


$$\begin{aligned}
 \text{Annual revenue requirement} &= \text{Expenses} + \text{Cost of capital} \\
 &= \text{O\&M} + (\text{debt}) \times (i) + (\text{equity}) \times (\text{ROE}) \\
 &= \text{Fuel} + (\text{rate base}) \times (\text{rate of return}) \\
 &= \text{Taxes} \\
 &= \text{Depreciation}
 \end{aligned}$$


$$\text{Rate} = \frac{\text{Annual revenue requirement in \$}}{\text{Sales in kwh}}$$

$$\text{Rates} = \text{cents/kwh}$$