

1 **Q. In reference to the Financial Consultant's 2003 Report, at page 10 - 1992 and 1993**
2 **Excess Earnings – please advise if the 1992 and 1993 excess earnings were to be**
3 **recovered by 2003 according to existing Public Utilities Board Orders, then isn't the**
4 **deferral of the portion of this amount to 2004 in violation of Board Orders.**
5

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