Alternative Ratemaking Methodologies
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Columbia’s Proposed Residential Rate Designs

• **Levelized Distribution Charge ("LDC")**
  - Flat Monthly Fee for Distribution Service
  - Volumetric Charges for Gas Costs and Rider Universal Services are Not Changed

• **Revenue Normalization Adjustment ("RNA")**
  - Provides Benchmark Distribution Revenues Established in a Rate Case
  - “Breaks the Link” Between Residential Non-Gas Revenue and Gas Consumption
  - Volumetric Charges for Gas Costs and Rider Universal Services are Not Changed

• **Weather Normalization Adjustment ("WNA")**
  - Adjusts a Customer’s Monthly Revenue Based on Actual Temperature Versus Normal
  - Volumetric Charges for Gas Costs and Rider Universal Services are Not Changed
LDC is Columbia’s Choice for Residential Customers

• **LDC Reflects Cost Causation**
  – Removes Existing Residential Intra-Class Cross Subsidies
  – Sends Proper Price Signal for Consumers’ Usage Decisions
    • Promotes Clarity for Shopping Customers
    • Provides Clear Price Signals for Energy Efficiency Decisions

• **Stability and Predictability**
  – Customers’ Bills are Less Volatile
  – Columbia’s Revenues are More Predictable
    • Simplifies an Economic Analysis Concerning Adding New Load
    • May Help to Facilitate the Use of DSIC

• **Simplicity of Bills**

• **Low Implementation Costs**

• **No Adjustments or Caps Needed**

• **Consistent Treatment of New and Existing Customers**
## Columbia’s Rate Designs

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<th>WNA with dead band</th>
<th>WNA</th>
<th>WNA &amp; RNA</th>
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