

- 1 **Q. Appendix C, line 11, indicates an increase of \$2.296 million in the return on equity**  
 2 **for the 2024 Revised Revenue Requirement in comparison to the 2023 Test Year**  
 3 **Revenue Requirement. Please provide the calculation to support the \$2.296 million**  
 4 **change in return on equity.**  
 5  
 6 A. Table 1 provides the calculation to support the \$2.296 million change in return on equity  
 7 (“ROE”) provided in Appendix C.

**Table 1:**  
**Change in Return on Equity**  
**(\$000s)**

2024 existing forecast return on equity	42,653 <sup>1</sup>
2024 revenue shortfall net of incomes taxes (at 8.50% ROE)	8,845 <sup>2</sup>
<b>2024 return on equity</b>	<b>51,498<sup>3</sup></b>
Less: 2023 test year return on equity	49,202 <sup>4</sup>
<b>Change in return on equity</b>	<b>2,296<sup>5</sup></b>

<sup>1</sup> See the *Application, 2024 Rate of Return on Rate Base, Appendix D*, page 1.

<sup>2</sup> See the response to Request for Information PUB-NP-010 for a calculation supporting the 2024 revenue shortfall net of incomes taxes at an 8.50% ROE of \$8,845,000. Order No. P.U. 3 (2022) requires the 2024 rate of return on rate base to be calculated maintaining the ROE of 8.50% accepted for rate setting in that order.

<sup>3</sup> \$42,653,000 + \$8,845,000 = \$51,498,000.

<sup>4</sup> See *Exhibit 8 (1<sup>st</sup> Revision): 2022 and 2023 Return on Rate Base*, page 2, line 23, filed with the Board on December 7, 2021 regarding the Company’s *2022/2023 General Rate Application (Amended)*.

<sup>5</sup> \$51,498,000 – \$49,202,000 = \$2,296,000.