

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

	(1)	(2)	(3)	(4)
Company Name	D&P Normalized Risk-free Rate	Beta	D&P Equity Risk Premium	CAPM Cost of Common Equity
Ameren Corporation	2.50%	0.734	5.50%	6.54%
LDC Proxy Group	2.50%	0.784	5.50%	6.81%
Mostly Regulated LDCs	2.50%	0.755	5.50%	6.65%

Column 1 = D&P Most Recent Guidance on Normalized Risk-free Rate as of June 30, 2020

<https://www.duffandphelps.com/insights/publications/cost-of-capital/us-normalized-risk-free-rate-lowered-june-30-2020>

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.

<https://www.duffandphelps.com/insights/publications/cost-of-capital/duff-and-phelps-recommended-us-equity-risk-premium-decreased-december-2020>

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