

## **My Gas Bill: Frequently Asked Questions**

### **1. Why is my bill so high?**

Natural gas prices across the globe have skyrocketed, and all of California has been hit especially hard. Across the state, customers are seeing a major impact to their natural gas bills.

We're seeing high prices due to several factors impacting both supply and demand:

- High natural gas consumption due to below normal temperatures in the western part of the country
- A 14 percent increase in natural gas used for the generation of electricity as severe drought has reduced the availability of hydropower
- Constraints on the interstate pipelines serving California, as imported gas makes up 90 percent of the state's supply
- Lower than normal amounts of gas in California's storage fields due to maintenance

Prices are largely determined by the competitive market and fluctuate, more than quadrupling since this time last year

Your natural gas bill is made up of two main components:

1. The cost for the gas commodity itself applied against the volume the customer uses that billing period, which is a straight pass through to the customer without markup
2. The charges that cover both the pipeline transmission of gas to customers and the provision of customer services

On your gas bill, there's a line item called "Cost of Gas," which is the only rate on your bill that changes month-to-month. This represents the cost for the gas commodity itself and is based on how much gas is used.

For the gas commodity, Long Beach and other regional gas utilities purchase natural gas from wholesale suppliers in West Texas, the Rocky Mountains, and the Four Corners area.

For the transmission part of the bill, Long Beach and Signal Hill residents and businesses benefit from lower cost by having a locally-owned gas utility. Long Beach Utilities has the lowest transmission costs in Southern California — that rate has remained stable, with only one increase in the past six years.

## 2. What is Long Beach Utilities doing to help?

The natural gas market we're seeing today is largely unprecedented. We have never seen prices this high in Long Beach or the region, and it's impacting all of California. As the gas utility, we strategically manage our gas supply purchases with discounted long-term contracts, calculated use of local storage, and the purchase of locally produced natural gas. Amid the current natural gas costs, we're doing all we can to get the best rates for our customers.

Long Beach Utilities took swift action in January to mitigate the impact on customers as much as possible. These actions will save customers \$10 million and bring the average bill in at about 4 percent less than those of SoCal Gas, which serves the majority of Southern California.

Recent actions by Long Beach Utilities include:

- Maximizing withdrawals of less-expensive storage inventory, offsetting gas we would otherwise buy at the market rate
- Taking advantage of an option in the local gas purchase contract with the state to save \$4.5 million
- Applying \$1.3 million in reserves to soften impacts to customers

With new leadership and more efficient operations from the recent utility consolidation, management is immediately reviewing existing natural gas buying strategies and policies to determine additional steps that can be implemented to provide better price security and stability for our customers moving forward.

In the coming days, weeks, and months, we will continue to monitor the wholesale gas market and provide updates to our customers.

## 3. I can't pay my bill, what should I do?

We know that high utility rates can be a huge burden, especially amid inflationary pricing in all the other aspects of your life right now. We're here to help figure it out together.

There are many programs and tools available to help you manage a higher bill, including payment plan options, payment assistance programs, and reduced rates for seniors, those with disabilities and other income-qualified customers. For more information, [click here](#).

Call us at (562) 570-5700 to set up a payment plan that works for you.

We're experiencing high call volumes to our call center. We thank you for your patience and understanding.

To make payments less varied in the future, you can also sign up for our Level Pay program so your gas bill is consistent year-round, lessening large spikes. To enroll, call (562) 570-5700.

You can also use the [bill estimator tools and tutorials](#) on our website to prepare for upcoming billing months. These programs and tools can be helpful in avoiding surprises and for planning your budget.

#### **4. How do I know I don't have a gas leak?**

You opened your bill, and it's higher than it has ever been. So, you're thinking: How can that be? There must be a mistake.

Unfortunately, natural gas prices have skyrocketed to historic highs in recent weeks and that's translating to this month's bill. But it's always good to check!

A good first step is to look at the "historical usage" chart on your current bill and compare your usage with the same month last year. It's been abnormally cold lately, so your usage is probably a bit higher than last year.

Next, look at the "Cost of Gas" line on your bill, which shows the current wholesale market cost of natural gas. That cost has more than tripled since November. Combined with potential higher usage, the cost of gas is likely the reason your bill is much higher than normal.

If you see that the amount of gas you used — measured in what's called therms — has changed dramatically compared to the same time last year, you can call our gas customer service line at (562) 570-5700 to have a gas worker come to check for leaks.

We're experiencing high call volumes to our call center. We thank you for your patience and understanding.

If you smell gas or have concerns of a major leak, call our gas emergency line at (562) 570-2140.

#### **5. What are some ways I can lower my gas bill?**

Long Beach Utilities continues to monitor market prices for the gas commodity and work to get the best deal for residents and businesses.

But we're encouraging everyone to do what they can to conserve now to lower their bill as much as possible.

There are several small steps you can take to reduce your natural gas usage and lower your bill:

- Dial down the thermostat to 68 degrees or lower
- Warm your home with natural sunlight during the day
- Wash clothes in cold water
- Take shorter hot showers
- Bundle up with warm blankets, socks and sweaters

Longer term, you can take advantage of rebates we offer for gas appliances such as ovens, gas dryers or gas tankless water heaters.

Find a full list and submit your application at [longbeach.gov/energyresources](https://longbeach.gov/energyresources).

## **6. Is this because of the recent utility consolidation or a rate hike?**

No.

Wholesale natural gas costs are not impacted by the utility consolidation. Customers pay exactly what we pay. As a utility, we don't earn a profit on what we charge for gas usage.

The other part of your bill, the gas transmission rate we set for cost of service, has only increased once in the past six years.

As of January 2023, natural gas services in Long Beach and Signal Hill are provided through Long Beach Utilities, previously under the Department of Energy Resources. Voters approved consolidating water, gas and sewer services under one department in November 2022.

In the long term, the consolidation is expected to help with oversight, cost savings and efficiency in utility operations.

A new website is coming soon at [LBUtilities.org](https://LBUtilities.org).

## **7. How are customers notified about increases to the Cost of Gas?**

Market rates for wholesale natural gas change frequently, as the price is based on supply and demand.

Each month, Long Beach Utilities procures the amount of natural gas necessary to meet customer demand. Gas is purchased at a discount rate through long-term contracts, secured from local producers, withdrawn from storage, and if needed, purchased at the daily market price.

The “Cost of Gas” line on customer bills reflects the price the utility pays for natural gas commodity in any given month — that cost is passed directly to the customer with no markup.

The market commodity price is posted on the [city website](#) at the start of each month as soon as it becomes available. This information is also available through the utility services call center.

The other lines on the gas bill — Gas Service Charge, Tier I Usage, Tier II Usage — are fees determined periodically based on the costs of operations, including gas transmission, infrastructure maintenance and the provision of customer services. These rates are set by the gas utility and, prior to the utility merger, required approval by the Long Beach City Council. Any proposed change in these fees will now be reviewed by the Long Beach Utilities Commission.

These rates have changed only once in the past six years, in 2020, and are at least 20 percent lower than the rates charged by SoCal Gas and other private utilities.