



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

**FILED**

01/25/24

10:40 AM

**A2401016**

In the Matter of the Application of San Pablo Bay Pipeline Company LLC (PLC-29) for Authority to Increase Rates for Its Crude Oil Pipeline Services Pursuant to Public Utilities Code Section 455.3.

Application No. \_\_\_\_\_

**APPLICATION**

**CBL ENERGY LAW PLLC**

Deborah R. Repman  
Charles F. Caldwell  
Coy R. Cassels  
1800 West Loop South, Suite 1680  
Houston, Texas 77027  
Telephone: (713) 357-6776

Email: [drepman@cblenergylaw.com](mailto:drepman@cblenergylaw.com)  
Email: [ccaldwell@cblenergylaw.com](mailto:ccaldwell@cblenergylaw.com)  
Email: [ccassels@cblenergylaw.com](mailto:ccassels@cblenergylaw.com)

**DOWNEY BRAND LLP**

James D. Squeri  
Megan Somogyi  
455 Market Street, Suite 1500  
San Francisco, CA 94105  
Telephone: (415) 848-4831

Email: [jsqueri@downeybrand.com](mailto:jsqueri@downeybrand.com)  
Email: [msomogyi@downeybrand.com](mailto:msomogyi@downeybrand.com)

*Attorneys for San Pablo Bay Pipeline Company LLC*

Dated: January 25, 2024

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

In the Matter of the Application of San Pablo Bay Pipeline Company LLC (PLC-29) for Authority to Increase Rates for Its Crude Oil Pipeline Services Pursuant to Public Utilities Code Sections 454 and 455.3.

Application No. \_\_\_\_\_

**APPLICATION**

Pursuant to Section 455.3 of the California Public Utilities Code<sup>1</sup> and in accordance with Rules 2.1, 2.2, 3.2, and 7 of the Commission’s Rules of Practice and Procedure, San Pablo Bay Pipeline Company LLC (“SPBPC” or “Applicant”) respectfully requests that the California Public Utilities Commission (“Commission”) authorize SPBPC to increase the rates that it charges for transportation of crude petroleum products by 10 percent effective March 1, 2024, subject to refund.<sup>2</sup> Section 455.3 authorizes an oil pipeline to increase its rates by up to 10 percent upon providing 30 days’ notice and without the need for prior Commission approval, provided that the increase remains subject to retroactive Commission adjustment and refund with interest, as appropriate.

Given required and proper notice to its shippers, SPBPC proposes to increase each of the individual rates on its system by 10 percent thereby increasing its current average transportation rate from \$1.9481/bbl. to \$2.129/bbl., resulting in an estimated increase in annual

---

<sup>1</sup> All statutory references are to the California Public Utilities Code unless otherwise noted.

<sup>2</sup> The SPBPC pipeline system that is the subject of the requested rate increases is a 265-mile-long oil pipeline transporting heated crude oil from San Joaquin Valley oil fields to Bay Area refineries, providing public utility service subject to Commission jurisdiction.

revenue of \$5.17 million. SPBPC requests that the subject rate increase become effective March 1, 2024.

Pursuant to the provisions of Section 455.3(b)(5), SPBPC requests that the Commission authorize SPBPC to retroactively recover the difference between the rates in effect as of March 1, 2024 and the rates ultimately approved by the Commission in the subject proceeding.

**I. BACKGROUND**

**1. Applicant Information Required by Rule 2.1(a)**

Applicant SPBPC is a California limited liability company. Its principal place of business is 1900 Main St., Suite 600, Irvine, CA; its telephone number is (562) 285-4100. Its general partner is Crimson Pipeline, LLC, which is wholly owned by Crimson Midstream Operating, LLC. Crimson Midstream Operating, LLC is wholly owned by Crimson Midstream Holdings, LLC. Crimson Midstream Holdings, LLC is privately held.<sup>3</sup>

**2. Correspondence and Communication Information Required by Rule 2.1(b)**

Correspondence and communications concerning this Application should be directed to the following SPBPC representatives:

Deborah R. Repman  
1800 West Loop South, Suite 1680  
Houston, Texas 77027  
Telephone: (713) 357-6776  
E-mail: [drepman@cblenergyllaw.com](mailto:drepman@cblenergyllaw.com)

---

<sup>3</sup> D. 20-01-013 issued January 16, 2020 authorized the transfer of control of CPMI from John Grier to CGI Crimson Holdings, LLC.

James D. Squeri  
Downey Brand LLP  
455 Market Street, Suite 1500  
San Francisco, CA 94105  
Telephone: (415) 848-4831  
E-mail: [jsqueri@downeybrand.com](mailto:jsqueri@downeybrand.com)

**3. Organization and Qualification to Transact Business Documents Required by Rule 2.2**

Per Rule 2.2 of the Commission's Rules of Practice and Procedure, SPBPC's Certificate of Status as a California Limited Liability Company in Good Standing is included as Exhibit A hereto.

**4. Information Required by Rule 3.2**

**A. Balance Sheet and Income Statement:**

Financial statements, including the most recently available balance sheet and income statement for SPBPC, are attached as Exhibit B hereto.

**B. Statement of Presently Effective and Proposed Rates:**

Present and proposed rates for the SPBPC pipeline reflecting the 10 percent increase in rates implemented pursuant to Section 455.3 are reflected in Exhibit C.

**C. General Description of SPBPC's Property and Equipment:**

Applicant SPBPC has been formed as a limited liability company for the specific purpose of owning, operating, and managing smaller, marginal, or idle pipelines and providing pipeline transportation services to the public.

The San Joaquin Valley Pipeline System owned and operated by SPBPC consists of a 265-mile-long oil pipeline transporting heated crude oil from San Joaquin Valley ("SJV") oil fields to Bay Area refineries. As a heated and batched pipeline, SPBPC can transport in a neat (unblended) form the heavy crude that is the majority of SJV production.

## **II. JUSTIFICATION FOR REQUESTED RATE INCREASE**

Exhibit D hereto, the Declaration of Michael J. Webb, sets forth the basis, as well as justification, for SPBPC's Section 455.3 rate increase request, including the effects of declining throughput. The proposed increase is reasonable given that even with the increase in revenues anticipated by this filing SPBPC will fail to realize the reasonable return on its utility investment to which it is entitled by law.

## **III. INFORMATION REQUIRED FOR RULE 2.1(C) AND RULE 7 COMPLIANCE**

The subject application seeks authorization, pursuant to Section 455.3 of the Public Utilities Code, for SPBPC to increase the rates it charges for intrastate public utility pipeline services by ten percent.

SPBPC has provided all shippers affected by the proposed rate increases with copies of the subject application.

**A. Proposed Category:** SPBPC proposes that the application be treated as a “ratesetting” proceeding.

**B. Need for Hearing:** Hearings will be needed on this application only to the extent a material issue of fact is raised by timely protest. Accordingly, SPBPC does not know whether a hearing will be required. If no hearing is required, SPBPC would request that an ex parte decision approving the rate increase request be issued by the Commission by year end 2024. If a hearing is required, SPBPC proposes a schedule as set forth below.

**C. Issues Requiring Consideration:** The issue raised by this application are as follows: (1) whether SPBPC’s proposal to increase rates by 10% on its pipeline is just and reasonable.

**D. Proposed Schedule:** SPBPC proposes the following schedule:

Application Filed	January 25, 2024
Notice in Daily Calendar	TBD by CPUC Docket Office
Protests Due	30 Days After Daily Calendar Notice
Prehearing Conference	March, 2024
Applicant's Opening Testimony	April, 2024
Intervenor Testimony Due	May, 2024
Applicant's Rebuttal Testimony	June, 2024
Hearings	July, 2024
Concurrent Opening Briefs	August, 2024
Concurrent Reply Briefs	September, 2024
ALJ Draft Decision	December, 2024
Commission Decision	January, 2025

**IV. EXHIBITS**

As required by Commission Rules 15, 16, and 23, SPBPC provides the following information and exhibits:

Exhibit A	SPBPC Certificate of Status
Exhibit B	SPBPC Financial Statements
Exhibit C	Current and Proposed Rates
Exhibit D	Declaration in Support of Rate Increase

**WHEREFORE, SPBPC requests:**

1. That the Commission issue an opinion and order approving the requested increases in SPBPC's crude oil pipeline tariff rates as quickly as is practicable; and
2. That the Commission grant such other and further relief as shall be just and proper. SPBPC is prepared to review the analysis and forecasts supporting this filing with Staff upon request.

Respectfully submitted January 25, 2024 at San Francisco, California.

**CBL ENERGY LAW PLLC**  
Deborah R. Repman  
Charles F. Caldwell  
Coy R. Cassels  
1800 West Loop South, Suite 1680  
Houston, Texas 77027  
Telephone: (713) 357-6776

Email: [drepman@cblenergy.com](mailto:drepman@cblenergy.com)  
Email: [ccaldwell@cblenergy.com](mailto:ccaldwell@cblenergy.com)  
Email: [ccassels@cblenergy.com](mailto:ccassels@cblenergy.com)

By: /s/ Deborah R. Repman  
Deborah R. Repman

**DOWNEY BRAND LLP**  
James D. Squeri  
Megan Somogyi  
455 Market Street, Suite 1500  
San Francisco, CA 94105  
Telephone: (415) 848-4831

Email: [jsqueri@downeybrand.com](mailto:jsqueri@downeybrand.com)  
Email: [msomogyi@downeybrand.com](mailto:msomogyi@downeybrand.com)

By: /s/ James D. Squeri  
James D. Squeri

*Attorneys for San Pablo Bay Pipeline Company LLC*

**VERIFICATION OF COUNSEL**

I, James D. Squeri, declare:

I am an attorney at law duly admitted and licensed to practice before all courts of this state and I have my professional office at Downey Brand LLP, 455 Market Street, Suite 1500, San Francisco, California 94105.

I am an attorney for Applicant, San Pablo Bay Pipeline Company LLC, in the above-entitled matter.

No officer of San Pablo Bay Pipeline Company LLC is present in the county in which I have my office and for that reason I am making this verification on behalf of San Pablo Bay Pipeline Company LLC.

I have read the foregoing Application and know its contents thereof.

I am informed and believe that the matters stated therein are true and, on that ground, I allege that the matters stated therein are true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed at San Francisco, California on this 25th day of January, 2024.

/s/ James D. Squeri  
James D. Squeri

**EXHIBIT A**

**SPBPC CERTIFICATE OF STATUS**



# Secretary of State Certificate of Status

I, SHIRLEY N. WEBER, PH.D., California Secretary of State, hereby certify:

**Entity Name:** SAN PABLO BAY PIPELINE COMPANY LLC  
**Entity No.:** 200402410113  
**Registration Date:** 01/21/2004  
**Entity Type:** Limited Liability Company - Out of State  
**Formed In:** DELAWARE  
**Status:** Active

The above referenced entity is active on the Secretary of State's records and is qualified to transact intrastate business in California.

This certificate relates to the status of the entity on the Secretary of State's records as of the date of this certificate and does not reflect documents that are pending review or other events that may impact status.

No information is available from this office regarding the financial condition, status of licenses, if any, business activities or practices of the entity.



**IN WITNESS WHEREOF**, I execute this certificate and affix the Great Seal of the State of California this day of January 17, 2024.

**SHIRLEY N. WEBER, PH.D.**  
Secretary of State

**Certificate No.:** 173994742

To verify the issuance of this Certificate, use the Certificate No. above with the Secretary of State Certification Verification Search available at [bizfileOnline.sos.ca.gov](http://bizfileOnline.sos.ca.gov).

EXHIBIT B

SPBPC FINANCIAL STATEMENTS

Consolidated CorEnergy  
Summary of All Units  
For the Twelve Months Ending Saturday, December 31, 2022

	<u>207</u>
	<u>San Pablo Bay</u>
	<u>Pipeline Company, LLC</u>
<b>ASSETS</b>	
Current Assets	
Cash	\$ (743,606)
Accounts Receivable - Trade	5,742,694
Inventory	46,190
Prepaid expenses and other Assets	427,512
Total Current Assets	<u>5,472,790</u>
Fixed Assets	
Property and Equipment	234,488,135
Property and Equipment (Accum. Dep.)	<u>(18,406,746)</u>
Total Fixed Assets	216,081,389
Other Assets	
Intercompany Receivables	<u>3,822,784</u>
Total Other Assets	3,822,784
<b>TOTAL ASSETS</b>	<b><u>\$ 225,376,963</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
AP and other accrued liabilities	\$ 4,629,317
Total Accounts Payable	<u>4,629,317</u>
Other Current Liabilities	
Unearned Revenue	<u>203,725</u>
Total Other Current Liabilities	203,725
Long-Term Liabilities	
Intercompany Payables	<u>660,953</u>
Total Long-Term Liabilities	<u>660,953</u>
Total Liabilities	5,493,995
Equity	
Additional Paid-in Capital	297,388,789
Accumulated Retained Earnings	(88,549,294)
Net Income (Loss)	11,043,474
Total Equity	<u>219,882,968</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>\$ 225,376,963</u></b>
<i>Difference</i>	<i>0.00</i>

Consolidated CorEnergy  
Summary of All Units  
For the Twelve Months Ending Saturday, December 31, 2022

	<u>207</u>	
	<u>San Pablo Bay</u>	
	<u>Pipeline Company, LLC</u>	
<b>Revenue</b>		
Transportation	\$	56,710,854
Other		82,307
<b>Total Revenue</b>		<u>56,793,161</u>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Salaries & Benefits Opex		5,954,858
Materials and Supplies		164,746
Field Office		122,254
Asset Maintenance		1,925,160
Outside Services		2,141,919
Utilities and Power		10,996,703
Right of Way		213,375
Regulatory, Environmental, and Sa		727,015
Insurance and Bonds		2,553,415
Taxes		1,574,584
Other Expenses		1,629,714
<b>Total Operating Expenses</b>		<u>28,003,744</u>
<b>SG&amp;A Expenses</b>		
Salaries & Benefits - G&A		4,785,425
Professional Services		1,854,778
Director's Fees		162,090
Other expenses - G&A		1,102,111
<b>Total SG&amp;A Expenses</b>		<u>7,904,404</u>
<b>Total Expenses</b>		<u>35,908,148</u>
<b>Net Ordinary Income</b>	<b>\$</b>	<b>20,885,013</b>
<b>Other (Income)/Expense</b>		
Depreciation Expense		9,851,194
Other Income/Expense		(9,655)
<b>Total Other Income/Expense</b>		<u>9,841,539</u>
<b>Net Income</b>	<b>\$</b>	<b>11,043,474</b>

EXHIBIT C

CURRENT AND PROPOSED RATES

# San Pablo Bay Pipeline Company LLC

10% increase; rates in cents per barrel

Current Tariff	ROUTE	ORIGIN POINTS IN CALIFORNIA	DESTINATION POINTS IN CALIFORNIA	Current Rate (cpb)	Proposed Rate (cpb)	Increase %
<b>CPUC 2.15.0</b>		Coalinga Gathering (Includes Mainstate, Pennzier, National, 13D, 25D, and Section 29), Fresno County Coalinga Station (Truck Receipts), Fresno Cty <b>*See Note 1</b>				
	01	Station 36, Kern County	Valero Refinery Interconnect, Contra Costa County	194.81	214.29	10.0%
		Kern River Holdings (Kern River), Kern County Bakersfield Tank Farm (Truck Receipts), Kern Cty <b>*See Note 1</b> Macpherson (Round Mountain), Kern County				
	02	Kern Front, Kern County	Marathon Refinery Interconnect, Contra Costa County	194.81	214.29	10.0%
		North Shafter, Kern County Station 31 (Midway Sunset), Kern County Fairfield (Midway Sunset), Kern County Section 15A (Midway Sunset), Kern County				
	03	Olig Station, Kern County	PBF Refinery Interconnect, Contra Costa County	194.81	214.29	10.0%
		Kernridge Station (Belridge), Kern County Middle Station (Cameras), Kern County Hopkins South (Belridge), Kern County				
	04	Gotland, Kern County	Valero Refinery Interconnect, Contra Costa County	194.81	214.29	10.0%
	05	Dehy 20 (Belridge), Kern County <b>** See Note 2</b>	Marathon Refinery Interconnect, Contra Costa County	194.81	214.29	10.0%
	06	Coalinga Station (Truck Receipts), Fresno Cty <b>*See Note 1</b>	PBF Refinery Interconnect, Contra Costa County	194.81	214.29	10.0%
	07	Section 18 (Lost Hills Gathering), Kern County	Valero Refinery Interconnect, Contra Costa County	194.81	214.29	10.0%
	08	Lost Hills 2 (Lost Hills Gathering), Kern County	Marathon Refinery Interconnect, Contra Costa County	194.81	214.29	10.0%
	09		PBF Refinery Interconnect, Contra Costa County	194.81	214.29	10.0%
	10	Station 36, Kern County	San Joaquin Refinery, Kern County	37.80	37.80	0.0%
	11		Valero Refinery Interconnect, Contra Costa County	194.81	214.29	10.0%
12	Olig Station, Kern County <b>***See Note 3</b>	Marathon Refinery Interconnect, Contra Costa County	194.81	214.29	10.0%	
13		PBF Refinery Interconnect, Contra Costa County	194.81	214.29	10.0%	
*NOTE 1	TRUCK RACK UNLOADING CHARGE	Bakersfield and Coalinga	13.40	13.40	0.0%	

EXHIBIT D

DECLARATION IN SUPPORT OF RATE INCREASE

### **Declaration of Michael J. Webb**

1. My name is Michael J. Webb. I am Vice President of Regulatory Economics Group, LLC (“REG”), a consulting firm located in Reston, Virginia. My business address is 11180 Sunrise Valley Drive, Reston, Virginia 20191. I hold a PhD and MA in Economics from George Mason University and a BA in Economics from American University. I have 25 years of experience in the oil pipeline industry. I have provided testimony before this and many other regulatory agencies as well as several courts and tribunals.
2. I have been asked by San Pablo Bay Pipeline Company LLC (“San Pablo or SPB”) to evaluate whether a further 10 percent rate increase is warranted above the 10 percent that has been charged since March 1, 2023 is warranted. To summarize the procedural history relevant to this current request, on January 27, 2023, San Pablo filed a request to increase its rate by 35.9 percent as well as increase its rates on March 1, 2023 by 10 percent in Application A.23-01-015. This request resulted in the mainline rates increasing from \$1.7710 to \$1.9481 effective March 1, 2023, with request to increase rates up to \$2.4210. The full rate increase is subject to a proceeding before Judge Jacob Rambo, for which testimony has been filed and a hearing is scheduled to commence on February 5, 2024
3. This application does not alter the requests contained in A.23-01-015. Rather it seeks to raise the charged rates from \$1.9481 a further 10 percent up to \$2.1429 on March 1, 2024. Using information developed in A.23-01-015, I conclude that this request is just and reasonable.
4. Specifically, in preparing my Rebuttal Testimony, filed December 29, 2023 in A.23-01-015, I developed a cost-of-service calculation based on actual data through November 30, 2023. In calculating rates, I incorporated upward adjustments to volume based on

November actuals and December nomination. With these adjustments, SPB could justify a \$2.6440 rate increase. As such, the \$2.1429 rate increase that SPB seeks to implement on March 1, 2024 is obviously just and reasonable and is in fact conservative.

5. In fact, the \$2.6440 that SPB could justify if it had chosen to file a new rate case based on the information as of December 2023 may be conservative. As I discuss in my Rebuttal Testimony filed in A.23-01-015, I based my upward adjustment to volume on the fact that P66 Company has ceased running crude oil through its Rodeo Refinery and throughput on SPB increased in November and December 2023. However, in January 2024, throughput has declined, returning to the levels that prevailed through most of 2023. Therefore, the true cost-based rate may exceed the \$2.6440 discussed in my Rebuttal Testimony, meaning that SPB is even more justified in charging the \$2.1429 it seeks to charge on March 1, 2024.

The foregoing declaration is submitted under penalty of perjury in accordance with the laws of the state of California.

Dated: January 24, 2024

/s/ Michael J. Webb

Michael J. Webb