ROCKLAND ELECTRIC COMPANY Alan M. Freedman Director of Public Affairs Response to Deferred Balances Task Force Questionnaire August 15, 2002

1. Did your company take a position on EDECA and specifically on the issues relating to deferred balances, before the Act was passed?

On November 12, 1998, Rockland Electric Company's (RECO) Director of Public Policy and Economic Development, Richard M. Struck, testified before the Senate Economic Development, Agriculture and Tourism Committee during its deliberation of EDECA. In his remarks, Mr. Struck indicated RECO's support of energy deregulation, but offered the following caveat with respect to the legislation's proposed rate cuts: <u>"It is critical to note that our rate reduction can only be predicated on the delivery component. As a T&D company, with no generating component, this is the only aspect of the bill over which we have control."</u> [underlined in the original]. The fundamental message then, as now, was that the difference between the cost of purchased power and the amount to be allowed in rates was, and continues to be, subject to wide variations.

Even prior to that time, in December 1997, prior to EDECA being contemplated, RECO submitted testimony in the Board of Public Utilities' (BPU) Stranded Cost Proceeding, Docket No. E097070465, in which RECO stated that the market prices of energy should be flowed through to customers. RECO further stated that the appropriate base for any rate reduction should be revenue net of fuel, purchased power and GRFT. Essentially, therefore, RECO advocated for contemporaneous recovery of fuel costs, rather than deferring over- or under-collections of those costs to be paid back to, or collected from, customers at a later time.

2. When EDECA was passed, did your company anticipate accruing significant deferred balances? Why or why not? If this assessment changed please describe when and why.

As noted above, the *potential* for significant Basic Generation Service (BGS) deferred balances was recognized prior to the passage of EDECA, but the extent to which energy prices would soar in the ensuing years was not fully anticipated. However, in a letter dated June 6, 2000 to the BPU staff, RECO responded to a April 27, 2000 data request from the BPU. In its response, RECO projected deferred balances in the Restructuring Balancing Account of up to \$21.6 million, primarily consisting of deferred generation and Demand-Side Management costs. In making that projection, various assumptions were made, the most significant of which included future market prices for energy and capacity, the rate of migration to alternative suppliers and the outcome of the BPU's Comprehensive Resource Analysis (CRA) proceeding.

Subsequent to that estimate, the BGS deferred balance increased at a far greater rate than anticipated earlier in the four-year transition period, resulting in the current deferred balances. The increasing BGS deferred balances were reported monthly by RECO to BPU staff. Further, as a result of reduced and capped energy rates, there was no way alternative suppliers could effectively enter the competitive marketplace. Therefore, essentially no migration to alternative suppliers occurred, thus exacerbating the BGS deferred balance issue. In addition, in the CRA proceeding, the BPU approved a budget for RECO for energy efficiency and renewables that exceeded the amount the RECO was recovering in rates.

RECO continued to recognize and address the growing deferred balance and its ultimate consequences on its customers on many occasions. On March 8, 2001, RECO's President and CEO Stephen B. Bram testified before the Senate Economic Growth, Agriculture and Tourism Committee, recounting in detail the deferral liability, recognizing the customer impact and expressing a continuing desire to resolve the issue satisfactorily. The Committee also heard testimony from then-President Herbert Tate of the BPU, as well as from others in the public and private sector, on this and other topics related electric restructuring. Subsequently, RECO's Director of Public Affairs Alan M. Freedman testified before the Senate Economic Growth, Agriculture and Tourism Committee on February 21, 2002, seeking support of the securitization legislation, S-869, to mitigate the impact of the growing deferred balances on Rockland Electric customers. This was followed by further testimony of Stephen B. Bram before the Assembly Telecommunications and Utilities Committee on April 22, 2002, responding to the Committee's inquiry about the impact of energy deregulation in the posttransition period and re-iterating the growing deferred balances and need for securitization, and the testimony of Alan M. Freedman to the same Assembly Committee on May 9, 2002, again addressing the escalating deferred balances and asking for approval of the Assembly companion to S-869, A-2108 (Caraballo/Ahearn).

3. Please provide, in a matrix, the positive/negative of purchase power costs (i.e., deferred costs) for each month since deregulation commenced up to the present time.

Table 1 appended to this Questionnaire reflects all deferrals from August 31, 1999 through July 31, 2002. The BGS deferral represents the overwhelming preponderance of deferred costs during this period.

4. Why deferred balances were accrued:

a. To what degree did the provisions of EDECA contribute to the accumulation of deferred balances? Would any specific changes in EDECA have decreased the scope of the deferred balance problem?

The provisions of EDECA are entirely responsible for the *accumulation* of BGS deferred balances. Prior to EDECA, any difference between the utility's generation and purchased power costs and the amount allowed in rates were reconciled on an annual basis through a Levelized Energy Adjustment Clause (LEAC) proceeding. After a review by the BPU and other parties, any overpayment or underpayment by customers were then returned to, or collected from, customers in the following year.

Had EDECA provided for a mechanism similar to the former LEAC provision, or if it had permitted reconciliation on an essentially contemporaneous basis (as RECO's parent company in New York, Orange and Rockland Utilities, Inc. does), there would be minimal BGS deferred balances.

b. To what degree was utility management responsible for the accumulation of deferred balances?

There are essentially only two variables in the creation of deferred balances for basic generation service: The amount allowed to be charged in rates, and the cost of energy the utility must pay to meet the needs of its customers.

RECO's electric rates were reduced and capped by the BPU pursuant to the provisions of EDECA, and were, therefore, not subject to the utility's control.

In order to create a competitive marketplace, it was concluded that the divestiture of generation assets was the best way to encourage third parties to participate. Additionally, it was determined that in order to further encourage third-party participation, the company not enter into long-term contracts, but limit commitments to the short-term.

Consequently, RECO's cost of energy directly reflects the competitive wholesale energy market. Unforeseen by anyone – legislators, regulators or utility management – at the time EDECA was passed was that wholesale costs would escalate dramatically in the ensuing years. This escalation resulted primarily from (1) the skyrocketing cost of fuel for generation due to the absence of gas exploration and pipeline construction; and (2) the absence of sufficient electric generation construction to keep pace with increasing demand. To offset the high cost of purchased power, RECO considered entering into hedging and other financial arrangements. While the immaturity of the marketplace made this impractical early in the transition period, RECO did effectively hedge later in the transition period to offset the high energy costs.

To further address these issues, in December 2000, RECO filed a petition with the BPU seeking relief on an expedited basis to address Rockland Electric's "large and growing Basic Generation Service (BGS) deferral balance..." The BPU has never acted upon this petition.

Further, in April 2001, RECO filed two additional petitions with the BPU which, if approved, also could have helped reduce the deferred balance. One petition would have created a demand reduction program, and the other would have established a third-party supplier incentive program. Neither of these petitions have been acted upon by the BPU, though it should be noted that the third party suppliers expressed the view that even with the incentive they were not able to compete effectively.

How RECO mitigated the high cost of purchased power is described in response to Question #5.

c. How did unanticipated external factors (e.g. changes in the electricity market) contribute to deferred balances?

The principal external factor contributing to the BGS deferred balance is described above – the escalating cost of energy. In fact, the cost of natural gas escalated to the point that the BPU approved large increases in New Jersey utility gas rates to meet those costs. The other external factor is that virtually no alternate energy suppliers entered into the marketplace, since none was able to effectively compete with the capped rates imposed upon utilities. With no alternate suppliers entering the marketplace, customer migration was reduced to nearly zero, thereby forcing utilities to continue to purchase power for its entire native load.

d. Why do utilities have such vastly different deferred balances, even on a per customer basis?

The size of the deferred balance for each utility depends upon the rates it is allowed to charge its customers and the individual Restructuring Orders issued by the BPU. Other factors – such as provisions in Merger Agreements that affect the deferred balances – may affect the size of the deferred balance as well. Still other variables among utilities are the average energy use per customer and customer migration statistics.

While we cannot comment on the rate structure and Restructuring and other Orders of other utilities, nor can we fully assess their customer usage or migration, we can address several factors that directly affect the size of RECO's deferred balance.

First, RECO's customer base of approximately 70,000 is almost entirely residential, and RECO historically has had – and continues to have – the lowest residential rates of any utility in New Jersey. Consequently, when these rates were further reduced as a result of EDECA, while at the same time energy costs were escalating, higher deferred balances were a mathematical certainty.

These low residential rates not only increase the difference between the cost of energy and the allowed rates, but also have the effect of discouraging competitors from entering into the marketplace, since they cannot compete with RECO's reduced, and capped, rates. Consequently, there was essentially no customer migration, with its concomitant reduction in load. Further, RECO's relatively affluent residential customer base has higher average usage than is found elsewhere. This higher usage, coupled with the absence of clear price signals for customers to conserve energy resulting from the artificially low electric rates being charged, further exacerbates the BGS deferral balance.

Second, with the introduction of deregulation and competition, RECO recognized that there were savings available to RECO by joining the PJM Interconnection. After resolving a host of technical issues and securing Federal Energy Regulatory Commission approval, RECO successfully transferred 90 percent of its New Jersey load to the PJM on March 1, 2002. While this certainly is helpful in mitigating the deferred balances, it should be noted that RECO nonetheless paid the highest bid price per megawatt of all New Jersey utilities. This results directly from the unfavorable characteristics of our service territory in terms of BGS supplier profit; e.g., almost entirely residential customer base, high use per customer, relatively poor load factor, etc.

- 5. Prudency Review / Mitigation:
 - a. Explain the process your company utilized for purchasing power in wholesale markets. Specifically, please describe:

the sources of power purchases

As described in response to Question 4(d) above, RECO successfully transferred 90 percent of its New Jersey load to the PJM on March 1, 2002. Beginning August 1, 2002, 90 percent of RECO's load is being supplied by Connectiv and PPL for a one-year commitment ending July 31, 2003. The contracts include energy, capacity and transmission costs. The remaining 10 percent of the RECO load is being supplied by the New York Independent System Operator (NYISO) and by Non-Utility Generator (NUG) contracts (95% and 5% respectively).

ii. the methods by which prices were bid and/or negotiated

The PJM prices were determined by a BPU-approved and independently administered auction process in February 2002, and the prices are established for the year period described above. In the NYISO energy market, the prices are determined by the NYISO each day for the day-ahead market and the real-time market. Approximately 90 percent of the load RECO acquires from the NYISO is achieved in the day-ahead market.

iii. the types of agreements entered into (e.g. short- or long-term contracts, hedge agreements, etc.)

Acting on behalf of RECO, Consolidated Edison Company of New York (which, like RECO and its parent company, Orange and Rockland Utilities, Inc., are the regulated utility businesses of Consolidated Edison, Inc.) currently has financial agreements in place with seven counterparties to hedge the potential price risk to RECO customers.

Upon divesting its generation in 1999, a Transition Sales Power Agreement (TSPA) was executed between Southern Energy, Inc. and Orange and Rockland Utilities, Inc. This agreement met the bundled energy and capacity requirements of the Orange and Rockland system, including RECO. The TSPA prices were \$25.50/mwh through October 31, 1999, and \$26.00/mwh through April 30, 2000. The power delivered under the TSPA was heavily weighted to on-peak hour delivery during the summer period.

Orange and Rockland Utilities, Inc. also has NUG agreements with several companies in its service territory (see also response to Question 5(b)(iv).

iv. identify the sources of the power by quantity and price.

Table 2 appended to this Questionnaire addresses this item.

- b. Describe all efforts to mitigate or reduce your purchased power costs and deferred balances, particularly at periods of peak demand, and including but not limited to the following mitigation techniques:
 - i. negotiating and/or bidding techniques

Acting on behalf of RECO, Consolidated Edison Company of New York, Inc. investigated hedging energy costs in January 2000. Because of the immaturity of the wholesale electric market, however, there was very little liquidity in the New York markets. The forward energy market at the time for the summer period in the applicable zone was \$99/mwh for on-peak hours, compared to actual prices for Orange and Rockland Utilities, Inc. and its RECO subsidiary of \$56/mwh in July 2000 and \$66/mwh in August 2000. This differential results largely from an associated cost to hedging which reflects the risk premium that suppliers bear if their generation was to become unavailable and replacement power had to be secured on the spot market to fulfill their obligation. When a decision is made to hedge a forward position, the company strives to minimize the associated cost of hedging.

ii. the search for alternative supply sources

See response to Question 5(a)(i).

iii. attempts at demand-side management, particularly at periods of peak demand

Having almost exclusively a residential customer base, RECO's demand-side management and peak demand reduction programs are aimed almost exclusively at this segment. The company has frequently run articles in its monthly bill inserts to customers on the value of using energy wisely. RECO has only two New Jersey customers sufficiently large and capable of being on the company's Curtailable Load Contract.

In response to the growing deferred balance, however, in April 2001 RECO filed a petition with the BPU to create a demand reduction program. This petition was not acted upon by the BPU.

iv. attempts to renegotiate non-utility generation contracts that were above market rates

NUG contracts had been entered into on behalf of the Orange and Rockland Utilities, Inc. integrated system (i.e., Orange and Rockland in New York, RECO in New Jersey, and Pike County Light & Power Company in Pennsylvania). The total amount of these NUG contracts is approximately 30 megawatts, of which RECO's share is approximately 10 megawatts – or approximately 2.5 percent of RECO's total supply needs Given the extremely small size of these contracts and their remaining terms, RECO concluded that it would not be economic to renegotiate them.

c. What new or expanded efforts will your company undertake in Year 4 of deregulation (August 1, 2002 – July 31, 2003) to mitigate the accumulation of deferred balances?

Given the statutory requirement to reduce and cap electric rates, coupled with the BPU-approved statewide auction which established fixed BGS costs, there is little or no opportunity to further mitigate the accumulation of deferred balances in Year 4. Further, because of the low, and fixed, rates we are required to charge, there is no incentive for generators to enter into the retail marketplace.

Notwithstanding the irreconcilable dilemma of having both fixed rates and fixed costs, it is still worth noting that by joining the PJM and participating in the BGS auction, RECO's wholesale energy costs for Year 4 are almost certainly lower than they would otherwise have been had RECO remained part of the NYISO.

With respect to demand-side management, RECO will continue to promote the wise use of energy through its customer bill inserts, and will continue to seek voluntary peak load reduction among its commercial and industrial customers as required during emergency situations created by extremely high demand periods.

6 Are there specific remedies that your company supports to address the issue of deferred balances? Does your company support the securitization of deferred balances as allowed for by S-869?

Rockland Electric Company fully supports S-869, and, in fact, worked collaboratively with the chairs of the Senate and Assembly committees responsible for its introduction and consideration, and, subsequently, with the President and Staff of the BPU and with the Governor's Counsel to formulate amendments to S-869. RECO continued to promote the measure to secure passage in both houses of the Legislature, including securing letters and resolutions of endorsement for S-869 from eight Bergen County municipalities. The legislation ultimately received substantial bi-partisan support before reaching the Governor's desk on May 20, 2002. RECO President and CEO Stephen Bram has written to the Governor, urging him to sign the legislation in order to provide the BPU with this additional tool to mitigate deferral balances.

As described earlier, RECO long-recognized that the recovery of the BGS deferred balance over four years as envisioned by EDECA and provided for in RECO's BPU-approved Restructuring Plan would result in rate increases to Rockland Electric's customers by as much as 20 percent. S-869 offers a practical solution that would relieve consumers from the burden by allowing utilities to apply to the BPU to securitize the BGS deferred balance for 15 years, which, in RECO's case, would reduce the rate impact to approximately one-third of that amount. This amendment will provide the BPU with the unambiguous authority to permit securitization of the deferred balances after a thorough prudency review and public hearing period.

It is important to emphasize that the ability to recover BGS deferred balances already exists in EDECA and in BPU's final Restructuring Order. Securitization simply provides an important tool to reduce the impact of that recovery on customers.

While S-869 will bring rate relief to customers with respect to the BGS deferred balances accumulated during the transition period of August 1, 1999 through July 31, 2003, it is equally important to take all necessary measures to prevent a recurrence of such balances accumulating in the future. Accordingly, while RECO supports the continued use of the BGS auction to secure competitively bid wholesale energy, the company believes that retail competition would best be served by permitting the cost of energy to be recovered on a contemporaneous basis. This would minimize the accumulation of large deferred balances, and would provide the necessary price signals to customers to encourage conservation and migration to alternate suppliers.

7. Does your company have a position on the process by which deferred balances should be investigated and heard by the Board of Public Utilities?

Yes. RECO believes that S-869 provides the necessary and appropriate direction for the BPU to review the company's deferral recovery petition, to be filed by August 31, 2002. Under S-869, prior to permitting securitization of BGS deferred balances the BPU is required to (1) establish that the BGS was reasonably and prudently incurred, (2) determine that securitization will produce benefits for customers; and (3) provide appropriate notice and an opportunity for hearing. RECO believes that its petition will meet all tests, and that the use of securitization will very significantly reduce the rate impact of the deferred balances to its customers.

ROCKLAND ELECTRIC COMPANY TABLE 1 Summary of Rate Year Ended 7/31/2000 (\$000's)

	Month Ended <u>8/31/99</u>	Month Ended <u>9/30/99</u>	Month Ended <u>10/31/99</u>	Month Ended <u>11/30/99</u>	Month Ended <u>12/31/99</u>	Month Ended <u>1/31/00</u>	Month Ended <u>2/29/00</u>	Month Ended <u>3/31/00</u>	Month Ended <u>4/30/00</u>	Month Ended <u>5/31/00</u>	Month Ended <u>6/30/00</u>	Month Ended <u>7/31/00</u>
BGS	597	1,050	1,980	2,515	3,438	5,454	5,736	6,481	6,596	9,030	16,846	19,764
ECA	(240)	(449)	(761)	(1,058)	(1,230)	(1,411)	(1,722)	(1,978)	(2,204)	(2,523)	(3,044)	(3,479)
Societal Benefit Charge	2,749	2,557	2,449	2,392	2,811	2,643	2,569	2,436	2,477	2,451	1,960	2,224
Restructuring Proceeding	1,641	1,637	1,634	1,630	1,627	1,623	1,619	1,616	1,612	1,608	1,609	1,606
Interest	<u>33</u>	<u>62</u>	<u>92</u>	<u>126</u>	<u>166</u>	<u>218</u>	<u>277</u>	<u>337</u>	<u>399</u>	<u>470</u>	581	734
	4,780	4,857	5,394	5,605	6,812	8,527	8,479	8,892	8,880	11,036	17,952	20,849

Summary of Rate Year Ended 7/31/2001

	Month	Month	Month	Month	5 Months	Month						
	Ended	Ended	Ended	Ended	Ended	Ended	Ended	Ended	Ended	Ended	Ended	Ended
	<u>8/31/00</u>	<u>9/30/00</u>	<u>10/31/00</u>	<u>11/30/00</u>	<u>12/31/00</u>	<u>1/31/01</u>	<u>2/28/01</u>	<u>3/31/01</u>	<u>4/30/01</u>	<u>5/31/01</u>	<u>6/30/01</u>	<u>7/31/01</u>
BGS ECA Societal Benefit Charge Restructuring Proceeding Interest	25,840 (3,917) 2,115 1,627 <u>935</u> 26,600	28,589 (4,306) 1,965 1,623 <u>1,175</u> 29,046	31,107 (4,613) 2,141 1,620 <u>1,436</u> 31,691	32,722 (4,889) 2,080 1,616 <u>1,714</u> 33,243	37,950 (5,294) 1,976 1,612 <u>2,020</u> 38,264	39,895 (5,513) 1,836 1,609 <u>2,355</u> 40,182	40,553 (5,582) 1,697 1,605 <u>2,700</u> 40,973	42,731 (5,823) 1,543 1,601 <u>3,055</u> 43,107	43,745 (5,917) 1,569 1,598 <u>3,422</u> 44,417	48,101 (6,155) 1,514 1,594 <u>3,813</u> 48,867	54,309 (6,362) 1,333 1,591 <u>4,249</u> 55,120	63,795 (6,679) 1,016 1,587 <u>4,753</u> 64,472

Summary of Rate Year Ended 7/31/2002

	Month Ended <u>8/31/01</u>	Month Ended <u>9/30/01</u>	Month Ended <u>10/31/01</u>	Month Ended <u>11/30/01</u>	Month Ended <u>12/31/01</u>	Month Ended <u>1/31/02</u>	Month Ended <u>2/28/02</u>	Month Ended <u>3/31/02</u>	Month Ended <u>4/30/02</u>	Month Ended <u>5/31/02</u>	Month Ended <u>6/30/02</u>	Month Ended <u>7/31/02</u>
PCS	75 704	76 258	79 339	78.052	77 502	76 002	76 127	76 690	76 496	75 949	77 000	00.000
500	13,124	(7,250)	(7 524)	70,032	(7,025)	10,993	10,137	70,000	/0,400	75,045	11,239	80,633
ECA	(7,144)	(7,300)	(7,534)	(1,120)	(7,935)	(8,116)	(8,288)	(0,400)	(8,692)	(8,918)	(9,163)	(9,586)
Societal Benefit Charge	982	858	698	626	777	539	420	300	130	227	323	460
Restructuring Proceeding	1,583	1,580	1,576	1,572	1,569	1,565	1,562	1,558	1,554	1,551	1,547	1.543
Interest	<u>5,296</u>	<u>5,903</u>	<u>6,518</u>	<u>7,138</u>	<u>7,753</u>	<u>8,361</u>	<u>8,961</u>	<u>9,557</u>	10,152	10,741	11.332	11.893
	76,441	77,238	79,596	79,669	79,666	79,342	78,791	79,635	79,630	79,443	81,278	84,943

ROCKLAND ELECTRIC COMPANY TABLE 2 **RECO Purchased Energy**

NJ P	urchases)												0000 (1)		Robert and March 1990
	19	99		Sector Sector Sector	20	000			20	001		100 CO. 100 CO. 100 CO.	2002 (0	nru July)	
lh.	%	\$	\$/MWh	MWh	%	Special	\$/MWh	MWh	%	\$	\$/MWh	MWh	%	5	S/MWh
10	6.89%	5,473,172	72.87	72,981 5,443	4.49%	5,963,968 -88,372	81.72 -16.24	70,638	4.56%	6,926,401 -293,797	98.05	19,932	5.67%	1,610,643 -40,049	80.81
	65.65% 11.32% 9.61%	23,657,795 2,917,256 2,879,140	33.06 23.64 27.49	124,345 27,256 1,376,875	7.65% 1.88% 84.69%	3,233,444 764,879 77,893,133	26.00 28.06 56.57	133 1,478,002	0.01% 95.43%	12,798 68,167,643	95.96 46.12	29 331,533	0.01% 94.32%	4,089 10,539,744	142.39 31.79
	6.53%	1,553,590	21.81	18,811	1.16%	554,869	29,50					and the second			
005	100.00%	36,480,954	33.47	1,625,710	100.00%	88,321,920	54.33	1,548,774	100.00%	74,813,046	48.30	351,493	100.00%	12,114,428	34.47

	2002 (th	nru July)	20430
MWh	%	States States	\$/MWh
12,056	1.73%	791,828	65.68
33,600	4.83%	1,624,800	48.36
26,400	3.80%	1,645,600	62.33
623,264	89.64%	21,462,306	34,44
695,319	100.00%	25,524,534	36.71

1000			STREET, STREET	20	00	A CONTRACTOR		20	001		2002 (thru July)				
	12	6 199	¢/MW/b	MWb	*/	S S	\$/MWh	MWh	%	\$	\$/MWh	MWh	%	5 3 M	\$/MWh
10	<u>6.89%</u>	5,473,172	72.87	72,981 5,443	4.49% 0.33%	5,963,968 -88,372	81.72 -16.24	70,638	4.56%	6,926,401 -293,797	98.05	31,987	3.06%	2,402,471 -40,049	75.11
547	65.65%	23,657,795	33.06	124,345	7.65%	3,233,444	26.00					33,600	3.21%	1,624,800	48.36
	11.32% 9.61%	2,917,256 2,879,140	23.64 27.49	27,256 1,376,875	1,68% 84,69%	764,879 77,893,133	28.06 56.57	133 1,478,002	0.01% 95.43%	12,798 68,167,643	95.96 46.12	29 331,533 623,264	0.00% 31.67% 59.54%	4,089 10,539,744 21,462,306	142.39 31.79 34.44
	6.53%	1,553,590	21.81	18,611	1,16%	554,869	29.50								
	100.00%	36.480.954	33.47	1,625,710	100.00%	88,321,920	54.33	1,548,774	100.00%	74,813,046	48.30	1,046,812	100.00%	37,638,962	35,96

) (NJ) represents approximately 34% of total Orange and Rockland Utilities, Inc. purchases for consolidated New York and New Jersey service territories from January 1999 through February 2002, oximately 10% of consolidated New York and New Jersey service territories from March 2002 going forward a costs include energy, share of sales revenue, wheeling agreement, and TCC credits. Crossroads supplies RECO (PJM) from 3-2002 going forward.