

## RESOLUTION NO. 4113

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COALINGA INCREASING NATURAL GAS RATES TO SUPPORT THE CITY'S NATURAL GAS ENTERPRISE FUND

WHEREAS, over the past few years the gas enterprise fund balance has been decreasing and over the past year wholesale natural gas costs have risen substantially; and

WHEREAS, Resolution No. 4048, approved November 4, 2021, increased natural gas rates forty-five percent to cover operating costs fully, and to cover increasing wholesale gas costs; and

WHEREAS, wholesale natural gas costs have continued to increase through 2022 and PG&E has begun passing through to the City greenhouse gas cap-and-trade surcharges from the California Air Resources; and

WHEREAS, an updated rate study has been completed by IGService, dated July 26, 2022, recommending a rate increase of fifty percent effective September 1, 2022, for one year only; and

WHEREAS, the recommended rate increase will provide additional revenue to cover anticipated wholesale gas costs this coming winter; and

WHEREAS, continued volatility in the wholesale gas market requires a long-term gas purchase plan; and

WHEREAS, the City of Coalinga's gas system is operated safely, reliably, and provides relatively low-cost natural gas to Coalinga's residents; and

WHEREAS, City Council may set natural gas rate by resolution pursuant to Section 6-5.28 of the City's Municipal Code; and

WHEREAS, rate increases for natural gas are exempt from the requirements of Proposition 218.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Coalinga as follows:

1. The recitals set forth above are true and correct as of the date this Resolution was adopted.
2. The rates for natural gas service provided by the City of Coalinga are hereby revised as follows.

City of Coalinga Existing and Proposed Gas Rates					
	Summer Therms	Winter Therms	Existing Rates from 12/1/21	Proposed 9/1/22	Proposed 9/1/23
				50%	-50%
Monthly Charge (\$/Mo)			\$10.15	\$15.23	\$10.15
Residential Single-Family Baseline (\$/Th)	15	50	\$0.73	\$1.10	\$0.73
Residential Single-Family Excess (\$/Th)	Over 15	Over 50	\$1.09	\$1.64	\$1.09
Commercial and All Other (\$/Th)	All Supply		\$1.09	\$1.64	\$1.09

3. Staff shall present to City Council by April 1, 2023, a long-term gas purchase plan to avoid large rate changes caused by wholesale market price volatility.
4. The revised rates shall be effective with the meter reading cycle beginning in September 2022 and ending in October 2022, such that the new rates are applied to billing statements issued at the end of October 2022.
5. Revenues derived from the revised rates will not exceed amounts needed to provide gas services to city customers.

The foregoing resolution was approved and adopted at a regular meeting of the City Council of the City of Coalinga held on the 18th day of August 2022, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

---

Mayor

ATTEST:

---

City Clerk/Deputy City Clerk