

## EXPECTED EARNINGS APPROACH

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GAS GROUP

<u>Company</u>	(a) <u>Expected Return on Common Equity</u>	(b) <u>Adjustment Factor</u>	(c) <u>Adjusted Return on Common Equity</u>
1 Atmos Energy Corp.	10.5%	1.0354	10.9%
2 Chesapeake Utilities	11.5%	1.0771	12.4%
3 Laclede Group	8.5%	1.0357	8.8%
4 New Jersey Resources	12.5%	1.0592	13.2%
5 NiSource, Inc.	5.5%	1.0270	5.6%
6 Northwest Natural Gas	10.0%	1.0208	10.2%
7 Piedmont Natural Gas	10.5%	1.0216	10.7%
8 South Jersey Industries	13.0%	1.0410	13.5%
9 Southwest Gas Corp.	11.5%	1.0320	11.9%
10 WGL Holdings, Inc.	12.0%	1.0181	12.2%
<b>Average</b>			<b>11.0%</b>
<b>Midpoint (d)</b>			<b>9.6%</b>

(a) The Value Line Investment Survey (Sep. 4, 2015).

(b) Adjustment to convert year-end return to an average rate of return using the formula  $2 \times (1 + 5\text{-Yr. Change in Equity}) / (2 + 5\text{-Yr. Change in Equity})$ .

(c) (a) x (b).

(d) Average of low and high values.