

**Public Counsel Recommended Rate of Return
for Elm Hills Utility Operating Company, Inc.
Case No. WR-2020-0275**

Capital Component	Percentage of Capital ¹	Return	After-Tax Weighted Rate of Return	Pre-Tax Weighted Rate of Return ⁴
Common Equity	50.00%	9.25% ²	4.63%	6.07%
Long-Term Debt	50.00%	4.62% ³	2.31%	2.31%
Total Capital	<u><u>100.00%</u></u>		<u><u>6.93%</u></u>	<u><u>8.38%</u></u>

Notes:

1. Hypothetical Capital Structure Based on 50/50 capital structure required in CoBank's loan agreements with Summit Natural Gas of Missouri (see Missouri Gas Utility, Case No. GF-2013-0261) and Commission's decision in Case Numer WR-2017-0259.
2. ROE based on recent Empire authorized ROE given the fact that Elm Hills and affiliates have at least investment grade credit prc
3. Cost of debt based on terms of Terre Du Lac loan documents provided in Case Nos. WF-2017-0143 and WF-2018-0061.
4. Used tax rate from Confluence Rivers Rate Case, Case No. WR-2020-0053.