



Legislation Text

File #: 09-0116, **Version:** 1

Recommendation to adopt resolution authorizing City Manager to implement Gas Rate Schedules 1 through 5, 7, and 9 and special conditions and incentives in Exhibits A and B. (Citywide)

The Long Beach Gas & 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 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. SoCalGas recently revised the transmission charges applicable to many of its customer categories.

After completing a detailed analysis, LBGO recommends revising transmission rates for all residential and non-residential customers effective for service received beginning March 1, 2009. The difference in transmission rates between LBGO and those charged by SoCalGas are minor. LBGO's core-customer transmission rates are currently lower than rates charged by SoCalGas, while non-core transmission rates are higher. The proposed rates, which affect all customer categories, mirror those charged by SoCalGas as reflected in the attached table (Attachment 1).

The proposed rate changes only impact the transmission rates for all customer categories. 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 of 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 12, 2009 and Budget Management Officer Victoria Bell on January 13, 2009.

City Council action is requested on February 3, 2009 in order to implement the gas rate changes effective for service received on or after March 1, 2009. 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 \$860,000 increase in annual revenues to the Gas Fund is anticipated. The actual amount may vary since the amount of revenue received from these charges is dependent upon the demand for natural gas during the fiscal year.

Approve recommendation.

CHRISTOPHER J. GARNER
DIRECTOR OF LONG BEACH GAS & OIL

NAME
TITLE

APPROVED:

PATRICK H. WEST
CITY MANAGER