

Wednesday, May 27, 2015

The Board met at its offices at 450 N Street, Sacramento, at 10:23 a.m., with Mr. Runner, Vice Chairman, Ms. Ma, Ms. Harkey and Ms. Yee present.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Sanford Ross, Legislative Liaison for the Military Order of the Purple Heart since 2006.

PROPERTY TAX MATTER

STATE ASSESSED PROPERTIES VALUE SETTING

Ken Thompson, Chief, State-Assessed Properties Division, Property Taxes Department, made introductory remarks regarding the valuation of state-assessed properties.

Electric Generation Facilities

Action: Upon motion of Ms. Yee, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Yee voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2015, be as follows:

1100	AES Alamos, LLC	165,700,000
1101	AES Redondo Beach, LLC	125,900,000
1102	AES Huntington Beach, LLC	66,800,000
1103	Dynegy Moss Landing, LLC	370,700,000
1104	Dynegy Morro Bay, LLC	14,500,000
1105	Dynegy Oakland, LLC	2,370,000
1106	Cabrillo Power I LLC	79,600,000
1107	Cabrillo Power II LLC	12,300,000
1108	NRG Potrero LLC	21,500,000
1109	NRG Delta LLC	77,400,000
1110	El Segundo Power LLC	24,000,000
1111	Long Beach Generation LLC	62,000,000
1112	La Paloma Generating Company, LLC	290,800,000
1114	NRG California South LP – Mandalay	35,900,000
1115	NRG California South LP – Ormond Beach	87,600,000
1116	NRG California South LP – Etiwanda	27,400,000
1117	NRG California South LP – Ellwood	3,550,000
1118	Dynegy South Bay, LLC	100,000
1124	GWF Energy, LLC – Tracy	208,100,000
1126	Elk Hills Power, LLC	298,100,000
1127	High Desert Power Trust	205,600,000
1128	Delta Energy Center, LLC	292,000,000
1129	Gilroy Energy Center, LLC	44,500,000
1131	Pastoria Energy Facility, LLC	370,300,000
1132	CCFC Sutter Energy, LLC	132,600,000
1133	Metcalf Energy Center, LLC	208,500,000

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1134	Otay Mesa Generating Company, LLC	358,400,000
1141	Indigo Generation LLC	44,500,000
1142	Larkspur Energy LLC	39,900,000
1143	Los Esteros Critical Energy Facility, LLC	291,000,000
1146	CES Placerita, Inc.	442,000
1149	AltaGas Sonoran Energy Inc.	1,500,000
1150	Midway Power LLC	3,750,000
1151	Russell City Energy Company, LLC	486,000,000
1152	Panoche Energy Center, LLC	312,300,000
1154	Bicent (California) Malburg, LLC	77,600,000
1156	Avenal Power Center, LLC	1,650,000
1157	NRG Marsh Landing LLC	675,300,000
1158	El Segundo Energy Center LLC	597,200,000
1160	CPV Sentinel, LLC	653,200,000
1161	Oakley Generating Station	5,240,000

Action: Upon motion of Ms. Harkey, seconded by Ms. Yee and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Yee voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2015, be as follows:

1113	NRG California South LP – Coolwater	7,580,000
1122	GWF Energy, LLC – Hanford	43,100,000
1123	GWF Energy, LLC – Henrietta	38,400,000
1136	Blythe Energy, Inc.	328,000,000
1137	Sunrise Power Company, LLC	199,700,000
1145	Harbor Cogeneration Company, LLC	3,940,000
1148	Inland Empire Energy Center, LLC	295,000,000
1153	Midway Peaking, LLC	70,900,000
1155	Orange Grove Energy, L.P.	64,700,000
1159	Mariposa Energy, LLC	164,900,000
1162	Walnut Creek Energy, LLC	544,200,000

Energy Companies

Action: Upon motion of Ms. Yee, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Yee voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2015, be as follows:

101	Golden State Water Company	676,300,000
103	Anza Electric Cooperative, Inc.	14,400,000
104	Central Valley Gas Storage LLC	71,700,000
106	PacifiCorp	204,600,000
119	Trans Bay Cable LLC	506,200,000
121	Gill Ranch Storage, LLC	117,200,000
125	Terra-Gen Dixie Valley, LLC	3,280,000
135	Pacific Gas and Electric Company	26,929,000,000

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141	San Diego Gas & Electric Company	8,215,800,000
146	Sierra Pacific Power Company	82,400,000
148	Southern California Edison Company	21,779,900,000
149	Southern California Gas Company	4,393,000,000
152	Southwest Gas Corporation	253,600,000
153	Transwestern Pipeline Company	492,000
156	DATC Path 15, LLC	107,100,000
160	Valley Electric Association, Inc.	205,000
173	Surprise Valley Electrification Corp.	14,800,000
176	Plumas-Sierra Rural Electric Cooperative	70,000,000
180	North Baja Pipeline, LLC	68,800,000
187	Mojave Pipeline Company	44,200,000
188	Kern River Gas Transmission Company	226,700,000
189	Standard Pacific Gas Line, Inc.	32,900,000
190	Tuscarora Gas Transmission Company	57,500,000
191	Arizona Public Service Company	2,130,000
192	Alpine Natural Gas Operating Company No. One LLC	1,340,000
193	Southwest Transmission Cooperative, Inc.	734,000
194	West Coast Gas Company, Inc.	760,000
195	Wild Goose Storage, LLC	189,400,000
196	Questar Southern Trails Pipeline Company	5,900,000
197	El Paso Natural Gas Company	31,500,000

Action: Upon motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2015, be as follows:

163	Liberty Utilities (Calpeco Electric), LLC	158,620,000
198	Lodi Gas Storage, LLC	136,000,000

Pipeline Companies

Action: Upon motion of Ms. Yee, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Yee voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2015, be as follows:

402	CALNEV Pipe Line LLC	61,400,000
407	Valero Refining Company - California	755,000
409	West Coast Pipe Lines	219,000,000
410	Homestake Mining Company of California	32,600
412	Kings County Canal Company	1,220,000
428	CPN Pipeline Company	42,700,000
429	Chevron U.S.A., Inc.	51,200,000
461	SFPP, L.P.	445,800,000
462	Tesoro Refining and Marketing Company, LLC	1,250,000
464	Ventura Pipeline System - (Ellwood Pipeline, Inc.)	1,930,000

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465	Plains Pipeline, LP	30,700,000
467	Phillips 66 Company	463,000
468	Shell California Pipeline Company LLC	5,990,000
469	San Ardo Pipeline Company	11,200,000
475	Searles Valley Minerals Inc.	2,920,000
476	Chevron USA, Inc.	7,770,000
478	California Gas Gathering, Inc.	44,100
479	Chevron Pipe Line Company	23,600,000
480	Phillips 66 Pipeline LLC	72,700,000
486	Pacific Pipeline System, LLC	51,200,000
488	Plains West Coast Terminals, LLC	5,950,000
490	Crimson California Pipeline, L.P.	38,300,000
491	SMF Pipeline	5,380,000
492	San Pablo Bay Pipeline Company LLC	84,900,000
493	Cardinal Pipeline, LP	8,420,000

Action: Upon motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2015, be as follows:

435	Natomas Central Mutual Water Company	144,100
489	California Resources Production Corporation	3,500,000

Railroad Companies

Action: Upon motion of Ms. Yee, seconded by Ms. Ma and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2015, be as follows:

802	Central Oregon & Pacific Railroad	1,730,000
804	BNSF Railway Company	1,621,400,000
808	West Isle Line, Inc.	200,000
810	California Northern Railroad	39,900,000
812	Ventura County Railroad	3,360,000
813	Pacific Harbor Lines	25,800,000
815	Mendocino Railway	1,270,000
818	Central California Traction Company	8,525,000
822	Pacific Sun Railroad, L.L.C.	1,880,000
826	Sacramento Valley Railroad, LLC	3,140,000
827	Northwestern Pacific Railroad Company	1,890,000
831	Santa Cruz & Monterey Bay Railway Company	708,000
834	LRY, LLC	490,000
839	Oakland Terminal Railway Company	14,700
843	Union Pacific Railroad Company	2,431,800,000
850	Modesto & Empire Traction Company	38,400,000
857	Richmond Pacific Railroad Corporation	901,000

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861	Quincy Railroad Company	388,000
865	San Diego & Imperial Valley Railroad Co. Inc.	6,970,000
878	Stockton Terminal and Eastern Railway	5,350,000
882	Trona Railway Co.	16,600,000
883	McCloud Railway Company	674,300
894	Napa Valley Wine Train, Inc.	22,300,000
896	Santa Cruz Big Trees & Pacific Railway Co.	2,980,000
897	San Joaquin Valley Railroad Company	24,000,000
898	Sierra Northern Railway	6,390,000
899	Arizona & California Railroad Company	2,920,000

Action: Upon motion of Ms. Yee, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2015, be as follows:

817	Tulare Valley Railroad	450,000
835	Pacific Imperial Railroad	5,863,000
869	Coast Belle Railroad Corporation	865,000
889	Yreka Western Railroad	395,000

Interexchange Telephone Companies

Action: Upon motion of Ms. Yee, seconded by Ms. Ma and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2015, be as follows:

2014	Sprint Communications Company, L.P.	173,000,000
2099	Smart City Networks LP	1,290,000
2274	MCI Communications Services, Inc.	453,100,000
2310	AT&T Communications	671,300,000
2372	MCI Metro Access Transmission Services, LLC	117,100,000
2376	Working Assets Funding Service, Inc.	331,000
2381	Mitel NetSolutions, Inc.	103,000
2383	Matrix Telecom, Inc.	239,800
2416	NOS Communications, Inc.	789,000
2430	Electric Lightwave, LLC	34,800,000
2437	Dialink Corporation	16,900
2463	CenturyLink Communications LLC	166,800,000
2470	Cincinnati Bell Any Distance, Inc.	3,800
7503	Verizon Select Services, Inc.	3,360,000
7512	Frontier Communications of America, Inc.	2,590,000
7544	Telswitch, Inc.	6,200
7560	XO Communications Services, L.L.C.	61,200,000
7571	Network Enhanced Technologies, Inc.	19,900
7580	Securus Technologies, Inc.	909,000
7581	ABS-CBN Telecom North America, Inc.	87,400

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7621	SES Americom California, Inc.	3,608,000
7631	Worldnet Communications Services Inc.	3,500
7636	Network Telephone Services, Inc.	1,410,000
7638	Integrated Telemanagement Services, Inc.	56,210
7640	Cox California Telcom, LLC	65,900,000
7660	U.S. South Communications, Inc.	1,150,000
7690	CCT Telecommunications, Inc.	13,400
7699	Legacy Long Distance International, Inc.	463,000
7706	MegaPath Corporation	17,600,000
7732	NTT America, Inc.	18,900,000
7757	U.S. TelePacific Corp.	131,700,000
7758	BT Americas Inc.	7,030,000
7761	Level 3 Communications, LLC	552,500,000
7766	KDDI America, Inc.	9,960,000
7778	Zayo Group, LLC	226,600,000
7781	KT America, Inc.	243,100
7792	Point To Point, Inc.	1,150,000
7799	Wilshire Connection, LLC	6,930,000
7800	Earthlink Business, LLC	3,360,000
7811	Public Communications Services, Inc.	412,000
7813	Advanced Telecom, Inc.	78,900
7814	PAETEC Communications, Inc.	8,220,000
7824	Audeamus	9,340,000
7832	Astound Broadband LLC	53,900,000
7845	San Carlos Telecom, Inc.	54,670
7852	Telstra Incorporated	7,490,000
7866	Telmex USA, LLC	7,260,000
7871	Verizon Online LLC	123,600,000
7872	Infotech Telecommunications & Network, Inc.	36,630
7876	Total Call International, Inc.	80,080
7880	Quick-Tel, Inc.	3,400
7894	Ponderosa Cablevision	3,170,000
7902	ANPI Business, LLC	93,400
7910	CBC Broadband Holdings, LLC	6,690,000
7912	Americom Government Services, Inc.	259,000
7914	McLeodUSA Telecommunications Services, Inc.	806,000
7916	Peak Communications, Inc.	7,040
7940	Consumer Telcom, Inc.	4,000
7945	ZTG, Inc.	10,670
7948	Astrium Services Government, Inc.	3,240,000
7949	Call America, Inc.	44,000
7953	Openpop.com, Inc.	158,000
7955	Enhanced Communications Network, Inc.	80,900
7956	Telespan Communications, LLC	177,000
7959	Airespring, Inc.	1,290,000

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7960	CallTower, Inc.	182,600
7961	SureWest Televideo	121,900,000
7969	Intelsat Global Service LLC	11,200,000
7972	Reliance Globalcom Services, Inc.	5,500,000
7973	Alliance Payphone, Inc.	23,700
7978	Legent Communications Corporation	28,100
7982	Crown Castle NG West, LLC	171,300,000
7985	inContact, Inc.	5,960,000
7988	Global Tel*Link Corporation	25,800,000
7990	ComNet(USA) LLC	494,000
7992	NobelTel, LLC	40,200
7994	Utility Telephone, Inc.	2,160,000
7996	RuralWest - Western Rural Broadband, Inc.	203,000
7997	Edison Carrier Solutions	83,700,000
7998	Norcast Communications Corporation	436,000
7999	Purple Communications Inc.	7,330,000
8002	Neutral Tandem - California, LLC	3,340,000
8004	Greenfield Communications, Inc.	353,000
8005	Vodafone US Inc.	1,760,000
8006	Lucky Communications, Inc.	9,800
8012	RB Communications, Inc.	22,500
8015	China Telecom (Americas) Corporation	19,500,000
8017	Locus Telecommunications, Inc.	460,000
8023	One Phone, Inc.	92,400
8024	TC Telephone, LLC	7,500
8027	Blue Casa Telephone LLC	37,950
8029	IPC Network Services, Inc.	119,000
8031	Backbone Communications, Inc.	125,000
8032	BCE Nexxia Corporation	68,400
8037	CA-CLEC LLC	5,310,000
8038	Telecom Carrier Access, LLC	28,600
8041	DMR Communications, Inc.	33,440
8042	Paxio, Inc.	1,050,000
8046	HyperCube, LLC	1,660,000
8047	Syniverse Technologies, Inc.	641,000
8048	Bright House Networks Information Services (California), LLC	50,100
8049	Cbeyond Communications, LLC	4,147,000
8051	Inteltrace, Inc.	383,000
8061	Charter Fiberlink CA-CCO, LLC	20,200,000
8067	Sunesys, LLC	127,300,000
8071	Verizon Long Distance LLC	64,700
8072	Cypress Communications, LLC	79,000
8076	OPEX Communications, Inc.	80,100
8077	NewPath Networks, LLC	30,400,000
8078	U.S. Telecom Long Distance, Inc.	10,800

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8079	Cal-Ore Communications, Inc.	1,500,000
8080	Ymax Communications Corporation	58,700
8081	Sonic Telecom, LLC	12,900,000
8082	WTI Communications, Inc.	69,500
8083	Network Expert Group, Inc.	41,400
8084	T-Netix Telecommunications Services, Inc	76,000
8086	ANPI, LLC	481,000
8087	Lighttower Fiber Networks II LLC	35,500
8089	Conterra Ultra Broadband LLC	8,110,000
8090	Telecommunication Systems, Inc.	450,000
8091	Roadway Communications, Inc.	42,700
8093	Extenet Systems (California) LLC	32,200,000
8094	Affiniti, LLC.	1,098,900
8102	Ekit.Com, Inc.	99,330
8104	Transpac Telecom, Inc.	4,300
8105	Astrium Services Business Communications, Inc.	104,000
8106	Raw Bandwidth Telecom, Inc.	312,000
8109	Peerless Network of California, LLC	2,780,000
8112	Mosaic Networx, LLC	26,900
8113	Callcatchers, Inc.	697,400
8115	&TV Communications, Inc.	982,000
8116	PC Landing Corp.	12,600,000
8117	Syniverse ICX Corporation	3,890,000
8118	IntelePeer Cloud Communications, LLC	309,000
8120	TELUS Communications (U.S.) Inc.	1,050,000
8121	Certain Communications Corporation	25,800
8122	Bandwidth.com CLEC, LLC	847,000
8124	Impact Telecom, Inc.	69,700
8127	Zayo Enterprise Networks, LLC	15,700
8128	Talton Communications, Inc.	50,300
8133	Bestel USA, Inc.	125,000
8135	Broadvox LLC	174,000
8136	Plumas Sierra Telecommunications	12,600,000
8137	SnowCrest Telephone, Inc.	226,000
8139	California Broadband Cooperative, Inc.	87,500,000
8141	CENIC Broadband Initiatives LLC	232,000
8142	Dsi-Iti, LLC	11,900
8143	Global Internetworking, Inc.	3,630,000
8144	GC Pivotal, LLC	13,300,000
8148	Digital West Networks, Inc.	2,940,000
8149	Ztelephony	8,910
8150	OpticAccess, LLC	6,699,000
8151	CVIN LLC	78,300,000
8152	Broadband Dynamics, LLC	46,900
8153	Advanced Technology Distributors, Inc.	53,300

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8154	Network Innovations, Inc.	51,800
8155	Time Warner Cable Business LLC	41,600,000
8156	Medallion Telecom Inc.	17,300
8158	RCLEC, Inc.	301,000
8159	X2 Telecom, Inc.	4,790,000
8160	Vodex Communications Corporation	79,000
8161	Public Interest Telecom of California	56,800
8162	Citrix Communications LLC	390,500
8163	Broadvox CLEC	11,110

Action: Upon motion of Ms. Yee, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2015, be as follows:

7516	Cybernet Communications Inc.	249,700
7538	Tremcom International, Inc.	16,940
7735	Pacific Centrex Services, Inc./TGEC,LLC	87,625
7769	Airnex Communications, Inc.	24,860
7791	O1 Communications, Inc.	1,573,000
7846	The Telephone Connection Local Services, LLC	3,740
7907	Telscape Communications, Inc.	1,518,000
7913	VCOM Solutions, Inc.	199,100
7934	Telecom House Inc.	114,000
7950	ATMC, Inc.	7,625
7952	Advanced Tel, Inc.	4,400
7980	Teledata Solutions, Inc.	235,400
7993	Clear World Communications Corporation	14,190
8013	Worldwide Telecommunications, Inc.	2,500
8026	Nationwide Telecom, Inc.	47,740
8040	Mission Telecom, Inc.	6,160
8044	Intermetro Communications, Inc.	301,400
8057	Vertex Telecom, Inc.	346,000
8063	Time Warner Cable Information Services (California), LLC	385,000
8065	Connecto Communications, Inc.	20,700
8066	Calmtel USA, Inc.	29,040
8068	North County Communications Corp	153,750
8074	Silv Communication, Inc.	53,130
8075	Trans National Communications International, Inc.	242,000
8099	Race Telecommunications, Inc.	7,560,000
8100	Dial Long Distance, Inc.	6,625
8101	FastBlue Communications, Inc.	56,760
8107	Convergence Systems	66,750
8119	Express Telecommunications Network, Inc.	4,070
8129	Wide Voice, LLC	176,000
8130	United Telecom, Inc.	49,390
8131	Pacific Lightwave	95,000

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8132	Calpop.Com, Inc.	913,000
8138	Act Tele, Inc.	2,860
8140	California Alliance Telecard, Inc.	48,950
8145	Internet Business Services, Inc.	15,290
8146	Splice Communications, Inc	35,090
8164	NetFortris Acquisition Co., Inc.	7,680,000
8165	One Source Networks CLEC LLC	114,000
8166	Global Telco Group Inc.	23,000
8167	Inyo Networks, Inc.	9,900
8168	Budget Prepay Inc.	229,000
8169	Freedom Telecommunications, LLC	53,000,000
8170	Jagat International LLC	4,900
8171	Lit San Leandro, LLC	236,000
8172	Cebridge Telecom CA LLC	252,000
8173	Masergy Communications, Inc.	862,000
8174	ACN Communication Services, Inc.	9,600
8175	Granite Telecommunications, LLC	857,000

Wireless Telephone Companies

Action: Upon motion of Ms. Yee, seconded by Ms. Ma and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2015, be as follows:

2532	Los Angeles SMSA Ltd., Partnership	992,400,000
2552	Fresno MSA Limited Partnership	109,700,000
2559	Cellco Partnership	1,284,500,000
2602	Digital Communications Network, Inc.	13,900
2605	Nova Cellular West, Inc.	5,200
2606	AT&T Mobility LLC	3,208,700,000
2669	California RSA #4 Partnership	17,900,000
2671	California Rural Service Area #1, Inc.	28,500,000
2681	Everything Wireless, LLC	216,000
2720	Sprint Telephony PCS, L.P.	1,168,500,000
2733	MetroPCS California, LLC	39,700,000
2748	T-Mobile West, LLC	1,235,300,000
2760	Fisher Wireless Services, Inc.	1,690,000
2772	Globalstar USA, LLC	1,910,000
2775	Nextlink Wireless, LLC	1,250,000
2783	Flat West Wireless, LLC	1,680,000
2785	Public Wireless, Inc.	195,000
2788	NTT Docomo USA, Inc.	216,000
2793	Bandwidth.com, Inc.	23,300
2794	PLDT (US) Mobility, LLC	350,900
3002	American Messaging Services, LLC	668,000

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3039	Fresno Mobile Radio, Inc.	259,000
3362	Madera Radio Dispatch, Inc.	410,000
3430	Spok, Inc.	1,780,000

Action: Upon motion of Ms. Yee, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2015, be as follows:

2658	Intouch America, Inc.	42,900
2683	Pay-Less Cellular, Inc.	77,625
2773	Accessible Wireless, LLC	418,000
2784	Greatcall, Inc.	2,992,000
2787	Mother Lode Internet, LLC	63,580
2790	UVNV, Inc.	426,800

Local Exchange Telephone Companies

Action: Upon motion of Ms. Yee, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2015, be as follows:

201	Verizon California, Inc.	2,715,200,000
202	CenturyTel of Eastern Oregon, Inc.	53,500
205	Ponderosa Telephone Co., The	30,700,000
209	Pinnacles Telephone Co.	1,270,000
210	Calaveras Telephone Company	13,100,000
228	Ducor Telephone Company	4,774,000
235	Foresthill Telephone Co.	16,200,000
239	Hornitos Telephone Company	749,000
240	Happy Valley Telephone Company	859,000
246	Kerman Telephone Co.	23,000,000
279	Pacific Bell Telephone Company	6,395,800,000
284	Citizens Telecommunications Company of California, Inc.	66,400,000
286	Sierra Telephone Company, Inc.	48,200,000
294	SureWest Telephone	158,500,000
301	The Siskiyou Telephone Company	55,000,000
327	Volcano Telephone Company	25,600,000
328	Cal-Ore Telephone Co.	7,090,000
330	Winterhaven Telephone Company	1,300,000

Action: Upon motion of Ms. Yee, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Yee voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed company as of January 1, 2015, be as follows:

203	Frontier Communications of the Southwest, Inc.	6,700,000
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ADMINISTRATIVE SESSION

OTHER ADMINISTRATIVE MATTERS

Administration Deputy Director's Report

Edna Murphy, Deputy Director, Administration Department, provided a report on discussions with SEIU regarding in-house security services.

Action: The Board deferred the matter to the following day.¹

The Board recessed at 10:42 a.m. and reconvened at 10:49 a.m. with Mr. Horton, Mr. Runner, Ms. Ma and Ms. Harkey present, Ms. Stowers present on behalf of Ms. Yee in accordance with Government Code section 7.9.

SPECIAL PRESENTATIONS

Mr. Horton made introductory remarks regarding the Board of Equalization's *Employee Recognition Award Program*. On behalf of the Board, he thanked the recipients for their dedication and commitment to the organization. Each Member of the Board followed; giving a special thanks to the awardees for their hard work and efficiency. Cristina Herrera, Staff Services Manager III, and Robert McPherson, Associate Management Analyst, Executive Projects & Services Section, External Affairs Department, read the names of the award recipients and their achievements into the record.

The Board recessed at 11:06 a.m. and reconvened at 11:24 a.m. with Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers present.

CORPORATE FRANCHISE AND PERSONAL INCOME TAXES HEARINGS

Patrick Missud, 845292

2012, \$8,234.00 Assessment, \$2,058.50 Late Filing Penalty, \$2,058.50 Demand Penalty

For Appellant:

Patrick Missud, Taxpayer

For Franchise Tax Board:

Brian Werking, Tax Counsel

Marguerite Mosnier, Tax Counsel

Craig Scott, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether appellant has demonstrated error in the Franchise Tax Board's (FTB or respondent) proposed assessment of additional tax.

Whether appellant is entitled to the abatement of the late filing penalty.

Whether appellant is entitled to the abatement of the notice and demand (demand) penalty.

Whether the Board may grant appellant relief from the filing enforcement fee.

Whether the Board should impose a frivolous appeal penalty.

Appellant's Exhibit: Miscellaneous Documents ([Exhibit 5.1](#))

¹ The matter was later deferred before the May 28, 2015 Board Meeting began.

Wednesday, May 27, 2015

Anthony Epolite, Tax Counsel, Appeals Division, Legal Department, noted for the record that the Franchise Tax Board made concessions regarding the \$12,000 of 1099 income.

Action: Upon motion of Ms. Harkey, seconded by Ms. Stowers and unanimously carried, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, Mr. Horton absent, the Board submitted the appeal for decision.

Exhibits to these minutes are incorporated by reference.

ConAgra Foods, Inc., 597512, 785058, 799162

2004, \$764,350.00 Claim for Refund

2005, \$1,535,460.00 Assessment

2006, \$2,113,238.00 Claim for Refund

For Appellant:

Kyle Snedaker, Taxpayer

Fred O. Marcus, Attorney

Edwin P. Antolin, Attorney

For Franchise Tax Board:

Delinda Tamagni, Tax Counsel

Norman Scott, Tax Counsel

Craig Scott, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether certain interest, dividends, and capital gain received by appellant

ConAgra Foods, Inc. (ConAgra) constitute business income.

Appellant's Exhibit: Regulation 25120 Definition of Business and Non-Business Income

[\(Exhibit 5.2\)](#)

Action: Upon motion of Ms. Stowers, seconded by Ms. Harkey and unanimously carried, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, Mr. Horton absent, the Board submitted the appeal for decision.

The Board recessed at 1:36 p.m. and reconvened at 2:39 p.m. with Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers present.

PUBLIC HEARINGS

Business Taxpayers' Bill of Rights Hearings

Todd Gilman, Chief, Taxpayers' Rights and Equal Employment Opportunity Division, made introductory remarks regarding the Business Taxpayers' Bill of Rights hearings. Individuals have the opportunity to present ideas, concerns, and recommendations regarding legislation, the quality of agency services, and other issues related to the Board's administration of its tax programs, including sales and use taxes, environmental fees, fuel taxes, and excise taxes, and any problems identified in the Taxpayers' Rights Advocate's Annual Report [\(Exhibit 5.3\)](#).

Speakers were invited to address the Board, but there were none.

Wednesday, May 27, 2015

Property Taxpayers' Bill of Rights Hearings

Todd Gilman, Chief, Taxpayers' Rights and Equal Employment Opportunity Division, made introductory remarks regarding the Property Taxpayers' Bill of Rights hearings. Individuals have the opportunity to present their ideas, concerns, and recommendations regarding legislation, the quality of agency services, and other issues related to the Board's administration of its tax programs, including state and county property tax programs, and any problems identified in the Taxpayers' Rights Advocate's Annual Report ([Exhibit 5.4](#)).

Speakers were invited to address the Board, but there were none.

CORPORATE FRANCHISE AND PERSONAL INCOME TAXES HEARINGS

Michael D. Rudd and Patricia J. Rudd, 794298

2007, \$43,321.00 Assessment

2008, \$25,077.00 Assessment

For Appellants:

Mark A. Loyd, Attorney

Marcy Jo Mandel, Attorney

For Franchise Tax Board:

Kristen Kane, Tax Counsel

Ciro Immordino, Tax Counsel

Cheryl Akin, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether appellants have shown error in the proposed tax assessments for 2007 and 2008 based on the Franchise Tax Board's adjustments of appellants' claimed other state tax credits (OSTC).

Appellant's Exhibit: Miscellaneous Documents ([Exhibit 5.5](#))

Respondent's Exhibit: Slides and Miscellaneous Documents ([Exhibit 5.6](#))

Action: Upon motion of Ms. Stowers, seconded by Ms. Harkey and unanimously carried, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, Mr. Horton absent, the Board submitted the appeal for decision.

Clifford L. Marshall and Deanna R. Marshall, 816195

2004, \$6,828.00 Assessment

2005, \$6,301.00 Assessment

2006, \$6,838.00 Assessment

2007, \$6,293.00 Assessment

For Appellants

Michelle LaPena, Attorney

For Franchise Tax Board:

Maria Brosterhous, Tax Counsel

Fred Campbell-Craven, Tax Counsel

Craig Scott, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether the Franchise Tax Board properly determined that appellants' wages are not exempt from California income tax.

Appellant's Exhibit: Supreme Court Documents ([Exhibit 5.7](#))

Action: Upon motion of Ms. Harkey, seconded by Ms. Stowers and unanimously carried, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, Mr. Horton absent, the Board submitted the appeal for decision.

Wednesday, May 27, 2015

CHIEF COUNSEL MATTERS**RULEMAKING**

Proposed Amendments to Sales and Use Tax Regulation 1705.1, *Innocent Spouse or Registered Domestic Partner Relief from Liability*, Special Taxes and Fees Regulation 4903, *Innocent Spouse or Registered Domestic Partner Relief from Liability*, and Rules for Tax Appeals Regulations 5240, *Persons Who May File, Contents of, and Manner of Filing Requests for Innocent Spouse Relief*, 5241, *Acknowledgement and Review of Requests for Innocent Spouse Relief*, and 5242, *Requests for Reconsideration by the Board*

Bradley Heller, Tax Counsel, Tax & Fee Programs Division, Legal Department, made introductory remarks requesting authorization to publish proposed amendments to eliminate the requirement that individuals file a separate request to be considered for other equitable relief ([Exhibit 5.8](#)).

Action: Upon motion of Ms. Harkey, seconded by Ms. Stowers and unanimously carried, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, Mr. Horton absent, the Board authorized publication of the proposed amendments to Regulations 1705.1, 4903, 5240, 5241, and 5242 as recommended by staff.

ADMINISTRATIVE SESSION**ADMINISTRATIVE MATTERS, CONSENT**

With respect to the Administrative Matters, Consent Agenda, upon a single motion of Ms. Harkey, seconded by Ms. Stowers and unanimously carried, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, Mr. Horton absent, the Board made the following orders:

Action: Adopt the following resolutions, extending its sincere and grateful appreciation to the retirees for their dedicated service to the State Board of Equalization and to the State of California, their congratulations on each retiree's well-earned retirement, and best wishes to them and their families for continued success, happiness and good health in the years to come ([Exhibit 5.9](#)).

Imelda Hanson, Key Data Operator, Data Entry Section, Administration Department, Headquarters

Karen Nakao, Programmer II, Technology Services Department, Headquarters

Janet S. Shapiro, Associate Tax Auditor, Sales and Use Tax Department, New York Out-of- State Office.

Maruthi K. "Marty" Yellapragada, Tax Technician III, Sales & Use Tax Department, Riverside District Office

Action: Approve the Board Meeting Minutes of April 28-29, 2015.

Action: Approve proposed revisions to Audit Manual (AM), Chapter 10, *Occasional Sales—Sale of a Business* ([Exhibit 5.10](#)).

Action: Adopt the property tax forms as presented by staff ([Exhibit 5.11](#)).

Wednesday, May 27, 2015

OTHER ADMINISTRATIVE MATTERS**Executive Director's Report**

Cynthia Bridges, Executive Director, provided a progress report regarding BOE's ongoing alignment to improve organizational structure.

Cynthia Bridges, Executive Director, provided a report regarding time extension to El Dorado, Mariposa and Tehama Counties to complete and submit 2015/16 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155 ([Exhibit 5.12](#)).

Dean Kinnee, Deputy Director, Property Tax Department, made introductory remarks regarding the proposed change to the 2015 Board Meeting Calendar for August to add the annual Board/Assessors' meeting in Olympic Valley, California, and to request approval to summon county assessors to such meeting with the Board to discuss issues relating to property assessment administration ([Exhibit 5.13](#)).

Action: Upon motion of Ms. Harkey, seconded by Ms. Stowers and unanimously carried, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, Mr. Horton absent, the Board approved the proposed change to the 2015 Board Meeting Calendar to add August 11 for the annual Board/Assessor's meeting in Olympic Valley, California as recommended by staff.

Upon motion of Ms. Harkey, seconded by Ms. Stowers and unanimously carried, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, Mr. Horton absent, the Board approved the request to summon county assessors to the Board/Assessor's meeting as presented by staff.

Eric Steen, CROS Project Director, provided a report regarding the progress on the CROS project to replace BOE's two current tax legacy technology systems.

Property and Special Taxes Deputy Director's Report

Mark Durham, Chief, Research and Statistics Section, Legislative & Research Division, made introductory remarks regarding staff's recommendation for the 4-R Act Equalization Ratio for 2015/16 to ensure that rail transportation property is assessed at the same percentage of market value as all other commercial/ industrial property ([Exhibit 5.14](#)).

Action: Upon motion of Ms. Harkey, seconded by Ms. Stowers and unanimously carried, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, Mr. Horton absent the Board set the 4-R Act Equalization Ratio at 74.11 percent for 2015/16 as recommended by staff.

The Board recessed at 4:58 p.m.

The foregoing minutes are adopted by the Board on June 23, 2015.

Note: The following matters were removed from the calendar prior to the meeting: *Gems Unlimited, Inc., 727090 (BH); Samuel Coronado, Gerardo G. Gonzalez, and Erica Coronado, 670967, 827449 (GH); and, Nagib Abdulsaeed Shariff, 715384 (CH).*

Thursday, May 28, 2015

The Board met at its offices at 450 N Street, Sacramento, at 9:39 a.m., with Mr. Horton, Chairman, Mr. Runner, Vice Chairman, Ms. Ma and Ms. Harkey present, Ms. Stowers present on behalf of Ms. Yee in accordance with Government Code section 7.9.

Mr. Horton stated for the record that he reviewed the record of the May 27, 2015 hearings.

CORPORATE FRANCHISE AND PERSONAL INCOME TAXES HEARINGS

John A. Mattson and Tara L. Mattson, 816470

2006, \$21,372.00 Assessment

2007, \$20,195.00 Assessment

2008, \$34,166.00 Assessment

2009, \$23,004.00 Assessment

For Appellants:

John A. Mattson, Taxpayer

For Franchise Tax Board:

Jason Riley, Tax Counsel

Cheryl Akin, Tax Counsel

Craig Scott, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether appellants have shown error in respondent's determination that appellants' rental real estate activities did not qualify as a trade or business for the years at issue.

Whether respondent erred in determining that appellants' rental real estate activities are passive activities, such that losses from those activities may only offset their passive income for the years at issue.

Respondent's Exhibit: Email Correspondence to FTB from Taxpayer ([Exhibit 5.15](#))

Slideshow Documents ([Exhibit 5.16](#))

Action: Upon motion of Mr. Runner, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board ordered that the hearing be continued to a later date, granting the appellant 30 days to submit supporting documents, the Franchise Tax Board 30 days to respond, and the Appeals Division 30 days thereafter to review the parties' submissions and provide its recommendation to the Board.

Exhibits to these minutes are incorporated by reference.

Michael J. Bills and Mary E. Bills, 610028, 782397

2005, \$553,799.00 Assessment

2006, \$784,599.00 Assessment

2007, \$931,712.00 Assessment

2008, \$981,802.00 Assessment

2009, \$525,369.00 Assessment

For Appellants:

Michael J. Bills, Taxpayer

Jeffrey M. Vesely, Attorney

Annie H. Huang, Attorney

For Franchise Tax Board:

Christopher Haskins, Tax Counsel

Natasha Page, Tax Counsel

Ronald Babcock, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Thursday, May 28, 2015

Issues: Whether appellants have established error in respondent Franchise Tax Board's determination that appellants were domiciled in and residents of California through April 23, 2005 and therefore taxable on income from all sources until that date.

Whether appellants have shown that payments received by them, upon appellant-husband's withdrawal from a partnership for tax years 2005 through 2009, was not California-source income.

Appellant's Exhibit: Timeline and Supporting Documents ([Exhibit 5.17](#))

Action: Upon motion of Ms. Ma, seconded by Mr. Runner and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board submitted the appeal for decision.

The Board recessed at 12:14 p.m. and reconvened at 1:30 p.m. with Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers present.

SALES AND USE TAX APPEALS HEARING

E.W. International Trade, Inc., 719634 (BH)

10/01/08 to 12/31/10, \$83,012.14 Tax, \$8,301.23 Negligence Penalty

Kobe GSW, Inc., 720777 (BH)

01/11/11 to 09/30/11, \$29,220.26 Tax, \$2,922.03 Negligence Penalty

For Petitioners: Charles Harb, Representative
Mario West, Representative

For Sales and Use Tax Department: Nenita DeLaCruz, Hearing Representative

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether adjustments are warranted to the amount of unreported taxable sales.
Whether adjustments are warranted to the unreported sales of fixtures and equipment.

Whether petitioner was negligent.

Action: Ms. Harkey moved that the negligence penalty be deleted, and that the petition otherwise be redetermined as recommended by the Appeals Division. The motion was seconded by Mr. Runner. Ms. Harkey withdrew the motion.

The Board granted a postponement of the hearing.

The Board recessed at 1:51 p.m. and reconvened at 1:53 p.m. with Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers present.

LEGAL APPEALS MATTERS, CONSENT

The Board deferred consideration of the following matters: *Daren James D'Ambrosio and June Ella D'Ambrosio, 597646 (DF)*; and, *Shym Corp., 611317 (KH)*.

With respect to the Legal Appeals Matters Consent Agenda, upon a single motion of Ms. Harkey, seconded by Ms. Ma and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board made the following orders:

Daren James D'Ambrosio and June Ella D'Ambrosio, 597646 (DF)

04/01/08 to 12/31/10, \$22,557.42 Tax, \$1,137.48 Negligence Penalty, \$1,118.33 Failure-to-File penalty

Action: The Board took no action.

Thursday, May 28, 2015

Shym Corp., 611317 (KH)

07/01/07 to 06/30/10, \$58,678.30 Tax, \$5,867.84 Negligence Penalty

Action: The Board took no action.

Nor Cal Alternative Healing Corp., 538189 (KH)

02/23/07 to 12/31/09, \$210,683.46 Tax, \$21,068.35 Negligence Penalty

Action: Redetermine as recommended by the Appeals Division.

Saber Polouei, 860800 (STF)

December 16, 2014 Seizure Date, \$626.00 Approximate Value

Action: Determined that staff properly seized the tobacco products.

Naaman S. Alguhaim, 861906 (STF)

November 18, 2014 Seizure Date, \$417.80 Approximate Value

Action: Determined that staff properly seized the tobacco products.

Breadstick's LA Wine Bar Café, LLC, 546527 (AS)

10/01/05 to 09/30/08, \$40,303.87 Tax, \$4,030.42 Negligence Penalty, \$4,030.39 Finality Penalty

Action: Deny the petition for rehearing as recommended by the Appeals Division.

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, CONSENT

With respect to the Corporate Franchise and Personal Income Tax Matters Consent Agenda, upon a single motion of Ms. Harkey, seconded by Ms. Stowers and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board made the following orders:

Jess Sullivan, 756078

2011, \$528.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Roy Batruni, 809832

2012, \$4,915.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Bruffy's, Inc., 782757

2008, \$45,385.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Setya Djoenadi, 771806

2005, \$4,593.23 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Bryan Glover, 796685

2009, \$1,164.00 Tax

Action: Sustain the action of the Franchise Tax Board as modified by its concessions on appeal.

Thursday, May 28, 2015

Dolores Johnson, 792594

2011, \$738.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Yasser Mansour and Noha Balegh, 841819

2009, \$372.58 Assessment

Action: Sustain the action of the Franchise Tax Board.

Mario R. Mendoza, 799866

2009, \$1,996.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Ruben Moriel and Diane Moriel, 797314

2009, \$6,845.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Joshua Pastor, 792963

2009, \$2,722.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Phuong L. Vesely, 716765

2007, \$2,846.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Rong-Chang ESL, Inc., 803263

2011, \$601.74 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Jose L. Sarabia, 839218

2010, \$337.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Schmitt-Sussman Enterprises, Inc., 815042

2011, \$4,104.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Carrie Schornstein, 814019

2012, \$1,023.00 Tax

Action: Sustain the action of the Franchise Tax Board as modified by its concessions on appeal.

Vickie Denise Simon, 795781

2009, \$2,887.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Thursday, May 28, 2015

Thomas Spielbauer, 782687

2008, \$2,298.00 Tax, \$574.50 Late Filing Penalty

Action: Sustain the action of the Franchise Tax Board.

Edward Hemmat and Roshanne Hemmat, 613804

2006, \$15,213.00 Assessment

Action: Deny the petition for rehearing.

Denis L. Jost, 740758

2009, \$1,143.00 Tax, \$285.75 Late Filing Fee Penalty, \$285.75 Demand Penalty, \$88.00 Filing Enforcement Penalty, \$750 Frivolous Appeal Penalty

Action: Deny the petition for rehearing.

SALES AND USE TAX MATTERS, REDETERMINATIONS, RELIEF OF PENALTIES, DENIALS OF CLAIMS FOR REFUND, AND, GRANT-ONE DAY INTEREST RELIEF, CONSENT

With respect to the Sales and Use Tax Matters, Redeterminations, Relief of Penalties, Denials of Claims for Refund, and, Grant-One Day Interest Relief, Consent Agenda, upon a single motion of Ms. Harkey, seconded by Mr. Runner and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board made the following orders:

SPX Flow Technology Systems, Inc., 760261 (OH)

07/01/08 to 03/31/12, \$608,766.20

Action: Approve the redetermination as recommended by staff.

Alfred Hanser, 683912 (FH)

04/01/08 to 03/31/09, \$159,406.23

Action: Approve the redetermination as recommended by staff.

Goodfellow Corporation, 790254 (EH)

04/01/05 to 12/31/12, \$545,399.04

Action: Approve the redetermination as recommended by staff.

Medcal Sales, LLC, 863338 (EH)

11/01/14 to 11/30/14, \$174,820.92

Action: Approve the relief of penalty as recommended by staff.

Universal City Studios, LLC, 863337 (AC)

10/01/14 to 12/31/14, \$232,497.20

Action: Approve the relief of penalty as recommended by staff.

Pacific Sales Kitchen and Bath Centers, Inc., 535850 (OH)

04/01/09 to 12/31/11, \$452,077.00

Action: Approve the denial of claim for refund as recommended by staff.

Thursday, May 28, 2015

San Diego County Credit Union, 731241 (FH)

01/01/10 to 12/31/12, \$286,379.51

Action: Approve the denial of claim for refund as recommended by staff.

AT&T Communications of California, 855961 (OH)

04/01/10 to 03/31/11, \$78,234.21

Action: Approve the denial of claim for refund as recommended by staff.

Verizon Wireless (VAW), LLC, 744172 (OH)

07/01/09 to 12/31/11, \$54,604.29

Action: Approve the denial of claim for refund as recommended by staff.

Antelope Valley Newspapers, Inc., 863341 (SO)

05/01/13 to 06/15/13, \$59.30

Action: Approve the one day interest relief as recommended by staff.

Checkers Grill, 863340 (CH)

07/01/14 to 09/30/14, \$180.02

Action: Approve the one day interest relief as recommended by staff.

Lake Shore Cryotronics, Inc., 863344 (OH)

10/01/13 to 10/31/13, \$10.52

Action: Approve the one day interest relief as recommended by staff.

Arris Technology, Inc., 863346 (OH)

11/01/14 to 11/30/14, \$76.81

Action: Approve the one day interest relief as recommended by staff.

Rush Truck Centers of California, Inc., 863343 (AP)

10/01/14 to 12/31/14, \$10,416.44

Action: Approve the one day interest relief as recommended by staff.

Ristorante Buon Gusto, Inc., 863339 (BH)

10/01/14 to 12/31/14, \$65.57

Action: Approve the one day interest relief as recommended by staff.

**SALES AND USE TAX MATTERS, CREDITS, CANCELLATIONS AND REFUNDS,
CONSENT**

With respect to the Sales and Use Tax Matters, Credits, Cancellations and Refunds, Consent Agenda, upon a single motion of Ms. Harkey, seconded by Ms. Ma and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board made the following orders:

Gladys Gismania Sunderlin, 861598 (SO)

04/01/98 to 12/31/04, \$288,163.12

Action: Approve the credit and cancellation as recommended by staff.

Thursday, May 28, 2015

Jafar Ibrahim Rahman, 860555 (EH)

07/01/04 to 03/31/08, \$148,819.33

Action: Approve the credit and cancellation as recommended by staff.

Pacific Sales Kitchen and Bath Centers, Inc., 856118 (OH)

01/01/09 to 12/31/11, \$238,375.98

Action: Approve the refund as recommended by staff.

Nissan North America, Inc., 862170 (OH)

11/20/12 to 03/20/14, \$706,794.00

Action: Approve the refund as recommended by staff.

Professional Hospital Supply, Inc., 840614 (EH)

10/01/11 to 03/31/14, \$128,172.00

Action: Approve the refund as recommended by staff.

San Diego County Credit Union, 731241 (FH)

01/01/10 to 12/31/12, \$452,501.46

Action: Approve the refund as recommended by staff.

Toppan Photomasks, Inc., 699248 (OH)

04/01/10 to 12/31/13, \$499,165.63

Action: Approve the refund as recommended by staff.

AT&T Communications of California, 855961 (OH)

04/01/10 to 03/31/11, \$1,416,103.10

Action: Approve the refund as recommended by staff.

Chrysler, LLC, 862261 (OH)

05/27/14 to 11/06/14, \$768,363.85

Action: Approve the refund as recommended by staff.

Red Bull North America, Inc., 632805 (AS)

01/01/10 to 03/31/13, \$1,352,796.23

Action: Approve the refund as recommended by staff.

Peterson Hydraulic, Inc., 531010 (AS)

01/01/09 to 03/31/09, \$276,476.27

Action: Approve the refund as recommended by staff.

Mansfield Oil Company of Gainesville, Inc., 743899 (OH)

01/01/11 to 12/31/13, \$952,463.43

Action: Approve the refund as recommended by staff.

Thursday, May 28, 2015

Verizon Wireless (VAW), LLC, 744172 (OH)
07/01/09 to 12/31/11, \$248,941.42
Action: Approve the refund as recommended by staff.

C Lee Cook/Dover Resources Company, 796723 (OH)
01/01/09 to 12/31/11, \$264,217.69
Action: Approve the refund as recommended by staff.

J.C. Penny Company, Inc., 813241 (OH)
04/01/13 to 03/31/14, \$139,358.74
Action: Approve the refund as recommended by staff.

Teradyne, Inc., 855557 (OH)
01/01/10 to 03/31/13, \$143,378.93
Action: Approve the refund as recommended by staff.

Americredit Financial Service, Inc., 852738 (OH)
07/01/14 to 09/30/14, \$479,186.00
Action: Approve the refund as recommended by staff.

Yoichi Ito, 866792 (BH)
11/15/04 to 08/03/14, \$116,718.94
Action: Approve the refund as recommended by staff.

CA Virtual Academy @ San Diego, 856448 (AR)
07/01/14 to 09/30/14, \$112,272.45
Action: Approve the refund as recommended by staff.

Premier Auto Credit, 803765 (SO)
10/01/10 to 06/30/13, \$444,479.73
Action: Approve the refund as recommended by staff.

Kimberly-Clark Global Sales, Inc., 759468 (OH)
01/01/10 to 03/31/13, \$235,501.39
Action: Approve the refund as recommended by staff.

NSRH, Inc., 810668 (BH)
10/01/10 to 12/31/13, \$263,647.85
Action: Approve the refund as recommended by staff.

Kinecta Federal Credit Union, 793015 (AS)
01/01/10 to 12/31/14, \$100,345.34
Action: Approve the refund as recommended by staff.

Thursday, May 28, 2015

Crunchyroll, Inc., 857816 (BH)

01/01/14 to 03/31/14, \$208,703.57

Action: Approve the refund as recommended by staff.

Chart, Inc., 859442 (OH)

08/01/10 to 06/30/13, \$252,514.85

Action: Approve the refund as recommended by staff.

Carl Zeiss SBE, LLC, 854732 (OH)

07/01/14 to 09/30/14, \$268,000.00

Action: Approve the refund as recommended by staff.

High Performance Capital, Inc., 840956 (EA)

07/01/11 to 06/30/14, \$178,395.99

Action: Approve the refund as recommended by staff.

SPECIAL TAXES MATTERS, RELIEF OF PENALTIES CONSENT

With respect to the Special Taxes Matters, Relief of Penalties, Consent Agenda, upon a single motion of Ms. Harkey, seconded by Ms. Ma and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9 in *Ventura County Medi-Cal Managed Care Commission, 857809*, the Board made the following orders:

Ventura County Medi-Cal Managed Care Commission, 857809 (STF)

01/01/12 to 03/31/12, \$122,070.30

Action: Approve the relief of penalty as recommended by staff. Ms. Stowers not participating in accordance with Government Code section 7.9.

Costco Wholesale Corporation, 861731 (STF)

09/01/14 to 09/30/14, \$123,502.91

Action: Approve the relief of penalty as recommended by staff.

SPECIAL TAXES MATTERS, CREDITS, CANCELLATIONS AND REFUNDS, CONSENT

With respect to the Special Taxes Matters, Credits, Cancellations and Refunds, Consent Agenda, upon a single motion of Ms. Ma, seconded by Mr. Runner and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9 in *Sunoco, Inc. (R&M), 863686*, the Board made the following orders:

Sunoco, Inc. (R&M), 863686

07/01/11 to 12/31/13, \$59,335.81

Action: Approve the credit and cancellation as recommended by staff. Ms. Stowers not participating in accordance with Government Code section 7.9.

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Dell Marketing LP, 810697, 841817, 847611

12/01/13 to 12/31/13, \$247,672.00

Action: Approve the refund as recommended by staff.

McLane/Suneast, Inc., 857854

01/27/15 to 01/27/15, \$218,377.08

Action: Approve the refund as recommended by staff.

**CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS,
ADJUDICATORY**

Myles D. Hubers and Michelle R. Hubers, 534595

2001, \$192,637.00 Tax, \$153,366.32 Penalties

2002, \$208,177.00 Tax, \$148,244.64 Penalties

2003, \$298,861.00 Tax, \$192,885.33 Penalties

Considered by the Board: Summary Decision (Rev. & Tax. Code, § 40)

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Ms. Stowers, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board adopted the written summary decision as presented by staff.

**TAX PROGRAM NONAPPEARANCE MATTERS NOT SUBJECT TO CONTRIBUTION
DISCLOSURE STATUTE****PROPERTY TAX MATTERS****Audits**

T-Mobile West, LLC (2748)

2010, \$28,600,000.00 Escaped Assessment, \$00.00 Penalties, \$12,012,000.00 In-lieu Interest

2011, \$45,000,000.00 Escaped Assessment, \$00.00 Penalties, \$14,850,000.00 In-lieu Interest

2012, \$57,900,000.00 Escaped Assessment, \$00.00 Penalties, \$13,896,000.00 In-lieu Interest

2013, \$4,400,000.00 Excessive Assessment, \$00.00 Penalties, \$00.00 In-lieu Interest

2014, \$9,700,000.00 Escaped Assessment, \$00.00 Penalties, \$582,000.00 In-lieu Interest

Action: Upon motion of Ms. Ma, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

Connectto Communications, Inc. (8065)

2011, \$429,000.00 Escaped Assessment, \$42,900.00 Penalties, \$141,570.00 In-lieu Interest

2012, \$139,000.00 Escaped Assessment, \$13,900.00 Penalties, \$33,360.00 In-lieu Interest

2013, \$130,000.00 Excessive Assessment, \$00.00 Penalties, \$00.00 In-lieu Interest

2014, \$159,000.00 Excessive Assessment, \$00.00 Penalties, \$00.00 In-lieu Interest

Action: Upon motion of Ms. Ma, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

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Unitary Land Escaped Assessments**Pacific Gas and Electric Company (135)**

2011 to 2014, \$740,415.00 Unitary Value

Action: Upon motion of Ms. Ma seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the unitary land escaped assessment as recommended by staff.

MetroPCS California, LLC (2733)

2011 to 2014, \$941,139.00 Unitary Value

Action: Upon motion of Ms. Ma seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the unitary land escaped assessment as recommended by staff.

T-Mobile West, LLC (2748)

2014, \$877,242.00 Unitary Value

Action: Upon motion of Ms. Ma seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the unitary land escaped assessment as recommended by staff.

CVIN, LLC (8151)

2014, \$47,757.00 Unitary Value

Action: Upon motion of Ms. Ma, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the unitary land escaped assessment as recommended by staff.

OFFER-IN-COMPROMISE RECOMMENDATIONS

Action: Upon motion of Ms. Harkey, seconded by Ms. Ma and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board approved the Offer in Compromise Recommendations of *Audition Systems by Audio Design; Frederick A. Begley; Gabriela G. Bernal and Autonation, Inc.; Arutyum Brutyan; Fatima L. Rendon Cobena; Isaac Woodrow Hornsby II and I.K.E.R.I.C., Inc.; William Curtis Hughes; Jack H. H. Jiang; Paul Robert Joyce and Beach Motors; Pause Lounge, LLC; Daniel Joshua Rieger; Phillis Samaan; Kelly Lynn Schrock; Brian Seitel and DSRV's Incorporated; and, Lisa Marie Thompson; as recommended by staff.*

ANNOUNCEMENT OF CLOSED SESSION

The Board recessed at 1:57 p.m. and reconvened immediately in closed session with Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers present.

Thursday, May 28, 2015

CLOSED SESSION

The Board met to discuss settlements (Rev. & Tax. Code §§ 6901, 7093.5, 30459.1 and 50156.11) and personnel matters (Gov. Code § 11126(a)).

The Board recessed at 2:04 p.m. and reconvened immediately in open session with Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers present.

FINAL ACTION ON CORPORATE FRANCHISE AND PERSONAL INCOME TAXES HEARINGS HELD MAY 27, 2015

Patrick Missud, 845292

Final Action: Ms. Harkey moved to sustain the action of the Franchise Tax Board. The motion was seconded by Ms. Stowers. Mr. Runner made a substitute motion to adjust the earnings to the amount of the 1099's issued in that year. The substitute motion failed for lack of a second. Ms. Harkey withdrew the original motion.

Upon motion of Ms. Harkey, seconded by Ms. Stowers and duly carried, Mr. Horton, Ms. Harkey and Ms. Stowers voting yes, Mr. Runner and Ms. Ma voting no, the Board sustained the action of the Franchise Tax Board as modified by its concessions.

ConAgra Foods, Inc., 597512, 785058, 799162

Final Action: Upon motion of Ms. Stowers, seconded by Ms. Ma and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board reversed the action of the Franchise Tax Board as to the Pilgrim's Pride stock and the dividends associated with it.

Upon motion of Ms. Stowers, seconded by Ms. Ma and duly carried, Mr. Horton, Ms. Ma and Ms. Stowers voting yes, Mr. Runner and Ms. Harkey voting no, the Board sustained the action of the Franchise Tax Board with regard to income from debt and securities related to the Swift Foods transaction.

Michael D. Rudd and Patricia J. Rudd, 794298

Final Action: Upon motion of Mr. Horton, seconded by Ms. Stowers and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board sustained the action of the Franchise Tax Board.

Clifford L. Marshall and Deanna R. Marshall, 816195

Final Action: Upon motion of Mr. Horton, seconded by Ms. Stowers and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board sustained the action of the Franchise Tax Board on the basis of abstention.

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**FINAL ACTION ON CORPORATE FRANCHISE AND PERSONAL INCOME TAXES
HEARING HELD MAY 28, 2015**

Michael J. Bills and Mary E. Bills, 610028, 782397

Final Action: Upon motion of Ms. Stowers, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board reversed the action of the Franchise Tax Board as to the issue of California- source income.

Ms. Stowers moved to sustain the action of the Franchise Tax Board as to the issue of domicile and residency. The motion was seconded by Mr. Horton. Mr. Runner made a substitute motion to reverse the action of Franchise Tax Board as to the issue of domicile and residency. The substitute motion was seconded by Ms. Ma and duly carried, Mr. Runner, Ms. Ma and Ms. Harkey voting yes, Mr. Horton and Ms. Stowers voting no.

FINAL ACTION ON SALES AND USE TAX APPEALS HEARING HELD MAY 28, 2015

Jasinder Pal Singh and Charanjeev Singh, 621322 (KH)

01/01/07 to 12/31/09, \$11,825.76 Claim for Refund

For Claimants: Waived Appearance

For Sales and Use Tax Department: Scott Lambert, Hearing Representative

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether an adjustment is warranted to the unreported taxable sales of fuel.

Whether relief of the finality penalty is warranted.

Action: (Motion expunged.)

Upon motion of Ms. Ma, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board ordered that its previous motion to deny the claim for refund be expunged.

Upon motion of Ms. Ma, seconded by Mr. Runner and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board ordered that the amount of unreported taxable fuel sales be reduced by \$52,021.00 and that the tax, interest and penalties on that amount be refunded in accordance with the revised recommendation of the Appeals Division.

The Board adjourned at 2:52 p.m.

The foregoing minutes are adopted by the Board on June 23, 2015.

Note: The following matter was removed from the calendar prior to the meeting: *Administration Deputy Director's Report—Discussions with SEIU regarding in-house security services.*