

**BEFORE THE WASHINGTON  
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Complainant,

v.

CASCADE NATURAL GAS CO.,

Respondent.

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DOCKET UG-240008

**MICHAEL P. GORMAN  
ON BEHALF OF THE  
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL  
PUBLIC COUNSEL UNIT**

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**EXHIBIT MPG-10**

Sustainable Growth Rate

September 25, 2024

## Cascade Natural Gas Corporation

### Sustainable Growth Rate

| Line | Company                           | 3 to 5 Year Projections |                  |                  |               |              |               |              |               |               |                     | Sustainable<br>Growth<br>Rate<br>(11) |
|------|-----------------------------------|-------------------------|------------------|------------------|---------------|--------------|---------------|--------------|---------------|---------------|---------------------|---------------------------------------|
|      |                                   | Dividends               | Earnings         | Book Value       | Book Value    |              | Adjustment    | Adjusted     | Payout        | Retention     | Internal            |                                       |
|      |                                   | Per Share<br>(1)        | Per Share<br>(2) | Per Share<br>(3) | Growth<br>(4) | ROE<br>(5)   | Factor<br>(6) | ROE<br>(7)   | Ratio<br>(8)  | Rate<br>(9)   | Growth Rate<br>(10) |                                       |
| 1    | Atmos Energy Corporation          | \$4.25                  | \$8.35           | \$83.50          | 2.22%         | 10.00%       | 1.01          | 10.11%       | 50.90%        | 49.10%        | 4.96%               | 6.74%                                 |
| 2    | NiSource Inc.                     | \$1.20                  | \$2.20           | \$20.40          | - 1.77%       | 10.78%       | 0.99          | 10.69%       | 54.55%        | 45.45%        | 4.86%               | 4.90%                                 |
| 3    | Northwest Natural Holding Company | \$1.98                  | \$3.20           | \$36.10          | 0.94%         | 8.86%        | 1.00          | 8.91%        | 61.88%        | 38.13%        | 3.40%               | 3.68%                                 |
| 4    | ONE Gas, Inc.                     | \$2.85                  | \$5.00           | \$60.20          | 3.52%         | 8.31%        | 1.02          | 8.45%        | 57.00%        | 43.00%        | 3.63%               | 3.67%                                 |
| 5    | Spire Inc.                        | \$3.60                  | \$5.50           | \$66.05          | 4.65%         | 8.33%        | 1.02          | 8.52%        | 65.45%        | 34.55%        | 2.94%               | 3.55%                                 |
| 6    | <b>Average</b>                    | <b>\$2.78</b>           | <b>\$4.85</b>    | <b>\$53.25</b>   | <b>1.91%</b>  | <b>9.26%</b> | <b>1.01</b>   | <b>9.33%</b> | <b>57.95%</b> | <b>42.05%</b> | <b>3.96%</b>        | <b>4.51%</b>                          |

#### Sources and Notes:

Cols. (1), (2) and (3): *The Value Line Investment Survey*, May 24, 2024.

Col. (4): [ Col. (3) / Page 2 Col. (2) ] ^ (1/number of years projected) - 1.

Col. (5): Col. (2) / Col. (3).

Col. (6): [ 2 \* (1 + Col. (4)) ] / (2 + Col. (4)).

Col. (7): Col. (6) \* Col. (5).

Col. (8): Col. (1) / Col. (2).

Col. (9): 1 - Col. (8).

Col. (10): Col. (9) \* Col. (7).

Col. (11): Col. (10) + Page 2 Col. (9).

## Cascade Natural Gas Corporation

### Sustainable Growth Rate

| <u>Line</u> | <u>Company</u>                    | <u>13-Week</u>                  | <u>2022</u>                   | <u>Market</u>  | <u>Common Shares</u>                          |                  | <u>Growth</u> | <u>S Factor</u> <sup>3</sup> | <u>V Factor</u> <sup>4</sup> | <u>S * V</u> |
|-------------|-----------------------------------|---------------------------------|-------------------------------|----------------|---|------------------|---------------|------------------------------|------------------------------|--------------|
|             |                                   | <u>Average</u>                  | <u>Book Value</u>             | <u>to Book</u> | <u>Outstanding (in Millions)</u> <sup>2</sup> |                  |               |                              |                              |              |
|             |                                   | <u>Stock Price</u> <sup>1</sup> | <u>Per Share</u> <sup>2</sup> | <u>Ratio</u>   | <u>2022</u>                                   | <u>3-5 Years</u> | <u>(6)</u>    | <u>(7)</u>                   | <u>(8)</u>                   | <u>(9)</u>   |
|             |                                   | (1)                             | (2)                           | (3)            | (4)   | (5)              |               |                              |                              |              |
| 1           | Atmos Energy Corporation          | \$120.12                        | \$73.20                       | 1.64           | 148.49  | 175.00           | 2.78%         | 4.55%                        | 39.06%                       | 1.78%        |
| 2           | NiSource Inc.                     | \$29.61                         | \$22.71                       | 1.30           | 446.38  | 450.00           | 0.13%         | 0.18%                        | 23.31%                       | 0.04%        |
| 3           | Northwest Natural Holding Company | \$37.37                         | \$34.12                       | 1.10           | 37.63   | 45.00            | 3.03%         | 3.31%                        | 8.70%                        | 0.29%        |
| 4           | ONE Gas, Inc.                     | \$64.36                         | \$48.91                       | 1.32           | 56.55   | 57.00            | 0.13%         | 0.17%                        | 24.00%                       | 0.04%        |
| 5           | Spire Inc.                        | \$62.03                         | \$50.29                       | 1.23           | 53.20   | 62.00            | 2.58%         | 3.19%                        | 18.93%                       | 0.60%        |
| 6           | <b>Average</b>                    | <b>\$62.70</b>                  | <b>\$45.85</b>                | <b>1.32</b>    | <b>148.45</b>                                 | <b>157.80</b>    | <b>1.73%</b>  | <b>2.28%</b>                 | <b>22.80%</b>                | <b>0.55%</b> |

Sources and Notes:

<sup>1</sup> S&P Global Intelligence, Downloaded on August 16, 2024.

<sup>2</sup> *The Value Line Investment Survey*, May 24, 2024.

<sup>3</sup> Expected Growth in the Number of Shares, Column (3) \* Column (6).

<sup>4</sup> Expected Profit of Stock Investment, [ 1 - 1 / Column (3) ].