

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



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Joint Application of Pacific Gas and Electric Company (U-39 G) and Standard Pacific Gas Line Incorporated for Approval of the Sale of Gas Transmission Pipeline Facilities Under Public Utilities Code Section 851, Authorization to Enter Into Inter-Utility Service Agreement and Related Transportation Service Agreement, and Authorization to Acquire Standard Pacific Gas Line Incorporation Stock Under Public Utilities Code Section 852.

Application 25-12-014

**PROTEST OF THE PUBLIC ADVOCATES OFFICE**

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BEFORE THE PUBLIC UTILITIES COMMISSION  
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Joint Application of Pacific Gas and Electric Company (U-39 G) and Standard Pacific Gas Line Incorporated for Approval of the Sale of Gas Transmission Pipeline Facilities Under Public Utilities Code Section 851, Authorization to Enter into Inter-Utility Service Agreement and Related Transportation Service Agreement, and Authorization to Acquire Standard Pacific Gas Line Incorporation Stock Under Public Utilities Code Section 852.

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**I. INTRODUCTION**

Pacific Gas and Electric Company (PG&E) and its affiliate, Standard Pacific Gas Lines Incorporated (StanPac), seek the California Public Utilities Commission's (Commission) approval to:

- (i) allow StanPac to transfer substantially all of its remaining pipeline assets to PG&E;
- (ii) allow StanPac to enter into a gas transportation agreement with Chevron Pipe Line Company (Chevron) and an inter-utility service agreement with PG&E;
- (iii) allow PG&E to purchase the remaining stock of StanPac (that PG&E does not currently own)
- (iv) and other appropriate related authorization, determinations and ratemaking.<sup>2</sup>

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<sup>1</sup> Hereinafter, "Joint Application."

<sup>2</sup> Joint Application at 8-9.

The Joint Application was published on the Commission calendar on December 22, 2025 and pursuant to Commission’s Rules of Practice and Procedure, Rule 2.6, protests are due on January 21, 2026. The Public Advocates Office at the Public Utilities Commission (Cal Advocates) submits this protest to the application.

## II. BACKGROUND AND STATEMENT OF FACT

PG&E and Standard Oil Company created StanPac as a joint venture gas transportation company almost 100 years ago in the 1930s.<sup>3</sup> Over the years, PG&E acquired most of Standard Oil Company’s interest in StanPac, owning 6/7<sup>th</sup> of StanPac, and Chevron acquired the remaining 1/7<sup>th</sup> ownership interest in StanPac.<sup>4</sup>

The Joint Application states that StanPac “has no revenue or customers.” And that [i]ts purpose is to transport gas for owners [PG&E and Chevron]” from Rio Vista Gas Field, through the San Joaquin River southwest to Antioch where it serves PG&E customers in and around Contra Costa County, and then proceeds west to Richmond where it provides gas to Chevron’s refinery.<sup>5</sup> The gas transmission pipeline assets StanPac owns consist of the pipelines known as SP4Z<sup>6</sup>, SP5<sup>7</sup>, SP3<sup>8</sup>, SP4Y and RYER<sup>9</sup>.

StanPac is presently governed under an agreement executed in 1996 and known as the StanPac System Management and Operating Agreement (SMOA). The SMOA requires PG&E to fund 6/7<sup>th</sup> of the cost of StanPac operations, and Chevron to fund 1/7<sup>th</sup> of the cost, and in return each company will receive gas delivery from StanPac’s assets in the same proportion as their contribution to the operating costs, which is also the

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<sup>3</sup> Joint Application at 2.

<sup>4</sup> Joint Application at 3.

<sup>5</sup> Joint Application at 3.

<sup>6</sup> SP4Z extends from Sherman Island in the Rio Vista Gas Field southwesterly to PG&E’s Antioch Terminal in Antioch. (Joint Application at 6.)

<sup>7</sup> SP5 extends from the Antioch Terminal westerly to PG&E’s Delta Fair Junction Station. (Joint Application at 6.)

<sup>8</sup> SP3 includes subline SP3-2 and extends from Delta Fair Junction Station westerly to PG&E’s San Pablo Station. (Joint Application at 6.)

<sup>9</sup> SP4Y and RYER are excluded from the transactions the Joint Application seeks Commission approval for and are not fully described in the Joint Application. (Joint Application at 6.)

proportion of their ownership interest in StanPac.<sup>10</sup> StanPac’s obligation to deliver 1/7<sup>th</sup> of its delivery capacity to Chevron requires StanPac to transport 30.7 MMcf/d of gas that Chevron purchases from California Resource Production Corporation (CRPC) at the wellhead in Rio Vista Gas Field to Chevron’s refinery in Richmond.<sup>11</sup> StanPac might need to make upgrades to its aging system to continue meeting this obligation to transport 30.7 MMcf/d of gas to Chevron. However, the Joint Application states that PG&E can deliver this gas through “PG&E’s newly constructed Flatlands Metering Station (“Flatlands”), which came online in February 2025 and enables PG&E to accommodate Chevron’s 30.7 MMcf/d service requirement.”<sup>12</sup>

### **III. THE PROPOSED TRANSACTION**

The Joint Application states that “StanPac, PG&E and Chevron have agreed to a suite of independent agreements (the Transaction)” to facilitate StanPac’s continued operation under the SMOA while permitting “the sale and decommissioning of some StanPac and PG&E assets.”<sup>13</sup> There are three transactions under the suite of agreements that require the Commission’s approval: (1.) StanPac Asset Sale Transaction; (2.) Transportation Agreement and Inter-Utility Service Agreement; (3.) Stock Purchase Agreement.

#### **A. StanPac Asset Sale Transaction**

The StanPac asset sale transaction under the suite of agreements has three key elements:

- First, PG&E proposes to purchase StanPac by paying the sum of \$150,400,166 to StanPac, 6/7<sup>th</sup> of which sum StanPac will in turn pay back to PG&E as its

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<sup>10</sup> Joint Application at 4.

<sup>11</sup> Joint Application at 3.

<sup>12</sup> Joint Application at 7.

<sup>13</sup> Joint Application at 5.

majority owner in the form of dividends or a Return on Equity.<sup>14</sup>

- Second, out of the sum of \$150,400,166 purchase price, StanPac will pay Chevron \$21,485,756 for the 1/7<sup>th</sup> share that Chevron owns, which will effectively buy out Chevron and give PG&E full and direct acquisition of Chevron's ownership interest in StanPac's assets.<sup>15</sup>
- Third, as part of a separate transaction in 2026 PG&E and StanPac will sell StanPac's pipelines known as SP4Y and RYER to California Resources Production Corporation from whom Chevron purchases gas for its Richmond Refinery.<sup>16</sup> SP4Y and RYER together are seven miles of pipeline assets.

## **B. The Transportation and Inter-Utility Agreement**

The Joint Application seeks Commission approval of a Transportation and Inter-Utility Agreement to replace the SMOA and allow StanPac to continue its obligation to deliver 30.7 MMcf/d of gas to Chevron's refinery in Richmond. Specifically, the Joint Application states:

The Transportation Agreement permits StanPac to subcontract its performance to PG&E, which StanPac will do pursuant to an Inter-Utility Service Agreement.<sup>17</sup>

Under the Transportation and Inter-Utility Agreements, Chevron will continue to pay StanPac an amount that roughly corresponds to the cost of transporting the gas to Chevron's refinery in Richmond, commensurate with what Chevron had historically paid StanPac as a 1/7<sup>th</sup> owner of the assets under the SMOA.<sup>18</sup> However, because pipeline hydraulics no longer allow the same gas metered at the Rio Vista Gas Fields to be

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<sup>14</sup> Joint Application at 5.

<sup>15</sup> Joint Application at 6.

<sup>16</sup> Joint Application at 3.

<sup>17</sup> Joint Application at 7.

<sup>18</sup> Joint Application at 7.

delivered to the Richmond refinery, PG&E will use its own Flatlands pipelines to transport and deliver the gas to Chevron's refinery in Richmond.<sup>19</sup>

### **C. Stock Purchase Agreement**

The Joint Application describes the entire Stock Purchase Agreement as follows:

PG&E and Chevron have also entered into a Stock Purchase Agreement under which, at the end of the 20-year term, PG&E will acquire Chevron's 1/7<sup>th</sup> interest in StanPac (200 shares of common stock) for the nominal price of \$1.00. After PG&E thus becomes the sole owner of StanPac, PG&E plans to seek Commission approval to dissolve StanPac through a separate filing.<sup>20</sup>

## **IV. OTHER ANCILLARY AGREEMENTS**

In addition to the suite of agreements that require the Commission's approval, the Joint Application states that there are four other agreements between PG&E and Chevron that do not require Commission approval. These agreements are: (a) StanPac Management Agreement among StanPac, Chevron and PG&E; (b) Letter Agreement between PG&E and Chevron on StanPac System Restoration Costs; (c) The Settlement Agreement among StanPac, Chevron and PG&E regarding the StanPac system; (d) Framework Agreement for Dispute Resolution During the Interim Period and Covenant Not to Sue among StanPac, Chevron and PG&E.<sup>21</sup>

The Joint Application states that these agreements are designed to effectuate the suite of transactions and ensure the smooth management of StanPac after PG&E's acquisition of all of StanPac's assets. These agreements are provided in the Joint Application "for awareness and context."<sup>22</sup>

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<sup>19</sup> Joint Application at 7.

<sup>20</sup> Joint Application at 8.

<sup>21</sup> Joint Application at 8.

<sup>22</sup> Joint Application at 8.

## V. ISSUES TO BE CONSIDERED IN PROCEEDING

In addition to the issues that the Joint Application has listed to be considered, Cal Advocates anticipates the following additional issues should be considered in this proceeding:

1. Whether the valuation of StanPac at \$150,400,166 is just and reasonable.
2. Whether the valuation of Chevron's 1/6<sup>th</sup> interest in StanPac at \$21,485,738 is just and reasonable.
3. Whether PG&E's proposed payment of the entire value of StanPac at \$150,400,166 is just and reasonable given that PG&E already owns 6/7<sup>th</sup> of StanPac.
4. Whether Chevron is an indispensable party to this Application.
5. Whether it is just and reasonable that StanPac continue to exist 20 years after PG&E has acquired all of its assets and assumed its day-to-day operations and gas delivery obligations.
6. Whether it is just and reasonable that PG&E wait 20 years after its acquisition of Chevron's share of StanPac's assets to acquire Chevron's 200 shares in StanPac for a nominal fee of \$1.
7. Whether it is just and reasonable for StanPac to pay PG&E dividends or a return on equity of 6/7<sup>th</sup> of its purchase price of \$150,400,166 after PG&E's acquisition of StanPac.
8. Whether the Commission can authorize PG&E to wind down StanPac 20 years after the Commission has approved PG&E's purchase of StanPac's entire assets.
9. Whether the Joint Application is in compliance with Public Utilities Code Section 852.
10. Whether the suite of transactions before the Commission for approval under the Joint Application complies with the Commission's Affiliate Transaction Rules.
11. Whether PG&E's ratemaking proposal for the sale of StanPac is just and reasonable.

The issues listed herein are based on Cal Advocates preliminary review of the Joint Application. Cal Advocates is still reviewing the Joint Application and may seek to revise or add to the issues described above as appropriate.

**VI. PROPOSED CATEGORIZATION (Rule 2.1(c))**

Cal Advocates agrees with the Joint Application’s proposed categorization of this proceeding as “ratesetting”.

**VII. NEED FOR EVIDENTIARY HEARINGS (Rule 2.1(c))**

The suite of transactions before the Commission for approval under the Joint Application is complex and unusual. Therefore, Cal Advocates anticipates a need for hearings.

**VIII. PROPOSED SCHEDULE**

Cal Advocates is still reviewing the Joint Application and doing discovery.. Therefore, Cal Advocates is not proposing a schedule for this proceeding in this protest but intends to do so at the Pre Hearing Conference.

**IX. CONCLUSION**

Cal Advocates requests that the Commission include the issues presented in this protest in the scope of the proceeding and schedule a hearing with sufficient time to consider and brief these issues.

Respectfully Submitted,

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