

**Exh. DCP-9
Docket UG-170929
Witness: David C. Parcell**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**CASCADE NATURAL GAS
CORPORATION,**

Respondent.

DOCKET UG-170929

**EXHIBIT TO
TESTIMONY OF**

David C. Parcell

**ON BEHALF OF STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Proxy Companies DCF Cost Rates

February 15, 2018

PROXY COMPANIES DIVIDEND YIELD

COMPANY	Qtr DPS	November 2017 - January, 2018			YIELD	
		DPS	HIGH	LOW		
Proxy Group						
Atmos Energy Corp.	\$0.485	\$1.94	\$93.56	\$79.11	\$86.34	2.2%
New Jersey Resources Corp.	\$0.273	\$1.09	\$45.45	\$38.55	\$42.00	2.6%
NiSource Inc.	\$0.175	\$0.70	\$27.76	\$23.77	\$25.77	2.7%
Northwest Natural Gas Co.	\$0.473	\$1.89	\$69.50	\$55.70	\$62.60	3.0%
South Jersey Industries, Inc.	\$0.280	\$1.12	\$34.38	\$29.00	\$31.69	3.5%
Southwest Gas Holdings, Inc.	\$0.495	\$1.98	\$86.87	\$72.51	\$79.69	2.5%
Spire Inc.	\$0.563	\$2.25	\$82.85	\$65.90	\$74.38	3.0%
Average						2.8%

Source: Yahoo! Finance.

**PROXY COMPANIES
RETENTION GROWTH RATES**

COMPANY	2013	2014	2015	2016	2017	Average	2018	2020-'22	Average
Proxy Group									
Atmos Energy Corp.	4.0%	4.7%	4.9%	5.1%	5.0%	4.7%	5.0%	5.5%	5.3%
New Jersey Resources Corp.	5.2%	11.0%	7.0%	4.8%	1.8%	6.0%	6.0%	5.5%	5.8%
NiSource Inc.	3.1%	3.4%	0.0%	3.0%	1.0%	2.1%	4.0%	2.5%	3.3%
Northwest Natural Gas Co.	1.5%	1.1%	0.6%	0.9%	1.0%	1.0%	1.5%	3.5%	2.5%
South Jersey Industries, Inc.	4.8%	4.3%	2.8%	1.6%	0.5%	2.8%	1.5%	3.5%	2.5%
Southwest Gas Holdings, Inc.	6.1%	5.0%	4.0%	4.1%	4.5%	4.7%	4.0%	5.0%	4.5%
Spire Inc.	1.0%	1.5%	3.7%	3.3%	3.3%	2.6%	3.5%	4.5%	4.0%
Average						3.4%			4.0%

Source: Value Line Investment Survey.

**PROXY COMPANIES
PER SHARE GROWTH RATES**

COMPANY	5-Year Historic Growth Rates				Est'd '14-'16 to '20-'22 Growth Rates			
	EPS	DPS	BVPS	Average	EPS	DPS	BVPS	Average
Proxy Group								
Atmos Energy Corp.	8.0%	3.5%	5.5%	5.7%	6.0%	6.5%	3.5%	5.3%
New Jersey Resources Corp.	8.0%	6.5%	7.5%	7.3%	2.0%	3.5%	6.0%	3.8%
NiSource Inc.	2.5%	-2.0%	-3.5%	neg	5.5%	6.5%	-1.5%	3.5%
Northwest Natural Gas Co.	-4.5%	2.0%	2.0%	neg	7.0%	1.0%	2.0%	3.3%
South Jersey Industries, Inc.	1.5%	8.5%	9.0%	6.3%	5.5%	4.0%	6.0%	5.2%
Southwest Gas Holdings, Inc.	6.5%	10.0%	5.5%	7.3%	8.0%	7.5%	7.0%	7.5%
Spire Inc.	4.0%	4.0%	9.0%	5.7%	8.0%	5.0%	4.5%	5.8%
Average				6.5%				4.9%

Source: Value Line Investment Survey.

**PROXY COMPANIES
DCF COST RATES**

COMPANY	ADJUSTED YIELD	HISTORIC RETENTION GROWTH	PROSPECTIVE RETENTION GROWTH	HISTORIC PER SHARE GROWTH	PROSPECTIVE PER SHARE GROWTH	FIRST CALL EPS GROWTH	AVERAGE GROWTH	DCF RATES
Proxy Group								
Atmos Energy Corp.	2.3%	4.7%	5.3%	5.7%	5.3%	6.5%	5.5%	7.8%
New Jersey Resources Corp.	2.7%	6.0%	5.8%	7.3%	3.8%	6.0%	5.8%	8.5%
NiSource Inc.	2.8%	2.1%	3.3%	neg	3.5%	7.7%	4.1%	6.9%
Northwest Natural Gas Co.	3.1%	1.0%	2.5%	neg	3.3%	4.0%	2.7%	5.8%
South Jersey Industries, Inc.	3.6%	2.8%	2.5%	6.3%	5.2%	6.0%	4.6%	8.2%
Southwest Gas Holdings, Inc.	2.6%	4.7%	4.5%	7.3%	7.5%	4.0%	5.6%	8.2%
Spire Inc.	3.1%	2.6%	4.0%	5.7%	5.8%	3.7%	4.4%	7.4%
Mean	2.9%	3.4%	4.0%	6.5%	4.9%	5.4%	4.7%	7.5%
Median	2.8%	2.8%	4.0%	6.3%	5.2%	6.0%	4.6%	7.8%
Composite - Mean		6.3%	6.8%	9.3%	7.8%	8.3%	7.5%	
Composite - Median		5.6%	6.8%	9.1%	7.9%	8.8%	7.3%	

Note: negative values not used in calculations.

Sources: Prior pages of this schedule.