

PUB CA 13

1 **Q. If the variance between the collected expense and the adjusted expense is to be**
2 **recovered by the utility, would it not be reasonable to assume that it would be**
3 **collected over the remaining service life of the asset?**
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5 A. See the response to PUB-CA-11. To the extent the question addresses the area of
6 depreciation expense and the remaining life calculation, the industry normal standard
7 approach is to utilize the remaining life period for recovery of over or under prior amounts.
8 However, there are instances where the reserve imbalance requires correction on a more
9 immediate basis. Certain other jurisdictions have utilized periods as short as one year and
10 as long as seven years for correction of reserve imbalances rather than reliance on the
11 remaining life of the investment. In other words, based on particular facts and
12 circumstances of any given issue, different alternatives may be appropriate.