

If you paid the City of Los Angeles’ Gas Utility User Tax on Southern California Gas Company’s natural gas bills from April 16, 2014 to the present, this Class Action Settlement may affect your rights.

A court authorized this Class Notice. This is not a solicitation from a lawyer.

Si quisiera obtener un formulario de notificación en español, visite el sitio web del arreglo en www.GasTaxSettlementLA.com, o comuníquese con el Administrador del arreglo, llama 1-833-707-1454.

- A settlement has been reached with the City of Los Angeles (the “City” or “Defendant”) in a class action lawsuit claiming the City improperly calculated and charged consumers a natural gas utility user tax (“GUT”) on Southern California Gas Company gas bills (listed as Los Angeles City Users Tax).
- You are a “Class Member” and will automatically receive benefits from this Settlement if you are a Southern California Gas Company natural gas customer who was charged the GUT (described as the line item “Los Angeles City Users Tax” on the Southern California Gas Company’s natural gas bill) that had a billing period that includes at least one day that falls on or after April 16, 2014 through the present.

READ THIS NOTICE CAREFULLY BECAUSE YOUR LEGAL RIGHTS MAY BE AFFECTED.

SUMMARY OF YOUR OPTIONS	
Obtain Settlement Benefits	No action is required to receive the Settlement Benefits. If you are a Class Member, you will automatically receive the benefits from this Settlement if the Settlement is approved and becomes final. You will be bound by the Settlement and give up certain rights.
Exclude Yourself (Opt Out) From the Settlement Deadline: December 29, 2020	If you do not want to be included in the Settlement you can opt out of the Settlement by filling out the form provided at www.GasTaxSettlementLA.com by December 29, 2020 . If you opt out of the Settlement you will keep your right to sue the City about the claims resolved by this Settlement. Class Members who received a re-mailed Summary Notice have until January 18, 2021 to request exclusion.
Object to the Settlement Deadline: December 29, 2020	If you stay in the Settlement (do not opt out) you may object to it or any of its terms by writing to the attorneys for the parties and the Settlement Administrator by December 29, 2020 . If you object, you will automatically receive the benefits from this Settlement if it is approved and becomes final and you will give up your right to sue the City about the claims resolved by this Settlement. Class Members who received a re-mailed Summary Notice have until January 18, 2021 to submit an objection.
Go to a Hearing Deadline: December 29, 2020	You may attend and ask to speak at a hearing regarding the fairness of the Settlement.
Do Nothing	If you are a Class Member and you do nothing, you will automatically receive the benefits from this Settlement if it is approved and becomes final; however, you will give up your right to sue the City about the claims resolved by this Settlement.

- The Court supervising this case has granted Preliminary Approval to the Settlement, but must still decide whether to grant Final Approval before any payments are made. The Final Fairness Hearing to decide whether to grant Final Approval of the Settlement is scheduled to take place on **March 17, 2021**.

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BASIC INFORMATION

1. Why Was This Notice Issued?

The Court authorized this Notice because you have a right to know about a proposed settlement of this class action lawsuit, including the Settlement benefits and about all of your options under the Settlement, before the Court decides whether to grant Final Approval of the Settlement.

The persons who filed this class action are called the “Plaintiffs” and the City of Los Angeles is the “Defendant.” The Plaintiffs filed the class action lawsuit in the Superior Court of California, for the County of Los Angeles. The lawsuit is called *Engquist, et al. v. City of Los Angeles*, Case No. BC591331.

2. What Is This Lawsuit About?

The lawsuit alleges that the City improperly included in its GUT calculation the Service Establishment Charge (“SEC”) and the Customer Charge. The lawsuit contends that the City may only calculate the GUT on the line item for the gas commodity. The City denies the allegations. The parties have agreed to a settlement to avoid the expense, delay, and risk of continued litigation.

More information can be found at www.GasTaxSettlementLA.com, by calling **1-833-707-1454**, or by writing to Class Counsel, whose addresses may be found below in Paragraph 9.

3. Why Is This A Class Action?

In a class action, one or more people called “Class Representatives” sue on behalf of themselves and all other persons or entities with similar claims. All of these persons or entities together are called a “Class” or “Class Members.” The Court appointed three plaintiffs (Lorin M. Engquist, Angelica G. Divinagracia dba Fun Fit Factory, and David Bernstein) as the Class Representatives for purposes of this Settlement.

4. Why Is There A Settlement?

The Court did not issue a final decision in favor of either Plaintiffs or Defendant. Instead, both sides agreed to a settlement. The Class Representatives and the attorneys that have been appointed by the Court to represent the Class believe that the Settlement is in the best interests of all Class Members.

WHO IS INCLUDED IN THE SETTLEMENT?

5. How Do I Know If I Am Part Of The Settlement?

You are a Class Member and part of the Settlement if you were a natural gas customer of Southern California Gas Company at any time during the billing period that includes at least one day that falls on or after April 16, 2014 through the present.

6. What If I Am Not Sure Whether I Am Included In The Settlement?

If you are not sure whether you are included in the Settlement, you may visit www.GasTaxSettlementLA.com for more information and access a copy of the First Amended Stipulation of Settlement and other important documents. You may also call 1-833-707-1454 or e-mail info@GasTaxSettlementLA.com and ask for assistance.

THE SETTLEMENT BENEFITS

7. What Does The Settlement Provide?

The Settlement provides the following benefits:

First, beginning 70 days after the settlement is final, the City will no longer impose the GUT on the SEC or Customer Charge, unless it is approved by voters in the future, if ever. It is estimated that this change in the GUT will result in a cumulative *yearly* tax savings for natural gas customers who are subject to this tax of approximately \$8.2 million dollars.

Second, the City has agreed to establish a “Settlement Fund” in an amount of \$32,500,000, plus 75% of any GUT collected by Southern California Gas Company on the Customer Charge and SEC after May 1, 2021, until such time as the City may obtain applicable voter approval to amend the Utility Ordinance, or any other regulation, to permit taxation of the SEC and Customer Charge. After making deductions for settlement administration and data compilation expenses (estimated to be \$913,483), court approved service awards totaling a maximum of up to \$40,000 for the three Class Representatives, a \$400,000 payment to a non-profit charitable organization called Alliance for Children’s Rights,* a \$100,000 payment to a non-profit charitable organization called The Utility Reform Network,* and court approved attorney’s fees and expenses of up to 25% of the Settlement Fund (e.g., if the Settlement Fund is \$32,500,000, then attorneys’ fees of up to \$8,125,000), the balance of the Settlement Fund will be distributed to Southern California Gas Company customers who are residents of the City of Los Angeles and subject to the GUT. Distributions will be made by applying a reduced Los Angeles City Users Tax rate for retail customers of Southern California Gas Company (who are subject to the tax) beginning no sooner than 90 days after the Settlement becomes final and continuing for up to six years (the “Abatement Period”) or within three years of completion of the abatement period in the *Lavinsky v. City of Los Angeles* lawsuit, whichever is shorter, by which time all distributions must be complete.

* Alliance for Children’s Rights and The Utility Reform Network are 26 U.S.C § 501(c)(3) non-profit charitable organizations. These payments are intended to provide indirect compensation to Class Members who will no longer be subject to the GUT during all or a portion of the Abatement Period and Class Members who paid the SEC during the Class Period. If you are not subject to the GUT during all or a portion of the Abatement Period, you will not directly receive the full benefits of the Settlement through the distribution method described above.

8. What Am I Giving Up In Exchange For the Settlement?

If you are a Class Member, and you do not opt out of the Settlement, and the Settlement becomes final, you will be releasing Defendant from any liability regarding any and all claims associated with this case. You will give up your right to be part of any another lawsuit against the City regarding the claims resolved by this Settlement and released by the First Amended Stipulation of Settlement. The specific claims you will release are specified in the First Amended Stipulation of Settlement as follows:

In consideration for the Settlement it is hereby agreed that, upon the Effective Date, Class Representatives and each Class Member, on behalf of themselves and any other legal or natural persons who may claim by, through or under them, shall be deemed to have fully, finally and forever released and discharged the Released Parties from any and all Released Claims arising during the Class Period, whether known or unknown, suspected or unsuspected, contingent or non-contingent, derivative or direct, asserted or unasserted, whether based on federal, state or local law, statute, ordinance, regulation, code, contract, common law, or any other source, or any claim of any kind. Class Representatives and Class Members expressly agree that this Release, the Final Order, and/or the Final Judgment are, will be, and may be raised as a complete defense to, and will preclude any action or proceeding encompassed by, this Release.

Class Representatives and Class Members shall not, now or hereafter, institute, maintain, prosecute, and/or assert any suit, action, and/or proceeding, against the Released Parties, either directly or indirectly, on their own behalf, on behalf of a class or on behalf of any other person or entity with respect to the claims, causes of action, and/or any other matters released through this Settlement.

In connection with this Agreement, Class Representatives and Class Members acknowledge that they may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those that they now know or believe to be true concerning the subject matter of the Action and/or the Release herein. Nevertheless, Class Representatives and Class Members intend to, and do hereby, fully, finally, and forever settle, release, discharge, and hold harmless the Released Parties from all such matters, and all claims relating thereto which exist, hereafter may exist, or might have existed (whether or not previously or currently asserted in any action or proceeding) with respect to the Action.

Without in any way limiting its scope, and, except to the extent otherwise specified in the Agreement, this Release covers by way of example and without limitation, any and all claims for attorneys' fees, costs, expert fees, consultant fees, interest, litigation fees, costs or any other fees, and/or disbursements incurred by any attorneys, Class Counsel, Class Representatives, Settlement Administrator, or Class Members who claim to have assisted in conferring the benefits under this Settlement upon the Class.

The Class Period is April 16, 2014 through the date of entry of the Judgment.

The Released Claims are:

Any claims that were asserted, or that could reasonably have been asserted in the Action (based upon and/or arising out of the facts alleged in the Complaint), against the Released Parties, and that arise out of, or relate in any way to, any or all of the acts, omissions, facts, matters, transactions, or occurrences that were alleged in the Action (based upon and/or arising out of the facts alleged in the Complaint).

The Released Parties are:

Defendant, and each of its past, present, and future employees, officials, agents, attorneys, administrators and advisors, including, but not limited to, the Mayor of the City of Los Angeles, Members of the City Council for the City of Los Angeles, Managers of the City of Los Angeles, Clerks of the City of Los Angeles, and Finance Directors for the City of Los Angeles.

THE LAWYERS REPRESENTING THE CLASS

9. Do I Have A Lawyer In This Case?

Yes. The Court has appointed the following firms as Class Counsel to represent you and the other Class Members. If you want to be represented by your own lawyer, you may hire one at your own expense.

Wolf Haldenstein Adler Freeman & Herz LLP
750 B Street, Suite 1820
San Diego, CA 92101

Tostrud Law Group, P.C.
1925 Century Park East, Suite 2100
Los Angeles, CA 90067

10. How Will the Lawyers Be Paid?

Class Counsel will ask the Court at the Final Fairness Hearing to award attorneys' fees in an amount not to exceed 25% of the Settlement Fund (*e.g.*, if the Settlement Fund is \$32,500,000, then Class Counsel may seek up to \$8,125,000) and reimbursement of expenses incurred in litigating this case up to a maximum of \$200,000. The Court will determine the amount of the attorneys' fees and expenses awarded based on the work performed by attorneys for Plaintiffs who have participated in prosecuting this lawsuit, securing this settlement for the Class, and facilitating its implementation. These fees and expenses will be paid from the Settlement Fund before providing benefits to Class Members. Defendant has agreed to not object to any fee request that does not exceed 25% of the Settlement Fund and any expense request that does not exceed \$200,000.

11. Will The Class Representatives Be Compensated?

The Class Representatives Lorin M. Engquist, Angelica G. Divinagracia dba Fun Fit Factory, and David Bernstein will ask the Court at the Final Fairness Hearing to award them service awards of up to a cumulative total of \$40,000 for their efforts in initiating and prosecuting this case. The Court will determine the amount of each service award which will be paid from the Settlement Fund before providing benefits to Class Members.

12. How Will The Settlement Administrator Be Compensated?

The parties have retained a third-party Settlement Administrator to assist them with certain administrative functions associated with the implementation of this Settlement, including the mailing and publication of the Class Notice, responding to requests for information from Class Members, maintaining a website that publishes information about this Settlement, and managing opt-outs and objections from Class Members. The Settlement Administrator's fees, which are estimated to be \$913,483, will be paid from the Settlement Fund before providing benefits to Class Members.

EXCLUDING YOURSELF FROM THE SETTLEMENT

13. What Do I Do If I Do Not Want To Be Included In The Settlement?

You have a right to exclude yourself or "opt out" of the Settlement. If you opt out of the Settlement, you will not release any claims against the Defendant. To opt out, you must submit your request online, by U.S. Mail, by e-mail, or via fax.

To opt out online, go to www.GasTaxSettlementLA.com and fully complete and submit the Opt-Out Form available.

To opt out by mail, e-mail, or fax, print and complete a letter that (1) clearly expresses your desire to be excluded from the Class, to not participate in the Settlement; (2) includes your name, address, telephone number, and Southern California Gas Company account number; and (3) references *Engquist, et al. v. City of Los Angeles*, Case No. BC591331. Submit your opt out request to the addressee listed below

Engquist v. City of Los Angeles
c/o JND Legal Administration
P.O. Box 91010
Seattle, WA 98111

E-mail address: info@GasTaxSettlementLA.com
Fax number: 833-671-9595

If you opt out online, by email or by fax, your request must be submitted on or before **11:59 p.m. Pacific Time on December 29, 2020**. If you opt out by U.S. Mail, your request must be postmarked no later than **December 29, 2020**. Class Members who received a re-mailed Summary Notice have until **January 18, 2021** to request exclusion.

14. What Happens If I Don't Opt Out By December 29, 2020?

If you do not opt out by **December 29, 2020** (or by **January 18, 2021** if you received a re-mailed Summary Notice) and the proposed Settlement is approved and becomes final, you will release all claims that you may have now against the City with respect to claims or allegations that Defendant improperly calculated its GUT and illegally charged tax on the SEC and Customer Charge. If you do not opt out, these claims will be **WAIVED AND RELEASED**, and you will be prohibited from bringing any such claims in the future on your own behalf.

OBJECTING TO THE SETTLEMENT

15. How Do I Tell The Court That I Don't Like The Settlement?

If you are a Class Member and remain in the Class (*i.e.* do not opt out of the Settlement), you can object to the Settlement. The Court will consider your views. To object, on or before **December 29, 2020**, you must send the Settlement Administrator a written statement stating: (1) your full name; (2) your address; (3) the specific reason(s), if any, why you object to the Settlement, including any legal support you wish to bring to the Court's attention; (4) copies of any evidence or other information you wish to introduce in support of the objection; (5) a statement of whether you intend to appear and argue at the Final Fairness Hearing; (6) your written signature, with date; (7) a reference to *Engquist, et al. v. City of Los Angeles*, Case No. BC591331; (8) proof that you fall within the definition of the Class; and (9) list all other objections that you or your counsel (if applicable) have submitted in any class action settlement in any state or federal court in the United States in the previous five years, or, if you or your counsel have not objected to any other class action settlement in the United States in the previous five years, you must affirmatively state so in the objection. You must mail your objection postmarked no later than **December 29, 2020** to:

Engquist v. City of Los Angeles
c/o JND Legal Administration
P.O. Box 91010
Seattle, WA 98111

Class Members who received a re-mailed Summary Notice have until **January 18, 2021** to submit an objection. You may personally object or object through an attorney hired at your own expense; however, you must personally sign the objection.

16. What Is The Difference Between Opting Out Of the Settlement And Objecting To It?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you stay in the Settlement Class (*i.e.*, do not opt out). Opting Out of the Settlement is telling the Court that you do not want to be part of the Settlement. If you opt out, you cannot object because the Settlement no longer affects you.

THE COURT'S FINAL FAIRNESS HEARING

17. When And Where Will The Court Decide Whether To Approve The Settlement?

The Court will hold a Final Fairness Hearing before the Honorable Daniel J. Buckley at **10:30 a.m.** on **March 17, 2021** in Department SS1 of the Superior Court of California, County of Los Angeles, Spring Street Courthouse, 312 North Spring Street, Los Angeles, California, 90012. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate, and whether to grant final approval of the Settlement. If there are objections, the Court will consider them. The Court also may decide how much to pay Class Counsel and to award the Representative Plaintiffs. After the hearing, the Court will decide whether to grant Final Approval of the Settlement. We do not know how long these decisions will take.

All persons entering any courthouse or courtroom must wear a face covering/mask over his or her nose and mouth at all times within the public areas of the courthouse or courtroom. Individuals who wear a face shield must ensure it covers both the nose and the mouth, wraps around the sides of a wearer's face and extend to below the chin with a cloth drape from the bottom of the face shield to below the neck. For up-to-date information on the Court's facial coverings and social distancing requirements, please visit: <http://www.lacourt.org/newsmedia/ui/HfySfy.aspx>.

18. Do I Have To Attend The Hearing?

No. Class Counsel will answer any questions that Judge Buckley may have. However, you are welcome to come at your own expense. You also may pay your own attorney to attend the Final Fairness Hearing on your behalf. If you file an objection, you do not have to come to Court to discuss it. As long as your written objection is received on time, and you have followed the directions contained in the Answer to Question 15 above, the Court will consider the information provided in your written objection.

19. May I Speak At The Hearing?

You may ask the Court in advance for permission to speak at the Final Fairness Hearing. To do so, please send a letter saying that it is your “Notice of Intention to Appear in *Engquist, et al. v. City of Los Angeles*, Case No. BC591331.” Please include your name, address, and telephone number, as well as the name, address and telephone number of any attorney who will appear at the Final Fairness Hearing on your behalf.

Please note that if you do not submit a Notice of Intention to Appear, you may still appear at the Final Fairness Hearing and request to speak to the Court. Please see Question 17 above for facial coverings and social distancing requirements. Please also note that if you do not object, you may still appear at the Final Fairness Hearing and request to speak to the Court.

Mail your Notice of Intention to Appear to the Settlement Administrator at the addresses listed in Question 15 above no later than **December 29, 2020**. Be sure to include the phrase “*Engquist, et al. v. City of Los Angeles* Case No. BC591331” on the envelope containing your notice.

GETTING MORE INFORMATION

20. How Do I Get More Information?

If you think you may be a Class Member and would like more information about the lawsuit or the terms of the proposed Settlement, you may review the pleadings, records and other papers on file in this lawsuit, including the Court’s Preliminary Approval Order and the First Amended Stipulation of Settlement, which may be inspected at the Clerk’s Office of the Superior Court of California, County of Los Angeles, Spring Street Courthouse, 312 North Spring Street, Los Angeles, California, 90012. You must make an appointment with the Clerk’s Office by calling 213-310-7000. All services – telephonic and in-person – will be provided in non-English speaking languages. Face masks and/or facial coverings are required and mandatory at all times to enter any courthouse or courtroom and must be worn covering the nose and mouth. This policy applies to attorneys, parties, witnesses, court staff, Judges, Commissioners, vendors and the general public. The only exceptions to this policy will be for a documented medical condition or excuse, or an ADA accommodation approved by the Court. If an exception is granted, admittance into the courthouse may be restricted to a specific time of the day. If necessary, the time allotted for any granted exception may require the individual to wait until later in the day or schedule an appointment for admittance. For up-to-date information on the Court’s facial coverings and social distancing requirements, please visit: <http://www.lacourt.org/newsmedia/ui/HfySfy.aspx>.

The Preliminary Approval Order and the First Amended Stipulation of Settlement are also available on www.GasTaxSettlementLA.com. Future filings such as the request for final approval, application for awards of class representative service payments and attorneys’ fees and expenses, the Final Order and the Final Judgment will also be made available on this website. Additional information is available at the settlement website at www.GasTaxSettlementLA.com, by calling 1-833-707-1454, or by writing to Class Counsel at the addresses in Question 9.

**DO NOT CONTACT THE COURT OR THE CITY ABOUT THIS NOTICE.
THEY CANNOT ANSWER ANY QUESTIONS ABOUT THE SETTLEMENT.**