



## Legislation Text

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**File #:** 10-0112, **Version:** 1

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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 & Oil Department (LBGO) periodically reviews its gas utility rates against those charged by the Southern California Gas Company (SoCalGas) and other surrounding 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.

The California Public Utilities Commission recently approved changes to the transmission rates charged by SoCalGas to its customers, effective February 1, 2010. After completing a detailed comparative analysis, LBGO recommends revising its transmission rates, effective March 1, 2010, to mirror the new rates implemented by SoCalGas. LBGO is seeking approval to adjust its rates to all customer classifications, including rate increases to residential and commercial/industrial customers and rate decreases for natural gas vehicle fueling (see Attachment 1). The increase to an LBGO residential gas bill is estimated to average 2.9 percent or approximately \$1.10 per month.

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 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 25, 2010, and by Budget and Performance Management Bureau Manager David Wodynski on January 27, 2010.

City Council action is requested on February 16, 2010 in order to implement the gas rate changes effective for service received on or after March 1, 2010. 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 \$1.2 million increase in revenues to the Gas Fund is anticipated for the remainder of FY10 (\$2.4 million annually). This increased revenue will be utilized to help fund LBGO's ongoing pipeline infrastructure replacement program. The actual amount of revenues may vary, depending upon the actual demand for natural gas during the year.

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 & OIL

NAME  
TITLE

APPROVED:

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PATRICK H. WEST  
CITY MANAGER