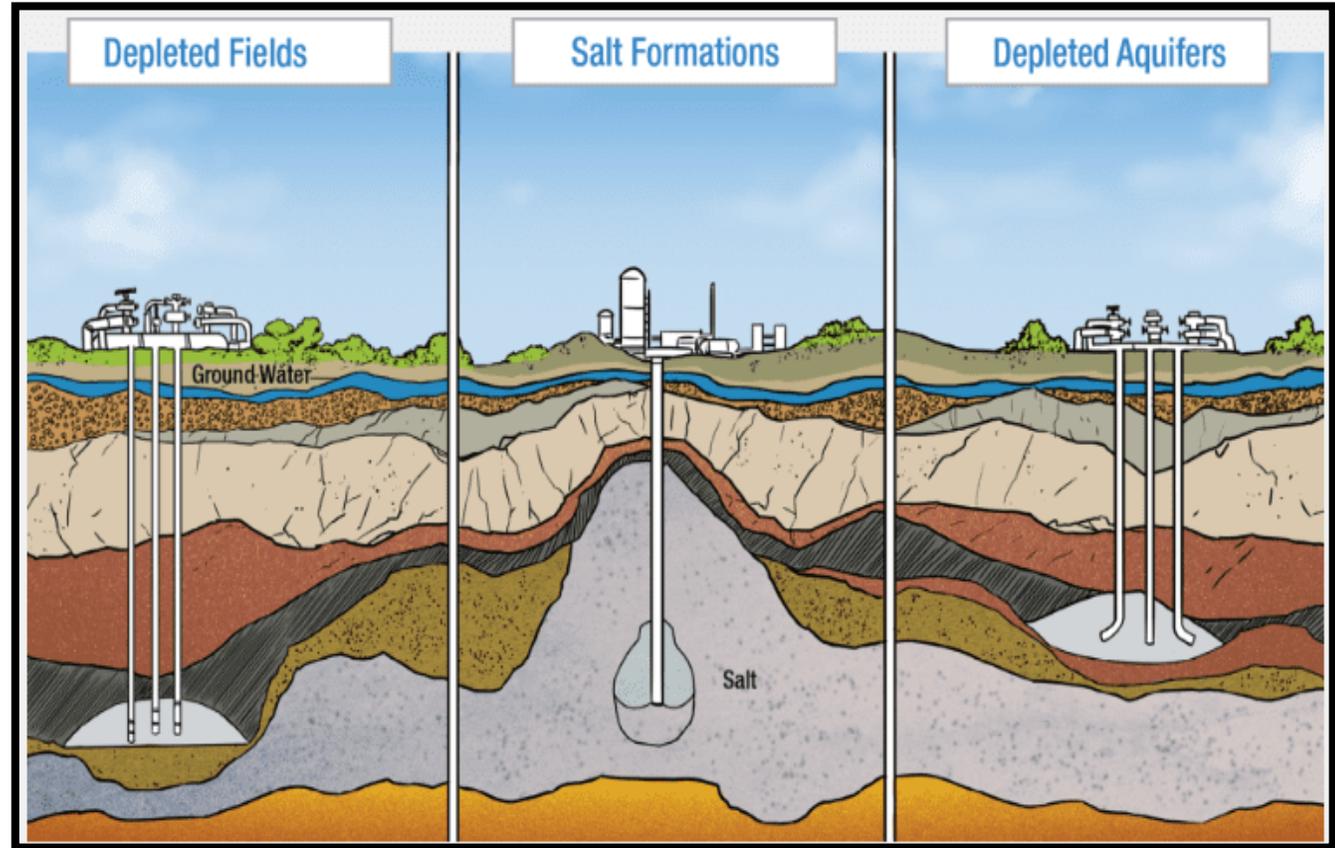


Natural Gas Storage Agreement Overview

March 16, 2023

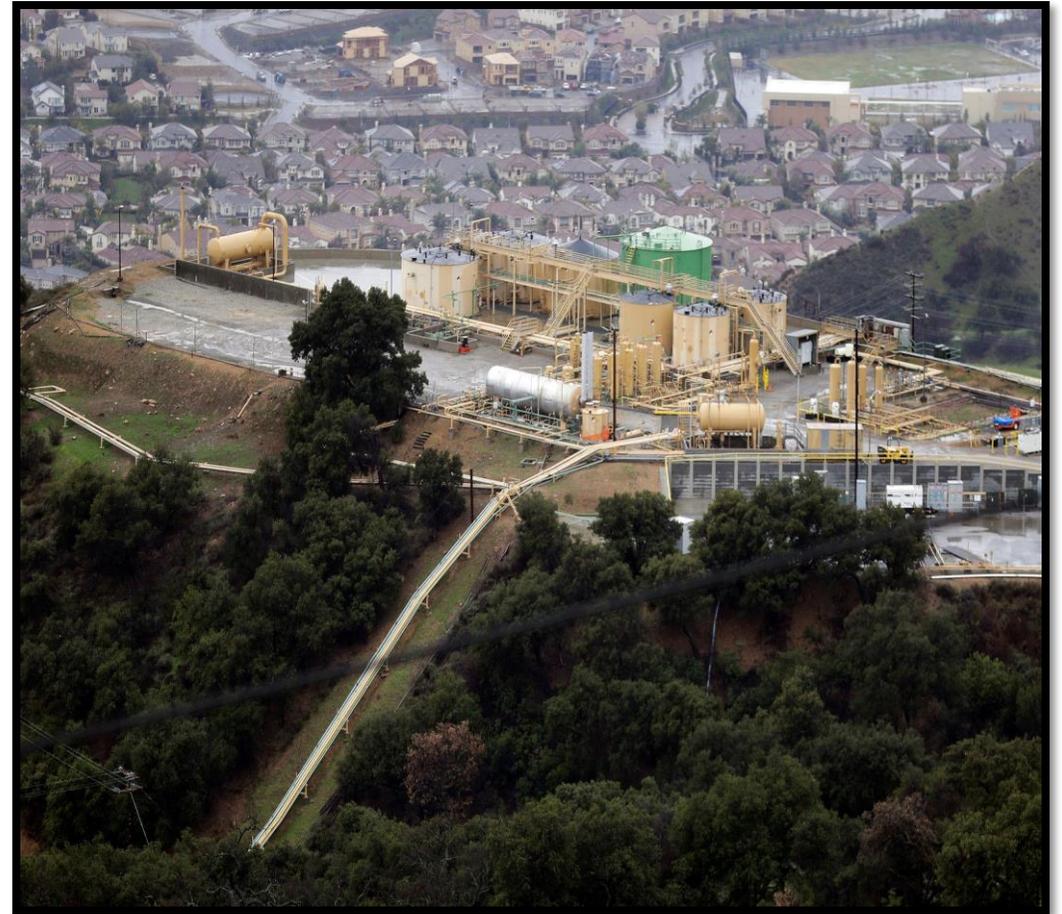
What is Natural Gas Storage?

- Underground Gas Storage reservoirs store natural gas to maintain an adequate supply of natural gas to help meet customer demand
- Depleted natural gas or oil fields function as gas storage reservoirs in California
- Natural gas is injected into the storage reservoirs through gas storage wells and stored until withdrawn for use
- There are 12 underground natural gas storage fields in the state



Reasons for Gas Storage

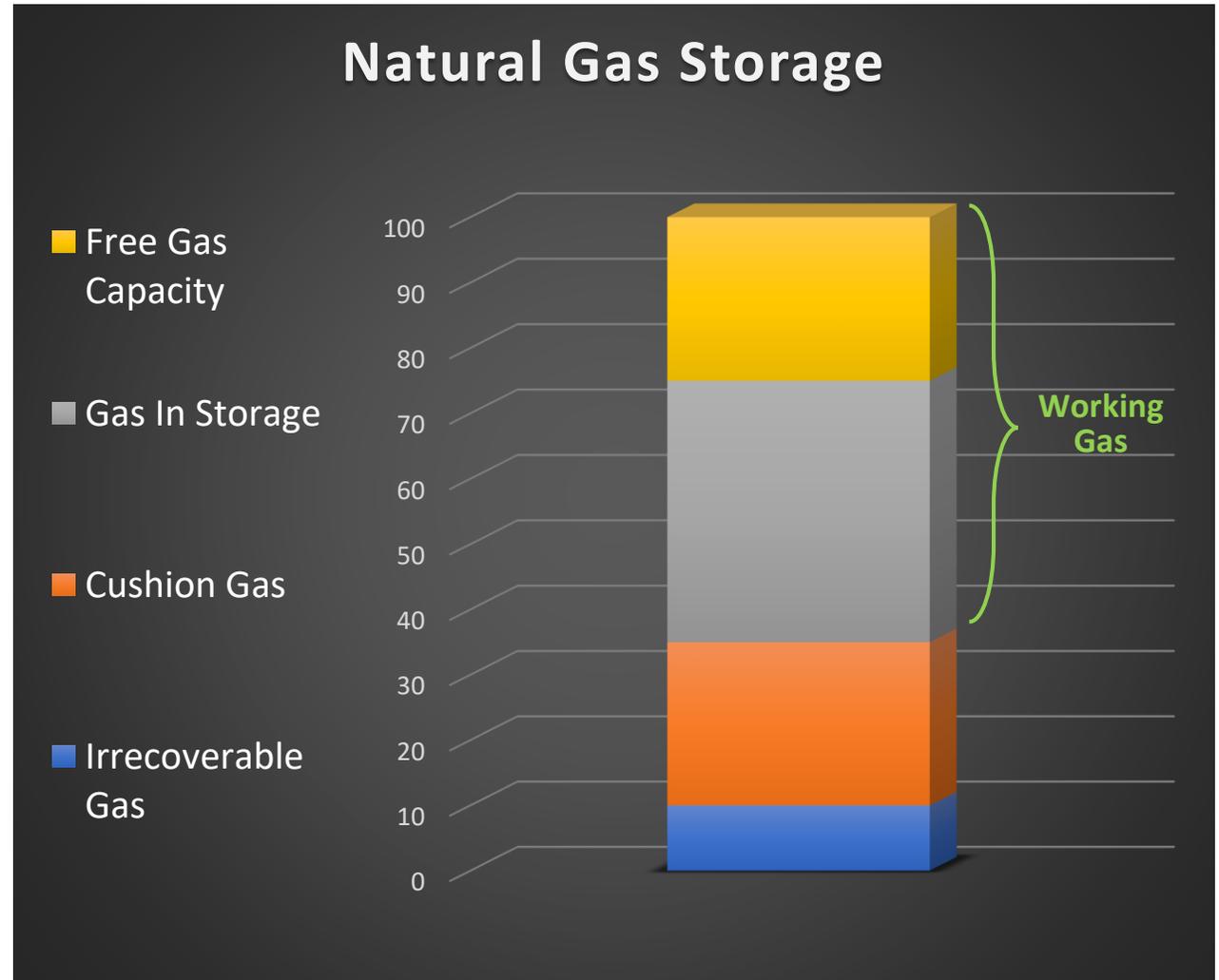
- Insurance against physical supply disruption
- Helps meet peak demands
- To maintaining a more constant flow through the year
- Gas is bought and injected in summer when demand/prices are lower
- Withdrawals occur in winter when demand/prices increase, lessening higher priced purchases



Aliso Canyon Storage Facility

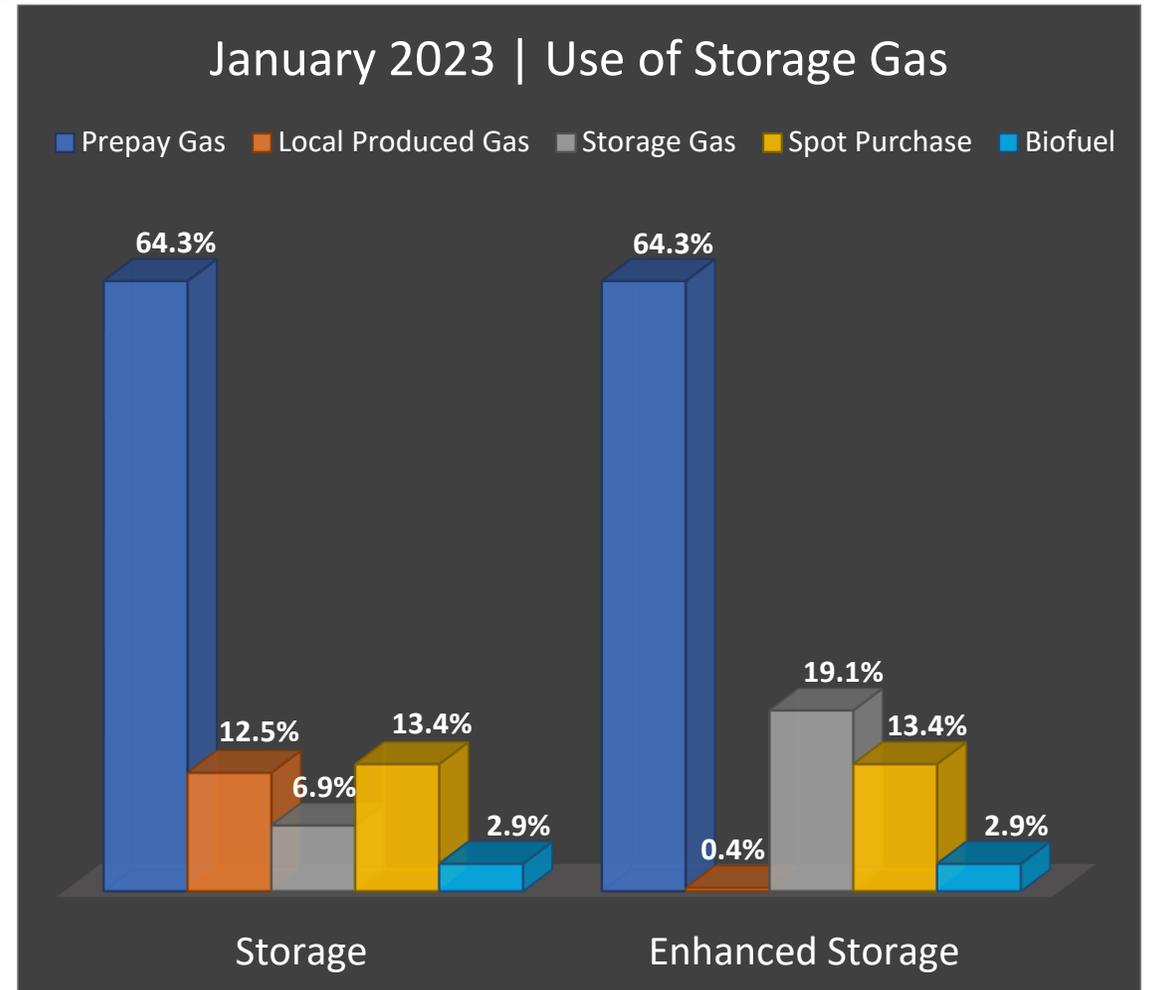
Storage Terminology

- Free Gas Capacity**
(capacity available for storage injections)
- Gas in Storage**
(current inventory available for withdrawal)
- Cushion Gas**
(permanent inventory to maintain working pressure)
- Irrecoverable Gas**
(gas bonded to the formation)



Storage Efficiencies – Example

- Storage gas is an essential tool in mitigating the risk of price volatility
- In January, LB Utilities withdrew 302k Dth of gas from storage, purchased at an average price of \$7.71/Dth
- This volume displaced local gas purchases priced at \$46.92/Dth
- This use of our storage gas saved customers \$4.5 million in January 2023 alone



SoCalGas Storage Agreement

- Agreement sets a maximum natural gas inventory, capacity, injection and withdrawal quantities, and provisions for in-kind charges
- Maximum inventory capacity is 853,298 Dth. Volume is half of what was once made available to Long Beach
- Total cost of the Agreement is \$1,502,950

L02B

MASTER SERVICES CONTRACT
SCHEDULE I
TRANSACTION BASED STORAGE SERVICE AGREEMENT

THIS TRANSACTION BASED STORAGE SERVICE AGREEMENT ("Agreement") is entered into as of the 1st day of February 2023, by and between Southern California Gas Company ("Utility") and City of Long Beach ("Service User") and sets forth the terms and conditions under which Utility will provide storage services to Service User. This Agreement shall be attached to and incorporated as Schedule I to the Master Services Contract ("MSC") entered into by the parties.

SECTION 1 - STORAGE SERVICES

(a) For the Time Period for Service indicated below (the "Service Period"), Utility shall provide Service User with the storage services set forth below. This Agreement and the rights established herein shall be subject to the terms and conditions of Utility's Tariff Rate Schedule G-TBS and other applicable Tariff Rules hereto as they may be amended from time to time (including, without limitation, the definitions in Utility's Tariff Rule No. 1).

<u>Storage Services</u>	<u>Maximum Quantity</u>	<u>Firm or Interruptible</u>	<u>Time Period for Service ("Service Period")</u>
Inventory	853,298 (Dth)	Firm	April 1, 2023 to March 31, 2024
Injection (Summer)	4,603 (Dth/day)	Firm	April 1, 2023 to September 30, 2023
Withdrawal (Summer)	4,137 (Dth/day)	Firm	April 1, 2023 to September 30, 2023
Injection (Winter)	1,603 (Dth/day)	Firm	November 1, 2023 to March 31, 2024
Withdrawal (Winter)	20,686 (Dth/day)	Firm	November 1, 2023 to March 31, 2024

(b) All gas to be stored under this Agreement must be delivered by Service User to Citygate during the period from April 1, 2023 to March 31, 2024, subject, however, to Utility regulatory changes. Withdrawals must be completed by March 31, 2024.

(c) Upon Service User's request for withdrawal, Utility will re-deliver all gas stored terms of this Agreement at the SoCalGas Citygate or other mutually agreed upon locations.

(d) Other, Service User has multiple cycling rights. Gas remaining in inventory from immediately prior to the start of this Agreement may be rolled into this Agreement limited by Service User's firm rights, shown above in Section 1(a), are subject to capacity reductions from emergencies, force majeure, scheduled maintenance outages, or situations of near maximum inventory levels. Service User may change its storage services through a negotiated agreement. Utility shall record each Transaction in a letter agreement ("Transaction Confirmation") that is an integral part of the Agreement and will be sent to Service User. The Transaction Confirmation is considered an integral part of the Agreement and will be sent to Service User in a letter agreement or other mutually agreeable electronic means, no later than close of the first Business Day following the date of the Transaction. Service User shall identify any error in such Transaction Confirmation and shall provide notice to Utility. If no such notice is received by Utility within 2 Business Days from Service User's receipt of the Transaction Confirmation, the Transaction Confirmation will be deemed correct. Both parties' consent to the Transaction Confirmation sent electronically to Service User forms a binding and enforceable agreement.

Page 1 of 3

Southern California Gas Company's natural gas storage facilities



Additional Considerations

- Storage is considered supplementary supply
- The bulk of LB Utilities gas is purchased and delivered via a long-term prepay contract
- Other gas supplies are locally produced gas and short-term, spot market purchases



La Goleta Natural Gas Storage Field

Summary

LB Utilities maintains an agreement with Southern California Gas (SoCalGas) for natural gas storage capacity rights in regional underground storage fields.

The reasons for storage include:

- Supply security – insurance against physical disruption
- Price volatility mitigation – reducing purchases during peak, high-priced periods
- Maintaining constant flow through the year (seasonality)



LONG BEACH
Utilities
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