COUNCIL MEETING
4/17/2023
☑Received Before Meeting
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CITY OF PALO ALTO

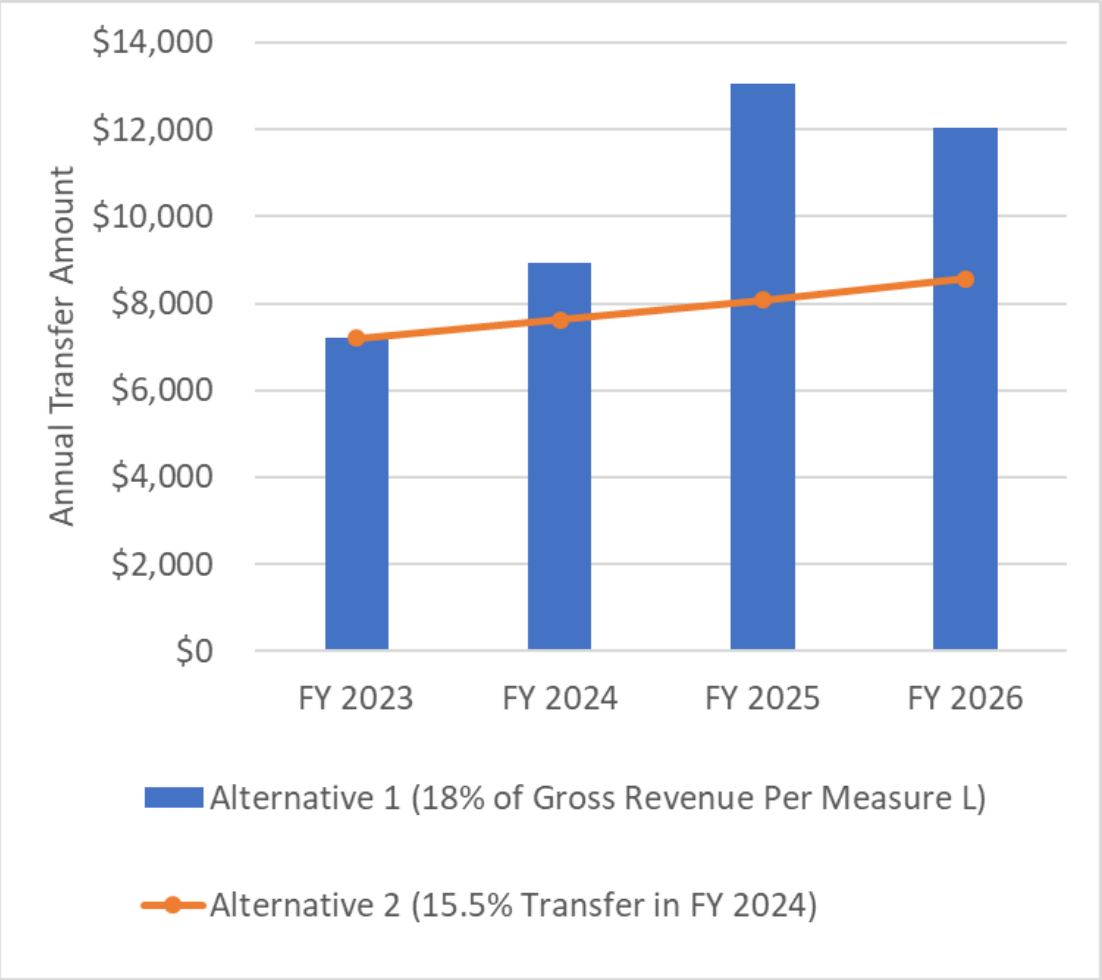
PROPOSED GAS FINANCIAL PLAN AND RATE CHANGES FOR FY 2024

April 17, 2023

www.cityofpaloalto.org

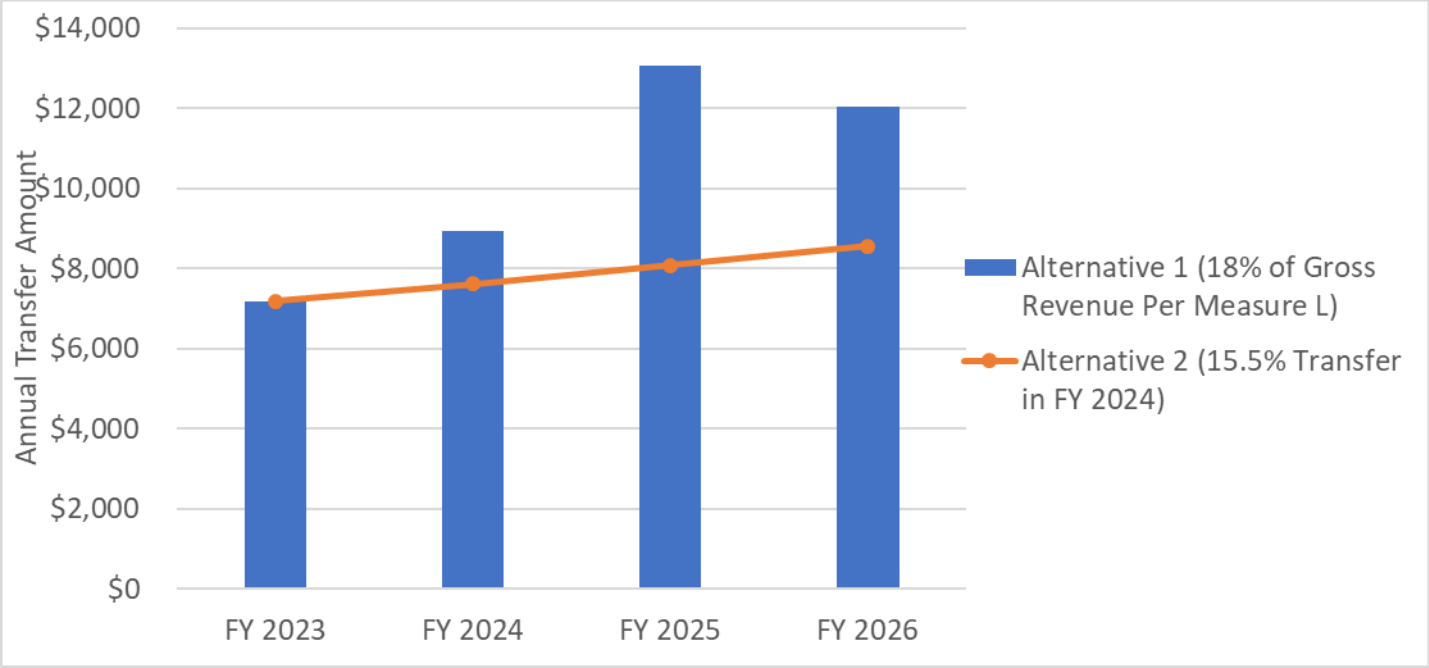
Alternative Gas Rate Projections

- Seeking feedback on proposed FY 2024 General Fund transfer
- Measure L: 18% of gas utility gross revenues from two fiscal years prior; Council may transfer less
- FY 2024 Alternative 1: Transfer 18%
- FY 2024 Alternative 2: Transfer 15.5%, approximates 2-3% annual growth in transfer from past years, CPI



Alternative Gas Rate Projections

	FY 2024 (Proposed)	FY 2025 (Projected)	FY 2026 (Projected)
Alternative 1 (18% of Gross Revenue)	9%	10%	8%
Alternative 2 (15.5% of Gross Revenue in FY 2024)	8%	7%	5%



Percent of gross gas utility revenue to transfer			
	FY 2024 (Proposed)	FY 2025 (Projected)	FY 2026 (Projected)
Alternative 1	18.0%	18.0%	18.0%
Alternative 2	15.5%	11.1%	12.9%

GAS RECOMMENDATION

The Finance Committee and Utilities Advisory Commission the City Council adopt a resolution:

a) Approving the fiscal year (FY) 2024 Gas Utility Financial Plan;

b) Amending the Gas Utility Reserve Management Practices;

c) Transferring up to 18% of gas utility gross revenues received during fiscal year 2021 to the general fund in FY 2023;

d) Transferring up to 15.5% of gas utility gross revenues received during fiscal year 2022 to the general fund in FY 2024;

e) Transferring up to $3.82 million from the CIP Reserve to the Operations Reserve in FY 2023; and

f) Increasing gas rates by amending Rate Schedules G-1 (Residential Gas Service), G-2 (Residential Master-Metered and Commercial Gas Service), G-3 (Large Commercial Gas Service), and G-10 (Compressed Natural Gas Service).