

35. DRY GAS PRICE DETERMINATION, LONG BEACH TIDELANDS, CITY OF LONG BEACH, LOS ANGELES COUNTY - W.O. 5200.310 AND W.O. 3262.

After consideration of Calendar Item 35 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION, PURSUANT TO SECTION 6, CHAPTER 29, STATUTES OF 1956, 1ST E.S., APPROVES THE FOLLOWING BASES FOR DETERMINING THE REASONABLE WHOLESALE MARKET VALUE OF DRY GAS RECEIVED BY THE MUNICIPAL GAS DEPARTMENT OF THE CITY OF LONG BEACH:

1. THE FINAL DETERMINED PRICE OF TIDELANDS DRY GAS FOR THE PERIOD JULY 1, 1965, THROUGH JUNE 30, 1967, SHALL BE 27.58¢/MCF. THIS PRICE IS BASED ON A HEATING VALUE FORMULA USING THE AVERAGE PRICE PAID BY PACIFIC LIGHTING FOR DRY GAS IN THE LOS ANGELES BASIN ADJUSTED FOR HEATING VALUE.
2. THE PRICE FOR TIDELANDS DRY GAS TAKEN INTO THE CITY'S SYSTEM IN THE FUTURE SHALL ALWAYS BE DETERMINED ON A HEATING VALUE BASIS WITH ADJUSTMENTS, IF NECESSARY, FOR OTHER FACTORS TO BE DETERMINED JOINTLY BY THE CITY OF LONG BEACH AND THE STATE LANDS COMMISSION.
3. THE PRICE FOR SUCH DRY GAS DURING THE PERIOD JULY 1, 1967, THROUGH JUNE 30, 1970, SHALL BE COMPUTED ON THE FOLLOWING BASES:
  - a. THE BASE PRICE SHALL BE THE AVERAGE PRICE PAID EACH MONTH FOR DRY GAS PURCHASED FROM ABSORPTION PLANTS IN THE LOS ANGELES BASIN BY PACIFIC LIGHTING.
  - b. THE BASE PRICE SHALL BE ADJUSTED FOR HEATING VALUE BY MULTIPLYING IT BY THE RATIO OF THE B.T.U. HEATING VALUE OF TIDELANDS GAS TO THE AVERAGE WEIGHTED B.T.U. HEATING VALUE OF THE DRY GAS PURCHASED BY PACIFIC LIGHTING FROM ABSORPTION PLANTS IN THE LOS ANGELES BASIN.
4. AFTER JULY 1, 1970, EITHER THE CITY OF THE STATE, ON NINETY DAYS WRITTEN NOTICE TO THE OTHER, MAY, DUE TO UNFORESEEN OR CHANGED CIRCUMSTANCES RELATING TO PRICE, QUALITY, OR QUANTITY, REQUEST NEGOTIATIONS TO ALTER THE FORMULA FROM WHICH THE PRICE OF SUCH DRY GAS IS DETERMINED. ANY SUCH CHANGE IN FORMULA SHALL CONTAIN A HEATING VALUE BASIS. COMMENCING NINETY DAYS AFTER SUCH NOTICE IS GIVEN, THE PRICE COMPUTED IN PARAGRAPH 3, ABOVE, SHALL BE AN INTERIM PRICE SUBJECT TO FINAL ADJUSTMENT AFTER A NEW FORMULA IS AGREED TO. UNTIL NINETY DAYS AFTER ANY SUCH NOTICE IS GIVEN, THE PRICE COMPUTED IN ACCORDANCE WITH PARAGRAPH 3, ABOVE, SHALL BE THE FINAL PRICE.
5. AT ANY TIME, THE PRICE OF TIDELANDS DRY GAS WHICH IS EITHER NOT TAKEN INTO THE CITY'S MUNICIPAL GAS DEPARTMENT SYSTEM OR NOT ECONOMICALLY UTILIZED BY THE CITY MUNICIPAL GAS DEPARTMENT SHALL

BE THE PROCEEDS RECEIVED FOR SUCH GAS BY THE CITY LESS THE CITY'S REASONABLE COSTS OF HANDLING SUCH GAS. THE CITY SHALL NOT PURCHASE ANY GAS OTHER THAN TIDELANDS GAS, EXCEPT FOR THE GAS IT IS PRESENTLY OBLIGATED BY CONTRACT TO PURCHASE, AS LONG AS THE AMOUNT OF TIDELANDS GAS IS SUFFICIENT FOR THE CITY'S REQUIREMENTS.

6. THE CITY OF LONG BEACH, AS TRUSTEE, SHALL USE ITS BEST EFFORTS TO MAINTAIN THE QUALITY OF TIDELANDS GAS.

Attachment

Calendar Item 35 (2 pages)

35.

DRY GAS PRICE DETERMINATION, LONG BEACH TIDELANDS, CITY OF LONG BEACH, LOS ANGELES COUNTY - W.O. 5200.310 AND W.O. 3262.

The Commission, at its meeting of October 27, 1966, approved an interim price of \$0.2750 per MCF to be paid the State for tideland dry gas received by the Municipal Gas Department of the City of Long Beach during the period August 1965 through December 1966, pending final price determination and settlement.

After extensive study and negotiations between the City of Long Beach and the State Lands Division, a fair and equitable method for dry gas pricing, based on heating value, has been established.

This method has been used to establish the final price of tidelands dry gas for the period July 1, 1965, through June 30, 1967, at \$0.2758 per MCF. Additionally, this method will be used for gas pricing during the period from July 1967 through June 1970. After July 1, 1970, either the City or the State, on ninety days written notice, may request negotiations to alter the formula.

The City Manager of the City of Long Beach, in writing, has agreed to this final price and the future pricing methods and procedures set forth in the following recommendation:

IT IS RECOMMENDED THAT THE COMMISSION, PURSUANT TO SECTION 6, CHAPTER 29, STATUTES OF 1956, 1ST E.S., APPROVE THE FOLLOWING BASES FOR DETERMINING THE REASONABLE WHOLESALE MARKET VALUE OF DRY GAS RECEIVED BY THE MUNICIPAL GAS DEPARTMENT OF THE CITY OF LONG BEACH:

1. THE FINAL DETERMINED PRICE OF TIDELANDS DRY GAS FOR THE PERIOD JULY 1, 1965, THROUGH JUNE 30, 1967, SHALL BE 27.58¢/MCF. THIS PRICE IS BASED ON A HEATING VALUE FORMULA USING THE AVERAGE PRICE PAID BY PACIFIC LIGHTING FOR DRY GAS IN THE LOS ANGELES BASIN ADJUSTED FOR HEATING VALUE.
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CALENDAR ITEM 35. (CONTD.)

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