

July 3, 2002

Honorable Mayor and Members of
the Hermosa Beach City Council

Regular Meeting of
July 9, 2002

**SOUTHERN CALIFORNIA GAS COMPANY
PROPOSED RATE INCREASE**

Recommendation:

That the City Council review the attached notice to customers of a proposed rate increase and determine whether or not the City Council wishes to take a position on the application.

Background:

The attached notice explains that the proposed rate increase would be the result of granting the company's shareholders \$17.4 million as an incentive payment for being able to purchase gas at a lower rate than the PUC had set. The impact to residential customers would be 38¢ in the winter and 27¢ when taken over a 12-month period. Commercial/Industrial rates are somewhat more.

If the City Council wishes to express its opinion on this application, staff should be directed to write the PUC on behalf of the City.

Respectfully submitted,

Stephen R. Burrell
City Manager