

For Immediate Release

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PSC to consider rate increase for Gas Customers in Great Falls, Cut Bank

Helena, Mont. – The Montana Public Service Commission will have 9 months to review a joint request by Energy West and Cut Bank Gas to increase natural gas delivery rates for a combined 31,545 customers in the communities of Great Falls, Black Eagle, Ulm, Cascade, Tracy, Centerville, West Yellowstone, and Cut Bank.

Energy West is requesting an annual increase to its natural gas delivery revenues of approximately \$1.5 million, which the utility estimates would raise the average residential bill by \$4.10 per month or 7.03 percent for customers in the Great Falls area and \$3.89 per month or 2.3 percent in West Yellowstone. Residential customers of Cut Bank Gas would face a similar increase with the average bill expected to rise by \$4.00 or 5.4 percent if the company's request for an additional \$183,000 in annual revenue is approved by the Commission.

Stagnant customer growth, declining sales volumes, and increased investments in the distribution system to serve customers are among the reasons listed in the utilities' application to justify the rate increases. The last rate increase for Energy West customers came in 2011, while rates for customers of Cut Bank gas haven't changed in 11 years.

Speaking to the joint filing by the two utilities Vice-chairman Travis Kavulla, R-Great Falls, said, "This application raises a number of novel issues which deserve the Commission's close attention."

The Commission will review a proposal by Energy West to embed the costs associated with the acquisition of a 19-mile natural gas pipeline in customer rates. Energy West purchased the pipeline during the bankruptcy of Southern Montana Electric for just \$75,000, but has proposed including it in rates at a value of over \$4 million.

The Commission will also evaluate a request by Energy West and Cut Bank Gas to add an additional surcharge to customer's monthly bills to fund ongoing improvements to high-risk infrastructure. Some states have adopted these surcharges as a means of allowing utilities to recover ongoing capital investments between rate cases. The Montana Commission has not adopted such a surcharge for any gas or electric utility previously.

From 2009 to 2016 Energy West and Cut Bank gas replaced approximately 2,045 aging services and approximately 20 miles of aging main. In addition, the companies installed a combined 1,130 new services and 90 miles of new main over the same time period. Energy West and Cut Bank Gas are asking the Commission to authorize a 10.75 percent return for capital invested by their shareholders.

In addition to the items identified by the parties, Kavulla expressed an interest in reviewing Energy West's line extension policy, which provides an allowance toward the cost of extending service to new customers.

"There are several rural communities near the utility's service territory that might benefit from the availability of natural gas, and the time is right to look into whether the current allowance appropriately reflects the potential economic advantages to both existing and new customers of further extending gas service," said Kavulla.

A copy of the filing is available for inspection at the PSC's business offices, 1701 Prospect Avenue, P.O. Box 202601, Helena, Montana 59620-2601; and the Montana Consumer Counsel (MCC), 111 North Last Chance Gulch Suite 1B, P.O. Box 201703, Helena, Montana 59620-1703, telephone (406) 444-2771. The MCC is available to represent the interests of the consuming public in this matter. Any interested person that does not wish to formally intervene in this Docket may submit written public comments on the matter to the Commission at the above address, or by emailing PSC_UTILITYCOMMENT@MT.GOV.

To view the full rate filing, visit: <http://bit.ly/2ya3hWC>

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