



Legislation Text

File #: 09-1044, **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.

Following a review of our current rates and recent customer suggestions, LBGO recommends minor revisions to the terminology in Residential Rate Schedule 1, and the rate structure for Compressed Natural Gas Rate Schedule 5 effective for service received beginning October 1, 2009.

City residential utility bills combine gas, water, refuse and sewer service charges. Residential Rate Schedule 1 terminology would be revised to provide a more consistent presentation on customer utility bills by defining the baseline rate as Tier I and non-baseline as Tier II. This agrees with the terminology currently used by the Water Department.

Compressed Natural Gas (CNG) service is applicable to sales of natural gas to customers who use CNG as a motor vehicle fuel. The rate structure for CNG Rate Schedule 5 would be revised to offer customers the option of receiving both CNG and Residential service through an existing Residential meter at an intermediate rate. The CNG Rate Schedule 5 change would help support the adoption of environmentally friendly Natural Gas Vehicles (NGV) by eliminating the current requirement to install a separate gas line and meter when installing an NGV home refueling appliance. This would result in significant cost savings and act as an incentive for new NGV customers. SoCalGas currently offers a similar single meter option to its customers. As a special condition to the new option of receiving both CNG and Residential service through a single meter, the customer would be required to pay Utility Users Tax (UUT) on the entire amount of gas supplied and applicable charges. This is necessary as the split between CNG and Residential usage would be indeterminable. The original option of CNG service through a dedicated meter would be retained and remain exempt from the UUT pursuant to Long Beach Municipal Code Section 3.68.040.

The proposed rates for all customer categories mirror those charged by SoCalGas. 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 detailed above, 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 August 19, 2009 and by Budget and Performance Management Bureau Manager David Wodynski on August 19, 2009.

City Council action is requested on October 6, 2009 to implement the gas rate changes retroactively for service received on or after October 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.

A negligible impact on annual revenues to the Gas Fund is anticipated due to the small number of residential customers expected to utilize CNG as a motor vehicle fuel. The requested rate changes will allow LBGO to generate sufficient revenues to cover the costs to purchase and deliver natural gas to its customers.

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