

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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

A.16-03-009
(filed March 11, 2016)

**TESORO REFINING & MARKETING COMPANY LLC MOTION TO COMPEL
RESPONSES OF CRIMSON CALIFORNIA PIPELINE L.P. TO DATA REQUESTS**

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Dated: October 21, 2016

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I. INTRODUCTION

Pursuant to California Public Utilities Commission (“Commission”) Rules of Practice and Procedure (“Rule”) 11.3(a), Tesoro Refining & Marketing Company LLC (“Tesoro”) submits the following motion to compel Crimson California Pipeline L.P. (“Crimson”) to respond to data requests¹ propounded in Tesoro’s First Set of Data Requests dated April 7, 2016 (“First Set of Data Requests”);² Second Set of Data Requests dated August 15, 2016 (“Second Set of Data Requests”);³ and Third Set of Data Requests dated September 21, 2016 (“Third Set of Data Requests”⁴), or collectively, (“Data Requests”). Pursuant to Rule 11.3 (a), Tesoro has attached as Exhibit 5 a [Proposed] Ruling granting Tesoro’s requests herein.

The Data Requests are directly relevant to Crimson’s request for a rate increase and are reasonably calculated to lead to the discovery of admissible evidence. Moreover, in the interest of cooperation and expediency, Tesoro has attempted to reduce its list of outstanding Data Requests and only seeks to compel the most essential and basic data that is needed to

¹ As explained more fully in Exhibit 1, Tesoro seeks to compel responses to questions within the following: First Set of Data Requests TRM 1, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17; Second Set of Data Requests TRM 18, 20, 21, 22, 25, 26, 27, 28, 29, 30, 31, 32, 33; and Third Set of Data Requests TRM 34, 38, 40, 41, 45, 48, 56, 61, 67, 84, 90, 93, 100, 104.

² Tesoro’s First Set of Data Requests is attached hereto as Exhibit 2.

³ Tesoro’s Second Set of Data Requests is attached hereto as Exhibit 3.

⁴ Tesoro’s Third Set of Data Requests is attached hereto as Exhibit 4.

conduct an analysis of Crimson’s requested rate increase and prepare relevant testimony.

II. BACKGROUND

As is clear from the procedural background described below, even though this proceeding began the first quarter of 2016, because of Crimson’s ongoing updates or changes to the data it has provided in alleged support of its rate increase request, parties are still—in the fourth quarter of 2016—working to piece together and obtain the requisite, relevant information to conduct an analysis of Crimson’s requested rate increase and prepare testimony as to the same.

A. Crimson’s Advice Letter 16-O—Dated January 29, 2016

On January 29, 2016, Crimson submitted Advice Letter 16-O, requesting that the then currently effective rates for its jurisdictional California pipelines, (but excluding its recent acquisition of the “KLM system” from Chevron) be increased by 10% effective March 1, 2016, subject to refund (“10% increase” or “Advice Letter Increase”). Tesoro protested this Advice Letter on February 18, 2016, and submitted a Supplemental Protest on April 7, 2016. On February 29, 2016, the Energy Division issued a notice suspending the Advice Letter Increase for thirty days beginning March 1, 2016, and on June 15, 2016, approved the increase sought through an Advice Letter effective as of April 1, 2016, subject to refunds.

B. Crimson’s Rate Increase Application—Dated March 11, 2016

On March 11, 2016, Crimson filed its *Application* requesting the remaining portion of its proposed rate increase (“Application”), which if granted, in conjunction with the Advice Letter Increase, would result in a 60% increase in Crimson’s currently effective rates. This increase would apply to a number of Crimson jurisdictional pipeline systems, including but not limited to: (1) Thums 8”; (2) Ventural 10”; (3) Line 600/700; (4) Brea West; (5) Northam; and Inglewood. Crimson excluded its KLM system from the Application and data submitted therein.

In the Application, as in the Advice Letter, Crimson argued that this rate increase was necessary to recover its Commission-jurisdictional cost of service given current rates and throughput levels, and requested that the Application increase become effective on the first day

of the month following the Commission’s issuance of a decision approving the proposed rate increase.⁵

Protests were filed to the Application on April 15 and 18, 2016 by shippers including Tesoro, Phillips 66 Company (“P66”), Valero Marketing and Supply Company (“Valero”) and the California Independent Petroleum Association (“CIPA”).⁶ In accordance with Administrative Law Judge (“ALJ”) Miles’ May 5, 2016 Ruling,⁷ prehearing conference statements were filed by all parties on May 16, 2016, and each set forth their proposed issues and schedule for the proceeding. A prehearing conference was held on May 23, 2016, where all parties appeared and actively participated.

C. Crimson’s Amended Application—Dated June 15, 2016

On June 15, 2016, Crimson filed an *Amendment to Application; Request for Timely Interim Rate Relief* (“Amendment”), requesting immediate issuance by the Commission of an interim rate increase, subject to refund, of 14.3% in addition to the 10% increase made effective through the Advice Letter.⁸ The Amendment included certain declarations which purport to provide information and analysis to support the interim rate increase. The shippers, Tesoro, Valero and P66, each protested and opposed the request for interim relief.

This request was appropriately and succinctly denied by the ALJ’s August 5, 2016 *Ruling Denying Relief Requested in Amended Application*. Nevertheless, Crimson renewed the request for the 14.3% increase in a *Motion for Reconsideration of ALJ Ruling Dated August 5, 2016*, filed August 12, 2016. As a result, Tesoro and P66 were once again forced to divert time

⁵ Application, pp. 1-2, 5-8.

⁶ See *Protest of The California Independent Petroleum Association*, dated April 15, 2016; *Protest of Tesoro Refining & Marketing Company LLC*, dated April 18, 2016; *Protest of Phillips 66 Company*, dated April 18, 2016, and *Intervention and Protest of Valero Marketing and Supply Company to Rate Increase Application of Crimson California Pipeline L.P.*, dated April 18, 2016.

⁷ See *E-Mail Ruling Setting Prehearing Conference On May 17, 2016 Will Be Continued To Monday, May 23 At 10:00 A.M.*, filed May 5, 2016.

⁸ Amendment, p. 1. As noted in previous filings, there appears to be some confusion as to the level of increase actually sought by Crimson, as the Amendment seeks an increase of 14.3% (p. 2), while the Declaration of Michael J. Webb recommends an increase of 14.35% (page 1, section 2).

and resources from the discovery process in order to file a *Response to Crimson's Motion for Reconsideration of ALJ Ruling Dated August 5, 2016*, filed individually on August 29, 2016.

D. Crimson's Testimony—Submitted on August 17, 2016

On August 17, 2016, Crimson filed new direct testimony in support of its requests for a rate increase. The numbers provided in Crimson's testimony were inconsistent with those found in Crimson's original application, its annual report, and its Amendment.⁹ With the filing of new testimony, intervenors were effectively required to again begin their analysis of the rate case anew. The discrepancies also forced intervenors to question the credibility and accuracy of data previously provided by Crimson.

E. Discovery

Following its First Set of Data Requests, Tesoro engaged Crimson in settlement discussions—as encouraged by the ALJ and discussed by the parties during the pre-hearing conference.¹⁰ After such attempted negotiations faltered, Tesoro promptly thereafter pursued discovery. Tesoro had propounded its first data request on April 7, 2016. Tesoro thereafter propounded its second data request, containing new, renewed, and follow-up questions, on August 15, 2016. On September 21, 2016, Tesoro propounded its third set of data requests, again seeking information that was still missing, ignored, or insufficiently responded to by Crimson.

On September 26, 2016, Tesoro, P66, and Valero filed a *Joint Motion for Extension of Time* (“Joint Motion for Extension”) seeking to extend the deadline to submit intervenor testimony because each party had encountered significant delays both in receiving

⁹ See, e.g., Crimson's Total Operating Expenses for 2015 (which should be a finalized number by now) was initially reported as \$33,095,409 in the Application (Exhibit MJW-4), then it was reported as \$32,957,040 in the Amendment (Exhibit MJW-1, 4/15-3/16 Actual), then it changed to \$34,800,209 in the *Second Supplement to Crimson California's Response to Tesoro's First Set of Data Requests*, dated June 2, 2016 (TRM 7, Attachment A, p. 9), then it changed yet again to \$34,430,282 in the *Prepared Direct Testimony of Michael J. Webb on Behalf of Crimson California Pipeline, L.P.*, dated August 17, 2016 (Exhibit MJW-2, Schedule 2).

¹⁰ See Prehearing Conference Transcript, dated May 23, 2016, 36:3-7, 50:24–51:9 (Huard/ Tesoro).

Crimson's responses to the data requests, and in receiving the requested information altogether.¹¹ Pursuant to the directions of the Presiding ALJ, the parties met to discuss a stipulation for an extension of time to file reply and rebuttal testimony that was filed with the Commission on October 14, 2016.¹²

F. Meet and Confer

Consistent with the requirement that parties meet and confer prior to filing motions to compel, Tesoro met and conferred with Crimson on Monday, October 10, 2016.¹³ At that time, Tesoro addressed the questions propounded in Tesoro's First and Second Sets of Data Requests to which Crimson had failed to provide a complete or sufficient answer. Tesoro was unable to fully address Crimson's responses to the Third Set of Data Requests because Crimson's responses, to the extent they were provided, were served after 5:00 pm on Friday, October 7, 2016 (three days beyond the Commission's 10-day discovery guideline), and Crimson reported that some responses were still "in process" at the time of the meeting. A number of these "in process" responses remain outstanding today.

Consequently, Tesoro was unable to complete its review of this data in time for Monday's meet and confer. However, to the extent the Third Set of Data Requests pursued information already requested but left unanswered from its First and Second Sets of Data Requests, it was clear from the discussions during the meet and confer that such information would not be provided by Crimson absent direction by the Commission. Thus, despite Tesoro's good faith efforts to resolve this dispute informally, Crimson persists in its refusal to provide full and complete responses to the Data Requests.

In the interest of expediency and cooperation, Tesoro has culled its list of outstanding responses to data requests and submits this motion to compel only the most relevant and essential information that is still outstanding. The information sought herein must be

¹¹ Such instances are explained in further detail in the Joint Motion for Extension, pp. 1-4.

¹² See *Joint Stipulation Concerning Procedural Schedule*, dated October 14, 2016.

¹³ Commission Rule 11.3(a).

provided to prepare useful testimony on this matter. These data requests are attached hereto in Exhibit 1.

III. MOTION

Under Commission rules, it is well-established that a party may obtain discovery “regarding *any matter*, not privileged, that is *relevant to the subject matter* involved in the pending proceeding, if the matter either is itself admissible in evidence or appears reasonably calculated to lead to the discovery of admissible evidence”.¹⁴ This may include requests for confidential information so long as it is relevant and the public interest in an open and public proceeding outweighs the disclosing party’s claims of harm from disclosure of the information which is alleged to be proprietary or commercially sensitive.¹⁵ Even if the Commission finds the requested information is entitled to confidential treatment, it may require disclosure, with appropriate protections.¹⁶ In that regard, the parties have entered into a Non-Disclosure Agreement with Crimson and have executed non-disclosure certificates for reviewing individuals.

The information requested by Tesoro, which relates to Crimson’s operations and expenses, is essential to assessing the reasonableness of Crimson’s requested rate increase and to ensuring that Crimson is not seeking inappropriate recovery of unrelated expenses or

¹⁴ Commission Rule 10.1 (emphasis added).

¹⁵ See, e.g., D.98-03-073, *Joint Application of Pacific Enterprises, Enova Corporation, Mineral Energy Company, B Mineral Energy Sub and G Mineral Energy Sub for Approval of a Plan of Merger of Pacific Enterprises and Enova Corporation With and Into B Mineral Energy Sub ("Newco Pacific Sub") and G Mineral Energy Sub ("Newco Enova Sub"), the Wholly Owned Subsidiaries of A Newly Created Holding Company, Mineral Energy Company*, 1998 Cal. PUC LEXIS 1, **206, 209 (affirming ALJ’s Ruling ordering Southern California Edison to produce confidential documents and ordering sanctions for misuse of discovery process).

¹⁶ See A.07-12-021, *Administrative Law Judge’s Ruling Granting, In Part, Motion to Compel*, dated April 22, 2008; see, also, D.98-03-073, *Joint Application of Pacific Enterprises, Enova Corporation, Mineral Energy Company, B Mineral Energy Sub and G Mineral Energy Sub for Approval of a Plan of Merger of Pacific Enterprises and Enova Corporation With and Into B Mineral Energy Sub ("Newco Pacific Sub") and G Mineral Energy Sub ("Newco Enova Sub"), the Wholly Owned Subsidiaries of A Newly Created Holding Company, Mineral Energy Company*, 1998 Cal. PUC LEXIS 1, **206, 209 (affirming ALJ’s Ruling ordering Southern California Edison to produce confidential documents and ordering sanctions for misuse of discovery process).

compensation for under-recovery in previous years. The Data Requests also seek information directly relevant to the cost of service issues outlined in the Scoping Ruling. These issues include: (1) operating and maintenance expenses; (2) cost of service including, throughput levels and depreciation; (3) verification of gross volumes; (4) rate base and its component parts (including Crimson's capital structure allocation between equity and debt and the projected rate of return on equity and debt investments); (5) achieved return (including calculation of allowance for corporate income tax expense and Crimson's Pipeline Loss Allowance ("PLA") percentages); (6) accounting for gathering and transportation functions; and (7) separation of rates and costs by segment. In order to evaluate these items, Tesoro needs both the current data, recent data for the last few years and, in some instances, the actual data for each year since Crimson's rates were established or the rate base asset acquired and put into utility service.

Tesoro has found that even a cursory review of Crimson's cost of service shows dubious expenses that warrant closer examination. For example, Crimson's operating costs include a \$750,000 litigation expense without evidence that this is a reoccurring cost or reasonable expenditure.¹⁷ In addition, Crimson assumes a five percent (5%) decline in throughput without any year-to-year data to support this claim.¹⁸ Crimson also includes a \$2.1 million income tax expense in its Test Year despite established Commission precedent disallowing this practice.¹⁹ Crimson assumes an overly high PLA percentage in addition to stacking rates for shipments that move on multiple segments.²⁰

Crimson's Rate Base calculations include certain portions of its system at a "fair value" estimate despite well settled Commission precedent demonstrating that this is not an

¹⁷ Application, Exhibit D, Declaration of Michael J. Webb ("Declaration"), Exhibit MJW-4, line 11.

¹⁸ Application, Exhibit D, Declaration, pp. 6-7, ¶ 15.

¹⁹ Application, Exhibit D, Declaration, p. 6, ¶ 13; See D.11-05-045, *ARCO Products Company, Mobil Oil Corporation, and Texaco Refining and Marketing Inc., Complainants, vs. Santa Fe Pacific Pipeline, L.P., Defendant; And Related Matters*, 2011 Cal. P.U.C. LEXIS 299, at **18-38; *SFPP, L.P. v. PUC* (2013) 217 Cal. App. 4th 784, 793.

²⁰ Application, Exhibit D, Declaration, pp. 6-7, ¶¶ 15-17.

acceptable method for calculating a utility's Rate Base.²¹ Crimson's Rate Base includes an aggressive and unsupported depreciable life calculation.²² Crimson did not address Base Year expenses when calculating the utility's achieved return.²³ And finally, Crimson uses an overly rich capital structure (60%),²⁴ an unreasonably high return on equity (ROE 14.5%)²⁵ and a hypothetical debt cost that provides recovery of interest payments at a rate that is much higher than what is reflected on Crimson's financial documents.²⁶

Without discovery of certain basic data, Tesoro cannot analyze Crimson's proposed rate structure and assess the reasonableness of Crimson's requested increase. The relevant information is not provided in annual regulatory filings and is not otherwise publically available. In fact, Crimson made its first and only annual report regulatory filing in 2015 despite having been in operations since at least 2010. What is more, this regulatory filing evidences alarming inconsistencies with information filed in the Application and Amendment. For example, in Crimson's Annual Report to the Commission for the year 2015,²⁷ Crimson states the following:

- Current Assets: \$13,857,264;
- Total Assets: \$90,586,904; and
- Net Income (loss): **\$3,667,962.**

In Crimson's First Supplement to its Responses to Tesoro First Set of Data

²¹ Application, Exhibit D, Declaration, p. 4; D.12-08-038, *Application of San Pablo Bay Pipeline Company LLC for Approval of Tariffs for the San Joaquin Valley Crude Oil Pipeline; and Related Matters*, 2012 Cal. PUC LEXIS 80, **53-55.

²² Application, Exhibit D, Declaration, pp. 5-6.

²³ Application, Exhibit D, Declaration, p. 6, ¶ 14.

²⁴ Application, Exhibit D, Declaration, Exhibit MJW-3c.

²⁵ *Id.*

²⁶ Application, Exhibit D, Declaration, pp. 9-11.

²⁷ Crimson has been operating in California since 2010, yet the 2015 Annual Report is the only filing Crimson has on record at the Commission.

Requests,²⁸ Crimson states the following:

- Current Assets: \$8,477,492.03;
- Total Assets: \$93,899,818.78; and
- Net Income (loss): **\$2,352,643.35**.

The fact that this ledger provides the Commission with different numbers than those listed in Crimson's 2015 Annual Report calls into question the integrity of Crimson's filings. Not only is Crimson refusing to respond to relevant Data Requests, but the accuracy of the few responses that Crimson has provided require verification.

In sum, Tesoro has no way to independently validate the level of rate base and expenses presented by Crimson absent a ruling requiring Crimson provide such data in response to data requests of Tesoro and other shippers. Tesoro must receive the requested information so it can establish: (1) the validity of Crimson's present rate base; and (2) the composition and detail of expense categories over this period to ascertain the validity of the *extraordinary* increase in expenses that Crimson lists in its current rate increase requests.

IV. CONDITIONAL REQUEST FOR ORAL ARGUMENT AND SANCTIONS

To the extent the Presiding ALJ believes that her consideration of this motion would benefit from oral argument, Tesoro respectfully requests that oral argument be set within three working days of the response of Crimson to this motion.

Further, due to Crimson's extended delays in providing data, Tesoro requests that sanctions be considered for delays in data that is ordered to be produced. Crimson's habit of responding well after the 10-day discovery guideline set by the Commission, and its oft-used phrase that the compilation of certain materials is still "in process" even months after the deadline, must be corrected in order for parties to meet the current procedural schedule if the stipulation is adopted as written.

²⁸ *Supplement to Crimson California's Response to Tesoro's First Set of Data Requests*, dated May 11, 2016, Attachment A (Excel named "*Copy of Crimson Financial Responses v11_CPUC_REG.XLSX*", tab *TRM10_Support*).

V. **CONCLUSION**

For the reasons stated above, the Commission should grant Tesoro's Motion to Compel and direct Crimson to respond within 7 days in accordance with the *Tesoro Refining & Marketing Company LLC Motion to Shorten Time to Respond to Motion to Compel Discovery* filed concurrently herewith and to provide full and complete responses to Tesoro's Data Requests in 10 days thereafter.

Dated: October 21, 2016

By: /s/ David L. Huard

David L. Huard

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EXHIBIT 1

**REVIEW OF CRIMSON CALIFORNIA PIPELINE L.P.'S RESPONSES TO
TESORO REFINING & MARKETING COMPANY LLC'S DATA REQUESTS**

Exhibit 1

Review of Crimson California Pipeline L.P.'s Responses to Tesoro Refining & Marketing Company LLC's Data Requests

Crimson California Pipeline L.P. ("Crimson") has yet to respond to the data requests listed below and should be directed to do so. These requests fall under four categories: (1) general data by year or month that is missing but essential to any cost-of-service analysis; (2) data requests to which Crimson failed to respond entirely; (3) data requests to which Crimson provided information that was either substantially incomplete or unresponsive, and (4) data that is in the process of being compiled with no date provided by Crimson for delivery of that data.

As explained in Tesoro Refining & Marketing Company LLC's ("Tesoro") Motion, due to the incomplete nature of Crimson's responses, Tesoro was forced to submit follow up questions in its *Second Set of Data Requests*, dated August 15, 2016 ("Second Set of Data Requests") and even a *Third Set of Data Requests*, dated September 21, 2016 ("Third Set of Data Requests") that modify and restate many of the data requests propounded in its *First Set of Data Requests*, dated April 7, 2016 ("First Set of Data Requests"). To expedite review, related requests appear together in the first three categories listed above. As to data that is "in the process of being compiled", Tesoro requests that such data be provided by no later than November 1, 2016.

I. GENERAL DATA ESSENTIAL TO A COST-OF-SERVICE ANALYSIS

Tesoro has repeatedly sought basic cost data for the years 2010-2015. Tesoro seeks data for this period of time so that it can conduct a complete analysis of the costs, determine the reoccurring nature of costs and at what level, and account for any variable discrepancies that may occur on a year-by-year basis. Crimson has, however provided little to no substantive data for the years 2010-2014. During a meet and confer session on October 10, 2016, Crimson confirmed its refusal to provide further information for any year prior to 2015.

Tesoro seeks to compel the disclosure of at least three complete years of cost-of-service data. Tesoro questions the concept that such information may be “unavailable” for a pipeline operating a CPUC-regulated system since at least 2010. Three years of data is traditionally the *minimum* number of years of data required to conduct an accurate analysis of a rate case submittal. Therefore, as a general matter,¹ Tesoro will limit its requests that the Commission compel Crimson to provide any and all cost-of-service data requested in the listed data requests to the years 2013, 2014, and 2015.

The specific questions where data for years 2013 to date are requested to be compelled are listed within the data requests that are detailed and discussed below.

II. DATA REQUESTS TO WHICH CRIMSON FAILED TO RESPOND ENTIRELY

The second category of data request as to which Tesoro seeks to compel discovery are those where Crimson failed to provide any response at all. Those questions are listed in the approximate order in which they appear in the overall data requests.

A. Tesoro Data Request TRM 17 states the following:

Concerning the Base Period volumes of 53,579,053 barrels found on Exhibit MJW-3A, Line 1, please provide the following in Excel live format:

- a. Provide the receipt and delivery points on each of the six Crimson California Pipelines.
- b. Provide the throughput on each of the Crimson California Pipelines.
- c. Provide the revenue associated with the throughput on each of the Crimson California Pipelines.
- d. Provide the volumes and revenue by shipper on each of the Crimson California Pipelines.

¹ As an exception to this general rule, Tesoro cannot agree to limit certain information relating to plant and depreciation data dating from 2005 forward because this historical information is required to develop proper rate base values.

- e. Please separate the information requested into trunk and gathering volumes and revenue.
- f. Provide the same information for each of the calendar years 2010 through 2014.
- g. Pursuant to Paragraph 15 of the Webb Declaration, provide all reasons why the company anticipates a 5% decline in throughput for the test period as well as the reason for the decline in transportation revenue from 2014 to 2015.
- h. Provide transportation volumes for 2014 and 2015, broken down by stream.
- i. Provide the revenue and expenses by category (as found in the Unaudited Statement of Income in Rate Filing) for 2013 & 2014.
- j. Provide the volume of PLA received in both 2014 and 2015 as well as the total revenue. Please also provide the PLA volumes to be received in 2016.²

Despite the specificity in the question and the traditional nature of the request in typical pipeline data requests, Crimson's response objected to this data request on the grounds that it is vague and ambiguous. Notwithstanding this objection, Crimson's response provides information that is responsive to TRM 17(a)-(c), but ignores TRM 17(d)-(j) entirely.³ Crimson has stated no relevant reason to refuse to respond to the questions listed and should be directed to reply in full.

As a follow-up to Crimson's failure to reply to TRM 17(d)-(j), Tesoro submitted Data Request TRM 34 largely reiterating its request for the omitted information.⁴ Crimson's

² First Set of Data Requests, pp. 13-14.

³ *Response of Crimson California to Tesoro's First Set of Data Requests*, dated April 28, 2016 ("Responses to First Set of Data Requests"), pp. 18-19.

⁴ Second Set of Data Requests, p. 15 (TRM 34: a. Provide the volumes and revenue by shipper on each of the Crimson California Pipelines; b. Please separate the information requested into trunk and gathering volumes and revenue; c. Provide the same information for each of the calendar years 2010 through 2014; d. Pursuant to Paragraph 15 of the Webb Declaration, provide all reason why the company anticipates a 5% decline in throughput for the test period as well as the reason for the decline in transportation revenue from 2014 to 2015; e. Provide transportation volumes for 2014 and 2015, broken down by stream; f. Provide the revenue and expenses by category (as found in the Unaudited Statement of Income in Rate Filing) for 2013 & 2014; g. Provide the volume of PLA received in both 2014 and 2015 as well as the total revenue. Please also provide the PLA volumes to be received in 2016).

response objects to TRM 34 as a whole on the grounds that it is vague and ambiguous as well as argumentative. Crimson's response also ignores the requests contained in TRM 34(a)-(c) and (f) entirely.⁵

The information requested in TRM 17 and TRM 34 is standard in data requests for pipeline carriers and is critical to calculating an appropriate rate, evaluating risk, and assessing proposed cost allocation. To the extent this material may be considered sensitive by Crimson, parties have executed non-disclosure certificates that would protect this data when produced.

B. Tesoro Data Request TRM 45 states the following:

At page 8, lines 10 through 16, please explain in detail how the Brea West pipeline segment was operated by Shell prior to its last operation as a private lease transporter.⁶

Crimson's response states an objection on the grounds of relevance and a lack of foundation.⁷ Crimson's objection is inappropriate because Tesoro's question refers to direct statements from Mr. Alexander's Testimony related to the operation of the Brea West pipeline segment when owned by Shell and last operated as a private lease transporter.⁸ This information is relevant to assessing the current Crimson proposed rate base treatment of the Brea West segment.

III. DATA REQUESTS TO WHICH CRIMSON PROVIDED INFORMATION THAT WAS INCOMPLETE OR UNRESPONSIVE

A. Tesoro Data Request TRM 1 states as follows:

Provide a map of the each of the six Crimson California Pipeline systems that are identified in Paragraph C of the *Application*, filed March 11, 2016 ("Application"), at pages 4

⁵ *Crimson California Responses to Tesoro's Second Set of Data Requests*, dated August 31, 2016 ("Responses to Second Set of Data Requests"), p. 20.

⁶ Third Set of Data Requests, p. 5.

⁷ *Crimson California Response to Tesoro 3rd Data Request*, dated October 7, 2016 ("Responses to Third Set of Data Requests"), pp. 4-5.

⁸ *Prepared Direct Testimony of Larry W. Alexander*, dated August 17, 2016 ("Alexander Direct"), p. 8-9.

and 5, and identify the pipeline system(s) that provided existing jurisdictional service, non-jurisdictional service and were idled but brought back into service.

- a. Provide mileage and width by pipeline segment for each system.
- b. Provide the locations of all interconnections.
- c. Provide the location of pump stations, and provide information concerning the makeup of the facilities.
- d. Provide all receipt and delivery points.
- e. Provide historical and current monthly receipts and deliveries by/to shippers from 2010 through the present.
- f. Provide locations of all gathering facilities.⁹

In response, Crimson provides the partial current “Crimson Pipeline System Map”.¹⁰ Crimson’s response fails to provide information concerning the makeup of the facilities— details that would be expected in any system map (a copy of which is usually included within the tariff).

In addition, Crimson’s response states an objection to TRM 1(e) on the grounds that it is overly broad and unduly burdensome. However, TRM 1(e) is narrowly tailored and relevant to the subject matter of this proceeding. At a minimum, Crimson could have provided a written description of the historical and current monthly receipts and deliveries **by/to** shippers from 2014 onward (but chose not to do that relying on skeletal detail in new testimony as detailed below).¹¹

⁹ First Set of Data Requests, p. 4.

¹⁰ Crimson’s Responses to First Set of Data Requests, p. 1.

¹¹ On October 21, 2016 Crimson provided its Third Supplemental Response to Tesoro’s Third Data Request, and attached several files relating to TRM 1 (e). While this supplemental response appears to include more information than has previously been provided, Tesoro is still working to review the newly disclosed materials, and includes TRM 1 (e) in this motion because, to the extent this newly-disclosed information is not responsive, it should be compelled.

B. Tesoro Data Request TRM 18 states as follows:

As a follow up to TRM 1 of the First Set, provide a written description of the six Crimson California Pipeline systems that are identified in Paragraph C of the Application, at pages 4 and 5, and identify the pipeline system(s) that provided existing jurisdictional service, non-jurisdictional service and were idled but brought back into service.

- a. Provide a written description identifying the locations of all interconnections.
- b. Provide a written description that provides information concerning the makeup of the pump station facilities.
- c. Provide a written description of all receipt and delivery points.
- d. Crimson objects to the TRM 1(e) request however, this request is narrowly tailored and relevant to the subject matter of this proceeding. For the second time, Tesoro requests that Crimson provide a written description of the historical and current monthly receipts and deliveries by/to shippers from 2010 through the present.
- e. Provide a written description identifying the locations of all gathering facilities.¹²
Crimson's response to this data request references the Alexander Direct.¹³

Crimson's response fails to satisfy TRM 18 (b) because Mr. Alexander's testimony does not address the makeup of pump station facilities. Further, Crimson's response ignores the request in TRM 18(d) for monthly receipts and deliveries **by/to** shippers from 2010 to the present (which are limited in this motion to 2013 to present).

C. Tesoro Data Request TRM 3 states as follows:

TRM 3. Provide all Operating Expense Budgets/Authorities for Expenditures/Decision Support Packages and back-up information from 2010 through the present and for the current test period for each of the six pipelines:

¹² Second Set of Data Requests, p. 3.

¹³ Crimson's Responses to Second Set of Data Requests, p. 1.

- a. Major Maintenance Projects;
- b. Major Project Expense; and
- c. Normal Operating, Maintenance and General and Administrative expenses.
 - i. For General and Administrative Expenses, the basis for the increase from 2014 to 2015, providing for, but not limited to, any explanation for the increase in:
 1. G&A payroll and benefit costs;
 2. Office expenses;
 3. Outside services (and differential professional services (Income Statement) from Account 520, Outside Services on MJW-4; and
 4. Corporate overhead expenses.¹⁴

Crimson's response to this data request states "Crimson maintains its records related to the data requested in TRM 3 on an aggregated system-wide basis."¹⁵ Crimson's Supplemental response provides a list of projects, including project number and dollar amount, for the year 2015.¹⁶ This list combines major maintenance expenses and non-routine expenses and fails to provide all Operating Expense Budgets/Authorities for Expenditures/Decision Support Packages and back-up information from 2010 through the present. The material requested by Tesoro is clearly applicable to rate base and cost allocation calculations and should be provided for the years 2013 to date, at a minimum.

¹⁴ First Set of Data Requests, pp. 4-5.

¹⁵ Crimson's Responses to First Set of Data Requests, pp. 2-3.

¹⁶ *Supplement to Crimson California's Response to Tesoro's First Set of Data Requests*, dated May 11, 2016 ("First Supplement to Data Request 1"), pp. 1-3.

D. Tesoro Data Request TRM 20 states as follows:

As a follow up to TRM 3 of the First Set of Data Requests, provide all Authorities for Expenditures above \$50,000 from 2010 through the present and for the current test period for each of the six pipelines:

- a) Major Maintenance Projects;
 - i. With regard to Crimson California Responses to Tesoro First Set of Data Requests (“Crimson’s Responses”) TRM 3, Crimson provided a listing of “Historic Asset Maintenance Detail” for 2015 only, when the request sought information from 2010-2016. Please provide responses to the unanswered portion of TRM 3.
 - ii. With regard to Crimson’s Responses TRM 3, Crimson references a “Tank” category, provide a schedule showing the planned timing of Tank inspection going forward from 2016 through 2020, along with the expected cost of each inspection.
 - iii. With regard to Crimsons’ Responses TRM 3, Crimson references “Integrity Management (IM),” identify which items (referencing Column B of the spread sheet) correspond to the items identified in Response to TRM 5 (referencing the CSFM number on the response to TRM 5).
- b) Major Project Expense; and
- c) Normal Operating, Maintenance and General and Administrative expenses.
 - i. For General and Administrative Expenses, the basis for the increase from 2014 to 2015, providing for, but not limited to, any explanation for the increase in:
 1. G&A payroll and benefit costs;
 2. Office expenses;
 3. Outside services (and differential professional services (Income Statement) from Account 520, Outside Services on MJW-4; and

4. Corporate overhead expenses.¹⁷

Crimson's response to this data request provides a spreadsheet showing expense projects by AFE for 2014-2015.¹⁸ Crimson fails to provide all Authorities for Expenditures ("AFEs") above \$50,000 from 2010 through 2013. Crimson also fails to provide the information requested in TRM 20 (a)(i), TRM 20 (a)(iii) and TRM 20 (b)-(c). Production of this information for 2013 to date should be compelled in the form requested.

E. Tesoro Data Request TRM 4 states as follows:

Provide all Capital Budgets/Authorities for Expenditures/Decision Support Packages and back-up information from 2010 through the 2013 and for the following periods for each capital project for each of the six pipelines during:

- a. Calendar year 2014;
- b. Calendar year base period 2015; and
- c. The current Test Period.¹⁹

Crimson's supplemental response to this data request provides a list of projects, including project number and dollar amount, for the year 2015.²⁰ This list combines major maintenance expenses and non-routine expenses. Crimson fails to provide all Operating Expense Budgets/Authorities for Expenditures/Decision Support Packages and back-up information from 2010 through 2013. Crimson also fails to provide these documents for each capital project for each of the six pipelines during the year 2014. Further, Crimson fails to provide the requested AFEs for the 2015 base period. Regarding the 2016 current test period, Crimson provides a spreadsheet of 2016 budgeted capital projects but fails to provide the requested AFEs.

¹⁷ Second Set of Data Requests, pp. 3-4.

¹⁸ Crimson's Responses to Second Set of Data Requests, Attachment A (Excel named "Crimson Response Tesoro 2nd Set v3", tab "TRM20_Expense Projects").

¹⁹ First Set of Data Requests, p. 5.

²⁰ See First Supplement to Data Request 1, pp. 3-4.

The material requested is clearly relevant and necessary for any party to evaluate Crimson's request for rate increase (particularly such a large increase), test its claim of need for interim relief, and propose rates going forward. A full response by Crimson should be ordered.

F. Tesoro Data Request TRM 21 states as follows:

As a follow up to TRM 4 of the First Set of Data Requests, provide all Authorities for Expenditures above \$50,000 from 2010 through the 2013 and for the following periods for each capital project for each of the six pipelines during:

- a. Calendar year 2014;
- b. Calendar year base period 2015; and
- c. The current Test Period.
- d. With regard to Crimson's Responses TRM 4, explain why certain ILI repairs listed on line 12 and 13 were capitalized versus expenses.²¹

Crimson's response to this data request provides a spreadsheet showing expense projects by AFE for 2014-2015.²² Crimson also provides a spreadsheet that lists projects and dollar amounts for 2014 and 2015.²³ Crimson fails to provide the requested information for 2010-2013. Crimson also neglects to include information for the Test Period.

This data could not be more relevant to the requested rate increase, nor could it be a more common topic of reasonable discovery in a rate application. Crimson's answers to date are sorely lacking in the typical detail that one expects to be provided and which is necessary to evaluate a rate increase request and, potentially, to respond with an alternate rate proposal. Tesoro requests that the omitted information from TRM 21 be provided for the year 2013.

²¹ Second Set of Data Requests, pp. 4-5.

²² Crimson's Response to Second Set of Data Requests, Attachment A (Excel named "Crimson Response Tesoro 2nd Set v3", tab "TRM21_CAPEX").

²³ Crimson's Response to Second Set of Data Requests, Attachment A (Excel named "Crimson Response Tesoro 2nd Set v3", tab "TRM20_Expense Projects").

G. Tesoro Data Request TRM 5 states as follows:

Provide all final Operating Plans, Long Range Plans, Management Reports, and the Integrity Management Plans for the six Crimson California Pipelines for each plan year from 2010 through 2016, showing projected testing and related costs.²⁴

Crimson's response to this data request provides a spreadsheet that lists information for the years 2015-2020²⁵ but fails to address information concerning the years 2010-2014, and fails to provide any written plans regarding its six pipelines. Crimson's response clearly does not satisfy the data request. To the extent the requested information does not exist, Crimson should so state, otherwise, the requested information should be provided for the years 2013 to date.

H. Tesoro Data Request TRM 22 states as follows:

As a follow up to TRM 5 of the First Set of Data Requests, please explain how the company formulates monthly and or annual plans to operate Crimson, including but not limited to major maintenance, capital project expansion, operating expense budgets, and system integrity management.

- a. Please explain if the company formulates these plans for only the current period or year, or if projections of the above categories are made for management use and review, and over what period the projections are made.
- b. Please explain how management decides how to proceed with proposed expenditures related to the above items, and how the company tracks the expenditure progress against the approved budgets.
- c. Provide the final operating plans approved by management from 2010 through 2016 related to each of the above categories of expenditures.

²⁴ First Set of Data Requests, p. 5.

²⁵ Crimson's Responses to First Set of Data Requests, Attachment B (Excel Named "CPUC_TRM5").

- d. Provide all Long Range Operating plans for the company that cover the current and projected expenditures of the above categories for each year from 2010 through 2016.
- e. Describe any reports made to management covering the above categories by monthly and annual periods from 2010 through 2016. If no reports are made to management, please so state and describe how management is kept informed about the activities in the above categories. Provide all such documents, reports and communications related to this process from 2010 through 2016.
- f. Provide the studies, plans, and supporting documents for the spreadsheet provided related to TRM-5, Integrity Management Plans for the six pipelines from 2010-2016.
- g. With regard to Crimson's Responses TRM 5, provide the length of pipe for each item for assessment No.'s 1204-1207, 1210 and 1267.²⁶

In response to this data request, Crimson provided the *Prepared Direct Testimony of Robert L. Waldron*, dated August 7, 2016 ("Waldron Direct"). However, a review of this testimony indicates that it is not responsive to the questions asked in anywhere near the detail requested. Therefore, Crimson's response is not responsive.

As Crimson is requesting a 60% overall rate increase, it is essential to understand how Crimson has spent its funds in the past and how it plans to do so in the future; particularly as to safety efforts, which lack any definition in the Application.

I. Tesoro Data Request TRM 8 states as follows:

Concerning the Pipeline Asset purchases described in Paragraph C of the Application by Crimson California Pipeline, L.P.:

²⁶ Second Set of Data Requests, pp. 5-6.

- a. Provide the sales price of the system and original cost, accumulated depreciation and accumulated deferred income tax balances for each pipeline at the time of sale or transfer to Crimson.
- b. Provide the Transfer or Purchase and Sale Agreement for the referenced six pipelines.
- c. Demonstrate the effect of the sale on the following by providing the following rate base balances prior to and after the purchase or transfer of the six pipelines:
 - i. Gross Plant in Service/Rate Base;
 - ii. Accumulated Depreciation Reserve in Rate Base; and
 - iii. ADIT in Rate Base.²⁷

Crimson's response states an objection to this data request on the grounds that it is vague and ambiguous, and further alleges that the referenced purchases have no effect on rate-base balances.²⁸ To the contrary, this data request asks for information that is clearly necessary for the assessment of Crimson's plant value and is typically provided by the applicant in any application workpapers without a specific request by a party.

J. Tesoro Data Request TRM 25 states as follows:

Concerning the Pipeline Asset purchases described in Paragraph C of the Application by Crimson California Pipeline, L.P.:

- a. Provide the Transfer or Purchase and Sale Agreement for the referenced six pipelines.
- b. Provide the workpapers or records that support the calculation of the following for the six pipelines:
 - i. Gross Plant in Service/Rate Base;
 - ii. Accumulated Depreciation Reserve in Rate Base; and

²⁷ First Set of Data Requests, pp 5-6.

²⁸ Crimson's Responses to First Set of Data Request, p. 5.

iii. ADIT in Rate Base.

- c. To the extent that the above workpapers or records do not exist, please explain who was responsible for the development of the Rate Base-related items, and provide the rationale, workpapers, studies, documents, and records that were developed by that person in arriving at the above items.²⁹

Crimson's response states an objection to TRM 25(a) on the grounds of relevance,³⁰ but the value of pipeline assets could not be more relevant to any rate increase request. Moreover, Crimson uses such data selectively in its testimony and in support of its *Application and Amendment to Application; Request for Timely Interim Rate Relief*, dated June 15, 2016 ("Amendment"). Once again, Tesoro requests the Transfer or Purchase and Sale Agreement for the referenced six pipelines because this information is absolutely critical for the calculation of Crimson's plant value.

Crimson's response to TRM 25(b)(i) provides *Prepared Direct Testimony of Mathew A. Petersen*, dated August 17, 2016 ("Petersen Direct") Exhibit Map-1. For TRM 25(b)(ii), Crimson provides *Prepared Direct Testimony of Michael Webb*, dated August 17, 2016 ("Webb Direct"), Exhibit No. MJW-2 Schedule 6; and, for TRM 25(b)(iii) and TRM 25(c), Crimson provides the Webb Direct Exhibit No. MJW-2, schedule 9. These pieces of testimony do not respond to the data request, and they propose alternate ways of calculating value and yet cross-reference each as support. The served testimony fails to provide the detail requested and such alleged support for the data contained in the original Application is not responsive to the request for the data.

²⁹ Second Set of Data Requests, pp. 6-7.

³⁰ Crimson's Responses to Second Set of Data Requests, pp. 6-7.

K. A portion of Tesoro Data Request TRM 9 states as follows:

Provide general ledgers in Excel format by Uniform System of Accounts (USOA) individual expense account for each calendar year from 2010 through 2015.³¹

Crimson's response to this data request provides a spreadsheet listing 2015 General Ledger Operating Expenses by account.³² Crimson's response does not satisfy the data request because it fails to provide information for the years 2010-2014.³³ A response should be compelled but, as stated previously, Tesoro agrees to limit its request to data from 2013 to date.

L. Tesoro Data Request TRM 26 states as follows:

Provide a spreadsheet, in Excel format, listing General Ledger Operating Expenses, by account and individual expense item for 2010 through 2014, for the six pipelines.³⁴

Crimson's response to this data request provides a spreadsheet with the aggregate amount of operating expenses for the year 2014.³⁵ Crimson fails to provide each individual expense item that comprised the operating expense total, and also fails to provide any information for the years 2010-2013. Tesoro requests that this information be ordered to be produced in disaggregated form and for the years 2013 to date.

M. A portion of Tesoro Data Request TRM 10 states as follows:

Provide general ledgers pursuant to USOA account designations for all Asset Plan Accounts by individual account, the Accumulated Depreciation Account, and Assets Under Construction/Construction Work in Progress Account, for each calendar year from 2010 through 2015.³⁶

³¹ First Set of Data Requests, p. 6.

³² First Supplement to Data Request 1, Attachment A (Excel named "Copy of Crimson Financial Responses v11_CPUC_REG", tab "TRM9_Support").

³³ Crimson's Responses to First Set of Data Requests, pp. 5-6.

³⁴ Second Set of Data Requests, p. 7.

³⁵ Crimson's Response to Tesoro's Second Data Request, Attachment A (Excel named "Crimson Response Tesoro 2nd Set v3", tab "TRM_26").

³⁶ First Set of Data Requests, pp. 6-7.

Crimson's response to this data request provides a general ledger with information for the year 2015.³⁷ Crimson's response fails to satisfy the data request because it does not provide information for the years 2010-2014. However, Tesoro agrees to limit its request to the years 2013 to date, and only seeks to compel the omitted information within this date range.

N. Tesoro Data Request TRM 27 states as follows:

Provide a spreadsheet, in Excel format, for all Asset Plant Accounts by individual account, the Accumulated Depreciation Account, and Assets Under Construction/Construction Work in Progress Account, for each calendar year from 2010 through 2014.³⁸

Crimson's response to this data request provides a spreadsheet with information for the year 2014 alone.³⁹ Further, Crimson's response listed the Asset Plant Account by individual account but listed the Accumulated Depreciation Account in the aggregate. Crimson fails to provide the Accumulated Depreciation Account by individual account or provide information for 2010-2013. It is unclear why this data was not provided in disaggregated form or why requesting disaggregation is somehow improper. Tesoro, however, agrees to limit its request to the period 2013 to date.

O. Tesoro Data Request TRM 11 states as follows:

Provide the expense amounts found on Exhibit No. MJW-4 in Excel format on a monthly basis for the base year and, in the aggregate for the test year, according to the USOA account designations and numbers. Separate the expense categories between the Operation & Maintenance Accounts, and the General & Administrative Accounts.⁴⁰

³⁷ First Supplement to Data Request 1, Attachment A (Excel named "Copy of Crimson Financial Responses v11_CPUC_REG", tab "TRM10_Support").

³⁸ Second Set of Data Requests, p. 7.

³⁹ Crimson's Response to Tesoro's Second Data Request, Attachment A (Excel named "Crimson Response Tesoro 2nd Set v3", tab "TRM_27").

⁴⁰ First Set of Data Requests, p. 7.

Crimson's response to this data request states that Crimson is in the process of compiling responsive information which will be provided as soon as it becomes available.⁴¹ Crimson's supplemental response, in turn, states "Operating Expenses by month are not available."⁴² Tesoro questions why and under what circumstances such basic data may not be available before 2015, and why it is now available for 2015. Production of this data for the years 2013 to date should be ordered.

P. A portion of Tesoro Data Request TRM 28 states as follows:

Provide the expense amounts found on Exhibit No. MJW-4 in Excel format on a monthly basis for the base year and, in the aggregate for the test year, according to the USOA account designations and numbers; or, provide a copy of whatever accounting system and records Crimson uses to track the income and expenses, on a monthly basis, for the six pipelines. Separate the expense categories between the Operation & Maintenance Accounts, and the General & Administrative Accounts.⁴³

Crimson's response to this data request provides a worksheet containing the aggregate amount of operating expenses for each account in 2014.⁴⁴ Crimson's response also generally cites to the direct testimony of Mr. Waldron regarding Crimson's accounting methods. Crimson's response fails to state why the data is not available on a monthly basis or specify which accounting system is used. Tesoro seeks to compel production of the data and information requested but limits this request to the years 2013 to date.

⁴¹ Crimson's Responses to First Set of Data Requests, p. 7.

⁴² Crimson's First Supplement to Data Request 1, p. 6.

⁴³ Second Set of Data Requests, p. 7.

⁴⁴ Crimson's Response to Tesoro's Second Data Request, Attachment A (Excel named "Crimson Response Tesoro 2nd Set v3", tab "TRM_26").

Q. Tesoro Data Request TRM 12 states as follows:

Concerning Exhibit MJW-4, Operating Expenses, explain the bases for the amounts in the following accounts and provide in live electronic format the methodology, categories and amounts used to develop those expenses.

- a. Line 9, Account 500, Salaries and Wages: Does this amount include employee benefits; does it include only employees of Crimson California Pipeline, L.P; are corporate overheads allocated to this account, and if so, state the amount, basis, and methodology used to derive such allocations, along with all workpapers.
- b. Line 11, Account 520, Outside Services: To the extent that regulatory and legal expenses are included therein, please state the amount of those expenses by category that is included in the Base Year. Provide the same for the years 2010 through 2015. Provide the basis and calculation for the adjustment to Outside Services listed under Adjustment 4.
- c. With regard to Account 520, please explain the \$750,000 increase in outside legal services for the test year and whether that increase reflects any costs for the rate filing.
- d. With regard to regulatory, environmental and safety costs found on the “unaudited” Statement of Income found in Exhibit B, please explain the 38% increase in regulatory, environmental and safety costs.
 1. Please identify where those costs are included on Schedule MJW-4, i.e. Account Number.
- e. On Line 15, Account 560, Insurance of Exhibit MJW-4: Please provide the basis for the increase in insurance premiums listed in Adjustment 5, in light of the company incurring no costs under Account 570, Casualty and Other Losses. State whether the company has insurance coverage through an independent carrier(s), or if the company is self-insured. To the extent that the company is self-insured, provide the basis for the level of premiums included in this account.

- f. Line 18, Account 590, of Exhibit MJW-4 Other Expenses: Please explain if there are any overhead allocations to this account, and if so, provide the same information requested in Item (a), above.
- g. Line 1, Account 300, Operating Expenses: State whether this account includes employee benefits, and separately identify salaries and benefits. To the extent that there is an allocation of salaries to this account, provide the same information requested in Item (a), above.
- h. In addition, please highlight:
- The reason for the increase in Operating and Maintenance Expense from 2014 to 2015.
1. Please explain the 33% increase in operating payroll and benefits.
 - a. How many new employees were added to handle pipeline maintenance/operations?
 2. Please explain the 46% increase in asset maintenance.
 - a. Does asset maintenance include outside service costs?
 - b. On Exhibit MJW-4, it shows in Operations and Maintenance Expense, Account 320, Outside Services of \$8.6 million. The 2015 Statement of Income shows \$2.4 million in Outside Services. Please explain the difference.
 - c. If a portion of Asset Maintenance includes Outside Service costs, provide the amount, by project.
- i. Line 3, Account 360, Outside Services, please state if all services are provided by independent firms. To the extent that there are corporate allocations to this account, please provide the same information requested in Item (a), above. Provide the same information for the years 2010 through 2014.

- j. Please provide by account and item all expenses in the Base Period that were infrequent or non-recurring expenses. Explain the review process undertaken to make such a determination.⁴⁵

Crimson's failed to respond to TRM 12 (a), (b), (d), (g), (h), (i), and (j).

Regarding TRM 12 (a), Crimson's response states Crimson is in the process of compiling responsive information which will be provided as soon as it becomes available. At this late stage, a date certain should be directed for the production of all material that is "being compiled". Tesoro requests a date no later than November 1 for production of this data.

Further, Crimson's supplemental response states: "Employee benefits are included in account 500. The majority of the costs are related to Crimson California employees. However there are instances where other employees provide services to both Crimson California and Cardinal Pipeline (and possibly KLM) and costs for these employees based on either time writing or by allocations. There are no corporate overheads allocated to this account."⁴⁶ Crimson should be compelled to provide the requested workpapers.

Regarding TRM 12 (b), Crimson's response states that Crimson is in the process of compiling responsive information that will be provided as soon as it becomes available.⁴⁷ Crimson's supplemental response states: "no regulatory expenses are included in Account 520. There were \$1,359,328 of legal expenses included in the Base Year. See response to TRM 12 (c) for the explanation for Adjustment #4."⁴⁸ Crimson's responses fail to provide any information for the years 2010-2014. Tesoro will restrict its request herein to the years 2013 to date.

⁴⁵ First Set of Data Requests, pp. 7-9.

⁴⁶ First Supplement to Data Request 1, p. 9.

⁴⁷ Crimson's Responses to First Set of Data Requests, pp. 9-10.

⁴⁸ First Supplement to Data Request 1, p. 9.

Regarding TRM 12 (g), Crimson’s response states Crimson is in the process of compiling responsive information which will be provided as soon as it becomes available.⁴⁹ Crimson’s supplemental response states “Account 300 does include employee benefits. The majority of the costs are allocated between Crimson California (95%) and Cardinal Pipeline (5%) based on mileage. See sheet TRM9_Support for detail of salaries and benefits.”⁵⁰ Crimson’s responses fail to provide the workpapers requested.

Regarding TRM 12 (d), (h) and (j), Crimson’s response and supplemental response state an objection to these Data Requests on the grounds that they are vague and ambiguous.⁵¹ With regard to TRM (j), Crimson’s response states “through discussions with cost managers at Crimson, Dr. Webb identified specific adjustments appropriate to normalize non-recurring items that were present in base-year costs or items expected to recur in future that were not base-year costs” and includes a citation to Exhibit No, MJW-4.”⁵² Crimson’s responses fail to explain the review process for the expenses included in the Base Period and failed to provide by account and item all expenses in the Base Period that were infrequent or non-recurring expenses. Further, Crimson’s responses ignored TRM (d) and (h).

Regarding TRM (i), Crimson’s response ignored the data request entirely. Crimson’s supplemental response states “all costs are third-party cash costs.”⁵³ Crimson’s responses do not satisfy the data request because Crimson fails to respond to the request for information for the years 2010-2014 (now restricted to 2013 to date) to evaluate and determine expected frequency of occurrence.

⁴⁹ Crimson’s Responses to First Set of Data Requests, pp. 9-10.

⁵⁰ First Supplement to Data Request 1, p. 10.

⁵¹ Crimson’s Responses to First Set of Data Requests, p. 9; First Supplement to Data Request 1, p. 9.

⁵² Crimson’s Response to Tesoro’s First Data Request, p. 10.

⁵³ First Supplement to Data Request 1, p. 10.

R. Tesoro Data Request 29 states as follows:

As a follow up to TRM 12 of the First Data Request, concerning Exhibit MJW-4, Operating Expenses, explain the bases for the amounts in the following accounts and provide in live electronic format the methodology, categories and amounts used to develop those expenses.

- a. In TRM 12(a) Crimson was asked to provide workpapers and failed to do so. For the second time, Tesoro requests that Crimson provide all workpapers used to derive the allocations for Line 9, Account 500, Salaries and Wages.
- b. In TRM 12(b) Crimson was asked to provide information from 2010-2015 however, in Crimson's responses information was only provided for the year 2015. For the second time, Tesoro requests that Crimson provide the following information. Regarding Line 11, Account 520, Outside Services: To the extent that regulatory and legal expenses are included therein, please state the amount of those expenses by category that is included in the years 2010 through 2015. Provide the basis and calculation for the adjustment to Outside Services listed under Adjustment 4.
- c. As a follow up to TRM 12(c), other than relying on its outside consultant, what steps did Crimson take to verify that it would spend at least \$3.0 million in costs for the current proceeding? If the company did not independently access the veracity of the cost provided by its consultant, please explain fully.
 1. Provide invoices, to date, for work performed by outside consultants or attorneys as well as any invoices for, or allocations of, time allocated by in-house counsel.
 2. Identify the specific invoices and dollar amounts associated with Crimson's Amendment to Application; Request for Timely Interim Rate Relief, along with any in-house allocations related to the same.
- d. Crimson ignored the TRM 12(d) requests. For the second time, Tesoro asks that Crimson provide the following information. With regard to regulatory,

environmental and safety costs found on the “unaudited” Statement of Income found in Exhibit B, please explain the 38% increase in regulatory, environmental and safety costs.

1. Please identify by account number where those costs are included on Schedule MJW-4.
- e. As a follow up to TRM 12(e), regarding the insurance policies provided in response to TRM 12(e) of the First Set of Data Requests, please state whether these policies cover Crimson’s affiliates; if so, please provide a list of Crimson affiliates to whom these policies apply.
 - f. As a follow up to TRM 12(f), please provide all studies, allocating manuals, and documents that support the allocation methodology used in developing the provided spreadsheet.
 1. To the extent that no support exists as requested above, please explain who developed the allocation methodology, and provide the studies, workpapers, and documents that support the development of said methodology.
 - g. In place of providing the workpapers requested in TRM 12(g), Crimson provided a cross reference to unrelated materials. For the second time, Tesoro requests that Crimson provide all workpapers used to derive the allocations for Line 1, Account 300, Operating Expenses.
 - h. Crimson ignored the TRM 12(h)(1)-(2) requests. For the second time, Tesoro requests that Crimson please explain the reasons for each change in Operating and Maintenance Expense categories from 2014 to 2015, and update those expenses from January 2016 through July 2016.
 - i. In TRM 12(i) Crimson was asked to provide information from 2010-2015 however, in Crimson’s responses TRM 12 information was only provided for the year 2015. For the second time, Tesoro requests that Crimson provide the following information. Regarding Line 3, Account 360, Outside Services: To the

extent that there are corporate allocations made to this account, please provide the following information for the years 2010 through 2014:

1. State whether this amount includes employee benefits.
 2. State whether this amount includes only employees of Crimson California Pipeline, L.P.
 3. State whether corporate overheads are allocated to this account; if so, state that amount, basis and methodology used to derive such allocations, along with all workpapers.
- j. In TRM 12(j) Crimson was asked to provide by account and item all expenses in the Base Period that were infrequent or non-recurring expenses. Explain in detail the review process undertaken to make such a determination and provide the names of all Cost Managers. In response Crimson provided only an explanation of the review process. Tesoro requests that Crimson address the TRM 12(j) request in its entirety.⁵⁴

Crimson's response to this data request states an objection to TRM (29) on the grounds that it is argumentative.⁵⁵ A clear reading of the questions indicates that it merely seeks data related to cost categories that Crimson uses to support its rate increase request. It is neither argumentative nor burdensome, as such data must be assumed to exist based on Crimson's proposed conclusions.

Regarding TRM 29 (a), Crimson's response states "Crimson was asked to provide workpapers for corporate allocations in Account 500. There are no Corporate allocations for Account 500, therefore, no workpapers were provided. However, assuming the scope of this request is broader than Account 500, see Attachment A ("Crimson Response"; worksheet TRM

⁵⁴ Second Set of Data Requests, pp. 8-10.

⁵⁵ Crimson's Responses to Second Set of Data Requests, pp. 9-11.

29).”⁵⁶ Crimson’s response does not satisfy the data request because worksheet TRM 29 is a hard-wired tab of amounts related to allocation percentages with no calculations related to overhead spending.

Regarding TRM 29 (b), Crimson’s response cross-references Crimson’s response to TRM 26 and TRM 12. In addition, Crimson’s response states “Legal expenses in 2014 were \$1,220,577.”⁵⁷ In response to TRM 26, Crimson provides a spreadsheet with the aggregate amount of operating expenses for the year 2014.⁵⁸ Crimson fails to provide each individual expense item that made up the operating expense total in addition to failing to provide any information for the years 2013. Further, Crimson fails, yet again, to explain the basis and calculation for Outside Services Listed under Adjustment 4.

Regarding TRM 29 (c), Crimson’s response states “relevant invoices for consulting and legal services are provided in Attachment C.”⁵⁹ Crimson’s response does not satisfy the data request as it fails to explain what the company did to independently assess the veracity of the cost provided by its consultants. Crimson also fails to provide all invoices and unilaterally decided which are “relevant”. Any relevance determination is not within the purview of the responder. Further, Crimson fails to identify the specific invoices and dollar amounts associated with Crimson’s Amendment along with any in-house allocations related to the same.

Regarding TRM 29 (d), Crimson’s response provides a reference to the Waldron Direct.⁶⁰ Crimson’s response merely provides a one line answer that fails to explain the 38% increase in regulatory environmental and safety costs found in the unaudited Statement of Income contained in Exhibit B in any detail whatsoever.

⁵⁶ Crimson’s Response to Second Data Request, pp. 11-12.

⁵⁷ *Id.* at p. 12.

⁵⁸ *Id.* at p. 7.

⁵⁹ *Id.* at p. 12.

⁶⁰ *Id.*

Regarding TRM 29 (d)(1), Crimson's response provides a cross reference to Crimson's response to TRM 26.⁶¹ Crimson's response provides all account numbers rather than the specific account numbers related to this data request. It is impossible to discern the information requested from the response provided.

Regarding TRM 29 (f), Crimson's response states an objection this data request on the grounds that it is unduly burdensome and irrelevant.⁶² Crimson's response fails again to address the manner in which it has allocated costs which is needed for the Commission to make the determination that the allocations are proper.

Regarding TRM 29 (g), Crimson's response cross-references Crimson's response to TRM 12 (g), which in turn cross references Crimson's response to TRM 9.⁶³ Crimson's response does not satisfy the data request because TRM 9 provides a spreadsheet listing General Ledger Operating Expenses by account. This spreadsheet fails to provide support for the allocations for Line 1, Account 300, Operating Expenses.

Regarding TRM 29 (h)(1)-(2), Crimson's response cross references Crimson's response to TRM 20 and TRM 26 and states: "Crimson added 7 employees related to maintenance and operations in 2015."⁶⁴ Crimson's response fails to satisfy the data request because the responses to TRM 20 and TRM 26 are equally non-responsive. However, Tesoro is willing to adjust its request to reflect the information for the same schedules that were filed with the August 17, 2016 testimony, in lieu of the request involving the Application.

Regarding TRM 29(i), Crimson's response cross-references Crimson's response to TRM 26 and TRM 12 (i).⁶⁵ Crimson's response to TRM 26 provides a spreadsheet with the

⁶¹ *Id.*

⁶² *Id.*

⁶³ *Id.*; Crimson's Responses to First Set of Data Requests, pp. 6, 9-10.

⁶⁴ Crimson's Response to Second Data Request, p. 12.

⁶⁵ *Id.*

aggregate amount of operating expenses for the year 2014.⁶⁶ Crimson fails to provide each individual expense item that comprised the operating expense total in addition to failing to provide any information for the years 2010-2013. Crimson's response to TRM 12 (i) fails to state whether all services listed in Line 3, Account 360, Outside Services, are provided by independent firms; and, to the extent that there are corporate allocations to this account, what the amount, basis, and methodology and workpapers were used to derive such allocations. Crimson's response does not provide any information for the years before 2014. Tesoro requests the data in the form requested from 2013 to date.

Regarding TRM 29 (j), Crimson's response references the vague and general Alexander Direct and the Waldron Direct Testimony.⁶⁷ Crimson's response does not provide by account and item all expenses in the Base Period that are infrequent or non-recurring expenses and fails to explain in detail the review process undertaken to make such a determination, providing the names of all Cost Managers. Mr. Alexander and Mr. Waldron's testimonies fail to provide even a partial explanation or provide any names.

S. Tesoro Data Request TRM 13 states as follows:

Concerning Paragraph 3 of the Webb Declaration relating to information provided by Mr. Peterson of REG, please provide the following:

- a. The reasons why Mr. Peterson did not provide his own declaration, in light of the importance of the information he provided to Mr. Webb regarding Mr. Peterson's calculation of original cost.
- b. All testimony or other presentations submitted by Mr. Peterson regarding the "fair value" rate base. List all dockets, venues, and decisional orders relating to his use of the "fair value" method.

⁶⁶ *Id.* at p. 7, Attachment A.

⁶⁷ *Id.* at p. 12.

- c. Provide all workpapers, studies and other material relied upon by Mr. Peterson in developing the “fair value” and original cost rate base, by each of the six pipelines at issue, i.e., the pipelines already in jurisdictional service, the pipelines being brought into jurisdictional service, and the idled pipelines that have been brought back into jurisdictional service.
- d. All calculations, studies and workpapers concerning the development of original cost depreciation and “fair value” depreciation by pipeline, by each of the six pipelines at issue, i.e., the pipelines already in jurisdictional service, the pipelines being brought into jurisdictional service, and the idled pipelines that have been brought back into jurisdictional service.
- e. Provide the development of Accumulated Deferred Income Taxes as shown on Line 12, Exhibit No. MJW-5, for the period 2010 through the Test Year. This should be done by each of the six pipelines at issue, i.e., the pipelines already in jurisdictional service, the pipelines being brought into jurisdictional service, and the idled pipelines that have been brought back into jurisdictional service.
- f. Please provide and reconcile all differences between the Total Property and Equipment, net, of \$85,422,327 listed on the Crimson California Pipeline “Unaudited” Balance Sheet in Exhibit B to the Application with the Depreciable CPIS and Accumulated Depreciation Excluding AFUDC found in Exhibit No. MJW-5, Lines 2 and 6, respectively. Please state Mr. Peterson’s role in developing the numbers on both exhibits. Provide all studies, workpapers and documents related to the development of these numbers, regardless of Mr. Peterson’s involvement.⁶⁸

Crimson’s responses to TRM 13 (c)(e) and (f) fail to satisfy the data request.

⁶⁸ First Set of Data Requests, pp. 9-10.

Regarding TRM 13 (c), Crimson’s response provides seven files each named “TRM 13c. . .”⁶⁹ Crimson’s response fails to identify all workpapers, studies and other material relied upon by Mr. Peterson when developing the “fair value” and original cost rate base, or by each of the six pipelines at issue, as requested.

Regarding TRM 13 (e), Crimson’s response references the worksheet labeled “Sch 9 ADIT” and cross references Crimson’s response to TRM 14 (a).⁷⁰ Crimson’s response fails to satisfy the data request because Crimson claims to have no information on plant prior to 2015, but a review of the cited schedules in this answer, the company has gross plant and depreciation balances going back to at least 2005.

Regarding TRM 13 (f), Crimson’s response states an objection on the grounds that the data request is vague and unduly burdensome.⁷¹ In addition, Crimson’s response states Mr. Peterson had no role in developing the balance sheet figure in Exhibit B. But Mr. Petersen developed the figures presented in column (c) of the worksheet labeled “WP5” of the file named “TRM14a Crimson AchRtn COS wkpr” provided in response to TRM 14 (a). He provides the requested reconciliation in the table on page 13 of Crimson’s Responses to First Set of Data Requests. While Crimson’s response provides a table demonstrating the difference between the two figures, the data request asks Crimson to reconcile or explain the difference; which is not provided.

T. Tesoro Data Request TRM 30 states as follows:

In response to TRM 13 of the First Set of Data Requests, Crimson failed to comply with the question, did not provide meaningful responses, or ignored the request for

⁶⁹ Crimson’s Responses to First Set of Data Requests, p. 12, Attachment E.

⁷⁰ Crimson’s Responses to First Set of Data Requests, p. 12.

⁷¹ *Id.* at pp. 12-13.

information entirely. Therefore, for the second time, Tesoro requests that Crimson provide the following information.⁷²

Crimson's responses to TRM 30 (b)-(e) still do not satisfy the data request. Regarding TRM 30 (b), Crimson's response references the seven electronic files attached in response to TRM 13 (c).⁷³ However, these files fail to identify all workpapers, studies and other material relied upon by Mr. Peterson when developing the "fair value" and original cost rate base, by each of the six pipelines at issue.

Regarding TRM 30 (c), Crimson's response references electronic file "WP 6" attached in response to TRM 13 (c).⁷⁴ These electronic files contain speculative, not actual, data that fail to satisfy the data request.

Regarding TRM 30 (d), Crimson's response references file "Ach 9 ADIT" provided in response to TRM 14 (a).⁷⁵ Crimson's response provides information in aggregated format rather than by each of the six pipelines at issue. It is impossible to consider the cost of each line, and an appropriate rate for each, if the data is aggregated by system. Further, to aggregate assumes that the data was in a disaggregated format prior to submittal and thus is readily available.

Regarding TRM 30(e), Crimson's response references TRM 13(f) in which Crimson states that "Mr. Petersen has no role in developing the balance sheet and figure in Exhibit B,' [Mr. Petersen] provided a reference to an electronic workpaper and provided a table containing the request reconciliation."⁷⁶ Crimson's response, once again, makes a brief statement regarding

⁷² Second Set of Data Requests, pp. 10-11 (TRM 30 (a)-(e) are identical to TRM 13 (b)-(f), TRM 13(a) was not repeated in TRM 30).

⁷³ Crimson's Responses to Second Set of Data Requests, p. 14.

⁷⁴ *Id.*

⁷⁵ *Id.*

⁷⁶ *Id.*

the difference between these figures rather than reconciling or explaining the difference and providing the workpapers and related documents that support this explanation.

U. A portion of Tesoro Data Request TRM 14 states the following:

Concerning the Webb Declaration in general, please provide the following:

- a. Provide the case cites to all decisions where Mr. Webb's equity rate of return, debt cost, and/or capital structure recommendations have been accepted or rejected.
- b. With respect to Exhibit No. MJW-3a through 3c and MJW-5, and to the extent not provided above, please provide the live excel spreadsheets and workpapers that support the development of AFUDC in rate base and the amortization thereof included in the cost of service.
- c. With regard to the proxy group listed in Exhibit No. MJW-7, page 1 of 2, please state the companies that Mr. Webb considered for inclusion in this group, but rejected, and state the reasons why those companies were rejected.
- d. With regard to the proxy group listed in Exhibit No. MJW-7, page 2 of 2, please state the companies that Mr. Webb considered for inclusion in this group, but rejected, and state the reasons why those companies were rejected.
- e. With regard to paragraph 24, page 10 of Mr. Webb's declaration, please provide the excel spreadsheets and workpapers and documents that support the use of a 40% debt capital structure, and therefore a 60% equity capital structure. To the extent that there are no spreadsheets, workpapers or documents, please provide the basis for his determination.
- f. With regard to paragraph 25, page 10, of Mr. Webb's declaration, he states: "The company has informed me that it does not believe it could obtain debt financing. However, if it could, it would be rated no higher than single B level, a level that is significantly below the major publicly traded oil pipeline companies such as Enterprise Products Partners."

- g. Pertaining to the first quoted sentence, has the company recently attempted to obtain financing?
- h. If the answer is no, please explain who decided, and how it was decided, that any debt would be rated “no higher than single B level.”
- i. With regard to paragraph 25, page 10, of Mr. Webb’s declaration, he states: “The company provided data to me showing that the bond yields for smaller publicly traded oil pipeline companies with similar bond ratings...as shown on Lines 1-11 of Exhibit No. MJW-6.
- j. What was the selection criteria used to include these companies?
- k. Did the company also provide Mr. Webb with the companies he used in this exhibit for his calculation of debt cost?
- l. Did Mr. Webb independently verify the data provided to him to the company?
- m. Did he seek out other companies for possible use in this group? If the answer is no, please explain.
- n. Is it Mr. Webb’s usual practice to use different proxy groups when developing equity and debt costs? Please explain.
- o. Please explain why it is appropriate to use different proxy groups in this case to develop the equity and debt costs for Crimson Pipeline.
- p. Concerning the calculation of the Return on Equity found in paragraphs 27 through 32 of Mr. Webb’s declaration, is the methodology described by Mr. Webb in developing the Return on Equity the usual methodology that he employs? If not, please explain.⁷⁷

⁷⁷ First Set of Data Requests, pp. 10-12.

Crimson's response to this data request ignored the information requested in TRM 14(c)-(p) entirely despite direct reference to allegedly supporting testimony of a Crimson "expert" witness.⁷⁸ Response to each must be compelled and provided.

V. Tesoro Data Request TRM 31 states as follows:

In response to TRM 14 of the First Set of Data Requests, Crimson responded to the requests for information in TRM 14(a)-(b) but ignored the requests in TRM 14(c)-(r). For the second time, Tesoro asked that Crimson provide the following information. Concerning the Webb Declaration in general: [TRM 14(c)-(r) same data request as shown above.]⁷⁹

Regarding TRM 31 (c), Crimson's response references Dr. Webb's testimony at pages 18-19.⁸⁰ The referenced pages do not, however, address the matter in the request. In addition, Crimson's response fails to name any companies as requested.

Regarding TRM 31 (d), Crimson's response references Dr. Webb's testimony at pages 18-19.⁸¹ Again, Crimson's response references pages that do not directly address the matter in the request and no companies are named as requested.

Regarding TRM 31 (g), Crimson's response states: "Dr. Webb does not have a detailed knowledge of recent Crimson financing activity."⁸² Crimson's response does not satisfy the data request because the question is not directed at Dr. Webb. Crimson should be able to provide this information without any input from Dr. Webb.

⁷⁸ Crimson's Responses to Tesoro's First Data Request, pp. 15-16.

⁷⁹ Second Set of Data Requests, pp. 11-13.

⁸⁰ Crimson's Responses to Tesoro's Second Set of Data Requests, p. 17.

⁸¹ *Id.*

⁸² *Id.*

Regarding TRM 31 (h), Crimson’s response states “Dr. Webb relied on the company’s assessment.”⁸³ In light of the fact that Crimson failed to respond to TRM 31 (g), this answer is unresponsive and appears to be intentionally misleading.

Regarding TRM 31 (k), Crimson’s response states “No” with a reference to Dr. Webb’s testimony at page 17.⁸⁴ Crimson’s response, however, fails to provide an explanation as to why Dr. Webb did not seek out other companies for the comparison group.

Regarding TRM 31 (l), Crimson’s response references Dr. Webb’s Direct testimony at page 17. Crimson’s response is unresponsive as page 17 of Mr. Webb’s testimony does not address whether he ordinarily uses proxy groups when developing equity and debt costs.

Regarding TRM 31 (m), Crimson’s response references the response to TRM 31 (l).⁸⁵ Again, Crimson’s response does not satisfy this data request because page 17 of Dr. Webb’s testimony does not address whether Dr. Webb ordinarily uses proxy groups when developing equity and debt costs.

Regarding TRM 31 (o), Crimson’s response states “this statement is based on his discussion with the company and his knowledge of the oil pipeline industry” and includes a reference to Dr. Webb’s testimony at 5-6.⁸⁶ Crimson’s response is not responsive because it fails to make clear whether Dr. Webb relied upon his own valuations or instruction from Crimson when evaluating the “. . . actual risk that Crimson faces.”

Regarding TRM 31 (p), Crimson’s response states “Dr. Webb is unaware of any decision employing this approach” and includes a reference to Dr. Webb’s Direct testimony at

⁸³ *Id.*

⁸⁴ *Id.*

⁸⁵ *Id.*

⁸⁶ *Id.*

page 23.⁸⁷ Crimson's response is unresponsive because page 23 of Dr. Webb's testimony provides no explanation regarding Dr. Webb's usual methods for calculating return on equity.

W. Tesoro Data Request TRM 15 states as follows:

What are the current depreciation rates by plant account for the six Crimson California Pipelines?

- a. Does each segment have its own depreciation rates, or are the segments depreciated on a total system basis?
- b. How were the initial depreciation rates for each pipeline determined?
- c. Have the depreciation rates changed since the start-up of each pipeline?
- d. Provide the basis for the depreciation rates put forward by Matthew Peterson, and provide all workpapers and studies developed and/or used by Mr. Peterson in determining the depreciation rates on the six pipelines. Provide the information in live excel spreadsheets where possible, as well.
- e. Has Crimson requested a formal finding from the CPUC that the rates developed by Mr. Peterson for depreciation are proper? Please explain.
- f. Provide any depreciation studies/reviews performed on the system.⁸⁸

Regarding TRM 15 (b), Crimson's response references the statement "depreciation rates for all pipeline plant accounts are at a 35-year straight-line rate of 2.86 percent. For cost of service, depreciation rates are developed using the remaining-life approach assuming a 2036 date of final retirement."⁸⁹ Crimson's response is unresponsive because it merely states what the book depreciation rates are currently, but not how they were developed. It is not clear if the rates are a function of the depreciation rates in place at the time of purchase of

⁸⁷ *Id.*

⁸⁸ First Set of Data Requests, pp. 12-13.

⁸⁹ Crimson's Response to Tesoro's First Data Request, p. 16.

pipelines, or are a function of Crimson’s own determination. This question must be directly answered for any fair evaluation by the Commission of the massive rate increase request.

Regarding TRM 15 (c), Crimson’s response states “Depreciation rates applied for both financial accounting and cost-of-service purpose have been consistent over the period that Crimson has held the assets.”⁹⁰ Crimson’s response does not state whether the depreciation rates changed from when the pipeline segments were purchased. The question does not ask if the book depreciation rates are the same over the time period the pipelines have been owned by Crimson, but have they changed since the start-up of the pipelines, i.e., when Crimson took control of those pipelines.

Regarding TRM 15 (d), Crimson’s response references (1) the development of economic life beginning at page 10 of the valuation report of Mr. Petersen and (2) the worksheet labeled “WP6” of the file provided in response to TRM 14 (a).⁹¹ Crimson’s response does not provide the requested support for the valuation report.

X. Tesoro Data Request TRM 32 states as follows:

In response to TRM 15 of the First Set of Data Requests, Crimson failed to respond to the question, did not provide meaningful responses, or ignored the request for information entirely. Therefore, for the second time, Tesoro requested that Crimson provide the following information. What are the current depreciation rates by plant account for the six Crimson California Pipelines?

- a. Does each segment have its own depreciation rates, or are the segments depreciated on a total system basis? Please state if the depreciation rates based on a 35-year straight-line rate for book plant accounts were also used in the cost of service prior to filing of the instant rate increase Application. If the answer is no, please reconcile Crimson’s original response to this subpart.

⁹⁰ *Id.* at p. 17.

⁹¹ *Id.*

- b. How were the initial depreciation rates for each pipeline determined? Please note that the question applies to the development, or determination, of the initial depreciation rates for each pipeline. Please explain if each of the six pipelines had its own depreciation rates prior to acquisition by Crimson, and if so, please explain the basis for those rates, and when those rates were changed to the 35-year straight-line rate that Crimson has used since it has held those assets. Provide all spreadsheets, workpapers and studies that show and reconcile the previous depreciation rates by account, depreciation balances by account for the periods ending at the point in time Crimson acquired those pipelines and the implementation of the new rates once Crimson held control over those assets.
- c. Have the depreciation rates changed since the start-up of each pipeline? Please affirmatively state that the 35-year straight-line depreciation rates have been in use for book and rate case purposes since the start-up of those pipelines, regardless of when Crimson came to hold those assets.
- d. Please state if Crimson has ever received approval from any California agency for the 35-year straight-line depreciation rates used by the company since it acquired each of the pipelines.⁹²

Crimson's response states an objection on the grounds that this data request is argumentative as well as vague and ambiguous. In addition, Crimson's response references the Petersen Direct.⁹³ It is clear that each part of the question asks for data or a clarification of factual information. This is clearly neither vague nor argumentative and is a relevant request. Further, Petersen's testimony is entirely unresponsive to all questions contained within this request.

⁹² Second Set of Data Requests, pp. 13-14.

⁹³ Crimson's Responses to Second Set of Data Requests, p. 19.

Y. Tesoro Data Request TRM 16 states as follows:

What is the amount of outstanding long term debt as of December 31, 2015? For such long term debt please provide the following:

- a. If in varying tranches, the amount in each tranche; and by tranche;
- b. Term of debt;
- c. Interest rate; and
- d. If Crimson California Pipeline does not issue its own debt, provide the name of the entity that provides or guarantees financing for the company, and provide that entity's financial statements for the 2014, 2015 and to date.⁹⁴

Crimson's response to this data requests states "Crimson has no outstanding long-term debt."⁹⁵ Crimson's response does not satisfy this data request as demonstrated by the follow up question posed by Tesoro Data Request TRM 33.

Z. Tesoro Data Request TRM 33 states the following:

In response to TRM 16 (a) of the First Set of Data Requests Crimson stated that it has no long-term outstanding debt; however, Crimson's 2015 annual report shows Long Term Debt payable after one year of \$12.75 million, under Non-Current Liability on the balance sheet, please explain this discrepancy. In doing so, please provide the amount of outstanding long-term debt as of December 31, 2015? For such long-term debt please provide the following:

- a. If in varying tranches, the amount in each tranche; and by tranche;
- b. Term of debt;
- c. Interest rate; and
- d. If Crimson California Pipeline does not issue its own debt, provide the name of the entity that provides or guarantees financing for the company, and provide that entity's financial statements for 2014, 2015 and to date.⁹⁶

⁹⁴ First Set of Data Requests, p. 13.

⁹⁵ Crimson's Response to Tesoro's First Data Request, p. 17.

⁹⁶ Second Set of Data Requests, pp. 14-15.

Crimson's response states an objection to this data request on the grounds that it is argumentative as well as vague and ambiguous. In addition, Crimson states "it reorganized its corporate structure in 2016. Prior to the reorganization, Crimson California issued variable interest rate debt through a credit facility. The amount of that Debt as of December 31, 2015 is noted in the 2015 Annual Report." Lastly, Crimson provides a reference to Mr. Waldron's testimony for information regarding Crimson California's current financing options.⁹⁷ Crimson's response fails to provide long-term debt by varying tranches for the years 2013- 2015. Further, Crimson fails to provide financial statements or name the entity that provides or guarantees financing for the company.

AA. Tesoro Data Request TRM 38 states the following:

At page 7, line 12 to page 9, line 21, please provide:

- a) A copy of the application or filing for approval to the Commission to acquire
 - (i) the Brea West segment,
 - (ii) Huntington Beach and place them into common carrier status.
- b) A copy of all approvals by the Commission for the acquisition and integration of these two segments into the Crimson system.⁹⁸

Crimson's response to this data request states an objection on the grounds that the data request lacks foundation and further provides a citation to CPUC Decision No. 09-02-022.⁹⁹ Crimson's response to the requested applications or orders relating to the acquisition of the Brea West and Huntington Beach segment purchases, and the objection cites no reason the material cannot be provided. Further, despite the fact that the applicant should have that information readily available, it is not available through Commission channels. The material is also clearly relevant as to what Crimson may have said to the Commission to justify the purchase and

⁹⁷ Crimson's Response to Tesoro's Second Data Request, pp. 19-20.

⁹⁸ Third Set of Data Requests, p. 3.

⁹⁹ Crimson's Responses to Third Set of Data Requests, p. 2.

potentially what rate and cost information may have been provided that could be at odds with the filed case.

BB. Tesoro Data Request TRM 40 states the following:

At page 1, Lines 14-16, through page 2, lines 1 and 2, please provide the information compiled pursuant to the information requests of Dr. Webb and Mr. Peterson, including documents, studies, reports, workpapers and live excel spreadsheets with spreadsheets intact.¹⁰⁰

Crimson's response provides a citation to Dr. Webb and Mr. Peterson's testimony that merely lists a description of what was provided pursuant to the information request.¹⁰¹ Crimson's response does not satisfy the data request by failing to provide the information itself, including documents, studies, reports, workpapers and live excel spreadsheets with spreadsheets intact.

CC. Tesoro Data Request TRM 41 states the following:

At the same referenced pages, please state which individuals with direct knowledge of the business and operating process that compiled and verified the information requested to whom Mr. Alexander spoke, and provide all documents, studies, reports, workpapers and live excel spreadsheets with spreadsheets intact related to said discussions.¹⁰²

Crimson's response lists the individuals to whom Mr. Alexander spoke.¹⁰³ But Crimson's response fails to satisfy the data request because it does not provide the documents, studies, reports, workpapers and live excel spreadsheets with spreadsheets intact related to said discussions.

¹⁰⁰ Third Set of Data Requests, p. 4.

¹⁰¹ Crimson's Responses to Third Set of Data Requests, p. 3.

¹⁰² Third Set of Data Requests, p. 4.

¹⁰³ Crimson's Responses to Third Set of Data Requests, p. 3.

DD. Tesoro Data Request TRM 48 states the following:

At page 13, lines 17 through, 21 please provide:

- a. The information given to Mr. Alexander by Mr. Webb regarding the establishment of items meeting the known and measurable criteria for 2016 projected costs;
- b. Any contractual commitments that would meet the know and measurable criteria;
- c. Recent operating results that meet the same criteria; and
- d. Any plans approved by management that will be implemented in the next several months.¹⁰⁴

Crimson's response merely directs Tesoro back to the portions of Mr. Alexander's Testimony that are the subject of this data request.¹⁰⁵ Crimson's response fails to provide any of the actual documents and materials requested in TRM 48(a)-(d) and presumably relied upon by their witness.

EE. Tesoro Data Request TRM 56 states the following:

Regarding Exhibit No. MJW-1, Schedule 1, please provide all testimony and workpapers filed and/or prepared for use in FERC Docket No. OR16-14 that supports or references the Cost of Debt for 2005 through 2015 and Rate of Return on Equity for 2005 through 2014 used in this schedule.

- a) Please state the purpose of providing these rates for 2005 through 2015 and state where those rates are used in Mr. Webb's testimony and exhibits, and where Mr. Webb explains these rates in his testimony.
- b) Please provide the support in either his testimony and/or exhibits that explains why a 3.5 percentage point premium was added to the rates for 2005 through 2014 in the Return on Equity.

¹⁰⁴ Third Set of Data Requests, p. 5.

¹⁰⁵ Crimson's Responses to Third Set of Data Requests, pp. 6-7.

- c) Please provide the support in either his testimony and/or exhibits that explains why an Equity Capital Structure of 60% is appropriate for the 2005-2014 period.
- d) To the extent that the rate of return and cost of debt for 2015 and the Test Period differ from those contained in the Application, please explain in detail why that should occur.
- e) Provide all live excel files and workpapers, documents and studies that calculate the Cost of Debt, Rate of Return on Equity and Capital Structure found on this exhibit for 2005 through the Test Year.
- f) Provide all live excel files and workpapers, documents and studies that calculate and support the remaining Schedules 2 through 4 of MJW-1.
- g) Please explain in detail the appropriateness of relying upon updated costs rather than those supplied in the original March 11, 2016 rate filing.

Crimson's response refers Tesoro to sections of Mr. Webb's Testimony.¹⁰⁶

Regarding TRM 56 (a), Crimson's response fails to adequately respond to reasonable questions because Dr. Webb failed to state where in his testimony he provides support for the appropriateness of the debt interest rates and returns on equity he uses for 2005 through 2014. The same holds true for TRM 56 (c) and TRM 56 (e).¹⁰⁷

FF. Tesoro Data Request TRM 61 states the following:

Regarding Exhibit No. MJW-2, Schedule 7, AFUDC, please explain in detail why the AFUDC calculation is different for the Base and Test Periods than those shown in Exhibit No. MJW-5, filed in support of the March 11, 2016 rate filing.

- a) Please explain in detail why the Cost of Debt on Line 1 of MJW-2, Schedule 7 is different than the Cost of Debt used to support the AFUDC calculation in the Initial Rate Filing, as found in Workpaper 7 of Data Response TRM14a.

¹⁰⁶ Third Set of Data Requests, pp. 7-8.

¹⁰⁷ Crimson's Responses to Third Data Request, p. 11.

- b) Please explain in detail why the Rate of Return on Equity on Line 2 of MJW-2, Schedule 7, is different than the Rate of Return on Equity used to support the AFUDC calculation in the initial rate filing, as found in Workpaper 7 of Data Response.
- c) Please explain in detail why it is appropriate to change these costs from 2005 forward in the supplemental testimony rather than use the costs provided in the initial rate filing of March 11, 2016.
- d) Please provide all supporting live excel files, studies, documents and workpapers that support the calculation of these capital costs from 2005 forward.
- e) Please confirm that this is the first rate case for Crimson, and that the capital costs used from 2005 forward have no supporting basis in fact to be used in this proceeding.
- f) Please explain in detail why the shown capital structure on Lines 3 and 4 of JJW-2, Schedule 7, should be the same for each year from 2005 forward.
 - i. Provide all live excel files, workpapers, studies, and documents that support these ratios from 2005 forward.
 - ii. To the extent that this case is the only rate case that Crimson has filed, please supply all support for the use of these capital structures from 2005 forward.¹⁰⁸

Regarding, TRM 61 (e), Crimson's response states an objection on the grounds that the request lacks relevance and is overly broad and unduly burdensome. Crimson response further states that the subject application is the first general rate case filing for Crimson and that the basis supporting cost of capital is provided in Mr. Webb's Testimony.¹⁰⁹

¹⁰⁸ Third Set of Data Requests, pp. 9-10.

¹⁰⁹ Crimson's Responses to Third Set of Data Requests, p. 16.

Crimson's response fails to satisfy this data request for several reasons. First, Crimson's objection on the grounds of relevance is inappropriate because Crimson includes these rates in its schedules calculating AFUDC, as mention in the preamble to TRM 61. Second, the question is narrow in scope, and not unduly burdensome, as Tesoro is only asking for the supporting references in testimony as to these costs. Third, Dr. Webb's testimony does not address capital costs for 2005 through 2014, so this answer is non-responsive. Without record support for these costs, the Commission will have no choice but to reject these calculations in their entirety.

GG. Tesoro Data Request TRM 67 states the following:

Please provide the ROE calculations for the other large oil companies considered by Dr. Webb but not included in Table 1 in the same format as Exhibit No. MJW-1, Schedule 3. Please provide this information in a live spreadsheet with all formulae intact.¹¹⁰

Crimson's response to this data request states "there are none."¹¹¹ Crimson's response does not satisfy the data request because it fails to answer the preamble of the question, which addresses a specific statement made by Dr. Webb in his testimony wherein he lists his potential "alternative arrangements" for crude oil delivery available to Crimson's shippers. TRM 67 asks Dr. Webb to identify those alternative arrangements which he fails to do.

HH. Tesoro Data Request TRM 84 states the following:

At page 30, Lines 8 through 15, please provide all studies, live excel files, and workpapers relating to the development of AFUDC, and provide support for all years from 2005 forward in which the cost of capital and capital structure are used.

- a) To the extent that the company did not have a rate case on file with the CPUC prior to March 11, 2016, is Mr. Webb seeking authorization from the CPUC for these rates and capital structures from 2005 through 2015?

¹¹⁰ Third Set of Data Requests, p. 12.

¹¹¹ Crimson's Responses to Third Set of Data Requests, p. 20.

b) If the answer is yes, please cite to his testimony where such support is sought. If the answer is no, please explain why these rates and capital structures should not be rejected as unsupported and inappropriate.¹¹²

Regarding TRM 84 (a), Crimson's response states an objection on the grounds that it is vague and ambiguous and further states that the March Application speaks for itself, setting forth the specific authorization that is the subject of the Application.

Regarding TRM 84 (b), Crimson's response refers back to 84 (a).¹¹³

Neither of Crimson's responses adequately responds to the data request.

Crimson's response fails to state whether Dr. Webb is seeking current approval for past rates of return and capital structures from 2005 through 2015 for use in his schedules since the company never sought approval for those rates.

II. Tesoro Data Request TRM 90 states the following:

Regarding MAP-6, please provide all live excel spreadsheets with formulae intact, studies, workpapers and other documents that were used in the development of this report.¹¹⁴

Crimson's response directs Tesoro to the workpaper file provided in response to TRM 13(c) and further states that the other documents requested are publicly available.¹¹⁵

Crimson's response fails to satisfy the data request because while it may be true that the complete documents are publicly available, Tesoro has a right to know exactly what portions of those documents were relied upon to develop MAP-6.

¹¹² Third Set of Data Requests, p. 15.

¹¹³ Crimson's Responses to Third Set of Data Requests, p. 27.

¹¹⁴ Third Set of Data Requests, p. 16.

¹¹⁵ Crimson's Responses to Third Data Request, p. 30.

JJ. Tesoro Data Request TRM 93 states the following:

At page 6 of MAP-6, and to extent not already produced, please provide all studies, live excel files, workpapers, and documents relating to the declining reserves and production in the Los Angeles basin that are relied upon by Mr. Peterson.

- a) Please provide any updated reserve reports and studies covering the Los Angeles Basin over the 2015-16 period that are not covered by the above question.¹¹⁶

Crimson's response directs Tesoro to the publicly available documents referred to in TRM 90 and further states that Mr. Peterson has no documents responsive to this request.¹¹⁷

Crimson's response fails to satisfy the data request because, once again, while it may be true that the complete documents are publicly available, Tesoro has a right to know exactly what portions of such documents Mr. Peterson relied upon and why.

KK. Tesoro Data Request TRM 100 states the following:

At page 2, lines 8 through 11 of Mr. Waldron's testimony, please describe the information that was requested by Mr. Webb, and to the extent not already produced, provide the information given to Mr. Webb for the preparation of the calculations of cost based rates filed by Crimson. Provide all excel spreadsheets with formulae intact.¹¹⁸

Crimson's response states "Mr. Waldron and Dr. Webb provide a full description of the data requested in their testimony."¹¹⁹ Crimson's response is inadequate because it fails to provide the actual information and materials themselves, choosing, yet again, to unilaterally describe the information that was provided to Mr. Webb rather than the information itself which, if the information were properly reviewed, could lead to a rejection of Mr. Webb's use of it.

¹¹⁶ Third Set of Data Requests, p. 17.

¹¹⁷ Crimson's Responses to Third Data Request, p. 31.

¹¹⁸ Third Set of Data Requests, p. 19.

¹¹⁹ Crimson's Responses to Third Set of Data Requests, p. 35.

LL. Tesoro Data Request TRM 104 states the following:

At page 4, lines 11 through 23 of Mr. Waldron's testimony:

- a) Please provide the yearly depreciation or amortization expense reflected on the accounting records for all capital investments and acquisitions from 2005 forward. Please provide all carrier plant information and depreciation balances by their USOA plant account designations.
- b) Provide all financial audits performed by KPMG, or other outside auditor, from 2010 through 2015.
- c) Provide the audited financial statements and carrier property in service data provided to Mr. Webb.
- d) Provide the history of sustaining capital investment by year and by USOA plant account designation. Provide the same for the associated book depreciation expense.¹²⁰

Regarding TRM 104 (a) and (d), Crimson's response stated that it was in the process of compiling information that would be made available on October 10, 2016.¹²¹ To date, Crimson has not provided information that is responsive to these requests.¹²² Tesoro needs this information to assess the rate base balances for carrier plant and accumulated depreciation put forward by Crimson from the acquisition date of its pipelines through sustaining capital investments, and to allow Tesoro to ascertain the appropriateness of Crimson's rate base methodology. Further, Tesoro would use this information to develop its own rate base balances should its investigation result in rejection of Crimson's rate base methodology. This material must be ordered to be provided no later than November 1, 2016.

¹²⁰ Third Set of Data Requests, p. 20.

¹²¹ Crimson's Responses to Third Set of Data Requests, p. 38.

¹²² On October 19, 2016, Crimson provided its second supplemental response to Tesoro's Third Set of Data Requests, specifically addressing TRM 104(d). This response only contained data for the years 2011-2015, and omitted the requested associated book depreciation altogether. This particular data must be provided from 2005 forward in order to develop proper rate base values.

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EXHIBIT 2

TESORO REFINING & MARKETING COMPANY LLC FIRST SET OF DATA

REQUESTS TO CRIMSON CALIFORNIA PIPELINE L.P.

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

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

A.16-03-009
(filed March 11, 2016)

**TESORO REFINING & MARKETING COMPANY LLC FIRST SET OF DATA
REQUESTS TO CRIMSON CALIFORNIA PIPELINE L.P.**

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***Attorneys for Tesoro Refining & Marketing
Company LLC***

Dated: April 7, 2016

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

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

A.16-03-009
(filed March 11, 2016)

**TESORO REFINING & MARKETING COMPANY LLC FIRST SET OF DATA
REQUESTS TO CRIMSON CALIFORNIA PIPELINE L.P.**

The following data requests concern Crimson California Pipeline L.P.'s ("Crimson") Application 16-03-009, filed March 11, 2016 ("Application"). Tesoro Refining & Marketing Company LLC¹ ("Tesoro") requests that Crimson provide the information and documents requested below and serve upon Tesoro via electronic mail, overnight mail or personal delivery no later than **April 21, 2016**. Tesoro recognizes that certain data requests may take more time than others and would prefer receiving partial responses, on a rolling basis, as responses become available. Crimson should serve the responses to Mila Buckner (mbuckner@manatt.com) with a copy to Demetrio Marquez (dmarquez@manatt.com) both at Manatt, Phelps and Phillips, One Embarcadero Center, 30th Floor, San Francisco, California 94111.

INSTRUCTIONS AND DEFINITIONS

1. Tesoro intends each Request to elicit discovery of all documents, tangible things, and knowledge or information of Crimson, its employees and agents, and any person acting on its behalf.
2. In responding to each Request, state the text of the request prior to providing the

¹ Tesoro plans to file a protest to the Application on or before the deadline, April 18, 2016.

response, and provide the name of the person or persons answering, 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 information or production request is continuing in nature. If Crimson acquires additional information after it has provided its answer to any request, Crimson must supplement its response following the receipt of such additional information. If Crimson is unwilling to supplement its responses, so state in the form of an objection so that Tesoro may have the opportunity to seek updated information again at a later date.

4. In the event that Crimson asserts that any requested information is “public information” or otherwise available to Tesoro, please identify the following: (a) the document or file in which the requested material is contained; (b) the title of the document or file; (c) the date of each document or file; (d) the specific chapter, section, page and line number on which the requested material is contained; and (e) the office and location nearest San Francisco where such document or file with the requested material is maintained and available for public inspection.

5. In the event that Crimson asserts that any requested information is confidential or otherwise privileged and not subject to disclosure to Tesoro, please provide the following: (a) a general description of the document or information with respect to which such privilege is claimed; (b) the title of the document or file containing the information; (c) the date of the document or date on which the information was prepared; (d) the author and names of any recipients shown on the document and any other individuals known to have received copies; (e) the purpose for which the document or information was prepared; and (f) the privilege asserted with respect to the document. Please also state whether Crimson would agree to produce the information to Tesoro subject to a confidentiality agreement.

6. If any requested document no longer exists or is no longer in Crimson's possession, custody or control, please: (a) describe the document, including its title and date; (b) identify the last known custodian and location of the document; and (c) state with specificity (i) the date upon which the document was lost, destroyed or otherwise became unavailable and (ii)

the circumstances under which it was lost, destroyed or otherwise became unavailable, including the reason for its destruction or unavailability.

7. The term “identify” means to describe any document or tangible thing responsive to the request, in clear and unambiguous terms, and with sufficient clarity so that Tesoro may correctly ascertain the identity of the document or thing.

8. The terms “document,” “documents,” “documentation,” or “documentary material” include, but are not limited to, the following items, whether printed, recorded, or written or reproduced by hand: reports, studies, statistics, projections, forecasts, decisions and orders, intra-office and interoffice communications, correspondence, memoranda, financial data, summaries or records of conversations or interviews, statements, returns, diaries, calendars, work papers, graphs, notebooks, notes, charts, computations, plans, drawings, sketches, computer printouts, summaries or records of meetings or conferences, summaries or reports of investigations or negotiations, opinions or reports of consultants, photographs, brochures, bulletins, records or representation or publications of any kind (including microfilm, videotape, and records however produced or reproduced), electronic or mechanical or electrical records of any kind (including, without limitation, tapes, tape cassettes, discs, and records) other data compilations (including, without limitation, input/output files, source codes, object codes, program documentation, computer programs, computer printouts, cards, tapes, discs and recordings used in automated data processing, together with the programming instructions and other material necessary to translate, understand, or use the same), and other documents or tangible things of whatever description which constitute or contain information within the scope of a Request to produce.

9. The terms “refer to,” “relate to,” or “regard” or any form of those words mean to analyze, appraise, assess, characterize, comment on, concern, consider, constitute, contain, deliberate, delineate, describe, discuss, evaluate, evidence, explicate, pertain to, recommend, record, reflect, report on, set forth, show, summarize, or study.

10. The terms “include” or “including” mean “including but not limited to.”

TRM 1. Provide a map of the each of the six Crimson California Pipeline systems that are identified in Paragraph C of the Application, at pages 4 and 5, and identify the pipeline system(s) that provided existing jurisdictional service, non-jurisdictional service and were idled but brought back into service.

- a. Provide mileage and width by pipeline segment for each system.
- b. Provide the locations of all interconnections.
- c. Provide the location of pump stations, and provide information concerning the makeup of the facilities.
- d. Provide all receipt and delivery points.
- e. Provide historical and current monthly receipts and deliveries by/to shippers from 2010 through the present.
- f. Provide locations of all gathering facilities.

TRM 2. Provide the throughput and cost basis for determining the existing and initial rates on the six Crimson California Pipelines.

TRM 3. Provide all Operating Expense Budgets/Authorities for Expenditures/Decision Support Packages and back-up information from 2010 through the present and for the current test period for each of the six pipelines:

- a. Major Maintenance Projects;
- b. Major Project Expense; and
- c. Normal Operating, Maintenance and General and Administrative expenses.
 - i. For General and Administrative Expenses, the basis for the increase from 2014 to 2015, providing for, but not limited to, any explanation for the increase in:
 1. G&A payroll and benefit costs;
 2. Office expenses;

3. Outside services (and differential professional services (Income Statement) from Account 520, Outside Services on MJW-4; and
4. Corporate overhead expenses.

TRM 4. Provide all Capital Budgets/ Authorities for Expenditures/Decision Support Packages and back-up information from 2010 through the 2013 and for the following periods for each capital project for each of the six pipelines during:

- a. Calendar year 2014;
- b. Calendar year base period 2015; and
- c. The current Test Period.

TRM 5. Provide all final Operating Plans, Long Range Plans, Management Reports, and the Integrity Management Plans for the six Crimson California Pipelines for each plan year from 2010 through 2016, showing projected testing and related costs.

TRM 6. Provide the details of the Integrity Management testing expenses in 2014 – 2015, including identity of projects and associated expenses, and any relevant AFEs and/or DSPs. State the start dates when the Integrity Management testing plan was implemented and actual work began on each pipeline.

TRM 7. Provide Crimson’s Annual Regulatory Reports to the California Public Utilities Commission from 2010 through 2016. State whether each report provides for separate plant and expense balances related to the pipelines contained therein.

TRM 8. Concerning the Pipeline Asset purchases described in Paragraph C of the Application by Crimson California Pipeline, L.P.:

- a. Provide the sales price of the system and original cost, accumulated depreciation

and accumulated deferred income tax balances for each pipeline at the time of sale or transfer to Crimson.

- b. Provide the Transfer or Purchase and Sale Agreement for the referenced six pipelines.
- c. Demonstrate the effect of the sale on the following by providing the following rate base balances prior to and after the purchase or transfer of the six pipelines:
 - i. Gross Plant in Service/Rate Base;
 - ii. Accumulated Depreciation Reserve in Rate Base; and
 - iii. ADIT in Rate Base.

TRM 9. Provide general ledgers in Excel format by Uniform System of Accounts (USOA) individual expense account for each calendar year from 2010 through 2015.

- a. Provide these expenses on an individual line item expense basis.
- b. Provide all account references/codes/designations in a separate key file, to the extent that the information provided in each column of the general ledger is not specific enough to determine each field's meaning.
- c. Provide the above expenses by the six Crimson pipelines. If the expenses are identified by system and contained in the information requested, a separate accounting is not required. Please confirm if that is the case.

TRM 10. Provide general ledgers pursuant to USOA account designations for all Asset Plant Accounts by individual account, the Accumulated Depreciation Account, and Assets Under Construction/Construction Work in Progress Account, for each calendar year from 2010 through 2015.

- a. Provide these entries on an individual line item basis.
- b. Provide all account references/codes/designations in a separate key file, to the extent that the information provided in each column of the general ledger is not

specific enough to determine each field's meaning.

TRM 11. Provide the expense amounts found on Exhibit No. MJW-4 in Excel format on a monthly basis for the base year and, in the aggregate for the test year, according to the USOA account designations and numbers. Separate the expense categories between the Operation & Maintenance Accounts, and the General & Administrative Accounts.

TRM 12. Concerning Exhibit MJW-4, Operating Expenses, explain the bases for the amounts in the following accounts and provide in live electronic format the methodology, categories and amounts used to develop those expenses.

- a. Line 9, Account 500, Salaries and Wages: Does this amount include employee benefits; does it include only employees of Crimson California Pipeline, L.P; are corporate overheads allocated to this account, and if so, state the amount, basis, and methodology used to derive such allocations, along with all workpapers.
- b. Line 11, Account 520, Outside Services: To the extent that regulatory and legal expenses are included therein, please state the amount of those expenses by category that is included in the Base Year. Provide the same for the years 2010 through 2015. Provide the basis and calculation for the adjustment to Outside Services listed under Adjustment 4.
- c. With regard to Account 520, please explain the \$750,000 increase in outside legal services for the test year and whether that increase reflects any costs for the rate filing.
- d. With regard to regulatory, environmental and safety costs found on the “unaudited” Statement of Income found in Exhibit B, please explain the 38% increase in regulatory, environmental and safety costs.
 1. Please identify where those costs are included on Schedule MJW-4, i.e. Account Number.

- e. On Line 15, Account 560, Insurance of Exhibit MJW-4: Please provide the basis for the increase in insurance premiums listed in Adjustment 5, in light of the company incurring no costs under Account 570, Casualty and Other Losses. State whether the company has insurance coverage through an independent carrier(s), or if the company is self-insured. To the extent that the company is self-insured, provide the basis for the level of premiums included in this account.
- f. Line 18, Account 590, of Exhibit MJW-4 Other Expenses: Please explain if there are any overhead allocations to this account, and if so, provide the same information requested in Item (a), above.
- g. Line 1, Account 300, Operating Expenses: State whether this account includes employee benefits, and separately identify salaries and benefits. To the extent that there is an allocation of salaries to this account, provide the same information requested in Item (a), above.
- h. In addition, please highlight:

The reason for the increase in Operating and Maintenance Expense from 2014 to 2015.

- 1. Please explain the 33% increase in operating payroll and benefits.
 - a. How many new employees were added to handle pipeline maintenance/operations?
- 2. Please explain the 46% increase in asset maintenance.
 - a. Does asset maintenance include outside service costs?
 - b. On Exhibit MJW-4, it shows in Operations and Maintenance Expense, Account 320, Outside Services of \$8.6 million. The 2015 Statement of Income shows \$2.4 million in Outside Services. Please explain the difference.
 - c. If a portion of Asset Maintenance includes Outside Service costs, provide the amount, by project.

- i. Line 3, Account 360, Outside Services, please state if all services are provided by independent firms. To the extent that there are corporate allocations to this account, please provide the same information requested in Item (a), above.
Provide the same information for the years 2010 through 2014.
- j. Please provide by account and item all expenses in the Base Period that were infrequent or non-recurring expenses. Explain the review process undertaken to make such a determination.

TRM 13. Concerning Paragraph 3 of the Webb Declaration relating to information provided by Mr. Peterson of REG, please provide the following:

- a. The reasons why Mr. Peterson did not provide his own declaration, in light of the importance of the information he provided to Mr. Webb regarding Mr. Peterson's calculation of original cost.
- b. All Testimony or other presentations submitted by Mr. Peterson regarding the "fair value" rate base. List all dockets, venues, and decisional orders relating to his use of the "fair value" method.
- c. Provide all workpapers, studies and other material relied upon by Mr. Peterson in developing the "fair value" and original cost rate base, by each of the six pipelines at issue, i.e., the pipelines already in jurisdictional service, the pipelines being brought into jurisdictional service, and the idled pipelines that have been brought back into jurisdictional service.
- d. All calculations, studies and workpapers concerning the development of original cost depreciation and "fair value" depreciation by pipeline, by each of the six pipelines at issue, i.e., the pipelines already in jurisdictional service, the pipelines being brought into jurisdictional service, and the idled pipelines that have been brought back into jurisdictional service.
- e. Provide the development of Accumulated Deferred Income Taxes as shown on

Line 12, Exhibit No. MJW-5, for the period 2010 through the Test Year. This should be done by each of the six pipelines at issue, i.e., the pipelines already in jurisdictional service, the pipelines being brought into jurisdictional service, and the idled pipelines that have been brought back into jurisdictional service.

- f. Please provide and reconcile all differences between the Total Property and Equipment, net, of \$85,422,327 listed on the Crimson California Pipeline “Unaudited” Balance Sheet in Exhibit B to the Application with the Depreciable CPIS and Accumulated Depreciation Excluding AFUDC found in Exhibit No. MJW-5, Lines 2 and 6, respectively. Please state Mr. Peterson’s role in developing the numbers on both exhibits. Provide all studies, workpapers and documents related to the development of these numbers, regardless of Mr. Peterson’s involvement.

TRM 14. Concerning the Webb Declaration in general, please provide the following:

- a. Provide all live excel files, workpapers, studies and other documents that underlie and support the testimony and exhibits of Michael J. Webb.
- b. Provide all prior cost of capital and capital structure testimony that Mr. Webb has filed at any state regulatory agency and Federal Energy Regulatory Commission (FERC).
- c. Provide the case cites to all decisions where Mr. Webb’s equity rate of return, debt cost, and/or capital structure recommendations have been accepted or rejected.
- d. With respect to Exhibit No. MJW-3a through 3c and MJW-5, and to the extent not provided above, please provide the live excel spreadsheets and workpapers that support the development of AFUDC in rate base and the amortization thereof included in the cost of service.
- e. With regard to the proxy group listed in Exhibit No. MJW-7, page 1 of 2, please

state the companies that Mr. Webb considered for inclusion in this group, but rejected, and state the reasons why those companies were rejected.

- f. With regard to the proxy group listed in Exhibit No. MJW-7, page 2 of 2, please state the companies that Mr. Webb considered for inclusion in this group, but rejected, and state the reasons why those companies were rejected.
- g. With regard to paragraph 24, page 10 of Mr. Webb's declaration, please provide the excel spreadsheets and workpapers and documents that support the use of a 40% debt capital structure, and therefore a 60% equity capital structure. To the extent that there are no spreadsheets, workpapers or documents, please provide the basis for his determination.
- h. With regard to paragraph 25, page 10, of Mr. Webb's declaration, he states: "The company has informed me that it does not believe it could obtain debt financing. However, if it could, it would be rated no higher than single B level, a level that is significantly below the major publicly traded oil pipeline companies such as Enterprise Products Partners."
- i. Pertaining to the first quoted sentence, has the company recently attempted to obtain financing?
- j. If the answer is no, please explain who decided, and how it was decided, that any debt would be rated "no higher than single B level."
- k. With regard to paragraph 25, page 10, of Mr. Webb's declaration, he states: "The company provided data to me showing that the bond yields for smaller publicly traded oil pipeline companies with similar bond ratings...as shown on Lines 1-11 of Exhibit No. MJW-6."
 - i. What was the selection criteria used to include these companies?
 - ii. Did the company also provide Mr. Webb with the companies he used in this exhibit for his calculation of debt cost?
- l. Did Mr. Webb independently verify the data provided to him to the company?

- m. Did he seek out other companies for possible use in this group? If the answer is no, please explain.
- n. Is it Mr. Webb's usual practice to use different proxy groups when developing equity and debt costs? Please explain.
- o. Please explain why it is appropriate to use different proxy groups in this case to develop the equity and debt costs for Crimson Pipeline.
- p. Concerning the calculation of the Return on Equity found in paragraphs 27 through 32 of Mr. Webb's declaration, is the methodology described by Mr. Webb in developing the Return on Equity the usual methodology that he employs? If not, please explain.
- q. Concerning the language in paragraph 33 of Mr. Webb's Declaration, relating to the "...actual risk that Crimson faces," please provide all studies performed by Mr. Webb that assessed the risks of the company. To the extent there are no studies, provide the basis for the statement.
- r. Provide any decision cite that affirms the use of choosing a return on equity from 75% percentile of a proxy group. Is this choice typical of the return on equity usual supported by Mr. Webb. Please explain.

TRM 15. What are the current depreciation rates by plant account for the six Crimson California Pipelines?

- a. Does each segment have its own depreciation rates, or are the segments depreciated on a total system basis?
- b. How were the initial depreciation rates for each pipeline determined?
- c. Have the depreciation rates changed since the start-up of the each pipeline?
- d. Provide the basis for the depreciation rates put forward by Matthew Peterson, and provide all workpapers and studies developed and/or used by Mr. Peterson in determining the depreciation rates on the six pipelines. Provide the information in

live excel spreadsheets where possible, as well.

- e. Has Crimson requested a formal finding from the CPUC that the rates developed by Mr. Peterson for depreciation are proper? Please explain.
- f. Provide any depreciation studies/reviews performed on the system.

TRM 16. What is the amount of outstanding long term debt as of December 31, 2015? For such long term debt please provide the following:

- a. If in varying tranches, the amount in each tranche; and by tranche;
- b. Term of debt;
- c. Interest rate; and
- d. If Crimson California Pipeline does not issue its own debt, provide the name of the entity that provides or guarantees financing for the company, and provide that entity's financial statements for the 2014, 2015 and to date.

TRM 17. Concerning the Base Period volumes of 53,579,053 barrels found on Exhibit MJW-3A, Line 1, please provide the following in Excel live format:

- a. Provide the receipt and delivery points on each of the six Crimson California Pipelines.
- b. Provide the throughput on each of the Crimson California Pipelines.
- c. Provide the revenue associated with the throughput on each of the Crimson California Pipelines.
- d. Provide the volumes and revenue by shipper on each of the Crimson California Pipelines.
- e. Please separate the information requested into trunk and gathering volumes and revenue.
- f. Provide the same information for each of the calendar years 2010 through 2014.
- g. Pursuant to Paragraph 15 of the Webb Declaration, provide all reason why the

company anticipates a 5% decline in throughput for the test period as well as the reason for the decline in transportation revenue from 2014 to 2015.

- h. Provide transportation volumes for 2014 and 2015, broken down by stream.
- i. Provide the revenue and expenses by category (as found in the Unaudited Statement of Income in Rate Filing) for 2013 & 2014.
- j. Provide the volume of PLA received in both 2014 and 2015 as well as the total revenue. Please also provide the PLA volumes to be received in 2016.

Dated: April 7, 2016

By: /s/ David L. Huard

David L. Huard

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EXHIBIT 3

TESORO REFINING & MARKETING COMPANY LLC SECOND SET OF DATA

REQUESTS TO CRIMSON CALIFORNIA PIPELINE L.P.

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**TESORO REFINING & MARKETING COMPANY LLC SECOND SET OF DATA
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***Attorneys for Tesoro Refining & Marketing
Company LLC***

Dated: August 15, 2016

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

In the Matter of the Application of Crimson
California Pipeline L.P. (PLC-26) for
Authority to Increase Rates for Its Crude
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**TESORO REFINING & MARKETING COMPANY LLC SECOND SET OF DATA
REQUESTS TO CRIMSON CALIFORNIA PIPELINE L.P.**

The attached data requests concern Crimson California Pipeline L.P.'s ("Crimson") Application 16-03-009, filed March 11, 2016 ("Application"). Tesoro Refining & Marketing Company LLC ("Tesoro") requests that Crimson provide the information and documents requested below and serve upon Tesoro via electronic mail, overnight mail or personal delivery no later than **August 29, 2016**. These data requests are a follow-up to Tesoro's *First Set of Data Requests to Crimson*, dated April 7, 2016 ("First Set of Data Requests"). Please be advised that Tesoro will expeditiously submit a third data request after its review of Crimson's opening testimony due August 17, 2016.

If Crimson does not provide responses by August 29, 2016, Tesoro requests a meet and confer with Crimson in accordance with Commission Rules of Practice and Procedure, Rule 11.3(a) governing the filing of a motion to compel. Tesoro also reserves the right to request an extension of time of the date set for the filing of Intervenor Testimony if adequate responses are not timely received.

Tesoro recognizes that certain data requests may take more time than others and would prefer receiving partial responses, on a rolling basis, as responses become available. Crimson should serve the responses to Mila Buckner (mbuckner@manatt.com) with a copy to Demetrio Marquez (dmarquez@manatt.com) both at Manatt, Phelps and Phillips, One Embarcadero Center, 30th Floor, San Francisco, California 94111.

INSTRUCTIONS AND DEFINITIONS

1. Tesoro hereby incorporates all the definitions and instructions in this data request previously set forth in Tesoro's First Set of Data Requests, which was served on Crimson on April 7, 2016.

2. In accordance with the June 24, 2016 *Scoping Memorandum and Ruling of Assigned Commissioner and Joint Ruling With Administrative Law Judge*, page 5, Tesoro respectfully requests a copy of all data requests and complete responses issued to and issued from Crimson for the remainder of the above-referenced proceeding.

TRM 18. As a follow up to TRM 1 of the First Set of Data Requests, provide a written description of the six Crimson California Pipeline systems that are identified in Paragraph C of the Application, at pages 4 and 5, and identify the pipeline system(s) that provided existing jurisdictional service, non-jurisdictional service and were idled but brought back into service.

- a) Provide a written description identifying the locations of all interconnections.
- b) Provide a written description that provides information concerning the makeup of the pump station facilities.
- c) Provide a written description of all receipt and delivery points.
- d) Crimson objects to the TRM 1(e) request however, this request is narrowly tailored and relevant to the subject matter of this proceeding. For the second time, Tesoro requests that Crimson provide a written description of the historical and current monthly receipts and deliveries by/to shippers from 2010 through the present.
- e) Provide a written description identifying the locations of all gathering facilities.

TRM 19. As a follow up to TRM 2 of the First Set of Data Requests, provide the California Public Utilities Commission (“CPUC”) order numbers, copies of advice letter flings, or other approvals, for the existing and initial rates on the six Crimson California Pipelines.

TRM 20. As a follow up to TRM 3 of the First Set of Data Requests, provide all Authorities for Expenditures above \$50,000 from 2010 through the present and for the current test period for each of the six pipelines:

- a) Major Maintenance Projects;
 - i. With regard to Crimson California Responses to Tesoro First Set of Data Requests (“Crimson’s Responses”) TRM 3, Crimson

provided a listing of “Historic Asset Maintenance Detail” for 2015 only, when the request sought information from 2010-2016. Please provide responses to the unanswered portion of TRM 3.

- ii. With regard to Crimson’s Responses TRM 3, Crimson references a “Tank” category, provide a schedule showing the planned timing of Tank inspection going forward from 2016 through 2020, along with the expected cost of each inspection.
- iii. With regard to Crimsons’ Responses TRM 3, Crimson references “Integrity Management (IM),” identify which items (referencing Column B of the spread sheet) correspond to the items identified in Response to TRM 5 (referencing the CSFM number on the response to TRM 5).

b) Major Project Expense; and

c) Normal Operating, Maintenance and General and Administrative expenses.

- i. For General and Administrative Expenses, the basis for the increase from 2014 to 2015, providing for, but not limited to, any explanation for the increase in:

- 1. G&A payroll and benefit costs;
- 2. Office expenses;
- 3. Outside services (and differential professional services (Income Statement) from Account 520, Outside Services on MJW-4; and
- 4. Corporate overhead expenses.

TRM 21. As a follow up to TRM 4 of the First Set of Data Requests, provide all Authorities for Expenditures above \$50,000 from 2010 through the 2013 and for the following periods for each capital project for each of the six pipelines during:

- a) Calendar year 2014;
- b) Calendar year base period 2015; and
- c) The current Test Period.
- d) With regard to Crimson's Responses TRM 4, explain why certain ILI repairs listed on line 12 and 13 were capitalized versus expenses.

TRM 22. As a follow up to TRM 5 of the First Set of Data Requests, please explain how the company formulates monthly and or annual plans to operate Crimson, including but not limited to major maintenance, capital project expansion, operating expense budgets, and system integrity management.

- a) Please explain if the company formulates these plans for only the current period or year, or if projections of the above categories are made for management use and review, and over what period the projections are made.
- b) Please explain how management decides how to proceed with proposed expenditures related to the above items, and how the company tracks the expenditure progress against the approved budgets.
- c) Provide the final operating plans approved by management from 2010 through 2016 related to each of the above categories of expenditures.
- d) Provide all Long Range Operating plans for the company that cover the current and projected expenditures of the above categories for each year from 2010 through 2016.
- e) Describe any reports made to management covering the above categories by monthly and annual periods from 2010 through 2016. If no reports are made to management, please so state and describe how management is kept informed about the activities in the above categories. Provide all such documents, reports and communications related to this process from 2010 through 2016.

- f) Provide the studies, plans, and supporting documents for the spreadsheet provided related to TRM-5, Integrity Management Plans for the six pipelines from 2010-2016.
- g) With regard to Crimson's Responses TRM 5, provide the length of pipe for each item for assessment No.'s 1204-1207, 1210 and 1267.

TRM 23. In TRM 6 of the First Set of Data Requests the following request was made: Provide the details of the Integrity Management testing expenses in 2014 – 2015, including identity of projects and associated expenses, and any relevant AFEs and/or DSPs. State the start dates when the Integrity Management testing plan was implemented and actual work began on each pipeline. In Crimson's Responses TRM 6, Crimson stated that it is in the process of compiling responsive information which will be provided as soon as it becomes available. To date, Crimson has yet to provide any information. As a follow up, please provide the requested information.

TRM 24. In TRM 7 of the First Set of Data Requests Crimson was asked to provide information from 2010-2015 however, in Crimson's Responses TRM 7 information was only provided for the year 2015. For the second time, Tesoro requests that Crimson, provide Crimson's Annual Regulatory Reports to the California Public Utilities Commission from 2010 through 2014. State whether each report provides for separate plant and expense balances related to the pipelines contained therein. If the company maintains accounts on an aggregated system-wide basis, please provide a statement confirming this practice.

TRM 25. Concerning the Pipeline Asset purchases described in Paragraph C of the Application by Crimson California Pipeline, L.P.:

- a. Provide the Transfer or Purchase and Sale Agreement for the referenced six pipelines.

- b. Provide the workpapers or records that support the calculation of the following for the six pipelines:
 - i. Gross Plant in Service/Rate Base;
 - ii. Accumulated Depreciation Reserve in Rate Base; and
 - iii. ADIT in Rate Base.
- c. To the extent that the above workpapers or records do not exist, please explain who was responsible for the development of the Rate Base-related items, and provide the rationale, workpapers, studies, documents, and records that were developed by that person in arriving at the above items.

TRM 26. Provide a spreadsheet, in Excel format, listing General Ledger Operating Expenses, by account and individual expense item for 2010 through 2014, for the six pipelines.

TRM 27. Provide a spreadsheet, in Excel format, for all Asset Plant Accounts by individual account, the Accumulated Depreciation Account, and Assets Under Construction/Construction Work in Progress Account, for each calendar year from 2010 through 2014.

TRM 28. Provide the expense amounts found on Exhibit No. MJW-4 in Excel format on a monthly basis for the base year and, in the aggregate for the test year, according to the USOA account designations and numbers; or, provide a copy of whatever accounting system and records Crimson uses to track the income and expenses, on a monthly basis, for the six pipelines. Separate the expense categories between the Operation & Maintenance Accounts, and the General & Administrative Accounts. To the extent that the company maintains a “system-wide” accounting method instead of tracking income, expenses, and capital expenditures for each individual pipeline, please explain how the company rolls up and/or tracks the data for these pipelines to be included into the single “system-wide” accounting program.

TRM 29. As a follow up to TRM 12 of the First Data Request, concerning Exhibit MJW-4, Operating Expenses, explain the bases for the amounts in the following accounts and provide in live electronic format the methodology, categories and amounts used to develop those expenses.

a) In TRM 12(a) Crimson was asked to provide workpapers and failed to do so.

For the second time, Tesoro requests that Crimson provide all workpapers used to derive the allocations for Line 9, Account 500, Salaries and Wages.

b) In TRM 12(b) Crimson was asked to provide information from 2010-2015

however, in Crimson's Responses information was only provided for the year 2015. For the second time, Tesoro requests that Crimson provide the

following information. Regarding Line 11, Account 520, Outside Services: To the extent that regulatory and legal expenses are included therein, please state

the amount of those expenses by category that is included in the years 2010 through 2015. Provide the basis and calculation for the adjustment to Outside

Services listed under Adjustment 4.

c) As a follow up to TRM 12(c), other than relying on its outside consultant,

what steps did Crimson take to verify that it would spend at least \$3.0 million in costs for the current proceeding? If the company did not independently access the veracity of the cost provided by its consultant, please explain fully.

1. Provide invoices, to date, for work performed by outside consultants or attorneys as well as any invoices for, or allocations of, time allocated by in-house counsel.

2. Identify the specific invoices and dollar amounts associated with Crimson's Amendment to Application; Request for Timely Interim Rate Relief, along with any in-house allocations related to the same.

d) Crimson ignored the TRM 12(d) requests. For the second time, Tesoro asks

that Crimson provide the following information. With regard to regulatory, environmental and safety costs found on the "unaudited" Statement of Income

found in Exhibit B, please explain the 38% increase in regulatory, environmental and safety costs.

1. Please identify by account number where those costs are included on Schedule MJW-4.
- e) As a follow up to TRM 12(e), regarding the insurance policies provided in response to TRM 12(e) of the First Set of Data Requests, please state whether these policies cover Crimson's affiliates; if so, please provide a list of Crimson affiliates to whom these policies apply.
- f) As a follow up to TRM 12(f), please provide all studies, allocating manuals, and documents that support the allocation methodology used in developing the provided spreadsheet.
1. To the extent that no support exists as requested above, please explain who developed the allocation methodology, and provide the studies, workpapers, and documents that support the development of said methodology.
- g) In place of providing the workpapers requested in TRM 12(g), Crimson provided a cross reference to unrelated materials. For the second time, Tesoro requests that Crimson provide all workpapers used to derive the allocations for Line 1, Account 300, Operating Expenses.
- h) Crimson ignored the TRM 12(h)(1)-(2) requests. For the second time, Tesoro requests that Crimson please explain the reasons for each change in Operating and Maintenance Expense categories from 2014 to 2015, and update those expenses from January 2016 through July 2016.
- i) In TRM 12(i) Crimson was asked to provide information from 2010-2015 however, in Crimson's Responses TRM 12 information was only provided for the year 2015. For the second time, Tesoro requests that Crimson provide the following information. Regarding Line 3, Account 360, Outside Services: To

the extent that there are corporate allocations made to this account, please provide the following information for the years 2010 through 2014:

1. State whether this amount includes employee benefits.
 2. State whether this amount includes only employees of Crimson California Pipeline, L.P.
 3. State whether corporate overheads are allocated to this account; if so, state that amount, basis and methodology used to derive such allocations, along with all workpapers.
- j) In TRM 12(j) Crimson was asked to provide by account and item all expenses in the Base Period that were infrequent or non-recurring expenses. Explain in detail the review process undertaken to make such a determination and provide the names of all Cost Managers. In response Crimson provided only an explanation of the review process. Tesoro requests that Crimson address the TRM 12(j) request in its entirety.

TRM 30. In response to TRM 13 of the First Set of Data Requests, Crimson failed to comply with the question, did not provide meaningful responses, or ignored the request for information entirely. Therefore, for the second time, Tesoro requests that Crimson provide the following information. Concerning Paragraph 3 of the Webb Declaration relating to information provided by Mr. Peterson of REG, please provide:

- a. All Testimony or other presentations submitted by Mr. Peterson regarding the “fair value” rate base. List all dockets, venues, and decisional orders relating to his use of the “fair value” method.
- b. Provide all workpapers, studies and other material relied upon by Mr. Peterson in developing the “fair value” and original cost rate base, by each of the six pipelines at issue, i.e., the pipelines already in jurisdictional service, the pipelines being brought into jurisdictional service, and the idled pipelines that have been brought

back into jurisdictional service.

- c. All calculations, studies and workpapers concerning the development of original cost depreciation and “fair value” depreciation by pipeline, by each of the six pipelines at issue, i.e., the pipelines already in jurisdictional service, the pipelines being brought into jurisdictional service, and the idled pipelines that have been brought back into jurisdictional service.
- d. Provide the development of Accumulated Deferred Income Taxes as shown on Line 12, Exhibit No. MJW-5, for the period 2010 through the Test Year. This should be done by each of the six pipelines at issue, i.e., the pipelines already in jurisdictional service, the pipelines being brought into jurisdictional service, and the idled pipelines that have been brought back into jurisdictional service.
- e. Please provide and reconcile all differences between the Total Property and Equipment, net, of \$85,422,327 listed on the Crimson California Pipeline “Unaudited” Balance Sheet in Exhibit B to the Application with the Depreciable CPIS and Accumulated Depreciation Excluding AFUDC found in Exhibit No. MJW-5, Lines 2 and 6, respectively. Please state Mr. Peterson’s role in developing the numbers on both exhibits. Provide all studies, workpapers and documents related to the development of these numbers, regardless of Mr. Peterson’s involvement.

TRM 31. In response to TRM 14 of the First Set of Data Requests, Crimson responded to the requests for information in TRM 14(a)-(b) but ignored the requests in TRM 14(c)-(r). For the second time, Tesoro asks that Crimson provide the following information. Concerning the Webb Declaration in general:

- a. Provide the case cites to all decisions where Mr. Webb’s equity rate of return, debt cost, and/or capital structure recommendations have been accepted or rejected.

- b. With respect to Exhibit No. MJW-3a through 3c and MJW-5, and to the extent not provided above, please provide the live excel spreadsheets and workpapers that support the development of AFUDC in rate base and the amortization thereof included in the cost of service.
- c. With regard to the proxy group listed in Exhibit No. MJW-7, page 1 of 2, please state the companies that Mr. Webb considered for inclusion in this group, but rejected, and state the reasons why those companies were rejected.
- d. With regard to the proxy group listed in Exhibit No. MJW-7, page 2 of 2, please state the companies that Mr. Webb considered for inclusion in this group, but rejected, and state the reasons why those companies were rejected.
- e. With regard to paragraph 24, page 10 of Mr. Webb's declaration, please provide the excel spreadsheets and workpapers and documents that support the use of a 40% debt capital structure, and therefore a 60% equity capital structure. To the extent that there are no spreadsheets, workpapers or documents, please provide the basis for his determination.
- f. With regard to paragraph 25, page 10, of Mr. Webb's declaration, he states: "The company has informed me that it does not believe it could obtain debt financing. However, if it could, it would be rated no higher than single B level, a level that is significantly below the major publicly traded oil pipeline companies such as Enterprise Products Partners."
- g. Pertaining to the first quoted sentence, has the company recently attempted to obtain financing?
- h. If the answer is no, please explain who decided, and how it was decided, that any debt would be rated "no higher than single B level."
- i. With regard to paragraph 25, page 10, of Mr. Webb's declaration, he states: "The company provided data to me showing that the bond yields for smaller publicly traded oil pipeline companies with similar bond ratings...as shown on Lines 1-11

of Exhibit No. MJW-6.

- i. What was the selection criteria used to include these companies?
- ii. Did the company also provide Mr. Webb with the companies he used in this exhibit for his calculation of debt cost?
- j. Did Mr. Webb independently verify the data provided to him to the company?
- k. Did he seek out other companies for possible use in this group? If the answer is no, please explain.
- l. Is it Mr. Webb's usual practice to use different proxy groups when developing equity and debt costs? Please explain.
- m. Please explain why it is appropriate to use different proxy groups in this case to develop the equity and debt costs for Crimson Pipeline.
- n. Concerning the calculation of the Return on Equity found in paragraphs 27 through 32 of Mr. Webb's declaration, is the methodology described by Mr. Webb in developing the Return on Equity the usual methodology that he employs? If not, please explain.
- o. Concerning the language in paragraph 33 of Mr. Webb's Declaration, relating to the "...actual risk that Crimson faces," please provide all studies performed by Mr. Webb that assessed the risks of the company. To the extent there are no studies, provide the basis for the statement.
- p. Provide any decision cite that affirms the use of choosing a return on equity from 75% percentile of a proxy group. Is this choice typical of the return on equity usually supported by Mr. Webb? Please explain.

TRM 32. In response to TRM 15 of the First Set of Data Requests, Crimson failed to comply with the question, did not provide meaningful responses, or ignored the request for information entirely. Therefore, for the second time, Tesoro requests that Crimson provide the following information. What are the current depreciation rates by plant account for the six

Crimson California Pipelines?

- a. Does each segment have its own depreciation rates, or are the segments depreciated on a total system basis? Please state if the depreciation rates based on a 35-year straight-line rate for book plant accounts were also used in the cost of service prior to filing of the instant rate increase application. If the answer is no, please reconcile Crimson's original response to this subpart.
- b. How were the initial depreciation rates for each pipeline determined? Please note that the question applies to the development, or determination, of the initial depreciation rates for each pipeline. Please explain if each of the six pipelines had its own depreciation rates prior to acquisition by Crimson, and if so, please explain the basis for those rates, and when those rates were changed to the 35-year straight-line rate that Crimson has used since it has held those assets. Provide all spreadsheets, workpapers and studies that show and reconcile the previous depreciation rates by account, depreciation balances by account for the periods ending at the point in time Crimson acquired those pipelines and the implementation of the new rates once Crimson held control over those assets.
- c. Have the depreciation rates changed since the start-up of each pipeline? Please affirmatively state that the 35-year straight-line depreciation rates have been in use for book and rate case purposes since the start-up of those pipelines, regardless of when Crimson came to hold those assets.
- d. Please state if Crimson has ever received approval from any California agency for the 35-year straight-line depreciation rates used by the company since it acquired each of the pipelines.

TRM 33. In response to TRM 16(a) of the First Set of Data Requests Crimson stated that it has no long-term outstanding debt; however, Crimson's 2015 annual report shows Long Term Debt payable after one year of \$12.75 million, under Non-Current Liability on the balance sheet,

please explain this discrepancy. In doing so, please provide the amount of outstanding long-term debt as of December 31, 2015? For such long-term debt please provide the following:

- a. If in varying tranches, the amount in each tranche; and by tranche;
- b. Term of debt;
- c. Interest rate; and
- d. If Crimson California Pipeline does not issue its own debt, provide the name of the entity that provides or guarantees financing for the company, and provide that entity's financial statements for 2014, 2015 and to date.

TRM 34. In response to TRM 17 of the First Set of Data Requests, Crimson responded to the requests for information in TRM 17(a)-(c) but ignored the requests in TRM 17(d)-(j). For the second time, Tesoro asks that Crimson provide the following information:

- a. Provide the volumes and revenue by shipper on each of the Crimson California Pipelines.
- b. Please separate the information requested into trunk and gathering volumes and revenue.
- c. Provide the same information for each of the calendar years 2010 through 2014.
- d. Pursuant to Paragraph 15 of the Webb Declaration, provide all reason why the company anticipates a 5% decline in throughput for the test period as well as the reason for the decline in transportation revenue from 2014 to 2015.
- e. Provide transportation volumes for 2014 and 2015, broken down by stream.
- f. Provide the revenue and expenses by category (as found in the Unaudited Statement of Income in Rate Filing) for 2013 & 2014.
- g. Provide the volume of PLA received in both 2014 and 2015 as well as the total revenue. Please also provide the PLA volumes to be received in 2016.

TRM 35. Please provide a copy of Crimson's last general rate case including, supporting exhibits and testimony as well as the date said rate case was filed with the CPUC.

TRM 36. Please provide copies of the CPUC annual reports for Crimson from 2010 through 2014. To the extent that none exist, please state so and explain why the company would have failed to file required annual reports with the CPUC. To the extent that the company did file those reports for the years requested and do not have them in their possession, please state the dates on which the reports were filed with the Energy Division at the CPUC.

Dated: August 15, 2016

By: /s/ David L. Huard

David L. Huard

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317361978.2

EXHIBIT 4

TESORO REFINING & MARKETING COMPANY LLC THIRD SET OF DATA

REQUESTS TO CRIMSON CALIFORNIA PIPELINE L.P.

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

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

A.16-03-009
(filed March 11, 2016)

**TESORO REFINING & MARKETING COMPANY LLC THIRD SET OF DATA
REQUESTS TO CRIMSON CALIFORNIA PIPELINE L.P.**

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Dated: September 21, 2016

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

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

A.16-03-009
(filed March 11, 2016)

**TESORO REFINING & MARKETING COMPANY LLC THIRD SET OF DATA
REQUESTS TO CRIMSON CALIFORNIA PIPELINE L.P.**

The attached data requests concern Crimson California Pipeline L.P.'s ("Crimson") Prepared Direct Testimony served August 17, 2016 in the above-referenced proceeding. Tesoro Refining & Marketing Company LLC ("Tesoro") requests that Crimson provide the information and documents requested below and serve upon Tesoro via electronic mail, overnight mail or personal delivery no later than **October 5, 2016**.

If Crimson does not provide responses by October 5, 2016, Tesoro requests a meet and confer with Crimson in accordance with California Public Utilities Commission ("Commission") Rules of Practice and Procedure, Rule 11.3(a) governing the filing of a motion to compel. Tesoro also reserves the right to request an extension of time of the date set for the filing of Intervenor Testimony if adequate responses are not timely received.

Tesoro recognizes that certain data requests may take more time than others and would prefer receiving partial responses, on a rolling basis, as responses become available. Crimson should serve the responses to Mila Buckner (mbuckner@manatt.com) with a copy to Demetrio Marquez (dmarquez@manatt.com) both at Manatt, Phelps and Phillips, One Embarcadero Center, 30th Floor, San Francisco, California 94111.

INSTRUCTIONS AND DEFINITIONS

1. Tesoro hereby incorporates all the definitions and instructions in this data request

previously set forth in Tesoro's First Set of Data Requests, which was served on Crimson on April 7, 2016.

2. In accordance with the June 24, 2016 *Scoping Memorandum and Ruling of Assigned Commissioner and Joint Ruling With Administrative Law Judge*, page 5, Tesoro respectfully requests a copy of all data requests and complete responses issued to and issued from Crimson for the remainder of the above-referenced proceeding.

3. To the extent that Crimson answers this data request by referring to responses provided in reply to an earlier data request or the data request of another party, a copy of that response, along with any relevant exhibits, should be attached.

The following data requests relate to the Prepared Direct Testimony of Larry W.

Alexander:

TRM 37. At Page 2, lines 7-20, please state:

- a. Are the KLM assets approved for purchase by Crimson from Chevron owned and controlled in the same manner as the pipeline system subject to this application? If not, specify all differences.
- b. Are the KLM assets managed by employees of Crimson California Pipeline L.P.? Are any operational employees for KLM located with the operational employees of the assets subject to this application?
- c. Are management employees for the KLM system and for the assets subject to this application located in the same offices in Long Beach and Colorado? Are any office costs shared? If so, how are those costs apportioned?
- d. Are there any managers that are shared for all systems owned or controlled by Crimson? How are the direct and indirect costs for these managers shared?

TRM 38. At page 7, line 12 to page 9, line 21, please provide:

- a. A copy of the application or filing for approval to the Commission to acquire (i) the Brea West segment, (ii) Huntington Beach and place them into common carrier status.
- b. A copy of all approvals by the Commission for the acquisition and integration of these two segments into the Crimson system.

TRM 39. At page 9, line 22 to page 10 at line 6, please provide:

- a. A copy of the last rate increase request (by advice letter or application) for all segments of the Crimson pipeline system subject to this application and the Commission order or resolution approving same.
- b. A copy of the December 8, 2008 rate increase filing referred to at line 4 on page

10. Was this the most recent rate change on this line?

c. On Crimson's website, the current effective date of rates is stated to be 2010.

Please provide the rate increase application for each segment and the Commission order or resolution approving those rates.

TRM 40. At page 1, Lines 14-16, through page 2, lines 1 and 2, please provide the information compiled pursuant to the information requests of Dr. Webb and Mr. Peterson, including documents, studies, reports, workpapers and live excel spreadsheets with spreadsheets intact.

TRM 41. At the same referenced pages, please state which individuals with direct knowledge of the business and operating process that compiled and verified the information requested to whom Mr. Alexander spoke, and provide all documents, studies, reports, workpapers and live excel spreadsheets with spreadsheets intact related to said discussions.

TRM 42. At page 3, lines 5 through 12, please state the effect of any leaks or shutdowns on the level of throughput for 2015, and especially in the fourth quarter of 2015.

TRM 43. At page 4, lines 7 through 9, are any of the shippers producers?

TRM 44. At page 4, lines 10 through 17, based on Mr. Alexander's perception of the economic circumstances for the producers in the LA Basin, is the price of oil the major factor in the so-called accelerated rate of decline in the deliveries on Crimson's system, rather than declining reserves?

a. Would Mr. Alexander expect deliveries to increase on Crimson's system should the sales price for crude oil increase? If so, why, and if not, why not.

TRM 45. At page 8, lines 10 through 16, please explain in detail how the Brea West pipeline segment was operated by Shell prior to its last operation as a private lease transporter.

TRM 46. At page 12, line 12, through page 13, line 6, please describe the undertaking Mr. Alexander took and the criteria he used in identifying and quantifying each item listed on lines 15 through 19 of page 12 per Mr. Webb's request.

- a. What would be an example of an amount or incident that would not be directly related to the normal operations of the pipeline?
- b. How is the level of a normal cost established, allowing for the determining that a cost may be unusually higher or lower than normal?
- c. Do the 2015 operating expenses contain amounts for accrual of costs in either the current period, or in anticipation of an amount to be incurred at some future date?

TRM 47. At page 13, lines 13 through 16, what period does Mr. Alexander believe the adjustments for known and measurable changes covers, and over what period does he anticipate that the rates would be in effect?

TRM 48. At page 13, lines 17 through, 21 please provide:

- a. The information given to Mr. Alexander by Mr. Webb regarding the establishment of items meeting the known and measurable criteria for 2016 projected costs;
- b. Any contractual commitments that would meet the know and measurable criteria;
- c. Recent operating results that meet the same criteria; and
- d. Any plans approved by management that will be implemented in the next several months.

TRM 49. At page 13, line 22 through page 14, line 7, please provide all insurance invoices

for 2015 and 2016?

- a. Please state why the costs of “pollution events” should be borne by the ratepayers, and not the owners of company.

TRM 50. At page 14, lines 8 through 13, please provide the basis for Mr. Alexander’s assumption that the cost of fuel and power is linear with throughput.

TRM 51. At page 14, line 20, through page 15, line 3, please state over what period in 2016 will the capital projects be completed, and if those dates meet the known and measurable criteria for inclusion in rates.

TRM 52. At page 15 lines 4 through 17, please provide all of Mr. Alexander’s workpapers, live excel files with formulae intact, studies and other documents related to his analysis of CCP’s throughput for 2016.

- a. To the extent that the new decline rate is based on annualized year-to-date data, has any outside event on the system caused a shutdown in any part of Crimson’s system, resulting in a decline in throughput?
- b. What is the period over which the data were annualized?

TRM 53. At page 16, lines 3 through 21, please identify the company’s engineering consultant and provide all data compiled regarding CCP construction projects in the LA basin.

- a. Provide all data in whatever format Mr. Alexander provided to Mr. Peterson to develop his estimates.
- b. What, if any, contributions in aid to construction were made by Warren E&P related to its expansion project to facilitate new delivery options for that company?
- c. What, if any, contributions in aid to construction were made by Freeport

McMoran to reestablish its connectivity to CCP's Northam system?

- d. Based on these two projects, what is the level of increase of throughput expected on CCP's system?
- e. Did Mr. Alexander take these projects into account when annualizing throughput data for the Test Year? Please explain in detail.

TRM 54. At page 16, lines 22 through page 17, line 3 please provide all information supplied to Mr. Peterson for the items listed therein. Include all workpapers, studies, documents and live excel spreadsheets with formulae intact.

TRM 55. At page 17, lines 9 through 12, please explain in detail the criteria used by the company that resulted in a \$3 million/mile factor when screening for the economic feasibility of a project.

The following data requests relate to the exhibits prepared by Michael J. Webb:

TRM 56. Regarding Exhibit No. MJW-1, Schedule 1, please provide all testimony and workpapers filed and/or prepared for use in FERC Docket No. OR16-14 that supports or references the Cost of Debt for 2005 through 2015 and Rate of Return on Equity for 2005 through 2014 used in this schedule.

- a. Please state the purpose of providing these rates for 2005 through 2015 and state where those rates are used in Mr. Webb's testimony and exhibits, and where Mr. Webb explains these rates in his testimony.
- b. Please provide the support in either his testimony and/or exhibits that explains why a 3.5 percentage point premium was added to the rates for 2005 through 2014 in the Return on Equity.

- c. Please provide the support in either his testimony and/or exhibits that explains why an Equity Capital Structure of 60% is appropriate for the 2005-2014 period.
- d. To the extent that the rate of return and cost of debt for 2015 and the Test Period differ from those contained in the March 11, 2016 application, please explain in detail why that should occur.
- e. Provide all live excel files and workpapers, documents and studies that calculate the Cost of Debt, Rate of Return on Equity and Capital Structure found on this exhibit for 2005 through the Test Year.
- f. Provide all live excel files and workpapers, documents and studies that calculate and support the remaining Schedules 2 through 4 of MJW-1.
- g. Please explain in detail the appropriateness of relying upon updated costs rather than those supplied in the original March 11, 2016 rate filing.

TRM 57. Regarding Exhibit No. MJW-2, Schedule 2, Cost of Service, Operating Expenses, please explain and quantify the difference between any 2015 cost element, Base Year adjustment, and Test Year Adjustments contained in this exhibit and the Operating Expenses listed in the March 11, 2016 filing under MJW-4.

- a. Please state who supplied the operating expenses to Mr. Webb in MJW-4.
- b. Please explain in detail why the Total Operating Expenses for 2015 in MJW-2 are higher than those originally presented on March 11, 2016, in MJW-4.
- c. To the extent that there are allocated costs assigned to Crimson from any affiliated entity or parent, please state the account number and associated expense assigned. Please do the same for any directly assigned costs. Provide all workpapers, studies and live spreadsheets with formulae intact that support such allocations and/or assignments.

TRM 58. Regarding Exhibit No. MJW-2, Schedule 3, please explain in detail why the Cost of Debt, Line 4, and the Rate of Return on Equity, Line 5, are different from those contained in Exhibit MJW-3a, of the March 11, 2016 filing.

- a. Please explain in detail the appropriateness of supporting new capital costs rather than those relied upon in Crimson's original filing.

TRM 59. Regarding Exhibit No. MJW-2, Schedule 5, Page 2 of 2, Rate Base, please explain by rate base element why the rate base for 2015 and the Test Year differ from that which was filed on March 11, 2016, and presented in MJW-5.

- a. Please explain in detail why the rate base from 2005 through 2014 is also different from the initial filing.

TRM 60. Regarding Exhibit No. MJW-2, Schedule 6, Carrier Property and Depreciation, pages 1 and 2, please explain by element why the amounts are different from those supporting the March 11, 2014 rate filing in Workpaper 2, supplied in response to TRM14a.

TRM 61. Regarding Exhibit No. MJW-2, Schedule 7, AFUDC, please explain in detail why the AFUDC calculation is different for the Base and Test Periods than those shown in Exhibit No. MJW-5, filed in support of the March 11, 2016 rate filing.

- a. Please explain in detail why the Cost of Debt on Line 1 of MJW-2, Schedule 7 is different than the Cost of Debt used to support the AFUDC calculation in the Initial Rate Filing, as found in Workpaper 7 of Data Response TRM14a.
- b. Please explain in detail why the Rate of Return on Equity on Line 2 of MJW-2, Schedule 7, is different than the Rate of Return on Equity used to support the AFUDC calculation in the initial rate filing, as found in Workpaper 7 of Data Response.

- c. Please explain in detail why it is appropriate to change these costs from 2005 forward in the supplemental testimony rather than use the costs provided in the initial rate filing of March 11, 2016.
- d. Please provide all supporting live excel files, studies, documents and workpapers that support the calculation of these capital costs from 2005 forward.
- e. Please confirm that this is the first rate case for Crimson, and that the capital costs used from 2005 forward have no supporting basis in fact to be used in this proceeding.
- f. Please explain in detail why the shown capital structure on Lines 3 and 4 of JJW-2, Schedule 7, should be the same for each year from 2005 forward.
 - i. Provide all live excel files, workpapers, studies, and documents that support these ratios from 2005 forward.
 - ii. To the extent that this case is the only rate case that Crimson has filed, please supply all support for the use of these capital structures from 2005 forward.

TRM 62. Regarding Exhibit No. MJW-2, Schedule 8, Tax Depreciation, Line 1, please explain in detail why it is appropriate to deduct accrued depreciation from the acquisition price of property when calculated ADIT.

- a. Please explain in detail why it is appropriate to calculate ADIT on the acquisition cost of the asset.
- b. To the extent that any of the acquisition values are based on anything other than original cost, please explain in detail the basis for calculating ADIT on those values, and provide all support for your answer.
- c. Please state whether the proper “Source” for lines 5 through 16 is “Vintage Line 3,” rather than Line 1.

TRM 63. Regarding Exhibit No. MJW-2, Schedule 9, Accumulated Deferred Income Taxes, please explain in detail why the Base Year and Test Period ADIT amounts are different than those used to support the initial rate filing of March 11, 2016.

- a. To the extent that the company uses a corporate tax rate of 35%, please state what level of corporate income supports that rate.
- b. To the extent that an individual is a majority owner of Crimson, please state whether these tax depreciation expenses are actual expenses claimed by that individual on taxes, or if the calculation of ADIT is illustrative only, to be used solely for rate base purposes.
- c. Please explain in detail why the Federal and State Income Tax Rates found in MJW-2, Schedule 9, Lines 6 and 7, differ from those used in Schedule 9, ADIT contained in the discovery response TRM14a, for 2005 forward.
- d. Please explain in detail why the ADIT balances from 2005 forward differ in Exhibit No. MJW-2, Schedule 9, from those used in the same discovery response to support the initial rate filing.

TRM 64. Regarding Exhibit No. MJW-3, Operating Results and Achieved Return Summary, Schedule 1, please explain and quantify the differences of the current schedule versus the Achieved Returns calculated in MJW-3(a)-(c) filed in support of the March 11, 2016 filing.

TRM 65. Please provide all testimony and workpapers filed and/or prepared for use by Dr. Webb supporting the cost of capital during the past 5 years in FERC and State proceedings.

TRM 66. Please provide a complete list of all the large oil companies and master limited partnerships that Dr. Webb considered in compiling Table 1 on page 22 of his direct testimony but not included in Table 1.

TRM 67. Please provide the ROE calculations for the other large oil companies considered by Dr. Webb but not included in Table 1 in the same format as Exhibit No. MJW-1, Schedule 3. Please provide this information in a live spreadsheet with all formulae intact.

TRM 68. Please provide all of the smaller companies and master limited partnerships that Dr. Webb considered in compiling Table 2 on page 22 of his direct testimony but did not include in Table 2.

TRM 69. Please provide the ROE calculations for the other smaller companies and master limited partnerships considered by Dr. Webb but not included in Table 2 in the same format as Exhibit No. MJW-1, Schedule 4. Please provide this information in a live spreadsheet with all formulae intact.

TRM 70. Please state the criteria that Dr. Webb uses to determine which company or master limited partnership is considered a Table 1 entity versus a Table 2 entity.

TRM 71. Please provide the original reference source material for Dr. Webb's calculations in MJW-1, Schedule Nos. 3 and 4. Please provide live spreadsheets with formulae intact, workpapers, documents and studies related to Mr. Webb's prepared exhibits.

TRM 72. Please provide all live spreadsheets with formulae intact, workpapers, documents and studies related to Mr. Webb's prepared direct testimony and exhibits.

TRM 73. Please update previously produced discovery by providing copies of any testimony filed since the original date of production.

- a. To the extent that any data filed with that testimony support any calculations or conclusions in Mr. Webb's Prepared Direct Testimony, please supply the relevant exhibits and workpapers, as well.
- b. To the extent that any data filed with that testimony support any calculations or conclusions in Mr. Webb's Prepared Direct Testimony, please explain in detail the nature of that support and how it relates to the facts and conclusions reached by Mr. Webb in his Prepared Direct Testimony.

TRM 74. At page 3, lines 2 and 3, please provide all audited financial data and associated audit reports and documents used by Mr. Webb in the preparation of his testimony.

TRM 75. At page 5 of Mr. Webb's testimony, please describe the additional competition that has arisen since the company filed to increase its transportation rates by 60%.

TRM 76. At page 6, lines 1 through 4 of Mr. Webb's testimony, please quantify the volumes lost to alternative forms of transportation since the company filed to increase transportation rates by 60%.

TRM 77. At page 6, lines 1 through 4 of Mr. Webb's testimony, please identify the "alternative arrangements" for crude oil delivery available to Crimson's shippers by connecting pipelines, truck transportation and/or rail transportation.

- a. What is the percentage market share of the alternative modes of transportation in relation to Crimson's market share?
- b. Please provide all market power studies undertaken by Mr. Webb or his associates to support the statements made concerning the market share of all modes of crude oil delivery available to Crimson's shippers.

TRM 78. At page 25, Lines 3 through 6, Please provide all the information Mr. Webb relied upon that was given to him by Mr. Waldron and Mr. Alexander.

- a. To the extent that these witnesses provided information to Mr. Webb to support his declaration in the March 11, 2016 application, please provide those documents as well.
- b. To the extent that they did not provide information to Mr. Webb to support the March 11, 2016 filing, please identify the source of the information used by Mr. Webb in calculating and constructing the cost of service for that filing, and provide such information.

TRM 79. Please state whether the level of the cost of service calculated by Mr. Webb in his prepared direct testimony is the same level calculated by him in the March 11, 2016 application. If not, please explain why not.

TRM 80. At page 26, lines 5 through 9, please provide the audited financial records of the company for 2015 that Mr. Waldron provided to you.

TRM 81. At page 26, lines 13 through 17, are the normalization and other adjustments made in the base and test years the same as those made in the March 11, 2016 application? To the extent they are not, please quantify the differences and state the reasons why they may have changed.

TRM 82. At page 29, lines 1 through 5, please provide all studies and workpapers that developed the methodology relating to costs allocated to Crimson.

TRM 83. At page 29, lines 13 through 16, please state the other proceedings in which Mr. Webb has oil pipeline litigation experience that has resulted in his estimate of \$3.75 million

being applicable to Crimson, and what, if any, issues are the same as, or differ from, those of Crimson in this proceeding.

TRM 84. At page 30, Lines 8 through 15, please provide all studies, live excel files, and workpapers relating to the development of AFUDC, and provide support for all years from 2005 forward in which the cost of capital and capital structure are used.

- a. To the extent that the company did not have a rate case on file with the CPUC prior to March 11, 2016, is Mr. Webb seeking authorization from the CPUC for these rates and capital structures from 2005 through 2015?
- b. If the answer is yes, please cite to his testimony where such support is sought. If the answer is no, please explain why these rates and capital structures should not be rejected as unsupported and inappropriate.

TRM 85. At page 32, lines 1 through 15, please provide all information, documents workpapers, studies, and live excel files provided to Mr. Webb in support of Carrier Property in Rate by Mr. Peterson and Mr. Waldron.

TRM 86. At page 33, lines 17 through 20, the total cost of service per MJW-2, Schedule 1 is \$42.1 million.

- a. Please state the schedule in Mr. Webb's March 11, 2016 Declaration where the total cost of service is calculated and stated by component.
- b. To the extent that the components may differ between the two filings, please explain in detail.

TRM 87. At page 34, Lines 1 through 12, please explain in detail why the Pipeline Loss Allowance (PLA) for the base period in Mr. Webb's Prepared Direct Testimony differs from the PLA for the base period contained in the March 11, 2016 Declaration.

- a. Did Mr. Webb undertake an investigation of the reduction in PLA revenue, or did he make his adjustment based solely on the projection of Mr. Alexander?

TRM 88. At page 34, footnote 34, is it Mr. Webb's view that the shippers who are responsible for the PLA should not benefit through a reduction in costs when Crimson sells the excess barrels retained through the PLA? Please explain in detail and provide regulatory cites to such a position.

TRM 89. At page 35, lines 5 through 8, Mr. Webb recommends a Transportation Only COS of \$36.5 million. What is the corresponding Transportation Only COS contained in Mr. Webb's March 11, 2016 Declaration, and where is that information found?

The following data requests relate to Exhibit MAP-6 prepared by Matthew A. Peterson:

TRM 90. Regarding MAP-6, please provide all live excel spreadsheets with formulae intact, studies, workpapers and other documents that were used in the development of this report.

TRM 91. At page 2 of MAP-6, please provide the purchase price and contract for the Huntington Beach 6-inch line.

TRM 92. At page 2 of MAP-6, prior to the shutdown of the Chevron terminal, were the two parts of the Northam System connected via the Huntington Beach 6-inch pipeline because of the path through the terminal?

TRM 93. At page 6 of MAP-6, and to extent not already produced, please provide all studies, live excel files, workpapers, and documents relating to the declining reserves and production in the Los Angeles basin that are relied upon by Mr. Peterson.

- a. Please provide any updated reserve reports and studies covering the Los Angeles Basin over the 2015-16 period that are not covered by the above question.

TRM 94. At page 6 of MAP-6, how does the portion of the statement “This is a fair value standard in accordance with statements made by the Federal Energy Regulatory Commission...” relate to Footnote 15, wherein the testimony of Jesse Oak filed in an Interstate Commerce Commission proceeding is cited?

- a. In what proceedings has the FERC used a “fair value” method under the Oak formula to determine initial rate base?
- b. Does Mr. Peterson consider the “fair value” method an acceptable method for establishing initial rate base under FERC Opinion No. 154-B standards? Please explain in detail and provide cites to cases as necessary to support this view.
- c. Has any other REG consultant used the RCN-LD methodology in any FERC proceeding?
 - i. If so, please provide cites to such testimony.
 - ii. If so, did the FERC accept or reject that methodology in setting rate base? Please provide all cites to support your answers.

TRM 95. At page 7 of MAP-6, “Valuation Premise,” is Mr. Peterson stating that the “reproduction value” as the valuation premise is the only method used by the FERC to determine

an initial value of a pipeline where original cost may not be available? Please explain in detail and provide all relevant cites to support this theory.

TRM 96. At page 8 of MAP-6, “Approach Used to Estimate Value,” are the proceedings listed in Footnote 17 the only proceedings where the CPUC has accepted RCN-LD methodology? Please provide other citations where applicable.

- a. Please provide any other testimony and exhibits where Mr. Peterson has supported the use of the RCN-LD methodology or its variants to establish rate base in a CPUC rate proceeding.
- b. To the extent that Mr. Peterson has filed such testimony, has the CPUC ever accepted Mr. Peterson’s RCN-LD methodology in setting rate base?

TRM 97. At page 10 through 12 of MAP-6, “Development of Economic Life, to the extent not already produced, please provide any documents, studies, workpapers and live excel spreadsheets that Crimson management supplied to Mr. Peterson as a result of his interviews with them.

- a. Please state the management personnel interviewed by Mr. Peterson.
- b. Please state what direct experience Mr. Peterson has in estimating reserve and production information, and provide any such reports, documents, live excel spreadsheets, and workpapers associated with such experience.

TRM 98. Please provide the documents published by the California Board of Equalization that Mr. Peterson relied upon in MAP-6.

TRM 99. Please state if Mr. Peterson merely accepted the use of an Iowa Curve R3 survivor curve wherein the BOE CPG Factors are developed, or if Mr. Peterson separately conducted a study to verify the appropriateness of using that curve in his analysis.

- a. How did Mr. Peterson arrive at selecting a 70-R3 curve for his study?
- b. Please provide all workpapers, live excel files, studies, documents, and relevant test statistics that support the use of this curve.
- c. Were other years used to determine the average remaining life?
- d. Please provide all workpapers, live excel files, studies, documents, and relevant test statistics that relate to any other curve tested by Mr. Peterson.

The following data requests relate to Robert L. Waldron's Testimony:

TRM 100. At page 2, lines 8 through 11 of Mr. Waldron's testimony, please describe the information that was requested by Mr. Webb, and to the extent not already produced, provide the information given to Mr. Webb for the preparation of the calculations of cost based rates filed by Crimson. Provide all excel spreadsheets with formulae intact.

TRM 101. At page 2, lines 12 through 16 of Mr. Waldron's testimony, Please describe the role REG played in compiling and verifying the information that he presents.

- a. Has Crimson always maintained its accounting books and records according to GAAP and the Uniform System of Accounts? If so, why, and if not, why not.
- b. Please state what company books and records were reviewed by Mr. Waldron.
- c. Please state whom else in Crimson's organization Mr. Waldron spoke with in order to comply with Mr. Webb's request for information.

TRM 102. As a general question to Mr. Waldron, is Crimson required to file annual reports with the CPUC?

- a. If so, please provide the annual reports from 2010 to 2014.
- b. Did Crimson have an outside consulting firm prepare or assist in the preparation of its 2015 annual report? If so, please provide the nature of that assistance.

TRM 103. At page 3, Lines 9 through 14 of Mr. Waldron's testimony, please explain in detail if the taxable income reported by Crimson uses book depreciation or tax depreciation as a deduction from gross income.

TRM 104. At page 4, lines 11 through 23 of Mr. Waldron's testimony:

- a. Please provide the yearly depreciation or amortization expense reflected on the accounting records for all capital investments and acquisitions from 2005 forward. Please provide all carrier plant information and depreciation balances by their USOA plant account designations.
- b. Provide all financial audits performed by KPMG, or other outside auditor, from 2010 through 2015.
- c. Provide the audited financial statements and carrier property in service data provided to Mr. Webb.
- d. Provide the history of sustaining capital investment by year and by USOA plant account designation. Provide the same for the associated book depreciation expense.

TRM 105. At page 5, lines 1 through 23 of Mr. Waldron's testimony:

- a. Please provide any written support or manuals that discuss and show the computations for the allocation to Crimson of shared operations support and corporate overhead expenses.
- b. Provide the latest annual reviews and adjustments made to the allocation percentages for each pipeline entity regarding shared support costs and corporate overhead costs assigned to CCP.
- c. Please provide these reviews for the last five years.

TRM 106. At page 6, lines 5 through 23 of Mr. Waldron's testimony, please provide the annual budgets for operating expenses and asset maintenance for the last three years.

- a. What is the period over which historical trends are used as the basis for estimates and provide that data for the 2015-2016 budget years?
- b. Provide the project plans that are reviewed by management for the 2015-2016 plan years, and provide such plans from 2010 through 2014.

TRM 107. At page 7, lines 1 through 9 of Mr. Waldron's testimony, please provide the weekly reports that monitor AFE performance, for the 2015-2016 period.

TRM 108. At page 7, Lines 11 through 23 of Mr. Waldron's testimony:

- a. Please state if the financial records include depreciation booked on a different method than is being used for regulatory depreciation purposes. If the answer is

yes, please describe the depreciation method used, depreciation rate per USOA asset class, and the reason why book depreciation would not be used for rate purposes.

- b. Please describe the accounting software used by Crimson, and what reports are generated from it.

TRM 109. At pages 8 through 10 of Mr. Waldron's testimony:

- a. There are extensive differences between the unaudited expenses and the audited expenses, where there is a determination that different USOA accounts should reflect expenses. Were these changes based upon KPMG's audited recommendations or by Crimson's outside consultant? Please explain in detail.
- b. Concerning the revision to Account 390, Other Expense, does the upwards revision reflect actual cash expenses, or is the adjustment based on an accrual of future costs? If the adjustment is based on accruals, please state the amount of the accrual and provide all supporting documentation for such accrued expense.
- c. Please provide Table 1 for the year 2014.
- d. Regarding the reference to a \$2 million upward adjustment to Account 390, does Crimson anticipate incurring a pipeline leak of the magnitude of the leak resulting in the incurrence of the \$2 million expense adjustment on an annual basis commencing in 2016 and continuing through 2021?

TRM 110. At page 11, lines 8 through 16 of Mr. Waldron's testimony, please provide any live excel file formulae intact that develops the allocation percentages and dollar amounts

referred to in this section.

TRM 111. At page 14, lines 1 through 14 of Mr. Waldron’s testimony:

- a. Please explain in detail what is meant by the answer to Q42, lines 6 through 8.
- b. Please provide the monthly income statements for 2015 that were given to Mr. Webb, and please provide the monthly income statements for 2016.

TRM 112. At page 10, Table 1, for the entries under “Pipeline Taxes”:

- a. Please provide the tax assessment bills for Crimson for the years 2010 through 2016.
- b. Please provide the tax assessment determinations and any accompanying documents thereto issued by the State Board of Equalization (BOE) for these periods.
- c. Please provide any documents and live excel spreadsheets with formulae intact that may have been submitted to the BOE by Crimson relating to these assessment periods.
- d. Please state whether Crimson protested any of the assessments issued by the BOE, and provide the documents, valuation reports, live excel files with formulae intact and any other information submitted to the BOE in relation to such protests.
- e. Please state the names of any outside parties who assisted Crimson in the review of the BOE assessments for these periods, and if any work was performed by those parties in developing alternative tax assessment values for Crimson.
- f. Please state if any protests to the BOE tax assessments were successful and provide the BOE determinations regarding such protests.

TRM 113. At page 10, Table 1, please provide the individual general ledger entries by vendor in each USOA account that comprise the total amount of expenses shown for each account.

- a. Please provide these in live excel spreadsheet format for the years 2013 through 2016, to date.
- b. Detail should be sufficient to identify the vendor, date of invoice, amount paid, and description of service and USOA account at a minimum.

TRM 114. With reference to TRM-3 which provides a detailed Maintenance Schedule, please provide the following:

- a. Were all of the projects identified with an assessment date in 2015 undertaken in 2015?
- b. Were the costs of all maintenance projects with a 2015 assessment date included in 2015 expenses?
- c. Provide the expenses booked to 2015 expenses by project for each project identified with an assessment date of 2015.
- d. Identify all maintenance projects with a 2016 assessment date that have been undertaken to date.
- e. For all of the maintenance projects that have been costs booked to expenses in 2016, provide by project the expenses booked for the project.

TRM 115. With reference to TRM-3, items referenced under “Tank” please respond to the following:

- a. Describe the activity that compromises the approximately \$1.8 million in costs.
- b. With reference to the activities described in “a” above, how frequently is such work undertaken?
- c. How much has been spent in 2016 on similar tank work?

- d. What is the anticipated level of expense for similar work on “tanks” budgeted for 2016 and separately 2017?

Dated: September 21, 2016

By: /s/ David L. Huard

David L. Huard

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317661125.1

EXHIBIT 5

[PROPOSED] RULING

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

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

A.16-03-009
(filed March 11, 2016)

[PROPOSED] RULING

On October 21, 2016, Tesoro Refining & Marketing Company LLC (“Tesoro”) filed a *Motion to Compel Responses of Crimson California Pipeline L.P.* (“Crimson”) to provide responses and documents to Tesoro’s First, Second, and Third Sets of Data Requests (“Motion”). Having reviewed the Motion and response of Crimson, FOR GOOD CAUSE HAVING BEEN SHOWN, CRIMSON IS HEREBY ORDERED TO:

1. Provide complete responses to Tesoro’s First Set of Data Requests dated April 7, 2016, questions: TRM 1; 3; 4; 5; 8; 9; 10; 11; 12; 13; 14; 15; 16; 17;
2. Provide complete responses to Tesoro’s Second Set of Data Requests dated August 15, 2016, questions: TRM 18; 20; 21; 22; 25; 26, 27; 28; 29; 30; 31; 32; 33; and
3. Provide complete responses to Tesoro’s Third Set of Data Requests dated September 21, 2016, questions TRM: 34; 38; 40; 41; 45; 48; 56; 61; 67; 84; 90; 93; 100 and 104.
4. That Crimson must provide the above stated data responses within ten (10) calendar days after the date this Order is issued.
5. Failure of the Applicant to provide full and complete responses within ten (10) days from the date of this order will result in consideration of appropriate sanctions against the Applicant for non-compliance with this Order.

Dated: _____, 2016

By: _____
Administrative Law Judge

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