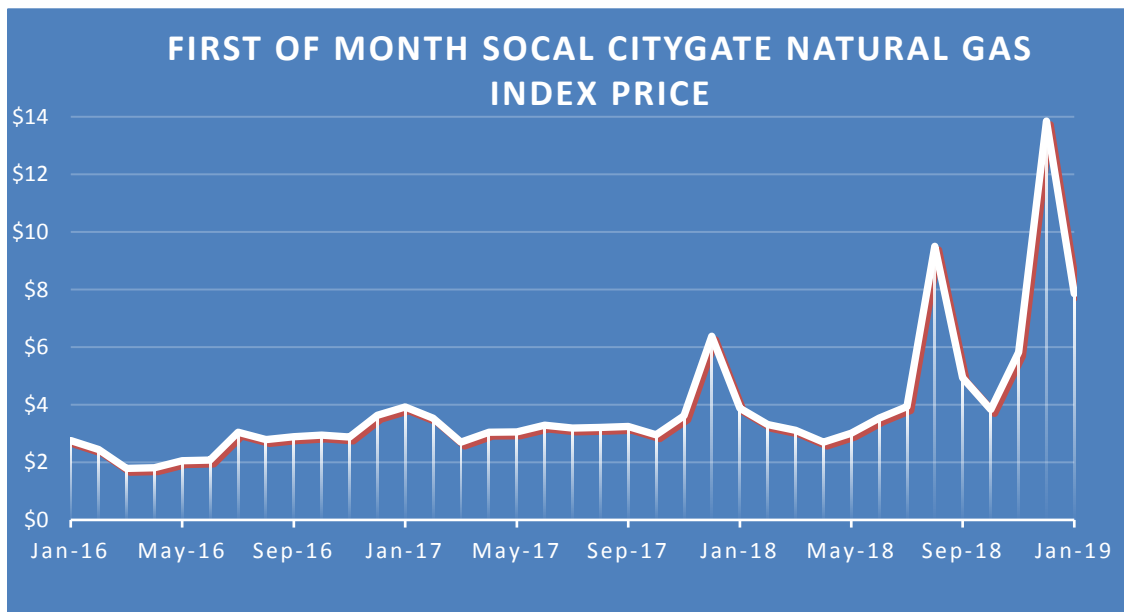


ENERGY RESOURCES

The Long Beach Energy Resources Department (ER) is a wholesale transmission customer of the Southern California Gas Company (SoCalGas). What that means is that ER purchases and imports out of state natural gas that is sold to our customers through the SoCalGas pipeline system. This is the only means available to ER to purchase natural gas for delivery to the residents and businesses in the City of Long Beach. The wholesale cost of the natural gas purchased at the SoCal CityGate hub is passed directly on to ER's customers with absolutely no added costs. ER has not increased its service charge or its transmission gas rates in over two years.

Recent dramatic increases in gas wholesale commodity prices have led to significant increases for many ER natural gas customers. The current 2018-19 winter season has experienced greater price fluctuations due primarily to ongoing pipeline maintenance and storage issues on the SoCalGas system which has caused sharp increases in the wholesale cost of natural gas at the SoCal CityGate hub. The factors contributing to the price fluctuations include:

- Several SoCalGas pipelines operating at reduced or limited capacity due to planned and unplanned maintenance activities.
- Decreased availability from SoCalGas underground gas storage inventories due to operating limitations placed on its storage facilities as a result of the 2015 gas leak at the Aliso Canyon storage facility. Storage inventories this 2018-19 winter heating season are at the lowest levels in more than a decade.
- A recent explosion on a pipeline that delivers gas to Northern California has increased demand resulting in Northern California utilities competing for gas in the Southern California market.



As a result of these factors, wholesale natural gas prices have increased. The chart above illustrates the increases peaking in December 2018 (\$13.85/Dth). January and February 2019 price continue fall back.

In general, a monthly gas bill is based on two factors, (1) the cost of gas and (2) the amount of gas used. Cooler than average December 2018 temperatures drove an increase in the amount of gas used. The increased usage combined with the increased cost of gas drove the average residential customer increase in December 2018 to between \$25 and \$36 greater than in December 2017. Individual accounts varied.

Though price fluctuations of this magnitude are rare, The Energy Resources Department will work to inform its customers in advance of pending prices spikes utilizing bill messaging, website and social media postings.

The Energy Resources Department stands ready to assist its customers through this difficult period. Department Call Center staff can provide **Payment Arrangement** over several months. In addition to payment arrangement plans, the Department also offers a **Level Pay Plans** in which a year's worth of bill are averaged over 12 months, which in most cases lowers bill payments during winter months.

ER also offers assistance for qualified households. Please visit our website at: <http://longbeach.gov/UtilityServices/Billing-and-Payments/Utility-Assistance/>

For energy savings tips, customers are asked to visit: <http://longbeach.gov/globalassets/utility-services/media-library/documents/energy-saving-tips>

Should you have any questions, please contact Tony Foster, Manager of Business Operations, at (562) 570-2015.