

R-69

November 17, 2020

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt a Resolution authorizing the City Manager, or designee, to adjust certain natural gas transmission 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; and,

Adopt a Resolution pursuant to Long Beach Municipal Code Section 15.36.120(B) to increase the Low-Income Gas Discount rate from 5 percent to 20 percent. (Citywide)

DISCUSSION

The Energy Resources Department (ER) operates and maintains a pressurized natural gas pipeline distribution system that consists of over 1,900 miles of underground pipelines and approximately 154,000 customer meters. ER's existing natural gas pipeline system includes both steel and polyethylene pipes, with 52 percent of the pipeline system in service today having been installed in the 1930s through the 1960s, and a very small percentage installed in the 1920s. Due to the correlation between the age of natural gas pipeline systems and the consequent potential for leaks to occur, it is imperative that ER continually reinvest ratepayer revenues into its natural gas pipeline system to safely maintain operations.

To ensure safe and reliable natural gas pipeline systems nationwide, federal and state regulators have increased their oversight of how natural gas pipeline systems are to be safely operated and maintained. Compliance with these regulations, along with other safety and environmental requirements, has financially impacted natural gas utilities nationally as well as statewide. Over the past four years, the California Public Utilities Commission (CPUC) has authorized multiple increases to the rates charged by the Southern California Gas Company (SoCalGas) and San Diego Gas & Electric (SDG&E) to their ratepayers. Most recently, on January 1, 2020, the CPUC authorized a rate increase for SoCalGas that resulted in its residential natural gas transmission rates now being 32 percent higher than ER's current residential natural gas transmission rates.

The CPUC authorized the rate increases to provide SoCalGas and SDG&E the necessary revenues to fund replacement of their aging natural gas pipeline infrastructure, to fund pipeline integrity programs as required by federal and state regulations, and to facilitate compliance with federal and state environmental regulations. With similar regulatory, environmental, and operational requirements for its own natural gas pipeline infrastructure, ER's costs are impacted similar to the other California natural gas utilities.

Through efficient cost management and prudent operational practices, ER has not increased its natural gas transmission rates since November 1, 2016. However, due to continually increasing regulatory requirements and their associated costs, ER must now implement an increase to its natural gas transmission rates. For context, it is important to note that the natural gas transmission charge for ER's residential ratepayers accounts for approximately 50 percent of their total monthly bill amount. The proposed natural gas transmission rate increase will result in an estimated increase to the average residential monthly bill of \$2.35, or an effective 10.4 percent overall increase for approximately 77 percent of ER's residential ratepayers. The proposed natural gas transmission rate increase will also keep ER's residential rates 7 percent below current SoCaGas residential natural gas transmission rates. Residential ratepayers that consume higher volumes of natural gas than the average residential ratepayer can expect to see higher increases than those shown above.

The COVID-19 pandemic has had a dramatic impact on the ability of many of ER customers to pay their monthly utility bills. In March 2020, recognizing the financial distress that the pandemic has caused within the community, ER implemented several policies designed to relieve the financial burden related to the pandemic – these include the suspension of utility services interruptions and all utility-related late payment fees. ER additionally requests that the City Council permanently increase the Low-Income Gas Discount rate from 5 to 20 percent to better assist income-qualified residential customers in meeting their energy needs, now and in the future. The discount is applied to gas utility bills and the higher discount rate will align ER with similar discounts offered by gas utilities throughout the state.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on October 15, 2020 and by Revenue Management Officer Geraldine Alejo on October 29, 2020.

TIMING CONSIDERATIONS

City Council action is requested on November 17, 2020, to implement the natural gas transmission rate changes effective for natural gas service received on or after December 1, 2020. The proposed natural gas transmission rate changes are intended to establish ER's natural gas utility service charges and natural gas transmission rates to be comparable or less than those of other like utilities, pursuant to Section 1502 of the Long Beach City Charter, and to adequately fund the natural gas pipeline integrity programs as required by federal and state regulations.

FISCAL IMPACT

The proposed increase to natural gas transmission rates and higher discount rates for the Low-Income Gas Discount Program are estimated to generate a net annual revenue increase of \$8.7 million to the Gas Fund Group in the Energy Resources Department. The revenue increase from gas transmission rates is estimated at \$8.9 million and is based on the annual natural gas consumption figures over the last three years. These revenues will be utilized to assist the Energy Resources Department in its ongoing investments in customer

service, natural gas pipeline replacement, and meeting the requirements in federally and statewide mandated safety and environmental regulations. The increased discount rate offered through the Low-Income Gas Discount Program is anticipated to reduce annual revenues in the Gas Fund Group by \$220,000. Actual revenues received will vary depending upon the consumption of natural gas by customers during the year as well as discount program participation levels. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



ROBERT M. DOWELL
DIRECTOR OF ENERGY RESOURCES

Attachments – Resolutions

APPROVED:



THOMAS B. MODICA
CITY MANAGER

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802-4664

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH APPROVING CHANGES TO THE
SCHEDULE OF GAS RATES

WHEREAS, Chapter 15.36 of the Long Beach Municipal Code provides that the rates, services and conditions for natural gas provided by the City's gas utility shall be established by resolution of the Long Beach City Council; and

WHEREAS, Section 1502 of the Charter of the City of Long Beach requires that the rates charged customers for services by the City's gas utility shall be based upon the prevailing rates for similar services and commodities supplied or sold by other utilities in the Southern California area; and

WHEREAS, the gas utility fees and charges, including any changes therein are identified in the rate schedules attached as an exhibit hereto; and

WHEREAS, the City Manager has submitted proposed revisions to the gas rates shown on the current gas rate schedules;

NOW, THEREFORE, the City Council of the City of Long Beach resolves as follows:

Section 1. The attached schedules of gas rates, use priorities, and conditions, and exhibits of gas fees, charges, incentives and related services are hereby approved.

Section 2. The attached schedules of gas rates, use priorities, and conditions, and exhibits of gas fees, charges, incentives, and related services, shall be effective and become operative on December 1, 2020.

Section 3. The City Manager is hereby authorized and directed to implement the gas utility rates, use priorities, conditions, fees and charges hereby adopted on the effective date.

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Section 4. The City Clerk shall certify to the passage of this resolution by the City Council and cause it to be posted in three conspicuous places within the City and it shall take effect as hereinabove set forth.

I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of _____, 2020 by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

Recusal(s): Councilmembers: _____

City Clerk

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802-4664

EXHIBIT "A"

SCHEDULE 1

RESIDENTIAL

Applicable to residential service of natural gas for cooking, water heating, space heating and other residential uses, as set forth in Section 15.36.020 of the Municipal Code.

RATES:

Residential

- | | |
|---|-----------------------|
| • Daily Service Charge per Meter | \$0.1644 |
| • Tier I Rate (per therm)
Applicable to all usage at or below daily baseline therm allowances under Special Condition (1) | \$0.7474 |
| • Tier II Rate (per therm)
Applicable to all usage above daily baseline therm allowances under Special Condition (1) | \$1.0724 |
| • Cost of Gas (per therm)
Applicable to all usage | Core Commodity Charge |

USE PRIORITY:

Service under this schedule shall be limited to residential customers who have priority in the use of gas over customers served under any of the other rate schedules at times when there is insufficient gas to supply the demands of all customers.

SPECIAL CONDITIONS:

- (1) Applicable only to specific volumes of residential cooking, water heating, space heating and other residential uses. Based on the end use for (A) single-family and individually metered dwelling units and (B) master metered multi-family dwelling units, a Daily Baseline Therm Allowance (Baseline Allowance), will be applied. Usage falling at or below the Baseline Allowance will be charged at the Tier I Rate. Usage in excess of the Baseline Allowance will be billed at the Tier II Rate.

Billing Codes	End Use for Residence	Daily Baseline Therm Allowance	
		(A) Single Family and Individually-Metered Dwelling Units (Per Unit)	(B) Master-Metered Multi-Family Dwelling Units (Per Unit)
1	Space Heating Only		
	. Summer (5/1 through 10/31)	0.473	0.000
	. Winter (11/1 through 4/30)	1.691	1.210
2	Cooking & Water Heating		
	. Summer (5/1 through 10/31)	0.473	0.477
	. Winter (11/1 through 4/30)	1.691	0.477
3	Basic Plus Space Heating		
	. Summer (5/1 through 10/31)	0.473	0.477
	. Winter (11/1 through 4/30)	1.691	1.687
4	Cooking & Space Heating		
	. Summer (5/1 through 10/31)	0.473	0.089
	. Winter (11/1 through 4/30)	1.691	1.299
5	Cooking Only		
	. Summer (5/1 through 10/31)	0.473	0.089
	. Winter (11/1 through 4/30)	1.691	0.089
6	Water Heating		
	. Summer (5/1 through 10/31)	0.473	0.388
	. Winter (11/1 through 4/30)	1.691	0.388
7	Water & Space Heating		
	. Summer (5/1 through 10/31)	0.473	0.388
	. Winter (11/1 through 4/30)	1.691	1.598
8	Medical Condition per Exhibit "A"		
	. Summer (5/1 through 10/31)	1.295	N/A
	. Winter (11/1 through 4/30)	2.513	N/A
9	Non-Essential Uses	0.000	0.000

Monthly allowance is expressed in therms as determined by the system average one therm equals 100,000 Btu.

- (2) Residential customers using gas for non-essential uses only, will pay the Tier II Rate for all usage. These non-essential uses include, but are not limited to decorative fireplaces, gas lamps and clothes dryers.
- (3) Long Beach Energy Resources' (ER) cost of gas is defined as an amount equal to ER's weighted average cost per therm of gas supply purchased, necessary to meet the forecasted Core and Non-Core demand for the month. In addition, the cost of gas shall include the cost to administer the transportation, purchasing, remarketing, balancing, etc., of ER's natural gas requirements, as well as the cost for any financial transactions implemented to reduce market exposure for the cost of gas. The gas purchased will be comprised of any one or combination of three increments of supply as follows:
 - (a) Interstate supplies delivered into the Southern California Gas Company (SoCalGas) intrastate pipeline system without consideration of SoCalGas (or any other intrastate pipeline company providing similar services) pipeline transportation and other system costs associated with intrastate delivery to the City of Long Beach (City);
 - (b) Gas storage withdrawals; and
 - (c) Any local gas delivered directly into ER's pipeline system.
- (4) The Core Commodity Charge under this Schedule will be determined on a monthly basis and shall be equal to ER's projected cost of gas. There will be no markup to the customer above ER's actual cost of gas as determined by actual expenditures, but not including any discounts or rebates.
- (5) The cost of all gas purchased by ER shall be assigned to either the Core or Non-Core Commodity Charge, according to the price of each increment. The Core demand (Rate Schedules 1, 2, 3, and 5) shall be met with sufficient volumes of the lowest cost increment(s) of gas.
- (6) The monthly Commodity Charge will be made available to customers by calling ER at (562) 570-2066 and will also be posted on the City's internet website. The actual cost of gas charged to the customer may differ from the posted rate as the customer's billing period may overlap over more than one month and therefore the billed commodity charge will reflect the weighted average commodity charge based on the number of days in each month under the customer's billing cycle.
- (7) The Commodity Charge shall be subject to adjustment as the result of tariff, pricing changes, or regulatory action that may be imposed by governmental entities having jurisdiction therein.
- (8) These rates do not apply to services provided by SoCalGas operating under franchise with the City.

SCHEDULE 2

SMALL COMMERCIAL AND INDUSTRIAL

Applicable to non-residential service of natural gas to commercial and industrial customers whose annual consumption does not exceed 12,000 therms based on the customer's prior calendar year consumption, or estimated annual consumption for new customers, as set forth in Section 15.36.030 of the Municipal Code.

RATES:

- **Daily Service Charge per Meter** \$0.4932

- **Transmission Charge (per therm)**
 - Tier I: All usage not to exceed 100 therms per summer month (April – November) or 250 therms per winter month (December – March) (prorated on a daily basis) \$0.7833

 - Tier II: All usage exceeding Tier I volumes but not exceeding 4,167 therms monthly (prorated on a daily basis) \$0.4271

 - Tier III: All usage exceeding 4,167 therms monthly (prorated on a daily basis) \$0.1882

- **Cost of Gas (per therm)**
Applicable to all usage Core Commodity Charge

USE PRIORITY:

Customers receiving service under this schedule shall have priority in the use of gas over customers served under other rate schedules, except Schedule 1 when there is curtailment or insufficient gas to supply the demands of all customers, and such customers shall be subject to discontinuance of service without notice in case of curtailment or threatened or actual shortage of gas in favor of customers under Schedule 1. The City shall not be liable for damages, which may be occasioned by the curtailment, discontinuance or shut off of such gas supply or service.

SPECIAL CONDITIONS:

- (1) At all locations where gas is furnished or used under this schedule, the customer must install separate meters to measure gas subject to a different schedule or schedules.
- (2) The Cost of Gas is defined in Special Condition 3 under Gas Rate Schedule 1 and the Core Commodity Charge is determined as set forth in Special Conditions 4 and 5 of Gas Rate Schedule 1.

For other applicable Special Conditions, refer to Special Conditions 6, 7, and 8 of Rate Schedule 1.

SCHEDULE 3

COMMERCIAL AND INDUSTRIAL

Applicable to commercial and industrial service of natural gas to customers with annual consumption in excess of 12,000 therms or less than 250,000 therms based on the customer's prior calendar year consumption, or estimated annual consumption for new customers, as set forth in Section 15.36.040 of the Municipal Code.

RATES:

- **Daily Service Charge per Meter** \$0.4932

- **Transmission Charge (per therm)**
 - Tier I: All usage not to exceed 100 therms per summer month (April – November) or 250 therms per winter month (December – March) (prorated on a daily basis) \$0.7833

 - Tier II: All usage exceeding Tier I volumes but not exceeding 4,167 therms monthly (prorated on a daily basis) \$0.4271

 - Tier III: All usage exceeding 4,167 therms monthly (prorated on a daily basis) \$0.1882

- **Cost of Gas (per therm)**
 - Applicable to all usage Core Commodity Charge

USE PRIORITY:

Customers receiving service under this schedule shall have priority in the use of gas over customers served under other rate schedules, except Schedules 1 and 2 when there is curtailment or insufficient gas to supply the demands of all customers, and such customers shall be subject to discontinuance of service without notice in case of curtailment or threatened or actual shortage of gas in favor of customers under Schedules 1 and 2. The City shall not be liable for damages, which may be occasioned by the curtailment, discontinuance or shut off of such gas supply or service.

SPECIAL CONDITIONS:

- (1) At all locations where gas is furnished or used under this schedule, the customer must install separate meters to measure gas subject to a different schedule or schedules.
- (2) The Cost of Gas is defined in Special Condition 3 under Gas Rate Schedule 1 and the Core Commodity Charge is determined as set forth in Special Conditions 4 and 5 of Gas Rate Schedule 1.

For other applicable Special Conditions, refer to Special Conditions 6, 7, and 8 of Rate Schedule 1.

SCHEDULE 4

LARGE COMMERCIAL AND INDUSTRIAL

Applicable to commercial and industrial service to customers with annual consumption in excess of 250,000 therms based on the customer's prior calendar year consumption, or estimated annual consumption for new customers, as set forth in Section 15.36.050 of the Municipal Code.

RATES:

- **Daily Service Charge per Meter** \$11.5069

- **Transmission Charge (per therm)**
 - Tier I: 0 – 20,833 therms \$0.2561
 - Tier II: 20,834 – 83,333 therms \$0.1811
 - Tier III: 83,334 – 166,667 therms \$0.1331
 - Tier IV: Over 166,667 therms \$0.0988

- **Cost of Gas (per therm)**
 - Applicable to all usage Non-Core Commodity Charge

USE PRIORITY:

Service under this schedule shall have priority in the use of gas over customers served under other rate schedules, except Schedules 1, 2, 3, and 5 when there is curtailment or insufficient gas to supply the demands of all customers, and such customers shall be subject to discontinuance of service without notice in case of curtailment or threatened or actual shortage of gas in favor of customers under Schedules 1, 2, 3, and 5. The City shall not be liable for damages, which may be occasioned by the curtailment, discontinuance or shut off of such gas supply or service.

SPECIAL CONDITIONS:

- (1) At all locations where gas is furnished or used under this schedule, the customer must install separate meters to measure gas subject to a different schedule or schedules.
- (2) Gas supplied under this schedule shall be subject to shutoff of service without notice to the customer in the event of nonpayment exceeding fifteen (15) days from the date of mailing of a statement to the customer.
- (3) Long Beach Energy Resources' (ER) cost of gas is defined as an amount equal to ER's weighted average cost per therm of gas supply purchased, necessary to meet the forecasted Core and Non-Core demand for the month. In addition, the cost of gas shall include the cost to administer the transportation, purchasing, remarketing, balancing, etc. of ER's natural gas requirements, as well as the cost for any financial transactions implemented to reduce market exposure for the cost of gas. The gas purchased will be comprised of any one or combination of three increments of supply as follows:
 - (a) Interstate supplies delivered into the Southern California Gas (SoCalGas) intrastate pipeline system without consideration of SoCalGas (or any other intrastate pipeline company providing similar services) pipeline transportation and other system costs associated with intrastate delivery to the City of Long Beach (City);
 - (b) Gas storage withdrawals; and
 - (c) Any local gas delivered directly into ER's pipeline system.
- (4) The Non-Core Commodity Charge under this Schedule will be determined on a monthly basis and shall equal ER's projected cost of gas. There will be no markup to the customer above ER's actual cost of gas as determined by actual expenditures, but not including any discounts or rebates.
- (5) The cost of all gas purchased by ER shall be assigned to either the Core or Non-Core Commodity Charge according to the price of each increment. The Non-Core demand (Rates Schedules 4 and 7) shall be met with sufficient volumes of the highest cost increment(s) of gas.
- (6) All Customers eligible for service under this Schedule, may at any time elect to switch to Schedule 9 in order to procure their own gas at a possible savings by entering into a written Transportation/Service Agreement with the City.

For other applicable Special Conditions, refer to Special Conditions 6, 7, and 8 of Rate Schedule 1.

SCHEDULE 5

COMPRESSED NATURAL GAS

Applicable to the sale of natural gas to customers who use Compressed Natural Gas (CNG) as a motor vehicle fuel, as set forth in Section 15.36.060 of the Municipal Code.

RATES:

CNG Service through a Dedicated Meter

- . Daily Service Charge \$0.4274
- . Transmission Charge (per therm)
 - Compressed: All usage when compression is performed by utility \$1.3104
 - Uncompressed: All usage when compression is performed by customer \$0.2683

Residential and CNG Service through a Single Common Meter

- . Daily Service Charge \$0.3288
- . Transmission Charge (per therm)
 - Uncompressed: All usage when compression is performed by customer \$0.2871

Cost of Gas (per therm)

Applicable to all usage

Core Commodity Charge

Upon recommendation by the Director of Long Beach Energy Resources (ER), the City Manager may adjust the amount of the Cost of Gas a maximum of 10% above or below the stated Cost of Gas to reflect current changes in market conditions.

The customer's Cost of Gas is subject to adjustment for the payment of any local, state, or federal taxes, fees, or other charges, which may be imposed on such sales or services.

USE PRIORITY:

Customers receiving service under this schedule shall have priority in the use of gas over customers served under other rate schedules except Schedules 1, 2, and 3 when there is curtailment or insufficient gas to supply the demands of all customers, and such customers shall be subject to discontinuance of service without notice in case of curtailment or threatened or actual shortage of gas in favor of customers under Schedules 1, 2, and 3. Customers receiving CNG and Residential service through a single common meter shall retain the priority established under Schedule 1. The City shall not be liable for damages, which may be occasioned by the curtailment, discontinuance shut off of such gas supply or service.

SPECIAL CONDITIONS:

- (1) At all locations where gas is furnished or used under this schedule, the customer must install separate meters to measure gas subject to a different schedule or schedules, except that customer may elect to receive both Residential and CNG service through a single meter at the rates set in this schedule.
- (2) If customer elects to receive both Residential and CNG service through a single meter the specific amounts of gas supplied for each service will be indeterminable, and customer therefore agrees to pay the Utility Users Tax on the full amount of gas supplied through the single common meter and applicable charges.
- (3) Establishment of service under this schedule is subject to initial and periodic verification of an installed natural gas vehicle (NGV) home refueling appliance at customer's address, and proof of a current NGV registration or lease listing customer's address.
- (4) The owner of any vehicle obtaining or attempting to obtain CNG fuel from a fueling station on City property shall be liable for any and all damages to CNG pumps or adjacent City property while refueling or attempting to refuel. Customers shall pay all damages within 30 days from the time billed by the City. If any damage amount is disputed within 15 days from the billing date, Customer shall provide a request in writing setting out the disputed amount and request for an adjustment, including any proof substantiating same, and shall deliver this to the Director of the ER for a determination, which shall be made in writing. Thereafter, the Customer may appeal the Director's determination to the City Council within 30 days of receipt of determination.
- (5) The Cost of Gas is defined in Special Condition 3 under Gas Rate Schedule 1 and the Core Commodity Charge is determined as set forth in Special Conditions 4 and 5 of Gas Rate Schedule 1.

For other applicable Special Conditions, refer to Special Conditions 6, 7, and 8 of Rate Schedule 1.

SCHEDULE 7

ELECTRIC GENERATION

Applicable to service of customer's gas used for the production of electrical energy.

RATES:

• **Daily Service Charge per Customer**

For Customers using less than 3 million therms per year	\$1.6438
For Customers using 3 million therms or more per year	No Charge

• **Transmission Charge (per therm)**

For Customers using less than 3 million therms per year	\$0.1760
For Customers using 3 million therms or more per year	\$0.0519

• **Cost of Gas (per therm)** Non-Core Commodity Charge Plus a Surcharge of \$0.0500

Upon recommendation by the Director of Long Beach Energy Resources (ER), the City Manager, subject to approval of City Council, may adjust on a case-by-case basis the amount of the surcharge in the Cost of Gas per therm a maximum of \$0.05 above or below the stated surcharge rate to reflect current changes in market conditions. Notice of the upcoming monthly surcharge amount will be posted at ER at least 15 days before the beginning of each month and will also be available from ER by telephone or facsimile upon request. The Non-Core Commodity Charge will be posted at ER within 10 days after the end of each month and will also be available from the ER website <http://www.longbeach.gov/energyresources> as well as by telephone or facsimile upon request.

USE PRIORITY:

Customers receiving service under this schedule shall have priority in the use of gas equal to customers served under Rate Schedule 9 and lower than Rate Schedules 1, 2, 3, 4, and 5, when there is curtailment or insufficient gas to supply the demands of all customers, and such customers shall be subject to discontinuance of service without notice in case of curtailment or threatened or actual shortage of gas in favor of customers under Schedules 1, 2, 3, 4, and 5. The City shall not be liable for damages which may be occasioned by the curtailment, discontinuance or shut off of such gas supply or service.

SPECIAL CONDITIONS:

- (1) At all locations where gas is furnished or used under this schedule, the customer must install separate meters to measure gas subject to a different schedule or schedules.
- (2) Gas supplied under this schedule shall be subject to shutoff of service without notice to the customer in the event of nonpayment exceeding 15 days from the date of mailing of a statement to the customer.
- (3) Gas transported and delivered under this schedule shall be used only by the customer.
- (4) Gas transported and delivered under this schedule shall be supplied at standard delivery pressure. Additional costs to serve a customer at higher than standard delivery pressure shall be borne by the customer.
- (5) Gas supplied under this schedule is only available for the electric generation portion of the customer's gas purchases.
- (6) As a condition precedent to service under this schedule when customer elects to procure its own gas supply, a separate Transportation/Service Agreement with the City must be executed. The Transportation/Service Agreement shall specify the terms and conditions applicable to service under this schedule. Any costs including modifications or new facilities that may be required to provide the transportation service shall be paid for in advance by the customer.
- (7) Any additional transmission costs, surcharges or penalties incurred by ER on behalf of these customers will be passed through to the customer at cost.
- (8) Customer may elect to purchase all of its gas commodity from ER if customer does the following: a) maintains a deposit with ER for the remaining term of the Agreement in an amount equal to the average of two months of gas commodity and transportation charges, b) customer advises ER 10 days before the initial month that the customer elects to purchase all of its gas from ER for the remaining term of the Agreement, and c) customer pays as agreed upon receipt of the monthly bill and is not delinquent in any prior month's billing.
- (9) The Cost of Gas is defined in Special Condition 3 under Gas Rate Schedule 4 and the Non-Core Commodity Charge is determined as set forth in Special Conditions 4 and 5 of Gas Rate Schedule 4.

For other applicable Special Conditions, refer to Special Conditions 6, 7, and 8 of Rate Schedule 1.

SCHEDULE 9

TRANSPORTATION AND EXCHANGE OF NATURAL GAS SERVICE

Applicable to natural gas procured by commercial/industrial customers with annual consumption in excess of 250,000 therms based on the customer's prior calendar year consumption, or estimated annual consumption for new customer, transported or exchanged by LBGO for the customer under Section 15.36.080 of the Municipal Code.

RATES:

• Daily Service Charge per Customer	\$11.5069
• Transmission Charge (per therm)	
Tier I: 0 – 20,833 therms	\$0.1936
Tier II: 20,834 – 83,333 therms	\$0.1186
Tier III: 83,334 – 166,667 therms	\$0.0706
Tier IV: Over 166,667 therms	\$0.0363

USE PRIORITY:

Service under this schedule provides transportation and delivery of customer-procured compatible pipeline quality gas from designated receipt points to customer premises.

Customers receiving service under this schedule shall have priority in the use of gas equal to customers served under Rate Schedule 7, and lower than Rate Schedules 1, 2, 3, 4, and 5, when there is curtailment or insufficient gas to supply the demands of all customers, and such customers shall be subject to discontinuance of service without notice in case of curtailment or threatened or actual shortage of gas in favor of customers under Schedules 1, 2, 3, 4, and 5. The City shall not be liable for damages which may be occasioned by the curtailment, discontinuance or shut off of such gas supply or service.

SPECIAL CONDITIONS:

- (1) As a condition precedent to service under this schedule, a separate Transportation/Service Agreement must be executed. The Transportation/Service Agreement shall specify the terms and conditions applicable to service under this schedule. Also, customer may be required to pay a deposit equivalent to two times the customer's estimated average monthly billing.
- (2) Any costs including modifications or new facilities that may be required to provide the transportation service shall be paid in advance by the customer.
- (3) Gas transported under this schedule shall be used only by the customer and such gas may not be sold, transported, assigned, distributed, exchanged, or otherwise transferred to benefit another customer or provide non-municipal natural gas to any natural gas user, transporter or consumer within the City.
- (4) At all locations where gas is furnished or used under this schedule, the customer must install separate meters to measure gas subject to a different schedule or schedules. The customer will be required to pay for the installation and cost of electronic meter reading equipment and monthly charges associated with such equipment.
- (5) These rates do not apply to services provided by the Southern California Gas Company operating under franchise with the City.
- (6) Any additional transmission costs or surcharges incurred by the City on behalf of these customers will be passed through to the customer at cost.

EXHIBIT "A"

SCHEDULE 1 – RESIDENTIAL

SPECIAL CONDITIONS: **ADDITIONAL DAILY BASELINE THERM ALLOWANCE FOR PERSONS WITH CERTAIN MEDICAL CONDITIONS – EFFECTIVE DECEMBER 1, 1997**

As required by City of Long Beach Municipal Code, Chapter 15.36.020 Section D.3, Schedule 1 – Residential Customers, an additional daily baseline allowance of .822 therms shall be allowed to a residential customer using gas for space heating and/or daily use of natural gas-operated life support equipment under the following definitions and conditions:

1. Definitions:

"Hemiplegic" means paralysis of one lateral half of the body or part of it.

"Life support equipment" means that equipment which utilizes mechanical or artificial means to sustain, restore, or supplant a vital function. It is life support equipment that requires daily use of natural gas for functioning of the medical equipment. Life support equipment does not include apparatus or appliances used in a hospital or medical clinic, nor does it include therapeutic devices such as pool or tank heaters, saunas, or hot tubs.

"Life threatening illness" means a severe medical condition that requires additional space heating which is medically necessary to sustain the life of the person or prevent deterioration of the person's medical condition.

"Paraplegic" means paralysis of the lower half of the body.

"Quadriplegic" means paralysis of both arms and both legs.

"Residential customer" means a customer or person residing with a customer receiving gas service under Schedule 1 including service to residential dwelling units and mobile home units; but excluding industrial, commercial and every other category of customer (including rooming or boarding houses, rest homes, dormitories, convalescent or care facilities, military barracks, hospitals, stores, restaurants, and other similar establishments; or central heating plants serving a combination of residential and commercial uses).

2. A person who is permanently residing at the service address is or has one or more the following medical conditions: (i) has emphysema and requires positive pressure breathing apparatus, (ii) has had pneumonia three (3) or more times in twelve (12) months as a result of a chronic illness, (iii) has paralysis of two (2) or more limb extremities, or has multiple sclerosis, (viii) scleroderma, or (xi) is being treated for a life-threatening illness, or (x) has a compromised system.
3. To qualify for the additional baseline therm allowance, a person with one or more of the medical conditions in paragraph 2, shall file an application with the Commercial Services Bureau (the "Bureau"), upon a form supplied by the Bureau. The applicant shall recite facts under oath on the form which qualify the applicant for the additional baseline therm allowance. The application shall also require a licensed physician or osteopath to certify under oath on the form, the existence of one or more of the medical conditions described in paragraph 2 above.
4. The Bureau shall review all such applications and certify those applicants determined to qualify for the additional therm allowance. The additional therm allowance shall not be retroactive prior to the date of certification of the application by the Bureau. All eligible applications shall continue and be renewed automatically by the Bureau so long as the prerequisite facts supporting the initial qualification for medical conditions shall continue, provided, however, that the Bureau shall have the discretion to review and request additional certification of a medical condition annually or as determined necessary by the Bureau. A customer's additional baseline therm allowance shall terminate automatically with any change in customer, service address or residence. Any individual qualifying for the additional baseline therm allowance, or the customer in whose name service is billed, if different from the applicant, shall notify the Commercial Services Bureau within ten (10) days of any change in fact or circumstances which might disqualify the residential customer from receiving such additional baseline therm allowance.
5. It shall be a misdemeanor for any person to knowingly provide false information in an application or to knowingly receive the benefits of the additional baseline therm allowance for a medical condition provided herein when the basis for such benefit either does not exist or ceases to exist.

EXHIBIT "B"

GAS EQUIPMENT INCENTIVES

Applicable to gas equipment incentives pursuant to Section 15.36.095 of the Municipal Code:

In order to assist customers in determining the feasibility of natural gas energy and the potential benefits of natural gas equipment, Long Beach Energy Resources (ER) will offer to all qualifying customers, subject to the availability of funds, incentives for the cost of feasibility studies and/or the purchase of new or replacement commercial or industrial gas equipment to be installed and used by customers for energy-efficiency purposes.

A. Program Objectives:

1. Persuade existing nonresidential customers to install new gas equipment to reduce their overall energy costs and thereby increase their productivity and profitability.
2. Encourage the placement of new businesses into the Long Beach area by offering incentives comparable to incentives offered by other utilities in the Southern California area.
3. Demonstrate that nonresidential gas equipment is a cost competitive alternative to electric technologies.
4. Increase the amount of nonresidential gas usage during the off-peak summer to reduce average operating costs by balancing the system load.
5. Improve ER's long-term revenue by offering incentives only to customers with projects, which contribute a positive cash flow to the City with a reasonable payback period balanced against the actual amount of the incentive.

B. Customer Application

Customers shall file a written application with the Director of Long Beach Energy Resources on forms provided by the City. The application shall include:

1. The name and address of the applicant,
2. The type of gas equipment being considered for purchase/replacement,

3. The size or capacity of the equipment and the volume of expected natural gas consumption,
4. The applicant's forecasted payback period,
5. The applicant's forecast of time for implementation of studies or gas equipment purchases,
6. Estimates of cost of feasibility studies,
7. Estimates of cost of natural gas equipment,
8. Profit/loss statements or other relevant financial data as requested.

C. Customer Selection

The customer's application will be evaluated by the Director of Long Beach Energy Resources based upon the following criteria:

1. The information provided by the customer on the application,
2. The applicant's willingness to share relevant data and provide access to the facility,
3. The applicant's forecasted time requirements,
4. Any prior equipment incentives provided by Long Beach Energy Resources to the applicant,
5. Public policy considerations,
6. The availability of funds,
7. The balance of the cost of the incentive against the long-term benefits provided by related incremental gas sales.

SPECIAL CONDITIONS:

- (1) As a condition precedent to granting an incentive, a separate Equipment Incentive/Feasibility Study Agreement must be executed and approved by the City Council. The Equipment Incentive/Feasibility Study Agreement shall specify the terms and conditions applicable to incentives under this program.
- (2) These incentives do not apply to services provided by the Southern California Gas Company operating under franchise with the City.

1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH APPROVING AN INCREASE TO
5 THE DISCOUNT GAS RATE FOR QUALIFIED LOW-
6 INCOME GAS CUSTOMERS
7

8 WHEREAS, Chapter 15.36 of the Long Beach Municipal Code provides that
9 the rates, services and conditions for natural gas provided by the City's gas utility shall be
10 established by resolution of the Long Beach City Council; and

11 WHEREAS, the City has previously established a low-income gas discount
12 program allowing certain qualified gas customers to apply for and receive a discount on
13 their gas bill equal to approximately five percent (5%) of such bill; and

14 WHEREAS, other gas utilities operating in the Southern California area
15 offer similar low-income gas discount programs, but with a higher discount rate; and

16 WHEREAS, the City Manager has submitted a proposed revision to the
17 discount rate applicable to qualified applicants for consideration by the City Council;

18 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
19 follows:

20 Section 1. Effective for gas service billings generated on or after
21 December 1, 2020, the low-income gas discount rate shall be equal to twenty percent
22 (20%) and shall be applied in accordance with existing rules and regulations governing
23 the City's low-income gas discount program. Except as specifically amended hereby,
24 such program rules and regulations otherwise remain unchanged and are hereby
25 affirmed.

26 Section 2. The City Manager is hereby authorized and directed to
27 implement the low-income gas discount rate adopted on the effective date hereinabove
28 set forth.

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802-4664

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Section 3. The City Clerk shall certify to the passage of this resolution by the City Council and cause it to be posted in three conspicuous places within the City and it shall take effect as hereinabove set forth.

I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of _____, 2020 by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

Recusal(s): Councilmembers: _____

City Clerk