

**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-10

Cascade Natural Gas Corp. Recommended Cost of Capital and ROE Results

November 19, 2020

Cascade Natural Gas Corporation Recommended Cost of Capital

Capital Source	Capitalization Ratios	Cost Rate	Weighted Cost Rate
Long-Term Debt	49.60%	4.75%	2.35%
Common Equity	<u>50.40%</u>	<u>10.30%</u>	<u>5.19%</u>
Total Capital	100.00%		7.54%

SUMMARY OF BULKLEY ROE ANALYSES RESULTS

<i>Constant Growth DCF</i>			
	Median Low	Median	Median High
30-Day Average	9.13%	9.62%	9.97%
90-Day Average	9.08%	9.43%	9.70%
180-Day Average	8.84%	9.42%	9.69%
Constant Growth Average	9.02%	9.49%	9.79%
<i>CAPM</i>			
	Current 30-day Average Treasury Bond Yield	Near-Term Blue Chip Forecast Yield	Long-Term Blue Chip Forecast Yield
Value Line Beta	8.94%	9.05%	9.64%
Bloomberg Beta	11.01%	11.07%	11.39%
<i>ECAPM</i>			
Value Line Beta	10.07%	10.15%	10.60%
Bloomberg Beta	11.62%	11.66%	11.90%
<i>Treasury Yield Plus Risk Premium</i>			
	Current 30-day Average Treasury Bond Yield	Near-Term Blue Chip Forecast Yield	Long-Term Blue Chip Forecast Yield
Risk Premium Analysis	9.06%	9.18%	9.86%
Risk Premium Mean Result	9.37%		
<i>Expected Earnings Analysis</i>			
	Mean		Median
Expected Earnings Result	9.94%		9.74%

Docket No. UG-200568
 Exhibit JRW-10
 Cascade Natural Gas Corporation ROE Results
 Page 3 of 4

Company	<i>Value Line</i>	Yahoo	Zacks
Atmos Energy Corporation	7.00%	7.50%	7.20%
New Jersey Resources Corporation	2.50%	6.00%	6.00%
Northwest Natural Gas Company	22.50%	3.75%	NA%
ONE Gas Inc.	7.00%	5.00%	5.50%
South Jersey Industries, Inc.	9.50%	10.20%	10.20%
Southwest Gas Corporation	8.00%	8.20%	6.00%
Spire, Inc.	<u>5.50%</u>	<u>4.65%</u>	<u>4.80%</u>
Average	8.86%	6.47%	6.62%

Data Source: Bulkley Schedule 4.

NWN's *Value Line* Projected EPS Growth Rate

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '16-'18 to '23-'25
Revenues	-4.5%	-3.0%	2.5%
"Cash Flow"	-3.0%	-5.5%	8.0%
Earnings	-10.5%	-18.0%	22.5%
Dividends	2.5%	1.0%	.5%
Book Value	2.0%	- -	1.5%

NWN	2016	2017	2018	2019	2020	2023-25
Earnings Per Share	2.12	-1.94	2.33	2.10	2.40	3.50
3 Year Base and Projected Periods	<u>2016-18</u>					<u>2023-25</u>
Base and Projected EPS Figures	0.84					3.50
Base Period to Projected Period Growth Rate			22.7%			