

**GMP PROXY GROUP**  
**Capital Asset Pricing Model Analysis**

**30-Year Treasury Bond, Value Line Beta**

<u>Line No.</u>		<u>Value Line</u>
1	Market Required Return Estimate	10.41%
2	Risk-free Rate of Return, 30-Year Treasury Bond	
3	Average of Last Six Months	3.06%
4	Risk Premium	
5	(Line 1 minus Line 3)	7.36%
6	Comparison Group Beta	0.68
7	Comparison Group Beta * Risk Premium	
8	(Line 5 * Line 6)	5.03%
9	CAPM Return on Equity	
10	(Line 3 plus Line 8)	8.09%

**5-Year Treasury Bond, Value Line Beta**

1	Market Required Return Estimate	10.41%
2	Risk-free Rate of Return, 5-Year Treasury Bond	
3	Average of Last Six Months	2.65%
4	Risk Premium	
5	(Line 1 minus Line 3)	7.76%
6	Comparison Group Beta	0.68
7	Comparison Group Beta * Risk Premium	
8	(Line 5 * Line 6)	5.31%
9	CAPM Return on Equity	
10	(Line 3 plus Line 8)	7.96%

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**Supporting Data for CAPM Analyses**

30 Year Treasury Bond Data

	<u>Avg. Yield</u>
January-18	2.88%
February-18	3.13%
March-18	3.09%
April-18	3.07%
May-18	3.13%
June-18	3.05%
6 month average	3.06%

Source: [www.federalreserve.gov/datadownload/](http://www.federalreserve.gov/datadownload/)

5 Year Treasury Bond Data

	<u>Avg. Yield</u>
January-18	2.38%
February-18	2.60%
March-18	2.63%
April-18	2.70%
May-18	2.82%
June-18	2.78%
6 month average	2.65%

Value Line Market Return Data:

Forecasted Data:	
Value Line Median Growth Rates:	
Earnings	11.62%
Book Value	<u>8.00%</u>
Average	9.81%
Average Dividend Yield	<u>0.97%</u>
Estimated Market Return	10.83%
Value Line Projected 3-5 Yr. Median Annual Total Return	10.00%
Average of Projected Mkt. Returns	10.41%

Source: Value Line Investment Survey  
for Windows retrieved June 25, 2018

Comparison Group Betas:

	<u>Value Line</u>
ALLETE, Inc.	0.75
Alliant Energy Corporation	0.70
Ameren Corp.	0.65
American Electric Power Co.	0.65
Duke Energy	0.60
El Paso Electric Co.	0.75
Hawaiian Electric	0.65
IDACORP, Inc.	0.70
NextEra Energy, Inc.	0.65
OGE Energy Corp.	0.95
Pinnacle West Capital Corp.	0.65
PNM Resources, Inc.	0.70
Portland General Electric Company	0.65
PPL Corporation	0.75
Southern Company	0.55
Xcel Energy Inc.	0.60
Average	0.68

Source: Value Line Investment Survey