

Gas Fund Revenue Sources

March 13, 2025

Federal: Natural Gas Deregulation

Federal Natural Gas Policy Act of 1978

- Ended utilities' control over gas supply chain
- Allowed gas buyers access to suppliers of choice and access to interstate and intrastate pipelines
- Long Beach first purchased natural gas in deregulated market in 1986
- Created both wholesale and retail gas markets

Federal Energy Regulatory Commission Order 636; Nov 1992

- Known as “The Final Restructuring Rule”
- Complete deregulation of natural gas industry
- Required utilities to separate gas commodity charges from delivery charges on customers' bills



State Regulations: Cap-and-Trade Program

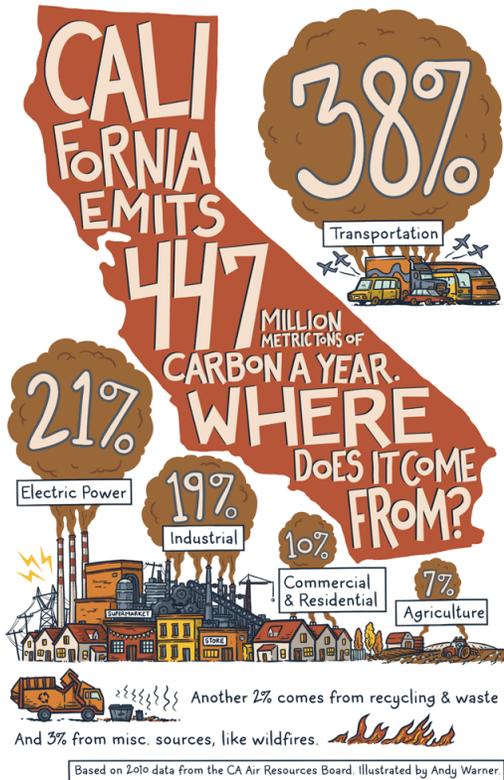


In 2006, under Governor Schwarzenegger, California adopted AB 32

- AB 32 is also called the California Global Warming Solutions Act
- Also known as the **Cap-and-Trade Program**

State Regulations: Cap-and-Trade Program

Intended to reduce greenhouse gas emissions



- The California Air Resources Board (CARB) governs the Cap-and-Trade program
 - California Code of Regulations Section, Title 17, Section 95893 – Allocation to Natural Gas Suppliers for Protection of Natural Gas Ratepayers
- Regulates transportation, industrial, commercial, electric generation, and natural gas utilities
- Mandatory reporting for gas utilities began in 2015

Gas Revenue Sources



CITY OF LONG BEACH
UTILITY SERVICES
POST OFFICE BOX 630
LONG BEACH, CA 90842-0001

CUSTOMER SERVICE: (562) 570-5700
PAY BY PHONE: (833) 408-8405
WWW.LONGBEACH.GOV/UTILITYBILLING

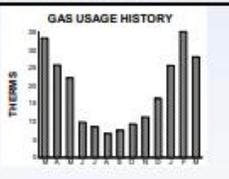
REGULAR BILL

ACCOUNT INFORMATION

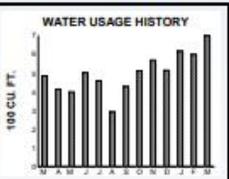
ACCOUNT NUMBER: XXXXXX0
ACCOUNT NAME: XXXXXXX
SERVICE ADDRESS: XXXXXXXX
BILLING DATE: XXXXXXXX

HISTORICAL USAGE

GAS USAGE HISTORY



WATER USAGE HISTORY



Water Usage	CCF/Day	Gal/Day
This Year	0.22	165
Last Year	0.17	127

SPECIAL MESSAGE

GAS				\$49.74
SERVICE PERIOD: 01/30/25 TO 03/03/25				
METER READ: 4236 - 4263 BTU Conv Factor 1.029879				
	<u>THERMS</u>	<u>RATE</u>	<u>TOTAL</u>	
GAS SERVICE CHARGE	(32 DAYS)	0.164400	5.26	
TIER I USAGE	28	0.751900	21.05	
COST OF GAS	28	0.656786	18.39	
(AB32) CA CARBON REDUCTION	28	0.18	5.04	
WATER/SEWER				\$63.63
SERVICE PERIOD: 01/30/25 TO 03/03/25				
METER READ: 245 - 252				
	<u>100 CU. FT.</u>	<u>RATE</u>	<u>TOTAL</u>	
WATER SERVICE CHARGE	(32 DAYS)	0.8870	28.38	
TIER I USAGE	6	3.1020	18.61	
TIER II USAGE	1	5.9390	5.94	
SEWER SERVICE CHARGE	(32 DAYS)	0.2680	8.58	
SEWER USAGE	5	0.4240	2.12	
REFUSE				\$38.43
SERVICE PERIOD: 01/31/25 TO 03/04/25				
REFUSE SERVICE CHARGE	(32 DAYS)	1.2009	38.43	
ACCOUNT ACTIVITY				
PREVIOUS BILL				\$161.03
PAYMENT RECEIVED - 02/10/25				-\$161.03
BALANCE FORWARD				\$0.00
NEW CHARGES (GAS, WATER, SEWER, REFUSE)				\$151.80
UTILITY USERS TAX = 5% (GAS, WATER)				\$4.89
CURRENT CHARGES				\$156.69
TOTAL AMOUNT DUE			\$156.69	
DUE DATE			03/24/25	

Revenues deposited into the Gas Fund are collected

- Gas service charge
- Usage Charges (Tier I & II)
- Cost of Gas
- AB 32 CA Carbon Reduction

Gas Revenue Sources

Revenue Component	Description	Allowable Uses
Gas Service Charge	Fixed daily service charge equates to about \$5 per month	Covers costs related to gas transmission, infrastructure maintenance, customer services
Usage Charges	Tier I, lower priced, volumetric charge applied to first 52 therms (during winter months) Tier II, higher priced, volumetric charge applied to usage above 52 therms	Covers costs related to gas transmission, infrastructure maintenance, customer services
Cost of Gas	The actual gas commodity purchased in the market, passed through to the customer without any markup or profit	Pass-through revenues, regulated by Federal Energy Regulatory Commission Order 636
AB 32 CA Carbon Reduction	In compliance with State legislation, a fee related to greenhouse gas emission reductions	Encumbered revenues, expenditures governed by California Code of Regulations Section, Title 17, Section 95893 – Allocation to Natural Gas Suppliers for Protection of Natural Gas Ratepayers

Recommendation

Recommendation to receive an overview of Gas Fund revenue sources.



LONG BEACH
Utilities
Water · Gas · Sewer