Q. Reference: Evidence of Laurence D. Booth, p. 49.

Please provide all supporting calculations and estimates of market participants supporting a market and a utility risk premium relied on by Dr. Booth to produce the Capital Asset Pricing Model fair return estimates. Specifically, identify the market risk premium that produced a utility risk premium of 2.75% and 3.60%, respectively.

A. Dr. Booth uses a market risk premium range of 5.5%-6.0% and a beta range of 0.50-0.6. The low-end risk premium is 0.55*.5 or 2.75%, and the high end is 6% *.6 or 3.6%.