



# City of Palo Alto

## City Council Staff Report

(ID # 7260)

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**Report Type: Consent Calendar**

**Meeting Date: 10/17/2016**

**Summary Title: Amend Gas Rates with Transportation Charge**

**Title: Utilities Advisory Commission Recommendation That the City Council Adopt a Resolution Amending Utility Gas Rate Schedules G-1, G-1-G, G-2, G-2-G, G-3, G-3-G, G-10 and G-10-G to Include a Separate Transportation Charge as a Discrete Pass-Through Component and to Reduce the Distribution Charge by the Initial Transportation Charge Amount of \$1.1088 per Therm Effective November 1, 2016**

**From: City Manager**

**Lead Department: Utilities**

### **Recommendation**

Staff and the Utilities Advisory Commission (UAC) recommend that the City Council adopt a resolution (Attachment A) to amend Utility Gas Rate Schedules G-1, G-1-G, G-2, G-2-G, G-3, G-3-G, G-10 and G-10-G, as attached (Attachment B), to separately identify, as a pass-through rate component, a Transportation Charge, and reduce the Distribution Charge by the initial Transportation Charge amount of \$0.1088 per therm.

### **Executive Summary**

Natural gas purchased by the City of Palo Alto (CPAU) Gas Utility for its customers is brought to Palo Alto via Pacific Gas and Electric's (PG&E)'s transportation pipelines. The cost that CPAU pays to use those pipelines is based on the applicable PG&E transportation rate schedule, G-WSL, which was increased effective August 1, 2016. This rate schedule is under the purview of the California Public Utilities Commission (CPUC). Staff receives little notice as to when transportation rate changes will take effect or what the final rate will be.

Staff proposes that, both due to the uncertainty in timing and to minimize potential under/over collection of funds with regards to transportation charges, that the City's Gas Transportation Charge be: 1) listed as a separate item on the gas rate schedules and customer bills as a separate item; and 2) be allowed to change to directly pass through PG&E's G-WSL rate for Palo Alto.

Due to the relatively small difference between staff's estimate and the final value of the G-WSL

rate, the initial change to the residential and commercial gas rates will be revenue-neutral, decreasing the Distribution Charge the same amount as the initial Transportation Charge. The City's compressed natural gas (CNG) facility will see a slight rate increase.

The Utilities Advisory Commission reviewed the proposal at its August 31, 2016, meeting and voted unanimously to recommend Council approve the proposed resolution.

### **Background**

CPAU's natural gas is transported to Palo Alto's gas distribution system via PG&E's transportation pipelines. The cost that PG&E charges CPAU for transportation services is stated on PG&E's Gas Transportation Service to Wholesale/Resale Customers (G-WSL) tariff sheet. This schedule applies to Palo Alto and other cities and agencies who procure natural gas for resale (such as Coalinga, Island Energy, and others). As the CPUC oversees PG&E's rates, and while staff can and does provide input when changes to the G-WSL rate are proposed, staff does not know when the CPUC will: (1) approve the new rate, (2) set a date for when it will become effective, or (3) determine to what extent the final approved rates will differ from PG&E's proposed rates.

On December 19, 2013, PG&E filed its application for revised Gas Transmission and Storage (GT&S) rates for the period of 2015 through 2017. While a decision was initially anticipated by March 2015, several subsequent events created delays. Briefs were filed by several parties, including Palo Alto, and final oral arguments were heard in October 2015. Safety related costs pertaining to PG&E's response to the San Bruno pipeline explosion caused additional postponements, and changes to rates due to that investigation were moved to a separate hearing item that are still under evaluation by the CPUC. On June 23, 2016, the CPUC announced the most recent change to G-WSL, effective August 1, 2016.

Staff closely followed the proceedings and the proposed rate and the proposed timing of the effective date for the rate changed many times over the last couple of years. The uncertainty of when, and by how much, the rate would change caused budgeting uncertainty

### **Discussion**

As of August 1, 2016, PG&E's G-WSL rate increased from \$0.043 to \$0.107 per therm, a 249% increase. Staff anticipated that the transportation rate would rise significantly based on the GT&S proceedings and increased costs for transportation were included in the fiscal year (FY) 2017 budget. However, due to timing and cost uncertainties which are outside of Palo Alto's control, staff proposes separating out the transportation cost from the distribution costs and showing it on the rate schedule as a separate Transportation Charge. As with the monthly-varying Commodity Charge, staff recommends making the Transportation Charge a 'pass-through' charge, based on the PG&E's G-WSL rate applicable for Palo Alto, accounting for delivery losses.

Staff expected and budgeted for an average transportation rate of \$0.106/therm, and the

August G-WSL average rate is very close to that (\$0.107/therm). The G-WSL rate includes a small fixed charge and a volumetric charge. Staff proposes to pass through the volumetric portion of the G-WSL rate adjusted for the City's distribution system losses. The volumetric portion of the G-WSL rate that went into effect August 1, 2016 is \$0.10553/therm. Therefore, the initial Transportation Charge would be \$0.1088/therm (\$0.10553/therm times 1.031, the City's distribution system loss factor of 3.1%). The Distribution Charge would be reduced by the initial Transportation Charge (\$0.1088/therm), resulting in a revenue-neutral rate change for almost all customers. The City's CNG facility (G-10 rate schedules) will have a slight rate increase, as described below.

Staff proposes to include a minimum (\$0) and a maximum (\$0.15/therm) range on the Transportation Charge. Any future changes to the G-WSL rate will be passed through to customers as they become effective to CPAU. Changes to the Transportation Charge will be posted on the City's website. In addition, staff proposes to list the Transportation Charge as one of the Supply Cost components (along with the Commodity and the Cap and Trade Compliance charges) as this cost is related to delivering the commodity to Palo Alto and the Distribution Charges are related to the cost to deliver gas to customers in Palo Alto.

#### CNG facility rates (G-10 and G-10G)

Gas rates were increased 8% effective July 1, 2016. This rate increase did not wholly recover costs, but required a drawdown of reserves to cover shortfalls. Separating out the Transportation Charge from the Distribution Charge on a revenue-neutral basis for most customers maintains this shortfall. However, the CNG facility is a special case as it is directly connected to PG&E's high-pressure line from PG&E and does not utilize CPAU's distribution system, but is still allocated transportation and administrative related costs. Since the existing rates are under-collecting for these components, including the transportation costs as a separate charge results in a rate increase for the CNG facility of about \$2,400 in FY 2017.

#### **Committee Review and Recommendation**

The UAC reviewed staff's recommendation at its August 31, 2016, meeting and voted unanimously to support staff's recommendation. The minutes to the UAC meeting are provided as Attachment C.

#### **Resource Impact**

As part of the FY 2017 budget calculations, staff assumed that the average transportation cost would be \$0.106/therm, while the final average August G-WSL rate ended up being \$0.107/therm. The difference is estimated to be less than \$30,000 during FY 2017, and can be absorbed by existing budget. In addition, the proposed rate change will increase costs for the City's CNG facility by about \$2,400 in FY 2017 which will be absorbed by existing budget.

#### **Policy Implications**

This recommendation does not represent a change to current City policies. The proposed revisions do not have any policy implications.

**Environmental Review**

Adoption of this resolution changing gas rates to meet operating expenses and meet financial reserve needs is not subject to the California Environmental Quality Act (CEQA), pursuant to California Public Resources Code Sec. 21080(b)(8) and Title 14 of the California Code of Regulations Sec. 15273(a).

**Attachments:**

- Attachment A: Resolution Amending Gas Rate Schedules G-1, G-1-G, G-2, G-2-G, G-3, G-3-G, G-10 and G-10-G (PDF)
- Attachment B: Gas Rate Schedules G-1, G-1-G, G-2, G-2-G, G-3, G-3-G, G-10 and G-10-G (PDF)
- Attachment C: Excerpted Draft UAC Minutes of August 31, 2016 Special Meeting (PDF)

NOT YET APPROVED

Resolution No. \_\_\_\_\_

Resolution of the Council of the City of Palo Alto Amending Rate Schedules G-1 (Residential Gas Service), G-1-G (Residential Green Gas Service), G-2 (Residential Master-Metered and Commercial Gas Service), G-2-G (Residential Master-Metered and Commercial Green Gas Service), G-3 (Large Commercial Gas Service), G-3-G (Large Commercial Green Gas Service), G-10 (Compressed Natural Gas Service Service) and G-10-G (Compressed Natural Green Gas Service) Effective November 1, 2016

## R E C I T A L S

A. The City's transportation costs for gas are based on the current Pacific Gas and Electric Company's (PG&E's) G-WSL rate for Palo Alto.

B. Due to the variability in PG&E's G-WSL, largely dependent on when the California Public Utilities Commission approves new rates, sets an effective date and makes a determination on the extent to which the final rates will deviate from PG&E's proposed rates, the City has determined that it is best to identify the Transportation Charge as a separate, pass-through component of the City's rates so that these transportation costs can be fully and timely recovered.

C. The initial Transportation Charge (\$0.1088 per therm) will be subtracted from the existing Distribution Charges on the G-1, G-1-G, G-2, G-2-G, G-3 and G-3-G rate schedules, resulting in a revenue neutral change to these rates. The G-10 and G-10-G schedules will see an initial \$0.0218/therm increase. Future Transportation Charge changes will not result in changes to other rate components.

D. The Transportation Charge will be based on PG&E's G-WSL rate for Palo Alto, accounting for delivery losses to the Customer's Meter, and will be updated whenever the G-WSL is changed.

E. Pursuant to Chapter 12.20.010 of the Palo Alto Municipal Code, the Council of the City of Palo Alto may by resolution adopt rules and regulations governing utility services, fees and charges.

The Council of the City of Palo Alto does hereby RESOLVE as follows:

SECTION 1. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule G-1 (Residential Gas Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule G-1, as amended, shall become effective November 1, 2016.

SECTION 2. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule G-1-G (Residential Green Gas Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule G-1-G, as amended, shall become effective November 1, 2016.

NOT YET APPROVED

SECTION 3. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule G-2 (Residential Master-Metered and Commercial Gas Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule G-2, as amended, shall become effective November 1, 2016.

SECTION 4. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule G-2-G (Residential Master-Metered and Commercial Green Gas Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule G-2-G, as amended, shall become effective November 1, 2016.

SECTION 5. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule G-3 (Large Commercial Gas Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule G-3, as amended, shall become effective November 1, 2016.

SECTION 6. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule G-3-G (Large Commercial Green Gas Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule G-3-G, as amended, shall become effective November 1, 2016.

SECTION 7. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule G-10 (Compressed Natural Gas Service Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule G-10, as amended, shall become effective November 1, 2016.

SECTION 8. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule G-10-G (Compressed Natural Green Gas Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule G-10-G, as amended, shall become effective November 1, 2016.

SECTION 9. The Council finds that the revenue derived from the adoption of this resolution shall be used only for the purpose set forth in Article VII, Section 2, of the Charter of the City of Palo Alto.

SECTION 10. The Council finds that the fees and charges adopted by this resolution are charges imposed for a specific government service or product provided directly to the payor that are not provided to those not charged, and do not exceed the reasonable costs to the City of providing the service or product.

SECTION 10. The Council finds that the adoption of this resolution changing gas rates to meet operating expenses and meet financial reserve needs is not subject to the California Environmental Quality Act (CEQA), pursuant to California Public Resources Code Sec. 21080(b)(8) and Title 14 of the California Code of Regulations Sec. 15273(a). After reviewing the staff report and all attachments presented to Council, the Council incorporates these

NOT YET APPROVED

documents herein and finds that sufficient evidence has been presented setting forth with specificity the basis for this claim of CEQA exemption.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

APPROVED AS TO FORM:

APPROVED:

\_\_\_\_\_  
Senior Deputy City Attorney

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
Director of Utilities

\_\_\_\_\_  
Director of Administrative Services

ATTACHMENT B

RESIDENTIAL GAS SERVICE

UTILITY RATE SCHEDULE G-1

A. APPLICABILITY:

This schedule applies to the following Customers receiving Gas Service from City of Palo Alto Utilities:

- 1. Separately-metered single-family residential Customers.
2. Separately-metered multi-family residential Customers in multi-family residential facilities.

B. TERRITORY:

This schedule applies anywhere the City of Palo Alto provides Gas Service.

C. UNBUNDLED RATES:

Per Service

Monthly Service Charge: .....\$10.32

Tier 1 Rates:

Per Therm

Supply Charges:

- 1. Commodity (Monthly Market Based)..... \$0.10-\$2.00
2. Cap and Trade Compliance Charge .....\$0.00-\$0.25
3. Transportation Charge.....\$0.00-\$0.15

Distribution Charge:.....\$0.50213933

Tier 2 Rates: (All usage over 100% of Tier 1)

Supply Charges:

- 1. Commodity (Monthly Market Based)..... \$0.10-2.00
2. Cap and Trade Compliance Charge .....\$0.00-\$0.25
3. Transportation Charge.....\$0.00-\$0.15

Distribution Charge:.....
.....\$1.04070.931

9

D. SPECIAL NOTES:

1. Calculation of Cost Components

CITY OF PALO ALTO UTILITIES

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CITY OF PALO ALTO UTILITIES



## RESIDENTIAL GAS SERVICE

### UTILITY RATE SCHEDULE G-1

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or Taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

The Commodity Charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, accounting for delivery losses to the Customer's Meter.

The Cap and Trade Compliance Charge reflects the City's cost of regulatory compliance with the state's Cap and Trade Program, including the cost of acquiring compliance instruments sufficient to cover the City's Gas Utility's compliance obligations. The Cap and Trade Compliance Charge will change in response to changing market conditions, retail sales volumes and the quantity of allowances required.

The Transportation Charge is based on the current PG&E G-WSL rate for Palo Alto, accounting for delivery losses to the Customer's Meter.

The Commodity, ~~and~~ Cap and Trade Compliance and Transportation Charges will fall within the minimum/maximum ranges set forth in Section C.

#### 2. Seasonal Rate Changes:

The Summer period is effective April 1 to October 31 and the Winter period is effective from November 1 to March 31. When the billing period includes use in both the Summer and the Winter periods, the usage will be prorated based on the number of days in each seasonal period, and the charges based on the applicable rates for each period. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

#### 3. Calculation of Usage Tiers

Tier 1 natural gas usage shall be calculated and billed based upon a level of 0.667 therms per day during the Summer period and 2.0 therms per day during the Winter period, rounded to the nearest whole therm, based on meter reading days of service. As an example, for a 30 day bill, the Tier 1 level would be 20 therms during the Summer period and 60 therms during the Winter period months. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

*{End}*

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## CITY OF PALO ALTO UTILITIES

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Supersedes Sheet No G-1-2  
dated ~~27~~-1-2015~~6~~



CITY OF PALO ALTO  
UTILITIES

Effective ~~7~~11-1-2016  
Sheet No G-1-2

**RESIDENTIAL GREEN GAS SERVICE**

UTILITY RATE SCHEDULE G-1-G

**A. APPLICABILITY:**

This schedule applies to the following Customers receiving Gas Service from the City of Palo Alto Utilities under the PaloAltoGreen Gas Program:

1. Separately-metered single-family residential Customers.
2. Separately-metered multi-family residential Customers in multi-family residential facilities.

**B. TERRITORY:**

This schedule applies anywhere the City of Palo Alto provides Gas Service.

**C. UNBUNDLED RATES:**

Per Service

Monthly Service Charge: .....\$10.32

Tier 1 Rates:

Per Therm

Supply Charges:

- |   |                      |
|---|----------------------|
| 1. Commodity (Monthly Market Based).....  | \$0.10-\$2.00        |
| 2. Cap and Trade Compliance Charges ..... | \$0.00-\$0.25        |
| <u>3. Transportation Charge .....</u>     | <u>\$0.00-\$0.15</u> |

Distribution Charge:.....\$0.~~50~~213933

PaloAltoGreen Gas Charge..... \$0.1200

Tier 2 Rates: (All usage over 100% of Tier 1)

Supply Charges:

- |  |                      |
|--|----------------------|
| 1. Commodity (Monthly Market Based)..... | \$0.10-2.00          |
| 2. Cap and Trade Compliance Charges..... | \$0.00-\$0.25        |
| <u>3. Transportation Charge .....</u>    | <u>\$0.00-\$0.15</u> |

Distribution Charge:.....\$~~1.04~~070.9319

PaloAltoGreen Gas Charge..... \$0.1200

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**CITY OF PALO ALTO UTILITIES**

Issued by the City Council

Supersedes Sheet No G-1-G-1  
dated ~~27~~-1-20156



CITY OF PALO ALTO  
**UTILITIES**

Effective ~~7~~11-1-2016  
Sheet No **G-1-G-1**

**RESIDENTIAL GREEN GAS SERVICE**

UTILITY RATE SCHEDULE G-1-G

**D. SPECIAL NOTES:**

**1. Calculation of Cost Components**

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or Taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

The Commodity Charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, accounting for delivery losses to the Customer's Meter.

The Cap and Trade Compliance Charge reflects the City's cost of regulatory compliance with the state's Cap and Trade Program, including the cost of acquiring compliance instruments sufficient to cover the City's Gas Utility's compliance obligations. The Cap and Trade Compliance Charge will change in response to changing market conditions, retail sales volumes and the quantity of allowances required.

The Transportation Charge is based on the current PG&E G-WSL rate for Palo Alto, accounting for delivery losses to the Customer's Meter.

The Commodity, ~~and~~ Cap and Trade Compliance and Transportation Charges will fall within the minimum/maximum ranges set forth in Section C.

**2. Seasonal Rate Changes:**

The Summer period is effective April 1 to October 31 and the Winter period is effective from November 1 to March 31. When the billing period includes use in both the Summer and the Winter periods, the usage will be prorated based on the number of days in each seasonal period, and the charges based on the applicable rates for each period. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

**3. Calculation of Usage Tiers**

Tier 1 natural gas usage shall be calculated and billed based upon a level of 0.667 therms per day during the Summer period and 2.0 therms per day during the Winter period, rounded to the nearest whole therm, based on meter reading days of service. As an example, for a 30 day bill, the Tier 1 level would be 20 therms during the Summer period and 60 therms during the Winter period months. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

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**CITY OF PALO ALTO UTILITIES**

Issued by the City Council

Supersedes Sheet No G-1-G-2  
dated ~~27~~-1-201~~56~~



CITY OF PALO ALTO  
**UTILITIES**

Effective ~~711~~-1-2016  
Sheet No **G-1-G-2**

## RESIDENTIAL GREEN GAS SERVICE

### UTILITY RATE SCHEDULE G-1-G

#### 4. PaloAltoGreen Gas Program Description and Participation

PaloAltoGreen Gas provides for the reduction of green-house gas (GHG) emissions associated with a Customer's Gas usage, through the purchase of certified environmental offsets, with a preference to projects located in California. Purchases are made to match 100% of the therm usage at the Customer's premises every month.

Customers choosing to participate shall fill out a PaloAltoGreen Gas Program application provided by the Customer Service Center.

*{End}*

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**CITY OF PALO ALTO UTILITIES**

Issued by the City Council

Supersedes Sheet No G-1-G-3  
dated ~~27-1-2015~~6



CITY OF PALO ALTO  
**UTILITIES**

Effective ~~711-1-2016~~  
Sheet No **G-1-G-3**

**RESIDENTIAL MASTER-METERED AND COMMERCIAL GAS SERVICE**

UTILITY RATE SCHEDULE G-2

**A. APPLICABILITY:**

This schedule applies to the following Customers receiving Gas Service from the City of Palo Alto Utilities:

- 1. Commercial Customers who use less than 250,000 therms per year at one site.
- 2. Master-metered residential Customers in multi-family residential facilities.

**B. TERRITORY:**

This schedule applies anywhere the City of Palo Alto provides Gas Service.

**C. UNBUNDLED RATES:**

Per Service

Monthly Service Charge: .....\$78.23

Per Therm

Supply Charges:

- 1. Commodity (Monthly Market Based)..... \$0.10-\$2.00
- 2. Cap and Trade Compliance Charges ..... \$0.00-0.25
- 3. Transportation Charge.....\$0.00-\$0.15

Distribution Charge: ..... \$0.~~6855~~

5767

**D. SPECIAL NOTES:**

**1. Calculation of Cost Components**

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or Taxes. On a Customer’s bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

The Commodity Charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, accounting for delivery losses to the Customer’s Meter.

The Cap and Trade Compliance Charge reflects the City’s cost of regulatory compliance with the state’s Cap and Trade Program, including the cost of acquiring compliance instruments sufficient to cover the City’s Gas Utility’s compliance obligations. The Cap and Trade Compliance Charge will change in response to changing market conditions, retail sales volumes and the quantity of allowances required.

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CITY OF PALO ALTO  
**UTILITIES**

**RESIDENTIAL MASTER-METERED AND COMMERCIAL GAS SERVICE**

UTILITY RATE SCHEDULE G-2

The Transportation Charge is based on the current PG&E G-WSL rate for Palo Alto, accounting for delivery losses to the Customer's Meter.

The Commodity, ~~and~~ Cap and Trade Compliance and Transportation Charges will fall within the minimum/maximum ranges set forth in Section C.

*{End}*

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**CITY OF PALO ALTO UTILITIES**

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Supersedes Sheet No G-2-2  
dated ~~27-1-2015~~6



CITY OF PALO ALTO  
**UTILITIES**

Effective ~~711~~711-1-2016  
Sheet No **G-2-2**

**RESIDENTIAL MASTER-METERED AND COMMERCIAL GREEN GAS SERVICE**

UTILITY RATE SCHEDULE G-2-G

**A. APPLICABILITY:**

This schedule applies to the following Customers receiving Gas Service from the City of Palo Alto Utilities under the PaloAltoGreen Gas Program:

1. Master-metered residential Customers in multi-family residential facilities.
2. Commercial Customers who use less than 250,000 therms per year at one site.

**B. TERRITORY:**

This schedule applies anywhere the City of Palo Alto provides Gas Service.

**C. UNBUNDLED RATES:**

**1. 100% Renewable/Full Green option: Per Service**

Monthly Service Charge: .....\$78.23

Per Therm

Supply Charges:

- |   |                      |
|---|----------------------|
| 1. Commodity (Monthly Market Based).....  | \$0.10-\$2.00        |
| 2. Cap and Trade Compliance Charges ..... | \$0.00-0.25          |
| <u>3. Transportation Charge .....</u>     | <u>\$0.00-\$0.15</u> |

Distribution Charge: .....\$0.~~6855~~5767

PaloAltoGreen Gas Charge..... \$0.1200

**2. 100 Therm block option: Per Service**

Monthly Service Charge: .....\$78.23

Per Therm

Supply Charges:

- |   |                      |
|---|----------------------|
| 1. Commodity (Monthly Market Based).....  | \$0.10-\$2.00        |
| 2. Cap and Trade Compliance Charges ..... | \$0.00-0.25          |
| <u>3. Transportation Charge .....</u>     | <u>\$0.00-\$0.15</u> |

Distribution Charge: .....\$0.~~6855~~5767

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**CITY OF PALO ALTO UTILITIES**

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**RESIDENTIAL MASTER-METERED AND COMMERCIAL GREEN GAS SERVICE**

UTILITY RATE SCHEDULE G-2-G

PaloAltoGreen Gas Charge (per 100 therm block)..... \$12.00

**D. SPECIAL NOTES:**

**1. Calculation of Cost Components**

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or Taxes. On a Customer’s bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

The Commodity Charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, accounting for delivery losses to the Customer’s Meter.

The Cap and Trade Compliance Charge reflects the City’s cost of regulatory compliance with the state’s Cap and Trade Program, including the cost of acquiring compliance instruments sufficient to cover the City’s Gas Utility’s compliance obligations. The Cap and Trade Compliance Charge will change in response to changing market conditions, retail sales volumes and the quantity of allowances required.

The Transportation Charge is based on the current PG&E G-WSL rate for Palo Alto, accounting for delivery losses to the Customer’s Meter.

The Commodity, ~~and CC~~ Cap and Trade Compliance and Transportation Charges will fall within the minimum/maximum ranges set forth in Section C.

**2. Request for Service**

A qualifying Customer may request service under this schedule for more than one account or meter if the accounts are located on one. A site consists of one or more contiguous parcels of land with no intervening public right-of-ways (e.g. streets).

**3. PaloAltoGreen Gas Program Description and Participation**

PaloAltoGreen Gas provides for the reduction of green-house gas (GHG) emissions associated with a Customer’s gas usage, through the purchase of certified environmental offsets, with a preference to projects located in California. Purchases are made to match 100% of the therm usage at the Customer’s facility every month (the 100% Renewable/Full Green option), or in 100 therm blocks.

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**CITY OF PALO ALTO UTILITIES**

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**RESIDENTIAL MASTER-METERED AND COMMERCIAL GREEN GAS SERVICE**

UTILITY RATE SCHEDULE G-2-G

Customers choosing to participate shall fill out a PaloAltoGreen Gas Program application provided by the Customer Service Center.

*{End}*

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**CITY OF PALO ALTO UTILITIES**

Issued by the City Council

Supersedes Sheet No G-2-G-3  
dated ~~27-1-2015~~6



CITY OF PALO ALTO  
**UTILITIES**

Effective ~~711~~1-1-2016  
Sheet No **G-2-G-3**

**LARGE COMMERCIAL GAS SERVICE**

UTILITY RATE SCHEDULE G-3

**A. APPLICABILITY:**

This schedule applies to the following Customers receiving Gas Service from the City of Palo Alto Utilities:

- 1. Commercial Customers who use at least 250,000 therms per year at one site.
- 2. Customers at City-owned generation facilities.

**B. TERRITORY:**

This schedule applies anywhere the City of Palo Alto provides natural gas service.

**C. UNBUNDLED RATES:**

Per Service

Monthly Service Charge: \$377.43

Per Therm

Supply Charges:

- 1. Commodity (Monthly Market Based)..... \$0.10-\$2.00
- 2. Cap and Trade Compliance Charges ..... \$0.00-0.25
- 3. **Transportation Charge** ..... **\$0.00-\$0.15**

Distribution Charge: .....\$0.~~6775~~**687**

**D. SPECIAL NOTES:**

**1. Calculation of Cost Components**

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or Taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

The Commodity Charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, accounting for delivery losses to the Customer's Meter.

The Cap and Trade Compliance Charge reflects the City's cost of regulatory compliance with the state's Cap and Trade Program, including the cost of acquiring compliance

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**CITY OF PALO ALTO UTILITIES**

Issued by the City Council



## LARGE COMMERCIAL GAS SERVICE

### UTILITY RATE SCHEDULE G-3

instruments sufficient to cover the City's Gas Utility's compliance obligations. The Cap and Trade Compliance Charge will change in response to changing market conditions, retail sales volumes and the quantity of allowances required.

The Transportation Charge is based on the current PG&E G-WSL rate for Palo Alto, accounting for delivery losses to the Customer's Meter.

The Commodity, ~~and~~ Cap and Trade Compliance and Transportation Charges will fall within the minimum/maximum ranges set forth in Section C.

#### 2. Request for Service

A qualifying Customer may request service under this schedule for more than one account or meter if the accounts are located on one site. A site consists of one or more contiguous parcels of land with no intervening public right-of- ways (e.g. streets).

#### 3. Changing Rate Schedules

Customers may request a rate schedule change at any time to any applicable City of Palo Alto full-service rate schedule.

*{End}*

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### CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No G-3-2  
dated ~~27-1-2015~~6



CITY OF PALO ALTO  
UTILITIES

Effective ~~711x~~-1-2016  
Sheet No G-3-2

**LARGE COMMERCIAL GREEN GAS SERVICE**

UTILITY RATE SCHEDULE G-3-G

**A. APPLICABILITY:**

This schedule applies to the following Customers receiving Gas Service from the City of Palo Alto Utilities under the PaloAltoGreen Gas Program:

1. Commercial Customers who use at least 250,000 therms per year at one site.
2. Customers at City-owned generation facilities.

**B. TERRITORY:**

This schedule applies anywhere the City of Palo Alto provides Gas Service.

**C. UNBUNDLED RATES:**

|  |                                 |
|--|---------------------------------|
| <b>1. 100% Renewable/Full Green option:</b>          | <u>Per Service</u>              |
| Monthly Service Charge:                              | \$377.43                        |
|  | <u>Per Therm</u>                |
| Supply Charges:                                      |                                 |
| 1. Commodity (Monthly Market Based).....             | \$0.10-\$2.00                   |
| 2. Cap and Trade Compliance Charges .....            | \$0.00-0.25                     |
| <u>3. Transportation Charge .....</u>                | <u>\$0.00-\$0.15</u>            |
| Distribution Charge: .....                           | \$0. <del>6775</del> <u>687</u> |
| PaloAltoGreen Gas Charge:.....                       | \$0.1200                        |
| <b>2. 100 Therm block option:</b>                    | <u>Per Service</u>              |
| Monthly Service Charge:                              | \$377.43                        |
|  | <u>Per Therm</u>                |
| Supply Charges:                                      |                                 |
| 1. Commodity (Monthly Market Based).....             | \$0.10-\$2.00                   |
| 2. Cap and Trade Compliance Charges .....            | \$0.00-0.25                     |
| <u>3. Transportation Charge .....</u>                | <u>\$0.00-\$0.15</u>            |
| Distribution Charge: .....                           | \$0. <del>6775</del> <u>687</u> |
| PaloAltoGreen Gas Charge (per 100 therm block):..... | \$12.00                         |

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**CITY OF PALO ALTO UTILITIES**

Issued by the City Council



# LARGE COMMERCIAL GREEN GAS SERVICE

## UTILITY RATE SCHEDULE G-3-G

### D. SPECIAL NOTES:

#### 1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or Taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

The Commodity Charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, accounting for delivery losses to the Customer's Meter.

The Cap and Trade Compliance Charge reflects the City's cost of regulatory compliance with the state's Cap and Trade Program, including the cost of acquiring compliance instruments sufficient to cover the City's Gas Utility's compliance obligations. The Cap and Trade Compliance Charge will change in response to changing market conditions, retail sales volumes and the quantity of allowances required.

The Transportation Charge is based on the current PG&E G-WSL rate for Palo Alto, accounting for delivery losses to the Customer's Meter.

The Commodity, ~~and~~ Cap and Trade Compliance and Transportation Charges will fall within the minimum/maximum ranges set forth in Section C.

#### 2. Request for Service

A qualifying Customer may request service under this schedule for more than one account or meter if the accounts are located on one site. A site consists of one or more contiguous parcels of land with no intervening public right-of-ways (e.g. streets).

#### 3. PaloAltoGreen Gas Program Description and Participation

PaloAltoGreen Gas provides for the reduction of green-house gas (GHG) emissions associated with a Customer's gas usage, through the purchase of certified environmental offsets, with a preference to projects located in California. Purchases are made to match 100% of the therm usage at the Customer's facility every month, (the 100% Renewable/Full Green option), or in 100 therm blocks.

Customers choosing to participate shall fill out a PaloAltoGreen Gas Program application provided by the Customer Service Center.

*{End}*

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**CITY OF PALO ALTO UTILITIES**

Issued by the City Council

Supersedes Sheet No G-3-G-2  
dated ~~27~~-1-201~~56~~



CITY OF PALO ALTO  
**UTILITIES**

Effective ~~7~~11-1-2016  
Sheet No **G-3-G-2**

**COMPRESSED NATURAL GAS SERVICE**

UTILITY RATE SCHEDULE G-10

**A. APPLICABILITY:**

This schedule applies to the sale of natural gas to the City-owned compressed natural gas (CNG) fueling station at the Municipal Service Center in Palo Alto

**B. TERRITORY:**

Applies to location at the Municipal Service Center in City of Palo Alto.

**C. UNBUNDLED RATES:**

Per Service

Monthly Service Charge: .....\$52.93

Per Therm

Supply Charges:

Commodity (Monthly Market Based)..... \$0.10-\$2.00

Cap and Trade Compliance Charges..... \$0.00 to \$0.25

Transportation Charge..... \$0.00-\$0.15

Distribution Charge.....\$0.~~0963~~0093

**D. SPECIAL CONDITIONS**

**1. Calculation of Cost Components**

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or Taxes. On a Customer’s bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

The Commodity charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, accounting for delivery losses to the Customer’s Meter.

The Cap and Trade Compliance Charge reflects the City’s cost of regulatory compliance with the state’s Cap and Trade Program, including the cost of acquiring compliance instruments sufficient to cover the City’s Gas Utility’s compliance obligations. The Cap and Trade Compliance Charge will change in response to changing market conditions, retail sales volumes and the quantity of

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**CITY OF PALO ALTO UTILITIES**

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CITY OF PALO ALTO  
**UTILITIES**

Effective ~~711-1-2016~~  
Sheet No. **G-10-1**

**COMPRESSED NATURAL GAS SERVICE**

**UTILITY RATE SCHEDULE G-10**

allowances required.

The Transportation Charge is based on the current PG&E G-WSL rate for Palo Alto, accounting for delivery losses to the Customer's Meter.

The Commodity, ~~and~~ Cap and Trade Compliance and Transportation Charges will fall within the minimum/maximum range set forth in Section C.

*{End}*

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**CITY OF PALO ALTO UTILITIES**

Issued by the City Council

Supersedes Sheet No G-10-2  
dated 47-201-20156



CITY OF PALO ALTO  
**UTILITIES**

Effective 711-1-2016  
Sheet No. **G-10-2**

**COMPRESSED NATURAL GREEN GAS SERVICE**

UTILITY RATE SCHEDULE G-10-G

**A. APPLICABILITY:**

This schedule applies to the wholesale sale of natural gas to the City-owned compressed natural gas (CNG) fueling station at the Municipal Service Center in Palo Alto under the PaloAltoGreen Gas Program:

**B. TERRITORY:**

The City-owned compressed natural gas (CNG) fueling station located at the Municipal Service Center in City of Palo Alto.

**C. UNBUNDLED RATES:**

Per Service

Monthly Service Charge: .....\$52.93

Per Therm

Supply Charges:

——Commodity (Monthly Market Based)..... \$0.10-\$2.00

——Cap and Trade Compliance Charges..... \$0.00 to \$0.25

Transportation Charge..... \$0.00-\$0.15

Distribution Charge.....\$0.~~0963~~0093

PaloAltoGreen Gas Charge.....\$0.1200

**D. SPECIAL CONDITIONS**

**1. Calculation of Cost Components**

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or Taxes. On a Customer’s bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

The Commodity charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, accounting for delivery losses to the Customer’s Meter.

The Cap and Trade Compliance Charge reflects the City’s cost of regulatory compliance with the

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**CITY OF PALO ALTO UTILITIES**

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dated ~~47-201-20156~~



CITY OF PALO ALTO  
**UTILITIES**

Effective ~~117-1-2016~~  
Sheet No. **G-10-G-1**



# COMPRESSED NATURAL GREEN GAS SERVICE

## UTILITY RATE SCHEDULE G-10-G

state's Cap and Trade Program, including the cost of acquiring compliance instruments sufficient to cover the City's Gas Utility's compliance obligations. The Cap and Trade Compliance Charge will change in response to changing market conditions, retail sales volumes and the quantity of allowances required.

The Transportation Charge is based on the current PG&E G-WSL rate for Palo Alto, accounting for delivery losses to the Customer's Meter.

The Commodity, ~~and~~ Cap and Trade Compliance and Transportation Charges will fall within the minimum/maximum range set forth in Section C.

### **2. PaloAltoGreen Gas Program Description and Participation**

PaloAltoGreen Gas provides for the reduction of green-house gas (GHG) emissions associated with a Customer's Gas usage, through the purchase of certified environmental offsets, with a preference to projects located in California. Purchases are made to match 100% of the therm usage at the Customer's premises every month.

Customers choosing to participate shall fill out a PaloAltoGreen Gas Program application provided by the Customer Service Center.

*{End}*

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**CITY OF PALO ALTO UTILITIES**

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dated 47-201-20156



CITY OF PALO ALTO  
**UTILITIES**

Effective 117-1-2016  
Sheet No. **G-10-G-2**

## ATTACHMENT C



### EXCERPTED DRAFT MINUTES OF THE AUGUST 31, 2016 – SPECIAL MEETING UTILITIES ADVISORY COMMISSION MEETING

**ITEM 4. ACTION:** Staff Recommendation that the Utilities Advisory Commission Recommend that the City Council Adopt a Resolution Amending Utility Gas Rate Schedules G-1, G-1-G, G-2, G-2-G, G-3, G-3-G, G-10, and G-10-G to Include a Separate-Transportation Charge as a Discrete Pass-Through Component

Rates Manager Eric Keniston summarized the written report. He said that Palo Alto pays Pacific Gas and Electric (PG&E) to transport natural gas to Palo Alto, as stated in PG&E rate schedule G-WSL. Changes to that schedule are dictated by the California Public Utilities Commission (CPUC) and their proceedings. Staff does not know when the schedule will change or what the final change will be, and proceedings have been subject to substantial delays. Staff requested to make the G-WSL charges a pass-through charge on customer bills. The initial charge would be based on the August 2016 G-WSL rate and be subtracted from the existing distribution charge. The effect would be revenue neutral for all but the City's CNG facility (G-10), which would see a small initial increase estimated at \$2400 per year.

The UAC did not have any questions related to this item.

**ACTION:**

Vice Chair Danaher made a motion that the UAC recommend that Council adopt a resolution to amend Utility Gas Rate Schedules G-1, G-1-G, G-2, G-2-G, G-3, G-3-G, G-10, and G-10-G, as proposed, to separately identify as a pass-through rate component, a Transportation Charge. Commissioner Ballantine seconded the motion. The motion passed unanimously (7-0) with Chair Cook, Vice Chair Danaher and Commissioners Danaher, Forssell, Johnston, Schwartz and Trumbull voting yes.