



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

SPECIAL TAXES AND FEES DEPARTMENT
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Executive Director

February 3, 2015

Dear Interested Party,

Attached is a copy of Special Taxes and Fees Current Legal Digest (CLD) Number 2015-1 for your information and review. This CLD contains three new annotations and the deletion of two existing annotations. Please review and submit any changes by Month, Date, 2015, using the electronic CLD Comments form at http://www.boe.ca.gov/sptaxprog/cld_comments.htm. Or, if you prefer, you may mail your written comments to:

Board of Equalization
Special Taxes and Fees Coordinator, MIC: 31
P.O. Box 942879
Sacramento, CA 94279-0031

Please note, the new annotations and/or deletions of existing annotations contained in the attached CLD are drafts and may not accurately reflect the Board's official position on certain issues nor mirror the language that will appear in the final annotation.

CLDs are circulated for 30 days. During this period, any questions that arise are addressed and suggested modifications are taken into consideration. After review of the final version by the Board's Legal Department, these changes will be included in Volumes 3 and 4 of the *Business Taxes Law Guide*. At that time, the CLD becomes obsolete.

If you have any questions, please contact Robert Zivkovich at 1-916-324-2775.

Lynn Bartolo,
Acting Deputy Director
Special Taxes and Fees Department

LRB: rz

Enclosures: Special Taxes and Fees Current Legal Digest 2015-1
Redacted Legal Opinion (November 20, 2014, relating to the Cigarette and Tobacco Products Licensing Act)
Redacted Legal Opinion (September 19, 2014, relating to the Emergency Telephone Users Surcharge)
Redacted Legal Opinion (August 19, 2014, relating to the Natural Gas Surcharge)

SPECIAL TAXES CURRENT LEGAL DIGEST NO. 2015-1

February 3, 2015

SPECIAL TAXES AND FEES ANNOTATIONS

CIGARETTE AND TOBACCO PRODUCTS LICENSING ACT

Add Annotation and Heading

Invoice Requirements: Itemized Listing of Cigarette and Tobacco Products Sold

An invoice is sufficiently itemized if it states each item separately and provides a description that is detailed enough to identify the specific items in question without ambiguity. An itemized listing of cigarettes sold must include the brand and style names, flavor, filter, and/or packaging when applicable, as well as the number of cartons or packs and the sale price. An itemized listing of other tobacco products sold must include the brand, type, flavor, and packaging, as well as the quantity and the sale price.

11/20/14

EMERGENCY TELEPHONE USERS SURCHARGE

Add Annotation and Heading

Access Recovery Charge Not Subject to 911 Surcharge

The Access Recovery Charge, which the Federal Communications Commission authorizes certain local telephone companies to charge their customers for interstate service, is not subject to the 911 Surcharge. 9/19/14.

NATURAL GAS SURCHARGE LAW

Add Annotation and Heading

Natural Gas Surcharge; Out-of-State Liquid Natural Gas Provider

A Company operates a natural gas plant in the state of Arizona where it produces liquid natural gas (LNG) for use as a motor vehicle fuel and in industrial processes. The Company then transports the LNG into California by truck and trailer and delivers the

Please note that the proposed added and deleted annotations contained in this CLD are drafts and may not accurately reflect the text of the final annotations

LNG to customers for use as motor fuel or in their industrial processes. Company also makes wholesale sales of LNG to a California subsidiary that operates retail LNG and compressed natural gas vehicle fueling stations in the state.

Company is not a “gas corporation” for purposes of Public Utilities code section 222 or a “public utility” or “public utility gas corporation” for purposes of Public Utilities code section 216, subdivision (a), and Public Utilities code section 891, subdivision (b). Therefore, Company is not required to collect the natural gas surcharge on sales to its customers or its subsidiary. 8/19/14

OIL SPILL RESPONSE, PREVENTION, AND ADMINISTRATION FEES

Delete Annotation and Heading

INDEPENDENT CRUDE OIL PRODUCER

Crude oil produced by an independent crude oil producer, as the term is defined in Government Code section 8670.48(c)(3), is not subject to the fees. 6/11/91.

Delete annotation – Pursuant to the passage of SB 861(Stats. 2014, Ch. 35), effective September 18, 2014, the Oil Spill Response, Prevention and Administration Fees program expanded to cover all modes of delivery and all waters of the state of crude oil. Previously, the fees covered deliveries of crude oil delivered by vessel at a marine terminal.

Delete Annotation and Heading

TRANSPORT OF CRUDE OIL BY PIPELINE

A company that transports crude oil out of state by pipeline, but not through marine waters, is not required to register with the Board or pay the administration and prevention fee. However, the company is required to file a response fee return and pay the response fee if the conditions of Government Code section 8670.48(g) are met (that is, if the year-to-date cumulative barrels of oil transported out of state by all fee payers by vessel or pipeline exceeds six percent by volume of total barrels of crude oil and petroleum product subject to the oil response fee for the prior calendar year). 3/13/92.

Delete annotation – Pursuant to the passage of SB 861(Stats. 2014, Ch.35), effective September 18, 2014, the Oil Spill Response, Prevention and Administration Fees program expanded to cover all modes of delivery and all waters of the state of crude oil. Previously, the fees covered deliveries of crude oil delivered by vessel at a marine terminal.

Memorandum

To: Mr. Randy Silva, Chief
Investigations Division (MIC:42)

Date: November 20, 2014

From: Pamela Mash *PM*
Tax Counsel
Tax and Fee Programs Division (MIC:82)

Subject: How the term "itemized" is defined
Assignment No. 14-411

I am writing in response to your August 26, 2014, email to Assistant Chief Counsel Robert Tucker in which you request clarification on the meaning of the term "itemized" for the purposes of Business and Professions Code sections (section) 22978.4 and 22979.6.

Section 22978.4 requires, in part, that distributors and wholesalers include an itemized listing of the cigarettes or tobacco products sold on each invoice for the sale of cigarettes or tobacco products. (Bus. & Prof. Code, § 22978.4, subd. (a)(5).) Similarly, section 22979.6 requires, in part, that manufacturers and importers include an itemized listing of the cigarettes or tobacco products sold on each invoice for the sale for distribution, wholesale, or retail sale of cigarettes or tobacco products. (Bus. & Prof. Code, § 22979.6, subd. (a)(4).)

The term "itemized" is not defined in the Business and Professions Code or in any other relevant statutes or regulations. Itemize is defined in the dictionary as the term used to "state each item or article separately." (Black's Law Dict. (6th ed. 1990) p. 833.)

An invoice is sufficiently itemized and states each item separately if the description is detailed enough to identify the specific items in question without ambiguity. As related to cigarettes, the description must include the name of the brand family and the style of the cigarettes. The brand family is the manufacturer's cigarette trade name (that is, the name given to the product). Within a cigarette brand, the various styles are marketing names for different types of products. Some cigarettes are further described by flavor, filter, and packaging. For example, [REDACTED] a brand cigarettes are available in 14 different styles. "[REDACTED]ft," "[REDACTED]" and "[REDACTED]" are three styles currently on the market. As evident by their names, they are completely different styles of cigarettes, with different flavors, filters, and packaging. An invoice for the sale of these three products listing simply "[REDACTED]" does not describe with any detail or specificity the cigarettes that were sold; the sale might have been for any one of them or any one of the other 11 different styles of [REDACTED] brand cigarettes available for purchase. Therefore, for the purpose of complying with the invoice requirements of sections 22978.4 and 22979.6, an itemized list of cigarettes sold must include the brand and style names, and the cigarettes must be further identified by flavor, filter, and/or packaging when applicable. The number of cartons or packs sold and the sale price also must be included on the invoice.

Similarly, other tobacco products (OTP) must be identified by brand, type of tobacco (such as pipe, cigars, and roll-your-own), flavor, packaging (such as pouches, tins, and boxes), and quantity. For example, ██████████ are a popular brand of OTP. They are available in many different types, including cigarillos, blunts, giants, and slims. The various types are available in a number of different flavors (such as strawberry, peach, white grape) and different types of packaging (such as box of 16, pack of 2 cigars, pack of 3 for 2 minis). An invoice for the sale of one of the many different types, flavors, and packaging of ██████████ products listing simply "██████████" does not describe with any specificity the OTP that actually were sold; the sale might have been for any one of the hundreds of variations of types, flavors, and packaging offered by ██████████. Therefore, for the purpose of complying with the invoice requirements of sections 22978.4 and 22979.6, an itemized list of OTP sold must include the brand, type, flavor, and packaging. The quantity of OTP sold and the sale price also must be included on the invoice.

We note that industry is aware of the requirement to provide invoices with an itemized list of cigarettes and OTP sold, and licensed and legitimate distributors and wholesalers have been providing this detailed description on their invoices since the California Cigarette and Tobacco Products Licensing Act of 2003 went into effect in 2004. This opinion does not place any new or additional burdens on distributors, wholesalers, manufacturers, or importers.

Please let me know if you have any questions about the information provided here or would like further assistance regarding this matter.

PM:yg

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cc: Mr. Mike Loretta (MIC:42)

M e m o r a n d u m

To: Ms. Debbie Kalfsbeek
Chief
Special Taxes Audit and Carrier Division (MIC:62)

Date: September 19, 2014

From: Andrew J. Kwee
Tax Counsel
Tax and Fee Programs Division (MIC:82)

Subject: Applicability of Emergency Telephone Users Surcharge to the Access Recovery Charge Assignment No. 13-332

This is in response to your request for a legal opinion regarding the application of the Emergency Telephone Users Surcharge Law (911 Surcharge Law) to an access recovery charge that certain Local Exchange Carriers (local telephone companies)¹ charge their customers.

Specifically, you ask, first, whether the access recovery charge is subject to the 911 Surcharge. Second, you ask, with respect to the decision by the State Board of Equalization (Board) in the *Roseville Telephone Company* case (decided Feb. 2, 1994) (*Roseville Telephone*) that interstate access charges² which local telephone companies charge their customers are not subject to the 911 Surcharge, if that decision has been overruled in light of the decision in *Sprint Communications Co., L.P. v SBE* (Super Ct. San Francisco County, 2009, No. CGC 06-455982) (*Sprint*), which involved flat rate and monthly recurring service charges.

As discussed in depth below, first, it is our opinion that the access recovery charge is not subject to the 911 Surcharge. Second, it is our opinion that the Board's decision in *Roseville Telephone* was not impacted by *Sprint* and, therefore, that interstate access charges which local telephone companies charge their customers are not subject to the 911 Surcharge.

DISCUSSION

Applicable Law

As relevant here, the 911 Surcharge Law imposes a surcharge on amounts paid by every person in the state for intrastate telephone communication service in this state. (Rev. & Tax. Code, § 41020, subd. (a).) The measure of the 911 Surcharge includes all charges billed by a service

¹ We understand the term "local exchange carrier" is an industry term used to refer to a telephone company which operates exclusively within a specific local area and provides telecommunications services within that area. (See The Free On-line Dictionary of Computing. Retrieved August 05, 2014, from Dictionary.com: <http://dictionary.reference.com/>)

² You state that this charge is also commonly described as a Subscriber Line Charge, Interstate Access Charge, FCC Charge for Network Access, Federal Line Cost Charge, Federal Access Charge, Interstate Single Line Charge, Customer Line Charge, or FCC-Approved Customer Line Charge. For purposes of this letter, we refer to these charges collectively as an interstate access charge.

supplier to a service user for *intrastate* telephone communication services; however, it does not include any tax imposed by the United States. (Rev. & Tax. Code, § 41011, subds. (a), (b)(1) [Italics added].) Thus, for example, we previously opined that an interstate access charge mandated by the Federal Communications Commission (FCC) for interstate service is not subject to the surcharge because it is *interstate* in nature. (Rev. & Tax. Code, § 41020, subd. (a); see, e.g., Business Taxes Law Guide Annotation (Annot.) “Interstate Access Charge Not Subject to 911 Surcharge” 5/3/94, 7/25/94. (Am 2003-1).) As you note, this annotation was drafted in response to the Board’s decision in 1994 regarding *Roseville Telephone*, wherein the Board determined that the disputed interstate access charges are not subject to the 911 Surcharge.

For ease of analysis, we address your second question first.

I. Why does tax apply differently to “interstate access charges” (Sprint) than it does to “flat rate and monthly recurring service charges” (Roseville Telephone)?

Interstate Access Charges (Roseville Telephone)

As relevant background information, in 1974 the United States Department of Justice filed a federal antitrust lawsuit against ██████████ ██████████, who, at the time, was the sole provider of telephone service throughout most of the United States. Ultimately, the parties entered into a consent decree whereby ██████████ relinquished control of its ██████████ ██████████, through which it had provided local telephone service up until January 8, 1982. That is why, today, local telephone companies operate exclusively within a local area and are not allowed to handle long-distance calls (including, as relevant, interstate calls).

Instead, when such a “long distance call” is made to a location outside the local area operated by the local telephone company, the FCC explains that the local telephone company may collect an access charge from the customer for the cost of accessing a network operated by a different carrier. Thus, the FCC explains:

Interstate access charges apply to calls that originate and terminate in different states, and **intrastate access charges** apply to calls that originate and terminate in different local calling areas within the same state. The [FCC] oversees interstate access charge rates, and the states oversee intrastate access charge rates.³

(Emphasis added.) As you correctly assert, the purpose of the *interstate* access charges which were at issue in *Roseville Telephone* is to “be kept by the carriers as recovery of reduced revenues caused by the decentralization of the telephone industry” that I just described. Further, the federal courts have concluded that the FCC has jurisdiction to authorize⁴ a telephone corporation to recover interstate access charges from subscribers because such a charge “reflects costs caused . . . by the subscriber’s connection into the *interstate network*, which enables the

³ <http://www.fcc.gov/encyclopedia/intercarrier-compensation>. (Accessed 8/6/14.)

⁴ You express concerns with the Board’s decision in *Roseville Telephone* because you state interstate access charges are not mandated by or remitted to FCC. As relevant to our discussion, we do not believe that it is material whether FCC imposes the charges, or merely authorizes and approves local telephone companies to collect and retain the charge from customers. The reason such charges are excluded from the measure of the 911 Surcharge is based on the nature of the charge as interstate or intrastate (and not whether it is a tax imposed by the United States). Thus, we do not address whether any of the subject charges are mandatory charges imposed by the FCC.

subscriber to make *interstate* calls.” (*National Association of Regulatory Utility Commissioners v. FCC* (1984) 737 F.2d 1095, 1113. [Italics added.]

In summary, interstate access charges are 100 percent allocable to the cost of providing interstate telephone communications service. Therefore, interstate access charges are interstate in nature and thus excluded from the measure of the 911 Surcharge, which only applies to amounts paid for *intrastate* telecommunication services. Intrastate access charges (charges to access different local networks within this state), on the other hand, are subject to the 911 Surcharge.

Flat Rate and Monthly Recurring Service Charges (*Sprint*)

Unlike an interstate access charge, which only applies to reimburse a carrier’s cost of accessing the interstate telecommunications network; flat rate and monthly recurring service charges (collectively, monthly recurring charges) such as those at issue in *Sprint* are charges which apply to all telecommunications service; both intrastate and interstate.⁵ The reason they are both intrastate and interstate in nature, the Court in *Sprint* explains, is:

Some or all of Sprint’s bills to its customers include fixed flat-rate charges that the parties have called “presubscribed line charges” and “monthly recurring charges”. . . . I refer to both as “monthly recurring charges Because monthly recurring charges must be paid before a Sprint customer is able to make either an interstate or an intrastate long distance call, those charges are both “interstate charges” and “intrastate charges,” . . . [therefore] the monthly recurring charges are charges for both interstate and intrastate services [for purposes of the 911 Surcharge].

In concluding that a portion of the monthly recurring charges are intrastate in nature and thus subject to the 911 Surcharge, *Sprint* Court listed three crucial factors: (1) monthly recurring charges must be paid for a subscriber to make any calls, whether intrastate or interstate; (2) the monthly recurring charges are a flat rate regardless of how many interstate or intrastate calls the subscriber makes; and (3) the rates are approved by the FCC. Based on the Court’s decision in *Sprint* that a portion of the monthly recurring charges are intrastate in nature, such monthly recurring charges must be prorated to determine the intrastate portion of the total charge, and the 911 Surcharge applies to that portion of the monthly recurring charge which is intrastate in nature. (Rev. & Tax. Code, § 41020, subd. (a); see, e.g., Annot. “Proration of Flat Rate Service Charges or Monthly Recurring Charges” (1/8/10).)

CONCLUSION

To briefly summarize our conclusion, and to answer your question: No, *Sprint* does not impact the Board’s decision in *Roseville Telephone* (and the applicable annotation) because *Roseville Telephone* involves interstate access charges which are interstate in nature. On the other hand, *Sprint* involves monthly recurring charges, a portion of which are intrastate in nature and thus (to the extent of the intrastate portion) subject to the 911 charge.

⁵ We note that [REDACTED] is a long distance carrier as opposed to a local telephone company. In other words, unlike local telephone companies, [REDACTED] does not own any local telephone lines to provide local service. Therefore, all calls require [REDACTED] to incur costs to access a line not owned by Sprint in order to provide telecommunications service.

II. How does tax apply to “access recovery charges”?

Access Recovery Charge

You state that the access recovery charge is a new and third type of charge that the FCC authorized on November 18, 2011. You further explain that the access recovery charge is not mandated by the FCC, and is not a government charge or tax; however, you state that it is very similar in nature to the interstate access charge (described above). You also attached a copy of an April 19, 2012, order issued by the FCC (DA 12-575), which further describes the access recovery charge. The FCC order explains that “on November 18, 2011, the Commission . . . adopted a transitional recovery mechanism, including a new tariffed Access Recovery Charge [], which is intended to partially mitigate the effect of reduced intercarrier revenues on carriers.”

You summarize the pertinent FCC materials, and you state in pertinent part:

The FCC does regulate the [interstate access charge] and has currently capped the charge at \$6.50 a line. The FCC has created/approved a new [access recovery charge], effective July 1, 2012, to allow carriers that are already charging the maximum [interstate access charge] of \$6.50 to charge an additional recovery amount under the new [access recovery charge] rather than the FCC increasing the [interstate access charge] limit of \$6.50 a line.

In summary, we understand that just like with the interstate access charge, a local telephone company only charges a subscriber an access recovery charge to recover the cost of providing *interstate* telephone communications service (and to the extent it is not fully reimbursed via the interstate access charge). Under these facts, and for the same reasons explained above (under our discussion of interstate access charges), the access recovery charge is 100 percent interstate in nature and thus excluded from the measure of the 911 Surcharge, which only applies to amounts paid for intrastate telecommunication services.

In conclusion, the access recovery charge is not subject to the 911 Surcharge.

AJK/yg

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Memorandum

To: Ms. Debbie Kalfsbeek
Chief
Special Taxes Audit and Carrier Division (MIC:62)

Date: August 19, 2014

From: Kevin B. Smith 
Tax Counsel
Tax and Fee Programs Division (MIC:82)

Subject: **Natural Gas Surcharge and Out-of-State Motor Fuel Providers**
Assignment No. 12-518

This memo is in response to your request for a legal opinion regarding the application of the natural gas surcharge, imposed pursuant to article 10 (commencing with section 890) of chapter 4 of part 1 of division 1 of the Public Utilities Code¹ (natural gas surcharge law), to liquefied natural gas² (LNG) that is transported into California by truck and consumed either as motor fuel or by an industrial user in this state. The natural gas surcharge is administered by the Board of Equalization (BOE) on behalf of the California Public Utilities Commission (CPUC) pursuant to the Fee Collection Procedures Law (FCPL).³

Specifically, you first ask if the consumption in this state of natural gas as a motor fuel is subject to the natural gas surcharge. If this consumption is subject to the surcharge, you next ask whether the company that transports the LNG into California is a public utility gas corporation that is obligated to collect the surcharge under the natural gas surcharge law. Finally, you ask if consumption of LNG that the company trucks into the state and delivers to an industrial user in this state is subject to the natural gas surcharge. Each of these questions is discussed below.

BACKGROUND

Facts

According to the facts you have provided, a company (Company) operates a gas plant just across the California border in the state of Arizona. Company pulls natural gas off of an interstate pipeline in Arizona and cools the gas down to form LNG. Company then transports the LNG into California by truck and trailer and delivers the LNG to customers for use as motor fuel or in their industrial processes. We understand that these are retail sales to customers that are, for the most part, the ultimate consumers of the LNG. In addition, you state that Company also makes wholesale sales of LNG to a California subsidiary (Subsidiary) that operates retail LNG and compressed natural gas (CNG) vehicle fueling stations in the state.

¹ All future statutory references are to the Public Utilities Code unless otherwise indicated.

² Also referred to as "liquid natural gas." (See, e.g., Rev. & Tax. Code, § 8651.6.)

³ Part 30 (commencing with section 55001) of the Revenue and Taxation Code (R&TC).

Relevant Law

The natural gas surcharge is imposed on the consumption of natural gas, unless the gas is used for an exempt purpose, such as to generate power for sale. (§§ 890, subd. (a); , 896.) Consumption is defined as the “the use or employment of natural gas.” (§ 896.) The natural gas surcharge is collected by public utility gas corporations from all persons who receive gas service from the public utility gas corporation. (§ 890, subds. (b)(1).)

The CPUC regulates public utility gas corporations operating in California. (§ 216, subd. (b).) A “gas corporation” is defined to include “every corporation or person owning, controlling, operating, or managing any gas plant for compensation within this state.” (§ 222 [emphasis added].) A “public utility” is defined to include, among other things, a “gas corporation.” (§ 216, subd. (a) [referred to in the natural gas surcharge law as a “public utility gas corporation” (§ 891, subd. (b))].)

A person who sells, or who owns or operates a facility that sells, CNG at retail to the public in this state for use as motor vehicle fuel, which you state Subsidiary does, is not, for that reason alone, considered to be a “public utility” for purposes of regulation by the CPUC or, accordingly, a “public utility gas corporation” for purposes of the natural gas surcharge law. (§ 216, subd. (f); § 890, subd. (b); § 891, subd. (b).)

DISCUSSION

LNG Consumed as Motor Fuel in This State

As noted above, the natural gas surcharge is imposed on the consumption of all natural gas in this state, unless otherwise exempted. (§ 890, subd. (a).) At issue here is the consumption of natural gas, in the form of LNG, that Company delivers in California for use as motor fuel to power motor vehicles on state highways.⁴ Use of LNG as a motor fuel is not excluded from the definition of “consumption” and therefore may not be exempt from imposition of the natural gas surcharge. However, imposition of the natural gas surcharge is modified by additional criteria.

If Company were a “public utility gas corporation,” it would be required to collect the natural gas surcharge from these customers and remit it to the BOE. (§ 890, subd. (b)(1).) However, as noted above, a “gas corporation” is, as relevant here, “every corporation or person owning, controlling, operating, or managing any gas plant for compensation within this state.” (§ 222.) Since the gas plant that Company operates is located in Arizona, not California, Company is not a “gas corporation” for purposes of section 222 or a “public utility” or “public utility gas corporation” for purposes of section 216, subdivision (a), and section 891, subdivision (b). Therefore, Company is not required, pursuant to section 890, subdivision (b)(1), to collect the natural gas surcharge from these customers.

⁴ An excise tax of six cents per gallon is imposed on LNG “used in an internal combustion engine for generation of power to propel a motor vehicle on the highways” and is either collected from the user by the vendor of the LNG at the time the LNG is sold and delivered into the fuel tank of the motor vehicle or paid to the BOE by the user of the fuel. (R&TC, §§ 8604, 8651.6, 8732, 8753.) The revenue from this tax is deposited in the Highway Users Tax Account in the Transportation Tax Fund. (R&TC, §§ 9301-9304.) This excise tax on LNG is entirely separate from, and imposed for a different purpose than, the natural gas surcharge and will not be addressed in this opinion.

Although these customers are still consumers of natural gas in this state, they are purchasing the gas from a provider that is not a public utility gas corporation (i.e., Company). Accordingly, persons consuming natural gas sold by a provider that is not a public utility gas corporation, which would include Company, are not liable for the natural gas surcharge on the LNG they consume. (§ 890, subd. (b)(1).)

With respect to Subsidiary and other customers to whom Company delivers LNG in California and who then resell the LNG at retail to consumers for use as motor fuel, first, Company is not a “public utility gas corporation,” so is not required to collect the natural gas surcharge from these customers, and, second, these customers are not consuming the LNG themselves, so they are not liable for the surcharge.

Accordingly, we conclude that Subsidiary and the other customers to whom Company delivers LNG in California, and who then resell the LNG at retail to consumers for use as motor fuel, are not “public utility gas corporations” and are not required to collect the natural gas surcharge from their customers. Although their retail customers do consume the LNG for use as motor fuel, since, these consumers do not receive the natural gas from a public utility gas corporation, they are not liable for the natural gas surcharge on the LNG they consume.

Industrial Users of LNG

Regarding Company’s customers that receive LNG in California from Company and who then consume the LNG in their industrial processes. Because Company is not a “public utility gas corporation” it, would not be responsible for collecting the natural gas surcharge from its industrial-use customers to whom it delivers LNG in California.

Please let me know if you have any questions or would like further assistance with respect to this matter.

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cc: [REDACTED] – Legal Department, California Public Utilities Commission
Lynn Bartolo (MIC:57)