

16. Correct. The answer is false. The rate of return equals revenue minus costs divided by the rate base. = $(0.09*80000000 + 0.05*10000000 - 0.02*80000000 - 0.02*10000000 - 0.03*80000000 - 0.01*10000000)/40,000,000 = 0.085$ or 8.5%.