



OFFICE OF THE COUNTY COUNSEL
COUNTY OF ORANGE

400 WEST CIVIC CENTER DRIVE, SUITE 202
SANTA ANA, CALIFORNIA 92701
MAILING ADDRESS: P.O. BOX 1379
SANTA ANA, CALIFORNIA 92702-1379
(714) 834-3300
FAX: (714) 834-2359

Daniel L. Richards
Deputy County Counsel
(714) 834-3300

Email:
daniel.richards@coco.ocgov.com

July 10, 2023

City of San Clemente

City of San Clemente
Laura Campagnolo, City Clerk
Office of the City Clerk
910 Calle Negocio
San Clemente, CA 92673

JUL 11 2023

City Clerk Department

Re: *Southern California Edison Company v. California State Board of Equalization*
OCSC Case No: 30-2023-01328239-CU-MC-CXC

Dear City Clerk for the City of San Clemente:

Pursuant to Revenue and Taxation Code section 5148, please be advised that Orange County has been named as a defendant in the above-referenced actions to recover taxes levied on state assessed property. Section 5148 requires that when a county is named as a defendant in a suit against the Board of Equalization (BOE) and the county collected taxes on behalf of a city, which taxes are the subject of this litigation, the county shall give notice of that action to the city within thirty (30) days of receipt of the notice. Any city receiving notice of the action filed against the county may, within 30 days of the receipt of that notice, intervene in that action.

On June 5, 2023, the BOE was personally served with the above referenced (enclosed) Summons and Complaint. Pursuant to Section 5148, the BOE notified the named defendant counties. Orange County was noticed on June 5, 2023. The BOE has requested an extension to file a response on behalf of the named counties to July 19, 2023.

Please acknowledge your receipt of this letter by signing and dating the enclosed copy of the Acknowledgement. Return the signed copy of the Acknowledgement by email to: daniel.richards@coco.ocgov.com. If you have any questions, please contact me, Daniel L. Richards, at the above email address.

Very truly yours,

LEON J. PAGE
COUNTY COUNSEL

By *Daniel L. Richards*
Daniel L. Richards, Deputy

DLR/sp
Encl.



STATE BOARD OF EQUALIZATION

LEGAL DEPARTMENT, MIC: 121
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0121
1-916-274-3520
www.boe.ca.gov

TED GAINES
First District, Sacramento

SALLY J. LIEBER, VICE-CHAIR
Second District, San Francisco

ANTONIO VAZQUEZ, CHAIR
Third District, Santa Monica

MIKE SCHAEFER
Fourth District, San Diego

MALIA M. COHEN
State Controller

YVETTE M. STOWERS
Executive Director

July 5, 2023

County of Orange
c/o Clerk of the Board of Supervisors
333 W. Santa Ana Blvd., Suite 465
Santa Ana, CA 92701

**Re: *Southern California Edison Company v. California State Board of Equalization, et al.*
Orange County Superior Court Case No.: 30-2023-01328239-CU-MC-CXC**

Dear Clerk of the Board of Supervisors:

Pursuant to Revenue and Taxation Code section 5148, please be advised that the County of Orange has been named a defendant in the above-referenced actions to recover taxes levied on state-assessed property. Section 5148 requires that service of the summons and complaint in this type of action (i.e., an action for refund of property taxes) be made only upon the Board of Equalization (BOE), with the BOE serving as agent of the defendant county or counties for the purpose of service of process only.

On June 5, 2023, the BOE was personally served with the enclosed Summons and Complaint. **The BOE has requested an extension and the County has until July 19, 2023 to file an appropriate response.**

Additionally, please direct your attention to subdivision (b) of section 5148, which requires a defendant county to notify any city for which the county collected taxes that are the subject of this litigation. This notice must be sent within thirty (30) days of receipt of this letter.

Please acknowledge your receipt of this letter by signing and dating the enclosed copy. Return the acknowledged copy in the included self-addressed, stamped envelope, or by email to Christian.Younger@boe.ca.gov. . Additionally, if you would prefer to receive this communication or future communications via email, please let us know. If you have any questions, please contact Christian Younger the above email address or at (916) 274-3439.

Sincerely,

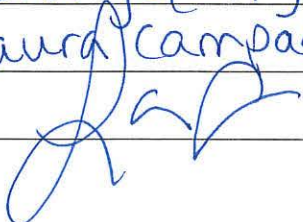
Henry D. Nanjo
Chief Counsel

HN
Enclosure

The California State Board of Equalization (BOE) has informed the above referenced county of:

Southern California Edison Company v. California State Board of Equalization, et al.
Orange County Superior Court Case No.: 30-2023-01328239-CU-MC-CXC

ACKNOWLEDGMENT

COUNTY: Orange (city of San Clemente)
Name: Laura Campagnolo Title: City Clerk
Signature:  Date: 7/11/23

SUM-100

SUMMONS
(CITACION JUDICIAL)

FOR COURT USE ONLY
(SOLO PARA USO DE LA CORTE)

NOTICE TO DEFENDANT:
(AVISO AL DEMANDADO):

CALIFORNIA STATE BOARD OF EQUALIZATION, a California government agency;
Additional Parties Attachment form is attached.

YOU ARE BEING SUED BY PLAINTIFF:
(LO ESTÁ DEMANDANDO EL DEMANDANTE):

SOUTHERN CALIFORNIA EDISON COMPANY, a California corporation,

NOTICE! You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association. NOTE: The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. **¡AVISO! Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.**

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services, (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California, (www.sucorte.ca.gov) o poniéndose en contacto con la corte o el colegio de abogados locales. AVISO: Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 ó más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.

The name and address of the court is:

(El nombre y dirección de la corte es): Superior Court of California, County of Orange
Civil Complex Center
751 West Santa Ana Blvd., Santa Ana, CA 92701

CASE NUMBER: (Número del Caso):
30-2023-01328239-CU-MC-CXC

Judge William Claster CX-104

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is: (El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):

Mardiros H. Dakessian; Dakessian Law, Ltd., 445 S. Figueroa Street, Suite 2210, Los Angeles, CA 90071; (213) 516-5500

DATE: 05/23/2023
(Fecha)

DAVID H. YAMASAKI, Clerk of the Court

Clerk, by
(Secretario)

O. Lopez

, Deputy
(Adjunto)

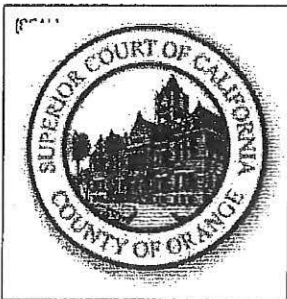
(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)

(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).

O. Lopez

NOTICE TO THE PERSON SERVED: You are served

1. as an individual defendant.
2. as the person sued under the fictitious name of (specify):
3. on behalf of (specify): CALIFORNIA STATE BOARD OF EQUALIZATION, a California government agency
under: CCP 416.10 (corporation) CCP 416.60 (minor)
 CCP 416.20 (defunct corporation) CCP 416.70 (conservatee)
 CCP 416.40 (association or partnership) CCP 416.90 (authorized person)
 other (specify): Public Entity
4. by personal delivery on (date):



SHORT TITLE: Southern California Edison Company v. California State Board of Equalization, et al.	CASE NUMBER:
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INSTRUCTIONS FOR USE

- This form may be used as an attachment to any summons if space does not permit the listing of all parties on the summons.
- If this attachment is used, insert the following statement in the plaintiff or defendant box on the summons: "Additional Parties Attachment form is attached."

List additional parties (Check only one box. Use a separate page for each type of party.):

Plaintiff
 Defendant
 Cross-Complainant
 Cross-Defendant

THE COUNTIES OF FRESNO, IMPERIAL, INYO, KERN, KINGS, LOS ANGELES, MADERA, MODOC, MONO, ORANGE, RIVERSIDE, SACRAMENTO, SAN BERNARDINO, SAN DIEGO, SAN FRANCISCO, SANTA BARBARA, TULARE, TUOLUMNE, AND VENTURA, political subdivisions of California, and DOES 1 through 50, inclusive,

Defendants.

ADDITIONAL PARTIES ATTACHMENT
 Attachment to Summons

For your protection and privacy, please press the Clear this Form button after you have printed the form.

Print this form

Save this form

Clear this form

<p>ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): Mardiros H. Dakessian, SBN 184078 DAKESSIAN LAW, LTD. 445 S. Figueroa Street, Suite 2210 Los Angeles, CA 90071 TELEPHONE NO.: (213) 516-5500 FAX NO. (Optional): (213) 516-5502 E-MAIL ADDRESS (Optional): Marty@DakessianLaw.com ATTORNEY FOR (Name): Southern California Edison Company</p>	<p>FOR COURT USE ONLY</p>
<p>SUPERIOR COURT OF CALIFORNIA, COUNTY OF Orange STREET ADDRESS: 751 W. Santa Ana Blvd. MAILING ADDRESS: 751 W. Santa Ana Blvd. CITY AND ZIP CODE: Santa Ana, CA 92701 BRANCH NAME: Civil Complex Center</p>	
<p>PLAINTIFF/PETITIONER: Southern California Edison Company DEFENDANT/RESPONDENT: California State Board of Equalization, et al.</p>	<p>CASE NUMBER: 30-2023-01328239-CU-MC-CXC JUDICIAL OFFICER: Hon. William Cluster</p>
<p>NOTICE OF RELATED CASE</p>	<p>DEPT.: CX104</p>

Identify, in chronological order according to date of filing, all cases related to the case referenced above.

1. a. Title: Southern California Edison Company v. California State Board of Equalization, et al.
 b. Case number: 30-2022-01258109-CU-MC-CJC
 c. Court: same as above
 other state or federal court (name and address):
 d. Department: CX105
 e. Case type: limited civil unlimited civil probate family law other (specify):
 f. Filing date: May 4, 2022
 g. Has this case been designated or determined as "complex?" Yes No
 h. Relationship of this case to the case referenced above (check all that apply):
 Involves the same parties and is based on the same or similar claims.
 arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
 involves claims against, title to, possession of, or damages to the same property.
 is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
 Additional explanation is attached in attachment 1h
 i. Status of case:
 pending
 dismissed with without prejudice
 disposed of by judgment

2. a. Title: Southern California Edison Company v. California State Board of Equalization, et al.
 b. Case number: 30-2022-01258057-CU-MC-CJC
 c. Court: same as above
 other state or federal court (name and address):
 d. Department: CX105

PLAINTIFF/PETITIONER: Southern California Edison Company	CASE NUMBER:
DEFENDANT/RESPONDENT: California State Board of Equalization, et al.	30-2023-01328239-CU-MC-CXC

2. (continued)

- e. Case type: limited civil unlimited civil probate family law other (specify):
- f. Filing date: May 4, 2022
- g. Has this case been designated or determined as "complex?" Yes No
- h. Relationship of this case to the case referenced above (check all that apply):
 - involves the same parties and is based on the same or similar claims.
 - arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
 - involves claims against, title to, possession of, or damages to the same property.
 - is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
 - Additional explanation is attached in attachment 2h
- i. Status of case:
 - pending
 - dismissed with without prejudice
 - disposed of by judgment


3.

- a. Title:
- b. Case number:
- c. Court: same as above
 other state or federal court (name and address):
- d. Department:
- e. Case type: limited civil unlimited civil probate family law other (specify):
- f. Filing date:
- g. Has this case been designated or determined as "complex?" Yes No
- h. Relationship of this case to the case referenced above (check all that apply):
 - involves the same parties and is based on the same or similar claims.
 - arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
 - involves claims against, title to, possession of, or damages to the same property.
 - is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
 - Additional explanation is attached in attachment 3h
- i. Status of case:
 - pending
 - dismissed with without prejudice
 - disposed of by judgment

4. Additional related cases are described in Attachment 4. Number of pages attached: _____

Date: June 1, 2023

Mardiros H. Dakessian
(TYPE OR PRINT NAME OF PARTY OR ATTORNEY)


(SIGNATURE OF PARTY OR ATTORNEY)

PLAINTIFF/PETITIONER: Southern California Edison Company	CASE NUMBER:
DEFENDANT/RESPONDENT: California State Board of Equalization, et al.	30-2023-01328239-CU-MC-CXC

**PROOF OF SERVICE BY FIRST-CLASS MAIL
NOTICE OF RELATED CASE**

(NOTE: You cannot serve the Notice of Related Case if you are a party in the action. The person who served the notice must complete this proof of service. The notice must be served on all known parties in each related action or proceeding.)

1. I am at least 18 years old and **not a party to this action**. I am a resident of or employed in the county where the mailing took place, and my residence or business address is (*specify*):

Please see the attached proof of service.

2. I served a copy of the *Notice of Related Case* by enclosing it in a sealed envelope with first-class postage fully prepaid and (*check one*):

- a. deposited the sealed envelope with the United States Postal Service.
- b. placed the sealed envelope for collection and processing for mailing, following this business's usual practices, with which I am readily familiar. On the same day correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service.

3. The *Notice of Related Case* was mailed:

- a. on (*date*):
- b. from (*city and state*):

4. The envelope was addressed and mailed as follows:

a. Name of person served:

Street address:
City:
State and zip code:

c. Name of person served:

Street address:
City:
State and zip code:

b. Name of person served:

Street address:
City:
State and zip code:

d. Name of person served:

Street address:
City:
State and zip code:

Names and addresses of additional persons served are attached. (*You may use form POS-030(P).*)

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: June 1, 2023

Alma Martinez

(TYPE OR PRINT NAME OF DECLARANT)



(SIGNATURE OF DECLARANT)

PROOF OF SERVICE

Southern California Edison Company v. California State Board of Equalization, et al.
Orange County Superior Court Case No. 30-2023-01328239-CU-MC-CXC

I, Alma Martinez, declare as follows:

I am employed in Los Angeles County, Los Angeles, California. I am over the age of eighteen years and not a party to this action. My business address is DAKESSIAN LAW, LTD., 445 S. Figueroa Street, Suite 2210, Los Angeles, CA 90071.

On June 1, 2023, I caused the foregoing documents described as:

1. NOTICE OF RELATED CASE

to be served on the interested parties in this action addressed as follows:

Board of Equalization—Legal Department
160 Promenade Circle, Suite 200
2nd Floor
Sacramento, CA 95834

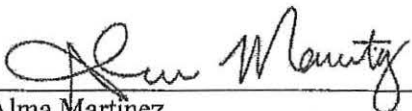
Defendant and Agent for Service of Process for the Counties of:

Fresno, Imperial, Inyo, Kern, Kings, Los Angeles, Madera, Modoc, Mono, Orange, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, Santa Barbara, Tulare, Tuolumne, and Ventura

SEE ATTACHED SERVICE LIST

BY PERSONAL SERVICE By causing the documents mentioned above to be personally delivered to the person(s) at the address(es) listed, by contracting with First Legal Attorney Service.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on **June 1, 2023**, at Los Angeles, California.


Alma Martinez

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State, Bar number, and address) - ROA # 3 - DAVID H. YAMASAKI, Clerk of the Court By Ortiz, Deputy Clerk.

Mardiros H. Dakessian, SBN 184078
DAKESSIAN LAW, LTD.
445 S. Figueroa Street, Suite 2210, Los Angeles, CA 90071

TELEPHONE NO.: (213) 516-5500 FAX NO. (Optional): (213) 516-5502
ATTORNEY FOR (Name): Plaintiff, Southern California Edison Company

SUPERIOR COURT OF CALIFORNIA, COUNTY OF ORANGE

STREET ADDRESS: 751 West Santa Ana Blvd.
MAILING ADDRESS: 751 West Santa Ana Blvd.
CITY AND ZIP CODE: Santa Ana, CA 92701
BRANCH NAME: Civil Complex Center

CASE NAME:
Southern California Edison Company v. California State Board of Equalization, et al.

CIVIL CASE COVER SHEET
 Unlimited (Amount demanded exceeds \$25,000)
 Limited (Amount demanded is \$25,000)

Complex Case Designation
 Counter Joinder
Filed with first appearance by defendant (Cal. Rules of Court, rule 3.402)

CASE NUMBER:
30-2023-01328239-CU-MC-CXC
JUDGE: Judge William Claster
DEPT.: CX-104

Items 1-6 below must be completed (see instructions on page 2).

1. Check one box below for the case type that best describes this case:

Auto Tort

- Auto (22)
- Uninsured motorist (46)

Other P/IPD/W/D (Personal Injury/Property Damage/Wrongful Death) Tort

- Asbestos (04)
- Product liability (24)
- Medical malpractice (45)
- Other P/IPD/W/D (23)

Non-P/IPD/W/D (Other) Tort

- Business tort/unfair business practice (07)
- Civil rights (08)
- Defamation (13)
- Fraud (16)
- Intellectual property (19)
- Professional negligence (25)
- Other non-P/IPD/W/D tort (35)

Employment

- Wrongful termination (36)
- Other employment (15)

Contract

- Breach of contract/warranty (06)
- Rule 3.740 collections (09)
- Other collections (09)
- Insurance coverage (18)
- Other contract (37)

Real Property

- Eminent domain/inverse condemnation (14)
- Wrongful eviction (33)
- Other real property (26)

Unlawful Detainer

- Commercial (31)
- Residential (32)
- Drugs (38)

Judicial Review

- Asset forfeiture (05)
- Petition re: arbitration award (11)
- Writ of mandate (02)
- Other judicial review (39)

Provisionally Complex Civil Litigation (Cal. Rules of Court, rules 3.400-3.403)

- Antitrust/Trade regulation (03)
- Construction defect (10)
- Mass tort (40)
- Securities litigation (28)
- Environmental/Toxic tort (30)
- Insurance coverage claims arising from the above listed provisionally complex case types (41)

Enforcement of Judgment

- Enforcement of judgment (20)

Miscellaneous Civil Complaint

- RICO (27)
- Other complaint (not specified above) (42)

Miscellaneous Civil Petition

- Partnership and corporate governance (21)
- Other petition (not specified above) (43)

2. This case is is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:

- a. Large number of separately represented parties
- b. Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve
- c. Substantial amount of documentary evidence
- d. Large number of witnesses
- e. Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court
- f. Substantial postjudgment judicial supervision

3. Remedies sought (check all that apply): a. monetary b. nonmonetary; declaratory or injunctive relief c. punitive

4. Number of causes of action (specify): 1

5. This case is is not a class action suit.

6. If there are any known related cases, file and serve a notice of related case. (You may use form CM-015.)

Date: May 23, 2023

Mardiros H. Dakessian

(TYPE OR PRINT NAME)

(SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

NOTICE

- Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.
- File this cover sheet in addition to any cover sheet required by local court rule.
- If this case is complex under rule 3.400 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.
- Unless this is a collections case under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.

INSTRUCTIONS ON HOW TO COMPLETE THE COVER SHEET

CM-010

To Plaintiffs and Others Filing First Papers. If you are filing a first paper (for example, a complaint) in a civil case, you must complete and file, along with your first paper, the Civil Case Cover Sheet contained on page 1. This information will be used to compile statistics about the types and numbers of cases filed. You must complete items 1 through 6 on the sheet. In item 1, you must check one box for the case type that best describes the case. If the case fits both a general and a more specific type of case listed in item 1, check the more specific one. If the case has multiple causes of action, check the box that best indicates the primary cause of action. To assist you in completing the sheet, examples of the cases that belong under each case type in item 1 are provided below. A cover sheet must be filed only with your initial paper. Failure to file a cover sheet with the first paper filed in a civil case may subject a party, its counsel, or both to sanctions under rules 2.30 and 3.220 of the California Rules of Court.

To Parties in Rule 3.740 Collections Cases. A "collections case" under rule 3.740 is defined as an action for recovery of money owed in a sum stated to be certain that is not more than \$25,000, exclusive of interest and attorney's fees, arising from a transaction in which property, services, or money was acquired on credit. A collections case does not include an action seeking the following: (1) tort damages, (2) punitive damages, (3) recovery of real property, (4) recovery of personal property, or (5) a prejudgment writ of attachment. The identification of a case as a rule 3.740 collections case on this form means that it will be exempt from the general time-for-service requirements and case management rules, unless a defendant files a responsive pleading. A rule 3.740 collections case will be subject to the requirements for service and obtaining a judgment in rule 3.740.

To Parties in Complex Cases. In complex cases only, parties must also use the Civil Case Cover Sheet to designate whether the case is complex. If a plaintiff believes the case is complex under rule 3.400 of the California Rules of Court, this must be indicated by completing the appropriate boxes in items 1 and 2. If a plaintiff designates a case as complex, the cover sheet must be served with the complaint on all parties to the action. A defendant may file and serve no later than the time of its first appearance a joinder in the plaintiff's designation, a counter-designation that the case is not complex, or, if the plaintiff has made no designation, a designation that the case is complex.

CASE TYPES AND EXAMPLES

<p>Auto Tort Auto (22)—Personal Injury/Property Damage/Wrongful Death Uninsured Motorist (46) (if the case involves an uninsured motorist claim subject to arbitration, check this item instead of Auto)</p> <p>Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort Asbestos (04) Asbestos Property Damage Asbestos Personal Injury/Wrongful Death Product Liability (not asbestos or toxic/environmental) (24) Medical Malpractice (45) Medical Malpractice—Physicians & Surgeons Other Professional Health Care Malpractice Other PI/PD/WD (23) Premises Liability (e.g., slip and fall) Intentional Bodily Injury/PD/WD (e.g., assault, vandalism) Intentional Infliction of Emotional Distress Negligent Infliction of Emotional Distress Other PI/PD/WD</p> <p>Non-PI/PD/WD (Other) Tort Business Tort/Unfair Business Practice (07) Civil Rights (e.g., discrimination, false arrest) (not civil harassment) (08) Defamation (e.g., slander, libel) (13) Fraud (16) Intellectual Property (19) Professional Negligence (25) Legal Malpractice Other Professional Malpractice (not medical or legal) Other Non-PI/PD/WD Tort (35)</p> <p>Employment Wrongful Termination (36) Other Employment (15)</p>	<p>Contract Breach of Contract/Warranty (06) Breach of Rental/Lease Contract (not unlawful detainer or wrongful eviction) Contract/Warranty Breach—Seller Plaintiff (not fraud or negligence) Negligent Breach of Contract/Warranty Other Breach of Contract/Warranty Collections (e.g., money owed, open book accounts) (09) Collection Case—Seller Plaintiff Other Promissory Note/Collections Case Insurance Coverage (not provisionally complex) (18) Auto Subrogation Other Coverage Other Contract (37) Contractual Fraud Other Contract Dispute</p> <p>Real Property Eminent Domain/Inverse Condemnation (14) Wrongful Eviction (33) Other Real Property (e.g., quiet title) (26) Writ of Possession of Real Property Mortgage Foreclosure Quiet Title Other Real Property (not eminent domain, landlord/tenant, or foreclosure)</p> <p>Unlawful Detainer Commercial (31) Residential (32) Drugs (38) (if the case involves illegal drugs, check this item; otherwise, report as Commercial or Residential)</p> <p>Judicial Review Asset Forfeiture (05) Petition Re: Arbitration Award (11) Writ of Mandate (02) Writ—Administrative Mandamus Writ—Mandamus on Limited Court Case Matter Writ—Other Limited Court Case Review Other Judicial Review (39) Review of Health Officer Order Notice of Appeal—Labor Commissioner Appeals</p>	<p>Provisionally Complex Civil Litigation (Cal. Rules of Court Rules 3.400–3.403) Antitrust/Trade Regulation (03) Construction Defect (10) Claims Involving Mass Tort (40) Securities Litigation (28) Environmental/Toxic Tort (30) Insurance Coverage Claims (arising from provisionally complex case type listed above) (41)</p> <p>Enforcement of Judgment Enforcement of Judgment (20) Abstract of Judgment (Out of County) Confession of Judgment (non-domestic relations) Sister State Judgment Administrative Agency Award (not unpaid taxes) Petition/Certification of Entry of Judgment on Unpaid Taxes Other Enforcement of Judgment Case</p> <p>Miscellaneous Civil Complaint RICO (27) Other Complaint (not specified above) (42) Declaratory Relief Only Injunctive Relief Only (non-harassment) Mechanics Lien Other Commercial Complaint Case (non-tort/non-complex) Other Civil Complaint (non-tort/non-complex)</p> <p>Miscellaneous Civil Petition Partnership and Corporate Governance (21) Other Petition (not specified above) (43) Civil Harassment Workplace Violence Elder/Dependent Adult Abuse Election Contest Petition for Name Change Petition for Relief From Late Claim Other Civil Petition</p>
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1 DAKESSIAN LAW, LTD.
2 MARDIROS H. DAKESSIAN (SBN 184078)
3 marty@dakessianlaw.com
4 DONALD E. CHOMIAK (SBN 225156)
5 don@dakessianlaw.com
6 445 S. Figueroa Street, Suite 2210
7 Los Angeles, CA 90071
8 Telephone: (213) 516-5500
9 Facsimile: (213) 516-5502

6 MCDERMOTT WILL & EMERY
7 CHARLES J. MOLL III (SBN 98872)
8 cmoll@mwe.com
9 TROY M. VANDONGEN (SBN 201288)
10 tvandongen@mwe.com
11 415 Mission Street, Suite 5600
12 San Francisco, CA 94105-2616
13 Telephone: (628) 218-3800
14 Facsimile: (628) 877-0107

11 Attorneys for Plaintiff,
12 SOUTHERN CALIFORNIA EDISON COMPANY

13 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
14 **FOR THE COUNTY OF ORANGE**

15 SOUTHERN CALIFORNIA EDISON
16 COMPANY, a California corporation,

17 Plaintiff,

18 vs.

19 CALIFORNIA STATE BOARD OF
20 EQUALIZATION, a California government
21 agency; THE COUNTIES OF FRESNO,
22 IMPERIAL, INYO, KERN, KINGS,
23 LOS ANGELES, MADERA, MODOC, MONO,
24 ORANGE, RIVERSIDE, SACRAMENTO,
25 SAN BERNARDINO, SAN DIEGO,
26 SAN FRANCISCO, SANTA BARBARA,
27 TULARE, TUOLUMNE, AND VENTURA,
28 political subdivisions of California, and DOES 1
through 50, inclusive,

Defendants.

Case No.: 30-2023-01328239-CU-MC-CXC

Judge William Claster CX-104

UNLIMITED CIVIL ACTION

COMPLAINT FOR REFUND OF TAXES

Plaintiff SOUTHERN CALIFORNIA EDISON COMPANY alleges as follows:

1 **INTRODUCTION**

2 **A. Nature of Action**

3 1. On behalf of its nearly 15 million ratepayers throughout California, Plaintiff Southern
4 California Edison Company (“Plaintiff” or “Edison”) files this action seeking to obtain a proper
5 valuation of its property in accordance with the law, and a corresponding refund of property taxes
6 overpaid for the 2022 tax year.

7 2. Defendant California State Board of Equalization (“Defendant Board”)—the
8 government agency responsible for setting the property tax value of Plaintiff’s property—has used
9 outmoded and improper appraisal methods that fail to adequately recognize the severe and ongoing
10 detrimental impacts of California wildfires upon the fair market value of Plaintiff’s property.

11 3. In so doing, Defendant Board has significantly over-assessed Plaintiff’s property—
12 hitting Plaintiff, and indirectly its ratepayers, with what represents one of the largest year-over-year
13 tax increases in the history of state-assessed property tax. Defendant Board then refused to grant
14 Plaintiff’s administrative petition, thereby causing Plaintiff to grossly overpay property taxes to the
15 19 different counties in which its property lies.

16 4. Because those counties have collected those overpaid taxes, Plaintiff has named them
17 as co-defendants to this action.

18 5. Due to Defendant Board’s grossly inflated assessment, the tax amount in controversy
19 in this case is in the scores of millions of dollars, which Plaintiff has already paid. This is based on
20 the difference between the parties’ positions on the value of Plaintiff’s property (which difference is
21 in the billions of dollars) multiplied by the tax rate (generally between 1% and 1.5% depending on
22 the specific location).

23 6. Under California law, this Court must determine the property tax value of Plaintiff’s
24 property on a de novo basis. In other words, this Court must make this determination based upon the
25 evidence before it, without regard to the administrative record. Although Plaintiff bears the burden to
26 prove by a preponderance of the evidence that the assessed values are erroneous, it is well settled

1 that "tax proceedings are in invitum and are necessarily strictly construed in favor of the taxpayer."
2 *Midstate Theatres, Inc. v. County of Stanislaus* (1976) 55 Cal.App.3d 864, 872.

3 **PARTIES**

4 7. Plaintiff is, and at all times relevant to this action was, a corporation organized under
5 the laws of California with its principal place of business in Rosemead, California.

6 8. Plaintiff is, and at all times relevant to this action was, an investor-owned public
7 utility primarily engaged in the business of supplying and delivering electricity to customers in
8 California.

9 9. Plaintiff is, and at all times relevant to this action was, a state assessee whose
10 property is used to supply and deliver electricity and constitutes state-assessed property subject to
11 assessment by Defendant Board.

12 10. At all times relevant to this action, the rates that Plaintiff charges its customers were
13 regulated by the California Public Utilities Commission ("CPUC").

14 11. At all times relevant to this action, Defendant Board was an agency of the State of
15 California, organized and existing under California law, particularly Article XIII, Section 17 of the
16 California Constitution, and Government Code Sections 15600–15653.

17 12. At all times relevant to this action, Defendant Counties of Fresno, Imperial, Inyo,
18 Kern, Kings, Los Angeles, Madera, Modoc, Mono, Orange, Riverside, Sacramento, San Bernardino,
19 San Diego, San Francisco, Santa Barbara, Tulare, Tuolumne, and Ventura were political
20 subdivisions of the State of California.

21 13. The true names and capacities, whether individual, corporate, or otherwise, of DOES
22 1–50, inclusive, are unknown to Plaintiff, who therefore sues such Defendants by fictitious names.
23 Plaintiff will amend this complaint to allege the DOE Defendants' true names and capacities once
24 they are ascertained. Plaintiff is informed and believes, and therefore alleges, that each of the DOE
25 Defendants is, in some manner, responsible for the events and happenings herein set forth and
26 proximately caused injury and damages to Plaintiff as herein alleged.

27 ///

28

1 14. At all times herein mentioned, each of the Defendants was an agent of the other
2 Defendants and was at all relevant times acting within the scope of said agency. Plaintiff is further
3 informed and believes, and thereon alleges, that each of the Defendants herein gave consent to,
4 ratified, and authorized the acts alleged herein of each of the other Defendants.

5 **JURISDICTION AND VENUE**

6 15. Jurisdiction is proper in this Court under Revenue and Taxation Code Section 5148.
7 16. Venue is proper in this Court under Revenue and Taxation Code Section 5148(d)
8 because the Plaintiff has a significant presence in Orange County.

9 **PROCEDURAL HISTORY**

10 17. Defendant Board assessed Plaintiff’s unitary property as of January 1, 2022, at a
11 value of \$34,274,700,000.

12 18. On or about August 4, 2022, Plaintiff timely filed with Defendant Board an
13 administrative Petition for Reassessment and Claim for Refund, requesting that its unitary property
14 be reassessed at \$26,996,100,000 and that Plaintiff be refunded “all such illegal and erroneous
15 property taxes, plus applicable interest . . .”

16 19. On or about December 13, 2022, Defendant Board heard and denied Plaintiff’s
17 Petition for Reassessment and Claim for Refund, thereby refusing to grant the relief requested.

18 20. Plaintiff has paid to the Defendant Counties—*i.e.*, those counties in which Plaintiff’s
19 unitary property is situated—the full amount of tax due based on the \$34,274,700,000 assessment for
20 the 2022–2023 Fiscal Year.

21 21. Plaintiff has exhausted its administrative remedies.

22 **BACKGROUND**

23 **A. California’s Property Tax System**

24 22. All tangible real and personal property located in California is subject to tax unless
25 otherwise exempted by law. Cal. Const. Art. XIII, § 1; Revenue and Taxation Code § 201.¹

26
27 _____

28 ¹ Unless otherwise stated, all references herein to the “Code” are to the Revenue and Taxation Code in effect for the period at issue. Unless otherwise stated, all references to “rules” or “regulations” are

1 23. Intangible rights and assets are not subject to assessment. Code §§ 110(d), 212(c).

2 24. The basic property tax rate is 1% of the property's fair market value. Parcel taxes,
3 other local levies, and bonded indebtedness are added to the base rate, so that the overall tax rate
4 varies by county, and even by location within a county, and results in overall tax rates above 1% but
5 less than 2%.

6 25. The tax is levied, billed, and collected by the Counties of California for each fiscal
7 year—July 1 through June 30, on property located within their respective jurisdictions. Code §§ 405,
8 75.6, 2192.

9 26. The first step in taxing property is to identify the property to be assessed, including
10 the proper appraisal unit. *Midstate Theatres, Inc.*, 55 Cal.App.3d at 872. The next step is to “assess”
11 the property—*i.e.*, to determine its taxable value. *Ibid.*

12 27. The Counties of California generally are responsible for assessing property within
13 their respective jurisdictions (Code §§ 401, 128), including most residential and commercial
14 property.

15 28. But specific types of property, such as public utility property and certain intercounty
16 property, are assessed by Defendant Board. Cal. Const. Art. XIII, § 19; Code §§ 405, 721, 108. This
17 type of property is known as “State-assessed property.”

18 29. State-assessed property includes property owned or used by a company that transmits
19 and sells electricity. Cal. Const. Art. XIII, § 19; Code §§ 721, 108.

20 30. Defendant Board must annually assess State-assessed property at its “fair market
21 value”—*i.e.*, the amount of cash or its equivalent that the property would bring if exposed for sale in
22 the open market—as of January 1 immediately preceding the fiscal year. Cal. Const. Art. XIII, §§ 1,
23 19; Code §§ 722, 110, 110.5. Thus, for the fiscal year at issue (July 1, 2022 – June 30, 2023), the
24 date on which the property was valued was January 1, 2022 (“valuation date”).

25 ///

26

27

28 _____ to corresponding sections of Title 18 of the California Code of Regulations in effect for the period at
issue.

1 31. Defendant Board may use the principle of “unit valuation” to assess property that is
2 operated as a “unit.” Code § 723. Under this method of valuation, Defendant Board:

3 determines the value of the property as a whole, rather than the value of
4 any of the assets as parts of the whole; it does not assess each asset and
5 then total up the valuation, but values the property as a unit, primarily
through a capitalized earnings approach.

6 *ITT World Commc'ns, Inc. v. City and County of San Francisco* (1985) 37 Cal.3d 859, 863–864.

7 Property that is assessed according to “unit valuation” is referred to as “unitary property.” Code § 723.

8 32. Defendant Board allocates the assessed value of the unitary property among the
9 counties in which the unitary property is situated. Code §§ 746, 756.

10 33. Defendant Board transmits those values to these counties, which then, applying the
11 overall tax rates in their respective counties, levy, bill, and collect tax on the unitary property for
12 each fiscal year. Code, Division 1, Parts 4 and 5.

13 34. The instant dispute involves the Defendant Board’s improper valuation, caused,
14 among other things, by its failure to properly account for the impact of wildfires upon Plaintiff’s
15 unitary property for property tax purposes. Defendant Board’s valuation is billions of dollars too
16 high, resulting in Plaintiff and its ratepayers overpaying scores of millions of dollars in property tax
17 in the 2022–2023 fiscal year.

18 **B. California’s Wildfire Crisis: “The New Normal”**

19 35. From 1972 to 2018, wildfires grew five times in size and eight times in number.
20 <https://doi.org/10.1029/2019EF001210> (last visited on May 8, 2023). California has experienced in
21 recent years unprecedented weather conditions linked to climate change, and former Governor Jerry
22 Brown observed that California’s year-round wildfires were “the new normal.” In his June 2019
23 “Strike Force Progress Report,” California Governor Gavin Newsom observed: “Climate change has
24 created a new reality in the State of California. It’s not a question of ‘if’ wildfire will strike, but
25 ‘when.’” *Catastrophic Wildfires, Climate Change and Our Energy Future: Governor Newsom’s*
26 *Strike Force Progress Report* (June 21, 2019) (*Strike Force Progress Report*), at p. 2

1 (<https://www.gov.ca.gov/wp-content/uploads/2019/06/Strike-Force-Progress-Report.pdf>, archived at
 2 <https://perma.cc/FBA6-Q68N> (last visited on May 8, 2023)).

3 36. Indeed, between August and November of 2020, the August Complex Fire scorched
 4 over 1 million acres, setting an all-time record and becoming the first “gigafire” in California
 5 history.

6 37. Unfortunately, less than one year later, the Dixie Fire ignited. From July through
 7 October of 2021, it tore through Northern California, leaving entire towns in its destructive path.

8 38. According to CalFire, the top eight largest wildfires in California history, by acres
 9 burned, have occurred in the last six years. [https://34c031f8-c9fd-4018-8c5a-4159cdf6b0d-cdn-](https://34c031f8-c9fd-4018-8c5a-4159cdf6b0d-cdn-endpoint.azureedge.net/-/media/calfire-website/our-impact/fire-statistics/featured-items/top20_acres.pdf)
 10 [end-](https://34c031f8-c9fd-4018-8c5a-4159cdf6b0d-cdn-endpoint.azureedge.net/-/media/calfire-website/our-impact/fire-statistics/featured-items/top20_acres.pdf)
 11 [point.azureedge.net/-/media/calfire-website/our-impact/fire-statistics/featured-](https://34c031f8-c9fd-4018-8c5a-4159cdf6b0d-cdn-endpoint.azureedge.net/-/media/calfire-website/our-impact/fire-statistics/featured-items/top20_acres.pdf)
 12 [items/top20_acres.pdf](https://34c031f8-c9fd-4018-8c5a-4159cdf6b0d-cdn-endpoint.azureedge.net/-/media/calfire-website/our-impact/fire-statistics/featured-items/top20_acres.pdf), archived at <https://perma.cc/H5CM-UGU6> (last visited on May 8, 2023).

12 Three other fires in 2021 made the top-20 all-time list.

13 39. This could not have come as a surprise to anyone paying attention. In the five years
 14 preceding Defendant Board’s 2022 valuation of Plaintiff’s property, California experienced 13 of the
 15 20 most destructive fires in its history.

16 **Top 20 Most Destructive California Wildfires**

FIRE NAME (CAUSE)	DATE	COUNTY	ACRES	STRUCTURES	DEATHS
1 CAMP (Powerlines)	November 2018	Butte	163,396	19,894	85
2 TUBBS (Electrical)	October 2017	Napa & Sonoma	36,807	5,435	22
3 TUNNEL - Oakland Hills (Rekindle)	October 1991	Alameda	1,600	2,900	25
4 CEDAR (Human Related)	October 2003	San Diego	773,216	5,870	15
5 NORTH COMPLEX (Lightning)	August, 2020	Butte, Plumas, & Yuba	318,835	2,352	15
6 VALLEY (Electrical)	September 2015	Lake, Napa & Sonoma	78,067	1,958	4
7 WITCH (Powerlines)	October 2007	San Diego	187,660	1,650	2
8 WOOLSEY (Electrical)	November 2018	Ventura	96,949	1,643	3
9 CARR (Human Related)	July 2018	Shasta County, Trinity	229,851	1,614	8
10 GLASS (Undetermined)	September 2020	Napa & Sonoma	67,484	1,530	0
11 LNU LIGHTNING COMPLEX (Lightning/Arson)	August 2020	Napa, Solano, Sonoma, Yolo, Lake, & Colusa	383,220	1,461	6
12 CZU LIGHTNING COMPLEX (Lightning)	August 2003	Santa Cruz, San Mateo	98,509	1,450	1
13 NUNS (Powerline)	October 2017	Sonoma	44,573	1,353	3
14 DIXIE (Under Investigation)	July 2021	Butte, Plumas, Lassen, & Tehama	985,308	1,311	1
15 THOMAS (Powerline)	December 2017	Ventura & Santa Barbara	281,393	1,063	2
16 CALDOZ (Human Related)	September 2021	Alpine, Amador, & El Dorado	231,835	1,066	1
17 OLD (Human Related)	October 2003	San Bernardino	91,281	1,063	6
18 BUTTE (Powerlines)	September 2015	Amador & Calaveras	70,888	945	2
19 JONES (Undetermined)	October 1999	Shasta	28,200	951	1
20 AUGUST COMPLEX (Lightning)	August 2020	Merced, Humboldt, Trinity, Tehama, Glenn, Lake, & Colusa	1,032,646	933	1

27 *Structures include homes, outbuildings (barns, garages, sheds, etc) and commercial properties destroyed.
 28 This list does not include fire jurisdiction. These are the Top 20 regardless of whether they were state, federal, or local responsibility.
 *Numbers not final



10/24/2022

1 <https://34c031f8-c9fd-4018-8c5a-4159cdf6b0d-cdn-endpoint.azureedge.net/-/media/calfire->
2 [website/our-impact/fire-statistics/featured-items/top20_destruction.pdf](https://34c031f8-c9fd-4018-8c5a-4159cdf6b0d-cdn-endpoint.azureedge.net/-/media/calfire-), *archived at*
3 <https://perma.cc/3LNE-AEE5> (last visited on May 8, 2023). In his June 2019 report, Governor
4 Newsom referred to California’s “recent, terrifying history” regarding wildfires, observing that
5 “[f]ifteen of the 20 most destructive wildfires in the state’s history have occurred since 2000 and 10
6 of the most destructive fires have occurred since 2015.” *Strike Force Progress Report, supra*, at p. 2.

7 40. No matter how one views the data or measures the damage, one thing is crystal
8 clear—the deadliest and most destructive wildfires in the history of the State have taken place in
9 recent history. And it is only getting worse.

10 **C. The Harmful Impact of the Wildfire Crisis on Plaintiff’s Property**

11 • **Wildfires and Related Calamities from 2017 to 2019**

12 41. The adverse impact of the wildfire crisis on the value of Plaintiff’s business and
13 property is undeniable.

14 42. California suffered from catastrophic wildfires and related mudslides from 2017
15 through 2019 that occurred in Plaintiff’s service territory. It was anticipated that these types of
16 catastrophic wildfires would continue into the future.

17 43. Plaintiff’s service territory—which covers 19 different counties and over 50,000
18 square miles in Central, Coastal, and Southern California—continued to be susceptible to additional
19 wildfire activity in 2020 and for the years following 2020.

20 44. The wildfire crisis generally, and 2017–2019 calamities in particular, increased
21 Plaintiff’s costs and the financial risk associated with investment in Plaintiff’s property.

22 45. Under California law, when Plaintiff’s equipment is linked to a wildfire, Plaintiff is
23 held financially responsible for the damage caused by that wildfire, regardless of whether Plaintiff
24 acted negligently—a concept known as “inverse condemnation.” In other words, “inverse
25 condemnation” in this context means strict liability for property damage caused by public utility
26 property.

27 46. While Plaintiff may in some instances recover its inverse-condemnation costs through
28 the rates it charges its customers, recovery is not guaranteed. The CPUC often does not allow public

1 utilities such as Plaintiff to increase the rates charged to ratepayers to cover inverse-condemnation
2 costs.

3 47. This uncertainty surrounding the recovery of inverse-condemnation costs also has
4 increased the financial risk associated with ownership of Plaintiff's property and consequently has
5 reduced the value of that property.

6 48. The claims liabilities associated with the 2017 North Bay Fire and the 2018 Camp
7 Fire pushed the Pacific Gas and Electric Company ("PG&E") into bankruptcy in January 29, 2019.
8 Although PG&E emerged from bankruptcy in July 2020, this further underscored the obvious—that
9 the wildfire crisis was having a direct negative effect on the viability of investor-owned utilities and
10 on the value of their assets.

11 49. Plaintiff similarly incurred significant claims liabilities in connection with certain
12 wildfires and mudslides occurring in California in 2017 and 2018. A prudent potential purchaser of
13 Plaintiff's unitary property would understand that it likely would be required to assume these
14 liabilities to the extent still outstanding. Defendant Board ignores these liabilities and values
15 Plaintiff's property as if they do not exist.

16 50. Among other things, Plaintiff also faced additional challenges as of the January 1,
17 2022 valuation date, including future claims liabilities, spiraling insurance costs, inadequate
18 insurance, required massive capital expenditures, and regulatory risk.

19 • **Assembly Bill 1054**

20 51. In 2019, California enacted Assembly Bill 1054 to partially address problems
21 associated with wildfires. Its main feature—the Wildfire Insurance Fund—was specifically intended
22 to assist with the skyrocketing cost of insurance for investor-owned public utilities.

23 52. The Wildfire Insurance Fund is a government insurance plan—an umbrella policy for
24 investor-owned utilities.

25 53. Plaintiff and the other major, investor-owned utilities were allowed to purchase this
26 insurance if they met certain requirements. To participate, the public utility was required to make a
27 significant up-front payment into the Fund—which Plaintiff made in 2019—followed by ten annual
28 payments. Plaintiff's initial contribution, as determined by formula, was \$2.4 billion, and Plaintiff's

1 ten annual payments are \$95 million. A subsequent purchaser of Plaintiff's unitary property would
2 also be able to participate in the Fund due to Plaintiff's prior contributions. As discussed below,
3 Defendant Board improperly disregarded the \$2.4 billion up-front payment in its calculation of the
4 value of Plaintiff's assessable property based on the income approach.

5 54. AB 1054 also required Fund participants (Plaintiff, PG&E, and San Diego Gas &
6 Electric) to file annual wildfire mitigation plans outlining capital, operations, and maintenance
7 expenditures. However, the legislation provides that the first \$5 billion in these mitigation
8 expenditures collectively spent by Plaintiff, PG&E, and San Diego Gas & Electric would not be
9 recoverable through rates charged to customers.

10 55. Plaintiff's share of these non-recoverable expenditures is \$1.6 billion. In property tax
11 and regulatory parlance, such non-recoverable costs are referred to as "excluded from rate base."
12 Because these expenses are specifically excluded from "rate base," they must likewise be excluded
13 from the historical cost value indicator. (See Paragraphs 69-71, below.) Defendant Board refused to
14 do so resulting in a clear appraisal error.

15 56. The Wildfire Insurance Fund does not insulate the utilities from all future expenses or
16 liabilities resulting from wildfires.

17 57. Under inverse condemnation/strict liability, Plaintiff and other utilities must pay for
18 damages caused by their equipment, either through self-insurance or third-party insurance. This is
19 true even if the utility prudently maintained its equipment. For example, if the wind blows causing a
20 wire to snap and ignite a fire, the utility is liable, even if it properly maintained its property and
21 equipment.

22 58. Under AB 1054, Plaintiff and other Fund participants must maintain \$1 billion in
23 insurance coverage that must be exhausted before the Wildfire Insurance Fund coverage begins. The
24 Fund then pays the remaining settled claims.

25 59. In addition, the CPUC conducts regulatory proceedings to determine whether the
26 utility acted prudently. If the utility is determined to have acted imprudently, it must reimburse the
27
28

1 Wildfire Insurance Fund, subject to a liability cap based on a percentage of its “rate base.” Pub. Util.
2 Code § 3292(h)(2)(C).

3 60. Another on-going major risk Plaintiff faces is depletion of the Fund due to the risk of
4 several large fires, including wildfires involving other investor-owned utilities. For example, a
5 catastrophic fire in PG&E’s territory could deplete the Fund to the extent there is not enough to
6 cover a later fire in Plaintiff’s territory.

7 61. The Wildfire Fund also does not cover the liability claims related to the 2017 and
8 2018 wildfire and mudslides that occurred in Plaintiff’s service territory. As noted above, Plaintiff
9 began paying out these strict liability claims in 2019 and these payments are estimated to continue
10 into 2023.

11 62. In sum, California’s wildfire crisis has created an unprecedented level of risk and
12 expense for investor-owned utilities such as Plaintiff and its ratepayers.

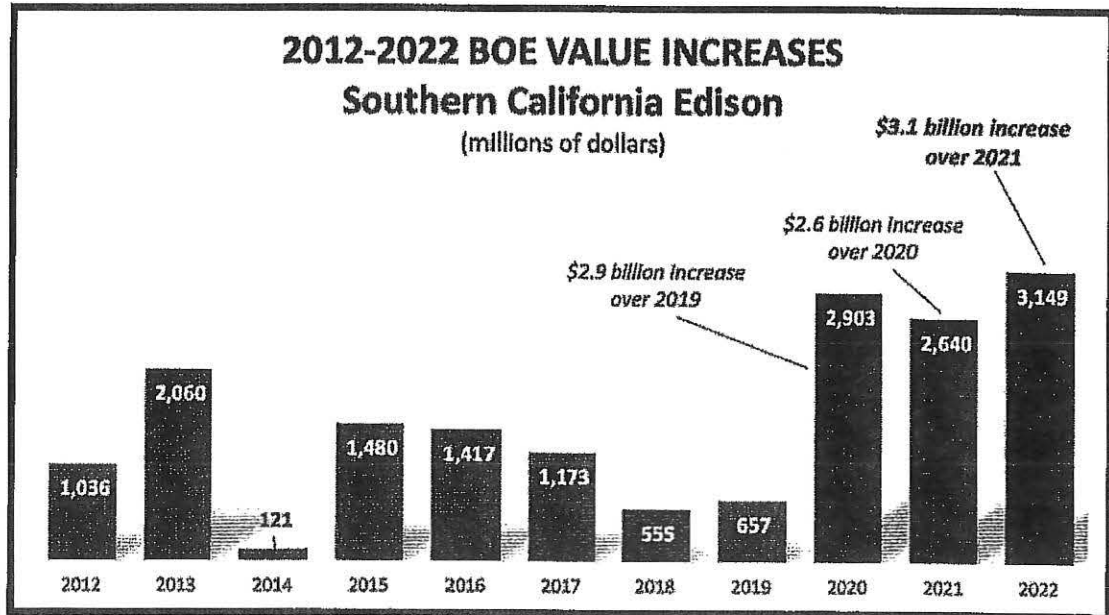
13 63. These factors are inextricably intertwined with Plaintiff’s property. A prudent
14 prospective purchaser of Plaintiff’s unitary property would take these risks, expenses, and pending
15 claims into account in deciding how much to pay for Plaintiff’s property.

16 64. Defendant Board has failed to properly account for these risks and has failed to
17 properly recognize these expenses and pending claims. The result, as discussed below, is an
18 artificially inflated valuation that bears no resemblance to what a prudent purchaser would pay for
19 Plaintiff’s property.

20 **D. Defendant Board’s Assessment of Plaintiff**

21 65. Defendant Board has increased the taxable value of Plaintiff’s property by
22 approximately \$3.1 billion for the 2022–2023 Fiscal Year—the second largest year-over-year
23 valuation increase of a utility’s Board-assessed property since at least 2011 and likely in State
24 history. Defendant Board’s enormous tax hike is attributable to several flaws in the valuation
25
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27
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1 methodology employed by the Board, including its failure to properly account for the risks and
2 expenses associated with California's ongoing wildfires.



14 **E. California Law Regarding Property Tax Appraisal**

15 66. Under California property tax law, Defendant Board "shall consider one or more of
16 the following, as may be appropriate for the property being appraised": (a) the comparative sales
17 approach; (b) the stock and debt approach; (c) the replacement or reproduction cost approach; (d) the
18 historical cost approach; or (e) the income approach. Cal. Code Regs., tit. 18 § 3, subd. (d).

19 67. Similarly, published administrative guidance states: "An important step in the
20 appraisal process is the determination of the appropriate method or methods by which the value will
21 be estimated. Typically, the appraiser considers three primary approaches to value. Each approach,
22 from a different perspective, simulates the thought processes of the typical buyer in a competitive
23 market. The three approaches are the cost, comparative sales, and income approaches." *Assessors'*
24 *Handbook*, Section 501, p. 61 (Cal. St. Bd. of Equal. (2002))
25 (<https://www.boe.ca.gov/proptaxes/pdf/ah501.pdf>, archived at <https://perma.cc/8MB6-985D> (last
26 visited on May 8, 2023)).

27 68. Because sales of utilities and their unitary property are few and far between, the
28 appraiser (in this case, Defendant Board) typically does not consider the comparative sales approach.

1 Instead, the appraiser typically considers the cost and income approaches in the assessment of public
2 utility property.

3 69. Under the historical cost approach, “[i]f the income from the property is regulated by
4 law and the regulatory agency uses historical cost or historical cost less depreciation as a rate base,”
5 then the appraiser (in this case, Defendant Board) considers “the amount invested in the property or
6 the amount invested less depreciation computed by the method employed by the regulatory agency.”
7 Cal. Code Regs. tit. 18, § 3, subd. (d).

8 70. The historical cost approach is considered to be:

9 [O]ne of the more important indicators of value for closely regulated public
10 utilities. The general practice of the California Public Utilities Commission
11 (CPUC) and most other regulatory agencies is to use historical or original
12 cost less depreciation (with various adjustments) as the rate base. The
13 regulatory agencies establish a rate base and a rate of return; utilities are
14 permitted to earn at this established rate on the rate base. Hence, it is logical
15 that prospective buyers and sellers would see the rate base as a significant
16 factor in formulating investment decisions.

17 *Unitary Valuation Methods*, p. 1 (Cal. St. Bd. of Equal. (2015)).

18 71. Nevertheless, it is axiomatic that “cost” is not the same as “value.” *Assessors’*
19 *Handbook*, Section 501, p. 5 (Cal. St. Bd. of Equal. (2002)).

20 (<https://www.boe.ca.gov/proptaxes/pdf/ah501.pdf>, archived at <https://perma.cc/8MB6-985D> (last
21 visited on May 8, 2023)).

22 72. Under the income approach, the appraiser (in this case, Defendant Board) considers
23 “[t]he amount that investors would be willing to pay for the right to receive the income that the
24 property would be expected to yield, with the risks attendant upon its receipt.” Cal. Code Regs.
25 tit. 18, § 3, subd. (e).

26 73. The income approach is the preferred approach for the appraisal of properties “when
27 reliable sales data are not available and the cost approaches are unreliable because the reproducible
28 property has suffered considerable physical depreciation, functional obsolescence or economic

1 obsolescence . . .” Cal. Code Regs., tit. 18 § 8, subd. (a); *Unitary Valuation Methods*, p. 35. (Cal.
2 St. Bd. of Equal. (2015)).

3 **F. Defendant Board’s Erroneous Methodology**

4 74. Defendant Board relied on the historical cost approach and the income approach to
5 assess Plaintiff’s unitary property:

- 6 a. Using the historical cost approach, Defendant Board valued Plaintiff’s unitary
7 property at approximately \$36 billion.
- 8 b. Using the income approach, Defendant Board valued Plaintiff’s unitary
9 property at approximately \$28 billion—\$8 billion less than the historical cost
10 approach.
- 11 c. Defendant Board assessed Plaintiff’s property based on a weighted arithmetic
12 mean of the two approaches: the historical cost approach was weighted at 75%
13 and the income approach was weighted at 25%.
- 14 d. The weighted arithmetic mean of the two approaches resulted in an
15 assessment of approximately \$34 billion.

16 75. Defendant Board made the errors identified below, among others.

17 76. *First*, under Rule 3, the income approach is the preferred approach in this case
18 because Plaintiff’s property has suffered considerable depreciation and obsolescence. Defendant
19 Board’s valuation violates this regulation.

20 77. *Second*, “it is generally inappropriate to use the arithmetic mean of the value
21 indicators as the final value estimate.” *Assessors’ Handbook*, Section 502, p. 111 (Cal. St. Bd. of
22 Equal. (2015)) (<https://www.boe.ca.gov/proptaxes/pdf/ah502.pdf>, archived at
23 <https://perma.cc/M5GB-PDAS> (last visited on May 8, 2023)). In this case, the Board did just that,
24 using a weighted arithmetic mean of 75/25 in favor of the cost approach, and in the process,
25 violating its own published guidance and proper appraisal methodologies.

26 78. *Third*, where different approaches to value yield results that are significantly
27 different, the appraiser must reconcile that difference. *Assessors’ Handbook*, Section 501, p. 62.

28

1 (Cal. St. Bd. of Equal. (2002)) (<https://www.boe.ca.gov/proptaxes/pdf/ah501.pdf>, archived at
2 <https://perma.cc/8MB6-985D> (last visited on May 8, 2023)). That is not what happened here.
3 Instead, the approximately \$8 billion difference between the historical cost and income approaches
4 represents what is believed to be among the largest discrepancies between value indicators in the
5 history of state assessed property tax. Yet Defendant Board improperly failed to reconcile this large
6 discrepancy in the respective values computed under the historical cost approach and income
7 approach as required by the Assessors' Handbook—again violating its own published guidance.

8 79. *Fourth*, Defendant Board exacerbated this massive appraisal error by using an
9 arithmetic mean giving disproportionate weight to its flawed historical cost approach.

10 80. *Fifth*, in its historical cost approach, Defendant Board erroneously included Plaintiff's
11 costs that were excluded from rate base pursuant to AB 1054.

12 81. *Sixth*, in its historical cost approach, Defendant Board improperly failed to account
13 for the economic (also called external) obsolescence impacting Plaintiff's property.

14 82. *Seventh*, in its income approach, Defendant Board improperly failed to account for
15 Plaintiff's up-front payment to the Wildfire Insurance Fund required by AB 1054.

16 83. *Eighth*, in both its historical cost approach and income approach, Defendant Board
17 improperly failed to account for the significant liabilities that Plaintiff, and any potential purchaser,
18 will be required to pay in connection with certain wildfires and mudslides that occurred in 2017 and
19 2018.

20 84. *Ninth*, in both its historical cost approach and income approach, Defendant Board has
21 improperly failed to account for and remove non-assessable intangible rights and assets from its
22 assessed value.

23 85. Finally, Defendant Board's valuation is otherwise contrary to law and accepted
24 appraisal practices.

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28

CAUSE OF ACTION
Refund of Taxes Paid (Rev. & Tax. Code § 5148)
(Against all Defendants)

1
2
3 86. The allegations contained in each and every paragraph above are incorporated herein
4 by reference.

5 87. The Plaintiff's unitary property is subject to tax based on its fair market value, that is,
6 the price a willing buyer and willing seller would agree upon for the sale of the property. Cal. Const.
7 Art. XIII, § 1; Code § 722.

8 88. Defendant Board has assessed Plaintiff's unitary property at \$34,274,700,000—far in
9 excess of its fair market value as of January 1, 2022, for purposes of the 2022–2023 Fiscal Year, in
10 violation of Article XIII, Section 1 of the California Constitution and Section 722.

11 89. Defendant Board has assessed Plaintiff's unitary property in a nonuniform and
12 unequal manner in violation of Article XIII, Section 1 of the California Constitution and the Equal
13 Protection Clauses of the California and United States Constitutions.

14 90. Defendant Board has assessed Plaintiff's unitary property in an arbitrary and
15 capricious manner in violation of the Due Process Clauses of the California and United States
16 Constitutions.

17 91. Plaintiff paid tax to the Defendant Counties based on Defendant Board's assessment
18 of Plaintiff's unitary property at \$34,274,700,000.

19 92. Plaintiff has therefore overpaid its property taxes and is entitled to a refund from the
20 Defendant Counties of all tax payments attributable to Defendant Board's assessment of its unitary
21 property in excess of the property's fair market value.

PRAYER FOR RELIEF

22
23 WHEREFORE, Plaintiff prays for judgment against the Defendants as follows:

- 24 1. For a determination of the proper methodology for valuing Plaintiff's unitary
25 property;
- 26 2. For a determination of the proper assessable value of Plaintiff's unitary property;
- 27 3. For a refund of taxes erroneously or illegally collected or received by the Defendant
- 28

1 Counties in an amount according to proof and based on the proper value of Plaintiff's unitary
2 property;

3 4. For interest on the above amounts as required by law;

4 5. For attorneys' fees under Code of Civil Procedure Section 1021.5 and as otherwise
5 provided by law; and

6 6. For costs or any other relief that the Court deems just and proper.
7

8 Dated: May 23, 2023

Respectfully submitted,

9 DAKESSIAN LAW, LTD.

10
11 By: 
12 MARDIRO'S H. DAKESSIAN
13 Attorneys for Plaintiff
14 SOUTHERN CALIFORNIA
15 EDISON COMPANY
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