

DOCKETED

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Document Title:	Email Clarification re Gas User City Tax
Description:	N/A
Filer:	Craig Hoffman
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From: Jones, Steve [<mailto:SJones@elsegundo.org>]
Sent: Tuesday, January 07, 2014 11:03 AM
To: Adams, Jim@Energy
Cc: Cullen, Deborah
Subject: RE: Gas Users Tax

Jim,

Please see my comments below. Thanks.

Steve Jones
Business Services Manager
City of El Segundo
310-524-2332

From: Adams, Jim@Energy [<mailto:Jim.Adams@energy.ca.gov>]
Sent: Tuesday, January 07, 2014 10:31 AM
To: Jones, Steve
Subject: Gas Users Tax

In reviewing the El Segundo City Code (Title 3, Chapter 7), I found subchapter 3-7-5: Gas Users Tax. This appears to be a tax levied on every commercial or industrial utility using gas delivered through mains or pipes within the city. It is my understanding the El Segundo Energy Center pays this tax on gas that is currently used by the power plant. I also understand that the amount of tax revenue would change based on the volume of gas that would be used by the proposed El Segundo Power Facility Modification (ESPFM).

If the city were the lead agency, would it levy this tax on the proposed ESPFM? El Segundo would continue to levy the tax at its current 3% rate based on the gas consumed daily times the SoCal daily gas price to achieve the total daily gas cost. All of the days for a particular month are totaled for the daily gas cost and the 3% is applied to the total monthly gas cost.

Is this interpretation of the energy users tax correct or is there other pertinent information that would apply? The interpretation is correct and currently the ESPFM remits the amounts for the new power plant and the old remaining power plant unit separately each month.

The revenue for the gas UUT varies from \$355,000 to approximately \$1,260,000 over the last several years. It appears this increased a lot due to the old power plant being used primarily due to the San Onofre closure. It is difficult to predict where we think we will end up this current fiscal year. We are on an October thru September fiscal year.

Please let me know if you have any additional questions. Thanks.