

POWELL-CLINCH UTILITY DISTRICT
Rocky Top, Tennessee

SERVICE SCHEDULE 8

WEATHER NORMALIZATION ADJUSTMENT

INTENT

This weather normalization adjustment (WNA) is intended to adjust customers bills from November through April to reflect normal weather patterns based upon National Weather Service historical average temperature for each billing period, lowering rates during periods of colder than normal weather and raising them during warmer than normal periods. Over time, the positive and negative adjustments should be revenue neutral. The WNA provides the District with a more consistent revenue stream to fund fixed operational costs.

COMPUTATION

The Weather Normalization Adjustment is computed as follows:

$$WNA_i = R_i \times \frac{(HSF_i \times (NDD - ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where:

i - any particular rate schedule or billing classification

WNA_i - weather normalization factor for the i^{th} rate schedule expressed in cents per therm

R_i - weighted average base rate of temperature sensitive sales for the i^{th} rate schedule

HSF_i - heat sensitivity factor for the i^{th} rate schedule (accounts for the effect of weather on gas consumption)

NDD - normal billing cycle heating degree days

ADD - actual billing cycle heating degree days

BL_i - base load sales volume for the i^{th} rate schedule (average monthly consumption irrespective of weather changes)

The WNA shall not exceed plus or minus \$0.10 per therm in any month.

Effective: July 1, 2013