

MINUTE ITEM

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1/26/78

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Horn

24. GENERAL LEASE, RIGHT-OF-WAY USE; PACIFIC GAS AND ELECTRIC COMPANY (PG&E); W 21563; PRC 5438.

During consideration of Calendar Item 24 attached, Mr. James F. Trout, Manager, Land Operations, advised that PG&E had requested that the Commission send a letter to them as set forth in the Commission's resolution below.

Upon motion duly made and carried, the Commission adopted the resolution as presented by a vote of 3-0. In addition, the Commission authorized the staff to send a letter from the Executive Officer to PG&E outlining their obligation to pay the volumetric rental under the subject leases, should a court later determine that the Commission's volumetric rental charge is invalid, and providing information concerning the disposition of such rentals, pending resolution of any such litigation.

Attachment: Calendar Item 24 (6 pages)

CALENDAR ITEM

24.

1/78
W 21563
Horn
PRC 5438

GENERAL LEASE
RIGHT-OF-WAY USE

APPLICANT: Pacific Gas and Electric
Company (PG&E)
77 Beale Street
San Francisco, California 94106

AREA, TYPE LAND AND LOCATION: Tidelands, submerged lands and school lands
throughout California.

LAND USE: Transportation of natural gas and synthetic
gas.

TERMS OF PROPOSED LEASE:
Initial period: 20 years from January 1,
1978.

Renewal options: 2 successive periods
of 10 years each.

Public liability insurance: \$1,000,000
per occurrence for bodily
injury and \$1,000,000
for property damage,
or insurance alternatives
acceptable to the State
Lands Commission.

CONSIDERATION: Commencing January 1, 1978, annual rental
shall be calculated by multiplying each
1,000 cubic feet of natural gas or synthetic
gas passing through any portion of PG&E's
pipeline system by \$0.000035.

The minimum annual rental is \$15,000, with
the State reserving the right to fix a
different rental on each fifth anniversary
of the lease.

BASIS FOR CONSIDERATION:
Volumetric rental pursuant to 2 Cal. Adm.
Code 2006.

CALENDAR ITEM NO. 24. (CONTD.)

PREREQUISITE TERMS, FEES AND EXPENSES:
Applicant is owner, lessee or permittee
of upland.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code: Div. 6, Parts 1 & 2.
B. Administrative Code: Title 2, Div. 3,
Arts. 1, 2, 6.5,
10 & 11.

OTHER PERTINENT INFORMATION:

1. For some time Commission Staff has been negotiating with PG&E on a method to apply volumetric rental on those PG&E/State Lands Commission gas pipeline leases where the volumetric rental alternative is appropriate. Because of the difficulties involved with applying a volumetric rental for each gas pipeline crossing a parcel of State lands, a system-wide approach was determined to be in the best interests of the State and PG&E.

Staff is recommending consolidation of the 89 existing PG&E gas pipeline leases into one new master lease agreement. For convenience, the descriptions of the various State lands crossed by PG&E gas pipelines are not appended to this calendar item, but are referenced as being on file in the Commission's office.

Rental under the proposed new lease was determined using the proration procedure contained in the Commission's regulations in 2 Cal. Adm. Code Section 2007. It is agreed that all gas passing through PG&E's gas pipeline system will be subject to an apportioned volumetric rental rate of \$0.000035 for each 1,000 cubic feet of natural or synthetic gas.

2. In order to maximize the benefits that are possible under this new master lease concept staff is recommending

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CALENDAR ITEM NO. 24. (CONTD)

that the Commission delegate authority to the Executive Officer or his designee to approve minor modifications to the master lease, once fully executed and operative. Such minor modifications may consist of: additions to or deletions from the existing pipeline system, within existing pipeline rights-of-way, repair, replacement and reconstruction of the pipeline system including minor land use changes necessary to accomplish such modifications. Provided that such minor modifications do not require the preparation of environmental documents pursuant to CEQA and implementing guidelines. Any change to the pipeline system that by itself or when cumulated with prior changes, would increase or decrease the apportioned volumetric rental rate by \$0.000001 or more, if such rental rate were recalculated, will require Commission approval. Staff is also recommending that the Executive Officer be delegated authority to file any notices required under CEQA and implementing guidelines.

Staff believes that this lease consolidation proposal is beneficial to the State, PG&E, the public in general and is fully consistent with recent legislative enactments aimed at streamlining governmental leasing/permitting activities.

3. A list of the affected existing leases is attached.
4. This activity is exempt from the EIR/ND requirements of CEQA in that it is not a project within the meaning of CEQA and implementing guidelines.

Authority: PRC 21065 and 14 Cal. Adm. Code 15037.

5. Many of the existing gas pipelines cross State lands which have been identified as possessing significant environ-

CALENDAR ITEM NO. 24 (CONTD.)

mental values pursuant to Public Resources Code Section 6370.1 and are classified in one or other of the use categories. Inasmuch as this action of the Commission is administrative in nature, there will be no significant effect upon the identified environmental values. In addition, regarding future modifications to the pipeline system which are not exempt from the EIR/ND provisions of CEQA, adequate provisions will be made for the permanent protection of the significant environmental values identified.

FURTHER APPROVALS REQUIRED:
None.

EXHIBIT:
A. List of Affected Leases.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN EIR HAS NOT BEEN PREPARED FOR THIS ACTIVITY AS SUCH REPORT IS NOT REQUIRED UNDER THE PROVISIONS OF PRC 21065, 14 CAL. ADM. CODE 15037 AND 2 CAL. ADM. CODE 2905(a).
2. FIND THAT GRANTING OF THE LEASE WILL HAVE NO SIGNIFICANT EFFECT UPON ENVIRONMENTAL CHARACTERISTICS IDENTIFIED PURSUANT TO SECTION 6370.1, OF THE PUBLIC RESOURCES CODE.
3. AUTHORIZE ISSUANCE TO PACIFIC GAS AND ELECTRIC COMPANY OF A 20-YEAR GENERAL LEASE - RIGHT-OF-WAY USE FROM JANUARY 1, 1978, WITH LESSEE'S OPTION TO RENEW FOR 2 SUCCESSIVE PERIODS OF 10 YEARS EACH; IN CONSIDERATION OF AN APPORTIONED VOLUMETRIC RENTAL IN THE AMOUNT OF \$0.000035 FOR EACH 1,000 CUBIC FEET OF NATURAL GAS OR SYNTHETIC GAS THAT PASSES THROUGH LESSEE'S GAS PIPELINE SYSTEM; WITH A MINIMUM ANNUAL RENTAL OF \$15,000; WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENTAL ON EACH FIFTH ANNIVERSARY OF THE LEASE; PROVISION OF PUBLIC LIABILITY INSURANCE IN AMOUNTS OF \$1,000,000 PER OCCURRENCE FOR BODILY INJURY AND \$1,000,000 FOR PROPERTY DAMAGE; OR ALTERNATIVES ACCEPTABLE TO THE STATE LANDS COMMISSION; FOR THE CONSTRUCTION, OPERATION AND MAINTENANCE OF VARIOUS SIZED GAS PIPELINES ON THE LANDS DESCRIBED ON EXHIBITS ON FILE IN THE OFFICE OF THE COMMISSION AND BY REFERENCE MADE A PART HEREOF.

CALENDAR ITEM NO. 24. (CONTD)

4. DELEGATE AUTHORITY TO THE EXECUTIVE OFFICER OR HIS DESIGNEE TO APPROVE MINOR MODIFICATIONS TO THE LEASE REFERENCED ABOVE; WHICH MODIFICATIONS MAY INCLUDE BUT NOT BE NECESSARILY LIMITED TO; ADDITIONS TO OR DELETIONS FROM LESSEE'S GAS PIPELINE SYSTEM WITHIN EXISTING PIPELINE RIGHTS-OF-WAY; THE REPAIR, REPLACEMENT AND RECONSTRUCTION OF THE PIPELINE SYSTEM INCLUDING MINOR LAND USE CHANGES NECESSARY TO ACCOMPLISH SUCH MINOR MODIFICATIONS; PROVIDED THAT SUCH MINOR MODIFICATIONS DO NOT REQUIRE THE PREPARATION OF ENVIRONMENTAL DOCUMENTS PURSUANT TO CEQA AND IMPLEMENTING GUIDELINES, AND FURTHER PROVIDED THAT ANY SUCH CHANGE TO THE PIPELINE SYSTEM THAT BY ITSELF OR CUMULATED WITH PRIOR CHANGES, WOULD INCREASE OR DECREASE THE APPORTIONED VOLUMETRIC RENTAL RATE BY \$0.000001 OR MORE, IF SUCH RENTAL RATE WERE RECALCULATED, SHALL BE REFERRED TO THE STATE LANDS COMMISSION FOR CONSIDERATION.
5. DELEGATE AUTHORITY TO THE EXECUTIVE OFFICER TO APPROVE AND FILE ANY EXEMPTION NOTICES THAT MAY BE REQUIRED PURSUANT TO CEQA AND IMPLEMENTING GUIDELINES RELATIVE TO THIS AGREEMENT.
6. TERMINATE THOSE LEASES LISTED ON EXHIBIT "A" ATTACHED HERETO AND BY REFERENCE MADE A PART HEREOF; SAID TERMINATION TO BE EFFECTIVE DECEMBER 31, 1977.
7. AUTHORIZE COMMISSION STAFF AND/OR THE OFFICE OF THE STATE ATTORNEY GENERAL TO TAKE ANY STEPS NECESSARY TO EFFECTUATE THIS TRANSACTION.

Attachment: Exhibit "A"

EXHIBIT "A"
 STATE LANDS COMMISSION/PG&E
 GAS PIPELINE LEASES

PRC'S

2906.1	2639.1	2805.1
498.1	2905.1	2804.1
4020.1	1402.1	2803.1
2592.1	2536.1	2807.1
1867.1	2538.1	726.1
2480.1	3956.1	1981.1
2570.1	4037.1	643.1
2572.1	4018.1	646.1
3202.1*	4902.1	762.1
3422.1	2941.1	5039.1
497.1	2940.1	3054.1
495.1	2477.1	4586.1
2904.1	2612.1	3771.1*
2907.1	1835.1	1993.1*
4258.1	390.1	1483.1
499.1	870.1	1838.1*
5079.1	1777.1	3410.1
5075.1	461.1	2571.1*
2663.1	2817.1	846.1
2806.1	1429.1	2573.1
1868.1	4021.1	2820.1
2539.1	5049.1	2821.1
2481.1	2953.1	2822.1
728.1	3610.1	1695.1
2009.1	3772.1	2625.1
1571.1	407.1	
2479.1	590.1	
3201.1	3641.1	
529.1	353.1	
611.1	4672.1	
596.1	459.1	
1531.2	1487.1	

* = LINES LISTED AS ABANDONED BY PG&E

Technical Amendment Typographical Errors
 (Column 2 PRC 2593.1 to 2953.1;
 ABONDONED to ABANDONED)