

CHRISTOPHER J. GARNER
DIRECTOR

September 13, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute Schedule A and the Addendum, which are attachments to the current long term Master Services Contract (No. 26729) between the City and Southern California Gas Company for the transmission of natural gas. (Citywide)

DISCUSSION

The City of Long Beach (City) utilizes intrastate pipelines owned by Southern California Gas Company (SoCalGas) to transport City-owned natural gas to the City's utility system. The City actively purchases natural gas from suppliers for delivery to a number of physical pipeline interconnects into SoCalGas' utility system. These suppliers are currently Coral Energy and Pacific Summit Energy. The City's gas is then transported by SoCalGas across its pipelines to the City's gas utility system.

On January 18, 2000, the City Council authorized the City Manager to execute a long-term Master Services Contract (No. 26729) along with Schedule A - Intrastate Transmission Service Agreement between the City and SoCalGas. Schedule A sets forth transmission rate schedules and the Addendum designates agents to act on the City's behalf with respect to nominating daily supply requirements, meter usage and trade imbalances. Both expire prior to the expiration of the Master Services Contract and need to be replaced. The new Schedule A and Addendum will be attached to, and incorporated in, the long-term Master Services Contract and will be in effect from November 1, 2005 to November 1, 2007. The gas transmission rates contained in these Agreements are identical to the standard tariff rates published by SoCalGas and approved by the California Public Utilities Commission (CPUC). The current Schedule A and Addendum expire on October 31, 2005.

This matter was reviewed by Deputy City Attorney Richard Anthony and by Budget Management Officer David M. Wodynski on September 1, 2005.

TIMING CONSIDERATIONS

City Council action is requested on September 13, 2005, as the existing Schedule A and Addendum expire on October 31, 2005. To assure the continuation of transmission services on SoCalGas' system, a new Schedule A and Addendum must be executed before November 1, 2005.

FISCAL IMPACT

There is no fiscal impact associated with this item. Schedule A and the addendum do not affect the cost of transmission service from SoCalGas to the City.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHRISTOPHER J. GARNER
DIRECTOR OF LONG BEACH ENERGY AND OIL PROPERTIES

CJG: gls
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APPROVED:



GERALD R. MILLER
CITY MANAGER