ALJ/MPO/cg7 **Date of Issuance 04/25/2025**

Decision 25-04-033 April 24, 2025

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

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| Joint Application of Wild Goose Storage, LLC (U911G) and Lodi Gas Storage, L.L.C. (U912G) for an Order under Public Utilities Code Sections 829 and 853 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, or in the Alternative for Authorization for the Same Relief under Sections 830 and 851. | Application 24-10-004 |

DECISION GRANTING EXEMPTIONS TO PERMIT ENCUMBRANCE
OF UTILITY ASSETS OF WILD GOOSE STORAGE, LLC
AND LODI GAS STORAGE, L.L.C.

Summary

This decision grants the requests of Wild Goose Storage, LLC and Lodi Gas Storage, L.L.C. for exemptions under California Public Utilities Code Sections 853(b) and 829(c) to encumber their utility assets and issue a corporate guarantee to secure the debt refinancing of their senior affiliates. This proceeding is closed.

# Background

On October 11, 2024, Wild Goose Storage, LLC and Lodi Gas Storage, L.L.C. (Joint Applicants)[[1]](#footnote-2) filed Application (A.) 24-10-004 for an order pursuant to Public Utilities (Pub. Util.) Code Sections 829 and 853 exempting them from the statutory requirements to obtain Commission authorization to encumber utility assets and issue guarantees associated with the following refinancing transactions:

An extension of the Asset-Based Loan (ABL) Credit Agreement approved in Decision (D.) 24-05-049 until June 20, 2031, and an increase the amount of the ABL Credit Agreement to $350 million;

A new Term Loan (TLB) Credit Agreement in the amount of $1.25 billion, including the option for Lodi to become an additional borrower under the TLB Credit Agreement;

An extension of the maturity date in the Intercompany Credit Agreement approved in D.24-05-049; and

The issuance of corporate guarantees for the ABL, TLB, and Intercompany credit agreements, and the provision of assets as security for the ABL and TLB credit agreements.

Through these transactions (collectively referred to as the 2024 Refinancing Request), the Joint Applicants will encumber or guarantee their individual assets as security for the debt of their senior affiliates.[[2]](#footnote-3)

### Description and Background of the 2024 Refinancing Request

Approval of the 2024 Refinancing Request would authorize the Joint Applicants to pledge their physical and financial assets, the accounts receivable owned by their customers, and the proprietary natural gas in their respective storage facilities. It would also authorize the Joint Applicants to offer a corporate guarantee to secure the debt of their affiliates. The pledge and guarantee provide the Joint Applicants with access to lower-cost financing for their operations and working capital requirements, which allows the Joint Applicants to conduct their business more efficiently and provide service at more attractive rates.

In D.17-10-014, the Commission granted a similar request by the Joint Applicants to exempt from Pub. Util. Code Section 831 and 850 an ABL Credit Agreement, TLB Credit Agreement, and Intercompany Agreement. In D.18-10-029, D.21-11-020 and D.24-05-049, the Commission granted the Joint Applicants’ requests for extensions of the exemptions to similar financing transactions.

The 2024 Refinancing Request will make a total of $1.7 billion available in financial resources.[[3]](#footnote-4) This includes: (1) $350 million under the ABL Credit Agreement; (2) a TLB Credit Agreement for up to $1.25 billion and (3) an Intercompany Credit Agreement for a $100 million backstop loan. The 2024 Refinancing Request also includes extensions of the ABL Credit Agreement and the Intercompany Credit Agreement, which have been previously authorized by the Commission. The TLB Credit Agreement is a seven-year loan for $1.25 billion that matures on September 18, 2031, and provides an opportunity to retire existing debt under favorable terms.[[4]](#footnote-5)

The Joint Applicants assert that the increase in available financing resources is necessary due to rising costs of gas and inflation, and a more volatile natural gas market.[[5]](#footnote-6) They also indicate that the inclusion of California storage assets is necessary to secure reasonable interest rates and terms for the refinancing.[[6]](#footnote-7)

##  Description of the Joint Applicants and Related Corporate Affiliates

The Joint Applicants are both certified working gas storage facilities. Wild Goose Storage, LLC (Wild Goose) began commercial operations in April 1999 and is certified to provide 1,200 million cubic feet per day (MMcf/d) of withdrawal capacity, 650 MMcf/d of injection capability, and 75 billion cubic feet (Bcf) of working gas storage capacity.[[7]](#footnote-8) Lodi Gas Storage Facility, L.L.C. (Lodi) began commercial operations in 2002 and is certified to provide 500 MMcf/d of withdrawal capacity, 400 MMcf/d of injection capability, and 17 Bcf of working gas storage capacity.[[8]](#footnote-9) Lodi’s Kirby Hills facility was placed in service in 2007 and has 17.5 Bcf of working gas storage capacity and a 300MMcf/d for both injection and withdrawal capacity.

The Commission granted the Joint Applicants authority to provide firm and interruptible storage services at market-based rates. The Joint Applicants bear the risk to recover the costs of providing storage. Wild Goose’s owners funded the initial facility and all subsequent expansions.[[9]](#footnote-10) The Commission granted Lodi a project-specific exemption from the requirements of the Pub. Util. Code to obtain financing to construct its original facilities.[[10]](#footnote-11)

The Commission authorized the transfer of Lodi and Wild Goose to Brookfield Infrastructure Fund (Brookfield) in D.14-12-013 and D.16-06-014, respectively.[[11]](#footnote-12) After acquiring the Joint Applicants, Brookfield rebranded its portfolio of gas storage facilities (comprising of Wild Goose, AECO, Salt Plains, Lodi, Tres Palacios, and Warick, at the time) as Rockpoint Gas Storage (Rockpoint).[[12]](#footnote-13) Rockpoint now manages and operates both the Wild Goose and Lodi facilities. The combined and consolidated financial statements of Rockpoint were attached to the instant application as Exhibits Joint Applicants (JA)-17 and JA-18 and are filed under seal.

## Procedural Background

The Joint Applicants filed the application on October 11, 2024. As attachments to their application, the Joint Applicants offered supporting exhibits and the verification of James Bartlett, an officer of Wild Goose and Lodi. Certain information in the application and exhibits concerned confidential financial data and legal documents. The Joint Applicants redacted these portions of their application and supporting exhibits and filed a motion for leave to file under seal the confidential versions.

No protests were filed in response to the application. A prehearing conference was held on January 9, 2025, 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. No parties other than the Joint Applicants attended the prehearing conference. The assigned Commissioner issued a Scoping Memo and Ruling (Scoping Memo) on February 18, 2025, determining the issues and initial proceeding schedule. The Scoping Memo affirmed the categorization of the proceeding as ratesetting. However, the assigned Commissioner determined that evidentiary hearings were unnecessary because there were no material issues of disputed fact. The matter was submitted upon the filing of the assigned Commissioner’s Scoping Memo. The decision is issued based on the record as submitted.

# Issues Before the Commission

The issues determined in this decision are:[[13]](#footnote-14)

Should the Commission, pursuant to Section 829(c), grant Wild Goose and Lodi exemptions from Section 830 to permit them to provide a guarantee to secure the debt of their affiliates, and the debt of Lodi if it becomes an additional borrower under the TLB Credit Agreement, in a refinancing transaction that will provide funding for their respective utility operations?

Should the Commission, pursuant to Section 853(b) grant Wild Goose and Lodi exemptions from Section 851 to permit them to provide a security interest in their physical and financial assets as collateral for a refinancing transaction on behalf of themselves and their affiliates that will provide funding for their respective utility operations?

If the Commission does not grant exemptions from Sections 830 and 851, should the proposed refinancing transaction be approved subject to the provisions of those statutes?

# Legal Framework

Pub. Util. Code Section 830 requires a utility to obtain Commission approval before assuming any obligation or liability with respect to the obligations of its parent or affiliate if those obligations have a term of more than 12 months. In this case, the Joint Applicants will provide corporate guarantees related to the refinancing transaction undertaken by their senior affiliates for more than 12 months. Therefore, the 2024 Refinancing Request is subject to Pub. Util. Code Section 830.

Similarly, Pub. Util. Code Section 851 requires Commission approval before a utility encumbers its property. Since the Joint Applicants seek to provide their physical and financial assets to serve as collateral for the 2024 Refinancing Request, it is also subject to Pub. Util. Code Section 851.

However, Pub. Util. Code Sections 829(c) and 853(b) authorize the Commission to exempt public utilities from these requirements if the Commission finds that the application of the pre-approval requirements “is not necessary in the public interest.” Under both statutes, the Commission may impose conditions, rules, or requirements deemed necessary in connection with the grant of such exemptions.

# Discussion

As discussed below, we find good cause exists to grant the Joint Applicants’ request for exemptions from Pub. Util. Code Sections 830 and 851 under Pub. Util. Code Sections 829(c) and 853(b). The exemptions are consistent with Commission precedent under similar circumstances. We therefore grant the Joint Applicants’ request for exemptions under Pub. Util. Code Sections 829(c) and 853(b).

## Financial and Operational Benefits of the 2024 Refinancing Request

In past decisions considering exemptions, the Commission has considered whether Independent Gas Storage Providers (IGSPs), such as the Joint Applicants, are subject to a cost-of-service rate-of-return regulatory framework and whether ratepayers bear a risk for the IGSP’s investment and operations.

The Joint Applicants are IGSPs that operate using market-based rates, not a cost-of-service, rate-of-return regulatory framework so their shareholders bear the risk of the proposed transaction. Moreover, Wild Goose and Lodi are 100 percent owned by senior affiliate companies, and there are no shareholders of either Wild Goose or Lodi that are not also shareholders of at least one of the primary borrowers in the 2024 Refinancing Request. Based on these factors, we conclude that the 2024 Refinancing Request poses a relatively low financial risk to the public.

Additionally, we find that the 2024 Refinancing Request will have financial and operational benefits. The Joint Applicants and their customers will benefit from the stabilization of Rockpoint’s capitalization over the mid-term. Additionally, the 2024 Refinancing Request leverages the stability of Rockpoint’s financial position and improved creditworthiness to lower the cost of day-to-day business activities and facilitate the availability of additional capital to Rockpoint and its affiliates, including Wild Goose and Lodi. It will also ensure that Wild Goose and Lodi can access the ABL Credit Agreement for working capital and operational funds as needed, at a lower cost and on better terms than if the Joint Applicants went to the credit markets on their own.

## Public Interest in Safe and Reliable Service

While recognizing the financial benefits of the 2024 Refinancing Request, the Commission also notes that the proposed transaction involves the encumbrance of utility assets to serve as security for a loan to a senior affiliate. As such, the Commission must determine whether granting an exemption from Pub. Util. Code Sections 830 and 851 would impair the Joint Applicants’ ability to provide safe and reliable services under all reasonably foreseeable circumstances. To make this determination, the Commission has considered whether the loans would cover the operating, safety, and regulatory needs of the Rockpoint storage companies, including Wild Goose and Lodi.[[14]](#footnote-15)

The Joint Applicants provided confidential estimates of their operational expenses for 2024 and their costs for compliance with safety and emissions regulations. The Joint Applicants also state that these expenses and their revenues can fluctuate significantly throughout the year based on natural gas markets, weather events, seasonable demands, and individual customer requirements.[[15]](#footnote-16) According to the Joint Applicants, the funds available through the 2024 Refinancing Request are necessary to address a potential cash flow shortfall.[[16]](#footnote-17)

Upon review of the confidential estimates provided by the Joint Applicants, we find that the ABL Credit Agreement and TLB Credit Agreement, totaling $1.6 billion, account for the projected operational, safety, and regulatory needs of the Rockpoint family of companies. The Intercompany Credit Agreement of $100 million serves as additional liquidity if the financing available from the first two loans proves insufficient to cover all working capital, operational, and safety needs of the Rockpoint companies. In total, the 2024 Refinancing Request makes $1.7 billion in financial resources available. The Joint Applicants state that Rockpoint will make this funding available, as needed, to the extent the Joint Applicants’ earnings are insufficient to cover their expenses.[[17]](#footnote-18)

Rockpoint’s previous actions, along with the current financial resources at its disposal, support that the 2024 Refinancing Request is necessary to ensure the Joint Applicants provide safe and reliable service. Thus, the public interest does not necessitate applying the pre-approval requirements of Pub. Util. Code Sections 830 and 851 to the Joint Applicants’ request.

## Conclusion

Based on the foregoing, we grant the Joint Applicants’ request for exemptions from Pub. Util. Code Sections 830 and 851 under Pub. Util. Code Sections 829(c) and 853(b), and the Joint Applicants are authorized to encumber their utility assets and issue corporate guarantee to secure the debt refinancing of their senior affiliates as part of the 2024 Refinancing Request.

Since we grant the Joint Applicants’ requests for exemptions, the Joint Applicants’ alternative request for authority to conduct the proposed encumbrance pursuant to Pub. Util. Code Sections 830 and 851 is moot.

# Summary of Public Comment

Rule 1.18 of the Commission’s Rules of Practice and Procedure (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. There are no public comments on the Docket Card concerning the Joint Applicants’ requests.

# Procedural Matters

 On October 11, 2024, the Joint Applicants filed a motion for leave to file under seal and maintain the confidentiality of certain information. The Joint Parties requested that the following document or portions thereof be filed under seal: (1) the highlighted material in the application and Exhibits JA-1, JA-2, JA-5, JA-7, and JA-9 and (2) the entirety of Exhibits JA-11, JA-17, and JA-18. Good cause being shown, we grant the motion. The material retained under seal shall not be accessible or disclosed to persons other than Commission staff except on further order or ruling of the Commission, the Administrative Law Judge (ALJ) to whom this proceeding is assigned, or the ALJ then designated as the law and motion judge.

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

# Waiver of Comment Period

Pursuant to Rule 14.6(c)(2), if the Proposed Decision grants the relief requested in an uncontested matter, the public review and comment may be reduced or waived. Since this application is uncontested and this decision grants the Joint Applicants’ requested relief, the comment period for the Proposed Decision is waived.

# Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner and Marcelo Lins Poirier is the assigned ALJ in this proceeding.

Findings of Fact

The Joint Applicants seek exemptions from applicable statutory requirements to authorize them to issue corporate guarantees and provide assets as security for debt financing of their senior affiliates through agreements and undertakings.

Under the terms of the transaction approved in D.24-05-049, the Joint Applicants’ ABL Credit Agreement would expire on August 17, 2026.

The 2024 Refinancing Request will extend the maturity date of the ABL Credit Agreement to June 20, 2031, and authorize a TLB Credit Agreement and a modification to the previously approved Intercompany Credit Agreement.

The 2024 Refinancing Request allows the Joint Applicants to borrow larger sums at more favorable interest rates under better terms. This provides the Joint Applicants with access to lower-cost financing for their operations and working capital requirements, which allows the Joint Applicants to conduct their business more efficiently and provide service to their customers at potentially lower rates.

The 2024 Refinancing Request does not change the Joint Applicants’ ownership or capital structure.

The Joint Applicants are natural gas storage providers and their shareholders bear all the financial risks of the 2024 Refinancing Request.

The Joint Applicants have shown that they do not operate under a cost-of-service and rate-of-return regulatory framework.

The Joint Applicants are both wholly owned by other companies in the Brookfield group of companies.

In order to grant the requested exemptions, the Commission has a duty to review the Joint Applicants’ request for exemptions and ensure that granting the request will not impair the Joint Applicants’ ability to provide safe and reliable services and that the 2024 Refinancing Request will not adversely impact safety.

The 2024 Refinancing Request is sufficient to allow the Joint Applicants to continue to provide safe and reliable service and to comply with present and anticipated environmental quality and safety regulations for underground storage providers.

The 2024 Refinancing Request has no adverse safety and reliability impacts relating to the Joint Applicants and their customers.

Pub. Util. Code Sections 829(c) and 853(b) allow the Commission to grant exemptions from the requirements of Pub. Util. Code Sections 830 and 851 if application of those provisions to the proposed transaction is not in the public interest.

There are no factual issues in dispute in the application.

No party opposes the granting of the Joint Applicants’ requested relief.

Conclusions of Law

The Joint Applicants’ October 11, 2024 motion for leave to file under seal and maintain the confidentiality of certain information should be granted.

The Joint Applicants’ request for exemptions, pursuant to Pub. Util. Code Sections 829(c) and 853(b), from Pub. Util. Code Sections 830 and 851 should be granted.

The Joint Applicants should be authorized to encumber their utility assets and issue corporate guarantee to secure the debt refinancing of their senior affiliates as part of the 2024 Refinancing Request.

The Joint Applicants’ alternative request for authority to conduct the proposed encumbrance pursuant to Pub. Util. Code Sections 830 and 851 is moot.

This proceeding should be closed.

ORDER

**IT IS ORDERED** that:

1. The motion of Wild Goose Storage, LLC and Lodi Gas Storage, L.L.C. for leave to file under seal and maintain the confidentiality of certain information is granted.
2. The request of Wild Goose Storage, LLC and Lodi Gas Storage, L.L.C. for exemption from California Public Utilities Code Sections 830 and Section 851 pursuant to Sections 853(b) and 829(c) is granted.
3. Wild Goose Storage, LLC and Lodi Gas Storage, L.L.C. are authorized to encumber their utility assets and issue guarantees associated with the following refinancing transactions:
4. An extension to June 20, 2031, and an increase in the borrowing limit to $350 million for the previously approved Asset-Based Loan Credit Agreement;
5. A Term Loan Agreement with a maturity date of
September 18, 2031, and a principal amount of $1.25 billion;
6. A modification to the previously approved Intercompany Credit Agreement to reflect negotiated refinancing terms and an extension to 180 days after September 18, 2031; and
7. Associated corporate guarantees, pledges, and security agreements.
8. Lodi Gas Storage, L.L.C. is authorized to become an additional borrower under the Term Loan Agreement through September 18, 2031.
9. Application 24-10-004 is closed.
10. This order is effective today.

Dated April 24, 2025, at Sacramento, California

ALICE REYNOLDS

 President

DARCIE L. HOUCK

JOHN REYNOLDS

KAREN DOUGLAS

MATTHEW BAKER

 Commissioners

1. Wild Goose and Lodi are both Delaware Limited Liability Companies and certified public utilities primarily engaged in the business of natural gas storage in northern California. [↑](#footnote-ref-2)
2. The Joint Applicants’ affiliates that are impacted by this application are Rockpoint Gas Storage Partners LP; Rockpoint Gas Storage Canada Ltd.; and Swan Equity Sub-Aggregator LP and Swan GP LLC. Several Canadian and American banks and Swan Equity Aggregator are providing financing. [↑](#footnote-ref-3)
3. Application at 3, 26. [↑](#footnote-ref-4)
4. *Id.* at 17. [↑](#footnote-ref-5)
5. *Id.* at 15. [↑](#footnote-ref-6)
6. *Id* at 14. [↑](#footnote-ref-7)
7. *Id.* at 4. [↑](#footnote-ref-8)
8. *Id.* at 5. [↑](#footnote-ref-9)
9. Application at 5. [↑](#footnote-ref-10)
10. *See generally* D.00-12-026 (granting exemption from Pub. Util. Code §§ 818 and 851 requirements). [↑](#footnote-ref-11)
11. The Commission granted the transfer of control of Lodi from Buckeye Gas Storage, LLC to BIF II CalGas, an affiliate of Brookfield Infrastructure Fund (D.14-12-013 at 12, Finding of Fact no. 4). The transfer of control of Wild Goose to Brookfield Infrastructure Fund was part of a larger merger of Brookfield with Niska, which resulted in Brookfield owning Wild Goose and additional storage facilities: AECO Hub in Alberta, Canada and Salt Plains in Oklahoma
(D.16-06-014 at 4). [↑](#footnote-ref-12)
12. Application at 7. [↑](#footnote-ref-13)
13. *See* Assigned Commissioner’s Scoping Memo and Ruling at 3. [↑](#footnote-ref-14)
14. D.17-10-014 at 10-12. [↑](#footnote-ref-15)
15. Application at 26. [↑](#footnote-ref-16)
16. *Id*. at 24-25. [↑](#footnote-ref-17)
17. *Id*. at 28. [↑](#footnote-ref-18)