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12/19/85

CALENDAR ITEM

A)
S) Statewide

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12/19/85
PRC 6205
PRC 6827
PRC 5438
Lynch

APPROVE SUBSTITUTION OF LETTER OR ASSURANCE
IN LIEU OF AN INSURANCE POLICY ON
PACIFIC GAS & ELECTRIC COMPANY (PG&E)
STATE LEASES

PARTY: Pacific Gas & Electric Company
Attn: Emile Nurrisso
Land Department
77 Beale Street
San Francisco, California 94106

BACKGROUND

Currently, PG&E carries general liability coverage under an insurance policy issued by Mission Insurance Company. Nearly all PG&E electrical lines and pipeline crossings are covered under three master lease agreements - PRCs 6205, 6827, and 5438. Only a few school land crossings are not covered by these leases.

Effective January 1, 1986, PG&E proposes to issue a letter of assurance in lieu of the insurance policy. PG&E is self-insured for the first \$2.5 million on any one loss for bodily injury and property damage liability. PG&E carries excess coverage with other domestic and foreign companies (including various Lloyds' syndicates) up to \$100 million.

Since the three leases referenced above provide for insurance or "alternatives acceptable to the State Lands Commission" staff recommends the substitution of a letter of assurance in lieu of specific insurance coverage.

AB 884: N/A.

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3699

CALENDAR ITEM NO. 33 (CONT'D)

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. APPROVE THE SUBSTITUTION OF A LETTER OF ASSURANCE AS SUCH IS ON FILE IN THE PRINCIPAL OFFICE OF THE COMMISSION AND BY REFERENCE MADE A PART HEREOF IN LIEU OF PROVIDING POLICIES OF INSURANCE FOR LEASES PRC's 6205, 6827, AND 5438.

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