy Group						
Atmos Energy Corp.	\$0.575	\$2.30	\$107.02	\$90.49	\$98.76	2.3%
New Jersey Resources Corp.	\$0.333	\$1.33	\$33.75	\$25.87	\$29.81	4.5%
Northwest Natural Holding Co.	\$0.478	\$1.91	\$56.58	\$43.34	\$49.96	3.8%
One Gas Inc.	\$0.540	\$2.16	\$79.98	\$65.51	\$72.75	3.0%
South Jersey Industries, Inc.	\$0.295	\$1.18	\$25.12	\$18.24	\$21.68	5.4%
Southwest Gas Holdings, Inc.	\$0.570	\$2.28	\$74.69	\$59.44	\$67.07	3.4%
Spire Inc.	\$0.623	\$2.49	\$68.37	\$50.58	\$59.48	4.2%
Average						3.8%

Source: Yahoo! Finance.

**PROXY COMPANIES
RETENTION GROWTH RATES**

COMPANY	2015	2016	2017	2018	2019	Average	2020	2021	2023-25	Average
Proxy Group										
Atmos Energy Corp.	4.9%	5.1%	4.9%	4.8%	4.6%	4.9%	4.5%	4.5%	4.5%	4.5%
New Jersey Resources Corp.	7.0%	4.8%	5.0%	10.2%	4.6%	6.3%	3.0%	4.5%	3.0%	3.5%
Northwest Natural Holding Co.	0.6%	0.9%	0.0%	2.1%	1.4%	1.0%	1.5%	2.0%	3.0%	2.2%
One Gas Inc.	3.1%	3.5%	3.7%	3.7%	3.8%	3.6%	3.0%	3.0%	3.5%	3.2%
South Jersey Industries, Inc.	2.8%	1.6%	0.9%	1.7%	0.0%	1.4%	1.5%	2.5%	5.5%	3.2%
Southwest Gas Holdings, Inc.	4.0%	4.1%	4.5%	3.6%	3.9%	4.0%	3.0%	3.5%	5.5%	4.0%
Spire Inc.	3.7%	3.3%	3.3%	4.7%	2.7%	3.5%	0.0%	1.0%	3.0%	1.3%
Average						3.5%				3.1%

Source: Value Line Investment Survey.

**PROXY COMPANIES
PER SHARE GROWTH RATES**

COMPANY	5-Year Historic Growth Rates				Est'd '17-'19 to '23-'25 Growth Rates			
	EPS	DPS	BVPS	Average	EPS	DPS	BVPS	Average
Proxy Group								
Atmos Energy Corp.	9.5%	6.5%	8.5%	8.2%	7.0%	7.5%	7.5%	7.3%
New Jersey Resources Corp.	6.0%	6.5%	8.5%	7.0%	2.0%	6.0%	8.5%	5.5%
Northwest Natural Holding Co.	nmf 1/	0.5%	-0.5%	0.0%	nmf 1/	1.0%	2.0%	1.5%
One Gas Inc.	9.5%	17.0%	2.5%	9.7%	6.5%	7.5%	5.5%	6.5%
South Jersey Industries, Inc.	-2.5%	6.0%	6.0%	3.2%	12.5%	3.5%	5.0%	7.0%
Southwest Gas Holdings, Inc.	4.5%	9.5%	6.5%	6.8%	9.0%	4.0%	6.5%	6.5%
Spire Inc.	9.5%	5.5%	7.0%	7.3%	5.5%	5.0%	8.5%	6.3%
Average				6.0%				5.8%

1/ Not meaningful EPS growth rates. Value Line reports a -17.0% EPS growth rate of the past five years and 24.5% projected EPS growth rate for Northwest Natural Gas. These largely reflect the reported -\$1.94 EPS for the Company in 2017, which in turn was largely the result of a -\$3.14 EPS for the last quarter of 2017 as a result of "a \$192.5 million asset impairment on its Gill Ranch gas storage facility, as a result of a strategic review...." (per Value Line, dated March 2, 2018).

Source: Value Line Investment Survey.

**PROXY COMPANIES
EPS GROWTH FORECASTS**

COMPANY	First Call	Zacks	Value Line	Average
Proxy Group				
Atmos Energy Corp.	7.25%	7.26%	7.0%	7.17%
New Jersey Resources Corp.	6.00%	6.00%	2.0%	4.67%
Northwest Natural Holding Co.	3.30%	3.27%	nmf	3.29%
One Gas Inc.	5.00%	5.50%	6.5%	5.67%
South Jersey Industries, Inc.	10.70%	10.68%	12.5%	11.29%
Southwest Gas Holdings, Inc.	4.00%	5.00%	9.0%	6.00%
Spire Inc.	4.71%	4.82%	5.5%	5.01%
Average	5.85%	6.08%	7.08%	6.16%

PROXY COMPANIES
DCF COST RATES

COMPANY	ADJUSTED YIELD	HISTORIC RETENTION GROWTH	PROSPECTIVE RETENTION GROWTH	HISTORIC PER SHARE GROWTH	PROSPECTIVE PER SHARE GROWTH	FORECAST EPS GROWTH	AVERAGE GROWTH	DCF RATES
Proxy Group								
Atmos Energy Corp.	2.4%	4.9%	4.5%	8.2%	7.3%	7.2%	6.4%	8.8%
New Jersey Resources Corp.	4.6%	6.3%	3.5%	7.0%	5.5%	4.7%	5.4%	10.0%
Northwest Natural Holding Co.	3.9%	1.0%	2.2%	0.0%	1.5%	3.3%	1.6%	5.4%
One Gas Inc.	3.1%	3.6%	3.2%	9.7%	6.5%	5.7%	5.7%	8.8%
South Jersey Industries, Inc.	5.6%	1.4%	3.2%	3.2%	7.0%	11.3%	5.2%	10.8%
Southwest Gas Holdings, Inc.	3.5%	4.0%	4.0%	6.8%	6.5%	6.0%	5.5%	9.0%
Spire Inc.	4.3%	3.5%	1.3%	7.3%	6.3%	5.0%	4.7%	9.0%
Mean	3.9%	3.5%	3.1%	6.0%	5.8%	6.2%	4.9%	8.8%
Median	3.9%	3.6%	3.2%	7.0%	6.5%	5.7%	5.4%	9.0%
Composite - Mean		7.4%	7.0%	9.9%	9.7%	10.1%	8.8%	
Composite - Median		7.4%	7.0%	10.9%	10.4%	9.5%	9.3%	

Note: negative values not used in calculations.

Sources: Prior pages of this schedule.