

March 10, 2023

The Honorable Rob Bonta  
Attorney General, State of California  
Department of Justice  
P.O. Box 944255  
Sacramento, CA 94244-2550

**RE: Request from the City of Palo Alto to Investigate the High Cost of Natural Gas Prices**

Dear Attorney General Bonta:

As the Mayor of Palo Alto, I want to respectfully request the assistance of your office to investigate the high costs of natural gas that is having a negative impact on our families, our energy reduction efforts, and our purchasing authority.

The City of Palo Alto is the only municipality in California that operates a full suite of city-owned utility services, including water, electric, gas, sewer, refuse, storm drain, and a dark fiber loop. Natural gas prices were at historic levels in January 2023 and we 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 compounded by the recent storms and cold fronts that have brought rare snow to Santa Clara County, Alameda County, and Marin County, and other locations throughout the Bay Area.

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. We have received multiple reports of residents with monthly bills exceeding \$1,000, which is an extraordinary hardship.

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.

It is clear that the root causes of these extraordinary prices warrant further examination which is why we are requesting the assistance of your office. We need the focus of our federal agencies and State agencies to utilize all investigatory resources on assessing whether market manipulation, anticompetitive behavior, or other anomalous activities are driving these ongoing elevated prices in the western gas markets. If it is determined that companies profited inappropriately, we hope that your office will hold the actors accountable, and ratepayers receive refunds for these ill-gotten gains.

We expressed our strong support to the Governor for his recent request to the Federal Energy Regulatory Commission (FERC) for immediate attention to the matter of escalating wholesale

# City of Palo Alto

*Office of the Mayor and City Council*

natural gas prices impacting customers in California and other western states. We are grateful for his leadership and are willing and ready to partner with your office to take the necessary steps to address high natural gas prices.

Whereas this important matter impacts my city and our region, and also has a negative impact on the entire state of California.

Thank you for your consideration.

Sincerely,



Lydia Kou  
Mayor  
City of Palo Alto