

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Complainant,

v.

CASCADE NATURAL GAS CORPORATION,

Respondent.

DOCKET UG-200568

DR. J. RANDALL WOOLRIDGE ON BEHALF OF PUBLIC COUNSEL

EXHIBIT JRW-8

Discounted Cash Flow (DCF) Study

November 19, 2020

Exhibit JRW-8

**Cascade Natural Gas Corporation
Discounted Cash Flow Analysis**

Gas Proxy Group

Dividend Yield*	3.65%
Adjustment Factor	<u>1.02625</u>
Adjusted Dividend Yield	3.75%
Growth Rate**	<u>5.25%</u>
Equity Cost Rate	9.00%

* Page 2 of Exhibit JRW-8

** Based on data provided on pages 3, 4, 5, and
6 of Exhibit JRW-8

Exhibit JRW-8

**Cascade Natural Gas Corporation
Monthly Dividend Yields**

Gas Proxy Group

Company	Annual Dividend	Dividend Yield 30 Day	Dividend Yield 90 Day	Dividend Yield 180 Day
Atmos Energy Corporation (NYSE-ATO)	\$ 2.30	2.4%	2.3%	2.3%
Chesapeake Utilities Corporation (NYSE-CPK)	\$ 1.69	1.9%	2.0%	2.0%
New Jersey Resources Corp. (NYSE-NJR)	\$ 1.33	4.6%	4.5%	4.3%
NiSource Inc. (NYSE-NI)	\$ 0.84	3.7%	3.7%	3.6%
Northwest Natural Gas Co. (NYSE-NWN)	\$ 1.92	4.2%	3.9%	3.5%
One Gas, Inc. (NYSE-OGS)	\$ 2.16	3.0%	3.0%	2.8%
South Jersey Industries, Inc. (NYSE-SJI)	\$ 1.18	5.9%	5.5%	5.0%
Southwest Gas Corporation (NYSE-SWX)	\$ 2.28	3.4%	3.4%	3.4%
Spire (NYSE-SR)	\$ 2.49	4.4%	4.3%	3.9%
Mean		3.7%	3.6%	3.4%
Median		3.7%	3.7%	3.5%

Data Sources: <http://quote.yahoo.com>, November, 2020.

Exhibit JRW-8

Cascade Natural Gas Corporation
 DCF Equity Cost Growth Rate Measures
Value Line Historic Growth Rates

Gas Proxy Group

Company	<i>Value Line</i> Historical Growth					
	Past 10 Years			Past 5 Years		
	Earnings	Dividends	Book Value	Earnings	Dividends	Book Value
Atmos Energy Company (NYSE-ATO)	7.5	4.0	6.5	9.5	6.5	8.5
Chesapeake Utilities (NYSE-CPK)	9.0	5.0	9.5	8.0	6.5	10.5
New Jersey Resources Corp. (NYSE-NJR)	7.0	7.0	7.0	6.0	6.5	8.5
Nisource Inc (NYSE-NI)	-1.0	-2.0	-3.0	-8.0	-5.0	-7.0
Northwest Natural Gas Co. (NYSE-NWN)	-11.0	2.0	1.5	-17.0	0.5	-0.5
ONE Gas, Inc. (NYSE-OGS)*				9.5	17.0	2.5
South Jersey Industries, Inc. (NYSE-SJI)	1.5	8.0	6.5	-2.5	6.0	6.0
Southwest Gas Company (NYSE-SWX)	8.0	8.5	6.0	4.5	9.5	6.5
Spire (NYSE-SR)	3.5	4.0	7.0	9.5	5.5	7.0
Mean	3.1	4.6	5.1	2.2	5.9	4.7
Median	5.3	4.5	6.5	6.0	6.5	6.5
Average of Median Figures =				5.9		

Data Source: *Value Line Investment Survey*.

Exhibit JRW-8

Cascade Natural Gas Corporation
 DCF Equity Cost Growth Rate Measures
Value Line Projected Growth Rates

Company	Gas Proxy Group			<i>Value Line</i>		
	Projected Growth			Sustainable Growth		
	Est'd. '17-'19 to '23-'25			Return on Equity	Retention Rate	Internal Growth
	Earnings	Dividends	Book Value			
Atmos Energy Company (NYSE-ATO)	7.0	7.5	7.5	9.0%	50.0%	4.5%
Chesapeake Utilities (NYSE-CPK)	9.0	8.5	10.0	9.5%	58.0%	5.5%
New Jersey Resources Corp. (NYSE-NJR)	2.0	6.0	8.5	9.5%	35.0%	3.3%
Nisource Inc (NYSE-NI)	13.0	7.5	5.0	11.0%	39.0%	4.3%
Northwest Natural Gas Co. (NYSE-NWN)	24.5	1.0	2.0	8.5%	39.0%	3.3%
ONE Gas, Inc. (NYSE-OGS)	6.5	7.5	5.5	8.5%	41.0%	3.5%
South Jersey Industries, Inc. (NYSE-SJI)	12.5	3.5	5.0	12.0%	44.0%	5.3%
Southwest Gas Company (NYSE-SWX)	9.0	4.0	6.5	10.0%	56.0%	5.6%
Spire (NYSE-SR)	5.5	5.0	8.5	7.0%	40.0%	2.8%
Mean	9.9	5.6	6.5	9.4%	44.7%	4.2%
Median	9.0	6.0	6.5	9.5%	41.0%	4.3%
Average of Median Figures =		7.2			Median =	4.3%

* 'Est'd. '17-'19 to '23-'25' is the estimated growth rate from the base period 2017 to 2019 until the future period 2023 to 2025.

Data Source: *Value Line Investment Survey*.

Exhibit JRW-8

**Cascade Natural Gas Corporation
 DCF Equity Cost Growth Rate Measures
 Analysts Projected EPS Growth Rate Estimates**

Gas Proxy Group

Company	Yahoo	Zacks	Mean
Atmos Energy Company (NYSE-ATO)	7.3%	7.2%	7.2%
Chesapeake Utilities (NYSE-CPK)	4.7%	na	4.7%
New Jersey Resources Corp. (NYSE-NJR)	6.0%	6.0%	6.0%
Nisource Inc (NYSE-NI)	1.7%	5.6%	3.6%
Northwest Natural Gas Co. (NYSE-NWN)	3.1%	3.1%	3.1%
ONE Gas, Inc. (NYSE-OGS)	5.0%	5.5%	5.3%
South Jersey Industries, Inc. (NYSE-SJI)	10.4%	10.4%	10.4%
Southwest Gas Company (NYSE-SWX)	4.0%	5.0%	4.5%
Spire (NYSE-SR)	4.8%	4.9%	4.8%
Mean	5.2%	6.0%	5.5%
Median	4.8%	5.5%	4.8%

Data Sources: www.zacks.com, <http://quote.yahoo.com>, November, 2020.

Exhibit JRW-8

Cascade Natural Gas Corporation
DCF Growth Rate Indicators

Gas Proxy Group

Growth Rate Indicator	Gas Proxy Group
Historic <i>Value Line</i> Growth in EPS, DPS, and BVPS	5.9%
Projected <i>Value Line</i> Growth in EPS, DPS, and BVPS	7.2%
Sustainable Growth ROE * Retention Rate	4.3%
Projected EPS Growth from Yahoo, Zacks, and Reuters - Mean/Median	5.5%/4.8%