

- 1 **Q. Please complete the following table for 2016 assuming the annual sales variances for**
2 **all classes in each month of 2016.**

	Annual Sales Variance Compared to 2016 Forecast	
	+1%	+1.5%
Return on Common Equity (%)		
Return on Rate Base (%)		
Mid-point of Return on Rate Base (%)		

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4 **A.** Table 1 shows the rate of return on equity and the rate of return on rate base assuming a
5 +1.0% and +1.5% variance in sales for all classes from the 2016 Forecast.
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Table 1
Impact of Annual Sales Variance¹
2016 Pro Forma
(%)

	<u>Annual Sales Variance</u>	
	<u>+1.0%</u>	<u>+1.5%</u>
Return on Common Equity	8.23	8.36
Return on Rate Base	7.09	7.15
Mid-point of Return on Rate Base	7.09	7.15

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10 The pro-forma rate of return on common equity for 2016 of 8.23% based on a +1.0%
11 variance in sales is 57 basis points below the current approved rate of return on equity of
12 8.80%. In addition, the pro-forma rate of return on common equity for 2016 of 8.36%
13 based on a +1.5% variance in sales is 44 basis points below the current approved rate of
14 return on equity of 8.80%.

¹ The impacts are calculated using existing rates. The impact includes the effects of a sales variance on revenue, purchased power, and the operation of the Energy Supply Cost Variance and Demand Management Incentive mechanisms.