

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

**ENERGY DIVISION**

**Item #9 (Rev. 1)  
Agenda ID# 23952  
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 on the SPB-KLM pipeline system 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 by 59.2 percent, increasing rates from \$2.3571 per barrel to \$3.7527 per barrel on the SPB-KLM system and from \$0.3780 per barrel to \$0.6018 per barrel on the Station 36 to SJR pipeline section.

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

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**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<sup>1</sup> rate relief is needed to avoid suspension of pipeline operations, which would have negative consequences. Consistent with long-standing 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 on its SPB-KLM system, from its requested 2025 rate of \$2.3571 per barrel to \$3.7527 per barrel, subject to refund. This 59.2 percent increase would also apply to tariffs on the Western San Joaquin section for service from Station 36 to San Joaquin Refining (SJR), increasing rates from \$0.3780 to \$0.6018 per barrel<sup>2</sup>. 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.<sup>3</sup> Parties submitted rehearing requests which currently remain pending.

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<sup>1</sup> 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.

<sup>2</sup> Crimson states that the tariff on this pipeline section is contractual and cannot be changed (consolidated with the rest of SPB-KLM to \$2.3571 per barrel as established in D.25-06-044), but that the impact is immaterial.

<sup>3</sup> 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).

On January 27, 2023, Crimson filed A.23-01-015<sup>4</sup>, ultimately requesting a rate increase of 35.9 percent<sup>5</sup> 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.

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<sup>6</sup> 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<sup>7</sup>

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.

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<sup>4</sup> A.23-01-015 was resolved as part of the 2023 GRC in D.25-06-044.

<sup>5</sup> 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.

<sup>6</sup> 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.

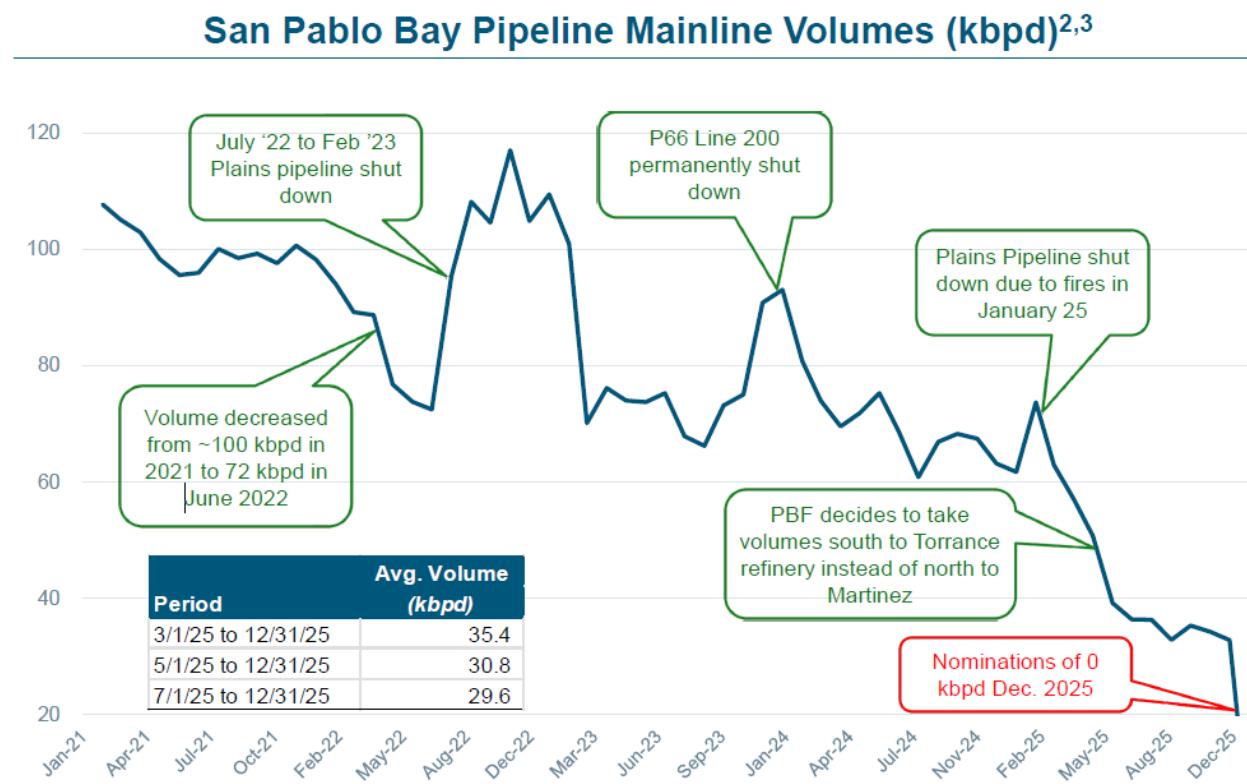
<sup>7</sup> In July 18, 2025, an amendment was filed to revise the requested rate increase by an additional 44.84 percent, for a total of 54.84 percent.

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 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.<sup>8</sup> 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.

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<sup>8</sup> 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.

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 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 by 59.2 percent 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.<sup>9</sup> 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.<sup>10</sup> 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<sup>11</sup>; (2) reduce the potential for rate shock<sup>12</sup>; (3) preserve the financial integrity of a utility, minimize costs incurred by ratepayers and ensure rate stability<sup>13</sup>; and (4) smooth rate impacts on customers.<sup>14</sup> For example, during the 2001 energy crisis, the Commission authorized temporary surcharges to address utility solvency and liquidity issues, citing

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<sup>9</sup> D.22-10-006 at 4, *Crimson Cal. Pipeline L.P.* (Oct. 12, 2022)

<sup>10</sup> D.22-10-009 at 4-5, *Crimson Cal. Pipeline L.P.* (Oct. 11, 2022).

<sup>11</sup> D.02-07-031 at 14, D.19-04-039 at 6.

<sup>12</sup> D.16-08-003 at 9

<sup>13</sup> D.88-05-074 at 14

<sup>14</sup> D.19-04-039 at 6, D.19-04-039 at 6.

the financial emergency as justification for emergency rate relief.<sup>15</sup> 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.<sup>16</sup> Similarly, in *Securus Technologies, LLC v. Public Utilities Com.*, the Commission considered interim rate caps as a form of relief during rulemaking proceedings, further illustrating our ability to implement temporary measures to address urgent regulatory needs.<sup>17</sup> 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.<sup>18</sup> 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

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<sup>15</sup> *Southern California Edison Co. v. Peevey*, 31 Cal.4th 781 (2003)

<sup>16</sup> *Toward Utility Rate Normalization v. Public Utilities Com.*, 44 Cal.3d 870 (1988)

<sup>17</sup> *Securus Technologies, LLC v. Public Utilities Com.*, 88 Cal.App.5th 787 (2023).

<sup>18</sup> 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, mooted 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.

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 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.<sup>19</sup> 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.<sup>20</sup>

Energy Division staff requested additional information from Crimson regarding its system volumes. 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.<sup>21</sup>

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<sup>19</sup> AL 27-O at 9

<sup>20</sup> AL 27-O at 5-8, Figure 1

<sup>21</sup> Crimson 11/17/2025 Response to Energy Division Data Request

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 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 letter 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. This letter of credit should cover potential liability to shippers resulting from the emergency rate increase for at least \$5.8 million and shall be submitted for review via Tier 2 Advice Letter.

## 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. The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced.

On January 22, 2026, Crimson and Joint Protestants filed comments to Draft Resolution O-0098.

Crimson supports the draft resolution's proposed approval of the requested emergency rate relief but opposes the requirement for a letter of credit. Crimson argues the requirement is impractical and unnecessary because there isn't a scenario in which a future resolution of A.25-01-009 would require a refund to shippers.<sup>22</sup> Furthermore Crimson asserts that it does not have financing authorization from the Commission nor the ability to secure a letter of credit, so that maintaining this requirement would effectively negate the rate relief. Crimson proposes an alternative mechanism to protect shipper interests: in the event that volumes on SPB-KLM rebounds above 40,000 bpd for three consecutive months, the rate for service will automatically revert to the current \$2.3571 per barrel.

In addition, Crimson clarifies that AL 27-O also requested the 59.2 percent rate increase apply to tariffed movements from Station 36 the San Joaquin Refinery. This would increase rates on that pipeline section from \$0.3780 per barrel to \$0.6018 per barrel.

Joint Protestants submitted a comment in opposition of Draft Resolution O-0098, arguing that there is no emergency justifying the proposed relief because they claim that SPB-KLM has already ceased operations. They state that the system moved its last volumes in November 2025. Shippers state they have either discontinued operations or found alternative means because transporting on SPB-KLM has become uneconomical, and that granting the requested emergency relief would result in increasing rates going forward (which no one will pay). Joint Protestants also disagree with the Commission's reading of the statute and regulations, arguing that Commission discretion has been

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<sup>22</sup> Crimson argues that probability of refunds is "essentially zero" because there is "no plausible scenario" exists where shippers would be authorized a refund of the \$5.8 million requested in AL 27-O. This is because both A.25-01-009 and AL 27-O were both filed assuming higher levels of volumes. With the current lower level of volumes, the cash-neutral rate would be \$4.62 per barrel. Therefore, Crimson believes it is unlikely that A.25-01-009 would approve a rate lower than \$2.83 per barrel, which would be the threshold for any refunds owed to shippers.

limited by the Legislature in section 455.3, that it improperly relies on Industry Rule 8.1 and 8.2, and that it does not meaningfully address Commission precedent.

Joint Protestants also dispute the effective date of the rate increase, arguing that the effective date should be after the date of the Resolution and not “August 1, 2025” as written in Draft Resolution O-0098. Shippers assert that maintaining the August 2025 date would require a one-time cash transfer from refiners and producers to SPBPC just as it is going out of business and argue that the higher rate should only be allowed on movements from February, 2026 forward. Finally, Joint Protestants state that to the extent relief is allowed, the Commission should clarify that the letter of credit will be subject to review.

On January 26, 2026, Crimson, Joint Protestants, and PBF Holding Company, LLC (PBF) filed reply comments. PBF did not file opening comments, but agrees with Joint Protestants that the Commission should reject Draft Resolution O-0098.

Crimson argues that the Commission has legal authority to grant the emergency rate relief and that Draft Resolution O-0098 has directly addressed the legal arguments raised by Joint Protestants. In addition, Crimson states that Joint Protestants equate their private economic interests with the public interest. Rebutting the assertion that SPB-KLM “has permanently ceased operating,” Crimson cites various factors that potentially affect the need for service on SPB-KLM: 1) the PBF Martinez refinery resuming full operations in March 2026; 2) Sable Offshore restarting oil production,<sup>23</sup> 3) efforts to keep the Valero-Benicia refinery open; and 4) possible impacts of SB 237 which intends to increase SJV production. Without SPB-KLM, Crimson argues, there is a risk of volumes being shut-in the SJV.

As Joint Protestant’s argue, Crimson’s admission that the pipeline is without customers and no longer in use by Bay Area refiners confirms the pipeline is neither viable nor critical. They claim AL 27-O is moot and is clearly a request for “an unreasonable one-time cash payment from past shippers...with no assurances” for refunds. Joint Protestants argue that shipper interests need to be protected against SPBPC’s imminent insolvency, at minimum through the letter of credit requirement. Joint Protestants reiterate that this is *not an emergency*, and that the only remaining matter in dispute are the rates charged from August 2025 to November 2025, which is to be resolved in A.25-01-009.

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<sup>23</sup> Sable Offshore received approval from PHMSA to restart offshore Santa Barbara production, which connects to Kern County.

PBF also submitted reply comment in agreement with Joint Protestants. PBF states that the draft resolution errs in both fact and law and that the proposed relief is moot. PBF indicated that it has stopped shipping on SPB-KLM and affirms the statement that “there is no future business the relief could apply to.”

The Commission has reviewed the comments. No changes have been made to the resolution.

First, we disagree with Joint Protestant’s assertion that “no emergency exists” and that SPB-KLM has definitively “permanently ceased operations”. As affirmed in the draft resolution, SPB-KLM is a critical part of California’s crude oil infrastructure because it is the only crude oil pipeline that can be used to transport crude from the Central Valley to the Bay Area. Crimson points to various factors that could influence the need to send shipments on SPB-KLM, including changes at the PBF Refinery, volumes from Sable Offshore, or increased production resulting from SB 237. We appreciate PBF’s comments on this matter and acknowledge that PBF currently has no plans to ship volumes on SPB-KLM. We also recognize that potential future volumes from other sources mentioned by Crimson remain uncertain.

However, maintaining the SPB-KLM pipeline is important for system resiliency and redundancy if conditions change. These changes could include increases in production causing volumes to exceed system capacity, external market changes in the price of crude, or disruptions in other pipelines serving the Central Valley that could lead to shut-in volumes. There would be potential environmental and financial implications associated with alternative means of transportation, such as trucking, if SPB-KLM were unavailable.

Second, we confirm here that our interim rate relief is granted retroactively to August 1, 2025, and we retain the letter of credit requirement in the interest of protecting shippers. We acknowledge the Joint Protestant’s concern about retroactive date and a cash transfer to Crimson, especially in the context of Crimson’s financial distress. Crimson’s argument that “there is no plausible scenario” where a refund will be required relies on assumptions about the outcome of A.25-01-009, which cannot be prejudged by this resolution. We also agree with the Joint Protestants that Crimson’s alternative, as offered in comments, is an unclear and convoluted solution, especially given the uncertainty of future volume shipments. We find the letter of credit is necessary to mitigate risks to shippers in the event that SPBPC goes out of business, and accordingly condition the authority for the interim rate relief on the letter of credit.

Finally, we have considered the Joint Protestants' arguments that the Commission lacks legal authority to grant the relief requested based on applicable statutes, industry rules, and Commission precedent. First, we disagree that D.24-05-007 is controlling here. In A.22-06-017, Crimson did not appeal the ALJ ruling denying its motion for interim rate relief exceeding ten percent. Although the decision later referenced that ruling, we note that the discussion purporting to affirm the denial was not necessary to the disposition of the matter and therefore lacks precedential effect. Second, the Commission's analysis in D.24-05-007 was based on factual circumstances and policy considerations materially different from those presented in this proceeding. While the Commission may not have invoked our broad authority to approve interim rates – demonstrated by numerous other precedents – in an earlier proceeding involving Crimson, that does not preclude us from granting such relief now. As stated above, we find that section 455.3 provides special allowances for pipeline corporations to increase rates on an interim basis with no Commission action required and allows the Commission to dispose of interim rate requests (including retroactively) through an advice letter process. It does not restrict the Commission's broader authority to authorize interim rates (including rates exceeding ten percent using the advice letter process) when, in our discretion, we find that circumstances warrant emergency relief.

## **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 on the SPB-KLM pipeline system and to \$0.6018 per barrel from Station 36 to SJR effective August 1, 2025, subject to refund.
2. The Commission has regulatory 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. The request of Crimson to increase rates on its Station 36 to San Joaquin Refining pipeline by 59.2 percent to \$0.6018 per barrel as requested in Advice Letter 27-O is approved effective August 1, 2025, subject to refund.
3. 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.
4. As a condition for implementing the rates approved in this resolution, Crimson shall secure a letter of credit for an amount of at least \$5.8 million to protect shipper refunds and submit this letter of credit for review via Tier 2 Advice Letter.

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