



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

**2026 Capitalization Rate Study  
Pipelines - Midstream MLPs**

*Final*

*Completed: April 22, 2026*

**MONTANA DEPARTMENT OF REVENUE**

**Yield Capitalization Rate Conclusion  
Industry: Pipelines - Midstream MLPs  
2026 Assessment Year**

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

Equity	<b>58.00%</b>
Debt	<b>42.00%</b>

**Equity Cost of Capital**

		<b>Weighting</b>
Capital Asset Pricing Model - Ex Post <sup>[2]</sup>	11.79%	48%
Capital Asset Pricing Model - Ex Ante <sup>[2]</sup>	9.37%	12%
3 Stage Dividend Discount Model - Dividends <sup>[3]</sup>	14.67%	20%
3 Stage Dividend Discount Model - Earnings <sup>[3]</sup>	17.71%	<u>20%</u>
Weighted Average	<u>13.26%</u>	100%
Selected Cost of Equity	<b><u>13.26%</u></b>	

**Debt Cost of Capital**

		<b>Weighting</b>
A - Avg. YTM of A Rated Corporate Bonds <sup>[4]</sup>	5.71%	17%
Baa - Avg. YTM of Baa Rated Corporate Bonds <sup>[4]</sup>	5.98%	50%
Ba - Avg. YTM of Ba Rated Corporate Bonds <sup>[5]</sup>	7.39%	17%
B - Avg. YTM of B Rated Corporate Bonds <sup>[5]</sup>	8.47%	<u>17%</u>
Weighted Average	<u>6.58%</u>	100%
Selected Cost of Debt	<b><u>6.58%</u></b>	

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

<b>Source of Capital</b>	<b>Capital Structure</b>	<b>Cost of Capital</b>	<b>Marginal Tax Rate</b>	<b>After-tax Unweighted</b>	<b>Pre-tax Debt Weighted</b>	<b>After-tax Weighted</b>
Equity	58.00%	13.26%		13.26%	7.69%	7.69%
Debt	42.00%	6.58%	24.00%	5.00%	2.77%	2.10%
<b>WACC</b>	<b>100.00%</b>				<b>10.46%</b>	<b>9.79%</b>
<b>WACC (Rounded)</b>						<b>9.79%</b>

Notes

- [1] From worksheet: Capital Structure
- [2] From worksheet: Capital Asset Pricing Model Summary
- [3] From worksheet: Yield Equity Summary
- [4] January 2026 Mergent Bond Record, Bloomberg, and Capital IQ
- [5] MDOR High Yield Debt Study, Bloomberg, and Capital IQ

**MONTANA DEPARTMENT OF REVENUE**

**Direct Capitalization Rate Conclusion  
Industry: Pipelines - Midstream MLPs  
2026 Assessment Year**

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

Equity	<b>58.00%</b>
Debt	<b>42.00%</b>

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

NOI After-tax	<b>8.56%</b>
GCF	<b>13.15%</b>

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

Calculated Current Yield	<b>5.27%</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 Debt Weighted	After-tax Weighted
Equity	58.00%	8.56%		8.56%	4.97%	4.97%
Debt	42.00%	5.27%	24.00%	4.00%	2.21%	1.68%
<b>Total</b>	<b>100.00%</b>				<b>7.18%</b>	<b>6.65%</b>
<b>Total (Rounded)</b>						<b>6.65%</b>

**GCF Direct Capitalization Rate**

Source of Capital	Capital Structure	Capitalization Rate	Marginal Tax Rate	After-tax Unweighted	Pre-tax Debt Weighted	After-tax Weighted
Equity	58.00%	13.15%		13.15%	7.62%	7.62%
Debt	42.00%	5.27%	24.00%	4.00%	2.21%	1.68%
<b>Total</b>	<b>100.00%</b>				<b>9.84%</b>	<b>9.31%</b>
<b>Total (Rounded)</b>						<b>9.31%</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**

**2026 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	No						
MPLX	Yes	Yes	Yes	Yes	Yes	Yes	
NGL	No						
PAA	Yes				No		[1]
PAGP	No						
SMC	Yes	Yes	No				
SPH	No						
WES	Yes	Yes	Yes	Yes	Yes	Yes	

[1] Engaged in several acquisitions / sales

**MONTANA DEPARTMENT OF REVENUE**

Support for Capital Structure  
Industry: Pipelines - Midstream MLPs  
2026 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	B	33.87	44.62	1,511	0	2,443	7	3,960	38%	0%	62%
EPD	Enterprise Products	PIPEMLP	A	2,161.76	32.06	69,306	44	32,495	471	102,316	68%	0%	32%
ET	Energy Transfer LP	PIPEMLP	B++	3,439.99	16.49	56,725	3,356	68,550	1,760	130,391	44%	3%	54%
HESM	Hess Midstream LP	PIPEMLP	B+	129.40	34.50	4,464	0	3,833	0	8,297	54%	0%	46%
MPLX	MPLX LP	PIPEMLP	B++	1,015.20	53.37	54,181	0	24,719	270	79,170	68%	0%	32%
WES	Western Midstream	PIPEMLP	B++	403.21	38.43	15,495	869	8,471	175	25,011	62%	3%	35%
<b>All Companies</b>						200,172	4,269	138,068	2,676	345,186	<b>58%</b>	<b>1%</b>	<b>41%</b>
<b>Average</b>											<b>56%</b>	<b>1%</b>	<b>43%</b>
<b>Median</b>											<b>58%</b>	<b>0%</b>	<b>40%</b>
<b>Trimmed Average</b>											<b>57%</b>	<b>1%</b>	<b>42%</b>
High											68%	3%	62%
Low											38%	0%	32%
<b>Selected</b>											<b>58%</b>		<b>42%</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

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

2026 - PAA removed for M&A activity

	<b>Trimmed Average</b>		
Current Year	57%	1%	42%
Prior Year	59%	1%	38%
2 Years Prior	53%	5%	42%
Average	<b>56%</b>	<b>2%</b>	<b>41%</b>

**MONTANA DEPARTMENT OF REVENUE**

Capital Asset Pricing Model (CAPM)  
Industry: Pipelines - Midstream MLPs  
2026 Assessment Year

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

		<i>Ex Post</i>	<i>Ex Ante</i>
$k_e$ =	Cost of Equity	<b>11.79%</b>	<b>9.37%</b>
$R_f$ =	Risk Free Rate	4.79%	4.79%
$\beta$ =	Beta	0.95	0.95
$ERP$ =	Equity Risk Premium ( $R_m - R_f$ )	7.37%	4.82%
$R_m$ =	Market Rate of Return	12.16%	9.61%

**Risk Free Rate Measures ( $R_f$ ):**

The Value Line Investment Survey: Selection & Opinion<sup>[1]</sup>

January 2, 2026 Page 1934

Selected Yields on Taxable U.S. Treasury Securities as of 12/22/25

10-year	4.17%
30-year	4.84%

Federal Reserve Statistical Release<sup>[2]</sup>

U.S. government securities, Treasury constant maturities, Nominal, December 31, 2025

10-year	4.18%
20-year	4.79%
30-year	4.84%
<b>Risk Free Rate Selected</b>	<b><u>4.79%</u></b>

Notes

[1] "Value Line Selection & Opinion", Value Line (January 2, 2026)

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

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

Kroll, 2026 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>	12.16%	4.79%	7.37%
ERP "Supply-side" - <i>Ex Post</i>	<i>Arithmetic Avg.</i>	11.10%	4.79%	6.31%
<b>Ex Post Equity Risk Premium Selected</b>		<b><u>12.16%</u></b>	<b><u>4.79%</u></b>	<b><u>7.37%</u></b>

**MONTANA DEPARTMENT OF REVENUE**

Capital Asset Pricing Model (CAPM)  
Industry: Pipelines - Midstream MLPs  
2026 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<sub>m</sub></u>	<u>R<sub>f</sub></u>	<u>ERP</u>
3 Stage Dividend Discount Model - <i>Ex Ante</i>	7.73%	4.79%	2.94%
Implied Premium - <i>Ex Ante</i>	8.92%	4.79%	

Kroll, 2026 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>	9.79%	4.79%	5.00%

Damodaran Implied ERP (Jan 1, 2026)

	<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 sustainable payout	8.36%	4.18%	4.18%
Implied Premium - <i>Ex Ante</i> - Trailing 12 month cash yields	8.41%	4.18%	4.23%
Implied Premium - <i>Ex Ante</i> - Average CF yield last 10 years	10.36%	4.18%	6.18%
Implied Premium - <i>Ex Ante</i> - Net cash yield	8.14%	4.18%	3.96%
Implied Premium - <i>Ex Ante</i> - Normalized earnings and payout	<u>7.80%</u>	<u>4.18%</u>	<u>3.62%</u>
Damodaran Average	8.61%	4.18%	4.43%

	<u>R<sub>m</sub></u>	<u>R<sub>f</sub></u>	<u>ERP</u>
<u>Average</u>	8.69%		4.30%
<u>Median</u>	8.39%		4.18%
<u>High</u>	10.36%		6.18%
<u>Low</u>	7.73%		2.94%

**Ex Ante Equity Risk Premium Selected**

<b>9.61%</b>	<b>4.79%</b>	<b>4.82%</b>
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**MONTANA DEPARTMENT OF REVENUE**

Support for Beta Selection in CAPM  
 Industry: Pipelines - Midstream MLPs  
 2026 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	B	0.85
EPD	Enterprise Products	PIPEMLP	A	0.85
ET	Energy Transfer LP	PIPEMLP	B++	1.05
HESM	Hess Midstream LP	PIPEMLP	B+	1.00
MPLX	MPLX LP	PIPEMLP	B++	0.90
WES	Western Midstream	PIPEMLP	B++	1.15
<b>Average</b>				<b>0.97</b>
<b>Median</b>				<b>0.95</b>
<b>Trimmed Average</b>				<b>0.95</b>
High				1.15
Low				0.85
<b>Selected</b>				<b>0.95</b>

**MONTANA DEPARTMENT OF REVENUE**

**Inflation & Real Growth  
Industry: Pipelines - Midstream MLPs  
2026 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%	2.01%	4.30%		
Survey of Professional Forecasters <sup>[2]</sup>	2.25%	2.40%	4.65%		
Congressional Budget Office <sup>[3]</sup>	2.30%	1.80%	4.10%		
<b>Average</b>	<b>2.28%</b>	<b>2.07%</b>	<b>4.35%</b>		
<b>Median</b>	<b>2.29%</b>	<b>2.01%</b>	<b>4.30%</b>		
High	2.30%	2.40%	4.70%		
Low	2.25%	1.80%	4.05%		
<b>Selected</b>	<b>2.30%</b>	<b>2.00%</b>	<b>4.30%</b>	<b>4.05%</b>	<b>4.70%</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>
2014	234.812	0.8%	1.3801	236.736	1.6%	1.3599
2015	236.525	0.7%	1.3701	237.017	0.1%	1.3583
2016	241.432	2.0%	1.3422	240.007	1.2%	1.3414
2017	246.524	2.1%	1.3145	245.120	2.1%	1.3134
2018	251.233	1.9%	1.2899	251.107	2.4%	1.2821
2019	256.974	2.2%	1.2610	255.657	1.8%	1.2593
2020	260.474	1.3%	1.2441	258.811	1.2%	1.2439
2021	278.802	6.6%	1.1623	270.970	4.5%	1.1881
2022	296.797	6.1%	1.0918	292.655	7.4%	1.1001
2023	306.746	3.2%	1.0564	304.702	4.0%	1.0566
2024	315.605	2.8%	1.0268	313.689	2.9%	1.0263
2025	324.054	2.6%	1.0000	321.943	2.6%	1.0000

Notes

[1] Federal Reserve Bank of Philadelphia The Livingston Survey December 19, 2025 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 November 17, 2025 Table 8 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: 2026 To 2036

<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**

**2026 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	2025 Year End Stock Price	2026 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	44.62	0.00	0.00%	0.00%	0.00%		
EPD	Enterprise Products	32.06	2.24	6.99%	14.08%	7.00%	21.06%	13.99%
ET	Energy Transfer LP	16.49	1.36	8.25%	3.59%	10.04%	11.84%	18.28%
HESM	Hess Midstream LP	34.50	3.10	8.99%	7.89%	14.61%	16.87%	23.60%
MPLX	MPLX LP	53.37	4.32	8.09%	5.32%	6.82%	13.42%	14.91%
WES	Western Midstream	38.43	3.75	9.76%	3.95%	10.19%	13.71%	19.95%
<b>Average</b>							<b>15.38%</b>	<b>18.15%</b>
<b>Median</b>							<b>13.71%</b>	<b>18.28%</b>
<b>Trimmed Average</b>							<b>14.67%</b>	<b>17.71%</b>
High							21.06%	23.60%
Low							11.84%	13.99%
<b>Selected</b>							<b>14.67%</b>	<b>17.71%</b>

Notes:

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

*Implied Sustainable LTG:*

6.97%

9.73%

**MONTANA DEPARTMENT OF REVENUE**

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

**Industry: Pipelines - Midstream MLPs**

**2026 Assessment Year**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
<b>Ticker</b>	<b>Company</b>	<b>End of Year Closing Stock Price</b>	<b>Div'ds Decl'd per sh 2026 Est</b>	<b>Expected Dividend Yield</b>	<b>Div'ds Decl'd per sh 2028-2030 Est</b>	<b>Short-Term Growth Rate</b>
		<i>Yahoo</i>	<i>Value Line</i>	<i>D / C</i>	<i>Value Line</i>	<i>Note [1]</i>
DKL	Delek Logistics Partners LP	44.62				
EPD	Enterprise Products	32.06	2.24	6.99%	3.60	17.13%
ET	Energy Transfer LP	16.49	1.36	8.25%	1.50	3.32%
HESM	Hess Midstream LP	34.50	3.10	8.99%	4.00	8.87%
MPLX	MPLX LP	53.37	4.32	8.09%	5.10	5.69%
WES	Western Midstream	38.43	3.75	9.76%	4.20	3.85%

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
<b>Ticker</b>	<b>Company</b>	<b>Earnings per share 2026 Est</b>	<b>Earnings per share 2028-2030 Est</b>	<b>Short-Term Growth Rate</b>
		<i>Value Line</i>	<i>Value Line</i>	<i>Note [1]</i>
DKL	Delek Logistics Partners LP			
EPD	Enterprise Products	2.85	3.60	8.10%
ET	Energy Transfer LP	1.40	1.95	11.68%
HESM	Hess Midstream LP	2.50	4.00	16.96%
MPLX	MPLX LP	5.45	6.80	7.66%
WES	Western Midstream	3.75	5.20	11.51%

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**

**2026 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	44.62	0.00%	4.30%	0.00%			(44.62)	0.00	0.00	0.00	0.00	0.00
EPD	Enterprise Products	32.06	17.13%	4.30%	6.99%	21.06%	14.08%	(32.06)	2.24	2.62	3.07	3.60	4.22
ET	Energy Transfer LP	16.49	3.32%	4.30%	8.25%	11.84%	3.59%	(16.49)	1.36	1.41	1.45	1.50	1.55
HESM	Hess Midstream LP	34.50	8.87%	4.30%	8.99%	16.87%	7.89%	(34.50)	3.10	3.37	3.67	4.00	4.35
MPLX	MPLX LP	53.37	5.69%	4.30%	8.09%	13.42%	5.32%	(53.37)	4.32	4.57	4.83	5.10	5.39
WES	Western Midstream	38.43	3.85%	4.30%	9.76%	13.71%	3.95%	(38.43)	3.75	3.89	4.04	4.20	4.36

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	44.62	0.00%	4.30%	0.00%			(44.62)	0.00	0.00	0.00	0.00	0.00
EPD	Enterprise Products	32.06	8.10%	4.30%	6.99%	13.99%	7.00%	(32.06)	2.24	2.42	2.62	2.83	3.06
ET	Energy Transfer LP	16.49	11.68%	4.30%	8.25%	18.28%	10.04%	(16.49)	1.36	1.52	1.70	1.89	2.12
HESM	Hess Midstream LP	34.50	16.96%	4.30%	8.99%	23.60%	14.61%	(34.50)	3.10	3.63	4.24	4.96	5.80
MPLX	MPLX LP	53.37	7.66%	4.30%	8.09%	14.91%	6.82%	(53.37)	4.32	4.65	5.01	5.39	5.80
WES	Western Midstream	38.43	11.51%	4.30%	9.76%	19.95%	10.19%	(38.43)	3.75	4.18	4.66	5.20	5.80

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

2026 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	4.90	5.70	6.63	7.71	8.96	10.42	12.12	14.09	16.39	19.05	22.16	25.76	29.96	34.83	40.50	42.25	44.06	24,208,463,039
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	2.55	2.66	2.78	1,526,242,278
HESM	4.73	5.13	5.57	6.05	6.57	7.13	7.74	8.40	9.12	9.90	10.75	11.67	12.67	13.76	14.93	15.58	16.25	8,926,302,686
MPLX	5.69	6.01	6.35	6.70	7.08	7.47	7.89	8.33	8.80	9.29	9.81	10.36	10.94	11.55	12.20	12.72	13.27	7,291,048,708
WES	4.53	4.71	4.89	5.08	5.28	5.48	5.69	5.91	6.14	6.38	6.63	6.89	7.15	7.43	7.72	8.05	8.40	4,614,190,839

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	3.30	3.56	3.84	4.14	4.46	4.81	5.19	5.60	6.04	6.51	7.02	7.57	8.16	8.81	9.50	9.90	10.33	5,675,483,635
ET	2.35	2.62	2.91	3.23	3.59	4.00	4.44	4.94	5.49	6.11	6.79	7.55	8.40	9.34	10.38	10.83	11.29	6,203,818,791
HESM	6.74	7.82	9.08	10.55	12.25	14.22	16.51	19.17	22.26	25.85	30.02	34.85	40.47	46.99	54.57	56.91	59.36	32,614,285,499
MPLX	6.23	6.70	7.20	7.73	8.30	8.92	9.58	10.30	11.06	11.88	12.77	13.72	14.74	15.83	17.01	17.74	18.50	10,165,107,185
WES	6.44	7.15	7.94	8.81	9.79	10.86	12.06	13.39	14.87	16.51	18.33	20.36	22.60	25.10	27.86	29.06	30.31	16,653,477,991

**MONTANA DEPARTMENT OF REVENUE**

Support for Yield Capitalization Rate - Debt Rating

Industry: Pipelines - Midstream MLPs

2026 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	B	B1	8.47%
EPD	Enterprise Products	PIPEMLP	A	A3	5.71%
ET	Energy Transfer LP	PIPEMLP	B++	Baa2	5.98%
HESM	Hess Midstream LP	PIPEMLP	B+	Ba1	7.39%
MPLX	MPLX LP	PIPEMLP	B++	Baa2	5.98%
WES	Western Midstream	PIPEMLP	B++	Baa1	5.98%
<b>Average</b>					<b>6.58%</b>
<b>Median</b>					<b>5.98%</b>
<b>Trimmed Average</b>					<b>6.33%</b>
High					8.47%
Low					5.71%
<b>Selected</b>					<b>6.58%</b>

*\*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 - Midstream MLPs  
2026 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	44.62	3.29	0.00	13.56		7.37%		4.67	0.00	9.55		10.47%		1,511	36	42.57
EPD	Enterprise Products	32.06	2.66	2.85	12.05	11.25	8.30%	8.89%	3.84	3.95	8.35	8.12	11.98%	12.32%	69,306	28,732	2.41
ET	Energy Transfer LP	16.49	1.21	1.40	13.63	11.78	7.34%	8.49%	2.91	2.75	5.67	6.00	17.65%	16.68%	56,725	35,118	1.62
HESM	Hess Midstream LP	34.50	2.86	2.50	12.06	13.80	8.29%	7.25%	4.09	4.30	8.44	8.02	11.86%	12.46%	4,464	531	8.41
MPLX	MPLX LP	53.37	4.82	5.45	11.07	9.79	9.03%	10.21%	5.48	6.15	9.74	8.68	10.27%	11.52%	54,181	13,576	3.99
WES	Western Midstream	38.43	3.00	3.75	12.81	10.25	7.81%	9.76%	5.86	5.20	6.56	7.39	15.25%	13.53%	15,495	3,236	4.79
<b>Average</b>					<b>12.53</b>	<b>11.37</b>	<b>8.02%</b>	<b>8.92%</b>			<b>8.05</b>	<b>7.64</b>	<b>12.91%</b>	<b>13.30%</b>			<b>10.63</b>
<b>Median</b>					<b>12.44</b>	<b>11.25</b>	<b>8.05%</b>	<b>8.89%</b>			<b>8.39</b>	<b>8.02</b>	<b>11.92%</b>	<b>12.46%</b>			<b>4.39</b>
<b>Trimmed Average</b>					<b>12.62</b>	<b>11.09</b>	<b>7.94%</b>	<b>9.05%</b>			<b>8.22</b>	<b>7.84</b>	<b>12.39%</b>	<b>12.77%</b>			<b>4.90</b>
High					13.63	13.80	9.03%	10.21%			9.74	8.68	17.65%	16.68%			42.57
Low					11.07	9.79	7.34%	7.25%			5.67	6.00	10.27%	11.52%			1.62
<b>Selected</b>					11.68		<b>8.56%</b>				7.61		<b>13.15%</b>				<b>4.90</b>

**MONTANA DEPARTMENT OF REVENUE**

**Support for Direct Capitalization - Debt Capitalization Rate  
Industry: Pipelines - Midstream MLPs  
2026 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	179	1,911	1,876	2,443	2,373	2,177	8.24%	1.03
EPD	Enterprise Products	1,401	29,196	31,896	32,495	34,395	30,846	4.54%	0.94
ET	Energy Transfer LP	3,474	59,010	59,760	68,550	68,333	63,780	5.45%	1.00
HESM	Hess Midstream LP	226	3,421	3,472	3,833	3,772	3,627	6.22%	1.02
MPLX	MPLX LP	983	19,454	20,948	24,719	25,653	22,087	4.45%	0.96
WES	Western Midstream	390	7,582	7,938	8,471	8,644	8,027	4.86%	0.98
	<b>All Companies</b>	6,474			138,068	140,797	128,366	<b>5.04%</b>	<b>0.98</b>
	<b>Average</b>							<b>5.63%</b>	<b>0.99</b>
	<b>Median</b>							<b>5.16%</b>	<b>0.99</b>
	<b>Trimmed Average</b>							<b>5.27%</b>	<b>0.99</b>
	High							8.24%	1.03
	Low							4.45%	0.94
	<b>Selected</b>							<b>5.27%</b>	<b>0.99</b>

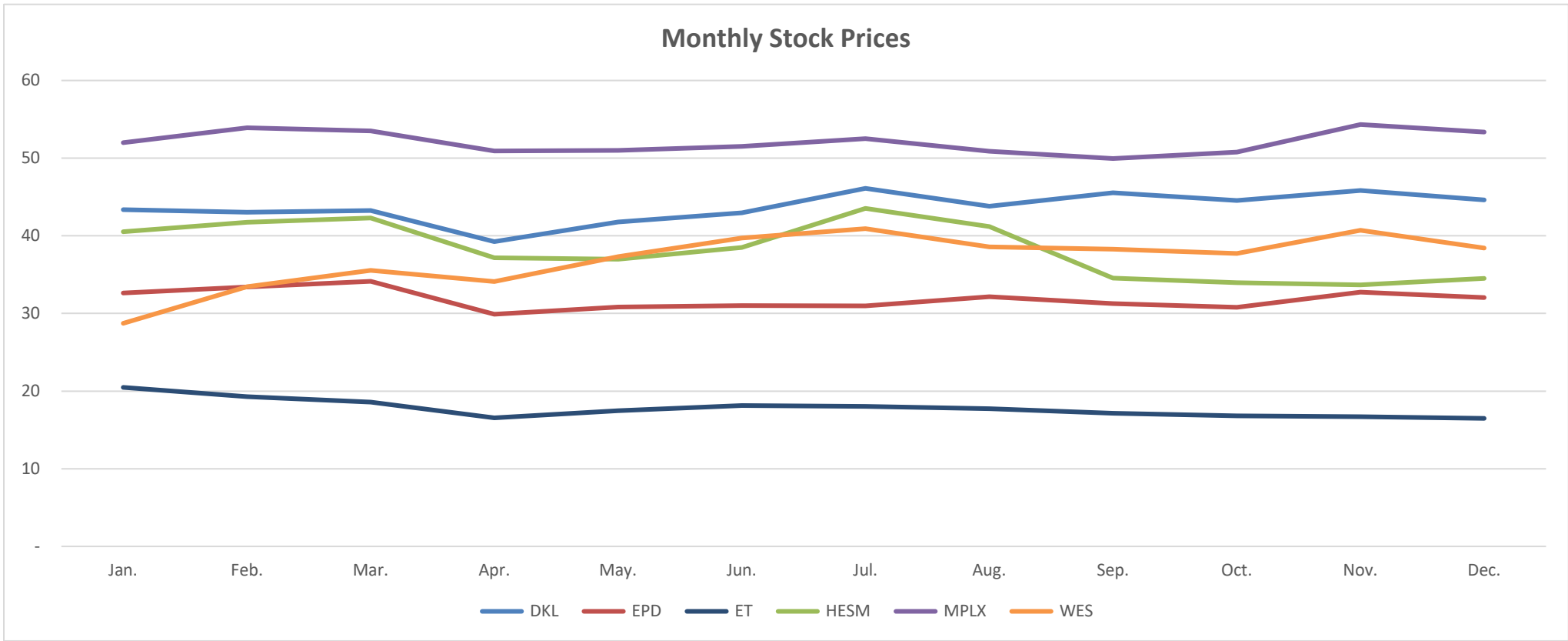
**MONTANA DEPARTMENT OF REVENUE**

Support of Stock Price - From YAHOO Finance

Industry: Pipelines - Midstream MLPs

2026 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	43.37	43.02	43.26	39.25	41.78	42.95	46.11	43.82	45.54	44.55	45.84	44.62
EPD	Enterprise Products	32.65	33.41	34.14	29.90	30.82	31.01	30.99	32.14	31.27	30.79	32.74	32.06
ET	Energy Transfer LP	20.48	19.29	18.59	16.54	17.48	18.13	18.04	17.72	17.16	16.83	16.71	16.49
HESM	Hess Midstream LP	40.51	41.73	42.29	37.17	37.00	38.51	43.53	41.20	34.55	33.95	33.68	34.50
MPLX	MPLX LP	52.01	53.91	53.52	50.93	51.00	51.51	52.50	50.87	49.95	50.76	54.33	53.37
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**

**2026 Assessment Year**

(\$ In Millions)

<sup>1</sup>	<sup>2</sup>		<sup>3</sup>	<sup>4</sup>	<sup>5</sup>	<sup>6</sup>	<sup>7</sup>	<sup>8</sup>	<sup>9</sup>	<sup>10</sup>	<sup>11</sup>
<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>	<b>J</b>	<b>K</b>	<b>L</b>
<b>Ticker</b>	<b>Company</b>	<b>Inflation</b>	<b>PP&amp;E, Gross</b>	<b>PP&amp;E, Gross</b>	<b>Average PP&amp;E</b>	<b>Depreciation Expense</b>	<b>Average Life of Assets</b>			<b>Replacement Cost (RC)</b>	<b>RC as % of Depreciation</b>
			<i>Current Year</i>	<i>Previous Year</i>		<i>Current Year</i>		<i>Note [1]</i>	<i>Note [1]</i>	<i>Note [1]</i>	
		<i>MTDOR (CPI)</i>	<i>10-K, Notes</i>	<i>10-K, Notes</i>	<i>(D+E)/2</i>	<i>10-K</i>	<i>F/G</i>	<i>C*H</i>	<i>1/(1+C)^H</i>	<i>G*/(1-J)</i>	<i>K/G</i>
DKL	Delek Logistics Partners LP	2.30%	1,828	1,375	1,601	126	13	0.29	0.75	146	116.52%
EPD	Enterprise Products	2.30%	75,472	71,203	73,338	2,087	35	0.81	0.45	3,065	146.88%
ET	Energy Transfer LP	2.30%	141,283	129,242	135,263	5,682	24	0.55	0.58	7,442	130.98%
HESM	Hess Midstream LP	2.30%	5,375	5,117	5,246	214	25	0.56	0.57	282	131.93%
MPLX	MPLX LP	2.30%	31,759	28,404	30,082	1,351	22	0.51	0.60	1,741	128.90%
WES	Western Midstream	2.30%	17,648	15,510	16,579	711	23	0.54	0.59	926	130.33%
<b>Average</b>											<b>130.92%</b>
<b>Median</b>											<b>130.65%</b>
<b>Trimmed Average</b>											<b>130.53%</b>
High											146.88%
Low											116.52%
<b>Selected</b>											<b>130.92%</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.