PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Agenda ID# 23952
ENERGY DIVISION **RESOLUTION O-0098**
February 5, 2026

R E S O L U T I O N

Resolution O-0098. San Pablo Bay Pipeline Company, LLC and Crimson California Pipeline, L.P. (together the "Crimson Utilities" or "Crimson") Request for Emergency Rate Relief

PROPOSED OUTCOME:

- Approve Crimson Utilities' request for emergency rate relief, increasing rates by 59.2 percent to $3.7527 per barrel on an interim basis effective August 1, 2025, subject to refund.

SAFETY CONSIDERATIONS:

- Oil pipeline safety is the exclusive jurisdiction of the Office of the State Fire Marshal.

ESTIMATED COST:

- This resolution will increase interim rates from $2.3571 per barrel to $3.7527 per barrel.

By Advice Letter 27-O, Filed on June 9, 2025.

SUMMARY

This Resolution approves Advice Letter (AL) 27-0, in which San Pablo Bay Pipeline Company, LLC ("SPBPC") and Crimson California Pipeline L.P. ("Crimson California), collectively the "Crimson Utilities" or "Crimson" request emergency rate relief, on an interim basis and subject to refund. The Commission finds that Crimson has made a sufficient showing that interim[1] rate relief is needed to avoid suspension of pipeline operations, which would have negative consequences. Consistent with long-standing

[1] Throughout this resolution we generally use the "interim" rate relief but note that it may be used interchangeably here with the term "emergency" rate relief.

precedent, interim rate relief may be granted where fairness to both the utility and the public requires immediate action, even where the utility's continued viability is not yet at risk.

BACKGROUND

On June 9, 2025, San Pablo Bay Pipeline Company and Crimson California Pipeline, L.P. ("Crimson Utilities" or "Crimson") filed Advice Letter (AL) 27-O requesting an emergency interim rate increase of 59.2 percent, from its requested 2025 rate of $2.3571 per barrel to $3.7527 per barrel, subject to refund. On June 30, 2025, Chevron Products Company and Valero Marketing and Supply Company ("Joint Protestants") filed a timely protest and is discussed below. On July 8, 2025, Crimson filed a response to protests. Advice Letter (AL) 27-O was suspended on July 9, 2025.

The SPB-KLM system, owned by Crimson Utilities, is a 373-mile intrastate crude oil pipeline that transports crude oil from production areas in the San Joaquin Valley to refineries in the San Francisco Bay Area. Crimson asserts that this system had two significant periods of volume losses in 2022 and 2025, which have impaired its ability to recover its revenue requirement and maintain sufficient operating cash flow.

In Decision (D.) 25-06-044, the Commission resolved several consolidated applications and granted Crimson an 11.67 percent rate increase on the SPB-KLM system to $1.9566 per barrel transported, effective March 1, 2023.[2] Parties submitted rehearing requests which currently remain pending.

On January 27, 2023, Crimson filed A.23-01-015[3], ultimately requesting a rate increase of 35.9 percent[4] on the SPB-KLM system for the period March 1, 2023 to March 1, 2024, with 10 percent becoming effective subject to refund on March 1, 2023 pursuant to PUC section 455.3. This raised interim rates from $1.7710 per barrel to $1.9481 per barrel.

[2] The decision resolved A.22-07-015, 23-01-015, 23-03-001, and A.23-08-018 requesting various rate increases from September 1, 2022 and authorizing retroactive charges. We refer to these consolidated proceedings as the 2023 General Rate Case (GRC).
[3] A.23-01-015 was resolved as part of the 2023 GRC in D.25-06-044.
[4] While the initial A.23-01-015 filing did not include the ultimate rate requested, a 35.9 percent increase over $1.7710 per barrel would be $2.4068 per barrel.

On January 25, 2024, Crimson filed A.24-01-016, requesting a rate increase of 10 percent on the SPB-KLM system to $2.1429 per barrel[5] for the period March 1, 2024 to March 1, 2025, becoming effective subject to refund on March 1, 2024 pursuant to PUC section 455.3[6]

On January 29, 2025, Crimson filed A.25-01-009 requesting rate increase of 44.45 percent on the SPB-KLM system to $3.1987 per barrel, effective March 1, 2025 onward, with 10 percent becoming effective subject to refund on March 1, 2025. This raised interim rates from $2.1429 per barrel to $2.3571 per barrel. Both A.24-01-016 and A.25-01-009 remain pending.

The emergency rate relief requested in Advice Letter 27-O, which is a 59.2 percent increase over the current interim rate of $2.3571 per barrel to $3.7527 per barrel, is interim only and does not constitute final approval of the rates under consideration in A.24-01-016 or A.25-01-009.

Energy Division Data Request and Factual Record

In connection with its review of Advice Letter 27-O, the Energy Division issued a data request on August 27, 2025 to Crimson seeking data for volumes on the SPB-KLM to assess volume trends as described in AL 27-O., Crimson provided this information in a September 5, 2025 data response. Energy Division staff reviewed this data to verify Crimson's claims of volume loss.

On November 7, 2025, Energy Division issued another data request to Crimson for a status update, including recent nominations, throughput trends, and operational impacts associated with declining volumes.

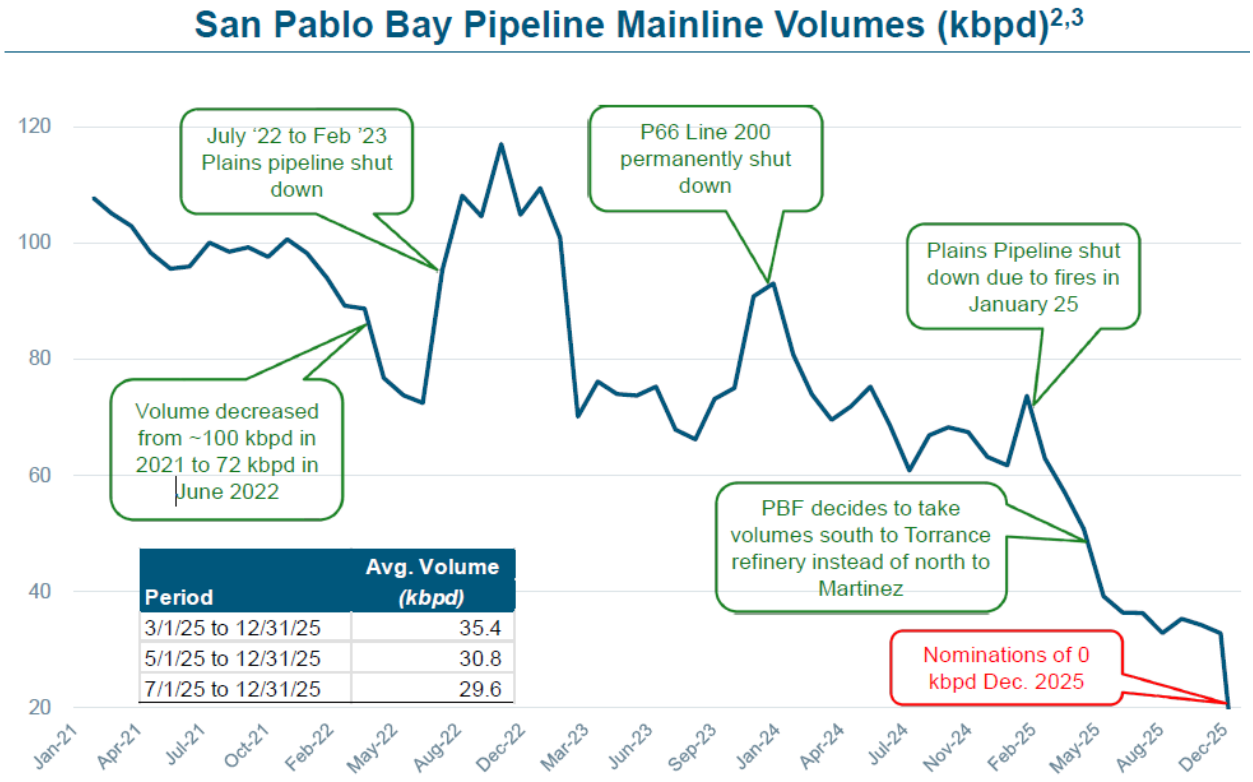
On November 17, 2025, Crimson responded to the Energy Division's request. Crimson's response provided updated system volume data showing sustained declines in throughput over multiple periods, including months with significantly reduced volumes and periods in which nominations dropped to zero. Crimson stated that these volume declines have resulted in negative operating cash flow and have materially

[5] SPBPC's request in its initial A.24-01-016 filing applied a 10 percent rate increase, subject to refund, on top of the 10 percent interim increase applied in A.23-01-015, raising interim rates from $1.9481 per barrel to $2.1429 per barrel.
[6] In July 18, 2025, an amendment was filed to revise the requested rate increase by an additional 44.84 percent, for a total of 54.84 percent.

impaired its ability to continue operations absent interim rate relief. Crimson's response to this data request is included as Attachment A.

Figure 1 below summarizes the throughput and nomination data provided by Crimson in its November 17, 2025 response to the Energy Division's data request.

Figure 1: San Pablo Bay Pipeline Volumes Per Crimson's November 17 Data Request Response



As reflected in the data provided, Crimson reported that nominations for the SPB-KLM pipeline for December 2025 were zero and that continued operation of the system without interim rate relief would not be financially sustainable. Crimson indicated that, absent Commission action, it would be required to suspend pipeline operations.

Crimson further stated that it lacks sufficient cash on hand, does not have access to debt financing, and cannot secure additional capital from its owner to sustain operations during the pendency of its general rate case proceedings.

NOTICE

Notice of AL 27-O was made by publication in the Commission's Daily Calendar. Crimson states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

San Pablo Bay Pipeline Company Advice Letter 27-O was timely protested by Chevron Products Company and Valero Marketing and Supply Company ("Joint Protestants") on June 30, 2025.

Joint Protestants recommend rejecting AL 27-O and to refer the matter to the presiding ALJ in A.25-01-009.

Joint Protestants first argue that AL 27-O violates statutory and Commission precedent in that Public Utilities Code Section 455.3 and General Order 96-B Industry Rule 8 prohibit Crimson's requested relief. Joint Protestants note that AL 27-O is Crimson's fourth attempt at an interim increase above 10 percent, with all previous requests denied.[7] The Joint Protestants argue it must be rejected because it seeks an interim rate above the 10 percent limit and that General Order (GO) 96-B Industry Rule 8.2 does not apply because Crimson is not asking for disposition of its rate increase but rather for interim relief. Joint Protestants claim that if AL 27-O were to be granted, this would constitute a fundamental change in the Commission's interpretation of Section 455.3.

Furthermore, Joint Protestants argue that the disposition of AL 27-O is inappropriate for the advice letter process and that the requested relief requires a formal hearing. They assert that Commission precedent has established that there is no statutory provision for granting an increase of more than 10 percent without a hearing. Joint Protestants note that the relief requested in AL 27-O is currently pending in A.25-01-009, which involves a formal hearing. In addition, Joint Protestants argue that AL 27-O contains material errors and omissions. In particular, they assert that Crimson has not shown that the recent volume experience is expected to persist and raise skepticism about

[7] Crimson previously filed motions for interim rate relief in A.15-03-009, A.22-06-017, and A.22-07-015 *et al*. These motions were denied via Administrative Law Judge's Rulings issued in each docket. Only A.22-07-015 *et al*. remain open pending disposition of the parties' respective applications for rehearing of the rate approved in D.25-06-044.

Crimson's volume claims, arguing that there should be full discovery and investigation before any conclusion can be made.

Lastly, Joint Protestants request that if the Commission were to grant the emergency relief, such relief should be conditioned on protecting ratepayers. Specifically, to protect the availability of refunds to ratepayers at the conclusion of this proceeding, the Crimson Utilities should be required to secure a letter of credit for a sufficient amount to protect ratepayer refunds from a national bank designed "to convey the direct obligation of the bank to any Shippers entitled to refunds, notwithstanding the insolvency or credit risk of the entity or entities legally responsible for repayment of the letter of credit."

Crimson responded to the protests of Joint Protestants on July 8, 2025.

In reply, Crimson argues that Joint Protestants interpretation of section 455.3 improperly limits the Commission's authority. Crimson argues that 455.3 is a restriction on what an oil pipeline utility can impose unilaterally and without Commission approval. However, it is not a restriction on the Commission's authority to approve a rate increase greater than 10 percent. Crimson emphasizes the portions of the statute which state "prior to Commission approval" and "subsequently approved rate increases above 10 percent." Crimson recognizes that the Commission's typical practice is to address rates after conducting hearings. However, Crimson submits that the current circumstances warrant the Commission's exercise of full statutory authority in section 455.3.

Further, Crimson argues that GO 96-B Energy Industry Rule 8 provides that an oil pipeline may request a rate increase in excess of 10 percent by advice letter. Crimson also argues that Joint Protestants improperly seek to delay disposition by conflating the emergency rate request with the prior 2023 GRC (consolidated applications resolved by D.25-06-044) and that the rate relief requested in AL 27-O is separate and distinct from those proceedings. Crimson notes that any portion of interim rates approved for AL 27-O that is subsequently disallowed in A.25-01-009 would be refunded to shippers with interest. Crimson also states that Joint Protestants fail to support the claim that AL 27-O contains material errors and omissions.

Finally, Crimson reaffirms that the 59.2 percent rate increase is necessary for the Commission to meet its legal obligation to authorize rates that provide the pipeline utility the ability to recover ongoing operating expenses. Crimson does not have sufficient cash on hand, faces significant volume declines, and has no way to attract

additional capital. Therefore, there is insufficient operating cash flow to pay for the SPB-KLM pipeline. Denying the emergency rate relief would have potential negative consequences as there will be a need to suspend operations and withdraw the SPB-KLM pipeline from service.

DISCUSSION

The Commission has reviewed Advice Letter 27-O, the protests and replies, and the information Crimson submitted in support of its request. For the reasons discussed below, the Commission finds that granting interim emergency rate relief that increases rates on the SBP-KLM pipeline to $3.7527/per barrel, subject to refund and appropriate protections, is reasonable and in the public interest.

In reaching this determination, we address the following issues:

(1) The Commission's authority to grant interim emergency rate relief to an oil pipeline utility in excess of 10 percent;
(2) The appropriateness of resolving this matter by Commission resolution; and
(3) Whether interim relief, subject to refund and additional protections, appropriately balances the interests of the utility, shippers, and the public.

Commission's Statutory & Legal Authority to Grant Interim Emergency Rate Relief to An Oil Pipeline in Excess of 10 Percent

The Commission has broad authority to grant interim or emergency rate relief to oil pipeline companies, grounded in both statutory provisions and precedent. This authority is derived from the Commission's constitutional and statutory powers to regulate utilities, its discretion under specific statutes such as Public Utilities Code Section 455.3, and its historical exercise of such powers for essentially any other type of utility. Public Utilities Code Section 701 provides the Commission with expansive authority to supervise and regulate public utilities in California. This section authorizes the Commission to "do all things, whether specifically designated in this part or in addition thereto, which are necessary and convenient in the exercise of such power and jurisdiction."

Further, Public Utilities Code Section 455.3 establishes a unique and specific mechanism, compared to other public utilities, that allows California intrastate oil pipeline corporations to increase rates up to 10 percent every 12 months after a 30-day

notice to its shippers and the Commission.[8] The rates are subject to refund, with interest, upon a Commission decision disallowing any portion of the rate change. The Commission may allow retroactive charges and collections of subsequently approved rate increases above 10 percent.[9] Notably, the Commission has no discretion to deny this increase of up to 10 percent during the pendency of review, although it can delay it from going into effect for 30 days by suspending the request.

We agree with Crimson that section 455.3(b)(5) does not limit the Commission's authority to approve an interim rate increase exceeding ten percent, but rather limits what rates a pipeline utility may implement unilaterally absent Commission approval. Section 455.3(b)(5) specifically provides that "Any increase in the shipping rate charged by an oil pipeline corporation *prior to commission approval* shall not exceed 10 percent per 12-month period." We find this is a specific limitation on the unique allowance created by section 455.3 for pipeline corporations to increase rates up to 10 percent per year during the pendency of Commission review. It does not restrict the Commission's authority to approve interim emergency rate relief for oil pipeline corporations in excess of 10 percent per year where, in the Commission's discretion, we find that circumstances warrant such relief.

The Commission has historically exercised our authority to grant interim or emergency rate relief in various contexts, to (1) promote fairness to both the utility and the public[10]; (2) reduce the potential for rate shock[11]; (3) preserve the financial integrity of a utility, minimize costs incurred by ratepayers and ensure rate stability[12]; and (4) smooth rate impacts on customers.[13] For example, during the 2001 energy crisis, the Commission authorized temporary surcharges to address utility solvency and liquidity issues, citing the financial emergency as justification for emergency rate relief.[14] In *Toward Utility Rate Normalization v. Public Utilities Com.*, the Commission's decision to allow interim rates for Pacific Gas & Electric was upheld, demonstrating our discretion to act in situations where immediate rate adjustments are necessary to ensure continued service or financial stability.[15] Similarly, in *Securus Technologies, LLC v. Public Utilities Com.*, the Commission considered interim rate caps as a form of relief during rulemaking

[8] D.22-10-006 at 4, *Crimson Cal. Pipeline L.P.* (Oct. 12, 2022)
[9] D.22-10-009 at 4-5, *Crimson Cal. Pipeline L.P.* (Oct. 11, 2022).
[10] D.02-07-031 at 14, D.19-04-039 at 6.
[11] D.16-08-003 at 9
[12] D.88-05-074 at 14
[13] D.19-04-039 at 6, D.19-04-039 at 6.
[14] *Southern California Edison Co. v.* Peevey, 31 Cal.4th 781 (2003)
[15] *Toward Utility Rate Normalization v. Public Utilities Com.,* 44 Cal.3d 870 (1988)

proceedings, further illustrating our ability to implement temporary measures to address urgent regulatory needs.[16] These cases underscore the Commission's flexibility in addressing emergencies or interim needs within our regulatory framework.

Finally, we disagree with Joint Protestants that AL 27-O violates Commission precedent on Public Utilities Code section 455.3 based on previous Administrative Law Judge (ALJ) rulings. Joint Protestants point to three previous instances in which Crimson requested interim rate increase greater than 10 percent, that were denied by the presiding ALJ in each of those prior rate case proceedings.[17] Contrary to the Joint Protestants' claim, however, ALJ rulings are not an order or decision of the Commission and do not constitute an act of the Commission. Finally, we note that Crimson did not file a motion seeking emergency rate relief in the current rate case proceeding, A.25-01-009, but elected to seek emergency relief via Advice Letter 27-O. Accordingly, the ALJ rulings do not constitute precedent here.

Overall, there is ample legal authority for the Commission to exercise its discretion to provide interim rate relief for oil pipeline corporations in excess of 10 percent per year where circumstances warrant such relief.

The Appropriateness of Resolving This Matter by Commission Resolution

General Order 96-B governs the advice letter process and specifies the procedural vehicle by which different categories of advice letters are to be resolved. Under Energy Industry Rule 8.2, an advice letter requesting a rate increase that exceeds the maximum rate increase permitted to be implemented unilaterally must be disposed of by Commission resolution. In such cases, disposition by resolution constitutes Commission approval of the requested rate change for purposes of Public Utilities Code section 455.3.

Here, Joint Protestants argue that AL 27-O is inappropriate for the advice letter process because it is controversial and disputed, and that a full hearing with full discovery and investigation is necessary to determine appropriate rates. In response, Crimson states

[16] *Securus Technologies, LLC v. Public Utilities Com.*, 88 Cal.App.5th 787 (2023).

[17] Crimson previously submitted motions requesting interim rate relief in A.16-03-009, A.22-06-017, and A.22-07-015 et. al. Each of these proceedings has been resolved by decisions addressing Crimson's final rate increase on the merits, mooting Crimson's requests for emergency rate relief. While A.22-07-015 remains open pending rehearing, Crimson's rehearing did not appeal the ALJ ruling denying emergency rate relief.

that GO 96-B Energy Industry Rule 8 provides that an oil pipeline utility may request a rate increase in excess of 10 percent by advice letter filing and that disposition of the increase will occur by Commission resolution, and that a Commission resolution constitutes Commission approval that satisfies section 455.3.

We agree with Crimson that the Commission has authority to grant an interim rate increase in excess of 10 percent by resolution. GO 96-B Energy Industry Rule 8.1 states:

> "The portion that exceeds the maximum shall become effective only as provided in Industry Rule 8.2."

Industry Rule 8.2 states the following:

> "Only a rate change that is neither suspended by Staff nor protested, and only to the extent it is not an increase exceeding the maximum (see Industry Rule 8.1), will be deemed approved, and such deemed approval will occur 30 days after the date of filing. An advice letter that is suspended but not protested and that does not request a rate increase exceeding the maximum will be subject to disposition as provided in General Rule 7.6.1. An advice letter that either is protested or requests a rate increase exceeding the maximum will be disposed of by resolution.
>
> Within 30 days after the date of disposition of the advice letter, the oil pipeline shall refund to all shippers, with interest computed at the three-month commercial paper rate published by the Federal Reserve Board and accruing from the date the new rate was first charged, any portion of the rate change that is disapproved. For an advice letter that requests a rate increase exceeding the maximum, the disposition of the advice letter will determine the appropriateness of allowing retroactive charge and collection of an approved rate increase above the maximum."

This language demonstrates that the Commission has authority to approve advice letters requesting rate increases greater than 10 percent by resolution. Therefore, the relief requested in AL 27-O is appropriate for the advice letter and resolution process.

We recognize that it may be uncommon for the Commission to grant emergency or interim rate increases through resolution. We note, however, that the merits of Crimson's rate requests will be resolved in a formal proceeding, with opportunity for

hearings on evidence presented, and that our authorization here is subject to refund and additional protections specified below.

Whether Interim Relief, Subject to Refund and Additional Protections, Appropriately Balances the Interests of the Utility, Shippers, and the Public

Beyond legal and procedural issues, the Commission also considered the merits of Crimson's requested emergency rate relief. Crimson states that it has current and projected negative cash flow. Crimson seeks emergency rate relief because it does not have sufficient cash on hand, no access to a debt facility, and its owner is unwilling to invest any more money. Crimson states that it lacks the cash to continue providing service and will be forced to consider ceasing operations, which could cause significant harm to the public interest. Crimson notes that the primary driver of these financial concerns are declining volumes and the resulting revenue shortfall.[18] Crimson discusses the declining volume trends in detail in AL 27-O, noting in particular two major volume loss events in 2022 and 2025. Crimson claims that these are permanent volume losses.[19]

Energy Division staff requested additional information from Crimson regarding its system volumes. Staff review of the data provided supports Crimson's claims that volumes on the SPB-KLM system have and continue to decline. Current trends indicate a significant loss of business for Crimson, which has significant consequences for its financial health and solvency (see Figure 1 in Background). Crimson informed staff that nominations for volumes on the SPB-KLM line for the month of December are currently at zero, meaning Crimson will suspend operations for that month. According to Crimson, one of the main reasons for the sharp decline in volumes is uncertainty about Crimson's transportation rates. [20]

Crimson's SPB-KLM pipeline is the primary pipeline connecting crude oil from the Central Valley to Northern California refineries. It is also one of only few pipelines that can be used to transport crude outside of the Central Valley, with the others leading southbound to Southern California refineries. Any disruption in service to the southbound pipelines would require reliance on the SPB-KLM pipeline to ensure continued transportation of crude and production of crude oil products. If SPB-KLM

[18] AL 27-O at 9
[19] AL 27-O at 5-8, Figure 1
[20] Crimson 11/17/2025 Response to Energy Division Data Request

were to be withdrawn from service, any disruptions in the southbound pipelines may result in difficulties with moving crude out of the Central Valley.

There are other significant risks if Crimson is forced to cease operations and withdraw SPB-KLM from service. Crimson states that northern refineries would be required to either rely on trucking crude from Central Valley, which would be prohibitively expensive, or rely on waterborne imports. There would be increased environmental and safety risks related to these alternative forms of transportation. In addition, increased costs associated with closure of SPB-KLM may lead to disruptions in the production and refining of crude oil throughout the state. This could have potentially severe impacts on costs.

As discussed above, there is precedent for the Commission to grant emergency rate relief in extenuating circumstances. To avoid further potential operational disruptions of SPB-KLM, which would result in negative consequences, it is appropriate to grant the requested relief, subject to refund. We emphasize that this is an interim rate increase, with the final rates and any refunds to be determined in Crimson's pending General Rate Case proceeding, A.25-01-009.

Regarding Joint Protestant's request for Crimson to secure a line of credit, we find this is a reasonable protection to ensure the availability of refunds to shippers, if necessary. We recognize that granting Crimson an emergency rate increase does not eliminate all financial risks. Therefore, as a condition of granting Crimson's requested relief, we require Crimson to secure a letter of credit to protect shippers in the event of financial insolvency.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties

for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

FINDINGS AND CONCLUSIONS

1. Crimson filed an Advice Letter 27-O requesting an emergency interim rate increase of 59.2 percent to $3.7527 per barrel effective August 1, 2025, subject to refund.

2. The Commission has statutory authority to approve emergency rate relief for oil pipeline corporations in excess of 10 percent per year where, in the Commission's discretion, circumstances warrant such relief.

3. Disposition of Crimson's AL 27-O can be appropriately resolved through an advice letter and Commission Resolution.

4. Crimson's SPB-KLM pipeline is a critical part of California's crude oil infrastructure.

5. Closure of Crimson's SPB-KLM pipeline would result in negative consequences.

6. Granting Crimson emergency rate relief does not eliminate all financial risk and such relief should be conditioned to protect shippers.

THEREFORE IT IS ORDERED THAT:

1. The request of Crimson to increase rates on its SPB-KLM pipeline by 59.2 percent to $3.7527 per barrel as requested in Advice Letter 27-O is approved effective August 1, 2025, subject to refund.

2. This interim rate increase shall be subject to refund to shippers in the event the Commission rejects or modifies any part of this increase in proceeding A.25-01-009, as provided in Section 455.3 of the Public Utilities Code.

3. Crimson shall secure a letter of credit for a sufficient amount to protect shipper refunds.

This Resolution is effective today.

Commissioner Signature blocks to be added upon adoption of the resolution

The foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on February 5, 2026; the following Commissioners voting favorably thereon:

Dated February 5, 2026, at Sacramento, California

Attachment A
Crimson November 17, 2025 Response to Energy Division Data Request