



April 18, 2006

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**RECOMMENDATION:**

Adopt the attached Resolution authorizing the City Manager to implement Gas Rate Schedules 1 through 5 and 7 through 10, utility fees, charges, and incentives in Exhibits A, B and C. (Citywide)

**DISCUSSION**

The Long Beach Gas and Oil Department (LBGO) periodically reviews its gas utility rates and submits recommendations to the City Council to reflect similar rates charged by the Southern California Gas Company (SoCalGas) and other surrounding gas utilities pursuant to Long Beach Municipal Code Section 15.36.100 and City Charter Section 1502. The various components of a customer's gas bill include a daily service charge, a transmission charge, and a Cost of Gas charge. The daily service and transmission charges are compared against the other gas utilities' rates. The Cost of Gas component fluctuates monthly as it is a pass-through of LBGO's actual monthly cost of gas commodity. SoCalGas recently revised some of its service and transmission charges applicable to many of its customer categories.

After completing a detailed rate analysis, City staff recommends revising certain gas charges for all non-residential customers, effective for service received beginning May 1, 2006. The current difference in residential rates between LBGO and those charged by SoCalGas is very minor, with LBGO's rates slightly lower than those of SoCalGas. Therefore, no rate adjustment to the LBGO residential rate classification is recommended at this time.

The proposed rate changes impact the transmission rates of certain customer categories but do not impact the service charge or commodity portions of the gas rates. The seasonal baseline therm allowances for residential customers have been slightly revised to mirror the tiers of SoCalGas, decreased by one-half therm in the summer months and increased by one therm in the winter months. The commodity charges for all classifications will continue to reflect the actual fluctuating market price of natural gas paid by the City.

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The proposed gas rate adjustments result in slight increases in all rate categories with the exception of medium-sized, and a rate decrease in one category, as reflected in the attached table (Attachment 1). These changes are similar to those implemented by SoCalGas and approved by the California Public Utilities Commission.

In addition to adjustments in the gas rate schedules, Exhibits A, B and C concerning fees, charges, and incentives are included under this Resolution to be readopted. There are no changes to Exhibits A and C. Exhibit B reflects several revisions and additions to the previous fee schedule that more accurately reflect the City's cost of doing business.

This matter was reviewed by Deputy City Attorney Richard Anthony on March 30, 2006 and Budget Management Officer David Wodynski on April 3, 2006.

### TIMING CONSIDERATIONS

City Council action is requested on April 18, 2006 in order to implement the gas rate changes effective for service received on or after May 1, 2006. The rate changes are intended to establish Long Beach gas utility service charges and transmission rates comparable with those of other like utilities pursuant to Section 1502 of the Long Beach City Charter.

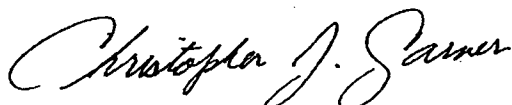
### FISCAL IMPACT

Approximately \$256,000 in additional annual revenues to the Gas Fund is anticipated from the revised transmission charges. An exact amount is unknown since the amount of revenue received from these charges is dependent upon the number of requests for each service during the fiscal year.

### SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHRISTOPHER J. GARNER  
DIRECTOR OF LONG BEACH GAS & OIL

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CCL 5-01-06 GAS RATE REVISIONS.DOC

Attachments

APPROVED:



GERALD R. MILLER  
CITY MANAGER