



MONTANA
DEPARTMENT OF
REVENUE

**2025 Capitalization Rate Study
Pipelines - Incorporated**

Final

Completed: April 18, 2025

MONTANA DEPARTMENT OF REVENUE

Yield Capitalization Rate Conclusion

Industry: Pipelines - Incorporated

2025 Assessment Year

Capital Structure ^[1]

Equity	65.00%
Debt	35.00%

Equity Cost of Capital

		Weighting
Capital Asset Pricing Model - Ex Post ^[2]	12.54%	48%
Capital Asset Pricing Model - Ex Ante ^[2]	9.61%	12%
3 Stage Dividend Discount Model - Dividends ^[3]	10.98%	20%
3 Stage Dividend Discount Model - Earnings ^[3]	11.91%	20%
Weighted Average	11.75%	100%
Selected Cost of Equity	11.75%	

Debt Cost of Capital

		Weighting
A - Mergent's - Avg. YTM of A Rated Corporate Bonds ^[4]	5.53%	0%
Baa - Mergent's - Avg. YTM of Baa Rated Corporate Bonds ^[4]	5.80%	50%
Ba - MTDOR Debt Study ^[5]	6.84%	50%
B - MTDOR Debt Study ^[5]	7.33%	0%
Weighted Average	6.32%	100%
Selected Cost of Debt	6.32%	

Weighted Average Cost of Capital (WACC)

Source of Capital	Capital Structure	Cost of Capital	Marginal Tax Rate	After-tax Unweighted	Pre-tax Weighted	After-tax Weighted
Equity	65.00%	11.75%		11.75%	7.64%	7.64%
Debt	35.00%	6.32%	24.00%	4.80%	2.21%	1.68%
WACC	100.00%				9.85%	9.32%
WACC (Rounded)						9.35%

Notes

- [1] From worksheet: Capital Structure
- [2] From worksheet: Capital Asset Pricing Model Summary
- [3] From worksheet: Yield Equity Summary
- [4] January 2025, Mergent Bond Record
- [5] Montana Department of Revenue High Yield Debt Study

MONTANA DEPARTMENT OF REVENUE

Direct Capitalization Rate Conclusion

Industry: Pipelines - Incorporated

2025 Assessment Year

Capital Structure ^[1]

Equity	65.00%
Debt	35.00%

Equity Capitalization Rate ^[2]

NOI After-tax	4.33%
GCF	6.72%

Debt Capitalization Rate ^[3]

Calculated Current Yield	5.70%
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NOI After-tax Direct Capitalization Rate

Source of Capital	Capital Structure	Capitalization Rate	Marginal Tax Rate	After-tax Unweighted	Pre-tax Weighted	After-tax Weighted
Equity	65.00%	4.33%		4.33%	2.81%	2.81%
Debt	35.00%	5.70%	24.00%	4.33%	2.00%	1.52%
Total	100.00%				4.81%	4.33%
Total (Rounded)						4.35%

GCF Direct Capitalization Rate

Source of Capital	Capital Structure	Capitalization Rate	Marginal Tax Rate	After-tax Unweighted	Pre-tax Weighted	After-tax Weighted
Equity	65.00%	6.72%		6.72%	4.37%	4.37%
Debt	35.00%	5.70%	24.00%	4.33%	2.00%	1.52%
Total	100.00%				6.37%	5.89%
Total (Rounded)						5.90%

Notes:

[1] From worksheet: Capital Structure

[2] From worksheet: Direct Equity Summary

[3] From worksheet: Calculated Current Yield

MONTANA DEPARTMENT OF REVENUE

Selection of Guideline Companies

Industry: Pipelines - Incorporated

2025 Assessment Year

Screening Requirements:

The universe of companies is all companies listed in Value Line under the Oil-Gas Distribution industry.

Companies were then selected using the following screening criteria:

1. Engaged primarily in providing midstream transportation services.
2. Incorporated as a corporation (not a partnership).
3. Actively traded on an American exchange.
4. Headquartered / incorporated in the United States
5. No significant merger & acquisition activity during the year.

Company Ticker	Midstream transportation	Not a partnership	Actively traded on an American exchange	Incorporated in U.S.	Consider as Potential Guideline Company	Not Engaged in Material M&A Activity	Use as Guideline Company	Note
AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
DTM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
ENB.TO				No				
ENLC	Yes					No		[1]
KMI	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
KNTK	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
LNG	No							
OKE	Yes					No		[2]
PPL.TO				No				
TRGP	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
TRP				No				
WMB	Yes	Yes	Yes	Yes	Yes	Yes	Yes	

[1] Acquired by ONEOK

[2] Acquired ENLC

MONTANA DEPARTMENT OF REVENUE

Support for Capital Structure
Industry: Pipelines - Incorporated
2025 Assessment Year

(\$ and Shares Outstanding In Millions, Except Per Share Amounts)

A	B	C	D	E	F	G	H	I	J	K	L	M	N
Ticker Symbol	Company	Industry Group	Financial Strength	Shares Outstanding	End of Year Closing Stock Price	MV Common Stock	MV Preferred Stock	MV Long Term Debt	PV of Operating Leases	Total Common, Preferred, LT Debt, & Op Leases	% Common	% Preferred	% Debt & Op Leases
		Value Line	Value Line	10-K	Yahoo	ExF	10-K	10-K	10-K	G+H+I+J	G/K	H/K	(I+J)/K
							Note [1]	Note [2]					
AM	Antero Midstream Corp.	OILGAS	B+	480	15.09	7,239	0	3,204	0	10,443	69%	0%	31%
DTM	DT Midstream	OILGAS	B+	101	99.43	10,075	0	3,136	52	13,263	76%	0%	24%
KMI	Kinder Morgan Inc.	OILGAS	B++	2,220	27.40	60,821	0	30,692	253	91,766	66%	0%	34%
KNTK	Kinetik Holdings	OILGAS	B+	60	56.71	3,399	0	3,520	30	6,949	49%	0%	51%
TRGP	Targa Resources	OILGAS	B+	218	178.50	38,871	0	14,036	116	53,023	73%	0%	27%
WMB	Williams Cos.	OILGAS	B++	1,219	54.12	65,992	35	25,830	0	91,857	72%	0%	28%
All Companies						186,396	35	80,419	451	267,300	70%	0%	30%
Average											68%	0%	32%
Median											71%	0%	29%
Trimmed Average											70%	0%	30%
High											76%	0%	51%
Low											49%	0%	24%
Say											65%		35%

Notes:

- [1] Market value of preferred stock assumed to equal book value
- [2] Market value of debt is fair value of long term debt from 10-K notes

MCA 15-1-210, rationale for changes to guideline companies:

2025 - Added DTM, KNTK, TRGP. Removed ENLC because it was acquired by OKE

		Median	
Current Year	71%	0%	29%
Prior Year	59%	0%	41%
2 Years Prior	61%	0%	39%
3 Year Average	64%	0%	36%

MONTANA DEPARTMENT OF REVENUE

Capital Asset Pricing Model (CAPM)

Industry: Pipelines - Incorporated

2025 Assessment Year

$$k_e = R_f + \beta \times ERP$$

		<i>Ex Post</i>	<i>Ex Ante</i>
$k_e =$	Cost of Equity	12.54%	9.61%
$R_f =$	Risk Free Rate	4.86%	4.86%
$\beta =$	Beta	1.05	1.05
$ERP =$	Equity Risk Premium ($R_m - R_f$)	7.31%	4.52%
$R_m =$	Market Rate of Return	12.17%	9.38%

Risk Free Rate Measures (R_f):

The Value Line Investment Survey: Selection & Opinion^[1]

January 3, 2025 Page 218

Selected Yields on Taxable U.S. Treasury Securities as of 12/20/24

10-year	4.52%
30-year	4.72%

Federal Reserve Statistical Release^[2]

U.S. government securities, Treasury constant maturities, Nominal, December 31, 2024

10-year	4.58%
20-year	4.86%
30-year	4.78%

Risk Free Rate Selected 4.86%

Notes

[1] "Value Line Selection & Opinion", Value Line (January 3, 2025)

[2] <https://www.federalreserve.gov/releases/h15/>

Ex Post - Equity Risk Premium Measures ($ERP = R_m - R_f$)

Kroll, 2025 Cost of Capital Navigator

		<u>R_m</u>	<u>R_f</u>	<u>ERP</u>
ERP "Historical" - <i>Ex Post</i>	<i>Arithmetic Avg.</i>	12.17%	4.86%	7.31%
ERP "Supply-side" - <i>Ex Post</i>	<i>Arithmetic Avg.</i>	11.12%	4.86%	6.26%
Ex Post Equity Risk Premium Selected		<u><u>12.17%</u></u>	<u><u>4.86%</u></u>	<u><u>7.31%</u></u>

MONTANA DEPARTMENT OF REVENUE

Capital Asset Pricing Model (CAPM)

Industry: Pipelines - Incorporated

2025 Assessment Year

$$k_e = R_f + \beta \times ERP$$

Ex Ante - Equity Risk Premium Measures (ERP = Rm - Rf)

DOR 3 Stage Dividend Growth Model, S & P 500, See Exhibit

	<u>R_m</u>	<u>R_f</u>	<u>ERP</u>
ERP - <i>Ex Ante</i>	7.19%	4.86%	2.33%

Kroll, 2025 Cost of Capital Navigator

	<u>R_m</u>	<u>R_f</u>	<u>ERP</u>
ERP "Conditional" - <i>Ex Ante</i>	8.50%	3.50%	5.00%

Damodaran Implied ERP (Jan 5, 2025)

	<u>R_m</u>	<u>R_f</u>	<u>ERP</u>
Implied Premium - <i>Ex Ante</i> - Trailing 12 month, with adjusted payout	8.58%	4.58%	4.00%
Implied Premium - <i>Ex Ante</i> - Trailing 12 month cash yields	8.91%	4.58%	4.33%
Implied Premium - <i>Ex Ante</i> - Average CF yield last 10 years	10.73%	4.58%	6.15%
Implied Premium - <i>Ex Ante</i> - Net cash yield	8.73%	4.58%	4.15%
Implied Premium - <i>Ex Ante</i> - Normalized earnings and payout	<u>8.39%</u>	<u>4.58%</u>	<u>3.81%</u>
Damodaran Average	9.07%	4.58%	4.49%

	<u>R_m</u>	<u>R_f</u>	<u>ERP</u>
<u>Average</u>	8.72%		4.25%
<u>Median</u>	8.58%		4.15%
<u>High</u>	10.73%		6.15%
<u>Low</u>	7.19%		2.33%

Ex Ante Equity Risk Premium Selected

9.38%	4.86%	4.52%
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MONTANA DEPARTMENT OF REVENUE

Support for Beta Selection in CAPM**Industry: Pipelines - Incorporated****2025 Assessment Year**

A	B	C	D	E
Ticker Symbol	Company	Industry Group	Financial Strength	Beta
		<i>Value Line</i>	<i>Value Line</i>	<i>Value Line</i>
AM	Antero Midstream Corp.	OILGAS	B+	1.00
DTM	DT Midstream	OILGAS	B+	0.95
KMI	Kinder Morgan Inc.	OILGAS	B++	1.05
KNTK	Kinetik Holdings	OILGAS	B+	1.05
TRGP	Targa Resources	OILGAS	B+	1.20
WMB	Williams Cos.	OILGAS	B++	1.05
Average				1.05
Median				1.05
Trimmed Average				1.04
High				1.20
Low				0.95
Say				1.05

MONTANA DEPARTMENT OF REVENUE

Inflation & Real Growth
Industry: Pipelines - Incorporated
2025 Assessment Year

A	B	C	D	Nominal Growth	
				E	F
Source Description	Inflation (CPI)	Real Growth (GDP)	Nominal Growth	Low	High
Livingston Survey ^[1]	2.29%	2.11%	4.40%		
Survey of Professional Forecasters ^[2]	2.38%	2.10%	4.48%		
Congressional Budget Office ^[3]	2.30%	1.80%	4.10%		
Average	2.32%	2.00%	4.33%		
Median	2.30%	2.10%	4.40%		
High	2.38%	2.11%	4.49%		
Low	2.29%	1.80%	4.09%		
Selected	2.30%	2.10%	4.40%	4.09%	4.49%

Inflationary Trend Factors						
Year	Dec. CPI-U Index	Percent Change From Previous	Dec. to Dec. Conversion Factor	Annual Avg. CPI-U Index	Percent Change From Previous	Annual Conversion Factor
	<i>Note [5]</i>	<i>Note [6]</i>	<i>Note [7]</i>	<i>Note [5]</i>	<i>Note [6]</i>	<i>Note [7]</i>
2013	233.049	1.5%	1.3542	232.957	1.4%	1.3466
2014	234.812	0.8%	1.3441	236.736	1.6%	1.3251
2015	236.525	0.7%	1.3343	237.017	0.1%	1.3235
2016	241.432	2.0%	1.3072	240.007	1.2%	1.3070
2017	246.524	2.1%	1.2802	245.120	2.1%	1.2797
2018	251.233	1.9%	1.2562	251.107	2.4%	1.2492
2019	256.974	2.2%	1.2282	255.657	1.8%	1.2270
2020	260.474	1.3%	1.2117	258.811	1.2%	1.2120
2021	278.802	6.6%	1.1320	270.970	4.5%	1.1577
2022	296.797	6.1%	1.0634	292.655	7.4%	1.0719
2023	306.746	3.2%	1.0289	304.702	4.0%	1.0295
2024	315.605	2.8%	1.0000	313.689	2.9%	1.0000

Notes

[1] Federal Reserve Bank of Philadelphia The Livingston Survey December 20, 2024 Table 3 Inflation Rate and Real GDP mean

<https://www.philadelphiafed.org/research-and-data/real-time-center/livingston-survey>

[2] Federal Reserve Bank of Philadelphia Survey of Professional Forecasters February 14, 2025 Table 8 and Table 9 Average over next 10-Year mean

<https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/survey-of-professional-forecasters>

[3] The Budget and Economic Outlook: 2025 To 2035

<https://www.cbo.gov/data/budget-economic-data#4>

[5] Historical Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, all items, index averages (1982-84=100, unless otherwise noted)

<https://www.bls.gov/cpi/tables/supplemental-files/>

[6] (Row year - Previous Year) / Row Year

[7] Most current year / Row year

MONTANA DEPARTMENT OF REVENUE

3 Stage Dividend Discount Model (DDM)

Industry: Pipelines - Incorporated

2025 Assessment Year

$$k_e = (D_1 / P_0) + g$$

k_e = Cost of Equity

D_1 = Expected Dividend

P_0 = Current Price Per Share

g = Sustainable Long-Term Growth

A	B	C	D	E	F	G	H	I
Ticker	Company	2024 Year End Stock Price	2025 Est Div'ds Decl'd per share	Expected Equity Payout Yield	Sustainable Long-Term Growth Rate ^[1]	Sustainable Long-Term Growth Rate ^[1]	Cost of Equity Dividend Growth	Cost of Equity Earnings Growth
		<i>Yahoo</i>	<i>Value Line</i>	<i>D/C</i>	<i>Dividends</i>	<i>Earnings</i>	<i>E+F</i>	<i>E+G</i>
		P_0	D_1	D_1/P_0	g	g	k_e	k_e
AM	Antero Midstream Corp.	15.09	0.98	6.49%	13.39%	11.29%	19.88%	17.79%
DTM	DT Midstream	99.43	3.00	3.02%	3.77%	3.31%	6.79%	6.33%
KMI	Kinder Morgan Inc.	27.40	1.20	4.38%	7.00%	7.97%	11.38%	12.35%
KNTK	Kinetik Holdings	56.71	3.12	5.50%	2.48%	10.97%	7.98%	16.47%
TRGP	Targa Resources	178.50	3.75	2.10%	10.29%	6.57%	12.39%	8.67%
WMB	Williams Cos.	54.12	2.02	3.73%	3.74%	6.10%	7.47%	9.83%
Average							10.98%	11.91%
Median							9.68%	11.09%
Timmed Average							9.80%	11.83%
High							19.88%	17.79%
Low							6.79%	6.33%
Selected							10.98%	11.91%

Implied Sustainable LTG: 6.78% 7.70%

Notes:

[1] From worksheet: DDM Sustainable Long-Term Growth

MONTANA DEPARTMENT OF REVENUE

Support for DDM - Short Term Growth Rate Calculations

Industry: Pipelines - Incorporated

2025 Assessment Year

A	B	C	D	E	F	G
Ticker	Company	End of Year Closing Stock Price	Div'ds Decl'd per sh 2025 Est	Expected Dividend Yield	Div'ds Decl'd per sh 2027-2029 Est	Short-Term Growth Rate
		<i>Yahoo</i>	<i>Value Line</i>	<i>D / C</i>	<i>Value Line</i>	<i>Note [1]</i>
AM	Antero Midstream Corp.	15.09	0.98	6.49%	1.55	16.51%
DTM	DT Midstream	99.43	3.00	3.02%	3.25	2.70%
KMI	Kinder Morgan Inc.	27.40	1.20	4.38%	1.55	8.91%
KNTK	Kinetik Holdings	56.71	3.12	5.50%	3.20	0.85%
TRGP	Targa Resources	178.50	3.75	2.10%	6.00	16.96%
WMB	Williams Cos.	54.12	2.02	3.73%	2.20	2.89%

A	B	C	D	E
Ticker	Company	Earnings per share 2025 Est	Earnings per share 2027-2029 Est	Short-Term Growth Rate
		<i>Value Line</i>	<i>Value Line</i>	<i>Note [1]</i>
AM	Antero Midstream Corp.	1.05	1.55	13.86%
DTM	DT Midstream	3.95	4.10	1.25%
KMI	Kinder Morgan Inc.	1.30	1.75	10.42%
KNTK	Kinetik Holdings	2.50	3.70	13.96%
TRGP	Targa Resources	7.50	10.00	10.06%
WMB	Williams Cos.	2.40	3.00	7.72%

Notes

[1] 4 year compound annual growth rate (CAGR) - 3 periods

MONTANA DEPARTMENT OF REVENUE

Support for DDM - Sustainable Long Term Growth

Industry: Pipelines - Incorporated

2025 Assessment Year

Dividend Growth Rate									Stage 1				
Ticker	Company	Year End Stock Price	Expected Short-Term Dividend Growth Rate	Expected Long-Term Growth Rate	Expected Dividend Yield	Internal Rate of Return	Implied Sustainable Long-Term Growth Rate (g)	Initial Investment	D ₁	D ₂	D ₃	D ₄	D ₅
		Yahoo	Note [1]	Note [2]	D_1/P_0	$K_e = IRR \text{ of } D_1:D_{500}$	$g = IRR - Div. \text{ Yield}$						
AM	Antero Midstream Corp.	15.09	16.51%	4.40%	6.49%	19.88%	13.39%	(15.09)	0.98	1.14	1.33	1.55	1.81
DTM	DT Midstream	99.43	2.70%	4.40%	3.02%	6.79%	3.77%	(99.43)	3.00	3.08	3.16	3.25	3.34
KMI	Kinder Morgan Inc.	27.40	8.91%	4.40%	4.38%	11.38%	7.00%	(27.40)	1.20	1.31	1.42	1.55	1.69
KNTK	Kinetik Holdings	56.71	0.85%	4.40%	5.50%	7.98%	2.48%	(56.71)	3.12	3.15	3.17	3.20	3.23
TRGP	Targa Resources	178.50	16.96%	4.40%	2.10%	12.39%	10.29%	(178.50)	3.75	4.39	5.13	6.00	7.02
WMB	Williams Cos.	54.12	2.89%	4.40%	3.73%	7.47%	3.74%	(54.12)	2.02	2.08	2.14	2.20	2.26

Earnings Growth Rate									Stage 1				
Ticker	Company	Year End Stock Price	Expected Short-Term Earnings Growth Rate	Expected Long-Term Growth Rate	Expected Dividend Yield	Internal Rate of Return	Implied Sustainable Long-Term Growth Rate (g)	Initial Investment	D ₁	D ₂	D ₃	D ₄	D ₅
		Yahoo	Note [1]	Note [2]	D_1/P_0	$K_e = IRR \text{ of } D_1:D_{500}$	$g = IRR - Div. \text{ Yield}$						
AM	Antero Midstream Corp.	15.09	13.86%	4.40%	6.49%	17.79%	11.29%	(15.09)	0.98	1.12	1.27	1.45	1.65
DTM	DT Midstream	99.43	1.25%	4.40%	3.02%	6.33%	3.31%	(99.43)	3.00	3.04	3.08	3.11	3.15
KMI	Kinder Morgan Inc.	27.40	10.42%	4.40%	4.38%	12.35%	7.97%	(27.40)	1.20	1.32	1.46	1.62	1.78
KNTK	Kinetik Holdings	56.71	13.96%	4.40%	5.50%	16.47%	10.97%	(56.71)	3.12	3.56	4.05	4.62	5.26
TRGP	Targa Resources	178.50	10.06%	4.40%	2.10%	8.67%	6.57%	(178.50)	3.75	4.13	4.54	5.00	5.50
WMB	Williams Cos.	54.12	7.72%	4.40%	3.73%	9.83%	6.10%	(54.12)	2.02	2.18	2.34	2.53	2.72

Notes:

[1] From worksheet: DDM Short Term Growth Rate Calculations

[2] From worksheet: Inflation & Real Growth

MONTANA DEPARTMENT OF REVENUE

Support for DDM - Sustainable Long Term Growth

Industry: Pipelines - Incorporated

2025 Assessment Year

Dividend	Stage 2															Stage 3		
Ticker	D ₆	D ₇	D ₈	D ₉	D ₁₀	D ₁₁	D ₁₂	D ₁₃	D ₁₄	D ₁₅	D ₁₆	D ₁₇	D ₁₈	D ₁₉	D ₂₀	D ₂₁	D ₂₂	D ₅₀₀
AM	2.09	2.42	2.80	3.24	3.74	4.33	5.01	5.80	6.71	7.77	8.99	10.40	12.03	13.92	16.10	16.81	17.55	15,246,332,535
DTM	3.43	3.53	3.63	3.73	3.84	3.94	4.05	4.17	4.29	4.41	4.53	4.66	4.79	4.92	5.06	5.29	5.52	4,793,893,447
KMI	1.83	1.99	2.16	2.35	2.55	2.77	3.01	3.27	3.55	3.85	4.19	4.55	4.94	5.36	5.82	6.08	6.35	5,512,914,317
KNTK	3.26	3.30	3.33	3.37	3.41	3.44	3.48	3.52	3.56	3.59	3.63	3.67	3.71	3.75	3.79	3.96	4.13	3,591,799,751
TRGP	8.15	9.46	10.99	12.76	14.82	17.21	19.98	23.20	26.94	31.29	36.33	42.19	48.99	56.89	66.07	68.97	72.01	62,549,344,458
WMB	2.33	2.40	2.47	2.55	2.62	2.70	2.78	2.86	2.95	3.04	3.13	3.22	3.32	3.42	3.52	3.67	3.84	3,332,441,369

Earnings	Stage 2															Stage 3		
Ticker	D ₆	D ₇	D ₈	D ₉	D ₁₀	D ₁₁	D ₁₂	D ₁₃	D ₁₄	D ₁₅	D ₁₆	D ₁₇	D ₁₈	D ₁₉	D ₂₀	D ₂₁	D ₂₂	D ₅₀₀
AM	1.87	2.11	2.39	2.71	3.07	3.47	3.93	4.45	5.04	5.71	6.46	7.32	8.29	9.38	10.62	11.09	11.58	10,057,923,365
DTM	3.20	3.25	3.29	3.34	3.39	3.44	3.49	3.54	3.59	3.64	3.70	3.75	3.81	3.86	3.92	4.09	4.27	3,709,997,255
KMI	1.96	2.16	2.37	2.61	2.87	3.16	3.48	3.83	4.21	4.63	5.10	5.61	6.17	6.79	7.47	7.79	8.14	7,068,303,994
KNTK	5.96	6.76	7.66	8.68	9.83	11.14	12.63	14.31	16.22	18.38	20.83	23.60	26.75	30.31	34.35	35.86	37.44	32,522,354,391
TRGP	6.04	6.62	7.26	7.97	8.74	9.58	10.51	11.53	12.65	13.87	15.22	16.69	18.31	20.08	22.03	22.99	24.01	20,852,625,601
WMB	2.92	3.14	3.38	3.63	3.90	4.20	4.51	4.85	5.21	5.61	6.03	6.48	6.96	7.49	8.05	8.40	8.77	7,619,883,770

MONTANA DEPARTMENT OF REVENUE

Support for Yield Capitalization Rate - Debt Rating

Industry: Pipelines - Incorporated

2025 Assessment Year

A	B	C	D	E	F
Ticker Symbol	Company	Industry Group	Financial Strength	Moody's Long Term Rating	Yield to Maturity
		<i>Value Line</i>	<i>Value Line</i>	<i>Moody's.com</i>	
AM	Antero Midstream Corp.	OILGAS	B+	Ba2	6.84%
DTM	DT Midstream	OILGAS	B+	Ba1	6.84%
KMI	Kinder Morgan Inc.	OILGAS	B++	Baa2	5.80%
KNTK	Kinetik Holdings	OILGAS	B+	Ba	6.84%
TRGP	Targa Resources	OILGAS	B+	Baa2	5.80%
WMB	Williams Cos.	OILGAS	B++	Baa2	5.80%
All Companies					
Average					6.32%
Median					6.32%
Trimmed Average					6.32%
High					6.84%
Low					5.80%
Say					6.32%

**Highlighted ratings are estimated based on financial strength and historical interest coverage ratios*

MONTANA DEPARTMENT OF REVENUE

Support for Direct Capitalization - Equity Capitalization Rates

Industry: Pipelines - Incorporated

2025 Assessment Year

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Ticker Symbol	Company	End of Year Closing Stock Price	VL Historic EPS	VL Est EPS	VL Historic P/E Ratio	VL Est P/E Ratio	Ke Estimate - Earnings (Hist. P/E)	Ke Estimate - Earnings (Est. P/E)	VL Historic Cash Flow Per Share	VL Est Cash Flow Per Share	VL Historic P/CF Ratio	VL Est P/CF Ratio	Ke Estimate - Cash Flow (Hist. P/CF)	Ke Estimate - Cash Flow (Est. P/CF)	Market Value of Equity	Book Value of Equity	MTBR
		Yahoo	Value Line	Value Line	C/D	C/E	1/F	1/G	Value Line	Value Line	C/J	C/K	1/L	1/M	Price x Shrs	Value Line	P/Q
AM	Antero Midstream Corp.	15.09	0.83	1.05	18.18	14.37	5.50%	6.96%	1.21	1.25	12.47	12.07	8.02%	8.28%	7,239	2,152	3.36
DTM	DT Midstream	99.43	3.60	3.95	27.62	25.17	3.62%	3.97%	5.84	5.80	17.03	17.14	5.87%	5.83%	10,075	4,139	2.43
KMI	Kinder Morgan Inc.	27.40	1.17	1.30	23.42	21.08	4.27%	4.74%	2.09	2.24	13.11	12.23	7.63%	8.18%	60,821	30,306	2.01
KNTK	Kinetik Holdings	56.71	1.02	2.50	55.60	22.68	1.80%	4.41%	2.84	2.35	19.97	24.13	5.01%	4.14%	3,399	(531)	(6.40)
TRGP	Targa Resources	178.50	5.76	7.50	30.99	23.80	3.23%	4.20%	12.02	12.60	14.85	14.17	6.73%	7.06%	38,871	2,740	14.19
WMB	Williams Cos.	54.12	1.85	2.40	29.25	22.55	3.42%	4.43%	3.62	3.85	14.95	14.06	6.69%	7.11%	65,992	12,402	5.32
Average					30.84	21.61	3.64%	4.79%			15.40	15.63	6.66%	6.77%			3.49
Median					28.44	22.62	3.52%	4.42%			14.90	14.11	6.71%	7.09%			2.90
Trimmed Average					27.82	22.53	3.63%	4.45%			14.98	14.40	6.73%	7.05%			3.28
High					55.60	25.17	5.50%	6.96%			19.97	24.13	8.02%	8.28%			14.19
Low					18.18	14.37	1.80%	3.97%			12.47	12.07	5.01%	4.14%			(6.40)
Say					23.11		4.33%				14.87		6.72%				3.49

MONTANA DEPARTMENT OF REVENUE

Support for Direct Capitalization - Debt Capitalization Rate

Industry: Pipelines - Incorporated

2025 Assessment Year

(\$ in Millions)

A	B	C	D	E	F	G	H	I	J
Ticker	Company	Current Year Interest Exp.	Previous Year MV LT Debt	Previous Year BV LT Debt	Current Year MV LT Debt	Current Year BV LT Debt	Average MV LT Debt	Current Yield	MTBR
	Source	10-K	10-K	10-K	10-K	10-K	(D+F)/2	(C/H)	(F/G)
AM	Antero Midstream Corp.	190	3,103	3,117	3,204	3,213	3,154	6.02%	1.00
DTM	DT Midstream	153	2,850	3,065	3,136	3,319	2,993	5.11%	0.94
KMI	Kinder Morgan Inc.	1,844	31,183	31,929	30,692	31,788	30,938	5.96%	0.97
KNTK	Kinetik Holdings	217	3,570	3,563	3,520	3,504	3,545	6.13%	1.00
TRGP	Targa Resources	767	12,993	12,954	14,036	14,175	13,515	5.68%	0.99
WMB	Williams Cos.	1,364	25,553	25,713	25,830	26,456	25,692	5.31%	0.98
	All Companies	4,535			80,419	82,455	79,835	5.68%	0.98
	Average							5.70%	0.98
	Median							5.82%	0.98
	Trimmed Average							5.74%	0.98
	High							6.13%	1.00
	Low							5.11%	0.94
	Say							5.70%	0.98

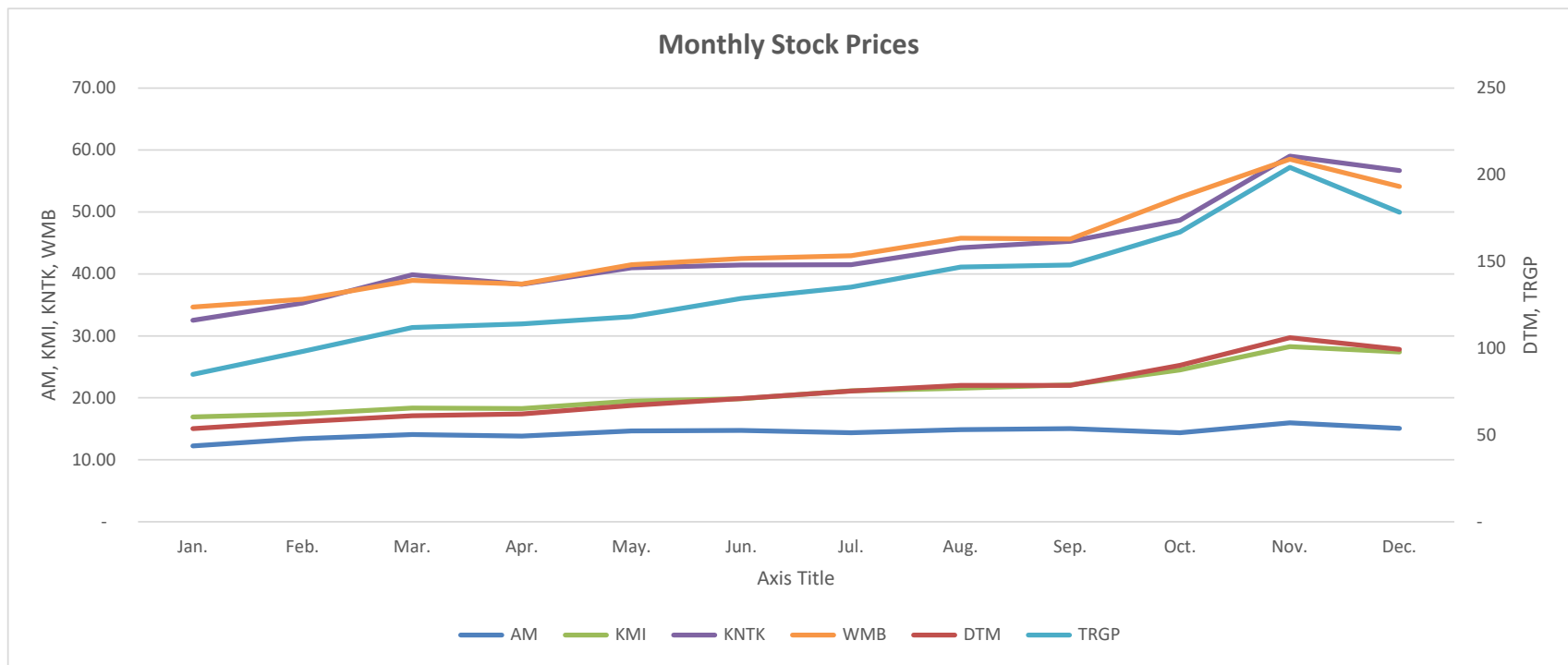
MONTANA DEPARTMENT OF REVENUE

Support of Stock Price - From YAHOO Finance

Industry: Pipelines - Incorporated

2025 Assessment Year

		End of Period Closing Stock Price											
1	2	3	4	5	6	7	8	9	10	11	12	13	14
A	B	C	D	E	F	G	H	I	J	K	L	M	N
Ticker	Company	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
AM	Antero Midstream Corp.	12.24	13.40	14.06	13.84	14.65	14.74	14.36	14.87	15.05	14.37	15.97	15.09
DTM	DT Midstream	53.69	57.63	61.10	62.20	67.08	71.03	75.36	78.59	78.66	90.15	106.12	99.43
KMI	Kinder Morgan Inc.	16.92	17.39	18.34	18.28	19.49	19.87	21.13	21.57	22.09	24.51	28.27	27.40
KNTK	Kinetik Holdings	32.52	35.32	39.87	38.34	40.99	41.44	41.48	44.24	45.26	48.67	59.02	56.71
TRGP	Targa Resources	84.96	98.24	111.99	114.06	118.23	128.78	135.28	146.90	148.01	166.96	204.30	178.50
WMB	Williams Cos.	34.66	35.94	38.97	38.36	41.51	42.50	42.94	45.77	45.65	52.37	58.52	54.12



MONTANA DEPARTMENT OF REVENUE
Maintenance Capital Expenditures Estimate Based on Guideline Companies
Industry: Pipelines - Incorporated
2025 Assessment Year

(\$ In Millions)

1	2	3	4	5	6	7	8	9	10	11	
A	B	C	D	E	F	G	H	I	J	K	L
Ticker	Company	Inflation	PP&E, Gross	PP&E, Gross	Average PP&E	Depreciation Expense	Average Life of Assets			Replacement Cost (RC)	RC as % of Depreciation
			Current Year	Previous Year		Current Year		Note [1]	Note [1]	Note [1]	
		MTDOR (CPI)	10-K, Notes	10-K, Notes	(D+E)/2	10-K	F/G	C*H	1/(1+C)^H	G*I/(1-J)	K/G
AM	Antero Midstream Corp.	2.30%	4,326	4,552	4,439	132	34	0.77	0.46	191	144.79%
DTM	DT Midstream	2.30%	6,525	5,282	5,904	209	28	0.65	0.53	287	137.08%
KMI	Kinder Morgan Inc.	2.30%	60,195	59,372	59,784	2,354	25	0.58	0.56	3,134	133.15%
KNTK	Kinetik Holdings	2.30%	4,247	3,369	3,808	324	12	0.27	0.77	374	115.26%
TRGP	Targa Resources	2.30%	29,559	26,265	27,912	1,423	20	0.45	0.64	1,784	125.37%
WMB	Williams Cos.	2.30%	57,395	51,842	54,619	2,219	25	0.57	0.57	2,931	132.08%
Average											131.29%
Median											132.61%
Trimmed Average											131.92%
High											144.79%
Low											115.26%
Selected											131.29%

Notes

[1] Cornell, B. & Gerger, R. (2017). Estimating Terminal Values with Inflation: The Inputs Matter-It Is Not a Formulaic Exercise. *Business Valuation Review*, Volume 36, Number 4, 117-123.