# Weather Normalization Adjustment

**Weather Normalization Adjustment**

Weather Normalization Adjustment (WNA) is a mechanism that adjusts a customer's bill due to variations from normal weather (temperature). WNA is effective during the months of October through May. For bill periods that are warmer than normal, a surcharge is applied to the bill. A credit will be applied to the bill for periods that are colder than normal. WNA is Commission approved mechanism that is included in our tariff in Section 23 on Leaf 85.

**Q. What is the purpose of the Weather Normalization Adjustment?**

**A.** The Weather normalization adjustment is to adjust a customer's natural gas delivery service rates in order to reflect normal (10-year average) weather conditions. Delivery service rates for natural gas are designed based on volumes sold under normal weather conditions. Since gas usage is highly weather sensitive, deviations from normal weather conditions can cause large swings in revenues and earnings for the Company. As customers are surcharged during warmer than normal weather but receive credits during colder than normal weather, the weather normalization is revenue neutral over the long run. The Company benefits from stabilized revenues while the customers also benefit from more stable bills by receiving reduced bills during colder than normal weather.

**Q. Is this adjustment applied to my bill every month?**

**A.** No. The weather normalization adjustment is effective for the months of October through May each year.

**Q. Where is the adjustment reflected on my bill?**

**A.** The Weather Normalization appears under the Delivery Charges section of the bill.

**Q. How does the Company measure normal weather?**

**A.** Normal weather is measured based on a 10-year average of heating degree days for each day of each month that the WNA is in effect. Heating degree days are calculated each day by subtracting the average daily temperature from 65 degrees. If the average daily temperature is higher than 65 degrees, then the heating degree days is 0.

**Example:**

High temperature for the day 40 degrees
Low temperature for the day 20 degrees
60 degrees/2 = 30 degrees
65 degrees – 30 degrees = 35 degree days for that day

**Q. How is extreme weather measured?**
**A.** A charge is applied to the customer's bill if the actual degree days are lower than the normal degree days. A credit is applied to a customer's bill if the actual degree days are higher than the normal degree days.

**Applicability and Formula:**
The rates for gas service for residential and small commercial customers under Service Classification Nos. 1, 5, and 14 are subject to a Weather Normalization Adjustment (WNA) to reflect the impact of degree day variations from normal levels, as determined on a revenue month basis, for the months of October through May.

$$WNF = \text{Rate} \times \frac{HSF \times (NDD - ADD)}{BLF + (HSF \times ADD)}$$

**Definitions:**
**WNF** = Weather Normalization Factor

**Rate** = This is the tailblock margin by service class. This is the rate year unlevelized rates per the rate case. The first 3 CCF have the basic service charge of $25.00, and then the rates are for the next 47 CCF, and then all over 50 are at the next tiered rates.

**HSF** = Heat Sensitivity Factor. This is obtained from prior period actual MCF sales for customers, divided by the actual number of customers to arrive at the MCF per customer, and further divided by the actual degree days for that month. This factor is updated monthly.

**ADD** = Actual Heating Degree Days are the actual difference between 65 degrees and the average of the minimum and maximum temperatures for a particular day. ADD are always zero when the average is equal to or above 65 degree Fahrenheit.

**NDD** = Normal Heating Degree Days are calculated in the same manner as the actual heating degree days, but they are based on a 10 year average of daily high and low temperatures.

**BLF** = Base Load Factor is taking the actual MCF loads from June through August of the prior year and dividing by the actual number of customers.