

# City of Palo Alto

*Office of the Mayor and City Council*

February 7, 2023

The Honorable Dianne Feinstein  
United States Senate  
331 Hart Senate Office Building  
Washington, DC 20510

The Honorable Alex Padilla  
United States Senate  
112 Hart Senate Office Building  
Washington, DC 20510

The Honorable Anna G. Eschoo  
United States House of Representatives  
272 Cannon House Office Building  
Washington, DC 20515

**RE: Support from the City of Palo Alto for Governor Newsom's Request for Federal Investigation of High Natural Gas Prices**

Dear Senator Feinstein, Senator Padilla, and Representative Eschoo,

On behalf of the City of Palo Alto, I want to express our strong support of Governor Newsom's recent request to the Federal Energy Regulatory Commission (FERC) for immediate attention to the matter of escalating wholesale natural gas prices impacting customers in California and other western states.

California's residential customers are suffering the economic burden of extreme and unexpectedly high gas and electric utility bills. California is taking swift action to assist its gas and electric utility customers. The California Public Utilities Commission (CPUC) recent hearings in collaboration with the California Energy Commission and California Independent Operator (CAIS) to discuss the recent high natural gas prices this winter, examine possible drivers and impact on markets, and explore measures to mitigate the impact on market volatility have our full support and are a critical piece of the needed investigation.

Specifically in Palo Alto, natural gas prices were at historic levels in January 2023. As a utilities provider, Palo Alto paid between \$4 per therm and \$5 per therm for gas in January 2023 which is approximately four times the \$1/therm rate in January 2022. This is exacerbated by the cold months and higher usage compared to the annual average, though we acknowledge this varies from customer to customer based on usage. We have received multiple reports of residents with monthly bills exceeding \$1,000, which is obviously an extraordinary hardship.

Even with the City using reserves to mitigate the price increases and not passing the full cost of January gas through to customers, residents are greatly impacted by these cost increases. The City is providing free access to the Home Efficiency Genie program, sharing energy saving tips, and offering special payment plan arrangements for those who need extra time paying their winter gas bills for 6 to 8 months. These measures help in this situation but the stability of the gas rates going forward is more important to ensuring continued financial stability for our residents.


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It is clear that the root causes of these extraordinary prices warrant further examination and I applaud your leadership on this issue. We need the focus of our federal agencies to utilize their investigatory resources on assessing whether market manipulation, anticompetitive behavior, or other anomalous activities are driving these ongoing elevated prices in the western gas markets.

Again, thank you for your leadership on this important matter that impacts my city, our region, and the entire state of California. You can count on our City to help push this cause forward.

Sincerely,

DocuSigned by:  
  
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Lydia Kou  
Mayor  
City of Palo Alto