



January 5, 2010

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**RECOMMENDATION:**

Authorize the City Manager to execute Schedule A, Intrastate Transmission Service, which is an attachment to the current long-term Master Services Contract (No. 26729) between the City and the Southern California Gas Company for the transmission of natural gas. (Citywide)

**DISCUSSION**

The City of Long Beach (City) contracts for the purchase of an out-of-state natural gas supply which is transported by interstate pipelines to the California border. The City utilizes intrastate pipelines owned by the Southern California Gas Company (SoCalGas) to transport City-owned natural gas from the California border to the City's gas utility distribution system.

On January 18, 2000, the City Council authorized the City Manager to execute a long-term Master Services Contract (No. 26729) in conjunction with Schedule A, the Intrastate Transmission Service Agreement, between the City and SoCalGas. Schedule A sets forth the terms and conditions of intrastate transmission service as approved by the California Public Utilities Commission (CPUC). On October 6, 2009, the City Council authorized the City Manager to execute the current Schedule A, which became effective November 1, 2009. However, the CPUC has recently approved a redesigned intrastate transmission service with new options and rate schedules. The redesigned rate structure will take effect on February 1, 2010. A new Schedule A will need to be executed for the City to designate the optimal rate option for its gas utility needs. The new Schedule A is expected to extend for a three-year term with an option for automatic renewal. The new Schedule A will continue to be an attachment to the long-term Master Services Contract.

This matter was reviewed by Deputy City Attorney Richard Anthony and by Budget and Performance Management Bureau Manager David Wodynski on December 16, 2009.

TIMING CONSIDERATIONS

City Council action is requested on January 5, 2010, as a new Schedule A must be executed to take full advantage of new Intrastate Transmission Service options that will be available on February 1, 2010.

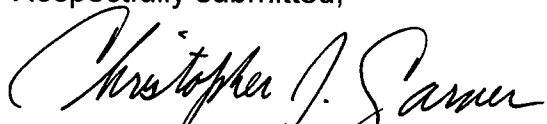
FISCAL IMPACT

Gas transmission costs were estimated to be \$1,492,000 during Fiscal Year 2010 and are budgeted in the Gas Fund (EF 301) and the Long Beach Gas and Oil Department (EN). An estimated savings of as much as \$200,000 to the Gas Fund may be realized under the new contract rate structure, and will be utilized to support funding of long-term infrastructure and pipeline replacement projects.

SUGGESTED ACTION:

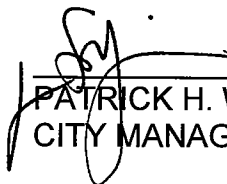
Approve recommendation.

Respectfully submitted,



CHRISTOPHER J. GARNER  
DIRECTOR OF LONG BEACH GAS & OIL

APPROVED:

  
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PATRICK H. WEST  
CITY MANAGER