

Docket 14-043-01
Gunnison Telephone Exhibit CH 1

Proxy Group: Rural LECs

Company	Symbol	Value Line Beta	Stock Market Returns 1926-2012 ¹	10-Year Treasury Rate ²	T-Bond Premium Over T-Bill 1928-2013 ³	CAPM Cost of Equity Capital
Alteva	ALTV	0.55	11.80%	2.54%	1.64%	6.90%
Consolidated	CNSL	0.80	11.80%	2.54%	1.64%	9.62%
HickoryTech	HTCO	0.65	11.80%	2.54%	1.64%	7.99%
Shenandoah	SHEN	0.90	11.80%	2.54%	1.64%	10.71%
TDS	TDS	1.05	11.80%	2.54%	1.64%	12.35%
FairPoint	FRP	1.45	11.80%	2.54%	1.64%	16.71%
Windstream	WIN	0.90	11.80%	2.54%	1.64%	10.71%
Frontier	FTR	0.90	11.80%	2.54%	1.64%	10.71%
Alaska Communications, Inc.	ALSK	0.85	11.80%	2.54%	1.64%	<u>10.17%</u>
	Mean COE	10.65%		Median COE		10.71%
	Small Company Size Premium ⁴	<u>3.81%</u>				<u>3.81%</u>
	Fair Return on Equity Capital	14.46%				14.52%

¹2013 Ibbotson SBBi Risk Premia Over Time Report, Estimates for 1926-2012, p. 6

²Economic Research, Federal Reserve Bank of St. Louis, May 5, 2014

³Damodaran on Valuation - 2nd Edition, Summary of Historical Returns on Stocks, T.Bonds, T.Bills since 1928

⁴2013 Ibbotson SBBi Risk Premia Over Time Report, Estimates for 1926-2012, p. 7