



R-21

James Johnson
City of Long Beach
Councilmember, Seventh District

Date: July 24, 2012

To: Honorable Mayor and Members of the City Council

From: Councilmember James Johnson, Seventh District
Councilmember Al Austin, Eighth District *al*
Councilmember Steven Neal, Ninth District *sn*

Subject: Low-Income Discount For Sub-Metered Gas Service Customers

RECOMMENDATION:

Request that City Attorney draft an ordinance amending Section 15.36.120(A), clarifying that residents of sub-metered households be deemed as "service customers."

DISCUSSION

Currently, Municipal Code Section 15.36.120(A) provides for the Long Beach Gas and Oil Department (LBGO) to provide a 5% discount on monthly gas bills to qualified low-income households who are service customers of the City's gas utility. However, a current loophole in the code does not address sub-metered households. Sub-metered households do not receive gas service directly from LBGO. Instead, LBGO delivers and bills the gas through a master meter, which is then billed through a sub-meter to the sub-metered households. This anomaly prevents those households from receiving the discount other residents receive as they are technically not a "service customer of the City's gas utility" as currently required under the Municipal Code.

With an amendment to Section 15.36.120(A) of the Municipal Code that would include sub-metered households as service customers, LBGO would be able to offer low income discounts to those households in the same manner LBGO offers it to other service customers. Other gas utilities such as the Southern California Gas Company currently provide a methodology for similarly situated sub-metered households to receive low-income discounts. As sub-metered households do not receive a gas bill from LBGO by which the low-income discount is usually applied, it is envisioned that the discount will be refunded on an annual basis by mailing a check for a fixed amount.

FISCAL IMPACT

There would be no significant fiscal cost for the City Attorney to amend the Municipal Code. The low-income discount would not affect the General Fund, although it would cause a small reduction to the Gas Fund depending upon how many of the City's 1,500 sub-metered households qualify and apply for the low-income discount. While the percentage of sub-metered households who are low-income is unknown, if all sub-metered households applied for and qualified for the discount, the maximum cost to LBGO would be \$30,000 to \$40,000 annually; the actual cost is likely to be a fraction of that.