

**CAPITAL ASSET PRICING MODEL (CAPM) COST OF COMMON EQUITY ESTIMATES  
FOR VARIOUS PROXY GROUPS AND EVERGY BASED ON 20-YEAR US TREASURY**

	(1)	(2)	(3)	(4)
Company Name	20-Year Risk Free Rate	Beta	Market Risk Premium	CAPM Cost of Common Equity
Evergy	2.92%	0.760	6.00%	7.48%
EEl Electric Proxy Group	2.92%	0.802	6.00%	7.73%
Less Than 10% Non-Regulated or International	2.92%	0.760	6.00%	7.48%
Common Proxy Companies Since 2012/2014	2.92%	0.780	6.00%	7.60%

Column 1 = Average monthly 20-Year Treasuries since March 1, 2022 found on the St. Louis Federal Reserve's website at <https://fred.stlouisfed.org/series/GS20>

Column 2 = Beta is a measure of the movement and relative risk of an individual stock to the market as a whole. I used a template provided by S&P Market Intelligence that calculates raw betas based on the Value Line approach. This approach measures the covariance of the company's weekly returns with that of the S&P 500 divided by the variance of the S&P 500 returns over an historical 5 year period. This raw beta is then adjusted by the Blume formula, which is the following:  
Adjusted Beta = 0.35 + 0.67 \* Unadjusted Beta

Column 3 = The equity risk premium is similar to historical spreads and estimates provided by sources, such as Duff & Phelps.

Column 4 = (Column 1 + (Column 2 \* Column 3)).

**CAPITAL ASSET PRICING MODEL (CAPM) COST OF COMMON EQUITY ESTIMATES  
FOR VARIOUS PROXY GROUPS AND EVERGY BASED ON 30-YEAR US TREASURY**

	(1)	(2)	(3)	(4)
<u>Company Name</u>	<u>30-Year Risk Free Rate</u>	<u>Beta</u>	<u>Market Risk Premium</u>	<u>CAPM Cost of Common Equity</u>
Evergy	2.94%	0.760	6.00%	7.50%
EEl Electric Proxy Group	2.94%	0.802	6.00%	7.75%
Less Than 10% Non-Regulated or International	2.94%	0.760	6.00%	7.50%
Common Proxy Companies Since 2012/2014	2.94%	0.780	6.00%	7.62%

Column 1 = Average monthly 30-Year Treasuries since March 1, 2022 found on the St. Louis Federal Reserve's website at <https://fred.stlouisfed.org/series/GS30>

Column 2 = Beta is a measure of the movement and relative risk of an individual stock to the market as a whole. I used a template provided by S&P Market Intelligence that calculates raw betas based on the Value Line approach. This approach measures the covariance of the company's weekly returns with that of the S&P 500 divided by the variance of the S&P 500 returns over an historical 5 year period. This raw beta is then adjusted by the Blume formula, which is the following:  
Adjusted Beta = 0.35 + 0.67 \* Unadjusted Beta

Column 3 = The equity risk premium is similar to historical spreads and estimates provided by sources, such as Duff & Phelps.

Column 4 = (Column 1 + (Column 2 \* Column 3)).

**CAPITAL ASSET PRICING MODEL (CAPM) COST OF COMMON EQUITY ESTIMATES  
FOR VARIOUS PROXY GROUPS AND EVERGY BASED ON D&P NORMALIZED RISK-FREE RATE**

	(1)	(2)	(3)	(4)
Company Name	D&P Normalized Risk-free Rate	Beta	D&P Equity Risk Premium	CAPM Cost of Common Equity
Evergy	3.00%	0.760	5.50%	7.18%
EEl Electric Proxy Group	3.00%	0.802	5.50%	7.41%
Less Than 10% Non-Regulated or International	3.00%	0.760	5.50%	7.18%
Common Proxy Companies Since 2012/2014	3.00%	0.780	5.50%	7.29%

Column 1 = D&P Most Recent Guidance on Normalized Risk-free Rate as of April 7, 2022

[Recommended U.S. Equity Risk Premium and Corresponding Risk-Free Rates \(kroll.com\)](#)

Column 2 = Beta is a measure of the movement and relative risk of an individual stock to the market as a whole. I used a template provided by S&P Market Intelligence that calculates raw betas based on the Value Linen approach. This approach measures the covariance of the company's weekly returns with that of the S&P 500 divided by the variance of the S&P 500 returns over an historical 5 year period. This raw beta is then adjusted by the Blume formula, which is the following:

Adjusted Beta = 0.35 + 0.67 \* Unadjusted Beta

Column 3 = D&P guidance as of December 9, 2020 on equity risk premium to be used in conjunction with normalized risk-free rate.

[Recommended U.S. Equity Risk Premium and Corresponding Risk-Free Rates \(kroll.com\)](#)

Column 4 = (Column 1 + (Column 2 \* Column 3)).