

1 **Q. If 1992-1993 excess earnings were to be recovered by 2003 then is a deferral of a**
2 **portion of this amount to 2004 a violation of that Board directive?**
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4 **A.** In P.U. 36 (1998-1999) the Board set out the mechanism by which the amount of
5 \$954,000 (one-half of the 1992 and 1993 excess earnings) was to be recovered. This
6 mechanism operated to deny a return on a component of common equity for the period
7 1999-2003, thereby reducing the revenue required from rates for each of these years. It
8 appears that the Board anticipated the total amount of \$954,000 may not be fully
9 recovered in the five-year period as it stated in the order "... a review will take place
10 before the end of the year 2003 as to the disposition of any outstanding amount."