

**MINUTE ITEM**

This Calendar Item No. C60 was approved as Minute Item No. 60 by the California State Lands Commission by a vote of 2 to 0 at its 5/9/96 meeting.

**CALENDAR ITEM  
C60**

A )  
 )Statewide  
S )

05/09/96  
PRC 5217.2  
PRC 7177.2  
PRC 7178.2  
PRC 7751.2  
A. Willard  
D. Brown

**REQUEST FOR WAIVER OF PENALTY AND INTEREST**

**LESSEE:**

Central California Power Agency No. 1  
Attn: Lori Bowards, Assistant Controller  
9500 Coldwater Creek Road  
Kelseyville, California 95451

**BACKGROUND INFORMATION:**

Commission staff are in receipt of a request from lessee, Central California Power Agency No. 1 (CCPA No. 1) to waive penalty and interest resulting from the late payment of August 1995 royalties from their geothermal leases at The Geysers. The late payment (2 days) was the result of the envelope and enclosed payment not being efficiently processed through the Lessee's mail room (payment date based on postmark). This resulted in the Commission Accounting Office issuing an invoice for penalty and interest in the amount of \$2,061.43 in accordance with the terms of the respective leases. CCPA No. 1 is a joint powers agency formed by the Sacramento Municipal Utilities District, the Modesto Irrigation District and the City of Santa Clara.

CCPA has requested (Exhibit A) that the Commission waive the penalty and interest on the basis that the cost would cause economic hardship on the part of the members, which would ultimately be passed on to its customer/ratepayers. They have further made assurances that this is an isolated incident that will not be repeated. In the event this type of error occurs in the future, CCPA No.1 would remit this payment along with any additional penalty and interest resulting from a subsequent late royalty payment. A review of payment records indicates that CCPA No. 1 has been very diligent in all prior remittances to the State.

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CALENDAR ITEM NO. C60 (CONT'D)

Staff have had a very cooperative working relationship with CCPA No. 1. They have assumed substantial risk in continuing operation of the field at the urging of Commission staff, ensuring a continued flow of revenue to the State Teacher's Retirement Fund until another operator can be found for the field. As all of the members of CCPA No. 1 are public agencies, staff recommends that it would be in the best interest of the State and the public to conditionally waive the penalty and interest in this instance.

**OTHER PERTINENT INFORMATION:**

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: Public Resources Code Section 21065 and 14 Cal. Code Regs. 15378.

**IT IS RECOMMENDED THAT THE COMMISSION:**

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL. CODE REGS. 15378.
2. WAIVE PENALTY AND INTEREST ASSESSMENT FOR CCPA No.1 AUGUST 1995 ROYALTY PAYMENT FOR LEASES NOS. PRC 5217.2, PRC 7177.2, PRC 7178.2 AND PRC 7751.2 IN THE AMOUNT OF \$2,061.43.
3. INSTRUCT STAFF THAT SHOULD A SUBSEQUENT LATE PAYMENT BE MADE BY LESSEE, THIS WAIVER SHALL BE RESCINDED AND STAFF IS TO BILL LESSEE FOR THE AMOUNTS WAIVED IN ADDITION TO ANY SUBSEQUENT PENALTY AND INTEREST DUE IN ACCORDANCE WITH THE TERMS OF THE RESPECTIVE LEASES.