

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**

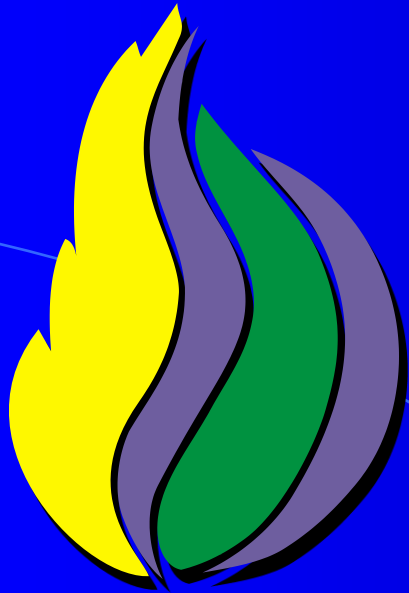
❖ Revise Service labor rate methodology:

- 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**



Clearwater Gas System

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