

1 **Q. According to s. 80(1) of the Public Utilities Act:**

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3 **“A public utility is entitled to earn annually a just and reasonable return as**
4 **determined by the board on the rate base as fixed and determined by the**
5 **board for each type or kind of service supplied by the public utility..(2) The**
6 **return shall be in addition to those expenses that the board may allow as**
7 **reasonable and prudent and properly chargeable to operating account...”**

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9 **Is it your opinion that the re-calculated depreciation expense and return on rate base,**
10 **if found to be under-collected by the utility, is a just and reasonable expense that is**
11 **recoverable by the utility?**

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13 **A.** See the response to PUB-CA-11. In particular, it is not Mr. Pous' opinion that prior return on
14 rate base can be adjusted at this time. Mr. Pous' position is that future rates will be affected
15 due to recalculation of lower depreciation expense and a lower rate base.