

MINUTE ITEM

This Calendar Item No. 10.  
is approved as Minute Item  
10. by the State Lands  
Commission by a vote of 3  
to 0 at its 2-17-79  
meeting.

CALENDAR ITEM  
10.

7/79  
PRC 5040.1  
Horn

AUTHORIZE EXECUTION OF  
SUPPLEMENTARY LETTER OF UNDERSTANDING

BACKGROUND:

At its meeting on October 28, 1976 the Commission approved an amendment of lease PRC 5040.1; covering PG&E's Richmond-Antioch fuel oil pipeline. Among other things the amendment provides that PG&E is to pay a volumetric rental on a quarterly basis. PG&E has now advised the staff that current projections of volume through the pipeline would result in a volumetric rental payment (in excess of the minimum annual rental) only after the final quarter of the lease year. In order to reduce the amount of unnecessary accounting reports, staff is recommending that a supplementary letter of understanding be prepared which provides that PG&E shall pay volumetric rental accruing under the lease on an annual basis in lieu of the current quarterly basis.

This activity is not a project under CEQA and does not require the preparation of environmental documents.

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 2903(d).
2. AUTHORIZE ISSUANCE OF A SUPPLEMENTARY LETTER OF UNDERSTANDING TO PG&E WHICH PROVIDES THAT RENTAL ACCRUING UNDER THE TERMS OF LEASE PRC 5040.1 SHALL BE PAID ON AN ANNUAL BASIS COMMENCING WITH THE LEASE YEAR BEGINNING AUGUST 1, 1979.

A 11

S 7

CALENDAR PAGE	<u>052</u>
MINUTE PAGE	<u>1243</u>