



Legislation Text

File #: 13-0146, **Version:** 1

Recommendation to adopt resolution authorizing City Manager to adjust certain rates for natural gas service to reflect market conditions by implementing Gas Rate Schedules 1 through 5, 7, 9, and special conditions and incentives in Exhibits A and B. (Citywide)

The Long Beach Gas and Oil Department (LBGO) periodically performs market reviews of its gas utility rates against those charged by other gas utilities pursuant to Long Beach City Charter Section 1502 and Municipal Code Section 15.36.100. The various components of a customer's gas bill include charges for daily service, transmission and cost of natural gas. The daily service and transmission charges are compared to other gas utilities to ensure that LBGO is in compliance with the Municipal Code and City Charter. The commodity charges for all customer classifications reflect the actual fluctuating market price of natural gas along with any associated costs of receiving that gas. Based upon this periodic rate review, LBGO makes market rate adjustment recommendations to the City Council.

After completing a detailed comparative analysis, LBGO is seeking approval to adjust its rates, effective March 1, 2013, to all customer classifications, including rate **decreases** to residential, commercial/industrial, compressed natural gas, electric generation and transportation customers (see Attachment 1).

The proposed rate changes impact the transmission rates for all customer categories but do not impact the service charge or commodity portions of the gas rates. The commodity charges for all customer classifications will continue to reflect the actual fluctuating monthly market price of natural gas along with any associated costs for receiving that gas. In addition to adjustments in the gas rate schedules, Exhibits A and B concerning special conditions and incentives are included under this Resolution to be readopted. There are no changes to Exhibits A and B.

This matter was reviewed by Deputy City Attorney Richard Anthony on January 22, 2013 and by Budget Management Officer Victoria Bell on February 1, 2013.

City Council action is requested on February 19, 2013 in order to implement the gas rate changes effective for service received on or after March 1, 2013. 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.

An approximate \$430,000 decrease in revenues to the Gas Fund is anticipated for the remainder of FY 13 (\$918,500 decrease annually). The reduced revenue reflects decreases in LBGO transmission rates caused by matching in prevailing rates for similar services and commodities supplied or sold by other like utilities, as required by City Charter. The actual amount of revenues may vary, depending upon the actual demand for and the market price of natural gas during the year. There is no impact to local jobs.

Approve recommendation.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING
CHANGES TO THE SCHEDULE OF GAS RATES

CHRISTOPHER J. GARNER
DIRECTOR OF LONG BEACH GAS AND OIL

APPROVED:

PATRICK H. WEST
CITY MANAGER