



BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE

STATE OF CALIFORNIA

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Joint Application of Pacific Gas and Electric Company (U 39G) 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. (U 39G)

Application 25-12-014

(Filed December 19, 2025)

CHEVRON PIPE LINE COMPANY RESPONSE TO JOINT APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39G) 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

Nora Sheriff
Tim Brannan
Buchalter LLP
425 Market Street, 29th Floor
San Francisco, CA 94105-2491
415.227.3551 office
415.227.0770 fax
nsheriff@buchalter.com

Counsel for Chevron Pipe Line Company

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Pursuant to the California Public Utilities Commission (Commission) Rules of Practice and Procedure Rule 2.6, Chevron Pipe Line Company (Chevron) submits this response to the December 19, 2025 *Joint Application of Pacific Gas and Electric Company (U 39G) 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* (Joint Application).¹

¹ *Joint Application of Pacific Gas and Electric Company (U 39G) and Standard Pacific Gas Line Incorporated for Approval of the Sale of Gas Transmission Pipeline Facilities Under Public Utilities Code*

I. INTRODUCTION

Chevron responds to support the Joint Application of Pacific Gas and Electric Company (PG&E) and Standard Pacific Gas Line Incorporated (Stanpac) (together, the Applicants) and believes such support will be useful to the Commission in acting on the Joint Application.² Chevron agrees with the category of ratesetting as proposed by the Applicants and confirmed by Resolution ALJ 176-3575; Chevron further agrees with the Joint Application's proposed scope of issues.³ Chevron also agrees that the need for hearing will depend on the extent to which other parties contest the Joint Application, and will be determined by the assigned Administrative Law Judge; Chevron supports the Applicants' proposed schedule, which provides for hearings should they be necessary.⁴

Chevron is a participant in some of the transactions and agreements discussed in this Joint Application. Chevron also holds a non-controlling, 1/7 stake in Stanpac. However, Chevron is not a joint applicant with PG&E and Stanpac, as Chevron is neither a public utility nor a corporation holding a controlling interest in a public utility, such that it would require authorization from the Commission for the subject transactions.⁵

II. RESPONSE TO JOINT APPLICATION

The Applicants request approval of the transfer of Stanpac pipeline assets to PG&E, the Stanpac-Chevron gas transportation agreement and Stanpac-PG&E inter-utility service

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, A.25-12-014, Dec. 19, 2026 (Joint Application).

² Commission Rules of Practice and Procedure, Rule 2.6(c).

³ Joint Application at 20.

⁴ *Id.* at 21.

⁵ California Public Utilities Code §§ 851, 852, 451, 454, 701.

agreement, and PG&E's purchase of remaining Stanpac stock.⁶ Chevron supports the approval of these contracts and agreements (collectively, the Transaction) as a natural and appropriate path forward that impacts the Applicants, PG&E ratepayers, Chevron, and California as a whole.

As stated in the Joint Application, Stanpac is a nearly 100-year old natural gas transmission utility, of which 6/7 is owned by PG&E and 1/7 is owned by Chevron.⁷ Stanpac's pipeline infrastructure is crucial to both PG&E, to transport gas to customers in and near Contra Costa County, and Chevron, to receive gas at the Richmond refinery.⁸ Capital expenditures and operation and maintenance costs are divided between PG&E and Chevron by their ownership interests (6/7 to PG&E and 1/7 to Chevron), in accordance with the Stanpac System Management and Operating Agreement (SMOA).⁹ The SMOA also allocates Chevron a minimum of 30.7 million cubic feet per day (MMcf/d) of gas (Chevron's Equity Carrying Capacity).¹⁰

Unfortunately, as discussed in the Joint Application, various factors have combined to make it impossible for Stanpac to deliver Chevron's Equity Carrying Capacity without an estimated \$103 million in capital investments; 6/7 of these costs would, subject to approval, be borne by PG&E and its customers.¹¹ Importantly, Stanpac and the SMOA do not have termination dates.¹² These facts render the Transaction advanced in the Joint Application necessary and practical.

⁶ Joint Application at 1.

⁷ *Id.* at 3.

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.* at 4.

¹¹ *Id.* at 4-5.

¹² *Id.* at 4.

Pursuant to the Transaction, Chevron will be paid \$21,485,735 in order for PG&E to acquire full ownership of Stanpac infrastructure assets and their underlying land.¹³ For this, PG&E only seeks to recover \$6,946,148 in rates, less amounts received through the sale of Stanpac assets.¹⁴ Importantly, PG&E will acquire full ownership of Stanpac's assets, and Stanpac will continue to exist as a separate entity with a Transportation Agreement to transport 30.7 MMcf/d of gas for Chevron.¹⁵ This replaces the ongoing SMOA contractual obligations, which would—but for the Transaction—not terminate,¹⁶ whereas the obligation to transport under the Transaction would terminate after 20 years.¹⁷

Stanpac and PG&E will perform the Inter-Utility Service Agreement to effectuate the Transportation Agreement through both PG&E and Stanpac infrastructure.¹⁸ Without this Inter-Utility Service Agreement, Stanpac would not be able to uphold its contractual obligations to Chevron without costly system upgrades.¹⁹ Chevron will pay Stanpac \$894,147, adjusted for inflation against the Consumer Price Index (CPI) each year under the Transportation agreement.²⁰ Without accounting for annual CPI increases, this amounts to \$17,882,940 paid by Chevron to PG&E (through the Inter-Utility Service Agreement) over 20 years.²¹ At the end of these 20 years, PG&E will officially acquire 100% ownership in Stanpac from Chevron via the Stock Purchase Agreement.²²

¹³ Joint Application at 6.

¹⁴ *Id.*

¹⁵ *Id.* at 6-7.

¹⁶ *Id.* at 6-8.

¹⁷ *Id.* at 6-7.

¹⁸ *Id.*

¹⁹ *Id.* at 5, 10-12.

²⁰ *Id.* at 7.

²¹ *Id.*

²² *Id.* at 8.

All told, the Transaction will save PG&E customers at least a net estimated \$82,571,728.²³

Additionally, the Transaction is not anticipated to increase PG&E's operation and maintenance costs for its existing pipeline infrastructure or newly acquired infrastructure.²⁴ PG&E already operates and maintains its existing infrastructure, and Chevron will continue to effectively contribute the equivalent of its 1/7 operating and maintenance share to PG&E.²⁵

III. CONCLUSION

The Chevron Pipe Line Company appreciates the opportunity to submit this response, and anticipates active engagement in this proceeding to support Commission approval of the Joint Application and the Transaction.

Respectfully submitted,

BUCHALTER LLP

By:



Nora Sheriff

Counsel for Chevron Pipe Line Company

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²³ Joint Application at 11.

²⁴ *Id.*

²⁵ *Id.* at 11-12.