

WAUKEE GAS UTILITY SYSTEM

HIDH ADVISORS

Appraisal Report
as of August 28, 2024

August 28, 2024

Ben Kapenstein
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100 Market Street | Harrisburg, PA 17101

Copy to:
Courtney Clarke, Mayor
City of Waukee, Iowa

Re: *Appraisal of the Waukee Gas Utility System*

Dear Mr. Kapenstein and Mayor Clarke:

We have performed a business appraisal to establish our opinion of the fair market value of 100% of the ownership interest in the Waukee Gas Utility System as of June 30, 2024. It is our understanding that this analysis will be used for the potential disposal of a city utility by sale; use is restricted to and consistent with this stated purpose only.

Based upon the data, information, and analysis presented in the accompanying appraisal, it is our opinion that the future net cash position of the Waukee Gas Utility System is **\$19,200,000 on a control basis** and following inclusion of working capital and consideration of long-term liabilities, the fair market value, net position, of the Waukee Gas Utility System is **\$23,800,000 on a control basis**.

The accompanying appraisal describes the information considered, the process of analysis that was followed, and our appraisal conclusion. It also sets forth all special considerations, assumptions, and limiting conditions pertinent and is an integral component in understanding the appraisal conclusion. The appraisal and conclusion should not be distributed or circulated, quoted from, or cited in any manner that is not consistent with the stated purpose.

We are pleased to provide you with the accompanying appraisal regarding this matter and appreciate the opportunity to be of service to you. If you have any questions regarding this report, please contact us at (515) 225-3796

Respectfully,

HDH ADVISORS, LLC

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Introduction

Subject of the Appraisal

Subject Interest

Waukee Gas Utility System (the “Utility”) is a city utility operated by the City of Waukee, Iowa. It is a distributor of natural gas to residential, commercial, industrial, and institution customers in the city.

Intended User

This appraisal is for the exclusive use by the Mayor and City Council (collectively the “Governing Body”) and the City’s legal representatives.

The purpose of the appraisal is to assist the Governing Body in determining the fair market value of the Utility to comply with regulatory requirements of Iowa Code Chapter 388.2A “*Procedure for disposal of city utility by sale.*” Use of the appraisal is restricted to and consistent with these stated users and purposes only (“Subject Interest”) as of August 28, 2024 (“Effective Date”).

The appraisal was issued on August 28, 2024. HDH Advisors has neither obligation nor responsibility to update the appraisal or report for events, circumstances or information that arise after the date the report was issued.

Standard of Value

The standard of value is *Fair Market Value*, which is considered to represent the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, each acting at arms-length in an open and unrestricted market, when neither is under compulsion to buy or to sell and when both have reasonable knowledge of relevant facts¹.

¹ International Business Glossary – Business Valuation. American Society of Appraisers. February 24, 2022.

Professional Standards

The appraisal has been prepared in accordance with the following professional standards:

- ◆ Standards 9 and 10 of the Uniform Standards of Professional Appraisal Practice (“USPAP”) of the Appraisal Foundation.
- ◆ American Society of Appraisers (“ASA”) Business Valuation Standards (“BVS”).
- ◆ American Institute of Certified Public Accountants (“AICPA”) Statement on Standards for Valuation Services (“SSVS”) No. 1.

Scope of Work

The appraisal is conducted with accordance to Chapter 388.2A(2) of the Iowa Code and considers:

[T]he depreciated value of the capital assets to be sold, the loss of future revenues to the city utility, including the right to generate surpluses, and the cost of any capital improvements reasonably necessary to provide adequate service and facilities to the city’s utility’s customers.

Additional factors considered include internal and external influences that can impact the value of the Utility, including:

- ◆ History since inception.
- ◆ Condition and outlook of economic and industry conditions.
- ◆ Book value of the assets and financial condition of the utility.
- ◆ Whether or not the Utility has goodwill or other intangible value.
- ◆ Analysis of the historical and estimated future financial condition of the utility.
- ◆ Analysis of other pertinent facts and data resulting in the conclusion of value.

Significant Assumptions

The appraisal was conducted without a physical inspection. It is assumed that the regulatory reports filed with the Iowa Utilities Board (“IUB”), the U.S. Energy Information Administration (“EIA”), and the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration (“PHMSA”) are accurate. The

appraisal does not guarantee or imply that the Utility or any structures are free of defects or property condition problems.

Fair Market Value interpreted through the confines of the Iowa Code.

No other extraordinary assumptions or hypothetical conditions were utilized in the preparation of the appraisal.

Basis of Value

The Subject Interest is a controlling interest and has the ability to direct administration, management, and operations.

Limiting Conditions

An appraisal Certification is included as Appendix A and a statement of Assumptions and Limiting Conditions is included as Appendix B. Both appendixes describe important conditions, restrictions, and assumptions used in this analysis. Additional assumptions and restrictions are noted throughout this report. Users of this report should read and study the entire report to understand the conclusion of value.

Sources of Information

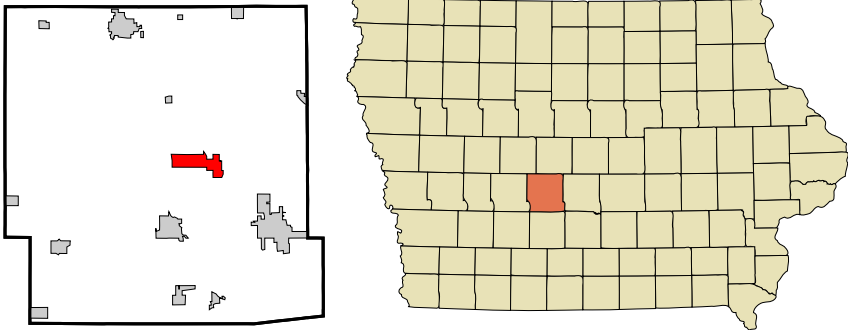
We have read, studied, considered, and relied on various information sources for this appraisal. These included both internal and external information sources. A listing of information relied upon is in the appendices to this report.

Utility Profile

The Utility provides natural gas distribution to more than 8,000 residential, commercial, industrial and institutional customers. There are 143.89 miles of gas main, including five miles of high pressure main and 14 miles of transmission main. Waukee has operated the utility since 1966.

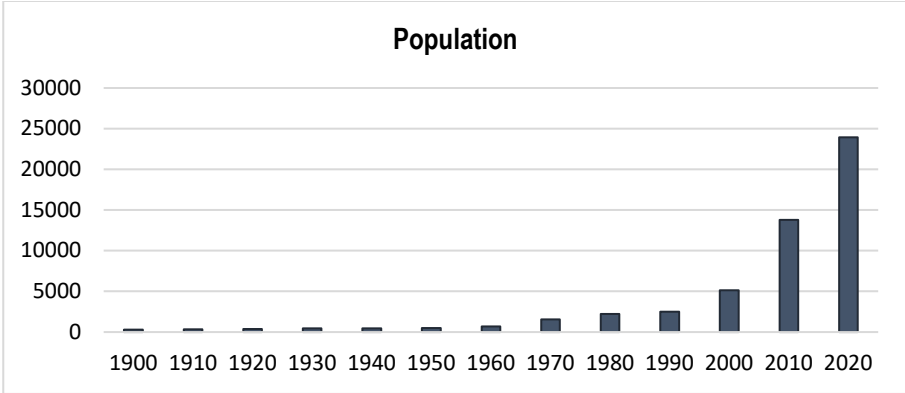
City of Waukee Overview

Located in Dallas County, Waukee is a largely suburban area in central Iowa and is a part of the Des Moines metropolitan area. The city has a total area of 12.99 square miles.



Population and Growth

The City of Waukee has experienced significant growth over the past few decades. This growth is reflected in both the population and the number of service addresses. Waukee's population was recorded at 23,940 in the 2020 census, and the city has been recognized as the fastest-growing large city in Iowa and one of the ten fastest-growing suburbs in the United States. Projections suggest that the population could reach 35,000 by 2030 and 45,000 by 2050, supported by annexation agreements that allow the city's footprint to double.



Historical and Recent Service Growth

Since Waukee began operating its own utility in 1966, there has been a notable increase in the number of service addresses. Starting from 550 average service addresses in 1979, the number has grown to 8,368 by 2023, demonstrating consistent and robust expansion. Recent trends also highlight this growth, with service addresses increasing from 6,328 in 2019 to 8,368 in 2023, indicating strong and sustained development.

Customers and Meters Served

Waukee's utility serves a diverse customer base, including residential, commercial, industrial, and institutional customers. The utility currently manages 143.89 miles of gas main, which includes five miles of high-pressure main and 14 miles of transmission main.

- **Small Volume Customers:** The number of small volume customers has increased steadily from 7,375 in 2019 to 9,599 by April 2024. Projections indicate continued growth, with the number expected to reach approximately 11,533 customers by 2030.
- **Large Volume Customers:** Large volume customers have also shown growth, increasing from 59 in 2019 to 85 in April 2024. Projections show this number reaching 114 by 2030.
- **Meters Served:** The utility currently serves 9,725 small meters, with an estimated footprint capacity of 16,208 meters. With the expected 100% growth in the city's footprint, the total meter capacity could reach 32,416 meters.

Growth Prospects

Waukee's growth prospects remain promising, supported by several factors:

- **Expansion Agreements:** The city has ongoing annexation agreements with neighboring communities, which are expected to drive significant growth in the utility's footprint and capacity.
- **Projected Customer Growth:** Long-term growth targets for small volume customers indicate a steady increase, with projections showing the number could surpass 20,000 customers by 2043. Large volume customer growth is also trending positively.
- **Economic Development:** The ongoing development projects and the city's strategic initiatives to expand utility services are expected to sustain and potentially accelerate this growth trajectory.

Detailed Projections

- Small Volume Customer Growth:
 - 2023: 9,083 customers
 - 2024: 9,433 customers
 - 2025: 9,783 customers
 - 2030: 11,533 customers
- Large Volume Customer Growth:
 - 2023: 79 customers
 - 2024: 84 customers
 - 2025: 89 customers
 - 2030: 114 customers

Conclusion

The City of Waukee is on a robust growth path, supported by historical data and future projections. With an increasing number of service addresses, customers, and meters served, and with strategic expansion plans in place, Waukee is well-positioned for continued development and service capacity expansion in the coming years.

Valuation Analysis

As in any discussion involving appraisal issues, it is important to understand that appraisal theory is based on two principles: “the principle of substitution” and “the principle of future benefits.”

The principle of substitution states that the value of an asset tends to be determined by the cost of acquiring an equally desirable substitute. In other words, a person will not purchase a particular asset if an equally desirable asset can be purchased at a lower price.

The principle of future benefits states that the economic value of an asset reflects anticipated future benefits. An individual who purchases an asset is purchasing it to receive the benefits it can provide in the future, not for what it has done in the past. For example, a business that has had poor earnings in the past but has bright prospects will be worth more than a business that has been successful in the past but will not be profitable in the future.

These principles form the basis for the generally accepted theory of business appraisal stated in Valuing a Business:

In its simplest sense, the theory surrounding the value of an interest in a business depends on the future benefits that will accrue to the owner of it. The value of the business interest, then, depends upon an estimate of the future benefits and the required rate of return at which those future benefits are discounted back to the appraisal date.

In quantifying the future benefits, it is important to consider that the future benefits of ownership in a business must come from the following sources:

- ◆ Earnings or cash flow from either operations or investments.
- ◆ Liquidation or hypothecation of the assets.
- ◆ Sale of the interest.

However, no single formula can be used to determine the value of every business interest in every situation. Therefore, three different business appraisal approaches have evolved over time that focus on the ability of the business interest to provide benefits to its owner from one or some combination of the above sources. These approaches are:

- ◆ The asset-based approach.
- ◆ The income-based approach.
- ◆ The market-based approach.

Not all approaches are applicable in every valuation; valuation approaches and methods must be consistent with the purpose of the valuation, the standard and definition of value, the type of ownership interest being valued, and any legal or regulatory requirements of the engagement. In addition, industry conditions, company factors, and the availability of information must be considered when determining valuation approaches and methods. The following analysis details each of the approaches and the methods we considered applicable for the subject interest.

Asset-Based Approach

Under the asset-based approach, the value is equal to the net value of its assets and liabilities. When an asset-based approach is used, assets are adjusted to market value, then liabilities are deducted to determine the market value.

The importance of assets in the valuation process depends on the extent to which they can be utilized to generate municipal surpluses. Assets provide the means for continuing cash flow and some defense against the risk of periods of losses.

From the perspective of a potential seller, the asset-based approach provides a minimum value for an asset. Owners would not be willing to accept a price that is less than the amount they could receive by selling the assets and paying its liabilities.

The Natural Gas Distribution Infrastructure Safety and Modernization grant program established by the 2021 Bipartisan Infrastructure Law provides nearly \$1 billion in funding over the course of five years to modernize municipally and community-owned natural gas distribution pipes. Over the past two years, PHMSA announced \$588 million in grants for 103 municipal gas projects. Exhibit 16 summarizes 46 grants that

were for municipally owned systems similar to the Utility and analyzes replacement costs on a per mile basis. Exhibit 15 presents the depreciated value of the assets on a replacement level basis.

The depreciated value of the Utility's assets is estimated at **\$19,991,000 on a control basis**.

Additionally, we considered the depreciated value of the Utility's assets on a book value basis in Exhibit 17. The net adjusted assets had an original cost of \$17,390,014 with depreciation of \$4,265,363, resulting in a net book value (rounded) of **\$13,125,000 on a control basis**.

Income-Based Approach

Cash flow is the primary source of future benefits and is one of the most important factors affecting the going-concern value of an asset. The income-based approach calculates value using this premise directly as future cash flow is converted to a present value by using an appropriate discount rate.

Exhibit 9 presents a discounted cash flow analysis. Key assumptions include:

- ◆ **Cash Flow Proxy:** Net Operating Profit After Tax replicative of an investor-owned regulated utility.
The Utility has historically operated on a near cash-neutral basis. Rates were determined by amounts needed to satisfy debt, as well as investing in future customer growth.
- ◆ **Growth:** Annual forecast change in customer growth and historical average volume per customer.
- ◆ **Discount Rate:** The discount rate was determined using a Weighted Average Cost of Capital (WACC) of 8.00%, incorporating a Cost of Equity (CoE) of 9.50% and an After-Tax Cost of Debt of 4.50%. The CoE reflects the lower end of recent Iowa Utility Commission ROE decisions, aligned with the trend towards conservative equity returns. The Pre-Tax Cost of Debt was based on Moody's Baa-rated bonds, with a tax-adjusted rate of 4.50%. These were weighted at 70.0% equity and 30.0% debt, resulting in the final WACC of 8.00% (see Exhibit 10).

The present value of future cash flow surplus is **\$19,400,000 on a control basis**.

Market-based Approach

Under the market approach, the value of the Subject Interest is based upon the prices at which similar types of investments have been sold. Two types of potential market data were considered.

- ◆ **Publicly Traded Gas Utilities:** Based on a multiple of meters served for each utility to determine a value of future cash flow surplus of **\$20,400,000 on a control basis** (see Exhibits 11 through 13).
- ◆ **Purchased Gas Utilities:** Based on a multiple of meters served for each utility to determine a value of future cash flow surplus of **\$19,034,000 on a control basis** (see Exhibit 14).

Valuation Summary

The asset-based, market-based, and income-based approaches provide a range of values between **\$13,125,000 and \$20,400,000**. Primary consideration was given to the income-based approach, which had the most significant weighting, leading to a concluded future net cash position of **\$19,200,000** on a control basis. Notably, the market-based approaches also received consideration, further supporting the final valuation.

After accounting for working capital and long-term liabilities, the fair market value, net position, for the Waukee Gas Utility System is determined to be **\$23,800,000**.

Sincerely,

HDH ADVISORS LLC



Brian Crotty, ASA, ABV, CBA, CVA, CFE, CDFA
Managing Director



Greg Patterson, ASA
Manager

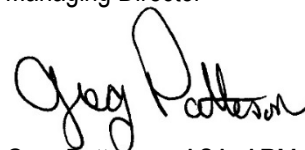
APPENDIX A: APPRAISERS' CERTIFICATION

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the American Society of Appraisers Business Valuation Standards, the American Institute of Certified Public Accountants Statement on Standards for Valuation Services, and the Uniform Standards of Professional Appraisal Practice standards for conducting and reporting on business valuations.
8. No one provided significant professional assistance to the persons signing this report.
9. The economic, macro-environmental and industry data included in the valuation report have been obtained from various printed or electronic reference sources that the valuation analyst believes to be reliable. The valuation analyst has not performed any corroborating procedures to substantiate that date.
10. The parties for which the information and use of the appraisal report is restricted are identified; the valuation report is not intended to be and should not be used by anyone other than such parties.
11. We have no obligation to update the report or the opinion of value for information that comes to our attention after the date of the report.



Brian Crotty, ASA, ABV, CBA, CVA, CFE, CDFA
Managing Director



Greg Patterson, ASA, ARM
Manager

APPENDIX B: ASSUMPTIONS & LIMITING CONDITIONS

We have relied upon information:

We have based our report on historical and prospective financial information, historical and current entity information, and other information provided by the City and third parties. We have not audited or reviewed this information, and the resulting report should not be construed, or referred to as an audit, examination, or review. Had we audited or reviewed the underlying data and information, matters may have come to our attention that would have resulted in our using amounts that differ from those provided. Accordingly, we take no responsibility for the underlying data presented or relied upon in this report. We have assumed that all the representations and information supplied by the city and agents are true, accurate, and complete.

We have relied on public and other information sources we believe to be reliable. However, we make no representation as to the accuracy, completeness or correctness of such information and have performed no procedures to corroborate the information.

We based this valuation in part on forecasts of revenues, earnings, and other matters. Some assumptions inevitably will not materialize, and numerous unanticipated events and circumstances may occur. Therefore, the actual performance in the areas forecasted will vary from the forecasts and the variations may be material. HDH Advisors expresses no form of assurance whatsoever on the likelihood of achieving the forecasts or on the reasonableness of the assumptions, representations, and conclusions.

The report will not be used for:

We have performed this valuation only for the City of Waukeee for the purpose stated herein. The report and any information contained within are not to be used for any other purpose by any other party. Such other use will render the report invalid and is not authorized.

The report, its information and findings are confidential and are not to be published, copied, reproduced, disclosed, or disseminated in any way by any means, in whole or in part, without the express prior written permission of a duly authorized officer of HDH Advisors. This report is copyrighted and remains the property of HDH Advisors.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without the prior written consent and approval of HDH Advisors.

Assumptions (not all inclusive):

In determining the opinion of value included in this report, we have assumed that the existing management will maintain the character and integrity of the Utility through any reorganization or reduction of any existing owner's/manager's participation in the activities of the Utility.

We have assumed that there are no factors such as restrictive agreements of any kind, other than those noted herein, which will affect or impair value in any way or the ability to affect an expedient sale of the ownership interest being valued.

We have assumed for valuation purposes that the Utility is in good standing and is not in violation of any laws or regulatory statute of any kind; this has not been independently verified. We have also assumed that there are no contingent or other liabilities of any kind, including pending or threatened lawsuits, environmental or hazardous waste or other similar matters except as noted herein.

The dollar amount of any value reported is based on the purchasing power of the U.S. dollar as of the valuation date. The appraiser assumes no responsibility for economic or physical factors occurring after the date that may affect the opinions reported.

HDH Advisors is not an environmental consultant, engineer, or auditor, and takes no responsibility for any actual or potential liability from environmental contamination or injury from such contaminants or hazardous substances. HDH Advisors has not independently determined whether the subject utility asset is subject to any present or future liability relating to environmental matters (including but not limited to CERCLA/Superfund liability, contamination of soil, water or air, or release of any substance that could damage the environment or individuals) nor the scope of any such liabilities. We take no such liabilities into account, except as they have been reported to us by the subject company or by an environmental consultant working for the subject company, and then only to the extent that the liability was report to us in an actual or estimated dollar amount. Such matters, if any, are noted in the report. To the extent such information has been reported to us, HDH Advisors has relied on it without verification and offers no warranty or representation as to its accuracy or completeness.

The estimate of fair market value assumes that the Utility is a "going concern," based on an all-cash purchase, or equivalent terms thereof. The Utility would have a materially different value in liquidation. No estimate of the value that could be achieved in liquidation is included in this report.

If the business is sold or transferred:

HDH Advisors, Brian Crotty and Greg Patterson do not purport to be guarantors of value. Valuations involving closely held companies is an imprecise science, with value being a question of fact, and reasonable people differing in their opinions of value. However, HDH Advisors and the individual analysts have used conceptually sound and commonly accepted methods and procedures of valuation in determining the opinion of value included in this report.

Nothing in this report is intended to recommend, imply, or provide any guarantees, representations, or opinions of any kind whatsoever regarding the financial prudence, collateral, investment potential or debt service ability of the Utility. Such parties should undertake a full due diligence review of the Utility and make their own independent determinations of its prospects, financial and otherwise, and the financial prudence, tax, legal, and all other ramifications of any contemplated transaction and should retain independent and qualified advisors.

Nothing in this report should be construed as providing a “due diligence” study of the Utility, as such a study has not been undertaken. Such a study could uncover factors not considered herein which could result in a materially different estimate of value. No “fairness opinion” of any kind is expressed herein regarding an ownership interest in the subject entity or for any pending or contemplated transaction.

Nothing in this report constitutes a recommendation regarding the purchase or sale of any securities or assets. HDH Advisors expresses no opinion, guarantees or form of assurance of any kind, expressed or implied, on the potential investment performance resulting from a purchase of an interest in the Utility or its assets.

This report is neither an offer to sell, nor a solicitation to buy securities, and/or equity in, or assets of, the subject entity.

Other:

We have no present or contemplated financial interest in the Utility. Our fee for this analysis is based upon our customary billing rates plus out-of-pocket expenses and is in no way contingent upon the results of our findings. We have no responsibility or obligation to update this report for events or circumstances occurring after the date of this report, although we would be happy to do so should prior arrangements be made, including providing expert testimony or to be in attendance in court or at any government hearing with reference to the matters contained herein. The opinion expressed herein is valid only for the stated Effective Date, and only for the stated

valuation purpose. The actual value realized at a date after the valuation date may vary from the value set forth and such variations may be material.

No change of any item in the report shall be made by anyone other than HDH Advisors, and we shall have no responsibility for any such unauthorized change.

The Effective Date is stated in the report without any guarantees as to the fair market value at the valuation date or any future date, or any contrary opinions as to the value as of the same date. Possession of the report or work papers or other written documentation regarding the analysis does not carry with it the right of publication of all or part of it, nor may it be used or relied upon without previous written consent for any purpose other than that set forth above. No third parties are intended to benefit. HDH Advisors assumes no responsibility for any liability for damages of any kind resulting from reliance on this report by the Utility or any other party. Schedules, information, and other work papers developed during the assignment by HDH Advisors or supplied by the client are the sole property of HDH Advisors and are not subject to examination or production to the client at any time during or after the engagement.

The process of preparing a business valuation is not an exact science. It requires certain judgments to be made by HDH Advisors. These judgments include selection of valuation method, determination of earnings stream, and computation of discount rates, to name a few. Not every professional business valuator will make the same judgments. In fact, a business that is subject to multiple valuations by professional valuers would rarely result in one singular fair market value. The result would be a range of values that would be considered fair market value.

APPENDIX C: SOURCES

Legal and Transaction Documents

- ◆ Asset Purchase Agreement (June 27, 2024)
- ◆ Real Property by Quit Claim Deed (July 15, 2024)
- ◆ Assumed Liabilities List (July 15, 2024)
- ◆ Seller's Required Approvals (July 15, 2024)
- ◆ Right of Way Permit List (July 15, 2024)
- ◆ General Description of Installed Infrastructure List (July 15, 2024)
- ◆ Asset List (July 15, 2024)

Regulatory and Compliance Documents

- ◆ PHMSA Annual Reports (2021-2023)
- ◆ DOT Regulatory Inspection Report for Warrior Lane (October 30, 2023)
- ◆ Regulatory Inspection Report for TBS #1 (November 20, 2023)
- ◆ O&M Plans (December 14, 2023)
- ◆ DIMP for Waukee Municipal Gas (December 9, 2022)
- ◆ IUB Annual Inspection Responses (2019-2023)
- ◆ IUB Distribution Inspections (2019, 2021, 2023)
- ◆ Service Line Record

Financial Documents

- ◆ Audited Financial Reports (Fiscal Years 2018-2023)
- ◆ Budgets (Fiscal Years 2018-2025)
- ◆ Gas Revenue Breakdown (Fiscal Year 2023)
- ◆ Utility Funds Revenue and Expense Report (Fiscal Year 2020)
- ◆ Utility Funds Balance Sheet (Fiscal Year 2020)
- ◆ Historical Utility Costs Detail (Fiscal Years 2015 through April 2024)
- ◆ City of Waukee Audits (June 30, 2018; June 30, 2019; June 30, 2020)
- ◆ Worker's Compensation Claims (July 1, 2018 through April 30, 2024)

Contracts and Agreements

- ◆ TF and TFX Throughput Service Agreements and Contracts (2017-2027) - Northern Natural Gas Company
- ◆ Firm Demand Delivery Service Agreements (Amended June 1, 2024) - Northern Natural Gas Company
- ◆ Natural Gas Service Agreement (September 21, 2015) - Clayton Energy
- ◆ Future Purchase Agreements (2020-2028) - Clayton Energy
- ◆ Waukee Natural Gas Contract Summary List

Project and Planning Documents

- ◆ Capital Improvement Projects List (CY2020 - 2027)
- ◆ System Expansion Project Plans - TBS #1 (September 26, 2023)
- ◆ System Reconfiguration Plans - TBS #2 (March 19, 2024)
- ◆ Waukee Forecasted Future Peak Days (April 1, 2023; April 25, 2024)
- ◆ Purchased Gas Adjustment Summaries (May 2023 - May 2024)
- ◆ Five-Year Rate and Financial Projections (May 2, 2024)
- ◆ Waukee Management Presentation

Employee and Internal Documents

- ◆ Employee Handbook (December 4, 2023)
- ◆ 2023 Employee Benefits Guide
- ◆ Employee Summary (April 19, 2024)
- ◆ Gas Employee Salary Information (July 1, 2024)
- ◆ Gas Services Technician Job Description
- ◆ Gas Superintendent Job Description
- ◆ Waukee Operator Task Profile
- ◆ ICAP Policy Summary (May 3, 2024)
- ◆ ICAP Insurance Report

Maps and Technical Documents

- ◆ Various Waukee Gas Utility Maps
- ◆ Gas Asset Listing Report (June 30, 2023)
- ◆ Gas Inventory Listing Report (June 30, 2023)
- ◆ Hickman Road and 4th Street Casing Test Report
- ◆ Main Line Test Record

Miscellaneous Documents

- ◆ Various Q&A Documents

Regulatory and Industry Research

- ◆ Natural Gas Prices & Forecasts, U.S. Energy Information Administration
- ◆ Private Equity Buyouts of Public Utilities (November 2007), NRRI
- ◆ Analysis of Rate Elements (November 2011), New York State Department of Public Service
- ◆ Calculating Revenue Requirements (July 2009), Colorado Department of Regulatory Agencies
- ◆ Cost of Capital Navigator, Duff & Phelps
- ◆ Annual Gas Distribution Report (2009), PHMSA
- ◆ Guideline Transaction Data, S&P Capital IQ and DealStats
- ◆ FY2023 Natural Gas Distribution Infrastructure Safety and Modernization Grant Awards (May 30, 2024), PHMSA
- ◆ Tariff Development: Basic Ratemaking Process (2008), Regulatory Commission
- ◆ The Future of Gas Utilities (August 2021), Brattle

Tariffs and Rate Documents

- ◆ Current Gas Tariffs, Alliant Energy
- ◆ Current Gas Tariffs, Black Hills Energy
- ◆ Current Gas Tariffs, Liberty Utilities
- ◆ Current Gas Tariffs, MidAmerican Energy

APPENDIX D: APPRAISERS' QUALIFICATIONS

BRIAN CROTTY, ASA, ABV, CVA CBA, CDFA, CFE

Brian is a Managing Director with HDH Advisors, LLC with over twenty years of experience in business appraisals, litigation support, corporate finance and an additional two years of experience in the legal research and support field. Brian has testified as an expert witness in various court proceedings throughout the state of Iowa. Brian was the first business appraisal expert in the state of Iowa trained in Mediation, Collaborative Law and court appointed as Special Master on Valuation and Forensic Accounting in the Iowa Business Specialty Court Pilot Project.

Prior to joining HDH Advisors, Brian was in the Business Valuation and Litigation Support Group of RSM US, LLP (previously RSM McGladrey, Inc.) and the National Valuation Consulting Group of CliftonLarsonAllen (previously Clifton Gunderson, LLP). Brian started his career as a clerk for the law firm of Bray & Klockau, PLC.

Brian has performed numerous appraisal and litigation support services for companies in various industries and sizes, including companies with revenue exceeding billions of dollars per year.

Brian has extensively prepared full appraisal reports that adhered to Revenue Ruling 59-60, the Uniform Standards of Professional Appraisal Practice ("USPAP"), and the American Institute of CPAs ("AICPA") Statement of Standards for Valuation Services. Brian has also prepared expert reports for wrongful death and injury related damages, lifestyle analyses, and estimated after-tax income available for alimony and child support. Brian provides mediation services as a roster mediator in the Fifth District of Iowa.

GREG PATTERSON, ASA, ARM

Mr. Patterson is an Accredited Senior Appraiser and a Manager with HDH Advisors, a financial advisory services firm with offices in West Des Moines, Iowa and in Atlanta, Georgia. The firm's financial advisory services include business and intangible asset valuation, transfer pricing analysis, family limited partnership valuations, fairness and solvency opinions and litigation support consulting services.

As a Manager at HDH Advisors, Mr. Patterson is responsible for project production, client communication, and internal staffing for various business valuation, consulting, and litigation support engagements. He has nearly twenty years of experience in corporate finance, securities valuation, and litigation support services. Mr. Patterson has performed valuations of smaller privately held companies and larger multinational clients, common and preferred stocks, partnership interests, stock options, warrants, and intangible assets, for both privately and publicly held entities.

Mr. Patterson has worked with companies in nearly every industry with a presence in the Midwest and Southeast, from agriculture to precision manufacturing to health care.

A graduate of the University of Iowa and Drake Law School, Mr. Patterson worked at a national insurance company for two years before joining McGladrey & Pullen in 1999 (now RSM US, LLP). Mr. Patterson became earned the Accredited Senior Appraiser credential in business valuation from the American Society of Appraisers in 2007 and in appraisal review in 2016. He joined Corporate Continuity Group, LLC in 2007, a predecessor of HDH Advisors.

EXHIBIT 1: VALUATION SUMMARY

Appraisal Approach	Exhibit Reference	Indicated Future Net Cash Position	Weighting ^[1]	Concluded Value
Asset Approach (Replacement Cost)	Exhibit 15	\$ 19,991	0.0%	
Asset Approach (Adjusted Net Book Value)	Exhibit 17	\$ 13,125	5.0%	
Income Approach (Discounted Cash Flow Method)	Exhibit 9	\$ 19,400	75.0%	
Market Approach (Guideline Public Company Method)	Exhibit 14	\$ 20,400	15.0%	
Market Approach (Guideline Transaction Method)	Exhibit 13	\$ 19,034	5.0%	
Concluded Future Net Cash Position, rounded				\$ 19,200
Less: Interest-Bearing Debt				-
Plus: Net Working Capital				5,418
Less: Long-Term Liabilities				(840)
Fair Market Value, Net Position				\$ 23,800

Notes:

[1] Primary weighting on discounted net cash flow benefiting municipal owners.

EXHIBIT 2: BALANCE SHEET

	As of June 30, ⁽¹⁾						Common Size					
	2018	2019	2020	2021	2022	2023	2018	2019	2020	2021	2022	2023
ASSETS												
<u>Current Assets:</u>												
Cash & Cash Equivalents	\$ 3,379	\$ 4,425	\$ 4,901	\$ 5,449	\$ 6,527	\$ 4,926	22.4%	26.4%	27.9%	28.1%	28.9%	21.0%
Accounts Receivable	144	233	257	397	313	340	1.0%	1.4%	1.5%	2.0%	1.4%	1.4%
Inventory	158	292	204	320	453	824	1.0%	1.7%	1.2%	1.7%	2.0%	3.5%
Due from Other Governments	-	-	-	93	-	-	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%
Total Current Assets	3,681	4,951	5,363	6,260	7,293	6,091	24.4%	29.6%	30.6%	32.3%	32.3%	25.9%
Total Property & Equipment, net	11,129	11,555	11,957	12,860	14,868	17,113	73.9%	69.0%	68.2%	66.4%	65.9%	72.9%
<u>Other Assets:</u>												
Restricted Cash & Assets	147	144	141	168	169	171	1.0%	0.9%	0.8%	0.9%	0.7%	0.7%
Net Pension Asset	-	-	-	-	132	-	0.0%	0.0%	0.0%	0.0%	0.6%	0.0%
Deferred Outflows - Pension Related	108	101	76	85	76	93	0.7%	0.6%	0.4%	0.4%	0.3%	0.4%
Deferred Outflows - OPEB Related	3	2	2	2	9	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Other Assets	258	247	219	255	385	272	1.7%	1.5%	1.2%	1.3%	1.7%	1.2%
Total Assets	\$ 15,069	\$ 16,752	\$ 17,539	\$ 19,374	\$ 22,547	\$ 23,475	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LIABILITIES & EQUITY												
<u>Current Liabilities:</u>												
Accounts Payable	\$ 84	\$ 174	\$ 166	\$ 296	\$ 561	\$ 483	0.6%	1.0%	0.9%	1.5%	2.5%	2.1%
Compensated Absences	19	18	19	22	19	23	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Accrued Absences	-	15	22	26	26	35	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
Customer Deposits Payable	110	102	101	128	129	131	0.7%	0.6%	0.6%	0.7%	0.6%	0.6%
IT Subscriptions	-	-	-	-	-	1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Revenue Notes Payable	377	388	-	-	-	-	2.5%	2.3%	0.0%	0.0%	0.0%	0.0%
Interest Payable	4	3	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Current Liabilities	594	700	308	471	735	673	3.9%	4.2%	1.8%	2.4%	3.3%	2.9%
<u>Non-Current Liabilities:</u>												
Revenue Notes Payable, Net	1,195	807	-	-	-	-	7.9%	4.8%	0.0%	0.0%	0.0%	0.0%
Net OPEB Liability	32	32	32	36	46	73	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%
Net Pension Liability	216	198	156	206	-	48	1.4%	1.2%	0.9%	1.1%	0.0%	0.2%
Deferred Inflows - Pension Related	7	16	39	7	277	42	0.0%	0.1%	0.2%	0.0%	1.2%	0.2%
Deferred Inflows - OPEB Related	4	3	6	6	5	4	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Liabilities	2,048	1,756	540	726	1,062	840	13.6%	10.5%	3.1%	3.7%	4.7%	3.6%
Net Position	13,021	14,996	16,998	18,648	21,485	22,635	86.4%	89.5%	96.9%	96.3%	95.3%	96.4%
<i>Net Investment in Capital Assets</i>	<i>9,557</i>	<i>10,360</i>	<i>11,957</i>	<i>12,860</i>	<i>14,868</i>	<i>17,113</i>						
<i>Restricted for Bond Retirement</i>	<i>-</i>	<i>-</i>	<i>40</i>	<i>40</i>	<i>40</i>	<i>40</i>						
<i>Unrestricted</i>	<i>3,463</i>	<i>4,636</i>	<i>5,002</i>	<i>5,749</i>	<i>6,576</i>	<i>5,483</i>						
<u>Supplemental Information:</u>												
Net Working Capital	\$ 3,464	\$ 4,639	\$ 5,055	\$ 5,788	\$ 6,558	\$ 5,418						
<i>As a Percentage of Revenue</i>	<i>46.9%</i>	<i>60.0%</i>	<i>64.5%</i>	<i>53.6%</i>	<i>57.6%</i>	<i>43.2%</i>						
Cash-Free Net Working Capital	86	214	154	339	31	492						
<i>As a Percentage of Gross Revenue</i>	<i>2.2%</i>	<i>4.9%</i>	<i>3.3%</i>	<i>8.7%</i>	<i>0.5%</i>	<i>7.5%</i>						
Total Debt	\$ 1,572	\$ 1,195	\$ -	\$ -	\$ -	\$ -						

Notes:

[1] Information taken from audited financial statements.

EXHIBIT 3: INCOME STATEMENT

	As of June 30, ^[1]							Common Size						
	2018	2019	2020	2021	2022	2023	2024	2018	2019	2020	2021	2022	2023	2024
Revenue, Gross	\$ 7,390	\$ 7,734	\$ 7,838	\$ 10,800	\$ 11,396	\$ 12,548	\$ 9,848	187.4%	176.3%	167.6%	277.2%	179.5%	190.3%	100.0%
Annual Growth %	n/a	4.7%	1.3%	37.8%	5.5%	10.1%	-21.5%							
Cost of Gas	3,446	3,347	3,161	6,905	5,049	5,953	5,779	87.4%	76.3%	67.6%	177.2%	79.5%	90.3%	58.7%
Revenue, net of Gas +/-	3,943	4,387	4,677	3,896	6,347	6,595	4,070	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	41.3%
Annual Growth %	n/a	11.2%	6.6%	-16.7%	62.9%	3.9%	n/a							
Operating Expenses:														
Cost of Sales & Service	1,758	1,983	2,190	1,722	2,757	3,599	2,840	44.6%	45.2%	46.8%	44.2%	43.4%	54.6%	28.8%
Depreciation	366	381	427	452	546	557	585	9.3%	8.7%	9.1%	11.6%	8.6%	8.5%	5.9%
Total Operating Expenses	2,124	2,364	2,617	2,174	3,303	4,157	3,425	53.9%	53.9%	55.9%	55.8%	52.0%	63.0%	34.8%
Operating Income	1,819	2,023	2,060	1,722	3,044	2,438	645	46.1%	46.1%	44.1%	44.2%	48.0%	37.0%	6.5%
Other Expense (Income):														
Interest Income	(43)	(79)	(61)	(12)	(27)	(235)	(100)	-1.1%	-1.8%	-1.3%	-0.3%	-0.4%	-3.6%	-1.0%
(Gain)/Loss on Sale of Asset	(8)	(25)	(25)	(28)	(15)	(16)	-	-0.2%	-0.6%	-0.5%	-0.7%	-0.2%	-0.2%	0.0%
Interest Expense (Income)	52	42	32	-	-	(0)	-	1.3%	1.0%	0.7%	0.0%	0.0%	0.0%	0.0%
Total Other Expense:	1	(62)	(54)	(40)	(42)	(250)	(100)	0.0%	-1.4%	-1.2%	-1.0%	-0.7%	-3.8%	-1.0%
Earnings Before Taxes	\$ 1,818	\$ 2,085	\$ 2,114	\$ 1,761	\$ 3,086	\$ 2,688	\$ 745	46.1%	47.5%	45.2%	45.2%	48.6%	40.8%	7.6%
Supplemental Information:														
Reported EBIT	1,819	2,023	2,060	1,722	3,044	2,438	645	46.1%	46.1%	44.1%	44.2%	48.0%	37.0%	6.5%
Depreciation	366	381	427	452	546	557	557	9.3%	8.7%	9.1%	11.6%	8.6%	8.5%	5.7%
Adjusted EBITDA	\$ 2,185	\$ 2,404	\$ 2,487	\$ 2,174	\$ 3,590	\$ 2,996	\$ 1,202	55.4%	54.8%	53.2%	55.8%	56.6%	45.4%	12.2%
Capital Expenditures	\$ 1,523	\$ 856	\$ 859	\$ 1,372	\$ 2,555	\$ 2,807	\$ 2,807	38.6%	19.5%	18.4%	35.2%	40.2%	42.6%	28.5%

Notes:

[1] Information taken from audited financial statements, except for CoS which was based on internally-prepared financials.

EXHIBIT 4: PROJECTED REVENUE – CITY OF WAUKEE

	Historical ^[1]				Forecast						
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Small Volume											
Users	7,876	8,550	9,083	9,433	9,783	10,133	10,483	10,833	11,183	11,533	11,833
Average Volume (CCF)	676	683	699	585	564	545	527	510	494	479	467
Volume (MCF)	5,327	5,843	6,347	5,522	5,522	5,522	5,522	5,522	5,522	5,522	5,522
Service Charge (Monthly)	\$ 9.50	\$ 9.50	\$ 9.50	\$ 11.25	\$ 13.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00
Commodity Charge	\$ 0.1900	\$ 0.1900	\$ 0.1900	\$ 0.2110	\$ 0.2225	\$ 0.1745	\$ 0.1745	\$ 0.1745	\$ 0.1745	\$ 0.1745	\$ 0.1745
Service Charge (\$,000s)	\$ 898	\$ 975	\$ 1,035	\$ 1,273	\$ 1,526	\$ 1,824	\$ 1,887	\$ 1,950	\$ 2,013	\$ 2,076	\$ 2,130
Commodity Charge	\$ 1,012	\$ 1,110	\$ 1,206	\$ 1,165	\$ 1,229	\$ 964	\$ 964	\$ 964	\$ 964	\$ 964	\$ 964
Small Volume Revenue	\$ 1,910	\$ 2,085	\$ 2,241	\$ 2,439	\$ 2,755	\$ 2,788	\$ 2,851	\$ 2,914	\$ 2,977	\$ 3,040	\$ 3,094
Annual Change		9.2%	7.5%	8.8%	13.0%	1.2%	2.3%	2.2%	2.2%	2.1%	1.8%
Large Volume											
Users	69	77	79	84	89	94	99	104	109	114	119
Average Volume (CCF)	19,121	18,458	18,945	17,728	16,732	15,842	15,042	14,319	13,662	13,063	12,514
Volume (MCF)	1,319	1,421	1,497	1,489	1,489	1,489	1,489	1,489	1,489	1,489	1,489
Service Charge (Monthly)	\$ 19.00	\$ 19.00	\$ 19.00	\$ 23.25	\$ 31.75	\$ 31.75	\$ 31.75	\$ 31.75	\$ 31.75	\$ 31.75	\$ 31.75
Commodity Charge	\$ 0.1450	\$ 0.1450	\$ 0.1450	\$ 0.2230	\$ 0.2910	\$ 0.2884	\$ 0.2884	\$ 0.2884	\$ 0.2884	\$ 0.2884	\$ 0.2884
Service Charge (\$,000s)	\$ 16	\$ 18	\$ 18	\$ 23	\$ 34	\$ 36	\$ 38	\$ 40	\$ 42	\$ 43	\$ 45
Commodity Charge	\$ 191	\$ 206	\$ 217	\$ 332	433	429	429	429	429	429	429
Large Volume Revenue	\$ 207	\$ 224	\$ 235	\$ 356	\$ 467	\$ 465	\$ 467	\$ 469	\$ 471	\$ 473	\$ 475
Annual Change		8.0%	5.1%	51.3%	31.4%	-0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Standard Cost Adjustment											
Total Volume (MCF)	6,646	7,264	7,844	7,011	7,011	7,011	7,011	7,011	7,011	7,011	7,011
SGA Margin	\$ 0.1601	\$ 0.3517	\$ 0.2149	\$ 0.1400	\$ 0.1177	\$ 0.1185	\$ 0.1876	\$ 0.1875	\$ 0.1697	\$ 0.2411	\$ 0.2335
Standard Cost Adjustment, Net	\$ 1,064	\$ 2,555	\$ 1,686	\$ 982	\$ 825	\$ 831	\$ 1,315	\$ 1,315	\$ 1,190	\$ 1,690	\$ 1,637
Annual Change		140.1%	-34.0%	-41.8%	-16.0%	0.7%	58.3%	0.0%	-9.5%	42.1%	-3.2%
Total Revenue (excl. Gas +/-)											
Total Revenue (excl. Gas +/-)	\$ 3,181	\$ 4,863	\$ 4,162	\$ 3,776	\$ 4,047	\$ 4,084	\$ 4,633	\$ 4,698	\$ 4,637	\$ 5,203	\$ 5,205
Annual Change		52.9%	-14.4%	-9.3%	7.2%	0.9%	13.4%	1.4%	-1.3%	12.2%	0.0%
Standard Cost Adjustment											
Standard Cost Adjustment	\$ 1.1298	\$ 1.0937	\$ 1.1161	\$ 1.0100	\$ 1.0077	\$ 1.0285	\$ 1.1176	\$ 1.1375	\$ 1.1397	\$ 1.2311	\$ 1.2435
Cost of Gas Sold (CCF)	0.9697	0.7420	0.9012	0.8700	0.8900	0.9100	0.9300	0.9500	0.9700	0.9900	1.0100
Margin	\$ 0.1601	\$ 0.3517	\$ 0.2149	\$ 0.1400	\$ 0.1177	\$ 0.1185	\$ 0.1876	\$ 0.1875	\$ 0.1697	\$ 0.2411	\$ 0.2335

Notes:

[1] Information taken from City planning documents for future budgeting purposes and do not constitute a strategic forecast. Historical City budgets have consistently fallen short of actual growth (see Exhibit 6).

EXHIBIT 5: PROJECTED REVENUE – HDH

	Historical Budgets					Forecast						
	2021	2022	2023	2024		2025	2026	2027	2028	2029	2030	2031
Small Volume					[1]							
Users	7,876	8,550	9,083	9,433	[2]	9,991	10,541	11,066	11,566	12,016	12,416	12,771
Average Volume (CCF)	676	683	699	585	[3]	680	680	680	680	680	680	680
Volume (MCF)	5,327	5,843	6,347	5,522	[4]	6,792	7,166	7,523	7,863	8,169	8,441	8,682
Service Charge (Monthly per Meter)	\$ 9.50	\$ 9.50	\$ 9.50	\$ 11.25	[5]	\$ 15.46	\$ 15.77	\$ 16.09	\$ 16.41	\$ 16.74	\$ 17.07	\$ 17.41
Commodity Charge (per CCF)	\$ 0.1900	\$ 0.1900	\$ 0.1900	\$ 0.2110	[6]							
Non-Gas Charge (per CCF)					[5]	\$ 0.2806	\$ 0.2862	\$ 0.2920	\$ 0.2978	\$ 0.2978	\$ 0.3038	\$ 0.3098
Service Charge	\$ 898	\$ 975	\$ 1,035	\$ 1,273	[7]	\$ 1,854	\$ 1,995	\$ 2,136	\$ 2,277	\$ 2,413	\$ 2,543	\$ 2,669
Commodity Charge (per CCF)	1,012	1,110	1,206	1,165	[8]							
Non-Gas Charge (per CCF)					[9]	1,906	2,051	2,197	2,342	2,433	2,564	2,690
Small Volume Revenue	\$ 1,910	\$ 2,085	\$ 2,241	\$ 2,439	[10]	\$ 3,760	\$ 4,046	\$ 4,333	\$ 4,619	\$ 4,846	\$ 5,108	\$ 5,359
Annual Change		9.2%	7.5%	8.8%		54.2%	7.6%	7.1%	6.6%	4.9%	5.4%	4.9%
Large Volume												
Users	69	77	79	84	[2]	91	98	105	111	117	122	127
Average Volume (CCF)	19,121	18,458	18,945	17,728	[3]	18,701	18,701	18,701	18,701	18,701	18,701	18,701
Volume (MCF)	1,319	1,421	1,497	1,489	[4]	1,697	1,828	1,959	2,071	2,183	2,277	2,370
Service Charge (Monthly per Meter)	\$ 19.00	\$ 19.00	\$ 19.00	\$ 23.25	[5]	\$ 50.00	\$ 51.00	\$ 52.02	\$ 53.06	\$ 54.12	\$ 55.20	\$ 56.31
Commodity Charge (per CCF)	\$ 0.1450	\$ 0.1450	\$ 0.1450	\$ 0.2230	[6]							
Non-Gas Charge (per CCF)					[5]	\$ 0.1876	\$ 0.1913	\$ 0.1951	\$ 0.1990	\$ 0.1990	\$ 0.2030	\$ 0.2071
Service Charge	\$ 16	\$ 18	\$ 18	\$ 23	[11]	\$ 54	\$ 60	\$ 65	\$ 71	\$ 76	\$ 81	\$ 86
Commodity Charge (per CCF)	191	206	217	332	[8]							
Non-Gas Charge (per CCF)					[12]	318	350	382	412	435	462	491
Large Volume Revenue	\$ 207	\$ 224	\$ 235	\$ 356	[10]	\$ 373	\$ 410	\$ 448	\$ 483	\$ 510	\$ 543	\$ 577
Annual Change		8.0%	5.1%	51.3%		4.9%	9.9%	9.3%	7.8%	5.7%	6.4%	6.2%
Standard Cost Adjustment												
Total Volume (MCF)	6,646	7,264	7,844	7,011	[13]	8,489	8,994	9,482	9,934	10,352	10,718	11,053
SGA Margin	\$ 0.1601	\$ 0.3517	\$ 0.2149	\$ 0.1400	[14]	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Standard Cost Adjustment, Net	\$ 1,064	\$ 2,555	\$ 1,686	\$ 982	[15]	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Net Revenue (excl. Gas +/-)	\$ 3,181	\$ 4,863	\$ 4,162	\$ 3,776	[16]	\$ 4,133	\$ 4,456	\$ 4,780	\$ 5,102	\$ 5,356	\$ 5,650	\$ 5,935
Standard Cost Adjustment	\$ 1.1298	\$ 1.0937	\$ 1.1161	\$ 1.0100	[17]							
Cost of Gas Sold (CCF)	0.9697	0.7420	0.9012	0.8700	[18]							
Margin	\$ 0.1601	\$ 0.3517	\$ 0.2149	\$ 0.1400	[19]							

-- CONTINUED ON NEXT PAGE --

Notes:

- [1] Historical Budget data, see Exhibit 4.
- [2] City budgets for 355 new growth (much lower than 558 average over past 4 years as shown in Exhibit 6). Tapered growth over the period from historical to budget forecast to account for anticipated growth. Note current City footprint estimated to be 60% developed. Total City footprint estimated to double in next 30-40 years.

	2026	2027	2028	2029	2030	2031
Small Volume:	550	525	500	450	400	355
Large Volume:	7	7	6	6	5	5

- [3] 4-Year average CCF volume (Centum Cubic Feet, 100 CF).
- [4] Total volume in MCF (1,000 CF)
- [5] Based on average tariffs of the four Iowa investor-owned regulated utilities (see Exhibit 7). Grown at annual inflation rate: 2.0%
- [6] City of Waukee historical.
- [7] Line 1 multiplied by Line 4 multiplied by 12 months, divided by 1,000.
- [8] Additional charges by City to help fund expansion (new developments largely paid with cash).
- [9] Line 3 multiplied by Line 6.
- [10] Revenue generated by customers in \$1,000s. Excludes cost of natural gas (pass through directly to customers).
- [11] Line 11 multiplied by Line 14 multiplied by 12 months, divided by 1,000.
- [12] Line 13 multiplied by Line 16.
- [13] Line 3 plus Line 13.
- [14] Additional charges by City to help fund expansion (new developments largely paid with cash). Future expansion anticipated to be funded by tariff adjustments.
- [15] Line 22 multiplied by Line 23.
- [16] Line 10 plus Line 20 plus Line 24.
- [17] Total City gas charges to customers.
- [18] Average cost of gas sold to customers.
- [19] Additional City margin to fund capital expansion projects.

Historical and Projected Customer Growth

EXHIBIT 6: HISTORICAL AND PROJECTED CUSTOMER GROWTH AND BUDGET VARIANCE ANALYSIS

	Small Volume Customers									
	Actual	Change	FY Budgets Ending June 30,							
			2018	2019	2020	2021	2022	2023	2024	2025
Fiscal Year Ending June 30,										
2019	7,375		5,808	7,311	7,424					
2020	7,876	501	5,808	7,661	7,774	7,748				
2021	8,550	674	5,808	8,011	8,124	8,098	8,075			
2022	9,083	533	5,808	8,361	8,474	8,448	8,425	8,576		
2024 (thru April)	9,599	522	5,808	8,711	8,824	8,798	8,775	8,926	8,926	
2025						9,148	9,125	9,276	9,276	9,783
2026						9,498	9,475	9,625	9,626	10,133
2027							9,825	9,976	9,976	10,483
2028								10,326	10,326	10,833
2029									10,676	11,183
2030										11,533
Average Growth		558								

*2024 Y/Y change based on April '23 and '24 data (9,203 meters vs. 9,725 meters, respectively).

	Small Volume Customers									
	Actual	Budget vs. Actual Difference								
		2018	2019	2020	2021	2022	2023	2024	2025	
Fiscal Year Ending June 30,										
2020	7,375	(1,567)	(64)	49						
2021	7,876	(2,068)	(215)	(102)	(128)					
2022	8,550	(2,742)	(539)	(426)	(452)	(475)				
2023	9,083	(3,275)	(722)	(609)	(635)	(658)	(507)			
2024 (thru April)	9,599	(3,791)	(888)	(775)	(801)	(824)	(673)	(673)		

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Historical and Projected Customer Growth

	Large Volume Customers								
	Actual	FY Budgets Ending June 30,							
		2018	2019	2020	2021	2022	2023	2024	2025
Fiscal Year Ending June 30,									
2019	59	27	47	48					
2020	69	27	52	53	57				
2021	77	27	57	58	62	69			
2022	79	27	62	63	67	74	79		
2024 (thru April)	85	27	67	68	72	79	84	84	
2025					77	84	89	89	89
2026					82	89	94	94	94
2027						94	99	99	99
2028							104	104	104
2029								109	109
2030									114
Average Growth									7

*2024 Y/Y change based on April '23 and '24 data (82 meters vs. 89 meters, respectively).

	Large Volume Customers								
	Actual	Budget vs. Actual Difference							
		2018	2019	2020	2021	2022	2023	2024	2025
Fiscal Year Ending June 30,									
2020	59	(32)	(12)	(11)					
2021	69	(42)	(17)	(16)	(12)				
2022	77	(50)	(20)	(19)	(15)	(8)			
2023	79	(52)	(17)	(16)	(12)	(5)	-		
2024 (thru April)	85	(58)	(18)	(17)	(13)	(6)	(1)	(1)	

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Historical and Projected Customer Growth

Long-Term Growth Targets: Small Volume Customers					
Year	Customers ^[3]	Footprint Capacity	Year	Customers	Footprint Capacity
2023	9,083	28%			
2024	9,641	30%			
2025	10,198	31%	2045	21,348	66%
2026	10,756	33%	2046	21,906	68%
2027	11,313	35%	2047	22,463	69%
2028	11,871	37%	2048	23,021	71%
2029	12,428	38%	2049	23,578	73%
2030	12,986	40%	2050	24,136	74%
2031	13,543	42%	2051	24,693	76%
2032	14,101	43%	2052	25,251	78%
2033	14,658	45%	2053	25,808	80%
2034	15,216	47%	2054	26,366	81%
2035	15,773	49%	2055	26,923	83%
2036	16,331	50%	2056	27,481	85%
2037	16,888	52%	2057	28,038	86%
2038	17,446	54%	2058	28,596	88%
2039	18,003	56%	2059	29,153	90%
2040	18,561	57%	2060	29,711	92%
2041	19,118	59%	2061	30,268	93%
2042	19,676	61%	2062	30,826	95%
2043	20,233	62%	2063	31,383	97%
2044	20,791	64%	2064	31,941	99%

Notes:

[1]	Current Small Meters	9,725	
	Estimated Footprint Saturation	<u>60%</u>	
	Estimated Footprint Capacity	16,208	
	Estimated Footprint Growth	<u>100%</u>	(based on current annexation agreements with neighboring communities)
	Estimated Total Capacity	32,416	

[2] 2024 growth pro-rated on data through April.

EXHIBIT 7: COMPARISON OF UTILITY TARIFFS: SMALL AND LARGE VOLUME CHARGES

	MidAmerican	Alliant (Interstate Power)	Liberty	Black Hills	Average
Small Volume					
Monthly Meter Charge	\$ 14.50	\$ 13.00	\$ 16.00	\$ 18.35 [2]	\$ 15.46
Non-Gas Distribution per Therm	0.1370	0.3051	0.3672	0.1391	0.2371
Energy Efficiency Cost Recover per Therm	0.0123	0.0739	0.0182	0.0260	0.0326
Regulatory Expense Surcharge per Therm	-	-	0.0049	-	0.0012
Volume Charge per Therm	0.1492	0.3790	0.3903	0.1650	0.2709
Small Volume per CCF (1.036)	\$ 0.15459	\$ 0.39263	\$ 0.40434	\$ 0.17095	\$ 0.28063
Large Volume					
Monthly Meter Charge	\$ 423.50	\$ 225.00	\$ 50.00	\$ 46.16 [3]	\$ 186.17
Non-Gas Distribution per Therm	0.2494	0.0755	0.2593	0.1391	0.1808
Energy Efficiency Cost Recover per Therm	0.0007	0.0059	0.0020	(0.0126)	(0.0010)
Regulatory Expense Surcharge per Therm	-	-	0.0049	-	0.0012
Volume Charge per Therm	0.2501	0.0814	0.2662	0.1265	0.1810
Large Volume per CCF (1.036)	\$ 0.25908	\$ 0.08437	\$ 0.27577	\$ 0.13101	\$ 0.18756

Notes:

-
- [1] Sources: Iowa Utilities Commission tariff filings.
 - [2] Includes \$0.10/month surcharge for rate case expense.
 - [3] Includes \$11.16/month surcharge for rate case expense.

EXHIBIT 8: PROJECTED INCOME STATEMENTS

	Projected ^[1]							Common Size						
	2025	2026	2027	2028	2029	2030	2031	2025	2026	2027	2028	2029	2030	2031
Revenue														
Operating Revenue (net of Gas +/-)	\$ 4,133	\$ 4,456	\$ 4,780	\$ 5,102	\$ 5,356	\$ 5,650	\$ 5,935	97.6%	97.8%	98.0%	97.8%	98.0%	98.1%	98.3%
Connection Fees	100	100	100	100	100	100	100	2.4%	2.2%	2.0%	2.2%	2.0%	1.9%	1.7%
Revenue, net of Gas +/-	\$ 4,233	\$ 4,556	\$ 4,880	\$ 5,202	\$ 5,456	\$ 5,750	\$ 6,035	100%	100%	100%	100%	100%	100%	100%
Annual Growth %	12.1%	7.6%	7.1%	6.6%	4.9%	5.4%	5.0%							
Operating Expenses:														
Personnel Services	1,350	1,418	1,488	1,563	1,641	1,723	1,809	31.9%	31.1%	30.5%	31.1%	30.5%	30.0%	30.0%
Contractual	1,155	1,213	1,273	1,337	1,404	1,474	1,548	27.3%	26.6%	26.1%	26.6%	26.1%	25.7%	25.6%
Meters	350	350	350	350	350	350	350	8.3%	7.7%	7.2%	7.7%	7.2%	6.7%	5.8%
Total Operating Expenses	2,855	2,980	3,112	3,250	3,395	3,547	3,707	67.5%	65.4%	63.8%	65.4%	63.8%	62.5%	61.4%
EBITDA	\$ 1,378	\$ 1,575	\$ 1,769	\$ 1,952	\$ 2,062	\$ 2,203	\$ 2,328	32.5%	34.6%	36.2%	34.6%	36.2%	37.5%	38.6%
Depreciation	615	645	678	712	747	784	824	14.5%	14.2%	13.9%	14.2%	13.9%	13.7%	13.6%
EBIT	\$ 763	\$ 930	\$ 1,091	\$ 1,240	\$ 1,315	\$ 1,419	\$ 1,505	18.0%	20.4%	22.4%	20.4%	22.4%	23.8%	24.9%
Supplemental Information:														
Capital Expenditures	\$ 1,232	\$ 1,140	\$ 1,548	\$ 1,464	\$ 1,248	\$ 1,650	\$ 1,490	29.1%	25.0%	31.7%	25.0%	31.7%	28.1%	24.7%

Notes:

[1] The projected financials have been prepared by HDH Advisors following detailed discussions with Management, contemplating industry growth expectations and profitability trends.

[2] Personnel Services

2025 City Budget	1,500	1,575	1,654	1,736	1,823	1,914	2,010
Less: Non-Gas City Hours (10%)	(150)	(158)	(165)	(174)	(182)	(191)	(201)
Gas Personal Services	1,350	1,418	1,488	1,563	1,641	1,723	1,809

EXHIBIT 9: DISCOUNTED CASH FLOW METHOD

	Historical		Projected								Terminal Year
	Audit 2023	Budget 2024	2025	2026	2027	2028	2029	2030	2031		
[1] Revenue, net of Gas +/- <i>Annual Growth %</i>	\$ 6,595	\$ 4,070	\$ 4,233	\$ 4,556	\$ 4,880	\$ 5,202	\$ 5,456	\$ 5,750	\$ 6,035	\$ 6,156	
	3.9%	-38.3%	4.0%	7.6%	7.1%	6.6%	4.9%	5.4%	5.0%	2.0%	
[1] EBITDA <i>Margin</i>	\$ 2,996	\$ 1,202	\$ 1,378	\$ 1,575	\$ 1,769	\$ 1,952	\$ 2,062	\$ 2,203	\$ 2,328	\$ 2,339	
	45.4%	29.5%	32.5%	34.6%	36.2%	37.5%	37.8%	38.3%	38.6%	38.0%	
[3] Depreciation	557	557	615	645	678	712	747	784	824	160	
[1] EBIT <i>EBIT Margin</i>	2,438	645	763	930	1,091	1,240	1,315	1,419	1,505	1,601	
	37.0%	15.8%	18.0%	20.4%	22.4%	23.8%	24.1%	24.7%	24.9%	26.0%	
[2] Income Taxes @ 23.0%			175	214	251	285	302	326	346	368	
Net Operating Profit After Tax			587	716	840	955	1,012	1,093	1,158	1,232	
<i>Cash Flow Adjustments:</i>											
[3] Plus: Depreciation & Amortization			615	645	678	712	747	784	824	160	
[4] Less: Capital Expenditures			(452)	(120)	(129)	(138)	(146)	(154)	(161)	(160)	
[5] Less: Change in CFNWC			(7)	(15)	(15)	(14)	(11)	(13)	(13)	(5)	
Invested Capital Net Cash Flow			\$ 743	\$ 1,227	\$ 1,374	\$ 1,515	\$ 1,602	\$ 1,710	\$ 1,808	\$ 1,227	
[6] Terminal Value										\$ 20,449	
[7] Present Value Period			0.500	1.500	2.500	3.500	4.500	5.500	6.500	7.000	
[8] Present Value Factor			0.962	0.891	0.825	0.764	0.707	0.655	0.606	0.583	
Present Value of Net Cash Flow			\$ 715	\$ 1,093	\$ 1,134	\$ 1,157	\$ 1,133	\$ 1,120	\$ 1,096	\$ 11,932	
Present Value of Net Cash Flows			\$ 7,447								
Plus: PV of Terminal Value			11,932								
Indicated Value of Future Cash Surplus			\$ 19,400								

Notes:

- [1] See Exhibit 3 and Exhibit 8.
[2] Average tax rate for GPC.
[3] Assumed levels of depreciation necessary for annual maintenance capital expenditures.
[4] Capital expenditures for ongoing maintenance of existing distribution system. Does not include costs for system expansion that can be recovered through tariff adjustments. Utilized 2025 Budget per customer.
- | | | | | | | | | | |
|--|----------|----------|----------|----------|----------|----------|----------|--|--|
| 2026 CapEx Maintenance Budget (\$1,000s) | \$ 112.5 | | | | | | | | |
| 2026 Budget Customers | 10,133 | 10,638 | 11,170 | 11,676 | 12,132 | 12,537 | 12,897 | | |
| 2026 CapEx per Customer (\$1) / Grown 2.0% inflation | \$ 11.10 | \$ 11.32 | \$ 11.55 | \$ 11.78 | \$ 12.02 | \$ 12.26 | \$ 12.50 | | |
| Forecast Maintenance Budget (\$1,000s) | | \$ 120 | \$ 129 | \$ 138 | \$ 146 | \$ 154 | \$ 161 | | |
- [5] Estimated at 4.5% of new net revenue generated (2018-2024 average; see Exhibit 2).
[6] The terminal value is calculated by dividing the Terminal Year's net cash flow by the capitalization rate, which is calculated as the discount rate minus the long-term growth rate (i.e., Gordon Growth model).
[7] Assumed a mid-year convention.
[8] See Exhibit 10 for Selected Weighted Average Cost of Capital.

EXHIBIT 10: WEIGHTED AVERAGE COST OF CAPITAL

Guideline Company	Debt-to-Equity	Debt-to-TIC	Tax Rate	Levered Beta ^[1]	Unlevered Beta	Re-Levered Beta
Atmos Energy Corporation	42.8%	30.0%	17.3%	0.65	0.48	
New Jersey Resources Corporation	72.7%	42.1%	22.8%	0.92	0.59	
Northwest Natural Holding Company	121.6%	54.9%	25.0%	0.80	0.42	
ONE Gas, Inc.	86.6%	46.4%	17.0%	0.79	0.46	
RGC Resources, Inc.	68.5%	40.7%	26.0%	0.50	0.33	
Southwest Gas Holdings, Inc.	105.6%	51.4%	20.1%	0.80	0.43	
NiSource Inc.	87.6%	46.7%	19.2%	0.76	0.45	
Black Hills Corporation	114.7%	53.4%	13.4%	0.88	0.44	
Maximum	121.6%	54.9%	26.0%	0.92	0.59	
Average	87.5%	45.7%	20.1%	0.76	0.45	
Median	87.1%	46.5%	19.7%	0.80	0.44	
Minimum	42.8%	30.0%	13.4%	0.50	0.33	

Selected	30.0%	23.0%
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Cost of Equity		After-Tax Cost of Debt	
Cost of Equity	9.50%	Pre-Tax Cost of Debt	5.84% ^[2]
		Tax Rate	23.00%
		After-Tax Cost of Debt	4.50%
Weighted Average Cost of Capital			
	Cost	Weight ^[8]	Contribution
Debt	4.50%	30.0%	1.35%
Equity	9.50%	70.0%	6.65%
Selected WACC (rounded)			8.00%

Notes:

[1] Based on lower end of range of recent rate case ROE decisions.

[2] Moody's seasoned bonds rated Baa.

EXHIBIT 11: GUIDELINE PUBLIC COMPANY METHOD – SUMMARY

Guideline Companies	Market Value as a multiple of Customers
Atmos Energy Corporation	7,060
New Jersey Resources Corporation	12,246
Northwest Natural Holding Company	3,717
ONE Gas, Inc.	2,925
RGC Resources, Inc.	5,587
Southwest Gas Holdings, Inc.	4,461
NiSource Inc.	7,285
Black Hills Corporation	6,063
Maximum	12,246
Third Quartile	7,229
Average	6,168
Median	5,825
First Quartile	3,903
Minimum	2,925
Selected Multiple	[1] 3,900
Less: Fundamental Discount	45.0%
Adj. Selected Multiple	\$ 2,145
City of Waukee Current customers	9,517
Concluded Future Net Cash Position, rounded	\$ 20,400

Notes:

- [1] Selected multiple of customers between 1st Quartile and Median. Although significant growth anticipated, larger multiples may be influenced by additional services offered by larger companies (e.g., gas storage, large-scale transport, electrical, power generation).
- [2] Although profitability important, it will be largely influenced by buyer's underlying rate structure. Primary value of City utility is from immediate expansion of rate base (customers) and future organic growth potential absent from most market areas in Iowa.

Guideline Public Company Method – Financial Analysis

EXHIBIT 12: GUIDELINE PUBLIC COMPANY METHOD – FINANCIAL ANALYSIS

Company Name	Closing Share Price	x Shares Outstanding	= Market Value of Equity	+ Adjusted Net Debt ^[1]	+ Preferred Stock	+ Minority Interest	= Business Enterprise Value
Atmos Energy Corporation	\$ 116.65	150,877	\$ 17,599,809	\$ 7,014,589	\$ -	\$ -	\$ 24,614,398
New Jersey Resources Corporation	42.74	98,822	4,223,664	3,065,710	-	-	7,289,374
Northwest Natural Holding Company	36.11	38,028	1,373,196	1,597,929	-	-	2,971,125
ONE Gas, Inc.	63.85	56,569	3,611,956	3,116,449	-	-	6,728,405
RGC Resources, Inc.	20.45	10,181	208,204	139,330	-	-	347,534
Southwest Gas Holdings, Inc.	70.38	71,669	5,044,074	4,877,776	-	7,661	9,929,511
NiSource Inc.	28.81	448,305	12,915,677	12,868,700	-	1,899,000	27,683,377
Black Hills Corporation	54.38	68,933	3,748,593	4,279,800	-	88,600	8,116,993

Company Name	Business Enterprise Value	+ Cash & Short-Term Investments	= Market Value of Invested Capital	Adjusted Total Debt ^[1]	Debt-to-MVIC	Debt-to-Total Capital	Debt-to-EBITDA
Atmos Energy Corporation	\$ 24,614,398	\$ 521,119	\$ 25,135,517	\$ 7,535,708	30.0%	39.3%	3.9x
New Jersey Resources Corporation	7,289,374	5,036	7,294,410	\$ 3,070,746	42.1%	59.7%	5.7x
Northwest Natural Holding Company	2,971,125	72,375	3,043,500	\$ 1,670,304	54.9%	56.6%	5.1x
ONE Gas, Inc.	6,728,405	11,509	6,739,914	\$ 3,127,958	46.4%	52.5%	4.8x
RGC Resources, Inc.	347,534	3,294	350,828	\$ 142,624	40.7%	56.3%	5.1x
Southwest Gas Holdings, Inc.	9,929,511	457,952	10,387,463	\$ 5,335,728	51.4%	61.3%	5.9x
NiSource Inc.	27,683,377	102,200	27,785,577	\$ 12,970,900	46.7%	57.0%	5.9x
Black Hills Corporation	8,116,993	123,000	8,239,993	\$ 4,402,800	53.4%	56.3%	5.9x

Notes:

Source: S&P Capital IQ.

[1] Reported total debt from S&P Capital IQ includes operating lease obligations. In this analysis, the total debt (and resulting net debt) have been adjusted to exclude operating lease liabilities.

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Guideline Public Company Method – Financial Analysis

Company Name	Revenue					Revenue Growth				
	LFY	LTM	NFY	NFY+1	NFY+2	NFY	NFY+1	NFY+2	CAGR	CAGR
									(LFY - NFY+1)	(LFY - NFY+2)
Atmos Energy Corporation	\$ 4,275,357	\$ 4,056,069	\$ 5,118,692	\$ 5,444,759	\$ 5,770,186	19.7%	6.4%	6.0%	12.9%	10.5%
New Jersey Resources Corporation	1,962,994	1,720,523	2,071,604	2,146,325	2,364,586	5.5%	3.6%	10.2%	4.6%	6.4%
Northwest Natural Holding Company	1,197,475	1,168,522	1,217,638	1,206,951	1,249,898	1.7%	-0.9%	3.6%	0.4%	1.4%
ONE Gas, Inc.	2,371,990	2,098,167	2,509,157	2,635,260	2,672,859	5.8%	5.0%	1.4%	5.4%	4.1%
RGC Resources, Inc.	97,440	83,207	91,000	n/a	n/a	-6.6%	n/a	n/a	n/a	n/a
Southwest Gas Holdings, Inc.	5,433,972	5,411,624	5,454,584	6,092,411	2,910,644	0.4%	11.7%	-52.2%	5.9%	-18.8%
NiSource Inc.	5,505,400	5,245,700	6,300,467	6,599,665	6,858,000	14.4%	4.7%	3.9%	9.5%	7.6%
Black Hills Corporation	2,331,300	2,136,500	2,370,667	2,458,667	2,731,500	1.7%	3.7%	11.1%	2.7%	5.4%

Company Name	EBITDA					EBITDA Margin				
	LFY	LTM	NFY	NFY+1	NFY+2	LFY	LTM	NFY	NFY+1	NFY+2
Atmos Energy Corporation	\$ 1,680,429	\$ 1,923,928	\$ 2,261,081	\$ 2,566,768	\$ 2,897,948	39.3%	47.4%	44.2%	47.1%	50.2%
New Jersey Resources Corporation	562,212	534,846	665,126	727,169	819,298	28.6%	31.1%	32.1%	33.9%	34.6%
Northwest Natural Holding Company	329,563	327,599	388,246	415,205	440,537	27.5%	28.0%	31.9%	34.4%	35.2%
ONE Gas, Inc.	653,403	655,441	747,682	827,963	875,870	27.5%	31.2%	29.8%	31.4%	32.8%
RGC Resources, Inc.	27,059	27,758	n/a	n/a	n/a	27.8%	33.4%	n/a	n/a	n/a
Southwest Gas Holdings, Inc.	950,855	908,345	1,093,802	1,210,983	938,248	17.5%	16.8%	20.1%	19.9%	32.2%
NiSource Inc.	2,092,500	2,181,400	2,793,664	3,070,005	3,416,500	38.0%	41.6%	44.3%	46.5%	49.8%
Black Hills Corporation	725,100	747,800	834,667	901,000	1,027,000	31.1%	35.0%	35.2%	36.6%	37.6%

Notes:

Source: S&P Capital IQ.

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Guideline Public Company Method – Financial Analysis

Company Name	EBITDA Margin					BEV as a Multiple of:		
	LFY	LTM	NFY	NFY+1	NFY+2	LTM	NFY	NFY+1
						Revenue	Revenue	Revenue
Atmos Energy Corporation	39.3%	47.4%	44.2%	47.1%	50.2%	7060.15x	4.81x	4.52x
New Jersey Resources Corporation	28.6%	31.1%	32.1%	33.9%	34.6%	12246.42x	3.52x	3.40x
Northwest Natural Holding Company	27.5%	28.0%	31.9%	34.4%	35.2%	3717.39x	2.44x	2.46x
ONE Gas, Inc.	27.5%	31.2%	29.8%	31.4%	32.8%	2925.39x	2.68x	2.55x
RGC Resources, Inc.	27.8%	33.4%	n/a	n/a	n/a	5587.36x	3.82x	nmf
Southwest Gas Holdings, Inc.	17.5%	16.8%	20.1%	19.9%	32.2%	4460.70x	1.82x	1.63x
NiSource Inc.	38.0%	41.6%	44.3%	46.5%	49.8%	7285.10x	4.39x	4.19x
Black Hills Corporation	31.1%	35.0%	35.2%	36.6%	37.6%	6063.19x	3.42x	3.30x

Company Name	EBITDA Growth					BEV as a Multiple of:		
	NFY	NFY+1	NFY+2	CAGR (LFY - NFY+1)	CAGR (LFY - NFY+2)	LTM	NFY	NFY+1
						EBITDA	EBITDA	EBITDA
Atmos Energy Corporation	34.6%	13.5%	12.9%	23.6%	19.9%	12.8x	10.9x	9.6x
New Jersey Resources Corporation	18.3%	9.3%	12.7%	13.7%	13.4%	13.6x	11.0x	10.0x
Northwest Natural Holding Company	17.8%	6.9%	6.1%	12.2%	10.2%	9.1x	7.7x	7.2x
ONE Gas, Inc.	14.4%	10.7%	5.8%	12.6%	10.3%	10.3x	9.0x	8.1x
RGC Resources, Inc.	n/a	n/a	n/a	n/a	n/a	12.5x	nmf	nmf
Southwest Gas Holdings, Inc.	15.0%	10.7%	-22.5%	12.9%	-0.4%	10.9x	9.1x	8.2x
NiSource Inc.	33.5%	9.9%	11.3%	21.1%	17.8%	12.7x	9.9x	9.0x
Black Hills Corporation	15.1%	7.9%	14.0%	11.5%	12.3%	10.9x	9.7x	9.0x

Notes:

Source: S&P Capital IQ.

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Guideline Public Company Method – Financial Analysis

Company Name		Customers			BEV per Customer
		Gas	Electric	Total	
Atmos Energy Corporation	ATO	3,486,384	-	3,486,384	\$ 7,060
New Jersey Resources Corporation	NJR	595,225	-	595,225	\$ 12,246
Northwest Natural Holding Company	NWN	799,250	-	799,250	\$ 3,717
ONE Gas, Inc.	OGS	2,300,000	-	2,300,000	\$ 2,925
RGC Resources, Inc.	RGCO	62,200	-	62,200	\$ 5,587
Southwest Gas Holdings, Inc.	SWX	2,226,000	-	2,226,000	\$ 4,461
NiSource Inc.	NI	3,800,000	-	3,800,000	\$ 7,285
Black Hills Corporation	BKH	1,116,393	222,340	1,338,733	\$ 6,063

Company Name	Current Ratio	As a Percentage of LTM Revenue						Fixed Asset Turnover	Total Asset Turnover
		NWC	Cash-Free NWC	Cash & Equivalents	Deferred Rev. (Current)	D&A	Capital Expenditures		
Atmos Energy Corporation	1.36	3.2%	-3.3%	6.5%	0.0%	15.8%	69.2%	0.2x	0.2x
New Jersey Resources Corporation	0.70	6.6%	6.3%	0.3%	6.4%	9.3%	27.5%	0.3x	0.3x
Northwest Natural Holding Company	1.15	14.3%	8.1%	6.2%	0.0%	12.3%	29.0%	0.3x	0.2x
ONE Gas, Inc.	0.47	11.5%	11.0%	0.5%	0.0%	13.6%	32.5%	0.4x	0.3x
RGC Resources, Inc.	1.31	14.7%	12.3%	2.4%	0.0%	12.7%	28.5%	0.3x	0.3x
Southwest Gas Holdings, Inc.	1.04	13.8%	5.4%	8.5%	0.3%	8.3%	16.2%	0.6x	0.5x
NiSource Inc.	0.66	3.5%	1.5%	1.9%	0.0%	16.3%	51.1%	0.2x	0.2x
Black Hills Corporation	0.73	14.5%	8.7%	5.8%	0.0%	12.2%	28.7%	0.3x	0.2x

Notes:

Source: S&P Capital IQ.

EXHIBIT 13: GUIDELINE PUBLIC COMPANY METHOD – NARRATIVE DESCRIPTIONS

Company Name	Ticker	Business Description	Primary Industry	Country	Top Business Segment		Top Geographic Segment	
					Segment	% of LTM Revenue	Segment	% of LTM Revenue
Atmos Energy Corporation	ATO	Atmos Energy Corporation, together with its subsidiaries, engages in the regulated natural gas distribution, and pipeline and storage businesses in the United States.	Gas Utilities	United States	Distribution	95.0%	United States	100.0%
New Jersey Resources Corporation	NJR	New Jersey Resources Corporation, an energy services holding company, distributes natural gas.	Gas Utilities	United States	Natural Gas Distribution	58.7%	United States	n/a
Northwest Natural Holding Company	NWN	Northwest Natural Holding Company, through its subsidiary, Northwest Natural Gas Company, provides regulated natural gas distribution services to residential, commercial, and industrial customers in the United States.	Gas Utilities	United States	Natural Gas Distribution (NGD)	94.7%	United States	100.0%
ONE Gas, Inc.	OGS	ONE Gas, Inc., together with its subsidiaries, operates as a regulated natural gas distribution company in the United States.	Gas Utilities	United States	Regulated Public Utilities	100.0%	United States	100.0%
RGC Resources, Inc.	RGCO	RGC Resources, Inc., through its subsidiaries, operates as an energy services company.	Gas Utilities	United States	Gas Utility	99.9%	United States	100.0%
Southwest Gas Holdings, Inc.	SWX	Southwest Gas Holdings, Inc., through its subsidiaries, distributes and transports natural gas in Arizona, Nevada, and California.	Gas Utilities	United States	Utility Infrastructure Services	52.4%	United States	n/a
NiSource Inc.	NI	NiSource Inc., an energy holding company, operates as a regulated natural gas and electric utility company in the United States.	Multi-Utilities	United States	Segment Adjustment	100.2%	United States	100.0%
Black Hills Corporation	BKH	Black Hills Corporation, through its subsidiaries, operates as an electric and natural gas utility company in the United States.	Multi-Utilities	United States	Gas Utilities	60.2%	United States	100.0%

Notes:

Source: S&P Capital IQ.

EXHIBIT 15: ASSET DETAIL

	Decades						
	1979	1989	1999	2009	2019	2023	
Average Service Addresses ^{FN1}	550	687	1,850	3,816	6,328	8,368	
Total Miles							
Mains							
Steel Coated	9	11	14	15	15	12	
PVC	-	1	23	62	118	160	
Total Miles	9	12	37	77	133	172	
Installation							
Mains							
Steel Coated	6	2	3	1	-	-	
PVC	-	1	22	39	56	42	
Total Miles	6	3	25	40	56	42	
New Cost Per Mile ^{FN3}	\$ 150	(\$,000s)					
Estimated Replacement Cost	\$ 900	\$ 450	\$ 3,750	\$ 6,000	\$ 8,400	\$ 6,300	
Depreciation Factor ^{FN4}	2.0%	25.1%	55.8%	72.9%	87.5%	95.9%	TOTAL
Depreciated Value	\$ 18	\$ 113	\$ 2,091	\$ 4,374	\$ 7,353	\$ 6,042	\$ 19,991

Notes:

FN1: Annual Reports, Pipeline and Hazardous Materials Safety Administration (PHMSA), U.S. Department of Transportation.

FN2: 1970-1979: Original Contract Bid submitted in 1971.

1990-1999: Total miles indicated by PHMSA data (7 miles steel coated, 1 mile plastic).

FN3: See Exhibit 16.

FN4:	1979	1989	1999	2009	2019	2023
Average Build Date	1975	1985	1995	2005	2015	2021
Current Year	2024					
Age	49	39	29	19	9	3
Estimated Service Life (years)	50	52	66	70	72	73
Less: Age	49	39	29	19	9	3
Remaining Useful Life	1	13	37	51	63	70
Percent Remaining	2.0%	25.1%	55.8%	72.9%	87.5%	95.9%
Estimated Service Life (years)						
Steel Coated	50					
PVC	75					

EXHIBIT 16: REPLACEMENT COSTS

Applicant	State	Award	Miles	Cost / Mile
2022				
Lanett	AL	\$ 9,749,000	17.75	\$ 549,239
Cordova	AL	\$ 2,794,896	6.60	\$ 423,469
Apopka	FL	\$ 3,125,027	13.13	\$ 238,007
Lawrenceville	GA	\$ 7,726,607	21.11	\$ 366,016
Carencro	LA	\$ 3,445,760	5.00	\$ 689,152
Morgan	LA	\$ 6,882,339	11.90	\$ 578,348
Alexandria	LA	\$ 3,300,600	6.25	\$ 528,096
Woodworth	LA	\$ 2,064,007	6.25	\$ 330,241
Wakefield	MA	\$ 1,275,059	1.37	\$ 930,700
Metro Utilities	NE	\$ 10,000,000	23.20	\$ 431,034
Deshler	OH	\$ 2,218,193	4.50	\$ 492,932
Laurens	SC	\$ 5,083,760	8.22	\$ 618,462
York County	SC	\$ 5,580,794	13.60	\$ 410,353

2022 Data

4th Quartile	\$ 930,700
3rd Quartile	\$ 578,348
Median	\$ 492,932
1st Quartile	\$ 410,353
Low	\$ 238,007

2023

Aurora	IN	\$ 290,400	0.45	\$ 645,333
Bath	NY	\$ 9,377,000	11.90	\$ 787,983
Berwick	LA	\$ 4,035,045	7.09	\$ 569,118
Colorado Springs	CO	\$ 5,258,470	3.90	\$ 1,348,326
San Antonio	TX	\$ 2,458,115	3.05	\$ 805,939
Danville	VA	\$ 10,052,738	5.38	\$ 1,868,539
Donaldsonville	LA	\$ 20,000,000	20.00	\$ 1,000,000
Baton Rouge	LA	\$ 9,496,808	31.60	\$ 300,532
Ethel	LA	\$ 15,500,000	100.00	\$ 155,000
Fulton	KY	\$ 12,906,727	7.87	\$ 1,639,991
Hartwell	GA	\$ 1,338,327	2.33	\$ 574,389
Holyoke	MA	\$ 11,939,933	2.91	\$ 4,103,070
Jacksonville	AL	\$ 5,921,386	5.80	\$ 1,020,929
Kennett	MO	\$ 3,657,675	5.21	\$ 702,049
Laurens	SC	\$ 4,000,000	20.64	\$ 193,798
Newark	OH	\$ 6,598,252	10.06	\$ 655,890
Omaha	NE	\$ 25,225,287	89.10	\$ 283,112
Hays	KS	\$ 8,086,139	68.00	\$ 118,914
Fort Defiance	AZ	\$ 1,905,818	1.05	\$ 1,815,065
Norwich	CT	\$ 10,916,261	5.62	\$ 1,942,395
Pensacola	FL	\$ 10,076,858	14.70	\$ 685,501
Philadelphia	PA	\$ 75,000,145	40.29	\$ 1,861,508
Reklaw	TX	\$ 5,404,259	13.12	\$ 411,910
Richmond	VA	\$ 39,158,844	33.18	\$ 1,180,194
Roanoke	VA	\$ 1,517,947	2.20	\$ 689,976
Rocky Mount	NC	\$ 5,428,269	9.80	\$ 553,905
Springfield	MO	\$ 20,040,000	25.30	\$ 792,095
Tallassee	AL	\$ 5,469,300	13.40	\$ 408,157
Wahoo	NE	\$ 1,347,078	2.15	\$ 626,548
Walker	LA	\$ 1,150,780	4.37	\$ 263,336
St. Francisville	LA	\$ 2,339,165	8.70	\$ 268,870
Westfield	MA	\$ 7,339,940	8.47	\$ 866,581
Woodhull	NY	\$ 4,951,197	6.19	\$ 799,870

2023 Data

4th Quartile	\$ 4,103,070
3rd Quartile	\$ 1,020,929
Median	\$ 689,976
1st Quartile	\$ 411,910
Low	\$ 118,914

All Data

4th Quartile	\$ 4,103,070
3rd Quartile	\$ 851,420
Median	\$ 622,505
1st Quartile	\$ 410,742
Low	\$ 118,914

Selected	\$ 150,000
(rounded nearest \$1,000)	\$ 150

EXHIBIT 17: NET BOOK VALUE

	Net Book Value	Original Cost	Depreciation	Net Book Value
Municipal Gas Assets	\$ 20,880,759	\$ 5,568,996	\$ 15,311,764	
Assets Retained by City	3,490,745	1,303,633	2,187,113	
Net Adjusted Assets	\$ 17,390,014	\$ 4,265,363	\$ 13,124,651	

Note:

Source: City of Waukeez

Assets retained by the City include physical maintenance and shop facilities and various maintenance vehicles and equipment.

Not representative of fair market value. Many assets retain economic value in excess of accounting depreciated value.