

IGUA INTERROGATORY #2

INTERROGATORY

Reference: Exhibit C1, Tab 2, Schedule 1, Appendix C, Page 3

EGD notes that for 2018 Contract Market forecasts, account executives have engaged large volume customers in assessing their individual participation in Cap and Trade as well as how they may be pursuing abatement that would result in operational changes. The resulting grassroots forecast includes large volume customer's considerations of the impact of Cap and Trade.

- (a) Is this the first year that EGD has included large volume customers' considerations of the impact of Cap and Trade on EGD's Contract Market forecasts in developing its volume forecasts?
- (b) What does EGD believe the impact on its Contract Market forecasts will be, if any, in terms of forecast error by virtue of the inclusion of large volume customers' considerations of the impact of Cap and Trade? (see comment made in Exhibit C1, Tab 2, Schedule 1, Appendix C, Page 2 of 4, paragraph 5)

RESPONSE

- a) No, 2017 was the first year the Company included large volume customers' considerations of the impact of Cap and Trade when developing its volume forecasts.
- b) As noted in paragraph 5 of Exhibit C1, Tab 2, Schedule 1, Appendix C, the grass root contract volume forecast for 2018 considers current economic conditions and industrial factors which would include the impact of Cap and Trade. Contract Market volumes are primarily driven by economic factors, and other economic factors, such as unexpected changes in gas prices or unexpected appreciation of the U.S dollar, which could contribute to a forecast variance in Contract Market volumes. However, with respect to the impact of Cap and Trade, the Company does not anticipate major changes in demand from Contract Market customers in 2018 when comparing the 2018 Contract Market volume forecast with the 2017 Board-Approved.

Witness: M. Suarez