

Clearwater Gas System

2014 Gas Rate Review

Gas Rate Study

- ❖ Black & Veatch completed a Cost of Service and Rate Study update for Clearwater Gas System 9/12/2014
- ❖ Current gas rates and service charges have been effective since January 1, 2011 – 3.75 years

Objectives

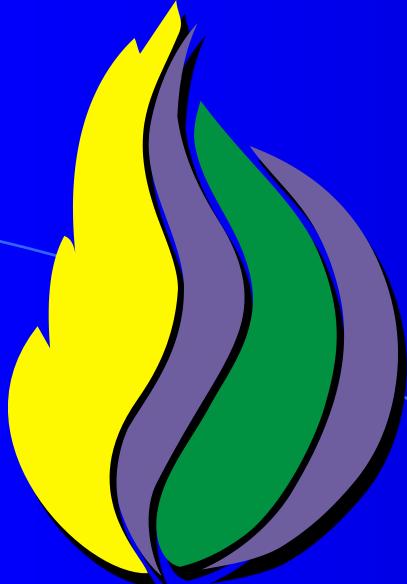
- ❖ Evaluate adequacy of existing rates to meet operational & capital needs
- ❖ Verify current rates are applied correctly
- ❖ Project CGS Financial Position for 2014 – 2019 based on current rates
- ❖ Recommend any changes needed

Findings/Recommendations

- ❖ CGS current rates are adequate
 - Propose \$1.2 Million Reduction in Commercial & Industrial base rates
 - Propose a Revenue Neutral Residential base rate change: \$2 increase in Monthly Charge & offset with reduction in Usage (therm) Charges
- ❖ Revise Service labor rate methodology:
 - Current: Trip charge + $\frac{1}{4}$ hour rate
 - Proposed: Trip & up to hour charge + $\frac{1}{4}$ hr. rate
- ❖ Changes to LP Rates in Lower Brackets

Other Recommended Changes

- ❖ Revise wording of current ordinance throughout to clarify responsibilities & reflect current operating procedures
- ❖ Update recovery factors to roll in Non-Weather portion of Usage & Inflation Adjustment & reflect October 2014 reference levels



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**Gas Ordinance Changes
Proposed Effective November 1, 2014**