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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application Of Wild Goose Storage, LLC (U911G) and Lodi Gas Storage, L.L.C. (U912G) for an Order Pursuant to Sections 829 and 853 of the Public Utilities Code to Exempt from Commission Authorization the encumbrance of the Assets of Wild Goose Storage, LLC and Lodi Gas Storage, L.L.C. And the Issuance of a Corporate Guarantee and For a Continuing Exemption, Or in the alternative for Authorization for The Same Relief Under Sections 830 and 851.

Application 21-03-012

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This Scoping Memo and Ruling (Scoping Memo) sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities (Pub. Util.) Code Section 1701.1¹ and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Procedural Background

On March 22, 2021, Wild Goose Storage, LLC and Lodi Gas Storage, L.L.C. (collectively, the Joint Applicants) filed Application 21-03-012 (Application) in connection with a proposed financing transaction involving the utility assets. The proposed transaction consists of extension of the previously approved asset-based loan, ABL Credit Agreement (ABL), which has a maximum

¹ All subsequent section references are to the Public Utilities Code unless otherwise indicated.

borrowing limit of \$200 million; and issuance of corporate guarantees and providing assets as security for the debt financing of their senior affiliates (Rockpoint Gas Storage Partners LP, Rockpoint Gas Storage Canada Ltd., and AECO Gas Storage Partnership).² The ABL, along with the existing Intercompany Credit Agreement (ICA) and related undertakings are collectively referred to herein as the “2021 Refinancing.”³ No protests were filed in response to the Application.

Under the proposed 2021 Refinancing, the Joint Applicants would each pledge their individual assets, including, but not limited to, the physical and financial assets of each gas storage utility, the accounts receivable owed by their customers, and the proprietary natural gas in their respective storages owned by each of the Joint Applicants as security for the debt of their senior affiliates for the extended term of the amended ABL, through December 17, 2024. The Joint Applicants would also offer corporate guarantees to secure the obligations of its senior affiliates under the extended ABL through December 17, 2024. The Joint Applicants seek a continuing exemption through December 17, 2024 to allow the Joint Applicants to encumber their respective assets to serve as security and to offer their corporate guarantees and pledges for a refinancing transaction of their senior affiliates.⁴

The Joint Applicants request that the Commission exempt the proposed 2021 Refinancing under Section 853(b) and Section 829(c). Alternatively, if the

² The previously approved ABL had a revolving credit facility of \$230 million; the revolving credit facility is being reduced to \$200 million in this refinancing transaction. (Application at 2).

³ Application at 2 and 3.

⁴ *Id.*

Commission does not grant the requested exemption, the Joint Applicants seek authorization of the proposed 2021 Refinancing under Sections 830 and 851.⁵

Article 5 of the Public Utilities Code governs stocks and security transactions by utilities. Section 830 requires Commission authorization prior to certain securities transactions. Section 829(c) allows the Commission to exempt a public utility from the Section 830 authorization requirement if the Commission finds that application of the requirement is not necessary in the public interest.

Article 6 of the Public Utilities Code governs transfer of utility property. Section 851 requires authorization for certain transfers. Section 853(b) allows the Commission to exempt a public utility from the Section 851 authorization requirement if the Commission finds that application of the requirement is not necessary in the public interest.

The Joint Applicants state that the relief sought is consistent with two previous exemption requests that were approved by the Commission in Decision (D.) 17-10-014 and D.18-10-029. Under the terms of the refinancing transaction approved in D.18-10-029, the ABL is currently set to expire by its terms in mid-December 2021. In the instant Application, the Joint Applicants request the exemptions to implement the 2021 Refinancing to ensure continuity of available financing.⁶

The Joint Applicants also request a limited continuing exemption for future transactions with similar guarantees and encumbrances on their assets as security for future debt financing of their senior affiliates, citing that this has been the third refinancing application for exemption submitted since 2017.⁷

⁵ *Id.* at 1 and 2.

⁶ *Id.* at 13.

⁷ *Id.* at 4 to 6.

A prehearing conference (PHC) was held on August 6, 2021 to identify issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. After considering the Application and discussion at the PHC, I have determined the issues and initial schedule of the proceeding to be set forth in this Scoping Memo.

2. Issues

The issues to be determined are:

1. Should the Commission grant the Joint Applicants' request for an exemption under Section 853(b) making the 2021 Refinancing exempt from the authorization requirements of Section 851?
2. Should the Commission grant the Joint Applicants' request for an exemption under Section 829(c) making the 2021 Refinancing exempt from the authorization requirements of Section 830?
3. Should the Commission grant the Joint Applicants a limited continuing exemption from Sections 830 and 851 for similar refinancing transactions that require the use of the storage utilities assets and corporate guarantees and pledges?
4. If limited continuing exemptions from Sections 830 and 851 are not granted, should the Commission authorize the 2021 Refinancing pursuant to Sections 830 and 851?
5. Do the proposed refinancing transactions have any adverse impact on the Joint Applicants' ability to operate, maintain safety standards, and continue to provide safe and reliable services in California?

3. Need for Evidentiary Hearing

The Commission preliminarily determined that hearings are needed.⁸ However, there are no issues of material disputed fact. Accordingly, I change the

⁸ Resolution ALJ 176-3483 at 3.

preliminary determination in Resolution ALJ-176-3483 and find that evidentiary hearings are not needed.

4. Oral Argument

Unless comment is waived pursuant to Rule 14.6(c)(2) for granting the uncontested relief requested, motion for oral argument shall be served and filed by no later than the time for filing comment on the proposed decision.

5. Schedule

This matter is submitted. The proposed decision is expected to be filed no later than 90 days from today for public review and comment pursuant to Pub. Util. Code Section 311(d) except that, if it grants the uncontested requested relief, public review and comment may be reduced or waived pursuant to Rule 14.6(c)(2).

6. Category of Proceeding and *Ex Parte* Restrictions

This ruling confirms the Commission's preliminary determination⁹ that this is a ratesetting proceeding. Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Rules.

7. Public Outreach

Pursuant to Pub. Util. Code Section 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter that is served on communities and business that subscribe to it and posted on the Commission's website.

⁹ Resolution ALJ-176-3483 at 3.

8. Intervenor Compensation

Pursuant to Pub. Util. Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by September 5, 2021, 30 days after the PHC.

9. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the “Add Public Comment” button on the “Public Comment” tab of the online docket card for the proceeding.

10. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission’s Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

11. Filing, Service, and Service List

The official service list has been created and is on the Commission’s website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission’s Process office, the service list, and the Administrative Law Judge (ALJ). Persons may become a party pursuant to Rule 1.4.

When serving any document, each party must ensure that it is using the current official service list on the Commission’s website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on

the date scheduled for service to occur. However, Rule 1.10 (d), which requires service on the ALJ of both an electronic and a paper copy of filed or served documents, will not apply to this proceeding. Parties must not send hard copies of documents to the ALJ.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the "Information Only" category of the official service list pursuant to Rule 1.9(f).

12. Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner and Scarlett Liang-Uejio is the assigned ALJ for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. Evidentiary hearing is not needed.
4. The category of the proceeding is ratesetting.

This order is effective today.

Dated October 13, 2021, at San Francisco, California.

/s/ DARCIE L. HOUCK
Darcie L. Houck
Assigned Commissioner