

**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	3/31/2037
Atmos Energy Corporation	7.37%	-114.75	\$2.95	\$3.20	\$3.46	\$3.76	\$4.25	\$4.77	\$5.30	\$5.86	\$6.43	\$7.01	\$7.59	\$8.16	\$8.71	\$9.25	\$195.08
New Jersey Resources Corporation	7.56%	-44.88	\$1.57	\$1.67	\$1.81	\$1.94	\$2.10	\$2.27	\$2.44	\$2.61	\$2.78	\$2.94	\$3.11	\$3.26	\$3.40	\$3.54	\$70.81
Spire Inc.	7.39%	-74.35	\$2.87	\$3.01	\$3.15	\$3.27	\$3.49	\$3.72	\$3.94	\$4.18	\$4.41	\$4.64	\$4.86	\$5.09	\$5.31	\$5.52	\$114.29
		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.	7.39%	-30.04	\$0.24	\$1.00	\$1.05	\$1.15	\$1.23	\$1.34	\$1.45	\$1.56	\$1.68	\$1.79	\$1.91	\$2.02	\$2.13	\$2.24	\$47.37
Northwest Natural Holding Company	6.74%	-52.05	\$0.49	\$1.95	\$1.98	\$2.08	\$2.10	\$2.23	\$2.35	\$2.48	\$2.61	\$2.74	\$2.86	\$2.99	\$3.11	\$3.23	\$76.26
ONE Gas, Inc.	7.11%	-84.31	\$0.62	\$2.65	\$2.83	\$3.04	\$3.25	\$3.53	\$3.83	\$4.12	\$4.42	\$4.73	\$5.03	\$5.32	\$5.61	\$5.89	\$131.79
Southwest Gas Holdings, Inc.	6.91%	-86.38	\$0.62	\$2.59	\$2.87	\$3.04	\$3.25	\$3.51	\$3.78	\$4.06	\$4.34	\$4.62	\$4.90	\$5.19	\$5.47	\$5.74	\$133.80
<b>Average of All Companies But SWX</b>	<b>7.26%</b>																
<b>Average of Mostly Pure Play</b>	<b>7.20%</b>																
<b>Average of All Companies</b>	<b>7.21%</b>																

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

**Annual Earnings Per Share Estimates**

Company Name	Consensus Analysts' Discreet EPS Estimates (through yellow highlighted cell)							2027 - 2037 Transitionary Period to Perpetual Growth								
	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	\$8.60	\$9.15	\$9.68	\$10.19	\$10.68	\$11.13	\$11.53	\$11.89	\$12.19	\$12.44
New Jersey Resources Corporation	\$2.45	\$2.45	\$2.74	\$2.77	\$2.90	\$3.10	\$3.30	\$3.49	\$3.68	\$3.86	\$4.03	\$4.19	\$4.33	\$4.46	\$4.57	\$4.66
NiSource Inc.	\$1.45	\$1.55	\$1.74	\$1.88	\$1.98	\$2.10	\$2.23	\$2.35	\$2.47	\$2.58	\$2.69	\$2.79	\$2.88	\$2.96	\$3.04	\$3.10
Northwest Natural Holding Company	\$2.52	\$2.69	\$2.78	\$2.99	\$3.10	\$3.24	\$3.38	\$3.51	\$3.64	\$3.77	\$3.89	\$4.01	\$4.12	\$4.22	\$4.32	\$4.41
ONE Gas, Inc.	\$4.08	\$4.38	\$4.63	\$4.99	\$5.32	\$5.64	\$5.95	\$6.26	\$6.57	\$6.85	\$7.13	\$7.39	\$7.62	\$7.83	\$8.02	\$8.18
Southwest Gas Holdings, Inc.	\$3.86	\$4.81	\$4.99	\$5.22	\$5.48	\$5.75	\$6.02	\$6.29	\$6.55	\$6.80	\$7.03	\$7.26	\$7.47	\$7.66	\$7.84	\$8.00
Spire Inc.	\$3.89	\$4.38	\$4.65	\$4.93	\$5.10	\$5.34	\$5.57	\$5.80	\$6.02	\$6.24	\$6.45	\$6.65	\$6.83	\$7.00	\$7.16	\$7.31

**Dividend Payout Ratios**

Company Name	Discrete Dividend Payout Ratio (through yellow highlighted cell)							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%	52.88%	55.43%	57.98%	60.53%	63.08%	65.63%	68.18%	70.73%	73.28%	75.83%	78.38%
New Jersey Resources Corporation	NM	63.99%	61.15%	65.46%	66.72%	67.78%	68.84%	69.90%	70.96%	72.02%	73.08%	74.14%	75.20%	76.26%	77.32%	78.38%
NiSource Inc.	NM	64.22%	60.30%	60.99%	62.06%	63.54%	65.02%	66.51%	67.99%	69.48%	70.96%	72.44%	73.93%	75.41%	76.89%	78.38%
Northwest Natural Holding Company	NM	72.57%	71.26%	69.64%	67.74%	68.71%	69.68%	70.64%	71.61%	72.58%	73.54%	74.51%	75.48%	76.44%	77.41%	78.38%
ONE Gas, Inc.	NM	60.53%	61.17%	60.98%	61.09%	62.66%	64.23%	65.81%	67.38%	68.95%	70.52%	72.09%	73.66%	75.24%	76.81%	78.38%
Southwest Gas Holdings, Inc.	NM	53.91%	57.56%	58.24%	59.31%	61.04%	62.77%	64.51%	66.24%	67.98%	69.71%	71.44%	73.18%	74.91%	76.64%	78.38%
Spire Inc.	NM	65.65%	64.74%	63.96%	64.12%	65.41%	66.71%	68.01%	69.30%	70.60%	71.90%	73.19%	74.49%	75.79%	77.08%	78.38%

**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	7.37%	-114.75	\$2.95	\$3.20	\$3.46	\$3.76	\$4.25	\$4.77	\$5.30	\$5.86	\$6.43	\$7.01	\$7.59	\$8.16	\$8.71	\$9.25
New Jersey Resources Corporation	7.55%	-44.88	\$1.57	\$1.67	\$1.81	\$1.94	\$2.10	\$2.27	\$2.44	\$2.61	\$2.78	\$2.94	\$3.11	\$3.26	\$3.40	\$3.54	\$3.66	\$3.73
Spire Inc.	7.38%	-74.35	\$2.87	\$3.01	\$3.15	\$3.27	\$3.49	\$3.72	\$3.94	\$4.18	\$4.41	\$4.64	\$4.86	\$5.09	\$5.31	\$5.52	\$5.73	\$5.84
NiSource Inc.	7.39%	-30.04	\$0.24	\$1.00	\$1.05	\$1.15	\$1.23	\$1.34	\$1.45	\$1.56	\$1.68	\$1.79	\$1.91	\$2.02	\$2.13	\$2.24	\$2.33	\$2.43
Northwest Natural Holding Company	6.74%	-52.05	\$0.49	\$1.95	\$1.98	\$2.08	\$2.10	\$2.23	\$2.35	\$2.48	\$2.61	\$2.74	\$2.86	\$2.99	\$3.11	\$3.23	\$3.34	\$3.45
ONE Gas, Inc.	7.11%	-84.31	\$0.62	\$2.65	\$2.83	\$3.04	\$3.25	\$3.53	\$3.83	\$4.12	\$4.42	\$4.73	\$5.03	\$5.32	\$5.61	\$5.89	\$6.16	\$6.41
Southwest Gas Holdings, Inc.	6.90%	-86.38	\$0.62	\$2.59	\$2.87	\$3.04	\$3.25	\$3.51	\$3.78	\$4.06	\$4.34	\$4.62	\$4.90	\$5.19	\$5.47	\$5.74	\$6.01	\$6.27
<b>Average of All Companies But SWX</b>	<b>7.25%</b>																	
<b>Average of Mostly Pure Play</b>	<b>7.20%</b>																	
<b>Average of All Companies</b>	<b>7.20%</b>																	

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**

<b>Company Name</b>	<b>5-YR CAGR</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>
Atmos Energy Corporation	7.50%		Discrete Estimates				7.50%	6.95%	6.40%	5.85%	5.30%	4.75%	4.20%	3.65%	3.10%	2.55%	2.00%
New Jersey Resources Corporation	6.85%		Discrete Estimates				6.85%	6.37%	5.88%	5.40%	4.91%	4.43%	3.94%	3.46%	2.97%	2.49%	2.00%
NiSource Inc.	6.35%		Discrete Estimates				6.35%	5.92%	5.48%	5.05%	4.61%	4.18%	3.74%	3.31%	2.87%	2.44%	2.00%
Northwest Natural Holding Company	4.50%		Discrete Estimates				4.50%	4.25%	4.00%	3.75%	3.50%	3.25%	3.00%	2.75%	2.50%	2.25%	2.00%
ONE Gas, Inc.	6.00%		Discrete Estimates				6.00%	5.60%	5.20%	4.80%	4.40%	4.00%	3.60%	3.20%	2.80%	2.40%	2.00%
Southwest Gas Holdings, Inc.	5.00%		Discrete Estimates				5.00%	4.70%	4.40%	4.10%	3.80%	3.50%	3.20%	2.90%	2.60%	2.30%	2.00%
Spire Inc.	4.65%		Discrete Estimates				4.65%	4.39%	4.12%	3.86%	3.59%	3.33%	3.06%	2.80%	2.53%	2.27%	2.00%

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