

Decision 25-09-004 September 18, 2025

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Mr. John D. Grier for Authority to Sell and Transfer CorEnergy Infrastructure Trust, Inc. to Acquire Control of Crimson California Pipeline, L.P (PLC-26) and San Pablo Bay Pipeline Company, LLC (PLC-29) Pursuant to Public Utility Code Section 854.

Application 24-06-004

DECISION GRANTING JOINT APPLICATION FOR A CHANGE OF CONTROL OF THE CRIMSON PIPELINE, L.P. (PLC-26) AND THE SAN PABLO BAY PIPELINE COMPANY, LLC (PLC-29)

Summary

This Decision grants the Joint Application 24-06-004 of Mr. John D. Grier for Authority to sell and for CorEnergy Infrastructure Trust, Inc. to acquire Control of Crimson California Pipeline, L.P. (PLC-26) and San Pablo Bay Pipeline Company LLC (PLC-29) pursuant to California Public Utilities Code §854(a).

The Application is granted.

Application 24-06-004 is closed.

1. Factual and Procedural Background

Mr. John D. Grier (Grier) and CorEnergy Infrastructure Trust, Inc. (CorEnergy) filed this Joint Application A.24-06-004 (Joint Application) on June 14, 2024. Grier and CorEnergy are collectively (Applicants). Pursuant to Public

Utilities Code (Pub. Util. Code) §854, the Joint Application requests to transfer control of Grier's interest in Crimson California Pipeline, Limited Partnership (L.P.) (PLC-26) (Crimson Pipeline) and San Pablo Bay Pipeline, Limited Liability Company (LLC) (PLC-29) (San Pablo Pipeline), to CorEnergy. Collectively, Crimson Pipeline and San Pablo Pipeline are the (Crimson Utilities).

The Crimson Utilities transport oil extracted from California oil fields to California's oil refineries. Crimson Utilities are public utilities regulated by the California Public Utilities Commission (Commission). Crimson Utilities are owned and directly controlled by Crimson Midstream Holdings, LLC. (CMH), its parent corporation. Grier and his affiliates have a controlling interest in CMH and Crimson Utilities, while CorEnergy has minority control of the remaining interests.¹

Joint Applicants' first Joint Application to transfer exclusive control of the Crimson Utilities from Grier to CorEnergy, Application (A.)21-02-013, was denied in Decision (D.) 22--12--032.² D.22-12-032 requires two conditions precedent for Joint Applicants future applications for transfer of control, such as the instant Application.³ These conditions are that CorEnergy must demonstrate improved financial strength and a clear ruling must be provided from the

¹ Grier has direct control of Crimson Utilities based on Applicants' Agreement. *See* Exhibit A to the Joint Application.

² D.22-12-032 at 44, Ordering Paragraph 1.

³ *Id.* at 33.

Internal Revenue Service regarding Crimson Utilities status as a Real Estate Investment Trust (REIT).⁴

Joint Applicants' commercial customers did not appear in this proceeding. No protests or responses were filed to the current Joint Application. There are no other parties to this proceeding.

A Prehearing Conference (PHC) was held on October 2, 2024.

On January 2, 2025, the assigned Commissioner's Scoping Memo and Ruling (Scoping Ruling) was issued. Evidentiary Hearings were not held.

On February 7, 2025, an assigned Administrative Law Judge (ALJ) Ruling ordered Joint Applicants to provide a Response regarding Joint Applicants' capital investments in Crimson Utilities.

On March 7, 2025, Joint Applicants filed a Response to the ALJ Ruling.

2. Submission Date

On March 7, 2025, this matter was submitted upon the filing of Joint Applicants' Response to ALJ Ruling.

3. Jurisdiction and Issues Before the Commission

The Scoping Ruling set the following issues to be determined in this proceeding:

1. Does the proposed change of control for Crimson Utilities and CMH meet the requirements of Pub. Util. Code §854?
2. Does the proposed change of control comport with the Commission's Environmental and Social Justice Plan (ESJ)?

⁴ *Id.*

Crimson Utilities are common carrier oil pipeline corporations and public utilities regulated by the Commission pursuant to Pub. Util. Code §§211 and 216. Any transfer of control of a public utility doing business in California must be approved in advance by the Commission pursuant to Pub. Util. Code §854.

4. Standard of Review

4.1 Public Util. Code §851

Pub. Util. Code §851 requires that any transfer or encumbrance of utility property requires Commission approval. The Application does not propose transferring or encumbering the property of Crimson Utilities. Therefore, the Pub. Util. Code §851 standard of review is not applicable to the Commission's review of this Application.

4.2 Pub. Util. Code §854

Commission decisions provide for different approaches to determine whether a transaction will be adverse to the public interest. We also observe that in certain past instances, questions have sometimes arisen as to whether, in the context of §854(a), the "adverse to public interest" standard is different from the "in the public interest" standard.⁵ In D.07-03-047, however, in determining whether a proposed transfer of control is not adverse to the public interest, the Commission was not applying a separate standard, but rather, "the same standard as demonstrating that the transaction is affirmatively in the public interest under §854(a)."⁶

⁵ See D.07-03-047 (Order Modifying D.06-11-019 and Denying Rehearing of Decision as Modified).

⁶ See D.07-03-047 at 5.

Pub. Util. Code §854(a) requires any “person or corporation” to obtain the Commission's approval before acquiring direct or indirect control of a public utility. The purpose of Pub. Util. Code §854(a) is to allow the Commission to review and evaluate a proposed transaction and to impose any conditions that the public interest requires before a transfer of public utility authority is consummated, and therefore the primary issue in this application is whether the proposed transfer is contrary to the public interest.

Pub. Util. Code §§854(b) and (c) apply only to transactions involving utilities with annual gross California revenues of more than \$500,000,000. There is no evidence that Crimson Utilities have annual revenues near or over this threshold amount.⁷ Crimson Utilities do not fall within this category.

The Commission also has discretion whether to apply the criteria of Pub. Util Code §§854(b) and (c) to the instant Application.⁸ Here, the Commission declines to apply these standards because Pub. Util Code §854(a) is applicable.

Pub. Util. Code §854(d) applies only to transactions involving utilities with annual gross California revenues of more than \$400,000,000. Similarly, Crimson Utilities does not fall within this category and no further analysis under Pub. Util. Code §854(d) is necessary.⁹

⁷ Joint Applicants annual California revenues were under \$100,000,000 in 2022 as addressed in A.24-06-019 Application Exhibit MJW-2 at pdf page 65, A.24-01-016 Application at pdf page 13 and A.23-08-018 Application at pdf page 14.

⁸ See D.16-06-014.

⁹ *Id.*

We find that this transaction should be analyzed pursuant to Pub. Util. Code §854(a).

4.3 California Environmental Quality Act

Commission Rules of Practice and Procedure's (Rules) Rule 2.4 lists the requirements for applications that are subject to the California Environmental Quality Act (CEQA). This transaction involves only a change of direct control of Crimson Utilities. Joint Applicants assert that the transaction will not result in any change in the operations of Crimson Utilities facilities or in any additional construction. Therefore, this Joint Application is exempt from CEQA review.

We find this transaction is exempt from CEQA review.

4.4 Environmental and Social Justice Action Plan

Crimson Utilities' customers are large commercial oil refineries, the transaction does not change rates, and therefore there are likely no additional impacts on environmental and social justice communities, so that approval of this transfer of direct control of Crimson Utilities does not impact achievement of any of the nine goals of the Commission's ESJ Plan.

5. Analysis

This is Joint Applicants' second Joint Application to the Commission to transfer control of Crimson Utilities from Grier to CorEnergy in the past four years.

Joint Applicants have satisfied the two conditions of D.22-12-032, discussed in §1 (*supra*). First, CorEnergy demonstrated improved financial strength after it restructured from bankruptcy proceeding and then invested

heavily in the continued operation of Crimson Utilities.¹⁰ These capital investments into Crimson Utilities are necessary for Crimson Utilities to operate and function in a safe and efficient manner, and in a way that enables crude oil to be refined into gasoline for public use. Second, Joint Applicants addressed the requirement of a more definitive categorization from the Internal Revenue Service regarding a Real Estate Investment Trust (REIT).¹¹ Joint Applicants met the conditions of D.22-12-03.

Grier desires to sell his controlling interest in Crimson Utilities because he is advancing in age. Pursuant to the terms of CorEnergy and Grier's operating agreements that governs Crimson Utilities, Grier ceased voluntarily investing in Crimson Utilities since 2021,¹² which the operating agreement allows him to do. This created issues with Crimson Utilities' operating capital.¹³ In addition, Joint Applicants maintain Crimson Utilities' financial condition was exacerbated by multiple pending rate proceedings with the Commission.

Since 2021, CorEnergy has infused necessary operating capital into Crimson Utilities to ensure its operations, safety and maintenance to deliver crude to commercial oil refineries.¹⁴ We find that Crimson Utilities' role as the transporter of crude oil to California refineries is pivotal to California's economy.

¹⁰ See Joint Applicants' Response to ALJ Ruling dated March 7, 2025.

¹¹ Attachment A to Joint Application is IRS PLR 113145-23. The Commission declines to delve further into Joint Applicants tax status with the Internal Revenue Service.

¹² Application at p. 6. and *see* Response to ALJ Ruling dated March 7, 2025.

¹³ Joint Applicants Response to ALJ Ruling.

¹⁴ *Id.*

The continued financial health, operations and solvency of Crimson Utilities is in the public interest and therefore approval of control to CorEnergy is also in the public interest.

6. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the “Public Comment” tab of the online Docket Card for that proceeding on the Commission’s website. Pursuant to Pub. Util. Code §311(g)(2) and Rule 14.6, the public review period is reduced to 15-days by Commissioner Baker. Public comments were not filed on the Docket Card regarding the proposed decision for this proceeding.

7. Conclusion

This uncontested Joint Application complies with all the statutory requirements necessary for the Commission to grant the relief sought. The transfer of control of Crimson Utilities from Grier to CorEnergy is in the public interest and is therefore approved.

This Decision affirms all rulings made by the ALJ and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied. The proceeding is closed.

8. Comments on Proposed Decision

The proposed decision of ALJ Patrick Petersen in this matter was mailed to the parties in accordance with Pub. Util. Code §311 and comments were allowed under Rule 14.3. No party comments nor reply comments were filed.

9. Assignment of Proceeding

Matthew Baker is the assigned Commissioner and Patrick Petersen is the assigned ALJ in this proceeding.

Findings of Fact

1. John Grier owns 50.5% of Crimson Midstream that is the parent company and majority owner of Crimson Utilities.
2. CorEnergy owns 49.5% of Crimson Midstream and has a minority interest in Crimson Utilities.
3. The Crimson Utilities are common carriers that transport crude oil through pipelines to commercial refineries in southern and northern California.
4. This is Joint Applicants' second Joint Application to the Commission to request the transfer of control of Crimson Utilities. The Joint Applicants first request was in A.21-03-23 and that was denied in D.22-12-032.
5. Joint Applicants through the Joint Application propose to transfer control of the Crimson Utilities from John Grier to CorEnergy.
6. Crimson Utilities are public utilities subject to the jurisdiction of the Commission.
7. Since 2021, Grier has ceased investing operating capital in Crimson Utilities.
8. Since 2021, CorEnergy has continually invested necessary operating capital in Crimson Utilities.
9. The Joint Application only requests the transfer of control of Crimson Utilities, but not any rate increases.
10. CorEnergy demonstrated its improved financial condition when it emerged from bankruptcy proceedings with improved capital reserves and financial investments in Crimson Utilities before filing the Joint Application.

11. Joint Applicants attached a private letter ruling (PLR)-113145-23 PLR from the Internal Revenue Service that addresses the issue of Real Estate Investment Trust (REIT) to the proposed transfer of control of Crimson Utilities pursuant to D.22-12-032.

12. The proposed change of control of Crimson Utilities does not result in changes that invoke the Commission's ESJ Plan.

Conclusions of Law

1. Crimson Utilities are common carrier oil pipeline corporations and public utilities regulated by the Commission pursuant to Pub. Util. Code §§211 and 216.

2. Joint Applicants satisfied the conditions set forth in D.22-12-032 before filing A.24-06-004.

3. A.24-06-004 is not subject to Pub. Util. Code §851.

4. Pub. Util. Code §854(a) is met by the determination that the transfer of direct control is in the public interest.

5. Pub. Util. Code §§854(b), (c) and (d) do not apply to the proposed transfer of control of Crimson Utilities.

6. The proposed transfer of direct control of Crimson Utilities comports with the Commission's ESJ Plan.

7. The transfer of direct control of Crimson Utilities from Grier to CorEnergy should be approved.

8. A.24-06-004 should be closed.

O R D E R

IT IS ORDERED that:

1. The transfer of direct control of Crimson California Pipeline, L.P. (PLC-26) and San Pablo Pipeline Company, LLC (PLC-29) from Mr. John D. Grier and his affiliates to CorEnergy Infrastructure Trust, Inc. (CorEnergy) is approved.
2. CorEnergy must file a Tier 1 Advice Letter (Advice Letter) with the California Public Utilities Commission's Energy Division to provide notice that the transfer of control is finalized. The Advice Letter must be filed within 20 working days of the completion of the transaction.
3. Application 24-06-004 is closed.

This order is effective today.

Dated September 18, 2025, at San Francisco, California

ALICE REYNOLDS
President
DARCIE L. HOUCK
JOHN REYNOLDS
KAREN DOUGLAS
MATTHEW BAKER
Commissioners