

**CAPITAL ASSET PRICING MODEL (CAPM) COST OF COMMON EQUITY ESTIMATES
FOR VARIOUS PROXY GROUPS 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
EEI Electric Proxy Group	2.50%	0.824	5.50%	7.03%
Less Than 10% Non-Regulated	2.50%	0.780	5.50%	6.79%
Common Proxy Companies Since 2012/2014	2.50%	0.801	5.50%	6.91%

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)).