

- 1 **Q. Further to NLH-NP-009, please complete the following table for 2016 assuming the**
 2 **annual sales variances for all classes in each month of 2016.**
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	Annual Sales Variance Compared to 2016 Forecast	
	+1.0%	+1.5%
Return on Common Equity (%)		
Return on Rate Base (%)		
Mid-point of Return on Rate Base (%)		

- 4
 5 **A.** Table 1 shows the impact on return on equity, return on rate base and mid-point of return
 6 on rate base from a variance in the 2016 sales forecast of +1.0% and +1.5%.
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Table 1
Impact of a 1.0% and 1.5% Variance in Sales Forecast
Pro Forma 2016 Returns

	Annual Sales Variance Compared to 2016 Forecast	
	+1.0%	+1.5%
Return on Common Equity (%)	8.38	8.52
Return on Rate Base (%)	7.20	7.26
Mid-point of Return on Rate Base (%)	7.20	7.26

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 10
 11 The allowed return on equity approved by the Board in Order No. P.U. 13 (2013) was
 12 8.80%. The 2016 *pro forma* returns on equity from a variance in the 2016 sales forecast
 13 of +1.0% and +1.5% are 42 and 28 basis points, respectively, *below* the current allowed
 14 return on equity of 8.80%.
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16 The allowed return on rate base approved by the Board in Order No. P.U. 51 (2014) was
 17 7.50% in a range of 7.32% to 7.68%. The 2016 *pro forma* returns on rate base from a
 18 variance in the 2016 sales forecast of +1.0% and +1.5% are both *below* the current
 19 allowed range.