


Date: April 24, 2025

From: Thomas B. Modica, City Manager 

To: Mayor and Members of the City Council

Subject: **City Protest Letter to SCE Surcharge Request**

Attached please find the letter we submitted today from the City of Long Beach, the protest of Southern California Edison Company's Advice Letter 5510-E (Request for Authority to Implement a Surcharge to Recover the Costs of a New Utility Users' Tax Imposed by City of Long Beach on SCE's Natural Gas Purchases that Fuel a Plant's Production of Electricity for Delivery to SCE's Customers) to the California Public Utilities Commission.

ATTACHMENTS

CC: DAWN MCINTOSH, CITY ATTORNEY
DOUGLAS P. HAUBERT, CITY PROSECUTOR
LAURA L. DOUD, CITY AUDITOR
APRIL WALKER, ASSISTANT CITY MANAGER
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KEVIN LEE, CHIEF PUBLIC AFFAIRS OFFICER
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DEPARTMENT HEADS



**Long Beach City Mayor's Office
Long Beach City Attorney's Office
Long Beach City Auditor's Office
Long Beach City Manager's Office**

City of Long Beach
411 West Ocean Boulevard, Long Beach, CA 90802
PHONE: 562.570.6711

April 24, 2025

California Public Utilities Commission
Energy Division
505 Van Ness Avenue
San Francisco, CA 94102

Dear Energy Division Director,

Attached please find the City of Long Beach, California's protest of Southern California Edison Company's Advice Letter 5510-E (Request for Authority to Implement a Surcharge to Recover the Costs of a New Utility Users' Tax Imposed by City of Long Beach on SCE's Natural Gas Purchases that Fuel a Plant's Production of Electricity for Delivery to SCE's Customers).

We strongly oppose SCE's proposal to seek authority to implement a surcharge on Long Beach residents. For decades, SCE has received significant financial gains as a result of an outdated loophole in the Long Beach Municipal Code. SCE has done this in the face of Long Beach residents who have borne the environmental burden and impacts of having two of the state's largest power plants located within the City that have provided power for the region beyond Long Beach. The AES plant sells power to the statewide power grid and does not directly serve Long Beach customers. In fact, the PUC has previously acknowledged this by allowing SCE to spread the cost of the power generated in Long Beach to the entirety of ratepayers.

Our rejection of SCE's request is based on a fairness issue. Before the passage of Measure LB, AES and LADWP were the only two entities in the City of Long Beach that were not paying user utility tax on natural gas. It only logically makes sense that if the cost of the power is borne by the ratepayers throughout the State, then the cost of generating that power, including all appropriate taxes, must be spread to all ratepayers equally as well.

The primary purpose and intent of Measure LB was based on fairness where AES and LADWP would pay the same five (5) percent user utility tax on natural gas as every other power plant, residential, commercial, industrial, and municipal customer is paying or has paid in Long Beach. If every other business in the City pays these taxes, and those costs are passed on to their customers as a cost of doing business, it should not be any different for power generators. That is the fundamental issue of fairness. Long Beach residents did not receive cheaper electricity for the 60 plus years that no tax was levied, so it is illogical to assume that only Long Beach residents should bear the cost of the tax when applied equally and fairly to all who benefit from the power.

After SCE has enjoyed a financial windfall for years and are now asked to pay their fair share, they are seeking retribution by deliberately targeting Long Beach residents. As a consequence, Long Beach residents would not only continue to bear the environmental burden but would also bear an additional financial burden so that SCE can continue to enjoy their significant financial gains. For these reasons and those set forth in detail in the attached protest letter, SCE's Advice Letter should be rejected.



Mayor Rex Richardson



City Attorney Dawn A. McIntosh



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April 24, 2025

Via E-mail
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California Public Utilities Commission
Energy Division
505 Van Ness Avenue
San Francisco, CA 94102

Re: City of Long Beach, California's Protest of Southern California Edison Company Advice Letter 5510-E (Request for Authority to Implement a Surcharge to Recover the Costs of a New Utility Users' Tax Imposed by City of Long Beach on SCE's Natural Gas Purchases that Fuel a Plant's Production of Electricity for Delivery to SCE's Customers)

Dear Energy Division Director:

The City of Long Beach, California ("Long Beach") hereby protests, through this Protest and the accompanying cover letter from the Mayor, City Attorney, City Auditor, and City Manager from the City of Long Beach, Southern California Edison Company's ("SCE") Advice Letter ("AL") 5510-E. In its Advice Letter 5510E, SCE is seeking authority to implement a surcharge on customer bills collected within the City of Long Beach. SCE's sole basis for its request is the Commission's prior guidance on the Commission's *Investigation on the Commission's Own Motion to Establish Guidelines for the Equitable Treatment of Revenue-Producing Mechanisms Imposed by Local Government Entities on Public Utilities*, D.89-05-063 ("Equitable Treatment Decision"). SCE's misapplication of the prior guidance of this Commission undermines the CPUC's equitable treatment goal and does not support the application of a surcharge to Long Beach ratepayers.

BACKGROUND

The Long Beach Municipal Code Chapter 3.68 imposes a Utility Users Tax ("UUT") for users of electricity, telecommunications, water, and gas. Section 3.68.40 describes the Gas Users Tax, which is imposed on "every person in the City using gas in the City which is delivered directly or indirectly through mains or pipes" at a "rate of 10% of the charges made for such gas and shall be paid by the person paying for such gas". Section 3.68.010 revised the Long Beach UUT tax rate, starting in 2004, from 10% to 5%. Until Measure LB was approved in November 2024, Subsection C of the Gas Users Tax carved out exceptions for certain uses, including charges made for gas to be used in the generation of electrical energy by an electrical corporation or governmental agency.

On August 6, 2024, the City of Long Beach proposed to its residents “Measure LB”, which would remove the exemption from the City of Long Beach’s Utility User Tax ordinance for “charges made for gas to be used in the generation of electrical energy by an electrical corporation or governmental agency.” As applied, Measure LB would remove the exemption for the fuel used in the production of electricity by the two gas-fired power plants located in Long Beach – the Alamitos Energy Center (“AEC”), formerly owned by SCE and since 1998, owned and operated by the AES Corporation (“AES”), and the Haynes Generating Station (“HnGS”), owned by Los Angeles Water and Power (“LADWP”). In November 2024, the residents of Long Beach overwhelmingly voted in favor of Measure LB, and it passed by a vote of 81.68% to 18.32%.

SCE’s ADVICE LETTER

On April 4, 2025, SCE filed the Advice Letter which is the subject of this Protest. In its Advice Letter, SCE argues that because it has a 20-year power purchase agreement (“PPA”) with the AEC under which it must periodically buy the natural gas used to generate the plant’s electricity, which electricity SCE supplies to its customers, with the passage of Measure LB, SCE will pay UUT for any natural gas it procures to fuel the AEC plant’s generation of electricity.¹ SCE further argues that the Equitable Treatment Decision recognizes that including the cost of the UUT in SCE’s basic rates applicable to all customers would be inequitable because the benefits obtained by customers within Long Beach would be subsidized by customers elsewhere on SCE’s system. Based upon its self-serving reading of the Equitable Treatment Decision, SCE requested “...approval to impose a new surcharge – the Measure LB Surcharge – equally on the basis of consumption of electricity to all classes of customers in Long Beach, i.e., residential, commercial, industrial, municipal, and wholesale, to recover the costs of the UUT imposed pursuant to Measure LB, as codified in Long Beach Municipal Code Section 3.68.040(C)”.²

In requesting the surcharge, SCE relies exclusively on the Equitable Treatment Decision. Specifically, SCE states that the Equitable Treatment Decision:

...authorized utilities to submit an advice letter to impose a surcharge on utility customers located in a local government’s jurisdictional area in two circumstances:

1. When the level of taxes and fees excluding ad valorem property taxes imposed by a local taxing entity directly on a public utility significantly exceeds the average of taxes and fees imposed by other taxing entities within that utility's service territory. Spreading this excess through basic rates to all system ratepayers creates inequities among classes of ratepayers since the benefits obtained by ratepayers within the local governmental area of the higher taxing entity are subsidized by ratepayers elsewhere in the system. In this circumstance, the utility must demonstrate that the level of taxes and fees significantly exceeds the average level of the total of those imposed by the other local governmental entities within the utility's service area; and

¹ Long Beach was unable to verify this assertion as the PPA to which SCE refers is not in the public domain, and, despite repeated attempts to obtain the PPA (redacted, if necessary, to protect commercially sensitive information) from SCE, SCE did not provide Long Beach with a copy.

² SCE Advice Letter at 7.

2. When a local taxing entity imposes a users' tax based on sales to, or consumption by, the utility of a commodity used in production of the product the utility delivers to its customers. Including the cost to the utility of this tax in the basic rate applicable to all ratepayers would create inequities because the benefits obtained by ratepayers within the local governmental area of the taxing entity would be subsidized by ratepayers elsewhere in the system. The Commission found that “[i]t is reasonable and just that the entire cost of a utility users' tax imposed by a local taxing entity, and based on sales to the utility or consumption of a commodity consumed in production of the product the utility delivers to its customers should be borne by the ratepayers of all classes within the local governmental area of the entity imposing the tax.”³

With respect to the “first circumstance” set forth above, SCE does not appear to argue in its Advice Letter that the “first circumstance” applies to Measure LB. However, Long Beach wishes to make it clear that not only did SCE not “demonstrate that the level of taxes and fees significantly exceeds the average level of the total of those imposed by the other local governmental entities within the utility's service area”, but SCE also could not have done so. The UUT being imposed by Long Beach is 5%, which is well within the average UUT imposed by other municipalities within SCE's service territory.⁴

Instead, SCE asserts that the “...second circumstance is precisely SCE's situation with the passage of Measure LB because SCE's customers will pay the Measure LB UUT – an estimated additional \$7.5 million – in each Contract Year of the AEC PPA that SCE must purchase the natural gas to fuel the plant's generation of electricity.”⁵ SCE then argues that the Equitable Treatment Decision “recognizes that including the cost of the UUT in SCE's basic rates applicable to all customers would be inequitable because the benefits obtained by customers within Long Beach would be subsidized by customers elsewhere on SCE's system” and accordingly, “requests approval to impose a new surcharge – the Measure LB Surcharge – equally on the basis of consumption of electricity to all classes of customers in Long Beach, i.e., residential, commercial, industrial, municipal, and wholesale, to recover the costs of the UUT imposed pursuant to Measure LB, as codified in Long Beach Municipal Code Section 3.68.040(C).”

PROTEST

Long Beach protests the approval of SCE's request to impose a new surcharge to SCE customers in Long Beach. As noted above, SCE relies exclusively on the Commission's Equitable Treatment Decision as the basis for its argument that the surcharge is authorized. However, SCE's reliance on the Equitable Treatment Decision is inappropriate and misplaced for three distinct reasons, and the surcharge proposed in SCE's Advice Letter should be rejected.

First, SCE's proposed surcharge would undermine the intent of the Equitable Treatment Decision; in fact, it would be inequitable to assess a surcharge on the SCE customers who bear the full brunt of the environmental impacts of the AEC. Second, SCE fails to recognize that the electricity

³ SCE Advice Letter at 5-6, emphasis in original, internal citations omitted.

⁴ For example, Los Angeles County currently assesses a UUT of 4.5%, *see* <https://tc.lacounty.gov/uut/>.

⁵ *Id.* at 6.

market in California has changed significantly since the Equitable Treatment Decision was issued in 1989; SCE no longer owns the AEC, and even if SCE has a power purchase agreement with AES under which it sometimes purchases natural gas to produce power at the AEC, SCE has not demonstrated that the electricity produced by AEC directly serves Long Beach. Third, the SCE customers in Long Beach should not be punished by SCE's choice to enter into a contract with the owners and operators of the AEC; SCE chose to assume the risk of any taxes related to the cost of natural gas by entering into a PPA with AES for the electricity produced by AEC and SCE should be responsible for the cost of that assumed risk.

1. SCE's Proposed Surcharge Is Inapposite to the Intent of the Equitable Treatment Decision

First and foremost, applying a surcharge to SCE's ratepayers in Long Beach is inapposite to the purpose and intent of the Equitable Treatment Decision. The Equitable Treatment Decision was issued to *establish guidelines for the equitable treatment* of taxes imposed by local government entities on public utilities.⁶ The "second circumstance" in the Equitable Treatment Decision set forth above, and relied upon by SCE, assumes that including the cost of the UUT in the "basic rate applicable to all ratepayers would create inequities because the benefits obtained by ratepayers within the local government area of the taxing entity would be subsidized by ratepayers elsewhere in the system." However, the assumption that including the cost of the UUT in the rate applicable to all ratepayers would create inequities is inappropriate in the instant case because it accounts only for the purported "benefits" to SCE's customers in Long Beach in its equity determination. Specifically, the assumption that including the UUT in SCE's rates throughout its service territory "creates inequities" because there are *benefits* to ratepayers in the local government assessing the tax fails to account for the countervailing, and significant, *burdens* the ratepayers in Long Beach bear due to the AEC's location within its borders. Only Long Beach inhabitants shoulder the burden of having the AEC located in the City of Long Beach, the environmental cost to host this large, fossil fuel-powered generating station.

As just a sampling, in December 2000, AES was fined \$17 million by the South Coast Air Quality Management District ("SCAQMD") for exceeding its nitrous oxide ("NOx") emissions limits at AEC by over 1 million pounds.⁷ In April 2014, AES paid \$128,700 in penalties in a settlement with the California Air Resources Board ("CARB") for violating California regulations for sulfur hexafluoride emissions at the AEC.⁸ And in June 2024, AES Alamitos reached a \$195,000 settlement with CARB for violating California regulations for sulfur hexafluoride emissions at the AEC.⁹ While AES incurred monetary penalties for these emissions violations, it is the residents and inhabitants of Long Beach who suffer from their production. And even if AES were to be fully compliant with all emissions standards, all of the time, there is still an undeniable adverse environmental impact from the permitted emissions generated by the AEC. The examples of the fines and penalties set forth above are only for emissions *in excess* of posted limits; the residents of Long Beach are continuously subjected and exposed to the

⁶ The title of the Equitable Treatment Decision, "*Investigation on the Commission's Own Motion to Establish Guidelines for the Equitable Treatment of Revenue-Producing Mechanisms Imposed by Local Government Entities on Public Utilities*, D.89-05-063, makes that clear.

⁷ <https://www.power-eng.com/environmental-emissions/aes-fined-17-million-for-pollution-from-power-plant/>.

⁸ <https://ww2.arb.ca.gov/aes-southland-llc-settlement>.

⁹ <https://ww2.arb.ca.gov/aes-alamitos-llc-settlement>.

legally permitted emissions produced daily by the AEC, along with the broader environmental degradation caused by the AEC to the City of Long Beach.

Long Beach submits that SCE failed to consider the significant environmental cost of the AEC to the residents of Long Beach in the “benefits and burdens” analysis that must be performed to determine whether Long Beach’s assessment of the UUT on the natural gas used to produce electricity at the AEC is “inequitable”. And Long Beach urges the Commission to determine that it is not equitable for the residents and inhabitants of the City of Long Beach to be subjected to SCE’s requested surcharge while bearing the environmental burdens of AEC operations.

2. The Electricity Market Has Changed Since the Issuance of the Equitable Treatment Decision

As discussed above, SCE’s reliance on the Equitable Treatment Decision fails as there is no “inequity” to customers elsewhere in SCE’s system in Measure LB’s removal of the exemption from UUT for the fuel used in producing electricity at the AEC, because the purported benefits obtained by SCE ratepayers in Long Beach come with significant environmental burdens that SCE’s ratepayers elsewhere in its system do not face. SCE’s reliance on the Equitable Treatment Decision is further misplaced as it also fails to account for the significant changes in California’s electricity market since that decision was issued in 1989.

Long Beach’s exemption from the Gas Users Tax for gas to be used in the generation of electrical energy by an electrical corporation or governmental agency dates back thirty years (Ord. C-7224 §1, 1994) and had not, until Measure LB, been revised despite dramatic changes in the utilities industry. At the time the municipal code exemption for Gas Users Tax was made, SCE was a public utility and the owner of the plant. It was thought that a municipal code exemption for SCE was appropriate since the City was already assessing residents a Utility Users Tax (“UUT”) on electricity delivered by SCE, and that taxing the natural gas to make the electricity would have been a double taxation.

The electric industry has undergone significant changes over the past thirty years as a result of the state’s move towards deregulation. California began allowing the introduction of outside competition to the California investor-owned utilities (“IOUs”), including SCE. Simultaneously, the California IOUs, including SCE, were required to sell half of their fossil-fuel-powered electric generating stations. Deregulation of the electricity industry introduced a proliferation of service providers, complicating the ability for local municipalities to determine and assess UUTs.

Despite this profound change to the landscape of the electric industry, the Long Beach Municipal Code had not been updated to reflect it. Before deregulation, SCE owned and operated the AEC, subject to extensive regulation by the Commission. Among other things, the CPUC regulated the rates and required that SCE generate AEC power to serve SCE customers, including Long Beach residences and businesses. Even with the deregulation of the electric industry, and SCE’s sale of the AEC to AES as part of its required generation divestiture in 1997, Long Beach did not change its municipal code, and the UUT exemption SCE enjoyed for the fuel used to produce power at the AEC continued to be enjoyed by AES as the new owner of the AEC. At this juncture, when Long Beach determined that it needed to remove the UUT exemption through Measure LB, not only does SCE no longer own the AEC, but the electrical power produced at the AEC is no longer directly used to serve Long Beach residences and businesses; it is now sold to the statewide power grid. As Long Beach understands, AES bids the energy

the AEC produces into the CAISO market.¹⁰ While SCE purchases energy from the CAISO market to serve its customers, including those in Long Beach, SCE has not demonstrated that the electricity produced by AEC directly serves Long Beach. And given that Measure LB is being assessed on the fuel used to create electricity at the AEC (owned by AES), and at HnGS (owned by LADWP), and it appears that the electricity generated at the AEC is bid into the CAISO market, it is inappropriate for SCE to assess the costs of the UUT as a surcharge to its customers in Long Beach.

3. SCE Assumed the Risk in Its Bilateral Agreement With AES, the Owner and Operator of the AEC

In its Advice Letter, SCE explains that it has a 20-year PPA with the AEC¹¹, which enables SCE to supply electricity from the AEC to its customers. Under the PPA, SCE asserts, it must periodically buy the natural gas used to generate the plant's electricity, which SCE supplies to its customers.¹² SCE states that the PPA contains an "Energy Put Option" whereby AES has the option, for any Contract Year, to deliver and sell to SCE the Capacity, Energy, Ancillary Services Capacity and Associated Ancillary Services Energy, from the AEC, and that generally, AES must exercise the Energy Put Option at least two years in advance of the start of the applicable Contract Year, upon which SCE must buy and receive the Put Option products from AES during that Contract Year.¹³ SCE asserts that when AES exercises the Energy Put Option, "SCE must purchase the natural gas needed to fuel the plant during the applicable Contract Year, which will trigger the new Measure LB UUT on SCE's natural gas purchases during that Contract Year", and "in Contract Years when AES does not exercise the Energy Put Option, SCE buys Resource Adequacy ("RA") only under the PPA".¹⁴ In these non-Energy Put Option years, SCE explains, the Measure LB UUT is not triggered because AES purchases the natural gas to fuel the plant and Measure LB applies only to purchases by an electrical corporation or government agency, of which AES is neither.¹⁵ SCE argues that, as a result, "SCE will incur additional costs for its purchase of electricity and capacity from the AEC, which will be passed on to SCE's electricity customers".¹⁶ While Long Beach cannot confirm the validity of SCE's assertions relative to its PPA with AES, it can confirm that SCE's articulation of the applicability of Measure LB is wrong.

As noted above (see footnote 1), Long Beach is unable to verify any of this information. Despite repeated requests, SCE did not provide a copy, even redacted, of the 20-year PPA with AES¹⁷ upon which SCE asserts: (1) that SCE must periodically buy the natural gas used to generate the AEC's electricity; (2) that the PPA contains an "Energy Put Option" whereby AES has the option to deliver and sell to SCE the energy and other products from the AEC; (3) that AES must exercise the Energy Put Option at least two years in advance of the start of the applicable Contract Year, upon which SCE must buy and receive the Put Option products from AES (for the AEC) during that Contract Year; and (4) that

¹⁰ See 185 FERC ¶ 61,060 (October 24, 2023) at P6.

¹¹ We assume SCE meant that it has a PPA with the owner of the AEC, which is AES.

¹² Advice Letter at 2.

¹³ *Id.*

¹⁴ *Id.* at n.5.

¹⁵ *Id.* at n.5.

¹⁶ *Id.* at 3.

¹⁷ We assume the reference to a PPA with AEC is in error, AES is the owner of the plant.

when AES exercises the Energy Put Option, SCE must purchase the natural gas needed to fuel the plant during the applicable Contract Year.¹⁸

Moreover, SCE asserts that “[i]n Contract Years when AES does not exercise the Energy Put Option, SCE buys Resource Adequacy (RA) only under the PPA. In these non-Energy Put Option years, the Measure LB UUT is not triggered because AES purchases the natural gas to fuel the plant and Measure LB applies only to purchases by an electrical corporation or government agency, of which AES is neither.”¹⁹ As with SCE’s statements set forth above, Long Beach cannot verify SCE’s assertion that in the Contract Years where AES does not exercise the Energy Put Option, SCE buys RA only under the PPA. However, SCE’s statement that Measure LB does not apply to AES (in years where AES does not exercise the Energy Put Option), because Measure LB “applies only to purchases by an electrical corporation or government agency, of which AES is neither” is completely incorrect. Measure LB *does* apply to AES, as AES is undoubtedly an electrical corporation. California Code, Public Utilities Code § 218(a) defines “Electrical Corporation” as follows:

“Electrical Corporation” includes every corporation or person owning, controlling, operating, or managing any electric plant for compensation within this state, except where electricity is generated on or distributed by the producer through private property solely for its own use or the use of its tenants and not for sale or transmission to others.

AES is a corporation that owns an electric plant for compensation within California, the AEC, so it most certainly is an Electrical Corporation, and Measure LB most certainly does apply to AES with respect to the AEC.²⁰ And to be clear, there is no issue of “double taxation” with respect to the application of the UUT to the fuel used in generating power at the AEC under Measure LB – only the entity purchasing the fuel is charged the UUT (SCE during the “Energy Put Option” years, and AES during Contract years where it has not exercised the Energy Put Option).

Even if Long Beach could verify the statements made by SCE regarding its PPA with AES, SCE’s argument that Long Beach’s application of the UUT to the gas used in the production of electricity at the AEC creates an inequity, which it does not, that must be resolved through a surcharge to SCE’s ratepayers in Long Beach, it is an “inequity”²¹ of SCE’s own making. Assuming (again) that the statements made about the terms of a PPA between SCE and AES are true, the PPA described by SCE is a bilateral agreement, privately negotiated between two sophisticated entities. It was SCE’s decision to negotiate and execute a PPA with AES, and SCE’s decision to accept a provision within the agreement whereby SCE would be required to purchase the natural gas required to produce electricity at the AEC in years where it would receive the electricity produced from the AEC. As Long Beach was not privy to the negotiations between SCE and AES, there is no way to know whether the provision could have been avoided. The SCE ratepayers in Long Beach should not be punished, by way of a surcharge on their rates, based on SCE’s freely negotiated, arm’s length contract with AES.

¹⁸ See Advice Letter at 2.

¹⁹ See Advice Letter at fn.5.

²⁰ As an aside, AES did not comment on Measure LB when the public was invited to do so.

²¹ Obviously, Long Beach strenuously objects to the characterization of the application of Measure LB to the fuel used to produce electricity at the AEC as an “inequity,” *see* earlier argument.

Additionally, SCE correctly notes that the “second circumstance” set forth in the Equitable Treatment Decision requires a showing “that the local government is imposing UUT on the utility’s consumption of a commodity used in the production of the product it delivers to its customers....”²² However, in this instance, the utility (SCE) is not consuming the commodity (natural gas) in the production of the product it delivers to its customers (electricity produced from the AEC). Here, the utility (SCE) instead has created its own situation, through the execution of a bilateral agreement with the owners of the AEC, whereby it is required to purchase the natural gas needed to create the electricity at the AEC, and then SCE sells that electricity into the CAISO market. The Commission, in the Equitable Treatment Decision, certainly intended to provide guidance for utility owner-operators of natural gas-fired generators, not for utilities who freely choose to enter into contracts with generator owner-operators. The indirect nature of Measure LB’s application to the electricity SCE purchases from the AEC is yet another reason why SCE’s reliance on the Equitable Treatment Decision is inappropriate.

Lastly, SCE claims in its Advice Letter that:

...SCE estimates it will require approximately \$250,000 to upgrade its billing system to bill the new Measure LB Surcharge rate to Long Beach customers. Because this enhancement is needed to recover the Measure LB UUT that exclusively benefits Long Beach customers, SCE proposes to record the incremental upgrade and administration costs in the MLBSBA for recovery from these same customers.²³

For similar reasons to those set forth above, Long Beach also opposes the recovery of these costs from the SCE ratepayers in Long Beach through the requested surcharge. It was SCE’s choice to seek recovery of the Measure LB assessment of the UUT on the natural gas required to produce electricity at the AEC; it is similarly SCE’s choice to upgrade its billing system to implement its own operational decision. SCE’s ratepayers in Long Beach should not be singled out to be saddled with the burdens stemming from SCE’s operational choices.

The Commission Should Reject SCE’s Advice Letter

In its Advice Letter, SCE states:

Pursuant to GO 96-B, Energy Industry Rule 5.2, this advice letter is submitted with a Tier 2 designation. SCE respectfully requests that if the Commission reclassifies this advice letter as a Tier 3, it does not reject the submission and instead unilaterally reclassifies the submission.²⁴

For the reasons set forth above, SCE’s requested imposition of a new surcharge on the SCE ratepayers in Long Beach should not be granted. Even if the Commission were inclined to consider SCE’s request, it should certainly not be reviewed under a Tier 2 designation. If the Commission believes action by the Commission is warranted, Long Beach urges the Commission to reject the Advice Letter without prejudice, and permit SCE to resubmit it as Tier 3.

²² Advice Letter at 6.

²³ Advice Letter at 8, internal citation omitted.

²⁴ Advice Letter at 8.

CONCLUSION

A copy of this Protest is being served concurrently on SCE via e-mail. Long Beach appreciates the Commission's consideration of this Protest.

Respectfully,



By: Erin Weesner-McKinley
Principal Deputy City Attorney

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April 4, 2025

ADVICE 5510-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Request for Authority to Implement a Surcharge to Recover the Costs of a New Utility Users' Tax Imposed by City of Long Beach on SCE's Natural Gas Purchases that Fuel a Plant's Production of Electricity for Delivery to SCE's Customers

Southern California Edison Company (SCE) hereby submits to the California Public Utilities Commission (Commission or CPUC) the following changes to its tariffs. The revised tariff sheets are listed on Attachment A to this advice letter.

PURPOSE

Pursuant to General Order (GO) 96-B, Southern California Edison Company (SCE) submits this Tier 2 Advice Letter seeking authority to implement a surcharge on customer bills collected within the City of Long Beach. As a result, SCE is establishing Preliminary Statement Part RRRR, Measure Long Beach Surcharge Balancing Account (MLBSBA). This request arises from the City of Long Beach's decision to tax certain purchases of fuel for the purpose of generating electric power as set forth in City Measure LB, *Repeal of the Gas Utility User Tax Exemption Measure (November 2024)* (Measure LB). The Measure eliminated an exemption from Long Beach's Gas Utility Users' Tax on purchases by an electrical corporation or government agency of natural gas used to generate power from plants located in Long Beach. The removal of this exemption imposes an estimated \$7.5 million per year in additional costs on SCE's electricity customers. Per Decision (D.)89-05-063,¹ the Commission recognized the need to shield ratepayers from local taxes and to therefore limit the financial impact of such taxes to customers within jurisdictions that establish the tax through the imposition of a local surcharge. Approval of the surcharge will prevent unfair cost shifting to customers outside Long Beach, who do not benefit from the additional tax revenue raised by Long Beach per Measure LB.

¹ D.89-05-063, pp. 10-11.

BACKGROUND

Measure LB

On November 5, 2024, Long Beach voters approved Measure LB, repealing an exemption on Long Beach's Gas Utility Users' Tax (UUT) for "charges made for gas to be used in generation of electrical energy by an electrical corporation or government agency."² As discussed more fully below, SCE advised the City in writing that doing so would result in SCE seeking a surcharge per the dictates of D.89-05-063. This measure, codified as Long Beach Municipal Code Section 3.68.040(C), imposes a five percent (5%) UUT on the purchases by an electrical corporation or government agency of natural gas to be used in the production of electricity. The measure presently affects two generating plants located in Long Beach, one of which is the Alamitos Energy Center (AEC), owned and operated by AES Alamitos Energy, LLC (AES).³ SCE has a 20-year power purchase agreement (PPA) with the AEC, which enables SCE to supply electricity from the AEC to its customers. Under the PPA, SCE must periodically buy the natural gas used to generate the plant's electricity, which SCE supplies to its customers.⁴

More specifically, the PPA contains an "Energy Put Option" whereby AES has the option, for any Contract Year, to deliver and sell to SCE the Capacity, Energy, Ancillary Services Capacity and Associated Ancillary Services Energy, from the plant. Generally, AES must exercise the Energy Put Option at least two years in advance of the start of the applicable Contract Year, upon which SCE must buy and receive the Put Option products from AES during that Contract Year. This means that when AES exercises the Energy Put Option, SCE must purchase the natural gas needed to fuel the plant during the applicable Contract Year, which will trigger the new Measure LB UUT on SCE's natural gas purchases during that Contract Year.⁵

² See *Ordinance of The People of The City of Long Beach, California, Amending Section 3.68.040 of the Long Beach Municipal Code to Repeal the Exemption From the Gas Utility Users Tax For Charges Made For Gas to be Used in the Generation of Electrical Energy by an Electrical Corporation or Governmental Agency*, Attachment A to Resolution RES-24-0111, dated August 6, 2024, available at [Microsoft Word - 01701723.DOCX](#)

³ See [faq-for-measure-lb final](#). The other generating facility is owned and operated by the Los Angeles Department of Water and Power (LADWP) and does not impact SCE's customers.

⁴ The PPA's Effective Date is November 3, 2014.

⁵ In Contract Years when AES does not exercise the Energy Put Option, SCE buys Resource Adequacy (RA) only under the PPA. In these non-Energy Put Option years, the Measure LB UUT is not triggered because AES purchases the natural gas to fuel the plant and Measure LB applies only to purchases by an electrical corporation or government agency, of which AES is neither.

As a result, SCE will incur additional costs for its purchase of electricity and capacity from the AEC, which will be passed on to SCE's electricity customers.

Long Beach estimates earning approximately \$15 million – about \$7.5 million from each plant – in annual tax revenue from the two plants.⁶ Measure LB is intended to help address a City General Fund budget deficit, as the City explained:

During the Fiscal Year 2025 budget process, City staff reported a \$61.5 structural deficit projected by Fiscal Year 2030. An addition of approximately \$15 million of annual revenue to the General Fund would maintain general city services . . . Without additional revenues, services and programs will most likely need to be cut which are likely to be permanent without new revenue streams.⁷

Measure LB became effective December 13, 2024.⁸

OII 84-05-002 and D.89-05-063 and Background on the UUT

In its *Investigation on the Commission's Own Motion to Establish Guidelines for the Equitable Treatment of Revenue-Producing Mechanisms Imposed by Local Government Entities on Public Utilities* (OII), the Commission examined the potential inequities among ratepayers as local revenue-producing mechanisms began to multiply in the wake of a 1978 referendum known as Proposition 13.⁹ The Commission explained that:

- Proposition 13 not only reduced property taxes and the rate at which they could increase, but also eliminated the authority of local governments to raise property taxes to secure general obligation bonds and required a higher standard of approval for enacting or increasing non-property taxes. In 1982 the Legislature gave general law cities the same taxing powers as charter cities, and the California Supreme Court in Farrell permitted local officials to raise general purpose taxes without a vote of the people if no statutory provision otherwise required a vote, thus reopening the door for a variety of tax increases that Proposition 13 had briefly restricted by a two-thirds voter approval requirement.

⁶ See [faq-for-measure-lb_final](#).

⁷ See *id.*

⁸ According to the City's Election Office, Measure LB was certified on 12/3/24 and went into effect on 12/13/24.

⁹ Prior to the passage of Proposition 13 in 1978, property taxes were the major source of funding for California's local governmental entities. Proposition 13 changed that. It sharply cut back and removed the property tax from the control of local governments, who then had to seek new revenue sources elsewhere if they wished to maintain services at the same level or to finance new services. See D.89-05-063 (1989 Cal. PUC LEXIS 890 at *6-13), explaining this history.

- These changes made possible a dramatic increase in local taxes, and led to passage in 1986 of Proposition 62, which required a majority popular vote for new or increased local general purpose taxes enacted after August 1, 1985.
- With certain exceptions, these non-property taxes continue to be averaged into the basic rates applicable to all ratepayers within the utility system.
- As the number and potential amounts produced by such local revenue-producing mechanisms increased, the Commission became concerned that averaging such costs among all utility ratepayers creates inequities between classes of ratepayers, and instituted the OII to determine appropriate ratemaking treatment of such costs.
- While the Commission has no jurisdiction to determine the authority of local taxing entities to impose taxes on utility customers, or utilities, or users' taxes on commodities used by a utility to produce its product, it has jurisdiction over the ratemaking treatment of the costs of local taxes and fees imposed on public utilities, as well as over the ratemaking treatment of the costs incurred by public utilities in the administration and collection of utility users' taxes, which the utility is required to bill and collect.¹⁰

The Commission found that one of most frequently increased taxes were utility users' taxes, which were the third largest source of city tax revenue and the largest source where the cities control what the tax rate will be, and that utilities have traditionally been targets for taxation and cities were increasingly becoming dependent on utility users' taxes.¹¹

Regarding UUT, the Commission in D.89-05-063 explained:

*Utility users' taxes are not averaged and are not included in the [*10] rates charged for service. They are purely a "pass-along" tax, with the utility acting as a tax collector for the city, although many people believe that utilities are somehow benefiting from the collection of these taxes. Where a utility's service territory is greater than the area encompassed by the city imposing the tax, and the utility is required to be the city's collection agent without recompense, ratepayers outside of the city's jurisdiction are subsidizing part of the costs of administration and collection of the city's tax since these latter costs are part of the utility's cost of doing business and go into the utility's system rates.*

Generally, these taxes are levied as a percentage of the utility bill, but from the affected customer's viewpoint they merely result in a higher utility bill for the same level of service received. From the city's viewpoint some of the onus is deflected against the utility since the tax billing does

¹⁰ D.89-05-063 (1989 Cal. PUC LEXIS 890 at *44-46 (Findings of Fact 1 – 10)).

¹¹ 1989 Cal. PUC LEXIS 890 at *9-10 [emphasis added].

not appear on the city letterhead. In using its personnel and facility resources to collect this tax for the city, the utility incurs costs for administration, collecting, and remitting, costs which at present are spread over all the utility's ratepayers in its system through base rates.¹²

The Commission observed that “[w]hile many cities have imposed utility users' taxes on gas and electric sales to commercial and industrial customers, customarily a use exemption has been granted to electric utilities from paying tax on the natural gas purchased and consumed in generating energy in a utility's generating plant or station sited in the taxing city.” However, the Commission recognized that the potential exists for removal of such exemptions.¹³

To address inequities among ratepayers, the Commission in D.89-05-063 authorized utilities to submit an advice letter to impose a surcharge on utility customers located in a local government's jurisdictional area in two circumstances:

1. When the level of taxes and fees excluding ad valorem property taxes imposed by a local taxing entity directly on a public utility significantly exceeds the average of taxes and fees imposed by other taxing entities within that utility's service territory. Spreading this excess through basic rates to all system ratepayers creates inequities among classes of ratepayers since the benefits obtained by ratepayers within the local governmental area of the higher taxing entity are subsidized by ratepayers elsewhere in the system.¹⁴ In this circumstance, the utility must demonstrate that the level of taxes and fees significantly exceeds the average level of the total of those imposed by the other local governmental entities within the utility's service area;¹⁵ and
2. When a local taxing entity imposes a users' tax based on sales to, or consumption by, the utility of a commodity used in production of the product the utility delivers to its customers. Including the cost to the utility of this tax in the basic rate applicable to all ratepayers would create inequities because the benefits obtained by ratepayers within the local governmental area of the taxing entity would be subsidized by ratepayers elsewhere in the system.¹⁶ The

¹² D.89-05-062 (1989 Cal. PUC LEXIS 890 at *10-11, 15) [emphasis added].

¹³ *Id.* at *16.

¹⁴ The Commission concluded, “[i]t is reasonable and just that when the total of taxes and fees levied by a local taxing entity, exclusive of utility users' taxes on sales to the utility, exceeds the average totals of those levied by the other taxing entities in the utility's service area, this excess should be borne on an equal basis by all classes of ratepayers within only the governmental area of the taxing entity imposing the excess. D. 89-05-062, Finding of Fact 12.

¹⁵ D.89-05-062 (1989 Cal. PUC LEXIS 890 at *40.

¹⁶ D.89-05-063, Finding of Fact 13.

Commission found that **“[i]t is reasonable and just that the entire cost of a utility users' tax imposed by a local taxing entity, and based on sales to the utility or consumption of a commodity consumed in production of the product the utility delivers to its customers should be borne by the ratepayers of all classes within the local governmental area of the entity imposing the tax.”**¹⁷

Unlike the first circumstance, seeking a surcharge in the second circumstance does not require a showing of “significant excess” in taxes imposed by the local government, but rather that the local government is imposing UUT on the utility’s consumption of a commodity used in the production of the product it delivers to its customers, in which case that UUT should be borne by the ratepayers of all classes within the jurisdictional area of that local government to avoid the ratepayer inequities identified by the Commission.¹⁸

This second circumstance is precisely SCE’s situation with the passage of Measure LB because SCE’s customers will pay the Measure LB UUT – an estimated additional \$7.5 million – in each Contract Year of the AEC PPA that SCE must purchase the natural gas to fuel the plant’s generation of electricity. In 2024, AES exercised the Energy Put Option for 2026.

D.89-05-063 directs that surcharges “should be applied equally on the basis of consumption of the utility product to all classes of customers in the local governmental area, i.e., residential, commercial, industrial, municipal, and wholesale.”¹⁹ Also, that absent special circumstances, the surcharge rates requested by advice filing should be on the same basis as the utility’s base rates, whether forecast or recovered through a sales adjustment account. The local sales estimate should be derived from the most recently adopted systemwide sales forecast,²⁰ accounting for the most recently adopted systemwide uncollectibles rate.

¹⁷ See *id.*, Finding of Fact 14; see also Finding of Fact 16 (emphasis added).

¹⁸ See D.89-05-062 (1989 Cal. PUC LEXIS 890 at *42), explaining that the second circumstance justifying a local surcharge is “in addition” to the first circumstance. Also compare Finding of Fact 16, which applies to the first circumstance where a local government’s tax exceeds the average totals of those levied by the other taxing entities and **expressly excludes the second circumstance** (i.e., “other than utility users' taxes on sales to, or consumption by the utility”), with Finding of Fact 17, which applies to the second circumstance and simply requires that the surcharge is made “to compensate the utility for the cost of a utility users' tax imposed by that local taxing entity based on sales to, or consumption by, the utility of a commodity consumed in production of the product the utility delivers to its customers.”

¹⁹ D.89-05-063, Finding of Fact 18; also Ordering Paragraph 1.

²⁰ See *id.*, (1989 Cal. PUC LEXIS 890 at *42).

DISCUSSION

With the passage of Measure LB, SCE will pay UUT for any natural gas it procures to fuel the AEC plant's generation of electricity, which SCE delivers to its customers. D.89-05-063 recognizes that including the cost of the UUT in SCE's basic rates applicable to all customers would be inequitable because the benefits obtained by customers within Long Beach would be subsidized by customers elsewhere on SCE's system.

On or about September 15, 2024, SCE notified the City of Long Beach that if it pursued Measure LB and the measure passed, SCE would seek to recover the costs of the UUT via a surcharge to customers in Long Beach pursuant to D.89-05-063. SCE asked the City to notify voters that electricity customers in Long Beach would be subject to a surcharge in the event Measure LB passes. The City included a statement in its Measure LB FAQ Sheet (and a link to a city staff report that included estimated impacts to Long Beach customers, dated August 6, 2024).²¹

Accordingly, pursuant to D.89-05-063, SCE hereby requests approval to impose a new surcharge – the Measure LB Surcharge – equally on the basis of consumption of electricity to all classes of customers in Long Beach, i.e., residential, commercial, industrial, municipal, and wholesale, to recover the costs of the UUT imposed pursuant to Measure LB, as codified in Long Beach Municipal Code Section 3.68.040(C).

For 2025, SCE will not incur UUT under Measure LB because AES – and not SCE – has the contract obligation in 2025 to procure the natural gas needed for the AEC to produce electricity. However, AES can exercise the Energy Put Option in each subsequent year of the AEC PPA, at AES's election. For 2026, AES has exercised the Energy Put Option.

Therefore, SCE does not forecast a Measure LB Surcharge rate for 2025. For 2026, SCE will forecast the Measure LB Surcharge in its 2026 ERRA Forecast application to be filed May 15, 2025. SCE will use its latest sales forecast for customers in Long Beach, and the City's estimate of \$7.5 million in UUT revenues, to forecast the initial Measure LB Surcharge rate. Thereafter, SCE will use actual historical UUT costs in forecasting the rate for any calendar year in which AES puts the plant's capacity and energy to SCE.

Potential bill impacts are \$1.29 per month based on an estimated residential household usage of 500 kWh monthly and a rate of 0.00257 cents per kilowatt-hour (kWh) to recover an estimated \$7.5 million revenue requirement in 2026 from Long Beach customers.

SCE proposes to record the costs of Measure LB's UUT and the revenues from the Measure LB Surcharge in a new Measure LB Surcharge Balancing Account (MLBSBA). Operation of the MLBSBA will be reviewed annually in SCE's ERRA Compliance

²¹ See FAQ 4 and its link, available at [faq-for-measure-lb_final](#),

Review proceeding and the Measure LB Surcharge rate would be forecasted and tried up as part of SCE's annual ERRA Forecast proceeding.

Additionally, SCE estimates it will require approximately \$250,000²² to upgrade its billing system to bill the new Measure LB Surcharge rate to Long Beach customers. Because this enhancement is needed to recover the Measure LB UUT that exclusively benefits Long Beach customers, SCE proposes to record the incremental upgrade and administration costs in the MLBSBA for recovery from these same customers.

Accordingly, in this advice letter, SCE requests:

- Authority to impose a new surcharge – the Measure LB Surcharge – equally on the basis of consumption of electricity to all classes of customers in Long Beach, i.e., residential, commercial, industrial, municipal, and wholesale, to recover the costs of the UUT imposed pursuant to Measure LB, as codified in Long Beach Municipal Code Section 3.68.040(C);
- Authority to begin billing and collecting the Measure LB Surcharge on or after January 1, 2026, upon the Commission's approval of the forecasted Measure LB Surcharge rate in SCE's annual ERRA Forecast proceeding; and
- Approval of a new Measure LB Balancing Account (MLBSBA), the Preliminary Statement for which is appended hereto.

PROPOSED TARIFF CHANGES

SCE is establishing Preliminary Statement Part RRRR, Measure Long Beach Surcharge Balancing Account (MLBSBA) to record the costs of Measure LB's UUT and the revenues from the Measure LB Surcharge. Operation of the MLBSBA will be reviewed in SCE's annual ERRA Compliance Review proceeding.

TIER DESIGNATION

Pursuant to GO 96-B, Energy Industry Rule 5.2, this advice letter is submitted with a Tier 2 designation. SCE respectfully requests that if the Commission reclassifies this advice letter as a Tier 3, it does not reject the submission and instead unilaterally reclassifies the submission.

EFFECTIVE DATE

This advice letter will become effective on May 4, 2025, the 30th calendar day after the date submitted.

²² This is SCE's initial assessment, which may vary once SCE has been able to further delve into the details of the necessary updates.

NOTICE

Anyone wishing to protest this advice letter may do so only electronically. Protests must be received no later than 20 days after the date of this advice letter. Protests should be submitted to the CPUC Energy Division at:

E-mail: EDTariffUnit@cpuc.ca.gov

In addition, protests and all other correspondence regarding this advice letter should also be sent electronically to the attention of:

Connor Flanigan
Managing Director, State Regulatory Operations
Southern California Edison Company
E-mail: AdviceTariffManager@sce.com

Adam Smith
Director, Regulatory Relations
Southern California Edison Company
c/o Karyn Gansecki
E-mail: Karyn.Gansecki@sce.com

With a copy to:

Janet Combs,
Director and Managing Attorney
Southern California Edison Company
E-mail: Janet.Combs@sce.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and must be received by the deadline shown above.

In accordance with General Rule 4 of GO 96-B, SCE is serving copies of this advice letter on the service list for GO 96-B, A.24-04-001, and A.24-05-007, and the City officials copied on this advice letter. Address change requests to the GO 96-B service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-4747. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

To view other SCE advice letters submitted with the Commission, log on to SCE's web site at <https://www.sce.com/wps/portal/home/regulatory/advice-letters>.

For questions, please contact Janet Combs at (626) 302-1524 or by electronic mail at the email address listed above.

Southern California Edison Company

/s/ Connor Flanigan
Connor Flanigan

CF:el/jc:bvs

cc: Mayor Rex Richardson (via email: mayor@longbeach.gov)
City Manager Tom Modica (via email: citymanager@longbeach.gov)

Enclosures



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.:

Utility type:

ELC GAS WATER
 PLC HEAT

Contact Person:

Phone #:
E-mail:
E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed¹:

Pending advice letters that revise the same tariff sheets:

¹Discuss in AL if more space is needed.

Protests and correspondence regarding this AL are to be sent via email and are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission
Energy Division Tariff Unit Email:
EDTariffUnit@cpuc.ca.gov

Contact Name:
Title:
Utility/Entity Name:

Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Contact Name:
Title:
Utility/Entity Name:

Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

CPUC
Energy Division Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
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Preliminary Statement

Sheet 1 (N)

RRRR. Measure Long Beach Surcharge Balancing Account (MLBSBA)

1. Purpose

The purpose of the MLBSBA is to track the difference between: (1) the recorded Measure LB Surcharge revenue collected from customers; and (2) costs associated with the Measure LB Utility Users Tax (UUT). In addition, the MLBSBA will track any necessary costs associated with the implementation, billing, and communication of the Measure LB Surcharge..

2. Definitions

- a. Measure LB: Measure approved by Long Beach voters on November 5, 2024, which repealed an exemption on Long Beach’s Gas UUT for charges made for gas to be used in generation of electrical energy by an electrical corporation or government agency.
- b. Measure LB Surcharge: surcharge imposed equally on the basis of consumption of electricity to all classes of customers in the City of Long Beach to recover the costs of the UUT imposed pursuant to Measure LB.
- c. Utility Users Tax (UUT): Defined in SCE’s Rule 1 Definitions.

3. Operation of the MLBSBA

Monthly entries to the MLBSBA shall be determined as follows:

- a. A debit entry equal to the recorded costs for the Long Beach UUT imposed pursuant to Measure LB, as codified in Long Beach Municipal Code Section 3.68.040(C);
- b. A credit entry equal to the recorded MLBSBA Revenue;
- c. A debit entry equal to recorded incremental costs associated with the implementation, billing, and/or communication of the Measure LB Surcharge;
- d. A debit entry equal to the capital-related revenue requirement, which includes depreciation expense, return on rate base at the currently authorized rate of return on rate base and applicable taxes, such as income and ad valorem taxes, and;
- e. An entry to record interest expense by applying one-twelfth of the Interest Rate to the average of the beginning and ending balance of the MLBSBA. The Interest Rate shall be one-twelfth of the Federal Reserve three months Commercial Paper Rate—Non Financial, form the Federal Reserve Statistical Release H.15 (expressed as an annual rate). If in any month a non-financial rate is not published, SCE shall use the Federal Reserve three-month Commercial Paper Rate-Financial.

(Continued)

(To be inserted by utility)
Advice 5510-E
Decision 89-05-063

Issued by
Michael Backstrom
Sr. Vice President

(To be inserted by Cal. PUC)
Date Submitted Apr 4, 2025
Effective _____
Resolution _____



Preliminary Statement

Sheet 2

(Continued)

RRRR. Measure Long Beach Surcharge Balancing Account (MLBSBA) (Continued)

1. Review and Disposition

The December 31 balance in the MLBSBA shall be recovered in the applicable forecast MLBSBA surcharge in the following year as part of the implementation of the annual ERRA Forecast rates.

The recorded operation of the MLBSBA for the Record Period (previous calendar year 12-month period) shall be reviewed by the Commission in SCE's annual ERRA Review application to ensure that the entries made in the MLBSBA are stated correctly and are consistent with Commission decisions.

(Continued)

(To be inserted by utility)

Advice 5510-E
Decision 89-05-063

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(To be inserted by Cal. PUC)

Date Submitted Apr 4, 2025
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Advice 5510-E
Decision 89-05-063

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AAA.	Post Test Year Ratemaking Mechanism	71993-71994-71995-71996-E
BBB.	Residential Uncollectibles Balancing Account (RUBA))	69530-70235-70236-70236-E
CCC.	Cost of Capital Mechanism	68392-68393-62453-E
DDD.	2010-2012 On Bill Financing Balancing Account	55859-E
EEE.	Power Charge Indifference Adjustment Prepayment Balancing Account (PPBA)	69766-E 69767-E
FFF.	Electric Program Investment Charge Balancing Account-California Energy Commission	50176-50177-E
GGG.	Electric Program Investment Charge Balancing Account-Southern California Edison	50178-50179-E
HHH.	Electric Program Investment Charge Balancing Account-California Public Utilities Commission	50180-E
III.	New Solar Homes Partnership(NSHP) Program Balancing Account (NSHPPBA)	59581-E
JJJ.	Aliso Canyon Demand Response Program Balancing Account	69307-69308-69309-69310-E
LLL.	Integrated Distributed Energy Resources Contract Costs Balancing Account	61285-E
MMM.	Distributed Resources Plan Demonstration Balancing Account (DRPDBA)	61982-61983-E
NNN.	Transportation Electrification Portfolio Balancing Account (TEPBA)	64055-64056-64057-E 64058-64059-E
OOO.	Aliso Canyon Energy Storage Balancing Account (ACESBA)	64073-64074-E
PPP.	Disadvantaged Communities-Green Tariff Balancing Account (DACGTBA)	72343-86751-86752-E
QQQ.	Essential Usage Study Balancing Account (EUSBA)	69847-87360-E
RRR.	Integrated Distributed Energy Resources Shareholder Incentive Award Balancing Account	61284-E
SSS.	Microgrid One-Way Balancing Account (MOWBA)	70724-E
TTT.	Emergency Load Reduction Program Balancing Account (ELRPBA)	70915-E
VVV.	Community Solar Green Tariff Balancing Account (CSGTBA)	72345-86753-86754-E
WWW.	Disadvantaged Communities - Single-family Solar Homes Balancing Account (DACSASHBA)	64733-64734-E
XXX.	Statewide Energy Efficiency Balancing Account (SWEEBA)	68438-E
ZZZ.	Net Energy Metering Measurement and Evaluation Balancing Account (NEMMEBA)	65128-E
AAAA.	Vegetation Management Balancing Account (VMBA)	71997-71998-E
BBBB.	Risk Management Balancing Account (RMBA)	89266-89267-89268-89269-89270-E
CCCC.	Wildfire Risk Mitigation Balancing Account (WRMBA)	72001-72002-89271-72004-E
DDDD.	Underground Structures Replacement Balancing Account (USRBA)	89272-75006-E
EEEE.	Emergency Reliability Energy Storage Balancing Account (ERESBA)	85087-85088-E
FFFF.	Wildfire and Natural Disaster Resiliency Rebuild Program Balancing Account	72627-72628-72631-E
GGGG.	AB 1X Balancing Account (AB1XBA)	73055-E
HHHH.	Percentage of Income Payment Plan Balancing Account (PIPPBA)	73101-E
IIII.	Modified Cost Allocation Mechanism Balancing Account	74311-74312-74313-74314-74315-E
JJJJ.	New Home Energy Storage Pilot Balancing Account (NHESPBA)	86120-86121-E
KKKK.	Smart Heat Pump Water Heater Balancing Account (SHPWHBA)	74459-E
LLLL.	High Distributed Energy Resources (DER) Consulting Funds Balancing Account	86323-E
MMMM.	Low-Income Customer Concurrent Application Process System Balancing Account (LICCPSBA)	86349-86350-E
NNNN.	Transportation Electrification Funding Program Balancing Account (TEFPBA)	89272-86542-86543-E
OOOO.	On Bill Finance Program Balancing Account (OBFPBA)	
PPPP.	Income Graduated Fixed Charge Balancing Account (IGFCBA)	88430-88431-88432-88433-88434-E
QQQQ.	Community Renewable Energy Program Balancing Account (CREPBA)	88727-E
RRRR.	Measure Long Beach Surcharge Balancing Account (MLBSBA)	89678-89679-E

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(Continued)

(To be inserted by utility)

Advice 5510-E
Decision 89-05-063

Issued by

Michael Backstrom
Sr. Vice President

(To be inserted by Cal. PUC)

Date Submitted Apr 4, 2025
Effective _____
Resolution _____