

NATURAL GAS REVENUE DECOUPLING

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AGENDA

- CARE Act
- Components of CARE Plans
- Revenue Decoupling

NATURAL GAS CONSERVATION AND RATEMAKING EFFICIENCY ACT (CARE ACT) § 56-600 THRU 602

“...it is in the public interest to authorize and encourage the adoption of natural gas conservation and ratemaking efficiency plans that promote the wise use of natural gas and natural gas infrastructure...”

COMPONENTS OF A CARE PLAN

1. Normalization component that removes the effect of weather from the determination of conservation and energy efficiency results
2. A decoupling mechanism
3. One or more cost-effective energy efficiency programs
4. Provisions to meet the needs of low-income or low-use customers
5. Provisions to ensure that the rates and service to non-participating classes of customers are not adversely impacted
6. A mechanism to recover the costs associated with those programs

DEFINITIONS

Cost-effective conservation and energy efficiency program – a program approved by the Commission that is designed to decrease the average customer’s annual, weather-normalized consumption or total gas bill

Decoupling mechanism – a mechanism that decouples the recovery of a utility’s allowed distribution revenue from the level of consumption of natural gas by its customers

Performance-based incentive – the utility may earn up to 15% of independently-verified economic benefits upon meeting target levels of such benefits (included in purchased gas adjustment)

MORE DEFINITIONS

Measure – an individual item, service, offering, or rebate available to a customer of a natural gas utility as part of the utility's CARE Plan

Program – a group of one or more related measures for a customer class

Portfolio – the program or programs included in a natural gas utility's CARE Plan

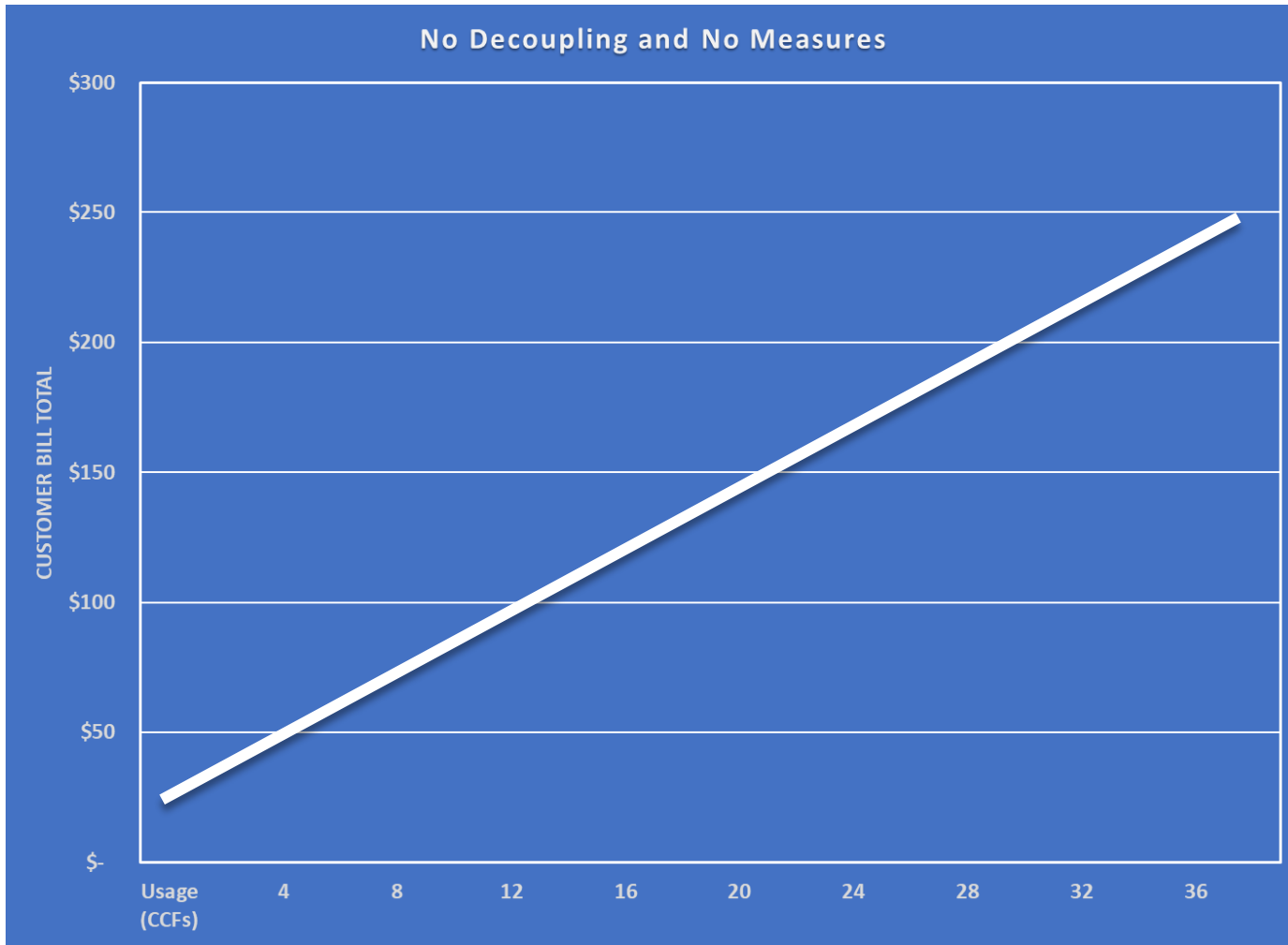
ANNUAL REPORTS

- Required by Code for every utility with a CARE Plan
- Must show year over year weather normalized use of natural gas on an average customer basis
- Must show incremental, independently-verified net economic benefits created by the CARE programs during the previous year
- Collab space: [Annual Reports](#)

NAMES FOR CARE RIDERS

Utility	Name for Program Cost Recovery Rider	Name for Revenue De-Coupling Rider
Virginia Natural Gas	CARE Program Cost Recovery Adjustment (“CPCRA”)	Revenue Normalization Adjustment (“RNA”)
Columbia Gas of Virginia	CARE Program Adjustment (“CPA”)	Revenue Normalization Adjustment (“RNA”)
Washington Gas Light	CARE Cost Adjustment (“CCA”)	CARE Ratemaking Adjustment (“CRA”)

TRADITIONAL BILLING STRUCTURE



REDUCED CONSUMPTION TO DUE TO CONSERVATION



GENERIC DECOUPLING CALCULATION

Non-Gas Revenue per Customer*	\$40.00
Times: Number of Customers	<u>500,000</u>
Equals: Target Distribution Revenue	\$20,000,000

** as determined for setting rates in the last rate case*

Actual Distribution Revenue	<u>\$19,000,000</u>
Decoupling Adjustment	<u>\$1,000,000</u>



QUESTIONS?

