

LSC

Decision No. 83850

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)
it to consent to an assignment)
to the Bank of Montreal (California))
by Pacific Lighting Gas Development)
Company of rights under a funding)
agreement covering certain gas)
exploration and development)
activities.)

Application No. 55337
(Filed November 22, 1974)

O P I N I O N

Pacific Lighting Service Company seeks authority to execute the consent to the assignment by Pacific Lighting Gas Development Company to Bank of Montreal (California) of the rights of Pacific Lighting Gas Development Company under a Service Funding Agreement entered into as of November 22, 1974.

Southern California Gas Company, Pacific Lighting Service Company, Pacific Alaska LNG 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. 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. Pacific Alaska LNG Company proposes to purchase natural gas for transportation to southern California.

Exhibit A, attached to the application, shows that as of November 22, 1974, Pacific Lighting Service Company entered into a Service Funding Agreement with Pacific Lighting Gas Development Company. Such agreement recites that Pacific Lighting

Gas Development Company has entered into agreements pertaining to certain loans to Standard Oil Company of California, Atlantic Richfield Company and Shell Oil Company. The latter companies would sell to Pacific Alaska LNG Company all uncommitted natural gas to be produced from gas reserves in the Beluga River Field in South Alaska, including gas reserves to be discovered. The Service Funding Agreement is assignable by Pacific Lighting Gas Development Company upon approval of Pacific Lighting Service Company.

Pacific Lighting Gas Development Company proposes to enter into an agreement with Bank of Montreal (California) for the borrowing of funds to meet certain of the former's obligations to Standard Oil Company of California, Atlantic Richfield Company and Shell Oil Company, 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 Service Funding Agreement.

The authority herein sought is similar to that granted to applicant by Decision No. 81597, dated July 17, 1973, in Application No. 54121. The aggregate maximum amount of the loans contemplated in that proceeding was \$30,000,000. The aggregate maximum amount of the loans contemplated by the consent to the assignment in this proceeding is \$13,590,000, of which applicant states already \$6,840,000 is based on dedication of proven reserves. The application indicates that the agreements with the gas producers are an essential part of an overall program to develop sufficient gas reserves to meet the long-range gas supply needs of southern California.

After consideration the Commission finds that the proposed assignment would not be adverse to the public interest, and concludes 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 Bank of Montreal (California) of Pacific Lighting Gas Development Company's rights under the Service Funding Agreement in substantially the form of the letter attached to the application as a part of Exhibit B.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 17th day of December, 1974.

James L. Livingston
President
William J. Brown
[Signature]
[Signature]
Robert E. McDaniel
Commissioners