

1 Q. Further to PUB-57.1, explain why there are no non-regulated expenses  
2 considered in the allocation of retained earnings in the opening retained  
3 earnings for 2001.

4

5 A. The table presented in PUB-57.1 shows the reconciliation of net income per  
6 the revenue requirement to the corporate equity balances for 2001 and 2002.

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8 The cumulative effect of non-regulated expenses prior to 2001 has been  
9 reflected in the opening retained earnings balances, in effect, giving them the  
10 same treatment as dividend payments.