CME INTERROGATORY #1

INTERROGATORY

Ref: Exhibit C1, Tab 1, Schedule 1, page 1 of 3, Table 1

At Table 1, EGD provides a comparison of Utility Operating Revenue. That Table shows the 2016 Board-approved Operating Revenue was $2,954.0 Million. The 2017 Updated Forecast of Operating Revenue is approximately $105 Million less at $2,768.1 Million. CME wishes to better understand why the 2016 Board-approved Operating Revenue is so much greater than the 2017 Updated Forecast. Please set out all of the drivers for the differences between the 2016 Board approved Operating Revenue as compared to the 2017 Updated Forecast Operating Revenue.

RESPONSE

The 2017 Updated Forecast Operating Revenue of $2,768.1 million is $185.9 million lower than the 2016 Board Approved Operating Revenue of $2,954.0 million, primarily within the forecast gas sales and transportation revenues categories.

The primary driver for the reduction in sales and transportation revenue is the gas commodity prices embedded in approved existing rates used to forecast revenues within the two forecasts. As stated in the Company's pre-filed evidence at Exhibit C1, Tab 1, Schedule 1, paragraph 5, the 2017 Updated Forecast Gas Sales and Transportation Revenue was determined using the EB-2016-0184 commodity rates set out in the July 2016 QRAM, which is lower than the commodity rates set out for the 2016 Board Approved Gas Revenues. The impact of lower commodity rates in 2017 Forecast has reduced the total gas revenue by $235.8 million. The reduction in gas revenue is partially offset by the higher forecasted volumes and number of customers in 2017, as compared to the 2016 Board Approved Budget, as shown in Exhibit C1, Tab 2, Schedule 1, pages 1 and 2. The increase in the total forecast volumes and average number of customers in 2017, increase the 2017 Updated Forecast Operating Revenue by $49.9 million.

Witness: M. Suarez