

**GAS 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	9.42%
2	Risk-free Rate of Return, 30-Year Treasury Bond	
3	Average of Last Six Months	2.16%
4	Risk Premium	
5	(Line 1 minus Line 3)	7.26%
6	Proxy Group Beta	0.90
7	Proxy Group Beta * Risk Premium	
8	(Line 5 * Line 6)	6.53%
9	CAPM Return on Equity	
10	(Line 3 plus Line 8)	8.69%

Duff and Phelps Normalized Risk-free Rate

1	Market Required Return Estimate	9.42%
2	Duff and Phelps Normalized Risk-free Rate	2.50%
3	Risk Premium	
4	(Line 1 minus Line 2)	6.92%
5	Proxy Group Beta	0.90
6	Proxy Group Beta * Risk Premium	
7	(Line 4 * Line 5)	6.23%
8	CAPM Return on Equity	
9	(Line 2 plus Line 7)	8.73%

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Supporting Data for CAPM Analyses

<u>30 Year Treasury Bond Data</u>		<u>Proxy Group Betas:</u>	<u>Value Line</u>
	<u>Avg. Yield</u>	Atmos Energy Corp.	0.80
March-21	2.34%	New Jersey Resources	1.00
April-21	2.30%	Northwest Natural Holding Co.	0.85
May-21	2.32%	ONE Gas, Inc.	0.80
June-21	2.16%	South Jersey Industries, Inc.	1.05
Jul-21	1.94%	Southwest Gas Holdings, Inc.	0.95
Aug-21	<u>1.92%</u>	Spire Inc.	<u>0.85</u>
6 month average	2.16%		
Source: www.federalreserve.gov		Average	0.90
		Source: Value Line Investment Survey	

Value Line Market Return Data:

Value Line Projected 3-5 Yr.	
Median Annual Total Return	9.00%
Average Annual Total Return	<u>9.84%</u>
Average	9.42%

Source: Value Line Investment Analyzer,
August 27, 2021