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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

In the matter of Application of Crimson California  
Pipeline L.P. (PLC-26) for Authority to Increase  
Rates for its Crude Oil Pipeline Services.

Application 16-03-009  
(Filed March 11, 2016)

**MOTION TO COMPEL DISCOVERY**

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Attorneys for Phillips 66 Company

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**I. INTRODUCTION**

Pursuant to Rule 11.3 (a) of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure (“Rules”), Phillips 66 Company (“Phillips”) respectfully submits this motion to compel further responses from Crimson California Pipeline L.P. (“Crimson”) to Phillips’ First Set of Data Requests and Second Set of Data Requests (collectively, the “Data Requests”).

**II. BACKGROUND**

Phillips provided the First Set of Data Requests, provided here as **Attachment A**, to Crimson on August 31, 2016, two weeks after receiving Crimson’s Direct Testimony in the Proceeding. Phillips provided its Second Set of Data Requests provided in **Attachment B**, to Crimson on September 2, 2016. Crimson provided a response to the First Set of Data Requests, provided as **Attachment C**, on September 16, 2016, with a supplemental response, provided as **Attachment D**, on September 19, 2016. Crimson responded to the Second Set of Data Requests, provided as **Attachment E**, on September 22, 2016.

Crimson’s responses were grossly deficient. The responses were rife with boilerplate objections, and failed to provide relevant information critical to Phillip’s ability to adequately

respond to Crimson's Application. In an effort to have Crimson provide adequate responses, Phillips met and conferred with Crimson on October 4, 2016; Crimson subsequently provided supplemental responses on October 11, 2016 ("Supplemental Responses"), provided here as **Attachment F**. Phillips has reviewed the Supplemental Responses and determined that Crimson's responses remain deficient, and therefore filed the instant Motion.

### **III. PHILLIPS' MEET AND CONFER WITH CRIMSON**

In accordance with Commission Rule 11.3 (a), on October 4, 2016, Phillips and Crimson engaged in a meet and confer via telephone in a good faith effort to informally resolve Phillips' concerns related to certain objections of Crimson to the Data Requests and Crimson's failure to respond, in whole or in part, to certain Data Requests (the "Meet and Confer"). Counsel for Crimson, James Squeri, a representative of Crimson, David Allison; consultants to Crimson, Bob Read and Mike Ostrowski; counsel for Phillips, Allison Smith and Rich Bonnifield; and consultant to Crimson, Cass Palazzari attended the Meet and Confer. The Meet and Confer lasted for approximately two hours.

During the Meet and Confer, Crimson agreed to furnish certain additional information to Phillips and, related to certain Data Requests, confirm that no additional responsive information was available. This Motion addresses those Data Requests for which Crimson maintained its objections and was unwilling to provide further responsive information.

### **IV. PHILLIPS' DATA REQUESTS REQUIRING ADDITIONAL RESPONSES**

Commission Rule 10.1 provides that parties may obtain discovery from any other party regarding any matter that is relevant to the subject matter involved in the proceeding, if the matter is itself admissible in evidence or appears reasonable calculated to lead to the discovery of admissible evidence, unless the burden, expense, or intrusiveness of that discovery clearly

outweighs the likelihood that the information sought will lead to the discovery of admissible evidence. Each of the Data Requests Phillips served on Crimson sought discovery of information, data, or documentation that is relevant to the Commission's evaluate of the 60% rate increase sought by Crimson in this Proceeding. Nevertheless, Crimson objects to and has declined to provide full responses to many of Phillips' Data Requests. Phillips, therefore, now moves to compel Crimson to provide full responses to the following Data Requests.

**A. INSUFFICIENT RESPONSE TO PHILLIPS 1-11.**

In Data Request Phillips 1-11, Phillips asked Crimson where its offices are located and how corporate office costs are allocated to the pipeline systems that are the subject of this Proceeding (the "Crimson Pipelines"). Crimson responded directly to the first portion of the Data Request regarding the location of Crimson offices. For the second portion of the Data Request, Crimson referred to its response to Tesoro data request TRM 29. TRM 29 included ten subparts and asked follow-up questions regarding an earlier Tesoro data request, TRM 12. Information and data provided by Crimson in response to TRM 29 included:

- (i) A spreadsheet entitled Crimson Midstream Model, *Allocations*, Current Corporate Allocations, with line items for Gulf, SoCal, KLM, Other, CRE, and Delta ("Midstream Model Spreadsheet," provided here as **Attachment G**);
- (ii) Reference to the response to TRM 26, for which Crimson provided a spreadsheet of operating expenses for Crimson for 2014;
- (iii) Reference to the response to TRM 12, in particular to subpart (e), regarding Line 15 of Application Exhibit MJW-4, Operating Expenses, Account 560, Insurance; subpart (g), which related to Line 1 of Operating Expenses, Account 300, Operating Expenses, and subpart (i), regarding Operating Expenses Line 3,

Account 360, Outside Services. In response to TRM 12(g), Crimson disclosed that an alternate allocation percentage reflecting a two factor formula was used for certain corporate functions. This is an apparent contradiction to the Direct Testimony of Robert L. Waldron, dated August 17, 2016 (“Waldron Testimony”) at Page 11, Lines 8-10;

- (iv) The amount paid by Crimson for legal services in 2014;
- (v) Invoices for legal services and consulting services in 2016;
- (vi) Reference to the Waldron Testimony;
- (vii) Reference to the Direct Testimony of Larry W. Alexander, dated August 17, 2016 (“Alexander Testimony”);
- (viii) Reference to the response to TRM 20, for which Crimson provided a worksheet entitled Crimson California Pipeline, Historical Asset Maintenance Detail, certain Authorities for Expenditures (“AFEs”), and a worksheet related to tank inspections;
- (ix) The statement that Crimson added seven employees related to maintenance/operations in 2015.

In regards to TRM 29 subpart (f), on the allocation methodology used for the expenses included in Account 590, Other Expenses, included in Crimson’s Operating Expenses (Crimson Application, Exh. No. MJW-4), Crimson responded that the request was irrelevant and unduly burdensome. The above Tesoro data request and Crimson’s response is largely unrelated to the allocation of corporate costs, in particular to Phillips’ question on office costs.

Of the information above that Crimson referenced as responsive to Phillips 1-11, items (i) and (iii) of those listed above relate in some respects to corporate allocations. However, the

Midstream Model Spreadsheet lists “Current Corporate Allocations” among five asset categories, providing percentages for each entity of Total Assets, Gross Margin, and Operating Employees. The Midstream Model Spreadsheet is not responsive to how corporate office costs are allocated to the Crimson Pipelines. Further, no workpapers were provided to show the computations of the percentages including whether total assets were based on gross assets or assets net of accumulated depreciation, how the operating employees were determined given that Crimson has shown that operating employees proportion their time to various operating entities, and whether the gross margin is equal to gross revenues less cost of goods sold.

In the Alexander Testimony, Mr. Alexander, the President of Crimson, explained that the general partner of Crimson is Crimson Pipeline, LLC, which is wholly owned by Crimson Midstream Operating, LLC. Crimson Midstream Operating, LLC is wholly owned by Crimson Midstream Holdings, LLC, with Crimson Midstream Holdings, LLC being privately held. While Crimson has not provided detailed information on the other pipeline systems under common control by the owner of Crimson Midstream Holdings, LLC, the Midstream Model Spreadsheet shows allocations among five different asset categories, which we can infer to include the Crimson Pipelines, the KLM Pipeline, and pipelines within Louisiana and the Gulf of Mexico owned by Crimson Gulf LLC. The Midstream Model Spreadsheet implies certain costs are incurred at the level of Crimson Pipeline, LLC, Crimson Midstream Operating, LLC, and Crimson Midstream Holdings, LLC and are common to the five asset categories (generally, “Corporate Costs”) and thus allocated among them.

In this Proceeding, the Commission will evaluate the cost of service for the Crimson Pipelines, including the operating expenses for the Crimson Pipelines as one component of the cost of service. In order for the Commission, as well as Phillips and other shippers on the

Crimson Pipelines that are participating in this Proceeding (the “Shippers”), to assess the operating expenses that Crimson claims are for the Crimson Pipelines, the Commission must have information on the two types of operating expenses that Crimson Pipelines has: those directly incurred or attributable to Crimson Pipelines, and those corporate costs that are allocated by the parent companies to the Crimson Pipelines. Without information on what corporate costs are allocated to the Crimson Pipelines and the justification for those corporate costs to be allocated to the Crimson Pipelines (including a listing of such costs by corporate level departments such as Human Resources, Information Technology, Legal, Accounting, etc.) rather than other asset categories, neither the Commission, nor the Shippers, can properly evaluate the operating expenses that Crimson claims in its cost of service.

**B. INSUFFICIENT RESPONSE TO PHILLIPS 1-12.**

In data request Phillips 1-12, subpart (b), Phillips requested that Crimson provide throughput and related revenues by origin and delivery for each month from January 1, 2015 to August 31, 2016. In response to Phillips 1-12, Crimson objected that the request was vague and ambiguous, unduly broad and burdensome, not likely to lead to the development of relevant evidence, and a premature effort to engage in cross-examination. Crimson also provided in response reference to Page 15 of the Alexander Testimony, and responses to Tesoro data requests TRM 17 and TRM 34 and Valero data request V 1-6.

Page 15 of the Alexander Testimony provides Mr. Alexander’s testimony on projected throughput for the Crimson Pipelines for 2016, which goes to subpart (a) of Phillips 1-12. Subpart (a) is not the subject of this Motion.

TRM 17 requested information related to that sought in Phillips 1-12, including TRM subpart (a), the receipt and delivery points on the Crimson Pipelines; TRM 17 subparts (b) and

(c), the throughput and revenue on each of the Crimson Pipelines; and TRM 17 subpart (h), transportation volumes for 2014 and 2015, broken down by stream. Crimson provided responses to TRM 17 subparts (a) to (c). However, these responses do not provide throughput and revenue by origin and delivery point, as requested in Phillips 1-12, nor do the TRM 17 responses provide data by month or for 2016 through August 31, 2016. Therefore, Crimson's responses to TRM 17 are not responsive to Phillips 1-12, subpart (b).

TRM 34 was a follow up to TRM 17, to request those items responsive to TRM 17 that Crimson had not provided to Tesoro. Crimson's response to TRM 34 related to throughput or revenue was a spreadsheet providing the annual throughput volumes of the Crimson Pipelines, broken down into five segments, including through July 2016 ("Throughput by Segment Spreadsheet," provided here as **Attachment H**). The Throughput by Segment Spreadsheet does not provide throughput by origin or destination, throughput volumes by month, or associated revenue. Therefore, the Throughput by Segment Spreadsheet is not responsive to Phillips 1-12.

Data request V 1-6, subpart (c)<sup>1</sup> requests Crimson's monthly volumes by origin and destination from January 2012 to the present. In response to V 1-6, Crimson provided system-wide annual volume information for 2014 and 2015. This information is likewise not response to Phillips 1-12, which requested information on a monthly basis, by origin-deliver point, along with associated revenue.

During the Meet and Confer, Phillips asked if Crimson would provide the throughput and revenue information on the level of detail requested in Phillips 1-12. Crimson responded that the requested information was irrelevant, though in the Supplemental Responses, Crimson did provide Adobe PDF files showing throughput and revenue by month at the appropriate detail. However, in order to meaningfully assess the additional information provided, Phillips requires

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<sup>1</sup> Other subparts of V 1-6 are not related to Phillips 1-12.

the data in live format in an Excel spreadsheet. Phillips needs to be able to review the running twelve-month volume and revenue by rate type to evaluate the trend in revenue under for each tariffed rate.

Despite Crimson's objection to the relevancy of Phillips 1-12, being able to thoroughly evaluate the data provided in subpart (b) of Phillips 1-12 is directly relevant to the present Proceeding. Crimson's Application and Testimony assume declining throughput and associated revenue in the Test Year. Crimson points to a decline in overall throughput in 2015 as evidence supporting its assumed continued decline in the Test Year. This assumption on projected declines underpins Crimson's claim that it does not recover sufficient revenue to cover operating expenses, and will continue to fail to have a sufficient revenue stream from the Crimson Pipelines without a rate increase.

### **C. INSUFFICIENT RESPONSE TO PHILLIPS 1-15.**

Phillips 1-15, subpart (b) asked Crimson to explain how recent crude oil price increases have impacted Crimson in relation to its sale of oil from the Product Loss Allowance ("PLA") associated with the Crimson Pipelines. In its response, Crimson objected that the request is vague and ambiguous, unduly broad and burdensome, not likely to lead to the development of relevant evidence and a premature effort to engage in cross-examination. Crimson provided PLA workbooks responsive to subpart (a) of Phillips 1-15 and referred to the Alexander Testimony at Page 14. This portion of the Alexander Testimony addresses a projected decline in fuel and power costs, based on lower throughput, but does not address recent crude oil price increases or PLA projections.

During the Meet and Confer, Crimson objected to providing an explanation of how recent crude oil prices have impacted Crimson. This objection is without merit, as Crimson itself has

included certain oil price trends in its Application and Testimony. Crimson has provided futures crude prices for the remainder of 2016 that project a steady increase in prices. (Amended Application, Exh. No. MJW-3.) Yet, Crimson has based its decline in revenue for the Test Year on not only a decline in throughput, but also an average expected crude price that is lower than the futures prices provided by Crimson. The current price of oil<sup>2</sup> is on par with the futures prices of \$49.49 and 49.93 per barrel for September and October 2016, respectively, in Exhibit No. MJW-3 to the Amended Application, rather than the lower average price used by Crimson in its calculations in the Amended Application. Crimson's projected decline in revenues for the Test Year from decreased throughput if production declines as a result of lower oil prices, and from lower prices from Crimson's PLA sales, correlates to its purported revenue shortfall and inability to recover its operating expenses for the Crimson Pipelines. With a continued increase in oil prices since Crimson filed its Application, how this increase in prices has affected Crimson's PLA revenues is pertinent to this Proceeding and the Commission's ability to assess the validity of Crimson's assumptions on continued revenue decline for the Test Year.

#### **D. INSUFFICIENT RESPONSE TO PHILLIPS 1-20.**

Phillips 1-20 asked Crimson to explain how its field employees log the time worked on each of the Crimson Pipelines, by company cost center or expense center. In response, Crimson objected to the request as unduly broad and burdensome and not likely to lead to the development of relevant evidence. Further, Crimson referenced its response to Phillips 1-19.

In response to Phillips 1-19, Crimson provided a spreadsheet on Crimson Midstream employee count, function, and allocation ("Crimson Midstream Employee Spreadsheet," provided here as **Attachment I**). Providing the number of employees for Crimson Midstream's

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<sup>2</sup> Closing price of WTI Crude Oil was \$49.86 per barrel on the New York Mercantile Exchange on October 12, 2016.

southern California operations, with the percentage allocation for each employee to Crimson Midstreams' subsidiaries is not responsive to Phillips 1-20. Phillips 1-20 seeks information in order to understand the allocation percentages in the Crimson Midstream Employee Spreadsheet. The Commission needs to assess how labor costs across Crimson and its sister companies are allocated to each entity, in order to evaluate the validity of the cost figures for employee salary and benefits that Crimson has included in its operating expenses. Crimson has projected increased operating expenses for the Test Year; coupled with purportedly declining revenues, Crimson makes its case for the proposed 60% increase in rates. If the employee labor costs allocated to Crimson and included in the operating expenses are not justified, this undermines Crimson's case. Therefore, information on allocation of labor costs is relevant, and essential, to the Commission's evaluation of the proposed rate increase.

**E. INSUFFICIENT RESPONSE TO PHILLIPS 1-21.**

Similar to Phillips 1-20, Phillips 1-21 requests information on how office employees log the time worked on the Crimson Pipelines by company cost center or expense center. In response, Crimson again referenced its response to Phillips 1-19. In the Supplemental Responses, Crimson stated that employee percent allocations are driven by Crimson's corporate allocation methodology: assets, gross margins, and operating employees. This statement is consistent with the Waldron Testimony, but neither Crimson's response nor its Direct Testimony provide the explanation that Phillips has requested in an effort to understand cost allocations to the Crimson Pipelines.

As stated above with respect to the insufficient response to Phillips 1-20, Crimson's response to Phillips 1-19 is not responsive to how office employees allocate their time worked on the Crimson Pipelines. The Supplemental Responses provide no more explanation than the

Waldron Testimony. The allocation of employee costs to Crimson is central to the Commission's evaluation of the operating expenses that Crimson claims for the Test Year. Crimson's justification for the proposed rate increase rests on its operating expenses, versus its revenue.

#### **F. INSUFFICIENT RESPONSE TO PHILLIPS 1-22.**

Phillips 1-22 asked Crimson to explain and list the corporate parent or affiliates that allocate corporate overhead operating costs to Crimson. As with Phillips 1-11, in response to Phillips 1-27, Crimson referred to its response to Tesoro data request TRM 29. As explained above in Section IV.A, on the insufficiency of the response to Phillips 1-11, Crimson provided the Midstream Model Spreadsheet in response to TRM 29. The Midstream Model Spreadsheet may relate to Crimson Midstream Operating, LLC or Crimson Midstream Holdings, LLC, or both - it is not clear. Though the Midstream Model Spreadsheet provides certain information on the percentage allocation of corporate overhead to the five listed asset categories, it is not responsive to Phillips 1-22, in asking for an explanation and a list of the corporate parent or affiliates whose costs are allocated to Crimson.

In response to Phillips 1-22, Crimson also referenced the Waldron Testimony, though did not provide a particular portion of the testimony as responsive. The Waldron Testimony addressed Crimson's costs for providing regulated service and stated that shared operations support and corporate overhead are included among Crimson's operating expenses. With regards to both shared support costs and corporate overhead, the Waldron Testimony stated that the costs are assigned to Crimson based on their relative proportion of total assets, gross margins, and number of operating employees. (Waldron Testimony at 5-6.) This testimony does not

respond to the question of which corporate parent or affiliate uses this methodology to allocate corporate overhead costs to Crimson or why.

During the Meet and Confer, Crimson stated it would not provide additional information responsive to Phillips 1-22. Crimson's steadfast refusal to provide additional data and to explain the allocation of corporate overhead costs to Crimson calls into question the validity of the operating expenses that Crimson has cited to as necessitating the proposed 60% rate increase. The Commission needs to be able to evaluate the operating expenses claimed by Crimson and the information sought in Phillips 1-22 would assist in that evaluation.

#### **G. INSUFFICIENT RESPONSE TO PHILLIPS 1-23.**

In Phillips 1-23, Phillips requested an explanation of the basis and the methods used to directly assign corporate costs and allocated indirect corporate costs to Crimson and requested any related workpapers. In addition, Phillips 1-23 asked Crimson to explain whether the corporate overhead allocation percentages are re-determined once annually or at some other interval. In response, Crimson referred to its response to Phillips 1-22.

Similar to the other Data Requests that go to the question of the allocation of costs to Crimson, during the Meet and Confer Crimson declined to provide additional information to Phillips. In its response, Crimson adequately addressed the question of how often corporate overhead allocations are re-determined. However, the basis for the direct assignment of direct corporate costs and allocation of indirect corporate costs is not addressed in Crimson's response to Phillips 1-22, which refers to TRM 29 and the Waldron Testimony. As noted above in Section IV.E, the Waldron Testimony provides a sentence on the assignment of costs to Crimson based on their relative proportion of total assets, gross margins, and number of operating employees. The Midstream Model Spreadsheet provided in response to TRM 29 includes

percentages of corporate overhead allocated to five asset categories. The basis and methodology for the allocation of this percentage of costs to the Crimson Pipelines, sought through Phillips 1-23, remain unanswered.

#### **H. INSUFFICIENT RESPONSE TO PHILLIPS 1-25.**

Phillips 1-25 requested information on the book depreciation expense that Crimson provided in the Statement of Income provided with the Application. (Application, Exh. B.) Phillips 1-25 comprised five subparts, four of which Phillips discussed with Crimson during the Meet and Confer.

Neither Crimson's first response to Phillips 1-25, nor the Supplemental Responses, provided computations or workpapers related to the book depreciation expense, requested in Phillips 1-25, subpart (a). Similarly, computations requested in Phillips 1-25 subpart (e), that related to the provided tax depreciation figures, have not been provided. Subpart (b) of Phillips 1-25 requested book depreciation amounts by month for 2015 and 2016. Crimson has not provided these amounts in the Supplemental Responses.

During the Meet and Confer, Crimson state that it would consider what additional information it would provide on Phillips 1-25 subparts (a), (b), (c), and (e). The Supplemental Responses following the Meet and Confer provided information on subpart (c), but not subpart (a), computations and workpapers; subpart (b), book depreciation amounts by month; or subpart (e), computations related to tax depreciation.

The Commission will evaluate each of the elements of the cost of service that Crimson has presented in this Proceeding to support the proposed rate increase. Phillips 1-25 seeks to understand the depreciation expense line item in the Statement of Income. Depreciation expense

is relevant here because it is one element of the costs of service, and also impacts Crimson's rate base, and thus its return on rate base.

#### **I. INSUFFICIENT RESPONSE TO PHILLIPS 1-34.**

In Phillips 1-34, Phillips asked Crimson to explain how it allocates or directly assigns costs to the KLM Pipeline, the other major set of pipeline assets owned by Crimson. Crimson objected to Phillips 1-34 on grounds of relevance. Crimson's sole response was to refer to its response to TRM 29 and the Waldron Testimony, as it did in response to Phillips 1-22 and Phillips 1-23. During the Meet and Confer, Crimson restated its objection to the request as irrelevant, and declined to furnish additional responsive information to Phillips.

As Phillips explains above in Sections IV.F and IV.G, because of the other assets owned by Crimson's parent companies and the KLM Pipeline owned directly by Crimson, the question of what operating expenses are attributed to the Crimson Pipelines that are costs common to all of Crimson Midstream Holdings, LLC's assets, is directly relevant to evaluating the cost of service in this Proceeding.

#### **J. INSUFFICIENT RESPONSE TO PHILLIPS 1-37.**

Phillips requested the distance in miles between each origin point and destination point of the Crimson Pipelines in Phillips 1-37, and how the mileage was determined. In response to Phillips 1-37, Crimson referenced its response to Tesoro data request TRM 1, for which Crimson provided a general map of the Crimson Pipelines system. The Supplemental Responses for Phillips 1-37 stated that Crimson has provided a map of its system.

Crimson's initial response, and the Supplemental Responses are not responsive to Phillips' request for mileage between origin and destination points. Details of the facilities that are the subject of this Proceeding, including of the different segments of the Crimson Pipelines

that are of varying lengths and are subject to varying rates (but for which a flat 60% rate increase is sought) are relevant to this Proceeding.

**K. INSUFFICIENT RESPONSE TO PHILLIPS 1-39.**

Phillips 1-39 asked for clarification of the Direct Testimony of Matthew A. Petersen, dated August 17, 2016 (“Petersen Testimony”). In the Petersen Testimony, Mr. Petersen explained that he developed the initial rate base for the Inglewood segment of the Crimson Pipelines by reference to a rate filing made by Chevron in August 2008. (Petersen Testimony at Page 11, Lines 4-10.) That rate filing included the Inglewood segment and the KLM Pipeline, which Crimson subsequently purchased in 2016. Mr. Petersen determined that the pipeline mileage of the Inglewood segment was 2.96 percent of the pipeline system in Chevron’s 2008 rate filing; Mr. Petersen therefore considered the Inglewood segment to comprise 2.96 percent of the original cost rate base reflected in the 2008 rate filing. In subpart (c) to Phillips 1-39, Phillips asked Crimson to explain whether Crimson has likewise valued the KLM Pipeline initial rate base based on 97.04 percent of the assets in the 2008 rate filing.

In its response to Phillips 1-39, Crimson did not include a response to subpart (c). During the Meet and Confer, Phillips stated that it would not provide additional responsive information related to the KLM Pipeline.

To reiterate the relevance of the KLM Pipeline, Crimson directly owns two major sets of pipeline systems, the Crimson Pipelines and the KLM Pipeline. Crimson acquired the KLM Pipeline in March 2016, the same month that Crimson filed the Application seeking a 60% increase in rates for the Crimson Pipelines. The Commission will need to understand in this Proceeding whether the ratepayers of the Crimson Pipelines are being asked to pay for the Inglewood assets based on a different valuation than is reflected in the valuation of the KLM

Pipeline in the Commission's approval of the KLM Pipeline acquisition in the proceeding on Application No. 15-05-005. If Crimson has valued the KLM Pipeline in a different manner than looking to the KLM Pipeline mileage percentage and taking that percentage of the original cost rate base reflected in Chevron's 2008 filing, it calls into question the validity of using this methodology to determine the initial rate base for the Inglewood segment. Crimson now owns all of the assets that were the subject of the 2008 filing - the KLM Pipeline and the Inglewood pipeline segment - and Crimson's rate base methodology is questionable if it values those two sets of assets differently.

#### **L. INSUFFICIENT RESPONSE TO PHILLIPS 1-40.**

Phillips 1-40 subpart (a) requested that Crimson provide the pipeline miles and diameters for the segments listed in the Direct Testimony of Matthew A. Petersen, dated August 17, 2016. Responding to Phillips 1-40, Crimson referenced its response to Tesoro data request TRM 1, a general map of the Crimson pipeline systems. Despite Phillips' further request for this information during the Meet and Confer, Crimson has refused to provide it.

As discussed above in Section IV.J, information on the facilities comprising the Crimson Pipelines will allow the Commission and the Shippers to evaluate the rate base calculated by Crimson, in particular, whether the costs associated with acquired assets, only some of which have been placed in service and are part of the Crimson Pipelines at issue in this Proceeding, have been properly allocated to those segments in this Proceeding. In addition, it has been raised in the Proceeding whether the rate design for the Crimson Pipelines should be modified. The differing characteristics of the various segments of the Crimson Pipelines are necessary to evaluate proposed rate reform scenarios.

#### **M. INSUFFICIENT RESPONSE TO PHILLIPS 1-45.**

Phillips 1-45 requested additional information related to the Waldron Testimony on the allocation of shared operations support costs to Crimson. (Waldron Testimony at Page 5, Lines 1-3, 17-21.) Mr. Waldron testifies that shared support costs are primarily assigned to Crimson based on their relative proportion of total assets, gross margins, and number of operating employees to Crimson's pipeline entities. (*Id.* at Lines 18-20.)

In Phillips 1-45 subpart (f), Phillips asked Crimson to explain and describe all cost centers and their operating functions included in the shared support cost locations. In response, Crimson referenced the Waldron Testimony generally and Crimson's response to Phillips 1-19. The response to Phillips 1-19 was the Crimson Midstream Employee Spreadsheet, discussed in Section IV.D, above. The Crimson Midstream Employee Spreadsheet provides a percentage allocation for each employee (generically identified as Employee 1, Employee 2, etc. for SoCal Operations, Control Center, Crimson California Admin, Control Center Admin, Midstream CA Admin, and Midstream CO Admin) across each of twelve operations or administrative sections of Crimson Midstream Holdings, LLC and its subsidiaries.

The Crimson Midstream Employee Spreadsheet does not describe cost centers and their operating functions, responsive to Phillips 1-45 subpart (f). The Supplemental Responses address Phillips 1-45 subpart (e) and provide examples of types of operating employee roles and administrative employee roles. No other Data Request responses or other portions of the Waldron Testimony explains or describes the cost centers included in the shared operations support cost locations or explains whether administrative functions fall within shared operations support or corporate allocations. As discussed above in Section IV.A, the allocation of costs to the Crimson Pipelines is essential to the Commission's evaluate of the operating expenses that Crimson claims in its cost of service.

#### **N. INSUFFICIENT RESPONSE TO PHILLIPS 2-2.**

In subpart (a) of Phillips 2-2, Phillips requested a map showing all new pipeline interconnections made over the last three years. In response, Crimson referred to its response to TRM 1, which included a general map of Crimson's pipeline systems. As Tesoro's data request do not ask for information on new interconnections, this is not delineated on the TRM 1 map. The Supplemental Responses did not provide a depiction of new pipeline interconnection points.

In subpart (c) of Phillips 2-2, Phillips requested the capital cost for each interconnection project in the last three years. In its response to Phillips 2-2, Crimson did not include information responsive to subpart (c). During the Meet and Confer, Crimson stated that the capital cost of each interconnection project was not available. It seems infeasible that Crimson would have no records of such capital cost projects in recent history. Information on these capital costs is directly relevant to the cost of service that Crimson presents in the Application and its Testimony. Therefore, Phillips requests that the Crimson be directed to respond to Phillips 2-2, subparts (a) and (c).

#### **O. INSUFFICIENT RESPONSE TO PHILLIPS 2-27.**

In subpart (b) to Phillips 2-27, Phillips requested an explanation of Crimson's financing of its purchase of the KLM Pipeline. In its response, Crimson objected to Phillips 2-27 as irrelevant and did not further address Phillips 2-27, subpart (b). In the Meet and Confer, Crimson stated that it objected to providing information on the purchase of the KLM Pipeline on grounds of relevance. Phillips moves to compel Crimson to explain how Crimson financed the purchase of the KLM Pipeline. Crimson's purchase of the KLM Pipeline was approved by the Commission on March 17, 2016. The prior week, on March 11, 2016, Crimson filed the Application, requesting a rate increase of 60% for its other major asset group, the Crimson

Pipelines. The financial health of Crimson and its portfolio of assets, including the KLM Pipeline and Crimson Pipelines, are inextricably linked. Crimson seeks a 60% rate increase for one set of assets - the Crimson Pipelines - based on purported financial straits, while declining to provide information on its acquisition within the same month of a separate, significant set of assets - the KLM Pipeline, while claiming that the financing of the KLM Pipeline is irrelevant to the company's financial position with regards to the Crimson Pipelines. Therefore, Phillips requests that Crimson be directed to respond to Phillips 2-27, subpart (b).

**P. INSUFFICIENT RESPONSE TO PHILLIPS 2-34.**

In Phillips 2-34, Phillips asked for an explanation of why Dr. Webb considers Tall Grass Energy Partners, L.P. to be a pipeline company, such that it would be included in Dr. Webb's proxy group of small companies in Exhibit No. MJW-7 to the Application. Crimson's response stated "Dr. Webb is aware that Tall Grass owns significant oil assets (e.g. Pony Express)." During the Meet and Confer, Phillips requested additional information on the rather simplistic explanation provided. Crimson indicated that it would provide additional explanation, though Phillips 2-34 was not included in the Supplemental Responses. Phillips requests that this explanation be provided.

**Q. INSUFFICIENT RESPONSE TO PHILLIPS 2-42.**

Phillips has requested from Crimson the independent auditor letters for Crimson from the last four years, as well as information on material weaknesses found by the auditor in its review of Crimson's financial statements. The KPMG LLP Independent Auditors' Report provided by Crimson in response to Phillips 2-42 does not provide any information on material weaknesses identified by KMPG LLP during its audit. Crimson's requested rate increase is predicated on its

purported precarious financial position, with insufficient income to cover operating expenses.<sup>3</sup> Thus, contrary to Crimson's objections that the requested information is unlikely to lead to the production of relevant evidence, knowledge of the independent auditor's findings of material weaknesses in Crimson's financial statements bear directly on this Proceeding. Phillips requests that Crimson be directed to respond to Phillips 2-42, subpart (b).

**R. INSUFFICIENT RESPONSE TO PHILLIPS 2-50.**

Phillips 2-50, subpart (e) requested the posted prices for Midway Sunset crude oil for each month of 2015 and 2016 to date. Phillips 2-50 referenced Page 11, Lines 13-15 of the Alexander Testimony, which states that the sales price for Crimson's PLA barrels is based on the average of posted prices for Midway Sunset crude oil. Crimson's response objected to Phillips 2-50 on grounds of relevance and did not provide information responsive to subpart (e). During the Meet and Confer, Crimson stated that if it had data on Midway Sunset crude oil prices, it would provide it.

The Supplemental Responses do not include Phillips 2-50. Phillips requests that Crimson be directed to provide this price information to Phillips. Mr. Alexander testifies that in 2015, Crimson sold approximately 183,000 barrels of oil. (Alexander Testimony at Page 11, Line 15.) Crimson includes PLA revenues in its rate of return summary and projects that those revenues will decrease by \$2 million in the Test Year, as compared with 2015 revenues. (Application, Exh. No. MJW-3a.) Phillips seeks information on the pricing of Crimson's PLA sales in order to evaluate the projected decline in revenue from such sales in the Test Year. Phillips requests that Crimson be directed to provide responsive information to Phillips 2-50 subpart (e).

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<sup>3</sup> See, for instance, the Amended Application at 2.



**Attachment A**

**Phillips' First Set of Data Requests**

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

In the matter of Application of Crimson California Pipeline L.P. (PLC-26) for Authority to Increase Rates for its Crude Oil Pipeline Services.

Application 16-03-009  
(Filed March 11, 2016)

**FIRST SET OF DATA REQUESTS OF PHILLIPS 66 COMPANY**

STOEL RIVES LLP  
Seth D. Hilton  
Three Embarcadero Center, Suite 1120  
San Francisco, CA 94111  
Telephone: (415) 617-8943  
Facsimile: (415) 617-8907  
Email: [seth.hilton@stoel.com](mailto:seth.hilton@stoel.com)

Dated: August 31, 2016

Attorneys for Phillips 66 Company

## **FIRST SET OF DATA REQUESTS OF PHILLIPS 66 COMPANY**

Pursuant to Rule 10.1 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, Phillips 66 Company (“Phillips”) requests that within ten (10) days of its receipt of this First Set of Data Requests, Crimson California Pipeline L.P. (“Crimson”) respond to each of the following Data Requests. Please provide documents, responses, or objections to:

Seth D. Hilton  
Stoel Rives LLP  
Three Embarcadero Center, Suite 1120  
San Francisco, CA 94111  
Telephone: (415) 617-8943  
Facsimile: (415) 617-8907  
Email: seth.hilton@stoel.com

### **INSTRUCTIONS AND DEFINITIONS**

1. For each Data Request, provide all documents, knowledge, or information that is responsive to the Data Request and that is in the possession of Crimson, its employees, agents, experts, consultants, or any person acting on Crimson's behalf.
2. In responding to each Data Request, provide the text of the Data Request along with the response, provide the name of the person or persons answering the Data Request, the title of such person(s), and the name of the witness or witnesses who will be prepared to testify concerning the matters contained in each response or document produced.
3. Each Data Request is continuing in nature. Any information or document discovered subsequent to the response(s) by Crimson to the Data Requests must be seasonably brought to Phillip’s attention through supplemental responses.
4. For any information or document that is responsive to any Data Request but is withheld under an assertion of confidentiality or privilege, state the following with respect to each document in order to permit adjudication of the validity of any such claim:

- (a) the privilege asserted and its basis;
- (b) the nature of the document withheld (e.g., letter, memorandum, etc.);
- (c) the title or label of the document;
- (d) the date of the document;
- (e) the author(s) of the document;
- (f) the identity of all persons who saw, received, or were intended to see or receive the original or copies of the document;
- (g) the length of the document;
- (h) the location of the original and each copy of the document; and
- (i) the subject matter covered by the document.

5. If any document responsive to any Data Request have been lost or destroyed, provide a description of each document, state the date of each document, the last known location of each document, the last person in custody or control of the document, and the reason for the loss or destruction. If you do not know, or cannot recall, whether particular responsive documents exist, or if such documents are missing, state the efforts made to ascertain their existence.

6. The term “identify” means to describe any document or tangible thing responsive to the request and with sufficient clarity so that Phillips may ascertain the identity of the document or thing.

7. The term “document” or “documents” is used in the broadest sense and is meant to include any medium upon which intelligence or information can be recorded or retrieved and as used herein, refers to and includes, without limitation, any document, however produced or reproduced, which document is in Crimson’s possession, custody, or control or the possession, custody, or control of an agent, servant, employee of Crimson, including, without limitation, whether in electronic or hard copy, memoranda, orders, letters, notes, notes, reports, surveys, messages, summaries, electronic mail or messages, or any writings or tangible things on which

any handwriting, typing, printing, photostatic, or other form of communication is or are recorded or reproduced. "Document" or "documents" shall further include all aural or visual record or representations, (including without limitation photographs, microfiche, microfilm, videotape, sound recordings, and motion pictures) and computer, electronic, mechanical or electric records or representations of any kind (including without limitation, tapes, cassettes, discs, recordings, programs, databases, archival records, etc.).

8. The terms "related to" or "regarding" or any form of those words are used in their broadest sense and mean anything that analyzes, comments on, concerns, contains, constitutes, comprises, describes, discusses, embodies, evidences, indicates, identifies, involves, memorializes, pertains to, refers to, reflects, regards, relates to, shows, states, supports, or is in any way factually, legally, or logically pertinent to or connected with the subject matter or topic in question, either in whole or part.

9. The term "including" means "including but not limited to."

10. The term "or" is used inclusively to mean "and/or."

## **DATA REQUESTS**

**PHILLIPS 1-1.** Please provide an explanation of Crimson's "Safety Program" including providing all related documents provided to the operating committee, the management committee, or Mr. John Grier regarding the Safety Program:

a) Please explain how the safety programs differs from the integrity management program.

**PHILLIPS 1-2.** Please explain Crimson's Integrity Management program and related testing for each of the six pipe line systems under rate review in this Proceeding as described by Crimson on Pages 4 and 5 of the Application (the "Crimson Pipelines").

a) Please explain all steps (and provide the related operating costs and capital costs)

Crimson has undertaken to improve the integrity of each of Crimson Pipelines and for all

other pipelines owned by Crimson or its parent or affiliate companies (the "Crimson System").

**PHILLIPS 1-3.** Please provide a history and an explanation of leak occurrences for the Crimson Pipelines and for the Crimson System for the last three years. For each event, please provide a cost summary (operating and capital costs) related to the remediation of the leak event.

**PHILLIPS 1-4.** Please explain Crimson's monthly, quarterly and annual accounting closing processes.

**PHILLIPS 1-5.** Please explain Crimson's budgeting and forecasting processes, including an explanation as to whether Crimson prepares a multi-year forecast process once (or more) annually.

- a) Please explain how actual costs are compared to forecasted costs.
- b) Please provide a separate explanation for each of the operating budget and the capital budget.
- c) Please provide Crimson's last long term planning budget and forecast and related documents.
- d) Please provide any budgets, forecasts or planning documents provided to investors or creditors for 2014, 2015, and 2016.
- e) Please explain how location cost codes or cost responsibility centers are used to budget, forecast and to determine actual costs for each of the systems at issue in this proceeding and for the recently purchased KLM Pipeline.

**PHILLIPS 1-6.** Please list and explain each preventive repair for the last three years (including providing related costs) on the Crimson Pipelines or on the Crimson System and explain whether the repair costs were expensed or capitalized.

**PHILLIPS 1-7.** Please list and explain each precautionary repair for the last three years (including providing related costs) on the Crimson Pipelines or on the Crimson System and explain whether the repair costs were expensed or capitalized.

**PHILLIPS 1-8.** Please explain Crimson's capitalization policies, provide Crimson's accounting manual, and explain how Crimson determines whether to expense or capitalize any system cost, with a particular focus on how Crimson expenses or capitalizes pipeline integrity costs.

**PHILLIPS 1-9.** On a system map, please highlight all segments where older sections of pipeline have been replaced in the last three years.

**PHILLIPS 1-10.** Please list all categories of Crimson's general plant assets (computers, software, buildings, furniture, transportation equipment, work equipment, etc.).

**PHILLIPS 1-11.** Please explain where Crimson's offices are located and how corporate office costs are allocated to the Crimson Pipelines.

**PHILLIPS 1-12.** Regarding Page 6 of the Application and Paragraph 15 of Exhibit D of the Application, Declaration of Michael J. Webb In Support of Requested Rate Increases ("Webb Declaration"):

- a) Please explain why Crimson believes its throughput will decline, including an explanation of all marketplace conditions and competitive options available to shippers.
  
- b) Provide Crimson throughput and related revenues by origin and delivery for each month from January 1, 2015 to August 31, 2016.

**PHILLIPS 1-13.** Please explain Crimson's parts and materials inventory practices and provide an end-of-month inventory level for each month from January 2015 through August 2016.

**PHILLIPS 1-14.** Please explain how Crimson accounts for and reflects on its books monthly inventory valuation related to tank storage inventory quantities.

**PHILLIPS 1-15.** Please explain how and when Crimson sold quantities of oil associated with its Product Loss Allowance ("PLA") retention amounts.

a) Please provide the quantity, price and revenue by month of all oil sales made by Crimson for 2014, 2015, and 2016.

b) Please explain how recent crude oil price increases have impacted Crimson.

**PHILLIPS 1-16.** Please explain how Crimson determines actual product losses during each monthly, quarterly, and annual accounting cycle.

a) Please provide the monthly product loss amount in total and for each of the Crimson Pipelines for each month of 2015 and 2016 to date.

**PHILLIPS 1-17.** Please explain Crimson's policies related to decisions to expense or capitalize pipeline integrity testing costs, pipeline remediation, pipeline repair, pipeline modernization, and pipeline safety costs.

**PHILLIPS 1-18.** Please list each power provider by facility.

**PHILLIPS 1-19.** Please list Crimson's current employees as of July 31, 2016 by job title with a location and cost center designation and describe how the employee count has changed in the last twelve months.

**PHILLIPS 1-20.** Please explain how field employees log the time worked on each of the Crimson Pipelines by company cost center or expense center.

**PHILLIPS 1-21.** Please explain how office employees log the time worked on each of the Crimson Pipelines by company cost center or expense center.

**PHILLIPS 1-22.** Please explain and list the corporate parent or affiliates which allocate corporate overhead operating costs to Crimson.

**PHILLIPS 1-23** Please explain the basis and the methods used to 1) directly assign direct corporate costs and 2) allocate indirect corporate costs to Crimson. Provide any related workpapers.

a) Please explain whether the corporate overhead allocation percentages are re-determined once annually or at some other interval.

**PHILLIPS 1-24.** Please provide a copy of each property insurance policy held by Crimson for 2015 and 2016 .

- a) Please explain the coverage limits and any deductibles.
- b) Please explain whether Crimson is self-insured in any manner.
- c) Please list all insurance claims by pipeline system made by Crimson in 2015 and 2016.
- d) Please list all insurance claims outstanding and identify any operating or costs recorded in 2015 and 2016 that are subject to such claims.

**PHILLIPS 1-25.** Please explain how the book depreciation expense was determined for the Statement of Income provided in Exhibit B of the Application.

- a) Please provide all related computations and workpapers.
- b) Provide the book depreciation amounts by month for 2015 and 2016, including the depreciable plant and the rate applied to determine the booked expense.
- c) Please explain how general plant accounts (such as vehicles and computers) are depreciated and retired.
- d) Please explain whether Crimson has historically used different depreciation rates for gathering and mainline assets.
- e) Please explain how Crimson computes tax depreciation and provide a schedule showing tax depreciation and related computations for 2014 and 2015.

**PHILLIPS 1-26.** Regarding Paragraph 11 of the Webb Declaration, please explain how ADIT were computed given that Crimson is a tax-flow-through entity that does not directly pay federal income taxes, including an explanation of whether and how bonus depreciation is reflected in the computed amounts.

**PHILLIPS 1-27.** Please explain whether and how marketplace competitive conditions and marketplace economic conditions have changed the origin quantities by location and changed the delivery destination quantities by location over each of the last three years and during 2016.

**PHILLIPS 1-28.** Regarding Paragraph 15 of the Webb Declaration, please explain whether, to the best of Dr. Webb’s understanding and belief, the estimated 5% quantity decline is expected to occur equally on each and every origin/destination combination.

**PHILLIPS 1-29.** Please list and provide actual cash property tax payments made to each property tax authority by month for the 2015 and 2016, to date periods.

**PHILLIPS 1-30.** Please explain whether Crimson has protested or appealed any property tax valuations in 2014, 2015, or 2016.

**PHILLIPS 1-31.** Regarding Footnote 4 on Page 1 of Exhibit No. MJW-7 to the Webb Declaration, please provide an updated inflation rate for the 12-month period through July 2016.

**PHILLIPS 1-32.** Regarding Page 1 of Exhibit No. MJW-7 to the Webb Declaration, please explain whether and why, in Dr. Webb’s understanding and belief, it is reasonable to use proxy companies in a DCF model with negative 5-year growth rates or 5-year growth rates above 30%.

**PHILLIPS 1-33.** Regarding Paragraph 12 of the Application Amendment Webb Declaration, please explain why Crimson performs more maintenance and repair expense in summer and early fall given the weather conditions in its service territory.

**PHILLIPS 1-34.** Please explain how Crimson allocates and or directly assigns costs to the KLM Pipeline.

**PHILLIPS 1-35.** Please list, quantify, and explain the regulatory compliance obligations and related costs that have led to increased operating costs.

**PHILLIPS 1-36.** Please explain whether and how Crimson’s property tax valuations in 2014, 2015, and 2016 have been impacted by Crimson’s claims of declining revenues.

**PHILLIPS 1-37.** Please provide a mileage distance between each origin point and destination point combination and explain how such mileage amounts were determined.

**PHILLIPS 1-38.** Regarding Page 4, Lines 8-18 of the Peterson Testimony:

- a) Please explain what is meant by “initial” rate base in terms of the Crimson assets at issue in this Proceeding.

- b) What date(s) is considered to be the “initial” rate base date for each of the listed assets on page 3, lines 7-13?

**PHILLIPS 1-39.** Regarding Page 12, Lines 1-7 of the Peterson Testimony:

- a) Please explain why pipeline mileage is the best method to determine the portion of Chevron’s original cost rate base in the California Pipelines that is associated with the Inglewood segment.
- b) Please explain whether the Inglewood segment included any pumping stations (and how many) and whether the Chevron California Pipelines included pumping stations (and how many).
- c) Please explain whether Crimson values the KLM Pipeline initial rate base based on 97.04 percent of the Chevron California Pipeline system.
- d) Please explain whether Chevron or Crimson had capital project or other cost center identifiers in the oil plant investment accounting system that would enable the original cost of the Inglewood assets to be directly identified.

**PHILLIPS 1-40.** Regarding Page 3, Lines 7-13 of the Peterson Testimony:

- a) Please list the pipeline miles and diameters in each of the listed segments.
- b) Please explain all other assets in each of the listed segment (pump stations, measurement stations, storage tanks, loading facilities, etc.).

**PHILLIPS 1-41.** Regarding Page 4, Lines 5-8 of the Prepared Direct Testimony of Mr. Robert L. Waldron on Behalf of Crimson California Pipeline, L.P., dated August 17, 2016 (“Waldron Testimony”):

- a) Based upon Mr. Waldron’s belief and understanding, please explain those business or financial factors of Crimson Midstream Operating, LLC (“Midstream”) that would result in a current debt rating not higher than B.

- b) Please explain all factors that Mr. Waldron believes rating agencies review in general and would review for Crimson to determine a credit rating of “B,” to the best of Mr. Waldron’s understanding and belief.

**PHILLIPS 1-42.** Regarding Page 4, Lines 13-15 of the Waldron Testimony:

- a) Please describe the structure of the accounting records for both operating expenses and capital investments including the relevant account level and sub-account level coding to the lowest level of account details.
- b) Please provide the most recent accounting manual.

**PHILLIPS 1-43.** Regarding Page 5, Lines 2-3 of the Waldron Testimony:

- a) Please explain what percentage of Crimson’s expenses are direct charges.
- b) Please explain the time period considered in drawing the conclusion that the “majority” of Crimson’s expenses are direct charges.
- c) Please explain why Crimson incurs a high level of costs classified as outside services and provide details on the vendors and types of outside services.

**PHILLIPS 1-44.** Regarding Page 5, Lines 9-12 of the Waldron Testimony:

- a) Please explain the management structure of Crimson (down to the field manager level) and of Midstream.
- b) Provide the most recent organization chart.

**PHILLIPS 1-45.** Regarding Page 5, Lines 18-21 of the Waldron Testimony:

- a) Please explain whether the allocation percentages are based on historical actual assets, gross margins and number of operating employees or on a forecasted level of the same.
- b) Please explain the approximate calendar timeframe when the annual review is performed.
- c) Please explain whether there is any mid-year true-up process of the allocation percentages.
- d) Please explain if the allocation percentages are adjusted for significant mid-year events (such as the acquisition of the KLM Pipeline).

- e) Please explain the employee roles considered to be “operating employees” and explain any differences between operating employees and administrative employees.
- f) Please explain and describe all cost centers and their operating functions included in the shared support cost locations.
- g) Please explain why gross margins are appropriately used.

**PHILLIPS 1-46.** Regarding Page 5, Line 23 to Page 6, Lines 1-3 of the Waldron

Testimony:

- a) Please list all corporate cost centers and explain and describe their operating functions included in the corporate overhead cost functions.
- b) Please provide the number of corporate employees by each cost center.

**PHILLIPS 1-47.** Please explain all renovation, repair and remediation costs Crimson incurred to place the Huntington Beach and Brea West facilities into common carrier service in 2014 and 2009, respectively.

**PHILLIPS 1-48.** Regarding Exhibit No. MAP-6 to the Peterson Testimony:

- a) Please provide the most recent property tax valuations for each of the Crimson Pipelines or for Crimson in total.
- b) Please explain whether Crimson has protested any property tax valuations for each of the Crimson Pipelines or for Crimson in total.
- c) Please explain whether and how Mr. Petersen’s evaluation has been used by Crimson for property tax purposes. If the valuation has not been used for property tax valuation purposes, explain why not.
- d) Please explain and list the federal and state income tax cost basis of each of the pipeline segments used to compute tax depreciation expense as used to prepare the partnership Form K-1 for 2014 and 2015 (and 2016 when available).

**PHILLIPS 1-49.** Regarding Page 10 of Exhibit No. MAP-6 to the Peterson Testimony:

- a) Please explain what price for crude oil would be considered a “normal level.”

- b) Please provide throughput quantities and percentage decrease (increase) for each year of 2013, 2014, 2015, and 2016 by month to date.
- c) Please explain how recent increases in the price of crude oil, if any, have impacted the Crimson throughput.
- d) Please explain why Mr. Petersen conducted his interview in 2015 but Crimson did not ask for rate adjustment until 2016.
- e) Please explain whether Mr. Petersen has updated or refreshed his interview since 2015.

**PHILLIPS 1-50.** Regarding Page 14 of Exhibit No. MAP-6 to the Peterson Testimony:

- a) Please explain whether and why, in Mr. Petersen's belief and understanding, it is appropriate to use the Iowa State University 70-R-3 Survivor Curve for the Crimson Oil Pipeline asset value analysis.
- b) What other survivor curves were considered as appropriate for the assets owned by Crimson?
- c) Please describe how the "best fit" of the chosen survivor curve was established.

**PHILLIPS 1-51.** Regarding Page 16 of Exhibit No. MAP-6 to the Peterson Testimony, please provide a workpaper detailing the computation of the weighted average age of property computations resulting in 30.2 years and the weighted average remaining life of property of 20.4 years.

**PHILLIPS 1-52.** Regarding Page 11 of the Alexander Testimony, please describe and explain all different crude types that were commingled and blended on the Crimson system in total and on each segment in 2015 and 2016 to date. Please describe the optimum feedstock for each refinery on the Crimson system. Please explain the importance of blending on the Crimson system and to deliver blended feedstock to its refiners.

**PHILLIPS 1-53.** Regarding Page 14 of the Alexander Testimony:

- a) Please explain the circumstances of the Plains refuge release.
- b) Please quantify all costs associated with the release and the clean-up of the release.

**PHILLIPS 1-54.** Regarding Page 15 of the Alexander Testimony, please provide the referenced year-to-date throughput data.

**PHILLIPS 1-55.** Regarding the Prepared Direct Testimony of Dr. Michael J. Webb on Behalf of Crimson California Pipeline, L.P. dated August 17, 2016 (“Webb Testimony”):

- a) Please explain why Dr. Webb did not compute rates for each origin-destination point pair.

**PHILLIPS 1-56.** Regarding Page 10, Lines 20-22 to Page 11, Lines 1-2 of the Webb Testimony:

- a) Please explain how fees, issuance costs, and gains/losses on reacquired debt should be considered in determining the cost of debt, in Dr. Webb’s understanding and belief.
- b) Please explain how short-term debt of an oil pipeline should be considered in the capital structure and in the cost of debt computations in Dr. Webb’s understanding and belief.
- c) Please explain how variable interest rate debt (both short-term and long-term) should be considered in the cost of debt computations in Dr. Webb’s understanding and belief.

**PHILLIPS 1-57.** Regarding Page 13, lines 9-13 of the Webb Testimony:

- a) Please explain and list the restrictive debt covenants.
- b) Please provide the line of credit agreement(s).
- c) Please explain the basis of Dr. Webb’s conclusion that the covenants are different from those contained in debt oil pipelines “normally” issue.
- d) Please list all debt issuance of oil pipelines reviewed by Dr. Webb since 2008.

**PHILLIPS 1-58.** Regarding Page 16, Lines 17-20 of the Webb Testimony, please explain the basis for Dr. Webb’s belief and understanding that Crimson would be rated no better than a single B level (S&P) including providing all related computations and workpapers.

**PHILLIPS 1-59.** Regarding Page 15 and 16 of the Webb Testimony, please explain whether Dr. Webb analyzed the types and tenors or the various debt issuances, including covenants, of

each company in his proxy group. If yes, please provide any related conclusion and workpapers. If not, please explain why not.

**PHILLIPS 1-60.** Regarding Webb Testimony Exhibit No. MJW-1, Schedule 2:

- a) Please provide the source of the data.
- b) Please explain and provide the business characteristics of each of the listed companies and explain why the companies are similar or different from Crimson in Dr. Webb's understanding and belief.

**PHILLIPS 1-61.** Regarding Webb Testimony Exhibit No. MJW-1, Schedule 1, please explain why SPP exhibit data is used for purposes of this Exhibit.

**PHILLIPS 1-62.** Regarding Page 23 of the Webb Testimony, please identify the past practice at the Commission to which Dr. Webb refers and how such past practice is represented by a 350 basis point adjustment.

**PHILLIPS 1-63.** Regarding Page 29, Lines 14-16 of the Webb Testimony, please explain why a 5-year amortization of litigation costs is reasonable.

**PHILLIPS 1-64.** Regarding Page 28 of the Webb Testimony:

- a) Please explain why no normalizing or annualizing adjustment was required for employee labor costs or health related benefit costs.
- b) Please explain why no normalizing or annualizing adjustment was required for pipeline integrity or pipeline safety-related operating and maintenance expenses.

**PHILLIPS 1-65.** Regarding the Exhibit No. MJW-2, Schedule 6 of the Webb Testimony:

- a) Please explain how depreciation expense has been recorded (including an explanation of rate(s) used to determine such booked expense) on Crimson's audited financial books and records.
- b) Please explain the tax depreciation rates used in Crimson's tax returns for 2014 and 2015 (and 2016 when available) including an explanation of bonus depreciation.

**PHILLIPS 1-66.** Regarding the Exhibit No. MJW-2, Schedule 9 and 10 of the Webb Testimony:

- a) Please explain whether the maximum statutory marginal corporate individual state and federal income tax rate has been consistent from 2005 through 2015 to the best of Dr. Webb’s understanding and belief.
- b) Please explain why it was reasonable for Dr. Webb to use a consistent federal and state income tax rate to compute historical ADIT.
- c) Please explain whether Crimson’s corporate owner(s) was subject to a 34% or a 35% tax rate based on the relative size for each year from 2005-2015.
- d) Please explain whether the ownership of Crimson between corporate and individual was consistent from 2005-2015.

**PHILLIPS 1-67.** Please list and explain when each of the Crimson Pipelines were tested with a “smart-pig.”

**PHILLIPS 1-68.** Please describe the integrity, quality, and operating condition of each segment of the Crimson Pipelines as of mid-2016 and describe any upcoming planned improvements or repairs.

**PHILLIPS 1-69.** Please explain whether any of the segments of the Crimson Pipelines is used at a higher load factor than the system in general.

**PHILLIPS 1-70.** Please provide the capacity of each segment of the six pipeline systems.

**PHILLIPS 1-71.** Please provide the throughput of each segment of the Crimson Pipelines for each month in 2016.

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**PHILLIPS 1-72.** Please provide copies of all responses by Crimson to formal or informal data requests or other discovery requests of other parties in this Proceeding.

Respectfully submitted this 31st day of August, 2016

*/s/ Seth D. Hilton*

STOEL RIVES LLP

Seth D. Hilton

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San Francisco, CA 94111

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Attorneys for Phillips 66 Company

**Attachment B**

**Phillips' Second Set of Data Requests**

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

In the matter of Application of Crimson California Pipeline L.P. (PLC-26) for Authority to Increase Rates for its Crude Oil Pipeline Services.

Application 16-03-009  
(Filed March 11, 2016)

**SECOND SET OF DATA REQUESTS OF PHILLIPS 66 COMPANY**

STOEL RIVES LLP  
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Three Embarcadero Center, Suite 1120  
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Email: seth.hilton@stoel.com

Dated: September 2, 2016

Attorneys for Phillips 66 Company

## SECOND SET OF DATA REQUESTS OF PHILLIPS 66 COMPANY

Pursuant to Rule 10.1 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, Phillips 66 Company (“Phillips”) requests that within ten (10) days of receipt of this Second Set of Data Requests, Crimson California Pipeline L.P. (“Crimson”) respond to each of the following Data Requests. Please provide documents, responses, or objections to:

Seth D. Hilton  
Stoel Rives LLP  
Three Embarcadero Center, Suite 1120  
San Francisco, CA 94111  
Telephone: (415) 617-8943  
Facsimile: (415) 617-8907  
Email: seth.hilton@stoel.com

### INSTRUCTIONS AND DEFINITIONS

1. For each Data Request, provide all documents, knowledge, or information that is responsive to the Data Request and that is in the possession of Crimson, its employees, agents, experts, consultants, or any person acting on Crimson's behalf.

2. In responding to each Data Request, provide the text of the Data Request along with the response, provide the name of the person or persons answering the Data Request, the title of such person(s), and the name of the witness or witnesses who will be prepared to testify concerning the matters contained in each response or document produced.

3. Each Data Request is continuing in nature. Any information or document discovered subsequent to the response(s) by Crimson to the Data Requests must be seasonably brought to Phillip’s attention through supplemental responses.

4. For any information or document that is responsive to any Data Request but is withheld under an assertion of confidentiality or privilege, state the following with respect to each document in order to permit adjudication of the validity of any such claim:

- (a) the privilege asserted and its basis;
- (b) the nature of the document withheld (e.g., letter, memorandum, etc.);

- (c) the title or label of the document;
- (d) the date of the document;
- (e) the author(s) of the document;
- (f) the identity of all persons who saw, received, or were intended to see or receive the original or copies of the document;
- (g) the length of the document;
- (h) the location of the original and each copy of the document; and
- (i) the subject matter covered by the document.

5. If any document responsive to any Data Request have been lost or destroyed, provide a description of each document, state the date of each document, the last known location of each document, the last person in custody or control of the document, and the reason for the loss or destruction. If you do not know, or cannot recall, whether particular responsive documents exist, or if such documents are missing, state the efforts made to ascertain their existence.

6. The term “identify” means to describe any document or tangible thing responsive to the request and with sufficient clarity so that Phillips may ascertain the identity of the document or thing.

7. The term “document” or “documents” is used in the broadest sense and is meant to include any medium upon which intelligence or information can be recorded or retrieved and as used herein, refers to and includes, without limitation, any document, however produced or reproduced, which document is in Crimson’s possession, custody, or control or the possession, custody, or control of an agent, servant, employee of Crimson, including, without limitation, whether in electronic or hard copy, memoranda, orders, letters, notes, notes, reports, surveys, messages, summaries, electronic mail or messages, or any writings or tangible things on which any handwriting, typing, printing, photostatic, or other form of communication is or are recorded or reproduced. “Document” or “documents” shall further include all aural or visual record or

representations, (including without limitation photographs, microfiche, microfilm, videotape, sound recordings, and motion pictures) and computer, electronic, mechanical or electric records or representations of any kind (including without limitation, tapes, cassettes, discs, recordings, programs, databases, archival records, etc.).

8. The terms “related to” or “regarding” or any form of those words are used in their broadest sense and mean anything that analyzes, comments on, concerns, contains, constitutes, comprises, describes, discusses, embodies, evidences, indicates, identifies, involves, memorializes, pertains to, refers to, reflects, regards, relates to, shows, states, supports, or is in any way factually, legally, or logically pertinent to or connected with the subject matter or topic in question, either in whole or part.

9. The term “including” means “including but not limited to.”

10. The term “or” is used inclusively to mean “and/or.”

#### **DATA REQUESTS**

**PHILLIPS 2-1.** Regarding Page 4 of the Application filed by Crimson on March 11, 2016 in this Proceeding (the “Application”), please explain what Crimson defines as a “marginal pipeline” and please explain what makes any given pipeline marginal.

**PHILLIPS 2-2.** Please list all new pipeline interconnections made in the past three years:

- a) Show all such interconnections on a map.
- b) Please provide the delivery quantities at each of the recent interconnection points by month for each of the last three years through July 2016.
- c) Please provide the capital cost for each interconnection project.

**PHILLIPS 2-3.** Please explain whether Crimson defines any difference between a preventive repair and a precautionary repair.

**PHILLIPS 2-4.** Please list the officers of Crimson California Pipeline, L.P.

**PHILLIPS 2-5.** Please explain why the Crimson Financial Statements, provided as Exhibit B to the Application, are unaudited and explain each purpose for which Crimson employs independent auditors for any purpose.

**PHILLIPS 2-6.** Please explain the “Prepaid and other current assets” line item included on the Balance Sheet provided in Exhibit B of the Application.

**PHILLIPS 2-7.** Please explain Crimson’s meter testing and calibration practices.

**PHILLIPS 2-8.** Please explain all steps Crimson employs to limit losses from the six pipeline systems under rate review in this Proceeding as described by Crimson on Pages 4 and 5 of the Application (the "Crimson Pipelines") and from other pipelines owned by Crimson or its parent or affiliate companies (the "Crimson System"), including managing system measurement issues and leak detection practices and procedures.

**PHILLIPS 2-9.** Please explain the “Other long-term liabilities” line item included on the Balance Sheet provided in Exhibit B of the Application.

**PHILLIPS 2-10.** Please explain how and when Crimson distributes available cash to its owners.

**PHILLIPS 2-11.** Please provide an audited cash flow statement for December 31, 2015.

**PHILLIPS 2-12.** Please provide an income statement, balance sheet, and statements of cash flow for June 30, 2016, July 31, 2016, and August 31, 2016.

**PHILLIPS 2-13.** Please list all outside service costs by month by vendor for 2015 and 2016 and include an explanation as to why the outside service was necessary.

**PHILLIPS 2-14.** Please explain Crimson’s pay policies including a description of any incentive pay mechanisms and provide any board-type or senior management reports describing employee pay and benefit practices and policies.

**PHILLIPS 2-15.** Please explain how shared corporate employees log the time worked on each of the Crimson Pipelines by company cost center or expense center.

- a) Please explain how Crimson computes tax depreciation and provide a schedule showing tax depreciation and related computations for 2014 and 2015.

**PHILLIPS 2-16.** Regarding Crimson's employee benefit plans:

- a) Please explain and list each of Crimson's employee benefit plans.
- b) Please provide the employee benefit cost by type for each month of the 2015 base year and the 2016 test year.

**PHILLIPS 2-17.** Regarding Paragraph 3 of Exhibit D of the Application, Declaration of Michael J. Webb In Support of Requested Rate Increases ("Webb Declaration"), please explain all procedures and policies and practices of Dr. Webb to confirm the reasonableness of the cost information provided to Dr. Webb by Crimson.

**PHILLIPS 2-18.** Please explain which operating and capital costs of Crimson Dr. Webb considers to vary with distance of haul and those that Dr. Webb considers to not vary with distance of haul.

**PHILLIPS 2-19.** Please explain whether Crimson's existing rates for each of the Crimson Pipelines reflect distance of haul, to the best of Dr. Webb's belief and understanding.

**PHILLIPS 2-20.** Please reconcile the \$33.1 million of operating expenses in 2015 referred to in Paragraph 6 of the Webb Declaration to the amounts shown on the Balance Sheet provided in Exhibit B of the Application.

**PHILLIPS 2-21.** Please explain whether and how Crimson recorded AFUDC in the book balance sheet or book income statement accounts in 2015 or 2016.

**PHILLIPS 2-22.** For each of the facilities that were idle at the time of acquisition, please explain whether Dr. Webb would recommend the use of original cost if the facility had been in public service prior to the date(s) the facility(s) was idled.

**PHILLIPS 2-23.** Regarding Paragraph 9 of the Webb Declaration, please provide and explain all Commission precedent relied upon by Mr. Peterson to determine that three assets warrant the use of fair value.

**PHILLIPS 2-24.** Regarding the statement in Paragraph 12 of the Webb Declaration that the entire Crimson network should be a considered a single system, please explain why it is reasonable, in Dr. Webb's understanding and beliefs, that the rates vary depending on the origin-destination combinations.

**PHILLIPS 2-25.** Regarding Paragraph 12 of the Webb Declaration, please explain the basis and reasons for Mr. Peterson's understanding and belief that the oil fields providing transportation barrels to Crimson for transportation will operate for twenty more years. Please provide all related documents and workpapers.

**PHILLIPS 2-26.** Regarding Paragraph 17 of the Webb Declaration, please explain what has been Crimson's actual product losses for each of the last three years, to the best of Dr. Webb's understanding and belief.

**PHILLIPS 2-27.** Regarding Paragraph 24 of the Webb Declaration, please explain whether it is Dr. Webb's understanding and belief that long term debt cannot be subject to variable interest rates.

- a) Please describe the duration or term of "long term debt" as Dr. Webb has used the term in the Webb Declaration.
- b) Please explain how Crimson financed the purchase of the KLM Pipeline from Chevron Pipe Line Company ("Chevron").

**PHILLIPS 2-28.** Regarding Paragraphs 24 and 25 of the Webb Declaration, provide an explanation of the basis and reasons for Dr. Webb's statement that the oil resources or oil fields that Crimson relies upon have declining production.

- a) Please provide all related documents and workpapers.

**PHILLIPS 2-29.** Regarding Paragraph 26 of the Webb Declaration, please explain why, in Dr. Webb's understanding and belief, it is appropriate to place limited reliance, for regulatory purposes to determine cost of equity, on the basis of an equity premium to the debt cost.

**PHILLIPS 2-30.** Please provide a copy of Mehra, Rajnish and Edward C. Prescott. “The Equity Premium: A Puzzle” *Journal of Monetary Economics* 15 (1985) 145-161, referenced in Footnote 5 of the Webb Declaration.

**PHILLIPS 2-31.** Regarding Paragraph 26 of the Webb Declaration, please explain and list each oil pipeline applicant who has employed the two-state Discounted Cash Flow (“DCF”) model.

a) Please list the related docket or proceeding number for each listed application.

**PHILLIPS 2-32.** Regarding Paragraph 31 of the Webb Declaration, please explain and list what is meant by the reference to “these proceedings.”

**PHILLIPS 2-33.** Regarding Footnote 2 on Page 1 of Exhibit No. MJW-7 to the Webb Declaration, please explain whether any of the data sources have been updated since the Webb Declaration was prepared.

**PHILLIPS 2-34.** Regarding Page 2 of Exhibit No. MJW-7 to the Webb Declaration, please explain why or whether Dr. Webb considers Tall Grass Energy Partners, L.P. to be an oil pipeline company.

**PHILLIPS 2-35.** Regarding Paragraph 5 of Attachment A, Declaration of Dr. Webb, to the Amendment to Application; Request For Timely Interim Rate Relief filed by Crimson on June 15, 2016 (“Application Amendment Webb Declaration”), please explain and list all non-jurisdictional revenue by type and source by month for each month of calendar year 2015 and 2016 year to date.

**PHILLIPS 2-36.** Regarding Table 1 of Paragraph 7 and Table 2 of Paragraph 10 of the Application Amendment Webb Declaration, please update these tables using the latest available data.

a) Please explain why the latest available data in mid-June 2016 is March 2016 data, including an explanation of the approximate date at which Crimson normally closes its monthly accounting book and records.

**PHILLIPS 2-37.** Please explain why Crimson did not seek a ten percent increase in rates in 2014 or 2015.

**PHILLIPS 2-38.** Regarding the Application Amendment Webb Declaration,

- a) Please provide the actual monthly crude price per barrel realized by Crimson for its actual Product Loss Allowance-related oil sales by month for each month of 2015 and 2016 to date.
- b) Please explain the nature and make-up of the “CME Group” referenced on Exhibit No. MJW-3 of the Application Amendment Webb Declaration.

**PHILLIPS 2-39.** Please provide a map of the Crimson Pipelines.

**PHILLIPS 2-40.** Please explain whether all shippers on the Crimson Pipelines are so-called uncommitted shippers (i.e. shippers who are not subject to a ship-or-pay contract).

**PHILLIPS 2-41.** Regarding Page 4, Lines 10-18 of the Prepared Direct Testimony of Mr. Matthew A. Petersen on Behalf of Crimson California Pipeline, L.P., dated August 17, 2016 (“Peterson Testimony”), please explain the nature and basis for Mr. Petersen’s belief and understanding that the Commission applies different approaches for rate base for pipeline segments that have been in public utility service and those pipeline segments that have never been in public utility service.

**PHILLIPS 2-42.** Regarding Page 4, Line 17 of the Prepared Direct Testimony of Mr. Robert L. Waldron on Behalf of Crimson California Pipeline, L.P., dated August 17, 2016:

- a) Please provide the last four audit letters of KPMG, LLP.
- b) Please explain any material weaknesses identified by KMPG, LLP over the last six quarters.
- c) Please provide the last four officer certification letters.

**PHILLIPS 2-43.** Regarding Page 13, Lines 4-23 of the Peterson Testimony, please provide the original cost of the Unocal California Pipeline Company assets in total and as separately identified for the Line 600/700 assets and identify the cost Crimson paid for such assets.

**PHILLIPS 2-44.** Regarding Page 14, Lines 19-25 of the Peterson Testimony, please explain whether the referenced opinion is the sole basis for Mr. Petersen’s understanding and belief that the fair value at the time of in-service dedication is the appropriate means to value the Brea West and Huntington Beach 6-inch assets for purposes of rate base in the Proceeding.

**PHILLIPS 2-45.** Regarding Page 8 of Exhibit No. MAP-6 to the Peterson Testimony:

- a) Please explain what the term “mass appraisals” means as it is used in the Valuation Report.
- b) Please explain what cost information was drawn from existing company records and explain how such information was delineated or identified on the company records.

**PHILLIPS 2-46** Regarding Page 9 of Exhibit No. MAP-6 to the Peterson Testimony:

- a) Please explain how economies of scale and scope relate to the project costs shown in Table 1.
- b) In Mr. Alexander’s belief, understanding and experience, please explain whether there are commonly economies of scale and scope for pipeline construction of greater distance than one mile.
- c) Please explain whether and why management costs and engineering costs would have a linear relationship to miles of pipeline constructed.

**PHILLIPS 2-47.** Regarding Page 11 of Exhibit No. MAP-6 to the Peterson Testimony, please explain whether the updated 2015 and 2016 reserve and production data have changed Mr. Peterson’s belief and understanding of the Los Angeles basin or otherwise informed Mr. Petersen’s opinion as to the economic life of the Crimson facilities.

**PHILLIPS 2-48.** Regarding Page 2 of Attachment A of Exhibit No. MAP-6 to the Peterson Testimony, please explain how Crimson determines the “administrative fee” to be charged to this construction project particularly and to all construction projects more generally.

**PHILLIPS 2-49.** Regarding Page 5, Lines 6-23 and Page 6, Lines 1-2 of the Prepared Direct Testimony of Larry W. Alexander on Behalf of Crimson California Pipeline, L.P. dated August 17, 2016 (“Alexander Testimony”):

- a) Please list and explain all improvements, including new connections made to the Huntington Beach 6-inch assets and to the Brea West assets since the 2014 and 2009 in-service dates.
- b) Provide the cost basis of all improvements made to the Huntington Beach and Brea West assets since the 2014 and 2009 in-service dates.
- c) Please provide the total amount paid by Crimson to acquire the Huntington Beach assets.
- d) Please provide the total amount paid by Crimson to acquire the Brea West assets.

**PHILLIPS 2-50.** Regarding Page 11, Lines 13-15 of the Alexander Testimony:

- a) Please explain the contract term on the excess Product Loss Allowance sales agreement.
- b) Please provide the purchase and sale agreement.
- c) Please explain how, when, and whether the sales price can be renegotiated.
- d) Please explain the “market differential.”
- e) Please provide posted prices for Midway Sunset crude oil for each month of 2015 and 2016 to date.

**PHILLIPS 2-51.** Regarding Pages 16-17 of the Alexander Testimony, please compare the costs of the new segment of pipe in Goldenwest Avenue referenced on Page 9, Line 16, to the construction costs described on Pages 16-17.

**PHILLIPS 2-52.** Regarding Page 5 of the Prepared Direct Testimony of Dr. Michael J. Webb on Behalf of Crimson California Pipeline, L.P. dated August 17, 2016 (“Webb Testimony”), please explain whether any oil pipeline regulated by the Commission has a franchised monopoly, in Dr. Webb’s understanding and belief.

**PHILLIPS 2-53.** Regarding Page 5 of the Webb Testimony:

- a) Please explain Dr. Webb's understanding and belief of competition faced by PG&E from 1) independent power producers, 2) interstate pipelines, and 3) renewable energy sources such as home-based solar power and explain how such competition compares to the competition faced by oil pipelines.

**PHILLIPS 2-54.** Regarding Webb Testimony Exhibit No MJW-1, Schedule 3:

- a) Please explain any concerns Dr. Webb has with the five year growth rates of NuStar and Sunoco and explain how any such concerns influence the recommended ROE.
- b) Please explain whether any of the three sources referenced in Footnote 2 have updated information available for 2015 or 2016 and if so, provide the GPP growth forecast with such updated information.
- c) Please explain whether KMI is more of a gas pipeline company or more of an oil/products pipeline company.
- d) Please explain whether and how Dr. Webb considers oil and gas pipeline risks to be similar and different.

**PHILLIPS 2-55.** Regarding Page 30, Lines 9-20 of the Webb Testimony:

- a) Please explain all capital work orders included in CWIP in 2014, 2015, and 2016 to date.
- b) Please explain how and whether Crimson records AFUDC or capitalized interest in its audited financial statements.

**PHILLIPS 2-56.** Regarding Exhibit No. MJW-2 of the Webb Testimony:

- a) Please explain the base year and test year periods in this case (as used by Dr. Webb) and why, in Dr. Webb's belief and understanding, such periods are appropriate for the determination of rates in the Proceeding.
- b) Please explain how updated information through the hearing date should be reflected in the determination of rates in the Proceeding according to the belief and understanding of Dr. Webb.
- c) Please explain all authorities to which Crimson pays taxes included in Account 580.

**PHILLIPS 2-57.** Please explain whether and how Crimson maintains spare parts and materials necessary to operate the Crimson Pipelines and the Crimson System.

**PHILLIPS 2-58.** Regarding the Webb Testimony, please explain how the inclusion of Dr. Webb's claimed federal or state income tax allowance for rate-making purposes is consistent with the prior practice and precedent of the Commission or consistent with the United State Court of Appeals for the District of Columbia Circuit decision in *United Airlines, et al. v. FERC, et al.*, No. 11-1479, 2016 U.S. App. LEXIS 12122 (D.C. Cir. July 1, 2016), on a Federal Energy Regulatory Commission oil pipeline rate case, given that Crimson is a partnership that does not directly pay taxes.

Respectfully submitted this 2nd day of September, 2016

*/s/ Seth D. Hilton*

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Attorneys for Phillips 66 Company

**Attachment C**

**Crimson's Response to First Set of Data Requests**

**RESPONSE OF CRIMSON TO  
P66 FIRST DATA REQUEST**

**PHILLIPS 1-1.** Please provide an explanation of Crimson's "Safety Program " including providing all related documents provided to the operating committee, the management committee, or Mr. John Grier regarding the Safety Program:

- a) Please explain how the safety programs differs from the integrity management program.

**RESPONSE TO PHILLIPS 1-1:**

Crimson objects to this request on grounds that it is vague and ambiguous, unduly broad and burdensome, and not likely to lead to the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows: Crimson's Safety Manual is proprietary. It will be provided to designated party representatives upon execution of an appropriate non-disclosure agreement.

**PHILLIPS 1-2.** Please explain Crimson's Integrity Management program and related testing for each of the six pipe line systems under review in this Proceeding as described by Crimson on Pages 4 and 5 of the Application (the "Crimson Pipelines").

- a) Please explain all steps (and provide the related operating costs and capital costs) Crimson has undertaken to improve the integrity of each of Crimson Pipelines and for all other pipelines owned by Crimson or its parent or affiliate companies (the "Crimson System").

**RESPONSE TO PHILLIPS 1-2:**

Crimson objects to this request that it is vague and ambiguous, unduly broad and burdensome, not likely to lead to the development of relevant evidence, and a premature effort to engage in cross-examination. Without waiving any of its objections, Crimson responds as follows: Crimson's Integrity Management Manual is proprietary. It will be provided to designated party representatives upon execution of an appropriate non-

disclosure agreement. Also, see Crimson Response to TRM 3, TRM 4, TRM 5, TRM 6, TRM 21, TRM 22, and TRM 23. (previously provided).

**PHILLIPS 1-3.** Please provide a history and an explanation of leak occurrences for the Crimson Pipelines and for the Crimson System for the last three years. For each event, please provide a cost summary (operating and capital costs) related to the remediation of the leak event.

**RESPONSE TO PHILLIPS 1-3:**

Crimson objects to this request that it is vague and ambiguous, unduly broad and burdensome, and not likely to lead to the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows:

Incident	Explanation	Approx. Estimated Cost
La Cienega	3 <sup>rd</sup> Party Damage	\$3.5MM
Seal Beach Temple	3 <sup>rd</sup> Party Damage	\$0.6MM
Camarillo	Pin-hole in Valve Fitting	\$0.3MM
Hwy. 118/Somis	3 <sup>rd</sup> Party Damage	\$2.2MM
Ventura Grove	Under Investigation	To Be Determined

**PHILLIPS 1-4.** Please explain Crimson's monthly, quarterly and annual accounting closing processes.

**RESPONSE TO PHILLIPS 1-4:**

Crimson objects to this request that it is vague and ambiguous, unduly broad and burdensome, and not likely to lead to the development of relevant evidence. Without

waiving any of its objections, Crimson responds as follows: See Direct Testimony of Robert L. Waldron dated August 17, 2016; pp. 6-7.

**PHILLIPS 1-5.** Please explain Crimson's budgeting and forecasting processes, including an explanation as to whether Crimson prepares a multi-year forecast process once (or more) annually.

- a) Please explain how actual costs are compared to forecasted costs.
- b) Please provide a separate explanation for each of the operating budget and the capital budget.
- c) Please provide Crimson's last long term planning budget and forecast and related documents.
- d) Please provide any budgets, forecasts or planning documents provided to investors or creditors for 2014, 2015, and 2016.
- e) Please explain how location cost codes or cost responsibility centers are used to budget, forecast and to determine actual costs for each of the systems at issue in this proceeding and for the recently purchased KLM Pipeline.

**RESPONSE TO PHILLIPS 1-5:**

Crimson objects to this request that it is vague and ambiguous, unduly broad and burdensome, and not likely to lead to the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows: See Direct Testimony of Robert L. Waldron dated August 17, 2016. Also see Attachment A; Crimson 2016 Budget (electronic format only). Crimson further responds that cost codes are not used for budgeting, forecasting, or determination of system-wide actual costs.

**PHILLIPS 1-6.** Please list and explain each preventive repair for the last three years (including providing related costs) on the Crimson Pipelines or on the Crimson System and explain whether the repair costs were expensed or capitalized.

**RESPONSE TO PHILLIPS 1-6:**

Crimson objects to this request that it is vague and ambiguous, unduly broad and burdensome, and not likely to lead to the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows: See Crimson Response to TRM 3, TRM 4, TRM 5, TRM 6, TRM 21, TRM 22, and TRM 23. (previously provided).

**PHILLIPS 1-7.** Please list and explain each precautionary repair for the last three years (including providing related costs) on the Crimson Pipelines or on the Crimson System and explain whether the repair costs were expensed or capitalized.

**RESPONSE TO PHILLIPS 1-7:**

Crimson objects to this request that it is vague and ambiguous, unduly broad and burdensome, and not likely to lead to the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows: See Response to Phillips 1-6.

**PHILLIPS 1-8.** Please explain Crimson's capitalization policies, provide Crimson's accounting manual, and explain how Crimson determines whether to expense or capitalize any system cost, with a particular focus on how Crimson expenses or capitalizes pipeline integrity costs.

**RESPONSE TO PHILLIPS 1-8:**

Crimson objects to this request that it is vague and ambiguous, unduly broad and burdensome, and not likely to lead to the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows: There is no general accounting manual. Also, see Attachment B; "Capital v. Expense" Guidelines (electronic format only)..

**PHILLIPS 1-9.** On a system map, please highlight all segments where older sections of pipeline have been replaced in the last three years.

**RESPONSE TO PHILLIPS 1-9:**

Crimson objects to this request that it is vague and ambiguous, unduly broad and burdensome, and not likely to lead to the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows: See Crimson Response to TRM 1, TRM 3, TRM 4, TRM 5, TRM 6, TRM 21, TRM 22, and TRM 23. (previously provided).

**PHILLIPS 1-10.** Please list all categories of Crimson's general plant assets (computers, software, buildings, furniture, transportation equipment, work equipment, etc.).

**RESPONSE TO PHILLIPS 1-10:**

Crimson objects to this request that it is vague and ambiguous, unduly broad and burdensome, and not likely to lead to the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows: See Response to TRM 27 (previously provided).

**PHILLIPS 1-11.** Please explain where Crimson's offices are located and how corporate office costs are allocated to the Crimson Pipelines.

**RESPONSE TO PHILLIPS 1-11:**

Crimson's primary offices are in Denver, Colorado and Long Beach, California; See Direct Testimony of Robert L. Waldron dated August 17, 2016; pp. 5-6. Also, see Response to TRM 29 (previously provided).

**PHILLIPS 1-12.** Regarding Page 6 of the Application and Paragraph 15 of Exhibit D of the Application, Declaration of Michael J. Webb In Support of Requested Rate Increases ("Webb Declaration"):

- a) Please explain why Crimson believes its throughput will decline, including an explanation of all marketplace conditions and competitive options available to shippers.
- b) Provide Crimson throughput and related revenues by origin and delivery for each month from January 1, 2015 to August 31, 2016.

**RESPONSE TO PHILLIPS 1-12:**

Crimson objects to this request that it is vague and ambiguous, unduly broad and burdensome, not likely to lead to the development of relevant evidence, and a premature effort to engage in cross-examination. Without waiving any of its objections, Crimson responds as follows: See Direct Testimony of Larry W. Alexander dated August 17, 2016; p. 15; also see Responses to TRM 17, TRM 34 and V 1-6 (previously provided).

**PHILLIPS 1-13.** Please explain Crimson's parts and materials inventory practices and provide an end-of-month inventory level for each month from January 2015 through August 2016.

**RESPONSE TO PHILLIPS 1-13:**

Crimson objects to this request that it is not likely to lead to the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows: There is no material inventory.

**PHILLIPS 1-14.** Please explain how Crimson accounts for and reflects on its books monthly inventory valuation related to tank storage inventory quantities.

**RESPONSE TO PHILLIPS 1-14:**

Crimson objects to this request that it is not likely to lead the the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows: All inventory is shipper-owned.

**PHILLIPS 1-15.** Please explain how and when Crimson sold quantities of oil associated with its Product Loss Allowance ("PLA") retention amounts.

- a) Please provide the quantity, price and revenue by month of all oil sales made by Crimson for 2014, 2015, and 2016.
- b) Please explain how recent crude oil price increases have impacted Crimson.

**RESPONSE TO PHILLIPS 1-15:**

Crimson objects to this request that it is vague and ambiguous, unduly broad and burdensome, not likely to lead the the development of relevant evidence, and a premature effort to engage in cross-examination. Without waiving any of its objections, Crimson responds as follows: See Attachment C; 2014/2015/2016 PLA Workbooks; also see Direct Testimony of Larry W. Alexander dated August 17, 2016; p. 14.

**PHILLIPS 1-16.** Please explain how Crimson determines actual product losses during each monthly, quarterly, and annual accounting cycle.

- a) Please provide the monthly product loss amount in total and for each of the Crimson Pipelines for each month of 2015 and 2016 to date.

**RESPONSE TO PHILLIPS 1-16:**

See Response to V 1-8 (previously provided).

**PHILLIPS 1-17.** Please explain Crimson's policies related to decisions to expense or capitalize pipeline integrity testing costs, pipeline remediation, pipeline repair, pipeline modernization, and pipeline safety costs.

**RESPONSE TO PHILLIPS 1-17:**

See Response to Phillips 1-8.

**PHILLIPS 1-18.** Please list each power provider by facility.

**RESPONSE TO PHILLIPS 1-18:**

Crimson objects to this request grounds that it is unduly broad and burdensome and not likely to lead to the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows: Crimson's primary power providers are Southern California Edison and LADWP.

**PHILLIPS 1-19.** Please list Crimson's current employees as of July 31, 2016 by job title with a location and cost center designation and describe how the employee count has changed in the last twelve months.

**RESPONSE TO PHILLIPS 1-19:**

Crimson objects to this request grounds that it is unduly broad and burdensome and not likely to lead to the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows: See Attachment D, Current Employee Data.

**PHILLIPS 1-20.** Please explain how field employees log the time worked on each of the Crimson Pipelines by company cost center or expense center.

**RESPONSE TO PHILLIPS 1-20:**

Crimson objects to this request grounds that it is unduly broad and burdensome and not likely to lead to the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows: See Response to Phillips 1-19.

**PHILLIPS 1-21.** Please explain how office employees log the time worked on each of the Crimson Pipelines by company cost center or expense center.

**RESPONSE TO PHILLIPS 1-21:**

See Response to Phillips 1-19.

**PHILLIPS 1-22.** Please explain and list the corporate parent or affiliates which allocate corporate overhead operating costs to Crimson.

**RESPONSE TO PHILLIPS 1-22:**

See Response to TRM 29 (previously provided); also see Direct Testimony of Robert L. Waldron dated August 17, 2016.

**PHILLIPS 1-23** Please explain the basis and the methods used to 1) directly assign direct corporate costs and 2) allocate indirect corporate costs to Crimson. Provide any related workpapers.

- a) Please explain whether the corporate overhead allocation percentages are re-determined once annually or at some other interval.

**RESPONSE TO PHILLIPS 1-23:**

See Response to Phillips 1-22.

**PHILLIPS 1-24.** Please provide a copy of each property insurance policy held by Crimson for 2015 and 2016 .

- a) Please explain the coverage limits and any deductibles.
- b) Please explain whether Crimson is self-insured in any manner.
- c) Please list all insurance claims by pipeline system made by Crimson in 2015 and 2016.
- d) Please list all insurance claims outstanding and identify any operating or costs recorded in 2015 and 2016 that are subject to such claims.

**RESPONSE TO PHILLIPS 1-24:**

- (a) See Attachment E, Insurance Coverage.
- (b) See Attachment E, Insurance Coverage.
- (c) No insurance claims were filed in 2015. An insurance claim related to the Ventura Grove incident has been filed in 2016.
- (d) There are no 2015/2016 costs that are the subject of outstanding claims.

**PHILLIPS 1-25.** Please explain how the book depreciation expense was determined for the Statement of Income provided in Exhibit B of the Application.

- a) Please provide all related computations and workpapers.
- b) Provide the book depreciation amounts by month for 2015 and 2016, including the depreciable plant and the rate applied to determine the booked expense.
- c) Please explain how general plant accounts (such as vehicles and computers) are depreciated and retired.
- d) Please explain whether Crimson has historically used different depreciation rates for gathering and mainline assets.
- e) Please explain how Crimson computes tax depreciation and provide a schedule showing tax depreciation and related computations for 2014 and 2015.
- f)

**RESPONSE TO PHILLIPS 1-25:**

Crimson objects to this request grounds that it is unduly broad and burdensome and not likely to lead to the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows: Crimson complies with GAAP; expense is based upon initial costs and expected life of the asset, 35 years in the case of pipelines. With regard to ratemaking depreciation, see Direct Testimony of Matthew A. Petersen dated August 17, 2016; Crimson does not use separate depreciation rates for gathering and mainline assets. Crimson follows IRS and Franchise Tax Board rules for federal and state tax depreciation, respectively. Federal tax depreciation was \$4,042,073 and \$3,851,540 in 2014 and 2015, respectively. California tax depreciation was \$3,774,181 and \$3,746,985 in 2014 and 2015, respectively.

**PHILLIPS 1-26.** Regarding Paragraph 11 of the Webb Declaration, please explain how ADIT were computed given that Crimson is a tax-flow-through entity that does not directly pay federal income taxes, including an explanation of whether and how bonus depreciation is reflected in the computed amounts.

**RESPONSE TO PHILLIPS 1-26:**

Crimson generates tax liability for its owner(s); Dr. Webb's calculations do not account for bonus depreciation; also see Direct Testimony of Michael J. Webb dated August 17, 2016; also, see MJW-2; Schedule 9.

**PHILLIPS 1-27.** Please explain whether and how marketplace competitive conditions and marketplace economic conditions have changed the origin quantities by location and changed the delivery destination quantities by location over each of the last three years and during 2016.

**RESPONSE TO PHILLIPS 1-27:**

Crimson objects to this question on grounds that it is vague and ambiguous, overly broad and burdensome, and not likely to lead to the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows: See Direct Testimony of Larry W. Alexander dated August 17, 2016; p. 4.

**PHILLIPS 1-28.** Regarding Paragraph 15 of the Webb Declaration, please explain whether, to the best of Dr. Webb's understanding and belief, the estimated 5% quantity decline is expected to occur equally on each and every origin/destination combination.

**RESPONSE TO PHILLIPS 1-28:**

5% refers to an aggregate, Dr. Webb has no knowledge of throughput trends for each origin-destination pair.

**PHILLIPS 1-29.** Please list and provide actual cash property tax payments made to each property tax authority by month for the 2015 and 2016, to date periods.

**RESPONSE TO PHILLIPS 1-29:**

Crimson objects to this request that it is vague and ambiguous and lacks foundation. Without waiving any of its objects, Crimson responds as follows: Property tax payments for tax year 2015 totaled \$357,819.

**PHILLIPS 1-30.** Please explain whether Crimson has protested or appealed any property tax valuations in 2014, 2015, or 2016.

**RESPONSE TO PHILLIPS 1-30:**

Crimson objects to this question on grounds that it is vague and ambiguous, overly broad and burdensome, and not likely to lead to the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows: Crimson has not protested or appealed any property tax valuations.

**PHILLIPS 1-31.** Regarding Footnote 4 on Page 1 of Exhibit No. MJW-7 to the Webb Declaration, please provide an updated inflation rate for the 12-month period through July 2016.

**RESPONSE TO PHILLIPS 1-31:**

The footnote provides the source regarding inflation rates; the referenced source is publicly available.

**PHILLIPS 1-32.** Regarding Page 1 of Exhibit No. MJW-7 to the Webb Declaration, please explain whether and why, in Dr. Webb's understanding and belief, it is reasonable to use proxy companies in a DCF model with negative 5-year growth rates or 5-year growth rates above 30%.

**RESPONSE TO PHILLIPS 1-32:**

Crimson objects to this request on grounds that it is argumentative and more properly the subject of cross-examination. Without waiving any of its objections, Crimson responds as follows: See Direct Testimony of Michael J. Webb dated August 17, 2016; p. 23.

**PHILLIPS 1-33.** Regarding Paragraph 12 of the Application Amendment Webb Declaration, please explain why Crimson performs more maintenance and repair expense in summer and early fall given the weather conditions in its service territory.

**RESPONSE TO PHILLIPS 1-33:**

Crimson objects to this request on grounds that it is vague and ambiguous. Without waiving any of its objections, Crimson responds as follows: It performs maintenance and repair services both as needed and as planned. Weather is generally not an issue for the service territory that is the subject of the application.

**PHILLIPS 1-34.** Please explain how Crimson allocates and or directly assigns costs to the KLM Pipeline.

**RESPONSE TO PHILLIPS 1-34:**

Crimson objects to this request on grounds of relevance. Without waiving its objection, Crimson responds as follows: See TRM 29 (previously provided) and Direct Testimony of Robert L. Waldron dated August 17, 2016.

**PHILLIPS 1-35.** Please list, quantify, and explain the regulatory compliance obligations and related costs that have led to increased operating costs.

**RESPONSE TO PHILLIPS 1-35:**

Information responsive to this request is set forth in documentation of Crimson's Integrity Management Program which information is proprietary. See Responses to Phillips 1-1 and 1-2.

**PHILLIPS 1-36.** Please explain whether and how Crimson's property tax valuations in 2014, 2015, and 2016 have been impacted by Crimson's claims of declining revenues.

**RESPONSE TO PHILLIPS 1-36:**

Crimson objects to this request on grounds that it is argumentative, lacks foundation, relevance. Without waiving any of its objections, Crimson responds as follows: Crimson's

property tax valuations, as determined by the Board of Equalization, were impacted by Crimson's 2015 negative income. In 2014 Crimson's pipelines assets were valued at approximately \$38 million. In 2015 Crimson's pipeline assets were valued at approximately \$18.5 million.

**PHILLIPS 1-37.** Please provide a mileage distance between each origin point and destination point combination and explain how such mileage amounts were determined.

**RESPONSE TO PHILLIPS 1-37:**

Crimson objects to this question on grounds that it is overly broad and burdensome and not likely to lead to the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows: See response to TRM 1 (previously provided).

**PHILLIPS 1-38.** Regarding Page 4, Lines 8-18 of the Peterson Testimony:

- a) Please explain what is meant by "initial" rate base in terms of the Crimson assets at issue in this Proceeding.
- b) What date(s) is considered to be the "initial" rate base date for each of the listed assets on page 3, lines 7-13?

**RESPONSE TO PHILLIPS 1-38:**

- (a) See Direct Testimony of Matthew A. Petersen; pp. 6-14 and MAP-6.
- (b) See Response to Phillips 1-38(a).

**PHILLIPS 1-39.** Regarding Page 12, Lines 1-7 of the Peterson Testimony:

- a) Please explain why pipeline mileage is the best method to determine the portion of Chevron's original cost rate base in the California Pipelines that is associated with the Inglewood segment.
- b) Please explain whether the Inglewood segment included any pumping stations (and how many) and whether the Chevron California Pipelines included pumping stations (and how many).
- c) Please explain whether Crimson values the KLM Pipeline initial rate base based on 97.04 percent of the Chevron California Pipeline system.
- d) Please explain whether Chevron or Crimson had capital project or other cost center identifiers in the oil plant investment accounting system that would enable the original cost of the Inglewood assets to be directly identified.

**RESPONSE TO PHILLIPS 1-39:**

Crimson objects to (c) of this request on grounds of relevance. Without waiving its objection, Crimson responds as follows:

- (a) By pipeline mileage, the Inglewood segment comprises 2.96 percent of the original cost rate base reflected in chevron's August 2008 CPUC filing. Applying this mileage factor, the original cost rate base of the the Inglewood segment established with the CPUC as of April 30, 2008 is \$1.4 million. As shown in Exhibit No. MAP-1, after applying depreciation up to the Crimson in-service date, the initial rate base figure that was provided to Dr. Webb for the Inglewood asset group is \$1.2 million.
- (b) It does not.
- (d) With respect to Chevron, Crimson has no response. Crimson is not aware of any cost center data relating to the original cost rate base of the Inglewood segment.

**PHILLIPS 1-40.** Regarding Page 3, Lines 7-13 of the Peterson Testimony:

- a) Please list the pipeline miles and diameters in each of the listed segments.
- b) Please explain all other assets in each of the listed segment (pump stations, measurement stations, storage tanks, loading facilities, etc.).

**RESPONSE TO PHILLIPS 1-40:**

Crimson objects to this request on grounds that it is unduly burdensome and unlikely to lead to the production of relevant evidence. Without waiving any of its objections, Crimson responds as follows: See TRM 1 (previously provided)

**PHILLIPS 1-41.** Regarding Page 4, Lines 5-8 of the Prepared Direct Testimony of Mr. Robert L. Waldron on Behalf of Crimson California Pipeline, L.P., dated August 17, 2016 ("Waldron Testimony"):

- a) Based upon Mr. Waldron's belief and understanding, please explain those business or financial factors of Crimson Midstream Operating, LLC ("Midstream") that would result in a current debt rating not higher than B.
- b) Please explain all factors that Mr. Waldron believes rating agencies review in general and would review for Crimson to determine a credit rating of "B," to the best of Mr. Waldron's understanding and belief.

**RESPONSE TO PHILLIPS 1-41:**

As Mr. Waldron testifies, company's credit rating is based on several factors with typically the most important being size, diversity and stability of cash flow and credit metrics. Based on discussions with lenders, and my experience, it is Mr. Waldron's opinion that Midstream would currently be rated no higher than B. Also, see Attachment F, Credit Rating Methodology.

**PHILLIPS 1-42.** Regarding Page 4, Lines 13-15 of the Waldron Testimony:

- a) Please describe the structure of the accounting records for both operating expenses and capital investments including the relevant account level and sub-account level coding to the lowest level of account details.
- b) Please provide the most recent accounting manual.

**RESPONSE TO PHILLIPS 1-42:**

Crimson objects to this request on grounds that it is unduly burdensome and unlikely to lead to the production of relevant evidence. Without waiving any of its objections, Crimson responds as follows: There is no accounting manual. See Response to TRM 26 and TRM 27 (previously provided).

**PHILLIPS 1-43.** Regarding Page 5, Lines 2-3 of the Waldron Testimony:

- a) Please explain what percentage of Crimson's expenses are direct charges.
- b) Please explain the time period considered in drawing the conclusion that the "majority" of Crimson's expenses are direct charges.
- c) Please explain why Crimson incurs a high level of costs classified as outside services and provide details on the vendors and types of outside services.

**RESPONSE TO PHILLIPS 1-43:**

- (a) Approximately 75% of Crimson's expenses are direct charges.
- (b) 2015
- (c) argumentative and premature attempt at cross-examination. Without waiving any objection, Crimson responds as follows: See Attachment G, Vendor List

**PHILLIPS 1-44.** Regarding Page 5, Lines 9-12 of the Waldron Testimony:

- a) Please explain the management structure of Crimson (down to the field manager level) and of Midstream.
- b) Provide the most recent organization chart.

**RESPONSE TO PHILLIPS 1-44:**

Crimson objects to this request on grounds that it is unduly broad and burdensome.

Without waiving its objections, Crimson responds as follows: See Attachment H, Organization Chart.

**PHILLIPS 1-45.** Regarding Page 5, Lines 18-21 of the Waldron Testimony:

- a) Please explain whether the allocation percentages are based on historical actual assets, gross margins and number of operating employees or on a forecasted level of the same.
- b) Please explain the approximate calendar timeframe when the annual review is performed.
- c) Please explain whether there is any mid-year true-up process of the allocation percentages.
- d) Please explain if the allocation percentages are adjusted for significant mid-year events (such as the acquisition of the KLM Pipeline).
- e) Please explain the employee roles considered to be "operating employees" and explain any differences between operating employees and administrative employees.
- f) Please explain and describe all cost centers and their operating functions included in the shared support cost locations.
- g) Please explain why gross margins are appropriately used.

**RESPONSE TO PHILLIPS 1-45:**

Crimson objects to this request on grounds that it is unduly burdensome and unlikely to lead to the production of relevant evidence. Without waiving any of its objections, Crimson responds as follows:

- (a) Allocation percentages are based on actuals.
- (b) Allocations are reviewed after the prior year's financials are audited or approximately 2<sup>nd</sup> quarter.
- (c) There is no mid-year true-up process of allocation percentages.
- (d) Allocation percentages are adjusted for significant mid-year events.
- (e) Vague, ambiguous, irrelevant, and premature attempt at cross-examination.
- (f) See Direct Testimony of Robert L. Waldron dated August 17, 2016; also see Response to Phillips 1-19.
- (g) Gross margins are used for allocation because the use of revenues would result in an unreasonable allocation to subsidiaries with a high level of cost of goods sold.

**PHILLIPS 1-46.** Regarding Page 5, Line 23 to Page 6, Lines 1-3 of the Waldron Testimony:

- a) Please list all corporate cost centers and explain and describe their operating functions included in the corporate overhead cost functions.
- b) Please provide the number of corporate employees by each cost center.

**RESPONSE TO PHILLIPS 1-46:**

Crimson responds as follows:

- (a) There are no corporate cost centers.
- (b) See Response to Phillips 1-19.

(b) See Response to Phillips 1-19.

**PHILLIPS 1-47.** Please explain all renovation, repair and remediation costs Crimson incurred to place the Huntington Beach and Brea West facilities into common carrier service in 2014 and 2009, respectively.

**RESPONSE TO PHILLIPS 1-47:**

Crimson objects to this request on grounds of relevance. Without waiving its objections, Crimson responds as follows: It has no records related to cost incurred to place the Brea West facilities in common carrier service in 2009. With respect to Huntington Beach, AFEs responsive to this request have been provided in TRM 27 (previously supplied).

**PHILLIPS 1-48.** Regarding Exhibit No. MAP-6 to the Peterson Testimony:

- a) Please provide the most recent property tax valuations for each of the Crimson Pipelines or for Crimson in total.
- b) Please explain whether Crimson has protested any property tax valuations for each of the Crimson Pipelines or for Crimson in total.
- c) Please explain whether and how Mr. Petersen's evaluation has been used by Crimson for property tax purposes. If the valuation has not been used for property tax valuation purposes, explain why not.
- d) Please explain and list the federal and state income tax cost basis of each of the pipeline segments used to compute tax depreciation expense as used to prepare the partnership Form K-1 for 2014 and 2015 (and 2016 when available).

**RESPONSE TO PHILLIPS 1-48:**

(a) See Response to Phillips 1-30.

- (b) Mr. Petersen's evaluations have not been used for property tax purposes.
- (c) Argumentative and premature attempt at cross-examination.
- (d) The requested Information is not available by segment. 2014 income tax cost basis used to calculate depreciation expense was \$56,705,494. 2015 income tax cost basis used to calculate depreciation expense was \$57,182,991.

**PHILLIPS 1-49.** Regarding Page 10 of Exhibit No. MAP-6 to the Peterson Testimony:

- a) Please explain what price for crude oil would be considered a "normal level."
- b) Please provide throughput quantities and percentage decrease (increase) for each year of 2013, 2014, 2015, and 2016 by month to date.
- c) Please explain how recent increases in the price of crude oil, if any, have impacted the Crimson throughput.  
Please explain why Mr. Petersen conducted his interview in 2015 but Crimson did not ask for rate adjustment until 2016.
- d) Please explain whether Mr. Petersen has updated or refreshed his interview since 2015.

**RESPONSE TO PHILLIPS 1-49:**

Crimson objects to this request on grounds that it is vague and ambiguous, unduly burdensome, unlikely to lead to the development of relevant evidence, argumentative, and more properly the subject of cross-examination. Without waiving any of its objections, Crimson responds as follows: See Response to TRM 18; also see Response to Phillips 1-15.

**PHILLIPS 1-50.** Regarding Page 14 of Exhibit No. MAP-6 to the Peterson Testimony:

- a) Please explain whether and why, in Mr. Petersen's belief and understanding, it is appropriate to use the Iowa State University 70-R-3 Survivor Curve for the Crimson Oil Pipeline asset value analysis.
- b) What other survivor curves were considered as appropriate for the assets owned by Crimson?
- c) Please describe how the "best fit" of the chosen survivor curve was established.

**RESPONSE TO PHILLIPS 1-50:**

As explained in his valuation report, Mr. Petersen used the 70-R3 survivor curve because it is used in a corresponding context by the California Board of Equalization to estimate the physical life of California oil pipelines. Mr. Petersen relied upon the curve selection of the California Board of Equalization, performing no additional analysis with regard to selection of survivor curves.

**PHILLIPS 1-51.** Regarding Page 16 of Exhibit No. MAP-6 to the Peterson Testimony, please provide a workpaper detailing the computation of the weighted average age of property computations resulting in 30.2 years and the weighted average remaining life of property of 20.4 years.

**RESPONSE TO PHILLIPS 1-51:**

See response to TRM 13(c) in the file called "TRM13c Crimson\_ValRpt wkpr.xlsx" at the 'Average remaining life' worksheet, row 9. (previously provided).

**PHILLIPS 1-52.** Regarding Page 11 of the Alexander Testimony, please describe and explain all different crude types that were commingled and blended on the Crimson system in total and on each segment in 2015 and 2016 to date. Please describe the optimum feedstock for

each refinery on the Crimson system. Please explain the importance of blending on the Crimson system and to deliver blended feedstock to its refiners.

**RESPONSE TO PHILLIPS 1-52:**

Crimson objects to this request on grounds that it is vague and ambiguous, unduly burdensome, unlikely to lead to the development of relevant evidence, argumentative, and more properly the subject of cross-examination. Without waiving any of its objections, Crimson responds as follows: Crimson does not purchase crude. Crimson does not operate refineries. Crimson provides common stream transportation services in accordance with its published tariff.

**PHILLIPS 1-53.** Regarding Page 14 of the Alexander Testimony:

- a) Please explain the circumstances of the Plains Refugio release.
- b) Please quantify all costs associated with the release and the cleanup of the release.

**RESPONSE TO PHILLIPS 1-53:**

Crimson objects to this request on grounds that it is vague and ambiguous, unduly burdensome, unlikely to lead to the development of relevant evidence, argumentative, and more properly the subject of cross-examination. Without waiving any of its objections, Crimson responds as follows:

- a) Plains had an oil spill in Santa Barbara county in 2015.
- b) See publicly available information regarding the Refugio release.

**PHILLIPS 1-54.** Regarding Page 15 of the Alexander Testimony, please provide the referenced year-to-date throughput data.

**RESPONSE TO PHILLIPS 1-54:**

See Response to V 1-6 (previously provided).

**PHILLIPS 1-55.** Regarding the Prepared Direct Testimony of Dr. Michael J. Webb on Behalf of Crimson California Pipeline, L.P. dated August 17, 2016 ("Webb Testimony"):

- a) Please explain why Dr. Webb did not compute rates for each origin-destination point pair.

**RESPONSE TO PHILLIPS 1-55:**

Crimson objects to this request on grounds that it lacks foundation, is argumentative, and, if appropriate at all, should be the subject of cross-examination. Without waiving any of its objections, Crimson responds that Crimson has asked the Commission to authorize and adopt a uniform, system-wide rate increase.

**PHILLIPS 1-56.** Regarding Page 10, Lines 20-22 to Page 11, Lines 1-2 of the Webb Testimony:

- a) Please explain how fees, issuance costs, and gains/losses on reacquired debt should be considered in determining the cost of debt, in Dr. Webb's understanding and belief.
- b) Please explain how short-term debt of an oil pipeline should be considered in the capital structure and in the cost of debt computations in Dr. Webb's understanding and belief.
- c) Please explain how variable interest rate debt (both short-term and long-term) should be considered in the cost of debt computations in Dr. Webb's understanding and belief.

**RESPONSE TO PHILLIPS 1-56:**

The example presented is illustrative and does not account for these additional costs that would increase the cost of debt. Dr. Webb does not discuss short-term interest in the cited text. Dr. Webb does not discuss variable rate interest debt in the cited text.

**PHILLIPS 1-57.** Regarding Page 13, lines 9-13 of the Webb Testimony:

- a) Please explain and list the restrictive debt covenants.
- b) Please provide the line of credit agreement(s).
- c) Please explain the basis of Dr. Webb's conclusion that the covenants are different from those contained in debt oil pipelines "normally" issue.
- d) Please list all debt issuance of oil pipelines reviewed by Dr. Webb since 2008.

**RESPONSE TO PHILLIPS 1-57:**

- (a) The relevant credit agreement, including restrictive covenants, is Exhibit D to A. 15-06-019 and publicly available.
- (b) The credit agreement is Exhibit D to A. 15-06-019 and publicly available.
- (c) Dr. Webb relied on Mr. Waldron.
- (d) Dr. Webb has not conducted any such reviews.

**PHILLIPS 1-58.** Regarding Page 16, Lines 17-20 of the Webb Testimony, please explain the basis for Dr. Webb's belief and understanding that Crimson would be rated no better than a single B level (S&P) including providing all related computations and workpapers.

**RESPONSE TO PHILLIPS 1-58:**

Dr. Webb relied on Mr. Waldron.

**PHILLIPS 1-59.** Regarding Page 15 and 16 of the Webb Testimony, please explain whether Dr. Webb analyzed the types and tenors or the various debt issuances, including covenants, of each company in his proxy group. If yes, please provide any related conclusion and workpapers. If not, please explain why not.

**RESPONSE TO PHILLIPS 1-59:**

Dr. Webb's sample consists of debt for oil pipelines with debt ratings of "B" or comparable. He did not perform any additional analysis.

**PHILLIPS 1-60.** Regarding Webb Testimony Exhibit No. MJW-1, Schedule 2:

- a) Please provide the source of the data.
- b) Please explain and provide the business characteristics of each of the listed companies and explain why the companies are similar or different from Crimson in Dr. Webb's understanding and belief.

**RESPONSE TO PHILLIPS 1-60:**

- (a) Publicly available information.
- (b) The companies are selected based upon companies in a similar industry with bonds comparable to a B rating. Dr. Webb relied upon Mr. Waldron's assessment of the likely rating of long-term debt issued by Crimson.

**PHILLIPS 1-61.** Regarding Webb Testimony Exhibit No. MJW-1, Schedule 1, please explain why SPP exhibit data is used for purposes of this Exhibit.

**RESPONSE TO PHILLIPS 1-61:**

Dr. Webb believes these data are appropriate.

**PHILLIPS 1-62.** Regarding Page 23 of the Webb Testimony, please identify the past practice at the Commission to which Dr. Webb refers and how such past practice is represented by a 350 basis point adjustment.

**RESPONSE TO PHILLIPS 1-62:**

Dr. Webb does not rely on specific precedent. Instead, he relies on the general principle that rate of return must reflect risk. For the reasons outlined in the referenced portion of his testimony, he believes this adjustment appropriately captures the risk that Crimson faces.

**PHILLIPS 1-63.** Regarding Page 29, Lines 14-16 of the Webb Testimony, please explain why a 5-year amortization of litigation costs is reasonable.

**RESPONSE TO PHILLIPS 1-63:**

General regulatory practice amortizes legal costs for inclusion in rates over a 3-5 year period. Dr. Webb selected 5 years to be conservative

**PHILLIPS 1-64.** Regarding Page 28 of the Webb Testimony:

- a) Please explain why no normalizing or annualizing adjustment was required for employee labor costs or health related benefit costs.
- b) Please explain why no normalizing or annualizing adjustment was required for pipeline integrity or pipeline safety-related operating and maintenance expenses.

**RESPONSE TO PHILLIPS 1-64:**

(a)-(b) See Direct Testimony of Larry W. Alexander dated August 17, 2016; p. 13.

**PHILLIPS 1-65.** Regarding the Exhibit No. MJW-2, Schedule 6 of the Webb Testimony:

- a) Please explain how depreciation expense has been recorded (including an explanation of rate(s) used to determine such booked expense) on Crimson's audited financial books and records.
- b) Please explain the tax depreciation rates used in Crimson's tax returns for 2014 and 2015 (and 2016 when available) including an explanation of bonus deprecation.

**RESPONSE TO PHILLIPS 1-65:**

Exhibit No. MJW-2, Schedule 6 does not reflect depreciation expense from Crimson's audited financial books and records. Exhibit No. MJW-2, Schedule 6 does not reflect tax depreciation used in Crimson's tax returns.

**PHILLIPS 1-66.** Regarding the Exhibit No. MJW-2, Schedule 9 and 10 of the Webb Testimony:

- a) Please explain whether the maximum statutory marginal corporate individual state and federal income tax rate has been consistent from 2005 through 2015 to the best of Dr. Webb's understanding and belief.
- b) Please explain why it was reasonable for Dr. Webb to use a consistent federal and state income tax rate to compute historical ADIT.
- c) Please explain whether Crimson's corporate owner(s) was subject to a 34% or a 35% tax rate based on the relative size for each year from 2005-2015.
- d) Please explain whether the ownership of Crimson between corporate and individual was consistent from 2005-2015.

**RESPONSE TO PHILLIPS 1-66:**

(a) Dr. Webb used a conservative simplifying assumptions of a 35% income tax rate for the entire period.

(b) Dr. Webb used a conservative simplifying assumptions of a 35% income tax rate for the entire period. The use of 35% rate increases the balance for ADIT and reduces the balance for Rate Base.

(c) The question is unintelligible.

(d) John Grier, an individual, has retained control of Crimson from 2005-2015. Webb has assumed constant ownership % in his COS calculations.

**PHILLIPS 1-67.** Please list and explain when each of the Crimson Pipelines were tested with a "smart-pig."

**RESPONSE TO PHILLIPS 1-67:**

See TRM 20 (previously provided).

**PHILLIPS 1-68.** Please describe the integrity, quality, and operating condition of each segment of the Crimson Pipelines as of mid-2016 and describe any upcoming planned improvements or repairs.

**RESPONSE TO PHILLIPS 1-68:**

See Response to Phillips 1-1 and 1-2.

**PHILLIPS 1-69.** Please explain whether any of the segments of the Crimson Pipelines is used at a higher load factor than the system in general.

**RESPONSE TO PHILLIPS 1-69:**

Crimson objects to this request on grounds of relevance.

**PHILLIPS 1-70.** Please provide the capacity of each segment of the six pipeline systems.

**RESPONSE TO PHILLIPS 1-70:**

Approximate barrel per day capacity:

THUMS 8": 35,000 barrels per day

Line 600: 25,000 barrels per day

Line 700/Brea/Northam: 20,000 barrels per day

Ventura System: 50,000 barrels per day

**PHILLIPS 1-71.** Please provide the throughput of each segment of the Crimson Pipelines for each month in 2016.

**RESPONSE TO PHILLIPS 1-71:**

Crimson objects to this request on grounds that it is overly broad and unduly burdensome and unlikely to lead to the development of relevant evidence. Without waiving any of its objections, Crimson responds as follows: See Response to V 1-6 (previously provided).

**PHILLIPS 1-72.** Please provide copies of all responses by Crimson to formal or informal data requests or other discovery requests of other parties in this Proceeding.

**RESPONSE TO PHILLIPS 1-72:**

All Crimson responses to formal or informal data requests have been provided.

ATTACHMENT A

2016 CRIMSON BUDGET

(electronic format only)

ATTACHMENT B

CAPITAL V. EXPENSE GUIDELINES

(electronic format only)

ATTACHMENT C

PLA WORKBOOKS

(electronic format only)

ATTACHMENT D

CURRENT EMPLOYEE DATA

(electronic format only)

ATTACHMENT E

INSURANCE COVERAGE

(electronic format only)

ATTACHMENT F

CREDIT RATING METHODOLOGY

(electronic format only)

ATTACHMENT G

VENDOR LIST

(electronic format only)

ATTACHMENT H

ORGANIZATION CHART

(electronic format only)

**Attachment D**

**Crimson's Supplemental Response to First Set of Data Requests**

**SUPPLEMENT TO CRIMSON RESPONSE  
TO P66 FIRST DATA REQUEST**

**PHILLIPS 1-60.** Regarding Webb Testimony Exhibit No. MJW-1, Schedule 2:

- a) Please provide the source of the data.
- b) Please explain and provide the business characteristics of each of the listed companies and explain why the companies are similar or different from Crimson in Dr. Webb's understanding and belief.

**RESPONSE TO PHILLIPS 1-60:**

(a) Crimson provided Dr. Webb with 2015 market bond yield data to facilitate development of the cost of debt calculation used in the Application. In order to update this calculation through the end of the test year, Dr. Webb retrieved bond trade activity for the period 1/1/2016 through 7/31/2016 from FINRA, excluding trades with associated corrections or cancellations. Where FINRA indicates the trade volume as "1MM+", Dr. Webb has assumed the trade volume to be 1,000,000. This is referred to in the attached workpapers as the "FINRA Dataset". Dr. Webb elects to begin using the FINRA Dataset as of 1/22/2016, the earliest date by which the dataset shows a recorded trade for each of the selected company bonds.

(b) The companies are selected based upon companies in a similar industry with bonds comparable to a B rating. Dr. Webb relied upon Mr. Waldron's assessment of the likely rating of long-term debt issued by Crimson.

**Attachment E**

**Crimson's Response to Second Set of Data Requests**

**RESPONSE OF CRIMSON**  
**TO PHILLIPS 66 SECOND DATA REQUESTS**

**PHILLIPS 2-1.** Regarding Page 4 of the Application filed by Crimson on March 11, 2016 in this Proceeding (the "Application"), please explain what Crimson defines as a "marginal pipeline" and please explain what makes any given pipeline marginal.

**RESPONSE TO PHILLIPS 2-1:**

The cited reference describes a pipeline with declining throughput and little or no prospects for connections to new shippers.

**PHILLIPS 2-2.** Please list all new pipeline interconnections made in the past three years:

- a) Show all such interconnections on a map.
- b) Please provide the delivery quantities at each of the recent interconnection points by month for each of the last three years through July 2016.
- c) Please provide the capital cost for each interconnection project.

**RESPONSE TO PHILLIPS 2-2:**

Crimson objects to this request on grounds that it is vague and ambiguous, overly broad and unduly burdensome, and unlikely to lead to the production of relevant evidence.. Without waiving any of its objections, Crimson responds as follows: (1) Warren Townlot (THUMS 8"); and (2) Northam - Huntington Beach #3-6; and (3) Alondra Interconnect. Also see Direct Testimony of Matthew A. Petersen dated August 17, 2016; also see Response to TRM 20 (previously provided); also see Response to TRM 1 (previously provided).

**PHILLIPS 2-3.** Please explain whether Crimson defines any difference between a preventive repair and a precautionary repair.

**RESPONSE TO PHILLIPS 2-3:**

Crimson does not define any difference between preventive repair and precautionary repair.

**PHILLIPS 2-4:** Please list the officers of Crimson California Pipeline, L.P.

**RESPONSE TO PHILLIPS 2-4:**

Crimson objects to this request on grounds that it lacks foundation. Without waiving its objection, Crimson responds as follows: See p. 2 of 2015 CPUC annual report. (previously provided).

**PHILLIPS 2-5.** Please explain why the Crimson Financial Statements, provided as Exhibit B to the Application, are unaudited and explain each purpose for which Crimson employs independent auditors for any purpose.

**RESPONSE TO PHILLIPS 2-5:**

Crimson objects to this request on grounds that it is vague and ambiguous, overly broad and unduly burdensome, and unlikely to lead to the production of relevant evidence.. Without waiving any of its objections, Crimson responds as follows: The most recent, unaudited statements relevant to the time period at issue were provided in the application. Also see Direct Testimony of Robert L. Waldron dated August 17, 2016; p. 7.

**PHILLIPS 2-6.** Please explain the "Prepaid and other current assets" line item included on the Balance Sheet provided in Exhibit B of the Application.

**RESPONSE TO PHILLIPS 2-6:**

The referenced entry includes amounts related to materials and supplies, prepaids including Deposits, Insurance, ROW, Rent, Property Tax, CSFM Fee, and General.

**PHILLIPS 2-7.** Please explain Crimson's meter testing and calibration practices.

**RESPONSE TO PHILLIPS 2-7:**

See Crimson California Cal. P.U.C. Tariff 27, Item 70. Also see Attachment A; Crimson Measurement Policy.

**PHILLIPS 2-8.** Please explain all steps Crimson employs to limit losses from the six pipeline systems under rate review in this Proceeding as described by Crimson on Pages 4 and 5 of the Application (the "Crimson Pipelines") and from other pipelines owned by Crimson or its parent or affiliate companies (the "Crimson System"), including managing system measurement issues and leak detection practices and procedures.

**RESPONSE TO PHILLIPS 2-8:**

Crimson objects to this request on grounds that it is vague and ambiguous, overly broad and unduly burdensome, and unlikely to lead to the production of relevant evidence. Without waiving any of its objections, Crimson responds as follows: See Response to Phillips 2-7.

**PHILLIPS 2-9.** Please explain the "Other long-term liabilities" line item included on the Balance Sheet provided in Exhibit B of the Application.

**RESPONSE TO PHILLIPS 2-9:**

The "Other long-term liabilities" balance is associated with reimbursable projects.

**PHILLIPS 2-10.** Please explain how and when Crimson distributes available cash to its owners.

**RESPONSE TO PHILIPS 2-10:**

Distributions come two ways, discretionary and tax. The tax distribution is calculated to cover pass through taxes to John Grier and NGP for their proportionate share of K-1 income taxes. Discretionary distributions are paid at John Grier's or NGP's discretion. There have been no cash distributions to the owners in 2016.

**PHILLIPS 2-11.** Please provide an audited cash flow statement for December 31, 2015.

**RESPONSE TO PHILIPS 2-11:**

An audited cash flow statement at the Crimson California level is not available.

**PHILLIPS 2-12.** Please provide an income statement, balance sheet, and statements of cash flow for June 30, 2016, July 31, 2016, and August 31, 2016.

**RESPONSE TO PHILIPS 2-12:**

Cash flow statements are not prepared at the Crimson California level. August 31, 2016 books have not been closed. See Attachment B; "Financial Statements- May, June and July, 2016."

**PHILLIPS 2-13.** Please list all outside service costs by month by vendor for 2015 and 2016 and include an explanation as to why the outside service was necessary.

**RESPONSE TO PHILIPS 2-13:**

Crimson objects to this request on grounds that it is vague and ambiguous, overly broad and unduly burdensome, and unlikely to lead to the production of relevant evidence. Without waiving any of its objections, Crimson responds as follows: See Response to Phillips 1-43.

**PHILLIPS 2-14.** Please explain Crimson's pay policies including a description of any incentive pay mechanisms and provide any board-type or senior management reports describing employee pay and benefit practices and policies.

**RESPONSE TO PHILIPS 2-14:**

Crimson objects to this request on grounds that it is vague and ambiguous, overly broad and unduly burdensome, and unlikely to lead to the production of relevant evidence. Without waiving any of its objections, Crimson responds as follows: Crimson's pay policies are based on a number of factors including experience, education, performance, and market conditions.

**PHILLIPS 2-15.** Please explain how shared corporate employees log the time worked on each of the Crimson Pipelines by company cost center or expense center.

- a) Please explain how Crimson computes tax depreciation and provide a schedule showing tax depreciation and related computations for 2014 and 2015.

**RESPONSE TO PHILIPS 2-15:**

Crimson objects to this request on grounds that it is vague and ambiguous, overly broad and unduly burdensome, and unlikely to lead to the production of relevant evidence. Without waiving any of its objections, Crimson responds as follows: See Response to Phillips 1-19 and 1-25.

**PHILLIPS 2-16.** Regarding Crimson's employee benefit plans:

- a) Please explain and list each of Crimson's employee benefit plans.

b) Please provide the employee benefit cost by type for each month of the 2015 base year and the 2016 test year.

**RESPONSE TO PHILIPS 2-16:**

Crimson objects to this request on grounds that it is vague and ambiguous, overly broad and unduly burdensome, and unlikely to lead to the production of relevant evidence. Without waiving any of its objections, Crimson responds as follows: See Response to TRM 9. (previously provided).

**PHILLIPS 2-17.** Regarding Paragraph 3 of Exhibit D of the Application, Declaration of Michael J. Webb In Support of Requested Rate Increases ("Webb Declaration"), please explain all procedures and policies and practices of Dr. Webb to confirm the reasonableness of the cost information provided to Dr. Webb by Crimson.

**RESPONSE TO PHILIPS 2-17:**

Dr. Webb relied on data provided by Crimson. Dr. Webb had numerous conversations with relevant Crimson personnel (e.g. Mr. Waldron and Mr. Alexander) to ensure Crimson employed appropriate policies, procedures, and practices such that these costs were appropriate for ratemaking.

**PHILLIPS 2-18.** Please explain which operating and capital costs of Crimson Dr. Webb considers to vary with distance of haul and those that Dr. Webb considers to not vary with distance of haul.

**RESPONSE TO PHILIPS 2-18:**

Crimson objects to this request on grounds that it is vague and ambiguous and lacks foundation and relevance. Dr. Webb has not addressed or analyzed the referenced issue.

**PHILLIPS 2-19.** Please explain whether Crimson's existing rates for each of the Crimson Pipelines reflect distance of haul, to the best of Dr. Webb's belief and understanding.

**RESPONSE TO PHILIPS 2-19:**

See Direct Testimony of Larry W. Alexander dated Augusts 17, 2016; pp. 9-10.

**PHILLIPS 2-20.** Please reconcile the \$33.1 million of operating expenses in 2015 referred to in Paragraph 6 of the Webb Declaration to the amounts shown on the Balance Sheet provided in Exhibit B of the Application.

**RESPONSE TO PHILIPS 2-20:**

Crimson objects to this request on grounds that it lacks foundation. Without waiving its objection, Crimson responds that operating expenses are not shown on the balance sheet.

**PHILLIPS 2-21.** Please explain whether and how Crimson recorded AFUDC in the book balance sheet or book income statement accounts in 2015 or 2016.

**RESPONSE TO PHILIPS 2-21:**

Crimson objects to this request on grounds that it lacks foundation. Without waiving its objection, Crimson responds that oil pipelines do not record AFUDC on their books.

**PHILLIPS 2-22.** For each of the facilities that were idle at the time of acquisition, please explain whether Dr. Webb would recommend the use of original cost if the facility had been in public service prior to the date(s) the facility(s) was idled.

**RESPONSE TO PHILIPS 2-22:**

Yes. In all cases involving setting cost-based rates before this Commission, Dr. Webb recommends setting rates on the basis of original cost defined as the economic cost to the first person to place an asset in public service.

**PHILLIPS 2-23.** Regarding Paragraph 9 of the Webb Declaration, please provide and explain all Commission precedent relied upon by Mr. Peterson to determine that three assets warrant the use of fair value.

**RESPONSE TO PHILIPS 2-23:**

See Direct Testimony of Matthew A. Petersen dated August 17, 2016; pp. 6 and 13-14.

**PHILLIPS 2-24.** Regarding the statement in Paragraph 12 of the Webb Declaration that the entire Crimson network should be a considered a single system, please explain why it is reasonable, in Dr. Webb's understanding and beliefs, that the rates vary depending on the origin-destination combinations.

**RESPONSE TO PHILIPS 2-24:**

Dr. Webb relied on Mr. Alexander's representation of the integrated nature of the system See Direct Testimony of Larry W. Alexander dated August 17, 2016; pp. 5-6.

**PHILLIPS 2-25.** Regarding Paragraph 12 of the Webb Declaration, please explain the basis and reasons for Mr. Peterson's understanding and belief that the oil fields providing transportation barrels to Crimson for transportation will operate for twenty more years. Please provide all related documents and workpapers.

**RESPONSE TO PHILIPS 2-25:**

See Direct Testimony of Matthew A. Petersen dated August 17, 2016; pp. 21-26.

**PHILLIPS 2-26.** Regarding Paragraph 17 of the Webb Declaration, please explain what has been Crimson's actual product losses for each of the last three years, to the best of Dr. Webb's understanding and belief.

**RESPONSE TO PHILIPS 2-26:**

See Response to Valero 1-8 (previously provided).

**PHILLIPS 2-27.** Regarding Paragraph 24 of the Webb Declaration, please explain whether it is Dr. Webb's understanding and belief that long term debt cannot be subject to variable interest rates.

- a) Please describe the duration or term of "long term debt" as Dr. Webb has used the term in the Webb Declaration.
- b) Please explain how Crimson financed the purchase of the KLM Pipeline from Chevron Pipe Line Company ("Chevron").

**RESPONSE TO PHILIPS 2-27:**

Crimson objects to this request on grounds of relevance. Without waiving its objections, Crimson responds as follows: Paragraph 24 is limited to discussion of the appropriate capital structure. Dr. Webb expresses no opinion on interest rates in this paragraph. KLM debt costs are not discussed in paragraph 24.

**PHILLIPS 2-28.** Regarding Paragraphs 24 and 25 of the Webb Declaration, provide an explanation of the basis and reasons for Dr. Webb's statement that the oil resources or oil fields that Crimson relies upon have declining production.

- a) Please provide all related documents and workpapers.

**RESPONSE TO PHILIPS 2-28:**

Dr. Webb relied upon representations made by Crimson. See Direct Testimony of Larry W. Alexander dated August 17, 2016; also see Response to V1-6. (previously provided).

**PHILLIPS 2-29.** Regarding Paragraph 26 of the Webb Declaration, please explain why, in Dr. Webb's understanding and belief, it is appropriate to place limited reliance, for regulatory purposes to determine cost of equity, on the basis of an equity premium to the debt cost.

**RESPONSE TO PHILIPS 2-29:**

Dr. Webb explains his choice of the DCF approach in the referenced paragraph.

**PHILLIPS 2-30.** Please provide a copy of Mehra, Rajnish and Edward C. Prescott. "The Equity Premium: A Puzzle" Journal of Monetary Economics 15 (1985) 145-161, referenced in Footnote 5 of the Webb Declaration.

**RESPONSE TO PHILIPS 2-30:**

The publication is public information and is copyrighted.

**PHILLIPS 2-31.** Regarding Paragraph 26 of the Webb Declaration, please explain and list each oil pipeline applicant who has employed the two-state Discounted Cash Flow ("DCF") model.

a) Please list the related docket or proceeding number for each listed application.

**RESPONSE TO PHILIPS 2-31:**

While Dr. Webb has not conducted an exhaustive search of each oil pipeline applicant, it is his belief that every rate case at the FERC since 1999 has employed the two stage DCF model. It is also his belief that prior cases at this Commission involving SFPP and San Pablo

Bay reflect evidence of the use of the two-stage DCF model. Related docket information is publicly available.

**PHILLIPS 2-32.** Regarding Paragraph 31 of the Webb Declaration, please explain and list what is meant by the reference to "these proceedings."

**RESPONSE TO PHILIPS 2-32:**

The reference is to application of the two stage DCF Model prescribed in the FERC Policy Statement. Also, see Response to Phillips 2-31.

**PHILLIPS 2-33.** Regarding Footnote 2 on Page 1 of Exhibit No. MJW-7 to the Webb Declaration, please explain whether any of the data sources have been updated since the Webb Declaration was prepared.

**RESPONSE TO PHILIPS 2-33:**

Crimson objects to the requested on grounds that it is vague and ambiguous. Without waiting any of its objections, Crimson responds as follows: No.

**PHILLIPS 2-34.** Regarding Page 2 of Exhibit No. MJW-7 to the Webb Declaration, please explain why or whether Dr. Webb considers Tall Grass Energy Partners, L.P. to be an oil pipeline company.

**RESPONSE TO PHILIPS 2-34:**

Dr. Webb is aware that Tall Grass owns significant oil assets (e.g. Pony Express).

**PHILLIPS 2-35.** Regarding Paragraph 5 of Attachment A, Declaration of Dr. Webb, to the Amendment to Application; Request For Timely Interim Rate Relief filed by Crimson on June 15, 2016 ("Application Amendment Webb Declaration"), please explain and list all

non-jurisdictional revenue by type and source by month for each month of calendar year 2015 and 2016 year to date.

**RESPONSE TO PHILIPS 2-35:**

Crimson collects non-jurisdictional revenue for tank gauging services and the rental of real property at Santa Paula Station. See Attachment C; “Non-Jurisdictional Revenue.”

**PHILLIPS 2-36.** Regarding Table 1 of Paragraph 7 and Table 2 of Paragraph 10 of the Application Amendment Webb Declaration, please update these tables using the latest available data.

- a) Please explain why the latest available data in mid-June 2016 is March 2016 data, including an explanation of the approximate date at which Crimson normally closes its monthly accounting book and records.

**RESPONSE TO PHILIPS 2-36:**

Crimson objects to this request on grounds that it is argumentative. Without waiving its objection, Crimson responds as follows: With regard to Table 1, see Response to Phillips 2-12. With regard to Table 2, see Direct Testimony of Larry W. Alexander dated August 17, 2016.

**PHILLIPS 2-37.** Please explain why Crimson did not seek a ten percent increase in rates in 2014 or 2015.

**RESPONSE TO PHILIPS 2-37:**

See Direct Testimony of Larry W. Alexander dated August 17, 2016; p. 3.

**PHILLIPS 2-38.** Regarding the Application Amendment Webb Declaration,

- a) Please provide the actual monthly crude price per barrel realized by Crimson for its actual Product Loss Allowance-related oil sales by month for each month of 2015 and 2016 to date.
- b) Please explain the nature and make-up of the "CME Group" referenced on Exhibit No. MJW-3 of the Application Amendment Webb Declaration.

**RESPONSE TO PHILIPS 2-38:**

- (a) See Response to Phillips 1-15. (previously provided).
- (b) CME Group is a website that provides crude futures prices.

**PHILLIPS 2-39.** Please provide a map of the Crimson Pipelines.

**RESPONSE TO PHILIPS 2-39:**

See Response to TRM 1 (previously provided).

**PHILLIPS 2-40.** Please explain whether all shippers on the Crimson Pipelines are so-called uncommitted shippers (i.e. shippers who are not subject to a ship-or-pay contract).

**RESPONSE TO PHILIPS 2-40:**

Crimson has no take-or-pay shippers.

**PHILLIPS 2-41.** Regarding Page 4, Lines 10-18 of the Prepared Direct Testimony of Mr. Matthew A. Petersen on Behalf of Crimson California Pipeline, L.P., dated August 17, 2016 ("Peterson Testimony"), please explain the nature and basis for Mr. Petersen's belief and

understanding that the Commission applies different approaches for rate base for pipeline segments that have been in public utility service and those pipeline segments that have never been in public utility service.

**RESPONSE TO PHILIPS 2-41:**

See Direct Testimony of Matthew A. Petersen dated August 17, 2016; pp. 6 and 13-14.

**PHILLIPS 2-42.** Regarding Page 4, Line 17 of the Prepared Direct Testimony of Mr. Robert L. Waldron on Behalf of Crimson California Pipeline, L.P., dated August 17, 2016:

- a) Please provide the last four audit letters of KPMG, LLP.
- b) Please explain any material weaknesses identified by KPMG, LLP over the last six quarters.
- c) Please provide the last four officer certification letters.

**RESPONSE TO PHILIPS 2-42:**

Crimson objects to this request on grounds that it is vague and ambiguous, overly broad and unduly burdensome, and unlikely to lead to the production of relevant evidence. Without waiving any of its objections, Crimson responds as follows: See Attachment D; KPMG Audit Letter.

**PHILLIPS 2-43.** Regarding Page 13, Lines 4-23 of the Peterson Testimony, please provide the original cost of the Unocal California Pipeline Company assets in total and as separately identified for the Line 600/700 assets and identify the cost Crimson paid for such assets.

**RESPONSE TO PHILIPS 2-43:**

See Exhibit No. MAP-5. Schedule 2 therein presents right-of-way balances included in the overall original cost of UNOCAP with those balance included in the Line 600/700

purchase on lines 16 through 20. Schedule 4 therein presents carrier property in service balances by cost center, property account, and vintage year with those groups included in the Line 600/700 purchase so indicated in the column headed "Included in Line 600/700 Purchase". The exhibit presents the original cost of the assets included in the Line 600/700 purchase, the historical cost of all UNOCAP asset groups as of December 31, 1992, and the original cost of UNOCAP right-of-way. The original cost of UNOCAP assets not included in the Line 600/700 purchase is not relevant to the instant proceeding.

**PHILLIPS 2-44.** Regarding Page 14, Lines 19-25 of the Peterson Testimony, please explain whether the referenced opinion is the sole basis for Mr. Petersen's understanding and belief that the fair value at the time of in-service dedication is the appropriate means to value the Brea West and Huntington Beach 6-inch assets for purposes of rate base in the Proceeding.

**RESPONSE TO PHILIPS 2-44:**

The referenced Commission opinion is not the sole basis for Mr. Petersen's understanding and belief regarding the development of the initial rate base of the referenced assets. Principles of economics and utility ratemaking are the primary basis for Mr. Petersen's referenced understanding and belief.

**PHILLIPS 2-45.** Regarding Page 8 of Exhibit No. MAP-6 to the Peterson Testimony:

- a) Please explain what the term "mass appraisals" means as it is used in the Valuation Report.
- b) Please explain what cost information was drawn from existing company records and explain how such information was delineated or identified on the company records.

**RESPONSE TO PHILIPS 2-45:**

(a) The term *mass appraisal* refers to the systematic rendering of estimates of value on multiple assets, generally for property tax assessment purposes. See Assessors' Handbook published by the California Board of Equalization and available online at the board's website, particularly section 581, Equipment and Fixtures Index, Percent Good and Valuation Factors.

(b) See Attachment A to Exhibit No. MAP-6 .

**PHILLIPS 2-46.** Regarding Page 9 of Exhibit No. MAP-6 to the Peterson Testimony:

- a) Please explain how economies of scale and scope relate to the project costs shown in Table 1.
- b) In Mr. Alexander's belief, understanding and experience, please explain whether there are commonly economies of scale and scope for pipeline construction of greater distance than one mile.
- c) Please explain whether and why management costs and engineering costs would have a linear relationship to miles of pipeline constructed.

**RESPONSE TO PHILIPS 2-46:**

(a) The question is too vague and ambiguous to allow response.

(b) See Direct Testimony of Larry W. Alexander dated August 17, 2016; p. 17.

(c) Mr. Petersen does not express an opinion with respect to the referenced matter.

**PHILLIPS 2-47.** Regarding Page 11 of Exhibit No. MAP-6 to the Peterson Testimony, please explain whether the updated 2015 and 2016 reserve and production data have changed Mr. Peterson's belief and understanding of the Los Angeles basin or otherwise informed Mr. Petersen's opinion as to the economic life of the Crimson facilities.

**RESPONSE TO PHILIPS 2-47:**

See Direct Testimony of Matthew A. Petersen dated August 17, 2016; pp. 22-25.

**PHILLIPS 2-48.** Regarding Page 2 of Attachment A of Exhibit No. MAP-6 to the Peterson Testimony, please explain how Crimson determines the "administrative fee" to be charged to this construction project particularly and to all construction projects more generally.

**RESPONSE TO PHILIPS 2-48:**

Administrative fees for reimbursable projects are determined on a case-by-case basis and depend on the expected administrative burden they are likely to generate.

**PHILLIPS 2-49.** Regarding Page 5, Lines 6-23 and Page 6, Lines 1-2 of the Prepared Direct Testimony of Larry W. Alexander on Behalf of Crimson California Pipeline, L.P. dated August 17, 2016 ("Alexander Testimony"):

- a) Please list and explain all improvements, including new connections made to the Huntington Beach 6-inch assets and to the Brea West assets since the 2014 and 2009 in-service dates.
- b) Provide the cost basis of all improvements made to the Huntington Beach and Brea West assets since the 2014 and 2009 in-service dates.
- c) Please provide the total amount paid by Crimson to acquire the Huntington Beach assets.
- d) Please provide the total amount paid by Crimson to acquire the Brea West assets.

**RESPONSE TO PHILIPS 2-49:**

See Response to Phillips 1-47 (previously provided).

**PHILLIPS 2-50.** Regarding Page 11, Lines 13-15 of the Alexander Testimony:

- a) Please explain the contract term on the excess Product Loss Allowance sales agreement.
- b) Please provide the purchase and sale agreement.
- c) Please explain how, when, and whether the sales price can be renegotiated.
- d) Please explain the "market differential."
- e) Please provide posted prices for Midway Sunset crude oil for each month of 2015 and 2016 to date.

**RESPONSE TO PHILIPS 2-50:**

Crimson objects to this request on the grounds of relevance. Without waiving its objection, Crimson responds as follows: The referenced agreement is confidential. It will be provided to designated party representatives upon execution of an appropriate non-disclosure agreement.

**PHILLIPS 2-51.** Regarding Pages 16-17 of the Alexander Testimony, please compare the costs of the new segment of pipe in Goldenwest Avenue referenced on Page 9, Line 16, to the construction costs described on Pages 16-17.

**RESPONSE TO PHILIPS 2-51:**

Crimson California objects to this request on grounds that it is vague and ambiguous, lacks foundation, and unlikely to led to the production of relevant evidence. Without waiving any of its objections, Crimson responds as follows: Crimson did not construct the line described on pp. 16-17 and has no record of any related costs.

**PHILLIPS 2-52.** Regarding Page 5 of the Prepared Direct Testimony of Dr. Michael J. Webb on Behalf of Crimson California Pipeline, L.P. dated August 17, 2016 ("Webb Testimony"), please explain whether any oil pipeline regulated by the Commission has a franchised monopoly, in Dr. Webb's understanding and belief.

**RESPONSE TO PHILIPS 2-52:**

Dr. Webb is not aware of any.

**PHILLIPS 2-53.** Regarding Page 5 of the Webb Testimony:

- a) Please explain Dr. Webb's understanding and belief of competition faced by PG&E from 1) independent power producers, 2) interstate pipelines, and 3) renewable energy sources such as home-based solar power and explain how such competition compares to the competition faced by oil pipelines.

**RESPONSE TO PHILIPS 2-53:**

Dr. Webb used PG&E as a hypothetical example/ has not performed any detailed analysis on PG&E

**PHILLIPS 2-54.** Regarding Webb Testimony Exhibit No MJW-1, Schedule 3:

- a) Please explain any concerns Dr. Webb has with the five year growth rates of NuStar and Sunoco and explain how any such concerns influence the recommended ROE.
- b) Please explain whether any of the three sources referenced in Footnote 2 have updated information available for 2015 or 2016 and if so, provide the GPP growth forecast with such updated information.
- c) Please explain whether KMI is more of a gas pipeline company or more of an oil/products pipeline company.
- d) Please explain whether and how Dr. Webb considers oil and gas pipeline risks to be similar and different.

**RESPONSE TO PHILIPS 2-54:**

(a) Dr. Webb's discussion of growth rate forecasts may be found in his Direct Testimony on p 21. lines 8-12

(b) This is publicly available information.

(c) It is Dr. Webb's understanding that the substantial majority of its revenue comes from gas transmission activity.

(d) See Direct Testimony of Michael J. Webb; p p. 5-6.

**PHILLIPS 2-55.** Regarding Page 30, Lines 9-20 of the Webb Testimony:

a) Please explain all capital work orders included in CWIP in 2014, 2015, and 2016 to date.

b) Please explain how and whether Crimson records AFUDC or capitalized interest in its audited financial statements.

**RESPONSE TO PHILIPS 2-55:**

(a) Dr. Webb relied on the sustaining capital shown in Waldron Direct P. 13 Table 2 to develop AFUDC. Also see Response to Phillips 2-21.

(b) Capitalized interest is not recorded in audited financial statements.

**PHILLIPS 2-56.** Regarding Exhibit No. MJW-2 of the Webb Testimony:

a) Please explain the base year and test year periods in this case (as used by Dr. Webb) and why, in Dr. Webb's belief and understanding, such periods are appropriate for the determination of rates in the Proceeding.

b) Please explain how updated information through the hearing date should be reflected in the determination of rates in the Proceeding according to the belief and understanding of Dr. Webb.

c) Please explain all authorities to which Crimson pays taxes included in Account 580.

**RESPONSE TO PHILIPS 2-56:**

(a) The base year of 2015 is appropriate for the determination of rates because it is the most recent year for which available cost data have been subjected to a financial statement audit.

(b) The presiding administrative law judge ALJ will determine whether and to what extent updates of 2016 are appropriate.

(c) The account includes property tax payments to the following counties: Kern, Ventura, Orange, and Los Angeles.

**PHILLIPS 2-57.** Please explain whether and how Crimson maintains spare parts and materials necessary to operate the Crimson Pipelines and the Crimson System.

**RESPONSE TO PHILIPS 2-57:**

See response to Phillips 1-13. To the extent that Crimson's balance sheet reflects a line item for "materials and supplies," Crimson notes that hat Dr. Webb does not include any amounts for working capital (including any amount for "materials and supplies" in rate base.

**PHILLIPS 2-58.** Regarding the Webb Testimony, please explain how the inclusion of Dr. Webb's claimed federal or state income tax allowance for rate-making purposes is consistent with the prior practice and precedent of the Commission or consistent with the United State Court of Appeals for the District of Columbia Circuit decision in *United Airlines, et al. v. FERC, et al.*, No. 11-1479, 2016 U.S. App. LEXIS 12122 (D.C. Cir. July 1, 2016), on a Federal Energy Regulatory Commission oil pipeline rate case, given that Crimson is a partnership that does not directly pay taxes.

**RESPONSE TO PHILIPS 2-58:**

Crimson objects to this request that it is argumentative and a premature attempt at cross-examination. Without waiving any of its objections, Crimson responds as follows: It is Dr. Webb's understanding that Crimson's public utility activity generates tax liability which is passed to its owners. Inclusion of a tax allowance is therefore consistent with regulatory precedent and court cases which allow utilities to include all real costs in their cost of service. It is also consistent with economic theories related to tax incidence.

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ATTACHMENT A

MEASUREMENT POLICY

(electronic format only)

ATTACHMENT B

FINANCIAL STATEMENTS

(electronic format only)

ATTACHMENT C

NON-JURISDICTIONAL REVENUE

(electronic format only)

ATTACHMENT D

KPMG AUDIT LETTER

(electronic format only)

**Attachment F**

**Crimson's Supplemental Responses to Data Requests**

**CRIMSON CALIFORNIA SUPPLEMENT TO  
RESPONSES TO P66 FIRST AND SECOND DATA REQUESTS**

**PHILLIPS 1-1.** Please provide an explanation of Crimson's "Safety Program " including providing all related documents provided to the operating committee, the management committee, or Mr. John Grier regarding the Safety Program:

- a) Please explain how the safety programs differs from the integrity management program.

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-1:**

Crimson has provided a copy of its Safety Manual

**PHILLIPS 1-2.** Please explain Crimson's Integrity Management program and related testing for each of the six pipe line systems under rate review in this Proceeding as described by Crimson on Pages 4 and 5 of the Application (the "Crimson Pipelines").

- a) Please explain all steps (and provide the related operating costs and capital costs) Crimson has undertaken to improve the integrity of each of Crimson Pipelines and for all other r pipelines owned by Crimson or its parent or affiliate companies (the "Crimson System").

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-2:**

Crimson has provided a copy of its Integrity Management Manual.

**PHILLIPS 1-3.** Please provide a history and an explanation of leak occurrences for the Crimson Pipelines and for the Crimson System for the last three years. For each event, please provide a cost summary (operating and capital costs) related to the remediation of the leak event.

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-3:**

Crimson objects to this request that it is vague and ambiguous, unduly broad and burdensome, and not likely to lead the development of relevant evidence.

Without waiving any of its objections, Crimson responds as follows:

P1-3: See table below.

Date	Incident	Explanation	Approx. Estimated Cost*
10/25/2013	La Cienega	3rd Party Damage	\$3.5MM
11/12/2014	Seal Beach Temple	3rd Party Damage	\$0.6MM
9/21/2015	Camarillo	Pin-hole in Valve Fitting	\$0.3MM
12/8/2015	Hwy. 118/Somis	3rd Party Damage	\$2.2MM
6/23/2016	Ventura Grove	Under Investigation	To Be Determined

\*Costs represent amounts expended for emergency response (no capital costs).

**PHILLIPS 1-4.** Please explain Crimson's monthly, quarterly and annual accounting closing processes.

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-4:**

Books are closed monthly. Target date for closing is 30 days after end of month. Books are kept on accrual basis in accordance with GAAP.

**PHILLIPS 1-5.** Please explain Crimson's budgeting and forecasting processes, including an explanation as to whether Crimson prepares a multi-year forecast process once (or more) annually.

- a) Please explain how actual costs are compared to forecasted costs.
- b) Please provide a separate explanation for each of the operating budget and the capital budget.

- c) Please provide Crimson's last Long term planning budget and forecast and related documents.
- d) Please provide any budgets, forecasts or planning documents provided to investors or creditors for 2014, 2015, and 2016.
- e) Please explain how location cost codes or cost responsibility centers are used to budget, forecast and to determine actual costs for each of the systems at issue in this proceeding and for the recently purchased KLM Pipeline.

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-5:**

The previously provided budget for 2016 was created in Q1 2016. Budgets are single-year. Crimson does not create a multi-year budget.

**PHILLIPS 1-6.** Please list and explain each preventive repair for the last three years (including providing related costs) on the Crimson Pipelines or on the Crimson System and explain whether the repair costs were expensed or capitalized.

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-6:**

With regard to the breakdown of Expense vs Capital, See Crimson's First Supplement to its Response to Tesoro First Set of Data Requests - Appendix A hereto (including Attachment A referenced in Appendix A; excel file "Crimson Financial Responses v11\_CPUC\_REG.xlsx.").

**PHILLIPS 1-7.** Please list and explain each precautionary repair for the last three years (including providing related costs) on the Crimson Pipelines or on the Crimson System and explain whether the repair costs were expensed or capitalized.

**PHILLIPS 1-9.** On a system map, please highlight all segments where older sections of pipeline have been replaced in the last three years.

**RESPONSE TO PHILLIPS 1-9:**

By email dated October 4, 2016, Crimson provided an electronic version of its system map. There have been no significant “replacements” in the last three years. Crimson has an ongoing replacement project associated with the Montebello system, as discussed in the Direct Testimony of Mr. Petersen.

**PHILLIPS 1-11.** Please explain where Crimson's offices are located and how corporate office costs are allocated to the Crimson Pipelines.

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-11:**

Phillips 66 to provide clarification of its request.

**PHILLIPS 1-12.** Regarding Page 6 of the Application and Paragraph 15 of Exhibit D of the Application, Declaration of Michael J. Webb In Support of Requested Rate Increases ("Webb Declaration"):

- a) Please explain why Crimson believes its throughput will decline, including an explanation of all marketplace conditions and competitive options available to shippers.
  
- b) Provide Crimson throughput and related revenues by origin and delivery for each month from January 1, 2015 to August 31, 2016.

**RESPONSE TO PHILLIPS 1-12:**

See Appendix B hereto; Crimson Revenue by Tariff - 2015-August, 2016.zip.

**PHILLIPS 1-13.** Please explain Crimson's parts and materials inventory practices and provide an end-of-month inventory level for each month from January 2015 through August 2016.

**PHILLIPS 1-15.** Please explain how and when Crimson sold quantities of oil associated with its Product Loss Allowance ("PLA") retention amounts.

- a) Please provide the quantity, price and revenue by month of all oil sales made by Crimson for 2014, 2015, and 2016.
- b) Please explain how recent crude oil price increases have impacted Crimson.

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-15:**

PLA workbook reflecting August, 2016 data is included as Appendix C hereto.

**PHILLIPS 1-18.** Please list each power provider by facility.

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-18:**

**ACTIVE PUMPING STATIONS**

Pump Station	Power	Provider
Harbor	Gas	SoCal Gas
Ventura	Electric	Southern Cal. Edison
Somis	Electric	Southern Cal. Edison
Santa Paula	Electric	Southern Cal. Edison
Torrey	Gas	California Resources Corp.

Fillmore	Electric	Southern Cal. Edison
Stewart	Electric	Southern Cal. Edison
THUMS	Electric	California Resources Corp.

**PHILLIPS 1-21.** Please explain how office employees log the time worked on each of the Crimson Pipelines by company cost center or expense center.

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-21:**

Employee percent allocations are driven by Crimson’s corporate allocation methodology (Assets, Gross Margins, Operating Employees). Managers review the percent allocation for their direct reports and adjust the percentage as necessary to reflect the employees primary area(s) of focus.

**PHILLIPS 1-25.** Please explain how the book depreciation expense was determined for the Statement of Income provided in Exhibit B of the Application.

- a) Please provide all related computations and workpapers.
- b) Provide the book depreciation amounts by month for 2015 and 2016, including the depreciable plant and the rate applied to determine the booked expense.
- c) Please explain how general plant accounts (such as vehicles and cornputers) are depreciated and retired.
- d) Please explain whether r Crimson has historically used differ rent depreciation rates for gather ring and mainline assets.
- e) Please explain how Crimson computes tax depreciation and provide a schedule showing tax depreciation and related computations for 2014 and 2015.

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-25:**

Property and equipment is depreciated on the straight-line method over the estimated useful lives, which are as follows:

<b>Asset Class</b>	<b>Service Life</b>	<b>Straight-Line Depreciation Rate</b>
Land	n/a	0.00%
Right Of Way	n/a	0.00%
Line Pipe	35	2.86%
Line Pipe Fittings	35	2.86%
Pipeline Construction	35	2.86%
Buildings	20	5.00%
Boilers	15	6.67%
Pumping Equipment	15	6.67%
Machinery Tools/Machinery	7	14.29%
Other Station Equipment	10	10.00%
Tanks	15	6.67%
Delivery Facilities	15	6.67%
Communication Systems	5	20.00%
Computer Hardware	5	20.00%
Computer Software	3	33.33%
Office Furniture & Equipment	7	14.29%
Vehicles & Other Work Equipment	5	20.00%
Other Property	15	6.67%

**PHILLIPS 1-34.** Please explain how Crimson allocates and or directly assigns costs to the KLM Pipeline.

**RESPONSE TO PHILLIPS 1-34:**

Crimson continues objects to this request on grounds of relevance. Phillips 66 has indicated it may provide a clarifying question.

**PHILLIPS 1-37.** Please provide a mileage distance between each origin point and destination point combination and explain how such mileage amounts were determined.

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-37:**

Crimson has provided a map of its system.

**PHILLIPS 1-38.** Regarding Page 4, Lines 8-18 of the Peterson Testimony:

- a) Please explain what is meant by "initial" rate base in terms of the Crimson assets at issue in this Proceeding.
- b) What date(s) is considered to be the "initial" rate base date for each of the listed assets on page 3, lines 7-13?

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-38:**

“Initial” rate base refers to rate base at the time when Crimson placed the asset in service.

**PHILLIPS 1-39.** Regarding Page 12, Lines 1-7 of the Peterson Testimony:

- a) Please explain why pipeline mileage is the best method to determine the portion of Chevron's original cost rate base in the California Pipelines that is associated with the Inglewood segment.
- b) Please explain whether r the Inglewood segment included any pumping stations (and how many) and whether r the Chevron California Pipelines included pumping stations (and how many).
- c) Please explain whether Crimson values the KLM Pipeline initial rate base based on 97.04 percent of the Chevron California Pipeline system.
- d) Please explain whether r Chevron or Crimson had capital project or other r cost center identifiers in the oil plant investment accounting system that would enable the original cost of the Inglewood assets to be directly identified.
- e)

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-39:**

Crimson continues objects to this request on grounds of relevance. Phillips 66 has indicated it may provide a clarifying question.

**PHILLIPS 1-40.** Regarding Page 3, Lines 7-13 of the Peterson Testimony:

- a) Please list the pipeline miles and diameters in each of the listed segments.
- b) Please explain all other assets in each of the listed segment (pump stations, measurement stations, storage tanks, loading facilities, etc.).

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-40:**

**PUMP STATIONS/STORAGE TANKS/TRUCK OFFLOADING**

Segment	Pump Station	Storage Tanks	Truck Offloading
Ventura/THUMS	Ventura  Somis  Broadway/Mitchell	Ventura Station (2 tanks, 80,000 bbls)	N. A.
Northam/Inglewood	Stewart	N. A.	N. A.
Line 600/Line700	Harbor  Santa Paula  Fillmore  Torrey  Stewart	Harbor Station (1 tank, 150,000 bbls)  Santa Paula (1 tank, 55,000 bbls)  Torrey (1 tank, 80,000 bbls)  Stewart (1 tank, 7,000 bbls)	Santa Paula Station  Stewart Station
Brea West	Stewart	N. A.	N. A.
Huntington Beach 6"	Stewart	N. A.	N. A.

**PHILLIPS 1-43.** Regarding Page 5, Lines 2-3 of the Waldron Testimony:

- a) Please explain what percentage of Crimson's expenses are direct charges.
- b) Please explain the time period considered in drawing the conclusion that the "majority" of Crimson's expenses are direct charges.
- c) Please explain why Crimson incurs a high level of costs classified as outside services and provide details on the vendors and types of outside services.

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-43:**

(c) Rather than owning specialty equipment and employing subject matter experts, Crimson contracts vendors to perform various pipeline services on an “as needed” basis. Crimson’s outside service costs are driven by activities related to construction, asset maintenance, and integrity management. Relevant AFEs were previously provided as part of response to TRM20.

**PHILLIPS 1-45.** Regarding Page 5, Lines 18-21 of the Waldron Testimony:

- a) Please explain whether the allocation percentages are based on historical actual assets, gross margins and number of operating employees or on a forecasted level of the same.
- b) Please explain the approximate calendar timeframe when the annual review is performed.
- c) Please explain whether there is any mid-year true-up process of the allocation percentages.
- d) Please explain if the allocation percentages are adjusted for significant mid-year events (such as the acquisition of the KLM Pipeline).
- e) Please explain the employee roles considered to be "operating employees" and explain any differences between operating employees and administrative employees.
- f) Please explain and describe all cost centers and their operating functions included in the shared support cost locations.
- g) Please explain why gross margins are appropriately used.

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-45:**

(e) Examples of employee roles considered to be “operating employees” include: Pipeline Operators, Measurement, Operations Supervision, Control Center Operation. Administrative employee roles include: Engineering, Land, EH&S, and Business Development.

**PHILLIPS 1-47.** Please explain all renovation, repair and remediation costs Crimson incurred to place the Huntington Beach and Brea West facilities into common carrier service in 2014 and 2009, respectively.

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-47:**

See TRM 20; AFE# 70107.

**PHILLIPS 1-49.** Regarding Page 10 of Exhibit No. MAP-6 to the Peterson

Testimony:

- (a) Please explain what price for crude oil would be considered a "normal level."
- (b) Please provide throughput quantities and percentage decrease (increase) for each year of 2013, 2014, 2015, and 2016 by month to date.
- (c) Please explain how recent increases in the price of crude oil, if any, have impacted the Crimson throughput.
- (d) Please explain why Mr. Petersen conducted his interview in 2015 but Crimson did not ask for rate adjustment until 2016.
- (e) Please explain whether Mr. Petersen has updated or refreshed his interview since 2015.

**SUPPLEMENTAL RESPONSE TO PHILLIPS 1-49:**

(a) In the referenced text, Mr. Petersen's use of the term normal level refers to the recent history of crude prices as of the first quarter of 2016, when the valuation report (MAP-6) was prepared. The referenced text refers to crude oil price levels prior to the dramatic fall in world oil prices that began in the second half of 2014 and continued through 2015. For several years prior to this dramatic oil price decline, crude oil generally traded within the range of \$80 to \$100 per barrel, which is the range that Mr. Petersen refers to as the normal level.

(d) Mr. Petersen notes that there is a typo in the report presented as Exhibit No. MAP-6. At page 10, Mr. Petersen states "Crimson's three-month moving average throughput was down more than 10 percent from January 2014 to January 2015, the latest month for which data were available at the time of my interview". This sentence should read, "Crimson's three-month moving average throughput was down more than 10 percent from January 2015 to January 2016, the latest month for which data were available at the time of my interview".

(e) See Supplemental Response to Phillips 1-49(d).

**PHILLIPS 2-2.** Please list all new pipeline interconnections made in the past three years:

- a) Show all such interconnections on a map.
- b) Please provide the delivery quantities at each of the recent interconnection points by month for each of the last three years through July 2016.
- c) Please provide the capital cost for each interconnection project.

**SUPPLEMENTAL RESPONSE TO PHILLIPS 2-2:**

(b) Warren Townlot Connection Throughput: 0 barrels

Northam – Huntington Beach #3-6: See updated response to P1-12.

Alondra Interconnect: Impossible to determine. There is no meter at this location.

**PHILLIPS 2-3.** Please explain whether Crimson defines any difference between a preventive repair and a precautionary repair.

**SUPPLEMENTAL RESPONSE TO PHILLIPS 2-3:**

Crimson does not define any difference between preventive repair and precautionary repair.

**PHILLIPS 2-11.** Please provide an audited cash flow statement for December 31, 2015.

**SUPPLEMENTAL RESPONSE TO PHILIPS 2-11:**

Neither an audited or an unaudited cash flow statement at the Crimson California level is available.

**PHILLIPS 2-14.** Please explain Crimson's pay policies including a description of any incentive pay mechanisms and provide any board-type or senior management reports describing employee pay and benefit practices and policies.

**SUPPLEMENTAL RESPONSE TO PHILIPS 2-14:**

See Appendix D; Crimson Midstream Benefits Guide. See Appendix E; Incentive Bonus information (Confidential - provided to counsel only).

**PHILLIPS 2-25.** Regarding Paragraph 12 of the Webb Declaration, please explain the basis and reasons for Mr. Peterson's understanding and belief that the oil fields providing transportation barrels to Crimson for transportation will operate for twenty more years. Please provide all related documents and workpapers.

**SUPPLEMENTAL RESPONSE TO PHILIPS 2-25:**

See Appendix E hereto; Phillips 2-25.zip.

**PHILLIPS 2-42.** Regarding Page 4, Line 17 of the Prepared Direct Testimony of Mr. Robert L. Waldron on Behalf of Crimson California Pipeline, L.P., dated August 17, 2016:

- a) Please provide the last four audit letters of KPMG, LLP.
- b) Please explain any material weaknesses identified by KMPG, LLP over the last six quarters.
- c) Please provide the last four officer certification letters.

**SUPPLEMENTAL RESPONSE TO PHILIPS 2-42:**

- (c) Crimson is not aware of any "officer certification letters."

**PHILLIPS 2-49.** Regarding Page 5, Lines 6-23 and Page 6, Lines 1-2 of the Prepared Direct Testimony of Larry W. Alexander on Behalf of Crimson California Pipeline, L.P. dated August 17, 2016 ("Alexander Testimony"):

- a) Please list and explain all improvements, including new connections made to the Huntington Beach 6-inch assets and to the Brea West assets since the 2014 and 2009 in-service dates.
- b) Provide the cost basis of all improvements made to the Huntington Beach and Brea West assets since the 2014 and 2009 in-service dates.
- c) Please provide the total amount paid by Crimson to acquire the Huntington Beach assets.
- d) Please provide the total amount paid by Crimson to acquire the Brea West assets.

**SUPPLEMENTAL RESPONSE TO PHILIPS 2-49:**

The purchase price for the referenced assets is:

Brea West: \$1,986,000

Huntington Beach 6": \$910,000

See Appendix G hereto; P 2-49(c) and P2-49(d); list of facilities and contract headings.

APPENDIX A

**Crimson's First Supplement to its Response  
to Tesoro First Set of Data Requests**

(including "Crimson Financial Responses v11\_CPUC\_REG.xlsx"  
in electronic format only)

APPENDIX B

**CRIMSON REVENUE BY TARIFF**  
2015 - August 2016.zip

APPENDIX C

**Crude Oil Inventory 2016.xlsx**

APPENDIX D

**Crimson Midstream Benefits Guide**

APPENDIX E

**Incentive Payment Information**

**(confidential)**

APPENDIX F

**Phillips 2-25.zip**

APPENDIX G

P 2-49(c) and P2-49(d)

**Attachment G**

**Midstream Model Spreadsheet**



**Attachment H**

**Throughput by Segment Spreadsheet**

**Crimson California Pipeline**  
*Approximate Throughput by Segment*

	2014	2015	YTD through July 2016
Volume (bbls)			
Segment			
Line 600	17,534,296	15,922,657	8,568,407
Line 700	8,610,595	7,643,493	3,766,909
Northam	4,284,906	3,740,511	1,758,273
THUMS 8"	10,528,730	12,419,775	7,157,721
Ventura	14,954,819	13,852,619	7,273,679
Total	55,913,346	53,579,055	28,524,989
PLA (bbls)	172,152	173,623	92,962
PLA Revenue (\$)	\$ 1,648,276	\$ 7,805,509	\$ 3,279,079

**Attachment I**

**Crimson Midstream Employee Spreadsheet**

**Crimson Midstream**  
Employee Count, Function, and Allocation

	Crimson CA Pipeline CA Operations	Cardinal Pipeline CA Operations	KLM Operations	Guif LA Operations	Crimson CA Pipeline CA Admin	Cardinal Pipeline CA Admin	KLM Admin	Guif LA Admin	Midstream CA Admin	Midstream CO Admin	Delta Trading Admin	Renewable CO Admin	Total	Check Total
<b>SoCal Operations</b>														
Employee 1	94%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 2	94%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 3	94%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 4	80%	5%	10%	5%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 5	94%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 6	94%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 7	94%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 8	94%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 9	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 10	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 11	80%	5%	10%	5%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 12	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 13	94%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 14	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 15	94%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 16	94%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 17	60%	5%	35%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 18	94%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 19	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 20	80%	5%	10%	5%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 21	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 22	60%	5%	35%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 23	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 24	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 25	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 26	94%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 27	94%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
<b>Control Center</b>														
Employee 1	35%	2%	31%	32%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 2	35%	2%	31%	32%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 3	35%	2%	31%	32%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 4	35%	2%	31%	32%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 5	35%	2%	31%	32%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 6	35%	2%	31%	32%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 7	35%	2%	31%	32%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 8	35%	2%	31%	32%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 9	35%	2%	31%	32%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 10	35%	2%	31%	32%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 11	35%	2%	31%	32%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
<b>Crimson California Admin</b>														
Employee 1	0%	0%	0%	0%	51%	3%	45%	0%	0%	0%	0%	0%	100%	100%
Employee 2	0%	0%	0%	0%	35%	2%	31%	32%	0%	0%	0%	0%	100%	100%
Employee 3	0%	0%	0%	0%	51%	3%	45%	0%	0%	0%	0%	0%	100%	100%
Employee 4	0%	0%	0%	0%	94%	6%	0%	0%	0%	0%	0%	0%	100%	100%
Employee 5	0%	0%	0%	0%	35%	2%	31%	32%	0%	0%	0%	0%	100%	100%
Employee 6	0%	0%	0%	0%	51%	3%	45%	0%	0%	0%	0%	0%	100%	100%
Employee 7	0%	0%	0%	0%	35%	2%	31%	32%	0%	0%	0%	0%	100%	100%
Employee 8	0%	0%	0%	0%	35%	2%	31%	32%	0%	0%	0%	0%	100%	100%
Employee 9	0%	0%	0%	0%	51%	3%	45%	0%	0%	0%	0%	0%	100%	100%
Employee 10	0%	0%	0%	0%	51%	3%	45%	0%	0%	0%	0%	0%	100%	100%
Employee 11	0%	0%	0%	0%	51%	3%	45%	0%	0%	0%	0%	0%	100%	100%
Employee 12	0%	0%	0%	0%	51%	3%	45%	0%	0%	0%	0%	0%	100%	100%
Employee 13	0%	0%	0%	0%	46%	3%	41%	10%	0%	0%	0%	0%	100%	100%
Employee 14	0%	0%	0%	0%	51%	3%	45%	0%	0%	0%	0%	0%	100%	100%
Employee 15	0%	0%	0%	0%	51%	3%	45%	0%	0%	0%	0%	0%	100%	100%
Employee 16	0%	0%	0%	0%	35%	2%	31%	32%	0%	0%	0%	0%	100%	100%

