Decision 26-03-012 March 19, 2026

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Shell California Pipeline Company LLC for Authority to Withdraw its Pipeline from Public Utility Service.	Application 25-02-001

DECISION APPROVING SHELL CALIFORNIA PIPELINE COMPANY, LLC'S WITHDRAWAL OF COMMON CARRIER SERVICE AND TERMINATION OF PUBLIC UTILITY STATUS

Summary

This decision approves Shell California Pipeline Company LLC (Shell California)'s Application to withdraw the Carson to LAX and Carson to Van Nuys petroleum pipelines from common carrier service and terminate its status as a public utility upon fulfilling specific conditions. Prior to the California Public Utilities Commission terminating Shell California's status as a public utility, Shell California's remaining active proceeding must be closed by the Commission. Shell California must pay applicable user fees, and Shell California must file a final annual report.

The two pipelines have only served affiliate companies to Shell California since becoming common carrier pipelines. Shell California no longer owns or operates any other common carrier pipelines in California. No physical or operational changes to the two pipelines are anticipated. No public interest is

served in maintaining the common carrier status of the pipelines. The application is uncontested. This decision closes the proceeding.

1. Background

On February 5, 2025, Shell California Pipeline Company LLC (Applicant or Shell California) filed Application (A.) 25-02-001, a request for authority to withdraw two petroleum pipelines, the Carson to LAX line and the Carson to Van Nuys line, from common carrier service with the intention to operate them as private pipelines.

A prehearing conference was held on April 7, 2025, to identify the scope of issues in the proceeding, 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. A ruling directing filing of additional information from the Applicant was issued on April 18, 2025, to which the Applicant responded on April 22, 2025, by filing an amended application clarifying that the Applicant seeks to terminate its public utility status as part of this application.

No protests have been filed in response to either the initial application or the amendment to the application.

On June 24, 2025, the assigned Commissioner issued a scoping ruling identifying the issues in the proceeding, which directed the Applicant to file and serve supplemental testimony. On July 8, 2025, the Applicant filed a motion to consider the matter under submission and declined to prepare supplemental testimony.

On September 24, 2025, the assigned Administrative Law Judge (ALJ) issued a ruling requiring the submission of additional information by the Applicant. The Applicant filed and served its response on September 29, 2025.

On January 30, 2026, the ALJ issued a ruling admitting documents into evidence and granting the Applicant's motion to take the matter under submission.

1.1. Submission Date

This matter was submitted on September 29, 2025, upon receipt of the Applicant's response to the ALJ's September 24, 2025, ruling. The ALJ issued a ruling on January 30, 2026, granting the Applicant's motion to take the matter under submission and admitting several documents from the proceeding record as evidence.

2. Issues Before the California Public Utilities Commission (Commission)

1. Is the public interest served by withdrawing the LAX and Van Nuys pipelines from public utility service?
    a. Will any safety requirements be lessened with the withdrawal of the two pipelines from common carrier service? If so, how?
    b. How will the Applicant's non-affiliated customers, if any, be impacted by the withdrawal?
    c. Are the pipelines useful and necessary to provide utility service to the public?
2. Is the proposed pipeline withdrawal of service exempt from the California Environmental Quality Act?
    (a) What physical changes, if any, would be implemented if the pipelines are withdrawn from service?
3. Does the withdrawal of service of the pipelines comply with the Commission's Tribal Land Transfer Policy?
4. Should the Applicant's status as a public utility be terminated if the withdrawal of both pipelines is approved?
    (a) Will the Applicant have any remaining common carrier pipelines or other property dedicated to performing a service for, or delivering a commodity to, the public, consistent with the Public Utilities Code (Pub. Util. Code)?[1]
    (b) Does the Applicant have any remaining regulatory responsibilities as a public utility that must be fulfilled

[1] All subsequent Section references are to the Public Utilities Code unless otherwise specified.

prior to removing all property from dedication to public use, such as, but not limited to, annual report filings, payment of regulatory fees, outstanding complaints filed with the Customer Affairs Branch, or citations or enforcement actions by the Commission, or outstanding advice letter filings?

3. Public Interest of Pipeline Withdrawal Pursuant to Section 851

Consistent with Pub. Util. Code Section 851, to assess whether the public interest is served by the proposed withdrawal of common carrier service from the two pipelines, the Commission generally considers effects on public safety, customers, and use and necessity of the pipelines to provide utility services to the public. Each of these aspects is assessed below.

3.1. Changes to Safety Requirements

In determining the public interest, the Commission must determine whether continued operation of Shell California's pipelines outside of the Commission's jurisdiction will present a change to public safety.

Shell California has stated that no changes to the safety requirements applicable to the pipelines are anticipated, nor does it plan to alter the operations at the subject pipelines.[2] Safe operation of petroleum pipelines is primarily regulated by the U.S. Environmental Protection Agency and overseen by the California Department of Fire and Forestry's Office of the State Fire Marshal.

It is reasonable to conclude that safety regulatory oversight of Shell California's pipelines would not be affected by the presence or absence of the Commission's jurisdiction.

[2] Exhibit SC-03 at 2.

3.2. Effects of Withdrawal on Non-Affiliated Customers

In determining the public interest of the proposed service withdrawal, the Commission should consider the impact of the withdrawal on customers of the pipeline not affiliated with Shell California.

Shell California states that the only customers served by the pipelines are affiliates, which would continue to be served by the pipelines in private status.[3] Shell California notes that it has never had any non-affiliated customers on either of the instant pipelines since offering the pipelines for common carrier service.[4] The Carson to Van Nuys line was first offered for common carrier service in 1992. The Carson to LAX line was first offered for common carrier service in 1996.[5]

Because the pipelines have no past or current non-affiliated common carrier customers, and no protests have been filed from likely future customers, it is reasonable to conclude that the withdrawal of service will not impact customers not affiliated with Shell California.

3.3. Use and Necessity of Pipelines

In determining the public interest of the proposed service withdrawal, the Commission must determine if the pipelines are useful and necessary for the public conveyance of petroleum products.

As noted by Shell California and discussed above, the pipelines do not currently nor have ever had any non-affiliated customers since being offered for common carrier service, the Carson to Van Nuys line in 1992 and the Carson to LAX line in 1996.[6] No protests have been received from likely future customers. The only customers reliant on the pipelines are facilities affiliated with Shell California, which

[3] Exhibit SC-01 at 4; Exhibit SC-02 at 1 and 2.

[4] Exhibit SC-01 at 2 and 4; Exhibit SC-02 at 1 and 2.

[5] Exhibit SC-01 at 2 and 4; Exhibit SC-02 at 1 and 2.

[6] Exhibit SC-01 at 2 and 4; Exhibit SC-02 at 1 and 2.

would be eligible for private service by the pipelines.[7] None of the affected affiliate customers protested this application or otherwise sought involvement in this proceeding. The pipelines are not parts of larger interconnected systems, with the origins and termini not having intervening connections to other pipelines or customers.[8]

Because no common carrier customers will be affected nor are the pipelines part of larger interconnected systems, it is reasonable that the pipelines are not useful for common carrier service nor are the pipelines necessary for common carrier petroleum service in California.

3.4. Public Interest Determination for Pipeline Withdrawal Pursuant to Section 851

To determine if the withdrawal of the two pipelines is in the public interest we determined above that:

- The withdrawal will not impact the public safety requirements applicable to the continued operation of the pipelines.
- The withdrawal will not affect any current or past customers.
- The pipelines are not useful or necessary for any other common carrier services.

Taken collectively, the public interest is not currently served by the common carrier status of the pipelines. Therefore, it is reasonable that the proposed pipeline withdrawals are in the public interest.

[7] Exhibit SC-01 at 4; Exhibit SC-02 at 2.

[8] Exhibit SC-01 at 4; Exhibit SC-02 at 3.

4. California Environmental Quality Act (CEQA)

Discretionary projects that have the potential to affect the environment are required to comply with CEQA.[9] Generally, CEQA applies only to actions that will result in physical effects on the environment.[10]

Shell California asserts that no physical changes will be implemented to the pipelines as part of the withdrawal of common carrier service and termination of common carrier status.[11] Shell California states that it intends to continue operation of the pipelines, continuing to serve its current affiliated customer.[12]

Because there are no physical effects resulting from the proposed withdrawal and termination of common carrier status, this application does not meet CEQA's definition of a project and, therefore, CEQA does not apply.

5. 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.[13]

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

[10] California Code of Regulations, Title 14 Section 15060(c) notes that "[a]n activity is not subject to CEQA if… (2) the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment, or (3) the activity is not a project as defined in Section 15378."

California Code of Regulations, Title 14 Section 15378 notes that a project as defined by CEQA "…is the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment…" amongst other requirements.

[11] Exhibit SC-01 at 5; Exhibit SC-03at 2.

[12] Exhibit SC-01 at 5; Exhibit SC-02 at 3.

[13] Commission 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.*

The Tribal Land Transfer Policy, while applying to most public utility properties, excludes petroleum pipelines from the Tribal Land Transfer Policy's requirements.[14]

The only public utility properties Shell California proposed for withdrawal from service are petroleum pipelines.[15] Additionally, Shell California asserts that it will retain ownership and continue to operate the pipelines for private-party carrier service with only affiliated entities.[16] Therefore, the pipelines meet 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 common carrier service for the two pipelines.

6. Termination of Public Utility Status

In its amended application, Shell California requested to terminate its public utility status. A pipeline corporation operating for compensation becomes a public utility when it provides or offers to provide service to the public, at which point common carrier obligations apply.[17]

A key component of being characterized as a public utility includes that the pipeline corporation dedicate its property to public use. For pipeline owners, dedication includes offering transportation service on equal terms to all members of the public who might be able to use it. Where a pipeline does not provide such service, or no longer does so, continued regulation is not required.[18]

6.1 Remaining Common Carrier Pipelines

To determine whether to terminate Shell California's status as a public utility subject to the jurisdiction of the Commission, the Commission must determine

[14] Commission Resolution E-5076 at 1.

[15] Exhibit SC-01 at 1; Exhibit SC-02 at 1.

[16] Exhibit SC-01 at 5; Exhibit SC-02 at 3.

[17] Pub. Util. Code Sections 216(a), 216(c), 238, and 239.

[18] *Richfield Oil Corp. v. Public Util. Com*. (1960) 54 Cal.2d 419, 426-433.

whether Shell California will continue to provide common carrier service or have properties dedicated to providing common carrier service.

Shell California asserts that, if the above discussed withdrawal of pipelines is approved, it will not own or operate any other common carrier pipelines in California nor does it intend to dedicate any of its private pipelines or other property to public use.[19] Shell California notes that in recent years it has transferred ownership, with Commission approval, of its other common carrier pipelines.[20] Without further common carrier pipelines, Shell California does not serve any public customers or purpose as a public utility.

It is reasonable that, with the withdrawal of the instant pipelines, Shell California will not have any common carrier pipelines and will not otherwise provide common carrier services.

It is reasonable to terminate Shell California's status as a public utility.

6.2 Outstanding Regulatory Responsibilities Prior to Termination

If Shell California's status as a public utility is terminated, it will no longer fall within the Commission's jurisdiction, including jurisdiction to enforce compliance with outstanding obligations to the Commission before Shell California's termination. While considering termination of Shell California's status as a public utility, the Commission must ensure that Shell California fulfills and closes out any outstanding responsibilities prior to releasing Shell California from Commission authority.

Shell California asserts that it does not have:

1. any outstanding or pending citations or other enforcement actions from the Commission;

[19] Exhibit SC-01 at 4.

[20] Exhibit SC-01 at 1; Exhibit SC-02 at 3; Amended Application at 1; *see* Decision (D.) 05-04-006 and D.05-06-058.

2. any outstanding complaints before the Commission; and
3. any pending advice letters before the Commission.[21]

Shell California notes that it has one other open proceeding before the Commission, Application 25-04-016. Shell California asserts that Application 25-04-016 will no longer be required if this application is approved.[22]

Shell California, as is normally required of petroleum pipeline public utilities, is required to:

1. pay fees quarterly to the Commission based upon its sales; and
2. file an annual financial report to the Commission before March 31 of each year.[23]

User fees are established annually by the Commission, most recently by Resolution M-4878.[24] User fees paid by transportation companies, including petroleum pipeline companies, are paid into the Public Utilities Commission Transportation Reimbursement Account consistent with the Commission's authority under Section 421.

The annual financial report is normally filed using the Federal Energy Regulatory Commission's Form 6 before March 31 of each year. The annual report is required consistent with the Commission's authority under Section 584.

It is reasonable to require Shell California to pay any outstanding fees, file its annual report for the current year, and document the closure of all open proceedings prior to ending its status as a public utility and releasing it from the Commission's jurisdiction.

[21] Exhibit SC-04 at 1 and 3.

[22] Exhibit SC-04at 1.

[23] Exhibit SC-04 at 2.

[24] Pub. Util. Code Section 421 and Resolution M-4878.

7. Summary of Public Comment

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

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

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.

10. Assignment of Proceeding

Matthew Baker is the assigned Commissioner and Trevor Pratt is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. Safety regulatory oversight of Shell California's pipelines would not be affected by the presence or absence of the Commission's jurisdiction.
2. No protests to the application were received. The application is uncontested.
3. The only customers served by Shell California's LAX and Van Nuys pipelines are affiliates, which the pipelines will continue to serve in private status.
4. The LAX and Van Nuys pipelines do not currently have, nor ever had, any non-affiliated customers since being offered for common carrier service, the Carson to Van Nuys line in 1992 and the Carson to LAX line in 1996.

5. The withdrawal of service of the pipelines will not impact customers unaffiliated with Shell California.

6. Shell California does not intend to offer the LAX and Van Nuys pipelines for common carrier service in the future.

7. The LAX and Van Nuys pipelines are not useful for common carrier service nor are the pipelines necessary for common carrier petroleum service in California.

8. Shell California will continue to operate the LAX and Van Nuys pipelines to serve its affiliates.

9. Shell California will not implement any physical changes to the LAX and Van Nuys pipelines as part of withdrawing the pipelines from common carrier status.

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

11. The only public utility properties Shell California proposes to withdraw from service are petroleum pipelines.

12. Shell California's assertion that it will retain ownership and continue to operate the pipelines for private-party carrier service with only affiliated entities is uncontested.

13. With the withdrawal of the instant pipelines, Shell California will not have any common carrier pipelines or other properties dedicated to public use and will not otherwise provide common carrier services.

14. Shell California, as a public utility, is required to pay quarterly user fees to the Commission and file an annual report.

15. Shell California has a pending application, A.25-04-016, before the Commission.

Conclusions of Law

1. The proposed pipeline withdrawals are in the public interest.

2. The Commission's Tribal Land Transfer Policy does not apply to Shell California's LAX and Van Nuys pipeline withdrawals from common carrier status.

3. The California Environmental Quality Act (CEQA) does not apply to the proposed withdrawal of the LAX and Van Nuys pipelines from common carrier service and termination of Shell California's public utility status because that withdrawal and termination are not a project as defined by CEQA.

4. The Commission should terminate Shell California's status as a public utility, subject to the conditions described in Section 6.2.

5. A.25-02-001 should be closed.

O R D E R

IT IS ORDERED that:

1. Shell California Pipeline Company LLC's request to withdraw its Carson to LAX and Carson to Van Nuys petroleum pipelines from common carrier service is approved.

2. Shell California Pipeline Company LLC shall file a Tier 2 advice letter (AL) within six months of the issuance of this decision to request termination of its status as a public utility and cancel its tariff. The AL shall document the completion of the following actions:

   (a) Closure of Application 25-04-016;

   (b) Payment of appropriate fees, consistent with those required by Resolution M-4878 or its successor, through the month prior to the filing of the AL pursuant to Public Utilities Code Section 421, and

   (c) Filing of its annual report required pursuant to Public Utilities Code Section 584 covering the current reporting period through the month prior to the filing of the AL.

Shell California Pipeline Company LLC's status as a public utility shall be terminated and its tariff cancelled upon staff approval of the AL after confirming the completion of the actions listed in (a) through (c) above.

3. Application 25-02-001 is closed.

This order is effective today.

Dated March 19, 2026, at Sacramento, California.

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