



October 9, 2007

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**RECOMMENDATION:**

Authorize the City Manager to execute the Master Services Contract Schedule A Agreement for the intrastate transmission of natural gas between the City of Long Beach and the Southern California Gas Company for the period of November 1, 2007 through October 31, 2009 in the amount of approximately \$3,400,000. (Citywide)

**DISCUSSION**

The City of Long Beach (City) utilizes intrastate pipelines owned by the Southern California Gas Company (SoCalGas) to transport City-owned natural gas from the California border to the City's gas utility distribution system. The City contracts for the purchase of an out-of-state natural gas supply which is transported by interstate pipelines to the California border.

On January 18, 2000, the City Council authorized the City Manager to execute a long-term Master Services Contract (No. 26729) in conjunction with Schedule A, the Intrastate Transmission Service Agreement, between the City and SoCalGas. Schedule A sets forth the terms and conditions of intrastate transmission service and the applicable tariff rate schedule as published in the SoCalGas Tariff and approved by the California Public Utilities Commission (CPUC). The Master Services Contract states that the term of the Contract shall continue for the term set forth in Schedule A, and in any other service Schedule attached from time to time. The current Schedule A is scheduled to expire on October 31, 2007. The new Schedule A will amend the existing term from November 1, 2007 to November 1, 2009, and will continue to be an attachment to the long-term Master Services Contract.

This matter was reviewed by Deputy City Attorney Richard Anthony and by Budget and Performance Management Bureau Manager David Wodynski on September 28, 2007.

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TIMING CONSIDERATIONS

City Council action is requested on October 9, 2007, as the existing Schedule A and Addendum expire on October 31, 2007. To ensure continuation of transmission services on SoCalGas' system, a new Schedule A must be executed prior to November 1, 2007.

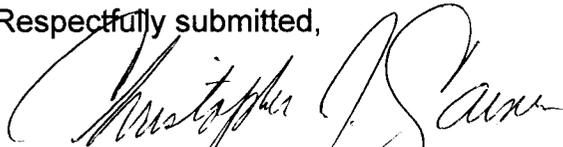
FISCAL IMPACT

Gas transmission costs are estimated to be \$3,400,000 during Fiscal Year 2008 and are budgeted in the Gas Fund (EF 301) and the Long Beach Gas and Oil Department (EN).

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

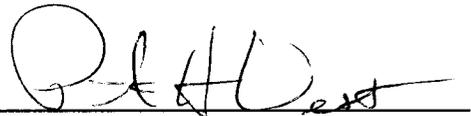


CHRISTOPHER J. GARNER  
DIRECTOR OF LONG BEACH GAS AND OIL

CJG: JC: CIG

CCL 10-9-2007-Intrastate Transmission Svcs.

APPROVED:



PATRICK H. WEST  
CITY MANAGER