Q. In reference to the Financial Consultant's 2003 Report on page 10 - 1992 and 1993 Excess Earnings - please explain why it is considered reasonable not to recover any portion of 1992 and 1993 excess earnings for the period of January to April of 2003 and the implications of the same.

A. In its pre-filed evidence the Company states that recovering the total amount of outstanding 1992-1993 excess earnings in 2003 would have a carry over effect into 2004. Based on the 2004 forecast, rates for 2004 may need to be increased to provide for the potential shortfall in revenue from rates for that year. Applying the excess earnings over two years may avoid an adjustment in rates for 2004 that could otherwise be required if the full outstanding balance of excess earnings was applied in the 2003 test year.