

Business Tax Administrative Rule 500.19-1

Clean Energy Surcharge (CES) – Utility

PCC 7.02.100(N)(4)(b) exempts from the definition of Large Retailer “any entity operating a utility within the City.” For purposes of this rule, “utility” includes only those entities defined in the Utility License Law (ULL) definitions section of PCC 7.14.040(I) “Utility,” including those entities, or components thereof, that provide “Telecommunications,” as defined in PCC 7.14.040(H).

Example 1

Business A has two business lines (Component 1 and Component 2). Business A would otherwise meet the definition of Large Retailer, but Business A supplies electrical energy as a stand-alone component business (Component 1, a legally separate entity under a parent entity), and Component 1 is subject to ULL. Sales from Component 1 of Business A’s operations are not Retail Sales and therefore not subject to CES.

The second component (Component 2) of Business A’s operations is also a stand-alone component business operating underneath the same parent entity. Component 2 is not subject to ULL. Component 2 does not provide services as enumerated in PCC 7.14.040(H). Component 2 engages in Retail Sales and by itself meets the definition of Large Retailer. Component 2 is subject to CES.

Example 2

Business B has a single line of operations with Retail Sales. Business B meets the definition of Large Retailer. PCC 7.14.040(I) defines Business B as a “Utility,” but Business B sells “cable television services,” as defined in PCC 7.14.040(H)(1), which makes Business B not subject to ULL. Even though Business B is not subject to ULL, Business B provides services as enumerated in PCC 7.14.040(H). Business B is not subject to CES.