

1 **Q. At page 15 of the Board’s Decision and Order of the Board P.U. 32 (2007) the Board**
2 **stated at p. 15:**

3
4 **“The Settlement Agreement states: “The Automatic**
5 **Adjustment Formula reflecting the adoption of the Asset Rate**
6 **Base Method as proposed in the Application should operate in**
7 **accordance with the existing methodology used by the Board to**
8 **set rates for not more than three years following the 2008 Test**
9 **Year.”**

10
11 **In light of the Settlement Agreement, was it not implicit that the parties thereto**
12 **agreed that neither would challenge the applicability of the AAF for 3 years**
13 **following the test year?**

14
15 **A.** The Settlement Agreement states that the Automatic Adjustment Formula (the
16 “Formula”) would be used for not *more* than three years following the 2008 Test Year.

17
18 The Settlement Agreement contained no agreement, implicit or otherwise, that the
19 Formula would be used for not *less* than three years following the 2008 Test Year.