

LOB

Decision No. 81597

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of PACIFIC LIGHTING SERVICE)
COMPANY for an order authorizing)
Pacific Lighting Service Company)
to consent to an assignment to)
the Bank of Montreal by Pacific)
Lighting Gas Development Company)
of its rights under a funding)
agreement between Pacific)
Lighting Service Company and)
Pacific Lighting Gas Development)
Company covering certain gas)
exploration and development)
activities.)

Application No. 54121
(Filed June 22, 1973)

O P I N I O N

Pacific Lighting Service Company seeks authority to consent to the assignment by Pacific Lighting Gas Development Company to Bank of Montreal of its rights under a Specific Funding Agreement entered into on June 7, 1973.

Southern California Gas Company, Pacific Lighting Service Company and Pacific Lighting Gas Development Company are subsidiaries of Pacific Lighting Corporation. Pacific Lighting Service Company and Southern California Gas Company are public utilities subject to the jurisdiction of this Commission. Applicant is engaged in the purchase, transmission and storage of natural gas for sale to Southern California Gas Company. Pacific Lighting Gas Development Company was organized in 1970 for implementing exploration and development efforts to obtain needed gas supplies for applicant and Southern California Gas Company.

Exhibit B, attached to the application, shows that on June 7, 1973, Pacific Lighting Service Company entered into a Specific Funding Agreement with Pacific Lighting Gas Development Company. Such agreement recites that by a Financing Agreement dated December 6, 1972, as amended, Pacific Lighting Gas Development Company would make advances to Gulf Oil Canada Limited in exchange for an agreement by the latter to sell gas to the former. Said Specific Funding Agreement is assignable by Pacific Lighting Gas Development Company upon approval of Pacific Lighting Service Company.

Pacific Lighting Gas Development Company has entered into a Bank Agreement under which Bank of Montreal would advance funds to meet certain of the former's obligations to Gulf Oil Canada Limited, and the development company would incur certain costs in connection therewith. As security for making the advances, the bank requires an assignment by Pacific Lighting Gas Development Company of its rights under the Specific Funding Agreement. By said Bank Agreement, applicant is relieved of a contractual commitment to provide \$30,000,000 of capital to Pacific Lighting Gas Development Company.

Applicant believes that the agreements between Gulf Oil Canada Limited and Pacific Lighting Gas Development Company are an essential part of an overall program to develop sufficient gas reserves to meet the long-range gas supply needs of southern California, and that said Bank Agreement is an important step in the implementation of the Gulf Oil Canada Limited agreements.

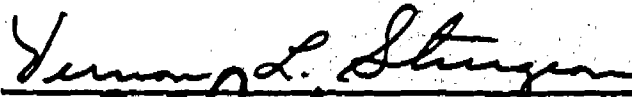
After consideration the Commission finds that the proposed assignment would not be adverse to the public interest. On the basis of this finding we conclude that the application should be granted. A public hearing is not necessary.


O R D E R

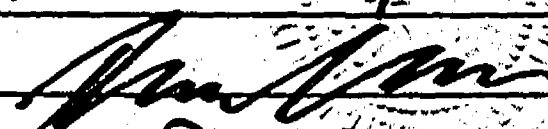
IT IS ORDERED that Pacific Lighting Service Company may execute the consent to the assignment by Pacific Lighting Gas Development Company to the Bank of Montreal of Pacific Lighting Gas Development Company's rights under the Specific Funding Agreement in substantially the form of the letter set forth as page 1 of Exhibit C attached to the application.


The effective date of this order is the date hereof.

Dated at San Francisco, California, this 17th day of July, 1973.



President






Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.