

FRPO INTERROGATORY #3

INTERROGATORY

REF: Exhibit C1, Tab 2, Schedule 1, Figures 2 and 3

Preamble: Absent similar actual observations, we understand that 2016 actuals are anomalous, we would like to explore the impact of a simpler approach to forecasting the Normalized Average Use for the general rate classes. Page 8-9 of Schedule states: "average use decline in 2016 was an anomaly as it was not consistent with the historical trend, declining from 2015 by -3.2%. No significant development occurred in 2016 that would allow direct causal inference with 2016 results. As a result, the Company is inclined to treat the 2016 experience as an anomaly until additional, similar actual observations constitute an indication of trend."

Please produce a linear regression extrapolation of the Actual Average Use values in Figure 3 from 2007 to 2015 to project a forecasted value for 2018.

- a) Please provide the resulting rate impact of using the linear regression forecast value as compared to the econometric value of 28,656.

RESPONSE

Please see response to FRPO Interrogatory #2 found at Exhibit I.C1.EGDI.FRPO.2.