

Decision 11-05-041 May 26, 2011

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Crimson California Pipeline L.P. (PLC-26), pursuant to Section 851 of the Public Utilities Code, for Authority to Encumber Certain Public Utility Pipeline Assets.

Application 11-01-018
(Filed January 20, 2011)

**DECISION GRANTING APPLICATION TO ENCUMBER
PIPELINE UTILITY ASSETS**

1. Summary

Crimson California Pipeline L.P. seeks authority to encumber certain of its public utility assets in order to secure further advances under an existing revolving credit facility with the Bank of Oklahoma previously approved by the Commission in Decision 06-05-004. We grant the requested authority subject to the terms and conditions herein.

2. Background

Crimson California Pipeline L.P. (Applicant or Crimson), is a California limited partnership authorized to do business in the State of California. Its general partner is Crimson Pipeline Management, Inc., a California corporation, whose parent, Crimson Resource Management Corp., a Colorado corporation, currently operates in excess of thirty petroleum production properties located in four different California counties, with the bulk of its operations in Kern County. Crimson is a public utility, subject to the Commission's jurisdiction pursuant to Pub. Util. Code § 216. Specifically, Crimson is a pipeline corporation, as defined

by Pub. Util. Code § 228, that owns and operates certain oil pipeline facilities in southern California. Crimson currently owns and operates six common carrier crude oil pipeline systems.

Decision (D.) 10-12-005 issued on December 6, 2010, authorized Crimson's acquisition of certain common carrier crude oil pipelines owned and operated by Chevron Pipeline Company (Chevron), identified as Chevron's Inglewood and Northam crude systems, including associated gathering systems, with points of origination in Los Angeles and Orange Counties and having destinations in Los Angeles County. It is these Chevron pipeline assets that are the subject of this application.

Following the issuance of D.06-05-004, Crimson, its general partner and an affiliated partnership, Cardinal Pipeline L. P. that owns and operates non-public-utility pipeline assets in California, entered into¹ a credit agreement (Credit Agreement) with the Bank of Oklahoma (BOK), a copy of which was previously provided to the Commission as Attachment D to Application (A.) 08-09-005, the application that gave rise to D.06-05-004. Advances under the Credit Agreement are secured by encumbrances in favor of BOK. In D.08-11-047, we approved further encumbrances of utility property consistent with the terms of the Credit Agreement.

¹ D.06-05-004 voided a credit agreement between the Crimson entities and Bank of Oklahoma because it was entered into without prior approval by this Commission in violation of Pub. Util. Code § 851. However, the decision authorized the parties to enter into a substantially identical agreement on a prospective basis. Pursuant to the authority granted in D.06-05-004, in December, 2006 the parties ratified the previously existing credit agreement to make it effective as of the date of issuance of D.06-05-004.

3. Discussion

The application includes a copy of a proposed amendment to the Deed of Trust in favor of BOK. Because we have previously approved the terms of the Credit Agreement, the sole question for decision is whether Applicant should be permitted to encumber the Chevron assets to secure further advances under the Credit Agreement. Applicant represents that such advances are necessary to maintain and improve the encumbered assets.

Crimson represents that it is unaware of any basis on which any person could be, or could claim to have been, injured or otherwise negatively affected by the proposed transaction. Applicant further represents that following the encumbrance of these assets, pipeline operations will be maintained (i) in a manner consistent with existing authorized uses; (ii) in compliance with all applicable federal, state and local laws; and (iii) in accordance with the rates, terms and conditions currently applicable under existing tariffs.

For the foregoing reasons, Applicant is authorized to encumber its public utility assets pursuant to the 2011 Amendment to the Deed of Trust attached to the application as Exhibit B.

4. Categorization and Need for Hearing

In Resolution ALJ 176-3268, dated January 27, 2011, the Commission preliminarily categorized this proceeding as ratesetting and preliminarily determined that hearings were not necessary. No protests have been received. Given this status, public hearing is not necessary and it is not necessary to alter the preliminary determinations made in Resolution ALJ 176-3268.

5. Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

6. Assignment of Proceeding

Timothy Alan Simon is the assigned Commissioner and Karl Bemederfer is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. A notice of the filing of the application appeared in the Daily Calendar on January 26, 2011.
2. There were no protests to this application.
3. A hearing is not required.
4. This proceeding should be closed.

Conclusions of Law

1. The application should be granted.
2. The following order should be effective immediately.

O R D E R

IT IS ORDERED that:

1. Crimson California Pipeline L.P. is authorized to encumber the public utility pipeline assets known as the Chevron Inglewood and Northam crude systems to secure advances under Crimson California Pipeline L.P.'s existing Credit Agreement with the Bank of Oklahoma.

2. Application 11-01-018 is closed.

This order is effective today.

Dated May 26, 2011, at San Francisco, California.

MICHAEL R. PEEVEY

President

TIMOTHY ALAN SIMON

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

MARK J. FERRON

Commissioners