

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application of Lodi Gas Storage, L.L.C. (U912G), Buckeye Gas Storage LLC, Buckeye Partners, L.P., BIF II CalGas (Delaware) LLC and Brookfield Infrastructure Fund II for Expedited Ex Parte Authorization to Transfer Control of Lodi Gas Storage, L.L.C. to BIF II CalGas (Delaware) LLC Pursuant to Public Utilities Code Section 854(a).

Application 14-09-001
(Filed September 3, 2014)

**DECISION APPROVING OWNERSHIP TRANSFER OF
LODI GAS STORAGE L.L.C.****Summary**

We hereby grant, subject to specified terms and conditions, the application of Lodi Gas Storage, L.L.C. (LGS), Buckeye Gas Storage, LLC (Buckeye), Buckeye Partners, LLC, BIF II CalGas (Delaware) LLC, and Brookfield Infrastructure Fund (BIF II) (Joint Applicants). The Joint Applicants seek approval for the transfer of control of LGS, an independent natural gas storage provider in California, from its current owner, Buckeye, to BIF II CalGas through purchase and sale of 100% of the outstanding limited liability interests in LGS. Pursuant to Pub. Util. Code

§ 854(a),¹ we authorize the transfer of ownership of LGS in accordance with the terms and conditions as set forth below.

1. Procedural Matters

Notice of this Application appeared in the Commission's Daily Calendar on September 10, 2014. Pursuant to Rule 7.1, in Resolution ALJ 176-3342, dated September 11, 2014, the Commission preliminarily categorized this proceeding as ratesetting and preliminarily determined that hearings were not necessary. One protest was filed by the Office of Ratepayer Advocates (ORA) on October 10, 2014. The Joint Applicants filed a reply to ORA's protest on October 20, 2014.

A protest was filed by ORA on October 10, 2014. In accordance with Rule 2.6(a), ORA's Protest was timely filed. In accordance with Rule 7.2(a), ORA requested that a prehearing conference (PHC) be set. ORA indicated that it would request to meet with the Joint Applicants, so that, hopefully, the Parties could informally resolve ORA's concerns without the need for an evidentiary hearing.

Joint Applicants filed a reply to ORA's protest on October 20, 2014, arguing that ORA's concerns had already been addressed in the application, and that ORA offers no justification for convening a PHC or holding evidentiary hearings.

On October 16, 2014, ORA met and conferred with Joint Applicants by teleconference and, over the subsequent week, reached agreement to informally resolve their differences by entering into a Joint Stipulation.

¹ Unless otherwise specified, all subsequent code references herein are to the Public Utilities Code.

On October 31, 2014, ORA and the Joint Applicants (the Stipulating Parties) met with the assigned ALJ by teleconference to inform him of their plan to file a Joint Stipulation. On November 3, 2014, ALJ issued a ruling setting November 7, 2014, for filing a motion for approval of the Joint Stipulation.

On November 7, 2014, the Stipulating Parties filed a motion for approval of an All-Party Joint Stipulation. Under the terms of the Joint Stipulation, as set forth in Appendix 2 of this decision, the Stipulating Parties agree that no Prehearing Conference is necessary because the Joint Stipulation resolved the issue raised by ORA's Protest. The Stipulating Parties also request waiver of the comment period under Rule 14.3 for the Proposed Decision if the terms of the Joint Stipulation were approved.

As discussed below, we conclude that the Joint Application can be resolved by approving and adopting the terms of the Joint Stipulation. No PHC or further proceedings are necessary to decide this matter. Conducting a PHC or holding evidentiary hearings would not be a productive use of time and resources. We confirm the preliminary determinations as to category and that no hearings are necessary.

2. Description of Lodi Gas Storage, L.L.C. (LGS)

LGS is a Delaware limited liability company with its principal place of business in Houston, Texas. LGS is an independent natural gas storage provider in California with combined operations of approximately 46 billion cubic feet (Bcf) of total capacity and 34 Bcf of working capacity. In D.00-05-048, the Commission granted LGS a certificate of public convenience and necessity (CPCN) to develop, construct, and operate an underground natural gas storage facility and ancillary pipeline, (i.e., the Lodi Facility), located in San Joaquin County, approximately three miles northeast of the City of Lodi. LGS

constructed and currently operates the Lodi Gas Storage Facility. In issuing the CPCN, the Commission authorized LGS, as a new public utility under Pub. Util. Code § 216 and § 222,² to provide firm and interruptible gas storage services in California at market-based rates.

3. Proposed Transfer of Control of LGS

This application represents the latest in a series of transfers in recent years of the ownership interests in LGS. All of the limited liability company interests in LGS are currently owned by Buckeye, a Delaware limited liability company with its principle place of business in Houston, Texas, and which was formed for the sole purpose of holding all interests in LGS. Buckeye, in turn, is wholly owned by Buckeye Partners, which owns and operates petroleum terminals in several states. BIF II CalGas is an affiliate of Brookfield Infrastructure Fund II GP (BIF II GP) formed for the sole purpose of holding all interests in LGS.

On July 25, 2014, Buckeye and BIF II CalGas executed a Purchase and Sale Agreement (PSA) whereby BIF II CalGas will acquire control of LGS subject to Commission approval of the instant application. Pursuant to the PSA, BIF II CalGas will acquire LGS via the purchase of all outstanding limited liability company interests in LGS. Upon completion of the transaction, LGS will be the only asset owned by BIF II CalGas.

After the transfer, LGS will continue to operate as a limited liability company owned in full by BIF II CalGas, and to hold the CPCN for the

² § 222 defines a “gas corporation” as “every corporation or person owning, controlling, operating, or managing any gas plant for compensation within this state...” § 221 defines “gas plant” as including all real estate, fixtures, and personal property, owned, controlled, operated, or managed in connection with or to facilitate, among other things, gas storage.

Lodi Facility. All operating and management functions will be transitioned to BIF II CalGas.

Closing of the transaction is conditioned upon Commission approval of the Joint Application, as specified in the PSA, Section 7.1(b). The PSA was made public with filing before the Securities and Exchange Commission on July 20, 2014, although the schedules and exhibits to the PSA contain confidential information filed under seal.³ Given the seasonal nature of demand for gas storage facilities and related injection and withdrawal cycles, Joint Applicants argue that Commission approval of this Application in late 2014 or very early 2015 (and the resulting ability of Joint Applicants to close this transaction) will allow LGS' prospective new owners to efficiently transition control and provide the same level of service to current and future LGS customers.

4. Surety or Performance Bond Obligations

In its filed Protest, ORA claimed that the Joint Applicants' intentions are unclear with respect to continuing to honor the previously adopted performance bond obligations imposed on LGS to cover the costs of meeting its obligations under its CPCN, set forth in D.00-05-048, Conclusion of Law 7 and Ordering Paragraph 5 as amended in D.04-05-034. The surety bond amount was initially set at \$20 million. In D.04-05-034, the amount of the surety or performance bond was reduced from \$20 million to \$10 million after construction of Lodi was complete and initial operation had commenced. The Commission further stated that the surety amount should be:

³ Pursuant to ALJ Ruling dated October 21, 2014, Joint Applicant's motion to file confidential documents under seal was granted.

[A]djusted annually for inflation from the date of issuance of Decision 00-05-048, May 18, 2000, to cover the costs of meeting LGS' obligations under this CPCN.⁴

ORA, in its protest, also referenced a letter agreement dated September 24, 2010 between LGS, ORA, and the California Farm Bureau Federation and San Joaquin Farm Bureau Federation (collectively the Farm Bureau), with a copy thereof attached to its Protest (Letter Agreement). The Letter Agreement was executed as a settlement of issues in Application (A.) 09-06-011.⁵ ORA highlights section II, paragraph 5, page 3 of the Letter Agreement, as follows

The Settling Parties agree that neither they nor any of their successors, assigns or affiliates will in any future state or federal administrative or judicial proceeding, directly or indirectly seek to eliminate or modify the surety bond condition as originally ordered in D.00-05-048 and modified by D.04-05-034.

ORA questions whether, after the proposed ownership transfer is completed, the LGS performance bond obligation will continue to be honored by the new owner of LGS. Joint Applicants state that LGS will continue to be bound by the terms and conditions prescribed by the Commission in D.00-05-048.

ORA, however, did not find this obligation specifically accepted and adopted as a condition of the proposed transfer. ORA thus questions whether the proposed transfer of control is reasonable, consistent with the law, and in the public interest.

Joint Applicants, in reply to ORA's Protest, deny that there is a lack of clarity regarding the intent to continue the performance bond required as a

⁴ D.04-05-034 at 15-16.

⁵ In A.09-06-011, Lodi Gas Storage, LLC asked the Commission to authorize replacement of the required \$10 million surety bond with a parental guaranty in the same amount.

condition in D.00-05-048 and as subsequently modified in D.04-05-034. In the text of the Application, Joint Applicants expressly commit that LGS will continue to be bound by all conditions imposed in D.00-05-048. Joint Applicants affirm the specific obligations regarding the continuation of the performance bond in the PSA attached as Exhibit 8 to the Joint Application.

To further address ORA's concerns, attached to Joint Applicants' Reply is a declaration of Darren Soice, Vice President of BIF II. The declaration affirms that the above-referenced performance bond requirement will be honored after transfer of control and acknowledges that the Letter Agreement, as highlighted by ORA, will continue to bind LGS and its affiliates, including BIF II CalGas and BIF II.

Given that the bond requirement is a condition of D.00-05-048, Joint Applicants' commitments and representations affirm the intent of BIF II CalGas to honor LGS's obligation to maintain a performance bond. The terms of the PSA incorporate the continuation of the existing performance bond (issued by RLI Group in favor of the Commission), or a comparable bond acceptable to the Commission, as an express condition to the closing of the transaction. The second sentence of Section 6.10(b) provides a "backstop" in the event that BIF CalGas II is unable to obtain a substitute bond before closing that is acceptable to the Commission, and would require that the existing performance bond be left in place at and after closing. BIF CalGas II would then be obligated to reimburse and indemnify Buckeye for the cost of maintaining that bond for the duration of its existence

5. Terms of Joint Stipulation

Following the receipt of Joint Parties' Response to ORA's Protest, Joint Parties and ORA subsequently entered into a Joint Stipulation which called for

additional commitments on the part of Joint Applicants. Since ORA is the only party to respond to the application, the Joint Stipulation constitutes agreement among all parties to the proceeding. On November 7, 2014, the Stipulating Parties filed a joint motion for acceptance of the Joint Stipulation. The terms of the Joint Stipulation resolved ORA's objections to granting the application with no need for a PHC or further hearings. The Joint Stipulation in its entirety is set forth in Appendix 2 of this decision. In addition to incorporating the commitments previously made by Joint Applicants as set forth in the original application, and in the previously referenced Declaration of Darren Soice, the Joint Stipulation required the following further commitments:

- a) Before the transfer of control is completed, BIF II CalGas and BIF II will have in effect a security or performance bond as ordered in D.00-05-048, Conclusion of Law 7 and Ordering Paragraph 5, and in an amount as required by D.04-05-034.
- b) The Joint Applicants must maintain documentation of the security or performance bond ordered in this proceeding.

6. Public Interest Standard of Review

Public Utilities Code § 854 (a) requires Commission authorization before a company may “merge, acquire, or control . . . any public utility organized and doing business in this state” The purpose of this and related statutes is to enable the Commission, before any transfer of public utility authority is consummated, to review the situation and take such action (as a condition of approving the transfer) as the public interest may require. (San Jose Water Co. (1916) 10 CRC 56.)

The Commission has broad discretion to determine whether a particular transaction is in the public interest and should be approved under § 854. As noted in D.03-02-071, § 854 does not define the term “control,” and the

Commission has not promulgated regulations defining this term in connection with a percentage of stock ownership. As a result, some of our decisions have held that where there is a change in the form of ownership but no change in the actual control of a public utility, § 854 is inapplicable and the application should be dismissed. However, we also noted in D.03-02-071 that in “diverse fact situations where a public utility owner has either transferred or proposed to transfer a 50% interest in the utility, or has acquired a 50% interest in another utility, the Commission has asserted jurisdiction to review the transaction under § 854 and has approved or disapproved the transfer.”⁶

7. Discussion

Based on the facts at issue here, and in view of the terms of the Joint Stipulation, we conclude that Joint Applicants’ proposed transfer of control is in the public interest and should be approved. Accordingly, we approve the application subject to compliance with the Joint Stipulation. As noted by Joint Applicants, the transfer of control will provide LGS with long-term financial stability and will infuse new investment capital to support energy infrastructure facilities. All of LGS’s current storage capacity is fully subscribed and storage capacity is needed. Continued operation and growth in existing facilities supports the Commission’s goal of investors building utility natural gas storage in California.

After the ownership transfer is completed, LGS will continue to operate as an independent natural gas storage provider subject to the jurisdiction of this Commission. The transaction will not result in the transfer of any certificates,

⁶ D.03-02-071 at 11.

assets or LGS customers. LGS will continue to be bound by the terms and conditions prescribed in Decision (D.) 00-05-048 and in D.06-03-012, (granting LGS a CPCN for the Kirby Hills facility) as amended in D.08-02-035. LGS will continue to be subject to the reporting required in affiliate transactions prescribed by the Commission in D.03-02-071 and D.05-12-007, except as modified by D.08-04-033. In D.08-01-018, the transfer of control of LGS to Buckeye was approved subject to five conditions that were adopted as part of a negotiated settlement which, among other things, required Lodi's owners to undertake all reasonable steps to ensure that Lodi has sufficient capital to provide safe and reliable service going forward.

For purposes of the proposed transfer, Joint Applicants agree that LGS will continue to be bound by the conditions adopted in D.08-01-018. BIF II CalGas and BIF II agree to accept the obligations imposed in such decision upon the Buckeye companies. We adopt these conditions as terms of approval of the Joint Application, as previously adopted in D.08-01-018, as set forth in Exhibit 10 of the application and attached hereto as Appendix 1.

Since the transfer in control, subject to the conditions imposed herein, will not cause any change in the services to be provided by LGS, or to the rates or terms and conditions of service, there will be no adverse effect on the public interest from the transfer.

8. California Environmental Quality Act (CEQA)

Under CEQA and Rule 17.1 of the Commission's Rules of Practice and Procedure, we must consider the environmental consequences of projects subject to our discretionary approval. (Pub. Resources Code § 21080.) In some cases, it is possible that a change of ownership and/or control may alter an approved

project, result in new projects, or change facility operations in ways that have an environmental impact.

However, as the Joint Application states, the change of ownership at issue here will result in no direct or indirect change in the environment or change in previously reviewed and approved construction and operation criteria for the Lodi facility. In issuing a CPCN for the Lodi Facility, the Commission conducted a full environmental review and certified the Environmental Impact Report (EIR) for adoption. The Lodi Facility will continue to be developed and operated as previously authorized by this Commission. All environmental mitigation measures contained in the certified EIR will continue to apply, and all monitoring requirements and restrictions imposed in D.00-05-048, which certified the EIR, will continue.

The Commission has previously held that such a transfer of control, under such conditions as proposed here, either does not constitute a “project” within the meaning of CEQA or qualifies for an exemption from CEQA. We find that the proposed transfer of control at issue in this application is not a “project” within the meaning of CEQA. As a result, CEQA does not apply for purposes of acting upon the Joint Applicants’ proposed transfer of control.

9. Waiver of Comments on the Proposed Decision

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2), the otherwise applicable 30-day period for public review and comment is waived.

10. Assignment of Proceeding

Carla J. Peterman is the assigned Commissioner and Thomas R. Pulsifer is the assigned ALJ in this proceeding.

Findings of Fact

1. LGS is a natural gas storage provider in California that was granted a CPCN to provide firm and interruptible gas storage services in California at market-based rates.
2. LGS constructed and currently operates the Lodi Gas Storage Facility (Lodi Facility) in San Joaquin and Sacramento counties.
3. All of the limited liability company interests in LGS are currently owned by Buckeye, a Delaware limited liability company formed for the sole purpose of holding all interests in LGS.
4. BIF II CalGas is an affiliate of Brookfield Infrastructure Fund II GP (BIF II GP) formed for the sole purpose of holding all interests in LGS.
5. On July 25, 2014, Buckeye and BIF II CalGas executed a PSA whereby BIF II CalGas would acquire control of Lodi Gas Storage subject to Commission approval.
6. After the transfer, LGS will continue to operate as a limited liability company owned in full by BIF II CalGas, and hold the CPCN for the Lodi Facility. All operating and management functions will be transitioned to BIF II CalGas.
7. Closing of the transaction to transfer control of LGS is conditioned upon Commission approval of the Joint Application, as specified in the PSA, Section 7.1(b).
8. The proposed transfer of control of LGS from Buckeye to BIF II CalGas will result in a change of ownership of LGS, but will not result in the transfer of any certificates, assets, or customers of LGS.
9. Joint Applicants expressly commit that LGS will continue to be bound by all conditions imposed in D.00-05-048 whereby the Commission granted LGS a

CPCN to develop, construct, and operate an underground natural gas storage facility and ancillary pipeline, located in San Joaquin County. Joint Applicants also affirm the specific obligations regarding the continuation of the performance bond in the PSA attached as Exhibit 8 to the Joint Application.

10. The declaration of Darren Soice, Vice President of BIF II affirms that the performance bond requirement previously imposed on LGS will be honored after transfer of control and that the Letter Agreement executed in A.09-06-011 will continue to bind LGS and its affiliates, including BIF II CalGas and BIF II.

11. Joint Applicants entered into a Joint Stipulation with the Office of Ratepayer Advocates, as set forth in Appendix 2 of this decision, and filed a motion for its approval on November 7, 2014.

12. In addition to the provisions previously set forth in Joint Applicants' reply to the Protest of the Office Ratepayer Advocates, the Joint Stipulation also provides that:

a. Before the transfer of control is completed, BIF II CalGas and BIF II will have in effect a security or performance bond as ordered in D.00-05-048, Conclusion of Law 7 and Ordering Paragraph 5, and in an amount as required by D.04-05-034 (at 15-16).

b. The Joint Applicants maintain documentation of the security or performance bond ordered in this proceeding

13. Based on adoption of the terms of the Joint Stipulation, as set forth in Appendix 2 of this decision, the Office of Ratepayer Advocates supports granting the proposed transfer of ownership control of Lodi Gas Storage, with no need for a prehearing conference, or further hearings, and with a waiver of comment period on the Proposed Decision.

14. Granting the Joint Application subject to compliance with the terms and conditions of the Joint Stipulation is in the public interest.

15. The transfer of control of LGS proposed by Joint Applicants will provide LGS with long-term financial stability and infuse new investment capital to support energy infrastructure facilities.

16. All of LGS's current storage capacity is fully subscribed and storage capacity is needed. Continued operation and growth in LGS's gas storage facilities supports the Commission's goal of investors building utility natural gas storage in California.

Conclusions of Law

1. The PSA proposed by Joint Applicants whereby BIF II CalGas will acquire control of LGS constitutes a change of control, within the meaning of Pub. Util. Code § 854, and is subject to Commission jurisdiction.

2. Joint Applicants' request for authority to transfer of control of LGS, as proposed in A.14-09-011, should be granted, subject to the terms and conditions of the Joint Stipulation filed November 7, 2014, and as set forth in the Ordering Paragraphs of this decision.

3. Based on the terms and conditions adopted in this decision, approving the proposed transfer of control of LGS is in the public interest.

4. Following the change of control, LGS should continue to be bound by the terms of its CPCN, by all the requirements and conditions mandated in D.00-05-048 as modified by D.04-05-034, and by the tariff filed with the Commission, as approved and subsequently modified by any approved amendments.

5. The preliminary determinations in Resolution ALJ 176-3342 as to the category and need for hearings in this proceeding should be confirmed. No prehearing conference and no evidentiary hearings are required.

6. The Joint Motion for acceptance of the All-Party Joint Stipulation, as set forth in Appendix 2 of this decision should be granted, and the terms of the Joint Stipulation should be approved.

7. This change of control proposed by Joint Applicants does not constitute a project as defined under CEQA Guidelines § 1506(b)(3)(1) and the change of control will have no adverse environmental effects. Therefore, no additional environmental review in connection with this application is required.

8. The change of ownership control of LGS should not occur until Joint Applicants comply with the terms and conditions as specified in Appendices 1 and 2 and in the Ordering Paragraphs of this decision.

O R D E R

IT IS ORDERED that:

1. The Application of Lodi Gas Storage, L.L.C. (LGS), Lodi Gas Storage, Buckeye Gas Storage, LLC (Buckeye), Buckeye Partners, LLC (Buckeye Partners), BIF II CalGas (Delaware) LLC, and Brookfield Infrastructure Fund (BIF II) (collectively, Joint Applicants) to transfer control of LGS from Buckeye to BIF II CalGas through the purchase and sale of 100% of the outstanding limited liability interests in LGS is approved pursuant to Pub. Util. Code § 854, subject to the terms and conditions set forth in the Ordering Paragraphs of this decision.

2. The motion filed November 7, 2014, for acceptance of the All-Party Joint Stipulation, attached as Appendix 2 of this decision, is hereby granted. The terms and conditions of the All-Party Joint Stipulation, attached as Appendix 2, are hereby approved and adopted.

3. As a condition of approval of Application 14-09-001, Lodi Gas Storage, L.L.C. (LGS), Lodi Gas Storage, Buckeye Gas Storage, LLC (Buckeye), Buckeye Partners, LLC (Buckeye Partners), BIF II CalGas (Delaware) LLC, and Brookfield Infrastructure Fund (BIF II) (collectively, Joint Applicants) shall comply with the terms of the Joint Stipulation attached as Appendix 2. Joint Applicants shall be bound by all terms and conditions of the LGS certificate of public convenience and necessity, as granted by Decision (D.) 00-05-048 and modified by D.04-05-034, including the requirements therein for a performance or security bond. Joint applicants shall also be bound by the conditions previously identified in D.06-03-012 (granting LGS a certificate of public convenience and necessity for construction and operation of the Kirby Hills Facility), as amended in D.08-02-035. LGS will continue to be subject to the reporting required in affiliate transactions prescribed by the Commission in D.03-02-071 and D.05-12-007, except as modified by D.08-04-033, and the conditions in D.08-01-018, and as expressly set forth as Appendix 1 of this decision.

4. Application 14-09-001 is closed.

This order is effective today.

Dated _____, at San Francisco, California.

APPENDIX 1

Adopted Conditions on Approval of Application 14-09-011

Pursuant to Decision 08-01-018

APPENDIX 1

Adopted Conditions on Approval of D.14-09-001 Pursuant to D.O8-01-018 (As set forth in Exhibit 10 of Joint Application)

Condition 1:

Brookfield Infrastructure Fund GP II LLC, Brookfield Infrastructure Fund II-A (CR), L.P., Brookfield Infrastructure Fund II-A, L.P., Brookfield Infrastructure Fund II-B, L.P., Brookfield Infrastructure Fund II-C, L.P., Brookfield Infrastructure Fund II-D, L.P., Brookfield Infrastructure Fund II-D (CR), L.P., BIP BIF II US Holdings (Delaware) LLC, BIF II CalGas Holding (Delaware) LLC, BIF II CalGas Carry (Delaware) LLC, BIF II CalGas (Delaware) LLC and any successors, shall take all steps reasonably necessary to ensure that Lodi Gas Storage, L.L.C. has capital sufficient to provide safe and reliable service.

Condition 2(a):

Lodi Gas Storage, L.L.C. shall maintain its corporate records at the utility level, make such records available to the Commission pursuant to California Public Utilities Code Section 314, and shall make available utility officers, employees and agents as required by California Public Utilities Code Section 314(a).

Condition 2(b):

The books and records of Brookfield Infrastructure Fund II-A (CR), L.P., Brookfield Infrastructure Fund II-A, L.P., Brookfield Infrastructure Fund II-B, L.P., Brookfield Infrastructure Fund II-C, L.P., Brookfield Infrastructure Fund II-D, L.P., Brookfield Infrastructure Fund II-D (CR), L.P., BIP BIF II US Holdings (Delaware) LLC, BIF II CalGas Holding (Delaware) LLC, BIF II CalGas Carry (Delaware) LLC, BIF II CalGas (Delaware) LLC, Brookfield Infrastructure Fund GP II LLC, and any successors, shall be made available to the Commission upon request by the Commission, its employees or its agents.

Requests for production made by the Commission's employees or agents shall be deemed presumptively valid, material and relevant. Any objections to such requests shall be timely raised before the administrative law judge or assigned commissioner to the proceeding in which such objections arise or before another administrative law judge or commissioner if the request is made outside request is neither reasonably related to any issue within the Commission's jurisdiction nor reasonably calculated to result in the discovery of such material. The officers and employees of the abovementioned entities shall be available to appear and testify in Commission proceedings concerning Lodi Gas Storage, L.L.C., as necessary or required.

Condition 3:

Semi-annually, on April 30 and on October 31, Lodi Gas Storage, L.L.C. shall report to the Director of the Commission's Energy Division, with a copy to the Division of Ratepayer Advocates, the following information about transactions which are not already subject to Sections 852 and 854 of the Public Utilities Code: (a) the identity of any affiliate that directly or indirectly has acquired or has made an investment resulting in a controlling interest or effective control, whether direct or indirect, in an entity in California or elsewhere in Western North America that produces natural gas or provides natural gas storage, transportation or distribution services; and (b) the identity of any affiliate that directly or indirectly has acquired or has made an investment resulting in a controlling interest or effective control, whether direct or indirect, in an entity in California or elsewhere in Western North America that generates electricity, or provides electric transmission or distribution services. Information reported pursuant to subsections (a) and (b) shall include the nature (including name and location) of the asset acquired or in which the investment was made, and the amount of the acquisition or investment.

For the purposes of this Condition, the following definitions apply: "affiliate" means any direct or indirect parent entity of Lodi Gas Storage, L.L.C., any entity controlled by Lodi Gas Storage, L.L.C. whether directly or indirectly, any entity under common control with Lodi Gas Storage, L.L.C. by a direct or indirect parent entity (e.g. any subsidiary of any Lodi Gas Storage, L.L.C. parent entity); and "Western North America" is defined to mean, in addition to California, the states of Oregon, Washington, Arizona, New Mexico, Texas, Nevada, Colorado, Wyoming and Utah, as well as the provinces of British Columbia and Alberta in Canada and the State of Baja California Norte in Mexico.

The reporting requirement in the previous paragraph shall take effect on the April 30th or October 31st following, by at least one month, the issuance of a Commission Decision granting a modification in D.03-02-071 by the deletion of Ordering Paragraph 3(c) and in D.OS-12-007 by the deletion of Ordering Paragraph 3(b). Lodi Gas Storage, L.L.C. shall file such Petition for Modification within 30 days of the effective date of any Commission decision in which the previous paragraph is imposed on Lodi Gas Storage, L.L.C. and shall be limited to the deletion of the above-referenced provisions.

Condition 4:

For purposes of Condition 4:

"Sensitive Market Information" means: Any information which would customarily be considered by a natural gas storage customer to be sensitive or proprietary, which is not available to the public, or which, if disclosed, would subject a natural gas storage customer to risk of competitive disadvantage or other business injury. This includes, but is not limited to: contractual capacity rights, actual customer injection and/or withdrawal data (including forecast/future price, historical price, contractual valuation data, costs, when injection and/or

withdrawal occurs and how much natural gas is involved), both as to individual customers and in aggregate.

Lodi Gas Storage, L.L.C., and any entity related to Lodi Gas Storage, L.L.C.: (a) shall not share Sensitive Market Information regarding Lodi Gas Storage, L.L.C. with any entity exercising direct or indirect control over Wild Goose Storage, LLC or with any other entity in which such sharing could reasonably result in the direct or indirect disclosure of Sensitive Market Information regarding Lodi Gas Storage, L.L.C. to Wild Goose Storage, LLC; (b) shall not share external providers of financial planning services, regulatory affairs, lobbying, legal, and/or risk management personnel with Wild Goose Storage, LLC or any entity exercising direct or indirect control over Wild Goose Storage, LLC, except in situations in which the sharing of external resources would not result in the direct or indirect disclosure of Sensitive Market Information regarding Lodi Gas Storage, L.L.C. to Wild Goose Storage, LLC; and (c) to the extent that any sharing of Sensitive Market Information prohibited by (a) and (b) of this Condition nevertheless occurs, shall promptly report to the Commission the nature of any such sharing.

Condition 5:

For purposes of Condition 5:

"Lodi Gas et. al." means Brookfield Infrastructure Fund GP II LLC, Brookfield Infrastructure Fund II-A (CR), L.P., Brookfield Infrastructure Fund 11-A, L.P., Brookfield Infrastructure Fund 11-B, L.P., Brookfield Infrastructure Fund 11-C, L.P., Brookfield Infrastructure Fund 11-D, L.P., Brookfield Infrastructure Fund II-D (CR), L.P., BIP BIF II US Holdings (Delaware) LLC, BIF II CalGas Holding (Delaware) LLC, BIF II CalGas Carry (Delaware) LLC, BIF II CalGas (Delaware) LLC, and any successors, any entity controlled by Lodi Gas Storage, L.L.C.

whether directly or indirectly, or entity under the direct or indirect control of Brookfield Infrastructure Fund GP II LLC, Brookfield Infrastructure Fund II-A (CR), L.P., Brookfield Infrastructure Fund II-A, L.P., Brookfield Infrastructure Fund li-B, L.P., Brookfield Infrastructure Fund II-C, L.P., Brookfield Infrastructure Fund li-D, L.P., Brookfield Infrastructure Fund II-D (CR), L.P., BIP BIF II US Holdings (Delaware) LLC, BIF II CalGas Holding (Delaware) LLC, BIF II CalGas Carry (Delaware) LLC, BIF II CalGas (Delaware) LLC (and any successors).

"Commonality of Interest" means the existence of: (a) any individual(s) or entity/entities having direct or indirect control over Lodi Gas et. al. while at the same time having direct or indirect control over Wild Goose Storage, LLC; (b) any individual(s) employed by Lodi Gas et. al. while at the same time employed by Wild Goose Storage LLC or any entity exercising direct or indirect control over Wild Goose Storage, LLC; or (c) any individual(s) on a board within Lodi Gas et. al. while at the same time serving on the board of any entity exercising direct or indirect control over Wild Goose Storage, LLC.

Lodi Gas et. al. assert that approval of this transaction shall not result in a Commonality of Interest. Lodi Gas et. al. shall not permit, without prior Commission approval, any Commonality of Interest to occur subsequent to approval of this transaction and shall promptly report to the Commission the nature of such interest if such Commonality of Interest nevertheless occurs.

(End of Appendix 1)

APPENDIX 2

All-Party Joint Stipulation

Appendix 2

ALL-PARTY JOINT STIPULATION

In A.14-09-001, the Office of Ratepayer Advocates (ORA) and the Joint Applicants¹ hereby jointly and severally stipulate to the following:

1. On September 3, 2014, in the above captioned proceeding pursuant to California Public Utilities Code § 854, subdivision (a) the Joint Applicants applied for Commission authorization to transfer control of LGS from Buckeye to BIF II CalGas.
2. Included with their filing was a copy of the executed Purchase and Sale Agreement (PSA), which set forth the terms and conditions by which BIF II CalGas will acquire control of LGS.
3. The Application states that LGS will continue to be bound by Commission Decision (D.) 00-05-048 (granting LGS a Certificate of Public Convenience and Necessity (CPCN) for construction and operation of the Lodi Facility),

¹ The term “Joint Applicants” mean the following parties:

- Lodi Gas Storage L.L.C. (LGS);
- Buckeye Gas Storage LLC (Buckeye);
- Buckeye Partners L.P. (Buckeye Partners);
- BIF II CalGas (Delaware) LLC (BF II CalGas); and
- Brookfield Infrastructure Fund II (BIF II).

as amended by D.06-03-012 (granting LGS a CPCN for construction and operation of the Kirby Hills Facility) and subsequent decisions.

4. On October 10, 2014, ORA protested and requested an evidentiary hearing, because the Joint Applicants did not explicitly state in a publicly available filing that they would comply with the security or performance bond requirement ordered by D.00-05-048, in Conclusion of Law 7 and Ordering Paragraph 5, and D.04-05-034 (amending the amount of the requisite Bond Condition). Further, according to the Protest, a letter agreement dated September 24, 2010 (Letter Agreement), among LGS, ORA, the California Farm Bureau Federation, and the San Joaquin Farm Bureau Federation, also obligated the Joint Applicants to meet the bond requirement, as follows:

The Settling Parties agree that neither they nor any of their successors, assigns, or affiliates will in any future state or federal administrative or judicial proceeding, directly or indirectly seek to eliminate or modify the surety bond condition as originally ordered in D.00-05-048 and modified by D.04-05-034.²

5. The Joint Applicants' Reply (dated October 20, 2014) explicitly recognizes the bond requirement ordered by D.00-05-048 and does not directly or indirectly seek to eliminate it. The Reply identified provisions in the PSA which specifically obligated BIF CalGas II, as the proposed buyer of LGS, to have a bond in place at closing of the proposed transfer.
6. The Reply further presented as Exhibit 1 the Declaration of Darren Soice, Vice President of BIF II, which (i) affirmed that the performance bond requirement would be honored after the proposed transfer of control; and (ii) acknowledged that the terms of the Letter Agreement will continue to bind LGS and its affiliates, including BIF II CalGas and BIF II.

² Ltr Agreemt at 3 (sec. II, para. 5).

7. On October 16, 2014, the Stipulating Parties met and conferred by teleconference and in the following week mutually agreed to informally resolve their differences by filing a Joint Stipulation.
8. On October 31, 2014, the Stipulating Parties met with assigned ALJ Pulsifer by telephone to inform him of their plan to file a Joint Stipulation and the accompanying Motion.
9. On November 3, 2014, ALJ Pulsifer issued a Ruling setting November 7, 2014, for the filing of the Motion and Joint Stipulation.
10. THEREFORE based on foregoing and the record to date, ORA and Joint Applicants have now resolved their differences and further agree to file a Joint Motion with a Joint Stipulation attached to request the following of the Commission:
 - 10.1. A Prehearing Conference should not be held because the issue raised by ORA's Protest has been resolved by the Joint Stipulation.
 - 10.2. The Commission should waive the comment period of thirty days under Rule 14.3, if the Commission grants the Motion and thereby accepts the Joint Stipulation.
 - 10.3. In any Commission Decision approving A.14-09-001, the Commission should incorporate by reference as if fully stated in the Decision, (i) the Letter Agreement dated September 24, 2010; and (ii) the Declaration by Darren Soice, Vice President of BIF II (Exhibit 1 of the Reply), in which the Letter Agreement is acknowledged by BIF II CalGas and BIF II, and the commitment is stated by BIF II CalGas and BIF II to have a security or performance bond in place at the time of closing of the transfer of control, in accordance with D.00-05-048 and D.04-05-034.
 - 10.4. Before the transfer of control is completed, BIF II CalGas and BIF II will have in effect a security or performance bond as ordered in

D.00-05-048, Conclusion of Law 7 and Ordering Paragraph 5, in an amount as required by D.04-05-034.³

10.5. The Joint Applicants must maintain documentation of the security or performance bond ordered in this proceeding.

WHEREFORE, ORA and the Joint Applicants by and through their attorneys who are so duly authorized, have signed this Joint Stipulation on November 7, 2014, as shown below.

[Signature page follows next.]

³ See *LGS*, D.04-05-034, 2004 Cal. PUC LEXIS 265, *15–16.

Respectfully submitted,

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Dated: November 7, 2014

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(End of Appendix 2)