

SOUTHWEST GAS CORPORATION

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

In the Matter of the Application of
Southwest Gas Corporation for Authority to
Increase its Retail Natural Gas Utility
Service Rates in its Southern and Northern
Nevada Rate Jurisdictions.

Docket No.: 26-03 ____

VOLUME 5 of 13

Testimony

Index

Southwest Gas Corporation

Volume 5 of 13

Index
Page 1 of 1

Description	Page No.
Prepared Direct Testimony of Justin S. Forsberg	1
Prepared Direct Testimony of Ann E. Bulkley	114
Prepared Direct Testimony of Byron C. Williams	234

IN THE MATTER OF
SOUTHWEST GAS CORPORATION
DOCKET NO. 26-03____

PREPARED DIRECT TESTIMONY
OF
JUSTIN S. FORSBERG

ON BEHALF OF
SOUTHWEST GAS CORPORATION

March 17, 2026

Table of Contents
 Prepared Direct Testimony
 of
Justin S. Forsberg

<u>Description</u>	<u>Page No.</u>
I. INTRODUCTION.....	2
II. SOUTHWEST GAS' CAPITAL STRUCTURE	4
III. SOUTHWEST GAS' EMBEDDED COST OF DEBT.....	5
A. Average Variable Interest Rate – Variable Interest Expense Recovery Mechanism	13
IV. SOUTHWEST GAS' REQUESTED OVERALL RATES OF RETURN	14
V. SOUTHWEST GAS' FINANCIAL PROFILE	15
A. Credit Ratings.....	15
B. Capital Attraction	20
VI. PENSION EXPENSE.....	25
A. Overview of the Actuarial Reports.....	25
B. Determination of the Pension Expense.....	26
C. Reasonableness of the Discount Rates Used to Determine Southwest Gas' Pension Expense	29
VII. INVESTOR RELATIONS PROGRAM COSTS	32
VIII. STATEMENTS	35
Appendix A – Summary of Qualifications of Justin S. Forsberg	
Exhibit No.__(JSF-1)	
Confidential Exhibit No.__(JSF-2)	
Confidential Exhibit No.__(JSF-3)	
Confidential Exhibit No.__(JSF-4)	
Affirmation of Justin S. Forsberg	

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Prepared Direct Testimony
of
Justin S. Forsberg

I. INTRODUCTION

Q. 1 Please state your name and business address.

A. 1 My name is Justin S. Forsberg. My business address is 8360 S. Durango Drive,
Las Vegas, Nevada 89113.

Q. 2 By whom and in what capacity are you employed?

A. 2 I am employed by Southwest Gas Corporation (Southwest Gas or Company) in
the Corporate Finance department. My title is Senior Vice President – Chief
Financial Officer and Treasurer.

**Q. 3 Please summarize your educational background and relevant business
experience.**

A. 3 My educational background and relevant business experience are summarized in
Appendix A to this testimony.

Q. 4 Have you previously testified before any regulatory commission?

A. 4 Yes. I have previously testified before the Arizona Corporation Commission and
the California Public Utilities Commission.

1 **Q. 5 What is the purpose of your prepared direct testimony in this proceeding?**

2 A. 5 The purpose of my prepared direct testimony is to support the Company's capital
3 structure and cost of debt at the end of the Test Year and the Certification Period¹
4 and discuss the importance of the proposed overall rate of returns (RORs) and its
5 impact on the Company's credit ratings and financial profile. I also support the
6 reasonableness of the Company's pension expense incurred during the Test Year
7 and Certification Period. I provide an overview of the purpose and need for the
8 Investor Relations function in the provision of providing service to customers, and
9 discuss costs incurred in support of this function. Finally, I sponsor Statements A
10 through E and Q and other various exhibits prepared in support of my testimony.

11 **Q. 6 Please summarize your prepared direct testimony.**

12 A. 6 My prepared direct testimony consists of the following key topics:

- 13 • A confirmation of the Company's capital structure as of the end of the Test
14 Period and Certification Period and a comparison to the authorized capital
15 structure approved in the Company's last general rate case (Docket No.
16 23-09012).
- 17 • Provide support for the Company's cost of debt;
- 18 • A review of the need for the Company to offer a competitive ROR to attract
19 capital which includes discussion on how Southwest Gas' overall RORs
20 are necessary to support and sustain the Company's financial profile and
21 credit ratings.
- 22 • Provide support for: (1) the Company's pension expense for years 2024
23 through 2026 as presented in the annual Actuarial Reports (Reports) as
24

25 ¹ The Company's Certification Period is the time frame ended May 31, 2026.

1 produced by the Company's pension plan actuary (Aon), (2) the process
2 utilized and the reasonableness of the discount rate used to determine
3 each year's pension expense and, (3) compliance with generally accepted
4 actuarial principles.

- 5 • Provide an overview and justification of the Investor Relations function
6 and the costs incurred on behalf of its customers.

7 **Q. 7 Are you sponsoring any schedules and exhibits in support of your prepared**
8 **direct testimony?**

9 A. 7 Yes. I sponsor Statements A through E, and Statement Q required by Nevada
10 Administrative Code (NAC) 703. I also sponsor Exhibit Nos.__(JSF-1) through
11 Exhibit Nos.__(JSF-4).

12 **II. SOUTHWEST GAS' CAPITAL STRUCTURE**

13 **Q. 8 What was the authorized capital structure approved in the Company's last**
14 **general rate case (Docket No. 23-09012)?**

15 A. 8 The authorized capital structure for the Company's Southern Nevada and Northern
16 Nevada rate jurisdictions was 50% equity and 50% debt, based on a target capital
17 structure.

18 **Q. 9 What was the Company's actual capital structure as of the end of the Test**
19 **Period in the instant application?**

20 A. 9 The Company's actual capital structure at the end of the Test Period (Twelve
21 months ended November 30, 2025) in the instant application was 50.08% debt and
22 49.92% equity as reflected on Statement F and as discussed in the prepared direct
23 testimony of Company witness Ann E. Bulkley.

24 ...

25

1 **Q. 10 What is the Company's estimated capital structure as of the Certification**
2 **Period in the instant application?**

3 A. 10 The Company's estimated capital structure as of May 31, 2026, the end of the
4 Certification Period in the instant application, is projected to be 49.95% debt and
5 50.05% equity as reflected on Statement F and as discussed in the prepared direct
6 testimony of Company witness Ann E. Bulkley.

7 **III. SOUTHWEST GAS' EMBEDDED COST OF DEBT**

8 **Q. 11 Have you determined the appropriate projected cost rate for debt capital for**
9 **the Certification Period?**

10 A. 11 Yes. An overall embedded cost of debt of 4.33% for the Southern Nevada rate
11 jurisdiction and 4.40% for the Northern Nevada rate jurisdiction are required to
12 service the Company's debt. The projected cost of debt is comprised of the cost
13 of fixed-rate debentures and notes, fixed-rate medium-term notes, a variable-rate
14 term facility, short-term debt, and customer deposits. For the Southern Nevada
15 rate jurisdiction, the cost of debt includes the variable-rate Clark County Industrial
16 Development Revenue Bonds (IDRBs). The components of the cost of debt are
17 displayed in Schedule F-1, Sheet 1 of 12. The Company's projected cost of debt
18 will be updated and certified for the Certification Period ending May 31, 2026.

19 **Q. 12 Please describe the development of the cost rates of debentures and notes.**

20 A. 12 The Company will have eleven outstanding debenture and note issues totaling
21 \$3.3 billion of gross principal at the end of the Certification Period (May 31, 2026).
22 The debentures and notes have a weighted average cost of 4.34% as shown on
23 line 12, column (e), of Schedule F-1, Sheet 3 of 12.

1 **Q. 13 Please describe the cost rate of the medium-term notes.**

2 A. 13 The Company established a \$150 million medium-term note program in November
3 1997. The name is somewhat of a misnomer because medium-term notes can be
4 issued with maturities of nine months to 30 years. The Company issued the entire
5 \$150 million under the medium-term notes program and will have two remaining
6 outstanding medium-term note issues totaling \$32.5 million of gross principal at
7 May 31, 2026. The medium-term notes had a weighted average effective cost of
8 7.72% as shown on line 15, column e, of Schedule F-1, Sheet 3 of 12.

9 **Q. 14 Please describe and discuss the cost of unamortized loss on reacquired**
10 **debt.**

11 A. 14 In March 2010, the Company redeemed at par \$100 million in Trust Originated
12 Preferred Securities (TOPrS), which had an effective cost of 8.20%. The
13 redemption expenses and the remaining unamortized balance at the time of the
14 redemption are being amortized on a straight-line basis to the original maturity date
15 of the called TOPrS, due September 2043. The effective cost for the unamortized
16 loss on reacquired debt is calculated by dividing the annual amortization of
17 \$171,862 by the remaining recorded amount, (\$2,978,938) as shown on line 16,
18 column (f) and column (d), of Schedule F-1, Sheet 3 of 12.

19 **Q. 15 Please describe and discuss the amortization of the gains and losses on the**
20 **retirement of fixed-rate Clark County IDRBs.**

21 A. 15 The Company has retired \$396 million in gross principal of fixed-rate Clark County
22 IDRBs. At the time of retirement for each IDRB, the unamortized debt costs were
23 recognized as a loss on retirement and are being amortized over the remaining life
24 of the IDRBs retired, consistent with Nevada Administrative Code (NAC)
25 703.2301(9). In addition, the Company recognized a gain on retirement on a

1 portion of the IDRBs retired. On December 17, 2008, the Company completed a
2 tender offer to purchase for cash up to \$75 million of the Clark County 2004 Series
3 B, 2006 Series A, and 2003 Series D IDRBs. The Company accepted and retired
4 approximately \$74.95 million in aggregate principal of the IDRBs pursuant to an
5 offer to purchase the IDRBs for \$57.7 million. The transaction resulted in a net
6 gain of approximately \$14 million, which has been deferred as a regulatory liability
7 as a gain on retirement and is being amortized over the remaining life of the IDRBs
8 retired, consistent with NAC 703.2301(9). In aggregate, the unamortized balance
9 reflects a net gain on retirement of \$1.1 million and reduces the effective cost of
10 debt for the Southern Nevada jurisdiction. The annual amortization of the gain is
11 \$175,029, which is shown on line 27, column (f), of Schedule F-1, Sheet 3 of 12.

12 **Q. 16 Please describe and discuss development of the cost of the variable-rate**
13 **IDRBs for Southern Nevada.**

14 **A. 16** The Company has \$150 million in gross principal of variable rate Clark County
15 IDRBs. The variable rate Clark County IDRBs are projected to have an effective
16 rate of 4.00% as shown on line 32, column (f), of Schedule F-1, Sheet 3 of 12. The
17 interest rate on these IDRBs is set weekly. In addition, the variable rate IDRBs
18 have been credit enhanced with standby letter of credit facilities. The annual credit
19 facilities fees are included to determine the effective cost. The Variable Interest
20 Expense Recovery (VIER) mechanism and the associated Average Variable
21 Interest Rate (AVIR) calculations are discussed in the next section.

1 **Q. 17 Why are the Big Bear IDRBs excluded from both Northern and Southern**
2 **Nevada, and the Clark County IDRBs excluded from Northern Nevada in**
3 **calculating the cost of debt?**

4 A. 17 Southwest Gas has issued IDRBs in its Southern Nevada rate jurisdiction and its
5 Southern California rate jurisdiction. As reflected in the IDRB indentures and
6 financing agreements, the proceeds from the issuance of this type of debt are
7 restricted to funding qualified construction expenditures for additions and
8 improvements in the specific distribution systems to which the IDRBs relate. In
9 addition, there are Internal Revenue Service (IRS) rules which stipulate that the
10 benefits of the tax-exempt, lower cost IDRBs must accrue to customers in the
11 specific jurisdiction to which the IDRBs apply. Deviation from the requirements of
12 the IRS rules could result in the loss of the IDRB tax-exempt status.

13 **Q. 18 How have Southwest Gas' regulatory bodies treated the cost of IDRBs in**
14 **past regulatory proceedings?**

15 A. 18 Southwest Gas has historically excluded the IDRBs from the cost of debt
16 calculation in all regulatory jurisdictions, except for the specific jurisdictions
17 (Southern Nevada for Clark County IDRBs and Southern California for City of Big
18 Bear IDRBs), to which the relevant IDRBs apply. This Commission, the Arizona
19 Corporation Commission, the California Public Utilities Commission, and the FERC
20 have all accepted this treatment for IDRBs in past regulatory proceedings.

21 **Q. 19 Please describe and discuss the development of the cost rate for the**
22 **variable-rate term facility debt.**

23 A. 19 Southwest Gas has a \$400 million credit facility that is scheduled to expire in
24 August 2029. Interest rates for the credit facility are calculated at either the
25 Secured Overnight Financing Rate (SOFR) or an "alternate base rate," plus in each

1 case an applicable margin that is determined based on the Company's senior
2 unsecured debt rating. The applicable margin ranges from 0.75% to 1.50% for
3 loans bearing interest with reference to SOFR and from 0.00% to 0.50% for loans
4 bearing interest with reference to the alternative base rate. Southwest Gas is also
5 required to pay a commitment fee on the unfunded portion of the commitments
6 based on its senior unsecured long-term debt rating. The commitment fee ranges
7 from 0.075% to 0.20% per annum. In addition, Southwest Gas has a \$50 million
8 uncommitted F-2 commercial paper program, which is supported by the revolving
9 credit facility. Southwest Gas views \$150 million of the facility as a permanent
10 intermediate-term component of its debt portfolio. Accordingly, Southwest Gas
11 has classified it as long-term debt. The remaining \$250 million of the facility is
12 used to fund recurring, seasonal working capital needs. For the Certification
13 Period, the term facility debt is projected to have an effective rate of 4.98% as
14 shown on line 1, column c, of Schedule F-1, Sheet 7 of 12., based on the
15 expectation of having approximately \$115 million in outstanding SOFR loans.

16 **Q. 20 Please describe and discuss development of the cost for short-term debt**
17 **that was established during the test period.**

18 A. 20 As discussed previously, \$250 million of the revolving credit bank facility is
19 classified as short-term debt. At the end of the test period, the Company had no
20 short-term debt outstanding. For the Certification Period, the Company anticipates
21 having no short-term debt outstanding, but, consistent with prior precedent for the
22 use of short-term debt, reflects the 12-month average balance during the
23 Certification Period of (\$731,886), with an effective cost rate of -83.27% as shown
24 on line 1, column c, of Schedule F-1, Sheet 9 of 12.

25

1 **Q. 21 Please describe and discuss the development of the cost of customer**
2 **deposits.**

3 A. 21 As a normal part of the business, the Company receives deposits from its
4 customers. The Company pays interest to these customers on these deposits as
5 set forth by tariffs in each rate jurisdiction. The cost for the Nevada jurisdictional
6 customer deposits at the end of the Certification Period (May 31, 2026) is 3.64%
7 as shown on line 3 of Statement F, Sheet 1 of 4. The projected rate is consistent
8 with Nevada Revised Statutes (NRS) 704.655, reflecting the six-month Treasury
9 bill rate at the first auction on or after December 1, 2025, effective for the period
10 January 1, 2026 to June 30, 2026. The customer deposit balances and costs by
11 state regulatory jurisdiction are displayed on Schedule F-1, Sheet 11 of 12.

12 **Q. 22 Please explain how the overall cost of debt specific to the Southern Nevada**
13 **jurisdiction was derived.**

14 A. 22 Due to the multi-jurisdictional operations of the Company, the embedded cost of
15 debt for the Southern Nevada jurisdiction was derived by an allocation process,
16 which included the following steps:

17 • First, the implicit amount of debt required to finance the jurisdictional rate
18 base was determined by multiplying the percent of total debt in the capital
19 structure for the Certification Period by the amount of rate base. For the
20 Southern Nevada jurisdiction, the implicit amount of debt was calculated as
21 follows:

22
$$\text{Implicit Debt} = \text{Debt to Capital Ratio} \times \text{Southern Nevada Rate Base}$$

23
$$= 49.95\% \times \$2,129,407,180$$

24
$$= \$1,063,536,895$$

25

- Second, the jurisdiction-specific debt was allocated first to the total amount of implicit debt. The jurisdiction-specific debt is customer deposits and, for the Southern Nevada jurisdiction only, the Clark County IDRBs. For the Southern Nevada jurisdiction, the jurisdiction-specific debt consisted of the following components:

Customer Deposits	\$18,325,822
Clark County Variable-Rate IDRBs	\$146,324,569
<u>Clark County Fixed-Rate IDRBs</u>	<u>\$1,054,196</u>
=Total Jurisdictional Allocated Debt	\$165,704,587

- Third, the remaining portion of other debt was calculated as the difference between the implicit debt and the jurisdictional-specific debt. The other debt was comprised of the Company's non-jurisdictional-specific debt applied on a pro rata basis to the Nevada jurisdictions. For the Southern Nevada jurisdiction, other debt was calculated as follows:

Implicit Amount of Debt	\$1,063,536,895
<u>Less Jurisdiction-Specific Debt</u>	<u>\$165,704,587</u>
=Other Debt	\$897,832,308

- The fourth and final step uses the components of jurisdictional debt identified and the pro rata share of other debt to calculate the weighted cost of debt for the jurisdiction. The allocation process and the calculation of the weighted embedded cost of debt for the Southern Nevada jurisdiction are displayed in the Southern Nevada Schedule F-1, Sheet 1 of 12.

1 **Q. 23 Please explain how the overall cost of debt specific to the Northern Nevada**
2 **jurisdiction was derived.**

3 **A. 23** For Northern Nevada, the allocation process included the following steps:

- 4
- 5 • First, the implicit amount of debt required to finance the jurisdictional rate
6 base was determined by multiplying the percent of total debt in the capital
7 structure for the Certification Period by the amount of rate base. For the
8 Northern Nevada jurisdiction, the implicit amount of debt was calculated as
9 follows:

10

$$\begin{aligned} \text{Implicit Debt} &= \text{Debt to Capital Ratio} \times \text{Northern Nevada Rate Base} \\ &= 49.95\% \times \$269,817,661 \\ &= \$134,760,998 \end{aligned}$$

11

- 12
- 13 • Second, the jurisdiction-specific debt was allocated first to the total amount
14 of implicit debt. For the Northern Nevada jurisdiction, the jurisdiction-
15 specific debt is customer deposits which amounted to the following:

16

Customer Deposits	\$4,168,351
-------------------	-------------

- 17
- 18 • Third, the remaining portion of other debt was calculated as the difference
19 between the implicit debt and the jurisdictional-specific debt. The other debt
20 was comprised of the Company's non-jurisdictional-specific debt applied on
21 a pro rata basis to the Nevada jurisdictions. For the Northern Nevada
22 jurisdiction, other debt was calculated as follows:

22

Implicit Amount of Debt	\$134,760,998
<u>Less Jurisdiction-Specific Debt</u>	<u>\$4,168,351</u>
=Other Debt	\$130,592,647

23

24

25

- The fourth and final step uses the components of jurisdictional debt identified and the pro rata share of other debt to calculate the weighted cost of debt for the jurisdiction. The allocation process and the calculation of the weighted embedded cost of debt for the Northern Nevada jurisdiction are displayed in the Northern Nevada Schedule F-1, Sheet 1 of 12.

A. Average Variable Interest Rate – Variable Interest Expense Recovery Mechanism

Q. 24 Please provide an overview of the VIER mechanism.

A. 24 In Docket No. 04-3011, the Company requested and received approval for a VIER mechanism as defined by NAC 704.210 through NAC 704.222, specifically for \$100 million (gross principal) of variable rate Clark County IDRBs. In the Company’s general rate case, Docket No. 12-04005, the Company requested and was granted authority to include an incremental \$50 million of variable rate IDRBs in the VIER mechanism.² The VIER mechanism adjusts the Base Tariff General Rate (BTGR) for changes in the AVIR and accumulated deferred interest. The Company implemented the VIER mechanism in September 2004 and has filed periodically to update the VIER mechanism. Because a new BTGR will be established in this proceeding, a new authorized AVIR will be embedded in the new BTGR. The new authorized AVIR will also be used to calculate the deferred interest expense at the time rates from this proceeding go into effect.

...
..
...

² Second Modified Final Order in Docket No. 12-04005, at p. 26-27.

1 **Q. 25 For the Clark County IDRBs proposed under the VIER mechanism for the**
2 **Southern Nevada rate jurisdiction, please describe the development of the**
3 **estimated AVIR for the Certification Period ended May 31, 2026.**

4 A. 25 For the Certification Period ended May 31, 2026, the projected 12-month weighted
5 AVIR for the Clark County variable rate IDRBs was 0.2749%. The calculation of
6 the estimated new AVIR is follows:

$$\text{AVIR} = (\text{Clark County Variable Rate IDR}/\text{Rate Base})$$

$$\times \text{Embedded Cost of Clark County Variable Rate IDR}$$

$$= (\$146,324,569 / \$2,129,407,180) \times 4.00\%$$

$$= 0.2749\%$$

7
8
9
10
11 The variable rate 2003 Clark County Series A, 2008 Clark County Series A,
12 and the 2009 Clark County Series A IDRBs are projected to have a 12-month
13 average effective cost rate of 4.00% for the Certification Period ended May 31,
14 2026. The AVIR will be updated in the Company's certification filing.

15 **IV. SOUTHWEST GAS' REQUESTED OVERALL RATES OF RETURN**

16 **Q. 26 Are the overall RORs necessary for Southwest Gas to have an opportunity**
17 **to earn a fair and reasonable return on its Nevada distribution properties?**

18 A. 26 Yes. As supported by the prepared direct testimony of Company witnesses Ann
19 Bulkley and Kasey D. Bohannon, the Company's proposed overall requested
20 RORs for the Company's Southern Nevada and Northern Nevada rate jurisdictions
21 are 7.17 and 7.20 percent, respectively, for the Certification Period ended May 31,
22 2026. These overall requested RORs are reasonable and properly reflect the
23 Company's level of business, financial, and regulatory risks.

1 **Q. 27 Why are the overall requested RORs appropriate and necessary for the**
2 **Company?**

3 A. 27 These overall requested RORs are necessary to maintain the Company's financial
4 integrity, allow the Company to attract new capital, and provide the Company's
5 equity holders an opportunity to earn a fair and reasonable return on their
6 investment.

7 The Company has, since the late 1950s, filed rate cases as a "diversified"
8 utility. The multi-jurisdictional rate case filings are based on the fact that
9 Southwest Gas, as a natural gas utility, serves three states with several different
10 ratemaking jurisdictions. The capital costs requested in this filing are utility-only
11 costs. Southwest Gas' practices assured that the costs of utility operations
12 attributable to each of its jurisdictions were properly insulated from the impact of
13 any non-utility activities during the relevant months prior to Southwest Gas
14 Holdings' disposition of its ownership in Centuri Holdings, Inc.

15 In summary, the Company's requested overall RORs in this proceeding are
16 fair to both customers and shareholders and properly reflect the risks and returns
17 appropriate for its gas distribution properties.

18 **V. SOUTHWEST GAS' FINANCIAL PROFILE**

19 **A. Credit Ratings**

20 **Q. 28 What are the Company's current long-term unsecured debt credit ratings?**

21 A. 28 The Company's Gas' long-term unsecured debt credit ratings are "Baa1" from
22 Moody's, "BBB+" from S&P, and "A-" from Fitch, Inc. (Fitch).

23 **Q. 29 Please summarize the importance of Southwest Gas' credit rating.**

24 A. 29 The importance of the Company's credit rating is due to the capital-intensive
25 nature of the natural gas distribution business. The Company needs to make

1 continuing and substantial investments to provide reliable and safe service to
2 customers and to support economic growth. In general, investment grade credit
3 profiles lead to lower cost of debt, to the benefit of customers.

4 **Q. 30 How do Southwest Gas' credit ratings compare to the credit ratings of the**
5 **proxy group of companies that were used to estimate the cost of common**
6 **equity?**

7 A. 30 The proxy group consisting of six (6) natural gas local distribution companies used
8 in the prepared direct testimony of Company witness Ann E. Bulkley have an
9 average Moody's rating of A3] and an average S&P rating of A-. Relative to
10 Southwest Gas, the proxy group has an average rating from Moody's that is one
11 notch higher. Compared to the Company's S&P rating, the proxy group has an
12 average rating that is also one notch higher.³

13 **Q. 31 Is the regulatory environment important in the determination of a credit**
14 **rating for Southwest Gas?**

15 A. 31 Yes. For a public utility, credit rating agencies regard regulation as a significant
16 factor in determining financial performance, as regulation defines the environment
17 in which the utility operates. The importance of regulation in the ratings process
18 for utilities is further evidenced by Moody's Investor Services (Moody's) assigning
19 a total 50% weighting to the following two key factors: (1) regulatory framework;
20 and (2) the ability to timely recover costs and earn returns.⁴ Moody's indicated the
21 following regarding how the regulatory environments could impact ratings
22 specifically on Southwest Gas:

23 Factors that Could Lead to an Upgrade

24 _____
25 ³ Exhibit No.__(JSF-1).

⁴ Moody's Investor Services, "Credit Opinion – Southwest Gas Corporation", December 5, 2023.

1 A rating upgrade could be considered if there are significant
2 improvements in its regulatory environments that meaningfully
reduce regulatory lag and if key credit metrics increase...

3 Factors that Could Lead to a Downgrade

4 A rating downgrade could be considered if there is a decline in
5 the supportiveness of Southwest Gas' regulatory
environments...⁵

6 In a similar context, Fitch designates the "Regulatory Environment" as
7 being at the top level of its "Relative Importance" matrix assigning a "Higher
8 Importance" designation compared to "Average Importance" or "Lower
9 Importance."⁶

10 **Q. 32 Do the rating agencies regularly assess and compare regulatory**
11 **environments by jurisdiction?**

12 **A. 32** Yes. For example, S&P provided an assessment of the credit supportive nature
13 on a state-by-state basis. Using a five-tiered scale with "Credit supportive" being
14 the lowest ranking and "Most credit supportive" being the highest ranking.⁷

15 ...

16 ...

17 ...

18 ...

19 ...

20 ...

21 ...

22 ...

23 ...

24 ...

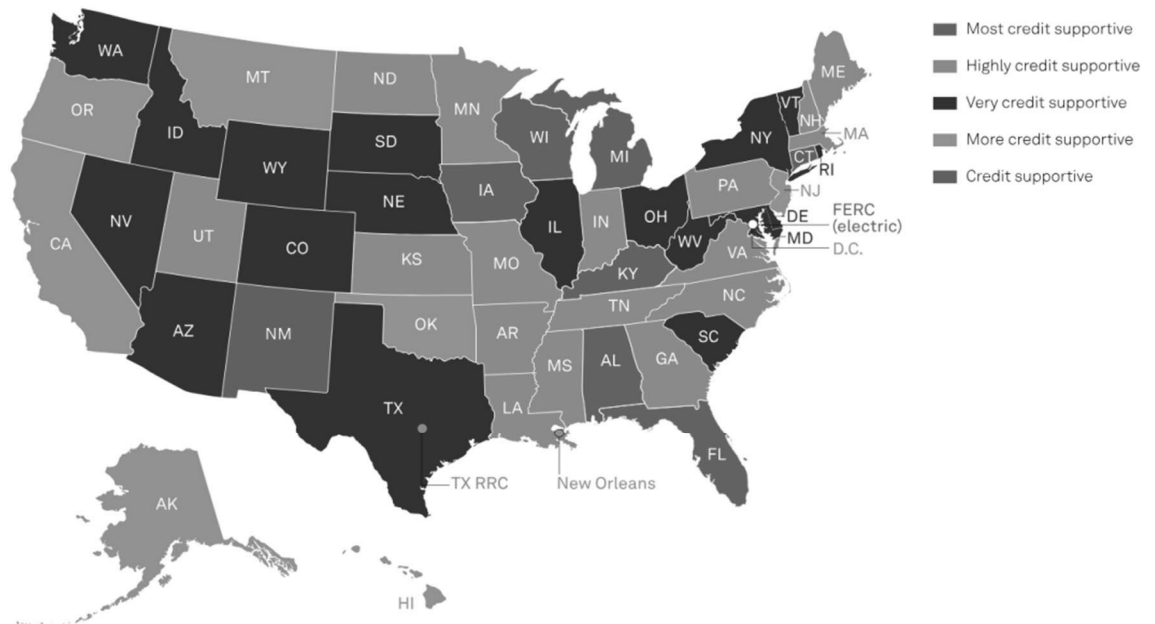
25 ...

⁵ *Id.*

⁶ Fitch Ratings, "Southwest Gas Corporation", September 6, 2023.

⁷ S&P Global Ratings, "Industry Credit Outlook 2026 – North American Regulated Utilities", January 14, 2026.

U.S. regulatory jurisdiction assessments



Data as of Nov. 4, 2025. Source: S&P Global Ratings.

1
2
3
4
5
6
7
8
9
10
11
12 **Q. 33 What is Southwest Gas' current credit rating outlook?**

13 A. 33 The current credit rating outlooks for Southwest Gas as provided by S&P,
14 Moody's and Fitch are all "stable." A credit rating outlook is an assessment of
15 the direction of the credit rating over the intermediate to longer term.

16 **Q. 34 What is Southwest Gas' target credit rating?**

17 A. 34 Southwest Gas' short and long-run goals are to continue to maintain investment
18 grade credit ratings and to further strengthen its credit profile in the view of all
19 the ratings agencies. Southwest Gas believes that this strategy provides the
20 Company with a greater amount of financial flexibility. The Company would be
21 able to attract capital at reasonable prices during both normal and turbulent
22 market conditions.

23 ...

24 ...

25

1 **Q. 35 Has Southwest Gas' parent company, Southwest Gas Holdings, Inc.**
2 **(HoldCo), contributed capital to Southwest Gas in the form of equity in order**
3 **to support and maintain the Company's strong investment grade credit**
4 **ratings?**

5 **A. 35** Yes. Southwest Gas is committed to maintaining an appropriate capital structure
6 to support its strong investment grade credit ratings. This commitment has been
7 demonstrated by HoldCo's willingness to continue to contribute capital in the form
8 of equity to finance the Company's investment in utility plant and maintain its
9 capital structure. The contributed capital historically has been provided primarily
10 from at-the-market equity issuances pursuant to HoldCo's equity shelf program
11 (ESP), with \$150 million at-the-market shares registered in March 2017, \$300
12 million in May 2019, \$500 million in April 2021, and \$340 million in August 2024.
13 The August 2024 at-the-market registration of \$340 million represented the
14 unissued amount from the existing S-3 registration shelf that expires in November
15 2026. HoldCo intends on renewing the shelf in advance of the November 2026
16 expiration date.

17 From January 2017 through November 2025, HoldCo issued 8.334 million
18 shares of common stock under the at-the-market programs, raising net proceeds
19 of approximately \$602.1 million. The net proceeds during this period were
20 contributed to, and reflected in the records of, Southwest Gas as a capital
21 contribution from SWX. At November 30, 2025, HoldCo had approximately \$340
22 million of remaining capacity on the existing S-3 registration shelf and on the 2024
23 at-the-market program.

24 In addition, approximately \$63.3 million of capital contributions from SWX
25 were made over the same period, using proceeds from (1) common stock

1 issuances from SWX's other common stock programs, (2) a secondary common
2 stock issuance and (3) divestitures of Centuri Holdings, Inc (NYSE: CTRI)
3 common stock. During 2023, SWX contributed an additional \$530.0 million of
4 capital to Southwest Gas, again demonstrating its commitment; to supporting the
5 Company's strong financial position and favorable credit ratings. The contributed
6 capital was financed via proceeds from a term loan entered into by SWX in April
7 2023. Both SWX and Southwest Gas are committed to taking the future actions
8 needed to continue to support the strong credit ratings of the Company to maintain
9 its actual capital structure.

10 **B. Capital Attraction**

11 **Q. 36 Please describe the importance of the capital-attraction function of utility**
12 **ratemaking.**

13 **A. 36** Southwest Gas participates in competitive global capital markets to attract capital
14 in light of other opportunities investors consider, including peer utilities and other
15 investment opportunities.

16 For Southwest Gas to successfully attract debt or equity capital, it must
17 demonstrate an ability to achieve a competitive return on that equity capital. The
18 ongoing and repeated need to access the capital markets for debt or equity is not
19 just an academic discussion. As previously discussed, \$602.1 million of common
20 stock has been issued through SWX's ESP since 2017 with the net proceeds
21 being contributed as equity to Southwest Gas.

22 The prepared direct testimony of Company witness Ann E. Bulkley
23 discusses the development of a fair and reasonable cost of common equity in the
24 range of 10.25 to 11.25 percent, considering Southwest Gas' specific risk factors
25 and costs of common equity for proxy groups of similar natural gas utilities.

1 **Q. 37 What are the primary types of institutions from which Southwest Gas attracts**
2 **investment?**

3 A. 37 While Southwest Gas attempts to attract capital investment from a variety of capital
4 market participants as an issuer of debt instruments (such as bonds) and equity
5 instruments (such as shares of stock), it currently believes the following types of
6 institutions are most likely to be attracted to infrastructure investment opportunities
7 that a local natural gas distribution company might provide as it invests in
8 infrastructure to support safety and reliability as well as economic activity in its
9 service area:

- 10 • Pension funds (such as CalPERS, New York State Retirement Fund, and
11 the Texas Teachers Retirement System);
- 12 • Mutual funds (such as Fidelity Investments, Vanguard, BlackRock, and T.
13 Rowe Price);
- 14 • Insurance companies (such as MetLife, Prudential Financial, and
15 MassMutual); and
- 16 • Hedge funds (such as Citadel, Millennium Management, and Blackstone)

17 These types of institutions are primarily focused on investing in return-
18 seeking assets in order to help individuals plan and prepare for retirement, fund
19 future medical events via health savings accounts, incur the costs associated with
20 higher education, and to financially protect loved ones in the event of one's tragedy
21 or death.

22 ...

23 ...

24 ...

25

1 **Q. 38 How can delivering competitive rates of return allow Southwest Gas to**
2 **attract investment dollars?**

3 A. 38 In order to attract investment dollars controlled by potential investors so they can
4 meet their objectives and commitments to their participants and clients, Southwest
5 Gas believes it needs to consistently deliver competitive rates of return on the
6 investments it makes in its service area. Defining competitive rates of return is
7 part of the rate case filing process.

8 **Q. 39 How has Southwest Gas performed relative to its peer group when raising**
9 **capital?**

10 A. 39 The chart below summarizes how SWX has performed utilizing a total shareholder
11 return (TSR) perspective, which contemplates share price performance and
12 assuming reinvested dividends from December 31, 2020 – February 28, 2026.

13 12/31/2020-2/28/2026

Company	Symbol	TSR
Atmos Energy Corp.	ATO	16.84%
Northwest Natural Gas	NWN	7.48%
ONE Gas Inc.	OGS	6.91%
NiSource Inc.	NI	19.03%
Spire Inc.	SR	11.69%
Chesapeake Utilities Corp.	CPK	6.47%
Southwest Gas Holdings, Inc.	SWX	11.37%

24
25 Source: Bloomberg

1 In addition, Southwest Gas has been successful in pricing its public bond
2 instruments in line with similarly rated peer utilities over the same historical period.

3 **Q. 40 In addition to the already discussed equity capital contributed by SWX since**
4 **2017, what is the amount of external capital Southwest Gas has acquired**
5 **since the filing of its last rate case in 2023?**

6 A. 40 Since May 30, 2023⁸, Southwest Gas has not needed to access the capital
7 markets as the Company has been able to meet its liquidity needs primarily
8 through the return by customers of elevated Purchase Gas Adjustment (PGA) cash
9 balances due to the Company, along with cash flow generated from operations
10 while also maintaining a high level of borrowing capacity on its credit facility.
11 Historically, the Company has been able to raise debt capital primarily through
12 senior note offerings to fund utility capital expenditures. Additionally, during early
13 2021 and 2023, Southwest Gas accessed the short-term loan market, directly with
14 its banks, to facilitate the funding of unexpected increases in the price of natural
15 gas due to weather and other natural gas market-related events that constrained
16 those markets throughout the Western United States. These short-term loans
17 were paid off by proceeds from debt issuances by the Company and Holdco.
18 Southwest Gas also continues to maintain and utilize, when necessary, its
19 revolving credit facility, primarily for the fluctuation of natural gas commodity costs
20 and for other short-term working capital needs. These various transactions
21 demonstrate the Company's actual experience in the recent past and the
22 significance of the need to have access to the capital markets.

23 . . .

24 _____
25 ⁸ Southwest Gas' previous General Rate Case Test Year was 12-months ended May 30, 2023 (Docket No. 23-09012)

1 | **Q. 41 How does the overall ROR balance the interests of both customers and**
2 | **investors of Southwest Gas?**

3 | A. 41 Southwest Gas' financial health is, over time, important in determining the rates it
4 | charges its customers. The Company's credit ratings are significantly influenced
5 | by its financial strength. Southwest Gas' cost of debt is in large part determined
6 | by the Company's credit ratings. All other things being equal, with stronger credit
7 | ratings, Southwest Gas' cost of capital and the rates it charges its customers would
8 | be lower.

9 | It is also important that equity investors be given the opportunity to earn a
10 | ROR commensurate with the level of risk associated with their investment.
11 | Investor confidence in Southwest Gas, which is the primary subsidiary of
12 | Southwest Gas Holdings, Inc. (SWX), is important for SWX's existing
13 | shareholders and for its future ability to issue additional common equity. If the
14 | overall authorized ROR is set below Southwest Gas' actual cost of capital, it may
15 | be unable to attract sufficient financing at reasonable rates and pricing to continue
16 | to fund required capital expenditures and maintain its quality of customer service.
17 | Southwest Gas' requested overall RORs is expected to help sustain the
18 | Company's financial condition, including its credit ratings. In the long-run, this will
19 | benefit both Southwest Gas' customers and its equity investors.

20 | With the regulatory support of the Commission in approving the Company's
21 | proposed overall RORs, Southwest Gas can maintain, with the opportunity to
22 | improve, its financial profile and credit ratings. Such improvement benefits
23 | Southwest Gas' customers by reducing the long-run average capital costs
24 | embedded in customer rates.

25 |

1 **VI. PENSION EXPENSE**

2 **A. Overview of the Actuarial Reports**

3 **Q. 42 Please describe the purpose of the Reports prepared by Aon for Southwest**
4 **Gas.**

5 A. 42 The Reports document the results of the actuarial valuation of the Company's
6 pension plan for the prior calendar year. The information provided in the Reports
7 is intended strictly for documenting: 1) pension cost for the fiscal year; and 2)
8 information relating to the Company and plan disclosure and reporting
9 requirements.

10 **Q. 43 Is the actuarial valuation conducted in accordance with established**
11 **standards and requirements?**

12 A. 43 Yes. The valuation completed each year is conducted in accordance with
13 generally accepted actuarial principles and practices, including the applicable
14 Actuarial Standards of Practice as issued by the Actuarial Standards Board. The
15 valuation results are also based on Aon's and Southwest Gas' understanding of
16 the financial accounting and reporting requirements under U.S Generally Accepted
17 Accounting Principles as set forth in Accounting Standards Codification (ASC)
18 Topic 715 (ASC 715), including any guidance or interpretation provided by the
19 Company and reviewed by its auditors prior to the issuance of this report.

20 **Q. 44 How are the Reports relevant to the instant docket?**

21 A. 44 The Reports provide the reasonably incurred pension expense that is used to
22 develop the 2-year average expense amount proposed by Southwest Gas, as
23 further discussed in the prepared direct testimony of Company witness Randi
24 Cunningham.

25

1 **B. Determination of the Pension Expense**

2 **Q. 45 How is pension expense determined?**

3 A. 45 Generally speaking, pension expense is determined by evaluating two key
4 variables - plan liabilities and plan assets. Plan liabilities are driven by plan design,
5 plan demographics, and actuarial assumptions. The market-related value of plan
6 assets is used to determine the component of net periodic pension cost that
7 reflects the expected return on plan assets. This process, including the relevance
8 of each of these variables is discussed in detail in the Reports provided in
9 Confidential Exhibit Nos.__(JSF-2) through (JSF-4).

10 **Q. 46 Please describe the discount rate.**

11 A. 46 One of the key actuarial assumptions within the plan liabilities variable is the
12 discount rate. The pension discount rate is used to determine the present value
13 of future benefits anticipated to be paid from the plan. ASC 715 requires the
14 discount rate to be updated each year to reflect yields on high-quality, corporate
15 bonds as of the measurement date.

16 ASC 715-30-35-43 requires the discount rate to reflect rates at which the
17 pension obligation could be effectively settled. In the estimation of those rates, it
18 would be appropriate for a company to use information about rates implicit in
19 current prices of annuity contracts that could be used to settle the obligation.
20 Alternatively, a company may look to rates of return on high-quality fixed-income
21 investments that are currently available and expected to be available during the
22 plan's pension benefit payment period to maturity.

23 **Q. 47 How is the discount rate determined?**

24 A. 47 Aon, as the actuary for the Company's pension plan, determines the appropriate
25 pension discount rate for the plan using one of its proprietary yield curves. Aon

1 publishes three standard yield curves – the “AA-AAA Bond Universe Curve”; the
2 “AA Only Bond Universe Curve; and the “AA Above Median Yield Curve”. The
3 derivation of these curves is transparent as Aon provides detailed documentation
4 for each of the curves it publishes and makes a full listing of the bonds included
5 available upon request. Southwest Gas selected the “AA Above Median Yield
6 Curve” (Curve), to derive the pension expense for Southwest Gas. The Curve is
7 based on above median yielding AA-rated bonds which produces a higher discount
8 rate (i.e., lower pension liability and expense) than yield curves based on the full
9 universe of AA and AAA-rated bonds. Had the Company selected either of the
10 other two curves, they would have produced lower discount rates and higher
11 pension expense. The Curve is updated each measurement date and is widely
12 used across Aon’s client base—it is not unique to Southwest Gas. In fact, according
13 to Aon, it is used by more than 61% of Aon’s clients based on its most recent client
14 survey (data from 196 clients as of fiscal year-end 2024).

15 **Q. 48 Does Southwest Gas have the ability to influence the result yielded from the**
16 **Curve?**

17 A. 48 No. The Curve is proprietary to Aon and the Company. In addition, no other Aon
18 client has the ability to influence or alter the result.

19 **Q. 49 Does Aon round the results generated from the Curve?**

20 A. 49 Yes. Aon simply takes the unrounded result from the Curve and rounds to the
21 nearest 25 basis points so as not to imply an overly precise result. This rounding
22 does not have a material impact on pension liabilities or expense. The Company
23 has consistently used similar rounding methodology and follows the requirements
24 of the Financial Accounting Standards Board and the SEC for discounting pension
25

1 and other post-retirement obligations. According to Aon, based on its most recent
2 client survey, approximately 33% of Aon clients also round the yield curve result.

3 **Q. 50 Do accounting standards require that the discount rate methodology be**
4 **applied consistently?**

5 A. 50 While different methodologies may be acceptable, accounting standards (namely,
6 ASC 715) require that the discount rate methodology (including the yield curve
7 used) be applied consistently year after year, unless the plan's circumstances have
8 materially changed such that the methodology no longer provides management's
9 best estimate.

10 **Q. 51 Is the overall approach and methodology used to determine the 2026**
11 **pension expense consistent with the approach taken since at least 2018?**

12 A. 51 Yes. There have been no circumstances under the plan that have materially
13 changed that would support a change in methodology. Therefore, both the
14 discount rate methodology and the curve used to derive pension expense in 2026
15 are consistent with what was used to derive the pension expense since at least
16 2018.

17 **Q. 52 Do the accounting standards allow companies to manipulate the level of**
18 **pension expense?**

19 A. 52 No. Pension accounting is highly regulated. The standards and rules governing
20 pension accounting, along with the scrutiny from external auditors and the actuarial
21 standards of practice governing the valuation performed by an external actuary,
22 do not allow a company to manipulate pension expense.

23 ...

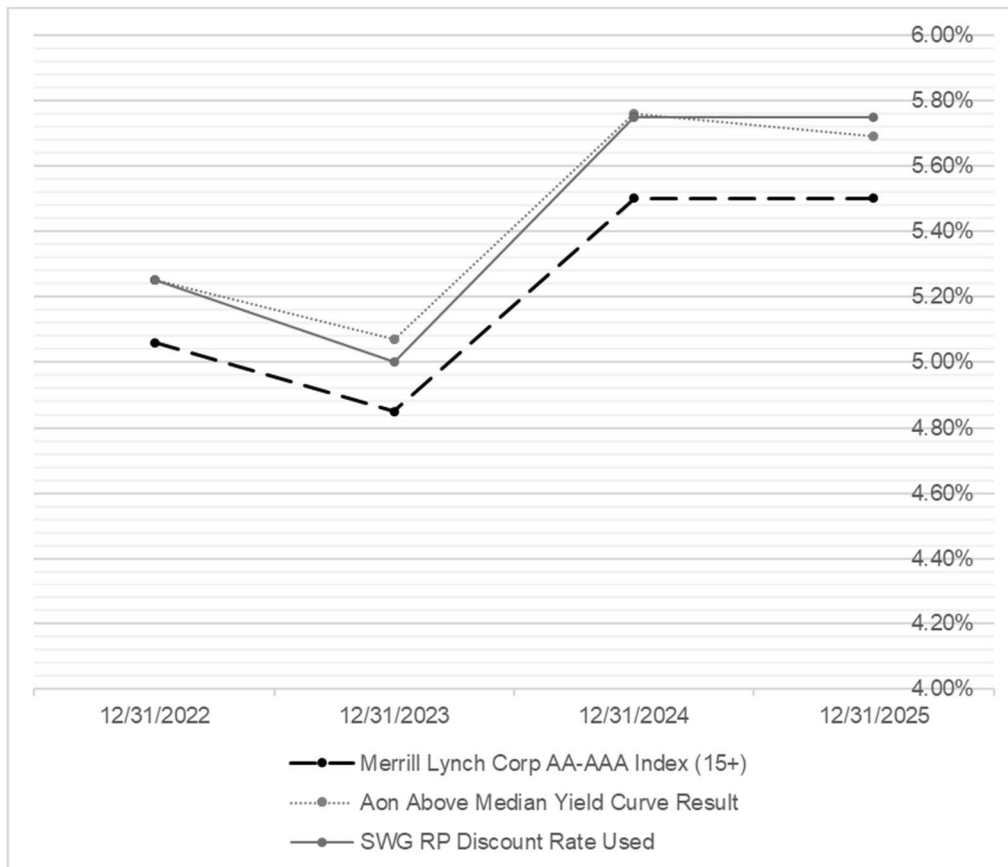
24 ...

25

C. Reasonableness of the Discount Rates Used to Determine Southwest Gas' Pension Expense

Q. 53 Are the discount rates that have been used in determining Southwest Gas' pension expense since 2024 reasonable?

A. 53 Yes. The Curve is based on above median yielding AA-rated bonds which are representative of the bonds that Southwest Gas would use to settle its pension obligations. The chart below shows a comparison of the discount rate yielded from the Curve used to derive the Southwest Gas pension expense (solid line) and the Merrill Lynch Corp AA-AAA Index (15+) curve. This demonstrates the year-to-year changes in the Southwest Gas discount rate that have tied to overall movements in the high-quality bond market.



1 **Q. 54 Why is it appropriate for Southwest Gas to use the Curve rather than an index**
2 **such as the Merrill Lynch Corp AA-AAA Index (15+) curve?**

3 A. 54 As previously indicated, the Company's selection of the discount rate based on the
4 Curve is a conservative and reasonable approach because the Curve is based on
5 above median yielding AA-rated bonds which produces a higher discount rate (i.e.,
6 lower pension liability and expense). Further, using a yield curve approach is
7 preferable to an index because the yield curve methodology reflects the anticipated
8 cash flows for Southwest Gas' pension plan.

9 **Q. 55 What was Southwest Gas' annual pension expense for 2024 through 2026?**

10 A. 55 The Company's net periodic pension expense, along with the discount rates used
11 to derive the expense, are shown in the table below.

12 Table 1
13 Southwest Gas Discount Rates
14 Pension Expense Years 2024 Through 2026

As of 12/31 Measurement Date	Pension Expense Year	Aon Above Median Yield Curve Result	Actual Discount Rate Used	Net Periodic Pension Expense
2023	2024	5.07%	5.00%	\$7,135,545
2024	2025	5.76%	5.75%	\$2,661,245
2025	2026	5.69%	5.75%	\$13,065,721

17
18 **Q. 56 Is there a relationship between changes in interest rates (actual discount rate**
19 **used) and pension expense?**

20 A. 56 Yes, please refer to the chart below which displays the actual discount rate used
21 and pension expense for the Company over the 2015–2026 time period.

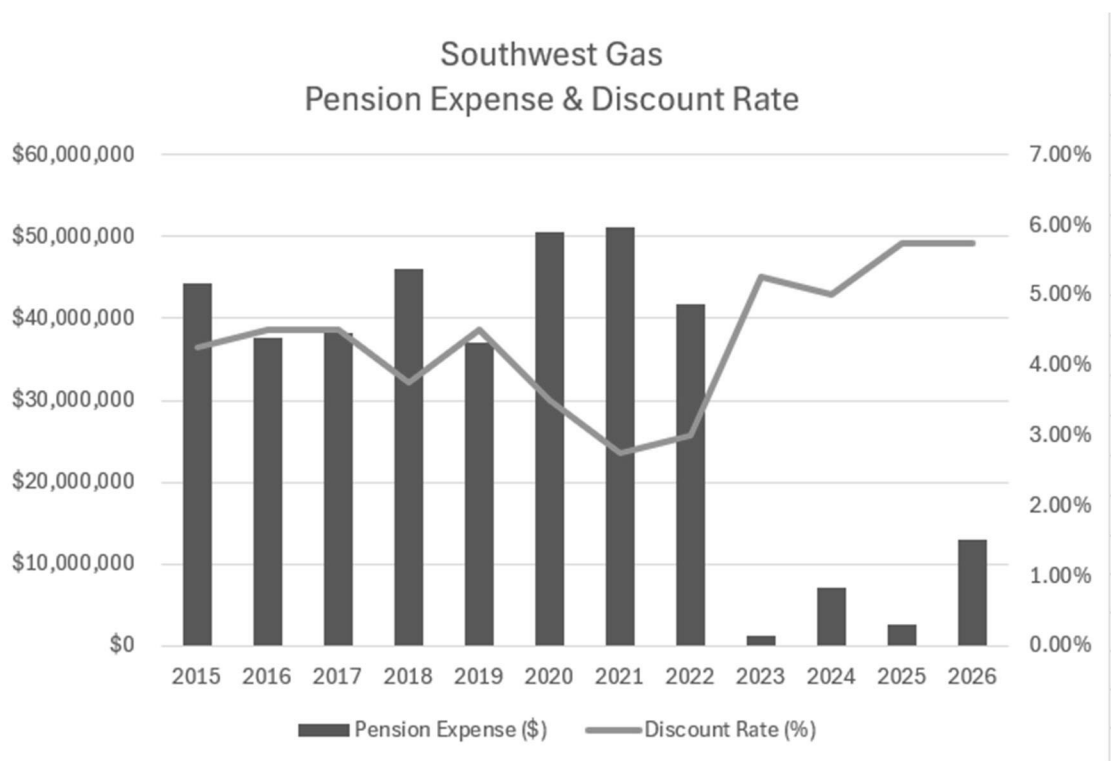
22 ...

23 ...

24 ...

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25



Q. 57 What is your conclusion regarding the Company's proposed recovery of pension expense in this proceeding?

A. 57 The annual pension expense reflected in the Reports for years 2024-2026 and summarized in the table above are reasonable and are appropriately used to calculate the 2-year average pension expense discussed in the prepared direct testimony of Company witness Randi L. Cunningham. These amounts were derived by Aon using the objective and consistently applied methodology described above and reflect appropriate discount rates that comply with the requirements of ASC 715.

1 **VII. INVESTOR RELATIONS PROGRAM COSTS**

2 **Q. 58 What is Investor Relations and what role does it serve at a regulated natural**
3 **gas utility?**

4 A. 58 Investor Relations is the function responsible for communicating accurate, timely,
5 and transparent information about the Company’s financial condition, operations,
6 strategy, and risk profile to the Company’s Board of Directors, and to debt and
7 equity capital markets participants, including shareholders, bondholders, credit
8 rating agencies, and financial analysts.

9 For a regulated natural gas utility, Investor Relations serves as a critical link
10 between the Company and the capital markets that provides the financing
11 necessary to build, maintain, and safely operate its infrastructure.

12 **Q. 59 Why is Investor Relations important for Southwest Gas?**

13 A. 59 Southwest Gas is a capital-intensive business. The Company relies on continuous
14 access to debt and equity markets to fund infrastructure investments such as
15 pipeline construction, system replacement, safety programs, and modernization
16 projects.

17 Investor Relations helps ensure that investors and lenders clearly
18 understand the need for financing to fund ongoing capital investment projects for
19 the benefit of customers, the Company’s regulated business model and current
20 regulatory framework, cost recovery mechanisms, risk management practices,
21 and long-term stability. Clear communication supports investor confidence, which
22 is essential to maintaining access to capital at reasonable cost.

1 **Q. 60 Why is Investor Relations necessary for the provision of providing service**
2 **to customers?**

3 A. 60 Securing financing to support utility operations is necessary in the provision of
4 providing service to customers. Effective Investor Relations directly aligns with the
5 provision of utility service to customers by helping the Company secure financing
6 at lower interest rates, more favorable terms, and a lower overall cost of capital.
7 When investors and credit rating agencies have confidence in the Company's
8 transparency, governance, and regulatory framework, they require lower risk
9 premiums since the true fair value of the Company is known in the marketplace.

10 Lower financing costs reduce the Company's overall cost of capital, which
11 in turn reduces the revenue requirement that customers pay through rates. In this
12 way, strong Investor Relations contributes to lower long-term customer costs while
13 supporting necessary infrastructure investment.

14 **Q. 61 What types of activities are included in Investor Relations costs?**

15 A. 61 Southwest Gas' Investor Relations activities typically include:

- 16 • Preparing and distributing financial disclosures and earnings materials;
- 17 • Engaging with debt and equity investors and analysts, along with credit
18 rating agencies;
- 19 • Supporting debt and equity issuances;
- 20 • Responding to investor inquiries and regulatory disclosure requirements;
- 21 • Ensuring compliance with securities laws and reporting obligations; and
- 22 • Coordinating messaging across finance, legal, and executive leadership.

23 These activities are necessary to meet regulatory and market expectations for
24 transparency and governance. Greater transparency and clarity of disclosure is
25

1 critical to ensuring the Company is able to receive fair value in the marketplace for
2 its equity and debt instruments, which minimizes the cost of capital when
3 compared with an entity that has subpar investor relations.

4 **Q. 62 Please define and explain the Investor Relations costs that are included in**
5 **the Test Year.**

6 A. 62 Generally, the costs include labor and labor-related expenses, stock surveillance
7 and investor targeting services, and travel costs to attend investor conferences
8 and to engage with investors through road shows or non-deal road shows when
9 attempting to raise funds to invest in needed infrastructure for the benefit of
10 customers.

11 **Q. 63 Please provide an overview of a “road show” and “non-deal road shows”**
12 **and why they are necessary in the provision of natural gas service.**

13 A. 63 A “road show” is a series of targeted investor outreach efforts ahead of, or in
14 conjunction with, a specific original bond or stock issuance to the market place. A
15 “non-deal road show” is targeted investor outreach intended to keep market
16 participants apprised of a company’s performance and plans with respect to
17 current and future investment opportunities. These road shows provide debt and
18 equity capital market participants an opportunity to engage in one-on-one or group
19 meetings with executive management in order to understand a company’s
20 forecasted investment and performance plans. These engagements serve as a
21 critical component to ensuring fair value from original issuances as well as to
22 minimize overall cost of capital in the marketplace that values transparency and
23 accuracy of information. While these meetings do not allow for discussions of
24 information that are not accessible to all market participants, the meetings and
25 engagements do allow market participants to ask clarifying questions and to get a

1 sense from company representatives regarding management's conviction in the
2 current plans.

3 **Q. 64 Are the Investor Relations costs included in this rate case just and**
4 **reasonable?**

5 A. 64 Yes. Investor Relations costs are required for the provision of natural gas service
6 to customers and should be approved for full recovery of the amount presented in
7 the instant docket—approximately 33 percent of the total amount incurred by the
8 Company—as detailed in the prepared direct testimony of Company witness Randi
9 L. Cunningham.

10 **VIII. STATEMENTS**

11 **Q. 65 Which statements are you sponsoring?**

12 A. 65 I am sponsoring Statements A through E and Statement Q.

13 **Q. 66 Are these statements required per the Commission's regulations?**

14 A. 66 Yes. Nevada Administrative Code (NAC) 703.2265 sets forth filing requirements
15 for utilities with annual gross operating revenues of \$250,000 or more, which
16 includes the filing of Statements A through E with a general rate case application.

17 **Q. 67 Has the Company provided Statement A consistent with NAC 703.2271?**

18 A. 67 Yes. Consistent with the requirements of NAC 703.2271, Statement A presents
19 the Consolidated/Comparative Balance Sheets as of November 30, 2024, and
20 November 30, 2025 (end of test year), based on the Company's books and
21 records.

22 **Q. 68 Has the Company provided Statement B consistent with NAC 703.2275?**

23 A. 68 Yes. Consistent with the requirements of NAC 703.2275, Statement B presents
24 the Consolidated Income Statements as of November 30, 2024, and November
25 30, 2025, based on the Company's books and records.

1 **Q. 69 Has the Company provided Statement C consistent with NAC 703.2281?**

2 A. 69 Yes. Consistent with NAC 703.2281, Statement C presents the Consolidated
3 Statement of Retained Earnings as of November 30, 2024, based on the
4 Company's books and records, and the resultant balance as of November 30,
5 2025.

6 **Q. 70 Has the Company provided Statement D consistent with NAC 703.2285?**

7 A. 70 Yes. Consistent with the requirements of NAC 703.2285, Statement D presents
8 the Consolidated Statement of Cash Flows as of November 30, 2025, based on
9 the Company's books and records.

10 **Q. 71 Has the Company provided Statement E consistent with NAC 703.2275?**

11 A. 71 Yes. Consistent with the requirements of NAC 703.2275, Statement E presents
12 the Accountant's Report and Footnotes as of November 30, 2025, based on the
13 Company's books and records.

14 **Q. 72 Did the Company provide Statement Q consistent with NAC 703.2452?**

15 A. 72 Yes. Consistent with the requirements of NAC 703.2452, Statement Q provides
16 shareholder information as of November 30, 2025.

17 **Q. 73 Does this conclude your prepared direct testimony?**

18 A. 73 Yes.

19

20

21

22

23

24

25

SUMMARY OF QUALIFICATIONS

JUSTIN S. FORSBERG

Justin S. Forsberg is the Senior Vice President, Chief Financial Officer, and Treasurer for Southwest Gas Corporation (Southwest Gas) and Southwest Gas Holdings, Inc. he oversees the Companies' financial, accounting, investor relations, and sustainability functions. Justin is responsible for driving financial performance and integrity, strengthening transparent communication with stakeholders, and ensuring the Company receives fair value for its equity and debt instruments in the public marketplace. He is committed to cultivating strong stakeholder relationships, maintaining integrity in publicly available information, and reflecting the Company's core values across the investment community.

As Treasurer, Justin provides leadership and direction for debt and equity financing matters, financial risk mitigation, and other banking interactions. Additionally, he oversees the investment of the pension and other employee retirement assets.

Justin also provides leadership for the Southwest Gas' sustainability team, and is responsible for raising stakeholder awareness for the company's sustainability efforts and reporting, including the reporting of sustainability metrics and performance objectives.

Since joining Southwest Gas in August 2023, progressing from his original role as Vice President of Investor Relations, Justin has played a key leadership role in strengthening the Company's financial strategy and enhancing its engagement with the investment community. His work has contributed to improved financial positioning, disciplined capital management, and greater alignment between Southwest Gas's long-term strategy and its regulatory and investor relationships.

Justin brings more than two decades of finance, accounting, and investor relations experience to his position. Prior to joining Southwest Gas, he spent nearly 13 years at IDACORP, Inc. and Idaho Power Company, most recently serving as Director of Investor Relations & Treasury, as well as President of IDACORP Financial Services, Inc. In these roles, he oversaw investor relations, treasury, pension and cash management, accounts payable, and the financial services subsidiary's investments in affordable housing and other real estate tax credits. He began his career at Deloitte, where he advanced to Audit Manager serving clients in the energy and utility sectors.

He holds bachelor's and master's degrees in accountancy from Brigham Young University and is a Certified Public Accountant licensed in Idaho.

**SOUTHWEST GAS CORPORATION
PROXY GROUP
LIST OF COMPANIES**

Line No.	Symbol (a)	Company (b)	Moody's[1] (c)	Numerical Weight (d)	S&P[1] (e)	Numerical Weight (f)	Line No.
1	ATO	Atmos Energy Corp.	A2	6	A-	7	1
2	NWN	Northwest Natural Gas	Baa1	8	A+	5	2
3	OGS	ONE Gas Inc.	A3	7	A-	7	3
4	NI	NISource Inc.	Baa2	9	BBB+	8	4
5	SR	Spire Inc. [2]	A2/A1	5.5	BBB+/BBB+	8	5
6	CPK	Chesapeake Utilities Corporation [3]	BBB+	8	BBB+	8	6
7		Proxy Group Average [3]		7.25		7.17	7
8	SWX	Southwest Gas Corporation	Baa1	8.00	BBB+	8.00	8

[1] Source: Bloomberg

[2] Reflects ratings for Spire Alabama Inc., and Spire Missouri Inc.

[3] Chesapeake Utilities Corporation not currently rated by S&P or Moody's. BBB+ rating currently assigned by Fitch and used as a proxy rating for S&P and Moody's for comparative purposes.

**SOUTHWEST GAS CORPORATION
NUMERICAL WEIGHT FOR BOND RATINGS**

<u>Moody's Bond Rating</u>	<u>S&P Bond Rating</u>	<u>Numerical Weight</u>
Aaa	AAA	1
Aa1	AA+	2
Aa2	AA	3
Aa3	AA-	4
A1	A+	5
A2	A	6
A3	A-	7
Baa1	BBB+	8
Baa2	BBB	9
Baa3	BBB-	10
Ba1	BB+	11
Ba2	BB	12
Ba3	BB-	13

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-2)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-2)

Sheet 1 of 16

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-2)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-2)

Sheet 2 of 16

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-2)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-2)

Sheet 3 of 16

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-2)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-2)

Sheet 4 of 16

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-2)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-2)

Sheet 5 of 16

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-2)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-2)

Sheet 6 of 16

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-2)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-2)

Sheet 7 of 16

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-2)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-2)

Sheet 8 of 16

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-2)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-2)

Sheet 9 of 16

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-2)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-2)

Sheet 10 of 16

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-2)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-2)

Sheet 11 of 16

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-2)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-2)

Sheet 12 of 16

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-2)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-2)

Sheet 13 of 16

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-2)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-2)

Sheet 14 of 16

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-2)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-2)

Sheet 15 of 16

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-2)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-2)

Sheet 16 of 16

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 1 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 2 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 3 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 4 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 5 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 6 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 7 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 8 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 9 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 10 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 11 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 12 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 13 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 14 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 15 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 16 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 17 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 18 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 19 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 20 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 21 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 22 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 23 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 24 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 25 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 26 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 27 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-3)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-3)

Sheet 28 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 1 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 2 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 3 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 4 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 5 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 6 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 7 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 8 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 9 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 10 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 11 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 12 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 13 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 14 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 15 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 16 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 17 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 18 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 19 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 20 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 21 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 22 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 23 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 24 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 25 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 26 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No.__(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No.__(JSF-4)

Sheet 27 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

Docket No. 26-03____

General Rate Case

Confidential Exhibit No._(JSF-4)

****CONFIDENTIAL****

SOUTHWEST GAS CORPORATION

Docket No. 26-03____

Confidential Exhibit No._(JSF-4)

Sheet 28 of 28

Southwest Gas is providing this information pursuant to the protective agreement(s)
executed with Staff and BCP in the above-referenced docket.

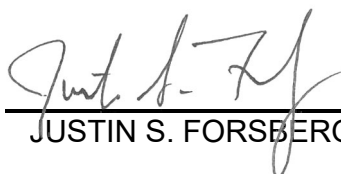
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

AFFIRMATION OF JUSTIN S. FORSBERG

Pursuant to NAC 703.710, Justin S. Forsberg affirms and declares the following:

1. I am over 18 years of age and am competent to testify to facts stated below which are based upon my personal knowledge.
2. That I am the person identified in the foregoing prepared testimony, including, where applicable, any exhibits.
3. That such testimony and exhibits were prepared by me or under my direction.
4. That the information appearing in my testimony and exhibits are true to the best of my knowledge and belief and that if I were asked the questions stated therein under oath, my answers would be the same.
5. Pursuant to NRS 53.045, I declare under penalty of perjury under the law of the State of Nevada that the foregoing is true and correct.

EXECUTED and DATED this 17th day of March, 2026



JUSTIN S. FORSBERG

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Southwest Gas Corporation
Docket No. 26-03 ____
2026 General Rate Case

Prepared Direct Testimony
of

ANN E. BULKLEY

I. INTRODUCTION

1 Q. Please state your name and business address.

A. My name is Ann E. Bulkley. I am a Principal at The Brattle Group (“Brattle”). My business address is One Beacon Street, Suite 2600, Boston, Massachusetts 02108.

2 Q. On whose behalf are you submitting this testimony?

A. I am submitting this direct testimony before the Public Utilities Commission of Nevada (“Commission”) on behalf of Southwest Gas Corporation (“SWG” or “Company”), which is a wholly-owned subsidiary of Southwest Gas Holdings, Inc. (“HoldCo”).

3 Q. Please describe your educational background, as well as your business and professional and experience.

A. I hold a Bachelor of Arts degree in Economics and Finance from Simmons College and a Master of Science degree in Economics from Boston University, with over 30 years of experience consulting to the energy industry. I have advised numerous energy and utility clients on a wide range of financial and economic issues with

1 primary concentrations in valuation and utility rate matters. Many of these
2 assignments have included the determination of the cost of capital for valuation and
3 ratemaking purposes. My resume and a summary of testimonies that I have filed
4 in other proceedings as Exhibit No._(AEB-1) to this testimony.

5
6 **II. PURPOSE AND OVERVIEW OF TESTIMONY**

7
8 **4 Q. Please describe the purpose of your direct testimony.**

9 A. The purpose of my direct testimony is to present evidence and provide a
10 recommendation regarding the appropriate return on equity (“ROE”) and to provide
11 an assessment of the capital structure to be used for ratemaking purposes.

12
13 **5 Q. Are you sponsoring any exhibits in support of your direct testimony?**

14 A. Yes. My analyses and recommendations are supported by the data presented in
15 Exhibit No._(AEB-2) through Exhibit No._(AEB-14), which were prepared by me
16 or under my direction.

17
18 **6 Q. Please provide a brief overview of the analyses that led to your ROE
19 recommendation.**

20 A. I rely on the results of several analytical approaches to estimate the costs of equity
21 for the Company. I develop a proxy group of utility companies that face risks
22 generally comparable to those faced by SWG. To that proxy group, I apply the
23 constant growth form of the Discounted Cash Flow (“DCF”) model, the Capital
24 Asset Pricing Model (“CAPM”), the Empirical Capital Asset Pricing Model
25 (“ECAPM”), and the Bond Yield Risk Premium (“BYRP”) analysis.

1 My recommendation also takes into consideration: (1) the Company's capital
2 expenditure requirements; (2) the regulatory environment that the Company
3 operates in; (3) the Company's relative business risk as compared with the proxy
4 group; (4) the Company's proposed capital structure as compared with the capital
5 structure of the operating utilities of the companies contained in the proxy group
6 and (5) flotation costs. Although I do not make specific adjustments to my ROE
7 recommendation for these factors, I consider them in the aggregate when
8 determining where my recommended ROE falls within the range of the analytical
9 results.

10
11 **7 Q. How is the remainder of your direct testimony organized?**

12 A. The remainder of my direct testimony is organized as follows:

- 13 • Section III provides a summary of my analyses and conclusions;
- 14 • Section IV reviews the regulatory guidelines pertinent to the development of
15 the cost of capital;
- 16 • Section V discusses current and projected capital market conditions and the
17 effect of those conditions on the Company's cost of equity;
- 18 • Section VI explains my selection of a proxy group of natural gas utilities;.
- 19 • Section VII describes my analyses and the basis for my recommendation ROE
20 in this proceeding;
- 21 • Section VIII provides a discussion of specific regulatory, business and financial
22 risks that have a direct bearing on the ROE to be authorized in this proceeding;
- 23 • Section IX assesses the proposed capital structure as compared with to the
24 proxy group;

- Section X presents my conclusions and recommendations for the market cost of equity.
- Section XI presents the Company's weighted average cost of capital.

III. SUMMARY OF ANALYSIS AND CONCLUSIONS

8 **Q. Please summarize the key factors considered in your analyses and upon which you base your recommended ROE.**

9 A. The key factors that I considered in my cost of equity analyses and recommended ROE for the Company in this proceeding are:

- The United States Supreme Court's *Hope* and *Bluefield* decisions¹ which established the standards for determining a fair and reasonable authorized ROE for public utilities including consistency of the allowed return with the returns of other businesses having similar risk, adequacy of the return to provide access to capital and support credit quality, and the requirement that the result lead to just and reasonable rates.
- The effect of current and prospective capital market conditions on the cost of equity estimation models and on investors' return requirements.
- The results of several analytical approaches provide estimates of the Company's cost of equity. Because the Company's authorized ROE should be a forward-looking estimate over the period during which the rates will be in effect, these analyses rely on forward-looking inputs and assumptions (e.g.,

¹¹ *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591 (1944) ("*Hope*"); *Bluefield Waterworks & Improvement Co., v. Public Service Commission of West Virginia*, 262 U.S. 679 (1923) ("*Bluefield*").

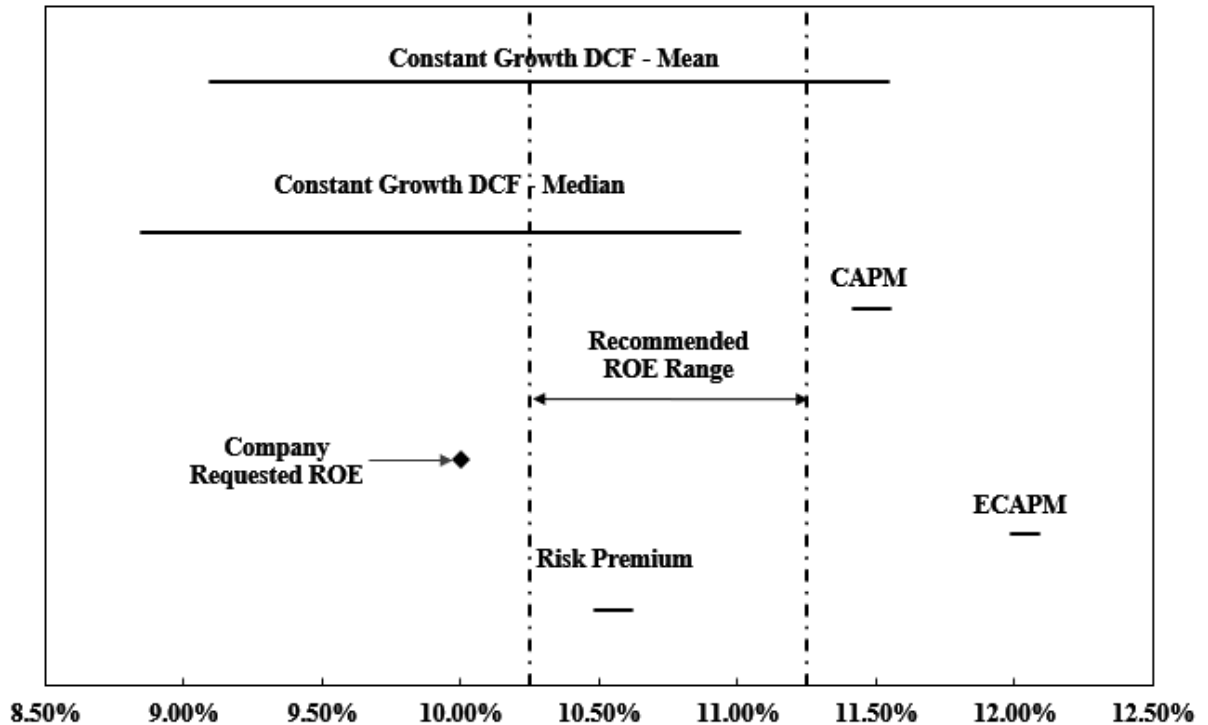
1 projected analyst growth rates in the DCF model, forecasted risk-free rate and
2 market risk premium in the CAPM analysis).

- 3
- 4 • Although the companies in my proxy group are generally comparable to SWG,
5 each company is unique, and no two companies have the exact same business
6 and financial risk profiles. Accordingly, I considered the Company's
7 regulatory, business, and financial risks relative to the proxy group of
8 comparable companies in determining where the Company's ROE should fall
9 within the reasonable range of analytical results to appropriately account for
10 any residual differences in risk.

11 **9 Q. What are the results of the models that you have used to estimate the cost of**
12 **equity for SWG?**

- 13 A. Figure 1 summarizes the range of results produced by the constant growth DCF,
14 CAPM, ECAPM, and BYRP analysis based on data through January 31, 2026. As
15 shown in Figure 1, the range of results across all methodologies is wide. While it is
16 common to consider multiple models to estimate the cost of equity, it is particularly
17 important when the range of results varies considerably across methodologies.

Figure 1: Summary of Cost of Equity Analytical Results



10 Q. What is the requested ROE for SWG in this proceeding?

18 A. Pursuant to the prepared direct testimony of Company witness Amy L. Timperley,
 19 the Company is requesting a ROE of 10.00 percent, which is just below the low end
 20 of this range and is reasonable. Based on the analytical results presented in Figure
 21 1, and the current and projected capital market conditions, taking into consideration
 22 the Company's proposed formula rate plan and the relative risk compared to the
 23 proxy group, I conclude that an ROE in the range of 10.25 to 11.25 percent is
 24 reasonable.

1 **11 Q. What is the Company's proposed capital structure?**

2 A. The Company proposes its actual capital structure at certification of 50.05 percent
3 common equity and 49.95 percent long-term debt. The Test Year capital structure
4 is composed of 49.92 percent equity and 50.08 percent long-term debt.

5
6 **12 Q. Is the Company's requested capital structure reasonable?**

7 A. Yes. The Company's actual equity ratio of 50.05 percent and Test Year equity ratio
8 of 49.92 percent are at the low end of the range of the actual capital structures of
9 the utility operating subsidiaries of the proxy group companies.

10
11 **IV. REGULATORY GUIDELINES**

12
13 **13 Q. Please describe the guiding principles to be used in establishing the cost of
14 capital for a regulated utility.**

15 A. The United States Supreme Court's precedent-setting *Hope and Bluefield* cases
16 established the standards for determining the fairness or reasonableness of a
17 utility's allowed ROE. Among the standards established by the Court in those cases
18 are: (1) consistency with other businesses having similar or comparable risks;
19 (2) adequacy of the return to support credit quality and access to capital; and (3) the
20 principle that the result reached, as opposed to the methodology employed, is the
21 controlling factor in arriving at just and reasonable rates.²

22
23
24
25
26 ² *Hope*, 320 U.S. 591 (1944); *Bluefield*, 262 U.S. 679 (1923).

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

14 Q. What legislative guidance is provided with respect to establishing the appropriate ROE?

A. Under Chapter 704 of the Nevada Revised Statutes, the Nevada Legislature established provisions and guidance regarding a fair rate of return:

It is hereby declared to be the purpose and policy of the Legislature in enacting this chapter:

1. To confer upon the Commission the power, and to make it the duty of the Commission, to regulate public utilities to the extent of its jurisdiction;
2. To provide for fair and impartial regulation of public utilities;
3. To provide for the safe, economic, efficient, prudent and reliable operation and service of public utilities;
4. To balance the interests of customers and shareholders of public utilities by providing public utilities with the opportunity to earn a fair return on their investments while providing customers with just and reasonable rates.³

This guidance is consistent with the principle that an authorized rate of return must be sufficient to enable regulated entities, such as SWG, to attract capital on reasonable terms.

15 Q. Is determining a fair rate of return just about protecting the utility’s interests?

A. No. As the court noted in *Bluefield*, a proper rate of return not only assures “confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit [but also] enable[s the utility] to raise the money necessary for the proper discharge of its

³ NRS 704.001(1)-(4).

1 public duties.”⁴ As the Court further explained in *Hope*, “[t]he rate-making process
2 ... involves balancing of the investor and consumer interests.”⁵
3

4 **16 Q. Why is it important for a utility to be allowed the opportunity to earn a return
5 that is adequate to attract capital at reasonable terms?**

6 A. An authorized ROE that is adequate to attract capital at reasonable terms enables
7 the utility to continue to provide safe, reliable natural gas service while maintaining
8 its financial integrity. That return should be commensurate with returns required
9 by investors elsewhere in the market for investments of comparable risk. It is
10 important to recognize that equity investors have a choice of where to invest capital.
11 If the authorized ROE is not comparable to the returns available for comparable
12 risk investments, not only is the value to current equity holders harmed, but the
13 utility’s access to incremental equity is also affected. It is reasonable to expect that
14 equity investors will seek alternative investment opportunities for which the
15 expected return reflects the perceived risks, thereby inhibiting the Company’s
16 ability to attract necessary new equity capital at reasonable cost.
17

18 **17 Q. Is a utility’s ability to attract capital also affected by the ROEs that are
19 authorized for other utilities?**

20 A. Yes. Utilities compete directly for capital with other investments of similar risk,
21 which include other utilities. Therefore, the ROE awarded to a utility sends an
22 important signal to investors regarding whether there is regulatory support for
23

24
25 ⁴ *Bluefield*, 262 U.S. at 679, 693.

26 ⁵ *Hope*, 320 U.S. at 591, 603.

1 financial integrity, dividends, growth, and fair compensation for business and
2 financial risk. The cost of capital represents an opportunity cost to investors. If
3 higher returns are available for other investments of comparable risk, investors have
4 an incentive to direct their capital to those investments. Thus, an authorized ROE
5 significantly below authorized ROEs for other utilities, on a risk-adjusted basis, can
6 inhibit the utility's ability to attract capital for investment.

7
8 **18 Q. What is the standard for setting the ROE in any jurisdiction?**

9 A. The stand-alone ratemaking principle is the foundation of jurisdictional ratemaking,
10 requiring that the rates that are charged in any operating jurisdiction are based on
11 costs incurred in that jurisdiction. The stand-alone ratemaking principle ensures
12 that customers in each jurisdiction only pay for the costs of the service provided in
13 that jurisdiction, which is not influenced by the business operations in other
14 operating companies. To maintain this principle, the cost of equity analysis is
15 performed for an individual operating company as a stand-alone entity. As such, I
16 have evaluated the investor-required return for the Company's operations in
17 Nevada.

18
19 **19 Q. Does the fact that the Company is a subsidiary of Southwest Gas Holdings, a
20 publicly-traded company, affect your analysis?**

21 A. No. In this proceeding, consistent with stand-alone ratemaking principles, it is
22 appropriate to establish the cost of equity for the Company, not its publicly-traded
23 ultimate parent, Southwest Gas Holdings (HoldCo). More importantly, however,
24 it is appropriate to establish a cost of equity and a capital structure that provide the
25
26

1 Company with the ability to attract capital on reasonable terms on a stand-alone
2 basis.

3
4 **20 Q. Is the regulatory framework, including the authorized ROE and equity ratio,**
5 **important to the financial community?**

6 A. Yes. The regulatory framework is one of the most important factors in investors'
7 assessments of risk. Specifically, the authorized ROE and equity ratio for regulated
8 utilities is important in determining the degree of regulatory support for a utility's
9 creditworthiness and financial stability in the jurisdiction. To the extent that
10 authorized returns in a jurisdiction are lower than the returns that have been
11 authorized more broadly, such actions are considered by both debt and equity
12 investors in the overall risk assessment of the regulatory jurisdiction in which the
13 company operates.

14
15 **21 Q. What are your conclusions regarding regulatory guidelines?**

16 A. The ratemaking process is premised on the principle that, in order for investors and
17 companies to commit the capital needed to provide safe and reliable utility services,
18 a utility must have a reasonable opportunity to recover the return of, and the market-
19 required return on, its invested capital. Accordingly, the Commission's order in
20 this proceeding should establish rates that provide the Company with a reasonable
21 opportunity to earn an ROE that is: (1) adequate to attract capital at reasonable
22 terms; (2) sufficient to ensure its financial integrity; and (3) commensurate with
23 returns on investments in enterprises with similar risk. It is important for the ROE
24 authorized in this proceeding to take into consideration current and projected capital
25 market conditions, as well as investors' expectations and requirements for both
26

1 risks and returns. Because utility operations are capital-intensive, regulatory
2 decisions should enable the utility to attract capital at reasonable terms under a
3 variety of economic and financial market conditions. Providing the opportunity to
4 earn a market-based cost of capital supports the financial integrity of the Company,
5 which is in the interest of both customers and shareholders.

6 7 **V. CAPITAL MARKET CONDITIONS**

8 9 **22 Q. Why is it important to analyze capital market conditions?**

10 A. Capital market conditions influence cost of equity models by affecting inputs in the
11 model at the time the analysis is performed. While the ROE that is established in a
12 rate proceeding is intended to be forward-looking, the analyst uses current and
13 projected market data, specifically stock prices, dividends, growth rates and interest
14 rates, in the models to estimate the required return for the subject company.

15
16 Analysts and regulatory commissions recognize the importance of considering how
17 these conditions impact cost of equity estimation models when determining the
18 appropriate range and recommended ROE for a future period. If investors do not
19 expect current market conditions to be sustained in the future, it is possible that the
20 cost of equity estimation models will not provide an accurate estimate of investors'
21 required return during that rate period. Therefore, it is important to consider
22 projected market data to estimate the return of the forward-looking period.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Q. What has the level of inflation been over the past few years?

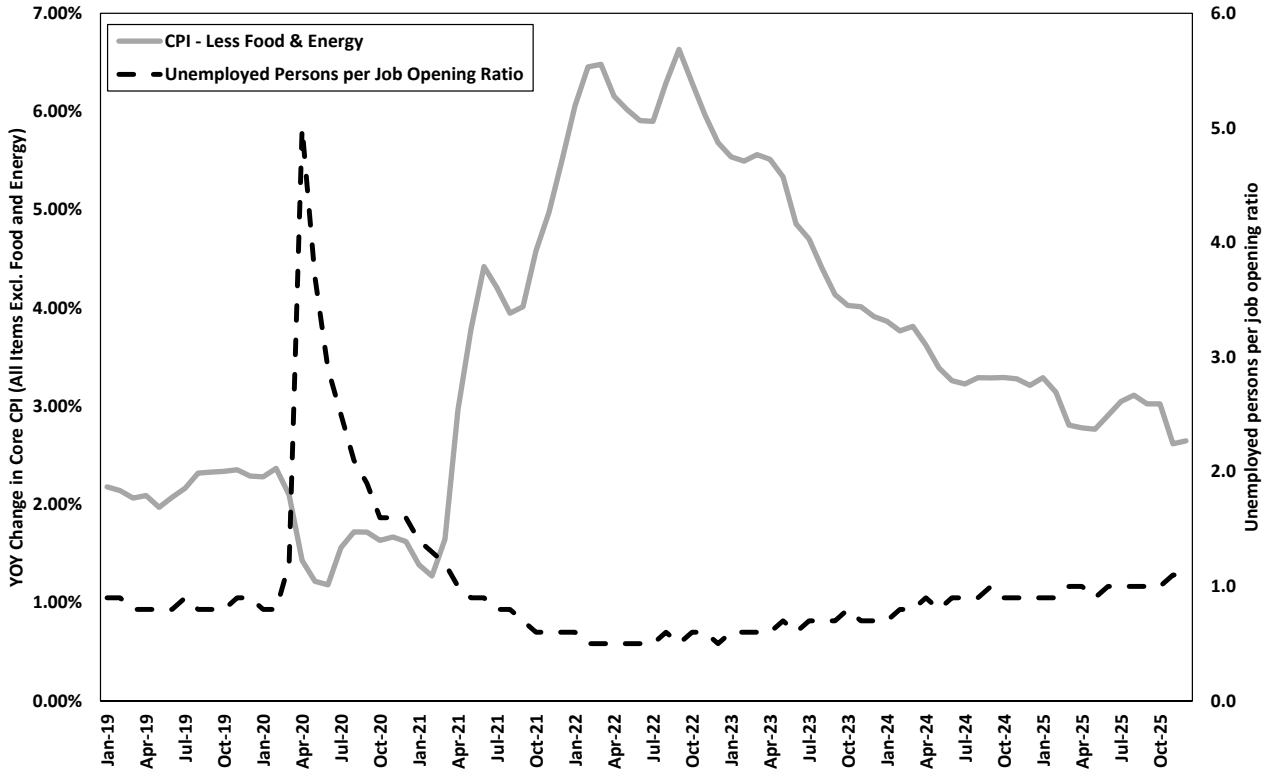
A. As shown in Figure 2, core inflation increased steadily beginning in early 2021, rising from 1.40 percent in January 2021 to a high of 6.64 percent in September 2022, which was the largest 12-month increase since 1982.⁶ While core inflation has declined in response to the Federal Reserve’s monetary policy, it continues to remain above the Federal Reserve’s target level of 2.00 percent.

Because the Federal Reserve’s dual mandate is to promote stable prices and employment, considering employment data, in addition to inflation, is important. The ratio of unemployed persons per job opening was 1.1 in December 2025 (the most recent data available at the time of this testimony). While the ratio of unemployed persons per job opening has consistently been in the range of 1.00 between April 2021 and December 2025, which suggested a tight labor market. Strength in the labor market allowed the Federal Reserve to prioritize reducing inflation by pursuing the restrictive monetary policy needed to achieve its 2.00 percent target benchmark.

⁶ *Bloomberg*, Pickert, Reade, “Core US Inflation Rises to 40-Year High, Securing Big Fed Hike”, October 13, 2022.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Figure 2: Core Inflation and Unemployed Persons-to-Job Openings, January 1919 to December 2025⁷



24 Q. What policy actions did the Federal Reserve enact to respond to increased inflation?

A. The dramatic increase in inflation prompted the Federal Reserve to pursue an aggressive normalization of monetary policy, removing the accommodative policy programs used to mitigate the economic effects of COVID-19. Between the March 2022 Federal Open Market Committee (“FOMC”) meeting and the July 2023

⁷ Bureau of Labor Statistics; reflects data available as of January 7, 2025. Both core inflation and unemployment data reflect data through November 2025, the last month for published data, as of the time of the preparation of this analysis, and no data are available for both indices for October 2025 due to lapse in appropriations.

1 FOMC meeting, the Federal Reserve increased the target federal funds rate through
2 a series of increases from a range of 0.00 – 0.25 percent to a range of 5.25 percent
3 to 5.50 percent.

4
5 **25 Q. How have the yields on long-term government bonds responded to the Federal**
6 **Reserve’s normalization of monetary policy?**

7 A. Since the Federal Reserve’s December 2021 meeting, the yield on 10-year Treasury
8 bonds has increased by over 350 basis points, increasing from 1.47 percent on
9 December 15, 2021, to a peak of 4.98 percent in October 2023. It currently remains
10 well above 2021 levels (i.e., 4.26 percent as of January 30, 2026).⁸

11
12 **26 Q. Please summarize the Federal Reserve’s action with respect to the federal**
13 **funds rate over the past two years.**

14 A. The Federal Reserve reduced the federal funds rate by 50 basis points in
15 September 2024, 25 basis points in November 2024, 25 basis points in
16 December 2024, and more recently 25 basis points in September 2025,
17 October 2025 and December 2025. While the Federal Reserve kept rates
18 unchanged through the first five meetings in 2025, the Federal Reserve’s decision
19 to reduce the federal funds rate at the final three meetings in 2025 was due to an
20 increase in the downside risk to employment in recent months.⁹

21
22
23
24
25 ⁸ S&P Capital IQ Pro.

26 ⁹ Federal Reserve, Press Releases, September 17, 2025, October 29,2025 and December 10, 2025.

1 **27 Q. What is the expected path of monetary policy over the near-term?**

2 A. At the January 2026 FOMC meeting, Chairman Powell noted that inflation remains
3 “somewhat elevated” and that “while job gains have remain low, the unemployment
4 rate has shown signs of stabilization.”¹⁰ As a result, the FOMC decided to maintain
5 the federal funds rate range of 3.50 percent to 3.75 percent.¹¹ Regarding the
6 possible path of monetary policy, Chairman Powell indicated that the reductions
7 since September have brought the federal funds rate “within a range of plausible
8 estimates of [the] neutral” rate and therefore, the Federal Reserve is well positioned
9 to rely on incoming economic data to determine the extent and timing of any
10 additional changes in the federal funds rate.¹² While the FOMC did not publish a
11 forecast of the federal funds rate at the January 2026 meeting, at the December
12 2025 meeting, the FOMC forecasted one rate cut in 2026 and one rate cut in 2027.¹³

13
14 **28 Q. What has happened to the yields on long-term government bonds since the**
15 **FOMC reduced the federal funds rate in September 2024?**

16 A. As shown in Figure 3, while the yield on the 10-year treasury bond declined prior
17 to the time of the first federal funds rate cut, the yield has generally increased since
18 the September 2024 FOMC meeting. As of January 31, 2026, the 10-year Treasury
19 bond yield was 4.26 percent, which is consistent with levels seen several months
20 prior to the reductions in the federal funds rate.

21
22
23
24
25

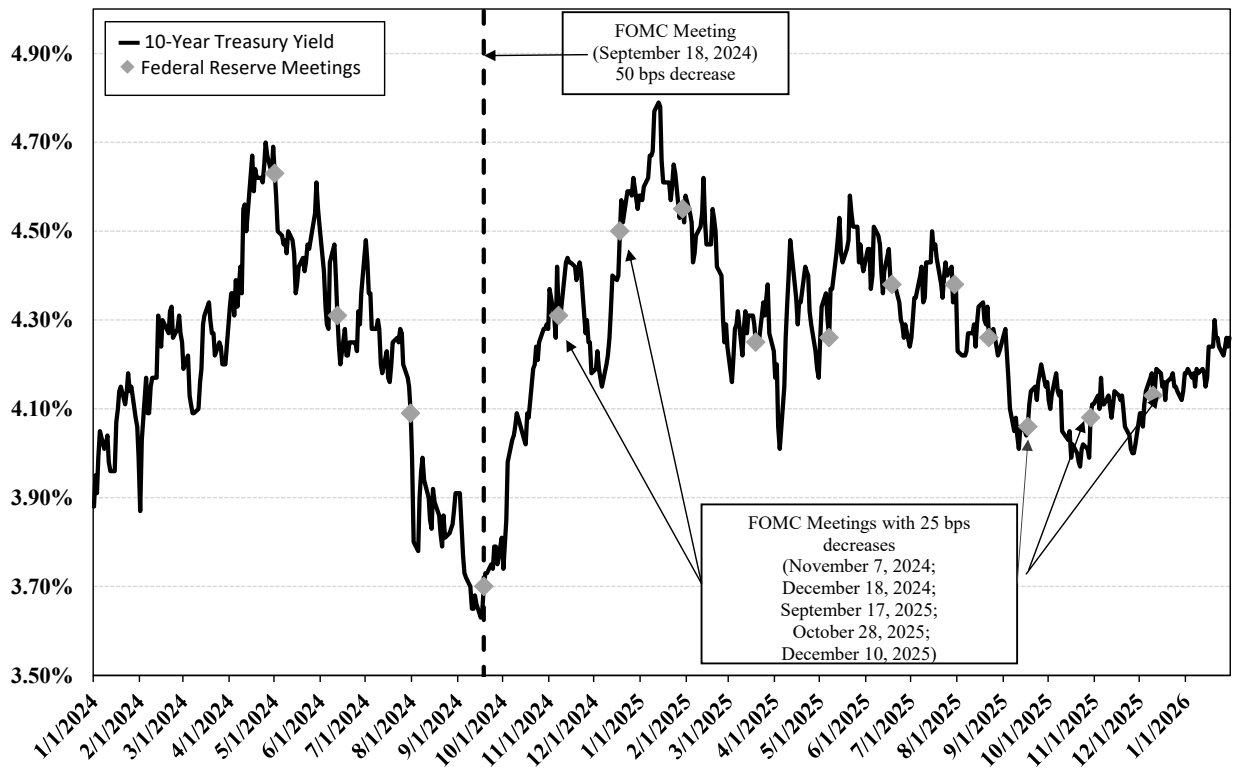
¹⁰ Federal Reserve, “Transcript of Jerome Powell’s Press Conference,” January 28, 2026.

26 ¹¹ *Id.*

27 ¹² *Id.*

28 ¹³ Federal Reserve, Summary of Economic Projections, December 10, 2025, at 2.

Figure 3: 10-Year Treasury Bond Yield, January 2024– January 2026¹⁴



29 **Q. Why have long-term interest rates increased since the Federal Reserve reduced the federal funds rate in September 2024?**

18 A. Ongoing policies of the current administration’s economic plans have resulted in
 19 higher deficits, and persistent inflation. For example, since January 2025, the
 20 administration announced several sets of sets of tariffs on each of the U.S.’s trading
 21 partners.¹⁵ The implemented tariffs are largely viewed as inflationary. Inflation
 22 affects bonds, in particular long-term government bonds, because it erodes the
 23 value of future bonds payments. Therefore, in an inflationary environment,
 24 investors will demand higher returns on bonds to compensate for the added risk of

¹⁴ S&P Capital IQ Pro.

¹⁵ Jennifer Clarke, “What Are Tariffs, How Do They Work and Why Is Trump Using Them?” *BBC News*, August 27, 2025.

1 inflation thus bond prices decline and the yields on bonds increase. The longer the
2 duration of the bond, the greater the effect of inflation which is why inflation risk
3 is greater for long-term government bonds. The significant tariff policy increases
4 the risk that inflation will remain elevated, which is why the yields on long-term
5 bonds have not decreased and in fact have increased since the Federal Reserve first
6 reduced the federal funds rate in September 2024. Further, the use of tariffs strains
7 the relationship with trading partners, which could result in a reduction in the
8 foreign demand for long-term U.S. government bonds resulting in additional
9 upward pressure on long-term government bond yields.¹⁶
10

11 **30 Q. What are expectations for the yields on long-term government bonds?**

12 A. While the Federal Reserve is forecasting additional cuts to the federal funds rate in
13 2026 and 2027, economists are still expecting elevated long-term interest rates. In
14 the most recently published Blue Chip Financial Forecasts report, the consensus
15 estimate of economists is that the 30-year treasury bond yield will remain relatively
16 stable and decrease only slightly from 4.80 percent in Q2/2026 to 4.60 percent in
17 Q2/2027.¹⁷ Additionally, the consensus estimate over the longer-term (i.e., 2027–
18 2031) is 4.60 percent.¹⁸ Further, Reuters published the results of a survey of 75
19 bond strategists which suggests that aggressive tax and spending reforms could add
20 over \$3 trillion to the debt over the next decade. Bond strategists expect long-term
21 bond yields to remain elevated even with the expectation that the Fed will decrease
22 the federal funds rate because of inflation and a “resilient” economy.¹⁹ This is
23

24
25 ¹⁶ Karishma Vanjani, “U.S. Treasury Bonds Sell Off as 30-Year Yield Rises Most Since 1982,” *Barron’s*, April 9, 2025.

¹⁷ Blue Chip Financial Forecasts, Vol. 45, No. 2, January 30, 2026, at 2.

¹⁸ Blue Chip Financial Forecasts, Vol. 44, No. 12, December 1, 2025, at 14.

¹⁹ Reuters, “Long Treasury yields to stay elevated as inflation, debt pressures blunt Fed easing: Reuters poll”, October 14, 2025.

1 important because it means that long-term interest rates are expected to remain
2 elevated during the period that the Company's rates will be in effect.

3
4 **31 Q. What are your conclusions regarding the effect of current market conditions**
5 **on the cost of equity for the Company?**

6 A. It is important to consider current and projected market conditions in setting the
7 forward-looking ROE due to its effect on the estimated cost of equity. While the
8 FOMC reduced the federal funds rate several times in late 2025, Chairman Powell
9 has indicated that the Federal Reserve will continue to rely on incoming data to
10 determine future adjustments to the federal funds rate. Further, long-term interest
11 rates remain elevated and are expected to continue to remain elevated as a result of
12 inflationary policies such as tariffs, immigration policy, and tax cuts. With long-
13 term interest rates expected to remain relatively high, borrowing also remains
14 relatively more expensive, and thus investors also demand a relatively high cost of
15 capital, which means the cost of capital also remains relatively high.

16
17 **VI. PROXY GROUP SELECTION**

18
19 **32 Q. Please provide a brief profile of SWG.**

20 A. SWG is a wholly owned subsidiary of HoldCo and provides natural gas distribution
21 service to 2,262,657 customers in Arizona, Nevada, and California.²⁰ The
22 Company's natural gas operations in Nevada represent approximately 37.00
23 percent (approximately 843,000 customers) of the Company's total natural gas
24

25
26

²⁰ Southwest Gas Holdings, Form 10-K for the Fiscal Year Ended December 31, 2024, at 9.

1 customer base. SWG currently has an investment grade long-term ratings of BBB+
2 (Outlook: Stable) from S&P²¹ and Baa1 (Outlook: Stable) from Moody's.²²
3

4 **33 Q. Why have you used a group of proxy companies to estimate the cost of equity**
5 **for SWG?**

6 A. One of the purposes of this proceeding is to estimate the cost of equity for SWG's
7 Nevada operations are not publicly traded. Because the cost of equity is a market-
8 based concept and because SWG's Nevada operations do not make up the entirety
9 of a publicly-traded entity, it is necessary to establish a group of companies that are
10 both publicly-traded and comparable to the Company in certain fundamental
11 business and financial respects to serve as its "proxy" in the cost of equity
12 estimation process.

13
14 Even if SWG were a publicly-traded entity, it is possible that transitory events could
15 bias its market value over a given period. A significant benefit of using a proxy
16 group is that it moderates the effects of unusual events that may be associated with
17 any one company. The companies included in my proxy group all possess a set of
18 operating risk characteristics that are substantially comparable to SWG, and
19 therefore provide a reasonable basis to estimate the appropriate cost of equity for the
20 Company.

21 _____
21 ²¹ S&P Capital IQ Pro, accessed December 4, 2025.

22 ²² Moody's Investors Service, accessed December 4, 2025.

1 screening criteria are applied. Additionally, there is currently a trend towards
2 consolidation in the utility industry, which reduces the number of available proxy
3 companies.²³ Because there are a small number of companies that are available for
4 inclusion in the proxy group, the screening criterion adjustment in this proceeding is
5 reasonable.

6
7 **36 Q. Did you consider other companies in the proxy group?**

8 A. Yes, while Spire is currently in the process of acquiring a Tennessee local
9 distribution company from Duke Energy, this transaction is expected to close in the
10 first quarter of 2026.²⁴ Therefore, I have estimated the cost of equity with Spire
11 included in and excluded from the proxy group.

12
13 **37 Q. Did you include HoldCo in your analysis?**

14 A. No. It is not appropriate to include HoldCo in the proxy group used to determine
15 the authorized ROE for SWG because of the circular logic that would occur. For
16 example, in the current proceeding, the ROE for SWG is being determined, which
17 in turn contributes to the ROE of its parent company, HoldCo. If HoldCo was
18 included in the proxy group, HoldCo would be used to determine its own
19 subsidiary's ROE. Therefore, to avoid the circular logic, I have excluded HoldCo
20 from my proxy group for SWG.

21
22
23
24
25

²³ Chediak, Mark, et al. "Utility M&A Is So Hot Not Even Berkshire's Billions Won a Bid." Bloomberg. January 3, 2018.

1 **38 Q. What is the composition of your proxy group?**

2 A. The screening criteria discussed result in a proxy group consisting of the companies
3 shown in Figure 1 (as well as in Exhibit No.__(AEB-3):

4 **Figure 4: Proxy Group**

5 Company	Ticker
6 Atmos Energy Corporation	ATO
7 Chesapeake Utilities Corporation	CPK
8 NiSource Inc.	NI
9 Northwest Natural Gas Company	NWN
ONE Gas, Inc.	OGS
Spire, Inc.	SR

10
11 **39 Q. Is your proxy and screening criteria generally consistent with the Company's
12 prior rate proceeding?**

13 A. Yes, my screening criteria and resulting proxy group are generally consistent with
14 the Company's prior general rate case proceeding where Staff Witness Venkat both
15 did not oppose the screening criteria and adopted the Company's proxy group.²⁵

16
17 **VII. COST OF EQUITY ESTIMATION**

18
19 **40 Q. Please briefly discuss the ROE in the context of the regulated rate of return.**

20 A. The overall rate of return for a regulated utility is the weighted average cost of
21 capital in which the cost rates of the individual sources of capital are weighted by
22 their respective book values. The ROE is the cost of common equity capital in the
23 utility's capital structure for ratemaking purposes. While the costs of debt and
24

25
26 ²⁵ Docket No. 23-09012, Direct Testimony of Venkat, February 2, 2024, at 12-13.

1 preferred stock can be directly observed, the cost of equity is market-based and,
2 therefore, must be estimated based on observable market data.

3
4 **41 Q. How is the required cost of equity determined?**

5 A. The required cost of equity is estimated by using analytical techniques that rely on
6 market-based data to quantify investor expectations regarding equity returns,
7 adjusted for certain incremental costs and risks. Informed judgment is then applied
8 to determine where the company's cost of equity falls within the range of results
9 produced by multiple analytical techniques. The key consideration in determining
10 the cost of equity is to ensure that the methodologies employed reasonably reflect
11 investors' views of the financial markets in general, as well as the subject company
12 (in the context of the proxy group), in particular.

13
14 **42 Q. What methods did you use to establish your recommended ROE in this
15 proceeding?**

16 A. I consider the results of the constant growth DCF model, the CAPM, the ECAPM,
17 and the BYRP analysis.

18
19 **43 Q. Is it important to use more than one analytical approach to estimate the cost
20 of equity?**

21 A. Yes. A reasonable cost of equity estimate appropriately considers alternative
22 methodologies and the reasonableness of their individual and collective results.
23 Because the cost of equity is not directly observable, it must be estimated based on
24 both quantitative and qualitative information. When faced with the task of
25 estimating the cost of equity, analysts and investors are inclined to gather and
26

1 evaluate as much relevant data as reasonably can be analyzed. Several models have
2 been developed to estimate the cost of equity, and I use multiple approaches to
3 estimate the cost of equity. As a practical matter, however, all of the models
4 available for estimating the cost of equity are subject to limiting assumptions or
5 other methodological constraints. Consequently, many well-regarded finance texts
6 recommend using multiple approaches when estimating the cost of equity. For
7 example, Copeland, Koller, and Murrin²⁶ suggest using the CAPM and Arbitrage
8 Pricing Theory model, while Brigham and Gapenski²⁷ recommend the CAPM, DCF,
9 and BYRP approaches.

10
11 **A. Constant Growth DCF Model**

12
13 **44 Q. Please describe the DCF approach.**

14 A. The DCF approach is based on the theory that a stock's current price represents the
15 present value of all expected future cash flows. In its most general form, the DCF
16 model is expressed as follows:

$$17 \quad P_0 = \frac{D_1}{(1+k)} + \frac{D_2}{(1+k)^2} + \dots + \frac{D_\infty}{(1+k)^\infty} \quad [1]$$

18
19 Where P_0 represents the current stock price, $D_1 \dots D_\infty$ are all expected future
20 dividends, and k is the discount rate, or required ROE. Equation [1] is a standard
21 present value calculation that can be simplified and rearranged into the following
22 form:

23
24
25

²⁶ Tom Copeland, Tim Koller and Jack Murrin, *Valuation: Measuring and Managing the Value of Companies*, 3rd Ed. (New
York: McKinsey & Company, Inc., 2000), at 214.

26 ²⁷ Eugene Brigham, Louis Gapenski, *Financial Management: Theory and Practice*, 7th Ed. (Orlando: Dryden Press, 1994), at
341.

$$k = \frac{D_0(1+g)}{P_0} + g \quad [2]$$

Equation [2] is often referred to as the constant growth DCF model in which the first term is the expected dividend yield and the second term is the expected long-term growth rate.

45 **Q. What assumptions are required for the Constant Growth DCF model?**

A. The constant growth DCF model requires the following assumptions: (1) a constant growth rate for earnings and dividends; (2) a stable dividend payout ratio; (3) a constant price-to-earnings (“P/E”) ratio; and (4) a discount rate greater than the expected growth rate. To the extent any of these assumptions is violated, considered judgment and/or specific adjustments should be applied to the results.

46 **Q. What market data did you use to calculate the dividend yield in your constant growth DCF model?**

A. The dividend yield in my constant growth DCF model is based on the proxy companies’ current annualized dividend and average closing stock prices over the 30-, 90-, and 180-trading days ended January 31, 2026.

47 **Q. Why did you use 30-, 90-, and 180-day averaging periods?**

A. I used an average of recent trading days to calculate the term P_0 in the DCF model to reflect current market data while also ensuring that the result of the model is not skewed by anomalous events that may affect stock prices on any given trading day.

1 **48 Q. Have you made any adjustments to the dividend yield to account for periodic**
2 **growth in dividends?**

3 A. Yes. Since utility companies tend to increase their quarterly dividends at different
4 times throughout the year, it is reasonable to assume that dividend increases will be
5 evenly distributed over calendar quarters. Given that assumption, it is reasonable
6 to apply one-half of the expected annual dividend growth rate for purposes of
7 calculating the expected dividend yield component of the DCF model. This
8 adjustment ensures that the expected first year dividend yield is, on average,
9 representative of the coming twelve-month period, and does not overstate the
10 aggregated dividends to be paid during that time.

11
12 **49 Q. Why is it important to select appropriate measures of long-term growth in**
13 **applying the DCF model?**

14 A. In its constant growth form, the DCF model (*i.e.*, Equation [2]) assumes a single
15 growth estimate in perpetuity. To reduce the long-term growth rate to a single
16 measure, one must assume that the payout ratio remains constant and that earnings
17 per share (“EPS”), dividends per share and book value per share all grow at the
18 same constant rate. However, over the long run, dividend growth can only be
19 sustained by earnings growth, meaning earnings are the fundamental driver of a
20 company’s ability to pay dividends. Therefore, projected EPS growth is the
21 appropriate estimate of a company’s long-term projected growth. In contrast,
22 changes in a company’s dividend payments are based on management decisions
23 related to cash management and other factors. For example, a company may decide
24 to retain earnings rather than pay out a portion of those earnings to shareholders
25 through dividends. Therefore, dividend growth rates are less likely than earnings

1 growth rates to accurately reflect investor perceptions of a company's growth
2 prospects. Accordingly, I have incorporated several sources of long-term EPS
3 growth rates into the constant growth DCF model.
4

5 **50 Q. Which sources of long-term earnings growth rates did you use?**

6 A. My constant growth DCF model incorporates three sources of long-term earnings
7 growth rates: (1) *Zacks* Investment Research ("*Zacks*"); (2) *S&P Capital IQ*; and
8 (3) *Value Line*.
9

10 **51 Q. Have you previously relied on projected EPS growth rates provided by *Yahoo!***
11 ***Finance*?**

12 A. Yes, however, *Yahoo! Finance* no longer reports consensus projected 3- to 5-year
13 EPS growth rates. As a result, I replaced that estimate with the consensus projected
14 3- to 5-year EPS growth rates reported by *S&P Capital IQ*.
15

16 **52 Q. Why are EPS growth rates the appropriate growth rates to be relied on in the**
17 **DCF model?**

18 A. Earnings are the fundamental driver of a company's ability to pay dividends;
19 therefore, projected EPS growth is the appropriate measure of a company's long-
20 term growth. In contrast, changes in a company's dividend payments are based on
21 management decisions related to cash management and other factors. For example,
22 a company may decide to retain earnings rather than pay out a portion of those
23 earnings to shareholders through dividends.
24
25
26
27
28

1 **53 Q. How did you calculate the range of results for the constant growth DCF**
2 **Models?**

3 A. I calculated results using the average EPS growth rate from all three sources for
4 each proxy group company. In addition, I calculate a low-end result for the constant
5 growth DCF models using the minimum growth rate of the three sources (*i.e.*, the
6 lowest of the *Zacks*, *S&P Capital IQ*, and *Value Line* projected EPS growth rates)
7 for each of the proxy group companies, and use a similar approach to calculate a
8 high-end result, using the maximum growth rate of the three sources for each proxy
9 group company.

10
11 **54 Q. What are the results of your DCF analyses?**

12 A. Figure 4 (see also Exhibit No. (AEB-4)) summarizes the results of my DCF
13 analyses.

14 **Figure 4: Discounted Cash Flow Results**

	Minimum Growth Rate	Average Growth Rate	Maximum Growth Rate
Mean			
30-Day Avg. Stock Price	9.07%	10.47%	11.51%
90-Day Avg. Stock Price	9.03%	10.44%	11.48%
180-Day Avg. Stock Price	9.20%	10.60%	11.65%
Average	9.10%	10.50%	11.54%
Median	Median Low	Median	Median High
30-Day Avg. Stock Price	8.83%	10.32%	10.94%
90-Day Avg. Stock Price	8.81%	10.27%	10.94%
180-Day Avg. Stock Price	8.91%	10.35%	11.15%
Average	8.85%	10.32%	11.01%

B. CAPM Analysis**55 Q. Please briefly describe the CAPM.**

A. The CAPM is a risk premium approach that estimates the cost of equity for a given security as a function of a risk-free return plus a risk premium to compensate investors for the non-diversifiable or “systematic” risk of that security.²⁸ This second component is the product of the market risk premium and the beta coefficient, which measures the relative riskiness of the security being evaluated.

The CAPM is defined by four components, each of which must theoretically be a forward-looking estimate:

$$K_e = r_f + \beta(r_m - r_f) \quad [3]$$

Where:

- K_e = the required market-based cost of equity of an individual security;
- β = beta coefficient of an individual security;
- r_f = the risk-free rate of return; and
- r_m = the required return on the market as a whole.

In this specification, the term $(r_m - r_f)$ represents the market risk premium. According to the theory underlying the CAPM, because unsystematic risk can be diversified away, investors should only be concerned with systematic or non-diversifiable risk.

Non-diversifiable risk, which is measured by beta, is defined as:

²⁸ Systematic risk is the risk inherent in the entire market or market segment. This form of risk cannot be diversified away using a portfolio of assets. Non-systematic risk is the risk of a specific company that can be mitigated through portfolio optimization.

$$\beta = \frac{\text{Covariance}(r_e, r_m)}{\text{Variance}(r_m)} \quad [4]$$

The variance of the market return (i.e., Variance (r_m)) is a measure of the uncertainty of the general market. The covariance between the return on a specific security and the general market (i.e., Covariance (r_e, r_m)) reflects the extent to which the return on that security will respond to a given change in the general market return. Thus, beta represents the risk of the security relative to the general market.

56 **Q. What risk-free rate did you use in your CAPM analysis?**

A. I use three estimates of the yield on Treasury bonds: (1) the current 30-day average yield on 30-year Treasury bonds (4.83 percent);²⁹ (2) the projected 30-year Treasury yield for Q2 2026 through Q2 2027 (4.80 percent);³⁰ and (3) the projected 30-year Treasury yield for the period 2027-2031 (4.60 percent).³¹

57 **Q. What beta coefficients did you use in your CAPM analysis?**

A. As shown on Exhibit No. (AEB-5), I use the beta coefficients for the proxy group companies as reported by *Value Line*, which are based on five years of weekly returns relative to the New York Stock Exchange Composite Index. Additionally, as shown on Exhibit No. (AEB-6), I consider another CAPM analysis that relies on the long-term average beta coefficient for the companies in my proxy group, which is calculated as an average of the *Value Line* beta coefficients for the companies in my proxy group from 2013 through 2025.

²⁹ *Bloomberg Professional* as of January 31, 2026.

³⁰ *Blue Chip Financial Forecasts*, Vol. 45, No. 2, January 31, 2026, at 2.

³¹ *Blue Chip Financial Forecasts*, Vol. 44, No. 12, December 1, 2025, at 14.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

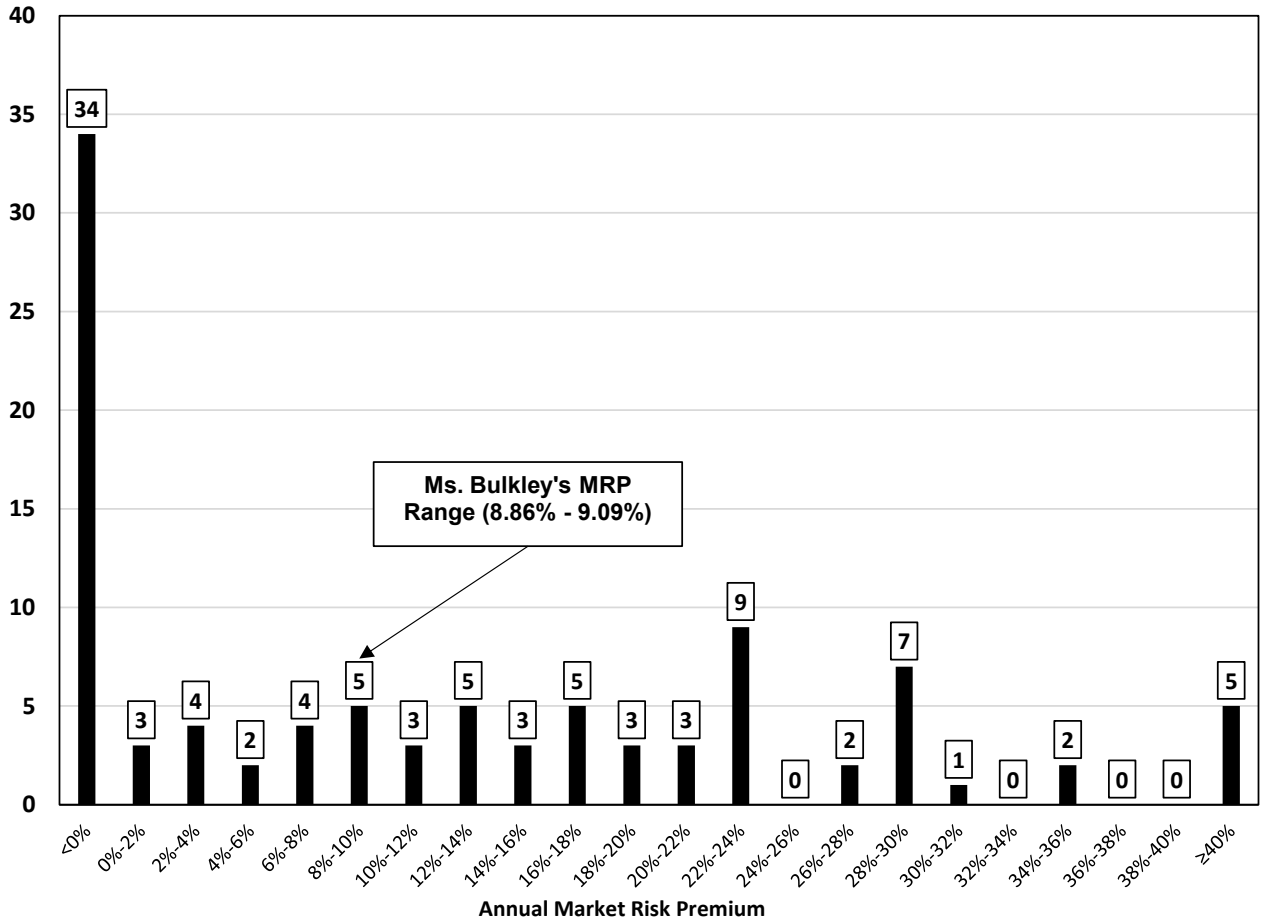
58 Q. How did you estimate the market risk premium in the CAPM?

A. I estimated the market risk premium as the difference between the implied expected equity market return and the risk-free rate. As shown on Exhibit No. (AEB-7), the expected market return is calculated using the constant growth DCF model discussed previously as applied the companies in the S&P 500 Index. Based on an estimated market capitalization-weighted dividend yield of 1.30 percent and a weighted long-term growth rate of 12.31 percent, the estimated required market return for the S&P 500 Index as of January 31, 2026, is 13.69 percent. The market risk premium is between 8.86 percent and 9.09 percent.

59 Q. How does your market risk premium compare to observed historical market risk premia?

A. As shown in Figure 5, the market risk premia of 8.86 percent to 9.09 percent is reasonable when compared to the distribution of historical annual risk premia from 1926 through 2025. As shown, the range of market risk premia used in my analyses falls below the midpoint of the distribution with 51 out the past 100 years (or 51.00 percent) being greater than my calculated market risk premia.

Figure 5: Realized U.S. equity market risk premia (1926-2025)³²



60 Q. Did you consider another form of the CAPM?

A. Yes, I did. I have also considered the results of an ECAPM in estimating the cost of equity for the Company.³³ The ECAPM calculates the product of the adjusted beta coefficient and the market risk premium and applies a weight of 75.00 percent to that result. The model then applies a 25.00 percent weight to the market risk premium, without any effect from the beta coefficient. The results of the two

³² Depicts total annual returns on large company stocks, as reported in the 2023 Kroll SBBI Yearbook for 1926-2022 and from *S&P Capital IQ* for 2023-2025.

³³ See, e.g., Morin, Roger A. *New Regulatory Finance*. Public Utilities Reports, Inc., 2006, at 189.

1 calculations are summed, along with the risk-free rate, to produce the ECAPM
2 result, as noted in Equation [5] below:

$$3 \quad k_e = r_f + 0.75\beta(r_m - r_f) + 0.25(r_m - r_f) \quad [5]$$

4 Where:

- 5 • k_e = the required market-based cost of equity of an individual security;
- 6 • β = beta coefficient of an individual security;
- 7 • r_f = the risk-free rate of return; and
- 8 • r_m = the required return on the market as a whole.

9
10 The ECAPM addresses the tendency of the “traditional” CAPM to underestimate
11 the cost of equity for companies with low beta coefficients such as regulated utilities.
12 In that regard, the ECAPM is not redundant to the use of adjusted betas in the
13 traditional CAPM; rather, it recognizes the results of academic research indicating
14 that the risk-return relationship is different (in essence, flatter) than estimated by the
15 CAPM, meaning that the CAPM underestimates the cost of equity for companies
16 with a beta less than 1.0 and overestimates the cost of equity for companies with a
17 beta greater than 1.0.³⁴

18
19 Consistent with the CAPM, my application of the ECAPM uses the same the three
20 yields on the 30-year Treasury bond as the risk-free rate, forward-looking market
21 return, and beta coefficients.

22
23
24
25
26 ³⁴ *Id.*, at 191.

1 **61 Q. What are the results of your CAPM and ECAPM analyses?**

2 A. Figure 67 (see also Exhibit No. (AEB-5)) summarizes the results of my CAPM and
3 ECAPM analyses.

4 **Figure 6: CAPM and ECAPM Results**

	30-Year Treasury Bond Yield		
	Current 30-Day Avg	Near-Term Projected	Longer-Term Projected
CAPM			
Current <i>Value Line</i> Beta	11.55%	11.54%	11.50%
Long-term Avg. <i>Value Line</i> Beta	11.47%	11.47%	11.42%
ECAPM			
Current <i>Value Line</i> Beta	12.09%	12.08%	12.04%
Long-term Avg. <i>Value Line</i> Beta	12.03%	12.02%	11.98%

11
12 **C. Bond Yield Plus Risk Premium Analysis**

13
14 **62 Q. Please describe the Bond Yield Plus Risk Premium approach.**

15 A. In general terms, this approach is based on the fundamental principle that equity
16 investors bear the residual risk associated with equity ownership and therefore
17 require a premium over the return they would have earned as a bondholder. That
18 is, because returns to equity holders have greater risk than returns to bondholders,
19 equity investors must be compensated to bear that risk. Risk premium approaches,
20 therefore, estimate the cost of equity as the sum of the equity risk premium and the
21 yield on a particular class of bonds. In my analysis, I use actual authorized returns
22 for natural gas utility companies as the historical measure of the cost of equity to
23 determine the risk premium.

1 **63 Q. What is the fundamental relationship between the equity risk premium and**
2 **interest rates?**

3 A. Both academic literature and market evidence indicate that the equity risk premium
4 (as used in this approach) is inversely related to the level of interest rates. That is,
5 as interest rates increase, the equity risk premium decreases, and vice versa.
6 Consequently, it is important to develop an analysis that: (1) reflects the inverse
7 relationship between interest rates and the equity risk premium; and (2) relies on
8 recent and expected market conditions. The analysis presented on Exhibit
9 No. (AEB-8) establishes that relationship using a regression of the risk premium
10 as a function of U.S. Treasury bond yields. When the authorized ROEs serve as
11 the measure of required equity returns and the long-term Treasury bond yield is
12 defined as the relevant measure of interest rates, the risk premium is the difference
13 between those two points.³⁵

14
15 **64 Q. What did your Bond Yield Plus Risk Premium analysis reveal?**

16 A. As shown in Figure 78 below, from 1980 through January 2026, there was a strong
17 negative relationship between risk premia and interest rates. To estimate that
18 relationship, I conducted a regression analysis using the following equation:

$$RP = a + b(T) \quad [6]$$

21 Where:

24 ³⁵ See e.g., S. Keith Berry, "Interest Rate Risk and Utility Risk Premia during 1982-93," *Managerial and Decision Economics*,
25 Vol. 19, No. 2, March 1998 (the author used a similar methodology, including using authorized ROEs as the relevant data
26 source, and came to similar conclusions regarding the inverse relationship between risk premia and interest rates). See also,
Robert S. Harris, "Using Analysts' Growth Forecasts to Estimate Shareholders Required Rates of Return," *Financial
Management*, Spring 1986, at 66.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

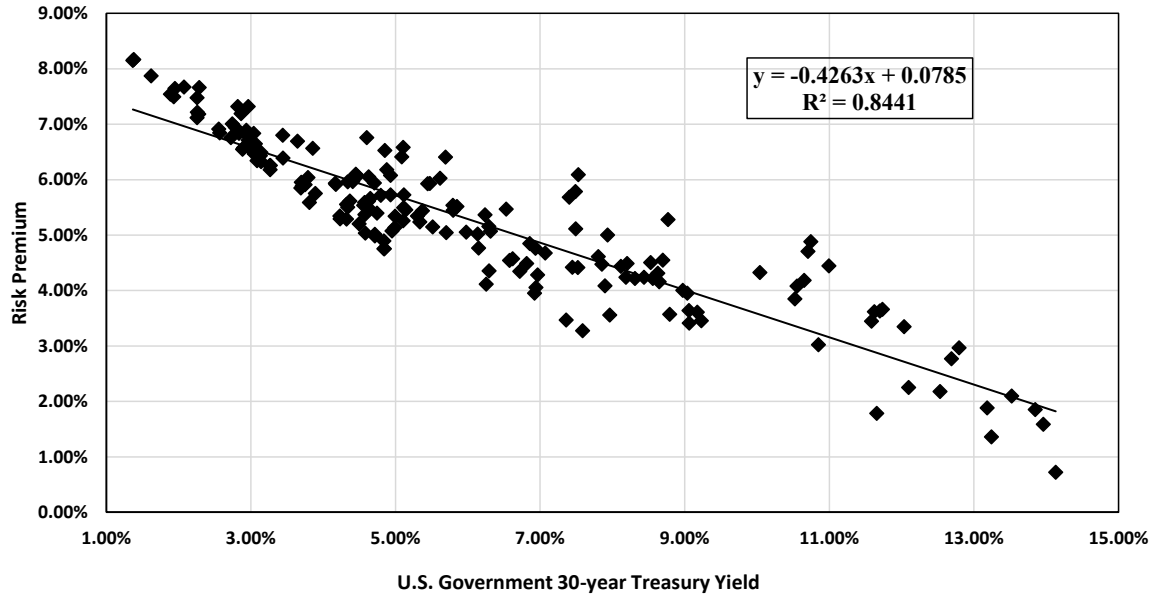
- RP = Risk Premium (difference between allowed ROEs and the yield on 30-year U.S. Treasury bonds);
- a = intercept term;
- b = slope term; and
- T = 30-year U.S. Treasury bond yield.

Data regarding allowed ROEs were derived from all natural gas utility rate cases from 1980 through January 2026 as reported by Regulatory Research Associates (“RRA”).³⁶ This equation’s coefficients were statistically significant at the 99.00 percent level.

³⁶ The data was screened to eliminate limited issue rider cases, transmission-only cases, distribution-only cases and cases that were silent with respect to the authorized ROE.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Figure 7: Risk Premium Results³⁷



65 Q. What are the results of your BYRP analysis?

A. Figure 8 presents the results of the BYRP analysis, which is also presented in Exhibit No. (AEB-8).

Figure 8: Summary of BYRP Results

	30-Year Treasury Bond Yield		
	Current 30-Day Avg	Near-Term Projected	Longer-Term Projected
Risk Premium Results	10.62%	10.60%	10.49%

³⁷ Regression equations for the natural gas utilities and the combination of the electric and natural gas utilities are provided in Exhibit No. (AEB-8).

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

66 Q. Is the Bond Yield Plus Risk Premium analysis relevant to investors?

A. Yes. Investors are aware of authorized ROEs in other jurisdictions, and they consider those determinations as a benchmark for a reasonable level of equity returns for utilities of comparable risk operating in other jurisdictions. My BYRP analysis is based on authorized ROEs for utility companies relative to corresponding Treasury yields and therefore provides relevant information to assess the return expectations of investors.

VIII. REGULATORY AND BUSINESS RISKS

67 Q. Please explain how you use the results of the cost of equity models in estimating the Company's cost of equity.

A. The results of the cost of equity models provide a range of the appropriate estimate of the Company's cost of equity. There are several additional factors that must be taken into consideration when determining where the Company's cost of equity falls within the range of results. These factors, which are discussed below, should be considered with respect to their overall effect on the Company's risk profile.

A. Capital Expenditures

68 Q. Please summarize the Company's projected capital expenditure requirements.

A. As of December 31, 2024, the Company had a net utility plant in Nevada of approximately \$2.6 billion, and the Company currently projects capital

1 expenditures for 2026 through 2030 of approximately \$1.4 billion in Nevada.³⁸
2 Therefore, the Company's projected capital expenditures represent 54.53 percent
3 of its current net utility plant as of December 31, 2024.
4

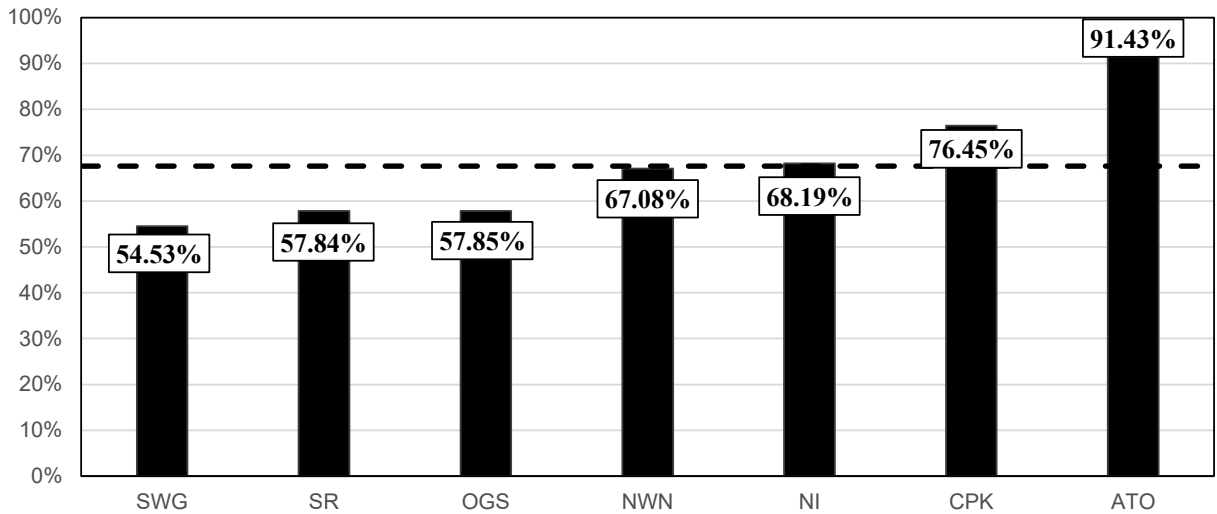
5 **69 Q. Have you conducted any analysis of the Company's projected capital**
6 **expenditures relative to the proxy companies?**

7 A. Yes. As shown in Figure 9 and Exhibit No. (AEB-10), I calculated the ratio of
8 expected capital expenditures to net utility plant for SWG and each of the
9 companies in the proxy group by dividing each company's projected capital
10 expenditures for the period 2026 to 2030 by its total net utility plant as of December
11 31, 2024. As shown therein, the Company's ratio of capital expenditures as a
12 percentage of net utility plant is below the median for the proxy group companies
13 which, all else equal, indicates a risk level that is less than that of the companies in
14 the proxy group.
15
16
17
18
19
20
21
22
23
24

25
26 ³⁸ Data provided by the Company.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Figure 9: Comparison of Capital Expenditures of the Proxy Group Companies



70 Q. How is the Company’s risk profile affected by its projected capital expenditures?

A. Capital expenditure requirements affect the Company’s risk profile in two significant and related ways: (1) the heightened level of investment increases the risk of under-recovery or delayed recovery of the invested capital; and (2) an inadequate return would put downward pressure on key credit metrics.

71 Q. Do credit rating agencies recognize the risks associated with elevated levels of capital expenditures?

A. Yes, they do. From a credit perspective, the additional pressure on cash flows associated with high levels of capital expenditures exerts corresponding pressure on credit metrics and, therefore, credit ratings. To that point, S&P explains the importance of regulatory support for large capital projects:

1 When applicable, a jurisdiction's willingness to support large capital
2 projects with cash during construction is an important aspect of our
3 analysis. This is especially true when the project represents a major
4 addition to rate base and entails long lead times and technological risks
5 that make it susceptible to construction delays. Broad support for all
6 capital spending is the most credit-sustaining. Support for only specific
7 types of capital spending, such as specific environmental projects or
8 system integrity plans, is less so, but still favorable for creditors.
9 Allowance of a cash return on construction work-in-progress or similar
10 ratemaking methods historically were extraordinary measures for use in
11 unusual circumstances, but when construction costs are rising, cash flow
12 support could be crucial to maintain credit quality through the spending
13 program. Even more favorable are those jurisdictions that present an
14 opportunity for a higher return on capital projects as an incentive to
15 investors.³⁹

16 Recently, S&P evaluated the capital expenditure trends in the utility sector, noting
17 that the balance between operating with negative discretionary cash flow from
18 operations offset by reliable access to capital markets for financing may be tested
19 through ever-increasing capital expenditure requirements as a result of the
20 transformation of the energy sector through the focus on low/no carbon generation,
21 electrification, and the replacement of aging infrastructure:

22 We expect rising capital spending and increasing cash flow deficits that
23 are not sufficiently funded in a credit-supportive manner will continue
24 to pressure the industry's financial performance. Its average funds from
25 operations (FFO) to debt was about 15% in 2021 and has gradually
26 fallen to about 13.5%, primarily reflecting rising leverage (see chart 20).
27 Given our expectations for continued increasing capital spending over
28 the next decade, we expect financial performance and credit quality will
continue to be pressured.⁴⁰

39 S&P Global Ratings, "Assessing U.S. Investor-Owned Utility Regulatory Environments," August 10, 2016, at 7.

40 S&P Global Ratings, "Industry Credit Outlook 2025, North American Regulated Utilities: Capex and climate change pressures credit quality," January 14, 2025, at 10.

1 Therefore, to the extent that SWG's rates do not permit the opportunity to recover
2 its capital investments on a regular and timely basis, the Company will face
3 increased recovery risk and thus increased pressure on its credit metrics.
4

5 **72 Q. Does SWG have a capital tracking mechanism to recover the costs associated**
6 **with its capital expenditures plan between rate cases?**

7 A. While the Company currently has limited authority to defer costs associated the
8 replacement of customer-owned yard lines,⁴¹ it does not currently have a capital
9 tracking mechanism authorized to recover costs associated with its other capital
10 expenditures contemplated in its 2026-2030 capital plan.
11

12 **73 Q. Are capital investment recovery mechanisms common amongst proxy group**
13 **companies?**

14 A. Yes. As shown in Exhibit No. (AEB-10), approximately 75.00 percent of the
15 companies in the proxy group have some form of capital cost recovery mechanism
16 in place. Almost half of the companies in the proxy group use a forecasted test year,
17 which would include the more timely recovery of capital investments. Finally,
18 approximately 71.00 percent of the proxy group companies have the ability to earn
19 a return on construction work in progress ("CWIP") or have approval for multi-
20 year capital investment plans.
21
22
23
24

25 ⁴¹ Order in Docket No. 21-08003 issued January 11, 2022 authorizes SWG to replace residential and school COYLs in Nevada at
26 an estimated total program cost of \$25 million (\$5 million per year) through the conclusion of the program on June 30, 2027.

1 may deny the Company the opportunity to earn its required rate of return in the
2 future.

3
4 **77 Q. Please provide an example of why a flotation cost adjustment is necessary to**
5 **compensate investors for the capital they have invested.**

6 A. Suppose HoldCo issues stock with a value of \$100, and an equity investor invests
7 \$100 in HoldCo in exchange for that stock. Further suppose that, after paying the
8 flotation costs associated with the equity issuance, which include fees paid to
9 underwriters and attorneys, among others, HoldCo ends up with only \$97 of
10 issuance proceeds, rather than the \$100 the investor contributed. HoldCo invests
11 that \$97 in plant used to serve its customers, which becomes part of rate base.
12 Absent a flotation cost adjustment, the investor will thereafter earn a return on only
13 the \$97 invested in rate base, even though she contributed \$100. Making a small
14 flotation cost adjustment gives the investor a reasonable opportunity to earn the
15 authorized return, rather than the lower return that results when the authorized
16 return is applied to an amount less than what the investor contributed.

17
18 **78 Q. Is the need to consider flotation costs eliminated because SWG is a wholly-**
19 **owned subsidiary of HoldCo?**

20 A. No. Although SWG is a wholly-owned subsidiary of HoldCo, it is appropriate to
21 consider flotation costs because wholly-owned subsidiaries receive equity capital
22 from their parent and provide returns on the capital that roll up to the parent, which
23 is designated to attract and raise capital based upon the returns of those subsidiaries.
24 To deny recovery of issuance costs associated with the capital that is invested in
25 the subsidiaries ultimately penalizes the investors that fund the utility operations

1 and could inhibit the utility's ability to obtain new equity capital at a reasonable
2 cost. This is important for SWG because, as I discussed above, the Company's
3 ongoing annual capital expenditures are significant.
4

5 **79 Q. Is the need to consider flotation costs recognized by the academic and financial**
6 **communities?**

7 A. Yes. The need to reimburse shareholders for the lost returns associated with equity
8 issuance costs is recognized by the academic and financial communities in the same
9 spirit that investors are reimbursed for the costs of issuing debt. This treatment is
10 consistent with the philosophy of a fair ROR. According to Dr. Shannon Pratt:

11 Flotation costs occur when new issues of stock or debt are sold to
12 the public. The firm usually incurs several kinds of flotation or
13 transaction costs, which reduce the actual proceeds received by the
14 firm. Some of these are direct out-of-pocket outlays, such as fees
15 paid to underwriters, legal expenses, and prospectus preparation
16 costs. Because of this reduction in proceeds, the firm's required
17 returns on these proceeds equate to a higher return to compensate
18 for the additional costs. Flotation costs can be accounted for either
19 by amortizing the cost, thus reducing the cash flow to discount, or
20 by incorporating the cost into the cost of capital. Because flotation
21 costs are not typically applied to operating cash flow, one must
22 incorporate them into the cost of capital.⁴²

19 **80 Q. How did you calculate the flotation costs for SWG?**

20 A. My flotation cost calculation is based on the costs of issuing equity that were
21 incurred by HoldCo in its most recent common equity issuance as of March 2023.
22 That flotation cost percentage is then applied to the DCF analysis to estimate impact
23 on ROE. As shown in Exhibit No. _(AEB-9), based on the flotation costs incurred
24

25
26 ⁴² Shannon P. Pratt, Cost of Capital Estimation and Applications, Second Edition, at 220-221.

1 in the most recent HoldCo issuance, the mean increase in the proxy group's cost of
2 equity is 12 basis points (i.e., 0.12 percent) based on the mean and the median
3 increase is 9 basis points (i.e., 0.09 percent) b.
4

5 **81 Q. Do your final results include an adjustment for flotation cost recovery?**

6 A. No. While the final cost of equity results do not incorporate an explicit adjustment
7 for flotation costs, I have considered the effect of flotation costs, along with the
8 other risk factors present for the Company, in determining where, within the range
9 of analytical results, my recommended ROE for the Company should fall.
10

11 **B. Regulatory Risks**
12

13 **82 Q. How does the regulatory environment affect investors' risk assessments?**

14 A. The ratemaking process is premised on the principle that, for investors and
15 companies to commit the capital needed to provide safe and reliable utility service,
16 the subject utility must have the opportunity to recover the return of, and i the
17 market-required return on invested capital. Regulatory authorities recognize that
18 because utility operations are capital intensive, regulatory decisions should enable
19 the utility to attract capital at reasonable terms, and doing so balances the long-term
20 interests of investors and customers. To achieve this balance, the Company must be
21 able to finance its operations assuming a reasonable opportunity to earn an
22 appropriate return on invested capital to maintain an acceptable financial profile. In
23 that respect, the regulatory environment is one of the most important factors
24 considered in both debt and equity investors' risk assessments.
25
26
27
28

1 From the perspective of debt investors, the authorized return should enable the utility
2 to generate the cash flow needed to meet its near-term financial obligations, make
3 the capital investments needed to maintain and expand its systems, and maintain the
4 necessary levels of liquidity to fund unexpected events. This financial liquidity must
5 be derived not only from internally-generated funds, but also by efficient access to
6 capital markets. Moreover, because fixed income investors have many investment
7 alternatives, even within a given market sector, the utility's financial profile must be
8 adequate on a relative basis to ensure its ability to attract capital under a variety of
9 economic and financial market conditions.

10
11 In addition, equity investors require that the authorized return be adequate to provide
12 a risk-comparable return on the equity portion of the utility's capital investments.
13 Because equity investors are the residual claimants on the utility's cash flows (which
14 is to say that the equity return is subordinate to interest payments), they are
15 particularly concerned with the strength of regulatory support and its effect on future
16 cash flows.

17
18 **83 Q. How do credit rating agencies consider regulatory risk in establishing a**
19 **company's credit rating?**

20 A. Both S&P and Moody's consider the overall regulatory framework in establishing
21 credit ratings. Moody's establishes credit ratings based on four key factors:
22 (1) regulatory framework; (2) the ability to recover costs and earn returns;
23 (3) diversification; and (4) financial strength, liquidity, and key financial metrics.
24 Of these criteria, regulatory framework, and the ability to recover costs and earn
25 returns are each given a broad rating factor of 25.00 percent. Therefore, Moody's
26

1 assigns regulatory risk a 50.00 percent weighting in the overall assessment of
2 business and financial risk for regulated utilities.⁴³

3
4 S&P also identifies the regulatory framework as an important factor in credit ratings
5 for regulated utilities, stating: “One significant aspect of regulatory risk that
6 influences credit quality is the regulatory environment in the jurisdictions in which
7 a utility operates.”⁴⁴ S&P identifies four specific factors that it uses to assess the
8 credit implications of the regulatory jurisdictions of investor-owned regulated
9 utilities: (1) regulatory stability; (2) tariff-setting procedures and design;
10 (3) financial stability; and (4) regulatory independence and insulation.⁴⁵

11
12 **84 Q. How does the regulatory environment in which a utility operates affect its**
13 **access to and cost of capital?**

14 A. The regulatory environment can significantly affect both the access to and cost of
15 capital in several ways. First, the proportion and cost of debt capital available to
16 utility companies are influenced by the rating agencies’ assessment of the
17 regulatory environment. As noted by Moody’s, “[u]tility rates are set in a
18 political/regulatory process rather than a competitive or free-market process; thus,
19 the regulatory framework is a key determinant of the credit quality of a utility.”⁴⁶
20 Moody’s further highlighted the relevance of a stable and predictable regulatory
21 environment to a utility’s credit quality, noting: “[t]he regulatory framework is
22 important because it provides the basis for decisions that affect utilities, including

23
24 ⁴³ Moody’s Investors Service. Rating Methodology: Regulated Electric and Gas Utilities. June 23, 2017, at 4.

25 ⁴⁴ Standard & Poor’s Global Ratings. Ratings Direct. “Assessing U.S. Investor-Owned Utility Regulatory Environments.” August 10, 2016, at 2.

26 ⁴⁵ *Id.* at 1.

27 ⁴⁶ Moody’s Investors Service, Rating Methodology: Regulated Electric and Gas Utilities, August 6, 2024, at 8.

1 rate-setting as well as the consistency and predictability of regulatory decision-
2 making.”⁴⁷

3
4 **85 Q. Have you analyzed the regulatory framework in Nevada relative to the**
5 **jurisdictions in which the companies in your proxy group operate?**

6 A. Yes. I evaluated the regulatory framework in Nevada on three factors that are
7 important in terms of providing a regulated utility an opportunity to earn its
8 authorized ROE. These are: (1) test year convention (*i.e.*, forecast vs. historical);
9 (2) use of revenue decoupling mechanisms or other clauses that provide revenue
10 stabilization; (3) the prevalence of capital cost recovery between rate cases. The
11 results of this regulatory risk assessment are shown in Exhibit No. (AEB-11) and
12 are summarized below:

- 13
14 • Test Year Convention: SWG uses a historical test year adjusted for known and
15 measurable changes, while approximately 48.00 percent of the utility operating
16 subsidiaries of the companies in the proxy group use either fully forecasted or
17 partially forecasted test years.⁴⁸ Forecast test years have been relied on for many
18 years and produce cost estimates that are more reflective of future costs, which
19 results in more accurate recovery of incurred costs and mitigates the regulatory lag
20 associated with historical test years. As Lowry, Hovde, Getachew, and Makos
21 explain in their 2010 report, Forward Test Years for US Electric Utilities:
22

23
24
25 ⁴⁷ *Id.*

26 ⁴⁸ Including Spire, approximately 54.00 percent of the proxy group relies on a forecasted test year.

1 This report provides an in depth discussion of the test year issue. It
2 includes the results of empirical research which explores why the
3 unit costs of electric IOUs are rising and shows that utilities
4 operating under forward test years realize higher returns on capital
5 and have credit ratings that are materially better than those of
6 utilities operating under historical test years. The research suggests
7 that shifting to a future test year is a prime strategy for rebuilding
8 utility credit ratings as insurance against an uncertain future.⁴⁹

9 While the focus of that report was electric utilities, the regulatory lag that is
10 addressed is applicable to all regulated utilities, including natural gas distribution.

11 Volumetric Risk: SWG has protection against volumetric risk through a revenue
12 decoupling mechanism.⁵⁰ Similarly, approximately 88.00 percent of the utility
13 operating subsidiaries of the proxy group companies have some form of protection
14 against volumetric risk.⁵¹

- 15 • Capital Cost Recovery: As noted, SWG has a capital tracking mechanism to
16 recover a modest amount (\$5 million per year for COYL replacements as noted
17 above) of capital investment costs between rate cases. This compares with
18 approximately 81.00 percent of the utility operating subsidiaries of the proxy group
19 companies have some form of capital cost recovery mechanism in place and
20 approximately 71.00 percent have CWIP.

21
22
23
24 ⁴⁹ M.N. Lowry, D. Hovde, L. Getachew, and M. Makos, Forward Test Years for US Electric Utilities, prepared for Edison Electric
Institute, August 2010, at 1.

25 ⁵⁰ Southwest Gas Corporation, "Nevada General Revenues Adjustment Mechanism," <https://www.swgas.com/gra>, accessed
January 14, 2026.

26 ⁵¹ Including Spire, increases this percentage to 89.00 percent.

1 **86 Q. Have you developed any additional analyses to evaluate the regulatory**
2 **environment in Nevada as compared to the jurisdictions in which the**
3 **companies in your proxy group operate?**

4 A. Yes. I have conducted two additional analyses to compare the regulatory
5 framework of Nevada to the jurisdictions in which the companies in the proxy
6 group operate. Specifically, I considered two different rankings: (1) the Regulatory
7 Research Associates (“RRA”) ranking of regulatory jurisdictions; and (2) S&P’s
8 ranking of the credit supportiveness of regulatory jurisdictions.

9
10 **87 Q. Please explain how you used the RRA ratings to compare the regulatory**
11 **jurisdictions of the proxy group companies with the Company’s regulatory**
12 **jurisdiction.**

13 A. RRA develops their rankings based on their assessment of how investors perceive
14 the regulatory risk associated with ownership of utility securities in that jurisdiction,
15 specifically reflecting their assessment of the probable level and quality of earnings
16 to be realized by the State’s utilities as a result of regulatory, legislative, and court
17 actions. RRA assigns a ranking for each regulatory jurisdiction between “Above
18 Average/1” to “Below Average/3,” with nine total rankings between these
19 categories. I applied a similar numeric ranking system to the RRA rankings with
20 “Above Average/1” assigned the highest ranking (“1”) and “Below Average/3”
21 assigned the lowest ranking (“9”).

22 As shown on Exhibit No. (AEB-12), the Company’s jurisdictional ranking
23 is “4” or “Average/1”, which is higher than the proxy group’s average numeric
24 ranking of “4.68” from RRA, which is between “Average/1” and “Average/2.”

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

88 Q. How did you conduct your analysis of the S&P credit supportiveness?

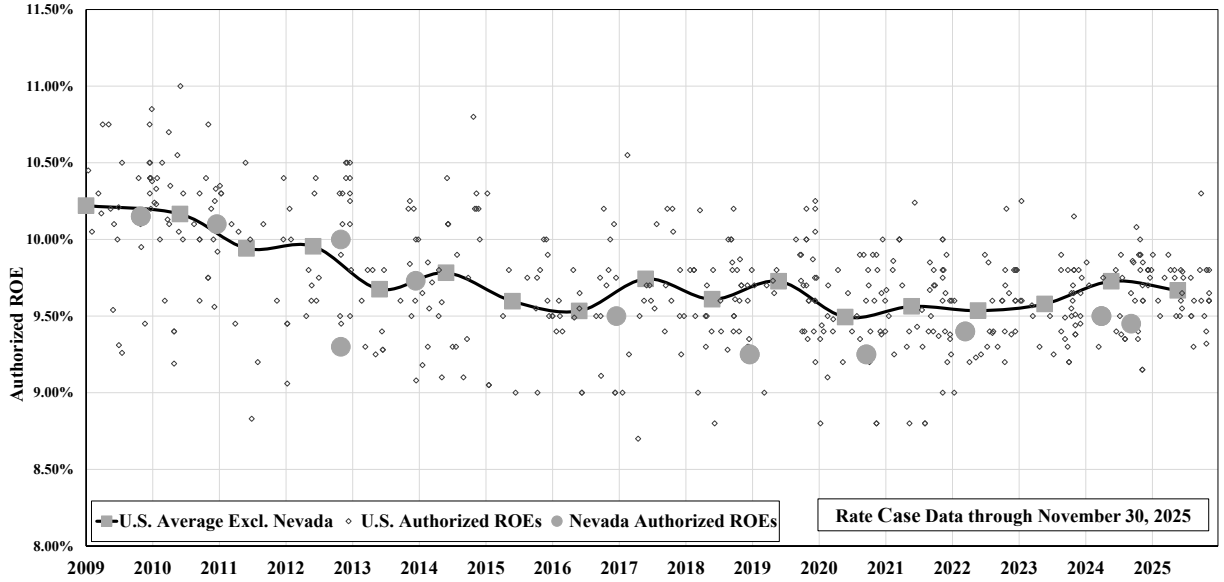
A. S&P classifies each regulatory jurisdiction into five categories that range from “Credit Supportive” to “Most Credit Supportive” Based on the level of credit supportiveness. Similar to the RRA regulatory ranking analysis discussed above, I assign a numerical ranking to each category, from “Most Credit Supportive” (“1”) to “Credit Supportive” (“5”). As shown on Exhibit No. (AEB-13), the average ranking of the proxy group is “2.26” (*i.e.*, between “Highly Credit Supportive” and “Very Credit Supportive”) and thus considered more credit supportive than Nevada, which has a ranking of “3” (*i.e.*, “Very Credit Supportive”).

89 Q. How do recent returns in Nevada compare to the authorized returns in other jurisdictions?

A. As shown in Figure 10 the authorized ROEs for natural gas utilities in Nevada and in other jurisdictions throughout the United States since January 2009. As shown, more recently, the authorized returns for natural gas utilities in Nevada have primarily been below prevailing national averages at the time of the decisions.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Figure 10: Comparison of Nevada and U.S. Authorized Natural Gas ROEs⁵²



⁵² RRA through S&P Capital IQ Pro.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

90 Q. Is it important that the Commission consider how the ROE to be authorized for the Company in this proceeding compares to the returns authorized for other comparable utilities?

A. Yes. The Company must compete for discretionary capital within HoldCo current corporate structure and against new investments HoldCo could make. Investors consider the business and financial risks of the Company relative to other comparable investments. Therefore, the Commission should consider how the authorized ROE for the Company in this proceeding compares to the ROEs authorized for other local distribution gas utilities, assess that comparison relative to the changes in capital market conditions, as well as consider the specific business and regulatory risks of the Company relative to the proxy group, so that the Company's future access to capital is not negatively impacted. To the extent that the returns in a jurisdiction are lower than the returns that have been authorized more broadly, credit rating agencies will consider this in the overall risk assessment of the regulatory jurisdiction in which the company operates.

91 Q. What is your conclusion regarding the regulatory framework in Nevada as compared with the jurisdictions in which the proxy group companies operate?

A. The regulatory framework in which a regulated utility provides service is one of the most important considerations for debt and equity investors. Based on my analysis, I conclude that the regulatory risk for SWG is higher than the proxy group.

1 **IX. CAPITAL STRUCTURE**

2

3 **92 Q. What is the Company's proposed capital structure?**

4 A. As shown on Statement F, and the schedules contained therein, which I sponsor,
5 the Company's actual capital structure estimated for the certification period ended
6 May 31, 2026 is composed of 50.05 percent common equity and 49.95 percent
7 long-term debt. The Company's Test Year capital structure is 49.92 percent equity
8 and 50.08 percent long-term debt.

9

10 **93 Q. Is the capital structure of the Company an important consideration in the**
11 **determination of the appropriate ROE?**

12 A. Yes. The equity ratio is the primary indicator of financial risk for a regulated utility
13 such as the Company. All else equal, a higher debt ratio increases the risk to equity
14 investors. For debt holders, higher debt ratios result in a greater portion of the
15 available cash flow being required to meet debt service, thereby increasing the risk
16 associated with the payments on debt. The result of increased risk is a higher
17 interest rate. The incremental risk of a higher debt ratio is more significant for
18 common equity shareholders, whose claim on the cash flow of the Company is
19 secondary to debt holders. Therefore, the greater the debt service requirement, the
20 less cash flow is available for common equity holders. To the extent the equity
21 ratio is reduced, it is necessary to increase the authorized ROE to compensate
22 investors for the greater financial risk associated with a lower equity ratio.

23

24

25

26

27

28

1 being greater than the average financial risk of the operating companies owned by
2 the proxy group companies.

3
4 **95 Q. Are there other factors to be considered in setting the Company’s capital**
5 **structure?**

6 A. Yes. There are other factors that should be considered in setting the Company’s
7 capital structure, namely the challenges that the credit rating agencies have
8 highlighted as placing pressure on the credit metrics for utilities in 2025.

9
10 For example, Moody’s recently maintained its “stable” outlook for 2026 for the
11 regulated gas and electric utilities sector based on the expectation of continued
12 regulatory support in “most states.”⁵⁴ Moody’s makes clear that constructive
13 regulatory outcomes that promote timely cost recovery is the key factor in
14 supporting utility credit quality as Moody’s has identified that utilities could be
15 exposed to a number of credit negative factors over the next 12 to 18 months.
16 Specifically, Moody’s noted the following factors: (1) macroeconomic factors are
17 expected to be modestly credit negative due to upward pressure on natural gas prices
18 and elevated inflation; and (2) increased power demand due to “the development of
19 new data centers, electrification of transportation and buildings, manufacturing
20 customers and underlying population growth” will increase power prices which
21 when coupled with inflation and elevated capital spending increases utilities’
22 exposure to affordability concerns.⁵⁵ S&P states that after five years of downgrades
23 outpacing upgrades, in 2025, upgrades outpaced downgrades and the percentage of
24

25 ⁵⁴ Moody’s Investors Service, Outlook. “Outlook Stable; supportive regulation to offset modestly negative macro factors.”
October 31, 2025.

26 ⁵⁵ *Id.*

1 companies with a negative outlook declined which S&P noted pointed to a “more
2 stable environment for credit quality in 2026”.⁵⁶ However, S&P expects the
3 industry to have increased cash flow deficits as a result of significant capital
4 spending, which must be funded with both debt and equity to maintain credit
5 quality.⁵⁷ Therefore, S&P notes that the utility industry will need ongoing access to
6 capital markets to fund the significant capital expenditures. S&P also notes that
7 credit quality will depend on the ability of utilities to manage regulatory risk and
8 achieve fair rate case orders. Finally, while S&P’s base case results in a stable
9 outlook for the utility sector, S&P states that about 40 percent of the industry has
10 “minimal financial cushion” from the downgrade threshold and therefore would
11 have limited ability to absorb any unexpected events outside of what is assumed in
12 S&P’s base case.⁵⁸

13
14 Fitch maintains a “neutral” outlook for the utility industry in 2026 noting that the
15 stable outlook was supported by growth in sales related to data centers and a
16 “generally benign” regulatory environment for utilities.⁵⁹ However, while Fitch
17 views load growth as a “positive development” because the growth is related to data
18 centers, it raises longer-term uncertainty related to “rate design, customer
19 concentration, and technology risks”.⁶⁰ Further, Fitch states that capital
20 expenditures for the industry will continue to “set records” in order to meet the
21 growing demand and to enhance reliability and modernization. The record capital
22

23
24 ⁵⁶ S&P Global Ratings. Industry Credit Outlook 2026, “North American Regulated Utilities: Data center growth will support
credit quality in 2026,” January 14, 2026.

25 ⁵⁷ *Id.*

26 ⁵⁸ *Id.*

27 ⁵⁹ Fitch Ratings, “North American Utilities & Power Outlook 2026,” December 9, 2025, at 1

28 ⁶⁰ *Id.*

1 expenditures will require a balanced regulatory environment to facilitate cost
2 recovery in a credit supportive manner.⁶¹

3
4 The continued concerns of the credit rating agencies over increased capital
5 expenditures underscore the importance of maintaining adequate cash flow metrics
6 for the Company in the context of this proceeding.

7
8 **96 Q. Will the capital structure and ROE authorized in this proceeding affect the**
9 **Company's access to capital at reasonable rates?**

10 A. Yes. The level of earnings authorized by the Commission directly affects the
11 Company's ability to fund its operations with internally generated funds. Both
12 bond investors and rating agencies expect a significant portion of ongoing capital
13 investments to be financed with internally generated funds.

14
15 It is also important to realize that because a utility's investment horizon is very long,
16 investors require the assurance of a sufficiently high return to satisfy the long-run
17 financing requirements of the assets placed into service. Those assurances, which
18 often are measured by the relationship between internally generated cash flows and
19 debt (or interest expense), depend quite heavily on the capital structure. As a
20 consequence, both the ROE and capital structure are very important to debt and
21 equity investors, particularly given the capital market conditions discussed
22 previously.

23
24
25
26

⁶¹ *Id.*

1	Long-term Avg. <i>Value Line</i> Beta	12.03%	12.02%	11.98%
2	Risk Premium Results	10.62%	10.60%	10.49%

3

4 **98 Q. What is your conclusion regarding SWG's proposed capital structure?**

5 A. The Company's actual certification period capital structure of 50.05 percent
6 common equity and 49.95 percent long-term debt and the Company's Test Year
7 capital structure which is composed of 49.92 percent equity and 50.08 percent debt
8 both have greater leverage than the average capital structures of the proxy group
9 companies and therefore is conservative. The increased leverage in the SWG
10 capital structure as compared with the proxy group results in increased financial
11 risk for SWG as compared with the proxy group, which should also be considered
12 in the determination of the appropriate ROE. All else equal, a greater leverage and
13 therefore greater financial risk should be expected to increase the investor-required
14 return on equity, since equity bears the greatest repayment risk.

15

16 **XI. WEIGHTED AVERAGE COST OF CAPITAL**

17

18 **99 Q. What is the Company's proposed rate of return for the Northern Nevada
19 system?**

20 A. As shown in Statement F-1, and Figure 12 below, the Company is proposing an
21 overall rate of return or weighted average cost of capital ("WACC") of 7.20 percent
22 for Northern Nevada. The WACC is based on a certification period capital structure
23

1 that is composed of 50.05 percent equity and 49.95 percent debt, a total debt cost
 2 of 4.40 percent⁶² and the requested return on equity of 10.00 percent.

3 **Figure 12: Certification Period Weighted Average Cost of Capital- Northern**
 4 **Nevada**

Description (a)	Capital Ratio (b)	Capital Cost (c)	Weighted Cost of Capital (b) x (c) (d)
Long-Term Debt	48.41% [1]	4.40% [7]	2.13%
Short-Term Debt	-0.01% [2]	-83.27% [8]	0.01%
Customer Deposits	1.54% [3]	3.64% [9]	0.06%
Total Debt	49.95% [4]	4.40% [10]	2.20%
Preferred Equity	0.00% [5]	0.00% [11]	0.00%
Common Equity	50.05% [6]	10.00% [12]	5.01%
Total	<u>100.00%</u>		<u>7.20%</u>

15 **100 Q. What is the rate of return being proposed for the Test Year for Northern**
 16 **Nevada?**

17 A. As shown in Statement F, the Test Year WACC is also 7.20 percent based on the
 18 same cost rates noted in Figure 12 and a capital structure composed of 49.92
 19 percent equity and 50.08 percent long-term debt.

21 **101 Q. Is the Company's WACC for Northern Nevada reasonable?**

22 A. Yes. Company witness Justin S. Forsberg addresses the reasonableness of the
 23 embedded cost of debt. As discussed in the remainder of my testimony, the
 24

25 _____
 26 ⁶² See Direct Testimony of Justin S. Forsberg and Statement F.

Company’s capital structure and proposed ROE are reasonable. Taken together, the resulting WACC of 7.20 percent is reasonable.

102 Q. What is the Company’s proposed rate of return for the Southern Nevada system?

A. As shown in Statement F-1, and Figure 13 below, the Company is proposing an overall rate of return or weighted average cost of capital (“WACC”) of 7.17 percent for Southern Nevada. The WACC is based on a certification period capital structure that is composed of 50.05 percent equity and 49.95 percent debt, a total debt cost of 4.40 percent⁶³ and the requested return on equity of 10.00 percent.

Figure 13: Certification Period Weighted Average Cost of Capital- Southern Nevada

Description (a)	Capital Ratio (b)	Capital Cost (c)	Weighted Cost of Capital (b) x (c) (d)
Long-Term Debt	49.09% [1]	4.32% [7]	2.12%
Short-Term Debt	-0.01% [2]	-83.27% [8]	0.01%
Customer Deposits	0.86% [3]	3.64% [9]	0.03%
Total Debt	49.95% [4]	4.33% [10]	2.16%
Preferred Equity	0.00% [5]	0.00% [11]	0.00%
Common Equity	50.05% [6]	10.00% [12]	5.01%
Total	<u>100.00%</u>		<u>7.17%</u>

⁶³ See Direct Testimony of Justin S. Forsberg and Statement F.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

103 Q. What is the rate of return being proposed for the Test Year for Southern Nevada?

A. As shown in Statement F, the Test Year WACC is 7.18 percent based on the cost rates noted in Statement F and a capital structure composed of 49.92 percent equity and 50.08 percent long-term debt.

104 Q. Are the Company’s Southern Nevada WACC reasonable?

A. Yes. Company witness Justin S. Forsberg addresses the reasonableness of the embedded cost of debt. As discussed in the remainder of my testimony, the Company’s capital structure and proposed ROE are reasonable. Taken together, the resulting WACC of 7.17 and 7.18 percent are reasonable.

105 Q. Does this conclude your Direct Testimony?

A. Yes, it does.



Ann E. Bulkley
PRINCIPAL

Boston

508.981.0866

Ann.Bulkley@brattle.com

With more than 30 years of experience in the energy industry, Ms. Bulkley specializes in regulatory economics for the electric and natural gas and water utility sectors, including valuation of regulated and unregulated utility assets, cost of capital, and capital structure issues.

Ms. Bulkley has extensive state and federal regulatory experience, and she has provided expert testimony on the cost of capital in more than 100 regulatory proceedings before 32 state regulatory commissions and the Federal Energy Regulatory Commission (FERC).

In addition to her regulatory experience, Ms. Bulkley has provided valuation and appraisal services for a variety of purposes, including the sale or acquisition of utility assets, regulated ratemaking, ad valorem tax disputes, and other litigation purposes. In addition, she has experience in the areas of contract and business unit valuation, strategic alliances, market restructuring, and regulatory and litigation support.

Ms. Bulkley is a Certified General Appraiser licensed in the Commonwealth of Massachusetts and the State of New Hampshire.

Prior to joining Brattle, Ms. Bulkley was a Senior Vice President at an economic consultancy and held senior positions at several other consulting firms.

AREAS OF EXPERTISE

- Regulatory Economics, Finance & Rates
- Regulatory Investigations & Enforcement
- Tax Controversy & Transfer Pricing
- Electricity Litigation & Regulatory Disputes
- M&A Litigation



EDUCATION

- **Boston University**
MA in Economics
- **Simmons College**
BA in Economics and Finance

PROFESSIONAL EXPERIENCE

- **The Brattle Group (2022–Present)**
Principal
- **Concentric Energy Advisors, Inc. (2002–2021)**
Senior Vice President
Vice President
Assistant Vice President
Project Manager
- **Navigant Consulting, Inc. (1997–2002)**
Project Manager
- **Reed Consulting Group (1995-1997)**
Consultant- Project Manager
- **Cahners Publishing Company (1995)**
Economist

SELECTED CONSULTING EXPERIENCE & EXPERT TESTIMONY

REGULATORY ANALYSIS AND RATEMAKING

Have provided a range of advisory services relating to regulatory policy analysis and many aspects of utility ratemaking, with specific services including:

- Cost of capital and return on equity testimony, cost of service and rate design analysis and testimony, development of ratemaking strategies
- Development of merchant function exit strategies



- Analysis and program development to address residual energy supply and/or provider of last resort obligations
- Stranded costs assessment and recovery
Performance-based ratemaking analysis and design
- Many aspects of traditional utility ratemaking (e.g., rate design, rate base valuation)

COST OF CAPITAL

Have provided expert testimony on the cost of capital and capital structure in nearly 100 regulatory proceedings before state and federal regulatory commissions in the United States.

RATEMAKING

Have assisted several clients with analysis to support investor-owned and municipal utility clients in the preparation of rate cases. Sample engagements include:

- Assisted several investor-owned and municipal clients on cost allocation and rate design issues including the development of expert testimony supporting recommended rate alternatives.
- Worked with Canadian regulatory staff to establish filing requirements for a rate review of a newly regulated electric utility. Along with analyzing and evaluating rate application, attended hearings and conducted investigation of rate application for regulatory staff and prepared, supported, and defended recommendations for revenue requirements and rates for the company. Additionally, developed rates for gas utility for transportation program and ancillary services.

VALUATION

Have provided valuation services to utility clients, unregulated generators, and private equity clients for a variety of purposes, including ratemaking, fair value, ad valorem tax, litigation and damages, and acquisition. Appraisal practices are consistent with the national standards established by the Uniform Standards of Professional Appraisal Practice.

Representative projects/clients have included:

- Prepared appraisals of electric utility transmission and distribution assets for ad valorem tax purposes.
- Prepared appraisals of hydroelectric generating facilities for ad valorem tax purposes.
- Conducted appraisals of fossil fuel generating facilities for ad valorem tax purposes.
- Conducted appraisals of generating assets for the purposes of unwinding sale-leaseback agreements.
- For a confidential utility client, prepared valuation of fossil and nuclear generation assets for financing purposes for regulated utility client.





Brattle

- Conducted a strategic review of the acquisition of nuclear generation assets. Review included the evaluation of the operating costs of the facilities and the long-term liabilities associated with the assets including the decommissioning of the assets.
- Prepared a valuation of a portfolio of generation assets for a large energy utility to be used for strategic planning purposes. Valuation approach included an income approach, a real options analysis, and a risk analysis.
- Assisted clients in the restructuring of NUG contracts through the valuation of the underlying assets. Performed analysis to determine the option value of a plant in a competitively priced electricity market following the settlement of the NUG contract.
- Prepared market valuations of several purchase power contracts for large electric utilities in the sale of purchase power contracts. Assignment included an assessment of the regional power market, analysis of the underlying purchase power contracts, and a traditional discounted cash flow valuation approach, as well as a risk analysis. Analyzed bids from potential acquirers using income and risk analysis approached. Prepared an assessment of the credit issues and value at risk for the selling utility.
- Prepared appraisal of a portfolio of generating facilities for a large electric utility to be used for financing purposes.
- Conducted a valuation of regulated utility assets for the fair value rate base estimate used in electric rate proceedings in Indiana.
- Prepared an appraisal of a fleet of fossil generating assets for a large electric utility to establish the value of assets transferred from utility property.
- Conducted due diligence on an electric transmission and distribution system as part of a buy-side due diligence team.
- Provided analytical support and prepared testimony regarding the valuation of electric distribution system assets in five communities in a condemnation proceeding.
- Prepared feasibility reports analyzing the expected net benefits resulting from municipal ownership of investor-owned utility operations.
- Prepared independent analyses of proposal for the proposed government condemnation of the investor-owned utilities in Maine and the formation of a public power district.
- Valued purchase power agreements in the transfer of assets to a deregulated electric market.

STRATEGIC AND FINANCIAL ADVISORY SERVICES

Have assisted several clients across North America with analytically-based strategic planning, due diligence, and financial advisory services.

Representative projects include:



Ann E. Bulkley

brattle.com | 4



Brattle

- Preparation of feasibility studies for bond issuances for municipal and district steam clients.
- Assisted in the development of a generation strategy for an electric utility. Analyzed various NERC regions to identify potential market entry points. Evaluated potential competitors and alliance partners. Assisted in the development of gas and electric price forecasts. Developed a framework for the implementation of a risk management program.
- Assisted clients in identifying potential joint venture opportunities and alliance partners. Contacted interviewed and evaluated potential alliance candidates based on company-established criteria for several LDCs and marketing companies. Worked with several LDCs and unregulated marketing companies to establish alliances to enter into the retail energy market. Prepared testimony in support of several merger cases and participated in the regulatory process to obtain approval for these mergers.
- Assisted clients in several buy-side due diligence efforts, providing regulatory insight and developing valuation recommendations for acquisitions of both electric and gas properties.



BULKLEY TESTIMONY LISTING

SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Arizona Corporation Commission				
Southwest Gas Corporation	02/26	Southwest Gas Corporation	Docket No. G-01551A-26-0018	Return on Equity
Tucson Electric Power Company	6/25	Tucson Electric Power Company	Docket No. G-01933A-25-0103	Return on Equity
UNS Gas	11/24	UNS Gas	Docket No. G-04204A-24-0237	Return on Equity
Southwest Gas Corporation	02/24	Southwest Gas Corporation	Docket No. G-01551A-23-0341	Return on Equity
UNS Electric	11/22	UNS Electric	Docket No. E-04204A-15-0251	Return on Equity
Tucson Electric Power Company	6/22	Tucson Electric Power Company	Docket No. G-01933A-22-0107	Return on Equity
Southwest Gas Corporation	12/21	Southwest Gas Corporation	Docket No. G-01551A-21-0368	Return on Equity
Arizona Public Service Company	10/19	Arizona Public Service Company	Docket No. E-01345A-19-0236	Return on Equity
Tucson Electric Power Company	04/19	Tucson Electric Power Company	Docket No. E-01933A-19-0028	Return on Equity
Tucson Electric Power Company	11/15	Tucson Electric Power Company	Docket No. E-01933A-15-0322	Return on Equity
UNS Electric	05/15	UNS Electric	Docket No. E-04204A-15-0142	Return on Equity
UNS Electric	12/12	UNS Electric	Docket No. E-04204A-12-0504	Return on Equity
Arkansas Public Service Commission				
Oklahoma Gas and Electric Co	10/21	Oklahoma Gas and Electric Co	Docket No. D-18-046-FR	Return on Equity
Arkansas Oklahoma Gas Corporation	10/13	Arkansas Oklahoma Gas Corporation	Docket No. 13-078-U	Return on Equity





SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
California Public Utilities Commission				
Pacific Gas & Electric Company	03/25	Pacific Gas & Electric Company	25-03-010	Return on Equity
PacifiCorp, d/b/a Pacific Power	05/22	PacifiCorp, d/b/a Pacific Power	Docket No. A-22-05-006	Return on Equity
San Jose Water Company	05/21	San Jose Water Company	A2105004	Return on Equity
Colorado Public Utilities Commission				
Public Service Company of Colorado	12/25	Public Service Company of Colorado	Docket No. 25AL-0499G	Return on Equity
Public Service Company of Colorado	11/25	Public Service Company of Colorado	Docket No. 25AL-0494E	Return on Equity
Public Service Company of Colorado	01/24	Public Service Company of Colorado	Docket No. 24AL-___G	Return on Equity
Public Service Company of Colorado	11/22	Public Service Company of Colorado	Docket No. 22AL-0530E	Return on Equity
Public Service Company of Colorado	01/22	Public Service Company of Colorado	Docket No. 22AL-0046G	Return on Equity
Public Service Company of Colorado	07/21	Public Service Company of Colorado	21AL-0317E	Return on Equity
Public Service Company of Colorado	02/20	Public Service Company of Colorado	20AL-0049G	Return on Equity
Public Service Company of Colorado	05/19	Public Service Company of Colorado	19AL-0268E	Return on Equity
Public Service Company of Colorado	01/19	Public Service Company of Colorado	19AL-0063ST	Return on Equity
Atmos Energy Corporation	05/15	Atmos Energy Corporation	Docket No. 15AL-0299G	Return on Equity
Atmos Energy Corporation	04/14	Atmos Energy Corporation	Docket No. 14AL-0300G	Return on Equity
Atmos Energy Corporation	05/13	Atmos Energy Corporation	Docket No. 13AL-0496G	Return on Equity
Connecticut Public Utilities Regulatory Authority				
United Illuminating	11/24	United Illuminating	Docket No. 24-10-04	Return on Equity



SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
The Southern Connecticut Gas Company	11/23	The Southern Connecticut Gas Company	Docket No. 23-11-02	Return on Equity
Connecticut Natural Gas Corporation	11/23	Connecticut Natural Gas Corporation	Docket No. 23-11-02	Return on Equity
Connecticut Water Company	10/23	Connecticut Water Company	Docket No. 23-08-32	Return on Equity
United Illuminating	09/22	United Illuminating	Docket No. 22-08-08	Return on Equity
United Illuminating	05/21	United Illuminating	Docket No. 17-12-03RE11	Return on Equity
Connecticut Water Company	01/21	Connecticut Water Company	Docket No. 20-12-30	Return on Equity
Connecticut Natural Gas Corporation	06/18	Connecticut Natural Gas Corporation	Docket No. 18-05-16	Return on Equity
Yankee Gas Services Co. d/b/a Eversource Energy	06/18	Yankee Gas Services Co. d/b/a Eversource Energy	Docket No. 18-05-10	Return on Equity
The Southern Connecticut Gas Company	06/17	The Southern Connecticut Gas Company	Docket No. 17-05-42	Return on Equity
The United Illuminating Company	07/16	The United Illuminating Company	Docket No. 16-06-04	Return on Equity
Federal Energy Regulatory Commission				
Northern Natural Gas Company	07/25	Northern Natural Gas Company	Docket No. RP25-___	Return on Equity
Sea Robin Pipeline	12/22	Sea Robin Pipeline	Docket No. RP22-___	Return on Equity
Northern Natural Gas Company	07/22	Northern Natural Gas Company	Docket No. RP22-___	Return on Equity
Transwestern Pipeline Company, LLC	07/22	Transwestern Pipeline Company, LLC	Docket No. RP22-___	Return on Equity
Florida Gas Transmission	02/21	Florida Gas Transmission	Docket No. RP21-441	Return on Equity
TransCanyon	01/21	TransCanyon	Docket No. ER21-1065	Return on Equity
Duke Energy	12/20	Duke Energy	Docket No. EL21-9-000	Return on Equity
Wisconsin Electric Power Company	08/20	Wisconsin Electric Power Company	Docket No. EL20-57-000	Return on Equity





SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Panhandle Eastern Pipe Line Company, LP	10/19	Panhandle Eastern Pipe Line Company, LP	Docket Nos. RP19-78-000 RP19-78-001	Return on Equity
Panhandle Eastern Pipe Line Company, LP	08/19	Panhandle Eastern Pipe Line Company, LP	Docket Nos. RP19-1523	Return on Equity
Sea Robin Pipeline Company LLC	11/18	Sea Robin Pipeline Company LLC	Docket# RP19-352-000	Return on Equity
Tallgrass Interstate Gas Transmission	10/15	Tallgrass Interstate Gas Transmission	RP16-137	Return on Equity
Idaho Public Utilities Commission				
Intermountain Gas Co	05/25	Intermountain Gas Co	C-INT-G-25-02	Return on Equity
PacifiCorp d/b/a Rocky Mountain Power	05/24	PacifiCorp d/b/a Rocky Mountain Power	Case No. PAC-E-24-04	Return on Equity
PacifiCorp d/b/a Rocky Mountain Power	05/21	PacifiCorp d/b/a Rocky Mountain Power	Case No. PAC-E-24-04	Return on Equity
Intermountain Gas Co	12/22	Intermountain Gas Co	C-INT-G-22-07	Return on Equity
PacifiCorp d/b/a Rocky Mountain Power	05/21	PacifiCorp d/b/a Rocky Mountain Power	Case No. PAC-E-21-07	Return on Equity
Illinois Commerce Commission				
Peoples Gas Light & Coke Company	01/26	Peoples Gas Light & Coke Company	D-26-0065	Return on Equity
North Shore Gas Company	01/26	North Shore Gas Company	D-26-0066	Return on Equity
Illinois American Water	01/24	Illinois American Water	Docket No. 24-0097	Return on Equity
Peoples Gas Light & Coke Company	01/23	Peoples Gas Light & Coke Company	D-23-0069	Return on Equity
North Shore Gas Company	01/23	North Shore Gas Company	D-23-0068	Return on Equity
Illinois American Water	02/22	Illinois American Water	Docket No. 22-0210	Return on Equity
North Shore Gas Company	02/21	North Shore Gas Company	No. 20-0810	Return on Equity



SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Indiana Utility Regulatory Commission				
Ohio Valley Gas Corporation and Ohio Valley Gas, Inc.	02/24	Ohio Valley Gas Corporation and Ohio Valley Gas, Inc.	Cause No. 46011	Return on Equity
Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South	12/23	Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South	IURC Cause No. 45990	Return on Equity
Indiana Michigan Power Co.	08/23	Indiana Michigan Power Co.	IURC Cause No. 45933	Return on Equity
Indiana American Water Company	03/23	Indiana and Michigan American Water Company	IURC Cause No. 45870	Return on Equity
Indiana Michigan Power Co.	07/21	Indiana Michigan Power Co.	IURC Cause No. 45576	Return on Equity
Indiana Gas Company Inc.	12/20	Indiana Gas Company Inc.	IURC Cause No. 45468	Return on Equity
Southern Indiana Gas and Electric Company	10/20	Southern Indiana Gas and Electric Company	IURC Cause No. 45447	Return on Equity
Indiana and Michigan American Water Company	09/18	Indiana and Michigan American Water Company	IURC Cause No. 45142	Return on Equity
Indianapolis Power and Light Company	12/17	Indianapolis Power and Light Company	Cause No. 45029	Fair Value
Northern Indiana Public Service Company	09/17	Northern Indiana Public Service Company	Cause No. 44988	Fair Value
Indianapolis Power and Light Company	12/16	Indianapolis Power and Light Company	Cause No.44893	Fair Value
Northern Indiana Public Service Company	10/15	Northern Indiana Public Service Company	Cause No. 44688	Fair Value
Indianapolis Power and Light Company	09/15	Indianapolis Power and Light Company	Cause No. 44576 Cause No. 44602	Fair Value
Kokomo Gas and Fuel Company	09/10	Kokomo Gas and Fuel Company	Cause No. 43942	Fair Value





SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Northern Indiana Fuel and Light Company, Inc.	09/10	Northern Indiana Fuel and Light Company, Inc.	Cause No. 43943	Fair Value
Iowa Department of Commerce Utilities Board				
MidAmerican Energy Company	02/25	MidAmerican Energy Company	Docket No. RPU-2025-0001	Return on Equity
Iowa-American Water Company	04/24	Iowa-American Water Company	Docket No. RPU-2024-000_	Return on Equity
MidAmerican Energy Company	06/23	MidAmerican Energy Company	Docket No. RPU-2023-___	Return on Equity
MidAmerican Energy Company	01/22	MidAmerican Energy Company	Docket No. RPU-2022-0001	Return on Equity
Iowa-American Water Company	08/20	Iowa-American Water Company	Docket No. RPU-2020-0001	Return on Equity
Kansas Corporation Commission				
Eergy Kansas	01/25	Eergy Kansas	Docket No. 25-EKCE-294-RTS	Return on Equity
Eergy Kansas	04/23	Eergy Kansas	Docket No. 23-EKCE-775-RTS	Return on Equity
Atmos Energy Corporation	08/15	Atmos Energy Corporation	Docket No. 16-ATMG-079-RTS	Return on Equity
Kentucky Public Service Commission				
Kentucky American Water Company	04/25	Kentucky American Water Company	Docket No. 2025-___	Return on Equity
Kentucky American Water Company	06/23	Kentucky American Water Company	Docket No. 2023-___	Return on Equity
Kentucky American Water Company	11/18	Kentucky American Water Company	Docket No. 2018-00358	Return on Equity
Maine Public Utilities Commission				
Central Maine Power	09/25	Central Maine Power	Docket No. 2025-___	Return on Equity
Central Maine Power	08/22	Central Maine Power	Docket No. 2022-00152	Return on Equity
Central Maine Power	10/18	Central Maine Power	Docket No. 2018-194	Return on Equity





SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Maryland Public Service Commission				
Maryland American Water Company	06/18	Maryland American Water Company	Case No. 9487	Return on Equity
Massachusetts Appellate Tax Board				
Hopkinton LNG Corporation	03/20	Hopkinton LNG Corporation	Docket No.	Valuation of LNG Facility
FirstLight Hydro Generating Company	06/17	FirstLight Hydro Generating Company	Docket No. F-325471 Docket No. F-325472 Docket No. F-325473 Docket No. F-325474	Valuation of Electric Generation Assets
Massachusetts Department of Public Utilities				
Boston Gas Company	01/26	Boston Gas Company	DPU 26-50	Return on Equity
Berkshire Gas Company	11/25	Berkshire Gas Company	DPU 25-170	Return on Equity
Massachusetts Electric Company Nantucket Electric Company d/b/a National Grid	11/23	Massachusetts Electric Company Nantucket Electric Company d/b/a National Grid	DPU 23-150	Return on Equity
National Grid USA	11/20	Boston Gas Company	DPU 20-120	Return on Equity
Berkshire Gas Company	05/18	Berkshire Gas Company	DPU 18-40	Return on Equity
Unitil Corporation	01/04	Fitchburg Gas and Electric	DTE 03-52	Integrated Resource Plan; Gas Demand Forecast
Michigan Public Service Commission				
Consumers Energy	6/25	Consumers Energy	C-U-21870	Return on Equity
Consumers Energy	12/24	Consumers Energy	C-U-21806	Return on Equity
Upper Michigan Energy Resources Corporation	05/24	Upper Michigan Energy Resources Corporation	Case No. U-21541	Return on Equity
Michigan Gas Utilities Corporation	03/24	Michigan Gas Utilities Corporation	Case No. U-21540	Return on Equity
Indiana Michigan Power Co.	09/23	Indiana Michigan Power Co.	Case No. U-21461	Return on Equity





SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Michigan Gas Utilities Corporation	03/23	Michigan Gas Utilities Corporation	Case No. U-21366	Return on Equity
Michigan Gas Utilities Corporation	03/21	Michigan Gas Utilities Corporation	Case No. U-20718	Return on Equity
Wisconsin Electric Power Company	12/11	Wisconsin Electric Power Company	Case No. U-16830	Return on Equity
Michigan Tax Tribunal				
New Covert Generating Co., LLC.	03/18	The Township of New Covert Michigan	MTT Docket No. 000248TT and 16-001888-TT	Valuation of Electric Generation Assets
Covert Township	07/14	New Covert Generating Co., LLC.	Docket No. 399578	Valuation of Electric Generation Assets
Minnesota Public Utilities Commission				
Otter Tail Power Company	10/25	Otter Tail Power Company	E017/GR-25-359	Return on Equity
ALLETE, Inc. d/b/a Minnesota Power	11/23	Allete, Inc. d/b/a Minnesota Power	D-E-015/GR-23-155	Return on Equity
CenterPoint Energy Resources	11/23	CenterPoint Energy Resources	D-G-008/GR-23-173	Return on Equity
Minnesota Energy Resources Corporation	11/22	Minnesota Energy Resources Corporation	Docket No. G011/GR-22-504	Return on Equity
CenterPoint Energy Resources	11/21	CenterPoint Energy Resources	D-G-008/GR-21-435	Return on Equity
ALLETE, Inc. d/b/a Minnesota Power	11/21	Allete, Inc. d/b/a Minnesota Power	D-E-015/GR-21-630	Return on Equity
Otter Tail Power Company	11/20	Otter Tail Power Company	E017/GR-20-719	Return on Equity
ALLETE, Inc. d/b/a Minnesota Power	11/19	Allete, Inc. d/b/a Minnesota Power	E015/GR-19-442	Return on Equity
CenterPoint Energy Resources Corporation d/b/a CenterPoint Energy Minnesota Gas	10/19	CenterPoint Energy Resources Corporation d/b/a CenterPoint Energy Minnesota Gas	G-008/GR-19-524	Return on Equity



SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Great Plains Natural Gas Co.	09/19	Great Plains Natural Gas Co.	Docket No. G004/GR-19-511	Return on Equity
Minnesota Energy Resources Corporation	10/17	Minnesota Energy Resources Corporation	Docket No. G011/GR-17-563	Return on Equity
Missouri Public Service Commission				
Evergy Metro Inc.	02/26	Evergy Metro Inc.	C-ER-2026-0143	Return on Equity
Ameren Missouri	09/24	Ameren Missouri	File No. GR-2024-0369	Return on Equity
Missouri American Water Company	07/24	Missouri American Water Company	WR-2024-0320	Return on Equity
Ameren Missouri	06/24	Ameren Missouri	File No. ER-2024-0319	Return on Equity
Evergy Missouri West	02/24	Evergy Missouri West	File No. ER-2024-0189	Return on Equity
Ameren Missouri	08/22	Ameren Missouri	File No. ER-2022-0337	Return on Equity
Missouri American Water Company	07/22	Missouri American Water Company	Case No. WR-2022-0303 Case No. SR-2022-0304	Return on Equity
Evergy Missouri West	01/22	Evergy Missouri West	File No. ER-2022-0130	Return on Equity
Evergy Missouri Metro	01/22	Evergy Missouri Metro	File No. ER-2022-0129	Return on Equity
Ameren Missouri	03/21	Ameren Missouri	Docket No. ER-2021-0240 Docket No. GR-2021-0241	Return on Equity
Missouri American Water Company	06/20	Missouri American Water Company	Case No. WR-2020-0344 Case No. SR-2020-0345	Return on Equity



SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Missouri American Water Company	06/17	Missouri American Water Company	Case No. WR-17-0285 Case No. SR-17-0286	Return on Equity
Montana Public Service Commission				
Montana-Dakota Utilities Co.	9/25	Montana-Dakota Utilities Co.	D2025-09-072	Return on Equity
Montana-Dakota Utilities Co.	7/24	Montana-Dakota Utilities Co.	D2024-05-061	Return on Equity
Montana-Dakota Utilities Co.	11/22	Montana-Dakota Utilities Co.	D2022.11.099	Return on Equity
Montana-Dakota Utilities Co.	06/20	Montana-Dakota Utilities Co.	D2020.06.076	Return on Equity
Montana-Dakota Utilities Co.	09/18	Montana-Dakota Utilities Co.	D2018.9.60	Return on Equity
Public Utilities Commission of Nevada				
Nevada Power Company d/b/a NV Energy	02/25	Nevada Power Company d/b/a NV Energy	25-02016	Return on Equity
Sierra Pacific Power Company d/b/a NV Energy	02/24	Sierra Pacific Power Company d/b/a NV Energy	24-02026	Return on Equity
Nevada Power Company d/b/a NV Energy	06/23	Nevada Power Company d/b/a NV Energy	23-06007	Return on Equity
Nevada Power Company d/b/a NV Energy	03/23	Nevada Power Company d/b/a NV Energy	22-03028	Merger benefits
New Hampshire - Board of Tax and Land Appeals				
Public Service Company of New Hampshire d/b/a Eversource Energy	11/19 12/19	Public Service Company of New Hampshire d/b/a Eversource Energy	Master Docket No. 28873-14-15-16-17PT	Valuation of Utility Property and Generating Assets
New Hampshire Public Utilities Commission				
Liberty Utilities (EnergyNorth Natural Gas)	07/23	Liberty Utilities (EnergyNorth Natural Gas)	Docket No. DG 23-067	Return on Equity
Liberty Utilities (Granite State Electric)	05/23	Liberty Utilities (Granite State Electric)	Docket No. DE 23-039	Return on Equity





SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Public Service Company of New Hampshire	05/19	Public Service Company of New Hampshire	DE-19-057	Return on Equity
New Hampshire-Merrimack County Superior Court				
Northern New England Telephone Operations, LLC d/b/a FairPoint Communications, NNE	04/18	Northern New England Telephone Operations, LLC d/b/a FairPoint Communications, NNE	220-2012-CV-1100	Valuation of Utility Property
New Hampshire-Rockingham Superior Court				
Eversource Energy	05/18	Public Service Commission of New Hampshire	218-2016-CV-00899 218-2017-CV-00917	Valuation of Utility Property
New Jersey Board of Public Utilities				
South Jersey Gas Company	11/25	South Jersey Gas Company	D-GR25110627	Return on Equity
New Jersey American Water Company, Inc.	02/24	New Jersey American Water Company, Inc.	WR2401056	Return on Equity
Elizabethtown Gas Company	2/24	Elizabethtown Gas Company	GR24020158	Return on Equity
Public Service Electric and Gas Company	12/23	Public Service Electric and Gas Company	ER23120924 GR23120925	Return on Equity
New Jersey American Water Company, Inc.	01/22	New Jersey American Water Company, Inc.	WR22010019	Return on Equity
Public Service Electric and Gas Company	10/20	Public Service Electric and Gas Company	EO18101115	Return on Equity
New Jersey American Water Company, Inc.	12/19	New Jersey American Water Company, Inc.	WR19121516	Return on Equity
Public Service Electric and Gas Company	04/19	Public Service Electric and Gas Company	EO18060629 GO18060630	Return on Equity
Public Service Electric and Gas Company	02/18	Public Service Electric and Gas Company	GR17070776	Return on Equity
Public Service Electric and Gas Company	01/18	Public Service Electric and Gas Company	ER18010029 GR18010030	Return on Equity
New Mexico Public Regulation Commission				



SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Southwestern Public Service Company	07/19	Southwestern Public Service Company	19-00170-UT	Return on Equity
Southwestern Public Service Company	10/17	Southwestern Public Service Company	Case No. 17-00255-UT	Return on Equity
Southwestern Public Service Company	12/16	Southwestern Public Service Company	Case No. 16-00269-UT	Return on Equity
Southwestern Public Service Company	10/15	Southwestern Public Service Company	Case No. 15-00296-UT	Return on Equity
Southwestern Public Service Company	06/15	Southwestern Public Service Company	Case No. 15-00139-UT	Return on Equity
New York State Department of Public Service				
New York State Electric and Gas Company Rochester Gas and Electric	06/25	New York State Electric and Gas Company Rochester Gas and Electric	25-E-0375 25-G-0378 25-E-0379 25-G-0380	Return on Equity
Liberty Utilities (New York Water)	5/23	Liberty Utilities (New York Water)	Case 23-W-0235	Return on Equity
New York State Electric and Gas Company Rochester Gas and Electric	05/22	New York State Electric and Gas Company Rochester Gas and Electric	22-E-0317 22-G-0318 22-E-0319 22-G-0320	Return on Equity
Corning Natural Gas Corporation	07/21	Corning Natural Gas Corporation	Case No. 21-G-0394	Return on Equity
Central Hudson Gas and Electric Corporation	08/20	Central Hudson Gas and Electric Corporation	Electric 20-E-0428 Gas 20-G-0429	Return on Equity
Niagara Mohawk Power Corporation	07/20	National Grid USA	Case No. 20-E-0380 20-G-0381	Return on Equity
Corning Natural Gas Corporation	02/20	Corning Natural Gas Corporation	Case No. 20-G-0101	Return on Equity
New York State Electric and Gas Company Rochester Gas and Electric	05/19	New York State Electric and Gas Company Rochester Gas and Electric	19-E-0378 19-G-0379 19-E-0380 19-G-0381	Return on Equity





SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Brooklyn Union Gas Company d/b/a National Grid NY KeySpan Gas East Corporation d/b/a National Grid	04/19	Brooklyn Union Gas Company d/b/a National Grid NY KeySpan Gas East Corporation d/b/a National Grid	19-G-0309 19-G-0310	Return on Equity
Central Hudson Gas and Electric Corporation	07/17	Central Hudson Gas and Electric Corporation	Electric 17-E-0459 Gas 17-G-0460	Return on Equity
Niagara Mohawk Power Corporation	04/17	National Grid USA	Case No. 17-E-0238 17-G-0239	Return on Equity
Corning Natural Gas Corporation	06/16	Corning Natural Gas Corporation	Case No. 16-G-0369	Return on Equity
National Fuel Gas Company	04/16	National Fuel Gas Company	Case No. 16-G-0257	Return on Equity
KeySpan Energy Delivery	01/16	KeySpan Energy Delivery	Case No. 15-G-0058 Case No. 15-G-0059	Return on Equity
New York State Electric and Gas Company Rochester Gas and Electric	05/15	New York State Electric and Gas Company Rochester Gas and Electric	Case No. 15-E-0283 Case No. 15-G-0284 Case No. 15-E-0285 Case No. 15-G-0286	Return on Equity
North Dakota Public Service Commission				
Otter Tail Power Company	11/23	Otter Tail Power Company	Case No. PU-23-342	Return on Equity
Montana-Dakota Utilities Co.	11/23	Montana-Dakota Utilities Co.	Case No. PU-23-341	Return on Equity
Montana-Dakota Utilities Co.	05/22	Montana-Dakota Utilities Co.	C-PU-22-194	Return on Equity
Montana-Dakota Utilities Co.	08/20	Montana-Dakota Utilities Co.	C-PU-20-379	Return on Equity
Northern States Power Company	12/12	Northern States Power Company	C-PU-12-813	Return on Equity
Northern States Power Company	12/10	Northern States Power Company	C-PU-10-657	Return on Equity



SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
Oklahoma Corporation Commission				
Oklahoma Gas & Electric	12/23	Oklahoma Gas & Electric	Cause No. PUD2023-000087	Return on Equity
Oklahoma Gas & Electric	12/21	Oklahoma Gas & Electric	Cause No. PUD 202100164	Return on Equity
Arkansas Oklahoma Gas Corporation	01/13	Arkansas Oklahoma Gas Corporation	Cause No. PUD 201200236	Return on Equity
Oregon Public Service Commission				
Cascade Natural Gas Corporation	11/25	Cascade Natural Gas Corporation	UG 525	Return on Equity
PacifiCorp d/b/a Pacific Power & Light	02/24	PacifiCorp d/b/a Pacific Power & Light	Docket No. UE-433	Return on Equity
PacifiCorp d/b/a Pacific Power & Light	03/22	PacifiCorp d/b/a Pacific Power & Light	Docket No. UE-399	Return on Equity
PacifiCorp d/b/a Pacific Power & Light	02/20	PacifiCorp d/b/a Pacific Power & Light	Docket No. UE-374	Return on Equity
Pennsylvania Public Utility Commission				
American Water Works Company Inc.	11/25	Pennsylvania-American Water Company	Docket No. R-2025-3057983 (water) Docket No. R-2025-3058051 (wastewater)	Return on Equity
American Water Works Company Inc.	11/23	Pennsylvania-American Water Company	Docket No. R-2023-3043189 (water) Docket No. R-2023-3043190 (wastewater)	Return on Equity
American Water Works Company Inc.	04/22	Pennsylvania-American Water Company	Docket No. R-2020-3031672 (water) Docket No. R-2020-3031673 (wastewater)	Return on Equity
American Water Works Company Inc.	04/20	Pennsylvania-American Water Company	Docket No. R-2020-3019369 (water) Docket No. R-2020-3019371 (wastewater)	Return on Equity



SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
American Water Works Company Inc.	04/17	Pennsylvania-American Water Company	Docket No. R-2017-2595853	Return on Equity
South Dakota Public Utilities Commission				
Otter Tail Power Co.	06/25	Otter Tail Power Co.	D-EL25-022	Return on Equity
Montana-Dakota Utilities Co.	10/23	Montana-Dakota Utilities Co.	Docket No. EL23-020	Return on Equity
MidAmerican Energy Company	05/22	MidAmerican Energy Company	D-NG22-005	Return on Equity
Northern States Power Company	06/14	Northern States Power Company	Docket No. EL14-058	Return on Equity
Tennessee Public Utility Commission				
Tennessee American Water Company	04/24	Tennessee American Water Company	Docket No.24-00032	Return on Equity
Texas Public Utility Commission				
Sharyland Utilities, L.L.C.	05/25	Sharyland Utilities, L.L.C.	Docket No. 57994	Return on Equity
Electric Transmission Texas LLC	02/25	Electric Transmission Texas LLC	Docket No. 57518	Return on Equity
CenterPoint Energy Houston	03/24	CenterPoint Energy Houston	D-56211	Return on Equity
AEP Texas	02/24	AEP Texas	D-56165	Return on Equity
Entergy Texas, Inc.	07/22	Entergy Texas, Inc.	D-53719	Return on Equity
Southwestern Public Service Commission	08/19	Southwestern Public Service Commission	Docket No. D-49831	Return on Equity
Southwestern Public Service Company	01/14	Southwestern Public Service Company	Docket No. 42004	Return on Equity
Texas Railroad Commission				
CenterPoint Energy Entex and CenterPoint Energy Texas Gas	10/23	CenterPoint Energy Entex and CenterPoint Energy Texas Gas	2023 Texas Division Rate Case Case No. OS-23-00015513	Return on Equity
Utah Public Service Commission				





SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
PacifiCorp d/b/a Rocky Mountain Power	06/24	PacifiCorp d/b/a Rocky Mountain Power	Docket No. 24-035-04	Return on Equity
PacifiCorp d/b/a Rocky Mountain Power	05/20	PacifiCorp d/b/a Rocky Mountain Power	Docket No. 20-035-04	Return on Equity
Virginia State Corporation Commission				
Virginia American Water Company, Inc.	11/25	Virginia American Water Company, Inc.	Docket No. PUR-2025-00185	Return on Equity
Virginia American Water Company, Inc.	11/23	Virginia American Water Company, Inc.	Docket No. PUR-2023-00194	Return on Equity
Virginia American Water Company, Inc.	11/21	Virginia American Water Company, Inc.	Docket No. PUR-2021-00255	Return on Equity
Virginia American Water Company, Inc.	11/18	Virginia American Water Company, Inc.	Docket No. PUR-2018-00175	Return on Equity
Washington Utilities Transportation Commission				
Cascade Natural Gas Corporation	03/24	Cascade Natural Gas Corporation	Docket No. UG-240008	Return on Equity
Puget Sound Energy Inc.	02/24	Puget Sound Energy Inc.	Docket No. UE-240004 UG-240005	Return on Equity
PacifiCorp d/b/a Pacific Power & Light	03/23	PacifiCorp d/b/a Pacific Power & Light	Docket No. UE-230172	Return on Equity
Cascade Natural Gas Corporation	06/20	Cascade Natural Gas Corporation	Docket No. UG-200568	Return on Equity
PacifiCorp d/b/a Pacific Power & Light	12/19	PacifiCorp d/b/a Pacific Power & Light	Docket No. UE-191024	Return on Equity
Cascade Natural Gas Corporation	04/19	Cascade Natural Gas Corporation	Docket No. UG-190210	Return on Equity
West Virginia Public Service Commission				
West Virginia American Water Company	05/25	West Virginia American Water Company	Case No. 25-____-W-42T	Return on Equity
West Virginia American Water Company	05/23	West Virginia American Water Company	Case No. 23-0383-W-42T	Return on Equity



SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
West Virginia American Water Company	04/21	West Virginia American Water Company	Case No. 21-02369-W-42T	Return on Equity
West Virginia American Water Company	04/18	West Virginia American Water Company	Case No. 18-0573-W-42T Case No. 18-0576-S-42T	Return on Equity
Wisconsin Public Service Commission				
Wisconsin Power and Light	04/24	Wisconsin Power and Light	Docket No. 6680-UR-128	Return on Equity
Wisconsin Electric Power Company and Wisconsin Gas LLC	04/24	Wisconsin Electric Power Company and Wisconsin Gas LLC	Docket No. 05-UR-111	Return on Equity
Wisconsin Power and Light	05/23	Wisconsin Power and Light	Docket No. 6680-UR-124	Return on Equity
Wisconsin Electric Power Company and Wisconsin Gas LLC	04/22	Wisconsin Electric Power Company and Wisconsin Gas LLC	Docket No. 05-UR-110	Return on Equity
Wisconsin Public Service Corp.	04/22	Wisconsin Public Service Corp.	6690-UR-127	Return on Equity
Alliant Energy		Alliant Energy		Return on Equity
Wisconsin Electric Power Company and Wisconsin Gas LLC	03/19	Wisconsin Electric Power Company and Wisconsin Gas LLC	Docket No. 05-UR-109	Return on Equity
Wisconsin Public Service Corp.	03/19	Wisconsin Public Service Corp.	6690-UR-126	Return on Equity
Wyoming Public Service Commission				
Montana-Dakota Utilities Co.	06/25	Montana-Dakota Utilities Co.	Docket No. 20004-174-ER-25	Return on Equity
Montana-Dakota Utilities Co.	10/24	Montana-Dakota Utilities Co.	Docket No. 30013-415-GR-24	Return on Equity
PacifiCorp d/b/a Rocky Mountain Power	08/24	PacifiCorp d/b/a Rocky Mountain Power	Docket No. 20000-671-ER-24	Return on Equity
PacifiCorp d/b/a Rocky Mountain Power	02/23	PacifiCorp d/b/a Rocky Mountain Power	Docket No. 20000-633-ER-23	Return on Equity





SPONSOR	DATE	CASE/APPLICANT	DOCKET /CASE NO.	SUBJECT
PacifiCorp d/b/a Rocky Mountain Power	03/20	PacifiCorp d/b/a Rocky Mountain Power	Docket No. 20000-578-ER-20	Return on Equity
Montana-Dakota Utilities Co.	05/19	Montana-Dakota Utilities Co.	30013-351-GR-19	Return on Equity

CERTIFICATIONS/ACCREDITATIONS

Certified General Appraiser, licensed in the Commonwealth of Massachusetts

**COST OF EQUITY ANALYSES
SUMMARY OF RESULTS
AS OF JANUARY 31, 2026**

Constant Growth DCF

	Minimum Growth Rate	Average Growth Rate	Maximum Growth Rate
Mean			
30-Day Avg. Stock Price	9.07%	10.47%	11.51%
90-Day Avg. Stock Price	9.03%	10.44%	11.48%
180-Day Avg. Stock Price	9.20%	10.60%	11.65%
Average	9.10%	10.50%	11.54%
Median	Median Low	Median	Median High
30-Day Avg. Stock Price	8.83%	10.32%	10.94%
90-Day Avg. Stock Price	8.81%	10.27%	10.94%
180-Day Avg. Stock Price	8.91%	10.35%	11.15%
Average	8.85%	10.32%	11.01%

CAPM, ECAPM, and Bond Yield Risk Premium

	30-Year Treasury Bond Yield		
	Current 30-Day Avg	Near-Term Projected	Longer-Term Projected
<i>CAPM</i>			
Current <i>Value Line</i> Beta	11.55%	11.54%	11.50%
Long-term Avg. <i>Value Line</i> Beta	11.47%	11.47%	11.42%
<i>ECAPM</i>			
Current <i>Value Line</i> Beta	12.09%	12.08%	12.04%
Long-term Avg. <i>Value Line</i> Beta	12.03%	12.02%	11.98%
Risk Premium Results	10.62%	10.60%	10.49%

PROXY GROUP SCREENING DATA AND RESULTS

	[1]	[2]	[3]	[3]	[4]	[5]	[6]	
Company	Ticker	Dividends	S&P Credit Rating Between BBB- and AAA	Covered by More Than 1 Analyst	Positive Growth Rates from at least two sources (Value Line, S&P Capital IQ, and Zacks)	% Regulated Operating Income > 70%	% Regulated Natural Gas Operating Income >45%	Announced Merger
Atmos Energy Corporation	ATO	Yes	A-	Yes	Yes	100.00%	64.53%	No
Chesapeake Utilities Corporation	CPK	Yes	BBB+	Yes	Yes	82.68%	45.64%	No
NiSource Inc.	NI	Yes	BBB+	Yes	Yes	99.44%	66.13%	No
Northwest Natural Gas Company	NWN	Yes	A-	Yes	Yes	99.75%	91.38%	No
ONE Gas, Inc.	OGS	Yes	A-	Yes	Yes	100.00%	100.00%	No
Spire, Inc	SR	Yes	BBB+	Yes	Yes	83.04%	83.04%	Yes [7]

Notes:

- [1] Bloomberg Professional
- [2] Bloomberg Professional; the credit rating for Chesapeake Utilities Corporation is from Fitch Ratings
- [3] S&P Capital IQ, Value Line Investment Survey, and Zacks
- [4] Form 10-K's for 2024, 2023, and 2022
- [5] Form 10-K's for 2024, 2023, and 2022
- [6] S&P Capital IQ Pro; Financial News Releases
- [7] SR transaction expected to close Q1 2026

30-DAY CONSTANT GROWTH DCF

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Company	Ticker	Annualized Dividend	Stock Price	Dividend Yield	Expected Dividend Yield	VL Earnings Growth	Zacks Earnings Growth	CapIQ	Average Projected EPS Growth Rate	Cost of Equity: Minimum Growth Rate	Cost of Equity: Mean Growth Rate	Cost of Equity: Maximum Growth Rate
Atmos Energy Corporation	ATO	\$4.00	\$167.81	2.38%	2.48%	8.50%	6.50%	8.26%	7.75%	8.96%	10.23%	10.98%
Chesapeake Utilities Corporation	CPK	\$2.74	\$125.30	2.19%	2.28%	8.00%	n/a	8.15%	8.08%	10.27%	10.35%	10.43%
NiSource Inc.	NI	\$1.12	\$42.61	2.63%	2.73%	8.00%	6.00%	8.68%	7.56%	8.71%	10.29%	11.42%
Northwest Natural Gas Company	NWN	\$1.97	\$46.27	4.26%	4.39%	6.50%	n/a	5.50%	6.00%	9.87%	10.39%	10.90%
ONE Gas, Inc.	OGS	\$2.68	\$77.89	3.44%	3.55%	4.50%	6.70%	7.10%	6.10%	8.02%	9.65%	10.67%
Spire, Inc.	SR	\$3.30	\$83.22	3.97%	4.12%	4.50%	10.50%	8.40%	7.80%	8.55%	11.92%	14.67%
All companies												
Mean										9.07%	10.47%	11.51%
Median										8.83%	10.32%	10.94%
Excluding SR:												
Mean										9.17%	10.18%	10.88%
Median										8.96%	10.29%	10.90%

Notes:

- [1] Bloomberg Professional as of January 31 2026
- [2] Bloomberg Professional 30-day average as of January 31 2026
- [3] Equals [1]/[2]
- [4] Equals [3] x (1 + 0.5 x [8])
- [5] Value Line
- [6] Zacks
- [7] S&P CapIQ
- [8] Equals average of [5], [6], [7]
- [9] Equals [3] x (1 + 0.5 x (min([5], [6], [7])) + (min([5], [6], [7])))
- [10] Equals [4] + [8]
- [11] Equals [3] x (1 + 0.5 x (max([5], [6], [7])) + (max([5], [6], [7])))

90-DAY CONSTANT GROWTH DCF

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Company	Ticker	Annualized Dividend	Stock Price	Dividend Yield	Expected Dividend Yield	VL Earnings Growth	Zacks Earnings Growth	CapIQ	Average Projected EPS Growth Rate	Cost of Equity: Minimum Growth Rate	Cost of Equity: Mean Growth Rate	Cost of Equity: Maximum Growth Rate
Atmos Energy Corporation	ATO	\$4.00	\$170.92	2.34%	2.43%	8.50%	6.50%	8.26%	7.75%	8.92%	10.18%	10.94%
Chesapeake Utilities Corporation	CPK	\$2.74	\$130.01	2.11%	2.19%	8.00%	n/a	8.15%	8.08%	10.19%	10.27%	10.34%
NiSource Inc.	NI	\$1.12	\$42.70	2.62%	2.72%	8.00%	6.00%	8.68%	7.56%	8.70%	10.28%	11.41%
Northwest Natural Gas Company	NWN	\$1.97	\$45.84	4.30%	4.43%	6.50%	n/a	5.50%	6.00%	9.92%	10.43%	10.94%
ONE Gas, Inc.	OGS	\$2.68	\$79.46	3.37%	3.48%	4.50%	6.70%	7.10%	6.10%	7.95%	9.58%	10.60%
Spire, Inc.	SR	\$3.30	\$83.92	3.93%	4.09%	4.50%	10.50%	8.40%	7.80%	8.52%	11.89%	14.64%
All companies												
Mean										9.03%	10.44%	11.48%
Median										8.81%	10.27%	10.94%
Excluding SR:												
Mean										9.13%	10.15%	10.85%
Median										8.92%	10.27%	10.94%

Notes:

- [1] Bloomberg Professional as of January 31 2026
- [2] Bloomberg Professional 90-day average as of January 31 2026
- [3] Equals [1]/[2]
- [4] Equals [3] x (1 + 0.5 x [8])
- [5] Value Line
- [6] Zacks
- [7] S&P CapIQ
- [8] Equals average of [5], [6], [7]
- [9] Equals [3] x (1 + 0.5 x (min([5], [6], [7])) + (min([5], [6], [7])))
- [10] Equals [4] + [8]
- [11] Equals [3] x (1 + 0.5 x (max([5], [6], [7])) + (max([5], [6], [7])))

180-DAY CONSTANT GROWTH DCF

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Company	Ticker	Annualized Dividend	Stock Price	Dividend Yield	Expected Dividend Yield	VL Earnings Growth	Zacks Earnings Growth	CapIQ	Average Projected EPS Growth Rate	Cost of Equity: Minimum Growth Rate	Cost of Equity: Mean Growth Rate	Cost of Equity: Maximum Growth Rate
Atmos Energy Corporation	ATO	\$4.00	\$163.90	2.44%	2.54%	8.50%	6.50%	8.26%	7.75%	9.02%	10.29%	11.04%
Chesapeake Utilities Corporation	CPK	\$2.74	\$125.52	2.18%	2.27%	8.00%	n/a	8.15%	8.08%	10.27%	10.35%	10.42%
NiSource Inc.	NI	\$1.12	\$41.44	2.70%	2.80%	8.00%	6.00%	8.68%	7.56%	8.78%	10.36%	11.50%
Northwest Natural Gas Company	NWN	\$1.97	\$42.81	4.60%	4.74%	6.50%	n/a	5.50%	6.00%	10.23%	10.74%	11.25%
ONE Gas, Inc.	OGS	\$2.68	\$76.26	3.51%	3.62%	4.50%	6.70%	7.10%	6.10%	8.09%	9.72%	10.74%
Spire, Inc.	SR	\$3.30	\$78.63	4.20%	4.36%	4.50%	10.50%	8.40%	7.80%	8.79%	12.16%	14.92%
All companies												
Mean										9.20%	10.60%	11.65%
Median										8.91%	10.35%	11.15%
Excluding SR:												
Mean										9.28%	10.29%	10.99%
Median										9.02%	10.35%	11.04%

Notes:

- [1] Bloomberg Professional as of January 31 2026
- [2] Bloomberg Professional 180-day average as of January 31 2026
- [3] Equals [1]/[2]
- [4] Equals [3] x (1 + 0.5 x [8])
- [5] Value Line
- [6] Zacks
- [7] S&P CapIQ
- [8] Equals average of [5], [6], [7]
- [9] Equals [3] x (1 + 0.5 x (min([5], [6], [7])) + (min([5], [6], [7])))
- [10] Equals [4] + [8]
- [11] Equals [3] x (1 + 0.5 x (max([5], [6], [7])) + (max([5], [6], [7])))

**CAPITAL ASSET PRICING MODEL
CURRENT RISK FREE RATE AND VALUE LINE BETA**

$$K = R_f + \beta (R_m - R_f)$$

$$K = R_f + 0.25 \times (R_m - R_f) + 0.75 \times \beta \times (R_m - R_f)$$

		[1]	[2]	[3]	[4]	[5]	[6]
					Market Risk Premium	CAPM	ECAPM
Company	Ticker	Current 30-day average of 30-year Treasury bond yield	Beta (β)	Market Return (Rm)	(Rm - Rf)	ROE (K)	ROE (K)
Atmos Energy Corporation	ATO	4.83%	0.75	13.69%	8.86%	11.48%	12.03%
Chesapeake Utilities Corporation	CPK	4.83%	0.70	13.69%	8.86%	11.03%	11.70%
NiSource Inc.	NI	4.83%	0.85	13.69%	8.86%	12.36%	12.70%
Northwest Natural Gas Company	NWN	4.83%	0.75	13.69%	8.86%	11.48%	12.03%
ONE Gas, Inc.	OGS	4.83%	0.75	13.69%	8.86%	11.48%	12.03%
Spire, Inc	SR	4.83%	0.75	13.69%	8.86%	11.48%	12.03%
All Companies							
Mean						11.55%	12.09%
Median						11.48%	12.03%
Excluding SR							
Mean						11.57%	12.10%
Median						11.48%	12.03%

Notes:

- [1] Bloomberg Professional 30-day average as of January 31 2026
- [2] Source: Value Line
- [3] Source: Market Return
- [4] Equals [3]-[1]
- [5] Equals [1] + [2] x [4]
- [6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

**CAPITAL ASSET PRICING MODEL
NEAR TERM PROJECTED RISK-FREE RATE AND VALUE LINE BETA**

$$K = R_f + \beta (R_m - R_f)$$

$$K = R_f + 0.25 \times (R_m - R_f) + 0.75 \times \beta \times (R_m - R_f)$$

		[1]	[2]	[3]	[4]	[5]	[6]
		Near-term projected 30-year U.S. Treasury bond yield (Q1 2026 - Q1 2027)		Market Return (Rm)	Market Risk Premium (Rm - Rf)	CAPM ROE (K)	ECAPM ROE (K)
Company	Ticker		Beta (β)				
Atmos Energy Corporation	ATO	4.80%	0.75	13.69%	8.89%	11.47%	12.03%
Chesapeake Utilities Corporation	CPK	4.80%	0.70	13.69%	8.89%	11.03%	11.69%
NiSource Inc.	NI	4.80%	0.85	13.69%	8.89%	12.36%	12.69%
Northwest Natural Gas Company	NWN	4.80%	0.75	13.69%	8.89%	11.47%	12.03%
ONE Gas, Inc.	OGS	4.80%	0.75	13.69%	8.89%	11.47%	12.03%
Spire, Inc	SR	4.80%	0.75	13.69%	8.89%	11.47%	12.03%
All Companies							
Mean						11.54%	12.08%
Median						11.47%	12.03%
Excluding SR							
Mean						11.56%	12.09%
Median						11.47%	12.03%

Notes:

[1] Blue Chip Financial Forecasts, Vol. 45, No. 2, January 30, 2025, at 2

[2] Source: Value Line

[3] Source: Market Return

[4] Equals [3]-[1]

[5] Equals [1] + [2] x [4]

[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

**CAPITAL ASSET PRICING MODEL
LONG-TERM PROJECTED RISK-FREE RATE AND VALUE LINE BETA**

$$K = R_f + \beta (R_m - R_f)$$

$$K = R_f + 0.25 \times (R_m - R_f) + 0.75 \times \beta \times (R_m - R_f)$$

		[1]	[2]	[3]	[4]	[5]	[6]	
					Market Risk			
Company	Ticker	Projected 30-year U.S. Treasury bond yield (2027 - 2031)	Beta (β)	Market Return (Rm)	Premium (Rm - Rf)	CAPM ROE (K)	ECAPM ROE (K)	
Atmos Energy Corporation	ATO	4.60%	0.75	13.69%	9.09%	11.42%	11.99%	
Chesapeake Utilities Corporation	CPK	4.60%	0.70	13.69%	9.09%	10.97%	11.65%	
NiSource Inc.	NI	4.60%	0.85	13.69%	9.09%	12.33%	12.67%	
Northwest Natural Gas Company	NWN	4.60%	0.75	13.69%	9.09%	11.42%	11.99%	
ONE Gas, Inc.	OGS	4.60%	0.75	13.69%	9.09%	11.42%	11.99%	
Spire, Inc	SR	4.60%	0.75	13.69%	9.09%	11.42%	11.99%	
All Companies								
	Mean					11.50%	12.04%	
	Median					11.42%	11.99%	
Excluding SR								
	Mean					11.51%	12.06%	
	Median					11.42%	11.99%	

Notes:

- [1] Blue Chip Financial Forecasts, Vol. 44, No. 12, December 1, 2025, at 14
- [2] Source: Value Line
- [3] Source: Market Return
- [4] Equals [3]-[1]
- [5] Equals [1] + [2] x [4]
- [6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

**CAPITAL ASSET PRICING MODEL
CURRENT RISK FREE RATE AND LONG-TERM VALUE LINE BETA**

$$K = R_f + \beta (R_m - R_f)$$

$$K = R_f + 0.25 \times (R_m - R_f) + 0.75 \times \beta \times (R_m - R_f)$$

		[1]	[2]	[3]	[4]	[5]	[6]	
					Market Risk Premium	CAPM	ECAPM	
Company	Ticker	Current 30-day average of 30-year Treasury bond yield	Beta (β)	Market Return (Rm)	(Rm - Rf)	ROE (K)	ROE (K)	
Atmos Energy Corporation	ATO	4.83%	0.76	13.69%	8.86%	11.58%	12.11%	
Chesapeake Utilities Corporation	CPK	4.83%	0.72	13.69%	8.86%	11.24%	11.85%	
NiSource Inc.	NI	4.83%	0.78	13.69%	8.86%	11.76%	12.24%	
Northwest Natural Gas Company	NWN	4.83%	0.73	13.69%	8.86%	11.27%	11.88%	
ONE Gas, Inc.	OGS	4.83%	0.75	13.69%	8.86%	11.48%	12.03%	
Spire, Inc	SR	4.83%	0.75	13.69%	8.86%	11.51%	12.06%	
All Companies								
	Mean					11.47%	12.03%	
	Median					11.49%	12.04%	
Excluding SR								
	Mean					11.47%	12.02%	
	Median					11.48%	12.03%	

Notes:

- [1] Bloomberg Professional 30-day average as of January 31 2026
- [2] Source: Exhibit SWG-AEB-6
- [3] Source: Market Return
- [4] Equals [3]-[1]
- [5] Equals [1] + [2] x [4]
- [6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

CAPITAL ASSET PRICING MODEL
NEAR-TERM PROJECTED RISK FREE RATE AND LONG-TERM VALUE LINE BETA

$$K = R_f + \beta (R_m - R_f)$$

$$K = R_f + 0.25 \times (R_m - R_f) + 0.75 \times \beta \times (R_m - R_f)$$

		[1]	[2]	[3]	[4]	[5]	[6]
		Near-term projected 30-year U.S. Treasury bond yield (Q1 2026 - Q1 2027)		Market Return (Rm)	Market Risk Premium (Rm - Rf)	CAPM ROE (K)	ECAPM ROE (K)
Company	Ticker		Beta (β)				
Atmos Energy Corporation	ATO	4.80%	0.76	13.69%	8.89%	11.57%	12.10%
Chesapeake Utilities Corporation	CPK	4.80%	0.72	13.69%	8.89%	11.23%	11.85%
NiSource Inc.	NI	4.80%	0.78	13.69%	8.89%	11.75%	12.24%
Northwest Natural Gas Company	NWN	4.80%	0.73	13.69%	8.89%	11.26%	11.87%
ONE Gas, Inc.	OGS	4.80%	0.75	13.69%	8.89%	11.47%	12.03%
Spire, Inc	SR	4.80%	0.75	13.69%	8.89%	11.50%	12.05%
All Companies							
	Mean					11.47%	12.02%
	Median					11.49%	12.04%
Excluding SR							
	Mean					11.46%	12.02%
	Median					11.47%	12.03%

Notes:

[1] Blue Chip Financial Forecasts, Vol. 45, No. 2, January 30, 2025, at 2

[2] Source: Exhibit SWG-AEB-6

[3] Source: Market Return

[4] Equals [3]-[1]

[5] Equals [1] + [2] x [4]

[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

CAPITAL ASSET PRICING MODEL
LONG-TERM PROJECTED RISK FREE RATE AND LONG-TERM VALUE LINE BETA

$$K = R_f + \beta (R_m - R_f)$$

$$K = R_f + 0.25 \times (R_m - R_f) + 0.75 \times \beta \times (R_m - R_f)$$

		[1]	[2]	[3]	[4]	[5]	[6]	
					Market Risk			
Company	Ticker	Projected 30-year U.S. Treasury bond yield (2027 - 2031)	Beta (β)	Market Return (Rm)	Premium (Rm - Rf)	CAPM ROE (K)	ECAPM ROE (K)	
Atmos Energy Corporation	ATO	4.60%	0.76	13.69%	9.09%	11.52%	12.07%	
Chesapeake Utilities Corporation	CPK	4.60%	0.72	13.69%	9.09%	11.17%	11.80%	
NiSource Inc.	NI	4.60%	0.78	13.69%	9.09%	11.71%	12.21%	
Northwest Natural Gas Company	NWN	4.60%	0.73	13.69%	9.09%	11.21%	11.83%	
ONE Gas, Inc.	OGS	4.60%	0.75	13.69%	9.09%	11.42%	11.99%	
Spire, Inc	SR	4.60%	0.75	13.69%	9.09%	11.45%	12.01%	
All Companies								
	Mean					11.42%	11.98%	
	Median					11.44%	12.00%	
Excluding SR								
	Mean					11.41%	11.98%	
	Median					11.42%	11.99%	

Notes:

[1] Blue Chip Financial Forecasts, Vol. 44, No. 12, December 1, 2025, at 14

[2] Source: Exhibit SWG-AEB-6

[3] Source: Market Return

[4] Equals [3]-[1]

[5] Equals [1] + [2] x [4]

[6] Equals [1] + 0.25 x ([4]) + 0.75 x ([2] x [4])

HISTORICAL VALUE LINE BETA

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Atmos Energy Corporation	ATO	0.80	0.80	0.80	0.70	0.70	0.60	0.60	0.80	0.80	0.80	0.85	0.90	0.75
Chesapeake Utilities Corporation	CPK	0.70	0.65	0.65	0.65	0.70	0.65	0.65	0.80	0.80	0.80	0.80	0.85	0.70
NiSource Inc.	NI	0.85	0.85	NMF	NMF	0.60	0.50	0.55	0.85	0.85	0.85	0.90	0.95	0.85
Northwest Natural Gas Company	NWN	0.65	0.7	0.65	0.65	0.7	0.6	0.6	0.8	0.85	0.8	0.80	0.90	0.75
ONE Gas, Inc.	OGS	NA	NA	NA	0.70	0.70	0.65	0.65	0.80	0.80	0.80	0.80	0.85	0.75
Spire, Inc.	SR	0.65	0.7	0.7	0.7	0.7	0.65	0.65	0.85	0.85	0.85	0.85	0.90	0.75
Mean		0.75	0.75	0.70	0.68	0.68	0.60	0.61	0.81	0.82	0.81	0.83	0.89	0.76

Notes:

- [1] Value Line, dated December 26, 2013
- [2] Value Line, dated December 31, 2014
- [3] Value Line, dated December 30, 2015
- [4] Value Line, dated December 29, 2016
- [5] Value Line, dated December 28, 2017
- [6] Value Line, dated December 27, 2018
- [7] Value Line, dated December 26, 2019
- [8] Value Line, dated December 30, 2020
- [9] Value Line, dated December 29, 2021
- [10] Value Line, dated December 30, 2022
- [11] Value Line, Dated December 29, 2023

MARKET RISK PREMIUM DERIVED FROM S&P 500 INDEX

[1] Estimate of the S&P 500 Dividend Yield	1.30%
[2] Estimate of the S&P 500 Growth Rate	12.31%
[3] S&P 500 Estimated Required Market Return	13.69%

		[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Name	Ticker	Shares Outst'g	Price	Market Capitalization	Weight in Index	Estimated Dividend Yield	Cap-Weighted Dividend Yield	Bloomberg Long-Term Growth Est.	Cap-Weighted Long-Term Growth Est.
Agilent Technologies Inc	A	282.83964	133.85	37,858	0.09%	0.76%	0.00%	5.81%	0.01%
Apple Inc	APPL	14681.14	259.48	3,809,462	9.06%	0.40%	0.04%	13.33%	1.21%
AbbVie Inc	ABBV	1767.38463	223.01	394,144	0.94%	3.10%	0.03%	14.97%	0.14%
Airbnb Inc	ABNB	425.29412	129.37	55,020	0.13%			12.55%	0.02%
Abbott Laboratories	ABT	1738.87195	109.3	190,059	0.45%	2.31%	0.01%	10.21%	0.05%
Arch Capital Group Ltd	ACGL	362.62594	96.04	34,827	0.08%			5.02%	0.00%
Accenture PLC	ACN	615.30675	263.64	162,219		2.47%			
Adobe Inc	ADBE	410.5	293.25	120,379	0.29%			13.73%	0.04%
Analog Devices Inc	ADI	488.6286	310.88	151,905		1.27%			
Archer-Daniels-Midland Co	ADM	480.56974	67.31	32,347	0.08%	3.03%	0.00%	3.47%	0.00%
Automatic Data Processing Inc	ADP	402.64436	246.82	99,381		2.76%			
Autodesk Inc	ADSK	212	252.87	53,608	0.13%			15.94%	0.02%
Ameren Corp	AEE	270.5	103.28	27,937	0.07%	2.75%	0.00%	7.60%	0.01%
American Electric Power Co Inc	AEP	534.09453	119.775	63,971	0.15%	3.17%	0.00%	7.43%	0.01%
AES Corp/The	AES	712.12094	14.65	10,433		4.80%			
Aflac Inc	AFL	524.11392	110.95	58,150	0.14%	2.20%	0.00%	4.59%	0.01%
American International Group Inc	AIG	539.57605	74.88	40,403	0.10%	2.40%	0.00%	12.42%	0.01%
Assurant Inc	AIZ	50.08111	238.13	11,926		1.48%			
Arthur J Gallagher & Co	AIG	256.976	249.37	64,082		1.12%			
Akamai Technologies Inc	AKAM	143.86524	97.15	13,977	0.03%				0.00%
Albemarle Corp	ALB	117.69754	170.63	20,083		0.95%		87.36%	
Align Technology Inc	ALGN	71.75	163.03	11,697	0.03%			10.05%	0.00%
Allstate Corp/The	ALL	261.68171	198.99	52,072	0.12%	2.01%	0.00%	19.01%	0.02%
Allegion plc	ALLE	86.03195	165.39	14,229	0.03%	1.23%	0.00%	6.24%	0.00%
Applied Materials Inc	AMAT	793.72146	322.22	255,832	0.61%	0.57%	0.00%	9.83%	0.06%
Amcor PLC	AMCR	461.67199	44.25	20,429	0.05%	5.88%	0.00%	10.48%	0.01%
Advanced Micro Devices Inc	AMD	1628.04154	236.73	385,406				42.01%	
AMETEK Inc	AME	230.20387	223.98	51,561	0.12%	0.55%	0.00%	9.13%	0.01%
Amgen Inc	AMGN	538.48067	341.88	184,096	0.44%	2.95%	0.01%	5.39%	0.02%
Ameriprise Financial Inc	AMP	91.3	527.19	48,132	0.11%	1.21%	0.00%	10.31%	0.01%
American Tower Corp	AMT	468.14662	179.28	83,929		3.79%		22.46%	
Amazon.com Inc	AMZN	10690.21601	239.3	2,558,169	6.09%			18.83%	1.15%
Arista Networks Inc	ANET	1259.28507	141.74	178,491				20.08%	
Aon PLC	AON	214.93527	348.8949	74,990	0.18%	0.85%	0.00%	10.40%	0.02%
A O Smith Corp	AOS	113.37212	73.49	8,332		1.96%			
APA Corp	APA	354.66925	26.41	9,367		3.79%		-24.08%	
Air Products and Chemicals Inc	APD	222.65601	272.5	60,674	0.14%	2.66%	0.00%	6.86%	0.01%
Amphenol Corp	APH	1224.05551	144.08	176,362		0.69%		21.90%	
Apollo Global Management Inc	APO	580.42257	134.54	78,090	0.19%	1.52%	0.00%	12.41%	0.02%
AppLovin Corp	APP	307.597	473.11	145,527				75.47%	
Aptiv PLC	APTIV	216.07941	75.75	16,368	0.04%			17.33%	0.01%
Alexandria Real Estate Equities Inc	ARE	173.30036	54.64	9,469		5.27%		-10.82%	
Ares Management Corp	ARES	216.85234	149.67	32,456		2.99%		28.80%	
Atmos Energy Corp	ATO	161.748	166.34	26,905	0.06%	2.40%	0.00%	9.02%	0.01%
AvalonBay Communities Inc	AVB	141.59495	177.67	25,157	0.06%	3.94%	0.00%	4.10%	0.00%
Broadcom Inc	AVGO	4741.2738	331.3	1,570,784		0.78%		35.05%	
Avery Dennison Corp	AVY	77.29539	185.51	14,339	0.03%	2.03%	0.00%	5.74%	0.00%
American Water Works Co Inc	AWK	195.12357	129.13	25,196	0.06%	2.56%	0.00%	7.04%	0.00%
Axon Enterprise Inc	AXON	78.91047	483.58	38,160				24.88%	
American Express Co	AXP	688.85165	352.17	242,593	0.58%	0.93%	0.01%	14.48%	0.08%
Autozone Inc	AZO	16.56782	3704.29	61,372	0.15%			14.21%	0.02%
Boeing Co/The	BA	785.3471	233.72	183,551				31.33%	
Bank of America Corp	BAC	7302.49555	53.2	388,493		2.11%			
Ball Corp	BALL	267.98721	56.87	15,240	0.04%	1.41%	0.00%	12.68%	0.00%
Baxter International Inc	BAX	514.05581	20.07	10,317	0.02%	0.20%	0.00%	3.24%	0.00%
Best Buy Co Inc	BBY	209.53551	65.1	13,641	0.03%	5.84%	0.00%	4.46%	0.00%
Becton Dickinson & Co	BDX	285.41855	203.48	58,077	0.14%	2.06%	0.00%	6.01%	0.01%
Franklin Resources Inc	BEN	520.76345	26.62	13,863	0.03%	4.96%	0.00%	3.49%	0.00%
Brown-Forman Corp	BF/B	294.59468	27.37	8,063	0.02%	3.38%	0.00%	2.43%	0.00%
Bunge Global SA	BG	193.36105	113.88	22,020	0.05%	2.46%	0.00%	7.37%	0.00%
Biogen Inc	BIIB	146.70227	179.89	26,390					
Bank of New York Mellon Corp/The	BK	688.236	119.92	82,533	0.20%	1.77%	0.00%	12.87%	0.03%
Booking Holdings Inc	BKNG	32.23382	5001.84	161,228	0.38%	0.77%	0.00%	17.83%	0.07%
Baker Hughes Co	BKR	986.77388	56.04	55,299	0.13%	1.64%	0.00%	12.27%	0.02%
Builders FirstSource Inc	BLDR	110.58058	114.4	12,650				-11.47%	
Blackrock Inc	BLK	155.15091	118.94	173,605	0.41%	2.05%	0.01%	15.14%	0.06%
Bristol-Myers Squibb Co	BMJ	2035.75303	55.05	112,068		4.58%		53.01%	
Broadridge Financial Solutions Inc	BR	116.72756	197.11	23,008		1.98%			
Berkshire Hathaway Inc	BRK/B	1378.54564	480.53	662,433					
Brown & Brown Inc	BRO	341.42079	72.1	24,616		0.92%			
Boston Scientific Corp	BSX	1482.44204	93.53	138,653	0.33%			16.51%	0.05%
Blackstone Inc	BX	738.45087	142.42	105,170		4.18%		20.02%	
BXP Inc	BXP	158.5483	64.67	10,253	0.02%	4.33%	0.00%	1.21%	0.00%
Citigroup Inc	C	1789.26616	115.11	205,962	0.49%	2.08%	0.01%	19.71%	0.10%
Conagra Brands Inc	CAG	479.36948	18.51	8,855		7.56%		-8.19%	
Cardinal Health Inc	CAH	237.53904	214.88	51,054	0.12%	0.95%	0.00%	14.53%	0.02%
Carrier Global Corp	CARR	842.20978	59.58	50,179	0.12%	1.61%	0.00%	8.72%	0.01%
Caterpillar Inc	CAT	467.9796	657.36	307,631		0.92%		25.31%	
Chubb Ltd	CB	393.55086	309.56	121,828	0.29%	1.25%	0.00%	3.56%	0.01%
Cboe Global Markets Inc	CBOE	104.64451	265.06	27,737	0.07%	1.09%	0.00%	16.55%	0.01%
CBRE Group Inc	CBRE	297.593	170.33	50,689					
Crown Castle Inc	CCI	435.47901	86.81	37,804		4.90%		33.01%	
Carnival Corp	CCL	1236.70661	30.02	37,126	0.09%	2.00%	0.00%	11.20%	0.01%
Cadence Design Systems Inc	CDNS	272.201	296.36	80,669	0.19%			14.87%	0.03%
CDW Corp/DE	CDW	130.19366	126.39	16,455	0.04%	1.99%	0.00%	7.66%	0.00%
Constellation Energy Corp	CEG	362.35548	280.68	101,706	0.24%	0.55%	0.00%	15.42%	0.04%
CF Industries Holdings Inc	CF	155.97464	93.23	14,542		2.15%		-8.45%	
Citizens Financial Group Inc	CFG	429.48619	62.98	27,049		2.92%		24.19%	
Church & Dwight Co Inc	CHD	240.13007	96.25	23,113	0.05%	1.28%	0.00%	7.21%	0.00%
CH Robinson Worldwide Inc	CHRW	118.13718	194.95	23,031	0.05%	1.29%	0.00%	17.23%	0.01%
Charter Communications Inc	CHTR	126.63155	206.12	26,101	0.06%			8.51%	0.01%
Cigna Group/The	CI	267.12582	274.11	73,222	0.17%	2.20%	0.00%	9.43%	0.02%
Cincinnati Financial Corp	CINF	156.01851	160.89	25,102	0.06%	2.34%	0.00%	5.30%	0.00%
Colgate-Palmolive Co	CL	806.06494	90.29	72,780	0.17%	2.30%	0.00%	4.00%	0.01%
Clorox Co/The	CLX	121.98038	112.79	13,758		4.40%		-0.91%	

MARKET RISK PREMIUM DERIVED FROM S&P 500 INDEX

[1] Estimate of the S&P 500 Dividend Yield	1.30%
[2] Estimate of the S&P 500 Growth Rate	12.31%
[3] S&P 500 Estimated Required Market Return	13.69%

		[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Name	Ticker	Shares Outst'g	Price	Market Capitalization	Weight in Index	Estimated Dividend Yield	Cap-Weighted Dividend Yield	Bloomberg Long-Term Growth Est.	Cap-Weighted Long-Term Growth Est.
Comcast Corp	CMCSA	3634.45013	29.75	108,125		4.44%		-3.89%	
CME Group Inc	CME	360.59665	289.06	104,234	0.25%	1.73%	0.00%	6.95%	0.02%
Chipotle Mexican Grill Inc	CMG	1322.278	38.87	51,397	0.12%			8.99%	0.01%
Cummins Inc	CMH	138.03625	578.82	79,898		1.38%			
CMS Energy Corp	CMS	304.31977	71.49	21,756	0.05%		0.00%	7.34%	0.00%
Centene Corp	CNC	491.518	43.32	21,293		3.04%		-17.68%	
CenterPoint Energy Inc	CNP	652.86827	39.69	25,912	0.06%	2.32%	0.00%	8.82%	0.01%
Capital One Financial Corp	COF	625.1	218.93	136,853	0.33%	1.46%	0.00%	13.86%	0.05%
Coinbase Global Inc	COIN	228.17627	194.74	44,435				-5.53%	
Cooper Cos Inc/The	COO	195.97803	81.38	15,949	0.04%			7.77%	0.00%
ConocoPhillips	COP	1235.718	104.23	128,799		3.22%		-12.64%	
Cencora Inc	COR	194.52608	359.22	69,878	0.17%	0.67%	0.00%	9.17%	0.02%
Costco Wholesale Corp	COST	443.86941	940.25	417,348	0.99%	0.55%	0.01%	8.61%	0.09%
Corpay Inc	CPAY	69.95806	314.63	22,011	0.05%			12.88%	0.01%
Campbell's Company/The	CPB	298.13425	27.98	8,342		5.58%		-3.24%	
Copart Inc	CPRT	968.01768	40.58	39,282					
Camden Property Trust	CPT	106.39533	109.05	11,602	0.03%	3.85%	0.00%	1.82%	0.00%
CRH PLC	CRH	668.62515	122.41	81,846	0.19%	1.21%	0.00%	11.80%	0.02%
Charles River Laboratories International Inc	CRL	49.21547	210.48	10,359	0.02%			3.82%	0.00%
Salesforce Inc	CRM	937	212.29	198,916	0.47%	0.78%	0.00%	12.79%	0.06%
CrowdStrike Holdings Inc	CRWD	252.09844	441.405	111,278				23.15%	
Cisco Systems Inc	CSCO	3951.09456	78.32	309,450	0.74%	2.09%	0.02%	8.02%	0.06%
CoStar Group Inc	CSGP	423.82279	61.5	26,065				40.85%	
CSX Corp	CSX	1862.13696	37.76	70,314	0.17%		0.00%	14.00%	0.02%
Cintas Corp	CTAS	399.88965	191.29	76,535		1.38%		0.94%	
Coterra Energy Inc	CTRA	761.37755	28.85	21,966		3.05%		23.71%	
Cognizant Technology Solutions Corp	CTSH	482.64647	82.06	39,606		1.51%			
Corteva Inc	CTVA	683.01458	72.8	49,723	0.12%	0.99%	0.00%	16.37%	0.02%
Carvana Co	CVNA	141.42319	401.11	56,726				56.98%	
CVS Health Corp	CVS	1269.43249	74.52	94,598	0.23%	3.57%	0.01%	14.97%	0.03%
Chevron Corp	CVX	2013.52116	176.9	356,192		4.02%		-8.85%	
Dominion Energy Inc	D	853.91328	60.17	51,380	0.12%	4.44%	0.01%	13.32%	0.02%
Delta Air Lines Inc	DAL	652.96277	65.89	43,024	0.10%	1.14%	0.00%	14.65%	0.01%
DoorDash Inc	DASH	406.33462	204.62	83,144					
Dayforce Inc	DAY	160.03496	69.27	11,086					
DuPont de Nemours Inc	DD	418.97532	43.92	18,401		1.82%		-16.03%	
Datadog Inc	DDOG	325.44337	129.32	42,086	0.10%			11.55%	0.01%
Deere & Co	D	271.07446	528	143,127	0.34%	1.23%	0.00%	14.81%	0.05%
Deckers Outdoor Corp	DECK	145.74483	119.34	17,393	0.04%			6.38%	0.00%
Dell Technologies Inc	DELL	333.91781	114.44	38,214	0.09%	1.84%	0.00%	16.44%	0.01%
Dollar General Corp	DG	220.11887	143.43	31,572	0.08%	1.65%	0.00%	8.97%	0.01%
Quest Diagnostics Inc	DGX	111.24236	187.03	20,806	0.05%	1.71%	0.00%	0.90%	0.00%
DR Horton Inc	DHI	289.7034	148.84	43,119	0.10%	1.21%	0.00%	5.46%	0.01%
DanaHER Corp	DHR	706.9	218.89	154,733	0.37%	0.58%	0.00%	7.82%	0.03%
Walt Disney Co/The	DIS	1773.38695	112.8	200,038	0.48%	1.33%	0.01%	10.73%	0.05%
Digital Realty Trust Inc	DLR	343.50155	165.95	57,004	0.14%	2.94%	0.00%	8.88%	0.01%
Dollar Tree Inc	DLTR	198.85319	117.59	23,383	0.06%			11.87%	0.01%
Healthpeak Properties Inc	DOC	694.94982	17.24	11,981		7.08%		9.65%	0.01%
Dover Corp	DOV	137.15322	201.49	27,635	0.07%	1.03%	0.00%	54.00%	0.00%
Dow Inc	DOW	705.76446	27.55	19,444		5.08%		10.55%	0.00%
Dominos Pizza Inc	DOPZ	33.78622	410.33	13,863	0.03%	1.70%	0.00%	10.55%	0.00%
Darden Restaurants Inc	DRI	115.13925	199.35	22,953	0.05%	3.01%	0.00%	10.65%	0.01%
DTE Energy Co	DTE	207.68301	134.38	27,908	0.07%	3.47%	0.00%	6.89%	0.00%
Duke Energy Corp	DUK	777.66122	121.35	94,369	0.22%	3.51%	0.01%	6.89%	0.02%
DaVita Inc	DVA	70.6	109.34	7,719					
Devon Energy Corp	DVN	627.3	40.21	25,224	0.06%	2.39%	0.00%	1.93%	0.00%
Dexcom Inc	DXCM	390.01627	73.04	28,487				22.62%	
Electronic Arts Inc	EA	250.10613	203.92	51,002	0.12%	0.37%	0.00%	13.01%	0.02%
eBay Inc	EBAY	452	91.22	41,231	0.10%	1.27%	0.00%	9.97%	0.01%
Ecolab Inc	ECL	283.23565	281.99	79,870	0.19%	1.04%	0.00%	12.20%	0.02%
Consolidated Edison Inc	ED	360.93561	106.63	38,487	0.09%	3.33%	0.00%	5.76%	0.01%
Equifax Inc	EFX	122.39404	201.4	24,650	0.06%	0.99%	0.00%	10.74%	0.01%
Everest Group Ltd	EG	41.97806	331.28	13,906		2.41%		26.06%	
Edison International	EIX	384.78706	62.28	23,965	0.06%	5.64%	0.00%	5.10%	0.00%
Estee Lauder Cos Inc/The	EL	234.81821	115.28	27,070		1.21%		38.13%	
Elevance Health Inc	ELV	222.23876	345.74	76,837	0.18%	1.99%	0.00%	7.02%	0.01%
EMCOR Group Inc	EME	44.76586	720.73	32,264		0.22%			
Emerson Electric Co	EMR	562.30209	146.96	82,636	0.20%	1.51%	0.00%	10.06%	0.02%
EOG Resources Inc	EOG	542.59846	112.13	60,842		3.64%		-1.03%	
EPAM Systems Inc	EPAM	55.24262	208.6	11,524					
Equinix Inc	EQIX	98.18608	820.93	80,604	0.19%	2.29%	0.00%	19.80%	0.04%
Equity Residential	EQR	380.47472	62.32	23,711	0.06%	4.44%	0.00%	3.56%	0.00%
EQT Corp	EQT	624.067	57.73	36,027		1.14%		34.98%	
Erie Indemnity Co	ERIE	46.18907	283.01	13,072		2.07%			
Eversource Energy	ES	375.18915	69.13	25,937	0.06%	4.58%	0.00%	5.36%	0.00%
Essex Property Trust Inc	ESS	64.40402	251.87	16,221	0.04%	4.08%	0.00%	2.58%	0.00%
Eaton Corp PLC	ETN	388.4	351.42	136,492	0.32%	1.18%	0.00%	12.56%	0.04%
Entergy Corp	ETR	446.5969	95.89	42,824	0.10%	2.67%	0.00%	9.47%	0.01%
Evergy Inc	EVRG	229.74594	76.73	17,628	0.04%	3.62%	0.00%	5.78%	0.00%
Edwards Lifesciences Corp	EW	580.3	81.36	47,213	0.11%			10.65%	0.01%
Exelon Corp	EXC	1009.53563	44.78	45,207	0.11%	3.57%	0.00%	6.74%	0.01%
Expand Energy Corp	EXE	238.1697	112.41	26,773		2.05%		57.92%	
Expeditors International of Washington Inc	EXPD	134.02093	160.54	21,516	0.05%	0.96%	0.00%	8.47%	0.00%
Expedia Group Inc	EXPE	117.00906	264.84	30,989		0.60%		21.25%	
Extra Space Storage Inc	EXR	212.24758	137.97	29,284	0.07%	4.70%	0.00%	2.44%	0.00%
Ford Motor Co	F	3913.64649	13.88	54,321		4.32%			
Diamondback Energy Inc	FANG	286.52561	163.95	46,976		2.44%		-0.13%	
Fastenal Co	FAST	1148.05747	43.36	49,780	0.12%	2.21%	0.00%	11.48%	0.01%
Freeport-McMoran Inc	FCX	1435.93066	60.23	86,486		1.00%		32.98%	
FactSet Research Systems Inc	FDS	37.09926	254.36	9,437		1.73%			
FedEx Corp	FDX	235.12282	322.25	75,768	0.18%	1.80%	0.00%	9.58%	0.02%
FirstEnergy Corp	FE	577.12618	47.34	27,321	0.06%	3.76%	0.00%	7.08%	0.00%
F5 Inc	FFIV	56.81109	275.61	15,658	0.04%			2.91%	0.00%
Fair Isaac Corp	FICO	23.72213	1463.17	34,710					
Fidelity National Information Services Inc	FIS	517.85076	55.25	28,611		3.19%			

MARKET RISK PREMIUM DERIVED FROM S&P 500 INDEX

[1] Estimate of the S&P 500 Dividend Yield	1.30%
[2] Estimate of the S&P 500 Growth Rate	12.31%
[3] S&P 500 Estimated Required Market Return	13.69%

		[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Name	Ticker	Shares Outst'g	Price	Market Capitalization	Weight in Index	Estimated Dividend Yield	Cap-Weighted Dividend Yield	Bloomberg Long-Term Growth Est.	Cap-Weighted Long-Term Growth Est.
Fiserv Inc	FISV	537,85189	63.73	34,277					
Fifth Third Bancorp	FITB	661,198	50.22	33,205		3.19%			
Comfort Systems USA Inc	FIX	35,27195	1142.1	40,284		0.21%		24.00%	
Fox Corp	FOX	235,58103	65.57	15,447		0.85%		-0.49%	
Fox Corp	FOXA	208,3617	72.78	15,165		0.77%		-0.49%	
Federal Realty Investment Trust	FRT	86,27003	101.16	8,727	0.02%	4.47%	0.00%	4.80%	0.00%
First Solar Inc	FLSR	107,30814	225.52	24,200				37.78%	
Fortinet Inc	FTNT	743,6481	81.26	60,429	0.14%			10.53%	0.02%
Fortive Corp	FTV	317,61164	52.81	16,773		0.45%			
General Dynamics Corp	GD	270,38976	351.09	94,931	0.23%	1.71%	0.00%	10.51%	0.02%
GoDaddy Inc	GDDY	135,14159	100.52	13,584					
General Electric Co	GE	1048,81361	306.79	321,766	0.77%	0.47%	0.00%	15.18%	0.12%
GE Healthcare Technologies Inc	GEHC	455,52159	78.97	35,973	0.09%	0.18%	0.00%	6.41%	0.01%
Gen Digital Inc	GEN	616,71611	23.99	14,795	0.04%	2.08%	0.00%	13.08%	0.00%
GE Vernova Inc	GEV	269,52946	726.37	195,778		0.28%		67.22%	
Gilead Sciences Inc	GILD	1240,67962	141.95	176,114		2.23%		29.79%	
General Mills Inc	GIS	533,58208	46.26	24,684		5.27%		-2.94%	
Globe Life Inc	GL	79,6058	140.22	11,162		0.77%		26.81%	
Corning Inc	GLW	857,3604	103.25	88,522		1.08%		6.35%	
General Motors Co	GM	903,96785	84	75,933	0.18%	0.86%	0.00%	18.31%	0.01%
Generac Holdings Inc	GNRC	58,68407	168.04	9,861	0.02%			15.88%	0.00%
Alphabet Inc	GOOG	5407	338.53	1,830,432	4.35%	0.25%	0.01%	15.88%	0.69%
Alphabet Inc	GOOGL	5818	338	1,966,484	4.68%	0.25%	0.01%	15.88%	0.74%
Genuine Parts Co	GPC	139,1105	138.99	19,335		2.96%			
Global Payments Inc	GPW	280,01176	71.74	20,088		1.39%			
Garmin Ltd	GRMN	192,33481	201.64	38,782	0.09%	1.79%	0.00%	10.79%	0.01%
Goldman Sachs Group Inc/The	GS	299,92851	935.41	280,556	0.67%	1.92%	0.01%	14.78%	0.10%
WW Grainger Inc	GWW	47,54934	1079.94	51,350	0.12%	0.84%	0.00%	5.56%	0.01%
Halliburton Co	HAL	841,62661	33.52	28,211	0.07%	2.03%	0.00%	7.42%	0.00%
Hasbro Inc	HAS	140,33702	89.31	12,533	0.03%	3.14%	0.00%	10.25%	0.00%
Huntington Bancshares Inc/OH	HBAN	1568	17.48	27,409		3.55%			
HCA Healthcare Inc	HCA	228,1939	488.27	111,420	0.27%	0.64%	0.00%	8.56%	0.02%
Home Depot Inc/The	HD	995,51149	374.59	372,909	0.89%	2.46%	0.02%	1.85%	0.02%
Hartford Insurance Group Inc/The	HIG	278,65029	135.06	37,635	0.09%	1.78%	0.00%	8.62%	0.01%
Huntington Ingalls Industries Inc	HII	39,24143	420.51	16,501	0.04%	1.31%	0.00%	16.46%	0.01%
Hilton Worldwide Holdings Inc	HLT	232,43517	298.51	69,384	0.17%	0.20%	0.00%	13.26%	0.02%
Hologic Inc	HOLX	223,24491	74.93	16,728	0.04%			9.00%	0.00%
Honeywell International Inc	HON	634,88721	227.52	144,450	0.34%	2.09%	0.01%	5.09%	0.02%
Robinhood Markets Inc	HOOD	786,35603	99.48	78,227				24.77%	
Hewlett Packard Enterprise Co	HPE	1334,53317	21.52	28,719	0.07%	2.65%	0.00%	18.64%	0.01%
HP Inc	HPQ	917,98452	19.44	17,846	0.04%	6.17%	0.00%	1.78%	0.00%
Hormel Foods Corp	HRL	550,1073	24.61	13,538	0.03%	4.75%	0.00%	8.50%	0.00%
Henry Schein Inc	HSIC	117,72481	75.48	8,886	0.02%			7.63%	0.00%
Host Hotels & Resorts Inc	HST	687,68948	18.53	12,743		4.32%		-0.80%	
Hershey Co/The	HSY	148,17161	194.75	28,856		2.81%		-5.13%	
Hubbell Inc	HUBB	53,14475	487.94	25,931		1.16%			
Humana Inc	HUM	120,27307	195.2	23,477	0.06%	1.81%	0.00%	8.51%	0.00%
Howmet Aerospace Inc	HWM	402,06226	208.08	83,661		0.23%		20.01%	
Interactive Brokers Group Inc	IBKR	445,36372	74.88	33,349	0.08%	0.43%	0.00%	15.21%	0.01%
International Business Machines Corp	IBM	934,73521	306.7	236,683	0.68%	2.19%	0.01%	6.14%	0.04%
Intercontinental Exchange Inc	ICE	570,17859	173.78	99,086	0.24%	1.10%	0.00%	12.96%	0.03%
IDEXX Laboratories Inc	IDXX	79,85133	670.46	53,537	0.13%			14.93%	0.02%
IDEX Corp	IDEX	74,84944	198.55	14,861		1.43%			
International Flavors & Fragrances Inc	IFF	256,09638	69.81	17,878	0.04%	2.29%	0.00%	4.64%	0.00%
Incyte Corp	INCY	196,3227	100.07	19,646				25.00%	
Intel Corp	INTC	4995	46.47	232,118				27.92%	
Intuit Inc	INTU	278,27408	498.92	138,837	0.33%	0.96%	0.00%	14.47%	0.05%
Invitation Homes Inc	INVH	613,02059	26.73	16,386	0.04%	4.49%	0.00%	3.43%	0.00%
International Paper Co	IP	528,03832	40.32	21,291		4.59%			
IQVIA Holdings Inc	IQV	170.3	230.15	39,195	0.09%			8.97%	0.01%
Ingersoll Rand Inc	IR	395,1104	86.09	34,015		0.09%			
Iron Mountain Inc	IRM	295,58949	92.13	27,233		3.75%			
Intuitive Surgical Inc	ISRG	354,49607	504.22	178,744	0.43%			12.37%	0.05%
Gartner Inc	IT	72,07715	209.61	15,108					
Illinois Tool Works Inc	ITW	290.1	261.26	75,792	0.18%	2.46%	0.00%	2.15%	0.00%
Invesco Ltd	IVZ	444	27.29	12,117	0.03%	3.08%	0.00%	19.45%	0.01%
Jacobs Solutions Inc	J	118,08831	135.26	15,973	0.04%	1.06%	0.00%	13.06%	0.00%
JB Hunt Transport Services Inc	JBHT	95,21835	202.72	19,303	0.05%	0.89%	0.00%	16.39%	0.01%
Jabil Inc	JBL	105,59527	237.19	25,046	0.06%	0.13%	0.00%	14.77%	0.01%
Johnson Controls International plc	JCI	612,06621	119.26	72,995	0.17%	1.34%	0.00%	17.57%	0.03%
Jack Henry & Associates Inc	JKHY	72,37713	179.21	12,971		1.29%			
Johnson & Johnson	JNJ	2409,2951	227.25	547,512	1.30%	2.29%	0.03%	8.86%	0.12%
JPMorgan Chase & Co	JPM	2696.2	305.89	824,741	1.96%	1.96%	0.04%	9.59%	0.19%
Keurig Dr Pepper Inc	KDP	1358,58313	27.44	37,280	0.09%	3.35%	0.00%	6.51%	0.01%
KeyCorp	KEY	1102,401	21.52	23,724	0.06%	3.81%	0.00%	18.71%	0.01%
KeySight Technologies Inc	KEYS	171,51776	215.33	37,104	0.09%			13.32%	0.01%
Kraft Heinz Co/The	KHC	1183,65558	23.74	28,100		6.74%		-6.52%	
Kimco Realty Corp	KIM	679,48863	21.08	14,324	0.03%	4.93%	0.00%	4.01%	0.00%
KKR & Co Inc	KKR	891,35341	114.26	101,846		0.65%			
KLA Corp	KLAC	131,07661	1427.94	187,170	0.45%	0.53%	0.00%	13.99%	0.06%
Kimberly-Clark Corp	KMB	331.9	99.99	33,187	0.08%	5.12%	0.00%	4.12%	0.00%
Kinder Morgan Inc	KMI	2224,76039	30.1975	67,182	0.16%	3.87%	0.01%	8.95%	0.01%
Coca-Cola Co/The	KO	4301,60885	74.81	321,803	0.77%	2.73%	0.02%	5.90%	0.05%
Kroger Co/The	KR	632,84916	62.85	39,775	0.09%	2.23%	0.00%	6.90%	0.01%
Kenvue Inc	KVUE	1915,98444	17.4	33,338		4.77%			
Loews Corp	L	206,65957	105.57	21,817		0.24%			
Leidos Holdings Inc	LDOS	127,85517	188.28	24,073	0.06%	0.91%	0.00%	11.62%	0.01%
Lennar Corp	LEN	215,76974	109.35	23,594	0.06%	1.83%	0.00%	12.35%	0.01%
Labcorp Holdings Inc	LH	82.9	271.52	22,509	0.05%	1.06%	0.00%	8.96%	0.00%
L3Harris Technologies Inc	LHX	187,05285	342.85	64,131	0.15%	1.46%	0.00%	13.68%	0.02%
Lennox International Inc	LII	34,79605	495.08	17,227		1.05%			
Linde PLC	LIN	466,94893	456.97	213,382	0.51%	1.31%	0.01%	8.24%	0.04%
Eli Lilly & Co	LLY	945,38376	1037.15	980,505	2.33%	0.67%	0.02%	20.00%	0.47%
Lockheed Martin Corp	LMT	230,08024	634.22	145,921	0.35%	2.18%	0.01%	13.13%	0.05%
Alliant Energy Corp	LNT	257,05369	65.91	16,942	0.04%	3.25%	0.00%	5.70%	0.00%

MARKET RISK PREMIUM DERIVED FROM S&P 500 INDEX

[1] Estimate of the S&P 500 Dividend Yield	1.30%
[2] Estimate of the S&P 500 Growth Rate	12.31%
[3] S&P 500 Estimated Required Market Return	13.69%

		[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Name	Ticker	Shares Outst'g	Price	Market Capitalization	Weight in Index	Estimated Dividend Yield	Cap-Weighted Dividend Yield	Bloomberg Long-Term Growth Est.	Cap-Weighted Long-Term Growth Est.
Lowe's Cos Inc	LOW	560.95146	267.06	149,808					
Lam Research Corp	LRCX	1248.771	233.46	291,538	0.36%	1.80%	0.01%	4.92%	0.02%
Lululemon Athletica Inc	LULU	112.19004	174.5	19,577		0.45%		21.18%	
Southwest Airlines Co	LUV	517.15508	47.52	24,575				-0.73%	
Las Vegas Sands Corp	LVS	676.13449	52.73	35,653	0.08%	1.52%	0.00%	82.46%	0.01%
Lamb Weston Holdings Inc	LW	138.87988	45.93	6,379		2.28%		13.25%	
LyondellBasell Industries NV	LYB	321.87296	49	15,772		3.31%		-6.94%	
Live Nation Entertainment Inc	LYV	234.74125	145.45	34,143	0.08%	11.18%		-20.60%	
Mastercard Inc	MA	891.25818	538.79	480,201	1.14%	0.65%	0.01%	9.42%	0.01%
Mid-America Apartment Communities Inc	MAA	117.08174	134.3	15,724		4.56%		14.77%	0.17%
Marriott International Inc/MD	MAR	268.3518	315.3	84,611	0.20%	0.85%	0.00%	-0.26%	0.02%
Masco Corp	MAS	207.69562	66.09	13,727	0.03%	1.88%	0.00%	11.09%	0.02%
McDonald's Corp	MCD	712.15435	315	224,329	0.53%	2.36%	0.01%	6.16%	0.00%
Microchip Technology Inc	MCHP	540.44683	75.92	41,031		2.40%		7.16%	0.04%
Mckesson Corp	MCK	123.42665	831.21	102,593	0.24%	0.39%	0.00%	34.40%	0.04%
Moody's Corp	MCO	178.4	515.56	91,976		0.73%			
Mondelez International Inc	MDLZ	1290.35849	58.47	75,447	0.18%	3.42%	0.01%	0.40%	0.00%
Medtronic PLC	MDT	1282.01421	102.96	131,996	0.31%	2.76%	0.01%	6.49%	0.02%
MetLife Inc	MET	658.89166	78.88	51,973	0.12%	2.88%	0.00%	11.18%	0.01%
Meta Platforms Inc	META	2187.17775	716.5	1,567,113	3.73%	0.29%	0.01%	17.07%	0.64%
MGM Resorts International	MGM	273.50644	33.54	9,173	0.02%			0.24%	0.00%
McCormick & Co Inc/MD	MKC	253.58651	61.83	15,679	0.04%	3.11%	0.00%	5.27%	0.00%
Martin Marietta Materials Inc	MLM	60.30714	651.95	39,317		0.51%		-7.47%	
3M Co	MMM	531.22505	153.16	81,362	0.19%	1.91%	0.00%	6.70%	0.01%
Monster Beverage Corp	MNST	977.02122	80.76	78,904	0.19%			15.80%	0.03%
Altria Group Inc	MO	1678.67155	61.99	104,061	0.25%	6.84%	0.02%	2.69%	0.01%
Molina Healthcare Inc	MOH	51.4	179.59	9,231				-9.14%	
Mosaic Co/The	MOS	317.40788	27.5	8,729	0.02%	3.20%	0.00%	10.89%	0.00%
Marathon Petroleum Corp	MPC	300.60248	176.19	52,963	0.13%	2.27%	0.00%	8.01%	0.01%
Monolithic Power Systems Inc	MPWR	47.907	1124.15	53,855		0.56%			
Merck & Co Inc	MRK	2482.02254	110.27	273,693	0.65%	3.08%	0.02%	12.01%	0.08%
Moderna Inc	MRNA	390.67951	44.07	17,217	0.04%			16.54%	0.01%
Marsh & McLennan Cos Inc	MRSH	489.90968	188.19	92,196	0.22%	1.91%	0.00%	6.20%	0.01%
Morgan Stanley	MS	1589.30931	182.8	290,526	0.69%	2.19%	0.02%	9.41%	0.07%
MSCI Inc	MSCI	75.13954	609.22	45,777		1.35%			
Microsoft Corp	MSFT	7425.62908	430.29	3,195,174	7.60%	0.85%	0.06%	14.24%	1.08%
Motorola Solutions Inc	MSI	166.555	402.54	67,045	0.16%	1.20%	0.00%	9.07%	0.01%
M&T Bank Corp	MTB	153.69078	221.57	34,053	0.08%	2.71%	0.00%	11.47%	0.01%
Match Group Inc	MTCH	236.07019	31.15	7,354	0.02%	2.44%	0.00%	15.49%	0.00%
Mettler-Toledo International Inc	MTD	20.42845	1373.24	28,053	0.07%			7.34%	0.00%
Micron Technology Inc	MU	1125.50926	414.88	466,951		0.11%		59.90%	
Norwegian Cruise Line Holdings Ltd	NCLH	455.25749	21.96	9,997	0.02%			15.78%	0.00%
Nasdaq Inc	NDAQ	570.99543	96.89	55,324	0.13%	1.11%	0.00%	16.20%	0.02%
Nordson Corp	NDSN	55.70344	274.53	15,292		1.19%			
NextEra Energy Inc	NEE	2082.60968	87.9	183,061	0.44%	2.58%	0.01%	8.23%	0.04%
Newmont Corp	NEM	1091.26298	112.35	122,603	0.29%	0.89%	0.00%	17.04%	0.05%
Netflix Inc	NFLX	4222.16215	83.49	352,508					
NISource Inc	NI	477.19553	44.29	21,135	0.05%	2.71%	0.00%	8.27%	0.00%
NIKE Inc	NKE	1191.49565	61.81	73,646	0.18%	2.65%	0.00%	14.71%	0.03%
Northrop Grumman Corp	NOC	141.92162	692.26	98,247	0.23%	1.33%	0.00%	7.20%	0.02%
ServiceNow Inc	NOW	1046	117.01	122,392				25.00%	
NRG Energy Inc	NRG	191.63941	152.155	29,159		1.25%			
Norfolk Southern Corp	NSC	224.4207	291.24	65,360		1.85%			
NetApp Inc	NTAP	198.06035	96.35	19,083	0.05%	2.16%	0.00%	7.14%	0.00%
Northern Trust Corp	NTRS	186.338	149.43	27,844	0.07%	2.14%	0.00%	10.50%	0.01%
Nucor Corp	NUE	228.85866	177.72	40,673		1.26%		23.67%	
NVIDIA Corp	NVDA	24300	191.13	4,644,459	0.02%			48.04%	
NVR Inc	NVR	2.83943	7635.73	21,681	0.05%			7.27%	0.00%
News Corp	NWS	187.70971	31.1	5,838		0.64%			
News Corp	NWSA	374.12973	27.03	10,113		0.74%			
NXP Semiconductors NV	NXPI	251.67447	226.14	56,914		1.79%			
Realty Income Corp	O	919.90577	61.16	56,261	0.13%	5.30%	0.01%	3.82%	0.01%
Old Dominion Freight Line Inc	ODFL	209.09844	173.2	36,216	0.09%	0.65%	0.00%	3.64%	0.00%
ONEOK Inc	OKE	629.23156	78.12	49,156	0.12%	5.48%	0.01%	3.06%	0.00%
Omnicom Group Inc	OMC	314.60366	77.04	24,237	0.06%	4.15%	0.00%	6.79%	0.00%
ON Semiconductor Corp	ON	402.37841	59.89	24,098				-3.56%	
Oracle Corp	ORCL	2873.13	164.58	472,860		1.22%		26.75%	
O'Reilly Automotive Inc	ORLY	844.10409	98.41	83,068	0.20%			10.54%	0.02%
Otis Worldwide Corp	OTIS	389.71585	85.42	33,290		1.97%			
Occidental Petroleum Corp	OXY	985.21043	45.39	44,719		2.12%		-31.27%	
Palo Alto Networks Inc	PANW	697	176.97	123,348	0.29%			12.77%	0.04%
Paycom Software Inc	PAYC	56.26901	134.75	7,582	0.02%	1.11%	0.00%	9.57%	0.00%
Paychex Inc	PAYX	358.96745	103.13	37,020		4.19%			
PACAR Inc	PCAR	525.20436	122.91	64,553		1.07%		-2.82%	
PG&E Corp	PEG	2197.80743	15.42	33,892	0.08%	1.30%	0.00%	12.55%	0.01%
Public Service Enterprise Group Inc	PEG	499.15398	82.36	41,110	0.10%	3.06%	0.00%	8.27%	0.01%
PepsiCo Inc	PEP	1367.34012	153.63	210,064	0.50%	3.70%	0.02%	3.70%	0.02%
Pfizer Inc	PFE	5685.70755	26.44	150,330	0.36%	6.51%	0.02%	0.68%	0.00%
Principal Financial Group Inc	PFGE	219.69384	94.72	20,809	0.05%	3.34%	0.00%	13.85%	0.01%
Procter & Gamble Co/The	PG	2324.00069	151.77	352,714	0.84%	2.79%	0.02%	4.53%	0.04%
Progressive Corp/The	PGR	586.1	208	121,909	0.29%	0.19%	0.00%	1.76%	0.01%
Parker-Hannifin Corp	PH	126.21653	935.84	118,118	0.28%	0.77%	0.00%	10.02%	0.03%
PulteGroup Inc	PHM	194.91688	125.09	24,382		0.83%			
Packaging Corp of America	PKG	89.97707	222.55	20,024	0.05%	2.25%	0.00%	11.62%	0.01%
Prologis Inc	PLD	926.175	130.56	120,921	0.29%	3.09%	0.01%	6.61%	0.02%
Palantir Technologies Inc	PLTR	2284.33401	146.59	334,861					
Philip Morris International Inc	PM	1556.63875	179.44	279,323	0.66%	3.28%	0.02%	11.14%	0.07%
PNC Financial Services Group Inc/The	PNC	392.15845	223.3	87,569	0.21%	3.05%	0.01%	13.05%	0.03%
Pentair PLC	PNR	163.64188	105.37	17,243	0.04%	1.02%	0.00%	8.23%	0.00%
Pinnacle West Capital Corp	PNW	119.6904	92.65	11,089	0.03%	3.93%	0.00%	7.00%	0.00%
Insulet Corp	PODD	70.3469	255.81	17,995				32.05%	
Pool Corp	POOL	37.24948	254.09	9,465	0.02%	1.97%	0.00%	4.79%	0.00%
PPG Industries Inc	PPG	224.4	115.63	25,947	0.06%	2.46%	0.00%	8.75%	0.01%
PPL Corp	PPL	739.73918	36.25	26,816	0.06%	3.01%	0.00%	8.40%	0.01%
Prudential Financial Inc	PRU	350	111.11	38,889	0.09%	4.86%	0.00%	7.89%	0.01%

MARKET RISK PREMIUM DERIVED FROM S&P 500 INDEX

[1] Estimate of the S&P 500 Dividend Yield	1.30%
[2] Estimate of the S&P 500 Growth Rate	12.31%
[3] S&P 500 Estimated Required Market Return	13.69%

		[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Name	Ticker	Shares Outstg	Price	Market Capitalization	Weight in Index	Estimated Dividend Yield	Cap-Weighted Dividend Yield	Bloomberg Long-Term Growth Est.	Cap-Weighted Long-Term Growth Est.
Public Storage	PSA	175.46301	276.19	48,461		4.34%		2.25%	0.00%
Paramount Skydance Corp	PSKY	1071.66698	11.21	12,013		1.78%			
Phillips 66	PSX	402.92114	143.56	57,843		3.34%		25.02%	
PTC Inc	PTC	118.91971	156.13	18,567	0.04%			6.41%	0.00%
Quanta Services Inc	PWR	149.11589	474.63	70,775	0.17%	0.09%	0.00%	18.14%	0.03%
PayPal Holdings Inc	PYPL	935.65195	52.69	49,300	0.12%	1.06%	0.00%	13.23%	0.02%
Qnity Electronics Inc	Q	209.46319	96.18	20,146		0.33%			
QUALCOMM Inc	QCOM	1068.0451	151.59	161,905	0.39%	2.35%	0.01%	4.66%	0.02%
Royal Caribbean Cruises Ltd	RCL	297.36824	324.65	96,541		1.23%		20.47%	
Regency Centers Corp	REG	182.90098	72.87	13,328	0.03%	4.14%	0.00%	5.57%	0.00%
Regeneron Pharmaceuticals Inc	REGN	103.28232	741.45	76,579	0.18%	0.51%	0.00%	9.69%	0.02%
Regions Financial Corp	RF	876.8765	28.5	24,991	0.06%	3.72%	0.00%	8.79%	0.01%
Raymond James Financial Inc	RJF	197.4699	165.86	32,752	0.08%	1.30%	0.00%	14.18%	0.01%
Ralph Lauren Corp	RL	38.75938	353.41	13,698	0.03%	1.03%	0.00%	15.52%	0.01%
ResMed Inc	RMD	145.6784	258.31	37,630	0.09%	0.93%	0.00%	9.44%	0.01%
Rockwell Automation Inc	ROK	112.43319	421.65	47,407	0.11%	1.31%	0.00%	15.87%	0.02%
Rollins Inc	ROL	484.62881	63.34	30,696		1.15%			
Roper Technologies Inc	ROP	106.6	371.23	39,573		0.98%			
Ross Stores Inc	ROST	323.44493	188.65	61,018	0.15%	0.86%	0.00%	7.04%	0.01%
Republic Services Inc	RS	309.5636	215.09	66,584	0.16%	1.16%	0.00%	7.61%	0.01%
RTX Corp	RTX	1340.77194	200.93	269,401	0.64%	1.35%	0.01%	10.11%	0.06%
Revvity Inc	RVTY	113.37562	108.8	12,335	0.03%	0.26%	0.00%	6.16%	0.00%
SBA Communications Corp	SBAC	106.54687	184.11	19,616	0.05%	2.41%	0.00%	8.77%	0.00%
Starbucks Corp	SBUX	1139.3	91.95	104,759	0.25%	2.70%	0.01%	16.75%	0.04%
Charles Schwab Corp/The	SCHW	1776.93677	103.92	184,659	0.44%	1.23%	0.01%	15.22%	0.07%
Sherwin-Williams Co/The	SHW	247.89351	354.64	87,913	0.21%	0.89%	0.00%	10.95%	0.02%
J M Smucker Co/The	SJM	106.69433	104.86	11,188	0.03%	4.20%	0.00%	2.19%	0.00%
SLB Ltd	SLB	1495.33149	48.38	72,344	0.17%	2.44%	0.00%	5.03%	0.01%
Super Micro Computer Inc	SMCI	596.97113	29.11	17,378				28.01%	
Snap-on Inc	SNA	52.00756	366.11	19,040	0.05%	2.67%	0.00%	4.10%	0.00%
Sandisk Corp/DE	SNDK	147.56725	576.25	85,036					
Synopsys Inc	SNPS	191.31821	465.115	88,985	0.21%			14.46%	0.03%
Southern Co/The	SO	1100.1936	89.31	98,258	0.23%	3.31%	0.01%	7.01%	0.02%
Solventum Corp	SOLV	173.44756	76.97	13,350	0.03%			1.71%	0.00%
Simon Property Group Inc	SPG	326.46206	191.31	62,455		4.60%			
S&P Global Inc	SPGI	310	527.79	163,615		0.74%			
Sempra	SRE	652.68152	87.01	56,790	0.14%	2.97%	0.00%	8.07%	0.01%
STERIS PLC	STE	98.14701	262.6	25,773		0.96%			
Steel Dynamics Inc	STLD	146.03486	179.57	26,223		1.11%		27.32%	
State Street Corp	STT	279.31244	130.86	36,551	0.09%	2.57%	0.00%	9.85%	0.01%
Seagate Technology Holdings PLC	STX	218.07307	407.69	88,906		0.73%		38.04%	
Constellation Brands Inc	STZ	173.38463	156.7	27,169		2.60%		-1.97%	
Smurfit WestRock PLC	SW	522.31049	41.63	21,744		4.14%		65.65%	
Stanley Black & Decker Inc	SWK	154.88496	78.66	12,183		4.22%			
Skyworks Solutions Inc	SWKS	148.67977	55.76	8,290		5.09%		-4.84%	
Synchrony Financial	SYF	347.4	72.63	25,232	0.06%	1.65%	0.00%	8.79%	0.01%
Stryker Corp	SYK	382.42365	369.56	141,328	0.34%	0.95%	0.00%	10.60%	0.04%
Sysco Corp	SY	478.93065	83.85	40,158		2.58%			
AT&T Inc	T	7037	26.21	184,440	0.44%	4.24%	0.02%	10.62%	0.05%
Molson Coors Beverage Co	TAP	185.29788	48.04	8,902		3.91%		-1.59%	
TransDigm Group Inc	TDG	56.45234	1427.54	80,588	0.19%	0.21%		13.30%	0.03%
Teledyne Technologies Inc	TDY	46.95099	620.3	29,124	0.07%			9.85%	0.01%
Bio-Techne Corp	TECH	155.8127	64.09	9,986		0.50%			
TE Connectivity PLC	TEL	293.43427	222.78	65,371	0.16%	1.27%	0.00%	13.90%	0.02%
Teradyne Inc	TER	156.6083	241.05	37,750		0.22%		27.28%	
Truist Financial Corp	TFC	1279.24631	51.42	65,779	0.16%	4.05%	0.01%	13.18%	0.02%
Target Corp	TGT	452.80642	105.47	47,757		4.32%		-1.57%	
TJX Cos Inc/The	TJX	1110.4671	149.81	166,359	0.40%	1.13%	0.00%	9.55%	0.04%
TKO Group Holdings Inc	TKO	78.92236	202.58	15,988		1.54%			
Thermo Fisher Scientific Inc	TMO	375.70806	578.61	217,388	0.52%	0.30%	0.00%	7.12%	0.04%
T-Mobile US Inc	TMUS	1118.50663	197.21	220,581		2.07%			
Texas Pacific Land Corp	TPL	68.93823	348.36	24,015		0.61%			
Tapestry Inc	TPR	204.64975	126.91	25,972	0.06%	1.26%	0.00%	8.71%	0.01%
Targa Resources Corp	TRGP	214.65856	200.98	43,142		1.99%		23.24%	
Trimble Inc	TRMB	237.92096	67.6	16,083					
T Rowe Price Group Inc	TROW	218.237	105.68	23,063	0.05%	4.81%	0.00%	4.55%	0.00%
Travelers Cos Inc/The	TRV	217.5	284.51	61,881		1.55%		-1.90%	
Tractor Supply Co	TSCO	528.4036	50.88	26,885	0.06%	1.81%	0.00%	8.35%	0.01%
Tesla Inc	TSLA	3752.43198	430.41	1,615,084					
Tyson Foods Inc	TSN	283.04786	65.33	18,492	0.04%	3.12%	0.00%	11.30%	0.00%
Trane Technologies PLC	TT	221.739	420.58	93,259	0.22%	0.89%	0.00%	14.47%	0.03%
Trade Desk Inc/The	TTD	440.31893	30.33	13,355	0.03%			16.73%	0.01%
Take-Two Interactive Software Inc	TTWO	184.77883	220.3	40,707				59.16%	
Texas Instruments Inc	TXN	908.62302	215.55	195,854	0.47%	2.64%	0.01%	14.12%	0.07%
Tektron Inc	TXT	176.22406	88.06	15,518	0.04%	0.09%	0.00%	10.03%	0.00%
Tyler Technologies Inc	TYL	43.02773	369.4	15,894					
United Airlines Holdings Inc	UAL	327.70387	102.32	33,531	0.08%			16.94%	0.01%
Uber Technologies Inc	UBER	2077.83038	80.05	166,330				-1.02%	
UDR Inc	UDR	330.48582	37.15	12,278	0.03%	4.63%	0.00%	1.85%	0.00%
Universal Health Services Inc	UHS	55.2337	201.26	11,116	0.03%	0.40%	0.00%	12.31%	0.00%
Ulta Beauty Inc	ULTA	44.36217	647.36	28,718	0.07%			6.85%	0.00%
UnitedHealth Group Inc	UNH	905.83862	286.93	259,912	0.62%	3.08%	0.02%	11.94%	0.07%
Union Pacific Corp	UNP	593.16089	235.1	139,452	0.33%	2.35%	0.01%	8.21%	0.03%
United Parcel Service Inc	UPS	738.99005	106.22	78,496	0.19%	6.18%	0.01%	9.01%	0.02%
United Rentals Inc	URI	62.99815	782.06	49,268	0.12%	1.01%	0.00%	14.54%	0.02%
US Bancorp	USB	1554.43407	56.11	87,219	0.21%	3.71%	0.01%	11.13%	0.02%
Visa Inc	V	1681.09394	321.83	541,026	1.29%	0.83%	0.01%	16.93%	0.22%
VICI Properties Inc	VICI	1068.81137	28.08	30,012	0.07%	6.41%	0.00%	4.11%	0.00%
Valero Energy Corp	VLO	305.00954	181.43	55,338	0.13%	2.65%	0.00%	14.33%	0.02%
Verato Corp	VLT	248.29735	98.98	24,576		0.53%			
Vulcan Materials Co	VMC	132.13091	300.54	39,711	0.09%	0.65%	0.00%	14.77%	0.01%
Verisk Analytics Inc	VRSK	139.37257	217.46	30,308		0.83%			
VeriSign Inc	VRSN	92.7	244.23	22,640		1.26%			
Vertex Pharmaceuticals Inc	VRTX	253.71883	469.9	119,222					
Vistra Corp	VST	338.82549	158.35	53,653	0.13%	0.57%	0.00%	18.89%	0.02%

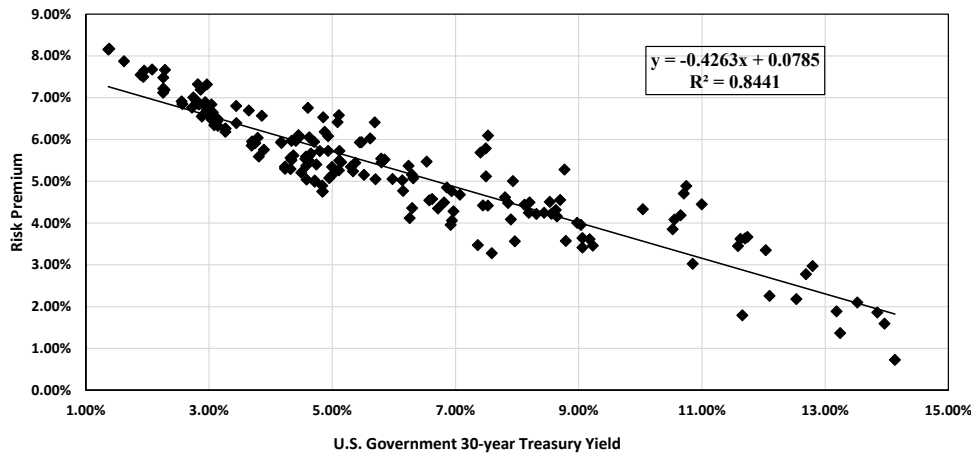
MARKET RISK PREMIUM DERIVED FROM S&P 500 INDEX

[1] Estimate of the S&P 500 Dividend Yield	1.30%
[2] Estimate of the S&P 500 Growth Rate	12.31%
[3] S&P 500 Estimated Required Market Return	13.69%

		[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Name	Ticker	Shares Outst'g	Price	Market Capitalization	Weight in Index	Estimated Dividend Yield	Cap-Weighted Dividend Yield	Bloomberg Long-Term Growth Est.	Cap-Weighted Long-Term Growth Est.
Ventas Inc	VTR	469.73282	77.67	36,484	0.09%	2.47%	0.00%	10.72%	0.01%
Viatis Inc	VTRS	1151.76987	13.09	15,077		3.67%		-1.92%	
Verizon Communications Inc	VZ	4216.42549	44.52	187,715	0.45%	6.36%	0.03%	1.36%	0.01%
Westinghouse Air Brake Technologies Corp	WAB	170.95719	230.14	39,344	0.09%	0.43%	0.00%	14.51%	0.01%
Waters Corp	WAT	59.53474	370.72	22,071	0.05%			8.33%	0.00%
Warner Bros Discovery Inc	WBD	2478.3988	27.54	68,255					
Workday Inc	WDAY	213	175.63	37,409					
Western Digital Corp	WDC	339.03792	250.23	84,837		0.20%		45.42%	
WEC Energy Group Inc	WEC	325.29425	110.67	36,000	0.09%	3.44%	0.00%	7.58%	0.01%
Welltower Inc	WELL	686.32804	188.36	129,277	0.31%	1.57%	0.00%	19.60%	0.06%
Wells Fargo & Co	WFC	3139.08454	90.49	284,056	0.68%	1.99%	0.01%	13.66%	0.09%
Waste Management Inc	WM	402.86705	222.24	89,533	0.21%	1.48%	0.00%	9.48%	0.02%
Williams Cos Inc/The	WMB	1221.21887	67.26	82,139	0.20%	3.12%	0.01%	18.56%	0.04%
Walmart Inc	WMT	7970.16696	119.14	949,566	2.26%	0.79%	0.02%	8.46%	0.19%
W R Berkley Corp	WRB	380.02117	68.58	26,062	0.06%	0.52%	0.00%	5.24%	0.00%
Williams-Sonoma Inc	WSM	119.38071	204.65	24,431	0.06%	1.29%	0.00%	4.68%	0.00%
West Pharmaceutical Services Inc	WST	71.94341	231.12	16,628	0.04%	0.38%	0.00%	10.12%	0.00%
Willis Towers Watson PLC	WTW	95.74861	317.47	30,397	0.07%	1.16%	0.00%	10.82%	0.01%
Weyerhaeuser Co	WY	720.531	25.78	18,575		3.26%			
Wynn Resorts Ltd	WYNN	103.97448	107.45	11,172	0.03%	0.93%	0.00%	2.23%	0.00%
Xcel Energy Inc	XEL	591.53977	76.06	44,993	0.11%	3.00%	0.00%	8.88%	0.01%
Exxon Mobil Corp	XOM	4217.16561	141.4	596,307	1.42%	2.91%	0.04%	7.72%	0.11%
Xylem Inc/NY	XYL	243.46906	137.87	33,567		1.16%			
Block Inc	XYZ	547.667	60.43	33,096				29.74%	
Yum! Brands Inc	YUM	277.65283	155.5	43,175	0.10%	1.83%	0.00%	10.08%	0.01%
Zimmer Biomet Holdings Inc	ZBH	198.18156	87.07	17,256	0.04%	1.10%	0.00%	4.20%	0.00%
Zebra Technologies Corp	ZBRA	50.66024	234.98	11,904					
Zoetis Inc	ZTS	440.69321	124.82	55,007	0.13%	1.70%	0.00%	7.53%	0.01%

Notes:

- [1] Equals sum of Col. [9]
- [2] Equals sum of Col. [11]
- [3] Equals $([1] \times (1 + (0.5 \times [2]))) + [2]$
- [4] Bloomberg Professional 30-day average as of January 31 2026
- [5] Bloomberg Professional 30-day average as of January 31 2026
- [6] Equals [4] x [5]
- [7] Equals weight in S&P 500 based on market capitalization [6] if Growth Rate >0% and ≤20%
- [8] Bloomberg Professional 30-day average as of January 31 2026
- [9] Equals [7] x [8]
- [10] Bloomberg Professional 30-day average as of January 31 2026
- [11] Equals [7] x [10]



SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.9187755
R Square	0.8441485
Adjusted R Square	0.8432778
Standard Error	0.0055886
Observations	181

ANOVA

	df	SS	MS	F	Significance F
Regression	1	0.03028	0.03028	969.52891	0.00000
Residual	179	0.00559	0.00003		
Total	180	0.03587			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.0785	0.00	85.16	0.0000	0.0766	0.0803	0.0766	0.0803
U.S. Govt. 30-year Treasury	(0.4263)	0.01	(31.14)	0.0000	(0.4533)	(0.3993)	(0.4533)	(0.3993)

	U.S. Govt. 30-year Treasury [7]	Risk Premium [8]	ROE [9]
Current 30-day average of 30-year U.S. Treasury bond yield [4]	4.83%	5.79%	10.62%
Blue Chip Near-Term Projected Forecast (Q1 2026 - Q1 2027) [5]	4.80%	5.80%	10.60%
Blue Chip Long-Term Projected Forecast (2027-2031) [6]	4.60%	5.89%	10.49%
AVERAGE			10.57%

Notes:

- [1] Source: Regulatory Research Associates, rate cases through January 31, 2026
- [2] Source: S&P Capital IQ Pro, quarterly bond yields are the average of each trading day in the quarter
- [3] Equals Column [1] - Column [2]
- [4] Source: S&P Capital IQ Pro, 30-day average as of January 31, 2026
- [5] Source: Blue Chip Financial Forecasts, Vol. 45, No. 2, January 30, 2026, at 2
- [6] Source: Blue Chip Financial Forecasts, Vol. 44, No. 12, December 1, 2025, at 14
- [7] See notes [4], [5] & [6]

BOND YIELD PLUS RISK PREMIUM

	[1]	[2]	[3]
Quarter	Average Authorized Natural Gas ROE	U.S. Govt. 30-year Treasury	Risk Premium
1980.1	13.45%	11.66%	1.79%
1980.2	14.38%	10.52%	3.85%
1980.3	13.87%	10.85%	3.02%
1980.4	14.35%	12.10%	2.25%
1981.1	14.71%	12.53%	2.18%
1981.2	14.61%	13.24%	1.36%
1981.3	14.86%	14.13%	0.72%
1981.4	15.70%	13.85%	1.86%
1982.1	15.55%	13.96%	1.59%
1982.2	15.62%	13.52%	2.10%
1982.3	15.77%	12.79%	2.97%
1982.4	15.63%	10.75%	4.89%
1983.1	15.41%	10.71%	4.71%
1983.2	14.84%	10.65%	4.19%
1983.3	15.24%	11.62%	3.62%
1983.4	15.40%	11.74%	3.66%
1984.1	15.39%	12.04%	3.35%
1984.2	15.07%	13.18%	1.89%
1984.3	15.46%	12.69%	2.77%
1984.4	15.33%	11.70%	3.63%
1985.1	15.03%	11.58%	3.45%
1985.2	15.44%	11.00%	4.45%
1985.3	14.64%	10.55%	4.08%
1985.4	14.37%	10.04%	4.33%
1986.1	14.05%	8.77%	5.28%
1986.2	13.28%	7.49%	5.79%
1986.3	13.09%	7.40%	5.69%
1986.4	13.62%	7.53%	6.09%
1987.1	12.61%	7.49%	5.11%
1987.2	13.04%	8.53%	4.51%
1987.3	12.70%	9.06%	3.64%
1987.4	12.69%	9.23%	3.46%
1988.1	12.94%	8.63%	4.31%
1988.2	12.48%	9.06%	3.41%
1988.3	12.79%	9.18%	3.61%
1988.4	12.98%	8.97%	4.00%
1989.1	12.99%	9.04%	3.96%
1989.2	13.25%	8.70%	4.55%
1989.3	12.56%	8.12%	4.44%
1989.4	12.94%	7.93%	5.00%
1990.1	12.68%	8.44%	4.24%
1990.2	12.81%	8.65%	4.16%
1990.3	12.36%	8.79%	3.57%
1990.4	12.78%	8.56%	4.22%
1991.1	12.69%	8.20%	4.49%
1991.2	12.53%	8.31%	4.22%
1991.3	12.43%	8.19%	4.24%
1991.4	12.33%	7.85%	4.48%
1992.1	12.42%	7.81%	4.61%
1992.2	11.98%	7.90%	4.09%
1992.3	11.87%	7.45%	4.42%
1992.4	11.94%	7.52%	4.42%
1993.1	11.75%	7.07%	4.68%
1993.2	11.71%	6.86%	4.85%
1993.3	11.39%	6.32%	5.07%
1993.4	11.16%	6.14%	5.02%
1994.1	11.12%	6.58%	4.54%
1994.2	10.84%	7.36%	3.47%
1994.3	10.87%	7.59%	3.28%
1994.4	11.53%	7.96%	3.56%
1995.2	11.00%	6.94%	4.06%
1995.3	11.07%	6.72%	4.35%
1995.4	11.61%	6.24%	5.37%
1996.1	11.45%	6.29%	5.16%
1996.2	10.88%	6.92%	3.95%

BOND YIELD PLUS RISK PREMIUM

	[1]	[2]	[3]
Quarter	Average Authorized Natural Gas ROE	U.S. Govt. 30- year Treasury	Risk Premium
1996.3	11.25%	6.97%	4.28%
1996.4	11.19%	6.62%	4.57%
1997.1	11.31%	6.82%	4.49%
1997.2	11.70%	6.94%	4.76%
1997.3	12.00%	6.53%	5.47%
1997.4	10.92%	6.15%	4.77%
1998.2	11.37%	5.85%	5.52%
1998.3	11.41%	5.48%	5.93%
1998.4	11.69%	5.11%	6.58%
1999.1	10.82%	5.37%	5.44%
1999.2	11.25%	5.80%	5.45%
1999.4	10.38%	6.26%	4.12%
2000.1	10.66%	6.30%	4.36%
2000.2	11.03%	5.98%	5.05%
2000.3	11.33%	5.79%	5.54%
2000.4	12.10%	5.69%	6.41%
2001.1	11.38%	5.45%	5.93%
2001.2	10.75%	5.70%	5.05%
2001.4	10.65%	5.30%	5.35%
2002.1	10.67%	5.52%	5.15%
2002.2	11.64%	5.62%	6.03%
2002.3	11.50%	5.09%	6.41%
2002.4	11.01%	4.93%	6.08%
2003.1	11.38%	4.85%	6.53%
2003.2	11.36%	4.60%	6.76%
2003.3	10.61%	5.11%	5.50%
2003.4	10.84%	5.11%	5.73%
2004.1	11.06%	4.88%	6.18%
2004.2	10.57%	5.34%	5.24%
2004.3	10.37%	5.11%	5.26%
2004.4	10.66%	4.93%	5.73%
2005.1	10.65%	4.71%	5.94%
2005.2	10.54%	4.47%	6.07%
2005.3	10.47%	4.42%	6.05%
2005.4	10.32%	4.65%	5.66%
2006.1	10.68%	4.63%	6.05%
2006.2	10.60%	5.14%	5.46%
2006.3	10.34%	5.00%	5.34%
2006.4	10.14%	4.74%	5.40%
2007.1	10.52%	4.80%	5.72%
2007.2	10.13%	4.99%	5.14%
2007.3	10.03%	4.95%	5.08%
2007.4	10.12%	4.61%	5.50%
2008.1	10.38%	4.41%	5.97%
2008.2	10.17%	4.57%	5.59%
2008.3	10.55%	4.45%	6.10%
2008.4	10.34%	3.64%	6.69%
2009.1	10.24%	3.44%	6.80%
2009.2	10.11%	4.17%	5.94%
2009.3	9.88%	4.32%	5.56%
2009.4	10.31%	4.34%	5.97%
2010.1	10.24%	4.62%	5.61%
2010.2	9.99%	4.37%	5.62%
2010.3	10.43%	3.86%	6.57%
2010.4	10.09%	4.17%	5.92%
2011.1	10.10%	4.56%	5.54%
2011.2	9.85%	4.34%	5.51%
2011.3	9.65%	3.70%	5.95%
2011.4	9.88%	3.04%	6.84%
2012.1	9.63%	3.14%	6.50%
2012.2	9.83%	2.94%	6.89%
2012.3	9.75%	2.74%	7.01%
2012.4	10.06%	2.86%	7.19%
2013.1	9.57%	3.13%	6.44%
2013.2	9.47%	3.14%	6.33%

BOND YIELD PLUS RISK PREMIUM

	[1]	[2]	[3]
	Average		
	Authorized		
Quarter	Natural Gas ROE	U.S. Govt. 30- year Treasury	Risk Premium
2013.3	9.60%	3.71%	5.89%
2013.4	9.83%	3.79%	6.04%
2014.1	9.54%	3.69%	5.85%
2014.2	9.84%	3.44%	6.39%
2014.3	9.45%	3.27%	6.18%
2014.4	10.28%	2.96%	7.32%
2015.1	9.47%	2.55%	6.91%
2015.2	9.43%	2.88%	6.55%
2015.3	9.75%	2.96%	6.79%
2015.4	9.68%	2.96%	6.71%
2016.1	9.48%	2.72%	6.76%
2016.2	9.42%	2.57%	6.85%
2016.3	9.47%	2.28%	7.19%
2016.4	9.67%	2.83%	6.84%
2017.1	9.60%	3.05%	6.55%
2017.2	9.47%	2.90%	6.57%
2017.3	10.14%	2.82%	7.32%
2017.4	9.70%	2.82%	6.88%
2018.1	9.68%	3.02%	6.66%
2018.2	9.43%	3.09%	6.34%
2018.3	9.71%	3.06%	6.65%
2018.4	9.53%	3.27%	6.26%
2019.1	9.55%	3.01%	6.54%
2019.2	9.73%	2.78%	6.94%
2019.3	9.95%	2.29%	7.67%
2019.4	9.74%	2.26%	7.48%
2020.1	9.43%	1.89%	7.55%
2020.2	9.55%	1.38%	8.17%
2020.3	9.52%	1.37%	8.15%
2020.4	9.50%	1.62%	7.87%
2021.1	9.75%	2.07%	7.67%
2021.2	9.48%	2.26%	7.22%
2021.3	9.43%	1.93%	7.50%
2021.4	9.59%	1.95%	7.65%
2022.1	9.38%	2.25%	7.12%
2022.2	9.52%	3.05%	6.47%
2022.3	9.52%	3.26%	6.26%
2022.4	9.65%	3.89%	5.75%
2023.1	9.66%	3.75%	5.91%
2023.2	9.40%	3.81%	5.59%
2023.3	9.53%	4.23%	5.30%
2023.4	9.62%	4.58%	5.04%
2024.1	9.62%	4.32%	5.29%
2024.2	9.95%	4.58%	5.37%
2024.3	9.58%	4.23%	5.35%
2024.4	9.70%	4.50%	5.21%
2025.1	9.73%	4.72%	5.02%
2025.2	9.73%	4.84%	4.90%
2025.3	9.60%	4.85%	4.75%
2025.4	9.70%	4.71%	4.99%
2026.1	9.60%	4.84%	4.76%
AVERAGE	11.30%	6.01%	5.29%
MEDIAN	10.66%	5.11%	5.44%

FLOTATION COST ADJUSTMENT

[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]		
Company	Date [i]	Shares Issued (000)	Offering Price	Underwriting Discount [ii]	Offering Expense (\$000)	Net Proceeds Per Share	Total Flotation Costs (\$000)	Gross Equity Issue Before Costs (\$000)	Net Proceeds (\$000)	Flotation Cost Percentage
Southwest Gas Holdings, Inc.	3/10/2023	3,576	\$ 60.12	\$ 2.03	\$ 538.00	\$ 57.94	\$ 7,794	\$ 214,989	\$ 207,195	3.625%
Total							\$ 7,794.1	\$ 214,989.1	\$ 207,195.1	3.625% [10]
							WEIGHTED AVERAGE FLOTATION COSTS			

Notes:

- [i] Offering Completion Date
- [ii] Underwriting discount was calculated as the market price minus the offering price when not explicitly given in the prospectus.

The flotation cost adjustment is derived by dividing the dividend yield by 1 - F (where F = flotation costs expressed in percentage terms), or by 0.9637, and adding that result to the constant growth rate to determine the cost of equity. Using the formulas shown previously in my testimony, the Constant Growth DCF calculation is modified as follows to accommodate an adjustment for flotation costs:

$$k = \frac{D \times (1 + 0.5g)}{P \times (1 - F)} + g$$

[11]	[12]	[13]	[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]
Company	Annualized Dividend	Stock Price	Dividend Yield	Expected Dividend Yield	Expected Dividend Yield Adjusted for Flotation Costs	Zacks Earnings Growth	CapIQ	Average Earnings Growth	ROE	ROE Adjusted for Flotation Costs
Almos Energy Corporation	\$4.00	\$167.81	2.38%	2.48%	2.57%	6.50%	8.26%	7.75%	10.23%	10.32%
Chesapeake Utilities Corporation	\$2.74	\$125.30	2.19%	2.28%	2.36%	n/a	8.15%	8.08%	10.35%	10.44%
NISource Inc.	\$1.12	\$42.61	2.63%	2.73%	2.83%	6.00%	8.68%	7.56%	10.29%	10.39%
Northwest Natural Gas Company	\$1.97	\$46.27	4.26%	4.39%	4.55%	n/a	5.50%	6.00%	10.39%	10.55%
ONE Gas, Inc.	\$2.68	\$77.89	3.44%	3.55%	3.68%	6.70%	7.10%	6.10%	9.65%	9.78%
Spite, Inc.	\$3.30	\$83.22	3.97%	4.12%	4.28%	10.50%	8.40%	7.80%	11.92%	12.08%
Mean									10.47%	10.59%
Median									10.32%	10.41%
Flotation Cost Adjustment (Mean)									[22]	0.12%
Flotation Cost Adjustment (Median)									[23]	0.09%

Notes:

- [1] Source: Company Prospectus
- [2] Source: Company Prospectus
- [3]-[4] Source: Company Prospectus
- [5] Equals [8]/[1]
- [6] Equals [4] + ([1] x [3])
- [7] Equals [1] x [2]
- [8] Equals [7] - [6]
- [9] Equals [6] / [7]
- [10] Equals average [6] / average [7]
- [11] Source: Bloomberg Professional
- [12] Source: Bloomberg Professional, equals 30-day average as of January 31, 2026
- [13] Equals [11] / [12]
- [14] Equals [13] x (1 + 0.5 x [19])
- [15] Equals [14] / (1 - Flotation Cost)
- [16] Source: Value Line
- [17] Source: Zacks
- [18] Source: S&P Cap IQ
- [19] Equals Average ([16], [17], [18])
- [20] Equals [14] + [19]
- [21] Equals [15] + [19]
- [22] Equals Average ([21]) - Average ([20])
- [23] Equals Median ([21]) - Median ([20])

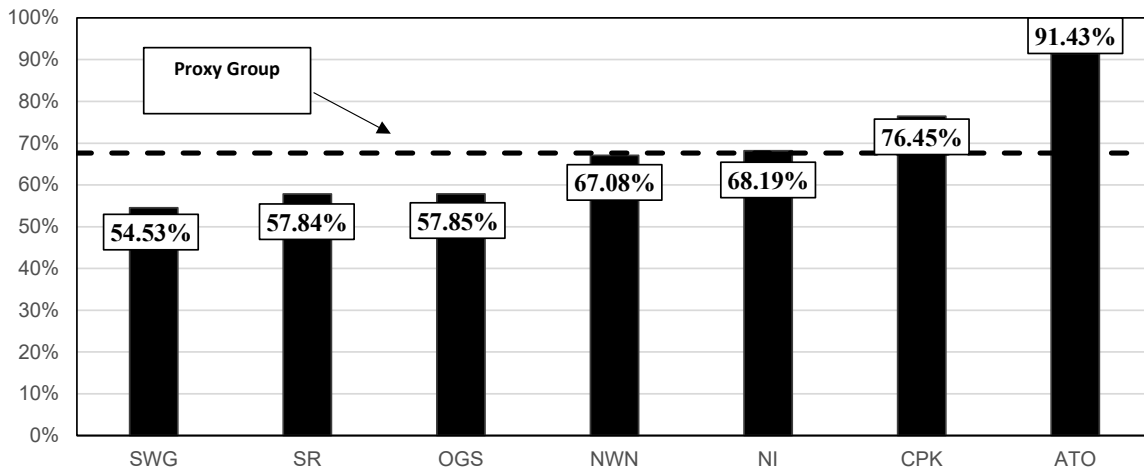
2026-2030 CAPITAL EXPENDITURES AS A PERCENTAGE OF 2024 NET PLANT
(\$ Millions)

		[1]	[2]	[3]	[4]	[5]	[6]	[7]
		2024	2026	2027	2028	2029	2030	2026-2030 Cap. Ex. / 2024 Net Plant
Atmos Energy Corporation	ATO							
Capital Spending per Share			\$ 25.00	\$ 23.30	\$ 21.60	\$ 21.60	\$ 21.60	
Common Shares Outstanding			168.0	176.5	185.0	185.0	185.0	
Capital Expenditures			\$ 4,200.00	\$ 4,112.45	\$ 3,996.00	\$ 3,996.00	\$ 3,996.00	91.43%
Net Plant	\$	22,204						
Chesapeake Utilities Corporation	CPK							
Capital Spending per Share			\$ 18.75	\$ 17.15	\$ 15.55	\$ 15.55	\$ 15.55	
Common Shares Outstanding			24.0	25.0	26.0	26.0	26.0	
Capital Expenditures			\$ 450.00	\$ 428.75	\$ 404.30	\$ 404.30	\$ 404.30	76.45%
Net Plant	\$	2,736						
NiSource Inc.	NI							
Capital Spending per Share			\$ 6.00	\$ 6.50	\$ 7.00	\$ 7.00	\$ 7.00	
Common Shares Outstanding			500.0	512.5	525.0	525.0	525.0	
Capital Expenditures			\$ 3,000.00	\$ 3,331.25	\$ 3,675.00	\$ 3,675.00	\$ 3,675.00	68.19%
Net Plant	\$	25,454						
Northwest Natural Gas Company	NWN							
Capital Spending per Share			\$ 9.80	\$ 10.05	\$ 10.30	\$ 10.30	\$ 10.30	
Common Shares Outstanding			45.0	47.5	50.0	50.0	50.0	
Capital Expenditures			\$ 441.00	\$ 477.38	\$ 515.00	\$ 515.00	\$ 515.00	67.08%
Net Plant	\$	3,672						
ONE Gas, Inc.	OGS							
Capital Spending per Share			\$ 11.95	\$ 11.55	\$ 11.15	\$ 11.15	\$ 11.15	
Common Shares Outstanding			62.0	66.0	70.0	70.0	70.0	
Capital Expenditures			\$ 740.90	\$ 762.30	\$ 780.50	\$ 780.50	\$ 780.50	57.85%
Net Plant	\$	6,646						
Spire	SR							
Capital Spending per Share			\$ 14.60	\$ 14.50	\$ 12.75	\$ 12.75	\$ 12.75	
Common Shares Outstanding			60.0	62.0	72.0	72.0	72.0	
Capital Expenditures			\$ 876.00	\$ 899.00	\$ 918.00	\$ 918.00	\$ 918.00	57.84%
Net Plant	\$	6,243						
Southwest Gas Corporation NV	SWG							
Capital Expenditures [8]			\$ 302.71	\$ 291.79	\$ 249.72	\$ 274.21	\$ 276.73	54.53%
Net Utility Plant [9]	\$	2,558.72						
	[10]		SWG CapEx Total (2026-2030)					\$1,395
	[11]		SWG CapEx Annual Average					\$279
	[12]		Proxy Group Median					67.63%
	[13]		SWG as % Proxy Group Median					80.62%

Notes:

- [1] - [6] Value Line, dated November 21, 2025
[7] Equals (Column [2] + [3] + [4] + [5] + [6]) / Column [1]
[8] Provided by the Company
[9] Aouthwest Gas Annual Report to Nevada Commission 12/31/24, p.110
[10] Equals Column [2] + [3] + [4] + [5] + [6] for SWG
[11] Equals average of Column [2] + [3] + [4] + [5] + [6] for SWG
[12] Equals median of [7] for each proxy group company
[13] Equals Column [7] for SWG / [12]

2026-2030 CAPITAL EXPENDITURES AS A PERCENT OF 2024 NET PLANT



Projected CAPEX/2024 Net Plant

Company	Ticker	Projected CAPEX / 2024 Net Plant
1 Southwest Gas Corporation NV	SWG	54.53%
2 Spire	SR	57.84%
3 ONE Gas, Inc.	OGS	57.85%
4 Northwest Natural Gas Company	NWN	67.08%
5 NiSource Inc.	NI	68.19%
6 Chesapeake Utilities Corporation	CPK	76.45%
7 Atmos Energy Corporation	ATO	91.43%
Proxy Group Median		67.63%
Southwest Gas Corporation in % of Median		80.62%

Notes:

Exhibit SWG-AEB-10, p. 1 col. [7]

COMPARISON OF SOUTHWEST GAS CORPORATION AND PROXY GROUP COMPANIES
 REGULATORY RISK ASSESSMENT

Company	Operating Subsidiary	State	Utility Type	Test Year Convention	[2] Revenue Decoupling	[3] Formula Based Rates	[4] Revenue Stabilization		[5] Overall Revenue Stabilization	[6] Capital Cost Recovery	[7] CWIP Allowed in Rate Base
							Straight	Fixed Variable			
Atmos Energy Corporation	Atmos Energy Corp.	Kansas	Gas	Historical	Yes	No	No	Yes	Yes	Yes	
	Atmos Energy Corp.	Kentucky	Gas	Fully Forecast	Yes	No	No	Yes	Yes	Yes	
	Atmos Energy Corp.	Louisiana	Gas	Historical	Yes	Yes	No	Yes	Yes	Yes	
	Atmos Energy Corp.	Mississippi	Gas	Historical	Yes	Yes	No	Yes	Yes	Yes	
	Atmos Energy Corp.	Tennessee	Gas	Historical	Yes	Yes	No	Yes	Yes	Yes	
	Atmos Energy Corp.	Texas RRC	Gas	Historical	Yes	Yes	No	Yes	Yes	No	
Chesapeake Utilities Corporation	Atmos Energy Corp.	Virginia	Gas	Historical	Yes	No	No	Yes	Yes	No	
	Chesapeake Utilities Corp.	Delaware	Gas	Historical	No	No	No	Yes	Yes	Yes	
NSource Inc.	Florida	Gas	Gas	Fully Forecast	No	No	No	Yes	Yes	Yes	
	Indiana	Electric	Electric	Fully Forecast	Yes	No	No	Yes	Yes	Yes	
Northwest Natural Gas Company	Northern Indiana Public Service Co.	Indiana	Gas	Fully Forecast	Yes	No	No	Yes	Yes	Yes	
	Northern Indiana Public Service Co.	Indiana	Gas	Fully Forecast	Yes	No	No	Yes	Yes	Yes	
	Columbia Gas of Kentucky Inc.	Kentucky	Gas	Fully Forecast	Yes	No	No	Yes	Yes	Yes	
	Columbia Gas of Maryland Inc.	Maryland	Gas	Partially Forecast	Yes	No	No	Yes	Yes	Yes	
	Columbia Gas of Ohio Inc.	Ohio	Gas	Partially Forecast	No	No	Yes	Yes	Yes	No	
	Columbia Gas of Pennsylvania Inc.	Pennsylvania	Gas	Fully Forecast	Yes	No	No	Yes	Yes	No	
ONE Gas, Inc.	Columbia Gas of Virginia Inc.	Virginia	Gas	Fully Forecast	Yes	No	No	Yes	Yes	Yes	
	Northwest Natural Gas Co.	Oregon	Gas	Fully Forecast	Yes	No	No	Yes	Yes	No	
Spire	Northwest Natural Gas Co.	Washington	Gas	Historical	No	No	No	Yes	No	Yes	
	Kansas Gas Service Co.	Kansas	Gas	Historical	Yes	No	No	Yes	Yes	Yes	
	Oklahoma Natural Gas Co.	Oklahoma	Gas	Historical	Yes	No	No	Yes	No	Yes	
	Texas Gas Service Co. Inc.	Texas	Gas	Historical	Yes	No	No	Yes	Yes	No	
Proxy Group Totals	Spire Alabama Inc.	Alabama	Gas	Fully Forecast	Partial	Yes	No	Yes	No	Yes	
	Spire Gulf Inc.	Alabama	Gas	Fully Forecast	Partial	Yes	No	Yes	No	Yes	
Southwest Gas Corporation [8]	Spire Missouri Inc.	Missouri	Gas	Partially Forecast	Partial	No	No	Yes	Yes	No	
	Nevada	Gas	Gas	Historical	Full	No	No	Yes	Yes	No	
				Excluding Spire		Excluding Spire		Excluding Spire		Excluding Spire	
				Fully Forecast	10	8	Yes	25	18	17	15
				Partially Forecast	3	2	No	3	6	4	6
				Historical	11	11	% Forecast	88.00%	80.95%	% Yes	71.43%
				% Forecast Excl Spire	47.62%		% Yes	89.29%	% Yes	75.00%	70.83%
				% Forecast Includ	54.17%		% Yes	89.29%	% Yes	75.00%	70.83%

Notes:
 [1] Regulatory Research Associates, Rate-Case History, effective as of January 30, 2026, Company Tariffs, Company Form 10-K.
 [2] S&P Global Market Intelligence, Regulatory Focus: Adjustment Clauses, dated September, 2025. Operating subsidiaries not covered in this report were excluded from this exhibit.
 [3] Company Form 10-K, Company Tariffs, S&P Capital IQ Pro
 [4] S&P Global Market Intelligence, Regulatory Focus: Adjustment Clauses, dated September, 2025. Operating subsidiaries not covered in this report were excluded from this exhibit.
 [5] Enbridge (E) AND (G) - No, [4] - No, [5] - No, [6] - Yes
 [6] S&P Global Market Intelligence, Regulatory Focus: Adjustment Clauses, dated September, 2025. Operating subsidiaries not covered in this report were excluded from this exhibit.
 [7] S&P Capital IQ Pro, Commission Profiles, Rate Base and Test Period accessed on January 8, 2026.
 [8] Data provided by the Company

**COMPARISON OF SOUTHWEST GAS CORPORATION AND PROXY GROUP COMPANIES
RRA JURISDICTIONAL RANKINGS**

	Operation State	[1]	[2]
		RRA	
		Rank	Numeric Rank
Atmos Energy Corporation	Kansas	Average/3	6
	Kentucky	Average/2	5
	Louisiana (PSC)	Average/2	5
	Mississippi	Above Average/3	3
	Tennessee	Above Average/3	3
	Texas (RRC)	Average/1	4
Chesapeake Utilities Corporation	Delaware	Average/2	5
	Florida	Above Average/2	2
	Indiana	Average/1	4
NiSource Inc.	Kentucky	Average/2	5
	Maryland	Below Average/3	9
	Ohio	Average/1	4
	Pennsylvania	Above Average/2	2
	Virginia	Average/1	4
	Northwest Natural Gas Company	Oregon	Average/3
ONE Gas, Inc.	Washington	Average/3	6
	Kansas	Average/3	6
Spire, Inc.	Oklahoma	Average/3	6
	Texas (RRC)	Average/1	4
	Alabama	Above Average/1	1
	Mississippi	Above Average/3	3
	Missouri	Average/2	5
Proxy Group Average		Average1 - Average/2	4.68
Proxy Group Average- Including Spire		Average1 - Average/2	4.45
Southwest Gas Corporation	Nevada	Average/1	4

Notes

[1] State Regulatory Evaluations, Regulatory Research Associates, December 10, 2025.

[2] AA/1= 1, AA/2= 2, AA/3= 3, A/1= 4, A/2= 5, A/3=6, BA/1= 7, BA/2= 8, BA/3= 9

**COMPARISON OF SOUTHWEST GAS CORPORATION AND PROXY GROUP COMPANIES
S&P JURISDICTIONAL RANKINGS**

	Operation State	[1]	[2]
		Rank	Numeric Rank
Atmos Energy Corporation	Kansas	Highly credit supportive	2
	Kentucky	Most credit supportive	1
	Louisiana — PSC	Highly credit supportive	2
	Mississippi	Highly credit supportive	2
	Tennessee	Highly credit supportive	2
	Texas — RRC	Highly credit supportive	2
Chesapeake Utilities Corp.	Delaware	Very credit supportive	3
	Florida	Most credit supportive	1
NiSource Inc.	Indiana	Highly credit supportive	2
	Kentucky	Most credit supportive	1
	Maryland	Very credit supportive	3
	Ohio	Very credit supportive	3
	Pennsylvania	Highly credit supportive	2
	Virginia	Highly credit supportive	2
Northwest Natural Gas Company	Oregon	More credit supportive	4
	Washington	Very credit supportive	3
ONE Gas, Inc.	Kansas	Highly credit supportive	2
	Oklahoma	Very credit supportive	3
	Texas — RRC	Highly credit supportive	2
Spire, Inc.	Alabama	Most credit supportive	1
	Mississippi	Highly credit supportive	2
	Missouri	Highly credit supportive	2
Proxy Group Average		Highly Credit Supportive / Very Credit Supportive	2.21
Proxy Group Average- Including Spire			2.14
Southwest Gas Corporation	Nevada	Very Credit Supportive	3

Notes

- [1] Source: North American Utilities Regulatory Jurisdictions Update: South Carolina Assessment Revised; Other Notable Developments, November 4, 2025.
[2] Most= 1, Highly= 2, Very= 3, More= 4, Credit Supportive= 5

CAPITAL STRUCTURE ANALYSIS

COMMON EQUITY RATIO [1]					
Proxy Group Company	Ticker	2024	2023	2022	3-yr Avg.
Atmos Energy Corporation	ATO	60.26%	60.20%	60.01%	60.16%
Chesapeake Utilities Corporation	CPK	51.92%	50.83%	58.13%	53.63%
NiSource Inc.	NI	54.89%	55.44%	54.17%	54.83%
Northwest Natural Gas Company	NWN	49.60%	47.26%	51.21%	49.36%
One Gas Inc.	OGS	68.93%	70.68%	58.24%	65.95%
Spire, Inc.	SR	53.15%	52.08%	54.48%	53.24%
Proxy Group					
MEAN		56.46%	56.08%	56.04%	56.19%
LOW		49.60%	47.26%	51.21%	49.36%
HIGH		68.93%	70.68%	60.01%	65.95%

COMMON EQUITY RATIO - UTILITY OPERATING COMPANIES					
Company Name	Ticker	2024	2023	2022	3-yr Avg.
Atmos Energy Corporation	ATO	60.26%	60.20%	60.01%	60.16%
Chesapeake Utilities Corporation	CPK	51.92%	50.83%	58.13%	53.63%
Northern Indiana Public Service Company LLC	NI	58.24%	59.26%	56.92%	58.14%
Columbia Gas of Kentucky, Inc.	NI	51.44%	53.66%	54.91%	53.34%
Columbia Gas of Maryland, Inc.	NI	52.00%	52.00%	51.96%	51.99%
Columbia Gas of Ohio, Inc.	NI	50.27%	50.50%	50.67%	50.48%
Columbia Gas of Pennsylvania, Inc.	NI	56.07%	55.88%	56.64%	56.20%
Columbia Gas of Virginia, Inc.	NI	44.58%	45.25%	44.25%	44.69%
Northwest Natural Gas Company	NWN	49.60%	47.26%	51.21%	49.36%
Kansas Gas Service Company, Inc.	OGS	59.53%	60.44%	58.37%	59.45%
Oklahoma Natural Gas Company	OGS	59.23%	60.46%	58.26%	59.32%
Texas Gas Service Company, Inc.	OGS	100.00%	100.00%	58.13%	86.04%
Spire Alabama Inc.	SR	55.84%	55.31%	61.18%	57.44%
Spire Gulf Inc.	SR	48.89%	46.42%	51.61%	48.97%
Spire Mississippi Inc.	SR	100.00%	100.00%	100.00%	100.00%
Spire Missouri Inc.	SR	51.93%	50.66%	51.46%	51.35%

Notes:

[1] Ratios are weighted by actual common capital, preferred equity, and long-term debt of Operating Subsidiaries.

[2] Natural Gas and Electric operating subsidiaries where data was unable to be obtained for 2024, 2023 and 2022 were removed from the analysis.

CAPITAL STRUCTURE ANALYSIS

LONG-TERM DEBT RATIO [1]					
Proxy Group Company	Ticker	2024	2023	2022	3-yr Avg.
Atmos Energy Corporation	ATO	39.74%	39.80%	39.99%	39.84%
Chesapeake Utilities Corporation	CPK	48.08%	49.17%	41.87%	46.37%
NiSource Inc.	NI	45.11%	44.56%	45.83%	45.17%
Northwest Natural Gas Company	NWN	50.40%	52.74%	48.79%	50.64%
One Gas Inc.	OGS	31.07%	29.32%	41.76%	34.05%
Spire, Inc.	SR	46.85%	47.92%	45.52%	46.76%
Proxy Group					
MEAN		43.54%	43.92%	43.96%	43.81%
LOW		31.07%	29.32%	39.99%	34.05%
HIGH		50.40%	52.74%	48.79%	50.64%

LONG-TERM DEBT RATIO - UTILITY OPERATING COMPANIES					
Company Name	Ticker	2024	2023	2022	3-yr Avg.
Atmos Energy Corporation	ATO	39.74%	39.80%	39.99%	39.84%
Chesapeake Utilities Corporation	CPK	48.08%	49.17%	41.87%	46.37%
Northern Indiana Public Service Company LLC	NI	41.76%	40.74%	43.08%	41.86%
Columbia Gas of Kentucky, Inc.	NI	48.56%	46.34%	45.09%	46.66%
Columbia Gas of Maryland, Inc.	NI	48.00%	48.00%	48.04%	48.01%
Columbia Gas of Ohio, Inc.	NI	49.73%	49.50%	49.33%	49.52%
Columbia Gas of Pennsylvania, Inc.	NI	43.93%	44.12%	43.36%	43.80%
Columbia Gas of Virginia, Inc.	NI	55.42%	54.75%	55.75%	55.31%
Northwest Natural Gas Company	NWN	50.40%	52.74%	48.79%	50.64%
Kansas Gas Service Company, Inc.	OGS	40.47%	39.56%	41.63%	40.55%
Oklahoma Natural Gas Company	OGS	40.77%	39.54%	41.74%	40.68%
Texas Gas Service Company, Inc.	OGS	0.00%	0.00%	41.87%	13.96%
Spire Alabama Inc.	SR	44.16%	44.69%	38.82%	41.76%
Spire Gulf Inc.	SR	51.11%	53.58%	48.39%	50.99%
Spire Mississippi Inc.	SR	0.00%	0.00%	0.00%	0.00%
Spire Missouri Inc.	SR	48.07%	49.34%	48.54%	48.94%

Notes:

[1] Ratios are weighted by actual common capital, preferred equity, and long-term debt of Operating Subsidiaries.

[2] Natural Gas and Electric operating subsidiaries where data was unable to be obtained for 2024, 2023 and 2022 were removed from the analysis.

CAPITAL STRUCTURE ANALYSIS

PREFERRED EQUITY RATIO [1]					
Proxy Group Company	Ticker	2024	2023	2022	3-yr Avg.
Atmos Energy Corporation	ATO	0.00%	0.00%	0.00%	0.00%
Chesapeake Utilities Corporation	CPK	0.00%	0.00%	0.00%	0.00%
NiSource Inc.	NI	0.00%	0.00%	0.00%	0.00%
Northwest Natural Gas Company	NWN	0.00%	0.00%	0.00%	0.00%
One Gas Inc.	OGS	0.00%	0.00%	0.00%	0.00%
Spire, Inc.	SR	0.00%	0.00%	0.00%	0.00%
Proxy Group					
MEAN		0.00%	0.00%	0.00%	0.00%
LOW		0.00%	0.00%	0.00%	0.00%
HIGH		0.00%	0.00%	0.00%	0.00%

PREFERRED EQUITY RATIO - UTILITY OPERATING COMPANIES					
Company Name	Ticker	2024	2023	2022	3-yr Avg.
Atmos Energy Corporation	ATO	0.00%	0.00%	0.00%	0.00%
Chesapeake Utilities Corporation	CPK	0.00%	0.00%	0.00%	0.00%
Northern Indiana Public Service Company LLC	NI	0.00%	0.00%	0.00%	0.00%
Columbia Gas of Kentucky, Inc.	NI	0.00%	0.00%	0.00%	0.00%
Columbia Gas of Maryland, Inc.	NI	0.00%	0.00%	0.00%	0.00%
Columbia Gas of Ohio, Inc.	NI	0.00%	0.00%	0.00%	0.00%
Columbia Gas of Pennsylvania, Inc.	NI	0.00%	0.00%	0.00%	0.00%
Columbia Gas of Virginia, Inc.	NI	0.00%	0.00%	0.00%	0.00%
Northwest Natural Gas Company	NWN	0.00%	0.00%	0.00%	0.00%
Kansas Gas Service Company, Inc.	OGS	0.00%	0.00%	0.00%	0.00%
Oklahoma Natural Gas Company	OGS	0.00%	0.00%	0.00%	0.00%
Texas Gas Service Company, Inc.	OGS	0.00%	0.00%	0.00%	0.00%
Spire Alabama Inc.	SR	0.00%	0.00%	0.00%	0.00%
Spire Gulf Inc.	SR	0.00%	0.00%	0.00%	0.00%
Spire Mississippi Inc.	SR	0.00%	0.00%	0.00%	0.00%
Spire Missouri Inc.	SR	0.00%	0.00%	0.00%	0.00%

Notes:

[1] Ratios are weighted by actual common capital, preferred equity, and long-term debt of Operating Subsidiaries.

[2] Natural Gas and Electric operating subsidiaries where data was unable to be obtained for 2024, 2023 and 2022 were removed from the analysis.

1 **AFFIRMATION OF ANN E. BULKLEY**

2 Pursuant to NAC 703.710, ANN E. BULKLEY affirms and declares the following:

- 3 1. I am over 18 years of age and am competent to testify to facts stated below which
4 are based upon my personal knowledge.
- 5 2. That I am the person identified in the foregoing prepared testimony, including,
6 where applicable, any exhibits.
- 7 3. That such testimony and exhibits were prepared by me or under my direction.
- 8 4. That the information appearing in my testimony and exhibits are true to the best
9 of my knowledge and belief and that if I were asked the questions stated therein
10 under oath, my answers would be the same.
- 11 5. Pursuant to NRS 53.045, I declare under penalty of perjury under the law of the
12 State of Nevada that the foregoing is true and correct.

13 EXECUTED and DATED this 3rd day of March 2026

14
15 
16 ANN E. BULKLEY

IN THE MATTER OF
SOUTHWEST GAS CORPORATION
DOCKET NO. 26-03____

PREPARED DIRECT TESTIMONY
OF
BYRON C. WILLIAMS

ON BEHALF OF
SOUTHWEST GAS CORPORATION

March 17, 2026

Table of Contents
Prepared Direct Testimony
of
Byron C. Williams

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

<u>Description</u>	<u>Page No.</u>
I. INTRODUCTION.....	2
II. TAX STATEMENTS AND SCHEDULES	4
III. EXCESS ACCUMULATED DEFERRED INCOME TAXES (EADIT)	8
IV. CONTRIBUTIONS IN AID OF CONSTRUCTION	10
V. PROPERTY TAXES	11
VI. 2 PERCENT NET PROFITS FEE	15
VII. TAX REPAIRS PROJECT.....	16
VIII. CONCLUSION	19
Appendix A – Summary of Qualifications of Byron C. Williams	
Exhibit No.__(BCW-1)	
Exhibit No.__(BCW-2)	
Affirmation of Byron C. Williams	

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Prepared Direct Testimony
of
Byron C. Williams

I. INTRODUCTION

Q. 1 Please state your name and business address.

A. 1 My name is Byron C. Williams. My business address is 8360 S. Durango Drive,
Las Vegas 89113.

Q. 2 By whom and in what capacity are you employed?

A. 2 I am employed by Southwest Gas Corporation (Southwest Gas or Company) in
the Tax Department. My title is Director/Tax.

**Q. 3 Please summarize your educational background and relevant business
experience.**

A. 3 My educational background and relevant business experience are summarized in
Appendix A to this testimony.

Q. 4 Have you previously testified before any regulatory commission?

A. 4 Yes. I have previously provided written testimony to the Arizona Corporation
Commission, the California Public Utilities Commission, the Federal Energy
Regulatory Commission (FERC), and the Public Utilities Commission of Nevada
(Commission). I have also previously testified before the Commission and the
Arizona Corporation Commission.

Q. 5 What is the purpose of your prepared direct testimony in this proceeding?

A. 5 The purpose of my testimony is to provide information concerning Southwest Gas'
federal income tax, state, and local taxes.

1 | **Q. 6 Are you sponsoring any statements or schedule in support of your prepared**
2 | **direct testimony?**

3 | A. 6 Yes. I am sponsoring Statement M and Schedules M-1 through M-5 for the
4 | Southwest Gas' Northern and Southern Nevada rate jurisdictions. I also support
5 | the Property Tax Annualization test year adjustment and the Nevada Annual
6 | Regulatory Assessment (Nevada Mill Assessment) certification adjustment,
7 | included on Schedule No. H-17 and Schedule H-C7, respectively.

8 | **Q. 7 Are these statements and schedules required by the Commission's**
9 | **regulations?**

10 | A. 7 Yes. Nevada Administrative Code (NAC) 703.2265 sets forth filing requirements
11 | for utilities with annual gross operating revenues of \$250K or more, which includes
12 | the filing of Statement M, and its respective schedules, with a general rate case
13 | application.

14 | **Q. 8 Please summarize your prepared direct testimony.**

15 | A. 8 My prepared direct testimony addresses the following key topics:
16 | • Southwest Gas' calculation of the provision of federal income taxes;
17 | • Southwest Gas' calculation and treatment of Excess Accumulated Deferred
18 | Income Taxes (EADIT);
19 | • The impact of Southwest Gas' collection of contributions in aid of
20 | construction (CIAC) on deferred taxes;
21 | • Southwest Gas' calculation of its property, franchise, business, mill
22 | assessments and miscellaneous taxes, in addition to its proposed tax
23 | adjustments;
24 | • Southwest Gas' calculation of the 2 Percent Net Profits Fee; and
25 |

- Southwest Gas' Tax Repairs Project.

II. TAX STATEMENTS AND SCHEDULES

Q. 9 Please describe Statement M.

A. 9 Pursuant to NAC 703.2411, Statement M must include the following information:
Statement M must contain a statement that shows the computation of allowances for federal income taxes for the period of testing. To indicate the accounting classification applicable to the amount claimed, the computation of the allowance for federal income tax must show separately the amounts designated as current tax and deferred tax.

Q. 10 Has Southwest Gas provided Statement M consistent with and pursuant to NAC 703.2411?

A. 10 Yes. Statement M, Sheets 1 through 3, provides the computation of the provision for federal income tax for the twelve (12) months ended November 30, 2025, for the certification period, and after rate relief. Supporting the computation, Sheet 2 shows the book/tax temporary differences and the resulting calculation of the deferred income tax provision. The calculation of the provision for federal income tax on Sheets 1 and 2 reflects a reduction for the amortization of EADIT, which is supported on Sheet 3.

Q. 11 Please describe Schedule M-1.

A. 11 Pursuant to NAC 703.2415:
Schedule M-1 must contain a complete reconciliation of the book net income with taxable net income as reported to the United States Internal Revenue Service for the most recent year for which a tax return was filed and the 3 preceding years. A complete explanation of all items in the reconciliation must be submitted. If the

1 *tax allowances claimed give effect to omission of items appearing in the*
2 *reconciliations for the most recent tax return or to inclusion of items not appearing*
3 *therein, the reasons for the omissions or inclusions must be submitted.*

4 **Q. 12 Has Southwest Gas provided Schedules M-1 consistent with and pursuant**
5 **to NAC 703.2415?**

6 A. 12 Yes. Schedule M-1 reconciles financial accounting (book) income with taxable
7 income as reported on Southwest Gas' federal income tax returns for the years
8 2021 through 2024. Generally, the reconciling amounts represent timing items
9 because of different periods in which an item may be reported as income or
10 claimed as a deduction for federal income tax purposes as compared to financial
11 accounting purposes.

12 **Q. 13 Please describe Schedule M-2.**

13 A. 13 Pursuant to NAC 703.2421:

14 1. *If tax depreciation differs from book depreciation, the applicant must file*
15 *schedule M-2 showing the computation of the tax depreciation indicating:*

16 a. *Differences between book and tax depreciation on a straight-line basis;*

17 *and*

18 b. *The excess of any accelerated depreciation and amortization used for*
19 *tax purposes over straight-line depreciation.*

20 2. *The schedule must pertain to the most recent year for which a tax return was*
21 *filed and for the 3 previous years.*

22 **Q. 14 Has Southwest Gas provided Schedule M-2 consistent with and pursuant to**
23 **NAC 703.2421?**

24 A. 14 Yes. Schedule M-2 provides the depreciation expense calculation for financial
25 accounting and for federal income tax purposes for Southwest Gas' most recent

1 year for which an income tax return was filed (2024) and the three previous years
2 (2021 through 2023). Depreciation is shown for plant assets by significant
3 category.

4 **Q. 15 Please describe Schedule M-3.**

5 A. 15 Pursuant to NAC 703.2425:

6 *1. If the applicant joins in the filing of a consolidated federal income tax return,*
7 *the applicant must file schedule M-3 showing the net taxable income or loss for*
8 *each company or regulated entity in the consolidation, including an adjustment of*
9 *the excess of accelerated depreciation and amortization of emergency facilities*
10 *over straight-line depreciation for each company involved.*

11 *2. The applicant must also submit the details of consolidation adjustment and*
12 *a computation of the system tax liability based on the consolidated net income for*
13 *the last tax year ending within the period of testing, or immediately prior thereto,*
14 *for which a tax return was filed. In addition, the applicant must include a*
15 *computation showing the percentage of tax savings arising from consolidation for*
16 *the taxable year covered by such a period.*

17 **Q. 16 Has Southwest Gas provided Schedules M-3 consistent with and pursuant**
18 **to NAC 703.2425?**

19 A. 16 Yes. Schedule M-3 provides net taxable income or loss for each entity included
20 in the consolidated federal income tax return for Southwest Gas Holdings, Inc.
21 2024 (which the Company is a member of), as well as the other required
22 information.

23 . . .

24 . . .

25

1 **Q. 17 Please describe Schedule M-4.**

2 A. 17 Pursuant to NAC 703.2431:

3 *Schedule M-4 must contain a schedule that shows monthly book balances of*
4 *accumulated deferred income taxes for each of the 12 months during the period*
5 *of testing.*

6 **Q. 18 Has Southwest Gas provided Schedule M-4 consistent with and pursuant to**
7 **NAC 703.2431?**

8 A. 18 Yes. Schedule M-4 provides, by month, deferred tax balances by Nevada rate
9 jurisdiction. The deferred taxes are recorded in the 282 and 283 series accounts
10 as prescribed by the FERC Uniform System of Accounts.

11 **Q. 19 Please describe Schedule M-5.**

12 A. 19 Pursuant to NAC 703.2435:

13 1. *Schedule M-5 must contain a schedule that shows the taxes paid by the*
14 *applicant, other than income taxes in separate columns, as follows:*

15 a. *Tax expense per books for the period of testing;*

16 b. *Any adjustments to the amounts booked; and*

17 c. *The total adjusted taxes claimed.*

18 2. *The taxes must be shown by states and by kind of taxes.*

19 **Q. 20 Has Southwest Gas provided Schedule M-5 consistent with and pursuant to**
20 **NAC 703.2435?**

21 A. 20 Yes. Schedule M-5, Sheet 1, shows taxes other than income tax for the 12 months
22 ended November 30, 2025. Sheets 2 and 3 provides the detail of taxes other than
23 income taxes by state and type for each month of the test year.

24 . . .

25 . . .

1 **Q. 21 Are there any post-test year adjustments for the Nevada Mill Assessment?**

2 A. 21 Yes. The Company is proposing to continue a certification adjustment on
3 Schedule H-C7 to update the Nevada Mill Assessment with the most recent
4 Annual Regulatory Assessment received from the Commission. This is consistent
5 with the treatment in Docket 23-09012.

6 **III. EXCESS ACCUMULATED DEFERRED INCOME TAXES (EADIT)**

7 **Q. 22 Please provide an explanation of EADIT.**

8 A. 22 EADIT is the portion of the accumulated deferred income tax liability that existed
9 at the end of 2017 (calculated at the historic 35 percent federal income tax rate)
10 that, barring any other rate changes, would not be paid to the federal government
11 because the federal income tax rate was reduced to 21 percent. At the end of
12 2017, as a result, the deferred income tax liability accounts were revalued at a
13 21 percent federal income tax rate. The EADIT was reclassified from the deferred
14 income tax liability account to a regulatory liability account, to be refunded to
15 customers of Southwest Gas.

16 **Q. 23 How will the Company's EADIT be returned to customers?**

17 A. 23 Southwest Gas proposes to continue to adjust the revenue requirement by the
18 maximum amount of plant-related EADIT amortization using the Average Rate
19 Assumption Method (ARAM) as defined in the Internal Revenue Code and the
20 associated Treasury Regulations. Based on the approved amortization period in
21 Docket No. 23-09012, the Southwest Gas' non-plant EADIT balance has already
22 been fully amortized and returned to customers.

23 **Q. 24 What is the ARAM and why is it utilized?**

24 A. 24 The Internal Revenue Code provides guidance to ensure that regulated utilities
25 benefit from the various tax law provisions that were designed to encourage

1 capital expenditures (commonly referred to as the normalization rules). Under
2 these federal income tax law provisions, the ARAM is the methodology used to
3 calculate the maximum amount of protected EADIT returned to customers without
4 triggering penalties for a normalization violation.

5 **Q. 25 How does the ARAM calculate the amortization of EADIT?**

6 A. 25 The ARAM calculation consists of two parts: (1) the calculation of the ratio of
7 aggregate deferred taxes for the property to the aggregate timing differences for
8 the property; and (2) the multiplication of that resulting percentage ratio by the
9 amount of timing differences turning around during the year.

10 **Q. 26 Why must Southwest Gas return EADIT to customers over time, rather than**
11 **immediately?**

12 A. 26 The Internal Revenue Code penalizes the return of protected EADIT to customers
13 more rapidly, or to a greater extent, than the amount computed using the ARAM.
14 A refund faster than the ARAM limitations is a normalization violation according to
15 the Internal Revenue Code and Treasury Regulations. The estimated turnaround
16 required by the ARAM for the Company's plant-related EADIT is approximately
17 40 years (i.e., the book life of the underlying plant).

18 **Q. 27 What are the penalties for a normalization violation if the EADIT is returned**
19 **to customers too quickly?**

20 A. 27 The penalties for a normalization violation are severe and include the following:
21 (1) a current tax penalty equal to the amount by which the entity returned the
22 EADIT to customers more rapidly than permitted under the ARAM; and (2) the
23 entity will no longer be able to claim current or future accelerated depreciation for
24 income tax purposes. These penalties would increase cash tax payments,
25

1 potentially leading to future rate increases related to higher income tax expenses
2 and increased borrowing costs.

3 **Q. 28 Has the Commission adopted previously ARAM for returning EADIT to**
4 **customers?**

5 A. 28 Yes. In 1989, the Commission required the use of the ARAM, as provided in
6 Section 203(e) of the Tax Reform Act of 1986, for utilities maintaining vintage
7 accounts. This requirement was codified in NAC 704.6534. Additionally, in Docket
8 Nos. 18-05031, 20-02023, 21-09001, and 23-09012, the Commission authorized
9 the use of the ARAM for Southwest Gas' EADIT resulting from a change in federal
10 income tax rates.

11 **Q. 29 Please explain the ARAM computations shown on Statement M, Sheet 3.**

12 A. 29 Line 7, column (c) of Sheet 3 shows the annual change in the balance of EADIT
13 caused by the application of the ARAM calculation described in Q&A 25 above.
14 This calculation is performed within utility-specific property accounting software
15 (PowerTax) at the vintage and FERC account level. Numerous calculations are
16 required to determine the amortization amount. The last annual ARAM
17 amortization amount known (based on the 2024 calendar year tax filing) was used
18 to reflect a 12-month period of amortization. This amortization amount reduces
19 the federal income tax component of cost of service, thus passing these savings
20 to customers.

21 **IV. CONTRIBUTIONS IN AID OF CONSTRUCTION**

22 **Q. 30 Was there an effect on deferred taxes from the Company's collection of a**
23 **tax liability factor with respect to taxable CIAC?**

24 A. 30 Yes. Taxable CIAC are reported as taxable income upon receipt, then amortized
25 for tax over the associated property life. Therefore, deferred taxes are recorded

1 on the tax liability factor, in accordance with NAC 704.6532(5), to reflect the timing
2 difference of the tax treatment versus the book treatment of the taxable CIAC.
3 The related deferred taxes are considered in computing rate base.

4 **Q. 31 Is there a ratemaking implication related to any other accounts with respect**
5 **to these contributions?**

6 A. 31 Yes. Consistent with NAC 704.6532(5), the deferred income taxes associated
7 with the CIAC income tax gross-up and customer advance income tax gross-up
8 collected from customers and recorded in regulatory liability accounts 253001473
9 and 254001472, respectively, are recorded in the 282 series accounts. Since
10 regulatory liability accounts 253001473 and 254001472 are not included in rate
11 base, the deferred income tax portion of rate base is adjusted to eliminate the
12 associated deferred income taxes.

13 **V. PROPERTY TAXES**

14 **1. Centrally Assessed Property**

15 **Q. 32 How are Nevada property taxes assessed on Southwest Gas' utility**
16 **properties?**

17 A. 32 Nevada's public utilities are included in a group of large companies comprised of
18 utilities, railroads, airlines, mining operations, etc., which are assessed property
19 taxes directly by the state of Nevada. The term "centrally assessed" is used to
20 describe this method of taxation and can be contrasted with assessments made
21 by county governments on property owners which are termed "locally assessed."

22 **Q. 33 What procedures are used to establish the property tax liabilities of centrally**
23 **assessed taxpayers such as Southwest Gas?**

24 A. 33 Centrally assessed taxpayers provide several annual information reports to the
25 Nevada Department of Taxation (Taxation Department.), which then utilizes that

1 information to determine unitary property values. The reports also include
2 information by geographic location that is used by the Taxation Department to
3 identify the portion of a company's assessed value within Nevada by specific tax
4 areas. The first report, due in April of each year, requires centrally assessed
5 taxpayers to provide the book value of net plant-in-service and audited financial
6 statements. The data provided is for the 12 months ended, or as of, December
7 31 of the previous calendar year.

8 **Q. 34 What other reports are prepared by Southwest Gas for the Taxation**
9 **Department?**

10 A. 34 Southwest Gas also provides an annual report detailing the monthly additions to
11 construction work-in-progress (CWIP Report) for the 12-month period beginning
12 in July of the previous calendar year and ending with June of the current year.
13 The CWIP Report is filed with the Taxation Department each August/September.

14 **Q. 35 What is Southwest Gas' understanding of what the Taxation Department**
15 **does with the information provided by centrally assessed taxpayers?**

16 A. 35 Based on the information provided by centrally assessed taxpayers, the Taxation
17 Department appraises the property using the cost and income value indicators.
18 The Taxation Department reports the final appraised value of properties to
19 centrally assessed taxpayers in or around October. Assuming no disagreement,
20 the taxpayer is then billed property taxes in the subsequent fiscal year based on
21 the appraised value.

22 **Q. 36 Please provide an example of the timing of the valuation and related**
23 **property tax bills.**

24 A. 36 Southwest Gas received a valuation report from the Taxation Department in
25 October 2024, based on financial information as of December 31, 2023 and

1 adjusted for CWIP additions through June 30, 2024. Southwest Gas then
2 received a property tax bill in July 2025, nine months after receiving the valuation
3 report, which was paid quarterly during the 12 months beginning July 1, 2025 and
4 ending June 30, 2026.

5 **Q. 37 Does the CWIP Report result in additional property tax billed to centrally**
6 **assessed taxpayers?**

7 A. 37 Yes. In addition to the annual property tax bill, which includes CWIP additions
8 through the previous June, centrally assessed taxpayers also receive an annual
9 property tax bill in or around November for CWIP monthly additions through June
10 of that year. Continuing with the property tax example above, Southwest Gas
11 received a bill in November 2025, which was paid in December 2025 for CWIP
12 additions from July 2024 through June 2025.

13 **Q. 38 Is property tax expense shown on Schedule M-5?**

14 A. 38 Yes. As stated herein, Schedule M-5 shows taxes other than income taxes for
15 the 12 months ended November 30, 2025. Column (g) of this schedule identifies
16 the amount of the adjustment for property taxes proposed in the instant
17 application.

18 **2. Proposed Property Tax Adjustments**

19 **Q. 39 Is Southwest Gas proposing within test year adjustments to cost of service**
20 **to annualize Nevada property tax expense in this rate case?**

21 A. 39 Yes. Test year adjustments are proposed for both the Northern Nevada and
22 Southern Nevada rate jurisdictions. The calculation of these adjustments is
23 shown on Schedule H-17.

24 ...

25 ...

1 | **Q. 40 Is Southwest Gas utilizing the same property tax rate in the adjustment**
2 | **computation on Schedule H-17 as was determined and utilized for the test**
3 | **period?**

4 | A. 40 Yes.

5 | **Q. 41 How were these rates determined?**

6 | A. 41 The rates were determined by dividing the amounts on the property tax bills
7 | received in July and November 2025 for the tax year ended June 30, 2026 by the
8 | related plant in service at June 30, 2025. This ensures that the most recent rates
9 | were applied to current property balances.

10 | **Q. 42 Please describe the within test year adjustment.**

11 | A. 42 Property tax expense recorded by Southwest Gas for the December 1, 2024
12 | through November 30, 2025 test year in this rate case is based substantially on
13 | property in service at June 30, 2025. Utility plant placed in service from July 1,
14 | 2025 through November 30, 2025 is not yet reflected in property tax expense.

15 | **Q. 43 Does the proposed adjustment represent a known and measurable**
16 | **expense?**

17 | A. 43 Yes. The proposed adjustment is based on known and measurable amounts for
18 | plant in service at the end of the test year. In addition, the property tax rate used
19 | in calculating the proposed adjustment is the rate used by the Taxation
20 | Department in its 2025/2026 tax bills. The plant in service on November 30, 2025,
21 | combined with the property tax rate derived from the most recent property tax bills,
22 | provides a known and measurable basis for determining the property tax
23 | adjustment.

24 |

25 |

1 **Q. 44 Are there any post-test year adjustments to property tax expense?**

2 A. 44 Yes. The Company is proposing a certification adjustment in Schedule H-C5 to
3 update its rate base through May 31, 2026. The change in property taxes is
4 calculated within that adjustment, using the property tax rate developed for the
5 test period.

6 **Q. 45 Why are these adjustments to property tax necessary?**

7 A. 45 The adjustment for property tax expense in the cost of service is necessary
8 primarily due to the requirement to synchronize property tax expense with the
9 amount of plant in rate base at the end of the test period and certification period.
10 This requirement is provided in NAC 704.6528.

11 **VI. 2 PERCENT NET PROFITS FEE**

12 **Q. 46 What is the 2 Percent Net Profits Fee?**

13 A. 46 The 2 Percent Net Profits Fee is an annual payment made by Southwest Gas to
14 the Nevada State Treasurer for the benefit of public schools. Specifically, Nevada
15 Revised Statute (NRS) 709.110 states the following:

16 *Every applicant for a franchise for any of the purposes mentioned in NRS 709.050*
17 *shall, within 10 days after such franchise is granted, file with the county recorder*
18 *of such county an agreement properly executed by the grantee of such franchise,*
19 *right or privilege to pay annually on the first Monday of July of each year to the*
20 *State Treasurer for deposit in the State Education Fund for the benefit of the public*
21 *schools in this State, 2 percent of the net profits made by such grantee in the*
22 *operation of any public utility for which such franchise is granted. No power,*
23 *function, right or privilege shall be exercised until such agreement shall be filed.*

24

25

1 **Q. 47 How has the 2 Percent Net Profits Fee historically been treated by Southwest**
2 **Gas?**

3 A. 47 Historically, the payment of the 2 Percent Net Profits Fee was made directly by
4 the various counties to the county school district funds. With the exception of
5 Clark County (which received a separate payment from the Company), the
6 counties deducted the 2 Percent Net Profits Fee from the applicable franchise
7 fees they received from the Company (based on an annual affidavit provided to
8 the respective county, as required in NRS 709.120).

9 **Q. 48 Have there been changes regarding the 2 Percent Net Profits Fee?**

10 A. 48 Yes. In 2019, the Nevada legislature passed Senate Bill 543 amending NRS
11 709.110 to redirect payment of the 2 Percent Net Profits Fee to the Nevada State
12 Treasurer for deposit in the State Education Fund, rather than to the specific
13 county treasurer for the benefit of that county school district. As a result of this
14 amendment, the Company has coordinated with the counties to modify
15 procedures and amend its county franchise agreements, where applicable, and
16 now makes the 2 Percent Net Profits Fee payment directly to the State Treasurer
17 in accordance with the amendment of NRS 709.110. As such, the counties no
18 longer make any payment for the 2 Percent Net Profits Fee from the franchise
19 fees they receive from the Company.

20 **VII. TAX REPAIRS PROJECT**

21 **Q. 49 Please provide an overview of the Tax Repairs Project.**

22 A. 49 The purpose of the Tax Repairs Project was to reconfigure the PowerPlan Tax
23 Repairs module to comply with the Internal Revenue Service (IRS) Revenue
24 Procedure 2023-15 (Rev. Proc. 2023-15), related to the natural gas industry tax
25 repairs. The Tax Repairs Project was created to implement a modernized,

1 end-to-end solution to ensure compliance with Rev. Proc. 2023-15 and support
2 the accurate calculation, tracking, and reporting of tax repair deductions under the
3 natural gas safe harbor (NGSH) method of accounting.

4 **Q. 50 What is Rev. Proc. 2023-15?**

5 A. 50 Rev. Proc. 2023-15 is IRS guidance issued in April 2023 that establishes a safe
6 harbor method of accounting for determining whether costs related to natural gas
7 transmission and distribution property must be capitalized for income tax
8 purposes or may be deducted as repairs in the period incurred.

9 **Q. 51 What was the stated aim of the IRS issuing this revenue procedure?**

10 A. 51 The natural gas system contains complex networks of interconnected assets.
11 Historically, determining whether an expenditure was a repair or a capital
12 improvement was fact-intensive and often disputed during IRS audits. Rev. Proc.
13 2023-15 establishes an IRS safe harbor method of accounting and creates a
14 uniform industry-wide framework to reduce uncertainty, improve compliance, and
15 provide clear rules for natural gas utilities for those who elect this safe harbor
16 method of accounting.

17 **Q. 52 Did Southwest Gas adopt the IRS NGSH method of accounting?**

18 A. 52 Yes. Southwest Gas elected the NGSH method by filing Form 3115, Application
19 for Change in Accounting Method, with its 2024 U.S. federal corporate income tax
20 return, which was filed in October 2025.

21 **Q. 53 Did Southwest Gas notify the Commission regarding the adoption of the
22 NGSH method of accounting?**

23 A. 53 Yes. The Company provided a “Notice of Change in Method of Accounting for
24 Income Tax Purposes” to the Commission on October 27, 2025, which included a
25

1 copy of the Form 3115 (as required by the IRS) A copy of this notice is provided
2 in Exhibit No. ____ (BCW-1).

3 **Q. 54 What were the key objectives of the Tax Repairs Project?**

4 A. 54 The project focused on three core objectives:

5 1. Configuring the PowerPlan Tax Repairs module to calculate
6 deductible tax repairs in accordance with Rev. Proc. 2023-15 by enhancing
7 controls over the accuracy and reliability of tax data and calculations and
8 increasing efficiency by automating calculations and reconciliations.

9 2. Updating system interfaces, including the Field Operations
10 Management System (FOMS) and the PowerPlan fixed asset system, to
11 capture the information required under the new rules.

12 3. Modifying PowerPlan balances to incorporate the Internal Revenue
13 Code Section 481(a) adjustment associated with the accounting method
14 change.

15 **Q. 55 What benefits does the Tax Repairs project provide?**

16 A. 55 Tax Repairs Project provides two primary benefits: First, the NGSH method
17 generates accelerated repair deductions, reducing the Company's federal income
18 tax liability (similar to accelerated depreciation). Second, the project reduces the
19 likelihood of IRS controversy or adjustments as the Company is now on the IRS
20 approved safe harbor method. This potentially lowers future costs that customers
21 might otherwise bear.

22 **Q. 56 What was the total cost for the Tax Repairs Project?**

23 A. 56 The total cost for the Tax Repairs Project was \$1,048,780, before allocation to
24 Nevada. The work order directly related to this project was Work Order
25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

0061W0008453 and listed in Exhibit No.__(BCW-2). The amounts allocated to Southern and Northern Nevada are \$285,038 and \$51,094, respectively.

Q. 57 When was the project implemented?

A. 57 The Company initiated the Tax Repairs Project in January 2024 and successfully implemented it on May 6, 2025.

VIII. CONCLUSION

Q. 58 Does this conclude your prepared direct testimony?

A. 58 Yes.

**SUMMARY OF QUALIFICATIONS
BYRON C. WILLIAMS**

I am a graduate of Brigham Young University having received a Bachelor of Science in Accounting in 2001. In 2003, I earned a Master's in Business Taxation from the University of Southern California.

In 2002, I joined the tax department of PricewaterhouseCoopers LLP in Los Angeles. In 2010, I joined the Las Vegas office, and was promoted to Director in 2011. In 2013, I joined Southwest Gas Corporation as Director/Tax. I am responsible for all phases of the Company's taxes, including preparation of all federal, state and local tax returns and tax provisions, researching tax matters, and preparation of tax-related testimony and exhibits for rate proceedings, including rate cases.

I have been licensed as a Certified Public Accountant by the State of California since 2007. In 2011, I also became licensed as a Certified Public Accountant by the State of Nevada. I am also a member of the American Institute of Public Accountants, as well as the Nevada Society of CPAs.

-
-
-

Original Filing

Public Utilities Commission of Nevada

Electronic Filing

Submitted: 10/27/2025 1:17:20 PM

Reference: b915eb6b-6b9e-457d-bdcc-613ee5646660

Payment Reference: 7d-bdcc-613ee5646660

Filed For: Southwest Gas Corporation

In accordance with NRS Chapter 719,
this filing has been electronically signed and filed
by: /s ShaLinda creer

By electronically filing the document(s),
the filer attests to the authenticity of the electronic signature(s) contained therein.

This filing has been electronically filed and deemed to be signed by an authorized
agent or
representative of the signer(s) and
Southwest Gas Corporation

**SOUTHWEST GAS CORPORATION**

October 27, 2025

Ms. Trisha Osborne
Assistant Commission Secretary
Public Utilities Commission of Nevada
1150 E. William Street
Carson City, NV 89701-3109

Re: Notice of Change in Method of Accounting for Income Tax Purposes

Dear Ms. Osborne:

Southwest Gas Corporation (Southwest Gas or Company) submits this letter to notify the Public Utilities Commission of Nevada (Commission) of its application for an automatic accounting method change filed with the Internal Revenue Service (IRS) on October 7, 2025.

The Company filed the aforementioned application pursuant to IRS Revenue Procedure 2023-15, which was released on April 14, 2023 and provides natural gas transmission and distribution property a safe harbor method of accounting (NGSH Method) that taxpayers may use to determine whether expenses to repair, maintain, replace, or improve natural gas transmission and distribution property must be capitalized or be allowable as deductions for repairs. Adopting the NGSH Method requires a change in accounting method by completing Federal Form 3115, Application for Change in Accounting Method, with the IRS.

Additionally, if the taxpayer's change to the NGSH Method described in Revenue Procedure 2023-15 applies to any asset that is public utility property, IRS Revenue Procedure 2024-23 Section 3.12(3)(c)(iii) requires the taxpayer to provide a copy of the completed Form 3115 within 30 days to any regulatory body having jurisdiction over the public utility property subject to the application.

As such, enclosed herewith is Form 3115 filed on October 7, 2025, by Southwest Gas Holdings, Inc. on behalf of the Company as part of its federal income tax return for the year ended December 31, 2024.

This is a notification only, and the Company does not request any action on the part of the Commission at this time.



Should you have any questions, please do not hesitate to contact me. You may reach me directly at (702) 876-7253.

Respectfully submitted,

Kristien M. Tary
Regulatory Manager

Enclosure

Form **3115**

Application for Change in Accounting Method

OMB No. 1545-2070

(Rev. December 2022)

Go to www.irs.gov/Form3115 for instructions and the latest information.

Attachment Sequence No. **315**

Department of the Treasury
 Internal Revenue Service

Name of filer (name of parent corporation if a consolidated group) (see instructions) Southwest Gas Holdings, Inc.		Identification number (see instructions) 81-3881866	
Number, street, and room or suite no. If a P.O. box, see the instructions. 8360 S. Durango Dr.		Principal business activity code number (see instructions) 551112	
City or town, state, and ZIP code Las Vegas, NV 89113		Tax year of change begins (MM/DD/YYYY) 01/01/2024	
Name of applicant(s) (if different than filer) and identification number(s) (see instructions) See Attachment		Tax year of change ends (MM/DD/YYYY) 12/31/2024	
		Name of contact person (see instructions) Scott Bunker	
		Contact person's telephone number (702) 364-3063	

Does the filer want to receive a copy of the change in method of accounting letter ruling or other correspondence related to this Form 3115 by fax or encrypted email attachment? If "Yes," see instructions **Yes** **No**

If the applicant is a member of a consolidated group, check this box

If **Form 2848**, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box

Check the box to indicate the type of applicant.

<input type="checkbox"/> Individual	<input type="checkbox"/> Cooperative (Sec. 1381)	Check the appropriate box to indicate the type of accounting method change being requested. See instructions.
<input checked="" type="checkbox"/> Corporation	<input type="checkbox"/> Partnership	
<input type="checkbox"/> Controlled foreign corporation (Sec. 957)	<input type="checkbox"/> S corporation	
<input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E))	<input type="checkbox"/> Insurance co. (Sec. 816(a))	
<input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2))	<input type="checkbox"/> Insurance co. (Sec. 831)	
<input type="checkbox"/> Exempt organization. Enter Code section: _____	<input type="checkbox"/> Other (specify): _____	

Depreciation or Amortization

Financial Products and/or Financial Activities of Financial Institutions

Other (specify): **Routine Repairs (2023-15)**
Safe Harbor for Gas T&D

Caution: To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes (1) all relevant information requested on this Form 3115 (including its instructions), and (2) any other relevant information, even if not specifically requested on Form 3115.

The taxpayer must attach all applicable statements requested throughout this form.

Part I Information for Automatic Change Request

	Yes	No
1 Enter the applicable designated automatic accounting method change number ("DCN") for the requested automatic change. Enter only one DCN, except as provided for in guidance published by the IRS. If the requested change has no DCN, check "Other," and provide both a description of the change and a citation of the IRS guidance providing the automatic change. See instructions.		
a (1) DCN: <u>269</u> (2) DCN: _____ (3) DCN: _____ (4) DCN: _____ (5) DCN: _____ (6) DCN: _____ (7) DCN: _____ (8) DCN: _____ (9) DCN: _____ (10) DCN: _____ (11) DCN: _____ (12) DCN: _____		
b Other <input type="checkbox"/> Description: _____		
2 Do any of the eligibility rules restrict the applicant from filing the requested change using the automatic change procedures (see instructions)? If "Yes," attach an explanation		✓
3 Has the filer provided all the information and statements required (a) on this form and (b) by the List of Automatic Changes under which the applicant is requesting a change? See instructions	✓	


Note: Complete Part II and Part IV of this form, and, Schedules A through E, if applicable.

Part II Information for All Requests

	Yes	No
4 During the tax year of change, did or will the applicant (a) cease to engage in the trade or business to which the requested change relates, or (b) terminate its existence? See instructions		✓
5 Is the applicant requesting to change to the principal method in the tax year of change under Regulations section 1.381(c)(4)-1(d)(1) or 1.381(c)(5)-1(d)(1)?		✓

If "No," go to line 6a.
 If "Yes," the applicant cannot file a Form 3115 for this change. See instructions.

Sign Here Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and belief, the application contains all the relevant facts relating to the application, and it is true, correct, and complete. Declaration of preparer (other than applicant) is based on all information of which preparer has any knowledge.

Signature of filer (and spouse, if joint return)  Date 10/7/2025 Name and title (print or type) **Robert Stefani, Senior VP/CFO**

Preparer (other than filer/applicant)	Print/Type preparer's name	Preparer's signature	Date
	Firm's name		

Part II Information for All Requests (continued)		Yes	No
6a	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any federal income tax return(s) under examination (see instructions)? If "No," go to line 7a.		✓
b	Is the method of accounting the applicant is requesting to change an issue under consideration (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s))? See instructions		
c	Enter the name and telephone number of the examining agent and the tax year(s) under examination. Name <u>N/A</u> Telephone number <u>N/A</u> Tax year(s) <u>N/A</u>		
d	Has a copy of this Form 3115 been provided to the examining agent identified on line 6c?		
7a	Does audit protection apply to the applicant's requested change in method of accounting? See instructions . . . If "No," attach an explanation.	✓	
b	If "Yes," check the applicable box and attach the required statement. <input checked="" type="checkbox"/> Not under exam <input type="checkbox"/> 3-month window <input type="checkbox"/> 120 day: Date examination ended _____ <input type="checkbox"/> Method not before director <input type="checkbox"/> Negative adjustment <input type="checkbox"/> CAP: Date member joined group _____ <input type="checkbox"/> Audit protection at end of exam <input type="checkbox"/> Other		
8a	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any federal income tax return(s) before Appeals and/or a federal court? If "No," go to line 9.		✓
b	Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member)? See instructions If "Yes," attach an explanation.		
c	If "Yes," enter the name of the (check the box) <input type="checkbox"/> Appeals officer and/or <input type="checkbox"/> counsel for the government, telephone number, and the tax year(s) before Appeals and/or a federal court. Name _____ Telephone number _____ Tax year(s) _____		
d	Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 8c?		
9	If the applicant answered "Yes" to line 6a and/or 8a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a federal court.		
10	If for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a federal court, with respect to a federal income tax return of a partner, member, or shareholder of that entity?		
11a	Has the applicant, its predecessor, or a related party requested or made (under either an automatic or non-automatic change procedure) a change in method of accounting within any of the 5 tax years ending with the tax year of change? If "No," go to line 12.	✓	
b	If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent.		
c	If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation.		
12	Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice? . . . If "Yes," for each request attach a statement providing (a) the name(s) of the taxpayer, (b) identification number(s), (c) the type of request (private letter ruling, change in method of accounting, or technical advice), and (d) the specific issue(s) in the request(s).		✓
13	Is the applicant requesting to change its overall method of accounting? If "Yes," complete Schedule A on page 4 of the form.		✓

Part IV Section 481(a) Adjustment		Yes	No
25	Does published guidance require the applicant (or permit the applicant and the applicant is electing) to implement the requested change in method of accounting on a cut-off basis? If "Yes," attach an explanation and do not complete lines 26, 27, 28, and 29 below.		✓
26	Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income: \$ <u>-798,048,720</u> Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If the applicant waived any deductions with respect to the method of accounting pursuant to Regulations section 1.59A-3(c)(6)(i), include a summary of the waived deductions. If more than one applicant is applying for the method change on the application, attach a list of the (a) name, (b) identification number, and (c) the amount of the section 481(a) adjustment attributable to each applicant.		
27	Is the applicant required to take into account in the year of change any remaining portion of a section 481(a) adjustment from a prior change (see instructions)? If "Yes," enter the amount. \$ _____		✓
28	Is the applicant making an election to take the entire amount of the adjustment into account in the tax year of change? If "Yes," check the box for the applicable elective provision used to make the election (see instructions). <input type="checkbox"/> \$50,000 de minimis election <input type="checkbox"/> Eligible acquisition transaction election		
29	Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? If "Yes," attach an explanation.		✓

Schedule A—Change in Overall Method of Accounting (If Schedule A applies, Part I below must be completed.)

Part I Change in Overall Method (see instructions)

1 Check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting.
Present method: Cash Accrual Hybrid (attach description)
Proposed method: Cash Accrual Hybrid (attach description)

2 Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 2a through 2g.

	Amount
a Income accrued but not received (such as accounts receivable)	\$ _____
b Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method	_____
c Expenses accrued but not paid (such as accounts payable)	_____
d Prepaid expenses previously deducted	_____
e Supplies on hand previously deducted and/or not previously reported	_____
f Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II	_____
g Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. _____	_____
h Net section 481(a) adjustment (Combine lines 2a–2g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 26	\$ _____

3 Is the applicant also requesting the recurring item exception under section 461(h)(3)? Yes No

4 Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the federal income tax return or other return (such as tax-exempt organization returns) for that period. If the amounts in Part I, lines 2a through 2g, do not agree with the amounts shown on the balance sheet, attach a statement explaining the differences.

5 Is the applicant making a change to the overall cash method or to a method in which a taxpayer uses an accrual method for purchases and sales of inventory and uses the cash method for computing all other items of income and expense (see instructions)? Yes No

Part II Change to the Cash Method for Non-Automatic Change Request (see instructions)

- Applicants requesting a change to the cash method must attach the following information:
- 1 A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.
 - 2 An explanation as to whether the applicant is required to use an accrual method under any section of the Code or regulations.

Schedule B—Changes Related to the Deferral Method for Advance Payments, Cost Offset Methods, and/or the Applicable Financial Statement Income Inclusion Rule (see instructions)

- 1 If the applicant is requesting to change to the deferral method for advance payments under Regulations section 1.451-8(c) or (d), as described in the instructions, attach the information specified in the instructions.
- 2 If the applicant is requesting to change to or within a cost offset method under Regulations section 1.451-3(c) and/or Regulations section 1.451-8(e), as described in the instructions, attach the information specified in the instructions.
- 3 If the applicant is requesting to change to or within a method to conform to the applicable financial statement (AFS) income inclusion rule under section 451(b) and Regulations section 1.451-3, as described in the instructions, attach a detailed description of the proposed method including the information specified in the instructions.

Schedule C—Changes Within the LIFO Inventory Method (see instructions)

Part I General LIFO Information

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all **Forms 970, Application To Use LIFO Inventory Method**, filed to adopt or expand the use of the LIFO method.

- 1 Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
 - a Valuing inventory (for example, unit method or dollar-value method).
 - b Pooling (for example, by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc.).
 - c Pricing dollar-value pools (for example, double-extension, index, link-chain, link-chain index, IPIC method, etc.).
 - d Determining the current-year cost of goods in the ending inventory (such as, most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, rolling-average cost, or other permitted method).
- 2 If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3 If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4 If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5 Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6 If changing to the IPIC method, attach a completed Form 970.

Part II Change in Pooling Inventories

- 1 If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2 If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations sections 1.472-8(b)(1) and (2):
 - a A description of the types of products produced by the applicant. If possible, attach a brochure.
 - b A description of the types of processes and raw materials used to produce the products in each proposed pool.
 - c If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
 - d A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
 - e A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
 - f A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
 - g A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3 If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4 If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

Part III Method of Cost Allocation (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460.) See instructions.

Section A—Allocation and Capitalization Methods

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate direct and indirect costs required to be allocated to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (for example, specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (for example, direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 Except for long-term contract accounting methods, the method of capitalizing additional section 263A costs (for example, simplified production with or without the historic absorption ratio election, modified simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

Section B—Direct and Indirect Costs Required To Be Allocated

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

	Present method	Proposed method
1 Direct material		
2 Direct labor		
3 Indirect labor		
4 Officers' compensation (not including selling activities)		
5 Pension and other related costs		
6 Employee benefits		
7 Indirect materials and supplies		
8 Purchasing costs		
9 Handling, processing, assembly, and repackaging costs		
10 Offsite storage and warehousing costs		
11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle		
12 Depletion		
13 Rent		
14 Taxes other than state, local, and foreign income taxes		
15 Insurance		
16 Utilities		
17 Maintenance and repairs that relate to a production, resale, or long-term contract activity		
18 Engineering and design costs (not including section 174 research and experimental expenses)		
19 Rework labor, scrap, and spoilage		
20 Tools and equipment		
21 Quality control and inspection		
22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant		
23 Licensing and franchise costs		
24 Capitalizable service costs (including mixed service costs)		
25 Administrative costs (not including any costs of selling or any return on capital)		
26 Research and experimental expenses attributable to long-term contracts		
27 Interest		
28 Other costs (Attach a list of these costs.)		

Part III Method of Cost Allocation (continued) See instructions.

Section C—Other Costs Not Required To Be Allocated (Complete Section C only if the applicant is requesting to change its method for these costs.)

	Present method	Proposed method
1 Marketing, selling, advertising, and distribution expenses		
2 Research and experimental expenses not included in Section B, line 26		
3 Bidding expenses not included in Section B, line 22		
4 General and administrative costs not included in Section B		
5 Income taxes		
6 Cost of strikes		
7 Warranty and product liability costs		
8 Section 179 costs		
9 On-site storage		
10 Depreciation, amortization, and cost recovery allowance not included in Section B, line 11		
11 Other costs (Attach a list of these costs.)		

Schedule E—Change in Depreciation or Amortization (see instructions)

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants **must** provide this information for each item or class of property for which a change is requested.

Note: See the **Summary of the List of Automatic Accounting Method Changes** in the instructions for information regarding automatic changes under sections 56, 167, 168, or 197, or former sections 168, 1400I, or 1400L. **Do not** file Form 3115 with respect to certain late elections and election revocations. See instructions.

- 1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)? Yes No
If "Yes," the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(iii).
- 2 Is any of the depreciation or amortization required to be capitalized under any Code section, such as section 263A? Yes No
If "Yes," enter the applicable section _____
- 3 Has a depreciation, amortization, expense, or disposition election been made for the property, such as the election under sections 168(f)(1), 168(i)(4), 179, 179C, or Regulations section 1.168(i)-8(d)? Yes No
If "Yes," state the election made _____
- 4a Attach a statement describing the property subject to the change. Include the property's description, type, placed-in-service year, and use in the applicant's trade or business or income-producing activity. Also include the type and amount of any federal tax credit claimed or grant received, along with any necessary adjustments to basis required under the Internal Revenue Code, with respect to the property.
- b If the property is residential rental property, did the applicant live in the property before renting it? . . . Yes No
- c Is the property public utility property? Yes No
- 5 To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method (for example, depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc.).
- 6 If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property.
- 7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods:
 - a The Code section under which the property is or will be depreciated or amortized (for example, section 168(g)).
 - b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under former section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
 - c The facts to support the asset class for the proposed method.
 - d The depreciation or amortization method of the property, including the applicable Code section (for example, 200% declining balance method under section 168(b)(1)).
 - e The useful life, recovery period, or amortization period of the property.
 - f The applicable convention of the property.
 - g Whether the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), or former section 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed.
 - h Whether the property was or will be in a single asset account, a multiple asset account, or a general asset account.

**Statements Attached to and Made Part of
Form 3115
Application for Change in Accounting Method
Automatic Change #269
December 31, 2024**

**Southwest Gas Holdings, Inc.
FEIN: 81-3881866**

Page 1, Name of Applicant(s)

This Application is being filed by Southwest Gas Holdings, Inc. FEIN: 81-3881866 on behalf of itself and the following subsidiary (collectively hereinafter “Applicant” or “Taxpayer”):

Southwest Gas Corporation (FEIN: 88-0085720)
Great Basin Gas Transmission Company (FEIN: 88-0225806)

Statement Required by Section 6.02(5) of Rev. Proc. 2015-13

The Taxpayer represents that the above referenced applicants are the only members of the consolidated group that have this item that is the matter of this method change request.

Request for Faxed Documents

In accordance with the procedures set forth in section 9.04(3) of Rev. Proc. 2025-1, the Taxpayer requests that a copy of any document related to this request (e.g., a request for additional information) be provided to the Taxpayer and the Taxpayer’s authorized representatives via fax at the number(s) below.

Taxpayer’s Fax Number: Robert Stefani (702-364-3023)

Part II, Question 11b – Previous Requests

For the tax year ended December 31, 2022, Southwest Gas Holdings, Inc. and Subsidiaries filed a statement pursuant to Section 7.02 of Rev. Proc. 2023-24, to change the method of accounting for specified research and experimentation expenditures under I.R.C. § 174. Section 7.02(4)(a)(ii) of Rev. Proc. 2023-24 provides that the requirement under Treas. Reg. § 1.446-1(e)(3)(i) to file a Form 3115 is waived and a statement in lieu of Form 3115 is authorized for this accounting method change for each Applicant’s first taxable year beginning after December 31, 2021.

**Statements Attached to and Made Part of
Form 3115
Application for Change in Accounting Method
Automatic Change #269
December 31, 2024**

**Southwest Gas Holdings, Inc.
FEIN: 81-3881866**

Part II, Question 11c – Applications Withdrawn

None.

Part II, Question 14a – Item Being Changed

The Taxpayer is filing change 269 to change its treatment of natural gas transmission and distribution property to adopt the transmission and distribution property safe harbor method of accounting provided in Rev. Proc. 2023-15. Specifically, the Taxpayer wants to change to “the safe harbor method for linear property” and “the safe harbor method for non-linear property” in accordance with Rev. Proc. 2023-15. In conjunction with this change, the Taxpayer will make a late general asset account election as required under section 5.08(2) of Rev. Proc. 2023-15. The Taxpayer has a depreciable interest in natural gas transmission and distribution property and incurs costs (other than excluded costs) to maintain, repair, replace or improve such property.

Part II, Question 14b – Present Method

The Taxpayer is a holding company with multiple subsidiaries regulated by the Federal Energy Regulatory Commission (“FERC”), the Arizona Corporation Commission (“ACC”), the Public Utilities Commission of Nevada (“PUCN”) and the California Public Utilities Commission (“CPUC”). The Taxpayer presently utilizes units of property (“UOPs”) as determined and used in its books of account for regulatory reporting purposes and does not define the UOP in a manner that is consistent with the safe harbor. The Taxpayer makes its repairs determinations for its natural gas transmission and distribution property utilizing these UOPs. The taxpayer has also been deducting the costs of relocating pipeline in the ordinary course of business, unrelated to rehabilitation plans or the adaptation/improvement of pipeline for new uses or capacity/pressure increases pursuant to an approved change in method of accounting filed in 1997.

The Taxpayer has not claimed a federal income tax credit with respect to any of the costs or assets subject to this accounting method change.

**Statements Attached to and Made Part of
Form 3115
Application for Change in Accounting Method
Automatic Change #269
December 31, 2024**

**Southwest Gas Holdings, Inc.
FEIN: 81-3881866**

Part II, Question 14c – Proposed Method

Under the Taxpayer's proposed method of accounting, the Taxpayer will follow the natural gas safe harbor method of accounting for its linear transmission, linear distribution and non-linear property as described below.

With respect to its linear transmission property, the Taxpayer will utilize the safe harbor method for linear property described in Section 5.02 of Rev. Proc. 2023-15 to determine its repairs and maintenance deductions, including

- Determining its UOPs for such property in accordance with Section 5.02(1) of the revenue procedure;
- Applying the simplified rule for replacements of such property in accordance with Section 5.02(2) of the revenue procedure;
- Following the treatment outlined for blanket work orders in Section 5.02(3) of the revenue procedure; and
- Applying the aggregation requirements of Section 5.06 of the revenue procedure.

With respect to its linear distribution property, the Taxpayer will utilize the safe harbor method for linear property described in Section 5.03 of Rev. Proc. 2023-15 to determine its repairs and maintenance deductions, including

- Applying the simplified rule for replacements of distribution mains in accordance with Section 5.03(2) of the revenue procedure;
- Following the treatment outlined for blanket work orders in Section 5.03(3) of the revenue procedure;
- Applying the aggregation requirements of Section 5.06 of the revenue procedure; and
- Following the rules for identified distribution service line costs provided in Section 5.07(2) of the revenue procedure and the simplified rules for unidentified distribution service line costs provided in Section 5.07(3) of the revenue procedure.

With respect to its non-linear transmission and distribution property, the Taxpayer will utilize the safe harbor method for non-linear property described in Section 5.04 of Rev. Proc. 2023-15 to determine its repairs and maintenance deductions, including

- Using the UOPs and major components provided in Appendix A of the revenue procedure in making its repairs and maintenance determinations;

**Statements Attached to and Made Part of
Form 3115
Application for Change in Accounting Method
Automatic Change #269
December 31, 2024**

**Southwest Gas Holdings, Inc.
FEIN: 81-3881866**

- Applying the simplified rule for replacements of such property in accordance with Section 5.04(3) of the revenue procedure;
- Applying the aggregation requirements of Section 5.06 of the revenue procedure.

In applying the natural gas safe harbor method to both its linear and its non-linear transmission and distribution property, the Taxpayer will capitalize all costs designated as “per se capital expenditures” in Section 5.05(1) of Rev. Proc. 2015-13.

In addition, the Taxpayer will make late general asset account (GAA) elections under IRC Section 168(i)(4) and Treas. Reg. Sec. 1.168(i)-1(l) to include in GAAs its natural gas transmission and distribution property placed in service prior to the tax year of change and owned by the Taxpayer at the beginning of the tax year of change.

The Taxpayer’s proposed change in method of accounting for federal income tax purposes is not related to the adoption of the International Financial Reporting Standards (IFRS) for financial statement purposes.

Special rules for blanket work orders.

- (1) **Blanket work order de minimis rule.** A taxpayer that adheres to a policy that limits per-event charges under a blanket work order procedure to replacements of property costing \$50,000 or less is not required to capitalize the costs of linear property replacements charged to the blanket work order. Replacements of property qualifying under this de minimis rule are not taken into account in determining whether more than 10 percent of the length of the unit of linear transmission property is replaced under section 5.02(2) of Rev. Proc. 2023-15 or in applying the aggregation requirement in section 5.06 of Rev. Proc. 2023-15.

Part II, Question 14d – Present Overall Method of Accounting

The Taxpayer’s overall method of accounting is the accrual method.

**Statements Attached to and Made Part of
Form 3115
Application for Change in Accounting Method
Automatic Change #269
December 31, 2024**

**Southwest Gas Holdings, Inc.
FEIN: 81-3881866**

Part II, Question 15 – Description of Trade or Business

The applicant, for purposes of this Form 3115, is comprised of the publicly traded parent and holding company, Southwest Gas Holdings, Inc., along with its wholly owned subsidiaries:

Southwest Gas Corporation and Great Basin Gas Transmission Company. Southwest Gas Corporation is a regulated utility and Great Basin Gas Transmission Company owns and operates an interstate pipeline. The Taxpayer is an energy company engaged in the transmission, distribution and sale of natural gas. It provides natural gas to over 2 million residential, commercial and industrial customers in the states of Arizona, California and Nevada. The Applicant's business activity code is 221000. The Applicant does not have more than one trade or business as defined in Regulations Section 1.446-1(d).

Part II, Question 17 – Proposed Method Will Not be Used for Book

The proposed method of accounting will not be used for the Taxpayer's books and records and financial statement purposes, because the method is not an acceptable method under the FERC accounting rules and the method does not likely follow the same rules as the generally accepted accounting principles ("GAAP"). The proposed method will be used in the Applicant's tax books and records.

Part II, Question 18 – Conference of Right

If it is tentatively determined that the Taxpayer has changed its method of accounting without complying with all the applicable provisions of Rev. Proc. 2015-13, as modified, clarified and amplified (for example, the Taxpayer changed to a method of accounting that varies from the applicable accounting method described in Rev. Proc. 2015-13, as modified, clarified and amplified, or the Taxpayer is outside the scope of Rev. Proc. 2015-13, as modified, clarified and amplified), the Taxpayer requests a conference of right. To arrange the time and place of such a conference, please contact the Taxpayer's representative:

Robert Stefani (702) 876-7120
Southwest Gas Holdings, Inc.
8360 Durango Dr.
Las Vegas, NV 89113

**Statements Attached to and Made Part of
Form 3115
Application for Change in Accounting Method
Automatic Change #269
December 31, 2024**

**Southwest Gas Holdings, Inc.
FEIN: 81-3881866**

Part IV, Question 26 – Net Section 481(a) Adjustment

Net Section 481(a) Adjustment
(Decrease in Computing Taxable Income) (\$798,048,720)

<u>Applicant</u>	<u>EIN</u>	<u>481(a) Adjustment</u>
Southwest Gas Corporation	88-0085720	(\$789,004,295)
Great Basin Gas Transmission Company	88-0225806	(\$9,044,425)
Southwest Gas Holdings, Inc.	81-3881866	0
 Total		 <u>(\$798,048,720)</u>

Taxpayer incurred expenses for repairs and maintenance that were previously capitalized and depreciated over 20 years, depending on the asset repaired, but deducted under Sec. 162 based on the Taxpayer’s present method of accounting which utilizes units of property generally consistent with the 300-399 Plant Chart of Accounts for regulatory reporting purposes under the FERC Uniform System of Accounts mandated for Public Utilities. Under the proposed method, the amounts would have been expensed during the tax year as incurred based on units of property as defined by Rev. Proc. 2023-15. The net §481(a) adjustment is a net decrease in taxable income of \$798,048,720. This adjustment is the difference between the current method and the proposed method, and it is the remaining basis in the capitalized repairs and maintenance costs affected by the method change. Thus, the net §481(a) adjustment will be (1) the difference between the repair expenditures claimed under the proposed and current methods plus (2) the difference between the depreciation expense on repair expenditures required to be capitalized under the proposed and current methods. This net §481(a) adjustment will be recognized in full in the year of change pursuant to Section 3.12(4) of Rev. Proc. 2023-43.

The Taxpayer represents that it intends to comply with Section 263A and will treat the repairs or depreciation on the components as indirect costs, if properly allocable, in accordance with Treas. Reg. § 1.263A-1(e)(3)(ii). The effect of Section 263A, if any, is reflected in the Taxpayer’s Section 481(a) adjustment.

**Statements Attached to and Made Part of
Form 3115
Application for Change in Accounting Method
Automatic Change #269
December 31, 2024**

**Southwest Gas Holdings, Inc.
FEIN: 81-3881866**

Computation of net §481(a) adjustment – Rev. Proc. 2023-15

Taxpayer followed the procedures contained in Section 2 of Appendix B of Rev. Proc. 2023-15 to calculate the net §481(a) adjustment. The rules contained in Appendix B were as if all years are test years (i.e. all eleven years meet the definition of “test years”).

Step 1:

Taxpayer used data from a minimum of three of the most recent taxable years as required under Section 2.02(1) to calculate the gross repairs deduction. 2024 is the year of change and the taxpayer used actual data from a testing period of taxable years 2021-2023. These are consecutive years as required under Section 2.02(1)(a) of Appendix B and are representative years as required and defined under Section 2.02(1)(b) of Appendix B. For each of the taxable years in the testing period, taxable years 2021-2023, the deductible repair expenses were calculated under the safe harbor method using the actual data from those years.

Steps 2-3:

The repairs deduction percentage for each year in the extrapolation period 2010-2020 is calculated in accordance with Section 2.02(2) of Appendix B. The extrapolation year tentative repair deduction amount is calculated under Section 2.02(3) of Appendix B.

Step 4:

N/A. Taxpayer did not elect to apply the § 1.167(a)-11(d)(2) repair allowance.

Step 5:

The repair amounts calculated in Step 1 were reduced by the sum of the repair expenses the taxpayer had taken under its method of accounting prior to application of the safe harbor. This resulted in an adjusted gross repair deduction in the amount of \$1,198,021,597 as shown in Table 1.

Step 6:

Taxpayer accounted for its decreased depreciation deductions resulting from the additional repair expenditures allowable under the proposed method of accounting and calculated the amount of decreased depreciation deductions (as a result of taking a repairs deduction) as required under

**Statements Attached to and Made Part of
Form 3115
Application for Change in Accounting Method
Automatic Change #269
December 31, 2024**

**Southwest Gas Holdings, Inc.
FEIN: 81-3881866**

Section 2.02(6) of Appendix B. The repairs deduction was assigned to the various ‘tax classes’ (combination of tax asset class with the same tax depreciation method, life and convention) by year by applying the ratio of corresponding book additions to total book additions and multiplying it by the repairs deduction amount for the year. The difference in depreciation under the proposed method versus the depreciation under the current method was then calculated. The decreased depreciation deductions totaled \$399,972,877 as shown in Table 1 below.

Step 7:

Taxpayer’s total 481(a) adjustment is determined by combining the results of Steps 5 and 6. The total 481(a) adjustment of \$798,048,720 is shown in Table 1 below:

Table 1	Southwest Gas Corporation	Great Basin Gas Transmission Company	Total
Deductible Repair Expenses [2.02(2)(a)]	\$ (1,175,174,713)	\$ (22,846,884)	\$ (1,198,021,597)
Depreciation Deduction Adjustment [2.02(6)]	\$ 386,170,418	\$ 13,802,458	\$ 399,972,877
Net §481(a) adjustment	\$ (789,004,295)	\$ (9,044,425)	\$ (798,048,720)

Option to treat method changes filed for Year 2 as filed for Year 1 for purposes of section 5.08(3)(a) of Rev. Proc. 2023-15:

Pursuant to section 3.12(8)(a) of Rev. Proc. 2024-23, the Taxpayer hereby chooses not to apply the per se capital expenditure rules under section 5.05(1)(g) and (h) of Rev. Proc. 2023-15 to amounts paid or incurred to replace or repair both linear and non-linear property, as applicable, in taxable years ending on or before May 1, 2023.

Statement required by Section 3.12(3)(a)(ii) of Rev. Proc. 2024-23:

Pursuant to the requirements of section 5.08(2) of Rev. Proc. 2023-15 and section 3.12(3)(a) of Rev. Proc. 2024-23, the Taxpayer hereby agrees to the following additional terms and conditions:

**Statements Attached to and Made Part of
Form 3115
Application for Change in Accounting Method
Automatic Change #269
December 31, 2024**

**Southwest Gas Holdings, Inc.
FEIN: 81-3881866**

- (1) The taxpayer consents to, and agrees to apply, all the provisions of Treas. Reg. § 1.168(i)-1 to the assets that are subject to the election specified in section 5.08(2) of Rev. Proc. 2023-15; and
- (2) Except as provided in section 1.168(i)-1(c)(1)(ii)(A), (e)(3), (g), or (h), the election made by the taxpayer under section 5.08(2) of Rev. Proc. 2023-15 is irrevocable and will be binding on the taxpayer for computing taxable income for the year of change and for all subsequent taxable years with respect to the assets that are subject to this election.

Statement required by Section 3.12(3)(c) of Rev. Proc. 2024-23:

Pursuant to section 3.12(3)(c) of Rev. Proc. 2024-23, whereby the assets subject to this change in method of accounting are public utility property within the meaning of section 168(i)(10), the Taxpayer agrees to the following additional terms and conditions:

- 1) A normalization method of accounting (within the meaning of section 168(i)(9)) will be used for the public utility property subject to the Form 3115;
- 2) As of the beginning of the year of change, the taxpayer will adjust its deferred tax reserve account or similar account in the taxpayer's regulatory books of account by the amount of the deferral of federal income tax liability associated with the section 481(a) adjustment applicable to the public utility property subject to the Form 3115; and
- 3) Within 30 calendar days of filing the federal income tax return for the year of change, the taxpayer will provide a copy of the completed Form 3115 to any regulatory body having jurisdiction over the public utility property subject to the Form 3115.

Late General Asset Election required under Section 5.08(2) of Rev. Proc. 2023-15:

Pursuant to the requirements of section 5.08(2) of Rev. Proc. 2023-15 Taxpayer hereby elects to group all natural gas transmission and distribution property (both linear and non-linear) that the taxpayer previously placed in service in the taxable years ending on or before December 31, 2023 into various general asset accounts by vintage (placed in service date) and by tax class under Internal Revenue Code section 168(i)(4) and Treasury Regulation section 1.168(i)-1.

Pursuant to the requirements of section 5.08(2) of Rev. Proc. 2023-15 and section 3.12(3)(a) of Rev. Proc. 2024-23, the Taxpayer hereby agrees to the following additional terms and conditions:

- (1) The taxpayer consents to, and agrees to apply, all the provisions of Treas. Reg. § 1.168(i)-1 to the assets that are subject to the election specified in section 5.08(2) of Rev. Proc. 2023-15; and
- (2) Except as provided in section 1.168(i)-1(c)(1)(ii)(A), (e)(3), (g), or (h), the election made by the taxpayer under section 5.08(2) of Rev. Proc. 2023-15 is irrevocable and will be binding on the taxpayer for computing taxable income for the year of change and for all subsequent taxable years with respect to the assets that are subject to this election.

Form **2848**
 (Rev. January 2021)
 Department of the Treasury
 Internal Revenue Service

Power of Attorney and Declaration of Representative

▶ Go to www.irs.gov/Form2848 for instructions and the latest information.

OMB No. 1545-0150
For IRS Use Only
 Received by: _____
 Name _____
 Telephone _____
 Function _____
 Date ____/____/____

Part I Power of Attorney

Caution: A separate Form 2848 must be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS.

1 Taxpayer information. Taxpayer must sign and date this form on page 2, line 7.

Taxpayer name and address SOUTHWEST GAS HOLDINGS, INC. 8360 S. DURANGO DRIVE LAS VEGAS, NV 89113	Taxpayer identification number(s) 81-3881866
	Daytime telephone number _____
	Plan number (if applicable) _____

hereby appoints the following representative(s) as attorney(s)-in-fact:

2 Representative(s) must sign and date this form on page 2, Part II.

Name and address SCOTT BUNKER 8360 S. DURANGO DRIVE LAS VEGAS, NV 89113 Check if to be sent copies of notices and communications <input checked="" type="checkbox"/>	CAF No. _____ PTIN _____ Telephone No. 702-364-3063 Fax No. 702-364-3023 Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Name and address JEFFREY D CHATTERTON 8360 S. DURANGO DRIVE LAS VEGAS, NV 89113 Check if to be sent copies of notices and communications <input type="checkbox"/>	CAF No. 0315-14674R PTIN _____ Telephone No. 702-364-3182 Fax No. 702-364-3023 Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Name and address BYRON WILLIAMS 8360 S. DURANGO DRIVE LAS VEGAS, NV 89113 (Note: IRS sends notices and communications to only two representatives.)	CAF No. D210-40375R PTIN _____ Telephone No. 702-876-7082 Fax No. 702-364-3023 Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Name and address _____ (Note: IRS sends notices and communications to only two representatives.)	CAF No. _____ PTIN _____ Telephone No. _____ Fax No. _____ Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>

to represent the taxpayer before the Internal Revenue Service and perform the following acts:

3 Acts authorized (you are required to complete line 3). Except for the acts described in line 5b, I authorize my representative(s) to receive and inspect my confidential tax information and to perform acts I can perform with respect to the tax matters described below. For example, my representative(s) shall have the authority to sign any agreements, consents, or similar documents (see instructions for line 5a for authorizing a representative to sign a return).

Description of Matter (Income, Employment, Payroll, Excise, Estate, Gift, Whistleblower, Practitioner Discipline, PLR, FOIA, Civil Penalty, Sec. 4980H Shared Responsibility Payment, etc.) (see instructions)	Tax Form Number (1040, 941, 720, etc.) (if applicable)	Year(s) or Period(s) (if applicable) (see instructions)
INCOME, EMPLOYMENT, PAYROLL, EXCISE	1120, 940, 941, 720, 945	2020-2025

4 Specific use not recorded on the Centralized Authorization File (CAF). If the power of attorney is for a specific use not recorded on CAF, check this box. See Line 4. *Specific Use Not Recorded on CAF* in the instructions

5a Additional acts authorized. In addition to the acts listed on line 3 above, I authorize my representative(s) to perform the following acts (see instructions for line 5a for more information):
 Access my IRS records via an Intermediate Service Provider;
 Authorize disclosure to third parties; Substitute or add representative(s); Sign a return; _____

Other acts authorized: _____

b **Specific acts not authorized.** My representative(s) is (are) not authorized to endorse or otherwise negotiate any check (including directing or accepting payment by any means, electronic or otherwise, into an account owned or controlled by the representative(s) or any firm or other entity with whom the representative(s) is (are) associated) issued by the government in respect of a federal tax liability.

List any other specific deletions to the acts otherwise authorized in this power of attorney (see instructions for line 5b):

6 **Retention/revocation of prior power(s) of attorney.** The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same matters and years or periods covered by this form. If you do not want to revoke a prior power of attorney, check here

YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.

7 **Taxpayer declaration and signature.** If a tax matter concerns a year in which a joint return was filed, each spouse must file a separate power of attorney even if they are appointing the same representative(s). If signed by a corporate officer, partner, guardian, tax matters partner, partnership representative (or designated individual, if applicable), executor, receiver, administrator, trustee, or individual other than the taxpayer, I certify I have the legal authority to execute this form on behalf of the taxpayer.

▶ IF NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THIS POWER OF ATTORNEY TO THE TAXPAYER.

Lori L. Colvin
 Signature

5/13/2025
 Date

VP/CONTROLLER/CAO
 Title (if applicable)

LORI COLVIN
 Print name

SOUTHWEST GAS HOLDINGS, INC.
 Print name of taxpayer from line 1 if other than individual

Part II Declaration of Representative

Under penalties of perjury, by my signature below I declare that:

- I am not currently suspended or disbarred from practice, or ineligible for practice, before the Internal Revenue Service;
- I am subject to regulations in Circular 230 (31 CFR, Subtitle A, Part 10), as amended, governing practice before the Internal Revenue Service;
- I am authorized to represent the taxpayer identified in Part I for the matter(s) specified there; and
- I am one of the following:
 - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b Certified Public Accountant—a holder of an active license to practice as a certified public accountant in the jurisdiction shown below.
 - c Enrolled Agent—enrolled as an agent by the IRS per the requirements of Circular 230.
 - d Officer—a bona fide officer of the taxpayer organization.
 - e Full-Time Employee—a full-time employee of the taxpayer.
 - f Family Member—a member of the taxpayer's immediate family (spouse, parent, child, grandparent, grandchild, step-parent, step-child, brother, or sister).
 - g Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the IRS is limited by section 10.3(d) of Circular 230).
 - h Unenrolled Return Preparer—Authority to practice before the IRS is limited. An unenrolled return preparer may represent, provided the preparer (1) prepared and signed the return or claim for refund (or prepared if there is no signature space on the form); (2) was eligible to sign the return or claim for refund; (3) has a valid PTIN; and (4) possesses the required Annual Filing Season Program Record of Completion(s). See **Special Rules and Requirements for Unenrolled Return Preparers in the instructions for additional information.**
 - k Qualifying Student or Law Graduate—receives permission to represent taxpayers before the IRS by virtue of his/her status as a law, business, or accounting student, or law graduate working in a LITC or STCP. See instructions for Part II for additional information and requirements.
 - r Enrolled Retirement Plan Agent—enrolled as a retirement plan agent under the requirements of Circular 230 (the authority to practice before the Internal Revenue Service is limited by section 10.3(e)).

▶ IF THIS DECLARATION OF REPRESENTATIVE IS NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THE POWER OF ATTORNEY. REPRESENTATIVES MUST SIGN IN THE ORDER LISTED IN PART I, LINE 2.

Note: For designations d–f, enter your title, position, or relationship to the taxpayer in the "Licensing jurisdiction" column.

Designation— Insert above letter (a–r).	Licensing jurisdiction (State) or other licensing authority (if applicable)	Bar, license, certification, registration, or enrollment number (if applicable)	Signature	Date
B	NV	CPA-5353	<i>[Signature]</i>	5/13/25
B	NV	CPA-3285	<i>[Signature]</i>	5/13/25
B	NV	CPA-5176R	<i>[Signature]</i>	5/13/25

**SOUTHWEST GAS CORPORATION
 NEVADA**

**TAX DEPARTMENT - RELATED WORK ORDERS GREATER THAN \$100,000 IN TOTAL COST
 CLOSED TO PLANT IN SERVICE DECEMBER 2023 - NOVEMBER 2025**

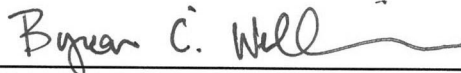
Line No.	Work Order Number (a)	Work Order Description (b)	Date First Transferred to Plant (c)	Total Amount Excluding CIAC (d)	CIAC (e)	AFUDC (f)	Allocation to NNV Customers	Allocation to SNV Customers	Line No.
1	System Allocable 0061W0008453	Tax Repairs Project	Sep-24	\$1,048,780.13	0.00	0.00	\$51,093.63	\$285,038.09	1

1 **AFFIRMATION OF BYRON C. WILLIAMS**

2 Pursuant to NAC 703.710, Byron C. Williams affirms and declares the following:

- 3 1. I am over 18 years of age and am competent to testify to facts stated below which
4 are based upon my personal knowledge.
- 5 2. That I am the person identified in the foregoing prepared testimony, including,
6 where applicable, any exhibits.
- 7 3. That such testimony and exhibits were prepared by me or under my direction.
- 8 4. That the information appearing in my testimony and exhibits are true to the best
9 of my knowledge and belief and that if I were asked the questions stated therein
10 under oath, my answers would be the same.
- 11 5. Pursuant to NRS 53.045, I declare under penalty of perjury under the law of the
12 State of Nevada that the foregoing is true and correct.

13 EXECUTED and DATED this 17th day of March, 2026

14 
15 _____
16 BYRON C. WILLIAMS