



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

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Joint Application of Pacific Gas and Electric Company (U39G) 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. (U39G)

Application No. 25-12-014 A2512014
(Filed December 19, 2025)

**PACIFIC GAS AND ELECTRIC COMPANY, STANDARD PACIFIC GAS LINE
INCORPORATED, CHEVRON PIPE LINE COMPANY, AND THE PUBLIC
ADVOCATES OFFICE'S JOINT PREHEARING CONFERENCE STATEMENT**

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I. INTRODUCTION

Pacific Gas and Electric Company (PG&E), Standard Pacific Gas Line Incorporated (Stanpac), Chevron Pipe Line Company (Chevron), and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) (collectively Parties) submit this Joint Prehearing Conference Statement¹ pursuant to the Administrative Law Judge’s Ruling Setting a Prehearing Conference for February 24, 2026, and Directing the Filing of a Joint Statement (Ruling) issued on February 6, 2026.

II. SCOPE OF PROCEEDING

The Joint Applicants² propose the five issues in the Joint Application³ be adopted as the scoping issues to be resolved in the proceeding. Chevron supports the five issues proposed in the

¹ In accordance with Rule 1.8(d), Chevron is authorized to sign this Joint Prehearing Conference Statement on behalf of the Parties.

² “Joint Applicants” refers to PG&E and Stanpac.

³ “Joint Application” refers to the December 18, 2025, 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.

Joint Application, and Cal Advocates proposes additional issues in its protest to the Application.

The Parties' proposed issues are as follows:

A. Joint Applicants' Proposed Issues

1. Whether the Commission should grant authorization under Section 851 for Stanpac to sell to PG&E substantially all of its assets in accordance with the Asset Purchase Agreement;
2. Whether the Commission should grant authorization under Sections 451, 454, and 701 for Stanpac, Chevron, and PG&E to enter into the Transportation Agreement, pursuant to which Stanpac will provide gas transportation service to Chevron; and for Stanpac and PG&E to enter into the Inter-Utility Service Agreement pursuant to which PG&E will provide inter-utility gas transportation service to Stanpac;
3. Whether the Commission should grant authorization under Section 852 for Chevron to sell to PG&E all of Chevron's shares of Stanpac stock at the end of a 20-year term pursuant to the Stock Purchase Agreement;
4. Whether the Commission should find that the Transaction is not subject to or otherwise exempt from review under the California Environmental Quality Act; and
5. Whether the Commission should approve the proposed ratemaking for the Transaction.⁴

B. Cal Advocates' Proposed Issues

Cal Advocates proposes the following issues for the scoping memo in addition to the issues proposed by the Joint Applicants:

1. Whether the valuation of StanPac at \$150,400,166 is just and reasonable.
2. Whether the valuation of Chevron's 1/6th 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 6/7th of StanPac.
4. Whether Chevron is an indispensable party to this Application.

⁴ See Joint Application at 20 (proposing five issues to be scoped in the proceeding).

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 6/7th 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.⁵

During the Parties' meet and confer, Cal Advocates agreed that proposed scoping issue number 4 could be removed from its proposal.

C. Joint Applicants' and Chevron's Position

The Joint Applicants and Chevron respectfully submit that the remaining issues proposed by Cal Advocates should not be adopted. Cal Advocates' proposed issues are either (1) already encompassed in Joint Applicant's proposed issues, or (2) outside the relief requested in the proceeding.

1. The Joint Applicants' Proposed Issues Encompass Cal Advocates' Proposed Issues 1-3, 5-7, 9, and 11

The Joint Applicants' proposed issues encompass Cal Advocates proposed issues 1-3, 5-7, 9, and 11 as follows:

⁵ Protest at 6.

Joint Applicants' Issue No.	Cal Advocates' Issue No.
<p><u>Issue No. 1</u>: Whether the Commission should grant authorization under Section 851 for Stanpac to sell to PG&E substantially all of its assets in accordance with the Asset Purchase Agreement</p>	<ul style="list-style-type: none"> - <u>Issue No. 1</u>: Whether the valuation of Stanpac at \$150,400,166 is just and reasonable; - <u>Issue No. 2</u>: Whether the valuation of Chevron's 1/6th interest in Stanpac at \$21,485,738 is just and reasonable. (The reference to a 1/6th ownership share appears to be a typographical error. Chevron's actual ownership share is 1/7th of Stanpac); - <u>Issue No. 3</u>: 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 6/7th of Stanpac; and - <u>Issue No. 7</u>: Whether it is just and reasonable for StanPac to pay PG&E dividends or a return on equity of 6/7th of its purchase price of \$150,400,166 after PG&E's acquisition of StanPac.
<p><u>Issue No. 3</u>: whether the Commission should grant authorization under Section 852 for Chevron to sell to PG&E all of Chevron's shares of Stanpac stock at the end of a 20-year term pursuant to the Stock Purchase Agreement.</p>	<ul style="list-style-type: none"> - <u>Issue No. 5</u>: 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; - <u>Issue No. 6</u>: 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; and - <u>Issue No. 9</u>: Whether the Joint Application is in compliance with Public Utilities Code Section 852
<p><u>Issue No. 5</u>: Whether the Commission should approve the proposed ratemaking for the Transaction.</p>	<ul style="list-style-type: none"> - <u>Issue No. 11</u>: Whether PG&E's ratemaking proposal for the sale of StanPac is just and reasonable

Joint Applicants and Chevron, therefore, submit that including Cal Advocates' proposed issues 1-3, 5-7, 9, and 11 in the scoping of the proceeding is unnecessary. Cal Advocates may opt to address these topics under the umbrella of the issues proposed by the Joint Applicants. Including them as scoping issues may increase the complexity in this already complicated

proceeding, encourage development and filing of extra paperwork, and require specific findings of fact and law on topics that are already encompassed under Joint Applicants' proposed issues.

2. Cal Advocates' Proposed Issues 8 and 10 Exceed the Relief Requested

In its proposed Issue 8, Cal Advocates proposes to add “[w]hether 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” as a new issue to be considered.⁶ The Joint Applicants disagree with the inclusion of this issue, because the Joint Applicants do not seek to wind down or dissolve Stanpac after 20 years in this proceeding. As stated in its Joint Application, after PG&E acquires Chevron’s 1/7th interest in Stanpac, PG&E plans to seek Commission approval to dissolve Stanpac through a separate filing.⁷ Therefore, the issue of “whether the Commission can authorize PG&E to wind down of StanPac 20 years after the Commission has approved PG&E’s purchase of StanPac’s entire assets” is out of scope of this proceeding.

In its proposed Issue 10, Cal Advocates proposes to add “[w]hether the suite of transactions before the Commission for approval under the Joint Application complies with the Commission’s Affiliate Transaction Rules” as a new issue to be considered.⁸ The Joint Applicants respectfully disagree with the inclusion of this issue, because the Commission’s Affiliate Transaction Rules (ATR) are not implicated. Under PG&E’s CPUC filed ATR Compliance Plan (Advice Letter 5081 G/7629 E, Tier 1, June 30, 2025), which implements Decision (D.)06 12 029,⁹ the transactions here between PG&E and Stanpac involve a regulated subsidiary of PG&E (Stanpac), and regulated subsidiaries are excluded from the definition from “Affiliate” at Rule I.A. Additionally, the other transaction between PG&E and Chevron as to PG&E’s purchase of stock in 20 years does not involve an affiliate, because neither PG&E nor

⁶ *Id.*

⁷ Joint Application at 8.

⁸ Protest at 6.

⁹ [GAS_5081-G.pdf](#) at 5-6.

Chevron own, control, or have financial interests in each other sufficient to meet the definition of an “Affiliate” under Rule I.A.¹⁰

D. Cal Advocates’ Position

The Joint Parties’ and Chevron’s claim that Cal Advocates’ proposed issues are subsumed within Public Utilities Code Section 851 and 852 is without merit because those provisions of the Public Utilities Code do not address the Commission’s review of costs incurred on behalf of, or charged to, ratepayers. Rather, Public Utilities Code Section 451 addresses those issues, and Cal Advocates proposed issues for the Scoping Memo were intended to ensure that Section¹¹ 451 issues are properly within the scope of this proceeding.

Section 851 requires California regulated utilities to file an application for sale or disposition of property worth more than five million dollars. (See Public Utils. Code §851 and General Order (GO) 173). Thus, the only issue regarding valuation of property that the Commission must address under Section 851 is whether the property at issue meets the threshold value of five million dollars. The value of the property beyond the five-million-dollar threshold and how it was determined, whether by speculation or book value, is an issue properly subject to Section 451, which states:

All charges demanded or received by any public utility, or by any two or more public utilities, for any product or commodity furnished or to be furnished or any service rendered or to be rendered shall be just and reasonable. Every unjust or unreasonable charge demanded or received for such product or commodity or service is unlawful.

...

Whether Stanpac, which is about one hundred years old¹² with assets that no longer have the hydraulic pressure capacity to deliver its obligation to Chevron, is reasonably valued at

¹⁰ *Id.* at 5.

¹¹ Unless otherwise stated all references to “Sections” are refer to the Public Utilities Code.

¹² Joint Application at 2.

\$150,400,166¹³ and how that valuation was determined is an issue within the scope of this proceeding as a matter of law (Pub. Utils. Code §451). Similarly, whether it is just and reasonable for PG&E to pay the full alleged value of \$150,400,166 for Stanpac only to acquire a 1/7th interest that PG&E values at \$21,485,738, and then get the difference returned at a future date is an issue within the scope of this proceeding as a matter of law (Pub. Utils. Code §451).

1. Cal Advocates Proposed Issue 8 is Within the Scope of this Proceeding

Cal Advocates proposed issue No. 8 regarding the transaction that allows PG&E to acquire Chevron's stocks in Stanpac for \$1 after 20 years is the only issue in this proceeding that places the reasonableness of the Section 852 transaction in the scope of this proceeding. Section 852 only requires that the Commission authorize a utility's acquisition of interest in another company but does not proscribe how that interest may be evaluated to ensure the acquisition is in the best interest of ratepayers. Section 451 addresses the reasonableness of the acquisition.

The Joint Parties proposed ratemaking for Stanpac is perfunctory and confusing, only addressing how much PG&E claims as the value of the sale transaction to ratepayers. However, it appears completely silent on the ratemaking for the Section 852 transaction, which has PG&E waiting 20 years before fully acquiring Chevron stock for \$1. Cal Advocates proposal to review PG&E's ratemaking proposal for the sale of Stanpac allows the Commission to evaluate both the Section 851 and 852 ratemaking issues in this proceeding.

III. EVIDENTIARY HEARINGS

The Joint Applicants and Chevron do not necessarily foresee a need for evidentiary hearings at this time. Cal Advocates anticipates a need for hearings because the proceeding involves a suite of complex transactions. At this time, the Parties do not agree on any contested issues of material fact. Such issues may be identified upon the exchange of discovery and testimonies. The Parties proposed that following service of rebuttal testimony, they will submit a

¹³ "Stanpac's pipeline system, however, has certain physical constraints (*e.g.* differences in maximum allowable operating pressures ("MOAP") on different pipeline segments), which, over time ... have rendered it impossible for Stanpac to transport Chevron's permitted 30.7 MMcf/d from the Rio Vista Gas Field to Chevron's refinery without costly upgrades to Stanpac's system (the cost of which would be born 6/7ths by PG&E and its customers)." Joint Application at 4.

status statement setting forth any contested issues of material facts that may necessitate an evidentiary hearing.

IV. PROPOSED SCHEDULE

The Joint Applicants and Chevron proposed the following schedule:

Event	Date
Prehearing Conference	February 24, 2026
Scoping Memo	March 2026
Intervenor Testimony	June 30, 2026
Rebuttal Testimony	July 28, 2026
CPUC Rule 13.9 Duty to Meet and Confers	August 11, 2026 (10 calendar days after Rebuttal Testimony is served.)
Evidentiary Hearings (if necessary)	September 2026
Opening Briefs	October 2026
Reply Briefs	November 2026
Proposed Decision	January 2027
Final Decision	February 2027

A. Motions

Since the filing of the Application, Stanpac has become aware that it will sell approximately 1.4 miles of additional pipeline to California Resources Production Corporation, which will necessitate a small amendment to the Asset Purchase Agreement. Accordingly, PG&E and Stanpac anticipate filing a short motion to amend testimony in the next month or two, and will circulate that filing to the other parties prior to filing. The Parties do not anticipate any other motions at this time. The Parties reserve their rights to file motions as the proceeding continues.

Respectfully submitted,

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