



NATURAL GAS RATES ARE CHANGING FEBRUARY 1, 2026

What is changing on your bill

On February 1, 2026, natural gas rates for Palo Alto Utilities customers will go into effect, implementing the changes Council approved on December 1, 2025.

- For a typical residential customer using 17 therms per month in the summer and 51 therms per month in the winter, the average monthly bill across the year is expected to increase from \$73 to \$79 per month
- Your bill may be higher or lower based on your individual usage and rate schedule



Why are rates changing now?

The City of Palo Alto's gas utility rates are designed to fairly and adequately recover the cost of providing service to customers, in compliance with California law. Over time, the cost to provide gas service changes due to investments in pipelines, maintenance, safety upgrades, and other necessary system improvements. Rate changes are periodically required to ensure that costs are fairly assigned to each type of customer.



How this affects residential customers

Your natural gas bill includes:

- The cost of the gas itself (including gas commodity, transportation, and environmental charges)
- The cost to safely deliver that gas to your home (the distribution charge)

These rate changes revise how distribution charges are shared among different customer groups, such as residential, commercial, and industrial customers. Residential median bills will increase by about 8%. This ensures that residential customers pay the actual cost of providing service to homes.



How you can manage your bill

Even when rates change, you can take steps to manage your monthly costs:

- Use a programmable or smart thermostat to avoid heating your home more than you need
- Seal air leaks and improve insulation to keep warm air inside
- Look for high-efficiency appliances when it is time to replace your dishwasher, water heater or household equipment. The City has guidance and rebate information available at paloalto.gov/electrification.



Questions or need help?

If you have questions about this rate adjustment or how it affects your bill, please contact Utilities Customer Service at **(650) 329-2161** or **UtilitiesCustomerService@paloalto.gov**. A customer service representative can review your account, discuss energy-saving options, and connect you with available assistance programs. For details about your Utility rates, visit paloalto.gov/ratesoverview.

