



**MONTANA**  
DEPARTMENT OF  
**REVENUE**

**2025 Capitalization Rate Study  
Pipelines - Midstream MLPs**

*Final*

*Completed: April 18, 2025*

**MONTANA DEPARTMENT OF REVENUE**

**Yield Capitalization Rate Conclusion**

**Industry: Pipelines - Midstream MLPs**

**2025 Assessment Year**

**Capital Structure <sup>[1]</sup>**

Equity	<b>60.00%</b>
Debt	<b>40.00%</b>

**Equity Cost of Capital**

		<b>Weighting</b>
Capital Asset Pricing Model - Ex Post <sup>[2]</sup>	11.44%	48%
Capital Asset Pricing Model - Ex Ante <sup>[2]</sup>	8.93%	12%
3 Stage Dividend Discount Model - Dividends <sup>[3]</sup>	15.27%	20%
3 Stage Dividend Discount Model - Earnings <sup>[3]</sup>	14.19%	<u>20%</u>
Weighted Average	<u>12.45%</u>	100%
Selected Cost of Equity	<b><u>12.45%</u></b>	

**Debt Cost of Capital**

		<b>Weighting</b>
A - Mergent's - Avg. YTM of A Rated Corporate Bonds <sup>[4]</sup>	5.53%	14%
Baa - Mergent's - Avg. YTM of Baa Rated Corporate Bonds <sup>[4]</sup>	5.80%	57%
Ba - Avg. of MTDOR Debt Study <sup>[5]</sup> , Bloomberg and Capital IQ	6.84%	14%
B - Avg. of MTDOR Debt Study <sup>[5]</sup> , Bloomberg and Capital IQ	7.33%	<u>14%</u>
Weighted Average	<u>6.13%</u>	100%
Selected Cost of Debt	<b><u>6.13%</u></b>	

**Weighted Average Cost of Capital (WACC)**

<b>Source of Capital</b>	<b>Capital Structure</b>	<b>Capital Cost of Capital</b>	<b>Marginal Tax Rate</b>	<b>After-tax Unweighted</b>	<b>Pre-tax Weighted</b>	<b>After-tax Weighted</b>
Equity	60.00%	12.45%		12.45%	7.47%	7.47%
Debt	40.00%	6.13%	24.00%	4.66%	2.45%	1.86%
<b>WACC</b>	<b>100.00%</b>				<b>9.92%</b>	<b>9.34%</b>
<b>WACC (Rounded)</b>						<b>9.35%</b>

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 - Midstream MLPs  
2025 Assessment Year**

**Capital Structure <sup>[1]</sup>**

Equity	<b>60.00%</b>
Debt	<b>40.00%</b>

**Equity Capitalization Rate <sup>[2]</sup>**

NOI After-tax	<b>8.10%</b>
GCF	<b>13.00%</b>

**Debt Capitalization Rate <sup>[3]</sup>**

Calculated Current Yield	<b>5.50%</b>
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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	60.00%	8.10%		8.10%	4.86%	4.86%
Debt	40.00%	5.50%	24.00%	4.18%	2.20%	1.67%
<b>Total</b>	<b>100.00%</b>				<b>7.06%</b>	<b>6.53%</b>
<b>Total (Rounded)</b>						<b>6.55%</b>

**GCF Direct Capitalization Rate**

Source of Capital	Capital Structure	Capitalization Rate	Marginal Tax Rate	After-tax Unweighted	Pre-tax Weighted	After-tax Weighted
Equity	60.00%	13.00%		13.00%	7.80%	7.80%
Debt	40.00%	5.50%	24.00%	4.18%	2.20%	1.67%
<b>Total</b>	<b>100.00%</b>				<b>10.00%</b>	<b>9.47%</b>
<b>Total (Rounded)</b>						<b>9.50%</b>

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 - Midstream MLPs**

**2025 Assessment Year**

**Screening Requirements:**

The universe of companies is all companies listed in Value Line under the Pipeline MLPs industry.

Companies were then selected using the following screening criteria:

1. Primarily engaged in the transportation, storage, and terminaling of natural gas, crude, natural gas liquids, and other products.
2. Actively traded on an American exchange.
3. Incorporated as a limited partnership.
4. No significant merger & acquisition activity during the year.

<b>Company Ticker</b>	<b>Transportation etc. of natural gas / crude products</b>	<b>Actively traded on an American Exchange</b>	<b>Incorporated as LP</b>	<b>Consider as Potential Guideline Company</b>	<b>Not Engaged in Material M&amp;A Activity</b>	<b>Use as Guideline Company</b>	<b>Note</b>
CAPL	No						
CQP	No						
DKL	Yes	Yes	Yes	Yes	Yes	Yes	
EPD	Yes	Yes	Yes	Yes	Yes	Yes	
ET	Yes	Yes	Yes	Yes	Yes	Yes	
GEL	No						
GLP	No						
HESM	Yes	Yes	Yes	Yes	Yes	Yes	
MMLP	Yes				No		[1]
MPLX	Yes	Yes	Yes	Yes	Yes	Yes	
NGL	No						
PAA	Yes	Yes	Yes	Yes	Yes	Yes	
PAGP	No						
SMC			No				
SPH	No						
WES	Yes	Yes	Yes	Yes	Yes	Yes	

[1] Set to be acquired by MRMC

**MONTANA DEPARTMENT OF REVENUE**

Support for Capital Structure  
Industry: Pipelines - Midstream MLPs  
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	
		<i>Value Line</i>	<i>Value Line</i>	<i>10-K</i>	<i>Yahoo</i>	<i>ExF</i>	<i>10-K</i>	<i>10-K</i>	<i>10-K</i>	<i>G+H+I+J</i>	<i>G/K</i>	<i>H/K</i>	<i>(I+J)/K</i>	
							<i>Note [1]</i>	<i>Note [2]</i>						
DKL	Delek Logistics Partners LP	PIPEMLP	C++	51.49	42.26	2,176	0	1,911	12	4,099	53%	0%	47%	
EPD	Enterprise Products	PIPEMLP	A	2,165.70	31.36	67,916	0	29,196	471	97,583	70%	0%	30%	
ET	Energy Transfer LP	PIPEMLP	B++	3,431.09	19.59	67,215	3,852	59,010	797	130,874	51%	3%	46%	
HESM	Hess Midstream LP	PIPEMLP	B	104.09	37.03	3,854	0	3,421	0	7,276	53%	0%	47%	
MPLX	MPLX LP	PIPEMLP	B++	1,017.14	47.86	48,680	0	19,454	262	68,396	71%	0%	29%	
PAA	Plains All Amer. Pipe.	PIPEMLP	B+	703.77	17.08	12,020	2,301	7,121	376	21,818	55%	11%	34%	
WES	Western Midstream	PIPEMLP	B+	380.56	38.43	14,625	0	7,580	0	22,205	66%	0%	34%	
<b>All Companies</b>						214,311		6,153	125,782	1,906	348,153	<b>62%</b>	<b>2%</b>	<b>37%</b>
<b>Average</b>											<b>60%</b>	<b>2%</b>	<b>38%</b>	
<b>Median</b>											<b>55%</b>	<b>0%</b>	<b>34%</b>	
<b>Trimmed Average</b>											<b>59%</b>	<b>1%</b>	<b>38%</b>	
High											71%	11%	47%	
Low											51%	0%	29%	
<b>Selected</b>											<b>60%</b>		<b>40%</b>	

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

	<u>Trimmed Average</u>		
Current Year	59%	1%	38%
Prior Year	53%	5%	42%
Average	56%	3%	40%

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

- 2025 - Added DKL, ET, HESM.  
Removed NS acquired by Sunoco  
Removed SMLP converted to C-Corp

**MONTANA DEPARTMENT OF REVENUE**

Capital Asset Pricing Model (CAPM)

Industry: Pipelines - Midstream MLPs

2025 Assessment Year

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

		<i>Ex Post</i>	<i>Ex Ante</i>
$k_e =$	Cost of Equity	<b>11.44%</b>	<b>8.93%</b>
$R_f =$	Risk Free Rate	4.86%	4.86%
$\beta =$	Beta	0.90	0.90
$ERP =$	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<sup>[1]</sup>

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<sup>[2]</sup>

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><math>R_m</math></u>	<u><math>R_f</math></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%
<b>Ex Post Equity Risk Premium Selected</b>		<u><u>12.17%</u></u>	<u><u>4.86%</u></u>	<u><u>7.31%</u></u>

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**MONTANA DEPARTMENT OF REVENUE**

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Capital Asset Pricing Model (CAPM)

Industry: Pipelines - Midstream MLPs

2025 Assessment Year

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

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

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

	<u>R<sub>m</sub></u>	<u>R<sub>f</sub></u>	<u>ERP</u>
ERP - <i>Ex Ante</i>	7.19%	4.86%	2.33%

Kroll, 2025 Cost of Capital Navigator

	<u>R<sub>m</sub></u>	<u>R<sub>f</sub></u>	<u>ERP</u>
ERP "Conditional" - <i>Ex Ante</i>	8.50%	3.50%	5.00%

Damodaran Implied ERP (Jan 5, 2025)

	<u>R<sub>m</sub></u>	<u>R<sub>f</sub></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<sub>m</sub></u>	<u>R<sub>f</sub></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**

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<b>9.38%</b>	<b>4.86%</b>	<b>4.52%</b>
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**MONTANA DEPARTMENT OF REVENUE**

Support for Beta Selection in CAPM  
 Industry: Pipelines - Midstream MLPs  
 2025 Assessment Year

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
<b>Ticker Symbol</b>	<b>Company</b>	<b>Industry Group</b>	<b>Financial Strength</b>	<b>Beta</b>
		<i>Value Line</i>	<i>Value Line</i>	<i>Value Line</i>
DKL	Delek Logistics Partners LP	PIPEMLP	C++	1.00
EPD	Enterprise Products	PIPEMLP	A	0.80
ET	Energy Transfer LP	PIPEMLP	B++	0.90
HESM	Hess Midstream LP	PIPEMLP	B	0.80
MPLX	MPLX LP	PIPEMLP	B++	0.65
PAA	Plains All Amer. Pipe.	PIPEMLP	B+	1.10
WES	Western Midstream	PIPEMLP	B+	1.05
<b>Average</b>				<b>0.90</b>
<b>Median</b>				<b>0.90</b>
<b>Trimmed Average</b>				<b>0.91</b>
High				1.10
Low				0.65
<b>Selected</b>				<b>0.90</b>

**MONTANA DEPARTMENT OF REVENUE**

**Inflation & Real Growth**

**Industry: Pipelines - Midstream MLPs**

**2025 Assessment Year**

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

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 - Midstream MLPs**

**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 sh	Expected Equity Payout Yield	Sustainable Long-Term Growth Rate <sup>[1]</sup>	Sustainable Long-Term Growth Rate <sup>[1]</sup>	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>
		$P_0$	$D_1$	$D_1/P_0$	$g$	$g$	$k_e$	$k_e$
DKL	Delek Logistics Partners LP	42.26	0.00	0.00%	0.00%	0.00%		
EPD	Enterprise Products	31.36	2.20	7.02%	12.42%	5.18%	19.44%	12.20%
ET	Energy Transfer LP	19.59	1.36	6.94%	3.69%	8.24%	10.63%	15.19%
HESM	Hess Midstream LP	37.03	3.05	8.24%	5.35%	7.20%	13.59%	15.44%
MPLX	MPLX LP	47.86	3.85	8.04%	7.96%	5.88%	16.00%	13.92%
PAA	Plains All Amer. Pipe.	17.08	1.50	8.78%	17.25%	15.49%	26.03%	24.27%
WES	Western Midstream	38.43	3.55	9.24%	2.82%	2.13%	12.06%	11.37%
<b>Average</b>							<b>16.29%</b>	<b>15.40%</b>
<b>Median</b>							<b>14.80%</b>	<b>14.55%</b>
<b>Trimmed Average</b>							<b>15.27%</b>	<b>14.19%</b>
High							26.03%	24.27%
Low							10.63%	11.37%
<b>Selected</b>							<b>15.27%</b>	<b>14.19%</b>

Notes:

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

*Implied Sustainable LTG:*

8.25%

7.35%

**MONTANA DEPARTMENT OF REVENUE**

**Support for DDM - Short Term Growth Rate Calculations**

**Industry: Pipelines - Midstream MLPs**

**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>
DKL	Delek Logistics Partners LP	42.26	0.00	0.00%	0.00	0.00%
EPD	Enterprise Products	31.36	2.20	7.02%	3.35	15.05%
ET	Energy Transfer LP	19.59	1.36	6.94%	1.50	3.32%
HESM	Hess Midstream LP	37.03	3.05	8.24%	3.60	5.68%
MPLX	MPLX LP	47.86	3.85	8.04%	5.00	9.10%
PAA	Plains All Amer. Pipe.	17.08	1.50	8.78%	2.60	20.12%
WES	Western Midstream	38.43	3.55	9.24%	3.80	2.29%

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>
DKL	Delek Logistics Partners LP	3.08	2.91	-1.87%
EPD	Enterprise Products	2.85	3.35	5.54%
ET	Energy Transfer LP	1.40	1.85	9.74%
HESM	Hess Midstream LP	2.85	3.60	8.10%
MPLX	MPLX LP	4.40	5.30	6.40%
PAA	Plains All Amer. Pipe.	1.55	2.55	18.05%
WES	Western Midstream	3.70	3.85	1.33%

Notes

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

**MONTANA DEPARTMENT OF REVENUE**

**Support for DDM - Sustainable Long Term Growth**

**Industry: Pipelines - Midstream MLPs**

**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 <sub>1</sub>	D <sub>2</sub>	D <sub>3</sub>	D <sub>4</sub>	D <sub>5</sub>
		Yahoo	Note [1]	Note [2]	$D_1/P_0$	$K_e = IRR \text{ of } D_1 : D_{500}$	$g = IRR - Div. \text{ Yield}$						
DKL	Delek Logistics Partners LP	42.26	0.00%	4.40%	0.00%			(42.26)	0.00	0.00	0.00	0.00	0.00
EPD	Enterprise Products	31.36	15.05%	4.40%	7.02%	19.44%	12.42%	(31.36)	2.20	2.53	2.91	3.35	3.85
ET	Energy Transfer LP	19.59	3.32%	4.40%	6.94%	10.63%	3.69%	(19.59)	1.36	1.41	1.45	1.50	1.55
HESM	Hess Midstream LP	37.03	5.68%	4.40%	8.24%	13.59%	5.35%	(37.03)	3.05	3.22	3.41	3.60	3.80
MPLX	MPLX LP	47.86	9.10%	4.40%	8.04%	16.00%	7.96%	(47.86)	3.85	4.20	4.58	5.00	5.46
PAA	Plains All Amer. Pipe.	17.08	20.12%	4.40%	8.78%	26.03%	17.25%	(17.08)	1.50	1.80	2.16	2.60	3.12
WES	Western Midstream	38.43	2.29%	4.40%	9.24%	12.06%	2.82%	(38.43)	3.55	3.63	3.71	3.80	3.89

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 <sub>1</sub>	D <sub>2</sub>	D <sub>3</sub>	D <sub>4</sub>	D <sub>5</sub>
		Yahoo	Note [1]	Note [2]	$D_1/P_0$	$K_e = IRR \text{ of } D_1 : D_{500}$	$g = IRR - Div. \text{ Yield}$						
DKL	Delek Logistics Partners LP	42.26	-1.87%	4.40%	0.00%			(42.26)	0.00	0.00	0.00	0.00	0.00
EPD	Enterprise Products	31.36	5.54%	4.40%	7.02%	12.20%	5.18%	(31.36)	2.20	2.32	2.45	2.59	2.73
ET	Energy Transfer LP	19.59	9.74%	4.40%	6.94%	15.19%	8.24%	(19.59)	1.36	1.49	1.64	1.80	1.97
HESM	Hess Midstream LP	37.03	8.10%	4.40%	8.24%	15.44%	7.20%	(37.03)	3.05	3.30	3.56	3.85	4.16
MPLX	MPLX LP	47.86	6.40%	4.40%	8.04%	13.92%	5.88%	(47.86)	3.85	4.10	4.36	4.64	4.93
PAA	Plains All Amer. Pipe.	17.08	18.05%	4.40%	8.78%	24.27%	15.49%	(17.08)	1.50	1.77	2.09	2.47	2.91
WES	Western Midstream	38.43	1.33%	4.40%	9.24%	11.37%	2.13%	(38.43)	3.55	3.60	3.65	3.69	3.74

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 - Midstream MLPs

2025 Assessment Year

Dividend	Stage 2															Stage 3		
	D <sub>6</sub>	D <sub>7</sub>	D <sub>8</sub>	D <sub>9</sub>	D <sub>10</sub>	D <sub>11</sub>	D <sub>12</sub>	D <sub>13</sub>	D <sub>14</sub>	D <sub>15</sub>	D <sub>16</sub>	D <sub>17</sub>	D <sub>18</sub>	D <sub>19</sub>	D <sub>20</sub>	D <sub>21</sub>	D <sub>22</sub>	D <sub>500</sub>
DKL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
EPD	4.41	5.04	5.76	6.59	7.53	8.61	9.85	11.26	12.87	14.72	16.83	19.24	22.00	25.15	28.76	30.02	31.34	27,224,116,870
ET	1.60	1.66	1.71	1.77	1.83	1.89	1.96	2.02	2.09	2.16	2.24	2.31	2.39	2.47	2.56	2.67	2.79	2,419,997,153
HESM	4.02	4.24	4.48	4.73	5.00	5.27	5.57	5.88	6.21	6.56	6.93	7.31	7.72	8.15	8.61	8.99	9.39	8,152,405,032
MPLX	5.93	6.46	7.02	7.64	8.31	9.04	9.84	10.70	11.64	12.67	13.78	14.99	16.31	17.74	19.30	20.15	21.04	18,274,468,177
PAA	3.72	4.43	5.27	6.28	7.48	8.90	10.60	12.62	15.03	17.90	21.31	25.38	30.22	35.98	42.85	44.73	46.70	40,565,313,037
WES	3.98	4.08	4.18	4.28	4.38	4.49	4.60	4.71	4.83	4.94	5.06	5.19	5.31	5.44	5.58	5.82	6.08	5,279,396,824

Earnings	Stage 2															Stage 3		
	D <sub>6</sub>	D <sub>7</sub>	D <sub>8</sub>	D <sub>9</sub>	D <sub>10</sub>	D <sub>11</sub>	D <sub>12</sub>	D <sub>13</sub>	D <sub>14</sub>	D <sub>15</sub>	D <sub>16</sub>	D <sub>17</sub>	D <sub>18</sub>	D <sub>19</sub>	D <sub>20</sub>	D <sub>21</sub>	D <sub>22</sub>	D <sub>500</sub>
DKL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
EPD	2.88	3.04	3.20	3.38	3.56	3.75	3.96	4.18	4.40	4.64	4.90	5.17	5.45	5.74	6.06	6.32	6.60	5,735,692,748
ET	2.16	2.36	2.58	2.82	3.09	3.38	3.69	4.04	4.42	4.83	5.29	5.78	6.33	6.92	7.57	7.90	8.25	7,165,347,831
HESM	4.49	4.84	5.22	5.63	6.08	6.55	7.07	7.62	8.22	8.87	9.56	10.32	11.13	12.00	12.94	13.51	14.11	12,252,612,570
MPLX	5.24	5.57	5.92	6.29	6.69	7.11	7.55	8.02	8.53	9.06	9.63	10.23	10.87	11.56	12.28	12.82	13.38	11,625,518,102
PAA	3.41	4.00	4.68	5.49	6.43	7.53	8.82	10.33	12.10	14.17	16.60	19.45	22.78	26.69	31.26	32.64	34.07	29,596,224,227
WES	3.80	3.86	3.92	3.98	4.04	4.10	4.17	4.23	4.29	4.36	4.43	4.50	4.56	4.63	4.71	4.91	5.13	4,455,576,835

**MONTANA DEPARTMENT OF REVENUE**

Support for Yield Capitalization Rate - Debt Rating

Industry: Pipelines - Midstream MLPs

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>Moodys.com</i>	
DKL	Delek Logistics Partners LP	PIPEMLP	C++	B1	7.33%
EPD	Enterprise Products	PIPEMLP	A	A3	5.53%
ET	Energy Transfer LP	PIPEMLP	B++	Baa2	5.80%
HESM	Hess Midstream LP	PIPEMLP	B	Ba1	6.84%
MPLX	MPLX LP	PIPEMLP	B++	Baa2	5.80%
PAA	Plains All Amer. Pipe.	PIPEMLP	B+	Baa2	5.80%
WES	Western Midstream	PIPEMLP	B+	Baa3	5.80%
<b>Average</b>					<b>6.13%</b>
<b>Median</b>					<b>5.80%</b>
<b>Trimmed Average</b>					<b>6.01%</b>
High					7.33%
Low					5.53%
<b>Selected</b>					<b>6.13%</b>

**MONTANA DEPARTMENT OF REVENUE**

**Support for Direct Capitalization - Equity Capitalization Rates**

**Industry: Pipelines - Midstream MLPs**

**2025 Assessment Year**

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Ticker	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
DKL	Delek Logistics Partners LP	42.26	2.99	3.08	14.13	13.72	7.08%	7.29%	5.14	0.00	8.22		12.16%		2,176	(162)	(13.44)
EPD	Enterprise Products	31.36	2.69	2.85	11.66	11.00	8.58%	9.09%	3.63	3.90	8.64	8.04	11.58%	12.44%	67,916	27,673	2.45
ET	Energy Transfer LP	19.59	1.28	1.40	15.30	13.99	6.53%	7.15%	2.47	2.90	7.93	6.76	12.61%	14.80%	67,215	36,682	1.83
HESM	Hess Midstream LP	37.03	2.49	2.85	14.87	12.99	6.72%	7.70%	4.55	4.60	8.14	8.05	12.29%	12.42%	3,854	340	11.33
MPLX	MPLX LP	47.86	4.21	4.40	11.37	10.88	8.80%	9.19%	4.93	5.50	9.71	8.70	10.30%	11.49%	48,680	13,349	3.65
PAA	Plains All Amer. Pipe.	17.08	0.73	1.55	23.40	11.02	4.27%	9.07%	2.91	2.80	5.87	6.10	17.04%	16.39%	12,020	10,422	1.15
WES	Western Midstream	38.43	4.03	3.70	9.54	10.39	10.49%	9.63%	4.20	5.85	9.15	6.57	10.93%	15.22%	14,625	2,897	5.05
<b>Average</b>					<b>14.32</b>	<b>12.00</b>	<b>7.50%</b>	<b>8.45%</b>			<b>8.24</b>	<b>7.37</b>	<b>12.41%</b>	<b>13.79%</b>			<b>1.72</b>
<b>Median</b>					<b>14.13</b>	<b>11.02</b>	<b>7.08%</b>	<b>9.07%</b>			<b>8.22</b>	<b>7.40</b>	<b>12.16%</b>	<b>13.62%</b>			<b>2.45</b>
<b>Trimmed Average</b>					<b>13.47</b>	<b>11.92</b>	<b>7.54%</b>	<b>8.47%</b>			<b>8.42</b>	<b>7.35</b>	<b>11.91%</b>	<b>13.72%</b>			<b>2.83</b>
High					23.40	13.99	10.49%	9.63%			9.71	8.70	17.04%	16.39%			11.33
Low					9.54	10.39	4.27%	7.15%			5.87	6.10	10.30%	11.49%			(13.44)
<b>Selected</b>						12.35		<b>8.10%</b>				7.69		<b>13.00%</b>			<b>2.83</b>

**MONTANA DEPARTMENT OF REVENUE**

Support for Direct Capitalization - Debt Capitalization Rate

Industry: Pipelines - Midstream MLPs

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
		<i>10-K</i>	<i>10-K</i>	<i>10-K</i>	<i>10-K</i>	<i>10-K</i>	$(D+F)/2$	$(C/H)$	$(F/G)$
DKL	Delek Logistics Partners LP	151	1,683	1,704	1,911	1,875	1,797	8.40%	1.02
EPD	Enterprise Products	1,352	27,448	28,748	29,196	31,896	28,322	4.77%	0.92
ET	Energy Transfer LP	3,125	51,928	52,388	59,010	59,760	55,469	5.63%	0.99
HESM	Hess Midstream LP	202	3,143	3,211	3,421	3,472	3,282	6.16%	0.99
MPLX	MPLX LP	921	19,261	20,431	19,454	20,948	19,358	4.76%	0.93
PAA	Plains All Amer. Pipe.	430	7,351	7,751	7,121	7,621	7,236	5.94%	0.93
WES	Western Midstream	379	7,629	7,901	7,580	7,938	7,605	4.98%	0.95
	<b>All Companies</b>	6,409			125,782	131,635	121,272	<b>5.28%</b>	<b>0.96</b>
	<b>Average</b>							<b>5.81%</b>	<b>0.96</b>
	<b>Median</b>							<b>5.63%</b>	<b>0.95</b>
	<b>Trimmed Average</b>							<b>5.50%</b>	<b>0.96</b>
	High							8.40%	1.02
	Low							4.76%	0.92
	<b>Selected</b>							<b>5.50%</b>	<b>0.96</b>

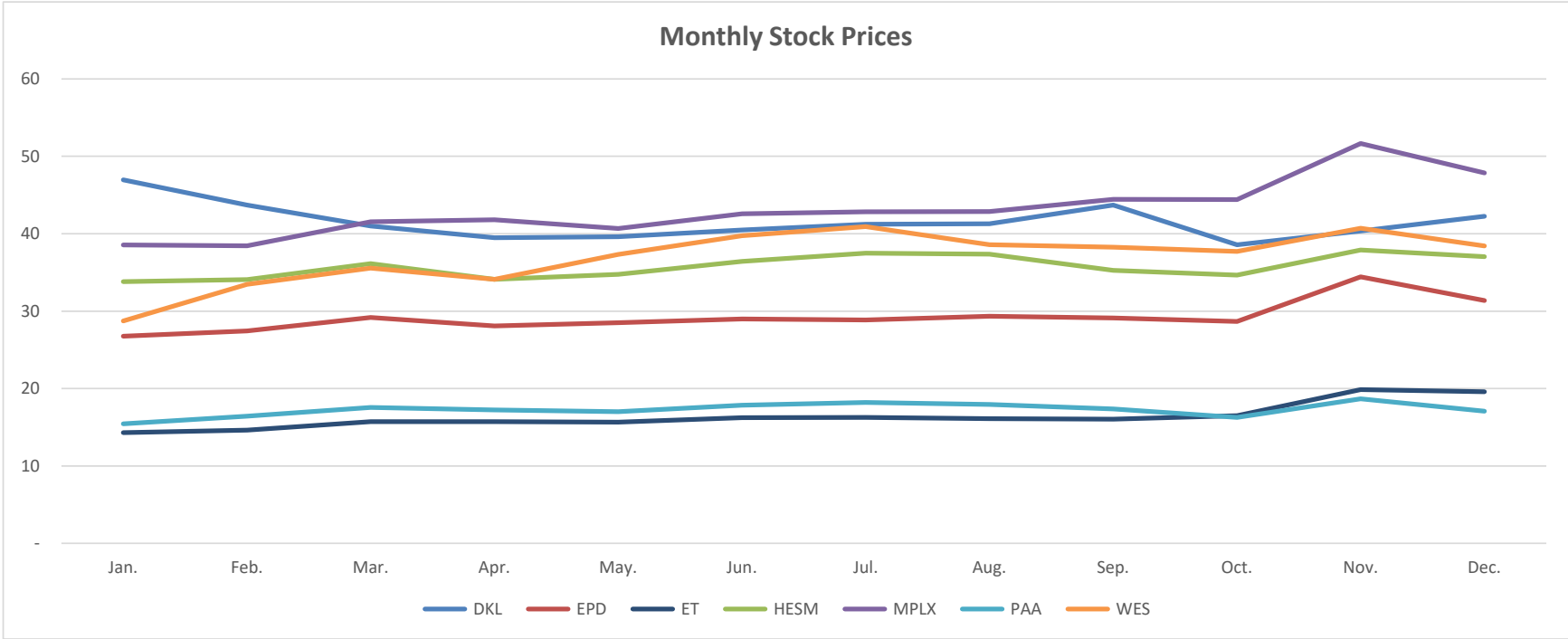
**MONTANA DEPARTMENT OF REVENUE**

Support of Stock Price - From YAHOO Finance

Industry: Pipelines - Midstream MLPs

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.
DKL	Delek Logistics Partners LP	46.96	43.70	40.99	39.49	39.62	40.48	41.21	41.29	43.72	38.57	40.34	42.26
EPD	Enterprise Products	26.76	27.45	29.18	28.08	28.50	28.98	28.86	29.34	29.11	28.66	34.43	31.36
ET	Energy Transfer LP	14.30	14.64	15.73	15.73	15.67	16.22	16.27	16.10	16.05	16.48	19.86	19.59
HESM	Hess Midstream LP	33.81	34.09	36.13	34.10	34.75	36.44	37.48	37.35	35.27	34.65	37.90	37.03
MPLX	MPLX LP	38.55	38.44	41.56	41.80	40.68	42.59	42.82	42.88	44.46	44.42	51.66	47.86
PAA	Plains All Amer. Pipe.	15.44	16.42	17.56	17.23	17.01	17.86	18.19	17.94	17.37	16.27	18.67	17.08
WES	Western Midstream	28.73	33.45	35.55	34.10	37.32	39.73	40.92	38.58	38.26	37.73	40.71	38.43



**MONTANA DEPARTMENT OF REVENUE**

**Maintenance Capital Expenditures Estimate Based on Guideline Companies**

**Industry: Pipelines - Midstream MLPs**

**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
		MTDOR (CPI)	Current Year	Previous Year	Current Year	Current Year	Note [1]	Note [1]	Note [1]		
			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
DKL	Delek Logistics Partners LP	2.30%	1,375	1,321	1,348	76	18	0.41	0.67	94	122.79%
EPD	Enterprise Products	2.30%	71,203	66,217	68,710	1,974	35	0.80	0.45	2,890	146.40%
ET	Energy Transfer LP	2.30%	129,242	114,932	122,087	5,165	24	0.54	0.58	6,753	130.75%
HESM	Hess Midstream LP	2.30%	5,117	4,819	4,968	203	24	0.56	0.57	268	131.87%
MPLX	MPLX LP	2.30%	28,404	27,385	27,895	1,283	22	0.50	0.61	1,645	128.20%
PAA	Plains All Amer. Pipe.	2.30%	21,300	21,143	21,222	1,026	21	0.48	0.62	1,301	126.79%
WES	Western Midstream	2.30%	15,510	14,945	15,228	650	23	0.54	0.59	848	130.45%
<b>Average</b>											<b>131.04%</b>
<b>Median</b>											<b>130.45%</b>
<b>Trimmed Average</b>											<b>129.61%</b>
High											146.40%
Low											122.79%
<b>Selected</b>											<b>131.04%</b>

**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.