

Q. NLH-96 CA (Re: Table, page 15)

Please confirm that the indicated return on rate base, in the absence of an employee benefits component in the capital structure would be 8.025%.

A. **I cannot confirm this return. If the employee benefits component is to be excluded from the calculation of the return, then the level of the rate base must also be lowered. If both adjustments are made, then the return on the current rate base would not be 8.025% as suggested by the question.**