return was calculated through March 2010. This amount was then amortized over three years. The resulting amortization of $20,223,046 shown on line 2 of the adjustment is the impact of this calculation on operating expense before applying the production adjustment factor.

The ratebase portion of the adjustment is the average of the monthly average of the deferred costs during the rate year adjusted by the average of the monthly averages of the accumulated amortization expense described above and the deferred taxes associated with this deferral. These amounts were used to adjust the average of the monthly averages of the deferred amounts recorded in December of the test year. As a result of this adjustment, ratebase is increased $32,790,782 and operating income decreased $13,649,989, before applying the production adjustment factor.

4.35 Fleet Vehicles

PSE received a letter, dated November 14, 2008, from GE Capital requesting the termination of the master operating lease agreement for fleet vehicles that PSE has used since 1988. Under the terms of the lease agreement, PSE can either sell the assets to a third party or buy them for the unamortized value no later than one year from the termination date. The termination date, which is January 14, 2009, is defined as sixty days from the date of the letter. PSE has notified GE Capital that the fleet vehicles would be purchased sometime prior to one year before the lease termination