

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**  
**Harrisburg, Pennsylvania 17105-3265**

**Pennsylvania Public Utility Commission,  
Office of Consumer Advocate,  
Office of Small Business Advocate, et. al.**

**Public Meeting held December 6, 2018  
2647577-OSA  
Docket Nos. R-2018-2647577, et. al.**

**v.**

**Columbia Gas of Pennsylvania, Inc.**

**STATEMENT OF CHAIRMAN GLADYS M. BROWN**

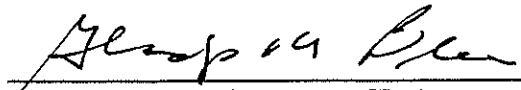
Before the Commission for consideration and disposition is the Partial Settlement resolving issues related to Columbia Gas of Pennsylvania, Inc.'s (Columbia's) proposed rate increase. The Partial Settlement proposes to maintain Columbia's existing Weather Normalization Adjustment Pilot (Weather Normalization Adjustment).<sup>1</sup> I commend the Parties for their commitment to maintain this mechanism.

Much like other natural gas distribution companies in the state, Columbia's residential customers predominantly utilize distribution service for space heating purposes. Such customers present a low load factor profile that is extremely sensitive to temperature, something which Columbia has no control over. The Weather Normalization Adjustment works bi-directionally to insulate customers from high bills during the extremely cold months while also limiting the decline in revenue for Columbia during unseasonably warm heating months.

This decoupling of uncontrollable weather from revenues stabilizes Columbia's cashflow, and in turn, allows Columbia to more acutely focus on operational items within its control; namely infrastructure upgrades and repairs. Further, since this decoupling mechanism is only applied to the distribution component of the bill, and not the natural gas commodity charge, incentives for efficient consumption are maintained.

Weather normalization adjustments are not a novel concept, as Philadelphia Gas Works and other natural gas distribution companies throughout the country also utilize iterations of this rate design. However, given the passage of Act 58 of 2018 on alternative ratemaking I find it timely to highlight my support for this rate design concept.<sup>2</sup> I further encourage other natural gas distribution companies in the Commonwealth to consider utilization of weather decoupling distribution charge mechanisms.

**December 6, 2018**  
**Date**

  
**Gladys M. Brown, Chairman**

---

<sup>1</sup> The Weather Normalization Adjustment Pilot was first approved at Docket R-2012-2321748.

<sup>2</sup> Act 58 of 2018, signed by Governor Wolf on June 28, 2018, clarifies and expands the suite of ratemaking tools afforded to the Commission which includes revenue decoupling.