City of Long Beach

411 West Ocean Boulevard
Long Beach, CA 90802

Legislation Details (With Text)

File #:	17-0351	**Version:**	1	**Name:**	LBGO - Gas Transportation Service Agrmnts
Type:	Resolution			**Status:**	Adopted
File created:	4/21/2017			**In control:**	City Council
On agenda:	5/9/2017			**Final action:**	5/9/2017
Title:	Recommendation to adopt resolution authorizing City Manager, or designee, to execute Customer Natural Gas Transportation/Service Agreements and all necessary amendments between the City of Long Beach and utility customers that procure their natural gas supply from third-party marketers, for a period of five years, with automatic one-year renewal options, at the discretion of the City Manager. (Citywide)				
Sponsors:	Long Beach Gas and Oil				
Indexes:	Agreements				
Code sections:					
Attachments:	1. 050917-R-18sr&att.pdf, 2. 050917-R-18sr&att.pdf, 3. RES-17-0049.pdf				

Date	Ver.	Action By	Action	Result
5/9/2017	1	City Council	approve recommendation and adopt	Pass

Recommendation to adopt resolution authorizing City Manager, or designee, to execute Customer Natural Gas Transportation/Service Agreements and all necessary amendments between the City of Long Beach and utility customers that procure their natural gas supply from third-party marketers, for a period of five years, with automatic one-year renewal options, at the discretion of the City Manager. (Citywide)

Similar to other California natural gas utilities, the Long Beach Gas and Oil Department (LBGO) permits certain customer classifications to procure natural gas supply from third-party marketers and use the City of Long Beach's pipeline system to transport this gas to end-user facilities. Customers permitted to acquire natural gas supplies from third-parties are primarily LBGO's largest customers and must be classified under Gas Rate Schedule 5 (Compressed Natural Gas), Schedule 7 (Electric Generation), or Schedule 9 (Transportation and Exchange). While these customers are not charged for the natural gas commodity, they are charged transmission rates that correspond to their rate classification.

On June 12, 2012, the City Council approved Customer Natural Gas Transportation/Service Agreements (Agreements) with ten customers: National Gypsum, Long Beach Memorial Hospital, Toyota, Asphalt Products, American Textile, Community Hospital, St. Mary's Hospital, Bloom Energy, California State University Long Beach, and Home Depot (fuel cells). These Agreements will expire on July 31, 2017. New Agreements must be executed to ensure uninterrupted service to these customers. The Agreements will be for an initial five-year period, after which the Agreements will renew automatically each year. Any party may terminate the Agreement at any time by giving the other party 90 days prior written notice.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on April 11, 2017 and

by Revenue Management Officer Geraldine Alejo on April 17, 2017.

Current Customer Natural Gas Transportation/Service Agreements terminate July 31, 2017. City Council action is requested on May 9, 2017, to establish new Natural Gas Transportation/Service Agreements.

Revenue received through these agreements will be deposited in the Gas Fund (EF 301) in the Long Beach Gas and Oil Department (GO). Annual revenue is currently estimated at $1,200,000 but will vary based on the actual demand by the customers for natural gas. There is no local job impact associated with this recommendation.

Approve recommendation.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH AUTHORIZING THE CITY MANAGER, OR DESIGNEE, TO EXECUTE NATURAL GAS TRANSPORTATION/SERVICE AGREEMENTS AND ANY AMENDMENTS THERETO, BETWEEN THE CITY AND SCHEDULES 5,7 AND 9 TRANSPORTATION CUSTOMERS OF THE LONG BEACH GAS & OIL DEPARTMENT

ROBERT DOWELL
DIRECTOR OF LONG BEACH GAS AND OIL

APPROVED:

PATRICK H. WEST
CITY MANAGER