

Decision _____

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 Withdraw a
Segment of its Seal Beach Pipeline
from Public Utility Service.

Application 25-01-003

**DECISION APPROVING CRIMSON CALIFORNIA PIPELINE L.P.
TO WITHDRAW THE SOUTHERN SEGMENT OF THE
SEAL BEACH PIPELINE FROM PUBLIC UTILITY SERVICE**

Summary

This decision approves Crimson California Pipeline L.P. (Crimson California), to withdraw the southern segment of the Seal Beach Pipeline from public utility service, pursuant to California Public Utilities Code section 851. The sole protesting party, DCOR LLC, withdrew its protest, leaving the application uncontested.

This decision closes the proceeding.

1. Background

On January 13, 2025, Crimson California Pipeline L.P. (Crimson California or Applicant) filed Application (A.) 25-01-003 to withdraw the southern segment of the Seal Beach Pipeline from public utility service with the intention to place it into out-of-service deferment status. Crimson California asserts that the cost of maintaining the pipeline to operate safely is more expensive than the revenues

generated, due in part to limited crude oil shipments by the pipeline's sole customer, DCOR, LLC (DCOR).¹ Crimson also notes several upcoming additional costs, such as a mandatory relocation required for development projects, that further impact the expense of maintaining and operating the pipeline segment. The southern segment consists of approximately 5.87 miles of crude oil pipeline extending from First Street in Seal Beach to the northern end of Obispo Avenue in Signal Hill.² The southern segment of the Seal Beach Pipeline serves a single shipper, DCOR. Crimson California has proposed to place the pipeline segment into out-of-service deferment status by purging the pipeline of hydrocarbons, filling it with nitrogen gas, and then isolating the pipeline in place.³

On February 18, 2025, DCOR filed a timely protest to the application. Crimson California filed a reply on February 28, 2025.

A prehearing conference was held on March 14, 2025, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary.

On May 1, 2025, the assigned Commissioner issued a scoping ruling identifying the issues in the proceeding. On July 8, 2025, DCOR filed and served a motion to withdraw its protest. On July 29, 2025, the assigned Administrative Law Judge (ALJ) issued a ruling requiring filing of additional information

¹ Exhibit CC-01 at 2; Exhibit CC-02 at 2 to 4.

² Exhibit CC-01 at 2.

³ Exhibit CC-01 at 8; Exhibit CC-05 at 3.

regarding the protest withdrawal and related events. Crimson California filed and served a response on August 25, 2025. The ALJ granted DCOR's motion to withdraw its protest in a ruling on September 16, 2025.

On October 8, 2025, the ALJ issued a ruling requiring filing of additional information. Crimson California filed and served a response on October 9, 2025.

On November 19, 2025, the ALJ issued a ruling requiring filing of additional information. Crimson California filed and served a response on November 26, 2025, clarifying that it intends to idle the pipeline segment rather than abandon it, resulting in minimal physical changes to the existing pipeline segment.

On February 12, 2026, the ALJ issued a ruling admitting documents into evidence.

1.1. Submission Date

This matter was submitted on February 12, 2026, upon the ALJ's ruling admitting evidence.

2. Issues Before the Commission

The assigned Commissioner's scoping ruling identified the following issues:

1. Whether the public interest is served by withdrawing the southern segment of the Seal Beach Pipeline from public utility service?
2. Does the continued operation of the southern segment of the Seal Beach Pipeline represent a risk to public health and/or the environment greater than other similar pipelines, including the rest of the Seal Beach Pipeline? If so, how can those risks be mitigated to a level typical of operating oil pipelines?

- a. Would the continued operation of the southern segment of the Seal Beach Pipeline harm Crimson California? If so, what is the nature of that harm?
 - b. What would be the expected rate impact on Crimson California's customers to continue safe operation of the southern segment of the Seal Beach Pipeline?
3. Are there any service alternatives available to DCOR to transfer product from DCOR's Platform Esther to DCOR's refining facility?
4. If approved for withdrawal of service, what is the appropriate final disposition of the southern segment of the Seal Beach Pipeline?
 - a. Can the pipeline be sold and safely operated by another entity, such as DCOR?
 - b. What is an acceptable level of elimination of potential pollutants for closure of the pipeline?
 - c. Will the proposed closure method ensure elimination of potential pollutants prior to abandonment to an acceptable level?
 - d. Do any of the franchise agreements, licenses, permits, or other applicable statutes or regulations, require specific cleanup and closure methods?
 - e. What is the reasonable cost of the closure of the pipeline segment?
5. Is the proposed pipeline withdrawal of service, closure, and abandonment exempt from the California Environmental Quality Act?
6. Does the withdrawal and disposal of the southern segment of the Seal Beach Pipeline comply with the Commission's Tribal Land Transfer Policy?

3. Withdrawal of Protest

On July 8, 2025, DCOR filed a motion to withdraw its protest. The motion was granted on September 16, 2025. Several of the scoped issues of the proceeding were constructed to settle disputed issues of policy and fact. These issues are now uncontested.

4. Public Interest of Pipeline Withdrawal Pursuant to Section 851

Consistent with Pub. Util. Code Section 851, the Commission considers whether the public interest is served by withdrawing the southern segment of the Seal Beach Pipeline from public utility service. Primarily driving the consideration, in addition to the safety considerations discussed above, is whether the subject property is necessary and useful in the performance of public utility services.

The southern segment of the Seal Beach Pipeline had a single customer, DCOR, which, during the course of this proceeding, has terminated its use of the pipeline after independently reaching an option to end use of Platform Esther and begin production at a different oil platform.⁴ The southern segment of the Seal Beach Pipeline does not have any current customers. The application for withdrawal of public utility service of the instant pipeline segment is now uncontested. The pipeline is not part of a larger interconnected system, with the origin and terminus not having intervening connections to other pipelines or customers.⁵

⁴ Exhibit DCOR-01 at 2; Exhibit CC-03 at 1 to 2.

⁵ Exhibit CC-01 at 3; Exhibit CC-02 at 2 to 4.

Because no customers will be affected nor is the southern segment of the Seal Beach Pipeline part of a larger interconnected system, it is reasonable to conclude that the pipeline is not useful for public utility service nor is the pipeline necessary for crude oil service as a common carrier in California. Therefore, the public interest is not currently served by the public utility dedication of the southern segment of the Seal Beach Pipeline.

5. Effects of Potential Continued Operation of the Pipeline

As part of the Commission's consideration of DCOR's now withdrawn protest and Crimson California's response, several issues were scoped to weigh the risks and potential effects of continued operation of the southern Seal Beach Pipeline. Because no other customers are served by the southern Seal Beach Pipeline and DCOR has withdrawn its protest, these issues are no longer contested.

Crimson California has asserted the southern Seal Beach Pipeline would be prohibitively expensive to continue to operate for several reasons:

- The pipeline transports insufficient quantities of crude oil to purge saltwater intrusion, creating corrosion in the pipeline requiring frequent repairs and replacement,
- Limited transportation loads, leading to limited revenues or excessive rate increases,
- Multiple relocation projects, such as a Caltrans bridge widening project and an apartment development project, will require substantial capital outlay for both design and construction, and
- Upcoming needed replacements and repairs to maintain the pipeline in operating condition are prohibitively

expensive compared to the revenue generated by the pipeline segment.⁶

After DCOR withdrew its protest, Crimson California's asserted financial concerns regarding continued operation are uncontested. The arguments supporting financial stressors propounded by Crimson California are reasonable.

6. Potential Service Alternatives for DCOR

DCOR's protest and potential resolutions of DCOR's underlying concern were considered as part of the initial scoping of the proceeding. Given the withdrawal of DCOR's protest, and its determination to no longer use Platform Esther, this issue is now moot.⁷

7. Sale of Pipeline Segment to Another Operator to Continue Service

This issue was directly driven by considerations to continue service, primarily for DCOR, if continuation of service were in the public interest. Crimson California entered negotiations for the sale of the pipeline to DCOR; however, these negotiations did not succeed prior to the filing of the application.⁸ While another purchaser may be located, DCOR has since terminated its use of Platform Esther and no longer uses or needs the pipeline.⁹

This issue is now moot. Crimson California states that it intends to retain ownership of the pipeline without operating it.¹⁰

⁶ Exhibit CC-01 at 5 and 6; Exhibit CC-02 at 3 to 5.

⁷ Exhibit DCOR-01 at 2.

⁸ Exhibit CC-01 at 8; Exhibit CC-02 at 6 to 7; Protest at 2.

⁹ Exhibit DCOR-01 at 2, Exhibit CC-03 at 1 to 2.

¹⁰ Exhibit CC-01 at 8; Exhibit CC-05 at 3.

8. Applicable Pipeline Management

As part of the Commission's consideration of DCOR's now withdrawn protest and Crimson California's response, several issues were scoped to weigh the impacts of ending use of the southern Seal Beach Pipeline in comparison to potentially requiring continued operation of the pipeline. Because DCOR has withdrawn its protest and no other customers are served by the instant pipeline segment, these issues are less relevant than when scoping the proceeding.

8.1. Requirements and Plan to Place Pipeline Segment Out of Service

As part of ending use of the southern segment of Seal Beach Pipeline, Crimson California will be required to comply with relevant requirements. Crimson California has stated that it will seek "out-of-service deferment" status from the Office of State Fire Marshal (OSFM), isolating the instant pipeline segment from all sources of transported petroleum, but capable of being returned to service under OSFM regulations.¹¹

Crimson California asserts that the OSFM standard generally requires purging of the pipeline of petroleum products and filling the pipeline with nitrogen.¹² Oversight of the cleanup activities in support of certifying the "out-of-service deferment" status is the jurisdiction of the OSFM.¹³ Crimson California did not identify any other more stringent standards that may apply to the

¹¹ Exhibit CC-05 at 3.

¹² Exhibit CC-05 at 3.

¹³ Public Utilities Code (Pub. Util. Code) Section 851; 49 CFR 195.402(c)(10). All subsequent Section references are to the Public Utilities Code unless otherwise specified.

planned disposition of the pipeline (*i.e.*, left in place and retained for ownership).¹⁴

It is reasonable to expect Crimson California to successfully implement its planned purging of the pipeline and filling with nitrogen to seek “out-of-service deferment” status from the OSFM.

8.2. Reasonable Costs of Preparation for Out-of-Service Deferment

Crimson California asserts that it will request the costs of purging, nitrogen filling, and isolating the southern Seal Beach Pipeline in a future general rate case application.¹⁵

It is reasonable for the Commission to consider the appropriateness of these costs and whether such costs should be incorporated into Crimson California’s revenue requirement in a future rate case venue rather in this application.

9. California Environmental Quality Act (CEQA)

Discretionary projects that have the potential to affect the environment are required to comply with the CEQA.¹⁶ Generally, CEQA applies only to actions that will result in physical effects on the environment.¹⁷

¹⁴ Exhibit CC-05 at 2 to 3.

¹⁵ Exhibit CC-04 at 2.

¹⁶ Public Resources Code Division 13 and California Code of Regulations Title 14, Division 6, Chapter 3.

¹⁷ California Code of Regulations, Title 14 Section 15061(b) notes that “A project is exempt from CEQA if... (3) The activity is covered by the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.”

Crimson California asserts that no physical changes will be implemented to the pipeline as part of this request (i.e., the withdrawal of public utility service). It intends to purge the pipeline of petroleum materials using industry standard cleaning materials within the existing pipeline and fill the pipeline with nitrogen. Crimson California will seek “out-of-service deferment” status from the OSFM, isolating the instant pipeline segment from all sources of transported petroleum, but capable of being returned to service under OSFM regulations.¹⁸ Crimson California intends to retain control of the instant pipeline segment, consistent with the “out-of-service deferment” status.¹⁹

The Applicant asserts that the Commission should find the proposed action is exempt from CEQA because it can be seen with certainty that no environmental impacts may occur as a result of the project, as a matter of common sense.²⁰

Cleaning of the existing pipeline segment and physically isolating it using existing mechanisms is consistent with pre-existing operating parameters, resulting in minimal physical change to the environment from baseline conditions. Because there are minimal physical changes expected as a result of the proposed withdrawal and planned “out-of-service deferment” status, as a matter of common sense, no significant environmental impacts are anticipated.

¹⁸ Exhibit CC-01 at 8; Exhibit CC-02 at 6; Exhibit CC-05 at 3.

¹⁹ Exhibit CC-05 at 3.

²⁰ Exhibit CC-01 at 8.

Therefore, consistent with the Applicant's assertion, the proposed pipeline service withdrawal is exempt from CEQA.²¹

10. Applicability of the Commission's Tribal Land Transfer Policy

The Commission's Tribal Land Transfer Policy generally requires consideration during withdrawal of utility service and transfers of utility property ownership.²²

The Tribal Land Transfer Policy, while applying to most public utility properties, excludes pipelines from the Tribal Land Transfer Policy's requirements.²³

The only public utility property Crimson California proposed for withdrawal from public utility service is a pipeline.²⁴ Therefore, the pipeline withdrawal considered in this application meets the Tribal Land Transfer Policy's exclusion criteria.

It is reasonable that the Commission's Tribal Land Transfer Policy does not apply to the proposed withdrawal of public utility service for the southern segment of the Seal Beach Pipeline.

²¹ California Code of Regulations, Title 14 Section 15061(b)(3).

²² Resolution E-5076 *Adoption of Guidelines to Implement the CPUC Tribal Land Policy consistent with Executive Order B-10-11 and the CPUC Tribal Consultation Policy, The Tribal Land Transfer Policy, and Public Utilities Code Section 851.*

²³ Resolution E-5076 at 1.

²⁴ Exhibit CC-01 at 1.

11. Summary of Public Comment

Rule 1.18 of the Commission's Rules of Practice and Procedure (Rule or Rules) 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.

No comments have been received.

12. Procedural Matters

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

13. Waiver of Comment Period

This proceeding is an uncontested matter in which this decision grants the relief requested by the Applicant. As a result, pursuant to Rule 14.6(c)(2) of the Rules of Practice and Procedure, it is appropriate to waive the 30-day period for public review and comment regarding this decision.

14. Assignment of Proceeding

Matthew Baker is the assigned Commissioner and Trevor Pratt is the assigned ALJ in this proceeding.

Findings of Fact

1. DCOR, LLC withdrew its protest, leaving the application uncontested.
2. Several impending pipeline relocations and repairs are needed on the southern segment of the Seal Beach Pipeline to continue safe operations, the costs

of which would greatly exceed revenues historically generated by the pipeline segment.

3. The California Office of the State Fire Marshal oversees safety requirements for operation and maintenance of the Applicant's Seal Beach Pipeline.

4. The California Office of the State Fire Marshal's oversight authority will be unaffected by the presence or absence of the Commission's jurisdiction over the Seal Beach pipeline.

5. Crimson California plans to retain ownership, purge, seal, and fill the pipeline with nitrogen and seek "out-of-service deferment status" from the California Office of the State Fire Marshal.

6. The cost of implementing the "out-of-service deferment status" may be considered in a future rate application.

7. The only customer served by the southern segment of the Seal Beach Pipeline is DCOR, LLC, which has discontinued use of the pipeline and withdrawn its protest.

8. No potential future customers have protested or otherwise sought participation in this proceeding.

9. The southern segment of the Seal Beach Pipeline does not serve as an intermediary carrier between other common carrier pipelines.

10. The southern segment of the Seal Beach Pipeline is not useful for public utility service nor is the pipeline necessary for common carrier petroleum service in California.

11. Cleaning of the existing pipeline segment and physically isolating it using existing mechanisms is consistent with pre-existing operating parameters, will result in minimal physical change to the environment from baseline conditions.

12. The Tribal Land Transfer Policy, while applying to most public utility properties, excludes pipelines from the Tribal Land Transfer Policy's requirements.

13. The only public utility properties Crimson California proposes to withdraw from service are pipelines.

Conclusions of Law

1. The proposed pipeline withdrawal is the public interest.

2. The proposed withdrawal of the southern segment of the Seal Beach Pipeline from public utility service will not result in a significant effect on the environment and is, therefore, exempt from the California Environmental Quality Act, consistent with California Code of Regulations, Title 14, Section 15061(b)(3).

3. The Commission's Tribal Land Transfer Policy does not apply to Crimson California's withdrawal of the southern segment of the Seal Beach Pipeline from public utility service.

O R D E R

IT IS ORDERED that:

1. Crimson California Pipeline L.P. is granted authority to withdraw the southern segment of the Seal Beach Pipeline, approximately 5.87 miles of crude oil pipeline extending from First Street in Seal Beach to the northern end of Obispo Avenue in Signal Hill, from public utility service.

2. Application 25-01-003 is closed.

This order is effective today.

Dated _____, at Sacramento, California