

16. Incorrect. The answer is false not true. The rate of return equals revenue minus costs divided by the rate base. = $(0.09 \times 80000000 + 0.05 \times 10000000 - 0.02 \times 80000000 - 0.02 \times 10000000 - 0.03 \times 80000000 - 0.01 \times 10000000) / 400000 = 0.085$ or 8.5%.