

**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
		6/30/2024	9/30/2024	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	7.86%	-115.59	\$0.81	\$3.49	\$3.79	\$4.09	\$4.42	\$4.97	\$5.55	\$6.15	\$6.77	\$7.40	\$8.03	\$8.66	\$9.28	\$9.88	\$192.55
New Jersey Resources Corporation	8.68%	-42.66	\$0.44	\$1.81	\$1.94	\$2.13	\$2.29	\$2.47	\$2.67	\$2.86	\$3.06	\$3.25	\$3.45	\$3.64	\$3.82	\$4.00	\$67.74
Spire Inc.	9.29%	-60.11	\$0.77	\$3.17	\$3.32	\$3.48	\$3.60	\$3.88	\$4.17	\$4.46	\$4.75	\$5.03	\$5.30	\$5.57	\$5.82	\$6.05	\$93.97
		6/30/2024	9/30/2024	12/31/2024	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
NiSource Inc.	8.74%	-27.26	\$0.27	\$0.27	\$1.12	\$1.19	\$1.30	\$1.46	\$1.59	\$1.73	\$1.87	\$2.00	\$2.14	\$2.27	\$2.40	\$2.53	\$43.48
Northwest Natural Holding Company	8.71%	-37.18	\$0.49	\$0.49	\$1.97	\$2.02	\$2.05	\$2.03	\$2.18	\$2.33	\$2.48	\$2.64	\$2.80	\$2.95	\$3.11	\$3.26	\$56.41
ONE Gas, Inc.	7.73%	-62.05	\$0.66	\$0.66	\$2.67	\$2.71	\$2.77	\$2.84	\$3.04	\$3.25	\$3.46	\$3.68	\$3.90	\$4.13	\$4.37	\$4.60	\$93.76
Southwest Gas Holdings, Inc.	8.22%	-69.93	\$0.62	\$0.62	\$2.58	\$2.64	\$2.79	\$2.95	\$3.31	\$3.69	\$4.09	\$4.49	\$4.89	\$5.29	\$5.68	\$6.05	\$114.50
<b>Average of All Companies But SWX</b>	<b>8.50%</b>																
<b>Average of Mostly Pure Play</b>	<b>8.47%</b>																
<b>Average of All Companies</b>	<b>8.46%</b>																

**Multiple-Stage Dividend Discount Model  
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**Annual Earnings Per Share Estimates**

Company Name	Consensus Analysts' Discreet EPS Estimates (2024 - 2028)					2028 - 2038 Transitionary Period to Perpetual Growth										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Atmos Energy Corporation	\$6.76	\$7.08	\$7.63	\$8.19	\$8.75	\$9.31	\$9.87	\$10.42	\$10.94	\$11.43	\$11.89	\$12.30	\$12.67	\$12.99	\$13.25	\$13.51
New Jersey Resources Corporation	\$2.94	\$2.88	\$3.06	\$3.33	\$3.65	\$3.85	\$4.05	\$4.24	\$4.42	\$4.60	\$4.76	\$4.91	\$5.05	\$5.17	\$5.27	\$5.38
NiSource Inc.	\$1.72	\$1.85	\$1.98	\$2.13	\$2.30	\$2.45	\$2.60	\$2.74	\$2.88	\$3.01	\$3.13	\$3.24	\$3.33	\$3.42	\$3.48	\$3.55
Northwest Natural Holding Company	\$2.37	\$2.86	\$2.95	\$3.13	\$3.28	\$3.43	\$3.57	\$3.71	\$3.84	\$3.97	\$4.09	\$4.21	\$4.31	\$4.41	\$4.50	\$4.59
ONE Gas, Inc.	\$3.84	\$4.15	\$4.53	\$4.76	\$5.06	\$5.21	\$5.35	\$5.50	\$5.64	\$5.78	\$5.92	\$6.06	\$6.19	\$6.32	\$6.45	\$6.57
Southwest Gas Holdings, Inc.	\$3.38	\$3.93	\$4.49	\$4.94	\$5.24	\$5.66	\$6.07	\$6.48	\$6.86	\$7.23	\$7.57	\$7.87	\$8.13	\$8.35	\$8.52	\$8.69
Spire Inc.	\$4.32	\$4.58	\$4.88	\$5.09	\$5.35	\$5.67	\$5.99	\$6.30	\$6.60	\$6.88	\$7.14	\$7.38	\$7.59	\$7.78	\$7.93	\$8.09

**Dividend Payout Ratios**

Company Name	Discrete Dividend Payout Ratios (2025 - 2028)					2028 - 2038 Transitory Payout Ratio Until Perpetual Growth										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Atmos Energy Corporation	NM	49.37%	49.67%	49.97%	50.54%	53.38%	56.22%	59.06%	61.90%	64.75%	67.59%	70.43%	73.27%	76.11%	78.95%	78.95%
New Jersey Resources Corporation	NM	62.84%	63.32%	63.75%	62.55%	64.19%	65.83%	67.47%	69.11%	70.75%	72.39%	74.03%	75.67%	77.31%	78.95%	78.95%
NiSource Inc.	NM	60.75%	60.24%	61.26%	63.48%	65.03%	66.57%	68.12%	69.67%	71.21%	72.76%	74.31%	75.85%	77.40%	78.95%	78.95%
Northwest Natural Holding Company	NM	68.99%	68.40%	65.50%	61.89%	63.60%	65.30%	67.01%	68.71%	70.42%	72.12%	73.83%	75.54%	77.24%	78.95%	78.95%
ONE Gas, Inc.	NM	64.47%	59.77%	58.25%	56.13%	58.41%	60.69%	62.97%	65.25%	67.54%	69.82%	72.10%	74.38%	76.67%	78.95%	78.95%
Southwest Gas Holdings, Inc.	NM	65.59%	58.82%	56.48%	56.30%	58.56%	60.83%	63.09%	65.36%	67.62%	69.89%	72.15%	74.42%	76.68%	78.95%	78.95%
Spire Inc.	NM	69.24%	68.05%	68.27%	67.29%	68.46%	69.62%	70.79%	71.95%	73.12%	74.28%	75.45%	76.62%	77.78%	78.95%	78.95%

**Estimated Dividends**

Company Name	Cost of Equity	6/30/2024	9/30/2024	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	3/31/2039
		Atmos Energy Corporation	<b>7.86%</b>	-115.59	\$0.81	\$3.49	\$3.79	\$4.09	\$4.42	\$4.97	\$5.55	\$6.15	\$6.77	\$7.40	\$8.03	\$8.66	\$9.28	\$9.88
New Jersey Resources Corporation	<b>8.68%</b>	-42.66	\$0.44	\$1.81	\$1.94	\$2.13	\$2.29	\$2.47	\$2.67	\$2.86	\$3.06	\$3.25	\$3.45	\$3.64	\$3.82	\$4.00	\$4.16	\$4.24
Spire Inc.	<b>9.28%</b>	-60.11	\$0.77	\$3.17	\$3.32	\$3.48	\$3.60	\$3.88	\$4.17	\$4.46	\$4.75	\$5.03	\$5.30	\$5.57	\$5.82	\$6.05	\$6.26	\$6.39
NiSource Inc.	<b>8.73%</b>	-27.26	\$0.27	\$0.27	\$1.12	\$1.19	\$1.30	\$1.46	\$1.59	\$1.73	\$1.87	\$2.00	\$2.14	\$2.27	\$2.40	\$2.53	\$2.64	\$2.75
Northwest Natural Holding Company	<b>8.70%</b>	-37.18	\$0.49	\$0.49	\$1.97	\$2.02	\$2.05	\$2.03	\$2.18	\$2.33	\$2.48	\$2.64	\$2.80	\$2.95	\$3.11	\$3.26	\$3.41	\$3.55
ONE Gas, Inc.	<b>7.72%</b>	-62.05	\$0.66	\$0.66	\$2.67	\$2.71	\$2.77	\$2.84	\$3.04	\$3.25	\$3.46	\$3.68	\$3.90	\$4.13	\$4.37	\$4.60	\$4.84	\$5.09
Southwest Gas Holdings, Inc.	<b>8.22%</b>	-69.93	\$0.62	\$0.62	\$2.58	\$2.64	\$2.79	\$2.95	\$3.31	\$3.69	\$4.09	\$4.49	\$4.89	\$5.29	\$5.68	\$6.05	\$6.40	\$6.72
<b>Average of All Companies But SWX</b>	<b>8.50%</b>																	
<b>Average of Mostly Pure Play</b>	<b>8.46%</b>																	
<b>Average of All Companies</b>	<b>8.46%</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>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>	<b>2038</b>
Atmos Energy Corporation	7.00%		Discrete Estimates				6.50%	6.00%	5.50%	5.00%	4.50%	4.00%	3.50%	3.00%	2.50%	2.00%
New Jersey Resources Corporation	5.87%		Discrete Estimates				5.48%	5.09%	4.71%	4.32%	3.93%	3.55%	3.16%	2.77%	2.39%	2.00%
NiSource Inc.	7.00%		Discrete Estimates				6.50%	6.00%	5.50%	5.00%	4.50%	4.00%	3.50%	3.00%	2.50%	2.00%
Northwest Natural Holding Company	4.70%		Discrete Estimates				4.43%	4.16%	3.89%	3.62%	3.35%	3.08%	2.81%	2.54%	2.27%	2.00%
ONE Gas, Inc.	3.00%		Discrete Estimates				2.90%	2.80%	2.70%	2.60%	2.50%	2.40%	2.30%	2.20%	2.10%	2.00%
Southwest Gas Holdings, Inc.	8.65%		Discrete Estimates				7.99%	7.32%	6.66%	5.99%	5.33%	4.66%	4.00%	3.33%	2.67%	2.00%
Spire Inc.	6.50%		Discrete Estimates				6.05%	5.60%	5.15%	4.70%	4.25%	3.80%	3.35%	2.90%	2.45%	2.00%

Source: S&P Market intelligence as of July 8, 2024.