

**Multiple-Stage Dividend Discount Model
for the Local Natural Gas Distribution Companies (LDCs)**

FY 9/30
FY 12/31

Estimated Cash Flows

Company Name	Cost of Equity	<u>Estimated Cash Flows</u>															Terminal Value
		8/26/2022	3/31/2023	3/31/2024	3/31/2025	3/31/2026	3/31/2027	3/31/2028	3/31/2029	3/31/2030	3/31/2031	3/31/2032	3/31/2033	3/31/2034	3/31/2035	3/31/2036	
Atmos Energy Corporation	7.64%	-114.75	\$2.95	\$3.20	\$3.46	\$3.76	\$4.15	\$4.55	\$4.97	\$5.41	\$5.85	\$6.31	\$6.76	\$7.23	\$7.68	\$8.13	\$213.21
New Jersey Resources Corporation	7.79%	-44.88	\$1.57	\$1.67	\$1.81	\$1.94	\$2.06	\$2.19	\$2.31	\$2.44	\$2.56	\$2.69	\$2.80	\$2.91	\$3.02	\$3.12	\$77.24
Spire Inc.	7.64%	-74.35	\$2.87	\$3.01	\$3.15	\$3.27	\$3.42	\$3.58	\$3.74	\$3.90	\$4.06	\$4.22	\$4.38	\$4.55	\$4.71	\$4.87	\$125.07
		8/26/2022	11/15/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029	6/30/2030	6/30/2031	6/30/2032	6/30/2033	6/30/2034	6/30/2035	6/30/2036
NiSource Inc.	7.65%	-30.04	\$0.24	\$1.00	\$1.05	\$1.15	\$1.23	\$1.31	\$1.39	\$1.48	\$1.56	\$1.65	\$1.73	\$1.82	\$1.90	\$1.98	\$51.21
Northwest Natural Holding Company	7.09%	-52.05	\$0.49	\$1.95	\$1.98	\$2.08	\$2.10	\$2.18	\$2.27	\$2.36	\$2.44	\$2.53	\$2.61	\$2.70	\$2.79	\$2.87	\$83.34
ONE Gas, Inc.	7.41%	-84.31	\$0.62	\$2.65	\$2.83	\$3.04	\$3.25	\$3.46	\$3.68	\$3.90	\$4.12	\$4.34	\$4.56	\$4.79	\$5.01	\$5.22	\$143.09
Southwest Gas Holdings, Inc.	7.24%	-86.38	\$0.62	\$2.59	\$2.87	\$3.04	\$3.25	\$3.44	\$3.63	\$3.83	\$4.03	\$4.24	\$4.45	\$4.66	\$4.87	\$5.08	\$145.76
Average of All Companies But SWX	7.54%																
Average of Mostly Pure Play	7.49%																
Average of All Companies	7.49%																

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Annual Earnings Per Share Estimates

Company Name	Consensus Analysts' Discreet EPS Estimates (through yellow highlighted cell)							2027 - 2037 Transitionary Period to Perpetual Growth								Terminal Year
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Atmos Energy Corporation	\$5.55	\$5.94	\$6.40	\$6.91	\$7.48	\$8.04	\$8.61	\$9.18	\$9.75	\$10.32	\$10.88	\$11.42	\$11.94	\$12.43	\$12.90	\$13.32
New Jersey Resources Corporation	\$2.45	\$2.45	\$2.74	\$2.77	\$2.90	\$3.10	\$3.30	\$3.50	\$3.71	\$3.91	\$4.10	\$4.30	\$4.49	\$4.67	\$4.84	\$5.00
NiSource Inc.	\$1.45	\$1.55	\$1.74	\$1.88	\$1.98	\$2.10	\$2.23	\$2.36	\$2.49	\$2.61	\$2.74	\$2.86	\$2.98	\$3.10	\$3.21	\$3.32
Northwest Natural Holding Company	\$2.52	\$2.69	\$2.78	\$2.99	\$3.10	\$3.24	\$3.38	\$3.53	\$3.67	\$3.82	\$3.97	\$4.12	\$4.27	\$4.42	\$4.57	\$4.72
ONE Gas, Inc.	\$4.08	\$4.38	\$4.63	\$4.99	\$5.32	\$5.64	\$5.96	\$6.29	\$6.61	\$6.94	\$7.26	\$7.58	\$7.89	\$8.20	\$8.49	\$8.77
Southwest Gas Holdings, Inc.	\$3.86	\$4.81	\$4.99	\$5.22	\$5.48	\$5.75	\$6.03	\$6.31	\$6.60	\$6.88	\$7.17	\$7.45	\$7.74	\$8.02	\$8.30	\$8.57
Spire Inc.	\$3.89	\$4.38	\$4.65	\$4.93	\$5.10	\$5.34	\$5.58	\$5.82	\$6.07	\$6.32	\$6.57	\$6.82	\$7.08	\$7.33	\$7.58	\$7.83

Dividend Payout Ratios

Company Name	Discrete Dividend Payout Ratio (through yellow highlighted cell)							2025 - 2035 Transitory Payout Ratio Until Perpetual Growth								
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Atmos Energy Corporation	NM	49.66%	50.00%	50.02%	50.33%	51.61%	52.88%	54.15%	55.42%	56.69%	57.97%	59.24%	60.51%	61.78%	63.05%	64.32%
New Jersey Resources Corporation	NM	63.99%	61.15%	65.46%	66.72%	66.51%	66.29%	66.07%	65.85%	65.63%	65.42%	65.20%	64.98%	64.76%	64.54%	64.32%
NiSource Inc.	NM	64.22%	60.30%	60.99%	62.06%	62.26%	62.47%	62.68%	62.88%	63.09%	63.29%	63.50%	63.71%	63.91%	64.12%	64.32%
Northwest Natural Holding Company	NM	72.57%	71.26%	69.64%	67.74%	67.43%	67.12%	66.81%	66.50%	66.19%	65.88%	65.57%	65.26%	64.95%	64.64%	64.32%
ONE Gas, Inc.	NM	60.53%	61.17%	60.98%	61.09%	61.38%	61.68%	61.97%	62.27%	62.56%	62.85%	63.15%	63.44%	63.74%	64.03%	64.32%
Southwest Gas Holdings, Inc.	NM	53.91%	57.56%	58.24%	59.31%	59.76%	60.22%	60.68%	61.13%	61.59%	62.04%	62.50%	62.96%	63.41%	63.87%	64.32%
Spire Inc.	NM	65.65%	64.74%	63.96%	64.12%	64.14%	64.16%	64.17%	64.19%	64.21%	64.23%	64.25%	64.27%	64.29%	64.31%	64.32%

Estimated Dividends

Company Name	Cost of Equity	8/26/2022	3/31/2023	3/31/2024	3/31/2025	3/31/2026	3/31/2027	3/31/2028	3/31/2029	3/31/2030	3/31/2031	3/31/2032	3/31/2033	3/31/2034	3/31/2035	3/31/2036	3/31/2037	3/31/2038
		Atmos Energy Corporation	7.63%	-114.75	\$2.95	\$3.20	\$3.46	\$3.76	\$4.15	\$4.55	\$4.97	\$5.41	\$5.85	\$6.31	\$6.76	\$7.23	\$7.68	\$8.13
New Jersey Resources Corporation	7.78%	-44.88	\$1.57	\$1.67	\$1.81	\$1.94	\$2.06	\$2.19	\$2.31	\$2.44	\$2.56	\$2.69	\$2.80	\$2.91	\$3.02	\$3.12	\$3.21	\$3.32
Spire Inc.	7.63%	-74.35	\$2.87	\$3.01	\$3.15	\$3.27	\$3.42	\$3.58	\$3.74	\$3.90	\$4.06	\$4.22	\$4.38	\$4.55	\$4.71	\$4.87	\$5.04	\$5.20
NiSource Inc.	7.64%	8/26/2022	11/15/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029	6/30/2030	6/30/2031	6/30/2032	6/30/2033	6/30/2034	6/30/2035	6/30/2036	6/30/2037
Northwest Natural Holding Company	7.08%	-30.04	\$0.24	\$1.00	\$1.05	\$1.15	\$1.23	\$1.31	\$1.39	\$1.48	\$1.56	\$1.65	\$1.73	\$1.82	\$1.90	\$1.98	\$2.06	\$2.13
ONE Gas, Inc.	7.40%	-52.05	\$0.49	\$1.95	\$1.98	\$2.08	\$2.10	\$2.18	\$2.27	\$2.36	\$2.44	\$2.53	\$2.61	\$2.70	\$2.79	\$2.87	\$2.95	\$3.04
Southwest Gas Holdings, Inc.	7.22%	-84.31	\$0.62	\$2.65	\$2.83	\$3.04	\$3.25	\$3.46	\$3.68	\$3.90	\$4.12	\$4.34	\$4.56	\$4.79	\$5.01	\$5.22	\$5.43	\$5.64
Average of All Companies But SWX	7.53%	-86.38	\$0.62	\$2.59	\$2.87	\$3.04	\$3.25	\$3.44	\$3.63	\$3.83	\$4.03	\$4.24	\$4.45	\$4.66	\$4.87	\$5.08	\$5.30	\$5.51
Average of Mostly Pure Play	7.48%																	
Average of All Companies	7.48%																	

Notes:

1. NM - Not Meaningful
2. NA - Not Available

**Multiple-Stage Dividend Discount Model
for the Local Natural Gas Distribution Companies (LDCs)**

Annual Growth Rate Estimates Until Terminal Stage

Company Name	5-YR CAGR (Median)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Atmos Energy Corporation	7.50%		Discrete Estimates				7.50%	7.08%	6.66%	6.24%	5.82%	5.40%	4.98%	4.56%	4.14%	3.72%	3.30%
New Jersey Resources Corporation	6.85%		Discrete Estimates				6.85%	6.50%	6.14%	5.79%	5.43%	5.08%	4.72%	4.37%	4.01%	3.66%	3.30%
NiSource Inc.	6.35%		Discrete Estimates				6.35%	6.05%	5.74%	5.44%	5.13%	4.83%	4.52%	4.22%	3.91%	3.61%	3.30%
Northwest Natural Holding Company	4.50%		Discrete Estimates				4.50%	4.38%	4.26%	4.14%	4.02%	3.90%	3.78%	3.66%	3.54%	3.42%	3.30%
ONE Gas, Inc.	6.00%		Discrete Estimates				6.00%	5.73%	5.46%	5.19%	4.92%	4.65%	4.38%	4.11%	3.84%	3.57%	3.30%
Southwest Gas Holdings, Inc.	5.00%		Discrete Estimates				5.00%	4.83%	4.66%	4.49%	4.32%	4.15%	3.98%	3.81%	3.64%	3.47%	3.30%
Spire Inc.	4.65%		Discrete Estimates				4.65%	4.52%	4.38%	4.25%	4.11%	3.98%	3.84%	3.71%	3.57%	3.44%	3.30%

Source: S&P Market intelligence as of August 18, 2022.