

Decision 25-10-008 October 9, 2025

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
Crimson California Pipeline L.P.
(PLC-26) for Authority to Increase
Rates for its Crude Oil Pipeline
Services. (SOUTHERN CALIFORNIA)

Application 23-06-022

**DECISION APPROVING THE SETTLEMENT AGREEMENT BETWEEN
CRIMSON CALIFORNIA PIPELINE L.P. AND PHILLIPS 66 COMPANY**

Summary

This decision approves the settlement agreement between Crimson California Pipeline L.P. (Crimson) and Phillips 66 Company (together, Settling Parties) that resolves all issues in this proceeding. The settlement agreement includes a 12.52% increase in rates for crude oil pipeline services for the period of August 1, 2023 to July 31, 2024 (Rate Period). A 12.52% increase in rates achieves an additional \$3,518,744 in revenue for the Rate Period. Phillips 66 is responsible for payment of \$2,500,000 while the other shippers on Crimson's Southern California system will be collectively responsible for payment of \$1,018,744 based upon their respective volumes shipped.

Application 23-06-022 is closed.

1. Procedural Background

Crimson California Pipeline L.P. (Crimson) filed Application (A.) 23-06-022 on June 30, 2023, requesting authorization to increase rates for its crude oil pipeline services (Application).

On August 10, 2023, Phillips 66 Company (Phillips 66) filed an Intervention and Protest of Crimson's Application (Protest). On October 17, 2023, the assigned Administrative Law Judge (ALJ) conducted a prehearing conference (PHC). At the PHC, the assigned ALJ discussed Phillips 66's application for rehearing of Decision (D.) 24-05-007 in A.22-03-013 (Rehearing Application). The parties acknowledged that the Rehearing Application affected the current proceeding and agreed to an abeyance of A.23-06-022 until a final decision on the Rehearing Application was issued. As a result, Commissioner Genevieve Shiroma did not issue a Scoping Memo and Ruling.

On March 5, 2024, A.23-06-022 was reassigned to Commissioner Matthew Baker.

On December 4, 2024, the Commission issued D.24-12-027, an order modifying certain holdings of D.24-05-007 and denying rehearing of the decision.

On December 19, 2024, the Commission issued D.24-12-045, an order extending the statutory deadline in this proceeding from December 30, 2024 to June 30, 2025.

On January 28, 2025, the assigned ALJ held a status conference (SC) to determine Crimson's intent to proceed or dismiss its application and to discuss

whether evidentiary hearings were necessary. At the SC, the parties agreed to use the Commission's Alternative Dispute Resolution process.

On June 12, 2025, the Commission issued D.25-06-027, an order extending the statutory deadline in this proceeding from June 30, 2025 to February 27, 2026.

On August 14, 2025, Crimson filed a motion (Settlement Motion) for adoption of a settlement agreement (Settlement Agreement) between Crimson and Phillips 66 (Settling Parties).

2. Background

Crimson is a California limited partnership authorized to do business in the State of California as a pipeline corporation as defined by Public Utilities (Pub. Util.) Code Section 228.

Crimson owns and operates a network of six common carrier crude oil pipeline systems in Southern California. The systems total approximately 300 miles of pipeline connecting various producing oil fields in the Los Angeles Basin to refineries in Los Angeles. Its systems include crude oil pipelines and related infrastructure.

3. Overview of Crimson's Application and Testimony

On June 30, 2023, Crimson filed A.23-06-022, seeking to increase each of its individual rates on its Southern California system by 10%, effective August 1, 2023. Crimson did not file an Advice Letter, pursuant to Pub. Util. Code Section 455.3. Crimson also submitted testimony supporting an additional 24.9% increase in rates beyond the 10%, for a total increase of 34.9%.

Dr. Michael J. Webb offered testimony in support of Crimson's application for a 10% rate increase. First, he adopted the base-period and test-period

framework described in D.24-05-007.¹ Second, he then presented a cost-of-service analysis based on updated data for the twelve-month period ending March 31, 2023, with adjustments to reflect all known and measurable data.² Finally, he projected an 11.53% decline in volume, a figure he substantiated with historical Southern California volume data.³ On the basis of this analysis, Dr. Webb concluded that Crimson's request for a 10% increase in rates is fully justified.

4. Overview of Phillips 66 Protest

Phillips 66 asserts that Crimson's Application is vague as to its justification and the time period over which its costs-of-service is meant to apply.⁴ Phillips 66 states that Crimson's Application is vague because it is ambiguous as to key facts.⁵ Phillips 66 contends that Crimson appears to be attempting to justify its new rate increase, for a new period, with new assertions, but without any new investigation.⁶ According to Phillips 66, Crimson's Application does not provide any basis to determine whether the current proposed rate increase is just and reasonable.⁷

¹ Application Exhibit D at 1-2.

² *Id.*

³ *Id.*

⁴ Protest at 4.

⁵ Protest at 5.

⁶ *Id.*

⁷ Protest at 7.

In addition, Phillips 66 asserts that Crimson's cost-of-service is implausible and unsupported.⁸ Phillips 66 contends that Crimson's Application is likely overstating its cost-of-service and understating its revenue by relying on assumptions that are unsound and erroneous as well as adjustments that are unexplained and unjustified.⁹

5. Overview of Settlement Agreement

On August 14, 2025, Crimson filed a Settlement Motion for adoption of a Settlement Agreement.

5.1. Parties to the Settlement Agreement

The Settling Parties for the Settlement Agreement are Crimson and Phillips 66. Crimson is a pipeline company engaged in the transportation of crude petroleum in the state of California and is regulated as a "common carrier" by the Commission under Sections 211, 216, and 228 of the California Public Utilities Code.¹⁰ Phillips 66 is a shipper of crude petroleum on Crimson's Southern California pipeline system, and its shipments constitute the majority of the volumes shipped on that pipeline system.¹¹

5.2. Settlement Agreement Terms

The Settlement Agreement's terms and conditions contain five sections which set forth the Settling Parties' resolution: A) Resolution of Protests Associated with A.23-06-022 and advice letter 58-O; B) Motion for Commission

⁸ *Id.*

⁹ Protest at 8.

¹⁰ Settlement Motion Attachment A at 1.

¹¹ *Id.*

Approval of Settlement; C) Crimson's Compliance Filing; D) Settlement Payment; and E) A.24-06-019.

A) Resolution of Protests Associated with A.23-06-022.

Upon the effective date, this settlement agreement satisfies and extinguishes any and all claims of Phillips 66 with regard to its protests of A.23-06-022 and Crimson's Advice Letter No. 58-O associated with the Commission's D.24-05-007 and D.24-12-027 and the carrier's refund calculation associated. Phillips 66 shall within 5 days of the effective date file to withdraw its referenced protests related to these proceedings.

B) Motion for Commission Approval of Settlement.

Upon execution of the Settlement Agreement, Crimson shall within 15 days file a motion requesting approval of the Settlement Motion.

C) Crimson Compliance Filing.

Crimson shall, within 30 days of the effective date, file an advice letter implementing the terms of the Settlement Agreement, including a 12.52% increase in rates for the period of August 1, 2023 to July 31, 2024 (Rate Period) necessary to achieve an additional \$3,518,744 in revenue and no more for the Rate Period.¹² Phillips 66 agrees not to protest the Advice Letter filing so long as it follows the Settlement Agreement.

D) Settlement Payment.

Upon approval of the Settlement Motion by the Commission, Phillips 66 shall within 15 days of the

¹² Settlement Motion at 6. The Settlement Agreement requires Crimson's shippers to provide an additional \$3,518,744 in revenue. Phillips 66 is responsible for payment of \$2,500,000 while the other shippers on Crimson's Southern California system will be collectively responsible for payment of \$1,018,744 based upon their respective volumes shipped.

effective date remit to Crimson a payment of \$2,500,000 for its volume shipped during the Rate Period, accounting for the difference between the rate collected and the referenced rate increase. Of the referenced \$3,518,744 in additional revenue, Phillips 66 will be responsible for no more than \$2,500,000.

E) A.24-06-019.

Phillips 66 agrees that it shall not file a protest or complaint to this application. Crimson agrees that it will not seek to increase rates above those rates identified in its application filed on June 28, 2024, specifically the 36.92% rate increase described in A.24-06-019.

5.3. Standard of Review for Settlements

Rule 12.1(d) of the Commission's Rules of Practice and Procedure (Rules) requires that, prior to approval, the Commission must find a settlement "reasonable in light of the whole record, consistent with law, and in the public interest."

5.4. Approval of the Settlement Agreement and Crimson's Application

We reviewed the proposed Settlement Agreement pursuant to Rule 12.1(d) (defined above) and found the Settlement Agreement meets the three criteria of reasonableness, legal consistency, and in the public interest. We therefore conclude that the Settlement Agreement should be adopted by the Commission. We discuss and analyze each of the three criteria below. We grant the Settlement Motion of Crimson, adopting the Settlement Agreement as proposed.

5.5. The Settlement Agreement is Reasonable in Light of the Whole Record

Rule 12.1(d) requires a settlement to be reasonable in light of the whole record. In the Settlement Motion, Crimson presents three arguments to justify why the Settlement Agreement is reasonable in light of the entire record:

1. The Settling Parties are knowledgeable and experienced regarding the issues in this application for increased rates and represent distinct and affected interests;
2. The Settlement Agreement represents a compromise based on the substantive record in this proceeding; and
3. The Settlement Agreement represents common ground through extensive negotiations in areas where they originally differed.¹³

As such, we find the Settlement Agreement is reasonable in light of the whole record.

5.6. The Settlement Agreement is Consistent with the Law

Rule 12.1(d) requires a settlement to be consistent with applicable law. The applicable law includes state and federal law and Commission decisions. In the Settlement Motion, Crimson asserts that the terms of the Settlement Agreement comply with all applicable statutes and prior Commission decisions.¹⁴ A review of the Settlement Agreement confirms that the Settlement Agreement is consistent with applicable law. As such, we find the Settlement Agreement is consistent with the law and our prior decisions.

¹³ Settlement Motion at 6.

¹⁴ Settlement Motion at 7.

5.7. The Settlement Agreement is in the Public Interest

Rule 12.1(d) requires a settlement to be in the public interest. In the Settlement Motion, the Crimson asserts that the Settlement Agreement will conserve Commission resources and achieves a mutually acceptable resolution with greater finality, in less time, and at less cost to the Settling Parties than would be the case if evidentiary hearings were held to resolve the settled issues.¹⁵ We evaluated the Settlement Agreement as a whole, and we conclude that it serves the public interest by expeditiously resolving issues that would otherwise be litigated. As such, we find the Settlement Agreement is in the public interest.

6. Conclusion

Because the Settlement Agreement meets the three requirements for approval, we conclude it is reasonable for the Commission to approve and adopt the Settlement Agreement.

7. 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. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

There are no public comments found for this proceeding.

¹⁵ *Id.*

8. Procedural Matters

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

9. Waiver of Comment Period

Crimson and Phillips 66 resolved Phillips 66's Protest and Crimson filed a Settlement Motion for adoption of the Settlement Agreement on August 14, 2025. This proposed decision grants the Settlement Motion for approval of the Settlement Agreement. Therefore, this is now an uncontested matter in which the proposed decision grants the relief requested. Accordingly, pursuant to § 311(g)(2) and Rule 14.6(c)(2), the otherwise applicable 30-day period for public review and comment is waived.

10. Assignment of Proceeding

Matthew Baker is the assigned Commissioner and Minh LeQuang is the assigned ALJ in this proceeding.

Findings of Fact

1. Crimson owns and operates a network of six common carrier crude oil pipeline systems in Southern California. The systems total approximately 300 miles of pipeline connecting various producing oil fields in the Los Angeles Basin to refineries in Los Angeles. Its systems include crude oil pipelines and related infrastructure.

2. In the Application, Crimson requests authority for a 10% rate increase effective August 1, 2023.

3. On August 14, 2025, Crimson filed a Settlement Motion for approval of the Settlement Agreement that resolves all disputes regarding A.23-06-022 and

Crimson's Advice Letter No. 58-O associated with the Commission's D.24-05-007 and D.24-12-027 and the carrier's associated refund calculations.

4. The Settlement Agreement reflects a compromise of the positions of the Settling Parties.

5. The Commission has repeatedly conveyed a policy of preference of favoring settlements.

6. The Commission is not aware of any provision in the Settlement Agreement that contravenes statute or prior Commission decisions.

7. Without the Settlement Agreement, the Settling Parties would have spent additional time and resources preparing for and participating in an evidentiary hearing and preparing post hearing briefs presenting arguments on the disputed issues.

8. The Settlement Agreement conserves party and Commission resources.

9. All issues within the scope of this proceeding are resolved.

Conclusions of Law

1. The Settlement Agreement is reasonable in light of the whole record.

2. The Settlement Agreement is consistent with law.

3. The Settlement Agreement is in the public interest.

4. The Settlement Agreement should be approved and adopted.

5. Application 23-06-022 should be closed.

O R D E R

IT IS ORDERED that:

1. The August 14, 2025, Settlement Motion of Crimson California Pipeline L.P. and Phillips 66 Company for approval of the Settlement Agreement is

granted, and the August 14, 2025 Settlement Agreement attached as Appendix 1 to this decision is approved and adopted.

2. Within 30 days of the effective date of this decision, Crimson California Pipeline L.P. shall file a Tier 1 Advice Letter to implement the terms of the August 14, 2025 Settlement Agreement attached as Appendix 1 to this decision.

3. Application 23-06-022 is closed.

This order is effective today.

Dated October 9, 2025, at Bellflower, California.

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

(APPENDIX 1)
Settlement Agreement