

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION O-0090
September 26, 2024

R E S O L U T I O N

Resolution O-0090. Shell California Pipeline Company LLC (Shell) requests Commission approval for a 10 percent rate increase for two specific lines under Public Utilities Code Section 455.3.

PROPOSED OUTCOME:

- Approves Shell's request to increase its rates for transportation of crude oil on the LAX and Van Nuys lines by 10 percent in accordance with the provisions of Public Utilities Code Section 455.3.
- The 10 percent increase approved herein is expected to increase annual revenues by approximately \$597,000 for the 12-month period commencing June 1, 2024.

SAFETY CONSIDERATIONS:

- There is no safety considerations associated with this resolution.

ESTIMATED COST:

This Resolution is expected to lead to increased shipper costs of \$597,000 for the 12-month period commencing June 1, 2024.

By Advice Letter (AL) 6-O, Filed on April 29, 2024. It was suspended effective May 28, 2024.

SUMMARY

This Resolution O-0090 approves Shell California Pipeline Company LLC's (Shell) request pursuant to Public Utilities Code Section 455.3¹ for a rate increase of 10 percent on the LAX and Van Nuys lines.

BACKGROUND

Shell, a 100% owned subsidiary of Shell Pipeline Company LP, operates two oil pipelines regulated by the Commission: (1) the LAX line which runs from the Carson Terminal owned by Shell Oil Products US to LAX airport; and (2) the Van Nuys line which runs from the Shell Carson Terminal to the Van Nuys Terminal in Van Nuys, California.

Shell filed Tier 3 AL 6-O on April 29, 2024, requesting an increase in rates of 10 percent for its LAX and Van Nuys lines in accordance with Section 455.3.

The 10 percent increase, if approved herein, is expected to increase annual revenues by approximately \$597,000 for the 12-month period commencing June 1, 2024.

No protests were filed.

NOTICE

Notice of AL 6-O was made by publication in the Commission's Daily Calendar on May 1, 2024. Shell states that a copy of the Advice Letter was mailed and distributed in accordance with General Order 96-B to the shipper service list appended as Attachment D to the advice letter.

PROTESTS

Advice Letter 6-O was not protested.

¹ All statutory references are to the Public Utilities Code unless otherwise stated.

DISCUSSION

Shell filed AL 6-O seeking approval to increase its transportation rates by 10 percent on the LAX and Van Nuys lines in accordance with Section 455.3.

In AL 6-O, Shell sets forth financial justification for the 10 percent increase. The advice letter includes a cost-of-service analysis based on the 12-month base period for the year ending December 31, 2023. This covers total cost of service, rate base, operating expenses, depreciation, Allowance for Funds Used During Construction (AFUDC) and throughput. Volume and revenue information is provided for two lines – Carson Terminal to LAX, and Carson Terminal to Shell California Van Nuys Terminal.

For the Base Year, there is a Revenue Deficiency of \$1,185,088, and for the Test Year, it is \$990,354. Compared to cost of service, this amounts to a revenue deficiency (i.e., loss) of 29% in the Base Year and 23% in Test Year.

Without a rate increase, the Forecast Achieved Return on Rate Base is -32.72%. After adding in a 10% rate increase (amounting to approximately \$597,000 for the twelve-month period commencing June 1, 2024) the return changes to -16.17% on Rate Base.

With respect to the substantive request, the CPUC finds, based on the Energy Division’s review of financial information provided in AL 6-O, that an increase of 10% to the transportation rates for the LAX and Van Nuys lines is just and reasonable pursuant to Public Utilities Code Section 451. The rates requested were not contested.

We find that based on Section 455.3, Shell may increase rates by 10 percent as requested, effective June 1, 2024.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS

1. Shell filed AL 6-O requesting a 10 percent increase in transportation rates for its LAX and Van Nuys lines in accordance with Public Utilities Code Section 455.3.
2. Shell is entitled to an advice letter-based rate increase, up to a 10 percent maximum, pursuant to Public Utilities Code Section 455.3, effective June 1, 2024.
3. The rates requested in AL 6-O are just and reasonable pursuant to Public Utilities Code Section 451.

THEREFORE IT IS ORDERED THAT:

1. The request of Shell California Pipeline Company LLC to increase its transportation rates by 10 percent on the LAX and Van Nuys lines effective from June 1, 2024, as requested in Advice Letter 6-O is approved.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on September 26, 2024; the following Commissioners voting favorably thereon:

/s/ RACHEL PETERSON
Rachel Peterson
Executive Director

ALICE REYNOLDS
President

DARCIE HOUCK
JOHN REYNOLDS
KAREN DOUGLAS
MATTHEW BAKER
Commissioners