

Alternative Ratemaking Methodologies

Docket No. M-2015-2518883

March 3, 2016

Paula A. Strauss

Director, Regulatory Strategy & Support
Columbia Gas of Pennsylvania, Inc.

**Columbia Gas[®]
of Pennsylvania**

A NiSource Company

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

| | WNA with dead band | WNA | WNA & RNA | LDC / Decoupling |
|-------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Columbia Gas of Kentucky | | <input checked="" type="checkbox"/> | | |
| Columbia Gas of Maryland | | | <input checked="" type="checkbox"/> | |
| Columbia Gas of Massachusetts | | | | <input checked="" type="checkbox"/> |
| Columbia Gas of Ohio | | | | <input checked="" type="checkbox"/> |
| Columbia Gas of Pennsylvania | <input checked="" type="checkbox"/> | | | |
| Columbia Gas of Virginia | | | <input checked="" type="checkbox"/> | |